

Sigma AB (publ)

Year-end Report January – December 2008

Improved margin in fourth quarter

January – December 2008

- Sales: SEK 1,355 M (1,375)
- Operating margin: 5.0 % (1.8) ^{*)}
- Operating profit: SEK 67.1 M (24.7) ^{*)}
- Cash flow: SEK 59.5 M (21.8)
- Profit after tax: SEK 38.9 M (loss: -1.8)
- Earnings per share: SEK 0.45 (loss: 0.02)
- Earnings for the year were charged with non-recurring expenses of SEK 30.5 M ^{*)}

October – December 2008

- Sales: SEK 335 M (370)
- Operating margin: 8.3 % (4.2)
- Operating profit: SEK 28.0 M (15.5)
- Cash flow: SEK 8.4 M (-21.2)
- Profit after tax: SEK 21.4 M (4.1)
- Earnings per share: SEK 0.25 (0.05)
- Favorable margin in the Information Logistics business area

Board proposes unchanged dividend of SEK 0.17 (0.17)

As announced previously, Sigma is not providing a financial forecast

^{*)} Earnings for the year were charged with efficiency enhancement costs, closures and divestments of SEK 19.4 M as well as severance pay for the outgoing President amounting to SEK 7.3 M and expenses of SEK 3.9 M in conjunction with a public offer for the company, combined totaling SEK 30.5 M. The comparative figures for 2007 include goodwill impairment of SEK 50.4 M.

Håkan Karlsson, President and CEO, comments on business trends during 2008:

I establish that the fourth quarter was the best quarter in the year which shows that measures taken have had an impact.

Throughout 2008, we continued to focus on creating a stable platform based on two business areas – IT & Management and Information Logistics, created at year-end 2007. We are now prepared to meet the challenges awaiting us in a market characterized by a substantial downturn in the international macro economy.

Sigma has a strong financial situation with a positive cash flow and a strong balance sheet.

The recession that emerged towards year-end affected us primarily through stiffer competition for commissions and price pressure, notably from major buyers of consulting services. Working close to customers has gained greater significance in reducing the effects of the recession.

Our major customers continue to show greater confidence in us, resulting in a high repurchase frequency. We are well positioned, since we are not dependent on any customer or segment. Our strategy of focusing on major customers and staying close to them continued to show success in 2008

Sigma's strategic decision to accompany key customers into export markets has consolidated relations with them

I note a trend among major customers to focus increasingly on core business – prompting them to outsource responsibility for applications and system management, support, testing and technical documentation to companies such as Sigma. We call these Functional Undertakings. I assess that prospects are favorable that this development will continue

With an increased share of *Functional Undertakings* we can create a long-term, stable profitability and level out fluctuations in macroeconomic trends. Customer adjustments in the purchase of consulting services do not affect our *Functional Undertakings* approach to the same degree – as witnessed by several examples recently.

My assessment is that we have great challenges ahead in prevailing recession, especially further in the year. I believe that we are well positioned here, although I remain humble in the face of the uncertainty prevailing in the consultancy market and in the various markets in which our customers operate.

Trends by business area (EBIT)

Outcome during period (preceding year)	Sales,	SEK M	Earnings, EBIT, SEK M	Operating margin, %	Employees at closing date
IT & Management	1,101.8	(1,135.7)	81.5 (34.9)	7.4 (3.1)	762 (790)
Information Logistics	273.2	(267.7)	19.8 (9.3)	7.2 (3.5)	417 (518)
Other activities	38.2	(34.5)	-34.2 (-19.5)		12 (15)
Eliminations	-57.8	(-62.4)			
TOTAL	1,355.3	(1,375.5)	67.1 (24.7)	5.0 (1.8)	1,191 (1,323)

Comments on business trends

Group

The fourth quarter points to a recovery in profitability, despite the incipient recession. The quarter was not impacted by any extraordinary costs. The number of working days was 62, similar to the first and second quarter, both of which showed a lower operating margin. The margins quarterly during 2008 were 6.5%, 5.8%, negative 2.2% and 8.3%.

During the first six months, Sigma was the target of a takeover bid that was later withdrawn following an acceptance level among shareholders of 72% compared with the required 90%. Earnings for the year were charged with costs of SEK 3.9 M relating to this offer.

The financial receivable that the company carried in respect of the sale of a subsidiary in 2004 has been settled by the counterparty. At redemption, an expense of SEK 3.0 M was incurred in financial earnings.

