

Interim Report

January – March 2012



Growth continues and operating margin is 3.5%

The positive trends of 2011 continued in the first quarter of 2012. Sales rose by 5% in local currency compared with the same period of 2011, and operating profit was SEK 21 million. While much of the increase can be attributed to our focus on internal cost-effectiveness, our broad customer base and competitive organizational structure were also key factors. Due primarily to the ongoing recovery at the Defense & Maritime market area, operating segment Machining showed further growth during the quarter. The Electronics segment also showed positive development, while volumes within Systems Integration & Enclosures decreased somewhat due to poorer demand by a number of customers. Our broad range of services, including technical development, production and after-market services as well as a strong global supply chain and a growing share of production in low-cost countries, has attracted a great deal of interest. As proof of this we have received orders from both new and existing customers during the quarter and afterwards. In March, we announced the signing of a new framework agreement within the CleanTech market area to develop and manufacture products on behalf of the leading European supplier of products and services for the cleaning of components and tools. The agreement, which calls on both our product development expertise and production of complete systems, is in line with our goal of increasing the percentage of orders at higher levels in the value chain. Although PartnerTech has now operated at a profit for six straight quarters, it is difficult to predict how global uncertainty might affect our market areas going forward.



Leif Thorwaldsson, President and CEO

First quarter of 2012

- Net sales were SEK 611 million (587)
- Operating profit totaled SEK 21 million (3)
- Profit after tax was SEK 12 million (-4)
- Earnings per share after tax came to SEK 0.97 (-0.34)
- Cash flow after investments amounted to SEK -18 million (16)
- The equity/assets ratio was 39% (37) on March 31
- PartnerTech signed an agreement with Safetykleen to develop and manufacture products for the cleaning of components and tools

PartnerTech develops and manufactures products under contract for leading companies, primarily in Defense & Maritime, Industry, Information Technology, MedTech & Instrumentation, CleanTech and Point of Sale Applications. With approximately 1,300 employees at its plants in Sweden, Norway, Finland, Poland, the UK, the United States and China, PartnerTech reports annual sales of more than SEK 2.3 billion. PartnerTech AB (www.partnertech.com), the parent company, has its head office in Vellinge, Sweden, and is listed on the NASDAQ OMX Stockholm Exchange.

PartnerTech AB may be obligated to make the disclosures in this report public pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for public disclosure at 8:00 am on April 24, 2012.

Key ratios	Full-year		
	Q1-12	Q1-11	2011
Amounts in SEK million unless otherwise stated			
Sales	610.5	586.7	2,322.2
Operating profit	21.1	3.1	47.3
Operating margin	3.5%	0.5%	2.0%
Annual capital turnover ratio, multiple	3.3	2.9	3.0
Return on operating capital	11.4%	1.5%	6.1%
Return on equity	10.3%	-3.7%	1.1%
Operating capital	761.6	781.4	707.3
Equity	484.3	470.6	461.4
Interest-bearing net debt	292.4	343.3	269.7
Equity/assets ratio	38.8%	36.6%	39.4%

FIRST QUARTER

Group sales rose to SEK 610.5 million from SEK 586.7 million in the first quarter of 2011. Growth, which was strongest for the Machining operating segment, amounted to 5% in local currency.

Operating profit for the group represented a considerable improvement over the same period of 2011. The increase was largely due to our focus on internal cost-effectiveness, as well as a good recovery in the Machining operating segment. Operating profit for the first quarter of 2011 included restructuring costs of SEK -7.4 million for the electronics business in the UK.

Net financial expense was favorably affected by exchange rate effects and totaled SEK -0.5 million (-4.7), including SEK -2.9 million in net interest expense.

Due to a cautious assumption about the prospects for balancing the tax situation, tax expense was relatively high as a percentage of pretax profit.

Earnings per share after tax rose sharply from the first quarter of 2011 to SEK 0.97 (-0.34).

The group had 1,317 (1,260) full-time equivalent employees on March 31.

Cash flow from operating activities after investments totaled SEK -18.2 million (15.6). The decline compared with the first quarter of 2011 was primarily due to higher accounts receivable.

