



Market position continues to strengthen

- Sales climbed by 7.2% to reach SEK 829.6 m (773.5)
- The profit after tax was SEK 38.0 m (37.4)
- Earnings per share was SEK 2.12 (2.15)
- The operating profit after depreciation (EBIT) was SEK 54.5 m (49.2), giving an operating margin of 6.6% (6.4)

Interim report January-June 2006

Comments by acting CEO Lars-Inge Sjöqvist

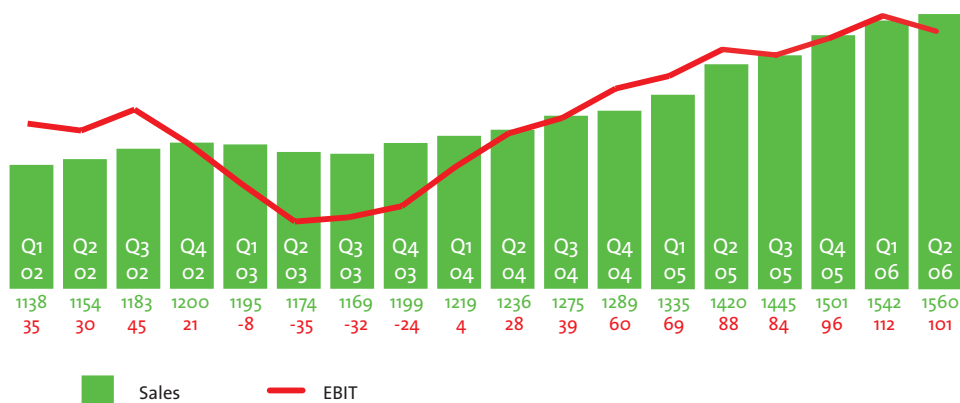
The period has been marked by many major events, including: many major business deals, signing new partnership agreements and completing a comprehensive range of organisational changes. Demand for our services remains strong and I am proud of the excellent customer value we provide. I had the benefit of meeting many of our customers during the Volvo Ocean Race, where we took part as the design and development partner to the Ericsson Racing Team, not least of all at the superb final stage in Göteborg in June. Our excellent customer relations are a valuable and stable foundation. Semcon is well-equipped for the future and will continue with its planned expansion, both internationally and on existing markets.

Our business in the Informatic business area, with its clear focus on market and aftermarket information, has shown its best results ever. One of the reasons behind the excellent profitability is Informatic's focus on value-based partnerships, plus the growth

and results of projects at Zooma by Semcon, with interactive market information. The business area is continuing to invest internationally and has now opened a branch in Kineton, close to Land Rover's and Jaguar's product development centres. Establishing in Kineton means that we can provide a complete range of services for the delivery of aftermarket products to the motor industry in the UK.

Our latest addition within the Zpider business, Zuite by Semcon, has rapidly become a certified Community Partner to SAP Svenska and has already signed a number of customer contracts, including one with Ericsson and one with HeidelbergCement. This makes Semcon a strategic partner to all of the most important suppliers within the IT industry including IBM, Microsoft and SAP. Zingle by Semcon, our recently established company dealing with Identity & Access Management, has also signed various new contracts. Semcon's ability to rapidly create new ranges with creative and enthusiastic employees is a good sign of our positive business climate and our ability to rapidly satisfy customer demand.

Rolling 12 months per quarter (SEKm)



semcon

The Design & Development business area is continuing to focus on profitability. This means that the pace of recruitment has slowed, which in turn affects the pace of sales. Profitability is also affected by strong price pressure from our customers. We are now reviewing our entire cost structure as part of our remedial measures scheme. Meanwhile we have received some of the biggest projects ever in Automotive, in the face of strong international competition. It's also positive that Knud E Hansen, our marine design company, has signed a contract with Lloyd Werft of Bremerhaven, Germany, for the detailed construction design for lengthening the M/V Stena Britannica. The order is one of the largest in the company's history and will employ around twenty consultants.

Other businesses showing positive progress includes Semcon's and Flexlinks' joint company Compliant Logistics that provide specialist expertise and solutions within In Compliance production logistics, automation and control system integration.

