

04

WM-DATA ANNUAL REPORT 2004

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NEW CONDITIONS IN A MATURE MARKET

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**MEETING
MARKET
DEMAND BY
FOCUSING ON
SERVICE,
QUALITY AND
EFFICIENCY.**

A WORD FROM THE PRESIDENT AND CEO

Group sales increased in 2004 from SEK M 6,535 to SEK M 8,160 and the EBITA profit margin rose to 6.2 (5.6) percent. The acquisition of the Finnish company Novo (1 January 2004) and its integration with WM-data was completed according to plan and, after the first operational year, we can confirm the success of this business transaction, both from the industrial and financial points of view. Despite the heavy demands of the integration work, which always takes its focus from the market and customers, the management and organisation have been able to take a great deal of responsibility for deliveries and our commitment to customers. The profitability of the Finnish operation corresponds with WM-data's long-term goals. Gratifying for the Group as a whole, this demonstrates that our goal is achievable provided we can increase the degree of packaged services offered and focus on selected industry areas.

Demand stabilised in 2004 as a consequence of a generally positive upturn in the economy. Among other factors, a strong automotive industry was positive for Caran, our design and product development company.

ACQUISITIONS CONSOLIDATE IMPORTANT INDUSTRY AREAS

In 2004, important acquisitions were also made in the healthcare and medical treatment, utilities and salaries/HR industry areas. The Danish company B-data offers unique expertise and solutions, including among other things the provision of electronic patient administration, which has already resulted in a number of important business deals within the sector. In October, to broaden our customer base and consolidate our competence within utilities, we acquired all the shares in Komartek, a Finnish company which has developed solutions in the electricity and district heating sector. Subsequently, WM-data now has turnover within the industry area of approximately SEK M 500 in the Nordic countries and Poland. The purchase of Parere, the Swedish salaries/HR company, consolidated our already strong presence in the government and municipal sector with its large customer base in private industry and regional government. WM-data is one of the foremost players in salaries/HR in the Nordic region, with turnover of approximately SEK M 750.

ESSENTIAL COST ADJUSTMENTS IN SWEDEN

The Swedish IT consultancy operation has been adversely affected by an imbalance in expenses and income, particularly in Stockholm. For a long period, demand has been greater than supply resulting in pricing based on cost, in other words, chiefly on payroll expenses for consultants. Prices today are determined by demand and competition, which means that price levels have fallen while salaries remain high. This has led to falling profitability, principally in the Stockholm region where price levels have been higher than in the rest of the country. WM-data has been dealing with this problem by downsizing as well as cutting individual salaries. These measures will not produce an effect until the latter part of 2005. In other respects, demand for WM-data's services and solutions is good and, during 2004, prices stabilised with a tendency for improvement.

Demand stabilised in 2004 as a consequence of a generally positive upturn in the economy.

The Swedish IT consultancy operation has been adversely affected by an imbalance in expenses and income, particularly in Stockholm.

A WORD FROM THE PRESIDENT AND CEO

INDUSTRIALISATION AND STANDARDISATION

An increasingly mature market is boosting demand for industrialisation and standardisation. In 2004, WM-data took major steps in the direction of employing more industrialised processes for the development and administration of applications systems. We entered into a collaborative arrangement with an Indian offshore-company but also started actively building up our own delivery capacity in Estonia to meet our customers' need for cost-effective development and administration.

WM-data believes that, in the future, applications development will be based on a growing proportion of standard components. The majority of industry solutions marketed by WM-data are based on established standard components from leading manufacturers. With a strong Nordic presence and a large, loyal customer base, WM-data is an attractive partner for the majority of international manufacturers.

WM-data believes that, in future, applications development will be based on a growing proportion of standard components.

As early as 2003, WM-data took an important step in the industrialisation of IT operations through the establishment of a computer operations company – WDM Nordic Computer Management (NCM) – jointly-owned with the Danish company, DMdata. DMdata was recently acquired by IBM, an event which we see as a natural progression in the ongoing consolidation of the mainframe computer operations in particular.

THE COMPETITIVE SITUATION IN THE NORDIC REGION

Many small and medium-sized Nordic companies in our industry are finding it difficult to meet their profit goals and growth is limited. Customers' demands for increased risk-taking and a higher level of commitment also requires a significant degree of financial stability and healthy balance sheets. We can, therefore, reasonably expect to see continued structural change in the direction of fewer and larger players.

It is natural for global Nordic companies to seek their suppliers among the global players. But for many sections of the Nordic market, including government and local authorities, healthcare and medical treatment, retail, banks, insurance companies and numerous service functions, a major Nordic player is preferable. These days, all suppliers are capable of delivering the same technical solutions, often at similar price levels. Of growing importance, however, is the ability to adapt deliveries and business relations to satisfy the unique requirements of the customer in his or her home market. With its long Nordic tradition and aptitude for presence, reliability and performance, WM-data enjoys a strong position in a market exposed to increasingly tough competition.

WM-data enjoys a strong position in a market exposed to increasingly tough competition.

A WORD FROM THE PRESIDENT AND CEO

OUTLOOK FOR 2005

Demand will continue to grow in step with a pressing need to free up resources, currently employed for the administration of existing, older systems, for essential new investments. A growing proportion of these investments will apply to outsourcing and solutions based on standard components. WM-data will continue to focus on selected industry areas and develop skilled solutions and concepts. An increase in demand for Business Process Outsourcing, an area in which WM-data holds a strong position in salaries/HR, is anticipated in 2005. A growing proportion of assignments will be based on offshore/nearshore solutions, which is why WM-data has started actively building up our own delivery capacity in Estonia. In the long term, this will increase WM-data's competitive edge. Prices stabilised in 2004 and are expected to increase slowly in 2005.

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Measures taken in the Stockholm region will gradually improve profitability in the Swedish IT consultancy operation. The Finnish operation will continue to deliver a healthy profit. Other operations are expected to continue to improve their profitability. However, it is unrealistic to expect the Group as a whole to reach our long-term goal in 2005. Nevertheless, the margins will continue to rise and, with its strong market position and stable finances, WM-data can take an active role in the continued restructuring of the Nordic market.

Stockholm, February



Crister Stjernfelt
President and CEO



SAID

- **Through the implementation of an active acquisition strategy, our aim is to secure continued growth of a minimum of 10 percent per annum over a business cycle.**
- **We aim to actively develop our operations in the direction of more and larger complete solution packages in which we take responsibility for subcontractors' services as well as our own deliveries.**
- **We aim to meet the market's growing demand for cost efficiency with more and more industrialised processes.**
- **We aim to successively improve profitability to ensure the Group's long-term goal of an EBITA margin of at least 10 percent.**
- **We aim to increase the proportion of packaged services and develop competitive solutions in our industry areas.**

DONE

- **In addition to the Finnish company Novo, companies acquired in 2004 included B-data in Denmark, Parere and Validation in Sweden, and Komartek in Finland. Together with a number of smaller acquisitions, these contributed to growth of 25 percent.**
- **The development of Prime Portal, with its processes and support systems, has created opportunities for business deals in which WM-data acts as Prime Contractor.**
- **New processes for development and administration at a distance have been introduced, while a collaborative arrangement has been formed with an Indian offshore supplier and the construction of our own delivery organisation in Estonia has been initiated.**
- **Income for the year before goodwill amortisation (EBITA) was SEK M 502, compared with SEK M 366 for 2003, and the EBITA margin was 6.2 percent compared with 5.6 percent.**
- **During the year, WM-data won several major business deals, for example in the healthcare and medical treatment sector where our solutions and standard components were crucial factors.**

**OUR OWN
EFFICIENCY IS
ESSENTIAL
FOR INCREASING
THE EFFICIENCY
OF OUR
CUSTOMERS.**

BUSINESS CONCEPT

Through a wide range of design and IT-related services, WM-data creates increased efficiency and tangible benefit for the customer segments we have chosen to focus on. Well-functioning, value-creating solutions require the effective co-operation of people and technology. WM-data takes total responsibility and delivers services and solutions that give our customers' a competitive edge.

GOALS

Our overall goal is to create value for our shareholders by providing a premium return on invested capital. Among other things, we will achieve this by ensuring that WM-data shows growth of at least 10 percent per annum and a profit margin (EBITA) of at least 10 percent over a business cycle. Profitability will take priority over growth, and financial stability will form the basis for the development of the company.

STRATEGY

- We aim to create long-term, profitable business relationships without reducing our customers' need for competition and freedom of action.
- Through being proactive, we aim to demonstrate that we are the supplier that best understands what our customers want, and is sufficiently flexible to adapt our solutions to meet their needs.
- We aim to focus on a number of selected industry segments to achieve delivery of the highest quality.
- We aim to use standard components sourced from world-leading suppliers as far as possible.
- We aim to industrialise our processes in order to deliver cost-efficient solutions to our customers.
- We aim to actively exploit opportunities for optimisation through offshore/nearshore.
- We aim to expand our operations through new areas, such as Business Process Outsourcing.



JUST “KNOWING IT” IS NOT ENOUGH.

“Knowing IT” is no longer sufficient, you have to understand IT in its context. Focusing on a number of selected industries means that we have an excellent understanding of our customers’ business environments and are well experienced in the supporting functions.



2

QUALITY IS AN INCREASINGLY IMPORTANT FACTOR FOR SUCCESS IN THE IT INDUSTRY.

In today's integrated solutions, quality is of crucial importance as interruptions in a system can have a devastating effect on the whole operation. Quality is now more important than always having the latest technological solution.

**WE CREATE
VALUE FOR OUR
CUSTOMERS
BY INTEGRATING
IT AND
BUSINESS.**

WM-DATA'S OFFER

BANKING & INSURANCE. WM-data holds a strong position in both “life” and “non-life” insurance products. In the banking area, where there is a demand for new modular applications systems created with internet-adapted tools, a collaborative arrangement has been entered into with an Indian company that has developed the world's most frequently installed banking systems.

RETAIL & LOGISTICS. Long-term business relations with some of the foremost Nordic companies in retail, distribution, logistics, transport and travel have given us a great deal of knowledge and a number of solutions. Our own card solution for handling payment, customer and loyalty cards is one of our strongest offers and, annually, WM-data handles more than 500 million card transactions for some of the largest retail business chains in the Nordic region.

We operate within selected **INDUSTRIES**

INDUSTRY. The Caran brand encapsulates WM-data's design and product development expertise – from concept to finished prototype – and the focus is, for example, on the automotive, packaging, pharmaceuticals, aviation and electronics industries. In the IT area, the most important customer segments include forestry and steel, engineering and the printing industry.

PUBLIC SECTOR. The public sector is faced with enormous development needs, principally the rationalisation of processes and increased self-service as well as accessibility to citizens. Solutions for “24-hour government” are mainly designed for municipalities, healthcare and medical treatment, public authorities and defence. The acquisition of the Finnish company Novo has greatly enhanced WM-data's position in the whole of the public sector.

UTILITIES. The energy area is currently undergoing major change as a consequence of the deregulation, new meter-reading systems requirements and adaptation to European public authority requirements. WM-data has promoted the development of solutions and services in co-operation with one of the leading energy companies in Europe, EON/Sydkraft, and the acquisition of the Finnish company Komartek will boost our potential for cultivating other markets in the Baltic region.

WM-DATA'S OFFER

SERVICE. In a mature market, the customer's interest passes from technology and the technical content of the solutions to service in all its forms. This is not simply a matter of offering support in the form of a service desk and responding rapidly to users' enquiries, but in its widest sense, service is a question of presence and understanding of the customer's business operation and market. For more than 35 years, presence has been one of the three value words adopted by WM-data to guide us in the development of services and solutions. And the meaning it conveys is both geographical presence and actively listening and interpreting customers' needs. Technical solutions can replace a multitude of manual functions but only people can give service.

QUALITY. In the early days, the IT industry was a young, technology-orientated growth industry undergoing constant change in terms of technology and new solutions. The focus then was on factors other than quality. Now the industry has reached

and meet different NEEDS

maturity. And when all sections of the value chain – from the suppliers' suppliers to the customers' customers – are linked together in an integrated process, and everything is based on "just-in-time", defective quality can have devastating consequences. Not just financially but also in terms of customer loyalty and business development. For WM-data, reliability is a value word that emphasises the quality not only of our employees but also the solutions and processes we offer.

EFFICIENCY. Efficiency is not only about reduced costs but also increased competitiveness and improved service. New solutions must be implemented at a lower cost and produce a higher return, a need which WM-data is capable of meeting through increased industrialisation and standardisation. Our third value word, performance, is about creating added value and customer benefit in the solutions and commitment provided by WM-data. As with other mature industries, there is a growing trend for "manufacturing" to be outsourced to countries such as India that have low labour costs. And through co-operation with leading manufacturers of standard components, WM-data can help customers find more effective solutions that produce the results anticipated.

WM-DATA'S OFFER

FLEXIBLE MEANS OF DELIVERY. WM-data offers a complete range of design and IT-related services and products. To a growing extent, the market is seeking players who can develop and take responsibility for solutions that support customers' business goals. They can either take the role of Prime Contractor for the complete process, providing their own delivery and taking responsibility for subcontractors, or as the principal contractor for part of the IT process. Over the past year, WM-data has developed "Prime Portal" to handle increasingly complex commitments. This is an internet-based solution that links various standard components and processes with a unique environment for the supervision, administration and control of Prime Contracting commitments. Among other things, this solution is being used for a large outsourcing project for the Swedish Apoteket. The same need for suppliers who can take responsibility for the whole process – from business concept to completed prototype – is evident in the design and product development area.

with effective **SOLUTIONS**

This is particularly applicable to many industrial and pharmaceuticals companies. The automotive industry is well ahead of the field in terms of this development and WM-data Caran offers solutions in its Total Design concept created specifically to meet the requirements of the market.

STRATEGIC CO-OPERATIONS. Strong partners are essential for meeting the demand for complex, complete solutions as no supplier, alone, can excel in all areas of a composite solution. With geographic coverage of the whole of the Nordic region and a strong and loyal customer base, WM-data is an attractive partner for many leading component manufacturers. Microsoft, IBM, SAP, HP, Oracle, iFlex, Cognos and others, all of them collaborate with WM-data to create strong solutions for the local Nordic market. An important example of strategic co-operation is the agreement that WM-data formed in 2003 with the Danish company DMdata, the purpose of which was to secure in the long-term a competitive and high-quality IT operation for WM-data's Nordic customers. In December 2004, DMdata was acquired by IBM, an event which WM-data sees as a natural progression in the consolidation of the mainframe computer operations. This development is moving rapidly in the direction of capacity services, or "on demand", and WM-data can now look forward to increased competitiveness through co-operation with IBM.

WM-DATA'S OFFER

STRUCTURAL CAPITAL. As the industry has matured, so the demands made on WM-data and our services, products and solutions have increased. The industry is being industrialised to a growing extent and the demand for efficiency and quality is increasing. WM-data rises to these challenges through active process development and by continuing to build the WM-data brand.

FINANCIAL CAPITAL. Customers' growing and changing requirements are also placing a demand on our financial strength. Today, WM-data's services form a critical part of our customers' operating activities which requires major investment and sustainability. Strong financial capital is essential if we are to benefit from opportunities arising in the industry. WM-data's success and prosperity can, therefore, be seen as a great competitive advantage.

which combine our various **RESOURCES**

CUSTOMER CAPITAL. Customer capital is the overall value of WM-data's business relations. These have been, and will remain, one of our most important strengths, and our longstanding customer relations bear witness to our ability to help and contribute to our customers' business transactions. As customer relations become more complex, this strength together with our policy of focusing on selected industries will become increasingly important in the face of hardening competition.

INDIVIDUAL CAPITAL. In order to offer services critical to business, as WM-data does, requires dedicated and knowledgeable employees. However, what sets them apart is their strong desire to provide customers with service and commitment. WM-data is continuously working to develop the expertise of our employees to ensure WM-data has the optimum competence mix to meet the expectations of the market.

...in a powerful and competitive **OFFER**

INDUSTRY SOLUTIONS				
Banking & Insurance	Retail & Logistics	Industry	Public sector	Utilities
<ul style="list-style-type: none"> > Pension and life insurance systems > Non-life insurance systems (individual/group) > Systems for electronic regulation of glass damage > Leasing and hire purchase systems > Retail & Corporate Banking systems > Portfolio management systems for investment companies > Clearing and settlement systems for securities management > Treasury Management systems > Foundation management systems 	<ul style="list-style-type: none"> > Transaction management systems for electronic document handling > Credit, loyalty and charge card systems > Retail systems (front/back office) > Point-of-Sale systems for retail chains > Goods provision and stock-keeping systems > Complete e-commerce solutions > Mobile solutions for stock control and stock-keeping > Security solutions for e-commerce > Third-party logistics solutions 	<ul style="list-style-type: none"> > Resources planning solutions (ERP) based on Microsoft, SAP and Oracle platforms > Resources planning solutions for manufacturing, official, service, forest, steel and printing industries > Process and control systems for wood flow management, sawmill & pharmaceuticals industries > Planning, production and storage systems (MES) for sawmill and pulp & paper industries > Maintenance & service systems for aviation, process- and manufacturing industries > Total Design Center for automotive, electronics and telecoms industries > Acoustics solutions for aviation and automotive industries > Product Lifecycle Management solutions > SAP Competence Center 	<ul style="list-style-type: none"> > Solutions for 24-hour government (e-services, e-ID, SHS) > Case and document handling systems > Operational systems for municipalities (care in the community, social services, technology, GIS) > Operational systems for healthcare and medical treatment (patient administration, operations planning, clinical care solutions, joint care documentation) > Operational support for government authorities (tax management, customs declaration, judiciary) > Decision-making support systems > Study administrative systems 	<ul style="list-style-type: none"> > Business systems for billing, CRM, customer service and supplier exchange > Systems for meter reading and estimation > Internet bank platform for utility companies > Systems for collection of measurement test results > Complete solution package for remote reading
CROSS INDUSTRY SOLUTIONS				
<p>Business systems, decision-making support systems, document and case management systems, salaries and personnel administration systems, competence and career-planning systems, time record-keeping systems, development, integration and administration, etc.</p>				
INFRASTRUCTURE SOLUTIONS				
<p>Mainframe and server-based IT operation, Server & Storage solutions, Service Desk, technical support, communication, etc.</p>				



MORE BENEFIT WITH LESS RESOURCES.

To meet our customers' demands for increased cost-efficiency, we are constantly seeking new ways of delivering high levels of benefit with less resources input.



SERVICE IS A GROWING PART OF OUR COMMITMENT.

As the market matures, service is becoming increasingly important. With our presence in the geographical, knowledge and cultural sense, we are well equipped to meet our customers' requirements.

**INCREASED
QUALITY
AWARENESS
WILL
CHARACTERISE
THE IT INDUSTRY
IN THE FUTURE.**

MARKET AND COMPETITION

Half the new decade has passed and we can confirm that little has remained unchanged. The new millennium had a dramatic impact on the IT industry, although not quite as we had expected. Demand fell to a level far below supply at the time, with falling prices as a consequence, and it has failed to regain its old levels despite a marked economic improvement. And of even greater significance – the character of this demand and underlying need has changed and brought about a change in market conditions for IT companies. The fact is that conditions for the IT industry in the first few years of the new millennium have changed so fundamentally that it can be described as a paradigm shift.

When an industry is young, it is to a large extent technology-driven. Customers demand innovations and new solutions. When the market matures, needs change. It is important to take care of what has already been built, to coordinate, improve performance, optimise and ensure that everything functions well. Customers are transferring a great deal of work to their trusted IT suppliers, freeing them to devote their time to their core business.

This is the situation in which IT industries find themselves today. To a growing extent, the issue is all about taking responsibility for solutions critical to business. In this environment, knowing how to use the technology – wins over technology itself. The IT industry has changed from being a technology-driven growth industry to something which resembles more of a traditional service industry. IT has become a standard service which can be bought almost anywhere. Just “knowing IT” is no longer enough. You have to understand IT in its context.

IT can be found everywhere in society today, it is part of our everyday lives and it is essential for its industrialised processes to function properly. This is why the demand for documented functionality is increasing, as is the demand for systems capable of working together with other systems. This means that, in the future, applications development will be based on a growing proportion of well-tried standard components. Today, the majority of industry solutions marketed by WM-data are based on established standard components from leading manufacturers.

In common with other technology-driven growth industries, quality is not something the IT industry has established much of a reputation for, historically speaking. Customers, too, have been slow to demand quality in the first instance. In young industries, demand is more likely to be for the latest technology rather than one which has been documented and tested.

All this changes as systems become more integrated. When several systems are connected and dependent on each other, operational disturbances are quickly transmitted throughout the complex, in worst cases resulting in operational shut-down. Margins for making errors are diminishing all the time. This is why quality will be a crucial factor for IT in the future as well as the operational management solutions of which IT forms an essential part.

To a growing extent, the issue is all about taking responsibility for solutions critical to business.

