Interim Report January - June 2006

Press information 10 August 2006

A second quarter with substantially improved earnings and increased order intake

- Order intake increased by 42 per cent to 3 573 MSEK (2 525).
- Net sales increased by 35 per cent to 3 377 MSEK (2 507).
- Earnings before tax increased by 114 per cent to 434 MSEK (203).
- Earnings after tax increased by 125 per cent to 328 MSEK (146).
- Earnings per share, before dilution, increased by 64 per cent to 3.80 SEK (2.32).
- Rights issue raised 2 700 MSEK.

A strong first six months 2006

- Order intake increased by 42 per cent to 6 981 MSEK (4 907).
- Net sales increased by 41 per cent to 6 712 MSEK (4 748).
- Earnings before tax increased by 113 per cent to 756 MSEK (355).
- Earnings after tax increased by 131 per cent to 591 MSEK (256).
- Earnings per share, before dilution, increased by 76 per cent to 7.25 SEK (4.11).

Adjustment of forecast

- Hexagon's long term financial goal to increase earnings per share after tax with at least 15 per cent per annum, will be exceeded for year 2006.

Comments from Hexagon's CEO Ola Rollén

”Earnings for the second quarter is Hexagon's best quarterly earnings ever – an increase by 114 per cent. The order intake continued to increase strongly, not the least within the business area Hexagon Measurement Technologies, why earnings also for the second half-year of 2006 seems to turn out well. The main reasons for the strong earnings are the successful integration of, and strong performance in, Leica Geosystems, which was acquired last year. All in all, the earnings and the outlook for the near future show that the result for the fiscal year 2006 will exceed our long-term financial target of an increase in earnings per share by at least 15 per cent per annum.”

MSEK	Q2 2006	Q2 2005	Recorded change	Adjusted change*	Q1-Q2 2006	Q1-Q2 2005	Recorded change	Adjusted change*
Order intake	3 573	2 525	42 %	14 %	6 981	4 907	42 %	14 %
Net sales	3 377	2 507	35 %	7 %	6 712	4 748	41 %	11 %
Operating earnings (EBIT1)	485	233	108 %		873	413	111 %	
Operating margin, %	14.4	9.3	5.1		13.0	8.7	4.3	
Earnings before tax	434	203	114 %		756	355	113 %	
Earnings after tax	328	146	125 %		591	256	131 %	
Earnings per share	3.80	2.32	64 %		7.25	4.11	76 %	

*Adjusted for currency fluctuations and changes in the group structure.

__Hexagon AB__ is a global technology group with strong market positions within measurement technologies, polymers and key components. Hexagon's vision is to be number one or number two in each strategic business area. The group has about 7 800 employees in 30 countries and net sales in the present group structure of more than 13 000 MSEK.

Second quarter 2006 – Sales and earning

The second quarter of the year was Hexagon's best quarter ever with earnings before tax of 434 MSEK. Group operating margin was 14.4 per cent – close to the financial target of 15 per cent. Order intake developed strongly with a 42 per cent increase from corresponding period last year and amounted to 3 573 MSEK (2 525). Using fixed exchange rates and a comparable group structure, order intake increased by 14 per cent. Net sales increased by 35 per cent to 3 377 MSEK (2 507). Using fixed exchange rates and a comparable group structure, net sales increased by 7 per cent. The reason for the relatively moderate increase in net sales, despite a strong order intake, is that larger project related orders within Hexagon Measurement Technologies were not invoiced during the quarter.

In Europe demand was continued strong during the second quarter. Organic growth in order intake was 13 per cent and in net sales 12 per cent. We see a continued strong demand in the region for the last six months of 2006.

During the second quarter we have seen a shift in demand in NAFTA. We have seen a deteriorated competitiveness of the domestic automotive industry and that residential housing construction in the region levels out due to increased interest rates. However, demand for our products is positively affected by increased infrastructural investments and increased demand from non automotive related industry. Organic growth in order intake was 11 per cent and in net sales 3 per cent during the second quarter. The moderate increase in net sales compared to the strong demand during the second quarter is principally due to the delay in delivery of larger projects into the last six months of 2006. Organic growth in NAFTA during the last six months is anticipated to be equivalent to growth during the first six months, i.e. approximately 10 per cent.

