



Continued good earnings trend

- Sales climbed by 7.8% to reach SEK 1,171.2 m (1,086.5)
- The profit after tax climbed by 7.7% to reach SEK 46.2 m (42.9)
- Earnings per share was SEK 2.49 (2.47)
- The operating profit after depreciation (EBIT) climbed by 15% to reach SEK 66.7 m (58.0)
- After the end of Q3 the JCE Group made a cash offer for Semcon of SEK 65 per share. The board has been contacted by further interested parties following the bid

Interim report January-Sept 2006

Comments by CEO Henrik Sund

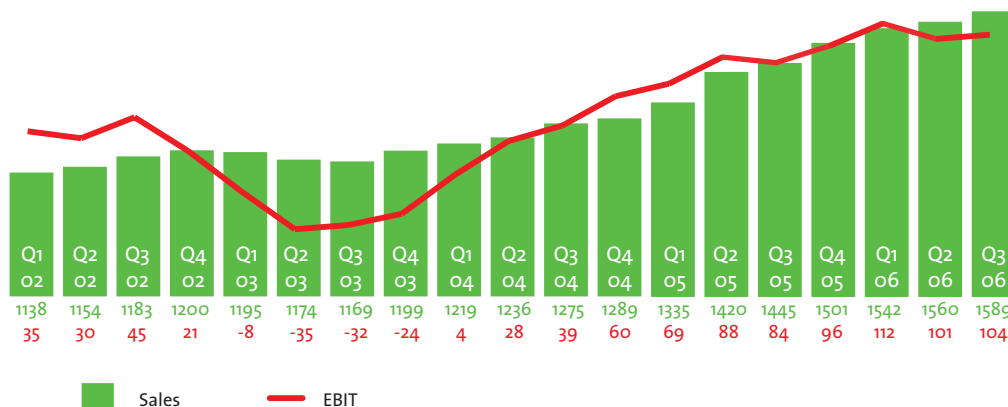
Our investments in the international market are starting to have an effect, something we started to see from our sales figures in Q3. Several of our most recent major deals have been accomplished in the face of stiff international competition, which shows that we have an attractive business offer. One lasting trend is that manufacturers are contracting out all or part of larger development assignments with subcontractors and partners. To an increasing extent they want to use just a few suppliers. This means that we must be where our customers' development centres are and we must have the capacity to take on major projects. Increased interest from customers especially in Germany and the UK shows that we fulfil these demands. We have a strong offer, skilled and committed staff as well as the right price level.

Our Informatic business area took an important step onto the German market by signing a partnership agreement with the German company ESG (Elektroniksystem und Logistik GmbH). In close cooperation with them, we will provide products and services for aftermarket information primarily to General Motors, but also other German clients. The recently started business in

the UK, in close proximity to Land Rover's and Jaguar's product development centres and departments for producing aftermarket information, has begun well. The office in China has also progressed well and is at the start of a significant growth phase. The international investments burdened the period's results. We are seeing sustained expansion at our interactive agency, Zooma by Semcon, which has become one of the biggest and best of its type in Sweden. Awards for Ericsson Racing Team's website in conjunction with the Volvo Ocean Race have been followed by a new award for FIFA's World Cup 2006 mobile website. This was designed on assignment from the Canadian tele-operator Rogers, one of Ericsson's Canadian customers.

Our Design & Development business area reported somewhat better results than the previous quarter particularly in the Vehicle and Industry sector, and mainly for traditional industry clients such as Saab AB and ABB. The order intake at Automotive R&D has been very strong over the past few months and a number of projects are at the start-up phase, but they did not affect the period's results. Incoming projects are larger than before and international. One example of this is the order we won in stiff

Rolling sales and profit/loss over 4 quarters (SEKm)



semcon

competition with three German suppliers. It stretches over three years and concerns project management and engineering for a car project.

