Preliminary Year-end report 2000 for TeleLarm Care

New profile with a service focus takes shape

- Strong business growth of 80% due to acquisitions.
- Weak market development resulting in a revenue increase of 5%.
- Outsourcing of product development.
- Acquisition of 49,95% of Partena Care, a leading Nordic care provider.
- Acquisitions and new businesses established in Denmark, Spain, Austria, France, Holland, Switzerland and England.
- Profit after financial items 19.7 Msek (30.1). Included in this is a one-off payment from SPP, 15.4 Msek and the Group's share of the result in Partena Care, –16.3 Msek.

Structure

Having been a supplier of products mainly developed in-house and with subsidiaries in four countries and many distributors in others, the Group has now established three business areas that are served primarily by subsidiaries. Product development has been outsourced to technology partners. Business Area Products operates in 15 markets whereof 10 through subsidiaries, Monitoring serves seven markets and Care three.

Group Result

Business volume including the share of Partena Care amounted to 686,6 Msek. Revenue (excluding Partena Care) for the year amounted to 398.8 Msek (379.6), with a growth of 5% (20). The lower growth was significant in the first half of the year and can be attributed to the so-called "millennium-effect", the effect whereby customers planned purchases for 2000 were moved to the end of 1999, was greater than anticipated. During the autumn a growing order intake has been noted which has led to increased revenue and profit.

Operating profit before goodwill amortisation was 39.2 Msek (32,7) with a corresponding margin of 9.8% (8.6). In this result a one-off payment of 15.4 Msek (0) from SPP (pension funds) is included. The lower result adjusted for SPP of 23.8 Msek is due to lower market demand which has led to fierce competition and reduced margins. Profit after financial items amounted to 19.7 Msek (30.1) including the Group's share of Partena Care, 16.3 Msek (0). Acquisition costs have had an adverse effect on the result of 7.6 Msek (3.6) whereof goodwill amortisation 4,5 Msek (2,3). The profit margin amounted to 4.9% (7.9).

Parent Company

Profit after financial items amounted to –1.3 Msek (-15.4), which is amongst other things explained by SPP. Cash and cash equivalents were 16.3 Msek (0.0).

Business Development

Northern Europe	Revenue showed a decrease of 3% compared to last year and amounted to 185.6 Msek (192.3). Demand in Sweden and Finland has been weak which has stiffened competition and lowered margins. The competitive situation has also afflicted our newly established subsidiary in Denmark. The largest competitor on the Danish market was acquired as of January 2001.
Great Britain	Revenue amounted to 105.1 Msek, which is 7% lower than to last year. This is mainly a consequence of a weak market and that we have reduced our product portfolio to focus on core products. The service business has continued to grow. During the fourth quarter, TeleLarm Care and Help the Aged, a leading charity organisation in England and operator of a monitoring centre, decided to share ownership and under TeleLarm Care's management develop this business.
Central Europe	Revenue increased by 28% to 69,1 Msek. The increase is mainly due to acquisitions in Austria, Holland and Switzerland. The development of the German market has slowed and TeleLarm Care´s, performance, being a leading supplier was affected. The distributors in Austria and Switzerland with leading positions as suppliers of care phones and the largest monitoring centre in Holland were acquired. Already during their first year Holland and Switzerland contributed positively to the Group's result.
Southern Europe	The businesses in Spain and France have shown a healthy growth and revenue reached 26 Msek (8.3). Having previously served the Spanish market through a distributor, a subsidiary was established as of January 2000. The strong business growth has continued and the subsidiary was awarded "Business of p. During the spring a French monitoring centre was acquired which has continued its positive development.
Distributor Markets	These markets have in total continued to grow and revenue amounted to 13 Msek (11.6).
Partena Care	On 5 May 49,95% of the shares in Partena Care, a leading Nordic care provider were acquired. At the same time an agreement was made allowing TeleLarm Care to acquire the remaining shares during the period 2004-5. TeleLarm Care has management responsibility for the company and appointed a new management team. During the summer of 2000 this team formulated a development plan and reorganised the company in order to regain profitability within two years and ensure quality in all units as soon as possible. During this initial period Partena Care has had an unsatisfactory quality performance in a few units and the business is still financially weak and resource demanding. The acquisition of Partena Care is accounted for as an associated company and TeleLarm Care's share of the net result adjusted for acquisition goodwill of –14,6 Msek is included in operating profit after amortization of goodwill.

