



# eWork Scandinavia AB

## Interim Report January – June 2009

- Somewhat reduced sales compared with the previous year
- Reduced customer demand especially in areas of fluctuating business cycles
- Several new framework agreements signed with major customers both at Nordic level and in eWork's four national Nordic markets

### INTERIM PERIOD (JANUARY – JUNE 2009)

- Net sales amounted to SEK 902.3 (934.8) million.
- Operating profit was SEK 9.9 (22.8) million.
- After-tax profit amounted to SEK 7.8 (17.1) million.
- Cash flow from current operations amounted to SEK -34.5 (13.1) million.
- The operating margin was 1.1 (2.4) per cent.
- Earnings per share after tax amounted to SEK 0.48 (1.03).

### INTERIM PERIOD (APRIL – JUNE 2009)

- Net sales amounted to SEK 429.2 (489.8) million.
- Operating profit was SEK 3.9 (10.7) million.
- After-tax profit amounted to SEK 3.0 (8.4) million.
- Cash flow from current operations amounted to SEK -25.0 (-5.5) million.
- The operating margin was 0.9 (2.2) per cent.
- Earnings per share after tax amounted to SEK 0.19 (0.51).

**eWork** is the leading consultant broker in the Nordic region. We collaborate with specialised small and medium-sized consulting firms and can therefore offer our customers the region's most competent and experienced consultants in most specialised areas, including IT, telecom, technology, and management consultants.

**“A consultant for every customer and a customer for every consultant”**

## Market and business

Given the prevailing conditions in the market and the world around us there was continuing good demand for eWork's services during the first half of 2009. The company's net sales declined by three per cent compared with the corresponding period in 2008. All of the decline relates to pressure on prices, whilst the number of contracted consultants remains stable. Orders received amounted to SEK 950 (1,126) million, a decrease of 15.6 per cent. During the first half of 2009, the company implemented several initiatives aimed at reducing costs, which, it is estimated, will result in an approximate SEK 10 million annual saving for the company, the full impact of which will be felt later on in the second half.

The current market climate has led to many customers examining options for reducing external consultancy costs. As a result of this, during the spring and summer eWork has intensified the work of customising its services and assisting its customers to renegotiate prices with consultants already on assignment. With eWork's help there are many opportunities for reducing administrative costs by 35-55 percent by allowing eWork to take over part of the administrative work of managing consultants.

eWork had an average of 1,415 (1,410) consultants on assignment during the reporting period. Current cost-savings programmes on the part of customers and price reductions of some 10 to 15 per cent affected annual profit and operating margin during the period. Nevertheless, our customer base continues to make positive progress. The number of consultants has declined since it peaked at 1,624 in October 2008 down to 1,374 in June 2009. Most of the decline stems from some few key accounts within the vehicle and telecommunications sectors. During this period, eWork's business with these customers declined by approximately 200 consultants. This decline is a direct consequence of general cutbacks on the part of customers. One positive trend is that in June this year eWork had some 20 customers with more consultants than at the time of the peak in 2008. In addition, the influx of new customers increased significantly during the second quarter compared with the first quarter of 2009. A number of cost-savings projects were implemented during the first half of 2009 to compensate for the declining profits. These projects are intended to enhance the efficiency of the organisation, making it less personnel intensive both through investment in new systems and processes and the adjustment of the labour force.

Framework agreements are an important structural capital for eWork. At present the company has some 100 framework agreements. During the reporting period, eWork continued to extend its range of services and increased its presence with existing and prospective customers in the Nordic region. The company continues its marketing offensive and will boost its presence and visibility during the forthcoming six months. Our work of cultivating the market will put the company in a good position to resume expansion when the economic climate improves and demand starts to rise again.

The influx of new consultants seeking to sell their services through the company continues unabated at the same high rate as previously of approximately 500 consultants a month. Because of the economic downturn the number of applicants per assignment has increased considerably. However, the company has noticed that inquiries being submitted now are more complex and somewhat more difficult to satisfy despite the many consultants offering their services.

