Annual Report

2006

G & L Beijer AB

There is a little bit of Beijer almost everywhere

The Annual Meeting of shareholders

Will be held at 3 pm on Friday 27 April 2007 in Malmö Börshus, Skeppsbron 2, Malmö, Sweden.

Right to participate in the Annual Meeting of shareholders

In accordance with the Simplified Share Handling Act, which the company applies, shareholders who wish to participate in the Annual Meeting of shareholders must be entered in the Register of Shareholders maintained by the Swedish Central Securities Depository & Clearing Organisation, VPC, not later than Friday 20 April 2007. To be entitled to vote at the Annual Meeting, shareholders whose shares are nominee-registered through the trust department in a bank or private securities brokerage company must re-register their shares temporarily in their own name with VPC.

Notification

Shareholders who wish to participate in the Annual Meeting must notify the Board of Directors not later than noon on Monday 23 April 2007 by mail to: G & L Beijer AB Norra Vallgatan 70, SE-211 22 Malmö, Sweden; or by telephone +46 40-35 89 00; or by e-mail to info@gl.beijer.se. For information about the details required in a notification by e-mail, visit our website www.beijers.com.

Dividend

The Board of Directors proposes a dividend of SEK 6.50 per share for the 2006 financial year and 3 May 2007 as the record day. Payment is expected to be remitted by VPC on 8 May 2007.

Financial Information 2007

- The Interim Report for the first quarter will be published on 26 April 2007.
- The Interim Report for the second quarter will be published on 17 August 2007.
- The Interim Report for the third quarter will be published on 19 October 2007.
- The Year-End Report for 2007 will be published on 8 February 2008.
- The Annual Report for 2007 will be published in April 2008.

Graphic Production: Beijer's Publicity Department • Text: Lennart Carlsson, JLC Finanskonsult AB, Stockholm • Translation: Swedish Business Services, Weybridge
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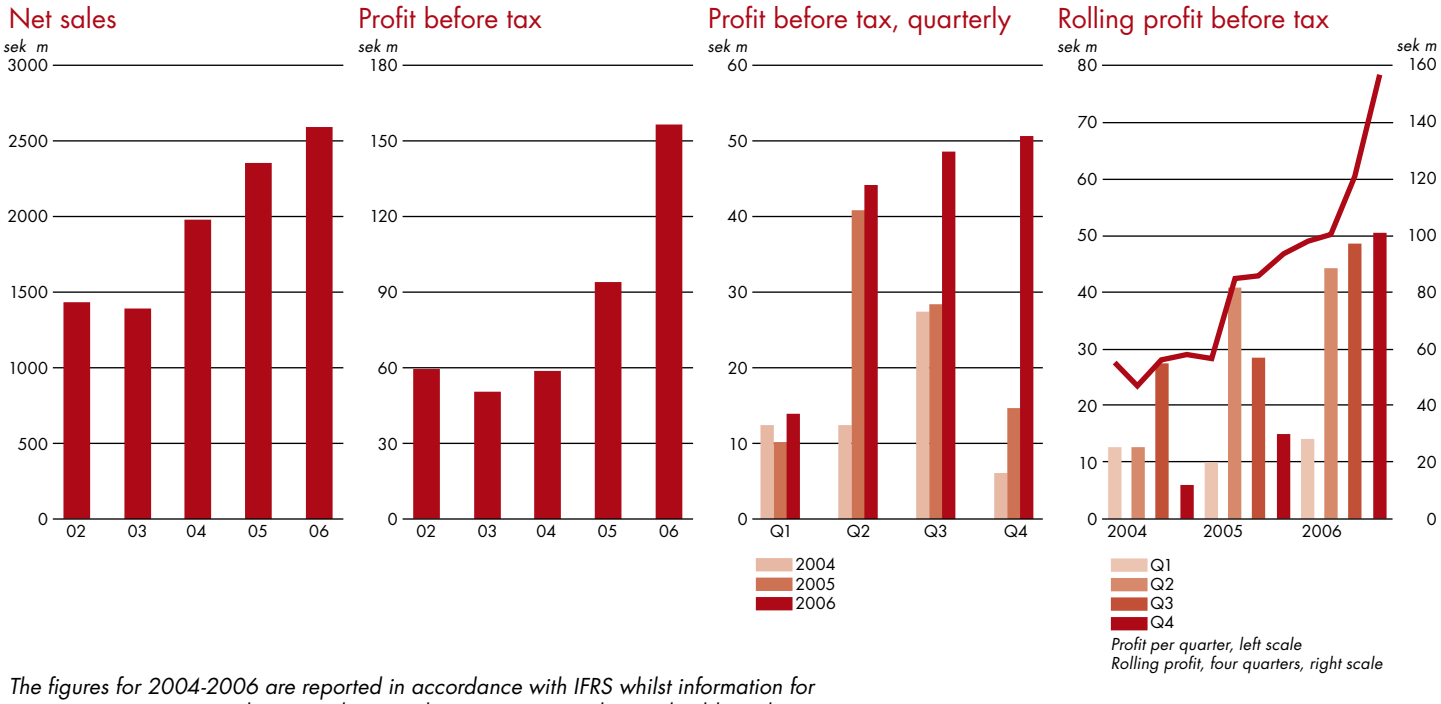
Financial Highlights

- Sales increased by 11 per cent to SEK 2,592M
- Operating profit increased by 55 per cent to SEK 172M
- Profit after tax rose to SEK 109M
- Profit per share after tax amounted to SEK 17.59
- The Board of Directors proposes a dividend of SEK 6.50 per share and a share split 2:1



The figures for 2004-2006 are reported in accordance with IFRS whilst information for previous years is reported in accordance with reporting principles applicable at that time.

All the diagrams are adjusted for items affecting comparability and one-off items.

	2004	2005	2006
Sales, sek m	1973.7	2332.9	2592.2
Operating profit, sek m	59.7	110.6	171.8
Profit after tax, sek m	35.2	72.1	109.2
Profit per share after tax, sek	5.65	11.72	17.59
Dividend per share, sek*	4.25	5.00	6.50

**) For 2006, in accordance with the Board of Directors' proposal*

Significant events

In January, Beijer Ref acquired the remaining 49 per cent of the shares in the Hungarian refrigeration wholesaler, Equinoxe SP. When G & L Beijer acquired Elsmark Holding A/S in June 2004, 51 per cent of the shares in Equinoxe were included as well as an option for the remaining 49 per cent, which G & L Beijer's Beijer Ref business area has now exercised. Equinoxe is the market leader in the refrigeration sector in Hungary and reports sales of approximately SEK 50M.

In March, the Beijer Ref business area won another significant order for dry coolers through the collaboration between its sales company, TT-Coil A/S in Denmark and its manufacturing company, Asarums Industri AB. The order was the first suborder for a large infrastructure project in Cuba. It was delivered during the summer of 2006. The order value amounted to approximately SEK 1.2M.
Asarums Industri AB and TT-Coil A/S in Denmark won the order in competition with several alternative technologies for conducting surplus heat away from diesel generators. The company's expertise in manufacturing specially-adapted dry coolers finally swung the order in favour of Beijer.

In May, G & L Beijer acquired the operations within YGAB Eldfast AB in Västerås through its Beijer Industrial Technology business area. The operations report annual sales of approximately SEK 5M. YGAB sells and installs refractory materials for various types of furnaces. The principal customer groups are the foundry and steelworks industries. The acquisition strengthens Beijer Industrial Technology's position in the refractory materials market, especially in the foundry segment. Beijer Industrial Technology has enjoyed strong growth within this segment in recent years.

In September, the Beijer Industrial Technology business area, together with SMS Demag AG of Germany, received an order for a new down coiler from SSAB Tunnplåt in Borlänge, Sweden. The investment in a new down coiler means that SSAB has taken a further step towards manufacturing advanced high-tensile steel qualities. The delivery comprises both mechanical equipment and electronic automation. The delivery will be made in stages and the plant is expected to be in operation by the summer of 2008. SMS Demag AG, which is the world leader within steel-industry equipment, has already delivered equipment to SSAB in collaboration with G & L Beijer.

In October, G & L Beijer signed an agreement with Edw. H. Thomée AB, through its Industrial Technology business area, for the sale of the company's operations in ETC Tools within the business area's consumer products division. The divested operations report annual sales of approximately SEK 25M. The sale of ETC Tools was a step in the company's stated restructuring programme for the Industrial Technology business area's consumer products division.

In November, G & L Beijer acquired the grinding materials operation from Logitool AB. The operation reports annual sales of approximately SEK 4M. The company's product areas consist of conventional grinding materials, rotary files, and polishing materials, etc. The acquisition strengthens and supplements Beijer Industrial Technology's existing product programme within the segment. The operation will be integrated into the grinding materials division within G & L Beijer Industri AB.

In December, G & L Beijer divested BOLTHi within the company's consumer products division. BOLTHi sells mainly garden and outdoor lighting. As a result of the divestment, Beijer Industrial Technology has completely left the consumer products market in order to concentrate its resources on developing the core segments within industrial products and its hose and rubber operations.

At the end of December, G & L Beijer acquired the Danish refrigeration wholesaler, Air-Con AS, which reports annual sales of approximately SEK 40M. The company is included in G & L Beijer's accounts from January 2007. The vendor is Tesab, which is a franchise organisation for refrigeration installation contractors. The operation will continue as an independent company together with Beijer Ref´s other operations in Denmark. The acquisition will generate immediate cost savings whilst co-ordinated purchases will provide a potential for lower purchasing prices. In the medium term, Beijer Ref will develop the operations in Air-Con by broadening the product range and contributing technical expertise and support. As a result of the transaction, the co-operation between Beijer Ref and Tesab is enhanced. Tesab is one of Beijer Ref´s largest Swedish customers.

Overall, the Group reports its best year so far

G & L Beijer reports a very favourable development for 2006. Both turnover and profit reached record levels. We are clearly satisfied with the development although there were, as always, a number of problems to address.

Bearing in mind that the Group operates in mature markets, it is remarkable that the strong growth achieved during the year was almost exclusively organic. The main explanation for the significant growth is the strong economy, but the Group was also able to win market share. The volume growth combined with efficient cost control led to a very good result.

The shareholders enjoyed a continued high total yield. Including dividend, the total yield amounted to more than 25 per cent during 2006.

In 2006, we received confirmation that the acquisition of Elsmark had met, and even surpassed, our original expectations. The excellent development for the Beijer Ref business area bears witness to this fact. Beijer Ref has now established itself as a leading and well-known operator within the refrigeration sector in Europe, which bodes well for the future.

The Beijer Industrial Technology business area had a slightly tougher year. The core operations, industrial products and hose products, continued to develop positively with both increased sales and improved results. During the year, the business area solved the problems within the consumer products operation. After several years of strong growth, the market scenario changed significantly during 2005 with ensuing strong price pressure. Following a change of strategy, we decided to divest the operation. This was implemented during the autumn of 2006. However, we can confirm that the result of the business area's investment in consumer products provided a positive overall outcome.

During the past three years, G & L Beijer has grown by more than 20 per cent per annum on average. In the same period, profit increased by more than 65 per cent per annum and the total yield of the Beijer share amounted to more than 40 per cent per annum. Following the acquisition of Elsmark and the restructuring of Beijer Industrial Technology, the Group has created a new platform for profitable growth in the future.

"The shareholders have enjoyed continued high total yield"

During the year, we carried out a strategy review aimed at staking out the direction for the next three to five years. Our ambition is to provide scope for growth for both business areas.

The target for Beijer Ref, to strengthen its position as the leading operator in Europe even further, stands. The resources will be concentrated on the trading operation. The business area will develop its operations through acquisition and organic growth in the existing geographic markets as well as through acquisition in new geographic markets in Europe. From a product viewpoint, there will be an increased focus on air conditioning which is a growth market.

The target for Beijer Industrial Technology is to raise its growth rate and achieve a significantly increased sales volume. Acquisitions will be given increased priority. The focus is on companies and operations within both existing and supplementary product areas.

Prospects for 2007

Many analysts are of the opinion that the strong economy will continue in Europe during 2007. G & L Beijer is predicting that it will be able to increase both its sales and profit for the 2007 full year.

Joen Magnusson
Managing Director

Including dividend, the total yield for 2006 was 25.4 per cent

The G & L Beijer B share is listed on the OM Stockholm Exchange. A unit of trading is equivalent to 100 shares.

Share capital

The share capital in G & L Beijer AB amounts to SEK 217,752,080, represented by 647,205 A shares and 5,574,283 B shares, amounting to 6,221,488 shares in total. Each share has a nominal value of SEK 35. Each A share entitles the owner to ten votes and each B share to one vote. All shares have equal rights to the company's assets and profits.

Ownership structure

On 31 December 2006, G & L Beijer had 2,607 shareholders. Distribution of ownership is shown in the adjacent table.

Market value and trading

Beijer's market value measured as price paid was SEK 217 at the 2006 year end. The price paid was SEK 178 at the 2005 year end. Including a dividend of SEK 5.00, the total yield amounted to 25.4 per cent. The comparable index rose by 28.1 per cent. The highest price paid during 2006 for the Beijer share was SEK 226 and the lowest SEK 156.50.

Trading of the company's shares amounted to 1.5 million shares, equivalent to a value of SEK 203M. The trading rate was approximately 24 per cent of the total number of shares.

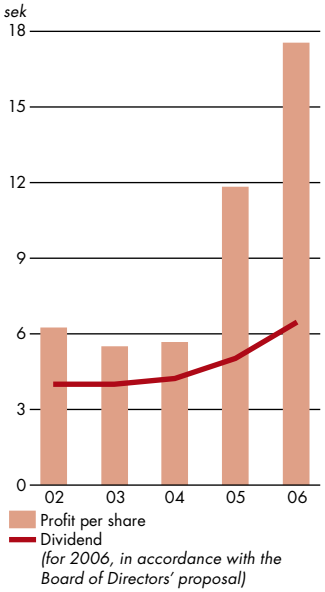
Profit

Profit per share after tax amounted to SEK 17.59 (11.72).

Dividend

The Board of Directors proposes a dividend of SEK 6.50 (5.00) for the 2006 financial year. The dividend proposal is equivalent to 37 per cent (42.7) of the Group's profit after tax for 2006 and 7.5 per cent (6.5) of shareholders' equity at the 2006 year end. The yield – the proposed dividend as a percentage of the latest price paid during the year – amounts to three per cent.

Profit and Dividend



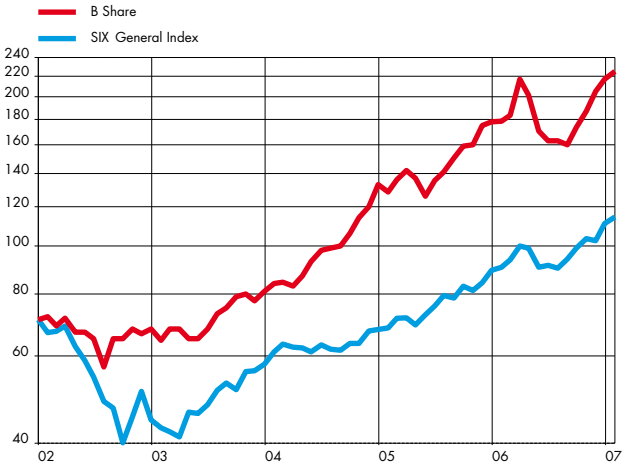
Share split

The Board of Directors the Board of Directors proposes that the 2007 Annual Meeting of shareholders will resolve to carry out a share split 2:1 to improve the liquidity in the share.

Shareholders on 2006-12-31

	A shares	B shares	Total	Capital	Votes
Jürgensen, Peter Jessen	223 813	404 600	628 413	10.1 %	21.9 %
Magnusson, Joen (private & companies)	236 378	71 258	307 636	4.9 %	20.2 %
Bertland, Per (private & companies)	146 714	63 000	209 714	3.4 %	12.7 %
Lannebo fonder		575 600	575 600	9.3 %	4.8 %
Livförsäkringsaktiebolaget Skandia		570 600	570 600	9.2 %	4.7 %
Hain, Jan (private & companies)	40 000	60 000	100 000	1.6 %	3.8 %
SEB Sverige småbolagsfond		442 200	442 200	7.1 %	3.7 %
Ekdahl, Gunnar (private & companies)		414 800	414 800	6.7 %	3.4 %
Länsförsäkringar fonder		258 200	258 200	4.2 %	2.1 %
Riksbankens jubileumsfond		200 000	200 000	3.2 %	1.7 %
Skandia fond småbolag		186 815	186 815	3.0 %	1.6 %
Nordea fonder		165 200	165 200	2.7 %	1.4 %
Bjurman, Torsten (private & companies)		140 200	140 200	2.3 %	1.2 %
Banco småbolag		126 000	126 000	2.0 %	1.0 %
SIF		120 000	120 000	1.9 %	1.0 %
AMF Pension aktiefond småbolag		71 300	71 300	1.1 %	0.6 %
Handelsbankens småbolagsfond		70 600	70 600	1.1 %	0.6 %
G & L Beijers personalstiftelse		70 000	70 000	1.1 %	0.6 %
Carlson fonder		65 624	65 624	1.1 %	0.5 %
Öresund		57 000	57 000	0.9 %	0.5 %
Robur småbolagsfond		51 000	51 000	0.8 %	0.4 %
Dunkerstiftelserna		50 000	50 000	0.8 %	0.4 %
Total holders of >50 000 shares	646 905	4 233 997	4 880 902	78.5 %	88.8 %
Other owners	300	1 318 486	1 318 786	21.5 %	11.2 %
Shares in own custody		21 800	21 800		
Total	647 205	5 574 283	6 221 488	100.0 %	100.0 %
Votes			12 046 333		

Share development



Share Data (SEK)

	2006	2005	2004	2003	2002
Profit per share [1]	17.59	11.72	5.65	5.53	6.26
Profit per share after standard tax [2]	18.19	11.62	5.47	5.85	6.73
Equity per share [3]	87	77	67	65	65
Dividend [4]	6.50	5.00	4.25	4.00	4.00
Market value [5]	217	178	133	81	68
Yield, % [6]	3.0	2.8	3.2	4.9	5.9
Cash flow per share [7]	23.09	14.84	7.79	10.75	9.80

Definitions
1) Net profit for the year divided by the average number of outstanding shares.
2) Profit for the year before taxes reduced by 28 per cent tax divided by the average number of outstanding shares.
3) Shareholders' equity divided by the number of outstanding shares at year end.
4) For 2006, in accordance with the Board of Directors' proposal.
5) On 31 December.
6) Dividend in relation to market value.
7) Cash flow from current operations before changes in working capital divided by the average number of outstanding shares.

Share data per registered owner (SEK)

Owners of	Number of shares	Per cent	Number of owners
1-500	219 648	3.5	2 218
501-1000	152 126	2.4	184
1001-2000	116 399	1.9	72
2001-5000	191 399	3.1	58
5001-10000	146 531	2.4	19
10001-20000	264 356	4.2	16
20001-50000	494 060	7.9	16
50001-100000	577 024	9.3	9
100001-	4 059 945	65.3	15
Total	6 221 488	100.0	2 607

Trading companies show good stability and durability

Swedish trading companies have enjoyed something of a renaissance in the Swedish stock market. The list of the number of trading-oriented listed companies has become longer and longer during the 21st century. The latest addition was the steel wholesaler, BE Group, which was listed in November 2006.

The sector, which the Affärsvärlden magazine terms 'Wholesalers', currently consists of ten companies. The new trend started when G & L Beijer distributed and listed its subsidiary, Beijer Electronics, in 2000. Thereafter, Bergman & Beving listed its subsidiaries, Addtech and Lagercrantz, in 2001. Indutrade came to the stock market during the autumn of 2005 and the latest addition is, as indicated, BE Group.

If retail companies are included, the list becomes even longer. Since the end of the 1990s, for example, Axfood, Clas Ohlsson, Hakon Invest, Hemtex and Kapp-Ahl have been listed on the stock market.

The stock market's 'wholesale companies' normally operate in an earlier stage than the retailers and are mainly directed at the manufacturing, building and process industries. None of them describes themselves as purely a wholesaler. They are more of what is termed 'distributor' in contrast to 'wholesaler'. G & L Beijer's business concept, for example, is based on technology-oriented trading and distribution which creates added value for the customers.

The other companies in the sector group have a similar orientation. They differ from wholesalers by contributing technical expertise relating to components, product, systems and solutions. Very often, they can also offer training, support and other services. The companies usually represent internationally operating manufacturers and producers in northern Europe where the majority of Swedish trading companies have a large proportion of the sales.

