

# SCRIBONA

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June 17, 2006

## Interim report January-June 2006 for the Scribona Group

- Net sales for the second quarter reached SEK 2,701 (2,733) million. Net sales for the first half were up 4% to SEK 5,633 (5,427) million.
- Operating income for the second quarter was SEK -71 (3) million. Income after tax was SEK -55 (-4) million, equal to SEK -1.08 (-0.08) per share. First-half operating income amounted to SEK -86 (9) million and income after tax to SEK -69 (-4) million.
- The Scribona business area's second quarter net sales reached SEK 2,504 (2,563) million, with operating income of SEK -78 (-7) million. Net sales for the first half of 2006 were up 2% to SEK 5,205 (5,082) million.
- Restructuring of the Scribona business area has taken longer and cost more than estimated. Clearance of SEK 170 million in excess inventory was carried out during the quarter at negative margins.
- The Scribona business area's previously announced operating income target of SEK 100 million for the full year 2006 must be revised. With the expected easing of price pressure, a volume growth increase similar to that of the first half of 2006 and the effects of the cost-cutting program, the goal is now an operating income of SEK 100 million in the second half of 2006.
- Strategic discussions regarding the Scribona business area are underway and will advance to a decisive stage in the next few months.
- Second quarter net sales in the Carl Lamm business area reached SEK 208 (168) million, with an operating income of SEK 9 (11) million. Net sales for the first half of 2006 were up 26% to SEK 432 (342) million and operating income was SEK 20 (21) million.
- Efforts to prepare the Carl Lamm business area for distribution and separate listing are proceeding according to plan and the goal is to submit a resolution for decision by an extraordinary general meeting in the third quarter of 2006.

### COMMENTS FROM THE CEO

"Second quarter sales in the **Scribona business area** were on par with the previous year. During the quarter, Scribona succeeded in strengthening its market position despite aggressive competition.

Clearance of excess inventory and HP's changed distribution strategy are creating severe pressure on distributor margins. This, together with shrinking volumes and ongoing disruptions in the implementation of our Nordic processes in Norway, had a considerable negative impact on earnings during the quarter.

Although we did not anticipate any improvement until the second half of the year, the quarter's results are a disappointment. However, we have strengthened our market position and are most likely best in class compared with the competing distributors. We expect price pressure to ease in the second half of the year provided that HP's "rightsizing" program has been substantially completed. The price war surrounding HP and clearance of excess inventory alone have cost us at least SEK 40 million during the quarter. We are committed to the ongoing cost-cutting and margin improvement. We have reduced our inventories by SEK 300 million since the beginning of the year, which has improved the cash flow considerably.

The distribution industry is rapidly consolidating across Europe. Scribona, which is the largest distributor in the Nordic region is well positioned to be integral part of this consolidation. In March, as previously announced, the Company hired ABG Sundal Collier to explore all possibilities to create greater shareholder value. Currently, the Company is in talks with several parties and we expect the discussions to advance to a decisive stage over the next few months", says Tom Ekevall-Larsen, President & CEO of Scribona.

"The **Carl Lamm business area** increased its sales by 24% in the second quarter and further advanced its position as a leading supplier of document management products and solutions to the Swedish market. Carl Lamm is continuing to show positive development with improvement in both its market shares and margins.

Ongoing product and channel convergence between the document management and IT markets is creating new opportunities for Carl Lamm. The acquisition of three IT infrastructure companies at the beginning of the year has broadened the market offering with additional IT infrastructure products and services, which is a key component of Carl Lamm's strategy. During the autumn, the focus on IT infrastructure will further contribute to Carl Lamm's growth."

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**Financial calendar**

Interim report for January-September 2006

November 10, 2006

Year-end report for January-December 2006

February 9, 2007

## GROUP ORGANIZATION

The Group consists of the Scribona and Carl Lamm business areas.

In order to safeguard the Scribona business area's leading position in the Nordic market, the Nordic coordination and efficiency improvement programs have continued with the development of joint backoffice functions, a new infrastructure platform and a more flexible and competitive logistics solution. In 2005 the business area's Danish and Norwegian operations were acquired by Scribona Nordic AB and a similar change was carried out in Finland at the beginning of April 2006. As of the second quarter of 2006, operations in all Nordic countries are thus managed by Scribona Nordic AB.

