

## Sigma AB (publ)

Interim report January-March 2009

# Stable earnings and cash flow

January – March 2009

- Sales SEK 318 M (366)
- Operating earnings SEK 22.3 M (24.4)
- Operating margin 7.0% (6.7) <sup>\*)</sup>
- Cash flow SEK 34.4 M (37.7)
- Profit after tax SEK 12.4 M (17.0)
- Earnings per share SEK 0.13 (0.18)

<sup>\*)</sup> Comparison figures for operating costs, earnings and margin are changed compared to the previous year's report in order to correspond to the year's new accounting principle. A description of the new principle can be found at the end of this report.

### Comments from CEO, Håkan Karlsson:

It is with great satisfaction that I can state that the result is stable in a pressed market. This proves that our cost-saving and efficiency measures to meet the market situation have paid off.

The business recession that we are in involves both opportunities and threats. Every day new assignment contracts are being signed and during the first quarter more than ten frame agreements have been finalized. The tendency in the market is that it takes a longer time to assignment as compared with previously. We see that there is an increased focus on projects and activities that make our customers' operations more efficient. We often handle this through delivery models that involve split deliveries from different countries with different cost structures.

Many large consultation purchasers have once again begun to review their purchases and new procurements often indicate that suppliers shall take greater responsibility for customers' total needs. We are proactive in this development and continuously propose new solutions for the customer. Our international presence is an increasingly important competitive advantage.

In connection with the end of the quarter we acquired a small business that focuses on case handling with the largest customer base in the public sector where there are opportunities to increase business volume.

The market is characterized by lower volumes and pressed prices. Some of the temporary price reductions were put into effect at the end of last year, others will gradually take effect during 2009 with full effect as of the second quarter.

Several of Sigma's customers have carried out different action programs with both personnel cutbacks and cost reductions. For that reason, during the last month, we have had more employees between assignments as compared with the beginning of the year.

Sigma has a strong financial position with a satisfactory cash flow and a strong balance sheet. Our operation generates satisfactory value determined on an earnings basis, which is why the write-down of goodwill is not required. The equity/assets ratio is good and we are gradually reducing our already low debt ratio. In addition, access to liquidity is good.

Our diversification between different market segments reduces our risk exposure. One of the largest segments is industry, which in turn includes many underlying segments such as automotive, medical technology and energy.

My assessment is that we will continue to face major challenges due to the current financial climate. We are continuing with our new way of working and are constantly improving our efficiency and cost levels. For example, corporate management and all Presidents in the subsidiaries have frozen their salaries for 2009. Our ambition is to avoid major personnel reductions so that we can achieve growth when the market turns.

I believe that we are well positioned, but at the same time humble in the face of the uncertainty that is prevalent in the consultation market and in our customers' respective markets.

## Trend per segment

The new accounting principles have resulted in a new presentation layout and information regarding segments. The division of segments is the same as the previous year. Only the format is new. The segments that have been classified are business areas, which are at the same level as the management and the board analyzes the business.

Accounting per segment	IT & Management		Information-logistics		Other operations		Eliminations		GROUP TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External revenues	254.2	295.3	59.2	68.9	4.6	2.1	-	-	318.1	366.3
Internal revenues	5.7	2.8	2.6	4.7	5.5	8.4	-13.8	-13.8	-	-
Total revenues	260.0	298.1	61.8	73.6	10.1	10.5	-13.8	-15.9	318.1	366.3
<b>Operating earnings</b>	22.0	27.7	3.7	2.5	-3.5	-5.7	-	-	22.3	24.4
Operating margin	8.5 %	9.3 %	6.0 %	3.3 %					7.0 %	6.7 %
Net financial income/expense									-1.4	-1.3
Taxes									-8.5	-6.2
Earnings after tax									12.4	17.0
<b>Number of employees at the end of the period</b>	<b>741</b>	<b>802</b>	<b>408</b>	<b>476</b>	<b>9</b>	<b>13</b>			<b>1 158</b>	<b>1 292</b>
Segment-accounted assets	562.5	607.2	138.2	161.6	253.8	251.2	-320.5	-243.1	634.0	776.9
Segment-accounted liabilities	379.7	395.8	51.7	64.7	39.3	32.9	-249.7	-243.1	221.0	250.4

