



Year-End Report 2006

1 January – 31 December

- Order intake fell by six per cent to SEK 1,496M.
- Net sales increased by 15 per cent to SEK 1,586M.
- Operating profit before items affecting comparability amounted to SEK 118M (128). After these items, operating profit amounted to SEK 67M (115).
- The period's profit after tax amounted to SEK 25M (92), equivalent to SEK 2.53 per share (9.18). The result has been charged with a capital loss and close-down costs of SEK 51M. The previous year's result included a capital gain after tax of SEK 38M from closed operations.
- The acquisitions of the American companies, RPT and H2O, for were completed for a maximum purchase price of USD 38M. The companies were consolidated into KMT Waterjet Systems on 1 December 2006.
- The decision was taken to close the operations within Herber.
- The Board of Directors proposes a dividend of SEK 2.50 (2.50) per share.

Financial review

	Oct-Dec		Jan-Dec	
SEK M (unless otherwise stated)	2006	2005	2006	2005
Order intake	413	447	1 496	1 594
Net sales	491	474	1 586	1 375
Gross profit	132	148	466	426
Gross margin, %	26.9	31.4	29.4	30.9
Operating profit*	4	67	67	115
Operating margin, %	0.8	14.1	4.2	8.4
Profit for the period, including closed operations**	0	39	25	92
Earnings per share, SEK	0	3.92	2.53	9.18

* Including a capital loss of SEK 14M on the divestment of the remaining Pullmax companies during the second quarter of 2006 and close-down costs of SEK 37M relating to the closure of Herber in the fourth quarter. The previous year's figures include restructuring costs of SEK 13M.

** Including a capital gain totalling SEK 38M for Pullmax Scandinavia AB and Pullmax UK Ltd during 2005.

KMT is an international group which provides advanced products, system solutions and a fully comprehensive aftermarket offer to customers mainly within the engineering industry. Operations are carried out in three product areas: Waterjet Cutting, Precision Grinding and Sheet Metal Working. KMT has operations in 10 countries and around 950 staff.



Market

The start of 2006 was characterised by a high level of activity within all market segments. During the second quarter, however, the level of activity fell in most markets and especially in KMT's traditionally strong market, Western Europe. This pattern continued during the rest of the year. The exception was the market within waterjet cutting where capacity utilisation remained high and there was growth in all regions. Growth related both to new investments and the aftermarket.

KMT is of the opinion that the market activity for 2007 will be on a par with 2006 and the Waterjet product area should see continued strong growth.

Group development for the fourth quarter

SEK M	Oct-Dec				Jan-Dec			
	Order intake		Net sales		Order intake		Net sales	
	2006	2005	2006	2005	2006	2005	2006	2005
KMT Waterjet Systems	133	128	137	114	494	388	503	374
KMT Cutting Systems	91	39	73	59	216	173	211	162
Waterjet Cutting*	224	167	202	165	710	561	684	510
UVA	40	74	78	96	207	280	243	308
Lidköping	62	160	112	121	338	442	393	329
Precision Grinding*	102	233	190	212	545	721	632	627
Pullmax**	0	20	0	31	29	87	33	76
Ursviken	96	27	86	51	207	199	187	115
Herber	-1	17	16	17	38	61	51	49
Sheet Metal Working*	95	64	101	99	274	347	271	240
Parent company/Group adjustments	-8	-17	-3	-2	-33	-35	-1	-2
KMT Group	413	447	491	474	1 496	1 594	1 586	1 375

* After the product area's internal eliminations.

** Pullmax was consolidated up to and including the divestment date, 14 June 2006.

Order intake

Consolidated order intake for the fourth quarter amounted to SEK 413M (447), equivalent to a decrease of eight per cent. When adjusted for acquisitions and divestments, the increase was 10 per cent. The backlog amounted to SEK 568M (611) at the period end.

Order intake within the **Waterjet Cutting** product area increased by 34 per cent to SEK 224M (167). Of this increase, the acquisitions of Aqua-Dyne, H2O and RPT contributed SEK 32M, equivalent to an adjusted growth of 15 per cent. In addition to the increased level of investment in the important American and German markets, growth was noted in several other markets. KMT Cutting Systems' order intake was at a record high and amounted to SEK 91M (39). When adjusted for acquisitions, the increase was 92 per cent. This was the result of a generally strong market. Orders received included a strategically important order from Boeing.

