



Gylling Optima Batteries AB (publ)

January – June 2000

- Negotiations with an international battery company as future partner have entered final phase.
- Net sales increased by 9 percent to MSEK 166 (152).
- Operating profit increased to MSEK 8.3 (7.2).
- Profit after financial items and tax MSEK 3.5 (3.4).
- Sales in Europe have been negatively affected by the continued strong US \$.
- Sales for the first half-year increased by 16 percent in North America compared with same period last year.

GYLLING OPTIMA BATTERIES AB (publ)
REPORT
JANUARY-JUNE 2000

Market and Sales

Sales during the second quarter have increased by 10 percent in comparison with last year, which after a weak first quarter show a total increase of 4 percent for the half-year.

In spite of a continued weak sales period for the battery industry in the USA during the second quarter, Optima has nevertheless succeeded in increasing its volume with 24 percent compared to the same period last year. The increase has been within all of Optima's main market segments. The distribution and development agreement with GNB, that came into effect during the first quarter in order to generate substantial volume growth, has been negatively affected by GNB being acquired earlier this year by Exide, one of the world's largest battery manufacturers.

Sales in Europe, which continue to be squeezed by the strong dollar, have been able to recover during the latter part of the period. Volume is however still 22 percent below the same period last year. Development within the region is uneven, but where France for example has shown good volume growth. The reorganization of the European distributors continues in order to create more effective distribution channels.

Asia has also shown a positive trend and has increased its sales volume by 13 percent during the period.

During the first half of 2000, a total of 258,000 batteries were sold, compared with 248,000 during the same period in 1999.

Production

Rationalization and continued capacity expansion, as well as the launching of new battery models have affected the profit with substantial non-recurring costs.

Research and Development

The development of Optima's 36 volt batteries continues as planned. Prototypes have been delivered for testing on a larger scale to European car manufacturers. Optima's new Spiralpack™ for industrial trucks has now obtained its second large order.

Earnings

The Optima Group's profit after financial items and tax amounted to MSEK 3.5 (3.4).

Financial Position

Cash in the group amounted to MSEK 2.6 (3.4) as at June 30. Unused bank overdraft facility amounted to MSEK 17.3 (17.2). The group's investments during the period amounted to MSEK 14.5 (6.2).

The equity ratio was 32.6 (32.1) percent, while the debt ratio was 1.61 (1.65) multiple.

Net Sales

Net sales increased by 9 percent to MSEK 166 (152).

Assessment of the Future

In spite of troublesome surrounding factors, Optima has been able to maintain its profit level and expand its market share in North America and Asia. Optima's Spiral Cell technology is now established as high-performance technology for lead/acid batteries within the existing battery segment and the future 36 volt segment. The battery industry has now entered a restructuring phase and new collaboration agreements and alliances are being discussed with the battery market's actors all over the world.

An international battery company has shown considerable interest in acquiring a minority shareholding of Gylling Optima Batteries AB. Final negotiations are in progress, which is why trading in the stock has been suspended.

The Board holds a positive view regarding the potential of the deal. Further information will be made available on Tuesday, August 29.

Scheduled Reports

- *Interim report Jan-Sept, November 22, 2000*
- *Earnings report 2000, February 22, 2001*