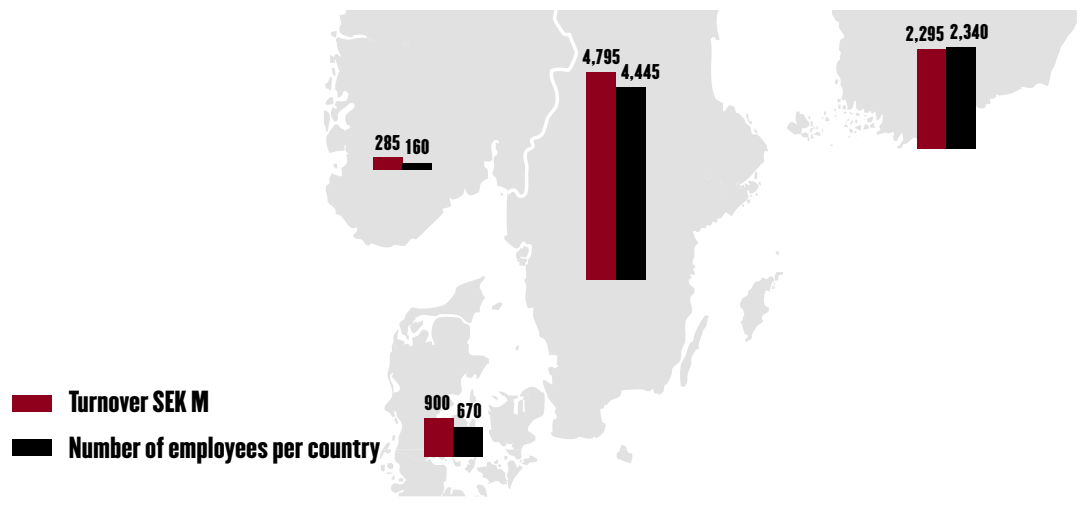
In young industries, demand is more likely to be for the latest technology rather than one which has been documented and tested.

MARKET AND COMPETITION

The ability to adapt one's delivery and business relations to satisfy the unique requirements of the customer is of growing importance.

These days, all suppliers are capable of delivering the same technical solutions, often at similar price levels. It is natural for global Nordic companies to seek their suppliers among the global players. But for many sections of the Nordic market, including government and local authorities, healthcare and medical treatment, retail, banks, insurance companies and numerous service functions, a major Nordic player is preferable. Of growing importance, is the ability to adapt deliveries and business relations to satisfy the unique requirements of the customer in his or her home market.

Market



To provide service, you have to understand the customer's business and the business environment in which they operate.

As an industry matures, the focus moves from knowledge to service. Of course, knowledge is still the basis for everything, but even knowledge is finding new areas of focus. Experience is becoming increasingly important, as is the capacity to handle complex solutions and the context in which they operate.

To a large extent, service is about off-loading duties from customers. This can be achieved at a variety of levels – everything from the occasional assignment to taking full responsibility for a complete function or outsourcing arrangement.

To provide service, you have to understand the customer's business and the business environment in which they operate. Specialising in selected industries is essential for achieving this kind of understanding. No one is capable of knowing everything. A number of years ago, WM-data chose to focus its offerings on a number of selected industries where our understanding of each business is being continuously enhanced.

In a standardised market, the role of the brand is also increasingly important. Good customer relations, an excellent reputation and a documented capacity to deliver help consolidate the brand.

MARKET AND COMPETITION

Customers are demanding efficiency – more effect for less money. This applies to IT solutions as well as the functions they support. We can only meet the customer's efficiency requirements through being efficient ourselves. Standardisation and industrialisation of our own operations are, therefore, as important as the applications we develop and manage on behalf of our customers. The development of offshore services can also be viewed in this context. IT know-how is universal and expertise can be bought where the greatest value for money is on offer.

All the above means that WM-data looks quite different today from the way it did before the millennium shift. To a far greater extent than before, WM-data is now a service company. In the 1990s the more consultants we employed, the more our earnings increased. Today, the greater the benefit we can deliver with as little resources input as possible, the more our earnings will increase.

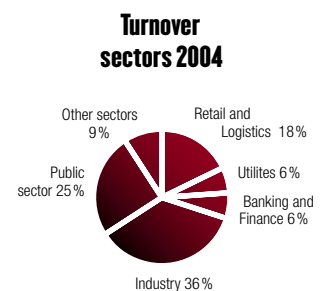
Taking into consideration the new market conditions, 2004 was a “normal year” in many respects. A reasonable balance between supply and demand was achieved. As circumstances improved for the majority of companies, so interest in investing in IT increased. Despite signs of an improvement in price trends, this was balanced by global competition and the impact of offshore services as well as continued standardisation and industrialisation. The market has become accustomed to lower prices for higher quality and service levels. Only organisations that adapt themselves to this situation in the long term will be successful.

The competitive field has not changed markedly over the past few years. Among the international players, IBM is the largest competitor in the Nordic market. IBM's purchase of Mærsk Data reduced the competition in the Danish market in the sense that two of the foremost players merged, thereby opening up for others, such as WM-data, to take a greater share of the market.

Other significant international suppliers include HP, CSC, Accenture and CAP, all of which have operations in all of the Nordic countries, and Atos Origin with operations mainly in Sweden. The leading supplier among our local competitors is TietoEnator, which enjoys an extremely strong position in Finland but also has extensive operations in Sweden. In 2004, Norwegian EDB, largely owned by Telenor, consolidated its position in the IT operations area, the area in which EDB primarily competes with WM-data. Otherwise, there is a large number of small, local companies in the IT sector, all of which compete in the regional markets.

In the design and product development area, Semcon is our most significant competitor.

The greater the benefit we can deliver with as little resources input as possible, the more our earnings will increase.



A reasonable balance between supply and demand was achieved. As circumstances improved for the majority of companies, so interest in investing in IT increased.



5

OUR INDUSTRY IS BECOMING INCREASINGLY INDUSTRIALISED.

Using standard components and integration, we build solutions that perform well. Our efficiency in the form of processes and methods is essential for us to be able to help our customers increase their efficiency.

...and what do the **CUSTOMERS** think



BETTER SERVICE AND GREATER ACCESSIBILITY

When Lunds Energi is able to consolidate everything to do with billing into one customer information system instead of four, the savings that can be made both in terms of time and expenditure are obvious. This integrated solution is based on Lettera, WM-data's business system for energy sales and accounting, and the agreement includes installation, training, customer modifications, migration and administration. A large number of manual processes can now be automated which frees us to focus on other components, such as improving our customer service. Our goal is for a major part of the group's data to be consolidated on a single platform during the early part of 2006.

"The biggest advantage with the integration is that we can offer greater accessibility to our customers. This means that we can also raise the level of service offered, which is beneficial to both parties," says Anders Bröthlin, Sales Director, Lunds Energi.

INSIGHT AND KNOWLEDGE PROVIDE GREATER FLEXIBILITY

Under the jurisdiction of the Danish Department of Education, UNI-C is a training centre offering everything from technical support to educational tools aimed at the world of education and research. UNI-C has more than 500,000 users of its IT systems, and WM-data has played a key role in their development. Administrative personnel at schools and colleges preparing students for professional careers can obtain help with, for example, admissions and planning, tutors with educational tools and training plans, while students can organise individual programmes and choose the courses they want to pursue. Via the system, companies providing students with work experience can follow the progress of their "apprentices". WM-data was chosen principally because of its technical knowledge of administrative and educational tools, as well as its excellent insight into the Danish education sector and its requirements. The large number of competent employees working at WM-data guarantees a high degree of flexibility, says Dorte Olesen at UNI-C.



WM-DATA INTRODUCED A COMPLETELY NEW APPROACH

For six years, Pohjola, the insurance company, and WM-data jointly owned IT operational management company Pohjolan ATK-palvelu Oy, but in 2004 an agreement was signed which means that Pohjola sold its share to WM-data. From 2005, the operation is part of WM-data Finland, and Pohjola buys operational services from WM-data via an outsourcing arrangement. Among other things, this has meant that Pohjola is able to focus on its core operation while WM-data takes responsibility for the IT operation as "prime contractor". The high demands made on a prime contractor include 24-hour service, cost efficiencies, geographic presence and a clear focus on the customer throughout the process. WM-data was chosen principally because it was able to offer a completely new approach, giving Pohjola a higher capacity and service level with good flexibility, excellent quality and an attractive price picture.

**STRUCTURAL
AND CUSTOMER
CAPITAL ARE
OF GROWING
IMPORTANCE FOR
PROFITABILITY.**

WM-DATA'S CAPITALS

As with so many employee and knowledge-intensive operations, intangible assets have always formed a major part of the basis of WM-data's earnings. The expertise of our employees, our procedures, working methods, values, brand and customer relations constitute resources that are critical to WM-data's success. In a maturing IT industry, with the focus increasingly on recycling, industrialised processes and service commitment, the emphasis on structural capital and relations capital is also growing.

WM-data is actively investing in these assets to further consolidate our competitive edge and increase profitability. This is particularly the case with acquisitions which often bring additions to WM-data's expertise and product offer as well as our customer portfolio. The structural, individual and relations capital then often becomes apparent when the purchase price exceeds the net worth of the company and this results in a goodwill entry. Goodwill is an indicator of the knowledge, processes and customer relations that WM-data gains access to through an acquisition.

Mainly through the acquisition of Novo, goodwill increased a lot in 2004 and, at year-end, amounted to SEK M 1,994 (307).

STRUCTURAL CAPITAL. Strong structural capital has become more critical and essential for maintaining a competitive edge. In recent years, the IT industry has undergone something of a revolution.

The fact that the industry has matured is reflected in increased levels of standardisation, recycling and integration as well as in the fact that cost efficiency and quality have become increasingly important parameters in customers' investment decisions.

This makes heavy demands on WM-data's processes and working methods. Demands for cost efficiency mean, among other things, that the scope for project-specific solutions is diminishing and that, to a large extent, previously developed solutions and methods must be applied. An increased degree of standardisation also means that opportunities for making adjustments while a project is in progress are limited. As in all mature industries, quality requirements are extremely high and the profitability of a project is affected by revisions and corrections.

To a greater extent than before, WM-data's services and products are now completely integrated components in our customers' operations and, as they are critical components in the customer's process, the demand for quality is also extremely high.

The trend for transferring production abroad, offshore, is also making new demands on structural capital. Reliable internal processes and structures are essential if we are to be able to place production where the costs are lowest. Greater coherence and control of a project than was traditionally necessary is also required and, consequently, WM-data is more dependent than before on having a strong structural capital.

The expertise of our employees, our procedures, working methods, values, brand and customer relations constitute resources that are critical to WM-data's success.

Demands for cost efficiency mean, among other things, that the scope for project-specific solutions is diminishing and that previously developed solutions must be applied.

WM-DATA'S CAPITALS

CUSTOMER CAPITAL. WM-data's documented capacity to deliver has enabled us to build longstanding and profitable customer relations. As a rule, customer turnover is low and many customers are repeat purchasers of our products. The basis for the build-up of our strong customer capital is the understanding we have of our customers, their operations and the environment in which they operate.

WM-data focuses on the Nordic market with a clear industry orientation. Our principal target group is made up of large Nordic companies and organisations in a number of selected industries, and this target group represents a growing proportion of turnover. By focusing on WM-data's home market and with our strong local presence, we have become even closer to our customers and are in an even better position to develop expertise specific to certain industries.

As the range of products has changed, so customer relations have developed. Our commitments have become more complex, for example through outsourcing, and complete solution packages have becoming more important. This means that many customer relations can best be characterised as partner solutions.

Focusing on cost efficiency and, in particular, quality has meant that a documented capacity to deliver has become extremely important when assignments are being allocated. Few customers today are interested in engaging a supplier of a critical business process, who has not previously demonstrated the ability to execute similar assignments in an acceptable way. The solution needs to be implemented quickly and to function faultlessly in the customer's process environment, and the work must be completed within budget.

These trends have also resulted in the brand's role becoming increasingly important. In many respects, a strong brand is built as a function of previously successful deliveries.

WM-data's focus on a limited number of industries makes it easier for us to cultivate selected customers. The knowledge we are building up of specific industries can often be translated into a comparable proven capacity to deliver which means that, in this way, the brand is also being strengthened in each specific industry. Even though the brand in itself cannot be built in any way other than through the capacity to create lasting customer benefit, so the need to communicate these successes has become greater.

In order to develop customer relations and follow developments, WM-data continually measures customer satisfaction. The Satisfied Customer Index is an important tool used in our improvement work. Customer satisfaction is also an important in-house evaluation criterion and is included in the balanced score cards which we are currently implementing in all WM-data units.

The focus on WM-data's home market and our strong local presence means we are even closer to our customers, and in an even better position to develop expertise specific to certain industries.

The role of the brand has grown in significance. In many respects, a strong brand is built as a function of previously successful deliveries.

FINANCIAL CAPITAL. Strong financial capital is essential for a company that aims to take responsibility for delivering complex solutions and commitment critical to business. It acts as a guarantee for our customers that we can take on large-scale assignments running over long periods of time. It also makes possible the investments and risk-taking required to accept assignments in new areas, and to be able to invest in the tangible as well as intangible assets required. Strong financial capital is created by profitability and healthy cash flow. WM-data's cash flow from operating activities has been positive each year since the turn of the millennium and amounted to SEK M 381 in 2004 compared with SEK M 170 in the previous year.

A healthy balance sheet acts as a buffer if unforeseen problems arise. The equity/assets ratio, which indicates the degree to which the balance sheet is financed by shareholders' equity, increased slightly from 43 percent to 44 percent. The debt/equity ratio, which indicates the size of loans in proportion to shareholders' equity, increased from 0.14 to 0.38. This depends on the acquisitions made during the year. At year-end, net liabilities (interest-bearing liabilities minus liquid assets) amounted to SEK M 331.

Profitability in consultancy operations consists primarily of the following factors:

- The rate per hour.
- The billing rate, in other words, the amount of time expended by consultants that can be charged to the customer.
- The cost of the work performed, salary including payroll overheads for employees and other attendant costs.
- The efficiency of the organisation, in other words, the proportion of the organisation which consists of revenue earners.

To a large extent, these factors still govern internal follow-up but, as the proportion of assignments for which we charge an hourly fee diminishes, financial management must increasingly start by following up production costs for assignments and commitments received at a fixed remuneration.

Another phenomenon which affects follow-up is that we are working much more with subcontractors, for example suppliers in low-cost countries. When WM-data acts as prime contractor we undertake to co-ordinate the different suppliers' deliveries to a customer. This means that we need to develop and refine methods for making correct estimates of the resources consumption and costs of an assignment. We invest in follow-up systems that focus on minimising the consumption of resources in our commitments and which also follow up cost trends among our subcontractors. The whole of the IT industry is maturing rapidly, resulting in a more industrial way of managing operations.

A healthy balance sheet acts as a buffer if unforeseen problems arise.

Equity/assets ratio

Percent

34 41 28 43 44

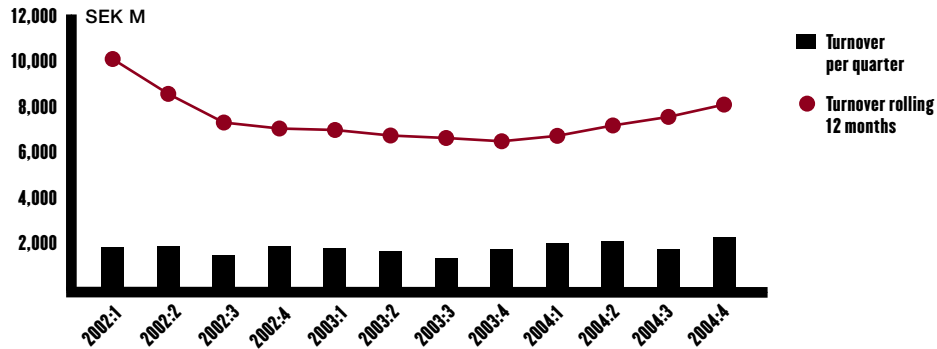


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When WM-data acts as prime contractor, we undertake to co-ordinate the different suppliers' deliveries to a customer.

WM-DATA'S CAPITALS

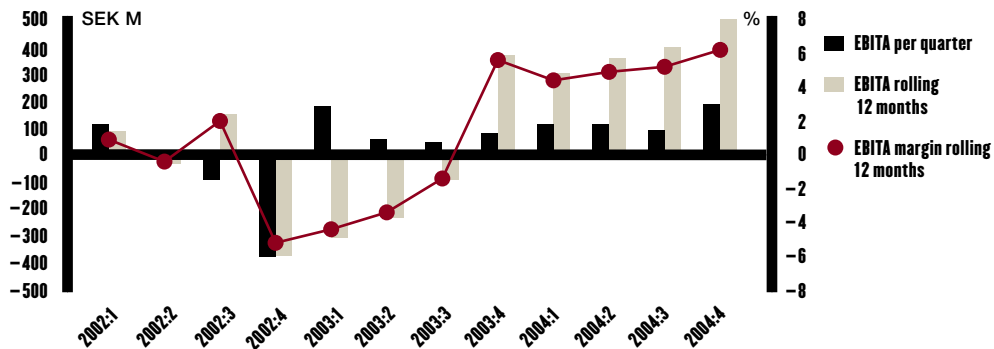
WM-data's focus produces increased growth



To meet changing conditions in the market and the downturn at the beginning of the new millennium, WM-data found it necessary to divest a number of operations, mainly in 2001 and 2002. This was to allow the operation to focus on a more limited number of core areas with the prospect of achieving good profitability. The single, largest divestment was that of Atea, the hardware operation, which had previously been responsible for approximately half of Group sales. A number of smaller operations were also divested while the size of the remaining oper-

ations was adapted to meet prevailing market conditions. The focus on IT services continued in 2003 with the acquisition of Novo in Finland, the positive effect of which was reflected in sales figures from 2004. Other acquisitions, too, complemented WM-data's offer in 2004 and made a positive contribution to sales for the year. The past year has been characterised by good growth in terms of volume but also, to some extent, by falling price levels which have had a negative effect on any growth in turnover. In all, growth in turnover for 2004 amounted to 25 percent.

Profitability has stabilised



When, in 2000, the IT industry was hit by the sector's worst recession so far, profitability fell dramatically. A programme of comprehensive rationalisation and optimisation was, therefore, implemented by WM-data from 2001–2003 within the remaining operations with the purpose of recreating profitability. This resulted in high restructuring costs which had a negative impact on the financial results for the period. In 2004, our concentration on a smaller number of core areas began to bear fruit. The bulk of the restructuring work has now been completed.

Although optimisation work within the Group is still in progress, the financial consequences will not be as severe as earlier programmes.

The past year has also seen a gradual stabilisation of the market. However, price-squeezing and tough competition continue to put pressure on the margins. Despite this, our focusing and optimisation work has stabilised WM-data's margins and for the whole of 2004 they amounted to 6.2 (5.6) percent.

WM-DATA'S CAPITALS

INDIVIDUAL CAPITAL. At the end of 2004, the number of employees at WM-data amounted to 7,615 (5,690). Acquisitions, mainly that of Novo in Finland, provided the Group with approximately 2,300 (15) employees. In all, 205 (300) employees left the Group as a result of lay-offs during the year, and 75 (400) as the result of divestments.

In line with optimisation work currently in progress, WM-data is striving to keep administration to a minimum and to increase the proportion of revenue earning employees. At year-end, the proportion of revenue earners was 91 (90) percent.

Changes in the market in recent years and the resulting need for rationalisation and adaptation to meet new demands has resulted in a difficult balancing act. On the one hand, WM-data needs to ensure that operations are run in an efficient manner thereby creating the right conditions for long-term development. On the other, there remains our responsibility to behave as a good employer, even in circumstances where cut-backs and liquidations are required.

Hopefully the bulk of this difficult programme of reform is behind us and we can now focus on the active development of our employees and our operations.

As customer requirements have changed, so the demands being made on employees and their expertise has changed. A large-scale training programme, including more career-oriented training such as project manager and managerial training, has been in operation since 2004.

To ensure a good supply of people with leadership skills at Group level, WM-data offers the Executive Leadership Development training programme in co-operation with Handelshögskolan, Stockholm School of Economics. In 2004, approximately 20 employees were the first to complete the two-year training programme and a new one was started up at the beginning of 2005.

In line with optimisation work currently in progress, WM-data is striving to keep administration to a minimum and increase the proportion of revenue earning employees.

The responsibility to behave as a good employer remains, even in circumstances where cut-backs and liquidations are required.

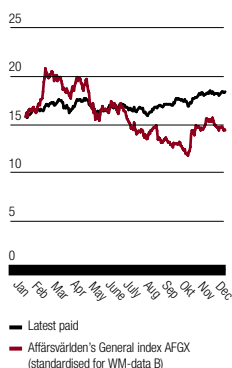
THE SHARE 2004

WM-data's B share is listed on the Stockholm Stock Exchange's A list and has been listed on the exchange since May 1985. At the beginning of 2004, WM-data's share price was SEK 15.80 and at year-end SEK 14.40, which translates into a decrease in value of 9 percent during the year. During the same period, Affärsvärlden's general index AFGX increased by 16 percent. As at 31 December 2004, WM-data's market value amounted to SEK 6.1 billion, including A shares. The number of shareholders amounted to approximately 51,000. Of these, a little over

22,000 have individual holdings of 1,000 shares or more. Institutional investors' holdings amounted to 57 (62) percent of the share capital and 54 (57) percent of the voting rights. Overseas investors' holdings amounted to approximately 14 (10) percent of the share capital. The Board's dividend policy is that 25 to 50 percent of the Group's net profit be distributed to the shareholders. The proposed dividend for 2004 is SEK 0.20. In January 2004, a new share issue of 49,692,073 B shares was effected in connection with the acquisition of the Novo Group.

