Mandator AB (publ), corporate ID number 556216-0357

Year-end report Januari-December 2005

14 February 2006

Januari – December 2005

- Sales: SEK 428 (391) million
- Operating profit: SEK 31 (13) million
- Profit after tax: SEK 30 (29) million
- Earnings per share: SEK 0,17 (0,17)
- Organic growth in number of employees: 17%

Fourth quarter 2005

- Sales: SEK 129 (113) million
- Operating profit: SEK 10 (4) million

Comments from Anders Velander

Improved earnings and strong organic growth

We are pleased to report that we fulfilled our important goals for 2005. We generated considerably better earnings, recruited a net total of 65 new, well-qualified employees, increased business efficiency and substantially strengthened our market position.

Mandator's positive earnings trend continued during the fourth quarter. Compared with the same quarter the previous year we improved our operating profit by SEK 6 million, or SEK 3 million excluding the positive effect of the company's tax deficits. And we are growing. A net total of some twenty new recruits during the quarter and 17% organic growth for the entire year. A continued strong organic growth in 2006 combined with complementary acquisitions will help secure low-risk expansion.

New partnerships with important clients helped us enter 2006 with a larger order book than the previous year. The order book and a good market provide additional room for improvement through expansion and an increased utilisation rate. Growth will be seen in all geographic markets and will be achieved organically as well as through acquisitions. Increased demand for nearshore services is driving growth in Estonia. In Denmark we are breaking into a new market for Cenit, our project management tool. In England we are experiencing good growth in the telecom sector. In 2005 we established a strong platform for growth and created a market position that will continue to provide improved earnings across the business.

Strengthened market position through partnerships with Sandvik and Volvo Cars and new strategic nearshore assignment in Estonia

We can proudly report that Mandator entered prestigious and important partnerships towards the end of 2005 and at the beginning of 2006. Facing tough international competition we won three-year partnership agreements with both Sandvik and Volvo Car. The IT industry is undergoing an industrialisation process and these partnerships are excellent examples of collaboration that helps our clients increase efficiency and reduce costs. We work closely with our clients and can, with good forward planning, broaden and rejuvenate staff composition in order to better meet market needs.

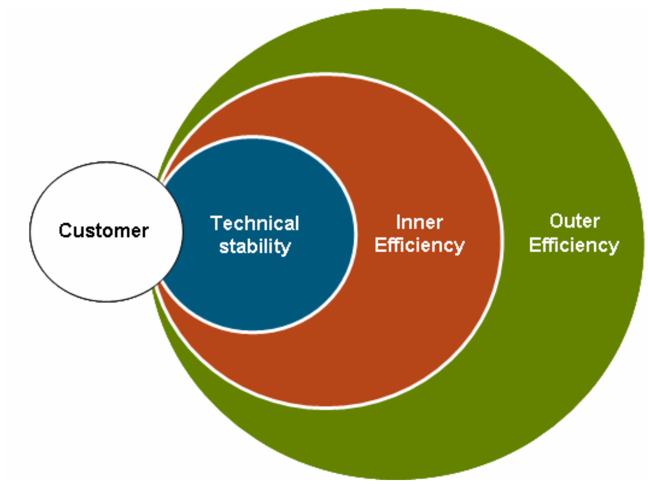
As one of two IT suppliers to Sandvik System Development, Mandator is charged with providing services and projects within systems development and project management. The partnership encompasses about 50,000 consulting hours a year. Mandator has broad knowledge of the OTD process (Order-To-Delivery) and will, for example, act as an exclusive Microsoft platform supplier. Mandator is already a Microsoft Gold Certified Partner, the highest Microsoft partner rating.

During the fourth quarter Mandator signed a strategic partnership agreement with Volvo Cars, again as one of two key IT experts. Mandator will share responsibility with Volvo Cars for planning and staffing IT projects, thereby optimising Volvo Car's consulting services procurement process. Lead times will be shortened and expert support services optimised and quality-assured.

