05

WM-data Annual Report 2005

When did you last make contact with WM-data?

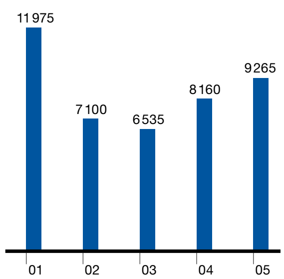
Perhaps you’ve used
some electricity recently?

This is WM-data

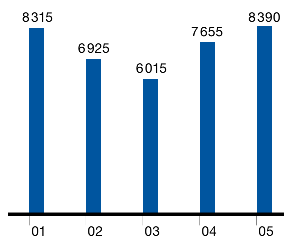
WM-data was founded in 1969 and is currently one of the leading IT companies in the Nordic region. Consolidated sales amount to more than SEK 10,000 million and the number of employees is approximately 9,000. WM-data is represented in the Nordic countries as well as Estonia and Poland with a total of a hundred regional offices. We create increased competitiveness for our customers by combining operational expertise with IT knowledge. WM-data's vision is to be the first choice in our selected market segments. We concentrate on a number of areas in which we can combine expertise and solutions to produce attractive offers. With the addition of specialist services and infrastructure, we are able to create well-functioning complete solutions.

Key ratios

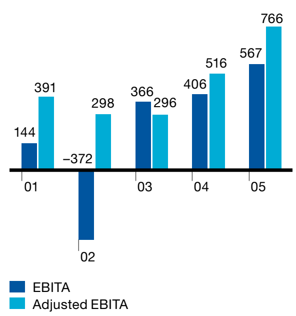
Consolidated sales
SEK M



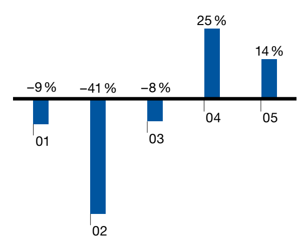
Average number of employees
No. of



EBITA
SEK M



Growth
Percent



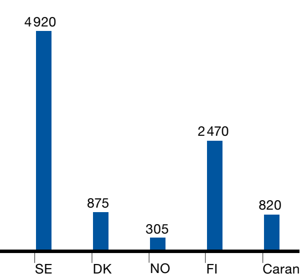
Brands

The listed group WM-data has two distinct brands, WM-data for IT-related services and solutions, and Caran for design and product development services.

Markets

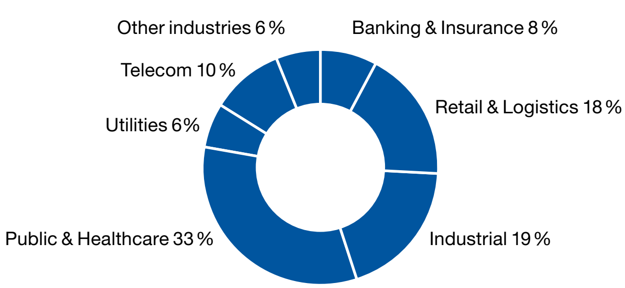
Sales
SEK M

WM-data Sweden
WM-data Denmark
WM-data Norway
WM-data Finland
Caran

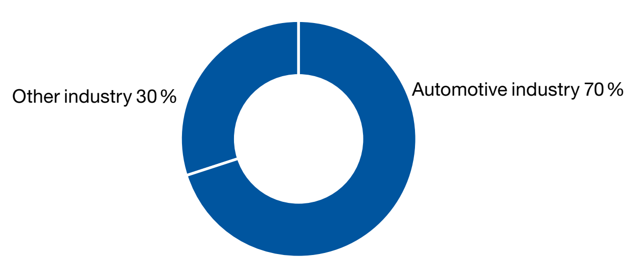


Distribution by industry

Revenues, WM-data



Revenues, Caran



Increasing our customers' competitiveness is our mission.

To be the first choice in our selected market segments is our vision.

Understanding of our customers' business and activities – that is our overall strategy.

Goals 2005

- Acquisition-led growth in existing areas of activity or through additional industry solutions.
- Expansion in Estonia with the twin aims of establishing a new home market with good growth prospects and exploiting the lower labour costs of development projects.
- Establishing a Business Process Outsourcing operation within an area where WM-data has industry expertise, solutions and a customer base.
- With continued optimisation, take a major step towards achieving our long-term goal of a 10 percent EBITA margin.

Performance 2005

- The acquisition of Atos Origin AB brought a large volume of business in areas in which WM-data is already well established, as well as new expertise and solutions in Telecom and Utilities, among others.
- With the acquisition of the Estonian company Aprote, WM-data gained a local customer base and increased resources in Estonia.
- Sweden Post contracted out the whole administration of 40,000 salaries to WM-data, creating the basis for the establishment of a Swedish BPO operation in the salaries/HR area.
- The EBITA margin increased from 6.3 to 8.3 percent.

Goals 2006

- Increased growth, mainly organic, by focusing on industry-oriented solutions for selected customer segments.
- By continuing to focus on standardisation and industrialisation, take further steps to achieve our long-term profitability goal.
- Introduce joint processes and improved IT support to increase cross-border co-operation and make full use of the Group's collective knowledge and resources.
- Further develop the industrial part of design and product development company Caran to create increased growth and profitability.

Or possibly made a mobile phone call lately?

Maybe paid by card sometime?

Our operations are all about getting the every-day lives of our customers and their customers to run smoothly.

Crister Stjernfelt,
President and CEO

2005 – a strong year and considerable progress towards achieving our long-term goal

Improved margins and growth

In 2005 all units in the Group delivered as, or better than, planned which, taken together, produced income of SEK 766 million. Sales increased by 14 percent to SEK 9,265 million and the EBITA[1)] profit margin improved to 8.3 (6.3) percent. For the first time since the turn of the millennium, the Group grew organically, too.

Following a long period of falling or weak demand, 2005 was characterised by a greater focus on new investments in systems and solutions with the purpose of sharpening competitive edge and improving customer care and service. However, despite healthy demand and favourable market conditions, market growth continues to be slow. This is due to a sustained price pressure and increased standardisation and efficiency, which opens up opportunities for producing more at lower cost.

During the year, considerable progress was made towards achieving our long-term goal and we are pleased to note that all our larger units delivered as, or better than, planned.

Acquisitions and geographic expansion

The acquisition of Atos Origin's Nordic operations was one of the most important events in 2005. This included 1,300 employees, of whom more than 100 are based in Norway, and total sales of approximately SEK 1,600 million. The bulk of the income is from a series of large outsourcing transactions, adding a large business volume to WM-data with excellent potential for cost synergies. One-off charges, which affected income in 2005, amount to approximately SEK 199 million and annual synergy gains to more than SEK 150 million, with full effect from mid-year 2006. In addition, the acquisition brought WM-data operations in Telecom and Utilities as well as BPO (Business Process Outsourcing) operations in the banking area.

All these components fitted in well with the growth strategy adopted by WM-data in 2003 and launched with the acquisition of the Finnish Novo Group at the end of the previous year. Through supplementary acquisitions, the strategy focuses on creating critical mass – geographically and in specific industry segments – in order to achieve organic growth. Since 1987, WM-data has acquired more than 200 companies, both large and small-scale. Over the past two years, some 20 acquisitions have actively contributed to the company enjoying a strong market position and good growth. The ability to integrate new expertise and solutions is one of WM-data's most important factors for success.

In accordance with our growth strategy, WM-data set up business in Estonia in 2005. Significantly lower labour costs offer opportunities for so-called offshore projects although the Estonian market is also of interest as a local growth market. In 2006, WM-data will consider the possibility of extending the Utilities operations already in existence in Poland.

Greater industry orientation and broader offer

All important business decisions are made close to the market and people are always doing business with people. Culture, language, business practice, networks and geographical location are important factors in getting close to customers, markets and employees. This is why WM-data controls and organises its operations by country.

From year-end 2005/2006, all countries will be organised in a number of industry units which will develop expertise and solutions adapted to meet the needs of the industries on which WM-data is focused. These "vertical" units have the overall responsibility for customer undertakings and business development. But not all expertise and solutions are industry-unique. Areas such as financial management, pay-roll/HR, GIS, security, but also general expertise in project management, systems development etc., are industry-independent and therefore organised in "horizontal" units with the collective name Cross Industry Solutions. Every customer needs industry-specific solutions as well as generic applications, and there is growing demand for suppliers who can also take responsibility for the whole business process, so-called Business Process Outsourcing. This is why WM-data is broadening its offer to include BPO activities in both industry-unique areas, for example, Utilities and Banking & Insurance, and general areas such as pay-roll/HR.

A uniform organisational structure facilitates co-operation between the countries and the ability to take responsibility for cross-border customer undertakings. Through the alliance entered into with Atos Origin in connection with the aforementioned acquisition, WM-data is able to offer a level of commitment that lies beyond its own geography, as well as support for Atos Origin's customers within WM-data's geography.

[1)] Refers to EBITA before restructuring costs associated with acquisitions.

Increased focus on quality, efficiency, service

As the market becomes increasingly mature and the services offered increasingly standardised, customers' requirements and purchasing behaviour is changing. Customer-unique solutions are being replaced with standard applications. The most important reason for this is that costs are lower, implementation is quicker and quality is higher. With increased standardisation come increased opportunities for offering solutions as a service rather than a product. This means that customers can focus on function, accessibility and quality instead of technology and product choice.

WM-data has gradually moved its offer from a pure consultancy operation to a higher degree of packaged services and complete solutions. This trend is expected to continue and is having an impact on business models as well as control systems within the Group. Service and quality are becoming measurable factors that affect profitability and, thus, factors that must be included in the internal management and compensation systems. With revenue being increasingly based on the value of the delivered service rather than the hours of work invested, internal efficiency and high productivity are of crucial importance to profitability.

Changing skills requirements

At year-end, WM-data had a total of 8,960 employees. For a knowledge-based company, professional and service-minded employees are essential for success. As market and customer requirements change, so employee expertise is required to change and adapt to meet the new demands. The move from a pure consultancy operation to an increasingly complex and composite delivery of complete solution packages and responsibility for functions has had a major impact on management and expertise development.

WM-data runs a number of professional training programmes, under our own management as well as in co-operation with colleges and universities. In 2006, a new programme will be launched with the purpose of encouraging and supporting women in management and thereby increasing the proportion of women in senior positions. An anticipated increase in employee turnover will be met with active recruitment and a variety of activities designed to develop and stimulate existing employees.

Caran – the Group's brand for design- and product development

The automotive industry experienced a strong year in 2005 which was reflected in an earnings improvement for Caran. Important customers such as Ford, Volvo, Scania and Saab entrusted Caran with the task of delivering more services and projects than ever before. The competition for new assignments is intense and industry is squeezing its subcontractors to the limits. Despite this, Caran has succeeded in achieving greater efficiency and keeping costs under control which has resulted in a good profit margin within the Automotive division. In the coming year, priority will be given to the expansion and optimisation of the Industry division where co-operation with Saab Aerospace has developed extremely favourably. Nevertheless, there is still room for improvement in other industry areas.

Outlook for 2006

Most indicators suggest another year characterised by rising demand. Economic growth is expected to be favourable in all countries within WM-data's home market. The comprehensive new investments implemented ahead of the millennium shift have now largely been depreciated and have also reached the end of their practical and economic life cycle. It is reasonable, then, to believe that there will be both the need and the financial capabilities for increasing investments in new solutions. The balance between demand and supply for professional resources has now been restored following a protracted period of over-capacity.

Growth will probably be somewhat lower than the positive development in demand gives us cause to hope for. This is because many companies are currently choosing standard solutions in preference to proprietary solutions. The pace of development of standard solutions and components has been rapid and, relatively speaking, their costs have fallen, mainly as a result of transferring production to low-cost countries. It is now possible to offer the market solutions at lower total costs compared with just a few years ago. Intense competition for market share in a mature market continues to limit opportunities for significant price increases.

During the past two years, WM-data's growth has slightly exceeded 40 percent mainly as a result of a number of successful acquisitions. Over the next few years, WM-data will prioritise organic growth.

In 2005, WM-data made considerable progress towards achieving its long-term profitability goal of a ten percent EBITA margin. By continuing to focus on increased efficiency and by moving further up the value chain, margins are expected to improve in 2006.

Crister Stjernfelt,
President and CEO

Solutions and service undertakings that support the customer's business goals

WM-data's offer is largely a reflection of the changing demands of customers and the market. Our approach to business development involves attempting to meet market development and identifying latest obvious trends. Demand in the market has gradually evolved from being mainly concerned with consulting and resource services to suppliers taking over whole business functions from the customer. Initially, these were often infrastructure-oriented functions but demand is also growing for other IT-based support functions and business processes which are not part of the customer's core processes. Two conditions are essential for this development to take place: the supplier must have an in-depth understanding of the customer's business operations and be able to offer good service at an agreed level for an extended period of time.

WM-data's strong offer is based on our ability to integrate the customer's business affairs with our solutions and services. This creates sustainable results for our customers based on solutions and service undertakings supporting the customer's business goals. For WM-data this is, first and foremost, about helping our customers to be more competitive through improved results, or efficiency, as well as through increased cost efficiency.

The in-depth understanding required to achieve this, cannot possibly be attained in all areas. For this reason, WM-data has concentrated on a number of industry areas where we have been able to build up knowledge and understanding. Many solutions and arrangements are industry-specific. Others are more generic and can be applied to several industries.

Strong and clear offer via two brands

The listed group WM-data has two distinct brands, WM-data for IT-related services and solutions, and Caran for design and product development services. Both brands are well established in their respective target groups and their offers are distinct, both in terms of their content and their packaging. Having two brands facilitates market communications and creates a clear identity for both customers and employees. The corporate mission and vision, which is to create competitive edge for our customers and to be the natural first choice in our market segment, is true for both brands.

WM-data

Efficient integration of IT and business

Our offer within the WM-data brand is mainly concerned with strengthening our customers' competitive edge through efficient integration of IT and business. In order to be able to maximise our understanding of their business and continually build up experience, we have chosen to concentrate our offers in relation to a selected number of industries. In this way we can develop and offer the resources, expertise and solutions that meet the special needs of customers in these industries. With the addition of industry-independent specialist services and infrastructure, we are able to create well-functioning complete solutions.

In our external reporting, WM-data posts IT operations divided into Industry Solutions and Infra Solutions. Industry Solutions consists of six industry units: Banking & Insurance, Retail & Logistics, Industrial, Public & Healthcare, Utilities and Telecom, as well as the industry-independent units listed under the collective name Cross Industry Solutions. Not all solutions are marketed in all countries, but the focus is gradually being intensified on the co-ordinated development of increasingly shared concepts and products.

By making full use of the Group's strengths, we make ourselves increasingly attractive to international manufacturers seeking partners in our part of the world. An example of this is our powerful position as partner to Microsoft. Important parts of WM-data's solutions portfolio are based on systems and components from Microsoft. In 2005, a Program Office was established in Utilities to co-ordinate and manage the development of solutions for the large customer base in the energy area. Similar initiatives have been launched in, for example, Healthcare with the purpose of increasing efficiency and raising the competitiveness of WM-data's collective offer.

General industry-independent offers might include packaged solutions in finance, pay-roll/HR, GIS, document and work-flow management, etc., but also expertise in project management, systems development, IT strategy, security, etc. These are often marketed together with the industry-specific solutions and infrastructure services in the complete solution packages that make up the bulk of sales in IT operations.

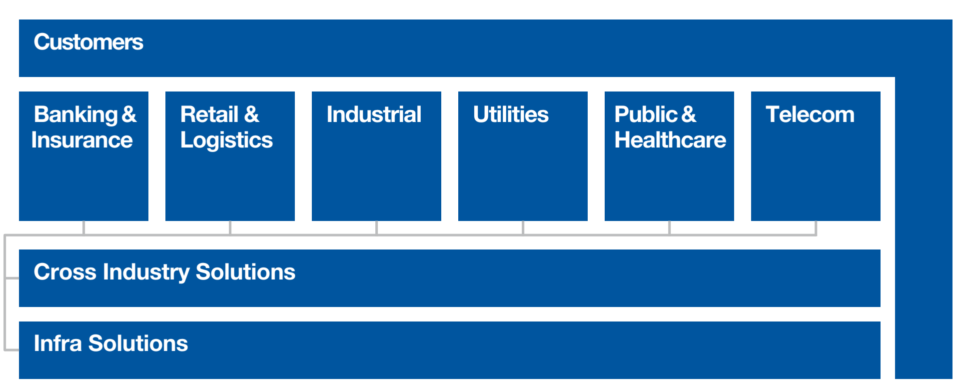
Infrastructure services are an important component in most of our major customer undertakings. These various services correspond to approximately one third of the Group's total sales, and demand for quality and reliability has increased dramatically as information technology has become essential to all types of processes. Increased e-commerce, increased self-service, increased access to information and a general increase in the digitalisation of community and corporate processes imposes huge demands on the service, quality and efficiency of the infrastructure services. A well developed Service Desk with its necessary work-flow management systems and technical support services is at the heart of Infra Solutions' offer. From here, computer operations (mainframe and/or server-based), communications and desktop services are monitored and controlled. In 2005, important steps were taken to further optimise computer operations, and the acquisition of Atos Origin's Nordic activities added a large volume of business contributing to reduced transaction costs. The acquisition included a large output data unit and work is in progress to focus and package services in Information Logistics, an area expected to grow dramatically over the coming years.

Today, applications development can be solved with a growing number of standardised components and solutions. To an increasing extent, WM-data's solutions are being based on the open Service Oriented Architecture (SOA) which has become the de facto standard. Customers' unique needs can be met by integrating and adapting proven systems, often developed by world-leading manufacturers. The development period is shortened while costs are reduced and quality improved.

To be able to handle increasingly complex commitments, WM-data structures delivery in a variety of ways. WM-data can act as prime contractor for the complete process, with own delivery as well as through subcontractors. We also have a number of strategic partners in areas where we cannot meet the customers' needs ourselves. No supplier, alone, can excel in all areas of a composite solution.

As the trend for increased service commitments has grown, we have packaged our services in a way that best meets demand. Today, a growing number of deliveries are made on the basis of so-called Service Level Agreements (SLA), in other words, the delivery is measured against detailed objectives for each component of the undertaking. As a result, our remuneration is directly linked to our ability to meet the service levels agreed. This also gives WM-data an incentive to constantly develop new and efficient delivery methods to reduce our costs and increase profitability.

Outsourcing has long been a major growth area, and the range of services in this area is extensive. Sometimes purely operational management services are required where WM-data takes care of the whole of the customer's operational management and support of the IT environment. But the work may also involve systems administration and further development of systems critical to business, work that requires in-depth knowledge of the customer's business affairs and activities, so-called Application Management. Many customers are now starting to consider outsourcing whole business processes to a trusted IT partner. Business Process Outsourcing is extremely common in countries such as the USA and UK, but still has a relatively modest market share in the Nordic region. WM-data already offers a number of BPO activities in areas such as pay-roll/HR, credit cards, utilities and insurance.



WM-data's offer consists of industry-oriented solutions in six areas, industry-independent services and solutions within Cross Industry Solutions, and infrastructural services within Infra Solutions.

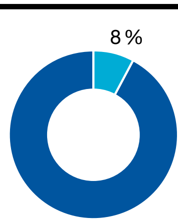
Banking & Insurance

WM-data enjoys a strong position in both personal and casualty insurance. We have long experience in the development of complete insurance systems based on our own components or those of external suppliers. Most insurance companies in the Nordic region use solutions supplied by WM-data. In the banking area, WM-data has mainly been involved in providing development services for the banks' own applications development. There is a growing need for new modular applications systems adapted for the internet and for a high degree of self service. To meet this need, WM-data has entered into a collaborative arrangement with an Indian company that has developed the world's most commonly installed banking system – Flexcube.

Solutions

- Pension and life insurance system
- Casualty insurance system (individual/group)
- System for electronic regulation of glass damage
- Leasing and hire purchase system
- Retail & Corporate Banking system
- Portfolio management system for investment companies
- Clearing and settlement system for securities management
- Treasury Management system
- Foundation management system
- Card and payment solutions

Share of turnover



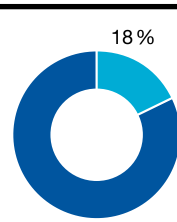
Retail & Logistics

Through long-term business relations with some of the largest Nordic companies in retail, distribution, logistics, transport and travel, WM-data has accumulated a great deal of knowledge and a number of high-performance packaged solutions. These are often based on established market-leading standard systems. One of our strongest offers is a solution for handling charge, customer and loyalty cards. More than 500 million card transactions are handled annually by these systems at some of the largest retail outlet chains.

Solutions

- Transaction management system for electronic document handling
- Credit, loyalty and charge card system
- Retail system (front/back office)
- Point-of-Sale system for retail chains
- Goods provision and stock-keeping system
- Complete e-commerce solutions
- Mobile solutions for stock control and stock-keeping
- Security solutions for e-commerce
- Third-party logistics solutions

Share of turnover



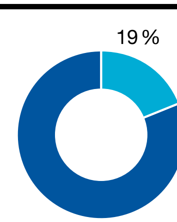
Industrial

We have a broad offering of expertise and solutions for many different types of industry. Among the most important customer segments is forestry where WM-data has developed solutions for, for example, timber supply, transportation, paper-mills and sawmills. For heavy manufacturing industries, such as shipyards, cranes and paper machines, WM-data has developed specialised material and production control systems. The automotive industry is the largest target group, although the aviation, packaging, pharmaceuticals and electronics industries also are important customer groups.

Solutions

- 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 system for timber flow management, sawmill & pharmaceutical industries
- Planning, production and storage system for sawmill and pulp & paper industries
- Maintenance & service system for aviation, process- and manufacturing industries
- Product Lifecycle Management solutions
- SAP Competence Center

Share of turnover



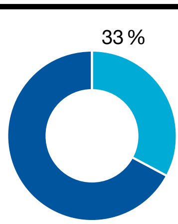
Public & Healthcare

The public sector and health- and medical care all have a significant need for the rationalisation of processes, facilities for more self-service and accessibility to members of the public. WM-data has developed skilled solutions for ”24-hour government” and for the digitalisation of the whole of the public organisation. WM-data has a wide range of administrative support systems and operational systems for local government systems and healthcare and medical treatment. The Swedish National Defence is a large, important customer for which WM-data's services cover all areas.

Solutions

- Solutions for 24-hour government (e-services, e-ID, SHS)
- Case and document handling system
- Operational system for municipalities (care in the community, social services, technology, GIS)
- Operational system 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 system
- Study administrative system
- Operations portals

Share of turnover



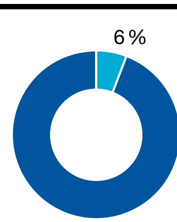
Utilities

The energy area is currently undergoing major change as a consequence of deregulation and new remote-reading systems requirements. In co-operation with several leading energy companies in the Nordic region, WM-data has developed solutions for the whole energy area: electricity, gas, water, district heating, drainage, etc. The new Multy Utility solutions will also support broadband services.

Solutions

- Business system for billing, CRM, customer service and supplier exchange
- System for measurement test result management (remote reading and estimation)
- Internet bank platform for utility companies
- System for collection of measurement test results
- Complete solution package for remote reading

Share of turnover



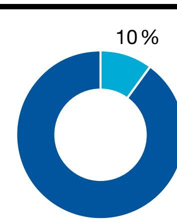
Telecom

With a world-leading solution in Prepaid Billing as its base, WM-data has an offer that appeals to both operators and systems suppliers in the telecom industry. Testing and validation is another area in which WM-data enjoys a strong position.

