

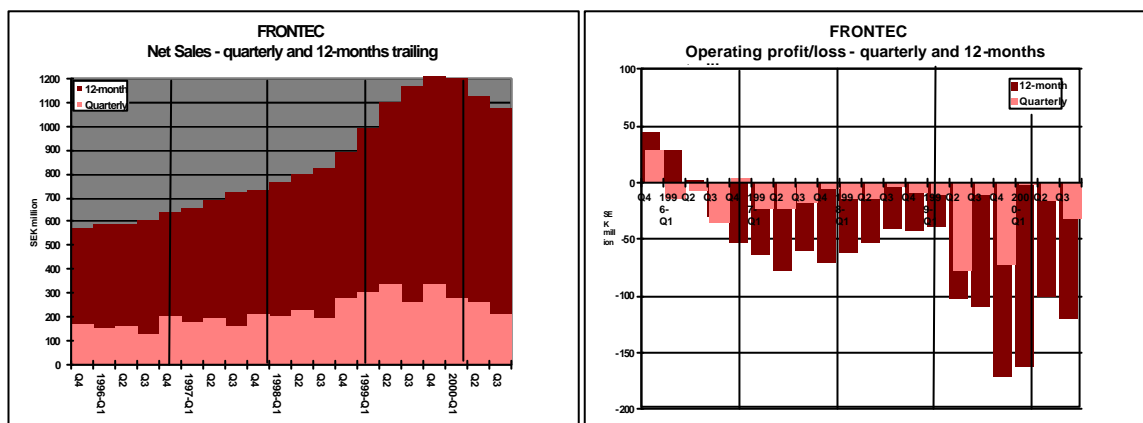
Frontec AB (publ)

Interim report for the period July 1 - September 30, 2000

- the first quarter of the split fiscal year

- Consolidated net sales for the first quarter of the fiscal year amounted to SEK 207 million (257, for comparable units 213).
- The consolidated loss after net financial items was SEK -82 million (-48), of which SEK -52 million was attributable to the impact of the minority share in Viewlocity.
- Frontec eBusiness' net sales amounted to SEK 119 million (131), with a loss after net financial items of SEK -17 million (-3).
- BlueLabs' net sales amounted to SEK 66 million (58), with a result after net financial items of SEK 0 million (4).
- Frontec currently has a 41% interest in Viewlocity, which is reported as an associated company.
- The loss per share was SEK -2.88 (-1.75)

Frontec Group



Sales and results

Frontec's net sales for the quarter amounted to SEK 207 million (257).

As Frontec's ownership interest in Viewlocity is now 41%, only the share of its profit or loss is reported in the consolidated income statement.

For comparable units, excluding Viewlocity, sales declined by 3% to SEK 207 million (213),

The operating loss after goodwill amortization amounted to SEK -31 million (-48).

The consolidated loss after net financial items was SEK -82 million (-48). The result was charged with SEK -52 million for the share of Viewlocity's equity.

The work to prepare a separate listing of BlueLabs is continuing, with the goal to list the company during the first half of 2001.

Employees

During the quarter, 92 (97) new employees were hired by the Group. As of September 30, 2000, the Group had 1,179 (1,348) employees, of whom 50 (210) were outside Sweden. The comparative figures include Viewlocity's 202 employees.

Liquid assets

The Group's liquid assets, including short-term investments, amounted to SEK 44 million (100) as of September 30, 2000, of which Viewlocity's effect on liquid assets was SEK 24 million.

Investments

The Group's net investments for the period amounted to SEK 4 million (10).

Frontec eBusiness

Sales and results

Frontec eBusiness' net sales amounted to SEK 119 million (131).

The loss after net financial items was SEK -17 million (-3).

The result was affected by investments in eBusiness concepts and the company's transition from an IT consultant to an eBusiness solution provider.

Market

Indications show that the traditional IT consulting market is weak, but that there is good demand for eBusiness transformation and integration.

eBusiness clients consist primarily of traditional companies that are now changing and adapting their processes to a completely new market.

A new organization has been created as of September 1 to take advantage of eBusiness competence and intensify marketing.

