

# TRICORONA

PRESS RELEASE 19 JULY 2007

## INTERIM REPORT JANUARY-JUNE 2007

- The portfolio of emissions credits increased by 82% during the quarter, amounting to 48.8 million CERs at the end of the period.
- Net sales amounted to SEK 201.4 (113.6) million.
- Operating profit amounted to SEK 0.5 (-1.4) million.
- Profit after tax amounted to SEK 2.5 (-1.7) million.
- Earnings per share amounted to SEK 0.02 (-0.02).
- Earnings per share after dilution amounted to SEK 0.02 (-0.02).
- The sale of Metallvärden and M.V. Metallvärden i Lesjöfors were implemented during the quarter.

### OPERATIONS

The company's main focus is to continue to build our portfolio of project-related emissions credits (CERs). During the second quarter, the portfolio increased by 82%, amounting at the end of the period to 48.8 million tonnes for delivery between 2007 and 2012.

Tricorona's largest project to date was registered with the UN in June, a wind power plant in Tamil Nadu, India, totalling around 7 million emissions credits. The project is an amalgamation of numerous small wind power projects with a large number of owners. In total, the project comprises 704 installed wind turbines corresponding to 468 MW.

The Russian legislation which specifies the way emissions-reducing projects should be managed under the Kyoto Protocol was finalised in May. This means that the company's activities in Russia can now gather speed in earnest. Russia has great potential for cost-effective emissions reduction projects.

Tricorona invests and trades in environment-related market instruments. The company is listed on the Stockholm Stock Exchange since 1989.

The operation for voluntary climate neutralisation, Tricorona Climate Partner, has completed its first transactions during the quarter. The business was launched in February this year, and the company is confident that this operation will have considerable potential for growth.

## EMISSIONS TRADING

Tricorona's focus during the period has been project assessments and negotiations with project owners with the purpose of building our portfolio of project-related emissions credits. A net total of 22.3 million tonnes were added to the portfolio during the second quarter of the year, which at the end of the period amounted to 48.8 million tonnes. We strengthened Tricorona's technical expertise during the period and improved processes for the quality assurance of the projects.

A total of 518,000 CERs have been delivered during the first six months of the year. Many of the projects in the portfolio are expected, in best-case scenarios, to start generating emissions credits during the second half of the year. Since delays are not unusual, the anticipated production of CERs for 2007 is less certain than for future years, when the projects will be physically implemented. In addition, the administrative registration and the delivery process within the UN system will significantly impact on our ability to receive inbound deliveries during the current year. Deliveries are not expected to be simplified until around the end of 2007 at the earliest, when the software linking the UN database with the national databases (International Transfer Log) is expected to be deployed.

Sales activity during the period remained low. Industrial companies participating in the European trading system have generally opted to hold off on market activities until they have received notification of their allocation of emissions credits for the 2008-2012 period. Increased activity on the market is not expected until this has been settled.

*Summary of signed agreements for emissions credits\**

EMISSIONS CREDITS, 000S	DELIVERY	DELIVERY	TOTAL
	2007	2008	2007-2012
<b>Contracted volume</b>	<b>1,530</b>	<b>5,524</b>	<b>48,774</b>
Sales volume	1,201	0	1,201
Net position	329	5,524	47,573

*Contracted volume refers to signed agreements for the purchase of emissions credits for future delivery. The contracted volume specified is not guaranteed, but estimated based on what each individual project is expected to generate. Actual delivered volume from an individual project could deviate substantially from the contracted volume. Sales volume refers to signed agreements for the sale of emissions credits for guaranteed future delivery.*

## BROKERAGE

Activities involving the brokerage of electricity and electricity certificates through Svensk Kraftmäkling (SKM) are proceeding without any major changes. Stage where no major volume. SKM's increased focus on additional services based on green energy has been successful. Brokerage of electricity with an identified source of origin, such as wind power and hydroelectricity, has increased during the period.

