

# **hms networks**

INTERIM REPORT 2012

**JANUARY - JUNE 2012**

## **First six months**

- ❑ Net sales for the first six months increased with 4 % reaching SEK 195 m (188), corresponding to a 1 % increase in local currencies
- ❑ Operating profit reached SEK 34 m (38), equal to a 18 % (20) operating margin
- ❑ Order intake for the first half year increased with 16 % to SEK 229 m (197) corresponding to a 14 % increase in local currencies
- ❑ Cash flow from operating activities amounted to SEK 38 m (22)
- ❑ Profit after taxes totaled SEK 26 m (27) and result per share amounted to SEK 2.29 (2.46)
- ❑ Net sales for the last twelve months amounted to SEK 391 m (367) corresponding to a 6 % increase in local currencies. Operating result amounted to SEK 69 m (81) corresponding to a 18 % (22) operating margin

## **Second quarter**

- ❑ Net sales for the second quarter reached SEK 99 m (96) corresponding to a 2 % increase and operating result reached SEK 20 m (20)
- ❑ Order intake during the second quarter was SEK 113 m (100)



# Comment from the CEO

Net sales for the first six months represent record levels for HMS. Still we realize that the recent quarters shows the sales growth levelling out. The German market is still stable and the American market shows a positive development. For the Japanese market progress is more irregular. The market situation is reserved and uncertain. This can primarily be noticed as a weak development among existing customers. We still see good progress with new customers and the order intake during the period indicates future growth. Net sales for the last twelve months are also on a record level with SEK 390 m in revenues. As a result of a more conscious cost control during the recent six month period we can also present a 18% operating margin.

Due to the uncertain market conditions we still do not see the full effects of the expansion in resources made during the recent years. HMS continues to develop new product platforms in the area of Safety communication and a new generation communication solutions based on our new developed Embedded technology. We also invest increasing resources in the Remote Management segment, an area where we are hopeful to see a market break-through in several application areas ahead. Our customer base in the area of Embedded solutions continues to grow as expected with new design-wins, which ensure future sales growth in this area.

Recruiting of new employees, primarily development engineers, continue. We expect the increase in employees to support future profitable growth.

“The new generation of products being developed has created an interest from many of our most significant customers and these new technology platforms will be important for future year's sales expansion.”



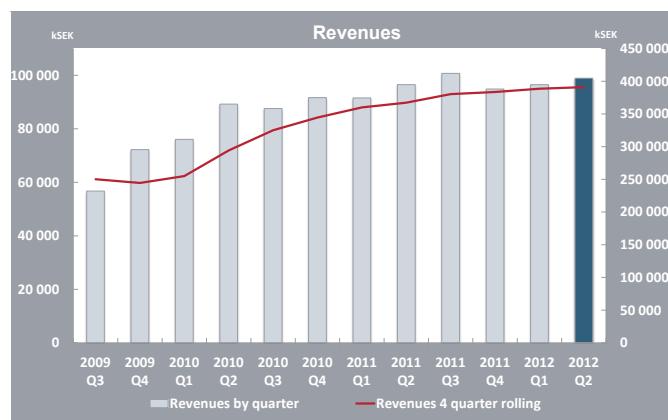
Staffan Dahlström  
CEO for HMS Networks AB

Quarterly data	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2012	2012	2011	2011	2011	2011	2010	2010
Net sales (SEK m)	99	96	95	101	97	92	92	88
Order intake (SEK m)	113	116	83	108	100	97	88	87
Operating profit (SEK m)	20	14	10	24	20	18	20	24
Gross margin (%)	60.6	61.9	60.8	60.6	61.3	59.6	60.4	61.6
Operating margin (%)	20.2	14.9	10.5	24.2	21.0	19.3	21.7	26.8
Return on capital (%)	17.7	17.6	18.6	21.6	22.1	22.6	23.2	23.0
Earnings per share (SEK)	1.36	0.94	0.71	1.67	1.34	1.11	1.31	1.46
Equity per share (SEK)	28.23	27.74	26.77	25.96	24.41	25.08	25.30	24.37
Cash flow for operating activities per share (SEK)	2.63	0.73	0.25	1.74	2.06	-0.08	2.27	1.86
Half-year data	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4
	2012	2011	2011	2010	2010	2009	2009	2008
Net sales (SEK m)	195	196	188	179	165	129	116	161
Order intake (SEK m)	229	191	197	174	168	141	117	150
Operating profit (SEK m)	34	34	38	43	40	29	2	48
Gross margin (%)	61.3	60.7	60.5	61.0	59.4	60.2	56.3	62.4
Operating margin (%)	17.6	17.5	20.2	24.2	24.3	22.6	1.7	30.1
Return on capital (%)	17.7	18.6	22.1	23.2	21.2	8.8	17.3	28.6
Earnings per share (SEK)	2.29	2.38	2.46	2.77	2.64	1.86	-0.01	3.34
Equity per share (SEK)	28.23	26.77	24.41	25.30	22.80	21.25	20.20	20.91
Cash flow for operating activities per share (SEK)	3.36	2.14	1.98	4.13	2.58	2.63	0.22	3.64

