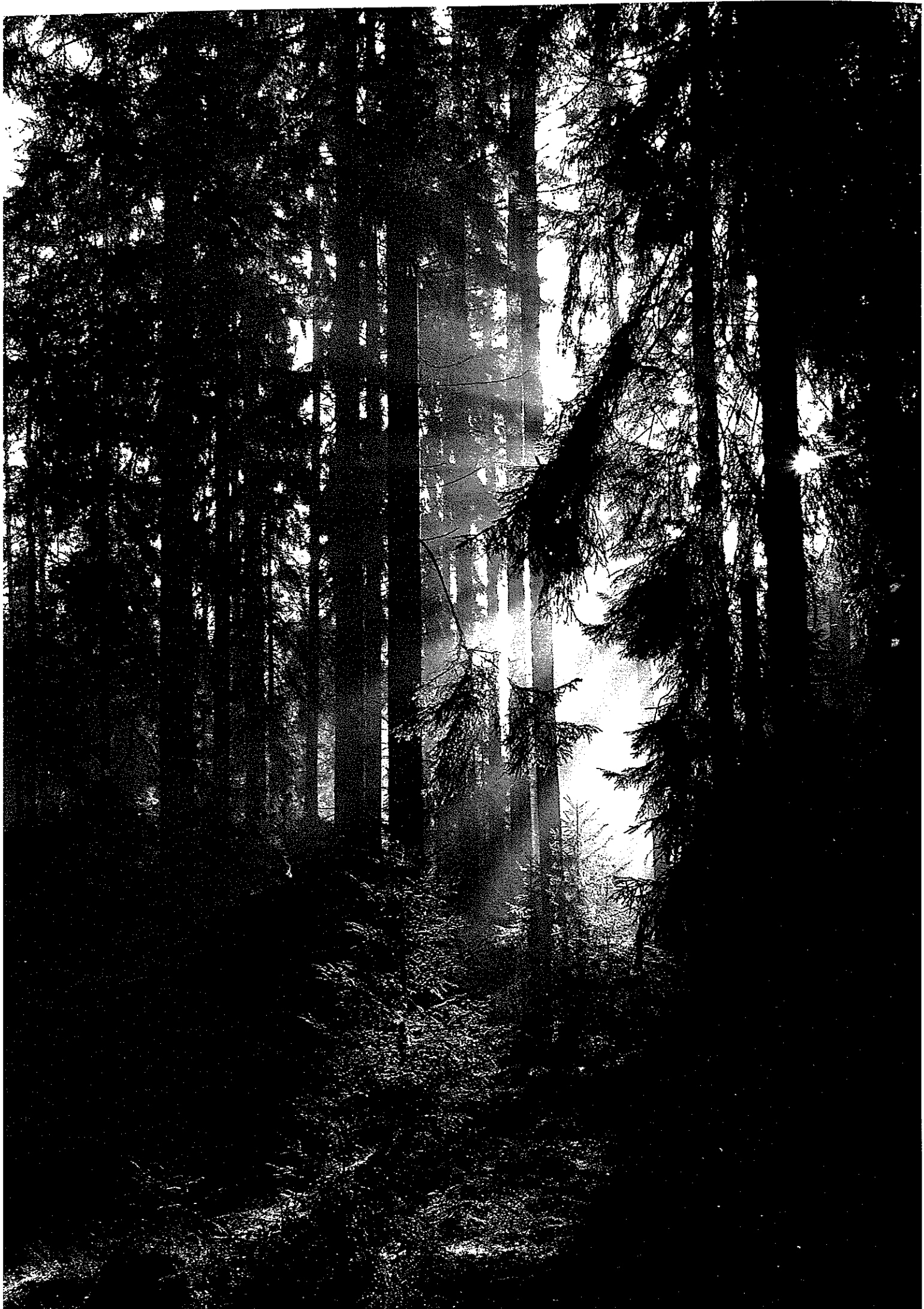


ANNUAL REPORT OF 2006







A WORD FROM OUR MANAGING DIRECTOR

Sweden and Europe is experiencing an economic boom at the moment. In our field this has been most noticeable by the record high amounts of collected electrical waste. Around Europe, the number of collection systems has increased from 5 to 40 in just a few years. This has made the business of collecting electrical established in all parts of Europe, as in accordance with the EU Directive that regulates this field. Europe has thus taken a front position in this matter with its ambitious agenda waste treatment.

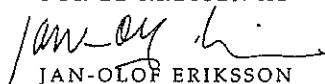
In Sweden, a lot of time has been spent on hammering out the implementation of the new legislation. Since August 13, 2005 the industry has only had the ordinance's loosely defined text as guidance. The different interpretations made by different industries have been quite a challenge to the company.

