



Interim report January–September 2008

Third quarter

Revenue	SEK 224 M (188)
Order intake	SEK 234 M (185)
Profit before depreciation/amortisation	SEK 10.5 M (8.8)
Profit after net financial items	SEK 3.8 M (4.3)
Earnings per share	SEK 0.46 (0.56)

January–September

Revenue	SEK 676 M (617)
Order intake	SEK 701 M (626)
Profit before depreciation/amortisation	SEK 18.4 M (35.9)
Profit after net financial items	SEK -1.3 M (22.2)
Profit after tax	SEK -1.4 M (16.2)
Earnings per share	SEK -0.25 (2.89)
Cash flow from operating activities	SEK -22.7 M (6.3)

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The information in this report is subject to the disclosure requirements of ElektronikGruppen AB under the Act on Stock Exchange and Clearing Operations, the Act on Trading in Financial Instruments and the requirements in the listing agreement with the OMX Nordic Exchange Stockholm. The information was submitted for publication on 24 October 2008, 09.15 CET.

ElektronikGruppen is one of the Nordic region's leading suppliers of high-tech electronic components, systems and production equipment for the electronics industry. Operations are conducted in three business areas based on specialised knowledge in electronics and electromechanics. The Nordic region is the home market, but ElektronikGruppen is also established in the Baltic countries, Poland, Germany, Great Britain, China and Sri Lanka. The Group recorded revenue of SEK 839 M in 2007 and has around 460 employees. The share is quoted on the Small Caps list of the OMX Nordic Exchange Stockholm.

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Group, January–September

Consolidated revenue for the nine-month period reached SEK 676 M (617), equal to an increase of 10 per cent. Adjusted for units acquired/sold, revenue rose by 3 per cent. Order intake improved by 12 per cent to SEK 701 M (626). The order backlog at 30 September 2008 was SEK 154 M (122).

The period's profit after net financial items fell to SEK -1.3 M (22.2). Profit for the period was positively affected by foreign exchange gains of SEK 3.4 M (-1.5).

Depreciation and amortisation of tangible and intangible assets increased to SEK 16.0 M (11.2), mainly as a result of acquisitions carried out in 2007 and 2008. Earnings per share for the period were SEK -0.25 (2.89).

Intra-group sales between the business areas amounted to SEK 9.8 M (7.6) and non-allocated joint-group costs to SEK 16.4 M (14.7). The period's cash flow from operating activities was SEK -22.7 M (6.3).

The Group's largest business area, Electronics, achieved a satisfactory order intake and revenue for the nine-month period. After a weak start to the year, the Components and Electromechanics business units have shown especially strong development with gradual growth in earnings as a result. In the display area, however, market development was somewhat weaker and margins came under pressure.

Furthermore, the US dollar rate climbed upwards during the third quarter, in contrast to the first half of the year when the low dollar was a burden on the Group's revenue and margins.

The Group's weak earnings for the period as a whole are largely attributable to the Products business area, where the combined effects of quality problems among subcontractors in Asia and lower demand have severely impaired profitability. A number of measures have been initiated to reverse the trend, of which the most important are the transfer of production from subcontractors to the Group's own manufacturing facility in Sri Lanka and the realisation of additional synergies and cost reductions through changes in the European production structure.

At the same time, ElektronikGruppen, like many others, is noting that macroeconomic factors in many ways indicate a future downturn in the global industrial cycle. So far, no clear slowing in the business tempo has been seen among ElektronikGruppen's key customers, but there is considerable uncertainty about how and to what extent the current financial crisis will have repercussions for the industry and for the Group's customers.

Group, third quarter

Consolidated revenue for the third quarter grew by 19 per cent to SEK 224 M (188). Adjusted for units acquired/sold, revenue was up by 13 per cent. Order intake rose by 26 per cent to SEK 234 M (185). Third quarter profit after net financial items fell to SEK 3.8 M (4.3). Profit for the quarter was positively affected by foreign exchange gains of SEK 6.0 M (-1.3). Earnings per share were SEK 0.46 (0.56).

