



Handläggare *Handled by*
Helena Stålnert

Datum *Date*
2005-07-12

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INTERIM REPORT

January – June 2005

- **Sales amounted to SEK 8,433 m. (8,370)**
- **Net income for the period was SEK 386 m. (519)**
- **Earnings per share amounted to SEK 3.52 (4.65)**
- **Order bookings during the first half-year amounted to SEK 6,962 m. (8,734)**
- **The order backlog totaled SEK 43 billion (46)**
- **Operating income was SEK 570 m. (763) and income after financial items was SEK 544 m. (725). Operating income includes a provision of SEK 250 m. allocated for the helicopter project**
- **The whole year projection is adjusted with the provision regarding the helicopter project**

Statement by the CEO

“The first half-year developed in line with our plans and previous forecasts, with the exception of the provisions needed for one of our development projects. As in previous years, sales were slightly lower than the annual rate. Income as a whole remained stable and the margin before provisions and structural costs was 11.1 percent, against 9.8 percent in the first half of 2004. Operating income has improved for the Defense & Security Solutions and Systems & Products business segments, while we are seeing a decline in Aeronautics, mainly due to lower margins in the Gripen program and the recent provisions for the Helicopter project.

We continue to strengthen our position internationally and are seeing increased business opportunities in all our business segments. Moreover, we are broadening operations in key areas such as expanded lifecycle commitments and civil security. Order bookings continue to be dominated by the international market, and 62 percent of our orders during the first half-year are attributable to the foreign markets. The largest single order was for subsystems of the IRIS-T IR-guided air-to-air missile worth approximately SEK 850 million. Series production will continue until 2011. During the first half-year orders were also received for a

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fire control system and vehicle computers for the Dutch Army's CV9035 combat vehicles worth SEK 700 m. Additionally an order was received from Australia to upgrade the command and control system for the ANZAC frigates valued at SEK 650 m.

We are awaiting a decision by the government on Sweden's participation in the European development of a demonstrator for the Neuron unmanned combat aircraft. The project complements our Gripen program and represents an important opportunity for Saab, by taking a leading role in such a future-oriented research project, to ensure that it retains its aeronautics competence. Investments in unmanned aerial technology are completely in line with the defense decisions and the aviation and space strategy that the Swedish parliament and government have supported after several years of analysis. We are concerned that the decision on the Neuron project participation has yet to be made.

We have previously noted that appropriations for the Swedish defense will gradually decline in the years ahead. This will lead to fewer development projects and shorter production series for the defense industry. Saab will therefore continue to pursue efficiencies and adapt its Swedish operations. More than a thousand employees were laid off in Sweden in 2003 and 2004, and during the first half-year a total of 760 employees were given their notice. Our previous estimate of 1,000 – 1,500 redundancies in 2005 and 2006 remains unchanged.

This makes Saab's strategy to internationalize even more important. The previously announced acquisition of an additional 56 percent shareholding in Grintek Ltd of South Africa has now been finalized, making Saab the majority owner, with a total of 77 percent of the capital, representing 70 percent of the votes. The integration of operations in Sweden and South Africa has begun and already in June the next step in the cooperation was taken when a joint unit for electronic warfare and aeronautics, Saab Avitronics, was established.

On July 4 we had to announce that the development of the Tactical Mission System (TMS) for the 18 helicopters that the Swedish Defense Materiel Administration, FMV, has ordered from NH Industries is greatly delayed, leading to unavoidable added costs. We feel that a provision is necessary in the second quarter, so income for 2005 has been charged with SEK 250 m. The total contract value is approximately SEK 2 billion.

In our full-year forecast we are projecting sales growth of slightly over 8 percent, of which organic growth accounts for approximately 5 percent. Other growth refers to the net of the acquisition of Grintek and the deconsolidation of Hawker Pacific, which is reported as an associated company this year. As previously announced, operating income is expected to generate a margin below last year's reported level of 9.3 percent and income after structural costs slightly lower than reported 2004, which was SEK 1 657 m. In addition, income was charged with provisions of SEK 250 m. that we decided to make for the helicopter program, which in itself reduces the margin by slightly over 1 percentage point. Our long-term objective of 10 percent remains unchanged."

Important events and orders in the second quarter 2005

- Acquisition of Grintek

Grintek is reported in the consolidated financial statement as of June. Sales in June amounted to SEK 174 m., while the profit margin was approximately 3.5%. Grintek has historically generated an annual turnover in the range of SEK 1.8 billion. The purchase price for the 56% of the capital stock that was acquired was SEK 406 m., resulting in a



surplus value of SEK 122 m. Further information regarding the preliminary acquisition balance can be found on page 17.

