

Press Release
April 21st, 2009

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Final Report 2008 & Q1 2009 Results

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- Revenues reach 100.6 million Euros in 2008
 - Gross Margin of 32.5% in 2008
 - Operating Margin of 2.9 million Euros in 2008
 - Q1 down 20.2% on revenue with break-even EBITA
 - First calling for AGM on June 8th, 2009
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“Valtech delivered revenue and operating performance slightly below initial guidance as a result of the uncertain economic conditions facing all businesses in the second half of 2008. The impact was felt most in currency volatility and sales challenges to both the UK and USA subsidiaries. In addition, the company’s results were compounded by a number of issues on a small number of fixed priced projects”

Lars Bladt – Chairman of the Board

INCOME STATEMENT

For the year, the Group's gross margin remains stable at 32.5% against 32.0% in 2007, but is down in Q4 from 32.9% in 2007 to 29.7% in 2008. The disappointing Q4 performance is primarily due to a small number of significant fixed price projects that are challenged and where it is necessary to provision for loss. Valtech has provisioned 1 million Euro in Q4, without this provision the company would have had a gross margin of 33.4% in Q4.

Operating margin at 2.9 million Euros down from 2007 due to challenges in USA and UK

Valtech operating margin for 2008 is 2.9 million Euros (2.9%) against 5.1 million Euros (4.8%) in 2007. The primary reason for the reduction in our operating performance is to be found in the USA and the UK where our operating margin is down approximately Euros 3.6 million from 2007. For the rest of the Group, the operating margin for 2008 is Euros 1.4 million more than achieved in 2007.

Sales and marketing costs are more or less constant as a percentage of revenue at 6.5% in 2008 against 6.24% in 2007.

The tough trading conditions are being managed by rigorous control of costs and aggressive control of overheads. We are committed to staying ahead of any sudden change in project revenue in all geographies.

Our pre- and post tax profitability has decreased to 1.5 million Euros (3.6 million in 2007) and 1.2 million Euros (2.6 million in 2007), the Group continued to utilise tax credits relating to previous losses wherever possible.

The main reasons for the 2008 results are:

- The final costs associated with the investigation in the possible strategic partnership that did not materialise in 2007 were recognized in the first months of 2008 and amount to Euros 0.3 million
- Loss in our Korean Joint Venture of Euros 0.3 million due to difficult market conditions in 2008
- Last year we activated a deferred tax assets in Denmark and Sweden which influenced 2007 positively with an amount of 1 million Euro this year the deferred tax related to loss carry forwards of Valtech AG has been activated amounting to Euros 0.6 million. So net 0.4 million Euros effect when comparing year on year

Table 1 – Income Statement*

K Euros	Q4 2008	Q4 2007	FY 2008	FY 2007
Revenues from customers	23 557	28 240	100 464	106 705
Other income	11	(153)	127	53
Total revenues	23 568	28 087	100 591	106 758
Variable costs	(16 568)	(18 837)	(67 908)	(72 632)
Gross Margin	6 999	9 250	32 683	34 126
	29,7%	32,9%	32,5%	32,0%
Sales and Marketing costs	(1 725)	(1 562)	(6 592)	(6 664)
	-7%	-6%	-7%	-6%
Administrative costs	(5 978)	(5 490)	(23 151)	(22 317)
	-25,4%	-19,5%	-23,0%	-20,9%
Operating margin	(704)	2 198	2 940	5 145
Restructuring costs	0	0	0	0
Other gains and losses	(202)	(1 092)	(538)	(1 018)
Amortization of goodwill	0	0	0	0
Profit from Operating Activities	(906)	1 106	2 402	4 127
	-3,8%	3,9%	2,4%	3,9%
Financial result	(158)	(226)	(582)	(800)
Income from Associated Companies			0	
Income from Joint venture	(109)	(136)	(287)	256
Profit before tax	(1 174)	744	1 533	3 583
Corporation Tax	322	(1 093)	(356)	(1 011)
Minority Interest	(6)		(6)	
Profit after tax	(858)	(349)	1 171	2 572

* Summary reporting format only – full statutory financial statements will be filed in accordance with regulatory requirements

Geographical Analysis

The full year revenue of Euros 100.6 million is down by 5.8% compared to 2007. Only 1.4% of this decrease is related to reduction in business revenues in local currency, the balance of 4.4% is due to exchange rate translation impacts. Except for the acquisition of Kiara in October, all of the revenue is organic; Kiara has contributed with 0.25% of the revenue.

