



Resco AB (publ)

## Preliminary Accounts Report for 2000

### Positive trend in the Swedish operations. Growing operation outside Sweden.

- Positive trend in the Swedish operations towards the end of the fourth quarter and the beginning of 2001. Sales reached an all time high in December and the operating result was positive in January 2001.
- Sales for the 2000 full year increased by 20.8 cent to SEK 341.8 M (282.9). Cleared of operations which were phased out during 2000 the increase was 32.7 per cent. Of total sales, SEK 108.7M (35.2) are attributable to companies acquired during the year. After changes in the Group's composition, pro forma sales amounted to SEK 409.7 M.
- For the fourth quarter, sales were SEK 113.4M. (71.4), an increase of 58.8 per cent.
- Operating result before goodwill amortisation and items affecting comparability amounted to SEK -81.6M (-19.4). Including the SPP refund, the corresponding result amounted to SEK -67.2M. Result after financial items amounted to SEK -273.2M (-11.2). The operating margin was -80.2 per cent (-4.0) after goodwill and items affecting comparability. Several one-off costs of a significant nature affected the result, especially the aborted deal with Fi System and costs for staff redundancies.
- For the fourth quarter, the result before goodwill amortisation and items affecting comparability amounted to SEK -18.6M (-13.2) and the result after financial items to SEK -214.2M (-4.0).
- Rationalisation measures of approximately SEK 55M on a full-year basis were implemented.
- As a result of the market development during the latter part of 2000, a revaluation was made of the acquisition values of acquired subsidiaries. This resulted in a goodwill write-down of SEK 185.3M.
- Growing operation outside Sweden. Two acquisitions were made in Finland during the fourth quarter. In 2001, the operations in Finland and Germany are expected to account for 30 per cent of the Group's total sales.
- Changes in the Executive Management. The former Managing Director, Torstein Johansen resigned on 31 October. Resco's Chairman, Kjell Jacobsson is currently also Acting CEO.

### Fourth quarter

The turnaround of the Swedish operations was confirmed in December. Sales for the full fourth quarter increased by 58.8 per cent to SEK 113.4M (71.4) and the operating result (before goodwill amortisation and items affecting comparability) amounted to SEK -18.6M (-13.2). This is an improvement of the result compared with the third quarter, when the corresponding figure amounted to SEK -24.6M. However, the desired break-even was not achieved. This was due to a combination of low consulting capacity utilisation and the delayed impact of rationalisation. On the other hand, the operating result for January was positive which breaks the trend. The most important reasons for the positive development are:

- The operations developed strongly during the quarter and Resco's comprehensive offer with integrated competence in business-critical systems and the Internet met with positive response from the market. During the period, demand increased for these services from established companies within industry, banking and insurance, trading and telecom. Orders received by Resco during December reached an all time high.
- The savings and rationalisation activities which have been underway, mainly within the non-charging parts of the operations during the second half of 2000, were intensified during the fourth quarter and are now expected to make a positive impact on the result from 2001 of approximately SEK 55M on a full-year basis, compared with the previous estimate of SEK 40M.
- Some of the activities impacted as early as at the end of the fourth quarter, but will make a full impact from the first quarter of the current year. The result for the fourth quarter includes a provision of SEK 6M for salaries and social security charges relating to staff who were made redundant and are not obliged to work during 2001. The result for 2000 has therefore been charged with costs of approximately SEK 10M for staff who were made redundant. This is reported as an item affecting comparability in the statement of income.

### **Growing operation outside Sweden**

The operations in Finland and Germany developed well. In Finland, the acquisitions of Toneco and Dataform, to supplement Major Blue Company, which was acquired in May, were completed and successfully integrated. The Finnish operation reported total pro forma sales of SEK 73.2M on a full-year basis. Dataform is an IT and Internet consulting company with 35 employees which has cutting edge expertise in ERP and in the company's own development products, especially for the retail and ready-made clothing industries. Toneco operates within the object-oriented CRM products sector and has seven employees. These two new companies are included in the consolidated results for two months during 2000.

The German operation within IT and the Internet contributed to Resco's operations through a strong inflow of orders and high capacity utilisation throughout the fourth quarter from the start in October 2000. A large part of the activities focuses on Internet integration with existing business systems in major companies. The operation has 70 employees.

### **Changes in the Executive Management**

The former Managing Director, Torstein Johansen resigned on 31 October following the aborted transaction with Fi System. Resco's Chairman, Kjell Jacobsson, has since taken over the position of Acting CEO until the appointment of a new Managing Director. The Board of Directors has appointed two new Deputy Managing Directors, Mats Ohlsson and Hans Lycke (First Deputy Managing Director) Mats Ohlsson was previously managing director of Reference who joined Resco at the time of the acquisition. Hans Lycke is Sales & Marketing Director and has worked at Resco since January 1999.

