DIBS Interim report January – June 2008

DIBS

Payment Services

Secure, simple and innovative payments

Interim report, January 1 – June 30, 2008

DIBS Payment Services is the Nordic region's leading supplier of functional, secure and innovative payment services for trading via the Internet. DIBS manages more than 8, 000 customer transactions on a daily basis and has offices in Stockholm, Gothenburg, Oslo and Copenhagen. DIBS is traded on the First North exchange, with HQ Bank as its Certified Advisor.

Condensed January – June 2008

- Net sales SEK 49,5 M (36,3) + 36%
- Operating profit SEK 11.0 M (9.2) + 20%
- Profit after tax SEK 11.3 M (9.3) + 22%
- Profit after tax per share SEK 1.20 (1.07) + 12%

- Portion of recurring income 90 % (90%)
- Net inflow of customers 978 (881) + 11%
- Customers' collective transaction value SEK 25.6 billion (18.6) + 38%
- Number of customers 8 148 (5 253) + 55%
- EBITDA SEK13.3 M (10.3) + 29%
- EBITDA margin 27% (28%)

Condensed April – June 2008

- Net sales SEK 25.0 M (18.6) + 34%
- Operating profit SEK 5.8 M (5.0) + 16%
- Profit after tax SEK 5.9 M (5.1) + 16%
- Profit after tax per share SEK 0.63 (0.59) + 7%

- Portion of recurring income 90% (91%)
- Net inflow of customers 471 (444) + 6%
- Customers' collective transaction value SEK 13.5 billion (9.5) + 42%
- EBITDA SEK 6.9 M (5.6) + 23%
- EBITDA margin 28% (30%)

"The Nordic e-commerce grew rapidly during the quarter despite lower consumer confidence indicators all over the Nordic region. As the leading provider of Internet payments in the Nordics, DIBS increased its total sales by 34% and increased in profits by 23% corresponding to an EBITDA margin of 28%. DIBS has reported record sales and customer base every quarter since it was listed on First North," says Eric Wallin, CEO of DIBS.

CEO's comments

DIBS is growing rapidly with high profitability and low financial risk

DIBS reports continued steady growth and increasing profits during the second quarter. Sales rose by 34% to SEK 25.0 million and EBITDA by 23% to SEK 6.9 million compared with the year-earlier period. Sales and EBITDA increased compared to the first quarter, even though the rate of increase compared to the preceding year was lower in the second quarter. Cash flow from operating activities remained strong at SEK 4.5 million.

The driving forces behind DIBS' strong growth are our long-term customer relations (90% recurring income), the continued strong development of our customer base (plus 55%) and the e-merchants' increasing trading volumes (plus 42%). With technological leadership and strong customer relations, DIBS has verified its position as the leading provider of Internet payments in the Nordics.

DIBS' business model is based on revenues deriving from a combination of a fixed service fee and a transaction fee. DIBS redirects the payments to the correct receiver but does not act as a financial counterpart and, consequently, DIBS takes no financial risk in the transaction.

DIBS expand in all Nordic countries

DIBS reported record sales and earnings in all the Nordic countries. The Swedish business developed particularly well, with several customers such as Dustin, Elgiganten and Lotus Travel signing for a further Nordic expansion of their businesses.

Our activity in Finland has increased in the form of increased sales efforts in the Finnish market, development of our technical platform to additional Finnish payment methods and launch of our Finnish website.

DIBS' Norwegian business developed better than expected, and the cost synergies following the acquisition have now gained their full impact. In less than three quarters, we managed to execute the integration, increase sales by extending the product portfolio and improving sales efforts, while reducing the costs for technology and administration.

DIBS' Pan-Nordic offering benefits our customers

Becoming the non-disputed leading provider of Internet payments in the Nordics was one of the strategic intentions on which DIBS was founded. Having achieved this position, the company is now reaping the fruits of economy of scale and geographical reach for the benefit of our customers.

