

The Group's net sales amounted to MSEK 779 (703) during the period.

Operating profit was MSEK 77 (47) and profit before taxes was MSEK 73 (39).

The Group's profit after tax was MSEK 51 (26) and earnings per share after dilution was SEK 6.55 (3.34) for the first six months of the year.

Net sales for the second quarter amounted to MSEK 389 (360). Operating profit was MSEK 39 (25) and profit before taxes was MSEK 36 (19). Net profit after taxes was MSEK 25 (13), and earnings per share after dilution amounted to SEK 3.22 (1.62) for the same period.

Acquisition of Display Team and Sooni Oy in Finland.

HL Display

Interim report January-June 2007

Measures taken reflected in earnings

The first half of the year has been positive for HL Display, both in terms of sales and earnings. Sales increased by 11 percent to MSEK 779 compared with the same period last year and pre-tax profit improved by 87 percent to MSEK 73.

The most pleasing aspect during the first half of the year 2007 was the significantly improved earnings. In the annual report for 2006 we could see that the effects of the measures that were initiated in recent years are being reflected in the earnings. This trend has clearly been strengthened and this is the principal reason for the improvement in earnings. The profit margin for the first half of the year increased to 9.4 percent and we now sense that a profit margin target of 10 percent is within reach.

Measures implemented

Several of the measures communicated previously have now been implemented and have produced the desired effects. This means that we have increased production efficiency and that we now have better control of operating costs.

The service centre in Bergen op Zoom that was not able to show satisfactory earnings has been shut down and activities transferred to the service centre for France and Spain in the French town of Saint Avertin.

The measures for changing growth in earnings in the sales companies that were unprofitable, primarily Germany and the United Kingdom, have also been implemented. This has had positive effects during the first half of the year.

Production of the Pictoria frame system that previously took place at the factory in Falkenberg has now been transferred to a sub-contractor in the Czech Republic. Furthermore, parts of our production in the factory in Falun will gradually be sub-contracted. This is in line with our new production strategy of concentrating manufacturing to the production methods where we have leading edge skills and high cost-efficiency. The effect of these measures will be reflected in the earnings during the second half of 2007 and during 2008.

Growth in sales

Sales for the first half of the year have exceeded our expectations and amounted to MSEK 779 (703). We have experienced a significant sales growth for several of the

months during the period. Growth was exceptionally strong in January – 30 percent compared with the same month in 2006. This was due to an increased order book combined with deliveries delayed from December to January. Growth was also very strong during June, with an increase in sales of 15 percent compared to the same period last year.

Sales at the sales companies that have gone through a restructuring programme suffered as a consequence of the measures. This applies primarily to the sales company in the UK where at present we are in the process of building up a new sales organisation that can better exploit the potential that exists in the UK market.

We are still experiencing a stable growth in many markets in Asia and Eastern Europe, markets which for several years have been important to the Group's overall sales growth.

Aggressive action

The measures implemented in recent years have been directed at improving efficiency in our activities. We are now beginning to shift focus to more aggressive measures designed to strengthen our position and capturing new market shares. The two acquisitions implemented during the first half of the year are good examples of this. Through the acquisition of the Finnish Display Team we now have a stronger range in the brand manufacturer customer segment. This is a segment where we consider future potential to be good. Sales of the acquired products are now managed completely by HL Display's own sales organisation and our experience to date is very good.

During the spring we also acquired the activities of the Finnish Sooni Oy, the distributor who represented HL Display on the Finnish market. We have strengthened our market presence through this acquisition and will increase our opportunities for benefiting from the potential on the Finnish market. We will also continue to actively examine the potential for strengthening the company's offering and market position through acquisitions.

Further investments in China

As was stated earlier we are now concentrating our production to the methods where we have leading edge skills and efficiency with regards to extrusion, injection moulding and screen printing. Most of the remaining production will gradually be sub-contracted.

During the first half of the year we decided to further increase production capacity at our factory in Suzhou in China. The factory is today characterised by a very efficient production process. Six extrusion lines are now in use for manufacturing mainly for the Asian markets but also for certain customers in Europe. About 70 percent of what is sold in Asia is today manufactured locally and we are currently planning on expanding production capabilities to also include injection moulding. Labour-intensive production operated at our factories in Sundsvall and Karlskoga are gradually being transferred to our factory in Suzhou. Activities at these factories are instead being concentrated on production with a high degree of automation – an area where both the Sundsvall and Karlskoga factories have achieved good productivity.

