Year-end Report 2009

tilgin

Tilgin AB (publ) Year-end report 2009

Fourth quarter 2009

- **Net sales SEK 19.7 million (40.9)**
- **Net result SEK -12.9 million (-8.2) including inventory write-downs of SEK 0.8 million**
- **Result per share from continuing activities SEK -0.29 (-0.18) before dilution**
- **Order intake SEK 39.8 million (30.9) and order backlog as of 31 December 2009 SEK 38.9 million (35.6)**
- **Gross margin 28 % (36 %), excluding inventory write-downs 32 %**
- **Operating result SEK -12.9 million (-6.4)**
- **Cash flow from operating activities SEK -3.2 million (-8.8)**
- **Cash and bank amounted to SEK 13.2 million (31.7) as of 31 December 2009**

Full year 2009

- **Net sales SEK 112.3 million (156.5)**
- **Net result SEK -46.7 million (-14.7)**
- **Result per share from continuing activities SEK -1.05 (-0.40) before dilution**
- **Order intake for 2009 SEK 116.5 million (147.2)**
- **Gross margin 34 % (40 %)**
- **Operating result SEK -44.8 million (-12.9)**
- **Cash flow from operating activities SEK -17.9 million (-30.4), of which payments to the Swedish Customs SEK -13.2 million (-6.6)**

- **Mats Victorin was appointed as new CEO on 11 February 2010**

– 2009 was a tough year, says Johnny Sommarlund, Chairman of the board. But with a competitive product portfolio, new customers and an improved order backlog, we are entering a market that is showing signs of recovery.

Tilgin's net sales were affected by longer sales cycles in 2009. In this weak market we have strengthened our offering and our sales organization. This has resulted in an increase in order intake by 56 percent since the previous quarter, to the highest level in seven quarters.

Earlier this week we announced the order from Ericsson for Superonline in Turkey. This order is strategically and technically important to us. Initial order value is approximately SEK 17 million, covering the first phase of Superonline's plan to add approximately 300,000 households to its fiber network in 2010. The order is strategically important since it was won in a close collaboration with Ericsson, and it proves our capacity to deliver to very large roll-outs. Technically, this order is proof that our solutions are the most advanced on the market. Superonline is building a Fiber-to-the-Building network with 100 Mbit/s Ethernet connections to the households.

We won three new strategic customers in the fourth quarter. Bredbånd Nord in Denmark will be the first to launch our new gigabit technology to their customers. We also signed agreements with a Nordic fiber operator and a Norwegian operator, both of which will use our technology to launch services to fiber-connected households. We also received continued volume orders from current customers. We won new orders on IP technology from one of our larger customers in the Middle East and also new orders from, among others, TeliaSonera and Tele2 Sweden. Several operators in the Middle East and Europe are currently evaluating our solutions. We are also continuing with our efforts to establish a new sales channel in order to reach more operators.

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Our measures to adjust Tilgin's cost base have been successful. Operating expenses excluding goods for resale and depreciation/amortization went down by 24 % compared to the corresponding quarter in 2008. Personnel expenses wendt down by 23 % compared with the last quarter of 2008. Margin-wise we accepted a somewhat lower gross margin in the fourth quarter, in order to clear out some slow-moving inventory.

We are focused on the next generation of access technologies with a broad product portfolio in Home gateways and software. Using our solution the end-customer may take full advantage of Triple Play, and connecting more units to our gateway. At the same time, the operator can use our software to remotely manage the entire network including the house-hold units. This is a powerful tool for operators to drive their business and to launch the next generation of broadband services.

With more than 30 customers in over ten countries, we have close co-operations with several leading operators driving the next generation of broadband services. The year 2009 was signified by the operators' limited drive for new investments, but the dynamic development of Internet creates a powerful underlying drive in the demand for broadband services. With a competitive product portfolio, new customers and improved order backlog, we are entering a market that is showing signs of recovery.

Significant events during the fourth quarter

During the quarter the company won three new strategic customers as well as continued volume orders from current customers. In October Tilgin announced its first order from Bredbånd Nord in Denmark for gigabit access IP technology, order value approximately SEK 2 million.