Growth continues in the telecom sector. We increased our telecom sales by 46% compared with 2004. In 2005 Mandator was appointed an Ericsson preferred supplier for both IS/IT and R&D. At the beginning of 2006 Mandator won an important nearshore order from the telecom industry with an integrated offering from Estonia and England that enables us to provide high cost-efficiency and geographic proximity.

This is Mandator

Mandator is an IT consulting company that improves clients' competitive edge through technical stability and increased internal and external efficiency.



Internal efficiency – We help companies and organisations to optimise and develop their business, their operations and their production. We develop and test systems and applications, manage projects and develop business processes for clients.

Technical stability – We create IT environments designed to secure the client's mission-critical IT systems and infrastructure. We deliver technical platforms and offer IT operation and security solutions.

External efficiency – We deliver solutions that optimise our clients' interaction with the outside world and help companies get closer to their customers. We develop marketing and customer care systems, put together mobile/wireless solutions, and help clients utilise the web for online activities.

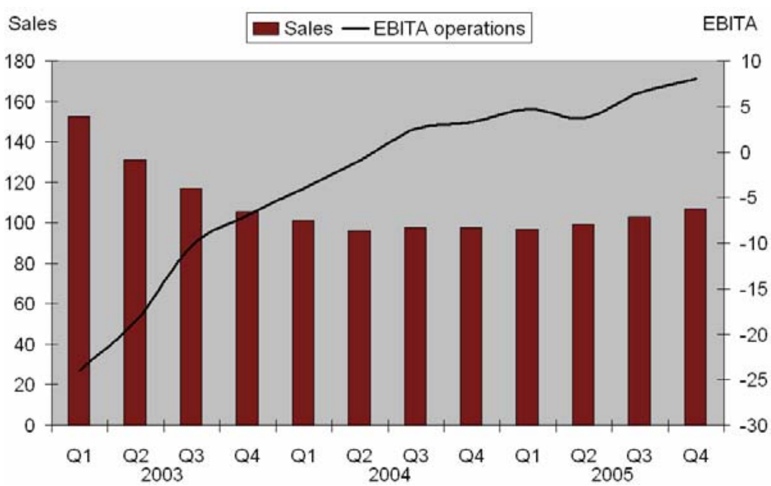
Mandator has been listed on Stockholmsbörsen, the Stockholm Stock Exchange, since 1997 and has 453 employees. The company's employees have an average of ten years' experience from the IT industry. Ninety percent of our consultants have a university/college education.

Our vision is to be "the natural choice in the Nordic region and Baltic States where IT improves business". The company has operations in Sweden, Denmark, England, Estonia and Finland.

Quarterly development

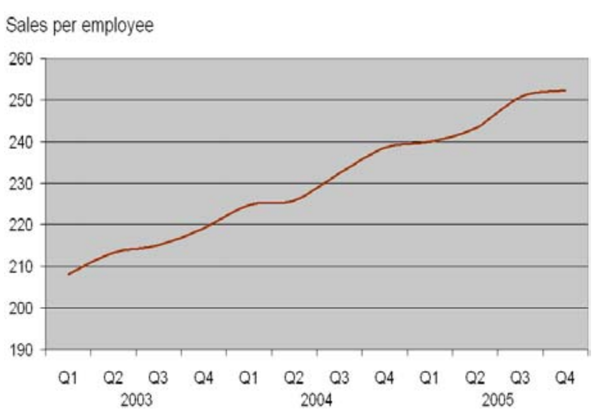
Mandator has reported a positive earnings trend three years running and increasing revenue during the past four quarters.

