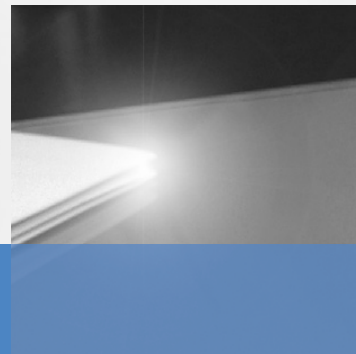
beltton annual report **2006**



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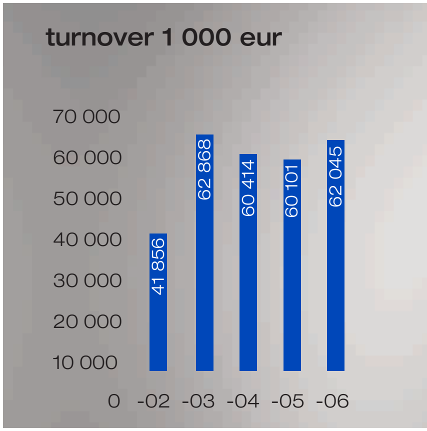
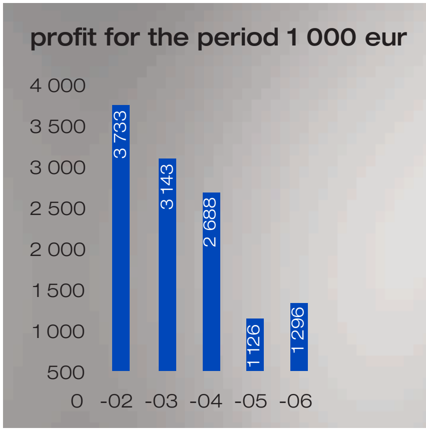
beltton in figures





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report of the board of directors 2006

Beltton-Group's net sales for 2006 were up 3.2 per cent and operating profit 40.3 per cent. The Group's net sales amounted to EUR 62.0 million (EUR 60.1 million) and operating profit to EUR 2.42 million (EUR 1.72 million). Profit before extraordinary items increased by 42.6% to EUR 2.22 million (EUR 1.55 million). Profit for the period rose by 15.1% to EUR 1.30 million (EUR 1.13 million). Earnings per share (EPS) were up to EUR 0.20 (EUR 0.17). The Board of Directors proposes a dividend of EUR 0.12 (EUR 0.10) per share.

turnover

Beltton's net sales increased by 3.2% over the previous year, amounting to EUR 62.0 million (EUR 60.1 million). Of the Group's product groups, especially corporate promotional products increased their sales. The company's business was profitable in all operating countries (Finland, Sweden, Norway and Estonia).

Operations were expanded in Norway by the acquisition of Nordisk Profil A/S in the period. The market position in business and advertising gifts was boosted by acquiring a majority shareholding in IM Inter-Medson Oy.

Both Wulff Oy Ab, vendor of office and computer supplies, and KB-tuote Oy, specialist in business and advertising gifts, acquired many important contract customers over the year, which contributed to the performance in the form of sales growth. The new contract customers are expected to boost both sales and revenues also in the future.

operating environment

The office supplies market has been growing at a steady annual rate of a few per cent. Growth remained much the same in 2006. According to Beltton's estimates market growth in Finland was approximately two per cent, in Sweden three per cent, in Norway two per cent and in Estonia ten per cent. The Estonian market is expected to grow faster than the Scandinavian market also in the future.

The centralisation trend continued in Beltton's line of business. In autumn 2006 Buhrmann N.V., a Dutch office supplies company, acquired the share capital of Andvord Tybring-Gjedde ASA from Norway. Andvord Tybring-Gjedde is the Norwegian market leader in the field. In Sweden Frans Svanström & Co AB strengthened its position on the office supplies market by acquiring Wettergrens i Göteborg AB and Killbergs Kontorsvaruhus AB.

Beltton-Group reinforced its position as the Finnish market leader in its field.

business and key events

Beltton adopted a new organisation model in early 2006. Operations are divided into four areas according to the operating concept and area: office supplies represented by Wulff Oy Ab, business and advertising gifts represented by KB-tuote Oy, direct sales operations formed by ten direct sales companies, and direct sales in Sweden and Norway. These areas are presented as a single reportable business segment. As a result, the whole Group's reportable information comprises the business segment information. The business areas have similar financial characteristics and risk profiles, as well as common customers.

In April 2006 Beltton boosted its market position in Norway by acquiring a majority shareholding in Nordisk Profil A/S. All of the company's 14 employees transferred to Beltton. The deal enhanced Beltton-Group's purchasing synergies, as Beltton sells the same office and computer accessory products in Finland, Sweden and Norway.

Recruiting was developed by setting up Vendiili Oy, a company focused on sales recruiting, which started its activities in June 2006. The company is led by Juha Sinisalo, BBA, who previously worked as Beltton's HR manager. Vendiili brings together employers in the sales sector looking for top-performing employees. The Pimp My Life campaign resulted in a number of contacts and good recruits. The campaign continued in December 2006.

Beltton's subsidiary Wulff Oy Ab accounts for some 45 per cent of Beltton-Group's net sales. Wulff sells office supplies and computer accessories to major corporations, municipalities, cities and to the Finnish Government in line with its contract customer concept. The company has sold more than 1,000 MiniBar shelving systems to various Finnish companies. Wulff's positive business development continued during the financial year. Cost savings measures and further broadening of customer base with the addition of big and medium-sized companies produced expected results. Also investments in developing the existing customer relationships were successful and average purchases took an upward turn.

Wulff Oy Ab signed a cooperation agreement in November with Itella Logistics Oy. The logistics agreement for office and computer supplies is an important investment in Wulff's competitiveness and enables growth in line with Beltton's strategy. Beltton believes that the new logistics concept will strengthen the Group's position in the market for office supplies.

KB-tuote Oy, in charge of the Group's promotional products, had a successful year in 2006: it acquired 20 new contract customers over the year. KB-tuote offers large and medium-sized companies an outsourced business gift service through which the customer can order products designed in line with the company brand. The cyclical demand for business and advertising gifts seen in previous years, which resulted in much of the net sales and profit being generated in the second and fourth quarters, evened out during the period, among other things, thanks to the increase in the number of contract customers. The new customers are expected to continue to increase the net sales of KB-tuote in 2007.

KB-tuote Oy acquired on 29 September 2006 a controlling interest in IM Inter-Medson Oy. IM Inter-Medson Oy sells and markets business and advertising gifts throughout Finland. For the financial year ended on 30 June 2006 IM Inter-Medson Oy had a turnover of approximately EUR 0.9 million and earned a profit of approximately EUR 50,000. The deal increased KB's staff with three business gifts professionals and will further boost Beltton-Group's market position in corporate promotional products.

Successful recruits in direct sales in Finland and emphasis on the acquisition of new customers resulted in positive sales development in the latter part of the year. Beltton's direct sales business consists of ten sales companies in Finland, which sell computer accessories, office supplies, corporate promotional products and ergonomic products.

Business has developed well in Beltton's Scandinavian subsidiaries, especially in Norway during the latter half of 2006. Beltton's Norwegian acquisition Nordisk Profil A/S, included in the consolidated financial statements as of 1 April 2006, developed as planned. The telemarketing activities launched in Sweden in 2005 gave promising results also in 2006. Telesales support activities especially in direct sales. Telemarketing started in Norway in 2006 and has had a positive impact on business development in the country.

Beltton's direct sales in Sweden had recruiting needs similar to those in Finland. As a measure of recruitment measures carried out during the financial year, several sales representatives started work.

profit development

The Group's operating profit (EBIT) was up 40.3 per cent to EUR 2.42 million (EUR 1.72 million), representing 3.9% (2.9%) of net sales. Profit for the period rose by 15.1% compared to the previous year, amounting to EUR 1.30 million (EUR 1.13 million). Profit for the period corresponded largely to the previously published forecasts.

Profit before extraordinary items increased by 42.6% to EUR 2.22 million (EUR 1.55 million). Earnings per share rose to EUR 0.20, compared to EUR 0.17 the year before. Equity per share amounted to EUR 2.66, up from EUR 2.58 the previous year.

During the review period the Group targeted inputs to cost-effectiveness. Apart from improved cost-effectiveness, the Group's results benefited also from the additional sales generated by new employees. The Group's performance in the third and fourth quarters in 2006 was clearly better than the corresponding periods in the previous year thanks to good sales in business and advertising gifts, acquisition of new contract customers, and enhanced cost-effectiveness.

The deferred tax asset included in the consolidated balance sheet will be realised in 2006 – 2011. This will have a negative impact of EUR 248,000 a year on profit. Realisation will be distributed evenly over each quarter and will have no impact on cash flow.

The restructuring merger of direct sales logistics and IT in spring 2007 may slightly affect performance in 2007 as a result of enhanced operations.

financing and investments

The consolidated balance sheet total on 31 December 2006 was EUR 40.7 million (EUR 38.1 million). The Group's equity ratio at the end of the review period totalled 45.0% (46.7%). The Group's liquid assets amounted to EUR 5.91 million (EUR 4.47 million), while net gearing was 45.9% (46.3%). At the end of the year, The Group had EUR 14.2 million of interest-bearing liabilities (EUR 12.6 million). Net interest-bearing liabilities totalled EUR 8.6 million (EUR 8.3 million).

report of the board of directors 2006

The investments in fixed assets entered in the balance sheet amounted to EUR 1.12 million (EUR 0.96 million), or 1.8% (1.6%) of net sales. They mainly targeted machinery and equipment.

Return on investment (ROI) amounted to 9.4% (6.5%) and return on equity (ROE) to 7.8% (7.2%).

Operating cash flow amounted to EUR 2.09 million (EUR 1.72 million) in the review period. Liquidity remained on a good level during the whole year. Slightly more working capital was tied down at the end of 2006 compared to the same time a year before. Major part of investments was financed out of cash flow from operating activities.

Interest expenses were EUR 0.4 million (EUR 0.3 million). Interest expenses rose slightly compared to the previous period, mainly due to the rise in market rates.

personnel

Beltton employed 412 (434) people at the end of 2006, and an average of 423 (460) over the review period. A total of 82 (68) employees worked in Sweden, Norway and Estonia. The number of employees dropped as a result of 21 of Wulff Oy Ab's logistics employees being relocated to Itella Logistics Oy in compliance with Wulff's and Itella's cooperation agreement in November 2006.
Some 70 % of the Group's personnel is employed in various sales tasks, while the remaining 30% work in administration and logistics. Fifty-two per cent of the staff are men and 48 per cent women. Nearly half of Beltton's employees are under 35 years of age.

The company works to reduce the high turnover in sales personnel, typical of the field, through operations in Vendiili Oy, among other things.

Beltton-Group will continue to emphasise recruiting in 2007. The company is prepared for recruiting at all times and is able to provide training to dozens of new sales representatives simultaneously.

Salaries and wages of personnel totalled EUR 12.3 million during the financial year (EUR 12.2 million).

risks and risk management

Beltton-Group follows the risk management policy devised by the Board of Directors, which determines the objectives and responsibilities of risk management, as well as the reporting procedures. Beltton-Group Plc carries out an annual risk survey to categorise major risk depending on their significance and probability. The heads of business areas are responsible for carrying out the surveys and monitoring risks. They report on these activities to the Group Management.

Risks are divided into four groups: strategic and operative risks, market risks and technical risks. In 2006 Beltton-Group's risk management focused on the permanence of key employees and the availability of staff, uncertainties related to acquisitions, as well as new competitors in the markets.

Operational threats include factors related to staff and its availability, as well as uncertainties related to acquisitions. The company's competitiveness depends on its ability to recruit a sufficient number of employees. To secure the availability of workforce, the company has focused on new recruiting methods. It also maintains a substitute employee system. Risks related to acquisitions are minimised, for example, by emphasising due diligence.

Important market risks include a significant foreign competitor entering the market, as well as aggressive compet-

key figures	IFRS 2006	IFRS 2005	IFRS 2004
turnover 1 000 eur	62 045	60 101	60 414
operating profit 1 000 eur	2 420	1 724	2 439
operating profit, % of turnover	3.9 %	2.9 %	4.0 %
return on equity (ROE)	7.8 %	7.2 %	15.1 %
equity ratio, %	45.0 %	46.7 %	49.2 %
average number of personnel during the period	423	460	500
salaries and wages during the period 1 000 eur	12 328	12 166	11 828

A more detailed presentation of key figures for the five last periods is included in the section on key figures in the financial statements on page 30, 31 ja 32.

itors who might lead to changes in market behaviour. The company's independence of individual customers reduces this risk. The Group has tens of thousands of customers. The impact that its biggest customer has on net sales is less than three per cent.

Technical risks, such as a failure in the information management system, data break-ins and malicious software, may cause interruptions in operations or a severe information leak. Continuous upgrades and maintenance are carried out in the Group's subsidiaries to secure operations. The information security risk is also minimised through training and guidance.

Some of the most significant strategic risks include uncertainties related to stock markets, which may complicate acquisitions.

