

Q2

SEMCONS INTERIM REPORT | JANUARY-JUNE | 2005



semcon

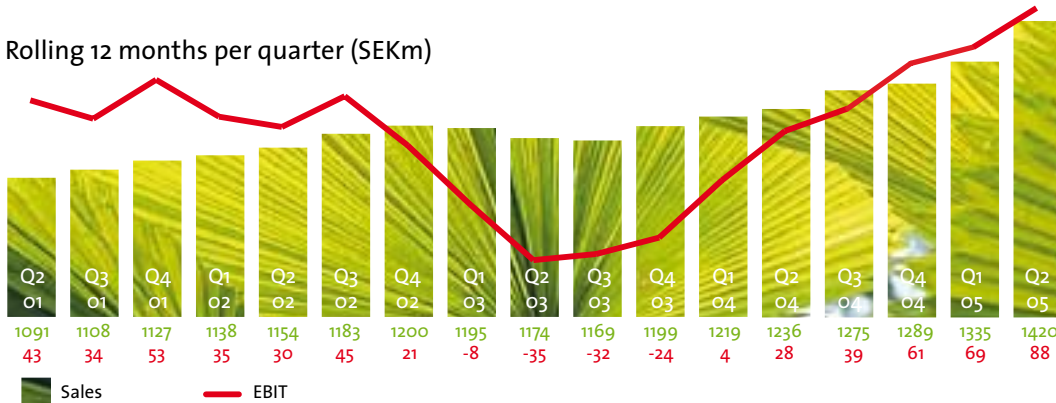
Semcon is an internationally leading design and development company, with around 1,500 employees and sales in 2004 of SEK 1.3 billion. Semcon's consultants develop products, processes and people. The combination of good growth over 25 years and well-established relationships with leading industrial groups provides a strong base for continued success. Semcon AB (publ) is listed on the Attract-40-list of Stockholmsbörsen and is currently active in Sweden, Australia, China, Denmark, Hungary, Malaysia, Norway, and the UK and, via partners, in Belgium, France, Greece, the Netherlands, Philippines, Portugal and Spain.

INTERIM REPORT JAN-JUNE 2005

Margins continue to strengthen and solid growth

- Sales climbed by 20.3% to reach SEK 773.5 m (642.8)
- Profit after tax soared by 192% to SEK 37.4 m (12.8)
- Earnings per share stood at SEK 2.15 (0.74)
- Operating profit after depreciation (EBIT) was SEK 49.2 m (21.7), to produce a margin of 6.4% (3.4)

Rolling 12 months per quarter (SEKm)



COMMENTS BY CEO HANS JOHANSSON

Thanks to very impressive work from all our staff we are reporting improvements in results which mean that after just six months of 2005 we have already matched the results we recorded for the full year in 2004. Increased demand for our services has boosted sales by SEK 130.7 m. This represents growth of 20% and it has enabled us to recruit a net 165 new staff. During 2005 we expect the positive trends of the past six months to persist, so that growth will continue and margins will improve compared with 2004.

One of our goals is to increase market share. To continue our growth and balance our strong position in the vehicle sector, we have focused determinedly on the telecom sector, and this focus has been well rewarded. Semcon has been a supplier to the Ericsson Group for nearly 23 years. During the past quarter this relationship was strengthened even further through the signing of a Preferred Supplier agreement with Ericsson AB. This agreement will give us more opportunities to develop our business and take on bigger assignments.

Our international business continues to grow. Our customers expect to find us close to their development centres, and the positive progress of existing ventures has prompted us to take new steps forward. During the period we opened a design and development centre in Budapest, Hungary. This move is part of our growth strategy and means that we can meet our customers' demands for specialist solutions with attractive prices. We have now signed our first customer contract within the vehicle sector.

As a further step forward in our international growth within the telecom sector we have become the design and development partner for Ericsson Racing Team. We have been asked to

participate in the development of a new VO70 yacht for the world's toughest sailing competition, Volvo Ocean Race. These yachts are faster and bigger than previously, which sets exceptionally high demands on innovative technical solutions, design, engineering and IT solutions. We are both proud and pleased that Ericsson AB wants to use our specialist competence to create a winning yacht.



MARKETS AND TRENDS

We forecast that the market will remain relatively stable in 2005. Factors that can have a positive effect include continued low interest rates, an unchanged euro and a strong dollar. Terrorism and high oil prices can have a negative impact.