- In June Saab Bofors Dynamics received a production order from Germany's Diehl BGT Defense (DBD) for subsystems of the IRIS-T IR-guided air-to-air missile worth approximately SEK 850 m. IRIS-T has been developed in an international joint project between Germany, Sweden, Italy, Spain, Norway and Greece, under German management.
- AerotechTelub has signed an agreement with the Swedish Armed Forces to take responsibility for winding up operations at the Östersund Garrison. The agreement will run until the majority of the defense operations in Östersund are wound up, which is expected to be March 31, 2007. AerotechTelub estimates the order value at SEK 50 m.
- AerotechTelub has signed a general agreement with the Swedish Defense Materiel Administration, FMV, for consulting services focusing on resource consultants in the fields of Sensors and Telecom Services. The framework agreement is valid for two years with an option for up to two additional years. The order is worth approximately SEK 100 m. a year for all ten suppliers with which FMV has signed general agreements.
- In May Saab Ericsson Space in Gothenburg was awarded two important development contracts by ESA for development of highly integrated microelectronics to enable more compact computer systems for satellites.
- In May Saab Aviocomp and Alitalia Express signed an agreement on component repair and overhaul services for the Embraer ERJ family of regional aircraft. The agreement includes technical and engineering support covering Alitalia Express' fleet of 14 aircraft.
- In April Saab Aircraft AB signed a long-term agreement with JOB air s.r.o. of the Czech Republic to perform heavy maintenance on Saab 340 and Saab 2000 aircraft. The new agreement designates the Ostrava-based company as a Preferred Supplier for Saab maintenance in Europe.

About Saab

Saab is one of the world's leading high-technology companies, with its main operations in defense, aviation and space. Operations focus on select areas in defense electronics, missile systems and space electronics, as well as military and commercial aviation. Saab is also active in technical services and maintenance.

Business segments

Defense & Security Solutions provides technical support and services, command and control products, "system of systems" solutions and lifecycle commitments for these services and solutions.



Systems & Products develops and produces complete systems at various levels, including further development and upgrades, studies and demonstrators, and often provides maintenance and components. Lifecycle commitments, including the operation of the systems it delivers, are offered as well.

Aeronautics focuses on both military and commercial operations and is dominated by the advanced and important Gripen program. Commercial operations are shifting toward the delivery of subsystems and components to the major manufacturers of passenger and transport aircraft, Airbus and Boeing.

Sales, income and orders

Sales

Group sales rose compared with the previous year to SEK 8,433 m. (8,370). Organic growth was approximately 2 percent after adjusting for the acquisition of Grintek and the deconsolidation of Hawker Pacific, which is now reported as an associated company.

Eighty-two percent (80) of sales was defense-related. Sales to foreign markets exceeded sales in the home market and amounted to 54 percent (48).

Sales for *Defense & Security Solutions* rose to SEK 2,443 m. (2,223). The increase is mainly due to the consolidation of Grintek in June and higher systems deliveries and services from Saab Systems and AerotechTelub.

Sales for *Systems & Products* rose to SEK 3,420 m. (3,263) through higher volumes in the US for Saab Barracuda as well as increased sales of avionics and electronic warfare systems by SaabTech. Sales by Saab Bofors Dynamics rose thanks to higher volumes for AT4 and NLAW. Saab Ericsson Space noted a slight sales increase, while volumes for Saab Underwater Systems and Saab Training Systems were lower compared with the previous year.

Aeronautics' sales rose to SEK 3,278 m. (3,059). Sales for Saab Aerosystems rose through higher invoicing in the Czech Republic and Hungary. Sales include 7 (8) Gripen aircraft. Saab Aerostructures raised its invoicing for Airbus programs as planned. Aircraft's sales of support and spares for the Saab 340/Saab 2000 fleet decreased compared with the previous year in a market that remains under pressure. Aviocomp has also been adversely affected by difficult market conditions.

Income, margin and profitability

Operating income amounted to SEK 570 m. (763), corresponding to a margin of 6.8 percent (9.1). Operating income was affected by structural costs of SEK 118 m. (57) and provisions for the helicopter program of SEK 250 m. Excluding structural costs, the margin was 8.2 percent (9.8).