### **Goodwill**

During the first half of 2000, optimism in the stockmarket was very high for IT and Internet-related service companies. Owing to the dramatic reduction in the market valuations of these companies during the latter part of 2000, Resco was justified to make a special evaluation of the acquisition values linked to acquisition of operations during the past year. The market's high valuation of the listed Internet consulting companies was also reflected in the valuation of acquisitions made by many companies, including Resco, especially when these acquisitions were made against payment in the form of newly issued shares. Resco has chosen to evaluate the original acquisition values of companies acquired during 2000 in relation to the discounted future cash flows which these operations are expected to generate. This model includes the prerequisites for and anticipated performance of the individual subsidiaries. The evaluation has resulted in a total goodwill write-down of SEK 185.3M at 31 December 2000. The remaining

goodwill amounts to SEK 128.6M at 31 December. This need for a write-down is a reflection of the external valuations of IT companies that prevailed during spring 2000 and the revaluation of the entire sector which was made later. It is not an indication of the performances of Resco's subsidiaries which are essentially in line with expectations.

### **Prospects for the future**

The strong sales increase during the fourth quarter and the positive operating result in January 2001 now clearly shows that Resco is back on a profitable development curve. Resco has received several interesting customer assignments in recent months, which make use of Resco's comprehensive knowledge within IT and the Internet. This means that capacity utilisation is high. Vasakronan is a good example of an assignment where the customer utilises the combination of Resco's leading edge competences. Vasakronan aims to offer simple and efficient company-related services via the Internet for Vasakronan's existing and potential tenants.

Resco's customer profile is a combination of traditional industrial companies, commerce, banking and insurance, telecoms and pharmaceuticals, in which no individual customer sector represents more than 25 per cent of total sales. Assignments from these customers are based on the end users' needs which result in requirements for business development, product development, rationalisation, and new, cost-efficient solutions. The fall in demand for e-commerce solutions business to consumer affects Resco only marginally as less than five per cent of sales is exposed to the so-called dot.com sector.

The workforce and the competence mix are balanced and made up in accordance with an e-integrator's need for different competences. The term 'e-integrator' means the ability to integrate e-solutions with the company's business systems and other operations critical systems and processes. The definition also includes integrating e-solutions between the systems of different companies.

The operations in Germany and Finland developed positively and are expected to contribute approximately 30 per cent of total sales. The cost savings programme in the Swedish operations has meant that Resco now has an efficient organisation with the same in-depth experience as before. An organisation for cross border projects has been established to promote synergy gains, and the criteria for delivering solutions to multinational customers has been strengthened still further.

In the Nine-month Interim Report an assessment was made that there were prerequisites for achieving a break-even operating result before goodwill amortisation (EBITA) for the fourth quarter. EBITA for the fourth quarter was negative. However, against the background of the prospects for the future outlined above, we have reason to expect strong growth and a significantly improved operating result. Our target is a positive operating result in 2001.

## **January - December 2000**

### **Group**

#### Sales and results

The Resco Group reported sales of SEK 341.8M in 2000, an increase of 20.8 per cent compared with 1999. The operating result before amortisation and write-down of goodwill as well as costs for staff redundancies was SEK –

65.9M (-9.3). Substantial costs for internationalisation, including the establishment of the German operation and costs attributable to the aborted transaction with Fi System, had a strongly negative effect on the result during 2000.

2000	Sales SEK M	Adjusted operating result* SEK M	Adjusted margin , %	Sales, pro forma SEK M
Sweden	290.8	-83.3	-28.6	325.2
Finland	39.7	4.7	11.8	73.2
Germany	11.3	-3.0	-26.5	11.3
Total	341.8	-81.6	-23.9	409.7

\* Relates to operating result before goodwill amortisation and items affecting comparability

#### Executive Management

During 2000, an international Group Management was formed which consists of Kjell Jacobsson, Chairman of Resco; Markku Pekkola, Managing Director in Finland; Michael Mörchen, Managing Director in Germany; Maria Sin Chief Financial Officer; and Hans Lycke, Sales & Marketing Director.

#### Acquisitions

During the year, a number of strategically important acquisitions were made which have all been mentioned in previous reports.

- **Intra Kommunikation AB**, which was acquired in February, is an Internet consulting company with considerable understanding of CRM and market communication.
- **Canopus International AB**, which was acquired in April, develops administrative IT systems, mainly for intranets. .
- **SandellSandberg AB**, which was acquired in June, is a communications company with a very considerable understanding of total communications and brand name building.
- **Major Blue Company Oy** in Finland, which was acquired in May, possesses cutting edge competence within technology systems and products for HRM (Human Resource Management) and CRM (Customer Relations Management) as well as implementation of business systems.
- **Dataform Oy** in Finland is an IT and Internet consulting company with a staff of 35 and leading edge competence within ERP via niche products which have been developed by the company and which are aimed especially at the retail and ready-made clothing industries.
- **Toneco Oy** in Finland is an IT and Internet consulting company which has seven employees and has developed a number of object-oriented CRM products. It therefore adds further competence to Resco's ability to package the consulting operations into "products".