Continued high raw material prices

As was the case last year, raw material prices were high during the first half of 2007. It has been possible to neutralise these negative effects through the efficiency measures implemented at the factory. We have also invested in increasing the level of recycling of production waste. This means that we now recycle a significant proportion of all waste material. The waste that cannot be recycled in our own production can be sold on for recycling by other producers. These measures have created positive effects from an environmental as well as a financial perspective.

Improved logistics flows

The production premises in Falkenberg will be rebuilt to provide HL Display's new central warehouse for the Nordic and Baltic countries. It will also be our central warehouse globally for all products purchased by the group. We reckon that activities will be up and running during September.

It is part of our work to improve and streamline the logistics flows in the company. We consider there to be good opportunities for cost savings as well as increased service levels to customers. Today there is a central warehouse for Asia located in Singapore and a central warehouse for Western Europe in France. These will eventually be augmented with a strategically-located central warehouse for countries in Central and Eastern Europe.

Leasing

HL Display has since a number of years rented factory facilities in Sundsvall and Falkenberg from the associated company Optimus KB. The facilities have previously been accounted for according to the regulations for financial leasing and hereby been included as assets in the balance sheet of the group with adherent leasing debt. During the interim period new leasing contracts have been signed for the facilities whereas the rent contracts no longer are classified as financial leasing contracts but are accounted for according to the regulations for operational leasing. The premises in Falkenberg have in addition been sold to an external party and the group share of the capital gain was MSEK 3. The book value of the facilities was according to the regulations for financial leasing MSEK 69 and the adherent leasing debt amounted to MSEK 59 at the time for the reclassification.

Net sales and earnings for the first half of the year

The consolidated net sales for the period amounted to MSEK 779 (703). This is an increase of 11 percent compared with the same period in 2006. If the acquisitions of Display Team and Sooni are excluded, the growth in sales was 7 percent. The change in the value of the Swedish krona in relation to export currencies and by comparison with the previous year had a negative effect on sales of MSEK 11.

The operating profit for the first half of the year was MSEK 77 (47) and pre-tax profit amounted to MSEK 73 (39). The change in the value of the Swedish krona by comparison with last year had a negative effect on turnover of MSEK 5. The net interest for the period amounted to MSEK -5 (-5) while rates of exchange differences and other currency effects amounted to MSEK 2 (-3). HL Display's most important export currencies are the Euro, the British pound and the Russian rouble.

Net sales and earnings for the second quarter of 2007

The group's net sales amounted to MSEK 389 (360) for the second quarter. This was an increase of 8 percent compared with the corresponding quarter in 2006. The operating profit for the same period was MSEK 39 (25) and the pre-tax profit amounted to MSEK 36 (19). The profit was affected by one-off costs amounting to MSEK 2 related to the close-down of the Pictoria factory in Falkenberg. There was also one-off capital gains of MSEK 3 relating to sale of real estate. The costs foreseen in relation to closing down the service centre in Bergen

op Zoom have turned out according to plan.

Net interest for the second quarter amounted MSEK -2 (-2) whereas rate of exchange differences and other currency effects amounted to MSEK -1 (-4) during the same period.

Investments

During the first half of the year net investments in fixed assets, excluding re-classification of leasing contracts, amounted to MSEK 54 (15). Scheduled depreciation amounted to MSEK 21 (23). MSEK 33 of the increase in net investment is related to the acquisition of the activities in Finland. According to a preliminary acquisition analysis for Display Team, acquired assets, apart from working capital, consist of order backlog of MSEK 1, non-current assets of MSEK 7 and goodwill of MSEK 16. Acquired interest-bearing debt amounted to MSEK 9. Corresponding information concerning the acquisition of operations in Sooni Oy is acquired assets apart from working capital relating to customer relations of MSEK 2 and goodwill of MSEK 7.

Financial position

Liquidity as at 30 June 2007 amounted to MSEK 147 (95) and was MSEK 163 at the beginning of the year. The interest-bearing net liability of MSEK 39 at the beginning of the year has now changed to interest-bearing net receivable of MSEK 8 (-93). A dividend of MSEK 27 (23) has been paid.

