

HiQ'S INTERIM REPORT FOR JANUARY – MARCH 2001

HiQ is an IT and management consultancy focusing on high-tech solutions in the fields of telecoms, mobility and simulation technology. The company is a leader in these fields and the Nordic region is its domestic market. HiQ employs 440 people at offices in Sweden, Norway, Denmark and Finland. HiQ is listed on the OM Stockholm Stock Exchange. For more information, please visit our web site at www.hiq.se

Quarterly report for HiQ International AB (publ), corporate identity no. 556529-3205 for the period January – March 2001.

HiQ's net sales rise 83% with a margin of over 19%

- Net sales rose 83% compared with the same period the previous year to 146.5 SEK (79.9) million.
- The profit before goodwill climbed 79% to SEK 28.3 (15.9) million compared with the same period the previous year. The profit corresponds to a margin before goodwill depreciation of 19.4%.
- The operating profit rose 63% on the same period the previous year, totalling SEK 25.5 (15.7) million. This figure corresponds to an operating margin of 17.4%.
- HiQ received a new order from the Swedish Defence Material Administration worth SEK 20 million for the development of training simulators for JAS 39 Gripen.
- HiQ developed test tools for mobile phones on behalf of Nokia Mobile Phones in Denmark.
- HiQ signed a new frame agreement with Swedia Networks.
- HiQ developed a payment card service for Optimal Telecom.
- The Board of Directors proposes that the AGM should issue dividend of SEK 0.5 (SEK 0.3) per share.
- The Board of Directors proposes the AGM that Anders Ljungh should be elected as an ordinary member of HiQ's Board of Directors.

Market trends

The year got off to a good start for HiQ.

HiQ has experienced a continued good market the first quarter of 2001. All market segments have developed favourably. Rapid technological progress in the mobile world is contributing to continued growth within industries such as telecoms, finance, motor vehicle and defence.

Our longstanding experience of high-tech solutions and business know-how within telecoms means that we can provide many customers in a number of industries with both technological and business expertise.

HiQ has been working with training simulators for JAS 39 Gripen since 1992. In March HiQ received a new order worth SEK 20 million, which is the result of one satisfied customer and longstanding experience of simulation technology. HiQ's expertise in simulation technology also secures civil assignments such as the development of environment simulators and test tools.

Demand for GPRS and 3G mobile telephony expertise has risen during Q1. This trend has generated a number of assignments for HiQ within both technology and business and service development. HiQ works with GPRS and UMTS at customer premises in the Nordic region, and we also continue to work with a number of assignments relating to existing technology such as GSM.

HiQ is represented as an IT and management consultant within telecoms, mobility and simulation technology throughout the entire Nordic region today. HiQ enjoys a strong financial position, boasts highly skilled staff and has forged long-term stable relationships with many customers in different industries.

HiQ likes to follow its customer abroad, and continues to deliver high quality consultancy services to them. Our offices in several countries enable our international customers to work with HiQ in several geographical locations. Today we have assignments in more than 10 countries including France, Germany and the UK as well as Japan and Ireland.

Invoiced sales and profit

HiQ's net sales increased by 83% compared with the same period the previous year, totalling SEK 146.5 (79.9) million. Growth has been wholly organic.

The profit before goodwill rose 79% compared with the same period the previous year to SEK 28.3 (15.9) million, corresponding to a margin before goodwill depreciation of 19.4%.

The operating profit increased to SEK 25.5 million, corresponding to an operating margin of 17.4%. The operating profit rose 63% compared with the previous year, when the corresponding figure was SEK 15.7 million.

The strong growth and excellent financial results have come about thanks to strong demand for HiQ's services, longstanding relationships with key customers and successful recruitment initiatives.

The consolidated net financial income amounted to SEK 682 (98) thousand.

Converted to a rolling 12-month period (i.e. 1 April 2000 – 31 March 2001), HiQ's net sales amounted to SEK 471.5 million. Profit before goodwill amounted to SEK 85.6 million, corresponding to a margin before goodwill of 18.1%.

Accounting principles

This interim report has been prepared in accordance with recommendation no. 20 of the Swedish Financial Accounting Standards Council. The accounting principles remain unchanged compared with the previous annual report.