Operating income for *Defense & Security Solutions* amounted to SEK 277 m. (176) and the margin was 11.3 percent (7.9). The income improvement was mainly due to higher margins in Saab Systems' operations. Structural costs amounted to SEK 14 m. (20).



Systems & Products raised its operating income to SEK 389 m. (279) thanks to improved margins in every unit. The operating margin was 11.4 percent (8.6). Structural costs amounted to SEK 9 m. (24).

Operating income for *Aeronautics* was negative and amounted to SEK -41 m. (333) due to lower margins in the Gripen program and lower volumes for Saab Aircraft and Saab Aviocomp. Structural costs of SEK 95 m. (13) were charged against income. Provisions allocated for the helicopter program reduced income by SEK 250 m. The operating margin was -1.3 percent (10.9). Excluding structural costs and provisions for the helicopter program, the margin was 9.3 percent (11.3).

Corporate/Other reported an operating loss of SEK -55 m. (-25). The previous year was affected by a nonrecurring gain of SEK 19 m. attributable to structural measures at the former Celsius Aviation Services. Corporate and Other Operations comprise shared Group expenses, expenses and income from support operations, trading, results from certain operating companies and results from liquidations. Results can therefore vary between periods. Results from leasing operations related to the fleet of Saab 340 and Saab 2000 are reported in Other Operations. Leasing operations are regarded as a financial asset. The operations had no impact on income during the period.

As a whole, marketing and administrative expenses are unchanged compared with the previous year. Of the period's internally funded investments in research and development, a total of SEK 138 m. (242) has been capitalized and SEK 187 m. (160) has been charged to operating income for the year, which includes depreciation of SEK 39 m. (19). Other operating income during past and present years includes capital gains, currency gains and results from secondary activities. Other operating expenses consist of exchange rate differences and capital losses. Project interest on unutilized advance payments reduced the financial net by SEK 34 m. (30) and is reported in gross income.

Net financial income and expenses amounted to SEK -26 m. (-38). The average return on external investments was 4.65 percent (4.90). The financial net was positively affected by change in value on cash and marketable securities of SEK 28 m. The Group's income after financial items amounted to SEK 544 m. (725). Current and deferred taxes totaled SEK -158 m. (-206).

Net income for the period was SEK 386 m. (519), of which the minority interest accounts for SEK 2 m. (11). Earnings per share amounted to SEK 3.52 (4.65).

The pre-tax return on capital employed was 15.2 percent and the after-tax return on shareholders' equity was 14.6 percent.

Orders

Group order bookings amounted to SEK 6,962 m. (8,734), of which 62 (65) percent came from customers outside Sweden. Important orders during the second quarter are covered in the section "Major orders." The order backlog at the end of the period was SEK 42,945 m., against SEK 43,162 m. at the beginning of the year. The acquisition of Grintek raised the order backlog by approximately SEK 1 billion. Export markets accounted for 72 (67) percent of the order backlog.



Liquidity, finance and investments

Finance and liquidity

Cash and marketable securities, including interest-bearing receivables, less liabilities to credit institutions, have increased by SEK 878 m. since the beginning of the year to SEK 4,693 m. (3,815). The Group's net liquidity after deducting provisions for pensions rose to SEK 1,625 m. from SEK 781 m. at the beginning of the year. The Group's equity/assets ratio was 28.1 percent, against 29.8 percent at the beginning of the year. Shareholders' equity amounted to SEK 8,531 m. (7,628), compared with SEK 8,241 m. at the beginning of the year, corresponding to SEK 75.56 (69,98) per share for the majority interest.

Cash flow

Operating cash flow for the first 6 months amounted to SEK 1,300 m. (261), and was distributed between cash flow from operations of SEK 1,605 m. (407), acquisition of Grintek SEK -285 m. (-106), divestment of subsidiaries SEK 205 m. (9), and the regional aircraft business SEK -225 m. (-49). Cash flow by business segment is indicated in the table on page 16.

Contingent liabilities

No essential new contingent liabilities have been added during the period.

Capital expenditures

The Group's gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 118 m. (162).

Personnel

At the end of the period the Group had 12,905 employees, against 11,936 at the beginning of the year. Newly acquired Grintek has 1,369 employees.

Parent Company

Sales for the Parent Company amounted to SEK 3,512 m. (2,295). Operating income was SEK -18 m. (205) and income after financial items was SEK 170 m. (148).