Hexagon's expansion in Asia has continued during the second quarter. Hexagon is at present investing in three new production units in the region. Organic growth in order intake was 25 per cent and in net sales 10 per cent. We see a continued strong demand in the region for the last six months of 2006.

Operating earnings (EBIT1) increased by 108 per cent to 485 MSEK (233), corresponding to an operating margin of 14 per cent (9). Operating earnings (EBIT1) were positively affected by 28 MSEK due to exchange rate fluctuations.

The interest net during the quarter was -51 MSEK (-30).

Earnings before tax increased by 114 per cent to 434 MSEK (203).

Earnings after tax increased by 125 per cent to 328 MSEK (146), corresponding to earnings per share of 3.80 SEK (2.32).

First six months 2006 – Sales and earning

Order intake in the first six months increased by 42 per cent to 6 981 MSEK (4 907). At fixed exchange rates and comparable group structure, order intake increased by 14 per cent. Net sales increased by 41 per cent and totalled 6 712 MSEK (4 748). At fixed exchange rates and comparable group structure, net sales increased by 11 per cent.

Operating earnings (EBIT1) increased by 111 per cent to 873 MSEK (413), corresponding to an operating margin of 13 per cent (9). Operating earnings (EBIT1) were positively affected by 38 MSEK due to exchange rate fluctuations.

During the first quarter an industrial property in Västerås, Sweden, was divested. Also, a line of business in Tidamek AB and the shareholding in Tradimus AB were divested. These divestitures totalled capital gains of 97 MSEK. In addition, restructuring costs of -84 MSEK, related to the integration of Leica Geosystems, has been reported. All together, the sum of non-recurring items during the fist quarter totalled 13 MSEK. Earnings before interest net increased by 115 per cent to 886 MSEK (413).

The interest net during the first six months was -130 MSEK (-58). The interest net for the rest of the year will be positively affected by the rights issue carried out during April 2006 and the new group credit facility.

Earnings before tax increased by 113 per cent to 756 MSEK (355). Earnings were negatively affected by 38 MSEK due to exchange rate fluctuations.

Earnings after tax increased by 131 per cent to 591 MSEK (256), corresponding to an earnings per share of 7.25 SEK (4.11).

	Net sales		**Earnings**	
MSEK	**Q1-Q2 2006**	**Q1-Q2 2005**	**Q1-Q2 2006**	**Q1-Q2 2005**
Hexagon Measurement Technologies	4 586	1 549	731	178
Hexagon Polymers	1 269	1 077	121	140
Hexagon Engineering	859	889	43	45
Divested businesses	-	1 248	-	64
Group cost and adjustments	-2	-15	-22	-14
Operating earnings (EBIT1)			**873**	**413**
Per cent of net sales			13.0	8.7
Capital gains			97	-
Other non-recurring items			-84	-
Earnings before interest net			**886**	**413**
Interest income and expenses, net			-130	-58
Earnings before tax	**6 712**	**4 748**	**756**	**355**

Profitability

Capital employed, defined as total assets less non-interest bearing liabilities, increased as a consequence of the acquisition of Leica Geosystems to 15 352 MSEK (7 335). Return on average capital employed was 12 per cent (14). Return on average shareholders' equity was 18 per cent (19). The capital turnover rate was 0.9 times (1.6).

Financial position

During the second quarter Hexagon carried out a rights issue of approximately 2 700 MSEK which was fully subscribed. The purpose of the share issue was to strengthen the capital structure of the company following Hexagon's acquisition of Leica Geosystems and to finance the planned continued expansion of Hexagon.

On 7 June Hexagon signed a new five year, with two one year extension options, 1 000 MEUR multi-currency revolving credit facility. The facility replaced previous credit facilities of 703 MEUR.

Shareholders' equity, including minority interests, increased to 8 136 MSEK (2 829). The equity ratio was 43 per cent (30). The group's total assets increased to 18 918 MSEK (9 477). The increase in shareholders' equity and total assets is principally explained by the acquisition of Leica Geosystems and the rights issue.