Employees

There were 434 employees at the end of the period.

HiQ continued its recruitment initiatives during the quarter and employed 38 new people.

Investments

Consolidated net investments were SEK 2.3 million during the period, of which investments in financial leasing accounted for SEK 1.3 million.

Financial position

HiQ's financial position continues to be very healthy. At the end of the period, consolidated liquid assets totalled SEK 103.0 (28.9) million, and interest-bearing net cash assets were SEK 94.4 (23.1) million.

Shareholders' equity amounted to SEK 229.4 million on 31 March 2001 compared with SEK 208.6 million on 31 December 2000, which is an increase of SEK 20.8 million.

At the end of the period, the equity/assets ratio was 68.4 (56.1)%.

The Board of Directors proposes a dividend of SEK 0.5 per share in accordance with HiQ's long-term dividend policy. The estimated day for payment is 7 May. The proposed record day for the dividend is 2 May.

Other key events after the end of the period

- HiQ signed a frame agreement with Utfors.
- HiQ signed a frame agreement with Saab Automobile.
- HiQ extended its collaboration with Ericsson within the framework of the preferred supplier agreement for consultancy services.

AGM

HiQ's Annual General Meeting of shareholders will be held on the 26 April 2001 at 6.00 p.m. at HiQ's premises, Sveavägen 17, 17th floor, in Stockholm.

Outlook

HiQ prioritises quality and profitability before growth, and gives top priority to its employees and customers.

The general uncertainty surrounding economic developments in the world makes it slightly more difficult than before to assess the market trend.

HiQ has enjoyed a continued healthy market during the period. We believe that all our market segments are areas with continued needs for communication-intensive solutions and expertise about technology and about how technology can be converted into business.

HiQ enjoys a strong financial position, boasts highly skilled staff and has forged long-term stable relationships with many customers in different industries. We therefore believe that HiQ has excellent opportunities for continued development of the company while maintaining healthy profitability.

HiQ continues to develop into a more international company and Europe's leading telecoms and mobility consultancy. An important prerequisite for this is a strong foothold in the Nordic region and close collaboration with leading suppliers and operators. We like to work with international assignments and follow our existing customers into other countries.

HiQ's main strategy is organic growth supplemented with strategic acquisitions, and we are continuing to strengthen our operations and invest in Finland and the Nordic region.

HiQ continues to develop its initiatives in finance, the motor vehicle industry and simulation technology for both military and civil applications.

HiQ keeps working tirelessly on attracting and retaining staff by making HiQ the best workplace with the lowest staff turnover in the industry. We will continue to invest in staff training.

HiQ's long-term financial goal is organic growth of at least 30% and an operating margin before goodwill of at least 15%.

Telephone conference

HiQ will be holding a telephone conference in English on 26 April at 4.00 p.m. CEO Lars Stugemo and CFO Anna Jennehov will be participating on behalf of HiQ.

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Presentation material can be retrieved from 2.00 p.m. on 26 April from HiQ's English web site: www.hiq.se/english

The next financial report:

The interim report for January – June will be presented on 14 August 2001.

Stockholm

26 April 2001

The Board of Directors of HiQ International AB

This report has not been subject to an auditor's review.

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Income Statement

SEK 000s	Jan-Mars 2001	LTM	Jan-Mars 2000	Full year 2000
Operating income	146 470	471 509	79 881	404 920
Operating expenses, excluding depreciation	-116 861	-381 028	-62 955	-327 122
Operating profit before depreciation (EBITDA)	29 609	90 481	16 926	77 798
Depreciation, tangible fixed assets	-1 265	-4 910	-1 049	-4 694
Operating profit before intangible depreciation (EBITA)	28 344	85 571	15 877	73 104
Depreciation, intangible fixed assets	-2 808	-9 643	-207	-7 042
Operating profit (EBIT)	25 536	75 928	15 670	66 062
Extraordinary items (see Note 1)	0	2 141	0	2 141
Financial items	682	1 977	98	1 393
Pre-tax profit	26 218	80 046	15 768	69 596
Tax	-8 382	-25 269	-4 558	-21 445
Profit after tax	17 836	54 777	11 210	48 151