IT & Management Business Area

The trend in the IT & Management business area remains favorable, with a margin of 7.6% in the fourth quarter – exceeding the average for the rest of the year. The number of enquiries regarding undertakings in various forms remains buoyant. Enquiries are marked by a certain sluggishness in the market, with a significantly longer period between an enquiry and project start-up, but nevertheless new assignments are secured essentially everyday.

Information Logistics Business Area

The Information Logistics business area reported an operating margin of 16.9% in the fourth quarter, making it one of the strongest quarters for many years.

2008 was a year of tremendous change. Unprofitable units were discontinued, the service offering was refined and integrated across national borders, along with efficiency enhancement in working methods, which reduced the cost base. At the beginning of 2008, one of the largest customers in Finland reduced volume, which had effects on operations in Finland, Hungary and Germany. Combined, these actions resulted in costs of SEK 9.9 M.

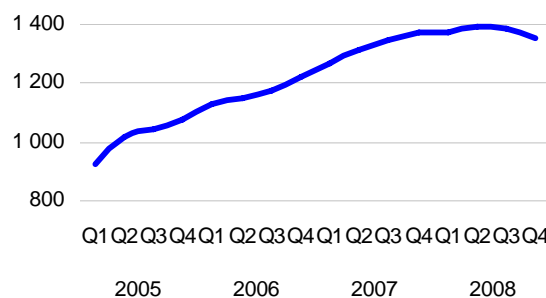
A new service concept within the Doc Factory® framework was launched during the year. The costs for development of the concept was also charged against earnings. Customers – both Swedish and

international – that gained access to the early version of the concept showed considerable interest.

Long-term trend

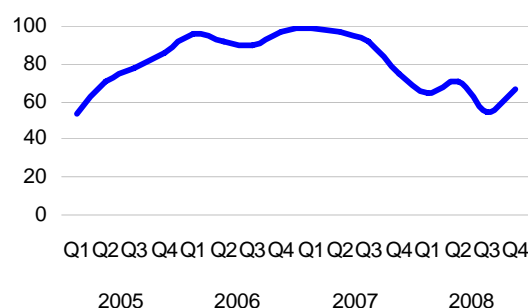
The Group has posted steady growth since 2005, from an annual rate of SEK 900 M to the current SEK 1,400 M. The growth rate has flattened out following operational streamlining in 2008.

Invoicing – annual trend. SEK M:



The profit trend did not follow the invoicing trend due to the major market investments carried out in the past two years.

Operating profit – annual trend, SEK M:



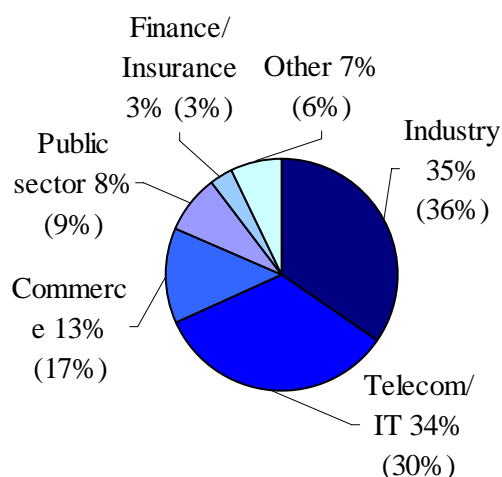
The earnings graph above excludes goodwill impairment of SEK 50.4 M in 2007 and takeover bid costs of SEK 3.9 M in 2008.

Distribution of sales

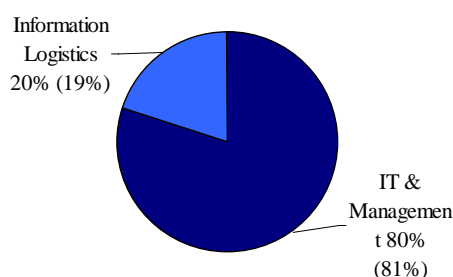
Sweden accounts for approximately 90% (88), with other countries each accounting for between 1 to 3%, distributed among Ukraine, Denmark, UK, France, Hungary, Germany and China.

Fixed-price assignments represent approximately 7% (5) of invoicing. The Group's single largest customer accounts for about 10% (10) of Group invoicing.

Major spread in various market segments



IT & Management represents largest share



Sales and earnings

Invoicing was SEK 20.2 M lower than in the preceding year due to the sale and closure of unprofitable units. Adjusted for acquired/divested units in 2007, organic sales growth was 2.0%.