Our structural business in Norway with Kongsberg Devotek has been a success. Norwegian industry has a huge need for development services and following a three-year partnership Semcon acquired 30 per cent of the Norwegian product development company in May. Meanwhile, Devotek acquired our Norwegian company Semcon Norway. Through part ownership we get a stronger business on the Norwegian market and we get faster inroads to a number of new international business opportunities, including in Germany.



The Board has decided that as of 1 October 2006 to appoint Henrik Sund Semcon's CEO. He has international experience of the consultancy and telecoms industry and has shown that he can lead and develop knowledge-based companies.

The costs for the departure of the former CEO hit the period's results by around SEK 6 million.

Outlook

Our objectives are continued growth and improved profitability through lower costs, utilization of low cost production and extended partnership business. The aim for 2006 is to win market shares in Sweden and abroad. We will continue to develop our specialist business offers in all business areas aimed at development- and communication-intensive industrial companies.

We expect the good trade conditions experienced in 2005 to continue in 2006, which will give us good opportunities of achieving our goals, even though there are a number of areas of uncertainty, such as trends in the auto industry.

Business activities

Sales and earnings analyses

Group sales in the first six months of the year rose by SEK 56.1 m compared with the same period in 2005, to SEK 829.6 m (773.5). Growth comes mainly from business activities in the Informatic and Zpider business areas. Sales in Design & Development were lacklustre.

Sales in Q2 were weaker than Q1 standing at SEK 429.3 m (414.3), which provided growth for the quarter of 3.6%. Q2 has three working days less than last year, which has negatively impacted the period's sales and results by around SEK 10 m.

The improved results seen in recent years are continuing, although at a somewhat subdued pace. Compared to 2005 the operating profit after depreciation (EBIT) improved by 10.9% to SEK 54.5 m (49.2), giving an operating margin of 6.6% (6.4). The profit after net financial items was SEK 54.5 m (50.9) and the profit after tax was SEK 38.0 m (37.4). The EPS was SEK 2.12 (2.15), and the operating profit after depreciation for Q2 was SEK 18.0 m (28.8), giving an operating margin of 4.2% (7.0).

Semcon's business areas

Design & Development

The business area works with design, product development and production development. The focus is on improving business results for our customers. Our business offer is aimed at managers responsible for technical development (CTOs) in technology-intensive manufacturing companies.

The business area showed sales growth of 1.9% for the first half of the year. Sales totalled SEK 511.8 m (502.4) and the operating profit

after depreciation was SEK 17.9 m (24.6) A conscious restraint in recruitment, focusing on long-term profitability, has meant lower sales growth over the first half of the year. The length of Q2 has also had a negative impact on sales. Demand remains high in the business area, but with strong price pressure. We are continuing to take measures required to achieve better profitability, and are also making structural changes. An example of this is the sell-off of Semcon Norway's business to Kongsberg Devotek. Many of the units previously showing a negative trend have performed well, including the other business in Sweden within Industry, which is showing continued growth.

Customers include ABB, AstraZeneca, Bombardier, Ericsson, Haldex, Preemraff, Scania, Saab Automobile, Saab AB, AB Volvo and the 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. Our business offer is aimed at managers responsible for markets and aftermarkets (CMOs) in technology-intensive manufacturing companies.

Informatic is continuing its very positive growth. Sales rose during the first six months by 15.8% to SEK 196.1 m (169.3). The profit rose by 67.7% to SEK 28.3 m (16.8). One of the reasons for the good results is Zooma by Semcon's many positive completed projects. Informatic is continuing its international expansion by establishing a new office in the UK close to Jaguar and Land Rover.

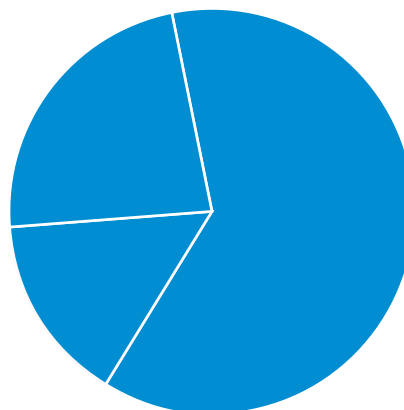
Customers include ABB, Cadillac, Ericsson, Jaguar, Land Rover, Nissan, GME/Saab Automobile, Rolls-Royce Marine, Sony, Sony Ericsson, VSM, AB Volvo and the Volvo Car Corporation.

