



INTERIM REPORT FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2004

Higher share of project commitments

The first nine months of 2004 compared with the same period of 2003

- **Net sales rose to SEK 441 million (338).**
- **Operating profit before goodwill amortization (EBITA) rose to SEK 18 million (-153), producing an operating margin of 4.1% (-45.3) for the period.**
- **Profit after tax amounted to SEK 8 million (-150).**
- **Earnings per share for the period amounted to SEK 0.13 (-3.79).**
- **Cash flow from operating activities, excluding the liquidity effect of previous structural costs, amounted to SEK 20 million.**
- **Edge Consulting was acquired following the conclusion for the period.**

Third quarter 2004 compared with the same quarter of 2003

- **Quarterly net sales amounted to SEK 115 million (125).**
- **Operating profit before goodwill amortization (EBITA) was SEK 3 million (-84).**
- **Important agreements have been signed with the Swedish Maritime Administration and Mölnlycke Healthcare. A new strategic cooperation has been established with Logica CMG.**

Acando AB included as of July 1, 2003.

The third-quarter figure for 2003 includes Frontec's previous operations in Luleå.

“We have now been profitable for the last four quarters,” says Lars Wollung, President and CEO of AcandoFrontec. “The company is stable and harmonious, and we are beginning a new era in our development. Our goal is to grow in terms of both sales and margin, mainly through solutions to help customers improve their profitability with information technology. Sales of these offerings have increased by 50% from Q4 2003 through Q3 2004, and we hope to raise that growth rate.”

For more information, please contact

Lars Wollung, President and CEO

telephone +46 730 21 14 26

Bertil Carlén, Executive Vice President & CFO

telephone +46 730 21 10 92

Jan Rehn, Director of Communications and Investor Relations

telephone +46 31 345 32 43

Financial information is also available on our website

www.acandofrontec.com

AcandoFrontec is a management and IT consulting company that identifies and quickly implements performance improvements. Our consultants are business integration specialists who help customers to achieve improvements by developing processes, organizations and IT solutions. Our work is strongly focused on the bottom line and a responsibility for ensuring that customers receive the improvements they expect from their investment. The company has just over 500 employees at five offices in Sweden. AcandoFrontec is listed on Stockholmsbörsen's O-list under the ticker symbol AFAB.



The first nine months of 2004 in summary

Operations

The level of demand was generally good in the third quarter. A number of units currently have satisfactory utilization rates. It is noteworthy that demand improved in the Stockholm region, where it had been slower than the rest of the country earlier in the year. To meet growing demand for its services, AcandoFrontec has increased its recruitment rate. Fees are rising slowly, though from a low level.

The number of project commitments is increasing. This is partly the result of cross-functional offerings with a combination of management and IT competencies, which were packaged in spring 2004.

Market development

A number of strong market trends are driving demand for AcandoFrontec:

Basis for decision making. Large Swedish companies have a growing need to access business-critical information for strategic and operational decisions based on information that can be found in a variety of ERP systems and databases. To meet this demand, AcandoFrontec has developed a methodology, Quick Value, which gives customers this information. Solutions are provided in distinct 10-week cycles. Around 25 consultants were added during the first three quarters of 2004 to work with this offering.

Integration. Customers have a growing need to link various systems in information flows. As they become more cost conscious, customers want to continue to use as many of their current systems as possible, yet at the same time their businesses are changing constantly. This places greater demands on flexible, simplified system integration. AcandoFrontec has extensive experience with integration, and now has around 75 employees in this area. It works with technical integration solutions from IBM, SAP and Microsoft, all of which are investing heavily in the area.

Enterprise systems. Customers need to tie things together and improve their ERP installations. A great deal of effort has been devoted to installing ERP systems since the mid-90's. These systems require further development, however, and have to be complemented to properly support operational functions and generate a reasonable return on investment. AcandoFrontec has around 100 consultants with an average of 8 years of experience who work with the Wave2value solution, particularly in SAP environments. Queries from customers about new ERP installations are increasing as well, a change that for AcandoFrontec first occurred in the third quarter.

Procurement. Procurement has increased in complexity for customers, partly due to the growing number of available solutions and products, but also to the outsourcing of various functions. Many outsourcing solutions have not worked well. Customers are demanding more help to decide what should be outsourced, how it should be outsourced, how cooperations should be arranged and managed, and with the contract procurement itself. There is also a growing need to tie operational development in groups with large numbers of business units and subsidiaries to the delivery of IT solutions, where the trend is toward greater centralization of supply and maintenance. AcandoFrontec's IT Effectiveness solution employs around thirty consultants to address these questions.