Share price trends

WM-data B, 2004
Stockholm Stock Exchange, SEK



Data per share

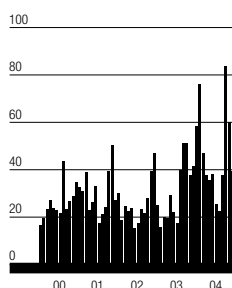
SEK	2004	2003	2002	2001	2000
Earnings ¹⁾	0.47	0.68	-2.71	0.00	0.20
Earnings, adjusted for goodwill ^{1,2)}	0.79 ³⁾	0.81	-1.09	0.30	0.48
Dividend	0.20	0.20	-	0.20	0.20
Dividend as % of profit	43	29	-	neg	100
Shareholders' equity ⁴⁾	5.98	4.41	3.56	6.54	6.73
Share price, 31 December	14.40	15.50	7.60	26	45
Highest price for year	20.90	16.50	29.30	55	141
Lowest price for year	11.65	6.10	5.50	14	33
No. of shares traded/day on av. per year ⁵⁾	2,223	1,490	1,251	1,527	921
Total no. of shares traded during year ⁵⁾	562,425	370,984	312,829	381,661	232,122
Direct yield, % ⁶⁾	1.4	1.3	-	0.8	0.4
P/E ratio ⁷⁾	31	23	neg	neg	225
No. of shareholders at 31 December	51,309	50,903	47,998	45,320	41,100

¹⁾ Earnings per share have been calculated in accordance with RR 18. ²⁾ Income for the year in accordance with the consolidated income statement, adjusted with the reinstatement of the year's goodwill amortisation, in relation to the average outstanding number of shares for the financial year. ³⁾ Board of Directors' proposals. ⁴⁾ Reported shareholders' equity. ⁵⁾ In thousands.

⁶⁾ Dividend per share as a percentage of the price quoted on the stock exchange at the end of the year. ⁷⁾ Price quoted on the stock exchange at the end of the year divided by the profit per share.

Number of shares traded per month

WM-data B, Stockholm
Stock Exchange, Shares Million



Number of shares

Class of share	No. of shares	No. of votes	Percentage of shares	Percentage of votes
A unrestricted	30,000,000	300,000,000	7.1	43.5
B unrestricted	390,235,248	390,235,248	92.9	56.5
Total	420,235,248	690,235,248	100.0	100.0

Convertible loans and share options

	A unrestricted	B unrestricted	Total	Conversion/ subscription rate, SEK	Conversion/ subscription period
No. of shares					
31-12-2004	30,000,000	390,235,248	420,235,248		
Convertible loans		9,846,298	9,846,298	21.00	07-05-02-08-10-31
No. of shares after full dilution	30,000,000	400,081,546	430,081,546		

THE SHARE

Distribution of shares 31 December 2004

Holding, no. of shares	No. of shareholders	Percentage of shareholders	Percentage of votes
1 – 500	26,111	50.9	0.9
501 – 1,000	10,615	20.7	1.4
1,001 – 5,000	11,013	21.5	4.2
5,001 – 10,000	1,958	3.8	2.3
10,001 – 15,000	413	0.8	0.8
15,001 – 20,000	312	0.6	0.9
20,001 –	887	1.7	89.5
<i>Summa</i>	51,309	100.0	100.0

Shareholders 31 December 2004

Shareholders	No. of A shares	No. of B shares	Percentage of shares	Percentage of votes
Investor ¹⁾	15,000,000	55,265,500	16.7	29.7
Thord Wilkne ¹⁾	15,000,000	20,100,000	8.4	24.6
Robur funds		17,303,993	4.1	2.5
SEB funds		12,605,900	3.0	1.8
Hans Mellström		11,000,000	2.6	1.6
Handelsbanken funds		10,309,817	2.4	1.5
Lannebo funds		8,741,600	2.1	1.3
Nordea funds		8,298,157	2.0	1.2
SIF		7,430,000	1.8	1.1
Afa Försäkring		7,356,300	1.8	1.1
Other shareholders		231,823,981	55.1	33.6
<i>Total</i>	30,000,000	390,235,248	100.0	100.0

¹⁾ There is a consortium agreement between Thord Wilkne and Investor to regulate options to acquire A shares.

Share capital development

Year	Share capital	No. of A shares	No. of B shares	Event
1985	11,500,000	300,000	850,000	
1986	23,000,000	600,000	1,700,000	Bonus issue
1989	29,643,080	600,000	2,364,308	New share issue
1993	30,618,080	600,000	2,461,808	Utilisation of share options
1994	61,236,160	2,400,000	9,847,232	Bonus issue, split
1995	73,754,035	2,400,000	12,350,807	New share issue
1997	368,770,175	12,000,000	61,754,035	Bonus issue
2000	368,770,175	40,000,000	328,770,175	Split, conversion
2002	370,543,175	30,000,000	340,543,175	Non-cash issue, conversion
2004	420,235,248	30,000,000	390,235,248	Non-cash issue

**OUR WORK IS
CHARACTERISED
BY PRESENCE,
RELIABILITY AND
PERFORMANCE.**

CORPORATE GOVERNANCE

With shareholder value being our ultimate criterion, WM-data works to ensure value is created for all important stakeholders, in addition to our shareholders, primarily customers and employees. The company is managed in accordance with our financial goals and other overall quantitative and qualitative goals (see page 9). To safeguard shareholder value, WM-data has established procedures for risk management, including handling business risks.

Presence, reliability and performance are the core values which characterise our business activities. A “code of conduct” regulates our actions and relations with all external and internal stakeholders, including responsibility for the environment.

To safeguard shareholder value, WM-data has established procedures for risk management, including handling business risks.

SHARES AND SHAREHOLDERS

WM-data is a Nordic Group with its registered office in Sweden, where the company is also listed on the Stockholm Stock Exchange’s A list.

At the end of 2004, WM-data had approximately 51,000 shareholders with a total of 420,235,248 shares.

The largest shareholder is Investor, with 15,000,000 A shares and 55,265,500 B shares, corresponding to 16.7 percent of the capital and 29.7 percent of the voting rights. The second largest shareholder is Thord Wilkne, one of the two founders of the company, with 15,000,000 A shares and 20,100,000 B shares, corresponding to 8.4 percent of the capital and 24.6 percent of the voting rights. There is a consortium agreement between Investor and Thord Wilkne to regulate options to acquire A shares. Thord Wilkne has been the Chairman of the Board since 1998. Investor has two representatives on the Board of Directors.

Swedish institutions jointly own 57 percent of the shares.

THE SHAREHOLDERS’ NOMINATION COMMITTEE

At the Annual General Meeting in 2004, the four largest shareholders during the fourth quarter of 2004 were commissioned to appoint a representative each for the nomination committee who, under the management of the Chairman of the Board, were to put forward a proposal to the Board to submit for resolution at the Annual General Meeting in 2005.

The nomination committee comprises Marcus Wallenberg (Investor), Thord Wilkne, Kjell Norling (Handelsbanken) and Carl Rosén (Andra AP-fonden).

Presence, reliability and performance are the core values which characterise our business activities.

COMPOSITION OF THE BOARD

WM-data’s Board is comprised of seven members elected by the Annual General Meeting and three members appointed by the employees. The current composition of the Board has been in place since 2002. In its entirety, the Board meets the demand for independence in accordance with the Stockholm Stock Exchange’s listing agreement.

CORPORATE GOVERNANCE

THE BOARD'S WORKING METHODS

The Board of Directors works according to a fixed agenda with seven meetings which are set at the start of the year. In addition to meetings with ordinary items on the agenda, a number of meetings with a special agenda are held. In 2004, points of discussion in addition to standing issues included WM-data's growth and acquisition strategy, infrastructure operation, offshore/nearshore issues, stock options in 2005 and adjustment to IFRS. In 2004, a number of additional meetings were held, mainly in connection with discussions concerning acquisitions. In total, the Board met on 11 occasions last year.

Each Board member assesses his or her own work as well as that of the Board as a whole, together with determining in which areas their contributions can be improved.

The Board assesses its own work systematically once a year. Each Board member assesses his or her own work as well as that of the Board as a whole, together with determining in which areas their contributions can be improved. The assessment process is also used to identify important issues. The assessment also serves as a tool in the nomination process and is at the disposal of the nomination committee.

The CEO is also assessed systematically by the Board, as well as the co-operation between the Board and CEO. The Chairman, Deputy Chairman and CEO meet or consult each other on important issues at least once a month.

During the first half of 2005, WM-data will make the necessary modifications to meet the requirements of the Swedish code of Corporate Governance.

THE BOARD'S AUDIT COMMITTEE

The Board's audit committee comprises Lars Wedenborn (chairman) and Jonas Fredriksson. The audit committee is to oversee and inspect the company's internal controls, management of assets and other financial circumstances. The committee consults and co-operates with the external auditors with the purpose of guaranteeing that the company's control and auditing standards are maintained at the highest possible level.

The Board's remuneration committee comprises Thord Wilkne (chairman) and Börje Ekholm. The remuneration committee prepares issues concerning compensation to the CEO and other senior executives, as well as the remuneration policy and salary structure principles. The committee puts proposals before the Board for resolution. These committees are recruited in their entirety from the Board. No remuneration in addition to directors' fees is paid for committee work. No remuneration for Board work is paid to Board members who are permanently employed by WM-data.

CORPORATE GOVERNANCE

Remuneration of the Board of Directors

Chairman	SEK	400,000
Deputy chairman	SEK	300,000
Member	SEK	200,000
<i>Total 2004</i>	SEK	1,700,000

Remuneration has remained unchanged since 2002.

Remuneration of Group Management

SEK 000s	2004	2003
PRESIDENT AND CEO		
– Fixed salary	2,501	2,501
– Variable component	892	599
– Other benefits	66	62
<i>Total</i>	3,459	3,162
OTHER GROUP MANAGEMENT		
– Fixed salary	10,833	10,290
– Variable component	3,463	2,955
– Other benefits	796	709
<i>Total</i>	15,092	13,954

INCENTIVE PROGRAMMES

With the purpose of creating close identification between corporate goals and those of individual employees, WM-data has put a number of incentive programmes into operation for management as well as other employees.

WM-data endeavours to ensure its employees participate in the company's profits. Everyone participates in a profit-sharing system at company level. At regular intervals, all employees are invited to participate in shares-related incentive programmes. In 2003, 1,364 employees applied for convertibles of SEK M 207 with a conversion rate of SEK 21 and a conversion period of 2 May 2007 to 31 October 2008.

A salary model with a target salary consisting of a fixed and a variable component applies to senior executives and other key personnel, a little over five percent of all employees. From 2004, the variable component is based on a profit margin (EBITA) and fulfilment of the budget, and can amount to a maximum of 100 percent of the fixed salary. From 2005, the variable component is also related to other criteria in the balanced score card.

WM-data endeavours to ensure its employees participate in company profits.

CORPORATE GOVERNANCE

In 2004, some seventy senior executives and other key employees were preliminarily allocated 987,500 stock options. The options are linked to the company's long-term increase in value, have an exercise price of SEK 22.20 and can be used during the period 31 March 2007 to 31 March 2009. The final allocation is based on the Group attaining a specified minimum profit level. For 2004, this resulted in half of the preliminarily allocated options being withdrawn. Accordingly, the total number of outstanding options for 2004 amounted to 478,125. The Board proposes the Annual General Meeting a similar program for 2005 (see page 46).

MANAGEMENT AND ORGANISATION

WM-data strives to achieve as flat and non-bureaucratic an organisation as possible with decisions being made close to our customers and employees. This is why, in the main, WM-data is run as a country-based organisation with an industry-oriented structure in each of the four Nordic countries. Caran, the design and product development operation, functions as a separate unit in the same way as the four countries. The management team in each country – as well as Caran – report to the CEO, since 2001, Crister Stjernfelt.

Group management consists of the President in each of the four countries, the President of WM-data Infra Solutions and the CFO and CEO.

Group functions are limited to finance/treasury, investor relations, information, leadership development and IT. The decision-making routes are short and our aim is to keep administration to a minimum.

OPERATIONAL CONTROLS

A balanced score card, which has been tested with success in parts of the Group, will be introduced throughout the Group in 2005. Apart from financial measurements, the score card includes customer satisfaction and employee satisfaction.

The balanced score card is linked to the salary model for senior executives. The purpose of this is not to focus only on short-term results but also to build long-term value.

RISKS AND RISK MANAGEMENT

Risks associated with acquisitions and projects represent the greatest risks involved in WM-data's operations. The nature of the company's business activities is such that the financial risks are small. An increased element of outsourcing in the business as a whole involves a changed risk scenario. In return for large volumes of business being guaranteed over time, customers are insisting on increased commitments from WM-data.

WM-data strives to achieve as flat and non-bureaucratic an organisation as possible with decisions being made close to our customers and employees.

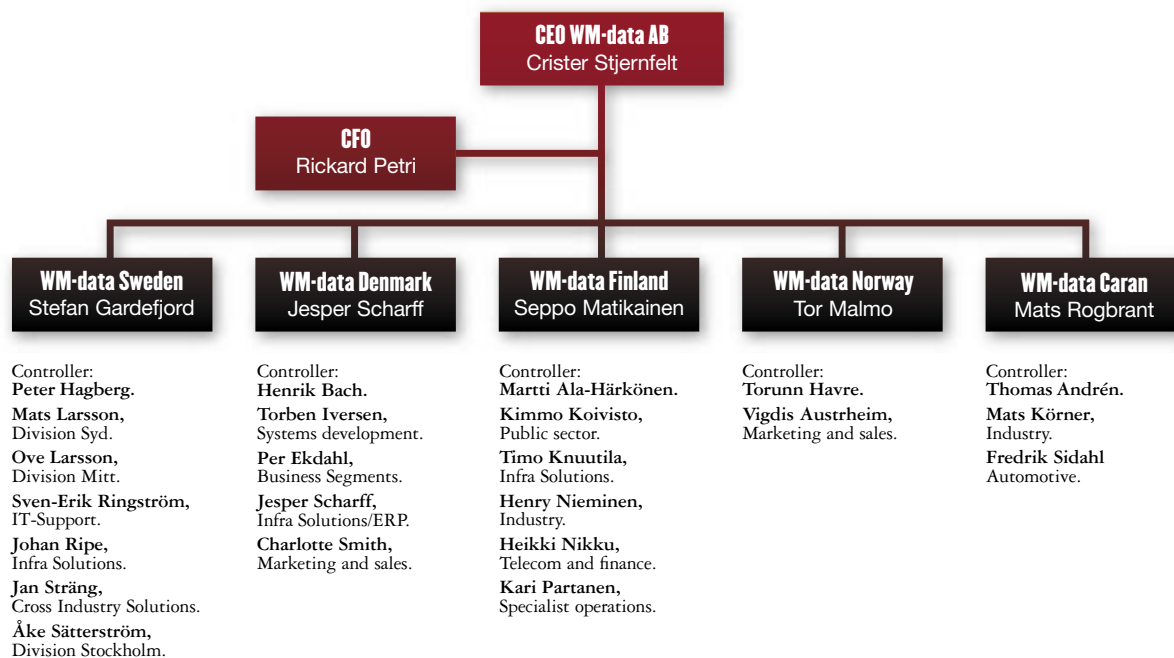
The nature of the company's business activities is such that financial risks are small. An increased element of outsourcing in the business as a whole involves a changed risk scenario.

CORPORATE GOVERNANCE

Since 2002, WM-data has employed a PRM (Project Risk Management) system that analyses the risk element and risk levels of each major offer and project, as well as the aggregate business risk of the Group, and acts as a tool for managing these risks. Demand is growing for systematised processes and tools for guaranteeing the quality of our deliveries and efficiency of our underlying work. This is important, particularly given the growing input of offshore and nearshore, where well-packaged structures and processes are crucial for quality. WM-data's Prime Portal is also a tool of central importance. In general, well structured processes and control tools in projects are becoming increasingly important in new production arrangements on home ground.

In general, well structured processes and control tools in projects are becoming increasingly important in new production arrangements on home ground.

Organisation





GROUP MANAGEMENT

First column: CRISTER STJERNFELT, STEFAN GARDEFJORD, SEPPÖ MATIKAINEN AND RICKARD PETRI.

Second column: JESPER SCHARFF, TOR MALMO AND JOHAN RIPE.

BOARD OF DIRECTORS

Third column: LARS WEDENBORN, LISBETH GUSTAFSSON, BÖRJE EKHOLM, GÜNDÖR RENTSCH AND HANS MILD.

Fourth column: HANS MELLSTRÖM, JONAS FREDRIKSSON, GUNNEL JOHANSSON, OVE STRÖMBERG, AND THORD WILKNE.

Group Management

	EMPLOYED	BORN	SHARES NUMBER	CONVERT- IBLES SEK	STOCK OPTIONS 2004	STOCK OPTIONS PREVIOUSLY
Crister Stjernfelt, President and CEO	1977	1943	179,625	359,856	25,000	99,200
Rickard Petri, CFO	1995	1953	75,000	359,856	12,500	41,700
Stefan Gardefjord, President WM-data Sweden	2002	1958	–	359,856	12,500	25,000
Jesper Scharff, President WM-data Denmark	2002	1959	–	359,856	12,500	25,000
Seppo Matikainen, President WM-data Finland	1995	1947	4,125	–	12,500	92,700
Tor Malmo, President WM-data Norway	2002	1954	–	–	12,500	25,000
Johan Ripe, President WM-data Infra Solutions	1993	1963	4,125	–	12,500	21,300

Board of Directors

	ELECTED	BORN	NO. OF SHARES	CONVERTIBLES SEK M
Bo Bjarnetoft, employee representative, deputy	2003	1945	–	–
Börje Ekholm, Executive Vice President of Investor AB and Head of New Investments. <i>Other board assignments: Chalmersinvest AB, Tessera Inc 2, Biotage AB, Greenway Inc. and Paratek Microwave Inc.</i>	2002	1963	80,000	–
Jonas Fredriksson, Fund manager, Manticore Capital AB. <i>Other board assignments: Manticore Capital AB and Protect Data AB.</i>	2001	1965	10,000	–
Lisbeth Gustafsson, Sales director, Posten Sverige AB. <i>Other board assignments: Scribona AB, Svensk Handel, Centrala Studiestödsnämnden (CSN), Previas AB, Invest in Sweden Agency (ISA), Karolinska University Hospital and Axel Johnson International.</i>	2002	1947	8,000	–
Gunnel Johansson, employee representative.	2000	1955	–	99,960
Hans Mellström <i>Other board assignments: Viamare Invest AB.</i>	1969	1942	11,000,000	–
Hans Mild, employee representative.	1999	1953	–	359,856
Gündor Rentsch. <i>Other board assignments: Among others, chairman of ITB AB, Sectra AB, Streamserve Inc., Readsoft AB and Dansk Datadisplay AS.</i>	1996	1941	404,000	–
Ove Strömberg, employee representative.	1996	1952	1,050	99,960
Lars Wedenborn, Executive Vice President and CFO of Investor AB. <i>Other board assignments: Member of Grand Hotel Holdings and chairman of Novare Holding AB.</i>	2002	1958	125,000	–
Thord Wilkne, chairman of the board. <i>Other board assignments: Among others, NeoNet AB, the Swedish National Institute of Trade and Industry and Temagruppen Sverige AB.</i>	1969	1943	15,000,000 A 20,100,000 B	–

DIRECTORS' REPORT 04

- In 2004, a series of strategic acquisitions were made that actively contributed to good growth and increased focus on selected industries. Improvements in the economy of the Nordic region also contributed to an increase in demand for new products and applications despite the fact that competition remains tough.
- Net income for the year was SEK M 197, compared with SEK M 253 for 2003. Profit before amortisation of goodwill (EBITA) was SEK M 502 compared with SEK M 366 in 2003.
- Turnover for the whole of the year amounted to SEK M 8,160 compared with SEK M 6,535 for 2003, which represents an increase of 25 percent.
- The acquisition of the Finnish Novo strengthened our customer base and expertise in all areas. The acquisition of the Danish company B-data consolidated our position in the healthcare and medical treatment area, the Swedish Parere the salaries/HR area and Validation telecom. The acquisition of Komartek strengthened the Utilities area in Finland.

TURNOVER	EBITA	CASH FLOW	EQUITY/ ASSETS RATIO	SHAREHOLDERS' EQUITY
8,160 SEK M	502 SEK M	381 SEK M	44 PERCENT	2,515 SEK M

WM-data

WM-data was founded in 1969 and is currently one of the leading IT companies in Sweden, Finland, Norway and Denmark. The Nordic region is WM-data's home market and our primary target group comprises major companies and organisations based in the Nordic region. Our operations are focused on a number of customer segments where, over the years, WM-data has developed a deep understanding of the industry and close customer relations. Through a range of design and IT-related services, WM-data is able to create tangible and lasting benefit for our customers. Our Nordic IT operations are run in the form of four individual organisations in each of the countries concerned. Similarly Caran, the design and product development operation, functions as a separate unit in the same way as the four companies in each of the Nordic countries. The Presidents of these units report to the President and CEO of WM-data AB (the parent company).

