

SCRIBONA

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Interim report January-March 2006 for the Scribona Group

- Net sales for the first quarter of 2006 amounted to SEK 2,932 (2,693) million.
- Operating income for the quarter was SEK -15 (6) million. Income after tax was SEK -14 (0) million, equal to SEK 0.27 (0.00) per share.
- Cash flow from operating activities was SEK 123 million (-6). Cash flow from investing activities amounted to SEK -33 million (-9), and was mainly attributable to acquisitions in Carl Lamm and expenditure related to the new business system.
- The Scribona business area's first quarter sales rose by 7% to SEK 2,702 (2,520) million and operating income was SEK -25 (-3) million.
- The Carl Lamm business area's first quarter sales increased by 28% to SEK 223 (174) million and operating income was SEK 11 (11) million.
- Efforts to prepare the Carl Lamm business area for distribution and separate listing are proceeding according to plan and a decision will be made by an extraordinary general meeting during 2006.
- Restructuring of the Scribona business area continued during the first quarter and is expected to yield significant improvement in earnings in the last half year.

COMMENTS FROM THE CEO

Sales in the **Scribona business area** rose by 7% in both value and volume during the quarter. This means that we have strengthened our position in a fiercely competitive distribution market at the same time we are fending off ongoing price erosion through a changed product mix with a stronger focus on high-end products. I am especially pleased with the sales trend in Sweden, Finland and Norway. Our Danish operations are still a serious problem, however, and are responsible for most of our loss for the quarter.

Margins were impacted by a price war resulting from HP's European revised distribution strategy, which will entail a reduced number of HP distributors by the end of the year. This additional pressure on margins is expected to persist at least through the next quarter. The Danish operations have continued to suffer from heavy losses, with negative earnings of SEK -16 million for the quarter, but are expected to regain balance in the latter half of 2006.

In the product segments where Scribona has focused aggressively, Enterprise & Client Software and Entertainment & Personal Communication, sales have risen sharply and this trend is expected to continue.

Since early April, all countries in the business area have migrated to the new joint system and IT platform and our cost-cutting program has moved on to the next phase. The number of employees is expected to decrease by an additional 10% during the year, resulting in fewer than 500 employees at year-end 2006. Exchange losses arising from our Nordic product handling were charged to first quarter profit in the amount of SEK -7 million, but this effect is estimated to have been partly reversed already during April.

While the second quarter is expected to be weak in terms of earnings, we anticipate substantial earnings growth in the second half of the year and still expect to reach our targeted operating income SEK 100 million in 2006.

The **Carl Lamm business area** reported a 28% surge in sales during the first quarter and further advanced its position as a leading supplier of document management products and solutions to the Swedish market.

Ongoing convergence between the document management and IT markets is creating new opportunities for Carl Lamm. In January, three IT infrastructure companies were acquired in Sweden; Saldab AB in Malmö, Vinga Datacenter AB in Gothenburg and Megabyte System Sv. AB in Stockholm. These acquisitions have broadened the market offering with additional IT infrastructure products and services, which is a key component of Carl Lamm's strategy.

Alongside the existing document management solutions, Carl Lamm area is putting together a new suite of comprehensive solutions to satisfy growing customer demand. Already in the first quarter, the business strategy and acquisitions generated a number of new contracts. The integration process, which is expected to be completed by year-end, is proceeding as planned.

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Financial calendar

Interim report for January-June 2006

July 17, 2006

Interim report for January-September 2006

November 10, 2006

Year-end report for January – December 2006

February 9, 2007

SCRIBONA

GROUP ORGANIZATION

The Group consists of the Scribona and Carl Lamm business areas.

In order to safeguard the Scribona business area's leading position in the Nordic market, the Nordic coordination and efficiency improvement programs have proceeded with the development of joint backoffice functions, a new infrastructure platform and a more flexible and competitive logistics solution. In 2005 the business area's Danish and Norwegian operations were acquired by Scribona Nordic AB which now also operates in these countries, in addition to Sweden. A similar change was carried out in Finland at the beginning of April 2006.