The economy of scale in technology and administration enables us to offer a very attractive customer proposition and to spend sufficient resources on continuous product development. Our customers can be confident that we will continue to invest in the payment functionalities they demand for running successful Nordic e-commerce businesses. DIBS also have the resources to comply with necessary security certifications and to achieve a general high technical standard.

Our geographical reach gives us a strong offering for true Pan-Nordic companies. These companies use us as a onestop shop across the entire region for payments within, as well as between, all countries. Likewise, many new e-commerce initiatives are Nordic in scope and looking for a payment provider with matching reach. One example of such functionality is our Dynamic Currency Conversion, which gives card holders the opportunity to choose currency at the time of sale.

Across the Nordic countries, customers display similar but not identical online purchasing behavior. DIBS has responded to this by offering a full range of payment possibilities, providing choice for the merchants. As a result, DIBS has extensive experience across multiple countries, currencies, languages, legal systems, banking infrastructures and system requirements. This makes it easy for us to add even more countries, and it differentiates us from our continental competitors who generally are not as strong as DIBS in the Nordic payment area.

DIBS' recurring income and increased security

DIBS' customer base amounts to 8,148 customers, of whom 471 were added in the quarter, and a large share of our income is recurring. Accordingly, we combine a large new customer inflow with long-term relations and low churn. The first part is driven by our products' immediate customer benefits, the low threshold to integrate our functionality in the customers' existing systems and our active sales force in all countries. The long-term relations are deepened continuously by means of increasingly integrated functionality, such as systems for fraud-prevention and tools for reconciliation.

Due to the growth in transaction volumes and increased requirements concerning security standards, DIBS has signed an agreement with Fujitsu/ Siemens as hosting partner for DIBS' technical platform. The agreement will strengthen our technical capacity, increase our technical scalability and comply with any enhancement of security standards for the future. During the second quarter, DIBS achieved a renewal of the PCI-DSS (Payment Card Industry - Data Security Standard) certificate from Mastercard and VISA.

DIBS has a unique position in a growing market

DIBS' e-commerce index, which was published in May, showed that 46% of the consumers expected to continue to increase their Internet purchases and that 85% of the merchants expected online sales to increase. A similar belief in e-commerce has been reflected in DIBS' earlier e-commerce indexes and, quarter after quarter, the expectations are realized as the number of transactions continues to grow. Total trade volumes are growing even faster calculated in SEK, since consumers are increasingly also going online for durables and thus increasing the average purchase amount. DIBS' e-commerce index show that consumers are looking for convenience, purchasing experience and price.The fastest growth can be expected (according to DIBS' e-commerce index) within "media and entertainment," "travel," and "home electronics." DIBS has substantial exposure to all these growth segments.

DIBS has reported record sales and customer base every quarter since it was listed on First North. The second quarter was no exception.

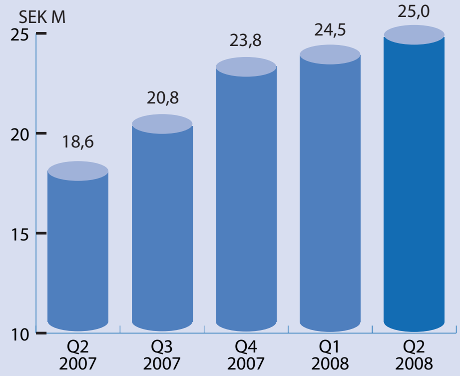
We have several growth opportunities via a broadened product portfolio and possible acquisitions. Based on our strong market position in a growing market, I view DIBS' continued development as very positive.

