

## Significant improvement in earnings for the Nolato Group

### ■ Fourth quarter 2007 in brief

- Healthy profit margins for Nolato Telecom and Nolato Medical
- Sales rose to SEK 634 M (603)
- Operating income (EBITA) was up 44 % to SEK 65 M (45)
- Net income was SEK 64 M (–75)
- Earnings per share increased to SEK 2.43 (–2.86)
- Adjusted earnings per share excluding amortization of acquisition goodwill was SEK 1.71 (1.25)
- Cash flow after investments totalled SEK 71 M (61), excluding acquisitions and disposals

### ■ Full-year 2007 in brief

- Sales totalled SEK 2,454 M (2,702)
- Operating income (EBITA) excluding non-recurring items stood at SEK 207 M (209)
- Net income rose to SEK 151 M (48)
- Earnings per share increased to SEK 5.74 (1.82)
- Adjusted earnings per share excluding amortization of acquisition goodwill and non-recurring items was SEK 5.36 (6.08)
- Cash flow after investments totalled SEK 227 M (142), excluding acquisitions and disposals
- Acquisition of the Cerbo Group on March 5 and disposal of printed cardboard packaging operations on May 21
- The Board of Directors proposes an increase in dividends to SEK 3.00 per share (2.40)

### ■ Group highlights

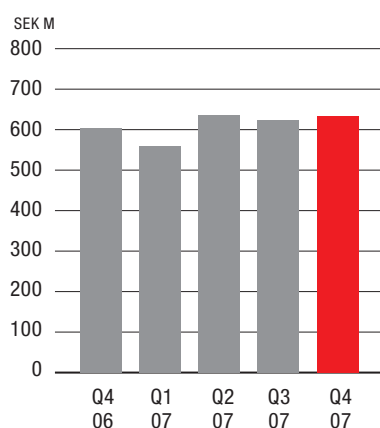
SEK M unless otherwise specified	Q4 2007	Q4 2006	Full-year 2007	Full-year 2006
Net sales	<b>634</b>	603	<b>2,454</b>	2,702
of which operations disposed of	—	—	<b>33</b>	—
Operating income (EBITDA) excluding non-recurring items <sup>1)</sup>	<b>105</b>	80	<b>362</b>	356
Operating income (EBITA) excluding non-recurring items <sup>2)</sup>	<b>65</b>	45	<b>207</b>	209
of which operations disposed of	—	—	<b>3</b>	—
EBITA margin excluding non-recurring items, %	<b>10.3</b>	7.5	<b>8.4</b>	7.7
Income after financial items	<b>58</b>	–81	<b>173</b>	69
Net income	<b>64</b>	–75	<b>151</b>	48
of which operations disposed of	—	—	<b>1</b>	—
Earnings per share, SEK	<b>2.43</b>	–2.86	<b>5.74</b>	1.82
Adjusted earnings per share, SEK <sup>3)</sup>	<b>1.71</b>	1.25	<b>5.36</b>	6.08
Average number of shares, thousands	<b>26,307</b>	26,307	<b>26,307</b>	26,307
Cash flow after investm., excl. acquisitions and disp.	<b>71</b>	61	<b>227</b>	142
Net investm. affecting cash flow, excl. acq. and disp.	<b>21</b>	23	<b>88</b>	123
Return on capital employed, %	—	—	<b>15.2</b>	7.4
Return on capital employed, excl. non-rec. items, %	—	—	<b>15.7</b>	19.4
Return on shareholders' equity, %	—	—	<b>18.5</b>	5.9
Equity/assets ratio, %	—	—	<b>46</b>	46
Net liabilities	—	—	<b>314</b>	162

<sup>1)</sup> Operating income (EBITDA): Earnings before interest, taxes, depreciation/amortization and non-recurring items.

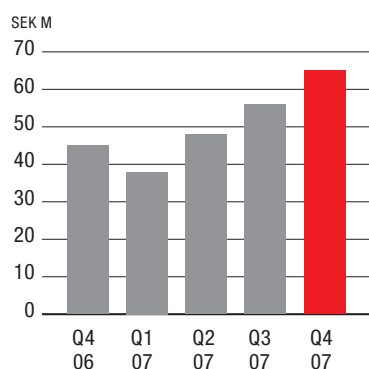
<sup>2)</sup> Operating income (EBITA): Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.

<sup>3)</sup> Adjusted earnings per share – Net income, excluding amortization of intangible assets from company acquisitions and non-recurring items, divided by average number of shares.

### Sales by quarter



### EBITA by quarter



Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.

### Fourth quarter 2007

- Sales rose to SEK 634 M (603)
- Operating income (EBITA) was up 44% to SEK 65 M (45)
- Healthy profit margins for Nolato Telecom and Nolato Medical
- Significant growth of 77 percent for Nolato Medical (14 percent organic growth)

#### Sales

Consolidated sales for the Nolato Group during the fourth quarter totalled SEK 634 M (603), of which acquired units accounted for SEK 63 M. Currency exchange rate differences had an adverse impact on sales of around 1 percent.

Nolato Telecom's sales stood at SEK 241 M (277). Products at a late stage of the product lifecycle, produced largely at the beginning of the third quarter, have not in principle been delivered during the fourth quarter. These products had a high value per unit delivered, since they contained a large number of components. This change in the product mix resulted in lower sales during the fourth quarter compared with the third quarter, despite an increase in volumes. Price pressure remains strong.

Nolato Medical saw sales grow to SEK 147 M (83). This corresponds to a 77 percent increase compared with the same period during the previous year. Of this, 14 percent was organic growth. The business area performed well dur-

ing the quarter, and the acquisitions, along with the focus on the European market, have led to growth in line with expectations.

