



# Interim Report

## April – June 2012

- Cybercom divested the operations in China
- Cybercom is closing its operations in Romania
- Sales were SEK 336.8 million (384.1).
- EBITDA was SEK 2.6 million (-22.4) and the EBITDA margin was 0.8% (-5.8), which includes restructuring costs of SEK 5.0 million for closure of the office in Romania. EBITDA from operating activities was SEK 7.6 million (4.8) and the EBITDA margin was 2.3% (1.2).
- EBIT was SEK -16.6 million (-166.9) and the EBIT margin was -4.9% (-43.5), which includes the above restructuring costs and a capital loss of SEK 11.7 million associated with divestment of the Chinese operations. EBIT from operating activities was SEK 0.1 million (-4.7) and the EBIT margin was 0.0% (-1.2).
- Earnings per share were SEK -0.59 (-4.49).

## January – June 2012

- Sales were SEK 711.6 million (766.1).
- EBITDA was SEK 28.9 million (7.2) and the EBITDA margin was 4.1% (0.9).
- EBIT was SEK 1.9 million (-164.2) and the EBIT margin was 0.3% (-21.4).
- Earnings per share were SEK -0.33 (-4.51).

## After the end of the period

- Cybercom has decided to move to a new, more efficient financing solution that is better suited to its operations. As part of this financing solution, the board intends to call an extraordinary general meeting to propose a decision on a rights issue.

### Cybercom Group AB (publ)

Corporate reg no 556544-6522  
Box 7574 - SE-103 93 Stockholm, Sweden  
Tel +46 8 578 646 00 [www.cybercom.com](http://www.cybercom.com)

## Comments from the CEO

In the second quarter the market has been relatively stable and Cybercom has continued to win important new contracts in Connectivity in the Nordic region and globally. Among new projects won are, for example, a large vendor management project in Connectivity Management and a 4G assignment for one of the major operators in Singapore, M1. We have also won an interesting turnkey contract with regard to cost savings in manufacturing of telecom infrastructure. The broadening from telecom and into new sectors, which is important for our profitability, has continued during the quarter. In the Nordic countries we have been chosen by Höganäs Municipality and MTV Media to develop digital solutions, we have broadened ourselves in the industrial segment and we can add three new energy clients.

In the last interim report I wrote that our primary focus was to turn the tide in the International segment and to reduce the imbalance between demand and our own consultants in Sweden and that these measures would affect second-quarter results. A large number of activities in the current streamlining of operations have been conducted during the quarter.

It is satisfying to note that ahead of the autumn we have divested the loss-making Chinese business, and have started to close the Romanian near-shore office and moving these projects to our successful Polish and Indian businesses. Furthermore, we have reduced the number of administrative roles within the International segment. In Sweden we have streamlined the organisation by merging business areas and have reduced the number of offices. We have made investments in our sales organisation. By acting more professionally in our sales, with a common strong proposition in Connectivity and with clear sales management, we are now making progress in Sweden and in other segments in how we sell and package our expertise.

The measures I am now implementing are intended to stabilise the company and to better utilise the potential that the company holds and to be able to deliver on the financial targets set by the board.

Cybercom has previously had a growth strategy based on acquisitions. These acquisitions have contributed to Cybercom's strong market position in Connectivity, but have also been costly since they were mainly financed by loans, which the company has largely repaid over the past five years. We have reduced our net debt from approximately SEK 660 million at mid-year 2007 to SEK 154 million at mid-year 2012. An important part of the development of Cybercom is to strengthen its capital structure through a more efficient financing solution. I have respect for a more volatile macroeconomic environment and a tougher financial climate. I will continue the streamlining that has been started in order to stand well equipped in a more challenging market. I also believe that a new financing solution that includes a rights issue is necessary to create the financial platform that the company needs to be able to act more proactively in developing the company going forward.

Stockholm, 13 July 2012

Niklas Flyborg  
President and CEO

### For additional information, please contact:

Niklas Flyborg, President and CEO	+46 70 594 96 78
Camilla Öberg, CFO	+ 46 73 398 50 01
Kristina Cato, Communications Director and IR Manager	+ 46 70 864 47 02

Cybercom is an IT consulting company that assists leading companies and organisations to benefit from the opportunities of the connected world. The company's areas of expertise span the entire ecosystem of communications services. Cybercom's domestic market is the Nordic region, and in addition the company offers global delivery capacity for local and international business. Cybercom was founded in 1995 and has been quoted on the NASDAQ OMX Stockholm exchange since 1999.





## Key events after the end of the period

### New financing solution

Cybercom has decided to move to a more efficient financing solution that is better suited to the company's operations. This includes both a more flexible overdraft facility to replace the expensive factoring solution the company has had and improves existing loan agreements. The new financing solution provides better opportunities for management to deal with the longer payment terms of certain major clients and to develop the company and act aggressively in order to benefit from its potential.

As part of the financing solution Cybercom's board intends to convene an extraordinary general meeting to propose a decision on conducting a rights issue of approximately SEK 125 million with preferential rights for its shareholders. The board intends to adopt the formal issue resolution in August 2012, when the specifics of the rights issue will be published. The rights issue is expected to be conducted in the autumn. Cybercom intends to use a part of the cash raised through the issue to make a one-time amortisation of approximately SEK 50 million on existing loans. The company's major shareholder, JCE Group, and others, that together represent approximately 43 percent of the shares, have announced their intention to subscribe for their respective pro-rata share of the offering.

Through the new financing solution, alongside the process of change now being undertaken in the company, Cybercom strengthens its capital structure to create improved conditions to reach the company's financial objectives.