Most of Beltton-Group Plc's internal and external financing and financial risk management is handled centrally by the parent company. Separate decisions related to financing may be made in companies in which Beltton has a minority interest, but always within the limits defined by the companies' Boards of Directors. In addition to other risk management policies, the Group's parent determines the principles of financial risk management. Financial risks are classified into currency, interest rate, credit and liquidity risks. The objectives and procedures of financial risk management, as well as more detailed descriptions of currency, interest rate, credit and liquidity risks, are presented in the notes to the consolidated financial statements, under section 22, on page 26. The maturity distribution of non-current interest-bearing liabilities is presented in the notes to the consolidated financial statements, under section 20, on page 25.

Assets are extensively insured against accidents and damage. Some subsidiaries, such as Wulff Oy Ab, are also insured against interruptions in operations.

environmental matters

Beltton's subsidiary Wulff Oy Ab has signed up to the International Chamber of Commerce's Business Charter for Sustainable Development. The company has been awarded a ISO 14001 environmental certificate. Wulff distributes information to its customers about the recycling of and recycling solutions for office supplies and computer accessories. In addition, the company promotes a positive attitude towards environmental matters and their development among its personnel.

When selecting suppliers, Wulff favours companies that are committed to sustainable development. The company builds up its range with products that use environmentally friendly raw materials and production methods.

The Environmental Register of Packaging PYR Ltd has given Wulff a certificate attesting that the company sees to the recovery of the packages it supplies in compliance with directives, laws and statutes. The certificate was awarded for 2007.

KB-tuote Oy ensures the recovery of the packages it supplies to domestic markets according to legislation. The company is also a member of the Environmental Register of Packaging PYR Ltd.

product development

Beltton does not engage in own production or product development. The direct sales product range is continuously developed and expanded by looking for new product suppliers and innovative products.

acquisitions and changes in the group structure

In 2006 Beltton-Group Plc made two acquisitions and increased its majority shareholding in one of its subsidiaries. No acquisitions were made in the comparison period 2005. At the end of 2006 Wulff Oy Ab sold eight per cent of its fully owned subsidiary, Torkkelin Paperi Oy, to Pekka Lähde, Managing Director of Torkkelin Paperi. No divestments were made in 2005.

Vendiili Oy, a new company focusing on sales recruiting, was set up in March 2006. Vendiili launched operations in June 2006.

In March 2006 the Group's holding in Office Solutions Why Not Oy rose from 70 to 85 per cent. On 5 April 2006, Beltton raised its holding in Nordisk Profil A/S, a company that sells and markets office supplies and computer accessories throughout Norway, to 70 per cent. Beltton previously had a 20 per cent minority interest in the company.

Beltton-Group's subsidiary KB-tuote Oy bought on 29 September 2006 63 per cent majority shareholding in IM Inter-Medson Oy. IM Inter-Medson Oy sells and markets business and advertising gifts.

report of the board of directors 2006

board of directors, management group and auditors

The Annual General Meeting of Beltton-Group Plc elected six members for the Board of Directors on 5 April 2006. The following members were re-elected: Ari Lahti, Sakari Ropponen, Ari Pikkarainen and Heikki Vienola. New members elected to the Board of Directors were Ere Kariola and Pentti Rantanen. In its organising meeting held on 19 April 2006, the Board of Directors elected Ari Lahti as its Chairman.

The Group's Management Group include the Group's Chief Executive Officer Heikki Vienola, the Group's Executive Vice President Ari Pikkarainen, Managing Director of Wulff Oy Ab Juha Broman, Managing Director of KB-tuote Oy Tommi Kortelainen, Managing Director of Beltton Svenska AB Veijo Ågerfalk and Chief Financial Officer Petri Räsänen. Up to 31 July 2006 the Group Management also included Liinu Lehto-Seljavaara, Investor Relations and Communications Director. She moved to the service of another company from 1 August 2006.

The Group's auditors include Nexia Tilintarkastus Oy, Authorised Public Accountants, with Jukka Havaste, Authorised Public Accountant, as the auditor with principal responsibility, and Juha Lindholm, HTM- Accountant.

monetary loans granted to related parties

The loans granted to the Managing Director of a subsidiary totalled EUR 150,000 at the end of the period (EUR 27,000). No other loans had been granted to related parties at the end of the period (EUR 4,000). In 2005 loans were agreed to mature in one year, and they were repaid in a lump sum at the end of the financial period 2006. The loan amounts, repayment terms, interest rates and collateral are described in more detail in the notes to the consolidated financial statements, under section 25 C (Related party transactions, Loans to related parties), on page 29.

shares and shareholders

Beltton-Group Plc has one share series. Each share has one voting right. Beltton's shares are quoted on OMX Nordic Exchange's Small Cap list in the Consumer Discretionary sector. The company's trading code is BTN1V. In 2006 the trading volume of Beltton's share amounted to 679,666 shares (729,800 shares), or 10.4% (11.2%) of shares outstanding, which corresponds to EUR 2,839,617 (EUR 3,631,461). The highest share price in 2006 was EUR 5.69 (EUR 5.83) and the lowest EUR 3.48 (EUR 4.23). The closing value of the company's share on 31 December 2006 was EUR 4.59 (EUR 4.40). The market value of the company's share at the end of the year was EUR 29.9 million (EUR 28.6 million).

The minimum share capital of Beltton-Group Plc is EUR 2,000,000 and the maximum share capital EUR 8,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association.

The Group's registered share capital at the end of 2006 amounted to EUR 2,603,051.20, divided into 6,507,628 (6,507,628) shares with a nominal value of EUR 0.40. Equity per share was EUR 2.66, compared to EUR 2.58 the previous year.

At the end of December 2006 Beltton had 664 (647) shareholders. The company does not hold its own shares. Information about major shareholders, the distribution of shareholding in terms of size and the sector distribution are presented in the financial statements, under Shares and shareholders, on pages 38 through 42.

No changes in holdings that would have merited a notice of change took place in 2006.

stock options and changes in share capital

The share capital was not raised during the financial period. In 2005 the share capital was increased once by EUR 2,000 as a result of the option-based share subscription made on 31 December 2004.

Beltton-Group Plc has no option schemes currently in force.

authorisations

The Annual General Meeting authorised the Board of Directors to issue one or more convertible bonds, offer stock options and/or increase share capital through one or more new issues. Share capital can be increased by a maximum of 1,300,000 shares, corresponding to EUR 520,000.

The Board of Directors is also authorised to use the company's distributable profits to repurchase a maximum of 300,000 company shares with a nominal value of EUR 0.40. This is less than five per cent of the company's share capital and all votes.

The Board of Directors did not use its authorisations in the financial period 2006. Authorisations were given at the Annual General Meeting held on 5 April 2006, and they are valid for one year as of the date of the AGM.

outlook for 2007

Beltton expects the market for office supplies to show moderate growth in 2007. Beltton believes that the successfully implemented contract customer model will enable the company to outpace market growth. Beltton faces positive prospects in 2007, and company management believes that both net sales and profit will increase this year. Growth in line with the company's strategy will be boosted by acquisitions, which Beltton is prepared for at all times.

board of directors' dividend proposal

Earnings per share were EUR 0.20 (EUR 0.17). The parent company's balance sheet shows distributable funds of EUR 5.39 million. According to the parent company's balance sheet, the following amounts are at the disposal of the Annual General Meeting:

retained earnings	EUR	4.721.124,93
net profit for the financial year	EUR	670.655,22
total	**EUR**	**5.391.780,15**

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used in the following way:

- distributed as dividend: EUR 0.12 per share, totalling	EUR	780.915,36
- retained in equity	EUR	4.610.864,79
	EUR	**5.391.780,15**

The Board also proposes that the dividend be paid on 18 April 2007.

No substantial changes have taken place in the company's financial position after the end of the review period. The company has good liquidity, and the proposed profit distribution does not put the company's liquidity at risk in the Board's view.

governance

Beltton-Group Plc's corporate governance is based on the Companies Act, Securities Market Act and authority regulations related to the corporate governance of public limited companies, as well as the Articles of Association. Beltton adopted the Corporate Governance guidelines recommended by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation for Finnish Industry and Employers on 1 July 2004. Beltton complies with all aspects of the recommendation.

The Group follows the Helsinki Stock Exchange's updated insider guidelines, which took effect on 1 January 2006. They are based on the guidelines on the application of the Securities Market Act in listed companies issued by the Financial Supervision Authority.

Helsinki 15 March 2007
Beltton-Group Plc / Board of Directors

Ari Lahti
Chairman of the Board of Directors

Heikki Vienola
CEO

Erkki Kariola
Ari Pikkarainen
Pentti Rantanen
Sakari Ropponen

consolidated income statement (IFRS)

	reference	1 jan - 31 dec 2006 1 000 eur	1 jan - 31 dec 2005 1 000 eur
turnover		**62 045**	**60 101**
other operating income	3	329	271
materials and services		-32 874	-31 807
employee benefits expenses	4	-15 347	-15 016
depreciation and amortization	5	-1 214	-1 219
other operating expenses	6	-10 519	-10 606
operating profit		**2 420**	**1 724**
financial income and expenses	7	-203	-171
profit before taxes		**2 217**	**1 553**
income tax expenses	8	-807	-287
profit for the financial year		**1 410**	**1 267**
breakdown			
share of profit that belongs to owners of the parent company		**1 296**	**1 126**
minority interest		113	142
		1 410	1 268
earnings per share (basic), eur	9	0.20	0.17
earnings per share (diluted), eur	9	0.20	0.17

consolidated balance sheet (IFRS)

	reference	31 dec 2006 1 000 eur	31 dec 2005 1 000 eur
assets			
fixed assets			
intangible assets	10	454	332
goodwill	10,11	4 903	4 542
tangible assets	12	4 913	5 127
investments held for sale	13	384	414
deferred tax assets	14	972	1 330
total fixed assets		**11 626**	**11 746**
current assets			
inventories	15	10 590	10 507
trade and other receivables	16	12 556	11 398
financial assets recognised at the fair value in the income statement	17	227	89
cash and cash equivalents	18	5 679	4 381
total current assets		**29 052**	**26 375**
total assets		**40 679**	**38 121**
equity and liabilities			
share of shareholders' equity that belongs to owners of the parent company	19		
share capital		2 603	2 603
share premium fund		7 662	7 662
other funds		-124	1
retained earnings		5 864	5 385
net profit for the financial year		**1 296**	**1 126**
minority interest		889	1 021
total shareholders' equity		18 190	17 798
liabilities			
long-term liabilities			
interest-bearing	20	8 241	8 173
short-term liabilities			
interest-bearing	20	5 994	4 473
accounts payable and other liabilities	21	8 254	7 676
total liabilities		**22 489**	**20 322**
total equity and liabilities		**40 679**	**38 121**

consolidated cash flow statement (IFRS)

	2006 1000 eur	2005 1000 eur
cash flow from operations		
payments received from sales	60 367	59 526
payments received from other operating income	305	251
amounts paid for operating expenses	-58 186	-57 767
cash flow from business operations before financial items and taxes	2 487	2 011
interests and other operations-related financial costs paid	-410	-325
interests received from operations	114	79
direct taxes paid	-98	-49
cash flow from operations	**2 093**	**1 716**
cash flow from investment activities		
investments in tangible and intangible assets	-1 096	-957
sales of tangible and intangible assets	274	56
acquisition of shares in subsidiaries	-302	0
sale of shares in subsidiaries	75	0
sale of other investments	-107	518
cash flow from investment activities	**-1 156**	**-383**
cash flow from financing activities		
paid dividends	-745	-1 041
received dividends	195	57
short-term investments	0	0
loss from the sale of short-term investments	0	0
loan withdrawals	1 615	1 715
loan repayments	-704	-336
cash flow from financing activities	**361**	**395**
change in liquid assets	**1 298**	**1 728**
liquid assets on January 1	**4 381**	**2 653**
liquid assets on December 31	**5 679**	**4 381**

consolidated statement of changes in shareholders' equity

consolidated statement of changes in shareholders' equity 1 january 2006 - 31 december 2006

1 000 eur	share capital	share premium fund	retained earnings	total	minority interest	total
shareholders' equity 1 jan 2006	2 603	7 662	6 512	16 777	1 021	17 798
investments available for sale: valuation gains or losses recognised under shareholders' equity			-21			
financial instruments recognised shareholders' equity			-75			
net profit for the financial year			1 296		113	
translation differences			-24			
dividends			-651		-94	
changes in shareholdings					-151	
shareholders' equity 31 dec 2006	2 603	7 662	7 037	17 302	889	18 191

consolidated statement of changes in shareholders' equity 1 january 2005 - 31 december 2005

1 000 eur	share capital	share premium fund	share issue	retained earnings	total	minority interest	total
adjusted shareholders' equity 1 jan 2005	2 601	7 662	2	6 426	16 691	879	17 570
investments available for sale: valuation gains or losses recognised under shareholders' equity					-4		
financial instruments recognised under shareholders' equity				7			
net profit for the financial year				1 126		142	
translation differences				-2			
dividends				-1 041			
share issue	2						
shareholders' equity 31 dec 2005	2 603	7 662	0	6 512	16 777	1 021	17 798

accounting principles

general information

The Group's parent company, Beltton-Group Plc is a Finnish public limited liability company, established in accordance with Finnish law. It is domiciled in Espoo and its address is Salomonkatu 17 B, 12 th floor, 00100 Helsinki. Copies of the consolidated financial statements are available at the above adress.

accounting principles basis of preparation

Beltton-Group Plc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on 31 December 2006. The notes to the consolidated financial statements also comply with the Finnish Accounting and Community legislation.