The **Precision Grinding** product area's order intake fell by 56 per cent to SEK 102M (233). The level of activity within KMT UVA's most important customer segment, fuel injection, remained weak, and this is reflected in the order intake which amounted to SEK 40M (74) for the quarter. This was partly due to a change of technology within the car segment, but also to



the fact that investments have already been made ahead of the new emission legislation for heavy vehicles which came into force around the turn of the year. This has affected KMT UVA's sales as the company is positioned early in the process development. However, future demand on fuel-efficient solutions and the setting of lower emission levels will lead to further investment in new technology, which is deemed positive for UVA's development in the future.

KMT Lidköping's order intake amounted to SEK 62M (160), equivalent to a fall of 61 per cent compared with the fourth quarter of 2005. The recently announced general agreement drawn up between KMT Lidköping and SKF is not included in the order intake for the fourth quarter, but will be specified in suborders in step with orders. The investment climate within the most important customer segment, ball bearings, varied where a decrease was noted in North America whilst demand in Asia was strong.

Order intake within **Sheet Metal Working** rose by 48 per cent to SEK 95M (64). When adjusted for the divestment of Pullmax, the increase amounted to 111 per cent. The increase is wholly attributable to KMT Ursviken, which won several large orders during the quarter. The decision to close Herber had a negative effect on the order intake during the quarter.

Net sales

Consolidated net sales increased by four per cent to SEK 491M (474). When adjusted for acquisitions and divestments, growth was five per cent. The increase was achieved within Waterjet Cutting and Sheet Metal Working.

Net sales for the **Waterjet Cutting** product area increased by 22 per cent to SEK 202M (165). When adjusted for acquisitions, the increase was four per cent. KMT Waterjet System's sales amounted to SEK 137M (114) of which Aqua-Dyne and H2O accounted for SEK 13M and SEK 4M respectively. KMT Cutting Systems' sales amounted to SEK 73M (59), of which RPT accounted for SEK 15 M during December.

Net sales within the **Precision Grinding** product area were 10 per cent lower than for the fourth quarter in the previous year and amounted to SEK 190M (212). KMT UVA's sales fell to SEK 78M (96). Sales for KMT Lidköping fell by seven per cent and amounted to SEK 112M (121). This is mainly explained by a delayed delivery of the Nano Grinder, which also affected the delivery capacity for other business. Aftermarket sales for reconstructions, service and spare parts continued to develop strongly both for KMT Lidköping and KMT UVA.

Net sales for the **Sheet Metal Working** product area rose by two per cent to SEK 101M (99). When adjusted for the divestment of Pullmax, net sales increased by 48 per cent. This is largely explained by the large backlog at the start of the year and a good aftermarket for KMT Ursviken.

Results

Gross profit fell to SEK 132M (148). The fall mainly took place within Precision Grinding. A large customer order for a new variety of the Nano Grinder brought about technical problems which became a burden on much of the other resources of the organisation during the year. The development work became more complicated than expected. This was due to technical difficulties and involved an overload of the organisation with significant delays and additional costs which also affected other projects.



The technical challenges were finally solved at the end of 2006 when the aforementioned order was ready for delivery. However, the project was further delayed due to a request from a client company which is carrying out a relocation of its new production unit. Taken together, this involved temporarily higher costs. The American service company, KMT Cincinnati, made a loss during the year due to deliveries of projects with a low gross margin. The gross profit within Sheet Metal Working has weakened as a result of the divestment of Pullmax Machine, which reported a gross profit of SEK 8M for the fourth quarter in the previous year.

The consolidated gross margin fell by four percentage points to SEK 27M (31). Within Waterjet Cutting, the gross margin fell by two percentage points. This is largely explained by lower margins within Aqua-Dyne, which was acquired during the year. Precision Grinding lost six percentage points, which is explained above. The previously announced organisational changes within Precision Grinding are proceeding according to plan and are working gradually to strengthen the margins within the product area. The gross margins within Sheet Metal Working fell by five percentage points. This is largely due to the completion of a large project with a lower margin during the quarter and Herber's continuing unsatisfactory profitability.

Operating profit, excluding close-down costs, amounted to SEK 40M (67), equivalent to an operating margin of eight per cent (14). The weakening is explained by a reduced gross profit and by increased expenses and increased amortisation of intangible assets as a result of acquisitions.

