acandofrontec

Year-end report

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2005

A strong fourth quarter

January - December 2005 compared with the corresponding period of 2004

- **Net sales amounted to SEK 646 million (608).**
- **Operating profit rose to SEK 48 million (33), for an operating margin of 7.4% (5.4).**
- **Profit after tax amounted to SEK 54 million (36), an increase of 50%.**
- **Earnings per share for the year amounted to SEK 0.88 (0.61), an increase of 44%.**
- **Cash flow from operating activities rose to SEK 31 million (-22).**
- **Acquisition of 27 percent of AS WMG in the Baltic countries with an option to acquire the remaining shares by March 2010.**

Fourth quarter 2005 compared with fourth quarter 2004

- **Quarterly net sales amounted to SEK 200 million (167), an increase of 20%.**
- **Operating profit rose by 60% to SEK 24 million (15), for an operating margin of 12% (9).**
- **Cash flow from operating activities amounted to SEK 24 million (6).**

In February 2006:

- **Resolution by the Extraordinary General Meeting to issue an offer for Resco AB (publ).**
- **An agreement has been signed and a resolution taken by the Extraordinary General Meeting to acquire the operations of e-motion technology AB.**

"Against the background of the market's development in late 2005, we anticipate good demand in 2006 in what remains a competitive industry," says Lars Wollung, President and CEO of AcandoFrontec

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AcandoFrontec is a consulting company that works together with customers to identify and implement performance improvements with the help of information technology. The company has just over 500 employees at five offices in Sweden. Through its ownership interest in the Estonian IT company WMG with 180 employees in five countries, AcandoFrontec can offer system development services in a large part of northern Europe.

AcandoFrontec is listed on Stockholmsbörsen's O-list under the ticker symbol AFAB.

2005 in summary

Operations

The past year has been eventful and exciting for AcandoFrontec. During the first half year a strategic process was completed that identified the areas in which AcandoFrontec will grow, at the same time that AcandoFrontec strengthened its position with a number of key customers, including AstraZeneca, Volvo and Ericsson.

During the second half year growth increased through recruitments and an agreement to acquire AS WMG, with 180 employees in the Baltic countries.

The year proved to be another step toward our long-term profitability objective, an operating margin of 10 percent. The margin was 7.4 percent for the full-year 2005, against 5.4 percent in the previous year.

The year concluded with a strong final quarter with an operating margin of 11.5 percent. The main reason for the positive result was strong demand.

Sales growth was 6 percent for the full year and 20 percent for the last quarter. A relatively high employee turnover prior to August was reversed and became a similarly low employee turnover late in the year. The rate of new recruitment was about 20 percent of the number of employees during the year.

AS WMG was consolidated by the Group from the fourth quarter. The effects are indicated under the heading "Sales and profit for January - December 2005."

Market development

An important trend in the market is that customers are relying on fewer providers for larger volumes. To be selected as a provider of consulting services, customers today require geographic proximity, sufficient delivery capacity and a mix of competencies that includes performance improvements, enterprise systems, IT and integration. AcandoFrontec is strong in all these areas, and through the acquisitions of Resco and e-motion technology it has further strengthened its position.

In 2005 the overall market upswing continued. Although volume demand is good, average rates have remained unchanged. An important reason is that large companies and public authorities are continually reducing the number of suppliers they use and instead signing strategic agreements with just a few. This trend continued in 2005, which generally kept rates under pressure. Despite a growing market, there is still tight competition between the market's players. This applies to competition for customers, projects and consultants.

Sales trend and important agreements

In 2005 AcandoFrontec consolidated and strengthened its position as a priority provider of management and IT consulting services to the Swedish public and private sectors. During the year it signed many new, strategically important agreements, including:

The Swedish Administrative Development Agency (VERVA) signed a general agreement with AcandoFrontec in the area of information supply. AcandoFrontec was awarded contracts to provide services and products in five of six procurement bids to government agencies as well as bids with the majority of municipalities and county councils. This agreement consolidates AcandoFrontec's leading position in the area of e-Government (24-hour government service) and applies for two years with a possible extension for another two. With this agreement, AcandoFrontec has a better opportunity to capture a larger share of projects from the Swedish public sector.

