



## Interim Report January – June, 2007

### Continuous Strong Software Growth

#### Second Quarter

- Net sales increased by 7 percent to SEK 201.7 (187.9) million. Currency-adjusted growth was 10 percent.
- Software sales climbed 16 percent to SEK 78.1 (67.1) million.
- Operating profit was SEK 13.2 (13.5) million, mainly as a result of larger investments in the product portfolio and increased marketing activities. Operating margin was 7 (7) percent.
- Profit after tax was SEK 9.8 (10.7) million, per share SEK 0.03 (0.03).

#### First half year

- Net sales increased by 8 percent to SEK 404.6 (375.2) million. Currency-adjusted growth was 10 percent.
- Software sales increased by 18 percent to SEK 154.8 (131.6) million.
- Operating profit increased by 5 percent to SEK 31.2 (29.6) million. Currency-adjusted growth was 8 percent. Operating margin was 8 (8) percent.
- Cash flow from operating activities was SEK 60.3 (10.2) million.
- Profit after tax increased by 7 percent to SEK 23.7 (22.2) million, per share SEK 0.06 (0.06)

Results in Brief	April-June		January-June		12 months	
	2007	2006	2007	2006	July-June	2006
Net Sales, SEK million	201.7	187.9	404.6	375.2	779.5	750.1
Growth, %	7.3	-0.9	7.8	3.0	5.7	3.3
Operating Profit, SEK million	13.2	13.5	31.2	29.6	69.2	67.6
Operating margin, %	6.5	7.2	7.7	7.9	8.9	9.0
Earnings per share, SEK	0.03	0.03	0.06	0.06	0.14	0.13

#### About Enea

Enea is the leading supplier of real-time operating systems, middleware, development tools, database technology, and professional services for high-availability applications such as telecommunications infrastructure, mobile devices, medical instrumentation, and automobile control/infotainment. Enea's flagship operating system, OSE is deployed in approximately half of the world's 3G mobile phones and base stations. Enea has over 500 employees and is listed on the OMX Nordic Exchange Stockholm.

For more information about Enea, please visit [www.enea.com](http://www.enea.com).

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### **A word from the CEO**

Software operations continued to show strong growth during the second quarter. Two factors were mainly responsible for this trend: the generally favorable market climate, especially in telecom, our primary market segment, as well as our substantial investment to broaden and strengthen our software offering. Demand has been robust for our traditional product portfolio, as well as for new software products and tools such as Element and Optima.

We have further developed our relationships with existing customers at the same time that more companies have chosen to buy additional software and tools from our newly developed offering. For example, we now have seven customers for our Element middleware, which is very encouraging.

Our Element middleware is the type of offering that carries a substantial average selling price. A single transaction has a greater impact on revenue. As a result, the timing of closing business for this offering can result in quarter-to-quarter fluctuations in our revenue. We view the solid growth in our traditional software offering as a hedge against these potential revenue fluctuations.

Enea is benefiting from two global trends: the addition of millions of new wireless subscribers in developing countries that increase operators' capacity requirements, as well as new, more advanced multimedia services that require uninterrupted operator services with the best possible quality and accessibility. To meet these rising technological requirements and in response to the growing pressure on costs and time, equipment manufacturers are more frequently choosing to buy commercial off the shelf, pre-integrated software for their next generation networks.

