

Interim report for Mind AB (publ) – 556570-7071, 1 January–31 March 2001

- » Turnover amounted to SEK 57.0 million (78.9), which is in line with the turnover for the fourth quarter of 2000 (SEK 57.6 million). At the same time, the number of employees was reduced by 164 as a result of the implementation of Mind's programme of new measures.
- » Operating profits before the amortization of goodwill totalled SEK –5.4 million (-16.7).
- » The programme of measures was implemented as planned and has resulted in a balance between costs and income.
- » The operating profits before amortization of goodwill is positive for March and the target of a positive net income before the amortization of goodwill for the year as a whole remains.
- » The company will continue to strengthen the Finance and Insurance sector, which now accounts for 57 per cent of net turnover. Mind has acquired a team of six IT and business development consultants from Market Makers Technology AB with a view to strengthening the Finance and Insurance sector even further.
- » Uncertainty in the market for telecommunications has dampened development within the TIME sector in Sweden, and Mind is reducing its dependency on TIME.
- » The company continues to focus on activities in Stockholm and Oslo. After the end of the period in question, Mind has sold its French subsidiary and closed down its activities in Karlstad.

Hans Hasselgren, VD:

"In November, Mind presented a powerful programme of measures to meet a market undergoing considerable change in terms of both demand and clearer demands from customers for specialisation and industry knowledge. Finance and insurance has a strong market position and over half of the turnover is derived from this sector. We have also come a long way in terms of our financial targets. Before the programme of measures, our profits before the amortization of goodwill was MSEK –60 in the third quarter 2000. Mind has now achieved a balance between income and costs and presented a positive net income before the amortization of goodwill for March. The profits before amortization of goodwill totals –5.4 for the first quarter. We are satisfied with the speed with which we were able to adapt our organisation and are continuing to work to further improve our coverage and profitability."

For additional information, please contact:

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Upcoming reports

Interim report January-June	14 August 2001
Interim report January-September	24 October 2001
Year-end report 2001	February 2002

Mind is a consultancy company operating in the field of IT and business development, focusing on the areas of Finance and Insurance, TIME (Telecommunication, Information, Media and Entertainment), and Insight, which is targeted at companies operating within new growth areas. Mind's customers include AstraZeneca, Birka Energi, Ericsson, FöreningsSparbanken, Nordea, OM, Scandinavian Leisure Group and Telia. The company is represented in Sweden and Norway, and is listed on the O-list of the OM Stockholm Stock Exchange.

Comments on market development

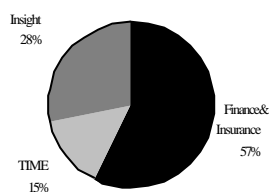
During the first quarter, the market for consultancy services in the fields of IT and business development were affected by the weakened state of the market, which has resulted in a fall in demand.

Competition within the Finance and Insurance sector has sharpened to some extent, but Mind has not been affected by this and has even managed to further strengthen its position.

The telecommunications market has clearly weakened, resulting in increased competition in 2001.

Comments on turnover

Turnover during the period amounted to SEK 57.0 million (78.9). This means that turnover remains at the same level as during the fourth quarter of 2000 (SEK 57.6 million). At the same time, the number of employees has been reduced by 164 as a result of the programme of measures that Mind implemented during the last quarter of 2000. The company has further increased its focus on the Finance and Insurance sector, and this sector provided around half the net turnover of the company during the period, i.e. SEK 30.2 million. The level of coverage has improved, but is not yet completely satisfactory. The company is therefore working intensively to make improvements in this area.



Comments on profits

Operating profits for the period before the amortization of goodwill totalled SEK -5.4 million (-16.7). This result is comparable to that achieved during the fourth quarter of 2000 before amortization of goodwill and costs that affect comparability, SEK -47.3 million. The programme of measures that Mind introduced in November has resulted in costs being almost halved, and in March, Mind returned positive operating profits before the amortization of goodwill.

Operating profits for the period after net financial items totalled SEK -5.9 million (-18.3). The Group's operating profits for the period after tax totalled SEK -5.9 million (-19.1).