Sales trend and major customer agreements



AcandoFrontec continues to consolidate its position as a priority, strategic provider of management and IT consulting services to Swedish businesses and the public sector. During the first nine months of 2004 AcandoFrontec increased the number of agreements it has signed and its delivery volumes within existing framework agreements. This is a market where customers are generally trying to reduce the number of suppliers they agree to work with.

Among the strategically important agreements AcandoFrontec signed during the third quarter were as follows:

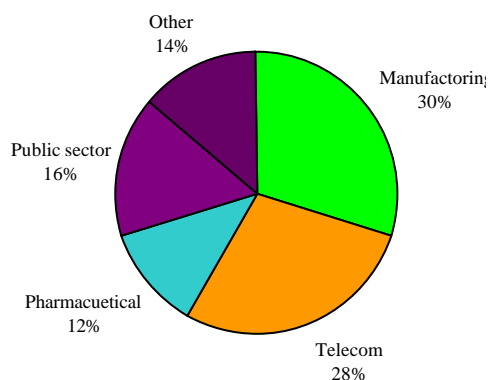
Swedish Maritime Administration – AcandoFrontec has recently supplied a system for reporting and monitoring sea transports in Sweden. The system is part of an EU-integrated IT network to raise security and environmental safety at sea. The customer has reconfirmed its confidence in AcandoFrontec by recently signing a new framework agreement.

Mölnlycke Healthcare – has signed an agreement with AcandoFrontec to globally implement SAP APO (advanced planning optimization) as part of a process improvement project.

During the period AcandoFrontec also entered into an international cooperation with LogicaCMG on improvement projects for the auto industry in particular. The cooperation creates an opportunity for AcandoFrontec to continue to grow in one of its most important sectors.

The diagram shows a distribution of the company's sales by sector. The largest customers are as follows:

- Manufacturing: Volvo, StoraEnso, SAPA, Sandvik
- Telecom: Ericsson, TeliaSonera



- Pharmaceuticals: AstraZeneca, Mölnlycke Health Care
- Public Sector: Swedish Migration Board, Swedish Civil Aviation Administration, National Tax Board, National Government Employee Pensions Board

AcandoFrontec has a strong position in Telecom and Manufacturing after growing continuously in both sectors.



The Manufacturing segment (including automotive) is currently the largest, accounting for 30% of sales, followed by Telecom (28%) and Pharmaceuticals (12%). The Public Sector accounts for 16% of sales.

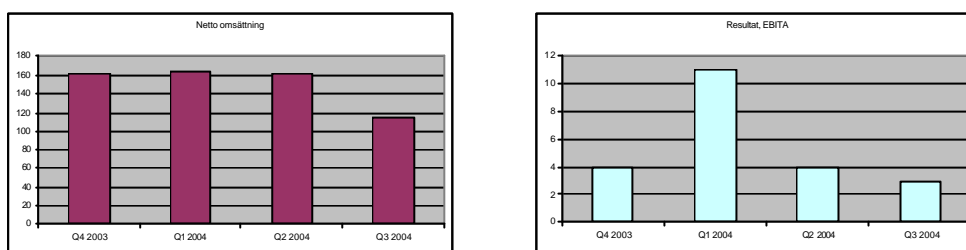
Sales and results for the first nine months of 2004

Consolidated net sales for the first nine months amounted to SEK 441 million (338), a gain of 30% compared with the same period of 2003. The increase is mainly due to a higher utilization rate and a change in the mix of competencies. Operating profit before goodwill amortization (EBITA) amounted to SEK 18 million, compared with a loss of SEK 153 million during the same period of 2003. The improvement is largely due to higher sales per employee as well as significant efficiency and structural improvements in connection with the merger of Acando and Frontec.

The operating margin (EBITA) was 4.1%.

Profit before tax for the report period amounted to SEK 12 million (-153).

Net sales and EBITA by quarter (SEK million)



AcandoFrontec has generated a pre-tax profit for the fourth consecutive quarter. Net sales for the third quarter 2004 amounted to SEK 115 million (125) and operating profit before goodwill amortization (EBITA) was SEK 3 million (-84). The decrease in sales compared with the third quarter 2003 is due to the liquidation of Frontec's Luleå unit in late 2003 in accordance with the improvement program adopted after the merger of Acando and Frontec.

