

Sigma AB (publ)

Interim report January – March 2007

Continuous growth - Sigma invests in new markets

- Sales increased to SEK 366 M (321) for the period. Organic growth amounted to 12 %.
- Operating profit amounted to SEK 34.1 M (32.1). The operating margin was 9.3% (10.1).
- Profit after financial items totaled SEK 34.3 M (32.1), with profit after tax amounting to SEK 25.0 M (24.6). Earnings per share amounted to SEK 0.29 (0.29).
- Investments in new markets through acquisitions and establishment of new companies negatively impacted earnings at Information Solutions by more than SEK 2 M.
- Cash flow remains strong
- Significantly higher sales and earnings are anticipated in 2007 compared to last year.

Trends by business area

Period (last year)	Sales, SEK M		Earnings, SEK M		Operating Margin, %		Employees at closing date	
Business Solutions	59.9	(70.7)	7.8	(7.5)	13.0	(10.6)	150	(184)
IT Solutions	241.6	(203.0)	21.3	(20.3)	8.8	(10.0)	637	(572)
Information Solutions	71.7	(54.2)	8.1	(8.8)	11.2	(16.2)	477	(231)
Other activities *)	9.2	(8.8)	-3.1	(-4.2)			11	(8)
Eliminations	-16.8	(-15.8)	-	-				
TOTAL	356.6	320.9	34.1	(32.4)	9.3	(10.1)	1,275	(1,013)

*) Pertain to Parent company with SEK -2.3 M (-3.7) in loss and other non-operative operations

Comments on development during the period

Order bookings remained strong and resource utilization overall is good. For some operations, workload was lower during the start of the year. IT Solutions invests in growth with recruitments, negatively affecting margins for both recruitment efforts and the introduction of new employees. Several large bid requests are being processed for large, long-term contracts. While they will provide the possibility of greater volume in the future, they take resources from both sales and delivery personnel. Often, such inquiries consist of hundreds of pages of supporting documentation and information sought. Customer inquiries continue to be at high levels, with capacity shortages in certain geographic and skills areas. A generation shift is in progress at one of the Danish companies, resulting in lower earnings compared with the preceding year with SEK 1 M.

During the first quarter the number of employees increased from 1 086 to 1,275. Of those, 168 were due to acquisitions, 23 to a net increase from recruitment, while leaves of absence resulted in a reduction by 2.

Organic sales growth increased to 12% compared with 5% for all of 2006. Organic sales growth during the first quarter of last year was also 12%, but there were more work days compared

with the preceding year, equivalent to 5% sales growth. Sales to framework-contract customers continued to account for the overwhelming share of Group invoicing. The thirteen largest customers accounted for approximately SEK 200 M, corresponding to 60% of the Group's invoicing.

Sigma acquired four fully owned companies and two part owned companies at the beginning of the year. Development within the acquired companies is favorable. A more detailed description of the acquired units and their financial impact is presented later in this report.

Integration efforts are proceeding well and operational cooperation among the acquired units and Sigma's previous operations is underway. Together with the startup in China at the end of last year, costs for integration and development of these new markets has negatively affected earnings by more than SEK 2 M for the period within the Information Solutions business area. Corresponding costs are anticipated during the second quarter, thereafter tapering off.

Cash flow amounted to SEK 34.7 M (55.9) including tax and interest payments of SEK 13.4 M (1.7). The reduction is due to longer credit periods among customers.

Investments in new markets

Sigma's largest Nordic customers, who account for approximately 60% of sales, are comprised of international companies with decentralized structures in several countries. Many of these customers would also like Sigma to be able to deliver in other countries closer to their own development centers. Establishments have occurred both as new company startups and through acquisitions. Such establishments always involve costs over the short term – both the actual establishment costs as well as the low resource utilization before operations have gained full effect.

The acquisition of the Kudos companies is part of Sigma's strategy to achieve a leading global position as well as to create opportunities for local deliveries to existing customers. Such expansions of existing operations are occurring in Hungary, France and the US. Including associated companies, Sigma employees slightly more than 500 employees in this segment, of whom about 170 in such low-cost countries as Hungary, Ukraine and China. This share is expected to continue to increase.