Zpider

The business area provides IT solutions that improve the efficiency of our customers' activities and make them easier. Semcon's five specialist companies in the business area operate under their own brands and their focus is on specific solutions to general IT problems. Our business offer is aimed at managers responsible for IT (CIOs) in large and medium-sized companies with advanced IT infrastructures.

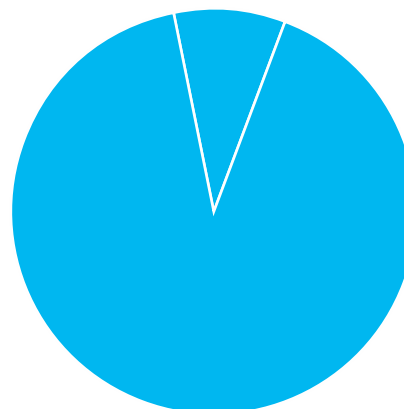
Sales for the business area over the period stood at SEK 121.7 m (101.9), giving growth of 19.5%. This growth was mainly due to the progress of the recently established company Zuite by Semcon but also to the excellent demand for the other companies' offers in the business area. The operating profit after depreciation was SEK 8.3 m (7.8).

Customers include Akzo Nobel, Astra Tech, AstraZeneca, Codan Trygg Hansa, EON, Handelsbanken, Saab Automobile, Sapa, Scania, Sony Ericsson, Stena Metall, Vattenfall, Vin & Sprit, Volvohandeln Utvecklings AB and the Volvo Car Corporation.



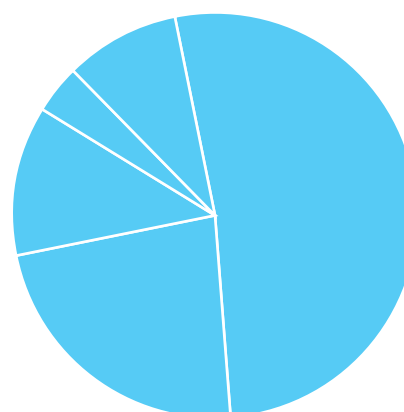
Sales per industry

Design & Development	62%	(64%)
Informatic	23%	(23%)
Zpider	15%	(13%)



Share of earnings

International	9%	(10%)
Sweden	91%	(90%)



Sales per industry

Vehicle	52%	(56%)
Industry	23%	(20%)
Telecom	12%	(12%)
Medical & LifeScience	4%	(5%)
Other	9%	(7%)

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 12.4 m (14.4), and the operating loss after depreciation was SEK 6.0 m (0.1). The parent company's liquidity was SEK 13.5 m (48.6) on 30 June and the company's investment in stock totalled SEK 0.0 m (0.0).

Staff and organisation

The average number of employees was 1,688 (1,613). The headcount at the end of the period was 1,725 (1,636). Staff turnover was 10.3%. The headcount in each business area at the end of the period was as follows: Design & Development 1,223 (1,167), Informatic 288 (288) and Zpider 214 (181).

Financial items, investments and share information

The operating cash flow from current activities was SEK 20.6 m (23.8). The Group's liquid assets on 30 June totalled SEK 10.0 m (13.0). The Group's total investment in hardware, licences, inventories and office equipment was SEK 8.6 m (5.1). Investments in subsidiaries' shares and businesses was SEK 26.0 m (20.2). At the end of the period shareholders' equity was SEK 249.3 m (168.6) and the equity/assets ratio was 36.7% (27.0). Interest-bearing liabilities totalled SEK 62.1 m (91.1).

Ownership structure

Foreign investments in Semcon continued to increase during the period and amounted to 38.5% (32.1% on 31 Dec.) by the end of June. The number of shareholders was 5,974 (6,365). In conjunction with the acquisition of Devotek, the Semcon shares that Semcon bought back in 2005 (96,500 shares) were used as part payment. The total number of shares rose during Q2 with the conversion of options. The total number of shares rose by 190,701 to 17,581,722 at the end of the period. Semcon is listed on the Stockholm Stock Exchange's Attract 40 list under the SEMC ticker and has a share class with equal voting rights.