## Comments on business trends

### Group

The first quarter shows a margin somewhat better than the same period the previous year. Total invoicing is 13% lower but efficiency measures and cost savings are compensating for the downturn in invoicing. The reduced level of invoicing is due to both liquidations during 2008 and prevailing market conditions.

### Business area, IT & Management

Sales have dropped by SEK 45 M. The margin has not been affected to the same extent since unprofitable units were discontinued earlier and major cost savings measures have been implemented. The lower sales figures are due to both price and volume reductions and the fact that more personnel are between assignments since several of the major customers have closed their projects. At the same time, new contracts are being signed, both large and small, every day. The percentage of commitment assignments in the business area is increasing.

### Business area, Information Logistics

The business area, Information logistics, showed a better margin as compared to the previous year. During the period, 11 employees with a specific focus on the automotive industry were given notice of termination and terminated. The costs for this are included in the reported earnings.

At the end of the period several major assignment contracts were finalized, which will start to be coordinated and delivered from several countries during the second quarter.

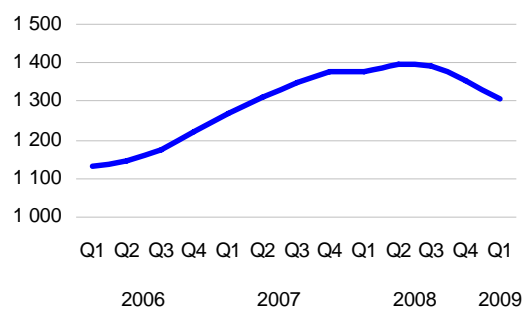
Agreements regarding the new service concept, Doc Factory®, have been finalized. Several existing

customers are also evaluating the concept for future implementation.

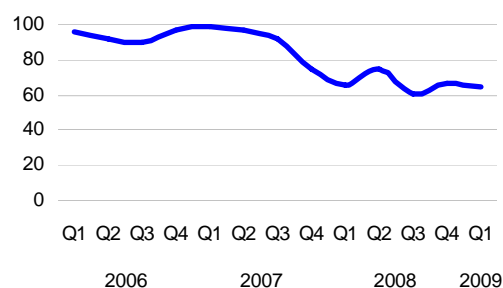
### Long-term trend

Major investments in new markets were made in 2006 and 2007. During 2008, several unprofitable units were liquidated. Efficiency programs that were initiated in 2008 have now taken effect and the result curve is stabilizing despite a lower level of invoicing.

### Invoicing – annual rate, SEK M:



### Operating earnings – annual rate, SEK M:



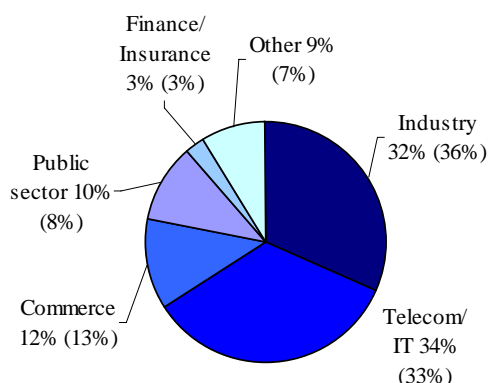
In the profit chart above, goodwill write-downs of SEK 50.4 M in 2007 and tender costs of SEK 3.9 M in 2008 have been excluded.

