Press release, 7 February 2007

Year-end report 2006

Fourth quarter:
- Margin improvements in services business
- Restructuring in Products in line with plan
- EBIT of SEK -44 M (SEK 32 M excl. restructuring)

Key figures, SEK million	2006 Jan–Dec	2005 Jan–Dec	Change	2006 Oct–Dec	2005 Oct–Dec	Change
Net sales	2,780	2,542	9%	723	705	3%
Operating earnings (EBIT)	–255	57	–547%	–44	26	-266%
Earnings for the period from remaining operations	–288	13	–2,402%	–62	–9	n/a
Earnings for the period from terminated operations	290	34	742%	–2	11	–119%
Earnings for the period	2	47	–97%	–64	2	–4,125%
Earnings per share, SEK	0.03	0.75	–97%	–1.03	0.03	–4,125%
Cash flow from current operations	–70	203	–135%	6	70	-91%
Cash flow after investment operations	21	5	326%	–22	33	-165%
Teleca Mobile						
Net sales	1,532	1,284	19%	384	361	6%
Of which Products/Obigo	227	254	–10%	56	99	–43%
Operating earnings (EBIT)	–111	–14	n/a	–56	3	–1,913%
Of which Products/Obigo	–218	–76	n/a	–93	–10	n/a
auSystems						
Net sales	1,359	1,345	1%	365	364	0%
Operating earnings (EBIT)	25	88	–72%	14	29	–54%

Note: During the second quarter the Benima division was sold. According to IFRS, Benima is to be reported as discontinued operations, meaning that all current financial and other key numbers for the reporting period as well as comparison figures are reported separated from the continuing business. Net operating earnings from Benima and the net capital gain from the sale of Benima are reported as a single amount on the face of the income statement.

- Operating earnings for the quarter were SEK -44 million, and SEK 32 million excluding earlier announced restructuring of SEK 76 million.
- During the fourth quarter mobile services reported growth of 18% and an EBIT margin of 10%. auSystems reported an EBIT margin of 9%, excluding restructuring of SEK 19 million, at flat revenues.
- In summary Teleca's services businesses reported in fourth quarter a revenue growth of 9 % and an EBIT margin of 10 %, excluding restructuring costs of SEK 19 million.
- In line with earlier announcements a significant restructuring program is ongoing in the Products business. The changes are driven by general needs to improve the cost structure, market expectations that software is pre-integrated to leading platforms and declining volumes from Teleca's Tier 2 and Tier 3 OEM clients. The restructuring which is expected to have full effect from Q3 2007 is progressing in line with plans.

Outlook for 2007:

- Teleca Group Forecast

  For the full year 2007 Teleca expects positive operating earnings. Further the company expects significant improvements in the areas showing the weakest results in 2006.

  While Teleca Mobile expects good growth in service volumes, a targeted increase in the share of off-shore or low-cost services will impact the revenue growth. Margins are expected to be at a good level.

  During Q1 and Q2 the result will be significantly impacted by continued losses in Teleca's Mobile Products business. Operating earnings will be further impacted by a need to increase investments into products with focus on so-called platform reference designs. The ongoing restructuring of the product business will have full effect 2H 2007.

  auSystems is expected to leverage the performance improvements of Q4 2006 into 2007 leading to improved operating earnings in 2007 compared to 2006.

CEO Comments
René Svendsen-Tune says:
'We are not satisfied with the results for the quarter or the whole year. However, I have been pleased to see that we were able to execute in line with our targets for the fourth quarter, and we see that the many improvement initiatives taken in 2006 begin to deliver results.

I am really pleased to see auSystems recover from two difficult quarters. We picked the right strategy in July and a quick execution has secured a good margin recovery in Q4. With the launch of a new UK affiliate we have taken a good step to bring auSystems back on a growth track.

While the mobile services business is good, we have work ahead of us to deliver on our plan for Products. We are progressing well on transferring product development work to lower cost sites. Now we need to secure our products a much faster track to the market. To do that we will invest into pre-integrating our products with the leading software platforms. While we increase the competitiveness of Teleca month by month, the market is developing well. Mobile Internet is happening and we expect to see a good demand for mobile software.'

Business activities

Fourth quarter 2006
On 9 October Teleca Mobile Products and auSystems (formerly Teleca Systems) embarked on a restructuring program, the total cost of which is estimated at SEK 76 million and reported in full in 2006. From July 2007 onwards the program is expected to save SEK 112 million on a yearly basis. Restructuring was completed at auSystems during the fourth quarter, and the full effect is expected from January 2007 and beyond. The restructuring of the Mobile Products division is proceeding according to plan, and today 143 employees of the 150 affected are no longer employed at Teleca. In an effort to make the restructuring activities easier for both staff and customers, Teleca has chosen to transfer staff from three sites to external companies within the framework of the budgeted restructuring costs. The transfer of work to low cost countries is going well and today about 60 people in Russia are working with Teleca's product development. The aim is to carry out more than 30% of Teleca's product development work in low cost countries by end of 2007.