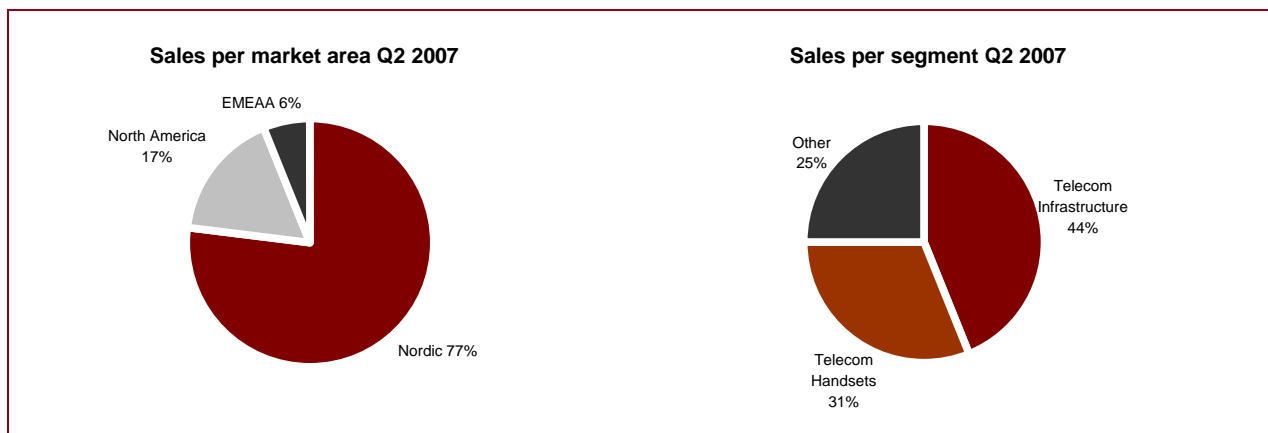
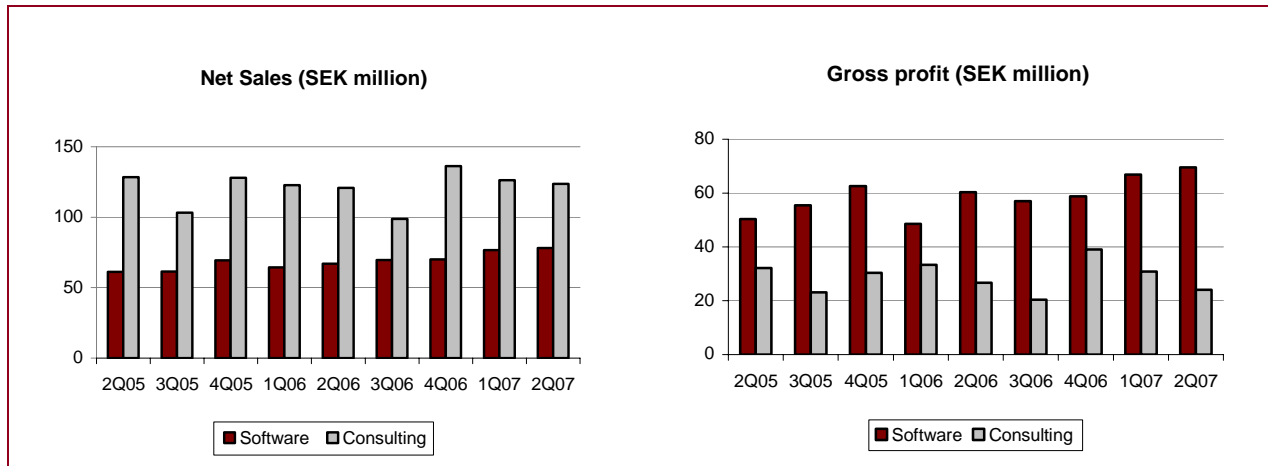
We therefore continue to invest in research and development as well as marketing, particularly in our Element middleware and our pre-integrated Accelerator software platform for next generation networks. We find this segment to be of great interest, since these are future-oriented products with high order values.

The Nordic consulting market continued to show high demand which ensured high capacity utilization and delivered a solid profit for the quarter. The North American consulting businesses have moved in the right direction, with potential for additional growth.

The high demand for consulting services has contributed to a somewhat higher staff turnover – particularly in the Öresund region. We continue to execute a systematic strategy to recruit and retain employees with the expertise that we need.

In summary, our investments in product development and marketing are strengthening our position in some of the fastest growing segments in the telecom market which we believe is the fuel for stronger revenue and profit growth in the future. Of course this results in a near term effect of reducing our profit growth. Our growing pipeline for our new offerings reflects increased interest from the market. Overall, I believe that the company's reorganization is making good progress. I believe the strategy we are executing is the key to our success and therefore I continue to be optimistic about Enea's future.

*Johan Wall*  
*President and CEO*



## The Market

Developments in the global telecom market continued to be positive during the second quarter of 2007, driven by sharp growth of subscribers in new markets and the increasing appetite of consumers for mobile broadband. The consumer desires for watching videos, listening to music, and using IP telephony is fueling the requirements for broadband.