Preparations for the planned separate listing of the Carl Lamm business area are proceeding according to plan. The goal is to submit a resolution on separate listing for decision by an extraordinary general meeting in the third quarter of 2006. The intention is to list Carl Lamm on the Stockholm Stock Exchange.

## GROUP DEVELOPMENT

### Sales and income in the second quarter

The Group's operations show seasonal variations, with weaker sales in the first three quarters and a traditionally much stronger fourth quarter.

Consolidated net sales totaled SEK 2,701 (2,733) million.

Consolidated operating income was SEK -71 (3) million. Operating income includes a SEK -2 (-1) million write-down of goodwill due to limited useful and net exchange losses of SEK -2 (-2) million.

Net financial items amounted to SEK -4 (-7) million.

Income before tax was SEK -75 (-4) million.

### Sales and income in the first half of 2006

Consolidated net sales amounted to SEK 5,633 (5,427) million, up by 4%. For comparable units and at unchanged exchange rates, sales were up by 2%.

Consolidated operating income was SEK -86 (9) million, and includes net exchange losses of SEK -9 (-4) million.

Net financial items amounted to SEK -8 (-11) million.

Income before tax was SEK -94 (-2) million.

Income tax is reported at SEK 25 (-2) million. The tax expense has been affected by non-deductible expenses.

Net income after tax was SEK -69 (-4) million and earnings per share were SEK -1.35 (-0.08).

The Annual General Meeting of Scribona AB on March 30, 2006, resolved in favor of an incentive scheme based on employee share options entitling the participants to acquire shares in Carl Lamm AB. Although the share options will lead to dilution of earnings per share in Scribona, the dilution effect is not calculated since such calculation assumes a quoted market price for the share.

## Cash flow

The Group's cash flow from operating activities for the first half of 2006 amounted to SEK 152 (159) million. Cash flow from investing activities was SEK -43 (-19) million. The period's investments include a sum of SEK 15 million for the acquisition of three IT infrastructure companies in the Carl Lamm business area. A small service operation in Finland was sold for SEK 2 million. Investments in new business and logistics systems amounted to SEK 17 million and SEK 5 million, respectively, in the Scribona and Carl Lamm business areas. Cash flow for the period was SEK -35 (153) million.

## Financial position

Net financial assets at the end of the period totaled SEK -246 (14) million. Capital employed was SEK 1,129 (946) million. Cash and cash equivalents at June 30 amounted to SEK 311 (520) million. The Group's liquidity situation is good with respect to the unutilized overdraft facility of SEK 100 million.

## Employees

The number of employees at the end of the period was 940 (955). During the first half of the year, 53 employees were added through the companies acquired by Carl Lamm.

## Key ratios

Earnings per share for the first half of the year were SEK -1.35 (-0.08). Earnings per share for the past 12-month period totaled SEK -1.65 (SEK -0.37 for the full year 2005).

Equity per share at the end of the period was SEK 17.29 (18.80).

The equity ratio at June 30 was 27.7% (30.5%).

Over the past 12-month period, return on capital employed was -9.1% (-0.7% for the full year 2005).

Return on equity over the past 12-month period was -9.1% (-2.0% for the full year 2005).

## PARENT COMPANY

Other operating income in the Parent Company during the period amounted to SEK 4 (10) million, of which SEK 4 (8) million consisted of rents from subsidiaries.

Dividends from subsidiaries were received in an amount of SEK 205 million. In the year-earlier period, shares in subsidiaries were written down by SEK 49 million. Income before tax amounted to SEK 194 (-68) million.

Cash and cash equivalents at June 30 totaled SEK 2 (2) million. Net financial assets at mid-year are reported at SEK 535 (354) million. The period's investments in fixed assets reached SEK 0.0 (0.7) million. Total assets at June 30 amounted to SEK 1,436 (1,243) million.