A branch office was opened in China In autumn 2006, to offer technical documentation to one of Sigma's largest customers in this segment. Currently, the branch employs approximately six individuals, whose activities do not cover current fixed expenses. Conversion into a legal company is underway and is expected to be completed by summer.

In Finland, Maxiflex Oy was acquired at the end of 2006, for the purpose of covering a larger geographic market for the IBM products we offer services for.

Operations were established at year-end in Germany, with offices in Dortmund and Hamburg, following one of Sigma's largest clients there. Initially, Sigma will own 25% of this company.

A company was established in Manchester, UK, in April, enabling corresponding deliveries of services locally just as in Sweden. Previously, those deliveries occurred remotely.

In Sweden, Sigma will be opening an office in Blekinge to deliver more services to existing Swedish customers. Eclipse SP in Ukraine has also opened a new office in Odessa.

All of these startups and initiatives involve expenses during the startup phase. This expanded geographic presence is anticipated to promote organic growth as well as long-term profitability. Not including the Kudos companies, these new startups currently employ approximately 20 people, which is anticipated to more than double by year-end.

In addition to these investments in new markets, Sigma is defining its various offerings by using different brands. Business Systems offer their current services under the Value by Sigma brand. The goal of this is to clarify Sigma's capacity and expertise in the field and to attract additional employees. The acquisition of four companies from the Kudos Group has, together with Sigma's previous operation, Sigma Information Design, resulted in a sub-Group within Sigma under a separate brand, Sigma Kudos. The Kudos brand is very familiar among its former customers and the combined brand shows a clear integration between Kudos and Sigma's operations within similar areas of expertise.

Overall, Sigma has a good platform for stable growth in the future.

Comments on trends per Business Area

Business Solutions

Among other activities, the business area offers consulting services for a number of established business systems such as SAP, Microsoft Dynamics and Lawson M3. The Business Systems area of operation, which operates under the Value by Sigma brand, reported a clear earnings improvement compared with the preceding year, due largely to the sale of loss-incurring operations. The proprietary Bison and Guda systems generated excellent profitability during the period and a larger order of the Bison system will be installed, with related licensing revenues.

The Strategy & Communications area of operations reported lower earnings than the preceding year due to a generation shift among senior partners, saddling earnings by SEK 1 M for the quarter.

IT Solutions

The business area is experiencing high organic growth. Some of that growth has occurred through the utilization of subcontractors. The margin was slightly lower compared with the preceding year, due partly to a mix of resources in which subcontractors result in slightly lower margins than internal resources. Work on numerous parallel bid inquiries and personnel recruitment also negatively impacted the margin. The bulk of invoicing consisted of framework-contract customers with several large project commitments.

Information Solutions

The business area has expanded significantly through acquisitions. In addition, over 20 people were recruited in the Ukraine during the first quarter. Operations are characterized by long-term customer relationships involving a number of project commitments. Last year, the now sold Sigma Infotech unit was also part of this business area. Sigma's educational operations, employing around a dozen people, were sold on March 31, 2007 to Informator AB. That unit had been experiencing weak profitability for some time.