Danderyd, August 24, 2000

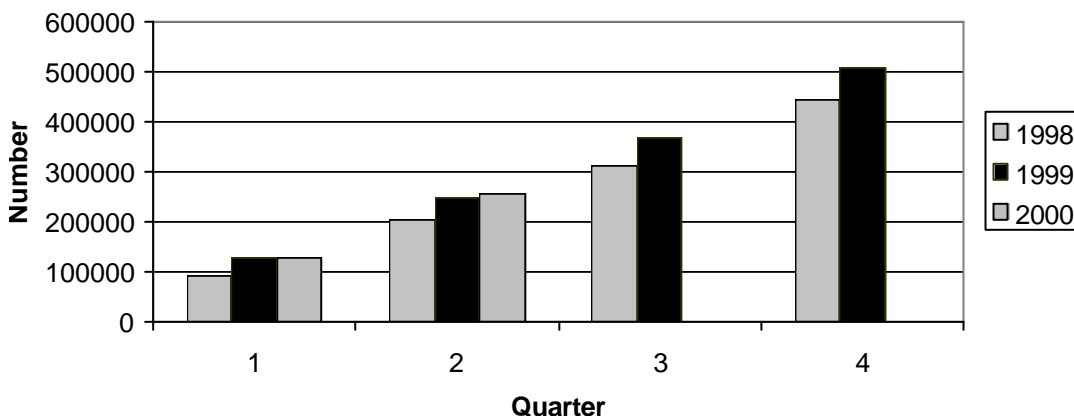
Bengt Hagander

Chief Executive Officer and Group President

For more information concerning this report, please refer to CEO Bengt Hagander, Vice President Pär M. Ericson or corporate counsel Lars Burström.

This interim report has not been reviewed by the company's auditors.

Number of batteries sold (acc)



CONSOLIDATED INCOME STATEMENT			
SEK thousands	1-1- 2000 6-30- 2000	1-1- 1999 6-30- 1999	1-1- 1999 12-31- 1999
Net sales	166 025	151 991	324 462
Cost of goods sold	- 115 160	- 101 119	-226 678
Gross profit	50 865	50 872	97 784
Selling and marketing expenses	- 17 880	- 22 810	-41 946
Administrative expenses	- 19 542	- 18 296	-33 663
Research and development expenses	- 5 125	- 2 598	-5 484
Operating profit/loss	8 318	7 168	16 691
Net financial items	- 4 539	- 3 770	-9 648
Profit after financial net	3 779	3 398	7 043
Tax	- 276	-	710
Profit/loss for the period	3 503	3 398	7 753
CONSOLIDATED BALANCE SHEET			
SEK thousands	6-30-2000	6-30-1999	12-31-1999
Fixed assets	162 252	147 630	151 604
Other current assets	45 789	32 221	35 680
Inventories	46 002	59 495	43 950
Accounts receivable	60 168	48 081	60 454
Cash and cash equivalents	2 596	3 370	6 114
Total assets	316 807	290 797	297 802
Equity	103 259	93 451	98 170
Interest-bearing liabilities	166 560	154 350	151 574
Accounts payable	25 071	21 898	28 094
Other non interest-bearing liabilities	21 917	21 098	19 964
Total equity and liabilities	316 807	290 797	297 802
BUSINESS RATIOS			
	6-30-2000	6-30-1999	12-31-1999
Gross profit margin (%)	30,64%	33,47%	30,14%
Operating margin (%)	5,01%	4,72%	5,14%
Profit margin (%)	2,28%	2,24%	2,17%
Return on equity (%)	3,48%	3,74%	8,31%
Return on capital employed (%)	4,83%	5,51%	10,70%
Equity ratio (%)	32,59%	32,14%	32,96%
Debt ratio (multiple)	1,61	1,65	1,54
Percentage shareholders' funds (%)	32,59%	32,14%	32,96%
Interest coverage ratio (multiple)	1,43	1,37	1,41
Number of batteries sold	258 000	248 000	508 000
PER SHARE DATA			
	6-30-2000	6-30-1999	12-31-1999
Number of shares	29 915 400	29 915 400	29 915 400
Earnings per share after tax	0,12	0,11	0,26
P/E ratio (multiple)	80	79	52
Equity SEK	3,45	3,12	3,28
CONSOLIDATED CASH FLOW STATEMENT			
SEK thousands	6-30-2000	6-30-1999	12-31-1999
Cash flow from operating activities before changes in working capital	8 819	7 117	11 325
Changes in working capital	- 19 196	- 37 372	- 33 856
Cash flow from operating activities	- 10 377	- 30 255	- 22 531
Investment activities	- 14 543	- 6 247	- 18 967
Financing activities	21 402	27 070	34 810
Cash flow for the period	- 3 518	- 9 432	- 6 688
Cash at beginning of year	6 114	12 802	12 802
Cash at end of period	2 596	3 370	6 114