### Key events during the quarter

- Cybercom divested its Chinese operations on 6 June 2012. The divestment is expected to generate annual savings of around SEK 10 million with a positive effect during the second half of 2012. One-time costs in connection with the divestment were SEK 11.7 million. This is reported as a capital loss and affects the period's EBIT. Cybercom's operations in China, with about 120 employees, had been unprofitable for some time. During 2011 sales for the operations were SEK 15 million.
- Cybercom is closing its office in Romania and moving ongoing client projects to its operations in Poland or India. In total this affects around 40 consultants and employees in Romania. The closure is estimated to cost SEK 5 million in total, which is recognised in second-quarter EBITDA as a restructuring cost.
- Cybercom won a vendor management contract with a leading telecom operator in West Africa. The total contract value is approximately SEK 24 million over two years.
- Cybercom has signed an agreement with energy company Skapat Energia in Finland under which Cybercom will deliver a new system to manage electricity demand.
- Susan Hammar has been appointed new group HR Director and a member of Cybercom's management team. Susan has an MBA and previously led HR activities at Amadeus Scandinavia, EDS and WM-data.



## Cybercom Group

	Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
<b>Cybercom Group, SEK million</b>						
<b>Sales</b>	<b>711.6</b>	<b>766.1</b>	<b>336.8</b>	<b>384.1</b>	<b>1,481.0</b>	<b>1,426.5</b>
<b>Operating profit/loss, EBITDA</b>	<b>28.9</b>	<b>7.2</b>	<b>2.6</b>	<b>-22.4</b>	<b>65.4</b>	<b>87.1</b>
<b>EBITDA margin, %</b>	<b>4.1</b>	<b>0.9</b>	<b>0.8</b>	<b>-5.8</b>	<b>4.4</b>	<b>6.1</b>
Adjustment restructuring costs	5.0	27.2	5.0	27.2	28.0	5.8
EBITDA operating activities	33.9	34.4	7.6	4.8	93.4	92.9
EBITDA margin operating activities, %	4.8	4.5	2.3	1.2	6.3	6.5
<b>Operating profit/loss, EBIT</b>	<b>1.9</b>	<b>-164.2</b>	<b>-16.6</b>	<b>-166.9</b>	<b>-125.4</b>	<b>40.7</b>
<b>EBIT margin, %</b>	<b>0.3</b>	<b>-21.4</b>	<b>-4.9</b>	<b>-43.5</b>	<b>-8.5</b>	<b>2.9</b>
Adjustment restructuring costs	5.0	27.2	5.0	27.2	28.0	5.8
Adjustment impairment losses	-	151.0	-	135.0	151.0	-
Adjustment capital loss	11.7	-	11.7	-	-	11.7
EBIT operating activities	18.6	14.0	0.1	-4.7	53.6	58.2
EBIT margin operating activities, %	2.6	1.8	0.0	-1.2	3.6	4.1
Profit/loss for the period	-12.1	-162.9	-21.2	-162.0	-144.2	6.6
EPS, SEK	-0.33	-4.51	-0.59	-4.49	-4.00	0.18
<b>Number of employees at period's end</b>	<b>1,387</b>	<b>1,695</b>	<b>1,387</b>	<b>1,695</b>	<b>1,564</b>	<b>1,387</b>

## Sales and profit

### January – June

Sales amounted to SEK 711.6 million (766.1). EBITDA amounted to SEK 28.9 million (7.2), corresponding to a margin of 4.1% (0.9). EBIT amounted to SEK 1.9 million (-164.2). This corresponded to an operating margin of 0.3% (-21.4). Currency effects impacted sales by SEK 0.4 million and operating profit by SEK -1.0 million. Compared with the previous year, Cybercom had a total of 308 fewer employees at the end of the period. Earnings were affected by non-recurring expenses in the second quarter totalling SEK 16.7 million, of which SEK 5.0 is charged to EBITDA (see below). The previous year's profit was affected in the second quarter by non-recurring expenses of SEK 162.2 million, of which SEK 27.2 million was also charged to EBITDA.

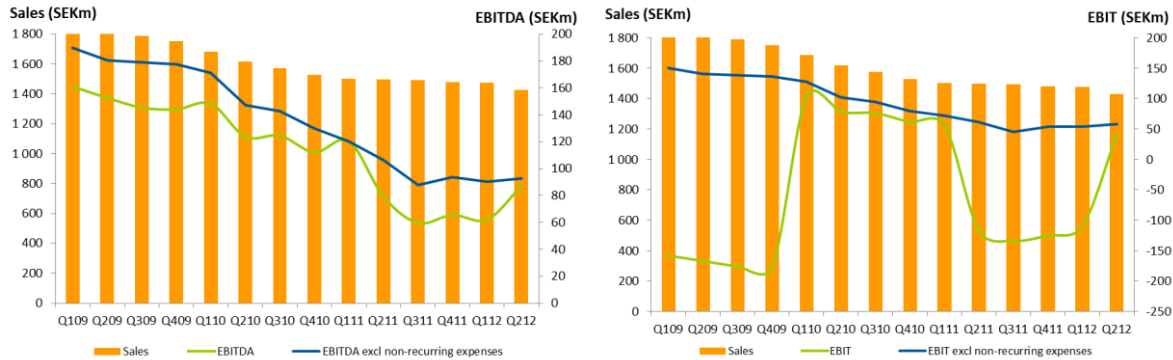
Net revenue from financing was SEK -9.3 million (-6.7). This included interest expense for bank loans of SEK -3.9 million (-3.7). Pre-tax loss was SEK 7.4 million (-170.7), which represents a net margin of -1.0% (-22.3). Loss for the period was SEK 12.1 million (-162.9) and earnings per share were SEK -0.33 SEK (-4.51).