Solutions

- Solutions for billing and CRM
- Administration system for prepaid and convergent billing
- Platform for business support system (BSS)
- Testing and validation

Share of turnover



Caran

Design and product development

We market our knowledge and solutions for industrial development under the Caran brand. These include complete resources for design, construction and advanced prototyping, but also for the development of production methods and operational support. This gives us unique opportunities to take responsibility for the design of complete product lines and their functions but also for manufacturability and total quality. With our breadth and specialist knowledge in each area, combined with long experience from several different industrial segments, we have a level of expertise that pretty much sets us apart from other technical consultancy companies. Caran's largest target group is the automotive and aviation industry, but we also work with customers in packaging, pharmaceuticals, mechanics, processing, etc.

Product development requires various forms of expertise and covers a large number of different disciplines. A product's value is determined by all of its characteristics plus the manufacturer's ability to modify and adapt the product to meet the market's changing requirements. To win market share with your product, you must be alert and find new ways of beating the competition. Together with the customer, we always try to find the shortest and quickest route from demand to attractive and profitable products. Our concept is called Total Design Engineering, the name being an indication of our ambition to take total responsibility and be a good partner in design and product development.

Volvo's concept car 'Your Concept Car' has been designed and developed solely by women. Caran participated in the design and manufacturing work from start to finish. YCC has received standing ovations throughout the world.

The Caran Group includes two other companies, Caran Saab Engineering AB which is a joint venture with Saab AB and operates in the aviation and automotive industry, and A2Acoustics AB who are experts in acoustic applications within the same industries.

Business Development

Project Management

Design | **Construction** | **Prototype**

Calculation & Testing

Production Development

WM-data's offer in design and product development is promoted under the Caran brand. Our largest target group is the automotive and aviation industry, but Caran also has customers in packaging, pharmaceutical industries, mechanics, processing, etc.

Our revenue is increasingly being linked to the value and benefit of the service we deliver.

Active development of expertise is essential for improved quality, efficiency and service

Our resources are constantly being developed and dimensioned in order to efficiently deliver the services customers demand. As the IT industry matures, the composition of resources is changing more rapidly than the resources themselves. There is a constant need to combine individual initiatives with strong structural capital in the form of support systems and experience gained that can be re-utilised in a variety of ways. Expertise is always our core resource, in whatever form it manifests itself or is packaged.

For many employees, the duties they perform today or tomorrow differ very little from those they performed yesterday. The main difference lies in the way our services are packaged and delivered to the customer. In the past, most of our assignments were performed on a time and material basis on the customer's premises or under their management and responsibility. Today, the majority of our assignments are on fixed prices on our own premises and with total responsibility for quality and function. Our revenue is also being increasingly linked to the value and benefit of the service we deliver, in other words, our earnings are dependent on how our customer's customers use and value what we develop or produce. This development has led to increased focus on issues concerned with service, quality and efficiency. And less focus on issues concerned with technology, development methods, project administration, etc. Not to say, of course, that all these conventional IT issues are unimportant or uninteresting. It is just that they have become more internal and more ”commodities” than during earlier phases of the IT industry.

Strong structural capital

As market demand for complete solution packages and greater responsibility for whole business processes has grown, WM-data has found an increasing need for developing methods and IT support for everything from offers work to delivery and service desk.

In recent years, WM-data has made a substantial investment in the development and documentation of processes, the purpose being to improve quality and consequently the efficiency of our internal work. With well-documented processes, we have a greater capacity for taking prompt action in the event of interruptions and changes to our customer undertakings which, in turn, increases our capacity for providing service. WM-data Finland has led this development work, although other countries have participated in the work. In 2006, further steps will be taken through modernisation of the IT support linked with the process descriptions. Harmonisation between the countries will also lead to increased capacity for handling customers with operations in more than one country in a uniform manner.

To meet the need for cost-efficient applications handling, WM-data has developed methods and facilities for the industrialisation of both development and administrative work. This model will also provide improved conditions for the utilisation of the nearshore/offshore alternative. In 2005, WM-data established operations in Estonia which will offer a low-cost alternative both for own internal development and customer undertakings. In 2006 we can also expect to see an increase in solutions of this kind in, for example, Poland. The industrialised processes, with necessary staffing and management/control, have been organised into so-called Application Centers.

To communicate WM-data's goals and visions in a uniform manner to all employees, a ”WM-data book” is distributed each year with descriptions of the Group's joint mission, vision, business concept and values. The book also contains a brief description of operations and the rules and policies in force, for example, business ethics and good business practice, working environment, quality, information, equality of opportunity, etc.

Exciting future for service-minded employees

WM-data's move from being purely a consultancy company to a service company with complex and comprehensive undertakings creates exciting challenges for employees in all areas.

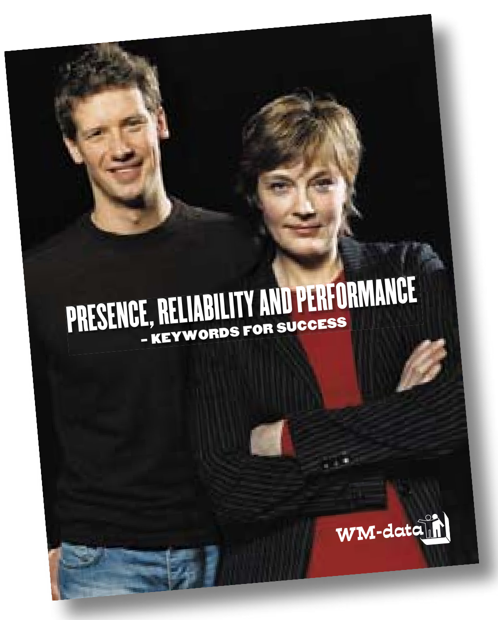
Although, these days, dialogue with our customers is more concerned with operational expertise, service levels, accessibility, benchmarking, bonuses, penalties, etc., the demand for IT knowledge or design and development knowledge has not diminished in any way. On the contrary, the constant demand for ”more for less” has increased the need for our employees to have a high degree of expertise at all levels and in all functions. Having total responsibility for mission critical processes demands significantly more of WM-data than simply delivering competent resources for customers' own development projects. Active development of expertise is essential for the programme of reform currently in progress. And the best and most effective way to develop expertise is to do so on an ongoing basis while working on projects and undertakings.

Recruitment is another important component in WM-data's move to providing more complete solution packages. In recent years, recruitment has been much too low, mainly as a consequence of over-capacity but also due to weak demand. The balance between supply and demand has now been restored and the latter is expected to continue to grow, providing good conditions for more active recruitment and thus a welcome rejuvenation and supply of new expertise. In 2006, WM-data will boost its profile in the labour market and among university students through a number of measures including increased presence in career fairs.

New customer requirements and business models are also imposing new demands on the leadership of WM-data. In 2006, approximately 350 senior executives took part in WM-data's management training programme which is gradually being adapted to meet changing conditions and is judged by outside reviewers to be one of the best training programmes in the market. In co-operation with Handelshögskolan in Stockholm, a second round of the Executive Leadership Development programme has been launched, the purpose of which is to develop and train senior executives at Group level. A similar collaborative arrangement will be started in 2006 with the purpose of establishing a network for female managers. The aim of the programme is to encourage and support women in managerial positions and thereby encourage greater diversity in management groups at WM-data.

In a knowledge-based company, particular emphasis is placed on sensitivity and openness in interactions with employees. For WM-data, it is important to understand and respect the needs and wishes of employees so that working methods and regulations can be adapted in an optimum way. Structured employee discussions and regular follow-up are important elements of this work. This is also true of our annual employee polls and the work groups regularly appointed to take care of the viewpoints that emerge from this research. Employee satisfaction is one of the parameters included in the Balanced Control Card that forms the basis for the variable part of senior executives' salaries.

At the end of 2005, WM-data had 8,960 employees, more than ever before in the 36 year history of the Group. Employee turnover was 8 (8) percent and a total of approximately 750 employees were recruited during the year. Around 1,700 employees joined the company through acquisitions.



Shared principles are essential conditions for stable structural capital. The internal document "Presence, Reliability and Performance – Keywords for success" is an important factor in the whole process of providing deeper understanding of WM-data as a company. For example, you will find descriptions here of our values, mission, vision and strategy, brand, offer, responsibility, organisation and history.

The tendency for customers to seek fewer and stronger suppliers is speeding up the restructuring process.

The battle for market share will continue

Market conditions for the year were largely favourable. After many years of over-capacity, 2005 was generally characterised by a continuation of the slow increase in demand and a better balance between supply and demand. For this reason, the price picture was also stable with a tendency for improvement. However, the picture was not entirely clear-cut in each of the Nordic markets. In Finland competition intensified, among other things as a consequence of WM-data's consolidated position following the Novo acquisition but also through generally greater competitive awareness among our customers.

Market becoming increasingly mature

The development of the IT market in the direction of a "mature market" progressed during the year. The IT industry has changed from being a technology-driven growth industry to something which increasingly resembles a traditional service industry. Today, IT is an integrated part of everyday life throughout society. This means that technology – or rather, knowing how to use technology – wins hands down over technology in isolation. This is less about new technology and releases and increasingly about taking care of existing needs. To co-ordinate, optimise, enhance performance and ensure that everything functions well. With a growing number of systems being linked together in mission critical applications, the consequences of interruptions and poor quality can be serious enough to jeopardize the customers' very survival.

This development is largely demand-driven and has had more of an impact on the IT industry over the past five years than the over-capacity which shook the industry during the same period. This means that competitive conditions and factors for success are radically different from what they were five years ago. Good service, superior quality and cost-efficiency have become decisive factors – and not least the capacity to take responsibility for all functions.

Generally speaking, the market has grown accustomed to lower prices for higher quality and service levels. Documented experience is becoming increasingly important, as is the capacity to handle complex solutions and understand the critical contexts in which they operate. These days, all suppliers are capable of delivering the same or equivalent technical solutions, often at similar price levels. The ability to distinguish one's offer from others lies mainly in the service level offered, the capacity to understand the customer's unique circumstances, the ability to "speak the customer's language", to maintain a high degree of quality and to deliver tangible benefit with great efficiency.

In a maturing market, the importance of a strong brand is also significant. A well-known name, an excellent reputation, good relations and a well-documented track record that matches market demand.

A Nordic-Baltic domestic market emerging

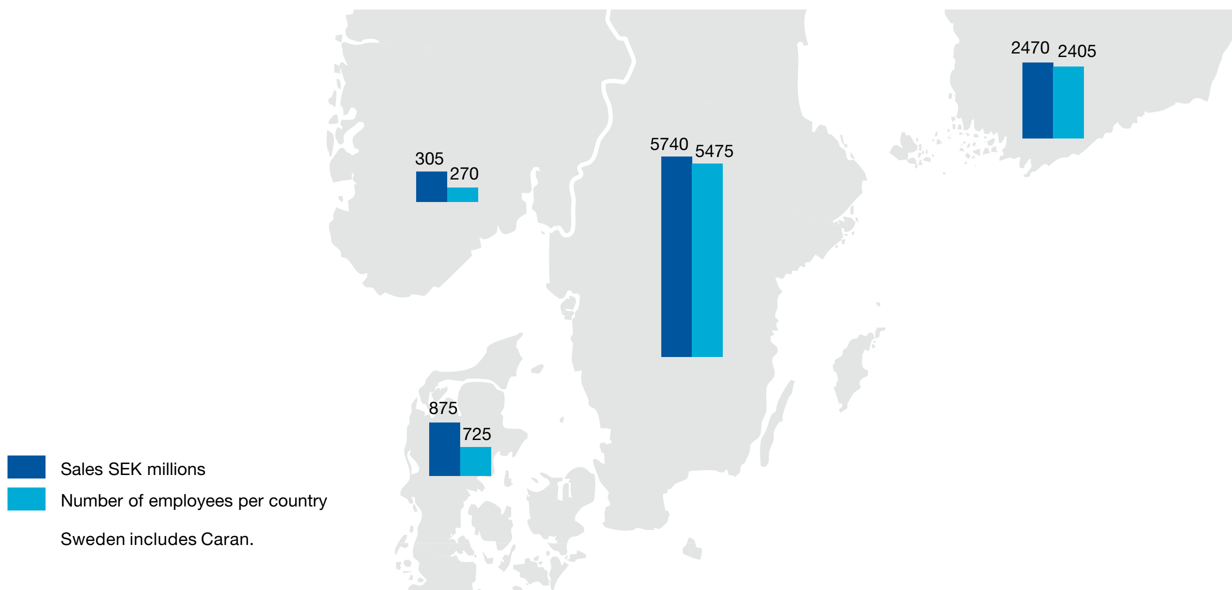
It is natural for global Nordic companies to seek their suppliers among global players. But for many sectors of the Nordic market, including government and local authorities, health- and medical care, retail, banks, insurance companies and numerous service companies, a major Nordic player is to be preferred. The ability to adapt deliveries and business relations to satisfy the unique conditions of the customer's home markets plays a major role.

The Nordic region and Baltic States consist of small countries with mainly small and medium-sized companies. Despite many historical and cultural similarities, the disparities are substantial. The industrial structures are quite different between, for example, Sweden and Finland with their raw material-based industries and Denmark with its long tradition as a trading nation. Norway is characterised by its oil-based industry and strong economy. The new markets in Estonia and Poland are still at the early development stage with strong growth and rapid structural changes. This is beneficial to local suppliers with good ability to adapt their business models to meet the needs of the various markets and customers.

Estonia is showing rapid growth and EU membership has resulted in a high rate of development, particularly in the public sector. In accordance with our growth strategy from 2003, WM-data set up business in Estonia in 2005. Significantly lower labour costs offer opportunities for so-called offshore projects and, at present, WM-data is running a number of development projects in Estonia. This rapid development will probably mean that operations will mainly be focused on a local market with good opportunities for offering major parts of the Group's collective offer to a growing Estonian, and Baltic, market.

The Polish market has a large population foundation and is at a very expansive stage. In 2006, WM-data will consider the possibility of extending the Utilities operations already in existence in Poland. In the longer term, Poland will probably be one of the most interesting growth areas for the Group.

Market



Continued intensive competition

Competition is stable with a tendency for increased consolidation which does not necessarily lead to reduced competitive pressure, something clearly demonstrated by our acquisition of Novo Group in Finland. Our acquisition has contributed to increased competition.

Competition is intense and the battle for market share is fierce. With the exception of WM-data and TietoEnator, which both have representation and a broad range of services in all the Nordic countries, the competitive field is fairly fragmented. The Norwegian EDB Business Partner enjoys a strong position in Norway and more modest operations in Sweden. The Danish Kommunedata has a virtually monopolistic position in municipalities in Denmark, but otherwise no operations in the Nordic region. In Finland, Fuijitsu has a fairly strong position but is not among the major players in the other Nordic countries. In Sweden there are major local players, such as Systeam, but also a large group of medium-sized companies such as HiQ, Cybercom, Mandator and KnowIT.

We do not feel that increased competition from the international players is particularly likely. The Nordic countries have small geographies/economies from a global perspective and for these players there is often more growth to be found in other markets. International players such as IBM, HP, EDS, CSC, Atos Origin, CAP Gemini and Accenture often have business models and concepts developed for handling large global customers. Their strategies are often based on winning (and retaining) the few but large deals. In particular, IBM and HP, which sell hardware as well as services and solutions, often have the advantage of being able to use their collective offer to compete more effectively on price. But despite their obvious advantages of scale, the international players have not consolidated their position in the Nordic market in the past five years. Atos Origin decided to leave the Nordic region in order to concentrate on larger and faster growing markets. And with the exception of IBM, whose growth in Denmark is mainly attributable to acquisitions, other international players did not increase their market share significantly in 2005.

The trend for customers to seek fewer and stronger suppliers continues and it is, therefore, highly likely that concentration on the Nordic region will intensify. The probable outcome will be for small and medium-sized players to merge or be taken over. And the most likely scenario is for these business transactions to be made between Nordic parties.

No local competitors of any distinction have emerged recently in the Nordic countries, but increased interest from risk capital for profitable niches such as BPO may lead to the creation of new local competitors.

A very strong market position

With an approximately 10 percent share of the Nordic IT market (excluding hardware), WM-data is one of the largest players in the Nordic region and Baltic States, with Sweden and Finland their largest markets.

In IT services, WM-data is one of the four largest players in Sweden, Finland and Denmark. Although a more modest player so far in Norway, Estonia and Poland.

The aim of our acquisition strategy is to create critical mass and a lever for organic growth. Following the acquisition of Atos Origin, WM-data is probably the largest provider of IT services in Sweden.

WM-data's vision is to be the first choice in all our selected market segments. According to the Swedish IT barometer's ranking in autumn 2005, which shows the extent to which Swedish IT customers are prepared to engage a supplier in various market segments, WM-data is considered an ”ideal supplier” in all segments: strategy, systems development, implementation of standard systems, implementation of platforms and outsourcing.

Demand trends 2006

Bearing in mind that most major investments before the turn of the millennium have now been depreciated, demand for new functionality and new solutions may intensify in 2006. Companies and organisations are already making more aggressive IT investments with the aim of becoming more competitive and efficient, rather than simply reducing costs. At the same time, the trend is growing for increased functional outsourcing, the next stage being for companies to allow trusted partners to take care of a growing number of business processes which are not purely core processes.

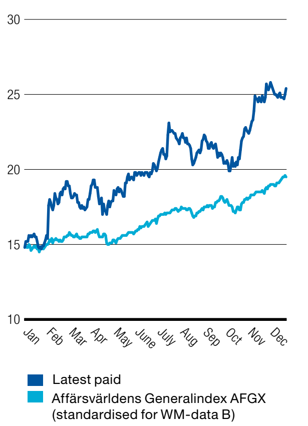
Market growth will be reduced by continued standardisation and industrialisation, and we are going to see an intense battle for market share.

The share

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 2005, WM-data's share price was SEK 14.40 and at year-end SEK 25.40, which translates into an increase in value of 76 percent during the year. During the same period, the Stockholm Stock Exchange's index OMX-SPI increased by 33 percent. As at 31 December 2005, WM-data's market value amounted to SEK 10.7 billion, including A shares. The number of shareholders amounted to approximately 41,000. Of these, approximately 15,000 have individual holdings of 1,000 shares or more. Institutional investors' holdings amounted to 62 (57) percent of the share capital and 57 (54) percent of the voting rights. Overseas investors' holdings amounted to approximately 13 (14) percent of the share capital and 8 (8) percent of the voting rights. 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 2005 is SEK 0.30 (0.20) per share.

Price trends

WM-data B, 2005
Stockholm Stock Exchange, SEK



Data per share

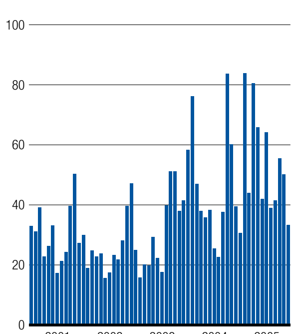
SEK	2005	2004	2003	2002	2001
Earnings [1]	**0.72**	0.46	0.68	–2.71	0.00
Dividend	**0.30**[2]	0.20	0.20	–	0.20
Dividend as % of profit	**42**	43	29	–	neg
Shareholders' equity [3]	**6.72**	5.98	4.41	3.56	6.54
Share price, 31 December	**25.40**	14.40	15.50	7.60	26
Highest price for year	**26.10**	20.90	16.50	29.30	55
Lowest price for year	**14.50**	11.65	6.10	5.50	14
No. of shares traded per day on av. per year[4]	**2,489**	2,223	1,490	1,251	1,527
Total no. of shares traded during year [4]	**629,615**	562,425	370,984	312,829	381,661
Direct yield, % [5]	**1.2**	1.4	1.3	–	0.8
P/E-ratio [6]	**35**	31	23	neg	neg
No. of shareholders at 31 December	**40,762**	51,309	50,903	47,998	45,320

Key ratios for 2004 affected by the change-over to IFRS have been restated.

[1] Earnings per share were calculated in accordance with IAS 33. [2] Board's proposal. [3] Reported shareholders' equity. [4] In thousands. [5] Dividend per share as a percentage of the price quoted on the stock exchange at the end of the year. [6] Price quoted on the stock exchange at the end of the year divided by the earnings per share.

Shares traded, per month

WM-data B, 2005,
Stockholm Stock Exchange,
millions shares



No. 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

	A unrestricted	B unrestricted	Total	Conversion-rate, SEK	Conversion-period
No. of shares 2005-12-31	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 conversion	30,000,000	400,081,546	430,081,546		

Distribution of shares 31 December 2005

Holding, no. of shares	No. of shareholders	Percentage of shareholders	Percentage of votes
1 – 500	23,186	56.8	0.8
501 – 1,000	8,104	19.9	1.1
1,001 – 5,000	7,335	18.0	2.7
5,001 – 10,000	1,095	2.7	1.3
10,001 – 15,000	247	0.6	0.5
15,001 – 20,000	149	0.4	0.4
20,001 –	646	1.6	93.2
Total	40,762	100.0	100.0

Shareholders 31 December 2005

Shareholders	No. of A shares	No. of B shares	Percentage of shares	Percentage of votes
Investor AB [1]	15,000,000	55,265,500	16.7	29.7
Thord Wilkne [1]	15,000,000	20,100,000	8.4	24.6
SEB fonder		19,854,160	4.7	2.9
Roburs fonder		14,165,227	3.4	2.0
Lannebo fonder		12,252,800	2.9	1.8
Skandia fonder		12,100,541	2.9	1.8
Afa Försäkring		11,353,855	2.7	1.6
Hans Mellström		11,000,000	2.6	1.6
Handelsbanken fonder		10,816,460	2.6	1.6
SIF		7,430,000	1.8	1.1
Other shareholders		215,896,705	51.3	31.3
Total	30,000,000	390,235,248	100.0	100.0

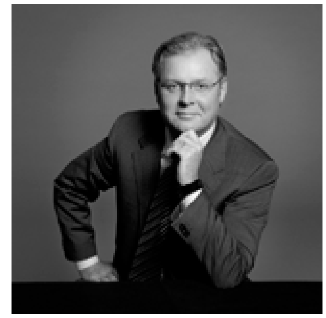
[1] There is a consortium agreement between Thord Wilkne and Investor AB to regulate options to acquire A shares.

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

Management



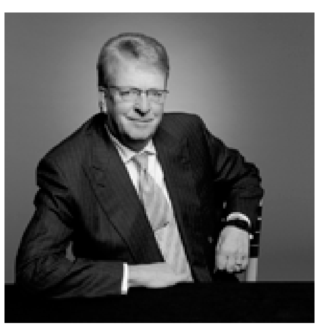


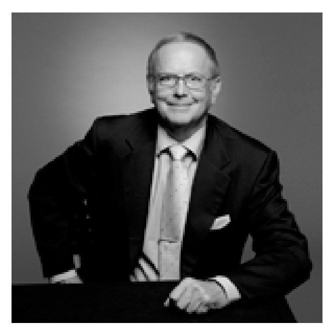


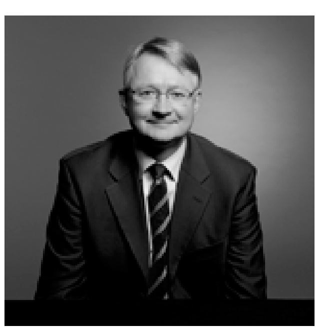
Board of Directors












Management: Crister Stjernfelt, Rickard Petri, Stefan Gardefjord, Jesper Scharff, Seppo Matikainen, Tor Malmo, Johan Ripe.