Close relationships with suppliers

The operations are usually based on close relationships with the suppliers, partly through agency agreements. A distributor can be ranked in the same category as a supplier's own sales organisation in a country or a region.

Thus, there is much in common between the different trading companies. At the same time, they differ relatively strongly with regard to direction, both from a product viewpoint and strategically. Some even develop and manufacture their own products.

G & L Beijer, for example, has its own manufacturing capability of heat exchangers for the European market. Beijer Electronics has its own development of operator terminals for the global automation market.

Regardless of similarities and differences between the companies, the sector *per se* has been able to show a positive trend in recent years. Their total sales for 2006 amounted to nearly SEK 29M, equivalent to an increase of approximately 18 per cent. This is high bearing in mind that the sector is, essentially, mature. The majority of the companies certainly have acquisition as part of their growth strategy. However, a significant proportion of growth during 2006 was organic.

Profitable growth

As far as can be judged, the growth was profitable. The companies' combined operating profit amounted to SEK 2.3 billion, equivalent to an increase of 55 per cent.

The favourable trend can partly be explained by the strong economy. At the same time, however, trading companies frequently show good stability and durability. G & L Beijer, which celebrated its 140th anniversary in 2006, has succeeded in responding to changes such as technical development, new products and services, new and changed market conditions, and new production methods.

The focus on trading has always been the predominant feature in the company's strategy. It is certainly an important part of the explanation for the company's ability to survive. It is simply easier to adapt a trading operation to the developments and changes in the surrounding world. Readiness for change and adaptations of the operations run like a red thread through G & L Beijer's history.

	Sales 2006, sek m	*Change from 2005, %*	*Operating profit 2006, sek m*	*Change from 2005, %*	*Market value on 31 Dec 2006, sek m*
Addtech*	3 553	15	329	41	3 250
BE Group	6 681	15	550	108	3 525
Beijer Electronics	735	20	77	28	989
Bergman & Beving*	6 137	31	393	44	5 417
Elektronikgruppen	827	16	44	52	386
G & L Beijer AB	2 592	11	172	55	1 350
Indutrade	4 516	18	436	35	5 400
Lagercrantz*	1 848	20	81	523	908
Malmbergs El	548	11	56	20	544
OEM International	1 450	6	127	16	1 460
Total	*28 887*	*18*	*2 265*	*55*	*23 229*

*) Company with a split financial year. The figures for 2006 refer to twelve months' average.

The business areas work under different prerequisites

Business concept

G & L Beijer is a technology-oriented Group, operating in industrial trading and distribution which, through a combination of added-value agency products and products of the company's own development, offers competitive solutions for a large number of customers.

Objectives

G & L Beijer aims to create scope for strong growth within the Group's two business areas - Beijer Ref and Beijer Industrial Technology. The parent company, together with the business areas, has set targets for the respective area.

Beijer Ref aims to strengthen its position as the leading operator in Europe even further and increase its business operations in additional markets in Europe.

Beijer Industrial Technology aims to strengthen its position as one of the leading suppliers, primarily in the Nordic countries. The objective is to increase the growth rate and achieve a significantly higher sales volume.

The Group's business areas operate in mature markets and the objectives are to grow faster than the market within the respective area.

The Group aims to achieve a return on capital employed in operations of at least 11 per cent.

The Group normally has good cash flows and a high dividend capacity. The objective is to distribute 30 - 70 per cent of profit after tax. However, the level will be weighted every year against the Group's capital requirements and prospects for the future.

The equity ratio should not normally fall below 30 per cent.

Strategies

G & L Beijer focuses its operations on the Beijer Ref and Beijer Industrial Technology business areas. The business areas operate under different prerequisites and, therefore, have different strategies.

Beijer Ref has supplied dry coolers to the newly-constructed hospital, Mater Dei in Malta. These are included as a part of the air conditioning plant which creates a stable indoor climate in the building.

Beijer Ref's resources are mainly concentrated on the trading operations. The strategy for continued growth is to develop the operations in existing markets through organic growth and supplementary acquisitions, and acquisitions in new markets in Europe. From a product viewpoint, air conditioning will be given priority for developing the operation.

Beijer Industrial Technology will focus the resources on its core operations - industrial products as well as the hose and rubber operations. The target for organic growth starts from the potential in the existing customer base. In addition, the product range will be supplemented with new products. Increased acquisition activity will be given priority. The focus is on companies and operations with products, both products which exist within Beijer Industrial Technology's existing range and products that supplement it.

The Group will offer large customer groups solutions which create added value.

The Group gives priority to long-term and stable business relationships.

The Group will optimise the diverse requests of different interested parties. The primary interest groups consist of shareholders, customers, employees and suppliers.

Business model

G & L Beijer's business model has been sustainable and stable over the years. The fundamental concept is the focus on trading operations and distribution of industrial products and refrigeration components. The Group's value chain consists of agency agreements, purchasing, some manufacturing, processing and customer adaptation of products by contributing technical expertise, efficient logistics and warehousing, system solutions and technical support and service. Vis-a-vis G & L Beijer's suppliers, the Group accounts for knowledge and experience of the market and customer needs and demands.

Long-term planning, stability and tradition are characteristics which typify G & L Beijer's relationships with suppliers and customers. At the same time, the ability to change is also an important cornerstone.

The Group has undergone gradual changes and adaptations to new market conditions. Operations have been divested or distributed and new operations have been added.

Due to a new market scenario and changed competitive prerequisites, Beijer Industrial Technology made a strategic decision to divest the operation within consumer products which was implemented during 2006.

Together, Beijer Ref and Beijer Industrial Technology have a comprehensive product range which covers most sectors. The Group offers the market up to 50,000 items. However, from a product viewpoint there are only minor points of contact between the two business areas. What the business areas do have in common is that they focus on different competencies relating to trading and distribution operations.

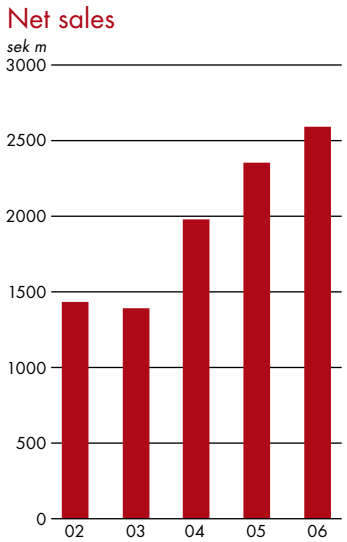
The two business areas also give a diversity with a focus on components, manufacturing supplies, system solutions and spare parts. This means that the Group is less sensitive to fluctuations in general economic activity whilst helping to balance seasonal variations for the respective business area.

G & L Beijer has a good geographic spread with sales in fifteen countries in Europe. The total number of customers amounts to more than 20,000.

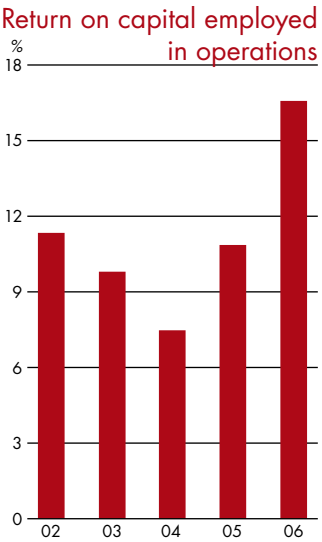
The Group's markets are mature and show moderate growth. G & L Beijer strives to increase growth, partly through acquisition. Acquisitions are difficult to plan from a time viewpoint and once they have been implemented, an integration process will take over. Through the acquisition strategy, the two business areas have complemented each other and, by turns, contributed to a balanced and even growth for the Group as a whole. Over the past five years, 2002-2006, the Group has reported average growth of 14 per cent per annum.

The robust business model and the extensive operations also generate stable results. The operating margin (operating profit in relation to sales) has averaged 4.8 per cent during the five-year period. It has also shown relatively small variations with a high of 6.6 per cent and a low of 3.1 per cent. Return on capital employed in operations has averaged 11.2 per cent. Return has varied between 16.6 per cent and 7.4 per cent.

G & L Beijer's value-creation benefits its shareholders in the form of dividend and potential price growth. The dividend over the past five years has averaged 58 per cent of profit after tax. G & L Beijer's shareholders have received a total yield (dividend plus share price growth) of 27 per cent per annum on average during the five-year period, 2002-2006. The comparable index - the Six Return Index - rose by 13 per cent per annum on average during the same period.



Over the past five year period, the Group has reported average growth of 14 per cent per annum



Return on capital employed in operations has amounted to 11.2 per cent on average

Strong growth with very high profitability

The G & L Beijer Group is focused on trading and distribution operations within refrigeration products, industrial products and hose and rubber products. The product programme consists mainly of the importation of agency products and the manufacturing of own products.

Overall, operations are controlled by the Board of Directors and the parent company through target formulation and target monitoring of the Group's two business areas - Beijer Ref and Beijer Industrial Technology. The parent company acts through work on the Board of Directors of the business areas and takes a proactive part in acquisition processes, strategic decisions, etc.

During the year, the economic trend in Europe was favourable with gradually improved growth. The development was especially strong in the Nordic countries. In total, the G & L Beijer Group could report its best year so far, with both increased sales and increased results for the 2006 full year.

It was, in particular, the Beijer Ref business area that accounted for the improvements. The development during the year confirmed the success of the acquisition of Elsmark Holding in mid-2004 and the ensuing integration into Beijer Ref. Beijer Ref strengthened its position in the market and is now a well-known and leading operator within the refrigeration sector in Europe.

Overall, the Beijer Industrial Technology business area reported an average year during 2006. The business area's core operations - industrial products and hose and rubber products - developed positively with both increased sales and results. The business area's consumer products, on the other hand, were hit by problems as a consequence of changed market conditions and strong price pressure. After a change of strategy, Beijer Industrial Technology decided to divest the operation within consumer products. ETC Tools was sold at beginning of October 2006 and BOLTHI, which was the residual part of consumer products, was divested at the end of the year.

During the year, the Group and the two business areas carried out a comprehensive strategic review. The Group's overall objective is to create prerequisites for growth within both business areas.

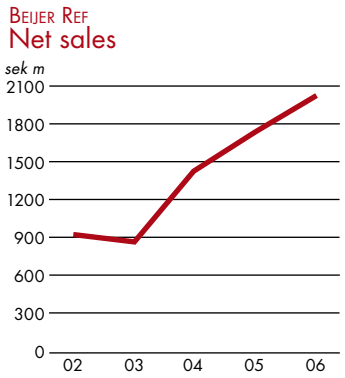
The objective of Beijer Ref, to strengthen its position as the leading operator in Europe, stands. The resources will, in particular, be concentrated on the trading operations. The strategy for continued growth is to develop the operations in existing markets, partly through acquisition and by making acquisitions in new markets in Europe. From a product viewpoint, air-conditioning will be given an increased focus for developing the operation.

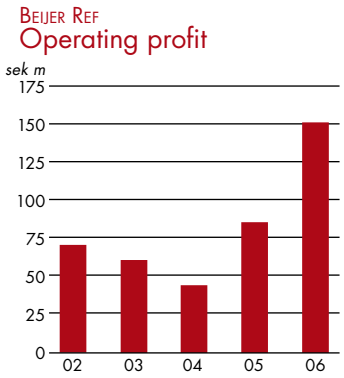
Following the divestment of consumer products, Beijer Industrial Technology will focus the resources on its core operations - industrial products and hose and rubber operations. The objective is to create profitable expansion and raise the growth rate in order to achieve a significantly higher sales volume. The objective for the organic growth starts from the potential in the existing customer base. The product range will also be supplemented with new products. The new strategy also gives significantly greater priority to acquisitions. The focus is on companies and operations with new, but complementary, products to Beijer Industrial Technology's existing product range.

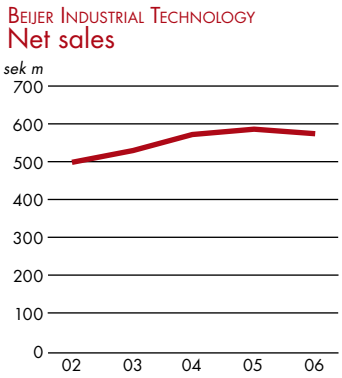
Sales

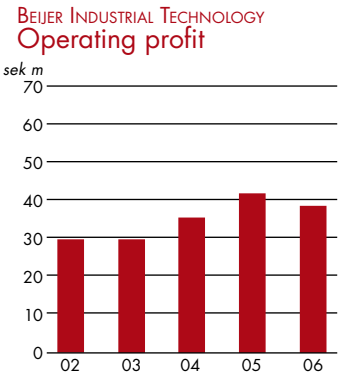
Consolidated sales increased by 11 per cent to SEK 2,592.2M (2,332.9). The increase is mainly explained by organic growth.

Sales of Beijer Ref increased by 16 per cent to SEK 2,018.3M (1,743.2), equivalent to 78 per cent (75) of Group sales. Beijer Industrial Technology's sales fell to SEK 573.9M (589.7), equivalent to 22 per cent (25) of Group sales.









Operating profit

The Group's operating profit rose by 55 per cent to SEK 171.8M (110.6). Beijer Ref contributed SEK 150.4M (85.3). Beijer Industrial Technology's profit amounted to SEK 38.1M (41.8).

Profit after financial income and expenses, and tax

Financial income and expenses amounted to SEK -15.2M (-10.6). Financial income and expenses for 2006 included a share in profits of SEK 6.4M from the Group's indirect ownership in CMP (Copenhagen Malmö Port). Financial income and expenses for 2005 included a capital gain of SEK 6.4M from the sale of the shares in Malmö Hamn. Profit before taxes amounted to SEK 156.6M (100.0). Profit after tax amounted to SEK 109.2M (72.1).

Profitability

Return on capital employed in operations and capital employed amounted to 16.6 per cent (10.9) and 16.5 per cent (11.6) respectively. Return on equity was 21.5 per cent (16.2).

Other financial information

The Group's investments in fixed assets and acquisitions amounted to SEK 33.8M (49.0). The cash flow from current operations before changes in working capital was SEK 143.1M (92.0). The net debt amounted to SEK 487.4M (561.5) at the turn of the year. On the same date, shareholders equity amounted to SEK 536.4M (479.7). At the turn of the year, the Group had a debt/equity ratio of 1.1 (1.3) and an equity ratio of 34.8 per cent (32.8).

Parent company

The parent company, G & L Beijer AB, reported profit after financial income and expenses of SEK 33.2M (30.4). Profit after tax amounted to SEK 38.8M (39.6). At the turn of the year, loan financing was SEK 218.5M (222.5). The parent company's investments amounted to SEK 0.1M (10.7).

Currency

G & L Beijer's sales are mainly transacted in Europe. SEK accounts for 32 per cent of total sales, EUR for 22 per cent, GBP for 19 per cent, DKK for 10 per cent and NOK for eight per cent. EUR accounted for 42 per cent of purchases, SEK for 22 per cent, other European currencies for 34 per cent and USD for two per cent.

Organisation and staff

G & L Beijer has a decentralised organisation. Operations are carried out in a number of subsidiaries which are coordinated under the respective business area - Beijer Ref and Beijer Industrial Technology. The control of the operations is carried out through target formulation and monitoring of set targets. The parent company has overall responsibility for Group management and Group control.

In 2006, the Group had an average of 907 employees (919), of whom 79 per cent of the total number of employees are men. The parent company, including Beijer Förvaltning AB, had six employees (6) on average. The number of employees in Beijer Ref was 708 (719) and in Beijer Industrial Technology 193 (194).

Environmental policy

G & L Beijer will contribute to ecologically sustainable development. The Group will offer advanced technical services and products which meet customer requirements and make the least possible impact on the environment throughout the product lifecycle within the constraints of what is technically possible and commercially defensible.
G & L Beijer will ensure that the Group's environmental ambitions are communicated and observed through an open and objective dialogue with all interested parties. The staff will continually be trained to assume responsibility for, and develop, the Group's environmental work.

Beijer Ref is now a well-known and leading operator within the refrigeration sector in Europe

2006 OPERATIONS
Beijer Ref enjoyed a very successful year in 2006. Both sales and operating profit increased strongly. The improvements took place gradually and were strengthened during the course of the year. Growth was wholly organic. The increase is mainly explained by an improved economic trend in Europe. At the same time, Beijer Ref moved its position forward in the markets and won market share.

The Hungarian bake-off company, Fornetti, currently has more than 3,000 stores in around ten countries in Europe. An unbroken refrigeration chain contributes to minimal product variation and high product security for the customer. Fornetti is one of the companies to which Beijer Ref delivers refrigeration plant via the Hungarian company, Equinoxe.

The development confirms that the acquisition of Elsmark in mid 2004 has been successful. Many of the measures implemented earlier generated significant results during 2006. Beijer Ref is now a well-known and leading operator within the refrigeration sector in Europe. Size is an important competitive factor. Beijer Ref can now offer a more competitive product portfolio combined with technical competence and system solutions.

Beijer Ref is working increasingly across the borders between different countries and can, therefore, take advantage of the respective companies' experiences, for example, by applying a solution in one market which has been developed in another market. The Elsmark companies have been transformed and consolidated into independent wholesale operations. They have also contributed significant competence within air-conditioning to the other Beijer Ref companies which, in turn, have contributed competence and an expanded product range within the refrigeration wholesale operation to the Elsmark companies.

Taken together, this has strengthened Beijer Ref and contributed to its growth. Co-ordinated purchases with better purchasing prices, restructurings and rationalisations are the effects of the acquisition which, in addition to increased volumes, had a positive effect on the results.

The Elsmark companies are on their way to achieving the same operating margins as the other Beijer Ref companies, but there is still room for improvement. The operation in Hungary has been restructured after Beijer Ref acquired the remaining 49 per cent of the Hungarian refrigeration wholesaler, Equinoxe SP, at the beginning of 2006. Equinoxe is the market leader within the wholesale refrigeration sector in Hungary with sales of approximately SEK 50M.

At the end of 2006, Beijer Ref acquired the Danish refrigeration wholesaler, Air-Con, which reports annual sales of approximately SEK 40M. The company is included in Beijer's accounts from 1 January 2007. The vendor was a Swedish company, Tesab, which is a franchise organisation for refrigeration installation contractors. Air-Con has been incorporated into Beijer Ref's Danish operation. The acquisition generates immediate structural cost savings whilst a co-ordination of purchases gives a potential for lower purchasing prices. In the medium term, Beijer Ref can develop the operation in Air-Con with an expanded product programme and contribute technical competence and support. In connection

The Beijer Ref business area markets and sells complete refrigeration systems and refrigeration components in 15 European countries

with the transaction, the collaboration between Beijer Ref and Tesab is strengthened. Tesab is one of the Beijer Ref's largest Swedish customers.

During the year, Beijer Ref carried out a strategic review of its operations. The objective, to strengthen its position as a leading operator in Europe even further, stands. The resources will, in particular, be concentrated on the trading operations. The strategy for continued growth is to develop the operations in existing markets, partly through acquisition and to make acquisitions in new markets in Europe. From a product viewpoint, there will be an increased focus on air-conditioning and the operation will be developed. The market for air-conditioning is a growth market.

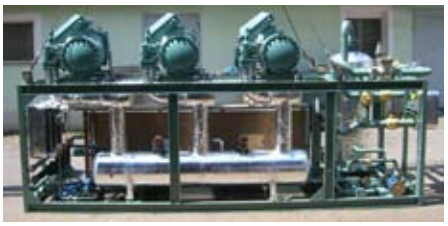
As a step in the strategy of concentrating its resources on the trading operation, Beijer Ref divested its Finnish subsidiary, Oy Dimico AB, after the end of the financial year. Dimico manufactures coils for the Finnish market and reported annual sales of approximately SEK 20M. As from 1 January 2007, Dimico is no longer included in the Group's accounts. Beijer Ref's remaining operation in Finland is a concentrated trading operation which reports sales of approximately SEK 110M.

Sales

The business area's sales increased by 16 per cent to SEK 2,018.3M (1,743.2). Sales increased in virtually all markets in which Beijer Ref operates. Sales in Ireland, the Baltic States, Poland, Denmark and the Netherlands grew strongest, by 27 per cent on average. In the United Kingdom, which is the business area's largest single market, sales increased by 15 per cent. In Norway and Finland, sales rose by 18 per cent and in Sweden by nine per cent. Sales within the wholesale and trading companies increased by 14 per cent and by 26 per cent within the manufacturing companies. The wholesale and trading companies accounted for 88 per cent of the business area's sales and the manufacturing companies for the remaining 12 per cent.

