

ANNUAL REPORT  
VBG GROUP 2006



VBG GROUP

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The picture shows an open sliding roof  
– for simple and quick handling of goods.

## Annual General Meeting 2007

The Annual General Meeting will be held at 5:00 p.m. on 8 May 2007 at VBG GROUP AB (publ), Herman Kreftings gata 4, Vänersborg.

## Report dates

8 May	Report on first quarter
16 August	Report on second quarter
23 October	Report on third quarter
February 2008	Year-end report

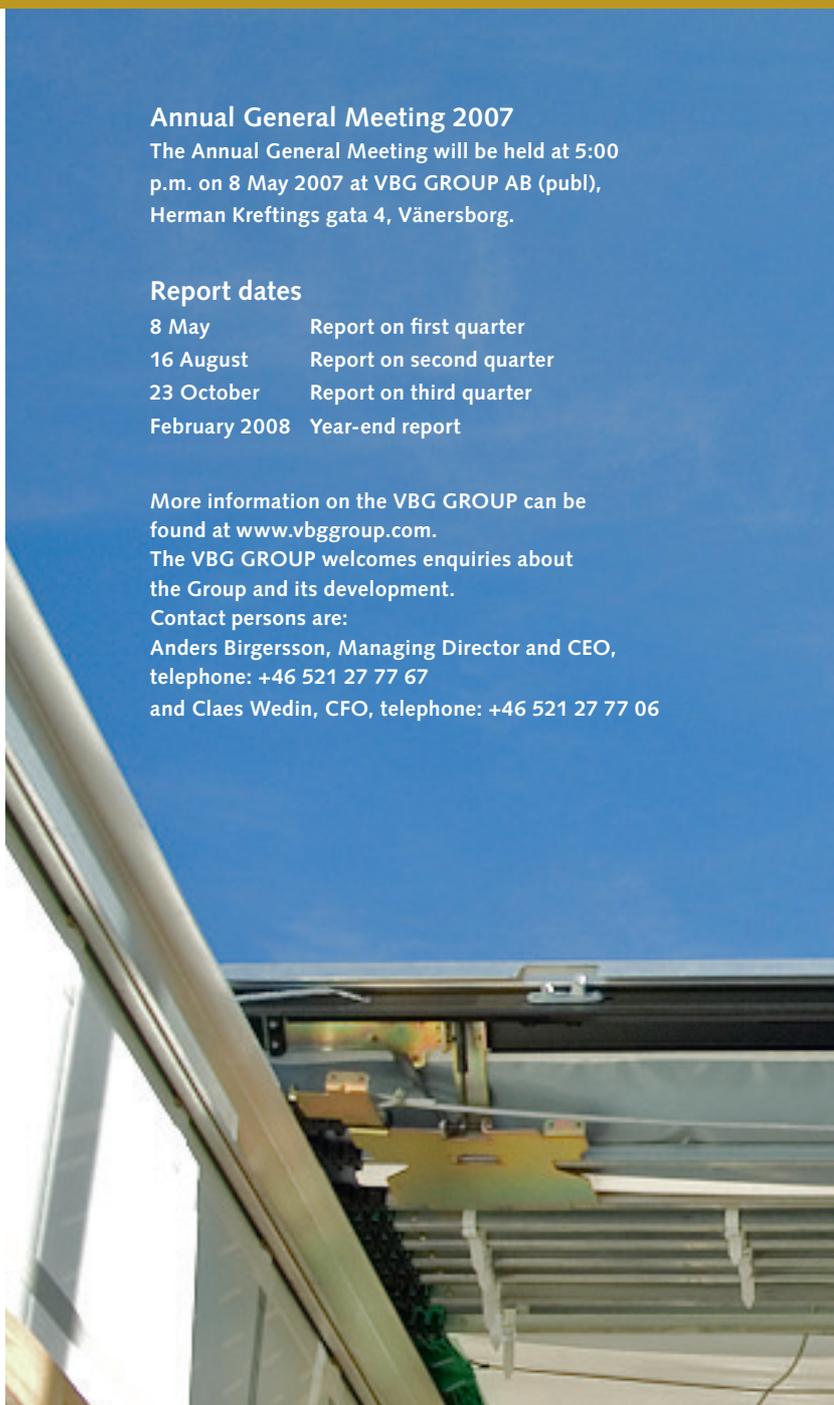
More information on the VBG GROUP can be found at [www.vbggroup.com](http://www.vbggroup.com).

The VBG GROUP welcomes enquiries about the Group and its development.

Contact persons are:

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## The year in brief

- The Group's net turnover increased by 49 per cent to SEK 1,631.1 M (778.5)
- Operating profit rose by 67 per cent to SEK 170.5 M (101.8), with an operating margin of 14.7 per cent (13.1)
- Profit after financial items increased by 70 per cent to SEK 165.8 M (97.4)
- The Group's profit after tax increased by 67 per cent to SEK 111.9 M (67.1)
- Earnings per share improved by 67 per cent to SEK 8.95 (5.37)
- The Board of Directors proposes an increase in the dividend to SEK 2.00 per share (1.38)
- In January 2007 the company changed its name to VBG GROUP AB (publ)

# This is the VBG GROUP

## Business area

### VBG GROUP TRUCK EQUIPMENT



VBG GROUP TRUCK EQUIPMENT is the biggest business area. The Group is the world's leading supplier of systems for coupling of heavy and medium-heavy trucks to trailers and of sliding roofs for trailers.

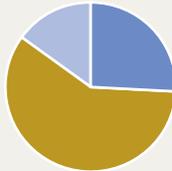
### RINGFEDER POWER TRANSMISSION



RINGFEDER POWER TRANSMISSION offers products for power transmission and damping to a number of different industrial sectors. The biggest customer group is found in the broad industrial market with a focus on the machinery, power and mining industries.

Key figures	2002	2003	2004	2005	2006
Net turnover, SEK M	532.8	530.4	604.5	778.5	<b>1,163.1</b>
Profit after financial items, SEK M	31.6	31.3	44.3	97.4	<b>165.8</b>
Profit after tax, SEK M	15.8	23.3	28.1	67.1	<b>111.9</b>
Return on capital employed, %	10.2	11.1	15.7	26.7	<b>29.8</b>
Equity/assets ratio, %	56.8	60.8	60.7	38.8	<b>47.8</b>
Average number of employees	309	301	308	339	<b>411</b>

The VBG GROUP is an engineering Group with manufacturing and sales companies in Europe and the USA. The Group's operations are divided into two business areas, VBG GROUP TRUCK EQUIPMENT and RINGFEDER POWER TRANSMISSION, with products that are marketed under strong, well-known brands. In 2006 the Group had around 400 employees and a turnover of SEK 1,163 M. The VBG GROUP's B share was first listed on the stock exchange in 1987 and is traded on OMX Nordiska Börsen.

Brands	Turnover 2006	Average no. of employees
	<p style="text-align: center;">SEK 975 M</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> Coupling Equipment 56%</li> <li><span style="color: gold;">■</span> Sliding Roofs 37%</li> <li><span style="color: lightblue;">■</span> General Truck Equipment 7%</li> </ul> </div> <div style="text-align: center;">  <ul style="list-style-type: none"> <li><span style="color: lightblue;">■</span> Sweden 17%</li> <li><span style="color: gold;">■</span> Other Nordic countries 14%</li> <li><span style="color: tan;">■</span> Germany 32%</li> <li><span style="color: blue;">■</span> Other European countries 32%</li> <li><span style="color: gray;">■</span> Rest of world 5%</li> </ul> </div> </div>	374
	<p style="text-align: center;">SEK 188 M</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> Friction Springs 20%</li> <li><span style="color: gold;">■</span> Shaft-hub Connections 44%</li> <li><span style="color: lightblue;">■</span> Special Products 36%</li> </ul> </div> <div style="text-align: center;">  <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> Europe 33%</li> <li><span style="color: gold;">■</span> North America 50%</li> <li><span style="color: lightblue;">■</span> Rest of world 17%</li> </ul> </div> </div>	37
	<p style="text-align: center;">Total SEK 1,163 M</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> VBG GROUP TRUCK EQUIPMENT 84%</li> <li><span style="color: gold;">■</span> RINGFEDER POWER TRANSMISSION 16%</li> </ul> </div> <div style="text-align: center;">  <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> Nordic countries 26%</li> <li><span style="color: gold;">■</span> Other European countries 59%</li> <li><span style="color: lightblue;">■</span> Rest of world 15%</li> </ul> </div> </div>	411

**2006 was a very successful year for the VBG GROUP and surpassed our expectations in most regards. On a market in strong growth, we managed to increase our turnover substantially while improving our profitability. The year's good cash flow further strengthened the company's financial position.**

## Strong growth and increased profitability

The Group's sales rose by nearly 50 per cent, exceeding one billion kronor for the first time. Much of the increase comes from the acquisition of Sliding Roofs, but organic growth was also great.

Operating profit also increased considerably to SEK 170.5 M (101.8), while the operating margin improved to 14.7 per cent (13.1). In view of this strong performance, the Board of Directors proposes that the 2007 AGM resolve to increase the dividend by 45 per cent to SEK 2.00 per share.

Both our business areas developed well, which was particularly remarkable in view of the fact that we completed the integration of Sliding Roofs and carried out other major projects during the year. We streamlined our marketing organisation, launched several new products with improved functionality and greater customer value, and invested in new, efficient production equipment. These projects are important investments in the future profitability of the Group.

### Good market demand

Our organic growth is naturally a consequence of good market demand. But it is also evidence of the fact that the VBG GROUP is advancing its positions in the market by virtue of a broader and deeper product range with a clear focus on maximum customer benefit through quality, safety and ergonomics.

This good demand also poses challenges for the organisation. Capacity utilisation in our plants was already high at the start of the year, and it is only thanks to the hard work of many employees that we are able to deliver at the pace the customers are demanding.

New registrations of heavy trucks increased for the third year in a row in Europe, and the underlying transport need is great. The markets in eastern Europe in particular are growing vigorously, leading to an increased need for trucks and trailers. This trend is reflected by the fact that several customer groups are signalling that they are increasing their capacity. The VBG GROUP is in a position to benefit from this trend.

The current year looks to be a year of continued good demand as well as a year when we will reap the benefits of our new products and completed restructuring measures. The market outlook continues to be good, and we look forward to a turnover at least on a par with 2006 in both our business areas.

### New products and more efficient structure

We launched several new products during the year that strengthen the Group's competitiveness. For instance, VBG started selling a new generation of trailer couplings with increased functionality and superior ergonomics. RINGFEDER also took a giant step forward with a new generation of couplings. EDSCHA TRAILER SYSTEMS launched a new roof system that is considerably lighter in weight and simpler to handle during loading and unloading than rival systems.

The new products are now out on the markets, and with an increasingly efficient marketing organisation I am very optimistic about our prospects.

We have succeeded well in integrating the sliding roofs under the EDSCHA TRAILER SYSTEMS and SESAM brands.

In Germany, we are merging our operations in the VBG GROUP TRUCK EQUIPMENT business area during 2007 into a joint company to create a strong player on the Group's single largest market.

In last year's annual report I wrote that the work of strengthening our presence on the markets where we are active would become increasingly important in the years to come, and this is still true. We have established our own sales company in the Benelux countries and are now gradually taking over the distribution of the Group's products. We see possibilities for streamlining the distribution channels in other markets as well.

In order to be able to handle a larger volume, it is important that both our own production resources and our subcontractors are able to keep up with the demand. A far-reaching programme of investment in new production equipment was initiated in 2005, and most of the machines were put into use during the autumn of 2006.

“We launched several new products during the year that strengthen the Group’s competitiveness.”

**Unchanged strategy**

Five years have now passed since the VBG GROUP established a strategy for increasing growth and strengthening profitability. It is based on both organic and acquisition-driven growth and on creating an organisation that can handle customer-oriented product development, competitive production and effective marketing penetration. In many ways, 2006 was the year we put this strategy to the test.

We are firmly resolved to continue along the beaten path while constantly evaluating acquisition opportunities. We are open to both add-on acquisitions in existing operations and acquisitions that add new product areas to our offering.

We have an established position as a major player in the industry and wish to continue to take an active part in the ongoing consolidation process. The Group will continue working actively with its acquisition agenda, with the ambition of carrying out at least one supplementary acquisition during 2007.

Vänersborg, March 2007

Anders Birgersson  
Managing Director and CEO



The VBG GROUP is focused on profitable growth, both organic and by acquisition. The Group is firmly resolved to continue along the beaten path.

## Business concept and strategy

### Vision

A global strategic partner for the commercial vehicle industry.

### Business concept

Through its own strong brands, the VBG GROUP will be an internationally leading supplier of equipment and systems to manufacturers of commercial vehicles.

### Core values

The VBG GROUP's core values are Safety, Quality and Innovation. These core values permeate all of the Group's business activities.

#### Goal

The VBG GROUP's overall objective is sustainable and profitable growth. Growth is imperative for the Group's development, since it creates a natural platform for change.

#### Strategy for growth

The VBG GROUP is focused on growth, both organic and by acquisition. Through growth we achieve a position of strength in relation to other players in the value chain: suppliers, distributors, customers and above all competitors. Growth also creates value for our shareholders.

The growth strategy is concentrated on product and market segments where the Group already has, or can achieve, a leading position. There the VBG GROUP can create distinct competitive advantages in manufacturing, marketing and distribution. A strong market position, stable finances and good cash flows provide a platform for the continued expansion of the Group's operations.

The VBG GROUP's strategy for organic growth is based on the interaction of several different success factors:

- A clear brand strategy
- Increased presence among truck manufacturers, leading European body builders and trailer manufacturers
- Forward integration in the value chain
- Active seeking out of new geographic markets
- Focused product development.

#### Clear acquisition model

The VBG GROUP works with a well defined acquisition strategy where there are clear goals and criteria and where the acquisition targets are continuously evaluated. The acquisition strategy focuses on profitable small and medium-sized companies that either have a leading position in their product segment or can achieve a leading position within two to five years. The acquisitions must meet the following criteria:

- Stable profitability
- Strong brands
- Strong or leading market position
- Active in product niches where the total market is SEK 1–5 billion per annum.
- Potential for continued growth
- Clear synergies.

When it comes to acquisition-driven growth, a natural step is expansion with existing products on existing markets by acquiring competitors and then rationalising the resulting structure. Since the number of potential acquisition targets in the Group's niche areas is limited, a complementary strategy is also applied. It entails acquiring companies with new products for the Group within the heavy and medium-heavy trucks and trailers segment.

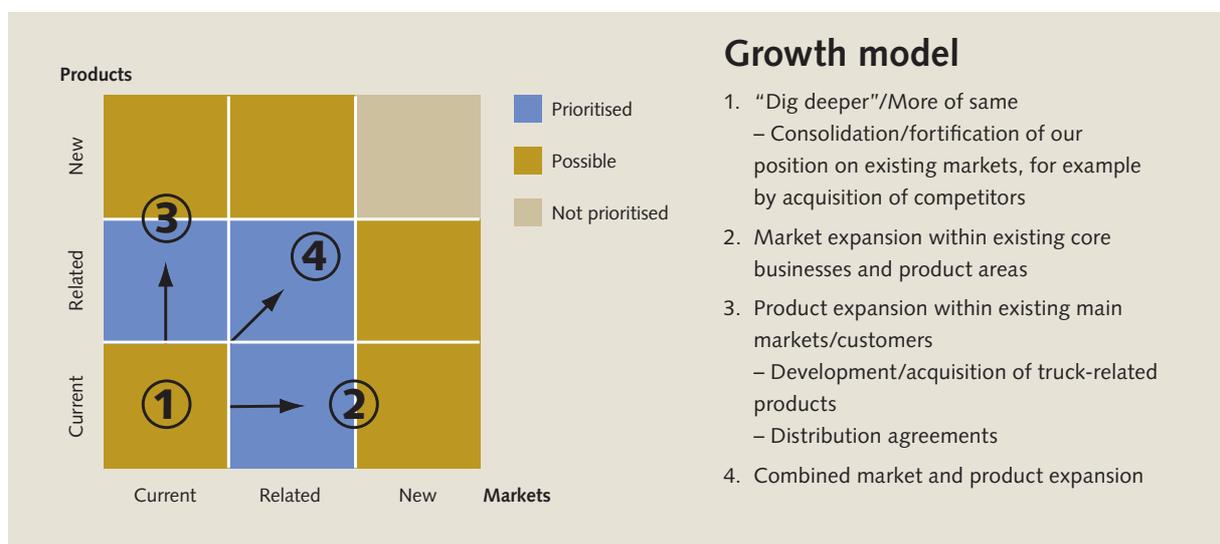
#### Focused product development

The VBG GROUP's brands are distinguished by technical leadership. Development efforts are concentrated on modular products. In this way resources can be focused on improving individual modules instead of redesigning the entire product. Thanks to the modular concept, the VBG GROUP can sustain a high pace of development and a high level of innovation with limited resources and thereby maintain the lead it enjoys over its competitors.

The VBG GROUP has a strength in having worked for a long time with customers who make tough demands on their suppliers. The Group possesses vast expertise when it comes to coupling of vehicles and has long experience of working with traffic safety. This competence base is particularly useful when the changed demands of the end customers require new solutions.

#### Optimised manufacturing structure

Opportunities for rationalisation arise in conjunction with acquisitions as well as the development of new products. The module concept provides opportunities for combining outsourcing of components with in-house production investments that create efficient processes with a high level of automation. The Group retains control over the strategic processes and the manufacture of selected key components with high value added and great customer benefit. Efficient production of the key components quality-assures the most essential product features, such as safety.



**Demand for the VBG GROUP's products largely follows business cycle variations in a given country or region. Economic upswings lead to increased trade and thereby a greater need for the business areas' products.**

## **VBG GROUP – global through two business areas**

### **Market with great potential for VBG GROUP TRUCK EQUIPMENT**

The demand for new trucks in Europe has been strong in the past few years. The European truck manufacturers are one of the Group's most important customer groups. Historically, truck registrations have followed cycles of 10–11 years, with fairly great differences between the peaks and troughs. A new record was set in 2006 when a total of 295,000 new heavy trucks were registered in the EU-27 (the member states plus Norway and Switzerland).

Growth was strong in Europe in general and in the EU's new member states in Eastern Europe in particular. Other markets in Eastern Europe have rapidly growing economies, which fuels demand for transport capacity.

The truck manufacturers increasingly wish to cooperate with suppliers that can contribute towards developing and strengthening their own offering. They are therefore looking for suppliers who can take responsibility for product development and offer effective total solutions including products, systems and logistics at competitive costs. The VBG GROUP has the expertise and experience as well as the financial resources that are required to be an attractive cooperation partner to demanding customers.

Body builders and trailer manufacturers are also demanding deliveries of ready-assembled systems that can go directly to the final assembly line. This results in more efficient production and minimises capital tied up in stocks.

Aftermarket sales of spare parts and service normally exhibit greater stability throughout an economic cycle than sales to OEM customers, body builders and trailer manufacturers. The VBG GROUP has an extensive network of its own sales companies, importers and retailers in some 40-odd countries, permitting efficient cultivation of the aftermarket.

There are also a number of industry-specific factors that fuel demand for the VBG GROUP's products and systems, including tougher requirements on safety, functionality and ergonomics, areas where the VBG GROUP has a strong position as a technically leading and innovative supplier.

### **Good market demand for RINGFEDER POWER TRANSMISSION**

Demand for the business area's products largely follows the general business cycle. The demand from important customer groups, such as machinery manufacturers, is linked to the general level of economic activity. Even though demand roughly keeps pace with the trend in the GDP over the long term, year-to-year variations can be great both between different countries and regions and between different sectors.

The underlying demand from most customer groups (including the machinery, power, mining, aircraft, train and boat industries) has been good in recent years, and 2006 was no exception.

Demand continued to be good in Europe in most countries and customer segments. Demand in North America, which is the business area's biggest market, remained at a stable high level. Demand in Asia and Australia was strong, in part due to high activity in the mining industry.

