

Connecta AB (publ)

Interim Report

January - June 2008

Continued Healthy Growth and Profitability

- Total revenue for the second quarter grew by 15% to SEK 212.6 (185.3) m. Revenue in the first half-year increased by 11% to SEK 412.4 (370.5) m. Sales growth excluding subcontracting consultants in the second quarter was 27%, and in the first half-year 25%, year on year.
- Revenue per employee increased to SEK 1,413,000 for the first half-year 2008, against SEK 1,346,000 in the corresponding period of 2007 (rolling 12 months).
- Second-quarter operating profit was SEK 29.6 (24.2) m, a 22% increase, equating to an operating margin of 13.9 (13.1)%. Operating profit for the first half-year was SEK 56.6 (47.3) m, or an operating margin of 13.7 (12.8)%, and implies a 20% profit increase. Operating margin adjusted for subcontracting consultants in the second quarter was 14.5 (15.0)%, and 14.3 (14.9)% for the first half-year.
- Profit after tax for the second quarter was SEK 20.6 (17.1) m. The corresponding profit for the first half-year was SEK 40.2 (33.8) m.
- Earnings per share for the second quarter were SEK 1.98 (1.65) and SEK 3.87 (3.25) for the first half-year.
- In the first half-year, 125 (97) new employees joined Connecta. The total employee headcount at the end of the period was 586 (508). All growth was organic.

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 14 August 2008 at 1:00 p.m.

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Connecta AB (publ) Corporate ID No. 556610-5705

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 OMX Nordic Exchange Stockholm's list of Small-Cap companies (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 continuing its strong progress. In 2008, we have secured status as the largest Swedish-owned management consulting practice. In the second quarter, we secured this position through more attractive and significant staff appointments, and also through a range of exciting assignments with clients.

We also gained increasing revenues from several new clients in the quarter. What they all share is a demand for our broad skills base. Clients value for example how, on project teams, Connecta brings together specialists on IBM, SAP and Microsoft with experience of SOA (Service-oriented Architecture) and Supply Chain Management, for example. Connecta's ability to combine skills effectively is one of its key success factors for delivering new solutions to our clients.

Markets and Clients

Continued strong demand for
Connecta's services

Demand for Connecta's services remained firm in the period. In the first half-year, Connecta increased the pricing of its services somewhat. This was due partly to increased demand and greater acceptance for higher pricing, and partly Connecta's capacity to take on assignments that deliver high value to clients.

Despite a number of major consulting services buyers implementing and announcing more cutbacks, Connecta was able to retain its assignments with these clients in the quarter. In tandem with the rising demands for cost control and rationalization facing these clients, in several cases, Connecta was entrusted to support them on change projects they initiated.

Connecta's five largest clients in the first half-year were Ericsson, Försäkringskassan (the Swedish National Social Insurance Office) (), ICA, Länsförsäkringar and Sony Ericsson.

New assignments in banking
and manufacturing industries

In the period, Connecta secured several exciting initial 'door-opening' projects in the banking sector, where initially, Connecta has mainly conducted assignments intended to rationalize IT environments and achieve cost savings. New assignments include system development, rationalization of program offices and capturing requirements.

Connecta has embedded services from low-cost countries in its deliveries in collaboration with external partners and its joint venture, Qube.

In 2008, Connecta has undertaken large-scale consulting assignments with Norwegian-based telecom group Telenor, and late in the second quarter,

signed a master agreement with Telenor for IT and management and consulting services. This agreement encompasses companies Telenor, Bredbandsbolaget and Glocalnet.

Connecta is maintaining ongoing control of its sales initiatives to attain a balance between its offerings and sectors. In the first half-year, Connecta secured new and extended assignments in manufacturing:

ITT Water & Wastewater has appointed Connecta on projects including enhancing its integration center. Connecta is working on requirements specification and implementation of solutions based on IBM's WebSphere software.

At DeLaval, Connecta has provided management services in Customer Relationship Management and Supply Chain Management, and provided support on development projects based on Microsoft solutions.

Connecta's positioning, with its strong prospects for supporting clients sustainably with management and IT services, is continuing to attract the interest of new clients.

Revenue and Profit Trend

Revenue

Sales growth exc.
subcontracting consultants
27% in Q2 2008

Total revenues for the second quarter 2008 were SEK 212.6 (185.3) m, a 15% increase year on year. Revenues for the first half-year 2008 were SEK 412.4 (370.5) m, an 11% increase. The somewhat lower revenue growth is due to the sales share from subcontracting consultants continuing to reduce, to 4% in the first half-year 2008, against 14% for the corresponding period of 2007.

