



Connecta AB (publ)

Interim Report

January - March 2008

Another Strong Quarter for Connecta

- Total sales for the first quarter were SEK 199.8 (185.2) m. Sales growth excluding subcontracting consultants in the first quarter was 22% year on year, despite three fewer working days. The share of subcontracting consultants continued to fall in the first quarter 2008.
- First-quarter operating profit was SEK 27.0 (23.1) m, a 17% increase, equating to an operating margin of 13.5% (12.5).
- Profit after tax for the first quarter was SEK 19.6 (16.7) m, a 17% increase. Earnings per share for the first quarter were SEK 1.89 (1.61), also a 17% gain.
- In the January – March period, 66 (58) new employees joined Connecta. The total employee headcount at the end of the period was 568 (486). All growth was organic.
- Connecta assisted insurance group Länsförsäkringar in building and launching a new operation in Latvia and Lithuania. This assignment covered program management, product development and engineering new processes and the associated systems support.

Connecta discloses the information in this press release according to the Swedish Securities Market Act and/or the Swedish Financial Trading Act. The information was provided for public release on 23 April 2008 at 1:00 p.m.

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Connecta is a management and IT consulting practice that helps corporations and non-profit organizations to become more competitive and achieve desired results by combining thorough IT expertise with broad business knowledge. Connecta is a Microsoft Gold Certified Partner. Connecta's five largest clients are Ericsson, Försäkringskassan, ICA, Länsförsäkringar and Sony Ericsson. The Company's shares are listed on the Nordic Exchange small-cap list (ticker CNTA).
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Connecta is a management and IT consulting practice that helps corporations and non-profit organizations to become more competitive and achieve desired results by combining thorough IT expertise with broad business knowledge. Connecta competes with the major multinationals and smaller local players.

Connecta's prime goal is to deliver good profitability. Over a business cycle, Connecta's goal is to deliver an operating margin of 10 - 15% excluding subcontracting consultants.

CEO Per Agélii Comments on the Quarter

Connecta is sustaining the robust progress featuring in 2007. We are supporting our customers in increasingly complex processes, both on formulating strategies and their operational implementation. One exciting example in the quarter was our project for insurance group Länsförsäkringar—in 2007 and early 2008 we have been assisting Länsförsäkringar's start-ups in Latvia and Lithuania. Länsförsäkringar opened its first office, in Riga, on 19 February.

Our own initiative in the Öresund region is becoming increasingly secure. By late-2007, the office went into profit on a monthly basis, less than a year after opening. By the end of March, some 30 staff had been hired. We are noting increasing demand for our services in the region, and that we are securing increasing positioning on the local market.

I'd also like to highlight the fact that Connecta is now the largest Swedish-owned management consulting practice. We now have some 80 pure management consultants, which alongside the other skills in Connecta make us a very strong player on the Swedish management and IT consulting market.

Markets and Clients

Continued strong demand for
Connecta's services

Connecta's clients continued to show firm demand for the company's services in the first quarter. Connecta is also attracting increasing interest from more clients, which is good corroboration that Connecta's brand is getting stronger and more recognized. Connecta is monitoring the business cycle and progress of our clients closely, but there has been no negative effect on Connecta's business yet.

Connecta works actively on maintaining a client portfolio that brings balance from several perspectives, including advancing Connecta's presence in sectors that need to change. Balanced offerings are an additional complementary perspective for enabling Connecta's controlled growth, and maintaining its attractions on the market for talent, while it also ensures sufficient delivery capacity to take on engagements in Connecta's offerings.

Successful initiatives in the
banking, finance & insurance
sector and the energy sector

Connecta intensified its long-term initiatives in the banking, finance, & insurance sector and in the energy sector in the first quarter. These are important growth segments for the company. The response has been positive and Connecta has secured assignments in these segments that will



be key references going forward. For example, in banking & finance, Connecta has been assigned on security and developing an Internet bank for a major Swedish bank. Another bank has appointed Connecta to capture requirements and manage testing.

In telecom, Connecta collaborates with producers and operators. The high rate of change in the sector is producing firm demand for change consultants for these players. The need to constantly adapt and improve business processes and products is creating a lot of opportunities for Connecta.

