Interim Report, January – June 2007

Press information 10 August 2007

A record strong second quarter 2007

- Order intake increased to 3 651 MSEK (3 573). Organic growth in order intake was 12 per cent.
- Net sales increased to 3 516 MSEK (3 377). Organic growth in net sales was 15 per cent.
- Earnings before tax increased by 28 per cent to 555 MSEK (434).
- Earnings after tax increased by 56 per cent to 511 MSEK (328).
- Earnings per share, before dilution, increased by 51 per cent to 1.92 SEK (1.27).
- Nine companies were acquired during the quarter in the machine control and geospatial information business segments of measurement technologies.
- The Hexagon share was split 3:1 with 13 June as record date.

A record strong first six months 2007

- Order intake increased to 7 431 MSEK (6 981). Organic growth in order intake was 15 per cent.
- Net sales increased to 7 015 MSEK (6 712). Organic growth in net sales was 13 per cent.
- Earnings before tax increased by 39 per cent to 1 051 MSEK (756).
- Earnings after tax increased by 60 per cent to 947 MSEK (591).
- Earnings per share, before dilution, increased by 47 per cent to 3.56 SEK (2.42).

Comments from Hexagon's CEO Ola Rollén

"We are very pleased with the development during the second quarter 2007. Organic growth reached 15 per cent, operating margin improved to 17 per cent and earnings per share increased with an astounding 51 per cent. During the quarter, Hexagon's Board of Directors decided to propose a separate listing of the business area Hexagon Polymers whereby Hexagon becomes a pure measurement technologies company. In the years to come we can therefore focus all our energy towards swift and profitable expansion of the measurement technologies business through organic growth and a continuous high acquisition pace."

MSEK	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Order intake	3 651	3 573	12 [1]	7 431	6 981	15 [1]
Net sales	3 516	3 377	15 [1]	7 015	6 712	13 [1]
Operating earnings (EBIT1)	601	485	24	1 121	873	28
Operating margin, %	17.1	14.4	2.7	16.0	13.0	3.0
Earnings before tax	555	434	28	1 051	756	39
Earnings after tax	511	328	56	947	591	60
Earnings per share, SEK	1.92	1.27	51	3.56	2.42	47

[1] Adjusted using fixed exchange rates and a comparable group structure (organic growth).

__Hexagon AB__ is a global technology group with strong market positions within measurement technologies and polymers. Hexagon's vision is to be number one or number two in each strategic business area. The group has about 8 200 employees in 30 countries and net sales of about 14 000 MSEK.

Second quarter sales and earnings

The second quarter demonstrates a strong increase in earnings. Operating margin (EBIT1) increased by 3 percentage points to 17 per cent (14). Order intake grew to 3 651 MSEK (3 573). Using fixed exchange rates and a comparable group structure, order intake increased by 12 per cent. Net sales increased to 3 516 MSEK (3 377). Using fixed exchange rates and a comparable group structure, net sales increased by 15 per cent.

In EMEA, demand continued to be strong during the second quarter. Organic growth rate in order intake slowed down to 7 per cent due to an already extensive order backlog. Organic growth in net sales was 10 per cent. We see a continuous strong demand in EMEA throughout the rest of the year driven by extensive infrastructural investments in the region and a continuous strong demand in the engineering sector.

In Americas, demand in the second quarter was positively affected by increased investments in infrastructure and increased demand from non-automotive related industries such as mining, aerospace and the electronics industry. Organic growth in order intake and in net sales was 16 per cent. The negative trend in the region since the second quarter 2006 is thereby broken. However, it is still too early to assume the size of Americas' future growth, for which the next few quarters will be critical.

In Asia, the robust growth for Hexagon's products continues. Organic growth in order intake was 27 per cent and in net sales 31 per cent. The growth will benefit from Hexagon's investments in new capacity carried out in the region. We see a continuous strong demand in Asia for the rest of the year.

Net sales per geographical region

MSEK	Q2 2007	Q2 2006	Change %
EMEA	2 021	2 082	10 [1)]
Americas	909	853	16 [1)]
Asia	586	442	31 [1)]
Total	**3 516**	**3 377**	**15 [1)]**

[1)] Adjusted using fixed exchange rates and a comparable group structure (organic growth).

Operating earnings (EBIT1) increased by 24 per cent to 601 MSEK (485), corresponding to an operating margin of 17 per cent (14). Operating earnings (EBIT1) were negatively affected by -8 MSEK due to exchange rate fluctuations.