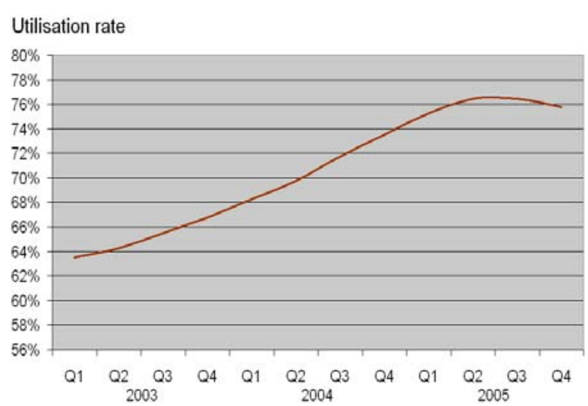
Sales and operating EBITA (SEK millions) calculated on a rolling 12-month basis



Sales per employee has continued to increase despite a slight decrease in utilisation rate.

Sales per employee per quarter (SEK thousands) and utilisation rate on a rolling 12-month basis





Long-term client relations

At a time when clients are keen to work with a smaller number of consulting firms, Mandator has strengthened its market position during the year through renewed agreements and/or new involvement with its ten largest clients. More than three-quarters of sales are to existing clients.

Examples of the company's important clients include Agria, Ericsson, Estonian Ministry of Economic Affairs, FMV (*Swedish Defence Materiel Administration*), General Electric, Gunnebo, IBM, Lantmäteriet (*Swedish National Land Survey*), NCC, Swedish municipalities, Sandvik, SJ/Linkon, Sony Ericsson, Symbian, Tekniska Verken i Linköping, Tele2, Vodafone, Volvo Cars, Volvo Group and Vägverket (*Swedish National Road Administration*).

Distribution between sectors

Mandator's three prioritised sectors represented 71 percent of sales. Compared with all of 2004, this is an increase of 5 percentage points, primarily due to an increase in telecom's share of sales.

Distribution of sales between prioritised sectors

	2005 Q1-Q4	2004 Q1-Q4
Sector		
Manufacturing industry	31%	30%
Telecom	20%	15%
Public sector	20%	21%
Total	**71%**	**66%**

Objectives

Mandator shall grow with good profitability. Growth in the company's prioritised markets shall exceed market growth. The company is to generate an operating margin in excess of 10 percent over a full business cycle.

Fourth quarter 2005

The comparative figures below are restated in accordance with IFRS, which means that profit for 2004 has been adjusted for the effect of goodwill amortisation.

Sales totalled SEK 129 (113) million.

The company reported an operating profit of SEK 10 (4) million.

Profit after tax amounted to SEK 9 (20) million.

Mandator's positive earnings trend continued during the fourth quarter. Compared with the same quarter the previous year, operating profit increased by SEK 6 million. The realisation of part of the company's tax deficits affected sales and earnings positively in the amount of SEK 3 million for the fourth quarter 2005. During 2005, non-recurring items resulting primarily from the tax deficits affected earnings by SEK 21 million. The previous year (2004) profit after tax was affected positively by an increase in deferred tax claims in the amount of SEK 15 million.

Earnings excluding non-recurring items show a significant increase.

Market prospects

Market prospects continue to improve. Market activity is higher and demand has improved. General price levels remain low, although increases may be possible for packaged and specialised solutions and services. Demand from the telecom industry has strengthened during the past year.

The market for Mandator Estonia's nearshore offering within the outsourcing of systems development, validation and testing is expected to grow.

Employees

Mandator is in a growth phase. The number of employees at the end of the fourth quarter was 453. This corresponds to an increase of some 65 during the year, which is equivalent to a yearly organic growth of 17%. During the fourth quarter the number of employees increased by some twenty new recruits. The company will continue to grow 2006, organically as well as through acquisitions.

Intangible fixed assets

Intangible fixed assets, comprised of goodwill, amounted to SEK 63 (63) million.

Financial position

Liquid funds totalled SEK 77 (58) million at the end of the fourth quarter.

Parent company

The parent company generated sales of SEK 6 (3) million in the fourth quarter. Profit/loss after financial items amounted to SEK -4 (-3) million. Shareholders' equity amounted to SEK 79 (97) million at the close of the period.

Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

The accounting principles applied in this interim report are described in the annual report for 2004. Therein it is specified that International Financial Reporting Standards (IFRS) are applied as of 2005 and that the comparative figures for 2004 are restated in accordance with the new principles.

Appendix A of this report contains a more detailed description of the transition to IFRS.

As of 2005, the parent company applies the Swedish Financial Accounting Standards Council's recommendation RR 32. This has not entailed any effects on the company's financial results or position.

The company applies IFRS accounting standards approved within the EU.

Proposed dividend

The board proposes that no dividend be paid for the 2005 financial year.

Annual General Meeting

The Annual General Meeting will be held in Stockholm on 6 April 2006. Notice to attend the annual general meeting will be published no later than four weeks in advance.

The annual report will be available at corporate headquarters, Rosenlundsgatan 40 in Stockholm, no later than two weeks before the Annual General Meeting. It will also be available at www.mandator.com.

Future reporting dates 2006

25 April	Interim Report Januari-March 2006
21 July	Interim Report Januari-June 2006
27 October	Interim Report Januari-September 2006

This report has not been the subject of a review by the company´s auditors.

Stockholm, 14 February 2006

Mandator AB (publ)
Anders Velander, Acting CEO

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Net sales and operating profit by geographic area, SEK millions

	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales				
Sweden	104	87	331	312
Abroad	25	26	82	90
Parent company operations	9	3	49	11
Elimination of intra-group sales	-9	-3	-34	-22
Total	**129**	**113**	**428**	**391**
Operating profit				
Sweden	13	7	23	30
Abroad	2	1	1	4
Parent company operations	-5	-4	7	-21
Operating profit	**10**	**4**	**31**	**13**

Consolidated income statement in summary, SEK millions

	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales	129	113	428	391
Operating expenses	-118	-108	-393	-373
Depreciation of tangible fixed assets	-1	-1	-4	-5
Operating profit	**10**	**4**	**31**	**13**
Profit/loss from financial investments	-1	0	-1	1
Profit/loss after financial items	**9**	**4**	**30**	**14**
Tax	-	16	-	15
Profit/loss for the year	**9**	**20**	**30**	**29**

Consolidated balance sheet in summary, SEK millions

	31/12/05	31/12/04
Intangible fixed assets	63	63
Tangible fixed assets	10	11
Financial fixed assets	44	43
Trade debtors	71	73
Other current assets	78	66
Liquid assets	77	58
Total assets	**343**	**314**
Equity	187	157
Long term liabilities	19	24
Short term liabilities	137	133
Total equity and liabilities	**343**	**314**

Consolidated cash flow statement in summary, SEK millions

		Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Cash flow before change in working capital		10	6	7	-11
Change in working capital		-5	-9	-15	-39
Cash flow from current operations		**5**	**-3**	**-8**	**-50**
Cash flow from investment activities		**-1**	**-2**	**21**	**-3**
Cash flow from financing activities	1)	**-12**	**15**	**6**	**95**
Change in liquid funds		**-8**	**10**	**19**	**42**
Liquied funds, opening balance		85	48	58	16
Liquid funds, closing balance		**77**	**58**	**77**	**58**

1) The amount for Oct-Dec 2005 is attributable to a repayment on a loan coupled to the realisation of part of the company's tax deficits.

Share data

		Jan-Dec 2005	Jan-Dec 2004
	No. of shares at end of period (thousands)	169 172	169 172
Before and after full dilution	Weighted number of shares (thousands)	169 172	131 724
	Gross earings per share, SEK	0,18	0,08
	Earnings per share, SEK	0,17	0,17
	Equity per share, SEK	1,10	0,93

Key ratios

	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Operating profit, SEK mln	10	4	31	13
Operating margin, %	8	4	7	3
Net margin, %	7	18	7	7
Net sales per employee, SEK th	292	285	1 018	949
Utilisation rate, %	76	79	76	74
Equity/assets ratio, %			55	50
Debt/equity ratio, %			13	12
Return on equity, %			17	31
Return on capital employed, %			15	12