Connecta's five largest clients in the quarter were Ericsson, Försäkringskassan (the Swedish National Social Insurance Office), ICA, Länsförsäkringar and Sony Ericsson. One of Connecta's successful client projects is for northern European food provider ICA. Connecta has been closely involved in realizing ICA's new logistics infrastructure for over three years, the first stage being the start-up and commissioning of the Helsingborg Distribution Unit. The Helsingborg DU is now on stream, and Connecta has had significant engagements on the overall project and its implementation, verification and commissioning the automated goods sections.

The collaboration with Microsoft is continuing to create good business opportunities, with Connecta further enhancing its positioning in portal implementation.

Connecta—an IBM Premier
Partner

Connecta and IBM are strengthening their collaboration in Service-oriented Architecture (SOA), Business Process Management, Integration and Portals. With its in-depth knowledge of SAP and IBM WebSphere, Connecta significantly advanced its market positioning in the first quarter. Connecta's offering and know-how in these segments is unique on the Swedish market. Connecta is an IBM Premier Partner for implementing SOA and Business Process Management solutions in Sweden. Its combination of understanding of business processes and system integration enables Connecta to help its customers ensure robust integration architecture.

Connecta became a member of IBM's WebSphere EMEA Advisory Board in the period, a forum where IBM brings together its most outstanding partners. Membership means Connecta gains access to information on IBM's product strategies, labs etc. before the rest of the market. Connecta also attained IBM Premier Partner status in April, the highest IBM partnering level.

Revenue and Profit Trend

Revenue

Sales growth exc. subcontracting consultants 22%, despite 3 fewer working days

Total revenues for the first quarter were SEK 199.8 (185.2) m, an 8% increase year on year. The historically low revenue growth is due to the sales share from subcontracting consultants fell further, to 4 (15)% in the first quarter 2008, year on year. The first quarter 2008 also had three fewer working days than the corresponding period of the previous year, because Easter came early, in March.

Sales growth excluding subcontracting consultants in the first quarter 2008 was 22%. This growth was mainly due to a rise in the number of consultants and somewhat higher hourly rates. The utilization ratio remains stable at a satisfactory level, 81 (84)% for the period January – March 2008.

On a rolling 12-month basis, average revenue per active consultant was SEK 1,569,000 (1,546,000) in the first quarter 2008, a 1% increase year on year. This improvement is a result of a small rise in average pricing.

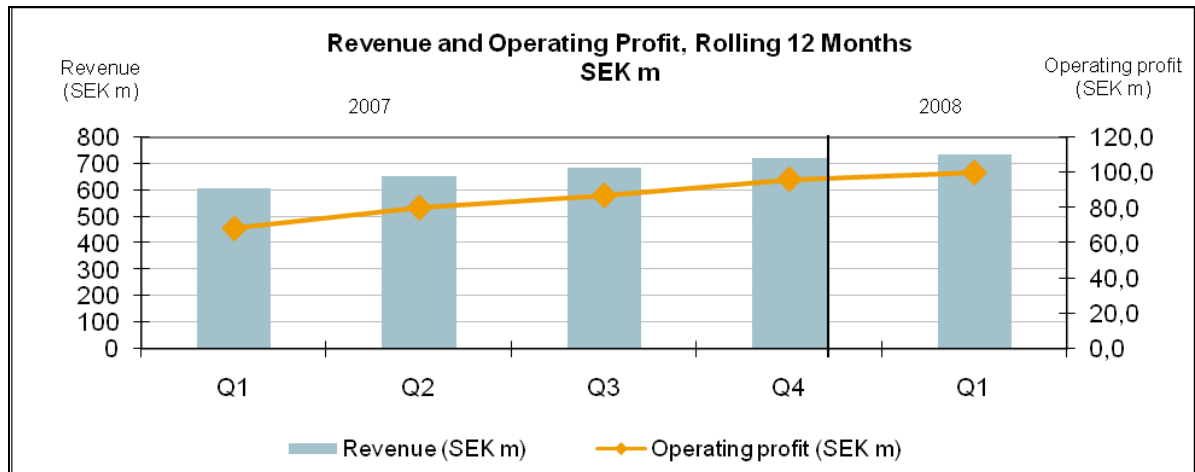
Profits

Profit growth of 17%

Operating profit in the first quarter 2008 was SEK 27.0 (23.1) m, a 17% increase.

	2008	2007	2007	2007	2007	2007	2006
	Q1	Q4	Q3	Q2	Q1	Full Yr.	Full Yr.
Operating profit, SEK m	27.0	29.3	19.8	24.2	23.1	96.4	57.6

The continued positive profit trend in the following graph is due to a combination of somewhat higher hourly rates, largely retained utilization ratio and continued successful organic growth. The increased profit was also helped by high delivery precision on current projects, economies of scale and high cost-efficiency.



