

Interim Report

Q2.2010

January – June 2010



tilgin



## Tilgin AB (publ) Interim report 1 January – 30 June 2010

### Second quarter 2010

- Net sales SEK 39.5 million (23.3), a 62 % increase from the previous quarter
- Net result SEK -6.4 million (-16.2)
- Result per share SEK -0.14 (-0.36) before dilution
- Order intake SEK 21.6 million (19.4) and order backlog as of 30 June 2010 SEK 30.6 million (24.6)
- Gross margin 33 % (37 %)
- Operating result SEK -6.1 million (-15.3)
- Cash flow from operating activities SEK -6.7 million (-9.4)
- Cash and bank amounted to SEK 12.1 million (20.9) as of 30 June 2010

### First half of 2010

- Net sales SEK 63.8 million (62.0)
- Net result SEK -18.7 million (-23.4)
- Result per share SEK -0.42 (-0.52) before dilution
- Gross margin 36 % (36 %)
- Operating result SEK -18.0 million (-22.3)
- Cash flow from operating activities SEK -4.5 million (-12.6)

### A word from the CEO

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Tilgin's net sales increased by over 60 percent compared with both the previous quarter and with the corresponding period in 2009. The gross margin went down somewhat during the quarter, but is 36 percent for the first half of 2010, which is on par with the corresponding period in 2009. Order intake and order backlog went down from the previous quarter but was however higher than in the corresponding period in 2009.

The market in general is showing continued recovery, although we can observe a certain sluggishness in some markets when it comes to the operators' investment decisions. Despite the component shortage that has affected the entire industry, Tilgin has succeeded relatively well with its deliveries during the quarter.

On the customer side, we have during the second quarter strengthened our position on the Danish fiber market, won new interesting orders in the U.S. and received an additional order from Superonline in Turkey, via our partner Ericsson. Our list of prospects is growing steadily.

On the development side we see the effects from focusing on one common software for all our hardware platforms, which has enabled a high development pace and lower maintenance during the quarter.

We have also in the second quarter continued with our tight cost control, and the efforts of balancing our costs with future revenue is an ongoing process. Additional measures for improved efficiency during the fall of 2010 are expected to lower our operating costs by 15 percent in 2011, compared with the first half of 2010.

We are entering the second half of 2010 with continued market growth, improved internal efficiency, and trimmed cost levels.

**Mats Victorin, CEO**

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**Significant events during the second quarter**

In April Tilgin announced a first volume order from Connexion Technologies in the US, for launching Tilgin's Home gateway solutions for fiber and Ethernet access on the US market. The order was received through Tilgin's distributor NetDigital, and the initial order value is approximately SEK 1 million.

At the end of the quarter the company announced a new volume order from Superonline A.S. via Ericsson Turkey, for their continued roll-out of Internet and IP telephony. The order refers to Tilgin's Home gateways and related software, with order value approximately SEK 7 million.

**Significant events after the reporting period**

No significant events after the end of the second quarter to report.

**Market prospects and future outlook**

Net sales and result for the company's IP Home gateway business vary between the quarters. Through leading technology, strong customer relations and certain operational measures, the company is working towards growth and profitability. The company is positioned for increased sales, and is working to ensure cost efficiency as well as improving the operating result.

The company has chosen not to present any sales or result forecast for the remainder of 2010.

**Sales and financial performance***Net sales*

Net sales in the second quarter amounted to SEK 39.5 million (23.3) which is a 62 % increase compared with the previous quarter, and a 69 % increase compared with the corresponding period in 2009. Net sales in the first half of 2010 amounted to SEK 63.8 million (62.0).

In total, 74,200 (37,934) gateway units were shipped to customers in the second quarter, and 111,759 (108,352) units were shipped in the first half of 2010 as a whole.

Customer premises equipment (CPEs) including client software represented 94 % (83 %) of total net sales in the second quarter. Revenue from Tilgin's VCM software, support and professional services amounted to 3 % (15 %) of total net sales. Other revenue includes sales of accessories and further invoiced costs.

