



HEDENGREN

Leading Solutions



Review of the Year 2006



The framework for trade in 2006 was favourable due to positive trends in the national economy measured by all standards. Demand grew also in Hedengren's business areas, particularly in the second half of the year.

Compared to the previous year Hedengren's turnover grew but the result did not quite come up to the goals set.

Turnover of the Hedengren Group in 2006 amounted to 97.5 million euros, a growth of 8% over the year before. Operating profit was 1.2 million euros. Self sufficiency ratio was 39.1% and balance sheet sum total 49.9 million euros. The number of employees within the Group was 361 persons on an average.

Of Hedengren's three business lines, Systems and Building Technology achieved the strongest sales growth.

Hedengren Building Technology improved sales by

8% and reported a record result for this year. The profit centre for installation materials was notably successful.

Hedengren Systems increased sales by more than a third and improved the result considerably. The profit centre Hedcom was the most successful.

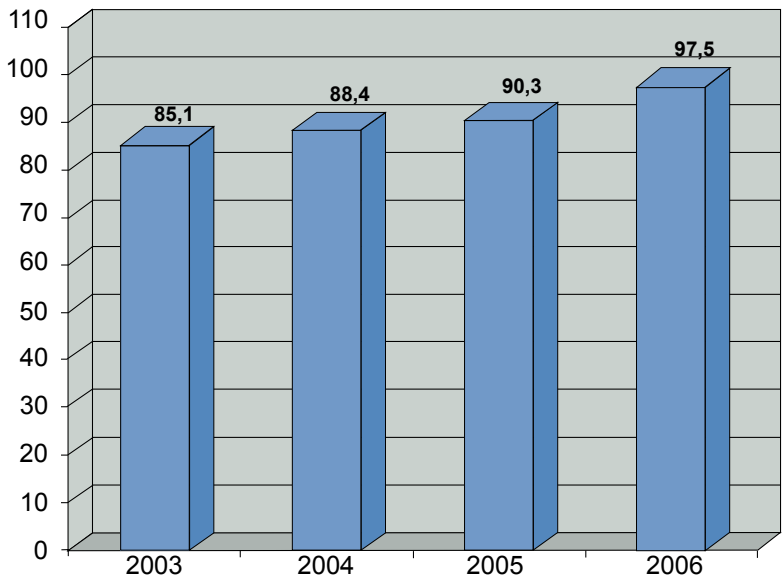
Hedengren Consumer Technology had to accept a slight decrease in sales (-4%) and the result was weaker compared to the year before. The profit centres for small appliances and direct sales were the most successful.

Furthermore, in 2006 we initiated several large-scale development projects. Most of them will be concluded within 2007. The goal of these projects is to still improve customer satisfaction and enhance operational efficiency. We feel confident that the results of our efforts will show in the course of 2007.

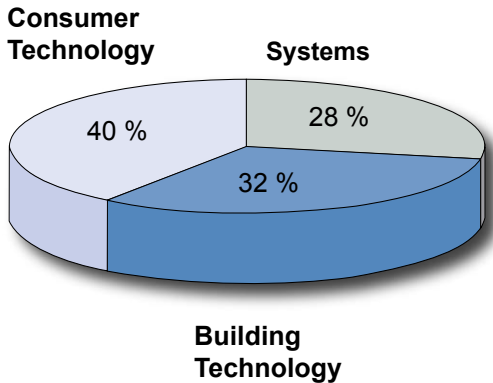
Berndt Johansson
CEO

Income Statement (1000 EUR)			Balance Sheet (1000 EUR)		
	2006	2005		2006	2005
Turnover	97 492	90 308	Assets	13 386	13 766
- Other operating income	420	249	Inventories	17 701	15 696
- Materials and services	-71 265	-65 028	Financial assets	<u>18 794</u>	<u>18 629</u>
- Personnel expenses	-16 481	-15 623	Total assets	<u>49 881</u>	<u>48 091</u>
- Depreciation and value adjustments	-941	-888	Shareholders equity		
- Other costs and expenses	<u>-8 026</u>	<u>-8 045</u>	- Share capital	1 036	1 036
Operating profit	1 199	973	- Other equity	18 257	18 618
Financial income and expenses	-216	-74	Provisions	4 415	4 581
Profits before appropriations and taxes	983	899	Liabilities		
Appropriations			- Long-term	4 986	5 659
Income taxes	-335	-175	- Short-term	<u>21 187</u>	<u>18 197</u>
Minority share		30	Total liabilities	<u>49 881</u>	<u>48 091</u>
Profit for the financial year	<u>648</u>	<u>754</u>			
Personnel	361	378			

Turnover growth (MEUR)



Turnover by subsidiary



Hedengren Systems

Hedengren Security's next development stage of the sales organization got a good start in Sweden. In the Solna Business Park in Stockholm an office was established to attend to the customers in Sweden. Our dealer network in Scandinavia includes Norway, Sweden and Finland. Sales in the Baltic States and Russia are managed through our subsidiary in Estonia.

Once again our R&D was most progressive and innovative. In the 90's we were the first to integrate intruder alarm systems and access control systems. In 2006 we did the same with fire alarm systems and emergency light systems when we developed them into one integrated system.

The first integrated fire alarm and emergency light systems Prodex EML were delivered to Sweden and Norway by the end of 2006.

Hedengren Security offer comprehensive building technology security solutions from one and the same place.



Hedcom

Growth due to enhanced market positioning

At the start of the year Hedcom repositioned its activities and offerings to better suit the changing market conditions and needs of the AV and broadcast sectors resulting in impressive growth in sales. Finland acted as EU chair which also helped to stir up demand all round for AV and presentation technology for auditoriums and conference facilities.

All main business areas performed well and we managed to gain market share in the display sectors which include projectors, large screen displays and digital signage. Complete AV systems and solutions were also installed with our partners into auditoriums from Helsinki to Lapland. Deliveries into the broadcast market and ship yard industry also continued buoyant. Demand was strong in the cultural and entertainment sectors and we supplied stage lighting, sound reinforcement and voice evacuation systems into theaters and public venues across the country.





Hedengren Consumer

Consumer electronics continues to expand in Finland

All through the year sales in the consumer electronics field increased strongly, especially in the flat-panel TV and digital set-top box business sector. JVC's flat-panel TV's and Kaon digital set-top boxes with recording facility, imported by Hedengren Consumer, did very well in tests performed by professional magazines. JVC was among the two best in the Mikrobitti magazine tests and Kaon was test winner in Tekniikan Maailma's test.

Moccamaster coffee makers achieved record sales once again. In 2006 three professional magazines carried out extensive tests on coffee makers. Moccamaster scored highest points in each test. In the course of 2006 the high-quality Wilfa products were included, as a good supplement, into our range of small household appliances.

Hedengren Building Technology/Hedtec

Price rise in raw materials enhanced business

In 2006 the total demand in our business line increased distinctly compared to prior year. The call for offers increased considerably as well and both the amount of implemented business transactions and sales grew more than anticipated. The main growth involved products where the price rise was extremely strong due to increased world market prices of raw materials. According to the strategy agreed on with the wholesale dealers, the range of products represented by us was enlarged in their sales programs, which also contributed to the sales upswing.

All Hedtec's sales units participated in several large projects including most of the product groups. For example the comprehensive deliveries of luminaires to the WeeGee building and the museum of contemporary art of the city of Espoo. We did well also in the sales of electric measurement products as the Lovato DMK multimeters were chosen for the first project of the Port of Helsinki. In the hydraulics and pneumatics as well as heating sectors we achieved the best results ever.