Result

MSEK	Jan-Dec 2000	Jan-Dec 1999	Comments
Revenue, continuing business	365,1	350,1	
Revenue, acquired business	33,7	29,5	Acquired revenue during the first twelve months.
Total Revenue	**398,8**	**379,6**	
Cost of goods and services sold	-247,9	-211,4	
Gross Profit	**150,9**	**168,2**	
Selling expenses	-56,1	-43,9	
Administrative expenses	-55,5	-91,6	Includes SPP one-off payment of MSEK 15,4.
Operating profit before amortization of goodwill	**39,2**	**32,7**	
Operating margin, %	*9,8%*	*8,6%*	
Amortization of goodwill	-4,5	-2,3	
Share in Net Income from associated companies	-14,6	-	Partena Care
Operating profit after amortization of goodwill	**20,1**	**30,4**	
Net financial items	-0,4	-0,3	
Operating profit after financial items	**19,7**	**30,1**	
Profit margin, %	*4,9%*	*7,9%*	
Current tax	-8,1	-2,7	Includes release of reserves and impact of SPP.
Deferred tax	2,3	-1,2	
Net profit	**14,0**	**26,2**	

Cash flow

MSEK	Jan-Dec 2000	Jan-Dec 1999
Operating profit after financial items	19,7	30,1
Items not affecting cash flow	29,7	8,8
Paid tax	-4,6	-2,7
Cash flow before change in working capital	**44,9**	**36,2**
Cash flow from working capital	7,2	-19,1
Cash flow from investments	-97,1	-15,0
Cash flow from financing	74,8	-6,3
Net cash flow	**29,8**	**-4,3**
Liquid assets, beginning of period	**32,2**	**37,5**
Translation difference	**0,7**	**-1,1**
Liquid assets, end of period	**62,6**	**32,2**

Balance Sheet items

MSEK	Dec 2000	Dec 1999	
Capital employed	211,2	108,9	
Return on capital employed, %	*14,5%*	*24,3%*	Key figures are calculated according to Swedish Society of Financial Analysts' recommendations.
Operating capital	146,8	75,9	
Return on operating capital, %	*31,2%*	*46,1%*	
Goodwill	32,7	17,6	
Liquid assets	64,4	33,0	
Net debt	-28,6	17,0	Positive amount when interest bearing assets exceed interest bearing liabilities.
Balance Sheet total	348,2	231,5	
Equity	118,2	92,9	
Return on shareholder's equity, %	*13,2%*	*33,4%*	
Equity ratio, %	*34,0%*	*40,1%*	

Data per share

SEK	Jan-Dec 2000	Jan-Dec 1999	
Profit - EPS - after 28% standard taxes	4,36	6,66	Calculated on the number of shares outstanding as per 31 December 2000 (unchanged 3.251.218).
Cash earnings - CEPS - per share (28% standard tax)	9,77	10,68	
Shareholders' equity	36,36	28,59	

As last year the Board of Directors have no intention to propose a distribution of dividends to the shareholders.

Number of employees

The average number of employees in the group amounted to 313 people, of which 104 were women.
The average number of employees in the parent company amounted to 9 people, of which 3 were women.

The audit has not yet been finalized by the auditors.

The Annual Report (Swedish) will be distributed early April. The Annual General Meeting will be held on 3 May.

Stockholm 5 Febuary, 2001

Lars Forsberg
Chief Executive

For additional comments please contact Lars Forsberg or Jarl Dahlfors, CFO, +46 8 775 77 00.