## **OTHER OPERATIONS**

Tricorona's other operations involve the companies previously included in the Metals and Minerals business areas. For some time, Tricorona has considered these operations to be non-strategic. During the second quarter, Metallvärden and M.V. Metallvärden i Lesjöfors and their subsidiary and associated companies were sold.

## **FINANCIAL INFORMATION**

### **April-June 2007**

Net sales amounted to SEK 101.2 million (62.0). Operating profit for the period amounted to SEK 0.1 million (-1.9) and profit after tax amounted to SEK 1.2 million (-1.7). Earnings per share amounted to SEK 0.01 (-0.02). Earnings per share after dilution amounted to SEK 0.01 (-0.02).

### **January-June 2007**

Net sales amounted to SEK 201.4 million (113.6). Operating profit for the period amounted to SEK 0.5 million (-1.4) and profit after tax amounted to SEK 2.5 million (-1.7). Earnings per share amounted to SEK 0.02 (-0.02). Earnings per share after dilution amounted to SEK 0.02 (-0.02).

### **Financial position**

The equity/assets ratio at the end of the period was 84% (70). Liquid assets amounted to SEK 207.6 million (237.5). Consolidated shareholders' equity amounted to SEK 373.0 million (355.5).

Cash flow for the period before investments amounted to SEK -12.5 million (4.6). The period's investments in tangible fixed assets amounted to SEK 1.3 million (1.1)

Interest-bearing liabilities amounted to approximately SEK 13.8 million (22.1), of which SEK 13.4 million comprises a convertible debenture loan with an interest rate of 2%, which matures in 2009 and which has a conversion rate of SEK 4.00, while SEK 0.4 million comprises a convertible debenture loan with an interest rate of 7% that matures on 31 August 2007.

### **Share information**

30 June was the final date for conversion of the convertible debenture loan 2003/2007. Applications for the conversion of a total of 2.9 million shares were made during the second quarter. There were a total of 143.4 million outstanding shares at the end of the period. The share price at the end of the period was SEK 7.25.

### **Outlook for 2007**

The company is refraining from making any earnings forecasts for the current year.

## **AUDIT**

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

## **FINANCIAL CALENDAR**

Interim report January-September 2007  
Year-end report 2007

26 October 2007  
12 February 2008

Stockholm, 19 July 2007  
Board of Directors

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<b>PROFIT AND LOSS, SUMMARY (SEK MILLION)</b>	<b>1 April 2007 - 30 June 2007</b>	<b>1 April 2006 - 30 June 2006</b>	<b>1 Jan. 2007 - 30 June 2007</b>	<b>1 Jan. 2006 - 30 June 2006</b>	<b>1 Jan. 2006 - 31 Dec. 2006</b>
Net sales	101,2	62,0	201,4	113,6	278,2
Cost of goods	-85,4	-48,5	-170,9	-87,2	-220,3
Other operating income	1,0	0,1	1,0	0,1	10,2
Other external expenses	-7,4	-5,8	-13,4	-10,2	-29,3
Personnel costs	-9,0	-9,0	-17,0	-16,5	-37,0
Depreciation and amortisation of fixed assets	-0,3	0,7	-0,5	-1,3	-11,3
	<b>-101,0</b>	<b>-63,9</b>	<b>200,8</b>	<b>-115,1</b>	<b>-287,7</b>
Operating expenses					
<b>Participations in results of associated companies</b>	-	-	-	<b>0,1</b>	<b>0,5</b>
<b>Operating profit/loss</b>	<b>0,1</b>	<b>-1,9</b>	<b>0,5</b>	<b>-1,4</b>	<b>-9,1</b>
Net financial income/expense	1,1	0,2	2,0	-0,3	1,5
<b>Profit/loss after financial items</b>	<b>1,2</b>	<b>-1,7</b>	<b>2,5</b>	<b>-1,7</b>	<b>-7,6</b>
Tax	-	-	-	-	5,2
<b>Profit/loss for the period</b>	<b>1,2</b>	<b>-1,7</b>	<b>2,5</b>	<b>-1,7</b>	<b>-2,4</b>
<b>Earnings per share, SEK</b>	<b>0,01</b>	<b>-0,02</b>	<b>0,02</b>	<b>-0,02</b>	<b>-0,02</b>
<b>Earnings per share after dilution, SEK</b>	<b>0,01</b>	<b>-0,02</b>	<b>0,02</b>	<b>-0,02</b>	<b>-0,02</b>