The operating margin for the first quarter 2008 was 13.5 (12.5)%. Operating margin adjusted for subcontracting consultants was 14.1 (14.8)%.

The group's net financial income/expense for the first quarter 2008 was SEK 0.8 (0.3) m. Profit before tax for the first quarter 2008 was SEK 27.8 (23.4) m. Net profit for the first quarter 2008 was SEK 19.6 (16.7) m.

Balance Sheet

Equity/assets ratio of 35%, in line with Connecta's long-term goal

Accounts receivable on 31 March 2008 were SEK 169.2 m, an increase of SEK 2 m since the previous year-end. Prepaid expenses and accrued income were SEK 40.1 m on 31 March 2008, an increase since the previous year-end of SEK 2.6 m. The rise in accounts receivable and prepaid expenses and accrued income relates to increased sales.

The equity/assets ratio as at 31 March 2008 was 35.0 (42.2)%, a reduction of 7.2 percentage points, mainly due to dividends paid of SEK 68.4 m. Connecta's equity/assets ratio goal is 35%.

Cash and cash equivalents were SEK 19.3 (89.7) m on 31 March 2008. In 2007, dividends were paid in the second quarter.

Cash Flow

Cash flow reduced by dividends paid of SEK 68.4 m: in 2007, dividends were paid in Q2

Cash flow from operations was SEK 12.1 (11.9) m. Cash flow from the change in working capital was SEK -12.2 (-14.8) m. Cash flow from operating activities was SEK -0.1 (-2.9) m. In the first quarter, cash flow from operating activities was reduced by tax payments of some SEK 10.5 (12.3) m, and payments of annualized performance-related pay.

Cash flow from investment activities for the first quarter 2008 was SEK -0.5 (-0.2) m. Cash flow from financing activities for the first quarter 2008 was SEK -69.8 (-0.6) m, largely attributable to dividends paid of SEK 68.4 (0.0) m. In the previous year, dividends were paid in the second quarter. The total cash flow for the first quarter 2008 was SEK -70.4 (-3.7) m.

Human Resources

Successful organic expansion with flexible cost structure retained

Connecta continued its organic expansion successfully in the first quarter 2008. At the end of the first quarter 2008, the employee headcount was 568 (486), of which 27 (27)% were women. The average number of employees in the first quarter 2008 was 554 (475). Staff turnover was 4 (3)% in the first quarter 2008.

The company maintained its focus on expansion in the first quarter 2008. There is intense competition for skilled professionals on the market, but the company perceives a sustained positive trend, with a substantial number of high-quality job applications. In the first quarter 2008, 66 (58) new employees joined the company. Connecta will continue to expand, mainly organically through both broad and targeted initiatives with aims including hiring more women and a range of specialist skills.

Staff turnover remained relatively high, albeit concentrated on selected skills types, where the market is currently overheating. Largely, the professionals leaving Connecta joined smaller enterprises, or took up senior line management positions.

It is important for Connecta to feature equality and diversity. A workplace interwoven with equality and diversity is attractive to clients and employees. In this segment, Connecta pursues concrete goals on an overall and unit level. These goals relate, for example, to search and selection,

skills enhancement and communication, and are monitored continually. In the first quarter 2008, Connecta was able to conclude that these activities are generating results, with for example, the share of female managers at Connecta being higher than the overall share of female employees.

In the first quarter 2008, Connecta's Board decided to increase the contribution to the profit-share fund started in 2006, from SEK 40 to SEK 52.50 for every SEK 100 employees invest in Connecta shares. The total cost for this incentive scheme depends largely on the extent employees decide to participate, but the estimated cost is some SEK 2-3 m. The company's commitment to the fund is for one year at a time.

Parent Company

Connecta's operations are conducted through the parent company. The information on pages 1-7 of this Interim Report also relate to the parent company. The difference between consolidated profit and parent company profit is due solely to differences in accounting policies. Revenue for the first quarter 2008 was SEK 199.8 (185.2) m. Profit after financial items for the first quarter 2008 was SEK 26.5 (22.1) m.

Parent company equity on 31 March 2008 was SEK 66.0 (108.8) m. Investments in equipment in the first quarter 2008 were SEK 0.5 (0.2) m. Cash and cash equivalents on 31 March 2008 were SEK 19.2 (87.0) m.

