

Systemair

INTERIM REPORT

1 May 2008 - 31 July 2008
(SEK million)

Strong growth maintained and operating margin improved

First quarter May – July 2008

- Net sales increased by 13 percent to SEK 787 million (694).
- Operating profit (EBIT) rose by 16 percent to SEK 103 million. (89). The operating margin was 13.1 percent (12.8).
- Profit after tax totalled SEK 70 million (58).
- Earnings per share before and after dilution amounted to SEK 1.33 (1.09).
- Cash flow from current operations totalled SEK 73.3 million (45,5).

Significant events during the period

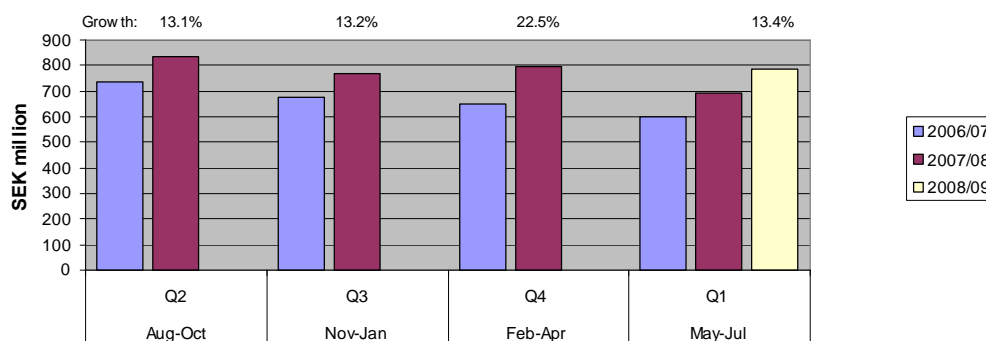
- Emerson Ventilation Products of the USA was acquired in May.
- Megcool Industries of Malaysia was acquired in May.
- Construction work began at a new production facility in Lithuania.

Comments by Gerald Engström, CEO: *"In the first quarter, strong growth was again reported in most markets, along with an improved operating margin. It is also pleasing that we started the year by acquiring Emerson Ventilation Products in the USA and Megcool in Malaysia. These acquisitions lay the foundations for continued expansion in Asia and for an expansion of the range of products offered in North America. "*

Sales

The Group's sales in the first quarter in the 2008/09 financial year totalled SEK 787.1 million (693.9), an increase of 13.4 percent on sales in the same period last year. Net sales for comparable units rose by 7.6 percent, while growth in the acquired businesses amounted to 6.0 percent during the quarter. Fluctuations in exchange rates reduced the value of net sales by 0.2 percent. The first quarter is normally Systemair's weakest of the year, for seasonal reasons.

Net sales per quarter compared with same period previous years



Sales – geographical distribution

	2008			2007	
	May-Jul	Change	% of total	May-Jul	% of total
Nordic Region	195.6	8%	25%	180.9	26%
Western Europe	271.4	21%	34%	223.8	32%
Eastern Europe & CIS	209.4	12%	27%	186.7	27%
North America	62.1	-8%	8%	67.3	10%
Other Markets	48.6	38%	6%	35.2	5%
Total	787.1	13%	100%	693.9	100%

The growth in sales in the Nordic region totalled 8 percent, of which Finland and Denmark report the best growth figures for the quarter. The growth in sales was exclusively organic.

In Western Europe, sales increased by 21 percent, of which the acquisition of Climaproduct of Italy accounted for 12 percentage points. Adjusted for the effects of the acquisition, growth in Western Europe amounted to 9 percent, indicating that our market shares are growing in the region.

The Eastern Europe & CIS market is continuing to develop strongly. This growth is not affected by company acquisitions.