Sales growth excluding subcontracting consultants in the second quarter 2008 was 27%, and in the first half-year of 2008, 25%. This growth was mainly due to a rise in the number of consultants and higher hourly rates. The utilization ratio remains at a satisfactory level, 81 (86)% for the period January – June 2008.

On a rolling 12-month basis, average revenues per active consultant were SEK 1,596,000 (1,553,000) in the first half-year 2008, a 3% increase year on year. This improvement is also a result of a gradual increase in average pricing.

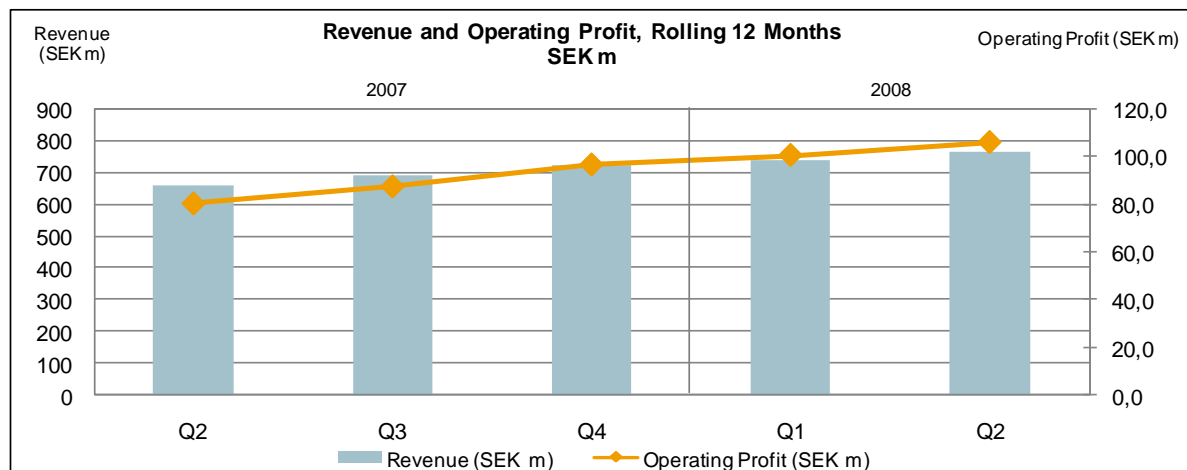
The second quarter 2008 had three more working days than the corresponding period of 2007, although the first half-year 2008 had the same number of working days as the first half-year 2007.

Profits

Profit growth of
22% in Q2 2008

Operating profit in the second quarter 2008 was SEK 29.6 (24.2) m, a 22% increase. The corresponding profit for the first half-year was SEK 56.6 (47.3) m, a 20% increase.

	2008	2008	2007	2007	2007	2007	2007	2006
	Q2	Q1	Q4	Q3	Q2	Q1	Full Yr.	Full Yr.
Operating profit, SEK m	29.6	27.0	29.3	19.8	24.2	23.1	96.4	57.6



The continued positive profit trend in the above graph is due to a combination of gradually increasing hourly rates, a sustained healthy utilization ratio and 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 second quarter 2008 was 13.9 (13.1)%. For the first half-year 2008, the corresponding margin was 13.7 (12.8)%. Operating margin adjusted for subcontracting consultants was 14.5 (15.0)% for the second quarter 2008 and 14.3 (14.9)% for the first half-year 2008.

The group's net financial income/expense for the second quarter 2008 was SEK 0.2 (0.3) m, and for the first half-year 2008, SEK 1.0 (0.6) m. Profit before tax for the second quarter 2008 was SEK 29.8 (24.5) m, and for the first half-year 2008, SEK 57.6 (47.9) m. Net profit for the second quarter 2008 was SEK 20.6 (17.1) m. The corresponding profit for the first half-year was SEK 40.2 (33.8) m.

Balance Sheet

Accounts receivable on 30 June 2008 were SEK 175.1 m, an increase of SEK 7.9 m since the previous year-end. Prepaid expenses and accrued income were SEK 38.0 m as of 30 June 2008, an increase of SEK 0.5 m since the previous year-end. The increase in accounts receivable, prepaid expenses and accrued income is due to increased sales, although the growth rate is lower than sales growth.

Cash and cash equivalents were SEK 47.9 (89.7) m on 30 June 2008.

