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

Interim Report January–September 2005

27 October 2005

Third quarter 2005

- Sales: SEK 106 (91) million
- Operating profit: SEK 20 (9) million
- Profit after tax: SEK 20 (11) million
- A non-recurring item affects sales with 23 (12) million and profit with 18 (12) million

January–September 2005

- Sales: SEK 299 (278) million
- Profit after tax: SEK 21 (10) million
- Earnings per share: SEK 0.12 (0.08)

Comments from CEO Niklas Flyborg

Further potential in expansion and efficiency

Mandator's priorities for 2005 are expansion, efficiency and increased profitability. The positive business climate in our markets, combined with our focused efforts, enables us to fulfil these objectives.

In the third quarter we achieved an improvement in operating profit of SEK 11 million, or SEK 5 million excluding the positive non-recurring effect, compared with the same period last year. And we are growing. Some fifty new recruits with specialist expertise have joined us so far this year. Sales in continuing operations have increased by SEK 8 million between the third quarters. With an unchanged utilisation rate the company has increased income per employee compared with the same period in 2004.

Mandator's clients want flexibility and cost-efficiency in order to satisfy their customers' demands for faster deliveries of improved and more economical products and services. In order to remain a successful IT supplier in this market Mandator continually strives to reduce production costs and increase efficiency. We refine our working methods and reduce non-income-generating costs. A fifth of Mandator's personnel are located in Estonia and we can use these operations to meet the new demand for high competence at competitive prices.

In conclusion, we see good opportunities for continued profit improvement through expansion and optimisation during the rest of 2005.

Growth in prioritised sectors

This year Mandator has taken new market shares and strengthened its position. Growth has mainly been seen in our three prioritised sectors, the manufacturing industry, the telecom industry and the public sector, which together have grown six percentage points to account for 72% of sales.

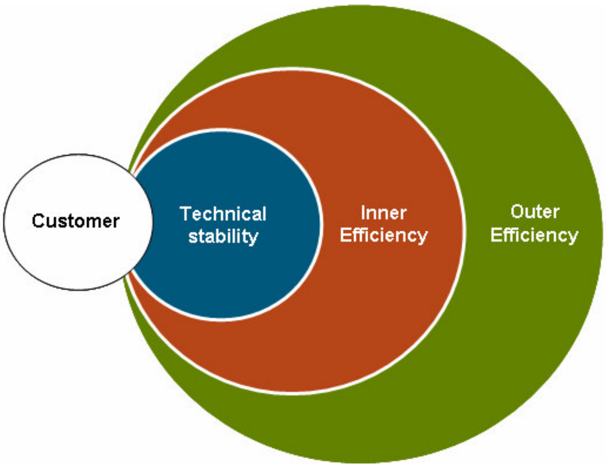
The manufacturing and telecom industries are very active. One trend is for clients to enter partnerships with a smaller number of suppliers, and Mandator actively and successfully participates in this consolidation. We have recently gained broadened confidence from Sandvik, and as one of Sandvik's two key IT service suppliers we see good future growth potential. We have increased telecom's share of sales by more than 30% in less than a year. In the third quarter we strengthened our collaboration with Ericsson, particularly in England where we are increasing our involvement in a prosperous market.

Partial realisation of the company's tax assets

Mandator has entered agreements based on the value of part of the tax deficits generated during the Cell Network period. Profit for the quarter has been positively affected by a non-recurring effect in the amount of SEK 18 (12) million.

This is Mandator

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



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.

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.

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.

