January - December 05

framfab

Year-end report
January - December 2005

Framfab AB (publ)

Framfab continues to improve

- prepared in accordance with IFRS

- **Net revenue** for the year was SEK 474.0 million (325.8), an increase of 45% year on year. Net revenue for the fourth quarter was SEK 138.4 million (80.9), an increase of 71% year on year. Net revenue per employee rose to SEK 1,176 thousand (943), up 25% compared to last year.

- **Earnings after tax** for the year totaled SEK 35.7 million (25.1), an improvement of 42% year on year. Earnings after tax for the fourth quarter came to SEK 16.9 million (16.2), an increase of 4%.

- **Earnings per share** amounted to SEK 0.03 (0.03) for the full-year, an improvement of 18% year on year. Earnings per share for the fourth quarter came to SEK 0.01 (0.01) for the fourth quarter, equal to the fourth quarter 2004. Earnings per share for the fourth quarter recalculated on an annual basis are equivalent to SEK 0.06.

- Operating profit for the year was SEK 38.4 million (13.6) an 182% increase year on year and fourth quarter operating profit increased by 247% to SEK 18.4 million (5.3). Operating margins for 2005 were 8.1%, nearly double that for 2004 (4.2%).

- Cash flow from operating activities was SEK 30.3 million (-36.5) for the year and SEK 44.0 million (-0.3) in the fourth quarter. Including SEK 135.3 million in payments related to the Oyster acquisition, 2005 cash flow totaled SEK -98.8 million (104.6). Liquid funds were SEK 61.7 million (159.5) as at 31 December.

- During the fourth quarter an extraordinary general meeting reappointed Katarina G. Bonde, Steve Callaghan, Robert Gogel, Kaj Green and Sven Skarendahl as board members. Lucas Mees and Arne Myhre were appointed as new members of the board. Sven Skarendahl was re-elected chairman.

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 International, 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 CEO

We have had a remarkable year during which Framfab grew revenue and nearly tripled in profit. During 2005 we acquired London based Oyster Partners, and achieved number one rankings in the UK, Sweden and Denmark. In the fourth quarter our operating earnings exceeded 13% (6% in 2004, -60% in 2003) demonstrating continued improvements in the underlying business. These are achievements of which all Framfab colleagues can be proud.

Framfab is a people business built on the right people. We unashamedly believe ourselves to be Europe's leading Interactive Marketing and Web Consulting business in terms of quality of work and operating profit margins. The work continues to win awards on the international stage and many clients have chosen to work with Framfab internationally as their agency of record. As this trend looks set to continue, scaling our operations further internationally is a priority for us in the coming year.

Delivering our strategy has required a high degree of focus. With our major clients this has meant working more closely with them across multiple service offerings, often internationally. We have focused on margin expansion through improved utilisation, including cross border cooperation at both client and competence levels. The Oyster acquisition also added profitability and scale. The combined effect of the above initiatives has seen us deliver more than 180% in improvements to operating profitability compared to 2004's performance, also a landmark year.

Following the acquisition of Oyster Partners in the UK in May the combined UK business has a client list which is the envy of our industry underpinning our #1 ranking. The acquisition contributed to profitability and brought additional services capability to the group. There are further cost synergies to come from the acquisition during 2006.

Our Danish business under the leadership of EVP Jesper Andersen, who is also MD of Framfab Sweden, continues to raise the performance bar for our industry in terms of profitability and contribution. Framfab Denmark's world class profitability demonstrates the potential for our other countries.

Similarly our performance in Germany and Switzerland improved in 2005; of particular note is the success in Switzerland where as a result of engaging clients there from across Framfab internationally we have been able to grow revenues in excess of EUR 3 million. The German operations continued to grow and improved its profitability by 23% for the full year. As predicted, 2005 was also the year which saw our Netherlands business turn profitable.

Going into 2006 we will continue to execute our operational strategy and strive to improve our financial performance whilst continuing to look for and evaluate acquisitions. We will continue to take advantage of trends in the market such as the continued expansion of digital advertising, e-commerce growth and broadband penetration in Europe. Whilst increased scale of operations brings some cost benefits, our ability to integrate business entities successfully, as demonstrated with Oyster, is the key to even greater rewards and 2006 will see us further integrate international activities, particularly in the area of Interactive Marketing Services.

