

Consolidated Income Statement

Years ended December 31, SEK million	Notes	2008	2007	2006 ¹⁾
Net sales	C3, C4	208,930	187,780	179,821
Cost of sales		-134,661	-114,059	-104,875
Gross income		74,269	73,721	74,946
Gross margin %		35.5%	39.3%	41.7%
Research and development expenses		-33,584	-28,842	-27,533
Selling and administrative expenses		-26,974	-23,199	-21,422
Operating expenses		-60,558	-52,041	-48,955
Other operating income and expenses	C6	2,977	1,734	3,903
Share in earnings of joint ventures and associated companies	C12	-436	7,232	5,934
Operating income		16,252	30,646	35,828
Operating margin %		7.8%	16.3%	19.9%
Financial income	C7	3,458	1,778	1,954
Financial expenses	C7	-2,484	-1,695	-1,789
Income after financial items		17,226	30,729	35,993
Taxes	C8	-5,559	-8,594	-9,557
Net income		11,667	22,135	26,436
Net income attributable to:				
Stockholders of the Parent Company		11,273	21,836	26,251
Minority interest		394	299	185
Other information				
Average number of shares, basic (million) ²⁾	C9	3,183	3,178	3,174
Earnings per share attributable to stockholders of the Parent Company, basic (SEK) ²⁾	C9	3.54	6.87	8.27
Earnings per share attributable to stockholders of the Parent Company, diluted (SEK) ²⁾	C9	3.52	6.84	8.23

¹⁾ 2006 year figures have been restated for comparability.

²⁾ A reverse split 1:5 was made in June 2008. Comparative figures are restated accordingly.

Consolidated Balance Sheet

December 31, SEK million	Notes	2008	2007
ASSETS			
Non-current assets			
Intangible assets	C10		
Capitalized development expenses		2,782	3,661
Goodwill		24,877	22,826
Intellectual property rights, brands and other intangible assets		20,587	23,958
Property, plant and equipment	C11, C26, C27	9,995	9,304
Financial assets			
Equity in joint ventures and associated companies	C12	7,988	10,903
Other investments in shares and participations	C12	309	738
Customer finance, non-current	C12	846	1,012
Other financial assets, non-current	C12	4,917	2,918
Deferred tax assets	C8	14,858	11,690
		87,159	87,010
Current assets			
Inventories	C13	27,836	22,475
Trade receivables	C14	75,891	60,492
Customer finance, current		1,975	2,362
Other current receivables	C15	17,818	15,062
Short-term investments	C20	37,192	29,406
Cash and cash equivalents	C20	37,813	28,310
		198,525	158,107
Total assets		285,684	245,117
EQUITY AND LIABILITIES			
Equity			
Stockholders' equity	C16	140,823	134,112
Minority interest in equity of subsidiaries	C16	1,261	940
		142,084	135,052
Non-current liabilities			
Post-employment benefits	C17	9,873	6,188
Provisions, non-current	C18	311	368
Deferred tax liabilities	C8	2,738	2,799
Borrowings, non-current	C19, C20	24,939	21,320
Other non-current liabilities		1,622	1,714
		39,483	32,389
Current liabilities			
Provisions, current	C18	14,039	9,358
Borrowings, current	C19, C20	5,542	5,896
Trade payables	C22	23,504	17,427
Other current liabilities	C21	61,032	44,995
		104,117	77,676
Total equity and liabilities ¹⁾		285,684	245,117

¹⁾ Of which interest-bearing liabilities and post-employment benefits SEK 40,354 million (SEK 33,404 million in 2007).

Consolidated Statement of Cash Flows

January–December, SEK million	Notes	2008	2007	2006
Operating activities				
Net income		11,667	22,135	26,436 ¹⁾
Adjustments to reconcile net income to cash	C25	14,318	7,172	6,060 ¹⁾
		25,985	29,307	32,496
Changes in operating net assets				
Inventories		-3,927	-445	-2,553
Customer finance, current and non-current		549	365	1,186
Trade receivables		-11,434	-7,467	-10,563
Provisions and post-employment benefits		3,830	-4,401	-3,729
Other operating assets and liabilities, net		8,997	1,851	1,652
		-1,985	-10,097	-14,007
Cash flow from operating activities		24,000	19,210	18,489
Investing activities				
Investments in property, plant and equipment	C11	-4,133	-4,319	-3,827
Sales of property, plant and equipment		1,373	152	185
Acquisitions of subsidiaries and other operations	C26	-74	-26,292	-18,078
Divestments of subsidiaries and other operations	C25, C26	1,910	84	3,086
Product development	C10	-1,409	-1,053	-1,353
Other investing activities		944	396	-1,070
Short-term investments		-7,155	3,499	6,180
		-8,544	-27,533	-14,877
Cash flow from investing activities		-8,544	-27,533	-14,877
Cash flow before financing activities		15,456	-8,323	3,612
Financing activities				
Proceeds from issuance of borrowings		5,245	15,587	1,290
Repayment of borrowings		-4,216	-1,291	-9,510
Sale of own stock and options exercised		3	94	124
Dividends paid		-8,240	-8,132	-7,343
		-7,208	6,258	-15,439
Cash flow from financing activities		-7,208	6,258	-15,439
Effect of exchange rate changes on cash		1,255	406	58
Net change in cash		9,503	-1,659	-11,769
Cash and cash equivalents, beginning of period		28,310	29,969	41,738
Cash and cash equivalents, end of period	C20	37,813	28,310	29,969

¹⁾ Net income includes net income attributable to minority interest. Prior to 2007, net income attributable to minority interest was reported within Adjustments to reconcile net income to cash. 2006 comparatives have been restated to reflect this change.

Consolidated Statement of Recognized Income and Expense

Years ended December 31, SEK million	2008	2007	2006
Income and expense recognized directly in equity			
Actuarial gains and losses related to pensions	-4,015	1,208	440
Revaluation of other investments in shares and participations			
Fair value remeasurement reported in equity	-7	2	-1
Cash Flow hedges			
Fair value remeasurement of derivatives reported in equity	-5,080	584	4,100
Transferred to income statement for the period	1,192	-1,390	-1,990
Transferred to balance sheet for the period	-	-	99
Changes in cumulative translation adjustments	8,528	-797	-3,119
Tax on items reported directly in/or transferred from equity	2,330	-73	-769
Total transactions reported directly in equity	2,948	-466	-1,240
Net income	11,667	22,135	26,436
Total income and expense recognized for the period	14,615	21,669	25,196
Attributable to:			
Stockholders of the Parent Company	13,988	21,371	25,101
Minority interest	627	298	95