PRESS RELEASE FROM SCRIBONA AB

August 5, 1999

<u>Interim Report for January – June 1999</u>

Scribona consolidates its position as the Nordic leader in e-commerce through an ownership stake in the web design agency Proventum and a cooperation agreement with pcOrder.com, the world's top supplier of electronic commerce solutions.

- Continued weak market for both PC products and document handling equipment, above all in Sweden.
- Sales amounted to MSEK 4,131 (4,219).
- Income before tax was MSEK 36 (218). Income for the corresponding period of last year included a capital gain on units sold of MSEK 167. For the second consecutive quarter, income before tax amounted to MSEK 12 (12).
- Further improvement in the gross margin.

Group structure

After restructuring in 1998, Scribona consists of two business areas with two divisions each. The *Computer Products* business area includes distribution operations in Scribona Computer Products and the sales agency for Toshiba PC. The *Office Machines* business area conducts sales agency operations for both Scribona Office Machines and Carl Lamm, with their vertically integrated sales channels for document handling products from Toshiba and Ricoh, respectively. All divisions work on a Nordic basis, apart from Carl Lamm, which is a Swedish operation. Scribona Computer Products is also active in the Baltic countries and the St. Petersburg area.

The market

Declining demand for both PC and document handling products in our market areas continued into the second quarter. According to preliminary statistics, PC deliveries in the Nordic countries during the second quarter were on par with the preceding year, after showing growth of more than 10% in the first quarter.

In Sweden, the number of PCs fell by around 30%, mainly due to the large volume of staff PC purchases in the second quarter of 1998. The Nordic volume has been bolstered by substantial PC deliveries for staff purchases in Norway and continued strong demand in Finland.

Demand for copiers and faxes decreased by a further 10-15%, roughly equivalent to the first quarter of the year.

The falling trend in 1999 is following the same pattern as in other geographic markets in northern Europe. Market prospects for the remainder of the year are difficult to assess, but we do not anticipate any significant rise in demand during the second half of the year.

It is increasingly obvious that 1999 must be regarded as a transitional year after the robust growth in 1998. However, market forecasts for the year 2000 are more favorable. An improved business climate and the market's pent-up need for upgrades and new investments in IT equipment should generate rising demand.

Sales and income

The Group's sales amounted to MSEK 4,131 (4,219). For comparable units and in comparable currencies, sales decreased by 8%. However, the previous year's sales included deliveries of staff PCs amounting to around MSEK 600, which was not matched in the current year. Adjusted for staff PC deliveries, the Group's sales increased by 3%. Streamlining of the wholesale product range in the Computer Products business area has also contributed to lower sales growth.

Operating income before items affecting comparability amounted to MSEK 32 (43). Second quarter income was on a level with the preceding year.

Installation of the business system ASW was completed during the second quarter. The MSEK 25 provision for future implementation costs in the 1997 accounts has been utilized in full. Additional costs of the same type amounting to MSEK 11 arose during the second quarter. Together with a provision of MSEK 7 for post-installation modifications in the third quarter, these are reported as items affecting comparability. Income of MSEK 13 from earlier VAT disputes is also reported under this heading. Utilization of an MSEK 8 reserve for financial expenses related to these VAT disputes is reported under net financial items.

Net financial items amounted to MSEK 9 (8) and income before tax was MSEK 36 (218). The preceding year's income included capital gains on units sold of MSEK 167.

Cash flow and financial position

The Scribona Group's cash flow during the first half of the year amounted to MSEK -172 (-373) and consolidated net investments totaled MSEK -40 (-75).

Net financial capital as per June 30 was MSEK -376 (175).

In May, a cash dividend of SEK 5 per share (10.50), or a total of MSEK 171 (360), was distributed to the shareholders.

Key ratios

Earnings per share for the first half of the year amounted to SEK 0.79 (5.81), or SEK 0.89 (0.93) excluding items affecting comparability. Earnings per share for the past 12-month period, excluding items affecting comparability, totaled SEK 3.73.

Shareholders' equity per share at the end of the period was SEK 20.74 (22.72).

Return on shareholders' equity for the past 12-month period amounted to 14.1 % (32.0 % for the full year 1998) and to 15.9 % (14.5 % for the full year 1998) excluding items affecting comparability.

Return on capital employed for the past 12-month period was 12.4 % (37.7% for the full year 1998) and 14.0 % (18.3 % for the full year 1998) excluding items affecting comparability.

The equity ratio at mid-year was 29.8 % (31.8 %).

Development by business area

Computer Products

Scribona is one of the Nordic leaders in e-commerce. These operations have attained considerable scope, particularly in Scribona Computer Products' distribution operations where approximately 30% of sales, corresponding to SEK 2.5 billion on an annual basis, are registered electronically. More than half of these sales are made via web-based applications, and the recent investment in the Danish web design agency Proventum should be seen against this background. Scribona's web solutions have been developed in collaboration with Proventum.