Long-term trends, such as intensified global competition, the fast pace of technical development and the focus on environmental challenges, favour Semcon. Our competence and our business offer match our customers' requirements in terms of platform concepts, attractive design and more efficient product development. The goal in all of our focus sectors is to develop more products that are innovative and attractive while making production systems more efficient. Customers are choosing to team up with fewer, but bigger consulting firms, while projects are growing in scope and complexity. Today we are taking a larger amount of responsibility for complete projects and end results, which means that we are gradually becoming less dependent on hourly rates.

TRENDER INOM SEMCONS FOKUSBRANSCHER

Vehicle - Competition within the Vehicle segment is fierce with the main focus on costs and development. Carmakers face major challenges – raising profitability, developing new products and delivering consistently high quality while managing uncertain dollar rates, increased fuel costs and stricter legal requirements concerning emissions and safety. We expect demand for our services to continue rising. We are noting continued increased demand for our services from the European vehicle industry. In the heavy truck segment we are growing to match greater demand.

Medical & LifeScience - Customers within the Medical & LifeScience segment expect growth to continue while they battle against low capacity utilisation, a low return on their R&D investment and continued tough regulatory requirements. There is a strong need to improve efficiency by, for example, breaking up the chain of value. This represents a great opportunity for us to help customers develop more effective and more reliable production, validation and logistics processes. Within the medical device segment we will focus on, among other things, customer interfaces, user-friendliness and embedded systems.

Telecom - This segment is currently accelerating its product development with both high-end and low-end products, where IP telephony and MMS solutions are increasingly important. Network complexity is increasing swiftly, which is boosting demand for our services. Rationalisation in recent years has meant that telecom businesses lack internal resources and have a strong need for design and product development competence. We are working hard to grow within this segment.

Industry - Developments within the Industry segment are highly varied. Investment within the energy and environmental sectors will increase. The engineering sector is being hit by high material costs and high oil prices. In general there is a strong need to design and develop new products and make production systems more efficient.

FORCES DRIVING GROWTH

Semcon expects the design and development market to carry on growing strongly. The illustration below summarizes the key growth factors.

Overall trends

- Global competition and over capacity of product ranges
- Rapid IT and technological development
- Growing environmental awareness

Which means

- Design becomes more important
- Shorter product lifecycles
- Accelerated development costs
- More difficult with development within the company
- Mergers and acquisitions
- Stricter legal requirements and consumer demands

Lead to

- Increased focus on Time-to-Market
- Demand for new product varieties
- More holistic measures for consultants, more partnerships and long-term businessrelations
- Greater need for expertise in recycling, emissions and energy saving

Greater demand and improved opportunities for development consultants

AIMS

The main aim for 2005 is to continue winning market shares both in the Nordic region and abroad. Extending our network of partners is important in order to create flexibility and offer our partners the right services. Our efforts aimed at making Semcon a leader in project-based activities will continue in 2005. We will focus on strengthening our already strong position within the Vehicle segment and implement measures to grow within the Telecom and Medical & LifeScience segments. Within the Industry segment we are developing our business offer to remain competitive and boost margins.

OUTLOOK

We consider that the market in 2005 will be relatively stable. We expect growth to continue with improved margins compared with 2004.

BUSINESS ACTIVITIES

SALE ANALYSIS

During the first six months of 2005 Group sales climbed by 20.3% compared with the first six months of 2004 and amounted to SEK 773.5 m (642.8). Growth came mainly from the Design & Development business area, where we have seen positive development during the year, and within Innovation. Organic growth was 16%. Sales in Q2 reached SEK 414.3 m (329.6), which represents quarterly growth of 25.7%.

EARNINGS ANALYSES

Group earnings continue their improvement. Compared with 2004 the operating profit after depreciation (EBIT) soared by SEK 27.5 m to reach SEK 49.2 m (21.7). This meant an operating margin of 6.4% (3.4). The improved market situation and the intensive work we have carried out to adapt our cost structure in recent years are the main reasons for the improvements. The profit after financial items reached SEK 50.9 m (19.6) and the profit after tax was SEK 37.4 m (12.8). Earnings per share were SEK 2.15 (0.74). In Q2 the operating profit after depreciation was SEK 28.8 m (9.7), representing an operating margin of 7.0% (2.9).

SEMCON'S BUSINESS AREAS

DESIGN & DEVELOPMENT

The business area works with design, product development and production development.