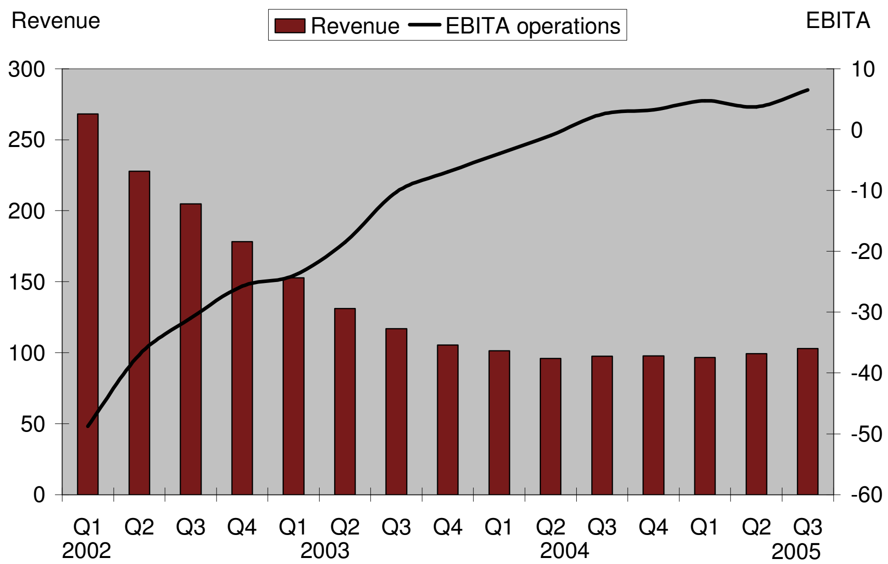
Mandator has been listed on Stockholmsbörsen, the Stockholm Stock Exchange, since 1997 and has 436 employees. The company's employees have an average of ten years' experience from the IT industry. Ninety percent of our consultants have a university/college education.

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

Quarterly development

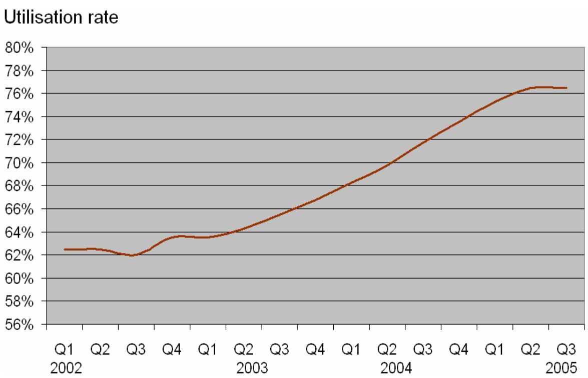
Mandator has reported a positive earnings trend three years running.

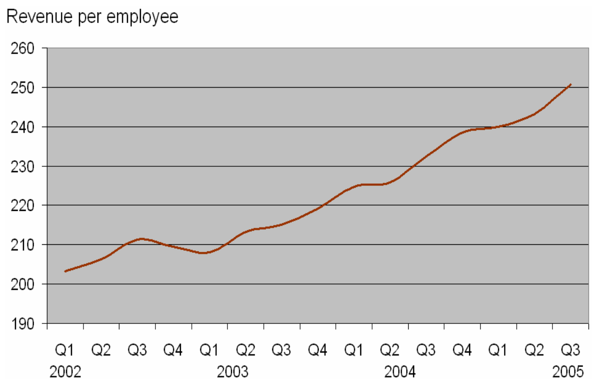
Sales and operating EBITA (SEK millions) calculated on a rolling 12-month basis



The most important key ratios, utilisation rate and sales per employee, have developed positively.

Utilisation rate and sales per employee per quarter, SEK thousands, 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 BanqIT, Ericsson, Estonian Ministry of Economic Affairs, FMV (*Swedish Defence Materiel Administration*), General Electric, IBM, Lantmäteriet (*Swedish National Land Survey*), NCC, Swedish municipalities, Posten (*Swedish postal service*), Sandvik, 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 72 percent of sales for the first three quarters of the year. Compared with all of 2004, this is an increase of 6 percentage points. Telecom's share of sales increased by 33 percent, corresponding to a 5-point increase.

Distribution of sales between prioritised sectors

	2005 Q1-Q3	2004 Q1-Q4
Sector		
Manufacturing industry	32%	30%
Telecom	20%	15%
Public sector	20%	21%
Total	**72%**	**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.

Third 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 106 (91) million. Sales increased by SEK 8 million in continuing operations, that is excluding non-recurring items and divested units.

The company reported an operating profit of SEK 20 (9) million.

Profit after tax amounted to SEK 20 (11) million.

