



Interim report

January-June 2006

The Group's revenue amounted to SEK 703 m (604) during the period.

Operating profit was SEK 47 m (19) and profit before tax was SEK 39 m (21).

The Group's profit after tax was SEK 26 m (7) and earnings per share was SEK 3.35 (0.89) SEK for the first six months of the year.

During the last 12-month period the Group's revenue was SEK 1,384 m (1,206) and profit before tax for the period amounted to SEK 80 m (62).

Good sales growth and improved earnings

During the first half of the year, HL Display has shown good sales growth in most of the company's markets. This growth, combined with the fact that efficiency improvements have begun to exert an effect, have meant that operating profits have increased to MSEK 47 for the first half of the year. Our competitive advantage on the market is strong and we continue to capture market shares.

During the first half of the year, turnover increased by 16 percent to SEK 703 m, as compared to the same period last year. It is a pleasure to observe that we have improved sales in most of our markets during this period, and that sales figures are not dependent on a few, large scale deals exerting a positive effect. Today we feel that we are strongly competitive and consequently we have been able to increase our market shares.

During the last few years HL Display has worked towards the goal of improving the efficiency of operations and creating the preconditions for achieving our long term objective of a sustainable profit margin of 10 percent. We have begun to see the results of the measures previously taken to decrease costs at the factory in Sundsvall. We have improved production efficiency which has resulted in increasing gross margins in spite of prevailing high costs levels for raw materials.

Review of operations and organisation

Since I was appointed as Group CEO at the AGM in March, I have spent a considerable amount of time travelling round to HL Display's subsidiaries all over the world. This has provided me with the opportunity to learn more about the company and begin the work of developing our operations.

The past years we have successfully carried out a number of measures aimed at increasing competitiveness. At the same time it is important to note that we still have a way to go. If HL Display is to maintain its position as leading supplier we must continuously review our working methods, simplify our processes and standardise parts of our operations. Our efforts concerning cost control must also continue with unabated force. There are a number of evaluations and projects currently underway aimed at increasing the efficiency of all our processes.

Positive effects of product range review

The work initiated at the end of last year aimed at reviewing our extensive range of products has been intensified during the first half of this year. By phasing out products with low levels of profitability and increasing the percentage of standard products we will achieve greater efficiency, primarily in production, but also in other parts of the operations. Most of this work will be completed during this year and we actually expected to see the results of this project in 2007 at the earliest. It is extremely encouraging that we have already been able to note some effects of these activities.

Potential for more efficient sales

We are currently working with the aim of creating the preconditions for

the organisation to increase sales using the existing sales organisation. This will be made possible by, among other measures, our more standardised range of products. As one example – we must find ways of increasing sales via Internet, which is almost totally virgin ground for us. Another area where there is room for expansion is sales via our catalogue. These activities are underway within the framework of HL Direct. During the spring an Internet store with an adapted range of products has been launched in the UK, its performance will form the basis of further investments within this field. We have replaced the extensive common product catalogue with country-specific catalogues containing a standard range plus certain specials for each country. One of our aims has been to make it easier for customers to use the catalogue as a basis for purchasing. This is complemented by staffing our phones with qualified sales personnel, which means that customers are only a call away from rapid help with matters that previously required a visit by field sales staff.

Another important part of our work with streamlining sales activities consists of the Group CRM system (customer relationship management) that is currently under construction. Using this system will create clear routines for all phases of the customer process, at the same time as we are able to secure that customer information available within HL Display can then be used for the entire group.

Logistics and production

Logistics is another area in which we have identified opportunities for extensive cost savings and improved efficiency. Currently, with only a few exceptions, we have one warehouse per country. We are now taking a holistic approach and are re-examining our entire logistics function in order to cut costs and improve the service level to our customers.

We are continuing the work of developing production and decreasing production costs, which is an absolute necessity if we are to retain our competitive edge on the market. Consequently we will continuously review production in terms of materials, production techniques and locations.

