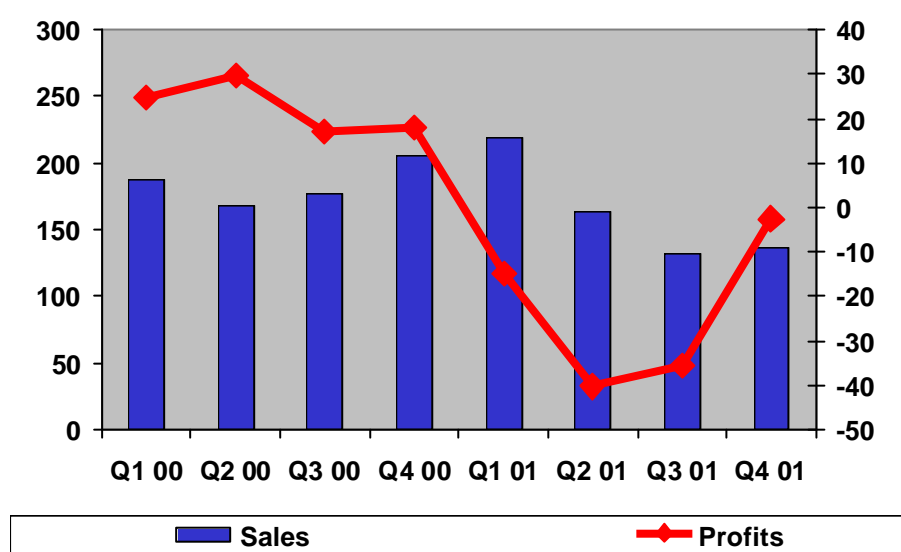


Adcore AB—Financial Statement January – December 2001

Robust fourth-quarter profit performance

Adcore's pro forma sales and profits before items affecting comparability and goodwill amortisation are proceeding according to plan, at SEK 137 m (132 m in Q3) and SEK –2.2 m (SEK –36 m in Q3) respectively. Lower costs and stable billing levels are exerting a favourable impact on profit performance.

Quarterly sales and profits before items affecting comparability and goodwill amortisation, SEK m, Adcore pro forma (Adcore with its present structure)



Quarterly sales performance should be viewed in the light of Adcore's downsized consultant corps at year-end compared to previously. Consolidated profits for the year were SEK –2.122 m before tax, with items affecting comparability comprising SEK –1.882 m. (of which 1299 m goodwill write-downs).

Cash flow under control

Cash flow from operations amounted to SEK –2 m in the final quarter 2001 (SEK –132 m in Q3), with restructuring generating an SEK 18 m negative cash flow in the fourth quarter.

Sustained positive order bookings

At year-end, Adcore's order backlog was some SEK 120 m—satisfactory in a problematic market. Adcore secured major new business in the period on its enterprise application and system integration sides. Its customer base comprises major multinational corporations. In the fourth quarter, Adcore's billing rate was 65% (62% in 2001).

Outlook

The market remains abrasively competitive, and securing customers' trust necessitates the utmost in delivering quality as well as customer value. Certain market niches are tracing healthy growth—particularly process rationalisation and enhancements of existing systems. Against this background, Adcore has started hiring specialists with documented experience.



Market and outlook

Market conditions deteriorated drastically early in 2001, with the combination of reduced demand and a glut of consulting services unleashing severe profitability problems throughout the sector. Events gained an additional element of drama when client investments in new technology collapsed from extremely high levels to virtually zero in a very short space of time.

The most palpable downturn occurred in the demand for projects featuring new initiatives (such as new technologies, solutions, processes and business), major projects generally and in the market for strategic and business consultants in particular. Demand for more traditional IT services (such as technology/systems development) was more stable. Far more intensive sales efforts were necessary to secure each assignment than was the case in 2000.

This market deterioration and intensifying competition elicited general price pressure, and to some extent, altered client purchasing behaviour. Tendering for consulting services was centralised, with each client cutting their number of service providers. Greater caution meant far longer decision processes, with new investments delayed.

The market segment where demand has remained relatively firm centres on minor IT projects with shorter pay-back times intended to rationalise, cut costs and/or increase the productivity of existing IT systems.