Share of earnings

International	10 % (12 %)
Sweden	90 % (88 %)



Sales per industry

Design & Development	65 % (61 %)
Informatic	22 % (26 %)
Innovation	13 % (13 %)



The business area continues to perform strongly after some years battling profitability problems. In the first six months of 2005 the business area reported sales growth of 26.2% and an improved operating margin of 4.9% (2.2). Sales amounted to SEK 502.3 m (397.9) and the operating profit after depreciation was SEK 24.6 m (8.9). The Vehicle segment continues to develop strongly, but other areas relating to the Telecom and Industry segments are also experiencing growing demand. The major customers are: ABB, AstraZeneca, Bombardier, Ericsson, Scania, Saab Automobile, Saab, AB Volvo and Volvo Car Corporation.

INFORMATIC

Businesses within the Informatic business area develop information solutions for the entire product life cycle, from initial ideas to the aftermarket. Today's complex products and smart solutions continuously require better information support so that users can understand them and benefit from their full value.

Informatic's sales in the first half of 2005 reached SEK 169.3 m, up 6.1%. Earnings for the business area climbed to SEK 16.8 m (8.9) and the margin rose to 10.0% (5.6). During the year Informatics has implemented structural changes. Greater efforts are being focused on improving the efficiency of the existing activities in Sweden

BUSINESS AREAS	Sales (SEK m)		Growth (%)	Share of sales (%)	Operating profit/loss (SEK m)		Operating margin (%)	
	31/06/2005	31/06/2004			31/06/2005	31/06/2004	31/06/2005	31/06/2004
Design & Development	502.3	397.9	26.2	64.9	24.6	8.9	4.9	2.2
Informatic	169.3	159.6	6.1	21.9	16.8	8.9	10.0	5.6
Innovation	101.9	85.3	19.5	13.2	7.8	3.9	7.6	4.5
Total	773.5	642.8	20.3	100.0	49.2	21.7	6.4	3.4

whilst also aiming to grow via new infrastructure in Central Europe and Asia. The acquisition of Pentech by Semcon in the UK in Q1 reinforces Semcon's strategic focus on international growth and has meant that we are now a prioritised supplier to Jaguar, Land Rover, Nissan Motors, Scania and EMD (Electro-Motive Diesel Inc. in the US). To optimise our internal production we have also started a design and development centre in Budapest, Hungary. In the spring we established a new partnership with Volvo Parts AB, which confirms that our business offer is strong. Our aim for further expansion of the business in 2005 remains in place. The major customers are: ABB, Ericsson, Jaguar, Land Rover, Nissan, GME/Saab Automobile, Rolls-Royce Marin, VSM, Volvo Parts and Volvo Car Corporation.

INNOVATION

The business area provides IT solutions that improve the efficiency of our customers' activities and make them easier. Companies in the business area operate under their own brands and their focus is on specific solutions to general IT problems.

The business area reported sales for the period of SEK 101.9 m (85.3). Growth slowed somewhat during Q2 but still reached 19.5%. The operating profit after depreciation was SEK 7.8 million (3.9), which meant an operating margin of 7.6% (4.5). Our Z companies, Zipper and Zystems, continue to report positive trends.

The major customers are: Akzo Nobel, AstraTech, AstraZeneca, Codan Trygg Hansa, Föreningssparbanken, Handelsbanken, JC, Saab Automobile, Sapa, Scania, Sony Ericsson, Stena Metall, Sydkraft, Trelleborg, Vattenfall, Vin & Sprit, AB Volvo, Volvohandelns Utvecklings AB and Volvo Car Corporation.

PARENT COMPANY

As the Group's parent company, Semcon AB is responsible for corporate issues such as strategy, information and marketing. Sales amounted to SEK 14.4 m (13.3), and the operating profit after depreciation was SEK 0.1 m (0.2). The parent company's liquidity as of 30 June was SEK 48.6 m (37.2). The company's investment in stock totalled SEK 0.0 m (0.0).

STAFF & ORGANISATION

The average headcount for the period was 1,613 (1,428). The headcount at the end of June was 1,636 (1,457). Net recruitment during the period was 165 people. Staff turnover over a rolling 12-month period (1 July 2004 to 30 June 2005) was 10.5%. The headcount in each business area at the end of the period was as follows: Design & Development 1,167 (1,014), Informatic 288 (286) and Innovation 181 (157).