Stockholm, August 13, 2008

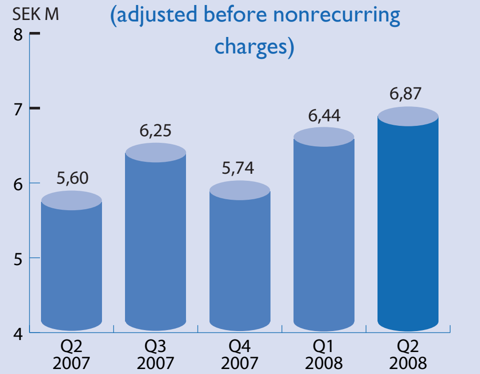
Eric Wallin, CEO

Comments on the report period

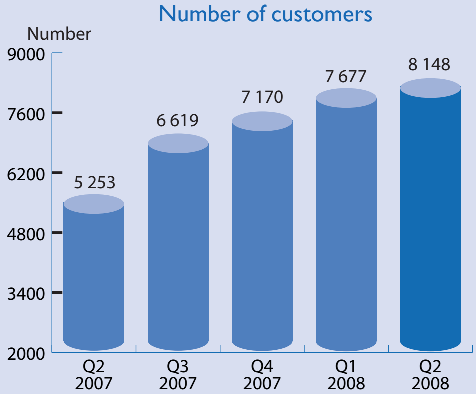
Sales in SEK M



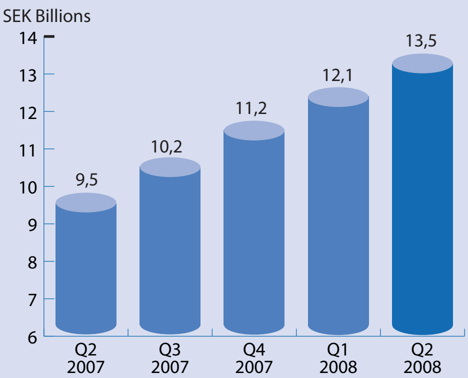
Operating profit before depreciation in SEK M (adjusted before nonrecurring charges)



Number of customers



Shops e-commerce volume in SEK billions



January - June 2008

Net sales for the period amounted to SEK 49.5 M, up 36% compared with the year-earlier period. Second quarter sales amounted to SEK 25.0 M. The portion of recurring income amounted to 90% of total income, corresponding to SEK 44.5 M, distributed as 58% subscription income and 32% transaction income.

Net sales per geographic market

Country	Sales 2008 Jan-June	Sales 2007	As a % 2008 Jan-June	As a % 2007
Sweden	24 670	43 119	50%	53%
Denmark	18 662	32 575	38%	40%
Norway	6 175	5 244	12%	6%
Total	49 507	80 938	100%	100%

EBITDA for the period amounted to SEK 13.3 M, up 29% compared with the year-earlier period.

Operating profit amounted to SEK 11.3 M. Since the company applies Swedish accounting principles, operating profit was negatively affected by goodwill amortization totaling SEK 0.8 M.

Operating expenses totaled SEK 19.3 M for the second quarter, maintaining the cost synergies in Norwegian acquisitions and flat development in operating expenses in general. Personnel expenses amounted to 62%.

The net inflow of customers totaled 978 (881), up 11% compared with the year-earlier period.

Liquidity and investments

The Group's cash assets amounted to SEK 50.5 M (46.2). Cash flow from operating activities for the second quarter totaled SEK 4.5 M (5.0) and SEK 8.4 M (5.9) for the entire period. The equity/assets ratio was 76% (83) at the end of the period.

The Group's investments pertain primarily to the purchase of hardware and software. During the second quarter, investments amounted to SEK 0.4 M.

Shareholders' equity

The Group's shareholders' equity at the end of the period amounted to SEK 86.8 M. In total, shareholders' equity increased by SEK 11.3 M during the period.

Employees

At the end of the second quarter, the number of employees totaled 56 (45)(30 employees in sales, support and marketing, 17 in operations and technical development and 9 in management, administration and accounting).

Tax

For the period and for the second quarter, the effective tax rate was approximately 12%. After adjustment for deferred tax assets, the Group had approximately SEK 20 M in non-capitalized loss carryforwards at the end of the period.