However, much thanks to the outstanding will of the producers to show good results, 2005 year's record figures was beaten. Sweden is in a leading position, with the El-Kretsen having a collection volume of 150 000 tons, which is equivalent to 15.8 kilos per person. When including the company waste collected, we reach a volume of 16.4 kilos per person.

The cooperation with our partners, the municipalities and the entrepreneurs of El-Kretsen, has functioned very well and the public has shown both good will and appreciation to our work. A good end result is built on cooperation on several levels, and I would especially like to highlight our success in handling the large number of TV-sets collected following the big-scale market entry of the flat screen TV, which occurred at the time of the soccer World Cup last summer.

In the coming year, we hope to leave all discussions behind regarding how to put the producer responsibility into practice, and that energy instead can be put into developing our already successful system. The new market situation, with collection systems being introduced in all neighbouring countries, will lead to increased efficiency and thereby a new set of premises and challenges. Rationalisation and restructuring will be the motto, and we believe that we will succeed in having an increase in total collected waste and recycling for 2007 as well.

FOR EL-KRETSEN AB


JAN-OLOF ERIKSSON

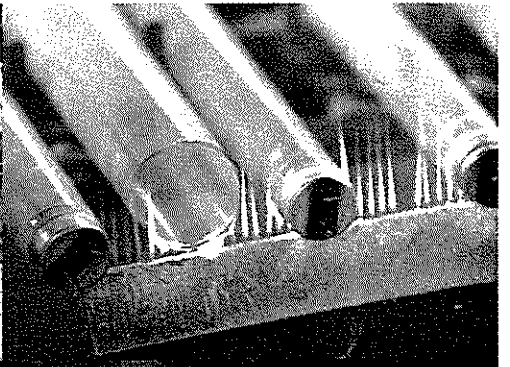
EL-KRETSEN IN BRIEF

The services El-Kretsen provides are today used by more than 1 000 companies. Together, our members make up almost the entire market for electrical products in Sweden. These companies are brought together by being affected by the legislation on Producer Responsibility for Electrical and Electronic Products, introduced in Sweden as early as 2001. The legislation was revised in 2005 to comply with the so called WEEE-directive. In short, the legislation requires all importers and producers of electrical products active on the Swedish market to offer all customers and households a collection and recycling system for old, discarded electrical products.

El-Kretsen offers a nationwide recycling system with approximately 950 collection facilities. The system covers all product groups affected by the legislation and provide good service to all returnees of discarded products. Our system is designed to secure an environmentally friendly treatment. Therefore, we only work together with certified recycling companies and in accordance with Swedish environmental regulations. By becoming a member of El-Kretsen, the producer avoids having to build its own system. Our services well cover the legal requirements for every company, and are a practical and cost effective solution according to our member companies.

El-Kretsen is owned by 21 business associations. The business is run in a so called non-profit fashion and the member fees carry their own costs.





2006 IN CONCLUSION

MORE THAN 1000 MEMBERS

The influx of new members continued in 2006 and by the end of the year 194 new companies had chosen to join us.

AGREEMENT WITH THE MUNICIPALITIES

El-Kretsen has together with Avfall Sverige, The Swedish Waste Management, and Sveriges Kommuner och Lands-ting, The Swedish Association of Local Authorities and Regions, an agreement for co-operation between El-Kretsen and Sweden s municipalities. The agreement is valid until 2010.

THE RECYCLING

The quantity collected of discarded electrical products was a record high in 2006. El-Kretsen collected 150 Million Kilos. That equals 16.4 Kilos per person in Sweden. This is a world record! The result confirms that companies and households have trust in our system and that the Swedes are aware about how discarded electrical products are to be handled in an environmentally friendly way.