In the second quarter, net sales were split between Europe 50.0 % (77.8 %), Middle East 48.4 % (18.6 %) and other regions 1.6 % (3.6 %). Order intake from individual customers and geographical regions may vary significantly with customer campaigns.

*Financial performance*

The operating result for the second quarter amounted to SEK -6.1 million (-15.3) and the net result amounted to SEK -6.4 million (-16.2). The operating result for the first six months was SEK -18.0 million (-22.3) and the net result was SEK -18.7 million (-23.4). Gross margin for the second quarter was 32.9 % (37.3 %) and for the first six months 36.0 % which is on par with the first six months of 2009 (35.9 %).

Operating expenses excluding goods for resale and depreciation and amortization amounted to SEK 17.6 million (20.8) in the second quarter, which is approxi-

mately 15 % below the same period in 2009, and SEK 1.9 million lower than the previous quarter, which however included a provision of SEK 2.8 million related to the previous CEO. The reduction in operating expenses compared with 2009 is to a large extent an effect from implemented cost reduction measures during 2009 and 2010. Second quarter expenses were reduced by capitalized development expenditures of SEK 1.3 million (1.9).

Costs of personnel amounted to SEK 10.4 million (12.6) in the second quarter, where the decrease from the corresponding period in 2009 is an effect from previously mentioned cost reduction measures.

Depreciation and amortization amounted to SEK 1.8 million (3.3) in the second quarter, of which write-downs and amortization of intangible assets (capitalized development expenses) amounted to SEK 1.7 million (3.0).

Net financial items amounted to SEK -0.3 million (-0.9) in the second quarter.

*Personnel*

The number of employees in the Group was 47 (59) as of 30 June 2010, which is a decrease of two people compared with the previous quarter. Compared with the same period in 2009, the number of employees has decreased by 12 persons, which to a large extent is an effect from implemented cost reduction measures.

**Financial position***Cash flow, investments and financial position*

Cash flow from operating activities amounted to SEK -6.7 million (-9.4) in the second quarter. This item is a net of the period loss excluding items not affecting cash flow, plus a small increase of approximately SEK 2.2 million in working capital being tied up. Cash and bank balances as of 30 June 2010 amounted to SEK 12.1 million (20.9), which is an increase of SEK 2.6 million compared with the previous quarter.

As of 30 June 2010 the company had access to financing facilities in EUR and USD, corresponding to approximately SEK 15 million. The utilization of these facilities increased by SEK 10.8 million compared with the end of the previous quarter, and as of 30 June 2010 the facility was utilized to SEK 12.7 million (5.8).

Investments in intangible fixed assets amounted to SEK 1.3 million (1.9) in the second quarter. These investments refer to capitalization of development expenses. No other significant investments were made in the period.

*Shareholders' equity*

Group equity as of 30 June 2010 amounted to SEK 34.1 million (76.1) and share capital at the same date amounted to SEK 44.5 million (44.5). The equity/assets ratio was 38 % (64 %).

*Share data and ownership structure*

The total number of shares in the company as of 30 June 2010 was 44,549,198. At this date, there was an outstanding warrant program with maturity date 31 August 2010. So far, no new shares have been issued under this warrant program. After the mandatory share purchase offer from MGA Holding AB earlier in 2010, as of 30 June 2010 MGA Holding owns 65 % of the

shares in Tilgin, and is now the parent company to Tilgin AB.

#### *Other issues*

In 2007 and 2008 Tilgin appealed to the Administrative Court (previously the County Administrative Court) a decision of the Swedish Customs to impose custom duties on certain imports during 2005 and 2006. Total customs duties amount to approximately SEK 21.5 million (19.8 million excluding VAT). In April of 2010, as previously communicated, the Administrative Court dismissed the appeal. Tilgin has subsequently, in June, appealed against the decision to the Administrative Court of Appeal and applied for a so called leave of appeal (which is necessary for the case to be tried in the Court of Appeal). If leave of appeal would not be granted or in case the customs case would be lost also in the Court of Appeal, and Tilgin should thereby ultimately incur the customs duties, the company will, on contractual grounds, claim compensation from the relevant customer with respect to the duties incurred. The company has, previously and in whole, to the Swedish Customs paid the above-mentioned custom duties incurred.

