

First six months 2011

- ⊗ Net sales for the first six months increased with 14 % reaching SEK 188.0 m (165.3), corresponding to a 25 % increase in local currencies.
- ⊗ Operating profit reached SEK 37.9 m (40.2), equal to a 20 % (24) operating margin.
- ⊗ Order intake for the first half year increased with 17 % to SEK 197.0 m (167.8) corresponding to a 28 % increase in local currencies.
- ⊗ Cash flow from operating activities amounted to SEK 22.1 m (28.8)
- ⊗ Profit after taxes totaled SEK 27.4 m (30.0) and result per share amounted to SEK 2.46 (2.64)
- ⊗ Net sales for the last twelve months amounted to SEK 367.3 m (294.3) corresponding to a 35 % increase in local currencies. Operating result increased to SEK 81.3 m (69.3) corresponding to a 22 % (24) operating margin

Quarterly data	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2011	2011	2010	2010	2010	2010	2009	2009
Net sales (SEK m)	96.5	91.5	91.6	87.6	89.2	76.1	72.2	56.7
Order intake (SEK m)	100.2	96.8	87.5	86.9	89.7	78.1	81.0	59.7
Operating profit (SEK m)	20.2	17.7	19.8	23.5	22.2	17.9	15.8	13.3
Gross margin (%)	61.3	59.6	60.4	61.6	60.2	58.5	60.1	60.4
Operating margin (%)	21.0	19.3	21.7	26.8	24.9	23.6	21.9	23.5
Earnings per share (SEK)	1.34	1.11	1.31	1.46	1.48	1.16	1.02	0.84
Half-year data	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2	Q3-Q4
	2011	2010	2010	2009	2009	2008	2008	2007
Net sales (SEK m)	188.0	179.2	165.3	129.0	115.6	160.9	155.7	134.9
Order intake (SEK m)	197.0	174.4	167.8	140.7	117.2	149.8	163.3	133.5
Operating profit (SEK m)	37.9	43.3	40.2	29.2	2.0	48.4	36.6	25.7
Gross margin (%)	60.5	61.0	59.4	60.2	56.3	62.4	52.4	54.9
Operating margin (%)	20.2	24.2	24.3	22.6	1.7	30.1	23.5	19.0
Earnings per share (SEK)	2.46	2.77	2.64	1.86	-0.01	3.34	2.10	1.27

Comments of the CEO

Net sales both for the first six months and for the second quarter reached new record levels in the HMS history. Also the last twelve months net sales reached record levels with SEK 367 m, corresponding to a 25 % growth. We see a stable development on our markets but in a somewhat slower pace compared to the strong recovery during 2010. As previously communicated we are in a phase of recruiting to secure a long term growth. As planned the effect of this can be seen in expanding operating expenses as we are building a foundation for future sales- and developing capacity.

We have started to notice effects from the strong increase in resources resulting in an increase of product launches mainly in the area of Gateway products. During the last six months we have launched approximately 25 new product versions now starting to add to our sales figures. Our customer base of Design-Wins in the embedded area continues to expand in line with our expectations securing a long term growth in this area.

Order intake for the period continued to be strong. The expected negative impact on sales to our Japanese customers was small and we can now see a more normal market situation here. As before the strong development on the German market persists and the recovery on the US market continues.

According to our strategy we proceed to recruit new employees mainly in the areas of sales and product development. During the first six months of the year we have recruited 24 new people in the HMS Group. The cost effect from the strengthening of resources is now affecting the result of the second quarter and onwards. This expansion is a part of our expansion plan aiming at delivering a long term profitable growth.



