

# Interim report January-March 2007



## More than 100 percent increase in Retail business area's sales

### First quarter of 2007

- Net sales rose to MSEK 101.7 (63.5)
- Operating profit excluding nonrecurring costs improved to MSEK 8.9 (0.1)
- Profit after taxes improved to MSEK 2.9 (loss: 0.5)
- Earnings per share improved to SEK 0.03 (0.00)
- Distributor agreement signed with LaSer Symag of France, Pharmatechnik of Germany and RBS of Sweden

- More than 650 cash-handling systems were delivered during the period
- Order worth MSEK 13 received from Brink's of Belgium
- Agne Pettersson became Managing Director and Chief Executive Officer on February 22

### Event after period end

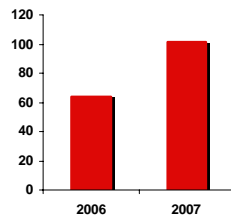
- The Board has today decided to focus on the Retail business area. The CIT/ATM business area will be sold or listed

### Group in brief

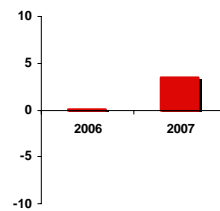
	First quarter 2007	First quarter 2006	Rolling 12 month	Full year 2006
Net sales, MSEK	101.7	63.5	360.8	322.6
Operating profit/loss, MSEK	3.4	0.1	16.2	12.9
Operating margin, %	3.3	0.2	4.4	4.0
Loss after financial items, MSEK	4.1	-0.5	14.9	10.3
Net loss for the period, MSEK	2.9	-0.5	9.2	5.8
Cash flow operating activities, MSEK	0.5	-0.7	-22.8	-24.0
Earnings per share before and after dilution, SEK	0.03	0.00	0.09	0.06
Shareholders' equity per share, SEK	2.70	2.61	2.65	2.69
Average number of shares (000)	99,206	99,206	99,206	99,206

## First quarter of 2007

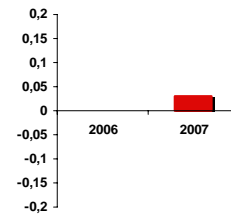
Net sales (SEK million)  
January-March



Operating profit (SEK million)  
January-March



Earnings per share (SEK)  
January-March



## First quarter of 2007

### Net sales

During the first quarter of 2007, CashGuard sales totalled MSEK 101.7 (63.5), an increase of 60 percent compared with the year-earlier period. The improvement was mainly attributable to increased demand in the Retail business area, where sales rose by 105 percent. Sales in the CIT/ATM business area increased by 33 percent compared with the year-earlier period.

### Earnings

The Group continues to show an operating profit, both in total and in terms of the two business areas. Operating profit improved to MSEK 3.4 (0.1). During the quarter, nonrecurring costs were incurred for the change of Chief Executive Officer, the resolution of disputes and a switch of supplier. These costs totalled approximately MSEK 5.5 which resulted in an operating profit excluding nonrecurring costs of MSEK 8.9 and were mainly attributable to the strong sales increase noted in the Retail business area.

The Group reported a profit of MSEK 2.9 (loss: 0.5) after taxes, or SEK 0.03 (0.00) per share.

Cash flow from operating activities during the quarter was a positive MSEK 0.5 (neg: 0.7)

### Operations

Sales in the Retail business area grew by more than 100 percent during the first quarter. This growth mainly derived from sales to Norgesgruppen, to which more than 500 systems were delivered during the quarter.

Since an important feature of international expansion within Retail has been to reach out to a wider market in Europe, a number of important distribution agreements were entered at the beginning of the year.

In early January, CashGuard signed a cooperation contract with LaSer Symag, France, which will act as distributor and service partner with regard to cash-handling systems in the French market. LaSer Symag is part of the Galerie Lafayette Group, which, in addition to LaSer Symag, includes department store chains Galerie Lafayette, BHV and Monoprix. In 2005, the LaSer Group's sales totalled MEUR 5,635 and it had 36,000 employees. Today, LaSer Symag has 50,000 checkout systems installed in 16,000 stores in Europe.

