

## Year-End Report 2005

1 January – 31 December

- Order intake for the period amounted to SEK 1,594M (1,214) – an increase of 31 per cent. When adjusted for acquisitions, the increase was 25 per cent.
- Net sales amounted to SEK 1,375M (1,146) – an increase of 20 per cent. When adjusted for acquisitions, the increase was 13 per cent.
- Operating profit, excluding restructuring costs relating to Pullmax, amounted to SEK 128M (88).
- Profit after tax for the period amounted to SEK 92M (59).
- Earnings per share amounted to SEK 9.18 (5.93).
- The Board of Directors proposes a dividend of SEK 2.50 (2.00) per share.

### Financial review

SEK M (unless otherwise stated)	Oct-Dec		Jan-Dec	
	2005	2004*	2005	2004*
Order intake	447	341	1 594	1 214
Net sales	474	425	1 375	1 146
Gross profit	149	130	426	348
Gross margin, %	31.4	30.6	30.9	30.4
Operating profit, excluding restructuring	67	53	128	88
Operating margin, excluding restructuring,%	14.1	12.5	9.3	7.7
Profit per the period after tax, including operations under closure	39	36	92	59
Earnings per share, including operations under closure, SEK	3.92	3.62	9.18	5.93

\* Comparative figures for 2004 have been recalculated in accordance with IFRS and are thus adjusted for divested units.

*KMT is an international group which provides advanced products, system solutions and a fully comprehensive market offer to customers mainly within the engineering industry. Operations are carried out in three product areas: Waterjet Cutting, Precision Grinding and Metal Working. KMT has operations in 10 countries and around 750 staff.*

### For further information, please contact

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## Market

The overall level market activity within KMT's customer segments gradually strengthened during the year. The American automotive industry showed a continued high level of activity in spite of its structural problems. The historically high price level for crude oil is accelerating the development of increasingly efficient engines and a larger proportion of diesel engines compared with petrol engines. However, the price of oil combined with changes in technology such as high pressure injection for petrol engines has made the European operators exercise restraint with their investments. An improved confidence to invest was only noted at the end of the year. In Asia, the confidence to invest within the automotive industry improved slightly towards the end of the year after a period of caution. However, the market activity within the general industry remains high and compensates, to some extent, for the restraint which continues to prevail within the automotive industry.

KMT's order intake continued to grow despite the limited general market growth. During the period, KMT's product areas further strengthened their market positions through long-term and close customer relationships and a high degree of innovation, shown not least by the Nano grinder. In addition, the trend towards a larger proportion of diesel engines and high pressure injection for petrol engines favours KMT in the long term.

## Group development

SEK M	Oct-Dec				Jan-Dec			
	Order intake		Net sales		Order intake		Net sales	
	2005	2004	2005	2004	2005	2004	2005	2004
KMT Waterjet Systems	128	72	114	77	388	302	374	309
KMT Cutting Systems*	39	45	59	42	173	80	162	79
<b>Waterjet Cutting***</b>	<b>167</b>	<b>118</b>	<b>165</b>	<b>113</b>	<b>561</b>	<b>382</b>	<b>510</b>	<b>378</b>
UVA	74	66	96	105	280	282	308	224
Lidköping	160	108	121	138	442	362	329	329
<b>Precision Grinding***</b>	<b>233</b>	<b>174</b>	<b>212</b>	<b>241</b>	<b>721</b>	<b>644</b>	<b>627</b>	<b>550</b>
Pullmax**	20	15	31	23	87	42	76	67
Ursviken	27	30	51	56	199	112	115	121
Herber	17	12	17	21	61	50	49	60
<b>Metal Working***</b>	<b>64</b>	<b>56</b>	<b>99</b>	<b>70</b>	<b>347</b>	<b>204</b>	<b>240</b>	<b>219</b>
Parent company and eliminations	-17	-7	-2	1	-35	-16	-2	-1
<b>KMT Group</b>	<b>447</b>	<b>341</b>	<b>474</b>	<b>425</b>	<b>1 594</b>	<b>1 214</b>	<b>1 375</b>	<b>1 146</b>

\* Product area Waterjet Cutting includes KMT Cutting Systems which is consolidated from the third quarter of 2004. Net sales for Cutting Systems amounted to SEK 74M for the first half of 2004 and order intake to SEK 68M for the same period.