Highlights in the Quarter

Succession in Connecta's Ownership

In February 2008, a transaction was conducted to ensure the strong commitment of Connecta's senior executives and key staff.

Previous owning company Tiktaal divested its 21.7% holding in Connecta. Simultaneously, newly incorporated Tikk2 acquired 1,091,079 shares, or 10.5% of the total number of Connecta shares. This means Tikk2 is Connecta's new main owner. The shareholders of Tikk2 are mainly existing Connecta executives. The largest shareholders of the company are Connecta's CEO Per Agélii and EVP Per Appelgren.

Annual General Meeting 2008

On 18 March 2008, Connecta's AGM approved dividends of SEK 6.59 per share. Johan Wieslander, Lars Grönberg, Göran Westling and Gunnel Linnertz were re-elected as Board members. Caroline af Ugglas was elected as a Board member. Johan Wieslander was re-elected as Chairman of the Board.

Connecta Incorporates Company for Governance and Ownership of Joint Ventures

In March 2008, Connecta incorporated wholly owned subsidiary Connecta Partner Investment AB (CPI). The background is a previous decision by Connecta's Board that it should be possible to initiate and operate businesses that enhance Connecta's competitiveness, but do not fit within its

strategic base, as joint ventures. CPI will ensure the effective governance and ownership of these joint ventures, and promote sales synergies between Connecta and these entities, to promote their continued business development.

Qube and Techta are two such joint ventures, and this sphere includes consulting practice Influence from April onwards. Influence delivers consulting services to large corporations that need to build and manage strong corporate cultures. Influence's key staff are already collaboration partners of Connecta within leadership and skills enhancement. From April, CPI has a 20% holding in Influence, corresponding to an investment of SEK 1.5 m. The remaining ownership is divided between Deseven and key Influence staff.

Highlights after the End of the Period

Connecta Hires CEO for CPI

Per Westholm, born in 1966, has been hired as CEO of CPI. His previous position was with H2 Ventures, the venture capital firm he founded, where he coached and invested in entrepreneur-led companies. He also has experience as a founder and partner of several consulting practices, and as an international management consultant. Per took up his position on 1 April 2008.

Significant Risks and Uncertainty Factors

Connecta is exposed to significant business risks from reduced demand for consulting services, the difficulty of attracting and retaining skilled staff, risks relating to engagement projects, as well as interest rate, credit, liquidity and currency risks.

Connecta monitors the risk of a weaker business cycle. Connecta does not regard the likelihood of significantly reduced demand for consulting services in the second quarter of 2008 as significant. Connecta has a highly developed search, selection and introduction process that ensures high quality at every step, and looking ahead, Connecta expects to be able to increase its employee headcount.

Connecta's strategy of working closely to its clients implies a conscious risk of dependency on certain clients. Connecta considers that this risk is counterbalanced by opportunities to secure larger and more complex projects.

The share of engagement projects remained high in the first quarter 2008. These engagements set high standards for skilled project management by Connecta, but also mean that the company has a longer planning horizon, because it can assume certain revenues. The company applies the percentage of completion method on engagement projects, and provisions for potential risks and variances on an ongoing basis.

Because most of Connecta's clients are large Swedish and multinational

corporations with secure financial positions, the company regards credit risk as low. The management of interest rate, liquidity and currency risks is formalized in Connecta's finance policy, and the risks are assessed as low.

Accounting Principles

Connecta prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS). This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Company applies the same accounting principles and valuation methods as in the most recent Annual Report.

The parent company prepares its accounts in accordance with the Swedish Annual Accounts Act and applies the same accounting principles and valuation methods as in the most recent Annual Report.

Estimates and Judgments for Accounting Purposes

The preparation of financial statements pursuant to IFRS requires the Board and management to make judgments and estimates for accounting purposes, and making assumptions that affect the application of accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Actual figures may differ from these estimates and judgments.

Ownership Structure and Share Price

The number of shares of Connecta AB as of 31 March 2008 was 10,387,355. The shares are traded on the Nordic Exchange small cap list. The closing price paid on 22 April 2008 was SEK 68.00.

Connecta had 2,483 (2,470) shareholders on 31 March 2008.