Cashflow from current activities increased to MSEK 75 (52) and to MSEK 34 (35) during the second quarter. Operating cashflow was SEK 9.56 (6.52) per share and SEK 4.09 (4.40) during the second quarter. The equity/assets ratio as at the balance sheet date amounted to 49 (46) and was 44 percent at the beginning of the year. The improved financial strength is to a large extent a consequence of the sale of the premises and of the reclassification of the leasing contracts.

Personnel

The average number of employees during the period was 949 (924). The number of employees on the balance sheet date amounted to 956 (931) and was 947 at the beginning of the year.

Information on risks and uncertainty factors

Fluctuations in raw material prices and exchange rates constitute uncertainty factors but not significant risks. Reference is made to the risk and sensitivity analysis on page 32 of the 2006 annual report for a more detailed description of the risks and uncertainty factors that HL Display faces.



Parent company

The parent company's profit after net financial items for the first half year of 2007 amounted to MSEK -33 (-32). The reported liquidity has decreased due to a change in the contractual agreement with the bank. No other significant changes have affected the income statement or balance sheet.

A new option programme was set up during the first half of the year and comprised 64,000 warrants directed to the company's management group. If fully utilised, the new shares will correspond to 0.8 percent of the share capital.

Prospects for the rest of 2007

HL Display has its biggest markets in the Nordic Area and western Europe. These are characterised by limited growth and tough competition. The recent years' market investments have therefore been directed at eastern Europe and Asia.

HL Display will also continue to actively examine the potential for strengthening the company's offering and market position through acquisitions. As in recent years, profitability will be prioritised and the profit margin objective of ten percent is within reach. HL Display does not expect the same sales growth in 2007 as in 2006.

A detailed forecast will be provided in connection with the report for the third quarter.

Stockholm in July 2007
Gérard Dubuy, CEO

Summary of consolidated income statement¹⁾

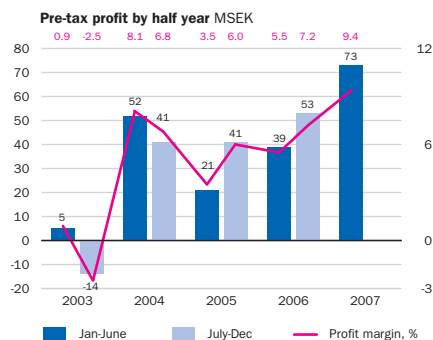
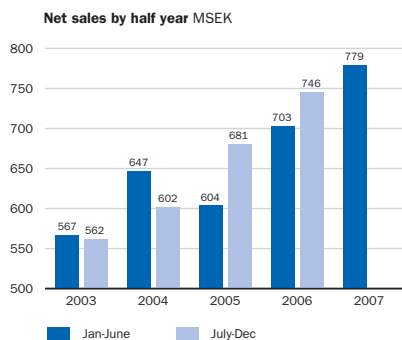
SEK (000s)	April-June 2007	April-June 2006	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Net Sales	388,628	360,265	779,458	702,507	1,448,138
Cost of goods sold/services sold	-208,609	-194,935	-419,130	-376,779	-779,736
Gross profit/loss	180,019	165,330	360,328	325 728	668,402
Selling expenses	-102,913	-96,835	-207,768	-191,023	-386,384
Administrative expenses	-31,198	-31,458	-61,211	-65,474	-135,604
Research and development expenses	-7,880	-10,103	-16,715	-20,192	-39,070
Other operating income/expenses	1,388	-1,987	1,941	-1,947	-617
Operating profit/loss	39,416	24,947	76,575	47,092	106,727
Financial income/expenses ³⁾	-3,495	-5,750	-3,082	-8,189	-14,473
Profit/loss before taxes	35,921	19,197	73,493	38,903	92,254
Income tax expense	-10,965	-6,138	-22,783	-12,444	-30,380
Profit/loss for the period	24,956	13,059	50,710	26,459	61,874
Attributable to:					
The parent company's shareholders	24,934	12,464	50,671	25,786	60,524
Minority interest	22	595	39	673	1,350
Net profit/loss for the period	24,956	13,059	50,710	26,459	61,874

Data per share

	April-June 2007	April-June 2006	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Weighted-average no. of shares	7,734,772	7,692,172	7,731,791	7,692,172	7,693,508
Weighted-average no. of shares after dilution	7,736,595	7,714,004	7,735,154	7,714,004	7,710,959
Earnings per share					
before dilution, SEK	3.22	1.62	6.55	3.35	7.87
after dilution, SEK	3.22	1.62	6.55	3.34	7.85
Share price at the end of period, SEK	191.00	143.00	191.00	143.00	184.00
P/E-ratio, Dec 31	-	-	-	-	23.39