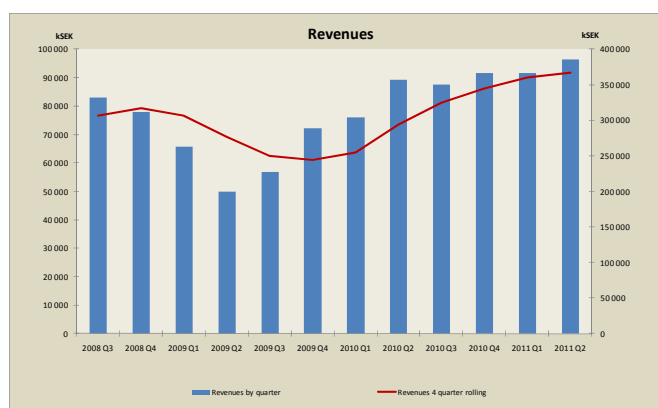
"Our expansion continues according to the strategy determined and we have already noticed the effects in the form of increasing sales volumes", says Staffan Dahlström, CEO for HMS.

HMS Networks is a world-leading supplier of communication technology for industrial automation. Sales for the last twelve months totaled SEK 367 million. Over 90% of these sales were to customers located outside Sweden. All product development and parts of the manufacturing are performed at the head office in Halmstad. Sales offices are located in Tokyo, Beijing, Karlsruhe, Chicago, Milan, Mulhouse, Pune, Coventry and Copenhagen. HMS has 210 employees and produces network interface cards and products to interconnect different networks under the trademark Anybus®. The network interface cards are embedded in automation equipment such as robots, control systems, motors and sensors. This allows subcomponents in machines to communicate with one another and with different networks in order to build more efficient and flexible manufacturing systems. HMS is listed on NASDAQ-OMX Nordic Exchange in Stockholm in the category Small Cap, Information Technology.

Net sales

Net sales for the last twelve months amounted to SEK 367.3 m (294.3). In total the revaluation of the Swedish currency in relation to the major HMS currencies had a SEK 30.0 m negative effect on net sales compared to the previous twelve month period. The order intake for the last four quarters amounted to SEK 371.4 m (308.5).

Net sales for the second quarter totaled to SEK 96.5 m (89.2), corresponding to a 8 % increase compared to the same quarter the previous year. Adjusted for a SEK – 9.4 m currency effect the increase amounted to 19 % in local currencies. Order intake increased with SEK 10.5 m to SEK 100.2 m (89.7) corresponding to a 22 % increase in local currencies.

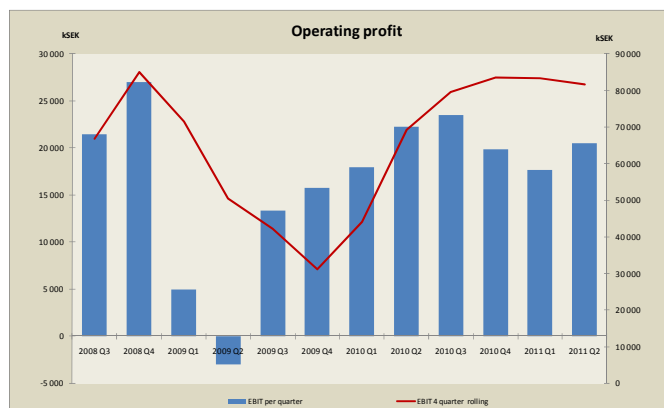


The graph shows turnover per quarter on the bars referring to the scale on the left axis. The line shows turnover for the latest 12 month period referring to the scale on the axis to the right.

Operating profit

Operating profit totaled to SEK 81.3 m (69.3) for the last four quarters, equivalent to an operating margin of 22 %. Currency effects had a negative impact on the operating result with SEK 15.7 m compared to the previous year.

The operating profit for the second quarter 2011 totaled to SEK 20.2 m (22.2). Changes in exchange rates had a SEK 5.0 m negative impact compared with the same period the previous year.



The graph shows operating result per quarter in the bars referring to the scale on the left axis. The line shows operating result for the last 12 month period referring to the scale on the axis to the right.

Equity

The Group's equity amounted to SEK 272.2 m (258.4). The total number of shares at the end of the year was 11,152,900. After full dilution, the total number of shares is 11,322,400. The Group's equity/assets ratio improved to 72.6 % (69.7).