# Net sales

Net sales for the last twelve months amounted to SEK 391.0 m (367.3) corresponding to a 6.5 % increase. In total the revaluation of the Swedish currency in relation to the major HMS currencies had a minor impact on net sales compared to the previous twelve month period. The order intake for the last four quarters amounted to SEK 420.0 m (371.4).

Net sales for the second quarter 2012 totaled to SEK 98.9 m (96.5), corresponding to a 2.5 % increase compared to the same quarter the previous year. Adjusted for a SEK 3.2 m currency effect the volume decrease was 0.8 % in local currencies. Order intake increased with SEK 12.9 m to SEK 113.1 m (100.2), of which SEK 88.4 will be delivered during the upcoming twelve months. In local currencies order intake increased with 9.7 %.

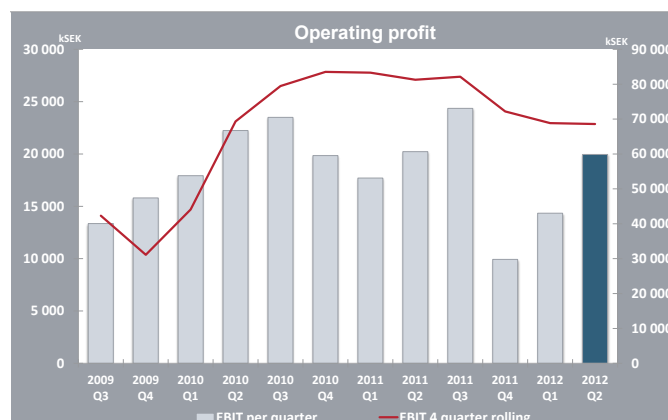


The graph shows turnover per quarter on the bars referring to the scale on the left axis. The line shows turnover for the latest 12 month period referring to the scale on the axis to the right.

# Operating profit

Operating profit totaled to SEK 68.6 m (81.3) for the last four quarters, equivalent to an operating margin of 17.5 % (22.0). Currency effects had a positive impact on the operating result with SEK 1.5 m compared to the previous year.

The operating profit for the second quarter 2012 totaled to SEK 19.9 m (20.2). Changes in exchange rates had a SEK 2.2 m positive impact compared with the same period the previous year.



The graph shows operating result per quarter in the bars referring to the scale on the left axis. The line shows operating result for the last 12 month period referring to the scale on the axis to the right.

# Tax

The tax charge for the first half-year was SEK 9.5 m (10.1). The tax charge for the current period has been calculated on the basis of the tax situation applying to the Group at present and the profit development of the reporting entities belonging to the Group.

# Equity

The Group's equity amounted to SEK 316.5 m (272.2). The total number of shares at the end of the year was 11,322,400. The Group's equity/assets ratio improved to 78.0 % (72.6).

Change in Group Equity (SEK 000s)	June 30 2012	June 30 2011	Dec 31 2011
Balance at 1 january	298,543	285,815	285,815
Total comprehensive income for the period	27,737	26,914	53,261
Warrants	15,289	0	0
Dividends	-25,094	-22,306	-22,306
Acquisition non-controlling interests	0	-18,227	-18,227
<b>Closing balance</b>	<b>316,475</b>	<b>272,197</b>	<b>298,543</b>

# Currency effects

Assets and liabilities in foreign currencies are revaluated at closing date. Currency hedging contracts are revaluated at the date of closing and are also affecting the result on the date of expiration. Changes in book value due to revaluation of operating balance sheet items and currency hedging contracts are disclosed as other operating income and other operating expenses. Changes in book value related to assets in foreign currencies i.e. liquid funds, are disclosed as financial income and expenses. Net sales and expenses are affected by changes in exchange rates. This will have an impact on income and costs.