QUARTERLY CHANGES PER BUSINESS AREA

Sales (SEK m)	2004 Q3	2004 Q4	2005 Q1	2005 Q2
Design & Development	180.8	233.5	232.4	269.9
Informatic	68.3	68.0	78.9	90.4
Innovation	38.5	57.4	48.0	54.0
Total	287.6	358.9	359.3	414.3
Operating profit/loss after IFRS adjustment (SEK m)				
Design & Development	5.2	11.6	8.8	15.7
Informatic	3.2	10.5	7.0	9.9
Innovation	3.7	4.3	4.5	3.3
Total	12.1	26.4	20.3	28.9
Operating margin (%)				
Design & Development	2.2	4.4	3.8	5.8
Informatic	4.0	14.9	8.9	10.9
Innovation	9.1	6.8	9.3	6.1
Total	4.2	7.4	5.7	7.0
Number of employees				
Design & Development	1 033	1 033	1 128	1 167
Informatic	275	276	282	288
Innovation	163	162	180	181
Total	1 471	1 471	1 590	1 636
Sales per employee (SEK 000s)				
Design & Development	167	226	206	231
Informatic	263	246	280	314
Innovation	236	355	267	298
Total	196	244	226	253

SEMCON AB-CONSOLIDATED FINANCIAL SUMMARY

INCOME STATEMENTS

(SEK 000s)	2005 April-June	2004 April-June IFRS	2004 April-June	2005 Jan-June	2004 Jan-June IFRS	2004 Jan-June	2004 Full year IFRS
Operating income	414 273	329 557	329 557	773 530	642 779	642 779	1 289 330
Staff costs	-267 606	-215 654	-215 654	-500 857	-423 987	-423 987	-832 848
Other operating expenses	-114 149	-99 840	-99 642	-215 146	-188 413	-188 154	-379 118
Operating profit/loss before depreciation	32 518	14 063	14 261	57 527	30 379	30 638	77 364
Depreciation of tangible assets	-3 261	-4 006	-4 006	-7 478	-7 797	-7 797	-16 006
Depreciation of intangible assets *	-435	-405	-2 483	-877	-877	-5 032	-1 548
Operating profit/loss after depreciation	28 822	9 652	7 772	49 172	21 705	17 809	59 810
Net financial items**	-63	-892	-892	1 737	-2 136	-2 136	-3 182
Profit/loss after net financial items	28 759	8 760	6 880	50 909	19 569	15 673	56 628
Tax	-7 487	-3 216	-3 414	-13 539	-6 773	-7 032	-16 294
Profit/loss for the period ** *	21 272	5 544	3 466	37 370	12 796	8 641	40 334
Average number of shares	17 391 021	17 391 021	17 391 021	17 391 021	17 391 021	17 391 021	17 391 021
Number of convertibles ¹⁴	393 617	-	-	393 617	-	-	196 809
EPS after tax, SEK	1.22	0.32	0.20	2.15	0.74	0.50	2.32
EPS after dilution, SEK ¹⁴	1.20	0.32	0.20	2.10	0.74	0.50	2.29
Note * Of which depreciation of goodwill.	-	-	2 078	-	-	4 155	-
Note ** The positive effect concerning the real value of the share swap agreement, is in line with IFRS.	10	-	-	2 865	-	-	-
Note *** Of which, parent company shareholders.	21 248	5 553	3 475	37 308	12 798	8 643	40 341
Of which, minority interests.	24	-9	-9	62	-2	-2	-7

BALANCE SHEETS

(SEK 000s)	30/06/2005	30/06/2004 IFRS**	30/06/2004	31/12/2004 IFRS**	31/12/2004
Assets					
Intangible fixed assets*	75 722	52 207	48 052	58 158	49 847
Tangible fixed assets	39 035	33 797	33 797	35 444	35 444
Financial fixed assets	-	7 678	7 678	8 698	8 698
Other long-term receivables	7 402	9 435	9 435	7 402	7 402
Current assets	502 049	365 893	365 893	441 910	441 910
Total assets	624 208	469 010	464 855	551 612	543 301
Shareholders' equity and liabilities					
Shareholders' equity***	168 589	106 352	102 197	133 959	125 648
Provisions	43 905	39 784	39 784	40 565	40 565
Long-term liabilities	13 447	1 372	1 372	13 447	13 447
Current liabilities	398 267	321 502	321 502	363 641	363 641
Total shareholders' equity and liabilities	624 208	469 010	464 855	551 612	543 301
Note * Of which goodwill.	70 658	49 138	44 983	51 218	43 907
Note ** Of which, minority share.	-	4 155	-	8 311	-
	73	16	16	11	11