Operating profit

The business area's operating profit rose by 76 per cent to SEK 150.4M (85.3), equivalent to an operating margin of 7.5 per cent (4.9). The significant profit improvement is explained by increased sales volumes and the effects of previous savings programmes. The results of both the wholesale and trading companies and of the manufacturing companies improved significantly.



Pictures from above:
1/ Equinoxe's head office in Budapest, Hungary
2/ A Beijer Ref delivery of refrigeration equipment - for both climate control and freezing - to a chicken breeding plant in the Romanian city of Botosani
3/ Examples of refrigeration systems which Beijer Ref delivers to the bake-off company, Fornetti
4 & 5/ The Beijer Ref companies' head offices in Raszyn, Poland and Timisoara, Romania

This is Beijer Ref

The Beijer Ref business area is the leading refrigeration wholesaler and manufacturer of heat exchangers in Europe with sales in 15 countries. Operations are carried out in two segments: Wholesale & trading companies and Manufacturing companies.
Beijer Ref's competitive edge lies in its technical competence relating to the products, its comprehensive product range and its ability to offer efficient overall solutions.

Products

Beijer Ref markets and sells complete refrigeration systems as well as components for refrigeration systems. The product range consists of products developed by the company and agency products. The offer to customers is characterised by turnkey system solutions which simplify installation.
Beijer Ref's products are mainly used in refrigeration and freezer counters, refrigeration and cold storage rooms, as well as for air-conditioning and ventilation systems. The products are found in different environments such as food stores, shopping centres, factories, offices, computer rooms, ice rinks, private residences and hotels.
In simple terms, a complete refrigeration system consists of the following components:
• A compressor which pumps a refrigerant through a cooling system.
• A refrigerant which transports heat away from the refrigerated area.
• Heat exchangers of various types such as evaporators, condensers or coolers.

The evaporator removes the heat from the refrigerated area. The condenser discharges heat assimilated in the refrigerated circuit. Evaporators and condensers work with refrigerants in both liquid and gaseous form. Coolers use only liquids as refrigerants.

Beijer Ref offers the market a total of 15,000 different products in the refrigeration sector. Operations are carried out in two segments:
- wholesale and trading companies
- manufacturing companies.

Wholesale and trading companies

Beijer Ref's wholesale and trading companies are the leading operators in Europe. The companies have agencies for a number of products within the refrigeration segment such as compressors, refrigerants, control and monitoring equipment, and various components. Beijer Ref represents leading companies in the sector within different product areas, including Bitzer, Danfoss, Outokumpu, Armacell, Tecumseh, Alco, Electrolux, Honeywell, Ineos, Carel, Johnson Controls, AIA, Luve, Searle, and Henry.
The Swedish and Norwegian wholesalers also produce customised fluid-refrigerating units. Comfort cooling (air-conditioning) is sold on an agency basis from the Japanese companies, Mitsubishi Heavy Industries and Daikin, and from the Italian company, Aermec, and the South Korean company, LG. Aircool air-conditioning unit is an own-brand product.

Beijer Ref's competitive edge lies in its technical competence relating to the products, an extensive and varied product range and, in particular, opportunities to offer customers efficient overall solutions. In addition, Beijer Ref enjoys long-term durable relationships with its customers.
The wholesale and trading companies account for approximately 90 per cent of the business area's sales.

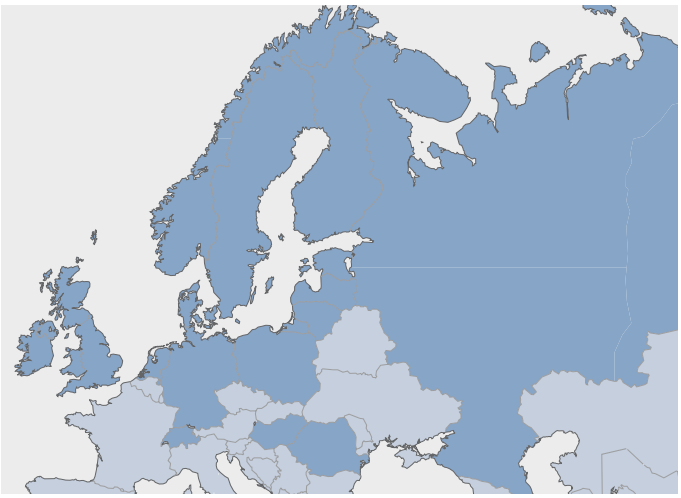
Manufacturing companies

The manufacturing companies carry out development, manufacturing and sales of the business area's own products such as heat exchangers, evaporators and condensers. Production is carried out in Sweden and Norway. The products complement each other well in terms of customer segment and production technology, which provides integrated technical and marketing strength.

The manufacturing companies account for approximately 10 per cent of the business area's sales. Approximately 80 per cent of the manufacturing company's sales are made to external customers and the remaining 20 per cent are delivered to the business area's wholesale and trading companies.

Market and market segments

Beijer Ref is established in 15 markets in Europe: Sweden, Denmark, Norway, Finland, United Kingdom and Ireland, the Netherlands, Switzerland, Poland, the three Baltic States, Hungary, Romania and Russia.



The market is split into three segments: commercial refrigeration, industrial refrigeration and comfort cooling.

• Commercial refrigeration dominates the business area and consists mainly of complete refrigeration systems and components for refrigeration systems. The food retail sector and the restaurant sector are the largest customer groups.
• Industrial refrigeration is mainly used by food industries, process refrigeration, ice rinks and in large heat pumps.
• Comfort cooling is air-conditioning for offices, private residences and cars, and heat pumps.

Demand in the business area's largest segment, commercial refrigeration, is relatively stable and only partly varies with the economic trend. Rising consumption of refrigerated and frozen products, as well as the establishment of new food supermarkets, benefits the segment. In addition, the market is being positively affected by decisions made by the authorities, such as the requirement to convert to more environmentally-friendly refrigerants. The market for comfort cooling enjoys strong growth as climate installations in work locations and in cars are becoming increasingly common.

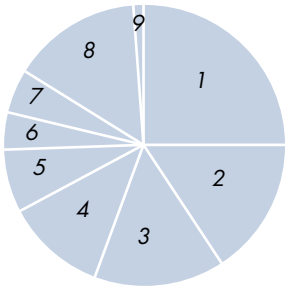
Beijer Ref's sales are mainly made to refrigeration installation contractors, service companies and manufacturers of refrigeration products which, in turn, deliver to end customers. The market consists of a small number of large customers and a significant number of small and medium-sized customers.

Net sales and results

sek m	*2006*	*2005*	*2004*	*2003*	*2002*
Net sales	2018.3	1743.2	1405.6	874.3	914.8
Operating profit	150.4	85.3	39.2	59.3	69.8
Return on capital employed in operations, %	20.2	11.4	7.3	18.3	20.5
No. of employees	708	719	634	443	472

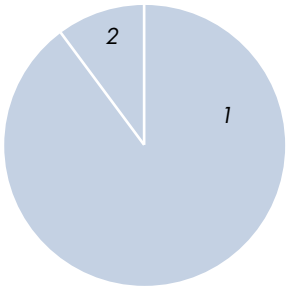
Figures for 2004-2006 are recalculated in accordance with IFRS whereas information for previous years is reported in accordance with reporting principles applicable at the time. Operating profit for 2002-2003 does not include goodwill for comparative reasons.

Geographic distribution of net sales



1. United Kingdom 25%, 2. Sweden 18%, 3. The Netherlands 13%, 4. Denmark 12%, 5. Norway 8%, 6. Finland 6%, 7. Switzerland 5%, 8. Other European countries 12%, 9. Rest of the world 1%

Distribution of net sales



1. Wholesale and trading companies 88%, 2. Manufacturing companies 12%

Competitors

Beijer Ref is the leading company in Europe, with a market share of 10 per cent. Major competitors of the wholesale and trading companies in Europe are the US-owned company, Carrier; the Spanish company, Pecomat; and the German companies, Schiessel, Frigotechnik and Reiss. The Nordic competitors are Ahlsell and Onninen. In addition there are a large number of small competitors.

The manufacturing companies face competition from Alfa Laval, Carrier and Coil-Tech, Güntner and Searle.

Per Bertland
Head of the Beijer Ref business area

A stable development has laid the foundation for a new strategy for increased growth

2006 OPERATIONS

Beijer Industrial Technology business area's core operations - industrial products and hose and rubber products - developed positively during 2006. Both sales and operating profit increased, partly due to the strong industrial trend.

The new business plan resulted in a number of strategic measures during the financial year. After a change of strategy, Beijer Industrial Technology decided to divest its operations within consumer products segment during 2006. ETC Tools was sold to Edw. H. Thomee AB at the beginning of October. At the end of the year, the remaining part of consumer products - BOLTHI - was divested to a former employee. The sold operations reported total annual sales of approximately SEK 30M.

During the year, Beijer Industrial Technology carried out a couple of minor acquisitions. The operation in YGAB Eldfast AB, which reports annual sales of approximately SEK 5M, was acquired in May. YGAB sells and installs refractory materials for different types of furnaces. The main customer groups are found in the foundry and steel industries. In December, the grinding materials operation, which reports annual sales of approximately SEK 4M, was acquired from Logitool AB. The operation consists of conventional grinding materials, rotary files, polishing materials, etc. and supplements Beijer Industrial Technology's existing product range within the segment.

Photo: Önnereds Svets AB, Sweden

The picture shows a fish pump hose, 12" (300mm), in use in the North Sea. For the efficient handling of large catches, the fish are pumped directly into the vessel. This type of hose is supplied by the Beijer company, Lundgrens Sverige AB.

In August, the business area, together with SMS Demag AG of Germany, received an important order for a new down coiler from SSAB Tunnplåt in Borlänge. The deliveries, which comprise both mechanical equipment and electronic automation, will be made in stages until summer 2008. The order is a commission transaction.

During the year, Beijer Industrial Technology made a decision to change the direction of the operation in Fyleverken which extracts silicon sand. The new strategy involves a focus on more profitable niche markets. In 2006, Fyleverken received a renewed extraction permit until 2018. In connection with this, a decision was made regarding an action programme aimed at improving the production plant, working environment and external environment.

SALES

Beijer Industrial Technology's sales amounted to SEK 573.9M (589.7). Sales within the hose and rubber operations and the industrial products segment increased compared with the previous year. The total fall in sales is explained by lower sales within the consumer product operations and the divestments of these operations during the last quarter of the year. Excluding consumer products the business area's sales increased to SEK 544.4M (531.8).

The Industrial Technology business area markets and sells components, maintenance products, machinery and plant to the manufacturing industry and hose and rubber products to the commercial, industrial and shipping sectors. The business area is mainly active in the Swedish, Norwegian and Finnish markets.

Sales of hose and rubber products enjoyed the best development with an increase of 11 per cent. The high organic growth is due to gradually increasing demand for maintenance products during the past two years.

Following several years of organic growth, the market for industrial products levelled out during 2006. Sales of industrial products were largely on a par with the previous year. Steel products and foundry operations, as well as grinding materials, showed a continued positive trend.

The acquisitions affected the business area sales only marginally. Sales in the Swedish market excluding consumer products rose by 3.5 per cent and accounted for 84 per cent of the business area sales.

Operating profit

Operating profit amounted to SEK 38.1M (41.8), equivalent to an operating margin of 6.6 per cent (7.1). Profit was affected by consumer products and costs for Fyleverken. Excluding consumer products, profit increased.

The objective is to achieve significantly increased sales

During the past two years, Beijer Industrial Technology has been involved in a comprehensive strategy review. The work has resulted in a new business plan in which the business area will focus on its core operations – industrial products and hose and rubber products. The objective is to create a profitable expansion and raise the growth rate, both organically and through acquisition, in order to achieve a significantly increased sales volume.

Beijer Industrial Technology's core competence is in value-creating technology trading. The business objective is to carry out technology trading with the overall vision to create competitive solutions for the customer. The solutions consist of offering product combinations, improvements, innovation and service which provide added value for the customer. The offer will be supplemented with new and related products. Beijer Industrial Technology's task is to improve the customer's productivity, quality and efficiency.

The business area's different companies have so far developed successfully within their respective segments. Changes create new prerequisites. This will involve consolidation among customers as well as competitors and suppliers; both forward and backward integration in the value chain; and technical development. Industries in the both the Nordic and other European countries are increasingly moving towards high technology and increased quality.

Taken together, size and competence will be increasingly crucial in the market.

A cornerstone of the new strategy is, therefore, increased co-ordination between the business area's different companies aimed at raising the combined effectiveness and efficiency. The co-ordination concerns marketing, training, product supply, purchasing, logistics, etc, whilst maintaining decentralisation and significant independence for the individual companies. The new strategy includes a continued focus on market orientation.

The objective for the organic growth starts from the potential in the existing customer base and the needs of the individual customers. There is significant scope for increasing the sales of the business area's existing product range in the present markets.

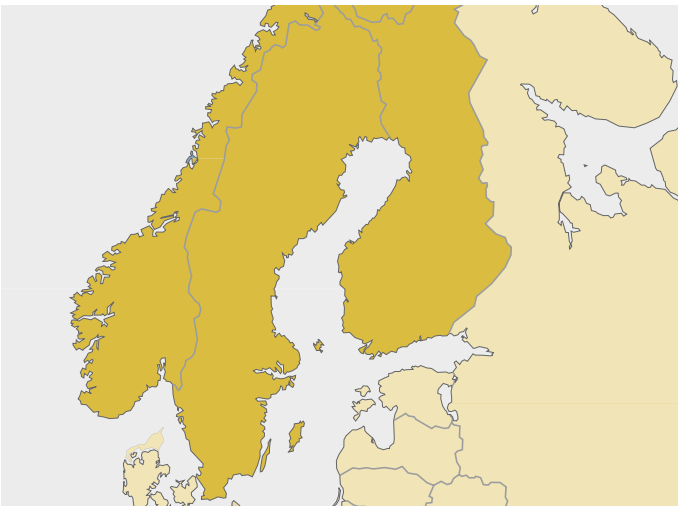
The new strategy also gives significantly greater priority to acquisition. The objective is to acquire companies which, taken together, will generate a significant contribution to the business area's sales. The focus is on companies and operations with products. This is both for products which already exist within Beijer Industrial Technology's current range and for products which supplement it.

This is Beijer Industrial Technology

The Beijer Industrial Technology business area focuses on value-creating technology trading and puts the customers' needs at the centre of its focus. Beijer Industrial Technology is a trading company which sells a wide range of industrial products to the engineering and manufacturing industries, and hose and rubber products to the commercial, industrial and shipping sectors. The business area also has agencies for capital goods such as heavy-duty steel mill equipment and foundry plant. Beijer Industrial Technology represents well-established international suppliers and contributes technical expertise relating to the products as well as experience and knowledge of the markets.

Market

Beijer Industrial Technology operates in the markets in Sweden, Norway and Finland. The market for the business area's products is mature with moderate growth. The business area has a very broad and varied customer base. The number of customers amounts to approximately 10,000. The ten largest customers accounted for 23 per cent of sales in 2006.



The width and the depth in the product supply means that sales are less sensitive to fluctuations in the economy. The business area is more affected by long-term changes in the industrial structure. The business area is also dependent on the investment climate within the industry.

Beijer Industrial Technology's strategy is to strengthen its competitiveness within existing areas and achieve growth, partly through acquisitions within related segments.

Products

Beijer Industrial Technology markets and sells a large number of products - approximately 15,000 products and up to 30,000 items - in Sweden, Norway and Finland. The product programme is divided into two segments:

- Industrial products which are sold mainly to the engineering and manufacturing industries. The product programme includes raw materials, components and supplies, steel products, processed raw materials such as coke, chemicals, blast-cleaning abrasives and other grinding products, silica sand, etc. It also includes agency products which consist of heavy-duty steel mill equipment such as complete rolling mills and foundry plants for forming and die casting.

- Hose and rubber products, with a wide range of standard products within hoses, hose accessories, transmissions, rubber, plastic, gasket materials as well as O rings and oil-seals for commerce, industry and shipping.

Competitors

The business area's main competitors for industrial products are Askania, Kernfest-Webac, Foseco, Karlebo, Calderys and Swecox. For the wholesale hose operation, competitors include Trelleborg, Luna, Rubber & Co, Hiflex and Hydroscand.

Organisation

Beijer Industrial Technology consists of eight operating subsidiaries which have a joint and overall Nordic management with a responsibility to develop the business area. Operations and sales are carried out through the subsidiaries.

G & L Beijer Industri AB operates mainly within the foundry, coke, grinding materials chemistry, steel and steel mill products segments. Large customers are foundries, steel mills, engineering industries and industrial trading companies.

AB Tebeco Industriprodukter provides the broadest range in the market of blast-cleaning abrasives and blast-cleaning machines for the engineering industry and light equipment for foundries.

Brogårdsand AB with its subsidiary, Fyleverken, sells silica and feldspar sand for a number of applications such as moulds and mandrels in the foundry industry, filters for air and water treatment, and sand for the leisure sector through its own quarries.

G & L Beijer OY and G & L Beijer AS sell parts of the business area's industrial products range in Finland and in Norway. In Finland, G & L Beijer OY sells blast-cleaning abrasives, foundry chemicals, refractories, machinery and spare parts to steel mills and the foundry and engineering industries. In Norway, G & L Beijer AS sells blast-cleaning machines, blast-cleaning abrasives, smelting furnaces, refractories, spare parts and different types of filters to smelters, foundries and the off-shore and engineering industries.

Lundgrens Sverige AB offers the commerce, industry and shipping sectors a wide range of hoses, hose accessories, transmissions, rubber, plastic, gasket materials, drying materials as well as O rings and oil-seals.

Slanggrossisten Ekonil AB offers an extensive range of industrial hoses, fittings and accessories.

Net sales and results

sek m	*2006*	*2005*	*2004*	*2003*	*2002*
Net sales	573.9	589.7	568.1	526.6	500.7
Operating profit	38.1	41.8	34.9	29.4	29.4
Return on capital employed in operations, %	25.1	24.1	20.1	18.2	18.7
No. of employees	193	194	200	197	199

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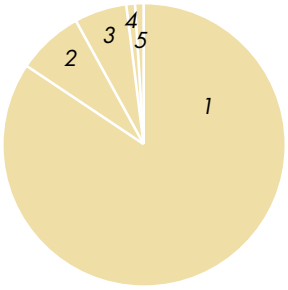
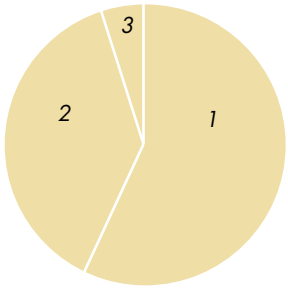
Geographic distribution of net sales



1. Sweden 85%, 2. Norway 7%, 3. Finland 6%, 4. Denmark, 1%, 5. Other European countries 1%

Distribution of net sales



1. Industrial products 59%, 2. Hose and rubber products 36%, 3. Consumer products 5%

Beijer Industrial Technology's operations are characterised by a wide range in the product programme, their proximity to the customer, rapid deliveries which require efficient logistics and warehousing, and technical expertise related to the products. The operations are controlled through far-reaching delegated responsibility which creates short decision-making routes and a high level of service.

Peter Kollert
Head of the Beijer Industrial Technology business area

Board of Directors

CHAIRMAN
Peter Jessen Jürgensen
Born 1949
Board Member since 1999.
Chairman of Bio Aqua ApS.
Board Member of IKI Invest A/S, Labotek A/S, Profort A/S and G & L Beijer A/S.
Shareholding in G & L Beijer AB:
223 813 A shares and 404 600 B shares.

BOARD MEMBER
Joen Magnusson
Born 1951
Board Member since 1985.
Managing Director of G & L Beijer AB.
Board Member of Beijer Electronics and other companies.
Shareholding in G & L Beijer AB:
236 378 A shares and 71 258 B shares.

BOARD MEMBER
Poul Friis
Born 1939
Board Member since 2002.
Board Member of G & L Beijer A/S.
Shareholding in G & L Beijer AB:
6 100 B shares.

BOARD MEMBER
Anne-Marie Pålsson
Born 1951
Board Member since 2003.
Vice Chairman of Länsförsäkringar Skåne.
Board Member of Länsförsäkringar AB, Hagströmer & Qviberg and Riksrevisionen.
Executive Member of Kungliga Ingenjörsvetenskapsakademin and Kungliga Skogs- och Lantbruksakademin.
Associate Professor at the University of Lund.
Member of the Swedish Parliment.
Shareholding in G & L Beijer AB:
300 B shares.

