



# SEMCON ENTERS A NEW PHASE

INTERIM REPORT JAN-JUNE 2007

## Q2

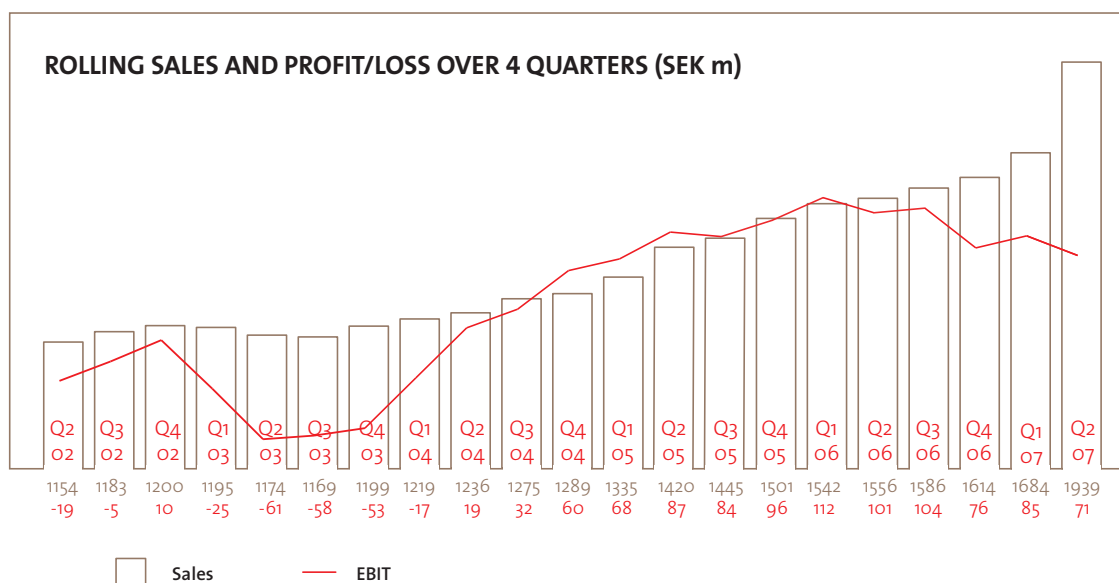
- Sales rose by 59.4% to SEK 684.3 million (429.2 m). Organic growth reached 10.9%
- The operating profit after depreciation (EBIT) was SEK 4.1 million (18.0 m), giving an operating margin of 0.6% (4.2)
- Results have been hit by one-off costs of SEK 31.0 million (5.9 m) concerning a cost-cutting scheme, the dismissal of the CEO, divesting businesses and integrating IVM Automotive. Excluding these items, the operating profit would have been SEK 35.1 million (23.9 m) and the operating margin 5.1% (5.6)
- The loss after tax was SEK 0.8 million (+12.2 m)
- The EPS was SEK -0.19 (+0.64)

## JANUARY – JUNE

- Sales rose by 39.1% to SEK 1,154.1 million (829.6 m). Organic growth reached 15.6%
- The operating profit after depreciation (EBIT) was SEK 49.3 million (54.5 m), giving an operating margin of 4.3% (6.6)
- Excluding one-off costs of SEK 32.0 million (5.9 m), the operating profit would have been SEK 81.3 million (60.4 m) and the operating margin would have been 7.0% (7.3)
- The profit after tax was SEK 30.6 million (38.0 m)
- The EPS was SEK 1.43 (2.12)

## SIGNIFICANT EVENTS AFTER THE PERIOD

- Semcon has agreed with the JCE Group about acquiring 100 per cent of the shares in Caran AB, Caran Design Limited, A2 Acoustics AB and Caran Embedded Intelligent Solutions AB. The takeover is expected to be carried out on 1 September 2007. More information will be available in a separate press release.



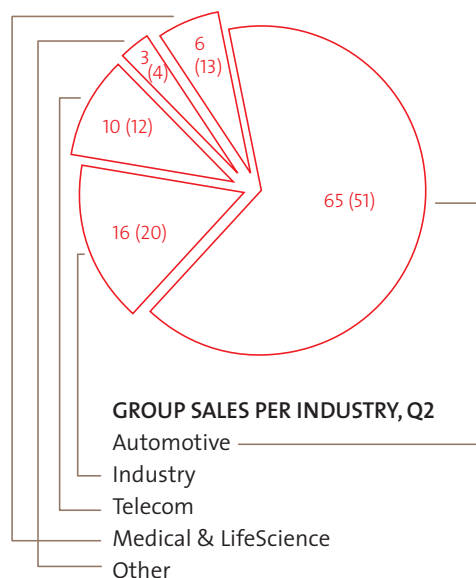
**semcon**

## SIGNIFICANT EVENTS APRIL-JUNE 2007

The acquisition of IVM Automotive in Germany went ahead on 1 April. The company has sales of around SEK 850 million on an annual basis and has today around 1,000 employees. The company was merged into the Semcon Group during Q2. This has given us a wider customer base, increasing opportunities for more, larger business deals. Semcon is now one of the three biggest European suppliers of development services to the auto industry. Our international expansion is also continuing according to plan. One major breakthrough was establishing in Brazil, where over a relatively short period we have done deals with four new customers.

