



## Interim report

January – June 2007

### SECOND QUARTER

▪ Revenue	SEK 211 M (220)
▪ Order intake	SEK 220 M (211)
▪ EBITDA	SEK 11.3 M (12.0)
▪ Profit after net financial items	SEK 6.0 M (10.5)

### JANUARY – JUNE

▪ Revenue	SEK 429 M (425)
▪ Order intake	SEK 440 M (429)
▪ EBITDA	SEK 27.1 M (26.0)
▪ Profit after net financial items	SEK 17.9 M (22.2)
▪ Profit after tax	SEK 13.0 M (16,1)
▪ Earnings per share	SEK 2.33 (2.87)
▪ Cash flow from operating activities	SEK -1.8 M (-6.2)

Key ratios (SEK M)	April-June		Jan-June		Full year
	2007	2006	2007	2006	2006
Revenue	211	220	429	425	827
Order intake	220	211	440	429	806
Profit after net financial items	6.0	10.5	17.9	22.2	42.2
Operating margin, %	3.5	5.3	4.7	5.6	5.3
Earnings per share, SEK	0.74	1.36	2.33	2.87	5.45

## GROUP

Consolidated revenue for the period amounted to SEK 429 M (425). Order intake rose to SEK 440 M (429). EBITDA improved to SEK 27.1 M (26.0). The period's profit after net financial items declined to SEK 17.9 M (22.2). Profit for the period was affected by foreign exchange effects of SEK -0.2 M (-2.2).

Intra-group sales between the business areas amounted to SEK 6.2 M (10.1) and non-allocated costs totalled SEK 9.8 M (7.4). The period's cash flow from operating activities is reported at SEK -1.8 M (-6.2).

## SECOND QUARTER

Second quarter revenue dropped to 211 M (220). Order intake rose to SEK 220 M (211). EBITDA was SEK 11.3 M (12.0). Second quarter profit after net financial items decreased to SEK 6.0 M (10.5). Profit for the quarter was negatively affected by foreign exchange effects of SEK -0.2 M (-1.5).

## OPERATIONS

### *EG Electronics*

*The business area sells components and systems to the electronics industry and industrial automation companies in the Nordic and Baltic countries, Poland and Chin, and to automotive manufacturers in the Nordic region.*

The business area's revenue for the period fell to SEK 309 M (327) and order intake to SEK 308 M (324). Operating profit increased to SEK 20.8 M (19.4).

Due to the wind-up of unprofitable units, operating profit has improved over the corresponding period of last year. Revenue and order intake for the other units in the business area were stable during the period.

### *EG Products*

*The business area develops, manufactures and sells inductive components and fiber optic products to companies that are globally active in the electronics and telecom industries.*

The business area's revenue for the period strengthened to SEK 60 M (44). Order intake rose to SEK 74 M (47) and operating profit reached SEK 3.6 M (3.6).

The improvement in revenue for the business area is essentially attributable to the acquisition of Profec Technologies, which is consolidated as of 1 March 2007.

Order intake for all operations in the business area showed continued positive development during the second quarter.

A high rate of employee turnover among the business area's subcontractors in China has led to lower delivery capacity and had a resulting negative impact on sales.

In order to improve the business area's delivery capacity, efforts are under way to upgrade efficiency in the production structure including the integration of Profec with the business area's other production units.

### *EG Production Technology*

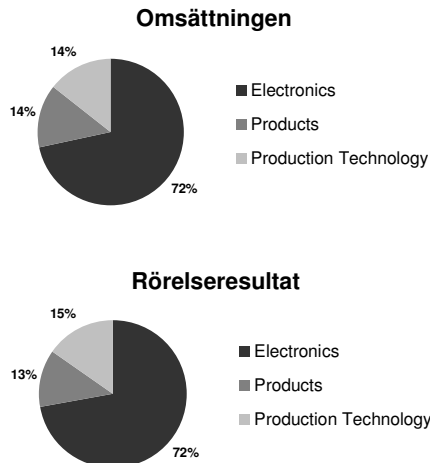
*The business area sells production equipment, consumable materials and process training to the electronics industry in the Nordic region, Poland and the Baltic countries.*

The business area's revenue for the period amounted to SEK 62 M (60) and order intake was SEK 58 M (59). Operating profit is reported at SEK 4.4 M (5.6).