Mandator has entered agreements based on the value of part of the tax deficits generated during the Cell Network period. Profit for the third quarter has been positively affected by a non-recurring effect in the amount of SEK 18 million, which can be compared with a positive non-recurring effect in the third quarter of 2004 of SEK 12 million, related to a positive ruling in an arbitration panel. Revenue has been positively affected by the same non-recurring items by SEK 23 million in 2005, and SEK 12 million in 2004.The agreements are expected to provide an additional positive effect of SEK 12 million within the next six months. After this it is estimated that Mandator will have more than SEK 900 million in tax deficits, of which about half can be set off against deferred tax profits in companies Mandator recently acquired.

Market prospects

Market prospects continue to improve. Market activity is increasing and demand has improved. Prices continue to remain low, although the general price level is expected to slowly increase.

The manufacturing and telecom industries are very active. One trend is for clients to enter partnerships with a smaller number of suppliers, and Mandator actively and successfully participates in this consolidation.

During the first quarter an agreement valued at about SEK 25 million was signed with Sandvik concerning services and projects within systems development and project management. Mandator has recently gained broadened confidence from Sandvik, and as one of Sandvik's two key IT service suppliers we see good future growth potential.

The company has a strong position within telecom, among both the telecom industry and telecom operators. Telecom's share of sales has increased by more than 30% in less than a year. During the year Mandator has signed general agreements with Ericsson, within both IS/IT and R&D. In the third quarter we strengthened our collaboration with Ericsson, particularly in England where we are increasing our involvement in a prosperous market. Mandator also sees good growth opportunities with the company's other telecom clients, such as Sony Ericsson, UIQ, Teligent, Vodafone and Tele2, for the coming quarter.

The market for Mandator Estonia's nearshore offering within the outsourcing of systems development, validation and testing is expected to grow. A fifth of Mandator's personnel are located in Estonia and this enables the company to meet increasing demand for high competence at competitive prices.

Increased project-orientation in companies and organisations leads to increasingly complex project environments. This increases the need for IT support when customers are pursuing projects. Mandator has a strong project management offering with its proprietary product Cenit, which was introduced to the Danish market during the third quarter. As a Microsoft Gold Partner Mandator even offers systems for project support based on Microsoft Project Server, with new business deals being signed with actors such as Bankgirocentralen, the Swedish bank giro centre.

Employees

Mandator is in a growth phase. The number of employees at the end of the third quarter was 436. This corresponds to an increase of some fifty employees over the year. We will continue to recruit specialists in our prioritised sectors.

Intangible fixed assets

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

Financial position

Liquid funds totalled SEK 85 (45) million at the end of the second quarter.

Parent company

The parent company generated sales of SEK 6 (3) million in the first quarter. Profit/loss after financial items amounted to SEK -6 (-5) million. Shareholders' equity amounted to SEK 83 (94) 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.

Future reporting dates

14 February	Year-end Report 2005
25 April	Interim Report January–March 2006
21 July	Interim report January-June 2006
27 October	Interim Report January–September 2006

This interim report has not been reviewed by the company's auditors.

Stockholm, 27 October 2005

Mandator AB (publ)
Niklas Flyborg, CEO

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Net sales and operating profit by geographic area, SEK millions

	Jul-Sep 2005	Jul-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
Net sales					
Sweden	67	76	227	225	312
Abroad	19	22	57	64	90
Parent company operations	29	2	40	8	11
Elimination of intra-group sales	-9	-9	-25	-19	-22
Total	**106**	**91**	**299**	**278**	**391**
Operating profit / EBITA					
Sweden	3	10	10	23	30
Abroad	0	1	-1	3	4
Parent company operations	17	-2	12	-17	-21
Operating profit / EBITA	**20**	**9**	**21**	**9**	**13**

Consolidated income statement in summary, SEK millions

	Jul-Sep 2005	Jul-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
Net sales	106	91	299	278	391
Operating expenses	-85	-81	-275	-265	-373
Depreciation of tangible fixed assets	-1	-1	-3	-4	-5
Operating profit	**20**	**9**	**21**	**9**	**13**
Profit/loss from financial investments	0	2	0	1	1
Profit/loss after financial items	**20**	**11**	**21**	**10**	**14**
Tax	-	-	-	-	15
Profit/loss for the year	**20**	**11**	**21**	**10**	**29**

