

# NOTE, Interim Report

January - September 2007

Profitability gains continue despite reduced volumes in Q3



## JANUARY-SEPTEMBER

- Sales increased by 3% to SEK 1,285.1 (1,253,0) m
- Operating profit improved by 19% to SEK 83.4 (69.8) m
- Operating margin grew to 6.5% (5.6%)
- Profit after financial items was SEK 77.2 (63.8) m
- Profit after tax amounted to SEK 57.3 (45.9) m; SEK 5.95 (4.77) per share
- Cash flow was SEK 34.3 (-16.6) m; SEK 3.57 (-1.72) per share



## THIRD QUARTER

- Sales reduced by 7% to SEK 389.9 (421.4) m
- Operating profit rose by 5% to SEK 28.1 (26.8) m
- Operating margin expanded to 7.2% (6.4%)
- Profit after financial items was SEK 25.7 (25.1) m
- Profit after tax amounted to SEK 18.9 (18.0) m
- Cash flow was SEK -39.1 (-24.9) m
- Acquisition of production capacity in China, strategic collaboration begins with Ionics EMS of the Philippines
- New incentive scheme proposed for senior executives
- Mainly because of the uncertain demand within Telecom, sales during Q4 is expected to be lower than estimated.

# Sales and profit

## JANUARY-SEPTEMBER

Sales increased by 3% in the period to SEK 1,285.1 (1253.0) m. Growth was largely organic, and attributable to the first half-year. Essentially, demand in the Telecom customer segment was less stable than several other segments in the period. Sales to Telecom customers were very healthy in the first half-year, but reduced significantly in the third quarter.

In December 2006, NOTE signed agreements for new deliveries with several major customers in the Industrial and Telecom customer segments. Deliveries to these customers gathered pace after the summer, progressively and as planned.

Gross margins, which have improved progressively through the year, grew by 1.4 percentage points to 12.9% (11.5%). The margin expansion was a result of increased volumes in the first half-year and production and logistics rationalizations conducted.

Within NOTE Components, a centralized, group-wide sourcing function in Gdansk was built up in 2006. Co-ordinated sourcing is a key strategic NOTE initiative intended to increase group profitability for the long term. The progress of the sourcing function is going according to plan, and until the present, the new working methods have only had a limited impact on margins.

Operating profit expanded by 19% to SEK 83.4 (69.8) m, and operating margin improved by 0.9 percentage points to 6.5% (5.6%).

Increased resources and expanded initiatives in this market region resulted in overheads being 8% higher than last year. Overheads include all costs related to the change of CEO, totalling just over SEK 2 m.

Despite reduced net debt, higher interest rates resulted in net financial income/expense of SEK -

6.2 (-6.0) m. Profit after financial items increased by 21% to SEK 77.2 (63.8) m, and profit margin expanded to 6.0% (5.1%).

Profit after tax amounted to SEK 57.3 (45.9) m, or SEK 5.95 (4.77) per share.

## THIRD QUARTER

In the third quarter, normally weaker than other quarters, sales reduced by 7% to SEK 389.9 (421.4) m. In August-September, demand was far lower than planned, mainly for Telecom customers. A number of customers in the Industrial segment also delayed orders more than expected. However, the start-up of volume production for new customers progressed as planned.

At the end of the period, the order backlog remained positive.

Despite variations in demand and reduced volumes year on year, gross margins grew by 0.9 percentage points to 13.2% (12.3%). Margin gains are mainly a result of adapting staffing in several Swedish units and an improved product mix.

Operating profit increased by 5% to SEK 28.1 (26.8) m; operating margin increased by 0.8 percentage points to 7.2% (6.4%). Overheads have also been reduced and were down 4% year on year.

Profit after financial items increased by 2% to SEK 25.7 (25.1) m; the profit margin increased to 6.6% (6.0%).

Profit after tax amounted to SEK 18.9 (18.0) m, or SEK 1.96 (1.87) per share.

# Financial position and liquidity

NOTE has a sharp focus on progressively improving the group's cash flow, the primary aim being to enhance efficiency and balance the business risks of operating activities. Seasonality means that the third quarter normally presents the biggest challenge for consolidated cash flow.

For the January-September period, cash flow was SEK 34.3 (-16.6) m, or SEK 3.57 (-1.72) per share.

