



Year-end report

The Extraordinary General Meeting on June 25, 2001 decided to extend the fiscal year to comprise the period July 1, 2000 – December 31, 2001 and that the fiscal year thereafter would be the calendar year. This report covers the quarter October 1, 2001 – December 31, 2001, the twelve-month period January 1, 2001– December 31, 2001 and the fiscal year July 1, 2000 – December 31, 2001.

- The Group's net sales for the quarter amounted to SEK 238 million (274, for comparable units ¹⁾ 253).
- The Group's operating loss after goodwill amortization for the quarter amounted to SEK -82 million (-36, for comparable units -34).
- An action program affecting 114 employees was implemented during quarter. As a result the Group's operating loss after goodwill amortization for the quarter includes restructuring expenses of SEK 45 million.
- The Group's loss after net financial items for the quarter was SEK -80 million (-31, for comparable units -29).
- Frontec eBusiness' net sales for the quarter amounted to SEK 135 million (161), with an operating loss after goodwill amortization of SEK -45 million (2). The result includes restructuring expenses of SEK 26 million.
- BlueLabs' net sales for the quarter amounted to SEK 80 million (76), with an operating profit after goodwill amortization of SEK -9 million (6). The result includes restructuring expenses of SEK 13 million.
- Venture Zone's net sales for the quarter amounted to SEK 31 million (63, for comparable units 35), with an operating loss after goodwill amortization of SEK -6 million (-4, for comparable units -2). The result includes restructuring expenses of SEK 3 million.

The Group in brief

Frontec's restructuring process and focus on its core businesses, eBusiness and BlueLabs, has continued. The previously announced action program has been implemented and 114 employees will gradually leave the company.

Due to market weakness, net sales for comparable units declined by six percent during the quarter. Profitability was negatively affected by the expenses for the action program, but was also due to the market situation.

¹⁾ The figures for comparable units have been adjusted for the divestments of FRT and FSO (Venture Zone).

Economic conditions are still uncertain, which is negatively affecting demand. Several clients have postponed major projects. As a result, there is overcapacity in the market, which has kept price pressure on traditional development projects. Demand for expert competence is still good, however, with only a marginal change in the price picture.

The Group's liquid assets, including short-term investments, amounted to SEK 113 million (41) at the end of the period.

In summary, it was a quarter of continued restructuring and adjustment to the current market situation.

Sales and results

The quarter October-December 2001

The Group's net sales for the quarter amounted to SEK 238 million (274, for comparable units ¹⁾ 253). The operating loss after goodwill amortization for the quarter amounted to SEK -82 million (-36, for comparable units -34). The operating loss includes restructuring expenses of SEK 45 million. The loss after net financial items was SEK -80 million (-31, for comparable units -29).

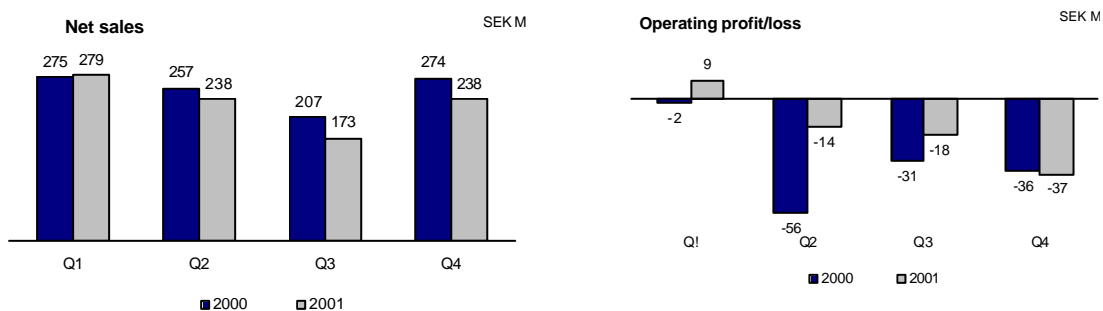
The twelve-month period January-December 2001

The Group's net sales for the twelve-month period amounted to SEK 928 million (1,013, for comparable units 913). The operating loss after goodwill amortization was SEK -105 million (-85, for comparable units -113). The operating loss includes restructuring expenses of SEK 46 million. The loss after net financial items was SEK -108 million (-136, for comparable units -124).

