



INTERIM REPORT **2007**
JANUARY–JUNE

Q2

- Sales SEK 10,852 m. (9,456)
- Net income for the period SEK 708 m. (729)
- Earnings per share SEK 6.37 (6.56)
- Operating income SEK 1,044 m. (953),
income before taxes SEK 952 m. (936)
- Order bookings SEK 8,345 m. (15,580)
- Order backlog SEK 47.8 billion (47.7)



Stable first half year with strategic partnerships and acquisitions

Statement by the CEO:

“The first half of 2007 was a stable, forward-looking period for Saab. Order bookings remained satisfactory, sales increased and income was stable. During the second quarter, important acquisitions were complemented by future-oriented partnerships of major significance.”

Sales increased by approximately 15 percent, about 4 percent of which was organic, while the remainder was primarily due to the acquisition of Microwave Systems late last year. Of Saab’s sales, 64 percent was from the international market.

Operating income and the operating margin developed according to plan and were positively affected during the period by capital gains on the sale of properties and several small businesses. The operating margin was 9.6 percent. Excluding capital gains, the margin was 8.1 percent.

Order bookings amounted to SEK 8,345 m., 75 percent of which came from outside Sweden. The reduced scope of the order for an airborne surveillance system from Pakistan has impacted the order bookings and the order backlog, which were reduced by SEK 1.35 billion. Order bookings excluding this adjustment amounted to SEK 9,695 m.

Partnerships for Gripen’s future

The market is showing great interest in the Gripen fighter. In its spring fiscal bill, the Swedish government clearly indicated its willingness to continue to support the system, and the parliament recently resolved to allocate approximately SEK 4 billion to convert over 30 aircraft to the C/D version and thereby give the Swedish Air Force a uniform fleet, as well as to support a demonstrator program for Gripen’s future development. The government still has to make a formal decision before a contract is signed with the Swedish Defence Materiel Administration.

Norway has decided to participate in the demonstrator

program, contributing NOK 150 m. as part of its ongoing procurement process for fighter aircraft. This order facilitates an expanded industrial cooperation between Norway and Sweden, and an initial contract has been signed with Thales in Norway.



Åke Svensson
President and CEO.

Saab has also signed cooperation agreements with a number of key, risk-taking industrial partners for the demonstrator program, including General Electric, Honeywell, Rockwell Collins, Martin Baker and Terma. Together with our partners, Saab is investing aggressively and for the long-term in more potential Gripen markets than ever before.

Acquisitions break new ground

The second quarter was also eventful in terms of acquisitions. Together with Investor, Saab acquired 10 percent of the votes in a newly established holding company, Aker Holding AS, the largest owner of the industrial group Aker-Kvaerner ASA, which is listed on the Oslo Stock Exchange. As an active owner, Saab anticipates new business opportunities in several of its core competencies: advanced control systems, civil security and underwater technology.

Saab acquired the British underwater vehicle company

Seaeeye during the second quarter to complement its expertise and product portfolio in the underwater area and at the same time gain access to new markets in the offshore field.

During the second quarter, Saab also expanded to Switzerland by acquiring the Warhead Division of RUAG. The acquisition provides access to expertise and components for Saab's advanced missile and anti-tank programs.

Important orders

The second quarter included a number of major orders as well. The single largest was for the continued upgrade of the Royal Australian Navy's ANZAC class frigates. The alliance agreement is worth SEK 580 m. over a nine-year period, with opportunities for further orders.

Saab's training business was successful in securing an order from the Royal Netherlands Army for a Mobile Battalion Combat Training Centre valued at SEK 350 m.

Saab's long-term commitment to advanced support

solutions resulted in an order from the Swedish Armed Forces valued at SEK 170 m. over a four-year period with an option for an extension. The order applies to system consultation services for operations and maintenance equipment for the various aircraft and helicopters used by the Swedish military.

Unchanged forecast

For 2007 we expect growth in line with 2006 and an operating margin including structural costs slightly higher than last year.

Linköping, July 2007



IMPORTANT EVENTS APRIL - JUNE 2007

Saab received an order for a Mobile Battalion Combat Training Centre from the Netherlands for training up to the battalion level. The contract is valued at SEK 350 m.

Saab's Annual General Meeting approved an employee share matching plan.

Saab signed a new, long-term agreement on system support with the Swedish Defence Materiel Administration (FMV). The four-year contract, with an option of a three-year extension, is worth up to SEK 170 m. and comprises system consultation services for operations and maintenance equipment for the various aircraft and helicopters used by the Swedish Armed Forces.

Norway signed an agreement with Saab to cooperate in the development of Gripen. The contract is valued at NOK 150 m.

Saab received an order worth SEK 580 m. for Australia's ANZAC class frigates. The nine-year alliance agreement carries an option for a six-year extension.

Saab expanded operations to Switzerland by acquiring the Warhead Division of RUAG.

Saab acquired the British underwater vehicle company Seaeeye for SEK 175 m. The acquisition complements Saab's product portfolio in underwater vehicles and provides access to new offshore markets.

Pakistan renegotiated its contract for an airborne surveillance system, reducing the value of the order by approximately SEK 1.35 billion. Future income is potentially impacted in proportion to the decrease in volume. The new terms of the contract have no effect on sales or income for 2007.

The Board of Directors resolved to exercise its authorization from Saab's Annual General Meeting to repurchase the company's shares to guarantee the share matching plan for all Group employees.

A number of the world's leading aerospace companies, including General Electric, Honeywell and Rockwell Collins of the U.S.; Martin-Baker and APPH of the UK; Terma of Denmark; and Thales of France, became partners in a new demonstrator program for Gripen's future development.

Together with Investor, Saab entered into a long-term industrial alliance in Norway by acquiring 7.5 percent of a new holding company, Aker Holding AS. Saab's investment amounts to approximately NOK 1.2 billion.

OPERATIONS

Since January 1, 2005, the Group's business units are divided into three business segments – Defence and Security Solutions, Systems and Products, and Aeronautics – which are used for reporting and oversight purposes.

Corporate comprises Group staffs and departments and peripheral operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft. Operational responsibility for the leasing fleet lies with Aeronautics.

Defence and Security Solutions

The Defence and Security Solutions business segment brings together Saab's capabilities in the development and integration of high-technology systems for reconnaissance, surveillance, communication and command and control. In the international market, tactical command and combat systems for land, sea and airborne forces are among the areas where Saab has an especially strong position.

The segment also offers a wide range of lifecycle support solutions. Consulting services in systems development, systems integration, and information and system security for customers in the defence, automotive and telecommunication industries as well as government agencies with responsibility for infrastructure are part of the portfolio as well.

The market for civil security systems continues to develop, creating new opportunities. Saab can supply robust systems for crisis management and protection of infrastructure.

Systems and Products

Customers in the Systems and Products business segment mainly consist of defence authorities and other defence contractors around the world. Saab has a broad-based portfolio of products and systems that in many cases are world leaders.