The third quarter, which includes the vacation period, is generally a weak period for most consulting firms. Thanks to efficiency improvements, structural measures and high capacity utilization, the company was still able to generate a quarterly profit.

During the third quarter the final aspects of the integration process in the newly merged AcandoFrontec were presented. The company has a new graphic identity and a new head office in Stockholm.

Financial position and cash flow

The Group's liquid assets, including short-term investments, amounted to SEK 61 million (111) as of September 30, 2004. In addition, the Group has available bank overdraft facilities of SEK 50 million.

The equity/assets ratio (shareholders' equity divided by total assets) was 63.2% (46.7) as of September 30.

Cash flow from operating activities, excluding the liquidity effect from previous structural costs, amounted to SEK 20 million, of which SEK 6 million relates to the first quarter, SEK 13 million to the second quarter and SEK 1 million to the third quarter.

The liquidity effect from previous structural costs was SEK -48 million. As of the fourth quarter the liquidity effect from remaining provisions for structural costs will relate primarily to costs for premises and amount to SEK 8 million in total. In liquidity terms, they will be charged primarily against the next two quarters.



The Group's total cash flow for the report period was SEK -28 million (-64), of which SEK 21 million relates to the first quarter, SEK 1 million to the second quarter and SEK 6 million to the third quarter.

Employees

The average number of employees during the report period was 564 (565). The number of employees at the end of the period was 507 (643). During the first nine months of the year 91 employees left the company as a result of the structural program adopted in 2003.

At the same time the company again began to increase its number of consultants after the summer. During the third quarter 25 consultants and one sales representative were hired to meet growing demand. Recruitment work is continuing, with more consultants expected to be hired during the final months of the year.

Investments

The Group's net investments in tangible assets amounted to SEK 1 million (2) during the report period.

Parent Company

The Parent Company's external net sales amounted to SEK 0 million (1) during the report period. The operating loss (EBITA) for the corresponding period was SEK -3 million (-8).

The Parent Company's net investments amounted to SEK 0 million during the report period. Liquid assets totaled SEK 45 million (128) at the end of the period.

Highlights following the conclusion of the period

- AcandoFrontec is acquiring Edge Consulting. The acquisition will strengthen its position in Stockholm, especially in the Microsoft area and the banking and insurance sector, where Edge Consulting has most of its customer base.
Founded in 1999, Edge Consulting specializes in system development for, among others, Microsoft's .Net platform, in addition to IT management services. Edge is currently owned in large part by its 15 employees.
The all-cash acquisition is expected to have a positive effect on earnings from the acquisition date.
- Swedish Match North Europe and AcandoFrontec have entered into a purchasing cooperation based on AcandoFrontec's Quick Value.

Future outlook

AcandoFrontec has good potential to continue its positive development in terms of both profitability and growth.

Profit for the fourth quarter is expected to be significantly higher than the previous year (EBITA SEK 3 million).

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. The effect of recommendation RR 29 Employee benefits cannot be fully reported at present since the necessary information from Alecta cannot be obtained until late 2004. In other respects, the accounting principles are the same as in the latest annual report.



Nomination Committee

In accordance with the instruction for the Nomination Committee, the Chairman of the Board will seek the advice of the company's largest shareholders during the fourth quarter on the appointment of the Nomination Committee prior to the Annual General Meeting. As soon as the Nomination Committee has been named, an announcement will be made in a press release. Shareholders with opinions are asked to contact the Chairman of the Board through AcandoFrontec.

Information

Financial reporting dates

The year-end report for 2004 will be published on February 17, 2005.

Stockholm, November 10, 2004

AcandoFrontec AB (publ)
Board of Directors



Jakobsgatan 6, SE-111 52 Stockholm, Sweden
Telephone: +46 8 699 70 00 Fax: +46 8 699 79 99
Corp. reg. no.: 556272-5092
www.acandofrontec.com
Ticker symbol: AFAB



Consolidated income statement

(SEK million)