Methodical and close collaboration with customers has enabled a 3% reduction in average credit terms since year-end and by 12% year on year.

Like other medium-sized EMS corporations, NOTE faces a major challenge in continuing to rationalise its stock control and logistics. This is particularly apparent in rapid demand upturns and downturns, and is primarily associated with the

complexity of electronics production and long lead-times for electronic components.

Lower-than-expected demand, mainly from Telecom customers, contributed to a significant stock build-up in August. Stock reduced somewhat in September, but at the end of the period, was up 27% on the previous year-end, and up 13% since mid-year.

This stock build-up and increased rate of investment meant that cash flow reduced to SEK -39.1 (-24.9) m in the third quarter.

In October to date, stock reduced by another SEK 10 m-plus. NOTE expects to be able to reduce its inventories significantly by year-end.

The equity to assets ratio at the end of the period was 33.2% (27.2%), a 3.0 percentage point increase since the previous year-end. Liquidity was positive at the end of the period. Available liquid funds including unutilised overdraft facilities were SEK 122.3 (41.8) m.

## Investments in the period

The rate of investment has increased in the year. Investments in tangible fixed assets in the period were SEK 32.3 (12.6) m, or 2.5% (1.0%) of sales. Depreciation and amortisation was SEK 21.4 (21.7) m.

Investments were mainly intended to increase the production capacity of the new facility in Norrtälje

and NOTE's foreign operations, and IT systems for sourcing.

The acquisition of 50% of the shares of Ionics EMS's facility in China is scheduled for completion in the fourth quarter.

## Significant events in the period

### NEW BOARD OF DIRECTORS

The Annual General Meeting (AGM) on 25 April 2007 appointed a new Board, consisting of Bruce Grant (Chairman), Per-Arne Sandström (Deputy Chairman), Kjell-Åke Andersson, Arne Forslund (CEO and President), Håkan Gellerstedt, Göran Jansson and Hans Johansson.

### REINSTATED CEO & PRESIDENT

Arne Forslund was reinstated as NOTE's CEO and President at the AGM. Kaj Samlin, who held these positions for just over two months, resigned from NOTE at the same time. Mr. Forslund was NOTE's CEO and President from November 2005 to 15 February 2007.

### LAUNCH OF NOTEFIED, THE PREFERRED PARTS DATABASE

NOTEfied, the NOTE Fast Introduction Engineering Database, is a preferred parts database of technical and commercial information direct from component vendors. NOTEfied gives customers simpler, faster and more secure materials flows from the right strategic parts choices to complete products. The system helps cut the total cost of products and reduces customers' time to market.

### COLLABORATION WITH KONGSBERG

In June, NOTE signed a long-term collaboration agreement with Kongsberg Defence & Aerospace (KDA) of Norway, implying KDA approving NOTE as a supplier of production and a wide range of product development services. This collaboration with KDA is largely a result of the previous year's acquisition and start-up of NOTE Oslo —NOTE's first new start-up within its Nearsourcing™ strategy.

### EXTENDED COLLABORATION WITH SCHNEIDER ELECTRIC

Elari of Finland extended its production collaboration with NOTE on a lighting range equipped with wireless dimmers for buildings. Elari is a subsidiary of the Schneider Electric group, a world-leading lighting and fire safety equipment vendor. The transfer of production from Elari's plant to NOTE Pärnu in Estonia began as planned in the third quarter.

### COLLABORATION AGREEMENT WITH ATLAS COPCO

NOTE reached a group-wide collaboration agreement with Atlas Copco in July, implying continued collaboration in electrical, electromechanical and electronics production. Atlas Copco Rock Drills has had a close collaboration with NOTE Torsby for several years.

#### **A NEW FACILITY FOR NOTE NORRTTELJE**

NOTE Norrtelje's new state-of-the-art facility was opened in September. After completed investments, the facility is well equipped and tailored for high-tech production. The new facility will also house NOTE Academy's training activities.

#### **RESTRUCTURING NOTE NYKÖPING-SKÄNNINGE**

In late 2006, all NOTE Nyköping-Skänninge's PCB assembly was concentrated on the company's large facility at Skänninge. In the second quarter, all remaining production was relocated from Nyköping to Skänninge. This measure is the result of rationalization that began in 2006. In total, the restructuring will mean downsizing by some 25 employees.