INTRODUCTION OF RETURNEE CERTIFICATES

In 2006 a project called "ICT-business waste" was laun-

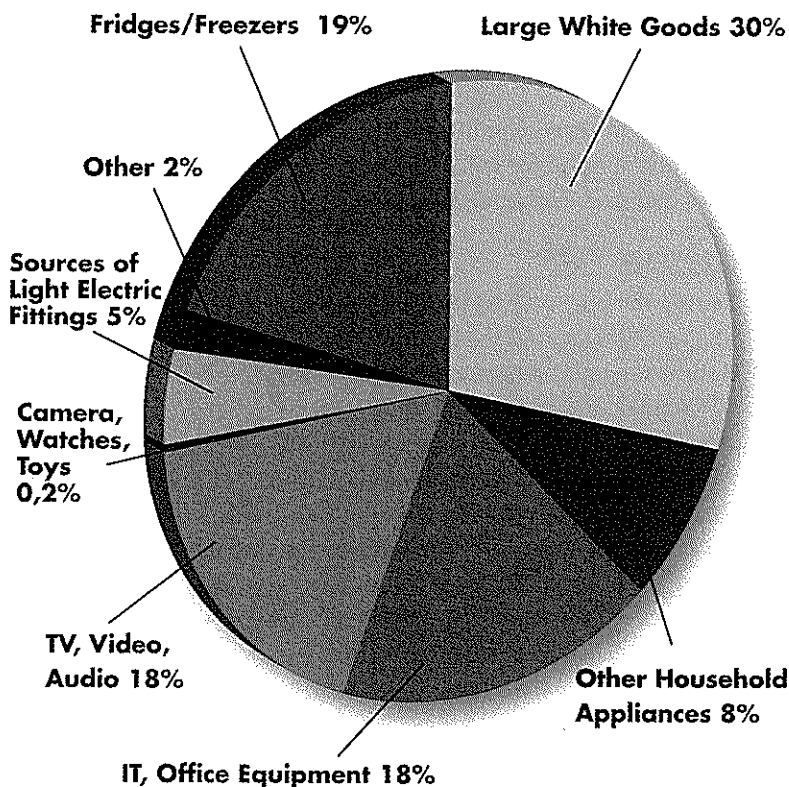
ched by El-Kretsen, assigned by the ICT-Council, the working committee of the computer and telecom companies. The project was intended to get control over the industry's waste and to investigate through which channels this material are received and the division of different products in this category. During the fall a web portal was introduced where applications for returnee certificates can be done. Through this web portal El-Kretsen receives continuous information on how much material is coming in to the pre-treaters from businesses by direct transports.

THE LEGISLATION

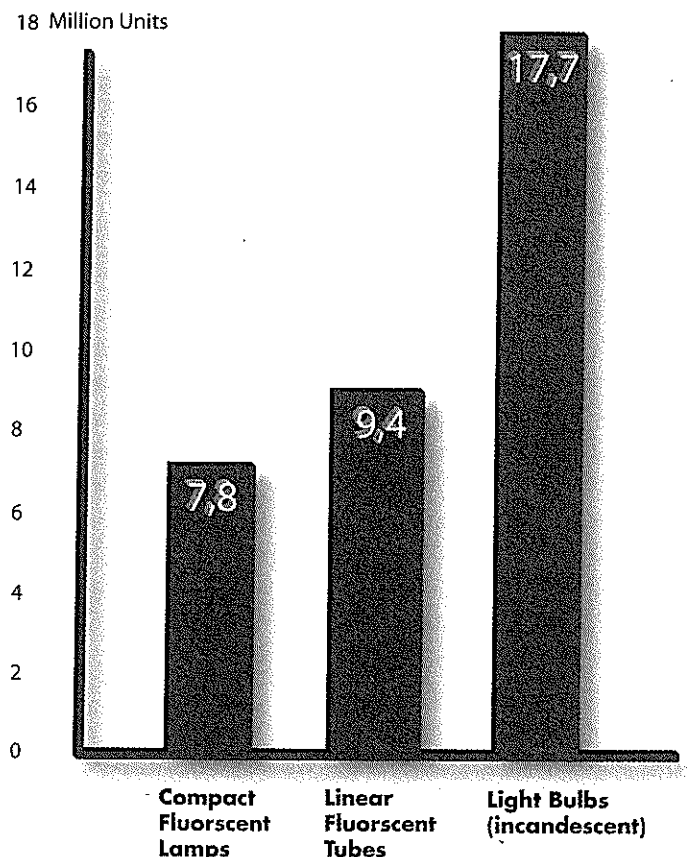
In compliance with the WEEE-directive, all EU countries have implemented national legislation for the recycling of discarded electrical products. The legislation varies somewhat with each country, but the basic concept is the same.

All new products sold must be labelled with a crossed over wheel dust bin and an identification code to make it possible to trace the importer when the product is finally treated for recycling. Companies that sell household products must guarantee financial means to fund its future recycling.

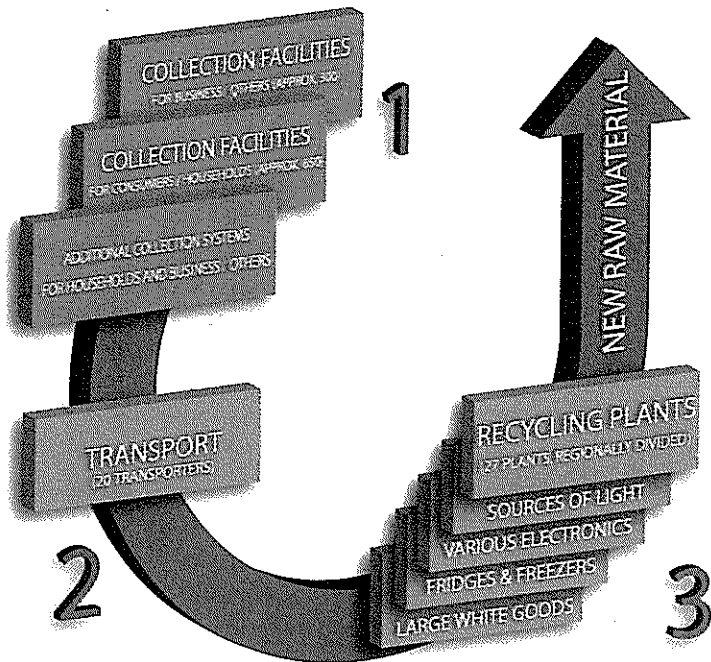
RECYCLING IN 2006 / 150.000 TONS IN TOTAL