The Board has decided to dispose of all business in the Zpider business area. The business area is very successful, but for Semcon to be an internationally leading development company we need to focus on our core business of product development and information solutions. Due to the sale of Zpider, no new share issue is planned, which was previously announced.

Furthermore, a comprehensive cost-cutting scheme at central level was introduced during the period. These measures are expected to provide savings of around SEK 30 million in Sweden and SEK 15 million in Germany, with the full effect being realised in the 2008 financial year.

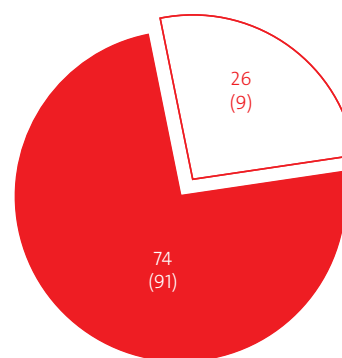


## SALES AND EARNINGS ANALYSES

Group sales rose by 59.4% in Q2, compared to the same period last year, and amounted to SEK 684.3 million (429.2 m). Not counting acquisitions and disposals of businesses, growth was 10.9%. Between January and June, Group sales amounted to SEK 1,154.1 million (829.6 m). Sales growth is mainly attributable to the acquisition of IVM Automotive, but also from the effects of the favourable market situation. Organic growth for the first half of the year was 15.6%.

Compared to Q2 2006, the operating profit after depreciation (EBIT) fell by SEK 13.9 million to SEK 4.1 million (18.0 m). This gave an operating margin of 0.6% (6.6). The loss after net financial items was SEK 1.1 million (+17.9 m) and the loss after tax was SEK 0.8 million (12.2 m). The EPS was SEK -0.19 (+0.64). Between January and June the operating profit after depreciation (EBIT) fell by SEK 5.2 million to SEK 49.3 million (54.5 m). This gave an operating margin of 4.3% (6.6). The profit after net financial items was SEK 43.9 million (54.1 m) and profit after tax of SEK 30.6 million (38.0 m). The EPS was SEK 1.43 (2.12).

During the first six months, and mainly during Q2, one-off costs have hit results by SEK 32.0 million (5.9 m). Not including these items the operating margin was 7.0% (7.3). If we also discount the acquisition of IVM the operating margin would have been 8.4% for the first six months. Drastic measures have been taken, meaning IVM is expected to report an improved operating margin in 2008.



SHARE OF EARNINGS, Q2

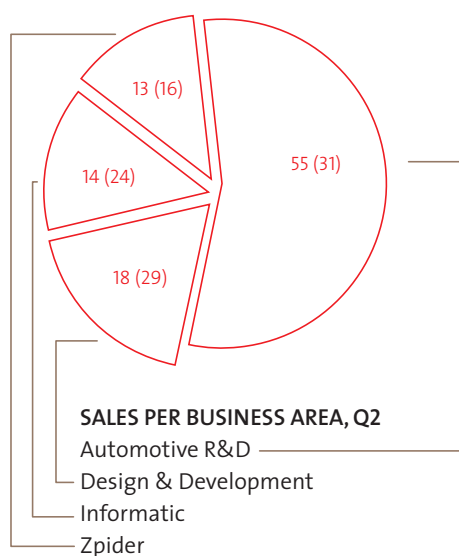
□ International  
■ Sweden

Henrik Sund was dismissed as CEO of the company on 5 June. The cost for his dismissal is SEK 5.0 million. The CFO, Björn Strömberg, has taken over as acting CEO. The cost-cutting scheme introduced during the period has hit results by SEK 18.8 million. The scheme will give annual savings of around SEK 30 million in Sweden and SEK 15 million in Germany. In addition to these items results were hit with costs of SEK 5.0 million for the disposal of businesses and integration costs of SEK 3.2 million in respect of IVM.

## SEMCON'S BUSINESS AREAS

Semcon's business is divided into four business areas: Automotive R&D, Design & Development, Informatic and Zpider. Semcon AB is the parent company of the Group and is responsible for Group-wide issues.

After the publication of this interim report one-off costs will not be divided among the various business areas. Taking into account this change the figures for 2006 have also been adjusted.



## AUTOMOTIVE R&D

SEK m	APRIL-JUNE		JAN-JUNE		FULL YEAR
	2007	2006	2007	2006	2006
Sales	378.3	133.6	535.5	265.7	530.0
Share of total sales %	55.3	31.1	46.4	23.0	32.8
Operating profit	6.0	2.5	16.6	13.2	28.0
Operating margin %	1.6	1.8	3.1	5.0	5.3

Growth in Q2 was 183.2%. Excluding the acquisition of IVM organic growth was 18.9%. Sales for the quarter stood at SEK 378.3 million (133.6 m). The operating profit for Q2 was SEK 6.0 million (2.5 m). Between January and June sales amounted to SEK 535.5 million (265.7 m) with an accumulated operating profit of SEK 16.6 million (13.2 m).

