

Addtech Group

Value Adding Tech Provider

Addtech is a technology trading group where the business acumen is combined with competence at the cutting edge. Based on high-technology industrial components and systems, Addtech together with its customers and suppliers creates solutions that lead to better products as well as optimized production processes. Addtech provides technical as well as economic added value to the customer.

Interim report for the period April 1 – June 30, 2002

- The market situation for a majority of the Group's operating areas is stable, while it is marked by uncertainty for the telecom-oriented units. Net revenues amounted to MSEK 565 (636).
- Operating income, not including items affecting comparability, amounted to MSEK 25 (41). Operating income for the third and fourth quarters of the preceding financial year was MSEK 6 and MSEK 12, respectively.
- Cost-cutting action implemented last year continues to generate effects on earnings.
- Cash flow from current operations amounted to MSEK 6 (5) and the equity ratio rose to 43 percent (41).

	3 months ending		12 months ending	
	June 30, 2002	June 30, 2001	June 30, 2002	March 31, 2002
Net revenues	565	636	2 289	2 360
Operating income*	25	41	69	85
– in percent of net revenues	4.4	6.4	3.0	3.6
Income after financial items*	23	40	63	80
– in percent of net revenues	3.9	6.2	2.7	3.4
Earnings per share, SEK*	0.55	0.98	1.47	1.91

* Not including items affecting comparability.

NET REVENUES AND RESULT

Net revenues of the Addtech Group for the period amounted to MSEK 565 (636). The decline is attributable to lower sales for the Group's units aimed at the telecom sector, telecom investment type goods in particular. For the other operating areas, sales are at a level similar to last year.

A forceful action program was implemented during the preceding year for a reduction of overall costs by about MSEK 40 on an annual basis. Action taken, which among other things includes a reduction of personnel by about 130 persons compared to the situation at the end of June 2001, is now beginning to yield effects on costs.

Costs affecting comparability in the amount of MSEK 9 are reported for the first quarter as a result of restructuring in the Group's telecom-oriented operations.

One of the Group's properties was sold during the period, giving rise to a capital gain of MSEK 12, which is reported as an item affecting comparability.

Operating income amounted to MSEK 28 (41) and income after financial items was MSEK 26 (40). This result includes items affecting comparability in a net amount of MSEK 3 (–). Operating income for the third and fourth quarters of the preceding financial year was MSEK 6 and MSEK 12, respectively.

Income after taxes amounted to MSEK 17 (28), or SEK 0.62 per share (0.98).

BUSINESS AREAS

Component Systems

develops and markets niche electro-mechanical and electronic component solutions for the manufacturing industry and the after-market.

	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31 2002
Net revenues	235	229	929	923
Operating income	15	18	58	61
– in percent of net revenues	6.2	8.0	6.2	6.6

Net revenues increased by two percent to MSEK 235 (229). Operating income amounted to MSEK 15 (18).

The overall market situation was stable during the beginning of the operating year, even though there were variations between different segments. The business area has a certain orientation towards the telecom sector, where demand continued to flag. The other operating areas, such as components for special vehicles, have compensated for the weakness in telecom. Demand increased in several specialized niches. One example of this is applications in medical electronics.

Production Systems

provides systems solutions primarily for production processes in the electronics, engineering and automotive industries.

	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31, 2002
Net revenues	107	183	494	570
Operating result*	-6	9	-31	-16
- in percent of net revenues	-5.2	4.8	-6.2	-2.8

* Not including items affecting comparability.

Net revenues declined by 42 percent to MSEK 107 (183). The operating result amounted to MSEK -6 (9).

Further weakening of and increased uncertainty in telecom led to customers abstaining from or postponing their investments. Further restructuring is therefore being instituted in that part of the operation aimed at sales to Nordic telecom customers. Action is being taken in such a way that a presence is retained in a market segment that is basically interesting and provides opportunities in a longer perspective. The result of action taken will be that the proportion of the business area's sales consisting of accessories, materials and services will increase.

The result for the period was affected positively by the fact that cost-cutting action implemented during the preceding year is now beginning to yield effect.

Transmission Systems

markets transmission components, machine parts and hydraulic and automation systems for the manufacturing industry and after-market. In-house manufacturing is conducted primarily in the case of chains, gaskets and machine parts.