Operating profit including close-down costs for Herber amounted to SEK 4M (67). The closure of Herber is expected to charge the Group by SEK 37M. During the fourth quarter in the previous year, KMT Urviken dissolved previous provisions of SEK 6M. In addition, the Group reversed SEK 2M of the original restructuring costs of SEK 15M for Pullmax Machine during the fourth quarter of 2005.

The result after financial income and expenses amounted to SEK -5M (60). Financial income and expenses for the quarter amounted to SEK -8M (-7) and consisted mainly of interest expenses and translation of currencies. As from 1 January 2006, KMT is applying hedging reporting.

Profit after tax amounted to SEK 0M (39). The period's tax expense amounted to SEK -17M (-36), equivalent to a tax rate of 40 per cent accumulated at the full year, where the capital loss from the divestment of Pullmax is not tax deductible. The tax rate reflects a mixture of Swedish and foreign taxes. The major part of the taxable result emanates from the companies in Germany and the USA which have significantly higher tax than the companies in Sweden.

The period January-December

Net sales and results

Consolidated net sales for the period amounted to SEK 1,586M (1,375), an increase of 15 per cent. When adjusted for divestments and acquisitions, the increase was 18 per cent. The increase is mainly attributable to the Waterjet Cutting product area, in which growth amounted to 23 per cent after adjustment for the acquisitions.



Profit after tax for the period amounted to SEK 25M (92). The capital loss for the divestment of Pullmax is charged to the profit for the period by SEK 14M, which is not tax deductible, and estimated close-down costs of SEK 37M for Herber. The previous year included a net gain of SEK 38M from the earlier sale of Pullmax's sales companies to Bystronics and a restructuring cost of SEK 13M for the remaining Pullmax companies. In addition, the previous year was charged with an item of SEK -11M attributed to the valuation of financial derivatives. Profit for the period adjusted for the aforementioned items was SEK 76M for the current year and the adjusted profit for the previous year was SEK 78M.

Cash flow and financial position

Investments in the form of capitalised development projects amounted to SEK 6M (10) for the quarter and to SEK 37M (36) for the period. In total, capitalised development projects amount to SEK 97M (73). The largest of these development projects, the Nano Grinder, has been completed and the quarter's results have been charged with its amortisation of SEK 1.4M. Investments in tangible fixed assets amounted to SEK 6M (26).

At the quarter end, total assets amounted to SEK 1,824M compared with SEK 1,391M at the 2005 year end, mainly as an effect of made acquisitions. The **equity ratio** has decreased by 12 percentage points since the turn of the year and amounted to 31 per cent. The primary explanation for this decrease is the loan-financed acquisitions of Aqua-Dyne, H2O and RPT. Interest-bearing financial liabilities amounted to SEK 705M at the period end. Of this, SEK 372M are short-term loans. The **Net debt** amounted to SEK 685M. Of this, SEK 83M was for pension provisions. This is an increase of SEK 350M compared with the 2005 year end and is mainly explained by loan-financed acquisitions and an increased need for operating credits. **Liquid funds** amounted to SEK 18M at the period end. In addition, the Group has unutilised bank overdraft facilities of SEK 140M.

The **cash flow** amounted to SEK -2M (-9) for the year and to SEK -34M (19) for the quarter. Current operations generated a cash flow of SEK 60M (24) for the year and SEK 23M (31) for the fourth quarter. The change in working capital amounted to SEK -15M for the year and to SEK -9M for the quarter. Investment and financial operations generated a cash flow of SEK -62M (-33) for the whole period and SEK -57M (-12) for the quarter.

Acquisitions, divestments and closures

KMT acquired all the shares in the American company, Aqua-Dyne. The acquisition meant that KMT gained access to a new and growing market segment with significant potential, whilst there are synergistic benefits with KMT Waterjet Systems. Aqua-Dyne was consolidated into the Waterjet Cutting product area from 7 April 2006.

As stated in the acquisition analysis presented in the Interim Reports for the second and third quarters, the acquisition analysis was preliminary. KMT has now received a final valuation of the assets and liabilities in Aqua-Dyne. As a consequence, KMT has made the adjustments stated below of the acquisition analysis which has now been finalised. The adjustments made relate essentially to identified net assets which have increased by SEK 7.8M. Intangible assets have been adjusted upward by SEK 1.0M after deferred tax. Goodwill has been adjusted downward by SEK 8.2M to SEK 50.7M. Previous periods have been amended for the adjustments in the acquisition analysis which amount to SEK 0M in the second quarter and SEK -1M in the third quarter.