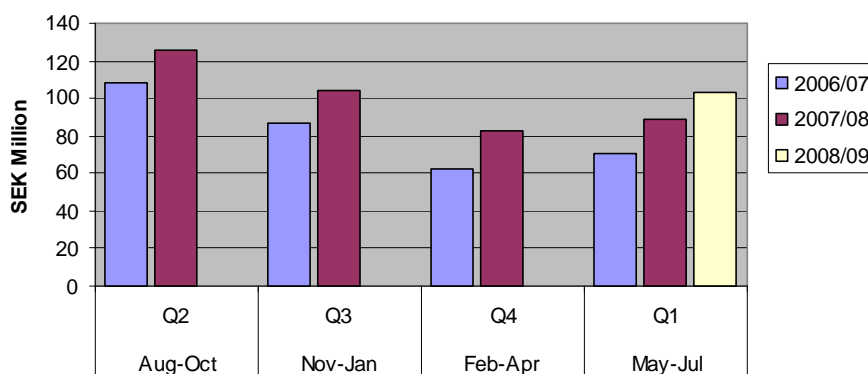
The North American market weakened by 8 percent compared with the same period last year. The main reason is due to that the USD exchange rate fell 12 percent compared to the rate in the same period in the preceding year. In local currencies, sales in North America rose by 3 percent through the acquisition of Emerson. Adjusted for the effects of the acquisition, sales declined by 8 percent in local currencies as a result of a continuation of low activity in residential construction. The acquisition of Emerson will represent an expansion of the Fantech product range for the commercial property market. Following the acquisition, further coordination of the North American organizations has been initiated.

Developments in other markets have been highly positive, with growth of 38 per cent being recorded. The acquisition of Megcool has contributed 21 percentage points. Strong growth is also observed in particular in the Middle East and Turkey.

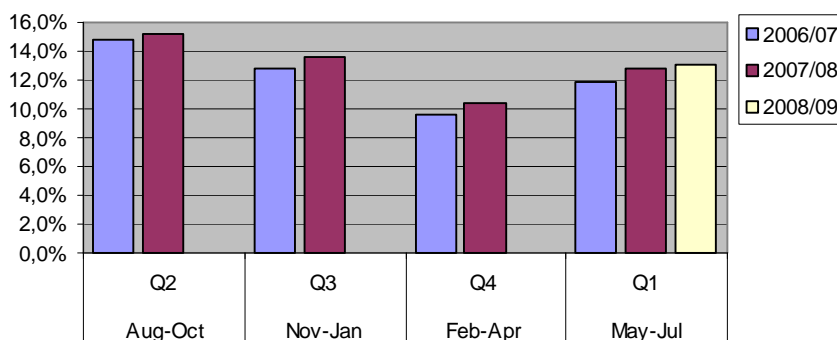
Profits

The operating profit for the first quarter totalled SEK 103.2 million (89.0), an increase of 16.0 percent on the same period in the preceding year. The operating margin was 13.1 percent (12.8). The operating profit for the period was affected by costs, of approximately SEK 1.7 million, incurred in the restructuring of the North American operation. The improvement in operating profit was attributable to higher sales volumes and high capacity utilization in the production facilities. The Company was able to offset price rises – in particular of around 25 percent for sheet steel – through price increases and productivity improvements.

Operating profit per quarter, relative to the same period in earlier years



Operating margin per quarter, relative to the same period in earlier years



Net financial items for the period totalled SEK -7.7 million (-7.4) and estimated tax SEK -25.9 million (-24.0), corresponding to a tax charge of 27.1% (29.4).

Acquisitions and business establishments

Systemair has acquired Megcool Industries in Kuala Lumpur, Malaysia, taking over ownership on 1 May 2008. Megcool, with approximately 50 employees, reported annual sales of around SEK 20 million in 2007 and an operating profit of approximately SEK 3 million. The company sells and

manufactures products for ventilation of tunnels and underground garages. The former owners, with 30 years of experience in the ventilation industry, remain active in the company.

Through the acquisition, the Group has acquired a competitive production unit in the region and a base for the Group's continued drive in Asia. The establishment of operations in Malaysia will also serve as a logistical hub for onward distribution of products in the region. At acquisition, the company was renamed Systemair.