Preparations and creation of the conditions for distribution of the shares in the wholly owned subsidiary Carl Lamm AB to the stockholders in Scribona AB, and separate listing of Carl Lamm AB when the conditions are right, are proceeding according to the decision of the extraordinary general meeting on December 16.

GROUP DEVELOPMENT

Sales and income during the first quarter

The Group's operations show seasonal variations, with weaker sales in the first three quarters and a traditionally much stronger fourth quarter.

Consolidated sales in the first quarter totaled SEK 2,932 (2,693) million, an increase of 9%. For comparable units and at unchanged exchange rates, sales rose by 6%.

Consolidated operating income was SEK -15 (6) million. Operating income includes a SEK -1 (-7) million write-down of goodwill due to limited useful life and net exchange losses of SEK -7 (-3) million.

Net financial items amounted to SEK -4 (-3) million. The Group's net penalty interest was SEK 0 (1) million.

Income before tax was SEK -19 (3) million.

Income tax is reported at SEK 5 (-3) million. The tax expense has been affected by non-deductible expenses.

Net income after tax was SEK -14 (0) million and earnings per share were SEK -0.27 (0.00).

The Annual General Meeting of Scribona AB on March 30, 2006, resolved in favor of an incentive scheme based on employee share options that give the participants the right to acquire shares in Carl Lamm AB. Although the options lead to a dilution in Scribona's earnings per share, the amount was insignificant for the quarter and has not affected earnings per share after full dilution.

Cash flow

The Group's cash flow from operating activities for the first quarter was SEK 123 (-6) million. Cash flow from investing activities was SEK -33 (-9) million. The quarter's investments include a sum of SEK 15 million for the acquisition of three IT infrastructure companies in the Carl Lamm business area. Investments in new business systems amounted to SEK 11 million in the Scribona business area and SEK 4 million in the Carl Lamm business area. Cash flow for the period was SEK 69 (-7) million.

Financial position

Net financial assets at the end of the period totaled SEK 1,195 (1,099) million. Cash and cash equivalents at March 31 amounted to SEK 417 (351) million. The Group's liquidity situation is good with respect to the unutilized overdraft facility of SEK 100 million.

Employees

The number of employees at the end of the period was 978 (991). During the quarter, 53 employees were added through the companies acquired by Carl Lamm.

Key ratios

Earnings per share for the quarter were SEK -0.27 (0.00). Earnings per share for the past 12-month period totaled SEK -0.64 (SEK -0.37 for the full year 2005).

Equity per share at the end of the period was SEK 18.27 (18.59).

The equity ratio at March 31 was 28.1% (31.5%).

Over the past 12-month period, return on capital employed was -2.6% (-0.7% for the full year 2005).

Return on equity over the past 12-month period was -3.5% (-2.0% for the full year 2005).

DEVELOPMENT BY BUSINESS AREA

Scribona business area

The market

According to figures from the market research company Context, the Nordic market for PCs and servers grew by around 8% in units sold, compared to the same quarter of 2005. The market is showing a continued trend towards low-end laptops, which is having a negative impact on desktop sales.

Aggressive competition arising from HP's drive to reduce the number of distributors, high stock levels in the channel and a shrinking distribution share have led to lower sales margins.

Development during the quarter

The business area's net sales in the first quarter reached SEK 2,702 (2,520) million, up by 7%. For comparable units and at unchanged exchange rates, sales rose by 5%. Operating income was SEK -25 (-3) million, and included exchange losses of SEK 4 (2) million.

The business area's first quarter sales by product segment:

PCP – Personal Computers & Peripherals, SEK 1,335 (1,461) million.

Market growth showed some slowing relative to earlier quarters. Manufacturer direct sales have risen compared with 2005. Based on preliminary market data, Scribona is assessed to have strengthened its position in the distribution market.

SSI – Servers, Storage & Infrastructure, SEK 573 (593) million.

Scribona's sales of IT infrastructure products fell somewhat in value from the year-earlier period. The market for major infrastructure contracts has been sluggish after a strong fourth quarter. Scribona assesses its share of the distribution market to be unchanged.

