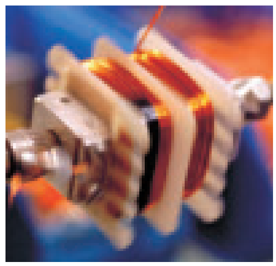
ANNUAL REPORT

06/07



ADDTECH

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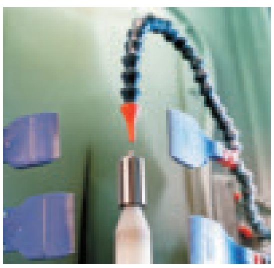


This documents is a translation of the Swedish Annual Report 2006/2007. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

All amounts are expressed in millions of Swedish kronor (MSEK) for the Group unless stated otherwise.

CALENDAR

First Interim Report
1 April–30 June 2007
will be published 17 July 2007

Year-End Report
1 April 2007–31 March 2008
will be published 14 May 2008

Second Interim Report
1 April–30 September 2007
will be published 8 November 2007

Annual General Meeting
2006/2007
will be held 27 August 2007

Third Interim Report
1 April–31 December 2007
will be published 14 February 2008

All financial information is published on Addtech's website, www.addtech.com, as soon as announced. The annual report is distributed to all shareholders.

"A value-adding technology trading company"

Addtech is a value-adding technology trading company that develops and sells products, sub-systems and solutions to the industrial and service sector in northern Europe. Revenues are approximately SEK 3.7 billion. The Group's operations are carried out in about 65 subsidiaries, which together have more than 1,300 employees.

NORDIC REGION – THE HOME MARKET

The emphasis for Addtech's business is the Nordic Region, but the rest of Northern Europe is growing in importance. Markets outside the Nordic Region are in Estonia, Poland, Austria, Germany and the United Kingdom. Addtech also exports to about 20 other countries.

WELL-DEFINED NICHES

Addtech strives to be the market leader in well-defined niches, where customers demand carefully selected products and sub-systems, often in small and medium-sized volumes. The majority of customers are manufacturers in the mechanical, vehicle, telecom and electronics industries as well as laboratories in the healthcare and research sector in the Nordic Region.

GROWTH THROUGH ACQUISITIONS

Addtech has a sharp focus on growth, achieved organically as well as through acquisitions. During the past decade the Group has acquired more than 50 companies.

STRONG CORPORATE CULTURE

A strong corporate culture distinguished by technical competence and an entrepreneurial spirit creates opportunities to generate added value, profitability and growth.

VALUE-ADDING BUSINESS MODEL

Customers

Addtech offers its customers a technically innovative co-operation partner that presents the products, systems or solutions that best satisfy customer needs, based on each customer's unique situation and approach.

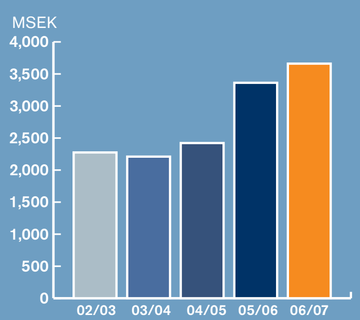
The Group's offering of standard and specialised products, sophisticated equipment and value-adding services enables customers to boost productivity without reducing quality or increasing costs.

Suppliers

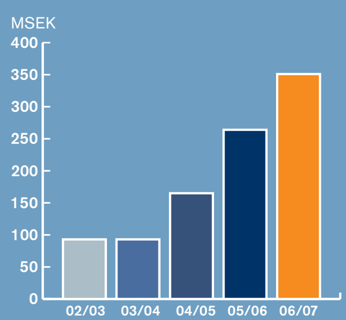
Addtech offers suppliers profitable access to a valuable customer base in Northern Europe. The Group's deep customer relationships open the way for participation in product development, which is brought back to the suppliers in the form of requirements and specifications, as well as access to other valuable market information.

The Group has an international network of leading suppliers. Close collaboration with suppliers in product modification and development strengthens the Group's ability to offer its customers the most innovative and competitive solutions available.

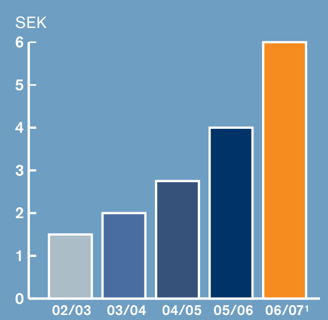
Net revenues



Income before taxes

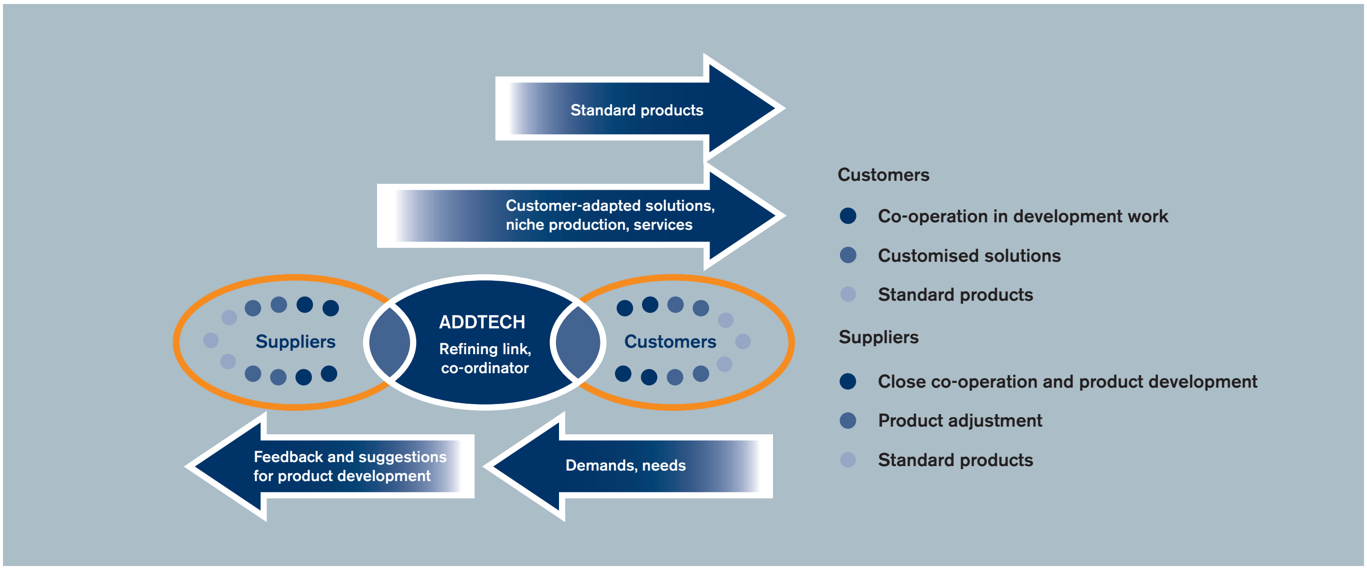


Dividend



1) As proposed by the Board of Directors

"The business model – a dynamic process"



Employees – a refining link

Addtech offers employees in its subsidiaries a flexible organisation characterised by great freedom with responsibility, as well as outstanding development opportunities in business skills, technology and international trade.

The Group's employees are also known for their ability to create new, innovative solutions that meet customer needs. The flexibility and entrepreneurship of Addtech employees strengthen the operations of suppliers, customers and the Group.

Shareholders

Addtech offers its shareholders a long-term investment with relatively low risk. The Group's overarching goal is to achieve earnings growth exceeding 15 percent per year combined with profitability.

The Group was listed on the Stockholm Stock Exchange in September 2001, and from that time until the balance sheet date the share price has climbed by 265 percent, from SEK 41.00, to SEK 149.75. Average total return including dividends has been 25 percent annually.

PRODUCTS AND SERVICES

Standard products

Sales of standard products represent an important base in Addtech's operations, leading to long-term customer relations that provide a deep understanding of customers' business needs and requirements, which in turn broadens the potential for increased value creation.

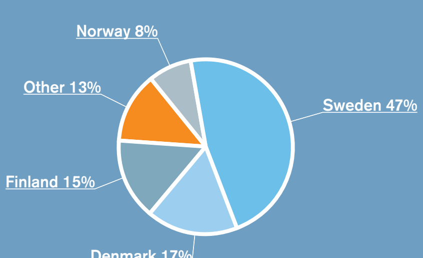
Special products

Specialised products are becoming increasingly important for both Addtech and its customers, who frequently see the Group as a partner in efforts to increase the value of their products through more efficient product development.

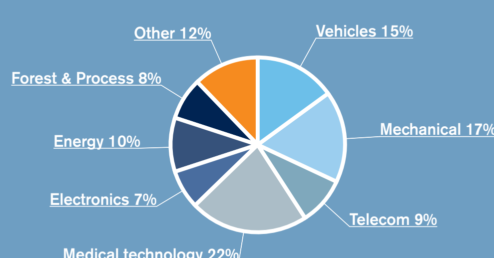
Services

Addtech customers face tough competition with demands for short time-to-market, with which the Group can help by using its technology and knowledge-intensive services. This also applies to a growing number of aftermarket services in training, service and support.

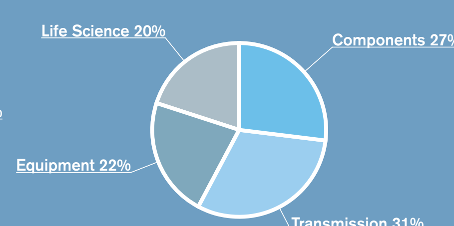
Revenues by geographic market



Revenues by customer segment



Revenues by business area



"The Group's four business areas"

For financial year 2006/2007 Amounts in MSEK	Net revenues	Operating income	Operating margin	Number of employees[1]
ADDTECH COMPONENTS	979	108	11.0%	198
ADDTECH TRANSMISSION	1,144	126	11.0%	460
ADDTECH EQUIPMENT	823	70	8.5%	309
ADDTECH LIFE SCIENCE	720	56	7.8%	249
Group total	**3,661**	**360**	**9.8%**	**1,235**

1) Refers to average number

"Addtech's dynamic organisational model is designed to receive new companies that contribute to growth and development. The organisation continually adapts to capitalise on opportunities identified in the market."

Addtech Components

Addtech Components markets and sells products and sub-systems in connection technology, electronics and electro-mechanics to customers in the engineering, vehicle and electronics industries.

Addtech Transmission

Addtech Transmission markets and sells suppliers' products and sub-systems based on mechanics, electro-mechanics and hydraulics to customers in the manufacturing industry. Addtech Transmission also manufactures products that are marketed under its own brands.

Addtech Equipment

Addtech Equipment markets and sells materials, products and equipment primarily to the vehicle and engineering industries as well as the telecom sector. The offering often includes aftermarket services such as training, service and support.

Addtech Life Science

Addtech Life Science markets and sells instruments and consumables to laboratories in health care and research, diagnostic equipment for the health care industry and process and analytical equipment for industry.

Financial Year 2006/2007

- Earnings per share rose 39 percent to SEK 11.15 (8.00).
- Return on equity totalled 54 (41) percent and the equity ratio was 32 (33) percent.
- The Board of Directors proposes a cash dividend of SEK 6.00 (4.00) per share.
- Five acquisitions were completed during the year with total annual revenues of MSEK 350.

Key financial indicators

	2006/2007	2005/2006	2004/2005
Net revenues, MSEK	3,661	3,362	2,422
Operating income, MSEK	360	271	170
Net income for the year, MSEK	256	194	119
Operating margin, %	9.8	8.1	7.0
Shareholders' equity per share, SEK	24.40	19.90	18.80
Dividend per share, SEK	6.00[2]	4.00	2.75
Average number of employees	1,235	1,198	958

2) As proposed by the Board of Directors

THE ADDTECH SHARE

"The share price rose 41 percent"

The Addtech share has been listed on the Stockholm Stock Exchange since September 2001. The share rose 41 percent in value during the financial year, and the Board has proposed a dividend per share of SEK 6, an increase by 50 percent.

MARKET PERFORMANCE OF THE SHARE AND TURNOVER

The Addtech share increased in value during the year by 41 percent (56). The Stockholm Stock Exchange OMXPI index rose 17 percent (41) during the corresponding period, and OMX Industrials climbed 27 percent (49). The highest price paid during the year was SEK 155,00 on 27 March 2007. The lowest price paid was SEK 93.50 on 23 May 2006. The last market price before financial year-end was SEK 149.75, on 30 March 2007.

During the period from 1 April 2006 to 31 March 2007, 6.5 million shares (9.9 million) changed hands at an aggregate value of MSEK 774 (812). Relative to the average number of shares outstanding, this is equivalent to a turnover rate of 29 percent (41). Broken down by trading day, a total of just over 26,000 (39,000) Addtech shares per day were traded at an average value of about SEK 3,121,000 (3,171,000).

SHARE CAPITAL

The share capital in Addtech on 31 March 2007 was SEK 50,810,589 and is divided into 1,103,814 Class A shares and 22,529,018 Class B shares. The quotient value of each share is SEK 2.15. Each Class A share entitles its holder to 10 votes, and each Class B share entitles its holder to one vote. All shares entitle their holders to the same right to dividends. Only the Class B share is listed on the Stockholm Stock Exchange.

REPURCHASE AND CANCELLATION OF SHARES

The Annual General Meeting in August 2006 resolved to cancel 1,700,000 previously repurchased Class B shares. The Annual General Meeting also authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the time until the next AGM. A total of 700,000 shares were repurchased during the financial year at an average price of SEK 109 per share. The total number of shares held in treasury as of 31 March 2007 was 1,199,000, with an average price of SEK 89. Shares held in treasury are equivalent to 5.1 percent of the number of shares outstanding and 3.6 percent of the votes. The average number of shares held in treasury during the year was 1,791,458 (1,260,205).

INCENTIVE PROGRAM

In December 2001, 56 members of senior management were awarded a total of 700,000 employee options. To make this possible, an Extraordinary General Meeting of shareholders held 17 December 2001 resolved a transfer of up to 700,000 Class B shares in the Company in connection with the possible redemption of these options. The exercise price has been set at SEK 44.80, which is equivalent to 110 percent of the average market price of the Addtech share during the period 3 December through 7 December 2001. Following a resolution by an Extraordinary General Meeting of shareholders held in November 2004, the redemption period for the options was extended to end 18 February 2010. A total of 86,000 options were exercised during the year to acquire 86,000 shares. A total of 206,000 options have thus been exercised. Upon full exercise of the personnel options, the number of shares outstanding will increase by 494,000, equivalent to 2.2 percent of the total number of shares outstanding and 1.5 percent of the voting stock. The obligation to holders of personnel options is secured by 494,000 of the Company's shares held in treasury, which were acquired during 2001 at an average price of SEK 34.80.

DIVIDEND POLICY

The ambition of the Board of Directors is a payout ratio exceeding 50 percent of consolidated net income averaged over a complete business cycle.

PROPOSALS TO THE ANNUAL GENERAL MEETING 2007

1) Dividend

The Board of Directors proposes a dividend of SEK 6.00 per share (4.00).

2) Extension of repurchase mandate

The Board of Directors has decided to propose to the Annual General Meeting that the mandate to repurchase own shares be extended. The proposed mandate would give the Board of Directors the right to purchases of own shares limited so that the Company's holding at no time may exceed 10 percent of the total number of shares outstanding. Repurchases shall be made via the Stockholm Stock Exchange. The mandate is proposed to include the possibility to use shares held in treasury for acquisitions, or to sell repurchased shares in ways other than through the stock exchange to finance acquisitions.

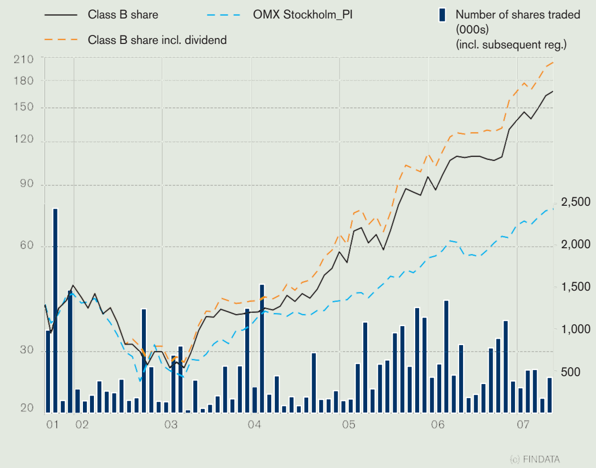
ANALYSTS WHO FOLLOW ADDTECH

Christian Wallberg, Remium
David Andreasson, Kaupthing
Henrik Alveskog, Redeye Research
Marcus Almerud, Handelsbanken Capital Markets
Stefan Mattsson, SEB Enskilda

KEY FINANCIAL INDICATORS

	2006/2007	2005/2006	2004/2005
Earnings per share, SEK	11.15	8.00	4.85
Price/earnings ratio	13	13	14
Dividend per share, SEK	6.00[1]	4.00	2.75
Payout ratio, %	54	50	57
Dividend yield, %	4.0	3.8	4.0
Most recent market price, SEK	149.75	106.00	68.00
Price/equity ratio	6.1	5.3	3.6
Market capitalisation, MSEK	3,359	2,443	1,666
Average number of shares outstanding	22,651,785	24,072,627	24,485,674
Number of shares outstanding at year-end	22,433,832[2]	23,047,832	24,502,832
Number of shareholders at year-end	3,932	3,717	3,698

SHARE PRICE ADDTECH B



ADDTECH'S LARGEST SHAREHOLDERS 31 MARCH 2007

Shareholders	Number of Class A shares	Number of Class B shares	Percentage of share capital	Percentage of votes
Anders Börjesson (family)	387,344	40,000	1.9%	12.1%
Tom Hedelius (family)	372,344	5,400	1.7%	11.5%
Pär Stenberg	219,152	879,322	4.9%	9.5%
Robur		2,860,360	12.8%	8.8%
Fjärde AP-Fonden		2,152,675	9.6%	6.7%
Brita Säve	30,000	973,982	4.5%	3.9%
Odin Fonder		1,066,707	4.8%	3.3%
Livförsäkringsbolaget Skandia		1,011,600	4.5%	3.1%
AMF Pensionförsäkrings AB		800,000	3.6%	2.5%
SEB Fonder		674,600	3.0%	2.1%
Lannebo Fonder		619,384	2.8%	1.9%
JP Morgan Chase Bank		615,659	2.7%	1.9%
Sandrew AB		600,000	2.7%	1.9%
Östersjöstiftelsen		440,000	2.0%	1.4%
Nordea Bank Finland APB		431,650	1.9%	1.3%
Total held by 15 largest shareholders[3]	**1,008,840**	**13,171,339**	**63.2%**	**71.9%**

SIZE CLASSES

Number of shares in holding	Percentage of share capital	Number of shareholders	Percentage of number of shareholders
1–500	2%	2,619	66%
501–1,000	2%	581	15%
1,001–5,000	5%	538	14%
5,001– 10,000	2%	67	2%
10,001–20,000	3%	42	1%
20,001–	86%	85	2%
Total	**100%**	**3 932**	**100%**

HOLDINGS BY CATEGORY

	Number of shareholders	Proportion of capital
Swedish owners	3,771	83%
Foreign owners	161	17%
Total	**3,932**	**100%**
Legal entities	411	69%
Individuals	3,521	31%
Total	**3,932**	**100%**

EVOLUTION OF SHARE CAPITAL

	Class A					Class B				
Event	Change in number	Number shares	Percentage of share capital	Number of votes	Percentage of votes	Change in number	Number of shares	Percentage of share capital	Number of votes	Percentage of votes
At time of listing		1,840,286	7%	18,402,860	41%		26,023,946	93%	26,023,946	59%
2001/2002										
Conversion of Class A shares to Class B shares	–726,808	1,113,478	4%	11,134,780	29%	726,808	26,750,754	96%	26,750,754	71%
2002/2003										
Conversion of Class A shares to Class B shares	–6,976	1,106,502	4%	11,065,020	29%	6,976	26,757,730	96%	26,757,730	71%
2003/2004										
Cancellation of Class B shares		1,106,502	4%	11,065,020	30%	–1,350,000	24,407,730	96%	25,407,730	70%
2004/2005										
Cancellation of Class B shares		1,106,502	4%	11,065,020	31%	–1,181,400	24,226,330	96%	24,226,330	69%
Conversion of Class A shares to Class B shares	–2,688	1,103,814	4%	11,038,140	31%	2,688	24,229,018	96%	24,229,018	69%
2006/2007										
Cancellation of Class B shares		1,103,814	5%	11,038,140	33%	–1,700,000	22,529,018	95%	22,529,018	67%

Total number of shares outstanding	23,632,832[2]
Total number of votes	33,567,158

1) As proposed by the Board of Directors.
2) The difference between total number of shares and total number of shares outstanding is the shares repurchased by Addtech (1,199,000 Class B shares as of 31 March 2007).
3) Shares held in treasury by Addtech AB are not included in the calculation of percentage of votes and capital.

PRESIDENT'S STATEMENT

"Building market positions in new areas"

The past financial year was the best ever for Addtech. Sales exceeded SEK 3.6 billion, and operating income amounted to SEK 360 million. Also, our key financial indicators reached record levels: the operating margin rose to 9.8 percent, and return on equity was as high as 54 percent.

SUCCESS FACTORS RESULT IN STRONG GROWTH

The success factor most responsible for Addtech's strong growth is our ability to generate added value for our customers. This major strength is heavily influenced by the deeply rooted entrepreneurial spirit and business acumen in the Group's corporate culture.

We also see how our business model becomes increasingly relevant as pressures to change mount in both the business community and the public sector. In response to the trend towards greater specialisation with a focus on core operations, organisations are purchasing more specialised products, sophisticated equipment and value-adding services from external partners such as our subsidiaries – indeed, the very core of Addtech's business model.

Another important success factor is our ability to build long-term business relationships with both customers and suppliers. Being a long-term partner also means staying involved when the business climate is not the best. Once the economy improves we can share in and boost the success of our business partners. Thus we build collaborative projects that are important to long-term growth for the Group.

During the year we experienced strong demand from both the public and private sectors, improving business on a broad front with respect to products for export-oriented manufacturing firms as well as capital goods and consumable supplies for end customers in the industrial and service sectors. This trend is reflected by the fact that all business areas, with their many different specialities, report an earnings growth greater than our long-term objective of more than 15 percent.

INCREASED STABILITY, EFFICIENCY AND PROFITABILITY

In recent years we have dedicated our efforts towards broadening our customer base. At the time of our public offering five years ago, Addtech had a customer structure in which 40 percent comprised firms in the telecoms and electronics industries. The significant downturn in these segments was a difficult test, forcing us to seek markets with better conditions.

As a result, we have succeeded in improving our positions in areas such as energy and medical technology, as well as in the processing industries. Not only has the Group increased its stability, it has also encountered new opportunities for growth in business areas with great potential for the future.

This successful change in our emphasis shows that the Group's strong business concept and corporate culture work and contain exactly the flexibility needed in a modern technology-trading company. It also demonstrates the strength of our employees, who are able to hone in on the particular business segments, applications or areas of technology with which it is possible to do business during a specific time period. Both our broad customer base and our ability to adapt are pivotal factors for continued strong growth.

Through ongoing efficiency measures, aided by the favourable business climate, the majority of our business units have succeeded in exceeding the Group's high profitability target – a return on working capital (P/WC) of more than 45 percent.

Our focus on profitability is of great significance to our continued positive growth. Within the framework of our decentralised operations it is absolutely essential that managers and employees are aware of what is expected, and that they also quickly take the initiative to identify and deal with anything that might prevent us from meeting our high expectations.

Especially gratifying in 2006/2007 was the strong growth in the Addtech Life Science and Addtech Equipment business areas. Both areas have implemented a number of streamlining measures over the past few years and they are now reaping the benefits of this hard work through improved earnings and good growth forecasts.

SUCCESSFUL ACQUISITIONS AND INTEGRATION

Over the past year we carried out five corporate acquisitions with aggregate revenues of MSEK 350, which represents an increase in business volume of 10 percent. The acquisitions have boosted sales while strengthening our Group in interesting new market segments.

I am thinking in particular about Gevea, which joined the Group with solid knowledge and a strong position in special products for the electric power industry, and about Kurt Wiig AS, with its expertise in hydraulic solutions for offshore applications. The smaller companies Blästerprodukter and Specma Drive are examples of firms that serve as outstanding complements to the other successful units in our Group. At the end of the year we carried out the acquisition of Metric Industrial which, with its operations in four Nordic countries, strengthens us in the fields of measurement systems and industrial automation.

"We have experienced strong demand from both the public and private sectors, enabling us to improve our business on a broad front."

All of these acquisitions have been well integrated into our organisation and contributed to our growth with respect to profitability in the near term and interesting new business opportunities for the long term.

Acquisitions serve as one of Addtech's most important growth strategies. Through a large number of successful acquisitions over the course of the years, we have acquired the experience necessary to identify interesting companies and carry out effective acquisition processes and then integrate the companies into the Group. The latter is especially important, since the full synergistic value of these companies is only achieved when they are refined in our environment. Here we have found the right formula, as can be seen in our very strong financial performance in the most recent acquisitions. One good example of this is the trend in Addtech's Life Science business area.

SMALL-SCALE APPROACH ON A LARGE SCALE

The positive growth of recent years has further strengthened our conviction that a small-scale approach can be highly successful. The simplicity and efficiency of the small company's procedures with the lack of bureaucracy are attractive for employees, customers and suppliers.

However, this organisational model places high demands on employees. Although they have great freedom, they must also take considerable personal responsibility. The developments of recent years show that we have successfully recruited and retained employees with relevant skills, the right attitude and a genuine desire to pursue growth both personally and for the Company within the framework of our model.

At Addtech we are always on the lookout for innovative solutions – which means that we do not always take the same road as everyone else – not only in our role as the refining link with customers and suppliers, but also with respect to cost-efficiency in administration and logistics.

When we create added value we must do so with maximum efficiency. No one wants to pay in the long-term for a trade intermediary that only makes the process more expensive. Our objective is therefore to continue to act with the flexibility and personality of a small company, while capitalising on the collective skills and resources of a large company.

CONFIDENT ABOUT THE FUTURE

Addtech is not a company that takes large steps in one direction or another. We prefer to gradually improve in the directions that we know well and that we believe have good prospects for stable earnings growth.

Our choices are based on sensitivity and an understanding of our customers' future expectations and needs. With strong supplier relationships we can then jointly improve business solutions that benefit all parties. Confirmation of this approach can be seen in the way we have strengthened our positions during the year in several important market segments.

A large part of our sales goes to customer applications that generate ongoing orders for several years, providing a good base and great stability. Naturally we are also affected by economic fluctuations and variations in the general economic situation. However, our skilled employees, organisational flexibility and enterprising corporate culture enable us to quickly adapt to changing market conditions. This competitive advantage generates security and confidence in the future – both for Addtech as a competitive technology-trading company and for our shareholders. In addition, the business climate continues to be encouraging and the organisation is filled with energy for 2007/2008.

In conclusion I would like to say that I never cease to be impressed by the enormous commitment that I encounter in our employees. I would therefore like to take this opportunity to send an enormous thank you to all of our employees who made the last financial year our best ever.

Roger Bergqvist
President

GROUP PRESENTATION

"Adding value for both customers and suppliers"

Addtech's offering focuses on well-defined niches. The subsidiaries cost-effectively provide technology and knowledge-intensive solutions to customers.

BUSINESS MODEL

Addtech offers high-tech, customer-specific components and systems to industrial companies and the service industry. The Group's companies function as a refining link between manufacturers and customers. Addtech adds value through close co-operation with both manufacturers and customers, as well as through the technical expertise of the Group's employees.

FINANCIAL GOALS

Addtech's overarching goal is to create growth in combination with profitability. Addtech strives to achieve earnings growth during a complete business cycle of at least 15 percent annually.

The profitability of each individual unit, the relationship between operating income and working capital, (P/WC), shall amount to at least 45 percent. P/WC fosters a high operating income and low tied-up capital, which when combined with growth targets of 15 percent provide conditions for profitable growth.

OPERATING GOALS

Addtech shall position its subsidiaries as market leaders in well-defined niches. Customers shall perceive the Group as the most competent long-term partner.

GROWTH STRATEGY

Acquisitions

Addtech grows by continually expanding operations in niches where the Group has the potential to become the market leader. The Group also strengthens existing operations through smaller add-on acquisitions. One success factor that all acquisitions have in common is that the Group's business model may be applied and contribute to refinement and continued development.

Market-leading positions

Addtech is a market-leading technology trading partner for standard and custom-designed products, sub-systems, equipment, materials and aftermarket services in each respective niche. The position of market leader requires continuous development of the offering in several regards.

The role of technology trading partner and "refining link" is created through dedicated and innovative employees who exceed the expectations of both clients and suppliers. Addtech offers its employees a small-scale, entrepreneurial environment that allows considerable freedom for personal initiative in business activities. Employee commitment is also generated through clear objectives, regular follow-up and internal benchmarking.

The customer offer is based on close relationships and a deep understanding of the customer's operation, where solutions are created through a combination of innovation, expertise and business skills. Addtech is a proactive partner that works with the customer to develop improved products and production processes. Unique niche production or carefully controlled assembly in various countries with several suppliers may also be involved.

Strong suppliers and customised products and services are important success factors for the Group's subsidiaries. Addtech is an attractive and competitive partner for global suppliers. The Group offers suppliers efficient marketing and extensive knowledge of applications, which can lead to increased sales.

Operating mobility

Business and organisational development is one of Addtech's leading means of achieving sales and earnings targets, as well as for recruiting and retaining dedicated employees. This strategy places major requirements on operating mobility. In an effort to foster growth, Addtech has a flexible organisational structure into which new companies can be rapidly integrated.

Operating mobility is paramount and describes Addtech's corporate culture with respect to business processes, organisation and staff. It is both a strategy and a factor for success. Addtech strives to achieve a fleet-footed organisation with considerable ability to create new business opportunities. Operating mobility means not being afraid of organisational change if it creates more effective operations. Subsidiaries can be split to develop key employees and business concepts, or operations can be merged to provide operating advantages.

CO-OPERATION WITH ARATRON INCREASES SALES OF OUR PRODUCTS

"In Aratron we found an active partner that could add value to our products through its customised solutions. The company prioritises our collaboration, which leads to better marketing. We have completed more new deals in the Norwegian market, much thanks to Aratron's great creativity and understanding of how our products can be applied and adapted to customer needs."

Daniel Bieri from Wandfluh, a world-leading Swiss supplier of hydraulic products and sub-systems to the shipbuilding and offshore industries, speaking about his company's partnership with Aratron AS, one of Addtech Transmission's subsidiaries.

