

VBG GROUP AB (publ) in Vänersborg is the Parent Company of an international engineering Group with wholly-owned manufacturing and sales companies in Europe and the USA. The Group's operations are divided into two business areas, VBG GROUP TRUCK EQUIPMENT and RINGFEDER POWER TRANSMISSION, with products that are marketed under strong, well-known brands. VBG GROUP AB's B share was introduced on the stock exchange in 1987 and is listed on OMX Nordiska Börs.

## INTERIM REPORT January – June 2007

- **The Group's net turnover increased by 13% to SEK 680.4 M (601.6)**
- **Operating profit rose by 19% to SEK 109.1 M (92.0), which gives an operating margin of 16.0% (15.3%)**
- **Profit after financial items increased by 15% to SEK 104.1 M (90.3)**
- **The Group's profit after tax increased to SEK 71.2 M (59.5)**
- **Earnings per share improved to SEK 5.69 (4.76)**

<b>Group</b>	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>6 mon 2007</b>	<b>6 mon 2006</b>	<b>Full year 2006</b>
Net turnover, SEK M	<b>331.7</b>	292.9	<b>680.4</b>	601.6	1,163.1
Operating profit, SEK M	<b>50.1</b>	43.0	<b>109.1</b>	92.0	170.5
Operating margin, %	<b>15.1</b>	14.7	<b>16.0</b>	15.3	14.7
Profit after financial items, SEK M	<b>48.2</b>	43.0	<b>104.1</b>	90.3	165.8
Profit margin, %	<b>14.5</b>	14.7	<b>15.3</b>	15.0	14.3
Profit after tax, SEK M	<b>32.3</b>	28.0	<b>71.2</b>	59.5	111.9
Earnings per share, SEK	<b>2.58</b>	2.24	<b>5.69</b>	4.76	8.95
Return on capital employed (ROCE), cumulative, %			<b>35.6</b>	31.3	29.8
Return on equity (ROE), cumulative, %			<b>32.9</b>	34.4	30.3
Equity/assets ratio, %			<b>49.0</b>	40.1	47.8

## **Managing Director's statement – continued positive trend with higher sales and improved operating margin**

The Group's sales in the second quarter totalled SEK 332 million, with an operating profit of just over SEK 50 million and an operating margin of 15.1%, which is an improvement compared with the same period last year. All in all this means that the first half of 2007 was the strongest in the Group's history with a turnover of SEK 680 M and an operating profit of SEK 109 M.

The continued strong economic situation led to an increased transport need in Europe. Demand for the products in the VBG GROUP TRUCK EQUIPMENT business area continued to be good in virtually all markets during the second quarter. Viewed over a rolling 12-month period, the business area passed SEK 1 billion in turnover for the first time in February, and now lies at SEK 1,052 M at mid-year.

Demand for heavy and medium-heavy trucks remains at a high level, which is driving demand for our coupling equipment products. A very strong trailer market, with high growth in Eastern Europe, is generating powerful growth in the product area of sliding roofs.

The merger of the business area's operations in Germany was completed during the second quarter when the personnel and the business in Remscheid moved to Krefeld and were incorporated in VBG GROUP TRUCK EQUIPMENT GmbH. With this we have created a strong united organisation on the Group's largest single market.

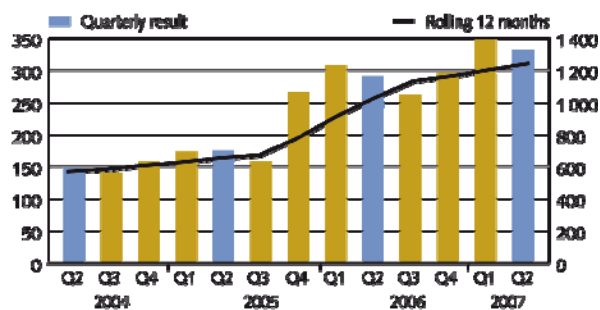
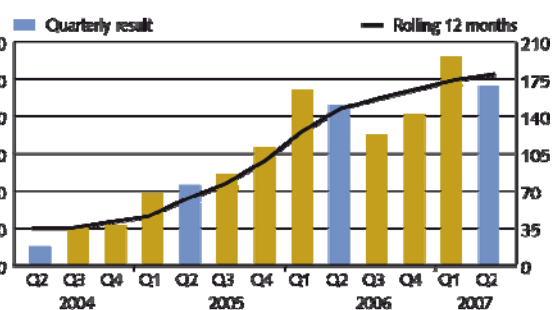
RINGFEDER POWER TRANSMISSION strengthened its profitability during the second quarter and improved its operating margin to 17.3%, resulting in a total margin for the first six months of 16.8%. The Group has decided to establish a sales company in India during the second half of the year in order to take advantage of the increased demand in this growth market.