One of the aspects of our lives at Framfab is that no two days are the same; to succeed in this environment you have to thrive on the challenges and opportunities that get thrown at you every day, and you have to want to come back tomorrow for more. It's a very personal and satisfying experience.

Steve Callaghan
Chief Executive Officer and President
Framfab AB

Market

Throughout 2005 we highlighted a number of drivers and themes in our market: pervasive broadband connectivity, acceleration of advertising expenditure from offline to online, and convergence. Development in these areas continues to create exciting opportunities for Framfab. Additionally Framfab's business sector continues to consolidate with Framfab playing a leading role.

Broadband penetration among online households in Europe has grown by 60% from 2004 to 2005, to currently 39% of online households. Western Europe today has more broadband connections than in the whole of North America. As an example in the UK at least 56.7% of the entire population has access to high-speed internet connections. Increased connectivity speeds together with changing consumer habits have resulted in consumers spending up to 20% of their total media time online, up from 15% a year ago and consumer packaged goods companies are increasing expenditure on internet initiatives with firms planning to spend over EUR 400 million online in 2006, a 17 % increase from 2005 and 42 % ahead of 2004.

Online advertising revenue in Europe is expected to reach EUR 6.5 billion by 2010, triple this year's EUR 2.3 billion with the UK reported as the largest single market for online advertising. The 2006 football World Cup is expected to boost online advertising in Germany, with that market predicted to grow at a compound annual growth rate of 22% to 2010, driven by huge investments in 2006.

Following the acquisition of Skype by eBay incumbent telecoms providers are responding to protect market share and revenue precipitating convergent offerings – price plans bundling broadband and fixed-price voice, and fixed-mobile convergence (FMC) services. In Denmark, Sweden and the Netherlands "naked xDSL" services allow consumers to cancel their regular telephone lines (PSTN) and just have a broadband Internet connection. Such packages will further drive broadband availability, including into homes without PCs where the home hub enables other Wi-Fi devices to get online. With an element of fixed-rate ("free calls") service, these packages encourage more use of the home phone handset as an interactive channel, removes the cost concerns of mobile tariffs and provides improved performance (broadband vs. GSM or 3G). This convergence is interesting to Framfab given our telecom vertical strength and corresponding high demand for our services, specifically in strategic insight, user research, interactive marketing and self-service.

Our sector continues to consolidate with Framfab playing a leading role as demonstrated through the acquisition of Oyster Partners in the UK. Other transactions which have closed in the past year include LB Icon's acquisition of DAD design in Belgium, Aegis's acquisition of Glue and aQuantive's acquisition of DNA, both in London.

Framfab is both well placed to continue to play an active role in the sector's consolidation, and to drive organic development well into the future.

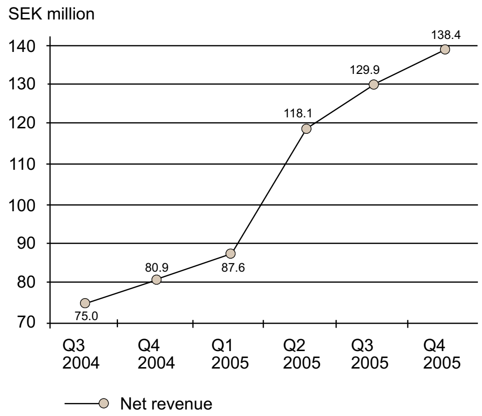
Operations

The Group

Net revenue for the year rose by 45% to SEK 474.0 million (325.8). Net revenue per employee was up by 25% to SEK 1,176 thousand (943) for the year.

Oyster Partners Ltd which Framfab acquired during the second quarter, was consolidated as of May 2005. The legacy Framfab UK and Oyster Partners businesses were fully integrated during the third quarter and a single company now conducts all operating activities in the UK.

Net revenue for the fourth quarter amounted to SEK 138.4 million (80.9), an increase of 71% from the same period of 2004. Net revenue per employee on an annual basis increased by 30% from the fourth quarter of 2004 to SEK 1,276 thousand (979).