## Distribution of invoicing

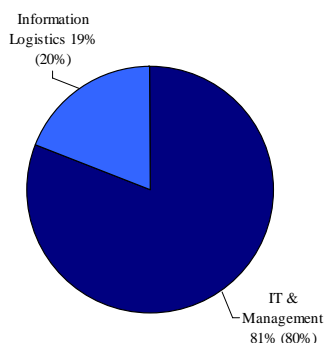
Sweden accounts for 92% (89) of invoicing. The remaining countries, the Ukraine, England, Hungary, Finland and China, account for between 1 and 3%.

Fixed-price assignments represent 8% (8) of the share of invoicing. The single largest customer for the Group accounts for less than 10% (10) of the Group's invoicing.

## Major distribution among different market segments



## IT & Management makes up the largest share



## Sales and earnings

Invoicing was SEK 48 M lower than the previous year, corresponding to 13%, primarily due to sales and liquidations of unprofitable units. The number of days in the first quarter was the same as compared with 2008. Each day represents a little more than SEK 4 M in invoicing.

Costs have also been reduced by 13% and operating profit/loss for the period was SEK 22.3 M (24.4) with an operating margin of 7.0% (6.7%).

Net financial income/expense totaled SEK -1.4 M (-1.3). The reported tax expense was SEK 8.5 M (-6.2) and consists largely of payable tax.

## Liquid funds and financial position

Cash flow from current operations after interest and tax was SEK 34.4 M (37.7) for the period. No major investments were carried out and interest-bearing net

debt has been reduced to SEK 30.0 M (78.8) from SEK 66.6 M at year-end.

Available liquidity at the end of the period totaled SEK 101.4 M (63.6), which at year-end was SEK 52.0 M.

Conditions for credit that have been signed with banks in regard to the equity/assets ratio and interest coverage ratio have been met by a good margin.

## The Group's goals

In February, new goals for the Group were announced within the main areas, Profitability, Market and Delivery.

**Profitability** – The goal for 2009 is that Sigma's profitability shall exceed the market's relative growth. No result for the first quarter of 2009 is available yet, but for the fourth quarter 2008, Sigma moved up two places among IT companies. A quarterly analysis by Ernst & Young has been used as source material.

**Market:** The market goal for 2009 is that our 50 largest customers will constitute 85% of sales. The result for the first quarter was that the 50 largest customers accounted for 83% of sales. For the entire year, 2008, the same percentage was 81%.

**Delivery** – The goal for 2009 is that assignments shall account for at least 35% of invoicing. The result for the first quarter was a percentage of 25% in assignments. For the entire year, 2008, the same percentage was 22%. The goal was not met during the quarter but the figure is higher than the previous year and new orders will raise the percentage during the year.

## Investments and consolidation effects

Total capitalized investments during the period amounted to SEK 0.7 M (2.3). No acquisitions were made.

Direct expensed investments amounted to SEK 2.0 M (2.8). Internal work on concept development has also been expensed directly.

### Investments SEK M period (preceding year)

Goodwill	-	-
Capitalized development expenditure	-	(0.3)
Other intangible fixed assets	-	(0.3)
Tangible fixed assets	0.7	(1.7)
<b>Total investments</b>	<b>0.7</b>	<b>(2.3)</b>

## Personnel

The number of employees at the end of the period totaled 1,157 (1,292) and the average for the period was 1,187 (1,330).

The reduction in the number of employees is largely due to those measures that were implemented during 2008. During the current year, 11 people have been laid off as a group in addition to individual cutbacks. At the same time, a total of 35 people have been recruited and 47 people have left the company on their own initiative.

The number of employees in countries with lower cost levels such as Hungary, the Ukraine, India and China make up 15% of the total number of employees.

The majority of the employees are graduate engineers, economists, system analysts or similar and the average age approximately 36. The gender distribution in the Group is 71% men and 29% women.

### Risks and uncertainties

The Group and parent company's risk profile is described in the Annual Report for the previous year. No general changes in the risk profile occurred, apart from the fact that a weakening of business conditions could have an adverse impact on the Group. The Group's profitability is primarily affected by factors such as hourly fees and the degree of invoicing.

