

Adera AB (publ)

Interim Report

Six months ended June 30, 2000

- **Consulting revenue increased by 117%, to SEK 116 M, in the second quarter, compared with revenue in the second quarter of 1999. Consulting revenue in the second quarter of 2000 was 55% higher than in the first quarter.**
- **The EBITA margin in the second quarter improved by 6.5 percentage points, to minus 4.8%, compared with the first quarter this year. Adera incurred a loss of SEK 5.5 M before amortisation of goodwill and items affecting comparability (EBITA) in the second quarter.**
- **Consulting revenue per consultant increased by 17% in the second quarter compared with first-quarter results. Consulting revenue per consultant in the second quarter amounted to SEK 1,277 thousand on an annual basis.**
- **The number of employees as of June 30 was 547, an increase of 227 during the first six months of the year. Including announced acquisitions, the number of employees was more than 600.**
- **Six new companies were acquired and letters of intent pertaining to additional acquisitions have been signed.**
- **Intensified investments in the excellence centre Mobile Business Services have been made.**

"Many exciting developments have taken place in terms of our Client Portfolio" comments CEO Jörgen Ericsson. "We have worked closely with a large number of clients -- including Wallenius Wilhelmsen Lines, ESAB, Swedish Match and SCA -- to jointly define their eBusiness strategies. We have received very favourable evaluations and letters of recommendations from several customers. During the second quarter we have secured clients like Heineken, RTL (The Holland Media Group), Pharmaplaza and Papyrus.

"Adera expanded substantially during the second quarter", Jörgen Ericsson says. "We have made six acquisitions and have signed a number of important letters of intent during the past half-year. We have established ourselves solidly in the Benelux countries through the acquisition of HCM. There have been two types of acquisitions: geographical expansion as well as strategic, customer-driven complementary acquisitions that have been made in order to be able to offer our customers the full suite of services."

The activities involving mobile services were intensified during the second quarter. At the present time approximately 25 employees are working in Adera's excellence centre for mobile services and mobile technical systems (Mobile Business Services). Adera has created state of the art mobile services solutions for customers such as Scandic Hotels, IC Tech, Telia Investor Relations, MobiGolf and the Värmland County Council.

Adera has been able to proceed with the many new acquisitions faster than expected. This has involved comprehensive integration programs that have had a negative impact on profitability in the second quarter. However, investments in the integration of skills and employees are necessary in order for the new units to become part of the Adera Group rapidly and in an efficient manner. The establishment of a strong unit in Mobile Business Services has resulted in costs for development and market activities. The investments in expansion and mobile services are, however, essential for an innovative and integrated consulting company, such as Adera, in order to offer competitive services to multinational companies.

Innovative and integrated customer assignments

Many of the existing customer relationships were strengthened during the second quarter and a number of new customers were added. Adera's customer base consists largely of "traditional" companies that wish to take advantage of the new opportunities offered by the new economy. Fewer than 10% of Adera's assignments involve so-called dotcom companies. As an example, Adera implemented a strategic Web project for Strålfors during the last quarter and were responsible for system development and redesign of the Papyrus Company website. Adera built Nyman & Schultz's website for commercial travellers, which won the "Guldknappen"-award as the best commercial-travel site. Adera also signed a long-term agreement with Wallenius Wilhelmsen Lines covering eBusiness services. Following are brief descriptions of some successful projects that are under way or which have been completed successfully by aiming for and achieving superior quality standards.

ESAB -- eBusiness strategy and 21 websites in 19 different countries

During the spring, in association with the company, Adera developed a long-term eBusiness strategy for ESAB (the world's largest supplier of welding equipment). This strategy, which covers a period of three years, resulted in an aggressive implementation plan enabling ESAB to develop its Internet services to further strengthen its business operations to the greatest possible extent.

Up to now Adera has built and delivered 11 websites, in local languages, in nine European countries. Ten additional websites, some of which are multilingual, will be delivered in ten countries during the autumn.

Telia -- closer co-operation

During the spring of 2000, and within the framework of a general agreement, Adera received an assignment to develop the telia.se and telia.com websites based on Telia's new brand name strategy. The assignment also included preparing a "re-profiling" campaign that is integrated with Telia's other media programs.