WM-data's services and solutions

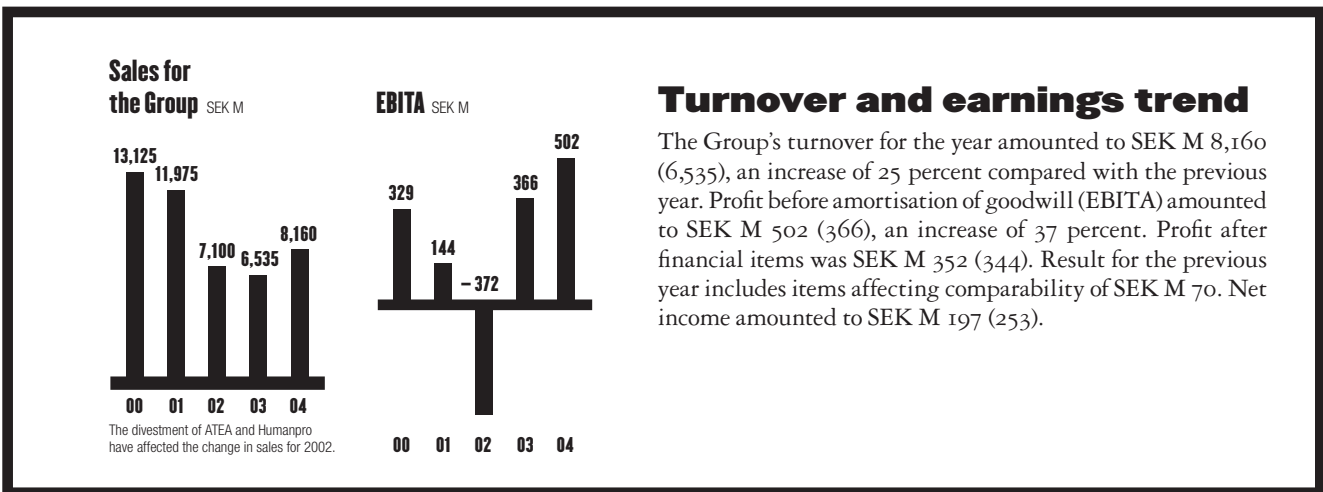
WM-data's collective offer is divided into three units: Industry Solutions, Infra Solutions and Caran. Industry Solutions consists of five industry areas: Banking & Insurance, Retail & Logistics, Industry, Public Sector and Utilities. Each industry area is responsible for the whole process, from marketing and sales to delivery and customer care. Solutions may be based on our own products and concepts or on world-leading standard components.

WM-data endeavours to increase the proportion of packaged services as well as broaden our commitment to the whole business process, including technical operational management and support. The industry units are supported by a wide range of specialist expertise in systems development, systems integration, Application Management, user support, security, etc. WM-data operates a comprehensive horizontal operation (Cross Industry Solutions) which delivers industry-indepen-

dent solutions in business systems, decision-making support systems, document and case management systems, salaries and personnel administration systems, competence and career-planning systems, time record-keeping systems, etc.

Infra Solutions covers all services and solutions in the infrastructure area. Apart from the technical operational management of all platforms, services include service desk, technical support, applications operational management, communications services, etc.

Caran is WM-data's brand and design and product development unit. Its target group is manufacturing industries and the largest customer group is the automotive industry. Caran works with a concept called Total Design which is responsible for the whole development chain from concept through to completed prototype.



Financial position

In January 2004, on acquisition of the Novo Group, a non-cash issue of 49,692,073 B shares valued at SEK M 785 was carried out. During the year, previous external financing was replaced by a facility of EUR M 70 with a remaining term of 2.5 years and a one-year facility of EUR M 45 with the possibility of an extension. At year-end, unused credit facilities amounted to EUR M 28.

In 2004, cash flow from ordinary activities amounted to SEK M 381 (170). Changes in working capital for the year are chiefly attributable to payments for restructuring in connection with acquisitions for the year and the previous years' action programmes.

At year-end, liquid assets amounted to SEK M 635 (1,040). Shareholders' equity totalled SEK M 2,515 (1,635) and the equity/assets ratio was 44 (43) percent.

Employees

At year-end, WM-data had 7,615 (5,690) employees. During the year, employee turnover amounted to 8 (8) percent excluding lay-offs. During that period, slightly more than 500 employees were recruited and approximately 2,300 employees joined the Group through acquisitions.



The market 2004

During the year, demand successively improved and, after several years of falling prices, stabilisation was noted in the second half of the year. The general improvement in the economies of all the Nordic countries increased the impetus for investing in new products and applications, which had a positive effect on demand. At the same time, competition for new assignments is tough and many players are striving to

increase their market share now that the market is showing signs of increased growth. During the year interest in “off-shore”, in other words, the use of offers from low-cost countries, increased. This opens up the possibility of reduced costs and improved profitability for players who can make good use of this phenomenon.

WM-data's development

With an increase in turnover of 25 percent and growth in profitability of 37 percent for the Group as a whole, 2004 was the best year since the extremely strong period experienced at the end of the 1990s.

WM-data Sweden made sales totalling SEK M 4,015 (3,905). Corresponding income (EBITA) was SEK M 183 (187), yielding a profit margin of 4.6 (4.8) percent for the whole year. During the year, the consultancy operation in Stockholm was forced to introduce measures to correct a cost situation that was much too high, particularly regarding salaries. The costs for these measures have been included in the current results and will gradually produce a positive effect in 2005. Software operations, to which the acquired company Parere belongs, has developed well with an EBITA margin on a par with the Group's long-term goal. Infra Solutions, too, has shown stable and positive growth.

WM-data Denmark made sales totalling SEK M 900 (1,010). The reduction in sales is wholly attributable to Server & Storage. EBITA amounted to SEK M 25 (8), yielding a profit margin of 2.8 (0.8) percent. The increase in profit is principally a result of the measures taken in 2003. WM-data enjoyed success in the healthcare and medical treatment area which had a positive effect in the second half of the year but, more than this, it will strengthen Industry Solutions in 2005.

WM-data Finland made sales totalling SEK M 2,295 (570). EBITA amounted to SEK M 266 (84), yielding a profit margin of 11.6 (14.7) percent. Organic growth is around 6 percent. Integration of the acquired Novo operation was completed by maintaining our focus on customers and business. WM-data was also able to consolidate its position in Finland in a market increasingly exposed to tough competition.

WM-data Norway made sales totalling SEK M 285 (415). EBITA amounted to SEK M -6 (20). After a lengthy period of unprofitability, the office in Stavanger was wound down in 2004, which had a negative effect on turnover as well as profitability. Server & Storage saw a reduction in turnover in 2004.

WM-data Caran made sales totalling SEK M 780 (705), corresponding to growth of 11 percent. EBITA profit amounted to SEK M 23 (7), yielding a profit margin of 2.9 (1.0) percent. Automotive developed well while Industry continued to show a weak earnings trend.

SWEDEN	DENMARK	FINLAND	NORWAY	CARAN
<p>TURNOVER 4,015 SEK M</p>	<p>TURNOVER 900 SEK M</p>	<p>TURNOVER 2,295 SEK M</p>	<p>TURNOVER 285 SEK M</p>	<p>TURNOVER 780 SEK M</p>

Development in industry sectors

Banking & Insurance. In this sector, the past year has brought an increase in activity after a couple of years of relatively weak demand. WM-data continued its co-operation with Pohjola, the Finnish insurance group, with the signing of a five-year outsourcing agreement for IT operational management and an agreement concerning the installation of insurance systems for automotive damage. Closer co-operation also developed with Fennia, the insurance company, through a jointly-owned company for operational management and development. Ikanobanken selected WM-data as the supplier of operational management services over the next six years. Major agreements have also been signed with Föreningssparbanken, SEB, Sampo Bank, Tapiola, If, Handelsbanken, Alecta and Nykredit.

Retail & Logistics. The most important business event in Retail & Logistics was the prime contractor agreement with the Swedish Apoteket. A business transaction that is expected to produce a business volume of more than SEK M 500 over the next five years and which will involve the establishment of processes and support systems for the offshore/nearshore administration of applications. Arla Foods, the dairy group, entered into new agreements for the development and operational management of IT systems in Århus and Stockholm. Ahlsell, the trading company, signed a five-year agreement for operational management and administration and a new passenger and control system was delivered to Viking Line.

Industry. The majority of customers in the Industry segment have had a strong inflow of orders and show favourable profitability trends, resulting in an increased willingness to invest in IT solutions and new design and development assignments. With Volvo Car Corporation and Volvo AB, Caran has signed several new agreements for comprehensive development assignments. Co-operation with Saab, the aviation group, has developed well both in the jointly-owned company Caran Saab Engineering and in the IT operation. Among oth-

er things, Saab has extended and enlarged its outsourcing agreement. Stora Enso, the forestry group, has signed a new agreement for shipping planning systems and, in Finland, industrial companies Mercantile, Aspocomp Group and Hollming installed ERP systems supplied by WM-data.

Public sector. The public sector developed well during the year, mainly driven by a sharp focus on e-government and increased accessibility to the general public. In Denmark, WM-data formed agreements with several of the major health-care areas for electronic patient systems, such as the comprehensive agreement with UNI-C (Denmark's IT centre for research and training), the Council of Economic Affairs and the Treasury Department. In Sweden, the Swedish Agency for Administrative Development, selected WM-data as one of two suppliers for the state Infra service. The Swedish tax authorities renewed their outsourcing agreement for another five years and Stockholm County Council chose WM-data for the development of general healthcare documentation. The Swedish National Defence signed a new agreement concerning IT operational management, systems administration and maintenance services, as well as Lift, the development and administration of the logistics and materials handling system. In Norway, WM-data is delivering an operational portal to the Social Security and Health Department and has signed a framework agreement with the Norwegian tax authorities for IT services.

Utilities. Demand in the Utilities area is principally being driven by the ongoing deregulation of the energy market and the introduction of remote reading. Important agreements have been signed with Sydkraft as well as Vattenfall for the installation of equipment and systems for remote reading. Major new customers in the energy area also include Lunds Energi. The acquisition of the Finnish company Komartek provided a larger Finnish customer base as well as new customers in Poland.

Acquisitions and divestments

- At the beginning of the year Novo Group, the quoted Finnish company, was acquired. The Group, which is a supplier of complete IT services, mainly in the Finnish market, contributed approximately SEK M 1,800 in sales with approximately 1,800 employees. The hardware operation, that formed part of Novo Group at the time of the acquisition, was divested in June to Atea and, moreover, was not consolidated during the first six months of the year.
- In February, B-data AS, a Danish company in the health-care and medical treatment industry, was acquired with an annual turnover of approximately SEK M 50. Through the acquisition, 65 employees moved over to WM-data.
- In March, an agreement concerning the acquisition of all shares in Parere AB was signed. Parere is one of the leading companies in Sweden in salaries/HR with approximately 150 employees and turnover in 2003 of SEK M 214. The deal was completed in April after receiving the approval of the Swedish Competition Authority, and Parere is included in the consolidated financial statements from the second quarter of 2004.
- In June, the Finnish hardware operation WM-data X-way Oy was sold to Atea. The company had turnover of approximately SEK M 150 and 37 employees in 2003.
- In April, WM-data Caran acquired Designbolaget i Lund AB, with six employees.
- In June, the acquisition was made of IT operation in Validation AB, a company owned by Telefos AB. Turnover is

approximately SEK 150 per annum and, with the take-over, 150 employees moved over to WM-data.

- In August, an agreement was formed with IBM concerning the sale of the holding (10 percent) in DMdata. This was a consequence of IBM's publicised purchase of Maersk Data, which owns 45 percent of the shares in DMdata, as well as Danske Bank's 45 percent of the shares in DMdata.
- In September, the consultancy firm Invid Enterprise AB in Gothenburg was acquired with seven employees.
- In October, acquisition was made of the remaining 65.7 percent of the Finnish company Komartek Oy in which WM-data already owned 34.3 percent. The company, which operates in the Utilities area, has a turnover of EUR 8 million and 90 employees.
- In November, Geometric Maskin & Marin AB, with 14 employees, was acquired. The operation specialises in geometry tolerance management for the automotive industry.
- Invid Affärssystem AB in Gothenburg was acquired in November. The operation has turnover of approximately SEK M 20 and 14 employees. Invid Affärssystem are specialists in Microsoft Business Solutions with respect to the Navision business system.
- In the same area, in December, the consultancy company Bizguide was acquired. The company has turnover of approximately SEK M 7 and has 7 employees.
- In the Caran operation, circuit board assembly manufacturer Propoint AB was divested in December. The company's turnover is approximately SEK M 45 per annum.

Effect of restructuring the Finnish group

As part of the integration of the acquired operation in the Novo Group, WM-data's operations in Finland will be restructured by amassing them into a single legal entity, WM-data Oy. This has been achieved through the liquidation of WM-data Novo Oy (formerly Novo Group Oy) and transferring operations to WM-data Oy. Tax relief is applicable to this arrangement. A value of SEK M 156 has been included in the acquisition analysis for Novo Group.

Risks and risk management

Risks associated with acquisitions and projects represent the greatest risks involved in WM-data's operations. The nature of the company's business activities is such that financial risks are small (see note 25). An increased element of outsourcing in the whole business involves a changed risk scenario. As large volumes of business are being guaranteed over time, customers are insisting on increased commitment as a consideration from WM-data.

Since 2002, WM-data has employed a PRM (Project Risk Management) system that charts the risk element and risk levels of each major offer and project, as well as the aggregate business risk of the Group, and acts as a tool for managing these risks. Demand is growing for systematised processes and tools for guaranteeing the quality of our deliveries and efficiency of our underlying work. This is important, particularly given the growing input of offshore and nearshore, where well-packaged structures and processes are crucial for quality. WM-data's Prime Portal is also a tool of central importance. In general, well structured processes and control tools in projects are becoming increasingly important in new production arrangements on home ground.

Demand is growing for systematised processes and tools for guaranteeing the quality of our deliveries and efficiency of our underlying work.

Stock options

The financial results for 2004 led to the preliminary distribution of stock options completed in February 2004 being withdrawn by half. Accordingly, the number of outstanding options for 2004 amounted to 478,125. Changes for the year in the value of the options are reported as employee-related expenses and have a positive effect of SEK M 1 on income for the year regarding all outstanding stock options. Change in value and early redemption of share swaps used as security for the commitments for outstanding stock options affected shareholders' capital by SEK M -6.

Subject to the approval of the Annual General Meeting, the Board has decided to distribute stock options in 2005 to approximately 85 senior executives and key personnel. The purpose of the distribution is to increase the attractiveness of the Group, reward the long-term increase in value of the company and give affected employees the same goals as shareholders. Preliminary distribution will take place in February 2005 with a maximum of 60,000 options to the President and CEO and between 7,500 and 30,000 options each to other officers of the company. The final distribution will take place in 2006 and depends on whether or not set financial goals for 2005 are met. The options programme will include a maximum total of 1,250,000 options. The distribution of options forms part of the remuneration package for employees concerned.

The redemption price will amount to 110 percent of the average price paid for WM-data's B-share during the period 2-6 May 2005. Holders will be able to utilise the options during the period 30 April 2008 to 30 April 2010, and the options will either be settled in cash or through the provision of shares. The programme will not result in the issue of new shares since the commitments will be secured through share swap. Further information about the options programme will be included in the notice of the Annual General Meeting in 2005.

Reporting in accordance with IFRS

From 2005, in compliance with the IAS ordinance, WM-data will apply international financial reporting standards, IFRS, to the consolidated financial statements. For further information, see note 26.

Research and development

WM-data does not conduct any research. The development of services and products takes place largely within the framework of customer assignments and, subsequently, forms part of other operating expenses.

Outlook for 2005

Demand will continue to grow in step with a pressing need to free up resources, currently employed for the administration of existing, older systems, for essential new investments. A growing proportion of these investments will apply to outsourcing and solutions based on standard components. WM-data will continue to focus on selected industry areas and develop skilled solutions and concepts. An increase in demand for Business Process Outsourcing, an area in which WM-data holds a strong position in salaries/HR, is anticipated in 2005. A growing proportion of assignments will be based on offshore/nearshore solutions, which is why WM-data has started actively building up of our own deliv-

ery capacity in Estonia. In the long term, this will increase WM-data's competitive edge. Prices stabilised in 2004 and are expected to increase slowly in 2005. Measures taken in the Stockholm region will gradually improve profitability in the Swedish IT consultancy operation. The Finnish operation will continue to deliver a healthy profit.

Other operations will continue to improve their profitability. However, it is unrealistic to expect the Group as a whole to reach our long-term goal in 2005. Nevertheless, the margins will continue to rise and, with its strong market position and stable finances, WM-data can take an active role in the continued restructuring of the Nordic market.

The parent company

The parent company consists of joint Group functions for economy/finance, investor relations, information, leadership development and IT co-ordination. Earnings totalled SEK M 51 (76) and profit before appropriations and tax was SEK M 39 (287). Of the parent company's total expenses for purchases and sales, 48 (50) percent of purchases came from and 100 (99) percent of sales were to other companies within the Group.

Annual General Meeting

12 April 2005, 5.00 pm

The Annual General Meeting will be held at 5.00 pm on April 12, at Berns, China Teatern in Stockholm. For further information, see www.wmdata.com.

Board of Directors

Bo Bjarnetoft. Employee representative, deputy. Elected: 2003. Born: 1945. No. of shares: – Convertibles SEK: –

Börje Ekholm. Executive Vice President of Investor AB and Head of New Investments. Elected: 2002. Born: 1963. No. of shares: 80,000. *Other Board assignments: Chalmersinvest AB, Tessera Inc 2, Biotage AB, Greenway Inc and Paratek Microwave Inc.*

Jonas Fredriksson. Fund manager Manticore Capital AB. Elected: 2001. Born: 1965. No. of shares: 10,000. *Other Board assignments: Manticore Capital AB, Protect Data AB.*

Lisbeth Gustafsson. Sales director, Posten Sverige AB. Elected: 2002. Born: 1947. No. of shares: 8,000. *Other Board assignments: Scribona AB, Svensk Handel, Centrala Studiestödsnämnden (CSN), Prevas AB, Invest in Sweden Agency (ISA), Karolinska University Hospital and Axel Johnson International.*

Gunnel Johansson. Employee representative. Elected: 2000. Born: 1955. No. of shares: – Convertibles SEK: 99,960.

Hans Mellström. Elected: 1969. Born: 1942. No. of shares: 11,000,000. *Other Board assignments: Viamare Invest AB.*

Hans Mild. Employee representative. Elected: 1999. Born: 1953. No. of shares: – Convertibles SEK: 359,856.

Gündor Rentsch. Elected: 1996. Born: 1941. No. of shares: 404,000. *Other Board assignments: Among others, chairman of ITB AB, Sectra AB, Streamserve Inc., Readsoft AB and Dansk Datadisplay AS.*

Ove Strömberg. Employee representative. Elected: 1996. Born: 1952. No. of shares: 1,050. Convertibles SEK: 99,960.

Lars Wedenborn. Executive Vice President and CEO of Investor AB. Elected: 2002. Born: 1958. No. of shares: 125,000. *Other Board assignments: member of Grand Hotel Holdings and chairman of Novare Holding AB.*

Thord Wilkne. Chairman of the Board. Elected: 1969. Born: 1943. No. of shares: 15,000,000 A. 20,100,000 B. *Other Board assignments: Among others, NeoNet AB, the Swedish National Institute of Trade and Industry and Temagruppen Sverige AB.*

DIRECTORS' REPORT

The Board's working methods

The Board of Directors works according to a fixed agenda with seven meetings which are fixed at the start of the year. In addition to meetings with ordinary items on the agenda, a number of meetings with a special agenda are held. In 2004, points of discussion in addition to standing issues included WM-data's development and acquisition strategy, infrastructure operation, offshore/nearshore issues, stock options in 2005 and adaptation to IFRS. In 2004, a number of additional meetings were held, mainly in connection with discussions concerning acquisitions. In total, the Board met on 11 occasions during the year.

The Board assesses its own work systematically once a year. Each Board member assesses his or her own input as well as that of the Board as a whole, together with determining in which areas their contributions can be improved. The assessment process is also used to identify important issues. The assessment also serves as a tool in the nomination process and

is at the disposal of the nomination committee. The CEO is also assessed systematically by the Board, as well as the co-operation between the Board and CEO. The Chairman, Deputy Chairman and CEO meet or consult each other on important issues at least once a month.

During the first half of 2005, WM-data will make the necessary modifications to meet the requirements of the Swedish Code of Corporate Governance.

The Board's audit committee comprises Lars Wedenborn (chairman) and Jonas Fredriksson. Responsibilities of the committee include to oversee and inspect the company's internal controls, management of assets and other financial circumstances. The committee also co-operates with the external auditors. The Board also has a remuneration committee; for further details, see note 20.

Proposed appropriation of funds

According to the consolidated balance sheet, unrestricted shareholders' equity amounted to SEK M 587 (557), of which SEK M 197 (253) comprised net income for the year. No transfer to restricted funds is proposed.