Summary of income statement for parent company^{1,6)}

SEK (000s)	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Net Sales	12,934	13,934	84,624
Cost of goods sold/services sold	-10,190	-12,247	-82,489
Gross profit/loss	2,744	1,687	2,135
Selling expenses	-15,778	-12,300	-1,226
Administrative expenses	-28,161	-25,785	-18,618
Research and development expenses	-7,208	-6,969	-14,148
Other operating income/expenses	4,173	705	2,631
Operating profit/loss	-44,230	-42,662	-29,226
Financial income/expenses	11,595	10,327	103,830
Profit/loss before taxes	-32,635	-32,335	74,604
Income tax expense	6,391	6,751	-13,054
Profit/loss for the period	-26,244	-25,584	61,550



Summary of consolidated balance sheet

SEK (000s)	June 30, 2007	June 30, 2006	Dec 31, 2006
Intangible assets ⁷⁾	33,932	2,159	5,570
Property, plant and equipment	142,795	217,001	208,494
Financial assets	24,936	15,375	19,729
Total non-current assets	201,663	234,535	233,793
Inventories	147,614	133,166	136,403
Current receivables	346,882	297,735	343,121
Cash and cash equivalents	147,287	95,190	163,244
Total current assets	641,783	526,091	642,768
Total assets	843,446	760,626	876,561
Equity	414,583	349,252	387,756
Non-current liabilities	117,546	119,664	129,540
Current liabilities	311,317	291,710	359,265
Total equity and liabilities	843,446	760,626	876,561

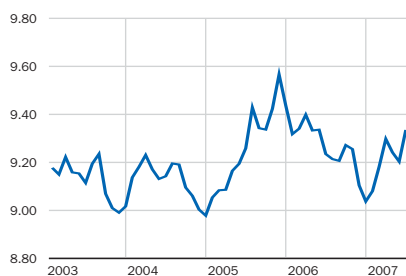
Summary of balance sheet for parent company

SEK (000s)	June 30, 2007	June 30, 2006	Dec 31, 2006
Intangible assets	8,504	1,234	4,935
Property, plant and equipment	453	400	589
Financial assets	87,206	78,912	70,052
Total non-current assets	96,163	80,546	75,576
Current receivables	221,733	225,303	263,216
Cash and cash equivalents	2,036	18,659	76,609
Total current assets	223,769	243,962	339,825
Total assets	319,932	324,508	415,401
Equity	232,243	218,338	284,675
Non-current liabilities	29,904	-	29,904
Current liabilities	57,785	106,170	100,822
Total equity and liabilities	319,932	324,508	415,401

Summary of consolidated cash flow statement⁵⁾

SEK (000s)	April-June 2007	April-June 2006	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Operating profit/loss	39,416	24,947	76,575	47,092	106,727
Depreciation	10,918	11,576	21,404	22,720	44,379
Other items not affecting liquidity	-5,447	-911	-3,818	-848	15,072
Interest received	470	611	1,277	1,257	2,423
Interest paid	-4,295	-2,414	-6,908	-6,302	-12,002
Income tax paid	-8,779	-1,376	-16,093	-7,900	-19,132
Change in working capital	1,981	2,941	3,007	-3,694	-16,644
Cash flow from operating activities	34,264	35,374	75,444	52,325	120,823
Investing activities	-22,455	-4,618	-52,553	-14,803	-32,584
– whereof investment in subsidiary	-	-	-21,990	-	-
Financing activities	-2,643	84	-38,848	-23,463	-4,080
Cash flow for the period	9,166	30,840	-15,957	14,059	84,159

Exchange rate EURO/SEK



Source: OMX

Price of crude PVC EURO/TONNE



Source: ICI'S-Lor

Key figures the last five quarters

SEK (000s)	Q 2 2007	Q 1 2007	Q 4 2006	Q 3 2006	Q 2 2006
Net sales	388,628	390,830	394,005	351,626	360,265
Operating profit/loss	39,416	37,159	24,628	35,007	24,947
Profit/loss before taxes	35,921	37,572	21,366	31,985	19,197
No. of employees, end of period	956	956	947	938	931