Change in Group Equity (SEK 000s)	June 30 2011	June 30 2010	Dec 31 2010
Balance at 1 January	285,815	240,434	240,434
Total comprehensive income for the period	26,914	29,072	60,934
Dividends	-22,306	-11,153	-11,153
Acquisition non-controlling interests	-18,227	0	-4,400
Closing balance	272,197	258,353	285,815

Currency effects

Assets and liabilities in foreign currencies are revaluated at closing date. Currency hedging contracts are revaluated at the date of closing and are also affecting the result on the date of expiration. Changes in book value due to revaluation of operating balance sheet items and currency hedging contracts are disclosed as other operating income and other operating expenses. Changes in book value related to assets in foreign currencies i.e. liquid funds, are disclosed as financial income and expenses. Net sales and expenses are affected by changes in exchange rates. This will have an impact on income and costs. Net sales for the first six months consist of 62 % in EURO, 21 % in USD, 9 % in Japanese Yen and 8 % in SEK and other currencies. Cost of goods sold consists of 52 % in EURO, 25 % in USD and 1 % in Japanese Yen. Operating expenses consists of 15 % in EURO, 8 % in USD, 6 % in Japanese Yen and 71 % of SEK and other currencies. The group applies a policy for currency hedging described in the annual report

Tax

The tax charge for the period was SEK 10.1 m (11.1). The tax charge for the current period has been calculated on the basis of the tax situation applying to the Group at present and the profit development of the reporting entities belonging to the Group.

Cash flow, investments and financial position

Cash flow from operating activities amounted to SEK 22.1 m (28.8) for the first six months.

The investments in tangible assets for the period totaled SEK 4.8 m (1.9). Investments in intangible assets for the period totaled SEK 7.0 m (3.5) and comprise internal development projects.

Cash flow from investment activities includes a SEK 18.2 m investment in the remaining 36 % of the shares in the subsidiary Intellicom Innovation AB.

At the end of the period the cash equivalents totaled SEK 17.3 m (30.3) and unutilized credit facilities SEK 30.0 m. The Group's net debt increased to SEK 14.5 m (17.4) compared to SEK 15.5 m in net assets at the beginning of the year. During the second quarter HMS distributed dividend payments to its shareholder equal to SEK 2.00 per share (1.00), in total SEK 22.3 m.

Important events

- HMS acquired the remaining part of the shares in the subsidiary Intellicom Innovation AB
- New sales offices in India, Denmark and the United Kingdom
- HMS signs a blanket agreement with one of Europe's leading manufacturers of industrial automation equipment. The agreement concerns solutions for industrial Ethernet communication with a total order value of SEK 7 m
- HMS launches a new Anybus X Gateway for Modbus-TCP
- HMS launches a new wireless Gateway, Wireless bridge, for Profinet, Ethernet IP and Modbus TCP
- A new Anybus CC for BACnet/ip is released
- A new CAN Gateway is released

Outlook

The HMS Group long term growth is supported by a continued inflow of Design-Wins, a broader product offering within the Gateway product family, a strengthened customer focus and an expansion of the HMS sales channels. The HMS Group expansion plan is unchanged and continues mainly by hiring new employees to strengthen the development- and sales departments. Consequently the Group will experience higher operating expenses going forward.

The effects from the Japanese earthquake have not had a material impact on the Group's net sales. On the long term HMS still believes that the Japanese market will have a positive development.

At present the market for electronic components is improving also in the area of component manufacturing in Japan. The risk of disruptions in HMS's future capabilities to deliver its products is today lower despite the situation in Japan. The indirect effects of this situation are still difficult to evaluate.

We expect the improvement of the global economy to continue but at a slower rate. The market for the HMS product offering and the exchange rate development are still unpredictable but the HMS overall goals are unchanged - A long term average growth of 20 % per year and an operating margin above 20 %.

Accounting policies

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, for Interim Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2011 did not affect the Groups reporting as of June 30, 2011.

HMS continues to apply the same accounting principles and valuation methods as those described in the most recent Annual Report. The parent company report is prepared in accordance with RFR 2, accounting for legal entities, and the Swedish Annual Accounts Act and accounting principles and the valuation methods as those described in the most recent Annual Report.