Board of Directors: Börje Ekholm, Jonas Fredriksson, Lisbeth Gustafsson, Gunnel Johansson, Hans Mellström, Hans Mild, Gündor Rentsch, Ove Strömberg, Lars Wedenborn, Thord Wilkne.

Group Management

	Employed	Born	No. of shares	Convertibles, SEK	Stock options 2005	Stock options previously
Crister Stjernfelt, CEO	1977	1943	179,625	359,856	60,000	124,200
Rickard Petri, CFO	1995	1953	75,000	359,856	30,000	54,200
Stefan Gardefjord, President WM-data Sweden	2002	1958	20,000	359,856	30,000	37,500
Jesper Scharff, President WM-data Denmark	2002	1959	–	359,856	30,000	37,500
Seppo Matikainen, President WM-data Finland	1995	1947	4,125	–	30,000	105,200
Tor Malmo, President WM-data Norway	2002	1954	–	–	30,000	37,500
Johan Ripe, President WM-data Infra Solutions	1993	1963	4,125	–	30,000	33,800

Board of Directors

	Elected	Born	Holding
Bo Bjarnetoft, employee representative, deputy Production manager at WM-data	2003	1945	
Elisbeth Bull, employee representative, deputy Project and production planner at WM-data	2005	1975	
Börje Ekholm, President of Investor AB Master of engineering, MBA from INSEAD *Chairman:* Biotage AB *Other board assignments:* Chalmersinvest AB, Tessera Technologies Inc and Greenway Medical Technologies Inc.	2002	1963	80,000 shares
Jonas Fredriksson, Fund manager Öhman Kapitalförvaltning AB Bachelor of systems science *Other board assignments:* Protect Data AB	2001	1965	10,000 shares
Lisbeth Gustafsson. Social Studies graduate *Other board assignments:* Svensk Handel, Centrala Studiestödsnämnden (CSN), Prevas AB, Invest in Sweden Agency (ISA), Karolinska University Hospital and Axel Johnson International	2002	1947	8,000 shares
Gunnel Johansson, employee representative Consultant at WM-data	2000	1955	99,960 SEK, convertibles
Hans Mellström, President Viamare Invest AB *Other board assignments:* Viamare Invest AB	1969	1942	11,000,000 shares
Hans Mild, employee representative Consultant at WM-data	1999	1953	359,856 SEK, convertibles
Gündor Rentsch. Master of Political Science *Chairman:* ITB AB *Other board assignments:* Sectra AB, Streamserve Inc., Readsoft AB and Dansk Datadisplay AS	1996	1941	404,000 shares
Ove Strömberg, employee representative Consultant at WM-data	1996	1952	99,960 SEK, convertibles
Lars Wedenborn, Executive Vice President and CFO of Investor AB Master of Business Administration *Other board assignments:* Member of Grand Hotel Holdings and chairman of Novare Holding AB	2002	1958	125,000 shares
Thord Wilkne, Deputy Chairman of the Board Economist. President and CEO of WM-data AB 1970–1997 *Other board assignments:* Intellecta AB, NeoNet AB, The Swedish National Institute of Trade and Industry, Temagruppen Sverige AB and Lindebergs Grant Thornton AB	1969	1943	15,000,000 A-shares 20,100,000 B-shares
Johan Öhrsvik, employee representative, deputy Consultant at WM-data	2005	1973	

Auditors

Thomas Forslund, Authorised public accountant Elected auditor of Ledstiernan AB and Korsnäs AB, among others	2003	1965
Anders Wiger, Authorised public accountant Elected auditor of SJ AB, Terracom AB, Trio AB, Tripep AB and Biolin AB, among others.	1997	1951

Corporate Governance Report

Application of Corporate Governance Code

Mid-year 2005, the Swedish Code of Corporate Governance (the Code) came into force. The majority of the rules introduced under the Code had already been applied by WM-data. With the introduction of the Code, this has been discussed by the Board and a formal decision has been made to apply the Code, with the discrepancies stated below, with consideration for the fact that, in accordance with the listing agreement, this takes effect from 1 July 2005.

This corporate governance report has been prepared in accordance with the Code.

Continuous information on corporate governance matters can be found on the company's website, www.wmdata.com.

Quality assurance of financial reporting

The quality of financial reporting is assured by the Board receiving regular reports and analyses of the company's earnings trend. The Board's audit committee holds a number of separate meetings with the company's CFO and other key employees involved in financial reporting, as well as the company's auditors. At these meetings, the results are analysed in greater detail and separate valuation items discussed. Further thought is put to the quality of the internal control as well as the application of accounting policies at company level.

In addition to these meetings, the audit committee meets the company's auditor without the presence of the CFO. The company's auditor also participates in one Board meeting a year at which he presents his views on the internal control and the quality of the financial reporting.

Nomination committee

The Annual General Meeting in 2005 decided that the nomination committee before the Annual General Meeting in 2006 should consist of representatives of WM-data's four largest shareholders in terms of voting power in September 2005. If a shareholder who appointed a representative for the nomination committee significantly reduces his holdings in WM-data, the member appointed by such a shareholder must put its place at the disposal of another. Instead, another large shareholder must appoint a new representative in consultation with the remaining members. The chairman of the nomination committee, unless otherwise agreed upon by the members, must be the member who represents the largest shareholder in the nomination committee.

The nomination committee must put forward proposals before the Annual General Meeting for resolution on the following issues:

- Chairman of the Annual General Meeting
- Chairman and other members of the Board
- Directors' fees
- Remuneration of auditors
- Nomination committee before the Annual General Meeting in 2007

The composition of the nomination committee was announced in press releases on 5 October 2005 and 30 November 2005.

The nomination committee before the Annual General Meeting in 2006 consists of Adine Grate Axén, Investor (chairman), Thord Wilkne, Björn Lind, SEB Fonder and Åsa Nisell, Robur.

Composition of the Board

WM-data's Board is comprised of seven members elected by the Annual General Meeting and three members and three deputies appointed by the employees. The President and CEO is not a member of the Board. The current composition of the Board has been in place since 2002. In its entirety, the Board meets independence requirements in accordance with the Swedish Code of Corporate Governance and the Stockholm Stock Exchange's listing agreement.

The composition of the Board and other information concerning each member of the Board is presented in summarised form on page 23. Each member's independence in relation to the company and senior management and each major shareholder of the company are shown in the table on page 26.

Auditors

The company's auditors are authorised public accountants Thomas Forslund and Anders Wiger, both from Ernst & Young. Ernst & Young meet WM-data's insistence on good repute, high levels of expertise and geographical coverage. The independent position of the auditors is secured by the firm of auditors' internal guidelines as well as the audit committee's guidelines on assignments the firm of auditors can undertake in addition to auditing the accounts. For additional information, see note 29 on page 68.

The Board's working methods

At the Board meeting following election directly in connection with the Annual General Meeting on 12 April 2005, the Board's rules of procedure and instructions for the division of duties were laid down between the Board and President and CEO. In addition, members were elected to the remuneration and audit committees and instructions for the work of these committees laid down.

The Board of Directors works according to a fixed agenda with seven meetings a year. In addition to meetings with ordinary items on the agenda, a number of meetings with a special agenda are held. In 2005, points of discussion in addition to standing issues included the Swedish Code of Corporate Governance, the Nordic Infra Solutions operation, facilities in Stockholm and the integration work involved in the acquisition of Atos Origin Nordic. In 2005, a number of additional meetings were held, chiefly in connection with discussions concerning acquisitions. In total, the Board met on 11 occasions last year. The attendance of each Board member at these meetings is shown in the summary on page 26.

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 the submission of proposals for improvement. The assessment process is also used to plan the coming year's work. This material is also used by the nomination committee in its work.

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

The audit committee

The task of the Board's audit committee is to oversee and inspect the company's accounts, internal control and financial reporting, take part in the planning of the external auditing and keep in regular contact with the auditors as well as guaranteeing the auditors' independence in relation to the company. In addition, the committee is responsible for the procurement of the audit and, where appropriate, must prepare proposals for the election of external auditors.

During the year, apart from ongoing issues, policies for revenue recognition have been established, the company's work on internal control has been discussed and a special review has been conducted with the auditor of the Finnish operation. Guidelines for the procurement of consultancy services from the auditors have been drawn up.

During the year, the audit committee held six meetings and consisted of Lars Wedenborn (chairman), Jonas Fredriksson and Gündor Rentsch. These have attended six, five and five meetings, respectively.

The remuneration committee

The duties of the Board's remuneration committee include preparing questions concerning the remuneration and other conditions of employment of the President and CEO and other senior executives, as well as remuneration policy and incentive programmes.

During the year, the committee established the conditions of the Group management and submitted a proposal to the Board concerning the conditions of the President and CEO. Further, preliminary allocation of stock options for 2005 was completed and proposals for a salary model for senior executives and the stock options programme for 2006 were submitted to the Board.

The remuneration committee held five meetings during the year and consisted of Thord Wilkne (chairman) and Börje Ekholm. Both took part in all five committee meetings. The composition of the committee does not meet the Code's requirements concerning independence. Thord Wilkne is not considered independent in relation to the company and senior management as he has been a Board member for more than 12 years. The reason for this discrepancy is that the Board considers it desirable to have continuity in the committee work. The remuneration committee has had the same composition for the past three years.

Remuneration of the Board of Directors

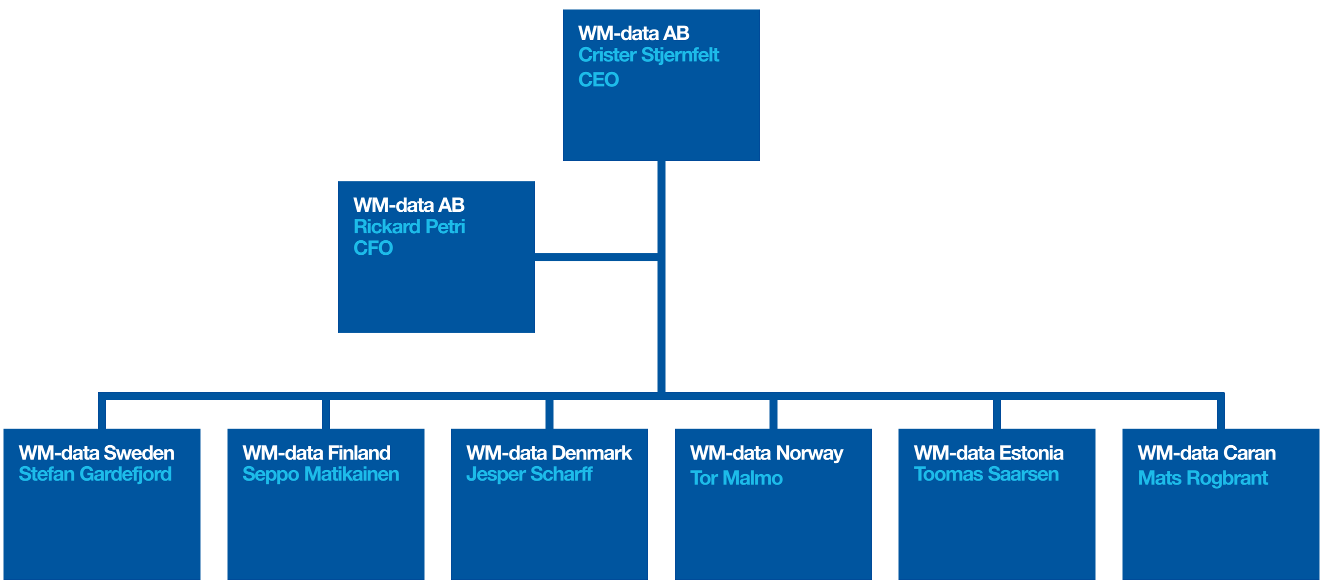
Chairman	SEK 400,000
Deputy chairman	SEK 300,000
Other members elected by the general meeting (5)	SEK 200,000
Total 2005	SEK 1,700,000

No remuneration was paid for committee work.

Board members' independence and attendance at Board meetings

Board member	Independence in relation to the company and senior management	Independence of large shareholders of the company	Number of meetings participated in
Börje Ekholm, chairman	Yes	No	11
Jonas Fredriksson	Yes	Yes	11
Lisbeth Gustafsson	Yes	Yes	10
Hans Mellström	No	Yes	10
Gündor Rentsch	Yes	Yes	11
Lars Wedenborn	Yes	No	11
Thord Wilkne	No	No	10
Bo Bjarnetoft, employee representative, deputy			2
Elisabeth Bull, employee representative, deputy			2
Gunnel Johansson, employee representative			6
Hans Mild, employee representative			10
Ove Strömberg, employee representative			9
Johan Öhrsvik, employee representative, deputy			2

Organisation



Organisation and management
WM-data's organisation is mainly based on a country structure. Operations in the five countries have an industry-based structure. Caran, the design and product development operation, functions as a separate unit alongside the five countries. The management team in each country – as well as Caran – report to the President and CEO.

The parent company's operations are confined to finance and treasury, IR and information, co-ordination of IT processes, leadership development and a small number of support resources.

Apart from the CEO and CFO, the Group management consists of the Presidents of Sweden, Norway, Denmark and Finland and the President of WM-data Infra Solutions AB.

President and CEO
Crister Stjernfelt has been President and CEO since 2001. Crister was born in 1943 and has worked at WM-data in various posts since 1977. In 1985 he became a member of the Group management and was marketing and public relations director from 1997 to 2001. He has no managerial responsibilities outside of WM-data, neither does he have ownership of any company with which WM-data has business connections.

Information about shareholdings etc. is presented in summarised form on page 23.

Principles for Group management's remuneration

Current principles for remuneration and other conditions of employment for Group management have been drawn up by the Board. Up until now, the Annual General Meeting has not passed a resolution on the principles for remuneration and other conditions of employment but will, at the next Annual General Meeting, submit a proposal for a resolution on the issue.

Remuneration etc. of the President and CEO and the rest of Group management are presented in summarised form in note 27 on page 66.

Remuneration consists of three different components:

- Fixed salary
- Variable salary. This can amount to a maximum of as much as the fixed salary and, in 2005, was mainly determined by the profit margin EBITA and fulfilment of the budget.
- Stock options. The options are linked to the company's long-term increase in value. Allocation is conditional upon the Group reaching a specified income at EBITA level.

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

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 employees 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.

Outstanding shares and share price-related incentive programmes

Since 2001, WM-data has issued stock options to senior executives and key personnel. The programme has 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 for Group income 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 allocate 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 was made by the Board of Directors, after the proposal from the remuneration committee. The Board's decision, however, is conditional upon the Annual General Meeting approving the programme.

No stock options are allocated to the Board.

The scope of the now outstanding programmes is presented in note 27 on page 67.

WM-data also has an outstanding convertible programme which was directed at all employees in 2003. A total of 1,364 employees applied for convertibles of SEK 207 million. The conversion rate is SEK 21 and the loan will run until 30 November 2008.

The Board's Internal Control Report concerning financial reporting for the financial year 2005

This report has been prepared in accordance with the Swedish Code of Corporate Governance and the handbook compiled by FAR and the Swedish National Institute of Trade and Industry as well as with the application of the change-over rules that the College for Swedish Corporate Governance issued on 15 December 2005. This means that the report is confined to a description of the way in which the internal control concerning financial reporting is organised.

This report does not form part of the formal annual accounts and has not been examined by the company's auditors.

Control environment

The Board's rules of procedure and instructions for the President and the Board's committee are guaranteed a clear role and assignment of responsibilities for the benefit of the efficient handling of operational risks. Senior management reports regularly to the Board on the basis of established procedures. Included in this are reports from the audit committee's work. Senior management is responsible for the system of internal control required to handle significant risks in operating activities. This system contains three important components: 'Responsibilities & Powers', 'PRM' (Project Risk Management) and the Acquisition process.

Annual updating of the document Responsibilities & Powers involves annual revision and confirmation of the responsibilities and powers of each operations manager.

Through PRM, the risk element and risk levels of each major offer and project, as well as the aggregate business risk of the Group, are charted. It also ensures that activities are implemented to limit and handle identified risks.

The Acquisition process includes a description of the working methods applied to an acquisition, from appraisal to integration work including decision-making points and documentation requirements.

Risk assessment and control activities

The risk of significant errors in the financial reporting lies chiefly in two processes close to operations: valuation of various types of undertakings for customers where faulty information as the basis of the valuation might lead to significant errors in the size of earnings and income; and the valuation of an acquisition where discrepancies in the actual acquisition process or subsequent events might mean that the surplus value of the acquisition will have to be registered. Great importance has been placed on designing controls to prevent and detect discrepancies in the risk areas.

Information and communications

A well-established process for monthly accounts forms the basis for the internal follow-up, for communications with the Board and for external financial reports. Guidelines, manuals etc. of importance to financial reporting are updated and communicated to the employees concerned on a regular basis. The Group has procedures for keeping up to date with the latest developments in the accounts area and subsequently making the necessary modifications to the reporting process. There are formal as well as informal information channels to senior management and the Board for conveying important information from employees. For external communications, there are guidelines to ensure the company meets tough requirements for accurate information to the market.

Follow up

The Board continuously appraises the information provided by senior management and the audit committee. The audit committee's work concerned with following up senior management's work in this area is of particular importance to following up internal controls. The work includes ensuring that action is taken to deal with the discepancies and proposed measures that emerged during the external audit.

WM-data has a process concerning the annual accounts which involves the President and financial manager of each subsidiary in submitting an assurance to the CEO and CFO to the effect that, as far as they know, the financial reports are prepared in accordance with good accounting practice and WM-data's accounting policies and thereby provide a true picture of the company's financial position on the balance sheet date and the result of operations for the financial year. The CEO and CFO submit the same assurance to the Board.

Internal audit

Up until now, the Board has not found any reason for creating an internal audit function. In accordance with the corporate governance code, the issue will be reassessed in 2006.

Profit goal within reach.

Annual Report 2005

The Board and President of WM-data AB (publ), 556124-5233, herewith submit the annual report and consolidated financial statements for 2005.

Best year since the 1990s

2005 was the best year for the Group since the end of the previous economic boom in the late 1990s. Sales rose approximately 14 percent and earnings (adjusted EBITA, see table below) improved by 48 percent. The profit margin (calculated from adjusted EBITA) was 8.3 percent, and an increase of 2.0 percentage points compared with the preceding year, which represents a considerable step towards achieving the Group's long-term objective of 10 percent.

The acquisition of Atos Origin's Nordic operations was the most important event of the year and added a large number of major customer undertakings and strong Industry-based solutions, mainly within Telecom and Utilities. Other strategically important assignments included the major BPO transaction with Sweden Post, for which WM-data assumes responsibility for the administration of 40,000 salaries, and the establishment in Estonia.

Reporting in accordance with IFRS

As of 2005, WM-data has applied International Financial Reporting Standards (IFRS). This means that the comparative figures for 2004 have been changed in this annual report. For further information, see note 30.

Key ratios[1)]

SEK M	2005	2004	2003
Sales	**9,265**	8,160	6,535
Operating income EBITA[2)] (adjusted)[3)]	**766**	516	296
Operating income EBITA[2)]	**567**	406	366
Operating income (EBIT)	**394**	310	318
Earnings after tax	**303**	197	253
Earnings per share (before and after dilution)	**0.72**	0.46	0.68
Net cash	**–1,656**	–351	809
Equity/assets ratio	**35%**	43%	43%
Equity	**2,820**	2,534	1,635
No. of employees, 31 December	**8,960**	7,615	5,690

[1)] Figures for 2004 restated after restatement according to IFRS. Figures for 2003 have not been restated.
[2)] Before amortisation of intangible assets from business combinations, see definitions on page 72.
[3)] Adjusted EBITA: Restructuring costs connected to acquisitions during 2004 and 2005 are not included. In EBITA for 2003, items affecting comparability (cancellation of project reserves and capital loss on divestment of associates) are reversed.

Consolidated sales for the year amounted to SEK M 9,265 (8,160), an increase of 14 percent compared with the previous year. EBITA profit was SEK M 567 (406). Excluding restructuring costs connected to acquisitions charged to income in the amount of SEK M 199 (110), corresponding income was SEK M 766 (516) SEK M, which represents an EBITA margin of 8.3 (6.3) percent. Financial income includes changes in value of hedging of stock options which, as of 2005, is reported in the income statement. Changes in value had a positive effect of SEK M 43 on income.

WM-data in brief

WM-data was founded in 1969 and is currently one of the leading IT companies in the Nordic region. WM-data is represented in the Nordic countries as well as Estonia and Poland with a total of one hundred regional offices. WM-data has two distinct brands, WM-data for IT-related services and solutions, and Caran for design and product development services. We create increased competitiveness for our customers by combining operational expertise with IT knowledge. WM-data's vision is to be the first choice in our selected market segments. We concentrate on a number of areas in which we can combine expertise and solutions to produce attractive offers. With the addition of specialist services and infrastructures, we are able to create well-functioning complete solutions. WM-data's organisation is mainly based on a country structure. Operations in the four Nordic countries have an industry-oriented structure in each country. Caran, the design and product development operation, functions as a separate unit alongside the countries. The management team in each country – as well as Caran – report to the President and CEO.

Financial position

At the end of 2005, cash & cash equivalents amounted to SEK M 486 (635) and interest-bearing liabilities to SEK M 2,142 (966). During the year, net debt rose by SEK M 1,305. At the end of 2005, Equity totalled SEK M 2,820 (2,534) and the equity/assets ratio was 35 (43) percent.

In connection with the acquisition of Atos Origin AB in July, WM-data's existing credit agreement was renegotiated to support the financing of the acquisition. With the new loan agreement, the Group's total credit facilities amount to SEK M 2,500, of which SEK M 200 is short-term and the remainder is a five-year credit facility. In connection with the acquisition, an agreement has been signed for an interest swap of a nominal amount of SEK M 1,500. The agreement gives WM-data fixed interest over the next five year period for a debt amount that will gradually diminish for the duration of the swap. At year-end, unused credit facilities amounted to approximately SEK M 570.

In 2005, cash flow from operating activities amounted to SEK M 489 (381). Acquisitions and investments in fixed assets amounted to SEK M 1,650 (1,416). At the same time, liquidity was affected positively by divestments and sale of financial assets in the amount of SEK M 17 (212). Dividends to shareholders affected cash flow negatively by SEK M 84 (84).

Notes from the CFO

We are pleased to note that, since 2002, WM-data has raised the margins every quarter on a rolling 12 month basis and that, since the first quarter of 2004, we have also had continuous growth. This is the result of rationalisation and increased efficiency, improved controls on the risks associated with our undertakings and successful acquisitions. Our profit goal of a 10 percent EBITA margin, previously considered unrealistic by many, is now within reach.

Since mid-year 2005, WM-data has applied the Swedish Code of Corporate Governance. This imposes increasing formal demands on work with issues concerning internal controls. An important issue for persons responsible for finance and accounting within the Group is finding a healthy balance between securing good internal controls in important areas without incurring increased administration and, consequently, increased expenses.

