

Sigma AB (publ)

Interim report January – June 2004

Sigma increases its full-year forecast

- Sales during the period amounted to SEK 391.9 M (385.4)
- Earnings (EBITA) for the first half of the year were SEK 17.3 M (loss: 2.2), corresponding to a margin of 4.4% (neg: 0.6).
- The loss after financial items amounted to SEK 0.8 M (loss: 22.5) and after tax, to SEK 8.9 M (loss: 21.9). Goodwill amortization is included in the amount with SEK 15.7 M. Earnings per share are a loss of SEK 0.13 (loss: 0.77). Excluding goodwill amortization, the corresponding figure is income of SEK 0.25 per share (loss: 0.24).
- Cash flow from operations amounted to SEK 22.4 M (8.6).
- Sigma is again beginning to expand through the strategic acquisition of RKS and organic growth.
- Increased forecast for 2004: Earnings (EBITA) to exceed SEK 40 M

Acquisition of RKS

On June 30, Sigma acquired 93.8% of the capital and 94.7% of the voting rights in RKS through the public offering it presented in May. The balance sheet for RKS has been consolidated in the present report, while the income statements will be consolidated in Sigma's reporting as of July 1. RKS has been delisted from Stockholmsbörsen (the Stockholm Exchange) and has therefore not produced any interim report for the first half of the year. Instead, a separate section on RKS's performance in the first half of the year has been included in this report.

Sigma extended the period of acceptance for its offer to shareholders in RKS to August 13. During the extended period further shares were received, so that Sigma's total holding amounts to 97.2% of the capital and 97.6% of the voting rights. Sigma has subsequently commenced a program of compulsory purchase of remaining unredeemed shares.

Comment on trends during the first half of 2004

Development was favourable for Sigma, with earnings increases and organic growth. This applies particularly to the IT Solutions business area, which reported an EBITA margin in excess of 5%, compared with losses in prior years. The consolidated earnings (EBITA) for the first half amounted to SEK 17.3 M (neg 2.0). Earnings were charged with a capital loss of SEK 1.9 M and operating losses in discontinued and divested companies totalling SEK 7.5 M. There were no further expenses attributable to these operations. Cash flow was positive with SEK 22.4 M (8.6).

Sigma is again expanding after three years of efficiency enhancement measures. During the second quarter growth was 4%, of which organic growth account for slightly more than 3%. The number of consultants rose by some 20 during the quarter.

The Sigma Kommun & Landsting subsidiary was sold on June 30. The income statement for the first half of the year was included in operations as was the capital loss of SEK 1.9 M that arose from the transaction. Moreover, the Swiss subsidiary, Sigma iFace AG, was liquidated.

Trends by business area

	Sales	Earnings EBITA **)	Margin EBITA %	Employees at closing date ***)
Business Solutions	140.0 (157.6)	5.7 (3.4)	4.1 (2.2)	192 (271)
IT Solutions	180.0 (163.7)	10.0 (-2.1)	5.5 (-1.3)	503 (337)
Information Solutions	76.1 (67.4)	11.6 (5.4)	15.3 (8.1)	158 (144)
Other activities *)	9.3 (11.8)	-10.0 (-8.9)		5 (8)
Eliminations	-13.5 (-15.1)			
TOTAL	391.9 (385.4)	17.3 (-2.2)	4.4 (-0.6)	858 (760)

*) Pertains to divested and terminated operations, including parent company expenses of SEK 6.6 M (4.4). The capital loss of SEK 1.9 M that arose on the sale of companies is included in this earnings figure

**) Earnings/EBITA refers to earnings before goodwill amortization and items affecting comparability. Amortization of intangible assets is included in EBITA.

***) The number of employees increased by 231 through the acquisition of RKS and 7 by IPM and decreased by 58 through the sale of Sigma Kommun & Landsting.

Business Solutions

The Business Systems sector reports a stable development. During the second quarter, the Company acquired an operation focusing on the Movex business system, which has performed well since the acquisition. A small operation was transferred internally to the IT Solutions business area from Business Systems.

The Strategy & Communications sector developed according to plan in both Sweden and Denmark, generating a stable margin. Minor new hiring's were carried out within the sector.

Operational systems for municipal and county government were sold on June 30, as announced in an earlier press release. The operations are characteristically cyclical over the calendar year and report a loss during the first half of the year, which is normal for this type of business. The purpose of the sale was among others to streamline the group toward consulting operations.