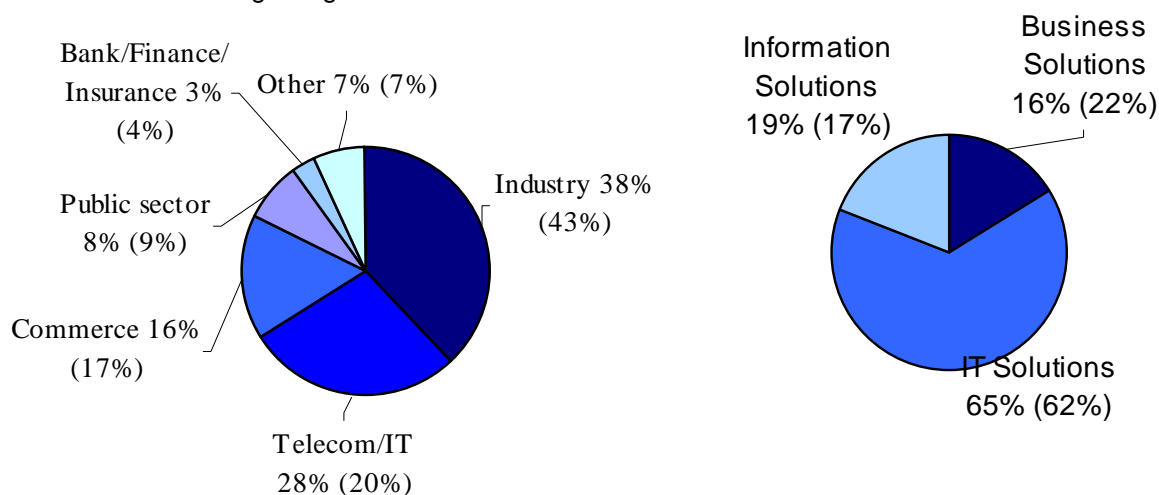
This operation, which deals largely with various forms of technical documentation and information management, is focused on the industrial and telecom sectors under the brand Sigma Kudos. Sigma Kudos is a global leader in that segment.

The initiative in China that was started in 2006, and the integration of the Kudos companies, has resulted in extra expenses totaling more than SEK 2 M in the business area during the quarter. The operating margin, excluding these expenses, would have exceeded 15% during the period. Once the full effect of integration efforts is felt, it is estimated that, long-term, the margin will be higher than the current level.

Breakdown of sales

Sweden's share of Group sales has declined in the wake of the international acquisitions that have occurred. Of Sigma's sales, 88% (93) derive from companies in Sweden, 4% (7) from Denmark, and 4% (0) from Finland. Hungary, Ukraine and France each account for approximately 1% (0) and less than 1% (0) come from Germany.

Approximately 4% (4) of Sigma's sales are invoiced to countries other than the country in which the particular company is active. Fixed-price assignments account for about 4% (5) of invoiced sales. The single largest customer for the Group as a whole represents about 10% (9) of the Group's total sales. Invoicing to customers subject to framework agreements increased at the same rate as organic growth.



Market trends

No major market changes have occurred. Demand is high. To some extent, the number of undertaking contracts has increased. In order to remain competitive, mixed deliveries from Sweden as well as other countries are often required. Sigma is well-equipped to face this situation with several offices in countries that have lower costs. In addition, an initiative for cooperation among the companies in various countries has been launched.

Price increases are occurring in most segments, even if customers are pressing prices downwards. Price adjustments are regulated in advance in longer contracts that extend over several years.

Competition is somewhat different than in previous years. Increasingly, we are finding international players in Sweden – especially among the large consultant purchasers and the large, long-term functional outsourcing projects that are occurring on a greater scale.

Process-regulated deliveries with various types of quality requirements are an increasingly common aspect in the evaluation of suppliers. To be an attractive supplier requires having various forms of quality control systems and processes. Sigma's subsidiaries have several different quality certificates and operate in accordance with established processing models.

Sales and earnings January - March

Total invoiced sales during the period rose 14% to SEK 365.5 M (320.9). Adjusted for divestments, growth was 20%, of which organic growth accounted for about 12 percentage points. Invoiced sales at acquired companies totaled SEK 23 M and corresponding to approximately 8% growth.