Enterprise & Client Software, SEK 322 (280) million. First quarter sales rose 16% over the corresponding period of 2005. The strongest increase was noted for renewal of corporate licenses and solutions for server virtualization.

Entertainment & Personal Communication, SEK 470 (244) million.

Scribona's sales continued to rise sharply with 93% over the same period of 2005. This success was mainly attributable to consumer sales of PC equipment, but also to sustained growth in sales of LCD/Plasma TV, DVD, audio and photo products.

Scribona by country

Sweden enjoyed strong volume growth including new products for the consumer market. Although market shares for the major brands have increased, aggressive price competition has undermined margins on volume products and resulted in a slight drop in operating income compared with 2005.

Denmark achieved growth in sales, but fell short of the budgeted levels. In a market with severe price pressure, sales margins have been tight. Due to the difficulty of attaining profitability for HP PCs, the distribution agreement for PCs and servers has been terminated. The liquidation and write-down of inventories has resulted in heavy losses. The organization was dramatically reduced during the quarter and backoffice functions were moved to Sweden.

In *Finland*, sales in local currency improved somewhat, although lower margins led to unchanged operating income.

In *Norway*, declining sales in local currency were offset by slightly higher margins. Operating income was good, but lower than in 2005.

Aside from management of the business area, *Joint business area* include central units such as logistics, IT, etc. This item also includes central foreign exchange losses of SEK 7 million.

Action program and cost savings

The past year's investments in new logistics and IT infrastructure have provided a platform for simplification of the legal structure and a higher degree of centralization and nordification of backoffice functions. Together with earlier measures, this is expected to yield productivity gains and improved cash flow during 2006.

Future outlook

Improved efficiency and a strong local presence will enable the Scribona business area to create an efficient and competitive market channel for global vendors, with the added value and flexibility that customers demand.

These measures will enable Scribona to strengthen its leading position in the Nordic IT market. Under the prevailing market conditions, the goal is to achieve operating income of SEK 100 million during 2006.

Scribona is taking an active role in the current consolidation discussions in the industry. A number of strategic options are being evaluated.

Carl Lamm business area

The market

According to Carl Lamm's assessment, the total Swedish market for document management products grew by 6% in value compared with the same period of 2005. This growth was driven by stronger demand for equipment to management document flows in color. Sales of copyprinters and color printers outpaced the market according to Carl Lamm, and led to increased market shares.

For other product areas, such as voice management, franking and fax, the market was assessed to be unchanged relative to 2005. Aftermarket sales, consisting of service, consumables, support and training, have increased in pace with growing document volumes and a rising share of color printouts.

First quarter development

As an independent supplier, Carl Lamm has the opportunity to deliver a wide range of brands and solutions. Carl Lamm's strategy is to build further on this position by significantly expanding its offering and product portfolio in the IT infrastructure area. Carl Lamm can now offer its customers products from vendors like HP and Microsoft. The partnerships with these vendors will lead to many joint activities during the year.

The extensive partnerships with several leading manufacturers of document management products (EFI, Epson, Francotyp Postalia, Philips, Ricoh, Samsung, etc.) are providing a steady flow of product innovations that are having a positive effect on the replacement market and creating the conditions for new solutions to offer the market.

On January 11, 2006, three IT infrastructure companies were acquired with the transfer of ownership on January 1, 2006: Saldab AB, Megabyte System Svenska AB and Vinga Datacenter AB. These companies based in metropolitan areas have expanded Carl Lamm's customer offering with IT solutions and provided the expertise to fuel rapid regional development in this segment. With 25 Carl Lamm Centers in strategic locations throughout Sweden, the company can deliver the type of combined document and information management solutions increasingly demanded by customers.

Net sales in the first quarter reached SEK 223 (174) million, an increase of 28%. Excluding acquired units, sales rose by 11%. Operating income was SEK 11 (11) million, and was negatively affected by exchange losses of SEK 3 (1) million and negative one-time effects of SEK -1 million attributable to costs related to preparations for a separate listing of the CL Group.