Nolato Industrial experienced an increase in sales to SEK 258 M (250). This corresponds to a 3 percent increase compared with the same period during the previous year, although organic growth fell by 1 percent. Volumes were high during the quarter, particularly to the automotive industry, although shut-downs prior to the Christmas holidays had a noticeable effect.

#### Earnings

The Group's operating income (EBITA) was up 44 percent to SEK 65 M (45).

Nolato Telecom's operating income (EBITA) was SEK 27 M (18), Nolato Medical's was SEK 25 M (12) and Nolato Industrial's was SEK 19 M (18).

Nolato Telecom's EBITA margin rose sharply to an extremely healthy 11.2 percent (6.5). The product mix, which featured a larger proportion of new mobile telephone projects and products with a lower component content, has had a beneficial effect on the margin. Capacity utilization was also high, with successful new project start-ups.

The EBITA margin for Nolato Medical was a very strong 17.0 percent (14.5). High levels of capacity utilization, combined with a favourable product mix, have resulted in the high margin for the quarter. Project operations have also contributed towards boosting the

### Sales, operating income (EBITA) and EBITA margin by profit centre

SEK M	Sales Q4/2007	Sales Q4/2006	Op. income (EBITA) Q4/2007	Op. income (EBITA) Q4/2006	EBITA margin Q4/2007	EBITA margin Q4/2006
Nolato Telecom	241	277	27	18	11.2%	6.5%
Nolato Medical	147	83	25	12	17.0%	14.5%
<i>of which operations disposed of</i>	—	—	—	—	—	—
Nolato Industrial	258	250	19	18	7.4%	7.2%
Intra-Group adj, Parent Company	-12	-7	-6	-3	—	—
Group total	634	603	65	45	10.3%	7.5%

Op. income (EBITA): Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.

margin by approximately 2 percentage points compared with the fourth quarter of 2006.

Nolato Industrial's EBITA margin stood at 7.4 percent (7.2).

Overall, the Group's EBITA margin was a strong 10.3 percent (7.5).

Raw material prices for plastic manufacturing were largely unchanged in the fourth quarter of 2007 compared with the third quarter, but remained at a very high level historically. As a result of measures taken, the increases in raw material prices had only a marginal effect on earnings for the fourth quarter compared with the same period during the previous year.

Currency effects, i.e. conversion effects and transaction effects, have had a positive impact on earnings of around SEK 3 M during the fourth quarter.

Operating income (EBIT) rose to SEK 63 M (44, excluding non-recurring items). During the previous year, non-recurring items valued at SEK 125 M relating to the bankruptcy of BenQ were charged to income.

Earnings after net financial items grew to SEK 58 M (-81). These net financial items include currency exchange rate effects of SEK -2 M (3) during the fourth quarter, with the majority relating to conversion differences on foreign-currency loans for foreign operations.

Net income was SEK 64 M (-75). Changes in the tax situation for certain foreign subsidiaries, including a change in the method of determining the value of tax receivables accrued in relation to deficit deductions, had a positive effect of SEK 20 M on tax expenses. Earnings per share were SEK 2.43 (-2.86). Adjusted earnings per share excluding amortization of acquisition goodwill and non-recurring items were SEK 1.71 (1.25). The effective tax rate excluding non-recurring items was 24 percent (27).

## ■ Full year 2007

### Sales and earnings

Consolidated sales for the Nolato Group during 2007 totalled SEK 2,454 M (2,702). Currency effects had a negative impact of around 1 percent on sales. The Group's operating income (EBITA) was SEK 207 M (209). Non-recurring items relating to the acquisition of the Cerbo Group amounting to SEK 7 M were charged to income during the first quarter of 2007. During the previous year, non-recurring items totalling SEK 130 M were charged to income, of which the majority consisted of costs of SEK 125 M relating to the bankruptcy of BenQ. The EBITA margin excluding non-recurring items was 8.4 percent (7.7).

Operating income (EBIT) stood at SEK 200 M (208), excluding non-recurring items. Including non-recurring items, operating income was SEK 193 M (78).

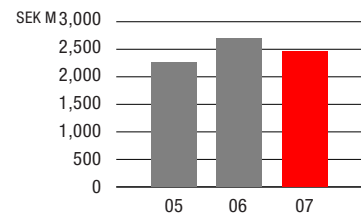
Consolidated income after financial items was SEK 173 M (69). These net financial items included currency exchange rate effects of SEK -1 M (-1), with the majority relating to conversion differences on foreign-currency loans for foreign operations.

Net income was SEK 151 M (48). Earnings per share were SEK 5.74 (1.82). Adjusted earnings per share excluding amortization of acquisition goodwill and non-recurring items were SEK 5.36 (6.08).

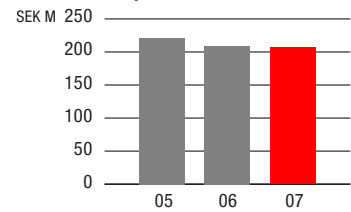
The effective tax rate excluding non-recurring items was 24 percent (20).

The return on capital employed was 15.2 percent in 2007 (7.4). Excluding non-recurring items, the return on operating capital was 15.7 percent (19.4). The return on operating capital was 16.1 percent in 2007 (8.3). Excluding non-recurring items, the return on operating capital was 16.7 percent (22.3).