It is the assessment of the Board of Directors that the company's liquidity will survive a downturn in the business cycle with the current capital structure.

### Events after the end of the reporting period

At the beginning of April, the assets and liabilities of a smaller consulting unit with 6 employees was acquired. The purchase price, including maximal supplementary purchase price, totaled SEK 1.8 M.

### Transactions with associated parties

No transactions have been made with associated parties during the period.

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### Future reporting dates

- Interim report, 6 months (Q2) 2009
- Interim report, 9 months (Q3) 2009
- Year-end report, 12 months (Q4) 2009

### Outlook for 2009

The business cycle's affect on our customers makes our outlook difficult to assess.

Sigma's strategy is to focus on sales work, especially in regard to commitment assignments and to simultaneously maintain the business volume with a temporary lower margin. Our ambition is to avoid large personnel reductions so that we can profit by growth once the market turns. It has been assessed that the combination of increased project assignments and gradual efficiency measures will strengthen Sigma's competitiveness.

As stated earlier, Sigma does not report any forecast figures.

Göteborg, April 28, 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*  
CEO

This report has not been audited by the company's auditor.

This report can be ordered from the company or be downloaded from Sigma's website [www.sigma.se](http://www.sigma.se)

Sigma is listed on the OMX Nordic Exchange, Stockholm, Small Cap.

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.

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July 17, 2009  
October 29, 2009  
February 5, 2010

### Consolidated income statement, SEK M

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Revenues	318.1	366.3	1,354.7
Other operating revenues,	0.1	0.4	5.8
Goods for resale and subcontractors	-62.6	-73.8	-275.2
Gross profit	255.6	292.9	1,085.3
Personnel and other expenses	-229.9	-264.7	-1,005.4
Depreciation/amortization and impairments *)	-3.0	-2.7	-12.8
Share in the profits of associated companies	-0.5	-1.0	0.0
<b>Operating earnings</b>	<b>22.3</b>	<b>24.4</b>	<b>67.1</b>
<i>Operating margin, %</i>	<i>7.0</i>	<i>6.7</i>	<i>5.0</i>
Interest income and similar items	1.6	0.8	6.5
Interest expense and similar items	-3.0	-2.1	-12.6
<b>Earnings after financial items</b>	<b>20.9</b>	<b>23.2</b>	<b>61.0</b>
Taxes	-8.5	-6.2	-22.1
<b>Earnings for the period</b>	<b>12.4</b>	<b>17.0</b>	<b>38.9</b>
Earnings for the period attributable to owners in parent company	12.9	16.4	38.5
Minority share	-0.5	0.6	0.4
Sum	12.4	17.0	38.9

) Comparative amounts are adjusted compared to last years report for personnel and other expenses, to match this year new accounting principle. A description of the new principle can be found in the end of this report.

### Report of the consolidated total result, SEK M

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Earnings for the period – as above	12.4	17.0	38.9
Exchange rate differences at revaluation of foreign units.	-1.1	0.5	-2.2
<b>Sum other total earnings</b>	<b>-1.1</b>	<b>0.5</b>	<b>-2.2</b>
<b>SUM TOTAL EARNINGS FOR THE PERIOD</b>	<b>11.3</b>	<b>17.5</b>	<b>36.7</b>
Total earnings attributable to owners in parent company	11.9	16.9	38.8
Minority share	-0.6	0.6	-2.1
Average number of shares	86,746,471	86,746,471	86,746,471
Total Earnings per share, before and after full dilution	0.13	0.18	0.42

### Report of the consolidated cash-flow statement, SEK M

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Cash flow from operations	24.4	26.2	91.4
Changes in working capital	13.7	21.1	-7.6
Paid interest and tax	-3.6	-9.6	-24.3
<b>Cash flow from current operations</b>	<b>34.4</b>	<b>37.7</b>	<b>59.5</b>
Investment operations	0.0	0.3	13.0
Financial operations	-35.3	-36.4	-66.9
<b>Change in liquid funds</b>	<b>-0.9</b>	<b>1.7</b>	<b>5.6</b>

