

Interim report January–June 2009

No change in sales trend



- Net sales during the period amounted to SEK 1,074 M (931), and to SEK 542 M (494) for the second quarter
- Operating profit during the period totaled SEK 93 M (160), and SEK 46 (92) M for the second quarter
- Profit before tax during the period amounted to SEK 92 M (160), and to SEK 46 M (92) for the second quarter
- Profit after tax during the period totaled SEK 67 M (113), and SEK 34 M (64) for the second quarter
- Earnings per share during the first half year amounted to SEK 0.96 (1.64)

President's comments

As previously communicated, we expect the lower activity on the market, in the weak market conditions, to remain at a relatively stable level. This means that Axis' sales level on each market was essentially unchanged during the second quarter compared with the beginning of the year.

We see a comparatively improved trend during the second quarter in the Americas region and in the Asia region like during the first quarter of the year. The EMEA region, like the beginning of the year displayed a comparatively weaker trend.

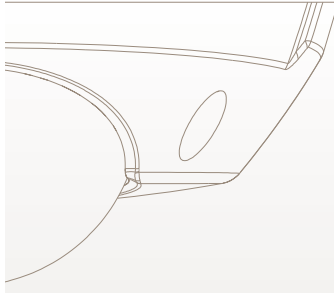
Axis' marketing activity was intensive during the period and the high rate of release of new products continued. Recruitment of personnel continued during the second quarter, but now at a significantly lower rate than at the end of 2008 and the beginning of 2009.

Ray Mauritsson
President

About Axis Communications. Axis is an IT company offering network video solutions for professional installations. The company is the global market leader in network video, driving the ongoing shift from analog to digital video surveillance. Axis products and solutions focus on security surveillance and remote monitoring, and are based on innovative, open technology platforms.

Axis is a Swedish-based company, operating worldwide with offices in more than 20 countries and cooperating with partners in more than 70 countries. Founded in 1984, Axis is listed on the NASDAQ OMX, under the ticker AXIS. For more information about Axis, please visit our web site at www.axis.com.





Sales

Net sales for the first half year amounted to SEK 1,074 M (931), an increase of 15 percent in Swedish kronor and a negative growth of 10 percent in local currency terms compared with the same period of the preceding year. Sales for the Video product area amounted to SEK 1,041 M (882), which corresponded to sales growth of 18 percent in Swedish kronor. Currency effects during the period impacted sales positively by SEK 232 M.

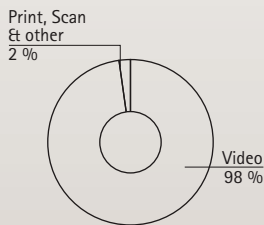
Net sales for the second quarter amounted to SEK 542 M (SEK 494 M). The Video product area reported sales of SEK 531 M (473) for the second quarter. Growth totaled 12 percent in local currency terms. Currency effects impacted sales positively by SEK 118 M in the second quarter.

Sales in the Americas region amounted to SEK 278 M (212) during the period April–June, which resulted in growth of 31 percent in Swedish kronor and a negative growth of 5 percent in local currency terms.

The Asia region reported sales of SEK 42 M (33) during the second quarter, corresponding to growth of 27 percent in Swedish kronor and 4 percent in local currencies.

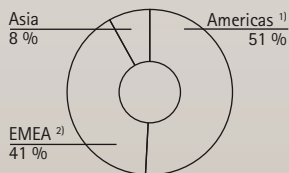
Sales in the EMEA region totaled SEK 223 M (249) during the second quarter, corresponding to a negative growth of 11 percent in Swedish kronor and a negative growth of 24 percent in local currencies.

Invoiced sales per product group, Q2 2009



Product area Video represents 98 % of Axis' sales.

Invoiced sales per region, Q2 2009



¹⁾ Incl. North, South and Central America

²⁾ Incl. Europe, the Middle East and Africa

Region Americas is the largest region, followed by EMEA and Asia.