## DEVELOPMENT BY BUSINESS AREA

### Scribona business area

#### *The market*

Because actual market data will not be available until after the publication of this report, Scribona has made its own assessments on market development. We estimate that the total market in units sold is unchanged from the year-earlier level, although increased direct sales have reduced the distributor share. Our share of the distribution market is believed to have strengthened. The average PC unit price has fallen by around 5% compared with 2005 but has been offset by a rising share of laptops at higher prices than desktop models.

Continued aggressive competition arising from HP's drive to reduce the number of distributors, high inventory levels in the channel and a shrinking distribution share have led to lower sales margins.

#### *Development during the quarter*

The business area's second quarter net sales reached SEK 2,504 (2,563) million. Sales margins have dropped sharply in all countries. A generally tougher competitive climate and HP's changed distribution strategy have created additional price pressure. Excess inventories from the end of 2005 have been sold off at low prices and capitalized obsolescence costs. Earnings in Norway were impacted by corrections of around SEK -10 million relating to lower margins in the first quarter. Income was charged with exchange losses of SEK -10 million. Operating income was SEK -78 (-7) million.

The business area's second quarter sales by product segment:

#### *Personal Computers & Peripherals, SEK 1,121 (1,369) million.*

Our assessment is that the market for PCs and peripherals was unchanged during the quarter. In addition, manufacturer direct sales have increased. In a declining distribution market we estimate that Scribona has strengthened its overall position.

#### *Servers, Storage & Infrastructure, SEK 531 (606) million.*

Although the market for server and storage products has been sluggish, demand for network products improved somewhat in the second quarter. Scribona estimates the business area's market shares to be unchanged from the 2005 level.

*Enterprise & Client Software, SEK 441 (368) million.* Second quarter sales rose 20% over the corresponding period of 2005. Thanks to its focus on renewal of corporate licenses and solutions for server virtualization, Scribona has continued to win market share in this segment.

#### *Entertainment & Personal Communication, SEK 420 (237) million.*

Scribona's sales showed continued strong growth and rose by 77% over the same period of 2005. This success was mainly attributable to consumer sales of PC equipment, but also to sustained growth in sales of LCD/Plasma TV, DVD, audio and photo products.

#### *Scribona by country*

*Sweden* enjoyed strong volume growth including new products for the consumer market. Although market shares for the major brands have increased, aggressive price competition has undermined margins on volume products and resulted in a slight drop in operating income compared with 2005.

Sales in *Denmark* showed favorable development but were negatively affected by the terminated distribution agreement with HP in the first quarter and by disruptions connected to the closure of its own logistics center and transfer to external logistics partners. In a market with severe price pressure, sales margins have been tight. The HP inventory has been sold off below cost price. Substantial downsizing of the organization will result in lower costs in the third quarter. A major customer bankruptcy during the period gave rise to a cost of SEK 6 million.

In early April, *Finland* was the last country to deploy Scribona's Nordic business system. The drop in sales compared with 2005 is mainly due to Scribona's refusal to accept extremely low margins on volume business. The new business system has given rise to certain disruptions which also had a negative impact on sales. A small service operation was sold during the quarter.

The market in *Norway* was weak during the quarter, with declining sales and falling margins. The consequences of lower margins were not reflected in the first quarter accounts due to ongoing start-up problems in the new Nordic work processes. This was corrected in the second quarter in an amount of around SEK -10 million. Coupled with cost variances, operating income fell sharply and was negative for the first time in many years. An action program has been launched to stabilize margins and cut costs.

Aside from management of the business area, *Joint business area* includes central functions such as logistics, IT, etc., where budget variances are not allocated. The closure of Scribona's logistics center in Denmark and transfer to external logistics partners led to wind-up and extraordinary costs of SEK 3 million. This heading also includes central exchange losses of SEK -10 (+4) million due to the fact that purchases and sales in Denmark, Finland and Norway are transacted in local currency but are reported in SEK in the external accounts.

*Development in the first half of 2006*

The business area's sales were up 2% to SEK 5,205 (5,082) million. Operating income was SEK -103 (-9) million.