### **Sweden**

#### Sales and results

Resco in Sweden reported sales of SEK 290.8M (282.9) during 2000. Operating result before goodwill amortisation and items affecting comparability was SEK -83.3M (-19.3). After goodwill amortisation and items affecting comparability attributable to Swedish companies, the result was SEK -211.8M (-11.4). The operating margin was thus -72.8 per cent (-4.0). The main reasons for the negative result are low utilisation of consulting capacity, substantial costs for internationalisation, provision for costs relating to staff redundancies, and goodwill write-downs.

Resco made plans for significant expansion both internationally and nationally during 2000. In connection with its many acquisitions and, together with the market's focus on growth, Resco built an organisation whose cost structure became too large in relation to the actual development on the income side. Through the savings programme, which was worked out during the latter part of 2000 and which has essentially been implemented, Resco now has a cost volume which is adapted to the company's current operations.

The low capacity utilisation during the year in parts of Resco was partly attributable to weak sales and the fact that the integration of the new acquisitions, Reference, Canopus and Intra, has taken time and energy. The invoicing ratio averaged 53 per cent. During the latter part of the year, it improved steadily and reached 65 per cent at the year end. Sales, which were weak in the first half of 2000, accelerated during the second half of the year.

The following table shows sales and results of the Swedish operations, taking into account acquisitions and sales of operations during 2000.

	<b>Sales SEK M</b>	<b>Adjusted operating result* SEK M</b>	<b>Adjusted margin %</b>
Outcome 2000	290.8	-83.3	-28.6
Less sales and results of sold operations	-5.4	5.9	-
Plus acquired units, outcome for the period prior to the acquisition	39.8	12.0	30.2
Pro forma 2000	325.2	-65.4	-20.1

\* Adjusted operating result refers to the result before goodwill amortisation and items affecting comparability. Goodwill amortisation relating to the Swedish acquisitions amounts to SEK 3.7M on a full-year basis following the one-off write-down that was made at 31 December 2000.

Business Area Training was closed down during the year due to weak demand in the market. Its operations consisted of open training programmes linked to business systems. The business area reported sales of SEK 33.7M during 1999. When business area Training was closed, some staff in were transferred to other services within Resco. However, following the action programme which was implemented during autumn 2000, the majority of the staff in business area Training left Resco.

### Operations

Resco's offer is based on the customer's business process and its various components, i.e., market communication, sales, delivery and customer care. Resco is able to meet the customers' requirements by offering competence within all important segments of the customer's business process. Resco's strength is its leading edge competence within each segment which is combined with its overall concept and experience of integration projects.

As an integrator, Resco requires an organisation which can work in a close and integrated way with the same objective: customer benefit. The previous organisation into business areas was not adapted for this. However, the restructuring of the Group into competence was implemented during spring 2000. This is now based on the customer's business process and is ideally suited to offer customers comprehensive solutions with cutting edge competence within each area.

Operations were carried out from the head office in Stockholm and from offices in Gothenburg, Malmö, Västerås, and Hackås. The following table shows sales in Sweden broken down into different regions, in which SandellSandberg is regarded as a separate region with no real geographic connection.

2000 Region	Sales, SEK M	Share of total sales, %	Number of employees, 2000-12-30
Stockholm & Hackås	242.5	83.4	270
Öresund	19.2	6.6	29
Gothenburg	19.0	6.5	25
Västerås	6.3	2.2	12
SandellSandberg	40.0	13.7	53
Central functions	-	-	35
Group eliminations	-36.2	-12.4	-
<b>TOTAL</b>	<b>290.8</b>	<b>100</b>	<b>424</b>

#### Assignments/Customers

The following are examples of new interesting assignments in which Resco utilises its strength as an e-integrator:

##### *Arla*

Resco has collaborated with Arla since 1998 and has built Arla's popular food website. When Arla wanted to update its website, the assignment was again given to Resco which is now providing [www.arla.se](http://www.arla.se) with new design and technology. This includes the opportunity to personalise the website for every visitor, should the company so wish.

##### *Dafgård*

Dafgård wanted to utilise its earlier investment in the business system SAP R/3, to create an efficient, totally integrated electronic business. By combining SAP Online store, webification of business logics in SAP R/3 and Resco's graphic design, Dafgård now has an e-commerce solution which is totally integrated with the company's business processes in real time. Dafgård's customers can now, among other things, obtain around-the-clock information about their orders and about the product range as well as place direct orders in Dafgård's business system.

##### *Vasakronan*

On behalf of Vasakronan, Resco has developed an IT system for Portalbolaget. The system consists of two components: a standardised business system and a web system. Through the business system, Axapta, Vasakronan's tenants are offered a number of property, office and staff-related services. The offer is made via a service portal. Vasakronan concludes agreements with a number of suppliers and offers their services to Vasakronan's tenants.