On 13 May 2008, Systemair acquired the assets of Emerson Ventilation Products from the U.S. company Emerson Electric Co. The company manufactures fans and ventilation equipment and has sales of approximately USD 10 million. Production and sales will be integrated with Fantech's current operations in North America and represent a broadening of the product range.

The price paid to acquire Megcool and Emerson may preliminary be calculated as follows:

Cash payment	SEK 32.7 million
Additional payment	<u>SEK 3.2 million</u>
Total amount paid	SEK 35.9 million

Assets acquired	
Fair value for assets taken over, net	SEK 21.3 million
Goodwill	SEK 14.6 million

Assets and liabilities acquired	Book value	Adjustment	Fair value
Intangible assets	-	14.6	14.6
Machinery and equipment	12.1	-	12.1
Inventories	10.6	-2.7	7.9
Other current assets	13.4	-	13.4
Liquid assets	0.1	-	0.1
Interest-free liabilities (incl. deferred tax liability)	-1.0	-	-1.0
Interest-bearing liabilities	-0.8	-	-0.8
Other current liabilities	-10.3	-	-10.3
	24.0	11.9	35.9

Impact on cash flow	
Purchase consideration paid, incl. additional payments	-35.9
Purchase consideration unpaid	3.2
Liquid assets in company acquired	0.1
Additional purchase consideration paid regarding acquisitions in prior years (Climaproduct)	-1.6
Change in liquid assets of Group in acquisitions	-34.2

Investments and depreciation

The Group's investments during the period totalled SEK 58.6 million (70.8). Depreciation of fixed assets amounted to SEK 19.5 million (17.6). Investments in new build projects and machinery totalled SEK 20.8 million (31.5) and focused primarily on measures to expand capacity at the manufacturing units. Investments in acquisitions of subsidiaries totalled SEK 34.2 million (37.8) during the period.

At Ukmergė, Lithuania, work has begun on a new production facility. The building will comprise production and warehousing facilities measuring around 8,000 m² and the total investment has been budgeted at SEK 50 million.

Employees

The average number of employees in the Group totalled 1,903 (1,685). At the end of the period, the total number of employees was 1,903 (1,713), 143 of whom were added through companies acquired. Recruitment of new personnel took place, above all, at the production facilities in Sweden, Denmark and Germany.

Cash flow and financial position

Cash flow from current operations during the period, before changes in working capital, totalled SEK 110.5 million (85.5). The increase was attributable mainly to an improvement in the operating profit. Working capital increased by SEK 37.1 million (40.0) as a result of an increase in capital tied up in inventories, in turn arising from seasonal variations in sales. The value of inventories, relative to the value at the same time last year, fell by SEK 1.1 million. The cash flow from financing operations totalled SEK -27.9 million, net (40.9), as a result of amortization of loans. Systemair's net indebtedness at the close of the period was SEK 701.6 Mkr (741.8). The consolidated equity/assets ratio was 39.3% (35.1) at the end of the period.

Financial targets

In April 2007, the Board of Directors adopted three financial targets and a dividend policy.

Growth in sales	no less than 12 percent over a business cycle, both organic and acquired
Operating margin	no less than 10 percent over a business cycle
Equity/asset ratio	no less than 30 percent
Dividend	approximately 30 percent of profits after tax

All objectives set for the 2007/2008 financial year and for the period under review were achieved.

Material risks and factors of uncertainty

Systemair is exposed to operational and financial risks in its business. Operational risk factors arise from the international nature of the business, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business consist of currency risk, borrowing and interest-rate risk, credit and liquidity risk and tax losses carried forward. The material risks and factors of uncertainty affecting Systemair are described in more detail in the Company's 2007/2008 Annual Report. No significant change occurred in the risk situation during the period.

Transactions with related parties

Systemair's significant transactions with related parties concern ebm-papst AB and ebm-papst Mulfingen GmbH & Co. KG. Transactions with related parties are described in detail in Note 37 to the Accounts in the Annual Report for the 2007/08 financial year. During the period, no material change took place in the scale of these transactions.