Our perseverance in Trollhättan is creating major opportunities for winning orders from GM in Rüsselsheim for example. We have also had the chance to expand our business, which has made the Trollhättan office our second largest with 150 consultants. The office is an important part in our ventures with both GM and Volvo Aero. We have seen a divided picture at Industry, with a strong performance at aerospace as well as energy and hydroelectric power. The comprehensive service agreement that Semcon signed last autumn with Volvo Aero has progressed very well. The agreement covered Semcon's complete range in product development, engineering, calculations, project management, project methodology and pre-production. The twenty consultants from Semcon in Trollhättan and Göteborg who started the assignments have today increased to thirty. Aerospace activities have also increased at Linköping. Sales to Saab AB are estimated to have risen by more than 50 per cent in 2006, partly on the back of further calculation and engineering work on the Saab 2000 aircraft. We also have assignments at Saab Aerostructures, working on projects to do with new types of aircraft. However it's still tough on the Medical side, but a pleasing breakthrough has been made with Semcon's and Flexlink's joint company Compliant Logistics' new order. This concerns Basic Design for upgrading and streamlining production sites.



Semcon's CEO Henrik Sund

Further business that has shown a positive trend with greater demand is our structuring activities in Norway with Kongsberg Devotek. The recently started satellite office in Göteborg means that we can develop the business together at a distance, effectively and profitably.

Our IT business within the Zpider business area is performing well and has shown strong volume growth. This trend has been strengthened by our expanded preferred supplier agreement with Ericsson, which now encompasses our IS/IT services. Systems by Semcon's unique offer in system integration, coupled with the more-established brand has led to even more assignments. Over the period the company has fixed ten new deals. One of them, Rikspolisstyrelsen (The National Police Board), is completely new for Semcon. Zipper by Semcon also has several new exciting assignments. One example is E.ON, which is now being helped by Zipper to create a new IT environment. E.ON – the world's largest private energy group – is taking a first step towards working in a standard and consolidated environment across the company. Semcon's SAP venture, Zuite by Semcon, has rapidly become a success and in a short time has been chosen as a Community Partner to SAP Svenska. The major demand for its services has led to an office being started in Göteborg to meet customers' demands on local resources.

I took over responsibility as CEO for Semcon on 1 October, a challenge I accepted with great enthusiasm. Semcon has good potential. The professionalism, know-how and commitment of our employees, in combination with our successful customers, means that we are well equipped for the future.

Outlook

Our objectives are continued growth and improved profitability through reduced costs and increased use of low-cost alternatives and more partnership deals. The aim for 2006 is to win market shares in Sweden and abroad.

We expect the good business conditions to continue for the rest of the year, which will give us good opportunities of achieving our goals, even though there are areas of uncertainty, such as trends in the auto industry.

Business activities

Sales and earnings analyses

Group sales in the first nine months of the year rose by SEK 84.7 m compared with the same period in 2005, to reach SEK 1,171.2 m (1,086.5). Growth comes mainly from business activities in the Informatic and Zpider business areas.

Sales in Q3, which is generally the weakest quarter of the year, amounted to SEK 341.7 m (313.0), which represented growth for the quarter of 9.2%. This meant that the sales increase per rolling 12-month period, which we have now reported for twelve quarters, continued. The number of working days in the third quarter was the same as last year.

The improved results seen in recent years are continuing. Compared to 2005 the operating profit after depreciation (EBIT) improved by 15.0% to SEK 66.7 m (58.0), giving an operating margin of 5.7% (5.3). The profit after net financial items was SEK 66.2 m (59.1) and the profit after tax was SEK 46.2 m (42.9). The EPS was SEK 2.49 (2.47), and the operating profit after depreciation was up 37.9% in Q3 at SEK 12.1 m (8.8), giving an operating margin of 3.6% (2.8).

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 2.9% for the first three quarters of the year. Sales totalled SEK 731.9 m (711.0) and the operating profit after depreciation was SEK 20.8 m (25.1). A conscious restraint in recruitment was mainly responsible for the low growth. Demand remains high in the business area, but there is strong price pressure and considerable competition. We have implemented measures to achieve better profitability, which is now starting to produce results in areas that previously showed weak development.