Beltton-Group Plc transferred from Finnish Accounting Standards (FAS) to International Financial Reporting Standards (IFRS) at the beginning of 2005. Thus, the comparative information also complies with the standards and interpretations. The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments, financial assets recognised at fair value and derivative financial instruments measured at fair value.

Preparing the financial statements in compliance with IFRS requires Group management to make certain critical estimates and exercise its judgment when applying the Group's accounting principles. Information about the estimates and judgment that the management has used and that are most critical to the figures in the financial statements are presented under "Critical accounting judgments and key sources of estimation uncertainty".

consolidation principles

The consolidated financial statements include parent company Beltton-Group Plc and all of its subsidiaries. Intra-Group holdings have been eliminated using the purchase method. Acquired subsidiaries are consolidated as of the date the Group gains control in them. All intra-Group business transactions, internal receivables and liabilities, internal margins for inventories and fixed assets, as well as internal profit distribution have been eliminated. Minority interest has been separated from the Group's equity and earnings and is presented as a separate item. Subsidiaries acquired in the period are included in the consolidated financial statements as soon as the Group gains control in them.

foreign currency items

The consolidated financial statements are presented in euro, which is the parent company's functional and presentation currency. Foreign currency items have been recognised at the exchange rate of the transaction date. Foreign currency balance sheet items are recognised using the exchange rate of the reporting date. Foreign exchange gains and losses related to operations have been recognised in the income statement as adjustments to the corresponding items.

The balance sheets of foreign subsidiaries are translated into euro using the closing rate and the income statements are translated using the weighted average rate during the period. Translation differences arising from the use of different exchange rates in the income statement and balance are recognised in equity. In the consolidated financial statements the exchange rate differences from foreign subsidiaries' equity have also been recognised under the translation differences of Group equity. Translation differences are presented as a separate item under equity. On disposal of a foreign subsidiary, cumulative translation differences are recognised in the income statement as part of the gains and losses from disposal.

revenue recognition

Revenue from the sale of products and services is recognised when revenue can be reliably determined and the risks and rewards incident of ownership have been transferred to the buyer. Net sales equal the invoice value of products and services less indirect taxes and discounts related to sales.

property, plant and equipment

The carrying amount of property, plant and equipment used in the balance sheet equals cost less accumulated depreciation and impairment. Planned depreciation has been calculated from the original cost of acquisition and economic useful life on a straight-line basis. The estimated economic useful lives are as follows:

Machinery and equipment: 3–5 years
Buildings and structures: 20 years

The residual value of assets and their economic useful life is reassessed in all financial statements and, if needed, adjusted to reflect the changes that have taken place in expected future economic benefit. Depreciation of a tangible asset is discontinued on the date on which the asset is classified as available for sale in compliance with IFRS 5 -standard. Gains and losses on decommissioning and disposal of property, plant and equipment are presented in other operating income or expenses.

goodwill and other intangible assets

Consolidated goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of a subsidiary acquired after 1 January 2004. The goodwill of business combinations carried out before this date corresponds to the book value complying with the accounting standards previously in use, which has been used as the default cost of acquisition. No planned depreciation is recorded for goodwill. Instead, goodwill is tested annually for possible impairment. Consolidated goodwill is recognised at the original cost of acquisition less impairment.

Other intangible assets in the Group include computer software and licences. They are recognised at cost less planned depreciation. The limited useful life of these assets is typically 5 years. No depreciation is recognised for intangible assets with an unlimited useful life. Instead, they are tested annually for impairment.

impairment

On each reporting date the Group carries out tests for signs of impairment of assets. If such signs are detected, the company estimates the asset's recoverable amount, which equals its fair value less expenses from disposal or, if higher, its value in use. Irrespective of impairment indications, the recoverable amount of goodwill is assessed annually.

Value in use means the estimated discounted net cash flows from the asset or cash-generating unit. The recoverable amount of financial assets is generally considered to equal the fair value of assets. An impairment loss is recognised immediately in the income statement when the book value of an asset exceeds its replacement value or fair value. A previously recognised impairment loss is reversed if conditions change significantly and the recoverable amount has changed after the recognition date. However, the reversal may not exceed the asset's carrying amount less impairment loss.

For goodwill, value in use is calculated on the basis of two budgets and forecasts and the estimated growth potential in future years. Impairment loss on goodwill may not be reversed under any circumstance. Based on impairment tests, Beltton-Group had no need to recognise impairment loss on goodwill in 2006. There was no need to recognise impairment loss on other intangible or tangible assets either.

borrowing costs

Borrowing costs are recognised as an expense in the period they are incurred. Transaction costs that are the direct result of borrowing and are related to a specific loan are included in the amortised loan cost and are amortised as an expense using the effective interest method.

leases

Leases in which the risks and rewards incident of ownership are retained by the lessor are treated as operating leases. Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease period.

inventories

Inventories are presented according to the FIFO principle at the cost of acquisition or, if lower, the probable net realisable value. The net realisable value is the estimated sales price in normal business less costs to sell.

employee benefits: pension obligations

The statutory pension scheme of Beltton-Group Plc's Finnish employees is arranged through pension insurances, and that of the Group's employees in other countries in compliance with the local legislation and social security regulations of each country. The costs incurred from these schemes are recognised as an expense in the period that they relate to.

income taxes

The tax expense in the income statement consists of current tax and deferred taxes. Current tax is calculated from taxable income based on the tax rate effective in each country.

accounting principles

Deferred taxes arise from all temporary differences between the carrying amount and taxable value. In Belt-ton-Group Plc temporary differences arise from the tax effects of the Group's structural arrangements and the recognition of assets at fair value. Deferred taxes are measured at the tax rate that has been enacted at the time of calculation. A deferred tax asset is recognised only to the extent that it is probable that it can be used against future taxable profit.

accounts receivable

Accounts receivable are recognised in the balance sheet at cost less possible reimbursement and impairment losses. Uncertain receivables are measured on the basis of an assessment carried out frequently enough. Impairment loss is recognised on the basis of objective assessment, and the recognition is reversed later if it proves to be unneeded.

financial assets and liabilities and derivative financial instruments

The Group's financial assets have been classified into the following categories in compliance with IAS 39: 1) Assets held for trading and 2) investments available for sale. The categorisation is carried out in conjunction with acquisition based on its purpose, decisions are made by the management at the time of acquisition and categorisation is assessed regularly.

Assets held for trading include all of the Group's derivative financial instruments. They do not meet the criteria for hedge accounting and are initially recognised at cost and later at fair value through profit or loss using the market prices of the closing date. Realised and unrealised differences arising from changes in fair value will be entered in the income statement for the period in which they arise. This category also includes investments in publicly listed companies.

Available-for-sale assets include investments presented in Belton-Group's non-current assets. These include both publicly listed and unlisted shares. Publicly listed shares are measured at fair value and unlisted shares at either cost or, if lower, their probable value if the value cannot be reliably measured. Changes in fair value are recognised in equity until the investment is sold or otherwise disposed of, at which time changes in fair value are recognised in profit or loss.

Loans and other receivables include assets generated by transferring money, goods or services to the debtor. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The maturity of loans and other receivables determines whether they are recognised in current or non-current assets.

The Group's other financial assets are cash or other highly liquid investments.

The Group's interest-bearing financial liabilities are recognised at fair value. Financial liabilities are included in both current and non-current liabilities. Credit limits are included in current liabilities.

operating profit

IAS standards do not define the concept of operating profit. The Group uses the following definition: operating profit is the net sum calculated by adding other operating income to net sales and deducting from this sum purchase expenses adjusted by changes in inventories, costs, depreciation and possible impairment from employee benefits, as well as other operating expenses. All other income statement items are presented under operating profit.

critical accounting judgments and key sources of estimation uncertainty

When preparing the consolidated financial statements, estimates and assumptions must be made concerning the future. Actual figures may differ from these, and may affect the recognised amounts of income, expenses, assets and liabilities. Estimates and judgments are also needed when applying the Group's accounting principles to the financial statements. Estimates and judgments are mainly related to the measurement of assets, impairment testing and deferred tax items.

application of new or amended IFRS norms

In 2007 the Group will adopt IFRS 7 Financial instruments: Disclosures, as well as the amendment to IAS 1 Presentation of Financial Statements, concerning the disclosure of capital. Based on the Group's current estimate, the new norms will have only minor effects on the Group's notes to the financial statements 2007.

1. segment-information

IAS 14 defines the content of segment reporting. Companies in the Beltton-Group Plc are sales and marketing companies of office supplies. The Group's organisation structure is divided into four areas depending on their operating concept and field. All of the areas are presented as a single reportable business segment. In other words, the Group's reportable information, in its entirety, forms this business segment's information. The business areas have similar financial characteristics and risk profiles, common customers and similar products.

Beltton's secondary segment reporting is based on geographical segments. A market area forms a segment if its net sales account for more than 10 % of the Group's net sales. The net sales of segments are presented according to customer locations, while assets and investments are presented by their location and target.

geographical segments	2006 1000 eur	2005 1000 eur
net sales		
Finland	55 919	52 672
other Nordic countries and the Baltic countries	6 126	7 429
total	62 045	60 101
assets		
Finland	36 011	34 373
other Nordic countries and the Baltic countries	4 668	3 748
total	40 679	38 121
investments		
Finland	1 256	886
other Nordic countries and the Baltic countries	8	71
total	1 264	957

2. acquisitions

Beltton-Group Plc made two minor acquisitions in 2006 and increased its majority shareholding in one of its subsidiaries. No acquisitions were made in the comparison period 2005.

In March 2006 the Group's holding in Office Solutions Why Not Oy rose from 70 % to 85 %.The cost of the acquisition was EUR 25,000, which was paid in cash. As the cost equalled net assets, no goodwill arose.

At the beginning of April 2006 Beltton acquired 50 % of Nordisk Profil A/S, a Norwegian office supplies company. Beltton previously had a 20 % minority share in the company. Nordisk Profil sells and markets computer accessories and office supplies in all of Norway. The company is consolidated as of 1 April 2006. The cost of shares was EUR 15,000 and was paid in cash. Goodwill from the deal totalled EUR 165,000. It exceeded the purchase price as a result of the company's negative equity at the time of acquisition.

notes to the consolidated financial statements

In late September early October 2006 Beltton acquired a 63 % majority shareholding in IM Inter-Medson Oy, which sells and markets business and advertising gifts nationwide in Finland. The company is consolidated as of 1 October 2006. The cost of the majority shareholding was EUR 262,000 and the deal included EUR 196,000 of goodwill. This acquisition was also settled in cash.

In both acquisitions, goodwill arises from the expertise and experience of the acquired companies' personnel and the expected synergies. The impact of the acquisitions on the Group's net sales for the period is EUR 1,518,802, which corresponds to 2.4 % of the Group's net sales. The impact on profit for the period, before minority interest, is EUR 70,789, or 5.5 % of the Group's profit for the period. The acquisitions did not involve external fees.

itemisation of net assets acquired in 2006

	2006 **1000 eur** fair values recognised in consolidation	**2005** **1000 eur** carrying amounts before consolidation
tangible assets	103 697	103 697
intangible assets	0	0
inventories	324 575	339 575
trade receivables	736 505	751 505
other receivables	144 000	144 000
cash and cash equivalents	86 048	86 048
total assets	**1 394 825**	**1 424 825**
trade payables	246 501	246 501
other payables	1 079 764	1 079 764
total liabilities	**1 326 265**	**1 326 265**
net assets	43 193	98 560
cost of acquisition	302 128	
goodwill		360 973
cash-settled acquisition cost	302 128	
financial assets of acquired subsidiary	86 048	
cash flow impact, net	216 080	

3. other operating income

	2006 1000 eur	2005 1000 eur
lease income	31	31
proceeds on disposal of tangible assets	140	56
freight reverse charges	133	148
other	25	36
total	**329**	**271**

notes to the consolidated financial statements

4. employee benefits expense

	2006 1000 eur	2005 1000 eur
wages and salaries	12 328	12 166
pension costs - defined contribution plans	2 284	2 281
other indirect personnel costs	735	568
total	**15 347**	**15 015**
personnel, average over the period	423	460

Management's employee benefits and loans are presented in section 25 Related party transactions. Information about the shareholding of related parties is presented under Shares and shareholders.