Key events during the period

- Henrik Sund appointed Semcon's new CEO. He will take up the position on 1 October.
- Semcon acquired 30% of the Norwegian product development company, Kongsberg Devotek AS. Meanwhile Devotek acquired Semcon Norway AS.
- Semcon signed an agreement with the Volvo Car Corporation within Design & Development. The order is for project management and engineering for a new car project
- Knud E Hansen signed one of its biggest agreements ever with German company Lloyd Werft of Bremerhaven for

detailed construction design in conjunction with lengthening the M/V Stena Britannica.

- Knud E Hansen received the ShipPax Award in the "Outstanding Ferry Exterior" category for the design of the M/V Smyril.
- Semcon strengthened its partnership with Dassault Systèmes and signed a training partnership agreement for CATIA V5 and ENOVIA SMARTEAM.

Key events after the period

- Semcon expanded its preferred supplier agreement with Ericsson to also cover Semcon's IS/IT services. These services are part of Semcon's Zpider business area.
- Zuite by Semcon became a Community Partner to SAP Svenska.
- Semcon signed a framework agreement with Nokia for all of our services.
- Semcon Informatic UK Ltd opened a new branch in Kineton, close to Land Rover's and Jaguar's product development centres.

Other information

Semcon extraordinary general meeting

Semcon AB's board has decided to hold an extraordinary general meeting on 27 September 2006. At the extraordinary general meeting, the board proposes to introduce a convertible-based incentive scheme for senior executives of the Semcon Group and simultaneously decide on raising a subordinated convertible loan for a maximum SEK 25 000 000 by issuing a maximum 1 000 convertible debentures. Deviating from shareholders' preferential rights, the debentures will be offered and only be able to be subscribed for by the President and CEO Henrik Sund and a maximum of 10 other senior executives in the Semcon Group designated by the Board. SEK 25,000 will be paid for each subscribed convertible debenture corresponding to the convertible's nominal amount. The reason for the Board's proposal is that it wants to create the conditions for retaining senior executives at the Semcon Group and also spread and increase shareholdings/exposure among them. Notice to attend the EGM is expected to be issued on 30 August 2006.

Accounting principles

The accounting principles used in this interim report are the same as those described in the 2005 annual report. This interim report for the Group is prepared in accordance with IAS 34, Interim Reporting. The parent company uses RR32, Reporting for legal entities.

Reporting

The Q3 report will be published on 18 October. For further information, please contact the acting CEO Lars-Inge Sjöqvist, tel: +46 (0)31 721 03 05, mobile: +46 (0)736 840 356 or CFO Bengt Nilsson tel: +46 (0)31 721 03 11, mobile: +46 (0)70 447 28 68.

Göteborg, Sweden, 23 August 2006

Lars-Inge Sjöqvist

SEMCON AB (PUBL)
Co. Reg. No. 556539-9549

This report is also available in Swedish

Review report

To the Board of Semcon AB

Introduction

We have performed a general review of the financial information in the summary (interim report) for Semcon AB dated 30 June 2006 and the six-month period that ended on that date. The Board and CEO are responsible for the preparation and presentation of this interim financial information (interim report) in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The scope and focus of our review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with RS auditing standards in Sweden and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act, and for the parent company, in accordance with the Annual Accounts Act.

Göteborg 23 August 2006

Göran Ekström - Björn Grundvall
Authorised Public Accountants

Financial reports 2006

Q3

18 October

Head office
Semcon AB
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Sweden
Visiting adress: Theres Svenssons gata 15

All financial information is available on Semcon's web page www.semcon.com

Semcon is 1,700 inquisitive and enthusiastic people with a passion for creating smart and effective IT solutions, user-friendly technical information and converting product ideas into sales successes. Today Semcon is active in Sweden, Australia, China, Denmark, Hungary, Malaysia, Norway and the UK and via partners in Belgium, France, Greece, the Netherlands, Portugal and Spain. Semcon had sales of SEK 1.5 billion in 2005 and is listed on the Attract-40 list of the Stockholm Stock Exchange.