#### Market

In 2000, the market was characterised by significantly changed prerequisites. During the first half of the year, the stockmarket, media, analysts, customer companies and other operators, focused on dot.com companies with untested business models. This segment of the sector, especially companies with business-to-consumer as their business objective, thereafter underwent structural change and self-rationalisation in which concepts as well as business models, operations knowledge and support of IT structures were again put in focus.

In parallel with this development, the market grew for e-solutions with integration of business-critical systems within traditional industry and commerce. Resco benefited from this development during the second half of the year thanks to its long experience within these sectors and the strategic mix of competence within business systems, IT, operations development and communications.

Resco's strategy as an e-integrator was well received by its customers which was also reflected in increased sales during the second half of the year.

## **Finland**

### Sales and results

Resco's operation in Finland, which currently consists of Major Blue Company, Toneco and Dataform, reported total sales of SEK 39.7M during 2000 (pro forma on a full-year basis: SEK73.2M). Operating result before goodwill amortisation and items affecting comparability was SEK 4.7M. Of the Group's goodwill amortisation in 2000, SEK 3.6M is attributable to the Finnish companies and goodwill write-downs to SEK 58.3M.

The Finnish market, like the Swedish market, was turbulent during 2000. In the first half of the year, capacity utilisation was low, whereas demand recovered strongly during the second half of the year. December was the best sales month ever. The market's increased interest in business systems, HRM and CRM solutions was a strong contributing factor.

Sales have started strongly this year and there are excellent conditions for improving profitability still further.

### Operations and assignments/customers

Resco's integrated operations have kept the established name, Major Blue Company, as the brand name for its products and as the unifying name under Resco. The operations focus on software for HRM which represents approximately half of total sales. CRM accounts for around one third and business systems for the remainder. Resco is the leading company in Finland in the development and implementation of business systems for the ready-made clothing industry.

Through Major Blue Company, Resco acquires the capability to package consulting operations into products and software. In addition, the products are internationally marketable and the company has several customers both inside and outside Europe. Customers include Kesko, Finland's largest retail chain, Metsäliitto, the forest group and Finpro (the Finnish Export Council).

The Finnish operations are carried out in offices in Helsinki, Tampere and Turku. At the year end, the number of employees amounted to 130.

### Market

The market is expected to grow during the current year. Resco's customers are, in general, small and medium-size companies, and there is slightly less competition within these segments. The focus for the current year is on increasing exports of business systems and on strengthening still further the company's position within CRM and HRM by expanding the number of large international customers. Resco is currently the third largest supplier of HRM systems in Finland.

## **Germany**

### Sales and results

Resco's operation in Germany was established through strategic recruitment. A group of consultants was recruited in May but the operations did not start in earnest until October, when the staffing of the first consulting assignments was completed and invoicing commenced. Sales for the fourth quarter, the company's first period of operation, amounted to SEK 11.3M and the operating result to SEK -3.0M. Demand for Resco's services in Germany is high and efforts have concentrated especially on recruiting additional consultants for the operation. This affected the result for 2000, as did other costs which are directly attributable to the start-up. At the same time, they pave the way for significant sales opportunities during 2001.

The business agreement with the key individuals, who were involved in the formation of Resco GmbH, is conditional on the success of the start-up period in relation to the set targets. The investment that Resco will finally make will be confirmed at the end of 2001 at the earliest. For the time being, Resco has paid an advance on the investment of SEK 45M during the third and fourth quarters. This is reported as a long-term receivable at 31 December 2000.

### Operations and assignments/customers

Resco in Germany operates within three sectors: IT and business systems, which account for 60 per cent of the operations; business development and IT architecture (business consulting) which is equivalent to 30 per cent; and web which accounts for the remaining 10 per cent. The business objective is to offer integrated solutions of leading edge technologies within IT, business systems, operations development and communications.

Demand for Resco's services is high, as already stated. Customers are mainly found in the publishing and manufacturing industries as well as banking, finance and insurance. Customers include DG-Hypotheken-Bank, Comdirekt Bank, Philips Medizin Technik and Hapag Lloyd.

Resco is based in Hamburg, Germany's centre for IT, web and design. At the year end, the number of employees amounted to 54.

### Market

Germany is a favourable, very large and important market for Resco. Industry and commerce focus their investments on e-business, CRM and SCM (Supply Chain Management). Resco's strategy as an e-integrator is well positioned in this market which continues to be characterised by strong growth.

## **Associated companies**

Hackås IT-Partner AB in Hackås, which is 50 per cent owned by Resco, reported sales of SEK 5.3M for the period. During the fourth quarter, the company's seven employees were transferred to Resco AB. The subsidiary, SandellSandberg owned 50 per cent of Brand Management AB which has three employees and sales of SEK 1.2M during the period June-September. This associated company was divested during the fourth quarter. The associated companies influenced Resco's result by SEK 0.1M.