The Annual General Meeting has the following funds at its disposal:	SEK 000s
Net income brought forward	589,611
Net income for the year	107,685
	<hr/>
	697,296

The Board and CEO propose that these funds be distributed as follows:

	SEK 000s
Shareholders' dividend (SEK 0.20 per share)	84,047
Brought forward	613,249
	<hr/>
<i>Total</i>	697,296

Stockholm February 4, 2005

*Börje Ekholm,
Deputy Chairman
Jonas Fredriksson
Lisbeth Gustafsson
Gunnel Jobansson
Hans Mellström
Hans Mild*

*Günder Rentsch
Crister Stjernfelt, CEO
Ove Strömberg
Lars Wedenborn
Thord Wilkne,
Chairman*

*Our auditors' report was submitted
on February 14, 2005*

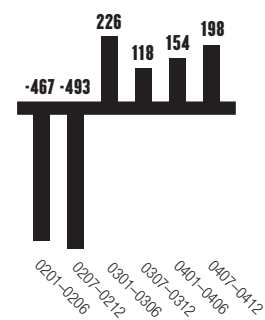
Thomas Forslund

Anders Wiger

CONSOLIDATED INCOME STATEMENT

	2004	2003
	SEK M	SEK M
<i>Net sales</i>	8,160.0	6,535.0
<i>Operating expenses</i>		
Assignment-specific external expenses	-2,192.2	-1,930.8
Other external expenses	-762.9	-581.8
Cancellation/provision project reserves (the Norwegian tax authorities)	-	116.9
Employee-related expenses (Note 20)	-4,618.5	-3,693.2
Depreciation of goodwill (Note 8)	-134.7	-47.8
Depreciation of other fixed assets (Note 8,9)	-131.2	-68.9
Earnings from associated companies (Note 4)	46.3	35.7
Capital loss, associated companies (Note 4)	-	-47.0
<i>Operating income (EBIT)</i>	<u>366.8</u>	<u>318.1</u>
<i>Income from financial investments</i>		
Financial income (Note 5)	30.5	65.9
Financial expenses (Note 5)	-45.6	-39.6
<i>Income after financial income and expenses (EBT)</i>	<u>351.7</u>	<u>344.4</u>
<i>Tax on income for the year (Note 6)</i>	-149.8	-85.0
<i>Minority's share of income</i>	-5.2	-6.4
<i>Net income for the year</i>	<u>196.7</u>	<u>253.0</u>
<i>Earnings per share, SEK</i>	0.47	0.68
<i>Earnings per share after dilution, SEK (Note 7)</i>	0.47	0.68
<i>Weighted average no. of shares in thousands</i>	420,235	370,543
<i>Proposed dividend per share, SEK</i>	0.20	0.20

Result trends half yearly SEK M



Profit before tax

CONSOLIDATED BALANCE SHEET

Assets	2004	2003
	SEK M	SEK M
FIXED ASSETS		
<i>Intangible fixed assets (Note 8)</i>		
Goodwill	1,993.6	307.5
Capitalised development work	13.7	–
Other intangible fixed assets	44.5	8.8
<i>Tangible fixed assets (Note 9)</i>		
Buildings and land	28.4	1.6
Machinery and equipment	198.2	92.9
<i>Financial fixed assets</i>		
Investments in associated companies (Note 4)	332.8	290.8
Other shares and participations	24.2	60.1
Deferred tax receivables (Note 6)	293.8	107.3
Other long-term receivables (Note 10)	124.0	118.9
<i>Total fixed assets</i>	<u>3,053.2</u>	<u>987.9</u>
CURRENT ASSETS		
<i>Inventories</i>	24.1	64.6
<i>Current receivables</i>		
Accounts receivable, trade	1,485.6	1,226.4
Receivables from associated companies	21.1	3.7
Other receivables	25.7	42.3
Current tax claim	36.4	44.8
Prepaid expenses and accrued income	475.2	415.2
<i>Short-term investments (Note 11)</i>	–	311.0
<i>Cash and bank</i>	635.1	729.5
<i>Total current assets</i>	<u>2,703.2</u>	<u>2,837.5</u>
<i>Total assets</i>	<u>5,756.4</u>	<u>3,825.4</u>

Shareholders' equity and liabilities**2004****2003**

	SEK M	SEK M
SHAREHOLDERS' EQUITY (NOTE 12)		
Share capital	420.2	370.5
Equity share fund	76.9	62.9
Other restricted reserves	1,430.8	644.1
<i>Total restricted shareholders' equity</i>	1,927.9	1,077.5
Unrestricted reserves	390.7	304.4
Net income for the year	196.7	253.0
<i>Total unrestricted shareholders' equity</i>	587.4	557.4
<i>Total shareholders' equity</i>	2,515.3	1,634.9
MINORITY SHARE	22.3	19.6
PROVISIONS		
Deferred tax (Note 6)	155.9	133.8
Provisions for pensions (Note 13)	39.9	18.0
Other provisions (Note 14)	155.3	77.0
<i>Total provisions</i>	351.1	228.8
LONG-TERM LIABILITIES		
Debts to credit institutions (Note 15)	633.8	0.6
Convertible debentures (Note 15)	178.9	171.8
<i>Total long-term liabilities</i>	812.7	172.4
CURRENT LIABILITIES		
Debts to credit institutions (Note 15)	153.6	58.4
Accounts payable, trade	482.0	496.8
Liabilities to associated companies	1.1	3.2
Current tax liability	33.5	23.7
Other non interest-bearing liabilities	495.1	402.8
Accrued expenses and prepaid income (Note 16)	889.7	784.8
<i>Total current liabilities</i>	2,055.0	1,769.7
<i>Total shareholders' equity and liabilities</i>	5,756.4	3,825.4
<i>Pledged assets (Note 17)</i>	9.5	58.6
<i>Contingent liabilities (Note 17)</i>	113.8	94.4

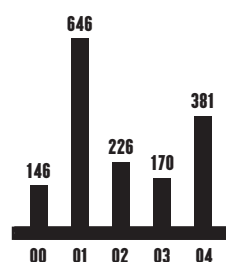
CONSOLIDATED CASH FLOW STATEMENT

2004

2003

Cash flow from operating activities

SEK M



	SEK M	SEK M
OPERATING ACTIVITIES		
Income after financial income and expenses	351.7	344.4
Adjustment for items not included in cash flow (Note 23)	265.2	39.5
Tax paid	-28.9	-106.2
<i>Cash flow from operating activities before changes in working capital</i>	588.0	277.7
Changes in working capital (Note 23)	-207.4	-107.6
<i>Cash flow from operating activities</i>	380.6	170.1
INVESTING ACTIVITIES		
Investments in tangible fixed assets	-84.8	-24.5
Investments in intangible fixed assets	-25.2	-3.1
Divestment of subsidiaries (Note 23)	164.7	87.0
Acquisition of subsidiaries (Note 23)	-1,306.0	-7.5
Divestment of other shares and participations	47.8	53.4
Acquisition of other shares and participations	0.0	-38.6
<i>Cash flow from investing activities</i>	-1,203.5	66.7
FINANCING ACTIVITIES		
Newly raised loans	783.3	206.8
Amortisation	-278.5	-906.7
Paid dividends	-84.0	-
<i>Cash flow from financing activities</i>	420.8	-699.9
<i>Cash flow for the year</i>	-402.1	-463.1
<i>Liquid assets at beginning of year</i>	1,040.5	1,507.3
<i>Exchange difference in liquid assets</i>	-3.3	-3.7
<i>Liquid assets at year-end</i>	635.1	1,040.5

CONSOLIDATED CHANGE IN SHAREHOLDERS' EQUITY

SEK M	SHARE CAPITAL	RESTRICTED RESERVES	UNRESTRICTED RESERVES	TOTAL SHAREHOLDERS' EQUITY
1 January 2003	370.5	702.9	246.0	1,319.4
Effect of hedging stock options (Note 20)			24.1	24.1
Value of granted conversion rights		35.2		35.2
Translation differences			3.2	3.2
Transfer between restricted and unrestricted equity		-31.1	31.1	-
Net income for the year			253.0	253.0
31 December 2003/1 January 2004	370.5	707.0	557.4	1,634.9
Dividend rendered			-84.0	-84.0
Effect of hedging stock options (Note 20)			-5.8	-5.8
Translation differences			-11.6	-11.6
Non-cash issue	49.7	735.4		785.1
Transfer between restricted and unrestricted equity		65.3	-65.3	-
Net income for the year			196.7	196.7
31 December 2004	420.2	1,507.7	587.4	2,515.3

PARENT COMPANY INCOME STATEMENT

	2004	2003
	SEK M	SEK M
<i>Net sales</i>	50.8	75.6
<i>Operating expenses</i>		
Other external expenses	- 32.6	- 56.3
Cancellation/ provision project reserves (the Norwegian tax authorities)	-	26.9
Employee-related expenses (Note 20)	- 30.0	- 29.5
Scheduled depreciation	- 0.2	- 0.1
<i>Operating income</i>	- 12.0	16.6
<i>Income from financial investments</i>		
Financial income (Note 5)	272.1	400.9
Financial expenses (Note 5)	- 220.7	- 130.3
<i>Income after financial income and expenses</i>	39.4	287.2
<i>Appropriations</i>		
Difference between recorded depreciation and scheduled depreciation	-	- 0.3
Transfer to tax allocation reserve	- 31.2	- 32.6
Withdrawals from tax allocation reserve	126.9	90.9
<i>Income before tax</i>	135.1	345.2
<i>Tax on income for the year (Note 6)</i>	- 27.4	- 61.0
<i>Net income for the year</i>	107.7	284.2
<i>Proposed dividend per share, SEK</i>	0.20	0.20

PARENT COMPANY BALANCE SHEET

Assets	2004	2003
	SEK M	SEK M
FIXED ASSETS		
<i>Tangible fixed assets</i>		
Machinery and equipment	0.9	1.1
<i>Financial fixed assets</i>		
Shares in subsidiaries (Note 18)	2,732.7	815.9
Shares in associated companies (Note 19)	228.0	228.0
Other shares and participations	8.3	54.7
Other long-term receivables (Note 10)	101.3	100.0
<i>Total fixed assets</i>	<u>3,071.2</u>	<u>1,199.7</u>
CURRENT ASSETS		
<i>Current receivables</i>		
Accounts receivable, trade	0.2	0.7
Receivables from subsidiaries	534.9	327.9
Other receivables	7.2	11.8
Prepaid expenses and accrued income	7.9	12.8
<i>Short-term investments (Note 11)</i>	–	310.8
<i>Cash and bank</i>	431.1	652.3
<i>Total current assets</i>	<u>981.3</u>	<u>1,316.3</u>
<i>Total assets</i>	<u>4,052.5</u>	<u>2,516.0</u>

Shareholders' equity and liabilities

2004

2003

	SEK M	SEK M
SHAREHOLDERS' EQUITY (NOTE 12)		
<i>Restricted shareholders' equity</i>		
Share capital	420.2	370.5
Legal reserve	110.6	110.6
Share premium fund	877.8	142.4
<i>Total restricted shareholders' equity</i>	<u>1,408.6</u>	<u>623.5</u>
Retained earnings	589.6	395.2
Net income for the year	107.7	284.2
<i>Total unrestricted shareholders' equity</i>	<u>697.3</u>	<u>679.4</u>
<i>Total shareholders' equity</i>	<u>2,105.9</u>	<u>1,302.9</u>
UNTAXED RESERVES		
Additional depreciation	0.3	0.3
Tax allocation reserve 1999 tax assess.	—	126.9
Tax allocation reserve 2000 tax assess.	102.2	102.2
Tax allocation reserve 2001 tax assess.	27.7	27.7
Tax allocation reserve 2004 tax assess.	32.6	32.6
Tax allocation reserve 2005 tax assess.	31.2	—
<i>Total untaxed reserves</i>	<u>194.0</u>	<u>289.7</u>
PROVISIONS		
Provisions for pensions and similar commitments	1.3	—
<i>Total provisions</i>	<u>1.3</u>	<u>—</u>
LONG-TERM LIABILITIES		
Debts to credit institutions (Note 15)	629.7	—
Convertible debentures (Note 15)	178.9	171.8
<i>Total long-term liabilities</i>	<u>808.6</u>	<u>171.8</u>
CURRENT LIABILITIES		
Debts to credit institutions (Note 15)	152.9	—
Accounts payable, trade	2.1	0.9
Liabilities to subsidiaries	675.4	645.8
Current tax liability	23.0	23.3
Other non interest-bearing liabilities	68.5	71.0
Accrued expenses and prepaid income	20.8	10.6
<i>Total current liabilities</i>	<u>942.7</u>	<u>751.6</u>
<i>Total shareholders' equity and liabilities</i>	<u>4,052.5</u>	<u>2,516.0</u>
<i>Pledged assets (Note 17)</i>	3.0	3.0
<i>Contingent liabilities (Note 17)</i>	236.9	220.9

PARENT COMPANY CASH FLOW STATEMENT

	2004	2003
	SEK M	SEK M
OPERATING ACTIVITIES		
Income after financial income and expenses	39.4	287.2
Adjustment for items not included in cash flow (Note 23)	183.0	-293.9
Tax paid	-28.2	3.4
<i>Cash flow from operating activities before changes in working capital</i>	194.2	-3.3
Changes in working capital (Note 23)	-258.6	256.3
<i>Cash flow from operating activities</i>	-64.4	253.0
INVESTING ACTIVITIES		
Investments in tangible fixed assets	-	-1.2
Investments in shares and participations	-1,290.0	-227.2
Divestment of shares and participations	123.8	210.4
<i>Cash flow from investing activities</i>	-1,166.2	-18.0
FINANCING ACTIVITIES		
Newly raised loans	782.6	206.8
Amortisation	-	-865.0
Paid dividends	-84.0	-
<i>Cash flow from financing activities</i>	698.6	-658.2
<i>Cash flow for the year</i>	-532.0	-423.2
<i>Liquid assets at beginning of year</i>	963.1	1,386.3
<i>Liquid assets at year-end</i>	431.1	963.1

PARENT COMPANY CHANGES IN SHAREHOLDERS' EQUITY

SEK M	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM FUND	UNRES-TRICTED RESERVES	TOT. SHAREHOLDERS' EQUITY
<i>1 January 2003</i>	370.5	110.6	107.2	371.1	959.4
Effect of hedging stock opt. (Note 20)				24.1	24.1
Value of granted conversion rights			35.2		35.2
Net income for the year				284.2	284.2
<i>31 December 2003/1 January 2004</i>	370.5	110.6	142.4	679.4	1,302.9
Dividend rendered				-84.0	-84.0
Effect of hedging stock opt. (Note 20)				-5.8	-5.8
Non-cash issue	49.7		735.4		785.1
Net income for the year				107.7	107.7
<i>31 December 2004</i>	420.2	110.6	877.8	697.3	2,105.9

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

The 2004 consolidated financial statements for WM-data AB (publ) have been approved for publication in accordance with a decision passed by the Board on 4 February 2005. The income statements and balance sheets will be submitted for resolution at the Annual General Meeting on 12 April 2005. WM-data AB (publ), corp. identity no. 556124-5233, is a limited company with its head office in Stockholm, Sweden. The Group's principal business activities are detailed in the directors' report.

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

BASIS FOR PREPARATION OF ACCOUNTS

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (årsredovisningslagen) and the recommendations of the Swedish Financial Accounting Standards Council (redovisningsrådet). The same accounting principles applied to the Group have been used in the preparation of the parent company accounts, provided nothing to the contrary is indicated below. The accounts are based on historic acquisition values. The same accounting principles have been used as in previous years, with the exception of the Swedish Financial Accounting Standards Council's recommendation 29 Employee Benefits which came into force on 1 January 2004. This recommendation has not had a significant effect on the income statements and balance sheets.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IAS/IFRS) 2005

From 2005, all companies in the European Union which have securities listed on a regulated market will be obliged to prepare their consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) which also includes the International Accounting Standards (IAS). As WM-data AB is listed on the Stockholm Stock Exchange, which is a Swedish regulated market, this has resulted in 2004 being the last year that WM-data AB will prepare its financial reports in accordance with Swedish accounting practice. For 2005, WM-data will publish complete accounts in accordance with IFRS. For further information on the effects of the transition, see note 26.

BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company and its subsidiaries. A subsidiary is included in the consolidated financial statements from the date when the parent company, directly or indirectly, gains a controlling influence over the company and is no longer included from the date when the parent company's controlling influence over the company ceases. The consolidated financial statements are prepared in accordance with the

purchase method. The method implies that assets and liabilities are valued at their actual value and that only profit and loss for the acquired company arising after the acquisition affects the equity of the Group. The income and expenditure of the acquired company are included in the consolidated financial statements from the date of acquisition. If the acquisition value of the acquired shares exceeds the actual value of the acquired company's net assets, the difference is reported as goodwill on consolidation which is treated in accordance with the accounting principles for goodwill as stated below.

INVESTMENTS IN ASSOCIATED COMPANIES

Group holdings in associated companies are reported in accordance with the equity method. An associated company is a unit in which the Group has significant influence and which is not a subsidiary or a joint venture. Investments in associated companies are reported in the balance sheet at the acquisition value plus amendments to the Group's share of the associated companies' net assets, with deductions for amortisation of goodwill and any write-downs. The consolidated income statement reflects the Group's share of the associated companies' income. Goodwill in acquisitions is treated in accordance with the accounting principles for goodwill as stated below.

TRANSLATION OF RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the rate applicable on the day of the transaction. Monetary receivables and liabilities that are expressed in foreign currencies are reported in the balance sheet translated at the rate applicable on the day of the transaction. All exchange differences are charged to the income statement with the following exception: in the consolidated financial statements, exchange differences on loans in foreign currencies, which are taken to secure net investments in foreign independent operations, are reported directly in shareholders' equity.

TRANSLATION OF FOREIGN SUBSIDIARIES

Assets and liabilities in foreign subsidiaries are translated at the closing day rate. The foreign subsidiaries' income statements are translated with a weighted average of the exchange rate for the year. The exchange rate differences that arise at the time of the translation are reported directly in shareholders' equity. On divestment of a foreign, independent operation, the accumulated exchange rate differences are reported in the income statement together with the profit or loss on the divestment. Goodwill and adjustments at actual value which are attributable to the acquisition of foreign units are treated as assets/liabilities in the acquired company and reported in accordance with the rate of exchange on the day of the transaction.

REVENUE

Revenue is reported to the extent that it is probable that the economic advantages will be obtained and the revenue can be calculated in a reliable way. The revenue of the

Group consists chiefly of revenue from consultancy services, operational management and administrative services, licencing revenue from our own products and third-party products plus maintenance and rights of use. Consultancy services performed on a current account basis are taken up as income as the rate at which the work is performed. Consultancy services performed at a fixed price are reported as income in proportion to the degree of completion of each assignment on the balance sheet date. The cost of work expended in relation to the total forecast expenditure forms the basis for establishing the degree of completion. If the final result cannot be calculated in a reliable way, revenue is reported at a value corresponding to recoverable expenses. At accounting year-end, services for which invoices are still to be issued are reported as accrued income. If the invoiced amount exceeds the sales value of work performed, the difference is reported as prepaid income. Provision is made for anticipated losses. Revenue from operational management and administrative services (including agreements characterised by the fact that they are designed to maintain a specified level of service for a specified period, for example operational management, applications administration, support services), as well as maintenance and rights of use, is taken up as revenue on a straight-line basis over the period if no other allocation can be justified by the work required to deliver the service. Licensing revenue is reported as revenue on delivery of software if no significant obligations remain after delivery, or in proportion with the degree of completion of the assignment if significant adaptations or appurtenant consultancy services remain after delivery of the software.

ASSIGNMENT-SPECIFIC EXTERNAL EXPENSES

Under this heading, purchases of goods and services that are sold on to customers or used in the delivery of WM-data's services are reported as assignment-specific external expenses. Purchases of goods and services with an overhead expenses character are reported as external expenses.

TANGIBLE AND INTANGIBLE FIXED ASSETS INCLUDING GOODWILL

Tangible and intangible fixed assets are valued at acquisition value with deductions made for accumulated depreciation and any write-downs. Depreciation is linear at residual value over the period of use. Land is not depreciated. The reported value is reviewed for any depreciation when events or a change in circumstances indicate the possibility of the reported value failing to be recoverable. If such indications occur and if the reported value exceeds the anticipated recoverable sum, the assets are written down to the recoverable amount. The recoverable amount corresponds to the highest net realisable value and usufruct value. The usufruct value consists of the present value of the anticipated future cash flow in accordance with a discounting factor before tax which reflects the market's current valuation of the money's time value and the risks associated with the asset. Write-down is reported in the income statement.

The development of services and products takes place mainly within the framework of customer assignments. Development expenses are only capitalised and reported as intangible fixed assets if the following criteria are met: There is a well-defined development project with concrete plans for how and when the assets are to be used in

the operation, the expenditure can be calculated in a reliable way and the assets are expected to be financially advantageous in the future. Completion of the project is judged to be technically feasible and the Group is estimated to have the resources required to complete the development. In addition to staff related costs and direct purchases, expenditure that is capitalised (i.e. the acquisition value of the intangible asset) also includes a proportion of the indirect costs that can be attributed to the asset.

INVENTORIES

Inventories are valued at the lowest acquisition value and net realisable value. The net realisable value corresponds to the estimated sales price in normal conditions, with deductions for expenditure required to complete the sale. The acquisition value is calculated according to the so-called Fifo method which means that assets in stock at year-end are considered to be the last acquired.

ACCOUNTS RECEIVABLE, TRADE, AND OTHER RECEIVABLES

Accounts receivable, trade, which normally fall due for payment after 15–30 days, are reported at the invoiced amount with deductions for the estimated loss risk. Provision for bad debts is made when it is no longer likely that the full amount will be received. Bad debts are written off in their entirety when the loss has been realised.