As in 2004, the Group as a whole posted an operating profit for 2005. Again as in 2004, the Group performed better during each quarter of 2005 than last year. The businesses in each country, including the Netherlands – which turned profitable in the third quarter – operated in the black for the whole year. Operating profit rose by 182% to SEK 38.4 million (13.6) for the year and 247% to SEK 18.4 million (5.3) for the fourth quarter.
Operating margins almost doubled from 4.2% in 2004 to 8.1% in 2005. The primary sources of the ongoing profitability improvement were the Oyster acquisition, the rapid integration of Framfab UK, greater capacity utilisation across the whole firm, international client leverage and generally a more vigorous market. The fourth quarter operating profit has been positively affected as a result of the release of risk provisions. The provisions were allocated during the second and third quarter and originate to the operations in UK.

Amortisation of intangible assets amounted to SEK 6.7 million (0.4) for the year, whilst profit after financial items was SEK 38.2 million (17.2), an increase of 122% from 2004.

The Group's profit after tax for the year was up by 42% year on year to SEK 35.7 million (25.1). The fourth quarter profit after tax rose by 4% to SEK 16.9 million (16.2).

Employee-related costs, 13% (9) of which was for subcontractors, came to 79% (80) of total costs for the year. While costs for subcontractors 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 employees by 115 in terms of full time equivalents. Employees totalled 443 as of 31 December, compared to 327 at the end of 2004.

Denmark
Operating earnings for 2005 were SEK 21.2 million (14.0), up 51% from 2004, with an operating margin of 21%. Framfab Denmark reported an operating profit of SEK 5.5 million (5.1) and an operating margin of 22% in the fourth quarter. Net revenue rose by 17% to SEK 99.8 million (85.5) for the year and by 2% to SEK 25.0 million (24.5) for the fourth quarter. Danish operations won 12 new clients during 2005. Employees totalled 83 as of 31 December, compared to 77 at the beginning of the year.

The Netherlands
Operating earnings increased by SEK 8.9 million to SEK 0.1 million (-8.8) for the year. Activities to improve the business in the Netherlands produced the expected results, generating profits in the third and forth quarters. Framfab Netherlands posted an operating profit of SEK 0.7 million (-2.1) and an operating margin of 16% in the fourth quarter. Net revenue was SEK 14.3 million (12.2) for the year and SEK 4.3 million (2.3) for the fourth quarter, up 87% from the same period of 2004. Helga Gerritzen took over as Managing Director of Framfab Netherlands at the end of the second quarter. Previously she had been operations director there for more than two years. Employees totalled 12 as of 31 December, compared to 17 at the end of 2004.

United Kingdom
Framfab acquired Oyster Partners Ltd in London in early May. The integration of Oyster's operations with Framfab in London resulted in the largest interactive marketing and web consulting business in the United Kingdom, employing a total of 177 people. Cost synergies, mostly related to administration and premises, will have their full effect of GBP 0.8-1.0 million from the second quarter of 2006.

Including Oyster, Framfab UK's net revenue rose by 163% to SEK 219.9 million (83.6) for the year and 281% to SEK 72.8 million (19.1) for the fourth quarter. Framfab's UK business reported an operating profit of SEK 29.6 million (10.1) and an operating margin of 13% for 2005. In the fourth quarter, the operating profit was SEK 18.8 million (3.4) and the operating margin 26%.

Framfab UK won 19 new clients, including Kodak and Epson, in 2005. Employees totalled 188 on 31 December, compared to 63 at the beginning of the year.

Sweden

Operating earnings for the full year slightly increased to SEK 9.2 million (9.1) in 2005. Operating margin were 10%, compared to 9% in 2004. Net revenue decreased by 6% to SEK 92.8 million (99.0). In the fourth quarter, operating profits rose by 52% to SEK 3.2 million (2.1) and net revenue was SEK 26.3 million (25.6). Operating margin for the fourth quarter was 12%. Swedish operations won three new clients in 2005. Employees totalled 101 as of 31 December, compared to 103 at the end of 2004.