Restructuring impact MSEK	Q4
Operating earnings	–44
Adjusted for restructuring costs:	
Teleca Mobile Products	57
auSystems	19
Operating earnings adjusted for restructuring	32
Operating margin adjusted for restructuring	4%

The market for services activities continued to be favorable in the fourth quarter and the utilisation rate of 80% remained unchanged compared with the previous quarter. Excluding the Russian operations the utilisation rate was 76%.

Full year 2006

During the spring Teleca decided to focus its activities on the mobile device sector. Among other things, this resulted in the sale of the Benima division, which generated a capital gain of about SEK 280 million in May 2006. Further Teleca was split into two divisions: Teleca Mobile and auSystems. The intention is to float auSystems on the OMX Nordic Exchange by means of a share issue to Teleca's shareholders. If conditions are right, Teleca may select to divest auSystems by an industrial transaction.

During the spring Teleca Mobile strengthened its competitiveness by acquiring Telma in Russia. Telma, which is one of Russia's leading software services companies, has 15 years' experience of mobile phone development. At the end of 2006 Telma had a staff of 905. Telma now forms the core of Teleca's low-cost operations in mobile software development.

Several changes to Teleca's management structure took place in 2006, including the appointment of a new president and CEO. Teleca's head office was transferred from Stockholm to Malmö and a new management team for Teleca Mobile was appointed. Sami Inkinen, former Nokia, was appointed CTO.

Sales

	Total				Organic			
Growth, %	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**
Teleca Mobile	6	37	31	7	–9	15	17	0
auSystems	0	3	–5	7	0	3	–2	12
Total	3	17	12	7	–5	6	8	6

Fourth quarter
Net sales were SEK 723 million for the quarter (705), organic growth -5%, and total growth 3%.

Teleca Mobile's organic growth was -9%, mainly owing to reduced product sales. Products' net sales fell 43%. Popwire, which was closed in the second quarter of 2006, contributed SEK 7 million to Products' sales during the fourth quarter 2005.
Teleca Mobile's total growth was 6%. Net sales of Teleca's operations in Russia, which was acquired this year, contributed SEK 55 million. Net income from Asia fell 33%, mainly owing to Teleca Mobile's reduced sales in the Japanese market where Teleca delivered a big project in 2005.

January–December
Full-year net sales were SEK 2,780 million (2,542), organic growth 3%, and total growth 9%.

Teleca Mobile's organic growth was 5%, mainly owing to an increase in sales in the US market. Teleca Mobile's total growth was 19%. Net sales of Teleca's acquired operations in Russia contributed SEK 181 million, mainly from sales in the US market.

Net sales Q4 2006	**In Sweden**	**Outside Sweden**
Teleca Mobile	12%	88%
auSystems	58%	42%
Total	44%	56%

Net sales full year 2006	**In Sweden**	**Outside Sweden**
Teleca Mobile	21%	79%
auSystems	62%	38%
Total	40%	60%

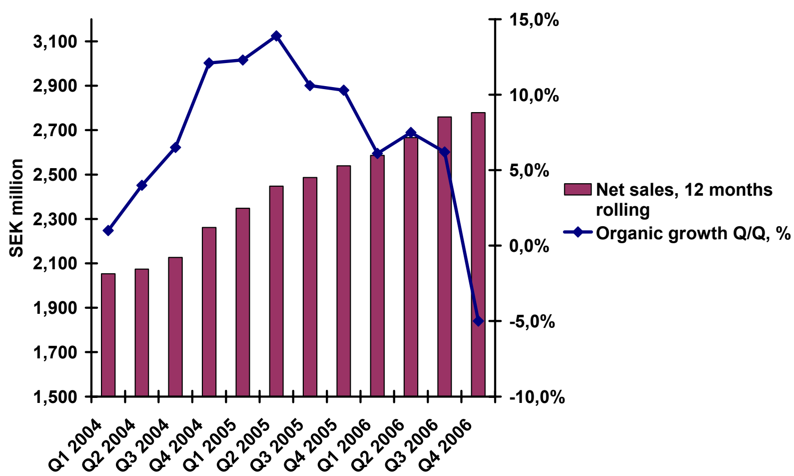
Earnings

Fourth quarter
Operating earnings (EBIT) during the period were –SEK 44 million (26). Excluding a restructuring cost of –SEK 76 million, operating earnings were SEK 32 million.