The equity/assets ratio as at 30 June 2008 was 37.6 (42.2)%, a reduction of 4.6 percentage points, mainly due to dividends paid of SEK 68.4 m. Connecta's equity/assets ratio goal is 35%.

Cash Flow

Strong cash flow in 2008,
excluding dividends

Cash flow from operations was SEK 42.9 (37.3) m in the first half-year 2008. Cash flow from the change in working capital was SEK -10.7 (-26.0) m. Cash flow from operating activities was SEK 32.2 (11.3) m. In the first half-year, 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 half-year 2008 was SEK -4.0 (-0.4) m. Cash flow from financing activities for the first half-year 2008 was SEK -70.0 (-41.6) m, largely attributable to dividends paid of SEK 68.4 (40.3) m. The total cash flow for the first half-year 2008 was SEK -41.8 (-30.7) m. Adjusted for dividends, cash flow in the first half-year 2008 was SEK 26.7 (9.6) m.

Human Resources

Successful organic expansion
with flexible cost base
retained

Connecta successfully continued its organic expansion in the period January-June 2008. At the end of the first half-year 2008, the employee headcount was 586 (508) of which 27 (28)% were women. The average number of employees in the first half-year 2008 was 570 (482). Staff turnover was 11 (6)% in the first half-year 2008.

In the first half-year 2008, 125 (97) staff took up employment. 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 and senior appointments. Connecta's challenging client assignments at the leading edge of the sector is attracting a high number of skilled professionals.

Connecta has decided to start the fourth round of its successful graduate trainee program, Nova. Nova 4 will start in January 2009.

Staff turnover is high. However, as in the first quarter, it is concentrated on certain skills types, where the market is currently overheating.

To encourage the emergence of the skilled professionals of the future, especially female engineers, in the second quarter, Connecta arranged the DigiGirlz training package together with Microsoft. About twenty 14 year-

old girls came to Connecta in Stockholm for three days in June, and were given the opportunity to try out various IT tools, meet women that work in IT, and as a bonus, make some new contacts with girls of the same age.

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 second quarter 2008 was SEK 212.5 (185.3) m, and for the first half-year 2008, SEK 412.3 (370.5) m. Profit after financial items for the second quarter 2008 was SEK 28.8 (23.1) m. The corresponding profit for the first half-year was SEK 55.3 (45.2) m.

Parent company equity on 30 June 2008 was SEK 85.7 (116.2) m. Investments in equipment in the first half-year 2008 were SEK 2.5 (0.4) m. Cash and cash equivalents on 30 June 2008 were SEK 47.8 (60.0) m.

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 fixed-fee 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 half-year of 2008 as significant, although turbulence on the financial market does increase uncertainties. Connecta has a highly developed search, selection and introduction process that ensures high quality at every step, and looking ahead, Connecta expects to continue to increase its employee headcount.

Connecta's strategy of working closely with 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.

Connecta's engagement projects 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 fixed-fee 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 30 June 2008 was 10,387,355. The shares are traded on OMX Nordic Exchange Stockholm's list of Small Cap companies.

The closing price paid on 13 August 2008 was SEK 67.50. Connecta's ownership base had grown to 2,569 (2,367) shareholders as of 30 June 2008.

Forthcoming Financial Reports

23 October 2008: Interim Report, January-September 2008

5 February 2009: Financial Statement 2008

Attestation

The Board of Directors and Chief Executive Officer hereby offer their assurances that this Interim Report gives a true and fair view of the parent company's and group's operations, financial position and profits, and states the significant risks and uncertainty factors facing the company.

