



INTERIM REPORT
1 January–30 September 2006

Strong growth but unsatisfactory profit level during the third quarter

The period 1 January – 30 September 2006 in comparison with the corresponding period 2005:

- Net sales amounted to MSEK 777 (446), an increase of 74 percent.
- The operating profit reached MSEK 40 (24), representing an operating margin of 5.1 percent (5.5).
- The profit after tax amounted to MSEK 40 (24).
- Earnings per share for the period reached 0.53 SEK (0.41).
- Cash flow from operations amounted to MSEK 18 (7).

The third quarter 2006 compared to the third quarter 2005:

- Net sales amounted to MSEK 246 (121), an increase of 103 percent.
- Operating profit reached MSEK 3 (3), representing an operating margin of 1.1 percent (2.6).
- Profit after tax amounted to MSEK 3 (3).

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SUMMARY OF THE PERIOD 1 JANUARY – 30 SEPTEMBER

The growth rate in Group sales during the first nine months amounted to 74 percent in comparison with the corresponding period the previous year. The growth in Sweden reached 38 percent, out of which the organic growth in what used to be AcandoFrontec, represents 27 percent.

The result for the third quarter has been adversely affected by an unsatisfactory utilisation rate in Sweden during the beginning of the period, together with delayed starting points of projects after the holiday period. The degree of occupancy has since then improved to reach a good level before the fourth quarter. The sales efforts have also increased.

Since 1 April, the merged units, AcandoFrontec, e-motion and Resco are working as one operational unit. The work on integrating the units has been completed in all the essential parts. Through the merger, Acando has created a platform for growth in Northern Europe and increased profitability. The efforts to reach profitability in the previous units Resco in Sweden and e-motion, have taken more time than envisaged.

The growth in sales for the additional operations outside Sweden (which were not part of the group during the corresponding period last year) has been the following, during the period January - September 2006 compared to the corresponding period the previous year:

- Germany 37 percent.
- Finland 54 percent.
- The Baltic States and Eastern Europe (through the partly-owned Webmedia) 96 percent.

SALES AND PROFIT FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2006

(MSEK)	Sweden 1) 2) 3)	Germany 1) 4)	Finland 1) 4)	Webmedia	Group- Elim.	Total 2) 3)
Net sales	615.2	109.1	12.9	39.8		777.0
Operating profit	25.3	9.3	1.8	2.8	0.3	39.5
Operating margin	4.1%	8.5%	13.6%	7.0%		5.1%

1) Including group wide costs.

2) Including one-off costs related to the merger of MSEK 8 (whereof MSEK 0 for the third quarter). Adjusted for these lump costs, the operating margin in Sweden was 5.4% and for the Group 6.1%.

3) e-motion is included as of 1 March and Resco as of 15 March.

4) Resco is included as of 15 March.

Consolidated net sales for the period amounted to MSEK 777 (446). The operating profit reached MSEK 40 (24), corresponding to an operating margin of 5.1 percent

(5.5). The operating profit for Sweden includes one-off costs related to the merger amounting to a total of MSEK 8.

The net profit after tax for the period amounts to MSEK 40 (24).

SALES AND PROFIT FOR THE THIRD QUARTER 2006

(MSEK)	Sweden 1)	Germany 1)	Finland 1)	Webmedia	Group elim. 2)	Total 3)
Net sales	175.8	50.7	4.4	14.7		245.6
Operating profit	-3.9	5.4	0.4	1.2	-0.4	2.7
Operating margin	-2.2%	10.6%	9.1%	8.4%		1.1%

1) Including group-wide costs

2) Refers to the elimination of inter-company profits

The Group's net sales during the third quarter amounted to MSEK 246 (121), representing an increase of 103 percent compared to the corresponding period 2005.

The operating profit amounted to MSEK 3 compared to MSEK 3 during the corresponding period the previous year, representing an operating margin of 1.1 percent (2.6). No one-off costs related to the merger have affected the operating profit during the third quarter.

The net profit after tax for the third quarter amounted to MSEK 3 (3).

Net sales and profit by quarter

(MSEK)	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Net sales	246	299	233	200	121	168	157
Operating profit	3	16	21	24	3	11	10
Operating margin	1.1%	5.4%	9.0%	12.0%	2.5%	6.5%	6.4%

MARKETS AND DEVELOPMENT

Sweden

The level of demand in Sweden was high during the first six months of the year and also thereafter, the market has shown a good level of activity with many new projects. The clients are investing in projects aimed to increase efficiency as well as to boost sales levels.

Acando in Sweden experienced a drop in the level of occupancy during the holiday period, July and August, however followed by a clear increase in September.

The growth in sales volume in Sweden for the period January – September amounted to 38 percent compared to the corresponding period in 2005, out of which 27 percentage units are referable to organic growth.