RECYCLED SOURCES OF LIGHT IN 2006



THE EL-KRETSENS COLLECTION AND RECYCLING SYSTEM



1. THE COLLECTION SYSTEM

During 2006 some 950 collection facilities have been active. There you have been able to return your discarded electrical products free of charge. At the collection facilities the electrical products are sorted into six different categories. Apart from the collection facilities, several additional collection systems are available. In many living areas the electrical products are collected together with bulky waste management and collection facilities in connection with the households. El-Kretsen also collects electrical waste from larger organisations.

2. TRANSPORTERS

The transportation of 150 000 Tons of collected electronics has been performed by 20 transport companies. Through efficient logistic solutions and good co-ordination, the costs have been kept to a minimum.

3. THE RECYCLING FACILITIES

The discarded electrical products are dismantled and treated at 27 different recycling plants, (see map on page 10). All plants have the relevant environmental certifications and are selected on the merits of price, geographical location and technical know-how. After the dismantling and sorting, the various parts can be processed into new raw materials or energy. Environmentally hazardous components are disposed of.

THE COLLECTION

The El-Kretsen collection system can be divided into two parts. One mainly concerned with households and the other for organisations, (companies, public offices, hospitals etc). Today, El-Kretsen collects waste by some 70 hospitals in south and central regions of Sweden. The household collection is organised together with the Swedish municipalities and is called elretur. The collection from organisations is organised partly in co-operation with the municipalities and partly through directly contracted transporters.

THE HOUSEHOLD COLLECTION – ELRETUR

El-Kretsen has, together with the municipalities, a contract for co-operation. The agreement is valid until 2010. Since its beginning in 2001, El-Kretsen has co-operated closely with the municipalities for the collection of discarded household electrical products. The co-operation means that each municipality respectively organise the collection from the households in their municipality. The system is structured around the manned collection facilities.

In the collection facilities, the electronics are sorted into six different categories:

- Large White Goods
- Fridges and Freezers
- Small and medium sized electrical products
- Fluorescent Tubes, (straight tubes, 60 cm minimum length)
- Compact Fluorescent Lamps and other discharge lamps
- Light Bulbs (incandescent)

In 2006, some 650 collection facilities were active around the country. The availability for the public was in general very good. An average collection facility has been open five days a week. Many municipalities also chose to stay open in the evening and/or during the weekend. In many areas the additional service of household collection is offered. In cooperation with the municipalities, El-Kretsen is responsible for the transportation of the collected electronics from the municipalities and their collection facilities.

BUSINESS

During the past year El-Kretsen supplied some 300 collection facilities around the country, where organisations and businesses could return discharged electronics free of charge. By volume, one of the most important services has been direct return through so called returnee certificates at one of the recyclers under contract with El-Kretsen. By handing over the certificate the business user guarantees that the number of units returned for recycling equals the user's purchase of new equipment. El-Kretsen has also provided collection services on order for certain types of products, such as light sources and medical technical equipment.





LOGISTICS

El-Kretsen has a nation wide logistics system based on the maximised usage of large capacity vehicles and time efficient loading and unloading with specially adapted load carriers. The transportation of hazardous waste, which includes several types of discharged electronics, is strictly regulated in Sweden. All transport companies affiliated to El-Kretsen obtain the necessary permits.

The electric products are picked up at our collection facilities around the country and transported to the recycling plants. The transport is divided into five categories and each transport supplier is specialised in dealing with a certain category and region.