Outlook

DIBS is successfully adding customers and they are continuing to grow their e-commerce businesses. This process is fuelled by structural transformation in terms of purchasing behavior, whereby consumers increasingly go online for shopping.

The ongoing migration from offline to online shopping is in its infancy and has potential to continue for many years to come. As revealed by DIBS' e-commerce index, 46% of the Nordic consumers are planning to increase their online purchases in the near future. In Sweden, for instance, consumers spend less than 5% of their total disposable income online, which indicates the potential of online shopping.

However, an overall weaker economic situation could affect the number of new merchants connecting to DIBS. To date, we have had no such indications.

As the leading provider of Internet payments in the Nordics, DIBS has achieved rapid and profitable growth. DIBS is continuously pursuing several growth opportunities; for instance, via a broadened product portfolio and possible acquisitions.

Based on DIBS' market position and the strong growth in the e-commerce market, the company is expected to continue its positive development.

Consolidated income statement (summary)

(SEK 000s)	2008 April-June	2007 April-June	2008 Jan-June	2007 Jan-June	2007 Jan-Dec
Net Sales	**24 984**	**18 561**	**49 507**	**36 332**	**80 938**
Operating expenses					
Other external expenses	- 6 044	- 3 995	- 12 381	- 8 594	-19 901
Personnel costs	- 12 064	- 8 970	- 23 803	- 17 443	- 40 052
Depreciation	- 1 126	- 561	- 2 355	- 1 076	- 3 006
Other operating expenses	-	- 9	-	- 9	-
Operating profit	**5 750**	**5 026**	**10 968**	**9 208**	**17 979**
Net interest income and similar items	162	116	312	131	514
Profit after financial items	**5 912**	**5 142**	**11 280**	**9 339**	**18 493**
Tax on profit for the period	-	-	0	0	2 394
Profit for the period [1]	**5 912**	**5 142**	**11 280**	**9 339**	**20 887**
Earnings per share, SEK	0.63	0.59	1.20	1.07	2.31
Earnings per share after dilution, SEK [1]	0.62	-	1.19	-	2. 29
Average number of shares, thousands	9 400	8 782	9 400	8 703	9 041
Average number of shares after dilutions, thousands	9 484	-	9 484	-	9 119

[1] (VWAP) for the full-year is calculated during the listing period, June 18 – December 31, 2007.

Consolidated balance sheet (summary)

(SEK 000s)	2008 30 June	2007 30 June	2007 31 December
Intagible fixed assets	23 573	832	24 947
Tangible fixed assets	3 323	3 529	3 806
Financial fixed assets	295	295	295
Deferred tax assets	20 009	12 959	19 057
Total fixed assets	**47 200**	**17 615**	**48 105**
Current receivables	7 721	5 878	7 039
Other current receivables	8 808	6 741	7 813
Cash and bank	50 464	46 226	42 591
Total current assets	**66 993**	**58 845**	**57 443**
Total assets	**114 193**	**76 460**	**105 548**
Shareholders' equity	86 758	63 743	75 484
Deferred tax liabilities	1 507	-	1 627
Long-term liabilities	10 300	-	12 000
Current liabilities	15 628	12 717	16 437
Total shareholders' equity and liabilities	**114 193**	**76 460**	**105 548**

Consolidated cash-flow statement (summary)

(SEK 000s)	2008 April-June	2007 April-June	2008 Jan-June	2007 Jan-June	2007 Jan-Dec
Cash flow from operating activities before change in working capital	**6 805**	**5 702**	**13 138**	**10 415**	**19 041**
Increase (-)/ Decrease (+) of operating recievables	-625	-2 383	-1 677	-3 358	-4 356
Increase (-)/ Decrease (+) of operating liabilities	-1 710	1 660	-3 104	-1 134	-671
Cash flow from operating activities	**4 470**	**4 979**	**8 357**	**5 923**	**14 014**
Investing activities [1]	-209	-653	-501	-1 678	-25 442
Financing activities[2]	-	19 771	-	23 691	35 802
Cash flow for the period	**4 261**	**24 097**	**7 856**	**27 936**	**24 374**
Cash and cash equivalents at the beginning of the period	46 248	22 100	42 591	18 317	18 317
Exchange-rate difference	-45	30	17	-27	-100
Cash and cash equivalents at the end of the period	**50 464**	**46 227**	**50 464**	**46 226**	**42 591**