In the second quarter, equipment sales fell in Sweden but remained stable in Finland.

Both Sweden and Finland reported strong revenue from stencil operations during the period.

*Sales and profit by business area:*



#### **INVESTMENTS**

Gross expenditure on property, plant and equipment amounted to SEK 15.1 M (4.3) and consisted mainly of production equipment added to the Group in connection with the acquisition of Profec.

#### **FINANCIAL POSITION**

The Group's financial position remains strong. The equity/asset ratio at 30 June was 52 (61) per cent. Cash and cash equivalents totalled SEK 4 M (19).

#### **EARNINGS PER SHARE**

Earnings per share were SEK 2.33 (2.87).

#### **PERSONNEL**

The number of employees at 30 June 2007 was 351 (244). The increase is partly attributable to the acquisition of Trondicap on 1 January and Profec on 1 March, with a total of some 60 persons, and partly to the buildup of production capacity in Narva,

with the addition of some 50 persons.

#### **PARENT COMPANY**

ElektronikGruppen BK AB, corporate registration number 556072-2547, is the parent company of the Group. The Parent Company's revenue for the period is reported at SEK 4.0 M (4.3). Operating profit amounted to SEK -10.4 M (-8.0) and profit for the period was SEK -2.5 M (-6.7). Cash and cash equivalents in the Parent Company at 30 June 2007 totalled SEK 0.1 M (0.0).

#### **SUBSEQUENT EVENTS**

No significant events have taken place after the end of the period under review.

#### **RISKS**

ElektronikGruppen remains strongly dependent on developments in the telecom industry, which accounts for around 30 per cent of the Group's total revenue and thus comprises the largest single customer segment.

#### **ACCOUNTING POLICIES**

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and RR 31 Interim Reporting for Groups. The applied accounting policies and valuation methods are the same as those used in the most recent annual report.

For further information contact:

Johan Ålander,  
President & CEO  
tel. +46 8-759 35 43 or +46 70-213 26 18

## FINANCIAL CALENDAR

The interim report for January – September 2007 will be published on 19 October 2007

The full year report for 2007 will be published in February 2008

The Board of Directors and the CEO give their assurance that the interim report provides a true and fair picture of the operations, financial position and results of the Parent Company and the Group, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Vällingby, 13 July 2007  
ElektronikGruppen BK AB (publ)

Kenneth Lindqvist  
Chairman

Thomas Wernhoff  
Deputy Chairman

Madeleine Denker  
Board member

Catharina Lagerstam  
Board member

Magnus Norman  
Board member

Jan Petterson  
Board member

Johan Ålander  
President & CEO

## Quarterly data

Quarterly data (SEK M)	Revenue			Order intake			Profit after net financial items		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
January–March	218	205	162	220	219	176	11.9	11.7	3.8
April–June	211	220	186	220	211	183	6.0	10.5	8.9
July–September		194	175		166	164		9.4	6.6
October–December		208	193		210	193		10.6	8.1
<b>Full year</b>		<b>827</b>	<b>716</b>		<b>806</b>	<b>716</b>		<b>42.2</b>	<b>27.4</b>

## Revenue, order intake and operating profit by business area

Revenue (SEK M)	April-June		Jan-June	
	2007	2006	2007	2006
EG Electronics	146	163	309	327
EG Products	37	24	60	44
EG Production Technology	29	35	62	60
Intra-group eliminations	-1	-2	-2	-7
<b>Total</b>	<b>211</b>	<b>220</b>	<b>429</b>	<b>425</b>

Order intake (SEK M)	April-June		Jan-June	
	2007	2006	2007	2006
EG Electronics	146	155	308	324
EG Products	43	27	74	47
EG Production Technology	31	30	58	59
Intra-group eliminations		-1		-1
<b>Total</b>	<b>220</b>	<b>211</b>	<b>440</b>	<b>429</b>

Operating profit (SEK M)	April-June		Jan-June	
	2007	2006	2007	2006
EG Electronics	7.6	8.4	20.8	19.4
EG Products	2.7	2.2	3.6	3.6
EG Production Technology	1.7	2.5	4.4	5.6
Joint-group staffs	-4.8	-3.6	-8.9	-7.4
Intra-group eliminations		1.9		2.0
<b>Total</b>	<b>7.2</b>	<b>11.4</b>	<b>19.9</b>	<b>23.2</b>