Note 1. 2 141 in 2000 relates to a refund of pensionsexpenses from SPP

Balance Sheet

SEK 000s	Mars 2001	Mars 2000	Full year 2000
ASSETS			
Intangible fixed assets	95 381	1 664	98 188
Tangible fixed assets	19 401	18 061	18 608
Financial fixed assets	295	43	95
Total fixed assets	115 077	19 768	116 891
Accounts receivable	60 438	35 385	62 972
Other current assets, excl. liquid assets	56 968	37 906	50 737
Liquid assets	102 976	28 901	82 156
Total current assets	220 382	102 192	195 865
Total assets	335 459	121 960	312 756
SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES			
Shareholders' equity	229 427	68 468	208 638
Long-term, non-interest bearing reserves	9 502	5 626	9 502
Long-term interest-bearing liabilities	6 906	4 498	6 493
Short-term, non-interest bearing liabilities	87 652	42 039	86 569
Short-term, interest bearing liabilities	1 972	1 329	1 554
Total shareholder's equity, reserves and liabilities	335 459	121 960	312 756

	Mars 2001	LTM	Mars 2000	Full year 2000
Key figures				
Gross profit (EBITDA)	29 609	90 481	16 926	77 798
Operating profit before intangible depreciation (EBITA)	28 344	85 571	15 877	73 104
Operating profit (EBIT)	25 536	75 928	15 670	66 062
Gross margin (EBITDA margin)	20,2%	19,2%	21,2%	19,2%
Operating margin before intangible depreciation (EBITA margin)	19,4%	18,1%	19,9%	18,1%
Operating margin (EBIT margin)	17,4%	16,1%	19,6%	16,3%
Profit margin	17,9%	17,0%	19,7%	17,2%
Capital employed	238 305	-	74 295	216 685
Operating capital	135 034	-	45 351	134 434
Return on operating capital	19,0%	84,2%	41,0%	79,9%
Return on shareholders' equity	8,1%	36,8%	17,8%	36,2%
Financial position				
Capitalised investments in computers	1 194	3 513	410	2 729
Liquid assets	102 976	-	28 901	82 156
Interest-bearing net cash	94 393	-	23 117	74 204
Shareholders' equity	229 427	-	68 468	208 638
Equity/assets ratio	68,4%	-	56,1%	66,7%
Change in shareholders' equity				
Amount at the start of the period	208 638	-	57 268	57 268
Dividends	0	-	0	-12 175
New share issue in connection with the redemption of warrants	2 246	-	0	9 955
New share issue in connection with acquisition	0	-	0	101 240
Warrant premiums	204	-	0	3 843
Exchange rate difference	503	-	-10	356
Profit for the period	17 836	-	11 210	48 151
Amount at the end of the period	229 427	-	68 468	208 638
Cash flow analysis				
Cash flow before change in operating capital & investments	14 783	-	10 888	69 377
Change in operating capital	4 512	-	-5 941	-9 163
Cash flow before investments	19 295	-	4 947	60 214
Cash flow from investments	-1 428	-	-7 791	-11 817
Cash flow after investments	17 867	-	-2 844	48 397
Cash flow from investments activities	2 953	-	-1	2 013
Change in liquid assets	20 820	-	-2 845	50 410
Employees				
Number of employees	434	-	317	417
Number of employees in duty at end of period	378	-	234	366
Number of employees recruited	38	170	25	157
Average number of employees	379	332	228	295
Value added per employee	271	982	241	945
Turnover/employee	386	1 418	350	1 374
Operating profit/employee	67	228	69	224
Share data				
No. of shares, thousands	43 439	-	40 582	43 183
Average no. of shares, thousand	43 353	42 554	40 582	41 861
Average no. of shares after dilution, thousand	43 353	-	42 185	41 987
No. of shares after dilution, thousand	43 439	-	42 185	43 348
No. of shares after full dilution, thousands	44 444	-	42 400	44 405
Profit per share before items affecting comparability, SEK	0,41	1,25	0,28	1,11
Profit per share after items affecting comparability, SEK	0,41	1,29	0,28	1,15
Equity per share before dilution, SEK	5,28	-	1,69	4,83
Profit per share after dilution, SEK	0,41	-	0,27	1,15
Equity per share after full dilution, SEK	6,79	-	2,05	6,23