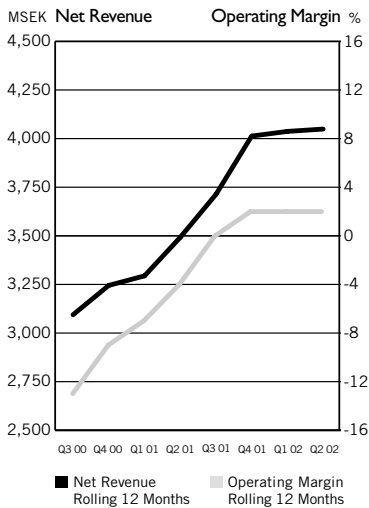


January–June 2002 Interim Report



License orders received and license revenue increased during the quarter—operating profit and substantially improved cash flow

- License revenue rose by 12 percent to SEK 307 million (274) in April–June, and by 1 percent to SEK 518 million (512) in January–June.
- License orders received were up by 27 percent to SEK 347 million (273) in April–June. In January–June, license orders received declined by 13 percent to SEK 496 million (567).
- Consulting revenue fell by 3 percent in April–June to SEK 665 million (689), generating a consulting margin of 16 percent (16). In January–June, consulting revenue increased by 2 percent to SEK 1,339 million (1,313).
- Operating earnings were SEK 6 million (7) in April–June and SEK –27 million (–9) in January–June.
- Cash flow from operating activities totaled SEK 206 million (65) in April–June and SEK 81 million (105) in January–June. Cash flow after investing activities was SEK 150 million (–25) for April–June and SEK –84 million (–37) for January–June.

Group Progress

Despite the Slow Market, Intentia Considerably Strengthened Its Position

Based on its long-term focus, Intentia has in recent years committed to developing a leading product range based on cutting-edge technology supported by a global organization. This long-term approach is paying off even in a weak market. While a growing number of suppliers are showing negative growth, Intentia's position is strengthening. Since Intentia is the only supplier that already provides the technology platform toward which the market is proceeding, its Java technology is playing an ever more important role in the procurement process. Despite the weak market, the fact that Intentia's license orders received and license revenue improved considerably during the second quarter at the expense of its competitors demonstrates the wisdom of its strategy. Customers that base their investment decisions on long-term considerations feel more secure with Intentia, which has already completed the expensive and risky process of switching technology.

Trends in April–June 2002

License Orders Received and License Revenue Rose during the Period

Despite the slow market, license orders received increased substantially during the period. License orders received climbed by 27 percent (23) to SEK 347 million (273). Among the companies with which Intentia signed large agreements during the period are Flextronics, Cardo Door, Olympus and BHP. The order backlog rose by 7 percent from the close of the first quarter to SEK 574 million (615).

at the close of the second quarter. License revenue was up by 12 percent to SEK 307 million (274) during the period. License revenue accounted for 31 percent (28) of net revenue during the period. License revenue increased considerably in the individual regions of Asia Pacific, the Americas, Northwest Europe and Northern Europe.

Consulting revenue declined by 3 percent to SEK 665 million (689) during the period. Slow trends at the beginning of the quarter, which were largely offset by greater strength toward the end, explain the consulting revenue figure. Net revenue rose by 1 percent to SEK 991 million (978) in April–June.

Costs Remained in Line with Intentia's Plans

Consulting cost and indirect expenses were up by 2 percent to SEK 972 million (952).

Consulting cost fell by 3 percent to SEK 559 million (575). The 16 percent consulting margin was unchanged from the same period of last year. Indirect expenses rose by 10 percent during the period to SEK 413 million (376). The increase was primarily attributable to higher marketing expenses during the quarter, as well as somewhat greater product development expenses. Not only did the acquisition of Catalog in the first quarter increase the size of Intentia's product development organization, but depreciation of capitalized product development also increased product development expenses. Sales and marketing expenses for the period totaled SEK 248 million (231), product development expenses totaled SEK 102 million (83), and administration expenses totaled SEK 63 million (63). The total number of employees rose during the quarter by 13 to 3,405 (3,299).