In line with the previous year, working capital was SEK 446.0 million (449.9) at the end of the quarter.

The increase in interest-bearing net debt since the beginning of the year reflected working capital trends with higher accounts receivable. Owing to restructuring of the group's cash pools, its cash position was relatively high at the end of the quarter.

Translation effects as the result of exchange rate fluctuations in equity were SEK 10.5 million (-8.1) during the quarter.

SIGNIFICANT EVENTS DURING THE QUARTER

PartnerTech signed a framework agreement to develop and manufacture products on behalf of Safetykleen, the leading European supplier of services for the cleaning of components and tools. The first order is for Safetykleen Bio™, a new environmentally friendly system that replaces traditional detergent with biodegradable material. The initial order is worth EUR 8.9 million.

EVENTS AFTER THE END OF THE PERIOD

PartnerTech announced on April 17 that it had received new orders worth a total of approximately SEK 90 million from two customers in the defense industry.

OPERATING SEGMENT REPORTING

PartnerTech's operating activities are broken down into three areas that reflect its core skills:

- Systems Integration & Enclosures
- Electronics
- Machining

The areas constitute PartnerTech's operating segments. The idea is to focus even more on our core skills, as well as their specific challenges and opportunities, in order to better satisfy the technology, knowledge and quality needs of our customers. Each customer center and production unit is assigned to one of the three segments. The segments reflect the way that PartnerTech organizes, monitors and manages its activities.

PartnerTech's services target product owners in its six selected market areas: Information Technology, Industry, CleanTech, MedTech & Instrumentation, Defense & Maritime, and Point of Sale Applications. The company has specific applications expertise and is certified in accordance with quality standards that are often crucial to customers in these areas.

Market trends



INFORMATION TECHNOLOGY

Customers in this area are fueled by rapid technological development, and PartnerTech often receives major orders for production of advanced, encapsulated electronics (box build assembly). The short life cycles that frequently characterize the products require short time-to-market and ramp-up to large-scale production, for which Poland or China are perfectly suited. The market area accounted for 28% of external sales in 2011, an increase of 15% from 2010. Sales were down by 4% in the first quarter compared with the year-ago period.



INDUSTRY

Customers in this area are linked to industry and are spread throughout a number of different sectors. PartnerTech's main assignments are products and subsystems for several industrial applications, such as operator panels and power & range control units. The company's established supply chain in Asia, Europe and the United States is well adapted to the growing need for final assembly at the regional level, along with the area's stringent requirements when it comes to durability, flexibility and cost-effectiveness. The market area accounted for 22% of external sales in 2011, an increase of 12% from 2010. Sales were down by 18% in the first quarter compared with the year-ago period.



CLEANTECH

The expanding CleanTech market area partly reflects the direction of public policy and regulations. Customers outsource both components and systems and are increasingly demanding regional production. PartnerTech's skills and experience in mechanics, electronics and systems integration provide a solid foundation for production, and customers often take advantage of the company's integrated expertise. The market area accounted for 20% of external sales in 2011, an increase of 16% from 2010. Sales were up by 28% in the first quarter compared with the year-ago period.



MEDTECH & INSTRUMENTATION

Customers in this area are subject to strict technical, regulatory and safety standards. PartnerTech, which possesses far-reaching skills in the development and production of medical devices and instruments, meets both basic standards and industry-specific requirements such as ISO 13485. The company has also delivered to the U.S. market for many years and is well acquainted with FDA requirements. The market area accounted for 17% of external sales in 2011, a decrease of 4% from 2010. Sales were down by 3% in the first quarter compared with the year-ago period.



DEFENSE & MARITIME

The products of customers in this area, such as the oil industry and maritime applications, are often designed for inaccessible and demanding environments in which quality, safety and security are crucial. PartnerTech typically manufactures components and subsystems characterized by precise tolerance, quality and traceability requirements. Customer relationships tend to be long-term. PartnerTech meets AS 9100 and a number of other industry-specific standards. The market area accounted for 8% of external sales in 2011, an increase of 49% from 2010. Sales were up by 155% in the first quarter compared with the year-ago period.