AcandoFrontec has signed an agreement with the National Health Service for products and services for the introduction of an ECM (Enterprise Content Management) concept for unstructured information for the service's 16,000 employees. The solution is based on products from Documentum. The agreement runs through 2007 with an option for a two-year extension.

Stena Metall selected AcandoFrontec to supply a new company portal based on Microsoft products.

The general agreement signed with Volvo IT at the end of 2004 for SAP consulting services has tripled volume in the area.

SKF has hired consultants from AcandoFrontec for a project to introduce SOX (new compliance routines for Sarbanes Oxley).

Ikanobanken signed an agreement with AcandoFrontec to implement management support for reporting, fixed assets, accounts receivable, accounts payable, electronic invoicing and integration for a number of the internal and external systems. The solutions are based on Axapta from Microsoft.

Swedish Match has introduced new strategies and tools for smarter, more efficient purchasing based on AcandoFrontec's QuickValue™ Purchasing offering.

For Ericsson Business Unit Systems, AcandoFrontec is creating a system to analyze and monitor the entire value chain, all the way from the supplier's suppliers to end customer. The Business Intelligence solution is based on QuickValue™. Ericsson expects to improve delivery precision and eliminate errors in its logistics chain.

The City of Stockholm has hired AcandoFrontec to analyze potential administrative efficiencies, especially in finance and personnel functions. The project, which began in September 2005 and continues until March 2006, is managed by a team of consultants from AcandoFrontec in close cooperation with the customer's personnel.

The National Tax Board has selected AcandoFrontec to introduce an electronic archive for public documents. The solution is based on the product Documentum from EMC.

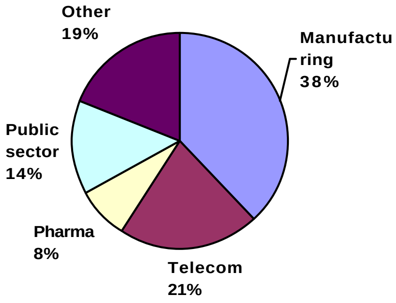
The Stockholm County Council has selected AcandoFrontec to supply an electronic archive for medical data. AcandoFrontec has previously supplied an electronic long-term solution to the County Archive. The project was implemented in the fall of 2005.

AcandoFrontec finalized delivery of a portion of a major Business Intelligence project for Arctic Paper. At the same time AcandoFrontec was contracted to supply another portion of the project.

Gambro selected AcandoFrontec for a major system development project. The project, which began in August, is expected to continue throughout 2006 and conclude in 2007.

AcandoFrontec's strong market position is also evident in the large number of general agreements it has been awarded, despite the trend among customers to reduce the number of suppliers they use through such agreements. Among agreements signed were with Ericsson, AstraZeneca, Volvo, TeliaSonera, Banverket (the Swedish railway authority) and the Swedish Migration Board.

Industries and customers



The diagram shows a distribution of the company's sales by segment. The largest customers by segment are as follows:

- Manufacturing: Volvo, Siemens, SKF and ABB
- Telecom: Ericsson, TeliaSonera
- Pharmaceuticals: AstraZeneca, Mölnlycke Health Care
- Public Sector: Swedish Migration Board, Swedish Civil Aviation Administration, National Tax Board and National Social Insurance Board

AcandoFrontec has an especially strong position in the Manufacturing and Telecom sectors and is growing in both.

Telecom accounts for 21 percent of sales, Pharmaceuticals for 8 percent and other Manufacturing industry for 38 percent. The Public Sector accounts for 14 percent of sales.

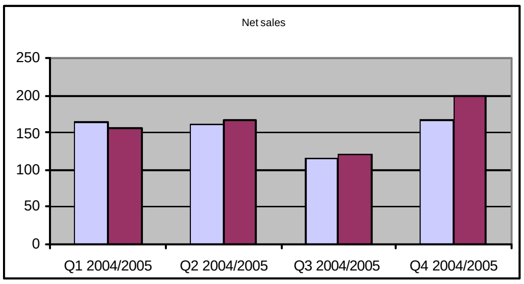
AcandoFrontec strengthened its position with its largest customers in 2005. Sales to the ten largest customers have increased and correspond to 62 percent of total revenue. At the same time risks have been spread and no single customer currently accounts for more than approximately 20 percent.