The financial net during the second quarter was -46 MSEK (-51).

Earnings before tax increased by 28 per cent to 555 MSEK (434). Earnings were negatively affected by currency fluctuations amounting to -11 MSEK.

Earnings after tax increased by 56 per cent to 511 MSEK (328), corresponding to an earnings per share of 1.92 SEK (1.27). Earnings after tax were positively affected by revaluations of deferred tax assets and tax liabilities due to the new legal and taxation structure of the group.

First six months 2007 – sales and earnings

Order intake in the first six months grew to 7 431 MSEK (6 981). Using fixed exchange rates and a comparable group structure, order intake increased by 15 per cent. Net sales increased to 7 015 MSEK (6 712). Using fixed exchange rates and a comparable group structure, net sales increased by 13 per cent.

Net sales per geographical region

MSEK	Q1-2 2007	Q1-2 2006	Change %
EMEA	4 241	4 129	12 [1)]
Americas	1 626	1 680	7 [1)]
Asia	1 148	903	28 [1)]
Total	**7 015**	**6 712**	**13 [1)]**

1) Adjusted using fixed exchange rates and a comparable group structure (organic growth).

Operating earnings (EBIT1) increased by 28 per cent to 1 121 MSEK (873), corresponding to an operating margin of 16 per cent (13). Operating earnings (EBIT1) were negatively affected by -20 MSEK due to exchange rate fluctuations.

The financial net during the first six months was -92 MSEK (-130).

Earnings before tax increased by 39 per cent to 1 051 MSEK (756). These earnings were negatively affected by currency fluctuations amounting to -26 MSEK.

Earnings after tax increased by 60 per cent to 947 MSEK (591), corresponding to an earnings per share of 3.56 SEK (2.42).

Net sales and earnings per business area

	Net sales			Earnings		
MSEK	Q1-2 2007	Q1-2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Hexagon Measurement Technologies	5 177	4 586	14 [1)]	980	731	34
Hexagon Polymers	1 306	1 269	6 [1)]	150	121	24
Other operations	534	859	23 [1)]	20	43	n.a.
Group costs and adjustments	-2	-2		-29	-22	
Operating earnings (EBIT1)				**1 121**	**873**	**28**
Per cent of net sales				16.0	13.0	3.0
Interest income and expenses, net				-92	-130	29
Earnings before non-recurring items				**1 029**	**743**	**38**
Capital gains				120	97	n.a.
Other non-recurring items				-98	-84	n.a.
Earnings before tax	**7 015**	**6 712**	**13 [1)]**	**1 051**	**756**	**39**

1) Adjusted using fixed exchange rates and a comparable group structure (organic growth).

Profitability

Capital employed, defined as total assets less non-interest bearing liabilities, increased to 15 706 MSEK (15 394). Return on average capital employed was 15 per cent (12). Return on average shareholders' equity was 21 per cent (18). The capital turnover rate was 0.9 times (0.9).

Financial position

Shareholders' equity, including minority interests, increased to 9 104 MSEK (8 167). The equity ratio was 47 per cent (43). The group's total assets increased to 19 203 MSEK (18 902).

On 30 June 2007, cash and non-utilized credit limits totalled 5 242 MSEK (4 716). The group's net debt totalled 5 731 MSEK (6 705), and the net indebtedness was 0.63 times (0.82). Interest coverage ratio was 10.0 times (6.4).

Cash flow

Cash flow from operations before changes in working capital increased by 31 per cent to 1 095 MSEK (839), corresponding to 4.13 SEK per share (3.45). Cash flow from operations increased to 854 MSEK (174), corresponding to 3.22 SEK per share (0.72). The operating cash flow was 511 MSEK (-193).

Investments and depreciation

Hexagon's net investments, excluding acquisitions and divestitures, were -343 MSEK (-367). Depreciation for the first six months was -312 MSEK (-284).

Tax rate

Hexagon's tax cost for the first six months totalled -104 MSEK (-165), corresponding to a tax rate of 10 per cent (22). The tax cost is affected by the fact that a considerable part of Hexagon's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden as well as the fact that capital gains are essentially exempt from tax. Disregarding the tax effect from all non-recurring items, the effective tax rate would have been 15 per cent (25). The effective tax rate for the full year 2007 is estimated to about 15 per cent.

Employees

The average number of employees in the Hexagon group during the first six months was 8 007 (7 481). The number of employees at the end of the second quarter totalled 8 180 (7 856).