CHANGE IN SHAREHOLDERS' EQUITY

(SEK 000s)	30/06/2005	30/06/2004	31/12/2004
Shareholders' equity at period's start	133 959	90 406	90 406
Exchange rate difference	627	87	-50
Risk of loss in initial SWAP agreement	-	3 045	3 251
Buy-back of own shares	-3 367	-	-
Profit/loss for the period	37 370	8 643	32 030
Shareholders' equity before IFRS adjustment	168 589	102 181	125 637
Adjustment of goodwill	-	4 155	8 311
Minority share	-	16	11
Shareholders' equity at period's end	168 589	106 352	133 959

CASH FLOW STATEMENT

(SEK 000s)	30/06/2005	30/06/2004	2004 Full year
Current activities	35 172	16 229	64 487
Change in working capital	-11 361	36 455	-36 356
Investment activities	-11 772	-4 416	-19 179
Financing activities	-3 367	-3 125	9 298
Change in liquid funds	8 672	45 143	18 250

KEY FIGURES

	Note	30/06/2005	30/06/2004	2004 Full year
			IFRS	IFRS
Growth/Decline in sales, (%)		20.3	6.1	7.6
Operating margin, (%)	1	6.4	2.8	4.6
Return on average shareholders' equity, (%)	2	25.4	7.6	29.7
Return on average capital employed, (%)	3	15.7	12.3	46.0
Equity assets ratio, (%)	4	27.0	22.7	24.3
Debt/equity ratio, (multiple)	5	0.54	0.62	0.61
Interest coverage ratio, (multiple)	6	18.7	8.8	10.7
Earnings per share, (SEK)	7	2.15	0.74	2.32
Earnings per share after dilution, (SEK) ¹⁴	8	2.10	0.74	2.29
Shareholders' equity per share, (SEK)	9	9.69	6.12	7.70
Average number of employees	10	1 613	1 428	1 444
Sales per employee, (SEK 000s)	11	480	450	893
Value added per employee, (SEK 000s)	12	332	301	613
Profit/loss after financial items per employee, (SEK 000s)	13	31.6	10.7	39.2
Investments in machinery and equipment, (SEK 000s)		5 087	4 436	11 147
Investments in subsidiaries' and associate companies' shares, (SEK 000s)		20 187	-	6 166
Number of shares at period's end at a nom. 1 SEK		17 391 021	17 391 021	17 391 021
Average number of shares		17 391 021	17 391 021	17 391 021
Number of outstanding convertibles at end of period		393 617	-	393 617
Average number of convertibles	14	393 617	-	196 809

REFERENCE

- Earnings after depreciation as % of operating earnings.
- Profit/loss for the period as % of average shareholders' equity.
- Profit/loss after financial items plus financial expenses as % of average capital employed.
- Shareholders' equity as % of balance sheet total.
- Interest-bearing debt divided by shareholders' equity
- Profit/loss after financial items plus financial expenses, divided by financial expenses.
- Profit/loss for the period divided by the average number of shares.
- Shareholders' equity divided by the total number of shares at the end of the period.
- Shareholders' equity divided by the total number of shares including options.
- Average number of employees.
- Sales divided by the average number of salaried employees.
- Profit/loss after depreciation plus salary expenses and social fees divided by the average number of salaried employees.
- Profit/loss after financial items divided by the average number of salaried employees.
- In addition to outstanding convertibles there are 217,600 outstanding options. These have not been included when calculating the dilution effect as the exercise price is considerably higher than the current share price.

OTHER EXPLANATIONS

Net profit for the year	Profit for the year after tax.
Capital employed	Shareholders' equity plus interest bearing liabilities
Price per share/equity.	Price per share divided by shareholders' equity per share.

SHARE PERFORMANCE

The diagram below shows Semcon's share price since 31 December 2002 compared to the SX all share index and the Semcon share's turnover rate. The shares have increased in value by 54.6% since 1 January and have risen from SEK 30.6 per share on 31 December 2004 to SEK 47.3 per share on 30 June 2005. Over the same period the SX All share index rose by 11.9%. Over the past 12 months Semcon's share price has risen by 65.4% compared to the SX All Share index, which rose by 20%.