Capacity utilisation in the Group's production plants is high, and in combination with the far-reaching investment programme that was carried out during 2006, this has led to satisfactory productivity.

Due to the strong economy there is an imbalance between supply and demand, putting a strain on the Group's industrial system. With this problem in mind, delivery precision is acceptable.

Anders Birgersson  
Managing Director and CEO

Group trend (SEK M)	6 mon 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	6 mon 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005
Net turnover	680.4	331.7	348.7	1163.1	298.1	263.4	601.6	292.9	308.7	778.5	267.6	160.0
Operating profit	109.1	50.1	59.0	170.5	41.5	37.0	92.0	43.0	49.0	101.8	35.8	24.7
Operating margin, %	16.0	15.1	16.9	14.7	13.9	14.1	15.3	14.7	15.9	13.1	13.4	15.4
Profit after fin. items	104.1	48.2	55.9	165.8	40.4	35.1	90.3	43.0	47.3	97.4	31.8	24.6
Profit margin, %	15.3	14.5	16.0	14.3	13.6	13.3	15.0	14.7	15.3	12.5	12.0	15.4
Profit after tax	71.2	32.3	38.9	111.9	27.8	24.6	59.5	28.0	31.5	67.1	21.8	16.7
Earnings per share, SEK	5.69	2.58	3.11	8.95	2.22	1.97	4.76	2.24	2.52	5.37	1.75	1.33
ROCE (cumul.), %	35.6	35.6	38.9	29.8	29.8	28.8	31.3	31.3	33.0	26.7	26.7	27.8
ROE (cumul.), %	32.9	32.9	36.1	30.3	30.3	31.1	34.4	34.4	36.4	22.4	22.4	20.7
Equity/assets ratio, %	49.0	49.0	47.7	47.8	47.8	44.1	40.1	40.1	41.1	38.8	38.8	37.1

**Net turnover, SEK M**

**Profit after financial items, SEK M**


### Consolidated turnover and earnings

**Second quarter:** The second quarter was the Group's next-best ever, surpassed only by the first quarter, which is seasonally a stronger quarter.

Turnover was SEK 331.7 M (292.9), an increase of about 13% compared with the same period last year. Operating profit increased by 16.5% to SEK 50.1 M (42.0), and profit before tax was SEK 48.2 M (43.0).

**Six months:** Turnover was SEK 680.4 M (601.6), an increase of 13%, while operating profit increased by 18.6% to SEK 109.1 M (92.0). Operating profit includes Group-wide overheads of SEK 7.8 M (7.3) that have not been allocated to the different business areas.

However, the rate of the euro against the Swedish krona was strengthened by 10.3% between 31 December 2006 and 30 June 2007, leading to a slightly larger net financial expense of SEK 5.0 (expense: 1.7), while profit after financial items was SEK 104.1 M (90.3) with a margin of 15.3% (15.0%).

Earnings per share after tax rose to SEK 5.69 (4.76). Return on capital employed was 35.6% (31.3) and return on equity was 32.9 % (34.4). The Group's equity/assets ratio increased compared with mid-year to 49.0% (47.8).

### Capital expenditures

The Group's capital expenditures during the first six months amounted to SEK 10.0 M (26.5).

### Financial position

Equity increased to SEK 458.1 M during the period (406.8 at year-end) and was affected positively in the amount of SEK 5.1 M by translation differences in foreign subsidiaries.

The equity/assets ratio rose to 49.0% during the six-month period (47.8).

Cash and cash equivalents amounted to SEK 34.7 M (33.7 at year-end), with an additional SEK 99.4 M in credit facilities granted but not utilised.

The Group's interest-bearing net debt increased by SEK 14.1 M during the period, amounting to SEK 204.1 M at the end of the period (190.0).

The ratio of interest-bearing net debt to equity was 0.45 (0.47 at year-end).

