

Interim Report  
January– June 04



**The best first half year result ever**

- Net turnover amounted to SEK 28.2 million (24.7) and increased 14 %
- Software revenues increased by 33 % (14)
- Net result amounted to SEK 4.0 million (1.5) and Net margin was 15 % (6)
- Earnings per share was SEK 1.4 (0.5)
- Positive cash flow at SEK 5.5 million (5.4) and liquid assets amounted to SEK 26.1 million (16.9)

**Press releases since April 1<sup>st</sup>, 2004 - summary**

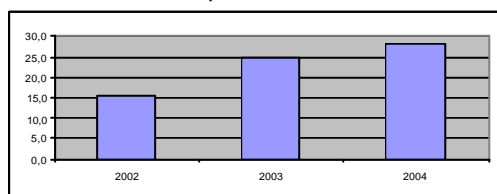
- Increasingly more companies choose Jeeves, among these are KappAhl, Finndomo AB, NetOnNet, Saab Contracting, Svenska Elkedjan och 3nine
- Improved prestanda in Jeeves Enterprise using new Intel processors
- Jeeves and Mercur develops Business Control solution

**Market**

Continuously good development in Sweden, where many large orders been taken. Activities were increased in Europe during the last quarter. The list of prospective clients looks promising.

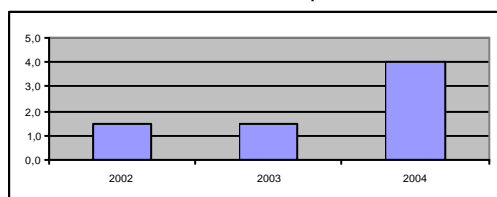
**Sales and Result**

Net turnover for the period was SEK 28.2 million (24.7) of which 78 percent (67) comprised of license and maintenance revenues. Software revenues (license and maintenance) increased by 33 percent and amounted to SEK 21.9 million (16.4). Consulting revenues is somewhat lower compared to same period last year, mainly due to the development of version 9, resulting in less customer financed development. Net turnover in the parent company was SEK 21.1 million (17.1). The development of net turnover between 2002 and 2004 is presented below.



Graph 1. Net turnover January-June

The result after tax amounted to SEK 4.0 million (1.5) producing a result per share of SEK 1.4 (0.5). Operating income in the parent company was SEK 4.2 million (1.1). The development of operating income between 2002 and 2004 is presented below.



Graph 2. Operating income January-June

**Forecast**

Based on the present market development, the Board forecast that we will be able to exceed our objectives of 10 percent net margin. The objective of 15-20 percent increase in net turnover remains.

Cash flow is expected to be positive for the full year of 2004.

**Investments**

Investments in intangible fixed assets amounted to SEK 0.9 million (0.4), fully accounted for by balanced development costs in the parent company. Investments in machinery and equipment totaling SEK 0.2 million (0.2) have been made during the period. Thereof, parent company investments was SEK 0.2 million (0.2).

**Financial Status**

Cash flow during the period was positive at SEK 5.5 million (5.4). Liquid assets at period end amounted to SEK 26.1 million (16.9). Current ratio was 147 percent (123) and debt-equity ratio 42 percent (34).

**Product Development**

Product development has continued with with a substantial focus on Jeeves Enterprise version 9, including access to the whole Jeeves Enterprise by a web browser interface, e-purchasing, advanced supply chain management, the graphical interface and improved functionality in all modules.

**Employees**

The number of employees during the period averaged 46 (43) of whom 10 (10) were women.

### **Details of payments made to parties related to the company**

During the period, the company paid consultancy fees to companies related to the board chairman:  
- SEK 30 thousand

*The Board of Directors is of the opinion that these fees were paid at market prices and for well-defined projects that were not part of the normal board and management work.*

Agreement has been concluded with Office Factory AB, where board member Assar Bolin is shareholder. Office Factory provides business services to smaller and middle sized companies. Jeeves Enterprise is an important engine to facilitate this.