#### **ACQUISITION OF PRODUCTION CAPACITY IN CHINA**

A strategic collaboration was initiated with Ionics EMS of the Philippines, one of Asia's EMS leaders, in September. The first phase of this collaboration was the acquisition of 50% of Ionics EMS's facility in Tangxia, southern China. The facility was started up in 2005 and has trained,

skilled staff with contemporary production equipment. The intention is to offer existing and new customers cost-efficient production in China and Asia. The acquisition is expected to exert a marginal effect on consolidated sales and profits in the current year.

#### **PROPOSAL FOR NEW INCENTIVE SCHEME**

Within the auspices of a three-year incentive scheme, the Board has resolved to submit a proposal on the issuance of warrants corresponding to 500,000 shares. This package may imply maximum dilution of 5%, and is targeted at over 50 senior executives of the group. The proposed pricing is on market terms. An Extraordinary General Meeting (EGM) will be held in Stockholm, Sweden, on 29 November 2007.

Since spring 2006, NOTE has conducted a three-year share-related incentive scheme. This scheme encompasses 10 senior executives and is based on warrants corresponding to 200,000 shares.

## **Parent company**

The parent company is primarily focused on the management, coordination and development of the group. Parent company revenue was SEK 26.8 (20.9) m in the period and primarily related to intra-group services sales.

The loss after tax was SEK -5.6 (-5.3) m, which included costs of just over SEK 2 m relating to the changeover of CEO.

As in the previous year, transactions with closely related parties were fairly low.

## **Significant operational risks**

NOTE is an EMS company, providing electronics production services. NOTE's role as a contract manufacturer involves it serving as a collaboration partner to its customers, although not a product owner.

The electronics manufacturing services market is relatively young and usually considered fairly cyclical. Historically, many EMS companies have encountered difficulty maintaining profitability in cyclical downturns. This factor has been important in NOTE's choice of future strategy. NOTE's forward-looking emphasis on

Nearsourcing™, intended to promote the combination of volume growth and low investment costs and overheads, is one way of reducing its operational risk.

For a more detailed review of the risks in NOTE's operating activities, the reader is referred to the Report of the Directors in NOTE's Annual Report for 2006.

# Outlook

NOTE is a company engaged in a major change process — and profitability is rising.

A series of strategic initiatives have been started to create the right prospects for long-term growth and improved profitability within the framework of NOTE's Nearsourcing™ business model.

Cost savings will be achieved through the ongoing co-ordination of the group's sourcing function and continued rationalization within Lean management activities. Meanwhile, NOTE is accumulating skills and capacity in its eastern European and Asian units to enable further transfer of production and associated services to these regions.

NOTE considers that the trend towards increased outsourcing will bring healthy growth prospects on existing markets. In addition, and consistent with its acquisition and start-up of NOTE Oslo, NOTE intends to increase its presence on new geographical markets, likely to contribute to further growth in the long term.

In the fourth quarter, demand from Telecom customers remains unpredictable. Against the

background of progressive margin gains in the year and a healthy order backlog at the end of the period, NOTE expects the remainder of the year to provide healthy profit performance. NOTE expects a seasonal improvement in cash flow before investments, simultaneous with an increased rate of investment.

Mainly because of the uncertain demand within Telecom, sales during Q4 is expected to be lower compared to the estimation made in the Interim Report for January–June.

Outlook according to the Interim Report for January–June 2007:

Sector commentator iSuppli forecasts the demand for EMS services in Europe growing by an annual average of about 9% through the coming years. It expects the highest growth to be sourced from customers in the Industrial segment.

Against the backdrop of margin gains in the first half-year and a healthy order backlog at the end of the period, NOTE expects the second half-year to bring continued stable progress in volumes and profit. However, in seasonal terms, the third quarter normally represents the biggest challenge for consolidated cash flow, while an increased rate of investment is expected.

The Board of Directors, NOTE AB (publ)  
Danderyd, Sweden, 25 October 2007

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## NEXT FINANCIAL REPORT

The Financial Statement for 2007 will be published on 12 February 2008.

## AUDIT REVIEW

This Interim Report has not been subject to review by the company's auditors.