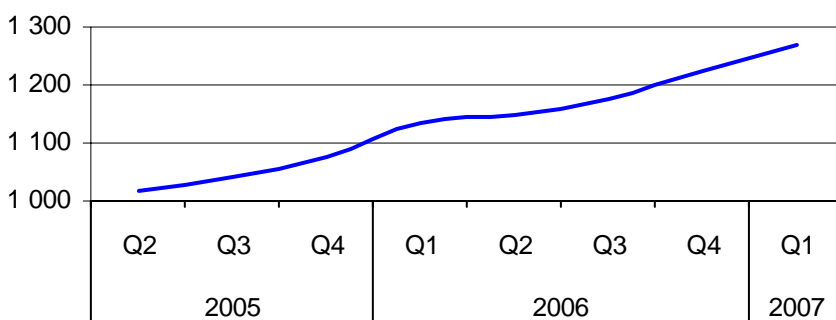
Sales per employee amounted to SEK 291,000 (323,000). Operations in the Ukraine, Hungary and China occur at lower price levels than the rest of Europe, affecting comparisons with previous years. The percentage of subcontractors used during the period also impacts invoicing per employee.

Operating profit for the period amounted to SEK 34.1 M (32.4), corresponding to a margin of 9.3% (10.1). Profit after financial items amounted to SEK 34.3 M (32.1).

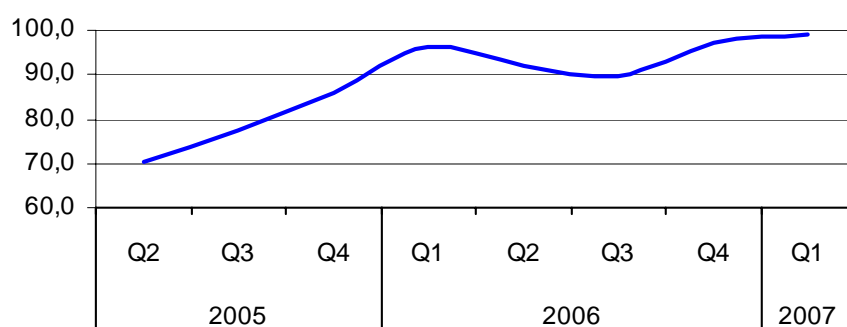
The reported tax expense was SEK 9.3 M (7.5), which consisted largely of payable tax. Effective 2007, cash flow and liquidity are clearly affected by tax payments. At the beginning of the year, Sigma had loss carry-forwards of about SEK 20 M in Sweden. The loss carry-forwards are expected to be utilized in their entirety during 2007.

The long-term trend for Sigma shows a steady sales growth with increased earnings. Overall has Sigma had an average growth of 26% over the last three years, of which half has been organic. This is illustrated in the following graphs.

Rolling annual invoicing, 2005-2007 SEK, M



Operating profit, rolling quarterly SEK, M



Liquid funds and financial position

Available liquidity amounted to SEK 36.6 M (48.5) at the end of the period. At year-end, it was SEK 99.1 M. At the end of the quarter, Sigma once again reported a net liability, SEK 57.8 M (18.2), compared to a net cash balance of SEK 4.2 M at year-end.

During the period, investments were made in four fully owned companies and two part owned companies. The cash payouts for these amounted to SEK 41 M. In addition, payment was made on the supplemental purchase price on the acquisitions that were completed during 2006 in the amount of SEK 34 M. No additional such payments will occur during 2007. Payment for the Lawson operations sold totaled approximately SEK 9 M, and an additional SEK 4 M will be paid later during 2007.

Cash flow from operating activities amounted to SEK 34.7 M (55.9), of which tax payments comprised a loss of SEK 13.4 M (loss: 1.7). A table of cash flow can be found later in this report.

The reported short-term interest-bearing loan liability relates to bank overdraft facilities. Due to the structure of this credit, it must be reported as short-term debt, although it is intended to be long-term.

Investments, including consolidation effect of acquired companies

Total investments during the period amounted to SEK 65.4 M (88.7). A majority of the investments during the period were attributable to the acquisitions that were made, partly the direct investments and partly through consolidation of the acquired balance sheets. Below is a table of the investments during the period. In addition to these balanced investments, investments charged directly against earnings occurred in the amount of SEK 2.2 M (2.4).