Cash on 30 June 2006, including non-utilized credit limits, totalled 4 716 MSEK (2 428). The group's net debt totalled 6 705 MSEK (3 153), and the net indebtedness was 0.83 times (1.13). Interest coverage ratio was 6.4 times (5.9).

Cash flow

Cash flow from operations, before changes in working capital, increased by 94 per cent to 839 MSEK (432), corresponding to 10.35 SEK per share (7.01). Cash flow from operations totalled 174 MSEK (171), corresponding to 2.15 SEK per share (2.78). The operating cash flow totalled -193 MSEK (-17). The operating cash flow has been affected by the substantial organic growth, restructuring expenses in connection to the cost reduction/restructuring coincident with the integration of Leica Geosystems, and investments in new production facilities within Hexagon Measurement Technologies in the US.

Investments and depreciation

The group's net investments, excluding acquisitions and divestitures, totalled -367 MSEK (-188). The increase in investments during the first six months comprises, among other things, expenses related to a new production unit for the metrology operations of Hexagon Measurement Technologies in the US with an investment expense during the first six months of approximately 60 MSEK that is anticipated to amount to 100 MSEK in total before the opening in September 2006. Depreciation for the period was -284 MSEK (-131).

Investments for the full year 2006 will exceed the financial goal for the group, i.e. to be equivalent to depreciation, due to the new production unit in the US, expansion of capacity in the production unit of the metrology business in Qingdao, China, and Hexagon Polymers' construction of a plant in Qingdao.

Tax rate

The group's tax cost totalled -165 MSEK (-99), corresponding to a tax rate of 22 per cent (28). The tax cost is affected by the fact that a considerable part of the group's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden, valuation of certain foreign loss carry-forwards, as well as the fact that capital gains are exempt from tax. Disregarding the tax effect from all non-recurring items, the tax rate would have been 25 per cent for the quarter.

Employees

The average number of employees in the group during the period was 7 481 (6 319). The number of employees at the end of the quarter totalled 7 856 (6 489), an increase since year end by 255 employees. The increase in the number of employees during the period is mainly due to increased staff in Sri Lanka in order to meet customer demand.

Share data

Earnings per share increased by 76 per cent to 7.25 SEK (4.11). On 30 June 2006, equity per share was 92.08 SEK (44.29). The share price was 262 SEK (145). Historical share related data has been recalculated in consideration to the split during 2005 and the rights issue carried out during the second quarter 2006.

Hexagon Measurement Technologies

The business area Hexagon Measurement Technologies is the world leader in multidimensional measurement and is active in the measuring and positioning market's macro and micro segments. Operations encompass hand tools, fixed and mobile co-ordinate measuring machines (CMMs), GPS systems, level meters, laser meters, total stations, sensors for airborne measurement, aftermarket services and software systems for one, two or three-dimensional measurements. Its customers are in the aerospace, security and defence-related industries, the automotive industry, government departments and authorities, the engineering industry, the construction industry, the mining and oil industries, and electronics, computing and medical industries.

First six months 2006

During the first six months all regions and product areas grew substantially. The development of earnings was substantial. Operating margin for the second quarter was more than18 per cent (13).

During the first six months demand in Europe in all customer segments was continued strong. Organic growth in order intake was 18 per cent and in net sales 11 per cent.

During the second quarter we have seen a shift in demand in NAFTA. We have seen a deteriorated competitiveness of the domestic automotive industry and that residential housing construction in the region levels out due to increased interest rates. However, demand for our products is positively affected by increased infrastructural investments and increased demand from non automotive related industry. Organic growth in order intake was 6 per cent and in net sales 7 per cent.

Hexagon's expansion in Asia has continued during the first six months. Organic growth in order intake was 22 per cent and in net sales 18 per cent. Sales in China showed a double digit growth while sales in rest of Asia had a weaker growth due to Leica Geosystems' relatively weaker market position. Hexagon Measurement Technologies began expansion in Asia outside of China by acquiring agents in the local markets.

The integration program of Hexagon Metrology and Leica Geosystems proceeds ahead of plan. The majority of employees made redundant in the restructuring during 2005 left the group during the first quarter 2006 and integration work on new joint business opportunities are ahead of schedule.