POINT OF SALE APPLICATIONS

Strict technical requirements for product function represent a distinctive feature of this area. Users demand a high level of accessibility and cannot afford to lose bills, coins or other valuables due to equipment that is out of order. Thus, superior technical solutions and production quality are vital. PartnerTech has many years of experience and skills when it comes to developing and manufacturing products with large mechatronic content. Customers often outsource production of complete systems. The market area accounted for 5% of external sales in 2011, a decrease of 30% from 2010. Sales were down by 31% in the first quarter compared with the year-ago period.

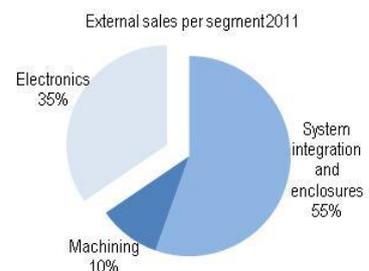
Sales trends

% of external sales 2011		Change		% of external sales 2011		Change	
Market area		Q1	2011	Operating segment		Q1	2011
28%	Information technology	-4%	15%	55%	System integr. and enclosures	-8%	8%
22%	Industry	-18%	12%	35%	Electronics	9%	3%
20%	CleanTech	28%	16%	10%	Machining	69%	52%
17%	Medical equipm. and instrument	-3%	-4%				
8%	Defence and maritime	155%	49%		Group	5%	9%
5%	Point of sales applications	-31%	-30%				

* External sales in the period compared to last year's external sales for same period excluding currency effects at consolidation.

ELECTRONICS

PartnerTech manufactures printed circuit boards and encapsulated electronics (box build assembly) in this operating segment. The company has the capacity and equipment to handle both small-scale and development projects near the market, as well as large-scale production in low-cost Eastern European and Asian countries. Electronic components are manufactured in Vellinge (Sweden), Cambridge (UK), Sieradz (Poland) and Guang Zhou (China). Most customers are in the IT, CleanTech, Industry and Defense & Maritime market areas. The segment also sells within the group, given that electronics are integral to systems integration.

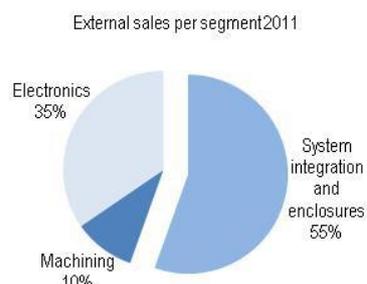


Yearly and quarterly values	Full-year					
Amounts in SEK million unless otherwise stated	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12
Total sales	238.3	211.1	209.7	273.2	932.2	261.8
whereof external sales	214.0	174.4	179.6	235.0	803.0	227.7
Operating profit	-3.8	-4.5	0.4	14.0	6.1	12.5
Operating margin	-1.6%	-2.1%	0.2%	5.1%	0.7%	4.8%

- The segment accounted for 35% of external sales in 2011, an increase of 3% from 2010. Sales were up by 9% in the first quarter compared with the year-ago period.
- The increase in first quarter total sales compared to the same period last year was primarily due to strong growth for a number of customers in the CleanTech and Information Technology market areas.
- Owing chiefly to higher volumes and good capacity utilization at our Sieradz plant, operating profit rose during the quarter. Profit for the first quarter of 2011 included SEK 7.4 million in restructuring costs.

SYSTEMS INTEGRATION & ENCLOSURES

PartnerTech manufactures enclosures in the form of sheet metal casings, cabinets and frames for various types of applications. Systems integration involves the assembly of all or part of a customer's product, which includes electronics, plastic or metal components and software in addition to the actual enclosure. Expertise when it comes to applications, product development and new product introduction, as well as certification for industry-specific requirements, are vital to the segment. Production takes place in Myslowice (Poland), Åtvidaberg (Sweden), Moss (Norway), Vantaa (Finland), Atlanta (USA) and Chang'An (China). Most customers are in the MedTech, Point of Sale Applications, CleanTech or Industry market areas.