Organisational changes

In order to increase coordination and improve governance of operations around the world we have implemented some changes to the company organisation during the first six months of this year. We have appointed six Area Managers with full budget and performance responsibility for their countries. Parallel we have also set up clearly defined goals, including targets for growth, profitability, overheads and margins. HL Display's Area Managers bear the responsibility for

planning and directing operations in order to achieve these goals. In addition, two Business Managers have been appointed who will take global responsibility for the development of operations within the retail non-food sector and the work with brand manufacturers. The Area and Business Managers have been recruited internally and only two full-time positions have been added to the organisation.

UK operations have undergone extensive restructuring in order to gain improved benefit from the growth potential in that market. A new MD has been recruited who will take over during the second half of 2006.

EasyShelf™ Lite

At the beginning of June, HL Display launched EasyShelf™ Lite, which is a further development of our EasyShelf™ solution – a solution that is unique on the market. Unlike the Optimal™ shelf divider system, EasyShelf™ is patent and design protected to minimise the risk of plagiarisation.

With EasyShelf™, all dividers can be freed with a simple flick of the wrist and moved sideways along the shelf, which saves time when changing the store's planogram or when new products are introduced onto the shelves. Through the further development of material and production technique, EasyShelf™ Lite can be offered at the same price as the traditional solution based on the Optimal™ shelf divider system. For the same price as before, the customers receive a more innovative solution with considerably increased flexibility, functionality and new opportunities for cost cutting. The system was pre-launched in France earlier in the spring and reactions from customers were very positive.

Markets

Developments on many of HL Display's markets have, as mentioned above, been positive. We are currently experiencing a somewhat increased will to invest within the retail food sector as compared to previous years, mainly due to that the retail chains are expanding their operations in new markets.

The traditional stores have, during the last few years, been exposed to severe competition from the hard discount stores that continuously increased their market shares. There are now signs that the position of the latter group has stabilised and they have even lost shares in certain markets.

HL Display sales growth has been greatest in Russia, Ukraine, Spain, Turkey and on the Asian markets. HL Display's sales to the retail non-food sector and to brand manufacturers is showing healthy growth and is currently growing faster than the sales to the retail food sector.

Revenue and profit

Group revenue amounted to SEK 703 m (604) for the period, an increase of 16 percent as compared to the same period in 2005. Changes to the exchange rate of the Swedish Krona as against export currencies has, in comparison with previous years, affected turnover in a positive manner to the amount of SEK 19 m. The operating profit for the first six month period was SEK 47 m (19) and profit before taxes amounted to SEK 39 m (21). Changes to the exchange rate of the Swedish Krona as against export currencies has, in comparison with previous years, affected operating profit in a positive manner to the amount of SEK 9 m. The period's net interest was SEK -5 m (-4) while translation differences and other currency effects totalled SEK -4 m (6). HL Display's most important export currencies are Euro and GBP. Parts of the Group forecasted turnover in Euro and GBP have



been forward covered until August 2006 in order to reduce insecurity while guiding the company towards the profitability goal. HL Display's exposure to changes in the value of the USD is relatively low. Only five percent of Group turnover is invoiced in USD.

Investments

During this period net investments in fixed assets totalled SEK 15 m (21). Planned depreciation amounted to SEK 23 m (24).

Financial position

Liquidity amounted to SEK 95 m (67) as per 30 June 2006, as compared to SEK 81 m at the beginning of the year. Interest bearing net liability decreased to SEK 93 m (139), at the beginning of the year 108. A dividend payment of SEK 23 m (19) has been made. Cash flow from current operations increased to SEK 52 m (-19). Operating cash flow was SEK 6.52 (-2.07) per share. On the Balance Sheet date the equity/assets ratio was 46 (42) percent as compared to 45 percent at the beginning of the year.

Personnel

The average number of employees during this period was 924 (939). The number of employees on Balance Sheet date was 931 (939) as compared to 914 at the beginning of the year.