The recently signed agreement with pcOrder.com, the world's top supplier of web-based e-commerce solutions, is bolstering profitability and strengthening Scribona's position as the Nordic leader in electronic commerce. The agreement gives Scribona access to an application that facilitates all configuration of PCs, enabling Scribona to perform its own configuration and offer configuration to both resellers and end-users most cost-effectively than before. Other advantages include simplified buying for resellers and customers, improved customer relations, increased revenue and lower costs.

Sluggish demand and a lower volume of staff PC purchases meant that second quarter sales were not on par with the corresponding period of last year, at MSEK 1,727 (1,981). However, adjusted for sales and acquisitions and staff PC purchases, sales growth of 8% was reported in the second quarter. Sales for the first half of the year amounted to MSEK 3,530 (3,632) and the corresponding adjusted sales increase to 2%. The business area's underlying sales growth, after the above adjustments, was thus somewhat higher in the second quarter.

The new business concept launched last autumn, with a focus on volume sales and value-added distribution, is doing well, particularly in Sweden. This has generated continued improvement in the gross margin. Slimming of the product range, which is part of the new concept, has led to a slight decrease in sales compared with the preceding year.

Operating income amounted to MSEK 23 (23). Income in distribution operations improved compared with the preceding year, while the Toshiba PC agency suffered a slight decrease in income resulting from limited delivery capacity on the part of the supplier.

Office Machines

Despite lower market demand, sales were maintained at the preceding year's level and amounted to MSEK 586 (590). For comparable units, this represented an increase of 2%. Stagnating sales have mainly affected Scribona Office Machines. Most of Toshiba's new range of digital products has been launched on the market and is being well received, although substantial deliveries will not be made until the third quarter. Carl Lamm is enjoying continued success with Ricoh's products and showed an increase in sales compared with the previous year. Operating income amounted to MSEK 20 (29).

Year 2000

Efforts to ensure that internal systems, as well as products distributed by Group companies, are year 2000-compliant were largely completed during the second quarter. Mechanical and manual testing of business critical systems was carried out and the few shortcomings that were found have been corrected. Testing of local and global networks, as well as servers and PCs, has been completed and any identified problems have been remedied. Year 2000-compliance statements have been obtained from suppliers of embedded systems and quality evaluations have been carried out.

Statements certifying that the marketed products are year 2000-compliant have been obtained from the suppliers and information is being distributed to customers and resellers via the respective Group companies' web servers.

Personnel

The number of employees as per June 30 was 1,396 (1,427).

Sales and acquisitions

During the past quarter, 40% of the shares in Denmark’s largest web design agency Proventum A/S were acquired.

In addition, training operations in Scribona Education Center were sold to Informator Training Group as part of the ongoing streamlining of Scribona Computer Products’ distribution business.

This report has not been examined by the Company´s auditors.

Örjan Håkanson
President and CEO

For additional information, please contact:
Örjan Håkanson, President, tel +46-8-734 35 76
Lennart Bernard, Head of Economy and Finance, tel +46-8-734 36 91

SCRIBONA – INTERIM REPORT AS OF JUNE 30, 1999

Summary Consolidated Income Statement

SEK m.	1999 Jan-June	1998 Jan-June	1999 April-June	1998 April-June	1998/99 July-June	1998 Jan-Dec
Total income	**4,131**	**4,219**	**2,012**	**2,260**	**8,792**	**8,880**
Operating expenses						
Goods for resale	-3,534	-3,664	-1,721	-1,985	-7,558	-7,688
Other external costs	-213	-199	-100	-106	-408	-394
Staff costs	-311	-281	-161	-145	-607	-577
Depreciation, goodwill	-9	-6	-4	-3	-17	-14
Depreciation, inventories	-23	-20	-12	-10	-45	-42
Other operating expenses	-9	-6	-3	1	-21	-18
Items affecting comparability						
Gain on the sale of operations	-	167	-	-3	-11	156
Costs for implementation of IT-systems, utilization of reserves etc.	-5	-	-5	-	-5	-
Income before net financial items	**27**	**210**	**6**	**9**	**120**	**303**
Net financial items	9	8	6	3	23	22
Income before tax	**36**	**218**	**12**	**12**	**143**	**325**
Tax	-9	-19	-3	-8	-29	-39
Minority interests	-	-	-	-	-1	-1
Income after tax	**27**	**199**	**9**	**4**	**113**	**285**