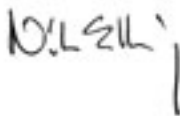
### **Financial Information**

The employee option programme, decided by the annual shareholders meeting May 14<sup>th</sup> 2002, is now completed. The last day in the programme was May 31<sup>st</sup> 2004. Number of options was 82 500 which was bought by the employees at market value. All options was changed into shares. The share price was set to SEK 12.

Interim report 3<sup>rd</sup> quarter October 22<sup>nd</sup> 2004

The report has been briefly examined by the Company's auditors.

Stockholm, August 17, 2004



Nicolas Ehrling  
Chief Executive Officer

*For more information please contact  
CEO Nicolas Ehrling, +46 8 587 099 42 or  
CFO Björn Westberg, +46 8 587 099 45*

## Group Profit and Loss Statement

(SEK thousand)	notes	Quarter		Period		Year
		2004-04-01 2004-06-30	2003-04-01 2003-06-30	2004-01-01 2004-06-30	2003-01-01 2003-06-30	2003-01-01 2003-12-31
OPERATING REVENUE						
Net turnover	1	14 822	12 646	28 190	24 703	50 934
Capitalized work own use		599	291	931	383	1 117
Other revenues		0	15	0	15	15
<b>Total revenue</b>		<b>15 421</b>	<b>12 952</b>	<b>29 121</b>	<b>25 101</b>	<b>52 066</b>
OPERATING COSTS						
Merchandise		-245	-242	-684	-499	-1 172
General external costs		-3 881	-4 274	-7 554	-7 850	-13 895
Payroll expenses		-8 502	-6 866	-15 755	-13 889	-28 419
Depreciation, tangible and intangible assets		-601	-675	-1 205	-1 409	-2 775
Depreciation, goodwill		-73	-73	-148	-148	-298
<b>Total costs</b>		<b>-13 302</b>	<b>-12 130</b>	<b>-25 347</b>	<b>-23 795</b>	<b>-46 560</b>
<b>Operating income</b>		<b>2 119</b>	<b>822</b>	<b>3 773</b>	<b>1 306</b>	<b>5 506</b>
PROFIT ON FINANCIAL ITEMS						
Interest and similar revenues		128	126	252	251	511
Interest expenses and similar costs		1	-13	-14	-46	-132
<b>Total financial items</b>		<b>129</b>	<b>113</b>	<b>238</b>	<b>205</b>	<b>379</b>
<b>Resultat efter finansiella poster</b>		<b>2 248</b>	<b>935</b>	<b>4 011</b>	<b>1 511</b>	<b>5 885</b>
TAXES		0	0	0	0	0
<b>Earnings</b>		<b>2 248</b>	<b>935</b>	<b>4 011</b>	<b>1 511</b>	<b>5 885</b>

<b>Earnings per share, SEK</b>					
Per average no. shares	0,8	0,3	1,4	0,5	1,3
After dilution	0,8	0,3	1,3	0,5	1,3
<b>No. outstanding shares</b>					
Average no. Shares during the period	2 969 241	2 905 364	2 964 586	2 905 364	2 908 156
No. Shares at period end	2 987 864	2 905 364	2 987 864	2 905 364	2 925 864
No. Shares after full dilution at period end	2 987 864	2 987 864	2 987 864	2 987 864	2 982 864