## ACCOUNTING AND VALUATION PRINCIPLES

This Report has been prepared pursuant to RR's (Redovisningsrådet, the Swedish Financial Accounting Standards Council) recommendation RR 31 on interim reporting and IAS 34. The rates of return have been adapted to the Swedish Society of Financial Analysts' recommendations. Otherwise, the same accounting principles and calculation methods as in the Annual Report 2006 have been used in this Interim Report.

All amounts in SEK m (millions of Swedish kronor) unless indicated otherwise.



## Consolidated Income Statement

	2007 Q3	2006 Q3	2007 JAN-SEP	2006 JAN-SEP	OCT 2006 -SEP 2007	2006 JAN-DEC
SALES	389.9	421.4	1,285.1	1,253.0	1,773.6	1,741.5
COST OF GOODS AND SERVICES SOLD	-338.5	-369.5	-1,119.5	-1,109.2	-1,545.2	-1,535.0
<b>GROSS PROFIT</b>	<b>51.4</b>	<b>51.9</b>	<b>165.6</b>	<b>143.8</b>	<b>228.4</b>	<b>206.5</b>
SALES COSTS	-9.2	-8.9	-31.5	-26.8	-44.3	-39.5
ADMINISTRATIVE COSTS	-14.7	-16.1	-50.9	-49.3	-68.6	-66.8
OTHER OPERATING INCOME/COSTS	0.6	-0.1	0.2	2.1	1.6	3.4
<b>OPERATING PROFIT</b>	<b>28.1</b>	<b>26.8</b>	<b>83.4</b>	<b>69.8</b>	<b>117.1</b>	<b>103.6</b>
NET FINANCIAL INCOME/EXPENSE	-2.4	-1.7	-6.2	-6.0	-7.5	-7.4
<b>PROFIT AFTER NET FINANCIAL ITEMS</b>	<b>25.7</b>	<b>25.1</b>	<b>77.2</b>	<b>63.8</b>	<b>109.6</b>	<b>96.2</b>
TAX	-6.8	-7.1	-19.9	-17.9	-29.6	-27.6
<b>PROFIT AFTER TAX</b>	<b>18.9</b>	<b>18.0</b>	<b>57.3</b>	<b>45.9</b>	<b>80.0</b>	<b>68.6</b>

## Consolidated key ratios

	2007 Q3	2006 Q3	2007 JAN-SEP	2006 JAN-SEP	OCT 2006 -SEP 2007	2006 JAN-DEC
<b>DATA PER SHARE*</b>						
NUMBER OF SHARES (THOUSANDS)	9,624	9,624	9,624	9,624	9,624	9,624
EARNINGS PER SHARE AFTER FULL TAX, SEK	1.96	1.87	5.95	4.77	8.31	7.13
EQUITY PER SHARE, SEK	31.67	25.62	31.67	25.62	31.67	27.86
CASH FLOW PER SHARE, SEK	-4.06	-2.59	3.57	-1.72	7.87	2.58
<b>OTHER KEY RATIOS</b>						
GROSS MARGIN	13.2%	12.3%	12.9%	11.5%	12.9%	11.9%
OPERATING MARGIN	7.2%	6.4%	6.5%	5.6%	6.6%	5.9%
PROFIT MARGIN	6.6%	6.0%	6.0%	5.1%	6.2%	5.5%
RETURN ON OPERATING CAPITAL	-	-	-	-	23.3%	22.5%
RETURN ON EQUITY	-	-	-	-	29.0%	29.0%
EQUITY RATIO, END OF PERIOD	33.2%	27.2%	33.2%	27.2%	33.2%	30.2%
AVERAGE NUMBER OF EMPLOYEES	1,199	1,158	1,184	1,125	1,172	1,127
SALES PER EMPLOYEE, SEK 000	325	364	1,085	1,114	1,513	1,545

\* DATA PER SHARE IS CALCULATED ON THE BASIS OF THE ACTUAL NUMBER OF OUTSTANDING SHARES. THE AGM 2006 RESOLVED ON THE ISSUE OF WARRANTS CORRESPONDING TO 200,000 SHARES, IMPLYING A MAXIMUM DILUTION EFFECT OF 2%. THE EXERCISE PRICE OF THE OPTIONS IS SEK 92.89 PER SHARE.