In general terms, the market remained sluggish in the latter half-year, and into the new year 2002. Adcore anticipates sustained adverse market conditions this year, despite some market niches likely to experience healthy growth.

Financial objectives

Adcore's objective is to achieve an operating margin of 10% over a business cycle.

Highlights in the year

Adcore has put an extremely turbulent year behind it, with upbeat expansion in 1999 and 2000, and its exclusive focus on growth, rapidly transformed into restructuring, the divestiture of enterprises and wind-downs.

When, in early 2001, it became clear that the entire European market was starting to wane, Adcore was not prepared for a weakened business cycle—in early 2001, Adcore had nearly 2,000 staff in 13 countries located in over 30 offices. Its structure was not entirely uniform, while the integration of all units was not complete. Several of Adcore's European subsidiaries, more oriented towards the market for entry-level web services, rapidly started suffering losses. Adcore's Swedish business also experienced profitability problems, albeit of nothing like the same magnitude as outside Sweden. Certain units, primarily in Stockholm, continued to proceed positively, but not sufficiently well to support an extensive and loss-burdened foreign operation. Indeed, Adcore's heterogeneous structure rendered fast and consistent action to rectify all the group's difficulties very problematic.

Against the above background, Adcore embarked on the liquidation of its unprofitable elements to concentrate all available resources on those businesses with the best prospects of success. The first units divested, in April, were the enterprises in France and Finland.

As the losses continued, the situation exacerbated, with Adcore's former CEO Göran Wågström leaving in June, to be replaced by Board member Ole Oftedal. Simultaneously, Adcore announced the divestment or liquidation of all activities outside Sweden, its objective being to minimise financial



risk, and thereby, avoid Adcore having to rely on a radical improvement of market conditions to survive.

In the summer, Adcore decided that all unprofitable activities would be wound down or divested, which in practice, meant concentration on Stockholm, with some 500 experienced consultants and satisfactory order bookings all year round. Thereby, Adcore would create the right prospects for securing a stable and profitable foundation to build the future, restructured, Adcore.

Because losses and a negative cash flow were depleting the corporation's cash, a capital injection was needed to resolve the liquidity crisis Adcore was in in the late summer. These funding difficulties were resolved through a private placement in October, which raised SEK 169.5 m gross for the corporation.

The restructuring was implemented and basically complete by the third quarter, when 28 enterprises in 13 countries with a total of some 1.200 staff had either been divested or wound down. The private placement was consummated in parallel with this process.

Sales and profits before items affecting comparability and goodwill amortisation in various units, 2001

SEK m	Sales	Profit
Stockholm	652.6	-12.1
Nordic region incl. Sweden, excl. Stockholm	269.2	-47.6
Rest of Europe, US, Japan	155.9	-54.9
Eliminations, etc.	-15.3	-80.7
Total	1 062.4	-195.3

Adcore's Stockholm business was also rationalised, with its organisational resources concentrated, and now based on four operational business areas: Management, Program Management, Enterprise Applications and Technology & Development. Staffing was downsized by some 150 in the latter half year to 557, with other costs cut resolutely—particularly overheads corrected to suit a more compact business. Meanwhile, sales initiatives were intensified, with a centralised function offering additional sales support, established.

During this tough transition, under unstinting media scrutiny, Adcore was able to retain the majority of its key staff and clients, and indeed, to attract new clients and retain satisfactory order bookings. Thereby, the first phase of Adcore's renewal was completed.

The next stage is to develop Adcore into a profitable, growing corporation, concentrating on providing value for its clients and shareholders.

Sales and profits, Adcore pro forma

Sales

Net sales for the year amounted to SEK 653 m, down 12% on 2000. To all intents and purposes, this reduction is due to a decrease in number of consultants, deteriorated market conditions, and the ensuing lower utilisation and pricing.

Sales	Q4	Q3	Q2	Q1	Full yr.
Adcore pro forma, SEK m	137	132	164	220	653
Sales per consultant, rolling 12 months, SEK 000	1.304	1.377	1.297	1.315	1.322



Average billing per consultant for the full year amounted to SEK 1.3 m, a decrease of 5.3% since the third quarter. Despite an arduous market, Adcore has been able to sustain relative stability in its assignment pricing—a consequence of its conscious efforts to concentrate on assignments creating significant business value for clients. The full-year billing rate was 62%; or 65% in the fourth quarter.