Change in equity, SEK millions

Opening balance, 01/01/2004	26
New share issue	101
Translation difference	1
Profit/loss for the year	29
Closing balance, 31/12/04	**157**
Opening balance, 01/01/05	157
Profit/loss for the year	30
Closing balance, 31/12/05	**187**

Appendix A – Transition to IFRS

Background

As of 2005, companies listed in the EU must prepare their annual accounts for the company and the group in accordance with International Financial Reporting Standards (IFRS). Mandator has already introduced the Swedish Financial Accounting Standards Council's recommendations, based on IFRS.

Accordingly, Mandator's financial reports for 2005 will be prepared in accordance with IFRS. The comparative year 2004 will be translated in these reports in accordance with IFRS. The effects of the transition to IFRS are preliminary until the annual report for 2005 is prepared.

Standpoint regarding transition to IFRS

The transition to IFRS will be reported in accordance with IFRS 1, First-time Adoption of IFRS. Mandator has made the following choices for the transition in accordance with IFRS 1:

- IFRS 3 Business Combinations will not be used for acquisitions made before 1 January 2004.
- Tangible fixed assets will not be translated to actual value.
- Accumulated translation differences when translating overseas subsidiaries will be zeroed on the date of transition.
- Reporting of financial instruments (IAS 39) will be applied from 2005, although no substantial effects are expected.

Mandator does not have any share-based payments made during the period covered by IFRS 2, Share-based payments. It is assumed that the introduction of IFRS will not have any effect with regard to compound financial instruments.

The company has not used any premature application of IFRS recommendations. The IFRS transition has not had any effect on the cash flow statements.

Accounting principles

Mandator has preliminarily identified only one material difference, IFRS 3 Business Combinations, between the accounting principles applied in 2004 and the IFRS principles applied as of 2005.

Amortisation of goodwill and other intangible assets in accordance with IFRS 3 and IAS 38.

According to IFRS, intangible assets are broken down into those that have a fixed period of utilisation and those that have an indefinite period of utilisation. According to IFRS, goodwill is classified as an asset with an indefinite period of utilisation. Goodwill is therefore not depreciated on an ongoing basis. Instead the value is examined annually, or more often if circumstances indicate a possible decline in value. According to examinations of the value as per 1 January 2004 and 31 December 2004, there is no need to write down said value.

Accounting for acquisitions in accordance with IFRS 3

The introduction of IFRS involves changes in how future company acquisitions are reported. To a greater extent than previously, identifiable assets that have been acquired, such as client relations, patents, licences, trademarks, know-how and processes should be given a market value the date they are acquired. These should be reported as intangible assets and depreciated on an ongoing basis.

Preliminary assessment of the effect on the consolidated income statement

	Year 2004		
	Acc to previous principles	Adjustment IFRS	Acc to IFRS
Net sales	391	-	391
Operating expenses	-373	-	-373
Depreciation of tangible fixed assets	-5	-	-5
Gross earings	**13**	**0**	**13**
Depreciation of intangible fixed assets	-17	17	0
Operating result	**-4**	**17**	**13**
Profit/loss from financial investments	1	-	1
Profit/loss after financial items	**-3**	**17**	**14**
Tax	15	0	15
Profit/loss for the year	**12**	**17**	**29**

Preliminary assessment of the effect on the consolidated balance sheet

	31/12/04		
	Acc to previous principles	Adjustment IFRS	Acc to IFRS
Intangible fixed assets	46	17	63
Tangible fixed assets	11	-	11
Financial fixed assets	43	-	43
Trade debtors	73	-	73
Other current assets	66	-	66
Liquid assets	58	-	58
Total assets	**297**	**17**	**314**
Equity	140	17	157
Long term liabilities	24	-	24
Short term liabilities	133	-	133
Total equity and liabilities	**297**	**17**	**314**

No IFRS adjustment of equity was identified while establishing the opening balance as of 1 January 2004.