LOADING/UNLOADING

Large white goods, fridges and freezers are transported as loose cargo and loaded with cranes. Small and medium sized products are transported in netted pallet boxes capable of holding 400 Kilos. The boxes circulate in a system of exchange

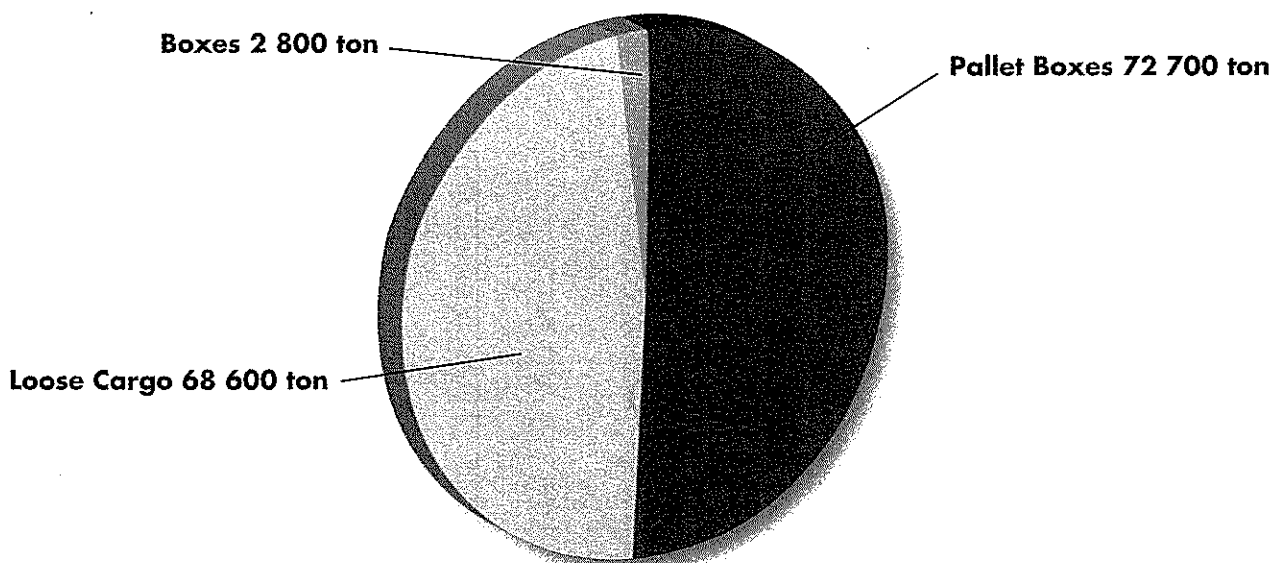
between the collection sites and the respective recycling plant. The loaded boxes are replaced with empty ones when collected. For fluorescent tubes, low energy and regular light bulbs, a similar exchange system is used, using boxes specially designed to prevent implosion and other damages.

TRANSPORTERS IN 2006

Allfrakt AB · Allrenhållning AB · Akkafrakt ·
 BPM Transport AB · G A C · Gotlands
 Åkericentral AB · Halmstads Bårarelag AB ·
 Hagéns Åkeri AB · Iljjer Frakt AB ·
 Jokkmokks municipality · Jönköpings municipality ·
 Kristianstad Renhållning AB · LBC
 Askersund · LBC Finspång · LBC Västerås ·
 Lessebo Åkericentral · Liselotte Lööf AB ·
 Nora Lindefrakt AB · Närkefrakt AB ·
 Ragn-Sells AB · SITA Sverige AB · Sörmlast AB

THE EL-KRETSEN LOGISTIC SYSTEM OF 2006

SYSTEM	NO. OF TRANSPORTED UNITS	PRODUCTS	NET WEIGHT, TONS
Pallet Boxes	207 000	Small and midsized products	72 700
Boxes	18 600	Sources of Light	2 800
Loose Cargo	1 390 000	Large White Goods, Fridges and Freezers	68 600
TOTAL	1 615 600		144 100





RECYCLING

Electronic products collected by municipalities and organisations are transported to one of the specialised recycling plants affiliated with El-Kretsen. At the recycling plant, the products are dismantled and the hazardous components removed and sorted out for special treatment. When the products have been dismantled and the hazardous parts removed, the separated materials can be recycled, either as new raw material, (e.g. metals, plastics and glass), or as energy through combustion (wooden parts and plastics for example). Different product groups require different types of treatment. A large part of the products collected from households and business offices such as washing machines, TV-sets, copy machines etc. are handled through manual sorting and dismantling.

Fluorescent tubes and low energy light bulbs contains mercury that must be confined. The products are therefore treated and separated in a closed process. The glass and metals can then be recycled into new raw materials. Some of the luminescent material can be reused, but the majority is disposed of.

Unlike the products produced today, old fridges and freezers contain CFC cooling media and CFC based insulation. In a closed process, the cooling media is pumped out and the insulation is treated so that the CFC is confined and destroyed. Then the metal and plastics are separated for recycling.

CONTINUING INCREASE IN VOLUME

The amount of electric products recycled continued to increase during 2006. The total increase was 19 % during the year. The highest increase was seen in small household products, IT- and office equipment together with so called consumer electronics, TV, video and audio products

PROCUREMENT – REFRIGERATORS AND FREEZERS

The previous contracts for pre-treatment and transport of discharged refrigerators and freezers expired in July 2006. Procurement for new services for this product group was therefore conducted during the spring. The procurement was conducted through open tender procedure. All tenders who met the environment and quality requirements had the opportunity to take part in the procurement. Decisive in the procurement was in addition the tender's technical know-how, geographical location and price level.

