



Interim Report

January 1st – September 30th, 2005

Third Quarter 2005

- Net sales amounted to 1 624 MSEK (2 000). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 10 per cent.
- Earnings before taxes, including capital gains and non-recurring items, increased to 477 MSEK (137).
- Earnings after taxes, including capital gains and non-recurring item, increased to 472 MSEK (106).
- Earnings per share after taxes amounted to 8.18 SEK (1.89).
- Cash flow per share amounted to 2.46 SEK (1.21).
- Hexagon is, as of the 26th of October, listed on the Swiss Stock exchange, SWX.

First nine months of 2005

- Net sales increased by 8 per cent to 6 372 MSEK (5 886). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 11 per cent.
- Earnings before taxes, including capital gains and non-recurring items, increased to 832 MSEK (341).
- Earnings after taxes, including capital gains and non-recurring items, increased to 728 MSEK (258).
- Earnings per share after taxes amounted to 12.74 SEK (4.54).
- Cash flow per share amounted to 5.50 SEK (6.98).

	Third quarter				Nine months			
	2005	2004	Change		2005	2004	Change	
			Recorded	Adjust.*			Recorded	Adjust.*
Order intake	1 690	2 019	- 16 %	9 %	6 597	6 203	6 %	8 %
Net sales	1 624	2 000	- 19 %	10 %	6 372	5 886	8 %	11 %
Operating earnings (EBIT 1)	154	171	-10 %		567	459	24 %	
Margin %	9.5	8.6	0.9		8.9	7.8	1.1	
Operating earnings	502	166	202 %		915	407	125 %	
Earnings before tax	477	137	248 %		832	341	144 %	
Earnings after tax	472	106	345 %		728	258	182 %	
Earnings per share	8.18	1.89	333 %		12.74	4.54	181 %	
Cash flow per share	2.46	1.21	103 %		5.50	6.89	-20 %	

* Adjusted for currency fluctuations and changes in group structure. Any adjusted follow-up of earnings has not been prepared considering the complexity related to the divestiture of Hexagon Automation and restructuring costs.

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20

The Interim Report will be presented Wednesday October 26th, at 15:00 hrs C.E.T. in a telephone conference. Please see instructions at: www.hexagon.se

A subscription service to Hexagon's financial information is available as e-mail at www.hexagon.se.

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General

On 13 June 2005, Hexagon announced a public tender offer for all outstanding shares in the Swiss company Leica Geosystems. On 15 August Hexagon published an improved offer consisting of CHF 440 in cash and 5 Series B shares in Hexagon. After the second acceptance period, which lapsed on October 12, Hexagon has reached more than 98 per cent ownership. Hexagon will, as a consequence, start the procedure to de-list Leica Geosystems and to call for the remaining shares. Hexagon will consolidate Leica as of October 14. In connection with the consolidation, structural costs, arising as a consequence of the acquisition, will be expensed in the income statement in the fourth quarter.

The integration of Leica Geosystems into the Hexagon Group has begun and proceeds according to the plan presented by Hexagon during the offering period.

In connection with Hexagons first tender offer for Leica Geosystems, Hexagon borrowed funds in case opportunities would be given to acquire Leica shares directly on the stock market. No shares were acquired on the market, why the effect of this borrowing is that Hexagon's total assets have increased, and that the item "Cash and cash equivalents" amounts to just over 1.3 GSEK.

Compared to the corresponding period last year, the average US Dollar rate for the years first nine months decreased by -2 per cent which has resulted in a negative effect of -7 MSEK before taxes. Compared with last year-end, the US dollar has strengthened by 18 per cent and the Euro by 4 per cent, which has led to an increase in total assets as well as in working capital.

The business area Hexagon Automation was divested effective 1 July, 2005. This means that the business area's accounts are included during the first half-year 2005 and affects all operative comparative figures negatively during the third quarter. During the quarter, the capital gain of 457 MSEK will affect the comparability concerning operating earnings and earnings, both before and after tax, positively.

The organizational measures previously announced concerning Hexagon Metrology's move of operations to low-cost countries, as well as announced measures for the loss-carrying businesses within Hexagon Engineering, are essentially finalised at a cost of -109 MSEK, and is shown in the operative accounts as non-recurring items.