\*\* Comparative figures for 2004 are adjusted for operations under closure (Pullmax's sales companies) in accordance with IFRS 5.

\*\*\* After the product area's internal eliminations.

## Fourth quarter

### Order intake

Consolidated order intake for the fourth quarter amounted to SEK 447M (341), equivalent to an increase of 31 per cent. The backlog amounted to SEK 611M (364) at the period end, an increase of 68 per cent.

Order intake within the **Waterjet Cutting** product area amounted to SEK 167M (118), an increase of 42 per cent. The increase is attributable to KMT Waterjet Systems whose order intake amounted to SEK 128M for the quarter (72). The positive development is partly due to breakthroughs into new areas of application. During the quarter, an increased confidence to invest materialised partly through a number of orders from the Middle East where the market for waterjet cutting equipment for the building industry has grown strongly in recent years. KMT Cutting Systems' order intake amounted to SEK 39M (45). The fall is mainly due to wait-and-

see investments within the European automotive industry while the USA and Asia show cautious growth. The aftermarket segment developed positively as a result of increased capacity utilisation among most customers.

The **Precision Grinding** product area reported strong order intake amounting to SEK 233M (174). Lidköping increased its order intake by 48 per cent to SEK 160M (108), mainly thanks to several orders in China and a positive development in the North America. As a result, China maintains its position as Lidköping's most important market. The most important single order was won during October when six Nano Grinders, the new precision grinding machine, were sold to a large automotive components supplier in the USA.

Order intake within UVA was SEK 74M (66), an increase of 12 per cent compared with the fourth quarter in the previous year. A number of new machine orders were signed during the quarter and the investment climate remained good. During the quarter, UVA began a collaboration with the Chinese company, Auto Hengda, which enables KMT to offer its customers within the precision grinding segment advanced, extensive and rapid service in the important Chinese market.

Order intake within the **Metal Working** product area mounted to SEK 64M (56). Pullmax's order intake increased by 33 per cent to SEK 20M (15), which was mainly related to growth in aftermarket sales. Ursviken reported order intake of SEK 27M (30), a fall which is explained by delayed orders. The market remains positive with a high proportion of aftermarket sales. Herber's, whose main markets in the Nordic countries and Germany were tough during the year, improved slightly and order intake increased to SEK 17M (12).

### **Net sales**

Consolidated net sales for the fourth quarter amounted to SEK 474M (425), equivalent to an increase of 12 per cent.

Net sales for the **Waterjet Cutting** product area amounted to SEK 165M (113). KMT Waterjet Systems' sales increased by 48 per cent to SEK 114M (77), which reflects the high order intake earlier in the year. Net sales within KMT Cutting Systems rose to SEK 59M (42) and is explained by the fact that the major part of the strong order intake during the second and third quarters has been delivered.

Net sales within the **Precision Grinding** product area fell by 12 per cent to SEK 212M (241) for the quarter. The fall is explained by the record high fourth quarter in the previous year and by Lidköping's low order intake during the first quarter of the year. The aftermarket for both Lidköping and UVA continues to develop well. During the year, the backlog was more evenly distributed compared with the previous year.

Sales for the **Metal Working** product area rose to SEK 99M (70). The rise within the product area is mainly related to increased external invoicing as a result of the divestment of the sales companies within Pullmax. Pullmax increased its net sales while Ursviken and Herber reported a slightly lower level than for the corresponding quarter in the previous year.

### **Gross profit**

Gross profit for the quarter increased to SEK 148M (130) due to higher volumes and slightly improved gross margins. The gross margin improved to 31.2 per cent (30.6). Aftermarket sales within Precision Grinding have achieved an increasing proportion of sales which explains the strengthened gross margin within the product area. The Waterjet Cutting product area reported a slightly lower margin due to an increased share of invoicing by Cutting Systems which has a lower margin than Waterjet Systems. Product area Metal Working's strengthening

of margin is mainly explained by Ursviken and Pullmax, which both achieved increased aftermarket sales, and deliveries of Pullmax's new stamping machines which have a higher margin than the previous generation.