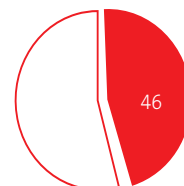
The German business showed a weak operating profit over the quarter. In the Swedish business the main area to show a good trend was Functional Performance. Demand continues to be strong in the area but is characterised by tough competition and strong price pressure.

Semcon is now one of the three biggest European suppliers of development services to the auto industry following the acquisition of IVM. The integration of IVM is now complete and we are well equipped to meet the strong European demand, mainly from Germany. We received a major order from BMW in Germany plus strategically important assignments from Audi and Porsche after the end of the period. We are also boosting business outside Europe and have in a relatively short time done business deals with four new customers in Brazil with General Motors, Volkswagen trucks and buses, Volkswagen cars and Volvo Powertrain. Brazil is now our third largest market in headcount terms and we see continued good expansion opportunities. The same is true for other BRICK countries with most of our efforts focusing on Russia and Korea.

**Automotive R&D** works with design, construction, testing, simulation and production support, focusing on the international automotive industry. Semcon is a comprehensive supplier in the area and our business offer is aimed mainly at Chief Technical Officers in the automotive industry.

**Biggest customers:** Audi, BMW, Ford, GM, Mercedes Benz, Porsche, Scania, Saab, Volkswagen och AB Volvo.

**Share of Semcon's total sales %**



## DESIGN & DEVELOPMENT

	APRIL-JUNE		JAN-JUNE		FULL YEAR
SEK m	2007	2006	2007	2006	2006
Sales	123.7	124.4	260.4	246.1	490.6
Share of total sales. %	18.1	29.0	22.6	21.3	30.4
Operating profit	2.1	1.6	16.2	8.4	12.9
Operating margin. %	1.7	1.3	6.2	3.4	2.6

Sales for Q2 stood at SEK 123.7 million (124.4 m) with an operating profit of SEK 2.1 million (1.6 m). Between January and June sales amounted to SEK 260.4 million (246.1 m) with an accumulated operating profit of SEK 16.2 million (8.4 m).

All operative businesses in the business area are doing well, but old businesses sold or disposed of are still incurring costs. In total these units have caused an accumulated loss of SEK 4.2 million. Excluding these costs the operating margin would have been 7.7%. The sale of the Semcon Norge AS and Knud E. Hansen A/S businesses in 2006 is affecting growth. Discounting these divestments organic growth would have been 9.5% for the quarter and 16.2% for the first six months.

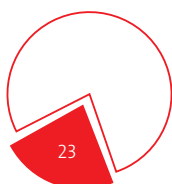
There has been a sales increase over the period to the Swedish aviation industry. Meanwhile assignments are also increasing within the energy sector (Hydro Power Services), where the interest for solutions for renewable energy sources is vast. We have, for example, signed a three-year contract with General Electric. The contract is for the supply of switchgear and control panels for three hydroelectric plants for the Letsi hydroelectric power station.

In Medical & Life Science the business area is investing in the Örestad region and has also opened a new office in Uppsala. There are many opportunities in Uppsala among the region's many start-up companies in medical and biotechnology. Semcon Project Management is continuing its healthy performance. There is a general strong demand for the business area's services, meaning a major demand to recruit more staff in the business area.

**Design & Development** works with product development, production development and project management focusing on the power and engineering industries, medi-tech and life science, telecoms and the space and aero industry. Our business offer is aimed at Chief Technical Officers at technology-intensive and project-intensive manufacturing companies.

**Biggest customers:** ABB, AstraZeneca, Bombardier, Ericsson, FMV, Fortum, GE, Haldex, Metso Paper, Nokia, Pfizer, Preemraff, Saab AB och Sony Ericsson.

**Share of Semcon's total sales, %**



## INFORMATIC

	APRIL-JUNE		JAN-JUNE		FULL YEAR
SEK m	2007	2006	2007	2006	2006
Sales	96.0	103.1	191.1	196.0	340.8
Share of total sales. %	14.0	24.0	16.6	17.0	21.1
Operating profit	13.7	15.6	25.1	29.6	39.9
Operating margin. %	14.3	15.1	13.0	15.1	11.7

Sales for Q2 stood at SEK 96.0 million (103.1 m) with an operating profit of SEK 13.7 million (15.6 m). Between January and June sales amounted to SEK 191.1 million (196.0 m) with an accumulated operating profit of SEK 25.1 million (29.6 m).

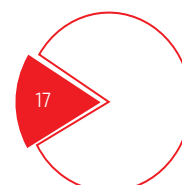
Profits were affected by the start-up of a partnership deal with Jaguar/Land Rover and the project, with our German joint venture ESG. The positive effects of these deals are expected to have a full impact by 2008. Furthermore, volumes in existing partnership agreements with GM, Ericsson and Volvo Cars fell due to ongoing streamlining and increased competition. In addition, volumes in Trollhättan for Saab will fall due to the natural cycles of the model programmes.