IT Solutions

The business area continued to report a margin above 5%, compared with the negative margin in prior years, despite unprofitable operations reporting a loss of SEK 3.6 M, which were phased out. Adjusted for these, the margin for the business area would have been 7.9%. The order situation in late summer and into the autumn is highly favourable and strong earnings are expected to continue. Recruitment is taking place in this area in several communities.

Growth takes place primarily via the larger of Sigma's customers, with which the Group has signed framework agreements. This often occurs through various undertakings involving total functions in the customer companies, a segment that has grown sharply over the past few years.

Most of RKS's operations will be incorporated in this business area, thus considerably expanding the scope of the business area.

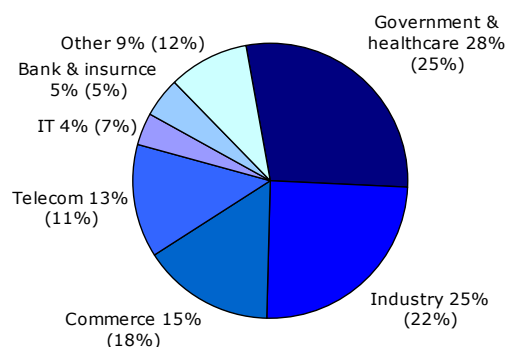
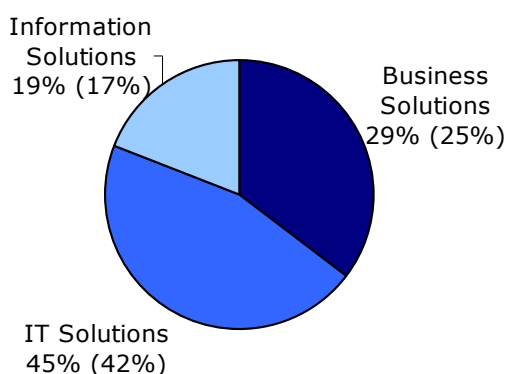
Information Solutions

The operations are expanding and 15 people were recruited since year-end. The EBITA margin has practically doubled compared with the preceding year, to 15%. The operations are characterized by long-term assignments, often involving total functional sourcing, which lend stability to the operations.

Sales breakdown

Companies operating in Sweden carried out most of Sigma's sales, 92%. Denmark had sales amounting to 7% and Switzerland to 1%. Finland had invoicing of less than 1%, ceasing entirely as of the end of the first half. Invoicing in Switzerland will cease altogether during the third quarter.

Approximately 4% of Sigma's sales are to other countries than the country in which the particular company is active. Of invoicing, fixed-price assignments account for approximately 6%. The single largest customer the Group has accounts for approximately 11% of the Group's invoicing. Customers with framework agreements account for approximately 43% of total invoicing.



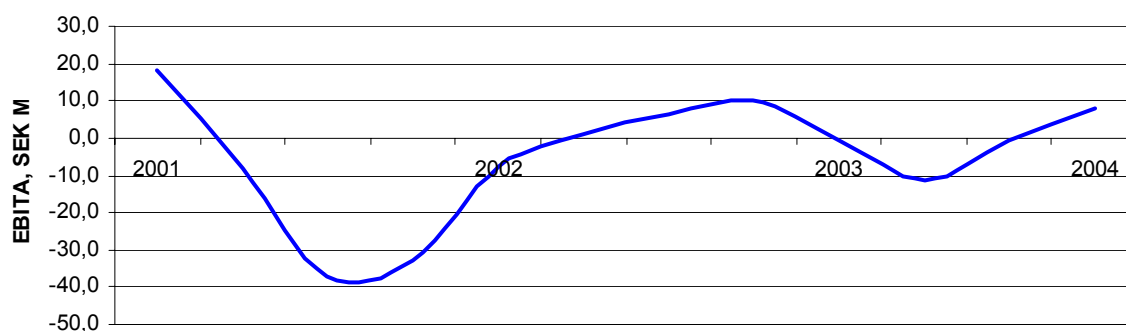
Market trend

The market situation has stabilized over the past year. After the major cut-backs in the industry, demand increased and the supply-demand relationship has stabilized. It is primarily large industrial groups that are expanding their IT projects. This has not had any significant impact on prices to date, but increases are expected. Several framework agreements are renegotiated annually, which has a dampening effect on the pace of change.