Share data

Earnings per share during the first six months increased by 47 per cent to 3.56 SEK (2.42). On 30 June 2007, equity per share was 34.16 SEK (30.81) and the share price was 132.50 SEK (87.30). Historical share related data has been recalculated considering the rights issue (with bonus issue element taken into consideration) carried out during the second quarter 2006, exercise of options, the compulsory squeeze out of the remaining minority shares in Leica Geosystems during the third quarter 2006, and the 3:1 split of the share during the second quarter 2007. At full exercise of remaining stock option programmes, the dilution effect would be 0.2 per cent of the share capital and 0.1 per cent of the number of votes.

Hexagon Measurement Technologies

The business area is the world leader in multidimensional measurements of the measuring and positioning market's macro and micro segments. Operations cover hand tools, fixed and portable 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.

The strong demand continued during the second quarter. Organic growth was 14 per cent in order intake and 17 per cent in net sales. The improvement in earnings was substantial. Operating margin improved to 20 per cent (18).

EMEA enjoyed a continuous strong demand within all customer segments during the second quarter. Organic growth rate in order intake slowed down to 8 per cent due to an already extensive order backlog. Organic growth in net sales was 11 per cent. For 2007 we see a continuous strong, resilient, demand with a high activity level in the engineering sector and construction industry in Western Europe as well as in Eastern Europe and the Middle East. Hexagon is currently investing recourses in expanding distribution and service within the new fast-growing segments in the region.

In Americas, demand has been positively affected by increased investments in infrastructure and increased demand from non-automotive related industries such as mining, engineering, aerospace and the electronics industry. However, the competitiveness of the domestic automotive industry is continuously weak and the residential housing construction market has continued to deteriorate. Organic growth in order intake was 19 per cent and in net sales 20 per cent. For 2007 we forecast a recovery in demand compared to last year due to our focus on fast-growing market segments, investments in distribution, and a gearing up in new product launches. However, it is still too early to forecast the size of Americas' growth for the full year 2007.

In Asia, Hexagon has continued its significant expansion during the second quarter. Organic growth in order intake was 25 per cent and in net sales 29 per cent. Hexagon's second production facility for measuring systems for the micro segment in Qingdao, China, has started production during the second quarter. Also, Hexagon has further expanded operations in China through acquisitions after the end of the quarter. In other Asian countries, Hexagon continued to grow at a high rate. Among others, Hexagon is engaged in several extensive mining projects in India, Laos and Australia. We estimate the demand to be continuously strong during 2007.

Order intake for the second quarter increased to 2 796 MSEK (2 459). Net sales increased to 2 694 MSEK (2 310). Using fixed exchange rates and a comparable group structure, order intake increased by 14 per cent and net sales by 17 per cent. Operating earnings (EBIT1) increased by 25 per cent to 529 MSEK (422), corresponding to an operating margin of 20 per cent (18). The number of employees was 5 562 (4 877) at the end of the second quarter. The increase is principally due to acquisitions during the year.

MSEK	**Q2 2007**	**Q2 2006**	**Change %**	**Q1-2 2007**	**Q1-2 2006**	**Change %**
Order intake	2 796	2 459	14 [1)]	5 511	4 762	17 [1)]
Net sales	2 694	2 310	17 [1)]	5 177	4 586	14 [1)]
Operating earnings (EBIT1)	529	422	25	980	731	34
Operating margin, %	20	18	2	19	16	3

[1)] Adjusted using fixed exchange rates and a comparable group structure (organic growth).

Hexagon Polymers

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

During the second quarter, the volume growth in the business area was continuously strong. Raw material prices have been stable during the quarter. For the last six months 2007, raw material prices are predicted to increase slightly.

In EMEA, demand has been continuously strong during the second quarter. A number of Hexagon Polymers' production facilities are now operating at full capacity.

In Americas, the capacity utilization of Hexagon Polymers' Canadian plant has improved somewhat during the second quarter. As the automotive plants in northeast USA have cut back production volumes, the Hexagon Polymers Canadian plant has penetrated customer segments outside the automotive sector. Part of the car manufacturing capacity in Americas is currently moving to Mexico, which is why Hexagon Polymers has established a production facility in the region that assumes production as of August 2007. Hexagon Polymer's other production facilities in Americas have overall developed strongly during the second quarter.

