January - September 05

framfab

Interim report
January - September 2005

Framfab AB (publ)

Framfab continues to improve

- prepared in accordance with IFRS

- **Net revenue** for January-September was SEK 335.6 million (244.9), an increase of 37% over the same period last year. Net revenue for the third quarter was SEK 129.9 million (75.0), 73% higher than the corresponding period in 2004. At SEK 1,127 thousand (933), net revenue per employee on an annual basis for January-September was up by 21% on the first nine months of 2004.

- **Profit after tax** for the first nine months increased by 111% to SEK 18.8 million (8.9). Profit after tax for the third quarter was SEK 5.8 million (3.1), an increase of 87% over 2004. January-September operating profit rose by 141% from 2004 to SEK 20.0 million (8.3), while the third quarter operating profit increased by 154% from 2004 to SEK 6.1 million (2.4). January-September operating margins were 6%, as opposed to 3.4% for the first nine months of 2004.

- **Earnings per share** came to SEK 0.02 (0.01) for January-September and SEK 0.00 (0.00) for the third quarter.

- Framfab has posted an operating profit for the seventh quarter in succession and Framfab Netherlands turned profitable.

- LB Icon AB, which controls approximately 15% of Framfab's share capital and votes, has requested that the company convenes an Extraordinary General Meeting of shareholders to elect new Board members. The EGM will be held on 28th November 2005.

- Cash flow from operating activities was SEK -13.7 million (-36.2) for the first nine months and SEK -22.3 million (-16.8) for the third quarter. Including SEK 135.3 million in payments for Oyster, the January-September cash flow was SEK -130.1 million (103.5). For the third quarter cash flow was SEK -14.8 million (-21.1), of which SEK 13.6 million was payment for Oyster. Liquid funds were SEK 30.6 million as of 30 September.

Framfab is a leading European Interactive Marketing and Web Consulting Business. Framfab's customers are large international companies, including 3M, American Express, AXA, Barclays Capital, Cadbury Schweppes, Carlsberg Breweries, the Coca-Cola Company, Danske Bank, Ericsson, Hydro Texaco, Kellogg's, Kraft Food International, Nike, Nobel Biocare, Philip Morris International, Philips, Postbank, Rezidor SAS, SAAB, Sara Lee Douwe Egberts, Schering AG, Swedish Match, Vodafone, Volvo Car Corporation, Volvo Group and UBS. Framfab operates in Denmark, Germany, the Netherlands, Switzerland, Sweden and the United Kingdom. The company is quoted on the O-list, Attract 40 of Stockholmsbörsen (ticker symbol FRAM). For additional information, see www.framfab.com.

A word from the Board

The Board of Framfab would like to acknowledge Framfab's CEO, Steve Callaghan, the extended executive management team, and all of our staff for the outstanding job they have done in transforming the company during the last two years. In that time Framfab has grown considerably through a combination of well planned growth and successful acquisitions. This is reflected in seven consecutive quarters of profit, and year on year improvements in each quarter of 2005. Framfab is a leader in its field that is well positioned for further growth in a rapidly changing market and as a result, we look to the future with confidence.

The Board of Framfab

A word from the CEO

We have come a long way together since 2003; Framfab's seventh consecutive quarter of profitability reflects both the hard work that went into creating solid foundations for the Group during 2004, and the successful execution of our strategy of combining organic growth with selective earning enhancing acquisitions.

In the third quarter, the levels of both profitability and revenue were significantly higher than during the same period last year with net revenue up 73% to SEK 129.9 million and profit after tax up 154% to SEK 6.1 million. For the nine months to 30 September 2005, net revenue increased by 37% to SEK 335.6 million and profit after tax rose 111% to SEK 18.8 million.

The main focus for the third quarter has been the completion of the integration of our UK activities following the acquisition of Oyster Partners in the second quarter. The business in the UK is now completely integrated and achieving enviable levels of success in terms of new business, where we continue to outperform the market in terms of win rate. Since the half year results the UK business has won a number of prestigious new clients including Shell and Samsung. In a recent industry report complied by New Media Age (www.nma.co.uk/top100), Framfab UK ranked as the number one interactive agency by revenue and staff numbers by a considerable margin which serves to underline our leading position in this important market.