Within WM-data, we have identified two risk areas that require special actions. The first is handling and assessing risks involved in major projects with fixed revenue. Here we have been working for a number of years with a PRM system (Project Risk Management) which charts the risk element and risk levels of a project from the tendering stage to final delivery. The Group's overall risk profile is also collated and assessed on a monthly basis. The other risk area we are paying particular attention to is acquisitions. Apart from major acquisitions, such as Atos Origin AB, we make about ten smaller acquistions a year throughout the organisation. Also in this area, we have built systematic working methods for the acquisition as well as integration, controlgates, documentation requirements etc. to reduce the risk of making inappropriate decisions. We also conduct an annual assessment of the past three years' acquisitions to continuously increase the structural capital in the acquisition process.

Over the past two years, WM-data's capital structure has changed dramatically. The net debt/equity ratio has gone from –0.5 to almost 0.6 in two years after the major acquisitions we made in 2004 and 2005. Another measure that also illuminates the increased risk involved is the size of goodwill and intangible assets allocated at acquisition in relation to equity. During the same period, this has gone from 0.19 to 1.29. We believe that the increased risk is justified by the increased controls and predictability now present in the Group even though, in 2006, our ambition will be to reduce these key ratios. The result of this increased indebtedness combined with handling the risks associated with the business is that we are increasing our return on invested capital.

Rickard Petri

The market 2005

The market continued to improve in 2005. The increased demand was a consequence of generally favourable market conditions and the need for investments to renew parts of the solutions installed at the end of the 1990s. Following a period of heavy investment to safeguard the millennium shift, over the past five years the IT industry has been mainly characterised by cost-cutting measures. Many investments and solutions are now beginning to reach the end of their economic and technical life cycle and this has had a positive effect on the growth in demand. But despite increased demand, growth is limited as an increasingly major part of these new investments is based on standard components and solutions, the cost of which are lower compared with a few years ago. A growing trend for development and administration to be based in low-cost countries is also contributing to a reduction in project expenses and, consequently, limit market growth. However, in the second half of 2005, WM-data could note a degree of organic growth which halted the downward trend In force since the millennium shift. Prices largely follow the development in demand, in other words, slowly rising prices, but intense competition for market share continues to limit opportunities for significant price increases.

Sales and earnings by business area

	SALES		EBITA[1]		EMPLOYEES	
	2005	2004	**2005**	2004	**2005**	2004
Sweden	**4,920**	4,015	**315**	183	**4,630**	3,610
Denmark	**875**	900	**53**	25	**725**	670
Finland	**2,470**	2,295	**297**	282	**2,405**	2,340
Norway	**305**	285	**29**	–6	**270**	160
Caran	**820**	780	**43**	23	**845**	815
Group functions [2]	**–125**	–115	**29**	9	**85**	20
Group	**9,265**	8,160	**766**	516	**8,960**	7,615

[1] refers to adjusted EBITA, see the table on page 32.
[2] the operation in Estonia is included in Group functions.

THE SWEDISH IT OPERATION had sales of SEK M 4,920 (4,015). EBITA amounted to SEK M 315 (183), yielding a profit margin of 6.4 (4.6) percent. The acquisition of Atos Origin AB and its subsequent integration required considerable resources and, to a certain extent, limited possibilities for customer and market activities. Improved profitability is mainly attributable to increased efficiency and improved project quality. The growth is largely acquisition-based, although Sweden also reports organic growth of almost 2 percent.

WM-DATA DENMARK had sales of SEK M 875 (900). During the second quarter, Server & Storage operations were divested with annual sales of approximately SEK M 120. EBITA amounted to SEK M 53 (25), corresponding to an improvement in earnings of 112 percent. The profit margin was 6.1 (2.8) percent. The healthy organic growth and strong earnings trend were mainly attributable to successes achieved within the Healthcare and Government segments, and also to improved ERP operations.

WM-DATA FINLAND had sales of SEK M 2,470 (2,295). EBITA amounted to SEK M 297 (282), yielding a profit margin of 12.0 (12.3) percent. During the first six months, a certain amount of negative growth was noted, partly as a result of the merger with Novo Group in 2004 which was offset during the second half of the year whereby moderately positive organic growth was achieved for the full year. Profitability remains high despite intensifying competition and some pressure on prices.

WM-DATA NORWAY had sales of SEK M 305 (285). EBITA amounted to SEK M 29 (-6), corresponding to a profit margin of 9.5 percent for the full year. Server & Storage operations, responsible for almost half of sales in Norway, were divested during the second quarter. The acquisition of Atos Origin added sales of the same order as of the third quarter. Strong organic growth within most business segments contributed to a significant improvement in profitability.

CARAN, THE TECHNICAL CONSULTANCY OPERATION, had sales during the year of SEK M 820 (780) corresponding to organic growth of slightly more than 10 procent. EBITA amounted to SEK M 43 (23), yielding a profit margin of 5.2 (2.9) percent. Operations in the Automotive segment continued to develop well. Co-operation with Saab AB, within Caran Saab Engineering, was also highly favourable during 2005. The other industrial operations improved but continue to show unsatisfactory profitability.

Acquisitions and divestments

ATOS ORIGIN AB

As a part of WM-data's growth strategy, the acquisition of Atos Origin AB, with a total of approximately 1,300 employees and annual sales of approximately SEK M 1,600, was announced on 23 May 2005. The transaction was approved by the competition authorities on 28 June 2005 and was completed on 7 July 2005. Atos Origin's Nordic operations have been fully integrated into WM-data. The costs that arose in connection with the integration and restructuring of Atos Origin totalled SEK M 199 and were charged against consolidated earnings in 2005. The costs refer mainly to the laying off of approximately 300 employees. The anticipated synergies are estimated at slightly more than SEK M 150 per annum and will gain their full effect during the second halfof 2006. The transaction will have a favourable impact on earnings per share as of 2006.

In the acquisition analysis, of the surplus value of the acquisition totalling SEK M 1,246, SEK M 939 was allocated to goodwill (in respect of synergies and employees), SEK M 427 to intangible assets (in respect of customer relations and software) and SEK M –120 to deferred tax on intangible assets. See note 4 for further details. Annual amortisation on the intangible assets will initially amount to around SEK M 90.

In conjunction with the acquisition, WM-data and Atos Origin signed an Enterprise Alliance Agreement which regulates future strategic cooperation. The purpose is to be able to support each other's operations and offer customers and the market a fully comprehensive global range of solutions and services.

- On 1 January, the remaining shares in Pohjolan Atk-Palvelu, an operations company that was formerly owned jointly with the insurance company Pohjola, were acquired. As a result of this transaction, WM-data gained sales of about SEK M 130 and some 100 employees.
- During the first quarter, WM-data increased ownership in the Finnish insurance company Fennia's jointly owned company eFennia. eFennia offers system solutions to the Finnish insurance group, which comprised 45 employees after the transaction.
- On 1 April, the Swedish consulting company Columna, with approximately 40 employees and annual sales of about SEK M 50 was acquired. Columna specialises in system development in the financial control and intelligent transport system areas.
- In April, WM-data sold its Server & Storage operations in Norway and Denmark to Atea. The operations have annual sales of about SEK M 240 and some 40 employees. The divestment is a step in WM-data's focusing on core operations.
- On 10 June, WM-data took over the Danish company Munk IT's Axapta business with 24 employees.
- Under an agreement signed in 2002 with Sydkraft, WM-data acquired the remaining 40 percent of the shares in WM-data Utilities AB. The company, which originated from the Sydkraft group, is one of the leading players in the energy sector with sales of about SEK M 400 in 2004.
- In August, WM-data signed an agreement to acquire all shares in the Estonian IT company Aprote AS. The company has 40 employees and has been merged with WM-data's former subsidiary in Estonia, WM-data AS.
- In August, IBM's 50 percent holding in WDM Nordic Computer Management AB was acquired. This company, which was previously reported as an associated company, was consolidated as a subsidiary as of September. The company has approximately 230 employees.
- In September, WM-data Danmark acquired Dansk Software A/S with 27 employees and some 20 consultants linked to the company. The company focuses on system integration and development, primarily for the public sector.
- In September, IBS Lab was acquired from the Swedish software company IBS. These operations, which have five employees, focus mainly on the process industry.
- In November, DL-Systems Oy of Finland, with approximately 20 employees and annual sales of some SEK M 15, was acquired. The company provides solutions for the municipal sector.

Outlook for 2006

Most indicators suggest another year characterised by rising demand. Economic growth is expected to be favourable in all countries within WM-data's home market. The comprehensive new investments implemented ahead of the millennium shift have now largely been depreciated and have also reached the end of their practical and economic life cycle. It is reasonable, then, to believe that there will be both the need and the financial capabilities for increasing investments in new solutions. The balance between demand and supply for professional resources has now been restored following a protracted period of over-capacity.

Although the growth rate will probably be better than in recent years, it will be dampened by a couple of factors. The first factor is that many companies are currently selecting standard solutions rather than proprietary solutions. The pace of development of standard solutions and components has been rapid and, relatively speaking, their costs have declined, mainly as a result of increased utilisation of production in low-cost countries. It is now possible to offer the market solutions at lower total costs compared with just a few years ago. Another factor is the intensive competition for market shares, which is continuing to slow down more significant price increases.

During the past two years, WM-data's growth has slightly exceeded 40 percent, mainly as a result of a number of successful acquisitions. In the years ahead, WM-data will assign priority to organic growth and will primarily seek supplementary acquisitions that have the prerequisites for supporting continued organic growth. During 2005, WM-data made considerable progress towards achieving its long-term profitability goal of a 10 percent EBITA margin. By continuing to focus on increased efficiency and by moving further up the value chain, margins are expected to continue to improve in 2006.

The parent company

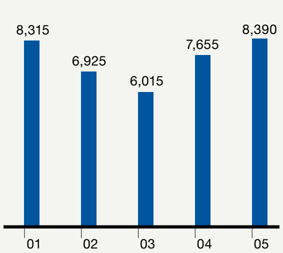
The parent company's operations are limited to finance and treasury, IR and information, co-ordination of IT processes, leadership development and a small number of support resources. Sales totalled SEK M 55 (51) and profit before appropriations and tax was SEK M -70 (39). Of the parent company's total expenses for purchases and sales, 53 (48) percent of purchases came from and 100 (100) percent of sales were to other companies within the Group.

Employees

At the end of 2005, WM-data had 8,960 (7,615) employees. During the year, employee turnover amounted to 8 (8) percent, excluding lay-offs.

Average number of employees

No. of



Appropriation of funds

The Board and CEO propose a dividend for 2005 of SEK 0.30 per share. The distribution amounts to SEK M 126. See proposed appropriation of funds on page 70.

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.

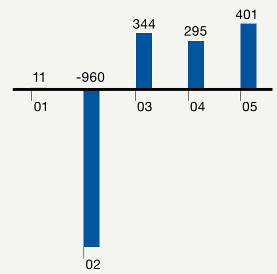
The Annual General Meeting

will be held at 17.00 on 6 April 2006 at Nybrokajen 11 in Stockholm. For further information, see www.wmdata.com

Consolidated income statement

SEK M	2005	2004
Revenue	9,265.2	8,160.0
Operating expenses		
Assignment-specific external expenses	–2,325.8	–2,192.2
Other external expenses (Note 5)	–897.1	–780.8
Employee-related expenses (Note 5, 6)	–5,397.8	–4,696.5
Amortisation of intangible assets from business combinations (Note 9)	–173.4	–96.0
Depreciation of other non-current assets (Note 9, 10)	–135.9	–131.2
Share in profit of associates (Note 12)	58.6	46.3
Operating income (EBIT)	393.8	309.6
Financial revenue (Note 7)	79.3	30.5
Financial costs (Note 7)	–71.8	–45.6
Income before tax (EBT)	401.3	294.5
Income tax expense (Note 8)	–97.9	–98.0
Net profit for the year	303.4	196.5
of which attributable to equity holders of the parent	304.4	191.3
of which attributable to minority interests	–1.0	5.2
Earnings per share, before and after dilution, SEK	0.72	0.46

Earnings trend
SEK M



Income before tax

Notes

WM-data's revenue consists mainly of revenue from consultancy services, operational management and administrative services and licencing revenue from proprietary and third-party products. Operational management and administrative services include agreements that are 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 and support services.

Sales increased by SEK M 1,105 or 14 percent. The increase is largely attributable to acquisitions but, during the year, WM-data showed organic growth of more than 3 percent.

Assignment-specific external expenses include such expenses that are directly associated with the delivery of goods and services and consist mainly of purchased services (consultants, communication, etc) and other components included in our delivery (e.g. software). Volumes vary according to the content of the delivery and, above all, the extent of sub-consultants used in the delivery. As WDM Nordic Computer Management AB became a group company during the second half year, assignment-specific expenses will be reduced by approximately SEK M 200 per annum. The bulk of the operational management services in the Swedish operations are produced by this company.

Employee-related expenses increased by approximately 14 percent compared with the previous year. Employee-related expenses include SEK M 166 (77) which refer to restructuring costs in connection with acquisitions and expenses for stock options programmes of SEK M 14 (1). Excluding restructuring costs and stock option expenses, payroll expenses (including social security expenses) per employee increased by 2 percent during the year.

Other external expenses include mainly costs associated with premises and internal IT.

Financial revenue includes changes in value of hedging of stock options which, as of 2005, is reported in the income statement. Changes in value had a positive effect of SEK M 43 on income. The increase in interest expenses compared with the previous year is due to increased borrowings as of mid-year 2005.

The relatively low effective tax rate of 24 percent is partly due to the fact that changes in value of hedging stock options are not taxable, and partly to the fact that the tax rate in Finland is 26 percent compared with the Swedish tax rate of 28 percent.

Consolidated balance sheet

ASSETS, SEK M	2005	2004
NON-CURRENT ASSETS		
Intangible assets (Note 9)		
Goodwill (Note 11)	2,688.1	1,566.5
Intangible assets from business combinations	952.0	575.9
Capitalised development work	17.2	13.7
Other intangible assets	29.6	44.5
Total	3,686.9	2,200.6
Property, plant and equipment (Note 10)		
Buildings and land	52.6	28.4
Machinery and equipment	281.6	198.2
Total	334.2	226.6
Investments in associates (Note 12)	317.6	332.8
Financial assets (Note 13)	184.6	148.2
Deferred tax asset (Note 8)	337.9	293.3
Total non-current assets	4,861.2	3,201.5
CURRENT ASSETS		
Inventories	12.6	24.1
Trade and other receivables (Note 14)	2,407.6	1,900.6
Income tax receivable	87.9	36.4
Prepaid expenses	252.1	107.0
Cash & cash equivalents	485.5	635.1
Total current assets	3,245.7	2,703.2
Total assets	8,106.9	5,904.7

Notes

Goodwill increased by SEK M 1,068 and the acquisition value of intangible assets from business combinations increased by SEK M 530 due to the acquisitions made during the year. The intangible assets from business combinations consist of customer relations and software which, with reference to acquisitions for the year are estimated to have useful economic lives of 3–7 years. Approximately 90 percent of the increase originates from the acquisition of Atos Origin AB.

The item machinery and equipment consists mainly of facilities for the production of operational management services and office equipment.

Financial assets include an interest-bearing claim on an associated company.

Deferred tax asset contain differences between fiscal and carrying value that arose through the Group's internal restructuring in Sweden and Finland; for further information see note 8. Through these, tax paid will be less in the future.

Trade and other receivables are normally at their highest at year-end but are extra high this year due to the integration work in the Swedish operation.

Prepaid expenses refers mainly to premises and other leasing expenses, and annual charges for WM-data' operational management activities. This item has been affected both by the fact that, as of September 2005, a major part of operational management activities in Sweden are included on the consolidated balance sheet (when WM-data acquired the remaining shares in WDM Nordic Computer Management, previously an associated company) and by the fact that the acquired Atos operation has a relatively large element of this type of expense.

Other provisions refers mainly to expenses connected with the integration of the acquired Atos operation. The total cost for this amounts to SEK M 199, of which the bulk remains unpaid at the end of the financial year.

Of deferred tax, SEK M 153 is attributable to the allocation of intangible assets in business combinations.

Consolidated balance sheet

EQUITY AND LIABILITIES, SEK M	2005	2004
EQUITY		
Equity, attributable to equity holders of the parent		
Issued capital (Note 15)	420.2	420.2
Other capital contributed	908.1	908.1
Other reserves (Note 15)	74.3	–12.3
Retained earnings and net profit for the year	1,416.6	1,196.2
Total	2,819.2	2,512.2
Minority interests	1.1	22.3
Total Equity	2,820.3	2,534.5
NON-CURRENT LIABILITIES		
long-term interest-bearing liabilities		
Debts to credit institutions (Note 17)	1,930.5	633.8
Convertible debentures (Note 17)	186.0	178.9
Total	2,116.5	812.7
Other financial liabilites (Note 17)	0.4	–
Long-term provisions		
Provisions for pensions (Note 18)	54.0	39.9
Other provisions (Note 19)	138.2	13.3
Total	192.2	53.2
Deferred tax liability (Note 8)	348.1	308.9
Total non-current liabilities	2,657.2	1,174.8
CURRENT LIABILITIES		
Trade and other payables (Note 20)	2,279.1	1,783.0
Current interest-bearing liabilities		
Debts to credit institutions (Note 17)	–	153.6
Total	–	153.6
Other financial liabilites (Note 17)	24.8	–
Current tax liability	39.3	33.5
Prepaid income	98.4	84.9
Provisions (Note 19)	187.8	140.4
Total current liabilities	2,629.4	2,195.4
Total liabilities	5,286.6	3,370.2
Total equity and liabilities	8,106.9	5,904.7

Consolidated cash flow statement

SEK M	2005	2004
OPERATING ACTIVITIES		
Income after finance revenue and costs	401.3	294.5
Adjustment for items not included in cash flow (Note 21)	200.8	226.5
Tax paid	–134.8	–28.9
Cash flow from operating activities before changes in working capital	467.3	492.1
Changes in working capital (Note 21)	21.8	–111.5
Cash flow from operating activities	489.1	380.6
INVESTING ACTIVITIES		
Investments in property, plant and equipment	–122.8	–84.8
Investments in intangible assets	–12.0	–25.2
Divestment of operations (Note 21)	11.3	164.7
Acquisition of operations (Note 21)	–1,515.2	–1,306.0
Divestment of other shares and interests	4.6	47.8
Divestment of other financial assets	0.9	–
Cash flow from investing activities	–1,633.2	–1,203.5
FINANCING ACTIVITIES		
Newly raised loans	1,285.7	783.3
Amortisation	–232.2	–278.5
Paid dividends	–84.0	–84.0
Paid dividends	969.5	420.8
Cash flow for the year	–174.6	–402.1
Cash & cash equivalents at beginning of year	635.1	1,040.5
Exchange difference in cash & cash equivalents	25.0	–3.3
Cash & cash equivalents at year-end	485.5	635.1

Notes

Working capital at year-end has been affected by the integration of the acquired Atos operation. Delays in invoicing during the fourth quarter led to abnormally large trade receivables, which will be regulated during the first quarter of 2006, while provisions have been made for restructuring costs connected with the integration amounting to SEK M 199. The bulk of these will be charged against liquidity in 2006.

The previous year's restructuring costs connected with acquisitions and other efficiency measures were charged against liquidity during 2005 by approximately SEK M 70.

Over the year, cash flow from operating activities fluctuated according to seasonal variations. The first quarter was strong at SEK M 428, due to cash inflows associated with operations based on annual invoicing. The second quarter showed cash flow of SEK M 119. The third quarter had negative cash flow from operations, amounting to SEK M -153, reflecting the effects of the summer months with significantly lower customer activity, particularly in project-related operations. During the fourth quarter, cash flow from operating activities was somewhat weaker than normal at SEK M 95, due to the integration effects mentioned above.

Consolidated statement of changes in equity

SEK M

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:						
	Issued capital	Other capital contributed	Other reserves	Retained earnings	*Total*	Minority interests	*Total equity*
	(Not 15)		(Not 15)				
1 January 2004	370.5	172.7	–	1,094.7	1,637.9	19.6	1,657.5
Effect of hedging stock options				–5.8	–5.8		–5.8
Translation differences			–12.3		–12.3		–12.3
Total income and expense recognised directly in equity			–12.3	–5.8	–18.1	0.0	–18.1
Profit for the year				191.3	191.3	5.2	196.5
Total income and expense 2004			–12.3	185.5	173.2	5.2	178.4
Change of ownership of minority						1.5	1.5
Non-cash issue	49.7	735.4			785.1		785.1
Dividend rendered (Not 16)				–84.0	–84.0	–4.0	–88.0
31 December 2004/ 1 January 2005	420.2	908.1	–12.3	1,196.2	2,512.2	22.3	2,534.5
Change in value of interest swap			19.6		19.6		19.6
Tax effect of change in value of interest swap			–5.5		–5.5		–5.5
Translation differences			72.5		72.5		72.5
Total income and expense recognised directly in equity			86.6	0.0	86.6	0.0	86.6
Profit for the year				304.4	304.4	–1.0	303.4
Total income and expense 2005			86.6	304.4	391.0	–1.0	390.0
Change of ownership of minority						–20.2	–20.2
Dividend rendered (Not 16)				–84.0	–84.0		–84.0
31 December 2005	420.2	908.1	74.3	1,416.6	2,819.2	1.1	2,820.3

Notes

From 2005, the effect of hedging stock options is reported in the income statement, in accordance with IAS 39. As shown in note 30, IAS 39 was first applied by WM-data on 1 January 2005, which means that the item from 2004 continues to be reported directly in equity. As the corresponding item is reported in the income statement from 2005, the change for 2004 has been classified as retained earnings in equity.