In avionics (aeronautical electronics), Saab is a leading supplier to both military and civil aviation manufacturers.

In weapon systems, Saab's portfolio ranges from man-portable weapons such as the Carl-Gustaf anti-armor weapon and its successors AT4 and NLAW to the missile systems RBS 15, RBS 70 and Bamse.

Electronic warfare – warning, jamming and protection against detection and weapons – is another area where Saab has developed world-leading products for a large

number of combat vehicles, aircraft, helicopters, submarines and surface vessels around the world.

The radar and sensor operations contribute vital components to Saab's major systems solutions such as the Bamse missile platform, the Gripen combat fighter and Saab's airborne surveillance system. But they also include products that command a leading position in the global market. The weapon detecting radar Arthur and the search radar Giraffe are two examples.

Signature management, which prevents detection by even the most advanced technical equipment, is another area where Saab has a world-leading position.

Saab also has a strong position in advanced training systems for land-based forces and now lists special police units among its customers.

Underwater technology for shallow water and harbors is another area where Saab has leading expertise. Significant potential exists is autonomous, unmanned underwater vehicles for both military and commercial applications.

Saab is also Europe's leading independent supplier of advanced equipment for the space industry.

Aeronautics

Saab's aeronautics operations are dominated by the Gripen program.

Gripen, the world's most modern fighter aircraft in operational service, is currently used in Sweden and the NATO members Czech Republic and Hungary. South Africa will begin flying Gripen in 2008. Export potential is high, and Saab is working aggressively in a number of markets to win new contracts. The Gripen program includes significant sales of modifications, training and maintenance.

Saab is also a leader in the development of unmanned aerial vehicles, UAVs. In-house products are combined with participation in international development programs. Saab has primary responsibility for key subsystems in the Neuron program, a European project to develop an unmanned combat air vehicle and next-generation fighter aircraft.

In its role as a subsystem supplier, Saab develops complex structural units and subsystems for commercial and military aircraft manufacturers.

SALES, INCOME AND ORDERS

Sales

Sales in the second quarter amounted to SEK 5,935 m. (5,145), an increase of 15 percent. Sales by quarter and business segment are shown on page 15.

Sales for the first half year amounted to SEK 10,852 m. (9,456), an increase of SEK 1,396 m. or 15 percent. Organic growth amounted to slightly over 4 percent adjusted for the acquisition of Saab Microwave Systems on September 1, 2006.

Of sales, 82 percent (78) related to the defence market. Sales in foreign markets amounted to SEK 6,889 m. (5,756), exceeding revenue in the Swedish home market and accounting for 64 percent (61) of total sales. Total sales in the EU, excluding Sweden, were SEK 3,025 m. (2,357).

Sales for Defence and Security Solutions rose to SEK 4,317 m. (3,672), an increase of 18 percent mainly due to the increased scope of the new business unit Saab Surveillance Systems. Sales for other business units within Defence and Security Solutions rose or remained in line with the previous year. Foreign markets accounted for 55 percent (51) of sales.

Sales for Systems and Products rose to SEK 4,302 m. (3,361), an increase of 28 percent. The increase was mainly due to the acquisition of Saab Microwave Systems on September 1, 2006. Other business units raised their sales with the exceptions of Saab Barracuda, which decreased due to lower revenue in the U.S., and Saab Bofors Dynamics, which decreased due to slower activity compared with the previous year. Foreign markets accounted for 71 percent (69) of sales.

Aeronautics' sales decreased to SEK 3,004 m. (3,125). Saab Aerosystems and Saab Aerostructures both decreased slightly. Of total sales, 51 percent (52) relates to the Swedish market, including deliveries of Gripen in batch 3. The sales decrease is expected to be recouped during the year.

Income, margin and profitability

The gross margin improved compared with the previous year to 25.9 percent (24.9). In recent years, Saab has focused on improved gross margins through cost reductions and efficiency improvements in processes and routines, among other things.

Operating income for the second quarter amounted to SEK 630 m. (404), equal to a margin of 10.6 percent (7.9). Second quarter income was positively affected by gains on the sale of properties and a few small businesses as well as

the acquisition of Saab Microwave Systems and the new operations of Saab Surveillance Systems.

Operating income for the first half year amounted to SEK 1,044 m. (953). The operating margin was 9.6 percent (10.1).

Other operating income, SEK 218 m. (239), includes capital gains, currency gains and results from secondary activities. As a whole, administrative and marketing expenses were SEK 246 m. higher than the previous year, mainly due to the acquisitions of Saab Microwave Systems and Saab Denmark (Maersk Data Defence). The period's internally funded investments in research and development amounted to SEK 601 m. (358); SEK 471 m. (249) has been charged to operating income for the year, which includes depreciation of SEK 159 m. (57). Of the year's expenditures, a total of SEK 289 m. (166) has been capitalized. Other operating expenses, SEK -23 m. (-123), consist of exchange rate differences; the previous year includes a receivable revaluation. The share of income in associated companies, SEK 24 m. (8), primarily relates to after-tax income in Taurus GmbH.

Net financial income and expenses amounted to SEK -92 m. (-17), of which the share in income of associated companies held as financial assets amounted to SEK -22 m. (-13). Project interest from unutilized advanced payments reduced the financial net by SEK 83 m. (33) and is recognized as a part of cost of goods sold. Income before taxes amounted to SEK 952 m. (936).

Current and deferred taxes amounted to SEK -244 m. (-207), which means an effective tax rate of 26 percent (22). The low effective tax rate is due to tax-exempt revenue and in the previous year to the utilization of previously uncapitalized tax loss carryforwards.

Net income for the period was SEK 708 m. (729), of which the minority interest amounts to SEK 13 m. (13). Earnings per share for the Parent Company's shareholders' interest amounted to SEK 6.37 (6.56).

The pre-tax return on capital employed during the last 12-month period was 16.5 percent (18.8) and the after-tax return on equity was 13.5 percent (17.1).

Operating income for Defence and Security Solutions improved to SEK 446 m. (344), with a margin of 10.3 percent (9.4). The income improvement is due in part to the new business unit Saab Surveillance Systems as well as Saab Aerotech and Saab Systems. Income includes a capital gain of SEK 47 m. on the sale of a business.

Operating income for Systems and Products improved to SEK 403 m. (382) with an operating margin of 9.4 percent (11.4). Income increased through the acquisition of Saab Microwave Systems. The margin was adversely affected by higher amortization of development expenditures attributable to Saab Microwave Systems. Income was positively affected by SEK 47 m. through a property sale.

Operating income for Aeronautics marginally improved to SEK 188 m. (173). The operating margin of 6.3 percent (5.5) remains under pressure from low margins on certain Gripen contracts as well as low capacity utilization in civilian programs.