The collaboration between the international business units in Acando has developed well. This has resulted in joint projects with Webmedia in Estonia, for clients such as Gambro and SCA.

The partnership agreements with the major clients have become an important basis for Acando in Sweden. More and more strategic projects are delivered near the clients' operations and the turnover relating to the five most important clients has grown relatively during the period.

During the third quarter, Acando has signed a number of new agreements beside the partnership agreements. These include, for example:

- Skatteverket –The Swedish Tax Agency – has signed an agreement in respect of the delivery of yet another stage in the design and implementation of a complete electronic archive, based on Documentum for electronically incoming documents, such as tax return forms.
- Acando has been reassigned as an essential partner to Fritidsresegruppen in respect of further development and improvements to the IT functionality.
- SCA is upgrading and updating the company's ERP systems from SAP, where Acando is in the process of implementing a new integrations platform based on SAP Exchange (XI). The transaction has been achievable thanks to the business unit e-motion.
- Tibnor has signed a three-year agreement with Acando in respect of the management and administration of its entire SAP installation.
- FLIR Systems AB has chosen Acando for its implementation partner for SAP in Europe.
- Nordfalk has chosen Acando to deliver the implementation of Microsoft Dynamics AX.

Germany

The position on the market is good for all the three German offices with a steady growth in sales and a satisfactory profit level.

Major assignments have been received from Vattenfall Europe, Comdirect Bank, Eurocopter and Airbus Spares & Support as well as Airbus Deutschland. The cooperation with Ikea has grown.

The first projects in Switzerland have been generated during the third quarter.

The recruitment of new consultants has developed well during the period.

Finland

Acando's operations in Finland are entirely dedicated to the SAP market, which remains stable with a very high level of demand and with room for continued expansion. A general agreement has been signed with the Finnish Post Office in respect of the delivery of SAP services.

The Baltic States and Eastern Europe

The growth in all the countries within the region where Webmedia is operating – Estonia, Lithuania, Serbia and Romania – has been good during the third quarter, with a resulting positive effect on the demand for the company's services.

During the period, Webmedia has signed several new agreements, including those with the Ministry of Environment in Estonia, Tartu University Clinics in Estonia and SEB Lithuania.

FINANCIAL POSITION AND CASH FLOW

The Group's liquid assets, including short-term investments as of 30 September 2006, amounted to MSEK 116 (69). In addition, the Group has bank overdraft facilities available up to MSEK 50. The equity/assets ratio (shareholders' equity divided by total assets) was 70.4 percent (67.1 percent).

The cash flow from operating activities during the period amounted to MSEK 18 (7). The total cash flow amounted to MSEK 31 (0). Through the incentive plan, as decided in April 2006, the company has been provided with MSEK 30 in liquid assets during the month of July (credited to the item 'cash flow from financing activities' in the cash flow analysis).

EMPLOYEES

The average number of employees during the period was 902 (528). At the end of the period, the number of employees was 1120 (523). Out of these, 717 are employed in Sweden, 167 in Germany, 16 in Finland and 220 in the Baltic States and Eastern Europe.

The recruitment activities are quite intense. There is however an increase in the competition for staff in the areas where the demand is at its peak.

In the beginning of July, the incentive programme decided at the annual general meeting was finalised. 297 employees within the Swedish Acando operations have subscribed for the warrants, representing 1 514 055 shares after full conversion, with a dilution effect of approximately 2.0 percent. 54 directors and key personnel exercised their option to purchase 405 000 shares with accompanying options, representing a dilution of approximately 2.1 percent, in case of complete utilisation.

INVESTMENTS

The Group's net investments in tangible assets during the first nine months amounted to MSEK 5 (5).

Acando has requested compulsory purchase of the outstanding shares of Resco AB (publ), which as of 18 April was delisted from the OMX Stockholm Stock Exchange.

THE PARENT COMPANY

The Parent Company's external net sales for the first nine months amounted to MSEK 0 (0). The operating deficit for the period was MSEK -5 (-1).

The Parent Company's net investments during the period amounted to MSEK 3. The Parent Company's liquid assets as of 30 September amounted to MSEK 89 (50).

EVENTS AFTER THE EXPIRY OF THE NINE-MONTH PERIOD

By the end of the year, a new office will be opened in Bremen, to strengthen the company's presence in northern Germany. Eight new employees have been recruited for this office.

In the beginning of October, the consultancy company Axon Group plc, launched the strategic alliance 'Axon International' together with its European partners Acando AB and itelligence Ag. The purpose of 'Axon International' is to ensure consultancy capacity within Europe for the global SAP related change projects that Axon is carrying out for clients in the UK and the United States.