France

Good revenue growth & returned to positive operating margins

39% of Valtech revenues

The French operations continued its positive performance, amounting for 39% of the Group's revenues. Revenues increased year on year by 6% with a turn around in operating profit from a negative margin in 2007 to a positive operating margin in 2008. Revenues from France increased from 35% to 39% of the total Group's revenue.

Rest of Europe (UK + Germany + Scandinavia)

Contributes best operating performance to the Group

43% of Valtech revenues

Rest of Europe (UK, Germany, and Scandinavia) contributes 43% of total Group revenue and has the best operating performance to the Group. All country operations other than the UK remain strong both in revenue contribution and operating margin. Due to the weak performance of the UK the reported revenue for the region has declined 13% from 2007. The UK's 2008 revenue fell 43% from 2007 levels.

Kiara has been integrated in the consolidated accounts with effect from 1st November 2008. Kiara's contribution to the turnover of the Group represents Euros 269 k.

USA & Asia

Overall weak performance

18% of Valtech revenues

The USA & Asia region that contributes with 18% of the Group's 2008 revenue suffered from a tough year, especially in the USA where revenue is down approximately 11% compared to 2007. We anticipate that the operating environment for Valtech in 2009 will continue to be challenged in the US. This region is currently loss making on an operating basis. There is significant effort on re-establishing profitability through focused sales campaigns, reducing the cost base and improving the quality of our deliverables. However there can be no assurance that these activities will succeed in the short term to grow or contribute positively on an operating basis.

Table 2 – Geographical Analysis
Revenues and Operating Margin FY 2008 and FY 2007

in EUR '000s	FY-2008 Revenues	Profit / (Loss) from operating	%	FY-2007 Revenues	Profit / (Loss) from operating	%
France	39 053	2 298	6%	36 873	368	1%
Rest of Europe	43 716	4 431	10%	49 970	6 395	13%
USA and Asia	17 823	(1 641)	-9%	19 916	(12)	0%
Corporate costs		(2 686)			(2 624)	
Valtech Group	100 591	2 402	2%	106 758	4 127	4%

CASH POSITION

Cash generated from operating activities reached 6.7 million Euros for the year up from 5.4 million Euros in 2007.

Net cash flows for the year were positive, by 4.3 million Euros, the Group believes that even with the tough trading conditions the Group's balance sheet will continue to become stronger hence there is very little capital expenditure and the Group is focused on working capital (particularly of accounts receivable).

In November 2008 Valtech AB (Sweden) acquired Kiara Scandinavia, itself the holding company of Kiara AB. Valtech AB has a commitment relating to earn-outs on the acquisition of Kiara Scandinavia.

The outflows are also related to prior acquisitions concerning deferred earn-out provisions relating to the Valtech Agency (ACDSI) acquisition.

Table 3 – Consolidated Cash flow statement

	EUR million
Gross inflow from operations	5.6
Change in working capital	1.1
Net operating cash flow	6.7
Capital expenditure	(0.5)
Net Increase in Investment	(2.0)
Capital increase	
Loan increase/ decrease	0.1
Other movements	
Change in cash & equivalents	4.3

BALANCE SHEET

There was a slight decrease in the Group's shareholder's equity that totalled 31.0 million Euro at 31 December 2008 compared to 31.6 million Euros at 31 December 2007.

The Group recorded a net cash inflow for the year of 4.3 million Euros and closed the year with cash in hand of 9.6 million Euros offset by overdrafts of 5.7 million Euros.

The Group still has a significant deferred tax asset that has not been recognised amounting to 16.6 million Euros with the main portion in Valtech SA in France.