Parent Company

Sales by the Parent Company in the period totalled SEK 233.4 million (221.6) while the operating profit amounted to SEK 27.1 million (30.2).

The average number of employees in the Parent Company was 384 (363).

Financial information

The Company's annual general meeting will be held at 3.00 p.m. on 27 August 2008 in Skinnskatteberg. The 2007/08 annual report is available on our Website at www.systemair.se.

The Q2 2008 interim report will be published at 8.30 a.m. on 9 December 2008.

Miscellaneous

The Information provided in this interim report is such that Systemair is required to publish in accordance with the Swedish Capital Markets Act (*lagen om värdepappersmarknaden*) and/or the Swedish Financial Instruments Trading Act (*lagen om handel med finansiella instrument*). This information will be submitted for publication at 8.30 a.m. on 27 August 2008.

This interim report has not been submitted to a general examination by the Company's auditor.

Skinnskatteberg, 27 August 2008
Systemair AB (publ)

Gerald Engström
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Systemair in brief

Systemair is a leading ventilation company, with activities in 38 countries in Europe, North America, the Middle East, Asia, South Africa and Australia. In the 2007/08 financial year, the Company had sales of around SEK 3.1 bn and it currently employs approximately 1,900 people. Since its foundation in 1974, the Company has seen sales rise every year, while at the same time positive operating profits have been returned. Over the past three years, the Company's average growth has been around 18%. The Group comprises around 50 companies.

Systemair has well-established operations in growth markets – notably those of Central and Eastern Europe, including Russia. The Group's products are marketed under the brands Systemair, Frico, VEAB and Fantech. Systemair shares have been quoted on the Mid Cap List of the OMX Nordic Exchange in Stockholm since 12 October 2007.

Consolidated Income Statement

	2008 May-Jul 3 mth	2007 May-Jul 3 mth	2007/08 Aug-Jul rolling 12	2007/08 May-Apr 12 mth
SEK million				
Net sales	787.1	693.9	3,184.8	3,091.6
Cost of goods sold	-488.4	-441.9	-1,973.9	-1,927.4
Gross profit	298.7	252.0	1,210.9	1,164.2
Other operating income	7.9	9.9	50.4	52.8
Selling expenses	-150.3	-127.6	-621.6	-599.0
Administrative expenses	-47.5	-37.6	-185.9	-176.0
Other operating expenses	-5.6	-7.7	-37.0	-39.5
Operating profit	103.2	89.0	416.8	402.5
Interest income	3.0	1.6	10.2	7.8
Interest expense	-12.8	-10.3	-58.0	-54.7
Other financial income and expense	2.1	1.3	-5.8	-6.3
Result after financial items	95.5	81.6	363.2	349.3
Tax on profit for period	-25.9	-24.0	-103.2	-101.3
Profit for period	69.6	57.6	260.0	248.0
Attributable to:				
Parent Company's shareholders	69.0	56.8	256.0	243.8
Minority participations	0.6	0.8	4.0	4.2
Earnings per share before dilution (SEK)	1.33	1.09	4.92	4.69
Earnings per share after dilution (SEK) 1	1.33	1.09	4.92	4.69
Average number of shares during period before dilution 1	52,000,000	52,000,000	52,000,000	52,000,000
Average number of shares during period after dilution 1	52,000,000	52,000,000	52,000,000	52,000,000

1 The Company has issued 223,500 warrants to employees of the Group. The average price for shares during the period was lower than the redemption price for the warrants and as a result no dilution effect has been taken into account. The total number of shares outstanding at the end of the accounting period was 52,000,000.