Order intake for the first six months increased to 4 762 MSEK (1 571). Net sales increased to 4 586 MSEK (1 549). Using fixed exchange rates and a comparable group structure, order intake increased by 15 per cent and net sales by 12 per cent.

Operating earnings (EBIT1) increased to 731 MSEK (178), corresponding to an operating margin of 16 per cent (11).

The number of employees in the business area was 4 877 (2 156) at the end of the second quarter 2006. The increase is explained by the acquisition of Leica Geosystems.

Key financials

MSEK	Q2 2006	Q2 2005	Change %	Q1-Q2 2006	Q1-Q2 2005	Change %
Order intake	2 459	832	196	4 762	1 571	203
Net sales	2 310	856	170	4 586	1 549	196
Operating earnings (EBIT1)	422	110	284	731	178	311
Margin, %	18.3	12.9		15.9	11.5	

Hexagon Polymers

The business area Hexagon Polymers is active on three markets: Gaskets for plate heat exchangers (PHE), plastic and rubber wheels for truck and track drive applications and rubber compounds as semi-finished goods. The customers are mainly major multinational OEM customers in the PHE, truck production, materials handling equipment and automotive industry market segments.

First six months 2006

The volume growth of the business area was strong. The exceptional, historically speaking, increase in raw material prices has had a substantial negative impact on the operating margin also during the second quarter. In the current situation, it is impossible for us to predict the future development of the raw material prices during the second half-year. If the prices should continue to increase, this will result in a development similar to the development we have seen in the first six months, where increased costs cannot be compensated until later in time. The timing difference gives downward pressure on operating margin and earnings. We estimate that operating margin for the full year 2006 will end up in level with the present outcome. However, if raw material prices should decrease, the same price mechanism will automatically give improved margins.

During the period the situation for the Canadian plant of Hexagon Polymers developed negatively due to cutbacks in production volumes in the automotive industries in Northeast America. This affects Hexagon Polymer’s deliveries of materials for sealing systems for car applications. Parts of the production of cars in NAFTA are currently moving to Mexico, why Hexagon Polymers has speed up the establishment of a production facility in that region. According to plan, the plant will start operations during the second half-year 2007.

Hexagon Polymers has also started establishment of a production facility in Qingdao, China, for production of rubber compounds and wheels. The plant is planned to start operations during the first quarter 2007.

Order intake for the first six months increased by 20 per cent to 1 303 MSEK (1 090). Net sales, including compensation for increases in raw material prices, increased by 18 per cent to 1 269 MSEK (1 077). Using fixed exchange rates and a comparable group structure, order intake increased by 12 per cent and net sales by 10 per cent.

Operating earnings (EBIT1) totalled 121 MSEK (140), corresponding to an operating margin of 10 per cent (13).

The number of employees in the business area was 1 939 (1 772) at the end of the second quarter 2006.

Key financials

MSEK	Q2 2006	Q2 2005	Change %	Q1-Q2 2006	Q1-Q2 2005	Change %
Order intake	651	549	19	1 303	1 090	20
Net sales	633	547	16	1 269	1 077	18
Operating earnings (EBIT1)	57	70	-19	121	140	-14
Margin, %	9.0	12.8		9.6	13.0	

Hexagon Engineering

The business area Hexagon Engineering comprises two business segments: Metals and key components. Metals includes iron, steel and other metal products. Key components houses a number of companies focused on supplying high quality components, mainly to the heavy vehicle industry. The product range also includes key components for industrial robots and car bodywork spares. Principally, customers are in the engineering industry, although the shipbuilding, offshore, medical, forest products and automotive industries are also major customer segments.

First six months 2006

The business area was substantially restructured during 2005 which led to some recovery of earnings and operating margin during the first six months 2006 in all subsidiaries apart from EBP. The earnings and net sales of these subsidiaries improved and operating margin was 7 per cent. EBP, which during 2005 took on a new pressing technology, continues to develop the process and logistics system towards a more extensive market. This change, from a one customer dependency, has during the first six months 2006 given earnings of slightly less than -7 MSEK and net sales of 110 MSEK. We anticipate that EBP gradually will improve its earnings to break-even during 2006 and become profitable again during 2007.