### Cash flow

As a consequence of the increase in turnover during the first half of the year, working capital also increased by SEK 56 M so that cash flow from operating activities was SEK 24.7 M (69.7). Capital expenditures during the period amounted to SEK 10.0 M (25.9). The Group amortised loans by SEK 17.6 M and increased current financial liabilities by 28.7 SEK M. Total dividends distributed to shareholders amounted to SEK 25 M, so that net cash flow from financing activities was SEK -13.9 M. Net cash flow for the period was SEK 0.2 M (-14.7)

### Personnel

On 30 June 2007 there were 427 employees (412) in the VBG GROUP, including 165 (147) in Sweden. The cost of salaries and social security contributions was SEK 122.2 M (125.6).

### Per share data

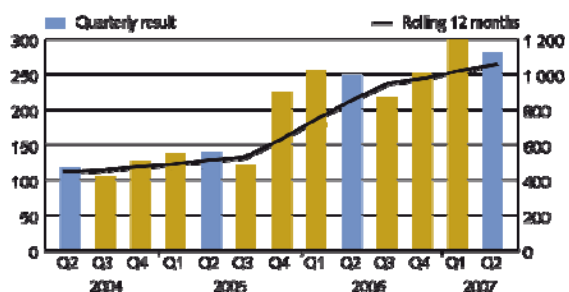
Earnings per share for the first quarter of 2007 amounted to SEK 5.69 (4.76). Equity per share on 30 June was SEK 36.64, compared with SEK 28.88 one year earlier.

## VBG GROUP TRUCK EQUIPMENT

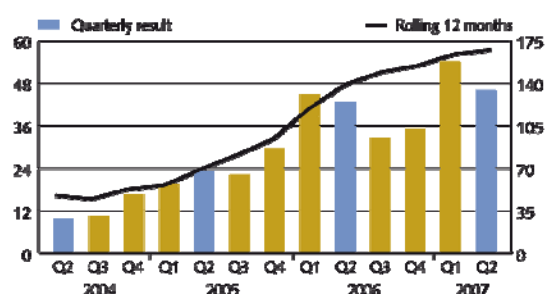
- Turnover increased by 15% to SEK 582.3 M (504.8)
- Operating profit tops one hundred million: SEK 100.4 M (87.5)

Turnover and Earnings Truck Equipment SEK M	6 mon 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	6 mon 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005
Net turnover	582.3	281.5	300.8	975.0	252.9	217.3	504.8	248.6	256.2	624.1	225.7	121.4
Operating profit	100.4	46.1	54.3	154.5	34.8	32.2	87.5	42.6	44.9	93.9	29.5	22.1
Operating margin %	17.2	16.4	18.0	15.8	13.8	14.8	17.3	17.1	17.5	15.1	13.1	18.2

Net turnover, SEK M



Profit after financial items, SEK M



Turnover in the business area increased by more than 15% during the first six months compared with the same period last year to SEK 582.3 M (504.8). Taking into consideration the strengthening of the Swedish krona between the periods, actual organic growth amounted to 16.0%.

Demand during the first six months was great in all product areas, nor are there any visible signs of a slackening in the near future. This created the conditions for a strong operating profit of SEK 100.4 M (87.5), an increase of 15%, with a margin of 17.2% (17.3%).

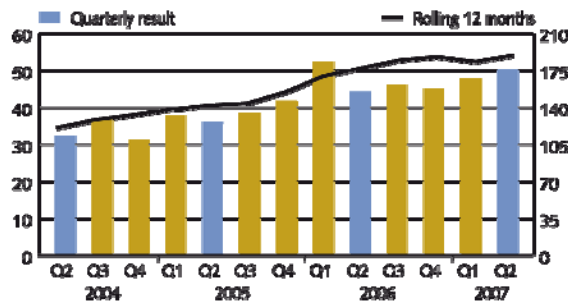
Turnover by market SEK M	6 mon 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	6 mon 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005
Sweden	105.7	50.3	55.4	169.1	40.0	35.5	93.6	44.6	49.0	160.7	42.8	36.4
Other Nordic countries	79.2	38.8	40.4	132.6	33.6	29.4	69.6	34.3	35.3	122.0	33.1	23.9
Germany	181.4	87.7	93.7	313.8	86.1	75.0	152.7	75.0	77.7	145.4	65.4	29.0
Rest of Europe	193.0	96.4	96.6	311.2	80.1	64.8	166.3	83.4	82.9	151.7	71.5	19.9
Rest of world	23.0	8.3	14.7	48.3	13.1	12.6	22.6	11.3	11.3	44.3	12.9	12.2
Truck Equipment	582.3	281.5	300.8	975.0	252.9	217.3	504.8	248.6	256.2	624.1	225.7	121.4