<b>BALANCE SHEET, SUMMARY (SEK MILLION)</b>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>31 Dec. 2006</b>
Intangible fixed assets	26,9	20,5	16,8
Tangible fixed assets	58,4	67,4	60,3
Deferred tax receivables	2,8	2,8	2,8
Frozen bank funds	103,2	-	77,4
Participation in associated companies	3,0	2,7	3,8
<i>Accrued income</i>	2,8	5,9	4,0
<i>Total fixed assets</i>	<i>197,1</i>	<i>99,3</i>	<i>165,1</i>
Inventories	96,5	62,3	65,4
Current receivables	45,5	108,1	87,6
Liquid assets	104,4	237,5	146,6
<i>Total current assets</i>	<i>246,4</i>	<i>407,9</i>	<i>300,6</i>
<b>TOTAL ASSETS</b>	<b>443,5</b>	<b>507,2</b>	<b>464,7</b>
Shareholders' equity	373,0	355,5	357,7
Interest-bearing long-term liabilities	13,4	22,1	13,4
Non-interest-bearing long-term liabilities	4,8	8,8	6,1
Interest-bearing current liabilities	0,4	-	8,7
Non-interest bearing current liabilities	51,9	120,8	78,8
<b>TOTAL SHAREHOLDERS' EQUITY AND</b>	<b>443,5</b>	<b>507,2</b>	<b>464,7</b>

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**LIABILITIES**

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<b>CASH FLOW STATEMENT, SUMMARY (SEK MILLION)</b>	<b>1 Jan. 2007 - 30 June 2007</b>	<b>1 Jan. 2006 - 30 June 2006</b>	<b>1 Jan. 2006 - 31 Dec. 2006</b>
Current operations before changes in operating capital	3,0	-0,7	-7,2
Changes in operating capital	-26,7	5,3	-14,9
<b>Cash flow from current operations</b>	<b>-23,7</b>	<b>4,6</b>	<b>-22,1</b>
Investment operations	-4,2	11,4	20,0
<b>Cash flow after investments</b>	<b>-27,9</b>	<b>16,0</b>	<b>-2,1</b>
Financing operations	11,5	214,5	219,1
<b>Cash flow for the period</b>	<b>-16,4</b>	<b>230,5</b>	<b>217,0</b>
Liquid assets at the start of the period	224,0	7,0	7,0
Liquid assets at the end of the period	<b>207,6</b>	<b>237,5</b>	<b>224,0</b>

<b>CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)</b>	<b>1 Jan. 2007 - 30 June 2007</b>	<b>1 Jan. 2006 - 30 June 2006</b>	<b>1 Jan. 2006 - 31 Dec. 2006</b>
At beginning of year	357,7	114,0	114,0
New share issue	12,8	243,2	246,1
Profit/loss for the period	2,5	-1,7	-2,4
	<b>373,0</b>	<b>355,5</b>	<b>357,7</b>
<b>At the end of the period</b>			

<b>NET SALES BY BUSINESS AREA (SEK MILLION)</b>	<b>1 Jan. 2007 - 30 June 2007</b>	<b>1 Jan. 2006 - 30 June 2006</b>	<b>1 Jan. 2006 - 31 Dec. 2006</b>
Emissions trading	86,7	15,7	66,1
Brokerage	6,8	10,2	16,7
Other operations	107,9	87,3	164,7
Parent company	-	0,4	2,1
<b>Total</b>	<b>201,4</b>	<b>113,6</b>	<b>249,6</b>