Parent company income statement

SEK M	2005	2004
Revenue	55.3	50.8
Operating expenses		
Other external expenses (Not 5)	–44.5	–32.6
Employee-related expenses (Not 5, 6)	–25.7	–30.0
Depreciation	–0.2	–0.2
Operating profit/loss	–15.1	–12.0
Profit/loss from financial investments		
Financial revenue (Note 7)	219.7	272.1
Financial cost (Note 7)	–274.4	–220.7
Income after financial revenue and cost	–69.8	39.4
Appropriations		
Change in tax allocation reserve	135.2	95.7
Profit before tax	65.4	135.1
Income tax expense (Note 8)	–7.9	–27.4
Profit for the year	57.5	107.7

Parent company balance sheet

ASSETS, SEK M	2005	2004
NON-CURRENT ASSETS		
Property, plant and equipment		
Machinery and equipment	0.6	0.9
Financial assets		
Investments in subsidiaries (Not 24)	4,513.3	2,732.7
Investments in associates (Not 12)	207.5	228.0
Other shares and intrests (Not 13)	8.3	8.3
Other long-term receivables (Not 13)	146.5	101.3
Total non-current assets	4,876.2	3,071.2
CURRENT ASSETS		
Current receivables		
Trade receivables	–	0.2
Receivables from subsidiaries	288.5	534.9
Current tax assets	29.7	–
Other receivables	2.0	7.2
Prepaid expenses and accrued income	16.2	7.9
Cash & cash equivalents	76.1	431.1
Total current assets	412.5	981.3
Total assets	5,288.7	4,052.5
Pledged assets (Not 22)	3.0	3.0

Parent company balance sheet

EQUITY AND LIABILITIES, SEK M	2005	2004
EQUITY		
Restricted equity		
Issued capital (Note 15)	420.2	420.2
Legal reserve	988.4	988.4
Total restricted equity	1,408.6	1,408.6
Retained earnings	627.3	589.5
Net profit for the year	57.5	107.7
Total unrestricted equity	684.8	697.2
Total equity	2,093.4	2,105.8
UNTAXED RESERVES		
Accelerated depreciation	0.2	0.3
Tax allocation reserve 2000 tax assess	–	102.2
Tax allocation reserve 2001 tax assess	–	27.7
Tax allocation reserve 2004 tax assessv	27.3	32.6
Tax allocation reserve 2005 tax assess	31.2	31.2
Total untaxed reserves	58.7	194.0
PROVISIONS		
Provisions for pensions and similar commitments	3.1	1.3
Deferred tax liability (Note 8)	5.5	–
Total provisions	8.6	1.3
NON-CURRENT LIABILITIES		
Debts to credit institutions (Note 17)	1,930.3	629.7
Convertible debentures (Note 17)	186.0	178.9
Other non-current liabilites (Note 17)	0.4	–
Total non-current liabilities	2,116.7	808.6
CURRENT LIABILITIES		
Debts to credit institutions (Note 17)	–	152.9
Trade payables	5.0	2.1
Liabilities to subsidiaries	936.7	675.4
Current tax liability	–	23.0
Other non interest-bearing liabilites (Note 17)	58.5	68.5
Accrued expenses and prepaid income	11.1	20.9
Total current liabilities	1,011.3	942.8
Total equity and liabilities	5,288.7	4,052.5
Contingent liabilities (Note 23)	475.1	236.9

Parent company cash flow statement

SEK M	2005	2004
OPERATING ACTIVITIES		
Profit/loss after financial revenue and costs	–69.8	39.4
Adjustment for non cash flow items (Note 21)	99.8	183.0
Tax paid	–60.1	–28.2
Cash flow from operating activities before changes in working capital	–30.1	194.2
Changes in working capital (Note 21)	398.8	–258.6
Cash flow from operating activities	368.7	–64.4
INVESTING ACTIVITIES		
Investments in shares and interests	–1,747.0	–1,290.0
Divestment of shares and interests	4.6	123.8
Divestment of shares and participations	–1,742.4	–1,166.2
FINANCING ACTIVITIES		
Newly raised loans	1,334.9	782.6
Amortisation	–232.2	–
Dividends paid	–84.0	–84.0
Cash flow from financing activities	1,018.7	698.6
Cash flow for the year	–355.0	–532.0
Cash & cash equivalents at beginning of year	431.1	963.1
Cash & cash equivalents assets at year-end	76.1	431.1

Parent company statement of changes in equity

SEK M	ISSUED CAPITAL	LEGAL RESERVE	UNRE-STRICTED RESERVES	TOTAL EQUITY
1 JANUARI 2004	370.5	253.0	679.3	1,302.8
Effect of hedging stock options			–5.8	–5.8
Total income and expense recognised directly in equity			–5.8	–5.8
Profit for the year			107.7	107.7
Total income and expense 2004			101.9	101.9
Non-cash issue	49.7	735.4		785.1
Dividend rendered (Note 16)			–84.0	–84.0
31 DECEMBER 2004/1 JANUARY 2005	420.2	988.4	697.2	2,105.8
Change in value of interest swap			19.6	19.6
Tax effect of change in value of interest swap			–5.5	–5.5
Total income and expense recognised directly in equity			14.1	14.1
Profit for the year			57.5	57.5
Total income and expense 2005			71.6	71.6
Dividend rendered (Note 16)			–84.0	–84.0
31 DECEMBER 2005	420.2	988.4	684.8	2,093.4

NOTE 1. CORPORATE INFORMATION

The 2005 consolidated financial statements for WM-data AB (publ) have been approved for publication in accordance with a decision passed by the Board on 8 February 2006. The consolidated financial statements will be submitted for resolution at the Annual General Meeting on 6 April 2006. 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 Board of Directors' report.

NOTE 2 ACCOUNTING POLICIES ETC.

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR PREPARATION OF ACCOUNTS

The consolidated financial statements have been prepared based on a historical cost basis, except for derivative Financial instruments, Financial assets available for sale and Financial assets measured at fair value via the income statement. These assets and liabilities are reported at fair value. The carrying amount of such assets and liabilities, which are hedged and normally reported at cost, are reported at fair value taking into account the hedged risk (fair value hedging). Unless otherwise stated, all amounts are given in millions of Swedish kronor (SEK M).

STATEMENT OF COMPLIANCE WITH APPLIED REGULATIONS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and statements concerning interpretation published by the International Financial Reporting Interpretations Committee (IFRIC). As the parent company is a company within the EU, only IFRS approved by the EU are applied. The consolidated financial statements are also prepared in accordance with Swedish law through the application of the Swedish Financial Accounting Standard Council's recommendation RR 30 (Supplementary accounting regulations for groups). The annual report of the parent company is prepared in accordance with Swedish law and with the application of the Swedish Financial Accounting Standard Council's recommendation RR 32 (Accounting for legal entities). This means that IFRS regulations concerning valuation and disclosure are applied while the formats differ as the parent company's financial statements comply with the Swedish Annual Accounts Act. Untaxed reserves and appropriations are also reported in the parent company. Application of IFRS came into force on 1 January 2005. Information about the transition is presented in Note 30.

NEW STANDARDS NOT YET IN FORCE

WM-data has not applied IFRS 7 Financial Instruments: Disclosures which comes into force in 2006.

CONSOLIDATED FINANCIAL STATEMENTS

Basis for consolidated financial statements

The consolidated financial statements include the Parent company and its subsidiaries. The financial statements for the Parent company and subsidiaries included in the consolidated financial statements concern the same period and are prepared in accordance with the accounting policies that apply to the Group as a whole.

All intra-group receivables and liabilities, income and expenses, profit or loss associated with transactions between companies covered by the consolidated financial statements are eliminated in their entirety.

A subsidiary is included in the consolidated financial statements from the date of its acquisition, which is the day the parent company gains a controlling influence over the company and is included in the consolidated financial statements up to the date when the parent company's controlling influence over the company ceases. Normally the parent company's controlling influence over a subsidiary is obtained through holdings of more than 50 percent of voting rights but it can also be obtained in other ways, for example, through agreement.

Subsidiaries that are acquired are reported in the consolidated financial statements in accordance with the purchase method. This also applies to directly acquired businesses. The purchase method implies, among other things, that the cost of the shares, or the directly acquired business, are allocated to acquired assets, assumed undertakings and liabilities at the time of acquisition on the basis of their fair value at that point in time. If the cost exceeds the fair value of the acquired company's net assets, the difference is classified as goodwill. The difference is the acquisition value for goodwill. If the cost is below the fair value of the acquired company's net assets, the difference is recognised directly in the income statement.

The minority interest is that part of the income and net assets of a jointly owned company that is due to other owners. The minority's share of income is included in consolidated income statement's income after tax. The share of net assets is included in equity in the consolidated balance sheet but is disclosed separately from equity attributable to the parent company's shareholders.

Investments in associates

An associate is an entity over which the Group has significant influence and which is not a joint venture. Significant influence normally arises with shareholdings that represent between 20 and 50 percent of the votes. Holdings in associates are reported in accordance with the equity method. This means that the carrying amount of the investment in associates within the Group reflects the Group's share of the associates' equity as well as goodwill on consolidation and any other remaining value adjustments on acquisition. Goodwill and other value adjustments on acquisition are measured using the same method as in business combinations which is described above. The Group's share of the associates' profit after financial items, where appropriate adjusted for any depreciation, impairment or reversal of value adjustments, is reported in the consolidated income statement as ”Shares in profit of associates”. Dividends from associates reduce the carrying amounts of the investment. Tax on income from associates is reported as a part of the Group's tax expenses.

TRANSLATION OF FOREIGN OPERATIONS

A foreign operation is an entity, the activities of which are based or conducted in an economic environment which has a different currency (the functional currency) from the Group's reporting currency, which is SEK. Assets, including goodwill and other surplus value, and liabilities in such operations are translated to the reporting currency at the closing rate. The foreign subsidiaries' income statements are translated using a weighted average of the exchange rate for the year. The exchange rate differences that arise at the time of the translation are recognised directly in equity. On disposal of a foreign, independent operation, the accumulated exchange rate differences are recognised in the income statement together with the profit or loss on the disposal.

TRANSLATION OF ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the rate applicable on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. . All exchange differences are charged or credited to the income statement, with the exception of exchange differences on foreign currency loans that provide a hedge against net investments in foreign operations. Exchange differences on such loans are recognised directly in equity as translation differences, which are transferred to the income statement in the event of future disposal of the foreign operation.

REVENUE

Revenue is recognised at fair value of payment received or the payment that will be received. The revenue of the Group consists mainly of revenue from consultancy services, operational management and administrative services, licensing revenue from proprietary and third-party products and revenue from maintenance and rights of use.

Consultancy services performed on a current account basis are recognised as revenue as the work is performed. Consultancy services performed at a fixed price are recognised as revenue in proportion to the degree of completion of each assignment at the balance sheet date. The degree of completion is established on the basis of the cost of work expended in relation to the total forecast expenses for the assignment. If the final result cannot be calculated in a reliable way, revenue is recognised at a value corresponding to expenses. Provision is made for anticipated losses on the assignment.

Revenue from operational management and administrative services (including agreements designed to maintain a specified level of service for a specified period, for example operational management, applications administration and support services) as well as revenue from maintenance and rights of use, is recognised on a straight-line basis over the period.

Licensing revenue is recognised on delivery of software, if no significant obligations remain after delivery If significant adaptations or related consultancy services remain after delivery of the software, revenue is distributed over a period of time with consideration for such remaining undertakings.

ASSIGNMENT-SPECIFIC EXTERNAL EXPENSES

Purchases of goods and services that are sold on to customers or used in the delivery of WM-data's services are reported under this heading. Purchases of goods and services involving overhead expenses are reported as external expenses.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Prooperty, plant and equipment and intangible assets are measured at cost less accumulated depreciation/amortisation and impairment losses. Depreciation/Amortisation is on a straight-line basis over the useful life to assessed residual value. Land is not depreciated.

The development of services and products takes place mainly within the framework of customer assignments. Development expenses are only reported as intangible assets if the following criteria are met: There is a well-defined development project with concrete plans for how and when the asset is to be used in the operation, the expenditure can be identified and measured reliably and the asset will generate future benefits. 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 employee-related expenses and direct purchases, a proportion of the indirect costs that can be attributed to the asset is also included in the acquisition cost of the intangible asset. Other development expenditure is expensed as it arises.

Intangible assets with indefinite useful lives are reported at acquisition cost with deductions made for any accumulated impairment losses.

IMPAIRMENT

Regular assessments are made during the year to see if there is any indication that assets are impaired. If such an indication is found, the recoverable value of the asset is measured.

For goodwill and other intangible assets with an indefinite useful life and for intangible assets which are still not ready for use, the recoverable value is measured annually.

If it is not possible to identify largely independent cash flow of an individual asset, impairment testing is used to group the assets at the lowest level at which it is possible to identify largely independent cash flow (a cash-generating unit). An impairment loss is recognised when an asset's or cash-generating unit's carrying amount exceeds the recoverable value. Impairment losses are recognised in the income statement.

Impairment of assets attributable to a cash-generating unit is mainly allocated to goodwill. Then proportional impairment losses for of other assets included in the unit are recognised.

Measurement of recoverable value

The recoverable value is the higher of the asset's net realisable value and value in use. The value in use is the present value of the future cash flow discounted by a rate of interest based on risk-free interest adjusted for the risk associated with this specific asset. For an asset that does not generate cash flow, the recoverable value is estimated for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event that took place after the impairment loss was recognised. Goodwill impairment losses are not reversed. An impairment loss is only reversed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment loss had been recognised.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The net realisable value corresponds to the estimated sales price under normal conditions, less expenditure required to complete the sale. The acquisition cost is calculated according to the Fifo method which means that assets in stock at year-end are considered to be the last acquired.

FINANCIAL ASSETS

Financial assets are classified in various categories depending on the purpose of the acquisition of the financial asset. Classification is determined at time of acquisition. A financial asset is derecognised when the contractual rights to the cash flow cease.

Financial assets measured at fair value via the income statement

In WM-data's balance sheet this category contains derivative instruments which are not classified as hedge instruments. For such items, hedge reporting is applied instead (see below). The assets are valued at fair value with changes in value reported in the income statement.

Loan receivable and trade receivables

Loan receivables and trade receivables are financial assets with fixed payments or payments which can be fixed at a specific amount. These receivables are linked to the Group's deliveries of goods and services. Valuation is effected at the accrued acquisition cost. Receivables are reported at the amount with which they are expected to be received, after deductions for bad debts which are assessed individually. Loan receivables and trade receivables have a short anticipated life and are, therefore, valued at a nominal amount without discounting.

Other investments

Refers to shares and participations. WM-data's holdings are not quoted, making it impossible to establish a fair value. Measurement is effected at the original acquisition cost, in certain cases taking into account accumulated impairment losses.

Held-to-maturity investments

Held-to-maturity investments are financial assets which are not derivatives, and which have fixed or determinable payments and a fixed maturity date and will be held to maturity. They are reported at the accrued acquisition cost.

CONVERTIBLE DEBENTURES

Convertible debentures, i.e., loans whereby the holder is entitled to convert his or her claim into shares, and which bear interest that is less than the market rate, are reported at the time of issue in such a manner that the received loan amount is divided into a loan and an equity portion. The liability portion 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 equity portion is the difference between the received amount on issue and the liability portion. Reported loan debt is adjusted upwards during the loan term to the nominal amount. The increase in loan debt is reported as a financial cost in the income statement.

FINANCIAL LIABILITIES

A financial liability is derecognised when the contractual obligation ceases.

Financial liabilities measured at fair value via the income statement

In WM-data's balance sheet this category contains derivative instruments which are not classified as hedge instruments. For such items, hedge reporting is applied instead (see below). Measurement is effected continuously at fair value with changes in value recognised in the income statement.

Other financial liabilities

Interest-bearing and non interest-bearing financial liabilities which are not held for trading are reported in this category. Measurement is effected at the accrued acquisition cost.

Non-current liabilities have a remaining term exceeding one year, while liabilities with a shorter term are reported as current. Trade payables have a short anticipated life and are, therefore, measured at a nominal amount without discounting.

DERIVATIVE INSTRUMENTS AND HEDGE REPORTING

The company uses two different types of derivative financial instrument to hedge financial risks: share swaps and interest swaps. These are described in greater detail in note 17. For hedging of net investments in foreign operations, see the section entitled Translation of assets and liabilities in foreign currencies.

Hedge accounting is applied for derivative instruments that are included in a documented hedging relationship. Hedge reporting is applied when there is an unambiguous link between the hedging instrument and the hedged item, and the hedge effectively hedges the risk as intended. The way in which value changes are reported in these cases depends on the type of hedge entered into.

Cash flow hedges

The effective portion of gain or loss on a derivative instrument that constitutes a hedge instrument in a cash flow hedge is recognised in equity, while the ineffective portion is recognised directly in profit or loss. The gains or losses reported in equity are transferred to the income statement in the period when the hedged item affects the income statement. In cases where the hedged item refers to a future transaction, which is reported as a non-financial asset in the balance sheet (for example, with hedging of future purchases of non-current assets in foreign currencies), that part of the value change reported in equity is transferred to and included in the acquisition cost of the asset.

When the conditions for hedge reporting are no longer present, the accumulated value changes which are reported in equity are transferred to the income statement in the period when the hedged item affects the income statement. Value changes from the date on which the conditions for hedge accounting cease are recognised directly in the income statement. If the hedged transaction is no longer expected to occur, the hedge instrument's accumulated value changes are transferred from equity to the income statement.

PROVISIONS

Provisions are recognised when the Group has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group can count on receiving remuneration corresponding to the provision that has been made, for example, through an insurance contract, the remuneration is reported as an asset in the balance sheet when it is almost certain that the remuneration will be received. If the effect of the time value for the future payment is material, the amount of the provision is established by calculating the present value of the estimated future payment 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.

REMUNERATION OF EMPLOYEES

Pensions and other pledges concerning benefits after employment has ceased

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

The Swedish operation also has a defined-benefit pension plan which is funded.

The Group's obligations concerning other defined-benefit pension plans are determined separately for each plan through what is referred to as the Projected Unit Credit Method. This involves calculating the obligation at the present value of the estimated future pension payments. Calculated in this way, the obligation is compared with the fair value of administrative assets that secure the pledge. The difference is reported as a liability/asset taking into account accrual of actuarial gains and losses. Calculation of the future payments is based on actuarial assumptions that include assumptions about length of life, future salary increases, employee turnover and factors which are of importance in the choice of discount rate.

Changes to or deviations from the actuarial assumptions normally result in actuarial gains or losses. Actuarial gains and losses are not reported as long as the accumulated gain or loss is below 10% of the highest of the obligations' present value. 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 plans.

When the calculation leads to an asset for the Group, the asset's carrying amount is limited to net of the unreported actuarial loss and unreported expenses for the work during previous periods and the present value of future repayments from the plan or reduced future payments to the plan.

Share-based payment

The cost of options issued to employees and which involve the right to either receive remuneration in cash or to buy shares is reported on the basis of the assumption that cash remuneration will be paid. This involves annual provision being made for an amount (including social security expenses) which will result in the future payments being entered as a liability at the time of the payment. In this connection, consideration is given to assumed employee turnover and the terms of service.

LEASING

Leasing agreements where, in all essentials, all risks and benefits associated with the ownership do not fall on the Group are classified as operating leases. 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.

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 on the basis of the reported liability.

INCOME TAX

Income tax consists of current tax and deferred tax. Income taxes are reported in the income statement as they refer to items in the income statement and are recognised directly in equity, as the underlying transaction is recognised directly In equity. Current tax is tax which is paid or received for the current year with the application of the tax rates which are determined or, in practice determined, at the balance sheet date. This also includes any current tax adjustment attributable to earlier periods.

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 carrying amount. Deferred tax assets are reported in the balance sheet also for unused tax losses/credits.

However, deferred tax liability is not reported in the balance sheet for taxable temporary differences concerning goodwill. Nor is deferred tax reported when the temporary difference is attributable to investments in subsidiaries and associates as the Group has a controlling influence over 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 only reported to the extent that it is likely that future taxable income will be available and against which the temporary differences or unused tax losses/credits may be utilised. 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 tax 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. Deferred tax receivables and tax liabilities are reported net in the balance sheet on condition that the tax payment will be made with a net amount.

CASH FLOW STATEMENT

The cash flow statement shows inflows and outflows. The indirect method has been used for operating activities. All current liquid investments with an original term of less than three months, apart from cash and bank balances, are classified as cash & cash equivalents.

NOTE 2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions about the future. The assessments for accounting purposes which are a result of these may deviate from the actual outcomes. The estimates and assumptions which can involve a risk of significant adjustments in the reported value are presented below.

CONSIDERATION OF WRITE-DOWN REQUIREMENTS OF GOODWILL

The recoverable value for goodwill is calculated annually. For these calculations, certain assumptions must be made. The assumptions that form the basis for valuation for 2005 are reported in note 11.

CONSIDERATION OF REPORTED VALUE OF DEFERRED TAX RECEIVABLES

In connection with the acquistion and restructuring of Novo in Finland in 2004, significant tax deductions arose for a period of 10 years ahead with one tenth per annum. The value of remaining deductions of this kind amount in the balance sheet to SEK M 108, which is the Group's best assessment of the future possible deductions. The tax authority in Finland has yet to establish the final value of the size of the deduction.

Through the acquisition of Atos Origin, deficit deductions of approximately SEK M 330 were acquired in Sweden and of approximately SEK M 72 in Norway. The deficit in Norway has not been carried as an asset due to the fact that WM-data already has large unutilised deficit deductions in Norway from before, and because the acquired business in Norway previously reported losses. The deficit in Sweden has been valued to the full value of the acquisition as it is judged that this could be utilised by the Swedish business.

A significant part of WM-data Norway's earlier deficit deductions have not been carried as assets in the consolidated balance sheet against the background of earlier developments in Norway; for further information see note 8. During 2005, Norway adopted new tax legislation which implies that deficit deductions are no longer subject to a time limit. This has not, however, led to any revaluation of existing claims but means that the probability of being able to use a large part of the deduction in future has increased.

NOTE 3. SEGMENT INFORMATION

WM-data's organisation is mainly based on a country structure. Caran, the design and product development operation which operates in Sweden, functions as a separate unit alongside the countries. The management team in each country – as well as Caran – report to the President and CEO.

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. Group functions, the associated company ATEA and the operation in Estonia are reported in group functions.

BUSINESS AREAS	WM-data Sweden 2005	WM-data Sweden 2004	WM-data Denmark 2005	WM-data Denmark 2004	WM-data Finland 2005	WM-data Finland 2004
REVENUE						
External sales	4,841	3,929	874	900	2,463	2,291
Internal sales	79	86	1	0	7	4
Total revenue	4,920	4,015	875	900	2,470	2,295
RESULTS						
Share in profit of associates	8	4	–	–	17	25
EBITA excl restructuring costs connected to acquisitions	315	183	53	25	297	282
Restructuring costs connected to acquisitions	–180	–31	–	–4	–	–75
EBITA	135	152	53	21	297	207
Operating income (EBIT)	47	121	48	20	225	144
Financial revenue and costs						
Income tax expense						
Profit for the year						
OTHER INFORMATION						
Assets	4,160	1,885	465	414	2,666	2,260
Investments in associates	5	48	–	–	59	60
Total allocated assets	4,165	1,933	465	414	2,725	2,320
Unallocated liabilities						
Total assets						
Allocated liabilities	1,926	1,227	283	294	571	492
Unallocated liabilities						
Total liabilities						
Investments in property, plant and equipment	29	33	3	5	95	65
Depreciation	126	48	12	11	155	128
Other expenses not included in cash flow	–	–	–	–	–	–
No. of employees	4,630	3,610	725	670	2,405	2,340

TYPES OF OPERATION	Industry Solutions 2005	Industry Solutions 2004	Infra Solutions 2005	Infra Solutions 2004
REVENUE				
External sales	5,778	4,960	2,699	2,439
Internal sales	77	105	211	181
Total revenue	5,855	5,065	2,910	2,620
INCOME				
Restructuring costs connected to acquisitions	–136	–87	–63	–23
EBITA	374	246	121	128
OTHER INFORMATION				
Allocated assets	5,191	3,537	2,494	1,380
Investments in property, plant and equipment	41	59	88	46
No. of employees	5,620	4,995	2,410	1,785

Sales between the business areas and types of operation 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, Poland, the UK and Germany are modest and have not been disclosed.