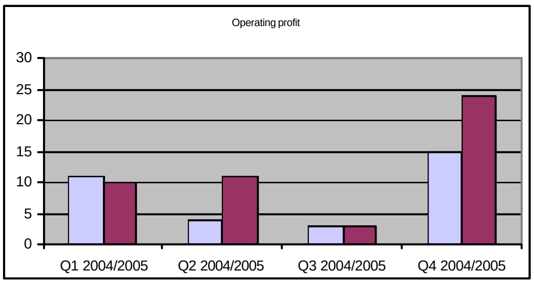
Sales and profit for January - December 2005

Consolidated net sales during the year amounted to SEK 646 million (608), corresponding to an increase of 6 percent compared with 2004.
As of October 1, 2005 the partly owned company AS WMG is included in the Group, contributing SEK 11.2 million to consolidated sales and SEK 1.4 million to operating profit. The minority interest in consolidated profit after tax amounts to SEK 1 million and relates to AS WMG.

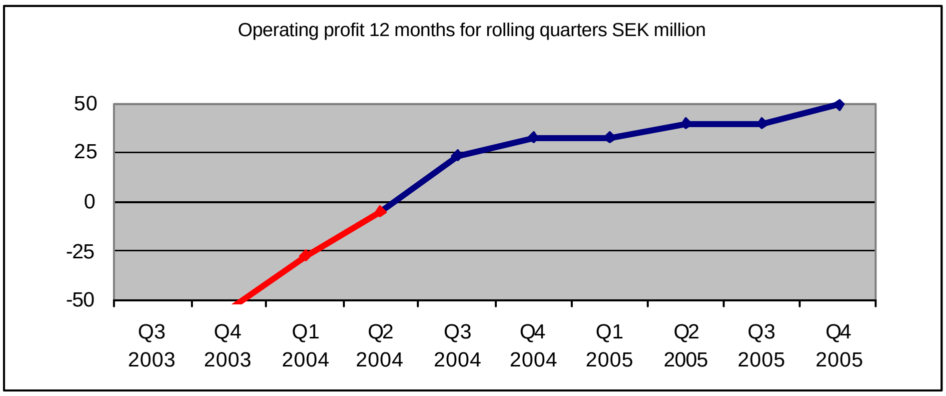
Operating profit (EBITA) amounted to SEK 48 million, against SEK 33 million in the previous year, corresponding to an operating margin of 7.4 percent (5.4). Adjusted for the contribution from AS WMG, the operating margin was 7.3 percent.
Profit before tax for the period amounted to SEK 48 million (33) and net profit was SEK 54 million (36).
The company pays no tax. The reported income tax refers to the net to of reversed and capitalized tax assets. The company has tax loss carryforwards totaling SEK 388 million, of which SEK 175 million is reported as a financial asset, corresponding to SEK 49 million in the balance sheet.
Earnings per share amounted to SEK 0.88, against SEK 0.61 in the previous year, or an increase of 44 percent.

Net sales and operating profit by quarter (SEK million)





Net sales for the fourth quarter 2005 amounted to SEK 200 million (167) with an operating profit (EBITA) of SEK 24 million (15). The profit improvement of SEK 9 million compared with the fourth quarter of 2004 was mainly due to increased demand, which led to a higher utilization rate, as well as an increase in the number of consultants. SEK 1.4 million is attributable to AS WMG.



Since the merger between Acando and Frontec in June 2003, rolling 12-month operating profit has improved from SEK -80 million to SEK +50 million in the last ten quarters.

Financial position and cash flow

The Group's liquid assets, including short-term investments, amounted to SEK 85 million (69) as of December 31, 2005. In addition, the Group has available bank overdraft facilities of SEK 50 million.
The equity/assets ratio (shareholders' equity divided by total assets) was 64.9 percent (59.2) on December 31.