#### **Risks and uncertain factors**

Also for the second quarter of 2010 the company states that it remains dependent on a relatively limited number of large customers. Tilgin is however working actively to reduce this dependency, and as the company is increasing sales to other current customers as well as adding new customers, the dependency is expected to gradually decrease.

Historically the company has had a currency exposure risk, derived from considerable sales volumes in EUR, related purchases mainly in USD, and other operating expenses mainly in SEK. This exposure has grown less important, since the sales volumes in EUR relative to USD have been very limited in the last few years, and are expected to continue to be so also in 2010. These currency risks have partially been managed through forward exchange contracts.

For other risks and uncertain factors, please refer to the 2009 annual report.

#### **Related parties**

Beside intra-group transactions, the company has not identified any significant transactions with related parties in the period.

The company has secured a loan commitment from the larger shareholders, to be utilized in case of a possible need for short-term financing.

#### **The parent company Tilgin AB**

Since the fourth quarter of 2008, the parent company Tilgin AB no longer has any operating business activities. During the second quarter 2010 all remaining personnel, mostly within administration and management, were transferred to the subsidiary Tilgin IPRG AB.

Net sales for the parent company amounted to SEK 0.9 million (2.9) in the second quarter, Group SEK 39.5 million. Result after financial items for the parent company was SEK -1.6 million (-5.5) for the second quarter, Group SEK -6.4 million. Total shareholders' equity in the parent company amounted to SEK 81.5 million (91.8), Group SEK 34.1 million. Cash and bank balances for the parent company as of 30 June 2010 amounted to SEK 0.6 million (7.2), Group SEK 12.1 million. As of 30 June 2010 the number of employees in the parent company was 0 (20), Group 47 employees.

#### **Accounting and valuation principles**

This interim report has been established in accordance with IAS 34, Interim Financial Reporting and, for the parent company, RFR 2.2 (Swedish Financial Accounting Standards Council). The Tilgin group only has one business segment, the sale of residential/home gateways with related software solutions. The ongoing financial monitoring of result and management is therefore made for the group as one single unit.

Financial reporting in accordance with IFRS requires management to make accounting assessments and estimates and to make assumptions which affect the application of the accounting principles and the reported value of assets, liabilities, income and expenses. The actual outcome may deviate from these assessments and estimates. Statements in this report may include forward-looking information and reflect Management's and the Board's current estimates with respect to future conditions. Forward-looking information always entails risks and uncertainties which may affect the actual outcome.

**Kista, 19 August 2010**

#### **Tilgin AB (publ)**

This semi-annual report provides a fair view of the operations, financial position and results of the parent company and the group, and describes significant risks and uncertain factors that the parent company and other group companies are facing.

Mats Victorin  
Chief Executive Officer

Johnny Sommarlund  
Chairman of the Board

Tomas Torlöf  
Board member

Fredrik Berglund  
Board member

Per Lindgren  
Board member

Bertil Lundell  
Board member

The information will be made public on 20 August 2010, 07:00 CET. This interim report has not been reviewed by the company's auditors

**Audiocast:**

In view of the interim report, the capital market is invited to an audiocast on Friday 20 August. The live web transmission will start at 09:00 CET. Participants listening to the audiocast live may send questions via a questionnaire. Presentations and a link to the audiocast are available at [www.tilgin.com/q210](http://www.tilgin.com/q210). For those unable to attend at 09:00 CET a recording will be held available via the company's website.

**Scheduled reports:**

- The interim report for January – September 2010 will be presented on 22 October.
- The year-end report for 2010 will be presented on 10 February 2011.