As a result, investments in telecom networks to meet demand for broadband communication is continuing to grow. The rapidly increasing use of multimedia applications such as mobile TV and mobile video downloads requires increased network capacity. The development of the next generation IP-based network results in demands on network components such as base stations, media gateways, soft switches, session border controllers, and mobile phones with multimedia functions.

The trend toward acquiring commercial off the shelf software and hardware continues in the telecom industry. Instead of the time-consuming work of integrating their own hardware and software with

subcontractors' products, equipment manufacturers are increasingly choosing pre-integrated technology solutions. This cost-effective approach makes it possible to substantially reduce development time for new products. Another trend is the increased demand for total solutions – not just individual components, but software and consultancy services integrated and supplied as a unit. Consequently, the capacity to deliver skilled consultancy services will be increasingly important in the future.

## Second Quarter

Net sales rose 7.3 percent to SEK 201.7 (187.9) million, compared with the same quarter in 2006. Currency-adjusted growth was 9.7 percent. Software sales increased by 16.4 percent to SEK 78.1 (67.1) million, and accounted for 39 (36) percent of net sales.

Software operations in the Nordic countries continued to show robust growth and profitability. Net sales in North America improved compared with last year. As an example, Enea received a new order worth SEK 5 million for its middleware software product Element. The company now has seven middleware customers.

Software sales in the EMEAA (Europe excluding the Nordic countries, Middle East, Africa, and Asia) region were somewhat weaker for the quarter compared to last year.

Consulting and other revenues increased to SEK 123.6 (120.8) million. The Nordic consulting market showed continued strong demand with a high utilization rate during the quarter. Demand is particularly strong in the Öresund region, resulting in increased staff turnover. Enea is pursuing a systematic strategy to retain and recruit skilled employees.

Two major product development projects involve employees from the consulting operations. The costs have been capitalized during the quarter.

Consulting operations in North America were on a par with the same period last year.

Consolidated gross profit increased to SEK 93.5 (87.1) million. Gross margin in software operations was 89.0 (90.0) percent. Gross margin in consulting operations fell to 19.4 (22.1) percent mainly owing to the fact that the number of subcontracting consultants was over 20 more compared with the same period previous year.

Consolidated operating profit was SEK 13.2 (13.5) million, as a result of continuous investments in the product portfolio and increased marketing activities. The operating margin was 6.5 (7.2) percent.

### First Six Months

Net sales increased by 7.8 percent to SEK 404.6 (375.2) million, compared with the same quarter in 2006. The currency-adjusted increase was 10.1 percent. Software sales increased by 17.6 percent to SEK 154.8 (131.6) million and accounted for 38 (35) percent of net sales. Consulting and other services increased to SEK 249.8 (243.6).

Consolidated gross profit was SEK 191.2 (169.0) million. Gross margin in the software business rose to 88.1 (82.8) percent. Gross margin in the consulting business decreased to 21.9 (24.6) percent.

Two major product development projects involve employees from the consulting operations. The costs have been capitalized during the period.

Consolidated operating profit increased by 5.4 percent to SEK 31.2 (29.6) million. The currency-adjusted increase was 8.1 percent and the operating margin was 7.7 (7.9) percent. Profit before tax increased to SEK 34.0 (30.0) million.

Integration of QiValue Technologies AB, which was consolidated from April 1, is progressing according to plan and has strengthened Enea's professional services offering.

The Group's customers include Autoliv, Boeing, Bombardier, Ericsson, Fujitsu, General Dynamics,

Infineon, LSI (Agere), Motorola, Nokia, Saab, Samsung, Sony Ericsson, Yamaha and ZTE.

### Employees

At the end of the period the Group had 531 (505) employees. The average number of employees in the Group during the period was 533 (497).

### Investments

The Group's investments during the period totaled SEK 6.1 (2.2) million, excluding capitalized development costs of SEK 17.2 (10.1) million due to expansion of the product portfolio.

### Cash Flow and Financial Position

Cash flow from operating activities amounted to SEK 60.3 (10.2) million. Cash and cash equivalents at the end of the period were SEK 175.9 million, compared with SEK 173.8 million at the same point in 2006.

The Group has no interest-bearing liabilities and therefore has a positive net cash position.

### Earnings per Share

Earnings per share for the period were SEK 0.06 (0.06).