WM-data Norway		WM-data Caran		Group functions		Elimination		Total	
2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
299	279	**788**	761	**0**	0	**–**	–	**9,265**	8,160
6	6	**32**	19	**0**	0	**–125**	–115	**–**	–
305	285	**820**	780	**0**	0	**–125**	–115	**9,265**	8,160
–	–	**8**	1	**26**	16	**–**	–	**59**	46
29	–6	**43**	23	**29**	9	**–**	–	**766**	516
–19	–	**–**	–	**–**		**–**	–	**–199**	–110
10	–6	**43**	23	**29**	9	**–**	–	**567**	406
6	–6	**39**	22	**29**	9	**–**	–	**394**	310
								7	–15
								–98	–98
								303	197
192	109	**478**	488	**638**	639	**–1,148**	–517	**7,450**	5,278
–	–	**9**	4	**245**	221			**318**	333
192	109	**487**	492	**883**	860	**–1,148**	–517	**7,769**	5,611
								338	294
								8,107	5,905
72	138	**198**	170	**3,037**	1,257	**–1,148**	–517	**4,939**	3,061
								348	309
								5,287	3,370
2	2	**6**	5	**0**	0	**–**	–	**135**	110
5	2	**10**	9	**1**	29	**–**	–	**309**	227
–	–	**–**	–	**–**	–	**–**	–	**–**	–
270	160	**845**	815	**85**	20	**–**	–	**8,960**	7,615

WM-data Caran		Group functions		Elimination		Total	
2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
788	761	**0**	0	**–**	–	**9,265**	8,160
32	19	**0**	0	**–320**	–305	**0**	0
820	780	**0**	0	**–320**	–305	**9,265**	8 160
–	–	**–**	–	**–**	–	**–199**	–110
43	23	**29**	9	**–**	–	**567**	406
487	492	**883**	860	**–1,286**	–658	**7,769**	5,611
6	5	**0**	0	**–**	–	**135**	110
845	815	**85**	20	**–**	–	**8,960**	7,615

NOTE 4. BUSINESS COMBINATIONS

Acquisition of Atos Origin AB

On 7 July 2005 the acquisition of 100 percent of Atos Origin AB with subsidiaries was completed. The operation has approximately 1,300 employees and sales of around SEK M 1,600 in Sweden and Norway. The acquired operations were integrated with WM-data during autumn 2005.

The table below shows the value of the acquired assets and liabilities. Goodwill consists of synergy effects and employees. The intangible assets identified on acquisition consist of software (mainly billing operations within the telecom segment) and customer relations. The amortisation period for these assets is 4–7 years.

As the operation is completely integrated with WM-data, information cannot be provided about the acquired operation's share of consolidated sales and net earnings or about how consolidated sales and net earnings would have been presented had the acquisition taken place at the beginning of the year instead.

CARRYING AMOUNT:	INCLUDED IN THE GROUP	IN THE ACQUIRED COMPANIES
INTANGIBLE ASSETS		
Goodwill on acquisitions	939.2	–
Other intangible assets	427.3	119.0
PROPERTY, PLANT AND EQUIPMENT	26.0	29.0
Deferred tax asset	141.2	6.6
Current assets	614.1	620.0
Non-current provisions and liabilities	–133.4	–6.1
Current provisions and liabilities	–465.1	–561.1
Acquired net assets	1,549.3	207.4
Cash paid	1,534.5	
Costs associated with acquisition	14.8	
Acquisition cost	1,549.3	
Net cash acquired	-234.3	
Cash outflow, net	1,315.0	

Other acquisitions:

Other acquisitions made during the year are presented in the Board of Directors' report.
The table below shows the value of the acquired assets and liabilities for these acquisitions.

CARRYING AMOUNT:	INCLUDED IN THE GROUP	IN THE ACQUIRED COMPANIES
INTANGIBLE ASSETS		
Goodwill on acquisitions	129.1	–
Other intangible assets	105.8	–
PROPERTY, PLANT AND EQUIPMENT	58.8	58.8
Reduction in value of shares in associates which are reported as subsidiaries after acquisition	–50.9	–
Deferred tax asset	4.0	4.0
Current assets	133.5	133.5
Non-current provisions and liabilities	–59.6	–31.2
Current provisions and liabilities	–57.5	–22.8
Acquired net assets	263.2	142.3
Cash paid	261.3	
Costs associated with acquisition	1.9	
Acquisition cost	263.2	
Net cash acquired	–63.0	
Cash outflow, net	200.2	

NOTE 5. RESTRUCTURING COSTS IN CONNECTION WITH ACQUISITIONS

Restructuring costs in connection with acquisitions have had a significant effect on WM-data's earnings both in 2005 and 2004. The costs consist mainly of employee expenses, in addition, there are costs associated with facilities etc. The table below shows how these costs have affected the income statement. Note 3 contains information on how these are allocated to each segment.

	Group		Parent company	
	2005	2004	**2005**	2004
Other external expenses	**–33.4**	–32.5	**–**	–
Employee-related expenses	**–165.5**	–77.4	**–**	–
Total	**–198.9**	–109.9	**–**	–

NOTE 6. EMPLOYEE-RELATED EXPENSES

	Group		Parent company	
	2005	2004	**2005**	2004
Wages and salaries	**–3,846.0**	–3,325.0	**–14.1**	–16.3
Social security costs incl pensions	**–1,295.9**	–1,191.9	**–8.8**	–9.9
Costs for stock options (Note 27)	**–13.9**	–1.3	**–**	–
Other employee-related expenses	**–242.0**	–178.3	**–2.8**	–3.8
	–5,397.8	–4,696.5	**–25.7**	–30.0
AVERAGE NUMBER OF EMPLOYEES				
Women	**2,265**	2,067	**2**	2
Men	**6,125**	5,588	**6**	6
Total	**8,390**	7,655	**8**	8

Other employee-related expenses contain expenses for training, recruitment, employee well-being, etc. See note 27 for information on salaries and remuneration paid to senior executives. See note 28 for information on the average number of women and men per country and the distribution of women and men in senior executive positions.

NOTE 7. FINANCIAL REVENUE AND COSTS

	Group		Parent company	
	2005	2004	2005	2004
FINANCIAL REVENUE				
Revaluation of share swaps	43.6	–	43.6	–
Other interest and similar income [2]	30.2	29.8	34.2	33.1
Dividend from share swap agreements	0.7	0.7	0.7	0.7
Dividend from subsidiaries	–	–	34.0	107.5
Dividend from associates	–	–	–	18.6
Gain from disposals	4.8	–	4.8	4.4
Group contribution	–	–	102.4	107.8
Total financial revenue	79.3	30.5	219.7	272.1
FINANCIAL COSTS				
Interest expenses on convertible debentures [1]	–10.4	–11.7	–10.4	–11.7
Interest expenses on share swaps	–3.0	–3.2	–3.0	–3.2
Other interest and similar expenses [3]	–58.4	–30.7	–110.1	–28.0
Losses on sales of subsidiaries	–	–	–	–91.6
Group contribution	–	–	–150.9	–86.2
Total financial costs	–71.8	–45.6	–274.4	–220.7
[1] Of which upward adjustment of loans	–7.1	–7.1	–7.1	–7.1

[2] Including financial exchange rate differences for the Group of SEK M 2.3 (0.1) and the parent company of SEK M 2.2 (9.5). Exchange rate differences relating to operations are included in the operating income. For the Group, these amount to (net) SEK M 1.5 (0.7) and for the parent company SEK M 0.1 (0.1).

[3] Including financial exchange rate differences for the Group of SEK M 0.1 (2.7) and the parent company of SEK M 33.4 (2.6).

NOTE 8. INCOME TAX EXPENSE

	Group		Parent company	
	2005	2004	2005	2004
INCOME STATEMENT				
Current tax expense for the year	–97.4	–40.6	–0.3	–26.2
Current income tax attributable to previous years	–5.0	–1.0	–7.6	–1.2
Deferred tax relating to changes in temporary differences	25.7	–41.2	–	–
Share of tax in associates	–21.2	–15.2	–	–
Income tax expense reported	–97.9	–98.0	–7.9	–27.4

Reconciliation between tax expense relating to income before tax, calculated in accordance with the current income tax rate and the Group's and parent company's effective tax expense for 2005 and 2004, is as follows:

Profit before tax	401.3	294.5	65.4	135.1
Tax at the current tax rate in Sweden (28%)	–112.4	–82.5	–18.3	–37.8
Adjustment for tax rates in other countries	6.6	–2.5	–	–
Effect of changes in tax rate	–1.8	–0.9	–	–
Change in value of share swap	12.2	–	12.2	–
Other non-taxable items, net	8.6	–1.6	5.8	11.6
Adjustment of current tax for previous periods	–5.0	–1.0	–7.6	–1.2
Reassessment of deferred tax for previous periods	–	–14.0	–	–
Effect of losses for which deferred tax income has not been reported	–6.1	4.5	–	–
Net tax expenses	–97.9	–98.0	–7.9	–27.4
Effective tax rate in %	24.4	33.3	12.1	20.3

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continued, note 8

	Group		Parent company	
	2005	2004	**2005**	2004
BALANCE SHEET				
Deferred tax assets and liabilities are attributable to the following:				
Deferred tax assets				
Unused tax losses	**13.4**	22.9	**–**	–
Other unused tax credits	**166.7**	130.4	**–**	–
Intangible assets	**69.1**	51.0	**–**	–
Property, plant and equipment	**28.6**	37.4	**–**	–
Provisions and other non interest-bearing liabilities	**57.1**	30.8	**–**	–
Other	**3.0**	20.8	**–**	–
Total	**337.9**	293.3	**–**	–
Deferred tax liability				
Intangible assets	**262.0**	153.0	**–**	–
Property, plant and equipment	**2.8**	20,5	**–**	–
Financial assets	**5.5**	–	**5.5**	–
Other receivables	**–**	40.5	**–**	–
Untaxed reserves	**61.3**	73.1	**–**	–
Other	**16.5**	21.8		–
Total	**348.1**	308.9	**5.5**	–

Carryforward of unused tax losses

Under Deferred tax assets, the carryforward of unused tax losses refers to Norway. The Group's total carryforward of unused tax losses, which is wholly attributable to Norway, amounts to SEK M 359 (317) and includes SEK M 72 which was acquired through the acquisition of Atos Origin. No value was put on these tax losses in the acquisition as the acquired business had previously reported significant losses. Of the total unused tax losses, SEK M 311 (235) has not been recognised as a deferred tax asset on the basis of the historic development of the operation in Norway. With the acquisition of Atos Origin losses of SEK M 330 were acquired in Sweden. Of these, SEK M 30 has been used against operating profits. Tax losses have been used through the transfer of the operation and are represented by future tax deductions from depreciation in subsidiaries. A deferred tax receivable of SEK M 59 attributable to tax-related depreciation is recognised in the balance sheet. The value of the tax credits from acquisition and restructuring of Novo in Finland amounts to SEK M 108. See also note 2.2 on page 47 under the heading Consideration of deferred tax assets.

NOTE 9. INTANGIBLE ASSETS

	Goodwill		Customer relations		Software	
	2005	2004	**2005**	2004	**2005**	2004
GROUP						
Opening costs (gross carrying amount) [1]	**1,566.5**	307.5	**545.8**	–	**126.1**	–
Investments	**1,068.3**	1,276.6	**254.9**	545.8	**275.3**	126.1
Changes relating to acquired companies	**–**	10.6	**–**	–	**–**	–
Changes relating to divested companies	**–**	–1.9	**–**	–	**–**	–
Sales/disposals	**–**	–16.1	**–**	–	**–**	–
Translation difference	**53.3**	–10.2	**19.6**	–	**3.4**	–
Closing cost	**2,688.1**	1,566.5	**820.3**	545.8	**404.8**	126.1
Opening accumulated amortisation			**–78.2**	–	**–17.8**	–
Amortisation			**–116.3**	–78.2	**–57.1**	–17.8
Changes relating to acquired companies			**–**	–	**–**	–
Changes relating to divested companies			**–**	–	**–**	–
Sales/disposals			**–**	–	**–**	–
Translation difference			**–3.2**	–	**–0.5**	–
Closing accumulated amortisation			**–197.7**	–78.2	**–75.4**	–17.8
Net carrying amount	**2,688.1**	1,566.5	**622.6**	467.6	**329.4**	108.3

[1] Initial value of goodwill on transition to IFRS in January 2004 is reported as cost.

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continued, note 9

	Capitalised development work		Other intangible assets	
	2005	2004	2005	2004
GROUP				
Opening cost (gross carrying amount)	13.7	–	232.0	45.9
Investments	5.0	7.9	11.5	22.2
Changes relating to acquired companies	–	5.8	2.9	176.0
Changes relating to divested companies	–	–	–	–
Sales/disposals	–	–	–16.0	–9.5
Translation difference	–	–	3.5	–2.6
Closing cost	18.7	13.7	233.9	232.0
Opening accumulated amortisation	–	–	–187.5	–37.1
Amortisation	–1.5	–	–26.7	–28.7
Changes relating to acquired companies	–	–	–	–128.4
Changes relating to divested companies	–	–	–	–
Sales/disposals	–	–	11.5	4.6
Translation difference	–	–	–1.6	2.1
Closing accumulated amortisation	–1.5	–	–204.3	–187.5
Net carrying amount	17.2	13.7	29.6	44.5

Useful lives of intangible assets:
Goodwill: indefinite
Customer relations: mainly 4–7 years, certain smaller assets (with an acquisition value of SEK M 29 in total) have an amortisation period of 1–3 years.
Software: 4–6 years.
Capitalised development work 3 years
Other intangible assets: 3–5 years

Customer relations and software consist of assets allocated on acquisition. Capitalised development work refers to development projects, of which one remains in progress. Investments for the year consist mainly of internal time expended on these development projects. Amortisatioin will start in 2006. Other intangible assets consist of externally acquired software or similar rights employed for internal use or in the production of the Group's services.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment		Buildings and land	
	2005	2004	2005	2004
GROUP				
Opening cost (gross carrying amount)	877.8	377.8	76.4	2.5
Investments	126.1	104.2	1.6	–
Changes relating to acquired companies	250.4	458.6	23.9	74.8
Changes relating to divested companies	–0.5	1.7	–	–
Sales/disposals	–205.1	–57.8	–	–
Translation difference	28.9	-6.7	1.2	–0.9
Closing cost	1,077.6	877.8	103.1	76.4
Opening accumulated depreciations	–679.6	–284.9	–48.0	–0.9
Depreciation	–105.2	–100.6	–2.5	–1.9
Changes relating to acquired companies	–192.4	–347.6	–	–45.8
Changes relating to divested companies	0.3	–0.8	–	–
Sales/disposals	200.2	49.6	–	–
Translation difference	–19.3	4.7	–	0.6
Closing accumulated depreciation	–796.0	–679.6	–50.5	–48.0
Net carrying amount	281.6	198.2	52.6	28.4

Useful lives of property, plant and equipment:
Machinery and equipment 3–10 years.
Buildings 15–50 years.

NOTE 11. IMPAIRMENT TESTING OF GOODWILL

The carrying amount of goodwill for each segment is shown in the table below. Goodwill has been allocated to cash-generating units and has been tested for impairment. The recoverable amount for cash-generating units has been determined based on the units' value in use, which consists of the present value of projected cash flow. The discount rate applied is 10 (2004: 10) percent.

Cash flow projections are based on an estimate of the expected growth and margin development starting from next year's budget, the management team's long-term expectations for the company and the historical development. The long-term growth rate in the calculation has been set at the level of the market's development. Two scenarios, in which the parameters for growth rate and margin development are allowed to vary, are used to provide an interval between the lowest value and an expected value for the operations. Even the lowest estimated value shows that the recoverable value on goodwill is higher than the carrying amount for all cash-generating units.

	Group	
CARRYING VALUE OF GOODWILL	**2005**	2004
Sweden	**1,382.0**	348.4
Denmark	**21.5**	20.5
Finland	**1,027.9**	985.1
Norway	**24.7**	–
Caran	**212.5**	212.5
Estonia (included in group functions in the segment information)	**19.5**	–
Total	**2,688.1**	1,566.5

NOTE 12. INVESTMENTS IN ASSOCIATES

		Share of capital and votes (%)		Carrying value in parent company	
	Corporate identity number	**2005**	2004	**2005**	2004
Owned by the parent company					
Atea Holding AB, Stockholm	556610-7982	**48.7**	48.8	**199.2**	195.3
Caran SAAB Engineering AB, Linköping	556615-7581	**50**	50	**1.0**	1.0
DocHotel i Stockholm AB, Stockholm	556626-3934	**25**	25	**1.0**	1.0
ITPS AB, Stockholm	556589-0943	**45**	40	**6.2**	6.0
High Integrity Architectures Sweden AB, Stockholm	556402-4759	**50**	50	**0.1**	0.1
Pohjolan Atk-Palvelu Oy, Helsingfors	Finland	[2]	60	**–**	1.1
WDM Nordic Computer Management AB, Stockholm	556029-2566	[3]	50	**–**	23.5
Total				**207.5**	228.0
Owned by other group companies					
Finansfabriken AB, Stockholm[1]	556113-0211	**60**	60		
Kiinteistö Oy, Kuusamo	Finland	**44**	44		
Medici Data Oy, Oulu	Finland	**36**	36		
Silta Oy, Helsingfors	Finland	**45**	45		
eFennia Ltd, Helsingfors[1]	Finland	**80**	40		
RHL-Data Oy, Riihimäki	Finland	**29**	29		
Tietokoura Oy, Lappeenranta	Finland	**25**	–		

[1] Share of votes in Finansfabriken AB is 42.8 %; and in eFennia, 36.5 %
[2] Remaining 40 % acquired on 1 January 2005 and is subsequently included as a subsidiary in the group.
[3] Remaining 50 % acquired on 1 September 2005 and is subsequently included as a subsidiary in the group.

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continued, note 12

	Group	
	2005	2004
Share of associates' balance sheets:		
Current assets	**1,116.0**	907.2
Non-current assets	**360.7**	294.8
Current liabilities	**–806.5**	–712.0
Non-current liabilities	**–352.6**	–157.2
Net assets	**317.6**	332.8
Share of associates' results:		
Revenue	**3,996.6**	3,222.5
Profit before tax	**58.6**	46.3
Tax	**–21.2**	–15.2
Carrying amount of the investment	**317.6**	332.8

NOTE 13. FINANCIAL ASSETS

	Group		Parent company	
	2005	2004	**2005**	2004
Financial assets				
Other shares and interests	**21.5**	24.2	**8.3**	8.3
Interest-bearing receivables	**100.0**	100.0	**100.0**	100.0
Interest-rate swaps concerning debts to credit institutions (Note 17)	**19.6**	–	**19.6**	–
Share swaps concerning employee options programme (Notes 17 and 28)	**23.8**	–	**23.8**	–
Other long-term receivables	**19.7**	24.0	**3.1**	1.3
Total financial assets	**184.6**	148.2	**154.8**	109.6

The interest-bearing receivables belong to the category of held-to-maturity. Receivables carry a three-month fixed-rate interest period and mature in 2008. No servicing will occur during the loan's period. Fair value deviates marginally from acquisition costs due to the short fixed-interest term.

Other long-term receivables do not bear interest and primary consist of deposits for rent agreements for premises.

NOTE 14. TRADE AND OTHER RECEIVABLES

	Group	
	2005	2004
Trade receivables	**2,185.7**	1,506.7
Accrued income	**178.5**	368.2
Other receivables	**43.4**	25.7
Total	**2,407.6**	1,900.6

Trade and other receivables are non-interest bearing receivables. Trade receivables normally mature within 15–30 days. Accrued income and other receivables have a normal term of maturity of 15–90 days.

NOTE 15. EQUITY

ISSUED CAPITAL	No. shares A-shares	No. shares B-shares	No. votes A-shares	No. votes B-shares	Value, SEK A-shares	Value, SEK B-shares
1 January 2004	30,000,000	340,543,175	300,000,000	340,543,175	30,000,000	340,543,175
Non-cash issue 1 January 2004		49,692,073		49,692,073		49,692,073
1 January 2005	30,000,000	390,235,248	300,000,000	390,235,248	30,000,000	390,235,248
31 December 2005	30,000,000	390,235,248	300,000,000	390,235,248	30,000,000	390,235,248

CONVERTIBLES	No. shares A-shares	No. shares B-shares	Conversion-rate	Conversion-period
Convertible loans 31 Dec 2004 and 2005		9,846,298	21.00	2007-05-02 till 2008-10-31
No. shares including convertibles 31 Dec 2004 and 2005	30,000,000	400,081,546		

	2005	2004
Weighted average number of shares before conversion	**420,235,248**	420,235,248
Weighted average number of shares after conversion	**430,081,546**	430,081,546
Holdings of own shares	–	–

Registered share capital corresponds to total shares issued. All shares are fully paid up. There is a consortium agreement between A-share holders that regulates the conditions for allocating this class of shares.

OTHER RESERVES	**2005**	2004
Net gains on cash flow hedges	**14.1**	–
Translation differences	**60.2**	–12.3
Total	**74.3**	–12.3

NOTE 16. DIVIDENDS, PAID AND PROPOSED

	2005	2004
Paid during the year		
Dividend as per shareholders meeting for 2004: SEK 0.20 per share (2003: SEK 0.20)	**84.0**	84.0
Proposed dividend for 2005 SEK 0.30 per share (2004: SEK 0.20)	**126.0**	84.0

NOTE 17. FINANCIAL LIABILITIES

	Fixed rate-period	Date matures	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Non-current interest-bearing liabilities						
Debts to credit institutions SEK	10-03-30	2010	**1,500.0**	–	**1,500.0**	–
Debts to credit institutions SEK	≤ 12 mån	2010	**40.0**	–	**40.0**	–
Debts to credit institutions EUR	≤ 12 mån	2010	**292.8**	633.8	**292.6**	629.7
Debts to credit institutions DKK	≤ 12 mån	2010	**50.6**	–	**50.6**	–
Debts to credit institutions NOK	≤ 12 mån	2010	**47.1**	–	**47.1**	–
Convertible debentures SEK	12 mån	2008	**186.0**	178.9	**186.0**	178.9
Total non-current interest bearing liabilities			**2,116.5**	812.7	**2,116.3**	808.6
Current interest-bearing liabilities						
Debts to credit institutions SEK			**–**	0.7	**–**	–
Debts to credit institutions EUR			**–**	1.4	**–**	1.4
Debts to credit institutions DKK			**–**	97.0	**–**	97.0
Debts to credit institutions NOK			**–**	54.5	**–**	54.5
Total current interest-bearing liabilities			**–**	153.6	**–**	152.9
Non-current other financial liabilities						
Share swaps concerning employee stock options programme	3 mån	2007	**0.4**	–	**0.4**	–
Current other financial liabilities						
Share swaps concerning employee stock options programme	3 mån	2006	**24.8**	–	**24.8**	–

Debts to credit institutions:
During the year, previous external financing was mainly replaced by a facility of SEK M 2,300 with a remaining term of 4.5 years and a one-year facility of SEK M 200. The long-term term facilities are used in short-term loans and a number of contracted currencies. The unused credit facilities at year end amounted to SEK M 570, thereof the entire short-term facility. The terms for the facilities contain requirements for achieving certain key figures, referred to as financial covenants. In connection with the acquisition of Atos in 2005, an agreement has been signed for an interest swap of a nominal amount of SEK M 1,500. The agreement gives WM-data fixed interest during the rest of the period, just over four years, for a debt amount that will gradually diminish over the duration of the swap. The effect of the interest swap is reflected in the fixed interest rates described in the above table. This derivative instrument constitutes an efficient hedge and is classified as a cash-flow hedge for which the change in value is recognised directly in equity. The change in value for the year amounted to SEK M 19.6. The financial asset has been reported in note 13.

Convertible debentures:
The parent company issued convertible debentures in 2003 for SEK M 206.8 to employees in the WM-data Group. The loan matures on 30 Nov 2008, and runs with a 12-month interest STIBOR [Stockholm Interbank Offered Rate] minus 0.8 percent. Conversion to B-shares may be effected during the period 2 May 2007 to 31 October 2008. The conversion price is SEK 21.00. The equity part of the total issued amount has been estimated at SEK M 35.2. Interest of SEK M 10.1 (including upward adjustment of loan debt) has been recognised in the income statement.