As a guidance to analyse the third quarter and the first nine months of the year, the following translation table for the different earnings levels in the report has been prepared.

(MSEK)	2005 Q3	2004 Q3	Change	2005 1/1-30/9	2004 1/1 -30/9	Change
Operating earnings excl. Automation	154	142	8 %	503	378	33 %
Hexagon Automation	-	29		64	81	
Operating earnings (EBIT 1) *	154	171	-10 %	567	459	24 %
Capital gains	457	-		457	-5	
Non- recurring items	-109	-5		-109	-47	
Operating earnings	502	166		915	407	
Interest income and cost, net	-25	-29		-83	-66	
Earnings after financial items	477	137		832	341	

* = Earnings before capital gains and other non-recurring items

Third Quarter 2005 – Earnings, Net Sales and Order Intake

The third quarter is seasonally the weakest quarter for Hexagon. In comparison with the previous group structure, this has been accentuated as the divested business area, Hexagon Automation, had a regularly strong third quarter. Demand in Europe continued to grow. Europe is currently recovering from a weak position, and invoiced sales increased by 11 per cent. In North America, net sales in-

creased by 8 per cent compared with a strong quarter last year. Asia has continued its strong growth, net sales increased by 10 per cent during the quarter whilst the order intake grew by 35 per cent.

(MSEK)	2005			2004				
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Full year
Order intake	2 382	2 525	1 690	1 950	2 234	2 019	2 344	8 547
Net sales	2 241	2 507	1 624	1 760	2 126	2 000	2 370	8 256
Operating earnings (EBIT 1) *	180	233	154	119	169	171	227	686
Margin, %	8.0	9.3	9.5	6.8	7.9	8.6	9.6	8.3
Operating earnings	180	233	502	110	131	166	227	634
Margin, %	8.0	9.3	30.9	6.3	6.2	8.3	9.6	7.7
Result before tax	152	203	477	94	110	137	200	541

* = Earnings before capital gains and other non-recurring items

Order intake amounted to 1 690 MSEK (2 019), and net sales amounted to 1 624 MSEK (2 000). Using fixed exchange rates and a comparable group structure, the order intake increased by 9 per cent and net sales by 10 per cent.

Operating earnings (EBIT 1) amounted to 154 (171), which corresponds to an operating margin of 10 per cent (9). During the third quarter 2004, Hexagon Automation contributed with 29 MSEK. Operating earnings were adversely affected by -1 MSEK, due to exchange rate fluctuations.

During the third quarter 2004, non-recurring items amounted to - 5 MSEK, related to restructuring expenses arisen in connection with acquisitions. During the third quarter 2005, a capital gain of 457 MSEK, attributable to the divestiture of Hexagon Automation, has been accounted for. In addition to that, restructuring costs of -109 MSEK within Hexagon Metrology, Hexagon Engineering and the Hexagon parent company are included. In total, this implies that operating earnings increased to 502 MSEK (166). These earnings were adversely affected by -1 MSEK, due to exchange rate fluctuations.

Earnings before taxes increased to 477 MSEK (137). These earnings were adversely affected by -1 MSEK, due to exchange rate fluctuations.

Earnings after taxes increased to 472 MSEK (106), corresponding to earnings per share of 8.18 SEK (1.89).

First nine months 2005 – Earnings, net sales and order intake

Order intake increased by 6 per cent to 6 597 MSEK (6 203). Net sales increased by 8 per cent to 6 372 MSEK (5 886). Using fixed exchange rates and a comparable group structure, order intake increased by 8 per cent and net sales by 11 per cent.

Operating earnings (EBIT 1) increased by 24 per cent to 567 MSEK (459), which corresponds, to an operating margin of 9 per cent (8). These earnings were adversely affected by -8 MSEK, due to exchange rate fluctuations.

Operating earnings increased to 915 MSEK (407). These earnings were adversely affected by -8 MSEK, due to exchange rate fluctuations.

Earnings before taxes increased to 832 MSEK (341). These earnings were adversely affected by -7 MSEK, due to exchange rate fluctuations.

Earnings after taxes increased to 728 MSEK (258), which corresponds to an earnings per share of 12.74 SEK (4.54).