## Consolidated quarterly summary

	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
SALES	389.9	470.2	425.0	488.5	421.4	433.1	398.6	428.2
GROSS PROFIT	51.4	61.0	53.3	62.7	51.9	50.0	42.0	51.0
OPERATING PROFIT	28.1	30.5	24.8	33.8	26.8	24.1	18.9	23.4
PROFIT AFTER FINANCIAL ITEMS	25.7	28.5	23.0	32.4	25.1	22.3	16.4	21.8
PROFIT AFTER TAX	18.9	22.4	16.0	22.7	18.0	15.8	12.1	13.5
CASH FLOW	-39.1	27.8	45.6	41.4	-24.9	-15.4	23.7	23.5
EARNINGS PER SHARE AFTER FULL TAX, SEK	1.96	2.32	1.66	2.36	1.87	1.64	1.25	1.40
CASH FLOW/SHARE, SEK	-4.06	2.89	4.74	4.30	-2.59	-1.60	2.47	2.44
PROFIT MARGIN	6.6%	6.1%	5.4%	6.6%	6.0%	5.2%	4.1%	5.1%
EQUITY RATIO	33.2%	31.8%	32.7%	30.2%	27.2%	26.5%	26.9%	25.3%

## Consolidated Balance Sheet

	2007 30 Sep	2006 30 Sep	2006 31 Dec
<b>ASSETS</b>			
GOODWILL	49.1	48.8	49.1
OTHER INTANGIBLE FIXED ASSETS	2.4	2.8	2.2
TANGIBLE FIXED ASSETS	126.1	112.5	115.5
DEFERRED TAX RECEIVABLES	3.4	0.6	0.9
OTHER FINANCIAL FIXED ASSETS	0.5	0.0	0.0
<b>FIXED ASSETS</b>	<b>181.5</b>	<b>164.7</b>	<b>167.7</b>
STOCK	391.9	338.7	307.6
TRADE RECEIVABLES	282.7	346.5	363.5
OTHER CURRENT RECEIVABLES	39.1	42.3	30.6
LIQUID FUNDS	22.0	15.4	18.8
<b>CURRENT ASSETS</b>	<b>735.7</b>	<b>742.9</b>	<b>720.5</b>
<b>TOTAL ASSETS</b>	<b>917.2</b>	<b>907.6</b>	<b>888.2</b>
<b>EQUITY AND LIABILITIES</b>			
EQUITY	304.8	246.6	268.1
LONG-TERM INTEREST-BEARING LIABILITIES	128.1	78.1	132.4
DEFERRED TAX LIABILITIES	13.2	10.3	13.3
OTHER LONG-TERM PROVISIONS	12.8	12.9	12.2
<b>LONG-TERM LIABILITIES</b>	<b>154.1</b>	<b>101.3</b>	<b>157.9</b>
CURRENT INTEREST-BEARING LIABILITIES	94.5	192.4	99.4
TRADE PAYABLES	244.9	274.0	259.2
OTHER CURRENT LIABILITIES	118.2	89.7	99.5
SHORT-TERM PROVISIONS	0.7	3.6	4.1
<b>CURRENT LIABILITIES</b>	<b>458.3</b>	<b>559.7</b>	<b>462.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>917.2</b>	<b>907.6</b>	<b>888.2</b>

## Consolidated change in equity

	2007 Q3	2006 Q3	2007 JAN-SEP	2006 JAN-SEP	OCT 2006 -SEP 2007	2006 JAN-DEC
OPENING EQUITY	285.9	228.4	268.1	205.1	246.6	205.1
PROFIT AFTER TAX	18.9	18.0	57.3	45.9	80.0	68.6
DIVIDENDS PAID	-	-	-21.7	-4.8	-21.7	-4.8
PAYMENT, WARRANTS	-	-	0.1	0.6	0.1	0.6
TRANSLATION DIFFERENCE	0.0	0.2	1.0	-0.2	-0.2	-1.4
<b>CLOSING EQUITY</b>	<b>304.8</b>	<b>246.6</b>	<b>304.8</b>	<b>246.6</b>	<b>304.8</b>	<b>268.1</b>