According to Telia, Adera exceeded expectations in terms of both quality and on-time performance. This has resulted in strengthening the confidence in Adera and the company was asked to produce Telia's Investor Relations website as a direct result. The website has been designed to meet the needs of shareholders as well as securities analysts and others in the financial market.

Adera and Telia have worked together on web solutions since 1995. As a result of its participation in many projects, and its efforts to create innovative solutions that strengthen Telia's operations, Adera has developed a very fine relationship with the company. The work on telia.se and telia.com was conducted from Adera's offices in Stockholm and Gothenburg.

Pharmaplaza -- a common customer for Adera in Germany, Holland and Sweden

Adera's offices in Munich and Amsterdam have jointly commenced work with Pharmaplaza, a Dutch company whose objective is to become Europe's leading on-line health centre and pharmacy.

During the spring Adera's offices in Munich and Amsterdam started to design Pharmaplaza's website, produce marketing strategies and supply IT systems. During the next phase Adera's office in Stockholm will also be involved in order to supply Pharmaplaza with highly localised service.

RTL -- severe international competition

"The Holland Media Group", better known as RTL, is Holland's largest media company in the field of radio and television broadcasting. Adera was assigned to strategically develop, produce and maintain RTL's portal for all stations in Holland. The assignment was obtained through bidding in severe international competition. Work was started in April and transmission of the first release will begin in September this year. The project is one of the most prestigious and talked about projects in Holland this year.

Contract with Heineken

During the summer, Heineken -- the world's second-largest producer of beer -- awarded Adera Holland a contract covering development of a strategy for Heineken's global website, Heineken.com. Adera will also operate and maintain the entire site during the first half-year and, during the next phase, will develop marketing material for all of Heineken's markets throughout the world.

CM2000 for Swedish Postal Service – a vision that became a reality

In April 2000 the Swedish Postal Service placed in operation Version 2.0 of CM2000, a technically highly advanced Cash Management (CM) system. The first version of CM2000 was placed in service in November 1999. Adera (OOPix) has carried out analysis, design, development and system implementation.

CM2000, which today has approximately 1,000 users, provides support to cash managers in connection with programs to improve efficiency and reduce costs of capital tied up in the post office network. The system presents information in an easily accessible manner and constitutes effective support in decision-making. CM2000 has already helped to reduce costs significantly and has created increased interest in, and knowledge of, cash management in the Postal Service.

Company acquisitions

During the first half of 2000 Adera made a series of strategic acquisitions with the objective of strengthening its geographical presence in a number of key markets and supplementing its range of services in a strategic manner.

Substantial resources have been invested to grow as rapidly as possible and maintaining the quality of work performed for customers while integrating the new companies. During the six months ended June 30, Adera acquired six companies and signed letters of intent covering additional acquisitions.

Comments on the most important acquisitions follow:

- As a result of the acquisition of HCM/BAM (Holland), Adera gained more than 90 qualified employees and a large number of prestigious customers.
- The acquisition of OOPix (Stockholm) involved strong expertise in object-oriented systems development and advanced IT project management.
- With the acquisition of ITage (Stockholm), Adera obtained additional expertise enabling it to supply IT solutions containing third-party products.
- With the acquisition of GCI (Stockholm) in the beginning of the year, Adera gained additional expertise in the area of Internet public relations, a fast-growing market segment.
- The acquisition of Blanking (Malmö), a marketing-strategy consulting firm, strengthened Adera in the field of marketing communications in the Öresund region.

Letters of intent pertaining to acquisitions have been signed with the following companies, amongst others:

- Context Development Group (CDG), (Stockholm), which will substantially strengthen Adera's expertise in e-commerce solutions with advanced transaction systems.
- Braendpunkt (Denmark), which means that Adera Öresund will have approximately 100 employees in the region offering complete eBusiness solutions in one of Europe's fastest-growing markets.

Adera is investing in the development of mobile services

Adera's objective is to become an established partner for integrated mobile systems in the European market. The ability to use the Internet via mobile units offers unique opportunities for new types of applications and services. Users gain access to information and communications and are able to execute transactions wherever they are located. Organisations can, for example, create better customer relationships and improve productivity and communications.