Order intake for the first six months increased by 4 per cent to 916 MSEK (884). Net sales totalled 859 MSEK (889). Using a comparable group structure, order intake increased by 11 per cent and net sales by 3 per cent.

Operating earnings (EBIT1) totalled 43 MSEK (45), corresponding to an operating margin of 5 per cent (5).

The number of employees in the business area was 1 029 (1 171) at the end of the second quarter 2006. The decrease in number of employees is partly explained by the restructuring done during year 2005.

Key financials

MSEK	Q2 2006	Q2 2005	Change %	Q1-Q2 2006	Q1-Q2 2005	Change %
Order intake	463	443	5	916	884	4
Net sales	435	453	-4	859	889	-3
Operating earnings (EBIT1)	20	23	-13	43	45	-4
Margin, %	4.6	5.1		5.0	5.1	

Associated companies
Associated companies include the joint venture company Outokumpu Nordic Brass. The company is suffering from heavy raw material price increases. The associated companies affect Hexagon's earnings during the first six months according to the equity method by 1 MSEK (-2).

Parent company
The Parent company's earnings after financial items totalled 45 MSEK (402). The equity ratio of the Parent company was 45 per cent (25). Shareholders' equity, including the equity portion of untaxed reserves, totalled 7 114 MSEK (1 854). Liquid assets, including unutilized credit limits, totalled 4 314 MSEK (2 128).

Accounting principles
The accounting principles are unchanged compared to those used in the Annual Report 2005. This interim report is presented in accordance with IAS 34 Interim Financial Reporting.

Stock options
During 2003 Hexagon introduced a stock option program addressed to key personnel, primarily within Hexagon Metrology. The program comprises in total 1 545 000 warrants, of which currently 896 100 have been subscribed. Each warrant entitles the holder the right to subscribe for one new series B share during the period 1 October 2003 until 30 September 2006, inclusive, at 80.60 SEK. The warrants have been transferred at market value at the time of transfer. During year 2005, 154 500 warrants have been converted into shares.

In connection with the rights issue carried out during April 2006, the stock option program, in accordance with the conditions of the program, was adjusted to include 1 689 000 options of which 972 900 have been subscribed. Each warrant has been adjusted to entitle the holder the right to subscribe for one new series B share at 73.10 SEK. During the first six months, 508 933 warrants have been converted into shares.

At the time of Hexagon's acquisition of Leica Geosystems on 14 October 2005, the company had a number of stock option programs targeted at senior executives in Leica Geosystems. The options conferred the options holders the right to subscribe for one new share in Leica Geosystems at a price set in connection with the allotment. As a consequence of the acquisition of Leica Geosystems, these stock option programs were adjusted so that a stock option holder was entitled to subscribe for five new shares in Hexagon series B and to receive 440 CHF in cash, less the exercise price, per option. No new allotments are made pursuant these option programs. Hexagon is entitled to pay in cash for the options if found suitable, at which the share part of the compensation shall correspond to market value of the Hexagon share at the time of redemption. The stock options have been transferred free of charge at allotment.

At last year-end the stock option program totalled 90 612 options. During the first six months, 37 891 have been exercised. The weighted average of the share price at the redemption occasions was 257 SEK. The remaining 52 721 stock options entitle to 263 605 Hexagon shares series B.

In connection with the rights issue carried out during April 2006, the stock option programs, in accordance with the conditions of the programs, were adjusted so that the cash part, before deduction of the exercise price, was increased by 22 CHF to 462 CHF.

At full exercise of the above stock option programs, the dilution effect would be 1.4 per cent of the share capital and 1.0 per cent of the number of votes.

Divestitures and acquisitions

During the first quarter of 2006 Hexagon divested an industrial property in Västerås, Sweden. Also, a line of business in Tidamek AB and the shareholding in Tradimus AB were divested. These divestitures totalled capital gains of 97 MSEK.