"The role of technology trading partner and 'refining link' is created through dedicated and innovative employees who exceed the expectations of both clients and suppliers. Addtech offers its employees a small-scale, entrepreneurial environment that allows considerable freedom for personal initiative in business activities. Employee commitment is also generated through clear objectives, regular follow-up and internal benchmarking."

BUSINESS MODEL AND ORGANISATION

"Customer-intimate organisation generates long-term business relationships"

Industrial companies and the service sector are purchasing more specialised products, sophisticated equipment and value-adding services from external partners. Addtech has adapted its business model and organisation to this strategy.

DIVIDED VALUE CHAIN PROMOTES SPECIALISATION

The growing focus on core activities by both industrial firms and the service sector is resulting in a division of the value chain. In response to this trend, purchasing specialised products, sophisticated equipment and value-adding services from external partners is increasing.

For Addtech this means that subsidiaries are collaborating with customers and suppliers in many ways – with respect to everything from trading with technical products and custom modifications to improved production processes.

A CENTURY OF ADDING VALUE

Addtech's present business model has 100-year roots in general agencies built up during the 1900s. However, in the late 1980s conditions for these technology-trading companies changed when free trade within the European Union (EU) opened the doors to competing parallel imports.

In response to this development, some technology-trading companies have differentiated their operations to remain competitive. For example, they deliver service solutions with high technology and knowledge content, which adds to the value of standard products or optimises production processes. Deep, lengthy relationships with both customers and suppliers are essential. About 65 such technology-trading companies are currently gathered in the Addtech Group.

ENABLING BUSINESS MODEL

Addtech's business model is based on the Group's long tradition of a well-established network of leading international suppliers and demanding customers where the flow of trade allows room for refinement. Standard components comprise an important element in this business. In addition, Addtech has broadened its offering by adapting and further developing products and services. The Group's offering leads to added value for customers' products or to more efficient production processes.

Addtech's refinement role lies close to technical consultancy and adds to the value of the customers' offering. Consolidated revenues are largely generated through subsequent sales.

Growth is also generated through additional sales to existing customers, aftermarket services and bringing new suppliers and customers into the network. The Group is also always on the lookout for additional niches.

ADDS VALUE AT VARIOUS LEVELS

Addtech strives to have a close relationship with its customers in order to proactively participate in their development work. The Group's sales work is therefore aimed at understanding the customer's situation and need for improvements, knowledge that can be converted into value-adding solutions and that improves the customer's end product, service solution, or production process.

Suppliers also recognise the value of a close partnership with Addtech. The Group nurtures a large number of customers in northern Europe. These relationships pave the way for participation during early development of products and services, which enables suppliers to adapt their solutions. Addtech provides feedback with respect to customer requirements, specifications and other pertinent marketing information to its suppliers.

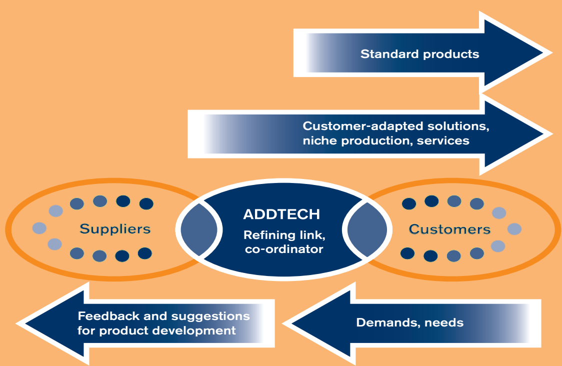
DYNAMIC CUSTOMER-INTIMATE ORGANISATION

The Addtech Group consists of approximately 65 operating companies in a decentralised structure. The basic philosophy is that each subsidiary's core business and unique competence should evolve as close to its customers as possible.

Belonging to a strong and committed organisation provides support in various matters, such as strategy issues and business development. The companies are organised in business areas linked to different overall technology or market areas.

Addtech's dynamic organisational model is designed to welcome new companies that contribute to growth and development. The organisation continually adapts to take optimal advantage of opportunities identified in the market.

BUSINESS MODEL

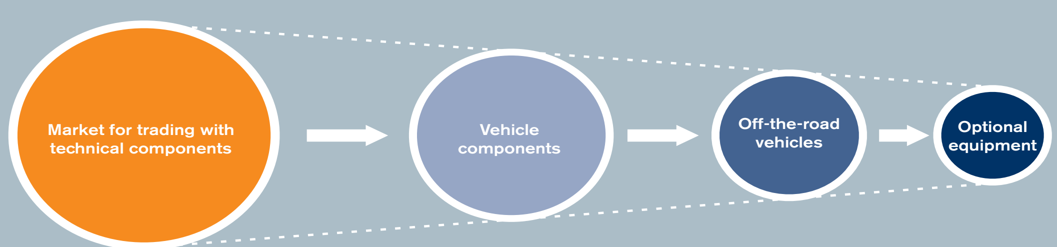


Customers
- Co-operation in development work
- Customised solutions
- Standard products

Suppliers
- Close co-operation and product development
- Product adjustment
- Standard products

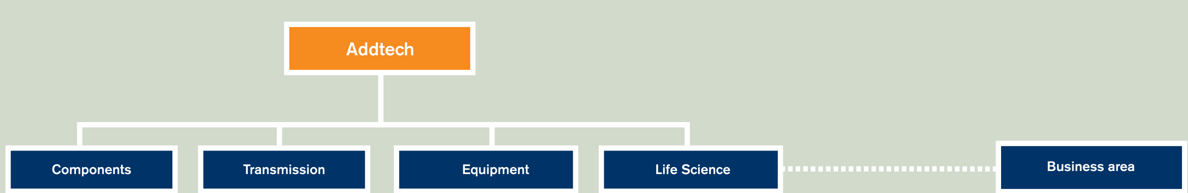
Addtech's business model is based on the Group having a well-established network of suppliers and customers, with a trading flow that generates opportunities for refinement. Standard components constitute an important element. In addition Addtech has broadened its offering by adapting and improving customers' products and services, as well as by optimising their production processes.

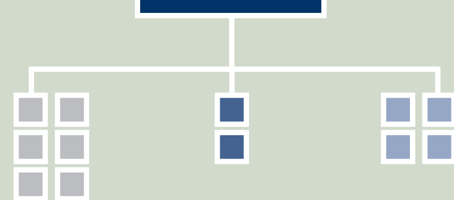
TECHNOLOGY TRADING MARKET CONTAINS MANY SMALL NICHES



Addtech's subsidiaries are active in well-defined niches in the technology trading market in the industrial and service sectors. The illustration shows an example of one of those niches.

ORGANISATION





Addtech's subsidiaries are organised in business areas linked to overall technology or market segments. The dynamic decentralised organisational model is always ready to receive new companies that contribute to growth and development.

MARKET

"Rapid adjustment of the offering to meet customer needs"

The market improved during the year due to the robust business climate and generally good economy. Addtech strengthened its position in important market segments.

ADDTECH'S MARKET

Addtech is active in the international technology trading market, where players buy, adapt and sell technical products, sub-systems and solutions. The Group focuses on well-defined niches with high technology content. The Group's extensive knowledge makes it an important partner for industrial firms and the technology-intensive service sector.

The Group's market is dynamic and is constantly changing. Players with good market knowledge, who are able to adapt their offers rapidly to conform with customer needs, have good opportunities for creating profitability and growth.

The market's long-term growth and profitability depends on the size and diversity of the industrial and service economy. In a shorter perspective, demand is closely linked to the state of the economy and the economic situation in markets where the Group is active.

DRIVING FORCES IN THE MARKET

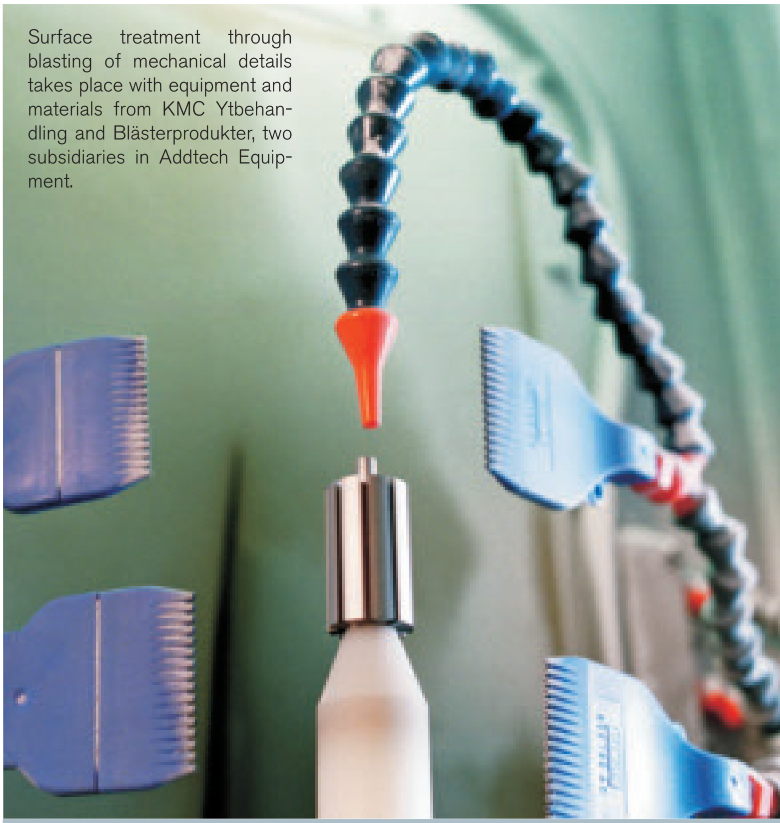
In order to remain internationally competitive, businesses in northern Europe must compensate for the relatively high labour costs with superior quality, reliability and flexibility.

Some manufacturing companies choose to move all or part of their volume production to low-cost countries. Those that remain are mainly involved with manufacturing and service production with high technology and knowledge content, research and development, niche production, assembly and service.

STRENGTHENING CUSTOMERS' COMPETITIVE ADVANTAGES

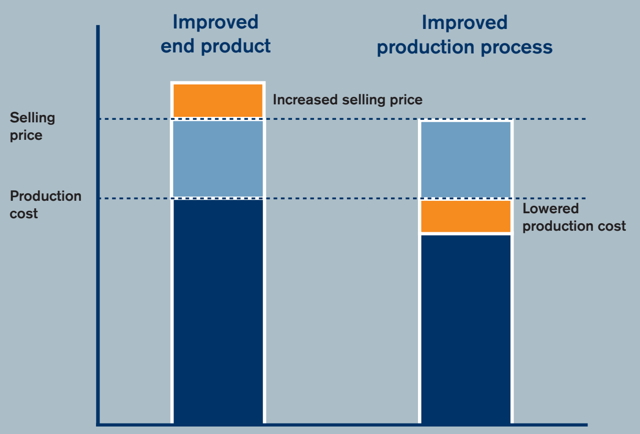
To keep pace with rapid developments, industrial firms and service organisations are becoming increasingly dependent on external partners such as Addtech for development of products and services and for solutions that improve their production processes.

The Group's offering strengthens its customers' competitive advantages by better equipping them to increase productivity without reducing quality or increasing costs.

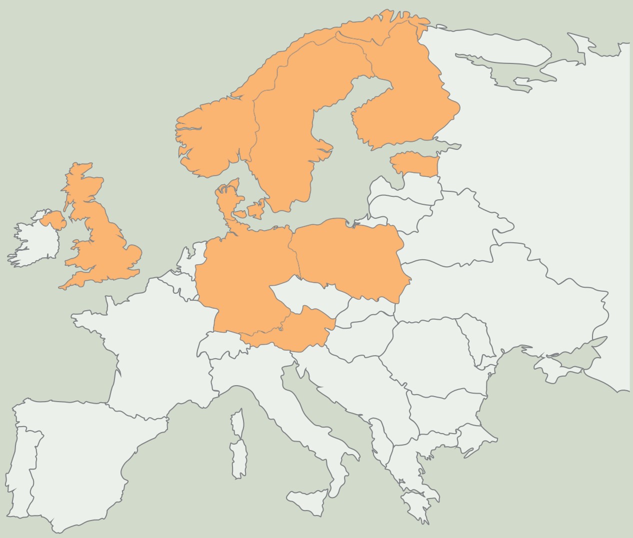


Surface treatment through blasting of mechanical details takes place with equipment and materials from KMC Ytbehandling and Blästerprodukter, two subsidiaries in Addtech Equipment.

HOW ADDTECH ADDS VALUE



Addtech adds value in different ways. When Addtech helps a customer to develop better end products, the customer's selling margin can increase. In other cases Addtech offers business advantages by improving the production process, which lowers the customer's production cost.



The map shows the countries in which Addtech's subsidiaries are active: Denmark, Estonia, Finland, Norway, Poland, United Kingdom, Sweden, Germany and Austria.

Equipment and diagnostics from companies in Addtech Life Science are used for advanced analysis in the healthcare sector.

NORDIC COUNTRIES AS MAIN MARKET

The emphasis of Addtech's operations lies in the Nordic Region, but in recent years markets outside of the Nordic countries have grown in importance. The Group's markets outside the Nordic Region are in Estonia, Poland, Austria, Germany and the United Kingdom. Addtech also has exports to an additional 20 countries.

CENTRAL NETWORK OF SUPPLIERS

Close relationships with suppliers provide access to expertise, products and services in the international network of suppliers, increasing the ability to offer the most innovative and competitive solutions. The Group's portfolio of well-known, recognised suppliers with associated brands is yet another success factor and competitive advantage.

Seen from the global suppliers' point of view, a technology trading group like Addtech is a sales channel that offers access to local market knowledge, established customer relations and understanding of how products can be used by the customer.

Addtech's subsidiaries co-operate with a large number of carefully selected suppliers. More than 70 percent of the Group's purchases are made from non-Nordic suppliers in Europe, the United States and Asia. At the group level, no single supplier accounts for more than five percent of the Group's purchasing. Addtech is therefore only to a limited extent dependent on individual suppliers.

CUSTOMERS: OEM AND END USERS

Technology trading company sales of products and services are to OEM (Original Equipment Manufacturer) customers and end users.

Rapid changes occur that affect demand and market structures. Customers today have ample opportunities to choose suppliers and the countries in which they do their purchasing. Market players must be mobile and flexible to handle these changes and to capitalise on the new opportunities.

Addtech's sales to the OEM segment comprise components and solutions included in the products and services that industrial customers in turn produce and sell in the market, which is often global. The Group's offering in the OEM segment consists of products for special vehicles or production machines. Extensive development work frequently precedes the final offer, often followed by several years of ongoing deliveries during the time that the customers sell their products.

MARKET

Industrial and service companies themselves are end customers in the end-user segment. Here Addtech contributes solutions that support and improve the customer's production processes. The equipment, accompanying consumable supplies as well as ongoing service contracts with high availablility are important to end user sales.

An increased focus on materials and supplies provides more stable earnings over time. Products to end users include analytical instruments and supplies for research and analysis departments at hospitals and laboratories.

Customers in several industries

The majority of Addtech's customers are in the manufacturing industry, as well as in research and medical care. The Group's customers represent a large number of industries, and the dependency on individual industrial segments is small, which reduces operating risk as a whole. Individual subsidiaries, however, are more exposed to certain industries and their development.

No single customer accounts for more than three percent of sales, despite the fact that with several customers there are many separate projects running in parallel. The 10 largest customers together account for less than 15 percent of net revenues.

Addtech deals in a large number of products in combination with its own niche production, which entails limited exposure to individual product segments. (For product examples, reference is made to each respective business area.)

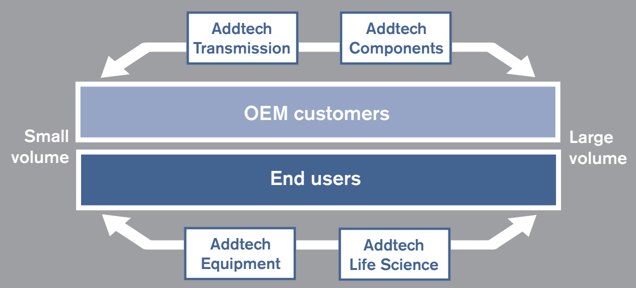
COMPETITIVE SITUATION

Competitors

The competitive situation in the technology trading market involves many different rivals, depending on the type of product and the size of the market, which means that the competitive situation varies among the different niches. From Addtech's perspective, no single company can be considered a chief competitor in the market.

Joysticks for operating forestry machinery are sold under the Caldaro brand name.

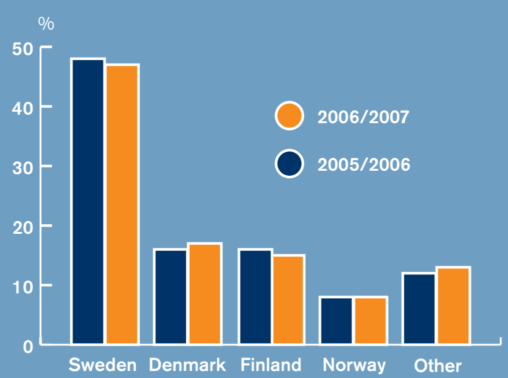
OEM CUSTOMERS AND END USERS



Addtech's business areas are aimed at different customer groups and user areas. Addtech Transmission and Addtech Components mainly sell to OEM customers. Addtech Equipment and Addtech Life Science are primarily geared to end users.

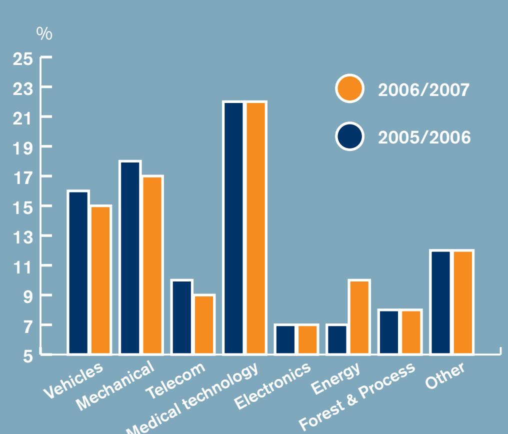
Specialised vehicles often require customised solutions and specialised components, here in the form of chains and transmissions from the FB group.

REVENUES BY GEOGRAPHIC MARKET



Components for the Group's niche manufacturing companies are adapted or produced to increase the added value content in the offering.

REVENUES BY CUSTOMER SEGMENT



However, a number of technology trading companies listed on the Stockholm Stock Exchange are similar from an investor and employee perspective, and hence also compete in the stock market as well as the labour market. Trading groups that conduct operations similar to Addtech's are Indutrade, OEM International, Beijer Electronics and ElektronikGruppen. There are also smaller and medium-sized agencies in the market, such as Östergrens, SKS and Gycom, which to some extent compete with Addtech's subsidiaries.

Competitive advantages

Addtech must continuously renew its portfolio of products and services in order to offer suppliers and customers additional added value. Addtech's leading competitive advantages are:

- **Attractive business partner** – through the subsidiaries' close relationships with suppliers and customers combined with cutting edge expertise in niche technology areas.
- **Long experience of international trade** – generates competitive advantages when old structures are replaced by new trading patterns.
- **Short time-to-market** – global supplier network gives Addtech opportunities for efficient adaptation and improvement of standard products, sub-systems and production processes with short lead times.
- **Flexibility and entrepreneurship** – create excellent conditions for growth and further development of business for suppliers, customers and Addtech.

ACQUISITIONS, DEVELOPMENT AND GROWTH

"Financially strong and active owner"

Acquisitions are important for Addtech's growth and development. New operations and niches are regularly added to be further developed according to the Group's business model.

DIFFERENT TYPES OF ACQUISITIONS

Addtech divides its acquisitions into three categories:

- **Supplementary acquisitions** – companies that strengthen the market position of existing subsidiaries.
- **Complementary acquisitions** – companies that further develop the market position within current business areas.
- **Strategic acquisitions** – companies that create opportunities for developing new business areas.

EXPERIENCE IN ACQUISITIONS

Addtech is highly experienced in making acquisitions and uses a well-proven and straightforward acquisition process. Potential acquisition candidates are identified and monitored on an ongoing basis. When evaluating acquisitions, each candidate is appraised based on a number of considerations, such as:

- Does the company's offering provide significant added value for the customer?
- Are sales made through personal customer cultivation?
- Do services and products have a high technology content?
- Is the company a market leader, or does it have the potential to become one in a well-defined niche?
- Will the company strengthen Addtech's platform for profitability and growth?

If a company that is well-run and profitable meets these criteria, the conditions for further development within Addtech would be favourable. When a company is acquired, it is expected to contribute to the Group's profitability in both the short and long run and to have good prospects for growth. Subsidiaries are typically wholly owned by Addtech.

ADDTECH – THE RIGHT PARTNER TO MANAGE THE INHERITANCE

The Andersén brothers had not considered selling the business when Addtech knocked at their door in January 2006. Eight months later the deal was done, and Hans Andersén and his brother and the rest of the employees were able to continue developing Gevea, backed by a lot more muscle.

The Norrköping company Gevea, which currently has about 30 employees, was founded back in 1919 and ever since then has served both Swedish and foreign electric-power companies with coupling equipment for medium-voltage grids. Sixty percent of sales are exports, of which about half go to markets outside the Nordic region.

Gevea is active on a mature and stable market. The grids are being improved, and there is a constant need for material, components and equipment. Hans Andersén therefore sees great opportunities to continue to develop the company with Addtech's help.

In this typical niche operation, success is achieved through proximity to and knowledge of the customer with great demand for flexibility and adaptability.

"We gained confidence in Addtech, who proved to be well informed when they presented their thoughts on growth in the energy sector. Addtech had exciting ideas for both Gevea and for me. I hope to undertake an interesting and challenging role as part of the Group," Hans Andersén says.

"The price wasn't a stumbling block; we were able to reach a mutually agreeable value for the company. My brother and I quite simply decided not to invite any other buyers because this approach solved the family business succession issue, at the same time that it feels like Gevea is still 'ours'. For us, Addtech seems to be a good and long-term owner," says Mr. Andersén.

ACQUISITIONS DURING THE PAST TWO YEARS

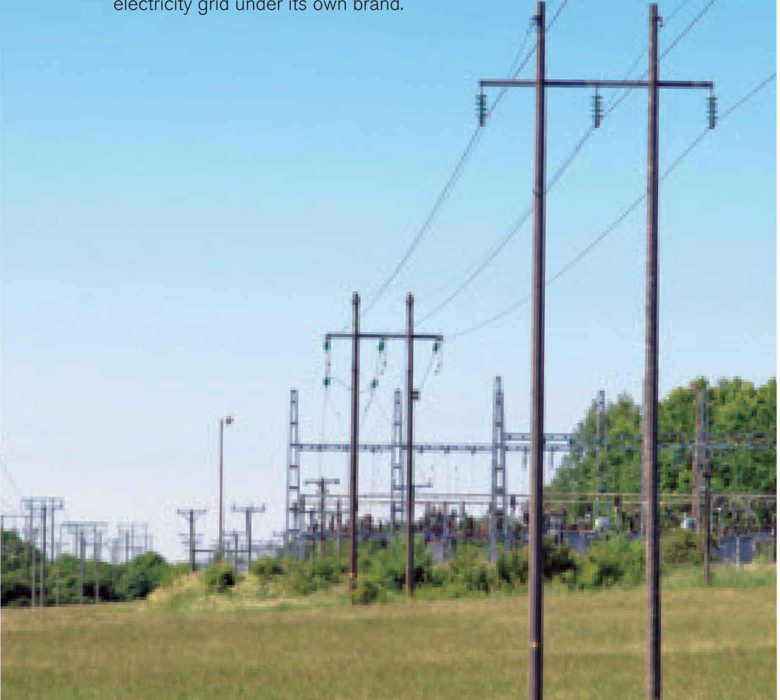
Date	Acquisition (disposal)	Business area	Revenues (MSEK)*	Number of employees*
2006/07 Q 4	Metric Industrial	Components	150	33
2006/07 Q 3	Gevea Holding	Equipment	65	32
2006/07 Q 3	Specma Drives	Components	40	10
2006/07 Q 1	Blästerprodukter i Köping	Equipment	20	2
2006/07 Q 1	Kurt Wiig	Transmission	25	6
2005/06 Q 4	Abatel	Equipment	30	6
2005/06 Q 3	Insatech	Life Science	75	37
2005/06 Q 2	(Tubex Hydraul)	Transmission	(20)	(15)
2005/06 Q 1	Ervik	Life Science	5	1
2005/06 Q 1	LMT Transmission	Transmission	25	13

* Annual revenues and number of employees at time of acquisition (disposal).

ENERGY AS A HIGH PRIORITY AREA

For the past few years Addtech has identified power distribution and electrical safety as high priority growth areas. Electric power is a stable, local market characterised by proximity to the customer and many small, specialised players. The market is in an investment phase related to the modernisation of much of the grid in the Nordic region.

Gevea sells coupling equipment for the electricity grid under its own brand.



ACQUIRE, KEEP AND DEVELOP

Addtech acquires companies to keep and further develop them on a long-term basis. A steady stream of new suppliers and companies is important in order to develop the Group's business and market position. High requirements for growth and profitability will cause businesses that do not live up to expectations to be phased out to create room for new development.

Acquired companies usually continue their business under their own name, which encourages entrepreneurship and personal commitment in the company. At the same time the acquired companies get a financially strong, well-established and dedicated owner with clear goals for profitability and development.

Former owners and members of senior management often continue to be engaged in the business after the time of acquisition. This increases competence and the proportion of genuine entrepreneurs in Addtech.

ATTRACTIVE OWNER

Addtech has long experience of acquiring and further developing its companies. In the competition for acquisitions in the marketplace, Addtech is an attractive owner for many entrepreneur-run family businesses. The entrepreneur meets a buyer that wants to develop the business on a long-term basis, while preserving the small-scale approach and the company's identity.

The acquired companies in turn also contribute to Addtech's continued development as a leading technology trading group – in terms of professionalism and by enriching the Group's corporate culture.

EMPLOYEES

"Create new, innovative customer solutions"

Addtech is imbued with its employees' business acumen and entrepreneurial ability, which serve as the foundation for creating a market-driven organisation that generates profitability and growth.

BUSINESS-DRIVEN CORPORATE CULTURE

Addtech's established corporate culture and common ground of values give its employees good guidance for their work. The corporate culture is based on entrepreneurship and high technical competence, combined with individual freedom and a willingness to take personal responsibility.

When customers and suppliers choose to work with Addtech, the attitude of its associates is absolutely crucial. The Group's employees are known for their ability to create innovative solutions that meet customer needs.

Business acumen also includes the ability to see to one's own company's long-term profitability based on business that is good for all parties. The same applies to cost-effective solutions in administration and logistics.

DECENTRALISATION PROMOTES FLEXIBILITY

Addtech's decentralised organisation promotes flexibility while encouraging entrepreneurship. The subsidiaries enjoy a close relationship between management and other employees that is not often possible in larger organisations.

Short decision-making paths as well as rapid and direct communication within the subsidiaries also facilitate decision-making and understanding of what needs to be done and by whom.

OPERATIONAL RESPONSIBILITIES AND AUTHORITIES

Within Addtech, both responsibilities and authorities concerning operations rest with the subsidiaries - that is, very close to customers and suppliers. The companies can quickly adapt individual product and service offerings in response to market fluctuations.

Delegation of responsibilities and authorities encourages motivation and involvement, demonstrating a high level of mutual confidence in the organisation. It also serves as the foundation for clarifying individual subsidiaries' objectives to the employees, as well as for their common endeavour to achieve Group-wide objectives.

"FREEDOM WITH RESPONSIBILITY IS THE PRIMARY DRIVING FORCE"

The strength of Addtech's business model and organisation becomes evident when Tove Nyhus, President of Norwegian Bergman Diagnostiska AS, describes how she manages her technology trading firm, which deals with analysis instruments with associated equipment and services. Customers are mainly found in health care and research institutions. Simply stated, her recipe for success involves the significance of having business-driven and dedicated managers and employees motivated by freedom with responsibility.

Freedom begins at the top

Ms. Nyhus explains that "freedom begins at the top" and that responsible independence imbues Addtech's decentralised organisation.

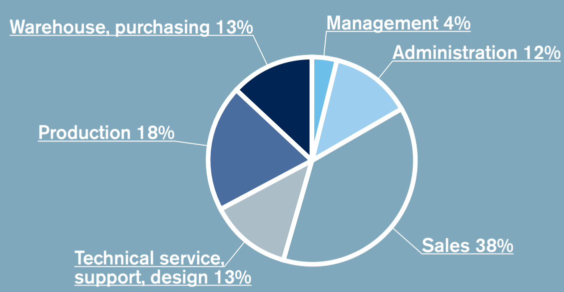
"The Group's flexible organisation allows me as president great freedom to develop the company. The price of this freedom is, of course, that my associates and I must deliver good results. This approach works extremely well in our company. Freedom with responsibility is our primary driving force."

Dedicated, self-starting employees

"Addtech's business model largely involves competing through quality and added value, not price. With this strategy it is extremely important to have employees with a well-balanced mix of medical-technology competency and relevant personal characteristics," emphasises Ms. Nyhus:

"Recruiting and retaining employees who are both technically knowledgeable and who can quickly identify customer needs and business opportunities is the key to our success. The way that my dedicated self-starting employees assume responsibility for developing and securing customer relationships is a crucial competitive advantage in the market."

JOB DISTRIBUTION IN THE GROUP



EMPLOYEES

	2006/2007	2005/2006	2004/2005
Average number of employees	1,235	1,198	958
• proportion of men	71%	70%	70%
• proportion of women	29%	30%	30%
Age distribution			
• up to 29	10%	9%	8%
• 30–49	60%	61%	61%
• 50 and older	30%	30%	31%
Average age	43 yrs	43 yrs	42 yrs
Average period of employment	approx 10 yrs	approx 10 yrs	approx 11 yrs
Personnel turnover (adjusted as a result of action programs and divestitures)	12%	12%	11%

EMPLOYEES AND DEVELOPMENT

Addtech's corporate culture, which is strongly imbued with business acumen and entrepreneurship, plays an important role in ensuring that customers and suppliers meet dedicated, professional employees. The Group has a well-established corporate culture based on the interplay among technical competence, individual freedom and willingness to assume great personal responsibility.