BOARD MEMBER
Bernt Ingman
Born 1954
Board Member since 2006.
Chairman of Schneidlerföretagen AB and Merpac AB.
Shareholding in G & L Beijer AB:
1 000 B shares.

Chief Financial Officer
Jonas Lindqvist
Born 1962
Shareholding in
G & L Beijer AB: 0

Head of the Beijer Industrial Technology business area
Peter Kollert
Born 1961
Shareholding in
G & L Beijer AB:
10 000 B shares

Head of the Beijer Ref business area
Per Bertland
Born 1957
Shareholding in
G & L Beijer AB:
146 714 A shares and
63 000 B shares

Auditors

Mikael Eriksson (r)
Born 1955
Authorised Public Accountant.
PricewaterhouseCoopers AB.
Auditor in G & L Beijer Group
since 2005.

Lars Nilsson (l)
Born 1965
Authorised Public Accountant.
PricewaterhouseCoopers AB.
Auditor in G & L Beijer Group
since 2005.

Corporate Governance Report

1. Introduction

G & L Beijer AB has continually worked on implementing the Swedish Code for Corporate Governance (the Code) since the summer of 2005.

The company applies the Code in all material respects.

This Corporate Governance Report has not been examined by the company's auditors.

2. Preparation of appointment of board of directors and auditors

An Election Committee was appointed in October 2006. The duties of the Election Committee is to submit proposals for Board Members, Chairman of the Board, Chairman of the Annual Meeting of shareholders and for the remuneration of the Board of Directors and Auditors to be submitted to the Annual Meeting of shareholders on 27 April 2007. The members of the Election Committee were appointed from the company's largest owners.

The year's Election Committee consists of the following members:
Peter Rönström (Lannebo Fonder), Chairman of the Election Committee
Peter Jessen Jürgensen (IKI Invest A/S and Chairman of the G & L Beijer Board of Directors)
Erik Sjöström (Skandia Liv)

The Election Committee has carried out its work as follows:
It has evaluated the work, composition and competence of the Board of Directors.

3. Information about the board members

Below follows information about the Board Members:

- *Peter Jessen Jürgensen* (born 1949), Chairman.
Board Member since 1999.
Education and work experience:
Graduate engineer and MBA in Denmark. Engineer in Atlas. Work in the family company, HJJ, as Managing Director of the subsidiary, Ajax, and later as Managing Director of IKI and Managing Director of TTC in Denmark.
Other significant assignments:
- Chairman of Bio Aqua ApS
- Board Member of IKI Invest A/S, Labotek A/S, Profort A/S and G & L Beijer A/S.
Shareholding, privately and via companies, in G & L Beijer AB: 223,813 A shares and 404,600 B shares.

The Election Committee is not of the opinion that Peter Jessen Jürgensen is independent of the largest shareholders.

- *Paul Friis* (born 1939), Board Member.
Board Member since 2002.
Education and work experience:
Paul Friis is a graduate engineer of DTU and has worked within ITT, Teleselskaberne Denmark, currently Teledanmark, in different posts and later in leading positions. Paul Friis later worked as Divisional Director in Siemens in Denmark and, thereafter, as Managing Director of NKT Elektronik until 1995. Thereafter, Paul Friis has devoted his time to board work.
Other significant assignments:
- Board Member of G & L Beijer A/S
Shareholding in G & L Beijer AB: 6,100 B shares.

The Election Committee is of the opinion that Paul Friis is independent of the company, the Executive Management and large shareholders.

- *Anne-Marie Pålsson* (born 1951), Board Member.
Board Member since 2003.
Education and work experience:
Anne-Marie Pålsson is a MA graduate from the University of California and is a PHD in economics and the University of Lund. During her professional career, Anne-Marie Pålsson has worked in the academic world. She is an Associate Professor at the University of Lund. Anne-Marie Pålsson holds a number of board assignments and has been a Member of the Swedish Parliament since 2002.
Other significant assignments:
- Vice Chairman of Länsförsäkringar Skåne
- Board Member of Länsförsäkringar AB, Hagströmer & Qviberg, Riksrevisionen,
Institutet för Framtidsstudier.
- Deputy Board Member of Riksbankens jubilumsfond.
- Executive Member of Kungliga Ingenjörsvetenskapsakademin and Kungliga Skogs-
och Lantbruksakademin.
Shareholding in G & L Beijer AB: 300 B shares.

The Election Committee is of the opinion that Anne-Marie Pålsson is independent of the company, the Executive Management and large shareholders.

- *Joen Magnusson* (Born 1951), Board Member.
Board Member since 1985.
Managing Director of G & L Beijer AB.
Education and work experience:
MBA, Lund.
Employed in Teglund Marketing AB, Statskonsult AB, Skrinet AB. Managing Director of G & L Beijer AB since 1993.
Other significant assignments:
- Board Member of Beijer Electronics AB

- Board Member/Chairman of a number of companies within the Beijer Group.
Shareholding, privately and via companies, in G & L Beijer AB: 236,378 A shares and 71,258 B shares.

The Election Committee is not of the opinion that Joen Magnusson is independent of either the company, the Executive Management or large shareholders

- *Bernt Ingman* (Born 1954), Board Member.
Board Member since 2006.
CFO of Husqvarna AB.
Education and work experience:
MBA graduate
CFO of Munters for eight years
Other significant assignments:
- Chairman of Merpac AB
- Chairman of Schneidlerföretagen AB
Shareholding in G & L Beijer AB: 1,000 B shares

The Election Committee is of the opinion that Bernt Ingman is independent of the company, the Executive Management and large shareholders.

4. Information about auditors

At the Annual Meeting of shareholders in 2005, the Authorised Public Accountants, Mikael Eriksson and Lars Nilsson, both practicing at Öhrlings PricewaterhouseCoopers in Malmö, were elected for the period until the end of the Annual Meeting of shareholders held during the fourth financial year after the election of auditors, i.e. 2009.

As no new election of auditors will be held at the 2006 Annual Meeting, no further information about the auditors is given here.

5. Work of the board of directors

During 2006, the Board of Directors of G & L Beijer held five Ordinary Meetings, of which one was a strategy meeting. The company's auditors were present at Board Meetings which discussed the annual accounts. Between the Board Meetings, there has been considerable contact between the company, its Chairman and other Board Members. The Board Members have also been provided with continual written information regarding the company's operations, economic and financial position and other information of importance for the company.

The company's economic and financial position, as well as the investment operations, are discussed at every Ordinary Board Meeting.

The Board of Directors has a working procedure which is determined annually at the Inaugural Board Meeting following the Annual Meeting of shareholders. At the same time, the Board determines instructions for the Managing Director.

All Board Members participated in all Board Meetings during 2006 with the exception of Bert Ingman who participated in two of the three meetings held since he was elected in April 2006.

6. Information about the managing director

The Managing Director of G & L Beijer AB, Joen Magnusson, has no significant shareholdings or partnerships in companies with whom G & L Beijer AB has important business connections.

7. Remuneration and other terms of employment for the executive management

The Board of Directors has handled matters relating to the remuneration of the Senior Executives and the Board of Directors as a whole constitutes the Remuneration Committee. The Managing Director does not participate in decisions relating to his own remuneration. The matter is prepared during the first Board Meeting of the year and is decided at the Board Meeting held in connection with the Annual Meeting of shareholders.

8. Share and share price related incentive schemes

The company has no share related and share price related incentive schemes to the Executive Management.

9. Quality assurance

The Board of Directors continually studies the company's accounting reports which are sent to the Board in connection with Board Meetings. In addition to the financial reporting for the Group, financial reports for the two business areas are appended as well as Managing Director's comments from the Head of the respective business area. At every Meeting, the Managing Director reports on the financial outcome for the current period which is discussed and analysed.

The Board of Directors always meets the company's Auditors at the Board Meeting that discusses the annual accounts, but usually also in connection with the Interim Report for the third quarter of the year. At these Meetings, the Auditors give an account of their observations and view on the internal control. The Board of Directors puts questions and discusses issues relating to the audit and to the quality of the financial reporting at these Meetings.

The Board of Directors' report on internal control relating to the financial reporting for the 2006 financial year

Introduction

In accordance with the Swedish Companies Act and the Swedish Code for Corporate Governance, the Board of Directors is responsible for internal control. This report has been prepared in accordance with the Swedish Code for Corporate Governance, sections 3.7.2 and 3.7.3, and is, therefore, limited to internal control relating to the financial reporting. This report does not form part of the formal annual accounts documents.

Description

The base for internal control relating to financial reporting consists of the control environment within the organisation, decision-making routes, authorities and responsibilities which are documented and communicated through the controlling document. These relate primarily to the Boards' of Directors working procedures, the Managing Director's working procedure and approvals instructions. G & L Beijer is a company with strong owner influence. The owners are represented on the Board of Directors and in executive positions within the company. G & L Beijer is decentralised in its nature and the individual companies' own organisations fulfil important functions relating to company culture and the control environment through the short decision-making routes which exist and the strong presence of local management. The legal organisation coincides with the operational organisation and there are, therefore, no decision-making fora which are disengaged from the responsibilities regulated in civil law which are vested in the different legal entities. The management work is based on the work of the Board of Directors which is the backbone of the company management. This starts from G & L Beijer AB's Board of Directors and goes out, via the business area Boards of Directors, into the organisation's different company Boards of Directors. The rules and regulations which deal with company management, such as the Companies Act, form the foundation for how the Board work is carried out and, as a result of this, to the working procedures, authorities and responsibilities which are regulated through this legislation. The decisions made by the Boards of Directors are documented and carefully monitored. Senior Executives from Group and business area management teams are represented in Boards of Directors at the underlying organisational level and also in individual companies of significance. The so-called grandfather principle is applied throughout the Group. This means that, in critical matters such as important personnel matters, organisational matters, etc., the nearest manager goes to his or her manager to get support for decisions before they are made.

The principle about far-reaching decentralisation is of great importance. It creates within the different companies' a feeling for their importance of their work and it increases their work motivation. The distribution of responsibilities and authorities leads to a strong will to live up to these responsibilities and the ensuing expectations.

Risk evaluation is made continually to map out risk areas relating to the financial reporting. The current position is assessed and points for improvement established. The control activities are also evaluated and evaluated continually.

The board of directors' standpoint in relation to an internal audit

In accordance with the regulations in item 3.7.3, the Board of Directors of G & L Beijer AB has taken a stand with regards to the need for a special internal audit function. The Board of Directors has found that there is currently no need to create this organisation within the G & L Beijer Group. The background to the standpoint is the company's size and risk picture as well as the control functions which are built into the company's structure. These include proactive Boards of Directors in all companies, a high level of representation by local management teams, board representation by the management at the level above, etc.

No statement has been made about how well the internal control has functioned and no auditor examination has been carried out.

Contents
Financial reporting

The Board of Directors and the Managing Director of G & L Beijer AB (publ), Corporate Identity Number 556040-8113, submit their Annual Report and consolidated accounts for the 2006 financial year.

Group

G & L Beijer's operations consist of the importation of agency products from leading international manufacturers and the manufacture of own products, combined with service and support for the product. The Group creates added value by contributing technical competence to the products; accounting for knowledge and experience about the market; and providing efficient logistics and warehousing.

Operations are carried out in two business areas - Beijer Ref and Beijer Industrial Technology. The G & L Beijer Group is a leading operator within the refrigeration sector in Europe and the leader within industrial technology in the Nordic countries. Growth is achieved both organically and through the acquisition of companies which supplement existing operations.

Parent Company

The parent company, G & L Beijer AB, is the parent company of the G & L Beijer Group. The parent company carries out central functions such as group management and group control. The company's registered office is in Malmö.

The parent company, which has only marginal external sales, reports profit after financial income and expenses of SEK 33.2M (30.4) for the 2006 financial year.

Significant events during the financial year

In January, Beijer Ref acquired the remaining 49 per cent of the shares in the Hungarian refrigeration wholesaler, Equinoxe SP. Equinoxe is the market leader in the refrigeration sector in Hungary and reports sales of approximately SEK 50M.

In May, G & L Beijer acquired the operations within YGAB Eldfast AB in Västerås through its Beijer Industrial Technology business area. The operations report annual sales of approximately SEK 5M. YGAB sells and installs refractory materials for various types of furnaces. The operations in YGAB are included in G & L Beijer's accounts from May 2006.

In August, the Beijer Industrial Technology business area, together with SMS Demag AG of Germany, received an important order for new down coiler from SSAB Tunnplåt in Borlänge. The deliveries will be made in stages until summer 2008. For G & L Beijer, the order is a commission transaction. It will not affect sales and will contribute positively to its financial results during the delivery period.

At the beginning of October, G & L Beijer, through its Industrial Technology business area, divested the operations in ETC Tools within the business area's consumer products division. The sold operations reported annual sales of approximately SEK 25M.

In November, G & L Beijer acquired the grinding materials operation from Logitool AB through Beijer Industrial Technology. The operation, which reports annual sales of approximately SEK 4M, consists of conventional grinding materials, rotary files and polishing materials, etc. The acquisition strengthens and supplements Beijer Industrial Technology's existing product range within the segment and is included in G & L Beijer's accounts from 1 December 2006.

At the end of December, G & L Beijer divested BOLTHi within its consumer products division through Beijer Industrial Technology. Annual sales amounted to approximately SEK 5M. As a result of the divestment, Beijer Industrial Technology has left the consumer products market.

Events after the end of the financial year

At the end of December, G & L Beijer acquired the Danish refrigeration wholesaler, Air-Con, through Beijer Ref. The company reports annual sales of approximately SEK 38M. Air-Con has been integrated into Beijer Ref's Danish operation, which reports sales of approximately SEK 200M. Air-Con is included in G & L Beijer's accounts from 1 January 2007.

After the end of the financial year, G & L Beijer divested its Finnish subsidiary, Oy Dimico AB, through Beijer Ref. Dimico manufactures coils for the Finnish market and reports annual sales of approximately SEK 22M. The divestment was a in line with Beijer Ref's strategy to concentrate its resources on the trading operations. As from 1 January 2007, Dimico is no longer included in the consolidated accounts. Beijer Ref's remaining activities in Finland are exclusively a trading operation which reports sales of approximately SEK 110M.

Sales and results

Sales of the G & L Beijer Group rose by 11 per cent to SEK 2,592.2M (2,332.9) in 2006. The growth was, in

the main, organic and is explained by a strong economic trend in the Nordic countries and significantly improved demand in other European countries. The Group has also won market share.

Sales in Sweden accounted for 33 per cent of consolidated sales. The United Kingdom accounted for 19 per cent and the Netherlands for 10 per cent. Denmark accounted for nine per cent whereas Norway and Finland accounted for eight per cent and six per cent, respectively.

The consolidated operating profit rose by 55 per cent by SEK 171.8M (110.6). The significant increase is explained by volume increases and efficient cost control.

Financial income and expenses amounted to SEK -15.2M (-10.6). Financial income and expenses for 2006 includes a share in profits of SEK 6.4M from the Group's indirect holding in CMP (Copenhagen Malmö Port). Financial income and expenses for 2005 included a capital gain of SEK 6.4M from the sale of shares in Malmö Hamn. Profit before taxes amounted to SEK 156.6M (100.0). Profit after tax amounted to SEK 109.2M (72.1).

Profitability

Return on capital employed in operations and capital employed amounted to 16.6 per cent (10.9) and 16.5 per cent (11.6) respectively. Return on equity was 21.5 per cent (16.2).

Capital expenditure, liquidity and number of employees

Group investments in tangible fixed assets and acquisitions amounted to SEK 33.8M (49.0). Liquid funds, including unutilised bank overdraft facilities, amounted to SEK 184.7M (146.0) at the turn of the year. The average number of employees was 907 (919).

Cash flow, financing and equity ratio

The cash flow from current operations before changes in working capital was SEK 143.1M (92.0). Investment operations generated a net of SEK 18.9M (-25.4). The net debt amounted to SEK 487.4M (561.5) at the turn of the year. Shareholders' equity amounted to SEK 536.4M (479.7) on the same date. The change in equity was SEK 56.7M (67.0). It consisted of net profit for the year of SEK 109.2M (72.1) less a dividend of SEK 31.1M (26.4). Translation differences amounted to SEK -19.3M (21.6). Other change in equity of SEK -2.2M relates to the acquisition of 49 per cent of the shares in Equinoxe SP. The equity ratio was 34.8 per cent (32.8) at the turn of the year.

Research and development

Research and development relating to the trading operation is mainly carried out by the suppliers. The Group's manufacturing companies carry out their own research and development which amounted to SEK 2.3M (1.5) in 2006.

Prospects for 2007

Many analysts are of the opinion that the strong economy could continue even if growth in Europe could be slightly lower compared with 2006. Taken together, G & L Beijer is expected to be able to increase both sales and profit for the 2007 full year.

Business areas

Beijer Ref

The business area's sales amounted to SEK 2,018.3M (1,743.2). The increase is explained by organic growth as a result of the strong economy in Europe and by the fact that the business area has won market share. Sales in the United Kingdom increased to SEK 510.6M (442.0) and sales in Sweden rose to SEK 493.6M (454.1). Sales in Denmark and the Netherlands amounted to SEK 281.8M (218.1) and SEK 266.5M (218.3) respectively. Operating profit amounted to SEK 150.4M (85.3), equivalent to an operating margin of 7.5 per cent (4.9).

Beijer Industrial Technology

The business area's sales amounted to SEK 573.9M (589.7). The fall is explained by lower sales within consumer products and the divestment of ETC Tools in October and of BOLTHi in December 2006. Excluding consumer products, the business area's sales rose to SEK 544.4M (531.8). Sweden dominates the business area and accounted for 85 per cent of total sales. Norway accounted for seven per cent and Finland for six per cent of sales. Operating profit amounted to SEK 38.1M (41.8), equivalent to an operating margin of 6.6 per cent (7.1).

Reporting principles in accordance with IFRS

As from 1 January 2005, the G & L Beijer Group is applying reporting in accordance with International Financial Reporting Standards (IFRS).

Currency

G & L Beijer has sales in 15 countries in Europe. The largest sale currencies are SEK, EUR, GBP, DKK and NOK. Purchases are mainly made in SEK and EUR. For further information about the Group's currency policy and financial risk handling, see note 3.

Operating risks

The G & L Beijer Group's operations are affected by a number of external factors the effects of which on the Group's operating profit can be controlled to a varying degree. The Group's business areas are dependent on the

general economic trend, especially in Europe, which controls demand for the business areas products and services. The Group has a good geographic spread with sales in 15 markets in Europe and a large number of customers and a broad product range within the areas of operations which normally reduces the risks. Other operating risks such as agency and supplier agreements, product responsibility and delivery undertakings, technical development, guarantees, dependency on individuals, etc, are analysed continually and measures aimed at reducing the Groups risk exposure are implemented when required.

Financial risks and risk handling

In its operation, G & L Beijer AB is exposed to financial risks such as currency risk, interest risk as well as re-financing risk and liquidity risk. Group-wide rules and regulations, which are determined by the Board of Directors, form the foundation for the handling of these risks at different levels within the Group. The objective of these rules is to achieve an overall picture of the risk situation, to minimise negative effects on the result and to clarify responsibilities and authorities within the Group. Monitoring to ensure that the rules and regulations are complied with is made by the person responsible and is reported to the Board of Directors. For further information, see note 3.

Environment

G & L Beijer strives to contribute to ecologically sustainable development. The Group carries out operations which require permits and are liable to give notification. Operations requiring permits comprise machine processing locations and extraction operations. Operations liable to give notification comprise the handling of refrigerants.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

SEK K	
Profit brought forward	108 164
Net profit for the year	38 758
Total	146 922

The Board of Directors and the Managing Director propose that the profit be distributed as follows:

SEK K	
Dividend, SEK 6.50 per share	40 298
To be carried forward	106 624
Total	146 922

The Board of Directors finds that the proposed dividend is defensible taking into account what is stipulated in Chapter 7 Para. 3 of the Companies Act relating to the demands which the nature, extent and risks of the operations places on the size of shareholders' equity and the need for consolidation, liquidity and the situation in general for the parent company and the Group.

The profit and loss account and balance sheet will be submitted for adoption to the Annual Meeting of Shareholders on 27 April 2007. 3 May 2007 is proposed as the record day.