We signed a four-year contract in Q2 for a long-term partnership with Bombardier Transportation Sweden AB. We have also developed our cooperation with ABB and take care of aftermarket communication for their Czech unit. Furthermore, we have started an investment in Linköping where we have received an assignment on behalf of Saab AB. The international investments carried out in the business area are continuing to progress positively. Our recently established office in Finland has received its first project for Nokia Systems Network and in Hungary we have received our first local order. More staff are being recruited in both Hungary and China. We received our second order with ESG in Germany from General Motors during the period.

**Businesses at Informatic** develop information solutions for market communication and the aftermarket. Our business offer is aimed at Chief Marketing Officers in the automotive and engineering industries and ICT, i.e. "Information and Communication Technologies".

**Biggest customers:** Bombardier, Ericsson, Ford/Volvo Personvagnar och Jaguar/Land Rover, GM/Saab Automobile och Cadillac, Kockums, Sony Ericsson och AB Volvo.

**Share of Semcon's total sales, %**



## ZPIDER

SEK m	APRIL-JUNE 2007 2006		JAN-JUNE 2007 2006		FULL YEAR 2006
Sales	86.3	68.1	167.1	121.7	252.7
Share of total sales. %	12.6	15.9	14.5	10.5	15.7
Operating profit	13.3	4.2	23.4	9.2	24.1
Operating margin. %	15.4	6.2	14.0	7.6	9.5

Growth in Q2 was 26.8% with sales of SEK 86.3 million (68.1 m). The operating profit was SEK 13.3 million (4.2 m). Between January and June sales amounted to SEK 167.1 million (121.7 m) with an accumulated operating profit of SEK 23.4 million (9.2 m).

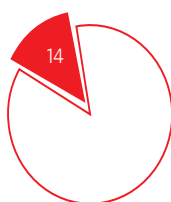
The business area is continuing to show excellent progress with great demand and sales growth. We are seeing that sales synergies at Zpider are beginning to bear fruit, which is leading to stronger customer relations. Preferred supplier/partnership agreements were signed during the period with Ericsson, Volvo IT and Volvo Cars.

The Board has decided to sell off all businesses in the business area. Danske Bank Corporate Finance has been assigned to sell Zpider and the sale is expected to be completed during the year.

**Zpider** 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 Chief Information Officers in large and mid-sized companies with advanced IT infrastructures.

**Biggest customers:** AstraZeneca, E.ON, Ericsson, Fora, Ford/Volvo Personvagnar, GM/Saab Automobile, Mölnlycke Health Care, Skanska, Sony Ericsson, Vattenfall och Volvo IT.

**Share of Semcon's total sales, %**



## PARENT COMPANY

Sales amounted to SEK 26.4 million (12.4 m) and the operating profit after depreciation was SEK 5.2 million (-7.2 m). The parent company's liquidity was SEK 51.2 million (13.5 m) and the company's investments in stock amounted to SEK 0.0 million (0.0 m).

## STAFF AND ORGANISATION

The average number of employees was 2,286 (1,688). The headcount at the period's end was 2,786 (1,725) of which 1,725 in Sweden and 1,061 abroad. Staff turnover was 17.2%, excluding IVM. The headcount in each business area at the end of the period was as follows: Automotive 1,633 (602), Design & Development 574 (621), Informatic 329 (288) and Zpider 250 (214).

## FINANCIAL POSITION, INVESTMENTS AND SHARE INFORMATION

The operations' cash flow from current activities was SEK -39.3 million (20.6 m). The Group's liquid assets stood at SEK 47.2 million (10.0 m). Investments in hardware, licences, office supplies and equipment was SEK 20.1 million (8.6 m). Investments in subsidiaries' shares and businesses stood at SEK 326.9 million (26.0 m). At the end of the period shareholders' equity stood at SEK 293.4 million (249.3 m) and the equity/assets ratio was 21.4% (36.7). Net loan borrowings stood at SEK 481.3 million (52.1 m). The increase is due to the acquisition of IVM.

Due to the sale of Zpider no new share issue is planned, which was previously announced.

### Ownership structure

On 30 June, the JCE Group held 29.9% of Semcon's shares, Skandia Liv 12.5%, Deutsche Bank held 7.4% and Handelsbankens fonder held 5.0%. Foreign ownership of Semcon on 30 June was 23.7% (38.5). The number of shareholders was 3,886 (5,974). The number of shares at the end of the period was 17,742,266. Semcon is listed on the Stockholm Stock Exchange's Small Company list under the SEMC ticker and has a share class with equal voting rights.

## ACQUISITION AND SALE OF COMPANIES

The German company IVM Automotive was acquired during the year. More information about the acquisition is on page 10. The company Propeller was sold on 1 April to the design Group Design Communication. The estimated capital loss will be SEK 2.7 million.