HMS Networks AB's share

HMS Networks AB (publ) is listed on the NASDAQ-OMX Nordic Exchange in the category Small Cap, Information Technology. The total number of shares amounted to 11,152,900.

Risk management

The HMS Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2010. In addition to the risks described in these documents, no additional significant risks have been identified.



The parent company

The Parent Company's operations are primarily focused on Group-wide management and financing. Apart from the Group's CEO, the Parent Company has no employees. The operating profit for the first six months amounted to SEK 0.4 m (0.3). Cash and cash equivalents amounted to SEK 0.0 m (0.2) and borrowing amounted to SEK 31.6 m (46.6).

Reporting occasions

- Q3 report will be published on October 26, 2011
- Year-end report 2011 will be published on February 10, 2012
- Q1 report will be published on April 18, 2012
- Half year report 2012 will be published on July 12, 2012

Halmstad July 14, 2011

Staffan Dahlström
Chief Executive Officer

This report has not been reviewed by the Company's auditor.

Further information can be obtained from:
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CFO Gunnar Högberg, on telephone +46-35-17 29 95
See also: <http://investors.hms.se>

Financial accounts

Key ratios

Group	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	Q1-Q4 2010	Q3 2010 -Q2 2011
Net increase in revenue (%)	8.1	78.6	13.7	43.0	40.9	24.8
Gross margin (%)	61.3	60.2	60.5	59.4	60.2	60.7
Operating margin EBIT (%)	21.0	24.9	20.2	24.3	24.2	22.1
Return on capital employed (%)*	27.0	22.9	27.0	22.9	27.6	27.0
Return on total equity (%)*	22.1	21.2	22.1	21.2	23.2	22.1
Working capital in relation to sales (%)*	7.9	8.6	7.9	8.6	6.3	7.9
Capital turnover rate	0.99	0.82	0.99	0.82	0.94	0.99
Debt/equity ratio	0.05	0.07	0.05	0.07	-0.05	0.05
Equity/assets ratio (%)	72.6	69.7	72.6	69.7	71.9	72.6
Capital expenditure in property, plant and equipm. (SEK 000s)	1,186	782	4,796	1,853	6,433	9,376
Capital expenditure in intangible fixed assets (SEK 000s)	3,634	1,628	7,024	3,504	8,354	11,873
Depreciation of property, plant and equipment (SEK 000s)	-1,223	-1,058	-2,346	-2,058	-4,191	-4,478
Amortisation of intangible fixed assets (SEK 000s)	-1,204	-1,223	-2,408	-2,411	-4,855	-4,853
Number of employees (average)	202	164	200	164	167	187
Revenue per employee (SEK m)*	1.8	1.8	1.8	1.8	2.1	2.0
Cash flow from operating activities per share, SEK	2.06	1.64	1.98	2.58	6.71	6.11
Cash flow from operating activities per share, diluted, SEK	2.06	1.64	1.98	2.58	6.70	6.10
Basic number of shares, average, thousands	11,153	11,153	11,153	11,153	11,153	11,153
Number of shares, diluted average, thousands	11,182	11,153	11,182	11,153	11,158	11,173

* The key ratio has been translated into 12 months rolling value when applicable.