Invoiced sales per product group, SEK M	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	Full year 2008	Q308-Q209 12 months
Video	531.3	472.9	1 041.0	882.4	1 885.2	2 043.8
Print	9.5	12.0	20.5	25.6	47.0	41.9
Scan	0.8	5.9	9.0	18.1	32.9	23.8
Other	0.6	3.0	3.4	5.3	9.7	7.8
TOTAL	542.2	493.8	1 073.9	931.4	1 974.8	2 117.3

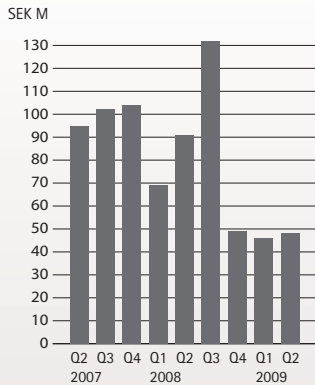
Invoiced sales per region, SEK M	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	Full year 2008	Q308-Q209 12 months
EMEA	222.5	249.0	445.6	469.5	947.4	923.5
Americas	277.8	211.7	537.0	385.5	852.5	1 004.0
Asia	41.9	33.1	91.3	76.4	174.9	189.8
TOTAL	542.2	493.8	1 073.9	931.4	1 974.8	2 117.3

Operating profit

The Group's operating profit amounted to SEK 93 M (160) for the first half year, corresponding to an operating margin of 8.6 percent (17.2). The costs have increased which was due to continued recruitment and a high rate of product releases and marketing activities, among other things. The gross margin was impacted slightly positively by currency effects and amounted to 55.3 percent (55.9). Profit before tax was SEK 92 M (160) and profit after tax was SEK 67 M (113). The total currency effect before tax, including the results of currency hedges, totaled SEK 33 M.

Operating profit during the second quarter amounted to SEK 46 M (92), corresponding to an operating margin of 8.6 percent (18.6). Profit before tax totaled SEK 46 M (92). Profit after tax amounted to SEK 34 M (64). The gross margin continued to be stable and amounted to 54.7 percent (56.2).

Operating profit / EBIT



Condensed income statement, SEK M	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	Full year 2008	Q308-Q209 12 months
Net sales	542.2	493.8	1 073.9	931.4	1 974.8	2 117.3
Gross profit	296.7	277.6	593.4	520.2	1 087.1	1 160.3
<i>Gross margin</i>	<i>54.7 %</i>	<i>56.2 %</i>	<i>55.3 %</i>	<i>55.9 %</i>	<i>55.0 %</i>	<i>54.8 %</i>
Operating profit	46.4	91.6	92.9	160.2	340.6	273.3
<i>Operating margin</i>	<i>8.6 %</i>	<i>18.6 %</i>	<i>8.6 %</i>	<i>17.2 %</i>	<i>17.2 %</i>	<i>12.9 %</i>
Pretax profit	46.0	91.6	92.3	159.7	339.8	272.4

Cash flow and financial position

The cash flow from operating activities amounted to SEK 41.8 M during the period. Net investments totaled SEK 28.6 M. Capitalized development expenses amounted to SEK 15 M during the period. Axis has SEK 140 M in cash and cash equivalents, as well as unutilized credit facilities of SEK 200 M. Accordingly, the company had a total of SEK 340 M at its disposal at June 30, 2009.

Shareholders' equity

Consolidated shareholders' equity totaled SEK 456 M. The total number of shares at the end of the period was 69,373,700. After full exercise of outstanding warrants, the number of shares totals 69,530,550. The Group's equity/assets ratio was 52.3 percent as at June 30, 2009 (49.8 percent as at June 30, 2008).