KMT acquired Robotic Production Technology (RPT), the leading company within robotic processing systems in North America, and H2O Jet Inc., an American manufacturer of equipment for waterjet cutting systems, including diamond nozzles. Total annual sales of the two companies amount to approximately SEK 300M. The two acquisitions mean that KMT will be the foremost global supplier of robotic waterjet cutting and processing systems, including spare parts and pumps for waterjet cutting within the automotive industry. In addition, KMT gains access to process technology within applications outside the waterjet cutting sector, such as laser cutting and milling and ultrasound applications. The two companies are consolidated into KMT from 1 December 2006 as parts of the Waterjet Cutting product area. The total acquisition amount for the two companies amounted to USD 36M and a maximum supplementary purchase price of USD 2M, which is dependent on the financial outcome for 2007. The acquisitions are financed through bank loans. RPT accounted for approximately SEK 15M of consolidated sales for the financial year, whilst H2O contributed approximately SEK 4M of consolidated sales.

Preliminary acquisition analyses as follows:

Acquisition analysis (SEK M)	RPT	H2O
Purchase price paid in cash	130.6	110.3
Direct transaction costs	1.5	1.3
Total acquisition cost	132.1	111.6
Intangible fixed assets	68.5	37.4
Tangible fixed assets	2.5	5.4
Inventories	25.3	23.6
Liquid funds	8.5	0.9
Other net assets	-24.4	-2.3
Total actual value of acquired net assets	80.4	65.0
Goodwill	51.7	46.6
If the acquisition had been made at 1 January 2006, consolidated net sales would have increased by:		
- Net sales	249	66
- Operating profit	19	10

Intangible fixed assets above include trademark, customer relations and patents.

Amortisation attributable to intangible assets for the three acquired companies will amount to approximately SEK 14M for 2007 and will be distributed on the functions where they are utilised.

Goodwill is attributable to the acquired operation's personnel and the most important synergistic effects expected to arise after the Group's acquisition of the above companies.

All intangible assets, including goodwill, are tax deductible.

In mid-December, KMT announced plans to initiate negotiations in accordance with the Codetermination Act relating to a close down of its subsidiary, Herber. In spite of significant



efforts within product development and sales, Herber has had continued insufficient order intake and has not succeeded in turning around this negative trend. One-off costs for the close down of SEK 37M have been charged to the fourth quarter. Of this, SEK 15M is estimated to be influencing the cash flow. Consolidated total assets decreased by approximately SEK 25M as a result of the closure.

KMT is in the process of forming a joint venture together with the Chinese company, KTL, (Dalian Kaitele Machinery Co. Ltd.), with the aim of manufacturing high-frequency spindles in a new plant in Wafangdian, China. KMT will own 60 per cent of the joint venture company, KMT Spindle Technology Co. Ltd., and will thus consolidate the company in its accounts. The estimated initial investment amounts to approximately SEK 20M. The new plant will be inaugurated during the third quarter of 2007 and has no influence on sales of operating profit for 2006.

Personnel

The number of employees in the Group amounted to 951 at the end of the year and the average number of employees was 933. This represents an increase in the number of employees from the 2005 year end of 162. During the period, 149 staff were added through acquisitions whilst the divestment of Pullmax reduced the number of employees by 45. The net increase has mainly taken place through recruitment within service and sales.

Parent company

The parent company of the Group, Karolin Machine Tool AB, comprises the Group staff of six who have responsibilities for strategic direction and co-ordination. During the period, revenues amounted to SEK 21 (26). The result before appropriations and taxes was SEK -69 (5). Of this, SEK -32 (-1) is exchange rate differences on intra-group loans and SEK 27M write-down of shares in Herber. Liquid funds amounted to SEK 0M (0) at the end of the quarter. During the period, the parent company made investments of SEK 0M (0) and paid a dividend of SEK 25M, equivalent to SEK 2.50 per share.

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.

Dividend

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

Annual Report

The Annual Report will be distributed to the shareholders who have requested it and will be available on the company's website: www.kmtgroup.com.

Nomination Committee

The 2006 Annual Meeting of Shareholders 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 Meeting of Shareholders

The Annual Meeting of KMT shareholders will be held in the World Trade Center, New York Conference Hall, Klarabergsviadukten 70, in Stockholm at 3 pm on 29 March 2007.