A new CEO was appointed for Denmark during the reporting period. Focus will be on achieving the growth and profitability targets set for the Danish company.

For the third year in a row, eWork has been named as one of Sweden's fastest growing companies by Ahrens Rapid Growth in collaboration with the business journal Affärsvärlden. This year, eWork managed to come in seventh with average growth of 82.15 per cent over the last six years.

## **Net sales**

Net sales during the second quarter amounted to SEK 429.2 (489.8) million, a decline of 12.4 per cent. In Sweden, net sales declined by 18 per cent to SEK 311.7 million. In Norway, the decline was eight per cent to SEK 28.9 million and in Denmark sales declined by 26 per cent to SEK 18.8 million. Net sales in Finland increased by 38 per cent to SEK 69.8 million.

## **Profits**

Operating profit during the reporting period amounted to SEK 3.9 (10.7) million. Profit after financial items amounted to SEK 4.0 (11.7) million. The deterioration in profit mainly stems from continued pressure on prices on the part of the company's customers and the fact that personnel and other costs have not been adapted quickly enough to the decline in sales. Since the beginning of the year, the company has been making endeavours to reduce the corporate cost base, and these endeavours will fully feed through to profits for the second half of 2009.

After-tax profit amounted to SEK 3.0 (8.4) million.

## **Financial position**

The equity ratio was 16.8 (14.3) per cent as at 30 June 2009.

Cash flow from current operations for the reporting period amounted to SEK -25.0 (-5.5) million. The large negative cash flow during the reporting period may be ascribed to the fact that a number of customer payments were made at the beginning of July and not at the end of June, which impaired cash flow by some SEK 23 million. As largely all customer invoices fall due at the end of each month, a few days delay can have a major impact on cash flow for a particular period.

The group's net interest-bearing assets amounted to SEK 55.7 (109.8) million at the end of the reporting period.

## **Personnel**

There is still a great deal of competition for qualified labour, and thanks to the success of its business, eWork has managed to recruit qualified personnel.

The group employed an average of 146 (125) persons during the reporting period.

The ration of women to men is 55:45.

## **The Parent Company**

Parent company net sales for the reporting period amounted to SEK 311.7 (382.4) million. Profit before financial items was SEK 2.1 (8.6) million, and after-tax profit amounted to SEK 7.6 (7.3) million. Profit after tax includes a SEK 5.6 million dividend from a subsidiary. At the end of the quarter, the parent company's equity was SEK 68.4 (76.5) million and the equity ratio was 19.1 (15.9) per cent.

## **Significant risks and uncertainty factors**

In general, eWork's significant business risks, both for the group and the parent company, consist of reduced demand for consultancy services, difficulties in attracting and retaining skilled personnel, price risks and, to a smaller extent, credit risks and exchange rate risks.

## Events after the end of the reporting period

There have been no significant events after the end of the reporting period.

## Prospects

It is difficult to predict how the market will develop during the second half of 2009. eWork's structural capital in the form of the many different framework agreements provides ample opportunities to succeed in a dwindling overall market. The company expects its customers to continue implementing cost-cutting measures such as consolidating numbers of suppliers, putting pressure on prices for existing agreements and replacing existing projects with less expensive contracts.

During the second half of the year, several measures are being implemented both in the form of reductions in personnel aimed at reducing the corporate cost base and continued increased development to further enhance the efficiency both of our systems and work methods, and their full impact will be felt during the latter part of the year. In the light of the uncertain market situation, the board of directors has decided to omit profit expectations for 2009. Nevertheless, in the opinion of the board, in the light of the dwindling overall market and cost reduction measures on the part of customers, eWork's 2009 profit will not reach the level achieved in 2008.

## Forthcoming reports

10 November 2009	Interim report January – September 2009
22 February 2010	Year-end report 2009

Stockholm 10 August 2009

Sven Hagströmer  
Chairman of the Board

Jeanette Almberg  
Member of the Board

Magnus Berglind  
Member of the Board

Dan Berlin  
Member of the Board

Staffan Salén  
Member of the Board

Erik Törnberg  
Member of the Board

Claes Ruthberg  
CEO and Member of the Board

The present interim report has not been scrutinised by eWork Scandinavia's auditors.