Involve Learning ASA, which is 45 per cent owned by Resco and has its head office in Oslo, operates within e-learning. The company has 54 employees in the Nordic countries and reported sales of SEK 34.8M during the period March – September 2000. The Company's financial statements as of December 31, 2000 are not available at the time when this report is published. Involve Learning ASA has not been consolidated in accordance with the equity method so the shareholding is reported at its acquisition value. This is because e-learning is not part of Resco's main strategy and core operation and Resco intends to divest or float this company on the stockmarket within nine months. The equity portion was consolidated until 30 June 2000. Resco's share in the result for the period March-June amounted to SEK -0.4M. The consolidated result has been adjusted for this at 31 December 2000, i.e. the share in this result is not included in the consolidated result for 2000.

### **Parent company**

In 2000, Resco AB (publ) reported sales of SEK 222.0M (235.7) and result after financial items of SEK -294.8M (-13.6). The decrease in sales is mainly attributable to operations divested during 2000.

During the period, shares in subsidiaries were acquired for SEK 294.7M net. These were mainly financed via issues of own shares. Investments in other intangible assets consisting of product development costs and system development costs for internal use amounted to SEK 6.3M. Investment in tangible fixed assets amounted to SEK 7.0M (7.0). At the period-end, the Parent Company's liquid funds amounted to SEK 7.8M (31 December 1999: 14.5). During 2001, the company has been given extended credit facilities up to a total of SEK 40M for the whole Group.

### **Accounting principles**

From the fourth quarter of 2000, the company applies the Swedish Financial Accounting Standards Council Emergency Committee's pronouncement regarding reporting of group contributions. During 2000, Resco AB has made Group contributions to subsidiaries of SEK 20.1M. In accordance with this pronouncement, these have been regarded as capital contributions and reported as an increase in shares in subsidiaries but with an immediate write-down (included in items affecting comparability). Thus, the operating result has been influenced by paid Group contributions of SEK 20.1M. 1999 figures have been recalculated for this new accounting principle.

The premium paid for warrants that were sold during 2000 is reported directly against a share premium reserve in the consolidated accounts at 31 December 2000. The previous periods have been recalculated.

### **Refund from SPP**

Of the surplus that has arisen within SPP, SEK 14.5M has been allocated to Resco. This refund has been reported under items affecting comparability. Out of this, SEK 2.4M has already been refunded, whereas the remaining portion, SEK 12.1M, has been reported as a receivable, of which SEK 10.4M as a current receivable and SEK 1.7M as a long-term receivable. Taking the short repayment period into account, no discounting has been made.

### **Investments**

Net investments in goodwill amounted to SEK 266.2M (51.8). Investments in other intangible assets consisting of product development costs and system development costs for internal use amounted to SEK 10.3M, of which SEK 4M indirectly through acquisition. Investments in tangible fixed assets amounted to SEK 31.7M (10.1), mainly indirectly

through acquisitions (20.9), the majority of which were financed via non-cash issues. Investments financed via leasing have not been included as they are only of marginal importance.

## Financial position

The Group's liquid funds amounted to SEK 24.4M at the period-end (31 December 1999: 19.5). The Group's liquid funds were influenced by the advance cash payment of SEK 45M to the key individuals in the German operations which was made during the third and fourth quarters, and by the liquidity requirement which the German operations had during the initial start-up phase. Some financing of the associated company, Involve Learning ASA, was also made during 2000. Of interest-bearing liabilities, pension commitments in accordance with the FPG/PRI schedule amounted to SEK 14.9M (9.6) and subordinated loans to SEK 5.5M (5.8). To enable new employees to participate retrospectively in the incentive programme in which the convertible subordinated loan is included (1999/2000), one of Resco's subsidiaries has subscribed for part of the loan for onward sale to new employees. The subordinated loans total SEK 7.5M in the Parent Company.

In January, the company signed an agreement for extended credits which provides the Group with a total credit limit of SEK 40M (2000: SEK 10M).

## The Group's tax situation

With the exception of goodwill amortisation and write-downs as well as provisions for staff redundancies, the Group's costs are essentially deductible. Goodwill amortisation for the period amounted to SEK 13.4M(2.1). The Group's goodwill totals SEK 128.6M at 31 December 2000. Goodwill is depreciated by 5 per cent per annum.

## Shareholders equity

Shareholders' equity amounted to SEK 307.1M (112.5) at the period-end. During the period, four new share issues were made in connection with acquisitions (non-cash issues), and one new cash issue. At 31 December 2000, a non-cash issue comprising 810,000 shares is under registration. In addition, a new share issue was made in connection with the incentive programme (warrants 1999/2000) and a small part of the convertible subordinated loan (1999/2002) which was issued to the staff, was also converted. During the period, a split 1:5 was carried out. An adjustment for this has been made in the following table.