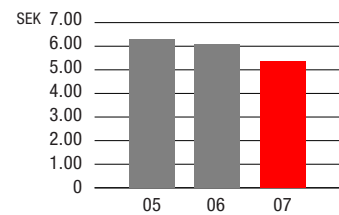
### ■ Sales full-year



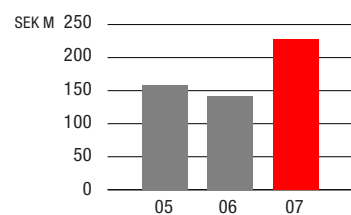
### ■ Operating income (EBITA) full-year <sup>1)</sup>



### ■ Adjusted earnings per share full-year <sup>2)</sup>



### ■ Cash flow after investments full-year <sup>3)</sup>

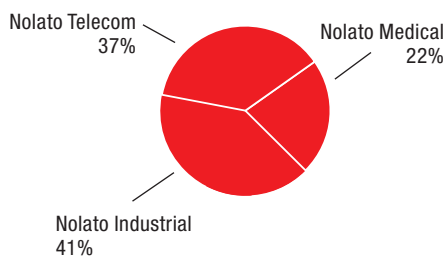


1) EBITA – Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.

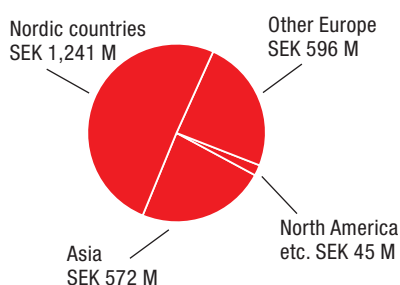
2) Adjusted earnings per share – Net income excluding amortization of intangible assets from company acquisitions and non-recurring items, divided by average number of shares.

3) Excluding acquisitions and disposals.

■ Sales by profit centre 2007



■ Sales by geographic region 2007



Acquisitions and disposals

On March 5, Nolato acquired the Cerbo Group, a market-leading developer and manufacturer of pharmaceutical packaging. This acquisition makes Nolato Medical's customer offering within medical technology and pharmaceuticals even stronger, and is fully in line with Nolato's expansion strategies within the medical field. The purchase sum of SEK 437 M (debt-free company) was paid in cash. The Cerbo Group's sales for 2007 as a whole are expected to be around SEK 350 M.

On May 21, Nolato sold the subsidiaries AB Cerbo Göteborg and Medi-grafik A/S. These companies focus on developing and producing printed cardboard packaging for the pharmaceuticals industry, and were part of Nolato's acquisition of the Cerbo Group at the beginning of March 2007. The purchase sum of SEK 134 M (debt-free companies) was paid in cash. The sale

of these companies did not bring about any realization effect for the Group. Sales and earnings for the Group and the Medical profit centre excluding both these companies are reported as "Remaining operations".

Nolato Telecom

Sales and earnings (SEK M)			
Full-year	2007	2006	
Sales	920	1,558	
Operating income (EBITA)	73	124	
EBITA margin (%)	7.9	8.0	
Operating income (EBIT)	73	-1	

Sales totalled SEK 920 M (1,558), corresponding to 37 percent (57) of the Group's entire sales.

The significant reduction in sales is attributable primarily to the loss of BenQ, but is also due in part to weak growth in volumes for other customers during the first quarter. For the rest of the year, the reduction in sales is attrib-

■ Consolidated performance analysis

SEK M	Q4 2007	Q4 2006	Full-year 2007	Full-year 2006
Net sales	634	603	2,454	2,702
Gross income excl. amortization and non-recurring items	155	125	545	521
<i>As a percent of net sales</i>	24.4	20.7	22.2	19.3
Costs <sup>1)</sup>	-50	-45	-183	-165
<i>As a percent of net sales</i>	7.9	7.5	7.5	6.1
EBITDA excluding non-recurring items	105	80	362	356
<i>As a percent of net sales</i>	16.6	13.3	14.8	13.2
Amortization and writedowns	-40	-35	-155	-147
<b>EBITA excluding non-recurring items</b>	<b>65</b>	<b>45</b>	<b>207</b>	<b>209</b>
<i>As a percent of net sales</i>	<b>10.3</b>	<b>7.5</b>	<b>8.4</b>	<b>7.7</b>
Amortization of acquisition goodwill	-2	-1	-7	-1
Non-recurring items <sup>2)</sup>	—	-125	-7	-130
EBIT	63	-81	193	78
Financial items	-5	0	-20	-9
Income after financial items	58	-81	173	69
Tax excluding non-recurring items	-14	-12	-44	-40
<i>As a percent of income after financ. items excl. non-recurring items</i>	24.1	27.3	24.4	20.1
Lump-sum tax income <sup>3)</sup>	20	18	22	19
Net income	64	-75	151	48

1) Excluding non-recurring items.

2) SEK 7 M in Q1 2007 pertains to termination costs for management at Cerbo Group in connection with the acquisition. SEK 125 M in 2006 pertains to costs for BenQ's bankruptcy and SEK 5 M to costs for the dismissal of a subsidiary managing director.

3) SEK 20 M in Q4 2007 pertains to changes in the tax situation for foreign subsidiaries. SEK 2 M in Q1 2007 pertains to the tax effect of termination costs in connection with the acquisition of Cerbo Group. SEK 18 M for full-year 2006 pertains to tax income for BenQ's bankruptcy and SEK 1 M for full-year 2006 to other non-recurring items.

utable to a change in the product mix, with a smaller proportion of products with a high value per unit delivered, despite an increase in volumes.

During 2007, Nolato Telecom has continued to build up relationships with key customers, winning a number of major system projects for mobile telephone customers, starting production during the second half of 2007 and during 2008.

The profit centre's operating income (EBITA) was SEK 73 M (124). The EBITA margin was 7.9 percent (8.0). The first quarter saw low levels of capacity utilization, with remaining fixed costs for future projects which resulted in a margin which was below that for the corresponding period during the previous year. Capacity utilization levels remained unsatisfactory during the second quarter, but represented an improvement on those for the first quarter. Price pressure was also more intense during the first half of the year compared with the same period during the previous year. The second half of the year featured high levels of capacity utilization with a healthy margin.