Acquisitions during the nine-month period

In January, ElektronikGruppen acquired the Germany display company PriDis Solutions GmbH, which later changed name to EG Electronics GmbH. The company sells TFT-LCD displays and related equipment, and recorded revenue of approximately SEK 27 M in 2007. The operations are consolidated in the Electronics business area as of 1 January 2008.

In May, ElektronikGruppen acquired the assets of Wound Magnetics Ltd. in Scotland through the purchase of product rights, equipment and inventories. Wound Magnetics develops, manufactures and sells bespoke inductive components, primarily to the British defence and aerospace industries and the North Sea oil industry. Annual revenue in 2007 was approximately SEK 15 M. As of 1 June 2008, these operations are included in the subsidiary ETAL (UK) Ltd. within the Products business areas.

Strategic review

The Board of Directors, together with the Executive Management, has initiated a review of the Group's strategy and future financial targets. The results of this work will be published at the latest in connection with the year-end report for 2008.

Business areas, January–September

EG Electronics

The business area sells electronic components and systems to companies in the telecom, med-tech, commercial vehicle and industrial automation industries. The main markets are the Nordic and Baltic regions, Poland, Germany and China.

The business area's revenue increased to SEK 480 M (441) and order intake rose to SEK 484 M (447). Operating profit declined to SEK 23.9 M (29.6).

On the whole, the business area's revenue and order intake showed favourable development during the nine-month period. Both sales volumes and earnings increased steadily after a weak start to the year, driven mainly by Components' strong performance in the telecom segment and Electromechanics' continued high rate of delivery to manufacturers of commercial vehicles. Furthermore, the development of the US dollar exchange rate benefited the business area in the third quarter, after having inhibited revenue and profit in the first half of the year.

Following a strong third quarter, the *Components* business unit reported growth in revenue over the nine-month period. Gross margin fell slightly as a result of larger volumes to a number of major customers with somewhat lower margins. Overall, however, the business unit achieved a significant improvement in operating profit.

For the *Display & System* business unit, the period saw a slackening of demand in the Nordic region at the same time that activities targeting Asian customers were intensified. Sales in Asia have thus increased, but have not fully offset the volume decrease in other markets and have also been made at lower margins. The German operations acquired at year-end 2007 found it increasingly difficult to meet expectations during the period, and steps have been taken to reverse the trend.

Combined with the low US dollar rate in the first half of the year this led to a drop in earnings for the business unit over the nine-month period, although a certain recovery was noted in the third quarter.

The third business unit, *Electromechanics*, reported sustained positive development in both order intake and revenue during the period. Profit did not grow fully in pace with revenue, which is largely explained by higher costs arising from hiring of additional staff in the sales organisation and the opening of a new sales office in southern Sweden. In light of these investments, the period's earnings are satisfactory.

EG Products

The business area develops, manufactures and sells primarily inductive components and, to a lesser extent, fiber optic and copper cables, to companies that are globally active in the electronics and telecom industries.

The business area's revenue amounted to SEK 92 M (92) and order intake was SEK 98 M (101). Operating profit decreased to SEK -9.0 M (3.5).

Adjusted for the effects of acquisitions, demand from some of the business area's major customers was down slightly during the nine-month period. In addition, deliveries from Asia were inhibited by quality problems among subcontractors, which in the second quarter also gave rise to extraordinary costs for the replacement of already mounted components in customer end-products. All in all, these factors had a powerful negative impact on both revenue and profit.

Efforts to build up the business area's own manufacturing facility in Sri Lanka were delayed in the third quarter due to protracted negotiations with local subcontractors. The assessment is that production in Sri Lanka can be started at the end of the current year and reach the planned production capacity in the second half of 2009.

The disruptions arising in the acquired operations in Scotland after the fire in June have been essentially dealt with and the facility can now resume deliveries with full production capacity starting in the fourth quarter of the year.

Additional steps to boost profitability were taken in the third quarter through the wind-up of production in Motala, which will be moved and integrated with the Scottish operations. Efforts to realign the business area's activities in Finland are also continuing.