Teleca Mobile's operating margin was -15% and affected negatively by SEK 4 million for a temporary drop in utilization after BenQ in Germany stopped a project in conjunction with its bankruptcy petition. Excluding a restructuring cost of –SEK 57 million, Teleca Mobile Products recorded negative earnings of –SEK 36 million (–10) in the fourth quarter. Excluding a restructuring cost of –SEK 19 million, auSystems' operating earnings were SEK 33 million (29), which is equivalent to an operating margin of 9%.

Depreciation was SEK 41 million (28), of which tangible fixed assets accounted for SEK 14 million (11), capitalised product development costs for SEK 20 million (16), and other intangible fixed assets for SEK 6 million (1). Investments in product development totalling SEK 33 million (32) were capitalised in the balance sheet.

Earnings after financial items were –SEK 49 million (22). Net banking costs and net interest were –SEK 2 million (–4), net exchange rate losses from financial assets and debts were –SEK 7 million (0) and the profit from other long-term securities was SEK 4 million (0). Tax was –SEK 14 million in the quarter. Deferred tax assets of SEK 111 million referring to tax loss carried forward were capitalised by 31 December. In total the group has unused tax loss carried forward of SEK 752 million of which deferred tax assets amounting to SEK 366 million is not capitalised in the balance sheet. Earnings after tax for remaining operations were –SEK 62 million (–9).



January–December
Full-year operating earnings (EBIT) were –SEK 255 million (57), of which –SEK 280 million is related to one-off items. Of these –SEK 94 million related to the write-down of capitalised product development costs (reported as Group eliminations in the segment reporting), –SEK 123 million to restructuring costs, –SEK 46 million to the insolvency situation of BenQ's mobile operations in Germany, and –SEK 17 million to provisions for customer-related receivables at auSystems.

Depreciation for the full-year was SEK 151 million (123), of which tangible fixed assets accounted SEK 43 million (39), capitalised product development for SEK 98 million (79), and other intangible fixed assets for SEK 10 million (5). An investment of SEK 104 million (168) in product development was capitalised in the balance sheet.

Earnings after financial items were –SEK 292 million (56). Financial items of –SEK 38 million include net banking costs and net interest expenses of –SEK 14 million (–11), net exchange rate losses related to financial assets and debts of –SEK 8 million (3), and losses related to the ownership of ÅF shares of –SEK 16 million (8). Full-year earnings after tax for remaining operations were –SEK 288 million (13).

In the second quarter Benima was sold to AB Ångpanneföreningen (ÅF), which resulted in a capital gain of SEK 280 million for the period. A net income of SEK 10 million from Benima's operations has been consolidated up until 8 May 2006. The amount is recorded in the income statement under earnings from terminated operations.

Total earnings from terminated operations were SEK 290 million. Earnings for the period from remaining and terminated operations were SEK 2 million (47).

Cash flow and financial position

Fourth quarter

Cash flow from current operations was SEK 6 million (70) for the period. Change in working capital amounted to –SEK 4 million (45), and ÅF shares to a value of SEK 92 million was sold. A supplementary purchase price of SEK 47 million for the acquisition of Telma was paid.

The group's net investment for the period was SEK 8 million (16), of which –SEK 36 million (-6) net was related to the acquisition and sale of operations and SEK 44 million (22) to current operations. Of the net investment in current operations SEK 23 million (-5) related to tangible fixed assets and SEK 21 million (27) to intangible fixed assets.

January–December

Cash flow from current operations was –SEK 70 million (203). Change in working capital amounted to –SEK 1 million (47). At the end of December interest-bearing net debt was SEK 297 million (238). Excluding a long-term liability of SEK 91 million due in 2009 and related to an estimated supplementary purchase price for the acquisition of Telma, net debt was SEK 206 million (238). The equity/assets ratio was 63% (64). Net acquisitions and sales, including sale of shares in ÅF, affected liquidity by SEK 219 million.

The group's net investment for the period was –SEK 132 million (196), of which –SEK 255 million (8) net was related to the acquisition and sale of operations and SEK 123 million (188) to current operations. Of the net investment in current operations SEK 19 million (25) was related to tangible fixed and SEK 104 million (163) to intangible fixed assets.

During the second quarter Teleca sold its Benima division to ÅF. The purchase price was SEK 405 million in cash and 782,840 newly issued shares in ÅF. The sale of ÅF shares has generated a net income of SEK 98 million.