Operating Profit during the Period

Gross earnings increased to SEK 409 million (376) at a gross margin of 41 percent (38). Intentia posted an operating profit before depreciation for the seventh straight quarter—SEK 57 million (44). Operating earnings for April–June were SEK 6 million (7). Earnings after financial items were SEK –13 million (–34). Translation differences related to convertible notes had an impact of SEK –3 million on earnings during the quarter. Earnings after tax were up to SEK –6 million (–10).

Trends in January–June 2002

License Revenue Increased during the Period

Higher license orders received in April–June did not fully offset lower license orders received in January–March. Thus, January–June license orders received declined by 13 percent to SEK 496 million (567) compared to the same period last year. License revenue increased by 1 percent to SEK 518 million (512) for the period. License revenue accounted for 27 percent (28) of net revenue during the period.

Consulting revenue climbed by 2 percent to SEK 1,339 million (1,313). Net revenue for the period increased by 2 percent to SEK 1,894 million (1,857). Exchange rate effects upon consolidation boosted the increase in net revenue by 2 percentage points.

Expenses and Efficiency

Consulting cost and indirect expenses were up by 5 percent during the period to SEK 1,895 million (1,812).

Consulting cost totaled SEK 1,108 million (1,098) and the consulting margin improved by 1 percentage point to 17 percent (16). Indirect expenses were SEK 787 million (714). Expenses totaled SEK 462 million (422) for sales and marketing and SEK 131 million (120) for administration. Product development expenses were SEK 194 million (171). Intentia capitalized SEK 74 million (65) of its product development spending during the period. SEK 12 million (0) of previously capitalized product development was depreciated.

The average number of employees rose during the period by 2 percent to 3,388 (3,308). Revenue per employee was SEK 559 thousand, as opposed to SEK 561 thousand in January–June 2001. Personnel expenses per employee were SEK 348 thousand (359).

Earning Trends during the Period

Gross earnings were up by 7 percent to SEK 745 million (694), with a gross margin of 39 percent (37). Operating earnings before depreciation and amortization rose to SEK 65 million (61). Due to greater depreciation and amortization, operating earnings fell by SEK 18 million to SEK -27 million (-9). Amortization of goodwill totaled SEK 37 million (30).

Translation differences of SEK 20 million (-32) attributable to convertible notes had a positive impact on earnings after financial items. Earnings after financial items totaled SEK -47 million (-84), while earnings after tax were SEK -45 million (-52).

Trends by Region

In January–June, net revenue in the Northern Europe region fell by 5 percent to SEK 741 million (780). The 2 percent decline in license revenue reflected slower demand at the beginning of the year that could not be fully offset in the second quarter. Intentia signed a number of large license agreements during the second quarter. Following a weaker beginning of the second quarter, consulting revenue fell by 5 percent. The region posted lower earnings.

Central Europe's net revenue rose by 5 percent to SEK 244 million (233). While license revenue declined by 12 percent, consulting revenue increased by 10 percent and picked up somewhat in the latter part of the period. Earnings were down from same period of 2001.

Northwest Europe's net revenue fell by 16 percent to SEK 226 million (269). License revenue decreased by 6 percent, while consulting revenue was 24 percent lower. Earnings remained unchanged.

Southern Europe posted a 20 percent increase in net revenue to SEK 385 million (321). License revenue was up by 2 percent and consulting revenue by 38 percent. Earnings were down from the same period of 2001.

Net revenue in the Americas, where the market remained very slow, increased by 13 percent to SEK 142 million (126). License revenue rose by a solid 23 percent, while consulting revenue was up by 3 percent. Earnings improved considerably.

In the Asia Pacific region, where the market is starting to exhibit somewhat more encouraging signs, net revenue increased by 21 percent to SEK 155 million (128). While license revenue was up by 28 percent, consulting revenue grew by 23 percent. Earnings were higher than the same period of 2001.