Investments SEK M period (previous year)	Investments in operations		Investments through acquisitions		Investments through consolidation		Total Investments	
Goodwill	-	(-)	49.6	(69.3)	-	(8.0)	49.6	(77.3)
Balanced development costs	0.2	(1.7)	-	(-)	.	(-)	0.2	(1.7)
Other intangible assets	0.2	(0.0)	3.1	(0.0)	1.6	(4.0)	4.9	(4.0)
Tangible assets	2.2	(2.5)	-	(-)	8.5	(3.2)	10.7	(5.7)
Total Investments	2.6	(4.2)	52.7	(69.3)	10.1	(15.2)	65.4	(88.7)

Personnel

Sigma had 1,275 employees (1,103) at the end of the period. The average number of employees during the period was 1,262 (995). The corresponding figures for year-end 2006 and average for 2006 were 1,086 and 1,056 respectively. Acquisitions added 168 employees and the Group recruited a net of 23 new employees.

The number of employees in such low-cost countries as Hungary, Ukraine and China was 170 at the close of the period.

Most employees are graduate engineers, economists and systems engineers, or have an equivalent level of education, and the average age is slightly more than 35. The gender distribution was 70% men and 30% women.

Parent company

Sales during the period amounted to SEK 7.4 M (6.7), of which sales within the Group accounted for SEK 6.1 M (4.5). The result before net financial items amounted to a loss of SEK 2.3 M (loss: 3.7). Cash and cash equivalents amounted to SEK 0.0 M (0.0).

During the period, the Parent Company invested SEK 0.0 M (0.0) in tangible fixed assets. The number of employees in the Parent Company is 4 (5).

Outlook 2007

After the acquisitions completed in the beginning of 2007, the Group started the year with 1,256 employees, compared with an average of 1,056 employees during 2006. This represents an increase of 200, with most in low-cost countries, secured as of January 1, 2007. The Group's strategy calls for continued growth through acquisitions and organic growth.

Substantially higher sales and earnings are anticipated in 2007 compared to last year.

Göteborg April 26 2007

Sigma AB (publ)
(Org. nr 556347-5440)

Board of Directors

The company's auditors have not audited this interim report.

The report can be ordered from the Company or downloaded from Sigma's website
www.sigma.se.

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This document is essentially a translation of the Swedish Interim Report. In the event of any differences between this translation and the original Swedish document, the Swedish document shall prevail.

Forthcoming reporting dates

- Interim report 6 months (Q2) 2007	July 17, 2007
- Interim report 9 months (Q3) 2007	October 26, 2007
- Year end report, 12 months (Q4) 2007	February 8, 2008

Business Solutions is active in two areas of operations: Business Systems and Strategy & Communications. Business Systems provides consulting services for several major business systems on the market as well as complete smaller proprietary systems under the brand Value by Sigma. Strategy & Communications is active in strategy consulting in Denmark as well as communications services involving brand profiling and financial information in Sweden.

IT Solutions is active primarily in systems development, systems integration, systems administration and management services. Functional outsourcing that proceeds for protracted periods within the framework of Sigma ServiceCenter account for a large portion of operations. The companies in the business area operate very closely with customers based on long-term relationships in local markets in Sweden, Denmark and Germany. Operations in Sweden are nationwide, from Malmö in the south to Sundsvall in the north.

Information Solutions main operations are Information Design and Information Management, which focuses on advanced services used to structure and develop user documentation, and the development of information solutions for complex products and systems. Operations are characterized by long-term functional undertakings. Sigma is active in Sweden, Finland, Hungary, Ukraine, Germany, France and China, and has a stake in a company in the US.

Sigma is listed on the Small Cap List of the Stockholm Stock Exchange. www.sigma.se

Quarterly trend

	2004 ^{*)}				2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 ^{*)}	Q3	Q4	Q1	Q2	Q3	Q4
Net sales, SEK M	192	200	200	260	265	291	226	295	321	305	253	344	366			
Operating profit ^{*)} SEK M	11.5	5.8	9.3	16.8	22.0	22.3	16.5	25.2	32.4	17.7	14.5	32.7	34.1			
Margin	6.0	2.9	4.7	6.5	8.3	7.7	7.3	8.5	10.1	5.8	5.7	9.5	9.3			
No. of working days	63	60	66	64	61	62	66	64	64	60	65	63	64	60	65	62
Employees/end period	671	858	834	866	879	906	914	893	1 013	1 068	1 107	1 086	1 275			

^{*)} Restructuring costs at acquisition of RKS that arise as a nonrecurring effect resulting from the change of accounting principles to IFRS amounting to SEK 18.2 M in the second quarter in 2004 are not included in the results above.