5. depreciation and impairment

	2006 1000 eur	2005 1000 eur
depreciation by asset group		
intangible assets	119	96
tangible assets		
machinery and equipment	952	979
buildings and structures	143	144
total	**1 214**	**1 219**

6. other operating income

	2006 1000 eur	2005 1000 eur
leases	1 210	1 246
marketing	520	788
travel expenses	3 346	3 436
other	5 443	5 136
total	**10 519**	**10 606**

7. financial income and expenses

	2006 1000 eur	2005 1000 eur
interest income	86	82
dividend income	195	0
change in fair value of derivatives	32	0
change in fair value of assets recognised at fair value through profit or loss	24	10
other financial income	209	154
total	**546**	**246**

	2006 1000 eur	2005 1000 eur
interest expenses	440	301
change in fair value of derivatives	0	9
change in fair value of assets recognised at fair value through profit or loss	21	0
other financial expenses	288	107
total	**749**	**417**

Changes in fair value of available-for-sale investments had a direct negative effect of EUR 27,000 on equity, corrected with deferred tax effect (EUR 30,000 positive in 2005)

8. income taxes

	2006	2005
current tax	-423	-450
prior period taxes	-19	-1
deferred tax	-365	164
total	**-807**	**-287**

reconciliation of the income statement tax expense and taxes calculated using the group's domestic tax rate of 26 %

	2006	2005
profit before taxes	2 216	1 554
taxes using the Finnish tax rate	-576	-404
tax-free income	217	61
non-deductible costs	-172	-120
tax effect of reversal losses	-248	107
recognition of investments at fair value	1	-270
effect of different tax rates in foreign subsidiaries	37	18
prior period taxes	-19	-1
other deferred items	-47	322
taxes for the period in income statement	-807	-287

9. earnings per share

	2006	2005
profit for the period attributable to equity holders of parent	1 296	1 126
weighted average number of shares (x 1000)	6 508	6 508
effect of outstanding options	0	0
diluted weighted average number (x 1000)	6 508	6 508
diluted and undiluted earnings per share	0.20	0.17

10. intangible assets

	group 2006 1000 eur	group 2005 1000 eur
other intangible assets		
acquisition cost 1 Jan.	585	466
additions 1 Jan.-31 Dec.	242	119
disposals 1 Jan.-31 Dec.	0	0
acquisition cost 31 Dec.	827	585
accumulated planned depreciation 1 Jan.	254	158
planned depreciation 1 Jan.-31 Dec.	119	96
carrying amount 31 Dec.	**454**	**331**
goodwill		
acquisition cost 1 Jan.	5 366	5 366
acquisition of shares in subsidiary 1 Jan.-31 Dec.	361	0
acquisition cost 31 Dec.	5 727	5 366
accumulated planned depreciation and impairment 1 Jan.	824	824
impairment 1 Jan.-31 Dec.	0	0
carrying amount 31 Dec.	**4 903**	**4 542**

11. goodwill impairment test

Beltton-Group has defined its business areas as targets of impairment testing. They constitute a cash-generating unit in compliance with IFRS. Cash-generating units that goodwill has been assigned to include the office supplies, corporate image products and direct sales business areas. Goodwill has also been assigned to Norwegian operations.

Goodwill is split among the units as follows:

office supplies	4 490	4 490
direct sales	52	52
corporate image products	196	0
Norwegian operations	165	0
total	**4 903**	**4 542**

Possible goodwill impairment is tested by comparing the present value of recoverable cash flows to the carrying amount. I.e., the company determines a "value in use" calculated on the basis of the actual operating profit level and three-year plans and estimates approved by management. The cash flows for subsequent years are estimated by extrapolating forecast cash flows using a steady and moderate growth estimate of 2 % for net sales.

In addition to the estimate of moderate growth, the key calculation assumptions made by management concern customer profitability, which is expected to remain at the same level especially in office supplies business area, the management of logistics expenses and the availability of competent sales personnel. No significant changes are expected in general margin levels, market shares or competition.

Impairment testing is based on an 8 % discount rate, which is believed to correspond to the average weighted capital expense, taking into consideration the overall expense of both equity and liabilities, as well as special risks related to assets.

The goodwill assigned to office supplies business area is significant from the whole Group's point of view, but management does not believe that any change in the key variables, reasonably estimated, could lead to the unit's recoverable amount falling below the carrying amount. Careful estimates have been used for plans and forecasts, and the growth expectation is also very moderate. A significant new foreign competitor entering the market might lead to changes in market behaviour and might, in the worst case, lead to the recognition of impairment losses. In this case, the forecast operating profit level would have to fall by 30-40 % in the short term, leading to the need to recognise an impairment loss of 5-10 %.

	group 2006 1000 eur	group 2005 1000 eur
12. property, plant and equipment		
land		
acquisition cost 1 Jan.	398	398
additions 1 Jan.-31 Dec.	0	0
acquisition cost 31 Dec.	398	398
impairment 1 Jan.	0	0
recognised impairment 1 Jan.-31 Dec.	0	0
carrying amount 31 Dec.	**398**	**398**
buildings and structures		
acquisition cost 1 Jan.	2 921	2 921
additions 1 Jan.-31 Dec.	0	0
disposals 1 Jan.-31 Dec.	0	0
acquisition cost 31 Dec.	2 921	2 921
accumulated planned depreciation 1 Jan.	515	371
planned depreciation 1 Jan.-31 Dec.	143	144
carrying amount 31 Dec.	**2 263**	**2 406**
machinery, equipment and other tangible assets		
acquisition cost 1 Jan.	7 038	6 423
additions 1 Jan.-31 Dec.	1 073	838
disposals 1 Jan.-31 Dec.	-193	-223
acquisition cost 31 Dec.	7 918	7 038
accumulated planned depreciation 1 Jan.	4 715	3 736
planned depreciation 1 Jan.-31 Dec.	952	979
carrying amount 31 Dec.	**2 251**	**2 323**
total	**4 912**	**5 127**

13. available-for-sale investments

	group 2006 1000 eur	group 2005 1000 eur
carrying amount 1 Jan.	414	397
additions 1 Jan.-31 Dec.	0	0
disposals	-3	-13
change in fair value	-27	30
carrying amount 31 Dec.	**384**	**414**

Available-for-sale investments are measured at fair value in financial statements. Changes in fair value are recognised in the fair value reserve under equity. Investments include EUR 310,000 in listed shares. The measurement of unlisted shares and units is based on acquisition cost, because their fair value cannot be reliably measured.

Available-for-sale investments are classified as non-current assets, unless they are expected to be realised in the 12 months following the reporting date.

14. deferred tax assets and liabilities

deferred tax assets		
tax effect of business arrangements	1 081	1 325
measurement at fair value of other investments	-8	0
measurement at fair value of available-for-sale investments	7	66
deferred tax liabilities		
cumulative depreciation differences	-108	-61
total	**972**	**1 330**

Of foreign subsidiaries' undistributed earnings in 2006, EUR 92,700 has not been recognised in deferred tax liabilities because the assets have been permanently invested in the countries in question.

15. inventories

materials and supplies	10 454	10 371
work in progress	14	19
prepayments for inventories	122	117
total	**10 590**	**10 507**

In the period ended, EUR 146,000 was recognised as an expense to reduce the carrying amount of inventories to correspond to the net realisable value. (2005: EUR 97.000).

	group 2006 1000 eur	group 2005 1000 eur
16. trade and other current receivables		
trade receivables	8 933	7 255
accrued receivables	2 594	2 812
loan receivables	229	92
other receivables	800	1 239
total	**12 556**	**11 398**

Material items in accrued receivables include corporate tax credits, totalling EUR 1,655,000 (2005: EUR 1,695,000). The Group has recognised EUR 109,000 in credit losses from trade receivables in the period (2005: EUR 110,000).Trade receivables do not include significant credit risk concentrations.

17. financial assets recognised at fair value through profit or loss		
listed shares held for trading	195	89
receivables based on derivative financial instruments	32	0
18. cash and cash equivalents		
bank balances and cash	5 679	4 381

19. equity

share capital and share premium fund

	number of shares	share capital	share premium fund	total
31.12.2006	6 508	2 603	7 662	10 265

No changes took place in the number of shares in the period. The maximum number of shares is 20 million, the nominal value is EUR 0.40 per share, and the Group's maximum share capital is EUR 8 million. All of the issued shares have been paid in full.

other reserves

translation reserve

The translation reserve contains the translation differences arising from the conversion of foreign subsidiaries' financial statements.

revaluation reserve

The revaluation reserve includes the fair value reserve for available-for-sale investments.

dividend

After the balance sheet date, the Board of Directors proposed a dividend or EUR 0.12 per share. In 2005 a dividend of EUR 0.10 per share was distributed.

	group 2006 1000 eur	group 2005 1000 eur
retained earnings		
profit from previous periods	5 740	5 386
profit for the period	1 296	1 126
share of cumulative depreciation differences recognised in equity	-26	-172
retained earnings 31 Dec.	**7 010**	**6 340**

Calculation of retained earnings in equity is based on an IFRS-compliant balance sheet and Finnish legislation.

	group 2006 1000 eur	group 2005 1000 eur
20. interest-bearing liabilities		
non-current		
loans from financial institutions	8 241	8 173
current		
bank overdrafts	5 294	1 969
repayment of non-current loans	700	2 504
total	**5 994**	**4 473**

maturity of non-current loans	2008	2009	2010	later
	1 161	1 580	1 900	3 600

The Group's loan repayment plans were revised in autumn 2006. Non-current loans denominated in Norwegian Krona total NOK 40,000 and non-current bank overdrafts in Norwegian Krona total NOK 120,000. All other interest-bearing liabilities are in euro. All of the Group's loans have a variable rate and their fair values are same or nearly the same as their balance sheet values.

21. trade and other payables

	group 2006 1000 eur	group 2005 1000 eur
advances received	215	271
trade payables	3 553	3 094
accrued payables	3 199	2 963
other liabilities	1 287	1 348
total	**8 254**	**7 676**

Material items included in accrued payables consist of staff costs and accrued interest on liabilities. Of other liabilities, EUR 41,000 are non-current hire-purchase liabilities.

22. financial risk management

Beltton-Group Plc's internal and external financing and financial risk management is mainly carried out by the parent company. Companies in which it has a minority interest, Beltton may make separate decisions related to financing, but always within the limits defined by the companies' Boards of Directors. In addition to other risk management policies, the Group's parent determines, e.g., the principles of financial risk management. Risk management aims to minimise the effects that price fluctuations in the financial markets and other uncertainty factors may have on the income, balance sheet and cash flow. Decisions on possible hedging activities are made by the parent company.

currency risk
Beltton's exposure to currency risks is minor since over 90 % of the Group's sales are carried out in euro. Most of the imports are also in euro, and in Asia the Group is only slightly exposed to USD risks.The Group did not use hedging against currency risks in the period.

credit risk
The Group's trade receivables are distributed over an extensive customer base, and most of the annual volume targets well-known and solvent customers. The risk management policy defines the requirements for creditworthiness, as well as the delivery and payment conditions. Credit risks and their monitoring are mainly the responsibility of subsidiaries' management, while the parent's financial operations monitor compliance with the principles of risk management.

interest rate risk
The Group's interest rate risk consists of a non-current bank loan in the parent company, the interest rate of which is linked to the six-month Euribor, and a current overdraft limit, the interest rate of which is linked to the one-month Euribor. Changes in market rates of interest have a direct effect on future interest payments. To date, the Group has not used interest rate swaps in risk management targeting variable rates.

liquidity risk
Short-term liquidity risk is managed at parent company-level with a Group account arrangement that encompasses all subsidiaries. Continuous supervision is used to assess and monitor the financing needed for subsidiaries' operations. The availability and flexibility of financing is ensured with credit limits. Unused credit limits totalled EUR 503,850 on 31 December 2006.

	group 2006 1000 eur	group 2005 1000 eur

23. other leases

group as lessee

minimum leases paid on the basis of other non-cancellable leases:

	group 2006 1000 eur	group 2005 1000 eur
within one year	73	50
over one year but within five years at most	71	30

The Group has three fixed-term leases. Based on the leases the financial statements for 2006 include EUR 70,300 in lease payments (2005: EUR 72,000). The leases do not include purchase options.

24. collaterals given and commitments

	group 2006 1000 eur	group 2005 1000 eur
business mortgages (bearer instruments):		
given as collateral	3 850	3 850
free	600	600
commitments from operating leases		
less than one year	9	63
1-5 years	7	0
guarantees		
personal guarantees on behalf of subsidiaries	200	200
personal guarantees on behalf of others	52	52

The following shares/assets, with carrying amounts as presented below, have been lodged as security for the parent company's loans.

	group 2006 1000 eur	group 2005 1000 eur
Martela Oyj	521	521
KB-Tuote Oy	683	683
Wulff Oy Ab	2 339	2 339
Torkkelin Paperi Oy	835	835
Wulff facilities	1 976	2 101
Wulff's land	358	358

A total of EUR 150 thousand in deposits have been lodged as security for the Group's leases, import duties and share trading.

25. related party transactions

the group's parent company and subsidiaries are related in the following way:

	group 2006 1000 eur group´s ownership and share of votes %	group 2006 1000 eur parent company Beltton-Group Plc ownership and share of votes %
parent company Beltton-Group Plc		
Beltton Oy	100	100
Beltton Svenska AB	75	25
Grande Leasing Oy	100	0
Looks Finland Oy	75	75
Beltton AS	100	80
Suomen Rader Oy	100	67
Vinstock Oy	100	63
Naxor Finland Oy	100	100
Everyman Oy	70	70
Office Solutions Why Not Oy	85	85
Officeman Oy	70	70
KB-tuote Oy	100	100
Key Business Eesti Oü	70	0
Visual Globe Oy	100	100
Wulff Oy Ab	100	100
Torkkelin Paperi Oy	92	0
Active Office Finland Oy	100	100
Office Solutions Svenska AB	75	25
Vendiili Oy	75	75
Nordisk Profil A/S	70	0
IM Inter-Medson Oy	63	0

		2006 1000 eur	2005 1000 eur
A) employee benefits of management included in related party			
the Group Management's wages and salaries, including fringe benefits			
Managing Directors and members of the Group Management		764	703
Board members, the Group's CEO and Vice President			
Ari Lahti	Chairman of the Board	12	12
Heikki Vienola	CEO	50	46
Ari Pikkarainen	Vice President	15	11
Sakari Ropponen	Member	12	12
Pentti Rantanen	Member from 5 April 2006	8	0
Ere Kariola	Member from 5 April 2006	8	0
Jyrki Paulin	Member until 5 April 2006	4	12
total		**873**	**796**

The Managing Directors of subsidiaries have no other regular benefits apart form a normal monthly salary and fringe benefits. Possible performance-based payments and bonuses are decided annually. The written contracts for managing directors define the customary mutual period of notice. No separate benefits are linked to the notice of termination or offered after the termination of employment.