### April – June

Sales amounted to SEK 336.8 million (384.1). The decrease is primarily attributable to the downsizing that occurred last year following lower business volumes from Finnish telecommunications companies. Furthermore, contraction of a large application management assignment affected the Sweden segment. EBITDA amounted to SEK 2.6 million (-22.4), corresponding to a margin of 0.8% (-5.8). EBIT amounted to SEK -16.6 million (-166.9). This corresponded to an operating margin of -4.9% (-43.5). Currency effects impacted sales by SEK 0.2 million and operating profit by SEK -0.6 million. EBITDA was charged with SEK 5.0 million relating to the closure of the office in Romania. EBIT was also charged with a capital loss of SEK 11.7 million on the divestment of operations in China.

The utilisation rate in parts of the Swedish business has remained unsatisfactory, but improved at the end of the period, while the Singapore and Denmark operations have remained weak. The quarter was also affected by a negative calendar effect with two fewer working days in Finland and one fewer working day in Sweden compared to the second quarter of last year, and there were fewer employees than last year primarily related to restructuring of operations in 2011.

**Sales and operating profit, rolling 12 months**

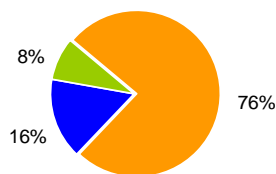


**Market and business**

Cybercom is an IT consulting company with its home market in the Nordics that offers global delivery capacity for local and international business. The group has become established as a recognised provider of turn-key solutions in telecom management, connected devices, internet services and security. In addition to the Nordic countries, the company currently has operations in Poland, India and Singapore and sales offices in Dubai. The operations in Poland and India strengthen the group by offering delivery capacity to the businesses in the Nordics. On 30 June 2012, 14% (22) of Cybercom’s consultants were working outside the Nordic countries and 35% (44) outside Sweden.

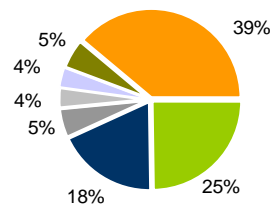
During the quarter, the proportion of turnkey projects was 38% (42) of sales. The ten largest clients accounted for 45% (45) of total sales, compared to 47% in the previous quarter. The biggest single client accounted for 11% (12) of sales, and assignments with framework-agreement clients for 47% (54).

**Q2 sales by segment**



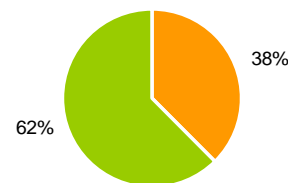
- Sweden 76% (74)
- Finland 16% (17)
- International 8% (9)

**Q2 sales by sector**



- Telecom 39% (45)
- Industry 25% (19)
- Public Sector 18% (21)
- Media 5% (5)
- Banking & Finance 4% (3)
- Retail 4% (3)
- Other 5% (5)

**Q2 sales by assignment type**



- Turnkey 38% (42)
- Consulting services 62% (58)

Cybercom continued to increase its share of sales in the industrial sector during the quarter, which accounted for 25% (19) of the total turnover. The biggest growth was in M2M and solutions for connected devices. Cybercom strengthened its position in the industry for connected vehicles, partly when one of the world's largest manufacturers of microprocessors, Freescale Semiconductor, chose to integrate Cybercom's Bluetooth® solution, Cybercom blueGO, into its product portfolio. This is a solution for infotainment and driver information systems. Furthermore, QNX Software Systems Limited, a global provider of software platforms for in-vehicle infotainment, chose to integrate Cybercom blueGO into its systems.

Cybercom’s areas of expertise span the entire ecosystem of communication services, called Connectivity. Cybercom’s experience and expertise in this field enable the company to offer digital communication solutions and reuse knowledge for clients in industries outside of telecommunications where Cybercom has a strong position as a recognised provider. During the second quarter the proportion of sales within telecom was 39% (45), compared to 40% in the previous quarter. Cybercom’s goal is to continue to increase sales in other segments, particularly in industry, the public sector and media.





## Employees

The average number of employees (full-time equivalents) in the group during January – June was 1,433 (1,631). At the end of the period, the number of group employees was 1,387 (1,695), of which 20% (19) women. Compared to last year, Cybercom has 308 fewer employees. This was partly a consequence of the divestment of the Chinese operations and the redundancies that occurred in connection with reduced cooperation with Nokia during 2011. In addition, personnel changes occurred in the Swedish operation in autumn 2011. Cybercom intends to return to net growth and is recruiting, particularly in metropolitan areas in the Nordic countries.

## Investments

Net investments in intangible and tangible fixed assets amounted to SEK 7.1 million (13.6).

## Liquidity and financial position

Overall during the second quarter, cash flow from operating activities was SEK -23.0 million (6.2). Cash flow before changes in working capital amounted to SEK -9.4 million (-8.5). Changes in working capital during the quarter were SEK -13.6 million (14.7), mainly attributable to quarter having lower revenue and billing from the previous quarter. A contract for invoice factoring has been entered into and has added SEK 38.6 million in cash flow during the period.

Group cash and cash equivalents stood at SEK 65.2 million (60.1) on 30 June 2012. Interest-bearing liabilities amounted to SEK 218.9 million (220.3). Net debt (interest-bearing liabilities less cash and cash equivalents) amounted to SEK 153.7 million (160.2), which gave net debt to equity of 21% (21).

Equity on 30 June 2012 was SEK 737.0 million (748.5), which corresponded to a 56.5% (57.0) equity/assets ratio. Equity per share was SEK 20.42 (20.74).