### **Factors favourable for the VBG GROUP**

Several factors give the VBG GROUP good prospects for retaining its strong market positions and good growth. The past few years have seen strong growth, both organic and by acquisition, as well as good and rising profitability. The positive earnings trend has created a financial strength which, together with leading market positions, puts the Group in a good position for the future.

A number of other factors are also favourable for the VBG GROUP:

- A long history – more than 50 years developing and manufacturing market-leading products
- A broad offering of strong brands
- Focus on quality and constant improvements
- Control of strategic processes and high flexibility in the cost structure
- Sales on several important growth markets
- Possibility of acquisitions, both supplementary and add-on acquisitions.



## The VBG GROUP launched several new products at the IAA show

In September 2006, at IAA in Hanover (the world's biggest trade fair for the commercial vehicle industry), the VBG GROUP revealed several new products that improve safety, ergonomics and economy for the customers and fortify the Group's leading position on the market.

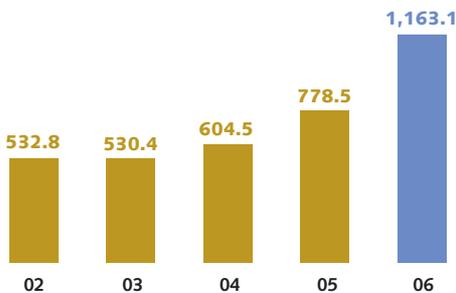
All of the Group's brands in the VBG GROUP TRUCK EQUIPMENT business area were represented with the latest in, for example, trailer couplings and sliding roofs. In addition, the Group's new corporate identity, VBG GROUP, was introduced.

RINGFEDER took a giant step forward at the show with a new generation of couplings with increased functionality and improved ergonomics. EDSCHA TRAILER SYSTEMS launched a new roof system,

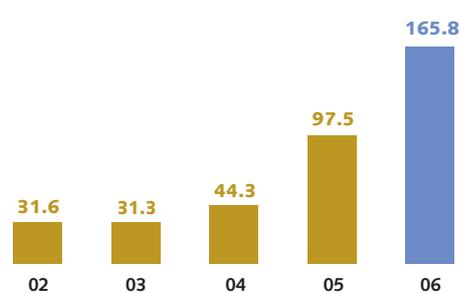
EDSCHA UltraLine, that is considerably lighter in weight and simpler to handle during loading and unloading than rival systems.

Furthermore, VBG presented its totally integrated Multi Function Coupling concept, MFC 2000, which aroused a great deal of interest. The MFC prototype shows how it is possible for the first time for the driver to manage all coupling and uncoupling steps with the push of a button from the cab. At the VBG GROUP's stand, visitors could see coupling equipment from VBG and RINGFEDER, sliding roofs from EDSCHA TRAILER SYSTEMS and SESAM, automatic tyre chains from ONSPOT and dropside pillars and dropside locks from ARMATON.

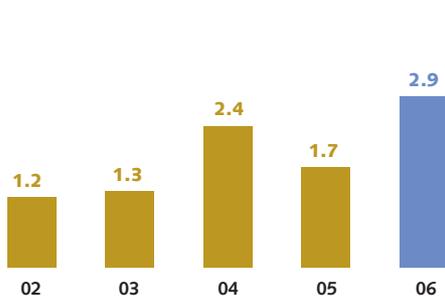
Turnover 2002–2006, SEK M



Earnings 2002–2006, SEK M

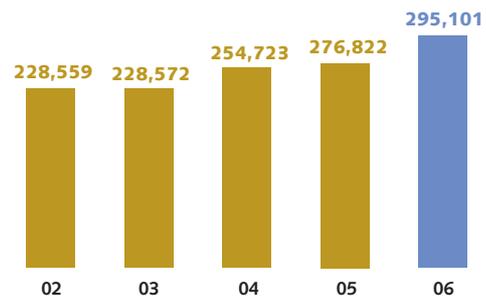


Annual GNP growth, %



Source: Eurostat

Truck registration in Europe (EU 27)



Source: VBG GROUP

VBG GROUP TRUCK EQUIPMENT is an international player with an emphasis on Europe. Other important markets are in Australia, Asia, Africa and South America.

Per Ericson  
Director of Sales  
VBG GROUP TRUCK EQUIPMENT

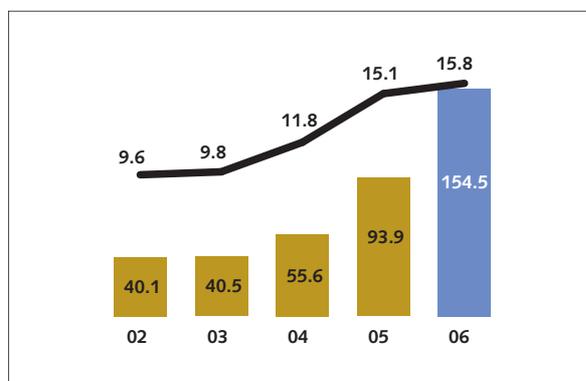


## VBG GROUP TRUCK EQUIPMENT

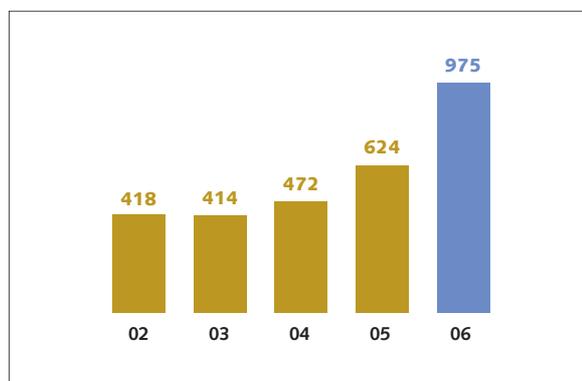
# A strong product range with market-leading brands and total solutions

VBG GROUP TRUCK EQUIPMENT is an internationally leading supplier of equipment and systems for heavy and medium-heavy trucks and trailers.





Operating profit, SEK M, and operating margin, %



Sales, SEK M

**VBG GROUP TRUCK EQUIPMENT is an internationally leading supplier of equipment and systems for heavy and medium-heavy trucks and trailers. Its customers include the major players on the global truck and trailer market, including all European truck manufacturers.**

#### Strong brands and leading positions

VBG GROUP TRUCK EQUIPMENT is the Group's biggest business area. In 2006 it accounted for 84 per cent (80) of the Group's turnover and 90.6 per cent (92.2) of its operating profit. VBG GROUP TRUCK EQUIPMENT is divided into three product areas: Coupling Equipment, Sliding Roofs and General Truck Equipment.

These product areas have leading positions in their segments and feature strong brands known to be at the forefront of technical development. Coupling Equipment has the brands VBG and RINGFEDER. Sliding Roofs sells sliding roofs for trailers and semitrailers under the EDSCHA TRAILER SYSTEMS and SESAM brands. General Truck Equipment consists of the following product groups: automatic tyre chains under the ONSPOT brand, dropside pillars under the ARMATON brand and fifthwheels with ancillary equipment for semitrailer tractors.

VBG GROUP TRUCK EQUIPMENT is an international player with an emphasis on Europe. Other important markets are in Australia and Latin America.

In Australia, RINGFEDER is so well established that the name has become more or less synonymous with trailer couplings. In both coupling equipment and sliding roofs

for trailers, the business area's brands together command a global market share of nearly 60 per cent.

VBG GROUP TRUCK EQUIPMENT also leads the development of innovations and technically advanced solutions. The technical knowledge and experience that is gathered within the Group is impressive.

Potential exists to further strengthen the business area's position on the market by more clearly positioning the individual brands while exploiting underlying synergies in expertise, production and distribution.

#### Strong image among important customer groups

All brands in the business area focus on heavy and medium-heavy vehicles. The product areas are all suppliers to the leading players in the global truck market, including all European truck manufacturers and several of the largest European trailer manufacturers.

Great demands are made today on top quality and sequential deliveries of ready-made coupling systems straight into the customers' assembly processes. As far as delivery quality is concerned, the business area enjoys an "A" rating as a supplier among all customers in the segment.

Besides truck and trailer manufacturers, body builders are another important customer group. It is the body builders who usually take the chassis and complete the truck for the end customer so it can be used for a particular type of transport.

Both the body builder and the trailer manufacturer are important links in the chain to reach the end customer, who may be a one-man haulage contractor or a forwarding firm with a large vehicle fleet. The end user may be the truck's driver-owner or an employee in a large organisation.

Key figures	2002	2003	2004	2005	2006
Turnover, SEK M	418.2	414.2	471.8	624.1	975.0
Operating profit, SEK M	40.1	40.5	55.6	93.9	154.5
Operating margin, %	9.6	9.8	11.8	15.1	15.8
Share of Group turnover, %	79	78	78	80	84



## VBG GROUP TRUCK EQUIPMENT

Thanks to a strong product range with leading brands, the business area can offer total solutions for a large variety of transport needs combined with good aftermarket sales. Aftermarket sales normally exhibit greater stability throughout an economic cycle, while sales of new vehicles and trailers exhibit greater fluctuations.

The business area's biggest competitors are found in Germany and Italy.

### **Broad contact network with end customers**

VBG GROUP TRUCK EQUIPMENT cultivates the market both under its own auspices and via an extensive network of importers and retailers in a large number of countries around the world.

The business area's major markets are the domestic markets in the Nordic countries, Germany and the Benelux countries. But the Group also has important export markets in the rest of Europe, Australia, Asia, Africa and South America. This gives VBG GROUP TRUCK EQUIPMENT a global presence.

The VBG GROUP has its own subsidiaries with sales responsibility in Sweden, Germany, Denmark, Norway, the UK and France. A sales company with responsibility for the Benelux countries was established in 2006 and took over the distribution of couplings under the RINGFEDER brand, sliding roofs from EDSCHA TRAILER SYSTEMS and SESAM and ONSPOT automatic tyre chains. Trailer couplings from VBG are also being brought in during 2007, which means that a single organisation presents a comprehensive offering to the customers.

By integrating forward in the value chain, VBG GROUP TRUCK EQUIPMENT can cultivate the market more effectively and strengthen its customer relations. The strategy is to have our own presence on selected markets and work close to the customers.

### **The VBG GROUP – a systems supplier**

The basic idea is to offer the end user safety, ergonomics and total economy. An example is that the body builder or vehicle manufacturer is offered complete subsystems delivered to his assembly line. This results in shorter lead times with less capital tied up. More and more manufacturers and

body builders are choosing to buy ready-assembled systems, for example drawbeams complete with couplings, power actuator and other accessories.

### **Strategic partnerships**

Strategic partnerships are an important constituent of VBG GROUP TRUCK EQUIPMENT's business model. Large joint projects run in cooperation with other major players in the industry demonstrate the business area's strong position on the market.

VBG GROUP TRUCK EQUIPMENT has long experience and broad expertise and acts as an advisor to help end customers find the best solution from the viewpoint of total economy.

The business area continuously arranges popular and well attended seminars and trainings on traffic safety and current rules and regulations. In this way, values are created around the brands so that, in addition to being a good supplier of different products, the business area also acts as an expert and an advisor. The VBG GROUP has thereby come to play an important role as a referral body for public authorities in matters relating to the connection of trucks and trailers.

Strategic partnerships provide good insight into trends in the industry while creating opportunities for VBG GROUP TRUCK EQUIPMENT to get in on the development work early and influence the direction it takes. As a result, the VBG GROUP is not just another supplier, but a strategic partner when it comes to the development of tomorrow's products.

### **Innovative market leader**

An example of a product for the future is the fully integrated Multi Function Coupling concept, MFC 2000. The MFC prototype was shown for the first time to the broad European market at the IAA show in Hanover. With the MFC 2000 it is now possible for the driver to manage all coupling and uncoupling steps with the push of a button from the cab. The MFC 2000 is being tested in field trials at several customer companies with good results, but exactly when the new concept will be available on the market is not yet known.



## Push for Safety with ONSPOT

**ONSPOT** is the VBG GROUP's brand for automatic tyre chains, which provide a simple and convenient way to increase safety and improve traction on slippery roads. The slogan "Push for Safety" is aimed at all truck drivers and owners. All the driver has to do is push a button on the dashboard, which activates the system and slings the chains in under the wheels.

This eliminates the heavy, dirty, time-consuming and often dangerous work of putting on snow chains – good news for both drivers and owners. "With ONSPOT our drivers feel safe when they have to venture out on narrow, slippery roads. We have small time margins, so it makes good sense to ensure the trucks get to where they're going quickly and safely," says Johan Ericsson, who is in charge of vehicles at Poståkeriet in Trollhättan.

ONSPOT is a proven and established concept with solutions for most trucks, heavy or light, and buses. Since 1978, ONSPOT has made more than 150,000 trucks and buses safer when starting and braking and driving on upgrades and downgrades.



The driver activates the ONSPOT system by a simple push of a button – Push for Safety!



Good traction is particularly important for emergency vehicles. They are often equipped with ONSPOT.

During the year a new coupling generation was also launched under the VBG brand after extensive development. The result is a more reliable, user-friendly and robust coupling. The new generation of coupling is of modular construction, which makes it simple for the customers to subsequently upgrade the coupling with additional functions.

### Strong 2006

Demand was good in all product areas in 2006. The strong economies in both Europe and Asia with concomitant increased transport needs contributed to this high demand.

During the year, VBG GROUP TRUCK EQUIPMENT posted a turnover of SEK 975 M (624), an increase of 56 per cent. All in all, the business area grew more rapidly than the market and took market shares in important areas. Sales were broken down as follows: Sweden SEK 169 M (161), other Nordic countries SEK 133 M (122), Germany SEK 314 M (145), the rest of Europe SEK 311 M (152) and the rest of the world SEK 48 M (44).

The profit was SEK 155 M (94), an increase of 65 per cent. The operating margin was 15.8 per cent (15.1), despite heavy costs for extensive marketing campaigns and the running-in of many newly developed products.

### In focus during 2007

Like most analysts, the VBG GROUP expects the truck market in Europe to remain strong during at least the first half of 2007. The underlying transport need in the region continues to be strong, fuelled by the positive economic trend. The integration of the new EU member states is an important driving force.

Good potential exists on several growth markets in Eastern Europe, for example. The business area has established positions on most markets in this region.

The focus during 2007 is also on achieving full penetration of the market with the products launched during 2006 while simultaneously ensuring cost-effective production.

Over the longer term, a number of factors favour growth in the business area: increased demand for sliding roofs and the possibility that a total length of 25.25 metres may be permitted for truck-trailer rigs in Europe outside of Sweden and Finland as well. This would open up the possibility of an increased use of coupling equipment on markets that are dominated today by semitrailers.



RINGFEDER POWER TRANSMISSION

# Broadens its offering

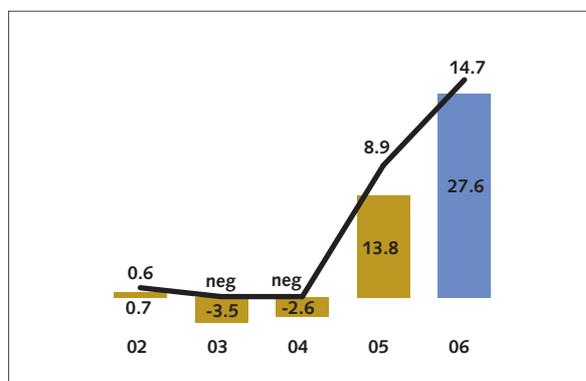
▮▮ RINGFEDER POWER TRANSMISSION is intensifying its efforts to develop new, attractive products that create the greatest possible customer benefit. ▮▮

**Thomas Moka**  
Business Area Manager  
RINGFEDER POWER TRANSMISSION

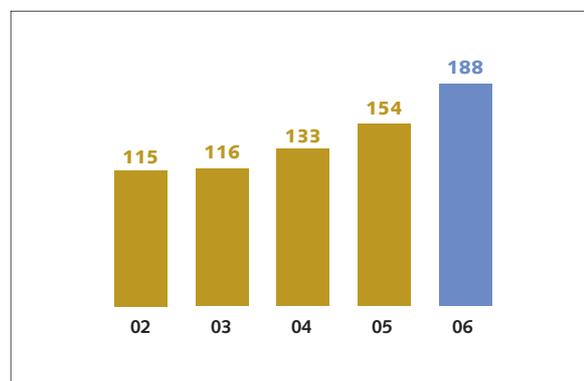


RINGFEDER POWER TRANSMISSION has products for advanced applications within widely differing areas for power transmission.





Operating profit, SEK M, and operating margin, %



Sales, SEK M

**RINGFEDER POWER TRANSMISSION consists of the German company Ringfeder Power Transmission GmbH and the American company Ringfeder Corporation. The business area develops, manufactures and markets products for power transmission and damping to a number of different industrial sectors as well as the train, boat and aircraft industries.**

#### Broad offering to demanding customers

RINGFEDER POWER TRANSMISSION consists of the following three product areas: Friction Springs, Shaft-hub Connections and Special Products.

The business area's biggest customer group is found in the broad industrial market, with a focus on the machinery, power and mining industries. The business area is also an important supplier of special products to the train and aircraft industries, for example. The volumes are small, but the segment creates a good image and proves RINGFEDER's high level of technology and quality. Examples of products for the aircraft industry are parts for doors. There are growing customer groups in, for example, wind power. Another special product that helps build the brand is safety components for high-speed elevators.

In response to growing demands on customer benefit and cost effectiveness, RINGFEDER POWER TRANSMISSION is intensifying its efforts to develop new, attractive products that create the greatest possible customer bene-

fit. One step has been to launch products with tailored product performance at a competitive price to broaden the product offering and give the customers more alternatives.

The ECOLOC product line, which was launched in 2005, was introduced on more and more markets at the same time as new product variants were created. ECOLOC strengthens the business area's position within high-volume products for power transmission via shaft-hub connections. As far as friction springs and locking elements (two important product segments for the business area) are concerned, the Group has retained its strong position as market leader.

Most production is outsourced. A priority area is cooperation with suppliers for the purpose of streamlining the production processes.

The combination of RINGFEDER's product and application knowledge and the suppliers' production know-how makes it possible to optimise both products and methods so that costs remain competitive. The goal is to create increased customer value while improving profitability.

#### Strong global positions

RINGFEDER is a leading global brand that further strengthened its position on the market in 2006 by means of new products and growing market shares.

The RINGFEDER brand is global and well established on the business area's principal markets. RINGFEDER is the only player in its product segment with substantial sales in the three largest machine-manufacturing countries: Japan, Germany and the USA. RINGFEDER also has a strong position in Australia and India and is well known on growth markets in Asia and South America.

Key figures	2002	2003	2004	2005	2006
Turnover, SEK M	114.6	116.2	132.7	154.4	188.1
Operating profit/loss, SEK M	0.7	-3.5	-2.6	13.8	27.6
Operating margin, %	0.6	neg	neg	8.9	14.7
Share of Group turnover, %	21	22	22	20	16



## RINGFEDER POWER TRANSMISSION

### Efficient distribution

The business area has a tradition of establishing very long-term relationships with agents and customers, for example on the important markets in Japan and the USA. This is an important success factor and something that is highly valued on many markets, since it stands for stability. When it comes to the RINGFEDER brand there are examples of customer relationships dating back more than 80 years.

Agents and distributors play an important role in getting the customers to understand and appreciate the added values that RINGFEDER POWER TRANSMISSION's products can create. This work requires that the agents undergo training and is important for cultivating customers and improving growth in the business area in the long term.

### Customer-oriented development

RINGFEDER POWER TRANSMISSION offers a combination of individual products and systems engineering, customer-oriented cooperation and high technical expertise. One of the business area's main strengths is the ability to handle complex systems and develop advanced solutions in cooperation with the customer.

This close cooperation with customers characterises the entire organisation, which has a clear customer focus. Customers also usually mention expertise, accessibility, quality and reliable distribution as deciding factors when they choose to cooperate with RINGFEDER POWER TRANSMISSION.