## RINGFEDER POWER TRANSMISSION

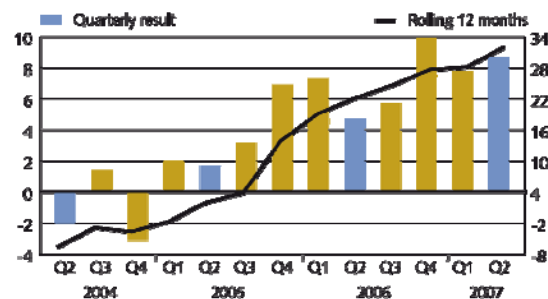
- Turnover SEK 98.1 M (96.8)
- Operating profit rose by 38% to SEK 16.5 M (12.0) and the operating margin improved to 16.8% (12.4%)

Turnover and Earnings Power Transmission, SEK M	6 mon 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	6 mon 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005
Net turnover	98.1	50.2	47.9	188.1	45.2	46.1	96.8	44.3	52.5	154.4	41.9	38.6
Operating profit	16.5	8.7	7.8	27.6	9.9	5.7	12.0	4.7	7.3	13.8	6.9	3.2
Operating margin %	16.8	17.3	16.4	14.7	21.9	12.4	12.4	10.6	13.8	8.9	16.5	8.3

Net turnover, SEK M



Profit after financial items, SEK M



RINGFEDER POWER TRANSMISSION performed very well during the first half of the year with stable turnover and good profitability. Turnover increased only marginally by 1.3% to SEK 98.1 M, compared with SEK 96.8 M for the same period last year. The lower turnover can be explained by a much weaker dollar rate (-8.6%) as well as a weaker euro rate (-1.1%) in relation to the Swedish krona. The operating margin for the business area increased sharply during the first six months to 16.8% (12.4%), with an operating profit of SEK 16.5 M (12.0).

Turnover by market SEK M	6 mon 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	6 mon 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005
Europe	36.4	18.0	18.4	63.0	16.4	15.5	31.1	14.5	16.6	49.4	11.7	11.5
North America	48.6	24.6	24.0	93.2	20.3	22.3	50.6	23.6	27.0	79.8	22.4	20.8
Rest of world	13.1	7.6	5.5	31.9	8.5	8.3	15.1	6.2	8.9	25.2	7.8	6.3
Power Transmission	98.1	50.2	47.9	188.1	45.2	46.1	96.8	44.3	52.5	154.4	41.9	38.6

### Parent Company

VBG GROUP AB's operations are primarily focused on managing, developing and coordinating the Group.

The assets in the Parent Company consist primarily of shares in subsidiaries and trademarks. The company also owns the industrial property in Vänersborg as well as certain plant and equipment that is rented by the subsidiary VBG GROUP TRUCK EQUIPMENT AB.

The objective is that the Group's intellectual property in the form of trademarks and other rights should be gathered in the Parent Company. VBG GROUP AB focuses on maintaining and developing all the Group's trademarks and rights.

The Parent Company's net turnover pertains primarily to intra-Group services and rentals and amounted to SEK 8.0 M during the first half of the 2007 (5.6). The profit after dividends from Group companies and financial items was SEK 26.8 M (loss: 7.2).

### Accounting principles

As from 1 January 2005, the VBG GROUP is applying the new International Financial Reporting Standards (IFRS) adopted by the European Commission. This report has been prepared in accordance with the Swedish Annual Accounts Act, IAS 34 and RR 31. The accounting principles that have been applied in the preparation of this report, as well as definitions of key figures etc., are described in Note 1 of VBG GROUP AB's annual report for 2006. The VBG GROUP has analysed the IFRS standards and interpretations that entered into force in 2007, where only IFRS 7, Financial Instruments and Disclosures, concerns the Group, but is not judged to have any impact on reported profit or financial position.

### Risks and uncertainty factors

The Group's and Parent Company's significant risk and uncertainty factors include business-related operational risks in the form of commodity risks, product risks, development risks, intellectual property risks, environmental risks, political risks, business interruption and property risks, cyclical risks, IT security risks and legal risks. To these can be added financial risks such as financing risks, liquidity risks, interest rate risks, currency risks and credit and counterparty risks.

For a more detailed description of the Group's risks and risk management, see the VBG GROUP AB's annual report for 2006, Note 2.