Employees

During the period, the number of employees was reduced by 180 from 433 to 253. This cut was a result of Mind's programme of measures. As at 31 March, the total number of contract employees was 248. Following the sale of the French subsidiary, the closure of the Karlstad operations, and the acquisition of MMT, the total number of employees now stands at 234.

Investments

Investments for the period amounted to SEK 0.3 million, attributable to ongoing investments in operations.

Financial position

At 31 March 2001, the company's liquid funds totalled SEK 34.5 million (26). During the period, liquidity has been affected by outgoing payments arising from the programme of measures and by reductions in trade creditors resulting from the reduced mass of expenditure. Outgoing payments totalling SEK 24.0 million regarding the programme of measures affected liquidity during the first quarter, and Mind's liquidity will be affected by a further SEK 8 million during the remainder of 2001. Holiday pay, including social contributions, to employees leaving the company affected Mind's liquidity by SEK -5.0 million during the first quarter. Reductions in trade creditors during the period reduced liquidity by SEK -13.3 million.

The improved position of Mind as regards profitability leads the Board to evaluate that the financial resources within the company are sufficient to continue development according to plan.

The equity ratio amounted to 64 (40) percent.

The business

Mind continues to focus heavily on Finance and Insurance. The company's strong position within the sector has been further strengthened by the fact that Mind – in April, i.e. after the end of the period in question – has acquired a part of the activities of Market Makers Technology AB (MMT). The six people Mind will be acquiring constitute a consultancy team within MMT that is aimed at the banking and finance sector, and which works with customers such as OM, SEB, Alecta and ICA Bank. The consultant team is currently very profitable.

Finance and Insurance

Mind is already firmly established within the Finance and Insurance sector – both as regards technology and business development. This business area has continued to develop in a particularly satisfactory manner. The flow of orders remains high, and Mind is of the opinion that this sector will continue to develop satisfactorily in the future, dealing with a large number of interesting and exciting assignments. Mind has also consolidated its position within this sector in the Norwegian market.

During the first quarter, Mind has worked for a wide range of customers in Sweden, including Bankgirot, Fora, FöreningsSparbanken, KPA, Nordea, Postgirot and SEB. In addition, the company has worked for Norge Bankenes BetalingsSentral (BBS), Nordea, SEB and Storebrand in Norway.

During the most recent 12-month rolling period of measurements, the Finance and Insurance achieved a total of 4.6 out of a possible 5 on the Satisfied Customer Index (NKI)¹.

¹ Satisfied Customer Guarantee (NKI): on completion of each assignment, Mind measures the extent to which the company met the expectations of the customer, and the extent to which Mind fulfilled the stated delivery criteria.

TIME

Demand has decreased for IT consultancy services within the telecommunications sector. This situation has appreciably affected the TIME sector in Sweden. Under the current market conditions, it is difficult to predict how this sector will develop over the remainder of the year. Mind is striving to channel excess capacity to the Finance and Insurance sector with a view to reducing impact on the telecommunications sector.

Mind Norge has made progress in the areas of Mobile Internet and Digital TV. The company will continue to focus on this area of its activities in Norway.

During the first quarter, Mind has received new orders from Swedish customers such as Eniro, Ericsson, Posten, Skanova, Streamserve, Telia Speedy Tomato and Torget/Oppido, as well as Canal Digital and Targeted in Norway. In Sweden, Mind acquired three new customers during the first quarter – Blue2Space, eMM and Siemens, while in Norway the company received new business from Alektryon, TV2, PixelNet and Telenor Media.

Since measurements began during the second quarter of 2000, TIME has achieved a total of 4.6 out of a possible 5 on the Satisfied Customer Index.

Insight

Insight is targeted at new growth areas, principally the three sub-sectors of Tourism and transport, Construction and energy, and Medicines.

Mind has a great deal of experience and strength with regard to products and solutions from Oracle and Microsoft. To a large extent, Insight will be focusing on supplying high-quality technological solutions based on the very latest technology and state-of-the-art products from selected partners.