*Financial reports are released at 07.00 CET followed by an audiocast at 09.00CET if nothing else is communicated.*

**For further information, please contact:**

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## Statements of comprehensive income, group

Statement of comprehensive income, group (SEK thousand)	Q2 2010	Q2 2009	H1 2010	H1 2009	FY 2009	Jul 2009 - Jun 2010
Net sales	39 457	23 300	63 769	62 006	112 251	114 013
Other operating income	336	2	512	2 004	3 425	1 933
<b>Total sales</b>	<b>39 793</b>	<b>23 302</b>	<b>64 281</b>	<b>64 010</b>	<b>115 676</b>	<b>115 947</b>
<b>Operating expenses</b>						
Goods for resale	-26 486	-14 617	-40 792	-39 734	-73 815	-74 873
Other external costs	-7 206	-7 809	-13 708	-14 401	-28 636	-27 943
Costs of personnel	-10 388	-12 638	-23 418	-25 689	-45 501	-43 229
Depreciation and amortization	-1 838	-3 250	-4 412	-6 457	-12 502	-10 458
Other operating expenses	0	-337	0	0	0	0
<b>Operating result</b>	<b>-6 125</b>	<b>-15 348</b>	<b>-18 048</b>	<b>-22 271</b>	<b>-44 779</b>	<b>-40 556</b>
Net financial items	-277	-864	-619	-1 107	-1 912	-1 425
<b>Result before taxes</b>	<b>-6 402</b>	<b>-16 212</b>	<b>-18 668</b>	<b>-23 378</b>	<b>-46 691</b>	<b>-41 980</b>
Income taxes for the period	-	-	-	-	-	-
<b>Result for the period</b>	<b>-6 402</b>	<b>-16 212</b>	<b>-18 668</b>	<b>-23 378</b>	<b>-46 691</b>	<b>-41 980</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-6 402</b>	<b>-16 212</b>	<b>-18 668</b>	<b>-23 378</b>	<b>-46 691</b>	<b>-41 980</b>
Earnings/loss per share						
- before dilution (SEK)	-0.14	-0.36	-0.42	-0.52	-1.05	-0.94
- after dilution (SEK)	-0.14	-0.36	-0.42	-0.52	-1.05	-0.94
Avg. number of shares before dilution (thousand)	44 549	44 549	44 549	44 549	44 549	44 549
Avg. number of shares after dilution (thousand)	44 549	44 549	44 549	44 549	44 549	44 549

## Statements of financial position and cash flow, group

Statement of group cash flows (SEK thousand)	Q2 2010	Q2 2009	H1 2010	H1 2009	FY 2009	Jul 2009 - Jun 2010
Cash flow from operations before changes in working capital	-4 471	-13 067	-14 215	-17 003	-34 594	-31 806
Changes in working capital	-2 195	3 679	9 758	4 400	16 672	22 030
<b>Cash flow from operating activities</b>	<b>-6 666</b>	<b>-9 388</b>	<b>-4 457</b>	<b>-12 603</b>	<b>-17 922</b>	<b>-9 776</b>
Cash flow from investing activities	-1 559	-2 055	-2 757	-3 864	-7 124	-6 017
Cash flow from financing activities	10 818	-5 006	6 105	5 665	6 520	6 959
<b>Net change in cash</b>	<b>2 593</b>	<b>-16 449</b>	<b>-1 110</b>	<b>-10 801</b>	<b>-18 525</b>	<b>-8 834</b>
Cash and cash equivalents, beginning of period	9 493	37 369	13 196	31 721	31 721	20 920
Cash and cash equivalents, end of period	12 086	20 920	12 086	20 920	13 196	12 086