In Asia, demand is continuously strong. The new production facility in Qingdao, China, started production of rubber compounds in March 2007. The start of production of wheels is estimated to the third quarter 2007. The production facility in Sri Lanka is operating at high capacity utilization, why a decision has been made to further increase its capacity. Also, a decision to establish a production facility for PHE in China has been made. This production facility is estimated to double capacity for PHE production over time for Hexagon Polymers, and will start operations during the second quarter 2008.

Order intake for the second quarter increased to 667 MSEK (651). Net sales increased to 650 MSEK (633). Using fixed exchange rates and a comparable group structure, order intake and net sales increased by 6 per cent. Operating earnings (EBIT1) increased by 42 per cent to 81 MSEK (57), corresponding to an operating margin of 12 per cent (9).

The number of employees was 2 181 (1 939) at the end of the second quarter. The increase is due to hiring of staff in Sri Lanka in order to meet the increased customer demand.

Hexagon's Board of Directors has decided to propose to the shareholders a listing of Hexagon Polymers on The Nordic Exchange. The listing is planned for the first half of 2008. The motive for a separate listing is that the business has achieved a size and profitability that makes it attractive on its own merits. In this connection, Mr Georg Brunstam has been appointed new CEO of the business area and will assume the position during December 2007 at the latest.

MSEK	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change. %
Order intake	667	651	6 [1)]	1 338	1 303	6 [1)]
Net sales	650	633	6 [1)]	1 306	1 269	6 [1)]
Operating earnings (EBIT1)	81	57	42	150	121	24
Operating margin, %	12	9	3	11	10	1

[1)] Adjusted using fixed exchange rates and a comparable group structure (organic growth).

Other operations

As a consequence of the divestments of Johnson Metall and Eurosteel during the first quarter 2007, and Hexagon's intention to divest the remaining part of the business area Hexagon Engineering, the remaining businesses have been classified as Other operations.

Order intake during the second quarter was 188 MSEK (463). Net sales were 173 MSEK (435). Using fixed exchange rates and a comparable group structure, order intake and net sales increased by 17 per cent.

Operating earnings (EBIT1) was 7 MSEK (20).

The number of employees was 426 (1 029) at the end of the second quarter. The decrease in number of employees is explained by divestitures made during the first quarter 2007.

MSEK	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Order intake	188	463	17 [1)]	582	916	26 [1)]
Net sales	173	435	17 [1)]	534	859	23 [1)]
Operating earnings (EBIT1)	7	20	n.a. [2)]	20	43	n.a. [2)]

[1)] Adjusted using fixed exchange rates and a comparable group structure (organic growth).
[2)] Not applicable due to the divestments of Johnson Metall and Eurosteel.

Associated companies

Associated companies include the joint venture company Outokumpu Nordic Brass. During the second quarter the production facility was back at full operation after a break-down of the extrusion press that resulted in a production standstill for more than six months. Associated companies affect Hexagon's earnings for the period by -33 MSEK (1).

Parent company

The Parent company's earnings after financial items during the period were -50 MSEK (45). The equity ratio of the Parent company was 40 per cent (45). Shareholders' equity was 6 651 MSEK (7 114). Liquid assets, including unutilized credit limits, was 4 745 MSEK (4 314).

Accounting policies

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Commission for use in the EU. Hexagon's interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and Swedish Financial Accounting Standards Council recommendation RR 31 "Interim reporting for consolidated entities". The applied accounting policies as well as estimates and judgements are unchanged from those applied in the Annual report for 2006. The implementation of Interpretation URA 43 "Accounting for Special Payroll tax and Tax on Investment returns" from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council in March 2007 has not had any effect on the results or financial position of Hexagon.

Risks and uncertainty factors

Hexagon as an international group with a wide geographic spread is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit, raw materials and financial instruments. Risk management in Hexagon aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the group. For a detailed description of risks and risk management refer to the Annual report for 2006. No significant risks other than the risks described there are judged to have occurred.

