Nolato AB (publ) three-month interim report 2007

Strong growth at Nolato Medical

First quarter 2007 in brief

– Sales totaled SEK 560 M (594)
– The acquisition of Cerbo Group was completed and Nolato experienced further growth at Nolato Medical
– EBITA excluding non-recurring items was SEK 38 SEK M (51)
– Non-recurring costs of SEK 7 M for employee terminations in connection with the acquisition were charged to income
– Income after financial items totaled SEK 27 M (47)
– Net income was SEK 20 M (37)
– Earnings per share were SEK 0.76 SEK (1.41)
– Adjusted earnings per share excluding amortization of intangible assets from company acquisitions and non-recurring items were SEK 0.99 (1.41)
– Cash flow after investments totaled SEK 23 M (48), excluding acquisitions

Group highlights

SEK M unless otherwise specified	**Q1 2007**	Q1 2006	**Q2/06 – Q1/07**	Full year 2006
Net sales	**560**	594	**2,668**	2,702
EBITDA excluding non-recurring items [1]	**75**	84	**347**	356
EBITA excluding non-recurring items [2]	**38**	51	**196**	209
EBITA margin excluding non-recurring items, %	**6.8**	8.6	**7.3**	7.7
Income after financial items	**27**	47	**49**	69
Net income	**20**	37	**31**	48
Earnings per share, SEK	**0.76**	1.41	**1.18**	1.82
Adjusted earnings per share, SEK [3]	**0.99**	1.41	**5.66**	6.08
Average number of shares, thousands	**26,307**	26,307	**26,307**	26,307
Cash flow after investments, excluding acquisitions	**23**	48	**117**	142
Investments affecting cash flow, excluding acquisitions	**25**	49	**114**	138
Return on capital employed, %	**—**	—	**5.3**	7.4
Return on capital employed, excluding non-recurring items, %	**—**	—	**16.8**	19.4
Return on shareholders' equity, %	**—**	—	**3.7**	5.9
Equity/assets ratio, %	**38**	47	**—**	46
Net liabilities	**579**	26	**—**	162

1) EBITDA – Earnings before interest, taxes, depreciation/amortization and non-recurring items.
2) EBITA – Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.
3) Adjusted earnings per share – Net income, excluding amortization of intangible assets from company acquisitions and non-recurring items, divided by average number of shares.

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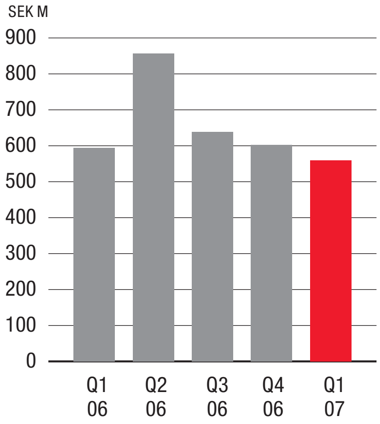
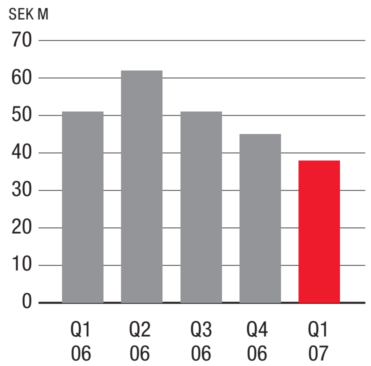
Sales by quarter



EBITA by quarter



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

First quarter 2007

- Sales totaled SEK 560 M (594)
- Strong growth of 129 percent at Nolato Medical
- EBITA excluding non-recurring items was SEK 38 M (51)
- The acquisition of Cerbo Group completed

Sales

Consolidated sales for the Nolato Group in the first quarter totaled SEK 560 M (594). Compared with the same period in 2006, SEK 58 M of sales was from acquisitions.

Sales at Nolato Telecom declined sharply to SEK 185 M (311). The decline in sales is largely explained by the loss of BenQ. Growth in volumes for other customers was weak. Nolato announced in a March 29 press release that clearer seasonal variation and continued low volumes in a major customer project meant that sales for Nolato Telecom would be lower than previously forecast. Price pressure remained strong and intensified compared to the same period in 2006.