Operating profit for the period was 67.1 M (24.7), with an operating margin of 5.0% (1.8). Earnings for the year include costs for the public takeover bid made and non-recurring costs for various actions programs, as well as the expense incurred for the outgoing President/CEO in a total amount of SEK 30.5 M during the year. In the preceding year, total non-recurring costs of SEK 50.4 M were reported for goodwill impairment. Adjusting for these non-recurring costs, the operating margin amounted to 7.2% (5.5).

The reported tax expense was SEK 22.1 M (20.9), consisting largely of payable tax. The relatively high tax is due to several costs incurred in closures outside Sweden could not be used against profits in other areas.

Cash and cash equivalents and financial position

Cash flow from operations after interest and tax totaled SEK 59.5 M (21.8). No major investments were undertaken and net debt declined to SEK 66.6 M (113.3).

Available cash and cash equivalents amounted to SEK 52.0 M (15.5) at year-end.

The terms of loans secured with banks regarding the equity ratio and interest coverage ratio are fulfilled by a favorable margin.

Investments and consolidation effects

Total capitalized investments during the period amounted to SEK 17.4 M (77.2). No acquisitions were undertaken during the year. Investments in goodwill refer to the redemption of minority shares.

Investments charged directly amounted to SEK 9.7 M (11.7). In addition, in-house programs involving concept development were also charged directly.

Investments for the year, SEK M (preceding year)

Goodwill	1.1	(51.8)
Capitalized development costs	0.7	(0.2)
Other intangible fixed assets	5.2	(5.9)
Other shares and participations	2.5	-
Tangible fixed assets	7.9	(8.5)
Total investments	17.4	(66.4)

Personnel

The number of employees at the end of the period totaled 1,191 (1,323), and the average for the period was 1,273 (1,302).

The decline in the workforce is due largely to the measures implemented during the first six months, as well as the corporate divestments in Denmark. Also, during the fourth quarter contracts for certain special project employees were not extended.

The number of employees in low-cost countries such as Hungary, the Ukraine, India and China comprises 15% of the total workforce.

Most employees are graduate engineers, economists, system analysts or similar and the average age is slightly more than 36. The gender distribution in the Group is 71% men and 29% women.

As a precaution in the prevailing market conditions, the salaries of members of company management and of all the presidents of subsidiaries are being frozen during 2009.

Risks and uncertainties

The risk profile for the Group and Parent company is described in the annual report for the previous year. No general changes have occurred, apart from the fact that deteriorating economic conditions may adversely impact the Group. The Group's profitability is affected mainly by the factors hourly rate and debiting degree.

As a result of the redemption of the financial payable and the decline in the related contingent liability, the financial risk in the group has decreased. The Board's assessment is that the company's liquidity is adequate for a downturn in the economy with the current loans.

Events after year-end

There were no significant events after the end of the reporting period.

Transactions with associated parties

No transactions were conducted with closely associated parties during the period, other than minor consulting services.

Outlook for 2009

It is difficult to assess the potential impact of macroeconomic trends and general economic conditions on Sigma in its role as a consultant.

As earlier advised Sigma presents no forecast in numbers.

Nomination Committee

In accordance with the resolution of the Annual General Meeting, a Nomination Committee has been formed comprising – in addition to the Chairman – the three largest shareholders in terms of votes: AMF Pension, represented by Jan-Erik Erenius; Skandia Liv, represented by Caroline af Ugglas; and Konstantin Caliacmanis. Proposals for the Nomination Committee may be submitted to the Chairman, Dan Olofsson, at telephone +46 (0)40-665 9000.

Dividend

The Board proposes a dividend of SEK 0.17 (0.17) per share for the 2008 financial year.

Annual General Meeting

Sigma AB (publ) will hold its Annual General Meeting on Tuesday, April 28 at 5:00 p.m. at the SAS Radisson Hotel in Malmö. Notice of the Meeting, accompanied by an agenda will be released in mid-March. Shareholders wishing to have a matter dealt with at the Meeting must, no later than February 28, 2009, convey such requests to the company's Chief Financial Officer, Lars Sundqvist by telephone +46 (0)31-335 6700, or via e-post ir@sigma.se.

Assurance of the Board of Directors

The Board of Directors of the Company and the Chief Executive Officer provide assurance that this report provides an accurate picture of the Parent Company's and Group's operations, financial position and earnings at December 31, 2008 and that it describes the significant risks and uncertainty factors that the Parent Company and Group faces.