In mid-January, a supplementary distributor contract was signed with RBS (Retail Business System AB) for cash-handling systems in the Swedish market. This will increase CashGuard's presence in the Swedish market. RBS develops and markets store computer solutions and have approximately 90 employees and about 3,000 stores in its customer base in Sweden.

In mid-February, a distributor agreement regarding cash-handling systems was concluded with Pharmatechnik of Germany. Pharmatechnik will market and sell CashGuard products and services to slightly more than 20,000 pharmacies in the German market.

On February 22, Agne Pettersson became new Managing Director and Chief Executive Officer of CashGuard, succeeding Ove Wedsjö.

In late February, Brink's of Belgium placed an order for security cases with SQS-technology. The order is worth MSEK 13 and will be delivered during the first and second quarters of 2007.

#### Sales and operating profit/loss per business area (MSEK)

	Sales		Operating profit/loss	
	First quarter 2007	First quarter 2006	First quarter 2007	First quarter 2006
CIT/ATM business area	52.0	39.2	2.3	3.1
Retail business area	49.7	24.3	1.1	-3.0
Group total	101.7	63.5	3.4	0.1

## Business Areas

### CIT/ATM business area

*The CIT/ATM business area offers unique security cases for transport and storage of cash, as well as products for secure fill-up and protection of cash in ATMs.*

During the first quarter of 2007, sales within the CIT/ATM business area rose 33 percent to MSEK 52.0 (39.2), as a result of increased demand for security solutions for cash. Operating profit weakened to MSEK 2.3 (3.1). The earnings decline was mainly due to nonrecurring costs of MSEK 3.8, an MSEK 3.7 increase in guarantee costs and a reallocation of Group-wide costs compared with the year-earlier period, which resulted in an increase of MSEK 1.5.

#### CIT/ATM business area

	First quarter 2007	First quarter 2006	Rolling 12 month	Full-year 2006
Sales, MSEK	52.0	39.2	237.8	225.0
Operating profit, MSEK	2.3	3.1	38.2	39.0
Operating margin, %	4.4	7.9	16.1	17.3

### Retail business area

*The Retail business area offers systems for efficient cash handling in checkout environments.*

During the first quarter of 2007, the Retail business area's sales rose by 105 percent to MSEK 49.7 (24.3), due mainly to the rollout to Norgesgruppen stores. Operating profit improved to MSEK 1.1 (loss: 3.0). The earnings improvement was mainly attributable to increased volumes and a reallocation of Group-wide costs, which resulted in a decrease of MSEK 1.5 compared with the year-earlier period. The Retail business area was charged with nonrecurring costs of MSEK 1.7.

### Retail business area

	First quarter 2007	First quarter 2006	Rolling 12 month	Full-year 2006
Sales, MSEK	49.7	24.3	123.0	97.6
Operating profit, MSEK	1.1	-3.0	-22.0	-26.1
Operating margin, %	2.2	-12.3	-17.9	-26.7

## Market position and outlook

Within CIT/ATM, CashGuard focuses directly on customers, which from CIT's viewpoint mainly comprise security companies, banks and post offices. Customers in the ATM segment are mainly banks and other companies that own ATMs and need safe and effective methods for fill-up and storage of cash. An increasing number of potential customers view intelligent solutions as better than traditional armoured and armed CIT. In Europe the acceptance for CIT/ATM technology is high. In other high-growth markets, we see significant potential as awareness of the need for the Group's offerings increases.

Market trends are in CashGuard's favour. Consolidation in the retail sector is resulting in a greater concentration of cash, which is increasing the risk of robbery. More stringent legal requirements are driving a technology shift in which intelligent shield protection and destruction of bank notes are increasing in importance. Distances between ATMs and bank offices are requiring more efficient and secure logistics for transport, and for fill-up and collection of cash. The trend is also moving towards closed systems becoming standard. Giving such a market situation, CashGuard aims to compete by offer its security system for ATMs. Accordingly, the ATM market is beginning to gain momentum and CashGuard has all the certificates required to deliver a safe and secure end-to-end solution.