Based on these measures, the business area anticipates a tangible improvement in earnings starting in the beginning of 2009 followed by a gradual return to a more acceptable level of profitability, contingent on stable market development.

EG Production Technology

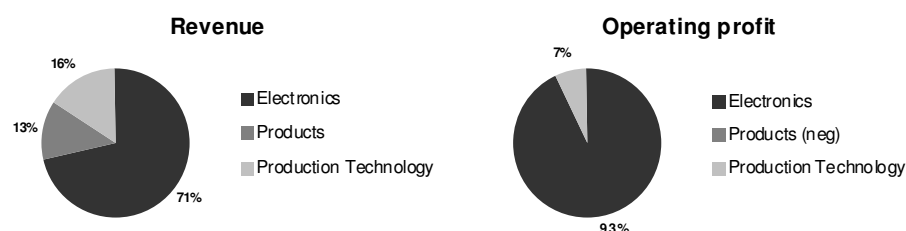
The business area sells production equipment, consumable materials, service and process training to the electronics industry in the Nordic region, Poland and the Baltic countries.

The business area's revenue rose to SEK 106 M (86) and order intake improved to SEK 119 M (78). Operating profit fell to SEK 1.3 M (5.0).

Volumes for the nine-month period rose dramatically as a result of prior acquisitions. However, the market for production equipment has deteriorated compared to the corresponding period of last year. This was partly offset by higher sales of consumables, stencils for printed circuit assembly manufacturing and aftermarket services, which today account for a significant share of the business area's operations. In the third quarter the business area also commenced stencil manufacturing in Poland.

The drop in profit is entirely attributable to operations in Finland and is mainly explained by lower sales volumes and somewhat tighter margins in this market.

Revenue and operating profit by business area:



Cash flow and capital expenditure

Cash flow from operating activities for the nine-month period was SEK -22.7 M (6.3). Total cash flow for the period was SEK -11.2 M (-29.1). Net expenditure on property, plant and equipment totalled SEK 9.4 M (14.9) and referred partly to production equipment added in connection with construction of the Group's new manufacturing facility in Sri Lanka, as well as production equipment for stencil manufacturing in Poland.

Financial position

The equity/assets ratio at 30 September 2008 was 40 per cent, compared to 49 per cent at 1 January 2008. Cash and cash equivalents decreased by SEK 11.1 M to SEK 13.1 M during the nine-month period.

Employees

The number of employees at 30 September 2008 was 458 (350). The increase is mainly attributable to acquisitions, which added a total of around 55 people, and to the Group's production facility in Sri Lanka.

Johan Ålander resigned as President and CEO on 3 April. On 9 September, the Board appointed Jens Hansson as the new President and CEO. During the period from 3 April to 9 September, Jens Hansson served as Acting President and CEO. Jens Hansson was employed as Vice President of the company in 2006.

Parent Company

ElektronikGruppen BK AB, corporate identification number 556072-2547, is the parent company of the Group. The Parent Company's revenue for the period is reported at SEK 8.0 M (5.8). Operating profit was SEK -13.6 M (-14.8) and net profit for the period was SEK -6.0 M (-4.9). The Parent Company's cash and cash equivalents at 30 September 2008 totalled SEK 0.0 M (0.1).

Subsequent events

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

Significant risks and uncertainties

ElektronikGruppen remains strongly dependent on developments in the telecom industry and the market for commercial vehicles, which together account for a significant share of the Group's total revenue. For additional information, see the related information in ElektronikGruppen's annual report for 2007.

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and RFR 2.1 Accounting for Legal Entities. In other respects, the applied accounting policies and valuation methods are essentially the same as those used in the annual report for 2007.

Financial calendar

The year-end report for 2008 will be published on 24 February 2009.
The interim report for January–March 2009 will be published on 7 May 2009.

Annual General Meeting

The Annual General Meeting of ElektronikGruppen BK AB will be held on Thursday, 7 May 2009, 5:00 p.m. at the company's office at Grimstagatan 160 in Vällingby. More information about the AGM can be found at www.egruppen.com.