Change in number of shares and shareholders' equity	Number of shares, 2000	Share capital, 2000, SEK	Shareholders' equity, 001231, SEK M	Shareholders' equity, 991231 SEK M
At 991231/ 981231	17,191,000	8,595,500	112.5	65.5
Dividend	-	-	-	-2.8
Non-cash issues	6,650,090	3,325,045	301.2	52.1
New issue (incentive programme)	220,000	110,000	4.9	7.9
New cash issue *	2,500,000	1,250,000	160.7	-
Conversion	12,813	6,406	0.4	-
Non-cash issue under registration **	-	-	0.4	-
Premium paid for warrants	-	-	3.4	-
Result for the period	-	-	-276.4	-10.2
At 001231 / 991231	26,573,903	13,286,951	307.1	112.5

\* The new cash issue amounted to SEK 166.5M, or SEK 160.7M after deduction for costs of SEK 5.8M.

\*\* Refers to the acquisitions of Toneco and Dataform, total of 810,000 shares.

The Annual General Meeting on 27 April passed a resolution to authorise the Board of Directors to decide, on one or several occasions, with a departure from the existing shareholders' right of preference, to carry out a new share issue or issue of convertible debt instruments or debt instruments with detachable warrants for subscription of new shares. The authorisation comprises up to 7,000,000 series B shares and remains in force until the next Annual General Meeting. The issues will be used for acquisitions on market terms. Following the acquisitions of Major Blue Company OY, SandellSandberg AB, Toneco Oy and Dataform Oy, 1,240,000 shares remain of the authorisation.

### **Incentive programme**

On previous reporting dates, the company has given information about initiated and completed incentive programmes during 2000. The warrant programme initiated during 2000 (an issue of a subordinated loan with detachable warrants for subscription of up to 2,500,000 B shares), was directed at all employees and Board Members (2000/2002) and could result in an addition of up to 2,500,000 new shares, equivalent to an increase in shareholders' equity of SEK 155.5M.

On full conversion of outstanding convertibles (1999/2002) and full exercising of outstanding warrants (2000/2001 from February and 2000/2002 from April, respectively in accordance with previous Interim Reports), the number of shares will increase by 3,347,687 equivalent to 11.2 per cent of share capital and 6.5 per cent of number of votes. Up to SEK 194.8M could be added in shareholders' equity.

### **Personnel**

The average number of employees during the period was 459 (322), an increase of 43 per cent. The number of employees at the period-end amounted to 608 (358), an increase of 70 per cent. Of the increase since 31 December in the previous year of 250, 213 were attributable to acquisitions, whereas the number of employees fell by 59 through the sale of subsidiaries and operations. Staff turnover over a rolling 12-month period amounted to 15 per cent (17). Resco's target is that staff turnover should be below 10 per cent. At the year end, 40 per cent of the employees were women.

### **Board of Directors and Auditors**

The Annual General Meeting passed a resolution to increase the number of board members from six to seven. Johan Siwers, Head of Business Development in Scandinavian Online AB was elected a new Board Member. A resolution was also passed to increase the number of auditors from one to two. Authorised Public Accountant Lars Träff, Ernst & Young AB, was appointed auditor for a period of four years. Authorised Public Accountant Anders Roos, SET Revisionsbyrå AB, was appointed by the previous year's AGM, also for a period of four years.

<b>CONSOLIDATED STATEMENT OF INCOME, SEK M</b>	2000	1999	Q 4 2000	Q 4 1999
<b>Net sales</b>	<b>341.8</b>	<b>282.9</b>	<b>113.4</b>	<b>71.4</b>
External costs	-125.8	-91.5	-36.1	-28.3
Personnel costs	-286.7	-204.7	-91.8	-54.5
Depreciation	-24.4	-8.2	-8.9	-2.7
<b>Total costs</b>	<b>-436.9</b>	<b>-304.4</b>	<b>-136.8</b>	<b>-85.5</b>
Share in results of associated companies	0.1	0.1	-	0.1
Items affecting comparability*	-179.3	10.0	-191.2	10.0
<b>Operating result</b>	<b>-274.3</b>	<b>-11.4</b>	<b>-214.6</b>	<b>-4.0</b>
Financial items	1.1	0.2	0.4	0.0
<b>Result after financial items</b>	<b>-273.2</b>	<b>-11.2</b>	<b>-214.2</b>	<b>-4.0</b>
Minority share of the result	-0.1	0.0	-	-
Taxes	-3.1	1.0	-1.3	1.0
<b>Net result for the year</b>	<b>-276.4</b>	<b>-10.2</b>	<b>-215.5</b>	<b>-3.0</b>

