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Deltaco AB (publ)

INTERIM REPORT JANUARY - JUNE 2011



Deltaco expands and begins operations in Norway.

Net sales totalled 193.8 million SEK, an increase of 5.3% compared to 184.1 million SEK*, and a decrease of 31.6% compared to 283.5 million SEK**.

Net operating income totalled 10.4 million SEK (14.1 million SEK*) (14.5 million SEK**).

The operating margin totalled 5.4% (7.7%*) (5.1%**).

Earnings per share after taxes paid totalled 0.84 SEK.

Cash flow from operating activities totalled 23.5 million SEK compared to 5.1 million SEK**.

* For the purpose of increasing informational value, in the report we have also decided to present pro forma financial information on how the Deltaco group would have looked if IAR Systems Group AB and Northern Parklife were excluded as of January 1, 2010.

** Figures include the distributed operations IAR Systems Group AN and Northern Parklife AB.

Deltaco was founded in 1991 and is one of Scandinavia's leading niche suppliers and distributors of IT products. The company has a very competitive position through effective purchasing in Asia, a modern logistics center in Stockholm and a wide distribution network to most of the largest retailers in Scandinavia. The company has shown stable organic growth and profit increases every year since starting out 20 years ago. Deltaco has 72 employees, headquarters in Stockholm and subsidiaries in Denmark and Finland. Deltaco's shares are quoted on First North under the abbreviation DELT, and the company's Certified Adviser is Remium AB. For additional information visit www.deltacoab.se.

Important events during the period

- The company's stock began trading on April 19, 2011, on NASDAQ OMX First North. The initial public offering took place through the distribution of operations from Intoi AB (currently IAR Systems Group AB).
- At an extraordinary general meeting on June 10, 2011, a decision was made on a stock-related incentive program through the issue of convertibles for a nominal amount of no more than 22,472,400 SEK all together, divided into no more than 1,225,000 convertibles at the conversion rate of 18.30 SEK. The incentive program was fully subscribed and allocation took place in accordance with the general meeting's decision. 45% of the employees participated in the program.

Important events after the end of the period

- At the board meeting on August 25, 2011, it was decided to expand operations to Norway. Norwegian operations are based on the same platform and infrastructure as the subsidiaries in Finland and Denmark, and together with short delivery times and competitive prices will offer a wide and attractive assortment of IT accessories for the IT market in Norway. Operations in Norway will begin in September of 2011, before the coming peak season for the industry.
- At the board meeting on July 5, 2011, Arne Myhrman was appointed executive chairman of the board. Arne Myhrman has been chairman of the board at Deltaco AB (publ) since February 14, 2011, and led the board's and company's intensive efforts during the process of listing the company's stock on First North earlier this year.

KEY FIGURES	Jan-June 2011	Jan-June* 2010	April-June 2011	April-June* 2010	Full year* 2010
Net sales (Million SEK)	193,8	283,5	90,4	135,5	583,3
Operating profit/loss (Million SEK)	10,4	14,5	4,3	8,9	30,5
Profit/loss after tax (Million SEK)	7,2	8,9	3,0	3,6	20,0
Gross margin (%)	25,7	48,6	25,4	48,4	48,2
Operating margin (%)	5,4	5,1	4,8	4,5	5,2
Return on equity (%)	3,6	4,1	1,8	1,6	9,0
Earnings per share after paid tax (SEK)	0,84	1,07	0,34	0,44	2,25
Earnings per share after full tax (SEK)	0,65	0,81	0,27	0,33	1,81
Equity per share (SEK)	15,65	20,09	15,65	20,09	21,0
Cash flow from current operations (Million SEK)	23,5	5,1	13,1	9,8	26,3

*The key figures above for 2010 include the distributed operations IAR System Group AB and Northern Parklife AB. The numbers for 2011 only include the Deltaco group in its current structure.

Managing Director's comments

Retail business was slow during the second quarter, and many sectors were hit with decreased demand. The biggest news in the home electronics and IT industry was ONOFF's bankruptcy. During this period, Deltaco was able to show an increase in net sales from 184.1 million SEK during the first half of 2010, to 193.8 million SEK during the same period in 2011. This is largely due to our strategy of focusing on both consumer and corporate products, in order to reduce risks. The corporate market was relatively stable during the first half year, and we believe that this will continue for the remainder of 2011.