Statement of financial position, group (SEK thousand)	2010-06-30	2009-06-30	2009-12-31
<b>ASSETS</b>			
- Intangible assets	12 685	16 933	14 310
- Tangible assets	1 643	1 835	1 673
<i>Total fixed assets</i>	<i>14 328</i>	<i>18 768</i>	<i>15 983</i>
- Inventories	13 975	27 913	14 156
- Accounts receivable - trade	25 181	22 474	14 982
- Other receivables	24 919	29 071	24 534
- Cash and bank	12 086	20 920	13 196
<i>Total current assets</i>	<i>76 162</i>	<i>100 377</i>	<i>66 868</i>
<b>Total assets</b>	<b>90 490</b>	<b>119 145</b>	<b>82 851</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>	<i>34 150</i>	<i>76 130</i>	<i>52 818</i>
<i>Liabilities</i>			
- Long-term interest-bearing liabilities	781	781	781
- Short-term interest-bearing liabilities	12 723	5 764	6 619
- Other short-term liabilities	42 204	35 554	22 042
- Warranty provisions	632	916	592
<b>Total liabilities</b>	<b>56 340</b>	<b>43 015</b>	<b>30 034</b>
<b>Total equity and liabilities</b>	<b>90 490</b>	<b>119 145</b>	<b>82 851</b>

## Statement of changes in group equity

SEK thousand	Share capital	Other paid-in capital	Accumulated loss incl period loss	Total Shareholders' Equity
<b>Opening balance Jan 1, 2009</b>	<b>44 549</b>	<b>580 314</b>	<b>-525 355</b>	<b>99 508</b>
Total comprehensive result for the period	-	-	-23 378	-23 378
<b>Closing balance Jun 30, 2009</b>	<b>44 549</b>	<b>580 314</b>	<b>-548 733</b>	<b>76 130</b>
<b>Opening balance Jan 1, 2010</b>	<b>44 549</b>	<b>580 314</b>	<b>-572 046</b>	<b>52 818</b>
Total comprehensive result for the period	-	-	-18 668	-18 668
<b>Closing balance Jun 30, 2010</b>	<b>44 549</b>	<b>580 314</b>	<b>-590 714</b>	<b>34 150</b>
<b>Opening balance Jan 1, 2009</b>	<b>44 549</b>	<b>580 314</b>	<b>-525 355</b>	<b>99 508</b>
Total comprehensive result for the period	-	-	-46 691	-46 691
<b>Closing balance Dec 31, 2009</b>	<b>44 549</b>	<b>580 314</b>	<b>-572 046</b>	<b>52 818</b>



## Income statements and balance sheets, parent company

Income statement (SEK thousand)	Q2 2010	Q2 2009	H1 2010	H1 2009	FY 2009	Jul 2009 - Jun 2010
Total sales	877	2 933	3 504	8 262	15 106	10 347
Operating expenses	-2 476	-8 409	-10 702	-18 406	-28 270	-20 566
<b>Operating result</b>	<b>-1 599</b>	<b>-5 476</b>	<b>-7 198</b>	<b>-10 144</b>	<b>-13 164</b>	<b>-10 219</b>
Net financial items	26	-28	15	825	811	1
<b>Result before taxes</b>	<b>-1 573</b>	<b>-5 504</b>	<b>-7 183</b>	<b>-9 319</b>	<b>-12 353</b>	<b>-10 218</b>
Income taxes for the period	-	-	-	-	-	-
<b>Result for the period</b>	<b>-1 573</b>	<b>-5 504</b>	<b>-7 183</b>	<b>-9 319</b>	<b>-12 353</b>	<b>-10 218</b>

Balance sheet (SEK thousand)	2010-06-30	2009-06-30	2009-12-31
<b>ASSETS</b>			
Total fixed assets	65 766	40 520	51 724
Total current assets	21 698	67 446	53 384
<b>Total assets</b>	<b>87 464</b>	<b>107 967</b>	<b>105 108</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	81 536	91 754	88 719
Liabilities			
- Long-term liabilities	781	781	781
- Short-term liabilities	5 147	15 432	15 607
<b>Total equity and liabilities</b>	<b>87 464</b>	<b>107 967</b>	<b>105 108</b>

### Notes regarding significant changes in balance sheet items between 31 Dec-09 and 30 Jun-10

1. Shareholders' contributions provided to Tilgin IPRG AB in the first six months, totalling SEK 14.2 million, have increased the item Fixed assets correspondingly.
2. Intra-group current assets and short-term liabilities have to a large extent been settled in the first six months, which explains the large decrease in the item Current assets.