### Good earnings in 2006

Three aims were particularly in focus in 2006: achieving an increased presence on the growth markets in India, China and South America, optimising the use of IT in marketing and expand and strengthening the Group's network of agents. Sales on the growth markets increased, with a

particularly positive outcome in India and South America, largely due to the new distributor agreements that were signed for those markets in 2005. An agreement was signed with a new distributor in Australia during the year, permitting more effective cultivation of the country's mining industry.

RINGFEDER POWER TRANSMISSION had several quarters with rising profitability in 2006 and a growth that was faster than the market's, thanks to the launch of new products and establishment on new markets.

RINGFEDER POWER TRANSMISSION increased its turnover by 22 per cent to SEK 188.1 M (154.4). Operating profit was SEK 27.6 M (13.8), which is equivalent to an operating margin of 14.7 per cent (8.9).

### Continued growth predicted for 2007

RINGFEDER POWER TRANSMISSION expects the market to continue to grow during 2007, albeit at a slower rate than during 2006. Thanks to new products, a strong focus on growth markets and new distribution agreements on important markets, the business area expects to continue growing at a faster rate than the market.

The prospects of increasing the business area's presence in countries such as Malaysia, Singapore and Taiwan will be explored during the year.

In a somewhat longer perspective, it is important to establish a greater presence on the Russian market and to intensify efforts to broaden the product portfolio.

There are several key factors for long-range success. The most important ones are:

- a global sales organisation with a local presence
- highly qualified technical experts
- systems and complete solutions
- quick and efficient customer service.



## RINGFEDER tightens its grip below the surface

**RINGFEDER POWER TRANSMISSIONS** products can be found in a large number of extremely demanding applications above and below the ground, in the air and under water. A good example is RINGFEDER's new mechanical coupling for propeller shafts.

More and more leading manufacturers are becoming aware of the advantages of the new coupling. Thanks to its streamlined design, less turbulence is created around the shaft and the propeller, and that means much less corrosion. The RINGFEDER coupling is also smaller than

competing solutions, and lower weight means less vibration in the propeller shaft.

The RINGFEDER coupling has a number of other advantages compared with hydraulic couplings. It is cheaper, simpler to install and maintain, and there is no risk of oil leakage. And when it is compared with the alternative of a through-hull propeller shaft, other important aspects emerge, not least safety. If the propeller shaft is damaged, only the part outside the hull needs to be replaced.



RINGFEDER offers products for power transmission and damping above and below the ground, in the air and, as shown here, under water.



RINGFEDER's streamlined coupling reduces turbulence and thereby corrosion on the propeller and the shaft.

**Dedicated, qualified and customer-oriented employees are a crucial asset in strengthening the VBG GROUP's position as a strategic partner to the commercial vehicle industry. The employees' commitment to strengthening customer relationships and meeting customer needs is of the utmost importance in getting and keeping loyal customers.**

## Our employees – a crucial asset

### **A vast body of expertise**

The VBG GROUP's employees represent a vast body of experience, knowledge and expertise. In order for the Group to continue developing positively, it is important to be able to keep and recruit good employees.

Towards the end of 2006, a survey was initiated to compare how the Group's different companies work to facilitate an exchange of the best methods between the companies. An important project during 2007 is establishing a common platform for the different companies in the Group with regard to orientation training, skills development, pay systems and health promotion/wellness.

### **Continuous skills development**

All employees undergo orientation training when they start their employment. The basis of continuous skills development is the developmental assessments that are held regularly between each employee and his or her immediate superior. There the individual's work situation is discussed and possible training needs are identified.

In 2006, skills-enhancing activities were carried out in new processes and working methods. Language courses in, for example, English are another priority area.

### **Towards a more even gender distribution**

At the end of 2006 there were 400 employees (408) in the VBG GROUP, including 157 (146) in Sweden. During 2006 the Group employed an average of 411 persons (339). Of these, 160 (156) were active in Sweden. There is a tradition in the VBG GROUP of having largely male employees.

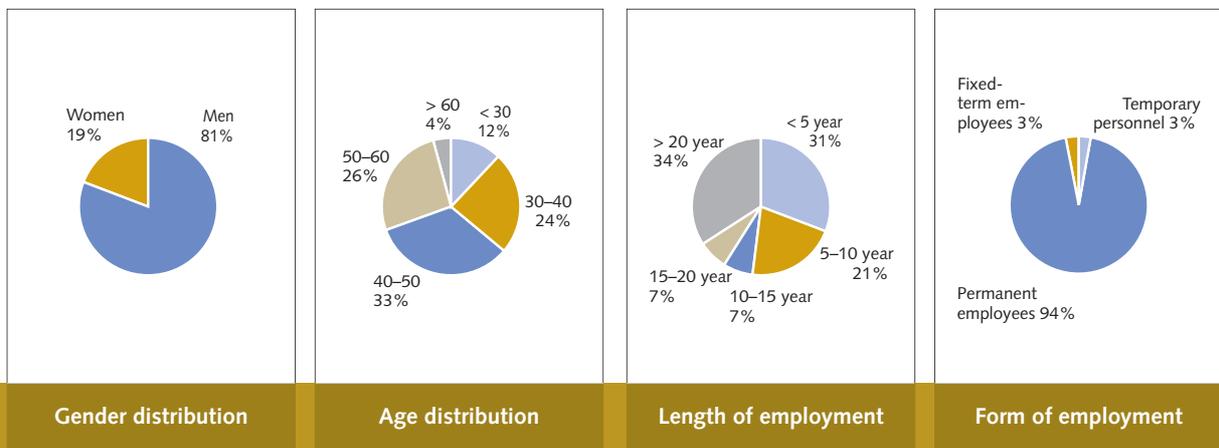
The goal of the gender equality work in the Group is to achieve a more even gender distribution and equal pay for equal work. The ultimate aim of the gender equality work is to contribute to a better social climate, more efficient working groups, a broadened recruitment base, better communication with customers and a positive image of the VBG GROUP. Naturally the VBG GROUP does not discriminate against anyone due to ethnic or religious affiliation, age or sexual orientation.

### **Salaries and bonus programme**

The VBG GROUP applies individual pay-setting and strives for market-level salaries. The cost of salaries and social security contributions in 2006 was SEK 230.0 M (191.3). This is equivalent to 19.8 per cent (24.6) of turnover.

All employees in the Swedish production company are covered by a profit-sharing system. Other companies have individual performance-based bonus agreements. Bonus is accounted for as a variable portion of salary.





### Good working environment

The VBG GROUP strives to be an attractive workplace. Since the Group has operations in several countries where legislation and working conditions differ, measures to improve the working environment and climate are handled at the local level by each company within the Group. Experience also shows that decisions regarding motivation, job satisfaction and working climate are best taken close to the employees.

Important parameters are of course salary, benefits, flexibility and health promotion/wellness. In the years to come a training programme will be provided for increased health awareness. Active efforts are pursued within the Group to promote a good working environment. Experts within specific areas, such as ergonomics, assist in this work.

### Low personnel turnover and sickness absence

The VBG GROUP has a low personnel turnover rate. Many employees have very long employment periods, and it is not unusual for employees who have once left the company to return. The reasons they give are often the good atmosphere and the stability and long-range thinking that characterise the Group. The VBG GROUP stimulates initiatives aimed at creating a good working environment with high job satisfaction where employees are encouraged to take their own initiative and responsibility.

In spite of this low turnover rate, replacement recruitment is important in the long run, since the rate of retirement will increase within a five-to-ten-year period.

Total sickness absence in the Swedish operation in 2006 amounted to 4.8 per cent (2.8). Long-term absence as a percentage of total sickness absence was 33.5 per cent. Short-term absence averaged 8 days per employee.

Key figures	2005	2006
Average number of employees	339	411
Number of employees at year-end	408	400
Women, %	14	19
Sickness absence, %	3.4	4.0



### High rating on Folksam's Health Index

When Folksam presented its Health Index for 2006, the Swedish operation was ranked first in its industry with a rating of four stars. Folksam notes that the motor vehicle industry is characterised by a very high average rate of sickness absence for women. The positive exception in the motor vehicle industry is the VBG GROUP's Swedish operation, with an average rating of 4.41 out of a possible 5.

Folksam's Health Index rated a total of 227 listed companies based on information in the companies' annual reports for 2005. The criteria on which the ratings are based are total sickness absence, long-term sickness absence as a percentage of total sickness absence and sickness absence for women.

The VBG GROUP is broadly committed to social issues, above all in communities where the Group does business. The role of employer is a part of the Group's corporate social responsibility, another important part being responsibility for sustainable development, where the environment is of central importance.

## High quality and reduced environmental impact

### Quality assurance with sights set on constant improvements

The companies in the VBG GROUP work according to a quality policy whose aim is to deliver products that live up to the customers' explicit and implicit needs when it comes to traffic safety, reliability, economy, ergonomics and appearance while meeting all regulatory requirements.

The products must be delivered in the right quantity at the agreed-upon time. The zero defects principle applies, and zero defects is achieved by preventive measures and continuous improvements in all functions. The Group's operations in Vänersborg and Krefeld are quality-certified to the international quality standards ISO 9001:2000 and ISO/TS 16949. ISO/TS 16949 is a technical quality system for the motor vehicle industry, based on ISO 9001:2000 and industry standards in Italy, France, the USA and Germany. Together with certain customer-specific prerequisites, ISO/TS 16949 stipulates global quality requirements for suppliers in the motor vehicle industry.

### Reducing environmental impact

The VBG GROUP's environmental policy states that the company safeguards both the external and the internal environment. Activities inside and outside the company

shall reduce the environmental impact associated with both new and existing processes and products. This is brought about by resource management, pollution prevention and constant improvements with the best and most economical available technology.

The company's business activities shall be conducted so that:

- relevant legislation is complied with and environmental impact due to unintentional releases of materials and energy is prevented and noise is reduced
- all employees have knowledge of their and the company's environmental impact
- the environmental impact of the products throughout their life cycle is taken into consideration
- environmental aspects are one of the criteria in the choice of suppliers and contractors.

Action plans and emergency plans prepared in consultation with the concerned authorities must exist in order to mitigate and prevent the effects of any unintentional releases and incidents. The operations in Vänersborg and Krefeld are subject to an environmental management system that is certified to the international environmental standard ISO 14001:2004.





## VBG GROUP – an active member of the community

### Cooperation with educational institutions

An exchange of knowledge with other educational institutions is of great importance for the VBG GROUP. In Sweden, representatives of the Group sit on programme councils for University West, which will have a unified campus in Trollhättan from the autumn term of 2007. This means the Group can have a say in determining the contents of the programmes. The VBG GROUP also accepts students who want to do their job experience or degree project at the company.

### Active in safety matters

The Group's founder, Herman Krefting, was a conscientious citizen and very interested in traffic safety. This impelled him in 1951 to found the company that subsequently became the VBG GROUP.

An interest in safety matters is a given part of the Group's identity. It is a driving force in the development of new products and an important link in the systems thinking that has always characterised the VBG GROUP's innovative development work, from idea to finished product.

### Foundations fund research

Companies and organisations are expected to assume greater social responsibility today in the communities and environments in which they operate. This is nothing new in the VBG GROUP. Back in the 1970s and 1980s, Herman Krefting decided to distribute a large portion of his holdings among three foundations in order to ensure the survival of the company and safeguard the jobs of its employees.

Herman Krefting suffered from asthma, which explains why one of the owner foundations is called the Herman Krefting Foundation for Allergy and Asthma Research. The Foundation funds professorships in allergy and asthma research and has awarded grants of around SEK 35 M for research purposes to date.

The VBG GROUP's Series B share was first listed on Stockholmsbörsen (the Stockholm Stock Exchange) in 1987 and is currently traded on OMX Nordiska Börsen.

## Upward trend for VBG GROUP share

### Share split

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to split the share 4:1, which means that one old share was replaced by four new shares. The split was carried out during the second quarter. All comparison figures are adjusted for the split unless otherwise specified.

On 31 December 2006, the share capital in VBG GROUP AB (publ) amounted to SEK 34,235,000, distributed among 13,694,000 shares with a quotient value of SEK 2.50 per share. There are two classes of shares: 1,220,000 Series A shares and 12,474,000 Series B shares. Each Series A share has ten votes and each Series B share has one vote.

All Series A shares are owned by the following three foundations: the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation.

### Shareholders

At year-end 2006, VBG GROUP AB (publ) had approximately 5,600 shareholders (4,900). The ten largest shareholders controlled 65 per cent (69) of the share capital and 80 per cent (87) of the votes. At year-end, Swedish legal entities, including institutions such as insurance companies and share funds, owned 76 per cent (76) of the share capital and 86 per cent (86) of the votes. Foreign ownership amounted to 6 per cent (7). The total number of shares in free float is 11,282,024. A trading unit consists of 100 shares.

### Share performance 2006

At the beginning of the year the share price was SEK 236.00, which was equivalent to SEK 59.00 after adjustment for the split. The final price for 2006 was SEK 113.00. During the year the share reached a high of SEK 116.25 in May and a low of SEK 56.50 in January.

A total of 3,830,887 VBG GROUP shares were traded in 2006, equivalent to 30.6 per cent of the stock. The overall turnover rate on OMX Nordiska Börs Stockholm was 129 per cent. On average, 10,277 VBG GROUP shares were traded each business day. The number of transactions averaged 36 per business day.

Earnings per share after tax for the year amounted to SEK 8.95 (5.37). Equity per share at year-end was SEK 32.54, compared to SEK 26.44 at the end of last year.

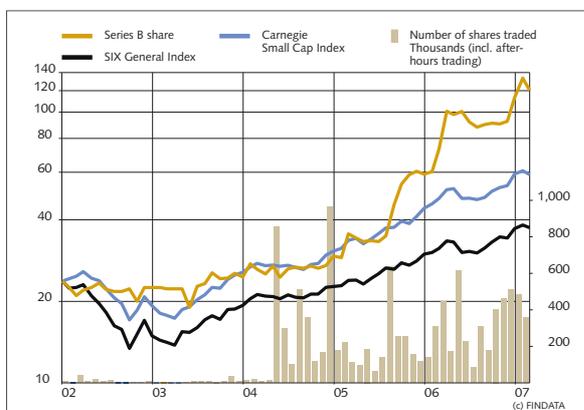
The volatility of the price of a single share compared with the volatility of the stock market as a whole is known as the beta coefficient, or beta. The VBG GROUP share's beta during the past 24 months is 0.91 (based on SIXGX and 24 months of rolling observations). This means that the share's price fluctuations have been lower than the average price fluctuations on Stockholmsbörsen during this period.

### The VBG GROUP as an investment

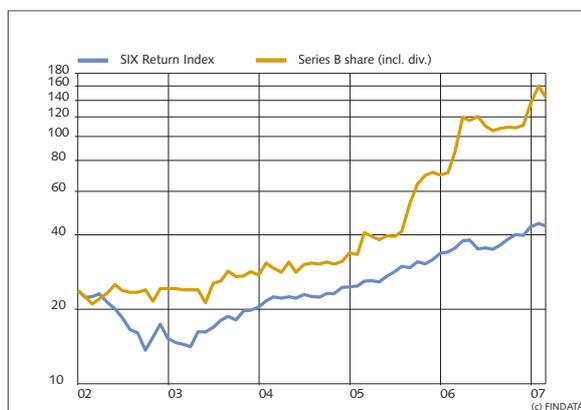
In recent years the VBG GROUP has been distinguished by high growth and strong profitability performance, which has been reflected in a good total rate of return for the shareholders. During the past five-year period the total return (the share price increase including reinvested dividends) has averaged 47.8 per cent per annum, compared with 16.7 per cent per annum for Stockholmsbörsen as a whole measured as the SIX Return Index. In 2006 the total rate of return amounted to 93.9 per cent (including the dividend of SEK 2.00 per share for financial year 2006).

### Authorisation from the AGM

Following the buy-back programme that was implemented in 2002, VBG GROUP AB (publ) owns 1,191,976 Series B shares. The shares represent 8.7 per cent of the share capital. The Board of Directors was been authorised by the Annual General Meeting to resolve on one or more occasions to transfer these shares in connection with the acquisition of a complementary business operation.



Price of VBG GROUP AB's Series B share, 2002–2007



Total return 2002–2007

### Proposed dividend

The Board of Directors proposes that the dividend be raised to SEK 2.00 per share (1.38) for financial year 2006. The proposed dividend entails a total distribution of funds from the Parent Company equivalent to 6.1 per cent of the Group's equity at year-end (5.2) and 22.3 per cent of the Group's profit after tax (25.6).

### Analyst

Christian Wallberg at Remium Securities (+46 8 454 32 39, info@remium.com) regularly covers the VBG GROUP.

### Shareholder categories

	Percentage of capital
29 Dec. 2006	
Foreign shareholders	6.31
Swedish shareholders	93.69
Of which:	
Institutions	81.83
Private persons	18.17

### Ten biggest shareholders at 29 December 2006

Shareholders	Series A shares	Series B shares	Holding per cent	Votes per cent
Herman Kreftings Foundation for Allergy and Asthma Research	408,700	4,049,964	32.56	32.98
Konverta AB	0	1,137,385	8.31	4.61
Skrindan AB	0	943,344	6.89	3.82
SLK Employees' Foundation	567,300	0	4.14	22.99
Lannebo Småbolag Select	0	491,156	3.59	1.99
Odin Sverige 1, Nordea Bank Norge ASA	0	366,888	2.68	1.49
Nordea Bank Norge Odin Sverige 2	0	272,460	1.99	1.10
VBG-SLK Foundation	244,000	0	1.78	9.89
Lindtor Maskin AB	0	215,000	1.57	0.87
Fourth AP fund	0	157,700	1.15	0.64
<b>Total ten largest shareholders</b>	<b>1,220,000</b>	<b>7,633,897</b>	<b>64.66</b>	<b>80.38</b>
<b>Total other shareholders</b>	<b>0</b>	<b>3,648,127</b>	<b>26.64</b>	<b>19.62</b>
<b>Total outstanding shares</b>	<b>1,220,000</b>	<b>11,282,024</b>	<b>91.30</b>	<b>100.00</b>
<b>VBG GROUP AB</b>	<b>0</b>	<b>1,191,976</b>	<b>8.70</b>	
<b>Total number of registered shares</b>	<b>1,220,000</b>	<b>12,474,000</b>	<b>100.00</b>	

### Size of shareholdings

	Percentage of capital	
29 Dec. 2006		
Number of shares	Stake per cent	
< 500	4,490	3.81
500–5,000	1,027	11.09
> 5,000	112	85.1
<b>Total</b>		<b>100.00</b>

### Shareholders in Sweden and abroad

	Percentage of capital
29 Dec. 2006	
Sweden	93.69
Other Nordic countries	4.85
Other European countries	1.40
USA	0.06

### Data per share

	2002	2003	2004	2005	2006
Earnings, SEK	1.21	1.87	2.25	5.37	8.95
Dividend, SEK	0.75	0.75	1.00	1.38	2.00
Share price at year-end, SEK	22.50	25.00	29.38	59.00	113.00
P/E ratio, times	18.6	13.4	13.1	11.0	12.6
Equity, SEK	20.45	20.41	21.62	26.44	32.54
Cash flow, SEK	4.81	4.16	3.25	6.99	9.77
Dividend yield, %	3.30	3.00	3.40	2.33	1.77
Number of shares outstanding (thousands)	12,502	12,502	12,502	12,502	12,502
Average number of shares outstanding (thousands)	13,098	12,502	12,502	12,502	12,502

## Five-year summary

SEK M	2002	2003	2004	2005	2006
<b>Sales and earnings</b>			<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
Net turnover	532.8	530.4	604.5	778.5	1,163.1
Operating profit	33.3	32.4	45.8	101.8	170.5
Profit after financial items	31.6	31.3	44.3	97.5	165.8
Profit margin, %	5.9	5.9	7.3	12.5	14.3
Profit after tax	15.8	23.3	28.1	67.1	111.9
<b>Financial position</b>					
Balance sheet total	450.2	419.4	444.2	852.4	850.6
Capital employed	331.3	293.0	303.2	595.3	583.6
Return on capital employed, %	10.2	11.1	15.7	26.7	29.8
Equity	255.6	255.2	270.2	330.5	406.8
Return on equity, %	5.8	9.1	10.7	22.4	30.3
Risk-bearing capital	274.0	270.7	293.0	387.8	462.0
Risk-bearing capital ratio, %	60.9	64.5	66.0	45.5	54.3
Equity/assets ratio, %	56.8	60.8	60.7	38.8	47.8
<b>Cash flow</b>					
Cash flow before change in working capital	56.3	58.2	65.7	102.3	167.6
Cash flow from operating activities	63.0	52.0	40.6	87.4	122.1
Cash flow from investing activities	-13.7	-15.3	-18.0	-321.7	-43.8
Cash flow from financing activities	-58.9	-49.6	-16.0	215.4	-103.4
Cash flow for the year	-9.6	-12.9	6.6	-18.9	-25.1
<b>Data per share</b>					
Earnings, SEK	1.21	1.87	2.25	5.37	8.95
Dividend, SEK	0.75	0.75	1.00	1.38	2.00
Dividend yield, %	3.30	3.00	3.40	2.33	1.76
<b>Other</b>					
Average number of employees	309	301	308	339	411

# Report of the Directors

VBG GROUP AB (publ) Corp. ID no. 556069-0751

(All amounts in SEK thousand or SEK million unless otherwise stated.)