Profitability

The Group's capital employed, defined as total assets less non-interest bearing liabilities, amounted to 6 695 MSEK (5 639). Return on average capital employed increased to 20.1 per cent (11.6). Return on average shareholders' equity amounted to 33.9 per cent (14.7). The capital turnover rate was 1.4 times (1.6).

Group financial position

Shareholders' equity, including minority interests, amounted to 3 322 MSEK (2 397). The equity ratio amounted to 40 per cent (31). The Group's total assets increased to 8 358 MSEK (7 671). The change in total assets, since last year-end, is primarily explained by the strengthening of the USD and EUR by 18 per cent and 4 per cent, respectively, the divestiture of Hexagon Automation, as well as the fact that Hexagon, as a preparedness to acquire shares in connection with the offer for Leica Geosystems, borrowed approx. 1 GSEK.

Cash, including non-utilised credit limits, amounted to 8 870 MSEK (973). The Group's net debt amounted to 2 032 MSEK (2 909), and the net indebtedness amounted to 0.61 times (1.23). Interest coverage ratio was 8.8 times (4.7). The increase in non-utilised credit limits is related to the acquisition of Leica Geosystems.

Cash flow

The Cash flow from operations, before changes in working capital, increased to 567 MSEK (516), which corresponds to 9.96 SEK per share (9.30). The cash flow from operations amounted to 313 MSEK (382), which corresponds to 5.50 SEK per share (6.89). The operating cash flow amounted to 42 MSEK (204). The deteriorated operating cash flow is due to a combination of the sale of Hexagon Automation, an organic growth of 11 per cent, exchange rate fluctuations and increased raw material prices.

Investments and depreciation

The Group's net investments, excluding acquisitions and divestitures, amounted to 271 MSEK (178). Depreciations for the period, including 16 MSEK in write-downs, were 206 MSEK (182).

Divestitures and acquisitionsDivestitures

Effective 1 July 2005, the business area Hexagon Automation was sold to Segulah Nordic II AB. The sales price corresponds to an enterprise value (debt-free company) of 1 153 MSEK. The transaction entails a capital gain of 457 MSEK. The divestiture is a natural step within Hexagon's strategy to focus its future business on the business areas Hexagon Metrology and Hexagon Polymers.

Effective 1 November 2005, the tool company SwePart Verktyg was sold to the Norwegian company Bandak AS. The divestiture entails a capital loss of -35 MSEK

Acquisitions

Effective 1 June 2005, Hexagon Metrology has acquired all assets related to tactile coordinate measurement machines – CMM systems – which previously was, as a product line, part of Starrett Metrology Systems. The operation has had an annual turnover of approx. 10 MUSD, and includes a large installed base of CMMs in the USA.

Effective 2 September 2005, Hexagon Polymers acquired the wheel division within Trostel SEG, Inc. in the USA. Annual turnover at the time of takeover amounted to 13 MUSD. Through this acquisition Hexagon Polymers will become a global supplier of wheels for forklift truck and castor wheel applications.

Effective 14 October 2005, Hexagon acquired Leica Geosystems. The company is a geospatial data and measurement technology specialist and is a world-leading player within the macro segment of the measurement market. For the fiscal year, ended on 31 March 2005, the company's turnover amounted to approx. 4 600 MSEK and operating earnings to 420 MSEK. Leica and Hexagon Metrology will form a new business area which will be called Measurement Technologies. Through this acquisition, Hexagon will be market leader within the three-dimensional measurement technology.

Group Tax rate

The Group's income taxes amounted to 104 MSEK (83), which corresponds to a tax rate of 13 per cent (24). The tax cost is affected by the fact that a considerable part of the Group's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden, valuation of certain loss carry-forwards, as well as the capital gain from the sale of Hexagon Automation, which in all essentials is exempt from tax. Disregarding this capital gain, the tax rate would have been 28 per cent for the period.

Workforce

During the period, the average number of employees in the Group was 5 818 (5 898). The number of employees at the end of the period was 5 188 (6 309). The decrease in workforce is in mainly explained by the divestiture of Hexagon Automation.

Business areas

Net sales and operating earnings by business area.