## Key ratios, group

(SEK thousand if not otherwise stated)	Q2 2010	Q2 2009	H1 2010	H1 2009	FY 2009	Jul 2009 - Jun 2010
Gross profit	12 971	8 684	22 977	22 272	38 436	39 141
Gross margin, %	33%	37%	36%	36%	34%	34%
Operating margin, %	-15%	-66%	-28%	-35%	-39%	-35%
Net margin, %	-16%	-70%	-29%	-37%	-40%	-36%
Shareholders' equity	34 150	76 130	34 150	76 130	52 818	34 150
Average shareholders' equity	37 351	84 236	43 484	87 819	76 163	55 140
Capital employed	47 654	82 675	47 654	82 675	60 217	47 654
Average capital employed	45 446	93 284	53 936	91 532	80 303	65 165
Interest-bearing debt	13 504	6 545	13 504	6 545	7 400	13 504
Balance sheet total	90 490	119 145	90 490	119 145	82 851	90 490
Financial expenses	-316	-873	-659	-1 156	-1 975	-1 478
Investments in tangible fixed assets	-223	-184	-272	-184	-456	-544
Return on average shareholders' equity, %	-17%	-19%	-43%	-27%	-61%	-17%
Return on average capital employed, %	-13%	-16%	-33%	-24%	-56%	-62%
Equity/assets ratio, %	38%	64%	38%	64%	64%	38%
Debt/equity ratio, times	0.4	0.1	0.4	0.1	0.1	0.4
Interest coverage ratio, times	-19	-18	-27	-19	-23	-19
Share of risk-bearing capital, %	38%	64%	38%	64%	64%	38%
Net debt(+)/receivable(-)	1 418	-14 375	1 418	-14 375	-5 796	1 418
Net debt ratio, times ( - = receivable)	0.0	-0.2	0.0	-0.2	-0.1	0.0
Working capital as a percentage of sales	18%	26%	18%	26%	27%	18%
Number of employees at period end	47	59	47	59	49	47
Average number of employees in period	48	60	48	61	56	53
Sales per employee	829	388	1 339	1 049	2 066	2 188
Operating profit/loss per employee	-128	-256	-376	-365	-800	-765
Dividend per share (SEK)	-	-	-	-	-	-
Corporate net worth per share before dilution	0.77	1.71	0.77	1.71	1.19	0.77
Corporate net worth per share after dilution	0.77	1.71	0.77	1.71	1.19	0.77
Number of shares before dilution	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198
Number of shares after dilution	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198
Average number of shares in period, before dilution	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198
Average number of shares in period, after dilution	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198	44 549 198

## Quarterly data, group

(SEK thousand)	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Net sales	52 415	40 904	38 706	23 300	30 561	19 684	24 312	39 457
Other operating income	886	5 311	2 339	2	411	1 532	176	336
<b>Total sales</b>	<b>53 301</b>	<b>46 215</b>	<b>41 045</b>	<b>23 302</b>	<b>30 972</b>	<b>21 216</b>	<b>24 488</b>	<b>39 793</b>
Gross profit	24 701	14 747	13 588	8 684	10 722	5 442	10 006	12 971
Gross margin	47,1%	36,1%	35,1%	37,3%	35,1%	27,6%	41,2%	32,9%
<b>Operating result</b>	<b>9 989</b>	<b>-6 350</b>	<b>-6 923</b>	<b>-15 348</b>	<b>-9 605</b>	<b>-12 902</b>	<b>-11 923</b>	<b>-6 125</b>
Net result	10 356	-8 228	-7 167	-16 212	-10 422	-12 891	-12 266	-6 402

