



Interim report

January – September 2007

THIRD QUARTER

▪ Revenue	SEK 188 M (193)
▪ Order intake	SEK 185 M (166)
▪ EBITDA	SEK 8.8 M (12.8)
▪ Profit after net financial items	SEK 4.4 M (9.4)

JANUARY - SEPTEMBER

▪ Revenue	SEK 617 M (619)
▪ Order intake	SEK 626 M (596)
▪ EBITDA	SEK 35.9 M (38.8)
▪ Profit after net financial items	SEK 22.2 M (31.6)
▪ Profit after tax	SEK 16.2 M (22.6)
▪ Earnings per share	SEK 2.89 (4.04)
▪ Cash flow from operating activities	SEK 6.3 M (6.8)

Key ratios (SEK M)	July-Sept		Jan-Sept		Full year
	2007	2006	2007	2006	2006
Revenue	188	193	617	619	827
Order intake	185	166	626	596	806
Profit after net financial items	4.4	9.4	22.2	31.6	42.2
Operating margin, %	2.6	5.4	4.1	5.5	5.3
Earnings per share, SEK	0.56	1.16	2.89	4.04	5.45

GROUP

Consolidated revenue for the period January-September amounted to SEK 617 M (619). Order intake rose by 5 per cent to SEK 626 M (596). Profit after net financial items declined to SEK 22.2 M (31.6). Profit for the period was negatively affected by foreign exchange effects of SEK -1.5 M (-2.5).

Depreciation and amortisation of tangible and intangible assets doubled to SEK 11.2 M (5.6), mainly as a result of acquisitions carried out during the period.

Intra-group sales between the business areas amounted to SEK 7.6 M (13.9) and non-allocated costs totalled SEK 14.7 M (11.0). The period's cash flow from operating activities is reported at SEK 6.3 M (6.8).

THIRD QUARTER

Third quarter revenue reached SEK 188 M (193). Order intake improved by 11 per cent to SEK 185 M (166). Third quarter profit after net financial items decreased to SEK 4.4 M (9.4). Profit for the quarter was negatively affected by foreign exchange effects of SEK -1.3 M (-0.3).

OPERATIONS JAN - SEPT

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 China, and to automotive manufacturers in the Nordic region.

The business area's revenue for the period fell to SEK 441 M (475) and order intake decreased to SEK 447 M (454). Operating profit was SEK 29.6 M (29.9).

The Components business unit recorded weaker revenue for the period, which is partly explained by the prior year's discontinuation of unprofitable products.

A sharp drop in the US dollar rate during the third quarter and lower sales in Finland also had an impact.

During the autumn, EG Components AB and EG Display & System AB were merged under the name of EG Electronics AB. This move has been carried out to enable joint purchasing and inventory management, and thereby achieve more efficient logistics.

Order intake, revenue and profit in the third business unit, Electromechanics, showed continued positive development.

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.

Revenue for the period rose to SEK 92 M (63) and order intake to SEK 101 M (65). Operating profit was SEK 3.5 M (4.3).

The period's growth in order intake and revenue is wholly attributable to the acquisition of Profec, although the acquisition had only a marginal impact on profit.

Profit for the period was negatively affected by continued price increases among subcontractors in Southeast Asia. The acquisition of Profec has expanded the business area's total production resources, creating additional scope for efficiency gains.

Production units in Russia and Sweden were wound up during the third quarter and measures taken to rationalise operations in Finland and England.

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.

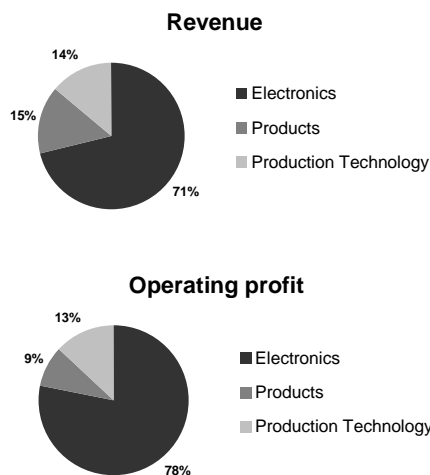
The business area's revenue amounted to SEK 86 M (88) and order intake was SEK 78 M (78). Operating profit fell to SEK 5.0 M (8.3).