Shareholders who wish to have a matter discussed at the Annual 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**

In order to ensure that the proposal will be included in the Notice of the Annual Meeting of shareholders and on the Annual Meeting Agenda, it must have been received no later than Tuesday, 20 February 2007.

Shareholders who wish to submit proposals to KMT's Nomination Committee for 2007 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 by e-mail to: **vaj@nordstjernan.se**

Proposals to the Nomination Committee should be sent as soon as possible but no later than Tuesday 20 February 2007 in order to ensure that it will be considered by the Nomination Committee.

Reporting principles

This interim report has been prepared in accordance IAS 34, *Interim reporting*, and the Swedish Financial Accounting Standards Council's recommendation RR 31, *Interim reports for groups*. The parent company's reporting has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 32, *Reporting for legal entities*, in the preparation of its financial reports.

KMT reports derivative instruments at actual value in the balance sheet. During 2005, reporting of market valuation of financial derivative instruments has been made as part of financial income and expenses. As from 1 January 2006, KMT is applying hedging reporting. The hedgings KMT makes use of are:

- Actual value hedgings for, for example, orders and ongoing projects for machines; and
- Cash flow hedgings for, for example, forecast aftermarket sales.

This change of reporting principle is made to achieve more transparent margin reporting and reduce the volatility in the operating result.

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

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 2006 did not show any need for a write down of the consolidated goodwill.

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

Future information dates

Interim Report January-March will be published on 23 April 2007.

The Year-End Report will be available at KMT's head office and on www.kmtgroup.com from 15 February.

Board of Directors, 15 February 2007

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

Information

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Group summary

Income statements	Oct-Dec		Jan-Dec	
SEK M	2006	2005	2006	2005
Remaining operations				
Net sales	491	474	1 586	1 375
Cost for sold goods	-359	-326	-1 120	-950
Gross profit	132	149	466	426
Selling and administration costs and R&D expenditure	-90	-83	-343	-297
Other operating income	0	2	0	5
Other operating expenses	-39	0	-56	-19
Operating profit	4	67	67	115
Financial items	-8	-7	-25	-25
Profit after financial items	-5	60	42	90
Taxes	5	-20	-17	-36
The period's result of remaining operations	0	39	25	54
Result of operations under closure	0	0	0	38
The period's result including operations under closure	0	39	25	92

Comments on the income statement:

Other operating expenses include a capital loss of SEK 14M for the divestment of Pullmax, second quarter, and SEK 37M relating to close-down costs for the closure of Herber, fourth quarter. The first quarter includes a restructuring cost of SEK15M for the Pullmax operation. During the second half of the year, SEK 2M of this cost was reversed so that the item amounted to SEK 13M for the full year. For the first quarter of 2005, the item 'Result of operations under closure' consists of the preliminary capital gain calculation of SEK 30M for the divested units within Pullmax. The final capital gain amounted to SEK 38M during 2005.

Of financial items for the 2005 full year, SEK -11M consists of market valuation of financial instruments in accordance with IAS 39. As from 1 January 2006, KMT is applying hedging reporting. This means that market valuation of financial instruments is reported as part of the hedged transaction on the income line or in a hedging reserve in shareholders' equity. The increase in 2006 is attributable to increased interest expenses as a result of the loan-financed acquisitions.

Depreciation for the year of tangible and intangible assets amounted to SEK 39M (29) and is distributed on the functions in which the asset is utilised.

Share data	Oct-Dec		Jan-Dec	
	2006	2005	2006	2005
Earnings after tax, SEK	0	3.92	2.53	9.18
Shareholders' equity, SEK	56.97	60.10	56.97	60.10
Cash flow, SEK	-3.56	1.79	-1.95	-0.87
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	149.00	127.00	149.00	127.00



Cash flow statements	Oct-Dec		Jan-Dec	
SEK M	2006	2005	2006	2005
Cash flow from current operations	-23	31	60	24
Cash flow from investment operations	-262	-19	-393	-13
Cash flow from financial operations	205	7	331	-20
The period's cash flow	-34	19	-2	-9
Liquid funds at the start of the period	53	0	22	29
Exchange rate differences in liquid funds	-2	3	-3	2
Liquid funds at the period end	18	22	18	22