*Action program and cost savings*

The past years' investments in new logistics and IT infrastructure have provided a platform for simplification of the legal structure and a higher degree of centralization and nordification of backoffice functions. Together with earlier measures, this is expected to yield improvements in productivity and cash flow in 2006.

*Outlook*

Our previously announced operating income target of SEK 100 million for the full year 2006 must be revised. The pressure on margins resulting from HP's right-sizing strategy and clearance of the IT channel's substantial excess inventories has generated sizeable losses in the first half of the year, at the same time that start-up problems in our new IT infrastructure and Nordic work processes were underestimated.

Despite this tough situation, Scribona has delivered stable sales and strengthened its position in the Nordic IT market. With improved margins and the effects of our cost-cutting program in the second half of the year, we anticipate operating income of SEK 100 million. A considerable contribution to this expected improvement is cost reduction year over year of SEK 70 million.

The quarter's events underline the importance of the consolidation process currently underway in the industry. Scribona is evaluating a number of strategic alternatives that will advance to a decisive stage in the next few months.

**Carl Lamm business area**

*The market*

According to Carl Lamm's assessment, the total Swedish market for document management products grew by 5% in value in the second quarter compared with the same period of 2005. This growth was mainly driven by stronger demand for equipment to manage document flows in color. Sales of copyprinters and color printers outpaced the market according to Carl Lamm's assessment, and led to increased market shares.

Voice management and franking products contributed to market growth and are areas where Carl Lamm, by its own reckoning, has somewhat outpaced the market. The fax market is assessed to be unchanged from 2005, as is our volume.

Aftermarket sales, consisting of service, consumables, support and training, have increased in pace with growing document volumes and a rising share of color printouts. Carl Lamm's extensive service operations showed robust development.

As an independent supplier, Carl Lamm has the opportunity to deliver a wide range of brands and solutions. Carl Lamm's strategy is to build further on

this position by significantly expanding its offering and product portfolio in the IT infrastructure area.

Carl Lamm can now offer its customers products from vendors like HP and Microsoft. The partnerships established with these and other suppliers are opening a partly new market for Carl Lamm in information management.

The extensive partnerships with several leading manufacturers of document management products (EFI, Epson, Francotyp Postalia, Philips, Ricoh, Samsung, etc.) are providing a steady flow of product innovations that are having a positive effect on the replacement market and are creating the conditions for new solutions to offer the market.

*Acquisitions in 2006*

Three IT infrastructure companies were acquired in January 2006: Saldab AB, Megabyte System Svenska AB and Vinga Datacenter AB. These companies based in metropolitan areas have expanded Carl Lamm's customer offering with IT solutions and provided the expertise to fuel rapid regional development in this segment. With 25 Carl Lamm Centers in strategic locations throughout Sweden, the company can deliver the type of combined document and information management solutions increasingly demanded by customers.

*Development in the second quarter*

Net sales in the second quarter reached SEK 208 (168) million, up by 24%. Excluding acquired units, sales rose by 10%. Operating income was SEK 9 (11) million, and was adversely affected by exchange losses of SEK -1 (-2) million and one-time costs of SEK -1 million attributable to preparations for separate listing of the Carl Lamm Group.

*Development in the first half of 2006*

The business area reported net sales of SEK 432 (342) million and operating income of SEK 20 (21) million.

*Outlook*

Much of the second quarter was devoted to preparations for the planned distribution and separate listing of Carl Lamm AB as well as the change of business system. The business area also continued its integration of the IT infrastructure companies and development of a nationwide customer offering in IT infrastructure.

The profit effects of the acquisitions and expansion of the offering to include products and services for IT infrastructure are expected to emerge in the second half of 2006. The new business system is anticipated to yield efficiency improvements starting from the first quarter of 2007.

The business area is seeing a trend towards total solutions for entire office networking solutions, in which document management is a sub-component. With its nationwide organization, Carl Lamm is well poised to capitalize on the business opportunities arising in this changing market.

**ACCOUNTING PRINCIPLES**

This consolidated interim report has been prepared according to IAS 34, Interim Financial Reporting, which is consistent with the requirements in the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim Reporting for Groups.

The same accounting and valuation principles have been applied as in the most recent annual report, except for reporting of exchange differences in operating income and net sales by business area.