B) related party transactions

During the period, Group companies have purchased services for EUR 35,000 from the ICECAPITAL Securities Ltd, in which the Chairman of the Board has a 51 % shareholding. The commercial conditions of services were normal and conventional.

C) loans to related parties

	2006	2005
loans granted to other related parties	150	27
loans granted to other related parties	0	4

In 2005 loans were agreed to mature in one year, and they were repaid in a lump sum at the end of the financial period 2006.

2006	**loan amount**	**repayment conditions**	**interest rate**
Pekka Lähde	EUR 75,000	EUR 3,750 p.a. over the next 4 years. The remaining capital will mature on 31 March 2011.	base interest rate in effect
Pekka Lähde	EUR 75,000	EUR 5,000 p.a. until further notice	base interest rate in effect

The borrower has lodged as security for the loans 3,408 Torkkelin Paperi Oy shares owned by him. The shares were sold to Torkkelin Paperi Oy's Managing Director on 29 December 2006.

key figures per quarter 2004-2006

IFRS

(1000 euro)	Q4/06	Q3/06	Q2/06	Q1/06	Q4/05	Q3/05	Q2/05	Q1/05	Q4/04	Q3/04	Q2/04	Q1/04
Turnover	18 864	13 329	15 020	14 832	17 087	12 763	15 400	14 851	17 257	12 562	15 770	14 825
Operating profit before taxes, depreciation and amortization (EBITDA)	1 359	967	784	524	1 226	239	780	705	956	345	789	1424
Operating profit	1 033	668	478	241	921	-71	484	398	707	71	514	1146
% of turnover	5.5 %	5.0 %	3.2 %	1.6 %	5.4 %	-0.6 %	3.1 %	2.7 %	4.1 %	0.6 %	3.3 %	7.7 %
Profit before extraordinary items, provisions and taxes	1 054	588	420	154	884	23	319	233	677	-83	852	1302
% of turnover	5.6 %	4.4 %	2.8 %	1.0 %	5.2 %	0.2 %	2.1 %	1.6 %	3.9 %	-0.7 %	5.4 %	8.8 %
Net profit for the period	659	312	243	81	853	-114	198	41	692	266	1 233	952
% of turnover	3.5 %	2.3 %	1.6 %	0.5 %	5.0 %	-0.9 %	1.3 %	0.3 %	4.1 %	2.1 %	7.2 %	5.9 %
Number of personnel at the end of period	412	439	429	435	434	460	474	485	485	476	475	492

key figures describing the group's financial development

1 000 eur	IFRS 2006	IFRS 2005	IFRS 2004	2003	2002
turnover	62 045	60 101	60 414	62 868	41 856
growth of turnover, %	3.2 %	-0.5 %	-3.9 %	50.2 %	43.0 %
operating profit before taxes, depreciation and amortization (EBITDA)	3 634	2 944	3 516	5 980	6 007
% of turnover	5.9 %	4.9 %	5.8 %	9.5 %	14.4 %
operating profit	2 420	1 724	2 439	4 385	5 182
growth of operating profit, %	40.4 %	-29.3 %	-44.4 %	-15.4 %	41.5 %
% of turnover	3.9 %	2.9 %	4.0 %	7.0 %	12.4 %
profit before extraordinary items, provisions and taxes	2 216	1 554	2 749	4 658	5 487
% of turnover	3.6 %	2.6 %	4.6 %	7.4 %	13.1 %
net profit for the financial year	1 296	1 126	2 688	3 143	3 733
% of turnover	2.1 %	1.9 %	4.4 %	5.0 %	8.9 %
cash flow from operations	2 093	1 716	2 938	6 207	3 987
return on equity, % (ROE)	7.8 %	7.2 %	15.1 %	17.5 %	22.9 %
return on investment, % (ROI)	9.4 %	6.5 %	10.6 %	16.6 %	23.1 %
equity ratio, %	45.0 %	46.7 %	49.2 %	51.3 %	47.9 %
gearing, %	45.9 %	46.3 %	37.7 %	15.9 %	36.6 %
balance sheet total	40 679	38 121	35 324	38 697	37 538
gross investments in fixed assets	1 122	957	1 076	979	3 527
% of turnover	1.8 %	1.6 %	1.8 %	1.6 %	8.4 %
average number of personnel during the period	423	460	500	502	431
number of personnel at the end of period	412	434	485	514	489

key figures

share related data	IFRS 2006	IFRS 2005	IFRS 2004	2003	2002
earnings per share, eur	0.20	0.17	0.42	0.50	0.59
equity per share, eur	2.66	2.58	2.57	2.96	2.76
dividend per share, eur	0.12	0.10	0.16	0.40	0.34
payout ratio, %	60.3 %	58.8 %	48.5 %	80.0 %	57.6 %
effective dividend yield, %	2.6 %	2.3 %	2.8 %	5.0 %	5.8 %
price/earnings ratio (P/E ratio)	22.95	25.89	13.6	16.00	9.92
P/BV ratio	1.73	1.71	2.27	2.70	2.12
operating profit before taxes, depreciation and amortization (EBITDA) per share, eur	0.56	0.45	0.55	0.95	0.97
cash flow from operations per share, eur	0.32	0.26	0.45	0.98	0.64
share price performance					
lowest share price, eur	3.48	4.23	5.56	6.00	4.95
highest share price, eur	5.69	5.83	8.07	9.21	6.55
average share price, eur	4.17	4.99	6.95	7.22	5.53
closing share price, eur	4.59	4.40	5.71	8.00	5.85
market value of shares 31.12., eur	29 870 013	28 633 563	37 130 006	50 653 024	36 882 074
average number of shares	6 507 628	6 505 128	6 456 857	6 307 250	6 304 628
shares at the end of the financial period	6 507 628	6 507 628	6 502 628	6 331 628	6 304 628
number of traded shares	679 666	729 800	682 595	1 190 920	669 900
% of average share number	10.4 %	11.2 %	10.6 %	18.9 %	10.6 %
traded shares, eur	2 839 617	3 631 461	4 739 362	8 595 842	3 701 908

calculation policies of key figures

return on equity, % (ROE)	profit before extraordinary items - taxes / shareholders' equity + minority interest (average)	**x 100**
return on investment, % (ROI)	profit before extraordinary items + interest / balance sheet total - interest-free liabilities (average)	**x 100**
equity ratio, %	shareholders' equity + minority interest / balance sheet total - advances received	**x 100**
gearing, %	interest-bearing liabilities - liquid assets / shareholders' equity + minority interest	**x 100**

earnings per share (EPS), eur	profit before extraordinary items +/- minority interest in the net profit - taxes / adjusted average number of shares	
equity per share, eur	shareholders' equity / share issue adjusted number of shares on 31 December	
dividend per share, eur	dividend paid for the financial period / share issue adjusted number of shares on 31 December	
payout ratio, %	dividend per share / earnings per share	**x 100**
effective dividend yield, %	dividend per share / share issue adjusted share price on 31 December	**x 100**
P/E ratio	share issue adjusted share price on 31 December / earnings per share	
P/BV ratio	share issue adjusted share price on 31 December / equity per share	
operating profit before taxes, depreciation and amortization (EBITDA) per share, eur	operating profit + depreciation and amortization / share issue adjusted number of shares on 31 December	
cash flow from operations/ per share	cash flow from operations as in cash flow statement / adjusted average number of shares	
market capitalisation	number of shares on 31 December x closing share price on 31 December	

parent company income statement

	reference		1 jan-31 dec 2006 eur		1 jan-31 dec 2005 eur
turnover	2		**543 155.33**		**371 338.27**
other operating income	3		271 862.30		258 032.00
cost of goods sold					
materials, supplies and goods					
purchases during the period		32.00		246.73	
increase (-) or decrease (+) in inventories		0.00	-32.00	0.00	-246.73
personnel expenses	4				
salaries, wages and compensations	5	366 339.83		264 556.03	
pension costs		72 879.25		40 539.72	
other pay-related personnel expenses		23 062.40	-462 281.48	18 349.04	-323 444.79
depreciation and loss of value					
depreciation according to plan	6		-168 424.67		-178 297.95
other operating expenses	7		-488 586.84		-353 495.72
operating profit			**-304 307.36**		**-226 114.92**
financial income and expenses	8 and 9				
dividend income		283 846.00		53 250.00	
other interest and financial income		242 466.17		165 127.47	
interest and other financial expenses		-647 412.61	-121 100.44	-374 588.02	-156 210.55
profit before extraordinary items			**-425 407.80**		**-382 325.47**
extraordinary income and costs					
group contributions	10		1 273 000.00		1 366 000.00
profit before appropriations and taxes			**847 592.20**		**983 674.53**
appropriations					
change in depreciation difference	11		0.00		116 950.19
profit before taxes			**847 592.20**		**1 100 624.72**
income taxes			-176 936.98		-129 874.79
net profit for the financial period			**670 655.22**		**970 749.93**

	reference		31 dec 2006 eur		31 dec 2005 eur
assets					
fixed assets					
intangible assets	12				
other long-term expenditure			40 001.24		51 125.48
tangible assets	13				
land areas			1 040 000.00		1 040 000.00
buildings			1 976 000.00		2 100 800.00
machinery and equipment			193 832.68		172 954.45
investments					
shares in group companies	14		5 501 066.30		5 469 666.30
total fixed assets			**8 750 900.22**		**8 834 546.23**
current assets					
inventories					
materials and supplies			0.00		0.00
non-current receivables					
non-current receivables from group companies			9 833 873.19		10 534 571.97
current receivables	15				
trade receivables		2 440.00		0.00	
receivables from group companies		9 821 775.81		8 149 248.93	
other receivables		26 334.52		0.00	
prepaid expenses and accrued income		1 764 267.30	11 614 817.63	1 878 328.03	10 027 576.96
securities included in current assets	16		158 838.60		75 920.00
cash at bank and in hand	17		2 828.07		2 069.40
total current assets			**21 610 357.49**		**20 640 138.33**
total assets			**30 361 257.71**		**29 474 684.56**

parent company balance sheet

	reference		31 dec 2006 eur		31 dec 2005 eur
equity and liabilities					
shareholders' equity	18				
share capital			2 603 051.20		2 603 051.20
share premium fund			7 889 591.50		7 889 591.50
retained earnings			4 721 124.93		4 401 137.80
net profit for the financial year			670 655.22		970 749.93
total shareholders' equity			**15 884 422.85**		**15 864 530.43**
accumulated appropriations					
depreciation difference			0.00		0.00
liabilities					
non-current liabilities					
loans from credit institutions	19	8 100 000.00		7 000 000.00	
other non-current liabilities		0.00	8 100 000.00	0.00	7 000 000.00
current liabilities					
trade payables		24 034.86		0.00	
amounts owed to group companies		1 536 055.63		2 123 705.06	
other liabilities	20	4 730 766.48		4 399 539.07	
accrued liabilities and deferred income		85 977.89	6 376 834.86	86 910.00	6 610 154.13
total liabilities			**14 476 834.86**		**13 610 154.13**
total equity and liabilities			**30 361 257.71**		**29 474 684.56**

parent company cash flow statement

	2006 1000 eur	2005 1000 eur
cash flow from operations		
payments received from sales	556	164
payments received from other operating income	321	128
amounts paid for operating expenses	-1 057	-861
cash flow from business operations before financial items and taxes	-180	-569
interests and other operations-related financial costs paid	-367	-364
interest received from operations	6	155
dividends received from operations	192	53
direct taxes paid	0	0
cash flow from operations	**-349**	**-725**
cash flow from investment activities		
investments in intangible and tangible assets	-55	-129
sale of tangible and intangible assets	2	0
other investments	0	0
loans granted	-244	0
cash flow from investment activities	**-297**	**-129**
cash flow from financial activities		
share issue	0	0
short-term investments	-107	518
withdrawals of short-term loans	2 109	1 715
withdrawals of long-term loans	0	0
repayments of long-term loans	-704	-336
paid dividends and other distribution of profits	-651	-1 041
cash flow from financial activities	**647**	**856**
change in liquid assets	**1**	**2**
liquid assets on january 1	**2**	**0**
liquid assets on december 31	**3**	**2**

shares and shareholders

shares and share capital

The minimum share capital of Beltton-Group Plc is EUR 2,000,000 and the maximum share capital EUR 8,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association.

The Group's registered share capital at the end of 2006 amounted to EUR 2,603,051.20, divided into 6,507,628 shares with a nominal value of EUR 0.40. Beltton has one share series. Its trading code on OMX is BTN1V. Owing to the abolition of the wealth tax, taxable values were no longer determined for listed shares in 2006.