Consolidated balance sheet in summary, SEK millions

	30 Sep 2005	30 Sep 2004	31 Dec 2004
Intangible fixed assets	63	63	63
Tangible fixed assets	10	12	11
Financial fixed assets	44	27	43
Trade debtors	49	43	73
Other current assets	58	73	66
Liquid assets	85	48	58
Total assets	**309**	**266**	**314**
Equity	178	138	157
Long term liabilities	21	24	24
Short term liabilities	110	104	133
Total equity and liabilities	**309**	**266**	**314**

Consolidated cash flow statement in summary, SEK millions

	Jul-Sep 2005	Jul-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
Cash flow before change in working capital	0	1	-3	-16	-11
Change in working capital	-6	9	-10	-29	-39
Cash flow from current operations	**-6**	**10**	**-13**	**-45**	**-50**
Cash flow from investment activities	**24**	**-1**	**22**	**-2**	**-3**
Cash flow from financing activities	**13**	**-6**	**18**	**79**	**95**
Change in liquid funds	**31**	**3**	**27**	**32**	**42**
Liquied funds, opening balance	54	45	58	16	16
Liquid funds, closing balance	**85**	**48**	**85**	**48**	**58**

Share data

		Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
	No. of shares at end of period (thousands)	169 172	169 172	169 172
Before and after full dilution	Weighted number of shares (thousands)	169 172	119 242	131 724
	Operating earnings per share, SEK	0,12	0,08	0,09
	Earings per share, SEK	0,12	0,08	0,17
	Equity per share, SEK	1,05	1,16	0,93

Key ratios

	Jul-Sep 2005	Jul-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
Operating profit, SEK mln	20	9	21	9	13
Operating margin, %	19	10	7	3	3
Net margin, %	19	12	7	4	7
Net sales per employee, SEK th	245	215	719	643	949
Utilisation rate, %	74	74	77	73	74
Equity/assets ratio, %			58	52	50
Debt/equity ratio, %			21	7	12
Return on equity, %			13	12	31
Return on capital employed, %			11	10	12

Change in equity, SEK millions

	Share capital	Restricted reserves	Profit/loss brought forward	Net profit/loss period	Total
Opening balance, 01/01/2004	14	555	-436	-107	26
Appropriation of profits	-	-	-107	107	-
New share issue	101	-	-	-	101
Translation difference	-	-	1	-	1
Profit/loss for the year	-	-	-	10	10
Closing balance, 30/09/04	**115**	**555**	**-542**	**10**	**138**
Opening balance, 01/01/05	42	771	-685	29	157
Appropriation of profits	-	-	29	-29	-
Profit/loss for the year	-	-	-	21	21
Closing balance, 30/09/05	**42**	**771**	**-656**	**21**	**178**

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

	Jan-Sep 2004			Year 2004		
	Acc to previous principles	Adjustment IFRS	Acc to IFRS	Acc to previous principles	Adjustment IFRS	Acc to IFRS
Net sales	278	-	278	391	-	391
Operating expenses	-265	-	-265	-373	-	-373
Depreciation of tangible fixed assets	-4	-	-4	-5	-	-5
Gross earnings	**9**	**0**	**9**	**13**	**0**	**13**
Depreciation of intangible fixed assets	-13	13	0	-17	17	0
Operating result	**-4**	**13**	**9**	**-4**	**17**	**13**
Profit/loss from financial investments	1	-	1	1	-	1
Profit/loss after financial items	**-3**	**13**	**10**	**-3**	**17**	**14**
Tax	0	0	0	15	0	15
Profit/loss for the year	**-3**	**13**	**10**	**12**	**17**	**29**

Preliminary assessment of the effect on the consolidated balance sheet

	30/09/05			31/12/04		
	Acc to previous principles	Adjustment IFRS	Acc to IFRS	Acc to previous principles	Adjustment IFRS	Acc to IFRS
Intangible fixed assets	50	13	63	46	17	63
Tangible fixed assets	12	-	12	11	-	11
Financial fixed assets	27	-	27	43	-	43
Trade debtors	43	-	43	73	-	73
Other current assets	73	-	73	66	-	66
Liquid assets	48	-	48	58	-	58
Total assets	**253**	**13**	**266**	**297**	**17**	**314**
Equity	125	13	138	140	17	157
Long term liabilities	24	-	24	24	-	24
Short term liabilities	104	-	104	133	-	133
Total equity and liabilities	**253**	**13**	**266**	**297**	**17**	**314**

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