Condensed consolidated income statement, SEK M

	Jan-Mar 2007	Jan-Mar 2006	Jan-Dec 2006
Net sales	365.6	320.9	1 223.4
Operating expenses	-330.6	286.3	-1 128.3
Other income, incl. profit share associated companies	1.9	0.2	12.9
Depreciation	-2.8	-2.4	-10.7
Operating profit	34.1	32.4	97.3
Operating margin, %	9.3	10.1	8.0
Loss from financial investments	0.2	-0.3	-4.0
Earnings after net financial items	34.3	32.1	93.3
Profit margin, %	9.4	10.0	7.6
Taxes	-9.3	-7.5	-32.6
Earnings for the period	25.0	24.6	60.7
Whereof minority share of earnings for the period	0.9	0.3	0.8
Average number of shares	86,042,499	85,400,880	85,882,094
Earnings per share, before and after full dilution	0.29	0.29	0.71
*) Interest net pertains to SEK -0.2 M (neg 0.2). For the full year 2006 SEK 0.2 M. Remaining amounts pertains to exchange rate differences and other financial items.			

Condensed consolidated cash flow statement, SEK M

	Jan-Mar 2007	Jan-Mar 2006	Jan-Dec 2006
Cash flow from operations	35.6	32.9	105.7
Changes in working capital	12.5	24.7	-24.3
Paid interest and tax	-13.4	-1.7	-7.8
Cash flow from current operations	34.7	55.9	73.6
Investment operations	-113.6	-86.2	-71.0
Financial operations	82.5	43.2	-0.4
Change in liquid funds	3.6	12.9	2.2

Condensed consolidated balance sheet, SEK M

	Mar 31, 2007	Mar 31, 2006	Dec 31, 2006
Assets			
Intangible fixed assets *	353.9	309.7	298.9
Tangible fixed assets	18.4	15.3	15.7
Financial fixed assets, non interest-bearing	34.1	19.5	12.6
Financial fixed assets, interest-bearing **)	16.5	19.6	17.5
Current assets **)	361.5	310.1	359.4
Liquid funds (cash and bank balances)	6.3	13.4	2.7
Total assets	790.7	687.7	706.8
Shareholders' equity and liabilities			
Shareholders' equity ***)	399.4	358.7	370.7
Long-term liabilities, interest-bearing	1.6	2.5	1.6
Long-term liabilities, non interest-bearing	39.9	16.2	37.7
Current liabilities, interest-bearing	82.3	49.6	15.4
Current liabilities, non interest-bearing	267.5	260.7	281.4
Total Shareholders' equity and liabilities	790.7	687.7	706.8

*) Whereof goodwill amounts to SEK 337.8 M (303.6) of total intangible fixed assets, year end 285.3.

**) Interest bearing receivables amount totally to SEK 19.5 M (20.5) of which 16.5 (19.6) are long term and 3.0 (0.9) are short term. At year end SEK 22.2 M of which 17.5 long term and 4.7 short term.