Nolato Medical increased sales to SEK 126 M (55), which corresponds to an increase of 129 percent compared to the same period in 2006, with 29 percent of this organic. Volumes were good during the quarter for most of Nolato Medical's customers. Medical Rubber was consolidated starting November 1 last year. The acquisitions performed well and in line with expectations.

Nolato Industrial increased sales to SEK 252 M (235), which corresponds to an increase of 7 percent compared to the same period in 2006, with 6 percent of this organic. Volumes were good during the quarter for most of Nolato Industrial's customers.

Acquisitions

On March 5, Nolato signed an agreement to acquire Cerbo Group, which is a leading developer and manufacturer of pharmaceutical packaging in polymer and paper-based material. The acquisition further strengthens Nolato Medical's offering to its customers in medical technology and pharmaceuticals and is fully in line with Nolato's expansion strategies in the medical field. The takeover took effect on March 5. The company has been consolidated in the Group since then and has had a positive effect on the Group's earnings per share since the takeover date. The purchase price was SEK 437 M (on a debt-free basis) and was paid in cash. Cerbo Group is expected to have sales of around SEK 350 M for the full-year 2007, with a pro forma EBITDA margin of about 18 percent and an expected EBITA margin of about 11 percent. Roughly SEK 30 M of total sales was attributed to Nolato Industrial and the rest to Nolato Medical on a full-year basis. Amortization of intangible assets from the acquisition totaled SEK 5 M on a full-year basis, with SEK 2 M pertaining to Nolato Medical and SEK 3 M to Nolato Industrial. The acquisition is described in the tables on page 11.

Sales, EBITA and EBITA margin by profit center

SEK M	**Sales Q1/2007**	Sales Q1/2006	**EBITA Q1/2007**	EBITA Q1/2006	**EBITA margin Q1/2007**	EBITA margin Q1/2006
Nolato Telecom	**185**	311	**5**	28	**2.7 %**	9.0 %
Nolato Medical	**126**	55	**17**	10	**13.5 %**	18.2 %
Nolato Industrial	**252**	235	**23**	20	**9.1 %**	8.5 %
Intra-Group adj, Parent Co	**– 3**	– 7	**– 7**	– 7	**—**	—
Group total	**560**	594	**38**	51	**6.8 %**	8.6 %

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

Earnings

The Group's EBITA totaled SEK 38 M (51), excluding non-recurring costs.

Nolato Telecom's EBITA was SEK 5 M (28), Nolato Medical's was SEK 17 M (10) excluding non-recurring costs and Nolato Industrial's was SEK 23 M (20).

Nolato Telecom's lower earnings were explained mainly by lower capacity utilization during the quarter as a result of lost volumes to BenQ. Adjustments were made in variable costs, but it was not yet possible to replace the loss of contribution margin from sales to BenQ and this had a negative impact on earnings.

The EBITA margin for Nolato Telecom was 2.7 percent (9.0). Lower capacity utilization and remaining fixed costs, which were necessary for future projects, resulted in a lower margin for the quarter.

The EBITA margin excluding non-recurring costs for Nolato Medical was 13.5 percent (18.2). The changed product mix and contributions from the acquired units resulted in a lower margin level compared to previously.

Nolato Industrial's EBITA margin increased to 9.1 percent (8.5). High capacity utilization and a contribution from part of the acquisition of Cerbo Group which had a somewhat higher margin in relative terms had a positive effect on the margin.

Overall, the Group's EBITA margin excluding non-recurring items was 6.8 percent (8.6).

Prices of raw materials for plastic manufacturing were essentially unchanged in the first quarter of 2007 compared to the fourth quarter of 2006 but remained at a very high level historically. As a result of various measures, the increase in raw material prices had only a marginal impact on sales in the first quarter compared to the same period in 2006.