Cash and marketable securities less liabilities to credit institutions amounted to SEK 1,669 m. (-1,221), compared with SEK 1,318 m. at the beginning of the year. Gross capital expenditures in property, plant and equipment amounted to SEK 40 m. (48). At the end of the period the Parent Company had 5,091 employees, compared with 3,715 at the beginning of the year. As per January 1, 2005 the Swedish parts of the business units, Saab Systems and SaabTech, are included in the parent company.

Owners

Saab's 15 largest shareholders are Investor AB, BAE SYSTEMS, the Wallenberg foundations, Robur funds, SEB funds, JP Morgan Chase Bank, AMF Pension funds, Eikos fund, Odin funds, Nordea funds, AMF Pension, SHB/SPP funds, Skandia Liv, State Street Bank & Trust Co. and Deutsche Bank.

**Accounting principles**

This interim report is prepared according to IAS 34 Interim Financial Reporting, which corresponds to the requirements in the Swedish Financial Accounting Standards Council's recommendation RR 31 Interim reports for groups.

The accounting principles are those described in the annual report for 2004 on pages 18–24, 38-40 and in a press release dated April 7, 2005, which state that IFRS is applied as of 2005 and that comparative figures for 2004 are restated in accordance with the new principles, with the exception of those that apply to IFRS 5, Non-current Assets, and IAS 39, Financial Instruments. These recommendations are applied in the financial statements for 2005.

The effects of the translation of comparative income figures for each quarter are indicated in the press release dated April 7, 2005 and below in this interim report. Balance sheets and effects on shareholders' equity for the first half-year are reported below in this report, while the effects for the third quarter will be reported in future interim reports. Corresponding figures for the full-year 2004 are included in the above-mentioned press release.

Rule changes are still possible, as are changes in their application, due to differences in international interpretations.

Linköping, July 12, 2005

Åke Svensson
President and CEO

**Auditors' review report**

We have reviewed the interim report of Saab AB (publ) for the six-month period ending June 30, 2005. Our review has been conducted in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants.

The review has been planned and performed to obtain limited assurance that the interim report is free of material misstatement. A review is largely limited to queries of the company's personnel and an analytical evaluation of financial data, and our assurance is limited compared with an audit.

Nothing has come to our attention during the review that causes us to believe that the interim report does not comply with the requirements for interim reports according to the Annual Accounts Act and IAS 34.

Linköping, July 12, 2005

Ernst & Young AB
Björn Fernström
Authorized Public Accountant

Deloitte & Touche AB
Tommy Mårtensson
Authorized Public Accountant

Financial information dates:

The Interim Report for January – September 2005 will be published on October 21, 2005.

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Press conference with CEO Åke Svensson and CFO Lars Wahlund

Today, Tuesday, July 12, 2005, 10:00 a.m. (CET)

World Trade Center, Stockholm

Contact Peter Larsson, Press Secretary, tel. +46-734-18 00 18

International teleconference:

Today, Tuesday, July 12, 2005, 4:00 p.m. (CET)

Contact Marita Sidén to register and for further information

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Income statement

SEK m.	6 mos. 2005	6 mos. 2004	Rolling 12 mos.	12 mos. 2004
Sales	8,433	8,370	17,911	17,848
Cost of goods sold	-6,629	-6,395	-13,830	-13,596
Gross income	1,804	1,975	4,081	4,252
<i>Margin</i>	<i>21.4%</i>	<i>23.6%</i>	<i>22.8%</i>	<i>23.8%</i>
Marketing expenses	-599	-647	-1,238	-1,286
Administrative expenses	-487	-458	-977	-948
Research and development costs	-187	-160	-415	-388
Other operating income	40	47	168	175
Other operating expenses	-40	-28	-39	-27
Share in income of associated cos.	39	34	80	75
Operating income ¹⁾	570	763	1,660	1,853
<i>Margin</i>	<i>6.8%</i>	<i>9.1%</i>	<i>9.3%</i>	<i>10.4%</i>
Financial income and expenses	-26	-38	-129	-141
Income after financial items	544	725	1,531	1,712
Taxes ²⁾	-158	-206	-354	-402
Net income for the period	386	519	1,177	1,310
Of which majority interest	384	508	1,151	1,275
Of which minority interest	2	11	26	35
Earnings per share, SEK ³⁾	3.52	4.75	10.55	11.78
after full conversion, SEK ⁴⁾	3.52	4.65	10.65	11.78

¹⁾ Includes depreciation of
of which depreciation of lease assets

²⁾ Share in tax of associated cos.