Elsewhere our businesses are performing well and overall in line with expectations. In Denmark we continue to outperform the market and our strong relationship with Nike is expanding digital initiatives for Nikewomen and Nikefootball, as well as Nike ID. The German and Swiss businesses continue to develop as planned, and during the third quarter Framfab Germany won several new clients. Framfab Germany now also provide services to Vodafone; work won as a direct result of Vodafone's relationship with Framfab UK. As predicted, Framfab Netherlands has successfully made the transition to profitability. The seasonally quiet third quarter explains the performance in Framfab Sweden.

LB Icon AB recently announced that they have increased their stake to over 15% of the outstanding shares and voting rights in Framfab. They have instructed the company to convene an Extraordinary General Meeting for shareholders with the objective, subject to a vote open to all shareholders, of appointing members to the Framfab Board. This meeting will take place in Stockholm on 28th November 2005.

Consistent with our strategy, the Board continue to evaluate potential acquisitions and other corporate development opportunities, including a dual listing on the London Stock Exchange. Additionally we will continue to driving organic growth to ensure that we continue to deliver shareholder value. As clients needs become increasingly international we will continue to look at ways to develop these relationships as well as extend the range of services we offer to them.

Framfab is well positioned to build momentum in the business and to continue to benefit from new business coming on stream, improving market conditions and the growth in demand for digital media services. With the prospect of more to come as we continue to capitalise on these opportunities, the Board and I have confidence in the prospects for the Group.

Steve Callaghan
Chief Executive Officer and President

Market

In the previous report we highlighted that there are three main drivers in our market: broadband connectivity, acceleration of advertising expenditure from offline to online, and market convergence at the device and service provider level. The pace in all three areas has quickened which translates to a number of exciting opportunities for Framfab.

Western Europe today has more broadband connections than in the whole of North America.[1] While this trend is pan-European, the UK is an interesting case study. In July 2005, broadband connections in the UK outstripped dial-up. Thirty percent of all of households and businesses now have an ‘always-on’ connection, and these connections are faster and more affordable than ever.[2] It is anticipated that 99.6% of all UK homes will be connected to a broadband-enabled telephone exchange by the end of this year.[3]

Falling telecommunications prices and ever increasing connectivity speeds are linked to consumers spending up to 20% of their total media time online, up from 15% a year ago. Correspondingly it is no surprise that online media expenditure in the UK, at 5.8%, has outstripped not only radio's share of advertising spend (3.6%), but it has now also overtaken outdoor advertising revenues (at 5.1%) which is a significant development with far reaching consequences for the advertising industry.[4]

Mobile connections too are increasing at an ever faster pace with analysts agreeing that September 2005 was the month in which cellular connections worldwide reached 2 billion.[5] Many of these connections now deliver internet access; however, although 60% European users between the ages of 16-24 have internet-enabled handsets, only 18% of them use the available internet functionality. This is a substantial latent opportunity for marketers and service providers alike.[6] Through our experience of working with Europe’s leading telecoms firms over the past five years, and our acknowledged expertise in interaction design as showcased at 3GSM World Congress in Cannes, Framfab is already capitalising on this potential.

The acquisition of Oyster has significantly strengthened our position in the market and we are well placed to continue to play an active role in the consolidation of the digital media sector.

1. Europe has more broadband subs than Americas, June 2005, TelecomPaper [www], from http://www.telecompaper.com/news/article.aspx?id=82399, downloaded October 18th 2005.
2. The Communications Market 2005, Ofcom, July 2005.
3. The Communications Market 2005, Ofcom, July 2005.
4. Market report, PricewaterhouseCoopers, October 2005
5. Wireless Intelligence [www], from http://www.wirelessintelligence.com, downloaded October 18th 2005.
6. Europe’s mobile consumer, Forrester Research, June 2005.