After the end of the period a new financing solution has been developed, which includes the intention of the board to propose a rights issue of approximately SEK 125 million to be conducted in the autumn as well as existing factoring solutions being replaced with an overdraft facility that better supports the company's credit needs. See also "Key events after the end of the period".

## Taxes

During the year, the group's effective tax rate was -64.6% (4.7). The tax expense was calculated using the current tax rate for the parent company and each subsidiary. See Note 5 for further information.

## Outlook

Cybercom does not publish forecasts.

## Risk assessment

Cybercom is, like other companies, exposed to various kinds of risk in its operations. Among the most notable are risks related to the general financial climate and economy, client contracts and clients' ability to pay, staff retention and recruitment and various financial risks such as currency risks, credit risks and refinancing risks. Risk management is an integral part of Cybercom's management and the financial risks are described in greater detail in the 2011 Annual Report, Note 25. The risks described for the group can also have an indirect effect on the parent.

In the short and medium terms, the overall global uncertainty and the uncertainty this in turn creates for the business climate are among the more significant risks. Like all similar procedures, the announced rights issue, which is an integral part of the company's financing structure, is associated with risks and requires both approval by shareholders and an extraordinary general meeting, and successful implementation.

Given these and other risks relating to the company's financing structure, including bank loans and short-term financing, the possibility remains that other measures will have to be implemented in order to ensure a stable long-term solution. Such measures are also subject to risks.

## Forthcoming reporting dates

Interim Report, January – September 2012  
Year-end Report, January – December 2012

25 October 2012  
13 February 2013



**Note:** Cybercom is required to make this information public in accordance with the Swedish Securities Market Act. The information was submitted for publication on 13 July at 13.00. The company's auditor has not reviewed this report.

Cybercom's annual reports, year-end reports and interim reports are published in Swedish and English. In the event of differences between the English translation and the Swedish original, the Swedish text shall prevail.

### **Forward-looking statements**

This report contains statements concerning, among other things, Cybercom's financial position and performance as well as statements on market conditions that may be forward-looking. Cybercom believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties and actual results or outcomes may differ materially from those expressed. Forward-looking statements relate only to the date they were made and, other than as required by applicable law, Cybercom undertakes no obligation to update any of them in light of new information or future events.

### **Assurance**

The board and CEO assure that the interim report gives a fair view of the parent company's and group's business, position, and earnings and describes significant risks and uncertainties faced by the parent company and group companies.

Stockholm, 13 July 2012

Jon Risfelt  
Chairman

Margareta Alestig Johnson

Hampus Ericsson

Robin Hammarstedt

Jan-Erik Karlsson

Thomas Landberg

Henrik Lundin

Dag Sundman

Niklas Flyborg  
President and CEO



## Sweden Segment

The Sweden segment includes Cybercom's joint venture in India. This activity is linked to Cybercom's deliveries to Swedish clients and is an integral part of the Swedish organisation.

	Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
<b>Cybercom Sverige, SEK million</b>						
<b>Sales</b>	<b>548.5</b>	<b>564.1</b>	<b>259.1</b>	<b>286.1</b>	<b>1,107.8</b>	<b>1,092.2</b>
<b>Operating profit/loss, EBITDA</b>	<b>38.7</b>	<b>24.9</b>	<b>12.5</b>	<b>-0.9</b>	<b>83.0</b>	<b>96.8</b>
Adjustment restructuring costs	-	11.5	-	11.5	11.5	-
EBITDA operating activities	38.7	36.4	12.5	10.6	94.5	96.8
<b>EBITDA margin, %</b>	<b>7.1</b>	<b>4.4</b>	<b>4.8</b>	<b>-0.3</b>	<b>7.5</b>	<b>8.9</b>
EBITDA margin operating activities, %	7.1	6.5	4.8	3.7	8.5	8.9
<b>Number of employees at period's end</b>	<b>932</b>	<b>1,006</b>	<b>932</b>	<b>1,006</b>	<b>983</b>	<b>932</b>

During the quarter, Cybercom's business with clients such as FMV, Volvo and SAAB has grown. Cybercom has also won a major turnkey contract with regard to cost savings in manufacturing of telecom infrastructure, as well as new assignments that include offshore deliveries. New clients and assignments include contracts in digital solutions for Höganäs Municipality, Svensk Energi and another energy client. In addition, Cybercom was chosen by seven county councils for assignments in e-archiving. The largest clients during the period were Ericsson, H&M, SAAB, Sony, ST Ericsson, TeliaSonera and Volvo AB.

The segment had 932 (1,006) employees and sales were SEK 259.1 million (286.1) in the second quarter with EBITDA of SEK 12.5 million (-0.9). This is an earnings improvement compared to the same period in the previous year, even adjusted for restructuring costs charged to the second quarter of 2011. Demand on the Swedish market for IT consulting services remained relatively good. The use of subcontractors has been relatively large, while utilisation of our own consultants has not been fully satisfactory in certain business areas. Compared to the first quarter, this segment has 25 fewer employees, which is primarily attributable to operations in India and a reduction of a major application management assignment. The segment has some 70 fewer employees compared to the same period last year.

Efficiency efforts continued during the quarter. Two business areas have been combined, which will result in reduced administration costs. Furthermore, the office in Lund is being closed and the business moved to Cybercom's office in Malmö. The business in Gothenburg will also move to more cost efficient facilities.





## Finland Segment

The Finland segment also includes Cybercom's entity in Romania until the third quarter of 2012, which forms an integral part of the Finnish organisation. The comparative figures for 2011 also include the office in Beijing, China, which was closed in the third quarter of 2011.

	Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
<b>Cybercom Finland, SEK million</b>						
<b>Sales</b>	<b>109.7</b>	<b>137.7</b>	<b>53.7</b>	<b>66.6</b>	<b>247.1</b>	<b>219.1</b>
<b>Operating profit/loss, EBITDA</b>	<b>2.3</b>	<b>4.6</b>	<b>-2.6</b>	<b>-2.5</b>	<b>15.9</b>	<b>13.6</b>
Adjustment restructuring costs	5.0	9.7	5.0	9.7	8.9	4.2
EBITDA operating activities	7.3	14.3	2.4	7.2	24.8	17.8
<b>EBITDA margin, %</b>	<b>2.1</b>	<b>3.3</b>	<b>-4.8</b>	<b>-3.8</b>	<b>6.4</b>	<b>6.2</b>
EBITDA margin operating activities, %	6.7	10.4	4.5	10.8	10.0	8.1
<b>Number of employees at period's end</b>	<b>275</b>	<b>393</b>	<b>275</b>	<b>393</b>	<b>279</b>	<b>275</b>

During the quarter Cybercom signed agreements with energy company Skapat Energia to deliver a new system for managing electricity demand. Other new clients and assignments include Consolis and YIT, both active in construction and infrastructure. For Elektroskandia, Cybercom Finland has implemented an intranet and an e-commerce solution for wholesalers.

The Finnish business climate remained largely unchanged from the first quarter of the year, with some uncertainties linked to the euro and the financial situation around the world. But Cybercom continued to position itself within the industry and the media sectors through its strengthened client relationships with Outotec, Sandvik, Kone and MTV Media. Cybercom has won additional contracts with MTV Media, for example as technical partner in the development and management of services associated with the 2012 Ice Hockey World Championship. Among the largest clients in the quarter were ABB, Alma Media, Itella, Kone, MTV Media, Outotec and Sandvik. Exposure to telecom clients in Finland is now low.

The segment had 275 (393) employees and sales of SEK 53.7 million (66.6) during the second quarter, with EBITDA of SEK -2.6 million (-2.5). The transformation of the business continues. Earlier business volumes with Nokia and Nokia Siemens Networks are still not fully recovered. Closure of the delivery office in Romania has started and will be completed during the third quarter. Ongoing projects will be moved to Cybercom's operations in Poland and India. Approximately 40 consultants and employees in Romania are affected. Total restructuring costs for the closure of the Romanian operations are estimated at SEK 5.0 million, which was wholly charged to the quarter's results. Overall, this segment had 118 fewer employees at the end of the period than a year earlier. The decrease in profit from the operating activities in the quarter is partly due to this year's calendar effect, with two fewer days, but the business also had a lower utilisation rate than planned.



## International Segment

The International segment includes Cybercom's operations in Singapore, Denmark and Poland. Previously, and until April 2012, the business in Chengdu, China, was also included.

	Jan - Jun	Jan - Jun	Q2	Q2		
Cybercom International, SEK million	2012	2011	2012	2011	2011	RTM
<b>Sales</b>	<b>73.6</b>	<b>84.8</b>	<b>32.4</b>	<b>40.2</b>	<b>166.3</b>	<b>155.1</b>
<b>Operating loss, EBITDA</b>	<b>-6.1</b>	<b>-4.5</b>	<b>-4.5</b>	<b>-7.1</b>	<b>-6.4</b>	<b>-8.0</b>
Adjustment restructuring costs	-	-	-	-	-	-
EBITDA operating activities	-6.1	-4.5	-4.5	-7.1	-6.4	-8.0
<b>EBITDA margin, %</b>	<b>-8.3</b>	<b>-5.3</b>	<b>-13.9</b>	<b>-17.7</b>	<b>-3.8</b>	<b>-5.2</b>
EBITDA margin operating activities, %	-8.3	-5.3	-13.9	-17.7	-3.8	-5.2
<b>Number of employees at period's end</b>	<b>157</b>	<b>269</b>	<b>157</b>	<b>269</b>	<b>281</b>	<b>157</b>

A major new vendor management contract has been won in connectivity management and will commence in the third quarter in West Africa. The total contract value is approximately SEK 24 million and it is expected to continue until the first quarter of 2014. Cybercom also won an important 4G assignment for one of the three major operators in Singapore, M1. An ongoing project in East Africa was extended for a further 18 months. Demand is generally good in this area, and telecom operators are investing increasingly in improved customer experience. With a steadily increasing number of smartphones in Asia and the Middle East, clients are more demanding in terms of quality and stability of networks. Cybercom is seeing increasing interest in projects in this field.

The segment had 157 (269) employees and sales of SEK 32.4 million (40.2) during the second quarter, with EBITDA of SEK -4.5 million (-7.1). The main factor that affected sales was continued weak development in Singapore and Denmark. The operation in Singapore, which, with its telecom management is the largest business in the segment, is still being affected by a lower volume of business than last year. There was a decrease in non-billable employees during the quarter. But more resources are being added to the sales process. The Danish business environment remains challenging. A leadership change has occurred as MD Karsten Adelmark left the company and the Danish sales director Ebbe Bo Hansen became acting MD of Cybercom Danmark. The Chinese business, with around 120 employees, was divested during the period, which affected the number of employees at period end. The Chinese operations also affected the month of April with a loss, included in this result. The sale of the Chinese operations resulted in a capital loss of SEK 11.7 million, which does not affect the segment's EBITDA. The divestment of China is expected to generate an annual positive impact on operating profit of at least SEK 10 million. Sales for this business in 2011 were SEK 15 million.

Poland has a stable and healthy development both in terms of assignments to its sister companies for near-shore delivery and in the local market. One new client is DrGerard Sp. Z o.o., for whom Cybercom will develop and maintain production support systems. Through the closure of the delivery office in Romania, Cybercom will place all its future near-shore business to Poland and thus create a more efficient organisation. Major clients include Cellmax, Ericsson, Copenhagen's Kastrup Airport, Millicom, M1, Sicap and Sony.

