

Interim report for the period January 1 – March 31, 2004

Strong start to the year

- Net sales for the quarter amounted to SEK 165 million (111).
- Operating profit (EBIT) for the quarter amounted to SEK 9 million (-16), corresponding to a margin of 5% (-14%).
- Operating profit before goodwill amortization (EBITA) for the quarter amounted to SEK 11 million (-16), corresponding to a margin of 7% (-14%).
- Profit before tax for the quarter amounted to SEK 9 million (-17). Profit after tax for the period amounted to SEK 8 million (-17).
- Earnings per share for the quarter amounted to SEK 0.15 (-0.59).
- The recently merged AcandoFrontec has begun to achieve the market success that was anticipated. Several strategically important agreements have been signed, including with Volvo, Stora Enso, If, ComHem, TeliaSonera and Sapa Group.

THE GROUP IN SUMMARY

	3 MOS. JAN – MAR 2004	3 MOS. JAN – MAR 2003	12 MOS. JAN – DEC 2003
Net sales, SEK million	165	111	499
Operating profit before goodwill amortization, EBITA, SEK million	11	-16	-148
Operating profit, EBIT, SEK million	9	-16	-152
Profit after net financial items, SEK million	9	-17	-151
Profit after tax, SEK million	8	-17	-151
Operating margin, %, EBITA	7	-14	-30
Operating margin, %, EBIT	5	-14	-30
Return on capital employed, %	5	-10	-75
Return on equity, %	4	-10	-79
Equity/assets ratio, %	51	60	47
No. of employees at end of period	592	462	620
Average number of employees	606	474	612
Net sales per employee, SEK thousand	272	234	815
Earnings per share after dilution, SEK*	0.15	-0.59	-3.47

* The dilution effect is not taken into account in negative results

AcandoFrontec after structural changes (pro forma)

	3 MOS. JAN – MAR 2004	3 MOS. JAN – MAR 2003	12 MOS. JAN – DEC 2003
Net sales, SEK million	165	182	641
Operating profit, EBITA, SEK million	11	-18	-154
Operating profit, EBIT, SEK million	9	-18	-158
Profit after net financial items, SEK million	9	-19	-159
Operating margin, %, EBITA	7	-10	-24
Operating margin, %, EBIT	5	-10	-25
No. of employees at end of period	592	702	620

AcandoFrontec – profit, growth and strong confidence in the future

Last year concluded with a sense of optimism. During the fourth quarter the newly merged AcandoFrontec turned what had been a long downward trend into a profit. It also received strong indications that its expanded customer offering is well suited to the market's demand. The conclusions drawn in the year-end report for 2003 were confirmed during the year's first quarter.

The merger of Acando and Frontec has created a solid platform for profitable growth and an organization with major competitive advantages. This was evident in the year's first months in the form of substantially improved earnings, increased demand for the company's services and solutions, and an overall improvement in the competitive situation.

The market's demand has changed in a positive direction for AcandoFrontec.

To compete optimally, suppliers are today expected to deliver cutting-edge competence in several areas, with an emphasis on business integration and quick business improvements. This has benefited AcandoFrontec at the expense of smaller consulting companies.

Sales development and customers

Demand for AcandoFrontec's services continued to improve at the start of 2004. During the period capacity utilization was very good in a number of areas. Growth in demand is clearest outside Stockholm, but toward the end of the quarter higher demand was also noted in the capital region. There are clear signs that price levels are beginning to rise in pace with the increased demand.

During the first quarter AcandoFrontec signed a number of strategically important agreements:

- Volvo chose AcandoFrontec as an implementation partner for a new archival system using Documentum's Content management as a platform.
- Stora Enso has decided to expand its use of IPS, a solution for paper-less transport administration. AcandoFrontec, which has previously developed and implemented the system in Sweden and England, has now been hired to supply IPS designed for all European transport flows.
- A number of key deliveries have been made as part of TeliaSonera's major ISM project (support system for business customers), and it has since signed add-on orders.
- Parts of Sapa Group have hired AcandoFrontec to implement a new business system based on Microsoft's Axapta solution.

- AcandoFrontec is developing a new customer website for ComHem, a multi-stage project based on BEA Portal.
- The insurance company If chose AcandoFrontec as an integration partner in the development of its payment processing system.