<b>PARENT COMPANY STATEMENT OF INCOME, SEK M</b>	2000	1999	Q4 2000	Q 4 1999
<b>Net sales</b>	<b>222.0</b>	<b>235.7</b>	<b>73.9</b>	<b>55.6</b>
External costs	-101.3	-71.0	-38.8	-21.2
Personnel costs	-189.6	-176.1	-53.5	-45.1
Depreciation	-7.4	-5.0	-2.3	-1.4
<b>Total costs</b>	<b>-298.3</b>	<b>-252.1</b>	<b>-94.6</b>	<b>-67.7</b>
Items affecting comparability*	-248.0	-	-253.9	-
<b>Operating result</b>	<b>-324.3</b>	<b>-16.4</b>	<b>-274.6</b>	<b>-12.1</b>
Financial items	29.5	2.8	34.5	2.3
<b>Result after financial items</b>	<b>-294.8</b>	<b>-13.6</b>	<b>-240.1</b>	<b>-9.8</b>
Appropriations	2.4	5.0	2.4	5.0
Taxes	-5.7	2.4	-4.1	2.4
<b>Net result for the year</b>	<b>-298.1</b>	<b>-6.2</b>	<b>-241.8</b>	<b>-2.4</b>

<b>* Items affecting comparability</b>	<b>Group</b>			<b>Parent Company</b>		
	2000	Q4 2000	1999	2000	Q4 2000	1999
Write-down of goodwill/shares in subsidiaries	-185.3	-185.3	-	-252.8	-248.0	-
SPP refund	14.5	-	-	14.5	-	-
Staff redundancies**	-9.7	-5.9	-	-9.7	-5.9	-
Result of sold operations	1.2	-	10.0	-	-	-
<b>Total</b>	<b>-179.3</b>	<b>-191.2</b>	<b>10.0</b>	<b>-248.0</b>	<b>-253.9</b>	<b>-</b>

\*\* At 2000-09-30, costs for personnel provisions were not reported as an item affecting comparability. As the costs increased in importance during the fourth quarter, this type of cost has been reclassified during the third quarter for increased comparability.

\*\*\* At 31 December 1999, gain from sale of operation SEK 15M and loss from sale of operation of SEK -5M were reported on separate lines. During 2000, these items have been reclassified into items affecting comparability, net, in order to achieve better comparability with 2000.

<b>SHARE DATA</b>	2000	1999	1998	1997	1996
Number of shares at the period end, 000	26,574	17,191	13,618	13,618	13,000
Average number of shares during the period, 000	23,576	14,489	13,618	13,133	11,508
Number of shares under registration, 000	810	-	-	-	-
Number of shares on full conversion and new registration, 000	30,732	17,777	14,018	13,618	13,000
Result after tax per share, SEK	-11.72	-0.70	0.61	0.43	0.43
Result after tax per share, SEK ****	-9.97	-0.67	0.60	0.43	0.43
Cash flow per share, SEK	-2.80	-0.58	1.14	0.87	0.20
Cash flow per share, SEK ****	-2.38	-0.55	1.11	0.87	0.20
Equity per share, SEK *****	11.22	6.55	4.81	4.36	3.55
Equity per share, SEK ****	16.33	7.06	5.24	4.36	3.55
Dividend per share, SEK	0.00	0.00	0.20	0.17	0.15

The key figures have been recalculated taking into account the split carried out (1:5).

N/a = not applicable

\*\*\*\* After full conversion and registration of non-cash issue

\*\*\*\*\* Non-cash issue under registration has been taken into account

<b>BALANCE SHEET</b> (SEK M)	<b>Group</b>		<b>Parent company</b>	
	2000-12-31	1999-12-31	2000-12-31	1999-12-31
Intangible fixed assets	136.3	62.3	-	-
Tangible fixed assets	31.0	20.0	22.7	16.7
Financial fixed assets	108.3	2.0	241.7	71.8
<b>Total fixed assets</b>	<b>275.6</b>	<b>84.3</b>	<b>264.4</b>	<b>88.5</b>
Current receivables	153.1	76.9	117.9	68.8
Liquid funds	24.4	19.5	7.8	14.5
<b>Total assets</b>	<b>453.1</b>	<b>180.7</b>	<b>390.1</b>	<b>171.8</b>
Shareholders' equity	307.1	112.5	294.4	113.4
Minority interest	0.1	0.1	-	-
Untaxed reserves	-	-	4.9	7.3
Provisions	11.4	5.7	-	-
Interest-bearing liabilities	26.7	15.4	20.4	17.2
Non-interest-bearing liabilities	107.8	47.0	70.4	33.9
<b>Total equity, provisions and liabilities</b>	<b>453.1</b>	<b>180.7</b>	<b>390.1</b>	<b>171.8</b>

<b>CASH FLOW ANALYSIS</b> (SEK M)	<b>Group</b>		<b>Parent company</b>	
	2000	1999	2000	1999
Cash flow from current operations	-83.2	2.4	-72.9	-8.2
Change in working capital	13.7	-10.8	3.1	-12.2
<b>Total cash flow from current operations</b>	<b>-69.5</b>	<b>-8.4</b>	<b>-69.8</b>	<b>-20.4</b>
Cash flow from investment operations *	-95.5	-6.8	-108.4	-6.5
Cash flow from financial operations *	169.9	11.0	171.5	21.6
<b>Change in liquid funds</b>	<b>4.9</b>	<b>-4.2</b>	<b>-6.7</b>	<b>-5.4</b>

\* Acquisitions financed via non-cash issues are reported net.