(MSEK)	Invoicing		Earnings	
	2005	2004	2005	2004
	1 Jan–30 Sept.	1 Jan–30 Sept.	1 Jan–30 Sept.	1 Jan–30 Sept.
Hexagon Automation	1 248	1 683	64	81
Hexagon Engineering	1 240	1 075	60	66
Hexagon Metrology	2 285	2 009	258	177
Hexagon Polymers	1 616	1 136	206	158
Share of earnings in associated companies			-	7
Group costs and adjustments	-17	-17	-21	-30
Operating earnings (EBIT 1)			567	459
Per cent of net sales			8.9 %	7.8 %
Capital gains			457	-5
Other non-recurring items			-109	-47
Operating earnings			915	407
Interest income and cost, net			-83	-66
Earnings before taxes	6 372	5 886	832	341

Hexagon Automation

As commented earlier, the business area was sold effective July 1. In a comparison between the years, it must be taken into consideration that the 2005 outcome is included only for the first six months, and the comparison period is 1 January to 30 September for 2004. Order intake amounted to 1 362 MSEK (1 704) and net sales amounted to 1 248 (1 683). Operating earnings (EBIT 1) amounted to 64 MSEK (81).

Hexagon Engineering

The Business area is focused on selling key components and systems to customers within the automotive, engineering and construction industries.

Order intake increased to 1 252 MSEK (1 209) and net sales increased to 1 240 MSEK (1 075). Operating earnings (EBIT 1) amounted to 60 MSEK (66), which corresponds to an operating margin of 5 per cent (6).

The business area has developed well within its core business. At the same time, non-core businesses generated a loss of -18 MSEK during the first nine months. Two of these non-core businesses have during the quarter been sold at a cost of -49 MSEK. The third loss-carrying business is expected to be sold within the next six months, but already during the third quarter a write-down has been made by -20 MSEK, why the business will not affect the result in the future. The total restructuring cost amounts thereby to -69 MSEK with a positive effect on cash flow.

Hexagon Metrology

The business area is the world leader within the metrology industry, with production of coordinate measurement machines (CMM's) and hand tools at seven plants in different parts of the world. Extensive aftermarket services are fulfilled via some 40 regional so called Precision Centres, with responsibility for upgrades of machines and software, training, contracted maintenance and other services. The largest customers are found within the automotive industry including its sub-suppliers, aerospace and defence related industries, engineering and electronics, computing and medical industries.

Order intake increased to 2 355 MSEK (2 103). Net sales increased to 2 285 MSEK (2 009). Using fixed exchange rates and a comparable group structure, order intake increased by 9 per cent, and net sales increased by 11 per cent. Operating earnings (EBIT 1) amounted to 258 MSEK (177), which corresponds to an operating margin of 11 per cent (9). Operating earnings (EBIT 1) was adversely affected by -6 MSEK, due to exchange rate movements.

Metrology recorded a strong third quarter. All business segments showed good growth. The operating margin for the quarter amounted to 11 per cent, and the organic growth amounted to 6 per cent. The Asian markets continued to develop strongly, while the European market recovers from a low level. Hexagon is gaining market shares in Europe, why growth yet was satisfactory during the period. The growth of North American operation slowed down during the quarter. The service and software business grew by 14 per cent during the quarter.

Hexagon Polymers

The business area operates within three product areas; gaskets for plate heat exchangers, rubber and plastic wheels for fork lift trucks, truck drive applications and semi-finished rubber compounds. The main customers are major international OEM's active within the areas of plate heat exchangers, fork-lifts, materials handling equipment and the car industry.

Order intake increased to 1 628 MSEK (1 187). Net sales increased to 1 616 MSEK (1 136). The organic growth was 13 per cent, including price increases on raw materials. The residual growth is explained by the acquisition of Thona Group, which was consolidated as from 1 May 2004. Operating earnings (EBIT 1) increased to 206 MSEK (158), which corresponds to an operating margin of 13 per cent (14).

The business continues to develop positively despite substantial raw material price increases. During the year implemented and announced future price increases on raw materials in combination with price pressure for Polymer's customers, is expected to entail the business area operating margin to drop short term somewhat from last year's figure of 14 per cent. During 2006, however, it is expected to strengthen again, thanks to necessary measures taken.