(SEK M)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2008	0.7	275.0	13.7	262.0	551.5
Total comprehensive income for the period	-	0.1	1.3	-198.8	-197.4
Closing balance at June 30, 2008	0.7	275.1	15.0	63.2	354.1
Opening balance at Jan 1, 2009	0.7	275.0	-36.8	202.2	441.1
Total comprehensive income for the period	-	-	34.8	66.7	101.5
Dividend	-	-	-	-86.7	-86.7
Closing balance at June 30, 2009	0.7	275.0	-2.0	182.2	455.8

Business development

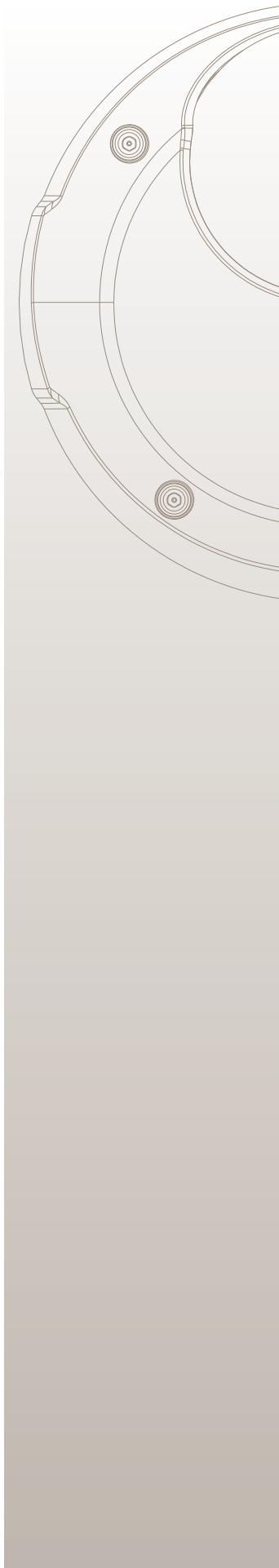
Axis' product portfolio

The high rate of product releases continued during the second quarter. During the period the AXIS Q6032-E network camera and three network cameras in the AXIS P13 series were introduced.

AXIS Q6032-E is a PTZ camera (Pan, Tilt, Zoom) equipped with outdoor housing, making it easy to install rapidly. The network camera's performance specification means, among other things, that it can be used in extreme temperatures in the range between -40 and +50 degrees Celsius.

In the AXIS P13 network camera series three new cameras have been introduced: AXIS P1343, AXIS P1344 and AXIS P1346. They are equipped with a number of different functions, including iris control, which means that the depth of field in the video is enhanced considerably.





During the period, Axis received the Grand Award of Design for its product portfolio. The motivation for the prize was: "A success story in which Axis Communications, through a consistent strategy, has managed to establish itself as market leader within network cameras. The company has worked with design solutions in an innovative and well-thought-out way throughout the whole process. From users, to production and installation Axis has shown that design can contribute to well-thought-out solutions, with very good financial returns as a consequence".

High market activity

During the second quarter of the year, Axis participated in about twenty fairs all over the world. Axis' products have received attention and attracted considerable interest at a number of fairs including ICSWest, US, Safe & Security, Holland, Transrussia, Russia, SecuTech, Taiwan as well as at IFSEC in the UK and in South Africa.

Settlement

During the second quarter of the year a settlement was reached with the company Elbex which in 2006 filed a summons application for patent infringement against Axis wholly-owned North American subsidiary. The settlement includes an agreement on cross-licensing, but is confidential in other respects.

The Swedish Export Prize

Axis' President received the Swedish Export Prize from His Majesty the King at the beginning of May. The award is given to a Swedish company that has displayed a strong export trend, successes on several markets and with good profitability and positive development of the Swedish operations. The motivation for the prize was: "Axis was the first to launch network surveillance cameras. Through rapid product development and a sales model, where Axis systematically supported its distributors via its own offices, the company has captured the position of international market leader".

Outlook for 2009

The network video market continues to be relatively weak with generally lower activity than in 2008 within all customer segments. This means that it is still difficult to assess the future trend. Since the market situation is difficult to assess and the market conditions are weak it means that we have a somewhat more short-term perspective when we estimate the sales trend and when we plan expansion. In the long-term, we see continued strong growth potential for network video products in security systems, which means that Axis' goal of being the continued market leader within network video remains unchanged.