Staff

Fourth quarter

The average number of staff (full-time equivalent) was 3,601 (2,654), divided between Teleca Mobile and auSystems as follows:

Employees (full-time equivalent)	Q4 average	Total on 31 Dec. 2006
Teleca Mobile	2,205	2,207
auSystems	1,378	1,367
Group staff	18	18
Total	3,601	3,592

January–December

The average number of staff (full-time equivalent) was 3,433 (2,605), divided between Teleca Mobile and auSystems as follows:

Employees (full-time equivalent)	Average during 2006
Teleca Mobile	2,050
auSystems	1,363
Group-wide	20
Total	3,433

Organic staff growth for the year was 5% and the total staff growth 32%.

DIVISIONS

Key figures by division

Jan–Dec 2006	Teleca Mobile Products	Teleca Mobile Consulting	Teleca Mobile elimination	Teleca Mobile	auSystems	Group-wide and elimination	Total	Discontinued operations
Sales, million	227 (254)	1,477 (1,237)	–172 (–206)	1,532 (1,284)	1,359 (1,345)	–111 (–88)	2,780 (2,542)	167 (494)
Growth, %	–10	19	–	19	1	–	9	n.a.
Operating earnings (EBIT), million	–218* (–76)	113** (71)	–6 (–9)	–111 (–14)	25*** (88)	–169**** (–17)	–255 (57)	14 (45)
Operating margin (EBIT), %	–96* (–30)	8** (6)	–	–7 (–1)	2*** (7)	–	–9 (2)	8 (9)
Average number of employees	255 (276)	1,795 (1,087)	–	2,050 (1,363)	1,363 (1,220)	20 (22)	3,433 (2,605)	504 (499)

** Includes a restructuring cost of SEK 57 million.*

***Includes a provision of SEK 46 million resulting from BenQ Mobile in Germany seeking protection against insolvency.*

****Includes a provision of SEK 17 million resulting from a revaluation of current receivables and a restructuring cost of SEK 19 million.*

*****Includes a restructuring cost of SEK 46 million in the second quarter, and the write-down of intangible assets valued at SEK 95 million.*

Key figures by division

Oct–Dec 2006	Teleca Mobile Products	Teleca Mobile Consulting	Teleca Mobile elimination	Teleca Mobile	auSystems	Group-wide and elimination	Total
Sales, million	56 (99)	377 (319)	–49 (–57)	384 (361)	365 (364)	–26 (–20)	723 (705)
Growth, %	–43	18	–	6	0	–	3
Operating earnings (EBIT), million	–93* (–10)	38 (15)	–2 (–2)	–56* (3)	14** (29)	–1 (–6)	–44*** (26)
Operating margin (EBIT), %	–165* (–10)	10 (5)	–	–15* (1)	4** (8)	–	–6 (4)
Average number of employees	219 (287)	1,986 (1,077)	–	2,205 (1,365)	1,378 (1,268)	18 (21)	3,601 (2,654)

** Includes a restructuring cost of SEK 57 million.*

***Includes a restructuring cost of SEK 19 million.*

****Includes a restructuring cost of SEK 76 million.*

Utilisation, %	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Teleca Mobile excluding Russia	76	77	78	76	71
auSystems	77	76	78	76	78
Total excluding Russia	76	76	78	76	74
Teleca Mobile, including Russia	83	83	84	–	–
Total, including Russia	80	80	82	–	–

Teleca Mobile

Fourth quarter

Demand for Teleca Mobile services continued to be good during the quarter. Across the world Teleca's services units continue to win significant businesses with leading players of the mobile device industry.

Operations in Russia, Germany, Taiwan and Korea are showing especially good progress. The number of employees in Russia totals 905 on 31 December. The number of joint projects started with other Teleca Mobile units increased in the fourth quarter. All in all Teleca Mobile has 46% of staff in low cost countries compared with 7% one year ago.

During the quarter Teleca signed a global services agreement with Adobe. Teleca shall supply comprehensive support for Adobe Flash Lite and FlashCast solutions for mobile operators and licensed original equipment manufacturers (OEMs). Teleca intends to establish regional centres of expertise in various parts of the world for Adobe's mobile solutions, which means that more than 100 consultants can develop and supply mobile solutions based on Adobe Flash.

Mobile Products' sales fell 43% in the fourth quarter. Obigo's latest product release has not yet generated royalty income and may not do so for some time. Due to unfortunate timing and lengthy integration projects the latest Obigo release missed the devices currently in the market. This in combination with reduced volumes for older releases will have a negative effect on sales in the next two quarters.

The third quarter of 2006 saw the production of 23.6 million phones containing Teleca products, including 7.7 million with Obigo applications and 16 million with PC Connectivity, and the launch of 46 new phone models containing Teleca products. The figures for the fourth quarter will be published in the next interim report.