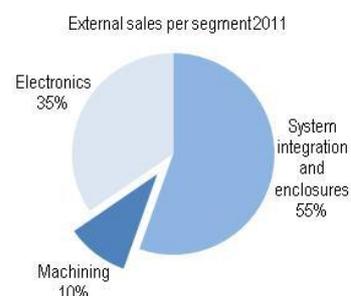


Yearly and quarterly values					Full-year	
Amounts in SEK million unless otherwise stated	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12
Total sales	322.3	336.5	305.7	330.3	1,294.7	296.3
whereof external sales	320.6	334.2	303.8	328.6	1,287.2	294.4
Operating profit	7.1	8.0	8.6	12.7	36.3	3.8
Operating margin	2.2%	2.4%	2.8%	3.8%	2.8%	1.3%

- The segment accounted for 55% of external sales in 2011, an increase of 8% from 2010. Sales were down by 8% in the first quarter compared with the year-ago period.
- The decrease in first quarter total sales compared to the same period last year was primarily due to poorer demand by a number of specific customers in the Point of Sale Applications and Information Technology market areas.
- Operating profit decreased chiefly as a result of lower volumes and poorer efficiency in connection with production of prototypes and samples for new manufacturing at the Myslowice plant.

MACHINING

PartnerTech manufactures milled and turned metal components in this operating segment. In addition to ultramodern and technically sophisticated machinery and advanced skills, PartnerTech has the capacity to handle both large-scale production and prototype manufacturing in close cooperation with the customer. Production takes place in Karlskoga (Sweden) and Myslowice (Poland), and customers come from all market areas, notably Defense & Maritime and Information Technology.



Yearly and quarterly values					Full-year	
Amounts in SEK million unless otherwise stated	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12
Total sales	53.9	54.7	52.6	75.5	236.8	89.4
whereof external sales	52.2	53.5	52.1	74.3	232.1	88.4
Operating profit	2.9	1.8	2.3	6.1	13.0	7.9
Operating margin	5.3%	3.4%	4.3%	8.0%	5.5%	8.8%

- The market area accounted for 10% of external sales in 2011, an increase of 52% from 2010. Sales were up by 69% in the first quarter compared with the year-ago period.
- The robust increase was attributable to rapidly growing demand for machined parts, primarily in the Defense & Maritime market area, which is continuing to recover.

OTHER OPERATING SEGMENT AND GROUP RECONCILIATION

The Other operating segment includes income and expenses not assigned to the operating areas, primarily intra-group functions at the parent company as well as group-wide adjustments that cannot be allocated to the segments. PartnerTech AB is the parent company in the PartnerTech Group. The company serves primarily as a holding company. The parent company's net sales are for billing of intra-group costs.

Reconciliation of Result before tax, Group	Full-year					
Amounts in SEK million unless otherwise stated	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12
Electronics	-3.8	-4.5	0.4	14.0	6.1	12.5
System integration and enclosures	7.1	8.0	8.6	12.7	36.3	3.8
Machining	2.9	1.8	2.3	6.1	13.0	7.9
Other	-3.0	-0.3	-1.2	-3.6	-8.2	-3.0
Operating profit	3.1	5.0	10.0	29.2	47.3	21.1
Financial net	-4.7	-4.8	-11.9	-7.3	-28.7	-0.5
Result before tax, group	-1.6	0.2	-1.9	21.9	18.6	20.5

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the period.

OPTION PROGRAM

Pursuant to a decision of the May 5, 2011 annual general meeting, an option program for the CEO, management team, plant managers and other key employees of the group has been launched. The program runs through May 30, 2014, and new shares based on these warrants can be subscribed for from March 1 to May 30, 2014 at a price of SEK 51.70 each. Eighty-seven percent of the approved action program has been subscribed for, which will generate an estimated maximum dilutive effect of approximately 2.6%. The option program is being carried out on market-related terms.