## RISKS AND INSTABILITY FACTORS

The Group's and parent company's significant risks and instability factors include business risks in the form of high exposure towards a certain industry. In general terms the acquisition of businesses involved increased risk. This also includes financial risks mainly concerning interest and currency risks. In addition to the risks described in Semcon's Annual Report, see page 30-31 for an extensive description of the Group's and parent company's risk exposure and risk management, no other significant risks exist apart from the increased risk exposure that has arisen due to the acquisition of IVM Automotive.

## SIGNIFICANT EVENTS AFTER THE PERIOD

- Semcon received a major order from BMW that includes the construction, prototyping and production of an auto project in the motor sport sector.
- Semcon received an order from Defence Matériel, FMV, worth SEK 20 million with the option of a further SEK 20 million, for the production of 40 specially developed composite containers for the Swedish armed forces major venture, Nordic Battlegroup.
- Semcon has agreed with the JCE Group about acquiring 100 per cent of the shares in Caran AB, Caran Design Limited, A2 Acoustics AB and Caran Embedded Intelligent Solutions. The takeover is expected to be carried out on 1 September 2007.

## REPORTING

Q3 25 October  
Financial Statement 2008 21 February 2008

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*Semcon is 2,800 committed people with a passion for product development, technical information and IT. Today, Semcon is in 14 countries on five continents. Semcon had pro forma sales of around SEK 2.4 billion in 2006 and is listed on the Stockholm Stock Exchange's Nordic list.*

## OUTLOOK

Semcon will continue focusing on profitable growth, internationalisation and increased streamlining. We will continue to develop and refine our product development and information solutions, both in terms of greater project responsibility and partnership by offering alternative solutions to customers for taking advantage of our specialist skills. We expect the market's upbeat economy to continue for the rest of the year.

## OTHER INFORMATION

### Accounting principles

Semcon follows the IFRS standards and interpretations thereof used by the EU (IFRIC). This quarterly report for the Group has been produced in accordance with IAS 34. The same accounting principles have been applied in this quarterly report as in the latest annual report. The new or revised IFRS standards that came into effect on 1 January 2007 do not affect the reported results or position. This report has not been subject to a general examination by the company's auditors.

The Board and acting CEO assure that this quarterly report gives a true picture of the parent company's and Group's business, position and results and describes the significant risks and instability factors faced by the parent company and the companies of the Group.

Göteborg, 21 August 2007

SEMCON AB (PUBL)  
417 80 Göteborg

Co. Reg. No. 556539-9549

Björn Strömberg,  
Acting CEO

Kjell Nilsson,  
Chairman of the Board

Hans-Erik Andersson,  
Board Member

Pia Gideon,  
Board Member

Annamarie Gardshol,  
Board Member

Dan Persson,  
Board Member

Ulf Wallin,  
Board Member

Gunvor Engström,  
Board Member

Roland Kristiansson,  
Staff representative

Stefan Novakovic,  
Staff representative

Christer Eriksson,  
Staff representative

# CONSOLIDATED FINANCIAL SUMMARY

## INCOME STATEMENT

SEK m	APRIL-JUNE		JAN-JUNE		JAN-DEC
	2007	2006	2007	2006	2006
Operating income	684.3	429.2	1 154.1	829.6	1 614.1
Purchase of goods and services	-146.0	-93.0	-236.8	-151.9	-284.2
Other external operating expenses*	-86.7	-43.0	-135.1	-83.6	-197.3
Staff costs	-439.8	-272.1	-722.3	-532.9	-1 039.8
<b>Operating profit/loss before depreciation</b>	<b>11.8</b>	<b>21.1</b>	<b>59.9</b>	<b>61.2</b>	<b>92.8</b>
Depreciation of tangible assets	-6.1	-2.6	-8.7	-5.7	-10.5
Depreciation of intangible assets	-1.6	-0.5	-1.9	-1.0	-2.0
Goodwill depreciation	-	-	-	-	-4.4
<b>Operating profit/loss after depreciation</b>	<b>4.1</b>	<b>18.0</b>	<b>49.3</b>	<b>54.5</b>	<b>75.9</b>
Net financial items	-5.2	-0.1	-5.4	-0.4	-1.7
<b>Profit/loss after net financial items</b>	<b>-1.1</b>	<b>17.9</b>	<b>43.9</b>	<b>54.1</b>	<b>74.2</b>
Tax	0.3	-5.7	-13.3	-16.1	-26.0
<b>Profit/loss for the period **</b>	<b>-0.8</b>	<b>12.2</b>	<b>30.6</b>	<b>38.0</b>	<b>48.2</b>
Average number of shares	17 742 266	17 422 805	17 742 266	17 406 913	17 531 478
Number of convertibles	42 372	361 834	42 375	377 725	253 160
EPS after tax, SEK	-0.19	0.64	1.43	2.12	2.62
EPS after dilution, SEK	-0.19	0.63	1.43	2.07	2.59
Number of days in the period	58	58	122	122	250
Note *	Of which of share in associate company's profit				
Note **	Of which, parent company shareholders				
	Of which, minority interests				
	-0.1	0.5	-0.6	0.5	-1.0
	-3.3	11.2	25.4	36.9	46.0
	2.5	1.0	5.2	1.1	2.2