## Consolidated Cash Flow Statement

	2007 Q3	2006 Q3	2007 JAN-SEP	2006 JAN-SEP	OCT 2006 -SEP 2007	2006 JAN-DEC
PROFIT AFTER FINANCIAL ITEMS	25.7	25.1	77.2	63.8	109.6	96.2
REVERSED DEPRECIATION AND AMORTISATION	7.7	7.6	21.4	21.7	30.2	30.5
OTHER NON-CASH ITEMS	-3.2	0.0	-2.5	-7.7	-2.1	-7.3
TAX PAID	-3.5	-1.9	-11.6	-10.0	2.0	3.6
CHANGE IN WORKING CAPITAL	-44.0	-50.1	-18.6	-69.1	-25.6	-76.1
INVESTMENT BUSINESS	-21.8	-5.6	-31.6	-15.3	-38.4	-22.1
<b>CASH FLOW</b>	<b>-39.1</b>	<b>-24.9</b>	<b>34.3</b>	<b>-16.6</b>	<b>75.7</b>	<b>24.8</b>
<b>LIQUID FUNDS</b>						
AT START OF PERIOD	29.3	21.7	18.8	9.1	15.4	9.1
CASH FLOW	-39.1	-24.9	34.3	-16.6	75.7	24.8
FINANCING BUSINESS	31.5	18.6	-31.2	22.9	-69.1	-15.0
EXCHANGE RATE DIFFERENCE IN LIQUID FUNDS	0.3	0.0	0.1	0.0	0.0	-0.1
LIQUID FUNDS AT END OF PERIOD	22.0	15.4	22.0	15.4	22.0	18.8
UNUSED CREDITS	100.3	26.4	100.3	26.4	100.3	62.6
<b>AVAILABLE LIQUID FUNDS</b>	<b>122.3</b>	<b>41.8</b>	<b>122.3</b>	<b>41.8</b>	<b>122.3</b>	<b>81.4</b>

## Consolidated five-year summary

	OCT 2006 -SEP 2007	2006	2005	2004	2003	2002
SALES	1,773.6	1,741.5	1,504.1	1,103.1	859.2	636.8
GROSS PROFIT	228.4	206.5	54.2	126.0	94.1	92.3
OPERATING PROFIT	117.1	103.6	-64.3	29.3	74.4	39.4
PROFIT AFTER FINANCIAL ITEMS	109.6	96.2	-73.1	19.5	63.0	30.9
PROFIT AFTER TAX	80.0	68.6	-55.7	13.6	44.2	21.4
CASH FLOW	75.7	24.8	-9.7	-14.4	-63.6	-8.4
EARNINGS PER SHARE AFTER FULL TAX, SEK	8.31	7.13	-5.78	1.50	5.41	3.13
CASH FLOW/SHARE, SEK	7.87	2.58	-1.01	-1.60	-7.79	-1.24
PROFIT MARGIN	6.2%	5.5%	-4.9%	1.8%	7.3%	4.8%
RETURN ON OPERATING CAPITAL	23.3%	22.5%	-14.3%	6.6%	21.0%	18.9%
RETURN ON EQUITY	29.0%	29.0%	-23.7%	6.6%	37.0%	33.4%
EQUITY RATIO	33.2%	30.2%	25.3%	36.1%	22.0%	20.8%
NUMBER OF EMPLOYEES	1,172	1,127	1,097	887	681	425

2004-2007 ACCORDING TO IFRS; 2002-2003 ACCORDING TO SWEDISH GAAP.