Clients/order bookings

Despite this adverse market, Adcore continued to secure new assignments, and at year-end, its order backlog was some SEK 120 m, corresponding to approximately 2½ months' sales. In the final quarter, the following clients increased their commitments with Adcore: Cramo, ICA, Folksam, the Swedish National Pharmacy Corporation, Vin & Sprit (Swedish wine and spirits trade) and Sony Ericsson.

Adcore signed master agreements with clients including Folksam, ATG, Telia, OM, the Confederation of Swedish Enterprise, SAS, Volkswagen and Ericsson (Adcore has preferred supplier status) in the year.

In the fourth quarter 2001, Adcore's five biggest clients were Ericsson, SAS, Sony Ericsson, the Confederation of Swedish Enterprise and Vin & Sprit, which represented an aggregate 45% of sales in the last quarter 2001.

Profit

Profit before items affecting comparability and goodwill amortisation amounted to SEK –93 m (89 m).

Profit	Q4	Q3	Q2	Q1	Full yr.
Adcore pro forma	–2.2	–35.6	–40.3	–14.8	–93

An extensive cost rationalisation program was rolled out through the autumn, exerting a positive profit influence during the final quarter. However, the full effect is not expected to materialise before some way into 2002. Total savings will amount to over SEK 100 m annualised, compared to the cost level prevailing in the first half-year 2001.

Fourth-quarter profit was SEK –2.2 m, up SEK 33 m quarter on quarter, entirely consistent with expectations.

Consolidated profit (including liquidated units)

Adcore's fundamental restructuring exerted the major impact on consolidated profit. Liquidation and restructuring costs, including goodwill write-downs, amounted to an aggregate total of SEK 1.882 m.

The following table specifies these costs (all figures in SEK m):

	Q4	Q3	Q2	Q1	Full yr.
Restructuring costs	–	97	55	90	242
Liquidation of businesses/enterprises	–8	64	1.287	297	1.640
Total	–8	161	1.342	387	1.882
<i>of which goodwill write-downs</i>	<i>–</i>	<i>23</i>	<i>1.046</i>	<i>230</i>	<i>1.299</i>

Subsequent to a stock issue, Adcore's minority holdings in Adcore Japan are diluted, and as of the publication date of this report, amount to some 9%. This shareholding has been accounted at SEK 1.

The consolidated net financial position for the period was SEK 3 m (12 m); profit before tax stood at SEK –2.122 m (–1.447 m).



Cash flow and financial position

Cash flow from operations for the year was SEK –317 m (–63 m); the fourth-quarter figure was SEK –2 m, a quarter-on-quarter gain of SEK 131 m.

Total net investments in the year were SEK 206 m, funded through non-cash issues totalling SEK 67 m and cash of SEK 139 m. The final payment of previous corporate acquisitions amounted to SEK 144 m in the period; net investments in the final quarter of the year were SEK 0 m.

The closing balance of consolidated goodwill was SEK 27 m (1.254 m), a year-on-year reduction of SEK 1.227 m. A total of SEK 1.299 m of goodwill write-downs were effected in the period, of which SEK 0 occurred in the fourth quarter.

The Balance Sheet as of year-end includes SEK 198.1 m of deferred tax, SEK 75.8 m less than at the previous year-end. The valuation of this item—attributable to Adcore's tax last carry-forwards—proceeds from an assessment of the corporation's earnings ability during the coming years. The revaluation has implied a SEK 75.8 m reduction to deferred tax receivables, an amount posted as a deferred tax cost.

Accounts receivable amounted to SEK 104 m at year-end, a quarter-on-quarter decrease of SEK 45 m. Customer losses were marginal in the year.

The closing balance of liquid funds was SEK 78 m (201 m), an increase of SEK 68 m since the end of the previous quarter. This increase is mainly due to the new issue effected in the fourth quarter. In addition Adcore has not utilized a credit facility of SEK 17 m.