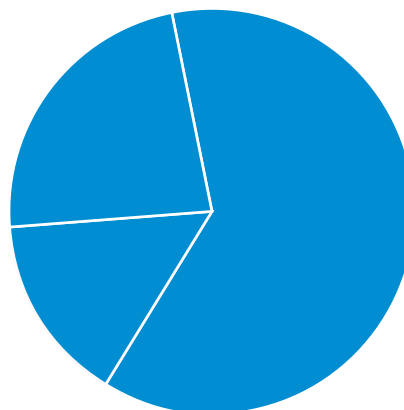
Customers include ABB, AstraZeneca, Bombardier, Ericsson, Haldex, Preemraff, Scania, Saab Automobile, Saab, AB Volvo and the Volvo Car Corporation.

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.

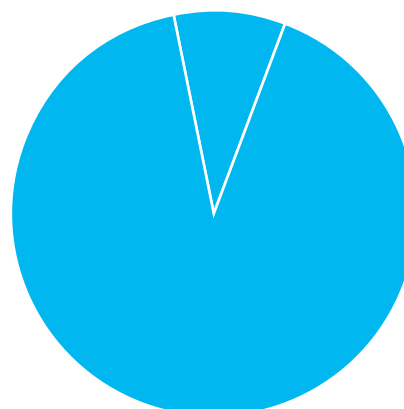
Informatic is continuing its positive growth. Sales rose during the first nine months by 12.8% to SEK 263.7 m (233.8). The profit rose by 40.7% to SEK 32.3 m (22.9). Profits for the business area were down on the previous quarter, however. One of the reasons for this was the large number of projects completed in June. The business area experienced an expected decline in production of aftermarket information for Saab Automobile. The amount of this activity matches Saab's introduction of new models and there have been no new modules so far this year.

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.



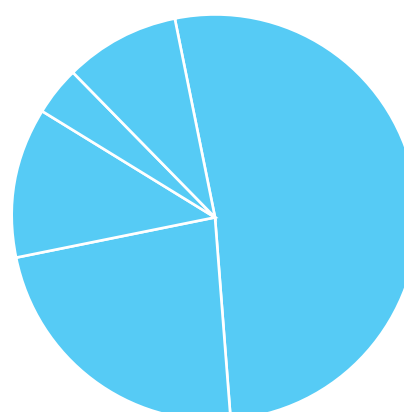
Sales per industry

Design & Development	62%	(65%)
Informatic	23%	(22%)
Zpider	15%	(13%)



Share of earnings

International	9%	(11%)
Sweden	91%	(89%)



Sales per industry

Vehicle	52%	(57%)
Industry	25%	(21%)
Telecom	13%	(13%)
Medical & LifeScience	5%	(5%)
Other	5%	(4%)

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 grew by 24.0% to reach SEK 175.6 m (141.6). This growth was mainly due to Zuite by Semcon and Zystems by Semcon but also to good demand for the other companies' offers in the business area. The operating profit after depreciation was SEK 13.6 m (9.9).

Customers include Akzo Nobel, Astra Tech, AstraZeneca, Codan Trygg Hansa, E.ON, Handelsbanken, Saab Automobile, Sapa, Scania, Sony Ericsson, Stena Metall, Vattenfall, Vin & Sprit, Volvo-handeln Utvecklings AB and the 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 23.6 m (21.8), and the operating loss after depreciation was SEK -0.9 m (0.0). The parent company's liquidity was SEK 47.5 m (48.6) on 30 September and the company's investment in stock totalled SEK 0.0 m (0.0).

Staff and organisation

The headcount at the end of the period was 1,728 (1,676). The average number of employees was 1,703 (1,621). Staff turnover was 11.3%. The headcount in each business area at the end of the period was as follows: Design & Development 1,219 (1,190), Informatic 283 (298) and Zpider 229 (188).

Financial items, investments and share information

The operating cash flow from current activities was SEK 28.1 m (25.8). The Group's liquid assets on 30 September totalled SEK 14.4 m (13.6). The Group's total investment in hardware, licences, inventories and office equipment was SEK 11.8 m (6.4). Investments in subsidiaries' shares and businesses was SEK 26.1 m (20.2). At the end of the period shareholders' equity was SEK 260.2 m (173.7) and the equity/assets ratio was 41.3% (28.9). Interest-bearing liabilities totalled SEK 43.7 m (108.9).