## Condensed income statement

Cybercom Group, SEK million	Note	Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
<b>Sales</b>		<b>711.6</b>	<b>766.1</b>	<b>336.8</b>	<b>384.1</b>	<b>1,481.0</b>	<b>1,426.5</b>
Operating expenses							
Other external expenses		-203.8	-227.0	-97.0	-125.0	-436.8	-413.6
Restructuring costs		-5.0	-27.2	-5.0	-27.2	-28.0	-5.8
Employee benefits		-473.9	-504.7	-232.2	-254.3	-950.8	-920.0
Depreciation and amortisation		-15.3	-20.4	-7.5	-9.5	-39.8	-34.7
Impairment loss intangible fixed assets		-	-151.0	-	-135.0	-151.0	-
Capital loss divestment subsidiary		-11.7	-	-11.7	-	-	-11.7
<b>Operating profit/loss, EBIT</b>		<b>1.9</b>	<b>-164.2</b>	<b>-16.6</b>	<b>-166.9</b>	<b>-125.4</b>	<b>40.7</b>
Financial income		1.3	3.1	0.6	2.2	6.3	4.5
Financial costs		-10.6	-9.8	-5.0	-5.3	-25.3	-26.1
<b>Profit/loss before tax</b>		<b>-7.4</b>	<b>-170.9</b>	<b>-21.0</b>	<b>-170.0</b>	<b>-144.4</b>	<b>19.1</b>
Current tax		-2.3	-0.6	-1.6	2.7	-5.3	-7.0
Deferred tax		-2.4	8.6	1.4	5.3	5.5	-5.5
<b>Period's profit/loss</b>		<b>-12.1</b>	<b>-162.9</b>	<b>-21.2</b>	<b>-162.0</b>	<b>-144.2</b>	<b>6.6</b>

## Earnings per share

Cybercom Group, SEK		Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
<b>Total operation</b>							
Earnings per share basic		-0.33	-4.51	-0.59	-4.49	-4.00	0.18
Earnings per share diluted		-0.33	-4.51	-0.59	-4.49	-4.00	0.18

## Statement of comprehensive income

Cybercom Group, SEK million		Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
Periods's profit/loss		-12.1	-162.9	-21.2	-162.0	-144.2	6.6
Change in translation difference foreign operations		-3.8	-0.2	-0.9	4.1	-16.4	-20.0
Currency risk hedging in foreign operations		1.4	-1.4	0.6	-2.0	-0.2	2.6
Tax effect items in other comprehensive income		-0.4	0.4	-0.2	0.6	0.1	-0.7
<b>Other comprehensive income</b>		<b>-2.8</b>	<b>-1.2</b>	<b>-0.5</b>	<b>2.7</b>	<b>-16.5</b>	<b>-18.1</b>
<b>Total comprehensive income</b>		<b>-14.9</b>	<b>-164.1</b>	<b>-21.7</b>	<b>-159.3</b>	<b>-160.7</b>	<b>-11.5</b>



## Condensed statement of changes in equity

Cybercom Group, SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
Opening balance, 1 January 2011	36.1	855.4	17.0	22.1	930.6
Period's comprehensive income	-	-	-1.2	-162.9	-164.1
Dividend	-	-	-	-18.0	-18.0
<b>Closing balance, 30 June 2011</b>	<b>36.1</b>	<b>855.4</b>	<b>15.8</b>	<b>-158.8</b>	<b>748.5</b>
Opening balance, 1 January 2012	36.1	855.4	0.5	-140.1	751.9
Period's comprehensive income	-	-	-2.8	-12.1	-14.9
<b>Closing balance, 30 June 2012</b>	<b>36.1</b>	<b>855.4</b>	<b>-2.3</b>	<b>-152.2</b>	<b>737.0</b>

## Condensed balance sheet

Cybercom Group, SEK million	Note	30/06/2012	30/06/2011	31/12/2011
<u>Assets</u>				
Goodwill		786.9	802.2	788.8
Customer value		40.7	51.9	45.0
Other intangible assets		22.5	22.2	22.7
Property, plant, and equipment		27.1	37.0	32.4
Financial assets		0.2	1.0	0.2
Deferred tax assets		41.8	52.6	45.7
<i>Total non-current assets</i>		<i>919.2</i>	<i>966.9</i>	<i>934.8</i>
Current assets excl. cash and cash equivalents		320.7	286.1	309.5
Cash and cash equivalents		65.2	60.1	62.4
<i>Total current assets</i>		<i>385.9</i>	<i>346.2</i>	<i>371.9</i>
<b>Total assets</b>		<b>1,305.1</b>	<b>1,313.1</b>	<b>1,306.7</b>
<u>Equity and liabilities</u>				
Equity		737.0	748.5	751.9
Non-current liabilities, interest-bearing		84.3	150.9	107.7
Non-current liabilities, non-interest-bearing		22.3	56.0	27.7
<i>Total non-current liabilities</i>		<i>106.6</i>	<i>206.9</i>	<i>135.4</i>
Current liabilities, interest-bearing		134.6	69.4	95.3
Current liabilities, non-interest-bearing		326.9	288.3	324.1
<i>Total current liabilities</i>		<i>461.5</i>	<i>357.7</i>	<i>419.4</i>
<b>Total equity and liabilities</b>		<b>1,305.1</b>	<b>1,313.1</b>	<b>1,306.7</b>
Pledged assets and contingent liabilities	2	See note	See note	See note