### Operating profit

Operating profit for the fourth quarter amounted to SEK 67M (53). Compared with the fourth quarter of the previous year, Waterjet Cutting and Metal Working account for the improvement while Precision Grinding did not attain the record quarter of the previous. The only unit within KMT to report a negative result was Herber which started the year with a low backlog and experienced a generally tough market situation that is reflected in low net sales. The slightly lower operating margin within Precision Grinding was mainly caused by lower net sales for the quarter and continued investments within service and sales. Based on new evaluations, Ursviken dissolved previous provisions amounting to more than SEK 6M during the quarter. In addition, SEK 2M of the original restructuring reserve of SEK 15M for Pullmax was reversed.

### Financial income and expenses

Financial income and expenses for the quarter amounted to SEK -7M (-1) and consisted mainly of interest expenses of SEK 5M (4) and exchange rate differences of SEK -2M (3). Valuation of financial derivatives in accordance with IAS 39 had an effect on profit of SEK -1M. See section on accounting principles for further information.

	Oct-Dec				Jan-Dec			
SEK M	2005		2004		2005		2004	
Waterjet Cutting*	165		113		510		378	
Precision Grinding	212		241		627		550	
Metal Working	99		70		240		219	
Eliminations and parent company	-2		1		-2		-1	
<b>Net sales</b>	<b>474</b>		<b>425</b>		<b>1 375</b>		<b>1 146</b>	
Waterjet Cutting*	59	36.0%	43	38.1%	200	39.2%	150	39.7%
Precision Grinding	58	27.5%	62	25.7%	157	25.0%	134	24.4%
Metal Working	31	31.3%	29	41.4%	70	29.2%	69	31.5%
Eliminations and parent company	1		-4		-1		-5	
<b>Gross profit and gross margin</b>	<b>149</b>	<b>31.4%</b>	<b>130</b>	<b>30.6%</b>	<b>426</b>	<b>31.0%</b>	<b>348</b>	<b>30.4%</b>
Waterjet Cutting*	28	17.0%	16	14.2%	95	18.6%	75	19.8%
Precision Grinding	22	10.4%	33	13.7%	42	6.7%	29	5.3%
Metal Working**	16	16.2%	10	14.3%	10	4.2%	2	0.9%
Eliminations and parent company	1		-6		-19		-18	
<b>Operating result and operating margin, excluding restructuring</b>	<b>67</b>	<b>14.1%</b>	<b>53</b>	<b>12.5%</b>	<b>128</b>	<b>9.3%</b>	<b>88</b>	<b>7.7%</b>
Waterjet Cutting*	423		351		423		351	
Precision Grinding	294		258		294		258	
Metal Working***	123		108		123		108	
Eliminations and parent company	119		121		119		121	
<b>Capital employed***</b>	<b>959</b>		<b>838</b>		<b>959</b>		<b>838</b>	
Waterjet Cutting*					240		213	
Precision Grinding					348		319	
Metal Working					156		149	
Eliminations and parent company					6		5	
<b>Average number of employees</b>					<b>750</b>		<b>686</b>	

Percentage figures in the table relate to gross margin and operating margin respectively.

Comparative figures for 2004 are adjusted for divested sales companies within Pullmax.

\* Product area Waterjet Cutting includes KMT Cutting Systems which is consolidated from the third quarter of 2004. Net sales for Cutting Systems amounted to SEK 74M for the first half of 2004 and order intake to SEK 68M while operating profit was SEK 6M of which SEK 3M is already reported as share in profits of associated companies.

\*\* Excluding restructuring costs of SEK 13M during the first quarter of 2005.

\*\*\*The items relating to 2004 include operations divested during 2005.

## ***The period January-December***

### ***Net sales and results***

Consolidated net sales for the year amounted to SEK 1,375M (1,146), equivalent to an increase of 20 per cent. When adjusted for the acquisition of KMT Cutting Systems in the previous year, the increase was 13 percent. The increase is mainly attributable to the Waterjet Cutting and Precision Grinding product areas while Metal Working's increase is mainly related to an increased share of external invoicing as a result of the divestment of the sales companies within Pullmax. Ursviken and Herber reported slightly lower sales while Pullmax reported increased sales.

Financial income and expenses for the period amounted to SEK -25M (-9) and consisted of valuation of financial derivatives of SEK -11M (0), net interest income/expense of SEK -13.9M (-13.3) and exchange rate differences of SEK 0M (2).