Net sales for the first half-year consist of 58 % in EURO, 24 % in USD, 10 % in Japanese Yen and 8 % in SEK and other currencies. Cost of goods sold consists of 42 % in EURO, 13 % in USD and 1 % in Japanese Yen. Operating expenses consists of 16 % in EURO, 8 % in USD, 7 % in Japanese Yen and 69 % of SEK and other currencies.

The Group applies a policy for currency hedging described in the annual report.

# Cash flow, investments and financial position

Cash flow from operating activities in the first six months 2012 amounted to SEK 37.6 m (22.1).

The investments in tangible assets for the half-year totaled SEK 9.4 m (4.8). Investments in intangible assets for the period totaled SEK 11.8 m (7.0) and comprise internal development costs.

At the end of the period the cash equivalents totaled SEK 25.6 m (17.3) and unutilized credit facilities SEK 30.5 m. The Group's net cash amounted to SEK 8.1 m (-14.5). During the second quarter HMS distributed dividend payments to its shareholder equal to SEK 2.25 per share (2.00), in total SEK 25.1 m.

# Important events

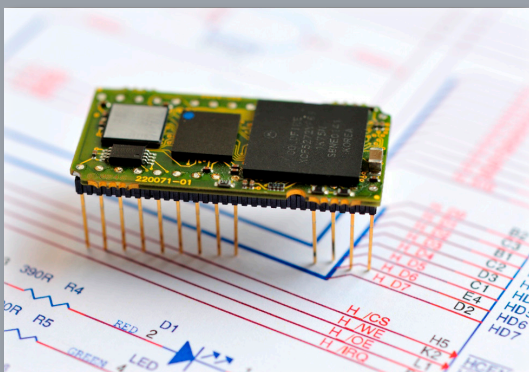
- ❑ In January, HMS moved into new and extended office premises in Halmstad.
- ❑ HMS received the largest single order in the company's history, SEK 16 m.
- ❑ HMS received a SEK 2 m order from one of the leading manufacturers of industrial energy metering and monitoring in Europe.

- ❑ The 2009 stock option program was completed. In this program participants subscribed to 169,500 new shares in the Company.
- ❑ HMS shipped the 2 millionth Anybus module.
- ❑ HMS signed a blanket agreement worth SEK 6 m with one of Europe's leading manufacturer of industrial equipment.
- ❑ The 2012 Annual General Meeting was held at the Company's head office in Halmstad.

# Outlook

The HMS Group long term growth is supported by a continued inflow of design-wins, a broader product offering within the Gateway product family and Remote Management, the development of new generations of products, a strengthened customer focus and an expansion of the HMS sales channels according to the existing strategy.

The global market for HMS products is expected to remain weak. The market for the HMS product offering and the exchange rate development are still unpredictable but the HMS overall goals are unchanged: A long term average growth of 20 % per year and an operating margin above 20 %.



## Accounting policies

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, for Interim Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2012 did not affect the Groups reporting as of June 30, 2012.

As of the first quarter 2012 customer orders related to development projects including future volume commitments and blanket agreements with estimated future volumes, are included in the period's order intake. As clarification, information about which part of the order intake that will be shipped during the following twelve months, is disclosed.

HMS continues to apply the same accounting principles and valuation methods as those described in the most recent Annual Report. The parent company report is prepared in accordance with RFR 2, accounting for legal entities, and the Swedish Annual Accounts Act and accounting principles and the valuation methods as those described in the most recent Annual Report.

## HMS Networks AB's share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Small Cap list, in the Information Technology sector. The total number of shares amounted to 11,322,400.

During the second quarter participants in the stock option program decided by the 2009 Annual General Meeting subscribed to 169,500 new shares in the Company. The subscription price for each share was SEK 90.20 and the total dilution amounted to 1.5 %.

## Risk management

The HMS Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2011. In addition to the risks described in these documents, no additional significant risks have been identified.

## The parent company

The Parent Company's operations are primarily focused on Group-wide management and financing. Apart from the Group's CEO, the Parent Company has no employees. The operating profit for the first half-year 2012 amounted to SEK 0.3 m (0.4). Cash and cash equivalents amounted to SEK 0.2 m (0.0) and borrowing amounted to SEK 16.6 m (31.6).