SIGNIFICANT RISKS AND UNCERTAINTIES

Events related to operating activities during 2012 are not deemed to represent any decisive change in terms of essential risks or uncertainties for the PartnerTech Group. A detailed description of PartnerTech's risks, uncertainties and how they are handled appears in the group's 2011 annual report.

ACCOUNTING POLICIES

With the exception of operating segments, this interim report has used the same accounting policies and calculation methods as the 2011 annual report. Furthermore, the group has stopped applying hedge accounting for interest-rate derivatives as of 2012.

PartnerTech's operating segments consist of the operating areas of Electronics, Systems Integration & Enclosures, and Machining. Each customer center and production unit is assigned to one of the three segments. China was transferred to another segment during the first quarter of 2012, which affected the comparison figures vis-à-vis the previous year. The adjustment was for the Electronics and Other segments.

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. For the parent company, the Annual Accounts Act and RFR 2, Accounting for Legal Entities, of the Swedish Financial Reporting Board have been followed.

No new or amended standards or interpretations have had any impact on the group's financial reports for 2012.

UPCOMING FINANCIAL REPORTING

April 27, 2012	Annual general meeting
July 13, 2012	January-June interim report
October 24, 2012	January-September interim report

PartnerTech AB, April 24, 2012

Leif Thorwaldsson
President and CEO

The company's auditors have not examined this interim report.

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Income statement, in summary Group (SEK million)	2012 Q1	2011 Q1	2011
Net sales	610.5	586.7	2,322.2
Cost of goods and services sold	-566.1	-560.1	-2,184.4
Gross profit	44.5	26.7	137.8
Gross margin	7.3%	4.5%	5.9%
Selling and administration costs	-24.7	-25.3	-91.9
Other operating income and costs, net	1.3	1.7	1.3
Operating profit	21.1	3.1	47.3
Operating margin	3.5%	0.5%	2.0%
Net financial income/expense	-0.5	-4.7	-28.7
Profit/Loss after financial items	20.5	-1.6	18.6
Profit margin	3.4%	-0.3%	0.8%
Taxes	-8.2	-2.7	-13.4
Profit/Loss for the period	12.3	-4.3	5.2
Net margin	2.0%	-0.7%	0.2%
Earnings per share before dilution, SEK	0.97	-0.34	0.41
Earnings per share after dilution, SEK	0.97	-0.34	0.41

The profit/loss for the period is 100% attributable to the parent company's shareholders.

Statement of comprehensive income Group (SEK million)	2012 Q1	2011 Q1	2011
Profit/Loss for the period	12.3	-4.3	5.2
Components to be reclassified to net profit:			
Exchange rate differences arising on translation of foreign operations	10.5	-8.1	-27.5
Cash flow hedges	-	0.5	0.7
Other comprehensive income, net of tax	10.5	-7.6	-26.9
Total comprehensive income for the period	22.9	-11.9	-21.7

The comprehensive income for the period is 100% attributable to the parent company's shareholders.

Changes in equity Group (SEK million)	2012 Q1	2011 Q1	2011
Opening balance	461.4	482.5	482.5
Changes in equity			
Option program	-	-	0.6
Comprehensive income for the period	22.9	-11.9	-21.7
Closing balance	484.3	470.6	461.4
Number of shares at end of period (thousands)	12,665	12,665	12,665
Average number of shares in the period (thousands)	12,665	12,665	12,665
Equity per share, SEK	38.24	37.16	36.43

Equity is 100% attributable to the parent company's shareholders.

Balance sheet, in summary	2012	2011	2011
Group (SEK million)	Q1	Q1	31 Dec
Assets			
Intangible assets	133.9	147.0	130.1
Tangible assets	181.7	189.6	175.6
Financial assets	0.2	0.2	0.2
Other non-current assets	25.7	32.4	28.2
Total non-current assets	341.5	369.2	334.1
Inventories	378.0	408.0	369.1
Accounts receivable	410.8	419.0	382.8
Other current assets	55.5	42.6	42.3
Cash and bank balances	62.4	44.5	41.4
Total current assets	906.7	914.1	835.6
Total assets	1,248.2	1,283.3	1,169.7
Liabilities and shareholders' equity			
Shareholders' equity	484.3	470.6	461.4
Provisions	10.0	2.9	4.4
Interest-bearing liabilities	45.9	59.1	51.9
Non interest-bearing liabilities	-	1.0	5.1
Total long-term liabilities	45.9	60.1	57.1
Interest-bearing liabilities	309.0	330.7	259.2
Accounts payable	258.5	258.7	266.6
Other current liabilities	140.5	160.3	121.1
Total current liabilities	708.0	749.7	646.8
Total liabilities and shareholders' equity	1,248.2	1,283.3	1,169.7