<b>OPERATING PROFIT/LOSS BY BUSINESS AREA (SEK MILLION)</b>	<b>1 Jan. 2007 - 30 June 2007</b>	<b>1 Jan. 2006 - 30 June 2006</b>	<b>1 Jan. 2006 - 31 Dec. 2006</b>
Emissions trading	3,8	2,1	5,9
Brokerage	2,1	2,3	15,2
Other operations	1,2	-1,1	-11,3
Parent company	-6,5	-4,7	-18,9
<b>Total</b>	<b>0,5</b>	<b>-1,4</b>	<b>-9,1</b>

<b>PORTFOLIO DEVELOPMENT, EMISSIONS CREDITS (THOUSANDS OF TONNES) (CER)</b>	<b>NUMBER APRIL-JUNE</b>	<b>NUMBER JANUARY- JUNE</b>	<b>SOLD</b>	<b>NET POSITION</b>
Contracted portfolio as at 31 December 2006		12 615	870	11 745
Contracts signed	22 286	36 677		
Volume delivered	-237	-518		
Contracted portfolio as at 30 June		48 774	1 201	47 573

<b>KEY RATIOS</b>	<b>Jan. 07 - Jun. 07</b>	<b>Jan. 06 - Jun. 06</b>	<b>Jan. 06 - Dec. 06</b>	<b>Jan. 05 - Dec. 05</b>	<b>Jan. 04 - Dec. 04</b>	<b>Jan. 03 - Dec. 03</b>	<b>Jan. 02 - Dec. 02</b>
Net sales, SEK million	201,4	113,6	249,6	165,1	39,0	14,9	1,9
Operating profit/loss, SEK million	0,5	-1,4	-6,6	9,0	-2,2	-5,1	-25,6
Profit/loss after tax, SEK million	2,5	-1,7	0,2	7,4	1,6	-10,3	-28,3
Profit margin, percent	1,2	Neg	0,0	4,5	4,2	Neg	Neg
Total assets, SEK million	443,5	507,2	464,7	215,3	112,4	102,2	75,0
Shareholders' equity, SEK million	373,0	355,5	357,7	114,0	51,3	49,6	48,5
Equity/assets ratio, %	84	70	77	53	46	48	65
Debt/equity ratio, %	3,1	4,4	3,7	24,8	29,4	32,1	23,5
Earnings per share, SEK	0,02	-0,02	0,00	0,15	0,06	-0,47	-2,03
Earnings per share after dilution, SEK*	0,02	-0,02	0,00	0,14	0,05	-0,34	-
Investment operations, SEK million	-4,2	11,4	20,0	-27,2	-1,4	-15,9	-0,9
Number of shares at the end of the period, thousands	143 399	137 165	137 877	61 830	26 700	26 600	17 324
Average number of shares during the period, thousands	139 277	78 273	107 978	49 519	26 700	21 829	13 934
Share price, final price for the period, SEK	7,25	3,31	4,98	3,06	3,25	1,50	1,54
Number of employees at the end of the period	64	44	47	43	24	15	5

\* Adjusted for fully exercised outstanding convertibles corresponding to approximately 3.3 million shares, which at full subscription increases shareholders' equity by SEK 13.4 million.

#### **DEFINITIONS OF KEY RATIOS**

Equity/assets ratio

Equity as a percentage of total assets at year-end.

Debt/equity ratio

Interest-bearing liabilities as a percentage of total assets at year-end.

Profit margin

Profit after tax as a percentage of operating income.

Earnings per share

Earnings for the year in relation to the number of shares.

## **ACCOUNTING PRINCIPLES**

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Financial Accounting Standards Council's recommendation RR 31 Interim Financial Reporting for Groups. The Group applies the same accounting principles and calculation methods as in the most recent annual report.

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