³⁾ Average number of shares 6 mos. 2005: 109,150,344, 6 mos. 2004: 106,875,669 and
12 mos. 2004: 108 234 126.

⁴⁾ Number of shares after full conversion for 6 mos. 2004: 109,247,175

Sales by business segment

SEK m.	6 mos. 2005	6 mos. 2004	Change	Q2 2005	Q2 2004	Rolling 12 mos.	12 mos. 2004
Defense & Security							
Solutions	2,443	2,223	9.9%	1,379	1,200	4,777	4,557
Systems & Products	3,420	3,263	4.8%	1,874	1,846	6,983	6,826
Aeronautics	3,278	3,059	7.2%	1,786	1,622	7,015	6,796
Corporate	20	299		6	156	380	659
Internal sales	-728	-474		-434	-267	-1,244	-990
Saab Group	8,433	8,370	0.8%	4,611	4,557	17,911	17,848


Operating income by business segment

SEK m.	6 mos. 2005	% of sales	6 mos. 2004	% of sales	Rolling 12 mos.	% of sales	12 mos. 2004	% of sales
Defense & Security Sol.	277	11.3%	176	7.9%	503	10.5%	402	8.8%
Systems & Products	389	11.4%	279	8.6%	727	10.4%	617	9.0%
Aeronautics	-41	-1.3%	333	10.9%	377	5.4%	751	11.1%
Corporate/Other	-55		-25		53		83	
Saab Group	570	6.8%	763	9.1%	1,660	9.3%	1,853	10.4%

Quarterly information SEK m.	January-March 2005		2004		April-June 2005		2004	
Sales								
Defense & Security Sol.	1,064		1,023		1,379		1,200	
Systems & Products	1,546		1,417		1,874		1,846	
Aeronautics	1,492		1,437		1,786		1,622	
Corporate	14		143		6		156	
Internal sales	-294		-207		-434		-267	
	3,822		3,813		4,611		4,557	
Operating income								
Defense & Security Sol.	114	10.7%	88	8.6%	163	11.8%	88	7.3%
Systems & Products	170	11.0%	89	6.3%	219	11.7%	190	10.3%
Aeronautics	98	6.6%	176	12.2%	-139	-7.8%	157	9.7%
Corporate	-37		0		-18		-25	
	345	9.0%	353	9.3%	225	4.9%	410	9.0%
Net financial items	-18		-4		-8		-34	
Income after financial net	327		349		217		376	
Net income for the period	232		250		154		269	
Earnings per share	2.04		2.32		1.48		2.43	
No. of shares, thousands	109,150		106,523		109,150		107,229	


Quarterly information, cont.

July-September

October-December

SEK m.	2005	2004	2005	2004
Sales				
Defense & Security Sol.		940		1,394
Systems & Products		1,294		2,269
Aeronautics		1,486		2,251
Corporate		166		194
Internal sales		-167		-349
		3,719		5,759
Operating income				
Defense & Security Sol.		81	8.6%	145
Systems & Products		2	0.2%	336
Aeronautics		181	12.2%	237
Corporate		30		78
		294	7.9%	796
Net financial items		-54		-49
Income after financial net		240		747
Net income for the period		177		614
Earnings per share		1.56		5.47
No. of shares, thousands		109,150		109,150

Total depreciation/amortization by business segment

SEK m.	6 mos. 2005	6 mos. 2004	Q2 2005	Q2 2004	12 mos. 2004
Defense & Security Solutions	46	51	24	29	95
Systems & Products	86	88	45	40	180
Aeronautics	62	44	32	22	105
Corporate – lease assets	224	243	115	121	474
Corporate – other	53	60	27	31	113
Saab Group	471	486	243	243	967

Sales by geographic market

SEK m.	6 mos. 2005	% of sales	6 mos. 2004	% of sales	12 mos. 2004	% of sales
Sweden	3,910	46%	4,394	52%	9,265	52%
Rest of EU	2,520	30%	2,081	25%	4,604	25%
Rest of Europe	174	2%	236	3%	474	3%
Total, Europe	6,604	78%	6,711	80%	14,343	80%
North America	698	8%	575	7%	1,335	7%
Latin America	49	1%	93	1%	106	1%
Asia	403	5%	457	6%	887	5%
Australia, etc.	567	7%	531	6%	1,171	7%
Africa	112	1%	3	-	6	-
Saab Group	8,433	100%	8,370	100%	17,848	100%


Balance sheet
SEK m.