During 2007, Nolato Telecom was appointed supplier to the Canadian company RIM, with operations including developing and producing the BlackBerry. Orders have so far been received for the production of a small-scale project in 2008.

Nolato Telecom has gradually transferred production to Asian countries where customers want production to be carried out. This has meant that production levels in Europe have fallen, whilst those in Asia have risen significantly. Nolato Telecom previously carried out production in the Estonian capital of Tallinn, but this ceased at the end of 2007. The closure of this operation has not resulted in any non-recurring items or capital losses.

## Nolato Medical

Sales and earnings (SEK M)		
Full-year	2007	2006
Sales	559	244
<i>of which operations disposed of</i>	33	—
Operating income (EBITA)	79	36
<i>of which operations disposed of</i>	3	—
EBITA marg. excl. non-rec. items (%)	14.1	14.8
Operating income (EBIT)	67	30

Nolato Medical saw sales grow to SEK 559 M (244). This corresponds to an increase of 116 percent for remaining operations compared with the same period during the previous year. Organic growth was 23 percent. Sales for remaining operations account for 22 percent (9) of the Group's entire sales.

Volumes were high for Nolato Medical in 2007. In particular, volumes for the production of insulin products rose compared with the same period during the previous year. The focus on Europe, with production in Hungary, has continued to bear fruit, and this has also contributed to the growth in sales.

Operating income (EBITA) excluding non-recurring items stood at SEK 79 M (36). The EBITA margin excluding non-recurring items was 14.1 percent (14.8). A change in the product mix and contributions from the acquired units has resulted in a lower margin than in previous years.

Nolato Medical, a selected strategic partner of Coloplast AS (Denmark), won a major outsourcing order for additional production during the third quarter of 2007. Coloplast is a fast-growing Danish company with large-scale international operations. Production will take place at Nolato's factory in Hungary, and is expected to begin during the second quarter of 2008, gradually increasing during the third and fourth quarters. Annual sales for the project have been estimated at SEK 20–25 M when it reaches full speed at the end of 2008. Components and

subsystems will be delivered to the customer's fast-growing production units in Hungary.

## Nolato Industrial

Sales and earnings (SEK M)		
Full-year	2007	2006
Sales	1,000	924
Operating income (EBITA)	78	74
EBITA margin (%)	7.8	8.0
Op. income (EBIT)	76	74

Sales rose by 8 percent to SEK 1,000 M (924). Compared with the same period during the previous year, SEK 30 M was from acquisitions. Sales for the profit centre accounted for 41 percent (34) of the Group's entire sales. Organic growth was 5 percent.

Volumes have generally been pleasing, particularly to the automotive industry.

Operating income (EBITA) increased to SEK 78 M (74). The EBITA margin was 7.8 percent (8.0). This margin was high during the first quarter, due mainly to high levels of capacity utilization, but fell during the rest of the year as a result of a change in the product mix with, for example, increased assembly content for the automotive industry.

## Cash flow

Cash flow before investments totalled SEK 315 M (280). Working capital fell by SEK 10 M (+55). SEK 51 M was received in insurance compensation relating to accounts receivable at BenQ, while payments in relation to BenQ had a negative impact of approximately SEK 43 M. Excluding these payments, cash flow before investments totalled SEK 307 M. Outstanding future payments relating to BenQ have been estimated at around SEK 7 M.

Cash flow after investments totalled SEK 227 M (142), excluding acquisitions and disposals of operations. Including acquisitions and disposals of operations,



cash flow after investments stood at SEK 157 M (-11). Net investments affecting cash flow totalled SEK 158 M (291), of which acquisitions and disposals of operations accounted for a net total of SEK 70 M (153). Excluding acquisitions and disposals, net investments affecting cash flow amounted to SEK 88 M (123).

### Financial position

Interest-bearing assets totalled SEK 62 M (131), and interest-bearing liabilities and provisions totalled SEK 386 M (297). The market value of derivatives related to interest-bearing liabilities was SEK +10 M (+4). Net liabilities thus totalled SEK 314 M (162). Shareholders' equity was SEK 881 M (789). The equity/assets ratio was 46 percent (46). At the end of the year, Nolato extended and increased loan agreements with credit institutions worth SEK 350 M, with a two-year term. This means that, in all, Nolato has loan agreements for roughly SEK 800 M which will be due for repayment within the next two years.

Nolato's acquisitions of Medical Rubber during the fourth quarter of 2006 and the Cerbo Group during the first quarter of 2007 have both had an impact on the balance sheet, through assets being acquired and financed through loans from credit institutions.

### Personnel

The average number of employees in the Nolato Group during the period

was 3,760 (4,144). The number of employees has fallen mainly in China and Estonia.

### Events after the end of the reporting period

Hans Porat has taken over as the new President and CEO.

### Significant risks and uncertainty factors

The business risks and risk management of the Group and the Parent Company, along with the management of financial risks, are described in the Annual Report for 2006 on pages 33-34, and in note 4 on pages 54-55. No events of note have occurred during the period which would significantly affect or change these descriptions of the Group and the Parent Company's risks or the management thereof.

### Ownership and legal structure

Nolato AB (publ), Swedish corporate identity number 556080-4592, is the Parent Company of the Nolato Group.

Nolato's B shares are listed on the OMX Nordic Exchange under the Stockholm Small Cap index, where the shares are included in the IT sector. Nolato had 6,610 shareholders as at 31 December 2007. The largest shareholders were the Paulsson family with 12 percent of the share capital, the Jorlén family with 11 percent, and the

Boström family with 10 percent. The next largest shareholders were seven institutional investors, who together owned another 29 percent of the capital, with Livförsäkringsaktiebolaget Skandia, If Skadeförsäkring AB and Skandia Fonder being the largest. The ten largest shareholders hold 57 percent of the share capital and 78 percent of the votes.