Consolidated Balance Sheet

SEK million	31-07-2008	31-07-2007	30-04-2008
ASSETS			
Goodwill	134.9	94.3	118.6
Other intangible assets	1.8	1.8	1.9
Tangible assets	666.3	640.8	646.0
Financial and other assets	72.7	101.1	72.7
Total fixed assets	875.7	838.0	839.2
Inventories	541.9	543.0	510.2
Current receivables	725.9	541.4	702.1
Liquid assets	107.0	77.4	117.1
Total current assets	1,374.8	1,161.8	1,329.4
TOTAL ASSETS	2,250.5	1,999.8	2,168.6
EQUITY & LIABILITIES			
Equity	885.2	702.8	808.4
Long-term liabilities, provisions	80.5	69.1	76.4
Interest-bearing long-term liabilities	322.1	280.5	334.1
Total long-term liabilities	402.6	349.6	410.5
Interest-bearing current liabilities	475.3	529.4	482.7
Interest-free current liabilities	487.4	418.0	467.0
Total current liabilities	962.7	947.4	949.7
TOTAL EQUITY & LIABILITIES	2,250.5	1,999.8	2,168.6

Changes in Equity – Group

SEK million	2008 May-Jul	2007 May-Jul	2007/08 May-Apr
Amount at beginning of year	808.4	642.9	642.9
Change in market value of marketable securities	-2.6	0.6	-18.4
Transferred to income statement for period	-	-0.4	-0.3
Acquisitions of minority shares in subsidiaries	-	-1.0	-
Translation differences	10.5	3.7	11.6
Total income and expenses taken direct to equity	7.9	2.9	-7.1
Net profit for the year	69.6	57.6	248.0
Total income and expenses	77.5	60.5	240.9
Payment for warrants	-	-	1.7
Dividend to shareholders	-	-	-75.9
Acquisition of subsidiary with minority shareholding	-	-	-
Dividend in subsidiary paid to minority shareholders	-0.7	-0.6	-1.2
Amount at year-end	885.2	702.8	808.4
Attributable to:			
Parent Company's shareholders	869.2	690.8	793.1
Minority participation	16.0	12.0	15.3

Consolidated Cash Flow Statement

	2008 May-Jul 3 mth	2007 May-Jul 3 mth	2007/08 May-Apr 12 mth
SEK million			
Operating profit	103.2	89.0	402.5
Adjustment for non-cash items	21.3	17.4	46.5
Financial items	-5.6	-7.7	-32.7
Income taxes paid	-8.4	-13.2	-71.5
Cash flow from current operations before changes in working capital	110.5	85.5	344.8
Changes in working capital	-37.2	-40.0	-126.5
Cash flow from current operations	73.3	45.5	218.3
Cash flow from investment activities	-58.6	-70.8	-168.9
Cash flow from financial activities	-27.9	40.9	6.1
Cash flow for the year	-13.2	15.6	55.5
Liquid assets at start of year	117.1	61.5	61.5
Exchange differences in liquid assets	3.1	0.3	0.1
Liquid assets at close of period	107.0	77.4	117.1

Key ratios – Group

		2008 May-Jul 3 mth	2007 May-Jul 3 mth	2007/08 May-Apr 12 mth	2006/07 May-Apr 12 mth
Net sales	SEK million	787.1	693.9	3,091.6	2,664.2
Growth	%	13.4	15.8	16.0	14.8
Operating profit	SEK million	103.2	89.0	402.5	329.3
Operating margin	%	13.1	12.8	13.0	12.4
Profit after net financial items	SEK million	95.5	81.6	349.3	311.5
Profit margin	%	12.1	11.8	11.3	11.7
Return on capital employed	%	26.2	26.5	25.8	26.7
Return on equity	%	33.6	34.1	34.0	37.5
Equity/asset ratio	%	39.3	35.1	37.3	33.9
Investments	SEK million	58.6	70.8	168.9	216.2
Depreciation	SEK million	19.5	17.6	72.8	58.2
Key ratios per share					
Earnings per share before dilution	SEK	1.33	1.09	4.69	4.90
Earnings per share after dilution	SEK	1.33	1.09	4.69	4.90
Equity per share before dilution	Kr	16.72	13.28	15.25	12.14
Equity per share after dilution	Kr	16.72	13.28	15.25	12.14
Number of shares at year-end	st	52,000,000	52,000,000	52,000,000	52,000,000