	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31, 2002
Net revenues	223	225	867	869
Operating income	16	14	42	40
- in percent of net revenues	7.0	6.3	4.7	4.5

Net revenues amounted to MSEK 223 (225). Operating income increased to MSEK 16 (14).

The business area's focus on the broad engineering industry meant a stable market situation. The geographic distribution of the business area is also a stabilizing factor.

Machine parts and components for the energy sector, in part for wind power stations, continued to develop well.

The FB Group, which during the preceding year posted a weak result, has begun the new year on a stronger note in terms of profit. As an example of action taken to ensure a continued positive development can be mentioned increased integration between adjacent units in the FB Group and other parts of the business area.

PROFITABILITY

The return on capital employed was 13 percent (15) and the return on equity was 10 percent (12).

FINANCIAL POSITION AND CASH FLOW

The equity ratio at the end of the period stood at 43 percent, as compared with 41 percent at the beginning of the financial year. Shareholders' equity per share amounted to SEK 16.40, as compared with SEK 15.70 at the beginning of the financial year.

The Group's net financial indebtedness amounted to MSEK 62 at the end of the period, which is a decline of MSEK 12 since the beginning of the year.

Cash flow from current operations amounted to MSEK 6 during the period. An action program aimed at reducing working capital tied up in the business is being implemented. Investments in fixed assets amounted to MSEK 7 and disposals were MSEK 20.

CORPORATE ACQUISITIONS

Addtech took possession of Bergström Instrument during the period. The company has annual sales of MSEK 30.

EMPLOYEES

The number of employees was 1 081 at the end of the period, which can be compared to 1 100 at the beginning of the period. As of June 30, 2001 the number of employees was 1 197.

DISTRIBUTION OF SHARES

The share capital at the end of the period was MSEK 55.7. The distribution classes of shares is as follows:

Classes of shares outstanding	Shares
Class A shares	1 113 478
Class B shares	26 750 754
Total number of shares outstanding before repurchases	27 864 232
Repurchased shares	1 331 400
Total number of shares outstanding after repurchases	26 532 832

FUTURE PROSPECTS

The market situation for a majority of the Group's operating areas is stable, while it is marked by uncertainty for the telecom-oriented units.

Work is in progress to complete all cost-cutting and efficiency-improving measures, implemented during the preceding year and which continue to have a positive effect on earnings and profitability.

Addtech stands well prepared to meet any coming increases in demand for the Group's products and services. The financial position is strong, which makes for good opportunities for future growth.

ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with recommendation RR 20 of the Swedish Financial Accounting Standards Council. With the exception of the new recommendations from 2002 of the Swedish Financial Accounting Standards Council, which have no effect on the Group's reported results or financial position, the same accounting principles have been

applied as in the Annual report for the 2001/2002 financial year.

PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 7 (6) and income after financial items was MSEK 0 (0).

BUSINESS AREAS

Net revenues by business area MSEK	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31, 2002
Component Systems	235	229	929	923
Production Systems	107	183	494	570
Transmission Systems	223	225	867	869
Parent Company and consolidation eliminations	0	-1	-1	-2
Addtech Group	565	636	2 289	2360

Net revenues by business area MSEK (quarterly data)	2002/03		2001/02		
	Q 1	Q 4	Q 3	Q 2	Q 1
Component Systems	235	237	244	213	229
Production Systems	107	118	131	138	183
Transmission Systems	223	212	220	212	225
Parent Company and consolidation eliminations	0	0	0	-1	-1
Addtech Group	565	567	595	562	636

Income by business area *	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31, 2002
Component Systems	15	18	58	61
Production Systems	-6	9	-31	-16
Transmission Systems	16	14	42	40
Parent Company and consolidation eliminations	0	0	0	0
Operating income	25	41	69	85
– in % of net revenues	4.4	6.4	3.0	3.6
Financial income and expense	-2	-1	-6	-5
Income after financial items	23	40	63	80
– in % net revenues	3.9	6.2	2.7	3.4

Income by business area*	2002/03		2001/02		
	Q 1	Q 4	Q 3	Q 2	Q 1
Component Systems	15	13	15	15	18
Production Systems	-6	-9	-16	0	9
Transmission Systems	16	7	7	12	14
Parent Company and consolidation eliminations	0	1	0	-1	0
Operating income	25	12	6	26	41
– in % of net revenues	4.4	2.2	1.0	4.7	6.4
Financial income and expense	-2	-2	0	-2	-1
Income after financial items	23	10	6	24	40
– in % of net revenues	3.9	1.9	1.0	4.2	6.2