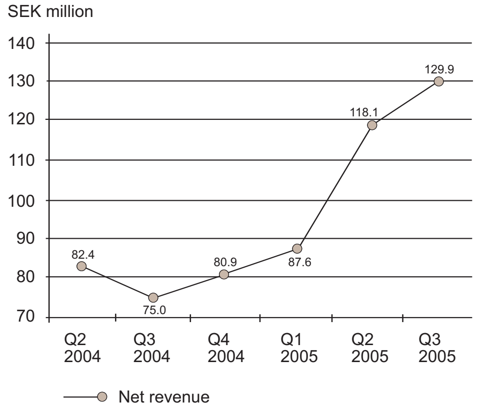
Operations

The Group

Net revenue for the first nine months of SEK 335.6 million (244.9) was 37% higher than the corresponding period in 2004. At SEK 1,127 thousand (933), net revenue per employee on an annual basis for January-September was up by 21% on the same period of 2004.

Oyster Partners Ltd, which was consolidated as of 1 May, is now fully integrated with former Framfab UK and all business related assets and liabilities have been in the same legal entity since 1st July.

Net revenue for the third quarter of SEK 129.9 million (75.0) was 73% higher than the corresponding period



of 2004 including the Oyster acquisition. Net revenue per employee on an annual basis grew by 38% from the third quarter of 2004 to SEK 1,188 thousand (864).

The Group as a whole operated in the black for the seventh successive quarter. Framfab Denmark, UK, Sweden and Germany (including Switzerland) all report operating profits for the first nine months, and Framfab Netherlands turned profitable in the third quarter following having completed a reorganisation of that business. Year to date, the Group has outperformed the corresponding 2004 business performance in every single quarter demonstrating the continued strengthening of our operations. Profit after tax increased from January-September 2004 by 111% to SEK 18.8 million (8.9). Profit after tax was up from the third quarter of 2004 by 87% to SEK 5.8 million (3.1). The January-September operating profit rose by 141% from 2004 to SEK 20.0 million (8.3), while the third quarter operating profit increased by 154% from 2004 to SEK 6.1 million (2.4). Operating margins for the period January-September were 6%, compared to 3.4% for the first nine months of 2004. The improvement was due to our strong new business performance in a competitive market environment, ongoing marketing efforts, our ongoing focus on key clients, better capacity utilisation and modestly improving market conditions.

Amortisation of intangible assets totalled SEK 4.1 million (0.3) for the first nine months, while the profit after financial items was SEK 19.9 million (8.9), up 124% on the same period last year.

Employee-related costs, 9% (8) of which were for sub contractors, came to 80% (80) of total costs in January-September. While costs for sub contractors can generally change with less than one month’s notice, costs for employees are ordinarily adjustable after four months.

The Oyster acquisition increased the number of Group full time employees by 115. Employees totalled 425 (340) as at 30 September, compared to 327 at the beginning of the year.

Denmark

The January-September operating profit was SEK 15.7 million (8.9), up 76% from 2004, while the year to date operating margin was 21%. Framfab Denmark reported operating earnings of SEK 5.1 million (3.2) and an operating margin of 19% in the third quarter. Net revenue for the first nine months was SEK 74.8 million (61.0), which is 23% more than the same period in 2004. Third quarter revenue rose by 45% to SEK 27.6 million (19.0). Framfab Denmark have won 10 new clients in 2005. Employees totalled 78 (70) as of 30 September, compared to 77 at the beginning of the year.

The Netherlands

Operating earnings for January-September were SEK -0.6 million (-6.7), which was SEK 6.1 million better than the first nine months of 2004. The Dutch business has been successfully reorganised and Framfab Netherlands has produced the required results by turning operations profitable in the third quarter. Framfab Netherlands reported operating earnings of SEK 0.5 million (-1.1) and an operating margin of 14% in the third quarter. Net revenue for January-September was SEK 10.0 million (9.9). Net revenue for the third quarter was SEK 3.5 million (3.4), up 3% on the same period of 2004. Having been director of operations for the past two years, Helga Gerritzen took over as Managing Director of Framfab Netherlands during the second quarter. Employees totalled 13 (19) as of 30 September, compared to 17 at the beginning of the year.