In December Tilgin won a leading Nordic fiber operator as new customer. The customer will introduce Tilgin's Full Service Routing solution for Triple Play, based on Tilgin's Home Gateway HG 1300 and the softwares HGA 570 and VCM 5, for fiber-connected households. Order value for this initial order approximately SEK 2 million.

Another new customer, a Norwegian operator, placed an order for Fiber-to-the-home (FTTH) IP technology. Order value is below SEK 1 million.

The company won new orders for IP technology in both November and December from one of its larger customers, a leading operator in the Middle East.

Customers that have generated large orders during the quarter include DU (Dubai), Tele2 Sweden, TeliaSonera and Bredbånd Nord (Denmark).

Significant events after the reporting period

Tilgin won a prestigious order from Ericsson in Turkey for Superonline A.S., a wholly-owned subsidiary of Turkcell A.S. Superonline will launch a solution from Ericsson and Tilgin to provide households with high-speed Internet and IMS-based IP telephony. With this initial order Tilgin will deliver Home Gateways and software to an amount of approximately SEK 17 million. The order will cover the first phase of Superonline's plan to add approximately 300,000 households passed to its fiber network in the coming year. Shipments will commence during the first quarter of 2010, and local implementation will be managed by Ericsson and Tilgin jointly, in co-operation with Superonline.

At the board meeting on 11 February 2010, it was decided to appoint Mats Victorin new CEO of Tilgin. He will join Tilgin on 12 February 2010.

Market prospects and future outlook

Net sales and result for the company's IP Home gateway business vary between the quarters. Through leading technology, strong customer relations and certain operational measures, the company is working towards growth and profitability. The company is positioned for increased sales, and is working to ensure cost efficiency as well as improving the operating result.

The company has chosen not to present any sales or result forecast for 2010.

Discontinued activities

Tilgin divested its subsidiary Tilgin IPTV AB during the fourth quarter 2008. This means that all financial information for comparative periods in 2008 refers to continuing business for the Group, i.e. excluding the divested IPTV business. Results and cash flow from discontinued business are presented on separate rows in the group statements of comprehensive income and cash flow.

The sale of the IPTV business in 2008 included an additional purchase price related to certain parts of Amino's sales in the first and second half of 2009, with a maximum of SEK 7.5 million per half. Amino's sales in the second half of 2009 did not result in any additional purchase price being paid out.

Sales and financial performance

Net sales

Net sales in the fourth quarter amounted to SEK 19.7 million (40.9) which is a significant decline compared with the previous quarter and also compared with the corresponding period in 2008. A large portion of the order intake in the quarter occurred in December, which is why conversion of orders to revenue did not take place to any larger extent during the fourth quarter. Instead, a considerable portion of the order backlog as per 31 December will generate revenue during the first half of 2010.

Among other operating income there is a dissolution of SEK 1.2 million referring to an old provision for component costs.

Net sales for the full year 2009 amounted to SEK 112.3 million (156.5).

In total, 32,149 (66,617) gateway units were shipped to customers in the fourth quarter, and 192,280 (267,212) units in 2009 as a whole.

Customer premises equipment (CPEs) including client software represented 89 % (91 %) of total net sales in the fourth quarter. Revenue from VCM, support and professional services amounted to 8 % (6 %) of total net sales. Other revenue includes sales of accessories and further invoiced costs.

In the fourth quarter, net sales were split between Europe 58.3 % (78.4 %), Middle East 36.4 % (19.4 %) and other regions 5.3 % (2.2 %). Order intake from individual customers and geographical regions may vary significantly with customer campaigns.

Financial performance

The operating result for the fourth quarter amounted to SEK -12.9 million (-6.4) and the net result amounted to SEK -12.9 million (-14.2), of which loss from discontinued activities SEK 0.0 million (-6.0). Operating result for the full year amounted to SEK -44.8 million (-12.9) and the net result amounted to SEK -46.7 million (-65.4), of which loss from discontinued activities SEK 0.0 million (-50.8). Gross margin for the fourth quarter amounted to 27.6 % (36.1 %). Excluding write-downs of SEK 0.8 million on certain slow-moving inventory items no longer in production, gross margin was 31.9 %. During the quarter efforts were made to reduce stock of finished goods, which has had a negative impact on total gross margin in the quarter.