HALMSÅD GOthenBURG PUNE  
COVENTRY BEIJING TOKYO  
COPENHAGEN KARLSRUHE  
MILAN MULHOUSE CHICAGO



# Short of the company

## Strategies

**Growth strategy** - HMS's main focus is on organic growth. Expansion on existing markets will be through improved and extended product ranges, new technology, high level of service and new sales channels. A certain degree of growth can be through the selective acquisition of businesses that will be a valuable complement to the company's organic growth strategy.

**Development strategy** - The Company's core expertise is made up of an extensive understanding of industrial network communication.

**Product strategy** - HMS markets three product lines, which to a certain degree are based on a common technical platform:

- ☐ Anybus Embedded - Embedded network interface cards
- ☐ Anybus Gateways - Communication translators between different networks
- ☐ Netbiter Remote Management - Remote monitoring and controlling of industrial devices

**Production strategy** - HMS maintains an in-house low-volume production of Anybus products in Halmstad. Volume production takes place in close partnership with subcontractors in Europe and Asia in order to achieve flexible costs and to make use of economies of scale.

**Marketing strategy** - The Anybus network interface cards are marketed and sold to players in industrial and infrastructure automation and Anybus Gateways to system integrators, machine manufacturers and end-users in industrial and infrastructure automation. Netbiter products are marketed and sold to a wide range of customers, from device manufacturers to owners of installations in need of remote management.

**Sales strategy** - Sales take place via the company's sales offices on defined key markets in 10 countries. Sales on the company's other markets, in some 50 countries, takes place via agents/ distributors.

## Business model

HMS has designed its business models to fit each market and product line. For the Embedded market, most business is via framework agreements (i.e. design-wins). The sales cycle is relatively long and the design phase is performed in close cooperation with the customer. After that, there is steady revenue over a long period of time. For Gateways and Remote Management, the business model is more traditional, with a short business cycle and manufacturing based on customer orders.

# Reporting occasions

- ☐ Q3 Report 2012 will be published on October 23, 2012
- ☐ Year-end Report 2012 will be published on February 7, 2013

## Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Halmstad July 12, 2012

Staffan Dahlström  
Chief Executive Officer

Urban Jansson  
Chairman of the Board

Nicolas Hassbjer

Göran Sigfridsson

Henrik Johansson

Ray Mauritsson

Gunilla Wikman

Charlotte Brogren

This interim report has not been reviewed by the Company's auditor.

Further information can be obtained from:  
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CFO Gunnar Högberg, telephone +46 (0) 35-17 29 95

# Financial accounts

	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q4 2011	1107-1206 12 months
Net increase in revenue (%)	2.5	8.1	3.9	13.7	11.3	6.5
Gross margin (%)	60.6	61.3	61.3	60.5	60.6	61.0
Operating margin EBIT (%)	20.2	21.0	17.6	20.2	18.8	17.5
Return on capital employed (%)*	22.7	27.0	22.7	27.0	23.2	22.7
Return on total equity (%)*	17.7	22.1	17.7	22.1	18.6	17.7
Working capital in relation to sales (%)*	9.4	7.9	9.4	7.9	8.3	9.4
Capital turnover rate	1.00	0.99	1.00	0.99	0.98	1.00
Debt/equity ratio	-0.03	0.05	-0.03	0.05	0.00	-0.03
Equity/assets ratio (%)	78.0	72.6	78.0	72.6	76.3	78.0
Capital expenditure in property, plant and equipment (SEK 000s)	3,951	1,186	9,405	4,796	9,341	13,951
Capital expenditure in intangible fixed assets (SEK 000s)	7,017	3,634	11,819	7,024	10,744	15,539
Depreciation of property, plant and equipment (SEK 000s)	-1,512	-1,223	-2,858	-2,346	-4,661	-5,173
Amortisation of intangible fixed assets (SEK 000s)	-1,198	-1,204	-2,313	-2,408	-5,539	-5,444
Number of employees (average)	240	202	237	200	213	231
Revenue per employee (SEK m)*	1.6	1.8	1.7	1.8	1.8	1.7
Total equity per share, SEK	28.23	24.41	28.23	24.41	26.77	28.23
Total equity per share, diluted, SEK	28.23	24.34	28.23	24.34	26.76	28.23
Cash flow from operations per share before dilution, SEK	2.63	2.06	3.36	1.98	4.13	5.50
Cash flow from operations per share after dilution, SEK	2.63	2.06	3.36	1.98	4.12	5.50
Basic number of shares, average, thousands	11,209	11,153	11,181	11,153	11,153	11,167
Number of shares, diluted average, thousands	11,209	11,182	11,186	11,182	11,169	11,172

\* The key ratio has been translated into 12 months rolling value when applicable.