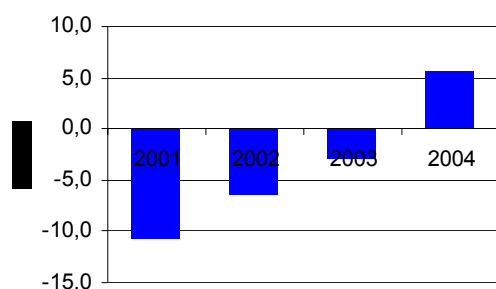
In that the assignments are becoming larger and longer-term, capacity utilization has been positively impacted and there are fewer periods of non-utilization between assignments. The character of assignments, which during a period were focused on projects that enhance the efficiency of the customer's internal processes and which capitalized on investments already made, has changed. Now demand related to earnings-driving IT projects in the form of new development of services and products is again increasing.

Sigma has implemented major changes in the past few years –that are now producing results. Both company divestments and discontinuations have been carried out. Sigma is now expanding again, and two acquisitions were conducted in the first half of the year. The changes was also managed in such a way that Sigma is currently a more streamlined consulting company without substantial in-house software development or hardware sales. Advantum[®] is, however, one of a few internally developed application whose development will continue.

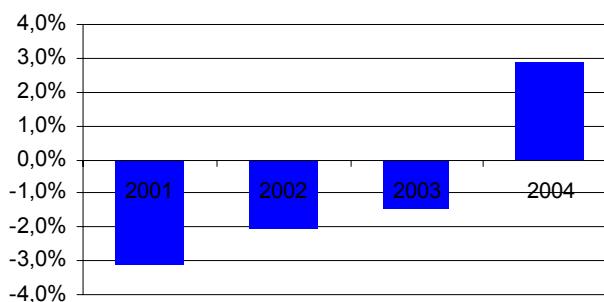
EBITA rolling 12 months



Earnings EBITA second quarter



Margin EBITA second quarter



Sales and earnings January–June

Sales amounted to SEK 391.9 M (385.4). Sales were higher this year despite the fact that operations that have been phased out had invoicing of SEK 18.5 M in the preceding year and the new acquisitions have not begun to impact sales to any appreciable degree. The average number of employees was approximately 100 fewer in 2004 and invoicing per employee was SEK 39,000 higher, corresponding to approximately 9%, than for the corresponding period in the preceding year, adjusted for the invoicing generated by sub consultants which also increased.

During the first half of the year, earnings before goodwill amortization (EBITA) amounted to SEK 17.3 M (loss: 2.2), corresponding to a margin of 4.4% (neg: 0.6). Three Sigma operations have ceased – for example, through divestment. Combined, these operations generated operating losses of SEK 7.5 M. Included in the year's EBITA is the capital loss of SEK 1.9 M resulting from the sale of companies. Accordingly, the remaining operations generated EBITA of SEK 26.7 M during the first half of the year.

Earnings (EBITA) for the second quarter amounted to SEK 5.8 M, including the capital loss that arose of SEK 1.9 M. Earnings (EBITA) in the first quarter was SEK 11.5 M. There were three less working days in the second quarter, which affected earnings adversely by SEK 7.5 M.

Profit before financial items amounted to SEK 1.6 M (loss: 17.2) including the cost of amortization of goodwill, which was SEK 15.7 M (15.0), which did not affect cash flow. Net financial items improved over the preceding year due to a lower net debt and lower interest rates.

The reported tax expense corresponds to the year's deferred tax expense of SEK 4.9 M and adjustment from 2003 of SEK 2.0 M, also pertaining to deferred tax. Sigma has loss carry forwards of about SEK 130 M and, accordingly, taxes will not be paid in the years immediately ahead.

New accounting principles (IFRS) will be applied from 2005, which will affect Sigma's accounts in that goodwill amortization will be abolished. If these rules were applicable already at this time, it would have affected earnings after tax for the first half year positively by about SEK 15 M, corresponding to SEK 0.38 per share.

Forecast 2004

The stable trend and the divestment of loss-generating operations combined with the growth that has occurred through the acquisition of RKS, the trend of earnings has been favourable. Sigma is revising its forecast:

Sigma's previous forecast: Earnings (EBITA) exceeding SEK 30 M

New forecast: Earnings (EBITA) exceeding SEK 40 M.

Liquid funds and financial position

The interest-bearing net debt was SEK 50.1 M (125.3), and at year-end, SEK 95.3 M. Liquidity amounted to SEK 27.5 M (10.3) at the end of the first half of the year. SEK 26.5 M of the net debt pertains from interest bearing receivables arising on the sale of Sigma Kommun & Landsting. During the first half of the year, SEK 24.4 M was paid in previously reserved supplemental purchase amounts. During the new 12 months, it is expected that slightly less than SEK 14 M in additional purchase charges will be paid. They are included in the balance sheet as non-interest-bearing liabilities.