Associated companies

Associated companies include mainly the joint venture company Outokumpu Nordic Brass. For 2004, the earnings share also included VBG AB, which shareholding was distributed to Hexagon's shareholders on 10 May 2004. The associated companies affect Hexagon's earnings according to the

equity method by -22 MSEK (12). In the operational reporting, Outokumpu Nordic Brass is reported in the business area Hexagon Engineering.

Share data

Earnings per share after taxes increased by 181 per cent to 12.74 SEK (4.54). On 30 September 2005, the equity per share increased to 56.69 SEK (42.54), and the share price was 191 SEK (77). Historical share related data has been recalculated considering the split.

Parent company

The Parent company's earnings after financial items amounted to 927 MSEK (- 23). The equity ratio of the parent company was 34 per cent (24). Shareholders' equity, including the equity portion of untaxed reserves, amounted to 2 397 MSEK (1 436). Liquid assets, including unutilised credit limits, amounted to 8 591 MSEK (568).

Accounting principles

This Interim Report is prepared in compliance with IAS 34, Interim Financial Reporting, which is in compliance with the requirements in the Swedish Financial Accounting Standards Council's Recommendation RR 31, Consolidated Interim Financial Reporting.

The accounting principles applied in this interim report what concerns the consolidated financial statements are those described in Hexagon's Annual Report for 2004 under 'Comments and notes', where it is stated, among others, that International Financial Reporting Standards (IFRS) are applied as from 1 January 2005, and that the comparative information regarding 2004 has been restated in accordance with the new principles, with the exception of those applicable for financial instruments. In accordance with the rules for transition to IFRS, the new principles for financial instruments are only applied to those parts of the reporting which concern 2005. The impact on equity at the beginning of the year and the earnings for the comparative year 2004 from the recalculation to the new principles is essentially the one described in the Consolidated Financial Statement for 2004 under 'Comments and notes'.

Regarding the transition to IFRS, this Interim Report is prepared pursuant to those IFRS principles expected to be applied on 31 December 2005. IFRS are subject to ongoing review and EU approval, and, accordingly, changes may yet occur. This may influence the data presented in this Interim Report.

Stock Options

During 2000 Hexagon introduced a Stock Option Programme. The programme gave the right to subscribe for in total 2 198 415 series B shares in the Company at a subscription rate of 59.50 SEK until 31 May 2005, inclusive. During April 2005 the remaining options were converted into shares, which means that all options in this program now are converted.

During 2003 Hexagon introduced a Stock Option Programme addressed to key personnel, mainly within Hexagon Metrology. The programme comprises in total 1 545 000 warrants, of which currently 896 100 have been subscribed. Each warrant entitles the holder the right to subscribe for 1 new series B share during the period 1 October 2003 until 30 September 2006, inclusive, at 80.60 SEK. The subscription rights are transferred at market value. During the third quarter 154 500 warrants have been converted into shares. The dilution effect upon full exercise of this stock option programme corresponds to approx. 2.6 per cent of the share capital and 1.8 per cent of the votes.

Outlook

During 2005 Hexagon has further strengthened its market position, product portfolio and organisation to enable further growth in net sales and earnings. Our long-term financial target of an increase in earnings per share after taxes by at least 15 per cent p.a. remains. For 2005, this target will be surpassed.

Financial information

External financial information will be published on the Group's website, www.hexagon.se, as soon as it has become public.

- Year-end report 2004: 14 February 2006
- General Annual Meeting: 4 May 2006 in Stockholm

Nacka Strand, 26 October 2005

HEXAGON AB (publ)

Ola Rollén
President & C.E.O.

The Company's auditors have not audited this half-year report.