### Parent Company Enea AB

The Parent company's net sales for the period amounted to SEK 14.7 (14.3) and profit after net financial income was SEK -10.9 (-7.6) million. The Parent company's net financial income amounted to SEK 2.1 (0.9) million. Cash and cash equivalents amounted to SEK 150.3 (140.2) million at the end of the period. The Parent company's investments were SEK 4.1 (0.1) million.

The Parent company had 20 (19) employees at the end of the period.

### Major risks and uncertain factors

Enea continues to derive a significant portion of its revenue from Ericsson companies both in software and consulting operations. The Ericsson companies including Sony Ericsson accounted for somewhat more than half of consolidated revenues during the period. Enea is focused on increasing revenues from other customers, while business with the Ericsson companies continues to grow.

There have been no significant changes during the period regarding major risks and uncertainties. Please refer to the Director's report in the 2006 Annual Report for a description of major risks and uncertainties.



### Accounting Principles

Enea followed the same accounting policies and methods as those used in the most recent Annual Report when preparing this interim report. This interim report was prepared according to IAS 34, interim financial reporting, and RR 31, Interim Reporting for Groups.

### Financial Information

Interim Report Jan-Sept 2007	October 24, 2007
Full-Year Report for 2007	February 5, 2008

### Certification

The Board and CEO of Enea AB ensures that this interim report presents a true and fair overview of the operations, financial position, and performance of the company and the group, and that it describes the major risks and uncertainties faced by the company and group companies.

Stockholm, July 25, 2007

**Enea AB** (556209-7146)

Staffan Ahlberg  
*Chairman of the Board*

Åsa Landén Ericsson  
*Board member*

Gösta Lemne  
*Board member*

Jon Risfelt  
*Board member*

Jan Rynning  
*Board member*

Anders Skarin  
*Board member*

Anders Dahlenborg  
*Board member*  
*employee representative*

Johan Wall  
*CEO*

*This interim report has not been examined by the Company's auditor.*

GROUP INCOME STATEMENT	Apr-Jun		Jan-Jun		12 months	
	2007	2006	2007	2006	Jul-Jun	2006
(SEK million)						
Software revenues	78.1	67.1	154.8	131.6	294.6	271.4
Consulting-and other revenues	123.6	120.8	249.8	243.6	484.9	478.7
<b>Net sales</b>	<b>201.7</b>	<b>187.9</b>	<b>404.6</b>	<b>375.2</b>	<b>779.5</b>	<b>750.1</b>
Cost for sold products and services						
- of which software costs	-8.6	-6.7	-18.4	-22.6	-42.3	-46.5
- of which consulting and other costs	-99.6	-94.1	-195.0	-183.6	-370.8	-359.4
<b>Gross profit</b>	<b>93.5</b>	<b>87.1</b>	<b>191.2</b>	<b>169.0</b>	<b>366.4</b>	<b>344.2</b>
Expenses for sales and marketing	-44.3	-37.4	-89.7	-68.2	-168.2	-146.7
Expenses for product development	-22.7	-19.0	-42.5	-33.9	-74.0	-65.4
Expenses for administration	-13.3	-17.2	-27.8	-37.3	-55.0	-64.5
<b>Operating profit/loss</b>	<b>13.2</b>	<b>13.5</b>	<b>31.2</b>	<b>29.6</b>	<b>69.2</b>	<b>67.6</b>
Net financial income/expenses	1.5	0.4	2.8	0.4	4.2	1.7
<b>Profit/ before tax</b>	<b>14.7</b>	<b>13.9</b>	<b>34.0</b>	<b>30.0</b>	<b>73.4</b>	<b>69.3</b>
Tax	-4.9	-3.2	-10.3	-7.7	-23.5	-20.9
<b>Profit/loss after tax</b>	<b>9.8</b>	<b>10.7</b>	<b>23.7</b>	<b>22.2</b>	<b>49.9</b>	<b>48.4</b>
Earnings per share (SEK)	0.03	0.03	0.06	0.06	0.14	0.13
Earnings per share after full dilution (SEK)	0.03	0.03	0.06	0.06	0.14	0.13