EBITA was affected by effects of cur-

Consolidated performance analysis

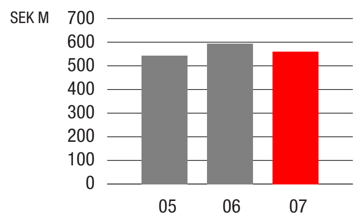
SEK M	Q1 2007	Q1 2006	Full year 2006
Net sales	**560**	594	**2,702**
Gross income excl. amortization and non-recurring items	**119**	130	**521**
As a percent of net sales	***21.3***	*21.9*	*19.3*
Costs 1)	**– 44**	– 46	**– 165**
As a percent of net sales	***7.9***	*7.7*	*6.1*
EBITDA excluding non-recurring items	**75**	84	**356**
As a percent of net sales	***13.4***	*14.1*	*13.2*
Amortization and writedowns	**– 37**	– 33	**– 147**
EBITA excluding non-recurring items	**38**	**51**	**209**
As a percent of net sales	***6.8***	***8.6***	***7.7***
Amortization of acquisition goodwill	**– 1**	—	**– 1**
Non-recurring items 2)	**– 7**	—	**– 130**
EBIT	**30**	51	**78**
Financial items	**– 3**	– 4	**– 9**
Income after financial items	**27**	47	**69**
Tax excluding non-recurring items	**– 9**	– 10	**– 40**
As a percent of income after financ. items excl. non-recurring items	***26.5***	*21.3*	*20.1*
Lump-sum tax income 3)	**2**	—	**19**
Net income	**20**	37	**48**

1) Excluding non-recurring items.

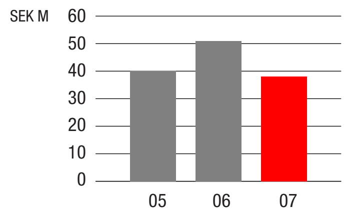
2) SEK 7 M in Q1 2007 pertains to termination costs for management at Cerbo Group in connection with the acquisition.
SEK 125 M pertains to costs for BenQ's feared bankruptcy and
SEK 5 M to costs for the dismissal of a subsidiary president.

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

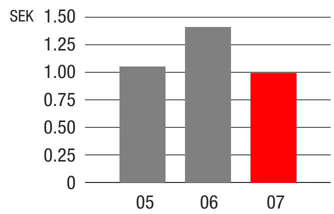
Sales Q1



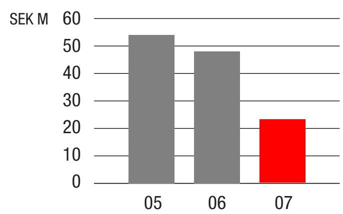
EBITA Q1 1)



Adjusted earnings per share Q1 2)



Cash flow after investments Q1 3)

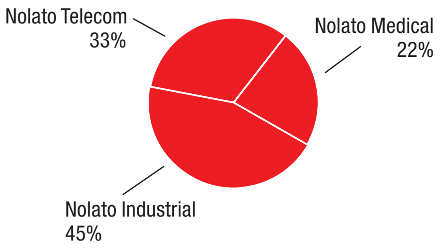


1) EBITA – Earnings before interest, taxes and amortization of intangible assets from company acquisition, excluding non-recurring items.

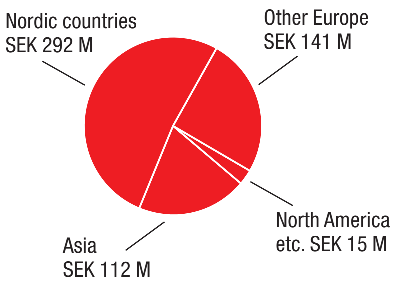
2) Adjusted earnings per share – Net income excluding amortization of intangible assets from company acquisitions and non-recurring items, divided by average number of shares.

3) Excluding acquisitions and divestments.

Sales by profit center Q1 2007



Sales by geographic region Q1 2007



rency exchange rate differences totaling SEK 1 M (–2) which were charged to income in the first quarter.

Operating income excluding non-recurring costs totaled SEK 37 M (51). Including non-recurring costs, operating income was SEK 30 M (51). Non-recurring costs of SEK 7 M (0) relating to the acquisition of Cerbo Group were charged to income. The costs consist of costs for the termination of management at Cerbo Group, which are a direct consequence of the elimination of these positions after Nolato completed the acquisition. Annual savings from the synergies resulting from these measures are about SEK 5 M and were taken into account in the pro forma EBITDA margin of roughly 18 percent, which was previously announced by Nolato in the press release issued in connection with the acquisition.

Income after financial items was SEK 27 M (47). Net financial items included SEK 1 M (–1) in effects of currency exchange rate differences during the first quarter, most of which was related to translation differences for loans in foreign currencies in operations outside Sweden.

Net income totaled SEK 20 M (37). Earnings per share were SEK 0.76 (1.41). Adjusted earnings per share excluding amortization of intangible assets from company acquisitions as well as non-recurring items were SEK 0.99 (1.41).