Prospects for the rest of 2006

The increase in sales for the first six months of 2006 was 16 per cent. The increase for the second half of 2006 is estimated to be lower while full year sales is estimated to increase by approximately 10 per cent. This is a change from the earlier objective of 5 per cent. A more detailed forecast will be presented in the nine month report 2006.

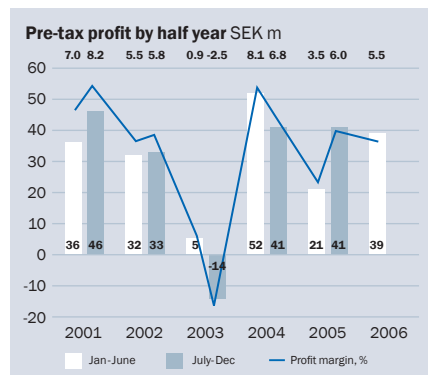
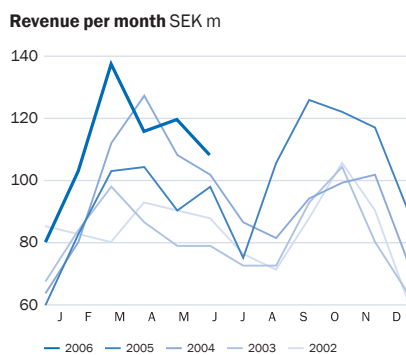
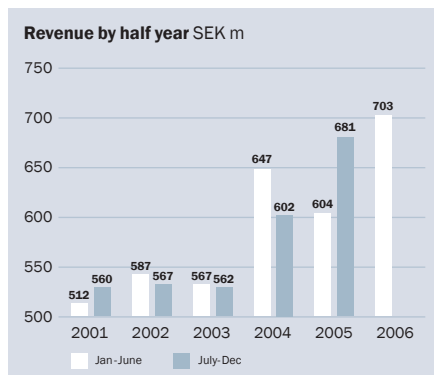
Stockholm, July 2006
Gérard Dubuy, MD

Summary of consolidated income statement¹⁾

SEK (000s)	April - June 2006	April - June 2005 ³⁾	Jan - June 2006	Jan - June 2005 ³⁾	Jan - Dec 2005
Revenue	360,265	320,605	702,507	603,615	1,284,824
Cost of goods sold/services sold	-194,935	-173,982	-376,779	-326,322	-695,174
Gross profit/loss	165,330	146,623	325,728	277,293	589,650
Selling expenses	-96,835	-89,928	-191,023	-176,298	-364,014
Administrative expenses	-31,458	-30,950	-65,474	-61,465	-122,200
Research and development costs	-10,103	-10,379	-20,192	-21,164	-40,378
Other operating income/expenses	-1,987	14	-1,947	439	-331
Operating profit/loss	24,947	15,380	47,092	18,805	62,727
Financial income and expenses ²⁾	-5,750	1,026	-8,189	2,161	-1,007
Profit/loss before taxes	19,197	16,406	38,903	20,966	61,720
Taxes	-6,138	-5,259	-12,444	-6,491	-19,266
Profit/loss after taxes but before profit/loss from discontinued operations	13,059	11,147	26,459	14,475	42,454
Profit/loss from discontinued operations, net after taxes ⁵⁾	0	-3,854	0	-7,709	-7,709
Profit/loss for the period	13,059	7,293	26,459	6,766	34,745
Assignable to:					
The parent company's equity holders	12,464	7,263	25,786	6,836	35,289
Minority interest	595	30	673	-70	-544
Profit/loss for the period	13,059	7,293	26,459	6,766	34,745