Highlights during the quarter:

- A cautious market has proven the importance of framework agreements and long-term relationships with strategic clients such as Volvo, the Swedish Civil Aviation Administration and AstraZeneca, which have raised their volumes.
- Frontec's packaged solutions such as Team Games have been well received by the market and implemented at Schenker-BTL, among others.
- The first order for Frontec's "Business Hotel" ASP service at mySAP.com was signed with NFB Transport Systems, one of Europe's largest moving companies. The agreement gives NFB access to eBusiness solutions based on mySAP.com in return for a fixed percentage of the company's annual sales.
- Sandvik AB signed an agreement with Frontec for assistance in the introduction of SAP R/3 in the financial area and integration with existing peripheral systems. The project also includes a competence transfer to Sandvik regarding R/3.

Employees

At the end of the period, the total number of employees at Frontec eBusiness was 697 (657). After a long period of cautiousness, recruitment has again picked up.

BlueLabs

Sales and results

BlueLabs' net sales amounted to SEK 66 million (58).
The result after net financial items was SEK 0 million (4).

During the first half of 2000, Frontec Technical Services began a major restructuring into an independent group with its own brand. The group structure and development of a separate infrastructure in the form of IT systems and telephony, as well as the continued launch of BlueLabs as a high-technology company focused on intelligent communication, again resulted in significant extraordinary costs.

With the exception of the Stockholm region, growth remained good during the period.

Market

Demand in all business areas - Embedded, Systems, Mobility and Strategy – has been very good.

Highlights during the quarter:

- Development of a system for Biosys, which, with the help of Bluetooth technology, wirelessly transmits biological signals from a human to a computer.
- Development of a system for Mobile Notifier for intelligent alarm signaling via the mobile Internet.
- Delivery of e-Tuner, a system for receiving music in MP3 format via Ericsson's e-services and forwarding it to a home stereo.

Employees

At the end of the period, BlueLabs had 311 (262) employees. BlueLabs recruited 24 employees during the period.

FMS (Frontec Maintenance Systems)

Sales and results

Frontec Maintenance Systems' net sales amounted to SEK 14 million (12).
The loss after net financial items amounted to SEK -3 million (-3).

FMS' applications for maintenance of industrial facilities are marketed primarily in Europe via its own sales companies and outside Europe by partners. The API system is being developed and marketed primarily for customers with NT or Unix platforms. The Idhammar 400 system is marketed for use with the IBM AS/400 platform and delivered in both client-server and character-based versions. A comprehensive cost-reduction program was implemented in order to adapt to market conditions and raise profitability. The impact of this program is expected next quarter.

Market

A distribution agreement was signed with Linc Software Services Pvt. Ltd. in India and major orders were received during the period from, among others:

- SKF in South Africa

- National Steel Corporation in Singapore
- Johnson Controls Automotive in Belgium
- H Lundbeck A/S in Denmark
- Integral Accumulator in Germany

Employees

At the end of the period, the total number of employees at FMS was 60 (67).

Viewlocity

Sales and results

Viewlocity, which is 41% owned, raised its net sales by 293% to SEK 129 million (44), with a loss after net financial items of SEK -135 million (-43).

Development was in line the with the American management's plan.

In August, Viewlocity, Inc. submitted a preliminary application (S-1) to the U.S. Securities and Exchange Commission (SEC) to publicly list the company on a U.S. exchange. The application was supplemented in November and is currently under consideration.

Frontec Group

Future outlook

eBusiness operations were reorganized in September, after which forward-looking work – conceptual as well as profit-oriented – was intensified.

Although the establishment of BlueLabs as an independent unit has drained energy from external efforts, there have already been benefits thanks to a clearer business concept. For example, the number of spontaneous applications from highly competent individuals has increased significantly, which is an important factor in a sector where access to competence is often a limitation.

The decision to delay the listing of BlueLabs until the first half of 2001 is considered positive, since it provides the market with a longer period to evaluate BlueLabs as an independent company.

Information

Annual General Meeting, November 28, 2000.

Six-month interim report, February 22, 2001.

Solna, November 9, 2000

Frontec AB (publ)
Board of Directors

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

More information: Per Tjernberg, President and CEO, tel + 46 8 733 7505,
Björn Sandberg, CFO, tel + 46 8 733 7521, or
Carl-Erland Schröder, Director of Communications, tel + 46 8 733 7509.