The procurement resulted in that two-year contracts were signed regarding pre-treatment services with Stena

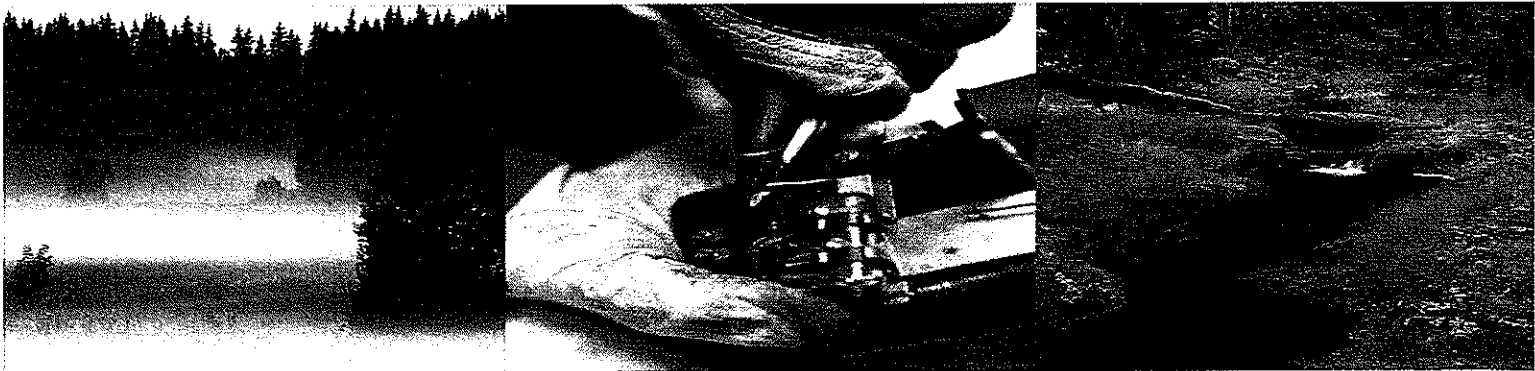
Technoworld AB, Kuusakoski Bjästa Återvinning AB, Skrotfrag AB and Svensk Freonåtervinning AB. The volumes were divided among these by optimising regarding pre-treatment and transport costs.