OUTLOOK

It is the opinion of Acando that the market for management and IT consultancy services will remain strong during 2006, in Sweden as well as in Germany and Finland. Acando's organic growth is expected to continue with a focus on increasing profitability. The company expects that the earnings per share after tax* 2006, will exceed the corresponding figure for 2005.

In the interim report for the period January-June 2006, the following comments on the future were delivered:

It is the opinion of Acando that the market for management and IT consultancy services will remain strong during 2006, in Sweden as well as in Germany and Finland. Acando's organic growth is expected to continue with a focus on increasing profitability.

*) After dilution

ACCOUNTING PRINCIPLES

Acando prepares its consolidated accounts for 2006 in accordance with the International Accounting Standards (IAS/IFRS), as approved by the EU Commission.

This interim report is prepared in accordance with the IAS 34, Interim Financial Reporting, which agrees with the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim reporting for groups, as well as the Swedish Annual Accounts Act.

The accounting of the parent company is prepared in accordance with the Swedish Annual Accounts Act.

In addition to the accounting principles described in the annual report in respect of 2005, the following accounting principles are applied within the Group:

- IAS 19 Employee benefits – pensions. This means that the value of future pensions is reported as a liability on the balance sheet. The calculation and payment of pensions is handled by PRI Pensionstjänst AB, and they are insured with Pensionsgaranti/FPG. The pensions are guaranteed by chattel mortgages amounting to MSEK 9. Acando no longer uses the FPG/PRI method for newly vested ITP and instead pays ITP premiums directly to Alecta. However, a pension liability from previously vested ITP remains on the balance sheet.
- IAS 28 Investments in associated companies are reported in accordance with the equity method. The equity method means that the Group's share of after-tax profit in the associated companies is reported in the income statement. In such cases where the investment in associated companies is considered short term and lies outside the core business of the group or where the group has no influence on the business and its financial position, then the investment is reported at the acquisition cost.
- IFRS 2, Share-based payments: The calculations are based on the market value and recorded as costs of personnel, including social costs. Consideration is taken to the performance and staff turnover. The assessment is done by Nordea Bank.

Reporting by segment: Since the primary segment of the Group is consultancy services, the sales and profits for this segment are stated directly in the income statement.

The application of IFRS otherwise agrees with the principles described in AcandoFrontec's 2005 annual report.

The accounting has not been affected by new standards adopted during the period.

This interim report has been translated from Swedish into English. In the case of discrepancies between the versions, the Swedish version will prevail.

AUDIT REPORT

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

UPCOMING FINANCIAL INFORMATION

Press release unaudited earnings 2006	6 February 2007
Interim report January – March 2007	27 April 2007
Interim report January –June 2007	16 August 2007
Interim report January– September 2007	26 October 2007

Stockholm on 27 October 2006

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Acando is a consultancy company which, in partnership with its clients, identifies and implements business improvements through information technology. Acando provides an optimal balance of high business value, short project time and low total cost – time to value.

Acando's annual turnover exceeds EUR one hundred million and the group employs more than 1,100 persons in seven European countries. The company is listed on the OMX Stockholm Stock Exchange Small Caps list.

Income statement for the Acando group

	3 mths July-Sept 2006	3 mths July-Sept 2005	9 mths Jan-Sept 2006	9 mths Jan-Sept 2005	12 mths Jan-Dec 2005
(SEK million)					
Net sales	246	121	777	446	646
Other operating income	1	5	2	8	10
Total sales	247	126	779	454	656
Operating expenses					
Personnel costs	-158	-83	-495	-308	-432
Other external costs	-84	-39	-239	-118	-171
Depreciation and write-down of tangible fixed assets	-2	-1	-5	-4	-5
Operating profit	3	3	40	24	48
Result from financial items					
Interest income and similar profit/loss items	1	-	1	-	1
Interest expenses and similar profit/loss items	-1	-	-1	-	-1
Profit after net financial items	3	3	40	24	48
Taxes*	-	-	-	-	6
Net profit for the year	3	3	40	24	54

Attributable to:

Parent company's shareholders	2	3	38	24	53
Minority interest	1	-	2	-	1

Earning per share attributable to parent company's shareholders

Before dilution	0,04	0,05	0,57	0,44	0,96
After dilution	0,03	0,05	0,53	0,41	0,88
Average number of shares	75 530 910	55 658 810	69 400 428	55 658 810	55 658 810
Average number of shares after dilution	80 866 719	60 184 927	74 381 014	60 184 927	60 463 707
Number of shares at the end of period before dilution	76 298 468	55 658 810	76 298 468	55 658 810	55 658 810
Number of shares at the end of period after dilution	80 998 328	60 184 927	80 998 328	60 184 927	60 735 487

The dilution consists of 1 526 000 (1 275 517) warrants and 3 173 860 (3 250 600) options.