### Dividend to shareholders

At the Annual Meeting, Nolato's Board of Directors and President will propose a dividend of SEK 3.00 per share, which is an increase of 25 percent compared with the dividend of SEK 2.40 per share for the previous year. The proposed dividend represents a total of SEK 79 M (63), and corresponds to 52 percent of the earnings per share.

### The Parent Company

Sales totalled SEK 17 M (53). The drop in sales is a result of lower costs levied on subsidiaries. Income after financial items totalled SEK 64 M (69). During 2007, Cerbo Group AB was acquired.

### Accounting and valuation principles

The consolidated accounts for the Nolato Group have been prepared according to International Financial Reporting Standards (IFRS), which are described in the 2006 Annual Report on pages 51-54. This year-end report has been prepared in accordance with IAS 34 (Interim Financial Reporting), the Swedish Financial Accounting Standards Council recommendation RR 31 (Interim Group Financial Reporting) and the Swedish Annual Reports Act. The new or revised IFRS standards or IFRIC interpretations that entered into force on January 1, 2007 have not had any material effect on the Group's income statements or balance sheets.

### ■ Financial position

SEK M	Dec 31, 2007	Dec 31, 2006
Interest-bearing liabilities to credit institutions	300	242
Interest-bearing pension liabilities	86	55
Market value of derivatives	- 10	- 4
<b>Total borrowings</b>	<b>376</b>	<b>293</b>
Cash, bank balances and short-term investments	- 62	- 131
<b>Net financial liabilities</b>	<b>314</b>	<b>162</b>
Working capital	189	176
<i>As a percent of sales (avg.) (%)</i>	<b>7.4</b>	7.3
Capital employed	1,267	1,086
<i>Return on cap. empl., excl. non-rec. items (avg.) (%)</i>	<b>15.7</b>	19.4
Shareholders' equity	881	789
<i>Return on equity (avg.) (%)</i>	<b>18.5</b>	5.9

## Annual Meeting

The Annual Meeting of Nolato AB will be held on April 28 at 6 pm at Idrottsparken in Grevie. The income statement and balance sheet will be adopted at the Annual Meeting on April 28.

Any shareholders who wish to submit proposals to the nominations committee can contact the chairman of the nominations committee, Henrik Jorlén [henrik.jorlen@bjarenet.com].

## Financial information schedule

- Three-month interim report 2008: April 28, 2008
- 2008 Annual Meeting: April 28, 2008
- Six-month interim report 2008: July 21, 2008
- Nine-month interim report 2008: October 27, 2008

## Annual Report

The full Annual Report for 2007 is expected to be made available to those shareholders wishing to study the report at Nolato's headquarters in Torekov from early April.

The printed annual report is also expected to be mailed at that time to those shareholders who have expressed an interest in receiving the report. It will be published at the same time on Nolato's website, [www.nolato.com](http://www.nolato.com)

*Torekov, January 31, 2008  
Nolato AB (publ)  
The Board of Directors*

The information contained in this year-end report is the information which Nolato must make public in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act.

This information was made public on January 31, 2008 at 2.00 pm.

## ■ Review report

### Introduction

We have reviewed this year-end report for 2007. The Board of Directors and the President are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Swedish Annual Reports Act. Our responsibility is to express a conclusion on this year-end report based on our review.

### Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Federation of Authorised Public Accountants, "FAR."

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially

less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Reports Act.

*Torekov, January 31, 2008  
Ernst & Young  
Ingvar Ganestam  
Authorized Public Accountant  
Chief Auditor*

For further information, please contact:

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telephone +46 431 442293, +46 705 763340

## ■ Income statement

SEK M	Remaining operations		Operations disposed of		Group total	
	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006
Net sales	634	603	—	—	634	603
Cost of goods sold	- 518	- 620	—	—	- 518	- 620
<b>Gross income</b>	<b>116</b>	- 17	—	—	<b>116</b>	- 17
Selling expenses	- 16	- 29	—	—	- 16	- 29
Administrative expenses	- 35	- 34	—	—	- 35	- 34
Other operating income	—	—	—	—	—	—
Other operating costs	- 2	- 1	—	—	- 2	- 1
<b>Operating income</b>	<b>63</b>	- 81	—	—	<b>63</b>	- 81
Financial items	- 5	0	—	—	- 5	0
<b>Income after financial items</b>	<b>58</b>	- 81	—	—	<b>58</b>	- 81
Tax	6	6	—	—	6	6
<b>Net income</b>	<b>64</b>	- 75	—	—	<b>64</b>	- 75
Total amortization and writedowns charged to income	42	54	—	—	42	54
Earnings per share after full tax (SEK)	2.43	- 2.86	—	—	2.43	- 2.86
Number of shares at the end of the period (000)	26,307	26,307	—	—	26,307	26,307
Average number of shares (000)	26,307	26,307	—	—	26,307	26,307