During the period January - June, Adera developed mobile solutions for, for example, Scandic Hotels (the world's first WAP-based hotel reservation system), MobiGolf (a WAP-based vertical portal for golfers) jointly with Ericsson and others, and IC Tech (a system that provides professionals who work under pressure of time, such as journalists, brokers and businessmen, with customised knowledge support via hand-held computers and mobile telephones).

On Adera's new website, www.aderagroup.com, employees from Adera's excellence centre Mobile Business Services have prepared a White Paper regarding opportunities, developments and trends in mobile services.

Sales and results

Quarterly analysis

For technical accounting reasons, income generated as a result of and in respect of the acquisition of HCM/BAM which was completed during the second quarter, has been consolidated as of March 1, 2000, when Adera gained a determining influence in the company. Accordingly, to improve comparability between quarters, income in the first quarter has been adjusted to reflect this, compared with income reported earlier for the Group.

	2000		1999			
	Q 2	Q 1 ¹⁾	Q 4	Q 3	Q 2	Q 1
Sales, SEK M	161,1	112,7	70,8	56,1	92,7	71,2
Consulting revenue, SEK M	115,7	74,9	51,9	39,9	53,4	43,0
Increase from year-earlier quarter	117%	74%	n/a	n/a	n/a	n/a
Increase from preceding quarter	55%	44%	30%	-25%	24%	n/a
EBITDA ²⁾ , SEK M	-1,7	-6,5	-25,8	-17,1	-3,4	-7,3
EBITA ²⁾ , SEK M	-5,5	-8,5	-29,0	-17,6	-6,9	-9,6
EBIT ²⁾ , SEK M	-13,2	-22,7	-34,9	-20,1	-7,3	-10,1
EBITA-marginal, %	-4,8%	-11,3%	-55,9%	-44,1%	-12,9%	-22,3%
Sales per consultant (annual), SEK 000s	1 778	1 640				
Consulting revenue per consultant (annual), SEK 000s	1 277	1 089				
Average number of consultants	363	275				
Number of consultants at end of period	432	350				
Number of employees at end of period	547	479				

1) The acquisition of HCM/BAM lead to an adjustment of figures reported earlier.

2) Income in the first quarter 2000 includes a refund of pension premiums SEK 2.5 M from SPP.

Sales in the second quarter amounted to SEK 161 M. Consulting revenue in the second quarter amounted to SEK 116 M, an increase of 55% compared with first-quarter revenues. The organic growth in consulting revenue was 15% compared to the first quarter. Calculated on an annual basis, organic growth was 77%. Consulting revenue in the second quarter was 117% higher than in the comparable period in 1999.

Adera incurred a loss, before amortisation of goodwill and items affecting comparability (EBITA), of SEK 5.5 M in the second quarter, compared with a loss of SEK 8.5 M in the first quarter (loss of SEK 11.0 M. excluding the refund of pension premiums from SPP).

The EBITA margin improved by 6.5 percentage points, to minus 4.8% in the second quarter, compared with the first-quarter margin. The EBITA margin in the second quarter of 1999 was minus 12.9%.

Comments on first six months' operations

Sales in the first half of the year amounted to SEK 274 M (last year SEK 164 M). Consulting revenue totalled SEK 191 M an increase of 99% compared with consulting revenue of SEK 96 M in the first six months of 1999. EBITA for the period amounted to minus SEK 14.0 M (last year minus SEK 16.5 M), including a refund of SEK 2.5 M from SPP.

The operating loss amounted to SEK 35.9 M (last year minus SEK 17.3 M), including costs of SEK 11.8 M in respect of Adera Inc. and a refund of SEK 2.5 M from SPP. The loss after financial items was SEK 33.4 M, compared with a loss of SEK 18.7 M in the first six months of 1999.

Refund from SPP

According to information from the life and insurance company SPP, Adera will receive a refund of pension payments amounting to SEK 2.5 M. This income was reported in the first quarter under "Personnel costs" in the income statement and under "Receivables" in the balance sheet.