Germany

Framfab Germany, including Framfab Switzerland, posted an operating profit of SEK 3.7 million (3.0) in 2005, up SEK 0.7 million from 2004, with operating margins of 8%. In the fourth quarter, the operating profit totalled SEK 0.3 million (1.6) at an operating margin of 3%. Net revenue increased by 4% to SEK 47.2 million (45.5) for the year and SEK 10.2 million (9.4) for the fourth quarter, up 9% on the same period last year. Worthy of note is that Switzerland based clients for whom Framfab business units provided and invoiced for services internationally accounted for revenue in excess of EUR 3 million during 2005.

Framfab Germany stepped-up sales efforts during the year and was rewarded with 15 new clients, including Asstel Versicherungsgruppe, Homburger, Skandia Lebensversicherung AG, Triumph International and Vöslauer Mineralwasser AG. Arne Westphal took over as Managing Director of Framfab Germany at the end of the second quarter having already worked for Framfab Germany for more than four years. Employees totalled 51 as of 31 December, compared to 58 at the beginning of the year.

Operations by country

SEK million	Denmark	Netherlands	UK	Sweden	Germany	Parent company & elim.	Total
January – December 2005							
External net revenue	99.8	14.3	219.9	92.8	47.2	0.0	**474.0**
Management fee	-2.6	-0.4	-6.4	-2.8	-1.5	13.7	**0.0**
Operating earnings	21.2	0.1	29.6	9.2	3.7	-25.4	**38.4**
Operating margins	21 %	0 %	13 %	10 %	8 %	n/a	**8 %**
Investments	1,9	0.0	3,3	0.7	0.6	0.7	**7,2**
No. of employees	83	12	188	101	51	8	**443**
January - December 2004							
External net revenue	85.5	12.2	83.6	99.0	45.5	0.0	**325.8**
Management fee	-2.6	-0.4	-2.5	-3.0	-0.9	9.4	**0.0**
Operating earnings	14.0	-8.8	10.1	9.1	3.0	-13.8	**13.6**
Operating margins	16 %	-72 %	12 %	9 %	7 %	n/a	**4 %**
Investments	0.0	0.1	1.7	1.4	0.5	0.0	**3.7**
No. of employees	77	17	63	103	58	9	**327**

Financial position

Cash flow from operating activities was SEK 30.3 million (-36.5) for the year and SEK 44.0 million (-0.3) for the fourth quarter. Cash flow amounted to SEK -98.8 million (104.6) for 2005, including SEK 135.3 million as payment for Oyster, and SEK 31.3 million (1.1) for the fourth quarter. Liquid funds were SEK 61.7 million as of 31 December.

Trade accounts receivable as of 31 December were up from the end of 2004 by SEK 56.0 million to SEK 130.1 million. Trade accounts receivable increased from 92% of fourth quarter revenue on 31 December 2004 to 94% on 31 December 2005. Including work-in-progress and net advance payments from clients, the corresponding figures were 90% at the end of December 2004, and 113% at the end of December 2005. The increase is primarily due to a number of large ongoing projects in the United Kingdom.

Excluding liquid funds and current liabilities for the additional Oyster consideration, working capital was SEK 71.2 million on 31 December, compared to SEK 17.5 million at the end of 2004. The equity/assets ratio decreased from 77% on 31 December 2004 to 59% on 31 December 2005. Approximately SEK 1.3 billion in unutilised tax loss carry-forwards for Swedish operations remains 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' 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 consideration of SEK 156.2 million comprised SEK 123.9 million in cash, and SEK 32.3 million in newly issued Framfab shares. Stamp duty and other acquisition costs came to SEK 4.0 million. The agreement also specified a deferred purchase sum of GBP 1.0 million (SEK 13.5 million) to be paid in the third quarter of 2005. Additional consideration is also payable by means of shares or instruments of debt if certain predetermined earnings criteria are met in 2005 and 2006. The GBP 3 million ceiling for the additional 2005 purchase sum was reached, and the GBP 6 million ceiling for the additional 2006 purchase sum is also anticipated to be reached. Including the anticipated additional consideration, the Oyster acquisition cost has been reported at SEK 297.4 million. The board will recommend the shareholders that the additional purchase sum of GBP 3 million regarding 2005 will be paid in shares. For further information about the acquisition, see Appendix 1, Accounting Rule Changes in Compliance with IFRS.