The Board of Directors and Managing Director of VBG GROUP AB (publ) hereby submit their annual report and consolidated financial statements for financial year 2006, the company's 48th year of operation.

## INFORMATION ON THE BUSINESS

### General

VBG GROUP AB (publ) in Vänersborg is the Parent Company of an international engineering group. The Group has wholly-owned manufacturing subsidiaries in Sweden, Germany, the Czech Republic and Belgium, as well as wholly-owned sales companies in Norway, Denmark, the UK, Belgium, France and the USA. Sales to geographic markets where the Group does not have its own sales companies take place via a network of well established distributors.

At the extraordinary shareholders' meeting on 9 January 2007, the name of the company was changed to VBG GROUP AB (publ).

### Business areas

The Group's operations are divided into two business areas.

- VBG GROUP TRUCK EQUIPMENT includes three product areas: Coupling Equipment with the brands VBG and RINGFEDER, Sliding Roofs with the brands EDSCHA TRAILER SYSTEMS and SESAM, and General Truck Equipment, which consists of the following product groups: automatic tyre chains (ONSPOT), dropside pillars (ARMATON), fifthwheels with ancillary equipment for semitrailer tractors, and other accessories for trucks.

- RINGFEDER POWER TRANSMISSION includes three product areas: Shaft-hub Connections, Friction Springs and Special Products, which is mixture of complementary trading products and/or design solutions where the original RINGFEDER product is integrated in a new product application.

The customers are primarily machinery manufacturers and high-tech companies in all parts of the world.

### Consolidated turnover and earnings

Total turnover for the Group exceeded one billion kronor for the first time, reaching SEK 1,163.1 M (778.5), an increase of 49 per cent. A large portion (SEK 262.7 M) of the increase of SEK 384.6 M stems from acquired operations. The markets for both business areas developed positively during the year, which means that organic growth was also substantial at 15.7 per cent (SEK 121.9 M). The Group's turnover contains a negative currency translation effect of just under 0.5 per cent.

Operating profit rose sharply to SEK 170.5 M (101.8), and profit after financial items was SEK 165.8 M (97.4). The consolidated profit contains Group-wide overheads of SEK 11.6 M (5.9), which have not been allocated to the operating profits of the different business areas. With an operating margin of 14.7 per cent and a profit margin of 14.3 per cent, the VBG GROUP shows a high and stable profitability level for the full year.

Earnings per share after tax rose sharply to SEK 8.95 (5.37). Return on capital employed was 29.8 per cent (26.7) and return on equity was 30.3 per cent (22.4). The Group's equity/assets ratio rose compared with the end of last year, amounting to 47.8 per cent (38.8).

VBG GROUP, consolidated	2006	4/06	3/06	2/06	1/06	2005	4/05	3/05	2/05	1/05
Net turnover	1,163.1	298.1	263.4	292.9	308.7	778.5	267.6	160.0	176.1	174.8
Operating profit	170.5	41.5	37.0	43.0	49.0	101.8	35.8	24.7	21.6	19.7
Operating margin, %	14.7	13.9	14.1	14.7	15.9	13.1	13.4	15.4	12.3	11.3
Profit after financial items	165.8	40.4	35.1	43.0	47.3	97.4	31.8	24.6	21.5	19.5
Profit margin, %	14.3	13.6	13.3	14.7	15.3	12.5	12.0	15.4	12.2	11.2
Profit after tax	111.9	27.8	24.6	28.0	31.5	67.1	21.8	16.7	15.0	13.6
Earnings per share, SEK	8.95	2.22	1.97	2.24	2.52	5.37	1.75	1.33	1.21	1.08
ROCE, % (cumulative)	29.8	29.8	28.8	31.3	33.0	26.7	26.7	27.8	26.3	25.6
ROE, % (cumulative)	30.3	30.3	31.1	34.4	36.4	22.4	22.4	20.7	20.2	19.4
Equity/assets ratio, %	47.8	47.8	44.1	40.1	41.1	38.8	38.8	37.1	59.8	60.2

### VBG GROUP TRUCK EQUIPMENT

Turnover for the full year 2006 rose by 56 per cent to SEK 975.0 M (624.1). Sliding Roofs, which is consolidated as from the fourth quarter of 2005, achieved good profitability. The positive trend in the transport sector during the year created conditions for the business area to grow organically by more than 15 per cent.

During the year, VBG GROUP TRUCK EQUIPMENT solidified its position as a market leader in the product areas couplings, sliding roofs and automatic tyre chains. In the autumn the business area invested heavily in displaying

interesting new products in all product areas at the world's biggest commercial vehicle trade fair in Hanover. The brands VBG, RINGFEDER, EDSCHA TRAILER SYSTEMS, SESAM, ONSPOT and ARMATON were shown for the first time together in a large display under the new common sales organisation, VBG GROUP.

Operating profit for the business area was SEK 154.5 (93.9), an increase of 65 per cent. The operating margin rose to 15.8 per cent (15.1).

Turnover VBG GROUP TRUCK EQUIPMENT	2006	4/06	3/06	2/06	1/06	2005	4/05	3/05	2/05	1/05
<b>Product areas:</b>										
Coupling Equipment	542.2	130.7	122.7	143.8	145.0	478.5	125.6	106.8	125.3	120.8
Sliding Roofs	360.7	98.0	78.6	91.3	92.8	75.6	75.6	—	—	—
General Truck Equipment	72.1	24.2	16.0	13.5	18.4	70.0	24.5	14.6	14.7	16.2
<b>VBG GROUP TRUCK EQUIPMENT</b>	<b>975.0</b>	<b>252.9</b>	<b>217.3</b>	<b>248.6</b>	<b>256.2</b>	<b>624.1</b>	<b>225.7</b>	<b>121.4</b>	<b>140.0</b>	<b>137.0</b>
<b>Markets:</b>										
Sweden	169.1	40.0	35.5	44.6	49.0	160.7	42.8	36.4	40.9	40.6
Other Nordic countries	132.6	33.6	29.4	34.3	35.3	122.0	33.1	23.9	35.0	30.0
Germany	313.8	86.1	75.0	75.0	77.7	145.4	65.4	29.0	24.3	26.7
Rest of Europe	311.2	80.1	64.8	83.4	82.9	151.7	71.5	19.9	28.9	31.4
Rest of the world	48.3	13.1	12.6	11.3	11.3	44.3	12.9	12.2	10.9	8.3
<b>VBG GROUP TRUCK EQUIPMENT</b>	<b>975.0</b>	<b>252.9</b>	<b>217.3</b>	<b>248.6</b>	<b>256.2</b>	<b>624.1</b>	<b>225.7</b>	<b>121.4</b>	<b>140.0</b>	<b>137.0</b>

#### Turnover and Earnings

VBG GROUP TRUCK EQUIPMENT:	2006	4/06	3/06	2/06	1/06	2005	4/05	3/05	2/05	1/05
Net turnover	975.0	252.9	217.3	248.6	256.2	624.1	225.7	121.4	140.0	137.0
Operating profit	154.5	34.8	32.2	42.6	44.9	93.9	29.5	22.1	22.9	19.4
Operating margin, %	15.8	13.8	14.8	17.1	17.5	15.1	13.1	18.2	16.4	14.2

#### RINGFEDER POWER TRANSMISSION

The sales volumes continued to develop positively during 2006, rising by a total of 22 per cent to SEK 188.1 M (154.4). Translation of the results of the

Group companies to Swedish kronor had a negative effect on turnover of just under one per cent. Operating profit doubled to SEK 27.6 M (13.8), and the profit margin rose sharply to 14.7 per cent (8.9).

Turnover	2006	4/06	3/06	2/06	1/06	2005	4/05	3/05	2/05	1/05
<b>Product areas:</b>										
Friction Springs	37.3	9.9	8.5	7.1	11.8	31.8	8.9	8.0	7.2	7.7
Shaft-hub Connections	83.5	21.7	21.2	19.5	21.1	68.3	18.6	16.4	15.5	17.8
Special Products	67.3	13.6	16.4	17.7	19.6	54.3	14.4	14.2	13.4	12.3
<b>RINGFEDER POWER TRANSMISSION</b>	<b>188.1</b>	<b>45.2</b>	<b>46.1</b>	<b>44.3</b>	<b>52.5</b>	<b>154.4</b>	<b>41.9</b>	<b>38.6</b>	<b>36.1</b>	<b>37.8</b>
<b>Markets:</b>										
Europe	63.0	16.4	15.5	14.5	16.6	49.4	11.7	11.5	12.3	13.9
North America	93.2	20.3	22.3	23.6	27.0	79.8	22.4	20.8	19.0	17.6
Rest of the world	31.9	8.5	8.3	6.2	8.9	25.2	7.8	6.3	4.8	6.3
<b>RINGFEDER POWER TRANSMISSION</b>	<b>188.1</b>	<b>45.2</b>	<b>46.1</b>	<b>44.3</b>	<b>52.5</b>	<b>154.4</b>	<b>41.9</b>	<b>38.6</b>	<b>36.1</b>	<b>37.8</b>

#### Turnover and Earnings

RINGFEDER POWER TRANSMISSION	2006	4/06	3/06	2/06	1/06	2005	4/05	3/05	2/05	1/05
Net turnover	188.1	45.2	46.1	44.3	52.5	154.4	41.9	38.6	36.1	37.8
Operating profit	27.6	9.9	5.7	4.7	7.3	13.8	6.9	3.2	1.7	2.0
Operating margin, %	14.7	21.9	12.4	10.6	13.8	8.9	16.5	8.3	4.7	5.3

#### Tax expense

The year's tax expense was SEK 53.9 M (30.2), of which tax paid comprised SEK 54.1 M (28.0). The tax expense is equivalent to a tax rate for the Group of 32.5 per cent (31.1).

#### Capital expenditures

The Group's capital expenditures during the year amounted to SEK 44.5 M (SEK 316.5 M last year, of which SEK 291.5 M pertained to acquired subsidiaries).

#### Exposure in foreign currencies, risks and uncertainty factors

A detailed account of the Group's exposure in foreign currencies, relevant risks and uncertainty factors is provided under Note 2, "Risks and risk management".

#### Cash flow and financial position

Cash flow from operating activities amounted to SEK 122.1 million (87.4). Capital expenditures during the year amounted to SEK 44.4 M (321.7). The Group amortised loans and reduced current financial liabilities by SEK 86.2 M. Total dividends distributed to shareholders amounted to SEK 17.2 M. Net cash flow during the period was SEK -25.1 M (-18.8).

Equity increased during the year to SEK 406.8 M (330.5) and was affected by SEK -18.4 M in differences in connection with the translation of net assets in foreign currencies. The equity/assets ratio increased to 47.8 per cent (38.8).

Cash and cash equivalents amounted to SEK 33.7 M at year-end (60.8), and there are unutilised credit facilities of SEK 125.7 M.

The Group's interest-bearing net debt fell by SEK 57.2 M during the year, amounting to SEK 190.0 M at year-end (247.2).

The ratio of interest-bearing net debt to equity was 0.47 at year-end (0.75).

#### Personnel

On 31 December 2006 there were 400 employees (408) in the VBG GROUP, including 157 (146) in Sweden. During 2006 the Group employed an average of 411 persons (339). Of these, 160 (156) were active in Sweden. The cost of salaries and social security contributions was SEK 230.0 M (191.3).

#### Parent Company

The operations of VBG GROUP AB (publ) are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and trademarks. The company also owns the industrial property in Vänersborg as well as certain plant and equipment that is rented by the subsidiary VBG GROUP TRUCK EQUIPMENT AB.

The objective is that the Group's intellectual property in the form of trademarks and other rights should be gathered in the Parent Company. VBG GROUP AB (publ) focuses on maintaining and developing all the Group's trademarks and rights.

The Parent Company's net turnover pertains primarily to intra-Group services, licence revenues and rentals and amounted to SEK 22.1 M (12.1) during the year. The profit after dividends from Group companies and financial items amounted to SEK 97.3 M (29.5).

#### Environmental impact

The Group works actively with environmental assurance in both production and administration. Our operations are not directly polluting, but as a leading player in the sector it is nonetheless natural for the Group to take an active role in efforts to protect the environment. This is done by limiting the impact of the Group's processes on the environment, but also by manufacturing products that boost efficiency in the transport sector and thereby help to mitigate pollution in heavy goods transport, for example. VBG GROUP TRUCK EQUIPMENT AB has been environmentally certified to ISO 14001 since 1998, and VBG GROUP TRUCK EQUIPMENT GMBH since 2003.

**Five-year summary of the Group's financial performance and position (definitions, see Note 1):**

SEK M	2006	2005	2004	2003	2002
<b>Sales and earnings</b>	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>		
Net turnover	1,163.1	778.5	604.5	530.4	532.8
Profit after financial items	165.8	97.4	44.3	31.3	31.6
Profit after tax	111.9	67.1	28.1	23.3	15.8
<b>Financial position</b>					
Balance sheet total	850.6	852.4	444.2	419.4	450.2
Equity	406.8	330.5	270.2	255.2	255.6
Risk-bearing capital	462.0	387.8	293.0	270.7	274.0
Equity/assets ratio, %	47.8	38.8	60.7	60.8	56.8
Risk-bearing capital ratio, %	54.3	45.5	66.0	64.5	60.9
<b>Profitability</b>					
Return on capital employed, %	29.8	26.7	15.7	11.1	10.2
Return on equity, %	30.3	22.4	10.7	9.1	5.8
Profit margin, %	14.3	12.5	7.3	5.9	5.9
<b>Other</b>					
Number of employees at year-end	400	408	307	292	302
Average number of employees	411	339	308	301	309

**Outlook for 2007**

The market outlook for the Group's two business areas is judged to continue to be good, indicating a turnover on the level of 2006 for both VBG GROUP TRUCK EQUIPMENT and RINGFEDER POWER TRANSMISSION. The Group will continue working actively with its acquisition agenda, with the ambition of carrying out at least one supplementary acquisition during 2007.

**The Board of Directors**

The Board of Directors of VBG GROUP AB (publ) currently consists of six members elected by the AGM. The AGM did not elect any deputies. In addition, the trade unions SIF/CF/Ledarna (the Swedish Union of Clerical and Technical Employees in Industry/the Swedish Association of Graduate Engineers/the Association of Management and Professional Staff) and Metall (the Swedish Metal Workers' Union), each appoint one member and one deputy member. White-collar employees take part in Board meetings by submitting reports or serving in the post of secretary.

During financial year 2006, the Board of Directors held 10 (7) meetings. The work of the Board follows an annual plan designed to satisfy the need of the Board for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities between the Board and the Managing Director.

The 2006 Annual General Meeting elected a Nomination Committee, and on behalf of the AGM the Board appointed an Audit Committee and a Compensation Committee. The company's auditor reports his observations to the Board every year based on his examination and gives his assessment of the company's internal control.

**The VBG GROUP share and shareholders**

All share-related key figures have been adjusted for the share split carried out during the second quarter. Earnings per share for the year amounted to SEK 8.95 (5.37). Equity per share on 31 December 2006 was SEK 32.54, compared with SEK 26.44 one year earlier.

The number of shareholders at year-end was 5,629 (4,900).

**Proposed distribution of profits**

In proposing the dividend, the Board of Directors has taken into account the Group's long-term development potential, financial position and investment needs. Bearing these factors in mind, the Board has decided to recommend that the AGM approve a dividend of SEK 2.00 per share (1.38).

The following funds are available for distribution in the Parent Company:

Retained earnings	SEK	61,804,832
Net profit for the year	SEK	95,228,731
	<b>SEK</b>	<b>157,033,563</b>

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

Dividend to shareholders	SEK	25,004,048
Carried forward to new account	SEK	132,029,515
	<b>SEK</b>	<b>157,033,563</b>

## Consolidated Income Statement

SEK '000	Note	2006	2005
Net turnover	3	1,163,132	778,470
Cost of goods sold		-717,602	-486,131
<b>Gross profit</b>		<b>445,530</b>	<b>292,339</b>
Selling expenses		-166,772	-130,924
Administrative expenses		-94,278	-51,481
Research and development costs		-12,988	-11,624
Other operating income	4	3,226	3,486
Other operating expenses		-4,240	—
		<b>-275,052</b>	<b>-190,543</b>
<b>Operating profit</b>	<b>5,6,7</b>	<b>170,478</b>	<b>101,796</b>
<b>Result from financial items</b>			
Exchange rate differences		3,569	-1,283
Interest income		1,663	1,376
Interest expenses		-9,944	-4,522
<b>Total result from financial items</b>		<b>-4,712</b>	<b>-4,429</b>
<b>Profit after financial items</b>		<b>165,766</b>	<b>97,367</b>
Tax on profit for the year	9	-53,882	-30,237
<b>Net profit for the year</b>		<b>111,884</b>	<b>67,130</b>
<b>Earnings per share</b>		<b>8.95</b>	<b>5.37</b>
<b>Number of shares at year-end</b>		<b>12,502,024</b>	<b>12,502,024</b>
<b>Average number of shares during the year</b>		<b>12,502,024</b>	<b>12,502,024</b>

## Consolidated Balance Sheet

SEK '000	Note	31 Dec. 2006	31 Dec. 2005
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
	10		
Computer software and trademarks		62,069	69,774
Goodwill		213,431	223,291
		275,500	293,065
<b>Plant, property and equipment</b>			
	11		
Land and buildings		50,454	55,290
Plant and machinery		67,121	48,119
Equipment, tools, fixtures and fittings		30,431	23,698
Construction in progress		612	5,539
		148,618	132,646
<b>Deferred tax asset</b>			
	13	1,270	2,145
<b>Total non-current assets</b>		<b>425,388</b>	<b>427,856</b>
<b>Current assets</b>			
<b>Inventories</b>			
	14		
Raw materials and consumables		66,573	71,217
Work in progress		31,350	32,896
Finished products and merchandise		103,691	79,425
		201,614	183,538
<b>Current receivables</b>			
Trade receivables		162,370	153,844
Tax assets		3,981	5,486
Other receivables		18,652	14,551
Prepaid expenses and accrued income	15	4,856	6,291
		189,859	180,172
<b>Cash and cash equivalents</b>			
Short-term investments		459	2,459
Cash on hand and demand deposits		33,233	58,368
		33,692	60,827
<b>Total current assets</b>		<b>425,165</b>	<b>424,537</b>
<b>Total assets</b>		<b>850,553</b>	<b>852,393</b>

cont'd. Consolidated Balance Sheet

SEK '000	Note	31 Dec. 2006	31 Dec. 2005
<b>Equity and liabilities</b>			
<b>Equity</b>	16		
Share capital		34,235	34,235
Other contributed capital		32,111	32,111
Reserves regarding translation differences		- 16,436	2,002
Retained earnings, incl. net profit for the year		356,880	262,187
<b>Total equity</b>		<b>406,790</b>	<b>330,535</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	18	74,403	68,871
Deferred tax liability	13	56,527	59,419
Other provisions	19	1,292	1,255
Liabilities to credit institutions	20	101,743	144,650
<b>Total non-current liabilities</b>		<b>233,965</b>	<b>274,195</b>
<b>Current liabilities</b>			
Overdraft facilities	22	10,831	56,769
Liabilities to credit institutions		36,672	37,720
Trade payables		62,715	63,357
Tax liabilities		34,255	17,148
Other liabilities		9,441	16,176
Accrued expenses and prepaid income	23	55,884	56,493
<b>Total current liabilities</b>		<b>209,798</b>	<b>247,663</b>
<b>Total equity and liabilities</b>		<b>850,553</b>	<b>852,393</b>
<b>Pledged assets</b>	21	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	24	<b>527</b>	<b>214</b>