Equity is 100% attributable to the parent company's shareholders.

Cash flow statement, in summary	2012	2011	2011
Group (SEK million)	Q1	Q1	
Operating profit	21.1	3.1	47.3
Items in operating profit not impacting cash flow as well as interests and taxes	6.5	2.5	33.3
Change in funds tied up in operations	-39.2	11.7	46.1
Cash flow operating activities	-11.6	17.3	126.7
Cash flow investing activities	-6.7	-1.7	-8.8
Cash flow after investments	-18.2	15.6	117.9
Cash flow financing activities	38.9	-11.2	-115.9
Translation differences in liquid assets	0.4	-0.4	-1.1
Change in liquid assets	21.1	4.0	0.9
Cash flow per share	1.66	0.32	0.07

Income statement, in summary Parent company (SEK million)	2012 Q1	2011 Q1	2011
Net sales	21.9	21.6	79.1
Cost of goods and services sold	-11.9	-11.6	-40.0
Gross profit	10.0	10.0	39.1
Selling and administration costs	-13.2	-10.5	-41.9
Operating profit	-3.2	-0.6	-2.8
Net financial income/expense	1.5	-0.3	7.5
Profit/Loss after financial items	-1.8	-0.9	4.7
Taxes	-0.1	-0.7	-2.0
Profit/Loss for the period	-1.9	-1.6	2.7

Statement of comprehensive income Parent company (SEK million)	2012 Q1	2011 Q1	2011
Profit/Loss for the period	-1.9	-1.6	2.7
Other comprehensive income, net of tax:			
Fair value reserve	-1.5	-2.5	0.9
Total comprehensive income for the period	-3.4	-4.0	3.6

Balance sheet, in summary Parent company (SEK million)	2012 Q1	2011 Q1	2011 31 Dec
Assets			
Tangible assets	0.7	1.3	0.8
Financial assets	609.5	606.4	610.5
Other non-current assets	0.6	2.3	0.2
Total non-current assets	610.8	610.0	611.5
Other current assets	81.6	140.9	85.4
Cash and bank balances	31.8	24.9	17.0
Total current assets	113.5	165.8	102.3
Total assets	724.2	775.8	713.8
Liabilities and shareholders' equity			
Shareholders' equity	472.7	468.5	476.1
Other long-term liabilities	0.1	0.1	0.1
Total long-term liabilities	0.1	0.1	0.1
Interest-bearing liabilities	36.4	43.3	2.8
Accounts payable	3.3	1.3	4.5
Other current liabilities	211.8	262.6	230.3
Total current liabilities	251.5	307.2	237.7
Total liabilities and shareholders' equity	724.2	775.8	713.8

DEFINITIONS

Operating margin	Operating profit/loss as a percentage of net sales
Profit margin	Profit/loss after net financial income/expense, as a percentage of net sales
Return on operating capital	Operating profit/loss, as a percentage of average operating capital
Return on equity	Net profit/loss as a percentage of average equity
Working capital	Operating capital less non-current assets
Operating capital	Total assets less financial assets, other non-current assets, current tax assets, financial derivatives and cash and cash equivalents, and less non-interest-bearing liabilities (excluding tax liabilities, financial derivatives and provisions)
Interest-bearing net debt	Interest-bearing liabilities less cash and cash equivalents
Annual capital turnover ratio	Net sales divided by average operating capital
Equity/assets ratio	Equity as a percentage of total assets
Earnings per share after tax	Net profit/loss divided by average number of shares