Future outlook

The integration of the IT infrastructure companies and preparations for distribution and separate listing of Carl Lamm AB will continue in the second quarter. The profit effects of the acquisitions and expansion of the offering to include products and services for IT infrastructure are expected to emerge in the second half of 2006

The business area is seeing a trend towards total solutions for entire office networking solutions, in which document management is a sub-component. With its nationwide organization, Carl Lamm is well poised to capitalize on the business opportunities arising in this changing market.

Employee share options

During the quarter, a decision was made to implement an incentive program based on employee share options in Carl Lamm AB.

This report can also be viewed at www.scribona.com

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The company's registered office is located in Solna, Sweden.

Facts about Scribona

Scribona is the Nordic region's leading distributor of IT and communication products. The Scribona business area is the Nordic region's leading IT distributor, with a comprehensive offering of hardware and software and solutions for IT infrastructure. The Carl Lamm business area provides complete system solutions for data and document management in Sweden, with its own distribution and retail operations in 25 locations.

ACCOUNTING PRINCIPLES

This consolidated interim report has been prepared according to IAS 34, Interim Financial Reporting, which is consistent with the requirements in the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim Reporting for Groups.

The same accounting and valuation principles have been applied as in the most recent annual report, except for reporting of exchange differences in operating income and net sales by business area.

In the annual report, exchange differences are recognized gross within other operating income and other operating expenses. In this interim report, exchange differences are recognized net within other operating expenses. The comparative figures have been restated.

Net sales by business area have replaced the previous income by business area. The comparative figures have been restated.

AUDIT

This interim report has not been subject to special review by the company's auditors. This interim report is a translation of the Swedish original.

Solna, May 4, 2006

Scribona AB
Board of Directors

SCRIBONA – INTERIM REPORT PER MARCH 31, 2006

Summary Consolidated Income Statement

Amounts in MSEK	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
Net sales	2,932	2,693	11,899	11,660
Other operating income	10	10	37	37
Operating expenses				
Goods for resale	-2,668	-2,425	-10,850	-10,607
Other external costs	-119	-107	-483	-471
Staff costs	-153	-146	-574	-567
Depreciation	-9	-9	-36	-36
Write-downs goodwill	-1	-7	-5	-11
Other operating expenses	-7	-3	-16	-12
Operating income	-15	6	-28	-7
Net financial items	-4	-3	-16	-15
Income before tax	-19	3	-44	-22
Tax	5	-3	11	3
Net income for the period	-14	0	-33	-19
Earnings per share, SEK	-0.27	0.00	-0.64	-0.37
Earnings per share after full dilution, SEK	-0.27	0.00	-0.64	-0.37
Number of shares end of period	51,061,608	51,061,608	51,061,608	51,061,608
Number of shares end of period after full dilution	51,061,608	51,061,608	51,061,608	51,061,608
Average weighted number of shares after full dilution	51,061,608	51,061,608	51,061,608	51,061,608

Summary Consolidated Balance Sheet

Amounts in MSEK	2006 <u>31 March</u>	2005 <u>31 Dec</u>	2005 <u>30 Sep</u>	2005 <u>30 June</u>	2005 <u>31 March</u>
Goodwill	37	22	23	24	25
Other intangible fixed assets	58	44	37	36	30
Tangible fixed assets	38	35	36	26	29
Other fixed assets	53	52	58	59	56
Inventories	871	1,091	826	672	870
Current receivables	1,842	2,720	1,695	1,811	1,649
Liquid funds	417	348	481	520	351
Total assets	3,316	4,312	3,157	3,148	3,010
Shareholders' equity	933	946	935	960	949
Long-term liabilities	24	17	20	21	22
Current liabilities	2,359	3,348	2,201	2,167	2,039
Total liabilities and shareholders' equity	3,316	4,312	3,157	3,148	3,010
Capital employed	1,195	1,299	878	946	1,099
Net financial capital	-262	-353	58	14	-150

Tangible assets were reclassified to intangible assets at December 31, 2005, and the comparative information has been comparatively restated.