The third quarter saw a continuation of the falling trend for equipment sales in Sweden and Poland that arose in the second quarter.

The Finnish company Scanditron Oy (formerly Trondicap Oy), which was acquired in January this year, has developed according to plan.

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

Revenue and profit by business area:



CAPITAL EXPENDITURE

Net expenditure on property, plant and equipment amounted to SEK 14.9 M (5.3) and consisted mainly of production equipment added to the Group in connection with the acquisition of Profec. In the third quarter, a sum of SEK 5 M was invested in connection with the implementation of a new business system in the Group.

FINANCIAL POSITION

The Group's financial position remains strong. The equity/asset ratio at 30

September was 54 per cent (61). Cash and cash equivalents totalled SEK 5 M (24).

EARNINGS PER SHARE

Earnings per share were SEK 2.89 (4.04).

EMPLOYEES

The number of employees at 30 September was 350 (253). The increase is partly attributable to the acquisitions of Scanditron Oy on 1 January and Profec on 1 March, with a total of some 60 persons, and partly to the build-up of production capacity in Narva with the addition of some 40 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 5.8 M (6.3). Operating profit amounted to SEK - M 14.8 (-11.7) and profit for the period was SEK -4.9 M (-10.5). Cash and cash equivalents in the Parent Company at 30 September totalled SEK 0.1 M (0.1).

SUBSEQUENT EVENTS

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

SIGNIFICANT RISKS AND UNCERTAINTIES

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. Other risks are described in ElektronikGruppen's 2006 annual report.

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.

Vällingby, 19 October 2007

Johan Ålander
President & CEO

FINANCIAL CALENDAR

The full year report for 2007 will be published on 21 February 2008.

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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	188	193	175	185	166	164	4.4	9.4	6.6
October–December		209	193		210	193		10.6	8.1
Full year		827	716		806	716		42.2	27.4

Revenue, order intake and operating profit by business area

Revenue (SEK M)	July-Sept		Jan-Sept	
	2007	2006	2007	2006
EG Electronics	132	148	441	475
EG Products	32	19	92	63
EG Production Technology	24	28	86	88
Intra-group eliminations		-2	-2	-7
Total	188	193	617	619

Order intake (SEK M)	July-Sept		Jan-Sept	
	2007	2006	2007	2006
EG Electronics	139	131	447	454
EG Products	27	17	101	65
EG Production Technology	20	19	78	78
Group-wide expenses	-1	-1		-1
Total	185	166	626	596

Operating profit (SEK M)	July-Sept		Jan-Sept	
	2007	2006	2007	2006
EG Electronics	8.8	10.4	29.6	29.9
EG Products	-0.1	0.8	3.5	4.3
EG Production Technology	0.6	2.6	5.0	8.3
Intra-group eliminations	-4.5	-3.8	-13.4	-9.3
Total	4.8	10.0	24.7	33.2

The Group in summary

Income statement (SEK M)	July-Sept		Jan-Sept		Full year
	2007	2006	2007	2006	2006
Revenue					
Net sales	183.6	186.6	604.5	601.2	804.6
Other operating income	4.8	6.6	12.8	17.5	22.2
Total	188.4	193.2	617.3	618.7	826.8
Operating expenses					
Goods for resale, raw materials and consumables	-129.5	-136.3	-430.2	-439.5	-590.2
Other external expenses	-18.6	-17.3	-52.9	-48.7	-67.0
Personnel costs	-29.1	-26.7	-93.9	-88.6	-119.1
Depreciation/amortisation of tangible and intangible assets	-4.0	-2.8	-11.2	-5.6	-7.0
Other operating expenses	-2.4	-0.1	-4.4	-3.1	-0.0
Operating profit	4.8	10.0	24.7	33.2	43.5
Financial income		0.1	0.3	0.9	0.0
Financial expenses	-0.4	-0.7	-2.8	-2.5	-1.3
Profit after net financial items	4.4	9.4	22.2	31.6	42.2
Income tax expense	-1.2	-2.8	-6.0	-9.0	-11.7
Profit for the period	3.2	6.6	16.2	22.6	30.5
Earnings per share, SEK	0.56	1.16	2.89	4.04	5.45
Number of shares, thousands	5,597	5,597	5,597	5,597	5,597