Profit after tax for the period amounted to SEK 92M (59). This result is affected by restructuring costs of SEK 13M for the remainder of Pullmax, a capital gain of SEK 38M relating to the sale of the Pullmax companies and a negative effect of the valuation of financial instruments of SEK 11M (0).

### ***Divested operations***

During the first quarter, Pullmax divested two sales companies, Pullmax Scandinavia AB and Pullmax Ltd, to Bystronic. The companies reported sales of SEK 290M on an annual basis.

The capital gain for the divestment amounts to SEK 38M which was reported in full under the item 'Result of operations under closure'. During the first quarter, a cost of SEK 15M was reported relating to a restructuring reserve for the remaining operations within Pullmax. The restructuring work was carried out in line with the plan and, therefore, no provisions remain. The restructuring cost is reported as 'other cost' during the period and, therefore, affects the operating result. The capital gain totalling SEK 38M is not taxable.

Comparative figures for 2004 in this report are adjusted for the divested units within Pullmax.

### ***Net investments***

Investments in the form of capitalised development projects amounted to SEK 36M (8) for the period. In total, capitalised development projects amounted to SEK 73M (40). The largest of these projects, the Nano Grinder, has now been completed and the period's result has, therefore, been charged with its amortisation. Investments in tangible fixed assets amounted to SEK 26M (25). SEK 18M of the capitalised development projects have not been completed. These will be charged to the result as they are completed with annual amortisation of approximately SEK 3M.

### ***Cash flow and financial position***

	Oct-Dec		Jan-Dec	
SEK M	2005	2004	2005	2004
Cash flow after investments	12	5	11	-56
Available liquid funds	98	140	98	140
Equity ratio, %	43	42	43	42

At the period end, total assets amounted to SEK 1,391M compared with SEK 1,176M at the 2004 year end. Intangible assets increased by SEK 70M compared with the previous year, mainly through capitalisation of development expenditure and the currency effect on translation



of goodwill attributable to Waterjet. Inventories and work in progress increased by 40 per cent and amount to SEK 362M (258), an effect of order intake and the large backlog at the end of the year. **The equity ratio** improved by one percentage point to 43 per cent. During the period, the total loan portfolio increased by SEK 3M. Interest-bearing financial liabilities and provisions amounted to SEK 358M at the period end. Of this, SEK 120M is short-term. The **Net debt** amounts to SEK 335M. Of this, SEK 92M is for pension provisions, a decrease of SEK 11M compared with the 2004 year end. **Liquid funds** amount to SEK 22M (29). In addition, there are unutilised bank overdraft facilities of SEK 76M. The period's **cash flow** amounted to SEK -9M (-42). The cash flow from current operations amounted to SEK 24M (37) of which the increase in operating receivables could be compensated for through operating liabilities. Despite the divestment of Pullmax's sales companies, the investment operation generated a negative cash flow of SEK 13M (-93) due to capitalisation of development projects and investments in tangible fixed assets. Financial operations generated a negative flow of SEK 20M (+14), which mainly consists of a dividend to shareholders.

### **Taxes**

The tax expense for the year amounted to SEK 36M. Profit before taxes includes tax-free capital gains of SEK 38M from the sale of Pullmax Scandinavia AB and Pullmax Ltd. When adjusted for these sales, the Group's tax rate amounts to 38 per cent. Of the reported tax of SEK 36M SEK 8.4M consists of deferred tax. The tax rate reflects a mixture of Swedish and foreign taxes. The major part of the taxable result emanated from the companies in Germany and the USA which have effective tax rates of between 37 and 42 per cent.

The average tax rate is, to a small extent, also affected by permanent differences in the Swedish Group companies such as a standard tax rate on tax allocation reserves and non-deductible costs. Ursviken has an ongoing tax audit. The company assesses that the outcome will not have any significant effect on the result.

### **Personnel**

The number of employees in the Group amounted to 789 at the end of the year and the average number of employees was 750. The average number of employees during 2004 was 686 after adjustment for divested operations. The increase is mainly attributable to new recruitment within sales, service and project management within the Waterjet Cutting and Precision Grinding product areas and high capacity utilisation within production in all companies.

During the quarter, Jonas Magnusson has been employed as President of UVA. He started his employment on 1 February 2006.