## Addresses and contact details

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*or*

*Ulf Henning, CFO, eWork Scandinavia AB, +46 8 50 60 55 00*

## Overall consolidated results (a report) - highlights

SEK '000	Note	Apr–June 2009	Apr–June 2008	Jan–June 2009	Jan–June 2008
	2				
<b>Operating income</b>					
Net sales		429,242	489,844	902,304	934,846
Other operating income		821	376	1,350	479
<b>Total operating income</b>		430,063	490,220	903,654	935,325
Cost of goods sold		-389,812	-444,338	-822,416	-847,750
<b>Gross profit</b>		40,251	45,882	81,238	87,575
<b>Operating costs</b>					
Other external costs		-9,566	-8,124	-16,606	-16,534
Personnel costs		-26,576	-26,923	-54,366	-48,113
Depreciation and impairment of tangible fixed assets and intangible non-current assets		-199	-119	-373	-156
<b>Total operating costs</b>		-36,341	-35,166	-71,345	-64,803
<b>Operating profit</b>		3,910	10,716	9,893	22,771
<b>Profit from financial items</b>					
Net financials		137	940	633	939
<b>Net financials</b>		137	940	633	939
<b>Profit/loss after financial items</b>		4,047	11,656	10,526	23,710
Tax on profit for the period		-1,057	-3,248	-2,767	-6,612
<b>Profit for the period</b>		2,990	8,408	7,759	17,098
<b>Other total profit</b>					
Translation differences for the period for the translation of foreign operations		121	7	156	11
<b>Other total profit for the period</b>		121	7	156	11
<b>Overall total profit for the period</b>		3,111	8,415	7,915	17,109
<b>Earnings per share</b>					
before dilution (SEK)		0.19	0.51	0.48	1.03
after dilution (SEK)		0.18	0.50	0.47	1.02
Number of outstanding shares at the end of the reporting period <sup>6</sup>					
before dilution (in thousands)		16,724	16,655	16,724	16,656
after dilution (in thousands)		16,906	16,781	16,906	16,781
Average number of outstanding shares <sup>6</sup>					
before dilution (in thousands)		16,724	15,789	16,724	15,789
after dilution (in thousands)		16,906	15,956	16,906	15,914
Number of own shares at the end of the reporting period <sup>6</sup>		0	0	0	0
Average number of own shares <sup>6</sup>		0	0	0	0

## Report on the consolidated financial position (highlights)

SEK '000	Note	30 June 2009	31 Dec 2008	30 June 2008
<b>Assets</b>				
<b>Fixed assets</b>				
Intangible non-current assets		2,738	2,447	126
Tangible fixed assets		832	899	1,034
<b>Financial fixed assets</b>				
Long-term receivables		410	419	407
Deferred tax receivables		2,910	2,103	802
<b>Total financial fixed assets</b>		<b>3,320</b>	<b>2,523</b>	<b>1,209</b>
<b>Total fixed assets</b>		<b>6,890</b>	<b>5,868</b>	<b>2,369</b>
<b>Current assets</b>				
Accounts receivable		383,406	400,364	399,831
Prepayments and accrued income		10,626	989	13,451
Other receivables		6,875	1,066	1,053
Cash and cash equivalents		55,735	109,765	100,956
<b>Total current assets</b>		<b>456,642</b>	<b>512,182</b>	<b>515,291</b>
<b>Total assets</b>		<b>463,533</b>	<b>518,052</b>	<b>517,660</b>
<b>Equity</b>	4			
Share capital		2,174	2,174	2,165
Other contributed capital		54,776	54,776	53,924
Reserves		285	285	285
Retained earnings including profit for the period		20,780	31,262	17,667
<b>Equity attributable to the parent company's owners</b>		<b>78,015</b>	<b>88,497</b>	<b>74,041</b>
<b>Total equity</b>		<b>78,015</b>	<b>88,497</b>	<b>74,041</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable		350,217	373,169	392,261
Tax liabilities		2,852	11,756	10,434
Other liabilities		10,156	24,365	21,938
Accruals and deferred income		22,293	20,265	18,986
<b>Total current liabilities</b>		<b>385,518</b>	<b>429,555</b>	<b>443,619</b>
<b>Total liabilities</b>		<b>385,518</b>	<b>429,555</b>	<b>443,619</b>
<b>Total liabilities and equity</b>		<b>463,533</b>	<b>518,052</b>	<b>517,660</b>