G & L Beijer (publ)
Corporate Identity Number: 556040-8113
Address: Norra Vallgatan 70, 211 22 Malmö, Sweden
Registered Office: Malmö

The Board of Directors and the Managing Director assure that the Annual Report is prepared in accordance with generally accepted accounting principles for stock market companies. The information given corresponds with the actual conditions in the operation and nothing of material importance has been excluded which could affect the picture of the Group and the parent company created by the Annual Report.

Malmö 16 March 2007

Peter Jessen Jürgensen
Chairman

Poul Friis

Bernt Ingman

Anne-Marie Pålsson

Joen Magnusson
Managing Director

Our Audit Report was submitted on 19 March 2007

Mikael Eriksson
Authorised Public Accountant

Lars Nilsson
Authorised Public Accountant

SEK K	2006	2005	NOTE
OPERATING INCOME, ETC			
Net sales	2 592 207	2 332 869	5
Change in work-in-progress and finished products	2 704	4 268	
Other operating income	40 788	27 354	7
Total income, etc	2 635 699	2 364 491	
OPERATING EXPENSES			
Raw materials and necessities	– 64 250	– 117 451	
Goods for resale	– 1 685 489	– 1 447 713	
Other external costs	– 251 898	– 250 909	8, 9
Remuneration of employees	– 418 915	– 401 584	6
Depreciation and write-down of intangible and tangible fixed assets	– 35 572	– 33 284	19, 20
Other operating expenses	– 7 721	– 2 990	
Operating profit	171 854	110 560	
RESULT OF FINANCIAL INVESTMENTS			
Result of holdings in associated companies	6 355	—	22
Result of other securities	—	7 950	11
Financial income	2 030	5 624	12
Financial expenses	– 23 614	– 24 112	13
Profit before taxes	156 625	100 022	
Tax on the year's profit	– 47 407	– 27 947	15
Net profit for the year	109 218	72 075	16
Attributable to:			
The parent company's shareholders	109 043	72 680	
Minority interest	175	– 605	
The year's profit per share, sek [1]	17.59	11.72	17
Dividend per share, sek [2]	6.50	5.00	18

1) No dilution exists
2) For 2006, in accordance with the Board of Directors' proposal

Consolidated balance sheet

SEK K	2006-12-31	2005-12-31	NOTE
Assets			
FIXED ASSETS			
Intangible fixed assets	292 328	307 106	19
Tangible fixed assets	174 049	212 734	20
Holdings in associated companies	16 105	9 750	22
Financial assets which can be sold	—	102	23
Deferred tax recoverable	8 874	14 777	30
Trade debtors and other receivables	137	384	24
Total fixed assets	491 493	544 853	
CURRENT ASSETS			
Inventories	475 777	434 330	25
Trade debtors and other receivables	495 899	429 992	24
Income taxes recoverable	977	9 155	
Liquid funds	77 999	44 097	26
Total current assets	1 050 652	917 574	
Total assets	1 542 145	1 462 427	
Shareholders' equity			
EQUITY AND RESERVES WHICH CAN BE ATTRIBUTED TO THE PARENT COMPANY'S SHAREHOLDERS			
Share capital	217 752	217 752	27
Translation reserve	770	19 897	
Profit brought forward	317 420	239 375	
	535 942	477 024	
Minority interest	451	2 700	
Total equity	536 393	479 724	
Liabilities			
LONG-TERM LIABILITIES			
Borrowing	346 770	385 460	29, 34
Deferred tax liabilities	27 838	31 582	30
Pension commitments	15 938	20 612	31, 35
Other provisions	10 725	14 272	32
Total long-term liabilities	401 271	451 926	
CURRENT LIABILITIES			
Trade creditors and other liabilities	388 003	322 942	33
Borrowing	206 088	202 977	29, 34
Current tax liabilities	10 169	4 763	
Other provisions	221	95	32
Total current liabilities	604 481	530 777	
Total liabilities	1 005 752	982 703	
Total liabilities and equity	1 542 145	1 462 427	

Consolidated changes in equity

SEK K	Attributable to the parent company's shareholders			Minority interest	Total equity	NOTE
	Share capital	Translation reserve	Profit brought forward			
SHAREHOLDERS' EQUITY ON 2005-01-01	217 752	– 1 972	193 043	3 868	412 691	
Hedging of net investment		– 280			– 280	
Exchange rate differences		22 149		– 513	21 636	
Total transactions reported direct in shareholders' equity	—	21 869	—	– 513	21 356	
Net profit for the year			72 680	– 605	72 075	
	217 752	19 897	265 723	2 750	506 122	
Dividend for 2004			– 26 348	– 50	– 26 398	18
	—	—	– 26 348	– 50	– 26 398	
SHAREHOLDERS' EQUITY ON 2005-12-31	217 752	19 897	239 375	2 700	479 724	
Hedging of net investment		811			811	
Exchange rate differences		– 19 938		– 149	– 20 087	
Total transactions reported direct in shareholders' equity	—	– 19 127	—	– 149	– 19 276	
Net profit for the year			109 043	175	109 218	
	217 752	770	348 418	2 726	569 666	
Dividend for 2005			– 30 998	– 100	– 31 098	18
Acquisition of subsidiaries				– 2 175	– 2 175	
	—	—	– 30 998	– 2 275	– 33 273	
SHAREHOLDERS' EQUITY ON 2006-12-31	217 752	770	317 420	451	536 393	

Consolidated cash flow statement

SEK K	2006	2005	NOTE
CURRENT OPERATIONS			
Operating profit	171 854	110 560	
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	35 572	33 284	
Change in pension, guarantee and other provisions	– 8 095	– 20 168	
Capital result on sale of fixed assets	– 2 961	1 639	
Total	196 370	125 315	
Received interest and dividend	2 030	7 140	
Paid interest	– 23 614	– 24 112	
Paid income tax	– 31 664	– 16 322	
Cash flow from current operations before changes in working capital	143 122	92 021	
CHANGES IN WORKING CAPITAL			
Change in inventories	– 64 569	24 624	
Change in operating receivables	– 78 261	– 33 781	
Change in operating liabilities	82 658	– 25 458	
Cash flow from current operations	82 950	57 406	
INVESTMENT OPERATIONS			
Acquisition of shares and holdings	– 5 822	– 9 750	
Acquisition of tangible and intangible fixed assets	– 26 008	– 39 286	
Acquisition of operations	– 1 947	—	36
Sale of operations	17 544	—	
Sale and amortisation of financial assets	102	21 843	
Sale of tangible fixed assets	34 991	1 766	
Cash flow from investment operations	18 860	– 25 427	
FINANCIAL OPERATIONS			
Amortisation of liabilities	– 34 414	– 24 278	
Paid dividend to shareholders	– 30 998	– 26 348	
Paid dividend to the minority	– 100	– 50	
Cash flow from financial operations	– 65 512	– 50 676	
Change in liquid funds	36 298	– 18 697	
Exchange rate difference, liquid funds	– 2 396	3 441	
Liquid funds on 1 January	44 097	59 353	
Liquid funds on 31 December	77 999	44 097	

Parent company profit and loss account

SEK K	2006	2005	NOTE
OPERATING INCOME, ETC			
Other operating income	33	101	7
Total income	33	101	
OPERATING EXPENSES			
Other external costs	– 8 094	– 11 229	8
Personnel costs	– 5 215	– 4 921	6
Depreciation and write-down of tangible and intangible fixed assets	– 249	– 364	19, 20
Operating profit	– 13 525	– 16 413	
RESULT OF FINANCIAL INVESTMENTS			
Result of participations in Group companies	45 533	35 076	10
Result of other securities	—	11 729	11
Financial income	12 141	10 625	12
Financial expenses	– 10 936	– 10 586	13
Profit after financial investments	33 213	30 431	
APPROPRIATIONS			
Appropriations	3 059	6 631	14
Profit before taxes	36 272	37 062	
Tax on the year's profit	2 486	2 574	15
Net profit for the year	38 758	39 636	16

Parent company balance sheet

SEK K	2006-12-31	2005-12-31	NOTE
Assets			
FIXED ASSETS			
TANGIBLE FIXED ASSETS			
Equipment, tools and installations	709	853	20
Total tangible fixed assets	709	853	
FINANCIAL FIXED ASSETS			
Participations in Group companies	245 022	245 022	21
Holdings in associated companies	9 750	9 750	22
Total financial fixed assets	254 772	254 772	
Total fixed assets	255 481	255 625	
CURRENT ASSETS			
CURRENT RECEIVABLES			
Receivables from Group companies	400 425	427 520	
Other current receivables	646	563	
Prepaid expenses and accrued income	327	324	
Total current receivables	401 398	428 407	
CASH AND BANK			
Cash and bank	634	788	
Total current assets	402 032	429 195	
Total assets	657 513	684 820	
Equity and liabilities			
SHAREHOLDERS' EQUITY			
RESTRICTED EQUITY			
Share capital (6,221,488 shares at a nominal value of SEK 35 each)	217 752	217 752	27
Statutory reserve	—	43 550	
Total restricted equity	217 752	261 302	
NON-RESTRICTED EQUITY			
Profit brought forward	108 164	39 307	
Net profit for the year	38 758	39 636	
Total non-restricted equity	146 922	78 943	
Total equity	364 674	340 245	
UNTAXED RESERVES			28
Tax allocation reserves	4 024	7 075	
Accumulated accelerated depreciation	145	153	
Total untaxed reserves	4 169	7 228	
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term interest-bearing liabilities to Group companies	6 610	6 818	
Other long-term interest-bearing liabilities	154 500	178 500	29
Total long-term liabilities	161 110	185 318	
CURRENT LIABILITIES			
Bank overdraft facilities	56 543	104 450	29
Other current interest-bearing liabilities	63 999	43 998	29
Trade creditors	606	463	
Tax liabilities	4 032	923	
Other liabilities	328	328	
Accrued expenses and prepaid income	2 052	1 867	
Total current liabilities	127 560	152 029	
Total equity and liabilities	657 513	684 820	
Pledged assets	235 122	235 122	34
Contingent liabilities	89 317	181 949	35

Parent company changes in equity

SEK K	Share capital	Statutory reserve	Non-restricted equity	Total equity	Note
Equity on 2004-12-31	217 752	43 550	59 036	320 338	
Received Group contribution			9 193	9 193	
Tax effect of Group contribution			– 2 574	– 2 574	
Total changes in equity not reported In the profit and loss account			6 619	6 619	
Net profit for the year			39 636	39 636	
Dividend			– 26 348	– 26 348	18
Equity on 2005-12-31	217 752	43 550	78 943	340 245	
Reduction of statutory reserve		– 43 550	43 550	—	
Received Group contribution			23 152	23 152	
Tax effect of Group contribution			– 6 483	– 6 483	
Total changes in equity not reported In the profit and loss account		– 43 550	60 219	16 669	
Net profit for the year			38 758	38 758	
Dividend			– 30 998	– 30 998	18
Equity on 2006-12-31	217 752	—	146 922	364 674	

Parent company cash flow statement

SEK K	2006	2005
CURRENT OPERATIONS		
Operating profit	– 13 525	– 16 413
Adjustment for items not included in the cash flow:		
Depreciation of intangible and tangible fixed assets	249	364
Result on sale of fixed assets	—	– 92
Total	– 13 276	– 16 141
Received Group contributions	23 152	9 193
Received interest and dividend	57 674	47 217
Paid interest	– 10 936	– 10 586
Paid income tax	– 888	– 125
Cash flow from current operations before changes in working capital	55 726	29 558
CHANGES IN WORKING CAPITAL		
Change in operating receivables	27 009	– 11 896
Change in operating liabilities	328	– 238
Cash flow from current operations	83 063	17 424
INVESTMENT OPERATIONS		
Acquisition of tangible and intangible fixed assets	– 105	– 925
Investment in shares in associated companies	—	– 9 750
Sale of tangible fixed assets	—	723
Sale of securities	—	19 500
Cash flow from investment operations	– 105	9 548
FINANCIAL OPERATIONS		
New borrowing, net	– 52 114	52
Paid dividend	– 30 998	– 26 348
Cash flow from financial operations	– 83 112	– 26 296
Change in cash and bank	– 154	676
Cash and bank on 1 January	788	112
Cash and bank on 31 December	634	788

Notes to the financial statements

Note 1 General information

G & L Beijer AB (the parent company) and its subsidiaries (taken together, the Group) import agency products from leading international manufacturers and manufacture own products, and combine this with service and support relating to the products. Operations are carried out in two business areas, Beijer Ref and Beijer Industrial Technology. The Group has subsidiaries within large parts of Europe.

The parent company is a limited company which is registered and located in Malmö. The address of the head office is Norra Vallgatan 70, SE-211 22 Malmö.

These consolidated accounts were approved for publication by the Board of Directors on 16 March 2007.

Note 2 Applied reporting and valuation principles

General reporting principles

These consolidated accounts have been prepared in accordance with the Annual Accounts Act, RR 30:05 'Supplementary reporting regulations for Groups', International Financial Reporting Standards (IFRS) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) which are approved by the EU Commission. Standards which have been published but which have not yet come into force are not adhered to.

Implementation of new reporting principles

On the preparation of the consolidated accounts at 31 December 2006, a number of standards and interpretations have been published which have not yet come into force. Below follows a preliminary evaluation of the effect the implementation of these standards and pronouncements could have on G & L Beijer AB's financial reports:

IAS 1 supplement - Formulation of financial reports: information about capital
The supplement comes into force on 1 January 2007. In the present situation, this supplement is estimated to involve increased supplementary information relating to, among other things, definition of capital, capital structure and policies for the handling of capital.

IFRS 7 Financial instruments: Information
The standard comes into force on 1 January 2007. For G & L Beijer AB, this standard is estimated to involve additional supplementary information relating to financial instruments.

*IFRS 8 Operational segments**
The standard comes into force on 1 January 2009 and applies to financial years which start from this date. The standard deals with the classification of the company's operations in different segments. In accordance with the standard, the company shall take its starting point in the structure of the internal reporting and determine reportable segments in accordance with their structure. G & L Beijer AB is of the opinion that no additional segments will be presented in the 2009 Annual Report.

IFRIC 7 Application of the inflation adjustment method in accordance with IAS 29 reporting in high inflation countries
The interpretation pronouncement comes into force on 1 March 2006 and applies to financial years which start after 1 March 2006. The Group has currently no operations in countries in which a changeover to high inflation reporting is in question.

IFRIC 8 Area of application for IFRS 2
The interpretation pronouncement comes into force on 1 May 2006 and applies to financial years which start after 1 May 2006. In accordance with IFRIC 8, the regulations in IFRS 2 comprise goods and services received in exchange for own capital instruments even if these products or services, wholly or in part, cannot be specifically identified. This pronouncement is not applicable for the Group as these types of transactions do not occur.

IFRIC 9 Revaluation of embedded derivatives
The interpretation pronouncement comes into force on 1 June 2006 and applies to financial years starting after 1 June 2006. The pronouncement consists of a clarification of IAS 39 relating to embedded derivatives, mainly with regard to a changed evaluation of embedded derivatives as a consequence of changes in market conditions. The interpretation pronouncement is not expected to have any effect on the consolidated accounts.

*IFRIC 10 Interim reporting and write-downs**
The interpretation pronouncement comes into force on 1 November 2006 and applies for financial years starting after this date. In the interpretation, it is established that a write-down in a previous interim report cannot be reversed in an ensuing report for an interim or full year. The Group will apply IFRIC from 1 January 2007 but this is not expected to have any effect on the consolidated accounts.

*IFRIC 11, IFRS 2 Buy-back of own shares and transaction with Group companies**
The interpretation pronouncement comes into force on 1 March 2007 and applies to financial years starting after this date. The interpretation makes clear the handling relating to the classification of share-related remuneration in which the company buys back shares in order to regulate its commitment and the reporting of option schemes in subsidiaries which apply IFRS. The Group will apply IFRIC 11 from 1 January 2008 but this is not expected to have any effect on the consolidated accounts.

*IFRIC 12 Service concession arrangements**
The interpretation pronouncement comes into force on 1 January 2008 and applies to financial years starting after this date. The pronouncement deals with the arrangements where a private company shall construct an infrastructure to provide public service for a specific period of time. The company gets paid for the service during the duration of the agreement. The Group will apply IFRIC 12 from 1 January 2008 but this is not expected to have any effect on the consolidated accounts.

** These standards/interpretations are not adopted by the EU at this moment.*

Conditions on the preparation of the group's financial reports

The parent company's functional currency is SEK, which is also the reporting currency for both the parent company and the Group. All amounts stated have been rounded up or down to the nearest thousand unless otherwise stated.

The reporting principles applied in the preparation of this annual report are stated below. These principles have been applied consistently for all the years presented unless otherwise stated.

The parent company applies the same reporting principles with the exceptions and additions stipulated by the Swedish Financial Accounting Standards Council's recommendation RR 32:05 'Reporting for legal entities'. The reporting principles for the parent company are stated in the section 'Parent company reporting principles'.

Reporting for segments

The primary principle of classification for the Group's segments is operating segments. The Group's internal reporting system is built up bearing in mind monitoring of the return on the Group's products and services which is why operating segments are the primary principle of classification.

Classification, etc

Fixed assets and long-term liabilities consist essentially of amounts which are expected to be recovered or paid after more than twelve months calculated from the balance sheet date. Current assets and current liabilities consist essentially of amounts which are expected to be recovered or paid within twelve months calculated from the balance sheet date.

Valuation principles, etc
Assets, provisions and liabilities have been valued at their acquisition value unless it is otherwise stated below.

Intangible assets
Intangible assets acquired by the company are reported at their acquisition value less accumulated depreciation and write-downs. Expenditure for internally generated goodwill and brand names are reported as a cost in the profit and loss account as they arise. Additional expenditure for an intangible asset is added to the acquisition value only if it increases future financial benefits. All other expenditure is written off as it arises. Depreciation according to plan is based on original acquisition values less any residual values. Depreciation is made in a straight line over the economic life of the asset and is reported as a cost in the profit and loss account.

Research and development
Research and development expenditure is reported as costs as they arise. Costs arisen in development projects (which applies to the design and testing of new or improved products) is reported as intangible assets when it is likely that a project will generate financial benefits bearing in mind its commercial and technical potential and if the costs can be measured in a reliable way. Other development expenditure is reported as costs as they arise. Development expenditure which has previously been reported as a cost is not reported as an asset in the ensuing period. Development expenditure with a limited period of use, which has been capitalised, is written off in a straight line from the date when the commercial production of the products starts. The amortisation is made over the anticipated period of use. However, this is not for more than five years.

Goodwill
Goodwill consists of the amount by which the acquisition value exceeds the actual value on the Group's share of the acquired subsidiary's/associated company's identifiable net assets on the date of acquisition. Goodwill on acquisition of subsidiaries is reported as intangible assets. Goodwill on acquisition of associated companies is included in the value of holdings in associated companies. Goodwill is tested annually in order to identify any needs for a write-down and is reported at acquisition value less accumulated write-down. Profit or loss on the divestment of a unit includes the remaining net value of the goodwill that refers to the divested unit.

Goodwill is distributed on cash-generating units when testing the need for a write-down, if any. The Group's cash-generating units are identified by country of operation and segment.

The following amortisation periods are applied:

	Group	*Parent company*
Acquired intangible assets:		
Computer programs	3-5 years	3 years
R & D	5 years	—

Tangible assets
Tangible fixed assets are reported as assets in the balance sheet when, based on available information, it is probable that the future economic use linked with the holding accrues to the Group/company and that the acquisition value of the asset can be calculated in a reliable way.

Additional expenditure is added to the acquisition value or reported as a separate asset, depending on which is appropriate, only when it is probable that future financial benefits linked with the asset will accrue to the company and the acquisition value of the asset can be measured in a reliable way. All other forms of repair and maintenance are reported as costs in the profit and loss account during the period in which they arise.

The assets' residual values and period of use are tested on every balance sheet date and adjusted when required.

Depreciation according to plan is based on original acquisition values less calculated residual value. Depreciation is made in a straight line over the estimated use of the asset.

The following depreciation periods are applied:

	Group	*Parent company*
Buildings	25-50 years	—
Land improvements	20 years	—
Machinery and other technical plant	5-10 years	—
Equipment, tools and installations	3-10 years	3-10 years

Write-down of non-financial assets
Assets which have an indefinite period of use are not written off but are tested annually regardless of the need for write-down, if any. Assets which are written off are assessed with regard to depreciation whenever events or changes in conditions indicate that the reported value is not recoverable. A write-down is made with the amount by which the reported value of the asset exceeds its recovery value. The recovery value is the higher of an asset's actual value less selling expenses and the value of use. When assessing the need for write-down, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

When calculating the value of use, future cash flows are discounted at an interest rate before tax which is intended to take into account the market's evaluation of risk-free interest and risk linked with the specific asset. An asset which is dependent on other assets is not considered to generate any independent cash flows. Such an asset is, instead, assigned to the smallest cash-generating unit in which the cash flows can be determined.