	June 30, 2005	Jan. 1, 2005	Dec. 31, 2004	June 30, 2004	Jan. 1, 2004
Assets					
Fixed assets					
Goodwill and other intangible assets	3,135	2,822	2,822	2,705	2,497
Property, plant and equipment, etc.	4,475	4,389	4,428	4,631	4,840
Lease assets	4,517	4,371	4,371	5,443	5,448
Long-term interest-bearing receivables	504	459	459	789	765
Shares, etc.	638	770	770	648	415
Deferred tax receivables	471	727	727	792	1,095
Other receivables	653	580	580	730	757
Total fixed assets	14,393	14,118	14,157	15,738	15,817
Current assets					
Inventories, etc.	4,032	2,882	3,920	3,995	3,977
Current interest-bearing receivables	166	145	145	98	39
Other receivables	5,806	4,823	5,024	5,226	5,626
Receivables, unrealized financial instruments	559	1,227			
Cash and marketable securities	5,351	4,319	4,319	3,494	4,243
Fixed assets held for sale	24	182			
Total fixed assets	15,938	13,578	13,408	12,813	13,885
Total assets	30,331	27,696	27,565	28,551	29,702
Shareholders' equity and liabilities					
Shareholders' equity					
Majority interest	8,247	8,138	8,174	7,529	7,217
Minority interest	284	103	103	99	157
Total shareholders' equity	8,531	8,241	8,277	7,628	7,374
Long-term liabilities and provisions					
Provisions for pensions	2,899	2,865	2,865	2,793	3,248
Provisions for deferred tax	50	50	50		
Other provisions	2,105	1,817	1,914	2,372	2,147
Liabilities to credit institutions and other interest-bearing liabilities	826	793	793	195	272
Convertible debenture loan				151	232
Lease obligations	1,145	1,315	1,315	2,396	2,411
Other liabilities	341	344	344	413	434
Total long-term liabilities and provisions	7,366	7,184	7,281	8,320	8,744
Current liabilities and provisions					
Provisions for pensions	169	169	169	137	127
Other provisions	399	422	422	500	486
Advance payments from customers, net	3,134	2,860	2,860	3,520	3,990
Lease obligations	930	910	910	408	441
Liabilities to credit institutions and other interest-bearing liabilities	502	315	315	489	590
Liabilities for unrealized financial instruments	533	266			
Other liabilities	8,747	7,324	7,331	7,549	7,950
Liabilities for fixed assets held for sale	20	5			
Total long-term liabilities and provisions	14,434	12,271	12,007	12,603	13,584
Total shareholders' equity and liabilities	30,331	27,696	27,565	28,551	29,702



Shareholders' equity

Changes in the Group's shareholders' equity:

SEK m.	June 30, 2005			June 30, 2004		
	Attributable to Parent Company's shareholders	Attributable to minority	Total	Attributable to Parent Company's shareholders	Attributable to minority	Total
Opening balance	8,138	103	8,241	7,217	157	7,374
Dividend to shareholders	-409		-409	-373		-373
Conversion of convertible debenture loan				97		97
Translation difference, etc.	134	9	143	80	-10	70
Acquisition and divestment of oper.		170	170		-59	-59
Net income for the period	384	2	386	508	11	519
Closing balance	8,247	284	8,531	7,529	99	7,628

Changes in the Group's shareholders' equity as of June 30, 2004

SEK m.	According to previous accounting principles	IFRS adjustments	According to IFRS June 30, 2004
Opening balance	7,086	288	7,374
Dividend to shareholders	-373		-373
Conversion of convertible debenture loan	97		97
Translation difference, etc.	31	39	70
Change in minority interest		-59	-59
Net income for the period	427	92	519
Closing balance	7,268	360	7,628

Reconciliation of net income for the period January - June 2004 compared to previous accounting principles and IFRS

SEK m.	January - March	April - June	January - June
According to previous principles	205	222	427
Goodwill amortization	34	32	66
Inventories revalued at closing day rates	6	5	11
Lower depreciation of buildings	2	2	4
Minority profit	3	8	11
According to IFRS	250	269	519