The effective tax rate excluding non-recurring items was 26 percent (21). The increase is mainly due to lower earnings in the Group's Chinese operations, where the tax rate is significantly lower than elsewhere in the Group.

The return on capital employed was 5.3 percent for the most recent twelve-month period (7.4 percent for the 2006 calendar year). Excluding non-recurring items, the return on capital employed was 16.8 percent (19.4 percent for the 2006 calendar year). The return on operating capital was 5.6 percent for the most recent twelve-month period (8.3 percent for the 2006 calendar year). Excluding non-recurring items, the return on operating capital was 19.1 percent (22.3 percent for the 2006 calendar year).

Nolato Telecom

Sales and earnings (SEK M)

Q1	2007	2006
Sales	**185**	311
EBITA	**5**	28
EBITA margin (%)	**2.7**	9.0
Operating income	**5**	28

Sales totaled SEK 185 M (311), thus accounting for 33 percent (52) of total Group sales.

The decrease in sales is explained largely by the loss of BenQ. Volume growth for other customers was weak. Nolato announced in a March 29 press release that clearer seasonal variation and continued low volumes in a major customer project meant that sales at Nolato Telecom would be lower than previously forecast. Price pressure remained strong and intensified compared to the same period in 2006.

In the first quarter of 2007, Nolato Telecom took on several major systems projects for mobile phone customers with production start in the second half of the year and in early 2008.

EBITA was SEK 5 M (28). The EBITA margin was 2.7 percent (9.0). As a result of lower volumes than previously expected, Nolato Telecom gradually adjusted its direct and indirect costs during the quarter. Lower capacity utilization and remaining fixed costs, which are necessary for future projects, resulted in a lower margin in the quarter.

Nolato Medical

Sales and earnings (SEK M)

Q1	2007	2006
Sales	**126**	55
EBITA	**17**	10
EBITA margin (%)	**13.5**	18.2
Op. income excl. non-rec. items	**16**	10
Op. income incl. non-rec. items	**9**	10

Sales increased 129 percent to SEK 126 M (55). Compared to the same period in 2006, SEK 55 M of sales came from acquisitions. Sales corresponded to 22 percent (9) of total Group sales. Organic growth was 29 percent.

Volumes were good during the quarter for most of Nolato Medical's customers. Volumes for the production of insulin products increased compared to the same period in 2006. Efforts to develop European operations, with production in Hungary, continued to be successful, which also contributed to the growth in sales.

EBITA excluding non-recurring costs was SEK 17 M (10). The EBITA margin excluding non-recurring costs was 13.5 percent (18.2). The changed product mix and contributions from the acquired units combined to lower the margin level compared to previously.

Nolato Industrial

Sales and earnings (SEK M)

Q1	**2007**	2006
Sales	**252**	235
EBITA	**23**	20
EBITA margin (%)	**9.1**	8.5
Operating income	**23**	20

Sales increased 7 percent to SEK 252 M (235). Compared to the same period in 2006, SEK 3 M of sales came from acquisitions. Sales corresponded to 45 percent (39) of total Group sales. Organic growth was 6 percent.

Volumes were good during the quarter for most of Nolato Industrial's customers. The quarter started with higher volumes than usual after the Christmas and New Year's holidays while the Easter holiday will fall during the second quarter.

EBITA increased to SEK 23 M (20). The EBITA margin increased to 9.1 percent (8.5). High capacity utilization and contributions from part of the acquisition from Cerbo Group which had a somewhat higher margin in relative terms had a positive impact on the margin compared to the same period in 2006.

Cash flow

Cash flow before investments totaled SEK 48 M (97). The change in working capital was negative, largely as an effect of payments of trade payables and other commitments in connection with BenQ, but also as an effect of higher invoicing and activity during the end of the first quarter compared to the end of the preceding quarter. Payments for BenQ had a negative effect of roughly SEK 20 M. Remaining future payments for BenQ are estimated to be SEK 30 M. At the beginning of the second quarter, insurance compensation totaling SEK 51 M for customer receivables from Ben Q was received, which will have a positive effect on cash flow in the second quarter.

Cash flow after investment activities was SEK 23 M (48), excluding acquisitions. Including acquisitions, cash flow after investment activities was SEK –161 M (48). Net investments affecting cash flow totaled SEK 209 M (49), which included SEK 184 M for the acquisition of Cerbo Group. Excluding acquisitions, net investments affecting cash flow totaled SEK 25 M (49).