### Financial information

Interim report 9 months	23 October 2007
Year-end report 2007	February 2008

### Affirmation

The Board of Directors and Managing Director affirm that the half-yearly report provides a true and fair view of the Parent Company's and the Group's operations, financial position and results, and describes significant risks and uncertainty factors facing the Parent Company and the companies included in the Group.

Vänersborg, 16 August 2007  
 VBG GROUP AB (publ)

Anders Birgersson  
 Managing director and CEO of VBG GROUP AB

Richard Persson  
 Chairman

Peter Hansson  
 Deputy Chairman

Staffan Ekelund  
 Board member

Johnny Alvarsson  
 Board member

Victoria Wikström  
 Board member

Willy Gustafsson  
 Employee representative

Hans Gustafsson  
 Employee representative

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

### For further information please contact:

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<b>Consolidated Income Statement – Highlights</b> (SEK M)	<b>Q2</b> <b>Apr-Jun</b> <b>2007</b>	<b>Q2</b> <b>Apr-Jun</b> <b>2006</b>	<b>6 mon</b> <b>Jan-Jun</b> <b>2007</b>	<b>6 mon</b> <b>Jan-Jun</b> <b>2006</b>	<b>Full year</b> <b>2006</b>
<b>Net turnover</b>	<b>331.7</b>	<b>292.9</b>	<b>680.4</b>	<b>601.6</b>	<b>1,163.1</b>
Cost of goods sold	-201.3	-178.1	-416.4	-367.1	-717.6
Selling expenses	-45.7	-40.1	-88.9	-81.6	-166.7
Administrative expenses	-28.4	-26.5	-57.5	-52.6	-94.3
Research and development costs	-4.1	-3.6	-8.1	-6.8	-13.0
Other operating income/expenses	-2.1	-1.6	-0.4	-1.5	-1.0
<b>Operating profit</b>	<b>50.1</b>	<b>43.0</b>	<b>109.1</b>	<b>92.0</b>	<b>170.5</b>
Net financial items	-1.9	0.0	-5.0	-1.7	-4.7
<b>Profit after financial items</b>	<b>48.2</b>	<b>43.0</b>	<b>104.1</b>	<b>90.3</b>	<b>165.8</b>
Tax	-15.9	-15.0	-32.9	-30.8	-53.9
<b>Profit after tax</b>	<b>32.3</b>	<b>28.0</b>	<b>71.2</b>	<b>59.5</b>	<b>111.9</b>
Depreciation and amortisation charged to profit	-7.3	-7.0	-14.6	-14.9	-30.5
<b>Earnings per share</b>	<b>2.58</b>	<b>2.24</b>	<b>5.69</b>	<b>4.76</b>	<b>8.95</b>
Number of shares at end of period ('000)	12,502	12,502	12,502	12,502	12,502
Average number of shares during the period	12,502	12,502	12,502	12,502	12,502

<b>Consolidated Balance Sheet – Highlights</b> (SEK M)	<b>30 Jun</b> <b>2007</b>	<b>30 Jun</b> <b>2006</b>	<b>31 Dec</b> <b>2006</b>
Goodwill	217.8	217.8	213.4
Other intangible assets	61.5	65.8	62.1
Property, plant and equipment	146.8	142.9	148.6
Long-term investments	1.4	0.2	1.3
<b>Total non-current assets</b>	<b>427.5</b>	<b>426.7</b>	<b>425.4</b>
Inventories	233.0	179.7	201.6
Receivables	239.2	248.2	189.9
Cash on hand, demand deposits and short-term investments	34.7	44.9	33.7
Total current assets	<b>506.9</b>	<b>472.8</b>	<b>425.2</b>
<b>TOTAL ASSETS</b>	<b>934.4</b>	<b>899.5</b>	<b>850.6</b>
<b>Equity</b>	<b>458.1</b>	<b>361.0</b>	<b>406.8</b>
Interest-bearing non-current liabilities	162.6	195.0	176.1
Non-interest-bearing non-current liabilities	58.0	60.9	57.9
Interest-bearing current liabilities	76.2	74.8	47.5
Non-interest-bearing current liabilities	179.5	207.8	162.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>934.4</b>	<b>899.5</b>	<b>850.6</b>