## The Group in summary

Income statement (SEK M)	April-June		Jan-June		Full year
	2007	2006	2007	2006	2006
<b>Revenue</b>					
Net sales	207.8	213.1	420.9	414.6	804.6
Other operating income	3.4	6.8	8.0	10.8	22.2
<b>Total</b>	<b>211.2</b>	<b>219.9</b>	<b>428.9</b>	<b>425.4</b>	<b>826.8</b>
<b>Operating expenses</b>					
Goods for resale, raw materials and consumables	-147.0	-157.8	-300.7	-303.1	-590.2
Other external expenses	-16.7	-16.6	-34.4	-31.4	-67.0
Personnel costs	-34.4	-31.6	-64.8	-61.9	-119.1
Depreciation/amortisation of tangible and intangible assets	-4.1	-0.6	-7.2	-2.8	-7.0
Other operating expenses	-1.8	-1.9	-1.9	-3.0	-0.0
<b>Operating profit</b>	<b>7.2</b>	<b>11.4</b>	<b>19.9</b>	<b>23.2</b>	<b>43.5</b>
Financial income	0.0	0.7	0.0	0.8	0.0
Financial expenses	-1.2	-1.6	-2.0	-1.8	-1.3
<b>Profit after net financial items</b>	<b>6.0</b>	<b>10.5</b>	<b>17.9</b>	<b>22.2</b>	<b>42.2</b>
Income tax expense	-1.8	-2.9	-4.9	-6.1	-11.7
<b>Profit for the period</b>	<b>4.2</b>	<b>7.6</b>	<b>13.0</b>	<b>16.1</b>	<b>30.5</b>
Earnings per share, SEK	0.74	1.36	2.33	2.87	5.45
Number of shares, thousands	5,597	5,597	5,597	5,597	5,597

Balance sheet (SEK M)	at 30 June	
	2007	2006
Intangible assets	118.3	50.2
Tangible and financial assets	45.6	43.7
Inventories	73.3	56.9
Trade receivables	145.9	136.8
Other current receivables	18.8	14.9
Cash and cash equivalents	3.5	19.2
<b>Total assets</b>	<b>405.4</b>	<b>321.7</b>
Equity	210.7	196.3
Interest-bearing liabilities	44.2	8.0
Trade payables	51.6	52.6
Other operating liabilities and provisions	98.9	64.8
<b>Total equity, provisions and liabilities</b>	<b>405.4</b>	<b>321.7</b>

## Cash flow statement

Cash flow statement (SEK M)	Jan-June	
	2007	2006
Cash flow before changes in working capital	12.6	17.8
Changes in working capital	-14.4	-24.0
Cash flow from operating activities	-1.8	-6.2
Cash flow from investing activities	-37.2	-5.1
Cash flow from financing activities	8.0	-9.8
<b>Cash flow for the period</b>	<b>-31.0</b>	<b>-21.1</b>
Exchange difference in cash and cash equivalents	0.7	-0.4

## Changes in equity

Changes in equity (SEK M)	Jan-June	Jan-June	Full year
	2007	2006	2006
Opening balance, 1 January	207.4	191.9	19.9
Acquisition of minority interest	0	0	-1.5
Exchange differences	2.1	-1.4	-3.2
Fair value reserve	0	-0.5	-0.5
Profit for the period	13.0	16.1	36.5
Dividend to equity holders in the Parent Company	-11.8	-9.8	-9.8
Closing balance, 31 December	210.7	196.3	207.4