A write-down is reversed if there has been a change in the calculations applied to determine the recovery value. A reversal is only made to the extent that the reported value of the asset would have been if no write-down had been made. On every balance sheet date, an examination is made to establish if restoration should be made.

Financial assets
The Group classifies its financial instruments in the following categories: financial assets valued at actual value via the profit and loss account; loan receivables and trade debtors; financial instruments which are held until maturity; and financial assets which can be sold. The classification is dependent on the objective for which the instruments were acquired. The Executive Management determines the classification of the instruments on the first reporting and reconsiders its decision on every reporting date.

(a) Financial assets valued at actual value via the profit and loss account
This category has two sub-categories: financial assets held for trading and financial assets which, right from the start, are attributable to the category valued at actual value via the profit and loss account. A financial asset is classified in this category if it is acquired mainly with the objective of being sold in a short time or if this classification is determined by the Executive Management. Derivative instruments are also categorised as holdings for trading unless they are identified as hedgings. Assets in this category are classified as current assets if they are either held for trading or expected to be realised within 12 months from the balance sheet date.

(b) Loan receivables and trade debtors
Loan receivables and trade debtors are non-derivative financial assets with determined or determinable payments which are not listed in an active market. The characteristic is that they arise when the Group provides money, products or services direct to a customer with no intention of trading with the arisen receivable. They are included in current assets, with the exception of items with a due date of more than 12 months after the balance sheet date, which are classified as fixed assets. Loan receivables and trade debtors are included in the item 'Trade debtors and other receivables' in the balance sheet.

(c) Financial instruments held until maturity
Financial instruments held until maturity are non-derivative financial assets with determined or determinable payments and fixed duration which the Group's Management has the intention of keeping, and ability to keep, until maturity. During the financial year, the Group has not had any instruments belonging to this category.

(d) Financial assets which can be sold
Financial assets which can be sold are non-derivative assets which have either been attributed to this category or have not been

classified in any of the other categories. They are included in fixed assets if the Executive Management has no intention to divest the assets within 12 months after the balance sheet date.

Acquisitions and sales of financial instruments are reported on the transaction date, i.e. the date on which the Group undertakes to acquire or sell the asset. Financial instruments are initially valued at actual value plus transaction costs. This applies to all financial assets which are not valued at actual value via the profit and loss account. Financial instruments are removed from the balance sheet when the right to receive cash flow from instruments has expired or been transferred and the Group has transferred virtually all risks and benefits linked with the ownership. Financial assets which can be sold and financial assets valued at actual value via the profit and loss account are reported at actual value after the date of acquisition. Loan receivables and trade debtors, as well as financial investments held until maturity, are reported at accrued acquisition value by application of the effective rate method.

Realised and unrealised profits and losses as a result of changes in actual value relating to the category 'financial assets valued at actual value via the profit and loss account are included in the profit and loss account' in the period in which they arise. Unrealised profits and losses as a result of changes and actual value for non-monetary instruments which have been classified as instruments which can be sold are reported in shareholders' equity. When instruments classified as instruments which can be sold, or when there is a need for a write down of these, accumulated adjustments of actual value are posted to the profit and loss account as Income from financial instruments.

Actual value for listed investments is based on current bid prices. If the market for a specific financial asset is not active (and for unlisted securities), the Group determines the actual value by applying valuation techniques. In so doing, information is used relating to recently made transactions applied at arms length, other instruments which are largely of equal value, analysis of discounted cash flows and option value models which have been refined to reflect the issuer's specific circumstances.

On every balance sheet date, the Group assesses if there is objective evidence for a need for a write-down of a financial asset or a group of financial assets. With regard to shares, which have been classified as instruments which can be sold, a substantial or long-term fall in the actual value of a share below its acquisition value is taken into account when assessing if there is a need for a write-down. If such evidence exists for financial assets which can be sold, the accumulated loss - calculated as a difference between the acquisition value and actual value, less any previous write-downs which have been reported in the profit and loss account - is removed from shareholders' equity and reported in the profit and loss account. Write-downs of equity instruments, which have been reported in the profit and loss account, are not reversed over the profit and loss account.

Inventories

Inventories are entered at the lower of acquisition value and actual value.
The acquisition value is calculated in accordance with the 'first-in, first-out' principle or in accordance with weighted average prices.
In semi-finished or finished products of the company's own manufacture, the acquisition value consists of direct manufacturing costs and a reasonable proportion of indirect manufacturing costs. On valuation, normal capacity utilisation has been taken into account.

Trade debtors

Trade debtors are initially reported at actual value and, thereafter, at accrued acquisition value by application of the effective rate method, less a provision for depreciation, if any.
A provision for depreciation of trade debtors is made when there is objective evidence that the Group will not be able to receive all amounts which have fallen due in accordance with the original terms of the receivables. The size of the provision consists of the difference between the reported value of the asset and the current value of estimated future cash flows, discounted by the original effective rate. The reserved amount is reported the item 'Other external costs' in the profit and loss account.
When a trade debtor cannot be recovered, it is written off. Recovery of previously written off amounts is credited to 'Other external costs' in the profit and loss account.

Liquid funds

Liquid funds comprise cash, immediately available bank balances and other money market instruments which have an original duration of less than three months from the date of acquisition. Items which run at fixed interest are valued at accrued value.

Trade creditors

Trade creditors are initially reported at actual value and, thereafter, at accrued acquisition value by application of the effective rate method.

Borrowing

Borrowing is initially reported at actual value, net after transaction costs. Thereafter, borrowing is reported at accrued acquisition value and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the profit and loss account, distributed over the loan period, by application of the effective rate method.

The actual value of the liability portion of convertible debt instruments is determined by application of market interest for an equivalent non-convertible debt instrument. This amount is reported as a liability at accrued acquisition value until the liability ceases through conversion or redemption. The remaining portion of the amount received is attributed to the option portion. This reported in shareholders' equity, net after tax.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of liability for at least 12 months after the balance sheet date.

Taxes

The company and the Group apply IAS 12 income taxes. Total tax consists of current tax and deferred tax.
Taxes are reported in the profit and loss account except where the underlying transaction is reported directly against shareholders' equity when the pertaining tax effect is reported in shareholders' equity. Current tax is tax which will be paid or received relating to the current year. To this also belongs adjustment of current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method on all temporary differences between reported and fiscal values on assets and liabilities. However, the deferred tax is not reported if it arises as a result of a transaction which constitutes the first reporting of an asset or liability which is not an acquisition of an operation and which affects neither reported nor fiscal results on the date of acquisition. Deferred income tax is calculated by application of tax rates (and – legislation) which have been decided or announced as per the balance sheet date and which are anticipated to apply when the deferred tax recoverable is realised or the deferred tax liability is settled.
In the legal entity are reported untaxed reserves including deferred tax liability.
In the consolidated accounts, on the other hand, untaxed reserves are divided into deferred tax liability and shareholders' equity.
Deferred taxes recoverable are reported to the extent it is likely that future fiscal surpluses will be available, against which the temporary differences can be utilised. Deferred tax is calculated on temporary differences which arise on participations in subsidiaries and associated companies, except where the date for restoration of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be restored in the foreseeable future.

Provisions (with the exception of deferred tax)

A provision is reported in accordance with IAS 37 Provisions, contingent liabilities and contingent assets in the balance sheet when the company has a formal or informal commitment as a consequence of an event that has occurred and it is probable that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made.

Guarantee reserve

A provision is reported when the underlying product or service has been sold. The guarantee provision is calculated on the basis of previous years' guarantee expenditure and a calculation of future guarantee risk.

Restructuring reserve

A provision is reported when a detailed restructuring plan has been determined and a restructuring as either started or been publicly announced.

Remuneration of employees
Employee benefits are reported in the consolidated accounts in accordance with IAS 19 Employee benefits.

Pension commitments
The Group's pension costs are reported in full under the heading remuneration of employees in the profit and loss account.

In contribution-based schemes, the company pays fixed contributions to a separate legal entity and has no commitment to pay additional contributions. The Group's profit is charged for costs as the benefits are earned.

In benefit-based pension schemes, benefits to employees and former employees are paid based on the salary at a date of retirement and the number of years worked. The Group carries a risk of ensuring that the payments undertaken are made.

The benefit-based pension schemes are both funds invested in various pension schemes and floating debts. Where the funds are invested, the assets which belong to the schemes are separated from the Group's assets in externally managed funds. These managed assets can only be used to pay benefits in accordance with the pension agreements.

In the balance sheet is reported the net of the calculated current value of the commitments and the actual value of the managed assets, either as a provision or a long-term financial receivable. Where a surplus in the scheme cannot be utilised, only the portion of the surplus which the company can recover through reduced contributions or repayments is reported. Set-off against a surplus in a scheme against a deficit in another scheme is only made if the company has the right to utilise a surplus in one plan to regulate a deficit in another plan, or if the commitments are intended to be regulated on a net basis.

The pension cost and the pension commitment for the benefit-based pension schemes is calculated in accordance with the Projected Unit Credit Method. The method distributes a cost for pensions in step with the employees carrying out services for the company which increase their right to future compensation. The company's commitment is calculated annually by independent actuaries. The commitment consists of the current value of the anticipated future payments. The discount rate applied is equivalent to the interest in respect of first class company bonds or Government bonds with a duration equivalent to the average duration for the commitments and the currency. The most important actuarial assumptions are stated in note 31.

When determining the current value of the commitment and the actual value of the managed assets, actuarial profits and losses could arise. These arise either because the actual outcome is different from the previous assumption or because assumptions change. The portion of the accumulated actuarial profits and losses at the previous year's end which exceeds 10 per cent of the commitments' current value and 10 per cent of the managed assets' actual value is reported in the result over the anticipated average remaining period of service for the employees covered by the scheme.

Commitments for retirement pension and family pension for salaried employees in Sweden are secured through insurance in Alecta. In accordance with the statement by the Swedish Financial Accounting Standards Council's Emergency Issues Task Force, URA 42, this is a benefit-based scheme which comprises several employers. For the 2006 financial year, the company has not had access to information which makes it possible to report this scheme as a benefit-based scheme.

The pension scheme in accordance with ITP, which is secured through insurance in Alecta, is, therefore, reported as a contribution-based scheme. The year's contributions for pension insurance schemes subscribed in Alecta amount to SEK 7.1M (5.7). Alecta's surplus can be distributed to the policy holders and/or the insured. At the 2006 year end, Alecta's surplus in the form of the collective consolidation level amounted to 143.1 per cent (128.5). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's insurance technical calculation assumptions which do not correspond with IAS 19.

Payments on termination of employment
A provision in connection with termination of employment of staff is only reported if the company is demonstrably obliged to end an employment before the normal date or when payments are made as an offer to encourage voluntary termination. When the company needs to make staff redundant, a detailed plan is prepared which contains at least work location, positions and the approximate number of people involved, as well as payments for each staff category or position and the time for the implementation of the plan.

Variable remuneration
Variable remuneration of senior executives is reported in note 6. The variable remuneration consists is decided annually by the G & L Beijer AB Board of Directors and can amount to not more than one month's salary. The variable remuneration is based on qualitative and quantitative target fulfilment. Variable remuneration of employees in addition to senior executives exists only to a limited extent.

Revenues
Reporting of revenues is made in accordance with IAS 18 Revenues.
Revenue recognition is made in the profit and loss account when it is probable that the future financial benefits will accrue to the company and these benefits can be calculated in a reliable way.
The revenues include only the gross inflow of financial benefits the company receives or can receive on its own account. Income on sale of goods is reported as income when the company has transferred the significant risks and benefits linked with the ownership of the goods and the company does not exercise any real control over the goods sold.
The revenues are reported at the actual value of what has been received or will be received with a deduction for VAT and made discounts.
The criteria for revenue recognition are applied to each transaction per se. Payments in the form of interest, commission and dividend are reported as income when it is probable that the financial benefits linked with the transaction accrue to the company and that they can be calculated in a reliable way.
Interest income is capitalised so that an even return is received during the holding period.

Leasing – lessees
Leasing is reported in accordance with IAS 17. In the consolidated accounts, leasing is classified either as financial or operational leasing. Financial leasing exists when the financial risks and benefits linked with the ownership have been essentially transferred to the lessee. If this is not the case, it is a matter of operational leasing.

Operational leasing means that the leasing charge is written off over the duration with the use as a starting point, which can differ from what has de facto been paid as a leasing charge during the year.

Consolidated accounts
(a) Subsidiaries
Subsidiaries are all companies (including companies for specific purposes) in which the Group has the right to formulate financial and operational strategies in a way that usually follows with a shareholding amounting to more than half of the voting rights. The existence and effect of potential voting rights, which it is currently possible to exercise or convert, are taken into account in the assessment of whether the Group exercises controlling influence over another company. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling influence ceases.

Acquisition accounting is used for reporting the Group's acquisitions of subsidiaries. The acquisition cost for an acquisition consists of actual value of the assets paid as consideration, issued equity instruments and arisen or acquired liabilities on the date of transfer, plus costs which are directly attributable to the acquisition. Identifiable acquired assets and liabilities and contingent commitments in the acquisition of a company are initially valued at actual values on the date of acquisition, regardless of the extent of any minority interest. The surplus, which constitutes the difference between the acquisition value and the actual value of the Group's share of identifiable acquired net assets, is reported as goodwill. If the acquisition cost is less than the actual value of the acquired subsidiary's net assets, the difference is reported direct in the profit and loss account.

Intra-Group transactions and balance sheet items, as well as unrealised profits on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless there is a need for a write-down in respect of the transferred asset. Where applicable, the reporting principles for subsidiaries have been changed to guarantee a consistent application of the Group's principles.

(b) Associated companies
Associated companies are all companies in which the Group has a significant but not controlling interest. As a rule, this applies to shareholdings comprising between 20 and 50 per cent of the votes. Holdings in associated companies are reported in accordance with the equity method and are initially valued at acquisition value. The Group's reported value of holdings in associated companies includes goodwill identified on the date of acquisition, net after write-downs, if any.

The Group's share of a result which has arisen in an associated company after acquisition is reported in the profit and loss account and its share of changes in reserves after the acquisition is reported among reserves. Accumulated changes after the acquisition are reported as a change in the reported value of the holding. When the Group's share in an associated company's losses amounts to, or exceeds, its holding in the associated company, including any receivables without security, the Group does not report further losses unless the Group has taken on commitments or made payments on behalf of the associated company.

Unrealised profits on transactions between the Group and its associated companies are eliminated in relation to the Group's holding in the associated company. Unrealised losses are also eliminated unless the transaction forms proof that there is a need for a write-down in respect of the transferred asset. Where applicable, the reporting principles for associated companies have been changed to guarantee a consistent application of principles within the Group.

Translation of foreign currency
(a) Functional currency and reporting currency
Items included in the financial reports for the different units in the Group are valued in the currency used in the financial environment in which the respective company mainly operates (functional currency). In the consolidated accounts SEK is used, which is the parent company's functional currency and reporting currency.

(b) Transactions and balance sheet items
Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates applicable on the date of transaction. Exchange gains and losses, which arise on payment of such transactions and on the translation of monetary assets and liabilities in foreign currency at the balance sheet date rate, are reported in the profit and loss account. Exceptions are when the transactions constitute hedgings which fulfil the conditions for hedging reporting of cash flows or of net investments, when profits/losses are reported in shareholders' equity.

Translation differences for non-monetary items such as shares valued at actual value via the profit and loss account are reported as a portion of actual value profit/loss. Translation differences for non-monetary items such as shares classified as financial assets that can be sold are posted to a reserve for actual value in shareholders' equity.

(c) Group companies
Result and financial position for all Group companies (none of which have a high inflation currency), which have functional currency other than the reporting currency, is translated into the Group's reporting currency as follows:

a. assets and liabilities for each balance sheet are translated at the balance sheet date rate,
b. income and expenses for each profit and loss account is translated at the average exchange rate and
c. all exchange rate differences which arise are reported as a separate part of shareholders' equity.

On consolidation, the exchange rate differences which arise as a result of translation of net investments in foreign operations and of borrowing and other currency instruments, which have been identified as hedgings of such investments, are posted to shareholders' equity. On the divestment of a foreign operation, such exchange rate differences are reported as a part of the capital gain/loss in the profit and loss account.

Goodwill and adjustments of actual value which arise on the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the balance sheet date rate.

Related parties transactions
For information about the Board of Directors', Managing Director's and other Senior Executives' salaries and other remuneration, costs and commitments relating to pensions and similar benefits, as well as agreements relating to severance pay, see note 6.

In a Nordic subsidiary, commission payment of SEK 118K relating to a previous acquisition of a company has been made to a Board Member. The Board Member is not employed in the Group and is not included in the parent company's Board of Directors.

PARENT COMPANY
REPORTING PRINCIPLES

Deferred tax
In the parent company - due to the relationship between reporting and taxation - the deferred tax liability on untaxed reserves is reported as a part of the untaxed reserves.

Subsidiaries
In the parent company's accounts are reported participations in subsidiaries at acquisition value with a deduction for write-downs, if any. As dividend from subsidiaries is only reported a dividend received from profits earned after the acquisition.

Associated companies
In the parent company's accounts are reported participations in associated companies at acquisition value with a deduction for write-downs, if any. As income from associated companies is only reported a dividend received from profits earned after the acquisition.

Group contributions and shareholder contributions
The company reports Group contributions and shareholder contributions in accordance with the pronouncement by the Swedish Financial Accounting Standards Council's Emergency Issues Task Force.
Shareholder contributions are posted direct to shareholders' equity at the recipient and is capitalised in shares and participations with the contributor to the extent that a write-down is not required.
Group contributions are reported in accordance with financial meaning. It means that Group contributions provided with the objective of minimising the Group's total tax are reported direct against profits brought forward after deduction for their current tax effect.

Remuneration of employees
The parent company reports benefit-based pension schemes in accordance with the Swedish Institute of Public Accountants' Recommendation No 4, Reporting of pension liability and pension cost. The parent company has undertaken benefit-based pensions to employees. In this respect, the parent company's commitments to pay pensions in the future have a current value, determined for each employee partly by the pension level, the age and the degree to which a full pension has been earned. This current value has been calculated in accordance with actuarial basis and is based on the salary and pension levels applicable on the balance sheet dates. The pension commitments are reported as a provision in the balance sheet. Pension commitments for white collar workers secured through insurance in Alecta are reported as a contribution-based scheme in the parent company. The interest portion in the year's pension cost is reported among financial expenses. Other pension costs are charged to operating profit.

Note 3 Financial risk handling

Financial risks

Through its operations, the Group is exposed to a large number of different financial risks, including the effects of changes in prices in the loan and capital markets, exchange rates and interest rates. The Group's overall risk handling programme focuses on the unpredictability in the financial markets and strives to minimise potential unfavourable effects on the Group's results. The Group uses forward exchange contracts and interest swaps to hedge some exposure where applicable. The risk handling is managed by a central finance department in collaboration with the business areas' finance departments (Group Finance) in accordance with principles approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operational units. The Board of Directors draws up written principles for both the overall risk handling and for specific areas such as currency risks, interest risks, credit risks, use of derivative instruments and investment of surplus liquidity.

Currency risks

The Group is exposed to transaction risks on acquisitions/sales and financial transactions in foreign currency. The currency exposure relates primarily to the EUR and USD. Quotations and price lists contain a currency clause. Continual price adjustments are made on a par with changed purchase prices caused by, among other things, exchange rate fluctuations. Forward cover is made in the following cases: Individual large transactions with a fixed price for the customer; agreements without a currency clause; and large individual purchases with no possibility for price adjustment. On translation to the Group currency, SEK, the Group is exposed to a translation risk. This type of currency risk is not hedged, except in the United Kingdom and Switzerland where quality hedge exists. The arisen exchange rate difference compared with the previous year is shown in note 16. On the balance sheet date, the Group had no outstanding forward exchange agreements or other financial instruments for which actual value shall be reported.

Interest risks

The Group's revenues and cash flow from operations are essentially independent of changes in market interest levels. The Group has no significant interest-bearing assets. At the year end, in principle, all liabilities were at floating interest rate as this was deemed to be most advantageous. The Group has a significant focus on the current trend in interest rate and the question of the whole, or parts of, the liability at floating interest rate under continuous consideration in G & L Beijer's Board of Directors.