Share swap agreement concerning employee stock options programme:
To hedge the cash flow in all issued employee options programmes, share swap agreements have been signed for each programme (see note 28). The agreements are reported at fair value according to the following table.

Maturity dates for share swap agreements	Amount
Maturity date 2006	–24.8
Maturity date 2007	–0.4
Total financial liabilities from share swap agreements	–25.2
Maturity date 2008	13.6
Maturity date 2009	2.5
Maturity date 2009	7.7
Total financial assets from share swap agreements	23.8

The interest costs for the agreements, with deductions for dividends received on underlying shares, totaled SEK M 2.3 (2.5). The change in value in, and premature redemption of, the agreements have affected the year's results positively by SEK M 43.3 (-5.8).

With a change in the share price of 10 percent with respect to the price at the end of the accounting period, the financial effect of the share swap at year end was +/- SEK M 10.7 (3.9).

In the previous year, the fair value amounted to a liability of SEK M 44, which is reported as a non-interest bearing liability. No re-classification of the financial liabilities has been made in the previous year's comparison figures.

NOTE 18. PROVISIONS FOR PENSIONS

The following tables provide a summary of the items included in the 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.

INFORMATION ABOUT THE LARGEST DEFINED-BENEFITS PENSION PLAN	2005	2004
NET COST		
Interest cost on increase in the present value of benefit obligation for the year	1.5	0.9
Expected return on plan assets	–0.5	–0.2
Recognised net pension costs	1.0	0.7
RECOGNISED PROVISION, 31 DECEMBER		
Commitments	37.6	28.7
Plan assets	–10.9	–9.4
Unrecognised actuarial gains (+) and losses (–)	–6.1	0.4
Recognised provision, 31 December	20.6	19.7
CHANGES IN RECOGNISED PROVISION		
Opening net liability	19.7	–
Acquired provisions, net, in connection with business combinations	–	19.0
Benefits paid	–0.1	–
Pension costs	1.0	0.7
Recognised provision, 31 December	20.6	19.7
THE PRINCIPAL ASSUMPTIONS MADE WHEN ESTABLISHING PENSION COMMITMENTS (%)		
Discount rate	4.25	5.25
Future salary increases (no new earnings)	–	–
Future pension increases	2.0	2.0

Expenses for the year for pension insurance taken out with Alecta (reported as a defined-contribution pension plan) amount to SEK M 195.9 (170.3). Alecta's surplus can be allocated to the policyholders and/or the insured. At the end of 2005 (2004) Alecta's surplus in the form of the collective consolidation level was 128.5 percent (128.0).

NOTE 19. OTHER PROVISIONS

	1 Jan 2005	Acquired	Allocated	Utilised	Revalued	31 Dec 2005	Of which short-term 2005	31 Dec 2004	Of which short-term 2004
GROUP									
Project-related provisions	32.8	1.1	10.4	–	–5.1	39.2	15.4	32.8	32.8
Restructuring etc.	102.0	72.5	221.6	–147.3	–	248.8	162.3	102.0	92.0
Stock options	3.5	–	13.9	–	–	17.4	3.2	3.5	–
Other provisions	15.4	–	9.0	–3.8	–	20.6	6.9	15.4	15.6
Total	153.7	73.6	254.9	–151.1	–5.1	326.0	187.8	153.7	140.4

Of the year's provisions for restructuring measures, SEK M 199 is for integration costs associated with the acquisition of Atos Origin. Of this, approximately SEK M 25 was paid during 2005. As part of the acquisition, approximately SEK M 73 was also taken over in provisions, of which approximately SEK M 40 was paid out during the second half of 2005.

NOTE 20. TRADE AND OTHER PAYABLES

	Group	
	2005	2004
Trade payables	**633.2**	483.1
Accrued employee-related expenses	**826.5**	633.8
Other accrued expenses	**263.8**	171.0
Other liabilities	**555.6**	495.1
Total	**2,279.1**	1,783.0

Trade and other payables do not carry interest. Trade payables normally fall due for payment within 30 days. Other liabilities fall due for payment within one year.

Provision for costs for restructuring in connection with business combinations are not included in the above figures, but are reported as provisions.

NOTE 21. CASH FLOW ANALYSIS

	Group		Parent company	
	2005	2004	**2005**	2004
INTEREST PAID AND DIVIDENDS				
Interest received	**20.4**	30.5	**31.1**	33.1
Interest paid	**–61.5**	–35.9	**–83.6**	–31.0
Dividend received from associates	**9.2**	26.3	**–**	18.6
ADJUSTMENT FOR NON-CASH FLOW ITEMS				
Share of profit in associates less dividends received	**–49.4**	–20.0	**–**	–
Depreciation and impairment of property, plant and equipment	**135.9**	102.5	**0.3**	0.2
Amortisation and impairment of intangible assets	**173.4**	124.7	**–**	–
Capital gains/losses	**–15.9**	–	**–4.6**	87.1
Financial revenue and costs	**–43.2**	19.3	**–8.2**	19.3
Group contribution	**–**	–	**112.3**	76.4
Total	**200.8**	226.5	**99.8**	183.0
CHANGES IN WORKING CAPITAL				
Inventories	**12.2**	11.4	**–**	–
Trade receivables	**–280.2**	50.1	**0.2**	0.5
Other operating assets	**72.9**	19.1	**223.5**	–234.3
Trade payables	**94.4**	–29.0	**2.9**	1.2
Provisions and other operating liabilities	**122.5**	–163.1	**172.2**	–26.0
Total	**21.8**	–111.5	**398.8**	–258.6

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continued, note 21

Acquisition and divestment of subsidiaries	Group 2005	Group 2004
Acquisitions		
Intangible assets		
Goodwill on acquisition	1,068.3	1,275.4
Other intangible assets	533.1	733.5
Property plant and equipment	84.8	141.1
Financial assets	–	172.4
Reduction in value of investments in associates reported as subsidiaries after acquisition	–50.9	–
Deferred tax asset	145.2	201.9
Current assets	747.6	581.9
Non-current provisions and liabilities	–193.0	–411.1
Current provisions and liabilities	–522.6	–492.3
Acquired net assets	1,812.5	2,202.8
Cash paid	1,795.8	2,165.5
Costs associated with acquisition	16.7	37.3
Acquisition cost	1,812.5	2,202.8
Non-cash issue	–	–785.1
Net cash acquired	–297.3	–111.7
Cash outflow. net	1,515.2	1,306.0
Divestments		
The carrying amount of identifiable assets and liabilities of subsidiaries divested during the year was:		
Goodwill	–	17.4
Property plant and equipment	0.2	2.7
Financial assets	–	102.7
Current assets	10.9	59.7
Non-current provisions and liabilities	–11.1	–17.8
Income from sales	11.3	–
	11.3	164.7
Purchase sums received	11.3	170.4
Net cash divested	–	–5.7
Cash Inflow, net	11.3	164.7

NOTE 22. PLEDGED ASSETS

	Group		Parent company	
	2005	2004	**2005**	2004
Floating charges	**6.1**	5.8	**3.0**	3.0
Other assets whose title is restricted	**3.2**	3.7	**none**	none
Total	**9.3**	9.5	**3.0**	3.0

Pledged assets constitute security for current liabilities to credit institutes and lease commitments.

NOTE 23. CONTINGENT LIABILITIES AND SIMILAR COMMITMENTS

LEASE EXPENSES AND PAYMENT OBLIGATIONS

The group has equipment, computers, company cars, premises, etc. at its disposal through operating leases. The payment commitments under these leases amount to

	2006	2007	2008	2009	2010	2011 and later
Premises	316.1	263.6	164.0	132.2	120.3	607.6
Machinery and equipment	257.9	212.0	121.4	18.2	3.3	1.2

COSTS OF LEASED ASSETS FOR THE YEAR	**2005**	2004
Premises	**301.9**	274.0
Machinery and equipment	**144.8**	67.4

	Group		Parent company	
CONTINGENT LIABILITIES	**2005**	2004	**2005**	2004
Guarantee commitments for associates (Note 25)	**none**	98.1	**none**	98.1
Other guarantee commitments	**13.8**	15.7	**475.1**	138.8
Total	**13.8**	113.8	**475.1**	236.9

NOTE 24. SUBSIDIARIES

SUBSIDIARY, HEAD OFFICE	Corporate identity number	Share in capital (%) 2005	Share in capital (%) 2004	Carrying amount in parent company 2005	Carrying amount in parent company 2004
Subsidiaries owned by parent company					
Syncronos A.S., Oslo	Norway	100	–	56.5	–
WM-data A.S., Oslo	Norway	100	100	174.0	104.7
WM-data Business Partner A.S., Oslo [1]	Norway	100	100	–	0.1
WM-data Infra Solutions A.S., Oslo [1]	Norway	100	100	–	5.7
WM-data Danmark A/S, Ballerup	Denmark	100	100	84.6	84.6
New Media Oy, Helsinki [2]	Finland	100	100	–	1.4
WM-data Business Partner Oy, Helsinki [2]	Finland	100	100	–	0.2
WM-data Human Pro Oy, Helsinki [2]	Finland	100	100	–	18.1
WM-data Infra Solutions Oy, Helsinki [2]	Finland	100	100	–	1.4
WM-data Internal Services Oy, Helsinki	Finland	100	100	0.1	0.1
WM-data Oy, Helsinki	Finland	100	100	1,682.9	1,652.3
WM-data Deutschland GmbH, Düsseldorf	Germany	100	100	11.9	6.3
Caran Design Ltd, London	England	100	100	1.3	1.3
WM-data Business Partner Ltd, London	England	100	100	–	0.1
WM-data Ltd, London	England	100	100	17.4	–
WM-data AS, Tallin	Estonia	100	–	26.0	–
A2 Acoustics AB, Linköping	556052-5601	60	60	2.7	2.7
Abero Security AB, Stockholm	556626-9162	100	100	2.0	2.0
Alnö Systemutveckling AB, Stockholm	556566-3514	100	100	6.5	6.5
BizGuide AB, Umeå	556596-1421	100	100	6.0	5.7
Business Partner AB, Stockholm	556259-6113	100	–	1,405.4	–
Caran AB, Stockholm	556190-1223	100	100	61.4	61.4
Columna AB, Stockholm	556624-2433	100	–	35.3	–
Designbolaget i Lund AB, Lund	556592-3389	100	100	4.5	4.5
Geometrics Maskin & Marin AB, Göteborg	556481-6329	100	100	6.7	6.7
Invid Affärssystem AB, Göteborg	556628-7156	100	100	3.2	3.2
Invid Enterprise AB, Stockholm	556650-1374	100	100	4.5	4.5
Jörgen Eriksson Systemutveckling AB, Stockholm	556568-5046	100	100	7.3	7.2
Komartek AB, Göteborg	556586-4005	100	–	8.0	–
Krutrök Systemutveckling AB, Stockholm	556566-4132	100	100	8.8	8.8
Loop AB, Stockholm	556333-0645	100	100	0.7	0.5
P O Selberg AB, Umeå	556329-1631	100	100	0.1	0.1
Parere AB, Stockholm	556346-2646	100	100	325.9	325.9
Quickit AB, Halmstad	556575-0238	100	100	0.0	–
Svenska PA-System AB, Stockholm	556622-2286	100	100	0.0	–
Syncronos AB, Stockholm	556201-4810	100	100	5.2	5.2
WDM Nordic Computer Management AB, Stockholm	556029-2566	100	–	72.6	–
WM-data Assistans Management AB, Stockholm	556039-6433	100	100	6.7	6.7
WM-data Caran AB, Göteborg	556256-1562	100	100	291	291.0
WM-data Content M AB, Stockholm	556287-4312	100	100	0.1	0.1
WM-data Cross Industry Solutions AB, Stockholm	556203-1822	100	100	4.7	4.7
WM-data Education AB, Stockholm	556233-7500	100	100	0.8	0.8
WM-data Group Support AB, Stockholm	556087-3449	100	100	67.4	67.4
WM-data Infra Outsourcing AB, Stockholm	556221-2745	100	100	1.8	1.7
WM-data Infra Solutions AB, Stockholm	556601-6902	100	100	0.2	0.1
WM-data IT-Support AB, Stockholm	556080-9179	100	100	0.2	0.2
WM-data Kilpora AB, Stockholm	556368-5535	100	100	0.1	0.1
WM-data Knowledge AB, Stockholm	556387-2133	100	100	0.6	0.6
WM-data Konstruktion AB, Stockholm	556332-5256	100	100	0.3	0.3
WM-data Lokal AB, Stockholm	556489-3021	100	100	0.3	0.3
WM-data Management AB, Stockholm	556290-7872	100	100	0.6	0.6
WM-data Public Partner AB, Stockholm	556071-4577	100	100	14.8	14.8
WM-data Stratevo AB, Stockholm	556214-9202	100	100	0.1	0.1
WM-data Sverige AB, Stockholm	556337-2191	100	100	2.9	2.9
WM-data Utilities AB, Malmö	556271-8360	100	60	96.2	16.1
WM-data Validation AB, Stockholm	556230-8139	100	100	3.0	3.0
Total				4,513.3	2,732.7

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continued, note 24

SUBSIDIARY, HEAD OFFICE	Corporate identity number	Share of capital (%) 2005	2004
Subsidiaries owned by other group companies			
Syncronos A.S., Oslo	Norway	–	100
WM-data Utility A.S., Haugesund	Norway	100	–
WM-data Dansk Software A/S, Copenhagen	Denmark	100	–
WM-data Healthcare A/S, Århus [3]	Denmark	–	100
WM-data Server Storage A/S, Copenhagen	Denmark	100	100
HM&V Research Oy, Helsinki [2]	Finland	–	100
Major Blue Oy, Helsinki	Finland	–	100
Novo Atuline Oy, Helsinki	Finland	100	100
Novo Meridian Oy, Helsinki [2]	Finland	–	100
Novobit Oy, Helsinki [2]	Finland	–	100
WM-data DL-Systems Oy, Vaasa	Finland	100	–
WM-data Nordic Computer Management Oy, Helsinki [2]	Finland	–	100
WM-data Solicom, Helsinki [2]	Finland	–	100
WM-data Utilities Oy, Lappeenranta [2]	Finland	–	100
Novo Ivc Ltd, Leamington Spa, Warwickshire	England	100	100
Aprote AS, Tallin	Estonia	100	–
Komartek Oü, Tallinn	Estonia	100	100
Komartek Polska Sp Z.o.o, Wroclaw	Poland	100	63
Techno Progress Sp Z.o.o, Wroclaw	Poland	100	–
Beijing Novo Information Technology Co. Ltd, Beijing [4]	China	–	65
Guangzhou Novo Information Technology Development Co. Ltd, Guangzhou [4]	China	–	100
Komartek SIA, Riga	Latvia	100	100
Ammse Infosynergi AB, Sundsvall	556549-4696	100	–
Ammse Konsult AB, Sundsvall	556259-1247	100	–
Ammse Ronneby AB, Sundsvall	556259-0744	100	–
WM-data Norr AB, Kiruna	556086-5619	91	–
WM-data Utilities Services AB, Uppsala	556556-8887	100	100

[1] This company was merged with WM-data A.S. during 2005.
[2] These companies were merged with WM-data Oy during 2005.
[3] This company was merged with WM-data Denmark A/S during 2005.
[4] These companies were wound up during 2005.

PARENT COMPANY'S INVESTMENTS IN SUBSIDIARIES	2005	2004
Opening acquisition cost	3,534.8	1,639.1
Investments	1,757.1	2,005.0
Investments in associates 2004 [1]	23.5	–
Sales	–	–109.3
Closing acquisition cost	5,315.4	3,534.8
Opening accumulated impairment losses	–802.1	–823.2
Impairment losses	–	–
Sales	–	21.1
Closing accumulated impairment losses	–802.1	–802.1
Carrying value	4,513.3	2,732.7

[1] Refers to WDM Nordic Computer Management, which was accounted for as an associate in 2004.

note 25. transactions with related parties

The associates Atea Holding AB and Silta Oy are considered to be related parties of significance. Since the previous year, the outstanding shares in Pohjolan Atk-Palvelu Oy and WDM Nordic Computer Management AB, formerly associates, have been acquired. This means that these businesses are now shown as subsidiaries, as of 31 December 2005.

atea holding ab. During the year, WM-data divested its hardware operations in Norway and Denmark to Atea. In conjunction with this transaction, the repayment period on WM-data's interest-bearing claim of 100 MSEK has been extended from 2006 until 2008, see note 13. In addition, the WM-data Group buys and sells products and services to and from the Atea Group under market conditions. The Group's accounts receivable for Atea at the year-end amount to SEK M 3.1, and accounts payable to SEK M 7.3.

silta oy. During the year, the WM-data Group bought and sold services from and to the company under market conditions. The Group's accounts receivable for Silta at the year-end amount to SEK M 0.1, and accounts payable to SEK M 0.5.

note 26. 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 speculative purposes. Corporate financial policy is determined by the Board and regulates the management of cash & cash equivalents, borrowings and currency exposure. The policy stipulates that the purpose of corporate financial transactions is to make a positive contribution, at low risk, to the results of operations.

Financial instruments in the form of liabilities to credit institutions (see note 17), cash & cash equivalents and short-term investments are held with the aim of financing the Group's business activities. In addition there are interest-bearing receivables, a convertible debenture directed at Group employees, and also trade accounts receivable and payable that continuously arise in operations. The Group also conducts transactions in derivatives with the purpose of managing the financial risks that occur in Group operations and the financing of the latter.

interest risk

The Group's exposure to changes in interest levels occurs principally in the investment of cash & cash equivalents and borrowings at short-term interest (see note 17).

The Group's policy is that the fixed interest term on corporate borrowing should not exceed 12 months. In general, little capital is tied up in this sort of activity, but for major acquisitions that materially affect the liabilities side of the balance sheet, a longer commitment period may be appropriate, seen from a risk perspective, and in such cases the matter is dealt with by the board.

credit risk

The Group's customer base 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. Provision is 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, primarily liquid resources and short-term investments, consists of the risk of payment defaults by the counterparty. Apart from investments in the form of bank deposits, investments may only be made in interest-bearing securities issued by the Swedish government and its subsidiaries, by Swedish banks and their wholly-owned financial institutions, by Swedish housing finance institutions and other K1-rated issuers. There are no significant concentrations of credit risks within the Group.

liquidity risk

The Group's investments of excess liquidity may only be made in such a way that the funds can be released at their actual value without any problem, at short notice.

currency risk

The sale and purchase of foreign currencies in each company is insignificant. Foreign currencies account for just over 30 percent of the Group's net assets, primarily in Euro. This conversion exposure is not hedged with any derivative instrument. In order to minimise the conversion exposure in a major acquisition of a foreign business, financing is arranged in the same currency, to the extent that this is feasible and suitable.

NOTE 27. SALARIES AND REMUNERATION PAID TO SENIOR EXECUTIVES

	Basic payroll/ directors' fees	Variable remun	Other benefits	*Total*	Pension-expenses		Stock-options 2005	Previous program
2005								
Chairman of the Board	400			400				
Deputy Chairman of the Board	300			300				
President and CEO	2,501	1,466	64	4,031	1,750	300	60,000	124,200
Other Group management	10,853	6,207	920	17,980	3,148	900	180,000	305,700
Total	14,054	7,673	984	22,711	4,898	1,200	240,000	429,900
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	99,200
Other Group management	10,833	3,463	796	15,092	2,793	472	75,000	230,700
Total	14,034	4,355	862	19,251	4,543	630	100,000	329,900

NOTES TO THE TABLE:

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

Fees in accordance with decisions at the Annual General Meeting are paid to the Chairman and Deputy Chairman. Issues concerning the remuneration paid to the CEO and other members of the Group management are prepared by the Remuneration Committee and are submitted to the Board for their decision. The Remuneration Committee consists of the Chairman of the Board and his Deputy.

Group management has a target salary consisting of a fixed and a variable component. The variable component can amount to a maximum equal to 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 is also, for 2005, based on the profit margin EBITA and meeting the budget.

The Group management has been awarded stock options in accordance with the conditions described below. The conditions for being granted a full award in the year 2005 programme were met, and the Board has therefore ratified the preliminary award as the final award. At the time of the award, the actual value for the 2005 programme amounted to SEK 5.00 (6.30) per option.

Pensions and termination

The CEO and other members of the Group management have defined-contribution pension plans. Pensionable age is 65.

Termination and severance pay of the CEO and other members of the 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 starts work in a new job during this period, there is an adjustment to the remaining severance pay.

In addition, the CEO has an agreement that guarantees a pension premium of SEK 1,750,000 per annum to 2008 inclusive.

Employee stock options programme:

Since 2001, WM-data has granted stock options to senior executives and key employees. The programme has been introduced in order to increase the attractions of the Group, rewarding long-term increases in the company's value, and giving the employees concerned the same aspirations as equity holders. The award is part of each employee's overall remuneration and is free of charge. The award is preliminary and the final award depends on whether or not set targets for Group income have been achieved during the award 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 from a third party against payment of the exercise price. The programme does not involve the issue of any new shares. The exercise price for all programmes has been fixed at 110 percent of the share price over a measurement period of five days in connection with the decision to grant options. As of the 2004 decision, the measurement period is set in connection with the Annual General Meeting's resolution to approve the awards. If employment at WM-data ceases, the options holder loses the right to use stock options. The decision to award stock options is made by WM-data's Board of directors, after proposals from the Remuneration Committee. The Board's decision, however, is conditional on approval of the programme by the Annual General Meeting. For 2006, the Board has tentatively awarded approx. 1,100,000 stock options, subject to the conditions described above. The table on next page shows the number of options awarded or outstanding in programmes outstanding as at 31 December 2005.

continued on next page

continued, note 27

EMPLOYEE STOCK OPTIONS PROGRAMMES

Award year	No. of employees	Total number of options: Prelim. award	Total number of options: Definitive award	No. of outstanding options: 05-12-31	No. of outstanding options: 04-12-31	Red. price	Red. period
2001	136	1,885,500	1,307,580	910,380	965,180	47.00	2004-03-31 –2006-03-31
2002[1]	–	–	261,700	182,100	197,800	28.20	2005-03-14 –2007-03-14
2002	65	725,000	–	–	–	28.20	2005-03-14 –2007-03-14
2003	53	1,425,000	712,500	562,500	612,500	8.20	2006-03-14 –2008-03-14
2004	77	987,500	478,125	431,250	446,875	22.20	2007-03-14 –2009-03-14
2005	82	1,245,000	1,207,500	1,207,500	–	20.30	2008-05-31 –2010-05-31

Changes in the number of outstanding options in the programme awarded before 2005 depend on employees that have left the company. No redemptions have taken place during the year. The redemption periods for the programmes from 2002 to 2005 inclusive have been changed, because the Company's policy on insider trading has changed. The change is marginal, and is considered not to have affected the value.

[1] The award includes a top-up award for the 2001 operational year. The preliminary award in 2002 was withdrawn in its entirety.

The market value of the options has been calculated in accordance with the Black-Scholes valuation model without regard for the right of disposition restrictions contained in the conditions for the programme. It is assumed that the options are redeemed at the end of the redemption period. In calculating the total cost of the programme, employee turnover, both actual and estimated for the future, is taken into account. Input data to the calculation is taken from opinions in the financial markets.

Employee expenses for the year attributable to the stock options programme amount to SEK M 13.9 (1.0). The entire cost is reported as share-related remuneration settled in cash. The total outstanding liability for this programme at the year-end amounts to SEK M 17.4 (3.5).