Data per share

	April - June 2006	April - June 2005 ³⁾	Jan - June 2006	Jan - June 2005 ³⁾	Jan - Dec 2005
Number of shares	7,692,172	7,688,872	7,692,172	7,688,872	7,688,872
Number of shares after dilution	7,714,004	7,706,653	7,714,004	7,706,653	7,709,538
Earnings per share					
before dilution, SEK	1.62	0.94	3.35	0.89	4.59
after dilution, SEK	1.62	0.94	3.34	0.89	4.58
Earnings per share remaining business					
before dilution, SEK	1.70	1.45	3.44	1.88	5.52
after dilution, SEK	1.69	1.45	3.43	1.88	5.51
Share price at the end of period, SEK	143.00	110.00	143.00	110.00	141.00
P/E-ratio, Dec 31	-	-	-	-	31.20



Summary of consolidated balance sheet

SEK (000s)	June 30, 2006	June 30, 2005 ³⁾	Dec 31, 2005
Intangible fixed assets	2,159	3,334	2,844
Tangible fixed assets	217,001	227,178	223,937
Financial fixed assets	15,375	10,699	15,212
Total fixed assets	234,535	241,211	241,993
Inventories	133,166	130,629	132,984
Current receivables	297,735	322,452	304,363
Cash and cash equivalents	95,190	67,198	81,131
Total current assets	526,091	520,279	518,478
Total assets	760,626	761,490	760,471
Equity	349,252	315,837	342,329
Long-term liabilities	119,664	137,885	123,083
Current liabilities	291,710	307,768	295,059
Total equity and liabilities	760,626	761,490	760,471

Change in shareholder's equity

SEK (000s)	Jan-June 2006	Jan-June 2005 ³⁾	Jan-Dec 2005
Opening balance	342,329	328,293	328,293
Dividends	-23,066	-19,222	-19,222
Profit/loss of the period	26,459	6,766	34,745
Cash flow hedge reserve	1,804	-	-1,487
Other capital contributed	1,726	-	-
Closing balance	349,252	315,837	342,329

Summary of consolidated cash flow statement⁶⁾

SEK (000s)	April-June 2006	April-June 2005	Jan-June 2006	Jan-June 2005 ⁷⁾	Jan-Dec 2005 ⁷⁾
Operating profit/loss	24,947	10,703	47,092	9,452	53,374
Depreciation	11,576	10,856	22,720	22,806	46,797
Other items not affecting liquidity	-911	2,397	-848	2,885	4,041
Interest received	611	-1,731	1,257	-2,439	1,456
Interest paid	-2,414	-2,948	-6,302	-5,703	-11,945
Income tax paid	-1,376	-9,950	-7,900	-15,954	-22,590
Change in working capital	2,941	-15,298	-3,694	-29,440	-27,690
Cash flow from operating activities	35,374	-5,971	52,325	-18,393	43,443
Investing activities	-4,618	-9,451	-14,803	-20,022	-41,764
Financing activities	84	10,004	-23,463	-6,400	-37,222
Cash flow for the period	30,840	-5,418	14,059	-44,815	-35,543

Key figures for the Group¹⁾

SEK (000s)	6 months Jan-June 2006	6 months Jan-June 2005 ²⁾	6 months Jan-June 2004 ³⁾	12 months July 2005– June 2006 ³⁾	12 months July 2004 –June 2005 ³⁾	12 months July 2003 –June 2004 ⁴⁾	Full year 2005
Revenue	702,507	603,615	646,997	1,383,716	1,205,647	1,208,535	1,284,824
Operating profit/loss	47,092	18,805	57,792	91,014	68,766	46,904	62,727
Profit/loss before taxes ²⁾	38,903	20,966	52,162	79,657	61,646	38,114	61,720
Operating margin, %	6.7	3.1	8.9	6.6	5.7	3.9	4.9
Profit margin, %	5.5	3.5	8.1	5.8	5.1	3.2	4.8
Equity/assets ratio, %	46.1	41.5	39.1	46.1	41.5	39.1	45.0
Net investments, SEK m	15.1	20.6	22.6	34.0	40.5	46.5	39.5
Return on capital, %	-	-	-	12.0	9.2	6.7	9.5
Return on shareholders' equity, %	-	-	-	16.4	9.0	5.5	10.4
Shareholders' equity per share, SEK	45.19	41.06	40.37	45.19	41.06	40.37	44.51
Earnings per share after tax, SEK	3.35	0.89	3.84	7.05	3.65	2.19	4.59
Earnings per share after dilution and tax, SEK	3.34	0.89	3.84	7.03	3.64	2.19	4.58