Corporate reported operating income of SEK 7 m. (54). Income for 2006 and 2007 was positively affected by a gain of SEK 60 m. (180) on the sale of a subsidiary. Corporate consists of shared Group expenses, income and expenses attributable to support operations, trading, results from certain operating companies and results in connection with liquidations. Consequently, results can vary between periods. Results from leasing operations for the Saab 340 and Saab 2000 fleet, which are reported in Corporate, had no impact on income during the period.

Orders

Order bookings for the second quarter amounted to SEK 2,954 m. (11,431). Order bookings for the first half year totaled SEK 8,345 m. (15,580). Major orders are listed in the section "Important orders". Order bookings have been reduced downward by SEK 1.35 billion owing to the outcome of the renegotiated contract with Pakistan for an airborne surveillance system.

Seventy-one percent (83) of orders came from customers outside Sweden and 68 percent (78) was attributable to defence-related operations.

Order bookings for Defence and Security Solutions decreased to SEK 2,933 m. (11,901). The decrease is directly attributable to the order received from Pakistan in the second quarter of 2006 for an airborne surveillance system worth approximately SEK 8.3 billion, which was reduced in the second quarter 2007 by SEK 1.35 billion.

Order bookings for Systems and Products rose to SEK 4,069 m. (2,411). The increase is attributable in part to the acquisition of Saab Microwave Systems. Among other business units, order bookings rose for Saab Bofors Dynamics, Saab Training Systems and Saab Barracuda, while order bookings decreased for Saab Avionics, Saab Space

and Saab Underwater Systems due to seasonal variations.

Order bookings for Aeronautics amounted to SEK 2,221 m. (1,947). Order bookings rose for Saab Aerosystems and related to the continued development of Gripen.

The order backlog at the end of the period was SEK 47,767 m. (47,660). Foreign orders account for 81 percent (81) of the backlog.

The order backlog primarily includes:

- Gripen to Sweden and on export
- Airborne early warning systems
- Active and passive countermeasure systems
- Missile systems for air, sea and land
- Structures and subsystems for Airbus and Boeing
- Anti-tank systems
- Command and control, avionics and fire control systems
- Radar systems
- Signature management systems

ACQUISITIONS AND DIVESTMENTS DURING THE YEAR

In February, Saab decided to sell its signal operations for rail traffic to Balfour Beatty Rail, resulting in a gain of SEK 24 m.

Saab and Caran agreed to streamline their consultancy operations in April, whereby Saab acquired Caran's 50% interest in Caran Saab Engineering at the same time that Caran acquired Saab's 40% stake in A2 Acoustics. Moreover, Caran acquired Saab's automotive consulting business. The overall impact on Saab's liquidity was SEK -1 m. The changes have a marginal effect on future sales and income.

In May, a property in Växjö was sold for SEK 162 m. with a gain of approximately SEK 60 m.

In May, Saab reached an agreement to take over the Warhead Division from RUAG of Switzerland. The acquisition requires the approval of Swiss authorities, which is expected in July. The preliminary price is approximately SEK 36 m., and the acquisition has little impact on future sales and income.

In May, Saab acquired the UK underwater vehicle company Seaye Holdings Ltd. The preliminary purchase price is SEK 175 m. Seaye has a turnover of approximately GBP 12 m. and around 50 employees.

In June, the associated company Boforsen was divested for SEK 75 m. with a gain of approximately SEK 47 m.

Following an invitation from the Norwegian government

and Norwegian industry, Saab has decided to join as an owner of a new holding company, Aker Holding AS, which in turn owns 40.1% of the listed company Aker Kvaerner ASA. Saab's interest will amount to 7.5% of the capital and votes. The purchase price of the shares is approximately NOK 1.2 billion, of which about 80% is financed with loans. The risk in the loan-financed portion has been reduced through an agreement that hedges this portion of the invested capital but limits the potential return. Saab has the right at specific intervals to sell its investment. The acquisition is contingent on the approval of the Norwegian parliament, a decision which is expected in the autumn 2007.

FINANCIAL POSITION AND LIQUIDITY

Balance sheet

Goodwill and other intangible fixed assets amounted to SEK 8,075 m. (3,335). The increase primarily relates to the acquisition of Saab Microwave Systems. Goodwill amounted to SEK 3,472 m. (1,817) and is largely attributable to the acquisition of Celsius in 2000 and the acquisition of Saab Microwave Systems on September 1, 2006. Other intangible fixed assets amounted to SEK 4,603 m. (1,518), of which capitalized expenditures for product development totaled SEK 3,766 m. (1,498). Amortization of intangible assets for the period amounted to SEK 235 m. (72), of which amortization of capitalized product development amounted to SEK 159 m. (57).

Property, plant and equipment are used in core operations. Investment properties refer to properties leased to outside parties and valued at estimated fair value. Lease assets primarily relate to the leasing fleet of regional aircraft. During the period, 16 aircraft have been sold. Depreciation for the period on tangible fixed assets amounted to SEK 222 m. (164), while depreciation on the leasing fleet amounted to SEK 96 m. (150).

Long-term interest-bearing receivables primarily consist of receivables from asset sales. Shares in associated companies include the shares in Hawker Pacific, Eurenco and Wah Nobel. Deferred tax assets mainly relate to unutilized tax deductions for provisions and unutilized tax loss carryforwards.

Inventories are reported after deducting utilized advances. Other receivables primarily relate to receivables from customers (after deducting utilized advances).

Shareholders' equity related to the Parent Company's

shareholders amounted to SEK 9,888 m., compared with SEK 9,802 m. at the beginning of the year, or SEK 90.59 per share after dilution (89.80). The equity/assets ratio was 30.9 percent, against 30.6 percent at the beginning of the year.

Provisions for pensions amounted to SEK 251 m., compared with SEK 412 m. on December 31, 2006. During the first half year, the Saab Pension Fund was capitalized with a total of SEK 161 m., of which pension costs accounted for SEK 118 m. The remainder relates to a business unit that joined the pension fund. The market value of the Saab Pension Fund was SEK 3,234 m. at the end of the period, and the solvency margin was 92 percent as of June 30.

Deferred tax refers to temporary differences between the carrying value of assets and liabilities and their value for tax purposes. Other provisions chiefly relate to obligations and anticipated deficits attributable to regional aircraft.

Liquidity and finance

Cash, marketable securities and short-term investments, less liabilities to credit institutions, decreased by SEK 602 m. during the first half year. As a result, the Group has net debt of SEK 863 m., compared with net debt of SEK 261 m. at the beginning of the year. The Group's net liquidity, including interest-bearing receivables and after the deduction of provisions for pensions, amounted to SEK 190 m., against SEK 605 m. at the beginning of the year.

Cash flow

Operating cash flow amounted to SEK 9 m. (758) during the period and was distributed between cash flow from core operating activities of SEK -470 m. (-287), acquisitions SEK -138 m. (-73), divestments of subsidiaries and associated companies SEK 308 m. (620) and the regional aircraft business SEK 309 m. (-76). During the period, a net of 16 Saab 340 were sold, due to which working capital decreased and cash flow from investing activities was positively affected.