Cash flow from operating activities amounted to SEK 31 million, of which SEK 9 million relates to the first quarter, SEK 14 million to the second quarter, SEK -16 million to the third quarter and SEK 24 million to the fourth quarter. The increase in working capital is mainly due to higher sales volume to a few customers with longer credit periods.

The Group's total cash flow after investments of SEK 16 million amounted to SEK 16 million (-20).

Employees

The average number of employees during the year was 608 (576). The number of employees at the end of the period was 683 (532).
The number of employees at the end of the period includes the 147 employees of WMG. Since year-end WMG has acquired a unit in Serbia with 20 new employees and contracted with additional new employees in other markets. Including these employees, WMG now has a total of 180.

Investments

The Group's net investments in tangible assets amounted to SEK 6 million (0) during the period.

Acquisitions and investments

In October AcandoFrontec acquired 27 percent of the Estonian company AS WMG with an option to purchase the remaining shares outstanding by March 2010. Through this agreement and its representation on the board of directors, AcandoFrontec has enough influence over the company that AS WMG is now fully consolidated in the Group as of October 1, 2005. The acquisition of AS WMG generated goodwill of SEK 10.1 million.

AS WMG currently has 180 employees and a customer base consisting of several major companies in the Baltic countries. It is also established in Finland, Romania and Serbia. The acquisition gives AcandoFrontec access to the strongly growing East European market. It also creates opportunities for cost-effective solutions to development projects for local customers in Sweden.

The acquisitions of Resco AB (publ) and e-motion technology AB are described under the heading "Events after the balance sheet date."

Parent Company

The Parent Company's external net sales for the fiscal year amounted to SEK 0 million (0). The operating deficit for the period was SEK -4 million (-3).

The Parent Company's net investments amounted to SEK 6 million during the fiscal year. The Parent Company's liquid assets as of December 31, 2005 amounted to SEK 22 million (74).

As a January 1, 2005 the Parent Company applies recommendation 32 of the Swedish Financial Accounting Standards Council and the Annual Accounts Act.

Ownership structure

As of December 31, 2005 AcandoFrontec has 55,658,810 shares outstanding (of which 2,640,000 were Class A shares), divided among 31,309 shareholders.
The largest shareholders as of December 31, 2005 were Svolder AB, Svedulf Fastighet AB, Orkla AS, Ulf J Johansson, Lannebo funds and Livförsäkringsaktiebolaget Skandia.
Approximately 15 percent of the shares are owned outside Sweden.

Events after the balance sheet date

- The major shareholders, boards of directors and management of AcandoFrontec and Resco have agreed to implement a process to merge the two companies. Established in 1982, Resco currently has 280 employees in Sweden, Germany and Finland. Since 1996 the company is listed on Stockholmsbörsen's O-list. AcandoFrontec is offering Resco's shareholders one share in AcandoFrontec for every 2.4 shares in Resco or SEK 5.25 in cash per share.
  The Extraordinary General Meeting of AcandoFrontec authorized the Board of Directors to issue not more than 1,000,000 Class A shares and not more than 14,227,043 Class B shares to use as consideration in connection with the implementation of the public offering of January 9, 2006 to acquire the shares in Resco AB (publ).

- AcandoFrontec AB and the shareholders in e-motion have reached an agreement whereby AcandoFrontec will acquire the operations of e-motion technology AB. E-motion, a company of 28 employees, all of whom work with SAP, specializes in the technical aspects of SAP installations and SAP's Netweaver integration platform. E-motion is a market leader in this segment.

  With employees in Stockholm, Göteborg and Malmö, e-motion generated a turnover of approximately SEK 50 million in 2005 with a pretax profit of SEK 6 million.

  The purchase price consists of 2,740,000 Class B shares in AcandoFrontec; see also the press release dated January 9, 2006.

- AcandoFrontec has been selected as a general agreement provider to TeliaSonera. As a result of this procurement, TeliaSonera has reduced its service providers from 29 to 14.

Future outlook

Businesses and the public sector are now changing at a rapid rate. The need for performance improvements through IT is becoming a decisive competitive factor. We anticipate that the market for management and IT consulting services will remain good in 2006 with slightly rising rates.