### **Parent company**

The parent company of the Group, Karolin Machine Tool AB, comprises the Group staff of six who have management and co-ordination responsibilities. During the period, revenues amounted to SEK 26M (24). The result before appropriations and taxes was SEK 5 (1). Liquid funds amounted to SEK 0M (0) at the end of the quarter. The parent company made investments of SEK 0M (0) during the period.

### **Seasonal variations**

KMT's products are investment goods. Order intake, invoicing and profit are normally higher during the second and fourth quarters than in the first and third quarters.

### **Accounting principles**

This interim report has been prepared in accordance IAS 34, *Interim Financial Reporting*, and the Swedish Accounting Standards Council's recommendation RR 31, *Interim reports for groups*. The company's new reporting principles and the changeover effects as a result of the implementation of IFRS reporting principles are published on the company's website <http://www.kmt.se>.

As from 1 January 2005, KMT is applying International Financial Reporting Standards (IFRS), formerly IAS, in accordance with EU's regulations in its consolidated accounts. The changeover to IFRS from previous reporting principles has been made in accordance with IFRS 1. The effects on KMT of the changeover to IFRS and the recalculation of quarterly information in accordance with IFRS are described on pages 47-50 in the Annual Report for 2004 and are presented in Appendix 1 of this Interim Report. As from 1 January 2005, KMT is applying IFRS 5, *Fixed assets which are held for sale and closed operations*, which states that results of operations under closure shall be reported on a separate line in the income statement and that a retrospective recalculation of comparative figures for previous periods shall be drawn up. This reporting standard affects KMT through the sale of parts of Pullmax's reseller companies during 2005. As a result, comparative information in Appendix 1 has been updated and recalculated in comparison with the Annual Report for 2004 in response to the demands stated in IFRS 5. The most significant effect for KMT due to the implementation of IFRS is that goodwill ceases from January 2004 and is replaced by a continual evaluation of a potential need for write down. IFRS 1, *First Time Adoption of Financial Reporting Standards*, contains a number of permitted exemptions for the changeover from the previously applied regulations to IAS/IFRS. Of these exemptions, KMT has chosen to apply the exemption relating to IFRS 3, *Acquisition of operations*, which means that acquisitions made before 2004 are not recalculated in accordance with IFRS and the exemption relating to IAS 39, which means that IAS 39 will not be applied until 1 January 2005. As a result, the reporting principles, compared with the reporting principles included in the Annual Report for 2004, have been changed in accordance with the changeover to IFRS. The new reporting principles are described on the company's website.

In addition, KMT is applying IAS 39, *Financial instruments*, from 1 January 2005. IAS 39 demands that financial instruments under certain circumstances are reported at their actual value. The accumulated effect attributable to revaluation of IAS 39, is SEK 3M after tax on 1 January 2005. It is reported as an adjustment of shareholders' equity and as an increase of SEK 4M in other receivables as and an increase of SEK 1M in deferred tax. During 2005, KMT has reported market valuation of financial derivatives as a part of financial income and expenses. In the future, KMT will report market valuation of financial derivatives as a part of the secured transaction, chiefly on the revenue line. This change of reporting principles is made in order to achieve more transparent marginal reporting and to reduce the volatility in the operating result.

#### Examination of the need for write down of goodwill

The need for write down of goodwill is examined annually during the fourth quarter. The consolidated goodwill is distributed across the Group's different cash generating units. The recovery value is determined by calculations of the value of use. These calculations are based on cash flows forecast in the annual strategy and budget process and are approved by the Management and the Board of Directors. A five-year forecast for each unit is taken into consideration and is discounted with a calculated weighted capital cost which includes cost for loan capital, risk premium and the relation between shareholders' equity and loan capital. The cash flow beyond the five forecast years is deemed to grow in step with inflation. The examination for 2005 did not show any need for a write down of the consolidated goodwill.

The parent company's reporting is prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Council's recommendation RR 32, *Reporting for legal entities on preparation of their financial reports*.

Otherwise the same reporting principles, definitions relating to key figures, and calculation methods are applied as in the latest Annual Report.

Financial data in the tables contained in this Interim Report have been rounded up or down and will, therefore, not necessarily add up.

### ***Dividend***

The Board of Directors proposes a dividend of SEK 2.50 (2.00) per share.