Key figures the last five quarters

SEK (000s)	Q2 2006	Q1 2006	Q4 2005 ³⁾	Q3 2005 ³⁾	Q2 2005 ³⁾
Revenue	360,265	342,242	349,975	331,234	320,605
Operating profit/loss	24,947	22,145	16,746	27,176	15,380
Profit/loss before taxes	19,197	19,706	16,904	23,850	16,406
No. of employees end of period	931	906	914	920	939

Notes

1) This interim report is established according International Financial Reporting Standards and are, if not otherwise stated, in the report equal to those in HL Display Annual Report for 2005, where principles and definitions can be found. In accordance with IFRS 5, the comparison years are presented with adjustments made for discontinued operations, unlike that of monthly and quarterly reports presented previously during 2005.

2) Of which, translation differences as per 30/06/06: SEK -0.8 m, 30/06/05: SEK 1.7 m, 30/12/05: SEK 2.1 m.

3) Figures are recalculated according to IFRS. For a detailed statement of the adaptation to IFRS, see Note 40 in the HL Display Annual Report of 2005.

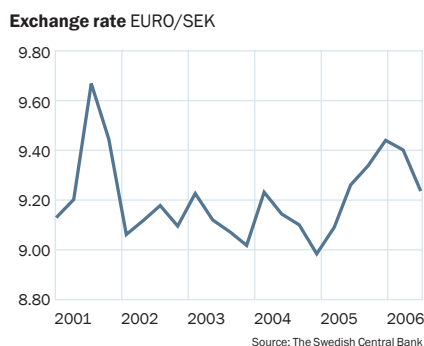
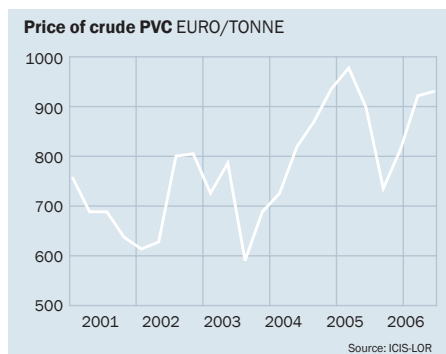
4) Figures relating to 2003 are not recalculated according to IFRS.

5) Discontinued operations in HL Display Falkenberg AB.

6) Cash Flow Statements before adjustments of monetary items.

7) Before adjustment of cash flow from discontinued operation. Operating profit 30/06/05 is a sum of Operating profit/loss from remaining operations of 18 MSEK and discontinued operations of -9 MSEK. Operating profit 31/12/05 is a sum of Operating profit/loss from remaining operations of 63 MSEK and discontinued operations of -9 MSEK.

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



The Share

Share price development

HL Display's share price fell by 1 per cent during the first six months of 2006 while SIX General Index rose by 2 per cent. Since its Stock Exchange launch in 1993, the share's value has increased by 895 per cent from SEK 14.37 (corrected for bonus issues) to SEK 143 on June 30th 2006. During the same period SIX General Index increased by 273 per cent. During 2006 HL Display's peak price has been SEK 146 and its lowest SEK 125. As of June 30th 2006, HL Display's Stock Exchange value was SEK 1,103 m.

Trade volumes

During the first half of 2006, 435,870 (275,110) shares were traded at a value of SEK 58 m (39), corresponding to 6 (4) per cent of the total number of HL Display shares.

Share capital

The share capital as of June 30th 2006 totalled SEK 38,728,160, divided among 7,692,172 shares, of which 913,024 are class A shares and 6,775,848 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.