Göteborg February 6 2009

Sigma AB (publ) (Corp. Reg. no: 556347-5440)

Dan Olofsson *Gunder Lilius* *Göran Larsson*
Chairman

Johan Glennmo *Sune Nilsson* *Christina Ramberg*
Konstantin Caliacmanis *Håkan Karlsson*
President

The company's auditors have not audited this report.

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

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

Condensed consolidated income statement, SEK M

	Jan-Dec 2008	Jan-Dec 2007	Oct-Dec 2008	Oct-Dec 2007
Revenues	1,355.3	1,375.5	335.5	370.1
Other operating revenues,	5.2	2.5	3.5	-0.3
Goods for resale and subcontractors	-275.2	-306.1	-66.6	-79.9
Gross profit	1,085.3	1,071.9	272.3	289.9
Personnel and other expenses	-1,005.4	-990.7	-241.4	-273.7
Depreciation/amortization and impairments *)	-12.8	-61.9	-3.5	-2.9
Share in the profits of associated companies	0.0	5.4	0.6	2.2
Operating profit/loss	67.1	24.7	28.0	15.5
Operating margin, %	5.0	1.8	8.3	4.2
Interest income and similar items	6.5	5.3	2.8	1.2
Interest expense and similar items	-12.6	-10.9	-3.2	-1.7
Profit/loss after financial items	61.0	19.1	27.6	15.0
Taxes	-22.1	-20.9	-6.2	-10.9
Profit/loss for the period	38.9	-1.8	21.4	4.1
Of which, minority share of earnings for the period	0.4	2.6	-0.1	0.3
Average number of shares	86,746,471	86,394,485	86,746,471	86,746,471
Earnings per share, before and after full dilution	0.45	-0.02	0.25	0.05

Condensed consolidated cash-flow statement, SEK M

	Jan-Dec 2008	Jan-Dec 2007	Oct-Dec 2008	Oct-Dec 2007
Cash flow from operations	91.4	82.3	23.6	19.0
Changes in working capital	-7.6	-22.2	-12.7	-32.0
Paid interest and tax	-24.3	-38.3	-2.4	-8.4
Cash flow from current operations	59.5	21.8	8.4	-21.2
Investment operations	13.0	-67.0	4.6	6.9
Financial operations	-66.9	49.6	-7.4	-6.4
Change in liquid funds	5.6	4.4	5.6	-20.7

Condensed consolidated balance sheet, SEK M

	31 Dec 2008	31 Dec 2007
Assets		
Tangible fixed assets	14.7	18.6
Goodwill	289.1	286.2
Other intangible fixed assets	12.5	14.4
Financial fixed assets, non-interest bearing	13.1	29.3
Financial fixed assets, interest bearing	-	13.3
Current assets, interest bearing	0.0	6.9
Current assets, non-interest bearing	373.7	384.1
Liquid funds (cash and bank balances)	12.8	7.2
Total assets	715.9	760.0
Shareholders' equity and liabilities		
Shareholders' equity *)	374.8	352.8
Long-term liabilities, interest-bearing	-	0.8
Long-term liabilities and provisions, non-interest bearing	25.4	23.9
Current liabilities, interest-bearing	79.4	132.8
Current liabilities and provisions, non-interest bearing	236.3	249.7
Total shareholders' equity and liabilities	715.9	760.0

*) The minority share of shareholders' equity is shown in the table below covering changes in shareholders' equity.

Consolidated change in shareholders' equity, SEK M

	Attributable to shareholders in the Parent Company	Attributable to minority	Total
Shareholders' equity, January 1, 2007	368.3	2.3	370.6
Currency exchange differences during the year	1.9	-	1.9
New share issue	7.8	-	7.8
Dividend to shareholders	-24.1	-	-24.1
Change in minority share	-1.2	-0.4	-1.7
Total changes in shareholders' equity not reported in income statement	-15.6	-0.4	-16.0
Profit for the period	-4.4	2.6	-1.8
Shareholders' equity, December 31 2007	348.3	4.5	352.8
Currency exchange differences during the year	0.0	-2.1	-2.1
Dividend to shareholders	-14.8	-	-14.8
Change in minority share	-3.2	3.2	-
Total changes not reported in income statement	-18.0	1.0	-17.0
Profit for the period	38.5	0.4	38.9
Shareholders' equity, December 31 2008	368.8	6.0	374.8