Four-year summary (SEK M)	Jan-June			Full year		
	2007	2006	2005	2006	2005	2004
<b>Income statement</b>						
<b>Revenue</b>	<b>428.9</b>	<b>425.4</b>	<b>347.6</b>	<b>827</b>	<b>715.8</b>	<b>729.4</b>
Operating profit	19.9	23.2	13.5	43.5	28.6	35.2
<b>Profit after net financial items</b>	<b>17.9</b>	<b>22.2</b>	<b>12.7</b>	<b>42.2</b>	<b>27.4</b>	<b>34.9</b>
Income tax expenses	-4.9	-6.1	-3.7	-11.7	-7.4	-9.7
Minority share in profit	0	0	0	0	0	0
<b>Profit for the period</b>	<b>13.0</b>	<b>16.1</b>	<b>9.0</b>	<b>30.5</b>	<b>20.0</b>	<b>25.2</b>
<b>Balance sheet</b>						
Intangible assets	118.3	50.2	63.2	55.5	64.7	48.1
Tangible and financial assets	45.6	43.7	45.6	35.3	42.2	42.6
Cash and cash equivalents	3.5	19.2	15.0	33.8	40.7	37.8
Other current assets	238.0	208.6	199.6	205.6	195.0	179.7
<b>Total assets</b>	<b>405.4</b>	<b>321.7</b>	<b>323.4</b>	<b>330.2</b>	<b>342.6</b>	<b>308.2</b>
Equity	210.7	196.3	196.9	207.5	205.3	194.4
Minority interests	0	0	0	0.5	0	0
Interest-bearing liabilities	44.2	8.0	11.0	1.1	9.9	9.7
Operating liabilities and provisions	98.9	117.4	115.5	13.8	127.4	104.1
<b>Total equity, provisions and liabilities</b>	<b>405.4</b>	<b>321.7</b>	<b>323.4</b>	<b>330.2</b>	<b>342.6</b>	<b>308.2</b>

Four-year summary, key ratios	Jan-June			Full year		
	2007	2006	2005	2006	2005	2004
Gross margin, %	6.4	6.3	5.1	6.1	5.4	5.6
Operating margin, %	4.7	5.6	4.0	5.3	4.1	4.9
Profit margin, %	4.2	5.3	3.7	5.2	3.9	4.9
Return on equity, %	6.2	8.3	4.6	15.3	10.4	13.7
Return on capital employed, %	9.4	12.1	7.7	22.8	16.6	19.7
Return on total assets, %	6.0	7.4	4.9	14.1	10.3	13.4
Equity/asset ratio, %	52.0	61.0	60.9	62.8	58.2	63.7
Debt/equity ratio, times	0.21	0.04	0.01	0.0	0.0	0.0
Share of risk-weighted capital, %	56.0	63.8	64.4	66.6	61.0	66.7
Interest coverage ratio, times	12.6	64.1	33.7	58.4	37.8	55.2
Earnings per share, SEK	2.33	2.87	1.61	5.45	3.58	4.51
Earnings per share after dilution, SEK	2.33	2.87	1.61	5.45	3.58	4.51
Number of shares, thousands	5 597	5 597	5 597	5 597	5 597	5 597
Equity per share, SEK	37.66	35.08	35.18	37.06	36.68	35.09
Share price at end of period, SEK	69.50	64	49	69	51	59
Gross expenditure as a % of revenue	3.5	1.0	2.3	1.1	1.4	0.8



## Parent Company

Income statement (SEK M)	April-June		Jan-June		Full year
	2007	2006	2007	2006	2006
Revenue	0	0	0	0	0
Other operating income	2.0	2.0	4.0	4.3	8.7
<b>Total operating income</b>	<b>2.0</b>	<b>2.0</b>	<b>4.0</b>	<b>4.3</b>	<b>8.7</b>
Operating expenses					
Other external expenses	-3.6	-2.8	-7.0	-5.5	-12.1
Personnel costs	-3.7	-3.8	-7.2	-6.6	-12.9
Depreciation/amortisation	-0.1	-0.1	-0.2	-0.2	-0.4
<b>Total operating expenses</b>	<b>-7.4</b>	<b>-6.7</b>	<b>-14.4</b>	<b>-12.3</b>	<b>-25.4</b>
<b>Operating profit/loss</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-10.4</b>	<b>-8.0</b>	<b>-16.7</b>
<b>Result from financial investments</b>					
Result from participations in group companies	9.0	-0.4	9.0	1.3	-0.8
Result from other securities and receivables that are non-current assets	-0.1	-0.1	-0.1	-0.1	0.0
Interest income and similar profit/loss items	0.2	0.2	0.3	0.4	0.6
Interest expense and similar profit/loss items	-0.8	-0.1	-1.3	-0.3	-0.6
<b>Total</b>	<b>8.3</b>	<b>-0.4</b>	<b>7.9</b>	<b>1.3</b>	<b>-0.8</b>
<b>Profit/loss after net financial items</b>	<b>2.9</b>	<b>-5.1</b>	<b>-2.5</b>	<b>-6.7</b>	<b>-17.5</b>
Appropriations					2.3
Income tax expense	0	0	0	0	4.0
<b>Profit/loss for the period</b>	<b>2.9</b>	<b>-5.1</b>	<b>-2.5</b>	<b>-6.7</b>	<b>-11.2</b>