## Report on changes in consolidated equity (highlights)

SEK '000

	Share capital	Other contributed capital	Translation reserve	Retained earnings including annual profit	Total equity
Opening equity 01-01-2008	1,963	9,003	285	38,932	50,183
Overall total profit for the period				17,109	17,109
Dividends				-38,321	-38,321
New share issue	169	49,231			49,400
Bonus issue	77			-77	0
Buyback/sale of own shares	-44			24	-20
Issue expenses		-4,310			-4,310
Closing equity 30-06-2008	2,165	53,924	285	17,667	74,041
Opening equity 01-07-2008	2,165	53,924	285	17,667	74,041
Overall total profit for the period				13,595	13,595
Issue expenses		-519			-519
Warrants exercised by personnel	9	1,371			1,380
Closing equity 31-12-2008	2,174	54,776	285	31,262	88,497
Opening equity 01-01-2009	2,174	54,776	285	31,262	88,497
Overall total profit for the period				7,915	7,915
Dividends				-18,397	-18,397
Closing equity 30-06-2009	2,174	54,776	285	20,780	78,015



## Report on the consolidated cash flow (highlights)

SEK '000

	Apr-June 2009	Apr-June 2008	Jan-June 2009	Jan-June 2008
<b>Current operations</b>				
Pre-tax profit	4,047	11,656	10,526	23,710
Adjustments for items not included in the cash flow.	283		1	156
Tax paid	-1,488	-1,917	-11,692	-3,632
<b>Cash flow from operations before changes in working capital</b>	<b>2,842</b>	<b>9,895</b>	<b>-1,164</b>	<b>20,235</b>
<b>Cash flow from changes in net working capital</b>				
Increase(-)/reduction(+) of current receivables	1,979	-65,102	3,779	-103,540
Increase(+)/reduction(-) of current liabilities	-29,814	49,679	-37,142	96,415
<b>Cash flow from operations</b>	<b>-24,993</b>	<b>-5,528</b>	<b>-34,528</b>	<b>13,110</b>
<b>Investment business</b>				
Acquisition of tangible fixed assets		-221	-48	-256
Acquisition of non-current assets	-543	-126	-543	-126
Acquisition of financial assets	-575	-641	-811	-641
<b>Cash flow from investment business</b>	<b>-1,118</b>	<b>-988</b>	<b>-1,402</b>	<b>-1,023</b>
<b>Financing business</b>				
New share issue		45,186		45,186
Dividend distributed to the parent company's owners	-18,397	-38,389	-18,397	-38,389
<b>Cash flow from financing business</b>	<b>-18,397</b>	<b>6,797</b>	<b>-18,397</b>	<b>6,797</b>
Cash flow for the period	-44,508	281	-54,326	18,884
Cash and cash equivalents - opening	100,584	100,567	109,765	82,002
Exchange rate differences in cash and cash equivalents	-341	108	296	70
<b>Cash and cash equivalents - closing</b>	<b>55,735</b>	<b>100,956</b>	<b>55,735</b>	<b>100,956</b>

## Key ratios

	Q2 2009	Q1 2009	Q2 2008	Q1 2008	Full year 2008
Sales growth	-14.1%	6.0%	78.0%	80.0%	39.0%
Operating margin	0.9%	1.3%	2.2%	2.7%	2.1%
Return on equity	5.2%	6.9%	14.2%	20.6%	43.0%
Equity ratio	16.8%	18.3%	14.3%	13.0%	17.1%
Cash liquidity	118%	121%	116%	114%	119%
Average number of employees	146	150	125	112	128
Sales per employee	2,940	3,154	3,232	3,974	14,734