CAPITAL EXPENDITURES, PERSONNEL AND OWNERS

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 202 m. (171).

Personnel

At the end of the period, the Group had 13,672 employees, against 13,577 at the beginning of the year.

Owners

Saab's 15 largest shareholders are BAE Systems, Investor AB, the Wallenberg foundations, AMF Pension funds, Swedbank Robur funds, Odin funds, SEB funds, JP Morgan Chase Bank, Nordea funds, Öresund, Ssb CI Omnibus Ac, Nordea Bank Finland, US Residents Omnibus Lending, SHB/SPP funds and Eikos fund.

PARENT COMPANY

The Parent Company's sales during the first half year amounted to SEK 7,053 m. (5,215). Operating income was SEK 434 m. (474) and income before taxes amounted to SEK 620 m. (728).

Net income for the period was SEK 487 m. (620). Due to differences in the accounting principles for capitalized R&D and pensions, the Parent Company's operating income was negatively affected by SEK 227 m. compared with the Group.

The Parent Company's net debt amounted to SEK 4,171 m., compared with net liquidity of SEK 844 m. on June 30, 2006. Net debt at year-end 2006 was SEK 3,962 m. Gross capital expenditures in property, plant and equipment amounted to SEK 120 m. (118). The number of employees at the end of the period was 8,143, compared with 6,918 at the beginning of the year.

As of January 1, 2007, the Parent Company includes the operations of the business unit Saab Microwave Systems. Previously included were Saab Aerosystems, Saab Aerostructures, the Swedish portions of Saab Systems and Saab Avionics, Saab Communications and Saab Aerotech.

RISKS AND UNCERTAINTY FACTORS

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world. The international part of the business is growing. Projects generally entail significant amounts of money, long periods of time and the technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and other collaborations with other industries as well as the establishment of operations abroad.

Operations entail significant risk-taking in various respects. The key risk areas are political, operating and financial risks. Various policies and instruments govern the management of significant risks.

Saab conducts significant development projects and manages the associated risks. Saab applies the percentage-of-completion method to recognize revenue from long-term customer projects. An estimation of total costs is critical to this method, and the outcome of technical and commercial risks may affect income.

The general description of the risk areas for 2007 can be found on pages 38–40 of the annual report for 2006.

Financial information dates:

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Press conference

with CEO Åke Svensson, CFO Lars Granlöv and Lars Wahlund, SVP Finance

Today, Friday, July 13, 2007, 9:30 a.m. (CET)

World Trade Center, Stockholm

Contact Peter Larsson, Press Secretary, tel. +46-734-18 00 18

International teleconference

Today, Friday, July 13, 2007, 3:00 p.m. (CET)

Contact Marita Sidén to register and for further information

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Consolidated income statement

SEK m.	Note	6 mos. 2007	6 mos. 2006	Rolling 12 mos.	12 mos. 2006
Sales	3	10,852	9,456	22,459	21,063
Cost of goods sold		-8,038	-7,106	-16,707	-15,775
Gross income		2,814	2,350	5,752	5,288
Gross margin		25.9%	24.9%	25.6%	25.1%
Other operating income		218	239	309	330
Marketing expenses		-817	-693	-1,770	-1,646
Administrative expenses		-701	-579	-1,401	-1,279
Research and development costs		-471	-249	-1,027	-805
Other operating expenses		-23	-123	-65	-165
Share in income of associated companies		24	8	38	22
Operating income ¹⁾	3	1,044	953	1,836	1,745
Operating margin		9.6%	10.1%	8.2%	8.3%
Share in income of associated companies		-22	-13	-37	-28
Financial income		47	98	63	114
Financial expenses		-117	-102	-153	-138
Net financial items		-92	-17	-127	-52
Income before taxes		952	936	1,709	1,693
Taxes	4	-244	-207	-383	-346
Net income for the period		708	729	1,326	1,347
of which Parent Company shareholders' interest		695	716	1,279	1,300
of which minority interest		13	13	47	47
Earnings per share after dilution, SEK ²⁾		6.37	6.56	11.72	11.91
Earnings per share before dilution, SEK ³⁾		6.37	6.56	11.72	11.91
¹⁾ Includes depreciation/amortization and impairments of		-553	-386	-1,223	-1,056
of which depreciation of lease assets		-96	-150	-228	-282
²⁾ Average number of shares after dilution		109,150,344	109,150,344	109,150,344	109,150,344
³⁾ Average number of shares before dilution		109,113,144	109,150,344	109,131,744	109,150,344

Quarterly income statement

SEK m.	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Sales	5,935	4,917	7,347	4,260	5,145	4,311
Cost of goods sold	-4,471	-3,567	-5,602	-3,067	-3,909	-3,197
Gross income	1,464	1,350	1,745	1,193	1,236	1,114
Gross margin	24.7%	27.5%	23.8%	28.0%	24.0%	25.8%
Other operating income	178	40	68	23	54	185
Marketing expenses	-434	-383	-585	-368	-358	-335
Administrative expenses	-349	-352	-370	-330	-299	-280
Research and development costs	-239	-232	-404	-152	-130	-119
Other operating expenses	-14	-9	-47	5	-102	-21
Share in income of associated companies	24	-	16	-2	3	5
Operating income ¹⁾	630	414	423	369	404	549
Operating margin	10.6%	8.4%	5.8%	8.7%	7.9%	12.7%
Share in income of associated companies	1	-23	-13	-2	-12	-1
Financial income	17	30	-23	39	39	59
Financial expenses	-76	-41	13	-49	-28	-74
Net financial items	-58	-34	-23	-12	-1	-16
Income before taxes	572	380	400	357	403	533
Taxes	-134	-110	-32	-107	-102	-105
Net income for the period	438	270	368	250	301	428
of which Parent Company's shareholders' interest	434	261	347	237	293	423
of which minority interest	4	9	21	13	8	5
Earnings per share after dilution, SEK ²⁾	3.98	2.39	3.18	2.17	2.68	3.88
Earnings per share before dilution, SEK ³⁾	3.98	2.39	3.18	2.17	2.68	3.88
¹⁾ Includes depreciation/amortization and impairments of	-294	-259	-435	-235	-191	-195
of which depreciation of lease assets	-45	-51	-65	-67	-71	-79
²⁾ Average number of shares after dilution	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344
³⁾ Average number of shares before dilution	109,075,944	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