GROUP WITH MANY OPPORTUNITIES

Addtech's employees are its greatest competitive asset. The Group therefore strives to be an attractive employer with ample opportunity for personal development. Working at Addtech provides many options for combining technology with business while assuming personal responsibility for projects. The Group's position as an important player in many niches provides opportunities for development in several technical areas and the opportunity to work with leading international suppliers as well as demanding customers.

Internal recruitment is Addtech's most important tool for its supply of leaders. In addition, there is external recruitment. Corporate acquisitions also account for a significant supply of know-how. In connection with acquisitions, skilled and experienced entrepreneurs find their way into the Group. With the right matching and support, these persons advance in the organisation. Most people in leading positions in the Group began their careers in sales in one of the subsidiaries.

PROFESSIONAL SKILLS DEVELOPMENT

The Group works on a long-term basis at several levels to nurture the continued development of its personnel and the corporate culture. Important processes to achieve this are close relationships with suppliers, the Group's own Business School and various internal networks.

Suppliers important for knowledge transfer

Significant knowledge transfer takes place between both parties' employees within the framework of collaboration with suppliers. In addition, key persons at Addtech regularly spend time with suppliers in Europe, Asia and the United States. These relationships are important in maintaining high technical competence in the specific technology areas where the subsidiaries are active.

EMPLOYEES

The Business School helps employees grow

An important platform for disseminating the entrepreneurial corporate culture and improving employees' business acumen is the Business School, which has the primary purpose of teaching, training and motivating personnel to become dedicated, successful employees at Addtech.

The Business School's various programmes offer employees courses adapted to their experience and duties, aimed at both new associates and senior executives in the Group's subsidiaries.

During the year the Business School improved its programme to strengthen the employees' skills and understanding of business intelligence to keep up with the growing complexity and competition in the business sector. The large international component of Addtech's operations drives the need for such skills.

The curriculum includes such topics as the business model, profitability thinking, corporate philosophy and ethics. Seminars enable employees to work together to understand and develop how these concepts affect daily operations in each subsidiary.

Another area of focus is successful sales. Employees acquire greater understanding of economic relationships and how profitability is generated. Purchasers from the Group's customers participate to reinforce learning, making it easier for participants to understand what is important to keep in mind with respect to long-term business relationships.

Advanced courses about business skills within Addtech are mainly aimed at more senior sales associates and executives in the subsidiaries. Examples of such courses include negotiation skills and business-case simulations.

Internal networks provide knowledge

Great openness prevails in the Group. Exchanges of competence among associates contribute to the development of the organisation and the individual companies. Various internal networks strengthen corporate culture and proficiency. Examples of networks are the Business School, executive meetings and other forms of co-operation in the different corporate groupings.

Addtech sees how the constant pressure to change in different industries, combined with the growing knowledge and technology content in products and services, entails increased demand for expertise. At the same time customers make increasing demands for speed and flexibility. The Group's internal network for knowledge transfer makes it easier to meet these demands.

"The Business School is an important platform for spreading the entrepreneurial corporate culture and further developing the employees' business skills."

VALUE-ADDING PROCESSES

“Internal benchmarking optimises quality-improvement work”

Addtech’s value-adding processes evolve in close collaboration with customers and suppliers, which is essential to create an attractive offering.

PRODUCT DEVELOPMENT

In its role as refining link, Addtech works closely with customers and suppliers to develop different product and service solutions. The Group focuses on adapting applications to improve product functionality as well as on developing cost-effective aftermarket services in areas such as logistics, education and service.

Development work related to various product and service solutions as well as production processes are carried out in line with current quality standards for each industry. The Group limits risk related to product development because it is based on identified customer needs and it takes place within the framework of the existing network of suppliers and customers.

CUSTOMER CO-OPERATION

The subsidiaries invest in their business relationships for the long-term. Employees spend a considerable amount of time on-site with customers to be able to identify needs and propose solutions, which often generate collaborative projects over time.

The subsidiaries handle their own sales and they provide both technical and commercial solutions. Companies co-operate to varying extents to take advantage of each other’s complementary skills and business relationships.

The Group provides support to the subsidiaries in creating effective business solutions. The companies have guidelines for customer limits and the like to limit risk exposure.

CO-OPERATION WITH SUPPLIERS

Addtech works closely with its internationally active suppliers to further develop technical applications and service solutions. Collaboration involves sales of the supplier’s standard components as well as modifying them to develop new application solutions that meet specific customer needs.

Addtech’s subsidiaries are always on the lookout for new suppliers through established contacts or at venues such as trade fairs. Developing close collaboration places stringent demands. A good supplier is one that allows Addtech to add value. The supplier must also

- be a market leader in its niche
- work with high quality standards
- have attractive product development
- be accountable in its approach to ethical and environmental issues.

The choice of strategically important suppliers is of crucial importance to Addtech and requires major commitment. The responsibility for choosing suppliers therefore ultimately rests with the companies’ management and boards of directors.

OTHER PROCESSES

Governance

Each individual subsidiary is governed by a president, who has the task of complying with Group-wide financial guidelines. This policy is essential for well-functioning internal benchmarking, which in turn allows for effective efforts to make improvements. One of these financial guidelines is the important P/WC relationship (operating income/working capital) used to evaluate the companies’ performance from a financial perspective.

The Group works actively to benchmark the different subsidiaries so that they can compare their efforts and results with each other.

The management teams of the business areas are heavily involved in the companies. They participate in the board of directors´ work and also initiate and support internal co-operation.

Giving the employees great individual freedom places high demands on both employees and managers. The organisation’s leaders formulate clear goals and guidelines for how work is to be performed, and associates are responsible for reaching those goals.

Administration and IT

The same enterprise resource planning system (ERP) is used at Group level and in several subsidiaries. Some companies also share administrative services in order to achieve higher cost efficiency.

Purchasing and logistics

When several subsidiaries have identified common opportunities to take advantage of synergies in purchasing and logistics, they do so whenever possible. However, in some cases the differences among Addtech’s market niches limit the opportunity to develop comprehensive solutions.

ETHICS, QUALITY AND THE ENVIRONMENT

"Transparency and accountability permeate our operations"

Addtech's business is based on respect for its employees and business partners, as well as society and the environment. Issues related to ethics, quality and the environment are an integrated part of the subsidiaries' strategy and operations.

ETHICAL BUSINESS PRACTICES

Addtech strives to achieve an ethical approach to business activities, permeated by transparency and accountability. This policy is expressed in the employees' internal relations and in their external contacts with customers, suppliers, shareholder and other stakeholders. The overall objective is, of course, to ensure that the integrity of the Group is beyond question. At the same time, this policy also provides entrepreneurial advantages since it fosters trust between the Group and its employees, investors and business partners.

ENVIRONMENTAL ACCOUNTABILITY

The subsidiaries conduct active environmental work, and the Group operates in accordance with an overall environmental policy. Environmental work is performed within the framework of Addtech's business model and is integrated into day-to-day operations. The environmental work encompasses the following three areas.

Products

Environmental considerations mark the entire product cycle from development and design to purchasing and recycling. It is important for the subsidiaries to meet all specific requirements in the different segments where they are active. Environmental work also involves business opportunities of strategic importance where the subsidiaries create solutions that are good for the customer's business from an environmental perspective.

Addtech maintains a high level of competence relating to the environmental requirements that apply to the area where each subsidiary is active. For example, this means that the subsidiaries suggest solutions at an early stage as to how customers can meet new environmental requirements, or help them to use materials with lower environmental impact when choosing between materials with equivalent properties.

Waste

Waste is of concern primarily for the producing companies, which recycle all waste from development and production. Certain subsidiaries offer products of a character that the company is obliged to take care of after they have been consumed. All subsidiaries also work with recycling of packaging and consumable supplies.

Transport

Transportation issues concern the entire supply chain, from supplier to customer. Aspects such as price, shipping time and environmental impact are reviewed when choosing mode of transportation. The overall assessment serves as the basis for choice of carrier.

"Wind power plays an important role in the EU's future energy supply. We have been active in this industry since its inception."

"WIND POWER PLANTS AT SEA"

Wind power is the world's fastest growing source of energy, and great potential can be found in offshore wind power plants, where Denmark holds a leading position. Danish Betech Seals A/S, Addtech Transmission's biggest subsidiary, which is active in fields such as gaskets, collaborates with several major players in the industry.

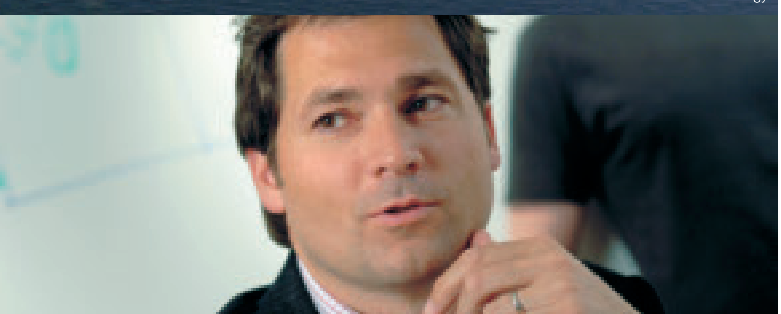
Large growth potential

According to the EU's new action plan for energy consumption, 20 percent of the EU's energy must come from renewable sources by 2020. In per-capita terms, Denmark currently derives a bigger percentage of its energy supply from wind power than any other country in the world. Other countries that have a high potential for wind power include Germany, Spain, the United States and India.

Claus Nielsen, President of Betech Seals, emphasises the potential of the company's knowledge and technology-intensive offering in wind power.

"Wind power plays an important role in the EU's future energy supply. We have been active in this industry since its inception. For example, Denmark wants 50 percent of its energy consumption to come from wind power by 2030. Wind power has had an annual global growth rate of 25 percent over the past decade."

Photo: DONG Energy



Co-operation within construction

"For many years we have collaborated with MT Højgaard, one of Denmark's leading construction firms, with respect to an enormous rubber gaskets, known as a 'grout packer'. It is a patented, custom-manufactured gaskets that is necessary to be able to mold the foundation to the wind power on the seabed," says Mr. Nielsen.

The close collaboration between the two firms is only natural. Betech Seals has extensive experience from the gaskets industry and has cutting-edge technical expertise in materials, combination alternatives and manufacturing processes.

Function of the gaskets

Mr. Nielsen explains the function of the rubber gaskets in greater detail:

"The gaskets are between 3.5 and 4.5 meters in diameter. They sit in the transition between the steel cylinders that are drilled down into the seabed and the base sections of the wind power plant. They are flexible, yet strong enough to withstand the pressure from 22 tonnes of drying cement. The foundation must stand up to 400 tonnes of steel exposed to hurricane-force winds and giant waves."

QUALITY AS A COMPETITIVE ADVANTAGE

Addtech sees its quality consciousness as a competitive advantage, and it is therefore an obvious component of the customer offer. The Group therefore conducts extensive quality work, with respect to both products and processes, where all procedures, from purchasing and stocking, to delivery of solutions, interact to produce a high-quality offering.

The companies work in line with the quality requirements set in each respective industry. The requirements in the industries and markets in which Addtech is active are generally extremely high.

Environmentally and quality-certified subsidiaries

A large number of Addtech' subsidiaries are environmentally certified and/or quality certified. Environmental certification is in accordance with ISO 14001 or EMAS (Eco-Management and Audit Scheme), and quality certification is according to ISO 9001.

Certification places high demands on the companies, requiring well-organised thorough control systems and procedures. In many cases the customer demands that a supplier has ISO certification so as to have a receipt ensuring that the business is operationally safe and meets high standards.

STRINGENT DEMANDS ON SUPPLIERS

The largest risk for divergence from Addtech's stringent requirements with respect to ethics, quality and the environment is among suppliers. The Group places stringent requirements on suppliers so as to be able to guarantee that due consideration is given to these areas.

Delivery security, quality and environment are evaluated as well as adherence to the law and other regulations in the country of the supplier before co-operation is initiated with a new supplier. Addtech employees continually visit suppliers and on those occasions these issues are reviewed.

ADDTECH'S ENVIRONMENTAL POLICY

Addtech's overarching environmental policy expresses the Group's desire to accept its share of the responsibility to improve the environment and to help achieve sustainable development.

The tenet of environmental awareness and conservation of natural resources shall be an important consideration for the Group's business activities. The environmental work is carried out within the framework of the business model and is well integrated in the Group's operating activities.

With high competence among our employees, and by always developing knowledge about environmental impact, we can achieve a holistic approach to environmental issues. Environmental measures will be taken as long as they are economically and technically feasible and motivated from an environmental point of view.

Responsibility for day-to-day environmental work rests with each individual subsidiary in the Group.

BUSINESS AREA

Addtech Components

Addtech Components' markets have shown strong growth and the business area reported its best earnings ever. In 2006/2007 net revenues amounted to MSEK 979, which is equivalent to 27 percent of Addtech's revenues.

BUSINESS

Addtech Components focuses on electronic and electro-mechanical components as well as sub-systems for export-oriented OEM customers in the engineering, vehicle and electronics industries.

Components focuses on both developing next-generation products and on delivery for current production. The business area therefore has long-term relationships with suppliers and customers. The subsidiaries are involved throughout the product life cycle from early product development to years of production.

To meet the customers' needs, the subsidiaries participate in global networks of component suppliers with respect to product development, production and logistics. In some cases the companies use carefully controlled assembly by subcontractors.

These activities are carried out in areas such as electro-mechanical solutions for the vehicle industry, Human-Machine Interface (HMI) equipment and sensors for the manufacturing industry. Examples of products are connecting devices, cabling and electric motors. Joysticks and sensors are sold under the Group's own brands, Caldaro and Adiator.

CUSTOMERS AND MARKET

About 85 percent of sales go to Nordic OEM customers, mainly export-oriented manufacturing companies in the engineering, vehicle and electronics industries.

Customers include manufacturers of forestry machinery and medical equipment. The majority of customers have global market positions.

Sales of standard components serve as a valuable base for the operations, reinforced by the business area's own brands and its ability to provide value-adding custom solutions.

DEVELOPMENT 2006/2007

The business area continued to show good earnings performance during the year and can therefore report its best operating income ever. Components' niche markets have shown strong growth.

Demand for production elements from the export industry continued to grow, which has driven the increase in volume. The improvement in profitability is mainly attributable to the higher net revenue combined with the continued strengthening of business with high technology and added-value content.

During the autumn Addtech acquired Specma Drives, which develops and delivers electro-mechanical solutions. At the end of the financial year, Components acquired the four Metric Industrial companies, which sell components and sub-systems in industrial automation as well as measurement and testing systems in Finland, Denmark, Sweden and Norway.

EXAMPLES OF CUSTOMERS

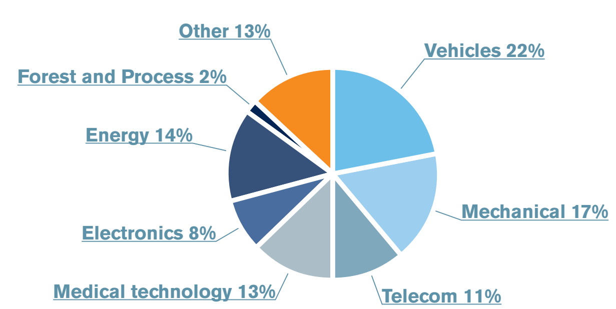
ABB, BT Industries, Gambro, John Deere and Volvo Group.

EXAMPLES OF COMPETITORS

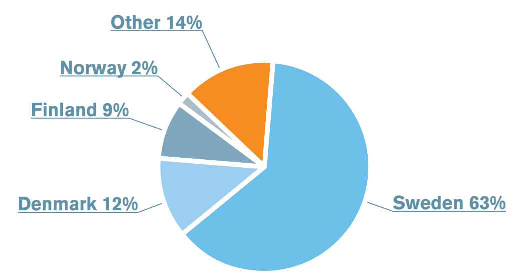
Beijer Electronics, ElektronikGruppen and OEM International.

Key indicators	2006/2007	2005/2006	2004/2005
Net revenues, MSEK	979	889	802
Operating income, MSEK	108	90	71
Operating margin, %	11.0	10.1	8.9
Operating capital, MSEK	195	130	125
Return on operating capital, %	55	69	57
Capital expenditure on tangible non-current assets, MSEK	4	3	7
Average number of employees	198	189	188

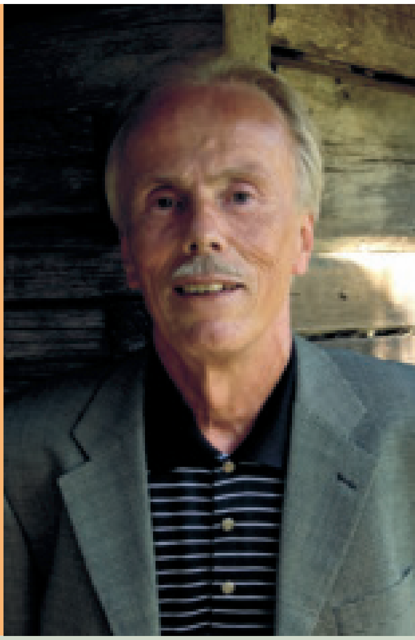
Revenues by customer segment



Revenues by market



"Our know-how in product development enables us to become strategic partners with our customers."



READY TO HANDLE CRISES

To meet the stringent requirements of demanding customers, Addtech's subsidiaries co-operate with leading suppliers with respect to product development and production. One example is Finnish Stig Wahlström Oy, which focuses on areas such as knowledge-intensive automation solutions in air quality and heating.

Robust communication centre

Sometimes accidents occur that never should have happened. It might be a gas leak in a refinery or a fire in an industrial park. In this type of crisis, things can't go wrong and responsible authorities must quickly bring the situation under control.

To get close to the hot spot sometimes you need a "Communication Node", a robust communication centre in the form of a mobile container. Stig Wahlström Oy's partner, the LST Group, manufactures and equips such containers.

Vital sub-system for air quality

A vital sub-system in the communication node is an automated sensor solution that monitors the carbon dioxide level, to ensure that it does not exceed permissible values while people are working in the container.

Lauri Lindström, President of Stig Wahlström Oy, says, "We were given full responsibility to develop the air quality solution. Our talented engineers designed the sub-system according to customer specifications. Our international networks with leading suppliers enabled us to develop the custom alarm and control centre according to these very tough demands."

Leading supplier as manufacturer

The task of manufacturing the sub-system was assigned to SenseAir, a world-leading company in infrared gas sensor technology, which produces the intelligent sensors included in this product.

"As owners of the solution we ensured that SenseAir received additional components from other suppliers, such as switches, indicator lights and cabling, so that they could produce the customer-specific air quality system. The customer is very satisfied with the results," says Mr. Lindström.

Strategic partner

Asko Kosonen (photo), sales manager for Stig Wahlström Oy, a driving force in the project, says, "Our know-how in product development enables us to become strategic partners with our customers. In addition to our internal knowledge and the network with international supplies, we also have access to experts in fields such as electronics, software and plastics."

BUSINESS AREA

Addtech Transmission

Addtech Transmission has developed well and strengthened its positions in its markets. During 2006/2007 net revenues in the business area amounted to MSEK 1,144, which is equivalent to 31 percent of Addtech's revenues.

BUSINESS

Addtech Transmission trades with suppliers' components and sub-systems as well as with in-house manufactured products sold under its own brand names. Transmission's offering includes gaskets, vibration dampers, chains, electric motors, gear units, hydraulic components and transmission products.

Manufacturing and sale of customised products and solutions place high demands on technical know-how. Transmission's subsidiaries strive to be involved throughout the product life cycle – from early product development and streamlining of existing manufacturing processes, to aftermarket services.

Transmission's agency activities focus on electromechanics and hydraulics in the Nordic market. Agency operations provide added value in the form of custom modifications of products and solutions.

The business area's manufacturing subsidiaries with their own products and brand names in transmission and machine elements sell their products in an international market. Examples of brands include FB in chains, as well as Betech Seals Addfric® and Addcoat® in seals and gaskets.

CUSTOMERS AND MARKET

Transmission is the business area that has the largest percentage of in-house produced products and brand names. Most sales go to manufacturing companies where the subsidiaries are suppliers to industrial customers in mechanical engineering as well as the vehicle and forestry products industries.

About 20 percent of net revenues come from markets outside the Nordic countries, mainly through subsidiaries in the United Kingdom, Germany and Austria.

DEVELOPMENT 2006/2007

Transmission continues to perform well in all areas of technology, and has therefore been able to strengthen its positions in its markets during the past year.

The improvement in volume and income can largely be attributed to the continued stable business climate for replacement components as well as the increased demand for production elements. The robust economy has further strengthened the positive financial performance.

Examples of market segments where demand has increased are wind power and the offshore industry in the Nordic countries and elsewhere in Europe.

During the year the Group acquired Kurt Wiig AS, which delivers customer-specific hydraulics solutions to the Norwegian offshore and subsea industry.

EXAMPLES OF CUSTOMERS

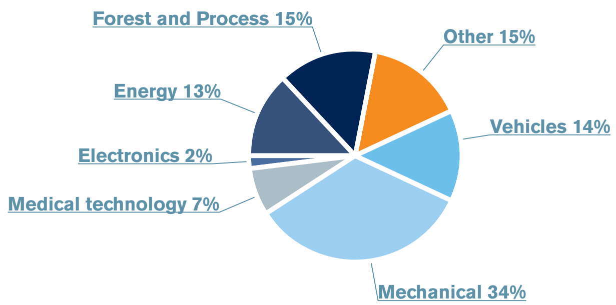
ABB, BT Industries, MAN B&W, Tetra Pak and Vestas Wind Systems.

EXAMPLES OF COMPETITORS

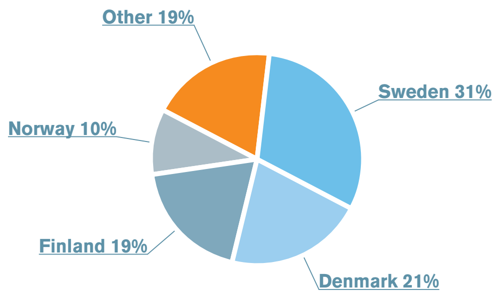
FR Ramström, OEM International and SKS Group.

Key indicators	2006/2007	2005/2006	2004/2005
Net revenues, MSEK	1,144	1,054	894
Operating income, MSEK	126	108	63
Operating margin, %	11.0	10.2	7.0
Operating capital, MSEK	204	180	177
Return on operating capital, %	62	60	36
Capital expenditure on tangible non-current assets, MSEK	11	8	7
Average number of employees	460	452	450

Revenues by customer segment



Revenues by market



"We offer value-adding total solutions. The actual chains together with relevant components are only one part of our customer offering."

INNOVATIVE, CUSTOMISED TOTAL SOLUTIONS

Innovation in business always involves adding new value for customers, though not necessarily through new products and services. A perfect example of this is Austrian FB Ketten's customised total solutions that meet customers' needs for chains in different industries.

New value for customers

From Addtech's viewpoint, an important aspect of innovation is the ability to add value to customers' products, services or manufacturing processes. For example, by identifying similar production and industry-related business opportunities among both OEM customers and end users, the chain companies in the FB group have successfully packaged a number of products and services into total solutions.

Significance of value-adding total solutions

Addtech generates revenues from both OEM sales and the aftermarket.

Thomas Wagner, President of FB Ketten Austria, says, "We offer value-adding total solutions consisting of both products and aftermarket services. The actual chains together with relevant components are only one part of our customer offering. Before we deliver this, based on our application expertise in mechanical engineering, we identify exactly which types of complementary service solutions customers need to optimize their production capacity."

Internal knowledge transfer

Thomas Wagner, who became President of FB Ketten Austria in 2003, had plans at an early stage to expand its substantial business in conveyor chains with other niche solutions. One example is how the company's hoisting-chain solutions have resulted in new customers among both forklift manufacturers and their end users, especially in neighbouring Germany. This was possible through the knowledge transfer in technology and marketing that takes place in the FB companies' internal network.

"There is a tradition of sharing knowledge and expertise in the FB group. Each individual company, including FB Ketten, has special strengths in certain industries that are used for internal cross-fertilisation. The different FB companies organise training sessions where employees from other group companies in different European countries learn about customised total solutions," says Mr. Wagner.

Large customer benefit

Both OEM customers and their end users have welcomed FB Ketten's customised package solutions for different industries.

According to Mr. Wagner, "End users of our transport chain solutions such as large sawmills can't afford interruptions in production, which cost an average of EUR 70,000 per hour. Access to high-quality aftermarket service is therefore related to profitability. In addition it is important that equipment that affects safety, such as hoisting chains, is of such quality that forklift operators are not exposed to danger. They should therefore be maintained by specialist companies such as FB Ketten."

BUSINESS AREA

Addtech Equipment

Addtech Equipment has improved profitability through efficiency measures and corporate acquisitions. During 2006/2007 net revenues in the business area amounted to MSEK 823, which is equivalent to 22 percent of Addtech's revenues.

BUSINESS

Addtech Equipment operates in the areas of batteries, energy supply and production equipment. Examples of products are batteries, electric power products, production machinery and consumable supplies.

In addition to trading, the subsidiaries are also involved with manufacturing of niche products under their own brands. Examples of brand names include Abatel, Batteriunion, Celltech, Gevea and Tufvassons.

Value-adding adaptation of standard components and solutions, in close collaboration with supplier and customer, mainly takes place in niches for power supply and specialised production machinery.

Companies also offer aftermarket services such as training, service and support, which generate both long-term customer relationships and recurring revenue streams.

CUSTOMERS AND MARKET

The business area's main market is the Nordic countries. Just over half of sales go to the end-user segment. Customers can mainly be found in the electronics, vehicle and telecom industries and the energy sector. Sales outside the Nordic Region account for 13 percent of revenues, with the most important markets being Germany, Poland and the Baltic States.

In batteries and transformers, Equipment's subsidiaries command leading market positions in niches with stable demand for new purchases and from the aftermarket. Important applications for batteries include medical equipment, specialised vehicles and telecom facilities.

Sales of production equipment and accessories have increased as a result of the robust business cycle.

The energy market is in an interesting development phase, in part due to investments in infrastructure to update the power grid.

DEVELOPMENT 2006/2007

Efficiency measures and adaptation of operations have led to increased earnings and improved profitability in the business area.

The year was otherwise influenced by three acquisitions, two of which were in the energy area, an interesting field for future developments. The acquisition of Blästerprodukter strengthened the offering in mechanical surface treatment to the manufacturing industry. The acquisitions have contributed to the improved earnings.

For example, the market for the business area's energy-generating products and battery solutions has improved during the past year.

EXAMPLES OF CUSTOMERS

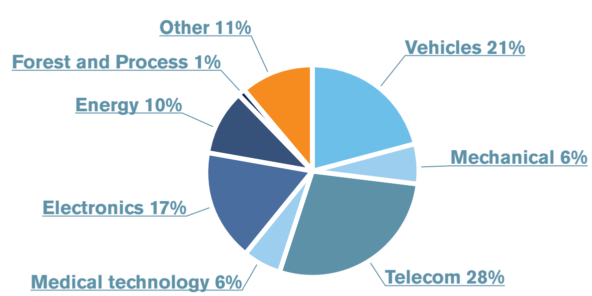
Atlet, Ericsson, Hjälpmedelscentralerna, Nokia and Sandvik.

EXAMPLES OF COMPETITORS

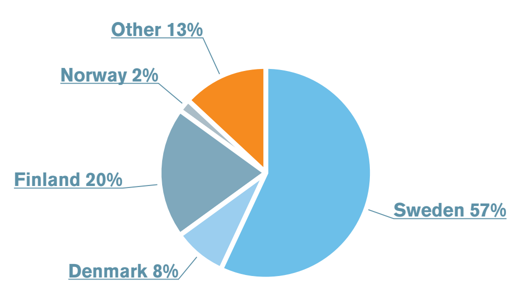
G&L Beijer, Indutrade and OEM International.

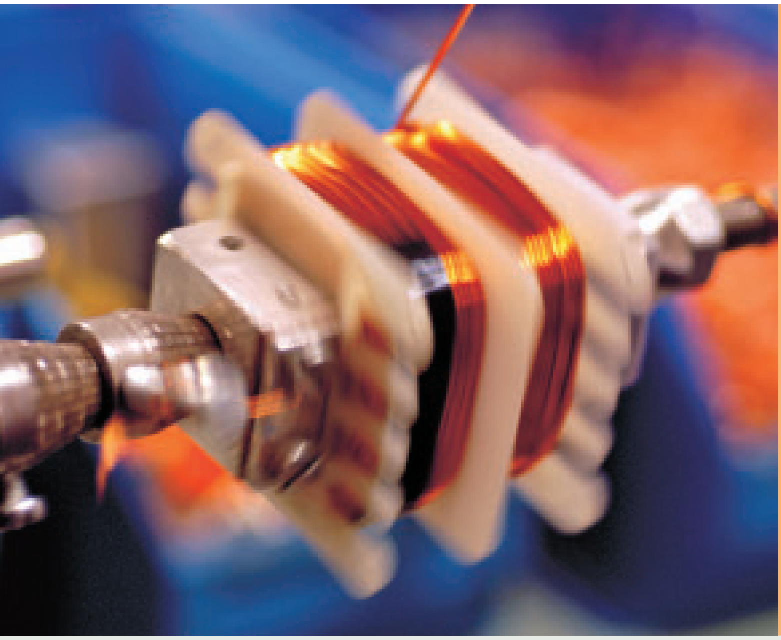
Key indicators	2006/2007	2005/2006	2004/2005
Net revenues, MSEK	823	748	730
Operating income, MSEK	70	45	40
Operating margin, %	8.5	6.0	5.5
Operating capital, MSEK	140	97	89
Return on operating capital, %	50	47	45
Capital expenditure on tangible non-current assets, MSEK	4	9	3
Average number of employees	309	303	308

Revenues by customer segment



Revenues by market





"The establishment in Poland for production of transformers was important for breaking into the German market, which is the largest in Europe. Today we sell to German companies from both Poland and Sweden."

EXPANSION IN EUROPE

Back in 1994 Tufvassons Transformator AB initiated production and sales in Poland through the subsidiary Breve-Tufvassons Co Ltd, which currently has 65 employees. This was an important step towards expansion in Europe.

"The establishment in Poland for production of transformers was important for breaking into the German market, the largest in Europe. High costs in Sweden made it difficult to export to Germany, but establishing operations in Poland made this a more successful venture. Today we sell to German companies from both Poland and Sweden," says Görgen Hultgren, President of Tufvassons.

Customised products

The value-adding, refining role that Addtech's 65 subsidiaries jointly have also influences Tufvassons' Polish operation. According to Mr. Hultgren, "No matter where we base production, more than 80 percent of the products are adapted to the needs and requirements of the customers. Thanks to the fact that we have expertise and capacity as both technology developers and manufacturers, we can quickly provide the tailored products that our customers demand."