AcandoFrontec is continuing to attract new customers and effectively developing business relationships with companies in its existing customer base.

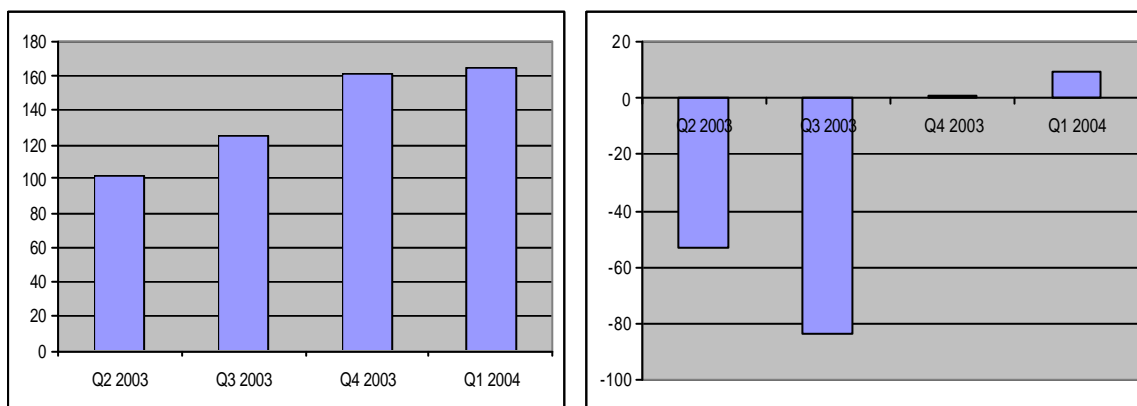
In the first quarter AcandoFrontec reported growth in a number of customer segments. Industry (manufacturing industry, including automotives) is its largest customer category, accounting for 28% of sales, followed by Telecom (22%) and Pharmaceuticals (11%). Customers in the public sector account for 23% of sales.

Sales and results

Profit for the first quarter 2004 was clearly positive, especially in comparison with the corresponding year-earlier period. The Group's net sales amounted to SEK 165 million (111) and operating profit (EBIT) was SEK 9 million (-16). Operating profit before goodwill amortization (EBITA) amounted to SEK 11 million (-16). The operating margin before goodwill (EBITA) was 7% (-14%) and the operating margin (EBIT) was 5% (-14%). The first quarter was free from items affecting comparability.

Operating activities generated positive cash flow of SEK 6 million, adjusted for the liquidity effect from previous structural costs.

Net sales and EBIT by quarter (SEK million)



Employees

In recent years employees in the consulting industry have faced difficult pressure. Many firms have been forced to implement various types of action programs and reduce their staffs. Now that the trend in the market has begun to turn, it has instead become more important to invest in measures to retain current personnel and begin recruiting.

During the first quarter AcandoFrontec initiated a competence development program and introduced a new incentive system for all employees.

The average number of employees during the quarter was 606 (474). The number of employees at the end of the period was 592 (462).

The measures decided on as part of the improvement program in the autumn of 2003 reduced the number of employees by 25 during the first quarter. Another 77 employees will still be affected by the program.

Liquidity

The Group's liquid assets, including short-term investments, amounted to SEK 68 million (162) as of March 31, 2004. In addition, the Group has available bank overdraft facilities of SEK 50 million. The Group's cash flow amounted to SEK -21 million (-13) during the quarter.

During the first quarter the liquidity effect from previous structural costs was SEK -27 million, of which SEK 22.6 million related to costs for redundant personnel and SEK 4.6 million to vacated office space. The liquidity effect from remaining provisions for structural costs will decline in the second quarter and then be limited to costs for premises.

Investments

The Group's net investments in tangible assets amounted to SEK 0 million (1) during the quarter.

Parent Company

The Parent Company's net sales amounted to SEK 0 million (0) during the quarter. The operating loss for the corresponding period was SEK -3 million (-3).

The Parent Company's net investments amounted to SEK 0 million during the quarter. Liquid assets totaled SEK 39 million (145) at the end of the period.