During the fourth quarter 42% of sales were from Asia, 28% from Europe and 30% from North America. The world's five largest mobile phone manufacturers accounted for 50% of total sales in the fourth quarter, compared to 40% for the full-year 2006.

To complement Teleca's representative office in China, Teleca Mobile established a subsidiary in the country at the beginning of 2007 with the aim of increasing the sale of services to the region's leading mobile phone manufacturers.

Teleca has already initiated investments in pre-integrations with leading mobile device platforms. This way the company will accelerate time-to-market of its products. In essence this will lead to a change in Teleca's business model. Platform integrations used to be made for OEMs under services agreements. In the future Teleca will offer this as a product.

Teleca embarked on a comprehensive restructuring program in its product business at the beginning of the quarter in an effort to reverse the negative profitability trend and develop a long-term competitive structure. A restructuring cost of SEK 57 million has been recorded for Teleca Mobile in the fourth quarter of 2006. Annual savings are estimated at SEK 88 million, with full effect from the third quarter of 2007.

The demand for mobile device software is growing and the market outlook for 2007 is good. Mobile software requirements are becoming increasingly complex and Teleca is well positioned to increase its market share. Teleca's geographical presence and its wide-ranging, in-depth expertise are clearly competitive advantages. Mobile Internet is finally happening, leading to increasing amount of opportunities in Teleca's areas of focus and strength.

The market is significantly impacted by rapid consolidation around the leading OEMs, who continue to increase their market shares, This in turn affects the requirements on the supplier base where scale, cost efficiency and quality becomes critical success factors.

Competition among software vendors is fierce, and while the total demand for software is growing significantly, price competition is expected to influence the market size significantly. In addition an expected increase in the leverage of open source software is likely to impact the market and the future business models.

In response to this development Teleca will continue to strengthen its competitiveness and market position by focusing on the following areas:

- Expanding business with leading OEMs and their key vendors
- Improving the cost structure by continuing to expand in Russia and China
- Strengthen product offering and time-to-market by
  – Investing in reference integration on key platforms
  – Strengthening the global competences in Symbian, Windows Mobile, Brew and Linux
  – Establishing Open Source strategy

auSystems (formerly Teleca Systems)

Fourth quarter
During the fourth quarter auSystems was established as a separate brand. As announced earlier the intention is to float auSystems on the OMX Nordic Exchange by means of a share issue to Teleca's shareholders. If conditions are right, Teleca may select to divest auSystems by an industrial transaction.

The market for auSystems' offering is healthy but characterized by continuous price pressure. The market is expected to grow modestly in 2007.

During the quarter auSystems took steps to improve cost-effectiveness and reduce staff levels in Europe by a total of about 50. Restructuring costs amounted to SEK 19 million, with annual savings of about SEK 24 million, fully effective from January 2007. New CEOs were appointed in Poland, Norway and France. The previous CEO in Norway is now responsible for managing auSystems' activities in the UK.

The restructuring affected the growth level somewhat negatively which ended at 0%. Organic growth was also 0%. The operating margin was positively affected and reached a level of 9% excluding restructuring costs. The restructuring helped improve the utilization, which is expected to remain at a high level in the coming quarter.

As part of the profitability improvement program and the streamlining of auSystems, Teleca sold the Life Science and Embedded Solutions divisions in Stockholm to Prevas AB , effective from 1 January 2007. The two divisions, which have a combined staff of 93, accounted for net sales totaling about SEK 97 million in 2006.

In January 2007 auSystems established a new office in the UK aimed primarily at the operator market. The new auSystems subsidiary stands to benefit from the expected growth of Next Generation Networks (NGNs) in the UK, where there is a strong and steady demand for both existing local skills and expertise in network optimization. The company will initially have between 40 and 50 consultants, including co-workers from Norway and Italy.
Restructuring measures combined with a favorable market mean that the outlook for auSystems looks positive.

OTHER INFORMATION

Parent company
Net sales for the period were SEK 86 million (119). Earnings after financial items were SEK 662 million (36). Liquid funds were 6 SEK million (7). The parent company´s net investments in shares in subsidiaries were SEK 47 million (54). SEK 0 million (0) was invested in equipment.

Annual general meeting of shareholders
The 2006 regular shareholders meeting will be held in Malmö on April 24, 2007.

Dividend

The Board proposes that no dividend be paid for the financial year 2006.

Annual Report

The 2006 Annual Report is expected to be available at Telecas website www.teleca.com and at Telecas head office as of March 25, 2007.