Johan Wieslander
Chairman of the Board

Gunnel Linnertz

Göran Westling

Caroline af Ugglas

Lars Grönberg

Per Agélii
Chief Executive Officer

Stockholm, Sweden, 14 August 2008

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

Summary Consolidated Income Statement

SEK m	2008 6 mth. Jan-Jun	2007 6 mth. Jan-Jun	2008 3 mth. Apr-Jun	2007 3 mth. Apr-Jun	2007 12 mth. Jan-Dec	Rolling 12 mth. Jul-Jun
Operating income						
Revenue	412.4	370.5	212.6	185.3	721.8	763.7
Total revenue	412.4	370.5	212.6	185.3	721.8	763.7
Operating expenses						
Other external expenses	-30.7	-22.2	-17.2	-10.8	-39.7	-48.2
Personnel costs	-311.3	-253.6	-158.9	-128.9	-519.8	-577.5
Costs for subcontracting consultants	-11.8	-45.8	-5.9	-20.6	-62.5	-28.5
Depreciation, amortization and impairment of tangible and intangible fixed assets	-2.0	-1.6	-1.0	-0.8	-3.4	-3.8
Total operating expenses	-355.8	-323.2	-183.0	-161.1	-625.4	-658.0
Operating profit/loss	56.6	47.3	29.6	24.2	96.4	105.7
Interest income	1.5	1.1	0.4	0.6	2.4	2.8
Interest expenses	-0.4	-0.3	-0.2	-0.2	-1.1	-1.2
Other financial income and expenses	-0.1	-0.2	0.0	-0.1	-0.3	-0.2
Profit/loss after financial items	57.6	47.9	29.8	24.5	97.4	107.1
Tax	-17.4	-14.1	-9.2	-7.4	-29.0	-32.3
NET PROFIT/LOSS FOR THE PERIOD	40.2	33.8	20.6	17.1	68.4	74.8
Attributable to:						
Shareholders of parent company	40.2	33.8	20.6	17.1	68.4	74.8
Minority interests	-	-	-	-	-	-
Earnings per share (basic and diluted), SEK	3.87	3.25	1.98	1.65	6.59	7.20

Quarterly Data

Key Ratios (SEK m)	2008 Q2	Q1	2007 Q4	Q3	Q2	Q1
Revenues	212.6	199.8	199.0	152.3	185.3	185.2
Operating profit/loss	29.6	27.0	29.3	19.8	24.2	23.1
Profit/loss after financial items	29.8	27.8	29.3	20.2	24.5	23.4
Revenues per active consultant rolling 12 months (SEK 000)	1,596	1,569	1,568	1,536	1,553	1,546
Number of consultants, average	518	487	470	450	437	404
Utilization ratio %	82	81	83	82	89	84

Summary Consolidated Balance Sheet

SEK m	30 June 2008	31 December 2007	30 June 2007
Non-current assets			
Goodwill	46.6	46.6	46.6
Other intangible assets	1.3	0.8	0.8
Equipment	15.0	14.3	14.0
Other long-term receivables	0.6	0.6	0.6
Deferred tax claims	0.6	0.6	0.9
Participations in associated companies	1.5	-	-
Total non-current assets	65.6	62.9	62.9
Current assets			
Accounts receivable	175.1	167.2	140.8
Other receivables	0.6	0.6	0.5
Prepaid expenses and accrued income	38.0	37.5	52.2
Cash and cash equivalents	47.9	89.7	60.1
Total current assets	261.6	295.0	253.6
TOTAL ASSETS	327.2	357.9	316.5
EQUITY AND LIABILITIES			
Equity	122.9	151.1	116.5
Non-current liabilities	9.2	9.1	10.6
Current liabilities			
Accounts payable	9.7	14.2	23.5
Tax liabilities	20.9	18.8	16.6
Other liabilities	31.0	29.2	26.2
Accrued expenses and deferred income	133.5	135.5	123.1
Total current liabilities	195.1	197.7	189.4
TOTAL EQUITY AND LIABILITIES	327.2	357.9	316.5
Liabilities	204.3	206.8	200.0
of which interest bearing	9.2	9.1	10.6
of which non-interest bearing	195.1	197.7	189.4

Consolidated Statement of Changes in Equity

Group, SEK m	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
Dividend paid	-	-	-40.3	-40.3	-40.3
Profit/loss for the period	-	-	33.8	33.8	33.8
Closing balance, 30 June 2007	5.2	61.7	49.6	116.5	116.5
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	-	-	40.2	40.2	40.2
Closing balance, 30 June 2008	5.2	61.7	56.0	122.9	122.9

Summary Cash Flow Statement

SEK m	2008 Jan-Jun	2007 Jan-Jun	2008 Apr-Jun	2007 Apr-Jun	2007 Jan-Dec
Cash flow from operations	42.9	37.3	30.8	25.4	88.6
Change in working capital	-10.7	-26.0	1.5	-11.2	-45.9
Cash flow from operating activities	32.2	11.3	32.3	14.2	42.7
Acquisitions of associated companies	-1.5	-	-1.0	-	-
Acquisitions of tangible and intangible non-current assets	-2.5	-0.4	-2.0	-0.2	-0.8
Cash flow from investment activities	-4.0	-0.4	-3.5	-0.2	-0.8
Changes in lease liability	-1.5	-1.3	-0.6	-0.7	-2.7
Dividend paid	-68.4	-40.3	-0.1	-40.3	-40.3
Cash flow from financing activities	-70.0	-41.6	-0.2	-41.0	-43.0
Cash flow for the period	-41.8	-30.7	28.6	-27.0	-1.1
Cash and cash equivalents, opening balance	89.7	90.8	19.3	87.1	90.8
Cash and cash equivalents, closing balance	47.9	60.1	47.9	60.1	89.7