Cash Flow and Financial Position

Cash Flow Improved Considerably in April–June

Intentia is prioritizing and maintaining its focus on cash flow, accounts receivable being the single most important variable. Cash flow from operating activities totaled SEK 206 million (65) in April–June, whereas cash flow after investing activities was SEK 150 million (-25). While cash flow from operating activities totaled SEK 81 million (105) in January–June, cash flow after investing activities was SEK -84 million (-37). Accounts receivable, which have been gradually declining for a considerable period of time, fell by SEK 529 million (224) during the year to SEK 847 million (1,043) at the end of the period. At the end of the period, accounts receivable were 21 percent (30) of net revenue for the past 12 months. Of this year's cash flow, acquisitions during the first quarter totaling SEK 44 million were financed by issues of new shares as authorized by the annual general meeting.

Liquid funds of SEK 481 million (448) at the end of the period exceeded borrowings by SEK 160 million (119). Excluding convertible notes, borrowings were SEK 321 million (329). During the period, Intentia replaced its syndicated loan of EUR 48 million with a new loan structure totaling EUR 37 million.

Riskbearing capital was 52 percent (47), while the equity/assets ratio was 26 percent (14).

Trends in July 2001–June 2002

Net revenue was SEK 4,050 million in July 2001–June 2002, as opposed to SEK 3,492 million during the previous 12 months. License orders received totaled SEK 1,166 million (1,256), whereas license revenue was SEK 1,207 million (1,044). Consulting revenue was SEK 2,781 million (2,389) and the consulting margin was 17 percent (14) during the period. While operating earnings before amortization and depreciation rose to SEK 255 million (15), operating earnings totaled SEK 82 million (–130). Earnings after financial items were SEK 12 million (–291), whereas earnings after tax increased to SEK –50 million (–222).

Cash flow from operating activities was up by SEK 447 million to SEK 298 million (–149), while cash flow after investing activities was SEK 5 million (–304).

Parent Company

The Parent Company's net revenue totaled SEK 41 million (27) during January–June, while earnings after financial items were SEK –38 million (–114). Translation differences of SEK 20 million (–32) for convertible notes had a positive impact on financial items. The Parent Company's investments totaled SEK 0 million (0). Whereas liquidity at the end of the quarter amounted to SEK 184 million (345), the Parent Company's external borrowings excluding convertible notes were SEK 0 million (250).

Outlook for 2002

The market is expected to remain weak. Owing to Intentia's strong position, it is likely to show positive trends despite the slow market. Thus, the company's previous forecast for the year stands—Intentia's earnings will improve through a combination of volume growth and cost effectiveness.

Stockholm, July 24, 2002

Björn Algkvist
President and Chief Executive Officer

Accounting Principles

This interim report has been prepared in compliance with Recommendation 20 on Interim Reporting issued by the Swedish Financial Accounting Standards Council. The report has been prepared in accordance with the accounting principles applied in the annual report for 2001.

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Information on the Group's development during 2002 will be provided as follows:

Interim report for the third quarter:
October 24, 2002

Announcement of 2002 accounts:
January/February 2003

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FINANCIAL INFORMATION

	Apr-Jun		Jan-Jun		Full Year	Full Year
	2002	2001	2002	2001	Jul '01-Jun '02	Jan-Dec 2001
ORDER DATA (SEK million)						
License orders received	347.1	273.3	495.5	567.3	1,165.7	1,237.5
Order backlog basic, end of period	573.7	615.3	573.7	615.3	573.7	596.1
INCOME STATEMENT GROUP (SEK million)						
License revenue	307.3	274.0	517.9	512.0	1,207.2	1,201.3
Consulting revenue	665.4	688.5	1,338.5	1,313.4	2,781.2	2,756.1
Other revenue	18.1	15.4	37.3	31.7	61.3	55.7
Net revenue	990.8	977.9	1,893.7	1,857.1	4,049.7	4,013.1
Consulting cost	-559.2	-575.4	-1,108.3	-1,097.9	-2,308.5	-2,298.1
Cost for license	-13.0	-9.8	-18.4	-37.1	-102.9	-121.6
Cost for other revenues	-9.2	-17.0	-22.2	-28.0	-59.0	-64.8
Gross earnings	409.4	375.7	744.8	694.1	1,579.3	1,528.6
Other operating items net	9.0	7.5	15.0	11.0	35.1	31.1
Product development expenses	-102.0	-82.9	-193.7	-171.4	-349.3	-327.0
Sales and marketing expenses	-247.5	-230.5	-461.9	-422.2	-928.1	-888.4
Administration expenses	-63.1	-62.7	-131.2	-120.3	-255.2	-244.3
Operating earnings	5.8	7.1	-27.0	-8.8	81.8	100.0
Financial income and expenses	-18.4	-40.8	-19.8	-75.2	-70.1	-125.5
Participation in associated companies' earnings	-0.1	-	-0.4	0.2	-0.2	0.4
Earnings after financial items	-12.7	-33.7	-47.2	-83.8	11.5	-25.1
Earnings before tax	-12.7	-33.7	-47.2	-83.8	11.5	-25.1
Tax on profit/loss for the period	7.3	25.1	2.5	34.5	-58.1	-26.1
Minority interest in profit/loss for the period	-0.7	-1.0	-0.6	-2.7	-3.2	-5.3
Profit/loss for the period	-6.1	-9.6	-45.3	-52.0	-49.8	-56.5
Earnings per share (SEK)						
Basic, average for period	-0.2	-0.3	-1.2	-1.9	-1.5	-1.9
Diluted, average for period	-0.1	0.0	-0.5	-0.4	-1.2	-0.1
Number of outstanding shares (thousand)						
Basic, end of period	36,573	29,173	36,573	29,173	36,573	36,073
Basic, average for period	36,573	29,173	36,406	27,512	33,573	29,126
Diluted, average for period	40,633	33,043	40,466	31,556	37,633	33,281

BALANCE SHEET GROUP (SEK million)

	June 30		December 31
	2002	2001	2001
Capitalized product development expenses	195.3	76.6	134.7
Goodwill	380.2	375.5	382.8
Tangible fixed assets	246.1	254.7	257.0
Financial fixed assets	549.5	480.1	519.2
Total fixed assets	1,371.1	1,186.9	1,293.7
Accounts receivable	847.0	1,042.6	1,376.1
Other current assets	666.0	749.9	552.4
Liquid funds	480.7	448.0	644.4
Total current assets	1,993.7	2,240.5	2,572.9
Total assets	3,364.8	3,427.4	3,866.6
Stockholders' equity	867.8	450.7	850.3
Minority interests	21.2	16.9	19.9
Provisions	53.2	20.8	43.9
Convertible notes	544.9	918.0	565.1
Interest bearing long-term liabilities	63.2	65.6	59.6
Other long-term liabilities	11.6	6.6	29.9
Interest bearing current liabilities	257.8	263.1	369.1
Other current liabilities	1,545.1	1,685.7	1,928.8
Total stockholders' equity, provisions and liabilities	3,364.8	3,427.4	3,866.6

CHANGE IN STOCKHOLDERS' EQUITY (SEK million)

	June 30		December 31
	2002	2001	2001
Stockholders' equity at beginning of period	850.3	355.2	355.2
Effect of changed accounting principles	-	-222.2	-222.2
Stockholders' equity after changes in accounting principles	850.3	133.0	133.0
New stock issue	44.3	389.7	433.5
Conversion of convertible notes	-	-	342.1
Profit/loss for the period	-45.3	-52.0	-56.5
Translation differences for the period	18.5	-20.0	-1.8
Stockholders' equity at end of period	867.8	450.7	850.3

CASH FLOW ANALYSIS GROUP (SEK million)	Apr-Jun		Jan-Jun		Full Year	Full Year
	2002	2001	2002	2001	Jul '01-Jun '02	Jan-Dec 2001
Cash flow from operations						
before change in working capital	68.7	3.4	46.3	-27.1	123.0	49.6
Change in working capital	137.6	61.8	34.5	131.7	175.0	272.2
Cash flow from operations	206.3	65.2	80.8	104.6	298.0	321.8
Cash flow from investments	-56.6	-90.4	-165.2	-141.4	-293.3	-269.5
Cash flow after investing activities	149.7	-25.2	-84.4	-36.8	4.7	52.3
Cash flow from financing	20.5	-151.6	-98.3	76.6	0.8	175.7
Cash flow for the period	170.2	-176.8	-182.7	39.8	5.5	228.0
Liquid funds, beginning of period	310.4	622.1	644.4	401.0	448.0	401.0
Exchange rate difference on liquid funds	0.1	2.7	19.0	7.2	27.2	15.4
Liquid funds, end of period	480.7	448.0	480.7	448.0	480.7	644.4