Vällingby, 24 October 2008

Jens Hansson

President and CEO

ElektronikGruppen BK AB (publ.)

Quarterly data for the Group, SEK M	Revenue			Order intake			Profit after net financial items		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
January–March	224	218	205	236	220	219	-2.7	11.9	11.7
April–June	228	211	220	232	220	211	-2.3	6.0	10.5
July–September	224	188	193	234	185	166	3.8	4.3	9.4
October–December		222	209		228	210		-2.6	10.6
Full year		839	827		853	806		19.6	42.2

Revenue by business area, SEK M	July–Sept		Jan–Sept	
	2008	2007	2008	2007
EG Electronics	158	132	480	441
EG Products	33	32	92	92
EG Production Technology	34	24	106	86
Intra-group eliminations	-1	0	-2	-2
Total	224	188	676	617

Order intake by business area, SEK M	July–Sept		Jan–Sept	
	2008	2007	2008	2007
EG Electronics	168	139	484	447
EG Products	23	27	98	101
EG Production Technology	43	20	119	78
Intra-group eliminations	0	-1	0	0
Total	234	185	701	626

Operating profit by business area, SEK M	July–Sept		Jan–Sept	
	2008	2007	2008	2007
EG Electronics	11.2	8.8	23.9	29.6
EG Products	-0.8	-0.1	-9.0	3.5
EG Production Technology	-0.6	0.6	1.3	5.0
Intra-group eliminations/group-wide	-4.7	-4.5	-13.8	-13.4
Total	5.1	4.8	2.4	24.7

Consolidated income statement, SEK M		July-Sept		Jan-Sept	Jan-Dec
	2008	2007	2008	2007	2007
<i>Revenue</i>					
Net sales	217.6	183.6	660.6	604.5	822.4
Other operating income	6.1	4.8	15.2	12.8	16.8
Total revenue	223.7	188.4	675.8	617.3	839.2
<i>Operating expenses</i>					
Goods for resale, raw materials and consumables	-154.8	-129.5	-473.8	-430.2	-589.8
Other external expenses	-19.0	-18.6	-67.4	-52.9	-76.0
Personnel costs	-39.4	-29.1	-116.2	-93.9	-130.7
Depreciation/amortisation of tangible and intangible assets	-5.4	-4.0	-16.0	-11.2	-19.9
Other operating expenses	0.0	-2.4	0.0	-4.4	-0.6
Operating profit	5.1	4.8	2.4	24.7	22.2
Financial income	0.5	0.0	0.8	0.3	1.8
Financial expenses	-1.8	-0.4	-4.5	-2.8	-4.4
Profit after net financial items	3.8	4.4	-1.3	22.2	19.6
Income tax expense	-1.2	-1.2	-0.1	-6.0	-4.7
Profit for the period	2.6	3.2	-1.4	16.2	14.9
Earnings per share, SEK	0.46	0.56	-0.25	2.89	2.66
Number of shares, thousands	5,597	5,597	5,597	5,597	5,597

Consolidated balance sheet, SEK M		30 Sept	31 Dec
	2008	2007	2007
Intangible assets	107.4	122.3	105.2
Tangible and financial assets	65.2	42.6	60.7
Inventories	84.2	72.4	73.2
Trade receivables	201.0	131.8	161.9
Other current receivables	33.1	21.4	16.4
Cash and cash equivalents	13.1	5.2	24.2
Total assets	504.0	395.7	441.6
Equity	204.2	213.9	214.2
Non-current interest-bearing liabilities	124,3	31,4	82,7
Non-current provisions	20,9	17,7	19,9
Current interest-bearing liabilities	7,9	8,7	10,3
Trade payables	85.9	50.1	58.8
Other operating liabilities and provisions	60,8	73,9	55,7
Total equity, provisions and liabilities	504.0	395.7	441.6