SEK M	Remaining operations		Operations disposed of		Group total	
	Full-year 2007	Full-year 2006	Full-year 2007	Full-year 2006	Full-year 2007	Full-year 2006
Net sales	2,421	2,702	33	—	2,454	2,702
Cost of goods sold	- 2,033	- 2,429	- 27	—	- 2,060	- 2,429
<b>Gross income</b>	<b>388</b>	273	<b>6</b>	—	<b>394</b>	273
Selling expenses	- 54	- 68	- 2	—	- 56	- 68
Administrative expenses	- 137	- 134	- 1	—	- 138	- 134
Other operating income	—	10	—	—	-	10
Other operating costs	- 7	- 3	—	—	- 7	- 3
<b>Operating income</b>	<b>190</b>	78	<b>3</b>	—	<b>193</b>	78
Financial items	- 19	- 9	- 1	—	- 20	- 9
<b>Income after financial items</b>	<b>171</b>	69	<b>2</b>	—	<b>173</b>	69
Tax	- 21	- 21	- 1	—	- 22	- 21
<b>Net income</b>	<b>150</b>	48	<b>1</b>	—	<b>151</b>	48
Total amortization and writedowns charged to income	160	166	2	—	162	166
Earnings per share after full tax (SEK)	5.70	1.82	0.04	—	5.74	1.82
Number of shares at the end of the period (000)	26,307	26,307	26,307	—	26,307	26,307
Average number of shares (000)	26,307	26,307	26,307	—	26,307	26,307



## ■ Balance sheets

SEK M	Dec 31, 2007	Dec 31, 2006
Non-current tangible assets	752	683
Non-current intangible assets	383	193
Financial fixed assets	14	13
<b>Total non-current assets</b>	<b>1,149</b>	<b>889</b>
Inventories	201	187
Accounts receivable	462	426
Other current assets	44	91
Cash, bank balances, and short-term investments	62	131
<b>Total current assets</b>	<b>769</b>	<b>835</b>
<b>Total assets</b>	<b>1,918</b>	<b>1,724</b>
Shareholders' equity	881	789
Interest-bearing provisions	86	55
Non-interest-bearing provisions	133	110
Interest-bearing liabilities	300	242
Non-interest-bearing liabilities	518	528
<b>Total shareholders' equity and liabilities</b>	<b>1,918</b>	<b>1,724</b>

## ■ Non-recurring items

SEK M	Q4 2007	Q4 2006	Full-year 2007	Full-year 2006
BenQ's bankruptcy	—	- 125	—	- 125
Salary for dismissal of subsidiary managing director	—	—	—	- 5
Tax resulting from government decision	—	—	- 7	—
Tax effect	—	18	2	19
Changes in the tax situation for foreign subsidiaries	20	—	20	—
<b>Net income</b>	<b>20</b>	<b>- 107</b>	<b>15</b>	<b>- 111</b>
Effect of non-recurring items on income statement				
Cost of goods sold	—	- 108	—	- 108
Selling expenses	—	- 17	—	- 17
Administrative expenses	—	—	- 7	- 5
Tax	20	18	22	19
<b>Net income</b>	<b>20</b>	<b>- 107</b>	<b>15</b>	<b>- 111</b>

## ■ Earnings per share

SEK M	Q4 2007	Q4 2006	Full-year 2007	Full-year 2006
Net income	64	- 75	151	48
Adjusted earnings:				
Non-recurring items	—	125	7	130
Tax on non-recurring items	- 20	- 18	- 22	- 19
Amortization of acquisition goodwill	2	1	7	1
Tax on amortization	- 1	—	- 2	—
Adjusted earnings	45	33	141	160
Average number of shares (000)	26,307	26,307	26,307	26,307
Earnings per share (SEK)	2.43	- 2.86	5.74	1.82
Adjusted earnings per share (SEK)	1.71	1.25	5.36	6.08

## ■ Quarterly data

<b>Consolidated financial results in brief</b>		Q1	Q2	Q3	Q4	Full-year
Net sales (SEK M)	<b>2007</b>	<b>560</b>	<b>636</b>	<b>624</b>	<b>634</b>	<b>2,454</b>
	2006	594	867	638	603	2,702
Op. income (EBITDA) <sup>1)</sup> excl. non-rec. items (SEK M)	<b>2007</b>	<b>75</b>	<b>88</b>	<b>94</b>	<b>105</b>	<b>362</b>
	2006	84	106	86	80	356
Op. income (EBITA) <sup>2)</sup> excl. non-rec. items (SEK M)	<b>2007</b>	<b>38</b>	<b>48</b>	<b>56</b>	<b>65</b>	<b>207</b>
	2006	51	62	51	45	209
EBITA margin excluding non-recurring items (%)	<b>2007</b>	<b>6.8</b>	<b>7.5</b>	<b>9.0</b>	<b>10.3</b>	<b>8.4</b>
	2006	8.6	7.2	8.0	7.5	7.7
Operating income (EBIT) <sup>3)</sup> (SEK M)	<b>2007</b>	<b>30</b>	<b>46</b>	<b>54</b>	<b>63</b>	<b>193</b>
	2006	51	62	46	-81	78
Operating income (EBIT) <sup>3)</sup> excl. non-rec. items (SEK M)	<b>2007</b>	<b>37</b>	<b>46</b>	<b>54</b>	<b>63</b>	<b>200</b>
	2006	51	62	51	44	208
Income after financial items (SEK M)	<b>2007</b>	<b>27</b>	<b>41</b>	<b>47</b>	<b>58</b>	<b>173</b>
	2006	47	59	44	-81	69
Net income (SEK M)	<b>2007</b>	<b>20</b>	<b>31</b>	<b>36</b>	<b>64</b>	<b>151</b>
	2006	37	51	35	-75	48
Cash flow after inv. and disp. excl. non-rec. items (SEK M)	<b>2007</b>	<b>23</b>	<b>81</b>	<b>52</b>	<b>71</b>	<b>227</b>
	2006	48	54	-21	61	142
Earnings per share (SEK)	<b>2007</b>	<b>0.76</b>	<b>1.18</b>	<b>1.37</b>	<b>2.43</b>	<b>5.74</b>
	2006	1.41	1.94	1.33	-2.86	1.82
Adjusted earnings per share <sup>4)</sup> (SEK)	<b>2007</b>	<b>0.99</b>	<b>1.21</b>	<b>1.45</b>	<b>1.71</b>	<b>5.36</b>
	2006	1.41	1.94	1.48	1.25	6.08
Average number of shares (000)	<b>2007</b>	<b>26,307</b>	<b>26,307</b>	<b>26,307</b>	<b>26,307</b>	<b>26,307</b>
	2006	26,307	26,307	26,307	26,307	26,307