United Kingdom

Framfab acquired Oyster Partners Ltd in London in early May 2005. The integration of Oyster’s operations with Framfab UK in London has created the biggest interactive marketing and web consulting business in the United Kingdom, employing 177 people. Cost synergies, mostly related to administration and premises, will have their full ongoing effect of GBP 0.8-1.0 million as at the second quarter of 2006.

Including Oyster, Framfab UK reported net revenue for growth of 128% during the first nine months of 2004 to SEK 147.1 million (64.5). Net revenue for the third quarter was SEK 70.5 million (19.5), up 262% from the same period of 2004. Operating profit of SEK 10.8 million (6.7) and an operating margin of 7% for January-September. For the third quarter, operating earnings were SEK 6.1 million (0.8) and the operating margin was 9%.

A greater focus on the pharmaceutical sector during the first nine months has resulted in several major new business wins including, Pfizer, Roche and Schering AG. Among the 13 other clients that Framfab UK, including Oyster attracted were Deutsche Bank, Easyjet, Kodak, Samsung and Shell. Framfab UK, including Oyster, had 177 (62) employees as of 30 September, compared to 63 at the beginning of the year.

Sweden

The January-September operating profit was SEK 6.0 million (7.0), down by 14% from 2004, while the operating margin was 9% compared to 10 % for the same period in 2004. Net revenue for the first nine months was SEK 66.5 million (73.4), which was 9% less than the same period in 2004. As a result of client and staff vacations in July/August, the third quarter is the most challenging quarter period of the year. Framfab Sweden reported operating earnings of SEK -1.7 million (2.2) in the third quarter and third quarter net revenue decreased by 20% to SEK 15.6 million (19.4). The Swedish operation is expected to generate an operating profit in the fourth quarter. Swedish operations have won two new clients in 2005. Employees totalled 96 (120) as of 30 September, compared to 103 at the beginning of the year.

Germany

Framfab Germany, including Framfab Switzerland, posted an operating profit of SEK 3.4 million (1.4) for January-September, up 2.0 million from the same period of 2004, and an operating margin of 9%. The third quarter operating profit was SEK 1.3 million (0.6) and the operating margin was 11%. Net revenue increased by 2% from the first nine months of 2004 to SEK 37.0 million (36.1). Net revenue for the third quarter was SEK 12.4 million (13.7), down 10% from the same period of 2004. German operations have won nine new clients year to date in 2005, including Asstel, Homburger, Metro Group, Triumph International and Vöslauer Mineralwasser AG. Arne Westphal took over as Managing Director of Framfab Germany at the end of the second quarter. He has worked for Framfab Germany for more than four years. Employees totalled 53 (60) as of 30 September, compared to 58 at the beginning of the year.

Operations by country

SEK million	Denmark	Netherlands	UK	Sweden	Germany	Parent company & elim.	Total
January - September 2005							
External net revenue	74.8	10.0	147.1	66.5	37.0	0.2	**335.6**
Management fee	-1.9	-0.3	-4.7	-2.0	-1.1	10.0	**0.0**
Operating earnings	15.7	-0.6	10.8	6.0	3.4	-15.3	**20.0**
Operating margins	21 %	-5 %	7 %	9 %	9 %	n/a	**6 %**
Investments	0.0	0.0	2.7	0.5	0.7	0.1	**4.0**
No. of employees	78	13	177	96	53	8	**425**
January - September 2004							
External net revenue	61.0	9.9	64.5	73.4	36.1	0.0	**244.9**
Management fee	-1.7	-0.3	-2.0	-2.1	-0.8	6.9	**0.0**
Operating earnings	8.9	-6.7	6.7	7.0	1.4	-9.0	**8.3**
Operating margins	15 %	-68 %	10 %	10 %	4 %	n/a	**3 %**
Investments	0.0	0.2	0.8	0.3	0.4	0.0	**1.7**
No. of employees	70	19	62	120	60	9	**340**