CONVERTIBLE DEBENTURES

Convertible debentures, i.e., loans whereby the holder is entitled to convert his or her claim into shares, and which bears interest that is less than the market rate of interest, is reported at the time of issue divided into a loan and shareholders' equity component. The liability component is calculated as the present value of the company's future payments for the loan with the assumption that the loan will be repaid on the final due date. As a discounting factor, the market rate of interest is used at the time of issue for a loan with corresponding security and duration. The shareholders' equity component is valued with the aid of the Black-Scholes options valuation model. Both sums are then brought into line with each other so that the total corresponds with the nominal value of the convertible. The reported loan is adjusted upwards during the loan term by an amount corresponding to the value of the option component. The increase in the loan is reported as a financial expense in the income statement.

PROVISIONS

Provisions are reported in the balance sheet when the Group is obliged to do so (legally or informally) because of an event and it is probable that an outflow of resources associated with economic benefits will be required in order to meet the obligation and the amount can be calculated in a reliable manner. If the Group can count on receiving remuneration corresponding to provision that has been made, for example, through an insurance contract, the remuneration is reported as an asset in the balance sheet. If the effect of the time value for the future payment is assessed to be significant, the value of the provision is established by calculating the present value of the anticipated future cash flow with a discounting factor before tax which reflects the market's current valuation of the time value and any risks attributable to the obligation.

The gradual increase in the appropriated amount

resulting from the present value computation is reported as an interest expense in the income statement.

PENSIONS AND OTHER PLEDGES CONCERNING BENEFITS AFTER EMPLOYMENT HAS CEASED

The Swedish Financial Accounting Standard Council's recommendation RR 29 concerning the reporting of employee remuneration includes an amendment concerning the principle for reporting defined-benefits pension commitments whereby the commitments are calculated on the basis of corporate-specific actuarial assumptions where, among other things, estimated future salary adjustments are taken into consideration.

The bulk of the Swedish operation's pension commitments are covered by a defined-benefits plan which includes several employers. The plan is insured with Alecta. Insufficient information is available to make it possible to report the Group's proportional share of the defined-benefits obligation and the administrative assets and expenses associated with the plan. For this reason, the plan is reported as a defined-contribution plan which involves reporting paid premiums as a cost.

Due to acquisitions in 2004, the Swedish operation has a defined-benefits pension plan which is funded. Other pension plans are chiefly defined-contribution plans.

Expenses for retirement benefits in defined-benefits plans are determined separately for each plan through the so-called "PUCM method" (Projected Unit Credit Method) on the basis of actuarial assumptions which are specific to each individual plan.

Actuarial profit and loss is not reported as long as the accumulated profit or loss is below 10 percent of the highest of the obligation's present value and the actual value of any administrative assets. If the accumulated profit or loss exceeds the highest denominated limit value, the excess profit/loss will be distributed over the remaining anticipated average period of employment for the employees covered by the respective plans.

STOCK OPTIONS PROGRAMMES

The cost of stock options issued with the choice between receiving remuneration in cash or buying shares is carried as an expense on an ongoing basis for the duration of the programme. The cost is estimated as the difference between the market value and the exercise price plus social security contributions if the exercise price falls below the market value at the end of the accounting period. Changes in value during the period of the programme are reported as employee-related expenses. The cash flow risk of outstanding options programmes during an upturn in price is safeguarded with the help of a share swap agreement. The interest expenses that run on these agreements are reported as financial expenses in the income statement. Changes in the value of share swaps are reported directly against shareholders' equity.

LEASING

Leasing agreements where, in all essentials, all risks and benefits associated with the ownership fall on the lessor are classified as operational leasing agreements. Leasing fees regarding these are reported as an expense in the income statement and are carried as a straight-line expense over the period of the agreement. Assets leased through financial leasing agreements, i.e. such where, in all essentials, all risks and benefits concerning the leased assets

associated with the ownership have passed to the Group are reported as fixed assets. The Group has no significant financial leasing agreements.

LOAN EXPENSES

Loan expenses are charged to the income for the period to which they are attributable. Expenses associated with raising a loan are allocated over the leasing period.

INCOME TAX

Deferred tax is reported in accordance with the balance sheet method, which means that deferred tax is estimated for all identified temporary differences on the balance sheet date, i.e., between, on the one hand, the fiscal value of the assets and liabilities and, on the other, their reported value.

Deferred tax liabilities are reported in the balance sheet for all taxable temporary differences, apart from when the deferred tax liability concerns goodwill or an asset or liability in a transaction that is not an acquisition and which, at the time of the transaction, neither affects the reported or taxable profit or loss and relates to investments in subsidiaries and associated companies, apart from when the Group has a controlling influence on when cancellation of the temporary difference will take place and it is probable that the temporary difference will not be cancelled in the foreseeable future.

Deferred tax receivables are reported for all deductible temporary differences and unutilised deficit deductions, to the extent that it is likely that future taxable income will be accessible and against which the temporary differences or unutilised deficit deductions may be utilised, apart from when the deferred tax receivables related to a deductible temporary difference for an asset or liability in a transaction that is not an acquisition and which, at the time of the transaction, neither affects the reported or taxable income and in the case of deductible temporary differences that relate to investments in subsidiaries and associated companies, the deferred tax receivables are reported to the extent that it is likely that the temporary differences will be cancelled in the foreseeable future and a taxable profit that the temporary difference can be charged against is available.

The deferred tax receivables are assessed on every balance sheet date and reduced to the extent that it is no longer likely that sufficiently large taxable profits will be available in order to utilise all or part of the deferred tax receivables. Deferred tax receivables and liabilities are estimated with the aid of tax rates that are expected to apply to the period when the receivables are settled or the liabilities regulated, based on the tax rates (and the fiscal legislation) available or in practice available on the balance sheet date.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the income for the year after tax by the average number of outstanding shares.

CASH FLOW STATEMENT

The cash flow statement shows deposits and withdrawals. The indirect method has been used for operating activities. All short-term investments, apart from cash and bank balances, are classified as liquid assets and reported in the balance sheet.

NOTE 3. SEGMENT INFORMATION

The Nordic IT operations are run in the form of four individual organisations in each of the countries concerned. Similarly, Caran, the design and product development operation which currently only operates in Sweden, functions as a separate unit in the same way as the four companies in each of the Nordic countries. The managing directors of these units report to the President and

CEO of WM-data (CEO of the parent company).

Based on the services and products offered by WM-data, activities can also be divided into three types of operation: Industry Solutions, Infra Solutions and Caran. The organisation and WM-data's services and solutions are described in greater detail in the directors' report.

Sales between the business areas and types of operation

BUSINESS AREAS	WM-data Sweden		WM-data Denmark		WM-data Finland	
	2004	2003	2004	2003	2004	2003
REVENUE						
External sales	3,929	3,850	900	1,009	2,291	564
Internal sales	86	55	0	1	4	6
<i>Total revenue</i>	4,015	3,905	900	1,010	2,295	570
INCOME						
Share of associated companies' income	4	2	—	—	25	26
Items affecting comparability	—	—	—	—	—	—
EBITA	183	187	25	8	266	84
<i>Operating income</i>	183	187	25	8	266	84
Financial income and expense						
Tax						
Minority						
<i>Income for the year</i>						
OTHER INFORMATION						
Assets	1,367	1,372	388	363	882	268
Equity shares	48	50	—	—	60	21
<i>Total allocated assets</i>	1,415	1,422	388	363	942	289
Non-allocated assets						
<i>Total assets</i>						
Allocated liabilities	1,227	1,194	294	273	492	136
Non-allocated liabilities						
<i>Total liabilities</i>						
Investments in tangible and intangible assets	33	18	5	2	65	4
Depreciation	29	36	10	15	82	6
Other expenses not included in cash flow	—	—	—	—	—	—
No. of employees, 31 December	3,610	3,450	670	705	2,340	510
TYPES OF OPERATION						
			Industry Solutions		Infra Solutions	
			2004	2003	2004	2003
REVENUE						
External sales			4,960	3,545	2,439	2,285
Internal sales			105	80	181	140
<i>Total revenue</i>			5,065	3,625	2,620	2,425
INCOME						
EBITA			325	202	143	97
OTHER INFORMATION						
Allocated assets			2,174	1,550	821	693
Investments in tangible and intangible assets			59	3	46	21
No. of employees, 31 December			4,995	3,460	1,785	1,415

are at market prices. An exception, however, is made for services purchased from the business activities of the group-wide functions which are priced on the basis of full cost coverage. The scope of purchases of this kind is relatively limited.

Income is attributed to business areas and types of operation based on where the employees who generate the

income are employed. This does not differ significantly from where the customers are based. Sales in Estonia, the UK and Germany are modest and have not been disclosed.

Group-wide matters include group functions and the associated company ATEA. The bulk of the Group's liquid assets and long-term financing is reported as group-wide. All investments in goodwill are reported here.

WM-data Norway		WM-data Caran		Group-wide		Elimination		Total	
2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
279	407	761	705	0	0			8,160	6,535
6	8	19	0	0	0	-115	-70	0	0
285	415	780	705	0	0	-115	-70	8,160	6,535
-	-	1	1	16	7	-	-	46	36
-	-	-	-	-	70	-	-	-	70
-6	20	23	7	11	60	-	-	502	366
-6	20	23	7	-124	12	-	-	367	318
								-15	26
								-150	-85
								-5	-6
								197	253
109	103	267	350	2,633	1,225	-517	-254	5,129	3,427
-	-	4	3	221	217			333	291
109	103	271	353	2,854	1,442	-517	-254	5,462	3,718
								294	107
								5,756	3,825
138	137	170	216	1,259	323	-517	-254	3,063	2,025
								156	146
								3,219	2,171
2	0	5	2	0	9	-	-	110	35
2	3	8	9	135	48	-	-	266	117
-	-84	-	-	-	14	-	-	-	-70
160	210	815	790	20	25			7,615	5,690
WM-data Caran		Group-wide		Elimination		Total			
2004	2003	2004	2003	2004	2003	2004	2003		
761	705	0	0			8,160	6,535		
19	0	0	0	-305	-220	0	0		
780	705	0	0	-305	-220	8,160	6,535		
23	7	11	60	-	-	502	366		
271	353	2,855	1,442	-658	-320	5,463	3,718		
5	2	0	9	-	-	110	35		
815	790	20	25			7,615	5,690		

NOTE 4. INVESTMENTS IN ASSOCIATED COMPANIES

SEK M	2004	2003
GROUP		
<i>Opening balance</i>	290.8	335.3
Changes relating to acquisitions	42.1	-
Investments	-	38.5
Divestments	-	-71.1
Shares in associated companies' operating income	47.0	36.4
Amortisation of goodwill	-0.7	-0.7
Tax on income for the year	-15.2	-21.1
Dividends received	-26.3	-24.4
Translation difference	-4.9	-2.1
<i>Total</i>	332.8	290.8

Of the equity share, goodwill constitutes SEK M 1.5 (2.2). Divestment of associated company INgroup in 2003 led to a capital loss of SEK M 47.

NOTE 5. FINANCIAL INCOME AND EXPENSES

SEK M	Group		Parent company	
	2004	2003	2004	2003
FINANCIAL INCOME				
Profit from divestment of subsidiaries	-	-	4.4	49.5
Profit from divestment of associated companies	-	-	-	38.1
Other interest income and similar income ²⁾	29.8	65.9	33.1	55.3
Dividend from subsidiaries	-	-	107.5	83.3
Dividend from associated companies	-	-	18.6	25.0
Dividend from share swap agreements	0.7	-	0.7	-
Group contribution	-	-	107.8	149.7
<i>Total financial income</i>	30.5	65.9	272.1	400.9
FINANCIAL EXPENSES				
Interest expenses on convertible debentures ¹⁾	-11.7	-19.7	-11.7	-19.7
Interest expenses on share swaps	-3.2	-3.5	-3.2	-3.5
Other interest expenses and similar expenses ³⁾	-30.7	-16.4	-28.0	-5.7
Losses on sales of subsidiaries	-	-	-91.6	-
Losses on sales of associated companies	-	-	-	-49.7
Group contribution	-	-	-86.2	-51.7
<i>Total financial expenses</i>	-45.6	-39.6	-220.7	-130.3

¹⁾ Of which adjustment upwards of loans 7.1 4.5 7.1 4.5

²⁾ Including financial exchange rate differences for the Group of SEK M 0.1 and the parent company of SEK M 9.5. Exchange rate differences relating to operations are included in the operating income. For the Group, these amount to (net) SEK M 0.7 and for the parent company to SEK M 0.1.

³⁾ Including financial exchange rate differences for the Group of SEK M 2.7 and the parent company of SEK M 2.6.

NOTE 6. INCOME TAX

SEK M	Group		Parent company	
	2004	2003	2004	2003
INCOME STATEMENT				
Current tax expenses for the year	-40.6	-50.2	-26.2	-26.9
Current income tax attributable from previous years	-1.0	-4.3	-1.2	0.0
Deferred tax concerning changes in temporary differences	-93.0	-9.4	-	-34.1
Share of associated companies' tax	-15.2	-21.1	-	-
<i>Tax on income for the year</i>	-149.8	-85.0	-27.4	-61.0

Reconciliation between tax expenses relating to income before tax, calculated in accordance with the current income tax rate and the Group's and parent company's effective tax expenses for 2004 and 2003, are as follows:

Income before tax	351.7	344.4	135.1	345.2
Tax in accordance with the current tax rate in Sweden (28%)	-98.5	-96.4	-37.8	-96.6
Adjustment for tax rates in other countries	-2.5	-0.9	-	-
Effect of changed tax rate in Finland	-0.9	-	-	-
Effects of tax-related adjustments incl goodwill amortisation	-37.4	17.0	11.6	47.4
Adjustment of current tax for previous periods	-1.0	-4.3	-1.2	0.0
Review of deferred tax for previous periods	-14.0	-0.4	0.0	-11.8
Effect of losses for which deferred tax revenue has not been reported	4.5	0.0	0.0	0.0
<i>Net tax expenses</i>	-149.8	-85.0	-27.4	-61.0
<i>Effective tax expenses in %</i>	42.6	24.7	20.3	17.7

BALANCE SHEET

Deferred tax receivables and tax liabilities are attributable to the following:

<i>Deferred tax receivables</i>				
Unutilised deficit deductions	22.9	31.7	-	-
Intangible fixed assets ¹⁾	181.4	7.2	-	-
Tangible fixed assets	37.4	44.5	-	-
Provisions and other non interest-bearing liabilities	31.3	15.9	-	-
Other	20.8	8.0	-	-
<i>Total</i>	293.8	107.3	-	-

¹⁾ Refers chiefly to assets subject to depreciation that resulted when the Finnish group was restructured.

<i>Deferred tax liabilities</i>				
Tangible fixed assets	20.5	2.2	-	-
Other receivables	40.5	35.2	-	-
Untaxed reserves	73.1	96.4	-	-
Other	21.8	0.0	-	-
<i>Total</i>	155.9	133.8	-	-

Deficit deductions

Unutilised deficit deductions originate chiefly from Norway and Sweden. The Group's total unutilised deficit deductions amount to SEK M 317 (328). Of this, SEK M 235 (213) have not been reported as assets as it is uncertain whether they can be offset against future taxable income. These deficit deductions, which cannot be treated as assets, originate entirely from Norway. In 2004, a review was conducted of previous years' capitalisation of deficit deductions in Norway. Of deficit deductions set up as assets, SEK M 52 will mature during the years 2011-2013 and the remaining SEK M 30 is not subject to a time limit.

NOTE 7. EARNINGS PER SHARE AFTER DILUTION

The dilution effect has not been calculated as the current value of the issue price and conversion rate for outstanding options and convertibles exceeds the actual value of the shares.

8 NOTE INTANGIBLE FIXED ASSETS

SEK M	Goodwill		Other intangible fixed assets		Capitalised development work
	2004	2003	2004	2003	2004
GROUP					
Opening acquisition value	1,181.9	1,207.0	45.9	44.7	–
Investments	1,838.0	7.4	22.2	3.4	7.9
Changes relating to acquired companies	12.0	–15.4	176.0	–	5.8
Changes relating to divested companies	–4.5	–	–	–	–
Sales/disposals	–62.5	–16.3	–9.5	–1.6	–
Translation difference	–10.8	–2.4	–2.6	–0.6	–
<i>Closing acquisition value</i>	<i>2,954.1</i>	<i>1,180.3</i>	<i>232.0</i>	<i>45.9</i>	<i>13.7</i>
Opening accumulated depreciation	–308.6	–273.0	–37.1	–33.0	–
Depreciation	–134.7	–47.8	–28.7	–5.9	–
Changes relating to acquired companies	–1.4	0.0	–128.4	–	–
Changes relating to divested companies	2.6	0.8	–	–	–
Sales/disposals	23.4	11.4	4.6	1.3	–
Translation difference	1.0	1.6	2.1	0.5	–
<i>Closing accumulated depreciation</i>	<i>–417.7</i>	<i>–307.0</i>	<i>–187.5</i>	<i>–37.1</i>	<i>–</i>
Opening accumulated write-downs	–565.8	–580.4	–	–	–
Changes relating to acquired companies	0.0	14.6	–	–	–
Sales/disposals	23.0	0.0	–	–	–
<i>Closing accumulated write-downs</i>	<i>–542.8</i>	<i>–565.8</i>	<i>–</i>	<i>–</i>	<i>–</i>
<i>Closing residual value</i>	<i>1,993.6</i>	<i>307.5</i>	<i>44.5</i>	<i>8.8</i>	<i>13.7</i>

Capitalised development work includes two ongoing development projects, of which one was taken over through acquisition in 2004. Investments for the year consist primarily of internal time expended on these development projects. Other intangible fixed assets consist of externally acquired software or similar rights employed for internal use or in the production of the Group's services.

Linear depreciation is applied to intangible assets over their period of use. The period of use for goodwill in acquisitions which to a lesser extent provide new operations or new customer groups is estimated to be 2–5 years; in acquisitions which to a large extent provide new operations or new customer groups, ten years; in companies which are also strategic acquisitions in new markets or new service areas, 20 years. Goodwill in acquisitions in which the period of use is less than one year are viewed as a recruitment expense which is charged in full to the operating income at the time of the acquisition. The period of use for other intangible assets and capitalised development expenses amounts to 3–5 years.

9 NOTE TANGIBLE FIXED ASSETS

SEK M	Machinery and equipment		Buildings and land	
	2004	2003	2004	2003
GROUP				
Opening acquisition value	377.8	660.6	2.5	38.3
Investments	104.2	39.0	–	–
Changes relating to acquired companies	458.6	–	74.8	–
Changes relating to divested companies	1.7	–223.0	–	–34.4
Sales/disposals	–57.8	–92.4	0.0	–1.2
Translation difference	–6.7	–6.4	–0.9	–0.2
<i>Closing acquisition value</i>	<i>877.8</i>	<i>377.8</i>	<i>76.4</i>	<i>2.5</i>
Opening accumulated scheduled depreciation	–284.9	–453.0	–0.9	–8.9
Depreciation	–100.6	–62.9	–1.9	–0.1
Changes relating to acquired companies	–347.6	–	–45.8	–
Changes relating to divested companies	–0.8	146.9	–	7.9
Sales/disposals	49.6	78.9	–	0.2
Translation difference	4.7	5.2	0.6	–
<i>Closing accumulated scheduled depreciation</i>	<i>–679.6</i>	<i>–284.9</i>	<i>–48.0</i>	<i>–0.9</i>
<i>Scheduled residual value</i>	<i>198.2</i>	<i>92.9</i>	<i>28.4</i>	<i>1.6</i>

Linear depreciation is applied to tangible fixed assets over the period of use as follows:
Machinery and equipment: 3–10 years. Buildings: 15–50 years.

NOTE 10. OTHER LONG-TERM RECEIVABLES

SEK M	Group		Parent company	
	2004	2003	2004	2003
Long-term interest-bearing receivables	100.0	100.0	100.0	100.0
Other long-term receivables	24.0	18.9	1.3	—
<i>Total</i>	124.0	118.9	101.3	100.0

The long-term interest-bearing receivables bear interest with a fixed interest term of three months and fall due for repayment in 2006. There is no amortisation over the term of the loan. The actual value is estimated to be close to the book value as the fixed interest term is relatively short-term which is why the market value has not been assessed.

NOTE 11. SHORT-TERM INVESTMENTS

Short-term investments are investments of surplus liquidity in the Swedish interest market in accordance with the corporate finance policy. These investments are only exposed to insignificant risk and can be readily converted into cash in the interest market at market value. The net amount corresponds to the market value.

NOTE 12. SHAREHOLDERS' EQUITY

SHARE CAPITAL	No. of shares with a nominal value of SEK 1		No. of votes		Nominal value, SEK	
	A-shares	B-shares	A-shares	B-shares	A-shares	B-shares
1 January 2003	30,000,000	340,543,175	300,000,000	340,543,175	30,000,000	340,543,175
31 December 2003/ 1 January 2004	30,000,000	340,543,175	300,000,000	340,543,175	30,000,000	340,543,175
Non-cash issue		49,692,073		49,692,073		49,692,073
31 December 2004	30,000,000	390,235,248	300,000,000	390,235,248	30,000,000	390,235,248
CONVERTIBLES						
			No. of shares			
		A-shares	B-shares		Conversion rate	Conversion period
Convertible loans			9,846,298		21,00	2007-05-02 to 2008-10-31
No. of share including convertibles	30,000,000		400,081,546			
Weighted average no. of shares after dilution		30,000,000	400,081,546			

Registered share capital corresponds to all shares issued. All shares are fully paid for. A consortium agreement exists between the A shareholders which regulates the allocation terms for this class of share.