Ownership structure

Foreign investments in Semcon amounted to 34.5% by the end of September (32.1 on 31 December 2005). The number of shareholders was 6,658 (5,605). 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 Q3 with the conversion of options. The to-

tal number of shares rose by 263,120 to 17,654,141 at the end of the period. Semcon is listed on the Stockholm Stock Exchange's Small Cap list under the SEMC ticker and has a share class with equal voting rights.

Extraordinary General Meeting

The Extraordinary General Meeting of Semcon AB shareholders on 27 September 2006 decided in accordance with the Board's proposal to approve the implementation of the convertible-based incentive scheme for leading executives in the Semcon Group.

Key events during 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 centre.
- Semcon Informatic is underpinning its presence in Germany by concluding a cooperation agreement with German company ESG (Elektroniksystem- und Logistik-GmbH).
- In tough competition with three German suppliers, Semcon Automotive R&D won an order worth around SEK 60 m. The order runs for three years and covers project management and design for a car project.
- Zuite by Semcon opened an office in Göteborg.

Key events after the period

- Henrik Sund took over as Semcon's CEO.
- Zooma by Semcon won a prize for FIFA's mobile World Cup 2006 website at the American Web Marketing Association's annual WebAwards. The website was produced on assignment for the Canadian telecom operator, Rogers, a customer of Ericsson in Canada.
- An order for Compliant Logistics concerning Basic Design and improved efficiency of production plants.
- After the end of Q3 the JCE Group made a cash offer for Semcon of SEK 65 per share. The board has been contacted by further interested parties following the bid.

- Semcon's Board of Directors published a press release on 2 October 2006 with the following content:
Semcon's Board of Directors has noted a press release from the JCE Group AB, containing details of a hostile public offer to acquire the company's shares. The offer of SEK 65 per share is equivalent to a premium of barely 13 per cent compared to the latest trading in the company's shares prior to the publication of the offer. In addition, it is the Board's opinion that the recent period's change in Semcon's management can have led to a temporary withholding effect of the value of the company's shares. The company has meanwhile called on the services of Lenner & Partners for financial advice in relation to the offer and will wait for the prospectus before the Board announces its final recommendation to Semcon's shareholders in relation to the offer.
- At a board meeting on 17 October, the board decided not to carry through the convertible-based incentive scheme due to the current bid situation.

Other information

Nominations committee

The Annual General Meeting of Semcon shareholders on 20 April 2006 decided that the chairman of the Board should convene, by the end of September, a nominations committee comprising the chairman of the Board and a representative of each of the largest shareholders in the company in terms of votes. The nominations committee for the next Annual General Meeting has now been appointed and comprises Erik Sjöström, representing Skandia Liv, Kjell Nordling representing Handelsbankens fonder and Christian W Jansson, Semcon's chairman.

Accounting principles

The accounting principles used for this interim report are the same principles as described in the 2005 Annual Report. This financial statement has been produced in accordance with IAS 34, Interim Reports. The parent company uses RR32, the Swedish Financial Accounting Standards Council's recommendation for legal entities.

Reporting

The 2006 Financial Statement will be published on 7 February 2007. For further information, please contact: CEO Henrik Sund, tel: +46 (0)31 721 03 05, mobile: +46 (0) 705-78 30 03 or CFO Bengt Nilsson tel: +46 (0)31 721 03 11, mobile: +46 (0)70 447 28 68.

Göteborg, 18 October 2006

Henrik Sund
SEMCON AB (PUBL)
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This report is also available in Swedish.

Financial reporting 2007

Financial Statement	Jan-Dec	7 February
Q1	Jan- March	26 April
Q2	Jan -June	19 July
Q3	Jan-Sept	18 October

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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 Small Cap list of the Stockholm Stock Exchange.