## QUARTERLY INFORMATION PER BUSINESS AREA

	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2
<b>Sales (SEK m)</b>						
Automotive R&D	132.1	133.6	113.9	150.4	157.2	378.3
Design & Development	121.7	124.4	106.1	138.5	136.7	123.7
Informatic	92.9	103.1	67.8	77.0	95.1	96.0
Zpider	53.6	68.1	53.9	77.1	80.8	86.3
<b>Total</b>	<b>400.3</b>	<b>429.3</b>	<b>341.7</b>	<b>442.9</b>	<b>469.8</b>	<b>684.3</b>
<b>Operating profit (Mkr)</b>						
Automotive R&D	10.7	2.5	3.3	11.6	10.6	6.0
Design & Development	6.9	1.6	-0.4	4.8	14.1	2.1
Informatic	14.0	15.6	4.0	6.3	11.4	13.7
Zpider	4.9	4.2	5.2	9.8	10.1	13.3
One-off costs	-	-5.9	-	-23.3	-1.0	-31.0
<b>Total</b>	<b>36.5</b>	<b>18.0</b>	<b>12.1</b>	<b>9.2</b>	<b>45.2</b>	<b>4.1</b>
<b>Operating margin (%)</b>						
Automotive R&D	8.1	1.8	2.9	7.7	6.1	1.6
Design & Development	5.7	1.3	-0.4	3.5	10.3	1.7
Informatic	15.0	15.1	6.0	8.2	12.0	14.3
Zpider	9.2	6.2	9.7	12.7	12.5	15.4
<b>Total</b>	<b>9.1</b>	<b>4.2</b>	<b>3.6</b>	<b>2.1</b>	<b>9.6</b>	<b>0.6</b>
<b>No. of employees at end of period</b>						
Automotive R&D	599	602	610	615	622	1 633
Design & Development	635	621	609	606	607	574
Informatic	289	288	283	301	332	329
Zpider	197	214	229	234	249	250
<b>Total</b>	<b>1 720</b>	<b>1 725</b>	<b>1 731</b>	<b>1 756</b>	<b>1 810</b>	<b>2 786</b>
Number of days in the period	64	58	65	63	64	58



**BALANCE SHEETS****SEK m****2007**  
**30 JUNI****2006**  
**30 JUNI****2006**  
**31 DEC****Assets**

Intangible fixed assets, goodwill	357.4	76.3	71.9
Tangible fixed assets, computer programs	16.5	10.6	6.7
Tangible fixed assets	75.9	36.3	32.1
Financial fixed assets	21.1	19.7	19.8
Other long-term receivables	49.5	4.0	4.8
Other current assets	801.2	519.0	499.1
Cash and bank balances	47.2	10.0	28.9

<b>Total assets</b>	<b>1 368.8</b>	<b>675.9</b>	<b>663.3</b>
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**Shareholders' equity and liabilities**

Shareholders' equity	293.4	249.3	265.1
Pension allocations	59.3	-	-
Other long-term allocations	39.0	45.9	39.8
Interest-bearing long-term liabilities	400.0	-	1.5
Non interest-bearing longterm provisions	0.3	1.1	-
Current allocations	-	1.1	1.1
Interest-bearing current liabilities	69.2	62.1	39.7
Non interest-bearing current liabilities	507.6	316.4	316.1

<b>Total shareholders' equity and liabilities</b>	<b>1 368.8</b>	<b>675.9</b>	<b>663.3</b>
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Minority's share of shareholders' equity at start of the period	2.3	-	-
Minority's share of subsidiary acquired	-	0.1	0.1
Profit for the period attributable to minority shareholding	5.2	1.1	2.2
Minority's share of shareholders' equity at end of the period	7.5	1.2	2.3

**CHANGE IN SHAREHOLDERS EQUITY****SEK m****2007**  
**30 JUNI****2006**  
**30 JUNI****2006**  
**31 DEC**

<b>Shareholders' equity at start of period</b>	<b>265.1</b>	<b>198.9</b>	<b>198.9</b>
Translation difference	-3.7	-0.1	-0.2
Acquisition/Sale of Semcon shares	-	5.8	5.9
New share issue*	1.4	6.7	12.3
Earnings for the period attributable to parent company shareholders	25.4	36.9	46.0

<b>Shareholders equity before minority participations</b>	<b>288.2</b>	<b>248.2</b>	<b>262.9</b>
Earnings for the period attributable to minority interests	5.2	1.1	2.2

<b>Shareholders equity at end of period</b>	<b>293.4</b>	<b>249.3</b>	<b>265.1</b>
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Note \* In 2004 Semcon issued a convertible loan for a nominal SEK 13 795 000 corresponding to 393 617 shares. As on 31 December 2006 debentures corresponding to 351 245 shares had been converted at a price of SEK 35 each. For further information, please see the Annual Report for 2005.