The company's goal is to continue strengthening its position as the market leading supplier of network video solutions. To achieve the goals and meet the increasing competition, Axis will continue its focused strategy which involves the introduction of innovative network video products as well as advancing partnerships which provide a local presence globally.

The Axis share

The company's share is listed on NASDAQ OMX Nordic. The average daily trading volume during the period January 1 until June 30, 2009 amounted to SEK 10.5 M per day. On aver-

age, 180,270 shares per day were traded during the same period. The average share price during the period was SEK 58.71. The total number of shares in the company at the end of the period was 69,373,700.

Accounting principles

This half-year report is prepared in accordance with Swedish Annual Accounts Act and with IAS 34, Interim Financial Reporting. For information on the accounting principles applied, see the 2008 Annual Report. For a description of the new amendments, interpretations and standards that became effective on January 1, 2009, refer to the Annual Report for 2008. The accounting principles are unchanged, compared with those applied in 2008.

Risks and uncertainties

Axis' operations are subject to a number of risks and uncertainties, which are described in the 2008 Annual Report. As of June 30, it is our assessment that no new significant risks or uncertainties have arisen.

The Parent Company

The Parent Company's operations are primarily focused on company-wide administration. The Parent Company has no employees. Operating profit amounted to SEK -1.3 M (-1). Cash and cash equivalents totaled SEK 0 M (0) and borrowing was 0 (0).

Reporting dates

Axis will report on the following dates during the financial year 2009.

- Interim report, January-September – Friday, October 16
- Year-end report – Wednesday, February 3

The half-year report provides a true and fair review of the condensed balance sheets and income statements and the explanatory notes provide a true and fair view of the company's financial position and results of operations and other interim information provides a true and fair review of the company's operations and position.

Lund, July 8, 2009

Ray Mauritsson
President

Lars-Erik Nilsson
Chairman of the Board

Martin Gren

Charlotta Falvin

Olle Isberg

Göran Jansson

Consolidated (statement of) comprehensive income

(SEK M)	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	Full year 2008	Q308-Q209 12 months
Net sales	542.2	493.8	1 073.9	931.4	1 974.8	2 117.3
Cost of sold products and services	-245.5	-216.2	-480.5	-411.2	-887.7	-957.0
Gross profit	296.7	277.6	593.4	520.2	1 087.1	1 160.3
Other revenues and changes in value	-24.8	3.6	-50.7	7.4	8.8	-49.3
Selling and marketing costs	-113.4	-101.3	-234.1	-195.8	-403.8	-442.1
Administrative costs	-24.1	-20.8	-47.7	-40.7	-82.9	-89.9
Research and development costs	-88.0	-67.4	-168.0	-130.9	-268.6	-305.7
Operating profit	46.4*	91.6	92.9*	160.2	340.6	273.3
Financial expenses	-0.4	-0.1	-0.6	-0.4	-0.8	-1.0
Pretax profit	46.0	91.6	92.3	159.7	339.8	272.3
Tax	-12.5	-27.3	-25.6	-46.3	-87.4	-66.7
Net profit for the period	33.5	64.3	66.7	113.4	252.4	205.6
Other comprehensive income						
Cash flow hedges	31.0	-2.2	45.4	4.5	-48.7	-7.8
Hedging of net investments	4.9	0.7	0.5	5.0	-25.7	-30.2
Exchange rate differences	-2.7	-0.6	1.0	-4.6	3.8	9.4
Tax attributable to components in other comprehensive income	-9.5	0.4	-12.1	-2.7	20.1	10.7
Other comprehensive income for the period, net after tax	23.7	-1.7	34.8	2.2	-50.5	-17.9
Net profit for the period	57.2	62.6	101.5	115.6	201.9	187.7
Total comprehensive income attributable to:						
The Parent Company's shareholders	57.2	62.6	101.5	115.6	201.9	187.7
Earnings per share before dilution, SEK	0.48	0.93	0.96	1.64	3.64	2.96
Earnings per share after dilution, SEK	0.48	0.93	0.96	1.63	3.63	2.96
Average number of shares before dilution, thousands	69 374	69 360	69 374	69 360	69 374	69 374
Average number of shares after dilution, thousands	69 425	69 465	69 425	69 465	69 452	69 425

*Net effects of hedging and changes in exchange rates in underlying liabilities and receivables denominated in foreign currencies have impacted operating profit negatively by SEK 25 M for the second quarter and negatively by SEK 52 M for the first half-year.