Change in shareholder's equity

SEK (000s)	June 30, 2007	June 30, 2006	Dec 31, 2006
Opening balance	387,756	342,329	342,329
Dividends	-27,072	-23,066	-23,066
Profit/loss of the period	50,710	26,459	61,874
Cash flow hedge reserve	1,166	1,804	1,487
New issue of shares	1,793	1,726	4,672
Equity-settled share-based instruments	230	-	460
Closing balance	414,583	349,252	387,756

Key figures for the Group

SEK (000s)	6 months June 2007	6 months June 2006	6 months June 2005 ³⁾	12 months July 2006- June 2007	12 months July 2005- June 2006 ³⁾	12 months July 2004- June 2005 ³⁾	Full year 2006
Net sales	779,458	702,507	603,615	1,525,089	1,383,716	1,205,647	1,448,138
Operating profit/loss	76,575	47,092	18,805	136,210	91,014	68,766	106,727
Profit/loss before taxes ²⁾	73,493	38,903	20,966	126,844	79,657	61,646	92,254
Profit/loss after taxes ²⁾	50,710	26,459	6,766	86,125	54,438	24,138	61,874
Operating margin, %	9.8	6.7	3.1	8.9	6.6	5.7	7.4
Profit margin, %	9.4	5.5	3.5	8.3	5.8	5.1	6.4
Equity/assets ratio, %	49.2	45.9	41.5	49.2	45.9	41.5	44.2
Net investments, MSEK (excluding re-classification leasing contracts)	53.8	15.1	20.6	70.4	34.0	40.5	31.7
Return on capital, %	-	-	-	17.3	11.6	9.0	13.0
Return on shareholders' equity, %	-	-	-	22.5	16.9	8.0	16.6
Shareholders' equity per share, SEK ⁴⁾	53.29	45.21	41.06	53.43	45.21	41.06	50.10
Earnings per share after taxes, SEK	6.55	3.35	0.87	11.07	7.30	3.65	7.87
Earnings per share after dilution and taxes, SEK ⁴⁾	6.55	3.34	0.87	11.06	7.27	3.64	7.85

- 1) This interim report for the group is established according to IAS 34 Interim reporting and RR 31 Interim reporting for groups. Unless otherwise stated accounting and valuation principles in the report are equal to those in HL Display Annual Report for 2006, where principles and definitions can be found. On July 1, 2007 the Swedish law implementing the Transparency Directive became effective.
- 2) Of which translation differences as per 30/06/07: MSEK 1.5, 30/06/06: MSEK -0.8, 30/06/05: MSEK 1.7. Translation difference moving 12 months July 2006 June 2007: MSEK -0.1, July 2005 June 2006: MSEK -0.4, July 2004 June 2005: MSEK 2.0.
- 3) Figures relating to 2005 and 2004 are recalculated according to International Financial Reporting Standards.
- 4) Earnings per share is calculated as profit after tax attributable to the parent company's shareholders divided by total weighted-average number of shares before/after dilution.
- 5) Cash Flow Statements before exchange adjustments of monetary items.
- 6) Related party transactions exist concerning consultancy services provided by XLENT Consulting AB. See also HL Display Annual Report for 2006, note 37.
- 7) Of which goodwill as per 30/06/07: MSEK 22.9.

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

The Board and the Managing Director hereby certify that the interim report gives a fair view on the business, position and result for the group and the parent company. It also describes essential risks and uncertainty factors that the parent company and the companies that form the group are facing.

Stockholm, July 13th, 2007

Anders Remius
Chairman of the Board

Åke Modig Lis Remius Jan-Ove Hallgren Mats-Olof Ljungkvist
Member of the Board Member of the Board Member of the Board Member of the Board

Stig Karlsson Magnus Jonsson Kent Mossberg
Member of the Board Member of the Board, Employee Repr. Member of the Board, Employee Repr.

Gérard Dubuy
Member of the Board, Managing Director and CEO

The HL Display share

Share price development

HL Display's share price rose by 3.8 percent during the first six months of 2007 while SIX General Index rose by 8.5 percent. Since its Stock Exchange launch in 1993, the share's value has increased by 1,229 percent from SEK 14.37 (corrected for bonus issues) to SEK 191 on June 30th 2007. During the same period SIX General Index increased by 397 percent. During 2007 HL Display's peak price has been SEK 200.50 and its lowest SEK 154. As of June 30th 2007, HL Display's Stock Exchange value was MSEK 1,303.