Adcore received SEK 169.5 m in gross cash funds in October, of which SEK 87 m were transferred to cash reserves after the amortisation of certain loans. Cash flow from operations in the fourth quarter was SEK –2 m.

Adcore's equity ratio was 27% at year-end, a year-on-year deterioration of 55 percentage points, but a 2 percentage point improvement on the previous quarterly report. The equity ratio net of goodwill was 22%.

Dividends

Since there are no dividendable funds, the board proposes that no dividends are paid for 2001 (0).

Human resources

Adcore's staff headcount was 557 (1.747) at year-end; the average number of employees was 1.361 (1.275). Divestitures and liquidations resulted in Adcore's staff headcount downsizing by some 1.200 since year-end 2000. In 2001, personnel turnover was 10.5%, excluding terminations initiated by the corporation.

Adcore will hire new staff in 2002, initially in selected specialist spheres.



Ownership structure and share price performance

As of 28 December 2001, Adcore had 33.579 shareholders. The five largest shareholders at this time, and subsequent changes that the corporation is aware of, are illustrated in the following table. At year-end, the Board and management held just over 13% of all stock, and additionally, a large group of senior executives have acquired call options equivalent to 25 million shares. Including these options, the Board and management's ownership holding amounts to over 17%.

Owner	No. of shares	Proportion, %
Active Holding BV	84.786.457	14.7
Ole Oftedal	68.798.533	12.0
Christer Jacobsson via companies	30.638.861	5.3
Third AP (Nat. Pens. Ins.) Fund	26.971.000	4.7
IT Provider	24.709.000	4.3

At year-end, there were 575.672.226 shares, with the weighted average number of shares in the year being 235.590.366. In 2001, Adcore consummated four non-cash issues and two new issues that increased the number of shares by 429.796.389. The private placement consummated in October increase the number of shares by 423.750.000. All shares confer one vote and have a nominal value of SEK 0.10.

Two staff stock option programs issued under the auspices of the former Information Highway matured on 15 February 2002. There were 1.012.755 un-utilised warrants remaining. On 31 May 2002, a convertible programme becomes due for payment; the number of remaining convertibles is 300.488, with a conversion price of SEK 9.40. In December, all Adcore staff were offered the opportunity of acquiring warrants in a new incentive scheme, encompassing 30 million warrants, and all were subscribed. Upon full utilisation, the dilution would be 4.9%.

The Adcore share is quoted on the Stockholm Stock Exchange O-list. The closing price on 18 February was SEK 0.47, implying that the share price has increased by 20.5% since 1 January. Also on 18 February, the group's market capitalisation was SEK 271 m. In 2001, Adcore's share price declined by 98.6% and its market capitalisation by 94.7%.

Parent company

The parent company, with four staff, employs the CEO and a few other personnel; its net profit was SEK -2.262 m in 2001.

Other financial information

Compulsory redemption of the minority of Adcore Stockholm AB, formerly Connecta

In December, Adcore's Board resolved that the prevailing compulsory redemption process applying to the minority in Adcore Stockholm AB, the former Connecta AB, would be terminated, with the background to this decision being the divestment of the Adcore Stockholm AB shares on 6 December 2001. This transaction was intended for Adcore to be able to benefit from the capital loss on shares in Adcore Stockholm AB itself. All shares were transferred to a consortium outside the Adcore group. The purchase price has yet to be determined.



As a consequence of the request to terminate the compulsory redemption process, and because the new owners have announced their intention to liquidate Adcore Stockholm AB, Adcore has targeted an offering to the minority shareholders to buy the stock, at a price of SEK 25 per share. A total of some 200.000 shares are outstanding.

Disputes

As a consequence of the root-and-branch restructuring of Adcore in 2001 and the volume of transactions it implied, a number of disputes have arisen, where negotiations are not concluded. The profit effect of these negotiations is assessed as fully provisioned and included in the remaining provisioning of SEK 81 m comprising 7 yet unresolved disputes, including the compulsory redemption of Adcore Stockholm AB, and some un-concluded restructuring measures. The remaining portion of these provisions will exert a limited liquidity impact through 2002.

Accounting principles

No change to accounting principles has occurred in the period compared to the previous annual Financial Statement.