In the annual report, exchange differences are recognized gross within other operating income and other operating expenses. In this interim report, exchange differences are recognized net within

other operating expenses. The comparative figures have been restated.

Net sales by business area have replaced the previous income by business area. The comparative figures have been restated.

**AUDIT**

This interim report has not been subject to special review by the company's auditors. The interim report is a translation of the Swedish original.

Solna, July 17, 2006

Scribona AB  
Board of Directors

This report can also be viewed at [www.scribona.com](http://www.scribona.com)

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The company's registered office is located in Solna, Sweden.

**Facts about Scribona**

Scribona is the Nordic region's leading distributor of IT and communication products.

The Scribona business area is the Nordic region's leading IT distributor, with a comprehensive offering of hardware and software and solutions for IT infrastructure.

The Carl Lamm business area provides complete system solutions for data and document management in Sweden, with its own distribution and retail operations in 25 locations.

**SCRIBONA – INTERIM REPORT PER JUNE 30, 2006**

**Summary Consolidated Income Statement**

Amounts in MSEK	2006	2005	2006	2005	2005/2006	2005
	<u>Jan-June</u>	<u>Jan-June</u>	<u>April-June</u>	<u>April-June</u>	<u>July-June</u>	<u>Jan-Dec</u>
Net sales	5,633	5,427	2,701	2,733	11,866	11,660
Other operating income	24	20	14	10	41	37
Operating expenses						
Goods for resale	-5,152	-4,903	-2,484	-2,478	-10,856	-10,607
Other external costs	-248	-207	-129	-99	-512	-471
Staff costs	-314	-299	-161	-152	-582	-567
Depreciation	-17	-17	-8	-9	-36	-36
Write-downs goodwill	-3	-8	-2	-1	-6	-11
Other operating expenses	-9	-4	-2	-2	-17	-12
<b>Operating income</b>	<b>-86</b>	<b>9</b>	<b>-71</b>	<b>3</b>	<b>-102</b>	<b>-7</b>
Net financial items	-8	-11	-4	-7	-12	-15
<b>Income before tax</b>	<b>-94</b>	<b>-2</b>	<b>-75</b>	<b>-4</b>	<b>-114</b>	<b>-22</b>
Tax	25	-2	20	0	30	3
<b>Net income for the period</b>	<b>-69</b>	<b>-4</b>	<b>-55</b>	<b>-4</b>	<b>-84</b>	<b>-19</b>
Earnings per share, SEK	-1.35	-0.08	-1.08	-0.08	-1.65	-0.37
Earnings per share after full dilution, SEK	-1.35	-0.08	-1.08	-0.08	-1.65	-0.37
Numbers of shares end of period	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608
Numbers of shares end of period after full dilution	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608
Average weighted number of shares after full dilution	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608

Although the employee share options in Carl Lamm AB will lead to dilution of earnings per share in Scribona, the dilution effect is not calculated since such calculation assumes a quoted market price for the share.

**Summary Consolidated Balance Sheet**

Amounts in MSEK	2006	2006	2005	2005	2005
	<u>30 June</u>	<u>31 March</u>	<u>31 Dec</u>	<u>30 Sep</u>	<u>30 June</u>
Goodwill	35	37	22	23	24
Other intangible fixed assets	65	58	44	37	36
	34	38	35	36	26
Tangible fixed assets					
Other fixed assets	52	53	52	58	59
Inventories	702	871	1,091	826	672
Current rceivables	1,991	1,842	2,720	1,695	1,811
Liquid funds	311	417	348	481	520
<b>Total assets</b>	<b>3,190</b>	<b>3,316</b>	<b>4,312</b>	<b>3,157</b>	<b>3,148</b>
Shareholders' equity	883	933	946	935	960
Long-term liabilities	23	24	17	20	21
Current liabilities	2,284	2,359	3,348	2,201	2,167
<b>Total liabilities and shareholders' equity</b>	<b>3,190</b>	<b>3,316</b>	<b>4,312</b>	<b>3,157</b>	<b>3,148</b>
Capital employed	1,129	1,195	1,299	878	946
Net financial capital	-246	-262	-353	58	14

Tangible assets were reclassified to intangible assets at December 31, 2005, and the comparative information has been comparatively restated.