Summary Consolidated Balance Sheet

SEK m.	1999 June	1999 March	1998 Dec	1998 Sept	1998 June
Intangible fixed assets	76	82	88	77	78
Tangible fixed assets	175	159	158	147	145
Other fixed assets	36	38	33	26	37
Inventories	711	915	968	703	630
Current operating receivables	1,375	1,477	1,692	1,315	1,212
Financial assets	12	18	154	64	345
Total assets	**2,385**	**2,689**	**3,093**	**2,332**	**2,447**
Shareholders´ equity	710	872	854	780	778
Minority interests	-	1	1	-	-
Provisions	47	54	63	64	99
Long-term operating liabilities	9	8	9	10	24
Current operating liabilities	1,231	1,557	2,013	1,309	1,376
Financial liabilities	388	197	153	169	170
Total liabilities and Shareholders´ equity	**2,385**	**2,689**	**3,093**	**2,332**	**2,447**
Capital employed	1,086	1,052	854	885	603
Net financial capital	-376	-179	1	-105	175

SCRIBONA – INTERIM REPORT AS OF JUNE 30, 1999

Sales by Business Area

SEK m.	1999 Jan-June	1998 Jan-June	1999 April-June	1998 April-June	1998/99 July-June	1998 Jan-Dec
Computer Products	3,530	3,632	1,727	1,981	7,621	7,723
Office Machines	586	590	282	280	1,154	1,158
Total business areas	**4,116**	**4,222**	**2,009**	**2,261**	**8,775**	**8,881**
Other	15	-3	3	-1	17	-1
Total	**4,131**	**4,219**	**2,012**	**2,260**	**8,792**	**8,880**

Results Before Items Affecting Comparability

SEK m.	1999 Jan-June	1998 Jan-June	1999 April-June	1998 April-June	1998/99 July-June	1998 Jan-Dec
Computer Products	23	23	9	8	113	113
Office Machines	20	29	8	11	53	62
Total business areas	**43**	**52**	**17**	**19**	**166**	**175**
Joint Group	-11	-9	-6	-7	-30	-28
Total	**32**	**43**	**11**	**12**	**136**	**147**

Key Figures

	1999 Jan-June	1998 Jan-June	1999 April-June	1998 April-June	1998/99 July-June	1998 Jan-Dec
Operating margin before items affecting comparability	0.8%	1.0%	0.5%	0.5%	1.5%	1.7%
Earnings per share	0.79	5.81	0.26	0.12	3.30	8.32
- excluding items affecting comparability	0.89	0.93	0.37	0.20	3.73	3.77
Shareholders´ equity per share	20.74	22.72			20.74	24.94
Equity/assets ratio	29.8%	31.8%			29.8%	27.6%
Return on capital employed before tax					12.4%	37.7%
- excluding items affecting comparability					14.0%	18.3%
Return on shareholders´ equity after full tax					14.1%	32.0%
- excluding items affecting comparability					15.9%	14.5%
Capital turnover rate					9.1	11.1
Capital employed, average					969	804
Shareholders´ equity, average					804	890
Number of employees end of period	1,396	1,427			1,396	1,428
Number of shares, thousand	34,240	34,240			34,240	34,240

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Cash Flow Statement

SEK m.	1999 Jan-June	1998 Jan-June	1999 April-June	1998 April-June	1998/99 July-June	1998 Jan-Dec
ONGOING OPERATIONS						
Income after financial items	36	218	12	12	143	325
Adjustments for items not included in cash flow, etc.						
Depreciation	32	26	16	13	62	56
	68	**244**	**28**	**25**	**205**	**381**
Paid tax	-15	-6	-5	-	-23	-14
Cash flow from ongoing operations before changes in working capital	**53**	**238**	**23**	**25**	**182**	**367**
Cash flow from changes in working capital						
Changes in inventories	257	290	204	196	-80	-47
Changes in receivables, etc.	361	90	143	-9	-72	-343
Changes in accounts payable - trade	-836	-331	-371	119	-310	195
Cash flow from ongoing operations	**-165**	**287**	**-1**	**331**	**-280**	**172**
INVESTMENT ACTIVITIES						
Acquisitions of tangible and other fixed assets	-41	-75	-25	-59	-90	-124
Sale of equipment	1	-	1	-	1	-
Cash flow from investment activities	**-40**	**-75**	**-24**	**-59**	**-89**	**-124**
FINANCING ACTIVITIES						
Dividend paid	-171	-360	-171	-360	-171	-360
Adjustment pertaining to dividend in Sifo Group	-	-14	-	-14	-12	-26
Change in translation difference	-1	1	-1	1	1	3
Cash flow from financing activities	**-172**	**-373**	**-172**	**-373**	**-182**	**-383**
Cash flow for the period	**-377**	**-161**	**-197**	**-101**	**-551**	**-335**
Net financial capital, opening balance	**1**	**336**	**-179**	**276**	**175**	**336**
Net financial capital, closing balance	**-376**	**175**	**-376**	**175**	**-376**	**1**