<b>Net sales by profit centre (SEK M)</b>		Q1	Q2	Q3	Q4	Full-year
Nolato Telecom	<b>2007</b>	<b>185</b>	<b>223</b>	<b>271</b>	<b>241</b>	<b>920</b>
	2006	311	580	390	277	1,558
Nolato Medical	<b>2007</b>	<b>113</b>	<b>140</b>	<b>126</b>	<b>147</b>	<b>526</b>
	2006	55	58	48	83	244
Nolato Industrial	<b>2007</b>	<b>252</b>	<b>257</b>	<b>233</b>	<b>258</b>	<b>1,000</b>
	2006	235	235	204	250	924
Operations disposed of	<b>2007</b>	<b>13</b>	<b>20</b>	<b>—</b>	<b>—</b>	<b>33</b>
	2006	—	—	—	—	—
Group adjustments, Parent Company	<b>2007</b>	<b>-3</b>	<b>-4</b>	<b>-6</b>	<b>-12</b>	<b>-25</b>
	2006	-7	-6	-4	-7	-24
Group total	<b>2007</b>	<b>560</b>	<b>636</b>	<b>624</b>	<b>634</b>	<b>2,454</b>
	2006	594	867	638	603	2,702

<b>Operating income (EBITA) <sup>2)</sup> by profit centre (SEK M)</b>		Q1	Q2	Q3	Q4	Full-year
Nolato Telecom	<b>2007</b>	<b>5</b>	<b>14</b>	<b>27</b>	<b>27</b>	<b>73</b>
	<i>EBITA margin</i>	<i>2.7%</i>	<i>6.3%</i>	<i>10.0%</i>	<i>11.2%</i>	<i>7.9%</i>
	2006	28	45	33	18	124
	<i>EBITA margin</i>	<i>9.0%</i>	<i>7.8%</i>	<i>8.5%</i>	<i>6.5%</i>	<i>8.0%</i>
Nolato Medical	<b>2007</b>	<b>16</b>	<b>18</b>	<b>17</b>	<b>25</b>	<b>76</b>
	<i>EBITA margin</i>	<i>14.2%</i>	<i>12.9%</i>	<i>13.5%</i>	<i>17.0%</i>	<i>14.4%</i>
	2006	10	7	7	12	36
	<i>EBITA margin</i>	<i>18.2%</i>	<i>12.1%</i>	<i>14.6%</i>	<i>14.5%</i>	<i>14.8%</i>
Nolato Industrial	<b>2007</b>	<b>23</b>	<b>19</b>	<b>17</b>	<b>19</b>	<b>78</b>
	<i>EBITA margin</i>	<i>9.1%</i>	<i>7.4%</i>	<i>7.3%</i>	<i>7.4%</i>	<i>7.8%</i>
	2006	20	18	18	18	74
	<i>EBITA margin</i>	<i>8.5%</i>	<i>7.7%</i>	<i>8.8%</i>	<i>7.2%</i>	<i>8.0%</i>
Operations disposed of	<b>2007</b>	<b>1</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>3</b>
	2006	—	—	—	—	—
Group adjustments, Parent Company	<b>2007</b>	<b>-7</b>	<b>-5</b>	<b>-5</b>	<b>-6</b>	<b>-23</b>
	2006	-7	-8	-7	-3	-25
Group total	<b>2007</b>	<b>38</b>	<b>48</b>	<b>56</b>	<b>65</b>	<b>207</b>
	<i>EBITA margin</i>	<i>6.8%</i>	<i>7.5%</i>	<i>9.0%</i>	<i>10.3%</i>	<i>8.4%</i>
	2006	51	62	51	45	209
	<i>EBITA margin</i>	<i>8.6%</i>	<i>7.2%</i>	<i>8.0%</i>	<i>7.5%</i>	<i>7.7%</i>

1) Operating income (EBITDA): Earnings before interest, taxes, depreciation/amortization and non-recurring items.

2) Operating income (EBITA): Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.

3) Operating income (EBIT): Earnings before taxes and financial income and expense.

4) Net income, excluding amortization of acquisition goodwill and non-recurring items, divided by average number of shares.

## ■ Group financial highlights

	Q4 2007	Q4 2006	Full-year 2007	Full-year 2006
Net sales (SEK M)	634	603	2,454	2,702
Sales growth (%)	5	- 2	- 9	20
Percentage of sales outside Sweden (%)	61	54	61	68
Operating income (EBITDA) excluding non-recurring items (SEK M)	105	80	362	356
Operating income (EBITA) excluding non-recurring items (SEK M)	65	45	207	209
EBITA margin excluding non-recurring items (%)	10.3	7.5	8.4	7.7
Income after financial items (SEK M)	58	- 81	173	69
Profit margin (%)	9.1	neg	7.0	2.6
Net income (SEK M)	64	- 75	151	48
Return on total assets (%)	—	—	10.1	4.7
Return on capital employed (%)	—	—	15.2	7.4
Return on capital employed excluding non-recurring items (%)	—	—	15.7	19.4
Return on operating capital (%)	—	—	16.1	8.3
Return on operating capital excluding non-recurring items (%)	—	—	16.7	22.3
Return on shareholders' equity (%)	—	—	18.5	5.9
Equity/assets ratio (%)	—	—	46	46
Debt/equity ratio (%)	—	—	44	38
Interest coverage ratio (times)	12	neg	8	8
Investments affecting cash flow excl. acquisitions and disp. (SEK M)	21	23	88	123
Cash flow after investments excl. acquisitions and disp. (SEK M)	71	61	227	142
Net liabilities (SEK M)	—	—	314	162
Earnings per share (SEK)	2.43	- 2.86	5.74	1.82
Adjusted earnings per share (SEK)	1.71	1.25	5.36	6.08
Cash flow per share (SEK)	2.70	- 3.50	5.97	- 0.42
Shareholders' equity per share (SEK)	—	—	33	30
Number of shares at end of period (000)	26,307	26,307	26,307	26,307
Average number of shares (000)	26,307	26,307	26,307	26,307
Average number of employees	—	—	3,760	4,144