The fiscal year July 2000-December 2001

The Group's net sales for the extended fiscal year amounted to SEK 1,409 million. The operating loss after goodwill amortization was SEK -158 million and the loss after net financial items was SEK -221 million.

The Group:



(Operating profit/loss after goodwill amortization adjusted for restructuring expenses and SPP refund)

¹⁾ The figures for comparable units have been adjusted for the divestments of FRT and FSO (Venture Zone).

Employees

The number of employees as of December 31, 2001 was 961 (1,090), of whom 45 (53) were outside Sweden. During the fourth quarter an action program was approved that will result in 114 employees gradually leaving the company.

Liquid assets

As of December 31, 2001 the Group's liquid assets, including short-term investments, amounted to SEK 113 million (41). Liquidity has been positively affected by structural sales and negatively by the repayment of subordinated loans.

Investments

The Group's net investments in tangible assets amounted to SEK 27 million during the period July 1, 2000 – December 31, 2001.

Frontec share

As of December 31, 2001 Frontec has 31,405,110 shares, of which 2,640,000 are Class A shares, 28,764,760 Class B shares and 350 Class C shares. During the period July 1, 2000 – December 31, 2001 a total of 508,836 Class C shares were converted to 4,582,391 Class B shares in accordance with the conversion rules from 1998. Frontec had 19,461 shareholders at year-end 2001. Approximately 15 percent of the shares are owned by foreign investors and slightly over 85 percent of all shareholders own fewer than 1000 shares.

Frontec eBusiness

Frontec eBusiness offers competence and tools for strategic development and implementation of eBusiness solutions. The market consists of large Swedish companies and organizations primarily in industry and the public sector. On December 31, 2001 eBusiness had 511 employees.

Market development

Economic conditions are creating great uncertainty and several clients are slowing or postponing major projects. This is causing price pressure on traditional development projects. Demand for expert competence is still good, with only a marginal change in the price picture. Moreover, we expect demand in integration services, an important area for us, to increase.

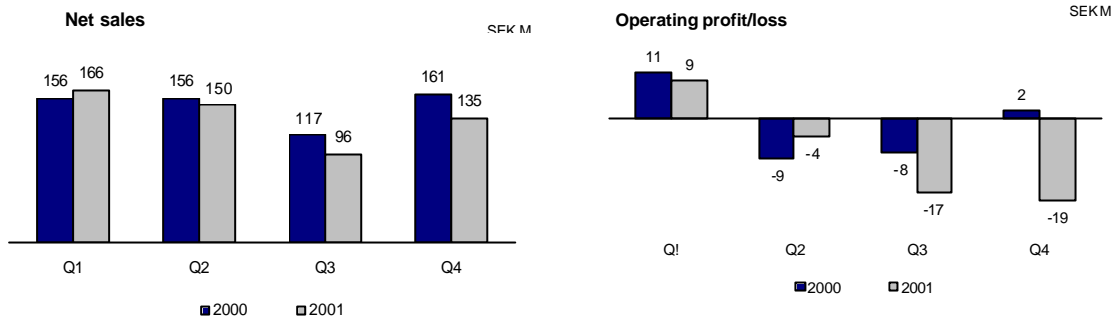
Frontec's good historical client relations are important now that many companies are choosing to work with fewer suppliers. During the fourth quarter Frontec signed framework agreements with the National Corporation of Swedish Pharmacies, the Board of Agriculture, Skanova, the National Social Insurance Board, the Patent and Registration Office, the National Board of Student Aid and the National Government Employee Pensions Board, as well as a renewed agreement with Telia.

Sales and results

Frontec eBusiness' net sales amounted to SEK 135 million (161) for the quarter and SEK 547 million (590) for the twelve-month period. The operating loss after goodwill amortization was SEK -45 million (2) for the quarter and SEK -57 million (-4) for the twelve-month period. The result includes restructuring expenses of SEK 26 million.