Significant events during the second quarter

Acquisitions

- On 13 April, all outstanding shares of the French companies D&P Systems and Topolaser System s.a.s. were acquired. D&P Systems develops and supplies multidimensional systems for measuring, planning and machine control for excavators, graders, dozers and pavers. Topolaser's main operations are distribution of surveying and construction equipment and integration of machine guidance systems on the French market. The two companies combined have a turnover of about 5 MEUR, excluding sales of Leica Geosystems products. Sales have increased by more than 20 per cent annually for the last couple of years. The business is run from Le Pecq outside of Paris, Merignac outside of Bordeux and Orleans, France. The companies combined employ 22 people. The companies are consolidated as of 1 May 2007.
- On 4 May, all outstanding shares of the American company Allen Precision Equipment, Inc. were acquired. Allen Precision is primarily a catalogue company that represents several major suppliers and sells surveying equipment and related supplies to

engineers, surveyors, contractors and government agencies. Allen Precision had a turnover of over 24 MUSD in 2006 and has shown consistent growth exceeding the USA market growth for several years. The company is based in Duluth, Georgia, USA and employs 41 people. Allen Precision is consolidated as of 1 May 2007.

- On 9 May, all technology assets of the American software company Acquis, Inc. were acquired. Acquis is a leader in the development of web based data editing. The company has a turnover of about 3 MUSD and operates from Palo Alto, US and Dublin, Ireland. Acquis employs 10 people. Acquis is consolidated as of 1 April 2007.
- On 16 May, all outstanding shares of the French group of companies GAMFI International (GAMFI) were acquired. GAMFI is a global leading provider of laser tools and instrumentation that operates under different brands such as AGL, QBL and AGATEC. Its own research and development and manufacturing sites span from the USA, Europe to China. GAMFI had a consolidated turnover of 32 MEUR in 2006. The group has shown consistent growth for several years, especially in the rotation laser business. GAMFI's head office is in Mesnil le Roi, France. The group employs about 350 people. GAMFI is consolidated as of 1 July 2007
- On 18 May, all outstanding shares of Jigsaw Technologies in Tucson, Arizona, USA were acquired. Jigsaw develops and supplies software for fleet management, the largest area of the measurement technologies market segment machine control for mining. The company's products are used mainly for coal or mineral open pit mining. Jigsaw was founded as late as year 2004 and employs 17 people. Jigsaw sales in 2007 are estimated to more than 9 MUSD. Jigsaw is consolidated as of 1 May 2007.
- On 21 May, the Australian software company Earth Resource Mapping Ltd (ER Mapper) was acquired. ER Mapper supplies "Image Web Server" (IWS), a specialized, high performance server application for the enterprise environment. Designed for managing and distributing very large image data sets, IWS provides users access to imagery at unparalleled speed. ER Mapper is also a world-class provider of geospatial imagery processing solutions to prepare, manage, compress and deploy imagery and the company is a leader in the development of image compression techniques. ER Mapper sales in 2007 are estimated to 8 million AUD. Growth in recent years has ranged from 15 to 20 per cent. The company is headquartered in Perth, Australia and employs approximately 50 people worldwide. ER Mapper is consolidated as of 1 July 2007.
- On 22 May, all assets of Transmetal, the leading distributor of metrology products in Turkey, were acquired. Transmetal has a turnover of about 40 MSEK and has in recent years shown a consistent growth. The company is headquartered in Ankara, Turkey and employs 15 people. Transmetal is consolidated as of 1 June 2007.
- On 19 June, all outstanding shares of the Belgian software company IONIC Software and the shares of the related American company IONIC Enterprise, were acquired. IONIC develops software products to securely catalogue and serve geospatial information on the Internet. IONIC offers fully interoperable, enterprise-class products for the publishing, discovery, access, integration, and application of spatial data. IONIC sales in 2007 are estimated to approximately 10 MEUR. The company has in recent years shown an above market growth rate and is expected to grow with more than 20 per cent a year. The European company is headquartered in Liege, Belgium and operations in the USA are run out of Alexandria, Virginia. IONIC employs 44 people. IONIC is consolidated as of 1 July 2007.

New establishments

- Operations were established in Subang, Kuala Lumpur, Malaysia by which Hexagon provides a local demo centre, sales and after sales support to the Malay automotive manufacturers, electronic industry and the general industry.
- Hexagon opened a fourth office in India located in Chennai.

Organisational changes

- Hexagon's Board of Directors has decided to propose to its shareholders a separate listing of the business area Hexagon Polymers on The Nordic Exchange. The listing is planned for the first half of 2008.
- Georg Brunstam has been appointed new CEO of Hexagon Polymers and will assume the position during December 2007 at the latest.