Consolidated balance sheet

SEK m.	Note	6/30/2007	12/31/2006	6/30/2006
ASSETS				
Fixed assets				
Intangible fixed assets		8,075	7,821	3,335
Tangible fixed assets		4,204	4,295	4,136
Lease assets		2,061	2,417	3,244
Biological assets		231	230	209
Investment properties		67	66	61
Shares in associated companies		232	270	255
Financial investments		261	122	117
Long-term receivables		965	991	1,136
Deferred tax receivables		494	362	206
Total fixed assets		16,590	16,574	12,699
Current assets				
Inventories		5,467	4,957	4,293
Derivatives		352	538	496
Tax receivables		112	146	143
Accounts Receivable		3,390	3,324	2,739
Prepaid expenses and accrued income		900	652	812
Other receivables		5,179	5,053	2,877
Short-term investments		-	-	3,067
Cash and marketable securities	6	796	1,393	866
Total current assets		16,196	16,063	15,293
Assets held for sale		-	134	36
Total assets	11	32,786	32,771	28,028

INTERIM REPORT JANUARY-JUNE 2007

SEK m.	Note	6/30/2007	12/31/2006	6/30/2006
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		9,888	9,802	9,233
Minority interest		236	223	290
Total shareholders' equity		10,124	10,025	9,523
Long-term liabilities				
Long-term interest-bearing liabilities		619	590	725
Lease obligations		185	245	318
Other liabilities		316	342	377
Provisions for pensions	8	251	412	433
Other provisions		2,209	1,961	2,162
Deferred tax liabilities		811	789	28
Total long-term liabilities		4,391	4,339	4,043
Current liabilities				
Short-term interest-bearing liabilities		1,040	1,064	354
Advance payments from customers		3,868	3,642	3,177
Accounts payable		1,299	1,422	1,043
Lease obligations		78	212	697
Derivatives		271	172	208
Tax liabilities		533	298	184
Other liabilities		875	1,115	907
Accrued expenses and deferred income		9,402	9,371	7,324
Provisions		905	1,109	568
Total current liabilities		18,271	18,405	14,462
Liabilities attributable to assets held for sale		-	2	-
Total liabilities		22,662	22,746	18,505
Total shareholders' equity and liabilities	11	32,786	32,771	28,028

Changes in shareholders' equity

SEK m.	Equity attributable to Parent Company's shareholders					Total	Minority interest	Total shareholders' equity
	Capital stock	Other capital contributions	Net gain on cash flow hedges	OTHER RESERVES Translation reserve	Retained earnings			
Opening balance, January 1, 2007	1,746	543	72	-8	7,449	9,802	223	10,025
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	16	-	16	1	17
Net gain on cash flow hedges	-	-	-101	-	-	-101	-	-101
Other changes in shareholders' equity:								
Net income for the period	-	-	-	-	695	695	13	708
Transactions with owners:								
Dividend	-	-	-	-	-464	-464	-3	-467
Share repurchase	-	-	-	-	-58	-58	-	-58
Acquisition and sale of operations	-	-	-	-	-2	-2	2	-
Closing balance, June 30, 2007	1,746	543	-29	8	7,620	9,888	236	10,124
Opening balance, January 1, 2006	1,746	543	6	298	6,586	9,179	314	9,493
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	-312	-	-312	-37	-349
Net gain on cash flow hedges	-	-	87	-	-	87	-	87
Other changes in shareholders' equity:								
Net income for the period	-	-	-	-	716	716	13	729
Transactions with owners:								
Dividend	-	-	-	-	-437	-437	-	-437
Closing balance, June 30, 2006	1,746	543	93	-14	6,865	9,233	290	9,523

Statement of cash flows

SEK m.	Note	6 mos. 2007	6 mos. 2006	12 mos. 2006
Operating activities				
Income after financial items		952	936	1,693
Transferred to pension fund		-161	-2,581	-2,566
Adjustments for items not affecting cash flow		706	553	1,454
Income tax paid		-147	-52	-115
Cash flow from operating activities before changes in working capital		1,350	-1,144	466
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-455	-488	-767
Increase(-)/Decrease(+) in current receivables		-642	-1,098	-1,700
Increase(+)/Decrease(-) in advance payments from customers		210	-310	-853
Increase(+)/Decrease(-) in lease obligations		-193	-353	-832
Increase(+)/Decrease(-) in other current liabilities		-73	1,075	2,290
Increase(+)/Decrease(-) in provisions		-210	-77	-201
Cash flow from operating activities		-13	-2,395	-1,597
Investing activities				
Investments in intangible fixed assets		-24	-	-67
Capitalized development costs		-289	-166	-463
Investments in tangible fixed assets		-202	-171	-433
Sale of tangible fixed assets		24	27	31
Sale of lease assets		307	302	823
Investments in and sale of financial assets		-33	1,976	4,606
Investments in subsidiaries, net effect on liquidity	7	-138	-73	-3,403
Sale of subsidiaries, net effect on liquidity	7	308	219	219
Cash flow from investing activities		-47	2,114	1,313
Financing activities				
Loans raised		-	70	630
Amortization of loans		-18	-	-
Share repurchase		-58	-	-
Dividend paid to Parent Company's shareholders		-464	-437	-437
Dividend paid to minority interest		-3	-	-4
Cash flow from financing activities		-543	-367	189
Cash flow for the period	6	-603	-648	-95
Liquid assets at beginning of year		1,389	1,557	1,557
Exchange rate difference in liquid assets		10	-43	-73
Liquid assets at end of period	6	796	866	1,389

INTERIM REPORT JANUARY-JUNE 2007

Quarterly information ¹⁾

SEK m.	JANUARY-MARCH				APRIL-JUNE			
	2007		2006		2007		2006	
Sales								
Defence and Security Solutions	2,053		1,738		2,264		1,934	
Systems and Products	1,885		1,482		2,417		1,879	
Aeronautics	1,383		1,591		1,621		1,534	
Corporate	20		69		11		49	
Internal sales	-424		-569		-378		-251	
Total	4,917		4,311		5,935		5,145	
Operating income								
Defence and Security Solutions	230	11.2%	192	11.0%	216	9.5%	152	7.9%
Systems and Products	158	8.4%	143	9.6%	245	10.1%	239	12.7%
Aeronautics	67	4.8%	72	4.5%	121	7.5%	101	6.6%
Corporate	-41		142		48		-88	
Total	414	8.4%	549	12.7%	630	10.6%	404	7.9%
Net financial items	-34		-16		-58		-1	
Income before taxes	380		533		572		403	
Net income for the period	270		428		438		301	
Attributable to Parent Company's shareholders	261		423		434		293	
Earnings per share after dilution	2.39		3.88		3.98		2.68	
No. of shares after dilution, thousands	109,150		109,150		109,150		109,150	
July-September								
October-December								
SEK m.	JULY-SEPTEMBER				OCTOBER-DECEMBER			
2007		2006		2007		2006		2006
Sales								
Defence and Security Solutions		1,913				2,443		
Systems and Products		1,417				3,802		
Aeronautics		1,233				1,652		
Corporate		49				37		
Internal sales		-352				-587		
Total		4,260				7,347		
Operating income								
Defence and Security Solutions		199	10.4%			332	13.6%	
Systems and Products		106	7.5%			143	3.8%	
Aeronautics		39	3.2%			-22	-1.3%	
Corporate		25				-30		
Total		369	8.7%			423	5.8%	
Net financial items		-12				-23		
Income before taxes		357				400		
Net income for the period		250				368		
Attributable to Parent Company's shareholders		237				347		
Earnings per share after dilution		2.17				3.18		
No. of shares after dilution, thousands		109,150				109,150		

¹⁾ For information on the business segments, see note 3 on page 19.