**CASH FLOW STATEMENT****SEK m****2007**  
**30 JUNI****2006**  
**30 JUNI****2006**  
**31 DEC**

Cash flow from current activities before changes to operating capital	26.3	40.4	66.9
Change in working capital	-65.6	-19.8	-19.4

<b>Cash flow from current activities</b>	<b>-39.3</b>	<b>20.6</b>	<b>47.5</b>
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Net investments	-20.1	-8.6	-25.4
Acquisition of subsidiaries/associated companies	-326.9	-20.3	-20.8
Payment from sale of subsidiaries/associated companies	4.3	-	0.3
Payment from sale of fixed assets	0.4	0.2	9.4

<b>Cash flow from investment activities</b>	<b>-342.3</b>	<b>-28.7</b>	<b>-36.5</b>
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Change in interest-bearing receivables and liabilities	398.5	-	-
New share issue	1.4	-	-
Warrants	-	0.3	-

<b>Cash flow from financing activities</b>	<b>399.9</b>	<b>0.3</b>	<b>-</b>
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<b>Change in liquid assets</b>	<b>18.3</b>	<b>-7.8</b>	<b>11.0</b>
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## KEY FIGURES

	2007 30 JUNI	2006 30 JUNI	2006 31 DEC
Growth/Decline in sales (%)	39.1	7.2	7.6
Operating margin (%)	4.3	6.6	4.7
Profit margin (%)	3.8	6.5	4.6
Return on average shareholders' equity (%)	11.3	16.5	20.9
Return on average capital employed (%)	8.9	19.6	25.4
Equity assets ratio (%)	21.4	36.7	40.0
Debt/equity ratio (multiple)	1.8	0.2	0.2
Interest coverage ratio (multiple)	7.9	48.8	23.8
Average number of employees	2 286	1 688	1 725
Sales per employee (SEK 000)	505	491	936
Value added per employee (SEK 000)	331	356	630
Profit/loss after financial items per employee (SEK 000)	19.2	32.1	43.0
Investments in goodwill (SEK 000)	285 436	6 857	6 857
Investments in fixed assets (SEK 000)	20 061	8 610	25 395

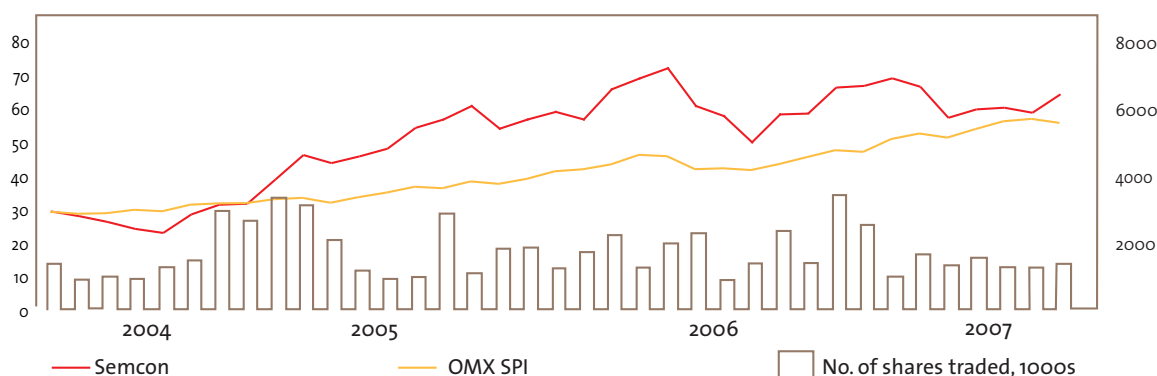
## KEY FIGURES PER SHARE

	2007 30 JUNE	2007 30 JUNE	2006 31 DEC
EPS after tax (SEK)	1.43	2.12	2.62
EPS after dilution (SEK)	1.43	2.07	2.59
Shareholders' equity before dilution (SEK)	16.55	14.12	14.81
Shareholders' equity after dilution (SEK)	16.51	14.10	14.85
Price per share/ Shareholders' equity per share (times)	3.58	4.04	4.55
Cash flow per share (SEK)	1.04	-0.45	0.62
Share price at end of period (SEK)	63.50	57.00	68.25
Market capitalisation at end of period (SEK m)	1 127	992	1 211
No. of shares at end of period (000s)	17 742	17 582	17 742
Average no. of shares (000s)	17 742	17 407	17 531
No. of outstanding convertibles at end of period (000s)	42	203	42
Average no. of convertibles (000s)	42	378	253