Trade volumes

During the first half of 2007, 469,549 (435,870) shares were traded at a value of MSEK 89 (58), corresponding to 7 (6) percent of the total number of traded HL Display shares.

Share capital

The share capital as of June 30th 2007 totalled SEK 38,643,460, divided among 7,734,772 shares, of which 913,024 are class A shares and 6,821,748 class B shares. Class A shares carry one vote and class B shares 1/10 of a vote. All shares provide equal

entitlement to a share of the company's assets and profits. A block of shares amounts to 100 shares.

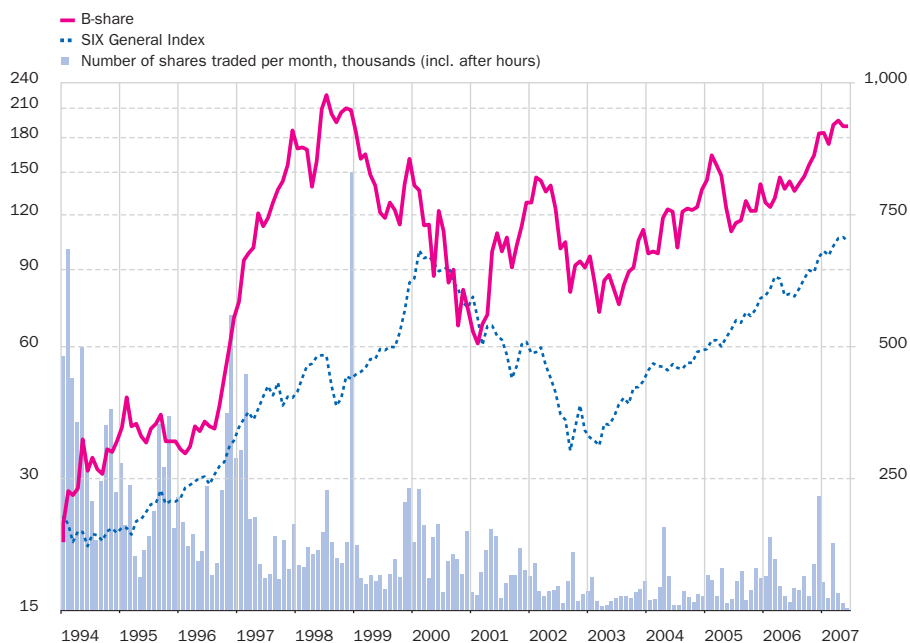
Shareholders

As of June 30th 2007 the number of shareholders was 1,885 (2,090). The proportion of institutional shareholders is estimated at 59 (57) percent of capital and the proportion of foreign shareholders is 2 (1) percent. 80 (81) percent of all shareholders in HL Display each owned less than 500 shares. In terms of capital, the biggest shareholders as of June 30th 2007 were: the Remius family with 29 percent, Ratos Förvaltnings AB with 29 percent and Lannebo Fonder with 9 percent.

Dividend policy

HL Display's board of directors has agreed that a more aggressive dividend policy will be applied in future. In the long term it is the board's intention that the dividend ratio will be the equivalent of 30 to 50 percent of the profit per share after taxes. This year's dividend was SEK 3.50 (3.00) per share.

Share price development



(c) Findata

Produced by IR Stockholm och HL Display
 Design: John Blomqvist
 Photography: Magnus Fond
 Printing: Wassberg+Skotte Tryckeri

HL Display is Europe's leading supplier of products and solutions for merchandising and in-store communication. With over 50 years' experience, the company has expertise in displaying goods in stores in a way that increases sales and makes work in the store more efficient, and at the same time gives the end consumers all the information they need to make their purchasing decision.

HL Display has had an annual growth rate of in average 15 percent in the last ten years. The company's main market is Europe, but HL Display is also currently expanding in Asia. The company's customers include leading retail chains and brand manufacturers all over the world.

HL Display has over 900 employees in 29 countries, and has since 1993 been listed on the OMX Nordic Exchange's Small Cap list.

Financial information 2007

Monthly report, 7 months	August 14
Monthly report, 8 months	September 14
Interim report, 9 months	October 12
Monthly report, 10 months	November 14
Monthly report, 11 months	December 14