High growth in the region

The substantial economic growth in Poland and other new EU countries in Central and Eastern Europe naturally drives up wages and other expenses. At the same time developments lead to increased investments in the business sector and publicly-financed infrastructure.

"Our presence in a high-growth part of Europe is, of course, promising for the future. In addition to producing transformers under Tufvassons' own brand name, our Polish subsidiary also produces technically advanced products for several other European suppliers," says Mr. Hultgren.

Early establishment

"Tufvassons established operations in Poland 13 years ago. The fact that the company was there so early provides many competitive advantages," explains Mr. Hultgren.

"We have many experienced, committed employees in Poland who have created strong relations with suppliers and customers in the region, which has given us invaluable competitive advantages. In this way we have an excellent base for further expansion in Europe."

BUSINESS AREA

Addtech Life Science

Addtech Life Science developed well and reported improved operating income. During 2006/2007 net revenues in the business area amounted to MSEK 720, which is equivalent to 20 percent of Addtech's revenues.

BUSINESS

Addtech Life Sciences markets and sells instruments and consumable supplies to laboratories in health care and research, diagnostics equipment for the healthcare sector and process and analysis equipment for industry.

The business area focuses on products from globally successful suppliers. Examples include blood-gas equipment for the health care sector, chromatography equipment for research and pressure transmitters for the process industry.

Life Science provides added value through knowledge-intensive aftermarket services such as training, support and service, which is made possible by the business area's extensive technical and application knowledge. Thus, customers get maximum user benefit from the products.

CUSTOMERS AND MARKET

Most Life Science´s sales involve end users in the Nordic countries. Customers are mainly found in health care and research, as well as in the process, food and pharmaceutical industries.

The subsidiaries have strong market positions in their respective areas of operation. They are important partners for customers as well as suppliers, a fact which grows in importance in pace with the continuously growing knowledge and technology content of the products. These developments also produce a growing, and for Addtech profitable, need for aftermarket services.

Customers represent globally competitive Nordic companies and organisations in industry and research. The market for testing and diagnostic equipment for health care is stable over time and mainly affected by the general economy.

DEVELOPMENT 2006/2007

Life Science as a whole experienced a positive trend, with sales growth and improved operating income during the year.

The business area has a market-leading position in blood gas and coagulation, attributable to long-term successful sales work combined with increased demand.

Operations in process engineering have also advanced their market positions and grown in volume and earnings. One important explanation is the acquisition in December 2005 of Insatech A/S, which developed well during the year.

The laboratory-technology market is experiencing severe competition and price pressures, and so the business area has implemented measures to specialise and streamline operations, resulting in improved profitability.

EXAMPLES OF CUSTOMERS

AstraZeneca, Karolinska Institutet, Novo Nordisk and Sahlgrenska Universitetssjukhuset

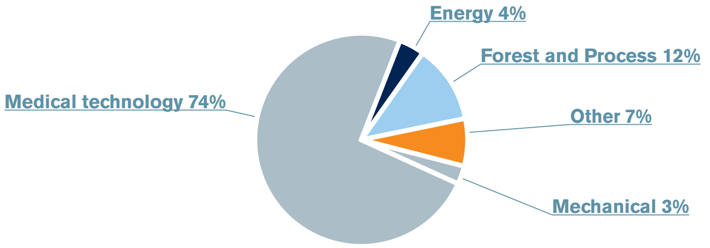
EXAMPLES OF COMPETITORS

Endress+Hauser, Roche and VWR International.

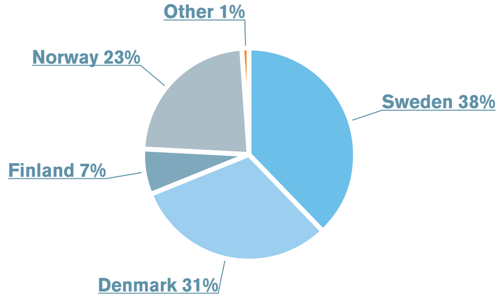
Key indicators	2006/2007	2005/2006	2004/2005[1]
Net revenues, MSEK	720	675	582
Operating income, MSEK	56	34	
Operating margin, %	7.8	5.0	
Operating capital, MSEK	186	173	
Return on operating capital, %	30	20	
Capital expenditure on tangible non-current assets, MSEK	8	11	
Average number of employees	249	239	237

1) Addtech Life Science has been part of the Addtech Group since 31 March 2005. Only information about net sales and average number of employees is provided for 2004/2005.

Revenues by customer segment



Revenues by market



"The analysis system makes it possible to reach a diagnosis on newborn infants in just minutes. We've sold the system to almost all regional and university hospital in Sweden."

CRUCIAL DIAGNOSIS OF CYSTIC FIBROSIS

Triolab AB is the Nordic agent of Nanoduct, US-based Wescor's world-leading, sweat-analysis system for the diagnosis of cystic fibrosis – a congenital disease that is hereditary and incurable. In Sweden, between 15 and 20 children are born with cystic fibrosis every year, and currently there are about 600 known cases. Both symptoms and treatment are incredibly demanding, and early diagnosis is crucial.

Best in the market

This is where Triolab and its supplier Wescor with its Nanoduct sweat-analysis system come into the picture. Håkan Dahlgren, Triolab's quality and business development manager, says "Wescor has been the global innovator with respect to sweat analysis in health care for over 25 years. We represent Wescor in the Nordic countries with this small, but crucial, sweat-analysis system for the diagnosis of cystic fibrosis. So far we've sold the system to almost all regional and university hospitals in Sweden."

Simple and reliable test

Nanoduct is the only modern sweat-analysis system for the diagnosis of cystic fibrosis in the world. It is both reliable and easy to use. The analysis system makes it possible to reach a diagnosis on newborn infants in just minutes, which was not previously possible. Rapid diagnosis and treatment increase the chances of both survival and a better quality of life.

Close partners in the Nordic countries

Triolab and Wescor have been partners in the Nordic countries since 1990. The market is too small to be economically viable for Wescor to create its own sales organisation. Instead Triolab serves as its marketing and sales channel. Håkan Dahlgren says "We offer close collaboration involving sales, active service and technical support, which is essential for long-term customer relations and additional sales. In addition we tailor training programmes to ensure optimal use of the equipment we sell."

"Our employees´ extensive knowledge plays an important role, as does the fact that we have both a technical-support department and dedicated sales representative in the field. This strategy enables us to constantly capture important signals from the customers," says Mr. Dahlgren.

KEY FINANCIAL INDICATORS

Multi-Year Summary

Effective 1 April 2005, Addtech applies International Financial Reporting Standards (IFRS).
Comparative data for the 2004/2005 financial year have been restated to IFRS, but not data for 2003/2004 and earlier.

MSEK unless stated otherwise	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002	2000/2001
Net revenues	3,661	3,362	2,422	2,210	2,275	2,360	2,502
Operating income[1]	360	271	170	96	98	86	214
Financial income and expenses	-9	-7	-5	-3	-5	-5	-7
Income after financial items	351	264	165	93	93	81	207
Net income for the year	256	194	119	64	64	53	149
1) For the purpose of comparison, the following items are included in the above operating income:							
Sale of businesses	–	–	–	-7	–	–	–
Sale of property	4	–	–	–	13	4	-1
Closing of businesses	–	–	–	–	-9	–	–
Alecta funds	–	–	–	–	–	–	14
Listing costs	–	–	–	–	–	-3	–
Total	**4**	**–**	**–**	**-7**	**4**	**1**	**13**
Intangible non-current assets	359	210	174	35	29	13	–
Tangible non-current assets	178	180	176	147	159	176	211
Financial non-current assets	18	15	10	11	7	6	7
Inventories	452	391	356	298	313	347	376
Current receivables	649	520	455	362	373	407	472
Cash and cash equivalents	73	110	159	121	97	92	151
Total assets	**1,729**	**1,426**	**1,330**	**974**	**978**	**1,041**	**1,217**
Shareholders' equity	547	459	460	410	432	417	415
Minority interest	9	6	5	4	3	6	6
Interest-bearing liabilities and provisions	332	215	189	99	101	166	167
Non-interest-bearing liabilities and provisions	841	746	676	461	442	452	629
Total shareholders' equity and liabilities	**1,729**	**1,426**	**1,330**	**974**	**978**	**1,041**	**1,217**
Capital employed	888	680	656	513	536	589	588
Operating capital	814	570	497	392	439	497	437
Financial net liabilities	259	105	32	-22	4	74	16
Operating margin, %	9.8	8.1	7.0	4.3	4.2	3.6	8.6
Profit margin, %	9.6	7.9	6.8	4.2	4	3.4	8.3
Return on equity, %	54	41	28	15	15	12	36
Return on capital employed, %	48	41	32	19	18	15	38
Equity ratio, %	32	33	35	42	44	41	34
Debt/equity ratio, multiple	0.6	0.5	0.4	0.2	0.2	0.4	0.4
Interest coverage ratio, multiple	21.4	20.9	17.7	10.5	8.6	6.9	12.8
Earnings per share, SEK	11.15	8.00	4.85	2.50	2.45	1.90	5.35
Earnings per share, after dilution, SEK	11.00	7.90	4.80	2.50	2.45	1.90	5.35
Cash flow per share, SEK	9.25	11.00	8.10	6.20	6.40	1.50	8.00
Shareholders' equity per share, SEK	24.40	19.90	18.80	16.70	16.80	15.70	14.90
Dividend per share, SEK	6.00[2]	4.00	2.75	2.00	1.50	1.20	
Average number of shares outstanding after repurchases, 000s	22,652	24,073	24,486	25,534	26,446	27,496	27,864
Average number of shares outstanding adjusted for dilution, 000s	22,977	24,366	24,616	25,534	26,446	27,496	27,864
Market price of share at 31 March, SEK	149.75	106.00	68.00	39.50	27.00	43.00	
Turnover rate of the share, %	29	41	13	21	20	29	
Cash flow from operating activities	209	265	197	159	169	41	223
Cash flow from investing activities	-183	-124	-124	-32	-41	-9	-220
Cash flow from financing activities	-63	-192	-35	-103	-123	-90	
Cash flow for the year	-37	-51	38	24	5	-58	
Average number of employees	1,235	1,198	958	996	1,072	1,155	940
Number of employees at year-end	1,306	1,211	1,198	966	1,035	1,100	1,162

2) As proposed by the Board of Directors.
The Addtech Group was capitalised 31 March 2001, so some data has been omitted.
Key financial indicators for 2000/2001 are pro forma, based on the assumptions contained in Addtech's prospectus of August 2001.

QUARTERLY DATA, ANNUAL DATA AND DEFINITIONS

Quarterly Data, Annual Data and Definitions

Quarterly Data	2006/2007				2005/2006			
Net revenues by business area	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Components	274	252	213	240	242	224	202	221
Transmission	315	286	268	275	279	271	243	261
Equipment	226	221	186	190	193	202	171	182
Life Science	202	183	156	179	194	191	121	169
Parent Company and consolidation items	-2	-1	-2	0	-1	-2	0	-1
Addtech Group	**1,015**	**941**	**821**	**884**	**907**	**886**	**737**	**832**

Quarterly Data	2006/2007				2005/2006			
Income by business area	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Components	37	25	22	24	28	20	20	22
Transmission	39	28	31	28	33	27	22	26
Equipment	21	20	15	14	14	11	9	11
Life Science	14	15	10	17	14	8	0	12
Parent Company and consolidation items	6	-1	-3	-2	-3	0	-4	1
Operating income	**117**	**87**	**75**	**81**	**86**	**66**	**47**	**72**
– as a percentage of net revenues	*11,5*	*9,2*	*9,1*	*9,2*	*9,5*	*7,4*	*6,4*	*8,7*
Financial income and expenses	-1	-3	-3	-2	-2	-3	-1	-1
Income after financial items	**116**	**84**	**72**	**79**	**84**	**63**	**46**	**71**
– as a percentage of net revenues	*11,4*	*8,9*	*8,8*	*8,9*	*9,3*	*7,1*	*6,2*	*8,5*

Annual Data	Net revenues			Operating income		
	2006/2007	2005/2006	2004/2005	2006/2007	2005/2006	2004/2005
Components	979	889	802	108	90	71
Transmission	1,144	1,054	894	126	108	63
Equipment	823	748	730	70	45	40
Life Science[1]	720	675	–	56	34	–
Parent Company and consolidation items	-5	-4	-4	0	-6	-4
Addtech Group	**3,661**	**3,362**	**2,422**	**360**	**271**	**170**

1) Addtech Life Science was acquired 31 March 2005, so comparative data for previous periods is not available.

- **Capital employed**
  Balance sheet total, less non-interest-bearing liabilities and provisions.
- **Cash flow per share**
  Cash flow from operating activities, divided by the average number of shares outstanding.
- **Debt/equity ratio**
  Interest-bearing liabilities and interest-bearing provisions in relation to shareholders' equity.
- **Earnings per share**
  Net income for the year attributable to shareholders, in relation to the average number of shares outstanding.
- **Earnings per share, after dilution**
  Net income for the year attributable to shareholders, in relation to the average number of shares outstanding, adjusted for shares added through the exercise of outstanding personnel options.
- **Equity ratio**
  Shareholders' equity as a percentage of the balance sheet total
- **Financial net liabilities**
  Interest-bearing liabilities and interest-bearing provisions, less cash and cash equivalents.
- **Interest coverage ratio**
  Income after financial items, plus interest expense, plus/minus exchange rate differences, in relation to interest expense plus/minus exchange rate differences.
- **Operating capital**
  Capital employed, less cash and cash equivalents.
- **Operating margin**
  Operating income as a percentage of net revenues.
- **Personnel turnover**
  Number of employees who left the Company during the period, in relation to average number of employees.
- **Profit margin**
  Income after financial items as a percentage of net revenues.
- **Return on capital employed**
  Income after financial items, plus interest expense, plus/minus exchange rate differences, as a percentage of average capital employed.
- **Return on equity**
  Net income after taxes attributable to Parent Company shareholders, as a percentage of average shareholders' equity.
- **Return on operating capital**
  Operating income as a percentage of average operating capital.
- **Shareholders' equity per share**
  Equity attributable to Parent Company shareholders, divided by the number of shares outstanding at the balance sheet date.
- **Shares outstanding**
  Total number of shares outstanding, less the number of shares repurchased by the Company.

RISK AND SENSITIVITY ANALYSIS

Risk and Sensitivity Analysis

Addtech's income and financial position, as well as its strategic position, are affected by a number of internal factors under Addtech's control and by a number of external factors over which Addtech has limited influence.

The most important risk factors for Addtech are the state of the economy, structural change, the competitive situation and fluctuations in foreign exchange rates.

STATE OF THE ECONOMY

The markets in which Addtech is active largely follow overall industry trends. With the acquisition of Addtech Life Science, trends in the national economy have assumed greater importance, as these trends influence operating and capital expenditure in health care and research. Addtech's sensitivity to the economy is reduced by the Group's focus on multiple niches and the Group's diversified interests, as the dependence of customers' businesses on the business cycle varies. Addtech's significant sales of technical service, support and consumables to the aftermarket, as well as to laboratories and health care, further reduce the Group's sensitivity to the economy as a whole.

STRUCTURAL CHANGES AMONG CUSTOMERS

Structural changes among and consolidation by customers accentuate demands for added value in offerings from suppliers. To meet these demands, business units active in the market must have sufficient financial strength as well as significant service content and product offerings. In recent years, a clear trend has emerged in certain industries of outsourcing part of production to contract manufacturers. This involves risks as well as opportunities for Addtech, because a contract manufacturer could choose other suppliers, or new business opportunities could materialise.

The effects of increased internationalisation, by which production is relocated to different countries, have been limited, except in the early 2000s as telecommunications and electronics firms relocated. The Group's exposure to a large number of industries and the fact that no single customer accounts for more than about three percent of consolidated revenue reduce the potential impact of individual companies deciding to relocate abroad. Undeniable added value and the unique quality of Addtech's offering to customers generate opportunities to deliver outside the immediate geographic area.

COMPETITIVE SITUATION

Change and consolidation in the industry are constantly altering the competitive situation. Economies of scale may pressure prices, but Addtech's strategy includes achieving market-leading positions in specific niches, offering products and services for which price is not the sole deciding factor.

FUTURE LEVEL OF CAPITAL SPENDING

During the past three years, capital spending on tangible and intangible non-current assets has totalled MSEK 103, mostly in IT equipment, machinery and other equipment. During the same period, investment in corporate acquisitions totalled MSEK 350. Over time, the key determinant of the future level of capital spending is the pace of corporate acquisitions.

SEASONAL VARIATIONS

Overall, Addtech's business has limited vulnerability to seasonal variations. Business activities normally follow the seasonal pattern of manufacturing, which means lower sales during the summer months. Based on historical results, less than half of the revenue is generated in the first two quarters of Addtech's financial year (April–September), more than half in the last two quarters (October–March). Major deviations from this pattern may occur if general business conditions change rapidly during the course of a year. In individual business areas, such as Addtech Life Science, seasonal variations can be substantial.

CHANGES IN VOLUME OF SALES

A small increase in volume in any business of the Group can be expected to improve operating income in line with the gross margin in that business. However, once volume has increased a certain amount, a level is reached at which resources must be expanded. In that case, incremental effects tend to reduce the marginal income from additional volumes to a level that eventually approaches the operating margin. When volumes decline, the short-term negative effect on operating income may be greater than the analogous positive effect of greater volumes. Actions must be taken to deal with this negative effect so that, in the slightly longer term, it approaches the operating margin. It should also be noted that the Group's different businesses operate under varying conditions with respect to gross margins and capacity utilisation, for instance. Thus different operations have different abilities to cope with volume growth, depending on existing resources, or to reduce resources in the event of decreasing volumes. The effects reported should be seen as indications only and do not include any effects of offsetting actions the Company would take in such eventualities.

Sensitivity Analysis	Change	Effect on operating income
Income items		
Sales volume	+/-5%	MSEK +20/-60
Cost of sales	+/-1%	MSEK -/+20
Payroll expense	+1%	MSEK -7
Overhead, not including payroll expenses	+1%	MSEK -5

FINANCIAL RISKS

For a discussion of the Group's financial risks, refer to Note 3.

ADDTECH

Table of Contents

ADMINISTRATION REPORT

1 April 2006–31 March 2007

The Board of Directors and the President of Addtech AB (publ), company number 556302–9726, hereby submit their annual accounts and consolidated financial statements for financial year 2006/2007. The annual accounts, including the audit report, comprise pages 34–69.

THE BUSINESS

Addtech is a leading technology trading group that develops and sells components, systems and equipment in well-defined niches to industrial companies and the service industry. The majority of customers are manufacturers in the mechanical, vehicle, telecom and electronics industries as well as laboratories for health care and research in the Nordic Region. Addtech provides its customers with technical as well as economic added value. The Group is organised into four business areas: Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science. The business is conducted by subsidiaries in Sweden, Finland, Denmark, Norway, the United Kingdom, Austria, Germany and Poland.

Since September 2001, Addtech's Class B share has been listed on the Stockholm Stock Exchange (Stockholmsbörsen) and is quoted on the Mid Cap list. The name Addtech is a clear expression of the Group's ambition to deliver added value in every situation and in every relationship.

NET REVENUES AND INCOME

Net revenues of the Addtech Group increased 9 percent during the financial year, to MSEK 3,661 (3,362). The increase was 4 percent after adjusting for units acquired and units sold and taking into consideration the translation effects of foreign exchange on consolidation of non-Swedish units. All operating units enjoyed healthy demand during the year, boosting net revenues in all four of the Group's business areas.

Operating income increased by 33 percent, to MSEK 360 (271), and income after financial items also increased by 33 percent, to MSEK 351 (264). The operating margin improved to 9.8 percent (8.1). Improved operating income resulted from stronger sales combined with ongoing streamlining initiatives in operations as well as an improved product mix. Operating income includes net capital gains of MSEK 4 on the sale of properties.

The foreign exchange translation of foreign units, adjusted for units acquired and units sold, had an impact of MSEK -26 on net revenues and MSEK -2 on operating income.

Net financial items ended at MSEK -9 (-7). Income after taxes increased by 32 percent, to MSEK 256 (194), and earnings per share 39 percent, to SEK 11.15 (8.00). The effective tax rate was 27 percent (27).

BUSINESS AREAS

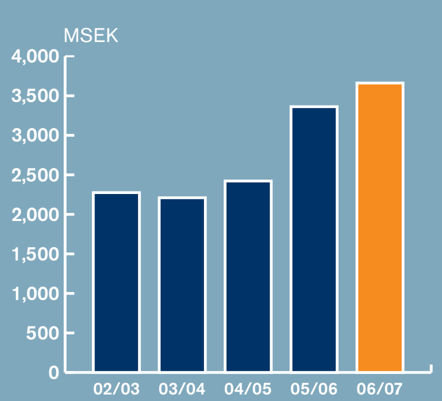
ADDTECH COMPONENTS

Addtech Components increased net revenues by 10 percent, to MSEK 979 (889). Adjusted for units acquired and translation differences, the increase was 8 percent. Operating income increased by 20 percent, to MSEK 108 (90). Demand from the export industry for production components was strong during the year. The main causes of healthier income were higher net revenues and the ongoing strengthening of businesses with a high degree of technology and added-value content.

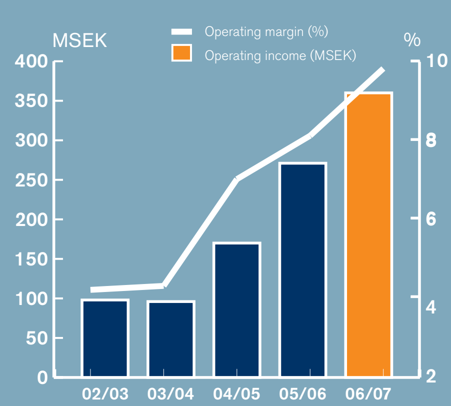
ADDTECH TRANSMISSION

Addtech Transmission lifted net revenues by 9 percent, to MSEK 1,144 (1,054). The improvement was 7 percent after adjusting for units acquired and units sold and taking into consideration translation effects. Operating income increased by 17 percent, to MSEK 126 (108). Business conditions for replacement components for maintenance and service work in industry remained stable during the year. At the same time, demand increased for production components from sectors such as wind power and the offshore industry, thus boosting volumes and income.

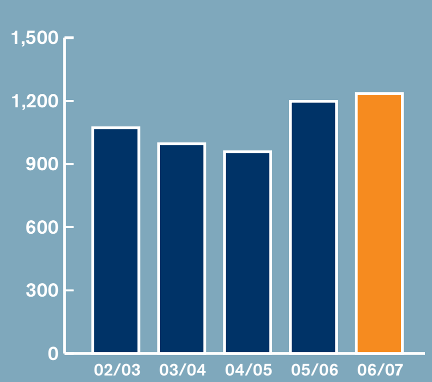
NET REVENUES



OPERATING INCOME AND OPERATING MARGIN



AVERAGE NUMBER OF EMPLOYEES



ADMINISTRATION REPORT

ADDTECH EQUIPMENT

Addtech Equipment increased net revenues by 10 percent, to MSEK 823 (748). Net income declined 1 percent after adjusting for units acquired and taking into consideration translation effects. Operating income increased by 56 percent, to MSEK 70 (45). The main reasons for such strong earnings were acquisitions completed, efficiency gains and adjustments in operations. Demand for the business area's energy components and battery solutions strengthened during the year.

ADDTECH LIFE SCIENCE

Addtech Life Science lifted net revenues 7 percent, to MSEK 720 (675). Net income was up 1 percent after adjusting for units acquired and taking into consideration translation effects. Operating income increased by 65 percent, to MSEK 56 (34). Units in the business area that focus on the laboratory market achieved efficiency gains that contributed greatly to improved income. In addition, stronger sales in the diagnostics field paired with corporate acquisitions contributed to boosting business volume as well as operating income.

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

The return on capital employed equalled 48 (41) percent. The return on equity was 54 (41) percent.

At year-end, the equity ratio stood at 32 (33) percent. Shareholders' equity per share, calculated as shareholders' interest in equity, ended at SEK 24.40 (19.90). The consolidated financial net liability totalled MSEK 259 at financial year-end, compared to MSEK 105 at the beginning of the financial year.

Cash flow from operating activities was MSEK 209 (265). Investments in non-current assets amounted to MSEK 41 (43), disposals MSEK 17 (1). Own shares were repurchased for MSEK 76 during the year.

CORPORATE ACQUISITIONS

Effective 1 April 2006, Kurt Wig AS is part of the Addtech Transmission business area. The company, with annual revenues of about MNOK 24, delivers customer-specific hydraulic solutions, primarily to customers in the Norwegian offshore and subsea industries.

Effective 30 June 2006, Blästerprodukter i Köping AB is consolidated in the Addtech Equipment business area. The company sells media, spare parts and accessories for blasting equipment, primarily to Swedish manufacturing industry. Annual revenues exceed MSEK 20.

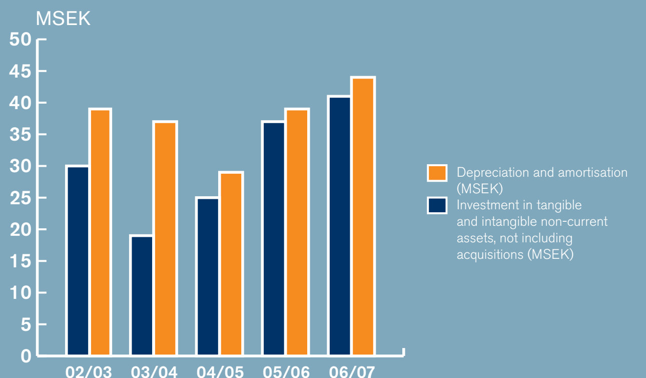
Effective 1 October 2006, Specma Drives AB is part of the Addtech Components business area. Specma Drives, with annual revenues of MSEK 40, designs and markets electromechanical drive systems.

Gevea Holding AB, which develops and markets equipment for high-voltage electricity transmission, is consolidated in the Addtech Equipment business area effective 1 December 2006. The company's net revenues are roughly MSEK 65.

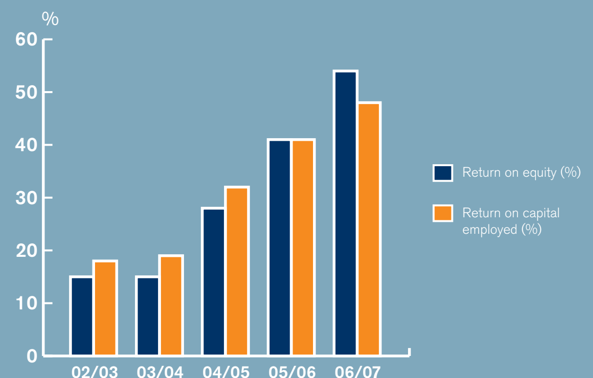
At 29 March 2007, all shares in Metric Industrial Oy, Metric Industrial A/S, Metric Industrial AB and Metric Industrial AS were acquired. The four Metric Industrial companies sell components and systems for industrial automation as well as testing and measurement systems, in Finland, Denmark, Sweden and Norway. Annual revenues total MEUR 16, and the group has about 30 employees.

The consideration paid for all acquisitions completed during the financial year totalled MSEK 223. These acquisitions had a net effect of MSEK 106 on Addtech's consolidated net revenues and MSEK 7 on income after taxes for the period. If the acquisitions had been completed at 1 April 2006, their impact during the financial year would have been an estimated MSEK 338 on consolidated net revenues and an estimated MSEK 19 on income after taxes.

CAPITAL EXPENDITURES, DEPRECIATION AND AMORTISATION



RETURN ON EQUITY



ADMINISTRATION REPORT

EMPLOYEES

At year-end, the number of employees was 1,306, compared to 1,211 at the start of the financial year. Acquisitions completed during the financial year added 83 employees. The average number of employees during the year was 1,235, compared to 1,198 in the preceding financial year.

REPURCHASE OF OWN SHARES AND INCENTIVE PROGRAMMES

Upon approval of the Annual General Meeting in August 2006, 1,700,000 Class B shares previously repurchased were cancelled. The Annual General Meeting also authorized the Board of Directors to repurchase, during the period until the 2007 Annual General Meeting, up to 10 percent of all shares outstanding. During the financial year, the Company repurchased a total of 700,000 shares at an average price of SEK 109 per share. At 31 March 2007, the Company held a total of 1,199,000 of its own shares, acquired at an average price of SEK 89. Shares held in treasury correspond to 5.1 percent of the number of shares outstanding and 3.6 percent of the votes. Of total shares held in treasury, 494,000 secure the Company's undertaking towards holders of personnel options. The average number of shares held in treasury during the year was 1,791,458 (1,260,205).

The Board of Directors has decided to propose to the Annual General Meeting in August 2007 to renew the mandate for repurchase of Company shares. The proposal includes a mandate for the Board to acquire Company shares, during the period until the next Annual General Meeting, such that the number of shares held in treasury from time to time does not exceed 10 percent of shares outstanding. Repurchases shall be made via the Stockholm Stock Exchange. The Board proposes that this mandate include the possibility of using shares held in treasury as consideration in acquisitions or of selling repurchased shares via some channel other than the Stockholm Stock Exchange to finance acquisitions.

In December 2001, 56 members of senior management were awarded a total of 700,000 personnel options. To make this possible, an Extraordinary General Meeting of shareholders held 17 December 2001 resolved to transfer up to 700,000 Class B shares in the Company in the event that these options are exercised. The exercise price was set at SEK 44.80, equivalent to 110 percent of the average market price of the Addtech share during the period 3-7 December 2001. Upon approval by an Extraordinary General Meeting of shareholders in November 2004, the redemption period for the options was extended to 18 February 2010, inclusive. During the financial year, 86,000 options were exercised to acquire 86,000 shares. A total of 206,000 options have thus been exercised. If all personnel options are exercised, the number of shares outstanding will increase by 494,000, equivalent to 2.2 percent of the total number of shares outstanding and 1.5 percent of the votes.

RISKS AND UNCERTAINTY

Addtech's income and financial position, as well as its strategic position, are affected by a number of internal factors under Addtech's control and by a number of external factors over which Addtech has limited influence. The most important risk factors for Addtech are the state of the economy, structural change, the competitive situation and fluctuations in foreign exchange rates. See also page 32.

In addition, Addtech is affected by financial risks such as transaction exposure, translation exposure, financing risk, interest rate risk and credit and third-party risk. For a detailed description of how Addtech manages these financial risks, see Note 3.