Net operating income was 10.4 million SEK, which is lower than the first half of 2010, owing largely to initial public offering expenses and price squeezing in the market. Our current strategy is based on acquiring market share within our industry and growing in a weak market. This is based on an analysis of the market and the status of our competitors.

The operating margin of 5.4% is lower than the previous year, but taking into account prevailing market conditions, our growth strategy and the average company in IT distribution, one can see that we are among the absolute best players in the industry. We will obviously do our best to improve this margin, within the framework of our growth strategy, for the remainder of 2011.

We have always considered ourselves to be a Scandinavian distributor, with headquarters in Sweden and subsidiaries in Finland and Denmark. Until now, our presence in Norway has been indirect through various customers. We feel that we are now ready for a direct establishment in Norway. Our operations will be based on the same platform and infrastructure as we have in other Scandinavian countries.

Establishing ourselves in Norway is a part of our strategy for organic growth. After Norway, we will look closer at the

Baltic countries, but any potential establishment there would not occur until at least 2012.

The IT market is starting to mature, and strategic transactions of various types among manufacturers, distributors and retailers will be common in the coming years. Deltaco is well-prepared to actively participate in strategic transactions, through either mergers or acquisitions. We have strong cash reserves, a good position in the market and a functioning concept. There are many distributors in Scandinavia that can complement our concept or our product assortment in a productive manner. We continually watch for acquisition opportunities in the market.

Developments in the IT industry move quickly and trends come and go. A stark development in recent years, however, is how the Internet changed the market's needs. 20 years ago, the PC was the main focus for developing hardware and accessories, but today the situation is different. In today's world, there is a need for nearly constant connection to the Internet and interactive services. The PC is no longer the primary tool for this function, as what we call Mobility (portable computers, smartphones and tablet PC's) has instead garnered a very important and leading role in our connected, everyday lives.

Deltaco is successful with its PC accessories, and we will continue in this area. At the same time, we will actively broaden our already successful efforts in the area of Mobility. The strategy is to further develop the DELTACO brand so that we keep pace with the market and its demands, and continually launch innovative products. We will also concentrate on in-depth collaborative efforts with leading brands in the mobile market.

Siamak Alian
Managing Director and CEO

The Deltaco group, excluded distributed operations	Jan-June 2011	Jan-June 2010	April-June 2011	April-June 2010	Full year 2010
Net sales (Million SEK)	193,8	184,1	90,4	86,9	379,7
Goods for resale (Million SEK)	-144,0	-136,4	-67,4	-65,1	-282,1
Gross profit (Million SEK)	49,8	47,7	23,0	21,8	97,6
Gross margin (%)	25,7	25,9	25,4	25,1	25,7
Operating profit/loss (Million SEK)	10,4	14,1	4,3	6,8	26,5
Operating margin (%)	5,4	7,7	4,8	7,8	7,0

The comparative figures, excluding distributed operations, are shown for the purpose of increasing comparability with previous years.



Financial information

Financial reporting for the operation

For the purpose of clearly reporting the Deltaco group's current operations, consisting of the parent company Deltaco AB (publ) and subsidiary SweDeltaco AB, with associated subsidiaries, pro forma financial information compiled for the 2010 fiscal year is also shown. The Deltaco group's pro forma accounting records were prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. Revised historical financial information regarding SweDeltaco AB, which is responsible for the majority of Deltaco's sales and earnings, can be found on the company's website www.deltacoab.se.

Cash flow and liquid funds

Cash flow from current operations totalled 23.5 million SEK (5.1) during the period. Cash flow from investment activities totalled -1.4 million SEK (-8.9) during the period. Cash flow from financing activities totalled -33.3 million SEK (-1.9) during the period. The distribution of IAR Systems Group AB and Northern Parklife AB has encumbered the cash flow with -27.0 million SEK. On June 30, 2011, net liabilities totalled 4.4 million SEK. At the end of the period, liquid funds totalled 42.7 million SEK (45.3), and unused credit reserves totalled 10.0 million SEK (10.0). The group's total disposable liquid funds were therefore 52.7 million SEK (55.3).