## Consolidated changes in equity

SEK '000	Note	Share capital	Contributed capital	Reserve regarding translation differences	Retained earnings	Total equity
<b>Opening balance at 1 Jan. 2005</b>		<b>34,235</b>	<b>32,111</b>	<b>- 3,671</b>	<b>207,559</b>	<b>270,234</b>
Translation difference				7,043		7,043
Hedging of net investments				- 1,370		- 1,370
Net profit for the year 2005					67,130	67,130
Dividend					- 12,502	- 12,502
<b>Equity 31 Dec. 2005</b>		<b>34,235</b>	<b>32,111</b>	<b>2,002</b>	<b>262,187</b>	<b>330,535</b>
Translation difference				- 24,258		- 24,258
Hedging of net investments				5,820		5,820
Net profit for the year					111,884	111,884
Dividend					- 17,191	- 17,191
<b>Equity 31 Dec. 2006</b>	16	<b>34,235</b>	<b>32,111</b>	<b>- 16,436</b>	<b>356,880</b>	<b>406,790</b>

# Consolidated Cash Flow Statement

SEK '000	Note	2006	2005
<b>Operating activities</b>			
Operating profit before financial items		170,478	101,796
Depreciation/amortisation		30,467	25,214
Other items not affecting liquidity	26	8,575	-6,518
Interest received		1,699	1,384
Interest paid		-8,643	-4,504
Tax paid		-34,931	-15,095
<b>Cash flow before change in working capital</b>		<b>167,645</b>	<b>102,277</b>
Decrease/increase (-) in inventories		-23,473	-10,872
Decrease/increase (-) in trade receivables		-14,507	1,214
Decrease/increase (-) in other current receivables		-3,255	-5,451
Increase/decrease (-) in trade payables		980	10,652
Increase/decrease (-) in other current liabilities		-5,324	-10,429
<b>Cash flow from operating activities</b>		<b>122,066</b>	<b>87,391</b>
<b>Investing activities</b>			
Acquisition of subsidiary after deduction for acquired cash and cash equivalents		—	-299,899
Investments in intangible assets	26	-241	-656
Investments in property, plant and equipment		-44,195	-24,344
Sales of property, plant and equipment		678	1,683
Disposal/amortisation of long-term investments		—	1,552
<b>Cash flow from investing activities</b>		<b>-43,758</b>	<b>-321,664</b>
<b>Financing activities</b>			
New borrowings		—	227,936
Amortisation of loans		-86,188	—
Dividend paid		-17,191	-12,502
<b>Cash flow from financing activities</b>		<b>-103,379</b>	<b>215,434</b>
<b>Cash flow for the year</b>		<b>-25,071</b>	<b>-18,839</b>
<b>Cash and cash equivalents at start of year</b>		<b>60,827</b>	<b>78,427</b>
Translation difference, cash and cash equivalents		-2,064	1,239
<b>Cash and cash equivalents at year-end</b>	26	<b>33,692</b>	<b>60,827</b>
Unutilised overdraft facilities		125,669	83,531
<b>Total cash and cash equivalents available</b>		<b>159,361</b>	<b>144,358</b>
<b>Change in net debt</b>			
Interest-bearing liabilities and provisions		223,649	308,010
Cash on hand, demand deposits and short-term investments		-33,692	-60,827
<b>Net debt</b>		<b>189,957</b>	<b>247,183</b>
<b>Change in interest-bearing net debt</b>		<b>-57,226</b>	<b>254,171</b>

## Parent Company Income Statement

SEK '000	Note	2006	2005
Net turnover		22,113	12,129
<b>Gross profit</b>		<b>22,113</b>	<b>12,129</b>
Selling expenses		- 4,949	—
Administrative expenses		- 17,782	-14,174
Other operating income		67	90
Other operating expenses		- 4,306	- 4,774
		<b>- 26,970</b>	<b>-18,858</b>
<b>Operating profit/loss</b>	5,6,7	<b>- 4,857</b>	<b>- 6,729</b>
<b>Result from financial items</b>			
Dividends from interests in subsidiaries		66,409	40,000
Reversal of impairment loss in subsidiary		35,000	—
Exchange rate differences		9,389	- 2,019
Interest income		1,004	801
Interest expenses		- 9,637	- 2,523
<b>Total result from financial items</b>		<b>102,165</b>	<b>36,259</b>
<b>Profit after financial items</b>		<b>97,308</b>	<b>29,530</b>
Appropriations	8	462	501
Tax on profit for the year	9	- 2,541	- 181
<b>Net profit for the year</b>		<b>95,229</b>	<b>29,850</b>

## Parent Company Balance Sheet

SEK '000	Note	31 Dec. 2006	31 Dec. 2005
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Trademarks, patents and other rights	10	22,982	24,867
		<b>22,982</b>	<b>24,867</b>
<b>Plant, property and equipment</b>			
Land and buildings	11	10,640	10,662
Plant and machinery		—	1,139
Equipment, tools, fixtures and fittings		229	284
		<b>10,869</b>	<b>12,085</b>
<b>Long-term investments</b>			
Interests in Group companies	12	461,804	449,147
Receivables from Group companies		—	3,056
		<b>461,804</b>	<b>452,203</b>
<b>Total non-current assets</b>		<b>495,655</b>	<b>489,155</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		23,412	17,306
Tax assets		512	4,017
Other receivables		867	1,851
Prepaid expenses and accrued income	15	528	1,063
		<b>25,319</b>	<b>24,237</b>
<b>Cash and cash equivalents</b>			
Short-term investments		459	2,459
Cash on hand and demand deposits		2,657	7,714
		<b>3,116</b>	<b>10,173</b>
<b>Total current assets</b>		<b>28,435</b>	<b>34,410</b>
<b>Total assets</b>		<b>524,090</b>	<b>523,565</b>

cont'd. Parent Company Balance Sheet

SEK '000	Note	31 Dec. 2006	31 Dec. 2005
<b>Equity and liabilities</b>			
<b>Equity</b>	16		
<b>Restricted equity</b>			
Share capital		34,235	34,235
Statutory reserve		53,249	53,249
		<b>87,484</b>	<b>87,484</b>
<b>Non-restricted equity</b>			
Retained earnings		61,805	49,145
Net profit for the year		95,229	29,850
		<b>157,034</b>	<b>78,995</b>
<b>Total equity</b>		<b>244,518</b>	<b>166,479</b>
<b>Untaxed reserves</b>	17	<b>25,239</b>	<b>25,701</b>
<b>Provisions</b>			
Provisions for pensions, PRI	18	10,812	10,704
<b>Total provisions</b>		<b>10,812</b>	<b>10,704</b>
<b>Non-current liabilities</b>			
Loans		99,550	141,450
<b>Total non-current liabilities</b>		<b>99,550</b>	<b>141,450</b>
<b>Current liabilities</b>			
Overdraft facilities		8,714	56,770
Trade payables		1,475	868
Liabilities to subsidiaries		92,013	80,720
Loans		36,200	37,720
Other current liabilities		321	181
Accrued expenses and prepaid income	23	5,248	2,972
<b>Total current liabilities</b>		<b>143,971</b>	<b>179,231</b>
<b>Total equity and liabilities</b>		<b>524,090</b>	<b>523,565</b>
<b>Pledged assets</b>		<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	24	<b>15,790</b>	<b>13,990</b>

## Parent Company Changes in Equity

SEK '000	Note	Share capital	Share pre- mium reserve	Statutory reserve	Non-restrict- ed equity	Total equity
<b>Equity 31 Dec. 2005</b>		<b>34,235</b>	<b>47,303</b>	<b>5,946</b>	<b>61,647</b>	<b>149,131</b>
Net profit for the year 2005					29,850	29,850
Dividend					- 12,502	- 12,502
Reposting of share premium reserve to statutory reserve				- 47,303	47,303	
<b>Equity 31 Dec. 2005</b>		<b>34,235</b>	<b>0</b>	<b>53,249</b>	<b>78,995</b>	<b>166,479</b>
Net profit for the year					95,229	95,229
Dividend					- 17,190	- 17,190
<b>Equity 31 Dec. 2006</b>	16	<b>34,235</b>	<b>0</b>	<b>53,249</b>	<b>157,034</b>	<b>244,518</b>

# Parent Company Cash Flow Statement

SEK '000	2006	2005
<b>Operating activities</b>		
Operating loss before financial items	- 4,857	- 6,729
Depreciation/amortisation	4,267	4,698
Other items not affecting liquidity	- 413	- 555
Interest received	1,040	809
Dividend received	66,409	40,000
Interest paid	- 9,183	- 4,090
Tax paid	964	- 66
<b>Cash flow before change in working capital</b>	<b>58,227</b>	<b>34,067</b>
Decrease/increase (-) in trade receivables	—	1,375
Decrease/increase (-) in other current receivables	- 4,623	- 8,703
Increase/decrease (-) in trade payables	607	- 963
Increase/decrease (-) in other current liabilities	13,709	80,927
<b>Cash flow from operating activities</b>	<b>67,920</b>	<b>106,703</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	- 1,166	- 2,562
Sales of property, plant and equipment	67	90
Investments in subsidiaries	22,343	- 351,698
Other long-term investments	3,056	—
Investments in intangible assets	—	- 3,064
<b>Cash flow from investing activities</b>	<b>24,300</b>	<b>- 357,234</b>
<b>Financing activities</b>		
Dividend paid	- 17,190	- 12,502
Borrowing/repayments	- 43,420	179,170
Increase/decrease in current financial liabilities	- 48,056	56,770
Exchange rate differences	9,389	—
<b>Cash flow from financing activities</b>	<b>- 99,277</b>	<b>223,438</b>
<b>Cash flow for the year</b>	<b>- 7,057</b>	<b>- 27,093</b>
<b>Cash and cash equivalents at start of year</b>	<b>10,173</b>	<b>37,266</b>
<b>Cash and cash equivalents at year-end</b>	<b>3,116</b>	<b>10,173</b>
Unutilised overdraft facilities	127,786	83,530
<b>Total cash and cash equivalents available</b>	<b>130,902</b>	<b>93,703</b>

# Notes to Parent Company and Consolidated Financial Statements

## Note 1 General information

VBG AB (publ) is the Parent Company of an engineering Group with manufacturing and sales companies in Sweden, Germany, the Czech Republic and Belgium and sales companies in Norway, Denmark, France, the UK, and the USA. Business operations are divided into two business areas: VBG GROUP TRUCK EQUIPMENT and RINGFEDER POWER TRANSMISSION.

The Parent Company is a limited company registered and domiciled in Sweden. The address to the head office is Box 1216, SE-462 28 Vänersborg, Sweden.

The Parent Company is listed on OMX Stockholmsbörsen Small Cap.

### Accounting and valuation principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 30 are applied. The financial statements have been prepared in accordance with the historical cost method, except with regard to available-for-sale financial assets and financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

The Parent Company complies with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 32. The Parent Company's and the Group's accounting principles coincide unless otherwise specifically stated.

This annual report has been prepared in accordance with the IFRS standards and IFRIC interpretations that had entered into effect at the time of its preparation and that have been approved by the European Commission.

The Group has analysed the IFRS standards and interpretations that have not yet entered into effect and that have not been applied in the 2006 annual report. Only IFRS 7 Financial Instruments: Disclosures, which enters into force in 2007, is judged to affect the Group.

The new standard concerns the scope and content of the presentation of financial instruments and risks in the annual report and is not expected to have any significant influence on an entity's financial position and performance when it becomes effective.

Preparing financial statements in accordance with IFRS requires the use of some important accounting estimates. It also requires that management make certain judgements in the application of the company's accounting principles. Those areas that include a high degree of judgement, that are complex or where assumptions and estimates are of material significance for the consolidated accounts are stipulated in Note 28.

### Consolidated accounts

Subsidiaries are all companies where the Group has the right to dictate financial and operational strategies in a way that normally accompanies a shareholding amounting to more than half of the voting rights. Subsidiaries are included in the consolidated accounts as from the date when control passes to the Group. They are excluded from the consolidated accounts as from the date when this control no longer exists.

The purchase method is used for accounting of the Group's business combinations. The historical cost of an acquisition consists of the fair value of identifiable assets furnished as compensation and liabilities arising or assumed as of the date of transfer, plus costs directly attributable to the acquisition. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date, regardless of the scope of any minority interest. The excess that consists of the difference between the historical cost and the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill.

Intra-Group transactions and line items, as well as unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated, unless the transaction constitutes evidence of the existence of an impairment loss for the transferred asset. The accounting principles for subsidiaries have been changed where applicable in order to guarantee a consistent application of the Group's principles.

### Taxes

The tax expense or income for the period consists of current and deferred tax.

Current tax is calculated on the taxable profit for the period in each individual legal entity.

Deferred tax is recognised in its entirety, in accordance with the balance sheet method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. If, however, the deferred tax arises as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that affects neither the carrying amount nor the tax base on the transac-

tion date, it is not recognised. Deferred tax is calculated with the application of tax rates and laws that have been enacted or announced as of the balance sheet date and that are expected to apply when the concerned deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is likely that future taxable surpluses will be available against which the temporary differences can be utilised.

### Receivables

Loans receivable and trade receivables are financial assets with fixed payments or payments that can be determined. The assets in this category are measured at amortised cost less allowance for impairment loss. Trade receivables are recognised at the amount that is expected to be paid, based on an individual assessment of doubtful trade receivables.

### Effects of changes in exchange rates

#### *Functional currency and reporting currency*

Items included in the financial statements for the different entities in the Group are stated in the currency that is used in the economic environment where the enterprise in question is mainly active (functional currency). For all entities, the functional currency is the currency in the country where the entity is active. The Swedish krona, which is the Parent Company's functional and reporting currency, is used in the consolidated accounts.

#### *Transactions and line items*

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. Exchange gains and losses arising in connection with the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the closing rate are recognised in the Income Statement. An exception is when the transactions constitute hedges that meet the conditions for hedge accounting, when gains/losses are recognised in equity. Exchange gains and losses on operating receivables and liabilities are offset against each other and recognised among other operating income or other operating expenses.

#### *Group companies*

The earnings and financial position of all Group companies with another functional currency than the reporting currency are translated to the Group's reporting currency as follows:

- (i) assets and liabilities are translated at the closing rate
- (ii) income and expenses are translated at the average rate and
- (iii) all exchange rate differences that arise are recognised as Reserves within equity.

On consolidation, exchange rate differences that arise as a consequence of translation of net investments in foreign entities and of borrowing and other currency instruments that have been identified as hedges of such investments are posted to equity. Goodwill and adjustments of fair value that arise in connection with the acquisition of a foreign entity are treated as assets and liabilities in this entity and translated at the closing rate.

### Inventories

Inventories are measured, with application of the first-in first-out principle, at the lower of historical cost and fair value on the balance sheet date. The historical cost of own-manufactured semi-finished and finished products has been calculated as the manufacturing costs of the products including a reasonable share of manufacturing overheads.

Due provision has been made for obsolescence.

### Pension obligations

There are both defined-contribution and defined-benefit pension plans in the Group. In defined-contribution plans, the Group's obligation is limited to fixed contributions that are paid to a separate legal entity. The Group's profit is charged with costs as the benefits are earned. In defined-benefit plans, the Group's obligation is based on salary at retirement and number of years of service. The Group bears the risk for payment of the pledged benefits.

The net total of the calculated present value of the obligations and the fair value of any plan assets is recognised in the balance sheet as either a provision or a long-term financial receivable.

Defined-benefit plans are calculated according to the "Projected Unit Credit Method". The method allocates the cost of pensions as the employees perform services for the company that increase their future benefit entitlement. The calculation is performed annually by independent actuaries. The company's obligations are calculated as the present value of expected future payments.

Actuarial gains and losses may arise if the actual outcome deviates from previously made assumptions, or if the assumptions change. The portion of the cumulative actuarial gains and losses at the end of last year that exceeds 10 per cent of either the present value of the obligations or the fair value of the plan assets, whichever is greater, is recognised in the Income Statement, divided by the expected average remaining working lives of the employees.

The above accounting principle for defined-benefit plans is applied in the consolidated accounts. The Parent Company accounts for defined-benefit pension plans in accordance with FAR's recommendation no. 4. The Parent Company has pledged defined-benefit pensions to its employees. The present value of these commitments to pay pensions in the future is calculated according to actuarial principles. The obligations are recognised as a provision in the Balance Sheet. The interest portion of the year's pension expense is recognised among financial expenses. Other pension expenses are charged to the operating profit.

Further details, including information on essential actuarial assumptions, are given in Note 18.

### Intangible assets

*Goodwill* consists of the amount by which the historical cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill on acquisition of subsidiaries is recognised as an intangible asset. Goodwill is subjected to impairment testing annually and is recognised at historical cost less accumulated impairment losses.

*Other intangible assets* with a definable useful life are recognised at historical cost less depreciation according to plan during the useful life of the asset.

Expenditures for strategic computer programs are capitalised. Expenditures for product development projects are capitalised provided that the Group will enjoy future economic benefits from the development work and that it is possible to establish the historical cost reliably.

Amortisation takes place on a straight-line basis according to plan over the calculated useful life of the assets, as follows:

Trademarks	15 years
Other intangible assets	3–5 years

The amortisation period of trademarks, 15 years, is warranted by the fact that the Group's acquired brands are well reputed and have large and stable market shares on important markets.

### Research and development

Expenditure for research is recognised as an expense immediately. Expenditure for development projects (attributable to development and testing of new or improved products) is capitalised as intangible assets to the extent that this expenditure is expected to generate future economic benefits and the historical value of the asset can be estimated reliably. Other development costs are recognised as expenses when they occur. No expenditures for development projects have been capitalised during the year.

### Property, plant and equipment

Property, plant and equipment are recognised at historical cost less planned depreciation during the useful life of the assets. Amortisation takes place on a straight-line basis according to plan over the calculated useful life of the assets, as follows:

Buildings	25–50 years
Plant and machinery	3–10 years
Equipment, tools, fixtures and fittings	3–10 years

Interest on investments during the construction period is not capitalised.

### Impairment losses

Assets that have an indefinite useful life are not depreciated but are subjected to annual impairment testing. Assets that are depreciated are assessed with respect to loss of value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. An impairment loss is recognised equal to the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less selling expenses and its value in use. In impairment testing, assets are grouped at the lowest levels where separate identifiable cash flows exist (cash-generating units).

### Leases

Leases are classified in the consolidated accounts as either finance or operating leases. Leases where the economic risks and rewards incidental to ownership are transferred substantially to the lessee are accounted for as finance leases. Other leases are accounted for as operating leases, and lease payments are recognised as expense on a straight-line basis over the lease period.

The Group does not have any finance leases. Lease payments for operating leases are recognised as expense on a straight-line basis over the lease period.

### Revenue recognition

The Group's invoiced sales relate to sales of goods. Invoicing and revenue recognition take place when the goods have been delivered to the customer. Sales are recognised net after deduction of VAT, discounts and exchange rate differences for sales in foreign currencies. Intra-Group sales are eliminated in the consolidated accounts.