Credit risk

The Group has no significant concentration of credit risks. The Group has established guidelines for ensuring that sales of products are made to customers with an appropriate credit background. Due to the fact that the group has a large number of customers, the credit risk is kept at a low level.

Liquidity risk

The handling of liquidity risks is made with prudence as the starting point. This involves maintaining sufficient liquid funds, available financing and through sufficient agreed bank overdraft facilities. On the balance sheet date, liquid funds including unutilised bank overdraft facilities totalled SEK 184.7M (146.0).

Note 4 Important estimates and assessments for reporting purposes

Estimates and assessments are continually evaluated and based on historic experience and other factors, including expectations from future events which are deemed to be reasonable under current circumstances.

The Group makes estimates and assumptions about the future. The estimates for reporting purposes which become the consequence of these will, from a definition viewpoint, seldom correspond with the actual result. The estimates and assumptions, which involve a significant risk for essential adjustments in reported values for assets and liabilities during the next financial year, are, above all, testing of the need for a write-down of goodwill.

Every year, the Group examines if there is a need for a write-down of goodwill in accordance with the reporting principle described in note 2. Recovery values for cash-generating units have been determined through calculation of value of use. For these calculations, some estimates must be made (note 19).

Note 5 Reporting for segments

Primary segments – operations

	Beijer Ref		Beijer Industrial Technology		Group	
	2006	2005	2006	2005	2006	2005
Revenues						
External sales	2 018 311	1 743 186	573 896	589 683	2 592 207	2 332 869
Total revenues	2 018 311	1 743 186	573 896	589 683	2 592 207	2 332 869
Results						
Result by operation	150 426	85 265	38 133	41 827	188 559	127 092
Undistributed costs					– 16 705	– 16 532
Operating profit	150 426	85 265	38 133	41 827	171 854	110 560
Result of holdings in associated companies					6 355	–
Financial income					2 030	13 574
Financial expenses					– 23 614	– 24 112
Tax on the year's profit					– 47 407	– 27 947
Net profit for the year					109 218	72 075
Other information						
Assets	1 273 967	1 153 801	244 776	270 216	1 518 743	1 424 017
Undistibuted assets					23 402	38 410
Total assets					1 542 145	1 462 427
Liabilities	347 711	282 622	85 398	102 164	433 109	384 786
Undistibuted liabilities					518 142	531 356
Total liabilities					951 251	916 142
Investments	25 292	34 645	5 609	6 234		
Depreciation	28 695	26 723	6 624	6 191		

Operations: The Group is organised into two business areas, Beijer Ref and Beijer Industrial Technology. The business areas form the primary basis of division. There are no sales or other transactions between the different operations. Undistributed costs represent common costs.

The division into segments is determined by the products and, therefore, the customers they address.
The Beijer Ref segment is split into three operations: the wholesale operation, air-conditioning and manufacturing. Of these, the wholesale operation is the largest. The companies within this operation are full-range wholesalers for the refrigeration sector. They provide products and services to the European refrigerating/freezer, technical insulation, heat pumps and climate comfort markets.
The Beijer Industrial Technology segment is a wholesale and trading operation which sells a wide product range of components, machinery and plant to the manufacturing and engineering industries.

Assets of operations consist mainly of tangible fixed assets, intangible fixed assets, inventories, receivables and operating cash in hand.
Liabilities of operations consist of operating liabilities, but not items such as taxes and some company borrowing.
Investments consist of purchases of tangible fixed assets and intangible fixed assets, including increases which have been the consequence of acquisitions.

Secondary segments – geographic regions

The Group's operations are mainly carried out in Europe. In Sweden, which is the Group's domestic market, operations are carried out within both Beijer Ref and Beijer Industrial Technology as they are in Norway and Finland. In other countries, operations are mainly carried out within the Beijer Ref business area.
The sales figures are based on the country in which the customer is located. Assets and investments are reported where the asset is located.

	Sales		Assets		Investments	
	2006	2005	2006	2005	2006	2005
Sweden	850 391	856 651	654 611	686 699	12 075	15 617
United Kingdom	493 705	434 140	269 952	242 874	6 285	7 129
The Netherlands	262 167	213 843	141 098	110 301	761	492
Denmark	245 441	193 776	308 118	284 671	2 666	4 643
Norway	211 158	172 707	97 609	90 691	1 755	3 293
Finland	146 007	140 868	78 935	83 095	1 379	4 336
Switzerland	107 354	102 207	55 612	56 680	1 177	768
Poland	56 252	49 546	33 575	26 018	29	25
Hungary	41 368	45 131	32 727	28 104	3 980	3 327
Other European countries	148 374	73 587	52 329	44 050	794	1 249
Rest of the world	29 990	50 413	–	–	–	–
Total	2 592 207	2 332 869	1 724 566	1 653 183	30 901	40 879
Undistributed assets/Eliminations			– 182 421	– 190 756		
Total assets			1 542 145	1 462 427		

Note 6 Employees and remuneration of employees

Average number of employees

Parent company	2006	of whom men	2005	of whom men
Sweden	3	67%	3	67%
Total in Parent company	3	67%	3	67%
Subsidiaries				
Sweden	386	86%	390	86%
United Kingdom	158	73%	156	74%
Norway	88	81%	89	83%
The Netherlands	57	75%	58	76%
Finland	53	79%	55	78%
Denmark	48	81%	44	77%
Switzerland	35	66%	37	65%
Hungary	31	65%	40	60%
Poland	16	81%	17	76%
Ireland	10	70%	9	78%
Estonia	8	75%	7	71%
Latvia	5	60%	5	60%
Lithuania	5	60%	4	75%
Romania	4	75%	4	75%
Germany	–	–	1	100%
Total in subsidiaries	904	80%	916	79%
Total Group	907	79%	919	79%

Salaries, other remuneration and social costs (SEK K)

	2006		2005	
	Salaries and remuneration	Social costs	Salaries and remuneration	Social costs
Parent company [1]	5 160	2 926	4 743	2 644
(of which pension costs) [2]	–	(1 114)	–	(982)
Subsidiaries	316 642	94 187	306 428	87 769
(of which pension costs)	–	(22 602)	–	(14 148)
Total Group	321 802	97 113	311 171	90 413
(of which pension costs) [3]	–	(23 716)	–	(15 130)

1) Absence for illness is not reported for the parent company as the number of employees is below 10.
2) Of the parent company's pension costs, SEK 710K (695) relate to the Board of Directors and the Managing Director.
3) Of the Group's pension costs, SEK 4,167K (4,141) relate to the Board of Directors and the Managing Director.

(Note 6, cont.)

Salaries and other remuneration distributed by country and between Board Members, etc, and other employees

	2006		2005	
	Board and MD	Other employees	Board and MD	Other employees
Total Parent company	3 652	1 508	3 307	1 436
(of which, bonus, etc)	(210)	(114)	(200)	(108)
Subsidiaries in Sweden	10 798	122 046	10 689	119 416
(of which, bonus, etc)	(1 273)	(4 794)	(1 016)	(3 809)
Subsidiaries outside Sweden				
United Kingdom	2 267	44 594	1 792	43 386
(of which, bonus, etc)	(407)	(407)	(—)	(—)
Norway	3 493	32 508	3 107	32 069
(of which, bonus, etc)	(491)	(638)	(131)	(110)
Denmark	3 449	22 934	2 544	20 266
(of which, bonus, etc)	(955)	(—)	(668)	(—)
The Netherlands	1 277	21 833	1 179	19 080
(of which, bonus, etc)	(259)	(1 222)	(—)	(—)
Finland	3 082	16 085	3 120	15 934
(of which, bonus, etc)	(416)	(787)	(213)	(382)
Switzerland	1 365	14 746	1 331	16 606
(of which, bonus, etc)	(59)	(594)	(—)	(48)
Hungary	781	4 191	600	5 339
Ireland	—	3 739	—	2 971
(of which, bonus, etc)	(—)	(342)	(—)	(—)
Poland	1 003	2 606	898	2 183
(of which, bonus, etc)	(254)	(466)	(180)	(344)
Germany	—	—	—	892
Estonia	502	1 137	840	599
(of which, bonus, etc)	(204)	(65)	(141)	(50)
Latvia	372	479	293	347
(of which, bonus, etc)	(80)	(27)	(—)	(—)
Lithuania	340	434	323	387
Romania	442	139	145	92
Total subsidiaries	29 171	287 471	28 861	279 567
(of which, bonus, etc)	(4 398)	(9 342)	(2 349)	(4 743)
Total Group	32 823	288 979	30 168	281 003
(of which, bonus, etc)	(4 608)	(9 456)	(2 549)	(4 851)

Benefits for senior executives

For 2006, a director's fee of SEK 300K was paid to the Chairman and a total of SEK 570K to the other Board Members. The Board consists of four men and one woman. The Managing Director, Joen Magnusson, has received a salary, remuneration and other benefits amounting to SEK 2,975K (2,829) including a bonus payment of SEK 210K (200). An annual amount equivalent to 26 per cent of his gross salary, including bonus payment, is appropriated to a pension insurance scheme. The pension solution is contribution-based. The retirement age for the Managing Director is 65. Where notice of termination is given by the company, the Managing Director will receive 24 months' salary and the company will pay a pension insurance premium of 26 per cent. A bonus payment is decided annually by the Board of Directors and can amount to up to one month's salary. The bonus payment is based on qualitative and quantitative target fulfilment. Other senior executives include the Chief Financial Officer and the two Business Area Managers, all men, who received salaries, remuneration and other benefits totalling SEK 4,234K (4,115) including bonus payments of SEK 299K (285). Pension solutions to other senior executives are contribution-based and average 23 per cent of salary including bonus payment. Where notice of termination is given by these executives, no severance payment will be paid. Where notice of termination is given by the company, these executives will receive of 10 months' salary and the company will pay a pension insurance premium of 23 per cent on average. One of the senior executives will, in addition to 12 months' salary on notice of termination, receive 12 months' severance pay. Notice of termination by the Managing Director or other senior executive does not trigger any severance pay. On new employment, there is no deduction of severance pay.

The Board of Directors handles matters relating to remuneration of the senior executives and the Board as a whole constitutes the Remuneration Committee. However, the Managing Director does not participate in decisions relating to his own remuneration.
The matter is prepared during the first Board Meeting of the year and is decided at the Board Meeting held in connection with the Annual Meeting of shareholders.

Note 7 Other operating income

Group	2006	2005
Commission	19 123	17 257
Capital gain	10 341	1 906
Installation work	3 605	236
Rental income, equipment	3 447	2 553
Rents	1 275	4 725
Exchange gains	1 002	669
Other	1 995	8
Total	40 788	27 354

Parent company		
Capital gain	–	93
Other	33	8
Total	33	101

Note 8 Remuneration of auditors

Other external costs for 2006 include costs for audit and other assignments carried out by the principal auditor, PricewaterhouseCoopers as follows:

Group	2006	2005
Audit, principal auditor	2 213	1 983
Audit, other	102	639
Other assignments (principal auditor and other)	1 228	901
Total	3 543	3 523

Parent company		
Audit, principal auditor	647	310
Audit, other	–	526
Other assignments (principal auditor and other)	571	727
Total	1 218	1 563

Note 9 Lease contracts

Group	2006	2005
The year's leasing cost	36 665	34 276
Leasing charge which falls due within 1 year	25 855	26 569
Leasing charge which falls due within 1-5 years	63 563	62 914
Leasing charge which falls due later than 5 years	787	1 393

The above amounts mainly relate to lease contracts for premises, but leasing charges for cars, trucks and office equipment are also included. The lease contracts run with customary index clauses and the car contracts run with normal interest terms.

Note 10 Results of participations in Group companies

Parent company	2006	2005
Dividends received	45 533	35 076
Total	45 533	35 076

The parent company has received dividends of SEK 18,000K from Beijer Industriteknik AB , SEK 15,533K from G & L Beijer A/S and SEK 12,000K from Beijer Ref AB.

Note 11 Results of other securities

Group	2006	2005
Dividend	–	1 516
Capital gain on sales of shares in Malmö Hamn	–	6 434
Total	–	7 950

Parent company		
Dividend	–	1 516
Capital gain on sales of shares in Malmö Hamn	–	10 213
Total	–	11 729

Note 12 Financial income

Group	2006	2005
Interest income	1 776	4 427
Exchange gain	224	1 197
Capital gain	30	–
Total	2 030	5 624

Parent company		
Interest income, Group companies	12 093	10 448
Interest income, external	59	23
Exchange loss / gain	– 11	154
Total	12 141	10 625

Note 13 Financial expenses

Group	2006	2005
Interest expenses	– 22 358	– 22 709
Exchange loss	– 597	– 743
Other	– 659	– 660
Total	– 23 614	– 24 112

Parent company		
Interest expenses, Group companies	– 9	– 32
Interest expenses, external	– 11 020	– 9 946
Exchange gain / loss	93	– 608
Total	– 10 936	– 10 586

Note 14 Appropriations

Parent company	2006	2005
Tax allocation reserve, the year's change	3 051	6 659
Difference between book depreciation and depreciation according to plan – Equipment, tools and installations	8	– 28
Total	3 059	6 631

Note 15 Tax on the year's profit

Group	2006	2005
Current tax	– 44 718	– 22 720
Deferred tax (note 30)	– 2 689	– 5 227
Tax on the year's profit	– 47 407	– 27 947

Reconciliation of effective tax		
Profit before taxes	156 625	100 022
Tax expense calculated according to actual tax rate, 28%	– 43 855	– 28 006
Effect of different tax rates	696	– 489
Non-deductible costs	– 7 382	– 2 920
Non-taxable income	2 907	3 273
Tax attributable to previous years	611	16
Utilised loss carry forwards, not previously reported	—	769
Other	– 384	– 590
Net effective tax	– 47 407	– 27 947
Effective tax rate	30,3%	27,9%

Parent company		
Current tax	2 486	2 574
Tax on the year's profit	2 486	2 574

Reconciliation of effective tax		
Profit before taxes	36 272	37 062
Tax expense calculated according to actual tax rate, 28%	– 10 156	– 10 377
Non-deductible costs*	– 107	– 154
Non-taxable income	12 749	13 105
Net effective tax	2 486	2 574
Effective tax rate	– 6,9%	– 6,9%
*) of which tax on tax allocation reserve	– 47	– 109

Note 16 Currency effect in results

Group	2006	2005
Currency effect in operating profit	1 002	669
Currency effect in financial income and expenses	– 373	454
Currency effect in profit after tax	629	1 123

Parent company		
Currency effect in operating profit	—	—
Currency effect in financial income and expenses	82	– 454
Currency effect in profit after tax	82	– 454

Note 17 Profit per share

	2006	2005
Profit attributable to the parent company's shareholders	109 043	72 680
Weighted average number of outstanding shares	6 199 688	6 199 688
Profit per share, SEK*	17,59	11,72

*) No dilution exists

Note 18 Dividend per share

Dividends paid during 2006 and 2005 amounted to SEK 30,998K (SEK 5.00 per share) and SEK 26,348K (SEK 4.25 per share) respectively. A dividend of SEK 6.50 per share, totalling SEK 40,298K will be proposed at the Annual Meeting of shareholders on 27 April 2007.

Note 19 Intangible fixed assets

Capitalised expenditure for software

Group

Accumulated acquisition values	2006	2005
On 1 January	26 443	14 002
Acquisition during the year	4 761	7 785
Reclassification	–	3 301
The year's translation differences	– 1 058	1 355
Total	30 146	26 443

Accumulated amortisation according to plan		
On 1 January	– 15 039	– 6 473
The year's amortisation according to plan	– 6 705	– 5 556
Reclassification	–	– 2 420
The year's translation differences	757	– 590
Total	– 20 987	– 15 039
Residual value according to plan	9 159	11 404

Capitalised expenditure for research and development, etc

Group

Accumulated acquisition values	2006	2005
On 1 January	3 942	2 789
Acquisition during the year	2 269	1 475
Acquisition of companies	1 001	–
Divestments and disposals	–	– 548
Reclassification	–	225
The year's translation differences	–	1
Total	7 212	3 942

Accumulated amortisation according to plan		
On 1 January	– 656	– 299
Divestments and disposals	–	167
The year's amortisation according to plan	– 577	– 429
Reclassification	–	– 102
The year's translation differences	–	7
Total	– 1 233	– 656
Residual value according to plan	5 979	3 286

Goodwill

Group

Accumulated acquisition values	2006	2005
On 1 January	292 416	279 108
Acquisition of companies	3 647	56
Adjustment of acquisition calculation	–	2 400
Divestments and disposals	– 11 612	–
The year's translation differences	– 7 261	10 852
Residual value according to plan	277 190	292 416

Examination of need for write-down of goodwill

Goodwill is distributed on the Group's cash generating units identified by country of operation and operation.

Goodwill	2006	2005
Beijer Ref	248 958	252 572
Beijer Industrial Technology	28 232	39 844
Total	277 190	292 416

The recoverable amount for a cash-generating unit is determined based on calculations of value of use. These calculations are based on estimated future cash flows based on financial budgets approved by the Group Management for the immediate year. Thereafter, estimates have been made by the respective business area management which cover a five-year period. Cash flows beyond the five-year period are extrapolated with the aid of estimated growth and future profitability development. The most important variables for the calculation of the value of use are operating margin and growth. These are estimated based on sector experience and historic experience.

The discount rate, which amounts to 7.1 per cent before tax, has been determined with the aid of current tools for the calculation of the yield requirements on capital and the weighted average of the yield requirements on the company's total capital.

There is no need for a write-down of the Group's goodwill item.