RECYCLING IN 2006 – WEIGHT IN TONS

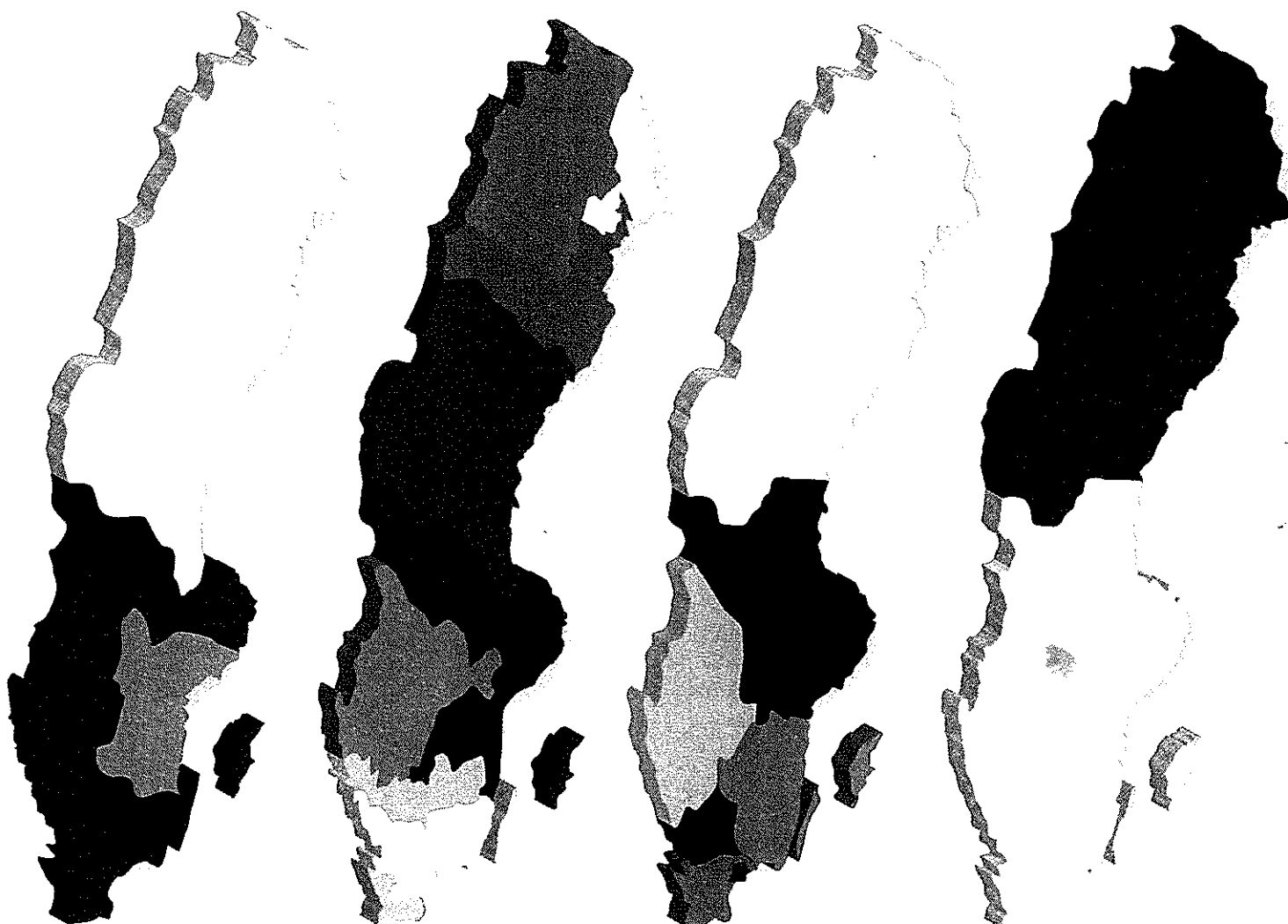
PRODUCT	2004	2005	2006
Large White Goods	36 800	36 300	45 500
Other Household Electronics, Hand Tools, Gardening Tools	10 200	12 300	11 900
IT, Office Equipment, Telecom	17 700	22 700	27 600
TV, Video, Audio	15 700	2 100	26 300
Cameras, Watches, Toys	200	300	300
Light Sources, Armatures	5 800	6 700	7 900
Various Others	900	2 200	2 400
Fridges and Freezers (El-Kretsen)	0	10 500	28 000
(Municipalities)	25 000	14 500	-
TOTAL	112 300	126 500	149 900

TREATED PRODUCTS 2006 - UNITS

PRODUCT	NO. OF UNITS
Large White Goods, (Ovens, Dishwashers, Washing Machines, Tumble Dryers, Heating Cupboards, Mangles, Mini-Kitchen)	1 055 000
Fridges and Freezers	560 000
Straight Fluorescent Tubes	9 400 000
Fluorescent / Discharge Lamps	7 800 000
Light Bulbs (incandescent)	17 700 000



THE RECYCLING COMPANIES' COLLECTION AREA FRIDGES AND FREEZERS



FRIDGES AND FREEZERS

- Kuusakoski, Bjästa
- SFÅ, Hässelby
- Stena, Halmstad
- Skrotfrag, Järna

SMALL & MIDSIZED PRODUCTS

- Jokkmokks Municipality
- Bodens Municipality
- Kuusakoski, Skellefteå
- Örnköldsviks Municipality
- Kuusakoski, Timrå
- GAC, Gävle
- Uppsala Municipality
- Stena, Västerås
- WÅAB, Örebro
- SIMS-MIREC, Norrköping
- Jönköpings Municipality
- Kuusakoski, Vetlanda
- Stena, Bräkne Hoby
- SYSAV, Malmö

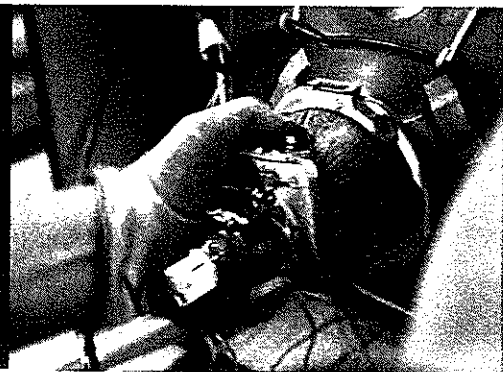
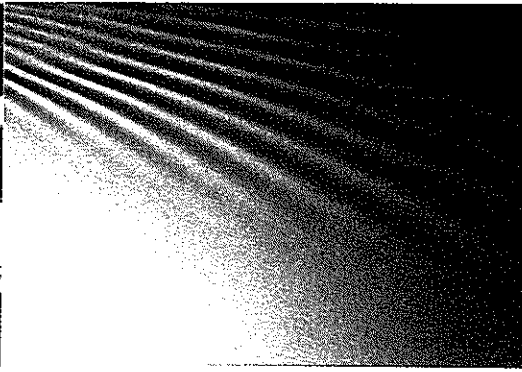
LARGE WHITE GOODS