# Income statements

(SEK 000s)	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q4 2011	1107-1206 12 months
Revenue	98,902	96,498	195,395	188,024	383,592	390,963
Cost of goods and services sold	-38,948	-37,305	-75,675	-74,280	-151,099	-152,495
<b>Gross profit</b>	<b>59,953</b>	<b>59,193</b>	<b>119,719</b>	<b>113,745</b>	<b>232,493</b>	<b>238,468</b>
Sales and marketing costs	-25,034	-22,688	-50,767	-43,439	-92,543	-99,870
Administrative expenses	-8,429	-8,009	-17,734	-15,741	-30,643	-32,636
Research and development costs	-6,896	-8,843	-15,807	-17,180	-36,725	-35,352
Other operating income	415	628	542	1,490	1,120	-68
Other costs	-55	-57	-1,663	-948	-1,490	-1,966
<b>Operating profit</b>	<b>19,953</b>	<b>20,224</b>	<b>34,292</b>	<b>37,928</b>	<b>72,213</b>	<b>68,577</b>
Financial income	1,123	557	1,174	60	2,591	3,191
Financial costs	-266	-244	-369	-478	-1,036	-413
<b>Profit before tax</b>	<b>20,810</b>	<b>20,536</b>	<b>35,096</b>	<b>37,509</b>	<b>73,768</b>	<b>71,355</b>
Tax	-5,619	-5,545	-9,476	-10,128	-19,839	-19,188
<b>Profit for the period</b>	<b>15,191</b>	<b>14,991</b>	<b>25,620</b>	<b>27,382</b>	<b>53,929</b>	<b>52,167</b>
Basic earnings per share, SEK	1.36	1.34	2.29	2.46	4.84	4.67
Earnings per share, diluted, SEK	1.36	1.34	2.29	2.45	4.83	4.67

# Statements of comprehensive income

(SEK 000s)	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q4 2011	1107-1206 12 months
Profit for the period	15,191	14,991	25,620	27,382	53,929	52,167
<b>Other comprehensive income</b>						
<b>Income/expense recognized directly in equity</b>						
Cash flow hedges	2,423	-444	3,047	-703	-1,035	2,715
Translation differences	-48	69	-129	50	94	-85
Income tax relating to components of other comprehensive income	-637	117	-801	185	273	-714
<b>Other comprehensive income for the period, net of tax</b>	<b>1,738</b>	<b>-258</b>	<b>2,117</b>	<b>-468</b>	<b>-668</b>	<b>1,916</b>
<b>Total comprehensive income for the period</b>	<b>16,929</b>	<b>14,733</b>	<b>27,737</b>	<b>26,914</b>	<b>53,261</b>	<b>54,083</b>

## Balance Sheets

(SEK 000s)	June 30 2012	June 30 2011	Dec 31 2011
<b>ASSETS</b>			
Goodwill	236,071	236,071	236,071
Other intangible assets	32,449	22,765	23,353
Property, plant and equipment	21,718	13,052	15,347
Deferred tax assets	774	702	770
<b>Total fixed assets</b>	<b>291,012</b>	<b>272,590</b>	<b>275,541</b>
Inventories	28,872	31,340	35,584
Trade and other receivables	44,343	45,647	42,781
Other current receivables	16,106	8,003	10,634
Cash and cash equivalents	25,605	17,250	26,573
<b>Total current assets</b>	<b>114,926</b>	<b>102,240</b>	<b>115,572</b>
<b>TOTAL ASSETS</b>	<b>405,938</b>	<b>374,830</b>	<b>391,113</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>316,475</b>	<b>272,197</b>	<b>298,543</b>
<b>Liabilities</b>			
Non-current liabilities	17,549	31,743	25,192
Deferred income tax liabilities	23,910	17,738	20,705
<b>Total non-current liabilities</b>	<b>41,459</b>	<b>49,481</b>	<b>45,897</b>
Trade payables	20,764	22,141	22,216
Other current liabilities	27,240	31,011	24,457
<b>Total current liabilities</b>	<b>48,004</b>	<b>53,152</b>	<b>46,673</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>405,938</b>	<b>374,830</b>	<b>391,113</b>