Growth will come about organically and through acquisitions. Thanks to an efficient organization and internal processes, organic growth can be achieved without major fixed costs. This means that higher growth with improved profitability is possible.

The acquisition of AS WMG and the pending acquisitions of Resco AB and e-motion technology AB are expected to contribute to higher profitability in 2006. Current market conditions may also present opportunities to implement one or more additional acquisitions in 2006.

Following the recently completed and pending acquisitions, the Group will have around 1,000 employees in seven countries. The goal is to create a leading management and IT consulting company in Northern Europe.

Accounting principles

AcandoFrontec is preparing its consolidated accounts for 2005 according to the International Accounting Standards (IAS/IFRS) approved by the EU Commission.

Application takes effect on January 1, 2005 and the comparative year has been restated. The transitional rules are covered in the IFRS 1, First-time Adoption of International Financial Reporting Standards and presume that all standards are applied retroactively.
The most significant effects of the transition for AcandoFrontec relate to the amortization of goodwill.
This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which agrees with the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim reporting for groups.
The introduction of IAS 39, Financial Instruments: Recognition and Measurement currently does not impact AcandoFrontec's reporting.
The application of IFRS otherwise agrees with the principles described in the annual report 2005.

Transition to IFRS 2005

The effects on the income statements and shareholders' equity per quarter and for the full-year 2005 are indicated in the attachment to this interim report.

Annual General Meeting

The Annual General Meeting will be held at 3 p.m. (CET) on Thursday, April 27, 2006 at Salénhuset, Norrlandsgatan 15, Stockholm.

Nomination Committee

The Chairman of the Board has requested suggestions from the company's principal shareholders for a nomination committee to convene prior to the Annual General Meeting. The nomination committee consists of Ulf J Johansson, Chairman of AcandoFrontec AB; Bengt Wallentin, President of M Holding AB; and Ulf Hedlundh, President of Svolder AB.

Proposed dividend

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2005.

Audit report

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants.
A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the year-end report does not comply with the requirements for interim reports in the Annual Accounts Act and IAS 34.

Bodil Björk
Authorized Public Accountant
PricewaterhouseCoopers AB

Upcoming financial reports
The Annual Report 2005 will be published in early April 2006 and will be available on the company's website, **www.acandofrontec.se**, where readers can also subscribe for annual reports and other news from the company.

Annual General Meeting	April 27, 2006
Interim report January – March 2006	April 27, 2006
Interim report January – June 2006	August 16, 2006
Interim report January – September 2006	October 27, 2006
Year-end report for 2006	February 2007

Stockholm, February 8, 2006

AcandoFrontec AB (publ)
Board of Directors

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Corp. reg. no.: 556272-5092
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Consolidated income statement

(SEK million)	3 mos. Oct-Dec 2005	3 mos. Oct-Dec 2004**	3 mos. Oct-Dec 2004	12 mos. Jan-Dec 2005	12 mos. Jan-Dec 2004**	12 mos. Jan-Dec 2004
Net sales	200	167	167	646	608	608
Other operating income	2	7	7	10	15	15
Total sales	**202**	**174**	**174**	**656**	**623**	**623**
Personnel costs	-124	-117	-117	-432	-408	-408
Other operating expenses	-53	-40	-40	-171	-173	-173
Depreciation of tangible fixed assets	-1	-2	-2	-5	-9	-9
Goodwill amortization		0	-3	0	0	-9
Operating profit, EBIT	**24**	**15**	**12**	**48**	**33**	**24**
Financial income	1	-	-	1	1	1
Financial expenses	-1	-	-	-1	-1	-1
Profit before tax	**24**	**15**	**12**	**48**	**33**	**24**
Tax***	6	7	7	6	3	3
Net profit for the period	**30**	**22**	**19**	**54**	**36**	**27**
Attributable to:						
Parent Company's shareholders	**29**	**-**	**-**	**53**	**-**	**-**
Minority interests	**1**	**-**	**-**	**1**	**-**	**-**
Earnings per share before dilution	**0.52**	**0.39**	**0.34**	**0.96**	**0.66**	**0.49**
Earnings per share after dilution *	**0.48**	**0.36**	**0.32**	**0.88**	**0.61**	**0.45**
Average number of shares	55,658,810	55,658,810	55,658,810	55,658,810	55,658,810	55,658,810
Average number of shares after dilution	60,460,207	60,191,927	60,191,927	60,463,707	60,191,927	60,191,927

Dilution consists of 1,275,517 (1,275,517) convertible rights and 3,801,160 (3,257,600) options.