The reported short-term interest-bearing loan debt refers primarily to overdraft facilities. The structure of this credit implies that it must be reported as short-term debt whereas it is intended to be long-term.

Cash flow from operations was positive in an amount of SEK 22.4 M (8.6).

Goodwill and other intangible assets amounted at the end of the quarter to SEK 228.4 M (220.1), of which goodwill amounted to SEK 220.4 M (198.6). The corresponding figures from the most recent year-end were SEK 215.3 M and SEK 178.4 M, respectively. Goodwill amounting to SEK 42 M in addition to the goodwill reported in RKS's own accounts arose from the acquisition of RKS. Assets such as goodwill are valued on a current basis in accordance with the Swedish Financial Accounting Standards Council's RR17 recommendation.

Consolidated shareholders' equity was SEK 234.3 M (157.4), and at year-end, SEK 159.6 M. Total assets amounted to SEK 578.8 M (478.5), and at year-end, to SEK 459.3 M. The equity/assets ratio amounted on June 30 to 41.4% (33.4). Net debt/equity ratio was 21.4% (79.6).

Investments

Total investments in the first half of the year amounted to SEK 58.5 M (20.1) including investments in goodwill from the acquisition of RKS and IPM, which in total amounted to SEK 49.2 M. Tangible assets amounting to SEK 1.9 M (2.4) and intangible assets amounting to SEK 7.4 (17.6), of which SEK 7.3 (8.6) refers to investments in capitalized development expense, were invested in ongoing operations. Most investment in development expenses ceased with the sale of Sigma Kommun & Landsting.

In addition to direct investments above, consolidation of investments in acquired companies adds to the fixed assets with SEK 20.4 M and divested companies reduces the same with SEK 43.6 M.

Investments in computer equipment that are expected to have an economic life shorter than three years are depreciated directly. A total of SEK 4.1 M (3.5) in investments of this type was charged to operating profit.

Personnel

The number of employees at the end of the quarter amounted to 858 (760), of which 238 people were obtained through acquisitions and 72 reduced through divestments. There were 691 employees at year-end. The average number of employees during the first half of the year amounted to 673 (772). Throughout the period, the Group recruited employees steadily in several areas. Excluding acquisitions and divestments number of employees would have been 692, which are 21 more than end of last quarter. This is the first time during three years of efficiency enhancement measures that Sigma is again increasing its workforce.

Most of the employees are civil engineers or the equivalent, and the average age is approximately 37. The gender distribution was 72% men and 28% women.

Parent Company

Sales, most of which took place within the Group, amounted during the year to SEK 7.4 M (9.3). Earnings before net financial items amounted to a loss of SEK 6.6 M (loss: 4.4). Liquid funds amounted to SEK 5.0 M (5.0 M).

During the year, the Parent Company invested SEK 0.0 M (0.4) in tangible assets. The number of employees of the Parent Company was 5 (9), and at the end of the preceding year, 6.

Comments on the performance of RKS in the first half of the year

RKS started the year weakly and its EBITA earnings amounted to a loss of SEK 6.1 M (loss: 2.2) for the first half of the year. The fixed-price project in Denmark have carried out has now been completed, and additional losses should not arise. RKS also focused on developing new concepts in its Business Intelligence segment (that is, decision-support systems).

As a result of the acquisition by Sigma, a number of decisions concerning changes in the organization were postponed, which had an adverse effect on earnings. These changes are implemented after the acquisitions and the related costs comprise part of the restructuring reserve reported in the acquisition value of RKS. After implementation of these changes, approximately SEK 35 M will reduce RKS's cost volume on an annual basis. In the second half of the year, RKS's cost volume is expected to be reduced by approximately SEK 10 M. Full effect of cost savings will occur in 2005. In excess of cost savings, other non-measurable effects will occur such as improved resource utilization, etc. The combined result is that the Sigma Group has had an immediate favourable return from its acquisition of RKS from the acquisition date.

A summary income statement for RKS is shown below.