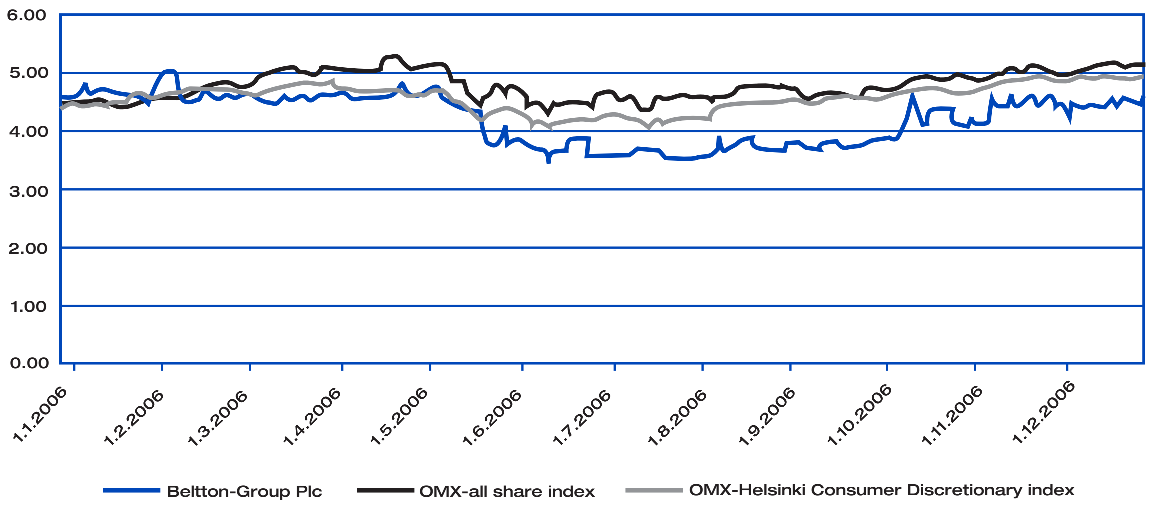
shareholders and ownership

The Beltton-Group Plc's shares are registered in the book-entry securities system maintained by the Finnish Central Securities Depository.

Beltton had a total of 664 shareholders at the end of 2006. Of Beltton's 6,507,628 shares 6,500,128, or 99.88% of shares and voting rights, were direct shareholdings, while the number of nominee-registered shares amounted to 7,500, representing 0.12%. Beltton's ten largest shareholders held 85.68 % of shares and voting rights. Foreign share ownership amounted to 2.74 %. The Beltton-Group Plc does not hold its own shares.

No changes in holdings that would have merited a notice of change took place in 2006.

performance of beltton-group plc's shares in 2006, eur



management interest and ownership of public insiders and related parties at 31 december 2006

The Group's Board of Directors, CEO, and the Members of the Group Management owned a total of 4,007,900 shares, which corresponds to 61.6 per cent of the shares and associated total voting rights in the company.

The Group's public insiders are the Board of Directors, the Group's CEO, the Members of the Group Management, and the auditors. The public insiders owned a total of 4,007,900 shares, which corresponds to 61.6 per cent of the shares and associated total voting rights in the company.

The figures for the Group Management and public insiders include the holdings of their own, minor children, and entities under their control.

The Group's related parties, as defined in the Companies Act, owned a total of 5,730,966 shares on 31 December 2006. The related parties' ownership of the shares and the associated voting rights in the company was 88.1 per cent.

share quotation

Beltton's stock exchange history started in October 2000 when the company's share was first listed on the Helsinki Stock Exchange's NM list. Beltton transferred its shares to the main list on 22 April 2003 and was listed in the Trade sector. Since 2 October 2006, Beltton's shares have been quoted on OMX Nordic Exchange's Small Cap list in the Consumer Discretionary sector. The company's trading code is BTN1V. Helsinki Stock Exchange commenced trading in round lots of one share on 25 September 2006. Prior to this, the lot size for Beltton's shares was 100 shares. The share series' ISIN code used for international settlement of securities is FI0009008452.

share trading and price development

In 2006 the trading volume of Beltton's share amounted to 679,666 shares (729,800 shares), or 10.4 % (11.2 %) of shares outstanding, which corresponds to EUR 2,839,617 (EUR 3,631,461). The highest share price in 2006 was EUR 5.69 (2005: EUR 5.83), the lowest EUR 3.48 (2005: EUR 4.23). The closing share price on 31.12.2006 was EUR 4.59 (2005: EUR 4.40) Compared to the situation on 31 December 2005, share prices showed a change of 4,3 per cent. The market value of the share capital at the end of the financial period was EUR 29,870,013 (EUR 28,633,563).

stock option plan

Beltton-Group Plc has no option schemes currently in force.

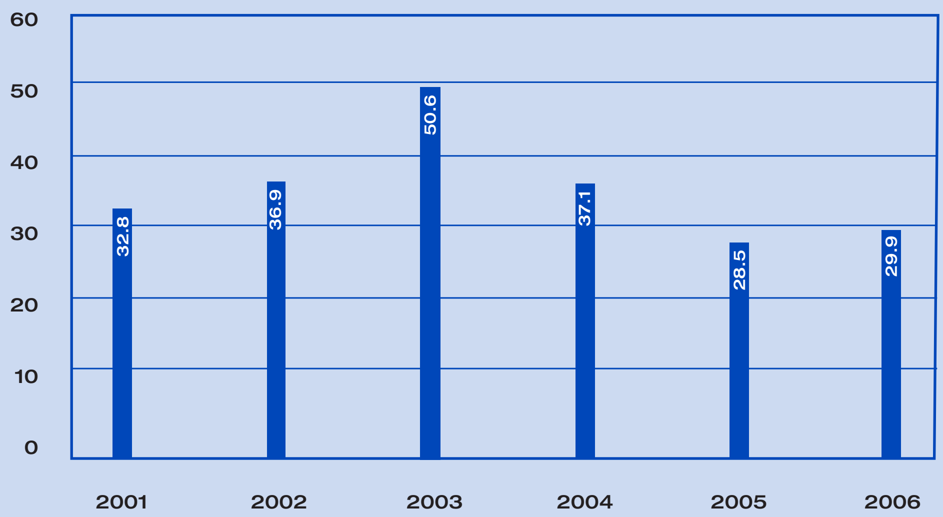
insider guidelines

Beltton follows the Helsinki Stock Exchange's updated insider guidelines, which took effect on 1 January 2006. They are based on the guidelines on the application of the Securities Market Act in listed companies issued by the Financial Supervision Authority. The public insider register of Beltton-Group Plc is maintained in the Finnish Central Securities Depository's SIRE system.

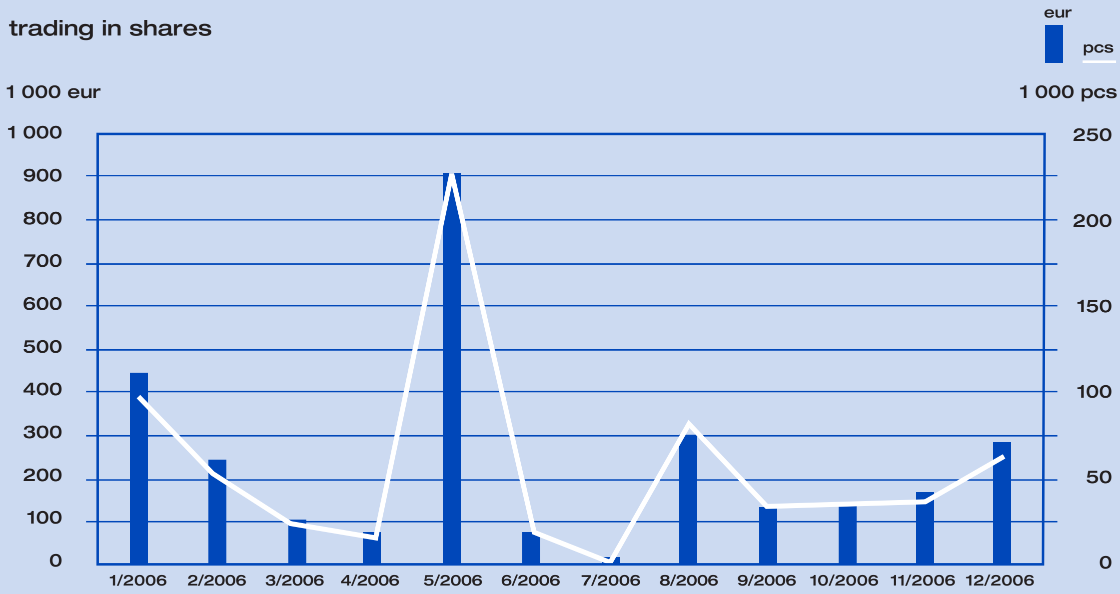
The company updates its public insider information on its website without undue delay, at the latest within seven calendar days of the date that the person subject to the declaration requirement had declared a change in the information.

shares and shareholders

market-value of capital stock at 31 dec 2006, million eur



trading in shares



owner group	shareholders		% of shares	
	number	%	number	%
companies	60	9.0	434 841	6.7
financial and insurance institutions	10	1.5	549 900	8.5
public entities	2	0.3	800 000	12.3
private persons	567	85.4	4 544 094	69.8
non-profit organisations	2	0.3	200	0.0
foreign shareholders	23	3.5	178 593	2.7
total	664	100.0	6 507 628	100.0
of which nominee registered shareholders	2	0.3	7 500	0.1

number of shares	shareholders		% of shares	
	number	%	number	%
1-500	406	61.1	105 240	1.6
500-1 000	103	15.5	88 542	1.4
1 001-10 000	129	19.4	403 957	6.2
10 001-100 000	19	2.9	567 949	8.7
100 001-	7	1.1	5 341 940	82.1
total	664	100.0	6 507 628	100.0
of which nominee registered shareholders	2	0.3	7 500	0.1

shares and shareholders

major shareholders at 31 dec 2006	number of shares	% of shares
1. Vienola, Heikki *	**2 540 355**	**39.04**
Vienola, Heikki	2 518 055	38.69
Vienola, Kristina	11 200	0.17
Vienola, Jussi	11 100	0.17
2. Pikkarainen, Ari *	**1 381 945**	**21.24**
Pikkarainen, Ari	1 381 745	21.23
Pikkarainen, Samuli	200	0.00
3. Tapiola Group	**761 100**	**11.70**
Tapiola Mutual Pension Insurance Company	350 000	5.38
Tapiola General Mutual Insurance Company	283 900	4.36
Tapiola Mutual Life Assurance Company	100 000	1.54
Tapiola Corporate Life Insurance Ltd	27 200	0.42
4. Varma Mutual Pension Insurance Company	**450 000**	**6.91**
5. eQ Bank Plc	**262 540**	**4.03**
eQ Pikkujättiläiset / eQ Fund Management Company Ltd	247 540	3.80
eQ Extreme Investment Fund	15 000	0.23
6. Investment Fund Nordea Nordic Small Cap	**110 700**	**1.70**
7. Hietala, Pekka	**84 100**	**1.29**
8. Sundholm, Göran	**50 000**	**0.77**
9. SR Arvo Finland Value	**42 293**	**0.65**
10. Ågerfalk, Veijo	**41 000**	**0.63**
Ågerfalk, Veijo	40 000	0.61
Ågerfalk, Adam	1 000	0.02
11. Jaakkola, Juhani	**29 856**	**0.46**
12. Cardia Invest Oy	**23 900**	**0.37**
13. Brade Oy	**22 000**	**0.34**
14. Duell Office Oy	**20 100**	**0.31**
15. Fieandt von, Johan	**20 000**	**0.31**
16. Keskinäinen Kiinteistö Oy Vanha Talvitie 12*	**17 600**	**0.27**
17. Lindström, Kim	**15 700**	**0.24**
18. Laakkonen, Mikko	**15 000**	**0.23**
19. Turva General Mutual Insurance Company	**12 200**	**0.19**
20. Vienola, Antti	**10 700**	**0.16**
total	**5 911 089**	**90.83**
others	**596 539**	**9.17**
total	**6 507 628**	**100.00**

* Heikki Vienola and Ari Pikkarainen have joint control over the shares of Kiinteistö Oy Vanha Talvitie 12.

The shareholder information is based on the shareholders' register maintained by the Finnish Central Securities Depository Ltd.

Shareholders are grouped according to the direct holdings of individual shareholders, individuals under their guardianship and the shares held by associations where they exercise authority and stated as aggregate amounts and specified category. The shareholdings of companies belonging to the same group are stated both as aggregate amounts and specified by category. The quarterly updated list of major shareholders can be found on the Group's website at www.beltton.com.

board of directors' proposal for the distribution of profits

The parent company's balance sheet as at 31 December 2006 showed distributable profits of EUR 5.39 million. According to the parent company's balance sheet the following amounts are available to the shareholders' meeting:

retained earnings	EUR	4.721.124,93
net profit for the financial year	EUR	670.655,22
total	EUR	5.391.780,15

The Board proposes to the Annual General Meeting that the distributable profits be used in the following way:

- distributed as dividend: EUR 0.12 per share, totalling	EUR	780.915,36
- retained in equity	EUR	4.610.864,79
	EUR	5.391.780,15

The Board also proposes that the dividend be paid on 18 April 2007.

No substantial changes have taken place in the company's financial position after the end of the review period. The company has good liquidity, and the proposed profit distribution does not put the company's liquidity at risk in the Board's view.