OWNERSHIP STRUCTURE

Foreign investment in Semcon climbed during the period and accounted for 29.8% (27.9 % on 31 Dec.) of ownership on 30 June. The number of shareholders was 5,605 (5,826 on 31 Dec.). The total number of shares remained unchanged at 17,391,021. During the year Semcon bought back 96,500 shares in the company at an average share price of SEK 34.9. Semcon has been listed on Stockholm Stock Exchange's Attract 40 list since 1 July 2005 under the SEMC ticker with a share class with equal voting rights.

LARGEST HOLDINGS 30/06/2005	No. of shares	Proportion %
Shareholder		
JP Morgan	1 981 346	11.39
Skandia liv	1 465 100	8.42
Ing Ferri S.A.	820 000	4.72
Handelsbanken fonder	667 134	3.84
Roburs fonder	663 000	3.81
Goldman Sachs International	472 755	2.72
Hans Johansson med familj	453 600	2.61
SEB fonder	324 824	1.87
Credit Suisse	271 000	1.56
Carson fonder	262 800	1.51
Total	7 381 559	42.45
Other ownership	10 009 462	57.55
Grand total	17 391 021	100.00

OWNERSHIP STATISTICS 30/06/2005

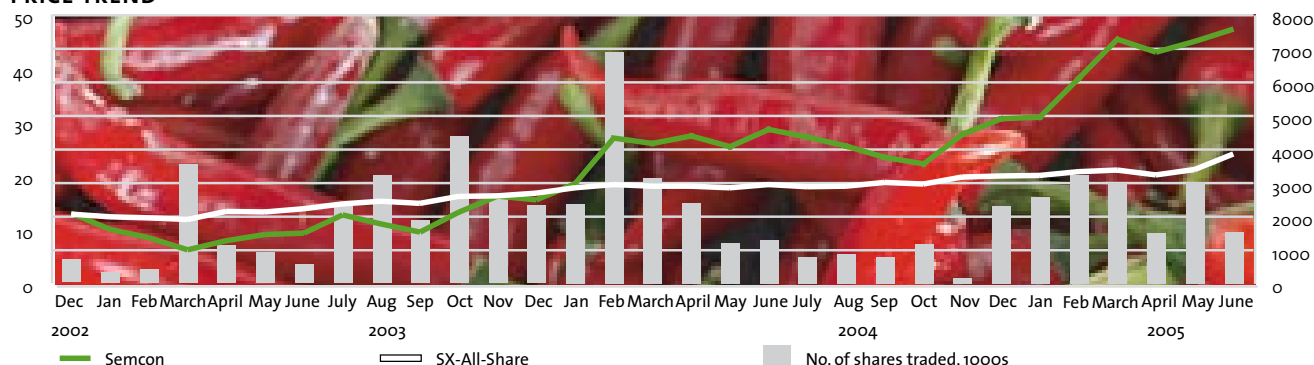
Size	No. of Shares	No. of share holders	Proportion %
1-500	797 034	3 408	4.6
501-1000	935 718	1 046	5.4
1001-10000	3 059 299	1 003	17.6
10001-100000	3 237 797	121	18.6
100001-	9 361 173	27	53.8
Total	17 391 021	5 605	100.0

KEY FIGURES PER SHARE

	30/06/2005	2004	2003	2002	2001
EPS after tax (SEK)	2.15	2.32	-3.31	0.05	0.08
EPS after dilution (SEK) *	2.10	2.29	-3.31	0.05	0.08
Shareholders' equity before dilution (SEK)	9.69	7.70	5.20	8.49	8.56
Shareholders' equity after dilution (SEK) *	10.24	8.29	5.13	8.30	8.48
Price per share/ Shareholders' equity per share (times)	4.62	4.24	2.98	1.53	4.61
Cash flow per share (SEK)	1.25	1.05	0.44	1.50	-0.30
Dividend	-	-	-	-	-
Share price at end of period (SEK)	47.30	30.60	15.50	13.00	39.50
Market capitalisation at end of period (SEK m)	823	532	270	226	687
No. of shares at end of period (000s)	17 391	17 391	17 391	17 391	17 391
Average no. of shares (000s)	17 391	17 391	17 391	17 391	17 356
No. of options	218	218	218	382	164
No. of outstanding convertibles at end of period	394	394	-	-	-
Average no. of convertibles	394	197	-	-	-

* In addition to outstanding convertibles there are 217,600 outstanding options. These have not been included when calculating the dilution effect as the exercise price is considerably higher than the current share price.
No adjustments according to IFRS has been done 2001 to 2003.