Deferred tax assets

Deferred tax assets attributed to deficit deductions are reported as assets to the extent that it is probable that the deductions can be settled against a surplus with future taxation. As of June 30, 2011, the group's accumulated deficit deductions totalled approximately 73 million SEK. On the balance sheet, the current assessed value of these deficits is reported at 19.1 million SEK (25.9).

Investments and financing

Investments in tangible fixed assets during the period totalled a net of -1.4 million SEK (-2.1). The debt/equity ratio was 68.2 percent (64.4) as of June 30, 2011. Pledged assets decreased during the period by 1.0 million SEK, totaling 100.2 million SEK (101.2) on June 30, 2011. There were no changes in reported contingent liabilities.

Personnel

The total number of employees at the end of the period was 72 (226). The average number of employees during the period was 69 (224).

Parent company

Operations at the parent company include group management, finance and IR/PR. The parent company's net sales, which are entirely internal within the group, totalled 0.0 million SEK (0.0) for the period. Earnings after financial income and expenses totalled -0.8 million SEK (-0.0). Net investment in tangible fixed assets totalled 0 million SEK (0). On June 30, 2011, liquid funds totalled 22.6 million SEK (0.3). The total number of employees at the parent company at the end of the period was 0 (0).

Accounting principles

The consolidated financial statement has been prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. The principles are unchanged compared to the previous year.

Deltaco stock

Since April 19, 2011, Deltaco's stock has been quoted on NASDAQ OMX First North. During the period, the price per share has varied between 14.00 SEK at a low, to 22.80 SEK at a high. As of June 30, 2011, Deltaco's market value was 161 million SEK. The total number of Deltaco shareholders was 8,562 on June 30, 2011. Of these, 568 had more than 999 shares.

On June 30, 2011, Deltaco's capital stock totalled 22,107,922 SEK, divided among 11,053,961 total shares.

Significant risks and uncertainty factors

Changes in the IT industry often occur quickly and forecasting future growth for the type of activities conducted by Deltaco may therefore be associated with a great deal of uncertainty.

Future outlook

We believe that the market continues to be uncertain during the current state of the economy. The industry is marked by continued price pressure. We are seeing a downturn in consumer products, but corporate products appear to be more stable. The focus for 2011 is to continue to grow our existing operations and open new offices in Norway. Against the backdrop of the market situation and our prospects, we are focusing our work on broadening our product selection and increasing the company's market share in the markets where we are active.

Stockholm, Thursday August 25, 2011

Siamak Alian
Managing Director and CEO

Financial calendar 2011

Interim report January - September 2011
November 9, 2011

Earnings announcement for the period
January – December 2011
February 23, 2011

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INCOME STATEMENTS, CONSOLIDATED	Jan-June	Jan-June	April-June	April-June	Full year
Million SEK	2011	2010	2011	2010	2010
Net sales	193,8	283,5	90,4	135,5	583,3
Operating expenses	-182,1	-263,4	-85,5	-126,6	-541,1
Depreciation of tangible fixed assets	-1,3	-1,7	-0,6	-0,9	-3,4
Depreciation of intangible assets	0,0	-3,8	0,0	-1,9	-8,3
Operating profit/loss	10,4	14,6	4,3	6,1	30,5
Profit/loss from financial investments	-0,7	-1,2	-0,3	-0,4	-2,3
Profit/loss after financial items	9,7	13,4	4,0	5,7	28,2
Tax	-2,5	-4,5	-1,0	-2,0	-8,2
Profit/loss for the period	7,2	8,9	3,0	3,7	20,0

In 2010, IAR Systems Group AB and Northern Parklife AB became a part of the Deltaco group, and are therefore included in the comparison amounts for 2010. These were distributed in January 2011.