Helsinki, 15 March 2007

Ari Lahti
Chairman of the Board of Directors

Heikki Vienola
CEO

Erkki Kariola
Ari Pikkarainen
Pentti Rantanen
Sakari Ropponen

auditors' report

auditors' report

to the shareholders of beltton-group plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Beltton-Group Plc for the period 1 January to 31 December 2006. The CEO and Board of Directors have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the CEO of the parent company have complied with the rules of the Companies Act.

consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

parent company's financial statements, report of the board of directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, 16 March 2007

Nexia Tilintarkastus Oy
Authorised Public Accountants

Jukka Havaste
Authorised Public Accountant

Juha Lindholm
Approved Accountant

corporate governance principles

Beltton-Group Plc's corporate governance is based on the Companies Act, Securities Market Act and authority regulations related to the corporate governance of public limited companies, as well as the Articles of Association. Beltton adopted the Corporate Governance guidelines recommended by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation for Finnish Industry and Employers on 1 July 2004. Beltton complies with all aspects of the recommendation

general meeting

Beltton's highest decision-making powers are exercised by shareholders at the company's general meeting held at least once a year. The Annual General Meeting (AGM) is held annually on the date determined by the Board of Directors by the end of June either in the company's domicile, Espoo, or in Helsinki. Shareholders are invited to general meetings by publishing the meeting call in at least one newspaper determined by the Board of Directors or by delivering the call in writing to each shareholder to the address recorded in the shareholder list. The Board of Directors' proposals to the general meeting and the call to the meeting are also published in stock exchange releases. The proposed Board members and company auditor are made public in conjunction with the call to the meeting or in a separate stock exchange release before the general meeting.

The Annual General Meeting handles the tasks pertaining to it according to the Companies Act and Beltton-Group's Articles of Association, which includes:

- adopting the income statement and balance sheet
- handling the profit or loss according to the adopted balance sheet, dividend distribution
- discharging the members of the Board of Directors and the CEO of liability
- determining the number of Board members and appointing members for one year at a time
- electing auditors
- determining the fees of Board members and auditors, as well as the criteria for reimbursement of travel expenses
- other matters mentioned in the meeting call.

The general meeting is also authorised to amend the Articles of Association. An Extraordinary General Meeting is summoned, if required, by the Board of Directors.

In 2006 Beltton-Group Plc's Annual General Meeting was held on 5 April. The AGM adopted the financial statements for 2005 and approved a dividend of EUR 0.10 per share, set the number of Board members at six and elected the Board members and auditors. The AGM adopted the Board's proposals concerning the authorisation to increase the share capital and to repurchase company shares.

In 2007 the Annual General Meeting will be held on 4 April.

board of directors composition and term

The Annual General Meeting elects three to six members to the Board of Directors and at least as many deputy members. The Board's term ends at the termination of the first Annual General Meeting following the election. The Board of Directors consists of both the company's major shareholders, who are employed full time by the company, and outside experts with versatile experience of and familiarity with business and industry. The Board can have at most two members employed by the company. The Board elects a Chairperson among its members. Should the Chairperson be disqualified or prevented from attending to his/her duties, a Deputy Chairperson is elected among Board members for the duration of the meeting.

The Annual General Meeting of Beltton-Group Plc held on 5 April 2006 elected six members to the Board. Ari Lahti, Ari Pikkarainen, Sakari Ropponen and Heikki Vienola were re-elected to the Board, while Ere (Erkki) Kariola and Pentti Rantanen were elected as new Board members. At its organisation meeting on 19 April 2006 the Board of Directors elected Ari Lahti as Chairman.

The majority of Board members must be independent of the company. In addition, at least two of the members in this majority must be independent of the company's major shareholders. In compliance with recommendation 18 of the Corporate Governance recommendation, four of the Board members are independent of the company and of major shareholders. These members are Ari Lahti, Ere Kariola, Pentti Rantanen and Sakari Ropponen. Two of the members – Beltton's CEO Heikki Vienola and Vice President Ari Pikkarainen – are employed by the

corporate governance

company, and both own more than 10 per cent of the company's shares.

The personal information and shareholdings of the Board members on 31 December 2006 are available on the company's website and on page 31 in the general part of the Annual Report.

tasks of the board of directors

The Board of Directors supervises the management of company operations, administration and accounting. It annually confirms a written charter for its activities, which it complies with in addition to the Articles of Association, Finnish legislation and other regulations. The charter lays out the Board's meeting procedures and tasks. As specified in the Board's charter, in addition to the issues specified in legislation and the Articles of Association Beltton's Board of Directors:

- approves the company's long-term goals and strategy
- approves the company's action plan, budget and financing plan and supervises their implementation
- handles and adopts interim reports and the financial statements
- decides on individual big and strategically significant investments, such as company acquisitions and acquisitions and disposals of business operations
- appoints the CEO and decides on his/her salaries and wages
- approves risk management and reporting procedures
- draws up the dividend policy
- sets up committees, if needed, to enhance Board work.

meeting procedures

The Board of Directors convenes on average once a month during the financial year and more often if needed. The Chairperson of the Board is responsible for convening meetings and for meeting activities. The meeting agenda is prepared by the CEO jointly with the Secretary of the Board. The CEO ensures that the Board of Directors has sufficient information at its disposal to assess the company's operations and financial situation. The CEO is responsible for the implementation of the Board's decisions and reports on it to the Board.

Beltton's Board of Directors convened 11 times in 2006. The average meeting attendance was 95 per cent. At its organisation meeting the Board approved the charter and action plan for 2006 and evaluated the independence of its members. Under the Board's guidance, the company revised its risk management principles and related ongoing practices. Acquisition strategies were defined in more detail as planned.

No need for committee work arose in 2006. The Board of Directors handled all of the tasks pertaining to it.

According to the meeting plan for 2007, the Board of Directors will convene 11 times.

assessment of board activities

The Board carries out annual assessments of its operations and operating methods on the basis of a self-evaluation form. The assessment of operations in 2006 was carried out in writing at the end of the period. Based on the assessment, Board work was successful.

board of directors' benefits and remuneration

The remuneration paid to Board members is determined by the Annual General Meeting. As decided by the Annual General Meeting held on 5 April 2006, Board members and the Chairman received a monthly reward for Board work amounting to EUR 1,000. Similar to earlier practice, the CEO and Vice President did not receive compensation for Board membership or meetings in 2006.

chief executive officer

Beltton-Group Plc's CEO is appointed by the Board of Directors. The CEO supervises the company's operational management in compliance with the instructions and guidelines provided by the Board of Directors. The CEO also acts as the Group's Chief Executive Officer and as the Chairperson of the Group Management. The CEO's benefits include statutory pension. The period of notice is three months, as determined in the employment contract. No separate compensation for the period of notice is included in the contract.

Heikki Vienola, M.Sc. (Econ.), has acted as CEO of Beltton-Group since 1999. Remuneration for the CEO consists of monetary wages. The CEO's salary in 2006 amounted to EUR 50,460.

group management and remuneration of its members

Beltton adopted a new organisation model in early 2006. Operations are divided into four areas according to the operating concept and area: office supplies represented by Wulff Oy Ab, business and advertising gifts represented by KB-tuote Oy, direct sales operations formed by ten direct sales companies, as well as the joint direct sales in Sweden and Norway.

The new organisation model also led to changes in the composition of Beltton's Group Management. Previously, members included the Managing Directors of subsidiaries. From the beginning of 2006, the Group Management consists of the Group's CEO, Chief Financial Officer and the managing directors of each of the four business areas. The Group Management assists the CEO in the company's operational management, as well as plans and monitors the operations of business areas. It convenes four times a year.

The Managing Directors of subsidiaries are in charge of operational business. Significant decisions, such as big investments, are subjected to approval by the Group's CEO. Each subsidiary has its own financial administration, while Group-wide financial administration is handled by the Chief Financial Officer.

The Group Management consists of Heikki Vienola, Group CEO; Ari Pikkarainen, Group Vice President; Juha Broman, Managing Director of Wulff Oy Ab; Tommi Kortelainen, Managing Director of KB-tuote Oy; Veijo Ågerfalk, Managing Director of Beltton Svenska AB; and Petri Räsänen, CFO. Up to 31 July 2006 the Group Management also included Liinu Lehto-Seljavaara, Investor Relations and Communications Director.

Personal information about the members of Group Management and their holdings in Beltton-Group Plc are presented on the company's website and on pages 32 and 33 in the general part of the Annual Report.

Remuneration of senior management consists of monetary wages, fringe benefits and possible performance-based fees and bonuses determined annually. The written contracts for managing directors define the customary mutual period of notice. No separate benefits are linked to the notice of termination or offered after the termination of employment.

In 2006 Group Management received EUR 411,240 in salaries and wages and EUR 43,551 in fringe benefits. In 2006 the total monetary wages paid to the Group Management and subsidiaries' Managing Directors who are not on the Group Management amounted to EUR 663,128 (in 2005: EUR 689,159), while fringe benefits totalled EUR 44,091 (EUR 25,009). These amounts do not include the CEO's salary. Bonuses paid to the Group Management in the period amounted to EUR 72,200 and, with the Managing Directors of subsidiaries included, to EUR 72,200 (no bonuses in 2005).

risk management, internal control and internal audit

Risk management is part of Beltton-Group's operations management. Beltton's risk management is guided by legislation, business objectives set by shareholders, as well as the expectations of customers, personnel and other important stakeholders.

The Group's risk management aims to systematically and extensively identify and understand any risks that may prevent the achievement of the Group's business objectives, as well as to ensure that risks are appropriately managed when making business-related decisions. Risks include aggressive competitors, threats related to the staff and its availability, as well as factors related to the company's reputation. Beltton's risk management supports the achievement of strategic objectives and ensures business continuity. The Board of Directors is in charge of the risk management policy, and its implementation is regularly monitored by internal auditing.

The risk management process aims to identify and assess risks and then plan and implement practical measures to deal with each risk. Possible measures include, for example, avoiding the risk, reducing it in different ways or transferring it with insurance or agreements.

Beltton-Group Plc carries out annual risk surveys to determine the main risks by their impact and probability. The heads of business areas are responsible for carrying out the surveys and monitoring risks. They report on these activities to the Group Management. Risks are classified into four categories: strategic, operational, market and technical risks. These are monitored by people specially appointed to the task. The main risks determined in the risk survey are reported to the company's Board of Directors. Every six months, the Board of Directors inspects the implementation of measures taken to minimise risks. Beltton has not set up a separate organisation for risk management. Instead, risk management is arranged in compliance with the company's other business operations and organisation structure.

Beltton's 21 subsidiaries operate on their own cash flows. If required, subsidiaries can receive additional financing in the form of a group loan. The Group has tens of thousands of customers. The impact that its biggest customer has on net sales is less than three per cent. Subsidiaries analyse their own customer bases and are responsible for independently exercising active credit control. In proportion to net sales, credit losses are minor, amounting to less than one per cent. The Group's Chief Financial Officer monitors the financial administration of subsidiaries and is responsible, for example, for monitoring currency and interest rate risks. Beltton is not involved in speculative currency or interest rate trading. The Group's subsidiaries handle IT risk management independently. Financial risk management is described in the notes to the consolidated financial statements under section 22 on page 26.

Ultimate responsibility for accounting and supervision of asset management is held by Beltton-Group Plc's CEO. The Board of Directors is responsible for internal control, and the CEO handles the practical organisation of control and supervision of its functionality. Business control and supervision are carried out through a Group-wide reporting system. Actual figures and facts are monitored on a monthly basis in each business area and subsidiary. The information includes, among other things, net sales and profit. The CEO presents a report on the Group's situation and development based on monthly reports at the Board of Directors' meetings.

The goal of Beltton-Group Plc's internal auditing is to ensure that the Group's internal processes and operating methods are efficient and correct. Internal audits are carried out on the basis of an annually prepared audit plan, which the Board of Directors approves at the beginning of the year. The Group's internal auditor draws up the plan, presents it to the Board of Directors and reports on the implementation of the measures. The internal auditor reports directly to the Board of Directors.

main procedures in insider administration

Beltton-Group Plc follows the Helsinki Stock Exchange's updated insider guidelines, which took effect on 1 January 2006. They are based on the guidelines on the application of the Securities Market Act in listed companies issued by the Financial Supervision Authority. The public insider register of Beltton-Group Plc is maintained in the Finnish Central Securities Depository's SIRE system. The public insider register includes the members of the Board of Directors, the CEO, members of the Group Management and auditors.

Permanent insiders include those who, based on their duties, regularly receive or handle unpublished information that has an impact on the share price. In addition, project-specific insider registers are maintained for acquisitions or other projects that may have a material impact on the share price. Insider issues are handled by the person responsible for IR matters.

Insiders are not allowed to trade in securities issued by Beltton-Group Plc in the 14 days preceding the publication of financial statements reviews and interim reports (closed window). The company avoids investor relations events during the insider trading prohibition.

A list of the people entered in the public insider register, their connections and shareholdings in Beltton-Group Plc is published on the company's website. The company updates public insider information (insiders with the duty to declare, their related parties and changes in shareholdings) on its website, www.beltton.com, without unnecessary delay, and no later than seven days after the party with the duty to declare has notified the company of changes.

auditors

According to the Articles of Association, the company has 1–2 auditors. If the Annual General Meeting elects only one auditor, and the auditor is not an authorised public accountant, one deputy auditor must also be elected. Auditors are appointed for an indefinite term.