Five-year overview

SEK m., unless otherwise stated	2006	2005	2004 ⁵⁾	2003	2002
Order bookings	27,575	17,512	16,444	19,606	19,521
Order backlog at Dec. 31	51,099	42,198	43,162	45,636	43,082
Sales	21,063	19,314	17,848	17,250	16,538
Foreign market sales, %	65	56	48	46	41
Operating income	1,745	1,652	1,853	1,293	1,220
Operating margin, %	8.3	8.6	10.4	7.5	7.4
Operating margin before depreciation/amortization and impairments, excluding leasing, %	12.0	11.3	13.1	11.1	11.2
Income after financial items	1,693	1,551	1,712	1,073	993
Net income for the year	1,347	1,199	1,310	746	732
Total assets	32,771	30,594	27,509	28,704	28,109
Operating cash flow	-1,900	2,645	325	545	-92
Return on capital employed, %	14.5	14.6	17.3	12.7	11.6
Return on equity, %	13.8	13.5	16.7	10.8	10.8
Equity/assets ratio, %	30.6	31.0	29.9	24.4	24.3
Earnings per share, SEK ^{2) 4)}	11.91	10.89	11.78	7.00	6.87
after dilution, SEK ^{3) 4)}	11.91	10.89	11.78	6.91	6.78
Dividend per share, SEK	4.25	4.00	3.75	3.50	3.50
Equity per share, SEK ¹⁾	89.80	84.10	74.89	65.75	64.17
Number of employees at year-end	13,577	12,830	11,936	13,414	14,036

¹⁾ Number of shares as of December 31, 2006/2005/2004: 109,150,344; 2003: 106,517,563 and 2002: 106,510,374

²⁾ Average number of shares 2006/2005: 109,150,344; 2004: 108,234,126; 2003: 106,513,969 and 2002: 106,487,407

³⁾ Average number of shares 2006/2005: 109,150,344; 2004: 108,234,126, after dilution 2002-2003: 109,247,175. Conversion of the debenture loan concluded on July 15, 2004.

⁴⁾ Net income for the year less minority interest divided by the average number of shares.

⁵⁾ Restated according to IFRS, previous years are not restated

Key ratios and targets

Percent	target	6 mos. 2007	6 mos. 2006	12 mos. 2006
Operating margin before depreciation/amortization and impairments excluding leasing, %	15.0	13.8	12.6	12.0
Operating margin, %	10.0	9.6	10.1	8.3
Earnings per share, SEK ¹⁾		6.37	6.56	11.91
Return on capital employed before tax, %		16.5	18.8	14.5
Return on equity after tax, %	15.0	13.5	17.1	13.8
Equity/assets ratio, %	30.0	30.9	34.0	30.6
Equity per share after dilution, SEK ¹⁾		90.59	84.59	89.80
Equity per share before dilution, SEK ²⁾		90.87	84.59	89.80

¹⁾ Average number of shares after dilution 109,150,344

²⁾ Average number of shares before dilution 108,815,544

Parent Company income statement

SEK m.	6 mos. 2007	6 mos. 2006	12 mos. 2006
Sales	7,053	5,215	10,940
Cost of goods sold	-5,432	-3,998	-8,505
Gross income	1,621	1,217	2,435
Gross margin	23.0%	23.3%	22.3%
Marketing expenses	-460	-303	-784
Administrative expenses	-383	-289	-601
Research and development costs	-381	-152	-483
Other operating income	44	28	59
Other operating expenses	-7	-27	-55
Operating income	434	474	571
Operating margin	6.2%	9.1%	5.2%
Financial income and expenses:			
Result from securities and receivables held as fixed assets	303	318	765
Other interest income and similar items	55	90	144
Interest expenses and similar items	-172	-154	-212
Income after financial items	620	728	1,268
Appropriations	-	-	11
Income before taxes	620	728	1,279
Taxes	-133	-108	-259
Net income for the period	487	620	1,020

Parent Company balance sheet

SEK m	Note	30/6 2007	31/12 2006	30/6 2006
ASSETS				
Fixed assets				
Intangible fixed assets		80	63	14
Tangible fixed assets		2,281	2,309	1,815
Participations in Group companies		12,125	12,038	8,823
Receivables from Group companies		294	301	141
Participations in associated companies and joint ventures		182	392	343
Receivables from associated companies and joint ventures		15	15	14
Deferred tax receivables		503	537	579
Financial assets		114	122	115
Total fixed assets		15,594	15,777	11,844
Current assets				
Inventories, etc		4,583	4,010	3,198
Receivables from Group companies		3,118	2,869	3,219
Receivables from associated companies and joint ventures		158	196	213
Other receivables		3,863	2,907	2,994
Cash and bank balances		57	701	3,392
Total current assets		11,779	10,683	13,016
TOTAL ASSETS		27,373	26,460	24,860
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Shareholders' equity		6,055	5,557	5,913
Net income for the period		487	1,020	620
Total shareholders' equity		6,542	6,577	6,533
Untaxed reserves		438	352	363
Provisions				
Provisions for pensions and similar commitments		255	160	214
Other provisions		1,481	1,526	1,362
Total provisions		1,736	1,686	1,576
Liabilities				
Interest-bearing liabilities		223	118	172
Liabilities to Group companies		8,348	9,089	6,765
Advance payments from customers		2,030	2,152	2,576
Liabilities to associated companies and joint ventures		6	80	12
Other liabilities		8,050	6,406	6,863
Total liabilities		18,657	17,845	16,388
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		27,373	26,460	24,860

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, maintains its registered office in Linköping, Sweden. The address of the company's head office is Kungsbron 1, Stockholm, with the mailing address Box 70 363, SE-107 24 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on OMX Nordic Exchange in Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described on page 4.

The Board of Directors and the President approved this interim report for the period January 1 – June 30, 2007 for publication on July 13, 2007.

NOTE 2

ACCOUNTING PRINCIPLES

This interim report is prepared according to the Annual Accounts Act and IAS 34.

The same accounting principles have been applied during the period as in 2006, as described on pages 56-62 of the annual report 2006. The interim report does not contain all the information and disclosures available in the annual report, and the interim report should be read together with the annual report for 2006.

NOTE 3

SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, with its main operations in defence, aviation and space. Operations are primarily focused on well-defined areas in defence electronics, missile systems and space electronics as well as military and commercial aviation. Saab is also active in technical services and maintenance.

While Europe is its main market, Saab has growing markets in Australia, South Africa and the U.S.

For a description of the business segments, see page 4.