## The parent company's income statement - highlights

SEK '000

Note  
3

	Apr-June 2009	Apr-June 2008	Jan-June 2009	Jan-June 2008
<b>Operating income</b>				
Net sales	311,731	382,368	653,140	727,643
Other operating income	724	376	1,254	479
<b>Total operating income</b>	<b>312,455</b>	<b>382,744</b>	<b>654,393</b>	<b>728,122</b>
Cost of goods sold	-282,258	-348,228	-598,566	-662,936
<b>Gross profit</b>	<b>30,197</b>	<b>34,516</b>	<b>55,827</b>	<b>65,186</b>
Other external costs	-8,375	-5,519	-11,357	-11,527
Personnel costs	-19,517	-20,326	-38,818	-36,241
Depreciation and impairment of tangible fixed assets and intangible non-current assets	-157	-63	-292	-63
Other operating costs				
<b>Operating costs</b>	<b>-28,049</b>	<b>-25,908</b>	<b>-50,467</b>	<b>-47,831</b>
<b>Operating profit</b>	<b>2,148</b>	<b>8,608</b>	<b>5,360</b>	<b>17,355</b>
<i>Profit from financial items:</i>				
Profit/loss from participations in group companies	5,588		5,588	
Other interest income and similar profit/loss items	1,125	1,542	1,443	1,557
Interest expenses and similar profit/loss items	-372	-64	-416	-183
<b>Pre-tax profit</b>	<b>8,489</b>	<b>10,086</b>	<b>11,975</b>	<b>18,729</b>
Tax on profit for the period	-893	-2,801	-1,725	-5,244
<b>Profit for the period</b>	<b>7,596</b>	<b>7,285</b>	<b>10,250</b>	<b>13,485</b>

## The parent company's balance sheet - highlights

SEK '000	Note	30 June 2009	31 Dec 2008	30 June 2008
<b>Assets</b>				
<b>Fixed assets</b>				
Intangible non-current assets		2,738	2,448	126
Tangible fixed assets		362	402	568
Financial fixed assets				
Participations in group companies		2,067	2,067	3,386
Other long-term receivables		51	51	50
<b>Total financial fixed assets</b>		<b>2,118</b>	<b>2,118</b>	<b>3,436</b>
<b>Total fixed assets</b>		<b>5,218</b>	<b>4,968</b>	<b>4,130</b>
<b>Current assets</b>				
Accounts receivable		285,909	298,294	326,977
Receivables from group companies		25,549	20,726	19,765
Other receivables		5,571	345	135
Prepayments and accrued income		10,034	233	3,017
Cash and bank balances		26,282	89,614	79,889
<b>Total current assets</b>		<b>353,345</b>	<b>409,212</b>	<b>426,783</b>
<b>Total assets</b>		<b>358,563</b>	<b>414,180</b>	<b>430,913</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		2,174	2,174	2,165
Reserve fund		6,355	6,355	6,355
<i>Non-restricted equity</i>				
Retained earnings		49,580	47,291	46,468
Profit for the period		10,251	20,687	13,484
<b>Total equity</b>		<b>68,360</b>	<b>76,507</b>	<b>68,472</b>
<b>Current liabilities</b>				
Accounts payable		278,907	299,187	325,810
Other liabilities		11,296	38,406	36,631
<b>Total current liabilities</b>		<b>290,203</b>	<b>337,673</b>	<b>362,441</b>
<b>Total liabilities and equity</b>		<b>358,563</b>	<b>414,180</b>	<b>430,913</b>

## Parent company pledged assets and contingent liabilities

SEK '000	Note	30 June 2009	31 Dec 2008	30 June 2008
<b>Pledged assets</b>		None	None	None
<b>Contingent liabilities</b>		None	None	None



## Notes to the financial reports - highlights

### **Note 1      Applied accounting policy**

The consolidated interim report has been prepared in accordance with IAS 34 Interim financial reports and applicable provisions of the Swedish Company Accounts Act. The interim report for the parent company has been prepared in accordance with section 9 of the Swedish Annual Accounts Act, Interim reporting. In the consolidated and parent company reports the same accounting policies and calculation bases have been used as in the last annual report.