In May Hexagon acquired the entire share capital of Scanlaser AB in Sweden and Scanlaser AS in Norway. Scanlaser is the leading supplier of measuring and positioning systems for the Scandinavian construction industry. The combined turnover of Scanlaser AB and Scanlaser AS is approximately 120 MSEK and the companies have the last couple of years shown an annual growth of about 35 percent. The companies' earnings are consolidated from 1 May 2006.

Significant events after end of period

The Commercial Court of the Canton of St. Gallen has sanctioned the compulsory squeeze out of the remaining shares of Leica Geosystems Holdings AG. The consideration for the outstanding shares was determined at CHF 440 plus five B-shares in Hexagon for each share in Leica Geosystems (i.e. the same as in the bid for Leica Geosystems) and, as compensation for the dilution resulting from the rights issue completed in May 2006, an additional CHF 28.11.

In the light hereof and in order to finalize the squeeze out procedure, the Board of Directors resolved, on the basis of the general meeting's authorization, on 10 August 2006 to increase the share capital of the company by 794 540 SEK by issuing 198 635 B-shares.

Following the squeeze out procedure the Leica Geosystems share will be delisted from SWX Swiss Exchange.

Outlook

During the second quarter of 2006, Hexagon has further strengthened its market position, product portfolio and structure to enable further growth in sales and earnings. Our long-term financial target of an increase in earnings per share after tax by at least 15 per cent p.a. remains. For year 2006, this financial target will be exceeded.

Previous outlook

During the first quarter of 2006, Hexagon has further strengthened its market position, product portfolio and structure to enable further growth in sales and earnings. Our long-term financial target of an increase in earnings per share after tax by at least 15 per cent p.a. remains.

Nacka Strand, 10 August 2006

Ola Rollén
CEO and President

This Interim Report has not been audited by the company's auditors.

Invitation to telephone conference 10 August at 15:00 CET

A presentation of the Interim Report will be given on Thursday 10 August at 15:00 CET at a telephone conference. For participation, please see instructions at www.hexagon.se.

Financial information

Interim Report Q3 2006	25 October 2006
Year-End Report 2006	13 February 2007
Interim Report Q1 2007	2 May 2007
Annual General Meeting 2006	2 May 2007

As soon as made public, all external financial information is published at www.hexagon.se.

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Consolidated income statement in summary

MSEK	Q2 2006	Q2 2005	Q1-Q2 2006	Q1-Q2 2005	Last 12 months	Year 2005
Net sales	3 377	2 507	6 712	4 748	11 601	9 637
Cost of goods sold	-2 086	-1 850	-4 164	-3 525	-7 582	-6 943
Gross profit	**1 291**	**657**	**2 548**	**1 223**	**4 019**	**2 694**
Sales and administration costs etc.	-807	-424	-1 760	-808	-3 228	-2 276
Earnings from shares in associated companies	1	0	1	-2	-28	-31
Capital gains	-	-	-	-	457	457
Operating earnings [1)]	**485**	**233**	**789**	**413**	**1 220**	**844**
Earnings from other securities [1)]	-	-	97	-	97	-
Interest income and expenses, net	-51	-30	-130	-58	-211	-139
Earnings after financial items	**434**	**203**	**756**	**355**	**1 106**	**705**
Tax	-106	-57	-165	-99	-153	-87
Net earnings [2)]	**328**	**146**	**591**	**256**	**953**	**618**
[1)] of which non-recurring items	-	-	13	-	-66	-79
[2)] of which minority interest	1	1	3	3	5	5
Earnings per share (SEK)	3.80	2.32	7.25	4.11	12.67	9.42
Earnings per share after dilution (SEK)	3.77	2.27	7.15	4.01	12.54	9.29
Shareholder’s equity per share (SEK)	92.08	44.29	92.08	44.29	92.08	70.31
CB number of shares (thousands)	87 884	62 856	87 884	62 856	87 884	76 182
Average number of shares (thousands)	86 002	62 553	81 092	61 587	74 794	65 041
Average number of shares after dilution (thousands)	86 798	63 745	82 234	63 019	75 594	65 987
Earnings include depreciations and write-downs of	-112	-67	-284	-131	-682	-529