Significant events after the end of the reporting period

Teleca signed an agreement with Prevas AB in December 2006 concerning the sale of auSystems' Life Science and Embedded Solutions divisions in Stockholm. The transaction involved agreement on assets and liabilities and the purchase price was SEK 32 million in addition to the net value of the assets taken over. Net sales in 2006 were about SEK 97 million. The takeover took effect on 1 January 2007, when the divisions together with a staff of 93 were transferred to Prevas AB. The sale, which will be accounted for in the first quarter, will affect the cash flow positively in 2007 by about SEK 23 million and generate a capital gain of about SEK 4 million.

Summary of consolidated income statement, SEK million

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Net sales	2,780.0	2,541.6	723.2	704.7
Staff expenses	–1,862.6	–1,725.5	–484.4	–451.0
Other expenses*	–926.2	–636.1	–242.0	–199.6
Depreciation	–150.5	–123.0	–40.7	–27.6
Amortisation of fixed assets	–95.3	0.0	0.0	0.0
Operating earnings (EBIT)	**–254.6**	**57.0**	**–43.9**	**26.5**
Financial items	–37.6	–1.2	–5.0	–4.1
Earnings after financial items	**–292.2**	**55.8**	**–48.9**	**22.4**
Taxes	4.0	–43.3	–13.5	–31.5
Earnings for period from remaining operations	**–288.2**	**12.5**	**–62.4**	**–9.1**
Earnings for period from terminated operations	289.8	34.4	–2.0	10.7
Earnings for period	**1.6**	**46.9**	**–64.4**	**1.6**
Of which attributable to shareholders in Teleca AB	1.6	46.9	–64.4	1.6
Of which attributable to minority share	0.0	0.0	0.0	0.0

**Includes a provision of SEK 46 million in the third quarter resulting from BenQ Mobile in Germany seeking protection against insolvency, a provision of SEK 17 million in the third quarter resulting from the revaluation of current receivables, and restructuring costs of SEK 46 million in the second quarter and SEK 76 million in the fourth quarter.*

Share data

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Earnings per share, SEK	0.03	0.75	–1.03	0.03
Ditto diluted, SEK	0.03	0.75	–1.03	0.03
Earnings per share from remaining operations, SEK	–4.62	0.20	–1.00	–0.15
Ditto diluted, SEK	–4.62	0.20	–1.00	–0.15
Shareholders' equity per share, SEK	31.23	31.71	31.23	31.71
Ditto diluted, SEK	31.23	31.71	31.23	31.71
Number of shares at end of period	62,377,477	62,377,477	62,377,477	62,377,477
Ditto diluted	62,377,477	62,377,477	62,377,477	62,377,477
Number of shares, average	62,377,477	62,377,477	62,377,477	62,377,477
Ditto diluted	62,377,477	62,377,477	62,377,477	62,377,477
Number of warrants with subscription price below share price at end of period	0	0	0	0
Number of warrants with subscription price above share price at end of period	0	40 812	0	40 812
Number of own shares at end of period	0	0	0	0
Share price at end of period, SEK	27.9	35.7	27.9	35.7

Margin data

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Operating margin, %	–9.2	2.2	–6.1	3.8
Profit margin, %	0.1	1.8	–8.9	0.2

Depreciation, SEK million

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Tangible fixed assets	–42.5	–39.1	–14.3	–10.7
Capitalised product development expenses	–97.8	–78.5	–20.4	–15.5
Other intangible fixed assets	–10.2	–5.4	–6.0	–1.4
Total depreciation for the period	**–150.5**	**–123.0**	**–40.7**	**–27.6**

Summary of consolidated balance sheet, SEK million

	2006 31 Dec	2005 31 Dec
Assets		
Goodwill	1,747.6	1,690.5
Capitalised product development expenses	123.7	214.1
Other intangible assets	44.4	34.0
Tangible assets	86.5	90.2
Financial fixed assets	11.5	19.4
Other fixed assets	122.4	62.6
Current assets	907.6	932.0
Other interest-bearing assets	0.9	2.1
Short-term investments	0.0	0.0
Liquid funds	58.9	47.2
Total assets	**3,103.6**	**3,092.1**
Shareholders' equity and liabilities		
Shareholders' equity	1,948.0	1,978.2
Long-term liabilities, interest-bearing	105.5	23.0
Long-term liabilities, non-interest-bearing	50.8	71.4
Current liabilities, interest-bearing	251.5	263.9
Current liabilities, non-interest-bearing	747.8	755.6
Total shareholders' equity and liabilities	**3,103.6**	**3,092.1**