Consolidated financial reports have been prepared in accordance with the IFRS since 1 July 2008. The interim report for the 1 January – 30 June 2009 period has been prepared in accordance with the International Financial Reporting Standards, IFRS, as approved by the EU for application in the EU. The interim report has been prepared in accordance with IAS 34 Interim financial reports and the Swedish Company Accounts Act. Unless otherwise specified below, the same accounting policies as described in the 2008 annual report have been applied. The annual report may be viewed on our website at [www.ework.se](http://www.ework.se).

A change to IAS 1, Design of financial reports, has resulted in certain changes in the way consolidated financial reports are set up and named compared to the method used in previous interim reports. The parent company applies the Swedish Company Accounts Act and RFR 2.2, with the result that in most cases the parent company applies the IFRS as applied in the consolidated reports, but with certain exceptions. The accounting policies applied by the parent company are described in eWork's 2008 annual report, which can be viewed on the eWork website.

### **Note 2      Estimates and assessments**

The preparation of the interim report requires the company management to make estimates and assessments and make assumptions which affect the application of the accounting policies and the recognised amounts with regard to assets, liabilities, earnings and costs. The actual outcome may vary from these estimates and assessments. The assessments and sources of uncertainty about estimates are the same as in the last annual report.



### Note 3 Business segment

	Sweden		Finland		Norway		Denmark		Total remaining	
Group business segments										
SEK '000	Jan-June 2009	Jan-June 2008	Jan-June 2009	Jan-June 2008	Jan-June 2009	Jan-June 2008	Jan-June 2009	Jan-June 2008	Jan-June 2009	Jan-June 2008
Income from customers	654,393	728,121	143,859	96,510	61,018	58,196	44,384	52,497	903,654	935,325
Cost of services sold	-598,566	-662,936	-129,866	-86,617	-54,087	-50,891	-39,897	-47,306	-822,417	-847,750
Personnel and other costs	-50,175	-47,769	-8,903	-6,126	-4,852	-4,324	-7,042	-6,429	-70,972	-6,647
Depreciation	-292	-63	-55	-44	-26	-49	0	0	-373	-156
Segment profit	5,360	17,354	5,035	3,724	2,053	2,931	-2,555	-1,238	9,893	22,771
Financial items, net									633	939
Tax for the period, net									-2,767	-6,612
Other overall profit									156	11
Total consolidated profit									7,915	1,109



Group business segments SEK '000	Sweden April-June 2009	April-June 2008	Finland April-June 2009	April-June 2008	Norway April-June 2009	April-June 2008	Denmark April-June 2009	April-June 2008	Total remaining April-June 2009	April-June 2008
Income from customers	312,455	382,744	69,791	50,523	28,881	31,439	18,937	25,514	430,063	490,220
Cost of services sold	-283,566	-348,228	-63,486	-45,321	-25,664	-27,560	-17,095	-23,229	-389,811	-444,337
Personnel and other costs	-26,585	-25,846	-4,156	-3,145	-1,957	-2,169	-3 445	-3,890	-36,142	-35,048
Depreciation	-158	-63	-32	-31	-9	-25	0	0	-199	-119
Segment profit	2,147	8,608	2,117	2,027	1,250	1,686	-1,603	-1,605	3,910	10,716
Financial items, net									137	940
Tax for the period, net									-1,057	-3,248
Other overall profit									121	7
Total consolidated profit									3,111	8,415

Overheads have not been divided in the above figures. These were charged in their entirety to Sweden. (They amounted to approx SEK 11 million for the reporting period in 2008).

## **Note 4      Equity**

### **Dividend**

The following dividends were decided and distributed on 30 June.

SEK '000

SEK 1.10 per ordinary share (SEK 2.50)

**2009**

18,397

**2008**

38,321

## **Note 5      Related parties**

There were no significant transactions with related parties during the period.