Operating expenses excluding goods for resale and depreciation and amortization amounted to SEK 16.8 million (22.2) in the fourth quarter, which is a reduction of 24 % compared with same period in 2008, which to a large extent is an effect from implemented cost reduction measures during the year. It is also a decrease of approximately 5 % compared with the previous quarter. Fourth quarter expenses were reduced by capitalized development expenditures of SEK 1.8 million (2.5).

Costs of personnel amounted to SEK 9.8 million (12.9) in the fourth quarter, which is a significant decrease from the same period in 2008, and also a decrease compared with the previous quarter (10.0), partly an effect of previously communicated cost saving measures.

Historically, costs for personnel not directly related to either IPTV or IP residential gateway were distributed to the two segments using certain key indexes (including revenue), with the effect that the now divested IPTV business in the first three quarters of 2008 was burdened with a higher portion of personnel and other external costs, compared with the same period in 2009 where the majority of “other” personnel has stayed in the group.

The cost saving measures and adjustment of the administrative functions implemented in the first half of 2009, combined with implemented salary reductions from July 2009, had full effect on personnel expenses during the last quarter of 2009.

Depreciation and amortization amounted to SEK 3.1 million (4.2) in the fourth quarter, of which write-downs and amortization of intangible assets (capitalized development expenses) amounted to SEK 2.9 million (3.9).

Net financial items amounted to SEK 0.0 million (-1.9) in the fourth quarter.

Personnel

The number of employees in the Group was 49 (60) as of 31 December 2009, which is a decrease of six persons compared with the previous quarter. Compared with the same period in 2008, the number of employees has decreased by 11 persons, which to a large extent is an effect from the implemented cost saving measures during 2009.

Financial position

Cash flow, investments and financial position

Cash flow from operating activities amounted to SEK -3.2 million (-8.8) in the fourth quarter. This item is a net of the period loss excluding items not affecting cash flow, adjusted for SEK 7.0 million in considerably less working capital being tied up. Cash flow for 2009 as a whole amounted to SEK -17.9 million (-30.4) and includes payments to the Swedish Customs of SEK -13.2 million (-6.6). Cash and bank balances as of 31 December 2009 amounted to SEK 13.2 million (31.7), which is a decrease of SEK 5.5 million compared with the previous quarter.

As of 31 December 2009 the company had access to financing facilities in EUR and USD, corresponding to approximately SEK 15 million. The utilization of these facilities decreased by SEK 0.3 million compared with the end of the previous quarter, and as of 31 December 2009 the facility was utilized to SEK 6.6 million (0.1).

Investments in intangible fixed assets amounted to SEK 1.8 million (2.5) in the fourth quarter. These investments refer to capitalization of development expenses. No other significant investments were made in the period.

Shareholders’ equity

Group equity as of 31 December 2009 amounted to SEK 52.8 million (99.5) and share capital at the same date amounted to SEK 44.5 million (44.5).

The equity/assets ratio was 64 % (59 %).

Share data and ownership structure

The total number of shares in the company as of 31 December 2009 was 44,549,198. At that date, there was an outstanding warrant program with maturity date 31 August 2010. As of 31 December 2009, MGA Holding AB remained the largest shareholder, with 30 % of the shares.

Other issues

As previously communicated, Tilgin has appealed the three invoices with customs duties received in 2007 and 2008, totaling SEK 21.5 million (SEK 19.8 million excluding VAT). Tilgin’s position is that the Swedish Customs has no basis for its claims and has appealed all claims to the County Administrative Court. Awaiting the decision of the Court, Tilgin has by stages paid the requested duties in full, between October 2008 and October 2009. This does not affect Tilgin’s position in the upcoming court proceedings. If Tilgin should ultimately incur any customs duties, the company will claim compensation in accordance with the contract from the relevant customer with respect to the amounts that the company may have to pay. For that reason no payments to the Swedish Customs have been taken to cost along with staged payment of duties.