### ***Annual Report***

The Annual Report will be distributed by mail during week 12 and will be available on the company's website: [www.kmt.se](http://www.kmt.se)

### ***Nomination Committee***

The 2005 Annual General Meeting resolved to appoint a Nomination Committee with the following composition:

Viveca Ax:son Johnson, Nordstjernan AB (Chairman of the Nomination Committee)

Nils Petter Hollekim, Odin Fonder

Erik Sjöström, Skandia Liv

### ***Annual General Meeting***

The Annual General Meeting of KMT will be held in the World Trade Center, New York Conference Hall, Klarabergsviadukten 70 in Stockholm at 3 pm on 3 April 2006.

Shareholders who wish to have a matter discussed at the Annual General Meeting can submit their proposal to the Chairman of KMT at the following address:

Tomas Billing

Nordstjernan AB

Stureplan 3

SE-103 75 Stockholm

or electronically by e-mail to: **[tomas.billing@nordstjernan.se](mailto:tomas.billing@nordstjernan.se)**

In order to ensure that the proposal will be included in the Notice of the Annual General Meeting and on the AGM Agenda, it must have been received no later than Thursday, 26 February 2006.

Shareholders who wish to submit proposals to KMT's Nomination Committee for 2006 can contact the Chairman of the Nomination Committee at the following address:

Viveca Ax:son Johnson

Nordstjernan AB

Stureplan 3

SE-103 75 Stockholm

Or electronically via e-mail to: **[vaj@nordstjernan.se](mailto:vaj@nordstjernan.se)**

Proposals to the Nomination Committee should be sent as soon as possible but no later than Thursday, 26 February 2006 to ensure that it will be considered by the Nomination Committee.

### ***Future information dates***

Interim Report January-March will be published on 27 April 2006.

Board of Directors, 15 February 2006

This Year-End Report has not been the subject of examination by the company's auditors.

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## Group summary

Income statements	Oct-Dec		Jan-Dec	
SEK M	2005	2004	2005	2004
<b>Remaining operations</b>				
<b>Net sales</b>	<b>474</b>	<b>425</b>	<b>1 375</b>	<b>1 146</b>
Cost for sold goods	-326	-295	-950	-798
<b>Gross profit</b>	<b>149</b>	<b>130</b>	<b>426</b>	<b>348</b>
Selling and administration expenses and R&D expenditure	-83	-82	-297	-266
Other operating income	2	2	5	7
Other operating expenses	0	2	-19	-4
Participations in Associated companies	0	0	0	3
<b>Operating profit</b>	<b>67</b>	<b>52</b>	<b>115</b>	<b>88</b>
Financial items	-7	-1	-25	-9
<b>Profit before taxes</b>	<b>60</b>	<b>51</b>	<b>90</b>	<b>79</b>
Taxes	-20	-17	-36	-25
<b>The period's result of remaining operations</b>	<b>39</b>	<b>34</b>	<b>54</b>	<b>54</b>
Result of operations under closure	0	2	38	5
<b>The period's result including operations under closure</b>	<b>39</b>	<b>36</b>	<b>92</b>	<b>59</b>

### Comments on the income statement:

Depreciation for the period amounted to SEK 23M (23) and is distributed across the functions where the asset is utilised.

Share data	Oct-Dec		Jan-Dec	
	2005	2004	2005	2004
Earnings per share, SEK	3.92	3.62	9.18	5.93
Shareholders' equity, SEK	60.10	49.00	60.10	49.00
Cash flow, SEK	1.79	-2.00	-0.87	-4.21
Number of shares, period end (1,000)	10 000	10 000	10 000	10 000
Average number of shares (1,000)	10 000	10 000	10 000	10 000
Market price at period end, SEK	127.00	75.00	127.00	75.00

### Comments on share data:

All the above amounts include the item 'Operations under closure'.

<b>Balance sheets</b>	<b>On 31 Dec</b>	
<b>SEK M</b>	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
<i>Fixed assets</i>		
Intangible assets	439	369
Tangible fixed assets	153	152
Financial fixed assets	1	2
<b>Total fixed assets</b>	<b>592</b>	<b>523</b>
<i>Current assets</i>		
Inventories	362	258
Current receivables	414	366
Liquid funds	22	29
<b>Total current assets</b>	<b>799</b>	<b>653</b>
<b>Total assets</b>	<b>1 391</b>	<b>1 176</b>
<b>Equity and liabilities</b>		
Shareholders' equity	601	490
Long-term liabilities	292	355
Current liabilities	498	331
<b>Total equity and liabilities</b>	<b>1 391</b>	<b>1 176</b>

*Comments on the balance sheet:*

2004 includes balance sheet items for the divested companies, Pullmax UK and Pullmax Scandinavia. Of total intangible assets, SEK 343M is goodwill. The Group utilises part of its granted credit. Available funds for the Group amount to SEK 98M.