The bonus arrangements for the CEO and CFO in Framfab AB were changed during the reporting period, and the maximum bonus for the second half of the year allowable changed from 70% to 100% of base salary for 2005.

Share data

Earnings after tax were SEK 35.7 million (25.1) for the year and SEK 16.9 million (16.2) for the fourth quarter. Earnings per share amounted to SEK 0.03 (0.03) for the full-year, an improvement of 18% year on year. Earnings per share for the fourth quarter came to SEK 0.01 (0.01) for the fourth quarter, equal to the fourth quarter 2004. Earnings per share for the fourth quarter recalculated on an annual basis are equivalent to SEK 0.06. Shareholders' equity per share was SEK 0.30 (0.24) at the end of December. The parent company had 1,200,435,981 registered shares as of 31 December.

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 all Oyster Partners Ltd shares. The issue was registered with the Swedish Companies Registration Office on 17 May 2005.

The 25 March 2004 annual general meeting resolved to issue up to 6,000,000 purchase (employee stock) options in accordance with the global option plan adopted by the 11 October 2000 extraordinary general meeting. At the time of the 21 June 2005 annual general meeting, the company had issued 1,950,000 of those options.

To enable the issue of the remaining 4,050,000 options, the 21 June 2005 annual general meeting authorised the board to issue one or more instruments of debt until the next annual general meeting consisting of up to 4,050,000 detachable warrants. Based on that authorisation, the board decided on 9 September 2005 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 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 fulfilment of an employee stock option commitment made by the 21 June 2005 annual general meeting and entitling a holder to acquire shares no earlier than 10 September 2006. The board decided to award all 750,000 employee stock options to the Group's CEO.

Parent Company

Net revenue for the year totalled SEK 13.6 million (9.4), of which SEK 13.6 million (9.4) was for internal invoicing. Including distribution and write-down/reversal of shares from subsidiaries in the amount of SEK 37,9 million (-10.8), the profit after financial items came to SEK 21,7 million (-27.9). Total investments in financial fixed assets amounted to SEK 298.0 million (14.4). Liquid funds were SEK 1.7 million. After a SEK 26,5 million revaluation of shares in subsidiaries, the parent company's equity was SEK 307,0 million on 31 December 2005.

Accounting Policies

This interim report for the Group 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

- The annual general meeting will be held on 30 March in Stockholm.
- The January-March interim report will be released on 26 April.
- The January-June interim report will be released on 20 July.
- The January-September interim report will be released on 26 October.

Stockholm, 2 February 2006

Board of Directors

The company's auditors have not reviewed this report.

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Income Statement Summary

SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Services Revenue	471.3	324.7	137.7	80.9
Other operating revenue	2.7	1.1	0.7	0.0
Net revenue	**474.0**	**325.8**	**138.4**	**80.9**
Costs of operation	-423.0	-307.9	-116.3	-74.7
Operations earnings before depreciation and amortization	**51.0**	**17.9**	**22.1**	**6.2**
Depreciation / write-downs of tangible assets	-5.9	-3.9	-1.1	-0.8
Amortization / write-down of intangible assets	-6.7	-0.4	-2.6	-0.1
Operating earnings	**38.4**	**13.6**	**18.4**	**5.3**
Result from shares in Group companies	0,0	2.0	0,0	2.0
Net financial items	-0.2	1.6	-0.1	1.0
Earnings after financial items	**38.2**	**17.2**	**18.3**	**8.3**
Tax	-2.5	7.9	-1.4	7.9
Earnings for the period	**35.7**	**25.1**	**16.9**	**16.2**
Earnings per share, SEK	**0.03**	**0.03**	**0.01**	**0.01**

Balance Sheet Summary

SEK million	Dec 31 2005	Dec 31 2004
Assets		
Intangible assets	273.9	80.0
Tangible assets	21.8	6.3
Financial fixed assets	70.1	18.2
Total fixed assets	**365.8**	**104.5**
Trade accounts	130.1	74.1
Other current assets	52.4	23.0
Liquid funds	61.7	159.5
Total current assets	**244.2**	**256.6**
Total assets	**610.0**	**361.1**
Shareholders' equity and liabilities		
Shareholders' equity [1]	**360.0**	**278.9**
Long-term interest-bearing liabilities	2.1	0.9
Long-term non-interest-bearing liabilities	82.4	1.3
Short-term interest-bearing liabilities	12.9	0.4
Short-term non-interest-bearing liabilities	152.6	79.6
Total liabilities	**250.0**	**82.2**
Total shareholders' equity and liabilities	**610.0**	**361.1**
[1] Shareholders' Equity		
At beginning of the year	278.9	83.9
Issue of new shares	32.3	172.4
Translation differences	13.1	-2.5
Earnings for the period	35.7	25.1
At end of the period	**360.0**	**278.9**