ENVIRONMENTAL IMPACT

Units in the Group make active efforts to reduce the Group's environmental impact. The work is conducted locally by each company based on their specific circumstances. A Group-wide environmental policy has been adopted, spelled out in this Annual Report in the section on Ethics, Quality and the Environment (pages 20-21). About 15 companies have earned ISO 14001 certification or its equivalent. The Group conducts operations requiring a permit according to the Swedish Environmental Act in one subsidiary and operations requiring notification in one other subsidiary. No Group companies are involved in any disputes related to the environment.

RESEARCH AND DEVELOPMENT

The Group conducts research and development on its own to a very limited extent. The Group's business model entails continuous dialogue with and feedback from the suppliers, which account for most of the research and development that affects the Group's product offerings.

LEGISLATION AND ARTICLES OF ASSOCIATION

Swedish corporate law is applicable to Addtech AB, and the Company complies with all rules pursuant to the Company's listing on the Stockholm Stock Exchange. Addtech AB also adheres to the provisions of its Articles of Association. The Articles of Association are available on Addtech's website.

Addtech is currently not subject to the Swedish Code of Corporate Governance.

WORK OF THE BOARD AND GROUP GOVERNANCE

Addtech's Board of Directors consists of six members, including the Company's President. Directors are elected annually by the Annual General Meeting for the period ending at the adjournment of the next Annual General Meeting. At the Annual General Meeting held in August 2006, all previously elected directors were re-elected. The Board of Directors appoints a Chairman and a Vice Chairman from among its members. Members of the Company's senior management participate in Board meetings as reporters and as secretary. The Company's Chief Financial Officer serves as Board secretary. In compliance with the Stockholm Stock Exchange's ongoing requirements for listing, all directors elected by an Annual General Meeting are independent of the Company, with the exception of Roger Bergqvist, President. Three of the independent directors are also independent of the major shareholders in the Company. The Board of Directors is presented on page 70.

During the financial year, the Board met eight times, in addition to the statutory meeting after the Annual General Meeting. Four meetings were held in conjunction with the Company's release of interim reports, and one meeting was dedicated to strategic issues. Other matters dealt with by the Board included financial goals, corporate acquisitions, capital expenditures, accounting issues and evaluation of the work of the Board. Attendance by Directors was very high during the year. Only one Director was otherwise engaged on one occasion.

The Board of Directors has adopted rules of procedure. These rules of procedure govern the Board's methods, the division of responsibility between the Board and the President and the type of ongoing information to be provided to the Board. On a monthly basis, the Directors receive comments in writing on the Group's economic progress and other important events.

The Board has a remuneration committee and an audit committee. The Remuneration committee consists of the Chairman of the Board, Anders Börjesson, and Tom Hedelius, Vice Chairman, with Roger Bergqvist, President, as reporter. The Remuneration committee deals with issues concerning salaries and other terms of employment for the President and other members of senior management, based on guidelines adopted by Addtech AB's Annual General Meeting. Information on compensation to the Board of Directors, the President and other members of senior management is provided in Note 6 on pages 53-54. The audit committee is made up of members of the Board not employed by the Company. At the meeting dealing with the final accounts for the financial year, the auditors reported on their audit work, on observations made in connection with the audit of the Parent Company and the Group and on internal accounting control within the Group.

The President is responsible for day-to-day operations and, together with the Board, for supervising operations. Addtech's Group management consists of five persons, including the Company's President. Information about the President and other senior managers in the Group is found on page 71. The Group's four business areas are led by four business area managers, and the Group's operations are conducted by approximately 60 subsidiaries. Each subsidiary has a Board of Directors with a Chairman from the subsidiary's business area's management group.

ELECTION COMMITTEE

The 2006 Annual General Meeting authorised the Chairman of the Board of Directors to form an election committee for upcoming elections to the Board, by appointing representatives from among the five shareholders controlling the largest number of votes in the Company, to serve with the Chairman. The election committee comprises Anders Börjesson, Chairman of the Board, Björn Franzon, representing Fjärde AP-fonden, Tom Hedelius, Marianne Nilsson, representing Swedbank Robur, and Pär Stenberg.

The tasks of the election committee include evaluating the composition of the Board and its work, nominating a person to chair the Annual General Meeting and people to serve on the Board, proposing fees to be paid to Board members not employed by the Company and, when applicable, selecting a registered auditing firm and audit fees as well as principles for the election of members to the election committee.

Information about the composition of the election committee was given in the interim report published 6 February 2007.

The proposals of the election committee to the Annual General Meeting will be presented in the notice for the Annual General Meeting and on the Company's website.

PARENT COMPANY

Operations in the Parent Company, Addtech AB, include Group management, Group reporting and financial management.

The Parent Company's net revenues totalled MSEK 29 (28), with income after financial items of MSEK 447 (178). This result includes income of MSEK 450 (188) from shares in Group companies. Net investments in non-current assets were MSEK 0 (0). The Parent Company's financial net liability was MSEK 130 at the end of the period, compared to MSEK 241 at the start of the financial year.

FUTURE PROSPECTS

The market situation strengthened during the financial year. The financial position is solid, and Addtech has excellent opportunities for future growth. The Group's goal is to achieve earnings growth of at least 15 percent annually, over a complete business cycle, combined with profitability.

See page 68 for the proposed dividend and allocation of earnings.

FINANCIAL STATEMENTS

Consolidated Income Statement

MSEK	Note	2006/2007	2005/2006
Net revenues	4, 5	3,661	3,362
Cost of sales		-2,422	-2,242
Gross profit		**1,239**	**1,120**
Selling expenses		-605	-562
Administrative expenses		-288	-299
Other operating income	9	32	31
Other operating expenses	9	-18	-19
Operating income	3–10, 16	**360**	**271**
Financial income	11	8	6
Financial expenses	11	-17	-13
Net financial items		**-9**	**-7**
Income before taxes		**351**	**264**
Taxes	13	-95	-70
NET INCOME FOR THE YEAR		**256**	**194**
Attributable to:			
Parent Company shareholders		253	193
Minority interest		3	1
Earnings per share, SEK	31	11.15	8.00
Earnings per share, after dilution, SEK	31	11.00	7.90
Dividend per share, SEK		6.00[1]	4.00
Average number of shares outstanding after repurchases, 000s		22,652	24,073
Number of shares outstanding at end of period after repurchases, 000s		22,434	23,048

1) As proposed by the Board of Directors.

FINANCIAL STATEMENTS

Consolidated Balance Sheet

MSEK	Note	2007-03-31	2006-03-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	359	210
Tangible non-current assets	15	178	180
Other non-current securities holdings	17	15	11
Non-current receivables	17	1	1
Deferred tax assets	13	2	3
Total non-current assets		**555**	**405**
CURRENT ASSETS			
Inventories	18	452	391
Tax claims		3	0
Accounts receivable		580	475
Prepaid expenses and accrued income	19	41	30
Other receivables		25	15
Cash and cash equivalents		73	110
Total current assets		**1,174**	**1,021**
TOTAL ASSETS	27	**1,729**	**1,426**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	20		
Share capital		51	51
Other capital contributed		344	344
Reserves		7	8
Retained earnings, including net income for the year		145	56
Equity attributable to Parent Company shareholders		**547**	**459**
Minority interest		9	6
Total Shareholders' Equity		**556**	**465**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	24	10	14
Provisions for pensions	22	172	163
Deferred tax liabilities	13	101	74
Total non-current liabilities		**283**	**251**
CURRENT LIABILITIES			
Current interest-bearing liabilities	25	150	38
Accounts payable		354	332
Tax liabilities		41	40
Other liabilities		138	107
Accrued expenses and prepaid income	26	194	171
Provisions	23	13	22
Total current liabilities		**890**	**710**
Total liabilities	27	**1,173**	**961**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,729**	**1,426**

FINANCIAL STATEMENTS

Consolidated Cash Flow Statement

MSEK	Note	2006/2007	2005/2006
OPERATING ACTIVITIES			
Income after financial items		351	264
Adjustment for items not included in cash flow	29	37	50
Income tax paid		-97	-57
Cash flow from operating activities before changes in working capital		291	257
Cash flow from changes in working capital:			
Changes in inventories		-24	-16
Changes in operating receivables		-80	-33
Changes in operating liabilities		22	57
Cash flow from operating activities		**209**	**265**
INVESTING ACTIVITIES			
Purchase of tangible non-current assets		-27	-32
Sales of tangible non-current assets		16	1
Purchase of intangible non-current assets		-14	-5
Acquisition of subsidiaries, net liquidity effect	29	-160	-87
Sales of subsidiaries, net liquidity effect	29	1	5
Investments in financial assets		–	-6
Sales of financial assets		1	–
Cash flow from investing activities		**-183**	**-124**
FINANCING ACTIVITIES			
Repurchase of own shares		-76	-141
Options exercised by employees		4	2
Borrowings		115	21
Repayment of loans		-15	-6
Other financing		1	-1
Dividend paid to Parent Company shareholders		-92	-67
Dividend paid to minority interest		0	0
Cash flow from financing activities		**-63**	**-192**
Cash flow for the year		**-37**	**-51**
Cash and cash equivalents at beginning of year		110	159
Exchange rate differences on cash and cash equivalents		0	2
Cash and cash equivalents at year-end		**73**	**110**

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings including net income for the year	Total	Minority interest	Total Equity
EQUITY, OPENING BALANCE 1 APRIL 2005	**51**	**344**	**0**	**65**	**460**	**5**	**465**
Adjustment for changed accounting policy (IAS 39)	–	–	-1	0	-1	–	-1
Adjusted equity 1 April 2005	**51**	**344**	**-1**	**65**	**459**	**5**	**464**
Effect of hedge accounting as per IAS 39	–	–	1	–	1	–	1
Year's change in translation reserve	–	–	8	–	8	–	8
Net income for the year	–	–	–	193	193	1	194
Net changes recognized directly in equity, excl. transactions with shareholders	**–**	**–**	**9**	**193**	**202**	**1**	**203**
Dividend	–	–	–	-67	-67	0	-67
Non-cash issue	–	–	–	4	4	–	4
Options exercised by employees	–	–	–	2	2	–	2
Repurchase of own shares	–	–	–	-141	-141	–	-141
EQUITY, CLOSING BALANCE 31 MARCH 2006	**51**	**344**	**8**	**56**	**459**	**6**	**465**

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings including net income for the year	Total	Minority interest	Total Equity
EQUITY, OPENING BALANCE 1 APRIL 2006	**51**	**344**	**8**	**56**	**459**	**6**	**465**
Effect of hedge accounting as per IAS 39	–	–	1	–	1	–	1
Year's change in translation reserve	–	–	-2	–	-2	–	-2
Net income for the year	–	–	–	253	253	3	256
Net changes recognized directly in equity, excl. transactions with shareholders	**–**	**–**	**-1**	**253**	**252**	**3**	**255**
Dividend	–	–	–	-92	-92	0	-92
Bonus issue	3	–	–	-3	–	–	–
Cancellation of repurchased shares	-3	–	–	3	–	–	–
Options exercised by employees	–	–	–	4	4	–	4
Repurchase of own shares	–	–	–	-76	-76	–	-76
EQUITY, CLOSING BALANCE 31 MARCH 2007	**51**	**344**	**7**	**145**	**547**	**9**	**556**

For comments on shareholders' equity, refer to Note 20.

FINANCIAL STATEMENTS

Parent Company Income Statement

MSEK	Note	2006/2007	2005/2006
Net revenues		29	28
Administrative expenses		-37	-36
Other operating income	9	4	0
Operating income	6–7, 15	**-4**	**-8**
Income from shares in Group companies	11	450	188
Interest income and similar items	11	12	3
Interest expense and similar items	11	-11	-5
Income after financial items		**447**	**178**
Year-end appropriations	12	-47	-26
Income before taxes		**400**	**152**
Taxes	13	-36	-20
Net income for the year		**364**	**132**

FINANCIAL STATEMENTS

Parent Company Balance Sheet

MSEK	Note	2007-03-31	2006-03-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	0	1
Tangible non-current assets	15	0	1
Financial non-current assets			
Shares in Group companies	17	1,006	921
Receivables from Group companies	17	209	2
Other non-current securities holdings	17	9	5
Deferred tax assets	13	–	3
Other non-current receivables		0	0
Total financial non-current assets		**1,224**	**931**
Total non-current assets		**1,224**	**933**
CURRENT ASSETS			
Receivables from Group companies		286	197
Prepaid expenses and accrued income	19	5	2
Total current receivables		**291**	**199**
Cash and cash equivalents		25	62
Total current assets		**316**	**261**
TOTAL ASSETS	27	**1,540**	**1,194**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	20		
Restricted equity			
Share capital		51	51
Legal reserve		16	16
Unrestricted equity			
Retained earnings		477	505
Net income for the year		364	132
TOTAL SHAREHOLDERS' EQUITY		**908**	**704**
UNTAXED RESERVES	21	124	77
PROVISIONS			
Provisions for pensions and similar obligations	22,28	9	9
LIABILITIES			
Liabilities to Group companies	24	70	155
Total non-current liabilities	27	**70**	**155**
Liabilities to credit institutions	25	146	19
Accounts payable		1	1
Liabilities to Group companies		238	195
Tax liabilities		17	19
Other liabilities		8	2
Accrued expenses and prepaid income	26	19	13
Total current liabilities	27	**429**	**249**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,540**	**1,194**
Pledged assets	28	0	0
Contingent liabilities	28	150	125

FINANCIAL STATEMENTS

Parent Company Cash Flow Statement

MSEK	Note	2006/2007	2005/2006
OPERATING ACTIVITIES			
Income after financial items		447	178
Adjustment for items not included in cash flow	29	-182	-114
Income tax paid		-35	-17
Cash flow from operating activities before changes in working capital		230	47
Cash flow from changes in working capital:			
Changes in operating receivables		-3	8
Changes in operating liabilities		0	6
Cash flow from operating activities		**227**	**61**
INVESTING ACTIVITIES			
Acquisition of subsidiaries		-76	-57
Sales of subsidiaries		–	19
Change in financial non-current assets		1	2
Cash flow from investing activities		**-75**	**-36**
FINANCING ACTIVITIES			
Repurchase of own shares		-76	-141
Personnel options exercised		1	–
Borrowings		127	-1
Change in receivables from and liabilities to Group companies		-263	113
Dividend paid		-92	-67
Group contributions received		114	85
Cash flow from financing activities		**-189**	**-11**
Cash flow for the year		**-37**	**14**
Cash and cash equivalents at beginning of year		62	48
Cash and cash equivalents at year-end		**25**	**62**

FINANCIAL STATEMENTS

Parent Company Statement of Changes in Equity

	Restricted equity		Unrestricted equity	
MSEK	Share capital	Legal reserve	Retained earnings including net income for the year	Total Equity
EQUITY, OPENING BALANCE 1 APRIL 2005	**51**	**16**	**705**	**772**
Net income for the year	–	–	132	132
Net changes recognized directly in equity, excl. transactions with shareholders	**–**	**–**	**132**	**132**
Dividend	–	–	-67	-67
Non-cash issue	–	–	4	4
Options exercised by employees	–	–	4	4
Repurchase of own shares	–	–	-141	-141
EQUITY, CLOSING BALANCE 31 MARCH 2006	**51**	**16**	**637**	**704**

	Restricted equity		Unrestricted equity	
MSEK	Share capital	Legal reserve	Retained earnings including net income for the year	Total Equity
EQUITY, OPENING BALANCE 1 APRIL 2006	**51**	**16**	**637**	**704**
Net income for the year	–	–	364	364
Net changes recognized directly in equity, excl. transactions with shareholders	**–**	**–**	**364**	**364**
Dividend	–	–	-92	-92
Bonus issue	3	–	-3	–
Cancellation of shares	-3	–	3	–
Options exercised by employees	–	–	8	8
Repurchase of own shares	–	–	-76	-76
EQUITY, CLOSING BALANCE 31 MARCH 2007	**51**	**16**	**841**	**908**

For comments on shareholders' equity, refer to Note 20.

ADDTECH

Notes

Note 1 Accounting and valuation policies

General accounting policies

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC). Standard RR 30:05 Supplementary accounting standards for group accounts of the Swedish Financial Accounting Standards Council has also been applied.

In accordance with its listing agreement with the Stockholm Stock Exchange, the Group also provides information about outstanding incentive programs and the benefits for members of senior management.

The Parent Company's and the Group's accounting policies are consistent, except in the case of reporting pensions, untaxed reserves and year-end appropriations. See also "Accounting Policies of the Parent Company".

The Parent Company annual report and the consolidated financial statements were approved for release by the Board of Directors on 13 June 2007. The Parent Company and consolidated income statements and balance sheets will be submitted for adoption to the Annual General Meeting (AGM) on 27 August 2007.

Presentation of the Annual Report

The financial reports are stated in million Swedish kronor (MSEK) unless otherwise indicated. The Parent Company's functional currency is Swedish kronor, which also constitutes the reporting currency for the Parent Company and the Group. Assets and liabilities are reported at historical acquisition cost, except for certain financial assets and liabilities that are reported at fair value. Assets held for sale are reported at the lower of the previously reported value and fair value, after deducting costs of sale.

Preparing financial reports in accordance with IFRS requires that management make judgments, estimates and assumptions that affect the application of the accounting policies and the amounts recognized for assets, liabilities, revenues and costs. These estimates and assumptions are based on historical experience and numerous other factors deemed relevant under the circumstances at the time. Estimates and assumptions are reviewed periodically.

The Annual Report is prepared in accordance with IAS 1 Presentation of Financial Statements, such that separate income and balance sheets, reports on changes in shareholders' equity and cash flow are prepared and notes are provided that detail disclosures and the accounting policies applied.

Assets are divided into current assets and non-current assets. An asset is considered to be current if it is expected to be realised within 12 months from the balance sheet date or within the company's operating cycle. "Operating cycle" refers to the time elapsed, from the start of production, until the company receives payment for goods or services delivered. The Group's operating cycle is judged to be less than one year.

If an asset does not fulfil the current asset requirement, it is classified as a non-current asset.

Receivables and liabilities, as well as revenues and costs, are netted only if required or if expressly permitted under IFRS.

In Note 27, assets are divided into those with amounts expected to be recovered within 12 months after the balance sheet date and those beyond 12 months.

Liabilities are divided into current liabilities and non-current liabilities. Current liabilities are liabilities that either are to be paid within 12 months from the balance sheet date or, in the case of operational liabilities only, are expected to be paid within the operating cycle. As this takes into account the operating cycle, no interest-bearing liabilities, such as accounts payable or accrued personnel costs, are reported as non-current liabilities.

Note 27 details the amounts of liabilities to be paid within 12 months from the balance sheet date and those to be paid beyond 12 months.

Early application of IFRSs and interpretations issued or revised during Addtech's 2006/2007 financial year

No new IFRS or interpretations have been adopted early.

New or revised IFRSs that will be adopted during the next period

During financial year 2007/2008, IFRS 7 will replace the disclosure requirements in IAS 32 concerning financial instruments. Together with associated amendments in IAS 1, this will entail additional disclosure of Group financial instruments and equity.

No material effects on income or financial position are expected upon application of the new or revised IFRSs and interpretations.

Consolidated financial statements

The consolidated financial statements comply with IFRS 3, Business Combinations, and include the financial statements for the Parent Company and those companies in which the Parent Company has a direct or indirect controlling influence. Such influence exists when the Parent Company, directly or indirectly, is entitled to govern a company's financial and operative strategies to obtain economic benefits. Normally this means that the Parent Company holds more than 50 percent of the voting rights.

Shareholdings in Group companies have been eliminated based on the purchase method; in brief, this means that identifiable assets, liabilities and contingent liabilities in the company acquired are valued and reported in the consolidated financial statements as if they had been acquired directly by purchase and not indirectly by acquisition of the company's shares. The valuation is based on fair values. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is reported directly in the income statement. Goodwill is determined in local currency and is recognized at acquisition value, less any write-downs. Consolidated equity includes the Parent Company's equity and that part of subsidiaries' equity earned after the time of acquisition. Companies acquired or sold are consolidated or deconsolidated, respectively, from the date of acquisition or sale.

Intra-Group receivables and liabilities and transactions between companies in the Group, as well as related unrealised gains, are eliminated in their entirety. Unrealised losses are eliminated in the same way as unrealised gains, except in the case of impairment.

Currency effects

Translation of the financial reports of foreign Group companies

Assets and liabilities in foreign operations, including goodwill and other consolidation surpluses and deficits, are converted to Swedish kronor using the exchange rate prevailing on the balance sheet date. Revenues and costs in foreign businesses are converted to Swedish kronor using the average exchange rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences that arise in converting foreign businesses are charged directly to equity as a foreign currency translation reserve. This reserve contains translation differences accumulated from 1 April 2004, when IFRS were adopted.

Transactions denominated in foreign currencies

A transaction denominated in a foreign currency is converted to the functional currency at the rate of exchange on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate prevailing on the balance sheet date. Non-monetary assets and liabilities recognized at historical acquisition cost are recalculated using the exchange rate at the time of the transaction. Foreign exchange rate differences that arise in conversion are charged to in the income statement. Exchange rate differences on operating receivables and liabilities are included in operating income, while exchange rate differences on financial receivables and liabilities are recognized among financial items. The Group uses forward exchange contracts to a certain extent to reduce its exposure to fluctuations in exchange rates. Forward exchange contracts are carried at fair value on the balance sheet date.

Financial assets and liabilities, recognition and derecognition

Financial instruments recognized on the asset side of the balance sheet include cash and cash equivalents, loans, accounts receivable, financial investments and derivatives. The liabilities side includes accounts payable, borrowed funds and derivatives. A financial asset or liability is recognized in the balance sheet when the Company becomes a party to the terms and conditions of the contract or instrument. Accounts receivable are entered in the balance sheet when an invoice has been sent. A liability is entered when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the rights in the contract are realised or expire or the company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled or in some other way ceases to exist. A financial asset and a financial liability are netted and recognized at the net amount in the balance sheet only when the company is legally entitled to net their amounts and the company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

Financial assets and liabilities, valuation and classification

Financial instruments are valued and recognized in the Group in accordance with the rules in IAS 39.

A financial instrument that is not a derivative is reported initially at acquisition cost, equivalent to the instrument's fair value plus transaction costs; this applies to all financial instruments except those in the category of financial assets, which are recognized at fair value in the income statement. When first recognized, a financial instrument is classified based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is valued after initial reporting, as described below.

Financial assets and liabilities valued at fair value in the income statement

This category consists of two sub-groups: financial assets and liabilities available-for-sale, and other financial assets and liabilities that the company chooses to place in this category initially. The Group has not identified any financial asset or liability, when initially recognized, as an item valued at fair value in the income statement.

Loans and accounts receivable

Loans and accounts receivable are financial assets that are not derivatives, that have fixed payments or payments that can be determined, and that are not quoted on an active market. Assets in this category are valued at accrued acquisition cost.

Accounts receivable are reported at the amount expected to be collected, after deduction for doubtful credits, assessed individually. The maturities of accounts receivable are short, so their values are reported in nominal amounts without discounting to present value. Write-downs on accounts receivable are charged to in operating costs.

Note 1 Cont'd.

Other financial liabilities
Financial liabilities not available-for-sale are initially recognized at the amount received after deduction of transaction costs. Subsequent valuation is performed at accrued acquisition cost. Accounts payable are included in this category and are valued at their nominal amounts without discounting to present value.

Derivatives and hedge accounting
Derivative instruments include currency clauses, foreign exchange forward contracts, options and swaps used to offset the risk of fluctuations in foreign exchange rates and exposure to interest rate risks. An embedded derivative is disclosed unless closely related to the host contract. Derivatives are reported initially at fair value, so transaction costs are charged to income for the period. After initial recognition, the derivative instrument is valued at fair value as follows: changes in the value of the derivative are charged to the income statement based on the purpose of the holding. When a derivative is used in hedge accounting, changes in value are charged to the income statement on the same line and at the same time as the hedged item.

Even if hedge accounting is not applied, increases and decreases in the value of a derivative are accounted for revenues and costs, respectively, in operating income or in net financial items, based on the intended use of the derivative instrument and whether or not its use is related to an operating item or a financial item. Changes in the value of the call option on Addtech shares, which was purchased to deal with the effects of payroll taxes for the personnel option programme, are reported as other operating income or other operating expenses.

In the case of hedge accounting, the ineffective portion is reported in the same way as changes in the value of a derivative not used for hedging.

Transaction exposure – cash flow hedges
Foreign exchange exposure related to future contracted and forecasted flows is hedged either through currency clauses in customer and supplier contracts or by forward exchange contracts or currency options. These derivatives, which protect the forecasted flow, are recognized in the balance sheet at fair value. Changes in their value are accounted for directly against equity in the hedging reserve until the hedged flow enters the income statement, whereupon the accumulated change in value of the hedging instrument is transferred to the income statement, where it will meet and match the impact of the hedged transaction on earnings.

Net investments in foreign subsidiaries
Investments in foreign subsidiaries (net assets including goodwill) are currently not hedged.

Financial assets and liabilities, classification

Cash and cash equivalents
Cash and cash equivalents consists of cash and immediately available balances in banks and equivalent institutions, and short-term, liquid investments with a term from the time of acquisition of less than three months, which are subject to only a minimal risk of fluctuation in value.

Financial investments and current investments
Financial investments are classified either as financial non-current assets or current investments, depending on the purpose of the holding. If the maturity or the expected period of holding is longer than one year, such financial assets are considered non-current assets, and if they are shorter than one year, current investments.

Non-current receivables and other current receivables
Non-current receivables and other current receivables are receivables that arise when the company provides funds without any intention of trading in the credit instrument. If the anticipated holding period is longer than one year, the instrument constitutes a non-current receivable, if shorter, other current receivable.

Liabilities
Non-current liabilities have an anticipated term exceeding one year, while current liabilities have a term of less than one year.

Tangible non-current assets

According to IAS 16 Property, Plant and Equipment, tangible non-current assets are carried at acquisition cost, less accumulated depreciation according to plan and impairment losses. The acquisition cost comprises the purchase price, including customs duties and excise taxes, as well as costs directly attributable to the asset to bring it to the location in a condition where it can be utilised as intended by the acquisition. Rebates, discounts and the like are deducted from the purchase price. Examples of directly attributable costs included in the acquisition cost are shipping and handling costs, installation, legal ratification and consulting services.

Additional expenditure for a tangible non-current asset is added to the acquisition value only if it increases the future economic benefits. All other expenditure, such as expenditure for repair and maintenance, is expensed on a current basis. Crucial to the decision as to whether or not an incremental expenditure should be added to the acquisition cost is whether or not the expenditure refers to the replacement of identifiable components or parts, in which case the expenditure is capitalised. Also, if a new component has been created, the expenditure is added to the acquisition cost. Any undepreciated values reported for replaced components, or parts of components, are disposed of and expensed in connection with the replacement.

Acquisition cost does not include any borrowing costs, as these are charged to income in the period to which they refer, regardless of how the borrowed funds were applied. Impairment of assets is written down in accordance with IAS 36 Impairment of Assets.

Depreciation according to plan is effected on a straight-line basis, taking into account the estimated period of use and any residual value at the end of that period.

Tangible non-current assets	Period of use
Buildings	15-100 years
Land improvements	20 years
Leasehold improvements	3-5 years
Machinery	3-10 years
Equipment	3-5 years

Tangible non-current assets consisting of parts with varying periods of use are treated as separate components.

The reported value of a tangible non-current asset is removed from the balance sheet upon disposal or sale, or when no future economic benefits are expected to be derived from its use. Gains or losses realised upon the sale or disposal of an asset consist of the difference between the selling price and the reported value of the asset, less direct selling costs. Gains or losses are reported as other operating income or other operating expense.

Leases

IAS 17 Leases differentiates between finance and operating leases. Finance lease is characterised by the lessee assuming, in all essential respects, the economic benefits and risks associated with ownership of the asset. If that is not the case, the lease is an operating lease.

Significant finance leases are recognized as non-current assets, initially valued at the present value of the minimum lease fees upon commencement. On the liabilities side, the present value of remaining future lease payments is reported as interest-bearing current and non-current liabilities. The asset is depreciated during the period of use, usually corresponding to the lease period, taking into account any residual value at the end of the period. A test for impairment is performed in accordance with IAS 36 Impairment of Assets.

Lease payments are divided into interest and amortisation of the liability. Other lease obligations are reported in accordance with rules for operating leases, such that leasing fees are expensed as an operating expense on a straight-line basis during the lease period.

Intangible non-current assets

Intangible non-current assets are reported in accordance with IAS 38 Intangible Assets at acquisition cost, less accumulated amortisation according to plan, and are divided between goodwill and other intangible non-current assets. Impairment of intangible assets is recognized in accordance with IAS 36 Impairment of Assets.

An intangible asset is an identifiable non-monetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for rental and administration. To be recognized as an asset, it must be probable both that the future economic benefits attributable to the asset will benefit the company and that the acquisition cost can be calculated reliably.

Additional expenditure for an intangible asset is added to the acquisition value only to the extent it increases future economic benefits beyond the original assessment and if the expenditure can be calculated reliably. All other expenditure is expensed as it is incurred.

Goodwill represents the difference between the acquisition value, in connection with a corporate acquisition, and the fair value of acquired assets, assumed liabilities and contingent liabilities.

In the case of acquisitions occurring before 1 April 2004, goodwill has been recognized, after testing for impairment, at acquisition cost corresponding to fair value as applied in previous accounting policies. The classification and accounting treatment of corporate acquisitions that occurred before 1 April 2004 were not reassessed based on IFRS 3 when the Group's opening balance as of 1 April 2004 was calculated in accordance with IFRS.

Goodwill and intangible non-current assets with indefinable periods of use are valued at acquisition cost, less any accumulated impairments losses. Goodwill and intangible non-current assets with indefinable periods of use are allocated among cash-generating units and are not amortised but are tested for impairment on an annual basis.

Intangible assets aside from goodwill are reported at their original acquisition costs, less accumulated amortisation and impairments losses. Amortisation is charged on a straight-line basis and is based on the period of use of the assets, which is reviewed on an annual basis. Periods of use are based on historical experience of use of similar assets, area of application and other specific features of the asset.

Amortisation is included in cost of sales or selling or administrative expenses, depending on where in the business the assets are used.

Development expenses, in which the results of research or other knowledge are applied to achieve new or improved products or processes, are reported as an asset in the balance sheet if the product is technically and commercially viable and the company has sufficient resources to

Note 1 Cont'd.

complete development and subsequently use or sell the intangible asset. Other expenditure for development is expensed as it is incurred.