# Cash flow statements

(SEK 000s)	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q4 2011	1107-1206 12 months
Cash flow from operating activities before changes in working capital	26,024	19,485	32,331	34,971	64,986	62,346
Cash flow from changes in working capital	3,413	3,518	5,231	-12,852	-18,977	-894
Cash flow from operating activities	29,437	23,003	37,562	22,119	46,009	61,452
Cash flow from investing activities	-10,968	-4,825	-21,225	-30,047	-37,114	-28,292
Cash flow from financing activities	-13,555	-26,056	-17,305	-29,806	-37,306	-24,805
<b>Cash flow for the period</b>	<b>4,914</b>	<b>-7,878</b>	<b>-968</b>	<b>-37,734</b>	<b>-28,411</b>	<b>8,355</b>
Cash and cash equivalents at beginning of the period	20,691	25,128	26,573	54,984	54,984	17,250
<b>Cash and cash equivalents at end of period</b>	<b>25,605</b>	<b>17,250</b>	<b>25,605</b>	<b>17,250</b>	<b>26,573</b>	<b>25,605</b>

Changes in current receivables/liabilities related to derivate financial instruments are reported as cash flow from operating activities before changes in working capital.

## Quarterly data

Revenue per region (SEK 000s)	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
EMEA	59,169	60,387	55,876	64,900	61,757	60,379	55,109	57,441	53,697	47,979	46,284	38,184
Americas	20,813	20,429	20,330	18,844	17,418	17,167	19,354	15,715	14,206	12,611	13,373	10,892
Asia	18,920	15,677	18,642	16,976	17,322	13,981	17,184	14,423	21,339	15,471	12,558	7,659

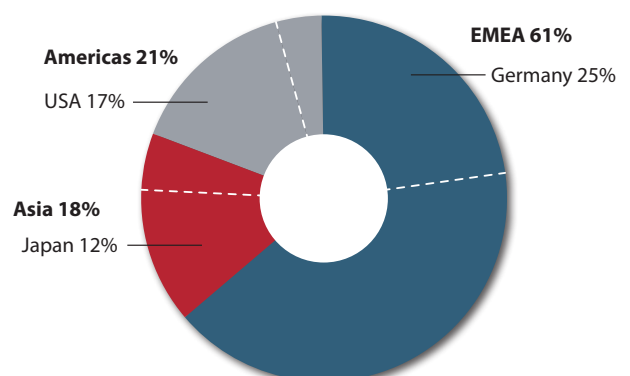
Income statement (SEK 000s)	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
<b>Revenue (SEK m)</b>	<b>98,902</b>	<b>96,493</b>	<b>94,848</b>	<b>100,720</b>	<b>96,498</b>	<b>91,527</b>	<b>91,647</b>	<b>87,579</b>	<b>89,242</b>	<b>76,061</b>	<b>72,215</b>	<b>56,735</b>
<b>Gross profit</b>	<b>59,953</b>	<b>59,766</b>	<b>57,686</b>	<b>61,062</b>	<b>59,193</b>	<b>54,552</b>	<b>55,385</b>	<b>53,931</b>	<b>53,723</b>	<b>44,518</b>	<b>43,408</b>	<b>34,245</b>
Gross margin	60.6%	61.9%	60.8%	60.6%	61.3%	59.6%	60.4%	61.6%	60.2%	58.5%	60.1%	60.4%
<b>Operating profit</b>	<b>19,953</b>	<b>14,338</b>	<b>9,925</b>	<b>24,360</b>	<b>20,224</b>	<b>17,704</b>	<b>19,848</b>	<b>23,502</b>	<b>22,242</b>	<b>17,932</b>	<b>15,802</b>	<b>13,349</b>
Operating margin	20.2%	14.9%	10.5%	24.2%	21.0%	19.3%	21.7%	26.8%	24.9%	23.6%	21.9%	23.5%
<b>Profit before tax</b>	<b>20,810</b>	<b>14,286</b>	<b>10,715</b>	<b>25,544</b>	<b>20,536</b>	<b>16,973</b>	<b>20,232</b>	<b>22,702</b>	<b>22,834</b>	<b>18,295</b>	<b>15,965</b>	<b>12,423</b>

## Sales

Sales by geographical area for the first half-year 2012 are presented in the graph to the right.