BALANCE SHEETS, CONSOLIDATED	110630	100630	101231
Million SEK			
ASSETS			
Fixed assets			
Goodwill	0,0	6,3	3,3
Other intangible assets	0,0	18,9	22,4
Other tangible assets	53,4	52,9	57,0
Financial assets	25,3	33,2	31,9
Total fixed assets	78,7	111,3	114,6
Current assets			
Stock in trade	86,4	90,0	96,0
Other current assets	2,5	17,0	13,2
Accounts receivable	43,1	77,8	81,0
Cash and bank balances	42,7	45,3	53,9
Total current assets	174,7	230,1	244,1
TOTAL ASSETS	253,4	341,4	358,7
EQUITY AND LIABILITIES			
Share capital	22,1	122,7	122,7
Restricted equity	0,0	111,1	111,1
Non-restricted reserves	143,6	-20,7	-21,7
Profit/loss for the period	7,2	8,9	20,0
Total equity	172,9	222,0	232,1
Long-term liabilities			
Interest-bearing liabilities	20,4	25,4	23,0
Provisions	0,0	3,4	3,4
Convertible loans	22,5	-	-
Total long-term liabilities	42,9	28,8	26,4
Current liabilities			
Accounts payable	19,9	25,0	29,0
Interest-bearing liabilities	4,2	4,3	4,8
Other current liabilities	13,5	61,3	66,4
Total current liabilities	37,6	90,6	100,2
TOTAL EQUITY AND LIABILITIES	253,4	341,4	358,7
Pledged assets	100,2	101,2	101,2
Contingent liabilities	-	-	-

CHANGE IN EQUITY, CONSOLIDATED	Jan-June	Jan-June	April-June	April-June	Full year
Million SEK	2011	2010	2011	2010	2010
Opening equity	232,1	212,5	169,9	217,8	212,5
Translation difference	-	0,6	-	0,6	-0,4
Dividend 2011	-66,4	-	-	-	-
Profit/loss for the period	7,2	8,9	3,0	3,6	20,0
Closing equity	172,9	222,0	172,9	222,0	232,1

The change in equity above for 2010 includes the distributed operations of IAR System Group AB and Northern Parklife AB.
Dividend 2011 refers to the distributed operations of IAR Systems Group AN and Northern Parklife AB.

CASH FLOW, CONSOLIDATED Million SEK	Jan-June 2011	Jan-June 2010	April-June 2011	April-June 2010	Full year 2010
Cash receipts from customers	202,9	300,1	96,9	139,4	595,1
Payments to suppliers and employees	-178,2	-293,2	-83,2	-128,9	-565,0
Interest received	-	-	-	-	0,3
Interest paid	-0,7	-1,2	-0,3	-0,5	-2,6
Income tax paid	-0,5	-0,6	-0,3	-0,2	-1,5
Cash flow from current operations	23,5	5,1	13,1	9,8	26,3
Investments in tangible fixed assets	-1,4	-2,1	-1,1	-1,0	-7,9
Investments in intangible assets	0,0	-6,6	0,0	-5,7	-11,6
Other	0,0	-0,2	0,0	-0,1	0,4
Cash flow from investment activities	-1,4	-8,9	-1,1	-6,8	-19,1
Dividends from subsidiaries	-27,0	-	0,0	-	-
Decrease in financial liabilities	-28,8	-1,9	-27,7	-1,0	-4,3
Borrowings	22,5	-	22,5	-	-
Cash flow from financing activities	-33,3	-1,9	-5,2	-1,0	-4,3
Cash flow for the period	-11,2	-5,7	6,8	2,0	2,9
Liquid funds, opening balance	53,9	50,9	35,9	43,3	51,0
Liquid funds, closing balance	42,7	45,3	42,7	45,3	53,9
Unused credit	10,0	10,0	10,0	10,0	10,0
Total cash and cash equivalents	52,7	55,3	52,7	55,3	63,9

THE GROUP'S KEY FIGURES	Jan-June 2011	Jan-June 2010	April-June 2011	April-June 2010	Full year 2010
Operating margin (%)	5,4	5,1	4,8	4,5	5,2
Profit margin (%)	5,0	4,7	4,4	4,2	4,8
Equity/assets ratio (%)	68,2	64,4	68,2	64,4	64,7
Return on equity (%)	3,6	4,1	1,8	1,6	9,0
Net interest-bearing liabilities (Million SEK)	4,4	-15,2	4,4	-15,2	-26,1
Number of employees at end of period	72	226	72	226	231
Average number of employees	69	224	71	225	230
Total shares at the end of the period (millions)	11,05	11,05	11,05	11,05	11,05

SHARE DATA	Jan-June 2011	Jan-June 2010	April-June 2011	April-June 2010	Full year 2010
Equity per share (SEK)	15,65	20,09	15,65	20,09	21,00
Total shares at the end of the period (millions)	11,05	11,05	11,05	11,05	11,05
Average number of shares (millions)	11,05	11,05	11,05	11,05	11,05
Earnings per share after paid tax (SEK)	0,84	1,07	0,34	0,44	2,25
Earnings per share after full tax (SEK)	0,65	0,81	0,27	0,33	1,81