Expenditure for internally generated goodwill and trademarks is charged to the income statement as an expense as it is incurred.

Intangible non-current assets	Period of use
Capitalised development projects	3 years
Software for IT operations	3-5 years
Trademarks	indefinable
Supplier relationships	25-33 years
Technology	5-15 years
Customer relationships	5-10 years

Goodwill, trademarks and all other intangible assets with an indefinable period of use are tested for impairment on an annual basis or as soon as there are indications that the asset in question has diminished in value.

Impairment losses

Tangible and intangible assets and shares in subsidiaries and associates

The reported values of the Group's shares are checked on each balance sheet date to discover any indications of impairment. If such indication exists, impairment is recognised after calculating the recoverable amount, which is the higher of an asset's net realisable value and its value in use. The asset value is written down if the recoverable value is less than the reported value. The value in use is calculated as the present value of all future payments that the company is expected to receive by using the asset. The estimated residual value at the end of the period of use is included in the value in use. If the recoverable value of an individual asset cannot be determined, the recoverable value is instead set at the recoverable value for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that may give rise to current payment surpluses independent of other assets or groups of assets. Consolidated goodwill is attributable to the cash-generating unit to which the goodwill is linked. Impairment losses are reversed when the impairment, wholly or partly, no longer exists. However, this does not apply to goodwill and intangible non-current assets with indefinable periods of use.

For goodwill and other intangible assets with indefinable periods of use and for intangible assets not yet ready for use, the recoverable value is calculated annually.

Financial Assets

When accounts are prepared for reporting, the company assesses whether there is objective evidence that any financial asset or group of assets has been impaired. The recovery value of a loan or account receivable that is reported at accrued acquisition cost is calculated as the present value of future cash flows discounted at the effective rate of interest prevailing when the asset was first recognized. Assets with short maturities are not discounted. An impairment loss is charged to the income statement.

Inventories

Inventories are carried at the lower of acquisition cost and net realisable value, which takes into account the risk of obsolescence. The acquisition cost is calculated using the first in, first out (FIFO) principle or weighted average prices.

In the case of goods wholly and partly manufactured in-house, the acquisition cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is assumed in the valuation.

Shareholders' equity

When own shares are repurchased, the entire purchase price reduces shareholders' equity. Proceeds from the sale of equity instruments are reported as an increase in shareholders' equity. Any transaction costs are reported against equity.

Employee Benefits

Employee benefits are reported in the consolidated financial statements in accordance with IAS 19 Employee Benefits.

Employee benefits after termination of employment, pension obligations

The recommendation differentiates between defined contribution pension plans and defined benefit pension plans. In defined contribution plans, the company pays stipulated fees to a separate legal entity and has no obligation to pay additional fees. The Group's income is charged at the rate at which the benefits are earned. In defined benefit pension plans, benefits are paid to the employees and former employees based on salary at the time of retirement and the number of years of service. The Group bears the risk for payment of promised benefits.

The Group's net obligation to defined benefit plans is calculated individually for each plan by estimating future payments that employees have earned through employment in current and previous periods. These payments are discounted to a present value, less any unreported costs related to service in previous periods and the fair value of any plan assets.

Defined benefit pension plans are both funded and unfunded. When the plans are funded, assets have been seperated into plan assets. These plan assets can be used only to pay benefits based on pension agreements. The net value of the estimated present value of obligations and the fair value of plan assets is recognized in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only the portion of the surplus that the company can recover through reduced future fees or repayments is recognized. A surplus in one plan is offset by a deficit in another plan only if the company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension cost and pension obligation for defined benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of pensions at the rate at which employees perform services for the company that increase their right to future benefits. The intention is that expected future pension payments shall be expensed in a manner that provides an even charge over the employee's period of employment. Anticipated future salary increases and anticipated inflation are taken into consideration in the calculation. The company's obligation is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on investment-grade corporate bonds or, alternatively, government bonds with a maturity equivalent to the average maturity of the obligations and the currency.

When determining the present value of pension benefit obligations and the fair value of plan assets, actuarial gains and losses may arise, either because the actual outcome differs from previously made assumptions, or because assumptions were changed. To avoid major changes in pension costs between years, changes within certain limits (the "corridor") are disregarded in the income statement and balance sheet. With the corridor, actuarial gains and losses affect consolidated income only to the extent they exceed the higher of 10 percent of the present value of pension obligations and 10 percent of the fair value of plan assets. That portion of the accumulated actuarial gains and losses, at the end of the preceding year, that exceeds 10 percent of the larger of the present value of obligations or fair value of plan assets is reported in the income statement during the expected average remaining service period of those employees covered by the plan. The reported return on plan assets refers to the return at the start of the year and therefore normally differs from the actual return during the year. The difference is an actuarial gain or loss.

A portion of the Group's defined benefit pension obligations has been financed by premiums to Alecta. The required information cannot be obtained from Alecta, so these pension obligations are reported as a defined contribution pension plan.

When the cost of a pension for a legal entity is determined differently than for the group, a provision or claim for taxes on pension costs is reported, such as a special payroll tax on pensions for Swedish companies based on this difference. The present value of the provision or claim is not calculated.

Compensation upon termination of employment

A cost for payments in conjunction with the termination of employment is reported only if the company is obligated by a formal, detailed plan to terminate employment prior to the normal date.

Short-term compensation

Short-term compensation to employees is calculated without discounting and is charged as a cost when the related services are performed.

A provision for the expected costs of bonus disbursements is reported when the Group has a valid legal or informal obligation to make such payments as a result of services being received from employees and the obligation can be calculated reliably.

Share-based compensation

In December 2001, the Board of Directors awarded personnel options to a number of senior managers in the Group.

In accordance with transition provisions in IFRS 1, Addtech's personnel option programme is not reported in accordance with IFRS 2 except for options awarded during the financial year 2005/2006. Newly awarded personnel options are expensed on a current basis until the end of the vesting period. The options were valued at fair value, using the Black-Scholes model, at the time they were awarded.

Provisions, contingent liabilities and contingent assets

A provision is entered in the balance sheet when the company has a formal or informal obligation as a consequence of a transpired event, and where it is probable that an outflow of resources will be required to settle the obligation, and an accurate assessment of the amount can be made. If the effect is significant, the present value of the provision is calculated.

Provisions are entered for future costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the estimated costs for each undertaking.

Provisions for restructuring costs are recognized when a detailed restructuring plan has been adopted and the restructuring either has begun or has been announced publicly.

Contingent liabilities are reported when an undertaking may result from events that have occurred and that undertaking is confirmed only by the occurrence or non-occurrence of one or more uncertain events in the future that are not entirely within the Company's control. Also obligations are reported as contingent liabilities if they result from events that have occurred but are not reported as a liability or provision because it is unlikely that an outflow of resources will be required to settle the undertaking or because the size of the undertaking cannot be determined with sufficient accuracy.

Note 1 Cont'd.

Revenue recognition

Sales revenue and revenues from projects in progress are reported in accordance with IAS 18 Revenue. The fair value of what has been obtained, or what will be obtained, is recorded as sales revenue. Thus the Company recognises revenue in the amount of the invoice if the Company receives cash compensation in conjunction with delivery. Deductions are made for value-added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been satisfied. These requirements are that material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any interest in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the company will obtain from the transaction will accrue to the company and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

Revenue from projects in progress is recognised successively as projects are completed. The degree of completion is determined on the basis of accumulated project expenses at the end of the period in relation to estimated total project expenses. If the costs to complete such a contract are estimated to exceed remaining revenue, a provision is entered to cover the estimated loss.

Rental income is recorded on a straight-line basis in the income statement based on the terms of the lease.

Financial income and expenses

Interest income on receivables and interest expense on liabilities are computed using the effective rate method. The effective interest rate is the rate that makes the present value of all future payments and receipts during the period of fixed interest equal to the reported value of the receivable or liability. Issuing costs and similar direct transaction costs to raise loans are charged to income in the period to which they are attributable, regardless of how the borrowed funds were applied. The Group does not capitalise interest in the acquisition cost of assets. Interest income includes any rebates, premiums and other differences between the original value of the receivable and the amount received upon maturity on an accrual basis. Interest and dividends are recorded as revenue when it is probable that the economic benefits associated with the transaction will accrue to the Company and that the income can be calculated reliably. Interest income is recorded applying the interest rate that generates an even return on the asset in question. Dividend income is recorded when the shareholder's right to receive the dividend is deemed certain.

Income taxes

Income tax is reported in accordance with IAS 12 Income Taxes. They are reported in the income statement, except when the underlying transaction is charged directly to equity, in which case the associated tax effect is also reported in equity. Current taxes refer to taxes for the current year that are to be paid or refunded. Adjustments of current taxes attributable to prior periods also belong here.

Deferred taxes are computed according to the balance sheet method based on temporary differences between reported and tax-effective values of assets and liabilities. The amounts are computed depending on how the temporary differences are expected to be settled and by applying the tax rates and tax rules in effect or announced as of the balance sheet date. Temporary differences are not taken into account for consolidated goodwill, nor in differences attributable to shares in subsidiaries or associated companies owned by Group companies outside Sweden that are not expected to be taxed in the foreseeable future. In the consolidated financial statements, untaxed reserves are allocated to deferred tax liability and shareholders' equity. Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are recognized only to the extent it is likely they will reduce tax payments in the future.

Segment reporting

The Group's operations are described in accordance with IAS 14 Segment Reporting – business segments and geographical segments. Consequently, operations are divided into primary and secondary segments. Assets and liabilities and revenues and costs are attributed to the segment where they are used, earned and consumed, respectively.

The division into primary segments is based on the business area organisation, by which the Group's operations are managed and followed up. These are Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science. Operations that do not belong to these business areas are included under the heading Parent Company and consolidation items.

The division into secondary segments is based on the countries in which the Group conducts business. These countries are Sweden, Finland, Denmark, Norway and Other countries.

Earnings per share

Addtech reports earnings per share in direct relation to the income statement.

The calculation of earnings per share is based on net income for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. To calculate earnings per share after dilution, the average number of shares is adjusted to take into account potential dilution from ordinary shares that may result from options awarded to employees during each period reported.

Cash flow statement

In preparing the cash flow statement, the indirect method of IAS 7 Cash Flow Statements has been applied. In addition to flows of cash and bank funds, short-term investments maturing in less than three months from the acquisition date that can be converted into money in an amount known beforehand are classified as cash and cash equivalents.

Events after the balance sheet date

Events that occurred after the balance sheet date but whose circumstances were identifiable at the balance sheet date are taken into account in the financial statements. If significant events occur after the balance sheet date but do not affect the income or financial position reported, the event will be reported under a separate heading in the administration report and in a note.

Related party disclosures

Information about transactions and agreements with closely related companies and individuals is reported in accordance with IAS 24 Related Party Disclosures. In the consolidated financial statements, intra-group transactions fall outside the reporting requirement.

Changes in accounting policies

When there is a change in accounting policy, comparative figures are restated, unless otherwise prescribed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. If a change in accounting policy affects shareholders' equity, the effect is reported on a separate line in the statement of changes in equity.

Government grants

Government grants refers to support from the government in the form of transfers of resources to a company in exchange for the company fulfilling certain conditions regarding its operations.

The Group is active in areas where government grants are insignificant in scope.

Annual Accounts Act

The Swedish Annual Accounts Act requires more information than IFRS do, including information about absence due to illness among employees and the gender distribution among members of the Board of Directors and senior management.

Data on gender distribution refers to the situation at the balance sheet date. Here, "members of the Board of Directors" are directors elected by a general meeting of shareholders in the Parent Company or directors in business area parent companies reporting directly to the Parent Company. "Members of senior management" are people in Group management, presidents, executive vice presidents and management groups in Group companies.

Accounting policies of the Parent Company

The Parent Company applies the same accounting policies as the Group does except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures for the Parent Company.

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and standard RR 32:05 Accounting for legal entities of the Swedish Financial Accounting Standards Council (RR). RR 32:05 prescribes that, in the annual accounts for its legal entity, the Parent Company must apply all IFRS and standard interpretations approved by the EU to the greatest extent possible within the scope of the Annual Accounts Act and taking into account the relationship between reporting and taxation. The recommendation spells out which exceptions from and additions to IFRS must be made.

Shares in Group companies are reported in the Parent Company using the purchase method. Dividends received are reported as revenue on condition that they originated in funds earned after the acquisition.

The Parent Company complies with the Swedish Act on Safeguarding Pension Obligations, and not with IAS 19, when calculating defined benefit pension plans. The most significant differences with the rules in IAS 19 are how the discount rate is determined, that the defined benefit obligation is calculated based on current salaries without assuming future salary increases and that actuarial gains and losses are reported in the income statement as they occur.

The Parent Company reports untaxed reserves including deferred tax liabilities, rather than allocating them to deferred tax liabilities and equity as is done for the Group.

Group contributions and shareholder contributions are reported in the Parent Company in accordance with statement URA 7 Group contributions and shareholder contributions from the Emerging Issues Task Force of the RR. Shareholder contributions are charged directly to the recipient's shareholders' equity and are capitalised in the contributor's shares and participations, providing no impairment is required. Group contributions are reported based on economic reality. Group contributions comparable to dividends are reported as dividends. Consequently Group contributions received and their current tax effects are reported in the income statement. Group contributions paid and their current tax effects are reported directly in retained earnings. The Parent Company group contributions received that are comparable to dividends in net financial items.

Item 70 in standard RR 32:06, on financial guarantee contracts, has been applied in advance, so IAS 39 rules for recognizing and valuing financial guarantee contracts benefiting subsidiaries are not applied.

Note 2 Critical estimates and assumptions

The reported values of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment of goodwill (Note 14) and to defined benefit pension obligations (Note 22). Estimates and assumptions are evaluated periodically and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances.

Tests are performed each year to determine if goodwill has suffered impairment. The recovery value of cash-generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

A large part of the Group's pension obligations for salaried employees have defined benefits and are covered by group policies with Alecta. Currently it is impossible to obtain data from Alecta on the Group's share of obligations and plan assets, so the pension plan with Alecta must be reported as a defined contribution plan. The solvency margin reported by Alecta does not indicate any deficit, but it is impossible to obtain from Alecta detailed information about the size of the pension obligation.

The present value of pension obligations reported as defined benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. The assumptions used to determine the present value of the obligation include the discount rate and future salary rises. Each change in these assumptions will affect the reported value of pension obligations. See also Note 22.

Note 3 Financial risks and risk management

Goals and policy for risk management

Addtech strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. This policy spells out goals and guidelines for how to manage risks and lays a framework for how to limit such risks. The financial policy expresses the goal of limiting or eliminating financial risks. The policy defines and identifies financial risks arising at Addtech and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are transaction exposure, translation exposure, financing risk, interest rate risk and credit and counter-party risk. Operational risks, that is, risks related to current operations, are managed by each subsidiary's management in accordance with principles approved by the Group's Board of Directors and senior management. Risks such as translation exposure, financing risk and interest rate risk are managed by the Parent Company, Addtech AB.

Currency risks

Currency risk is defined as the risk for a negative effect on earnings resulting from changes in foreign exchange rates. For Addtech, currency risk arises because of future payments in foreign currency ("transaction exposure") and because consolidated equity includes net assets in foreign subsidiaries ("translation exposure").

Transaction exposure

The Group's currency flows are mainly attributable to imports from Europe, Asia and North America. During the year, the Group's payment flows in foreign currencies were distributed as follows:

	Currency flows, gross 2006/2007		Currency flows, net	
	Inflows	Outflows	2006/2007	2005/2006
EUR	665	950	-285	-450
USD	115	210	-95	-130
JPY	85	140	-55	-45
CHF	15	50	-35	-40
GBP	40	55	-15	-35

The effects of exchange rate fluctuations are eliminated by buying and selling in the same currency, through currency clauses in customer contracts and, to some degree, by forward purchases and sales of foreign exchange. Currency clauses are a common method in the industry for handling the uncertainty associated with future cash flows. A currency clause means that compensation will be paid for any change in the exchange rate that exceeds a certain predefined level during the contract period. When these thresholds are not reached, for example, when the exchange rate changes by less than two percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrical, which means that compensation is charged or credited when the exchange rate rises or declines, respectively, beyond the predefined thresholds.

Of total Group net revenues, about 20 percent is covered by currency clauses and about 30 percent by sales in the purchasing currency. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective exchange rate risk management. However, in many cases the dates of the orders do not coincide, thus reducing the effectiveness of these measures.

The fair value of forward exchange contracts has been calculated using forward rates prevailing at the end of each period and the average remaining term. The extent of outstanding forward exchange contracts was limited at the end of the financial year.

Currency flows in the Parent Company are mainly in SEK.

Translation exposure

The translation exposure of the Addtech Group is currently not hedged. The Group's equity in foreign subsidiaries is divided into foreign currencies as follows:

	Nominal amount, MSEK	Sensitivity analysis, +/– 5% in exchange rate has this effect on Group equity
DKK	189.0	9.5
EUR	103.9	5.2
NOK	58.6	2.9
GBP	17.7	0.9
PLZ	17.0	0.9

The exchange rates used in the financial statements are shown in the following table:

Exchange rate	Average rate		Closing day rate	
	2006/2007	2005/2006	2007-03-31	2006-03-31
DKK 100	123.55	125.41	125.20	125.95
EUR 1	9.21	9.35	9.33	9.40
NOK 100	114.10	117.51	114.95	117.95
GBP 1	13.59	13.71	13.72	13.49
PLZ 1	2.36	2.36	2.41	2.39
USD 1	7.18	7.68	7.00	7.74
JPY 1000	61.49	67.90	59.35	65.95
CHF 1	5.80	6.03	5.75	5.95

Financing risk

Financing risk is defined as the risk that the Group's need for financing cannot be met. To ensure sufficient financing in the future, the Company must secure, in the form of available liquid funds or binding credit agreements, access to an amount that exceeds by 20 percent the estimated capital requirement for the next 12 months. At 31 March 2007, the Group's contracted unutilised credit commitments, in addition to contractual bank overdraft facilities (see Note 25), totalled MSEK 130 (330).

The Parent Company is responsible for the Group's non-current financing as well as its supply of liquidity. The Group's non-current and current interest-bearing liabilities are shown in Notes 24 and 25.

From time to time, Addtech uses currency swaps to manage surpluses and deficits in different currencies. This allows the Group to reduce its financing costs and the Company's liquid funds to be used in an efficient manner.

The fair value of such currency swaps has been calculated using forward exchange rates at the end of the accounting period and the average remaining term.

Currency swaps outstanding

	2007-03-31		
	Nominal amount, original currency	Book value, MSEK	Average remaining term
NOK (000s)	10,000	11.5	30 days
DKK (000s)	25,000	31.3	50 days

	2006-03-31		
	Nominal amount, original currency	Book value, MSEK	Average remaining term
EUR (000s)	1,500	14.2	10 days
DKK (000s)	20,000	25.0	20 days

The change in value of currency swaps is recorded on a current basis in the consolidated and Parent Company income statements.

Note 3 Cont'd.

Interest rate risk

Interest rate risk is defined as the risk for negative effects on income resulting from changes in interest rates. Addtech's main exposure in its debt portfolio is interest rate risk. Disregarding the pension liability, interest-bearing external debt totals MSEK 160.

The bulk of Addtech's assets is rather short-term. All investments should mature in less than six months. At 31 March 2007 there were no current investments.

To optimise matching of interest-rate risk, Addtech's financial policy prescribes that a maximum of 50 percent of the debt portfolio, not including the pension liability, may have a period of fixed interest exceeding one year.

At year-end the average interest rate was 2.71 (2.37) percent for interest-bearing assets in the Group. The corresponding rate for the Parent Company was 4.45 (3.37) percent.

The average rate of interest for all of the Group's interest-bearing liabilities (not including pension liabilities) was 3.87 (2.92) percent at year-end. The corresponding rate for the Parent Company was 3.34 (2.00) percent.

Credit and counter party risks

Credit risk is defined as the risk that Addtech's counterparties fail to fulfil their contractual obligations. Addtech is exposed to credit risk in its financial dealings, that is, in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers.

Addtech's finance department is responsible for evaluating and managing financial credit risk. The finance policy prescribes that surplus liquidity be invested only with counterparties that have a very high credit rating. As in prior years, in 2006/2007 surplus funds were not invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilize its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company evaluate credit in their own commercial transactions. New customers are examined before credit is granted, and credit limits set are strictly enforced. Short credit periods are strived for, and the lack of concentration of business in individual customers and specific sectors helps minimize risks. No individual customer accounts for more than 3 percent of total credit exposure during a one-year period. The corresponding percentage for the 10 largest customers is less than 15 percent. Exposure to customer segments and geographical markets appears in the diagram on page 13. Bad debt losses totalled MSEK 2.5 (1.2) during the year, equal to 0.1 (0.0) percent of net revenues.

Valuation at fair value

The book value of financial assets and liabilities essentially corresponds to their fair value.

Note 4 Net revenues by type of revenue

	2006/2007	2005/2006
OEM		
Components	2,067	1,709
Products for end users		
Components	801	882
Machinery/instruments	297	280
Materials	389	353
Services	107	138
Total	**3,661**	**3,362**

OEM components are built into the products that Addtech's customers produce. OEM stands for "original equipment manufacturer". Products for end users are for all other uses.

Other types of revenue, such as dividends and interest income, are reported in financial items; refer to Note 11.

Note 5 Segment reporting

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports business areas as its primary segments. The four business areas are Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science. Geographical markets are reported as secondary segments. This market grouping reflects a natural division of markets in the Group. Intra-Group sales are based on the same prices that an independent party would pay for the product. MSEK 29 (28) of the Parent Company's net revenues refer to Group Companies. The Parent Company made no purchases from subsidiaries during the year.

Note 5 Cont'd.

A. Primary segments

Net revenues	2006/2007			2005/2006		
	External	Internal	Total	External	Internal	Total
Components	978	1	979	888	1	889
Transmission	1,141	3	1,144	1,051	3	1,054
Equipment	822	1	823	748	0	748
Life Science	720	0	720	675	0	675
Parent Company and consolidation items	–	-5	-5	–	-4	-4
Total	**3,661**	**0**	**3,661**	**3,362**	**0**	**3,362**

Operating income, assets and liabilities	2006/2007			2005/2006		
	Operating income	Assets[1]	Liabilities	Operating income	Assets[1]	Liabilities
Components	108	431	172	90	284	153
Transmission	126	436	194	108	399	185
Equipment	70	349	154	45	239	132
Life Science	56	355	145	34	328	139
Parent Company and consolidation items	0	158	508	-6	176	352
Total	**360**	**1,729**	**1,173**	**271**	**1,426**	**961**

1) Does not include intercompany accounts or financial transactions between Group companies.

Note 5 Cont'd.

Investment in non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Components	2	4	6	–	3	3
Transmission	1	11	12	–	8	8
Equipment	0	4	4	0	9	9
Life Science	0	8	8	0	11	11
Parent Company and consolidation items	11	0	11	5	1	6
Total	**14**	**27**	**41**	**5**	**32**	**37**

Depreciation/Amortisation on non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Components	2	4	6	1	4	5
Transmission	2	10	12	1	12	13
Equipment	2	5	7	0	5	5
Life Science	3	8	11	3	8	11
Parent Company and consolidation items	5	3	8	2	2	4
Total	**14**	**30**	**44**	**7**	**31**	**38**

Significant income statement items, other than depreciation and amortisation, not giving rise to payments in 2006/2007	Addtech Equipment	Addtech Transmission	Addtech Components	Addtech Life Science	Parent Company and consolidation items	Total
Capital gains	0	0	0	1	6	7
Capital losses	0	0	–	0	–	0
Change in pension liability	-1	-2	-6	0	0	-9
Other items	0	1	1	6	1	9
Total	**-1**	**-1**	**-5**	**7**	**7**	**7**

B. Secondary segments

By geographical market	2006/2007		2005/2006	
	Net revenues, external	Assets[1]	Net revenues, external	Assets[1]
Sweden	1,711	868	1,596	693
Denmark	648	249	538	235
Finland	521	189	543	167
Norway	309	105	281	110
Other countries	472	64	404	58
Parent Company, consolidation items and unallocated assets	–	254	–	163
Total	**3,661**	**1,729**	**3,362**	**1,426**

1) Does not include intercompany accounts.
External revenues are based on the customer's location.
Reported asset values are based on where the assets are located.

Investment in non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Sweden	13	17	30	5	11	16
Denmark	1	7	8	–	10	10
Finland	0	1	1	0	3	3
Norway	–	0	0	–	1	1
Other countries	0	2	2	–	7	7
Total	**14**	**27**	**41**	**5**	**32**	**37**

Note 6 Employees and personnel costs

Average number of employees	2006/2007			2005/2006		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	5	4	9	5	4	9
Other companies	403	172	575	405	178	583
Finland	160	67	227	154	59	213
Denmark	170	88	258	160	84	244
Norway	54	14	68	44	14	58
Other countries	80	18	98	73	18	91
Total	**872**	**363**	**1,235**	**841**	**357**	**1,198**

Salaries and compensation	2006/2007			2005/2006		
	Board of Directors and President	of which profit related remuneration	Other employees	Board of Directors and President	of which profit related remuneration	Other employees
Sweden						
Parent Company	9.1	2.0	3.1	9.1	1.9	2.6
Other companies	37.5	7.2	198.3	43.6	7.2	195.9
Finland	7.7	0.7	74.2	8.0	1.3	69.2
Denmark	12.7	0.4	115.0	9.1	0.7	95.3
Norway	4.4	0.5	35.3	5.2	0.5	31.8
Other countries	6.3	1.1	17.4	6.3	1.1	15.0
Total	**77.7**	**11.9**	**443.3**	**81.3**	**12.7**	**409.8**

In addition to the payroll costs above, costs totalling MSEK 8.2 (9.7) have been expensed in Swedish Group companies for the appreciation of personnel options. This cost is reversed in the Group. In addition, personnel options in the Parent Company appreciated MSEK 15.1 (14.9), an amount that cannot be charged as a cost according to current accounting rules.

Salaries, compensation and payroll taxes	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Salaries and other compensation	521.0	491.1	12.2	11.7
Contractual pensions to Board of Directors and President	16.1	14.8	2.1	1.8
Contractual pensions to others	42.9	42.8	0.7	0.6
Other payroll taxes	116.0	118.0	9.0	7.6
Total	**696.0**	**666.7**	**24.0**	**21.7**

At year-end, outstanding pension commitments to the Board of Directors and President amounted to MSEK 7.5 (6.2) in the Group and MSEK 2.4 (2.6) in the Parent Company. Different accounting principles are applied to pension costs in the Parent Company and the Group (see Note 1 Accounting policies).

Proportion of women	2007-03-31	2006-03-31	2007-03-31	2006-03-31
	Group	Group	Parent Company	Parent Company
Board of Directors (not including alternates)	2%	3%	17%	17%
Other members of senior management	10%	12%	0%	0%

Absence due to illness, percentage	Group	
	2006/2007	2005/2006
Total absence due to illness	3.1	3.6
Long periods of absence due to illness	0.9	1.3
Absence due to illness for men	2.5	2.9
Absence due to illness for women	4.5	4.9
Employees, age up to 29 years	4.3	7.5
Employees, age 30–49 years	2.7	2.7
Employees, age 50 and older	3.7	4.1

Total absence due to illness in the Parent Company was 3.5 (0.2) percent. For employee privacy, the Parent Company's data are not provided by category.

Preparation and decision-making process for remuneration to Directors, the President and Group management

The principle for remuneration to the Board of Directors, the President and members of senior management is that remuneration should be competitive.

The election committee proposes fees for the Board of Directors to the Annual General Meeting. Fees to Directors are paid based on a resolution of the Annual General Meeting. No separate fees are paid for committee work.

For remuneration to the President, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a Remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the President as reporter. A fixed salary, variable remuneration and conventional employment benefits are paid to the President, Group management and other members of senior management. In addition, there are pension benefits and incentive programs, as described below. The Remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's Annual General Meeting. Information about personnel options related to Addtech AB and held by the Board of Directors and Group management is provided below.

Personnel options to members of senior management

In December 2001, the Board of Directors awarded 700,000 personnel options to 56 members of senior management in the Group. To make this possible, an Extraordinary General Meeting of shareholders held 17 December 2001 resolved to transfer up to 700,000 Class B shares in the Company in the event that these options are exercised. The personnel option programme is secured by Addtech's holdings of own shares in treasury.

The President has been awarded 100,000 options, and other members of Group management 5,000–70,000 per person. Personnel options held by Group management, not including the

Note 6 Cont'd.

President, totalled 170,000. During the preceding financial year, a total of 60,000 options were re-distributed within the framework of the programme originally authorised. The options were fully vested at the time they were awarded. The exercise price is set at SEK 44.80, equivalent to 110 percent of the average market price of the Addtech share during the period 3–7 December 2001. During the 2006/2007 financial year, 86,000 (50,000) options were exercised to acquire 86,000 (50,000) shares at a weighted average share price of SEK 125 (86). A total of 206,000 options have thus been exercised. If all personnel options are exercised, the number of shares outstanding will increase by 494,000, equivalent to 2.2 percent of the total number of shares outstanding and 1.5 percent of the votes.

Upon approval by an Extraordinary General Meeting of shareholders in November 2004, the redemption period for the options was extended to 18 February 2010, inclusive. The original redemption period extended from 19 July 2004 to 18 February 2005. Before the resolution to extend the personnel option programme was approved by the Extraordinary General Meeting of shareholders, information was provided that the theoretical transfer of value resulting from the extension and the awarding of unutilised personnel options totalled MSEK 3.7. The options are non-transferable, with the exception of the options held by the President and Executive Vice Presidents in the Parent Company, whose options can be transferred with the approval of the Board of Directors. The options can only be exercised as long as the holder is employed by the Company. Hence the options are not defined as securities. For this reason and others, the options have been granted free of charge.

The payroll taxes incurred if the personnel options are exercised are expensed on an ongoing basis in line with the market price of the share. A reserve of MSEK 15.2 (10.0) has been accumulated for payroll taxes, representing a MSEK 5.2 (5.6) increase in the reserve since the start of the financial year. In the interest of reducing the effect of payroll taxes for personnel options, and essentially eliminating this effect starting in the 2006/2007 financial year, in the preceding financial year Addtech purchased a financial derivative contract with a maturity corresponding to the maturity of the personnel option program. Thus operating income was improved by MSEK 4.4 (0.7) during the year.