Balance sheet (SEK M)	at 30 Sept	
	2007	2006
Intangible assets	122.3	56.7
Tangible and financial assets	42.6	42.0
Inventories	72.4	59.9
Trade receivables	131.8	136.8
Other current receivables	21.4	15.4
Cash and cash equivalents	5.2	24.4
Total assets	395.7	335.2
Equity	213.9	203.2
Interest-bearing liabilities	40.1	8.1
Trade payables	50.1	59.2
Other operating liabilities and provisions	91.6	64.7
Total equity, provisions and liabilities	395.7	335.2

Cash flow statement

Cash flow statement (SEK M)	Jan-Sept		Full year
	2007	2006	2006
Cash flow before changes in working capital	17.9	28.5	38.7
Changes in working capital	-11.6	-21.7	-18.8
Cash flow from operating activities	6.3	6.8	19.9
Cash flow from investing activities	-42.0	-12.7	-11.6
Cash flow from financing activities	6.6	-9.8	-9.8
Cash flow for the period	-29.1	-15.7	-1.5
Exchange difference in cash and cash equivalents	0.5	-0.6	-1.2

Changes in equity

Changes in equity (SEK M)	Jan-Sept	Jan-Sept	Full year
	2007	2006	2006
Opening balance	207.4	191.9	19.9
Acquisition of minority interest	0.0	0.5	-1.5
Translation differences	2.1	-1.5	-3.2
Fair value reserve	0.0	-0.5	-0.5
Profit for the period	16.2	22.6	36.5
Dividend to equity holders in the Parent Company	-11.8	-9.8	-9.8
Closing balance	213.9	203.2	207.4

Four-year summary (SEK M)	Jan-Sept			Full year		
	2007	2006	2005	2006	2005	2004
Income statement						
Revenue	617.3	618.7	523.1	827	715.8	729.4
Operating profit	24.7	33.2	20.3	43.5	28.6	35.2
Profit after net financial items	22.2	31.6	19.3	42.2	27.4	34.9
Income tax expense	-6.0	-9.0	-5.4	-11.7	-7.4	-9.7
Minority share in profit	0		0	0	0	0
Profit for the period	16.2	22.6	13.9	30.5	20.0	25.2
Balance sheet						
Intangible assets	122.3	56.7	62.8	55.5	50.8	48.1
Tangible and financial assets	42.6	42.0	43.2	35.3	43.0	42.6
Cash and cash equivalents	5.2	24.4	27.4	33.8	36.5	37.8
Other current assets	225.6	212.1	192.4	205.6	195.1	179.7
Total assets	395.7	335.2	325.8	330.2	325.4	308.2
Equity	213.9	202.7	201.1	207.0	191.9	194.4
Minority interests	0	0.5	0	0.5	0	0
Interest-bearing liabilities	40.1	8.1	10.5	1.1	9.9	9.7
Operating liabilities and provisions	141.7	123.9	114.2	121.6	123.6	104.1
Total equity, provisions and liabilities	395.7	335.2	325.8	330.2	325.4	308.2

Four-year summary, key ratios	Jan-Sept			Full year		
	2007	2006	2005	2006	2005	2004
Gross margin, %	5.9	6.5	5.1	6.1	5.5	5.6
Operating margin, %	4.1	5.5	4.0	5.3	4.1	4.9
Profit margin, %	3.7	5.2	3.8	5.2	3.9	4.9
Return on equity, %	7.7	11.4	7.0	15.3	10.4	13.7
Return on capital employed, %	12.7	17.0	11.3	22.8	16.6	19.7
Return on total assets, %	8.2	10.3	7.2	14.1	10.3	13.4
Equity/asset ratio, %	54.0	60.6	61.7	62.8	58.2	63.7
Debt/equity ratio, times	0.19	0.04	0.05	0.0	0.0	0.0
Share of risk-weighted capital, %	58.1	63.4	65.1	66.6	61.0	66.7
Interest coverage ratio, times	10.5	55.3	36.4	58.4	37.8	55.2
Earnings per share, SEK	2.89	4.04	2.49	5.45	3.58	4.51
Earnings per share after dilution, SEK	2.89	4.04	2.49	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	38.21	36.30	35.93	37.06	36.68	35.09
Share price at end of period, SEK	58.50	70.00	52.25	69.00	51.00	59.00
Net expenditure on PPE as a % of revenue	2.4	0.8	1.4	1.1	1.4	0.8