RKS Group condensed consolidated income statement, SEK M

	Jan- Jun 2004	Jan-Jun 2003	Apr-Jun 2004	Apr-Jun 2003	Jan-Dec 2003
Net sales	104.1	112.5	50.3	54.8	212.9
Operating expenses	-108.9	-112.4	-54.7	-55.9	-206.8
Depreciation, excl. goodwill amortization	-1.3	-2.3	-0.5	-1.2	-4.3
Amortization, goodwill	-1.6	-2.8	-0.8	-1.4	-5.7
Operating profit/loss	-7.7	-5.0	-5.7	-3.7	-3.9
Operating profit/loss before goodwill amortization and items affecting comparability (EBITA), SEK M	-6.1	-2.2	-4.9	-2.3	1.8
Margin (EBITA) %	-5.8	-2.0	-9.7	-4.2	0.8

Condensed consolidated income statement, SEK M (excluding RKS)

	Jan-Jun 2004	Jan-Jun 2003	Apr-Jun 2004	Apr-Jun 2003	Jan-Dec 2003
Net sales	391.9	385.6	199.6	191.8	737.3
Operating expenses	-365.8	-381.9	-189.3	-191.8	-735.5
Depreciation, excl. goodwill amortization	-8.8	-5.9	-4.5	-2.9	-13.2
Amortization, goodwill	-15.7	-15.0	-7.8	-7.7	-30.1
Items affecting comparability *)	-	-	-	-	-11.6
Operating profit/loss	1.6	-17.2	-2.0	-10.6	-53.1
Operating margin, %	0.4	-4.5	-1.0	-5.5	-7.2
Loss from financial investments	-2.4	-5.3	-1.4	-2.0	-9.2
Loss after net financial items	-0.8	-22.5	-3.4	-12.6	-62.3
Profit margin, %	-0.2	-5.8	-1.7	-6.5	-8.4
Minority share	-1.2	-0.4	-0.7	0.1	-2.3
Tax	-6.9	1.1	-1.5	0.4	2.2
Net loss for the period	-8.9	-21.9	-5.6	-12.1	-62.4
Average number of shares	69,420,458	28,332,322	72,277,344	37,734,362	45,819,223
Earnings per share after full tax, SEK	-0.13	-0.77	-0.08	-0.32	-1.36
Earnings per share after full tax, excl goodwill amortizations, SEK	0.25	-0.24	0.03	-0.11	-0.70
Operating profit/loss before goodwill amortization and items affecting comparability (EBITA), SEK M	17.3	-2.2	5.8	-2.8	-11.4
Margin (EBITA) %	4.4	-0.6	2.9	-1.5	-1.5

*) In the year-earlier period items affecting comparability during the current year pertain to the write-down of goodwill and provisions for discontinuation of the Swedish strategy operations and liquidations of subsidiaries.

Condensed consolidated balance sheet, SEK M

	Jun 30 2004*)	Jun 30 2003	Dec 31 2003
Assets			
Intangible fixed assets	228.4	220.1	215.3
Tangible fixed assets	17.3	22.9	19.3
Financial fixed assets, non interest-bearing	44.2	21.7	24.9
Financial fixed assets, interest-bearing	21.5	-	-
Current assets	239.9	203.5	184.9
Liquid funds (cash and bank balances)	27.5	10.3	14.9
Total assets	578.8	478.5	459.3
Shareholders' equity and liabilities			
Shareholders' equity	234.3	157.4	159.5
Minority share in shareholders' equity	5.4	2.4	4.2
Provisions	32.0	8.8	8.5
Long-term liabilities, interest-bearing	0.0	0.0	0.0
Long-term liabilities, non interest-bearing	6.4	-	6.4
Current liabilities, interest-bearing	111.2	135.9	110.1
Current liabilities, non interest-bearing	189.4	174.0	170.6
Assets	578.8	478.5	459.3

*) RKS Balance sheet is consolidated in June 30 2004 accounts.

Condensed consolidated cash flow statement, SEK M

	Jan-Jun 2004	Jan-Jun 2003	Jan-Dec 2003
Cash flow from operations	23.6	-1.5	-6.0
Changes in working capital	-1.2	10.1	10.9
Cash flow from current operations	22.4	8.6	4.9
Investment operations	-87.2	-17.4	-44.8
Financial operations	77.3	3.0	38.7
Change in liquid funds	12.6	-5.8	-1.1

Consolidated change in shareholders' equity, SEK M

	Jan-Jun 2004	Jan-Jun 2003	Jan-Dec 2003
Amount at the beginning of the year	159.5	82.2	82.2
New share issue	83.5	97.2	139.5
Translation differences	0.2	-0.1	0.2
Loss for the period	-8.9	-21.9	-62.4
Amount at the end of period	234.3	157.4	159.5