The increased loss compared with the previous year is primarily due to the costs of the action program as well as price pressure and a lower workload caused by market overcapacity.

eBusiness:



(Operating profit/loss after goodwill amortization adjusted for restructuring expenses and SPP refund)

BlueLabs

BlueLabs is a high-technology consulting firm specializing in the development, testing and integration of technically advanced systems. The market consists of clients in telecommunications and other industries. On December 31, 2001 BlueLabs had 317 employees.

Market development

Due to the uncertainty caused by the economic slowdown, the market in certain regions further declined during the quarter. There is still a strong focus on profitability and many clients are therefore delaying new projects.

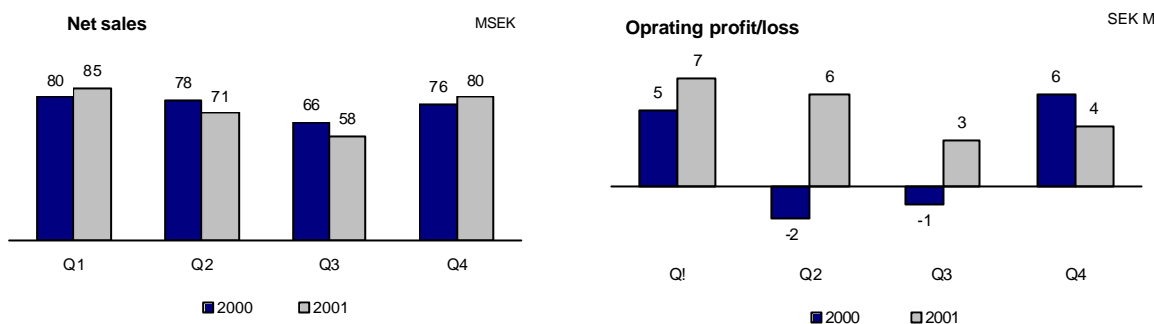
In the Medical Technology and Automotive segments, as well as the Mobility business area, BlueLabs continued to report good growth during the quarter.

Sales and results

BlueLabs' net sales amounted to SEK 80 million (76) for the quarter and SEK 294 million (300) for the twelve-month period. A reclassification in the fourth quarter affected sales positively by SEK 8 million. The operating loss after goodwill amortization for the quarter was SEK -9 million (6). For the twelve-month period BlueLabs reported a corresponding profit of SEK 7 million (8). The result includes restructuring expenses of SEK 13 million.

The fourth-quarter loss was primarily due to the costs of the action program. Price pressure in portions of the company's market and a lower workload also negatively affected results.

BlueLabs:



(Operating profit/loss after goodwill amortization
adjusted for restructuring expenses and SPP refund)

Venture Zone

Venture Zone primarily comprises operations that are seeking a new structure in or outside the Group. At the end of the period the division included the FMS companies, netSolution, EdiCom and MultiDesign. On December 31, 2001 Venture Zone had 121 employees. The FMS companies and EdiCom were sold following the conclusion of the period. The divested companies together had 79 employees and a turnover of approximately SEK 80 million in 2001. Following the FMS sale, Frontec has operations only in Sweden.

Sales and results

Venture Zone's net sales amounted to SEK 31 million (63, for comparable units ¹⁾ 35) for the quarter and SEK 128 million (241, for comparable units 27) for the twelve-month period. The operating loss after goodwill amortization was SEK -6 million (-4, for comparable units -2) for the quarter and SEK -16 million (-45, for comparable units -33) for the twelve-month period. The result includes restructuring expenses of SEK 3 million.

Other

Parent Company

The Parent Company's net sales amounted to SEK 5 million (10) for the quarter, SEK 23 million (35) for the twelve-month period and SEK 39 million for the fiscal year. The operating loss after goodwill amortization was SEK -12 million (-28) for the quarter, SEK -35 million (-73) for the twelve-month period and SEK -78 million for the fiscal year. Restructuring expenses are included in the amount of SEK 4 million.