OTHER INFORMATION	2004	2003
Holdings of own shares	—	—
Proposed non-approved dividend, SEK 000s	84,047	84,047

continued on next page

continued, note 12

Explanation of items included in shareholders' equity

GROUP

Unrestricted reserves: The total amount of earned income in each company that represents profit available for distribution.

Equity share fund: The Group's share of non-distributed income in associated companies that was earned after the acquisition took place.

Other restricted reserves: Other shareholders' equity, excluding share capital.

PARENT COMPANY

Legal reserve: Reductions could be made in accordance with the decision of the Annual General Meeting in those instances stated in ABL, chapter 12.

Share premium fund: Payments made in addition to the nominal amount on share issues and the value of granted conversion rights in connection with issues of convertible loans and other share options. Reductions could be made in accordance with the decision of the Annual General Meeting in those instances stated in ABL, chapter 12.

NOTE 13. PROVISIONS FOR PENSIONS

The following tables provide a summary of the items included in net costs of the remuneration reported in the consolidated income statement for the largest defined-benefits pension plan. Information is also given about the result of administration of capital and the amounts reported in the consolidated balance sheet for this pension plan.

	<u>Group</u> 2004
INFORMATION ABOUT THE LARGEST DEFINED-BENEFITS PENSION PLAN	
NET COST (SEK M)	
Interest component of the increase in the present value of pension commitments for the year	0.9
Anticipated return on administrative assets	-0.2
<i>Reported pension costs, net</i>	0.7
REPORTED PROVISION, 31 DECEMBER (SEK M)	
Commitments	28.7
Administrative assets	-9.4
Unreported actuarial net profit	0.4
<i>Reported provision, 31 December</i>	19.7
CHANGES IN REPORTED PROVISION (SEK M)	
Acquired provision, net, in connection with acquisitions	19.0
Paid benefits	0.0
Increase	0.7
<i>Reported provision, 31 December</i>	19.7
THE MOST IMPORTANT ASSUMPTIONS MADE WHEN ESTABLISHING PENSION COMMITMENTS (%)	
Discounting factor	5.25
Future salary increases (no new earnings)	-
Future pension increases	2.00

Expenses for the year for pension insurance taken out with Alecta (reported as a defined-contribution pension plan) amount to SEK M 170.3. This sum is included in the Group's total pension costs of SEK M 439.5 which is reported in note 20. Alecta's excess can be allocated to the policy holders and/or the insured. At the end of 2004, Alecta's excess in the form of the collective consolidation level was 128 percent.

NOTE 14. OTHER PROVISIONS

SEK M	1 Jan 2004	Allo- cated	Utili- sation	Re- valued	Reclassi- fication	31 dec 2004	Of which		
							short-term 2004	Of which 31 dec 2003	
GROUP									
Project-related provisions	22.2	6.9	-16.3	-	20.0	32.8	32.8	22.2	22.2
Restructuring measures etc.	25.5	93.9	-17.4	-	-	102.0	92.0	4.9	4.9
Stock options	6.5	-	-	-1.1	-	5.4	0.0	6.5	-
Other provisions	22.8	12.3	-	-	-20.0	15.1	15.6	43.4	31.4
Total	77.0	113.1	-33.7	-1.1	0.0	155.3	140.4	77.0	58.5

NOTE 15. INTEREST-BEARING LIABILITIES

SEK M	Due date	Group		Parent company	
		2004	2003	2004	2003
<i>Long-term interest-bearing liabilities</i>					
Liabilities to credit institutions	2006-2008	633.8	0.6	629.7	-
Convertible debentures	2008	178.9	171.8	178.9	171.8
<i>Total long-term interest-bearing liabilities</i>		812.7	172.4	808.6	171.8
<i>Current interest-bearing liabilities</i>					
Liabilities to credit institutions		153.6	58.4	152.9	-
<i>Total current interest-bearing liabilities</i>		153.6	58.4	152.9	-
<i>Above loans allocated according to currency</i>					
SEK		179.6	172.4	178.9	171.8
EUR		635.2	-	631.1	-
DKK		97.0	27.5	97.0	-
NOK		54.5	30.9	54.5	-
<i>Total</i>		966.3	230.8	961.5	171.8

Loans are raised in the currency of each respective operation which is why no hedging has been applied to these transactions.

Due date structure for the above loans:	Group	Parent company
2005	153.6	152.9
2006	0.8	-
2007	631.4	629.7
2008	180.5	178.9
<i>Total</i>	966.3	961.5

Convertible debentures:

In 2003, the parent company issued a convertible debenture of SEK M 206.8 to employees of the WM-data Group. The loan falls due for payment on 30 November 2008 and bears interest on 12 months' stibor minus 0.8 percent. Conversion to B shares may be effected during the period 2 May 2007 to 31 October 2008. The conversion rate is SEK 21.00. The shareholders' equity component of the total amount issued has been valued at SEK M 35.2. Interest of SEK M 11.7, including the adjustment upwards of the loan, has been charged to income for the year.

Other borrowings:

Other borrowings bear short-term interest. During the year, previous external financing was essentially replaced by a facility of EUR 70 million with a remaining term of 2.5 years and a one-year facility of EUR 45 million with the possibility of an extension. At year-end, unused credit facilities amounted to EUR 28 million. Within the overall credit facility, amortisation and borrowing for short periods are effected. In the balance sheet, loans lying within the loan facility for the one-year period are classified as short-term, and the remaining component as long-term. The terms for the facility include requirements for the fulfilment of specified key ratios, so-called financial covenants.

NOTE **16.** ACCRUED EXPENSES AND PREPAID INCOME

GROUP

This items includes accrued employee-related expenses of SEK M 634 (505).

NOTE **17.** PLEDGED ASSETS, CONTINGENT LIABILITIES

SEK M	Group		Parent company	
	2004	2003	2004	2003
PLEDGED ASSETS				
Floating charges	5.8	5.0	3.0	3.0
Real estate mortgages	none	none	none	none
Other assets with ownership reservation	3.7	53.6	none	none
<i>Total</i>	9.5	58.6	3.0	3.0
CONTINGENT LIABILITIES				
Guarantee commitments for associated companies (Note 24)	98.1	80.1	98.1	80.1
Other guarantee commitments	15.7	14.2	138.8	140.8
Other	none	0.1	none	none
<i>Total</i>	113.8	94.4	236.9	220.9

Pledged assets constitute security for current liabilities to credit institutions and leasing commitments.

NOTE 18. SHARES IN SUBSIDIARIES

SEK M Subsidiary, head office	Corporate identity number	No. of shares	Equity share,%	Book value	
				2004	2003
PARENT COMPANY					
WM-data Consulting A.S., Oslo.	Norway	6,000	100	104.7	99.1
WM-data Infra Solutions A.S., Oslo.	Norway	3,000	100	5.7	0.1
WM-data Business Partner A.S., Oslo	Norway	6,250	100	0.1	0.1
WM-data Danmark A/S, Ballerup	Denmark	23,000	100	84.6	84.6
WM-data Oy, Helsinki	Finland	100	100	1,652.3	16.3
WM-data Infra Solutions Oy, Helsinki	Finland	15,200	100	1.4	1.4
WM-data Human Pro Oy, Helsinki	Finland	50	100	18.1	18.1
WM-data Business Partner Oy, Helsinki	Finland	100	100	0.2	0.2
WM-data Internal Services Oy, Helsinki	Finland	1,000	100	0.1	0.1
New Media Oy, Helsinki	Finland	100	100	1.4	1.4
WM-data Deutschland GmbH, Düsseldorf	Germany	400,000	100	6.3	6.3
Caran Design Ltd, London	England	1	100	1.3	1.3
WM-data Business Partner Ltd, London	England	1	100	0.1	0.1
WM-data Sverige AB, Stockholm	556337-2191	2,600	100	2.9	2.9
A2 Acoustics AB, Linköping	556052-5601	1,250	60	2.7	2.7
WM-data Infra Outsourcing AB, Stockholm	556221-2745	10,645	100	1.7	1.7
WM-data Public Partner AB, Stockholm	556071-4577	1,000	100	14.8	14.8
WM-data Infra Solutions AB, Stockholm	556601-6902	2,040	100	0.1	0.1
WM-data IT-Support AB, Stockholm	556080-9179	1,000	100	0.2	0.2
WM-data Caran AB, Gothenburg	556256-1562	50,000,000	100	291.0	291.0
WM-data Lokal AB, Stockholm	556489-3021	3,000	100	0.3	0.3
WM-data Management AB, Stockholm	556290-7872	100	100	0.6	0.6
WM-data Cross Industry Solutions AB, Stockholm	556203-1822	4,800	100	4.7	4.7
WM-data Stratevo AB, Stockholm	556214-9202	1,000	100	0.1	0.1
WM-data Utilities AB, Malmö	556271-8360	50,000	60	16.1	16.1
WM-data Group Support AB, Stockholm	556087-3449	1,000	100	67.4	67.4
WM-data Assistans Management AB, Stockholm	556039-6433	50,000	100	6.7	6.7
Caran AB, Stockholm	556190-1223	6,000,000	100	61.4	61.4
WM-data Kilpora AB, Stockholm	556368-5535	1,000	100	0.1	0.1
WM-data Validation AB, Stockholm	556230-8139	30,000	100	3.0	3.0
WM-data Konstruktion AB, Stockholm	556332-5256	1,000	100	0.3	0.3
WM-data Knowledge AB, Stockholm	556387-2133	1,000	100	0.6	0.6
Loop AB, Stockholm	556333-0645	1,150	100	0.5	0.5
WM-data Education AB, Stockholm	556233-7500	1,000	100	0.8	0.8
P O Selberg AB, Umeå	556329-1631	4,000	100	0.1	0.1
WM-data Content M AB, Stockholm	556287-4312	1,000	100	0.1	0.1
Jörgen Eriksson Systemutveckling AB, Stockholm	556568-5046	1,000	100	7.2	7.2
Krutrök Systemutveckling AB, Stockholm	556566-4132	1,000	100	8.8	8.8
Alnö Systemutveckling AB, Stockholm	556566-3514	1,000	100	6.5	6.5
Abero Security AB, Stockholm	556626-9162	100	100	2.0	—
BizGuide AB, Umeå	556596-1421	1,000	100	5.7	—
Designbolaget i Lund AB, Lund	556592-3389	1,500	100	4.5	—
Geometrics Maskin & Marin AB, Gothenburg	556481-6329	1,000	100	6.7	—
Invid Affärssystem AB, Gothenburg	556628-7156	500,000	100	3.2	—
Invid Enterprise AB, Stockholm	556650-1374	250,000	100	4.5	—
Parere AB, Stockholm	556346-2646	20,000	100	325.9	—
Synronos AB, Stockholm	556201-4810	1,000	100	5.2	—
Divested companies				—	88.1
<i>Total shares in subsidiaries</i>				2,732.7	815.9

continued on next page

continued, note 18

SEK M	Corporate identity number	Equity share,%
SHARES OWNED BY OTHER GROUP COMPANIES		
WM-data Utilities Services AB, Uppsala	556556-8887	100
WM-data Server Storage A/S, Copenhagen	Denmark	100
WM-data Internet Solutions A.S., Oslo	Norway	100
WM-data Healthcare A/S, Århus	Denmark	100
Quickit AB, Halmstad	556575-0238	100
Svenska PA-System AB, Stockholm	556622-2286	100
Synchronos A.S., Oslo	Norway	100
WM-data Utilities Oy, Lappeenranta	Finland	100
WM-data Novo Oy, Helsinki ¹⁾	Finland	100
Novo Systems AS, Tallinn	Estonia	100
Novobit Oy, Helsinki	Finland	100
Novo Ivc Ltd, Leamington Spa, Warwickshire	England	100
Novo Meridian Oy, Helsinki	Finland	100
HM&V Research Oy, Helsinki	Finland	100
Novo Atuline Oy, Helsinki	Finland	100
WM-data Solicom, Helsinki	Finland	100
Beijing Novo Information Technology Co. Ltd, Beijing ²⁾	China	65
Guangzhou Novo Information Technology Development Co. Ltd, Guangzhou ²⁾	China	100
Major Blue Oy, Helsinki	Finland	100
Komartek Oü, Tallinn	Estonia	100
Komartek SIA, Riga	Latvia	100
Komartek AB, Gothenburg	556586-4005	100
Komartek Polska Sp Z.o.o, Wroclaw	Poland	63
WM-data Nordic Computer Management Oy, Helsinki	Finland	100

¹⁾ Wound up on 31 December 2004, the operation has been transferred to WM-data Oy.

²⁾ These are in the process of being wound up and have not been consolidated as the holding is temporary.

NOTE 19. SHARES IN ASSOCIATED COMPANIES

SEK M	Corporate identity number	Equity share,%	2004	2003
PARENT COMPANY				
Atea Holding AB, Stockholm	556610-7982	48.8	195.3	195.3
Caran SAAB Engineering AB, Linköping	556615-7581	50	1.0	1.0
DocHotel i Stockholm AB, Stockholm	556626-3934	25	1.0	1.0
ITPS AB, Stockholm	556589-0943	40	6.0	6.0
High Integrity Architectures Sweden AB, Stockholm	556402-4759	50	0.1	0.1
Pohjolan ATK-Palvelu Oy, Helsinki ¹⁾	Finland	60	1.1	1.1
WDM Nordic Computer Management AB, Stockholm	556029-2566	50	23.5	23.5
<i>Total</i>			228.0	228.0
OTHER GROUP COMPANIES				
Finansfabriken AB, Stockholm	556113-0211	60		
Kiinteistö Oy, Kuusamo	Finland	44		
Medici Data Oy, Oulu	Finland	36		
Silta Oy, Helsinki	Finland	45		
eFennia Ltd, Helsinki	Finland	40		
RHL-Data Oy, Riihimäki	Finland	29		

¹⁾ The number of votes constitutes 40 percent.

20. NOTE SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS ¹⁾

SEK M	Parent company		Subsidiaries		Group	
	2004	2003	2004	2003	2004	2003
SALARIES AND OTHER REMUNERATION						
Board and President	5.2	4.2	49.1	38.6	54.3	42.8
of which variable component	0.9	0.6	13.1	6.2	14.0	6.8
Other employees	11.1	12.0	3,204.9	2,437.1	3,216.0	2,449.1
<i>Total</i>	16.3	16.2	3,254.0	2,475.7	3,270.3	2,491.9
PAYROLL OVERHEADS						
Pensions Board and President	1.8	0.4	8.0	8.0	9.8	8.4
Pensions other employees	2.4	2.8	427.3	284.1	429.7	286.9
<i>Total pensions expenses</i>	4.2	3.2	435.3	292.1	439.5	295.3
Other payroll overheads	5.7	6.7	724.7	680.0	730.4	686.7
<i>Total</i>	9.9	9.9	1,160.0	972.1	1,169.9	982.0
AVERAGE NO. OF EMPLOYEES ²⁾						
Women	2	2	2,065	1,443	2,067	1,445
Men	6	6	5,582	4,564	5,588	4,570
<i>Total</i>	8	8	7,647	6,007	7,655	6,015

¹⁾ Complete information can be found in the annual report sent to PRV (the Swedish Patent and Registration Office).

²⁾ The Board has two women members, in other words, 20 percent of the total number of members of the Board.

At present, there are no women in Group management. Women make up 10 percent of the management groups in the business areas.

REMUNERATION AND OTHER BENEFITS PAID TO GROUP MANAGEMENT

	Basic salary/ directors' fees	Variable remun.	Other benefits	Total	Pension costs	Stock options 2004	Previous progr.
	SEK 000s	SEK 000s	SEK 000s	SEK 000s	SEK 000s	SEK 000s	NUMBER
2004							
Chairman of the Board	400			400			
Deputy Chairman of the Board	300			300			
President and CEO	2,501	892	66	3,459	1,750	158	25,000
Other Group management	10,833	3,463	796	15,092	2,793	472	75,000
<i>Total</i>	14,034	4,355	862	19,251	4,543	630	100,000
2003							
Chairman of the Board	400			400			
Deputy Chairman of the Board	300			300			
President and CEO	2,501	599	62	3,162	387	100	50,000
Other Group management	10,290	2,955	709	13,954	2,136	325	162,500
<i>Total</i>	13,491	3,554	771	17,816	2,523	425	212,500

Notes to the table:

Group management consists of: President and CEO, CFO, Presidents in each country and the President of the Infra Solutions operation in Sweden.

Fees in accordance with the decision of the Annual General Meeting are paid to the Chairman and Deputy Chairman. Matters concerning remuneration paid to the CEO and other members of the Group management are prepared by the remuneration committee and submitted to the Board for their decision. The remuneration committee is appointed by the Board and consists of the Chairman and the Deputy Chairman of the Board.

Group management has a target salary consisting of a fixed and a variable component. The variable component can amount to a maximum of as much as the fixed salary and is based on the income for the Group as a whole and, where appropriate, for the country for which the senior executive is responsible and, for 2004, is based on the profit margin EBITA and fulfilment of the budget.

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continued, note 20

Group management has been allocated employee stock options in accordance with the conditions described below. The market value of the options at the time of allocation was calculated in accordance with the Black-Scholes valuation model without regard for the right of disposition restrictions contained in the conditions for the programme. At the time of the allocation, the theoretical market value for the 2004 programme amounted to SEK 6.30 (2.00) per option.

Pensions: The CEO and other members of Group management have defined-contribution pension plans. The retirement age is 65 years.

Termination and severance pay of the CEO and other members of Group management: The mutual period of notice is six months. In the event of termination by the company, severance pay is provided for a period of 12 months. If the employee assume new duties during this period, the right to remaining severance pay ceases. In addition, the CEO has an agreement that guarantees a pension premium of SEK 1,750,000 per annum to 2008 inclusive.

Stock options programmes: Since 2001, WM-data has issued employee stock options to senior executives and key personnel. The programmes have been introduced with the purpose of increasing the attractiveness of the Group, rewarding the long-term increase in value of the company and giving affected employees the same goals as shareholders. The allocation is part of each employee's overall remuneration and is free of charge. The allocation is preliminary and the final allocation depends on whether or not set targets have been met during the allocation year. The options entitle the holder to either a cash settlement calculated as the difference between the exercise price and the current share price at the time of redemption, or delivery of shares against payment of the exercise price. The exercise price for all programmes has been fixed at 110 percent of the share price over a period of measurement of five days in connection with the decision to issue options. If employment at WM-data ceases, the options holder's entitlement to redeem the stock options will be revoked. The decision to allocate stock options is made by WM-data's Board of Directors, after the proposal has been prepared by the remuneration committee. The decision is, however, conditional upon the Annual General Meeting approving the programme. For 2005, the Board has preliminarily allocated 1,250,000 options with the same terms as described above but where the period of measurement takes place at the time when the Annual General Meeting gives its approval. The table below shows the number of allocated and outstanding options in outstanding programmes as at 31 December 2004.

Changes for the year in the value of options are reported as employee-related expenses and have a positive effect of SEK M 1.0 (-6.5).

In the event of a price increase, to limit the liquidity outflow when the options are redeemable, an agreement has been made with financial institutions concerning share swaps. On the other hand, the effect of a downswing in price has not been secured. In discussions concerning the size of security, consideration is given to social security contributions and employee turnover based on previous experience. When choosing an instrument, consideration is paid to the anticipated costs of the security. Interest expenses of SEK M 2.5 (3.5) for these agreements, with deductions for dividends received on underlying shares, have been charged to income for the year. Changes in value and early redemption of share swap agreements have affected shareholders' equity by SEK M -5.8 (24.1). With an increase of 10 percent in the share price compared with the price at the end of the accounting period, the net financial effect of the share swap agreement and outstanding options at year-end will be SEK M 4.2 (3.5). The net effect of a corresponding downswing will be SEK M -0.7 (-3.5).

STOCK OPTIONS PROGRAMMES

Allocation year	Total number of options			No. of outstanding options			
	No. of employees	Preliminary allocation	Definite allocation	Dec 31, 2004	Dec 31, 2003	Redemption price	Redemption period
2001	136	1,885,500	1,307,580	965,180	1,072,780	47.00	2004-03-31 - 2006-03-31
2002 ¹⁾	-	-	261,700	197,800	202,200	28.20	2005-03-31 - 2007-03-31
2002	65	725,000	-	-	-	28.20	2005-03-31 - 2007-03-31
2003	53	1,425,000	712,500	612,500	681,250	8.20	2006-03-31 - 2008-03-31
2004	77	987,500	478,125	446,875	-	22.20	2007-03-31 - 2009-03-31

Changes in the number of outstanding options in the programmes issued before 2004 depend on the retirement of employees. No redemption has taken place during the year.

¹⁾ The allocation includes an extra allocation for operational year 2001. The preliminary allocation in 2002 was withdrawn in its entirety.