Forthcoming Financial Reports

14 August 2008: Interim Report, January-June 2008

23 October 2008: Interim Report, January-September 2008

5 February 2009: Financial Statement 2008

Connecta AB

The Board of Directors

Stockholm, Sweden, 23 April 2008

This Report has not been reviewed by the company's auditors

Summary Consolidated Income Statement

SEK m	2008 3 mth. Jan-Mar	2007 3 mth. Jan-Mar	2007 12 mth. Jan-Dec	Rolling 12 mth. Apr-Mar
Operating income				
Revenue	199.8	185.2	721.8	736.4
Total revenue	199.8	185.2	721.8	736.4
Operating expenses				
Other external expenses	-13.5	-11.4	-39.7	-41.8
Personnel costs	-152.4	-124.7	-519.8	-547.5
Costs for subcontracting consultants	-5.9	-25.2	-62.5	-43.2
Depreciation, amortization and impairment of tangible and intangible fixed assets	-1.0	-0.8	-3.4	-3.6
Total operating expenses	-172.8	-162.1	-625.4	-636.1
Operating profit/loss	27.0	23.1	96.4	100.3
Interest income	1.1	0.5	2.4	3.0
Interest expenses	-0.2	-0.1	-1.1	-1.2
Other financial income and expenses	-0.1	-0.1	-0.3	-0.3
Profit/loss after financial items	27.8	23.4	97.4	101.8
Tax	-8.2	-6.7	-29.0	-30.5
NET PROFIT/LOSS FOR THE PERIOD	19.6	16.7	68.4	71.3
Attributable to:				
Shareholders of parent company	19.6	16.7	68.4	71.3
Minority interests	-	-	-	-
Earnings per share (basic and diluted), SEK	1.89	1.61	6.59	6.86

Quarterly Data

Key Ratios (SEK m)	2008 Q1	2007 Q4	Q3	Q2	Q1
Revenues	199.8	199.0	152.3	185.3	185.2
Operating profit/loss	27.0	29.3	19.8	24.2	23.1
Profit/loss after financial items	27.8	29.3	20.2	24.5	23.4
Revenue per active consultant rolling 12 months (SEK 000)	1,569	1,568	1,536	1,553	1,546
Number of consultants, average	487	470	450	437	404
Utilization ratio %	81	83	82	89	84

Summary Consolidated Balance Sheet

SEK m	31 March 2008	31 December 2007	31 March 2007
Non-current assets			
Goodwill	46.6	46.6	46.6
Other intangible assets	1.1	0.8	0.6
Equipment	13.9	14.3	12.7
Other long-term receivables	0.6	0.6	0.6
Deferred tax claims	0.6	0.6	0.9
Participations in associated companies	0.6	-	-
Total non-current assets	63.4	62.9	61.4
Current assets			
Accounts receivable	169.2	167.2	132.2
Other receivables	0.6	0.6	0.4
Prepaid expenses and accrued income	40.1	37.5	40.0
Cash and cash equivalents	19.3	89.7	87.1
Total current assets	229.2	295.0	259.7
TOTAL ASSETS	292.6	357.9	321.1
EQUITY AND LIABILITIES			
Equity	102.3	151.1	139.7
Non-current liabilities	9.8	9.1	8.7
Current liabilities			
Accounts payable	17.5	14.2	21.6
Tax liabilities	18.1	18.8	13.8
Other liabilities	27.6	29.2	28.2
Accrued expenses and deferred income	117.3	135.5	109.1
Total current liabilities	180.5	197.7	172.7
TOTAL EQUITY AND LIABILITIES	292.6	357.9	321.1
Liabilities	190.3	206.8	181.4
of which interest bearing	9.8	9.1	8.7
of which non-interest bearing	180.5	197.7	172.7

Consolidated Statement of Changes in Equity

Group	Share Capital	Other Paid-up Capital	Profit Brought Forward	Total Equity Attributable to Parent Company's Owners	Total Equity
Opening balance, 1 January 2007	5.2	61.7	56.1	123.0	123.0
Profit/loss for the period	-	-	16.7	16.7	16.7
Closing balance, 31 March 2007	5.2	61.7	72.8	139.7	139.7
Opening balance, 1 January 2008	5.2	61.7	84.2	151.1	151.1
Dividend paid	-	-	-68.4	-68.4	-68.4
Profit/loss for the period	-	-	19.6	19.6	19.6
Closing balance, 31 March 2008	5.2	61.7	35.4	102.3	102.3