1)Including purchase consideration for companies of 23,998 of which a cash balance of 1,1800 for the full-year 2007.

2) Of which, new share issue accounted for 23,802 and external borrowing for 12,000 for full year 2007.

Consolidated key ratio

	2008 April-June	2007 April-June	2008 Jan-June	2007 Jan-June	2007 Jan-Dec
Sales growth, %	35	21	36	22	30
Operating margin, %	23	27	22	25	22
Profit margin, %	24	28	23	26	26
Equity/assets ratio, %	76	83	76	83	72

Change in shareholders' equity for the Group

(SEK 000s)	2008 April-June	2007 April-June	2008 Jan-June	2007 Jan-June	2006 Jan-Dec
Shareholders' equity at the beginning of the period	80 692	38 809	75 484	30 647	30 647
New share issue	-	19 771	-	23 691	23 802
Other settlements	154	21	-6	66	148
Net profit for the period	**5 912**	**5 142**	**11 280**	**9 339**	**20 887**
Shareholders' equity at the end of the period	**86 758**	**63 743**	**86 758**	**63 743**	**75 484**

Consolidated data per share

(SEK 000s)	2008 April-June	2007 April-June	2008 Jan-June	2007 Jan-June	2007 Jan-Dec
Earnings per share, SEK	0.63	0.59	1.20	1.07	2.31
Shareholders' equity per share, SEK	9.22	6.78	9.22	6.78	8.03
Numbers of share on closing day	9 400 000	9 390 300	9 400 000	9 390 300	9 400 000
Average number of shares in the period	9 483 940	8 782 143	9 483 940	8 702 661	9 040 852

Consolidated quarterly data

	Year	Q1	Q2	Q3	Q4	Full-year
Net sales (SEK M)	**2008**	**24.52**	**24.98**			
	2007	17.77	18.56	20.85	23.76	80.94
EBITDA (SEK M)[1)]	**2008**	**6.44**	**6.88**			
	2007	4.70	5.60	6.25	5.74	22.29
EBITDA margin[1)]	**2008**	**26**	**28**			
	2007	26	30	30	24	28
Operating profit (SEK M)[1)]	**2008**	**5.22**	**5.75**			
	2007	4.18	5.04	5.64	4.48	19.28
Earnings per share (SEK)[1)]	**2008**	**0.57**	**0.63**			
	2007	0.49	0.59	0.63	0.74	2.45
Average number of shares (thousands)	**2008**	**9 400**	**9 400**			
	2007	8 623	8 782	9 394	9 400	9 041
Number of employees at the end of the period	**2008**	**55**	**56**			
	2007	44	45	63	56	56

1) Before nonrecurring expenses from the acquisition of Cardia, SEK 1.3 M for the full-year 2007.

Accounting principles

This interim report has been prepared in accordance with the requirements of the Swedish Accounting Standards Board's general recommendations BFNAR 2007:1 "Voluntary Interim Reporting". The principles applied in this report are the same as those described in the 2007 Annual Report.

This report has not been reviewed by the company's auditors.

Stockholm, August 13, 2008

Eric Wallin, CEO

Forthcoming report dates

November 7, 2008: Interim report for the third quarter
February 19, 2009: Year-end report for the 2008 fiscal year

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The original version of the interim report is written in Swedish. In the event of a difference in meaning between the Swedish and the English version, the original Swedish version shall prevail.

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Publicerat 2008-05-14