Risks and uncertain factors

Also for the fourth quarter of 2009 the company establishes that it remains dependent on a relatively limited number of large customers. Tilgin is however working actively to reduce this dependency, and as the company is increasing sales to other current customers as well as adding new customers, the dependency is expected to gradually decrease.

Historically the company has had a currency exposure risk, derived from considerable sales volumes in EUR, related purchases mainly in USD, and other operating expenses mainly in SEK. This exposure has grown less important, since the sales volumes in EUR relative to USD were very limited in 2009 and are expected to continue to be so also in 2010. These currency risks have partially been managed through forward exchange contracts.

For other risks and uncertain factors, please refer to the 2008 annual report.

Related parties

Beside intra-group transactions, the company has not identified any significant transactions with related parties in the period.

Parent company

Since the fourth quarter of 2008, the parent company Tilgin AB no longer has any operating business activities, except certain administrative and management services carried out on behalf of the subsidiary. However, as per 31 December less than a quarter of the Group's employees were still employed by the parent company, mostly within administration and management.

Net sales for the parent company amounted to SEK 2.2 million (37.2) in the fourth quarter, Group SEK 19.7 million. Result after financial items for the parent company was SEK -1.3 million (-12.9) for the fourth quarter, Group SEK -12.9 million. Total shareholders' equity in the parent company amounted to SEK 88.7 million (101.1), Group SEK 52.8 million. Cash and bank balances for the parent company as of 31 December 2009 amounted to SEK 2.4 million (27.9), Group SEK 13.2 million. As of 31 December 2009 the number of employees in the parent company was 11 (22), Group 49 employees.

Dividends

The Board has proposed, for final decision at the annual general meeting, that no dividends be distributed for 2009.

Annual report

The 2009 annual report will be presented in April 2010. It will be held available at the company's web site not later than two weeks before the annual general meeting.

Annual general meeting

The annual general meeting will be held on 28 April 2010 at the company's head office in Kista.

Accounting and valuation principles

This interim report has been established in accordance with IAS 34, Interim Financial Reporting and, for the parent company, RFR 2.2 (Swedish Financial Accounting Standards Council). The Tilgin group only has one business segment, the sale of residential/home gateways with related software solutions. The ongoing financial monitoring of result and management is therefore made for the group as one single unit.

Financial reporting in accordance with IFRS requires management to make accounting assessments and estimates and to make assumptions which affect the application of the accounting principles and the reported value of assets, liabilities, income and expenses. The actual outcome may deviate from these assessments and estimates. Statements in this report may include forward-looking information and reflect Management's and the Board's current estimates with respect to future conditions. Forward-looking information always entails risks and uncertainties which may affect the actual outcome.

Kista, 11 February 2010

Tilgin AB (publ)

Johnny Sommarlund
Chairman of the board

The information will be made public on 12 February 2010, 07:00 CET.

Phone conference:
In view of the interim report, the capital market is invited to a conference call on Friday 12 February. The conference will start at 09:00 CET. Participants may follow the conference via www.tilgin.com/q409, or access it by dialing +46 (0)8 5052 0110. A presentation is held available at www.tilgin.com when the phone conference starts.

Scheduled reports:

- The interim report for January – March 2010 will be presented on 28 April.
- The interim report for January – June 2010 will be presented on 20 August.
- The interim report for January – September 2010 will be presented on 22 October.
- The year-end report for 2010 will be presented on 10 February 2011.

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Statements of comprehensive income, group