Consolidated cash flow statement, SEK M	Jan-Sept		Jan-Dec
	2008	2007	2007
Cash flow before changes in working capital	3.5	17.9	25.2
Changes in working capital	-26.2	-11.6	-28.3
Cash flow from operating activities	-22.7	6.3	-3.1
Cash flow from investing activities	-15.3	-42.0	-63.8
Cash flow from financing activities	26.8	6.6	56.7
Cash flow for the period	-11.2	-29.1	-10.2
Exchange difference in cash and cash equivalents	0.2	0.5	0.6
Cash and cash equivalents at beginning of period	24.2	33.3	33.8
Cash and cash equivalents at end of period	13.1	5.2	24.2

Consolidated statement of changes in equity, SEK M	Attributable to equity holders in Parent Company	Attributable to minority	Total	Attributable to equity holders in Parent Company	Attributable to minority	Total
	2008			2007		
Opening balance, 1 January	214.2	0.0	214.2	206.9	0.5	207.4
Translation differences	3.2		3.2	2.1		2.1
Profit for the period	-1.4	-0.0	-1.4	16.2		16.2
Dividend to equity holders in the Parent Company	-11.8		-11.8	-11.8		-11.8
Closing balance, 30 Sept	204.2	-0.0	204.2	213.4	0.5	213.9

Three-year overview, SEK M	January–September			January–December		
	2008	2007	2006	2007	2006	2005
Income statement						
Revenue	675.8	617.3	618.7	839.2	826.8	715.7
Operating profit	2.4	24.7	33.2	22.2	43.5	28.6
Profit after net financial items	-1.3	22.2	31.6	19.6	42.2	27.4
Income tax expense	-0.1	-6.0	-9.0	-4.7	-11.7	-7.4
Profit for the period	-1.4	16.2	22.6	14.9	30.5	20.0
Balance sheet						
Intangible assets	107.4	122.3	56.7	105.2	55.5	50.8
Tangible and financial assets	65.2	42.6	42.0	60.7	35.3	43.0
Cash and cash equivalents	13.1	5.2	24.4	24.2	33.8	36.5
Other current assets	318.3	225.6	212.1	251.5	205.6	195.1
Total assets	504.0	395.7	335.2	441.6	330.2	325.4
Equity	204.2	213.9	202.7	214.2	207.0	191.9
Minority interests	0.0	0.0	0.5	0.0	0.5	0.0
Interest-bearing liabilities	132.2	40.1	8.1	93.1	1.1	10.9
Operating liabilities and provisions	167.6	141.7	123.9	134.3	121.6	122.6
Total equity, provisions and liabilities	504.0	395.7	335.2	441.6	330.2	325.4

Key ratios for the Group	January–September			January–December		
	2008	2007	2006	2007	2006	2005
Gross margin, %	2.8	5.9	6.5	5.1	6.1	5.5
Operating margin, %	0.4	4.1	5.5	2.7	5.3	4.1
Profit margin, %	-0.2	3.7	5.2	2.4	5.2	3.9
Return on equity, %	-0.7	7.7	11.4	7.1	15.3	10.4
Return on capital employed, %	1.0	12.7	17.0	9.3	22.8	16.6
Return on total assets, %	0.7	8.2	10.3	6.2	14.1	10.3
Equity/assets ratio, %	40.5	54.0	60.6	48.5	62.8	58.2
Debt/equity ratio, times	0.65	0.19	0.04	0.43	0.0	0.0
Share of risk-weighted capital, %	44.4	58.1	63.4	52.7	66.6	61.0
Interest coverage ratio, times	0.7	10.5	55.3	6.7	58.4	37.8
Net expenditure on tangible assets as a % of revenue	1.4	2.4	0.8	2.4	0.0	1.1
Number of employees at end of period	458	350	253	355	265	251
Number of shares, thousands	5 597	5 597	5 597	5 597	5 597	5 597
Basic earnings per share, SEK	-0.25	2.89	4.04	2.66	5.45	3.58
Diluted earnings per share, SEK	-0.25	2.89	4.04	2.66	5.45	3.58
Equity per share, SEK	36.50	38.21	36.30	38.27	37.06	36.68
Share price at end of period, SEK	19.80	58.50	70.00	41.50	69.00	51.00