Liquidation of subsidiary

Items affecting comparability are attributable to liquidation of the operations of Adera Inc. in the first quarter. Total costs of the liquidation amounted to SEK 11.8 M, including a write-down of goodwill in the amount of SEK 8.0 M.

Capital gain on sale of financial assets

Part of the shareholding in IC Tech Sweden AB was sold in the second quarter, resulting in a capital gain of SEK 1.9 M.

Financial position and investments

The Group's total net investments in tangible fixed assets during the first six months of 2000 amounted to SEK 0.4 M, compared with SEK 5.4 M in the year-earlier period.

During the first half of 2000 Adera acquired the following companies through non-cash and cash issues of shares:

Acquired company	Goodwill (SEK 000s)	Annual amortisation (SEK 000s)	Date consolidated
Adera Stockholm AB (former GCI Interactive AB)	54 196	5 420	February 1, 2000
HCM/BAM	79 271	7 927	March 1, 2000
ITage AB	30 985	3 090	April 15, 2000
OOPix Objects AB	67 649	6 765	May 1, 2000
Blanking i Malmö AB	11 680	1 168	June 1, 2000
Christer Brunkell Reklambyrå AB	3 900	780	June 1, 2000

As of June 30, 2000, the net book value of Group goodwill attributable to acquisitions, including those listed above, amounted to a total of SEK 273.3 M. Intangible fixed assets are amortised over the estimated life of the asset, but not over periods exceeding 10 years at the present time. Goodwill amortisation for the first quarter amounted to SEK 2.4 M and for the second quarter SEK 7.8 M.

As of June 30, 2000, Group cash and bank deposits amounted to SEK 318.6 M, compared with SEK 5.4 M at December 31, 1999. During the first six months of 2000, the Group's interest-bearing debt was reduced by SEK 3.4 M. During the same period 10 new issues of shares were effected amounting to SEK 703.0 M, including non-cash issues totalling SEK 247.7 M. The new shares were issued to finance continuing organic growth and acquisition of companies. The Group's liquidity was also affected in the amount of SEK 50.0 M by the amortisation of short-term debt in acquired companies.

Other assets

As of June 30, 2000, the value of work in progress for the account of others amounted to SEK 47.6 M, after deduction of advance invoicing. Approximately 9% of the balance pertains to work in progress for dot.com companies. The increase of SEK 16.8 M since the end of the first quarter includes SEK 19.0 M attributable to work in progress in companies that were acquired in the second quarter.

As of June 30, 2000, accounts receivable amounted to SEK 121.1 M, of which approximately 9% was attributable to dot.com companies. Of the increase of SEK 56.9 M since the end of the first quarter, SEK

45.0 M was attributable to accounts receivable in companies that were acquired in the second quarter. Accounts receivable has increased by a total of SEK 64.9 M since the beginning of the year.

Other receivables amount to SEK 77.0 M as of June 30, 2000. An increase in the balance of SEK 54.0 since the first quarter is attributable to companies acquired in the second quarter. The increase in other receivables since the beginning of the year amounts to SEK 70.2 M.

Shareholders' equity and number of shares

As of June 30, 2000, shareholders' equity amounted to SEK 733.3 M, equal to SEK 38.24 per share, compared with SEK 70.4 M, or SEK 5.98 per share, at December 31, 1999. During the first six months of 2000 there were 10 new issues of shares in connection with: acquisitions, a directed issue of shares for cash, and the options program for employees that expired in January 2000. On February 15, 2000 Adera's shares were split five-for-one, and the par value of the split shares was set at SEK 0.10.

The table below shows the change in number of shares, share capital and shareholders' equity in the first six months of 2000.