Statement of comprehensive income, group (SEK thousand)	**Q4 2009**	**Q4 2008**	**FY 2009**	**FY 2008**
Net sales	19 684	40 904	112 251	156 542
Other operating income	1 532	5 311	3 425	5 402
Total sales	**21 216**	**46 215**	**115 676**	**161 944**
Operating expenses				
Goods for resale	-14 242	-26 157	-73 815	-93 442
Other external costs	-7 062	-9 553	-28 636	-28 013
Costs of personnel	-9 763	-12 608	-45 501	-40 955
Depreciation and amortization	-3 052	-4 247	-12 502	-12 455
Other operating expenses	0	0	0	0
Operating result	**-12 902**	**-6 350**	**-44 779**	**-12 921**
Net financial items	11	-1 878	-1 912	-1 730
Result before taxes	**-12 891**	**-8 228**	**-46 691**	**-14 651**
Income taxes for the period	-	-	-	-
Result for the period from continuing activities	**-12 891**	**-8 228**	**-46 691**	**-14 651**
Result from discontinued activities	-	-5 952	-	-50 780
Result for the period	**-12 891**	**-14 179**	**-46 691**	**-65 430**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-12 891**	**-14 179**	**-46 691**	**-65 430**
Earnings/loss per share				
- before dilution (SEK)	-0.29	-0.32	-1.05	-1.79
- after dilution (SEK)	-0.29	-0.32	-1.05	-1.79
Earnings/loss per share from continuing activities				
- before dilution (SEK)	-0.29	-0.18	-1.05	-0.40
- after dilution (SEK)	-0.29	-0.18	-1.05	-0.40
Avg. number of shares before dilution (thousand)	44 549	44 549	44 549	36 514
Avg. number of shares after dilution (thousand)	44 549	44 549	44 549	36 514

Result from discontinued activities	**Q4 2009**	**Q4 2008**	**FY 2009**	**FY 2008**
Total sales	-	-	-	15 848
Operating expenses	-	-	-	-60 676
Operating result	**-**	**0**	**-**	**-44 828**
Result from the selling of subsidiary shares	-	-5 952	-	-5 952
Result from discontinued activities	**-**	**-5 952**	**-**	**-50 780**

Statements of financial position and cash flow, group

Statement of group cash flows (SEK thousand)	Q4 2009	Q4 2008	FY 2009	FY 2008
Cash flow from operations before changes in working capital	-10 134	-3 978	-34 594	-3 108
Changes in working capital	6 972	-4 794	16 672	-27 266
Cash flow from operating activities	**-3 162**	**-8 772**	**-17 922**	**-30 373**
Cash flow from investing activities	-2 011	27 403	-7 124	18 548
Cash flow from financing activities	-319	-18 237	6 520	55 822
Net change in cash from continuing activities	**-5 492**	**394**	**-18 525**	**43 997**
Net change in cash from discontinued activities	**-**	**-3 033**	**-**	**-46 304**
Cash and cash equivalents, beginning of period	**18 688**	**34 360**	**31 721**	**34 027**
Cash and cash equivalents, end of period	**13 196**	**31 721**	**13 196**	**31 721**

Statement of financial position, group (SEK thousand)	2009-12-31	2008-12-31
ASSETS		
- Intangible assets	14 310	19 150
- Tangible assets	1 673	2 214
Total fixed assets	*15 983*	*21 363*
- Inventories	14 156	32 911
- Accounts receivable - trade	14 982	44 040
- Other receivables	24 534	37 241
- Cash and bank	13 196	31 721
Total current assets	*66 868*	*145 913*
Total assets	**82 851**	**167 277**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	52 818	99 508
Liabilities		
- Long-term interest-bearing liabilities	781	781
- Short-term interest-bearing liabilities	6 619	98
- Other short-term liabilities	22 042	65 890
- Warranty provisions	592	999
Total liabilities	**30 034**	**67 768**
Total equity and liabilities	**82 851**	**167 277**

Statement of changes in group equity

SEK thousand	Share capital	Other paid-in capital	Accumu-lated loss incl period loss	Total Share-holders' Equity
Opening balance Jan 1, 2008	**22 275**	**536 247**	**-459 925**	**98 597**
Total comprehensive result for the period	-	-	-65 430	-65 430
New share issue, May 2008	22 275	50 118	-	72 392
Issue and guarantee expenses related to the share issue	-	-6 051	-	-6 051
Closing balance Dec 31, 2008	**44 549**	**580 314**	**-525 355**	**99 508**
Opening balance Jan 1, 2009	**44 549**	**580 314**	**-525 355**	**99 508**
Total comprehensive result for the period	-	-	-46 691	-46 691
Closing balance Dec 31, 2009	**44 549**	**580 314**	**-572 046**	**52 818**