SCRIBONA – INTERIM REPORT PER MARCH 31, 2006

Net Sales by Business Area and Country

Amounts in MSEK	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
Scribona				
Sweden	963	897	3,937	3,872
Denmark	420	355	1,747	1,682
Finland	558	523	2,264	2,229
Norway	767	751	3,174	3,159
Intra business area	-6	-7	-28	-29
Total business area Scribona	2,702	2,520	11,094	10,912
Carl Lamm	223	174	751	702
Total business areas	2,925	2,693	11,845	11,614
Other/Intra Group	8	0	54	46
Total	2,932	2,693	11,899	11,660

Income by Product Segment in the Scribona Business Area

Amounts in MSEK	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
Personal Computers & Peripherals	1,335	1,461	5,525	5,651
Servers, Storage & Infrastructure	573	593	2,401	2,421
Enterprise & Client Software	322	280	1,534	1,492
Entertainment & Personal Communication	470	244	1,566	1,340
Other	2	-58	68	8
Total business area Scribona	2,702	2,520	11,094	10,912

Operating Income by Business Area and Country

Amounts in MSEK	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
Scribona				
Sweden	-1	1	26	28
Denmark	-16	-8	-77	-69
Finland	-1	-1	-7	-7
Norway	7	11	37	41
Joint business area	-13	-5	-38	-30
Total business area Scribona	-25	-3	-58	-36
Carl Lamm	11	11	37	37
Total business areas	-14	8	-21	1
Joint Group	-1	-2	-7	-8
Total	-15	6	-28	-7

SCRIBONA – INTERIM REPORT PER MARCH 31, 2006

Cash Flow Statement

Amounts in MSEK	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
OPERATING ACTIVITIES				
Income after financial items	-19	3	-44	-22
Depreciations and write-downs	10	16	41	47
Other	9	-3	20	8
Tax paid	-10	-2	-17	-9
Cash flow from operating activities before changes in working capital	-10	14	0	24
Cash flow from changes in working capital				
Change in inventories	223	-11	2	-232
Change in operating receivables	857	761	-141	-237
Change in operating liabilities	-947	-770	109	286
Cash flow from operating activities	123	-6	-30	-159
INVESTING ACTIVITIES				
Acquisition of operations	-15	0	-15	0
Divestment of operations	0	0	1	1
Acquisition of fixed assets	-18	-9	-66	-57
Divestment of fixed assets	0	0	0	0
Cash flow from investing activities	-33	-9	-80	-56
FINANCING ACTIVITIES				
Change in loans	-21	8	178	207
Cash flow from financing activities	-21	8	178	207
Cash flow for the period	69	-7	68	-8
Liquid assets at beginning of period	348	355	351	355
Cash flow for the period	69	-7	68	-8
Exchange rate difference in liquid assets	0	3	-2	1
Liquid assets at end of period	417	351	417	348

Change in Shareholders' Equity

Amounts in MSEK	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
Opening balance for the period	946	941	949	941
Change in translation difference	1	8	17	24
Net income for the period	-14	0	-33	-19
Closing balance for the period	933	949	933	946

As of January 2004, MNOK 125 of shareholders' equity in Norway is hedged through the Parent Company's borrowing of a correspondent amount in NOK.

SCRIBONA – INTERIM REPORT PER MARCH 31, 2006
Key Ratios

	2006 <u>Jan-March</u>	2005 <u>Jan-March</u>	2005/2006 <u>April-March</u>	2005 <u>Jan-Dec</u>
Operating margin, %	-0,5	0,2	-0,2	-0,1
Return on capital employed, %			-2,6	-0,7
Capital turnover rate, times per year			11,0	11,0
Average capital employed, MSEK			1.080	1.056
Net financial capital, MSEK	-262	-150	-262	-353
Return on shareholders' equity, %			-3,5	-2,0
Average shareholders' equity, MSEK			944	948
Equity/assets ratio, %	28,1	31,5	28,1	21,9
Shareholders' equity per share, SEK	18,27	18,59	18,27	18,53
Earnings per share, SEK	-0,27	0,00	-0,64	-0,37
Average number of employees			948	952
Number of employees end of period	978	991	978	927
Sales per employee, MSEK			12,6	12,4

For definitions of key ratios, see Scribonas latest annual report.