Summary Cash Flow Statement

SEK m	2008 Jan-Mar	2007 Jan-Mar	2007 Jan-Dec
Cash flow from operations	12.1	11.9	88.6
Change in working capital	-12.2	-14.8	-45.9
Cash flow from operating activities	-0.1	-2.9	42.7
Acquisitions of tangible and intangible non-current assets	-0.5	-0.2	-0.8
Cash flow from investment activities	-0.5	-0.2	-0.8
Changes in long-term receivables	-0.5	-	-
Changes in lease liability	-0.9	-0.6	-2.7
Dividend paid	-68.4	-	-40.3
Cash flow from financing activities	-69.8	-0.6	-43.0
Cash flow for the period	-70.4	-3.7	-1.1
Cash and cash equivalents, opening balance	89.7	90.8	90.8
Cash and cash equivalents, closing balance	19.3	87.1	89.7

Key Ratios

	2008 3 mth. Jan-Mar	2007 3 mth. Jan-Mar	2007 12 mth. Jan-Dec	Rolling 12 mth. Apr-Mar
Operating margin, %	13.5	12.5	13.4	13.6
Operating margin, %*	14.1	14.8	14.9	14.7
Profit margin, %	9.8	9.0	9.5	9.7
Return on equity, %	15.5	12.7	51.7	55.6
Net liabilities/financial assets, SEK m	9.5	78.4	80.6	9.5
Equity/assets ratio, %	35.0	43.5	42.2	35.0
Equity per share, SEK	9.85	13.45	14.55	9.85
Equity per share, diluted, SEK	9.85	13.45	14.55	9.85
Earnings per share (basic and diluted), SEK	1.89	1.61	6.59	6.86
Number of shares, closing balance	10,387,355	10,387,355	10,387,355	10,387,355
Number of shares, full dilution	10,387,355	10,387,355	10,387,355	10,387,355
Average number of shares	10,387,355	10,387,355	10,387,355	10,387,355
Average number of shares, full dilution	10,387,355	10,387,355	10,387,355	10,387,355
Number of employees at end of period	568	486	526	568
Number of active employees at end of period	534	450	494	534
Number of active employees, average	522	440	466	493
Revenue per active employee, 12 months, SEK 000	1,386	1,130	1,377	1,386
Revenue per active consultant, 12 months, SEK 000	1,569	1,546	1,568	1,569
Utilization ratio %	80.9	84.2	84.5	83.5

* Operating margin adjusted for subcontracting consultants

Summary Parent Company Income Statement

SEK m	2008 3 mth. Jan-Mar	2007 3 mth. Jan-Mar	2007 12 mth. Jan-Dec
Operating income	199.8	185.2	721.8
Operating expenses	-172.8	-162.1	-625.3
Depreciation, amortization and impairment of tangible and intangible fixed assets	-1.5	-1.5	-6.1
Operating profit/loss	25.5	21.6	90.4
Net financial income/expenses	1.0	0.5	1.6
Profit/loss after financial items	26.5	22.1	92.0
Tax	-8.2	-6.7	-29.0
NET PROFIT/LOSS FOR THE PERIOD	18.3	15.4	63.0

Summary Parent Company Balance Sheet

SEK m	31 March 2008	31 December 2007	31 March 2007
Non-current assets	14.0	15.7	20.0
Current assets	230.3	294.8	259.5
TOTAL ASSETS	244.3	310.5	279.5
EQUITY AND LIABILITIES			
Equity	66.0	116.2	108.8
Current liabilities	178.3	194.3	170.7
TOTAL EQUITY AND LIABILITIES	244.3	310.5	279.5
Liabilities	178.3	194.3	170.7
of which interest bearing	0.0	0.0	0.0
of which non-interest bearing	178.3	194.3	170.7

Definitions

Diluted equity per share

Equity divided by the average number of shares adjusted for potential dilution effects.

Equity/assets ratio

Equity as a percentage of total assets.

Equity per share

Equity divided by the number of shares at the end of the period.

Number of active employees, average

Average active employees in the period.

Operating margin

Operating profit as a percentage of operating income.

Profit margin

Net profit for the period as a percentage of operating income.

Return on equity

Profit after tax as a percentage of average equity.

Revenue per active consultant

Revenue excluding subcontracting consultants divided by the average number of active consultants.

Revenue per active employee

Revenue excluding subcontracting consultants divided by the average number of active employees.

Staff turnover

The number of employees whose employment has terminated, excluding terminations initiated by the company, in relation to the average number of employees in the period.

Utilization ratio

Billed time divided by scheduled working-hours (active consultants) less vacations taken.

This document is a translation of the Swedish original. In cases of any inconsistency between the two versions, the original will take precedence.