Income statements and balance sheets, parent company

Income statement (SEK thousand)	Q4 2009	Q4 2008	FY 2009	FY 2008
Total sales	3 403	42 661	15 106	174 121
Operating expenses	-4 746	-47 907	-28 270	-230 490
Operating result	**-1 343**	**-5 246**	**-13 164**	**-56 369**
Net financial items	19	-7 698	811	-7 549
Result before taxes	**-1 324**	**-12 944**	**-12 353**	**-63 918**
Income taxes for the period	-	-	-	-
Result for the period	**-1 324**	**-12 944**	**-12 353**	**-63 918**

Balance sheet (SEK thousand)	2009-12-31	2008-12-31
ASSETS		
Total fixed assets	51 724	25 845
Total current assets	53 384	126 409
Total assets	**105 108**	**152 254**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	88 719	101 072
Liabilities		
- Long-term liabilities	781	781
- Short-term liabilities	15 607	50 401
Total equity and liabilities	**105 108**	**152 254**

Notes regarding significant changes in balance sheet items between 31 Dec-08 and 31 Dec-09

1. Since the parent company no longer has any gateway business, the old stock of accounts receivable has been settled during 2009. As per 31 December 2009, 100 % of total accounts receivable refer to receivables on the subsidiary Tilgin IPRG AB.
2. The transfer of business to the subsidiary has also led to a significant decrease in accounts payable, since all purchases of finished goods as well as most external consultants, in particular in R&D and Sales, are now taking place in the subsidiary.

Key ratios, group

(SEK thousand if not otherwise stated)	Q4 2009	Q4 2008	FY 2009	FY 2008
Gross profit	5 442	14 747	38 436	63 100
Gross margin, %	28%	36%	34%	40%
Operating margin, %	-61%	-14%	-39%	-8%
Net margin, continuing activities %	-61%	-18%	-40%	-9%
Shareholders' equity	52 818	99 508	52 818	99 508
Average shareholders' equity	64 474	106 598	76 163	99 053
Capital employed	60 217	100 388	60 217	100 388
Average capital employed	71 446	116 596	80 303	111 194
Interest-bearing debt	7 400	880	7 400	880
Balance sheet total	82 851	167 277	82 851	167 277
Financial expenses	-93	-2 030	-1 975	-2 991
Investments in tangible fixed assets	-204	-12	-456	-789
Return on average shareholders' equity, %	-20%	-8%	-61%	-15%
Return on average capital employed, %	-18%	-5%	-56%	-10%
Equity/assets ratio, %	64%	59%	64%	59%
Debt/equity ratio, times	0.1	0.0	0.1	0.0
Interest coverage ratio, times	-138	-3	-23	-4
Share of risk-bearing capital, %	64%	59%	64%	59%
Net debt(+)/receivable(-)	-5 796	-30 841	-5 796	-30 841
Net debt ratio, times (- = receivable)	-0.1	-0.3	-0.1	-0.3
Working capital as a percentage of sales	27%	29%	27%	29%
Number of employees at period end	49	60	49	60
Average number of employees in period	49	84	56	104
Sales per employee	433	552	2 066	1 561
Operating profit/loss per employee	-263	-76	-800	-125
Dividend per share (SEK)	-	-	-	-
Corporate net worth per share before dilution	1.19	2.23	1.19	2.23
Corporate net worth per share after dilution	1.19	2.23	1.19	2.23
Number of shares before dilution	44 549 198	44 549 198	44 549 198	44 549 198
Number of shares after dilution	44 549 198	44 549 198	44 549 198	44 549 198
Average number of shares in period, before dilution	44 549 198	44 549 198	44 549 198	36 513 835
Average number of shares in period, after dilution	44 549 198	44 549 198	44 549 198	36 513 835