Semcon AB - consolidated financial summary

Income statement

Income statement		2006	2005	2006	2005	2005
SEK 000		April-June	April-June	Jan-June	Jan-June	Full year
Operating income		429 236	414 273	829 571	773 530	1 500 531
Purchase of goods and services		-93 011	-80 197	-151 861	-137 106	-281 707
Other external operating expenses*		-43 043	-39 822	-83 630	-78 040	-154 361
Staff costs		-272 088	-261 736	-532 843	-500 857	-953 520
Operating profit/loss before depreciation		21 094	32 518	61 237	57 527	110 943
Depreciation of tangible assets		-2 572	-3 261	-5 684	-7 478	-13 395
Depreciation of intangible assets		-519	-435	-1 033	-877	-1 801
Operating profit/loss after depreciation		18 003	28 822	54 520	49 172	95 747
Net financial items**		-111	-63	-412	1 737	2 150
Profit/loss after net financial items		17 892	28 759	54 108	50 909	97 897
Tax		-5 681	-7 487	-16 108	-13 539	-29 875
Profit/loss for the period ***		12 211	21 272	38 000	37 370	68 022
Average number of shares		17 422 805	17 391 021	17 406 913	17 391 021	17 391 021
Number of convertibles		361 834	393 617	377 725	393 617	393 617
EPS after tax, SEK		0.64	1.22	2.12	2.15	3.91
EPS after dilution, SEK		0.63	1.20	2.07	2.10	3.82
Number of days in the period		58	61	122	123	252
Note *	Of which of share in associate company's profit	459	-	459	713	-
Note **	The positive effect concerning the real value of the share swap agreement, is in line with IFRS	-	10	-	2 865	2 955
Note***	Of which, parent company shareholders	11 222	21 248	36 891	37 308	68 020
	Of which, minority interests	989	24	1 109	62	2

Balance sheets

SEK 000	2006 30 June	2005 30 June	2005 31 Dec
Assets			
Intangible fixed assets, goodwill	76 345	70 658	69 484
Tangible fixed assets, computer programs	10 567	5 064	9 050
Tangible fixed assets	36 274	39 035	36 178
Financial fixed assets	19 709	-	-
Other long-term receivables	4 040	7 402	3 709
Other current assets	518 965	489 087	533 085
Cash and bank balances	10 033	12 962	17 872
Total assets	675 933	624 208	669 378
Shareholders' equity and liabilities			
Shareholders' equity	249 323	168 589	198 886
Long-term allocations	45 947	41 656	45 695
Interest-bearing long-term liabilities	-	13 447	13 499
Non interest-bearing long-term provisions	1 088	2 249	1 588
Current allocations	1 050	-	500
Interest-bearing current liabilities	62 090	77 636	104 871
Non interest-bearing current liabilities	316 435	320 631	304 339
Total shareholders' equity and liabilities	675 933	624 208	669 378
Minority's share of shareholders' equity at start of the period	13	11	11
Minority's share of subsidiary acquired	69	-	-
Profit for the period attributable to minority shareholding	1 109	62	2
Minority's share of shareholders' equity at end of the period	1 191	73	13

Change in shareholders' equity

SEK 000	2006 30 June	2005 30 June	2005 31 Dec
Shareholders' equity at start of period	198 886	133 959	133 959
Translation difference	-28	627	272
Acquisition/Sale of Semcon shares	5 790	-3 367	-3 367
New share issue*	6 675	-	-
Earnings for the period attributable to parent company shareholders	36 891	37 308	68 020
Shareholders equity before minority participations	248 214	168 527	198 884
Earnings for the period attributable to minority interests	1 109	62	2
Shareholders equity at end of period	249 323	168 589	198 886

Note * Semcon issued a convertible loan in 2004 for a nominal SEK 13,795,000 corresponding to a total of 393,617 shares on full conversion. As on 30 June 2006 promissory notes corresponding to 190,701 shares had been converted. For further information, please see the Annual Report for 2005.

Cash flow statement	2006	2005	2005
SEK 000	30 June	30 June	31 Dec
Current activities	40 451	35 172	99 077
Change in working capital	-19 810	-11 361	-113 393
Cash flow from current activities	20 641	23 811	-14 316
Investment activities	-28 780	-11 772	-23 443
Financing activities	300	-3 367	-3 367
Change in liquid funds	-7 839	8 672	-41 126