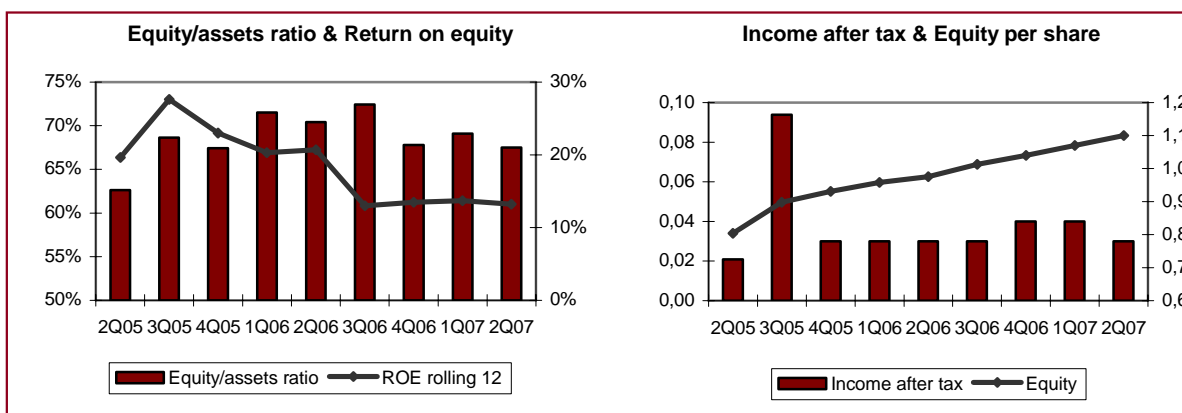
KEY FIGURES	Apr-Jun		Jan-Jun		12 months	
	2007	2006	2007	2006	Jul-Jun	2006
<b>Revenue growth (%)</b>						
- software revenues	16.4	9.6	17.6	10.9	12.2	8.7
- consulting-and other revenues	2.3	-6.0	2.5	-0.7	2.1	0.5
<b>Gross margin (%)</b>						
- software revenues	89.0	90.0	88.1	82.8	85.6	82.9
- consulting-and other revenues	19.4	22.1	21.9	24.6	23.5	24.9
<b>Operating expenses in % of revenues</b>						
- expenses for sales and marketing	22.0	19.9	22.2	18.2	21.6	19.6
- expenses for product development	11.3	10.1	10.5	9.0	9.5	8.7
- expenses for administration	6.6	9.2	6.9	9.9	7.1	8.6
<b>Operating margin (%)</b>	<b>6.5</b>	<b>7.2</b>	<b>7.7</b>	<b>7.9</b>	<b>8.9</b>	<b>9.0</b>
<b>Cash and cash equivalent (SEK million)</b>	<b>175.9</b>	<b>173.8</b>	<b>175.9</b>	<b>173.8</b>	<b>175.9</b>	<b>146.4</b>
Equity/assets ration (%)	67.5	70.4	67.5	70.4	67.5	67.8
Return on equity (%)	-	-	-	-	13.2	13.5
Return on capital employed (%)	-	-	-	-	20.0	20.0
Cash flow from operating activities per share (SEK)	0.07	0.07	0.16	0.03	0.15	0.02
Equity per share (SEK)	1.10	0.98	1.10	0.98	1.10	1.04
Number of shares before dilution (million)	367.1	364.3	367.1	364.3	367.1	364.4
Number of shares after dilution (million)	367.1	367.3	367.1	367.3	367.1	367.2
Number of employees in the end of the period	<b>531</b>	<b>505</b>	<b>531</b>	<b>505</b>	<b>531</b>	<b>513</b>

SEGMENT- INFORMATION	Nordic			North America			EMEA			Group eliminations			Group		
	2007	2006	2006	2007	2006	2006	2007	2006	2006	2007	2006	2006	2007	2006	2006
	Jan-Jun		Full Year	Jan-Jun		Full Year	Jan-Jun		Full Year	Jan-Jun		Full Year	Jan-Jun		Full Year
Net Sales	324.1	289.0	582.7	81.2	82.0	158.2	26.1	25.5	51.0	-26.8	-21.3	-41.8	404.6	375.2	750.1
Operating profit	25.4	24.2	59.4	5.0	4.6	4.2	0.8	0.8	4.0	-	-	-	31.2	29.6	67.6
Operating margin, %	7.8	8.4	10.2	6.2	5.6	2.7	3.1	3.1	7.8	-	-	-	7.7	7.9	9.0