### Shipped CPEs, units

Customer premises Home Gateways	85 015	66 617	70 418	37 934	51 779	32 149	37 559	74 200
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### Net sales per geographical area

Europe	22 931	32 051	31 369	18 121	20 029	11 467	12 496	19 742
Middle East	28 606	7 951	7 291	4 337	10 204	7 167	11 670	19 083
ROW	878	902	46	842	327	1 050	146	632
<b>Total</b>	<b>52 415</b>	<b>40 904</b>	<b>38 706</b>	<b>23 300</b>	<b>30 561</b>	<b>19 684</b>	<b>24 312</b>	<b>39 457</b>

### Net sales per geographical area, %

Europe	43,7%	78,4%	81,0%	77,8%	65,5%	58,3%	51,4%	50,0%
Middle East	54,6%	19,4%	18,8%	18,6%	33,4%	36,4%	48,0%	48,4%
ROW	1,7%	2,2%	0,1%	3,6%	1,1%	5,3%	0,6%	1,6%
<b>Total</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

### Orders received and order backlog

Orders received in period	21 911	30 851	31 771	19 411	25 516	39 834	31 031	21 567
Order backlog	42 522	35 577	30 212	24 596	17 854	38 928	48 563	30 617
Avg. rate used for orders received, USD	6.31	7.79	8.40	7.92	7.29	7.00	7.19	7.58
Avg. rate used for orders received, EUR	9.47	10.23	10.94	10.78	10.42	10.35	9.96	9.64
Rate used for order backlog, USD	6.78	7.75	8.29	7.69	7.01	7.21	7.26	7.77
Rate used for order backlog, EUR	9.76	10.94	10.98	10.85	10.24	10.35	9.74	9.50

## Definitions

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### **MARGINS**

**Gross profit:** Net sales less costs of goods for resale.

**Gross margin:** Gross profit as a percentage of net sales in the period.

**Operating margin:** Operating profit/loss after depreciation and amortization as a percentage of total sales in the period.

**Net margin:** Net profit/loss as a percentage of total sales in the period.

### **PROFITABILITY**

**Return on average shareholders' equity:** Net result as a percentage of average shareholders' equity.

**Return on average capital employed:** Profit/loss after financial items plus financial expenses, as a percentage of average capital employed.

### **CAPITAL STRUCTURE**

**Capital employed:** Balance sheet total less non-interest-bearing current liabilities and provisions.

**Debt/equity ratio:** Interest-bearing liabilities divided by shareholders' equity.

**Interest coverage ratio:** Profit/loss after financial items plus financial expenses, divided by financial expenses.

**Share of risk-bearing capital:** Shareholders' equity plus deferred tax liabilities, divided by balance sheet total.

**Net debt/receivable:** Interest-bearing liabilities less financial assets including cash and bank.

**Net debt ratio:** Net debt divided by shareholders' equity.

**Equity/assets ratio:** Shareholders' equity as a percentage of balance sheet total.

**Working capital as a percentage of sales:** Current assets (excl. cash and bank) less current non-interest-bearing liabilities at end of period, as a percentage of sales for the last twelve months.

### **PERSONNEL**

**Sales per employee:** Sales divided by the average number of employees in the period.

**Operating profit/loss per employee:** Operating profit/loss divided by the average number of employees in the period.

### **SHARES**

**Number of shares:** Average number of shares in period is derived from the average of the actual number of shares outstanding, day-by-day. When the company has emitted financial instruments (such as convertible bonds and warrants)

those are taken into account when calculating the number of shares after dilution and the average number of shares after dilution, only when it is likely that they will be converted/exercised in future periods, thus having a dilutive effect.

The number of shares prior to the completed new share issue in May 2008 have been recalculated in accordance with IAS 33, since the issue price in the 2008 share issue was below the share market rate at the date of separation of the subscription right from the share.

Note that rounding to even SEK thousand may lead to errors in sums in the financial tables presented in this report.

Figures in the comparative periods have been recalculated in accordance with IFRS 5.

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