## SCRIBONA – INTERIM REORT PER JUNE 30, 2006

### Net Sales by Business Area and Country

Amounts in MSEK	2006	2005	2006	2005	2005/2006	2005
	<u>Jan-June</u>	<u>Jan-June</u>	<u>April-June</u>	<u>April-June</u>	<u>July-June</u>	<u>Jan-Dec</u>
Scribona						
Sweden	1,977	1,831	1,014	933	4,018	3,872
Denmark	793	738	374	383	1,737	1,682
Finland	1,009	1,043	451	520	2,194	2,229
Norway	1,442	1,495	675	744	3,106	3,159
Intra business area	-17	-25	-11	-19	-21	-29
<b>Total business area Scribona</b>	<b>5,205</b>	<b>5,082</b>	<b>2,504</b>	<b>2,563</b>	<b>11,035</b>	<b>10,912</b>
<b>Carl Lamm</b>	<b>432</b>	<b>342</b>	<b>208</b>	<b>168</b>	<b>791</b>	<b>702</b>
<b>Total business areas</b>	<b>5,637</b>	<b>5,424</b>	<b>2,712</b>	<b>2,731</b>	<b>11,827</b>	<b>11,614</b>
Other/Intra Group	-3	3	-11	3	40	46
<b>Total</b>	<b>5,633</b>	<b>5,427</b>	<b>2,701</b>	<b>2,733</b>	<b>11,866</b>	<b>11,660</b>

### Income by Product Segment in the Scribona Business Area

Amounts in MSEK	2006	2005	2006	2005	2005/2006	2005
	<u>Jan-June</u>	<u>Jan-June</u>	<u>April-June</u>	<u>April-June</u>	<u>July-June</u>	<u>Jan-Dec</u>
Personal Computers & Peripherals	2,456	2,830	1,121	1,369	5,277	5,651
Servers, Storage & Infrastructure	1,104	1,199	531	606	2,326	2,421
Enterprise & Client Software	763	647	441	368	1,608	1,492
Entertainment & Personal Communication	890	480	420	237	1,750	1,340
Other	-7	-74	-9	-17	75	8
<b>Total business area Scribona</b>	<b>5,205</b>	<b>5,082</b>	<b>2,504</b>	<b>2,563</b>	<b>11,035</b>	<b>10,912</b>

### Operating Income by Business Area and Country

Amounts in MSEK	2006	2005	2006	2005	2005/2006	2005
	<u>Jan-June</u>	<u>Jan-June</u>	<u>April-June</u>	<u>April-June</u>	<u>July-June</u>	<u>Jan-Dec</u>
Scribona						
Sweden	0	6	1	6	22	28
Denmark	-35	-23	-19	-15	-81	-69
Finland	-10	-7	-9	-6	-10	-7
Norway	-18	23	-25	12	0	41
Joint business area	-39	-8	-26	-3	-61	-30
<b>Total business area Scribona</b>	<b>-103</b>	<b>-9</b>	<b>-78</b>	<b>-7</b>	<b>-130</b>	<b>-36</b>
<b>Carl Lamm</b>	<b>20</b>	<b>21</b>	<b>9</b>	<b>11</b>	<b>36</b>	<b>37</b>
<b>Total business areas</b>	<b>-83</b>	<b>12</b>	<b>-69</b>	<b>4</b>	<b>-95</b>	<b>1</b>
Joint Group	-3	-4	-2	-1	-6	-8
<b>Total</b>	<b>-86</b>	<b>9</b>	<b>-71</b>	<b>3</b>	<b>-102</b>	<b>-7</b>