Semcon AB - consolidated financial summary

Income statement

SEK 000	2006 July-Sept	2005 July-Sept	2006 Jan-Sept	2005 Jan-Sept	2005 Full year
Operating income	341 660	312 989	1 171 231	1 086 519	1 500 531
Purchase of goods and services	-64 976	-62 908	-216 837	-200 014	-281 707
Other external operating expenses*	-38 680	-34 608	-122 310	-112 648	-154 361
Staff costs	-222 732	-203 081	-755 574	-703 938	-953 520
Operating profit/loss before depreciation	15 272	12 392	76 510	69 919	110 943
Depreciation of tangible assets	-2 648	-3 158	-8 333	-10 636	-13 395
Depreciation of intangible assets	-490	-435	-1 523	-1 312	-1 801
Operating profit/loss after depreciation	12 134	8 799	66 654	57 971	95 747
Net financial items**	-72	-654	-484	1 083	2 150
Profit/loss after net financial items	12 062	8 145	66 170	59 054	97 897
Tax	-3 883	-2 577	-19 991	-16 116	-29 875
Profit/loss for the period ***	8 179	5 568	46 179	42 938	68 022
Average number of shares	17 617 932	17 391 021	17 477 252	17 391 021	17 391 021
Number of convertibles	274 127	393 617	290 018	393 617	393 617
EPS after tax, SEK	0.38	0.32	2.49	2.47	3.91
EPS after dilution, SEK	0.38	0.31	2.45	2.42	3.82
Number of days in the period	65	65	187	188	252
Note *	Of which of share in associate company's profit	-1 042	-	-583	-
Note **	The positive effect concerning the real value of the share swap agreement, is in line with IFRS	-	-	2 865	2 955
Note***	Of which, parent company shareholders	6 712	5 593	42 901	68 020
	Of which, minority interests	1 467	-25	37	2

Balance sheets

SEK 000	2006 30 Sept	2005 30 Sept	2005 31 Dec
Assets			
Intangible fixed assets, goodwill	76 346	70 659	69 484
Tangible fixed assets, computer programs	10 254	4 629	9 050
Tangible fixed assets	36 586	37 103	36 178
Financial fixed assets	18 717	-	-
Other long-term receivables	4 384	7 403	3 709
Other current assets	469 185	468 543	533 085
Cash and bank balances	14 373	13 582	17 872
Total assets	629 845	601 919	669 378
Shareholders' equity and liabilities			
Shareholders' equity	260 159	173 701	198 886
Long-term allocations	46 095	43 904	45 695
Interest-bearing long-term liabilities	4 386	13 447	13 499
Non interest-bearing long-term provisions	1 088	0	1 588
Current allocations	1 050	0	500
Interest-bearing current liabilities	39 332	95 500	104 871
Non interest-bearing current liabilities	277 735	275 367	304 339
Total shareholders' equity and liabilities	629 845	601 919	669 378
Minority's share of shareholders' equity at start of the period	13	11	11
Minority's share of subsidiary acquired	70	-	-
Profit for the period attributable to minority shareholding	2 576	37	2
Minority's share of shareholders' equity at end of the period	2 658	48	13

Change in shareholders' equity

SEK 000	2006 30 Sept	2005 30 Sept	2005 31 Dec
Shareholders' equity at start of period	198 886	133 959	133 959
Translation difference	94	171	272
Acquisition/Sale of Semcon shares	5 791	-3 367	-3 367
New share issue*	9 209	-	-
Earnings for the period attributable to parent company shareholders	43 603	42 901	68 020
Shareholders equity before minority participations	257 583	173 664	198 884
Earnings for the period attributable to minority interests	2 576	37	2
Shareholders equity at end of period	260 159	173 701	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 September 2006 promissory notes corresponding to 263 190 shares had been converted. For further information, please see the Annual Report for 2005.