<b>QUARTERLY REPORTING</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Full-year</b>
Available working days (disregarding holidays)					
2000	63	59	65	63	250
1999	62	60	66	64	252
1998	62	59	66	63	250
1997	60	61	66	62	249
1996	63	59	66	62	250
Consolidated sales, SEK M					
2000	70.8	79.4	78.2	113.4	341.8
1999	83.8	76.8	50.9	71.4	282.9
1998	66.0	65.6	51.2	78.5	261.3
1997	45.0	48.6	41.2	60.4	195.2
1996	29.4	33.1	30.2	41.2	133.9
Consolidated operating result, SEK M					
2000	-12.2	-14.7	-32.8	-214.6	-274.3
1999	5.0	1.1	-13.4	-4.1	-11.4
1998	7.5	2.0	-4.0	6.0	11.5
1997	0.5	0.8	0.3	6.6	8.2
1996	0.9	1.0	0.5	3.4	5.8
Consolidated operating margin, %					
2000	Neg	Neg	Neg	Neg	Neg
1999	6.0	1.3	Neg	Neg	Neg
1998	11.4	3.0	Neg	7.6	4.4
1997	1.1	1.6	0.7	10.9	4.2
1996	3.1	3.0	1.7	8.3	4.3

<b>SENSITIVITY ANALYSIS</b>	<b>Change</b>	<b>Effect on consolidated result, SEK M</b>
Hourly charge, per cent	+/- 1	2.9
Charge ratio, percentage point	+/- 1	5.5
Number of working days per annum	+/- 1	1.3
Personnel cost, per cent	-/+ 1	2.9

<b>KEY FIGURES</b> (Group)	2000	1999	1998	1997	1996
Net sales, SEK M	341.8	282.9	261.3	195.2	133.9
Change in net sales, %	+21	+ 8	+ 34	+ 46	+ 26
Operating margin, %	-80.2	-4.0	4.4	4.2	4.3
Operating margin before goodwill amortisation	-76.3	-3.3	4.8	4.7	4.4
Profit margin, %	-79.9	-4.0	4.7	4.4	5.4
Net margin, %	-80.9	-3.6	3.2	2.9	3.7
Return on average equity, % EK	-94.9	-13.7	13.4	11.5	19.4
Return on average capital employed, %	-117.5	-10.8	19.0	16.2	19.3
Return on average capital employed in operations, %	-151.3	-14.8	28.1	33.6	48.2
Return on average total capital, %	-85.7	-7.1	11.6	10.6	14.9
Equity ratio, %	68	62	53	63	65
Acid-test ratio, %	165	205	173	228	257
Capital turnover rate (average capital employed in operations)	1.9	3.6	6.6	8.1	11.2
Cash flow after investments, SEK M	-165.0	-15.2	-4.1	-4.5	-5.0
Number of employees at period-end	608	358	347	240	200
Average number of employees	459	322	277	213	165
Sales per employee, SEK K,	745	879	943	917	811
Salaries excluding payroll overheads as a percentage of sales	55	46	41	43	44
Value added per employee, SEK K	40	588	638	629	579
Value added ratio, %	5	67	68	70	71

<b>STOCKMARKET-RELATED KEY FIGURES</b>	2000	1999	1998	1997	1996
Market value per share at year-end, SEK	7.95	46.00	32.40	16.90	16.60
Market capitalisation at year-end, SEK M	211	791	441	230	216
Market value per employee at year-end, SEK M	0.35	2.2	1.3	1.0	1.1
Market value in relation to result after tax (P/E ratio)	Neg	Neg	53	41	44
Market value in relation to sales (P/S ratio)	0.6	2.8	1.7	1.2	1.6

The key figures have been recalculated taking into account the share split (1:5) which was implemented during the second quarter.

\* Calculated on rolling 12 months

N/a = not applicable

## Regarding the annual general meeting, etc

### Annual General Meeting

The Annual General Meeting will be held on 7 May 2001 in Stockholm

### Dividend

The Board of Directors has decided to propose that the Annual General Meeting decide that no dividend be paid for 2000 (previous year: no dividend).

### Nomination of Board Members

Shareholders who wish to submit proposals for Board Members in advance are asked to contact the Chairman, Kjell Jacobsson, telephone +46 8-519 030 00.

Future information dates

The Annual Report for 2000 will be published at the beginning of April 2001.

The Interim Report for the first three months will be published on 7 May 2001.

The Interim Report for the first six months will be published on 23 August 2001.

The Interim Report for the first nine months will be published on 30 October 2001.

The Preliminary Accounts Report for 2001 will be published on 20 February 2002.

Annual Reports and Interim Reports are also available on Resco's premises in S:t Eriksgatan 60A in Stockholm and on Resco's home page: [www.resco.se](http://www.resco.se) and [www.resco.com](http://www.resco.com).

Stockholm, 20 February 2001

The Board of Directors

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