- Kuusakoski, Skellefteå
- RagnSells, Västerås
- Skrotfrag, Göteborg
- Skrotfrag, Oskarshamn
- Stena, Halmstad
- Stena, Malmö
- Kretsloppsparken, Kristianstad

FLUORESCENT TUBES

- Hasopor, Meråker, No
- H.J. Hansen, Vejle, Dk

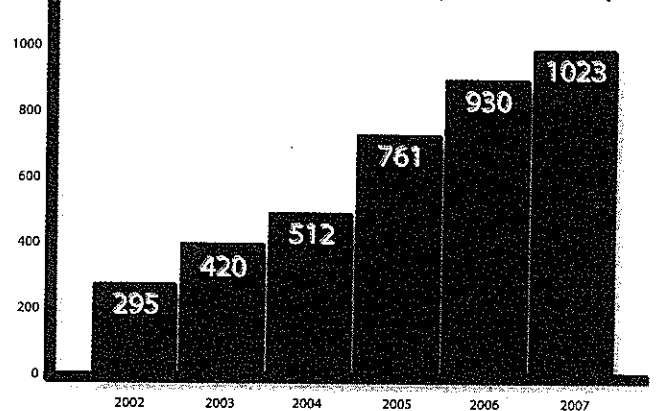
LIGHT BULBS, LOW ENERGY LAMPS AND OTHER DISCHARGE LAMPS
 All units collected in Sweden are recycled by Hasopor A/S in Meråker, Norway, (20 km west of Storlien, Sweden).



OUR MEMBERS/CUSTOMERS

The number of members has increased during the year. In comparison to 2005, when new legislation was introduced, the rate of increase was marginally lower for 2006. It can be noted that the consciousness of taking your economical and environmental responsibility has increased. The operations are financed through invoicing of each member's own costs. The declaration is done every month or every quarter. In 2006, the revenue was 385 million SEK.

MEMBERS OF EL-KRETSEN (2007-03-31)



OWNERS, BOARD OF DIRECTORS AND STAFF

OWNERS (JAN 2007)

El-Kretsen is owned by 21 Business Associations:

- Association of Swedish Electrical Installation Material (E.L)
- Brandvarnargruppen
- ElektronikBranschen
- Järn- & Byggvaruleverantörernas Förening (JLF)
- PowerTool Association (LEH)
- Supplier's Association for Professional Audio, Video & Lighting Equipment (LLB)
- Swedish Association of Electronics Industries (EIF)
- Swedish Grocers Federation (SDH)
- Swedish Interior Lighting Industry Association
- Swedish IT and Telecom Industry
- Swedish Lighting Industry Association
- Swedish Toy Association - SweToy
- Swedish Trade Association for Paper, Packaging and Office Supplies (KEPA)
- The Branschorganisationerna's Foundation Office
- The Federation of Swedish Building Materials and Hardware Merchants
- The Swedish Association of Antenna and Cable TV-Suppliers (CANT)
- The Swedish Association of Industrial and Institutional Hygiene Products (IIH)
- The Swedish Association of Radio- & Consumer Electronics Suppliers/The Swedish Consumer Electronics Retail Association (SRL)
- The Swedish Association of Suppliers of Electric Domestic Appliances (EHL)

- The Swedish Association of Suppliers of Medical Devices (Swedish Medtech)
- The Swedish Mobile Telecommunications Association (MTB)

BOARD OF DIRECTORS (JAN 2007)

Chairman of the Board:

Håkan Bengtsson

Permanent Members of the Board:

Anders Appelqvist

Magnus Frantzell

Mats Holme

Matts Spångberg

Thomas Svaton

Ewa Thorslund

Klas Elm

Monica Eriksson

Björn Rådström

Deputy Members of the Board:

EL-KRETSEN

El-Kretsen has a small and efficient organisation of 14 persons with various expertises. We are organised into three units: Technical Engineering, Economy and Business & Market Information. We work close together with our partners and suppliers to solve collecting and recycling related problems in a quick and easy manner.

FACTS OF EL-KRETSEN AB 2006

- Owned by 21 Business Associations
- A Non-Profit Service Company
- Annual Turnover of 385 Million Swedish Kronor
- Helps producers meet their legal Producer Responsibility for Electric Products
- More than 1 000 Affiliated Producers
- Nationwide Collection System with 950 Collection Facilities
- Treated 150 Million Kilos of Electric Products in 2006
- All Transport and Recycling Service Contracts are procured through competitive bidding
- The operations are co-ordinated by an office with 14 members of staff, located in Stockholm.

El-Kretsen 

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PER HANSSON, HEIKKIJUONO, MARK-HAMBIN/JOHNER, PETER KNUTSSON