Financial position

Interest-bearing assets totaled SEK 100 M (223), and interest-bearing liabilities and provisions totaled SEK 687 M (258). The market value of derivatives related to interest-bearing liabilities was SEK +8 M (+9). Net liabilities thus totaled SEK 579 M (26). Shareholders' equity was SEK 822 M (861). The equity/assets ratio was 38 percent (47). Adjusted for the proposed dividend, the equity/assets ratio was 36 percent (45).

The two acquisitions carried out by Nolato of Medical Rubber in the fourth quarter of 2006 and Cerbo Group in the first quarter of 2007 affected Nolato's balance sheet. Assets were acquired and financed with loans from credit institutions.

Personnel

The average number of employees in the period was 3,374 (3,607). The number of employees fell especially in China, as a result of low volumes at Nolato Telecom, compared to the same period in 2006.

Ownership and legal structure

Nolato AB (publ), with Swedish corporate identity number 556080-4592, is the parent company of the Nolato Group.

Nolato's Class B share is quoted on the OMX Nordic Exchange in the Stockholm Mid Cap segment, where the share is included in the information technology sector.

Nolato had 7,359 shareholders on March 31, 2007. The largest shareholders are the Jorlén family with 11 percent, the Boström family with 10 percent and the Paulsson family with 7 percent of the capital. The next largest shareholders are seven institutional investors that together own another 28 percent of the capital, with Livförsäkringsak-

Financial position

SEK M	**Mar 31, 2007**	Mar 31, 2006	Dec 31, 2006
Interest-bearing liabilities credit institutions	**600**	198	242
Interest-bearing pension liabilities	**87**	60	55
Market value of derivatives	**– 8**	– 9	– 4
Total borrowings	**679**	249	293
Cash, bank balances and short-term investments	**– 100**	– 223	– 131
Net financial liabilities	**579**	26	162
Working capital	**215**	216	176
As a percent of sales (avg.) (%)	***8.1***	*9.4*	*7.3*
Capital employed	**1,509**	1,119	1,086
Return on cap. empl., excl. non-recurring items (avg.) (%)	***16.8***	*22.3*	*19.4*
Shareholders' equity	**822**	861	789
Return on equity (avg.) (%)	***3.7***	*24.6*	*5.9*

tiebolaget Skandia, Skandia/Carlson fonder och IF Skadeförsäkrings AB representing the largest. The ten largest owners hold 56 percent of the capital and 77 percent of the voting rights.

Events after the end of the reporting period

At the beginning of the second quarter, insurance compensation for customer receivables from BenQ totaling SEK 51 M was received, which will have a positive effect on cash flow in the second quarter.

Future prospects

Continued temporarily low volumes in customer projects taken on in 2006 have led Nolato to forecast sales for Nolato Telecom during the second quarter of 2007 that are on par with sales in the first quarter.

In the first quarter of 2007, Nolato Telecom took on several large systems projects for mobile phone customers, with production start during the second half of 2007 and in early 2008.

During the second quarter of 2007, Nolato Medical and Nolato Industrial are expected to continue their positive development.

The Parent Company

Sales totaled SEK 8 M (12). Income before tax totaled SEK 92 M (–7).

No significant investments were made during the period.

Accounting and valuation principles

The consolidated accounts for the Nolato Group are prepared according to International Financial Reporting Standards (IFRS), which are described in the 2006 Annual Report on pages 51-54.

The interim report has been prepared according to IAS 34, "Interim Financial Reporting," and with the Swedish Financial Accounting Standards Council recommendation RR 31, "Interim Group Financial Reporting."

The new or revised IFRS standards or IFRIC Interpretations that entered into force since January 1, 2007, have not had any material effect on the Group's income statements or balance sheets.

Financial information schedule

- Six-month interim report 2007: July 19, 2007
- Nine-month interim report 2007: October 24, 2007

Torekov, Sweden April 25, 2007
Nolato AB (publ)
Georg Brunstam
President and CEO

This report has not been reviewed by the Company's auditors.