## Report of the consolidated financial position, SEK M

	31 Mar 2009	31 Mar 2008	31 Dec 2008
<b>Assets</b>			
Tangible fixed assets	14.2	17.9	14.7
Goodwill	286.9	285.7	289.1
Other intangible fixed assets	10.6	13.5	12.5
Financial fixed assets, non-interest bearing	12.9	28.5	13.1
Financial fixed assets, interest bearing	-	12.7	-
Current assets, interest bearing	0.0	0.6	0.0
Current assets, non-interest bearing	339.8	368.8	373.7
Liquid funds (cash and bank balances)	11.8	8.8	12.8
<b>Total assets</b>	<b>676.2</b>	<b>736.5</b>	<b>715.9</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity *)	386.2	369.8	374.8
Long-term liabilities, interest-bearing	-	0.1	-
Long-term liabilities and provisions, non-interest bearing	24.9	18.5	25.4
Current liabilities, interest-bearing	41.8	100.7	79.4
Current liabilities and provisions, non-interest bearing	223.3	247.4	236.3
<b>Total shareholders' equity and liabilities</b>	<b>676.2</b>	<b>736.5</b>	<b>715.9</b>

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

## Report over change in consolidated equity, SEK M

	Share capital	Other contri- buted capital	Retained earnings	Revalu- ation of foreign units	Sum	Minority share	Total equity
<b>Opening balance January 1 2008</b>	<b>86.7</b>	<b>60.2</b>	<b>204.0</b>	<b>-2.6</b>	<b>348.3</b>	<b>4.5</b>	<b>352.8</b>
Dividend	-	-	-14.8	-	-14.8	-	-14.8
Change in minority share	-	-	-3.6	-	-3.6	3.6	-
Total earnings for the period	-	-	38.5	0.5	39.0	-2.1	36.9
<b>Closing balance December 31 2008</b>	<b>86.7</b>	<b>60.2</b>	<b>224.1</b>	<b>-2.1</b>	<b>368.9</b>	<b>6.0</b>	<b>374.9</b>
Total earnings for the period	-	-	12.9	-1.0	11.9	-0.6	11.3
<b>Closing balance March 31 2009</b>	<b>86.7</b>	<b>60.2</b>	<b>237.0</b>	<b>-3.1</b>	<b>380.8</b>	<b>5.4</b>	<b>386.2</b>

## Key ratios Sigma Group

	31 Mar 2009	31 Mar 2008	31 Dec 2008
Number of employees at the end of the period	1,158	1,292	1,191
Average number of employees	1,187	1,330	1,273
Net sales per employee, SEK 000s	268	275	1,069
Added value per employee	190	190	725
Return on capital employed, %	5.4	5.2	15.6
Return on shareholders' equity, %	3.4	5.1	10.6
Interest-bearing net cash/net debt, SEK M	-30.0	-78.8	-66.6
Net debt/equity ratio, %	-7.8	-21.4	-17.8
Acid test ratio, times (overdraft facility classified as long- Equity/assets ratio, %	1.6	1.5	1.6
	57.1	50.2	52.4
Gross margin, %	7.9	7.4	5.9
Operating margin, %	7.0	6.7	5.0
Profit margin, %	3.9	4.6	4.5
Number of shares at the end of the period	86,746,471	86,746,471	86,746,471
Average number of shares	86,746,471	86,746,471	86,746,471
Earnings per share after full tax, SEK	0.13	0.18	0.42
Shareholders' equity per share, SEK	4.45	4.29	4.32