## Parent Company Income Statement

	2007 Q3	2006 Q3	2007 JAN-SEP	2006 JAN-SEP	OCT 2006 -SEP 2007	2006 JAN-DEC
NET SALES	8.3	6.5	26.8	20.9	39.8	33.9
COSTS OF SERVICES SOLD	-2.1	-2.0	-7.8	-5.4	-10.1	-7.6
<b>GROSS PROFIT</b>	<b>6.2</b>	<b>4.5</b>	<b>19.0</b>	<b>15.5</b>	<b>29.7</b>	<b>26.3</b>
SALES COSTS	-3.3	-3.1	-12.6	-7.3	-16.8	-11.6
ADMINISTRATIVE COSTS	-4.4	-5.8	-17.0	-15.2	-21.5	-19.7
OTHER OPERATING INCOME/COSTS	0.0	0.0	-0.0	0.0	-1.2	-1.2
<b>OPERATING PROFIT</b>	<b>-1.5</b>	<b>-4.4</b>	<b>-10.6</b>	<b>-7.0</b>	<b>-9.8</b>	<b>-6.2</b>
INTEREST INCOME, ETC.	1.4	1.0	4.9	2.5	6.7	4.3
INTEREST EXPENSES, ETC.	-1.3	-0.4	-2.1	-0.8	-2.8	-1.4
<b>PROFIT AFTER NET FINANCIAL ITEMS</b>	<b>-1.4</b>	<b>-3.8</b>	<b>-7.8</b>	<b>-5.3</b>	<b>-5.9</b>	<b>-3.3</b>
APPROPRIATIONS	-	-	-	-	-10.1	-10.1
<b>PROFIT BEFORE TAX</b>	<b>-1.4</b>	<b>-3.8</b>	<b>-7.8</b>	<b>-5.3</b>	<b>-16.0</b>	<b>-13.4</b>
TAX	0.4	1.1	2.2	1.5	5.0	4.2
<b>PROFIT AFTER TAX</b>	<b>-1.0</b>	<b>-2.7</b>	<b>-5.6</b>	<b>-3.8</b>	<b>-11.0</b>	<b>-9.2</b>

## Parent Company Balance Sheet

	2007 30 Sep	2006 30 Sep	2006 31 Dec
<b>ASSETS</b>			
INTANGIBLE FIXED ASSETS	-	0.4	-
TANGIBLE FIXED ASSETS	0.2	0.4	0.2
PARTICIPATIONS IN GROUP COMPANIES	164.5	164.5	164.5
RECEIVABLES FROM GROUP COMPANIES	102.5	24.4	101.0
OTHER FINANCIAL FIXED ASSETS	0.1	-	-
<b>FIXED ASSETS</b>	<b>267.3</b>	<b>189.7</b>	<b>265.7</b>
TRADE RECEIVABLES	0.0	-	0.1
RECEIVABLES FROM GROUP COMPANIES	46.0	114.5	115.4
OTHER CURRENT RECEIVABLES	7.3	2.7	0.0
PREPAID EXPENSES AND ACCRUED INCOME	1.9	0.3	0.9
LIQUID FUNDS	1.0	0.7	0.8
<b>CURRENT ASSETS</b>	<b>56.2</b>	<b>118.2</b>	<b>117.2</b>
<b>TOTAL ASSETS</b>	<b>323.5</b>	<b>307.9</b>	<b>382.9</b>
<b>EQUITY AND LIABILITIES</b>			
SHARE CAPITAL	4.8	4.8	4.8
STATUTORY RESERVE	148.2	148.2	148.2
PROFIT/LOSS BROUGHT FORWARD	47.3	45.3	78.2
PROFIT/LOSS FOR THE PERIOD	-5.6	-3.8	-9.2
<b>EQUITY</b>	<b>194.7</b>	<b>194.5</b>	<b>222.0</b>
<b>UNTAXED RESERVES</b>	<b>10.2</b>	<b>0.1</b>	<b>10.2</b>
LIABILITIES TO GROUP COMPANIES	25.7	31.9	59.8
LIABILITIES TO CREDIT INSTITUTIONS	13.6	-	21.3
OTHER LONG-TERM PROVISIONS	0.4	1.4	0.4
<b>LONG-TERM LIABILITIES</b>	<b>39.7</b>	<b>33.3</b>	<b>81.5</b>
LIABILITIES TO CREDIT INSTITUTIONS	24.5	64.9	30.7
TRADE PAYABLES	1.2	2.5	1.1
LIABILITIES TO GROUP COMPANIES	40.9	6.5	23.0
TAX LIABILITIES	2.8	-	7.0
OTHER CURRENT LIABILITIES	0.4	0.6	2.1
ACCRUED EXPENSES AND DEFERRED INCOME	9.1	5.5	4.8
OTHER SHORT-TERM PROVISIONS	-	-	0.5
<b>CURRENT LIABILITIES</b>	<b>78.9</b>	<b>80.0</b>	<b>69.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>323.5</b>	<b>307.9</b>	<b>382.9</b>