Financial position

Cash flow from operating activities was SEK -13,7 million (-36.2) for the first nine months and SEK -22,3 million (-16.8) for the third quarter. Including payments relating to the acquisition of Oyster Partners in the UK, cash flow totalled SEK -130.1 million (103.5) for the period January-September and SEK -14.8 million (-21.1) for the third quarter. Framfab paid SEK 121.7 million in the second quarter and SEK 13.6 million in the third quarter as part of the purchase sum and related acquisition costs for Oyster Partners. Liquid funds were SEK 30.6 million as of 30 September.

Trade accounts receivable as at 30 September were up from the end of 2004 by SEK 31.9 million to SEK 106.0 million. Trade accounts receivable decreased from 92% of the latest quarter's revenue on 31 December to 82% on 30 September. Including work-in-progress and net advance payments from clients, the corresponding figures were 90% at the end of December and 125% at the end of September. The increase in work in progress is explained by seasonal effects and some major projects in Framfab UK.

Excluding current investments and liquid funds, working capital amounted to SEK 75.5 million on 30 September, as opposed to SEK 17.5 million on 31 December. The equity/assets ratio was 63% as of 30 September compared to 77% in December 2004. Approximately SEK 1.3 billion in unutilised tax loss carry forwards for Swedish operations remain and is not included in the balance sheet.

Framfab acquired Paregos Mediadesign AB in January 2004. The agreement specified payment of an additional purchase sum based on Paregos's financial performance in 2004. No additional purchase sum has yet been determined.

Framfab signed an agreement in early May to acquire Oyster Partners Ltd. The initial purchase sum of SEK 156.2 million was broken down into SEK 123.9 million cash and SEK 32.3 million in newly issued Framfab shares. The stamp duty and other acquisition costs came to SEK 4.0 million. The agreement specified that a deferred purchase payment of GBP 1.0 million be paid in the third quarter of 2005, and that additional payments of shares or instruments of debt will be payable on achievement of predetermined criteria linked to earnings in 2005 and 2006. The additional payments are caped and are estimated to be GBP 1.5 million for 2006 and GBP 4.5 million for 2007. Including estimated additional payments, the Oyster acquisition has been reported at SEK 255.8 million. For further information about the acquisition, see Appendix 1, Accounting Rule Changes in Compliance with IFRS.

Share data

Earnings after tax were SEK 18.8 million (8.9) for January-September and SEK 5.8 million (3.1) for the third quarter, while earnings per share came to SEK 0.02 (0.01) in January-September and SEK 0.00 (0.00) in the third quarter. Shareholders' equity per share totalled SEK 0.28 (0.23) at the end of September. The parent company had 1,200,435,981 registered shares as of 30 September.

As authorised by the 25 March 2004 annual general meeting, the board resolved on 4 May to carry out a non-cash issue of 50,903,077 Framfab AB shares. Those entitled to subscribe were the sellers of Oyster Partners Ltd, who paid by means of all Oyster Partners Ltd shares. The issue was registered with the Swedish Companies Registration Office on 17 May 2005.

At the annual general meeting of shareholders on 25 March 2004 it was resolved to issue up to 6,000,000 share options in accordance with the global option plan which had been adopted by the extra general meeting on 11 October 2000. The company had until the annual general meeting on 21 June 2005 issued 1,950,000 of these options.

To enable the issue of the remaining 4,050,000 share options, the annual general meeting on 21 June 2005 authorised the board to, at one or several occasions during the time until the next annual general meeting, decide to issue promissory notes with, at the highest, 4,050,000 detachable warrants. By virtue of that authorisation, the Board on 9 September 2005 resolved to float a debenture loan of no more than SEK 1 consisting of 750,000 detachable warrants, each of which entitles the holder to subscribe for a new Framfab AB share at a subscription price of SEK 0.68. The Framfab Sverige AB subsidiary, which is entitled to subscribe, will use the detached warrants to ensure the fulfillment of an employee stock option commitment made by the 21 June 2005 general meeting and entitling a holder to acquire shares no earlier than 10 September 2006. The Board resolved to award all 750.000 employee stock options to the Group's CEO.