***) Minority share of shareholders' equity amounts to SEK 3.2 (1.9) M. At year end 2.3.

Consolidated change in shareholders' equity, SEK M

	Jan-Mar 2007	Jan-Mar 2006	Jan-Dec 2006
Amount at the beginning of the year	370.7	314.0	314.0
New share issue at acquisitions	-	21.5	21.5
Dividend to shareholders	-	-	-21.5
Change in minority share of shareholders' equity	0.0	1.3	-2.1
Translation differences	3.7	0.0	-1.9
Earnings for the period	25.0	24.6	60.7
Amount at the end of the year	399.4	358.7	370.7

Key ratios Sigma Group

	Mar 31, 2007	Mar 31, 2006	Dec 31, 2006
Number of employees, end of period	1,275	1,013	1,086
Average number of employees	1,262	995	1,056
Net sales per employee, SEK 000s *)	291	322	1,147
Added value per employee	199	226	778
Return on capital employed, %	8.1	8.8	27.0
Return on shareholders' equity, %	6.7	7.4	18.0
Net cash/Net debt	-57.8	-18.2	4.2
Net debt/equity ratio, %	-14.5	-5.1	1.1
Acid test ratio, times, overdraft check classified as long	1.3	1.3	1.3
Equity/assets ratio, %	50.5	52.2	52.4
Gross margin, %	10.0	10.8	8.7
Operating margin, %	9.3	10.1	8.0
Profit margin, %	9.3	10.0	7.5
Number of shares, end of period	86,042,499	86,042,499	86,042,499
Average number of shares	86,042,499	85,400,880	85,882,094
Earnings per share after full tax, SEK	0.29	0.29	0.71
Shareholders' equity per share, SEK	4.64	4.17	4.31

*) The share of employees in low-cost countries and the mix of own and sub-suppliers results in lower sales per employee compared with prior years.

Notes

Accounting principles

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles and computation methods are similar to those used in the most recent annual report. The accounting principles applied are described in the 2006 Annual Report, Note 3.

Seasonal fluctuations

The company's earnings are affected by slightly less than SEK 4 M per workday, all other factors being equal. The occurrence of holidays during the year affects earnings between quarters. The Easter holiday may fall in either the first or the second quarter, which affects the distribution of earnings between these quarters. The latter part of the second quarter is also affected by the start of the summer vacation period, resulting in lower invoicing. The largest vacation effect appears in the third quarter, however. The occurrence of the Christmas vacation period in relation to different weekdays has an effect on the number of working days in the fourth quarter, as does the number of vacation days taken by employees who extend their holidays in conjunction with Christmas, depending on which weekdays the public holidays arise.

Business Acquisitions

Agreements were reached at the end of January for acquisition of all shares and participations in four companies – Kudos Information Finland Oy, Kudos Informatics Ltd (Hungary), Kudos Deutschland GmbH and Kudos France SAS. The acquired companies were consolidated, effective January 1, 2007, since Sigma took control of the companies on that date. The companies are involved in technical documentation, an area in which Sigma already had a profitable and expanding unit.

The acquisition occurred as a single unit with a single purchase price for all four companies. The acquisition price also included the Kudos brand and certain other intangible assets. The value of the brand has been separated from the purchase price in accordance with the valuation model. The remaining purchase price is attributable to shares in the four companies, which were subsequently allocated among them according to an allocation model. Among the acquired assets identified in these companies is a sizable customer relations, to which a value exceeding the recorded net assets of the respective companies has been assigned. The remaining amount is recorded as goodwill. Goodwill is motivated partly by the position as a world brand leader that Sigma has achieved through the acquisition, and the synergy effects that exist with Sigma's earlier operations within the same field. Acquisition calculations and related goodwill are preliminary.

The total purchase price for the four companies was SEK 58.7 M, of which acquisition costs comprise approximately SEK 7 M, largely for legal and financial advice. No changes in activities or restructurings as a result of the acquisition or integration are expected to occur. The same contract also included the acquisition of 25.1% of the shares in Kudos Information Inc. in the US. The purchase price for this company was SEK 0, plus a loan to the company in the amount of SEK 3.5 M. Sigma has the option of increasing its ownership in several stages during the coming years.

In February, 25% of the shares in the Danish firm ZenIT A/S were acquired, a company that focuses on services for the financial market. The goal is to establish corresponding operations in Sweden in conjunction with ZenIT. Sigma has an option to increase its ownership stake during 2008. The purchase price for ZenIT AS was approximately SEK 14 M.