## Condensed statements of cash flow

Cybercom Group, SEK million	Note	Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
Cash flow before changes in working capital		-4.5	10.9	-9.4	-8.5	49.4	34.0
Changes in working capital		13.7	-4.5	-13.6	14.7	-13.2	5.0
<b>Cash flow from operating activities</b>		<b>9.2</b>	<b>6.4</b>	<b>-23.0</b>	<b>6.2</b>	<b>36.2</b>	<b>39.0</b>
Investments in tangible and non-tangible fixed assets		-7.1	-13.6	-3.6	-4.0	-28.5	-22.0
Acquisition in subsidiaries/net assets	3	-4.5	-2.3	-4.5	-2.3	-2.3	-4.5
Divestment of subsidiaries	4	-5.4	-	-5.4	-	-	-5.4
Other items		-	-	-	-	0.2	0.2
<b>Cash flow from investing activities</b>		<b>-17.0</b>	<b>-15.9</b>	<b>-13.5</b>	<b>-6.3</b>	<b>-30.6</b>	<b>-31.7</b>
Dividend paid		-	-18.0	-	-18.0	-18.0	-
Borrowings		38.6	18.7	36.6	8.7	32.0	51.9
Amortisation of debt		-26.2	-28.4	-10.8	-1.8	-53.1	-50.9
<b>Cash flow from financing activities</b>		<b>12.4</b>	<b>-27.7</b>	<b>25.8</b>	<b>-11.1</b>	<b>-39.1</b>	<b>1.0</b>
<b>Period's cash flow</b>		<b>4.6</b>	<b>-37.2</b>	<b>-10.7</b>	<b>-11.2</b>	<b>-33.5</b>	<b>8.3</b>
Cash and cash equivalents at period's start		62.4	98.6	76.2	69.6	98.6	60.1
Exchange differences in cash and cash equivalents		-1.8	-1.3	-0.3	1.7	-2.7	-3.2
<b>Cash and cash equivalents at period's end</b>		<b>65.2</b>	<b>60.1</b>	<b>65.2</b>	<b>60.1</b>	<b>62.4</b>	<b>65.2</b>

## Other information

Cybercom Group, SEK million		Jan - Jun 2012	Jan - Jun 2011	Q2 2012	Q2 2011	2011	RTM
<b>Share information</b>							
Earnings per share, SEK		-0.33	-4.51	-0.59	-4.49	-4.00	0.18
Number of shares at period's end, basic and diluted		36,087,899	36,087,899	36,087,899	36,087,899	36,087,899	36,087,899
Average number of shares, basic and diluted		36,087,899	36,087,899	36,087,899	36,087,899	36,087,899	36,087,899
<b>Financial position</b>							
Equity		737.0	748.5	737.0	748.5	930.6	737.0
Equity/assets ratio, %		56.5	57.0	56.5	57.0	61.5	56.5
Equity/share, SEK		20.42	20.74	20.42	20.74	25.79	20.42
Net investments in tangible and non-tangible fixed assets		7.1	13.6	3.6	4.0	20.7	22.0
Cash and cash equivalents		65.2	60.1	65.2	60.1	98.6	65.2
Net debt		153.7	160.2	153.7	160.2	140.6	153.7
<b>Employees</b>							
Number of employees at period's end		1,387	1,695	1,387	1,695	1,564	1,387
Of which are women at period's end, %		20	19	20	19	18	20
Average number of FTEs		1,433	1,631	1,377	1,626	1,577	1,478
Revenue per FTE, kSEK		497	470	245	236	939	965
<b>Key figures</b>							
Operating margin (EBITDA), %		4.1	0.9	0.8	-5.8	4.4	6.1
Operating margin (EBIT), %		0.3	-21.4	-4.9	-43.5	-8.5	2.9
Net margin, %		-1.0	-22.3	-6.2	-44.3	-9.8	1.3



## Operating segments

An operating segment is a part of the group that engages in activities that may generate revenue and incur expenses and for which separate financial information is available. Operating segment results are regularly reviewed by the company's CEO to assess performance and allocate resources to the segment.

### Q2 2012

SEK million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>256.0</b>	<b>53.0</b>	<b>28.0</b>	<b>-0.2</b>	<b>336.8</b>
Sales to other segments	3.1	0.7	4.4	-8.2	-
<b>Operating profit, EBITDA</b>	<b>12.5</b>	<b>-2.6</b>	<b>-4.5</b>	<b>-2.8</b>	<b>2.6</b>
Depreciation, amortisation and impairment loss					-7.5
Capital loss					-11.7
Financial items					-4.4
<b>Loss before tax</b>					<b>-21.0</b>
<b>Number of employees</b>	<b>932</b>	<b>275</b>	<b>157</b>	<b>23</b>	<b>1,387</b>

Group functions include parent company costs of SEK 2.8 million.

### Q2 2011

SEK million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>284.5</b>	<b>65.8</b>	<b>33.3</b>	<b>0.5</b>	<b>384.1</b>
Sales to other segments	1.6	0.8	6.9	-9.3	-
<b>Operating loss, EBITDA</b>	<b>-0.9</b>	<b>-2.5</b>	<b>-7.1</b>	<b>-11.9</b>	<b>-22.4</b>
Depreciation, amortisation and impairment loss					-144.5
Financial items					-3.1
<b>Loss before tax</b>					<b>-170.0</b>
<b>Number of employees</b>	<b>1,006</b>	<b>393</b>	<b>269</b>	<b>27</b>	<b>1,695</b>

Group functions include parent company costs of SEK 12.0 million, of which restructuring costs amount to SEK 6.0 million.