### Income statement Parent Company, SEK M

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Revenues	8.5	8.6	36.4
Goods for resale/subcontractors	-4.5	-1.6	-9.2
Gross profit	4.0	7.0	27.1
Personnel- and other expenses *)	-5.6	-8.3	-42.7
Depreciation/amortization and impairment of fixed assets	-0.1	-0.0	-0.2
<b>Operating profit</b>	<b>-1.7</b>	<b>-1.3</b>	<b>-15.8</b>
Earnings from shares in subsidiaries	0.3	-	-13.2
Interest income and similar items	1.7	1.2	6.4
Interest expense and similar items **)	-1.8	-2.0	-11.0
<b>Earnings after financial items</b>	<b>-1.5</b>	<b>-2.1</b>	<b>-33.5</b>
Appropriations	-	-	-17.3
Taxes	-	-	8.5
<b>Earnings for the period</b>	<b>-1.5</b>	<b>-2.1</b>	<b>-42.2</b>
Average number of shares	86,746,471	86,746,471	86,746,471
Earnings per share, before and after full dilution	-0.02	-0.03	-0.49

### Condensed balance sheet Parent Company, SEK M

	31 Mar 2009	31 Mar 2008	31 Dec 2008
<b>Assets</b>			
Tangible fixed assets	0.6	0.5	0.5
Financial fixed assets	205.6	213.6	205.7
Current assets	339.2	307.6	403.8
<b>Total assets</b>	<b>545.4</b>	<b>521.7</b>	<b>610.0</b>
<b>Shareholders' equity, provisions and liabilities</b>			
Shareholders' equity	350.6	342.0	352.1
Untaxed reserves	47.4	30.1	47.4
Provisions	15.6	10.1	16.4
Other long-term liabilities	131.9	139.5	194.1
Current liabilities	<b>545.4</b>	<b>521.7</b>	<b>610.0</b>

### 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 Parent Company, and the Annual Accounts Act and RFR 2.1 Reporting for legal entities. The principles and calculation methods that have been used are the same as those used in the latest Annual Report with the following exceptions. Applicable accounting principles have been described in the annual report for 2008, note 3.

As of 2009, a new accrual accounting method regarding salary expenses has been applied. The previous principle was that the current monthly salary was reported regardless of the number of worked hours in a month. The new principle means that a calculated annual cost per individual is accrued at the same rate as worked hours. With the new principle, costs are settled relative to revenues regardless of the number of working days in a month or a quarter. On an annual basis, the same costs are reported as previously. The comparative figures for 2008 have been adjusted.

The update of IAS 1, Formulation of financial reports, has been implemented with new designations in the financial reports, and in part, their content. In addition, IFRS 8 – segment accounting, has been changed in regard to layout and level of detail. There is no difference in the segment as compared with previous years. The same accounting principles are used in segment accounting as in other accounting.

#### Seasonal fluctuations

The company's earnings are affected by slightly less than SEK 4 M per business day, all other factors being unchanged. Where various holidays fall during the year affects earnings between the quarters. The Easter holidays may fall in the first or second quarter. The latter part of the second quarter is also affected by the summer vacation period, resulting in reduced invoicing. However, the largest vacation effect appears in the third quarter. Where the Christmas holidays fall in regard to different weekdays affects the number of working days in the fourth quarter as employees take a certain number of vacation days in connection with the Christmas holidays. Due to the new principle for the accounting of salary expenses, earnings are affected by around SEK 1 M per working day compared with SEK 4 M in invoicing.

### Quarterly trend, Group

	2006				2007				2008				2009				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net sales, SEK M	321	305	253	344	366	351	290	369	366	370	283	335	318				
Operating profit, SEK M	32.4	17.7	14.5	32.7	34.1	15.2	10.3	15.5	23.7	21.6	-6.1	28.0	22.3				
Margin	10.1	5.8	5.7	9.5	9.3	4.3	3.5	4.2	6.5	5.8	-2.2	8.3	7.0				
No. of workdays	64	60	65	63	64	60	65	62	62	62	66	62	62	60	66	63	
Employees/end of period	1,013	1,068	1,107	1,086	1,275	1,303	1,354	1,323	1,292	1,256	1,246	1,191	1,159				
Operation profit means EBITA, that is, before impairment of goodwill.																	