The Parent Company's net investments for the fiscal year amounted to SEK -93 million and include a net change of SEK -95 million in financial assets, which relates to divestments, write-downs and further investments in subsidiaries. The Parent Company's liquid assets amounted to SEK 24 million at the end of the fiscal year.

¹⁾ The figures for comparable units have been adjusted for the divestments of FRT and FSO (Venture Zone).

The Parent Company's equity amounts to SEK 218 million as of December 31, 2001.

- Sale of the software companies Frontec Edicom AB, Frontec Maintenance Systems AB, Frontec Denmark A/S, Frontec Maintenance Systems Norge A/S, Frontec Deutschland GmbH, API PRO Nederland BV and Frontec Belgium NV. Together, these companies have around 60 employees and a turnover of approximately SEK 60 million in 2001.
- Sale of Frontec (UK) Limited (remaining part of Frontec Maintenance Systems). The company has around 20 employees and a turnover of approximately SEK 20 million in 2001.
- An organizational change was implemented effective February 1, whereby the operations of Frontec AB and Frontec eBusiness were merged. In connection with the change, CEO Per Tjernberg also assumed the role of Chief Operating Officer for eBusiness.
- Björn Sandberg, CFO and Vice President, is leaving the Group on April 15 to pursue other endeavors. Kristina Willgård, currently Group Controller at Frontec, will take over as acting CFO.

Annual General Meeting
Wednesday, May 15 at 3:00 p.m. (CET)
SAS Headquarters in Frösundavik
Frösundaviks Allé 1
Solna

Interim report January-March 2002	May 15, 2002
Interim report April-June 2002	August 21, 2002
Interim report July-September 2002	November 20, 2002

Frontec AB (publ)
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Invitation to analyst meeting:

Frontec cordially invites analysts and the media to meet with CEO Per Tjernberg and CFO Björn Sandberg at 8:00 a.m. Swedish time on Friday, February 22 at Operaterassen.

Register at hearings@financialhearings.com or www.financialhearings.com

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Consolidated income statement (SEK million)		3 MONTHS OCT-DEC 2001	3 MONTHS OCT-DEC 2000	12 MONTHS JAN-DEC 2001	12 MONTHS JAN-DEC 2000	18 MONTHS JUL-DEC 00/01
Net sales		238	274	928	1 013	1 409
Other revenue		3	1	11	4	13
Total revenue		241	275	939	1 017	1 422
Operating expenses		-268	-289	-964	-1 094	-1 483
Depreciation		-9	-8	-30	-27	-45
Restructuring costs		-45	-	-46	-	-46
Items affecting comparability, insurance refund SPP		-	-	-	40	-
Operating profit/loss before goodwill amortization		-81	-22	-101	-64	-152
Goodwill amortization		-1	-14	-4	-21	-6
Operating profit/loss after goodwill amortization		-82	-36	-105	-85	-158
Result from share of associated company (Note 2)		-	-47	-	-192	-99
Dilution gain		-	-	-	101	-
Financial income and expenses		2	52	-3	40	36
Profit/loss after net financial items		-80	-31	-108	-136	-221
Tax (Note 1)		10	-1	10	-52	9
Minority interests		-	-	-	-	-
Net profit/loss for the period		-70	-32	-98	-188	-212
Results per division:						
eBusiness	Net sales*)	135	161	547	590	825
	Profit/loss after goodwill amortization and before restructuring costs	-19	2	-31	-4	-37
	Restructuring costs	-26	-	-26	-	-26
	Profit/loss after goodwill amortization	-45	2	-57	-4	-63
	Operating margin before restructuring costs	-14%	1%	-6%	-1%	-4%
	Operating margin	-33%	1%	-10%	-1%	-8%
BlueLabs	Net sales	80	76	294	300	437
	Profit/loss after goodwill amortization and before restructuring costs	4	6	20	8	25
	Restructuring costs	-13	-	-13	-	-13
	Profit/loss after goodwill amortization	-9	6	7	8	12
	Operating margin before restructuring costs	5%	8%	7%	3%	6%
	Operating margin	-11%	8%	2%	3%	3%
Venture Zone	Net sales	31	63	128	241	244
	Profit/loss after goodwill amortization and before restructuring costs	-3	-4	-13	-45	-30
	Restructuring costs	-3	-	-3	-	-3
	Profit/loss after goodwill amortization	-6	-4	-16	-45	-33
	Operating margin before restructuring costs	-10%	-6%	-10%	-19%	-12%
	Operating margin	-19%	-6%	-13%	-19%	-14%
Group-wide + eliminations	Net sales*)	-8	-26	-41	-118	-97
	Profit/loss after goodwill amortization and before restructuring costs	-19	-40	-35	-84	-70
	Restructuring costs	-3	-	-4	-	-4
	Profit/loss after goodwill amortization	-22	-40	-39	-84	-74
Total	Net sales	238	274	928	1 013	1 409
	Profit/loss after goodwill amortization and before restructuring costs	-37	-36	-59	-125	-112
	Restructuring costs	-45	-	-46	-	-46
	Profit/loss after goodwill amortization, excl SPP	-82	-36	-105	-125	-158
	Operating margin before restructuring costs	-16%	-13%	-6%	-12%	-8%
	Operating margin	-34%	-13%	-11%	-12%	-11%
	Items affecting comparability, insurance refund SPP	-	-	-	40	-
	Profit/loss after goodwill amortization	-82	-36	-105	-85	-158
*) Net sales is historically corrected.						
Share data						
	Earnings/loss per share	-2,46	-1,13	-3,46	-6,66	-7,49
	Earnings/loss per share after dilution	-2,32	-1,07	-3,26	-6,27	-7,06
	Equity per share	5,61	8,71	5,61	8,71	5,61
	Equity per share after dilution	5,29	8,21	5,29	8,21	5,29
Number of shares, weighted average		28 232 743				
Number of shares after dilution		29 969 178				