Parent Company Income Statement

	2008 May-Jul 3 mth	2007 May-Jul 3 mth	2007/08 May-Apr 12 mth
SEK million			
Net sales	233.3	221.6	1,000.4
Cost of goods sold	-162.2	-160.2	-721.7
Gross profit	71.1	61.4	278.7
Other operating income	5.6	8.7	30.7
Selling expenses	-30.1	-24.2	-116.1
Administrative expenses	-16.7	-12.8	-66.6
Other operating expenses	-2.8	-2.9	-12.3
Operating profit	27.1	30.2	114.4
Interest income	8.9	6.9	29.1
Interest expense	-13.4	-10.7	-49.9
Other financial income and expense	57.4	-8.0	26.6
Result after financial items	80.0	18.4	120.2
Appropriations ¹⁾	-5.5	-4.2	-19.9
Pre-tax profit	74.5	14.2	100.3
Tax on profit for the period	-5.6	-4.6	-20.1
Profit for period	68.9	9.6	80.2

1) Appropriations have been calculated on a pro rata basis for the accounting period.

Parent Company Balance Sheet

SEK million	31-07-2008	31-07-2007	30-04-2008
ASSETS			
Goodwill	-	0.2	-
Tangible assets	126.4	123.8	128.1
Financial and other assets	798.3	726.2	763.6
Total fixed assets	924.7	850.2	891.7
Inventories	135.1	144.2	132.5
Current receivables	277.3	287.3	298.6
Liquid assets	284.1	240.1	250.4
Total current assets	696.5	671.6	681.5
TOTAL ASSETS	1,621.2	1,521.8	1,573.2
EQUITY & LIABILITIES			
Equity	441.7	376.5	370.6
Untaxed reserves	130.8	109.6	125.3
Long-term liabilities, provisions	1.1	0.9	1.0
Interest-bearing long-term liabilities	512.5	461.4	521.4
Total long-term liabilities	513.6	462.3	522.4
Interest-bearing current liabilities	402.9	442.3	417.0
Interest-free current liabilities	132.2	131.1	137.9
Total current liabilities	535.1	573.4	554.9
TOTAL EQUITY & LIABILITIES	1,621.2	1,521.8	1,573.2

General accounting principles

This interim report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act. The accounting policies applied for the Group and Parent Company accounts accord with the accounting policies used in preparing the Company's most recent Annual Report.

Segment reporting

Systemair's opportunities and risks are primarily associated with the solutions offered to customers. The Group's sales are based mainly on ventilation products. The Group has a number of separate product groups with different functions, but all are designed for the same area of application for customers, i.e. ventilation of commercial and residential premises. Customers are mainly professional fitters and distributors. Because all sales of ventilation products are exposed to similar risks and opportunities, Systemair operates in only one area of business which consequently coincides with the system of reporting for the Group as a whole. Secondary segment reporting is provided per geographical area. Internal monitoring of the business is conducted per company.

Definitions of key ratios

Operating profit (EBIT)

Earnings before financial items and tax.

Growth

Growth is the change in net sales, relative to net sales for the preceding period.

Operating margin

Operating profit divided by net sales.

Profit margin

Profit after financial items divided by net sales.

Return on capital employed

Profit after financial items, calculated on a rolling 12-month basis, divided by average capital employed.

Capital employed

Total assets less non-interest-bearing liabilities.

Return on equity

Profit after tax, before minority share, calculated on a rolling 12-month basis, divided by average capital employed, excluding minority share.

Number of employees

Number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime working are converted into full-time equivalents.

Earnings per share

Profit for the period, divided by the average number of shares during the period.

Equity/asset ratio

Adjusted equity divided by the balance sheet total.

Equity per share

Equity divided by the number of shares at the end of the period.