## Group Balance Sheet

	notes	2004-06-30	2003-06-30	2003-12-31
<b>ASSETS</b>				
Goodwill		2 375	2 672	2 523
Other intangible fixed assets		4 194	4 511	4 307
Tangible fixed assets		611	599	587
Financial fixed assets		0	0	0
<b>Total fixed assets</b>		<b>7 180</b>	<b>7 782</b>	<b>7 417</b>
<b>Current assets</b>				
Inventory		151	77	30
Work in progress		54	70	215
Accounts receivable		11 514	7 771	17 750
Other receivables		2 299	2 702	1 064
Accrued license revenues		445	765	382
Deferred exp. and accrued revenue		1 100	753	1 633
Cash in hand and at the bank		26 122	16 892	11 456
<b>Total current assets</b>		<b>41 685</b>	<b>29 030</b>	<b>32 530</b>
<b>Total assets</b>		<b>48 865</b>	<b>36 812</b>	<b>41 290</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Restricted equity</b>				
Share capital		5 976	5 811	5 811
Restricted reserves		5 932	5 057	27 937
<b>Total restricted equity</b>		<b>11 908</b>	<b>10 868</b>	<b>33 748</b>
<b>Non-restricted equity</b>				
Loss brought forward		4 660	67	-26 602
Net loss for the period		4 011	1 511	3 818
<b>Total non-restricted equity</b>		<b>8 671</b>	<b>1 578</b>	<b>5 869</b>
<b>Total equity</b>	2	<b>20 579</b>	<b>12 446</b>	<b>16 995</b>
<b>Provisions</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Loans against promissory notes		0	350	250
Checking account facility		0	0	0
Other liabilities		0	250	0
<b>Total long-term liabilities</b>		<b>0</b>	<b>600</b>	<b>250</b>
Accounts payable		2 334	1 828	1 845
Advance payments from customers		233	462	174
Loans against promissory notes		0	0	200
Other liabilities		2 769	1 945	3 658
Deferred maintenance revenues		16 225	13 917	17 613
Accrued costs and deferred revenues		6 725	5 615	6 071
<b>Total short-term liabilities</b>		<b>28 286</b>	<b>23 767</b>	<b>29 561</b>
<b>Total equity and liabilities</b>		<b>48 865</b>	<b>36 813</b>	<b>46 806</b>
Pledged assets		1 500	1 500	1 500
Contingent liabilities		20	40	100

## Group Cash Flow Analysis

	2004-01-01 2004-06-30	2003-01-01 2003-06-30	2003-01-01 2003-12-31
<b>Cash flow from current operations</b>			
Earnings after net financial items	4 011	1 511	5 885
Adjustments for items not included in cash flow	0	0	
Depreciation	1 353	1 557	3 073
Earnings realised from sales/disposals	0	0	12
Change in interest debt	-23	-42	-123
Translation difference	0	-250	-250
	<b>5 342</b>	<b>2 776</b>	<b>8 597</b>
Income tax paid	0	0	0
<b>Cash flow from current operations before changes in operating capital</b>	<b>5 342</b>	<b>2 776</b>	<b>8 597</b>
<b>Change in working capitals</b>			
Increase/decrease in inventories	-134	-47	13
Increase/decrease in assets	3 408	8 983	2 225
Increase/decrease in short term liabilities	-1 275	-4 712	1 083
<b>Cash flow from current operations</b>	<b>7 341</b>	<b>7 000</b>	<b>11 919</b>
<b>Cash flow from investments</b>			
Acquisition of financial assets	0	0	0
Acquisition of intangible assets	-931	-383	-1 389
Acquisition of tangible assets	-188	-195	-309
Sales of tangible fixed assets	0	0	4
<b>Cash flow from investments</b>	<b>-1 119</b>	<b>-578</b>	<b>-1 698</b>
<b>Financing activities</b>			
Issue of new shares	744	0	246
Stock option sales	0	12	22
Share dividend	-1 195	0	0
Increase/decrease of long-term liabilities	-250	-998	-1 348
<b>Cash flow from financing activities</b>	<b>-701</b>	<b>-986</b>	<b>-1 080</b>
<b>PERIOD CASH FLOW</b>	<b>5 521</b>	<b>5 436</b>	<b>9 141</b>
Liquid assets at period start	20 601	11 456	11 456
<b>Liquid assets at period end</b>	<b>26 122</b>	<b>16 892</b>	<b>20 601</b>

## Group Segment Analysis

	Sweden		Other Nordics		Others		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
REVENUES								
License and maintenance	19 077	14 005	1 459	1 212	1 332	1 219	21 868	16 436
Hardware	584	460	0	0	0	0	584	460
Consultancy and training	5 218	6 344	88	113	432	1 350	5 738	7 807
Total Revenue	24 879	20 809	1 547	1 325	1 764	2 569	28 190	24 703
EARNINGS								
Income per area	13 445	9 327	1 171	833	-1 885	-511	12 732	9 649
Non allocated costs							-8 958	-8 343
OPERATING INCOME							3 773	1 306
Financial items							238	205
EARNINGS							4 011	1 511

Jeeves primary segment is geographical area. Jeeves has only one product, the ERP system, which involves no additional reporting in secondary segments. Jeeves is mainly a software development company, where a large part of the cost is not allocable to the geographical areas.