Condensed consolidated balance sheet (SEK million)

	2001-12-31	2000-12-31	2000-06-30
Goodwill	67	86	104
Other intangible fixed assets	2	6	6
Tangible fixed assets	36	54	58
Financial fixed assets	1	22	124
Other current assets	250	375	333
Liquid assets and short-term investments (Note 2)	113	41	77
Total assets	469	584	702
Equity (Note 3)	158	246	357
Minority interests	1	1	1
Provisions	43	2	3
Interest-bearing liabilities	4	46	35
Non-interest-bearing liabilities	263	289	306
Total equity, provisions and liabilities	469	584	702

NOTE 1 - Tax

The tax income refers to adjustment of previously calculated tax liability.

NOTE 2 - Liquid assets and short-term investments

Reclassification has been made of some current receivables to short-term investments. Per December 31, these current receivables amounts to 28 SEK million (0).

NOTE 3 - Equity (SEK thousands)

	Share-capital	Restricted reserves	Non-restricted reserves	Total	Total
GROUP					
Balance brought forward	33 894	419 122	-21 257	-74 332	357 427
Profit disposition			-74 332	74 332	-
New share issues	5 362	4 218	-	-	9 580
Dividend			-524		-524
Transfer between restricted and non-restricted equity		3 045	-3 045		-
Translation difference for the year		-	3 902	-	3 902
Profit/loss for the year		-	-	-211 922	-211 922
Balance carried forward	39 256	426 385	-95 256	-211 922	158 463

Consolidated statement of cash flows (SEK million)

	2000-07-01 2001-12-31	2000-01-01 2000-06-30
Cash flow from operating activities	16	17
Cash flow from investment activities	36	-40
Translation differences and merger effect	-	3
Cash flow from financing activities	-16	29
Cash flow for the period	36	9
Cashfloweffect Viewlocity		-80
Liquid assets and short-term investments at beginning of period	77	148
Liquid assets and short-term investments at end of period	113	77

Key ratios

	12 MONTHS JAN - DEC 2001	12 MONTHS JAN - DEC 2000
Operating margin	-11%	-12%
Return on capital employed	-47%	-48%
Equity/assets ratio	34%	42%