The Group's contingent liabilities (guarantees and sureties) decreased by SEK 1.9 million from December 31, 2004 to SEK 6.4 million as of December 31, 2005. The parent company's contingent liabilities decreased by SEK 2.0 million from December 31, 2004 to SEK 1.0 million as of December 31, 2005.

Cash Flow Summary

SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Cash flow from operations	51.5	20.1	21.7	7.7
Changes in working capital	-21.2	-56.6	22.3	-8.0
Cash flow from operating activities	**30.3**	**-36.5**	**44.0**	**-0.3**
Acquisition/divestment of subsidiaries	-135.3	-2.6	0.0	2.0
Cash flow from other investing activities	-5.9	-2.3	-3.1	-0.6
Cash flow before financing	**-110.9**	**-41.4**	**40.9**	**1.1**
Cash flow from financing activities	12.1	146.0	-9.6	0.0
Cash flow for the period	**-98.8**	**104.6**	**31.3**	**1.1**
Liquid funds at beginning of the period	159.5	55.0	30.6	158.6
Translation differences in liquid funds	1.0	-0.1	-0.2	-0.2
Liquid funds at end of the period	**61.7**	**159.5**	**61.7**	**159.5**

Quarterly Summary

SEK million	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Net revenue	138.4	129.9	118.1	87.6	80.9	75.0
Operating earnings before depreciation	22.1	10.8	11.8	6.3	6.2	3.4
Operating earnings	18.4	6.1	8.8	5.1	5.3	2.4
Earnings after financial items	18.3	6.3	8.0	5.6	8.3	3.1
Total growth, Q/Q	7%	10%	35%	8%	8%	-9%
No. of employees at end of period	443	425	448	334	327	334

Key Ratios

SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Change in net revenue	45.5%	27.3%	71.1%	15.8%
Operating margin before depreciation of tangible assets	10.8%	5.5%	15.9%	7.6%
Operating margin	8.1%	4.2%	13.3%	6.5%
Profit margin	8.1%	5.3%	13.2%	10.1%
Equity/assets ratio	59.0%	77.2%	59.0%	77.2%
Return of capital employed [1]	12.1%	9.4%	12.1%	9.4%
Return of shareholders' equity [1]	11.0%	12.6%	11.0%	12.6%
Average No. of employees	403	346	434	331
No. of employees at end of the period	443	327	443	327
of which, outside Sweden	334	215	334	215
Revenue per empl., SEK thousand [2]	1 176	943	1 276	979
Earnings per empl., SEK thousand [2, 3]	112	40	194	64
No. of shares at end of the period	1,200,435,981	1 149,532,904	1,200,435,981	1,149,532,904
Average No. of shares	1,181,469,355	978,770,330	1,200,435,981	1,149,532,904
Shareholders' equity per share, SEK	0.30	0.24	0.30	0.24
Cash flow per average No. of shares, SEK	-0.08	0.11	0.03	0.00

[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, comprised SEK 123.9 million in 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 6.1 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 ceiling for the 2005 additional purchase sum is GBP 3.0 million, while the ceiling for the 2006 additional purchase sum is GBP 6.0 million. Framfab AB is reporting the additional purchase sums as SEK 41.2 million in current, non-interest-bearing liabilities and SEK 82.4 million in long-term, non-interest-bearing liabilities.

In accordance with IFRS 3, client relationships have been identified and valued at SEK 36.1 million as of the acquisition date. Deferred tax claims have been valued and reported. The transfer of operations from Framfab UK to Oyster also includes previous goodwill. The total amount was SEK 231.7 million at the end of the year. Deferred tax claims have been valued at SEK 56.3 million as of 31 December 2005.