* Taxes for the period is calculated as a share of total tax costs for the year.

Balance sheet for the Acando group

(SEK million)	30 Sept 2006	30 Sept 2005	31 Dec 2005
Assets			
Fixed assets			
Goodwill	354	89	100
Other intangible fixed assets	11	-	1
Tangible fixed assets	15	7	8
Deferred tax assets	54	42	49
Other financial fixed assets	12	2	6
Total fixed assets	446	140	164
Current assets			
Long-term receivables	-	1	-
Current receivables	284	153	188
Liquid assets	116	69	85
Total current assets	400	222	273
Total assets	846	362	437
Shareholder's equity and liabilities			
Shareholder's equity and liabilities			
Share Capital	95	69	69
Other reserves	358	106	106
Retained earnings	129	68	96
Minority interest	14	-	12
Long-term liabilities	35	7	7
Current liabilities	215	112	147
Total shareholder's equity and liabilities	846	362	437

Statement of cash flow for the Acando group

(SEK million)	3 mths	3 mths	9 mths	9 mths	12 mths
	July-Sept 2006	July-Sept 2005	Jan-Sept 2006	Jan-Sept 2005	Jan-Dec 2005
Operating activities					
Net profit for the year	3	3	40	24	54
Deferred tax	-	-	-	-	-6
Tax paid	-	-	-	-	-
Adjustment for non-cash items	-3	-	-1	-	-
Depreciation/amortisation	2	1	5	4	5
Cash flow from operating activities before changes in working capital	2	4	44	28	53
Cash flow from changes in working capital	7	-20	-26	-21	-22
Cash flow from operating activities	9	-16	18	7	31
Cash flow from investing activities	-1	-3	-7	-7	-16
Cash flow from financing activities	37	-	20	-	1
Cash flow for the period	45	-19	31	0	16
Liquid assets at beginning of the period	71	88	85	69	69
Liquid assets at the end of the period	116	69	116	69	85

Shareholders' equity for the Acando group

(SEK thousand)	30 Sept 2006	30 Sept 2005	31 dec 2005
Opening shareholder's equity balance	283 561	218 823	218 817
New/non-cash issues	274 818		551
Costs of raising capital	-3 111		-
Acquisition of own shares	-734		-
Long-term incentive plan	2 213		-
Exchange rate differences	-874		114
Acquisition of minority			10 790
Net profit for the period	39 599	24 442	53 289
Closing shareholder's equity balance	595 472	243 265	283 561
Minority interest	14 170	0	11 910
Closing shareholder's equity balance attributable to parent company's shareholders	581 302	243 265	271 651

Specification of shareholders' equity for the period

	Attributable to parent company's shareholders			Attributable to minority		
	Share capital	Other reserves	Retained earnings	Total	Retained earnings	Total
Opening shareholder's equity balance 1 Jan	69 573	106 314	95 764	271 651	11 910	11 910
Costs of raising of capital			-3 111	-3 111		0
Acquisition of own shares			-734	-734		0
Long-term incentive plan		2 213		2 213		0
Non-cash issues	21 403	227 621		249 024		0
New share issues	4 396	21 398		25 794		0
Exchange rate differences		0	-918	-918	44	44
Net profit for the period			37 383	37 383	2 216	2 216
Closing shareholder's equity balance 30 Sep	95 372	357 546	128 384	581 302	14 170	14 170

During the period the warrants 03/06 have been converted into shares.

Options according to the plan 2003/2006 can be converted into shares until 31 December 2006.

During the period the parent company acquired 420 000 own shares and the personel have acquired totally 405 000 of these, as a step towards the long-term incentive plan that was decided at the Annual general meeting in April.

Key ratios	3 mths	3 mths	9 mths	9 mths	12 mths
(SEK million)	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
	2006	2005	2006	2005	2005
Results					
Net sales	246	121	777	446	646
Operating result, EBIT	3	3	40	24	48
Result before taxes	3	3	40	24	48
Margins					
Operating margin, %, EBIT	1,1	2,6	5,1	5,5	7,4
Profitability					
Return on capital employed, %	-	-	-	-	19,2
Return on equity, %	-	-	-	-	21,6
Financial position					
Equity/assets ratio, %	70,4	67,1	70,4	67,1	64,9
Interest coverage ratio	8	19	50	50	44
Per share					
Equity per share, SEK	7,35	4,04	7,35	4,04	4,67
Cash flow per share, SEK	0,56	-0,32	0,42	0,00	0,26
Earnings per share, SEK	0,03	0,05	0,53	0,41	0,88
Employees					
Number of employees at the end of the period	1 120	523	1 120	523	683
Average number of employees	1 084	528	902	528	608
Net sale per employee, SEK thousand	227	229	862	845	1 063
Net investment, SEK million	2	3	5	5	6