Embedded products reached 68 % of the Group's total sales, Gateway products 25 % and Remote Management amounted to 3 %.

All product groups are based on a common technology platform and are marketed and sold in the common sales channels. Therefore, no complete segment reporting is disclosed.



## Parent company income statements

(SEK 000s)	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q4 2011	1107-1206 12 months
Revenue	2,478	2,387	4,369	4,122	7,428	7,675
Cost of sales and services	0	0	0	0	0	0
<b>Gross profit</b>	<b>2,478</b>	<b>2,387</b>	<b>4,369</b>	<b>4,122</b>	<b>7,428</b>	<b>7,675</b>
Administrative expenses	-2,362	-2,165	-4,107	-3,693	-6,589	-7,003
<b>Operating profit</b>	<b>116</b>	<b>222</b>	<b>262</b>	<b>429</b>	<b>839</b>	<b>672</b>
Interest expense and similar items	-116	-222	-262	-429	-839	-672
<b>Profit before tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax	0	0	0	0	-8	-8
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8</b>	<b>-8</b>

## Parent company balance sheets

(SEK 000s)	June 30 2012	June 30 2011	Dec 31 2011
<b>ASSETS</b>			
Financial fixed assets	244,039	244,039	244,039
<b>Total financial fixed assets</b>	<b>244,039</b>	<b>244,039</b>	<b>244,039</b>
Other receivables	542	431	444
Cash and cash equivalents	153	3	18
<b>Total current assets</b>	<b>695</b>	<b>434</b>	<b>462</b>
<b>TOTAL ASSETS</b>	<b>244,734</b>	<b>244,473</b>	<b>244,501</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>123,292</b>	<b>133,106</b>	<b>133,098</b>
<b>Untaxed reserves</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>16,618</b>	<b>31,618</b>	<b>24,118</b>
Trade payables	306	19	525
Liabilities to Group companies	102,933	78,016	85,769
Other current liabilities	1,577	1,706	983
<b>Total current liabilities</b>	<b>104,816</b>	<b>79,741</b>	<b>87,277</b>
<b>TOTAL EQITY AND LIABILITIES</b>	<b>244,734</b>	<b>244,473</b>	<b>244,501</b>

# Definitions

## **Return on shareholders' equity**

Share of profit after tax attributable to the parent company's shareholders in relation to the average shareholders' equity excluding non-controlling interests.

## **Return on capital employed**

Share of the profit after financial income in relation to the average capital employed.

## **Capital employed**

Total assets less non interest bearing current liabilities and provisions, as well as total deferred tax liabilities.

## **Capital turnover rate**

Operating income in relation to total assets.

## **Earnings per share**

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares.

## **Earnings per share after dilution**

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares with addition for the average number of shares that are added when converting the outstanding number of convertible securities and options.

## **Working capital**

Current assets less cash equivalents and current liabilities.

## **Operating margin**

Operating income in relation to net sales.

## **Equity/assets ratio**

Shareholders' equity in relation to total assets.

## **Net debt**

Long-term and current financial liabilities less financial assets.

## **Net debt/equity ratio**

Net debt in relation to shareholders' equity including non-controlling interests.

## **Total equity per share**

Total equity attributable to the parent company's shareholders in relation to total outstanding shares by the end of the period.



HMS Networks (publ) is a world-leading supplier of communication technology for industrial automation. Sales for 2011 totaled SEK 384 million. Over 90% of these sales were to customers located outside Sweden. All product development and parts of the manufacturing are performed at the head office in Halmstad. Sales offices are located in Tokyo, Beijing, Karlsruhe, Chicago, Milan, Mulhouse, Pune, Coventry and Copenhagen. HMS has 240 employees and produces network interface cards and Gateways to interconnect different networks under the trademark Anybus® and products for remote management under the trademark Netbiter®. HMS is listed on the Nasdaq OMX Stockholm Small Cap list, in the Information Technology sector.





## Our vision

“The vision of HMS is that all automation devices will be intelligent and networked. HMS shall be the market leader in connectivity solutions for industrial devices”.

## Our purpose

“To create long term value for our customers, employees and investors”.

## Our mission

“We provide world class solutions to connect industrial devices to networks and products enabling interconnection between different industrial networks”.