CashGuard's primary market for its product in the Retail business area comprises all checkouts in the retail sector. Today the number of retail checkouts in the EU is estimated at slightly more than five million. Only a few tenths of a percent of these currently have secure cash-handling systems. The market for the Retail business area is substantial and unexploited. Despite increased card usage, the volume of cash in society is increasing. In addition, the concentration of cash is increasing in pace with the ongoing consolidation of the retail sector, which is also increasing the risk of robbery. Moreover, CashGuard's business opportunities are expanding through new legal requirements for job rotation, which are resulting in an increase in cashier changes and in the associated cash checkings.

CashGuard's objective for 2007 is to increase net sales with 30 percent for the CIT/ATM business area and for the Retail business area the corresponding objective for net sales is increased to 80-100 percent.

## Profitability

The return on capital employed was 1.6 (0.0) percent.

## Financial position and cash flow

The equity/assets ratio at the end of the period was 69.8 percent, compared with 75.0 percent at the end of the 2006 fiscal year. Shareholders' equity per share was SEK 2.70, compared with SEK 2.69 at the beginning of the fiscal year. The Group's net interest-bearing liabilities amounted to MSEK 29.4, compared with MSEK 20.2 at the beginning of the fiscal year. Cash flow from operating activities improved to MSEK 0.5 (negative: 0.7). Net investments in tangible fixed assets amounted to MSEK 3.4 (0.3). During the first quarter, development costs of MSEK 6.4 (0.0) were capitalised.

## Personnel

The number of employees at the close of the period was 176, compared with 173 at the beginning of the fiscal year. The average number of employees during the period was 174, compared with 132 in the year-earlier period.

## Share distribution

At the end of the period, share capital amounted to MSEK 7,936. The distribution by class of shares was as follows:

<b>Class of shares</b>	
	<b>Shares outstanding</b>
Series A shares	1,000,000
Series B shares	98,205,633
Total number of shares	<b>99,205,633</b>

## Accounting principles

This interim report has been compiled in accordance with IAS 34, Interim Financial Reporting, and the Financial Accounting Standards Council's recommendation RR 31, Interim Reporting for Groups. The new or revised IFRS standards or IFRIC interpretations that have become effective since January 1, 2007 had no significant impact on the Group's income statement or balance sheet. The accounting principles in accordance with IFRS are presented in the Annual Report for the 2006 fiscal year.

As of January 1, 2007, CashGuard has switched to a function-divided income statement in order to better highlight the Group's results. This means that the first quarter of 2007 is reported according to a function-divided condensed income statement, with restated comparative figures for 2006.

## Parent company

The Parent Company had net sales of MSEK 50.5 (24.7) and profit of MSEK 4.7 (loss: 1.9) after net financial items. Net investments in tangible fixed assets amounted to MSEK 0.1 (0.1). During the first quarter, development costs of MSEK 3.4 (0.0) were capitalised. The Parent Company's financial net assets at the end of the period amounted to MSEK 192.3, compared with MSEK 191.9 at the beginning of the fiscal year.

## Management changes

On February 22, 2007, Agne Pettersson became Managing Director and Chief Executive Officer of CashGuard, succeeding Ove Wedsjö. In addition, Chief Financial Officer Gunilla Spongh is to leave the company for another position outside the Group.

## Extraordinary General Meeting

An Extraordinary General Meeting held on February 16, 2007 resolved to reduce the Company's statutory reserves by SEK 200,000,000 from SEK 246,399,073 to SEK 46,399,073. The amount by which the statutory reserves were reduced has been transferred to unrestricted equity.

The Extraordinary General Meeting also approved the motion to re-elect Christina Detlefsen and Mats Andersson as Board members and to newly elect Morthen Johannessen, also Chairman of the Board, Leif Flemming Bakke and Mats-Olof Ljungkvist as Members of the Board.