## LARGEST HOLDINGS 30/06/2007

	NO. OF SHARES	PROPORTION
JCE Group	5 318 178	29.91
Skandia liv	2 225 500	12.52
Deutsche Bank, London	1 320 200	7.42
Handelsbankens fonder	898 984	5.06
SEB fonder	429 124	2.41
Gartmore	406 401	2.29
EQ Bank	300 000	1.69
Swedbank Robur Fonder	295 907	1.66
SIS Segaintersettle	285 977	1.61
ABN Ambro Bank	213 500	1.20
<b>Total</b>	<b>11 693 771</b>	<b>65.77</b>
Other ownership	6 048 495	34.23
<b>Grand total</b>	<b>17 742 266</b>	<b>100.00</b>

## PRICE TREND



# CORPORATE ACQUISITIONS

Semcon has acquired 100% of the shares in IVM Automotive Beteiligungs GmbH. IVM was merged into Semcon on 1 April 2007. IVM is a leading design and development partner to the automobile industry in Europe with sales of around EUR 92 million on an annual basis. IVM has around 1,000 employees at six sites in Germany and in Spain and Brazil. Customers include leading automobile manufacturers such as Audi, BMW, Ford, GM, Mercedes Benz, Porsche and VW, and their system manufacturers. IVM's German business is strategically located in Munich, Stuttgart, Inglostadt, Rüsselsheim, Wolfsburg and Bad Friedrichshall. IVM's sales for the January to June period 2007 amounted to EUR 44.0 million with net losses of EUR 2.6 million. During the April to June period 2007 sales amounted to EUR 23.9 million with net losses of EUR 0.2 million.

## SPECIFICATION OF ACQUIRED NET ASSETS AND GOODWILL

### MARKET VALUE BOOKED VALUE IN IVM

SEK m	MARKET VALUE	BOOKED VALUE IN IVM
Intangible fixed assets	6.1	15.6
Tangible fixed assets	40.4	40.4
Deferred income taxes recoverable	48.7	-
Operating receivables	211.4	211.4
Liquid assets	19.4	19.4
<b>Total assets</b>	<b>326.0</b>	<b>286.8</b>
Pension allocations	-58.6	-47.9
Other allocations and operating liabilities	-204.6	-204.6
<b>Total acquired net assets</b>	<b>62.8</b>	<b>34.3</b>

### SPECIFICATION OF GOODWILL

Purchase price paid including acquisition costs	348.2
Market value of administered net assets	-62.8
<b>Goodwill</b>	<b>285.4</b>

Goodwill is attributable to the acquired company's earnings potential and synergy effects expected to arise due to the acquisition.

# PARENT COMPANY'S ACCOUNTS, SUMMARY

## INCOME STATEMENT

SEK m	2007 APRIL-JUNE	2006 APRIL-JUNE	2007 JAN-JUNE	2006 JAN-JUNE	FULL YEAR JAN-DEC
Operating income	18.5	5.5	26.4	12.4	37.5
Goods and services acquired	-	0.0	0.0	0.0	0.0
Other external expenses	-3.3	-0.3	-7.9	-4.7	-16.8
Staff costs	-10.5	-12.9	-13.3	-14.9	-22.2
<b>Operating profit/loss before depreciation</b>	<b>4.7</b>	<b>-7.7</b>	<b>5.2</b>	<b>-7.2</b>	<b>-1.5</b>
Amortisation of tangible assets	0.0	0.0	0.0	0.0	0.0
<b>Operating profit/loss after depreciation</b>	<b>4.7</b>	<b>-7.7</b>	<b>5.2</b>	<b>-7.2</b>	<b>-1.5</b>
Net financial items	-5.0	1.7	-5.2	1.2	60.4
<b>Profit/loss after net financial items</b>	<b>-0.3</b>	<b>-6.0</b>	<b>0.0</b>	<b>-6.0</b>	<b>58.9</b>
Appropriations	-	-	-	-	8.2
<b>Profit/loss before tax</b>	<b>-0.3</b>	<b>-6.0</b>	<b>0.0</b>	<b>-6.0</b>	<b>67.1</b>
Tax	0.1	1.7	0.0	1.7	-18.6
<b>Profit/loss for the period</b>	<b>-0.2</b>	<b>-4.3</b>	<b>0.0</b>	<b>-4.3</b>	<b>48.5</b>

## BALANCE SHEET

SEK m	2007 30 JUNI	2006 30 JUNI	2006 31 DEC
<b>Assets</b>			
Tangible fixed assets	0.0	0.0	0.0
Financial fixed assets	54.7	48.8	54.7
Current assets	600.9	195.1	179.2
Cash and bank balances	51.2	13.5	44.3
<b>Total assets</b>	<b>706.8</b>	<b>257.4</b>	<b>278.2</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders equity	211.4	155.7	210.0
Untaxed reserves	11.1	19.3	11.1
Provisions	-	0.6	-
Interest-bearing long-term liabilities	400.0	6.9	-
Interest-bearing current liabilities	69.2	55.2	41.2
Non interest-bearing current liabilities	15.1	19.7	15.9
<b>Total shareholders' equity and liabilities</b>	<b>706.8</b>	<b>257.4</b>	<b>278.2</b>