### Jan - Jun 2012

SEK million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>541.3</b>	<b>108.4</b>	<b>63.1</b>	<b>-1.2</b>	<b>711.6</b>
Sales to other segments	7.2	1.3	10.5	-19.0	-
<b>Operating profit, EBITDA</b>	<b>38.7</b>	<b>2.3</b>	<b>-6.1</b>	<b>-6.0</b>	<b>28.9</b>
Depreciation, amortisation and impairment loss					-15.3
Capital loss					-11.7
Financial items					-9.3
<b>Loss before tax</b>					<b>-7.4</b>
<b>Number of employees</b>	<b>932</b>	<b>275</b>	<b>157</b>	<b>23</b>	<b>1,387</b>

Group functions include parent company costs of SEK 6.0 million.

### Jan - Jun 2011

SEK million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>559.4</b>	<b>134.5</b>	<b>71.9</b>	<b>-1.9</b>	<b>766.1</b>
Sales to other segments	4.7	3.2	12.9	-20.8	-
<b>Operating profit, EBITDA</b>	<b>24.9</b>	<b>4.6</b>	<b>-4.5</b>	<b>-17.8</b>	<b>7.2</b>
Depreciation, amortisation and impairment loss					-171.4
Financial items					-6.7
<b>Loss before tax</b>					<b>-170.9</b>
<b>Number of employees</b>	<b>1,006</b>	<b>393</b>	<b>269</b>	<b>27</b>	<b>1,695</b>

Group functions include parent company costs of SEK 17.1 million, of which restructuring costs amount to SEK 6.0 million.

## Note 1 – Accounting policies

The interim report for the group has been prepared in accordance with IAS 34 Interim Reporting. The interim report for the parent company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Reporting. The accounting policies and measurement methods are unchanged from those applied in the most recent annual report.

## Note 2 – Pledged assets and contingent liabilities

In connection with refinancing, the shares in Cybercom Sweden AB were pledged. Consolidated group value of the pledged assets on 30 June 2012 was SEK 643.2 million. See the 2011 Annual Report for more information.

## Note 3 – Purchase of net assets

Under the purchase agreement between Teleca and Cybercom for the acquisition of auSystems, Teleca will receive 50% of the tax effect Cybercom benefits from for tax depreciation on the goodwill from transfer of assets included in the acquisition. In the second quarter SEK 4.5 million (2.3) was paid as part of the remaining consideration.

## Note 4 – Divestment of subsidiary

Cybercom has divested the Chinese operations with about 120 employees with a negative consideration of SEK 1.4 million. The transaction took place through a share transfer, whereby Wicresoft took over all assets, client contracts, employment agreements and other obligations on 6 June 2012. The activities are included in the consolidated financial information until April. See further information under International Segment.

Cybercom Group, SEK million	2012
Cash settled purchase price	-1.4
Sales expenses directly linked to the divestment	-2.9
Settlement internal assets and liabilities	-1.7
<b>Total purchase price</b>	<b>-6.0</b>
Reduction for not yet paid sales expenses	1.7
Cash and cash equivalents in divested subsidiary	-1.1
<b>Effect on cash and cash equivalents from divestment</b>	<b>-5.4</b>

## Note 5 – Tax

The difference between tax recognised in the income statement and tax based on the parent company's current tax rate 26.3%.

Cybercom Group, SEK million	Jan - Jun 2012	Jan - Jun 2011	Jan - Dec 2011
<b>Loss before tax in income statement</b>	<b>-7.4</b>	<b>-170.9</b>	<b>-144.4</b>
Tax as per applicable tax rate for parent company, 26.3%	1.9	44.9	38.0
Tax attributable to prior years	-	0.1	0.4
Tax effect of non-deductible costs	-4.8	-34.2	-33.9
Tax on standard interest rate, tax allocation reserves	-0.1	-0.1	-0.2
Tax effect on unrecognised tax asset	-0.8	-2.6	-3.7
Effect of foreign tax rates	-1.0	-0.1	-0.5
<b>Tax on year's earnings as per income statement</b>	<b>-4.7</b>	<b>8.0</b>	<b>0.2</b>
Effective tax rate	-64.6%	4.7%	0.1%

## Parent company

The operations of the parent company comprise primarily the management of group-wide functions, such as finance, PR and marketing communications, administration and internal systems. At the end of the period, 12 (18) people were employed by the parent company. The average number of employees during the period was 11 (15).

### Condensed income statement - parent company

SEK million	Jan - Jun 2012	Jan - Jun 2011	Jan - Dec 2011
Operating revenue	16.2	13.5	26.2
Operating costs	-27.6	-34.4	-60.3
<b>Operating loss</b>	<b>-11.4</b>	<b>-20.9</b>	<b>-34.1</b>
Financial items	-3.4	-223.4	-196.6
<b>Loss after financial items</b>	<b>-14.8</b>	<b>-244.3</b>	<b>-230.7</b>
Appropriations	-	-	0.4
Tax on year's loss	3.0	4.8	0.1
<b>Year's loss</b>	<b>-11.8</b>	<b>-239.5</b>	<b>-230.2</b>

### Condensed balance sheet - parent company

SEK million	30/06/2012	30/06/2011	31/12/2011
<u>Assets</u>			
Non-current assets	729.0	736.0	731.3
Current assets	29.4	5.5	66.4
<b>Total assets</b>	<b>758.4</b>	<b>741.5</b>	<b>797.7</b>
<u>Equity and liabilities</u>			
Equity	620.8	623.2	632.6
Untaxed reserves	16.5	16.9	16.5
Non-current liabilities	0.7	0.6	0.6
Current liabilities	120.4	100.8	148.0
<b>Total equity and liabilities</b>	<b>758.4</b>	<b>741.5</b>	<b>797.7</b>
Pledged assets and contingent liabilities	-	-	-