Invitation to a telephone conference

Frontec invites you to a telephone conference with CEO Per Tjernberg and CFO Björn Sandberg at 11:00 a.m. on Thursday, November 9.

Phone + 46 8 598 001 86, preferably several minutes prior to the start of the conference.

Further information is also available online at www.frontec.se

Consolidated income statement (SEK million)

	Jul.1, 2000- Sep. 30, 2000	Jul.1, 1999- Sep. 30, 1999	Jan.1, 2000- Jun. 30, 2000	
Net sales	207	257	533	
Other revenue	1	2	1	
Total revenue	208	259	534	
Operating expenses	-230	-293	-573	
Depreciation	-7	-14	-12	
Items affecting comparability, insurance refund SPP	-	-	40	
Operating profit/loss before goodwill amortization	-29	-48	-11	
Goodwill amortization	-2	0	-5	
Operating profit/loss after goodwill amortization	-31	-48	-16	
Result from share of associated company	-52	-	-93	
Dilution gain	-	-	97	
Financial income and expenses	1	-	-14	
Profit/loss after net financial items	-82	-48	-26	
Tax	-	-1	-54	
Minority interests	-	10	-	
Net profit/loss for the period	-82	-39	-80	
Results per division:				
eBusiness	Net sales	119	131	324
	Profit after net financial items	-17	-3	7
	Operating margin	-14%	-2%	2%
BlueLabs	Net sales	66	58	158
	Loss after net financial items	0	4	12
	Operating margin	0%	7%	8%
FMS	Net sales	14	12	27
	Loss after net financial items	-3	-3	-2
	Operating margin	-21%	-25%	-7%
Viewlocity	Net sales	0	44	0
	Loss after net financial items	-52	-43	-93
Group-wide + eliminations	Net sales	8	12	24
	Profit/loss after net financial items	-10	-3	50
Total	Net sales	207	257	533
	Profit/loss after net financial items	-82	-48	-26

Condensed consolidated balance sheet (SEK million)

	Sep. 30, 2000	Sep. 30, 1999	Jun. 30, 2000
Intangible fixed assets	107	118	110
Tangible fixed assets	57	65	58
Financial fixed assets	72	2	124
Other current assets	319	398	349
Liquid assets and short-term investments	44	100	77
Total assets	599	683	718
Equity	278	302	357
Minority interests	-	4	-
Provisions	2	22	2
Interest-bearing liabilities	39	47	36
Non-interest-bearing liabilities	280	308	323
Total equity, provisions and liabilities	599	683	718

Consolidated statement of cash flows (SEK million)

	<u>Sep. 30, 2000</u>	<u>Sep. 30, 1999</u>	<u>Jun. 30, 2000</u>
Operating activities			
Profit/loss after net financial items	-82	-48	-26
Adjustments for non-cash items	52	-	5
Depreciation	9	14	17
	<u>-21</u>	<u>-34</u>	<u>-4</u>
Tax paid	-2	-6	-5
Cash flow from operating activities before change in working capital	-23	-40	-9
Change in working capital			
Accounts receivable	21	20	26
Other current receivables	1	-14	-26
Accounts payable	-3	1	10
Other current liabilities	-31	-27	3
Cash flow from operating activities	-35	-60	4
Investment activities			
Net investments	-4	-10	4
Disposed group company	-	-	-80
Cash flow from investment activities	-4	-10	-76
Cash flow after investment activities	-39	-70	-72
Translation differences and merger effect	2	3	2
Financing activities			
Long-term receivables	1	-	-23
Long-term liabilities	3	13	-1
New share issue	-	-	23
Cash flow from financing activities	4	13	-1
Cash flow for the period	-33	-54	-71
Liquid assets and short-term investments at beginning of period	77	154	148
Liquid assets and short-term inv. at end of period	44	100	77
Key ratios			
Operating margin	-15%	-5%	-3%
Return on capital employed	-24%	-27%	-4%
Equity/assets ratio	46%	48%	51%
Net investments	4	4	120
Share data			
Earnings/loss per share	-2,88	-1,75	-2,61
Equity per share	9,78	10,56	12,57

Earnings/loss per share has been calculated as the net profit/loss for the period divided by the number of shares and outstanding warrants. The number of shares and outstanding warrants used in the calculation is 28.430.121.