In the event of a price increase, to limit the liquidity outflow when the options are redeemable, an agreement has been signed with financial institutions concerning share swaps. See also note 17, share swaps relating to employee stock options. On the other hand, the effects of a downswing in price have not been hedged. In discussions about the extent of hedging, consideration is given to social security contributions and also employee turnover based on previous experience. When choosing an instrument, consideration is paid to the anticipated expenses of the hedge.

NOTE 28. AVERAGE NUMBER OF EMPLOYEES BY COUNTRY [1]

	Women		Men		Total	
	2005	2004	**2005**	2004	**2005**	2004
Sweden	**1,266**	1,071	**3,678**	3,277	**4,944**	4,348
Denmark	**156**	159	**524**	533	**680**	692
Finland	**771**	789	**1 639**	1,600	**2,410**	2,389
Norway	**47**	42	**158**	140	**205**	182
Estonia	**7**	2	**59**	14	**66**	16
UK	**18**	4	**67**	24	**85**	28
Total	**2,265**	2,067	**6,125**	5,588	**8,390**	7,655

[1] The Board has two women members, in other words 20 (20) percent of the total number of members on the Board of Directors. At present, there are no women in group management. Women make up 11 (10) percent of the management groups in the business areas.

NOTE 29. AUDIT FEES

	Group		Parent company	
	2005	2004	**2005**	2004
For auditing and examining the accounts in accordance with the Swedish Companies Act (aktiebolagslagen) and for advice and other forms of assistance arising from observations made during examination of the accounts:				
Ernst & Young AB	**5.8**	4.5	**0.6**	0.5
Other	**0.1**	0.4	**–**	–
For separate advice, assistance etc.:				
Ernst & Young AB	**2.8**	2.7	**0.1**	1.8

NOTE 30. TRANSITION TO IFRS, 1 JANUARY 2005

With effect from I January 2005, WM-data applies International Financial Reporting Standards (IFRS). This means that figures for the comparative year 2004 have been restated in this Annual Report.

The regulations governing introduction and restatement of figures can be found in IFRS 1: First-time Adoption of International Financial Reporting Standards. The principal rule is that all standards must be applied retrospectively, although IFRS 1 does contain a number of exceptions to this. WM-data has implemented the following exceptions: Acquisition analyses for business combinations before 2004 have not been restated in accordance with the new policies; cumulative translation differences in 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, have not been restated and will be first applied as of 1 January, 2005.

The tables on the next page show the effects of the transition to IFRS on the figures for 2004. The comments refer to texts that describe the respective changes.

IFRS 3 BUSINESS COMBINATIONS:

Intangible assets relating to customer relations and software totaling SEK M 672 have been identified. These were included in reported goodwill in the annual accounts for 2004. The amortisation period for a majority of these assets is between 5–7 years and amortisation according to plan of SEK M 96 has been 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 is reversed as amortisation takes place.
Goodwill is judged to have an indefinite useful life and is no longer amortised. Goodwill impairment testing has not identified any impairment losses. This means that the carrying amount of goodwill reported under IFRS 3 is SEK M 135 more than the amount reported in the annual accounts for 2004, due to the reversal of amortisation reported in 2004.

Provisions for restructuring in acquired units are not admitted in connection with the acquisition in accordance with IFRS 3. Costs in 2004 for measures of this kind (previously included in the acquisition cost for goodwill) amount to SEK M 94, allocated to employee-related expenses and other external expenses. These are expensed in accordance with IFRS, and after tax produce a net effect of SEK M 69 on income for the year.

IFRS 2 SHARE-BASED PAYMENTS:

Previous policies involvedthe cost for the stock options programme being calculated as the difference between the exercise price and the year-end price (plus social security contributions) if the exercise price fell below the market value at the end of the accounting period. After the transition to IFRS the cost is allocated over the earning period, see also accounting policies. The new policies have resulted in a cost in the income statement for 2004 of SEK M 1.3 (before tax). In accordance with previous policies, a cost reduction of SEK M 1.0 was reported. The amount reported as a liability on 31 December 2004 amounts to SEK M 3.6 instead of the previously reported amount of SEK M 5.4.

IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS:

In accordance with previous policies the minority is recognised as a liability to the minority and the minority share of the income as an adjustment item in the income statement. The minority share as of 31 December 2003 amounted to SEK M 20, which is reported in the opening balance on 1 January 2004. The minority share as of 31 December 2004 amounted to SEK M 22.

THE EFFECT OF IAS 39 ON THE OPENING BALANCE 2005:

IAS 39 Financial Instruments: Recognition and Measurement has been first applied with effect from 1 January 2005. This has not affected equity brought forward for 2005. However, changes in the value of hedging stock options (share swaps) is recognised as of 2005, in the income statement, instead of as previous directly in equity.

EFFECT OF IFRS ON OPENING BALANCE FOR 2004

Equity 1 January 2004 in accordance with Swedish accounting policies:	1,635
Reclassification of liability to minority (IAS 27)	20
Revaluation of costs for employee options programme (IFRS 2)	3
Equity on 1 January 2004 in accordancewith IFRS:	1,658

EFFECT OF IFRS ON ANNUAL ACCOUNTS 2004

	Before transition	After transition	Difference	Notes
INCOME STATEMENT 2004				
Revenue	8,160	8,160	–	
Operating expenses				
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/amortisation	–131	–131	–	
Amortisation of goodwill	–135	–	135	IFRS 3
Amortisation of intangible assets in business combinations	–	–96	–96	IFRS 3
Profit from investment in associates	46	46	–	
Operating income	367	310	–57	
Net finance revenue/costs	–15	–15	–	
Income after finane revenue/costs	352	295	–57	
Tax	–150	–98	52	IFRS 2,3
Minority share of income	–5	–	5	IAS 27
Income for the period	197	197	0	
BALANCE SHEET 31 DEC 2004				
Non-current assets				
Goodwill	1,994	1,567	–427	IFRS 3
Intangible assets in business combinations	–	576	576	IFRS 3
Property, plant and equipment and financial assets	1,059	1,059	–	
Current assets				
Inventories	24	24	–	
Trede receivables	1,486	1,486	–	
Other current receivables	558	558	–	
Cash & cash equivalents	635	635	–	
Total assets	5,756	5,905	149	
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	–	
Total equity and liabilities	5,756	5,905	149	

Proposed appropriation of funds

THE ANNUAL GENERAL MEETING HAS THE FOLLOWING FUNDS AT ITS DISPOSAL:	SEK 000'S
Retained earnings	627,362
Profit for the year	57,446
	684,808

THE BOARD AND THE PRESIDENT PROPOSE THAT THESE FUNDS BE DISTRIBUTED AS FOLLOWS:	SEK 000'S
Shareholders' dividend (SEK 0.30 per share)	126,071
Brought forward	558,737
Total	684,808

The undersigned herewith affirm that, to the best of their knowledge, this Annual Report has been prepared in accordance with generally accepted accounting practices for listed companies, that the information submitted corresponds with the actual situation and that nothing of material significance has been omitted that could affect the picture of the company presented in the Annual Report.

Stockholm 8 February 2006

Börje Ekholm,
Chairman of the Board

Lisbeth Gustafsson

Hans Mild

Gündor Rentsch

Ove Strömberg

Jonas Fredriksson

Gunnel Johansson

Hans Mellström

Crister Stjernfelt, *President*

Lars Wedenborn

Thord Wilkne
Deputy Chairman of the Board

Auditors' report

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF WM-DATA AB (PUBL.), CORPORATE IDENTITY NO. 556124-5233

We have examined the Annual Report, 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 2005. The Board of Directors and the President are responsible for the accounts and the administration of the company, and for ensuring that the Swedish Annual Accounts Act is applied when preparing the Annual Report and for ensuring that the international accounting standards IFRS, as approved by the European Union and the Annual Accounts Act, are applied when preparing the consolidated financial statements. Our responsibility is to express an opinion on the Annual Report, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the Annual Report and the consolidated 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 policies 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 Report and the consolidated financial statements, as well as evaluating the overall presentation of information in the Annual Report and the consolidated financial statements. As the basis for our statement concerning discharge from 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 establish whether 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 Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and, consequently, provides a true and fair view of the company's financial performance and financial position in accordance with generally accepted accounting practices in Sweden. The consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, as approved by the European Union and the Swedish Annual Accounts Act, and provide a true and fair view of the Group's financial performance and financial position. The Board of Directors' report is consistent with the remainder of the Annual Report and consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statement and balance sheet of the Parent company and the Group, 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, 8 February 2006

Thomas Forslund
Authorised public accountant, Ernst & Young AB

Anders Wiger
Authorised public accountant, Ernst & Young AB

Five year summary

Figures for 2004 adjusted after restatement according to IFRS. Figures for previous years have not been restated.

INDIVIDUAL CAPITAL	2005	2004	2003	2002	2001
EMPLOYEES					
Average number of employees	**8,390**	7,655	6,015	6,925	8,315
Of whom, in Sweden	**5,080**	4,385	4,450	5,225	5,945
Of whom, in the other Nordic countries	**3,310**	3,270	1,565	1,700	2,370
Of whom, revenue-earning employees	**7,630**	6,980	5,395	6,190	7,440
Total as at 31 December	**8,960**	7,615	5,690	6,635	7,055
Average age	**40**	40	38	36	35
Employee turnover, %	**8**	8	8	9	13
Turnover per revenue-earning employee, SEK K	**1,214**	1,169	1,211	1,147	1,610

CUSTOMER CAPITAL	2005	2004	2003	2002	2001[1]
BREAKDOWN OF SALES, %					
Industry					
Public & Healthcare	**30**	25	26	23	21
Industrial	**25**	28	38	38	45
Banking & Insurance	**7**	6	6	9	11
Retail & Logistics	**17**	18	12	10	23
Utilities	**6**	6	7	6	–
Telecom	**9**	8	–	–	–
Other industries	**6**	9	11	14	–

[1] ATEA excluded.

FINANCIAL CAPITAL	2005	2004	2003	2002	2001
INCOME STATEMENT, SEK M					
Revenue	**9,265**	8,160	6,535	7,100	11,975
Operating expenses [1] [2]	**–8,621**	–7,669	–6,136	–7,407	–11,759
Amortisation of intangible assets related to acquisitions/amortisation of goodwill	**–173**	–96	–48	–599	–110
Other depreciation/amortisation	**–136**	–131	–69	–118	–167
Shares in profit of associates	**59**	46	36	53	95
Operating income (EBIT)	**394**	310	318	–971	34
Net finance revenue/costs	**7**	–15	26	11	–23
Income after finance revenue and costs (EBT)	**401**	295	344	–960	11
Income tax expense	**–98**	–98	–85	–36	–12
Minority	**1**	–5	–6	–8	–
Profit/loss for the period	**304**	192	253	–1,004	–1
Profit margin, %					
EBITA	**7.5**	5.0	5.6	–5.2	1.2
Income after finance revenue and costs (EBT)	**6.0**	3.6	5.3	–13.5	0.1
[1] Of which restructuring costs related to acquisitions.	**–199**	–110	–	–	–
[2] Of which items affecting comparability.	**–**	–	70	–670	–247

continued on next page

Five year summary

Figures for 2004 adjusted after restatement according to IFRS. Figures for previous years have not been restated.

CASH FLOW, SEK M	**2005**	2004	2003	2002	2001
Cash flow from operating activities	489	381	170	226	646
Cash flow from investing activities	–1,633	–1,204	67	75	353
Cash flow from financing activities	970	421	–700	–217	–248
Change in cash & cash equivalents	–174	–402	–463	84	751
Cash & cash equivalents at year-end	486	635	1,040	1,507	1,426
CAPITAL STRUCTURE, SEK M					
Non-current assets	4,861	3,202	988	1,229	1,868
Current assets	3,246	2,703	2,837	3,564	4,008
Shareholders' equity	2,819	2,512	1,635	1,319	2,413
Minority interests	1	22	20	37	12
Provisions	535	483	229	597	281
Interest-bearing liabilities	2,142	986	231	974	1,109
Non interest-bearing liabilities	2,610	1,902	1,710	1,866	2,061
Balance sheet total	8,107	5,905	3,825	4,793	5,876
Equity/assets ratio, % [1)]	35	43	43	28	41
Interest coverage ratio, factor [1)]	6.6	7.6	9.6	–11.7	1.1
RETURN, % [1)]					
Capital employed	11.1	12.6	18.2	–30.2	2.7
Shareholders' equity	11.4	9.3	17.1	–53.8	0.0
Total capital	6.7	7.0	8.9	–16.6	1.6

[1)] The key figures are calculated on the assumption that a conversion of convertible debentures has not taken place.

Definitions

EBITA Operatingprofit/loss before amortisation of intangible assets from business combinations. For information up to and including 2003, EBITA is defined as operating profit/loss before goodwill amortisation.

EBITA, ADJUSTED EBITA excluding restructuring costs related to business combinations. For information up to and including 2003, EBITA has been adjusted for items that affect comparability (see the five year summary).

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 left the company, excluding being laid off, divided by the total number of employees at the beginning of the financial year.

NET CASH Cash & cash equivalents with less interest-bearing liabilities.

RETURN ON EQUITY Profit after tax divided by average equity.

RETURN ON CAPITAL EMPLOYED Profit after net financial items plus interest expenses divided by the average balance sheet total less non-interest-bearing liabilities.

RETURN ON TOTAL CAPITAL Profit after net financial items plus interest expenses divided by the average balance sheet total.

INTEREST COVERAGE RATIO Profit after net financial items plus interest expenses divided by interest expenses.

EQUITY/ASSETS RATIO Shareholders' equity divided by the balance sheet total.

PROFIT MARGIN EBITA or adjusted EBITA net sales.

ORDERING INFORMATION

The annual report, year-end report and quarterly 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. Corporate identity no. 556124-5233.

FINANCIAL REPORTS IN 2006

- Quarterly report 28 April 2006
- Quarterly report 21 July 2006
- Quarterly report 27 October 2006
- Year-end report 7 February 2007

The Annual General Meeting will be held at 5.00 pm on 6 April at Nybrokajen 11 in Stockholm.

The Annual Report is available in Swedish and English. The English version is a translation of 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

Production: WM-data and Intellecta Communication. Photo: Bruno Ehrs. Print: Intellecta Tryckindustri, Stockholm 2006.

Case # 1
Industry area: Utilities
Customer: Vattenfall Eldistribution AB

WM-data doesn't provide you with electricity. But we make sure the electricity distributor – Vattenfall Eldistribution – can concentrate on providing the right conditions for your everyday life to function properly.

Without power, Sweden would come to a standstill. And not only Sweden, but the whole world. Think about it. The majority of things we use all the time, almost everything needed for everyday business would be impossible without electricity. Two holes in the wall, that's all there is, but they're two pretty important holes.

WM-data doesn't provide you with electricity. But we make sure the electricity distributor – Vattenfall Eldistribution – can concentrate on providing the right conditions for your everyday life to function properly.

WM-data delivers a solution to Vattenfall which makes it possible to read off electricity consumption automatically without visiting the customer or asking for a meter reading.

WM-data co-operates with meter manufacturers and installation engineers to create a complete solution for collecting measurements from electricity meters, and is also responsible for project management and integration of the new AMR (Automatic Meter Reading) solution with Vattenfall's existing business system. A solution like this makes things easier for both customer and supplier as it is not based on estimated but actual electricity consumption. This means a correct invoice for you, as a customer, and a higher service level for Vattenfall. Public authorities also require that, no later than 1st July 2009, all electricity companies should be able to charge their customers for their actual, not estimated, consumption. In principle, this requires an automatic meter reading.

In the long term, the technology is of benefit to the country as a whole – as it makes it possible to monitor with accuracy what Sweden consumes in the form of electrical energy per hour. Electricity supply requirements can then be planned and supplied with significantly greater precision than they can today – for the benefit of customers, suppliers and the environment.

Case # 2
Industry area: Industrial
Customer: Patria Group

WM-data can offer neither maintenance of military vehicles nor sharp pilot education. But we make sure that Patria – the Finnish aviation and defence industry group – can concentrate on delivering those very services, among others.

Certain types of terrain requires special vehicles. If the terrain is particularly rough, you may even need a caterpillar while, in some cases, a helicopter is your only option. But for helicopters, aeroplanes and other craft to function perfectly, you need continuous maintenance. And for pilots to be able to train and improve their skills in the face of the challenges they're bound to meet, the right sort of training is needed.

WM-data can offer neither maintenance of military vehicles nor sharp pilot education. But we make sure that Patria – the Finnish aviation and defence industry group – can concentrate on delivering those very services, among others.

Co-operation with the Patria Group dates back to 1998 and was originally concerned with aviation industry solutions. With time, our collaboration developed to include the automotive industry and other areas. Today, WM-data delivers a number of services including systems and solutions for salaries and other personnel costs, ERP, financial management and Product Information Service for Patria.

As well as meeting general demands for functionality and quality, all solutions for Patria must correspond to military safety requirements. We're dealing with sensitive products and projects where safety and stability are of the highest priority.

In order to schedule appropriate resources from both sides, WM-data and Patria have formed a control group that sets goals for development within the IT and systems area. At the end of 2005, a new version of the ERP system was implemented. For the first time, the Group has a common system covering a wide range of facilities including manufacturing, purchasing, inventory management, project management, electronic invoicing solutions as well as financial and pay-roll systems.

Case # 3
Industry area: Telecom
Customer: TeliaSonera

WM-data does not connect your mobile call, nor do we operate a mobile network. But we help the operator – TeliaSonera – securing and storing the information that all telephone calls and charges are based on and, in the long run, ensure that your telephony functions as it should.

Development has progressed rapidly since the first clumsy mobile phones of the 1980s. And the history is even more astounding when you consider that the country's first telephone call took place in August 1877 on a crackly line between Telegrafverket's premises at Skeppsbron and Grand Hotel at Blasieholmen in Stockholm. These days we take it for granted that most people worldwide have a telephone. The mobile phone can be found in virtually everyone's pocket and many mobile customers use cash card solutions to pay for their calls in advance. The technology – Prepaid Billing – is mainly used in new markets and countries where payment systems are still not particularly well developed.

WM-data does not connect your mobile call, nor do we operate a mobile network. But we help the operator – TeliaSonera – securing and storing the information that all telephone calls and charges are based on and, in the long run, ensure that your telephony functions as it should.

TeliaSonera decided to replace its existing invoicing system for mobile telephony. The system that stores and handles all customer information would be replaced with a new solution. As an experienced player in the Billing area, WM-data was entrusted with the task of executing major parts of this move. Transferring systems and data of this magnitude is always a risk as business-critical information is involved. If anything should go wrong, you risk losing vital information such as prepayments of cash card customers. And if this does happen, you then risk customers not being able to utilise their paid telephone calls.

To secure such a transfer process requires exhaustive tests and extensive performance measurements. WM-data completed the assignment under a great deal of pressure and delivered with good precision in accordance with requirements specified by TeliaSonera.

Case # 4
Industry area: Public & Healthcare
Customer: Fyns Amt

WM-data doesn’t save lives. But we make sure hospitals like Odense University Hospital in Denmark always have access to updated and accurate information about their patients. Via an electronic patient record, your details are immediately at hand wherever you are, wherever you will receive treatment.

Accidents and illnesses can affect us all. A broken leg caused by an unfortunate step, an acute illness or a gradual deterioration in your health. Whatever the circumstances, the information a hospital holds on a patient can literally be a matter of life and death.

WM-data doesn’t save lives. But we make sure hospitals like Odense University Hospital in Denmark always have access to updated and accurate information about their patients. Via an electronic patient record, your details are immediately at hand wherever you are, wherever you will receive treatment.

Located on the Danish island of Funen (Fyn), the hospital has approximately 1,800 beds and more than 8,000 employees in the form of healtcare professionals with many different areas of expertise. The aim of the hospital sector is for the electronic patient record system to be introduced fully before the end of 2006, and Odense University Hospital is pioneering the system.

Apart from patient records, the new system also contains solutions for medicine, requisitions and replies as well as traditional service and care applications. The electronic patient record solution will be able to improve both safety and quality of care by reducing the number of faulty diagnoses based on insufficient patient data. The hospital at Funen is also counting on being able to optimise its processes through the superior overview of the whole work flow which the new solution provides. In the long term, this will be of benefit to both employees and patients.

Long experience of solutions for care in the community and a large organisation were contributory reasons for choosing WM-data as a partner in the development of the electronic patient record system. But perhaps the most important factor was that WM-data understands the needs governing the care sector. An insight into the mechanisms that control the entire hospital environment.

Case # 5
Industry area: Retail & Logistics
Customer: Schenker

WM-data doesn't deliver packages. But we help the logistics and transport company – Schenker – ensuring that your package is delivered in the right way, at the right time and to the right recipient.

Some deliveries just have to be on time. Even if they have to be freighted over land and sea before getting there, and even if they are bulky as well as fragile. The delivery may be either private or commercial, but what Schenker's customers have in common is the need for security and punctuality. With a presence in around a hundred countries, with more than 18 million goods and package consignments a year in Sweden alone, a powerful and reliable logistics system is a must.

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WM-data has an outsourcing agreement with Schenker covering IT functions. Our collaboration goes back to 1994 when the agreement was originally formed with former Bilspedition. The agreement involved WM-data taking over all IT infrastructures and handling central applications and systems, allowing Schenker to free up capital for the development of its main business. And, at the same time, Schenker has gained the flexibility to increase or reduce capacity according to demand. Acquisitions and mergers are part of Schenker's rapid expansion and it is important to be able to adapt IT capacity to meet current demand. WM-data delivers not only infrastructural services but also qualified consultancy services in logistics and the IT sector.

One of Schenker's guiding principles is “Quality at every stage”. This applies to their choice of suppliers, too. WM-data is one of those helping Schenker to live up to this.

Case # 6
Industry area: Banking & Insurance
Customer: SkandiaBanken

WM-data can't help you cover your expenses or pay for a cheese sandwich. But thanks to our solutions and services, SkandiaBanken's customers always have money at hand when needed – whether it's for small everyday items of shopping or major purchases.

Ideas and inspiration leading to unforeseen expenditure can be tricky to plan. Even with something as simple as a cup of coffee and a cheese sandwich on a Tuesday morning as you head for work, it's a relief not having to plan. With a bank card, you don't have to. The cash is always there provided, of course, there's enough in your account to cover your spendings.

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Co-operation with the bank started in 1994 when SkandiaBanken was founded and, over the years, solutions and functions have been further developed on a continuous basis. Today, WM-data takes care of all payment and card operations, deposit accounts, cash handling and other infrastructural bank services. This might, for example, involve dealing with wages and savings accounts, cheque credits, giro payments and credit transfers, external payments, card dispatches, PIN codes, blocking accounts and so on.

WM-data has long experience in services and solutions for the banking sector, experience which has been a major factor in the success of our collaboration with SkandiaBanken. We're talking here about a bit more responsibility than conventional IT services.

WM-data handles the whole of the administrative system that forms the basis of payments and transactions which you, execute as an Internet customer, at SkandiaBanken. Of course, the bank takes care of all contact with you as the customer, but WM-data ensures that the processes function as they should and that the work is completed.

These are services that need to be accessible and operational twenty-four hours a day, 365 days a year. We always impose tough requirements on all our services within all our industry areas. But when dealing with an area as sensitive as banking, the demand for security and reliability is especially great. Nothing less than one hundred percent reliability will do.