Condensed subdivided balance sheet as of June 30, 2005

SEK m.	Saab	Saab Aircraft Leasing	Elimina- tions	Saab Group
Assets				
Goodwill and other intangible assets	3,135			3,135
Property, plant and equipment, etc.	4,473	2		4,475
Lease assets		4,517		4,517
Long-term interest-bearing receivables	504			504
Shares, etc.	2,138		-1,500	638
Deferred tax receivables	638		-167	471
Inventories, etc.	4,028	4		4,032
Current interest-bearing receivables	166			166
Other receivables	6,350	692		7,042
Cash and marketable securities	5,319	32		5,351
Total assets	26,751	5,247	-1,667	30,331
Shareholders' equity and liabilities				
Shareholders' equity	8,705	1,326	-1,500	8,531
Provisions for pensions	3,068			3,068
Provisions for deferred tax	50	167	-167	50
Other provisions	1,706	798		2,504
Liabilities to credit institutions	1,186	142		1,328
Lease obligations	9	2,066		2,075
Advance payments from customers, net	3,134			3,134
Other liabilities	8,893	748		9,641
Total shareholders' equity and liabilities	26,751	5,247	-1,667	30,331


Statement of cash flows

SEK m.	6 mos. 2005	6 mos. 2004	12 mos. 2004
Cash flow from operating activities			
Income after financial items	544	725	1,712
Adjustments for items not affecting cash flow	637	428	921
Tax paid	-60	-26	-26
Cash flow from operating activities before changes in working capital	1,121	1,127	2,607
Working capital			
Inventories etc.	214	-73	-306
Receivables	-471	343	573
Advance payments from customers, net	112	-466	-1,126
Other liabilities	958	27	-135
Lease obligations	-470	-156	-418
Provisions	-192	-119	-330
Change in working capital	151	-444	-1,742
Cash flow from operating activities	1,272	683	865
Investments in intangible fixed assets	-138	-243	-420
Investments in tangible fixed assets	-118	-162	-348
Sale/acquisition of lease assets	335	46	41
Acquisition of companies	-285		
Divestment of subsidiaries	205	9	184
Acquisition/sale of other long-term securities	8	-106	-113
Sale of intangible and tangible fixed assets	21	34	116
Cash flow from investing activities	28	-422	-540
Operating cash flow	1,300	261	325
Financing activities			
Change in interest-bearing receivables	-66	-89	216
Change in short-term investments	285	-101	-1,119
Dividend to shareholders	-409	-373	-373
Loans raised	217	-84	238
Provisions for pensions	34	-445	-341
Cash flow from financing activities	61	-1,092	-1,379
Cash flow for the year	1,361	-831	-1,054
Liquid assets at beginning of year	1,289	2,332	2,332
Exchange rate difference in liquid assets	0	-19	11
Liquid assets at year-end	2,650	1,482	1,289
Liquid assets			
<i>Components included in liquid assets:</i>			
Cash and bank balances	2,091	353	394
Short-term investments	559	1,129	895
	2,650	1,482	1,289


Cash flow by business segment

SEK m.	6 mos. 2005	6 mos. 2004	12 mos.2004
Defense & Security Solutions	60	106	266
Systems & Products	209	26	-377
Aeronautics	930	-32	326
Corporate	101	161	110
Saab Group	1,300	261	325

Capital employed by business segment

SEK m.	June 30, 2005	Jan. 1, 2005	June 30, 2004
Defense & Security Solutions	3,426	2,671	2,544
Systems & Products	3,737	4,083	3,582
Aeronautics	2,015	2,043	2,029
Corporate	3,750	3,587	3,239
Saab Group	12,928	12,384	11,394

Personnel by business segment

Number	June 30, 2005	Dec. 31, 2004	Change	June 30, 2004
Defense & Security Solutions	4,466	3,552	914	3,693
Systems & Products	4,179	3,850	329	3,904
Aeronautics	3,586	3,832	-246	3,899
Corporate	674	702	-28	1,262
Saab Group	12,905	11,936	969	12,758

Order bookings and order backlog by business segment

SEK m.	Order bookings				Order backlog	
	6 mos. 2005	6 mos. 2004	Q2 2005	Q2 2004	June 30 2005	Dec. 31 2004
Defense & Security Solutions	3,490	2,318	1,162	1,163	4,703	2,895
Systems & Products	2,453	2,916	1,634	1,324	15,865	16,212
Aeronautics	1,342	3,546	571	2,039	24,088	26,088
Corporate	20	309	6	146	0	0
Internal	-343	-355	-212	-161	-1,711	-2,033
Saab Group	6,962	8,734	3,161	4,511	42,945	43,162