Income statements

Group (SEK 000s)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	Q1-Q4 2010	Q3 2010 -Q2 2011
Revenue	96,498	89,242	188,024	165,304	344,530	367,251
Cost of goods and services sold	-37,305	-35,520	-74,280	-67,063	-136,973	-144,190
Gross profit	59,193	53,723	113,745	98,241	207,557	223,061
Sales and marketing expenses	-22,688	-18,423	-43,439	-32,528	-69,273	-80,185
Administrative expenses	-8,009	-5,954	-15,741	-11,840	-25,051	-28,952
Research and development expenses	-8,843	-8,301	-17,180	-15,450	-31,530	-33,260
Other operating income	628	2,330	1,490	4,521	6,076	3,046
Other operating expenses	-57	-1,132	-948	-2,770	-4,254	-2,432
Operating profit	20,224	22,242	37,928	40,174	83,525	81,278
Financial income	557	1,029	60	1,588	1,340	0
Financial costs	-244	-437	-478	-634	-802	-834
Profit before tax	20,536	22,834	37,509	41,129	84,063	80,443
Tax	-5,545	-6,161	-10,128	-11,095	-22,406	-21,438
Profit for the period	14,991	16,673	27,382	30,034	61,657	59,005
Profit attributable to shareholders of the parent company	14,991	16,489	27,382	29,412	60,288	58,258
Profit attributable to non-controlling interests	0	185	0	622	1,369	747
Basic earnings per share, SEK	1.34	1.48	2.46	2.64	5.41	5.22
Earnings per share, diluted, SEK	1.34	1.48	2.45	2.64	5.40	5.21

Statements of comprehensive income

Group (SEK 000s)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	Q1-Q4 2010	Q3 2010 -Q2 2011
Profit for the period	14,991	16,673	27,382	30,034	61,657	59,005
Other comprehensive income						
Cash flow hedges	-444	-1,349	-703	-931	-234	-6
Translation differences	69	3	50	-277	-551	-224
Income tax relating to components of other comprehensive income	117	355	185	245	62	2
Other comprehensive income for the period, net of tax	-258	-991	-468	-962	-723	-229
Total comprehensive income for the period	14,733	15,682	26,914	29,072	60,934	58,777
Profit attributable to:						
Owners of the parent	14,733	15,497	26,914	28,449	59,565	58,030
Non-controlling interest	0	185	0	622	1,369	747

Balance Sheets

Group (SEK 000s)	June 30 2011	June 30 2010	Dec 31 2010
ASSETS			
Goodwill	236,071	236,071	236,071
Other intangible assets	22,765	15,746	18,151
Property, plant and equipment	13,052	8,375	10,685
Deferred tax assets	702	864	756
Total fixed assets	272,590	261,056	265,663
Inventories	31,340	20,068	23,679
Trade and other receivables	45,647	45,168	38,612
Other current receivables	8,003	8,007	9,481
Cash and cash equivalents	17,250	30,306	54,984
Total current assets	102,240	103,548	126,757
TOTAL ASSETS	374,830	364,604	392,420
EQUITY AND LIABILITIES			
Equity	272,197	254,307	282,207
Non-controlling interests	0	4,046	3,609
Total equity	272,197	258,353	285,815
Liabilities			
Non-current liabilities	31,743	47,669	39,509
Deferred income tax liabilities	17,738	11,451	16,484
Total non-current liabilities	49,481	59,120	55,993
Trade payables	22,141	17,943	28,714
Other current liabilities	31,011	29,189	21,897
Total current liabilities	53,152	47,132	50,611
TOTAL EQUITY AND LIABILITIES	374,830	364,604	392,419

Cash flow statements

Group (SEK 000s)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	Q1-Q4 2010	Q3 2010 -Q2 2011
Cash flow from operating activities before changes in working capital	19,485	20,124	34,971	36,309	77,264	75,926
Cash flow from changes in working capital	3,518	-1,837	-12,852	-7,505	-2,452	-7,799
Cash flow from operating activities	23,003	18,287	22,119	28,804	74,812	68,127
Cash flow from investing activities	-4,825	-2,410	-30,047	-5,357	-19,187	-43,877
Cash flow from financing activities	-26,056	-14,903	-29,806	-18,653	-26,153	-37,306
Cash flow for the period	-7,878	974	-37,734	4,794	29,472	-13,056
Cash and cash equivalents at beginning of the period	25,128	29,332	54,984	25,512	25,512	30,306
Cash and cash equivalents at end of period	17,250	30,306	17,250	30,306	54,984	17,250

Changes in current receivables/liabilities related to derivative financial instruments are reported as cash flow from operating activities before changes in working capital.

