

ElektronikGruppen BK AB (publ)

INTERIM REPORT

JANUARY - JUNE 2002

- **Profit after net financial items MSEK - 10,2 (38,0)**
- **Operating income totalled MSEK 278 (430)**
- **Earnings per share for half-year amounted to SEK - 2,19 (4,91)**
- **Profit excl exchange rate differences MSEK - 5,1 (36,0)**

Sales and profit

Consolidated net sales during the period amounted to MSEK 278 (434). Cost savings for overhead expenses with MSEK 26 compared to same period last year has not been enough to compensate the sharp drop in volume. Therefore the profit excluding exchange rate differences reached MSEK - 5.1 (36,0).

The fall of USD during the period with stress on May-June has caused negative exchange rate differences of MSEK 5.

The drop in volume combined with the negative exchange rate difference reached a profit after net financial items for the period January - June of MSEK -10,2 (38,0) .

Intra-Group sales amounted to MSEK 15 (41).

The market

Orders received was down slightly compared to first quarter, 2002. It applies especially to telecom related components which has decreased during second quarter. A survey of the business cycle for the electronic market show that the sale of connectors for printed circuit cards has fallen five quarter in a row which has not happen before in a twenty years' period.

Operations

EG Electronic Components

Sales in the business area reached MSEK 182 (258) and orders received amounted to MSEK 177 (223). The business area is still suffering the effects of the weak telecom market. The formerly high stock levels among the customers have decreased, but have not yet reached normal levels. The business area's stocks are in balance. Favourable orders received have been noted for microwave and shielding products, which are included in applications such as 3G and GSM. The business area, although exchange losses, continued to show a positive profitability.

EG Magnetic Technology Components

The business area's amounted to MSEK 15 (30) and orders received totalled MSEK 15 (23). The fall-off in orders is mainly attributable to a strong dependency on telecom customers. Efforts have been made to broaden the customer base outside the telecom sector. Increased orders received are being noted for certain products, particularly planar transformers. Despite cost adaptations, profit was lower than the first six months of 2001.

EG Communication

The business area reported sales of MSEK 35 (88) and orders received of MSEK 32 (69). The volume decrease is mainly due to reduced investment in fiber networks and transmission systems with exception of the Baltic area which has had a positive development during the period.

Some strategic orders was recieved within passive components for 3G operators. Profit was down on the year-earlier figure.

EG Production Technology

The business area achieved sales of MSEK 51 (90) and orders received of MSEK 43 (51). Overcapacity among contract manufacturers is the key factor behind lower orders received. Largely orders received is related to quality-enhancing production equipment such as x-ray and visual inspection technology. The profit dropped heavily compared with the same period last year, but the business area is still profitable.

Investments

The period's net investments in tangible and financial fixed assets totalled MSEK 0.5 (54.5).

Equity ratio and liquidity

The Group's financial position remains strong. The equity ratio on 30 June was 66.2 (55.8) per cent and liquid assets amounted to MSEK 36 (58).

Employees

The number of employees on 30 June was 381 (796). The substantial reduction is foremost related to the operation in Manila.

Future outlook

Orders received during the last year have on several occasions increased for a couple of months and then gone down. There is for the moment no tendency that this pattern will change. Due to forward agreements and better balance between receivables and liabilities in USD, the negative exchange rate difference during Q2, 2002 is not expected to be repeated during the next coming period.

Financial calendar

9-month report per 30 September, 21 October.