Cash flow statement	2006	2005	2005
SEK 000	30 Sept	30 Sept	31 Dec
Current activities	43 967	39 076	99 077
Change in working capital	-15 906	-13 326	-113 393
Cash flow from current activities	28 061	25 750	-14 316
Investment activities	-31 694	-13 092	-23 443
Financing activities	134	-3 366	-3 367
Change in liquid funds	-3 499	9 292	-41 126

Key figures	Note	2006	2005	2005
		30 Sept	30 Sept	Full year
Growth/Decline in sales (%)		7.8	16.8	16.4
Operating margin (%)	1	5.7	5.3	6.4
Profit margin (%)	2	5.6	5.4	6.5
Return on average shareholders' equity (%)	3	20.1	30.6	40.9
Return on average capital employed (%)	4	23.5	30.9	44.2
Equity assets ratio (%)	5	41.3	28.9	29.7
Debt/equity ratio (multiple)	6	0.17	0.63	0.60
Interest coverage ratio (multiple)	7	49.1	16.6	21.8
Earnings per share after tax (SEK)	8	2.49	2.47	3.91
Earnings per share after dilution (SEK)	9	2.45	2.42	3.82
Shareholders' equity per share (SEK)	10	14.59	9.99	11.44
Average number of employees	11	1 703	1 621	1 636
Sales per employee (SEK 000)	12	688	670	917
Value added per employee (SEK 000)	13	459	461	625
Profit/loss after financial items per employee (SEK 000)	14	38.9	36.4	59.8
Investments in machinery and equipment (SEK 000)		11 774	6 407	14 185
Investments in associated companies' and subsidiaries' shares (SEK 000)		26 062	20 187	29 093
Number of shares at period's end at a nominal SEK 1		17 654 141	17 391 021	17 391 021
Average number of shares		17 477 252	17 391 021	17 391 021
Number of outstanding convertibles at end of period		130 497	393 617	393 617
Average number of convertibles		290 018	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	2006	2006	2006
	Q4	Q1	Q2	Q3
Sales (SEK m)				
Design & Development	263.5	253.8	258.0	220.1
Informati.	95.5	92.9	103.2	67.7
Zpider	55.0	53.6	68.1	53.9
Total	414.0	400.3	429.3	341.7
Operating profit/loss (SEK m)				
Design & Development	17.2	17.6	0.3	2.9
Informatic	14.9	14.0	14.3	4.0
Zpider	5.7	4.9	3.4	5.2
Total	37.8	36.5	18.0	12.1
Number of days in the period	64	64	58	65

Key figures per share

	2006 30 Sept	2005 30 Sept	2005 31 Dec
EPS after tax (SEK)	2.49	2.47	3.91
EPS after dilution (SEK)	2.45	2.42	3.84
Shareholders' equity before dilution (SEK)	14.59	9.69	11.44
Shareholders' equity after dilution (SEK)	14.34	10.24	11.94
Price per share/ Shareholders' equity per share (times)	3.96	4.88	5.09
Cash flow per share (SEK)	-0.20	0.53	-2.36
Dividend	-	-	-
Share price at end of period (SEK)	57.75	47.30	58.25
Market capitalisation at end of period (SEK m)	1 020	823	1 013
No. of shares at end of period (000s)	17 654	17 391	17 391
Average no. of shares (000s)	17 423	17 391	17 391
No. of outstanding convertibles at end of period	130	394	394
Average no. of convertibles	190	394	394

Largest holdings 30/09/06

	No. of shares	Proportion
Skandia liv	1 936 400	10.97
BNP Paribas	1 620 000	9.18
Handelsbankens fonder	603 330	3.42
Christian W Jansson med bolag	546 857	3.09
SEB fonder	532 624	3.02
Credit Suisse	520 000	2.95
Morgan Stanley	472 999	2.68
JP Morgan	427 319	2.42
SIS Segaintersettle	343 882	1.95
EQ Bank	265 000	1.50
Total	7 268 411	41.18
Other ownership	10 385 730	58.82
Grand total	17 654 141	100.00

Ownership statistics 30/09/06

	No. of shareholders	No. of shares	Proportion (%)	Market value (SEK 000)
1-500	4 263	891 587	5.1	51 489
501-1 000	1 220	1 062 591	6.0	61 365
1 001-10 000	1 023	3 029 772	17.2	174 969
10 001-100 000	129	3 606 678	20.4	208 286
100 001-	23	8 991 094	50.9	519 236
Total	6 658	17 581 722	99.6	1 015 344
Convertibles ready for registration as shares	-	72 419	0.4	4 182
Total number of shares	6 658	17 654 141	100.0	1 019 527

Price trend