Forthcoming reports and Annual General Meeting

January–March	25 April
January–June	22 August
January–September	6 November

Annual General Meeting	25 April
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The Adcore Board of Directors

Stockholm, Sweden, 20 February 2002



Consolidated Income Statement, SEK m

SEK m	2001 Jan – Dec	2000 Jan – Dec	2001 Oct – Dec	2000 Oct – Dec
Net sales	1 062.4	1 294.5	137.0	417.3
Operating costs	-1 257.7	-1 175.2	-139.2	-383.9
<i>Personnel costs</i>	-922.1	-890.5	-128.0	-282.6
<i>Depreciation</i>	-47.8	-33.1	-7.0	-14.5
<i>Other costs</i>	-287.8	-251.6	-4.3	-86.8
Items affecting comparability	-1 881.9	-153.7	7.8	-0.8
Operating profit before goodwill amortisation	-2 077.3	-34.4	5.5	32.6
Goodwill amortisation	-48.4	-95.8	-1.8	-38.7
Non-recurring write-down of goodwill	-	-1 329.0	-	1 329.0
Operating profit	-2 125.7	-1 459.2	3.7	-1 335.1
Financial items	3.2	12.0	1.4	2.2
Profit after financial items	-2 122.5	-1 447.2	5.1	-1 332.9
Tax	-	-32.6	1.2	-19.8
Deferred tax	-75.8	275.4	-75.3	275.4
Net profit	-2 198.3	-1 204.0	-69.0	-1 076.8

Loss per share, SEK	-9.33	-9.51	-0.14	-7.44
After full dilution, SEK	-8.81	-8.85	-0.14	-6.73
No. of shares at end of period	575.672	145.876	575.672	145.876
No. of shares after dilution	592.400	160.470	592.400	161.195
Ave. no. of shares, thousands	235.590	126.569	490.922	144.770
Ave. no. of shares, thousands, diluted	249.641	136.076	507.650	160.123

Consolidated Key figures

	2001 Jan – Dec	2000 Jan – Dec
Operating margin before goodwill amortisation and items affecting comparability, %	-18.4	9.2
Operating margin, %	Neg	neg
Return on equity	Neg	neg
Employee headcount at the end of the period	557	1 747
Employee headcount, average	1 361	1 275
Sales per employee, 12 months, SEK 000	857	1 015
Sales per consultant, 12 months, SEK 000	1 117	1 253
Net debt (-)/financial assets (+), SEK m	11.2	153.1
Equity ratio, %	27	82
Equity ratio exc. goodwill, %	22	63



Summary Consolidated Balance Sheet, SEK m

	31 Dec. 2001	31 Dec. 2000
Assets		
Intangible assets	33.4	1 285.8
Fixed assets	29.0	171.4
Deferred tax	198.1	273.9
Current receivables	27.7	241.2
Accounts receivable	103.8	343.5
Liquid funds	78.1	201.5
Total assets	470.0	2 517.3
Liabilities and shareholders' equity		
Shareholders' equity	124.9	2 054.5
Long-term liabilities	21.8	47.4
Provisions	81.4	-
Borrowing	45.1	3.9
Accounts payable	35.6	75.4
Other current liabilities	161.2	336.1
Total liabilities and shareholders' equity	470.0	2 517.3

Change in shareholders' equity, SEK m

SEK 000	Share capital	Restricted reserves	Non-restricted equity	Total
Opening balance, 1 January 2001	14.6	3 261.8	-1 221.9	2 054.5
New issue ²	43.0	182.2		225.2
Other, net		-1 146.0	1 189.4	43.5
Net loss			-2 198.3	-2 198.3
Closing balance, 31 December 2001	57.6	2 298.0	-2 230.7	124.9

Consolidated Cash Flow Statement, SEK m

	2001 Jan – Dec	2000 Jan – Dec
Cash flow from ongoing operations	-297.5	-0.5
Change in working capital	-19.8	-62.9
Cash flow from operations	-317.4	-63.4
Acquisitions/divestments of subsidiaries	-119.5	-2 561.3
Cash flow from investment activity, other	8.5	2 057.9
Cash flow from investment activity	-111.0	-503.3
Cash flow from financing activity	305.0	610.0
Change in liquid funds	-123.4	43.3
Liquid funds, opening balance	201.5	158.2
Liquid funds, closing balance	78.1	201.5