Quarterly data

Revenue per region (SEK 000s)	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
EMEA	61,757	60,379	55,109	57,441	53,697	47,979	46,284	38,184	34,789	40,320	46,658	51,226
Americas	17,418	17,167	19,354	15,715	14,206	12,611	13,373	10,892	8,221	15,431	16,911	19,718
Asia	17,322	13,981	17,184	14,423	21,339	15,471	12,558	7,659	6,959	9,865	14,351	12,022

Income statement (SEK 000s)	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Revenue	96,498	91,527	91,647	87,579	89,242	76,061	72,215	56,735	49,969	65,616	77,920	82,966
Gross profit	59,193	54,552	55,385	53,931	53,723	44,518	43,408	34,245	26,752	38,313	53,747	46,597
Gross margin	61.3%	59.6%	60.4%	61.6%	60.2%	58.5%	60.1%	60.4%	53.5%	58.4%	69.0%	56.2%
Operating profit	20,224	17,704	19,848	23,502	22,242	17,932	15,802	13,349	-2,989	4,963	26,979	21,435
Operating margin	21.0%	19.3%	21.7%	26.8%	24.9%	23.6%	21.9%	23.5%	-6.0%	7.6%	34.6%	25.8%
Profit before tax	20,536	16,973	20,231	22,702	22,834	18,295	15,965	12,423	-4,964	5,028	25,621	21,722

Parent Company

Income Statements

Parent company (SEK 000s)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	Q1-Q4 2010	Q3 2010 -Q2 2011
Revenue	2,387	1,553	4,122	3,620	6,769	7,272
Cost of sales and services	0	0	0	0	0	0
Gross profit	2,387	1,553	4,122	3,620	6,769	7,272
Administrative expenses	-2,165	-1,415	-3,693	-3,320	-6,133	-6,507
Operating profit	222	138	429	300	636	765
Interest expense and similar items	-222	-138	-429	-300	-636	-765
Profit before tax	0	0	0	0	0	0
Tax	0	0	0	0	-39	-39
Profit for the period	0	0	0	0	-39	-39

Balance Sheets

Parent company (SEK 000s)	June 30 2011	June 30 2010	Dec 31 2010
ASSETS			
Financial fixed assets	244,039	244,039	244,039
Total financial fixed assets	244,039	244,039	244,039
Other receivables	431	464	265
Cash and cash equivalents	3	159	99
Total current assets	434	623	364
TOTAL ASSETS	244,473	244,662	244,403
EQUITY AND LIABILITIES			
Equity	133,106	155,451	155,411
Untaxed reserves	8	8	8
Liabilities			
Non-current liabilities	31,618	46,618	39,118
Trade payables	19	64	131
Liabilities to Group companies	78,016	41,473	48,760
Other current liabilities	1,706	1,048	975
Total current liabilities	79,741	42,585	49,866
TOTAL EQUITY AND LIABILITIES	244,473	244,662	244,403

Definitions

Return on shareholders' equity

Share of profit after tax attributable to the parent company's shareholders in relation to the average shareholders' equity excluding non-controlling interests.

Return on capital employed

Share of the profit after financial income in relation to the average capital employed.

Capital employed

Total assets less non interest-bearing current liabilities and provisions, as well as total deferred tax liabilities.

Capital turnover rate

Operating income in relation to total assets.

Earnings per share

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares.

Earnings per share after dilution

Share of the profit after tax attributable to the parent company's shareholders in relation to the average number of outstanding shares with addition for the average number of shares that are added when converting the outstanding number of convertible securities and options.

Working capital

Current assets less cash equivalents and current liabilities.

Operating margin

Operating income in relation to net sales.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Net debt

Long-term and current financial liabilities less financial assets.

Net debt/equity ratio

Net debt in relation to shareholders' equity including non-controlling interests.

Our Vision

"The vision of HMS is that all automation devices will be intelligent and networked. HMS shall be the market leader in connectivity solutions for industrial devices".

Our Mission

"We provide world class solutions to connect industrial devices to networks and products enabling interconnection between different industrial networks".

Our purpose

"To create long term value for our customers, employees and investors".