Product areas	Oct-Dec				Jan-Dec			
SEK M	2006		2005		2006		2005	
Waterjet Cutting	202		165		684		510	
Precision Grinding	190		212		632		627	
Sheet Metal Working	101		99		271		240	
Parent company and Group adjustments	-2		-2		-1		-2	
Net sales	491		474		1 586		1 375	
Waterjet Cutting	69	34,2%	59	36,0%	255	37,2%	200	39,2%
Precision Grinding	40	21,0%	58	27,5%	137	21,7%	157	25,0%
Sheet Metal Working	27	26,7%	31	31,3%	77	28,4%	70	29,2%
Parent company and Group adjustments	-4		1		-3		-1	
Gross profit and gross margin	132	26,9%	149	31,4%	466	29,4%	426	31,0%
Waterjet Cutting	27	13,4%	28	17,0%	116	17,0%	95	18,6%
Precision Grinding	8	4,2%	22	10,4%	10	1,6%	42	6,7%
Sheet Metal Working	10	9,9%	16	16,2%	12	4,4%	10	4,2%
Parent company and Group adjustments	-5		1		-20		-19	
Operating profit and operating margin, excluding restructuring	40	8,1%	67	14,1%	118	7,6%	128	8,4%
Waterjet Cutting					491		423	
Precision Grinding					274		294	
Sheet Metal Working					90		123	
Parent company and Group adjustments					419		119	
Capital employed					1 274		959	
Waterjet Cutting					435		240	
Precision Grinding					373		348	
Sheet Metal Working					119		156	
Parent company and Group adjustments					6		6	
Average number of employees					933		750	

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



Balance sheets	On 31 Dec	
SEK M	2006	2005
Assets		
<i>Fixed assets</i>		
Intangible assets	703	439
Tangible fixed assets	172	153
Financial fixed assets	12	1
Total fixed assets	887	592
<i>Current assets</i>		
Inventories	509	362
Current receivables	411	414
Liquid funds	18	22
Total current assets	938	799
Total assets	1 824	1 391
Equity, provisions and liabilities		
Shareholders' equity	570	601
Long-term liabilities	429	292
Current liabilities	826	498
Total equity, provisions and liabilities	1 824	1 391

Interest-bearing/non-interest-bearing liabilities,	On 31 Dec	
SEK M	2006	2005
Interest-bearing liabilities	705	358
Non-interest-bearing liabilities	550	432
Total liabilities and provisions	1 255	790

Comments:

Of interest-bearing liabilities/provisions, pension provisions represent SEK 83M (92) and are included in the calculation of the net debt.

Change in equity	Jan-Dec	
SEK M	2006	2005
Opening balance	601	490
Effect of change in reporting principle	-	3
Opening balance, shareholders' equity in accordance with the new principle	601	493
Translation differences	-36	36
Hedging reserve – cash flow hedging	4	-
Dividend	-25	-20
Net result for the period	25	92
Closing balance	570	601



Key figures	Jan-Dec	
	2006	2005
Gross margin, %	29.4	30.9
Operating margin, %	4.2	8.4
Profit margin before tax, %	2.6	9.3
Return on:		
- Capital employed, %	5.5	14.4
- Equity, %	4.3	16.8
Capital turnover rate	0.99	1.53
Equity ratio, %	31	43
Debt/equity ratio	1.24	0.60
Input/output ratio	1.62	1.98
Net profit for the period, SEK M	25	92

Comments on key figures:

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

Quarterly data	2006				2005			
SEK M	Q4	Q3*	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	413	358	377	348	447	374	474	299
Backlog	568	599	573	623	611	615	542	398
Net sales	491	320	438	337	474	281	343	278
-Waterjet Cutting	202	153	163	166	165	115	118	112
-Precision Grinding	190	131	196	115	212	126	176	114
-Sheet Metal Working	101	38	75	57	99	40	49	52
Gross profit	132	89	136	109	148	97	101	80
Gross margin, %	26.9	27.9	31.1	32.3	31.2	34.5	29.3	28.8
Operating profit	4	12	26	25	67	28	25	-5
Operating margin, %	0.8	3.8	6.0	7.4	14.1	9.9	7.3	3.6
Profit after tax	0	-3	15	12	39	19	6	5
Cash flow from current operations	23	45	-39	31	31	9	-33	18
Capital employed	1 274	1 091	1 093	957	959	823	872	809
Return on capital employed, %	5.5	15.5	15.1	15.1	14.4	15.5	12.2	12.9

* Recalculated in accordance with a new acquisition analysis for Aqua-Dyne, described on page 6, which affected operating profit negatively by SEK 1M.