** Comparative figures according to IAS/IFRS

The adjustment in the income statement due to the transition to IAS/IFRS refers in its entirety to the reversal of goodwill amortization.

*** The Group's tax for the period is calculated as the net of reversed and capitalized tax assets as well as restituted tax.

Condensed consolidated balance sheet

(SEK million)	Dec 31 2005	Dec 31 2004**	Dec 31 2004
Assets			
Fixed assets			
Goodwill	100	89	80
Other intangible fixed assets	1	-	-
Tangible fixed assets	8	6	6
Tax assets	49	42	42
Other financial fixed assets	6	2	2
Total fixed assets	**164**	**139**	**130**
Current assets			
Current receivables	188	161	161
Cash and bank balances, incl. short-term investments	85	69	69
Total current assets	**273**	**230**	**230**
Total assets	**437**	**369**	**360**
Shareholders' equity and liabilities			
Shareholders’ equity (Note 1)			
Share capital	69	69	69
Other reserves	106	106	016
Retained earnings	96	43	34
Minority interests	12	-	-
Long-term interest-bearing liabilities	7	7	7
Current liabilities	147	144	144
Total shareholders’ equity and liabilities	**437**	**369**	**360**

**** Comparative figures according to IAS/IFRS**

Consolidated statement of cash flows

(SEK million)	3 mos. Oct-Dec 2005	3 mos. Oct-Dec 2004**	3 mos. Oct-Dec 2004	12 mos. Jan-Dec 2005	12 mos. Jan-Dec 2004**	12 mos. Jan-Dec 2004
Operating activities						
Profit before tax	30	22	19	54	36	27
Deferred tax	-6	-7	-7	-6	-3	-3
Tax paid	-	-	-	-	-	-
Adjustments for non-cash items	-	-23	-23	-	-70	-70
Depreciation	1	2	5	5	10	19
Cash flow from operating activities before change in working capital	**25**	**-6**	**-6**	**53**	**-27**	**-27**
Net change in working capital	-1	12	12	-22	5	5
Cash flow from operating activities	**24**	**6**	**6**	**31**	**-22**	**-22**
Cash flow from investing activities	-9	1	1	-16	1	1
Cash flow from financing activities	1	1	1	1	1	1
Cash flow for the period	**16**	**8**	**8**	**16**	**-20**	**-20**
Liquid assets at beginning of period	**69**	**61**	**61**	**69**	**89**	**89**
Liquid assets at end of period	**85**	**69**	**69**	**85**	**69**	**69**

** The transition to IAS/IFRS has not necessitated any changes in cash flow.

Shareholders' equity (Note 1)

(SEK thousand)	Dec 31 2005	Dec 31 2004**	Dec 31 2004
At beginning of period	**209,571**	**182,110**	**182,110**
Adjustments in equity due to IAS/IFRS *	**9,252**		
Adjusted opening balance 1/1/2005	**218,823**		
New share issue	551	246	246
Exchange rate difference	108		
Profit for the period	52,169	36,467	27,215
At end of period	**271,651**	**218,823**	**209,571**
Minority interests	**11,910**	-	-
Closing balance, Dec. 31, 2005	**283,561**		

** Comparative figures according to IAS/IFRS
* Refers in its entirety to the reversal of goodwill amortization. The transition to IFRS has not necessitated any other changes in shareholders' equity as of Jan. 1, 2004 or as of Jan. 1, 2005.