Parent Company

Net revenue for January-September totalled SEK 9.8 million (6.9), of which SEK 9.7 million (6.9) was for internal invoicing. Including dividends and write-downs of shares from subsidiaries in the amount of SEK 6.1 million (0.0), earnings after financial items came to SEK -4.7 million (-11.9). Total investments in financial fixed assets amounted to SEK 255.8 million (14.4). Liquid funds were SEK 6.9 million and shareholders' equity was SEK 254.1 million as of 30 September.

Accounting Policies

This interim report has been prepared in compliance with IAS 34, Interim Financial Reporting, which adheres to Recommendation 31, Interim Financial Reporting for Groups, of the Swedish Financial Accounting Standards Council. Note 1 of the Group's 2004 annual report describes the accounting rules employed by this interim report. The note states that International Financial Reporting Standards (IFRS) are to be complied with as of 2005 and that comparative information for 2004 is to be recalculated in accordance with the new rules.

Appendix 1 of this interim report indicates the impact of the recalculation on shareholders' equity at the beginning of the year, as well as earnings and shareholders' equity by quarter for 2004.

Calendar and contacts

Calendar

- Extraordinary General Meeting: LB Icon AB, which controls approximately 15% of Framfab's share capital and votes, has requested that the company convenes an Extraordinary General Meeting of shareholders to elect new Board members. LB Icon AB has also notified Framfab that it will propose a list of Board members well ahead of the 18 November 2005 record day. The EGM will be held at 5 PM on Monday, 28th November 2005 at The Clarion Hotel, Stockholm.

- The report of 2005 earnings will be released on 2 February 2006.
- The annual general meeting will be held on 30 March, 2006 in Stockholm.

Stockholm, 21 October 2005

Board of Directors

The company's auditors have not reviewed this report.

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Income Statement Summary

SEK million	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004	Jul-Sep 2005	Jul-Sep 2004
Services revenue	333.6	243.8	324.7	129.0	74.6
Other operating revenue	2.0	1.1	1.1	0.9	0.4
Net revenue	**335.5**	**244.9**	**325.8**	**129.9**	**75.0**
Costs of operation	-306.7	-233.2	-307.9	-119.1	-71.6
Operating earnings before depreciation and amortization	**28.9**	**11.7**	**17.9**	**10.8**	**3.4**
Depreciation / write-downs of tangible assets	-4.8	-3.1	-3.9	-2.1	-0.9
Amortization / write-down of intangible assets	-4.1	-0.3	-0.4	-2.6	-0.1
Operating earnings	**20.0**	**8.3**	**13.6**	**6.1**	**2.4**
Result from shares in Group companies	-	-	2.0	-	-
Net financial items	-0.1	0.6	1.6	0.2	0.7
Earnings after financial items	**19.9**	**8.9**	**17.2**	**6.3**	**3.1**
Tax	-1.1	-	7.9	-0.5	-
Earnings for the period	**18.8**	**8.9**	**25.1**	**5.8**	**3.1**
Earnings per share, SEK	**0.02**	**0.01**	**0.03**	**0.00**	**0.00**