Key Ratios

	2008 6 mth. Jan-Jun	2007 6 mth. Jan-Jun	2008 3 mth. Apr-Jun	2007 3 mth. Apr-Jun	2007 12 mth. Jan-Dec	Rolling 12 mth. Jul-Jun
Revenues, SEK m	412.4	370.5	212.6	185.3	721.8	763.7
Operating profit/loss, SEK m	56.6	47.3	29.6	24.2	96.4	105.7
Profitability						
Operating margin, %	13.7	12.8	13.9	13.1	13.4	13.8
Operating margin, %*	14.3	14.9	14.5	15.0	14.9	14.5
Profit margin, %	9.7	9.1	9.7	9.2	9.5	9.8
Return on average capital employed,%	41.6	35.8	23.2	18.0	69.8	78.9
Return on average equity,%	32.0	26.7	18.3	13.3	51.7	60.0
Financial position						
Equity/assets ratio, %	37.6	36.8	37.6	36.8	42.2	37.6
Net liabilities/financial assets, SEK m	38.7	49.5	38.7	49.5	80.6	38.7
Debt/equity ratio, multiple	0.07	0.09	0.07	0.09	0.06	0.07
Cash flow from operating activities after change in working capital, SEK m	32.2	11.3	32.3	14.2	42.7	63.6
Employees						
Number of employees at end of period	586	508	586	508	526	586
Number of active employees at end of period	543	459	543	459	494	543
Number of active employees, average	532	444	544	458	466	514
Revenue per active employee, 12 mth., SEK 000	1 413	1 346	1 413	1 346	1 377	1 413
Revenue per active consultant, 12 mth. SEK 000	1 596	1 553	1 596	1 553	1 568	1 596
Utilization ratio %	81.2	86.4	81.5	88.7	84.5	81.8
Per share data						
Equity per share, SEK	11.83	11.22	11.83	11.22	14.55	11.83
Equity per share, diluted, SEK	11.83	11.22	11.83	11.22	14.55	11.83
Earnings per share (basic and diluted), SEK	3.87	3.25	1.98	1.65	6.59	7.20
Number of shares, closing balance	10,387,355	10,387,355	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	10,387,355	10,387,355
Average number of shares	10,387,355	10,387,355	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	10,387,355	10,387,355

* Operating margin adjusted for subcontracting consultants

Summary Parent Company Income Statement

SEK m	2008 6 mth. Jan-Jun	2007 6 mth. Jan-Jun	2008 3 mth. Apr-Jun	2007 3 mth. Apr-Jun	2007 12 mth. Jan-Dec
Operating income	412.3	370.5	212.5	185.3	721.8
Operating expenses	-355.2	-323.2	-182.4	-161.1	-625.3
Depreciation, amortization and impairment of tangible and intangible fixed assets	-3.2	-3.0	-1.7	-1.5	-6.1
Operating profit/loss	53.9	44.3	28.4	22.7	90.4
Net financial income/expenses	1.4	0.9	0.4	0.4	1.6
Profit/loss after financial items	55.3	45.2	28.8	23.1	92.0
Tax	-17.4	-14.1	-9.2	-7.4	-29.0
NET PROFIT/LOSS FOR THE PERIOD	37.9	31.1	19.6	15.7	63.0

Summary Parent Company Balance Sheet

SEK m	30 June 2008	31 December 2007	30 June 2007
Non-current assets	14.3	15.7	18.7
Current assets	263.0	294.8	253.5
TOTAL ASSETS	277.3	310.5	272.2
EQUITY AND LIABILITIES			
Equity	85.7	116.2	84.3
Current liabilities	191.6	194.3	187.9
TOTAL EQUITY AND LIABILITIES	277.3	310.5	272.2
Liabilities	191.6	194.3	187.9
of which interest bearing	0.0	0.0	0.0
of which non-interest bearing	191.6	194.3	187.9

Definitions

Average number of active employees

Average number of active employees in the year.

Debt/equity ratio

Interest-bearing liabilities and provisions in relation to equity.

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.

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 average capital employed

Profit/loss after financial items plus financial expenses in relation to average capital employed.

Return on average equity

Profit after tax as a percentage of average equity.

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.

Revenue per active consultant

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

Revenue per active employee

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

Utilization ratio

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