Parent Company

Income statement (SEK M)	July-Sept		Jan-Sept		Full year
	2007	2006	2007	2006	2006
Revenue	0	0	0	0	0
Other operating income	1.7	2.0	5.8	6.3	8.7
Total operating income	1.7	2.0	5.8	6.3	8.7
Operating expenses					
Other external expenses	-3.0	-3.3	-10.0	-8.7	-12.1
Personnel costs	-3.1	-2.3	-10.2	-9.0	-12.9
Depreciation/amortisation	-0.1	-0.1	-0.4	-0.3	-0.4
Total operating expenses	-6.1	-5.7	-20.6	-18.0	-25.4
Operating profit/loss	-4.5	-3.7	-14.8	-11.7	-16.7
Result from financial investments					
Result from participations in group companies	2.3	0.0	11.3	1.3	-0.8
Result from other securities and receivables that are non-current assets	0.0	0.0	-0.1	-0.1	0.0
Interest income and similar profit/loss items	0.4	0.1	0.7	0.5	0.6
Interest expense and similar profit/loss items	-0.7	-0.2	-2.0	-0.5	-0.6
Total	2.0	-0.1	9.9	1.2	-0.8
Profit/loss after net financial items	-2.5	-3.8	-4.9	-10.5	-17.5
Appropriations					2.3
Income tax expense					4.0
Profit/loss for the period	-2.5	-3.8	-4.9	-10.5	-11.2

Balance sheet (SEK M)	at 30 Sept	
	2007	2006
Assets		
Other intangible assets	5.2	0.0
Total intangible assets	5.2	0.0
Buildings and land	12.7	11.5
Equipment, tools, fixtures and fittings	1.0	0.1
Total tangible assets	13.7	11.6
Participations in group companies	178.2	129.9
Receivables from group companies	8.5	0.2
Participations in associated companies	0.0	0.0
Other long-term securities	0.0	0.1
Deferred tax assets	0.0	0.1
Total financial assets	186.7	130.3
Total non-current assets	205.6	141.9
Receivables from group companies	0.3	1.6
Other receivables	21.6	21.1
Deferred expenses and accrued income	0.4	1.3
Total current receivables	22.3	24.0
Cash and cash equivalents	0.1	0.1
Total current assets	22.4	24.1
Total assets	228.0	166.0
Equity and liabilities		
Share capital	28.0	28.0
Statutory reserve, share premium reserve	31.8	31.8
Total restricted equity	59.8	59.8
Retained profit	51.5	63.0
Profit for the period	-4.9	-10.5
Total non-restricted equity	46.6	52.5
Total equity	106.4	112.3
Untaxed reserves	4.4	6.7
Non-current liabilities	22.7	0.0
Liabilities to group companies	17.3	10.9
Total non-current liabilities	40.0	10.9
Trade payables	3.8	0.8
Liabilities to group companies	9.3	0.4
Other liabilities	59.8	30.7
Accrued expenses and prepaid income	4.3	4.2
Total current liabilities	77.2	36.1
Total equity and liabilities	228.0	166.0

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

To the Board of Directors of ElektronikGruppen BK AB (publ)

Introduction

We have reviewed the interim financial information (interim report) of Elektronikgruppen BK AB (Publ) at September 30, 2007 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 financial information 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, 19 October 2007

Ernst & Young AB

Björn Fernström
Authorised Public Accountant

Stefan Hultstrand
Authorised Public Accountant