Key figures	Note	2006	2005	2005
		30 June	30 June	Full year
Growth/Decline in sales (%)		7.2	20.3	16.4
Operating margin (%)	1	6.6	6.4	6.4
Profit margin (%)	2	6.5	6.6	6.5
Return on average shareholders' equity (%)	3	16.5	25.4	40.9
Return on average capital employed (%)	4	19.6	15.7	44.2
Equity assets ratio (%)	5	36.7	27.0	29.7
Debt/equity ratio (multiple)	6	0.22	0.54	0.60
Interest coverage ratio (multiple)	7	48.8	18.7	21.8
Earnings per share after tax (SEK)	8	2.12	2.15	3.91
Earnings per share after dilution (SEK)	9	2.07	2.10	3.82
Shareholders' equity per share (SEK)	10	14.11	9.69	11.44
Average number of employees	11	1 688	1 613	1 636
Sales per employee (SEK 000)	12	491	480	917
Value added per employee (SEK 000)	13	356	332	625
Profit/loss after financial items per employee (SEK 000)	14	32.1	31.6	59.8
Investments in machinery and equipment (SEK 000)		8 610	5 087	14 185
Investments in associated companies' and subsidiaries' shares (SEK 000)		26 012	20 187	29 093
Number of shares at period's end at a nominal SEK 1		17 581 722	17 391 021	17 391 021
Average number of shares		17 406 913	17 391 021	17 391 021
Number of outstanding convertibles at end of period		202 916	393 617	393 617
Average number of convertibles		377 725	393 617	393 617

References

- Earnings after depreciation as % of operating earnings.
- Profit after financial items 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 attributed to the parent company's owners divided by the average number of shares
- Profit/loss for the period attributed to the parent company's owners divided by the average number of shares including options
- The parent company's share of shareholders' equity divided by the number of shares at the period's end
- 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.

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

Quarterly changes per business area	2005	2005	2006	2006
	Q3	Q4	Q1	Q2
Sales (SEK m)				
Design & Development	208.7	263.5	253.8	258.0
Informatic	64.6	95.5	92.9	103.2
Zpider	39.7	55.0	53.6	68.1
Total	313.0	414.0	400.3	429.3
Operating profit/loss (SEK m)				
Design & Development	0.5	17.2	17.6	0.3
Informatic	6.0	14.9	14.0	14.3
Zpider	2.2	5.7	4.9	3.4
Total	8.7	37.8	36.5	18.0
Number of days in the period	61	65	64	58

Key figures per share

	2006 30 June	2005 30 June	2005 31 Dec
EPS after tax (SEK)	2.12	2.15	3.91
EPS after dilution (SEK)	2.07	2.10	3.84
Shareholders' equity before dilution (SEK)	14.11	9.69	11.44
Shareholders' equity after dilution (SEK)	14.34	10.24	11.94
Price per share/ Shareholders' equity per share (times)	4.04	4.88	5.09
Cash flow per share (SEK)	-0.45	0.50	-2.36
Dividend	-	-	-
Share price at end of period (SEK)	57.00	47.30	58.25
Market capitalisation at end of period (SEK m)	1 002	823	1 013
No. of shares at end of period (000s)	17 582	17 391	17 391
Average no. of shares (000s)	17 407	17 391	17 391
No. of options	-	218	-
No. of outstanding convertibles at end of period	203	394	394
Average no. of convertibles	378	394	394

Largest holdings 31/03/06

	No. of shares	Proportion
Skandia liv	1 687 100	9.60
BNP Paribas	1 557 400	8.86
JP Morgan	1 057 165	6.01
Handelsbankens fonder	581 331	3.31
Christian W Jansson and companies	546 857	3.11
Credit Suisse	450 000	2.56
SEB fonder	419 524	2.39
Gartmore	329 187	1.87
Bruce Grant	300 000	1.71
Morgan Stanley	276 800	1.57
Total	7 205 364	40.99
Other ownership	10 185 657	57.93
Grand total	17 391 021	98.92
Convertibles ready for registration	190 701	1.08
Total number of shares	17 581 722	100.00

Ownership statistics 31/03/06

	No. of shareholders	No. of shares	Proportion (%)	Market value (SEK 000)
1-500	3 696	761 606	4.3	43 759
501-1 000	1 159	1 013 582	5.8	57 774
1 001-10 000	971	2 851 171	16.2	162 517
10 001-100 000	122	3 363 169	19.1	191 701
100 001-	25	9 401 493	53.5	535 885
Total	5 973	17 391 121	98.9	991 636
Convertibles ready for registration as shares	-	190 701	1.1	10 870
Total number of shares	5 973	17 581 722	100.0	1 002 506

Price trend