<b>GROUP BALANCE SHEET</b>	<b>Jun 30</b>	<b>Jun 30</b>	<b>Dec 31</b>
(SEK million)	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>ASSETS</b>			
Intangible assets	155.6	113.5	132.6
Tangible assets	15.6	13.8	14.9
Other assets	0.7	8.6	0.6
Current receivables	249.6	195.0	265.5
Cash and cash equivalents	175.9	173.8	146.4
<b>Total assets</b>	<b>597.4</b>	<b>504.7</b>	<b>560.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	403.0	355.4	379.4
Long-term liabilities, non-interest bearing	-	-	-
Short-term liabilities, non-interest bearing	194.4	149.3	180.6
<b>Total shareholders' equity and liabilities</b>	<b>597.4</b>	<b>504.7</b>	<b>560.0</b>

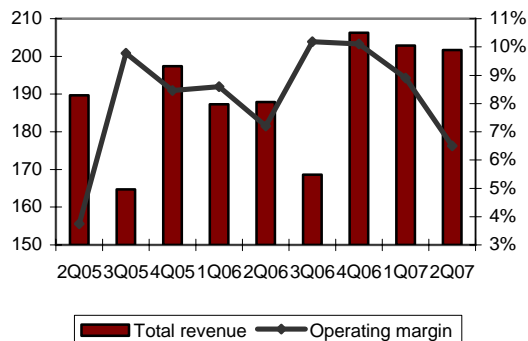
<b>SHAREHOLDERS' EQUITY</b>	<b>Jan-Jun</b>		<b>Full Year</b>
(SEK million)	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>At beginning of period</b>	<b>379.4</b>	<b>339.2</b>	<b>339.2</b>
New share issue	1.0	-	0.5
Stock option program	0.9	-	-
Translation difference for the period	-2.0	-6.0	-8.7
Profit/loss for the period	23.7	22.2	48.4
<b>At end of period</b>	<b>403.0</b>	<b>355.4</b>	<b>379.4</b>

<b>CASH FLOW STATEMENT</b>	<b>Apr-Jun</b>		<b>Jan-Jun</b>		<b>Full Year</b>
(SEK million)	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
Cash flow from operating activities before change in working capital	16.5	14.1	37.1	26.1	77.7
Cash flow from change in working capital	9.5	12.8	23.2	-15.9	-72.1
Cash flow from operating activities	26.0	26.9	60.3	10.2	5.6
Cash flow from investing activities	-17.9	-7.4	-31.9	-12.6	-34.6
Cash flow from financing activities	-	-	1.0	-	0.5
Cash flow for the period	8.1	19.5	29.4	-2.4	-28.5
Cash and cash equivalents at beginning of period	168.5	155.6	146.4	178.1	178.1
Exchange rate differences	-0.7	-1.3	0.1	-1.8	-3.2
<b>Cash and cash equivalent at end of period</b>	<b>175.9</b>	<b>173.8</b>	<b>175.9</b>	<b>173.8</b>	<b>146.4</b>