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Income statement

SEK M	Q1 2007	Q1 2006	Q2 2006 – Q1 2007	Full year 2006
Net sales	**560**	594	**2,668**	2,702
Cost of goods sold	**– 477**	– 495	**– 2,411**	– 2,429
Gross income	**83**	99	**257**	273
Selling expenses	**– 13**	– 13	**– 68**	– 68
Administrative expenses	**– 39**	– 34	**– 139**	– 134
Other operating income	**—**	—	**10**	10
Other operating costs	**– 1**	– 1	**– 3**	– 3
Operating income	**30**	51	**57**	78
Financial items	**– 3**	– 4	**– 8**	– 9
Income after financial items	**27**	47	**49**	69
Tax	**– 7**	– 10	**– 18**	– 21
Net income	**20**	37	**31**	48
Total amortization and writedowns charged to income	**38**	33	**171**	166
Earnings per share after full tax (SEK)	**0,76**	1,41	**1,18**	1,82
Number of shares at the end of the period (000)	**26,307**	26,307	**26,307**	26,307
Average number of shares (000)	**26,307**	26,307	**26,307**	26,307

Non-recurring items

SEK M	Q1 2007	Q1 2006	Q2 2006 – Q1 2007	Full year 2006
BenQ's feared bankruptcy	**—**	—	**– 125**	– 125
Salary for dismissal of subsidiary president	**—**	—	**– 5**	– 5
Tax resulting from government decision	**– 7**	—	**– 7**	—
Tax effect	**2**	—	**21**	19
Net income	**– 5**	—	**– 116**	– 111
Effect of non-recurring items on income statement				
Cost of goods sold	**—**	—	**– 108**	– 108
Selling expenses	**—**	—	**– 17**	– 17
Administrative expenses	**– 7**	—	**– 12**	– 5
Tax	**2**	—	**21**	19
Net income	**– 5**	—	**– 116**	– 111

Balance sheets

SEK M	Mar 31, 2007	Mar 31, 2006	Dec 31, 2006
Non-current tangible assets	**853**	720	683
Non-current intangible assets	**474**	50	193
Financial fixed assets	**13**	4	13
Total non-current assets	**1,340**	774	889
Inventories	**216**	232	187
Accounts receivable	**419**	487	426
Other current assets	**113**	102	91
Cash, bank balances, and short-term investments	**100**	223	131
Total current assets	**848**	1,044	835
Total assets	**2,188**	1,818	1,724
Shareholders' equity	**822**	861	789
Interest-bearing provisions	**87**	60	55
Non-interest-bearing provisions	**146**	94	110
Interest-bearing liabilities	**600**	198	242
Non-interest-bearing liabilities	**533**	605	528
Total shareholders' equity and liabilities	**2,188**	1,818	1,724

Quarterly data

Consolidated financial results in brief

		Q1	Q2	Q3	Q4	Full year
Net sales (SEK M)	**2007**	**560**				
	2006	594	867	638	603	2,702
EBITDA [1] excluding non-recurring items (SEK M)	**2007**	**75**				
	2006	84	106	86	80	356
EBITA [2] excluding non-recurring items (SEK M)	**2007**	**38**				
	2006	51	62	51	45	209
EBITA margin excluding non-recurring items (%)	**2007**	**6.8**				
	2006	8.6	7.2	8.0	7.5	7.7
Operating income (SEK M)	**2007**	**30**				
	2006	51	62	46	– 81	78
Operating income excluding non-recurring items (SEK M)	**2007**	**37**				
	2006	51	62	51	44	208
Income after financial items (SEK M)	**2007**	**27**				
	2006	47	59	44	– 81	69
Net income (SEK M)	**2007**	**20**				
	2006	37	51	35	– 75	48
Cash flow after investments excl. non-rec. items(SEK M)	**2007**	**23**				
	2006	48	54	– 21	61	142
Earnings per share (SEK)	**2007**	**0.76**				
	2006	1.41	1.94	1.33	– 2.86	1.82
Adjusted earnings per share [3] (SEK)	**2007**	**0.99**				
	2006	1.41	1.94	1.48	1.25	6.08
Average number of shares (thousands)	**2007**	**26,307**				
	2006	26,307	26,307	26,307	26,307	26,307

Net sales by profit center (SEK M)

		Q1	Q2	Q3	Q4	Full year
Nolato Telecom	**2007**	**185**				
	2006	311	580	390	277	1,558
Nolato Medical	**2007**	**126**				
	2006	55	58	48	83	244
Nolato Industrial	**2007**	**252**				
	2006	235	235	204	250	924
Group adjustments, Parent Company	**2007**	**– 3**				
	2006	– 7	– 6	– 4	– 7	– 24
Group total	**2007**	**560**				
	2006	594	867	638	603	2,702