Information about remuneration to Directors, the President and other members of senior management

The group "Board of Directors and Presidents" includes the Directors, the President and Senior Executive Vice Presidents in the Parent Company.

Board of Directors

The Board of Directors distributed the Directors' fees set by the Annual General Meeting in the amount of SEK 1,300,000 (1,300,000) among those Directors who are not employed by the Company. The Chairman received SEK 400,000 (400,000), the Vice Chairman SEK 300,000 (300,000) and the other Directors SEK 200,000 (200,000) each.

Parent Company's President

The President had a fixed salary of SEK 2,011,000 (2,075,000) and variable remuneration of SEK 706,000 (685,000). This variable remuneration was expensed during the 2006/2007 financial year and will be paid during 2007/2008. Taxable benefits of SEK 116,000 (99,000) are additional. From age 65, the President is covered by a defined contribution pension, the size of which depends on the outcome of pension annuities contracted. During 2006/2007, pension premiums, the size determined annually by the Remuneration committee, have been paid in the amount of SEK 1,000,000 (800,000). The variable remuneration is not pensionable.

Variable remuneration, based on Group earnings, is payable in a maximum amount of 30 percent of the fixed salary. In addition, a further premium is payable up to 20 percent of the variable remuneration awarded, provided the base amount was used to acquire shares in Addtech AB. The period of notice is 12 months when termination is at the initiative of the Company and six months when termination is at the initiative of the President. In the case of termination at the initiative of the Company, the President is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance payment is payable in the case of termination at the initiative of the employee.

Other members of Group management

Other members of Group management have been paid a total of SEK 4,943,000 (4,131,000) in fixed salaries and SEK 1,635,000 (1,400,000) in variable remuneration. This variable remuneration was expensed during the 2006/2007 financial year and will be paid during 2007/2008. Taxable benefits of SEK 382,000 (326,000) are additional. Persons in Group management are covered from age 65 by pension entitlements based on individual agreements. Existing pension solutions are both of the defined contribution type, where the amounts depend on the outcome of pension annuities contracted, and defined benefit type. The cost to the Group of the defined benefit pensions and the defined contribution schemes are basically equivalent to the ITP plan. During 2006/2007, a total of SEK 1,486,000 (1,227,000) in pension premiums were paid for the group "Other members of group management". Variable remuneration is pensionable.

Variable remuneration, based on Group earnings, is payable in a maximum amount of 30 percent of the fixed salary. In addition, a further premium is payable up to 20 percent of the variable remuneration awarded, provided the base amount was used to acquire shares in Addtech AB. The period of notice is 12 months when termination is at the initiative of the Company and six months when termination is at the initiative of the employee. Severance is payable equivalent to no more than one year's salary. No severance payment is payable in the case of termination at the initiative of the employee.

Remuneration and other benefits during the year	Basic salary/ Directors' fees	Variable remuneration	Other benefits	Pension costs	Financial instruments	Personnel options	Other remuneration	Total
Chairman of the Board	0.4	–	–	–	–	–	–	0.4
Other Directors	0.9	–	–	–	–	–	–	0.9
President	2.0	0.7	0.1	1.0	–	–	–	3.8
Other members of senior management (4 persons)	4.9	1.6	0.4	1.5	–	–	–	8.4
Total	**8.2**	**2.3**	**0.5**	**2.5**	**–**	**–**	**–**	**13.5**

Note 7 Compensation to auditors

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Audit assignments:				
KPMG	4.7	3.7	0.6	0.5
Other audit firms	0.2	0.2	–	–
Total compensation for audit assignments	**4.9**	**3.9**	**0.6**	**0.5**
Other assignments:				
KPMG	1.6	1.4	0.7	1.0
Other audit firms	0.1	–	–	–
Total compensation for other assignments	**1.7**	**1.4**	**0.7**	**1.0**
Total compensation to auditors	**6.6**	**5.3**	**1.3**	**1.5**

Note 8 Depreciation and amortisation according to plan

Depreciation and amortisation according to plan, by function	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Cost of sales	-11.5	-11.0	–	–
Selling expenses	-16.0	-13.4	–	–
Administrative expenses	-15.0	-12.8	-0.6	-0.6
Other operating expenses	-1.3	-1.3	–	–
Total	**-43.8**	**-38.5**	**-0.6**	**-0.6**

Note 8 Cont'd.

Depreciation and amortisation according to plan, by type of asset	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Intangible Assets	-13.8	-7.1	-0.3	-0.3
Buildings and land	-3.4	-3.1	–	–
Leasehold improvements	-1.7	-1.6	–	–
Machinery	-6.0	-6.7	–	–
Equipment	-18.9	-20.0	-0.3	-0.3
Total	**-43.8**	**-38.5**	**-0.6**	**-0.6**

Note 9 Other operating income and expenses

	Group	
	2006/2007	2005/2006
Other operating income		
External rental income	2.4	2.7
Gain on sale of operation and non-current assets	6.5	7.4
Changes in value of stock option and derivatives	5.5	0.7
Exchange gains	13.5	14.3
Other	4.2	5.7
Total	**32.1**	**30.8**
Other operating expenses		
Property costs	-2.3	-2.5
Loss on sale of operation and non-current assets	-1.0	-0.5
Changes in value of derivatives	–	-0.2
Exchange losses	-13.1	-14.6
Other	-1.1	-0.7
Total	**-17.5**	**-18.5**

Capital gains and losses for 2006/2007 include MSEK 3.6 net on the sale of property.

Changes in value of stock option represents the payroll taxes attributable to the personnel option programme (see also, in Note 1 Accounting Policies, the section Financial assets and liabilities, valuation and classification, Derivatives and hedge accounting).

	Parent Company	
	2006/2007	2005/2006
Other operating income		
Capital gains on the sale of non-current assets	0.2	–
Changes in value of stock option	4.3	0.7
Total	**4.5**	**0.7**
Other operating expenses		
Capital losses on the sale of non-current assets	0.0	0.0
Total	**0.0**	**0.0**

Note 10 Operating expenses

	Group	
	2006/2007	2005/2006
Personnel costs	719.3	695.7
Depreciation and amortisation	43.8	38.5
Impairment on inventories	16.6	18.4
Impairment on doubtful receivables	2.5	1.2

Note 11 Financial income and expenses

	Group	
	2006/2007	2005/2006
Interest income on bank balances	3.8	2.4
Dividends	0.0	0.0
Exchange rate changes	2.4	3.0
Other financial income	1.5	0.3
Financial income	**7.7**	**5.7**
Interest expense on financial liabilities valued at accrued acquisition value	-12.6	-9.5
Exchange rate changes	-2.9	-1.9
Changes in value from revaluation of financial assets/liabilities	0.0	-0.1
Other financial expense	-1.7	-1.7
Financial expenses	**-17.2**	**-13.2**
Net financial items	**-9.5**	**-7.5**

	Parent Company	
	2006/2007	2005/2006
Dividend income	267.3	73.7
Group contributions	188.3	114.0
Impairment losses	-6.0	–
Revenue on shares in Group companies	**449.6**	**187.7**
Interest income:		
Group companies	6.2	0.0
Revenue on financial non-current assets	**6.2**	**0.0**
Interest income:		
Group companies	3.4	1.8
Other	1.9	1.0
Other interest income and similar items	**11.5**	**2.8**
Interest expense:		
Group companies	-5.2	-2.7
Other	-5.6	-2.2
Interest expense and similar items	**-10.8**	**-4.9**
Financial income and expenses	**450.3**	**185.6**

Note 12 Year-end appropriations – Parent Company

	Parent Company	
	2006/2007	2005/2006
Appropriation to tax allocation reserve	-46.7	-26.3
Total	**-46.7**	**-26.3**

Had the Parent Company reported deferred taxes on year-end appropriations in accordance with the principles applied in the consolidated financial statements, the deferred tax expense would have amounted to MSEK 13.1 (7.4).

Note 13 Taxes

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Current taxes for the period	-87.1	-69.0	-33.4	-21.5
Adjustment from previous years	-0.2	1.0	–	-0.7
Total current taxes	**-87.3**	**-68.0**	**-33.4**	**-22.2**
Deferred taxes	-7.4	-1.7	-2.7	2.7
Total deferred taxes	**-94.7**	**-69.7**	**-36.1**	**-19.5**

The year's tax cost of MSEK 94.7 (69.7) represents 27.0 (26.5) percent of income after financial items.

Note 13 Cont'd.

Group	2006/2007	%	2005/2006	%
Income before taxes	350.5		263.7	
Weighted average tax based on national tax rates	-97.1	27.7	-73.8	28.0
Tax effects of:				
Utilisation of prior tax-loss carry-forwards not capitalised	0.2	-0.1	0.1	0.0
Non-deductible costs/non-taxable income	-1.5	0.4	-3.8	1.4
Personnel options	5.6	-1.6	5.4	-2.0
Standard interest on tax allocation reserves	-1.6	0.5	-1.6	0.6
Adjustments from previous years	-0.2	0.1	1.0	-0.4
Other	-0.1	0.0	3.0	-1.1
Reported tax expense	**-94.7**	**27.0**	**-69.7**	**26.5**

Parent Company	2006/2007	%	2005/2006	%
Income before taxes	400.5		151.9	
Weighted average tax based on national tax rates	-112.2	28.0	-42.5	28.0
Tax effects of:				
Personnel options	3.6	-0.9	2.7	-1.8
Standard interest on tax allocation reserves	-0.6	0.1	-0.3	0.2
Non-deductible costs:				
Other	-1.7	0.4	-0.1	0.0
Non-taxable income:				
Dividends from subsidiaries	74.8	-18.7	20.7	-13.6
Reported tax expense	**-36.1**	**9.0**	**-19.5**	**12.8**

Deferred tax assets/liabilities

	2007-03-31			2006-03-31		
Group	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	4.2	-52.8	-48.6	6.2	-28.2	-22.0
Untaxed reserves	–	-67.4	-67.4	–	-66.7	-66.7
Inventories	0.5	–	0.5	0.7	–	0.7
Pension provisions	9.9	-1.7	8.2	10.2	-0.7	9.5
Other	9.1	-0.9	8.2	9.9	-2.6	7.3
Net reported	-21.8	21.8	0.0	-24.2	24.2	–
Deferred taxes, net, at year-end	**1.9**	**-101.0**	**-99.1**	**2.8**	**-74.0**	**-71.2**

	2007-03-31			2006-03-31		
Parent Company	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Personnel options	–	–	–	2.7	–	2.7
Deferred taxes, net, at year-end	–	–	–	2.7	–	2.7

	2006/2007							2005/2006					
Group	At start of year	Reclassified amounts	Reported in income statement	Acquisitions and disposals	Charged to shareholders' equity	Translation differences	Amount at year-end	At start of year	Reported in income statement	Acquisitions and disposals	Charged to shareholders' equity	Translation differences	Amount at year-end
Non-current assets	-22.0	-2.7	-3.1	-20.8	–	0.0	-48.6	-19.2	2.3	-5.1	–	0.0	-22.0
Untaxed reserves	-66.7	–	3.0	-3.7	–	0.0	-67.4	-60.3	-5.8	-0.6	–	0.0	-66.7
Inventories	0.7	–	-0.2	–	–	0.0	0.5	2.0	-1.3	–	–	0.0	0.7
Pension provisions	9.5	–	-1.3	–	–	0.0	8.2	5.7	3.8	–	–	0.0	9.5
Other	7.3	2.7	-5.8	4.6	-0.6	0.0	8.2	7.9	-0.7	–	0.1	0.0	7.3
Deferred taxes, net	**-71.2**	**0.0**	**-7.4**	**-19.9**	**-0.6**	**0.0**	**-99.1**	**-63.9**	**-1.7**	**-5.7**	**0.1**	**0.0**	**-71.2**

	2006/2007					2005/2006				
Parent Company	At start of year	Reported in income statement	Acquisitions and disposals	Charged to shareholders' equity	Amount at year-end	At start of year	Reported in income statement	Acquisitions and disposals	Charged to shareholders' equity	Amount at year-end
Personnel options	2.7	-2.7	–	–	–	–	2.7	–	–	2.7
Deferred taxes, net	**2.7**	**-2.7**	**–**	**–**	**–**	**–**	**2.7**	**–**	**–**	**2.7**

Tax-loss carry-forwards not capitalised in the Group	2007-03-31	2006-03-31
Tax-loss carry-forwards expiring within 1 year	–	–
Tax-loss carry-forwards expiring 1–3 years	–	0.8
Tax-loss carry-forwards expiring beyond 3 years	–	–
Total	**–**	**0.8**

Note 14 Intangible non-current assets

	2006/2007							
	Intangible assets acquired						Intangible assets developed in the Group	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Capitalised expenses for research and development	Leases and similar rights	Software	Software	Total
Accumulated acquisition cost								
Opening balance	141.7	55.3	2.2	4.3	0.2	17.3	1.1	222.1
Corporate acquisitions	78.1	64.0	6.9	–	–	0.5	–	149.5
Capital expenditure	–	–	–	2.0	0.0	10.1	1.5	13.6
Reclassification	–	–	–	–	–	6.5	–	6.5
Translation differences for the year	0.0	0.0	–	–	0.0	0.0	–	0.0
Closing balance	**219.8**	**119.3**	**9.1**	**6.3**	**0.2**	**34.4**	**2.6**	**391.7**
Accumulated amortisation according to plan								
Opening balance	–	-3.1	–	-3.3	0.0	-5.9	-0.2	-12.5
Corporate acquisitions	–	–	–	–	–	-0.1	–	-0.1
Amortisation according to plan	–	-6.6	–	-1.1	–	-5.6	-0.5	-13.8
Reclassification	–	–	–	–	–	-6.2	–	-6.2
Translation differences for the year	–	0.0	–	–	–	0.0	–	0.0
Closing balance	**–**	**-9.7**	–	**-4.4**	**0.0**	**-17.8**	**-0.7**	**-32.6**
Residual value according to plan at year-end	**219.8**	**109.6**	**9.1**	**1.9**	**0.2**	**16.6**	**1.9**	**359.1**
Residual value according to plan at beginning of year	**141.7**	**52.2**	**2.2**	**1.0**	**0.2**	**11.4**	**0.9**	**209.6**

	2005/2006							
	Intangible assets acquired						Intangible assets developed in the Group	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Capitalised expenses for research and development	Leases and similar rights	Software	Software	Total
Accumulated acquisition cost								
Opening balance	120.5	40.9	1.3	4.3	0.2	13.0	0.0	180.2
Corporate acquisitions	21.2	14.4	0.9	–	–	–	–	36.5
Capital expenditure	–	–	–	–	–	4.3	1.1	5.4
Translation differences for the year	0.0	–	–	–	–	0.0	–	0.0
Closing balance	**141.7**	**55.3**	**2.2**	**4.3**	**0.2**	**17.3**	**1.1**	**222.1**
Accumulated amortisation according to plan								
Opening balance	–	0.0	–	-2.3	0.0	-3.1	0.0	-5.4
Corporate acquisitions	–	–	–	–	–	–	–	–
Amortisation according to plan	–	-3.1	–	-1.0	–	-2.8	-0.2	-7.1
Translation differences for the year	–	–	–	–	–	–	–	–
Closing balance	**–**	**-3.1**	**–**	**-3.3**	**0.0**	**-5.9**	**-0.2**	**-12.5**
Residual value according to plan at year-end	**141.7**	**52.2**	**2.2**	**1.0**	**0.2**	**11.4**	**0.9**	**209.6**
Residual value according to plan at beginning of year	**120.5**	**40.9**	**1.3**	**2.0**	**0.2**	**9.9**	**0.0**	**174.8**

Note 14 Cont'd.

	2006/2007		2005/2006	
Parent Company	Software	Total	Software	Total
Accumulated acquisition cost				
Opening balance	1.1	1.1	1.1	1.1
Closing balance	**1.1**	**1.1**	**1.1**	**1.1**
Accumulated amortisation according to plan				
Opening balance	-0.5	-0.5	-0.2	-0.2
Amortisation according to plan	-0.3	-0.3	-0.3	-0.3
Closing balance	**-0.8**	**-0.8**	**-0.5**	**-0.5**
Residual value according to plan at year-end	**0.3**	**0.3**	**0.6**	**0.6**
Residual value according to plan at beginning of year	**0.6**	**0.6**	**0.9**	**0.9**

Goodwill distributed by business area	Group	
	2007-03-31	2006-03-31
Addtech Components	67	29
Addtech Transmission	30	23
Addtech Equipment	36	8
Addtech Life Science	87	82
Total	**220**	**142**

Test for need of impairment charge against goodwill

The Group reported goodwill of MSEK 220 (142). Having adopted IFRS, the Company no longer amortises goodwill regularly but evaluates goodwill annually in accordance with IAS 36. The most recent evaluation was conducted in March 2007.

Goodwill is allocated among cash-generating units, which usually correspond to the company acquired. In cases where the acquired business is integrated with another Addtech business to such an extent that it is not possible to separate assets and cash flows attributable to the acquired company, the impairment of goodwill is tested at a higher level, though not higher than the segment level.

The recovery value has been calculated using value in use, based on a current estimate of cash flows for the coming five-year period. Assumptions have been made concerning gross margins, overhead costs and working capital and capital expenditure required. In most cases, these parameters have been set based on circumstances prevailing during 2006/2007 with annual increases of 2 percent. When larger changes were expected, the parameters were adjusted to better reflect such expectations. Cash flows beyond the five-year horizon have been extrapolated based on the assumption of a reduced annual growth rate of two percent. Cash flows have been discounted using a weighted cost of capital corresponding to roughly 12 percent before taxes. These calculations show that value in use significantly exceeds value recognized. Consequently the test of impairment indicated no need for any charge for impairment. The sensitivity of these calculations indicates that the value of goodwill will continue to be justified even if the discount rate increases one percentage point or if the long-term growth rate decreases one percentage point.

Other impairment testing

No events or changes in circumstances have been identified that would motivate a test of impairment for other intangible non-current assets.

Note 15 Tangible non-current assets

	2006/2007						2005/2006					
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition cost												
Opening balance	164.7	12.1	112.4	214.0	0.5	503.7	147.6	10.0	114.0	212.1	0.0	483.7
Corporate acquisitions	5.4	–	8.2	5.6	–	19.2	6.5	–	–	4.8	–	11.3
Capital expenditure	1.3	1.0	7.7	17.5	–	27.5	7.0	2.0	2.3	20.3	0.5	32.1
Sales and disposals	-11.0	–	-0.2	-20.5	–	-31.7	0.3	0.0	-6.7	-25.4	–	-31.8
Reclassification	0.5	-0.3	–	-6.7	-0.5	-7.0	0.9	–	0.6	-0.6	–	0.9
Translation differences for the year	-0.7	0.0	-0.4	-0.7	0.0	-1.8	2.4	0.1	2.2	2.8	0.0	7.5
Closing balance	**160.2**	**12.8**	**127.7**	**209.2**	**0.0**	**509.9**	**164.7**	**12.1**	**112.4**	**214.0**	**0.5**	**503.7**
Accumulated depreciation according to plan and impairment losses												
Opening balance	-54.8	-6.5	-90.0	-172.2	–	-323.5	-48.4	-4.8	-85.6	-168.6	–	-307.4
Corporate acquisitions	-0.7	–	-4.3	-2.8	–	-7.8	-1.4	–	–	-4.0	–	-5.4
Depreciation according to plan	-3.4	-1.7	-6.0	-18.9	–	-30.0	-3.1	-1.6	-6.7	-20.0	–	-31.4
Impairment losses	-1.2	–	–	–	–	-1.2	–	–	–	–	–	–
Sales and disposals	6.6	–	0.2	18.4	–	25.2	–	0.0	4.3	22.4	–	26.7
Reclassification	–	–	-1.4	6.2	–	4.8	-1.1	–	-0.3	0.3	–	-1.1
Translation differences for the year	0.0	0.0	0.1	0.4	–	0.5	-0.8	-0.1	-1.7	-2.3	–	-4.9
Closing balance	**-53.5**	**-8.2**	**-101.4**	**-168.9**	**–**	**-332.0**	**-54.8**	**-6.5**	**-90.0**	**-172.2**	**–**	**-323.5**
Residual value according to plan at year-end	**106.7**	**4.6**	**26.3**	**40.3**	**0.0**	**177.9**	**109.9**	**5.6**	**22.4**	**41.8**	**0.5**	**180.2**
Residual value according to plan at beginning of year	**109.9**	**5.6**	**22.4**	**41.8**	**0.5**	**180.2**	**99.2**	**5.2**	**28.4**	**43.5**	**0.0**	**176.3**

Note 15 Cont'd.

Equipment	Parent Company	
	2006/2007	2005/2006
Accumulated acquisition cost		
Opening balance	2.2	2.5
Capital expenditure	0.1	0.2
Sales and disposals	-0.4	-0.5
Closing balance	**1.9**	**2.2**
Accumulated depreciation according to plan		
Opening balance	-1.7	-1.7
Depreciation according to plan	-0.3	-0.3
Sales and disposals	0.4	0.3
Closing balance	**-1.6**	**-1.7**
Residual value according to plan at year-end	**0.3**	**0.5**
Residual value according to plan at beginning of year	**0.5**	**0.8**

Tax-assessed values, Swedish properties	Group	
	2007-03-31	2006-03-31
Buildings	29.3	35.2
Land	6.3	6.3

Note 16 Leases

Operating leases	Group		Parent Company	
Addtech as lessee	2006/2007	2005/2006	2006/2007	2005/2006
Leasing fees				
Leasing fees paid during the financial year	72.7	67.1	2.3	2.3
variable fees in that total	0.4	0.6	–	–
Future minimum lease payment under non-cancellable operating lease contracts fall due as follows:				
Within one year	54.5	49.4	1.7	1.6
Later than one year and within five years	89.5	68.5	0.2	0.3
Five years or later	8.5	9.2	–	–
	152.5	**127.1**	**1.9**	**1.9**

Significant operating leases are primarily rental contracts for premises in which the Group conducts business.

Addtech as lessor

Addtech received a total of MSEK 3.5 (3.0) in lease revenue during the financial year. MSEK 1.5 (1.4) remains to be collected within one year, an additional MSEK 3.8 (1.3) within five years.

Most operating leases for which Group companies are lessors concern the rental of premises or technical equipment to customers.

Finance leases

At present there are no significant finance leases in the Group.

Note 17 Financial non-current assets

	2006/2007			2005/2006		
Group	Other non-current securities holdings	Non-current receivables	Total	Other non-current securities holdings	Non-current receivables	Total
Accumulated acquisition cost						
Opening balance	10.7	1.2	11.9	4.5	1.1	5.6
Corporate acquisitions	0.1	0.2	0.3	–	0.0	0.0
Deductions	-0.8	-0.1	-0.9	0.0	–	0.0
Additions	0.2	0.0	0.2	5.5	0.1	5.6
Unrealised changes in value charged to the income statement	4.3	–	4.3	0.7	–	0.7
Closing balance	**14.5**	**1.3**	**15.8**	**10.7**	**1.2**	**11.9**
Accumulated impairment losses						
Opening balance	0.0	–	0.0	0.0	–	0.0
Impairment losses for the year	–	-0.1	-0.1	–	–	–
Closing balance	**0.0**	**-0.1**	**-0.1**	**0.0**	**–**	**0.0**
Closing book value	**14.5**	**1.2**	**15.7**	**10.7**	**1.2**	**11.9**

Other non-current securities holdings primarily consist of a stock option (see under Parent Company) and shares in a housing corporation.

Receivables from Group companies	Parent Company	
	2006/2007	2005/2006
Opening balance	2.2	9.7
Increase during the year	294.7	12.0
Decrease during the year	-87.9	-19.5
Closing balance	**209.0**	**2.2**

Other non-current securities holdings	Parent Company	
	2006/2007	2005/2006
Opening balance	5.2	–
Additions	–	4.5
Unrealised changes in value charged to the income statement	4.3	0.7
Deductions	-0.7	–
Closing balance	**8.8**	**5.2**

This amount consists of a stock option at fair value, with the change in value recognized in the income statement.

Note 17 Cont'd.

Specification of shares in Group companies	Number of shares	Currency	Quotient value	Holding %	Parent Company Book value 2007-03-31	Book value 2006-03-31
Addtech Equipment AB, 556199–7866, Järfälla	5,000	SEK	100	100	198.4	197.6
Addtech Transmission AB, 556546–3469, Stockholm	500,000	SEK	100	100	251.8	251.3
Addtech Components AB, 556236–3076, Stockholm	1,750	SEK	100	100	130.5	124.9
Addtech Business Support AB, 556625–7092, Stockholm	1,000	SEK	100	100	2.1	2.1
Ritaren 3 AB, 556061–5667, Sollentuna	50,000	SEK	100	100	25.0	31.0
Addtech A/S, 68132, Copenhagen	2	DKK		100	131.6	131.6
Addtech Life Science AB, 556546–6785, Stockholm	200,000	SEK	100	100	182.6	182.6
Metric Industrial OY, 0200580–9, Espoo	31,000	EUR	16.8	100	27.0	–
Metric Industrial AB, 556093–6998, Sollentuna	10,000	SEK	100	100	16.8	–
Metric Industrial A/S, 19989305, Albertslund	1	DKK		100	29.8	–
Metric Industrial AS, 987209976, Trollåsen	8,500	NOK	100	100	10.7	–
Total					**1,006.3**	**921.1**

A complete statutory specification is included with the annual accounts submitted to the Swedish Companies Registration Office.
The specification can be obtained from Addtech AB, Box 602, SE-101 32 Stockholm.

Shares in Group companies	Parent Company 2006/2007	2005/2006
Accumulated acquisition cost		
Opening balance	1,201.1	1,200.3
Shareholder contributions	6.9	3.8
Capital expenditure	84.3	19.6
Disposals	–	-19.6
Adjustment of additional funds for purchase	–	-3.0
Closing balance	**1,292.3**	**1,201.1**
Accumulated impairment losses		
Opening balance	-280.0	-280.0
Impairment losses for the year	-6.0	–
Closing balance	**-286.0**	**-280.0**
Closing book value	**1,006.3**	**921.1**
Opening book value	**921.1**	**920.3**

Note 18 Inventories

	Group 2007-03-31	2006-03-31
Raw materials and supplies	38.2	25.9
Work in progress	20.0	11.6
Finished goods	393.7	353.6
Total	**451.9**	**391.1**

The cost of sales for the Group includes a MSEK 16.6 (18.4) impairment loss on inventory.
No significant reversals of prior impairment charges were made during 2006/2007 or 2005/2006.

Note 19 Prepaid expenses and accrued income

	Group 2007-03-31	2006-03-31	Parent Company 2007-03-31	2006-03-31
Rent	10.7	10.4	0.5	0.5
Insurance premiums	5.9	1.7	3.2	0.0
Pension costs	1.5	1.0	0.2	0.3
Leasing fees	2.5	2.2	0.0	0.0
Other prepaid expenses	17.5	12.3	1.1	0.9
Other accrued income	2.9	2.3	0.2	0.1
Total	**41.0**	**29.9**	**5.2**	**1.8**

Note 20 Shareholders' equity

GROUP

Other capital contributed

Refers to equity contributed by shareholders.

Reserves	Group 2006/2007	2005/2006
Foreign currency translation reserve		
Opening translation reserve	8.4	0.4
Translation differences for the year	-1.5	8.0
Closing translation reserve	**6.9**	**8.4**
Hedging reserve		
Opening hedging reserve	-0.4	–
Adjustment for change in accounting principles	–	-1.1
Adjusted opening hedging reserve	**-0.4**	**-1.1**
Revaluations charged directly to equity	1.0	4.2
Recognized in the income statement upon disposal	0.3	-3.2
Recognized in the income statement upon impairment	–	–
Taxes attributable to the year's revaluations	-0.3	-0.3
Closing hedging reserve	**0.6**	**-0.4**
Total reserves	**7.5**	**8.0**

Note 20 Cont'd.

Foreign currency translation reserve

The foreign currency translation reserve includes all foreign currency differences that arise when the financial reports prepared by the foreign operations in a currency other than the Group's currency are translated into the currency of the Group's financial reports. The Parent Company and the Group present their financial reports in Swedish kronor (SEK).

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash-flow hedge attributable to hedge transactions that have not yet occurred.

Retained earnings, including net income for the year

Retained earnings including net income for the year include earned income in the Parent Company and its subsidiaries. Prior allocations to the legal reserve are included in this equity item.

Repurchased shares

Repurchased shares includes the acquisition cost of own shares held in treasury by the Parent Company. At the balance sheet date, the Group's holding of own shares in treasury was 1,199,000 (2,285,000).

Dividend

After the balance sheet date, the Board of Directors proposed a dividend of SEK 6.00 per share. The dividend is subject to approval by the Annual General Meeting on 27 August 2007.

PARENT COMPANY

Restricted reserves

Restricted reserves are funds that cannot be paid out as dividends.

Legal reserve

The purpose of the legal reserve is to save a portion of net income that will not be used to cover a loss carried forward.

Retained earnings

Retained earnings consist of the previous year's unrestricted equity, less any allocation to the legal reserve and less any dividend paid. Together with net income for the year and any fair value reserve, retained earnings constitute the sum total of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

Number of shares

The share capital at 31 March 2007 consisted of (a) 1,103,814 Class A shares, entitling the holders to 10 votes per share, and (b) 22,529,018 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2.15. The Company has repurchased 1,199,000 Class B shares, 700,000 of which during the 2006/2007 financial year, within the framework of the Company's current repurchase programme. Upon approval of the Annual General Meeting in August 2006, 1,700,000 Class B shares were cancelled. After subtracting repurchased shares, the number of Class B shares outstanding is 21,330,018 net.

Number of shares outstanding	Class A shares	Class B shares	All classes
Opening balance	1,103,814	21,944,018	23,047,832
Repurchase of own shares	–	-700,000	-700,000
Personnel options exercised	–	86,000	86,000
Closing balance	**1,103,814**	**21,330,018**	**22,433,832**

Note 21 Untaxed reserves

	Parent Company	
	2007-03-31	2006-03-31
Tax allocation reserve, allocation for tax assessment 2003	7.8	7.8
Tax allocation reserve, allocation for tax assessment 2004	9.5	9.5
Tax allocation reserve, allocation for tax assessment 2005	15.5	15.5
Tax allocation reserve, allocation for tax assessment 2006	18.5	18.5
Tax allocation reserve, allocation for tax assessment 2007	26.2	26.2
Tax allocation reserve, allocation for tax assessment 2008	46.7	–
Closing balance	**124.2**	**77.5**

MSEK 34.8 of the Parent Company's total untaxed reserves of MSEK 124.2 represent deferred taxes included in the deferred taxes line item in the consolidated balance sheet.