Definitions	
Gross margin (%)	Operating profit as a percentage of net sales.
Gross profit	Net sales minus goods for resale.
Equity	Reported equity including 73.7 percent of untaxed reserves.
Equity per share	Equity divided by the number of shares at the end of the period.
Net interest-bearing liabilities	Interest-bearing liabilities reduced by interest-bearing assets.
Earnings per share after paid tax	The period's earnings after paid tax divided by the average number of shares during the period.
Earnings per share after full tax	The period's earnings after full tax divided by the average number of shares during the period.
Return on equity (%)	Earnings after financial items reduced by full tax as a percentage of average equity.
Operating margin (%)	Operating profit/loss as a percentage of net sales.
Debt/equity ratio (%)	Equity as a percentage of the balance sheet total.
Profit margin (%)	Earnings after financial items as a percentage of net sales.

INCOME STATEMENTS, PARENT COMPANY Million SEK	Jan-June 2011	Jan-June 2010	April-June 2011	April-June 2010	Full year 2010
Net sales	0,0	0,0	0,0	0,0	0,0
Operating expenses	-0,8	-0,1	-0,4	-0,1	0,0
Operating profit/loss	-0,8	-0,1	-0,4	-0,1	0,0
Profit/loss from financial investments	0,0	0,0	0,0	0,0	-14,6
Profit/loss after financial items	-0,8	-0,1	-0,4	-0,1	-14,6
Tax	0,0	0,0	0,0	0,0	0,3
Profit/loss for the period	-0,8	-0,1	-0,4	-0,1	-14,3

BALANCE SHEETS, PARENT COMPANY Million SEK	110630	100630	101231
ASSETS			
Fixed assets			
Shares in subsidiaries	126,2	248,0	248,0
Other long-term receivables	6,2	6,8	6,2
Deferred tax assets	21,5	27,4	21,5
Total fixed assets	153,9	282,2	275,7
Current assets			
Receivables at subsidiaries	110,5	91,2	113,8
Other receivables	0,2	0,0	0,0
Cash and bank balances	22,6	0,3	0,8
Total current assets	133,3	91,5	114,6
TOTAL ASSETS	287,2	373,7	390,3
EQUITY AND LIABILITIES			
Share capital	22,1	122,7	122,7
Restricted equity	-	208,0	111,1
Non-restricted reserves	215,1	23,1	137,4
Profit/loss for the period	-0,8	-0,1	-14,3
Total equity	236,4	353,7	356,9
Long-term liabilities			
Convertible loans	22,5	0,0	0,0
Total long-term liabilities	22,5	0,0	0,0
Current liabilities			
Liabilities to subsidiaries	28,2	20,0	33,4
Other current liabilities	0,1	0,0	0,0
Total current liabilities	28,3	20,0	33,4
TOTAL EQUITY AND LIABILITIES	287,2	373,7	390,3

Auditor's report

We conducted a review of the statement for Deltaco AB (publ) for the period from January 1 to June 30, 2011. The board and managing director are responsible for preparing and presenting this interim financial information in accordance with the Annual Accounts Act. Our duty is to express our findings regarding this interim financial information based on our review.

We have conducted our review in accordance with International Standard on Review Engagements 2410, review of Interim Financial Information by the Independent Auditor of the Entity. A review consists of making inquiries, primarily to individuals who are responsible for financial and accounting matters, conducting an analytical audit and adopting other review procedures. A review has a different aim and a significantly smaller scope compared to the aim and scope of an audit in accordance with ISA and generally accepted auditing standards generally have.

The procedures used with a review do not allow us the certainty of being aware of all of the important circumstances which would have otherwise been identified if an audit was conducted. The expressed findings based on a review therefore do not carry the same certainty as expressed findings based on an audit do.

Based on our review, no circumstances have appeared that give us reason to believe the the interim report is not, on the whole, prepared by the group or the parent company in accordance with the Annual Accounts Act.

Uppsala, August 25, 2011

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg

Authorised public accountant





Deltaco AB (publ)

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