Key ratios Sigma Group

	2004-06-30	2003-06-30	2003-12-31
Number of employees, end of period	858	760	691
Average number of employees	673	772	744
Net sales per employee, SEK 000s *)	584	499	992
Added value per employee	396	346	665
Return on operating capital, %	0.5	-6.4	-20.8
Return on capital employed, %	0.8	-6.0	-19.8
Return on shareholders' equity, %	-3.9	-17.9	-49.7
Interest-bearing net debt	50.1	125.3	95.3
Net debt/equity ratio, %	21.4	79.6	59.7
Acid test ratio, times, overdraft check classified as long term	1.4	0.9	1.2
Equity/assets ratio, %	41.4	33.4	35.7
Gross margin, %	6.7	0.9	0.3
EBITA% (before items affecting comparability)	4.4	-0.6	-1.5
Operating margin, %	0.4	-4.5	-7.2
Profit margin, %	-0.2	-5.8	-8.4
Number of shares, end of period	83,704,885	56,790,846	66,563,573
Average number of shares	69,420,458	28,332,322	45,819,223
Earnings per share after full tax, SEK	-0.13	-0.77	-1.36
Earnings per share after full tax, excl goodwill amortizations, SEK	0.25	-0.24	-0.70
Shareholders' equity per share, SEK	2.80	2.77	2.40

Quarterly trend

	2001				2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales, SEK M	375	346	294	390	316	316	249	234	194	192	153	199	192	200		
Profit/loss EBITA*, SEK	24,4	-10,7	-24,3	2,6	-4,9	-6,4	1,0	11,1	0,6	-2,8	-9,3	0,1	11,5	5,8		
No. of working days, approximate	63,5	59,0	65,0	62,0	62,0	60,0	66,0	61,0	63,0	59,0	66,0	62,0	63,0	60,0	66,0	64,0
No. of employees at end of period	1288	1308	1302	1236	1141	1091	873	802	780	760	735	691	671	858		

* Profit/loss before amortization of goodwill and items affecting comparability

Accounting principles

The same accounting principles and methods of calculation were used in this interim report as in the latest annual report, with the additions described below. This interim report was prepared in accordance with the recommendations and statements issued by the Swedish Financial Accounting Standards Council.

No new principles have been applied this year.

The new accounting principles that will be applied from 2005 in accordance with IFRS (International Financial Reporting Standards) mean that comparative figures for 2004 will be restated. The new accounting principles will affect Sigma's accounts in that goodwill amortization will be abolished, which will have a significantly favourable effect on net earnings for the year. Earnings may also be affected by the changed principle regarding pension commitments. This change cannot be currently valued since our insurer, Alecta, is unable to disclose information at the present time, although information will be available at the end of the year.

Forthcoming report dates

- Nine-month interim report (Q3) 2004
- Year-end report, 12 months (Q4) 2004

October 27, 2004
February 11, 2005

Gothenburg August 20, 2004

Sigma AB (publ)

(Corporate reg. No. 556347-5440)

Board of Directors

The company's auditors have not audited this interim report.

The report can be ordered from the Company or downloaded from Sigma's website at www.sigma.se.

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This document is essentially a translation of the Swedish Interim Report. In the event of any differences between this translation and the original Swedish document, the Swedish document shall prevail.

Sigma in brief

Sigma supplies IT solutions and consulting services to development-intensive customers. Operations are conducted in entrepreneurial niche companies organized in the Business Solutions, IT Solutions and Information Solutions business areas. The Group has about 700 employees with subsidiaries in Sweden, Denmark, Finland and Switzerland. Sigma is listed on Stockholmsbörsen's O List. www.sigma.se

Business Solutions is active in the following three areas of operations. Business systems provides consulting services and complete business systems, as well as e-commerce solutions. Strategy & Communications is active in strategy consulting in Sweden and Denmark, communications services in brand profiling and financial information.

IT Solutions is active primarily in the system administration of various applications and systems. The business area's services cover a wide spectrum and include preliminary studies, project management, the development and administration of various IT systems and different types of system integration. The area also includes Sigma's service for business-oriented systems management. The companies in the business area operate in very close proximity to the customer, in long-term relationships in local markets in Sweden, Denmark.

Information Solutions' main operations are Information Design, which focuses on advanced services used to structure and develop user documentation, and the development of information solutions for complex products and systems. Operations are characterized by long-term functional undertakings. The business area also includes the advantum® document-handling system. Customers with advantum® operating within the pharmaceutical and defense industries, which impose highly stringent requirements on document handling processes, as well as within more traditional operations, such as other areas of industry and municipalities.