### Financial instruments

Financial instruments recognised in the Balance Sheet include securities, receivables, operating liabilities and borrowing.

According to IAS 39, financial assets are measured either at fair value or amortised cost, depending on how the assets are classified. The Group's financial assets are classified in the following categories: Long-term investments, trade receivables, loans receivable and short-term investments measured at fair value through profit or loss.

Long-term investments, trade receivables and loans receivable are initially recognised at fair value and thereafter at amortised cost. Receivables are recognised less any allowance for impairment loss. Allowance is made for impairment loss after individual testing.

Short-term investments consist of interest-bearing securities measured at amortised cost.

The category "Financial assets measured at fair value through profit or loss" included the Group's derivative instruments during the year. The Group utilises derivative instruments to reduce currency risks in future cash flows. The derivatives that were used during the year are forward exchange contracts. The change in fair value of these derivatives during the period has been recognised directly in the Income Statement, since hedge accounting as described in IAS 39 is not applied to cash flow hedges.

In the Parent Company, all financial instruments are recognised at the lower of historical cost and fair value.

### Borrowing

Borrowing is initially recognised at fair value, net after transactions costs. Borrowing is thereafter recognised at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the Income Statement allocated over the term of the loan with application of the effective interest method.

### Equity

Equity is recognised in the Consolidated Balance Sheet distributed between "Share capital", "Other contributed capital", "Reserves" and "Retained earnings".

*Share capital* consists of the par value of issued shares.

*Other contributed capital* comprises all contributions from the shareholders in conjunction with share issues in excess of the amounts recognised as share capital.

*Reserves* comprise amounts which are to be posted directly to equity as a consequence of IFRS rules. They include hedge accounting effects and translation differences.

*Retained earnings* consist mainly of earnings during the year recognised in the Income Statement less dividends paid. This item also includes amounts transferred from non-restricted earnings to a statutory reserve in a legal entity.

In the Parent Company, equity is distributed between restricted and non-restricted equity in accordance with the rules in the Swedish Annual Accounts Act.

### Provisions

Provisions for e.g. environmental remediation measures, restructuring costs and legal requirements are recognised when the Group has an existing legal or informal obligation as a consequence of earlier events, it is more likely that an outflow of resources is required to settle the obligation than not, and the amount has been calculated reliably. No provisions are made for future operating losses.

### Segment reporting

Business areas (business segments) provide products that are subject to risks and returns that are different from those of other business segments. Geographical markets (geographical segments) provide products within a particular economic environment that is subject to risks and returns that are different from those of units operating in other economic environments. In the Group, business areas are classified as primary segments and geographical markets as secondary segments.

### Cash Flow Statement

The Cash Flow Statement is prepared in accordance with the indirect method. The recognised cash flow only includes transactions that entail cash receipts and cash payments. Cash and cash equivalents include, besides cash on hand

Note 1 cont'd.

and demand deposits, short-term, highly liquid investments that are subject to an insignificant risk of changes in value, and

- are traded on the open market at known amounts, or
- have a shorter remaining maturity than three months from the acquisition date.

#### Definitions of key figures

##### *Risk-bearing capital*

Equity plus/less deferred tax liabilities/assets.

##### *Equity/assets ratio*

Equity as a percentage of the balance sheet total.

##### *Risk-bearing capital ratio*

Risk-bearing capital as a percentage of the balance sheet total.

##### *Return on capital employed (ROCE)*

Profit after financial items plus interest expenses as a percentage of average capital employed, expressed as the balance sheet total less non-interest-bearing liabilities.

##### *Return on equity (ROE)*

Net profit for the year as a percentage of average equity.

##### *Profit margin*

Profit after financial items as a percentage of sales.

##### *Net debt*

Interest-bearing loan receivables and provisions less cash and cash equivalents.

## Note 2 Risks and risk management

### 3.1 Operational risks

The VBG GROUP is market-leading and active on many often highly competitive markets. The Group's long-term success is therefore dependent on continued high competitiveness and quality in all parts of the operation. Some of the most important risk factors and how the Group manages them are described below.

#### *Claims, product liability, recalls*

Claims refer to costs for rectifying or replacing defective products. The Group's claim costs amounted to less than a half of a per cent of turnover in 2006. If a product causes bodily harm or property damage, the Group may be held liable. The VBG GROUP is insured against such product liability losses. No major product liability losses have occurred during the past decade.

Recalls refer to cases where all or a large part of a production series has to be recalled for rectification of defects. This occurs from time to time in the motor vehicle industry. The VBG GROUP has never had any major recalls and is not currently insured for this type of risk.

The VBG GROUP constantly strives to minimise the risks of claims, product liability losses and recalls by means of comprehensive and long-term testing in the development process and quality control and inspection in production. The Group's quality assurance is certified to ISO and TS standards.

#### *Commodity prices*

The Group's production is dependent on a number of raw materials and intermediate goods. The most important are steel, cast iron and aluminium. Price increases or commodity shortages can have a negative impact on Group profit.

A price increase of 10 per cent would increase the Group's costs by about SEK 20 M. However, price increases can be passed on to the customers to some degree. Price agreements with the Group's raw material suppliers normally extend over six months. In times of scarcity or large price increases, however, there is a risk that suppliers will fail to honour these agreements. The VBG GROUP strives to establish long-term relationships with its suppliers in order to ensure continued deliveries during times of shortage.

#### *Technical advances*

An important part of the VBG GROUP's strategy is to take advantage of technical advances. We believe that our focus on safety, quality and ergonomics will lead to a product offering that will be rated highly by users and legislators for the foreseeable future.

At the same time, there is always a risk that competitors will make technical advances that reduce the demand for the Group's products. This risk is reduced by the fact that the introduction of new technology usually has a lead time of several years.

The Group's costs for research and development amounted to one per cent of turnover in 2006.

#### *Intangible asset risks*

Intangible asset risks concern cases in which competitors infringe on the Group's patents as well as cases in which the VBG GROUP infringes on patents held by competing companies. To minimise these risks, the patent situa-

tion is monitored closely and continuously. Our own innovations are protected by patents as far as possible. The risk that unlicensed copies of the Group's products will be marketed may increase over the next few years.

#### *Environmental risks*

Environmental risk refers to the risk of costs the Group may incur for emissions reduction, site remediation, improvements in waste management etc. The Group's operations cannot be considered to be environmentally harmful in a narrow perspective. The VBG GROUP complies with the laws and regulations in effect in each country with ample margin. The manufacturing units in Vänersborg and Krefeld are environmentally certified to ISO 14001.

#### *Political risks*

Political risks in the Group's primary markets in Europe and North America are very low. These risks may be somewhat higher in new markets in Asia and Latin America, but are not judged to be significant.

#### *Business interruption and property losses*

Damage to production plants caused by e.g. fire can have negative consequences in the form of both direct property damage and business interruptions that make it more difficult to meet customer obligations. This can in turn induce customers to choose other suppliers. The risk of this type of damage at the Group's production plants can be considered to be "medium-high" for an industrial enterprise. It is possible to mitigate the consequences of a business interruption at most of the Group's production plants by increasing production at other plants. Continuous efforts are made to improve loss prevention. The Group carries full insurance cover against both business interruption and property losses.

#### *Cyclical risks*

The motor vehicle industry is characterised by large fluctuations in demand. This is particularly true of the truck market, although aftermarket sales account for 50 per cent of Group sales in this segment, which helps dampen the fluctuations. The Group's establishments in new geographic markets also contribute towards minimising these fluctuations. To cope with the variations in demand, the Group is trying to increase flexibility in its production. Order backlogs with standing orders from customers are normally short, but thanks to close customer relationships the VBG GROUP is well informed about its customers' long-range plans.

#### *IT security*

IT risks include both the risk of intrusion into our systems and the risk that hardware will be damaged due to e.g. fire. The intrusion risks are minimised by the fact that information is handled in networks that are well protected by firewalls and rigorous authorisation procedures. The hardware is distributed over a large number of different units, limiting the negative consequences of damage.

#### *Financial risks*

The Group is exposed to financial risks. To mitigate the effects of these risks, the VBG GROUP applies a financial risk management policy.

#### *Market risks*

##### *Currency risks*

Due to its international operations, the VBG GROUP is exposed to currency risk. Exchange rate changes affect the consolidated financial statements in the form of transactions risks and translation risks.

##### *Transaction risks*

The Group's net flows of payments in foreign currencies give rise to transaction risks. The total value of net flows in foreign currencies amounted to an equivalent value of about SEK 260 M in 2006. The currency flows with the largest impact on earnings are inflows in USD and EUR to SEK. An exchange rate change of 10 per cent between EUR and SEK affects the Group's earnings by approximately SEK 22 M, while an equivalent change between USD and SEK affects earnings by approximately SEK 4 M. The Group's finance policy was changed in 2006 so that net flows are no longer hedged. The impact in the Income Statement regarding hedging instruments was insignificant during the year.

##### *Translation risks*

The net assets of the foreign subsidiaries, i.e. their equity, represent investments in foreign currencies which give rise to translation risk when translated to SEK. This exposure is hedged in part by borrowing in the corresponding currency.

##### *Interest rate risk*

By "interest rate risk" is meant the risk that changes in the interest rate level will have a negative impact on Group profit. In the VBG GROUP, as of 31 December all loans carried a fixed interest rate for the term of the loan.

Note 2 cont'd.

#### Credit risk

Credit risk refers to the risk that one party in a transaction will be unable to fulfil his obligations, causing the other party a loss. The risk that customers will default on payment for delivered products is minimised by thorough checks of new customers and follow-up of the payment behaviour of existing customers. In some cases, receivables are protected by credit insurance. The Group's trade receivables amounted to SEK 162 M at year-end and are recognised at the amounts that are expected to be paid. The geographic distribution of the trade receivables largely matches the distribution of turnover by region. No single customer accounts for more than ten per cent of turnover. The Group's bad debt losses normally amount to less than 0.1 per cent of

turnover. The finance policy regulates how credit risk is minimised for financial instruments. This is done by restricting short-term investments to interest-bearing instruments with low risk and high liquidity and by limiting the maximum amount that may be invested with any given counterparty.

#### Liquidity risk

Liquidity risk, i.e. the risk of not being able to meet the Group's capital needs, is controlled by holding sufficient cash and cash equivalents and granted but unutilised credit facilities that can be utilised without qualifications. At the end of 2006, the unutilised credits amounts to SEK 126 M.

## Note 3 Segment reporting (SEK M)

### Primary segments – Business areas (business segments)

The Group is organised in two main business areas.

- VBG GROUP TRUCK EQUIPMENT is divided into three product areas: Coupling Equipment (with the brands VBG and RINGFEDER) includes a number of products that are used for connection of trucks and trailers. Sliding Roofs (with the brands EDSCHA TRAILER SYSTEMS and SESAM) has products for sliding roofs for trucks and trailers. General Truck Equipment is the collective name for a number of smaller product areas such as automatic tyre chains (ONSPOT), droppside pillars (ARMATON), fifthwheels with ancillary equipment for semitrailer tractors, and other accessories for trucks.

- RINGFEDER POWER TRANSMISSION was included in the acquisition of Ringfeder (1997) and includes three product areas. Shaft-hub Connections (RINGFEDER) and Friction Springs (RINGFEDER), where the customers are machinery manufacturers and high-tech companies in all parts of the world. The third product area, Special Products, is marketed by Ringfeder Corp. in the USA, which develops customised system solutions that incorporate components from RINGFEDER and other companies in the industry. There are no sales between the business areas, and unallocated costs are Group-wide overheads. Assets in the business areas consist primarily of property, plant and equipment, intangible assets, inventories and receivables, but exclude cash and securities. Liabilities consist of operating liabilities but not tax. Investments consist of purchases of property, plant and equipment and intangible assets.

	VBG GROUP TRUCK EQUIPMENT	RINGFEDER POWER TRANSMISSION	Group-wide	Group
<b>Financial year 2006</b>				
<b>External sales</b>	<b>975.0</b>	<b>188.1</b>	<b>—</b>	<b>1,163.1</b>
<b>Operating profit/loss</b>	<b>154.5</b>	<b>27.6</b>	<b>-11.6</b>	<b>170.5</b>
Financial expenses	—	—	-6.4	-6.4
Financial income	—	—	1.7	1.7
Tax expense for the year	—	—	-53.9	-53.9
<b>Net profit/loss for the year</b>	<b>154.5</b>	<b>27.6</b>	<b>-70.2</b>	<b>111.9</b>
<b>Other disclosures</b>				
Non-current assets	403.4	20.0	2.0	425.4
Current assets	301.2	84.9	5.4	391.5
Cash on hand and demand deposits	—	—	33.7	33.7
<b>Assets</b>	<b>704.6</b>	<b>104.9</b>	<b>41.1</b>	<b>850.6</b>
Non-current liabilities	161.0	5.7	67.2	233.9
Current liabilities	153.4	15.1	41.3	209.8
<b>Liabilities</b>	<b>314.4</b>	<b>20.8</b>	<b>108.5</b>	<b>443.7</b>
<b>Investments</b>	<b>43.8</b>	<b>0.4</b>	<b>0.2</b>	<b>44.4</b>
<b>Depreciation/amortisation</b>	<b>-28.9</b>	<b>-1.5</b>	<b>-0.1</b>	<b>-30.5</b>
<b>Financial year 2005</b>				
<b>External sales</b>	<b>624.1</b>	<b>154.4</b>	<b>—</b>	<b>778.5</b>
<b>Operating profit/loss</b>	<b>93.9</b>	<b>13.8</b>	<b>-5.9</b>	<b>101.8</b>
Financial expenses	—	—	-5.8	-5.8
Financial income	—	—	1.3	1.3
Tax expense for the year	—	—	-30.2	-30.2
<b>Net profit/loss for the year</b>	<b>93.9</b>	<b>13.8</b>	<b>-40.6</b>	<b>67.1</b>
<b>Other disclosures</b>				
Non-current assets	402.2	23.6	2.1	427.9
Current assets	284.4	72.6	6.7	363.7
Cash on hand and demand deposits	—	—	60.8	60.8
<b>Assets</b>	<b>686.6</b>	<b>96.2</b>	<b>69.6</b>	<b>852.4</b>
Non-current liabilities	191.0	13.1	70.1	274.2
Current liabilities	149.1	20.6	78.0	247.7
<b>Liabilities</b>	<b>340.1</b>	<b>33.7</b>	<b>148.1</b>	<b>521.9</b>
<b>Investments</b>	<b>316.2</b>	<b>0.3</b>	<b>—</b>	<b>316.5</b>
<b>Depreciation/amortisation</b>	<b>-23.6</b>	<b>-1.6</b>	<b>—</b>	<b>-25.2</b>

Note 3 cont'd.

Secondary segments – geographical segments	Sales		Assets		Investments	
	2006	2005	2006	2005	2006	2005
Sweden	170.6	160.5	159.9	148.8	30.1	17.6
Other Nordic countries	134.8	126.1	18.4	25.2	1.0	0.4
Rest of Europe	680.4	342.7	586.4	567.2	13.1	298.1
North America	92.8	80.0	44.8	41.6	—	0.4
Rest of the world	84.5	69.2	—	—	—	—
<b>Total</b>	<b>1,163.1</b>	<b>778.5</b>	<b>809.5</b>	<b>782.8</b>	<b>44.2</b>	<b>316.5</b>
Unallocated assets			41.1	69.6	0.2	—
<b>Total assets</b>			<b>850.6</b>	<b>852.4</b>	<b>44.4</b>	<b>316.5</b>

#### Net turnover by product area

	Group	
	2006	2005
Coupling Equipment	542.2	478.5
Sliding Roofs	360.7	75.6
General Truck Equipment	72.1	70.0
<b>VBG GROUP TRUCK EQUIPMENT</b>	<b>975.0</b>	<b>624.1</b>
Friction Springs	37.3	31.8
Shaft-hub Connections	83.5	68.3
Special Products	67.3	54.3
<b>RINGFEDER POWER TRANSMISSION</b>	<b>188.1</b>	<b>154.4</b>
<b>Total</b>	<b>1,163.1</b>	<b>778.5</b>

The Parent Company's net turnover refers to invoicing of intra-Group services and rents.

#### Note 4 Other operating income

	Koncernen	
	2006	2005
Royalty income	870	887
Rental/service income	723	650
Capital gain, plant and equipment	222	1 179
Exchange gains	—	60
Other	1,411	710
<b>Total</b>	<b>3,226</b>	<b>3,486</b>

#### Note 5 Salaries, other remuneration and social security contributions

	2006		2005	
	Salaries and other remunerations	Soc. sec. contrib. (of which pension costs)	Salaries and other remunerations	Soc. sec. contrib. (of which pension costs)
Parent Company	8,980	4,599 (1,111)	5,522	3,132 (1,064)
Subsidiaries	164,968	51,425 (10,280)	140,323	42,302 (8,706)
<b>Koncernen</b>	<b>173,948</b>	<b>56,024 (11,391)</b>	<b>145,845</b>	<b>45,434 (9,770)</b>

Note 5 cont'd.

Salaries and other remuneration broken down by country and among Board members etc. and other employees:

	2006		2005	
	Board and MD, (of which bonus etc.)	Other employees	Board and MD, (of which bonus etc.)	Other employees
Parent Company	3,056	5,924	2,952	2,570
in Sweden	(712)		(682)	
Subsidiaries	1,327	52,810	1,329	49,249
in Sweden	(242)		(252)	
<b>Foreign subsidiaries</b>				
Denmark	1,127 (149)	2,356	1,095 (146)	2,375
Norway	1,204 (161)	1,826	970 (133)	2,186
France	—	1,392	—	928
UK	—	1,751	—	1,018
Belgium	—	6,645	—	2,816
Czech Republic	—	2,230	—	849
USA	2,411 (1,859)	10,326	2,136 (1,576)	8,881
Germany	1,694 (324)	77,869	3,632 (383)	62,858
<b>Total foreign subsidiaries</b>	<b>6,436 (2,493)</b>	<b>104,395</b>	<b>7,833 (2,238)</b>	<b>81,912</b>
<b>Total, Group</b>	<b>10,819 (3,447)</b>	<b>163,129</b>	<b>12,114 (3,172)</b>	<b>133,731</b>

Average no. of employees	2006		2005	
	No. of employees	Of whom men	No. of employees	Of whom men
<b>Parent Company</b>				
Sweden	5	4	4	3
<b>Total in Parent Company</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>
<b>Subsidiaries</b>				
Sweden	154	129	152	132
Norway	5	4	5	4
Denmark	6	6	6	6
France	4	3	3	2
Belgium	31	21	8	7
UK	4	3	2	1
Czech Republic	32	20	10	8
USA	16	12	15	11
Germany	154	130	134	114
<b>Total in subsidiaries</b>	<b>406</b>	<b>328</b>	<b>335</b>	<b>285</b>
<b>Total, Group</b>	<b>411</b>	<b>332</b>	<b>339</b>	<b>288</b>

At year-end the Group had 400 employees (408).

Note 5 cont'd.

#### Sickness absence

Per cent	Group		Swedish companies	
	2006	2005	2006	2005
Total sickness absence as percentage of regular working hours	4.0	3.4	4.8	2.8
Percentage of total sickness absence related to continuous sick leave of 60 days or more	32.5	21.1	33.5	31.6

#### Sickness absence as percentage of regular working hours by gender

Per cent	Group		Swedish companies	
	2006	2005	2006	2005
Men	3.4	2.9	4.0	2.5
Women	0.6	0.5	0.8	0.3

#### Sickness absence as percentage of regular working hours by age group

Per cent	Group		Swedish companies	
	2006	2005	2006	2005
29 years or younger	0.4	0.2	0.4	0.3
30 – 49 years	2.2	2.0	2.6	1.5
50 years or older	1.4	1.2	1.7	1.1

#### Board of Directors and senior officers

Group (incl. subsidiaries)	2006		2005	
	No. on closing date	Of whom men	No. on closing date	Of whom men
Board members	20	18	19	18
Managing directors and other senior officers	38	34	35	32

All Board members in the Group's subsidiaries are employees. By "senior officers" is meant the six members of the Group management (all men) plus all persons who have a senior position in each subsidiary.