	Number of shares	Share capital (SEK 000s)	Shareholders' equity (SEK 000s)
As of December 31, 1999	2 352 184	1 176	70 354
New issues of shares	5 130 974	542	667 314
New issue in progress	-	-	11 680
New issue in connection with options program	400 000	200	24 000
Five-for-one share split	11 294 072	-	-
Translation difference	-	-	-3 113
Result for period	-	-	-36 955
As of June 30, 2000	19 177 230	1 918	733 280
New issue of shares after June 30	176 970	18	-
Approved non-cash issue after June 30	284 974	28	-
Planned non-cash issue after June 30	1 237 394	124	-
Total after planned issues	20 876 568	2 088	-
Options program due in September 2001	1 000 000	100	-
Options program approved in July 2000	2 270 000	227	-
Number of shares after full dilution	24 146 568	2 415	-

The Company has since prior years an options program comprising 1,000,000 options that expire in September 2001. The new options program that was approved at the Extraordinary General Meeting of shareholders on July 19, 2000 comprises 2,270,000 options. The total dilution effect of the above options programs, after planned new issues of shares, is 13.5%.

Ownership structure

As of June 30, 2000, the Company had 4,100 shareholders. Foreign shareholders accounted for 47% of the share capital and 30% of the voting rights in the Company. Most of the foreign shareholders are in Germany and England.

Employees

As of June 30, 2000, the Company had 547 employees, compared with 320 at December 31, 1999. Including the employees in the companies with which the Group has signed letters of intent, the number of employees is more than 600 as of June 30, 2000.

Parent Company

The Parent Company's operations were unchanged during the first six months of 2000. Net sales, which were attributable to intra-group invoicing, amounted to SEK 18.0 M. The Parent Company incurred a loss of SEK 14.8 before allocations and taxes, compared with a loss of SEK 7.3 M in the year-earlier period. Net investments in financial fixed assets in connection with acquisitions of shares amounted to SEK 268.2 M in the first half of 2000 (last year SEK 32.8 M). Liquid funds as of June 30, 2000 amounted to SEK 311.5 M, compared with SEK 0.9 M at December 31, 1999.

Goals for the fiscal year 2000

During the first half of the year Adera acquired companies at a faster rate than earlier planned. Integration costs in connection with these acquisitions has had a negative impact on operating income over the short term. Management expects that the effects of holidays during the current quarter indicates a continued negative operating income. However, the prospects of the Group being able to report break-even results, before amortisation of goodwill and items affecting comparability (EBITA), in the fourth quarter are deemed to be favourable. Potential major acquisitions may, however, affect the results also in the second half of the year.

Future report dates

Interim report covering nine months' operations	October 26, 2000
Report on full-year 2000 operations	February 22, 2001
Annual Report for the fiscal year 2000	March 2001
Annual General Meeting	April 5, 2001

Göteborg, August 23, 2000
Adera AB (publ)

Jörgen Ericsson
President and CEO

Auditors' statement

We have reviewed this six-month report in accordance with the Recommendation issued by the Swedish Institute of Authorised Public Accountants (FAR).

A review is considerably limited in scope compared with an audit. Nothing has come to our attention to indicate that the six-month report does not comply with the requirements of the Swedish Stock Exchange regulations or the Swedish Annual Accounts Act.

Stockholm August 23, 2000
Ernst & Young AB

Ola Wahlquist
Authorised Public Accountant

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Group income statement

SEK 000	2000 Jan-June 6 months	1999 Jan-June 6 months	1999 Jan-Dec Pro forma ²⁾ 12 months	July 1998- Dec 1999 18 months
Net sales	236 269	160 277	281 780	345 833
Change in work in progress	37 573	3 531	8 973	19 735
Operating revenue	273 842	163 808	290 753	365 568
Project-related expenses	-101 997	-75 614	-121 695	-152 079
Other external costs	-44 530	-24 086	-55 038	-70 967
Personnel expenses ¹⁾	-135 519	-74 743	-167 596	-200 943
Depreciation of tangible fixed assets	-5 754	-5 918	-9 293	-11 702
Amortisation of intangible fixed assets	-10 169	-787	-9 512	-9 512
Liquidation of subsidiary	-11 764	-	-	-
Operating result	-35 891	-17 340	-72 381	-79 635
Result from financial investments	2 513	-1 336	-2 664	-3 110
Result after net financial items	-33 378	-18 676	-75 045	-82 745
Tax expense, incl. deferred tax	-3 577	1 260	-868	1 463
Result for the period	-36 955	-17 416	-74 177	-81 282

1) Income in the first quarter includes a refund of pension premiums SEK 2.5 M from SPP.