## Annual General Meeting and dividend

CashGuard's Annual General Meeting will be held at 3 p.m. on May 10, at Täby Park Hotel, Kemistvägen 30 in Täby.

Since CashGuard is positioned in an expansionary phase, the Board of Directors proposes that no dividend be paid for 2006 (2005: 0). The Board of Directors intends to propose that it be authorised to make decisions to implement private placements.

## Annual report

CashGuard's Annual Report for 2006 will be available at [www.cashguard.com](http://www.cashguard.com). The document will be available for download from [www.cashguard.com](http://www.cashguard.com) under the menu choice Financial and Reports. The printed annual report can be ordered via CashGuard's subscription service. The subscription service can be joined via [www.cashguard.se](http://www.cashguard.se) under the menu choice Financial and Order annual report.

## Event after the period – focus on Retail

The Board and the Management team of CashGuard have after the extraordinary general meeting been conducting a strategy process. The result of the process has led to a decision of the Board to focus on the Retail business area and to sell or list the CIT/ATM business area. The Board sees great potential for the Retail business area with all resources focusing on the international expansion. Negotiations with several potential buyers have started and HQ Bank has been appointed advisor in this process. Cooperation agreement will be established for common developed products.

## Telephone conference and presentation material

Due to the publication of the interim report, CashGuard invites interested parties to a telephone conference on Tuesday April 24 at 3 p.m., via telephone number: +46-8-672 81 50. The interim report will be presented by Managing Director and CEO Agne Pettersson and by Chief Financial Officer Gunilla Spongh. A presentation of the Group's interim report will be available on CashGuard's website.

Täby, April 24, 2007

Agne Pettersson, Chief Executive Officer

The Annual General Meeting will be held on May 10, 2007.

The interim report for January 1 – June 30 will be presented on July 24, 2007.

The interim report for January 1 – September 30 will be presented on October 25, 2007.

### **For further information contact:**

Agne Pettersson, Managing Director and Chief Executive Officer, tel +46-8-732 22 00,  
[agne.pettersson@cashguard.com](mailto:agne.pettersson@cashguard.com)

Gunilla Spongh, Chief Financial Officer, tel +46-8-732 22 00, [gunilla.spongh@cashguard.com](mailto:gunilla.spongh@cashguard.com)

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

### Income statement, SEK 000s

	Jan-Mar 2007	Jan-Mar 2006	Full year 2006
Net sales	101,680	63,524	322,633
Cost of goods sold	-68,297	-40,930	-208,437
<b>Gross profit</b>	<b>33,383</b>	<b>22,594</b>	<b>114,196</b>
- Gross margin, %	32.8	35.6	35.4
Other operating expenses	-29,995	-22,493	-101,285
<b>Operating profit/loss</b>	<b>3,388</b>	<b>101</b>	<b>12,911</b>
- Operating margin, %	3.3	0.2	4.0
Net financial items	734	-580	-2,654
<b>Profit/loss after financial items</b>	<b>4,122</b>	<b>-479</b>	<b>10,257</b>
- Profit margin, %	4.1	-0.8	3.2
Tax	-1,200	0	-4,501
<b>Net profit/loss for the period</b>	<b>2,922</b>	<b>-479</b>	<b>5,756</b>
Earnings per share before and after tax, SEK	0.03	0.00	0.06
Average number of shares, thousands	99,206	99,206	99,206
Average number of shares after dilution, thousands	100,206	100,206	100,206
Number of shares at period end after dilution, thousands	99,206	99,206	99,206
Number of shares at period end, thousands	100,206	100,206	100,206