EBITA [2] by profit center (SEK M)

		Q1	Q2	Q3	Q4	Full year
Nolato Telecom	**2007**	**5**				
EBITA margin		***2.7%***				
	2006	28	45	33	18	124
EBITA margin		9.0%	7.8%	8.5%	6.5%	8.0%
Nolato Medical	**2007**	**17**				
EBITA margin		***13.5%***				
	2006	10	7	7	12	36
EBITA margin		18.2%	12.1%	14.6%	14.5%	14.8%
Nolato Industrial	**2007**	**23**				
EBITA margin		***9.1%***				
	2006	20	18	18	18	74
EBITA margin		*8.5%*	*7.7%*	*8.8%*	*7.2%*	*8.0%*
Group adjustments, Parent Company	**2007**	**– 7**				
	2006	– 7	– 8	– 7	– 3	– 25
Group total	**2007**	**38**				
EBITA margin		***6.8%***				
	2006	51	62	51	45	209
EBITA margin		8.6%	7.2%	8.0%	7.5%	7.7%

[1] EBITDA – Earnings before interest, taxes, depreciation/amortization and non-recurring items.
[2] EBITA – Earnings before interest, taxes and amortization of intangible assets from company acquisitions, excluding non-recurring items.
[3] Net income, excluding amortization of acquisition goodwill and non-recurring items, divided by average number of shares.

Group financial highlights

	Q1 2007	Q1 2006	Q2 2006 – Q1 2007	Full year 2006
Net sales (SEK M)	**560**	594	**2,668**	2,702
Sales growth (%)	**– 6**	9	**16**	20
Percentage of sales outside Sweden (%)	**58**	64	**67**	68
EBITDA excluding non-recurring items (SEK M)	**75**	84	**347**	356
EBITA excluding non-recurring items (SEK M)	**38**	51	**196**	209
EBITA margin excluding non-recurring items (%)	**6.8**	8.6	**7.3**	7.7
Income after financial items (SEK M)	**27**	47	**49**	69
Profit margin (%)	**4.8**	7.9	**1.8**	2.6
Net income (SEK M)	**20**	37	**31**	48
Return on total assets (%)	**—**	—	**3.3**	4.7
Return on capital employed (%)	**—**	—	**5.3**	7.4
Return on capital employed excluding non-recurring items (%)	**—**	—	**16.8**	19.4
Return on operating capital (%)	**—**	—	**5.6**	8.3
Return on operating capital excluding non-recurring items (%)	**—**	—	**19.1**	22.3
Return on shareholders’ equity (%)	**—**	—	**3.7**	5.9
Equity/assets ratio (%)	**38**	47	**—**	46
Debt/equity ratio (%)	**84**	30	**—**	38
Interest coverage ratio (times)	**6**	20	**5**	8
Investments affecting cash flow excluding acquisitions (SEK M)	**25**	49	**114**	138
Cash flow after investments excluding acquisitions (SEK M)	**23**	48	**117**	142
Net liabilities (SEK M)	**579**	26	**—**	162
Earnings per share (SEK)	**0.76**	1.41	**1.18**	1.82
Adjusted earnings per share (SEK)	**0.99**	1.41	**5.66**	6.08
Cash flow per share (SEK)	**– 6.12**	1.82	**– 8.36**	– 0.42
Shareholders’ equity per share (SEK)	**31**	33	**—**	30
Number of shares on December 31 (thousands)	**26,307**	26,307	**26,307**	26,307
Average number of shares (thousands)	**26,307**	26,307	**26,307**	26,307
Average number of employees	**3,374**	3,607	**—**	4,144

Definitions

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

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

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

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

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

Return on shareholders’ equity
Net income as a percentage of average shareholders’ equity.

Equity/assets ratio
Shareholders’ equity as a percentage of total assets in the balance sheet.

Debt/equity ratio
Interest-bearing liabilities and provisions divided by shareholders’ equity.

Interest coverage ratio
Income after financial items plus financial expenses divided by financial expenses.

Earnings per share
Net income, divided by average number of shares.