Analysis of the consolidated income statement

MSEK	Q2 2006	Q2 2005	Q1-Q2 2006	Q1-Q2 2005	Last 12 months	Year 2005
Operating earnings (EBIT1)	**485**	**233**	**873**	**413**	**1 383**	**923**
Capital gains	-	-	97	-	554	457
Other non-recurring items	-	-	-84	-	-620	-536
Earnings before interest net	**485**	**233**	**886**	**413**	**1 317**	**844**
Interest income and expenses, net	-51	-30	-130	-58	-211	-139
Earnings after financial items	**434**	**203**	**756**	**355**	**1 106**	**705**

Consolidated balance sheet in summary

MSEK	30 June 2006	30 June 2005	Year-end 2005
Intangible fixed assets	10 422	2 221	10 661
Tangible fixed assets	2 232	1 779	2 183
Financial fixed assets	455	211	547
Total fixed assets	**13 109**	**4 211**	**13 391**
Inventories	**2 158**	**1 741**	**2 040**
Accounts receivable	2 594	1 880	2 369
Other receivables	367	149	283
Prepaid expenses and accrued income	179	143	120
Total current receivables	**3 140**	**2 172**	**2 772**
Cash and cash equivalents	511	1 353	439
Total current assets	**5 809**	**5 266**	**5 251**
Total assets	**18 918**	**9 477**	**18 642**
Attributable to the parent company’s shareholders	8 092	2 784	5 356
Attributable to minority	44	45	46
Total shareholders’ equity	**8 136**	**2 829**	**5 402**
Pension provisions	535	210	561
Tax provisions	417	114	490
Other provisions	320	62	421
Total provisions	**1 272**	**386**	**1 472**
Interest bearing liabilities	6 619	4 194	8 826
Other liabilities	65	4	70
Total long-term liabilities	**6 684**	**4 198**	**8 896**
Interest bearing liabilities	19	102	110
Accounts payable	1 156	949	1 233
Other liabilities	725	363	627
Accrued expenses and deferred income	926	650	902
Total short-term liabilities	**2 826**	**2 064**	**2 872**
Total equity and liabilities	**18 918**	**9 477**	**18 642**

Change in Consolidated Shareholders' Equity

	Q1-Q2, 2006			Q1-Q2, 2005		
MSEK	Attributable to the parent company's shareholders	Attributable to minority	Total	Attributable to the parent company's shareholders	Attributable to minority	Total
Opening balance	**5 356**	**46**	**5 402**	**2 450**	**46**	**2 496**
Dividend	-264	-5	-269	-115	-4	-119
New share issues	2 733	-	2 733	129	-	129
Effect from cash flow hedge	0	-	0	-7	-	-7
Translation different	-321	0	-321	74	0	74
Net earnings for the period	588	3	591	253	3	256
Closing balance	**8 092**	**44**	**8 136**	**2 784**	**45**	**2 829**

Development of number of shares

	Series A	Series B	Total
2005-12-31	3 150 000	66 750 111	69 900 111
Rights issue	787 500	16 687 527	17 475 027
New issue, options exercised	-	508 933	508 933
2006-06-30	3 937 500	83 946 571	87 884 071

Consolidated cash flow analysis

MSEK	Q2 2006	Q2 2005	Q1-Q2 2006	Q1-Q2 2005
Cash flow from operations before change in working capital	478	238	839	432
Change in working capital	-171	-19	-665	-261
Net cash flow from operations	**307**	**219**	**174**	**171**
Net investments in fixed assets	-211	-106	-367	-188
Operating cash flow	**96**	**113**	**-193**	**-17**
Cash flow from other investment activities	-146	-10	-45	-12
Cash flow from other financing activities	-2 343	1 015	-2 150	1 106
New share issues	2 733	108	2 733	129
Dividend	-269	-119	-269	-119
Change in liquid assets	**71**	**1 107**	**76**	**1 087**

The currency effect in liquid assets was -4 MSEK during the first six months 2006.