SALES AND ORDER INFORMATION

Sales by business segment

SEK m.	6 mos 2007	6 mos 2006	Change	Q2 2007	Q2 2006	Rolling 12	
						mos.	12 mos. 2006
Defence and Security Solutions	4,317	3,672	17.6%	2,264	1,934	8,673	8,028
Systems and Products	4,302	3,361	28.0%	2,417	1,879	9,521	8,580
Aeronautics	3,004	3,125	-3.9%	1,621	1,534	5,889	6,010
Corporate	31	118		11	49	117	204
Internal sales	-802	-820		-378	-251	-1,741	-1,759
Total	10,852	9,456	14.8%	5,935	5,145	22,459	21,063

NOTE 3 continued

Sales by geographic market

SEK m.	6 mos. 2007	% of sales	6 mos. 2006	% of sales	12 mos. 2006	% of sales
Sweden	3,963	36%	3,700	39%	7,349	35%
Rest of EU	3,025	28%	2,357	25%	6,080	29%
Rest of Europe	169	2%	111	1%	292	1%
Total, Europe	7,157	66%	6,168	65%	13,721	65%
North America	634	6%	780	8%	1,746	8%
Latin America	20	0%	19	0%	57	0%
Asia	1,085	10%	671	7%	1,757	8%
Australia, etc.	456	4%	526	6%	975	5%
Africa	1,500	14%	1,292	14%	2,807	14%
Total	10,852	100%	9,456	100%	21,063	100%

Order bookings by business segment

SEK m.	6 mos 2007	6 mos 2006	Q2 2007	Q2 2006	12 mos. 2006
Defence and Security Solutions	2,933	11,901	819	10,012	16,415
Systems and Products	4,069	2,411	1,731	930	7,691
Aeronautics	2,221	1,947	932	801	4,956
Corporate	26	21	11	11	53
Internal	-904	-700	-539	-323	-1,540
Total	8,345	15,580	2,954	11,431	27,575

Order backlog by business segment

SEK m.	June 30, 2007	Dec. 31, 2006	June 30, 2006
Defence and Security Solutions	12,255	13,654	13,365
Systems and Products	18,107	18,296	15,301
Aeronautics	19,507	20,440	20,438
Corporate	-	12	65
Internal	-2,102	-1,957	-1,509
Total	47,767	50,445	47,660

NOTE 3 continued

OPERATING INCOME

Operating income by business segment

SEK m.	6 mos. 2007	% of sales	6 mos. 2006	% of sales	Rolling 12 mos.	% of sales	12 mos. 2006	% of sales
Defence and Security Solutions	446	10.3%	344	9.4%	977	11.3%	875	10.9%
Systems and Products	403	9.4%	382	11.4%	652	6.8%	631	7.4%
Aeronautics	188	6.3%	173	5.5%	205	3.5%	190	3.2%
Corporate	7		54		2		49	
Total	1,044	9.6%	953	10.1%	1,836	8.2%	1,745	8.3%

Depreciation/amortization and impairments by business segment

SEK m.	6 mos 2007	6 mos 2006	Q2 2007	Q2 2006	12 mos. 2006
Defence and Security Solutions	98	41	51	22	131
Systems and Products	223	92	108	47	392
Aeronautics	66	57	36	28	128
Corporate - lease assets	96	150	45	71	282
Corporate - other	70	46	54	23	123
Total	553	386	294	191	1,056

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Cash flow by business segment

SEK m.	6 mos. 2007	6 mos. 2006	12 mos. 2006
Defence and Security Solutions	312	373	619
Systems and Products	-329	-158	-33
Aeronautics	-85	30	-71
Corporate	111	513	-2,415
Total	9	758	-1,900

NOTE 3 continued

Capital employed by business segment

SEK m.	June 30, 2007	Dec. 31, 2006	June 30, 2006
Defence and Security Solutions	4,761	4,663	3,795
Systems and Products	8,246	7,523	4,439
Aeronautics	3,547	2,158	1,468
Corporate	-4,520	-2,253	1,332
Total	12,034	12,091	11,034

PERSONNEL

Personnel by business segment

Number at end of period	June 30, 2007	Dec. 31, 2006	Change	June 30, 2006
Defence and Security Solutions	4,902	4,843	59	4,510
Systems and Products	5,209	5,197	12	4,129
Aeronautics	2,945	2,904	41	2,960
Corporate	616	633	-17	704
Total	13,672	13,577	95	12,303

NOTE 4

TAXES

SEK m.	6 mos. 2007	6 mos. 2006
Current tax	-298	-52
Deferred tax	54	-155
Total	-244	-207

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on February 15, 2007, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.25 per share, totaling SEK 464 m. The Board's dividend motivation can be found on page 104 of the annual report 2006.

The Annual General Meeting on April 12, 2007 approved the Board's proposal and set April 17, 2007 as the record day and decided that the dividend would be paid on April 20, 2007.

NOTE 6

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets at end of period

SEK m.	June 30, 2007	June 30, 2006	Dec. 31, 2006
The following components are included in liquid assets:			
Cash and bank balances (incl. available overdraft facilities)	764	798	1,290
Deposits	32	68	103
Total according to balance sheet	796	866	1,393
Immediately cancelable overdraft facilities	-	-	-4
Total according to statement of cash flows	796	866	1,389

Operating cash flow vs. statement of cash flows

SEK m.	6 mos. 2007	6 mos. 2006	12 mos. 2006
Operating cash flow	9	758	-1,900
Investing activities – interest-bearing:			
Short-term investments	-	1,731	4,868
Financial investments and receivables	-26	-189	-686
Financing activities:			
Loans raised	-	70	630
Amortization of loans	-18	-	-
Establishment of pension fund	-43	-2,581	-2,566
Share repurchase	-58	-	-
Dividend paid to the Parent Company's shareholders	-464	-437	-437
Dividend paid to minority interest	-3	-	-4
Cash flow for the period	-603	-648	-95

NOTE 6 continued

Specification of operating cash flow 6 mos. 2007

SEK m.	Saab excl. acquisitions/ divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group
Cash flow from operating activities before changes in working capital	1 008	-	385	1,393
<i>Cash flow from changes in working capital</i>				
Inventories	-471	-	16	-455
Receivables	-774	-	132	-642
Advance payments from customers	210	-	-	210
Lease obligations	-	-	-193	-193
Other liabilities	182	-	-255	-73
Provisions	-127	-	-83	-210
Change in working capital	-980	-	-383	-1,363
Cash flow from operating activities	28	-	2	30
<i>Investing activities</i>				
Investments in intangible fixed assets	-313	-	-	-313
Investments in tangible fixed assets	-202	-	-	-202
Sale of tangible fixed assets	24	-	-	24
Sale of lease assets	-	-	307	307
Sale of and investment in shares, etc.	-7	-	-	-7
Investments in subsidiaries, net effect on liquidity	-	-138	-	-138
Sale of subsidiaries, net effect on liquidity	-	308	-	308
Cash flow from investing activities	-498	170	307	-21
OPERATING CASH FLOW	-470	170	309	9

NOTE 7

ACQUISITIONS AND DIVESTMENTS

On September 1, 2006, Saab acquired all the shares (100 percent) in Ericsson Microwave Systems AB and Maersk Data Defence A/S.