Beltton has two auditors, who have worked as the company's auditors since 1999. They are Nexia Tilintarkastus Oy, Authorised Public Accountants, with principal responsibility held by

Jukka Havaste, Authorised Public Accountant, and Juha Lindholm, HTM-accountant. The auditors do not own Beltton-Group Plc's shares.

In addition to their regulatory duties, auditors report on their observations to the Chairman of the Board of Directors when required, and at least once a year to the Board of Directors.

Decisions on the auditors' fees and the bases for remuneration of expenses are made by the Annual General Meeting. Based on a Board decision, auditors can receive reasonable remuneration for non-recurring duties carried out on the basis of separate assignments. The auditing fees paid to Beltton's auditors in 2006 amounted to EUR 48,360 (EUR 45,687 in 2005). They were also paid EUR 2,747.50 (EUR 1,403) for services unrelated to auditing.

communications

Prior to the publication of financial releases, the company has adopted a two-week "silent period" during which it does not answer questions concerning the company's development and performance.

Beltton publishes all of its stock exchange releases and other matters related to listed companies' obligation to disclose information on its website in Finnish and English. The Annual Report is published in electronic form so that it is equally available to all shareholders. The company's Corporate Governance principles are also available on its website.

stock exchange releases, releases, and stock exchange announcements in 2006*

8 February 2006	The Beltton-Group's performance in the fourth quarter improved clearly over the previous year (Financial statements bulletin for financial period 1 January – 31 December 2005)
16 March 2006	Annual General Meeting on April 5, 2006
5 April 2006	Beltton acquires Norwegian office supply company
5 April 2006	Decisions made by the Annual General Meeting on April 5, 2006
19 April 2006	Organisation of the Board of Directors at Beltton-Group Plc
10 May 2006	Beltton-Group's net sales remained almost unchanged while its operating profit decreased (Interim report 1 January – 31 March 2006)
10 August 2006	Beltton-Group's net sales remained nearly unchanged, while operating profit dropped from the corresponding period in 2005 (Interim report 1 January – 30 June 2006)
29 September 2006	Beltton acquires corporate promotional products company
19 October 2006	Beltton's subsidiary Wulff Oy Ab and Finland Post to start extended cooperation
8 November 2006	Beltton-Group's net sales increased slightly, while operating profit saw significant growth (Interim report 1 January – 30 September 2006)
11 December 2006	Beltton-Group Plc's financial reports in 2007

* Releases can be read on the company's website at www.beltton.com.

information to shareholders

annual general meeting

The Annual General Meeting of Beltton-Group Plc will be arranged on Wednesday, 4 April 2007 starting at 3:00 pm at the following address:

Scandic Continental Hotel
Mannerheimintie 46
Helsinki

A shareholder who no later than 23 March 2007 has been registered as a shareholder in the shareholder list of the company, maintained by the Finnish Central Securities Depository APK, and who has registered for the Annual General Meeting no later than on Friday, 30 March 2007, is entitled to attend the meeting.

The registration to the Annual General Meeting can be made:
by e-mail to the address:
sirpa.vaisanen@beltton.fi

by fax to the number:
+358 9 3487 3420, or

with a letter sent to the address:
Beltton-Group Plc, Annual General Meeting, Salomonkatu 17 B, 00100 Helsinki, Finland

dividend for 2006

The Board of Directors of Beltton-Group Plc proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be paid for the financial year 2006. The dividend decided upon by the Annual General Meeting will be paid to shareholders who have been registered in the shareholder list, maintained by the Finnish Central Securities Depository APK, on 11 April 2007, the record day of dividend.

The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 18 April 2007.

financial reporting 2007

During 2007, Beltton-Group Plc will publish financial reports as follows:

financial statements report for 2006	7 Feb. 2007
interim report for January—March	9 May 2007
interim report for January—June	9 Aug. 2007
interim report for January—September	7 Nov. 2007

Beltton-Group Plc will publish the reports in Finnish and English as stock exchange releases and on the company's website at www.beltton.com.

The interim reports and stock exchange releases can be ordered to an email address by sending an email to: sirpa.vaisanen@beltton.fi

ordering the annual report

Beltton-Group Plc
Sirpa Väisänen
Salomonkatu 17 B
00100 Helsinki, Finland

tel. +358 9 5259 0050
mobile +358 400 943 243
e-mail: sirpa.vaisanen@beltton.fi

The annual report will be published in Finnish and English. The annual report can also be viewed as a PDF file on the company's website at www.beltton.com.

contact person for investor relations

For issues related to investor relations, please contact

Sirpa Väisänen, IR Officer,
Beltton-Group Plc
Salomonkatu 17 B
00100 Helsinki, Finland

tel. +358 9 5259 0050
mobile +358 400 943 243

notes to the parent company's financial statements

1. accounting principles

The financial statements of Beltton-Group Plc for the financial period 2006 have been drawn up in compliance with the Finnish Accounting Standards (FAS). Beltton-Group Plc is the parent company of the Group, whose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting principles for the parent company's financial statements are:

Revenue recognition:
Net sales equal sales revenue less indirect taxes and discounts related to sales. Revenue from the sale of services is recognised when services are carried out.

Pensions:
The statutory pension scheme is arranged through pension insurances. Securities in financial assets have been recognised at fair value.

Non-current asset recognition:
Non-current assets have been recognised in the balance sheets on an immediate acquisition cost basis less planned depreciation. The estimated useful life for both tangible and intangible assets is three to five years and for buildings 20 years.

Income taxes have been recognised in compliance with the Finnish taxation legislation.

	2006 1000 eur	2005 1000 eur
2. net sales		
administrative services	543	371
total	**543**	**371**
market areas		
Finland	534	371
total	**543**	**371**
3. other operating income		
rental income	272	253
other	0	5
total	**272**	**258**
4. average number of personnel over the review period	6	6
5. salaries and remuneration paid to management		
CEO	60	46
members of the Board of Directors	44	36

	2006 1000 eur	2005 1000 eur
6. depreciation and loss of value		
depreciation by asset group		
intangible assets	10	28
tangible assets		
machines and equipment	33	26
buildings and structures	125	125
total	**168**	**178**
7. other operating expenses		
rental expenses	52	15
marketing	83	89
travel expenses	26	12
other	328	237
total	**489**	**353**
8. financial income		
interest income	10	1
other financial income	284	53
dividend income	232	164
total	**526**	**218**
9. financial expenses		
interest expenses	344	290
other financial expenses	303	84
total	**647**	**374**
10. extraordinary income and costs		
group contribution	1 273	1 366
11. appropriations		
difference between planned depreciation and depreciation carried out in taxation	0	-117

notes to the parent company's financial statements

	2006 1000 eur	2005 1000 eur
12. intangible assets		
other intangible assets		
acquisition cost 1 Jan.	157	157
increase 1 Jan.-31 Dec.	0	0
decrease 1 Jan.-31 Dec.	0	0
acquisition cost 31 Dec.	157	157
accumulated depreciation according to the plan 1 Jan.	106	78
depreciation according to the plan 1 Jan.-31 Dec.	10	28
book value 31 Dec	**40**	**51**
13. tangible assets		
land areas		
acquisition cost 1 Jan.	1 040	1 040
increase 1 Jan.-31 Dec.	0	0
acquisition cost 31 Dec.	1 040	1 040
change in value 1 Jan.	0	0
recorded change in value 1 Jan.-31 Dec.	0	0
book value 31 Dec.	**1 040**	**1 040**
buildings and structures		
acquisition cost 1 Jan.	2 496	2 496
increase 1 Jan.-31 Dec.	0	0
decrease 1 Jan.-31 Dec.	0	0
acquisition cost 31 Dec.	2 496	2 496
accumulated depreciation according to the plan 1 Jan.	396	271
depreciation according to the plan 1 Jan.-31 Dec.	125	125
book value 31 Dec.	**1 976**	**2 100**
machinery, equipment and other tangible assets		
acquisition cost 1 Jan.	222	92
increase 1 Jan.-31 Dec.	55	130
decrease 1 Jan.-31 Dec.	2	0
acquisition cost 31 Dec.	275	222
accumulated depreciation according to the plan 1 Jan.	50	24
depreciation according to the plan 1 Jan.-31 Dec.	32	26
book value 31 Dec.	**194**	**172**
total	**3 210**	**3 312**
14. shares and shareholdings		
shares in subsidiaries		
acquisition cost 1 Jan.	5 469	5 378
increase 1 Jan.-31 Dec.	32	91
decrease 1 Jan.-31 Dec.	0	0
book value 31 Dec.	**5 501**	**5 469**

shareholdings in subsidiaries

parent company Beltton-Group Plc	parent company ownership and voting right %
Beltton Oy	100
Beltton Svenska AB	25
Looks Finland Oy	75
Beltton AS	80
Suomen Rader Oy	67
Vinstock Oy	63
Naxor Finland Oy	100
Everyman Oy	100
Office Solutions Why Not Oy	85
Officeman Oy	70
KB-tuote Oy	100
Visual Globe Oy	100
Wulff Oy Ab	100
Active Office Finland Oy	100
Office Solutions Svenska AB	25
Vendiili Oy	75

15. trade receivables and other current receivables	**2006 1000 eur**	**2005 1000 eur**
trade receivables	2	0
prepaid expenses and accrued income	1 764	1 878
other receivables	22	0
total	**1 788**	**1 878**

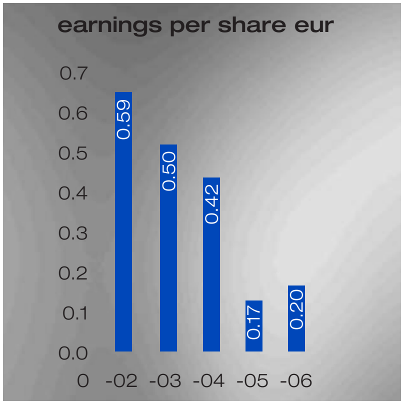
Substantial items included in prepaid expenses and accrued income consist of corporate tax credits, which totalled EUR 1,654,000 (2005: a total of EUR 1,695,000).

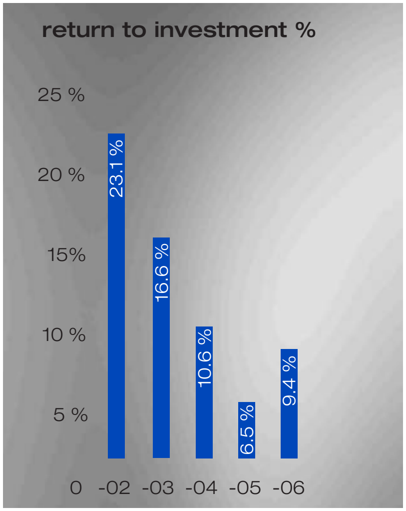
	2006 1000 eur	2005 1000 eur
16. financial securities	159	76
17. cash at bank and in hand		
cash and bank balances	3	2
18. equity		
share capital 1 Jan.	2 603	2 603
share capital 31 Dec.	**2 603**	**2 603**
share premium fund 1 Jan.	7 889	7 889
share premium fund 31 Dec.	**7 889**	**7 889**
profit from previous financial periods 1 Jan.	5 371	5 441
dividend payments	650	1 040
profit from previous financial periods 31 Dec.	4 721	4 401
net profit for the financial period	671	971
total equity 31 Dec.	**15 884**	**15 864**
19. non-current liabilities		
loans from credit institutions	8 100	7 000
20. other current liabilities		
loans from credit institutions	4 647	4 343
other	84	57
total	**4 731**	**4 400**
21. collaterals given and commitments		
guarantees		
personal guarantees on behalf of subsidiaries	0	200

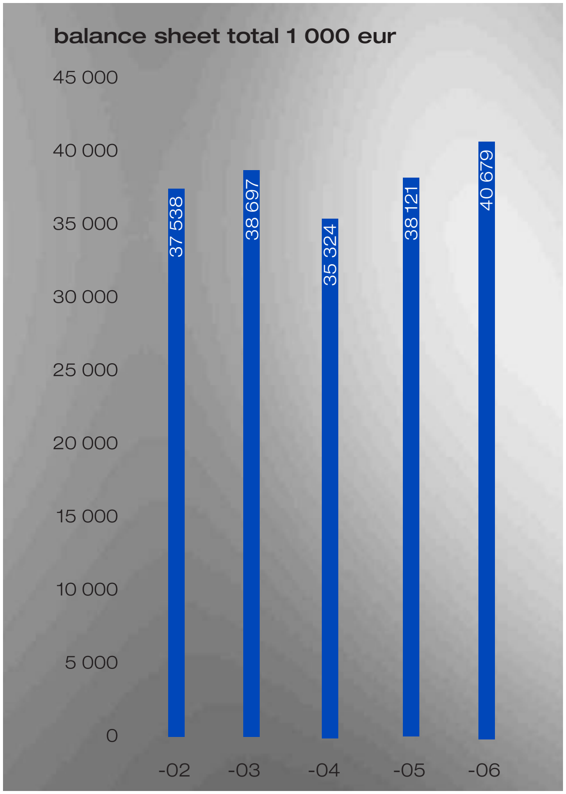
The following shares/assets, with carrying amounts as presented below, have been lodged as security for the parent company's loans.

KB-tuote Oy	683	683
Wulff facilities	1 976	2 226
Wulff's land	1 040	1 040

beltton in figures







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