Balance Sheet Summary

SEK million	Sep 30 2005	Dec 31 2004	Sep 30 2004
Assets			
Intangible assets	242.8	80.0	83.5
Tangible assets	14.9	6.3	5.2
Financial fixed assets	62.4	18.2	10.3
Total fixed assets	**320.1**	**104.5**	**99.0**
Trade accounts	106.0	74.1	48.2
Other current assets	84.0	23.0	35.8
Liquid funds	30.6	159.5	158.6
Total current assets	**220.6**	**256.6**	**242.6**
Total assets	**540.7**	**361.1**	**341,6**
Shareholders' equity and liabilities			
Shareholders' equity [1]	**340.6**	**278.9**	**266.5**
Long-term interest-bearing liabilities	1.4	0.9	0.0
Long-term non-interest-bearing liabilities	61.9	1.3	2.6
Short-term interest-bearing liabilities	22.4	0.4	0.0
Short-term non-interest-bearing liabilities	114.4	79.6	72.5
Total liabilities	**200.1**	**82.2**	**75.1**
Total shareholders' equity and liabilities	**540.7**	**361.1**	**341.6**
[1] Shareholders' Equity			
At beginning of the year	278.9	83.9	83.9
Issue of new shares	32.3	172.4	172.4
Translation differences	10.6	-2.5	1.3
Earnings for the period	18.8	25.1	8.9
At end of the period	**340.6**	**278.9**	**266.5**

The Group's contingent liabilities (guarantees and sureties) increased by SEK 0.8 million from December 31, 2004 to SEK 9.1 million as of September 30, 2005. The parent company's contingent liabilities decreased by SEK 1.7 million from December 31, 2004 to SEK 1.3 million as of September 30, 2005.

Cash Flow Summary

SEK million	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004	Jul-Sep 2005	Jul-Sep 2004
Cash flow from operations	29.8	12.4	20.1	10.8	4.2
Changes in working capital	-43.5	-48.6	-56.6	-33.1	-21.0
Cash flow from operating activities	**-13.7**	**-36.2**	**-36.5**	**-22.3**	**-16.8**
Acquisition/divestment of subsidiaries	-135.3	-4.6	-2.6	-13.6	0.0
Cash flow from other investing activities	-2.8	-1.7	-2.3	-0.6	-1.1
Cash flow before financing	**-151.8**	**-42.5**	**-41.4**	**-36.5**	**-17.9**
Cash flow from financing activities	21.7	146.0	146.0	21.7	-3.2
Cash flow for the period	**-130.1**	**103.5**	**104.6**	**-14.8**	**-21.1**
Liquid funds at beginning of the period	159.5	55.0	55.0	46.2	180.0
Translation differences in liquid funds	1.2	0.1	-0.1	-0.8	-0.3
Liquid funds at end of the period	**30.6**	**158.6**	**159.5**	**30.6**	**158.6**

Quarterly Summary

SEK million	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004
Net revenue	129.9	118.1	87.6	80.9	75.0	82.4
Operating earnings before depreciation	10.8	11.8	6.3	6.2	3.4	3.8
Operating earnings	6.1	8.8	5.1	5.3	2.4	2.7
Earnings after financial items	6.3	8.0	5.6	8.3	3.1	3.5
Total growth, Q/Q	10%	35%	8%	8%	-9%	-6%
No. of employees at end of period	425	448	334	327	334	319

Key Ratios

SEK million	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004	Jul-Sep 2005	Jul-Sep 2004
Change in net revenue	37.0%	31.6%	27.3%	73.2%	39.3%
Operating margin before depreciation of tangible assets	8.6%	4.8%	5.5%	8.4%	4.6%
Operating margin	6.0%	3.4%	4.2%	4.7%	3.2%
Profit margin	5.9%	3.7%	5.3%	4.9%	4.2%
Equity/assets ratio	63.0%	78.0%	77.2%	63.0%	78.0%
Return of capital employed [1]	10.0%	-15.5%	9.4%	10.0%	-15.5%
Return of shareholders' equity [1]	11.5%	-17.0%	12.6%	11.5%	-17.0%
Average No. of employees	397	350	346	437	347
No. of employees at end of the period	425	340	327	425	340
of which, outside Sweden	321	211	215	321	211
Revenue per empl., SEK thousand [2]	1,127	933	943	1,188	864
Earnings per empl., SEK thousand [2, 3]	81	33	40	80	29
No. of shares at end of the period	1,200,435,981	1,149,532,904	1 149,532,904	1,200,435,981	1,149,532,904
Average No. of shares	1,175,077,672	921,433,991	978,770,330	1,200,435,981	1,149,532,904
Shareholders' equity per share, SEK	0.28	0.23	0.24	0.28	0.23
Cash flow per average No. of shares, SEK	-0.11	0.11	0.11	-0.01	-0.02

[1] Rolling 12-months.
[2] Annual rate.
[3] Operating earnings after depreciation of tangible assets.