**SCRIBONA – INTERIM REPORT PER JUNE 30, 2006**
**Cash Flow Statement**

Amounts in MSEK	2006 <u>Jan-June</u>	2005 <u>Jan-June</u>	2006 <u>April-June</u>	2005 <u>April-June</u>	2005/2006 <u>July-June</u>	2005 <u>Jan-Dec</u>
<b>OPERATING ACTIVITIES</b>						
Income after financial items	-94	-2	-75	-4	-114	-22
Depreciations and write-downs	20	25	10	10	42	47
Other	7	-8	-2	-5	23	8
Tax paid	-12	-4	-2	-2	-17	-9
<b>Cash flow from operating activities before changes in working capital</b>	<b>-79</b>	<b>11</b>	<b>-69</b>	<b>-2</b>	<b>-66</b>	<b>24</b>
Cash flow from changes in working capital						
Change in inventories	388	186	165	197	-30	-232
Change in operating receivables	702	591	-155	-170	-126	-237
Change in operating liabilities	-859	-629	88	141	56	286
<b>Cash flow from operating activities</b>	<b>152</b>	<b>159</b>	<b>29</b>	<b>165</b>	<b>-166</b>	<b>-159</b>
<b>INVESTING ACTIVITIES</b>						
Acquisition of operations	-15	-	-	-	-15	0
Divestment of operations	2	-	2	-	3	1
Acquisition of fixed assets	-30	-19	-12	-10	-68	-57
Divestment of fixed assets	0	0	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-43</b>	<b>-19</b>	<b>-10</b>	<b>-10</b>	<b>-80</b>	<b>-56</b>
<b>FINANCING ACTIVITIES</b>						
Change in loans	-144	13	-123	5	50	207
<b>Cash flow from financing activities</b>	<b>-144</b>	<b>13</b>	<b>-123</b>	<b>5</b>	<b>50</b>	<b>207</b>
<b>Cash flow for the period</b>	<b>-35</b>	<b>153</b>	<b>-104</b>	<b>160</b>	<b>-196</b>	<b>-8</b>
<b>Liquid assets at beginning of period</b>	<b>348</b>	<b>355</b>	<b>417</b>	<b>351</b>	<b>520</b>	<b>355</b>
Cash flow for the period	-35	153	-104	160	-196	-8
Exchange rate difference in liquid assets	-2	12	-2	9	-13	1
<b>Liquid assets at end of period</b>	<b>311</b>	<b>520</b>	<b>311</b>	<b>520</b>	<b>311</b>	<b>348</b>

**Change in Shareholders' Equity**

Amounts in MSEK	2006 <u>Jan-June</u>	2005 <u>Jan-June</u>	2006 <u>April-June</u>	2005 <u>April-June</u>	2005/2006 <u>July-June</u>	2005 <u>Jan-Dec</u>
Opening balance for the period	946	941	933	949	960	941
Change in translation difference	6	23	5	15	7	24
Net income for the period	-69	-4	-55	-4	-84	-19
<b>Closing balance for the period</b>	<b>883</b>	<b>960</b>	<b>883</b>	<b>960</b>	<b>883</b>	<b>946</b>

As of January 2004, MNOK 125 of shareholders' equity in Norway is hedged through the Parent Company's borrowing of a correspondent amount in NOK.

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**Key Ratios**

	2006 <u>Jan-June</u>	2005 <u>Jan-June</u>	2006 <u>April-June</u>	2005 <u>April-June</u>	2005/2006 <u>July-June</u>	2005 <u>Jan-Dec</u>
Operating margin, %	-1.5	0.2	-2.7	0.1	-0.9	-0.1
Return on capital employed, %					-9.1	-0.7
Capital turnover rate, times per year					10.5	11.0
Average capital employed, MSEK					1,125	1,056
Net financial capital, MSEK	-246	14	-246	14	-246	-353
Return on shareholders' equity, %					-9.1	-2.0
Average shareholders' equity, MSEK					924	948
Equity/assets ratio, %	27.7	30.5	27.7	30.5	27.7	21.9
Shareholders' equity per share, SEK	17.29	18.80	17.29	18.80	17.29	18.53
Earnings per share, SEK	-1.35	-0.08	-1.08	-0.08	-1.65	-0.37
Average number of employees					945	952
Number of employees end of period	940	955	940	955	940	927
Sales per employee, MSEK					12.6	12.2

For definitions of key ratios, see Scribona's latest annual report.