Highlights following the conclusion of the period

- The Office of the Prosecutor General and the Swedish National Economic Crimes Bureau have signed an agreement with AcandoFrontec to supply a new messaging and document management system. The project, including licenses from Documentum and Oracle, extends until 2006 and is valued at a total of SEK 8 million, in addition to services from AcandoFrontec.
- TeliaSonera Sverige has ordered two different improvement projects that will provide a foundation for its future IT-related projects.

Future outlook

The market for Swedish IT and management consulting has showed signs of recovery. AcandoFrontec has started 2004 strongly, with good demand for its offerings and services.

The prospects for AcandoFrontec have improved significantly since the merger of Acando and Frontec and implementation of efficiency measures during the autumn of 2003. Because of this, coupled with a clear increase in demand, the company's positive development is expected to continue in 2004.

Its good financial position continues to give the company freedom of action in a market facing further consolidation and structural change.

Accounting principles

AcandoFrontec's interim report has been prepared in accordance with recommendation RR 20 of the Swedish Financial Accounting Standards Council.

Application of the Council's recommendations that took effect in 2004 has not resulted in any changes in opening balances. In other respects, the accounting principles are the same as in the latest annual report. The company's segment consists of one business area.

The merger between Frontec AB and Acando AB is accounted in this report according to the purchase accounting method, with Frontec AB as the purchaser. Amortization of the goodwill that has arisen amounted to SEK 2 million during the period.

Information

The Annual General Meeting will be held at 3:00 p.m. (CET) on Wednesday, May 12 at

Näringslivets Hus

Storgatan 19

Stockholm

Interim report January-June 2004

August 12, 2004

Stockholm, May 12, 2004

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Consolidated income statement (SEK million)

	3 MOS. JAN – MAR 2004	3 MOS. JAN – MAR 2003	12 MOS. JAN – DEC 2003
Net sales	165	111	499
Other operating income	3	3	11
Total sales	168	114	510
Personnel costs	-106	-93	-401
Other operating expenses	-48	-35	-155
Restructuring expenses	-	-	-93
Depreciation of tangible fixed assets	-3	-2	-9
Operating profit before goodwill amortization, EBITA	11	-16	-148
Goodwill amortization	-2	-	-4
Operating profit, EBIT	9	-16	-152
Result from participations in Group companies	-	-2	-3
Financial income and expenses	-	1	4
Profit after net financial items	9	-17	-151
Tax	-1	-	-
Net profit for the period	8	-17	-151
Profit per share before dilution	0.15	-0.54	-3.47
Profit per share after dilution *	0.14	-0.52	-3.47
Average number of shares	55,658,810	31,412,110	43,635,104
Average number of shares after dilution	59,880,927	32,687,627	47,857,221

* The dilution effect is not taken into account in negative results
Dilution consists of 1,275,517 convertible rights and 2,946,600 options.

Condensed consolidated balance sheet (SEK million)

	Mar. 31, 2004	Mar. 31, 2003	Dec. 31, 2003
Goodwill	76	-	77
Tangible fixed assets	10	11	13
Financial fixed assets	39	2	41
Other current assets	181	132	166
Liquid assets and short-term investments	68	162	89
Total assets	374	307	386
Equity (Note 1)	190	185	182
Provisions	29	8	57
Interest-bearing liabilities	6	6	6
Non-interest-bearing liabilities	149	108	141

Total equity, provisions and liabilities	374	307	386
Equity/assets ratio	51%	60%	47%

Consolidated statement of cash flows (SEK million)

	Jan. 1, 2004 Mar. 31, 2004	Jan. 1, 2003 Mar. 31, 2003	Jan. 1, 2003 Dec. 31, 2003
Cash flow from operating activities	-21	-10	-84
Cash flow from investing activities	-	-3	-5
Cash flow from financing activities	-	-	3
Cash flow for the period	-21	-13	-86
Liquid assets and short-term investments at beginning of period	89	175	175
Liquid assets and short-term investments at end of period	68	162	89

Notes**NOTE 1 - Equity (SEK 000)**

	Jan. 1, 2004 Mar. 31, 2004	Jan. 1, 2003 Dec. 31, 2003
At beginning of the fiscal year	182,110	202,384
New share issue	246	131,213
Profit for the year	8,099	-151,487
At end of fiscal year	190,455	202,384

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