Key ratios

	Q1-Q2 2006	Q1-Q2 2005	Year 2005
Operating margin, %	13.0	8.7	9.6
Profit margin before tax, %	11.3	7.5	7.3
Return on shareholders’ equity, %	17.8	19.3	18.0
Return on capital employed, %	11.8	14.3	10.8
Solvency ratio, %	43.0	29.9	29.0
Net indebtedness, multiple	0.83	1.13	1.71
Interest coverage ratio, multiple	6.4	5.9	5.1
Average number of shares, thousands	81 092	61 587	65 041
Earnings per share, SEK	7.25	4.11	9.42
Cash flow per share, SEK	2.15	2.78	11.75
Cash flow per share before change in working capital, SEK	10.35	7.01	14.70
Share price, SEK	262	145	217

Order intake

MSEK	2006 Q1	2006 Q2	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Year	Latest 12 months
Hexagon MT	2 303	2 459	739	832	784	2 170	4 525	7 716
Hexagon Polymers	652	651	541	549	538	585	2 213	2 426
Hexagon Engineering	453	463	441	443	368	397	1 649	1 681
Divested businesses	-	-	661	701	-	-	1 362	-
Group	**3 408**	**3 573**	**2 382**	**2 525**	**1 690**	**3 152**	**9 749**	**11 823**

Net sales

MSEK	2006 Q1	2006 Q2	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Year	Latest 12 months
Hexagon MT	2 276	2 310	693	856	736	2 254	4 539	7 576
Hexagon Polymers	636	633	530	547	539	589	2 205	2 397
Hexagon Engineering	424	435	436	453	351	425	1 665	1 635
Divested businesses	-	-	589	659	-	-	1 248	-
Adjustment	-1	-1	-7	-8	-2	-3	-20	-7
Group	**3 335**	**3 377**	**2 241**	**2 507**	**1 624**	**3 265**	**9 637**	**11 601**

Operating earnings (EBIT1)

MSEK	2006 Q1	2006 Q2	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Year	Latest 12 months
Hexagon MT	309	422	68	110	80	292	550	1 103
Hexagon Polymers	64	57	70	70	66	52	258	239
Hexagon Engineering	23	20	22	23	15	20	80	78
Divested businesses	-	-	27	37	-	-	64	-
Parent company	-8	-14	-7	-7	-7	-8	-29	-37
Group	**388**	**485**	**180**	**233**	**154**	**356**	**923**	**1 383**

Net sales

MSEK	2006 Q1	2006 Q2	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Year	Latest 12 months
Sweden	438	451	624	658	344	447	2 073	1 680
Other Europe	1 534	1 556	1 099	1 194	679	1 433	4 405	5 202
North America	804	817	341	434	408	836	2 019	2 865
Asia	442	416	159	188	167	456	970	1 481
Other markets	117	137	18	33	26	93	170	373
Group	**3 335**	**3 377**	**2 241**	**2 507**	**1 624**	**3 265**	**9 637**	**11 601**

The table displays net sales to customers within each, respective, geographical area.

Definitions

Capital employed	Total assets less non-interest-bearing liabilities.
Capital turnover rate	Net sales for the year divided by average capital employed.
Cash flow	Cash flow from operating activities after change in working capital.
Cash flow per share	Cash flow from operating activities after change in working capital, divided by average number of shares.
EBIT1 operating earnings	Operating earnings excluding capital gain on shares in group companies and other non-recurring items.
Earnings before interest net	Operating earnings plus earning from other securities classified as fixed assets.
Earnings per share	Net earnings divided by average number of shares.
Equity ratio	Shareholders' equity including minority interests as a percentage of total assets.
Interest cover ratio	Earnings after financial items plus financial expenses divided by financial expenses.
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries.
Net indebtedness	Interest-bearing liabilities less liquid assets divided by shareholders' equity excluding minority interests.
Operating margin	Operating earnings (EBIT1) as a percentage of net sales for the year.
Profit margin before tax	Earnings after financial items as a percentage of net sales for the year.
Return on capital employed	Earnings after financial items plus financial expenses as a percentage of average capital employed.
Return on equity	Net earnings excluding minority interests as a percentage of average shareholders' equity excluding minority interests.
Shareholders' equity per share	Shareholders' equity excluding minority interests divided by the number of shares at year-end.
Share price	Last settled transaction on the OMX Stockholm Stock Exchange on the last business day for the period.