Key ratios Sigma Group

	31 Dec 2008	31 Dec 2007
Number of employees at the end of the period	1,191	1,323
Average number of employees	1,273	1,302
Net sales per employee, SEK 000s	1,069	1,063
Added value per employee	725	714
Return on capital employed, %	15.6	6.9
Return on shareholders' equity, %	10.6	0.2
Interest-bearing net cash/net debt, SEK M	-66.6	-113.3
Net debt/equity ratio, %	-17.8	-32.1
Acid test ratio, times (overdraft facility classified as long-term)	1.6	1.0
Equity/assets ratio, %	52.4	46.4
Gross margin, %	5.9	6.3
Operating margin, %	5.0	1.8
Profit margin, %	4.5	1.4
Number of shares at the end of the period	86,746,471	86,746,471
Average number of shares	86,746,471	86,394,485
Earnings per share after full tax, SEK	0.45	-0.02
Shareholders' equity per share, SEK	4.32	4.10

Quarterly trend, Group

	2005				2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2**	Q3	Q4	Q1	Q2	Q3	Q4
Net sales, SEK M	265	291	226	295	321	305	253	344	366	351	290	369	366	370	283	335
Operating profit, SEK M	22.0	22.3	16.5	25.2	32.4	17.7	14.5	32.7	34.1	15.2	10.3	15.5	23.7	21.6	-6.1	28.0
Margin	8.3	7.7	7.3	8.5	10.1	5.8	5.7	9.5	9.3	4.3	3.5	4.2	6.5	5.8	-2.2	8.3
No. of workdays	61	62	66	64	64	60	65	63	64	60	65	62	62	62	66	62
Employees/end of period	879	906	914	893	1,013	1,068	1,107	1,086	1,275	1,303	1,354	1,323	1,292	1,256	1,246	1,191

Operation profit means EBITA, that is, before impairment of goodwill.

Condensed income statement Parent Company, SEK M

	Jan-Dec 2008	Jan-Dec 2007	Oct-Dec 2008	Oct-Dec 2007
Revenues	36.4	30.7	9.8	7.6
Goods for resale/subcontractors	-9.2	-5.5	-3.2	-1.6
Gross profit	27.1	25.2	6.5	6.0
Personnel- and other expenses *)	-42.7	-36.4	-7.0	-10.5
Depreciation/amortization and impairment of fixed assets	-0.2	-0.2	-0.1	-0.1
Operating profit	-15.8	-11.4	-0.6	-4.6
Earnings from shares in subsidiaries	-13.2	-46.0	0.0	-120.0
Interest income and similar items	6.4	6.1	2.4	1.8
Interest expense and similar items **)	-11.0	-12.9	-1.8	-2.2
Profit/Loss after financial items	-33.5	-64.2	0.1	125.1
Appropriations	-17.3	-18.4	-17.3	-
Taxes	8.5	11.8	8.5	15.5
Profit/Loss for the period	-42.2	-70.8	-8.6	-127.9

Average number of shares 86,746,471 86,394,485 86,746,471 86,746,471

Earnings per share, before and after full dilution -0.49 -0.82 -0.10 -1.47

*) Profit for the year was charged with costs relating to the public offer in the amount of SEK 3.9 M and for the outgoing CEO in the amount of 7.3 M.

**) The discount pertaining to the premature loan repayments was charged against net financial income.

Condensed balance sheet Parent Company, SEK M

	31 Dec 2008	31 Dec 2007
Assets		
Tangible fixed assets	0.5	0.5
Financial fixed assets	205.7	214.3
Current assets	403.8	432.3
Total assets	610.0	647.1
Shareholders' equity, provisions and liabilities		
Shareholders' equity	352.1	344.2
Untaxed reserves	47.4	30.1
Provisions	16.4	15.0
Other long-term liabilities	-	0.8
Current liabilities	194.1	257.0
Total shareholders' equity and liabilities	610.0	647.1

Notes to the consolidated financial statements and Parent Company

Accounting principles

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act for the Group and the Annual Accounts Act for the Parent Company. 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 2007 Annual Report, Note 3 for the Group and Note A for the Parent Company.

Seasonal fluctuations

The company's earnings are affected by slightly less than SEK 5 M per working day, 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. However, the largest vacation effect appears in the third quarter. 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.

Sigma is listed on the Small Cap list of the OMX Stockholm Exchange. www.sigma.se

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Forthcoming reporting dates

– Interim Report, 3 months (Q1) 2009	April 28, 2009
– Interim Report, 6 months (Q2) 2009	July 17, 2009
– Interim Report, 9 months (Q3) 2009	October 29, 2009
– Year-end Report, 12 months (Q4) 2009	February 5, 2010