## Definitions

### Operating income (EBITDA)

Earnings before interest, taxes, depreciation/amortization and non-recurring items.

### Operating income (EBITA)

Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.

### Operating income (EBIT)

Earnings before taxes and financial income and expense.

### Return on total assets

Income after financial items plus financial expenses as a percentage of average total assets in the balance sheet.

### Return on capital employed

Income after financial items plus financial expenses as a percentage of average capital employed. Capital employed consists of total assets less non-interest-bearing liabilities and provisions.

### Return on operating capital

Operating income as a percentage of average operating capital. Operating capital consists of total assets less non-interest-bearing liabilities and provisions, less interest-bearing assets.

### Return on shareholders' equity

Net income as a percentage of average shareholders' equity.

### Equity/assets ratio

Shareholders' equity as a percentage of total assets in the balance sheet.

### Debt/equity ratio

Interest-bearing liabilities and provisions divided by shareholders' equity.

### Interest coverage ratio

Income after financial items plus financial expenses divided by financial expenses.

### Earnings per share

Net income, divided by average number of shares.

### Adjusted earnings per share

Net income, excluding amortization of acquisition goodwill and non-recurring items, divided by average number of shares.

## ■ Cash flow

SEK M	Q4 2007	Q4 2006	Full-year 2007	Full-year 2006
Cash flow from operations	90	- 6	325	225
Changes in working capital	2	90	- 10	55
Investment activities *	- 21	- 176	- 158	- 291
<b>Cash flow before financing activities</b>	<b>71</b>	<b>- 92</b>	<b>157</b>	<b>- 11</b>
Financing activities	- 122	44	- 231	- 11
<b>Cash flow for the period</b>	<b>- 51</b>	<b>- 48</b>	<b>- 74</b>	<b>- 22</b>
Liquid funds at start of period	109	189	131	163
Exchange rate difference in liquid funds	4	- 10	5	- 10
<b>Liquid funds at end of period</b>	<b>62</b>	<b>131</b>	<b>62</b>	<b>131</b>

\* SEK 187 M for acquisition of Cerbo Group and SEK 117 M for disposal of operations included in full-year 2007.  
SEK 153 M for acquisition of Medical Rubber and SEK 15 M for an assets purchase included in full-year 2006.

## ■ Change in shareholders' equity

SEK M	Full-year 2007	Full-year 2006
Amount on January 1	789	832
Dividend to shareholders	- 63	- 63
Translation differences	4	- 31
Change in revaluation reserve hedge accounting	—	3
Net income	151	48
<b>Amount on December 31</b>	<b>881</b>	<b>789</b>

## ■ Five-year overview

	2007	2006	2005	2004	2003 *
Net sales (SEK M)	2,454	2,702	2,256	2,401	2,671
EBITA excluding non-recurring items (SEK M)	207	209	221	201	161
EBITA margin excluding non-recurring items (%)	8.4	7.7	9.8	8.4	6.0
Operating income (EBIT) (SEK M)	193	78	221	201	57
Operating income EBIT excluding non-recurring items (SEK M)	200	208	221	201	150
Income after financial items (SEK M)	173	69	208	185	6
Net income (SEK M)	151	48	181	136	- 35
Return on capital employed (%)	15.2	7.4	21.0	18.9	3.6
Return on capital employed excluding non-recurring items (%)	15.7	19.4	21.0	18.9	11.0
Return on shareholders' equity (%)	18.5	5.9	24.2	22.1	9.7
Equity/assets ratio (%)	46	46	50	41	31
Earnings per share (SEK)	5.74	1.82	6.88	5.15	- 1.35
Adjusted earnings per share (SEK)	5.36	6.08	6.31	5.15	2.62

\* Not restated to comply with IFRS

## ■ Parent Company income statement

SEK M	Q4 2007	Full-year 2007	Full-year 2006
Net sales	5	17	53
Selling expenses	- 3	- 6	- 18
Administrative expenses	- 10	- 36	- 36
<b>Operating income</b>	<b>- 8</b>	<b>- 25</b>	<b>- 1</b>
Income from shares in Group companies	- 28	93	76
Financial income	9	21	10
Financial expenses	- 5	- 25	- 16
<b>Income after financial items</b>	<b>- 32</b>	<b>64</b>	<b>69</b>
Appropriations	- 30	- 30	—
Tax	9	16	3
<b>Net income</b>	<b>- 53</b>	<b>50</b>	<b>72</b>

## ■ Parent Company balance sheet

SEK M	Dec 31, 2007	Dec 31, 2006
Financial fixed assets	994	800
Current assets	173	143
Cash and bank balances	6	42
<b>Total assets</b>	<b>1,173</b>	<b>985</b>
Shareholders' equity	783	696
Long-term liabilities	158	149
Current liabilities	232	140
<b>Total shareholders' equity and liabilities</b>	<b>1,173</b>	<b>985</b>