2) Proforma income statement refers to the Group's 1999 consolidated figures adjusted to 12 months.

Group balance sheet

SEK 000	2000 June 30	1999 June 30	1999 December 31
Intangible fixed assets	276 912	30 456	42 569
Tangible fixed assets	31 721	25 725	25 001
Financial fixed assets	8 499	-	-
Fixed assets	317 132	56 181	67 570
Work in progress	47 611	26 365	13 289
Receivables	198 121	59 813	63 034
Cash and bank balances	318 609	44 314	5 389
Current assets	564 341	130 492	81 712
TOTAL ASSETS	881 473	186 673	149 282
Shareholders' equity	733 280	117 317	70 354
Provisions	6 702	-	-
Interest-bearing liabilities	15 491	19 272	18 915
Noninterest-bearing liabilities	126 000	50 084	60 013
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	881 473	186 673	149 282

Group cash flow statement

SEK 000	2000 Jan-June 6 months	1999 Jan-June 6 months	July 1998- Dec 1999 18 months
Operating result	-35 891	-17 340	-79 635
Depreciation and amortisation	15 923	6 705	21 214
Capital gains (-)/losses (+)	-	142	-
Result from financial investments	841	-1 194	-2 987
Tax paid	-74	-	112
Cash flow before change in working capital	-19 201	-11 687	-61 296
Change in working capital	-91 620	-10 497	15 692
Total cash flow from operating activities	-110 821	-22 184	-45 604
Cash flow from investment activities	-22 799	-9 163	-48 025
Cash flow from financing operations	446 998	60 797	87 591
Change in liquid assets	313 378	29 450	-6 038
Liquid assets at beginning of period	5 389	14 864	11 275
Exchange differences in liquid assets	-158	-	152
Liquid assets at end of period	318 609	44 314	5 389

Group key data

	2000 Jan-June 6 months	1999 Jan-June 6 months	July 1998- Dec 1999 18 months
EBITDA ¹⁾ , SEK 000	-8 204	-10 635	-58 421
EBITA ¹⁾ , SEK 000	-13 958	-16 553	-70 123
EBIT, SEK 000	-35 891	-17 340	-79 635
Total capital, SEK 000	881 473	186 673	149 282
Shareholders' equity, SEK 000	733 280	117 317	70 354
Average number of employees	520	250	272
Number of employees at end of period	547	275	320
Average number of consultants	363		
Return on total capital, %	neg	neg	neg
Return on total shareholders' equity, %	neg	neg	neg
Liquidity, multiple	4.50	2.61	1.44
Equity/assets ratio, %	83.2	62.9	47.1
Number of shares	19 177 230	11 580 920	11 760 920
Number of shares upon full dilution ²⁾	24 146 568	14 580 920	14 760 920
Shareholders' equity per share, SEK	38.24	10.13	5.98
Earnings per share, SEK	-	-	-
Earnings per share upon full dilution ²⁾ , SEK	-	-	-

1) Adjusted to reflect items affecting comparability.

2) Upon full dilution in accordance with the options programs, etc., see table regarding Shareholders' equity and number of shares.

Definitions

EBITDA - Result before financial items, taxes and depreciation/amortisation of tangible and intangible fixed assets,

EBITA - Result before financial items, taxes and amortisation of intangible fixed assets.

EBIT - Result before financial items and taxes.

EBITA margin - EBITA as a percentage of consulting revenue.

Average number of employees - The total of the annual average number of employees in all of the companies in the Group.

Consulting revenue - Sales reduced by purchases on behalf of customers.

Earnings per share - Result for the period divided by total number of shares.

Equity/assets ratio - Shareholders' equity as a percentage of total assets.

Number of shares - Number of shares at end of period.

Liquidity - Current assets divided by current liabilities

Return on equity - Result for period, after tax, as a percentage of average shareholders' equity.

Return on total capital - Result after net financial items, plus financial expense, as a percentage of average total assets.

Shareholders' equity per share - Shareholders' equity at end of period divided by number of shares at end of period.