Vällingby, 17 July 2002

ElektronikGruppen BK AB (publ)

Johnny Alvarsson

President & CEO

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Quarterly values (Group)

(MSEK)	Operating income			Orders received			Profit after net financial items		
	02	01	00	02	01	00	02	01	00
Quarter 1	145	231	131	139	188	187	0.6	23.1	12.1
Quarter 2	133	203	177	126	152	168	-10.8	14.9	19.9
Quarter 3		130	187		97	165		1.3	18.3
Quarter 4		136	205		112	205		0.8	19.8
		700	700		549	725		40.1	70.1

The Group in Summary

INCOME STATEMENTS, MSEK	Apr-Jun <u>2002</u>	Apr-Jun <u>2001</u>	Jan- Jun <u>2002</u>	Jan-Jun <u>2001</u>	Full year <u>2001</u>
Operating income					
Net sales	130.9	191.0	273.2	407.4	658.6
Other operating income	<u>2.5</u>	<u>11.4</u>	<u>5.1</u>	<u>26.3</u>	<u>40.8</u>
	133.4	202.4	278.3	433.7	699.4
Operating expenses					
Goods for resale, raw materials and consumables	-98.4	-129.2	-197.1	-283.4	-451.7
Other external costs	-15.7	-20.3	-28.8	-41.3	-68.9
Personnel costs	-24.9	-33.8	-52.3	-64.3	-127.6
Depreciation of tangible and intangible fixed assets	-3.6	-5.1	-7.5	-9.1	-16.4
Other operating expenses	<u>-0.0</u>	<u>-0.0</u>	<u>-0.0</u>	<u>-0.0</u>	<u>-0.0</u>
Operating profit	-9.2	14.0	-7.4	35.6	34.8
Result from financial investments					
Interest income and similar profit/loss items	0.6	1.5	0.9	3.2	9.3
Interest expense and similar profit/loss items	<u>-2.2</u>	<u>-0.6</u>	<u>-3.7</u>	<u>-0.8</u>	<u>-4.0</u>
Profit after financial items	-10.8	14.9	-10.2	38.0	40.1
Tax on net profit for the period	-2.2	-4.3	-2.4	-10.8	-11.1
Minority share in profit	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>	<u>-0.2</u>	<u>-0.2</u>
Net profit for the period	-12.8	10.7	-12.3	27.0	28.8

BALANCE SHEETS , MSEK	<u>30/06/02</u>	<u>30/06/01</u>	<u>31/12/01</u>
Intangible fixed assets	33.7	49.0	36.0
Tangible and financial fixed assets	42.5	43.2	47.1
Inventories	79.3	106.6	90.3
Accounts receivables	93.1	118.9	79.3
Other current receivables	17.7	14.9	11.6
Cash and bank balances	<u>35.5</u>	<u>58.0</u>	<u>58.0</u>
Total assets	301.8	390.6	322.3
Shareholders' equity (Note 1)	198.8	216.8	219.9
Minority interest	0.8	1.2	1.2
Interest-bearing liabilities	11.4	12.1	12.7
Operating liabilities and provisions	<u>90.8</u>	<u>160.5</u>	<u>88.5</u>
Total shareholders' equity and liabilities	301.8	390.6	322.3

CASH FLOW STATEMENTS, MSEK	Jan- Jun <u>2002</u>	Jan-Jun <u>2001</u>	Full year <u>2001</u>
Cash flow before change in working capital	-5.0	36.4	45.4
Change in working capital	<u>-6.5</u>	<u>-11.7</u>	<u>-22.4</u>
Cash flow from operating activities	-11.5	24.7	23.0
Cash flow from investing activities	-0.6	-54.6	-53.7
Cash flow from financing activities	<u>-10.4</u>	<u>30.7</u>	<u>31.6</u>
Change in liquid assets	-22.5	0.8	0.9

	Share capital	Restricted reserves	Unrestricted reserves	Total
Note 1 Change in shareholders' equity				
Opening balance	28.0	62.0	129.9	219.9
Change of accounting principle			0.1	0.1
Adjusted opening balance	28.0	62.0	130.0	220.0
Dividend ElektronikGruppen BK			-7.0	-7.0
Change of equity method reserve		-0.1	0.1	0.0
Transfer between restricted and non-restricted equity		0.5	-0.5	0.0
Change in translation difference			-1.9	-1.9
Net profit for the period			-12.3	-12.3
Closing balance	28.0	62.4	108.4	198.8