Parent Company income statement, SEK M	July–Sept		Jan–Sept		Jan–Dec
	2008	2007	2008	2007	2007
Other operating income	2.7	1.7	8.0	5.8	7.6
Total revenue	2.7	1.7	8.0	5.8	7.6
<i>Operating expenses</i>					
Other external expenses	-3.0	-3.0	-8.5	-10.0	-13.4
Personnel costs	-3.8	-3.1	-10.9	-10.2	-13.5
Depreciation/amortisation	-0.8	-0.1	-2.2	-0.4	-0.6
Total operating expenses	-7.6	-6.1	-21.6	-20.6	-27.5
Operating profit	-4.9	-4.5	-13.6	-14.8	-19.9
<i>Result from financial investments</i>					
Result from participations in group companies	-0.6	2.3	10.4	11.3	1.4
Result from other securities and receivables that are non-current assets	1.6	0.0	1.5	-0.1	0.0
Interest income and similar profit/loss items	0.6	0.4	1.4	0.7	1.0
Interest expense and similar profit/loss items	-2.9	-0.7	-5.7	-2.0	-3.1
Total result from financial investments	-1.3	2.0	7.6	9.9	-0.7
Profit after net financial items	-6.2	-2.5	-6.0	-4.9	-20.6
Appropriations	-	-	-	-	3.8
Income tax expense	1.6	0.0	4.6	0.0	5.0
Profit for the period	-4.6	-2.5	-1.4	-4.9	-11.8

Parent Company balance sheet, SEK M	30 Sept		31 Dec
	2008	2007	2007
Assets			
Other intangible assets	11.8	5.2	8.9
Total intangible assets	11.9	5.2	8.9
Buildings and land	12.4	12.7	12.6
Equipment, tools, fixtures and fittings	1.3	1.0	1.1
Total tangible assets	13.7	13.7	13.7
Participations in group companies	169.6	178.2	163.6
Receivables from group companies	51.8	8.5	15.1
Total financial assets	221.4	186.7	178.7
Total non-current assets	247.0	205.6	201.3
Receivables from group companies	2.1	0.3	1.2
Other receivables	18.2	21.6	23.6
Deferred expenses and accrued income	1.1	0.4	0.6
Total current receivables	21.4	22.3	25.4
Cash and cash equivalents	0.0	0.1	0.0
Total current assets	21.4	22.4	25.4
Total assets	268.4	228.0	226.7
Equity and liabilities			
Share capital	28.0	28.0	28.0
Legal reserve, share premium reserve	31.8	31.8	31.8
Total restricted equity	59.8	59.8	59.8
Retained profit	41.1	51.5	64.7
Profit for the period	-6.0	-4.9	-11.8
Total non-restricted equity	35.1	46.6	52.9
Total equity	94.9	106.4	112.6
Untaxed reserves	0.6	4.4	0.6
Non-current liabilities	102.8	22.7	72.2
Liabilities to group companies	22.3	17.3	12.7
Total non-current liabilities	125.1	40.0	84.9
Trade payables	1.1	3.8	3.7
Liabilities to group companies	29.0	9.3	14.1
Other liabilities	13.9	59.8	7.4
Accrued expenses and prepaid income	3.7	4.3	3.4
Total current liabilities	47.8	77.2	28.6
Total equity and liabilities	268.4	228.0	226.7

Auditors' report on review of interim financial information (interim report)
in accordance with IAS 34 and the Annual Accounts Act (1995:1554).

To the Board of Directors of ElektronikGruppen BK AB (publ),
corporate identification number 556072-2547

Introduction

We have reviewed the interim financial information (interim report) of ElektronikGruppen BK AB at September 30, 2008 and for the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the group and in accordance with the Annual Accounts Act for the parent company.

Stockholm, 24 October 2008

Ernst & Young AB

Stefan Hultstrand
Authorised Public Accountant

Ola Wahlquist
Authorised Public Accountant