The acquisitions of Ericsson Microwave Systems AB and Maersk Data Defence A/S have the following effects on the Group's assets and liabilities:

Ericsson Microwave Systems AB (preliminary)

SEK m.	Reported value at acquisition	Fair value reported in Group
Intangible fixed assets	2,000	2,859
Tangible fixed assets	223	223
Financial fixed assets	87	87
Deferred tax assets	173	173
Inventories	171	171
Other receivables	1,653	1,653
Liquid assets	616	616
Provisions	-280	-280
Deferred tax liabilities	-615	-856
Advance payments from customers	-1,482	-1,482
Accounts payable and other liabilities	-927	-927
Net identified assets and liabilities	1,619	2,237
Goodwill		1,532
Purchase price		3,769
Liquid assets (acquired)		-616
Net cash flow out		3,153

The acquisition analysis remains preliminary, since the final purchase price has not been determined.

The first preliminary acquisition analysis was presented in the interim report for the third quarter of 2006.

Description of identified intangible assets

Intangible assets primarily consist of expenditures for product development/technology and customer relations. The estimated amortization schedule is 5 to 15 years.

Maersk Data Defence A/S (definitive)

SEK m.	Reported value at acquisition	Fair value reported in Group
Intangible fixed asset	15	15
Tangible fixed assets	2	2
Deferred tax assets	16	16
Inventories	19	19
Other receivables	23	23
Liquid assets	25	25
Provisions	-11	-11
Deferred tax liabilities	-4	-4
Interest-bearing liabilities	-12	-12
Accounts payable and other liabilities	-61	-61
Net identified assets and liabilities	12	12
Goodwill		-
Purchase price		12
Liquid assets (acquired)		-25
Net cash flow in		13

The acquisition analysis is now definitive after the final purchase price was set at SEK 12 m.

The first preliminary acquisition analysis was presented in the interim report for the third quarter of 2006.

Description of identified intangible assets

Product development/technology primarily consists of investments in a number of key technologies, the most prominent of which is the DACCIS command and control system. The amortization schedule is estimated at 10 years.

Acquisitions and divestments during the first half year 2007

In February, Saab decided to sell its signal operations for rail traffic to Balfour Beatty Rail for a gain of SEK 24 m.

Saab and Caran agreed to streamline their consultancy operations in April, whereby Saab acquired Caran's 50% interest in Caran Saab Engineering at the same time that Caran acquired Saab's 40% stake in A2 Acoustics. Moreover, Caran acquired Saab's automotive consulting business. The overall impact on Saab's liquidity was SEK -1 m. The changes have a marginal effect on future sales and income.

In May, a property in Växjö was sold for SEK 162 m. with a gain of approximately SEK 60 m.

In May, Saab reached an agreement to take over the Warhead Division of RUAG of Switzerland. The acquisition requires the approval of Swiss authorities, which is expected in July. The preliminary price is SEK 36 m., and the acquisition has little impact on future sales and income.

In May, Saab acquired the UK underwater vehicle company Seaeye Holdings Ltd. The preliminary price is SEK 175 m. Seaeye has a turnover of approximately GBP 12 m. and around 50 employees.

In June, the associated company Booforsen was divested for SEK 75 m., with a gain of approximately SEK 47 m.

Following an invitation from the Norwegian government and Norwegian industry, Saab has decided to join as an owner of a new holding company, Aker Holding AS, which in turns owns 40.1% of the listed company Aker Kvaerner ASA. Saab's interest will amount to 7.5% of the capital and votes. The purchase price of the shares is approximately NOK 1.2 billion, of which about 80% is financed with loans. The risk in the loan-financed portion

has been reduced through an agreement that hedges this portion of the invested capital but limits the potential return. Saab has the right at specific intervals to sell its investment. The acquisition is contingent on the approval of the Norwegian parliament, a decision on which is expected in autumn 2007.

Acquisition analyses and the effects on the Group's liquidity will be presented in the interim report for the third quarter.

NOTE 8

DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. The predominant plan is the ITP plan, which is secured through a pension fund. The Saab Pension Fund had assets of SEK 3,234 m. as of June 30, 2007.

NOTE 9

CONTINGENT LIABILITIES

No additional obligations were added during the period.

NOTE 10

TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the first 6 months 2007.

Related parties with which the Group has transactions are described in the annual report for 2006, note 43.

NOTE 11

CONDENSED SUBDIVIDED BALANCE SHEET AS OF JUNE 30, 2007

SEK m.	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Assets				
Intangible fixed assets	8,075	-	-	8,075
Tangible fixed assets	4,502	-	-	4,502
Lease assets	3	2,058	-	2,061
Long-term interest-bearing receivables	509	-	-	509
Shares, etc.	1,832	119	-1,500	451
Deferred tax assets	340	154	-	494
Inventories	5,461	6	-	5,467
Short-term interest-bearing receivables	206	589	-	795
Other receivables	9,179	457	-	9,636
Cash and marketable securities	764	32	-	796
Total assets	30,871	3,415	-1,500	32,786
Shareholders' equity and liabilities				
Shareholders' equity	10,031	1,593	-1,500	10,124
Provisions for pensions	251	-	-	251
Deferred tax liabilities	811	-	-	811
Other provisions	2,122	992	-	3,114
Interest-bearing liabilities	1,659	-	-	1,659
Lease obligations	-	263	-	263
Advance payments from customers	3,868	-	-	3,868
Other liabilities	12,129	567	-	12,696
Total shareholders' equity and liabilities	30,871	3,415	-1,500	32,786

NOTE 12

FORECAST 2007

For 2007 Saab expects growth in line with 2006 and an operating margin including structural costs slightly higher than 2006.

The Board of Directors and the President have ensured that six-month report provides an accurate overview of the Parent Company's and the Group's operations, financial position and results, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Linköping, July 13, 2007

Marcus Wallenberg

Chairman

Lennart Johansson

Board member

Erik Belfrage

Board member

Michael J. O'Callaghan

Board member

Peter Nygårds

Board member

George Rose

Board member

Lena Treschow Torell

Board member

Per-Arne Sandström

Board member

Johan Löfling

Board member

Ragnar Ludvigsson

Board member

Catarina Carlqvist

Board member

Åke Svensson

President and CEO

Audit report

Introduction

We have reviewed the interim report for the period January 1, 2007 to June 30, 2007 for Saab AB (publ). The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information, in all essential respects, has not been prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company's part in accordance with the Annual Accounts Act.

Linköping, July 13, 2007

Ernst & Young AB

Erik Åström
Authorized Public Accountant

Deloitte AB

Tommy Mårtensson
Authorized Public Accountant