Total intangible fixed assets

Group

Accumulated acquisition values	2006	2005
On 1 January	322 801	295 899
Acquisition during the year	7 030	9 260
Acquisition of companies	4 648	56
Adjustment of acquisition calculation	–	2 400
Divestments and disposals	– 11 612	– 548
Reclassification	–	3 526
The year's translation differences	– 8 319	12 208
Total	314 548	322 801

Accumulated amortisation according to plan		
On 1 January	– 15 695	– 6 772
Divestments and disposals	–	167
The year's amortisation according to plan	– 7 282	– 5 985
Reclassification	–	– 2 522
The year's translation differences	757	– 583
Total	– 22 220	– 15 695
Residual value according to plan	292 328	307 106

Capitalised expenditure for software

Parent company

Accumulated acquisition values	2006	2005
On 1 January	706	706
Total	706	706

Accumulated amortisation according to plan		
On 1 January	– 706	– 565
The year's amortisation according to plan	–	– 141
Total	– 706	– 706
Residual value according to plan	–	–

Note 20 Tangible fixed assets

Buildings and land

Group

Accumulated acquisition values	2006	2005
On 1 January	170 448	164 770
Acquisition during the year	1 514	1 054
Divestments and disposals	– 31 081	–
The year's translation differences	– 1 107	4 624
Total	139 774	170 448

Accumulated amortisation according to plan		
On 1 January	– 52 673	– 46 554
Divestments and disposals	7 023	–
The year's amortisation according to plan	– 4 853	– 4 840
The year's write-up/write-down	– 91	–
The year's translation differences	– 155	– 1 279
Total	– 50 749	– 52 673
Residual value according to plan	89 025	117 775
Of which land	5 785	9 898
Book values, Sweden	35 855	40 869
Tax assessment values, buildings, Sweden	20 392	22 787
Tax assessment values, land, Sweden	9 438	9 515

Machinery and other technical plant

Group

Accumulated acquisition values	2006	2005
On 1 January	154 102	150 492
Acquisition during the year	2 756	6 433
Divestments and disposals	– 187	– 2 975
Reclassification	–	– 1 467
The year's translation differences	– 1 556	1 619
Total	155 115	154 102

Accumulated amortisation according to plan		
On 1 January	– 122 769	– 117 520
Divestments and disposals	163	1 589
The year's amortisation according to plan	– 6 738	– 5 462
The year's write-up/write-down	– 260	–
Reclassification	–	288
The year's translation differences	2 494	– 1 664
Total	– 127 110	– 122 769
Residual value according to plan	28 005	31 333

Equipment, tools and installations

Group

Accumulated acquisition values	2006	2005
On 1 January	214 104	210 921
Acquisition during the year	14 708	22 142
Acquisition of companies	350	–
Divestments and disposals	– 11 884	– 26 650
Reclassification	328	– 2 007
The year's translation differences	– 5 835	9 698
Total	211 771	214 104

Accumulated amortisation according to plan		
On 1 January	– 150 821	– 152 608
Divestments and disposals	9 791	24 462
The year's amortisation according to plan	– 16 348	– 16 997
Reclassification	–	2 234
The year's translation differences	2 611	– 7 912
Total	– 154 767	– 150 821
Residual value according to plan	57 004	63 283

Construction in progress

Group	2006	2005
Balance on 1 January	343	52
Expenses accrued during the year	–	343
Reclassifications during the year	– 328	– 52
Total	15	343

Total tangible fixed assets

Group

Accumulated acquisition values	2006	2005
On 1 January	538 997	526 235
Acquisition during the year	18 978	29 972
Acquisition of companies	350	–
Divestments and disposals	– 43 152	– 29 625
Reclassification	–	– 3 526
The year's translation differences	– 8 498	15 941
Total	506 675	538 997

Accumulated amortisation according to plan		
On 1 January	– 326 263	– 316 682
Divestments and disposals	16 977	26 051
The year's amortisation according to plan	– 27 939	– 27 299
The year's write-up/write-down	– 351	–
Reclassification	–	2 522
The year's translation differences	4 950	– 10 855
Total	– 332 626	– 326 263
Residual value according to plan	174 049	212 734

Equipment, tools and installations

Parent company

Accumulated acquisition values	2006	2005
On 1 January	1 782	1 614
Acquisition during the year	105	925
Divestments and disposals	– 65	– 757
Total	1 822	1 782

Accumulated amortisation according to plan		
On 1 January	– 929	– 832
Divestments and disposals	65	126
The year's amortisation according to plan	– 249	– 223
Total	– 1 113	– 929
Residual value according to plan	709	853

Note 21 Participations in Group companies

Specification of the Parent company and the Group holdings of shares and participations in Group companies

Company	Company ID number	Registered office	Number of participations	Direct share of capital, %[1]	Indirect share of capital, %[1]	Book value 2006	Book value 2005
G & L Beijer Förvaltning AB	556020-8935	Malmö	20 000	100		9 900	9 900
Fastighets AB Timmerön	556076-3442	Malmö			100		
G & L Beijer Ltd	SC38231	Glasgow			100		
Beijer Ref							
G & L Beijer Ref AB	556046-6087	Malmö	586 447	100		72 569	72 569
G & L Beijer A/S	56813616	Ballerup	40 000	100		142 553	142 553
Kylma AB	556059-7048	Solna			100		
Asarums Industrier AB	556072-3289	Karlshamn			100		
Schlösser Möller Kulde AS	914492149	Oslo			100		
OY Dimico AB	0130571-1	Borgå			100		
Külmakomponentide OÜ	10037180	Tallinn			100		
OY Combi Cool AB	5999255	Helsinki			100		
Svenska Daikin AB	556216-8913	Solna			90		
Kylkomponenter HJJ AB	556242-8986	Stockholm			100		
H. Jessen Jürgensen A/S	16920401	Ballerup			100		
Armadan A/S	16920436	Ballerup			100		
BKF-Klima A/S	18297094	Ballerup			100		
TT-Coil A/S	19509519	Ballerup			100		
Beijer Ref ApS	26010292	Ballerup			100		
TT-Coil Norge AS	947473697	Mysen			100		
Beijer Ref Polska Sp.z.o.o	206476	Warzaw			100		
TT-Coil Deutschland Gmbh	984002092	Hamburg			100		
Max Cool Sia	344341	Riga			100		
H. Jessen Jürgensen AB	556069-2724	Gothenburg			100		
Metrab Industri AB	556357-7344	Stockholm			100		
UAB Beijer Ref, Lithuania	1177481	Vilnius			100		
Werner Kuster AG	280.3.001.874-3	Frenkendorf			100		
Dean & Wood Ltd	467637	Leatherhead			100		
Dean & Wood Ireland	299353	Dublin			100		
Coolmark bv	24151651	Barendrecht			100		
Equinoxe Kft Cg	01-09-163446	Budapest			100		
EQ Tehnica Frigului	J35-2794-29	Timisoara			100		
OY Beijer Ref Russia Ltd	18913916	Lappeenranta			100		
Beijer Industrial Technology							
G & L Beijer Industriteknik AB	556650-8320	Malmö	50 000	100		20 000	20 000
G & L Beijer Industri AB	556031-1549	Malmö			100		
Lundgrens Sverige AB	556063-3504	Gothenburg			100		
AB Tebeco Industriprodukter	556021-1442	Halmstad			100		
Brogårdsand AB	556090-1851	Habo			100		
Fyleverken IMB AB	556049-6787	Sjöbo			100		
G & L Beijer AS	929417607	Drammen			100		
G & L Beijer OY	0109075-7	Helsinki			100		
Slanggrossisten Ekonil AB	556173-1083	Helsingborg			100		
Total Group						245 022	245 022

1) Share of capital corresponds with share of vote for the total number of shares

Note 22 Holdings in associated companies

The holding related to Förvaltnings AB Norra Vallgatan (Corporate identity number 556669-0383) which has its registered office in Malmö, Sweden.

Group	2006	2005
Balance on 1 January	9 750	–
Acquisitions during the year	–	9 750
Share of profit [1]	6 355	–
Balance on 31 December	16 105	9 750

1) After tax.

On the balance sheet date, the Group's participation in the associated company, which is unlisted, was as follows:

	2006	2005
Assets	43 456	29 590
Liabilities	9 436	9 692
Year's profit	13 424	–
Ownership, %	47	49

Parent company	2006	2005
Balance on 1 January	9 750	–
Acquisitions during the year	–	9 750
Balance on 31 December	9 750	9 750

Note 23 Financial assets which can be sold

Group	2006	2005
On 1 January	102	13 140
Acquisitions during the year	–	28
Divestments	– 102	– 13 066
Book value	–	102

Note 24 Trade debtors and other receivables

Group	2006	2005
Trade debtors	438 593	381 839
Prepaid expenses and accrued income	38 450	30 962
Other receivables	18 993	17 575
On 31 December	496 036	430 376
Minus long-term portion	– 137	– 384
Short-term portion	495 899	429 992

All long-term receivables fall due within five years of the balance sheet date. In trade debtors, a provision of SEK 9,493K (10,867) is made for depreciation. Actual value of trade debtors and other receivables corresponds with reported values.
There is no concentration of credit risks relating to trade debtors as the Group has a large number of customers which are also spread internationally.

Note 25 Inventories

Group	2006	2005
Raw materials and supplies	41 535	37 668
Work-in-progress	11 820	9 893
Finished products and goods for resale [1]	420 362	386 249
Advances to suppliers	2 060	520
Total inventories	475 777	434 330
1) Of which reported to net sales value	19 555	19 680

Note 26 Liquid funds

Liquid funds in the Group consist of cash and bank and amounted to SEK 77,999K (44,097).

Note 27 Share capital

Number of shares	2006	2005
A shares with number of votes 10	647 205	647 205
B shares with number of votes 1	5 574 283	5 574 283
Total	6 221 488	6 221 488
Shares in own custody	–21 800	–21 800
Number of outstanding shares	6 199 688	6 199 688

Each share has a nominal value of SEK 35.

Note 28 Untaxed reserves

Parent company	2006	2005
Tax allocation reserves	4 024	7 075
Accumulated accelerated depreciation	145	153
*Total**	4 169	7 228

*) The tax portion amounts to 28 per cent

Note 29 Borrowing

Group Long-term	2006	2005
Bank loans	346 770	385 460
Total long-term	346 770	385 460
Current		
Bank overdraft facilities	94 913	117 395
Bank loans	111 175	85 582
Total current	206 088	202 977
Total borrowing	552 858	588 437

The Group's fixed-interest term as a whole is less than six months.

Due dates for long-term borrowing are as follows:

Between 1 and 5 years	342 684	358 819
More than 5 years	4 086	26 641
	346 770	385 460

The Group's borrowing by currency is as follows:

SEK	318 936	341 246
GBP	96 173	80 967
DKK	54 657	84 851
EUR	46 342	37 032
CHF	15 900	20 733
NOK	13 615	17 053
Other currencies	7 235	6 555
	552 858	588 437

Reported amounts for borrowing form a good approximation of their actual value.

Parent company Long-term	2006	2005
Bank loans	154 500	178 500
Total long-term	154 500	178 500
Current		
Bank overdraft facilities	56 543	104 450
Bank loans	63 999	43 998
Total current	120 542	148 448
Total borrowing	275 042	326 948

Due dates for long-term borrowing are as follows:

Between 1 and 5 years	154 500	159 200
More than 5 years	—	19 300
	154 500	178 500

Note 30 Deffered tax

Group	Amount on 2004-12-31	Reported over the profit and loss account	Translation differences	Amount on 2005-12-31	Reported over the profit and loss account	Translation differences	Amount on 2006-12-31
Deferred tax recoverable:							
Fixed assets	3 454	996	249	4 699	– 3 467	29	1 261
Inventories	641	– 139	2	504	617	25	1 146
Provision for pensions	7 243	– 3 134	260	4 369	– 1 528	259	3 100
Other provisions	1 088	1 303	13	2 404	2 664	– 13	5 055
Loss carry forwards	10 923	– 4 062	776	7 637	– 5 021	128	2 744
Other	2 011	– 541	35	1 505	275	– 41	1 739
Set-off	– 4 928	– 1 413	—	– 6 341	170	—	– 6 171
Total deferred tax recoverable	20 432	– 6 990	1 335	14 777	– 6 290	387	8 874
Deferred tax liabilities:							
Fixed assets	– 15 668	– 1 783	– 50	– 17 501	1 539	21	– 15 941
Inventories	– 2 452	– 893	– 100	– 3 445	895	127	– 2 423
Tax allocation reserve	– 19 307	2 325	5	– 16 977	1 337	– 5	– 15 645
Other	– 701	701	—	—	—	—	0
Set-off	4 928	1 413	—	6 341	– 170	—	6 171
Total deferred tax liabilities	– 33 200	1 763	– 145	– 31 582	3 601	143	– 27 838
Deferred tax	– 12 768	– 5 227	1 190	– 16 805	– 2 689	530	– 18 964

Note 31 Pension commitments

Group	2006	2005
Benefit-based commitments and value of managed assets		
Wholly or partly invested commitments:		
Wholly or partly invested commitments:	58 188	49 052
Actual value of managed assets	– 48 905	– 42 231
Total wholly or partly invested commitments	9 283	6 821
Net value of floating benefit-based commitments	6 572	6 960
Net commitments before adjustments	15 855	13 781
Adjustments:		
Accumulated unreported actuarial profits (+)	6 312	11 077
and losses (-)	– 6 229	– 4 245
Net amount in the balance sheet (commitment +, asset -)	15 938	20 612
The net amount is reported in the following item in the balance sheet:		
Pension commitments	15 938	20 612
Net amount in the balance sheet (commitment +, asset -)	15 938	20 612
The net amount is distributed on schemes in the following countries:		
Sweden	4 333	5 153
Norway	2 312	2 530
The Netherlands	9 293	12 929
Pension cost		
Benefit-based schemes		
Cost for pensions earned during the year	2 568	3 737
Interest expense	2 599	2 655
Anticipated yield on managed assets	– 2 252	– 2 452
Actuarial profits(-) and losses(+)reported during the year	21	– 194
Profits(-) or losses(+) on reductions and regulations	– 560	– 6 528
Cost, benefit-based schemes	2 376	– 2 783
Cost, contribution-based schemes	21 340	18 208
Payroll tax	3 416	3 460
Total cost for payments after ended employment	27 132	18 885

Reconciliation of net amounts for pensions in the balance sheet

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

Net amount on 1 January 2006	20 612	28 708
Cost for benefit-based schemes	614	1 368
Payments	– 1 604	– 3 586
Changed commitments in pension schemes	– 3 072	– 6 567
Exchange rate differences	– 612	689
Net amount in the balance sheet on 31 December 2006	15 938	20 612

Yield on managed assets

Actual yield on managed assets	1 045	1 968
Anticipated yield on managed assets	2 252	2 452
Actuarial result for managed assets during the period	– 1 207	– 485

Actuarial assumptions

The following significant actuarial assumptions have been applied on calculation of the commitments:

Discount rate, %	4.0-4.75	4.0-5.5
Anticipated yield on managed assets, %	4.5-5.5	3.0-4.25
Future increases in salaries, %	1.5-3.0	2.0-3.0
Future increases in pensions, %	0.2-3.0	0.2-2.5

The Dutch benefit-based pension schemes cover, in principle, all employees and are based on the average salary during the period of employment.

The Swedish pension schemes relate mainly to PRI liabilities to employees in Sweden. The remaining liability relates to three pension schemes in Norway.

Payroll tax liability on Swedish pension schemes is reported under the heading *Trade creditors and other liabilities.*

Note 32 Other provisions

Group	2006	2005
Guarantee commitments	5 586	6 526
Restructing reserve	5 139	7 746
Other	221	95
Total	10 946	14 367
Long-term portion	10 725	14 272
Current portion	221	95
Total	10 946	14 367

Guarantee commitments		
Net value at the start of the period	6 526	7 550
Provisions made during the period	1 410	1 856
Amounts utilised during the period	– 1 245	– 1 901
Restored unutilised amount	– 939	– 135
Translation difference	– 166	– 844
Net value at the period end	5 586	6 526

Restructuring reserve		
Net value at the start of the period	7 746	18 708
Amounts utilised during the period	– 2 225	– 10 962
Restored unutilised amount	– 243	–
Translation difference	– 139	–
Net value at the period end	5 139	7 746

Other information		
Net value at the start of the period	95	181
Provisions made during the period	133	95
Amounts utilised during the period	–	– 181
Translation difference	– 7	–
Net value at the period end	221	95

Restructuring

When the Elsmark group was acquired, provisions were made for estimated costs in connection with restructuring measures. The remaining reserve relates mainly to costs for phasing out long-term property leasing contracts in the United Kingdom.

Guarantee reserve

A guarantee reserve is reported when the underlying product or service has been sold. The guarantee provision is calculated based on previous years' guarantee expenses and an estimate of the future guarantee risk.

Note 33 Trade creditors and other liabilities

Group	2006	2005
Trade creditors	236 373	183 386
Advances from customers	1 784	633
Accrued expenses and prepaid income	91 425	87 960
Other current liabilities	58 421	50 963
Total	388 003	322 942

Note 34 Pledged assets

Group For own liabilities and provisions	2006	2005
Property mortgages	12 925	15 890
Floating charges	33 050	46 590
Shares	386 730	350 426
Pledged trade debtors	9 304	4 058
Pledged inventories	8 209	2 940
Other	2 465	–
Total	452 683	419 904

Parent company For own liabilities and provisions		
Shares in subsidiaries	235 122	235 122
Total	235 122	235 122

The Group's and parent company's pledged assets constitute collateral for bank commitments such as loans and bank overdraft facilities in the Group's principal banks.

Note 35 Contingent commitments / Contingent liabilities

Group	2006	2005
Undertakings towards pension institutions	5 452	5 615
Total	5 452	5 615

Parent company		
Guarantees in favour of Group companies	89 317	181 949
Total	89 317	181 949

The Group's contingent commitments consist of undertakings towards pension institutions. The parent company's guarantee commitments are to banks for subsidiaries' credits.

Note 36 Acquisition of companies

2006
During the year, two minor acquisitions were made within the Beijer Industrial Technology business area. The total purchase price was SEK 1.9M and is not regarded as tangible from a consolidated reporting perspective. YGAB Eldfast AB in Västerås, along with two employees, was acquired in May 2006 at a purchase price of SEK 1.2M.
The grinding materials operation was acquired from Logitool AB in December at a purchase price of SEK 0.7M. No employees were included in the acquisition of the grinding materials operation.

Beijer Ref acquired the remaining 49 per cent of the Hungarian company, Equinoxe, which was originally acquired in the acquisition of Elsmark in 2004.
The company has been consolidated in the consolidated accounts since June 2004. The payment for this acquisition amounted to SEK 6.2M.

2005
No acquisitions were made during the year.

Note 37 Events after the balance sheet date

G & L Beijer AB made a minor acquisition of a Danish refrigeration wholesaler at a purchase price of SEK 7.5M through its Beijer Ref business area. The company is consolidated in G & L Beijer's accounts from 1 January 2007. Air-Con has been incorporated under Beijer Ref's Danish operation. The acquisition does not affect the Group's key figures to any significant extent.

Beijer Ref divested one of its Finnish subsidiaries, OY Dimico AB, after the balance sheet date. Dimico manufactures coils for the Finnish market. The divestment is a step in Beijer Ref's work of concentrating its resources on the trading operation.

Audit report

Audit report
To the Annual Meeting of the shareholders of G & L Beijer AB
Corporate identity number 556040-8113

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of G & L Beijer AB for 2006. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 29-59. The Board of Directors and the Managing Director are responsible for the accounts and the administration of the company as well as the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards (IFRS) 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. These standards require that we plan and perform the audit to obtain a high level of, but not absolute, 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 and their application by the Board of Directors and the Managing Director, significant estimates made by the Board of Directors and the Managing Director when preparing the annual 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 the 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 provide a true and fair view of the company's results of operations and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the annual Accounts Act and provide a true and fair view of the Group's results of operations and financial position. The Directors' 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 profit and loss account and balance sheet 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 Directors' Report and that the Members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, Sweden, 19 March 2007

Mikael Eriksson
Authorised Public Accountant

Lars Nilsson
Authorised Public Accountant

SEK M	2006	2005	2004	2003	2002
Sales and results					
Net sales	2 592.2	2 332.9	1 973.7	1 400.9	1 415.5
Other operating income, etc	43.5	31.6	22.0	19.7	17.8
Operating expenses excluding amortisation and depreciation	–2 428.3	–2 220.6	–1 906.2	–1 321.6	–1 323.8
Amortisation and depreciation	–35.6	–33.3	–29.8	–38.9	–37.9
Operating profit	171.8	110.6	59.7	60.2	71.6
Net interest income and expenses	–21.6	–18.5	–13.5	–9.1	–13.0
Other financial income and expenses	6.4	7.9	0.9	–0.6	–0.1
Profit before taxes and minority interest	156.6	100.0	47.1	50.5	58.4
Taxes	–47.4	–27.9	–11.9	–16.0	–19.3
Profit after tax	109.2	72.1	35.2	34.5	39.1
Minority interest	–0.2	0.6	–0.2	–0.2	–0.2
Net profit	109.0	72.7	35.0	34.3	38.9
Capital structure					
Cash and bank including unutilised bank overdraft facilities	184.7	146.0	162.4	117.9	130.8
Shareholders' equity	536.4	479.7	412.7	401.4	404.3
Capital employed (1)	1 105.2	1 082.4	1 055.1	648.0	668.8
Capital employed in operations (2)	1 027.2	1 038.3	995.1	617.5	611.6
Interest-bearing liabilities	565.4	605.6	638.8	245.9	263.9
Total assets	1 542.1	1 462.4	1 431.2	884.8	898.4
Key figures					
Equity ratio, % (3)	34.8	32.8	28.8	45.4	45.1
Return on equity after full tax, % (4)	21.5	16.2	8.7	8.5	9.8
Return on capital employed, % (5)	16.5	11.6	7.4	9.6	11.1
Return on capital employed in operations, % (6)	16.6	10.9	7.4	9.8	11.3
Interest coverage ratio (7)	7.6	5.1	3.9	4.9	4.4
Debt ratio (8)	1.1	1.3	1.5	0.6	0.7
Profit margin, % (9)	6.0	4.3	2.4	3.6	4.1
Other information					
Average number of employees	907	919	839	645	677
of whom outside Sweden	518	526	453	273	288
Payroll excluding social security contributions	321.8	311.2	288.2	230.9	220.9
of which outside Sweden	183.8	178.3	158.3	101.0	100.7
Investments intangible and intangible fixed assets including acquisitions	33.8	49.0	155.6	40.9	30.0

Figures for 2004 – 2006 are recalculated in accordance with IFRS whereas information for previous years is reported in accordance with reporting principles applicable at the time.

Definitions

(1) Total assets minus non-interest-bearing liabilities including deferred tax.
(2) Capital employed minus liquid funds and other interest-bearing assets.
(3) Shareholders' equity including minority liability as a percentage of total assets.
(4) Profit after deduction for full tax as a percentage of average equity.
(5) Profit before taxes and minority interest plus financial expenses as a percentage of average capital employed.
(6) Operating profit as a percentage of average capital employed in operations.
(7) Profit before taxes and minority interest plus financial expenses divided by financial expenses.
(8) Interest-bearing liabilities divided by equity.
(9) Profit before taxes and minority interest as a percentage of net sales for the year.

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