NOTE 21. AUDITORS' REMUNERATION

SEK M	Group		Parent company	
	2004	2003	2004	2003
<i>For auditing and examining the accounts in accordance with the Swedish Companies Act (aktieföretagslagen) etcetera and for giving advice and other forms of assistance arising from observations made during examination of the accounts:</i>				
Ernst & Young AB	4.5	4.5	0.5	2.5
Other	0.4	0.6	–	–
<i>For separate advice, assistance etcetera:</i>				
Ernst & Young AB	2.7	1.5	1.8	0.7

NOTE 22. LEASING EXPENSES AND PAYMENT OBLIGATIONS

The Group has equipment, computers, company cars, premises etc. at its disposal through operational leasing contracts. The Group's payment commitments amount to:

SEK M	2005	2006	2007	2008	2009	2010 and later
Premises	268.8	202.7	171.2	106.3	79.2	574.6
Machinery and equipment	69.7	45.9	25.2	9.6	6.9	1.4

Costs for the year of leased assets amounted to: premises SEK M 274.0 (215.3), machinery and equipment SEK M 67,4 (42.2).

NOTE 23. CASH FLOW ANALYSIS

SEK M	Group		Parent company	
	2004	2003	2004	2003
INTERESTS PAID AND DIVIDENDS				
Interest received	30.5	65.9	33.1	55.3
Interest paid	35.9	52.9	31.0	42.2
Dividend received from associated companies	26.3	28.7	18.6	25.0
ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW				
Share in earnings of associated companies less dividends received	–20.0	–7.0	–	–
Depreciation and write-downs, tangible fixed assets	102.5	63.0	0.2	0.1
Amortisation and write-downs, intangible fixed assets	163.4	53.7	–	–
Cancellation/provision project reserves	–	–116.9	–	–26.9
Capital gains/losses	–	47.0	87.1	–37.9
Financial income and expenses	19.3	–4.7	19.3	–4.7
Group contribution	–	–	76.4	–224.5
Other	–	4.4	–	–
<i>Total</i>	265.2	39.5	183.0	–293.9

continued on next page

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SEK M	Group		Parent company	
	2004	2003	2004	2003
CHANGES IN WORKING CAPITAL				
Inventories	11.4	18.9	–	–
Accounts receivable, trade	50.1	–53.5	0.5	1.9
Other operating assets	19.1	–209.9	–234.3	–89.8
Accounts payable, trade	–29.0	92.2	1.2	–2.3
Provisions and other operating liabilities	–259.0	44.7	–26.0	346.5
<i>Total</i>	–207.4	–107.6	–258.6	256.3
ACQUISITION AND DIVESTMENT OF SUBSIDIARIES				
ACQUISITIONS		DIVESTMENTS		
<i>The value of identifiable assets and liabilities of subsidiaries acquired during the year was:</i>		<i>The value of identifiable assets and liabilities of subsidiaries divested during the year was:</i>		
Intangible fixed assets	64.1	Intangible fixed assets	17.4	
Tangible fixed assets	141.1	Tangible fixed assets	2.7	
Subsidiaries divested in 2004 ²⁾	102.7	Subsidiaries divested in 2004 ²⁾	102.7	
Financial fixed assets	296.9	Inventories	28.6	
Inventories	9.1	Accounts receivable, trade	23.6	
Accounts receivable, trade	336.6	Other receivables	7.5	
Other receivables	124.5	Liquid assets	5.7	
Liquid assets	111.7	Accounts payable, trade	–14.2	
Provisions	–143.0	Other non interest-bearing liabilities	–3.6	
Interest-bearing liabilities	–231.9	<i>Purchase sum received</i>	170.4	
Accounts payable, trade	–31.8	<i>Cash flow on divestments:</i>		
Other non interest-bearing liabilities	–411.9	Net liquid assets in the		
	368.1	divested subsidiaries	–5.7	
Goodwill on acquisitions	1,834.7	Paid in	170.4	
<i>Paid purchase sum¹⁾</i>	2,202.8	<i>Cash inflow, net</i>	164.7	
<i>Cash outflow on acquisitions:</i>				
Net liquid assets in the				
acquired subsidiaries	111.7			
Paid	–1,417.7			
<i>Cash outflow, net</i>	–1,306.0			

¹⁾ The purchase sum paid for Novo Group includes a non-cash issue to the value of SEK M 785.1.

²⁾ Subsidiaries of Novo Group (hardware operations and overseas operations in the USA, Netherlands and Germany) which were not consolidated as the holding was temporary.

NOTE 24. INFORMATION ABOUT RELATED PARTIES

Associated companies Atea Holding AB, Pohjolan ATK-Palvelu Oy, Silta Oy and WDM Nordic Computer Management AB are considered to be related parties of significance.

ATEA HOLDING AB. During the year, WM-data divested the hardware operations in Finland (Novosys Oy and WM-data X-way Oy) to Atea. WM-data has a long-term interest-bearing claim of SEK M 100 from before (see note 10 for further information) and, as at 31 December 2004, has a short-term claim of SEK M 20.4 pertaining to part of the purchase sum paid on divestment of the hardware operations. In addition, the WM-data Group buys and sells products and services to and from the Atea group under market conditions.

POHJOLAN ATK-PALVELU OY. Over the past year, the WM-data Group has sold products and services to the company under market conditions. From 2005, a new operational management agreement with Pohjolan has been formed and, with this, WM-data will be taking over the whole of operations at Pohjolan ATK-Palvelu Oy. WM-data has issued guarantee commitments of SEK M 28.5 (28.5) on loans.

SILTA OY. Over the past year, the WM-data Group has bought and sold services to the company under market conditions.

WDM NORDIC COMPUTER MANAGEMENT AB. Over the past year, the WM-data Group has bought services from the company under market conditions. WM-data has issued guarantee commitments of SEK M 69.6 (51.6) on the leasing of production equipment.

NOTE 25. FINANCIAL RISKS

The nature of the company's business activities is such that financial risks are low. Financial transactions within WM-data only provide support for ordinary activities and no transactions are conducted for the purposes of speculation. The corporate financial policy is determined by the Board and regulates the management of liquid assets, borrowing and currency exposure. Within the policy, it is established that the aim of corporate financial transactions is to make a positive contribution, at low risk, to the results of operations.

The corporate financial instruments consist of liabilities to credit institutions (see note 15), liquid assets and short-term investments. The principal purpose of these financial instruments is to finance Group operations. In addition there are interest-bearing long-term receivables, a convertible debenture aimed at Group employees as well as trade accounts receivable and payable that continuously arise in operations. The Group also conducts transactions with derivatives with the purpose of handling the financial risks that occur in Group operations and the financing of the latter. As at 31 December 2004, the share swap agreements which were formed to limit the cash flow risks inherent in outstanding employee stock options programmes (see note 20) constitute the Group's only derivative instrument of significance.

INTEREST RISK

The Group's exposure to changes in interest levels occurs principally in the investment of liquid assets and borrowing with short-term interest (see note 15).

The fixed interest term on corporate borrowing should not exceed 12 months. At present, there is no necessity for handling existing interest exposure with any form of derivative.

CREDIT RISK

The Group's customer stock consists of major companies and organisations in the Nordic region. All trade accounts receivable are monitored continuously and the Group's exposure to bad debts is insignificant. Provisions are continuously being made in the accounts for debts that are considered to be doubtful. Credit periods longer than 30 days must be approved by WM-data AB's CEO or CFO.

The credit risk associated with other financial assets, principally liquid assets and short-term investments, consists of the risk of default of payment from the other party. Apart from investment in the form of bank deposits, investments must only be made in interest-bearing securities issued by the Swedish government and its subsidiaries, Swedish banks and their wholly-owned financial institutions, the Swedish housing finance institution and other K1-rated issuers. There are no significant concentrations of credit risk within the Group.

LIQUIDITY RISK

The Group's investment of over-liquidity should only take place in such a way that funds can be freed at their actual value without any problem at short notice.

CURRENCY RISK

The sale and purchase of foreign currencies in each company is insignificant.

From 2005, all companies in the European Union which have securities listed in a regulated market will be obliged to prepare their consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) which also includes the International Accounting Standards (IAS). As WM-data AB is listed on the Stockholm Stock Exchange, which is a Swedish regulated market, this has resulted in 2004 being the last year that WM-data AB will prepare its financial reports in accordance with Swedish accounting practice. For 2005, WM-data will publish complete accounts in accordance with IFRS which means that the figures for comparative year 2004 must be recalculated.

Rules for how implementation and recalculation shall occur are found in IFRS 1: First-time Adoption of International Financial Reporting Standards. The primary rule is that all standards shall be implemented retroactively, although IFRS 1 does contain a number of exceptions to this. WM-data will implement the following exceptions: Acquisition analyses relating to acquisitions completed prior to 2004 will not be recalculated according to the new principles; accumulated translation differences in shareholders' equity attributable to operations with a functional currency other than SEK are adjusted to zero effective January 1, 2004; comparative figures in accordance with IAS 39: Financial Instruments: Recognition and Measurement, are not recalculated. Instead any effects are reported in shareholders' equity at January 1, 2005.

The tables on the next page show the effects of the transition based on IFRS currently in effect. These standards may be changed until 31 December 2005 which may impact the information presented below. The comments refer to texts that describe the respective changes.

IFRS 3 Business combinations:

Intangible assets will, to a greater extent than before, be valued separately in acquisitions and amortised separately from goodwill, while goodwill will no longer be amortised but rather be tested for impairment at least annually. Intangible assets identified during acquisition shall be amortised according to plan based on the assets' estimated lifetime.

For acquisitions completed during 2004, intangible assets relating to customer relations and software (which are included in reported goodwill in the year-end report as of December 31, 2004) totaling SEK M 672 have been identified. The amortisation period for a majority of these assets is between 5-7 years and amortisation according to plan of SEK M 96 will be reported in the income statement for 2004 that is prepared in accordance with IFRS. Deferred tax liability attributable to these intangible assets was calculated in accordance with IFRS 3 and amounts to SEK M 153 as of December 31, 2004. The deferred tax liability will be eliminated in pace with amortisation.

Provisions for restructuring measures for the acquired units are not reported in conjunction with the acquisition

in accordance with IFRS 3. Costs for such restructuring measures during 2004 (that are part of the acquisition value for goodwill in the year-end report as of December 31, 2004) amount to SEK M 94, distributed between employee expenses and other external expenses. These are expensed in accordance with IFRS. After taxes, the net effect on the year's earnings is SEK M 69.

Impairment testing of goodwill in accordance with the new regulations has not revealed any write-down requirements. This means that the book value of goodwill accounted for in accordance with IFRS 3 has increased by SEK M 135 due to the reversal of amortisation accounted for in financial reports for 2004.

IFRS 2 Share-based Payment:

In accordance with IFRS 2, WM-data's employee stock options program is reported as cash-settled share-based payments. The reported cost comprises the fair value of the options outstanding and the social security fees calculated on the fair value. The fair value is determined by applying the Black-Scholes options valuation model.

Costs shall be distributed over the earnings period, which is three years for the outstanding employee options program. At the close of each reporting period, the change in fair value is taken into account so that the accumulated costs correspond to the most recent valuation. Previous principles mean that cost is calculated as the difference between the redemption price and the year-end closing price (plus social security fees) if the redemption price is less than the market price at year-end.

The new principles result in an expense of SEK M 1.3 (before tax) for 2004. According to previous principles, a cost reduction of SEK M 1.0 was reported. The amount entered as a liability as of December 31, 2004 amounts to SEK M 3.6 instead of a previously reported amount of SEK M 5.4.

IAS 27 Consolidated and Separate Financial Statements:

The minority share of shareholders' equity is accounted for, in accordance with IFRS, in a separate entry under shareholders' equity. In accordance with previous principles, the minority interest was accounted for as a liability to the minority. The minority share in this year's earnings is reported, in accordance with IFRS, as a disclosure. According to previous principles, the minority share of the earnings was accounted for as an adjustment item in the income statement. The minority share as of December 31, 2003 amounted to SEK M 20, which according to IFRS, will be reported in the opening balance on January 1, 2004. The minority share as of December 31 amounted to SEK M 22.

Impact on 2005 opening balance of IAS 39:

IAS 39 Financial Instruments: Recognition and Measurement will be implemented effective January 1, 2005. This will not have any significant impact on shareholders' equity.

EFFECT OF IFRS ON OPENING BALANCE FOR 2004, SEK M

Shareholders' equity 1 January 2004 in accordance with Swedish accounting principles:	1,635
Reclassification of liability to minority (IAS 27)	20
Revaluation of costs for employee options programme (IFRS 2)	3
<i>Shareholders' equity on 1 January 2004 in accordance IFRS:</i>	1,658

EFFECT OF IFRS ON ANNUAL ACCOUNTS 2004

	Before transition SEK M	After transition SEK M	Difference SEK M	Notes
BALANCE SHEET 31 DEC 2004				
<i>Fixed assets</i>				
Goodwill	1,994	1,567	-427	IFRS 3
Intangible assets in acquisitions	-	576	576	IFRS 3
Other fixed assets	1,059	1,059	-	
<i>Current assets</i>				
Inventories	24	24	-	
Accounts receivable, trade	1,486	1,486	-	
Other short-term receivables	558	558	-	
Liquid assets	635	635	-	
<i>Total assets</i>	5,756	5,905	149	
Shareholders' equity	2,515	2,534	19	
Minority interests	22	-	-22	IAS 27
Provisions	351	503	152	IFRS 2,3
Interest-bearing liabilities	966	966	-	
Non interest-bearing liabilities	1,902	1,902	-	
<i>Total shareholders' equity and liabilities</i>	5,756	5,905	149	
INCOME STATEMENT 2004				
<i>Net sales</i>	8,160	8,160	-	
<i>Operating expenses</i>				
Assignment-specific external expenses	-2,192	-2,192	-	
Other external expenses	-763	-781	-18	IFRS 3
Employee-related expenses	-4,618	-4,696	-78	IFRS 2,3
Depreciation	-131	-131	-	
Amortisation of goodwill	-135	-	135	IFRS 3
Amortisation of intangible assets in acquisitions	-	-96	-96	IFRS 3
Earnings from associated companies	46	46	-	
<i>Operating income</i>	367	310	-57	
Net financial items	-15	-15	-	
<i>Income after financial income and expenses</i>	352	295	-57	
Taxes	-150	-98	52	IFRS 2,3
Minority's share of income	-5	-	5	IAS 27
<i>Income for the period</i>	197	197	0	

FIVE YEAR SUMMARY

INDIVIDUAL CAPITAL	2004	2003	2002	2001	2000
EMPLOYEES					
Average number of employees	7,655	6,015	6,925	8,315	8,580
Of whom, in Sweden	4,385	4,450	5,225	5,945	6,050
Of whom, in the other Nordic countries	3,270	1,565	1,700	2,370	2,530
Of whom, revenue-earning employees	6,980	5,395	6,190	7,440	7,720
Total as at 31 December	7,615	5,690	6,635	7,055	8,250
Average age	40	38	36	35	34
Employee turnover, %	8	8	9	13	14
Turnover per revenue-earning employee, SEK 000s	1,169	1,211	1,147	1,610	1,700
Income before amortisation of goodwill, excl. items affecting comparability per revenue-earning employee, SEK 000s	72	55	48	53	39
Income after net financial items, excl. items affecting comparability and goodwill write-down per revenue-earning employee, SEK 000s	50	51	39	35	22

CUSTOMER CAPITAL	2004	2003	2002	2001 ¹⁾	2000
BREAKDOWN OF SALES, %					
<i>Industry sectors</i>					
Public sector	25	26	23	21	18
Industry	36	38	38	45	46
Banking and insurance	6	6	9	11	12
Retail and logistics	18	12	10	23	24
Utilities	6	7	6	–	–
Other sectors	9	11	14	–	–

¹⁾ ATEA excluded.

FINANCIAL CAPITAL	2004	2003	2002	2001	2000
INCOME STATEMENT, SEK M					
Net sales	8,160	6,535	7,100	11,975	13,125
Operating expenses	-7,573	-6,206	-6,737	-11,512	-12,770
Amortisation of goodwill	-135	-48	-70	-110	-103
Write-down of goodwill	-	-	-529	-	-
Depreciation	-131	-69	-118	-167	-145
Items affecting comparability	0	70	-670	-247	31
Shares in associated companies' income	46	36	53	95	88
<i>Operating income (EBIT)</i>	367	318	-971	34	226
Net financial items	-15	26	11	-23	-24
<i>Income after financial income and expenses (EBT)</i>	352	344	-960	11	202
Tax on income for the period	-150	-85	-36	-12	-127
Minority's share of income	-5	-6	-8	-	-
<i>Income for the period</i>	197	253	-1,004	-1	75
<i>Profit margin, %</i>					
Operating income before amortisation of goodwill (EBITA)	6.2	5.6	-5.2	1.2	2.5
Income after financial income and expenses (EBT)	4.3	5.3	-13.5	0.1	1.5
CASH FLOW, SEK M					
Cash flow from operating activities	381	170	226	646	146
Cash flow from investing activities	-1,204	67	75	353	-666
Cash flow from financing activities	421	-700	-217	-248	41
Change in liquid assets	-402	-463	84	751	-479
Liquid assets at year-end	635	1,040	1,507	1,426	668
CAPITAL STRUCTURE, SEK M					
Fixed assets	3,053	988	1,229	1,868	1,885
Current assets	2,703	2,837	3,564	4,008	5,465
Shareholders' equity	2,515	1,635	1,319	2,413	2,482
Minority share	22	20	37	12	-
Provisions	351	229	597	281	244
Interest-bearing liabilities	966	231	974	1,109	1,218
Non interest-bearing liabilities	1,902	1,710	1,866	2,061	3,406
Balance sheet total	5,756	3,825	4,793	5,876	7,350
Equity/assets ratio, % ¹⁾	44	43	28	41	34
Interest coverage ratio, factor ¹⁾	8.8	9.6	-11.7	1.1	3.6
RETURN, % ¹⁾					
Capital employed	14.7	18.2	-30.2	2.7	7.2
Shareholders' equity	9.5	17.1	-53.8	0.0	3.0
Total capital	8.3	8.9	-16.6	1.6	4.0

¹⁾ The key figures are calculated without conversion of convertible debentures.

AUDITORS' REPORT

*To the Annual General Meeting of shareholders
of WM-data AB (publ.), corporate identity no. 556124-5233*

We have examined the Parent company and the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of WM-data AB (publ.) for the financial year 2004. These accounts and the administration of the company, as well as responsibility for ensuring the Swedish Annual Accounts Act (årsredovisningslagen) is applied in the preparation of the annual accounts and the consolidated financial statements, are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in Sweden, which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the important assessments made by the Board of Directors and President when preparing the annual accounts and consolidated financial statements, as well as appraising the overall presentation of information in the financial statements. As the basis for

our statement concerning discharging of liability, we have examined significant decisions, actions taken and circumstances of the company in order to determine the possible liability to the company of any Board member or the President. We have also conducted an examination to see if any Board member or the President has in some other way acted in contravention of the Swedish Companies Act (aktiebolagslagen), the Swedish Annual Accounts Act (årsredovisningslagen) or the articles of association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Parent company and the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and, consequently, provide a true picture of the company's and the Group's income and position in accordance with good accounting practice in Sweden. The directors' report is consistent with other parts of the annual accounts and consolidated financial statements.

We recommend that the statement of income and the balance sheet for the Parent company and the Group be adopted, that the unappropriated earnings in the Parent company be disposed of as proposed in the Board of Directors' report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm February 14, 2005

Thomas Forslund

Authorised public accountant, Ernst & Young AB

Anders Wiger

Authorised public accountant, Ernst & Young AB

DEFINITIONS

EBITA Operating income before amortisation of goodwill.

REVENUE-EARNING EMPLOYEE Employees who are active in the company's direct production, i.e., planning, production and sales of the service/product requested by the client.

EMPLOYEE TURNOVER The number of employees who have resigned, excluding being laid off, in relation to the total number of employees at the beginning of the financial year.

RETURN ON SHAREHOLDERS' EQUITY Income after tax in relation to average shareholders' equity.

RETURN ON CAPITAL EMPLOYED Income after net financial items plus interest expenses in relation to the

average balance sheet total less non interest-bearing liabilities.

RETURN ON TOTAL CAPITAL Income after net financial items plus interest expenses in relation to the average balance sheet total.

INTEREST COVERAGE RATIO Income after net financial items with interest expenses added on in relation to interest expenses.

EQUITY/ASSETS RATIO Shareholders' equity in relation to the balance sheet total.

PROFIT MARGIN Income after net financial items in relation to net sales.

INFO

ORDERING INFORMATION

The annual report, preliminary report and interim reports are published in Swedish and English. All financial information can be ordered from www.wmdata.com or WM-data AB, PO Box 27030, SE-102 51 Stockholm, Sweden.
Tel: +46 (0)8-670 20 00.
Fax: +46 (0)8-670 22 90.
Corporate identity no. 556124-5233.

FINANCIAL REPORTS IN 2005

- Quarterly report 28 April
- Quarterly report 22 July
- Quarterly report 28 October
- Year-end report 8 February 2006

The Annual General Meeting will be held at 5.00 pm on 12 April at Berns, China Teatern in Stockholm.

The Annual Report is available in Swedish and English. The English version is virtually the same as the Swedish report. If deviations between the Swedish and the English versions occur, the Swedish version shall apply.

FOR FURTHER INFORMATION

Visit WM-data's website at www.wmdata.com or contact us at investorrelations@wmdata.com



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