### Balance sheet, SEK 000s

	March 31, 2007	March 31, 2006	Full year 2006
Intangible fixed assets	131,700	118,338	125,087
Tangible fixed assets	11,809	9,396	10,105
Financial fixed assets	70,877	75,588	72,631
Inventories	62,264	46,564	52,323
Accounts receivable	86,251	47,777	82,902
Other current assets	7,929	5,713	4,560
Cash and cash equivalents	12,475	44,828	7,814
<b>Total assets</b>	<b>383,305</b>	<b>348,204</b>	<b>355,422</b>
Shareholders' equity	267,690	259,285	266,566
Long-term liabilities	9,803	22,636	12,379
Current liabilities	105,812	66,283	76,477
<b>Total shareholders' equity and liabilities</b>	<b>383,305</b>	<b>348,204</b>	<b>355,422</b>

### Cash flow statement, SEK 000s

	Jan-Mar 2007	Jan-Mar 2006	Full year 2006
<b>Cash flow from operational activities</b>	<b>468</b>	<b>-682</b>	<b>-23,966</b>
<b>Cash flow from investing activities</b>	<b>-9,726</b>	<b>-395</b>	<b>-12,029</b>
<b>Cash flow from financing activities</b>	<b>13,732</b>	<b>-2,863</b>	<b>-4,751</b>
<b>Cash flow during the period</b>	<b>4,474</b>	<b>-3,940</b>	<b>-40,747</b>
Cash and cash equivalents, January 1	7,814	48,806	48,806
Exchange-rate differences on cash and cash equivalents	187	-38	-245
Cash and cash equivalents, end of period	12,475	44,828	7,814

### Changes in shareholders' equity, SEK 000s

	Jan-Mar 2007	Jan-Mar 2006	Full year 2006
Opening balance on	266,566	260,238	260,238
Change in translation reserve during the period	-1,798	-474	572
<b>Profit/loss for the period</b>	<b>2,922</b>	<b>-479</b>	<b>5,756</b>
Amount at period end	267,690	259,285	266,566

### Quarterly data

	2007		2006			2005		
Sales per business area, SEK 000s	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2
CIT/ATM business area	52,007	76,530	49,620	59,669	39,232	41,591	24,382	18,482
Retail business area	49,673	34,943	19,526	18,821	24,292	30,236	18,447	30,860
Group	101,680	111,473	69,146	78,490	63,524	71,827	42,829	49,342

	2007		2006			2005		
Operating profit/loss per business area, SEK 000s	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2
CIT/ATM business area	2,256	14,028	11,252	10,658	3,064	9,359	-2,732	-2,691
Retail business area	1,132	-2,369	-10,145	-10,614	-2,963	-8,255	-10,853	-42,380
<b>Operating profit/loss</b>	<b>3,388</b>	<b>11,659</b>	<b>1,107</b>	<b>44</b>	<b>101</b>	<b>1,104</b>	<b>-13,585</b>	<b>-45,071</b>
- Operating margin, %	3.3	10.5	1.6	0.1	0.2	1.5	-31.7	-91.3

### Key figures

	Jan-Mar 2007	Jan-Mar 2006	Full year 2006
Change in net sales, %	55.2	26.2	50.5
Gross margin, %	32.8	35.6	35.4
Operating margin, %	3.3	0.2	4.0
Profit margin, %	4.1	-0.8	3.2
Return on capital employed, %	1.6	0.0	4.4
Return on equity, %	0.8	neg	2.2
Debt/equity ratio, times	11.0	-5.4	7.6
Equity/assets ratio, %	69.8	74.5	75.0
Interest-coverage ratio, times	6.7	0.2	4.5
Financial net indebtedness, MSEK	29.4	-14.1	20.2
Shareholders' equity per share, SEK	2.70	2.61	2.69
Average number of employees during the period	174	132	151
Number of employees at end of period	176	142	173

CashGuard develops and sells products and services for secure and fully automatic cash handling and cash logistics. Via direct sales and distribution partners, CashGuard focuses on retail companies, post offices and banks, as well as on security companies. The CashGuard Group has approximately 170 employees. CashGuard shares are listed on the Stockholm Stock Exchange.

CashGuard AB (publ) 556422-8327, Propellervägen 10-12, SE-183 62 TÄBY, Tel +46-8-732 22 00, Fax +46-8-732 22 10  
info@cashguard.se, www.cashguard.se