Consolidated Income Statement – Summary

(MSEK)	2005 Q 3	2004 Q 3	2005 1/1-30/9	2004 1/1- 30/9	Outcome last 12 months	2004 Full year
Net sales	1 624	2 000	6 372	5 886	8 742	8 256
Cost of goods sold	-1 286	-1 467	-4 811	-4 379	-6 501	-6 069
Gross profit	338	533	1 561	1 507	2 241	2 187
Sales and administration costs, etc.	-273	-367	1 081	-1 107	-1 534	-1 560
Earnings from shares in associated companies	-20	-	-22	12	-22	12
Capital gains	457	-	457	-5	457	-5
Operating earnings 1)	502	166	915	407	1 142	634
Financial revenue and expenses, net	-25	-29	-83	-66	-110	-93
Earnings before tax	477	137	832	341	1 032	541
Tax	-5	-31	-104	-83	-142	-121
Net earnings 2)	472	106	728	258	890	420
1) of which non-recurring items	348	-5	348	-52	348	-52
2) of which minority interest	0	1	3	6	4	7
Earnings per share after tax (SEK)	8.18	1.89	12.74	4.54	15.67	7.44
Earnings per share after dilution	8.06	1.89	12.49	4.54	15.36	7.41
Shareholder's equity per share (SEK)	56.69	42.54	56.69	43.05	56.69	44.14
CB number of shares (thousands)	57 827	55 473	57 827	55 473	57 827	55 506
Average number of shares	57 701	55 473	56 913	55 473	56 552	55 476
Earnings include depreciations and write-downs of	-75	-62	-206	-182	-267	-243

Analysis of the Groups income statement

(MSEK)	2005 Q.3	2004 Q.3	2005 1/1-30/9	2004 1/1 -30/9	Outome last 12 months	2004 Full year
Operating earnings excl. Hexagon Auto- mation	154	142	503	378	704	579
Hexagon Automation	-	29	64	81	90	107
Operating earnings (EBIT 1)	154	171	567	459	794	686
Capital gains	457	-	457	-5	457	-5
Other non- recurring items	-109	-5	-109	-47	-109	-47
Operating earnings	502	166	915	407	1 142	634
Interest income and cost, net	-25	-29	-83	-66	-110	-93
Earnings after financial items	477	137	832	341	1 032	541

Consolidated Balance Sheet - Summary

(MSEK)	2005-09-30	2004-09-30	2004-12-31
Intangible fixed assets	2 198	2 079	1 982
Tangible fixed assets	1 610	1 580	1 588
Financial fixed assets	184	268	228
Total fixed assets	3 992	3 927	3 798
Inventories	1 298	1 549	1 535
Accounts receivables	1 407	1 579	1 531
Other receivables	195	133	153
Prepaid expenses and accrued income	125	150	144
Total current receivables	1 727	1 862	1 828
Cash and cash equivalents	1 341	333	237
Total current assets	4 366	3 744	3 600
Total assets	8 358	7 671	7 398
Attributable to the parent company's shareholders	3 278	2 360	2 450
Attributable to minority	44	37	46
Total shareholders' equity	3 322	2 397	2 496
Pension provisions	202	206	204
Tax provisions	120	116	122
Other provisions	109	154	66
Total provisions	431	476	392
Interest bearing liabilities	3 071	3 019	2 731
Other liabilities	4	4	3
Total long-term liabilities	3 075	3 023	2 734
Interest bearing liabilities	100	85	85
Accounts payable	663	777	858
Other liabilities	253	375	249
Accrued costs and deferred incomes	514	538	584
Total short-term liabilities	1 530	1 775	1 776
Total equity and liabilities	8 358	7 671	7 398



Change in Consolidated Shareholders' Equity

(MSEK)	2005 1/1 – 30/9			2004 1/1 - 30/9			2004 Full year		
	Attributable to the parent company's shareholders	Attributable to minority	Total	Attributable to the parent com- pany's share- holders	Attributable to minority	Total	Attributable to the parent company's shareholders	Attributable to minority	Total
Opening balance	2 450	46	2 496	2 291	47	2 338	2 291	47	2 338
Dividend	-115	-5	-120	-210	-	-210	-210	-	-210
Option premiums	-	-	-	5	-	5	5	-	5
New share issue. Conversion of options into chares.	141	-	141	-	-	-	2	-	2
Divestitures/ acquisitions	-	-	-	-	-16	-16	-	-8	-8
Effect from cash flow hedge	-6	-	-6	-	-	-	-	-	-
Translation difference	83	0	83	22	0	22	-51	0	-51
Net earnings for the period	725	3	728	252	5	258	413	7	420
Closing balance	3 278	44	3 322	2 360	37	2 397	2 450	46	2 496

Development of number of shares

		Series A	Series B	Total
2004-12-31		1 050 000	17 451 647	18 501 647
2005	Q1 Conversion of stock options into shares		120 345	120 345
	Q2 Conversion of stock options into shares		602 290	602 290
	Q3 Bonus issue and split 3:1	2 100 000	36 348 564	38 448 564
	Conversion of stock options into shares		154 500	154 500
2005-09-30		3 150 000	54 677 346	57 827 346