Balance sheet (SEK M)	at 30 June	
	2007	2006
<b>Assets</b>		
Buildings and land	12.8	11.5
Plant and machinery	1.9	0.0
Equipment, tools, fixtures and fittings	0.7	0.2
<b>Total tangible assets</b>	<b>15.4</b>	<b>11.7</b>
Participations in group companies	177.4	117.9
Receivables from group companies	4.4	4.8
Participations in associated companies	0.0	0.8
Other long-term securities	0.0	0.1
Deferred tax assets	0.1	0.1
<b>Total financial assets</b>	<b>181.9</b>	<b>123.7</b>
<b>Total non-current assets</b>	<b>197.3</b>	<b>135.4</b>
Receivables from group companies	1.8	2.6
Other receivables	32.2	32.0
Deferred expenses and accrued income	0.1	1.6
<b>Total current receivables</b>	<b>34.1</b>	<b>36.2</b>
Cash and cash equivalents	0.1	0.0
<b>Total current assets</b>	<b>34.2</b>	<b>36.2</b>
<b>Total assets</b>	<b>231.5</b>	<b>171.6</b>
<b>Equity and liabilities</b>		
Share capital	28.0	28.0
Statutory reserve, share premium reserve	31.8	31.8
<b>Total restricted equity</b>	<b>59.8</b>	<b>59.8</b>
Retained profit	51.5	63.0
Profit for the period	-2.5	-6.7
<b>Total non-restricted equity</b>	<b>49.0</b>	<b>56.3</b>
<b>Total equity</b>	<b>108.8</b>	<b>116.1</b>
<b>Untaxed reserves</b>	<b>4.3</b>	<b>6.6</b>
Non-current liabilities	22.8	0.0
Liabilities to group companies	17.3	10.9
<b>Total non-current liabilities</b>	<b>40.1</b>	<b>10.9</b>
Trade payables	0.9	0.4
Liabilities to group companies	26.4	0.3
Other liabilities	45.2	33.3
Accrued expenses and prepaid income	5.8	4.0
<b>Total current liabilities</b>	<b>78.2</b>	<b>38.0</b>
<b>Total equity and liabilities</b>	<b>231.5</b>	<b>171.6</b>

## Adjustment of acquisition analysis regarding Profec Technologies Oy

In March, the Finland-based company Profec Technologies Oy was acquired. The company develops, manufactures and sells inductive components to manufacturers of telecommunications and power equipment. Profec has annual revenue of approximately SEK 70 M and is consolidated in the Products business area as of 1 March 2007.

The purchase price consisted of SEK 41 M in cash consideration including product rights worth SEK 13 M that will be amortised on a straight-line basis over a period of between five and ten years. The purchase price includes additional cash consideration in a maximum amount of SEK 14 M.

Since publication of the previous interim report, the acquisition analysis has been adjusted with regard to formerly unreported costs, which consist primarily of unutilised premises and are attributable to Profec's operations in England, corresponding to an amount of approximately SEK 11.4 M.

<i>Acquired net assets, SEK M</i>	<b>Previously reported fair value</b>	<b>Acquisition adjustments</b>	<b>Adjusted fair value</b>
Goodwill	34.7	11.2	45.9
Intangible assets	12.9		12.9
Tangible assets	8.5		8.5
Financial assets	0.2		0.2
Inventories	11.6	0.2	11.8
Other operating receivables	10.5		10.5
Cash and cash equivalents	<u>-0.2</u>		<u>-0.2</u>
Total assets	78.6	11.4	90.0
Deferred tax	3.6		3.6
Non-current liabilities	13.3		13.3
Operating liabilities	<u>20.2</u>	<u>11.4</u>	<u>31.6</u>
Total provisions and liabilities	37.1	11.4	48.5
Purchase price incl. additional purchase price	41.5		41.5
Purchase price not yet paid	-14.1		-14.1
Acquired cash and cash equivalents	<u>-0.2</u>		<u>-0.2</u>
Effect on cash and cash equivalents (minus = increase)	27.2		27.2

**This interim report has not been reviewed by the company's auditors.**