Significant events after the end of the quarter

- On 24 July, ownership in Jingjiang Measuring Tool Company (JMTC) was increased to 90 per cent by the acquisition of an additional 60 per cent of the shares of the company. JMTC develops, manufactures and supplies a complete range of calipers, digital and mechanical. JMTC had a turnover of 80 MSEK in 2006 and has shown an annual growth of about 20 per cent in recent years. The company is based in Jingjiang, China, and employs about 500 people. JMTC is consolidated as of 1 July 2007.
- On 25 July, all operating assets and liabilities of Gesswein GmbH in Germany were acquired. Gesswein is a well-established dealer for surveying products in South Western Germany. Gesswein had a turnover of 1 MEUR in 2006 and showed consistent growth over the past years. Gesswein is consolidated as of 1 August 2007.

Outlook

During the second quarter 2007, Hexagon has continued to strengthen its market position, product portfolio and structure to enable further growth in sales and earnings. The long-term financial target of an increase in earnings per share after tax by 15 per cent per annum remains. For year 2007, this financial target will be exceeded supported by operational leverage and a favourable tax rate due to the new structure of the group after the acquisition of Leica Geosystems.

Invitation to telephone conference on 10 August at 15:00 CET

A presentation of the report will be given on 10 August 15:00 CET at a telephone conference. For participation, please see instructions at the Hexagon website.

Financial information

Hexagon gives financial information for year 2007 at:

Interim Report Q3	26 October 2007
Year End Report 2007	February 2008

Financial information is available in Swedish and English at the Hexagon website. Financial information can also be ordered from Hexagon AB, phone +46 8 601 26 20 or e-mail ir@hexagon.se

The Board of Directors and the CEO and President declare that the six-months interim report provides a true and fair overview of the company's and the group's operations, their financial position and performance, and describes material risks and uncertainties facing the company and companies within the group.

Stockholm 10 August 2007

Melker Schörling
Chairman of the Board

Maths O. Sundqvist
Board Member

Marianne Arosenius
Board Member

Mario Fontana
Board Member

Ulf Henriksson
Board Member

Ola Rollén
CEO and President
Board Member

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

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Consolidated income statement in summary

MSEK	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006	Year 2006	Last 12 months
Net sales	3 516	3 377	7 015	6 712	13 469	13 772
Cost of goods sold	-2 044	-2 086	-4 179	-4 164	-8 350	-8 365
Gross profit	**1 472**	**1 291**	**2 836**	**2 548**	**5 119**	**5 407**
Sales and administration costs, etc.	-871	-807	-1 780	-1 760	-3 378	-3 398
Earnings from shares in associated companies	0	1	-33	1	2	-32
Capital gains	-	-	120	-	-	120
Operating earnings [1]	**601**	**485**	**1 143**	**789**	**1 743**	**2 097**
Earnings from other securities [1]	-	-	-	97	97	-
Interest income and expenses, net	-46	-51	-92	-130	-222	184
Earnings after financial items	**555**	**434**	**1 051**	**756**	**1 618**	**1 913**
Tax	-44	-106	-104	-165	-338	-277
Net earnings [2]	**511**	**328**	**947**	**591**	**1 280**	**1 636**
[1] of which non-recurring items	-	-	22	13	13	22
[2] of which minority interest	2	1	4	3	7	8
Include depreciations and write-downs of [3]	-145	-112	-312	-284	-602	-630
[3] of which amortization on excess values	-13	-9	-25	-19	-41	-47
Earnings per share, SEK	1.92	1.27	3.56	2.42	5.01	6.14
Earnings per share after dilution, SEK	1.91	1.26	3.54	2.38	4.97	6.12
Shareholder's equity per share, SEK	34.16	30.81	34.16	30.81	32.30	34.16
CB number of shares (thousand)	265 350	263 652	265 350	263 652	265 176	265 350
Average number of shares (thousand)	265 235	258 006	265 206	243 276	254 019	264 984
Average number of shares after dilution (thousand)	265 902	260 394	266 063	246 702	256 323	266 003

Analysis of the consolidated income statement

MSEK	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006	Year 2006	Last 12 months
Operating earnings (EBIT1)	**601**	**485**	**1 121**	**873**	**1 827**	**2 075**
Interest income and expenses, net	-46	-51	-92	-130	-222	-184
Earnings before non-recurring items	**555**	**434**	**1 029**	**743**	**1 605**	**1 891**
Capital gains	-	-	120	97	97	120
Other non-recurring items	-	-	-98	-84	-84	-98
Earnings before tax	**555**	**434**	**1 051**	**756**	**1 618**	**1 913**