<b>Parent Company Income Statement</b> (SEK M)	<b>6 mon</b> <b>Jan-Jun</b> <b>2007</b>	6 mon Jan-Jun 2006	Full year 2006	Full year 2005
<b>Net turnover</b>	<b>8.0</b>	<b>5,6</b>	<b>22.1</b>	<b>12.1</b>
Operating expenses	-15.9	-15.3	-27.0	-18.8
<b>Operating loss</b>	<b>-7.9</b>	<b>-9.7</b>	<b>-4.9</b>	<b>-6.7</b>
Net financial items	34.7	2.5	102.2	36.2
<b>Profit/loss after financial items</b>	<b>26.8</b>	<b>-7.2</b>	<b>97.3</b>	<b>29.5</b>
Tax	4.4	2.0	-2.1	0.3
<b>Profit after tax</b>	<b>31.2</b>	<b>-5.2</b>	<b>95.2</b>	<b>29.8</b>

<b>Parent Company Balance Sheet</b> (SEK M)	<b>30 Jun</b> <b>2007</b>	30 Jun 2006	31 Dec 2006	31 Dec 2005
Other intangible assets	22.1	23.9	23.0	24.9
Property, plant and equipment	10.2	11.1	10.9	12.1
Long-term investments	461.9	449.4	461.8	452.4
<b>Total non-current assets</b>	<b>494.2</b>	<b>484.4</b>	<b>495.7</b>	<b>489.4</b>
Receivables	49.3	17.8	25.3	24.0
Cash on hand, demand deposits and short-term investments	7.7	6.1	3.1	10.2
<b>Total current assets</b>	<b>57.0</b>	<b>23.9</b>	<b>28.4</b>	<b>34.2</b>
<b>TOTAL ASSETS</b>	<b>551.2</b>	<b>508.3</b>	<b>524.1</b>	<b>523.6</b>
<b>Equity</b>	<b>250.7</b>	<b>144.1</b>	<b>244.5</b>	<b>166.5</b>
Untaxed reserves	25.2	25.7	25.2	25.7
Interest-bearing provisions and liabilities	170.5	201.6	155.3	246.7
Non-interest-bearing provisions and liabilities	104.8	136.9	99.1	84.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>551.2</b>	<b>508.3</b>	<b>524.1</b>	<b>523.6</b>

<b>Changes in Group equity</b> (SEK M)	<b>6 mon</b> <b>2007</b>	6 mon 2006	Full year 2006
<b>Opening equity according to Balance Sheet at 31 December</b>	<b>406.8</b>	<b>330.5</b>	<b>330.5</b>
Translation differences	5.1	-11.8	-18.4
Profit after tax	71.2	59.5	111.9
Dividend	-25.0	-17.2	-17.2
<b>Equity at end of period</b>	<b>458.1</b>	<b>361.0</b>	<b>406.8</b>

<b>Cash Flow Statement – Highlights</b> (SEK M)	<b>6 mon</b> <b>2007</b>	6 mon 2006	Full year 2006
<b>Cash flow from operating activities before changes in working capital</b>	<b>80.6</b>	<b>94.7</b>	<b>167.6</b>
Change in working capital	-55.9	-25.0	-45.5
<b>Cash flow from operating activities</b>	<b>24.7</b>	<b>69.7</b>	<b>122.1</b>
Cash flow from investing activities	-10.0	-25.9	-43.8
Cash flow from financing activities	-13.9	-58.5	-103.4
<b>Cash flow for the period</b>	<b>0.8</b>	<b>-14.7</b>	<b>-25.1</b>
Cash and cash equivalents at start of year	33.7	60.8	60.8
Translation difference, cash and cash equivalents	0.2	-1.2	-2.1
<b>Cash and cash equivalents at end of period</b>	<b>34.7</b>	<b>44.9</b>	<b>33.7</b>
Unutilised overdraft facilities	99.4	102.4	125.7
<b>Total cash and cash equivalents available</b>	<b>134.1</b>	<b>147.3</b>	<b>159.4</b>

<b>Key figures for Group</b>	<b>6 mon</b> <b>2007</b>	6 mon 2006	Full year 2006
Profit margin (ROS), %	<b>15.3</b>	15.0	14.3
Return on equity (ROE), %	<b>32.9</b>	34.4	30.3
Return on capital employed (ROCE), %	<b>35.6</b>	31.3	29.8
Equity/assets ratio, %	<b>49.0</b>	40.1	47.8
Visible equity per share, SEK	<b>36.64</b>	28.88	32.54
Cash flow per share (before change in working capital), SEK	<b>6.44</b>	7.58	13.41
Share price at end of period, SEK	<b>138.50</b>	92.00	113.00
Number of employees, average	<b>423</b>	417	411