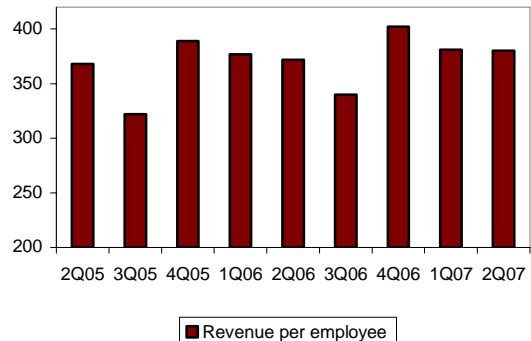


QUARTERLY DATA	2007		2006			
	Q2	Q1	Q1	Q2	Q3	Q4
(SEK million)						
<b>INCOME STATEMENT</b>						
Software revenue	78.1	76.7	70.0	69.8	67.1	64.5
Consulting-and other revenue	123.6	126.2	136.3	98.8	120.8	122.8
<b>Total revenue</b>	<b>201.7</b>	<b>202.9</b>	<b>206.3</b>	<b>168.6</b>	<b>187.9</b>	<b>187.3</b>
Cost for sold products and services						
- of which software costs	-8.6	-9.8	-11.2	-12.7	-6.7	-15.9
- of which consulting and other costs	-99.6	-95.4	-97.3	-78.5	-94.1	-89.5
<b>Gross profit</b>	<b>93.5</b>	<b>97.7</b>	<b>97.8</b>	<b>77.4</b>	<b>87.1</b>	<b>81.8</b>
Expenses for sales and marketing	-44.3	-45.4	-46.0	-32.5	-37.4	-30.8
Expenses for product development	-22.7	-19.8	-18.8	-12.7	-19.0	-14.9
Expenses for administration	-13.3	-14.5	-12.2	-15.0	-17.2	-20.1
<b>Operating profit</b>	<b>13.2</b>	<b>18.0</b>	<b>20.8</b>	<b>17.2</b>	<b>13.5</b>	<b>16.1</b>
Net financial income/expenses	1.5	1.3	0.3	1.1	0.4	-0.1
<b>Profit/ before tax</b>	<b>14.7</b>	<b>19.3</b>	<b>21.1</b>	<b>18.3</b>	<b>13.9</b>	<b>16.0</b>
Tax	-4.9	-5.4	-7.4	-5.8	-3.2	-4.5
<b>Profit after tax</b>	<b>9.8</b>	<b>13.9</b>	<b>13.7</b>	<b>12.5</b>	<b>10.7</b>	<b>11.5</b>
<b>BALANCE SHEET</b>						
Intangible assets	155.6	142.1	132.6	122.0	113.5	110.7
Other assets	16.3	16.7	15.5	18.3	22.4	25.9
Current receivables	249.6	243.7	265.5	202.8	195.0	195.9
Cash and cash equivalents	175.9	168.5	146.4	166.3	173.8	155.6
<b>Total assets</b>	<b>597.4</b>	<b>571.0</b>	<b>560.0</b>	<b>509.4</b>	<b>504.7</b>	<b>488.1</b>
Shareholders' equity	403.0	394.3	379.4	368.9	355.4	349.0
Long-term liabilities, non-interest bearing	-	-	-	-	-	-
Short-term liabilities, non-interest bearing	194.4	176.7	180.6	140.5	149.3	139.1
<b>Total shareholders' equity and liabilities</b>	<b>597.4</b>	<b>571.0</b>	<b>560.0</b>	<b>509.4</b>	<b>504.7</b>	<b>488.1</b>
<b>CASH FLOW</b>						
Cash flow from operating activities	26.0	34.3	-3.8	-0.8	26.9	-16.7
Cash flow from investing activities	-17.9	-14.0	-15.0	-7.0	-7.4	-5.2
Cash flow from financing activities	-	1.0	0.5	-	-	-
<b>Cash flow for the period</b>	<b>8.1</b>	<b>21.3</b>	<b>-18.3</b>	<b>-7.8</b>	<b>19.5</b>	<b>-21.9</b>

**Total revenue (SEK) and Operating margin**



**Total revenue per employee (kSEK)**







<b>PARENT COMPANY INCOME STATEMENT</b>	<b>Jan-Jun</b>	
<b>Net Sales</b>	<b>14.7</b>	<b>14.3</b>
Operating expenses	-27.7	-22.9
Operating profit/loss	-13.0	-8.6
Net financial income/expenses	2.1	1.0
<b>Profit/loss before tax</b>	<b>-10.9</b>	<b>-7.6</b>
Tax	-	-
<b>Profit/loss after tax</b>	<b>-10.9</b>	<b>-7.6</b>

<b>PARENT COMPANY BALANCE SHEET</b>	<b>June 30</b>	<b>June 30</b>	<b>Dec 31</b>
(SEK million)	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>ASSETS</b>			
Fixed assets	355.9	353.5	353.3
Current assets	119.9	64.8	263.9
<b>Total assets</b>	<b>475.8</b>	<b>418.3</b>	<b>617.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	363.0	310.3	372.1
Current liabilities	112.8	108.0	245.1
<b>Total shareholders' equity and liabilities</b>	<b>475.8</b>	<b>418.3</b>	<b>617.2</b>