Consolidated Quarterly data, SEK m

	2001				2000			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	137.0	173.0	321.9	430.5	417.3	327.4	295.6	254.2
Operating costs	-139.2	-227.1	-418.5	-472.9	-383.9	-304.3	-264.7	-222.3
Items affecting comparability	7.8	-160.7	-1 342.2	-386.8	-0.8	-43.2	-109.7	-
Profit before goodwill amortisation	5.5	-214.8	-1 438.8	-429.2	32.6	-20.1	-78.8	31.9
Goodwill amortisation	-1.8	-1.8	-18.1	-26.7	-38.7	-36.1	-12.0	-9.0
Non-recurring write-down, goodwill	-	-	-	-	-1 329.0	-	-	-
Operating profit	3.7	-216.6	-1 456.9	-455.9	-1 335.1	-56.2	-90.8	22.9
Financial items	1.4	0.1	2.6	-0.9	2.2	2.4	7.5	-0.2
Profit after financial items	5.1	-216.5	-1 454.3	-456.8	-1 332.9	-53.8	-83.3	22.7
Tax	1.2	0.5	-1.7	-	-19.3	-5.1	-5.3	-2.4
Deferred tax	-75.3	-0.5	-	-	275.4	-	-	-
Net profit	-69.0	-216.5	-1 456.0	-456.8	-1 076.8	-58.9	-88.6	20.3
Operating margin before goodwill amortisation and items affecting comparability	-1.6%	-31.3%	neg	Neg	8.0%	7.1%	10.5%	12.5%
Operating margin	2.7%	125.2%	neg	Neg	neg	neg	neg	9.0%
Cash flow from operations	-1.6	-132.2	-123.2	-60.4	-63.4	58.3	90.2	-10.7
No. of employees, end of period	557	856	1 595	1 948	1 747	1 706	1 254	1 080



Key figures, SEK m

	2001				2000	2001	2000
	Q4	Q3	Q2	Q1	Q4	Full yr.	Full yr.
Net sales							
Adcore pro forma	137.0	132.2	163.8	219.6	205.0	652.5	738.0
Liquidated units	0	40.8	158.1	210.9	212.3	409.8	556.5
Total	137.0	173.0	321.9	430.5	417.3	1 062.3	1 294.5
Profit before goodwill and restructuring costs							
Adcore pro forma	-0.6	-16.1	-11.8	16.4	43.1	-12.1	145.9
Group-wide items	-1.6	-19.5	-28.5	-31.2	-25.3	-80.9	-56.5
Sub total	-2.2	-35.6	-40.3	-14.8	17.8	-93.0	89.4
Liquidated units	0	-18.5	-56.3	-27.6	15.6	-102.4	29.9
Total	-2.2	-54.1	-96.6	-42.4	33.4	-195.4	119.3
Operating margin, %							
Adcore pro forma	-0.4	-12.2	-7.2	7.5	21.0	-1.9	19.8
Liquidated units	-	neg	neg	neg	7.3	neg	5.4
Total	Neg	neg	neg	neg	8.0	neg	9.2
No. of employees, closing balance							
Adcore pro forma	557	705	766	779	666	557	666
Liquidated units	-	151	829	1 169	1 081	na	1 081
Total	557	856	1 595	1 948	1 747	557	1 747
No. of employees, ave.							
Adcore pro forma	610	725	774	788	594	724	686
Liquidated units	-	336	915	1 134	1 168	596	589
Total	610	1 226	1 792	1 922	1 762	1 361	1 275
Sales per employee, SEK 000, 12 mth.							
Adcore pro forma	934	957	975	995	1 008	990	Na
Liquidated units	759	794	759	787	775	756	Na
Total	857	874	856	884	892	866	1 015
Sales per consultant, SEK 000, 12 mth.							
Adcore pro forma	1 304	1 377	1 297	1 315	1 283	1 322	Na
Liquidated units	908	877	913	948	972	920	Na
Total	1 117	1 089	1 076	1 110	1 128	1 104	1 253