Cash-flow statement

(SEK M)	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	Full year 2008	Q308-Q209 12 months
Cash flow from operating activities before change in working capital	71.0	76.1	139.9	131.3	244.3	205.9
Change in working capital	-75.8	0.8	-98.1	-26.8	-41.9	-66.2
Cash flow from operating activities	-4.8	76.9	41.8	104.5	202.4	139.7
Cash flow from investment activities	-21.4	-13.0	-28.6	-27.9	-55.3	-56.0
Cash flow from financing activities	-86.7	-317.7	-86.7	-317.8	-317.8	-86.7
Cash flow for the period	-112.9	-253.8	-73.5	-241.2	-170.7	-3.0
Cash and cash equivalents, beginning of period	252.8	396.7	213.4	384.1	384.1	142.9
Cash and cash equivalents, end of period	139.9	142.9	139.9	142.9	213.4	139.9

Consolidated balance sheet

(SEK M)	09-06-30	08-06-30	08-12-31
Fixed assets	119.0	97.7	105.8
Inventories	228.7	171.6	248.7
Accounts receivable and other receivables	383.5	298.7	291.4
Cash and cash equivalents	139.9	142.9	213.4
Total	871.1	710.8	859.3
Shareholders' equity	455.8	354.1	441.1
Long-term liabilities	53.0	5.8	30.8
Current liabilities	362.3	350.9	387.4
Total	871.1	710.8	859.3

Key figures

	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	Full year 2008
Net sales growth (%)	9.8	20.4	15.3	24.4	18.2
Gross margin (%)	54.7	56.2	55.3	55.9	55.0
Operating margin (%)	8.6	18.6	8.6	17.2	17.2
Profit margin (%)	8.5	18.5	8.6	17.2	17.2
Depreciation/amortization (SEK M) *	38	34	38	34	40.6
Shareholders' equity (SEK M)	456	354	456	354	441
Capital employed (SEK M)	569	439	569	439	472
Interest-bearing liabilities (SEK 000s)	-	-	-	-	-
Net interest-bearing liabilities (SEK 000s)	-140	-143	-140	-143	-213
Total assets (SEK M)	871	711	871	711	859
Return on capital employed (%) *	52.5	71.2	52.5	71.2	64.1
Return on total capital *	31.6	45.2	31.6	45.2	38.4
Return on equity (SEK M) *	43.7	58.3	43.7	58.3	49.3
Interest-coverage ratio (times) *	286.1	503.5	286.1	503.5	411.9
Net debt/equity ratio (times)	-0.3	-0.4	-0.3	-0.4	-0.5
Equity/assets ratio (%)	52.3	49.8	52.3	49.8	51.3
Share of risk-bearing capital (%)	59.3	61.0	59.3	61.0	54.0
Capital turnover ratio (times)	4.1	3.6	4.1	3.6	3.7
Number of employees (average for the period)	764	636	752	613	663
Sales per employee (SEK M)	2.8	2.9	2.8	3.0	3.0
Operating profit per employee (SEK M)	0.4	0.6	0.4	0.6	0.5

* The key figures have been recalculated to full-year values.