Changes to shareholders' equity, SEK million

	2006 Jan–Dec	2005 Jan–Dec
Amount at start of period	**1978,2**	**1,884.9**
Profit/loss related to cash flow hedging	-0,1	0.1
New share issue	–	–
Exchange rate differences	-31,7	47.1
Changes to minority share	–	–0.8
Dividend	–	–
Earnings for period	1,6	46.9
Amount at end of period	**1,948.0**	**1,978.2**
Of which attributable to shareholders in Teleca AB	1947,9	1,978.1
Of which attributable to minority share	0,1	0.1

Summary of consolidated cash flow analysis, SEK million

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Cash flow from operations	**–69.2**	**156.3**	**10.4**	**24.5**
Change to working capital	–1.2	47.0	–4.1	45.5
Cash flow from current operations	**–70.4**	**203.3**	**6.3**	**70.0**
Investment operations	91.7	–198.3	–27.8	–37.1
Cash flow after investment operations	**21.3**	5.0	**–21.5**	**32.9**
Financial operations	–0.8	–61.5	28.2	–25.1
Cash flow for the period	**20.5**	**–56.5**	**6.7**	**7.8**
Exchange rate differences in liquid funds	–8.3	7.5	–5.7	1.4
Changes to liquid funds	**12.2**	**–49.0**	**1.0**	**9.2**

Net sales by division, SEK million

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Teleca Mobile	1,531.6	1,284.3	384.0	360.8
Of which Products/Obigo	226.9	253.5	56.0	99.0
auSystems	1,359.0	1,345.3	364.7	364.0
Group-wide and elimination	–-110.6	–88.0	–25.5	–20.1
Total	**2,780.0**	**2,541.6**	**723.2**	**704.7**

Operating earnings (EBIT) by division, million*

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Teleca Mobile	–110.7	–14.1	–56.2	3.1
Of which Products/Obigo	–217.5	–76.0	–92.6	–9.8
auSystems	24.8	87.9	13.5	29.2
Group-wide and elimination	–168.7	–16.8	–1.2	–5.8
Total	**–254.6**	**57.0**	**–43.9**	**26.5**

*Write down of capitalized development cost and cost from restructuring measures taken in the second quarter are included in Group-wide and elimination.

Operating margin (EBIT) by division, %*

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Teleca Mobile	–7.2	–1.1	–14.6	0.9
Of which Products/Obigo	–95.9	–30.0	–165.4	–9.9
auSystems	1.8	6.5	3.7	8.0
Total	**–9.2**	**2.2**	**–6.1**	**3.8**

*Write down of capitalized development cost and cost from restructuring measures taken in the second quarter are included in Group-wide and elimination.

Net sales by geographical area, SEK million

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Sweden	1,117.2	985.1	315.7	289.6
Europe, excluding Sweden	936.0	884.6	217.3	231.5
Asia	349.9	569.8	99.4	148.7
North America	363.0	99.0	89.8	31.8
Rest of world	13.9	3.1	1.1	3.1
Total	**2,780.0**	**2,541.6**	**723.2**	**704.7**

Quarterly trend

	2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales, million	629.3	649.8	557.8	704.7	674.6	727.8	654.4	723.2
Operating earnings (EBIT), million	24.4	14.1	–7.9	26.5	3.4	–83.7	–130.4	–43.9
Operating margin, %	3.9	2.2	–1.4	3.8	0.5	–11.5	–19.9	–6.1
Approximate number of working days	61	62	66	63	64	60	65	63
Number of employees at end of period	2,644	2,596	2,612	2,639	3,519	3,615	3,643	3,592

Teleca group key data

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Number of employees at end of period (full-time equivalent)	3,592	2,638	3,592	2,638
Average number of employees	3,433	2,605	3,601	2,654
Net sales per employee, SEK thousands**	810	976	201	266
Value added per employee, SEK thousands***	468	684	122	180
Working capital, SEK million	160	176	160	176
Working capital percentage of last-quarter sales	22.1	21.2	22.1	21.2
Capital employed, SEK million	2,305	2,265	2,305	2,265
Tax losses carry forward, SEK million	752	312	752	312
Return on capital employed, %	2.4	5.4	–1.0	2.0
Return on equity, %	0.1	2.4	–3.2	0.1
Equity/assets ratio, %	62.8	64.0	62.8	64.0
Net debt/equity, %	15.3	12.0	15.3	12.0
Current ratio	1.0	1.0	1.0	1.0
Interest-bearing net debt, SEK million*	297	238	297	238

*Includes long-term liability regarding supplementary purchase price for Teleca Russia of SEK 91 million.

**Net sales per employe has decreased in 2006 from Teleca's acquired operations in Russia.

***Affected by Teleca's acquired operations in Russia, a provision of SEK 46 million in the third quarter resulting from BenQ Mobile in Germany seeking protection against insolvency, a provision of SEK 17 million in the third quarter resulting from a revaluation of current receivables, a restructuring cost of SEK 46 million in the second quarter, a write-down of SEK 28 million in the second quarter, and an amortisation of SEK 67 million in the third quarter.