Note 22 Provisions for pensions and similar obligations

Addtech has defined benefit pension plans in Sweden and Norway. In these plans, a pension is determined mainly by the salary at retirement. These plans cover many employees, but there are also defined contribution plans. Subsidiaries in other countries in the Group mainly have defined contribution pension plans.

The Parent Company's data on pensions is reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

Defined benefit pension plans

These pension plans primarily comprise retirement pensions. Each employer typically has an obligation to pay a lifelong pension. Vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully vested for retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is reported as pension earned during the period and as an increase in pension obligations.

In Norway there are funded pension plans. These pension obligations are secured by plan assets.

Addtech applies the "corridor" method. Corridor rules stipulate that part of the actuarial gains and losses be recognized in the income statement and balance sheet in the next period if they exceed the higher of:

– 10 percent of the present value of the pension obligation and
– 10 percent of the fair value of the plan assets.

At year-end the actuarial losses equalled about three percent of the present value of pension obligations.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement URA 42 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, this is a defined benefits plan covering several employers. For the 2006/2007 financial year, the Company has not had access to information enabling it to report this plan as a defined benefits plan. The pension plan according to ITP is secured by insurance in Alecta and is therefore reported as a defined contribution plan. The year's fees for pension insurance with Alecta totalled MSEK 11.5 (11.0).

Defined contribution pension plans

These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid periodically during the year by each Group company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in the income statement.

Pension liability as per balance sheet	Group		Parent Company	
	2007-03-31	2006-03-31	2007-03-31	2006-03-31
Pension liability PRI	162.9	152.2	8.7	8.8
Other pension obligations	9.4	11.0	0.1	0.2
Total	**172.3**	**163.2**	**8.8**	**9.0**

Note 22 Cont'd.

Reconciliation of net amount for pensions in the balance sheet	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Net amount in the balance sheet, 1 April	163.0	155.5	8.8	9.1
Cost of defined benefit plans	15.4	13.3	0.5	0.4
Payment of pensions	-3.0	-2.1	-0.6	-0.7
Funds contributed by employer	-2.2	-2.1	–	–
Exchange rate differences	-0.2	0.3	–	–
Other	-0.8	-1.9	–	–
Net amount in balance sheet	**172.2**	**163.0**	**8.7**	**8.8**

Return on plan assets	Group	
	2006/2007	2005/2006
Actual return on plan assets	0.7	0.6
Expected return on plan assets	0.7	0.6
Actuarial gains/losses on plan assets during the period	**0.0**	**0.0**

Obligations for benefits to employees, defined benefit pension plans

Obligations for defined benefits and the value of plan assets	Group		Parent Company	
	2007-03-31	2006-03-31	2007-03-31	2006-03-31
Wholly or partly funded obligations:				
Present value of defined benefit obligations	15.0	16.1	0.1	0.2
Fair value of plan assets	-15.2	-12.7	-0.1	-0.2
Wholly or partly funded obligations, net	**-0.2**	**3.4**	**0.0**	**0.0**
Present value of unfunded defined benefit obligations	178.3	183.6	8.7	8.8
Net obligations before adjustments	**178.1**	**187.0**	**8.7**	**8.8**
Adjustments:				
Accumulated unreported actuarial gains (+) and losses (–)	-5.9	-24.0	–	–
Net amount in the balance sheet (obligation +, asset –)	**172.2**	**163.0**	**8.7**	**8.8**
The net amount is reported under the following items in the balance sheet:				
Financial non-current assets	-0.1	-0.2	-0.1	-0.2
Provisions for pensions and similar obligations	172.3	163.2	8.8	9.0
Net amount in the balance sheet (obligation +, asset –)	**172.2**	**163.0**	**8.7**	**8.8**
The net amount is divided among plans in the following countries:				
Sweden	166.4	157.0	8.7	8.8
Norway	5.8	6.0	–	–
Net amount in the balance sheet (obligation +, asset –)	**172.2**	**163.0**	**8.7**	**8.8**

Changes in obligations for defined benefit plans reported in the balance sheet	Group	
	2006/2007	2005/2006
Opening balance	199.7	172.9
Pensions earned during the period	6.4	6.4
Interest on obligations	7.1	7.3
Benefits paid	-3.2	-3.1
Actuarial gain or loss	-13.5	15.8
Exchange rate differences	-0.6	0.9
Other	-2.6	-0.5
Present value of pension obligations	**193.3**	**199.7**

Changes in plan assets	Group	
	2006/2007	2005/2006
Opening balance	12.7	10.4
Funds contributed by employer	2.2	2.1
Benefits paid	-0.2	-1.0
Expected return on plan assets	0.7	0.6
Actuarial gain or loss	–	–
Exchange rate differences	-0.4	0.6
Other	0.2	–
Fair value of plan assets	**15.2**	**12.7**

Plan assets refer to the Norwegian pension plans.

Note 22 Cont'd.

Change in unreported actuarial gains (+) and losses (–) for the year	Group	
	2006/2007	2005/2006
Changes in actuarial assumptions	-14.8	19.1
Experienced-based changes	1.3	-3.3
Total	**-13.5**	**15.8**

Pension costs	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Defined benefit pension plans				
Costs for pensions earned during the year	6.5	6.4	–	–
Interest expense	7.1	7.3	0.4	0.4
Expected return on plan assets	-0.7	-0.6	–	–
Reported actuarial gains (–) and losses (+)	2.5	0.2	–	–
Total cost of defined benefits plans	**15.4**	**13.3**	**0.4**	**0.4**
Total cost of defined contribution plans	50.0	51.2	2.8	2.4
Payroll taxes on pension costs	8.7	8.8	0.7	0.5
Total cost of benefits after termination of employment	**74.1**	**73.3**	**3.9**	**3.3**

Allocation of pension costs in the income statement	Group	
	2006/2007	2005/2006
Cost of sales	11.0	10.0
Selling and administrative expenses	56.7	56.6
Net financial items	6.4	6.7
Total pension costs	**74.1**	**73.3**

Actuarial assumptions	2006/2007		2005/2006	
	Sweden	Norway	Sweden	Norway
The following material actuarial assumptions have been applied in calculating obligations:				
Discount rate, 1 April	3.60%	4.10%	4.25%	4.50%
Discount rate, 31 March	3.90%	4.75%	3.60%	4.10%
Expected return on plan assets	–	5.75%	–	5.10%
Future salary increases	3.50%	4.00%	3.50%	3.00%
Future increases in pensions (change in income base amount)	3.00%	–	2.50%	–
Personnel turnover	5.00%	2.00-5.00%	5.00%	2.00-5.00%
"G-regulation"	–	4.00%	–	2.50%
Mortality table	P94	K63	P94	K63

Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) is based on statistical tables developed by Finansinspektionen (Sweden's Financial Supervisory Authority) and The Insurance Society, in Sweden P94 and in Norway K63. The expected increase in government contributions "G-regulation" in Norway is used for calculations in the same manner as the "base amount" is used in Sweden.

Note 23 Provisions

Group 2006/2007	Premises	Personnel	Warranties	Other	Total
Reported value at beginning of period	7.6	7.3	5.7	0.9	21.5
Provisions made during the period	–	0.8	0.3	1.0	2.1
Utilized during the period	-4.0	-5.0	-1.0	-0.5	-10.5
Unutilized amounts reversed	–	-1.4	–	-0.5	-1.9
Corporate acquisitions	–	1.2	–	0.7	1.9
Reported value at end of period	**3.6**	**2.9**	**5.0**	**1.6**	**13.1**

Note 23 Cont'd.

Premises

The provision for premises refers to premises that the Group has vacated and cannot sublet or use during the remainder of the lease.

Personnel

The provision refers to personnel costs, including estimated severance payments in connection with changes in operations. A provision is made when there is an approved restructuring plan and the restructuring has been announced.

Warranties

The provision is calculated based on historical data for warranties associated with products and services.

Other

Included here are provisions not classified under premises, personnel or warranties, such as equipment that cannot be used owing to changes in operations.

All provisions are classified as short-term and are expected to result in an outflow of resources within 12 months of the balance sheet date.

Note 24 Non-current interest-bearing liabilities

	Group	
	2007-03-31	2006-03-31
Liabilities to credit institutions:		
Maturing within 2 years	1.0	4.1
Maturing within 3 years	0.7	0.7
Maturing within 4 years	0.4	0.2
Maturing within 5 years	–	0.2
Maturing after 5 years	–	0.1
Non-current liabilities to credit institutions	**2.1**	**5.3**
Other interest-bearing liabilities	7.7	9.2
Total	**9.8**	**14.5**

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

Currency	2007-03-31		2006-03-31	
	Local currency	MSEK	Local currency	MSEK
EUR	0.2	1.8	0.4	3.3
DKK	0.3	0.3	0.9	1.1
NOK	–	–	0.8	0.9
Total		**2.1**		**5.3**

The loans in EUR carry variable interest. The interest rate has averaged 5.0 percent.
The loan in DKK carries a fixed rate of 5.1 percent until 30 September 2008.

	Parent Company	
	2007-03-31	2006-03-31
Liabilities to Group companies	70.3	155.0
Total	**70.3**	**155.0**

The Parent Company's liabilities to Group companies have no fixed maturity dates.

Note 25 Current interest-bearing liabilities

	Group		Parent Company	
	2007-03-31	2006-03-31	2007-03-31	2006-03-31
Bank overdraft facility				
Approved credit limit	246.3	251.8	244.7	236.6
Unutilised portion	-219.9	-217.9	-218.8	-217.9
Credit amount utilised	**26.4**	**33.9**	**25.9**	**18.7**
Other liabilities to credit institutions	120.0	4.1	120.0	–
Other interest-bearing liabilities	3.1	–	–	–
Total	**149.5**	**38.0**	**145.9**	**18.7**

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

Currency	2007-03-31		2006-03-31	
	Local currency	MSEK	Local currency	MSEK
SEK	120.0	120.0	–	–
EUR	0.0	0.0	0.2	1.5
DKK	0.0	0.0	2.1	2.6
Total		**120.0**		**4.1**

Of total loans in SEK, MSEK 70 carry a fixed rate of 3.80 percent, and MSEK 50 a fixed rate of 3.75 percent.

Note 26 Accrued expenses and prepaid income

	Group		Parent Company	
	2007-03-31	2006-03-31	2007-03-31	2006-03-31
Rental revenue	0.5	0.2	–	–
Other prepaid income	3.9	2.6	–	–
Salaries and holiday pay	97.9	89.1	4.1	3.7
Payroll taxes and pensions	65.5	57.5	11.9	8.3
Other accrued expenses	26.1	21.4	3.0	1.4
Total	**193.9**	**170.8**	**19.0**	**13.4**

Other accrued expenses consist mainly of overhead accruals.

Note 27 Anticipated recovery periods for assets, provisions and liabilities

Amounts expected to be recovered	2006/2007		
Group	Within 12 months	After 12 months	Total
Non-current assets			
Intangible non-current assets 1)	22.0	337.1	359.1
Tangible non-current assets 1)	30.0	147.9	177.9
Financial non-current assets	–	17.6	17.6
Current assets			
Inventories	451.9	–	451.9
Tax claims	3.3	–	3.3
Accounts receivable	580.0	–	580.0
Prepaid expenses and accrued income	41.0	–	41.0
Other receivables	24.8	–	24.8
Cash and cash equivalents	73.1	–	73.1
Total Assets	**1,226.1**	**502.6**	**1,728.7**

1) Anticipated depreciation/amortisation is reported as an amount expected to be recovered within 12 months.

Note 27 Cont'd.

Amounts expected to be paid			2006/2007
Group	Within 12 months	After 12 months	Total
Non-current liabilities			
Non-current interest-bearing liabilities	–	9.8	9.8
Provisions for pensions	3.6	168.7	172.3
Deferred tax liabilities	–	101.0	101.0
Current liabilities			
Current interest-bearing liabilities	149.5	–	149.5
Non-interest-bearing liabilities			
Accounts payable	354.1	–	354.1
Tax liabilities	40.8	–	40.8
Other liabilities	138.5	–	138.5
Accrued expenses and prepaid income	193.9	–	193.9
Provisions	13.1	–	13.1
Total liabilities and provisions	**893.5**	**279.5**	**1,173.0**

Amounts expected to be recovered			2006/2007
Parent Company	Within 12 months	After 12 months	Total
Non-current assets			
Intangible non-current assets	0.3	–	0.3
Tangible non-current assets	0.3	–	0.3
Shares in Group companies	–	1,006.3	1,006.3
Receivables from Group companies	–	209.0	209.0
Other financial non-current assets	–	8.8	8.8
Current assets			
Receivables from Group companies	285.9	–	285.9
Prepaid expenses and accrued income	5.2	–	5.2
Cash and cash equivalents	24.5	–	24.5
Total Assets	**316.2**	**1,224.1**	**1,540.3**

Amounts expected to be paid			2006/2007
Parent Company	Within 12 months	After 12 months	Total
Provisions			
Pensions and similar obligations	0.9	7.9	8.8
Non-current liabilities			
Liabilities to Group companies	–	70.3	70.3
Current liabilities			
Liabilities to credit institutions	145.9	–	145.9
Accounts payable	0.9	–	0.9
Liabilities to Group companies	237.7	–	237.7
Tax liabilities	17.1	–	17.1
Other liabilities	8.5	–	8.5
Accrued expenses and prepaid income	19.0	–	19.0
Total liabilities and provisions	**430.0**	**78.2**	**508.2**

Note 28 Pledged assets and contingent liabilities

	Group		Parent Company	
	2007-03-31	2006-03-31	2007-03-31	2006-03-31
Pledged assets for liabilities to credit institutions				
Real estate mortgages	2.1	11.7	–	–
Floating charges	21.7	35.9	–	–
Other pledged assets	0.1	0.2	0.1	0.2
Total	**23.9**	**47.8**	**0.1**	**0.2**
Contingent liabilities				
Guarantees and other contingent liabilities	14.3	15.0	0.2	0.2
Guarantees for subsidiaries	–	–	150.0	125.3
Total	**14.3**	**15.0**	**150.2**	**125.5**

Note 29 Cash flow statment

	Group		Parent Company	
Adjustment for items not included in cash flow	2006/2007	2005/2006	2006/2007	2005/2006
Depreciation and amortisation according to plan	43.8	38.5	0.6	0.6
Gain/Loss on disposal of companies and non-current assets	-6.7	1.7	-0.3	–
Change in provisions for pension	9.1	7.1	-0.2	-0.4
Group contributions/dividends not paid	–	–	-188.3	-114.0
Impairment losses on shares in Group companies	–	–	6.0	–
Other	-8.8	2.2	-0.1	0.1
Total	**37.4**	**49.5**	**-182.3**	**-113.7**

Interest received in the Group totalled MSEK 3.0 (2.8) during the year, interest paid MSEK 5.4 (2.2). Interest received in the Parent Company totalled MSEK 11.0 (2.8) during the year, interest paid MSEK 8.9 (3.3).

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as additional funds paid for the purchase of acquisitions made in previous years:

	2006/2007	2005/2006
Non-current assets	161.1	40.8
Inventories	38.2	15.9
Receivables	48.4	26.0
Cash and cash equivalents	47.7	1.9
Total	**295.4**	**84.6**
Interest-bearing liabilities and provisions	6.4	-0.1
Non-interest-bearing liabilities and provisions	80.8	-8.0
Total	**87.2**	**-8.1**
Funds paid on purchase	-208.2	-89.3
Cash and cash equivalents in acquired companies	47.7	1.9
Effect on the Group's cash and cash equivalents	**-160.5**	**-87.4**

Note 29 Cont'd.

Acquisition of businesses during the year				
Company	Country	Acquisition date	Ownership	Acquisition price
Kurt Wiig AS	Norway	2006-04-01	100%	17.1
Blästerprodukter i Köping AB	Sweden	2006-06-30	100%	14.0
Specma Drives AB	Sweden	2006-10-01	100%	9.6
Gevea Holding AB	Sweden	2006-12-01	100%	90.0
Metric Industrial group	Sweden, Norway, Denmark, Finland	2007-03-29	100%	84.2
Other (assets and liabilities)	Denmark, Finland		–	8.2
				223.1

All businesses acquired during the year have been added to the consolidated financial statements using the purchase method.

The following adjustments have been made in the value of assets and liabilities in Tubex Hydraul AB, sold in the preceding year:

	2006/2007	2005/2006
Non-current assets	–	-1.0
Inventories	–	-2.9
Receivables	-1.0	-0.4
Cash and cash equivalents	–	-0.5
Total	**-1.0**	**-4.8**
Gain/Loss on companies sold	–	1.0
Interest-bearing liabilities and provisions	–	–
Non-interest-bearing liabilities and provisions	–	-0.8
Total	**–**	**0.2**
Funds received on sale	1.0	5.0
Cash and cash equivalents in companies sold	–	-0.5
Effect on the Group's cash and cash equivalents	**1.0**	**4.5**

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash plus cash equivalents. The same definition applied to determine cash and cash equivalents in the balance sheet has been applied in the cash flow statement.

Note 30 Corporate acquisitions

Acquisitions in 2006/2007

Five companies were acquired during the year beyond additional purchases of assets and liabilities only. At 1 April 2006, Kurt Wiig AS joined the Group with annual sales of MSEK 26. The company, part of the Addtech Transmission business area, supplies customer-specific hydraulic solutions to customers, primarily in the Norwegian offshore and subsea industries. Blästerprodukter i Köping AB was consolidated in Addtech Equipment starting 30 June 2006. With annual revenues of about MSEK 22, the company sells media, spare parts and accessories for blasting equipment, primarily to Swedish manufacturing industry. At 1 October 2006, the operations of Addtech Components were augmented by the acquisition of all shares in Specma Drives AB. Specma Drives, with annual revenues of MSEK 40, designs and markets electromechanical drive systems for specific demanding applications. Gevea AB, with annual revenues of MSEK 65, was acquired by Addtech Equipment at 1 December 2006. Gevea develops and markets equipment for high-voltage electricity transmission. The Metric Industrial group was acquired at 29 March 2007, comprising four companies in Sweden, Finland, Denmark and Norway. Metric Industrial sells components and systems for industrial automation as well as testing and measurement systems, in Finland, Denmark, Sweden and Norway. Metric Industrial's annual revenues are approximately MSEK 150.

The purchase price for all acquisitions completed during the financial year totalled MSEK 223.

These acquisitions had a net effect of MSEK 106 on Addtech's consolidated net revenues and MSEK 7 on income after taxes for the period. If the acquisitions had been completed at 1 April 2006, their impact during the financial year would have been an estimated MSEK 338 on consolidated net revenues and an estimated MSEK 19 on income after taxes.

The assets and liabilities included in the acquisition of Kurt Wiig, Blästerprodukter i Köping, Specma Drives, Gevea Holding, the four Metric Industrial companies together with other assets and liabilities acquired consisted of the following:

	Reported value at time of acquisition	Adjustment to fair value	Fair value
Supplier relationships, customer relationships and technology	–	64.0	64.0
Trademarks	–	6.9	6.9
Patents/Software	0.4	–	0.4
Tangible non-current assets	4.6	6.8	11.4
Deferred tax assets	–	4.5	4.5
Other financial non-current assets	0.3	–	0.3
Inventories	38.2	–	38.2
Current receivables	49.0	–	49.0
Cash and cash equivalents	47.7	–	47.7
Deferred tax assets	-3.7	-20.7	-24.4
Current liabilities	-51.5	–	-51.5
Net assets acquired	**85.0**	**61.5**	**146.5**
Goodwill			76.6
Purchase price			**223.1**[1]
Less: Cash and cash equivalents funds in acquired businesses			-47.7
Less: funds not yet paid for purchase			-29.4
Effect on the Group's cash and cash equivalents			**146.0**

[1] Purchase price is stated including MSEK 0.9 in acquisition expenses.

The values allocated to intangible non-current assets, such as supplier relationships, customer relationships, technology and trademarks, have been assessed at the discounted value of future cash flows. Thus an assessment has been made of which types of assets in each unit acquired can be assumed to be significant to the companies' future capacity to generate a return on the purchase price. The period of amortisation is based on an assessment of the annual loss of part of the revenue attributable to each asset. Supplier relationships are amortised over a period of 25-33 years, customer relationships and technology over 5-15 years. Trademarks are not amortised but are tested annually for impairment in accordance with IAS 36.

The goodwill resulting from these acquisitions is attributable to expectations that the Group's position in the markets in question for each acquisition will grow stronger and to the knowledge accumulated in the companies acquired.

Note 31 Earnings per share before and after dilution

	2006/2007	2005/2006
Earnings per share, before dilution (SEK)	11.15	8.00
Earnings per share, after dilution (SEK)	11.00	7.90

See definitions on page 31 for the method of calculation.

The numerators and denominators used to calculate the above earnings per share are derived below.

Earnings per share before dilution

The calculation of earnings per share for 2006/2007 is based on income for the year attributable to the Parent Company's shareholders, totalling MSEK 253 (193), and a weighted average number of shares outstanding (000s) during 2006/2007 of 22,652 (24,073). The two components have been calculated in the following manner:

	2006/2007	2005/2006
Net income for the year attributable to the Parent Company's shareholders, before dilution (MSEK)	253	193

Weighted average number of shares outstanding, before dilution

In thousands of shares	2006/2007	2005/2006
Total number of Class A common shares 1 April	23,048	24,503
Effect of shares held in treasury	-396	-430
Weighted average number of common shares outstanding during the year, before dilution	**22,652**	**24,073**

Earnings per share after dilution

The calculation of earnings per share after dilution for 2006/2007 is based on earnings attributable to the Parent Company's shareholders, totalling MSEK 253 (193), and a weighted average number of shares (000s) outstanding during 2006/2007 of 22,977 (24,366). The two components have been calculated in the following manner:

	2006/2007	2005/2006
Net income for the year attributable to the Parent Company's shareholders, after dilution (MSEK)	253	193

Weighted average number of common shares outstanding, after dilution

In thousands of shares	2006/2007	2005/2006
Weighted average number of common shares outstanding during the year, before dilution	22,652	24,073
Effect of options on issue	325	293
Weighted average number of common shares outstanding during the year, after dilution	**22,977**	**24,366**

Note 32 Supplementary information

Addtech AB, company number 556302-9726, is the Parent Company of the Group.
The Company has its registered office in Stockholm, County of Stockholm, and by Swedish law is a limited liability corporation.

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Website: www.addtech.com

Note 33 Related party disclosures

For the Addtech Group, related parties consist mainly of senior management. Information about personnel costs is provided in Note 6 Employees and personnel costs.

Note 34 Events after the balance sheet date

No material events occurred after the balance sheet date.

ADDTECH

Proposed Allocation of Earnings

DIVIDEND

The Board of Directors proposes a dividend of SEK 6.00 (4.00) per share. The total dividend amounts to MSEK 135 (92). Addtech's dividend policy calls for payment of a dividend exceeding 50 percent of consolidated income after taxes averaged over a business cycle.

The Board of Directors has decided to propose to the Annual General Meeting that it renew the mandate to repurchase shares corresponding to no more than 10 percent of all shares in the Company.

PROPOSED ALLOCATION OF EARNINGS

The following amounts are available for distribution by Annual General Meeting of Addtech AB:

Retained earnings	MSEK 477
Net income for the year	MSEK 364
	MSEK 841

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

A dividend paid to shareholders of SEK 6.00 per share	MSEK 135
To be carried forward	MSEK 706
	MSEK 841

The Board of Directors deems this dividend justifiable considering the demands made by the Group's operations, scope and risks on the Group's equity as well as the Group's need for a strong balance sheet, liquidity and financial position in other respects.

At the balance sheet date, shareholders equity in the Parent Company included MSEK 5 as a result of financial assets and liabilities being valued at fair value in accordance with chapter 4, section 14a, in the Annual Accounts Act.

Stockholm, 13 June 2007

Anders Börjesson
CHAIRMAN

Tom Hedelius
VICE CHAIRMAN

Eva Elmstedt

Urban Jansson

Lars Spongberg

Roger Bergqvist
PRESIDENT

Our audit report was submitted on 18 June 2007

KPMG Bohlins AB
George Pettersson
AUTHORISED PUBLIC ACCOUNTANT

AUDIT REPORT

Audit Report

To the Annual General Meeting of the shareholders of Addtech AB (publ)
Corporate identity number 556302-9726

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of Addtech AB (publ) for the financial year April 1, 2006 - March 31,2007. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 34-68. The board of directors and the president are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high 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 used and their application by the board of directors and the president and significant estimates made by the board of directors and the president when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the president has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

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

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

Stockholm, 18 June 2007

KPMG Bohlins AB
George Pettersson
Authorized Public Accountant

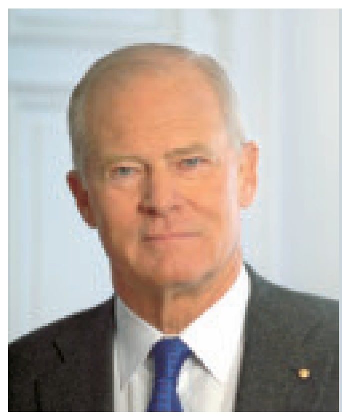
ADDTECH

Board of Directors

ANDERS BÖRJESSON
Born 1948
Chairman since 2001.
Other assignments: Chairman of Boomerang, Bostad Direkt, Cibenon, Cibes Lift, Inomec, Lagercrantz Group and Nolek. Vice Chairman of B&B TOOLS.
Ownership (family): 387,344 Class A shares and 40,000 Class B shares.

ROGER BERGQVIST
Born 1948
President of Addtech.
Employed in the Group since 1973.
Other assignments: Director of BE Group.
Ownership: 21,500 Class B shares.
Employee options: 100,000.

EVA ELMSTEDT
Born 1960
Director since 2005.
Vice President, IT Service Delivery, Ericsson.
Other assignments:
Director of Syntavia.
Ownership: 2,300 Class B shares.



TOM HEDELIUS
Born 1939
Vice Chairman since 2001.
PhD Econ. Honorary Chairman of Svenska Handelsbanken.
Other assignments: Chairman of Anders Sandrews Stiftelse, B&B TOOLS, Industrivärden and Jan Wallanders and Tom Hedelius stiftelse.
Vice Chairman of Lagercrantz Group.
Director of L E Lundbergföretagen, SCA and Volvo.
Ownership (family): 372,344 Class A shares and 5,400 Class B shares.

URBAN JANSSON
Born 1945
Director since 2001.
Other assignments: Chairman of HMS, Jetpak Group, Rezidor Hotel Group, Siemens AB and Tylö. Vice Chairman of Ahlstrom Corp. Director of CapMan Plc, Clas Ohlsson, Ferd AS, Höganäs, SEB, the Listing Committee of the Stockholm Stock Exchange and W Becker.
Ownership: 35,000 Class B shares.

LARS SPONGBERG
Born 1945
Director since 2001.
Industrial Adviser in Nordic Capital.
Other assignments: Director of Cobolt, Fixturlaser, Intervalor, Nolek, Skyways Holding, Westergyllen and of Nordic Capital portfolio companies.
Ownership: 1,500 Class B shares.

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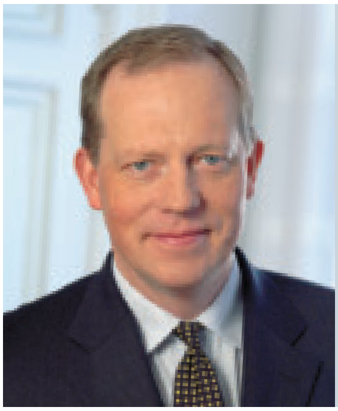
Group Management

ANDERS CLAESON
Born 1956
Executive Vice President of Addtech AB.
Employed in the Group since 1982.
Ownership: 10,200 Class B shares.
Personnel options: 70,000.

RICHARD GUSTAFSSON
Born 1958
Vice President and responsible for business development at Addtech AB.
Employed in the Group since 2005.
Ownership (family): 672 Class A shares and 22,800 Class B shares.
Personnel options: 10,000.

ROGER BERGQVIST
Born 1948
President of Addtech AB.
Employed in the Group since 1973.
Other assignments: Director of BE Group.
Ownership: 21,500 Class B shares.
Personnel options: 100,000.



KENNET GÖRANSSON
Born 1963
Executive Vice President and Chief Financial Officer of Addtech AB.
Secretary to the Board of Directors.
Employed in the Group since 1995.
Ownership: 14,800 Class B shares.
Personnel options: 70,000.

TOMMY HAGLUND
Born 1963
Executive Vice President of Addtech AB. Employed in the Group since 1988. Ownership: 672 Class A shares and 6,400 Class B shares.
Personnel options: 20,000.

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ADDTECH

Invitation to the Annual General Meeting

WELCOME TO THE ANNUAL GENERAL MEETING

The Annual General Meeting of Addtech AB (publ) will be held at 4:00 pm on 27 August 2007 at the IVA conference centre, Grev Turegatan 16, Stockholm.

NOTICE OF PARTICIPATION

Shareholders who wish to participate in the Annual General Meeting must

- be entered in the shareholders' register maintained by VPC AB no later than Tuesday, 21 August 2007,
- notify the Company's head office: by mail at Addtech AB (publ), Box 602, SE–101 32 Stockholm, Sweden, or by telephone at +46–8–470 4908, or by telefax at +46–8–470 4901, or by e-mail to info@addtech.com, or by using the application form on the Company's website at www.addtech.com.

Notification must be received by 3:00 pm on Thursday, 23 August 2007. Such notice must contain the shareholder's name, personal identification number (company number), address, telephone number and the number of shares represented.

Shareholders whose shares are registered under a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the Annual General Meeting. Such changes in registration must be completed no later than Tuesday, 21 August 2007.

If a shareholder intends to participate through a proxy, the proxy notice must be sent to the Company well before the Annual General Meeting. A representative of a legal entity must send in a certified copy of the registration certificate or comparable documents for authorization.

PAYMENT OF DIVIDEND

The dividend resolution adopted by the Annual General Meeting will specify the date on which shareholders must be recorded in the share register maintained by VPC AB to be entitled to receive the dividend. The Board of Directors has proposed Thursday, 30 August 2007, as the record date. Provided the Annual General Meeting adopts the proposal, the dividend is expected to be paid by VPC AB on Tuesday, 4 September 2007, to shareholders of record at the record date.

CHANGE OF ADDRESS OR BANK ACCOUNT

Shareholders who have changed their name, address or account number should inform their trustee or account operator (bank) of any such change as soon as possible. A special form for this purpose is available at all branch offices of Swedish banks.

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