Parent Company	2006		2005	
	Number	men	Number	men
Board members	8	7	7	7
Managing directors and other senior officers	4	4	3	3

#### Remuneration to senior officers

In accordance with a resolution by the 2006 AGM, the Chairman and members of the Board receive a total of SEK 445,000 in fixed annual fees plus a variable fee per person and attended meeting of SEK 3,500 for ordinary members and SEK 300 for employee representatives. No Board fees are paid to employees of VBG GROUP AB (publ). Remuneration to the Managing Director and other senior officers consists of basic salary, variable remuneration, other benefits, pension and other remuneration. By "other senior officers" is meant the five persons who, together with the Managing Director, make up the Group Management. The proportions of basic salary and variable salary should be commensurate with the individual's powers and responsibilities. The Managing Director's variable remuneration should not exceed 33 per cent of his basic salary. The variable remuneration of other senior officers shall not exceed 25 or 30 per cent of their basic salary. The variable remuneration is based on actual outcome in relation to set goals. Pension benefits and other benefits for the Managing Director and other senior officers are payable as a part of the total remuneration. The retirement age for the Managing Director and other senior officers is 65 years.

	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension cost	Total
Chairman's fee	80	20	—	—	100
Other Board members	190	70	—	—	260
Managing Director	1,985	712	75	337	3,109
Other senior officers (five persons)	6,283	1,691	343	1,286	9,603
<b>Total</b>	<b>8,538</b>	<b>2,493</b>	<b>418</b>	<b>1,623</b>	<b>13,072</b>

The Managing Director has an employment contract that expires with a notice of termination of 18 months, during which time his salary is guaranteed. Other pension benefits are regulated by the SAF/CF agreement. Variable remuneration is not pensionable. In the event his employment is terminated by the Company, the Managing Director is entitled to receive 18 months of employment benefits. The equivalent period for other senior officers is 6–18 months. Compensation to the Managing Director for financial year 2006 has been decided by the Compensation Committee. Compensation to other senior officers has been decided by the Managing Director in consultation with the Compensation Committee.

#### Related party disclosures

The Group handles administration for the three foundations: the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation. At the same time, the foundations are shareholders of VBG AB (publ). The foundations pay market-level compensation for this administration.

#### Note 6 Fees and cost reimbursement paid to auditors

	Group		Parent Company	
	2006	2005	2006	2005
<b>PricewaterhouseCoopers</b>				
Auditing assignments	2,012	1,326	396	231
Other assignments	1,194	1,137	449	950
	<b>3,206</b>	<b>2,463</b>	<b>845</b>	<b>1,181</b>

## Note 7 Depreciation and amortisation

Depreciation and amortisation are recognised in the Income Statement under the following headings:

	Group		Parent Company	
	2006	2005	2006	2005
Cost of goods sold	18,358	16,907	—	—
Selling expenses	7,626	3,595	36	—
Administrative expenses	4,160	4,226	26	25
Research and development costs	323	486	—	—
Other operating expenses	—	—	4,205	4,674
<b>Total depreciation and amortisation</b>	<b>30,467</b>	<b>25,214</b>	<b>4,267</b>	<b>4,699</b>

Depreciation and amortisation are broken down among the following assets in the Balance Sheet:

	Group		Parent Company	
	2006	2005	2006	2005
Brands	5,036	1,676	1,885	1,720
Computer software	826	633	—	—
Land and buildings	3,586	2,019	1,018	888
Plant and equipment	13,254	13,459	1,139	1,679
Equipment, tools, fixtures and fittings	7,765	7,427	225	412
<b>Total depreciation and amortisation</b>	<b>30,467</b>	<b>25,214</b>	<b>4,267</b>	<b>4,699</b>

The Parent Company's depreciation for plants used entirely by the subsidiary VBG GROUP TRUCK EQUIPMENT AB in Vänersborg is invoiced to the subsidiary without surcharge. This depreciation amounted to SEK 1,302 thousand in 2006 (2,065). The Parent Company's depreciation for buildings is included in the market-level rent that is invoiced to the subsidiary in Vänersborg.

This building depreciation is recognised as other operating expenses in the Parent Company's accounts.

## Note 8 Appropriations

	Parent Company	
	2006	2005
Difference between book depreciation and depreciation according to plan	350	-299
Change in tax allocation reserve	112	800
<b>Total</b>	<b>462</b>	<b>501</b>

## Note 9 Tax on profit for the year

	Group		Parent Company	
	2006	2005	2006	2005
Tax paid				
Swedish companies	-12,882	-10,899	-2,541	-181
Foreign companies	-41,213	-17,125	—	—
Deferred tax				
Swedish companies	-1,605	-4,294	—	—
Foreign companies	1,818	2,081	—	—
<b>Total</b>	<b>-53,882</b>	<b>-30,237</b>	<b>-2,541</b>	<b>-181</b>

Reconciliation with tax recognised in the Income Statement:

The difference between the Group's tax expense and tax income based on current tax rates consists of the following items:

	Group	
	2006	2005
Reported profit before tax	165,766	97,367
Tax according to rates applicable to each legal entity	-55,184	-30,643
Non-deductible expenses Sweden	-84	-161
Internal profit in inventories	5	43
Other	1,381	524
<b>Total tax</b>	<b>-53,882</b>	<b>-30,237</b>

## Note 10 Intangible assets

	Group		Parent Company	
	2006	2005	2006	2005
<b>Computer software/ Trademarks, patents and other rights</b>				
Opening acquisition value	91,772	20,757	30,124	27,060
Purchases during the year	259	656	—	3,064
Acquired subsidiaries	—	69,191	—	—
Retirements	-3,663	-48	—	—
Translation differences	-3,064	1,216	—	—
<b>Closing accumulated historical costs</b>	<b>85,304</b>	<b>91,772</b>	<b>30,124</b>	<b>30,124</b>
Opening amortisation	-21,998	-19,285	-5,257	-3,537
Amortisation for the year	-5,862	-2,309	-1,885	-1,720
Retirements	3,663	47	—	—
Translation differences	962	-451	—	—
<b>Closing accumulated amortisation</b>	<b>-23,235</b>	<b>-21,998</b>	<b>-7,142</b>	<b>-5,257</b>
<b>Closing balance</b>	<b>62,069</b>	<b>69,774</b>	<b>22,982</b>	<b>24,867</b>
<b>Of which trademark</b>	<b>60,951</b>	<b>68,030</b>	<b>22,982</b>	<b>24,867</b>

Note 10 cont'd.

	Group	
	2006	2005
<b>Goodwill</b>		
Opening historical cost	223,291	29,863
Acquired subsidiaries	—	189,313
Translation differences	-9,860	4,115
<b>Closing accumulated historical costs</b>	<b>213,431</b>	<b>223,291</b>

Goodwill is allocated to the VBG GROUP TRUCK EQUIPMENT business area, of which SEK 183,425,000 is attributable to the Sliding Roofs product area acquired in 2005. The value of the Group's goodwill is tested annually or more frequently, as needed, by measuring the Group's business areas and comparing with book values. The measurement is based on forecast cash flow for 2006 and unchanged assumptions for subsequent years. See Note 28 for a sensitivity analysis.

## Note 11 Property, plant and equipment

	Group		Parent Company	
	2006	2005	2006	2005
<b>Land and buildings</b>				
Opening historical costs	83,249	48,598	31,591	29,051
Purchases during the year	1,203	2,794	996	2,540
Acquired subsidiaries	—	29,352	—	—
Reclassification	-2,749	—	—	—
Translation differences	-2,869	2,505	—	—
<b>Closing accumulated historical costs</b>	<b>78,834</b>	<b>83,249</b>	<b>32,587</b>	<b>31,591</b>
Opening depreciation	-27,959	-25,864	-20,929	-20,041
Depreciation for the year	-3,586	-2,019	-1,018	-888
Reclassification	2,518	—	—	—
Translation differences	647	-76	—	—
<b>Closing accumulated depreciation</b>	<b>-28,380</b>	<b>-27,959</b>	<b>-21,947</b>	<b>-20,929</b>
<b>Closing balance</b>	<b>50,454</b>	<b>55,290</b>	<b>10,640</b>	<b>10,662</b>
Book value, real estate Sweden	10,640	10,662	10,640	10,662
Tax assessment values, real estate in Sweden	20,088	20,088	20,088	20,088

	Group		Parent Company	
	2006	2005	2006	2005
<b>Plant and equipment</b>				
Opening historical cost	158,761	162,444	28,527	34,840
Purchases during the year	33,793	8,247	—	—
Sales and retirements	-13,138	-16,712	-2,812	-6,313
Reclassification	-215	—	—	—
Acquired subsidiaries	—	2,210	—	—
Translation differences	-1,527	2,572	—	—
<b>Closing accumulated historical costs</b>	<b>177,674</b>	<b>158,761</b>	<b>25,715</b>	<b>28,527</b>
Opening depreciation	-105,245	-106,111	-27,388	-32,022
Sales and retirements	12,010	16,413	2,812	6,313
Depreciation for the year	-13,254	-13,459	-1,139	-1,679
Translation differences	1 333	-2,088	—	—
<b>Closing accumulated depreciation</b>	<b>-105,156</b>	<b>-105,245</b>	<b>-25,715</b>	<b>-27,388</b>
Impairment losses in 2001	-5,397	-5,397	—	—
<b>Closing balance</b>	<b>67,121</b>	<b>48,119</b>	<b>0</b>	<b>1,139</b>

Note 11 cont'd.

	Group		Parent Company	
	2006	2005	2006	2005
<b>Equipment, tools, fixtures and fittings</b>				
Opening historical cost	84,416	79,374	12,621	15,156
Purchases during the year	9,259	7,824	170	21
Sales and retirements	-12,316	-6,060	-432	-2,556
Reclassification	7,784	—	—	—
Acquired subsidiaries	—	1,471	—	—
Translation differences	-1,267	1,807	—	—
<b>Closing accumulated historical costs</b>	<b>87,876</b>	<b>84,416</b>	<b>12,359</b>	<b>12,621</b>
Opening depreciation	-55,079	-52,348	-12,337	-14,483
Sales and retirements	12,623	5,939	432	2,556
Reclassification	-2,518	—	—	—
Depreciation for the year	-7,765	-7,427	-225	-410
Translation differences	933	-1,243	—	—
<b>Closing accumulated depreciation</b>	<b>-51,806</b>	<b>-55,079</b>	<b>-12,130</b>	<b>-12,337</b>
Impairment losses in 2001	-5,639	-5,639	—	—
<b>Closing balance</b>	<b>30,431</b>	<b>23,698</b>	<b>229</b>	<b>284</b>

	Group	
	2006	2005
<b>Construction in progress</b>		
Opening balance	5,539	60
Purchases during the year	25	5,478
Reclassification	-4,820	—
Translation difference	-132	1
<b>Closing balance</b>	<b>612</b>	<b>5,539</b>

## Note 12 Interests in Group companies Changes in book values

	Parent Company	
	2006	2005
<b>Interests in Group companies</b>		
Opening historical cost	449,147	97,854
Acquisition of subsidiaries	—	351,163
Share capital start-up company in UK	—	130
Reversal of impairment loss for VBG GROUP TRUCK EQUIPMENT GMBH	35,000	—
Repayment of shareholders' contribution by VBG GROUP TRUCK EQUIPMENT GMBH	-40,680	—
Capital in start-up company in Germany, RINGFEDER POWER TRANSMISSION GMBH	18,337	—
<b>Closing balance</b>	<b>461,804</b>	<b>449,147</b>

Specification of interests in Group companies	% of capital	% of votes	Book value
VBG GROUP TRUCK EQUIPMENT GMBH, Sweden	100	100	21,197
VBG GROUP SALES AS, Norway	100	100	—
VBG GROUP SALES A/S, Denmark	100	100	—
VBG GROUP SALES LTD, UK	100	100	130
Onspot E.U.R.L, France	100	100	68
VBG GROUP SALES ETES NV, Belgium	100	100	151,986
VBG GROUP SALES BENELUX NV, Belgium	100	100	18,998
Edscha Lkw-Schiebeverdecke GmbH, Germany	100	100	180,179
VBG GROUP TRUCK EQUIPMENT S.R.O., Czech Republic	100	100	—
VBG GROUP TRUCK EQUIPMENT GMBH, Germany	100	100	34,914
RINGFEDER POWER TRANSMISSION GMBH, Germany	100	100	18,337
RINGFEDER CORPORATION, USA	100	100	35,995
<b>Total</b>			<b>461,804</b>

Note 12 cont'd.

#### Corporate identity numbers and domiciles of Group companies

	Corp. ID no.	Domicile
VBG GROUP TRUCK EQUIPMENT AB	556229-6573	Vänernsberg
VBG GROUP SALES AS		Oslo, Norway
VBG GROUP SALES A/S		Ejby, Denmark
VBG GROUP SALES LTD		Warrington, UK
Onspot E.U.R.L.		Montoy-Flanville, France
VBG GROUP ETES NV		Houthalen, Belgium
VBG GROUP SALES BENELUX NV		Beringen, Belgium
Edscha Lkw-Schiebeverdecke GmbH		Remscheid, Germany
VBG GROUP TRUCK EQUIPMENT S.R.O.		Kamenice nad Lipou, Czech Republic
VBG GROUP TRUCK EQUIPMENT GMBH		Krefeld, Germany
RINGFEDER POWER TRANSMISSION GMBH		Krefeld, Germany
RINGFEDER CORPORATION		Westwood, NJ USA

#### Note 13 Deferred tax liabilities/assets

##### Deferred tax assets

	Group		Parent Company	
	2006	2005	2006	2005
Deferred tax assets relating to loss carry-forwards in foreign subsidiaries	0	0	—	—
Deferred tax asset on increase of pension liability	4,664	2,692	—	—
Other temporary differences	275	2,145	—	—
<b>Total tax assets</b>	<b>4,939</b>	<b>4,837</b>	<b>—</b>	<b>—</b>

##### Deferred tax liabilities

	Group		Parent Company	
	2006	2005	2006	2005
Deferred tax liabilities relating to tax allocation reserves	10,598	10,780	2,058	2,156
Deferred tax liabilities relating to difference between residual values of non-current assets carried in the books and residual values for tax purposes	49,598	51,331	5,009	5,040
<b>Total liabilities, gross</b>	<b>60,196</b>	<b>62,111</b>	<b>7,067</b>	<b>7,196</b>

Deferred tax liabilities and assets have been offset where legally possible.

	Group		Parent Company	
	2006	2005	2006	2005
Recognised deferred tax liabilities	-56,527	-59,419	-7,067	-7,196
Recognised deferred tax assets	1,270	2,145	—	—
<b>Deferred tax liabilities, net</b>	<b>-55,257</b>	<b>-57,274</b>	<b>-7,067</b>	<b>-7,196</b>

The Parent Company's deferred tax liability is included in the line item "untaxed reserves" (see Note 17).

#### Note 14 Inventories

	Group	
	2006	2005
<b>Inventories</b>		
VBG GROUP TRUCK EQUIPMENT:		
Raw materials and consumables	60,397	65,568
Semi-finished products and work in progress	28,697	25,456
Finished products and merchandise	63,370	46,903
<b>Total inventories</b>		
<b>VBG GROUP TRUCK EQUIPMENT</b>	<b>152,464</b>	<b>137,927</b>
RINGFEDER POWER TRANSMISSION:		
Raw materials and consumables	6,176	5,649
Semi-finished products and work in progress	2,653	7,440
Finished products and merchandise	40,321	32,522
<b>Total inventories</b>		
<b>RINGFEDER POWER TRANSMISSION</b>	<b>49,150</b>	<b>45,611</b>
<b>Total</b>	<b>201,614</b>	<b>183,538</b>

#### Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
	2006	2005	2006	2005
Prepaid lease payments	—	31	—	4
Accrued royalty	—	715	—	715
Insurance premiums paid in advance	878	489	314	—
Service charges paid in advance	501	895	—	—
Accrued interest income	—	36	—	36
Advance payment to OM Stockholmsbörsen	48	62	48	62
Marketing activities paid in advance	313	215	—	—
Accrued supplier bonus	32	32	—	—
Advance payment of rent for video conference equipment	104	104	104	104
Other items	2,980	3,712	62	142
<b>Total</b>	<b>4,856</b>	<b>6,291</b>	<b>528</b>	<b>1,063</b>

#### Note 16 Equity

The share capital consists of 13,694,000 shares with a quotient value of SEK 2.50. Of these, 1,220,000 are Series A shares carrying 10 votes each. The remaining shares, of Series B, total 12,474,000 and carry 1 vote each. The Annual General Meeting on 24 April 2002 resolved to repurchase every tenth Series B share for SEK 31.25 each. All shareholders were offered the chance to sell back their shares. 1,191,976 shares were bought back, which is equivalent to 96 per cent of the number that could be bought back. At the same AGM, the Board was authorised to use repurchased shares to pay for acquisitions during the period up until the next AGM in 2003. This authorisation was extended at the AGMs in 2003, 2004, 2005 and 2006 until the next AGM (2007). This authorisation had not been utilised at year-end, and all redeemed shares are still owned by VBG GROUP AB (publ). There are thus 12,502,024 shares in free float, 1,220,000 of which are Series A shares and 11,282,024 Series B shares.

## Note 17 Untaxed reserves

	Parent Company	
	2006	2005
Accumulated difference between book depreciation/amortisation and depreciation/amortisation in excess of plan	17,889	18,001
Tax allocation reserve	7,350	7,700
<b>Total</b>	<b>25,239</b>	<b>25,701</b>

## Note 18 Provisions for pensions and similar obligations

Parent Company	2006	2005
Provisions in accordance with Swedish Act on Safeguarding of Pension Obligations		
FPG/PRI pensions	10,812	10,704
<b>Group</b>		
Provisions in accordance with IAS 19		
Defined-benefit pension plans	74,403	68,871

### Defined-benefit pension plans

The Group has several defined-benefit pension plans where the employees are entitled to compensation after terminated employment based on final salary and length of service. The plans that cover the largest number of employees are in Sweden and Germany.

The amounts recognised in the Consolidated Balance Sheet for defined-benefit pension plans have been calculated as follows:

	Sweden	Germany	Other countries	31 Dec. 2006 Total	31 Dec. 2005 Total
Present value of funded obligations			18,893	18,893	8,905
Fair value of plan assets			-16,430	-16,430	-7,427
			<b>2,463</b>	<b>2,463</b>	<b>1,478</b>
Present value of unfunded obligations	34,997	51,809		86,806	81,574
Unrecognised actuarial gains (+) and losses (-)	-7,461	-7,901	496	-14,866	-14,182
<b>Net liability in Balance Sheet</b>	<b>27,536</b>	<b>43,908</b>	<b>2,959</b>	<b>74,403</b>	<b>68,871</b>

The amounts recognised in the Consolidated Income Statement for pensions are as follows:

	2006	2005
Current service costs	6,663	2,255
Interest expense	4,188	3,572
Expected return on plan assets	-730	-174
Net actuarial gains (+) and losses (-) recognised last year	600	—
<b>Costs for defined-benefit plans</b>	<b>10,721</b>	<b>5,653</b>
<b>Costs for defined-contribution plans</b>	<b>4,858</b>	<b>4,117</b>
<b>Total costs recognised in the Income Statement</b>	<b>15,579</b>	<b>9,770</b>
Of which		
Amount charged to operating profit	14,349	8,469
Amount charged to financial expenses	1,230	1,301
<b>Total costs recognised in the Income Statement</b>	<b>15,579</b>	<b>9,770</b>

Interest expense for Swedish pension plans is classified as financial expense. Other items are allocated in the operating profit as cost of goods sold, selling or administrative expenses, depending on the employee's function.