Accounting principles

From and including 1 January 2005 group accounts are prepared in accordance with the International Financial Reporting Standards, IFRS, and interim reports are prepared in accordance with IAS 34, Interim Financial Reporting. The transition to the IFRS is reported in accordance with IFRS 1, First-time Adoption of IFRS. This year-end report has in all other aspects been prepared in accordance with the same accounting principles and calculation methods as applied in the annual report for 2005.

Most of the recommendations implemented during the transition to the IFRS will have little or no effect on the company's accounting practices. The only areas of the IFRS that are significantly different from Teleca's current accounting practices are the valuation of goodwill and other intangible assets (IFRS 1, IFRS 3, IAS 36 and IAS 38), the accounting of company acquisitions (IFRS 3) and financial instruments (IAS 39).

More information about the transition to the International Financial Reporting Standards is available at Teleca's web site www.teleca.com or from Teleca's annual report for 2005.

The company's auditors have not examined this year-end report.

Malmö, 7 February 2007
Teleca AB (publ.)

On behalf of the board of directors,
René Svendsen-Tune
President and CEO

For more information please contact:

- René Svendsen-Tune, President and CEO, Teleca AB, mobile +45-40540068
- Christian Luiga, CFO, Teleca AB, +46-857911604, mobile +46-703751604

Forthcoming report dates

Interim report January–March 2007:	24 April 2007
Interim report January–June 2007:	19 July 2007
Interim report January–September 2007:	18 October 2007
Year-end report 2007:	February 2008

Press and analyst conferences

Teleca will present the year-end report in English via a telephone conference on Wednesday 7 February 2007 at 09:00 CET. To participate please call +44-2073651851 or +46-858536965 or view the presentation live via the internet at www.teleca.com.

Teleca is a world-leading consulting company that develops and integrates advanced software and IT solutions. Teleca helps its customers shorten development times and use the most suitable technology more effectively. The company consists of about 3,500 experts based in 17 countries in Asia, Europe and North America. Teleca is quoted on the Mid cap list of The Nordic Exchange.

The year-end report can be ordered from the company or downloaded via www.teleca.com.

Teleca AB (corp. reg. no. 556250-3515)**,** Dockplatsen 1, SE-211 19 Malmö, Sweden
+46-40 25 30 00, fax +46-40-129 315. This information is also available in Swedish.

Appendix to interim report January–December 2006

Discontinued operations

On 8 May 2006 Teleca sold its subsidiary Benima to AB Ångpanneföreningen (ÅF) for a total purchase price of SEK 517.1 million made up of SEK 404.8 million in cash and 782,840 newly issued shares in ÅF.

Earnings from terminated operations:

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Earnings from Benima operations	10.2	34.4	–	10.7
Earnings from sale of Benima	289.6	–	–2.0	–
	289.8	34.4	–2.0	10.7

Summary of income statement for Benima

	2006 Jan–Dec	2005 Jan–Dec	2006 Oct–Dec	2005 Oct–Dec
Operating income	166.6	493.6	–	126.9
Operating expenses	–152.6	–448.8	–	–112.3
Financial items	0.2	1.1	–	0.2
Earnings before tax	14.2	45.9	–	14.8
Taxes	–4.0	–11.5	–	–4.1
Earnings for period from Benima operations	10.2	34.4	–	10.7

Benima's net assets at time of sale	2006-04-30
Net assets sold	56.3
Goodwill related to sold operations	167.1
	235.5
Earnings from sale of Benima	281.6
Total purchase price	517.1
of which cash	404.8
of which newly issued shares in ÅF	112.3
	517.1

No taxes are due on earnings from the sale of Benima.
Net effect (received cash purchase price minus liquid funds in sold subsidiary and transaction costs) on the group's liquid funds was SEK 381.6 million.

Net cash flow from terminated operations

During the first half of 2006 Benima's cash flow was SEK 16.6 million (29.9) from current operations, –SEK 3.1 million (0.9) from investment operations, and SEK 0 million (0) from financing operations.

Acquired businesses

On 11 April 2006 Teleca announced its acquisition of TLM Communications, Ltd. and Telma Soft, Ltd., both Russia. Teleca acquired 100% of the voting rights and share capital in both legal companies. The agreement that was made stipulated that Teleca became in a position of significant influence of the businesses as from March 1, 2006. The companies are seen as one business entity, and the acquisition value amounted to SEK 302,0 million. Total costs related to the acquisition was SEK 6,8 million.