PRICE TREND



SEMCON

FINANCIAL ITEMS & INVESTMENTS

The operating cash flow remains positive at SEK m 8.7 (45.1). The Group's liquid assets on 30 June were SEK m 13.0 (4.3). The Group's total investment in hardware, licences, inventories and office equipment totalled SEK m 5.1 (4.4). Investments in subsidiaries' shares and operations totalled SEK m 20.2 (0). Shareholders' equity at the end of the period totalled SEK m 168.6 (106.4) and the equity/assets ratio was 27.0 % (22.7). The interest-bearing liability totalled SEK m 91.1 (4.5). Invoiced borrowings totalled SEK m 243.6 (192.6) at the end of the period.

KEY EVENTS DURING THE PERIOD

- Semcon signed a framework agreement with Ericsson where Semcon was chosen as the Preferred Supplier within design, development and technical information.
- Semcon once again took part in the development of a yacht for the world's toughest and longest yacht race, Volvo Ocean Race, this time as the design and development partner in Ericsson's entry.
- Semcon continued to expand internationally and established a new design and development centre in Budapest, Hungary.
- Semcon sold its block of shares in Euromation AB. The sale was part of a larger transaction where EuroMaint acquires all shares in the maintenance company Euromation AB.
- Semcon signed a framework agreement with Banverket (National Rail Administration) concerning training and consultancy services concerning the PROPS project method. The agreement will run until 2007.
- Semcon signed a framework agreement with SJ (Swedish State Railways) for documentation and technical services.

KEY EVENTS AFTER THE END OF THE PERIOD

- The Semcon share is moved up to the Attract 40 list on the Stockholm Stock Exchange.
- Semcon was chosen as the Preferred Supplier for Scania.

OTHER INFORMATION

VOLVO OCEAN RACE (VOR)

Semcon has been chosen as Ericsson's design and development partner for its entry in the VOR. This is the third time Semcon has been chosen as a design and development partner for a VOR team. Our skills have contributed to the EF team's winning entry and a second place for the Assa Abloy team in the VOR.

FINANCIAL REPORTING

Interim report Jan-Sep 20 October 2005

This report is also available in Swedish. All financial information is available at www.semcon.com.

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The decision to contribute to the race was made because it is a way for us to achieve our strategic goal of international growth, within the telecom sector, and because of the positive experiences from previous races in marketing and strengthening the Semcon brand.

ACCOUNTING PRINCIPLES

This quarterly report has been produced in accordance with IAS 34, Interim Reports, which is in accordance with the requirements set out in RR31 of the Swedish Financial Accounting Standards Council's recommendation on Interim Reporting

The accounting principles applied in this interim report are the same as described in the consolidated accounts for 2004. There it states that International Financial Reporting Standards (IFRS) apply from 2005 and that comparisons for 2004 have been made in accordance with the new principles, with the exception of the regulations concerning financial instruments. In accordance with the regulations for the transition to IFRS therefore, the new principles for financial instruments will only apply in the sections of the accounts that refer to 2005. The effects of shareholders' equity at the start of the year from the application of the new principles are presented in the Income Statement and Balance Sheet of this Interim Report.

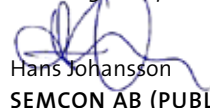
In addition to the differences to the accounts published for the 2004 Annual Report there are some minor changes to the reporting of minority interests in subsidiaries and the tax expenditure for associate companies. A certain degree of reclassification has occurred in the balance sheet in connection with the transition to IFRS but this has not affected profits or shareholders' equity.

The Group's cash flow calculations and formation have not changed in connection with the transition to IFRS.

REPORTING

The Q3 Report will be published on 20 October. For further information, please contact Hans Johansson, CEO, on: +46 (0)31 721 03 05, mobile: +46 (0)70 591 43 34 or Bengt Nilsson, CFO, on: +46 (0)31 721 03 11, mobile: +46 (0)70 447 28 68.

Göteborg, 20 April 2005



Hans Johansson
SEMCON AB (PUBL)

Company reg. no. 556539-9549

REVIEW REPORT

We have reviewed this interim report in accordance with the recommendation issued by FAR. A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Annual Accounts Act.

Göteborg, Sweden, 16 August 2005

Göran Ekström - Björn Grundvall
Authorized Public Accountant, Ernst & Young AB