Quarterly data, group

(SEK thousand)	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Net sales	25 540	37 683	52 415	40 904	38 706	23 300	30 561	19 684
Other operating income	0	2	886	5 311	2 339	2	411	1 532
Total sales	**25 540**	**37 685**	**53 301**	**46 215**	**41 045**	**23 302**	**30 972**	**21 216**
Gross profit	10 123	13 529	24 701	14 747	13 588	8 684	10 722	5 442
Gross margin	39,6%	35,9%	47,1%	36,1%	35,1%	37,3%	35,1%	27,6%
Operating result	**-14 160**	**-2 400**	**9 989**	**-6 350**	**-6 923**	**-15 348**	**-9 605**	**-12 902**
Net result from continuing activities	-14 047	-2 731	10 356	-8 228	-7 167	-16 212	-10 422	-12 891
Shipped CPEs, units								
Customer premises Home Gateways	43 753	71 827	85 015	66 617	70 418	37 934	51 779	32 149
Net sales per geographical area								
Europe	11 241	21 058	22 931	32 051	31 369	18 121	20 029	11 467
Middle East	14 032	16 126	28 606	7 951	7 291	4 337	10 204	7 167
ROW	267	499	878	902	46	842	327	1 050
Total	**25 540**	**37 683**	**52 415**	**40 904**	**38 706**	**23 300**	**30 561**	**19 684**
Net sales per geographical area, %								
Europe	44,0%	55,9%	43,7%	78,4%	81,0%	77,8%	65,5%	58,3%
Middle East	54,9%	42,8%	54,6%	19,4%	18,8%	18,6%	33,4%	36,4%
ROW	1,0%	1,3%	1,7%	2,2%	0,1%	3,6%	1,1%	5,3%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Orders received and order backlog								
Orders received in period	58 675	35 773	21 911	30 851	31 771	19 411	25 516	39 834
Order backlog	61 538	52 222	42 522	35 577	30 212	24 596	17 854	38 928
Avg. rate used for orders received, USD	6.28	5.99	6.31	7.79	8.40	7.92	7.29	7.00
Avg. rate used for orders received, EUR	9.40	9.35	9.47	10.23	10.94	10.78	10.42	10.35
Avg. rate used for order backlog, USD	5.95	5.98	6.78	7.75	8.29	7,69	7.01	7.21
Avg. rate used for order backlog, EUR	9.39	9.45	9.76	10.94	10.98	10.85	10.24	10.35

Definitions

MARGINS
Gross profit: Net sales less costs of goods for resale.
Gross margin: Gross profit as a percentage of net sales in the period.
Operating margin: Operating profit/loss after depreciation and amortization as a percentage of total sales in the period.
Net margin: Net profit/loss as a percentage of total sales in the period.

PROFITABILITY
Return on average shareholders' equity: Net result from continuing activities as a percentage of average shareholders' equity.
Return on average capital employed: Profit/loss after financial items plus financial expenses, as a percentage of average capital employed.

CAPITAL STRUCTURE
Capital employed: Balance sheet total less non-interest-bearing current liabilities and provisions.
Debt/equity ratio: Interest-bearing liabilities divided by shareholders' equity.
Interest coverage ratio: Profit/loss after financial items plus financial expenses, divided by financial expenses.
Share of risk-bearing capital: Shareholders' equity plus deferred tax liabilities, divided by balance sheet total.
Net debt/receivable: Interest-bearing liabilities less financial assets including cash and bank.
Net debt ratio: Net debt divided by shareholders' equity.
Equity/assets ratio: Shareholders' equity as a percentage of balance sheet total.
Working capital as a percentage of sales: Current assets (excl. cash and bank) less current non-interest-bearing liabilities at end of period, as a percentage of sales for the last twelve months.

PERSONNEL
Sales per employee: Sales divided by the average number of employees in the period.
Operating profit/loss per employee: Operating profit/loss divided by the average number of employees in the period.

SHARES
Number of shares: Average number of shares in period is derived from the average of the actual number of shares outstanding, day-by-day. When the company has emitted financial instruments (such as convertible bonds and warrants) those are taken into account when calculating the number of shares after dilution and the average number of shares after dilution, only when it is likely that they will be converted/exercised in future periods, thus having a dilutive effect.
The number of shares prior to the completed new share issue in May 2008 have been recalculated in accordance with IAS 33, since the issue price in the 2008 share issue was below the share market rate at the date of separation of the subscription right from the share.

Note that rounding to even SEK thousand may lead to errors in sums in the financial tables presented in this report.
Figures in the comparative periods have been recalculated in accordance with IFRS 5.

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