Specification of shareholders' equity for the period

	Attributable to Parent Company's shareholders				
	Share capital	Other reserves	Retained earnings	Minority Interests	Total
Opening balance Jan. 1, 2005	69,573	105,763	34,235		209,571
Adjustments in shareholders' equity due to change to IAS/IFRS			9,252		9,252
Adjusted opening balance Jan. 1, 2005	69,573	105,763	43,487		218,823
New share issue		551			551
Exchange rate difference			108		108
Profit for the year			52,169	11,910	64,079
Closing balance Sept. 30, 2005	69,573	106,314	95,764	11,910	283,561

Key ratios

(SEK million)	3 mos. Oct-Dec 2005	3 mos. Oct-Dec 2004**	3 mos. Oct-Dec 2004	12 mos. Jan-Dec 2005	12 mos. Jan-Dec 2004**	12 mos. Jan-Dec 2004
Results						
Net sales	200	167	167	646	608	608
Operating profit, EBITA	24	15	15	48	33	33
Operating profit, EBIT	24	15	12	48	33	24
Profit before tax	24	15	12	48	33	24
Margins						
Operating margin, %, EBITA	11.5	9.0	9.0	7.4	5.4	5.4
Operating margin, %, EBIT	11.5	9.0	7.2	7.4	5.4	3.9
Profitability						
Return on capital employed, %	N/A	N/A	N/A	19.2	16.3	12.1
Return on equity, %	N/A	N/A	N/A	21.6	18.2	13.9
Financial position						
Equity/assets ratio, %	64.9	59.2	58.2	64.9	59.2	58.2
Interest coverage ratio	40	70	57	44	32	23
Per share						
Equity per share, SEK	4.70	3.64	3.48	4.70	3.64	3.48
Cash flow per share, SEK	0.26	0.13	0.13	0.26	-0.33	-0.33
Earnings per share, SEK	0.48	0.36	0.32	0.88	0.61	0.45
Employees						
No. of employees at end of period	683	532	532	683	532	532
Average number of employees	603	520	520	608	576	576
Net sales per employee, SEK 000	332	321	321	1,063	1,056	1,056
Net investments, SEK million	1	0	0	6	0	0

** Comparative figures according to IAS/IFRS

ATTACHMENT

Detailed description of the transition to IAS/IFRS

The new rules with the greatest impact on the Group's reporting are IFRS 3, Business Combinations and IAS 19, Employee Benefits.

For the Group, IFRS 3 means that consolidated goodwill will not be amortized during an asset's useful life. Goodwill will instead be tested annually for impairment. Amortization of goodwill, which in 2004 amounted to SEK 9.2 million, has been adjusted in the comparative figures.

AcandoFrontec has tested for impairment the goodwill value of the Group's cash-generating units, identified by operating area, as of December 31, 2005. In this test, the Group follows IAS 36, Impairment of Assets and applies generally accepted cash flow methods with a discount rate of 10-12%. The tests confirm that the reported value of AcandoFrontec's and Webmedia Group's goodwill is justified by anticipated future profitability and cash flows.

From January 1, 2005 the company prepares its consolidated accounts in accordance with IFRS. The transition to IFRS is reported in accordance with First-time Adoption of International Financial Reporting Standards in IFRS 1, effective January 1, 2004. IFRS 1 requires that the comparative year 2004 also be reported according to IFRS. For fiscal years prior to 2004, no adjustments have been made, in conformity with the transitional rules in IFRS 1. The changes in accounting principles resulting from this transition and the transitional effects on the consolidated income statement and balance sheet are presented in tables that follow. The transition to IFRS is reported in accordance with IFRS 1. Generally it is required that companies adopt their accounting principles and apply them retroactively to determine their opening balances according to IFRS. Certain exemptions from this retroactive application are permitted, however, and the company has chosen the following:

To apply IFRS 3, Business Combinations effective the transitional date, January 1, 2004, which means that company acquisitions finalized before this date have not been adjusted.

Not to restate comparable financial information for 2004 according to the requirements in IAS 32 and 39 for financial instruments, but instead apply Swedish accounting rules for periods through December 31, 2004.

Not to apply IFRS 2, Share-based Payment to the Group's warrants, since these instruments were vested before January 1, 2005.