* Not including items affecting comparability

GROUP SUMMARY

STATEMENT OF INCOME MSEK	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31, 2002
Net revenues	565	636	2 289	2 360
Operating expenses	-541	-600	-2 230	-2 289
<i>Of which depreciation and amortization</i>	-9	-10	-37	-38
Items affecting comparability	3	-	4	1
Other operating revenue and expense	1	5	10	14
Operating income	28	41	73	86
<i>- in % of net revenues</i>	4.8	6.4	3.2	3.6
Financial income and expense	-2	-1	-6	-5
Income after financial items	26	40	68	81
<i>- in % of net revenues</i>	4.4	6.2	2.9	3.4
Taxes	-9	-12	-23	-26
Minority interest	0	0	-2	-2
Income for the period	17	28	42	53
Earnings per share, SEK	0.62	0.98	1.56	1.92
Earnings per share not including items affecting comparability, SEK	0.55	0.98	1.47	1.91
Average number of shares outstanding after repurchases ('000)	26 533	27 864	27 164	27 496
Average number of shares outstanding at end of period after repurchases ('000)	26 533	27 864	26 533	26 533

The dilutive effect of outstanding personnel options is marginal.

BALANCE SHEET, MSEK	Jun. 30, 2002	Mar. 31, 2002	Jun. 30, 2001
Intangible fixed assets	17	13	-
Tangible fixed assets	168	176	205
Financial assets	6	6	8
Inventories	351	347	395
Short-term receivables	390	407	444
Liquid funds	101	92	142
Total assets	1 033	1 041	1 194
Shareholders' equity	436	417	444
Minority interest	6	6	6
Interest-bearing liabilities and provisions	163	166	194
Non-interest-bearing liabilities and provisions	428	452	550
Total shareholders' equity and liabilities	1 033	1 041	1 194

STATEMENT OF CASH FLOW MSEK	3 months ending		12 months ending	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Mar. 31, 2002
Income after financial items	26	40	66	80
Adjustment for items not included in cash flow	6	9	38	41
Paid taxes	-6	-7	-86	-87
Change in working capital	-20	-37	24	7
Cash flow from current operations	6	5	42	41
Net investments in plant and equipment	13	-2	19	4
Corporate acquisitions and disposals	-8	0	-21	-13
Repurchase of own shares	-	-	-46	-46
Financing operations	-2	-13	-33	-44
Cash flow for the period	9	-10	-39	-58
Liquid funds at beginning of period	92	151	142	151
Translation difference in liquid funds	0	1	-2	-1
Liquid funds at end of period	101	142	101	92

KEY FINANCIAL INDICATORS	12 months ending	
	Jun. 30, 2002	Mar. 31, 2002
Return on capital employed, %	13	15
Same, not including items affecting comparability	12	15
Return on equity, %	10	12
Same, not including items affecting comparability	9	12
Average number of employees during the period	1 091*	1 155
Number of employees at the end of the period	1 081	1 100
*Refers to the period April – June 2002		
	Jun. 30, 2002	Mar. 31, 2002
Shareholders' equity per share, SEK	16.40	15.70
Debt equity ratio	0.4	0.4
Equity ratio, %	43	41

CHANGE IN SHAREHOLDERS' EQUITY	
April – June 2002	
Amount at beginning of period	417
Period's translation difference	2
Net income for the period	17
Amount at the end of the period	436

ACQUISITIONS AND DISPOSALS SINCE APRIL 1, 2001

Date	Acquisition (disposal)	Business area	Revenues (MSEK)*	Number of employees*
2002/03 Q 1	Bergström Instrument	Component Systems	30	9
2001/02 Q 4	Alligator	Component Systems	30	8
2001/02 Q 2	Company with sales of special components	Component Systems	10	2

* Annual revenues and number of employees at time of acquisition.

Solna, August 20, 2002

Roger Bergqvist
President

This report has not been subject to review by the Company's auditors.

Interim report for the period April 1 – September 30, 2002 will be presented November 18, 2002.

Addtech AB (publ) ● P.O. Box 508 ● Parkvägen 2 A ● SE-169 29 Solna, Sweden
Telephone +46-8-470 49 00 ● Fax +46-8-470 49 01 ● info@addtech.com ● www.addtech.com
Organization number 556302-9726