<b>Interest-bearing/non interest-bearing liabilities</b>	<b>On 31 Dec</b>	
<b>SEK M</b>	<b>2005</b>	<b>2004</b>
Interest-bearing liabilities	358	375
Non-interest-bearing liabilities	432	311
<b>Total liabilities</b>	<b>790</b>	<b>686</b>

*Comments:*

Of interest-bearing liabilities, pension provisions represent SEK 92M (113) and are included in the calculation of the net debt.

<b>Change in equity</b>	<b>Jan-Dec</b>	
<b>SEK M</b>	<b>2005</b>	<b>2004</b>
Opening balance	490	470
Effect of change of accounting principle	3	
Opening balance, shareholders' equity in accordance with the new principle	493	470
Translation differences	36	-24
Dividend	-20	-15
Net result for the period	92	59
<b>Closing balance</b>	<b>601</b>	<b>490</b>

*Comments:*

Accumulated translation differences in shareholders' equity amount to SEK 14M (-22).

Cash flow statements	Oct-Dec		Jan-Dec	
SEK M	2005	2004	2005	2004
Cash flow from current operations	31	19	24	37
Cash flow from investment operations	-19	-14	-13	-93
Cash flow from financial operations	7	-25	-20	14
The period's cash flow	19	-20	-9	-42
Liquid funds at the start of the period	0	49	29	73
Exchange rate differences in liquid funds	3	0	2	-2
Liquid funds at the period end	22	29	22	29

*Comments on the cash flow statement:*

The Group utilises part of its granted credit. All companies in the Group are included in a joint cash pool and, therefore, show SEK 0 in the Group's cash holding. Available funds amount to SEK 98M.

Key figures	Oct-Dec		Jan-Dec	
	2005	2004	2005	2004
Gross margin, %	31.2	30.6	30.9	30.4
Gross margin, % excluding restructuring	14.1	12.5	9.3	7.7
Profit margin before tax, %	12.6	6.3	9.3	5.9
Return on:				
- Capital employed, %	14.4	12.1	14.4	12.1
- Shareholders' equity, %	16.8	12.3	16.8	12.3
Capital turnover rate	1.53	1.80	1.53	1.80
Equity ratio, %	43	42	43	42
Debt/equity ratio	0.60	0.80	0.60	0.80
Input/output ratio	1.98	1.83	1.98	1.97
Average number of employees			750	686
Net profit for the period after tax, SEK M	39	36	92	59

*Comments on key figures:*

Capital turnover rate, input/output ratio and return on capital employed have been calculated on sales and results achieved over 12 months (R12) for all the periods stated.

Return on capital employed and equity have been calculated on a result which includes a capital gain of SEK 38M and a restructuring cost of SEK 13M. The same principle applies for the period's result and profit margin.

Quarterly data	2005				2004			
SEK M	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	447	374	474	299	341	293	313	267
Backlog	611	615	542	398	364	486	393	343
Net sales	474	281	343	278	424	237	270	215
-Waterjet Cutting	165	115	118	112	113	114	78	72
-Precision Grinding	212	126	176	114	241	88	119	101
-Metal Working	99	40	49	52	70	36	72	42
Gross profit	148	97	101	80	130	72	87	59
Gross margin, %	31.2	34.5	29.3	28.8	30.7	30.6	32.2	27.4
Operating profit	67	28	25	10	52	6	26	6
Operating margin, %	14.1	9.9	7.3	3.6	12.5	2.5	9.7	2.3
Profit after tax	39	19	6	5	35	7	13	0
Cash flow from current operations	31	9	-33	18	7	19	13	-12
Return on capital employed, %	14.4	15.5	12.2	12.9	12.1	6.3	4.5	-0.4

*Comments on quarterly data:*

Quarterly data in the above table shows profit after tax excluding restructuring costs and excluding 'Operations under closure'.