Key ratios

	6 mos. 2005	6 mos. 2004	12 mos.2004
Operating margin before depreciation/amortization	9.7%	12.0%	13.1%
Operating margin after depreciation/amortization	6.8%	9.1%	10.4%
Earnings per share, SEK ¹⁾	3.52	4.75	11.78
Earnings per share after dilution, SEK ¹⁾	3.52	4.65	11.78
Return on capital employed before tax ²⁾	15.2%	15.4% ³⁾	17.0%
Return on equity after tax ²⁾	14.6%	13.5% ³⁾	16.7%
Equity/assets ratio	28.1%	26.7%	30.0%
Equity per share, SEK ¹⁾	75.56	69.98	74.89

1) Average number of shares Jan – June 2005: 109,150,344, Jan – June 2004: 106,875,669 .
Average number of shares 2004: 108,234,126. After full conversion 6 mos. 2004: 109,247,175
Number of shares June 2005 and December 2004: 109,150,344, June 2004: 107,581,817

2) Refers to last rolling 12 months

3) Not calculated according to IFRS

**Grintek – preliminary acquisition balance as of May 31, 2005****SEK m.****Assets**

Tangible fixed assets	158
Capitalized development expenses	73
Intangible fixed assets	10
Shares, etc.	14
Deferred tax receivables	20
Inventories, etc.	325
Other receivables	624
Cash and marketable securities	220
Total assets	1,444

Shareholders' equity and liabilities

Shareholders' equity	510
Minority interest	121
Total shareholders' equity	631
Provisions	149
Other liabilities	398
Advance payments from customers	167
Liabilities to credit institutions	99
Total shareholders' equity and liabilities	1,444

Acquired shareholders' equity amounted to SEK 284 m. (55.6% of SEK 510 m.)

Goodwill accounted for regarding the acquisition of Grintek

Net assets acquired	284
Purchase price paid	-406
Goodwill	122
Goodwill from previous acquisition 21%	21
Total goodwill	143

Effect on net liquidity

Purchase price paid	-406
Cash and marketable securities less liabilities to credit institutions	121
Total	-285

Five-year overview

SEK m., unless otherwise stated	2004 ⁵⁾	2003	2002	2001	2000
Order bookings	16,444	19,606	19,521	15,274	28,141
Order backlog at Dec. 31	43,162	45,636	43,082	40,034	41,091
Sales	17,848	17,250	16,538	15,689	17,840
Foreign market sales, %	48	46	41	40	48
Operating income	1,853	1,293	1,220	1,594	1,533
Operating margin, %	10.4	7.5	7.4	10.2	8.6
Operating margin before deprec., %	13.1	11.1	11.2	14.4	13.5
Operating income excl. capital gains	1,853	1,293	1,220	944	895
Operating margin excl. capital gains, %	10.4	7.5	7.4	6.0	5.0
Income after financial items	1,712	1,073	993	1,554	1,448
Net income for the year	1,310	746	732	1,127	1,038
Total assets	27,565	28,704	28,109	29,901	31,119
Operating cash flow	325	545	-92	1,642	-1,908
Return on capital employed, %	17.0	12.7	11.6	15.5	14.6
Return on equity, %	16.7	10.8	10.8	18.3	20.0
Equity/assets ratio, %	30.0	24.4	24.3	22.3	18.2
Earnings per share, SEK ^{2) 4)}	11.78	7.00	6.87	10.59	9.75
after full conversion, SEK ^{3) 4)}	11.78	6.91	6.78	10.40	9.58
before goodwill amortization, SEK ²⁾	11.78	8.59	8.52	12.11	11.47
Dividend per share, SEK	3.75	3.50	3.50	3.25	3.00
Equity per share, SEK ¹⁾	74.89	65.75	64.17	62.74	53.26
Number of employees at year-end	11,936	13,414	14,036	14,028	15,453

¹⁾ Number of shares as of December 31, 2004: 109,150,344; 2003: 106,517,563; 2002: 106,510,374; and 2000-2001: 106,459,675

²⁾ Average number of shares 2004: 108,234,126; 2003: 106,513,969; 2002: 106,487,407; and 2000-2001: 106,459,675

³⁾ Average number of shares 2004: 108,234,126, after full conversion 2000-2003: 109,247,175. Conversion of the debenture loan concluded on July 15, 2004.

⁴⁾ Net income for the period less minority interest divided by the average number of shares.

⁵⁾ Calculated according to IFRS, previous years has not been recalculated