### Accounting principles and notes

The interim report has been drawn up in accordance with the Swedish Annual Accounts Act and the recommendation RR 20 (interim reports) of the Swedish Financial Accounting Standards Council. The same accounting principles as for the annual accounts for 2003 have been applied, including the observance of the new recommendations of the Swedish Financial Accounting Standards Council that came into force January 1st 2004, and which bear on the Company's accounts.

The following new recommendations that are now adopted are RR 29 – Employee remuneration. In this interim report, these recommendations do not have a monetary effect on the Company's result and financial position. After reviewing the other new recommendations that will be adopted as of 1 January 2004, the Company has come to the conclusions that these will not appreciably affect this report.

<b>Not 1 Net turnover</b>	<b>2004-04-01</b>	<b>2003-04-01</b>	<b>2004-01-01</b>	<b>2003-01-01</b>	<b>2003-01-01</b>
Comprises from the following:	<b>2004-06-30</b>	<b>2003-06-30</b>	<b>2004-06-30</b>	<b>2003-06-30</b>	<b>2003-12-31</b>
License and maintenance revenues	11 939	8 719	21 868	16 436	35 361
Hardware revenues	249	275	584	460	1 024
Consultancy and training revenues	2 634	3 652	5 738	7 807	14 549
	<b>14 822</b>	<b>12 646</b>	<b>28 190</b>	<b>24 703</b>	<b>50 934</b>

<b>Note 2 Changes in equity</b>	<b>2004-06-30</b>	<b>2003-06-30</b>	<b>2003-12-31</b>
Equity at period start	16 995	10 964	10 964
Net profit for the period	4 011	1 511	5 885
Share dividend	-1 195	0	
Issue of shares (employee option programme)	744	0	246
Options	0	12	22
Differences on conversion	23	-42	-123
<b>Equity at period end</b>	<b>20 579</b>	<b>12 446</b>	<b>16 995</b>

**About Jeeves**

*Jeeves Information Systems AB (JIS) develops business systems for medium -sized companies in the manufacturing, commercial, and service sectors. The company, which has a staff of 45, focuses on product development while sales are dealt with by 300 committed and expert employees and consultants with special and sector-specific skills within various business processes. JIS collaborates with 15 partners throughout the world, with partners being represented at 20 locations in Sweden alone. The company's main product is Jeeves Enterprise, which is installed at nearly 1000 companies and has over 16,500 users. The present operation started in 1992 and the company has been listed on the Stockholm Stock Exchange O-list since 1999.*

**About Jeeves Enterprise**

*The Jeeves Enterprise business system is a complete business system in a Windows environment, which thanks to its openness is an unbeatable platform for web applications and e-commerce. Thanks to our unique design, customer adaptations are preserved upon update to a later version. The software contains a comprehensive range of routines from Accounting, Logistics, Service, Time & Project to CRM (Customer Relationship Management) and SCM (Supply Chain Management). Jeeves Enterprise has a flexible and customizable user interface that also contains a powerful macrolanguage that is used for customer adaptations. The flexibility and adaptability available in Jeeves Enterprise also makes it a suitable solution for large-scale enterprises wanting a common business system for their medium-sized and smaller subsidiaries.*

**For more information:** [www.jeeves.se](http://www.jeeves.se)



Jeeves Information Systems AB (org no 556343-4215)  
Box 1042, SE-10138 Stockholm, Tel +46 8 587 099 00, Fax +46 8 587 099 99  
[info@jeeves.se](mailto:info@jeeves.se) [www.jeeves.se](http://www.jeeves.se)