Three year summary, MSEK

	Jan-Jun <u>2002</u>	Jan-Jun <u>2001</u>	Jan-Jun <u>2000</u>	Full year <u>2001</u>	Full year <u>2000</u>	Full year <u>1999</u>
INCOME STATEMENTS						
Operating income	278.3	433.7	308.4	699.4	699.5	500.9
Operating profit	-7.4	35.6	29.8	34.8	70.6	30.7
Profit before tax	-10.2	38.0	32.0	40.1	70.1	32.1
Tax	-2.4	-10.8	-9.0	-11.1	-19.4	-10.3
Minority share in profit	0.3	-0.2	-0.5	-0.2	-1.1	-0.3
Net profit for the period	-12.3	27.0	22.5	28.8	49.6	21.5
ASSETS						
Intangible fixed assets	33.7	49.0	6.8	36.0	6.3	7.3
Tangible and financial fixed assets	42.5	43.2	38.2	47.1	39.5	33.9
Liquid assets	35.5	58.0	38.3	58.0	57.1	32.4
Other current assets	<u>190.1</u>	<u>240.4</u>	<u>190.5</u>	<u>181.2</u>	<u>216.9</u>	<u>143.1</u>
Total assets	301.8	390.6	273.8	322.3	319.8	216.7
Shareholders' equity	198.8	216.8	142.3	219.9	172.8	126.4
Minority interest	0.8	1.2	1.6	1.2	2.2	2.0
Interest-bearing liabilities	11.4	12.1	0.0	12.7	0.0	0.0
Operating liabilities and provisions	<u>90.8</u>	<u>160.5</u>	<u>129.9</u>	<u>88.5</u>	<u>144.7</u>	<u>88.3</u>
Total shareholders' equity and liabilities	301.8	390.6	273.8	322.3	319.8	216.7
KEY RATIOS						
Gross margin, %	0.0	11.0	12.2	7.8	12.7	8.3
Operating margin, %	-2.7	8.7	10.3	5.3	10.9	6.4
Profit margin, %	-3.7	9.3	11.1	6.1	10.9	6.7
Return on equity, %	-5.9	13.9	16.7	14.7	33.3	18.3
Return on capital employed, %	-3.1	20.1	25.1	22.8	52.4	28.9
Return on total capital, %	-2.1	10.9	13.1	13.8	27.7	16.1
Equity ratio, %	66.1	55.8	52.6	69.1	54.5	59.3
Debt/equity, times	0.06	0.06	0.0	0.1	0.0	0.0
Share of risk-weighted capital, %	69.9	58.9	55.6	72.6	57.8	63.1
Interest coverage ratio, times	-17.2	51.6	241.6	10.9	17.6	50.7
Earnings per share, SEK	-2.19	4.91	4.18	5.23	9.19	3.99
Earnings per share After dilution, SEK	-2.13	4.63	-	-	-	-
Number of shares on closing day	5597	5597		5 597	5 408	5 384
Equity per share, SEK	35.52	38.73	26.42	39.29	31.96	23.48
Share price at year-end, SEK	47	81		72	119	83
Net investments in fixed assets						
- tangible	0.9	19.5	7.1	18.6	12.5	3.7
- financial	-0.4	35.0	0.0	35.1	3.5	7.2
Investments as a % of net sales	0.0	12.6	2.3	7.7	2.2	2.2

This interim report is prepared in accordance with the Swedish Financial Accounting Standards Council recommendations for Interim Report reporting (RR 20). The same accounting principles as for the last annual report has been applied.

AUDITORS'REPORT

We have conducted an examination of this interim report in accordance with the recommendations of FAR. An examination is substantially limited in relation to an audit. We have not found anything to indicate that the interim report does not fulfil the requirements in the Act on Trading and Clearing Activities or the Annual Accounts Act.

12 July 2002

Svante Nylén, Authorized Public Accountant

Björn Fernström, Authorized Public Accountant