DEVELOPMENT PER QUARTER

		Net revenue	License revenue	Operating earnings before depreciation	Operating earnings	Earnings after financial items	Number of employees*
2000	Q3	657.8	185.3	-82.9	-111.8	-150.6	3,243
	Q4	977.2	346.6	36.9	-9.4	-56.1	3,224
2001	Q1	879.3	238.0	16.4	-15.9	-50.1	3,247
	Q2	977.9	274.0	44.2	7.1	-33.7	3,299
	Q3	878.6	246.2	37.9	2.4	-77.1	3,358
	Q4	1,277.4	443.1	152.7	106.4	135.7	3,325
2002	Q1	902.9	210.6	7.5	-32.8	-34.5	3,392
	Q2	990.8	307.3	57.1	5.8	-12.7	3,405

*basic, end of period

FINANCIAL RATIOS

	Apr-Jun		Jan-Jun		Full Year	Full Year
	2002	2001	2002	2001	Jul '01-Jun '02	Jan-Dec 2001
OPERATIONAL						
Growth over corresponding period						
License revenue	12%	26%	1%	8%	16%	20%
Consulting revenue	-3%	36%	2%	28%	16%	31%
Net revenue	1%	25%	2%	15%	16%	24%
Orders received license	27%	23%	-13%	21%	-7%	7%
Order backlog license	-7%	53%	-7%	53%	-7%	6%
Margins						
Consulting margin	16%	16%	17%	16%	17%	17%
Gross margin	41%	38%	39%	37%	39%	38%
Operating margin	1%	1%	-1%	0%	2%	2%
Net profit margin	-1%	-1%	-2%	-3%	-1%	-1%
Expenses and efficiency						
Product development/license revenue	33%	30%	37%	33%	29%	27%
Sales and marketing/license revenue	81%	84%	89%	82%	77%	74%
Administration/net revenue	6%	6%	7%	6%	6%	6%
Average number of employees for period	3,402	3,295	3,388	3,308	3,361	3,314
Revenue per employee	291	297	559	561	1,205	1,211
Added value per employee	185	184	367	377	785	797
Personnel expenses per employee	168	207	348	359	709	721
FINANCIAL POSITION						
Working capital 4 quarters/net revenue 12 months	2%	6%	2%	6%	2%	0%
Debt/equity ratio (excluding convertible notes)	-0.2	-0.3	-0.2	-0.3	-0.2	-0.2
Average capital employed	1,645	1,660	1,653	1,566	1,681	1,638
Share of riskbearing capital	52%	47%	52%	47%	52%	46%
Equity/assets ratio	26%	14%	26%	14%	26%	23%
Cash flow/net revenue	15%	-3%	-4%	-2%	0%	1%
RETURN						
On average capital employed	1%	1%	0%	0%	7%	8%
On average stockholders' equity	-1%	-2%	-6%	-25%	-8%	-18%
NET INDEBTEDNESS (excluding convertible notes)						
At beginning of period	23.6	144.1	215.7	-216.3	119.3	-216.3
At end of period	159.7	119.3	159.7	119.3	159.7	215.7
Cash flow for the period	170.2	-176.8	-182.7	39.8	5.5	228.0
Funds borrowed	81.6	50.0	287.4	50.0	427.4	190.0
Amortization of loans	-58.1	-203.2	-423.7	-358.8	-512.7	-447.8
SHARE DATA						
Riskbearing capital per share at end of period	40.6	47.7	40.6	47.7	40.6	41.0
Stockholders' equity per share at end of period	23.7	15.5	23.7	15.5	23.7	23.6
Cash flow per average number of shares, basic	4.1	-0.9	-2.3	-1.3	0.1	1.8