Table 4 – Balance Sheet As At 31 December 2008*

K Euros	FY 2008	FY 2007
Goodwill	13 847	14 621
Other intangible assets	181	579
Total intangible assets	14 028	15 200
Other fixed assets	2 752	3 846
Total tangible assets	2 752	3 846
Investment in joint ventures	214	623
Other investments	296	296
Other financial assets	2 183	2 721
Deferred tax asset - non-current	608	1 183
Total non-current assets	20 081	23 869
Trade debtors	25 583	30 771
Cash and cash equivalents	9 591	4 537
Other receivables	3 050	3 258
Deferred tax asset - current	1 414	1 177
Total current assets	39 638	39 743
Total assets	59 719	63 612
Share capital	1 352	1 352
Other consolidated reserves	28 512	27 741
Profit for the period	1 171	2 572
Minority interest	1	(21)
Shareholders' equity	31 036	31 644
Provision for risks and charges	935	1 667
Borrowings - non current portion	264	64
Other liabilities - Non-current	147	28
Total non-current liabilities	1 346	1 759
Provision for risks and charges	2 187	680
Borrowings -current portion	633	515
Trade creditors	7 140	8 277
Overdrafts	5 721	4 939
Other liabilities - Current	11 656	15 798
Total current liabilities	27 337	30 209
Total liabilities	28 683	31 968
Total liabilities and equity	59 719	63 612

* Summary reporting format only – full statutory financial statements will be filed in accordance with regulatory requirements

Q1 2009

See all first quarter figures in the table below.

Revenue is down 20.2% compared to Q1 2008 with all regions facing downward pressures

Revenue has decreased 20.2% where currency exchanges impact this negatively by 1.9% and the acquisition of Kiara by 1.4% positively.

All regions are impacted by the current tough trading conditions. Each of our operating units has lower revenues in Q1 2009 compared to Q1 of 2008.

The USA and Asia region is impacted most significantly and is down 60% when compared to Q1 2008. Valtech activities in these regions have been materially impacted by both the current recession in the US and Asia as well as several specific project related issues.

The French region is down 6.6% in Q1 on a year over year basis. The rest of Europe is down 19.3% with the UK contributing a significant amount to this decrease. Sweden is continuing with strong performance from 2008 and is the only country ahead of 2008 Q1 revenue.

Gross Margin is down to 30.6% compared to 33.3% in Q1 of 2008

Gross Margin is down 2.7% mainly due to a number of problems on a smaller number of fixed price projects.

Break-even operating margin

The Group's operating margin for Q1 is down from 1.5 million Euros in 2008 we expect to be approximately break-even for this period in 2009.

Our USA and Asia region is still non profitable and we are still dedicating significant effort to re-establishing profitability through focused sales campaigns and reducing cost base.

Comments on performance of the first quarter

As expected 2009 will be a difficult year for the IT services industry, Q1 for Valtech has been no exception for this. We are feeling recession in almost all countries. In addition to the current worldwide recession, we have some challenged price projects that negatively influence our profitability.

We will continue our ongoing strategy to simplify and unify the company around our Agile and Agency offerings. We are building on more than a decade of successful agile and e-business project delivery experience. This strategy will make the company a world leader in delivering high value agile methodology to leading global corporations through our unique Agile Transformation services. We are strengthening our position as a European leader of web solutions encompassing creative design & brand communication including interface programming and back-end solutions.



Table 5 – Income Statement Q1 2009

K EUROS	Q1 2009	Q1 2008
Revenues from customers	21 295	26 695
Other income	18	7
Total revenues	21 314	26 702
Variable costs	(14 789)	(17 819)
Gross Margin	6 525	8 883
	30,6%	33,3%
Sales and Marketing costs	(1 283)	(1 465)
	-6%	-5%
Administrative costs	(5 255)	(5 864)
	-24,7%	-22,0%
Operating margin	(13)	1 553
Restructuring costs	0	0
Other gains and losses	(52)	(208)
Amortization of goodwill	0	0
Profit from Operating Activities	(65)	1 346
	-0,3%	5,0%
Financial result	57	(223)
Income from Associated Companies		
Income from Joint venture	(96)	(32)
Profit before tax	(104)	1 090

GUIDANCE FOR 2009

We confirm from our latest press release that we expect our revenues to be down from 2008 and in the range of 80 million Euros for 2009. We will continue to focus on achieving a positive operating margin and maintaining a strong balance sheet with a positive cash position and no material long term debt.

FINANCIAL COMMUNICATION

Valtech will not release its 1st quarter 2009 figures on May 14th 2009 as they have been released in this press release and therefore the next written press release will be July 30th Q2 and H1 revenues will be disclosed.

But the first calling of our annual general assembly meeting will be on June 8th 2009.

NB: The figures presented in this press release for Q1 2009 have not been audited by Valtech's Commissaires aux Comptes.

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Chairman of the Board
Lars Bladt