	3 mos. July-Sept 2004	3 mos. July-Sept 2003	9 mos. Jan-Sept 2004	9 mos. Jan-Sept 2003	12 mos. Jan-Dec 2003
Net sales	115	125	441	338	499
Other operating income	2	4	8	9	11
Total sales	117	129	449	347	510
Personnel costs	-75	-162	-291	-367	-435
Other operating expenses	-37	-46	-133	-125	-214
Depreciation of tangible fixed assets	-2	-5	-7	-8	-9
Operating profit before goodwill amortization, EBITA	3	-84	18	-153	-148
Goodwill amortization	-2	-	-6	-	-4
Operating profit, EBIT	1	-84	12	-153	-152
Result from participations in Group companies	-	-	-	-3	-3
Financial income	-	1	1	4	6
Financial expenses	-	-	-1	-1	-2
Profit after net financial items	1	-83	12	-153	-151
Tax	-2	3	-4	3	-
Net profit for the period	-1	-80	8	-150	-151
Profit per share before dilution	-0.02	-1.44	0.14	-3.79	-3.47
Average number of shares	55,658,810	55,658,810	55,658,810	39,583,159	43,635,104



Condensed consolidated balance sheet

(SEK million)

	Sept. 30, 2004	Sept. 30, 2003	Dec. 31, 2003
ASSETS			
Fixed assets			
Intangible fixed assets	72	80	77
Tangible fixed assets	6	16	13
Financial fixed assets	36	43	41
Total fixed assets	114	139	131
Current assets			
Current receivables	126	138	166
Short-term investments	20	108	8
Cash and bank balances	41	3	81
Total current assets	187	249	255
Total assets	301	388	386
Shareholders' equity, provisions and liabilities			
Shareholders' equity (Note 1)			
Restricted equity	175	563	175
Non-restricted equity	16	-382	7
Provisions	8	85	57
Long-term interest-bearing liabilities	7	6	6
Current liabilities	95	116	141
Total shareholders' equity, provisions and liabilities	301	388	386



Consolidated statement of cash flows

(SEK million)

	3 mos. July-Sept 2004	3 mos. July-Sept 2003	9 mos. Jan-Sept 2004	9 mos. Jan-Sept 2003	12 mos. Jan-Dec 2003
Operating activities					
Profit/loss after net financial items	1	-83	12	-153	-151
Adjustments for non-cash items, etc.	-8	53	-47	80	52
Depreciation	4	5	14	8	13
Tax paid	1	-2	1	-5	1
Cash flow from operating activities	-2	-27	-20	-70	-86
Net change in working capital	-4	-4	-8	12	2
Cash flow from operating activities	-6	-31	-28	-59	-84
Cash flow from investing activities	0	-1	0	-5	-5
Cash flow from financing activities	0	0	0	0	3
Cash flow for the period	-6	-32	-28	-64	-86
Liquid assets at beginning of period	67	143	89	175	175
Liquid assets at end of period	61	111	61	111	89

NOTE 1 - Shareholders' equity

(SEK 000)	Sept. 30, 2004	Dec. 31, 2003
At beginning of the fiscal year	182,110	202,384
New share issue	246	131,213
Profit for the year	8,056	-151,487
At end of fiscal year	190,412	182,110



Key ratios

(SEK million)

	3 mos. July-Sept 2004	3 mos. July-Sept 2003	9 mos. Jan-Sept 2004	9 mos. Jan-Sept 2003	12 mos. Jan-Dec 2003
RESULTS					
Net sales	115	125	441	338	499
Operating profit/loss before goodwill amortization, EBITA	3	-84	18	-153	-148
Operating profit/loss, EBIT	1	-84	12	-153	-152
Profit/loss after net financial items	1	-83	12	-153	-151
MARGINS					
Operating margin, %, EBITA	2.6	-67.2	4.1	-45.3	-29.7
Operating margin, %, EBIT	0.7	-67.2	2.7	-45.3	-30.5
PROFITABILITY					
Return on capital employed, %	0.0	-50.7	4.3	-76.8	-75.4
Return on equity, %	-0.4	-51.0	2.9	-78.3	-78.8
FINANCIAL POSITION					
Equity/assets ratio, %	63.2	46.7	63.2	46.7	47.1
Interest coverage ratio	20	-134	15	-116	-86
PER SHARE					
Equity per share, SEK	3.18	3.18	3.18	4.43	3.04
Cash flow per share, SEK	-0.10	-0.56	-0.47	-1.56	-1.97
Profit/loss per share, SEK	-0.02	-1.40	0.13	-3.67	-3.47
EMPLOYEES					
Number of employees at end of period	507	643	507	643	620
Average number of employees	511	659	564	565	612
Net sales per employee, SEK thousand	225	190	783	598	790
Net investments, SEK million	1	1	1	2	3

Audit report

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