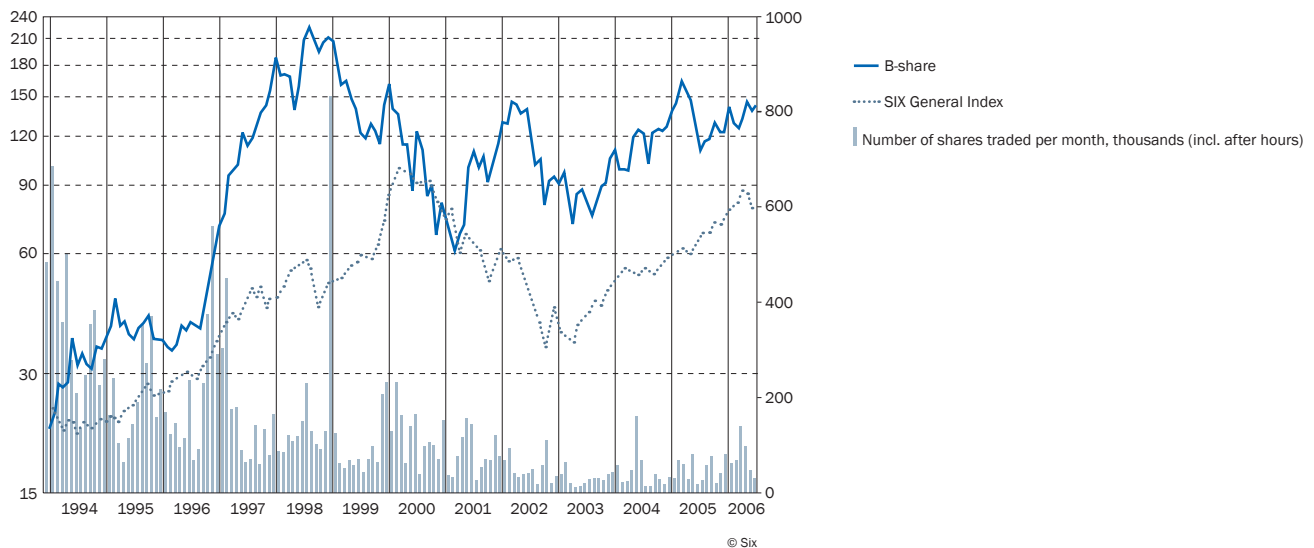
Shareholders

As of June 30th 2006 the number of shareholders was 2,090 (2,331). The proportion of institutional shareholders is estimated at 56 (54) per cent of capital and the proportion of foreign shareholders is 1 (2) per cent. 81 (78) per cent of all shareholders in HL Display each owned less than 500 shares. In terms of capital, the biggest shareholders as of June 30th 2006 were: the Remius family with 31 per cent, Ratos with 29 per cent and Lannebo Fonder with 10 per cent.

Dividend policy

HL Display's board of directors has agreed that a more offensive 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 per cent of the profit per share after taxes. This year's dividend was SEK 3.00 (2.50) per share.

Share price development



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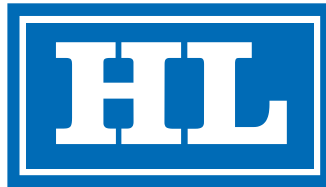
HL Display is Europe's leading supplier of products and solutions for merchandising and in-store communication. With 50 years' experience, the company has expertise in displaying goods in stores in a way that increases sales and makes work in the store more efficient, and at the same time gives the end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

HL Display has had an annual growth rate of in average 16 per cent 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 just over 900 employees in 28 countries, and has since 1993 been listed on the Stockholm Stock Exchange's O-List.

Financial information 2006

Monthly report, 7 months:	August 15
Monthly report, 8 months:	September 12
Interim report, 9 months:	October 13
Monthly report, 10 months:	November 14
Monthly report, 11 months:	December 13



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