Consolidated balance sheet in summary

MSEK	30/6 2007	30/6 2006	31/12 2006
Intangible fixed assets	10 471	10 406	10 041
Tangible fixed assets	2 002	2 232	2 101
Financial fixed assets	61	87	103
Deferred tax assets	394	368	442
Total fixed assets	**12 928**	**13 093**	**12 687**
Inventories	**2 199**	**2 158**	**2 311**
Accounts receivable	2 739	2 594	2 544
Other receivables	380	367	364
Prepaid expenses and accrued income	178	179	161
Total current receivables	**3 297**	**3 140**	**3 069**
Cash and cash equivalents	779	511	481
Total current assets	**6 275**	**5 809**	**5 861**
Total assets	**19 203**	**18 902**	**18 548**
Attributable to the parent company's shareholders	9 064	8 123	8 564
Attributable to minority	40	44	45
Total shareholders' equity	**9 104**	**8 167**	**8 609**
Interest bearing liabilities	5 991	6 619	5 689
Other liabilities	75	65	58
Pension provisions	450	535	487
Tax provisions	285	417	389
Other provisions – long-term part	101	109	101
Total long-term liabilities	**6 902**	**7 745**	**6 724**
Other provisions – short-term part	129	164	133
Interest bearing liabilities	161	19	392
Accounts payable	1 202	1 156	1 212
Other liabilities	673	725	531
Accrued expenses and deferred income	1 032	926	947
Total short-term liabilities	**3 197**	**2 990**	**3 215**
Total equity and liabilities	**19 203**	**18 902**	**18 548**

Parent company income statement in summary

MSEK	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006	Year 2006
Net sales	6	5	12	9	19
Administration cost	-15	-10	-26	-21	-40
Operating earnings	**-9**	**-5**	**-14**	**-12**	**-21**
Earnings from share in group companies	-	0	-	-5	-5
Earnings from other securities [1)]	-	-	-	101	101
Interest income and expenses, net	-19	-32	-36	-39	-201
Earnings after financial items	**-28**	**-37**	**-50**	**45**	**-126**
Tax	8	6	18	10	58
Net earnings	**-20**	**-31**	**-32**	**55**	**-68**

Parent company balance sheet in summary

MSEK	30/6 2007	30/6 2006	31/12 2006
Total fixed assets	**15 084**	**14 451**	**14 719**
Total current receivables	**1 073**	**957**	**1 005**
Cash and cash equivalents	431	252	235
Total current assets	**1 504**	**1 209**	**1 240**
Total assets	**16 588**	**15 660**	**15 959**
Total restricted shareholder's equity	3 367	3 271	3 345
Total non-restricted shareholder's equity	3 284	3 843	3 758
Total shareholders' equity	**6 651**	**7 114**	**7 103**
Total provisions	**8**	**8**	**8**
Total long-term liabilities	**6 208**	**6 443**	**5 852**
Total short-term liabilities	**3 721**	**2 095**	**2 996**
Total equity and liabilities	**16 588**	**15 660**	**15 959**

Change in Consolidated Shareholders' Equity during second quarter 2007

MSEK	Attributable to the parent company's shareholders	Attributable to minority	Total
Opening shareholders' equity	**8 564**	**45**	**8 609**
Change in translation reserve	-40	-1	-41
Effect of currency hedging	56	-	56
Change in hedging reserve	-6	-	-6
Tax attributable to items recognized directly in shareholders' equity	-11	-	-11
Total revenues and costs recognized directly in shareholders' equity, excluding transactions involving company shareholders	**-1**	**-1**	**-2**
Net earnings for the period	943	4	947
Total revenues and costs excluding transactions involving company shareholders	**942**	**3**	**945**
Dividend	-442	-	-442
Benefit pertaining to options recognized as operating expenses	2	-	2
Effect of acquisition of Leica Geosystems	-2	-	-2
Divestment of subsidiaries	-	-8	-8
Closing shareholders' equity	**9 064**	**40**	**9 104**

Development of number of shares

	Nominal value, SEK	Series A	Series B	Total
2007-03-31	4	3 937 500	84 454 325	88 391 825
New issue, options exercised	4	-	58 170	58 170
Bonus issue	6	-	-	-
Split 3:1	2	7 875 000	169 024 990	176 899 990
2007-06-30	2	11 812 500	253 537 485	265 349 985

Consolidated cash flow analysis

MSEK	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006	Year 2006
Cash flow from operations before change in working capital	582	478	1 095	839	1 737
Cash flow from change in working capital	71	-171	-241	-665	-622
Cash flow from operations	**653**	**307**	**854**	**174**	**1 115**
Cash flow from ordinary investing activities	-167	-211	-343	-367	-834
Operating cash flow	**486**	**96**	**511**	**-193**	**281**
Cash flow from other investment activities	-65	-146	128	-45	-262
New share issues	-	2 733	-	2 733	2 755
Dividend	-442	-269	-442	-269	-269
Cash flow from other financing activities	486	-2 343	100	-2 150	-2 443
Change in liquid assets	**465**	**71**	**297**	**76**	**62**

The currency effect in liquid assets was 1 MSEK (-4) during the first six months.