Per-share data

	09-06-30	08-06-30	08-12-31
Share price at end of period, SEK	82.00	74.75	57.50
Dividend, SEK	1.25	4.50	4.50
P/E multiple	43	23	16
Earnings per share before dilution, SEK	0.96	1.64	3.64
Earnings per share after dilution, SEK	0.96	1.63	3.63
Average number of shares before dilution, thousands	69 374	69 360	69 374
Average number of shares after dilution, thousands	69 425	69 465	69 452
Number of shares outstanding (thousand)	69 374	69 374	69 374

Quarterly data

Invoiced sales per product group (SEK M)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2006	2006	2007	2007	2007	2007	2008	2008	2008	2008	2009	2009
Video	268.7	324.1	309.2	368.2	412.7	439.8	409.5	472.9	522.4	480.4	509.7	531.3
Print	20.9	22.3	18.7	29.6	15.3	15.4	13.6	12.0	10.6	10.8	11.0	9.5
Scan	6.9	9.7	4.6	8.5	9.6	17.7	12.2	5.9	7.3	7.5	8.2	0.8
Other	4.8	4.9	5.7	4.0	6.5	5.7	2.3	3.0	2.8	1.7	2.7	0.6
TOTAL	301.3	361.0	338.2	410.3	444.2	478.6	437.5	493.8	543.0	500.5	531.6	542.2

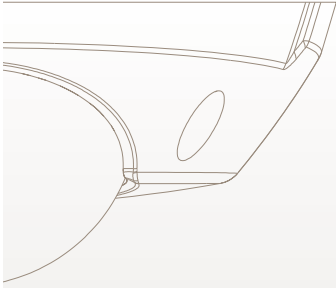
Invoiced sales per region (SEK M)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2006	2006	2007	2007	2007	2007	2008	2008	2008	2008	2009	2009
EMEA	139.5	191.6	161.3	181.7	212.3	245.0	220.5	249.0	234.7	243.2	223.0	222.5
Americas	129.4	129.9	141.9	179.3	198.2	194.9	173.8	211.7	263.4	203.6	259.2	277.8
Asia	32.4	39.5	35.0	49.3	33.8	38.6	43.3	33.1	44.9	53.7	49.4	41.9
TOTAL	301.3	361.0	338.2	410.3	444.2	478.6	437.5	493.8	543.0	500.5	531.6	542.2

Parent Company income statement

(SEK M)	Q1-Q2 2009	Q1-Q2 2008	Full-year 2008
Net sales	5.9	10.3	23.6
Gross profit	5.9	10.3	23.6
Administrative costs	-7.1	-11.3	-26.3
Operating profit	-1.3	-1.0	-2.7
Result from participations in Group companies	-	-	351.4
Financial income	22.5	46.1	30.3
Financial expenses	-61.0	-4.1	-133.1
Pretax profit	-39.8	41.0	245.9
Change in tax allocation reserve	-	-	-78.5
Tax	-	-11.5	-50.4
Net profit for the period	-39.8	29.5	116.9

Parent Company balance sheet

(SEK M)	09-06-30	08-06-30	08-12-31
Fixed assets	2.3	2.3	2.3
Receivables from Group companies	378.5	315.0	364.6
Accounts receivable and other receivables	1.5	1.3	0.4
Tax receivables	21.2	12.0	32.0
Cash and cash equivalents	0.0	0.0	132.5
Total	403.6	330.6	531.8
Shareholders' equity	149.2	181.9	275.7
Untaxed reserves	187.4	108.9	187.4
Tax liabilities	1.0	0.7	0.8
Current liabilities	66.0	39.1	67.9
Total	403.6	330.6	531.8



Review report

We have reviewed this report for the period January 1 to June 30, 2009, for Axis Group AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Lund, July 8, 2009

Öhrlings PricewaterhouseCoopers AB

Bertil Johanson

Authorized Public Accountant

Auditor in charge

Analyst & Press Conference

Axis will hold a teleconference for media and financial analysts today.

Time: Wednesday, July 8 at 10 a.m.

Phone number: +46 (0)8 5052 0110

Participants from Axis AB will be:

Ray Mauritsson, President and Fredrik Sjöstrand, CFO.

A recorded version of the teleconference will be available for ten business days on:

+46 (0)8 5052 0333, specify: 83 84 91.

Or contact:

Margareta Lantz

Manager, Investor Relations & Corporate Communications

Tel: +46 (0)46 272 18 00