Appendix 1
Changed Accounting Principles in Compliance with IFRS

Reporting Previous Acquisitions

Framfab adheres to IFRS 3, Business Combinations, for acquisitions after 1 January 2004. When applicable, a larger percentage of the purchase sum must now be allocated to identifiable intangible assets, such as customer relationships, licenses and brands. The assets must be reported at market value as of the date of acquisition based on discounted cash flow analyses and amortised over their expected life. As was the case previously, the remaining portion of the purchase sum is reported as goodwill, classified as an asset with indeterminate useful life and thereby not amortised. Its value is tested instead by means of discounted cash flow analyses once a year, or more often if a decline is suspected. A test of the value of existing goodwill as of 1 January and 31 December 2004 did not identify any impairment. The reversal of amortisation of goodwill with some impact on translation differences for shareholders' equity, as well as allocation of customer relationships to intangible assets, has led to the following adjustments for 2004.

By quarter SEK million	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Full-year 2004
Earnings after tax					
Previously GAAP	0.3	1.4	1.1	14.2	17.0
Adj. amortization of intangible assets	2.0	2.1	2.0	2.0	8.1
Adj. earnings in accordance with IFRS	**2.3**	**3.5**	**3.1**	**16.2**	**25.1**

Accumulated SEK million	Jan-Mar 2004	Jan-Jun 2004	Jan-Sep 2004	Jan-Dec 2004
Earnings after tax				
Previously GAAP	0.3	1.7	2.8	17.0
Adj. amortization of intangible assets	2.0	4.1	6.1	8.1
Adj. earnings in accordance with IFRS	**2.3**	**5.8**	**8.9**	**25.1**

SEK million	Dec 31 2003	Mar 31 2004	Jun 30 2004	Sep 30 2004	Dec 31 2004
Shareholders' equity					
Previously GAAP	83.9	98.0	263.3	260.5	271.2
Adj. amortization of intangible assets	-	2.0	4.1	6.1	8.1
Change in translation difference	-	-	-	-0.1	-0.4
Adjusted shareholders' equity in accordance with IFRS	**83.9**	**100.0**	**267.4**	**266.5**	**278.9**

Reporting Acquisitions for the Year

Framfab acquired London-based Oyster Partners Ltd in its entirety in early May and included its earnings as of 1 May 2005. Oyster reported net revenue of SEK 130.2 million and an operating profit of SEK 15.4 million in 2004. The consolidation of Oyster with Framfab's existing operations in the United Kingdom resulted in the biggest interactive marketing and web consulting business in the country.

The initial purchase sum was SEK 156.2 million, broken down into SEK 123.9 million cash and 50,903,077 newly issued Framfab AB shares worth the equivalent of SEK 32.3 million. Other acquisition costs amounted to SEK 4.0 million. In accordance with the balance upon acquisition, Oyster had liquid funds of SEK 6.7 million. A deferred purchase sum of GBP 1.0 million worth the equivalent of SEK 13.5 million was paid during the third quarter. Additional purchase sums are payable in 2006 and 2007 by means of shares or instruments of debt if certain predetermined earnings criteria are met in 2005 and 2006.The additional purchase sums have a ceiling and are estimated at GBP 1.5 million for 2006 and GBP 4.5 million for 2007. Framfab AB is reporting the additional purchase sums as current non-interest-bearing liabilities in the amount of SEK 20.5 million and long-term non-interest-bearing liabilities in the amount of SEK 61.5 million.

In accordance with IFRS 3, customer relationships have been identified and valued as of the acquisition date. Including goodwill, intangible assets totalled SEK 156.6 million as of 30 September. In addition, deferred tax claims have been valued and reported.