Key ratios

	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006	Year 2006
Operating margin, %	17.1	14.4	16.0	13.0	13.6
Profit margin before tax, %	15.8	12.9	15.0	11.3	12.0
Return on shareholders' equity, %	22.4	16.7	21.0	17.7	16.9
Return on capital employed, %	15.9	12.7	15.1	11.7	12.2
Solvency ratio, %	47.4	43.2	47.4	43.2	46.4
Net indebtedness, multiple	0.63	0.82	0.63	0.82	0.70
Interest coverage ratio, multiple	9.8	8.8	10.0	6.4	7.4
Average number of shares, thousands	265 235	258 006	265 206	243 276	254 019
Earnings per share, SEK	1.92	1.27	3.56	2.42	5.01
Cash flow per share, SEK	2.46	1.19	3.22	0.72	4.39
Cash flow per share before change in working capital, SEK	2.19	1.85	4.13	3.45	6.84
Share price, SEK	132	87	132	87	97

Order intake

MSEK	2007 Q1	2007 Q2	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Year	Last 12 months
Hexagon MT	2 715	2 796	2 303	2 459	2 104	2 407	9 273	10 022
Hexagon Polymers	671	667	652	651	605	634	2 542	2 577
Other operations	169	188	136	153	157	207	653	721
Divested businesses [1)]	225	-	317	310	285	340	1 252	850
Group	**3 780**	**3 651**	**3 408**	**3 573**	**3 151**	**3 588**	**13 720**	**14 170**

[1)] Johnson Metall and Eurosteel.

Net sales

MSEK	2007 Q1	2007 Q2	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Year	Last 12 months
Hexagon MT	2 483	2 694	2 276	2 310	2 208	2 456	9 250	9 841
Hexagon Polymers	656	650	636	633	607	612	2 488	2 525
Other operations	177	173	157	153	128	162	600	640
Divested businesses [1)]	184	-	267	282	253	332	1 134	769
Adjustment	-1	-1	-1	-1	0	-1	-3	-3
Group	**3 499**	**3 516**	**3 335**	**3 377**	**3 196**	**3 561**	**13 469**	**13 772**

[1)] Johnson Metall and Eurosteel.

Operating earnings (EBIT1)

MSEK	2007 Q1	2007 Q2	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Year	Last 12 months
Hexagon MT	451	529	309	422	350	466	1 547	1 796
Hexagon Polymers	69	81	64	57	50	52	223	252
Other operations	2	7	5	0	-3	-4	-2	2
Divested businesses [1)]	11	-	18	20	24	49	111	84
Group costs and adjustments	-13	-16	-8	-14	-13	-17	-52	-59
Group	**520**	**601**	**388**	**485**	**408**	**546**	**1 827**	**2 075**
Operating margin, %	**14.9**	**17.1**	**11.6**	**14.4**	**12.8**	**15.3**	**13.6**	**15.1**

[1)] Johnson Metall and Eurosteel.

Net sales

MSEK	2007 Q1	2007 Q2	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Year	Last 12 months
EMEA	2 220	2 021	2 047	2 082	1 934	2 266	8 329	8 441
Americas	717	909	827	853	759	822	3 261	3 207
Asia	562	586	461	442	503	473	1 879	2 124
Group	**3 499**	**3 516**	**3 335**	**3 377**	**3 196**	**3 561**	**13 469**	**13 772**

Definitions

Financial definitions

Amortization on excess values	Amortization on the difference between carrying value of intangible fixed assets in acquired subsidiaries and the value Hexagon assigned those assets upon date of acquisition.
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 period.
Profit margin before tax	Earnings after financial items as a percentage of net sales for the period.
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 Nordic Exchange on the last business day for the period.

Business definitions

Americas	North, South and Central America.
Asia	Asia, Australia and New Zealand.
EMEA	Europe, Middle East and Africa.