

AddNode Interim report January 1 – June 30, 2006

Continued growth and strong results

JANUARY – JUNE 2006

- Net sales amounted to SEK 456.6 M (preceding year 292.5).
- Profit EBITA (before amortization and impairment of intangible assets) amounted to SEK 34.1 M (preceding year 41.5, of which 18.5 referred to capital gains attributable to the sale of subsidiaries).
- Operating profit amounted to SEK 27.3 M (preceding year 33.9 including capital gain of 18.5) and profit before tax amounted to SEK 26.6 M (preceding year 34.6 including capital gain of 18.5).
- Profit after tax totaled SEK 20.9 M (preceding year 28.0 including capital gain of 18.5).
- Earnings per share after tax amounted SEK 0.94 (1.61) and shareholders' equity per share amounted to SEK 19.47 (18.56 at December 31, 2005).
- Cash flow from operating activities amounted to SEK 23.7 M (31.2).

APRIL – JUNE 2006

- Net sales amounted to SEK 230.0 M (preceding year 144.2).
- Profit EBITA (before amortization and impairment of intangible assets) amounted to SEK 14.9 M (preceding year 27.1 of which 18.5 referred to capital gains attributable to the sale of subsidiaries).
- Operating profit amounted to SEK 11.5 M (preceding year 22.4 including capital gain of 18.5) and profit before tax amounted to SEK 10.8 M (preceding year 23.0 including capital gain of 18.5).
- Profit after tax totaled SEK 9.0 M (preceding year 19.5 including capital gain of 18.5).
- Earnings per share after tax amounted to SEK 0.40 (1.12) and shareholders' equity per share amounted to SEK 19.47 (18.56 at December 31, 2005).
- Cash flow from operating activities amounted to a loss of SEK 7.7 M (neg: 0.7). The negative cash flow during the second quarter is primarily due to normal variations in payment flows from customers.

KEY EVENTS DURING APRIL – JUNE 2006

- AddNode strengthened its consultancy operations through the acquisition of Centus.
- AddNode acquired the operation and out-sourcing company Prominent IT.
- Technia signed an agreement for a total value of approximately SEK 30 M with three leading Nordic telecom companies and signed agreements valued in excess of SEK 20 M with leading global engineering industry companies.
- CAD-Q signed a significant agreement with the Myresjöhus Group for a new CAD/CAM system.

CEO's comments

Profits for the quarter of SEK 14.9 M, EBITA, are clearly an improvement on corresponding profits of SEK 8.6 M for the preceding year, excluding a capital gain. Accordingly, the first half of the year resulted in an EBITA of SEK 34.1 M compared with SEK 23.0 M in 2005. Today, AddNode is a stable company group in IT. Three business areas are improving their profits, whereas the Media business area reported costs for the construction of a stronger sales organization.

Today, IT is such a broad business, with a variety of niches and customer segments that, combined, our business areas provide excellent market coverage.

In order to increase growth and to recruit competent individuals and managers, we continuously make acquisitions at the same time as we allocate resources to the development of our existing operations. We completed the following activities during and after the second quarter:

- The acquisition of development company Centus with a production and development unit in low-cost country Serbia.
- The acquisition of Prominent IT, specializing in the health sector, which provides greater entrepreneurship and new customers.
- Signed a partnership agreement with JBoss, meaning that we currently have a major open-source supplier.

- The acquisition of the rights for the Java-based logistics system XLOD, an effective tool for warehouse control and Internet trade. This will become the foundation for a new operation and service offering.
- CAD-Q received its first large order for CAD/CAM systems for the production of single-family houses.
- Technia signed an agreement with a new customer for its PLM solutions in a new market area.

Overall, there was a high level of activity and we are taking new initiatives that are strengthening our strategic positions in each business area. We do not envisage a slowdown in the market. Demand is at the same favorable level as during the past 12 months.

Bo Strandberg, CEO and Managing Director

Future outlook

The period was characterized by a continued increase in demand for IT solutions and the price scenario for IT consulting services, previously under pressure, has stabilized. The Board of Directors' assessment, that IT investments will continue to increase in 2006, remains unchanged – however, AddNode has opted not to issue a forecast. The long-term outlook is that investments in IT will continue to grow faster than total investments in the industry and service sectors. AddNode's strategy also for 2006 is to grow both organically and through acquisitions in selected industries and technologies, to expand the Group's operations, increase its profitability and spread risk.

AddNode's financial goals are to achieve an operating margin of 7–10 percent, before amortization and impairment of intangible assets (EBITA) over a complete business cycle.

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