Consolidated cash flow analysis

(MSEK)	2005 1 Jan–30 Sept.	2004 1 Jan–30 Sept.
Cash flow from operations before change in working capital	567	516
Change in working capital	<u>-254</u>	<u>-134</u>
Net cash flow from operations	313	382
Net investments in fixed assets	<u>-271</u>	<u>-178</u>
Operating cash flow	42	204
Cash flow from other investment activities	1 037	-807
Cash flow from financing activities	-9	802
New share issue - conversion of options into shares	142	-
Dividend	<u>-120</u>	<u>-85</u>
Change in net cash position	1 092	114

The currency effect in liquid assets was 12 MSEK

Key ratios

	2005 1 Jan-30 Sept.	2004 1 Jan-30 Sept.	2004 Full year
Operating margin (%)	8.9	7.8	8.3
Profit margin before tax (%)	13.1	5.8	6.6
Return on shareholders' equity (%)	33.9	14.7	17.8
Return on capital employed (%)	20.1	11.6	13.2
Solvency ratio (%)	39.7	31.1	33.7
Net indebtedness (multiple)	0.61	1.23	1.11
Interest coverage ratio (multiple)	8.8	4.7	5.0
Average number of shares (thousands)	56 913	55 473	55 476
Earnings per share after tax (SEK)	12.74	4.54	7.44
Cash flow per share (SEK)	5.50	6.89	11.57
Cash flow per share before change in working capital (SEK)	9.96	9.30	13.03
Share price (SEK) *	191	77	106

* Historical share related data has been recalculated considering the split

Operating earnings (EBIT 1) - Development by Quarter and Business area

(MSEK)	2005			2004				Full year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	
Automation	27	37	0	20	32	29	26	107
Engineering	22	23	15	20	26	20	25	91
Metrology	68	110	80	48	69	60	115	292
Polymers	70	70	66	31	59	68	70	228
Associated companies	-	-	-	7	0	0	0	7
Group costs and adjustments	-7	-7	-7	-7	-17	-6	-9	-39
Operating earnings (EBIT 1)	180	233	154	119	169	171	227	686

Net sales by market

(MSEK)	1 Jan-30 Sept. 2005		1 Jan-30 Sept. 2004		Full year 2004	
	MSEK	%	MSEK	%	MSEK	%
Sweden	1 626	25	1 665	28	2 288	28
Other Europe	2 972	47	2 850	48	4 024	49
North America	1 183	19	838	14	1 225	15
Asia	514	8	447	8	603	7
Other markets	77	1	86	2	116	1
Group total	6 372	100	5 886	100	8 256	100

The table above is displaying Net Sales to customers within each, respective, geographical area.

Definitions

Return on shareholders' equity:	Net earnings excluding minority interest as a percentage of average shareholders' equity excluding minority interest.
Return on capital employed:	Earnings before taxes plus financial expenses as a percentage of average capital employed.
Share price:	Last settled transaction at the OM Stockholm Stock Exchange on the last business day for the period.
Investments:	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries.
Operating cash flow:	Cash flow after change in working capital and net investments in fixed assets.
Cash flow per share:	Cash flow from operations after change in working capital divided by the average number of shares.
Cash flow per share before change in working capital:	Cash flow from operations before change in working capital divided by the average number of shares.
Net indebtedness:	Interest bearing liabilities less liquid assets divided by shareholders' equity.
Earnings per share:	Net earnings excluding minority interest divided by the average number of shares.
Operating earnings (EBIT 1):	Operating earnings excluding capital gains and other non-recurring items.
Operating margin:	Operating earnings excluding capital gains and other non-recurring items as a percentage of net sales for the period.
Interest coverage ratio:	Earnings before tax plus interest expenses divided by interest expenses.
Equity ratio:	Shareholders' equity including minority interest as percentage of total assets.
Capital employed:	Total assets less non-interest bearing liabilities.
Shareholders' equity per share:	Shareholders' equity excluding minority interest divided by the number of shares at the end of the period.
Profit margin before taxes:	Earnings before taxes as a percentage of net sales for the period.