Specification of changes in net liability recognised in the Consolidated Balance Sheet relating to defined-benefit pension plans:

	2006	2005
Net liability at beginning of year according to adopted Balance Sheet	68,871	63,716
Acquired pension liability	—	3,110
Net cost recognised in Income Statement	10,721	5,658
Benefit payments	-1,639	-3,959
Contributions to funded plans	-1,413	-835
Exchange rate differences on foreign plans	-2,137	1,180
<b>Net liability at year-end</b>	<b>74,403</b>	<b>68,871</b>

Actuarial assumptions regarding significant defined-benefit pension plans:

Per cent	2006		2005	
	Sweden	Germany	Sweden	Germany
Discount rate	4.0	4.5	4.0	4.25
Future annual salary increases	3.5	2.75	3.5	2.75
Inflation rate	2.0	1.75	2.0	1.5

## Note 19 Other provisions

	Group	
	2006	2005
Warranty obligations	1,292	1,255
<b>Total</b>	<b>1,292</b>	<b>1,255</b>

## Note 20 Borrowing

Borrowing by the Group excluding overdraft facilities amounts to SEK 138,415 thousand (182,370). All borrowing is in EUR. Most of the borrowing consists of the loan raised to finance the acquisitions made in 2005. The translation difference on the acquisition loan is posted to equity to the extent it hedges net assets in EUR. The interest rate on this loan is 3.05 per cent throughout its term.

SEK 36,672 thousand of the loans (37,959) falls due for payment within 1 year, another SEK 36,581 thousand (37,760) within 1 more year. SEK 751 thousand (2,721) falls due for payment more than five years after the balance sheet date.

## Note 21 Pledged assets

	Group	
	2006	2005
Pertaining to liability to credit institutions:	—	—
Assets in subsidiaries	—	—
<b>Total</b>	<b>0</b>	<b>0</b>

## Note 22 Overdraft facilities

The Group has overdraft facilities amounting to SEK 136,500 thousand (140,300), of which the amount utilised is SEK 10,831 thousand (56,769). The interest rate on the overdraft facilities lies between 3.2 and 3.87 per cent.

## Note 23 Accrued expenses and prepaid income

	Group		Parent Company	
	2006	2005	2006	2005
Special payroll tax	1,525	1,410	387	230
Accrued personnel costs	35,356	33,906	4,267	2,322
Accrued audit fees	1,353	912	200	220
Commissions and sales support	1,299	1,472	—	—
Accrued rental costs	2,579	2,291	—	—
Accrued consultant costs	272	—	—	—
Energy costs	161	—	—	—
Tax on return	119	69	52	69
Freight and goods handling	294	70	—	—
Property tax	100	100	100	100
Severance pay, personnel in Germany	462	9,911	—	—
Other items	12,364	6,352	242	31
<b>Total</b>	<b>55,884</b>	<b>56,493</b>	<b>5,248</b>	<b>2,972</b>

## Note 24 Contingent liabilities

	Group		Parent Company	
	2006	2005	2006	2005
Guarantees for the benefit of subsidiaries	—	—	15,574	13,776
FPG	527	214	216	214
<b>Total contingent liabilities</b>	<b>527</b>	<b>214</b>	<b>15,790</b>	<b>13,990</b>

## Note 25 Leases

	Group	
	2006	2005
<b>Operating leases</b>		
Property leases	5,267	7,192
Others	—	—
<b>Total, Group</b>	<b>5,267</b>	<b>7,192</b>

Property leases pertain to factory and office properties in foreign subsidiaries. Remaining payments on leases in effect at year-end amount to SEK 18.6 M, of which SEK 5 M fell due for payment in 2006 and SEK 0 M will fall due after 2010.

## Note 26 Consolidated Cash Flow Statement

Other items not affecting liquidity in operating activities	2006	2005
Capital gain/loss on property, plant and equipment included in investing activities	-144	-1,263
Change in provisions	-7,479	-233
Interest element of pension costs	1,230	-1,301
Other items	-2,182	-3,721
<b>Total</b>	<b>-8,575</b>	<b>-6,518</b>

Acquisition of non-current assets	Intangible	Property, plant and equipment
Capital expenditures during the year (Notes 10 and 11)	-241	-44,195
<b>Effect of capital expenditures on cash and cash equivalents</b>	<b>-241</b>	<b>-44,195</b>
		<b>2006</b>
<b>Cash and cash equivalents</b>		
Cash on hand and demand deposits		33,233
Short-term investments		459
<b>Cash and cash equivalents</b>		<b>33,692</b>

Short-term investments in the Balance Sheet totalled SEK 459 thousand, of which SEK 0 comprised non-renewable receivables with a maturity of more than three months and investments in shares.

Credit facilities granted but not utilised amounted to SEK 125,669 thousand at year-end.

## Note 27 Derivative instruments

The Group had no outstanding contracts for derivative instruments at year-end.

## Note 28 Important accounting estimates and assessments

Accounting estimates and assessments are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances.

The Group makes estimates and assumptions about the future with regard to pensions, provisions and restructuring costs. The accounting estimates that result from these assumptions will, by definition, seldom correspond to the actual result.

Every year the Group carries out impairment testing of goodwill. Recoverable amounts for cash-generating units have been established by calculation of value in use. Certain estimates must be made for these calculations (Note 10). If the estimated discount rate after tax, known as the WACC (weighted average cost of capital), had been 1 percentage point higher than the assumed rate of 8 per cent, it would not have entailed any goodwill impairment.

**Financial statements will be submitted to the Annual General Meeting on 8 May 2007 for adoption.**

Vänernborg, 15 February 2007

Richard Persson  
Chairman of the Board

Anders Birgersson  
Managing Director and CEO

Peter Hansson

Johnny Alvarsson

Victoria Wikström

Staffan Ekelund

Willy Gustafsson

Hans Gustafsson

Audit Report 2007

Bror Frid  
Authorised Public Accountant

# Audit Report

## To the Annual General Meeting of Shareholders of VBG GROUP Aktiebolag Corp. ID No 556069-0751

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of VBG GROUP Aktiebolag (publ) for the year 2006. The company's annual report is included in the printed version of this document on pages 25–47. The Board of Directors and the Managing Director are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act in the preparation of the annual accounts and the application of International Financial Reporting Standards (IFRSs) as adopted by the EU and the Annual Accounts Act in the preparation of the consolidated accounts. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles and their application by the Board of Directors and the Managing Director and significant estimates made by the Board of Directors and the Managing Director when preparing the annual accounts and consolidated accounts, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis

for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the Company of any Board member or the Managing Director. I also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my 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 Report of the Directors is consistent with the other parts of the annual accounts and the consolidated accounts.

I recommend to the Annual General 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 Report of the Directors and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Göteborg, 15 February 2007

Bror Frid  
Authorised Public Accountant

# Corporate Governance

VBG GROUP AB (publ) is a Swedish limited liability company whose Series B shares are listed on Stockholmsbörsen (the Stockholm Stock Exchange), where they are traded on the small companies list, OMX Stockholm Small Cap. VBG GROUP AB's corporate governance is based on Swedish law, the listing agreement with Stockholmsbörsen and the Articles of Association.

Starting 1 July 2005, the Swedish Code of Corporate Governance (the Code) must be applied by all companies listed on Stockholmsbörsen that have a market value of more than SEK 3 billion. Since VBG GROUP AB's market value is currently below this limit, the Board of Directors has chosen not to apply the Code for the time being.

## General Meeting of Shareholders

The highest decision-making body in VBG GROUP AB is the General Meeting of Shareholders. At the General Meeting, the shareholders exercise their right to vote in order to make decisions regarding the composition of the Board and in other important matters.

## Annual General Meeting 2006

VBG GROUP AB's Annual General Meeting of 11 May 2006 resolved to adopt the Board's proposal regarding the dividend for 2005 of SEK 1.38 per share with a record date of 16 May 2006.

The AGM resolved to re-elect Chairman of the Board Richard Persson, Deputy Chairman Peter Hansson and Board members Anders Birgersson, Staffan Ekelund and Johnny Alvarsson, and to elect Victoria Wikström to the Board for the first time.

The AGM also authorised the Board to resolve on one or more occasions up until the 2007 Annual General Meeting that repurchased shares can be transferred, notwithstanding the shareholders' pre-emption rights, and that non-cash payment can be made for such transferred shares. This authorisation enables the Board of Directors to use the Company's own shares as payment for acquired companies.

Further, the AGM resolved to appoint a Nomination Committee consisting of Richard Persson, Staffan Ekelund, Åke Persson and Reidar Öster, with Reidar Öster as chairman. The Nominating Committee submits recommendations for Board members and their fees and, if they are up for election, recommendations for auditors. From the time of the 2006 AGM up until the publication of this annual report, the Nominating Committee held two meetings.

## Extraordinary General Meeting of Shareholders 2007

The extraordinary shareholders' meeting on 9 January 2007 resolved to change the name of the company to VBG GROUP AB (publ) and to adjust the notification date for general meetings in compliance with the new Companies Act.

## The work of the Board of Directors

The Board of Directors of VBG GROUP AB currently consists of six members elected by the AGM for a term of one year. The AGM did not elect any deputies. In addition, the trade

unions SIF/CF/Ledarna (the Swedish Union of Clerical and Technical Employees in Industry/the Swedish Association of Graduate Engineers/the Association of Management and Professional Staff) and Metall (the Swedish Metal Workers' Union), each appoint one member and one deputy member.

The work of the Board follows an annual plan designed to satisfy the need of the Board for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities between the Board and the Managing Director. Company officers take part in Board meetings by submitting reports or serving in the post of secretary.

In addition, the company's auditor reports his observations to the Board every year based on his examination and gives his assessment of the company's internal control.

## The work of the Board during 2006

During financial year 2006, the Board of Directors held 10 (7) meetings. Prior to each Board meeting, an agenda is sent out to the Board members along with in-depth information on the business at hand. During 2006 the Board of Directors dealt with matters of strategy and business plans for the different business areas, a new legal Group structure and acquisitions. During the year the Board resolved to merge the German operations within Truck Equipment into a joint company, establish a new sales company and make new investments in production.

## Attendance at Board meetings

Number of meetings	10
Richard Persson, Chairman	10
Peter Hansson, Deputy Chairman	9
Anders Birgersson, Board member	10
Staffan Ekelund, Board member	10
Johnny Alvarsson, Board member	10
Victoria Wikström, Board member	7
Hans Gustafsson, employee representative	10
Elinor Kjell, deputy employee representative	1
Willy Gustafsson, employee representative	10
Rune Olausson, deputy employee representative	—

## Board Committees

On behalf of the Annual General Meeting, the Board of Directors appointed an Audit Committee and a Compensation Committee. The Audit Committee is responsible for reviewing the working methods of the auditors.

The members of the Audit Committee are Peter Hansson and Staffan Ekelund. Peter Hansson is chairman. From the time of the 2006 AGM up until the publication of this annual report, the Audit Committee held one meeting.

The Compensation Committee is responsible for proposing the terms of compensation of the Managing Director and other senior officers. The members of the Compensation Committee are Richard Persson and Anders Birgersson. Richard Persson is chairman of the committee. From the time of the 2006 AGM up until the publication of this annual report, the Compensation Committee held two meetings.

## Board of Directors



### Anders Birgersson

Lidköping, born 1958  
Member of the Board since 2001  
Shareholding: 500  
Anders Birgersson, MSc. Eng., has worked in the engineering industry since 1984 in logistics, production, product development and senior management. He has previously been employed by ABB, SKF and ESAB. Member of the boards of Liljedahlsbolagen AB, the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation. Managing Director and CEO of VBG GROUP AB since 2001.

### Richard Persson

Vänernborg, born 1937  
Chairman of the Board since 2001 and member of the Board since 1982.  
Shareholding: 6,872  
Richard Persson, MSc. Eng., worked in the Group as Design Manager 1962–1968 and as senior manager 1972–2001. Chairman of the Board of the Herman Krefting Foundation for Allergy and Asthma Research. Member of the boards of Elos Medical AB and Elos Precision AB, both part of the Westergyllen Group, and of Enterprise Agency West. Chairman of the Board of Vänernborgs Turist AB.



### Johnny Alvarsson

Stockholm, born 1950  
Member of the Board since 2004  
Shareholding: 2000  
Johnny Alvarsson, MSc. Eng., has industrial experience from Ericsson Telecom 1975–1987. Managing Director of the listed companies Zeteco AB 1988–2000 and Elektronikgruppen BK AB 2000–2004. Managing Director of Indutrade AB (publ) since November 2004. Chairman of several Indutrade companies.

### Peter Hansson

Göteborg, born 1947  
Member of the Board since 2001  
Peter Hansson, MSc. (Political Science), has been employed in senior management positions within Volvo Trucks since 1972 and was President of Volvo Personbilar Sverige 1995–2006. Managing Director of Göteborgsoperan since July 2006. Chairman of the boards of Borås Bil Lastvagnar AB, Borås Personbilar AB and Borås Bil Förvaltnings AB. Member of the boards of Swedish Hertz, Volvofinans and World Childhood Foundation.



**Victoria Wikström**

Göteborg, born 1966  
 Member of the Board since 2006  
 Shareholding: 40  
 Victoria Wikström, MSc. Eng. and D. Eng. (machine elements) has been global director of SKF's engineering consultancy business since 2004. She has worked internationally within SKF since 1996 as project manager, research director and, since 2000, in various roles with business area responsibility.

**Staffan Ekelund**

Vänernborg, born 1945  
 Member of the Board since 2004  
 Staffan Ekelund, D. Eng., docent, has experience from senior management positions and directorships in the engineering and steel industries. Managing Director of Korrosions- och Metallforskningsinstitutet AB, KIMAB (the Swedish Corrosion and Metals Research Institute). Chairman of the Board of the SLK Employees' Foundation. Member of the Board of the VBG-SLK Foundation and the Herman Krefting Foundation for Allergy and Asthma Research.



**Willy Gustafsson**

Trollhättan, born 1947  
 Member of the Board since 2004  
 Employee representative, blue-collar employees  
 Employed since 1994

**Hans Gustafsson**

Vänernborg, born 1947  
 Member of the Board since 2004  
 Employee representative, white-collar employees  
 Employed since 1972

**Deputy members of the Board**

**Elinor Kjell**

born 1979  
 Deputy member of the Board since 2005  
 Employee representative, white-collar employees  
 Employed since 2001

**Rune Olausson**

born 1950  
 Deputy member of the Board since 2004  
 Employee representative, blue-collar employees  
 Employed since 1977

**Auditor**

**Bror Frid**

born 1957  
 Authorised Public Accountant  
 Öhrlings PricewaterhouseCoopers AB  
 Auditor in the company since 2004

**Deputy auditor**

**Gunnar Hjalmarsson**

born 1957  
 Authorised Public Accountant  
 Öhrlings PricewaterhouseCoopers AB  
 Auditor in the company since 1989

## Group and Business Area Management



### Claes Wedin

Trollhättan, born 1956  
CFO  
Employed since 1997  
Claes Wedin, MSc. Econ., has experience from leading positions in business administration and senior management in the process and aircraft industry as well as public administration. He has previously worked for Union Carbide, Volvo Aero and MAN Roland.

### Anders Birgersson

Lidköping, born 1958  
Managing Director and CEO  
Employed since 2001  
Anders Birgersson, MSc. Eng., has worked in the engineering industry since 1984 in logistics, production, product development and senior management. He has previously worked for ABB, SKF and ESAB.



### Sten Söderros

Uddevalla, born 1951  
Director of Purchasing  
VBG GROUP TRUCK EQUIPMENT  
Employed since 1997  
Sten Söderros, MSc. Econ., has worked in different management positions in the packaging, white goods and automotive industries since. He has previously worked for Electrolux and Brink Sverige AB.

### Bo Hedberg

Trollhättan, born 1957  
Director of R&D and Marketing  
VBG GROUP TRUCK EQUIPMENT  
Employed since 1996  
Bo Hedberg, MSc. Eng., has worked in the automotive industry since 1981 with purchasing, product development and marketing. He has previously worked for SAAB Automobile AB and MarkIV Automotive.



### Thomas Moka

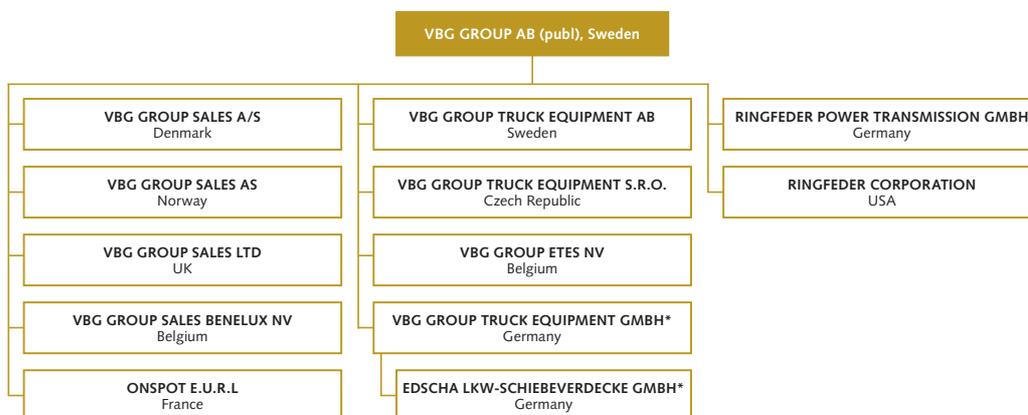
Frankfurt, born 1965  
Business Area Manager  
RINGFEDER POWER TRANSMISSION  
Employed since 2004  
Thomas Moka, MSc. Eng., has worked for the past ten years with marketing and sales in international corporations in the power transmission sector. He has previously worked for Ringspann GmbH and Gerwah GmbH.

### Per Ericsson

Malmköping, born 1956  
Director of Sales  
VBG GROUP TRUCK EQUIPMENT  
Employed since 2000  
Per Ericsson, MSc. Eng., has worked with marketing in the automotive industry for the past 20 years. He has previously worked for Grimaldi Industrier, Samefagrupper and Volvo.

Starting in April 2007, a new Group operating structure is being introduced where the previous divisional structure within VBG GROUP TRUCK EQUIPMENT is being replaced by a functionally structured line organisation. The purpose is to create more favourable conditions for achieving synergies between the Group's different legal units.

## Legal structure



\* In 2007 the companies will be under the name VBG GROUP TRUCK EQUIPMENT GMBH, domiciled in Krefeld.

## Annual General Meeting

The Annual General Meeting will be held at 5.00 p.m. on Tuesday, 8 May 2007 at VBG GROUP AB (publ), Herman Kreftings gata 4, Vänersborg.

### Items of business

The AGM will take up items of business which are required by law and the Articles of Association to be dealt with at an Annual General Meeting. Any other items of business will be announced in the press.

### Participation at the AGM

Shareholders who are registered in the printout of the share register kept by Värdepapperscentralen VPC AB (the Swedish Central Securities Depository & Clearing Organisation) on 2 May 2007 and notify their intention to attend the AGM not later than 4 May 2007 are entitled to participate in the AGM.

Shareholders whose shares are registered to a nominee and who wish to participate in the AGM must arrange for their shares to be temporarily re-registered in their own name (voting right registration). Such a request should be submitted in good time before 2 May.

Notification of participation in the AGM must include name and personal identification number and can be made by telephone at +46 521 27 77 00, by e-mail to [inger.vilhelmson@vbggroup.com](mailto:inger.vilhelmson@vbggroup.com) or by mail to VBG GROUP AB (publ), Box 1216, SE-462 28 Vänersborg, Sweden.

### Dividend

The Board of Directors and Managing Director propose that the dividend be set at SEK 2.00 per share, with record date on 11 May 2007. If the AGM approves this proposal, the dividend is expected to be distributed by VPC starting 16 May 2007.

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### USA

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www.ringfeder.com

\*In 2007 the companies will be under the name  
VBG GROUP TRUCK EQUIPMENT GMBH,  
domiciled in Krefeld.