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

Cash flow

SEK M	**Q1 2007**	Q1 2006	**Q2 2006 – Q1 2007**	Full year 2006
Cash flow from operations	**70**	76	**219**	225
Changes in working capital	**– 22**	21	**12**	55
Investment activities *	**– 209**	– 49	**– 451**	– 291
Cash flow before financing activities	**– 161**	48	**– 220**	– 11
Financing activities	**124**	12	**101**	– 11
Cash flow for the period	**– 37**	60	**– 119**	– 22
Liquid funds at January 1	**131**	163		163
Exchange rate difference in liquid funds	**6**	—		– 10
Liquid funds at end of period	**100**	223		131

* SEK 184 M included in Q1 2007 and Q2 2006 – Q1 2007 for acquisition of Cerbo Group
SEK 153 M included in full-year 2006 and Q2 2006 – Q1 2007 for acquisition of Medical Rubber

Change in shareholders' equity

SEK M	**Q1 2007**	Q1 2006	Full year 2006
Amount on January 1	**789**	832	832
Dividend to shareholders	**—**	—	– 63
Translation differences	**14**	– 10	– 31
Change in revaluation reserve hedge accounting	**– 1**	2	3
Net income	**20**	37	48
Amount at end of period	**822**	861	789

Five-year overview

	2006	2005	2004	2003 *	2002 *
Net sales (SEK M)	**2,702**	2,256	2,401	2,671	2,011
EBITA excluding non-recurring items (SEK M)	**209**	221	201	161	55
EBITA margin excluding non-recurring items (%)	**7.7**	9.8	8.4	6.0	2.7
Operating income including non-recurring items (SEK M)	**78**	221	201	57	42
Operating income excluding non-recurring items (SEK M)	**208**	221	201	150	42
Income after financial items (SEK M)	**69**	208	185	6	36
Net income (SEK M)	**48**	181	136	– 35	60
Return on capital employed (%)	**7.4**	21.0	18.9	3.6	4.5
Return on capital employed excluding non-recurring items (%)	**19.4**	21.0	18.9	11.0	4.5
Return on shareholders' equity (%)	**5.9**	24.2	22.1	9.7	3.5
Equity/assets ratio (%)	**46**	50	41	31	33
Earnings per share (SEK)	**1.82**	6.88	5.15	– 1.35	2.45
Adjusted earnings per share (SEK)	**6.08**	6.31	5.15	2.62	1.23

* Not restated to comply with IFRS

Acquisition of AB Cerbo Group

Description of the acquisition

On March 5, 2007, Nolato acquired 100% of the shares in AB Cerbo Group. The acquisition was reported using the acquisition method, with the total purchase price being assigned to the assets acquired and liabilities assumed based on their respective fair values. Fair value has been determined by using generally accepted accounting principles and methods. AB Cerbo Group's earnings have been included in Nolato's consolidated accounts since March 5, 2007.

Acquisition value, goodwill and cash flow effects

Acquisition value	
Purchase price	181
Acquisition costs	4
Unpaid portion of purchase price	3
Total acquisition value	188
For fair value of acquired net assets (as per breakdown below)	55
Goodwill	**243**

Goodwill consists of synergies that are expected to be achieved as a result of cost savings though employee reductions and greater sales volumes as well as through coordination of various levels in the business area.

The cash flow effects from the acquisition are:	
Cash paid acquisition value	185
For liquid funds acquired	– 1
Net cash flow from the acquisition in the first quarter of 2007	**184**
Additional purchase price (paid in the second quarter of 2007)	3
Net cash flow from the acquisition	**187**

Assets acquired and liabilities assumed

	Balance sheet at time of acquisition	Adjustment to fair value	Fair value
Goodwill	91	– 91	0
Other intangible assets	0	38	38
Fixed assets	176	—	176
Inventories	32	2	34
Other current assets	54	—	54
Liquid funds	1	—	1
Total acquired assets	**354**	**– 51**	**303**
Provisions	30	—	30
Deferred tax liabilities	21	12	33
Long-term liabilities	227	—	227
Current liabilities	68	—	68
Total liabilities assumed	**346**	**12**	**358**
Acquisition assets, net	**8**	**– 63**	**– 55**

Customer relations acquired totaled SEK 38 M, with SEK 20 M of this asigned to Nolato Industrial and SEK 18 M to Nolato Medical. The surplus value of intangible assets (customer relations) from the acquisition will be amortized over eight years, and annual amortization is SEK 5 M, with SEK 3 M of this for Nolato Industrial and SEK 2 M for Nolato Medical.