During the first quarter, Mind has received business from new customers including Lantmäteriet and Skanska in Sweden, and Elkem in Norway. Insight has also enjoyed renewed confidence from customers including AstraZeneca, Birka Energi, Electrolux, Nacka Strand, Scandinavian Leisure Group and Witit in Sweden, as well as Consultshop, Essens, Norges Automobil Forbund, Norges Forskningsråd and Tamro in Norway. Insight achieved an average score of 4.3 out of a possible 5 on the customer satisfaction index since measurements began during autumn 2000.

Financial objectives

Based on the market conditions prevailing in March 2001 and with regard to the disposals carried out by Mind after the end of the period, Mind expects turnover in 2001 as a whole to be approximately SEK 250 million.

Mind's goals are:

- » to present a positive result before the amortization of goodwill *for 2001 as a whole*.

Events after the end of the period

In April, Mind acquired a team of six consultants from Market Makers Technology AB (MMT).

In Norway, Mind signed a framework agreement with K-bank, formerly Kreditkassen and part of

Nordea, after the end of the period. This framework agreement extends through to the autumn of 2003 and covers consultancy services within all areas of expertise, business development, project management, technical system integration and design and communication in connection with K-bank's Internet project.

As part of Mind's commitment to strengthening its business and focusing on the Nordic region, Mind sold its French subsidiary, which employed 17 people, in April, and closed down its operation at the Karlstad office, which employed 3 people. Mind's French subsidiary was sold to the IT consultancy company Unilog Management SA. Unilog will be taking over the activities of the company retrospectively from 1 January 2001.

Ingrid Fleetwood Hesser will be taking up her duties as Head of Investor Relations as from 1 May 2001. Until now, Ingrid has worked as a business developer for Mind, and has previously worked as Head of Investor Relations for Skandia and at Stadshypotek.

The Parent Company

During the year, the parent company generated a turnover of SEK 7.8 million (54.6), with profits before transfers to untaxed reserves and tax of SEK 3.3 million (-18.2). At 31 March 2001, the company employed 21 people. No investments were made during the period. At 31 March 2001, the company's liquid funds totalled SEK 18.4 million.

Shareholders as of 31 March 2001

At 31 March, there were 3,597 shareholders in Mind. Of the total number of shares registered in Mind – 41,538,296 – approximately 16 per cent are owned by institutional owners.

Annual General Meeting

The Annual General Meeting will be held on 27 April 2001 at 3 p.m. Owners representing more than 45 per cent of the votes in Mind AB (publ) propose the following to the Annual General Meeting: re-election to the Board of Cecilia Geijer-Hæggström, Jörgen Larsson, Jerker Runnquist, Stefan Wigren and Björn Wolrath and first election of Mats Andersson and Hans Hasselgren, CEO of Mind. Björn Wolrath is proposed as the new Chairman of the Board. Mats Andersson, BSc (Econ.), born in 1954, has previously held the position of CEO of Deutsche Bank in Sweden. He has also been proposed as member of the Board of Fastighets AB Tornet.

Stockholm, 27 April 2001

The Board of Directors

This report has been reviewed by the company's auditors.

The Group's income statements, summary

	1 Jan–31 March 2001	1 Jan–31 March 2000	1 Jan–31 Dec 2000
Net turnover	53.3	78.9	294.7
Other turnover	3.7 ¹	-	-
Operating expenses	-60.7	-94.1	-441.0
Item affecting comparability – restructuring	-	-	-59.5
Operating earnings before depreciation	-3.7	-15.2	-205.8
Depreciation of tangible and intangible fixed assets excluding goodwill	-1.7	-1.5	-9.9
Item affecting comparability – write-downs	-	-	-21.2
Operating profit/loss before amortization of goodwill	-5.4	-16.7	-236.9
Amortization of goodwill	-1.4	-0.7	-6.5
Item affecting comparability – write-downs	-	-	-17.5
Operating profit/loss	-6.8	-17.4	-260.9
Financial items, net	0.9	-0.9	-0.2
Profit after financial items	-5.9	-18.3	-261.1
Profits from subsidiaries during periods of the financial year when they were not part of the Group	0	-0.3	-0.6
Taxes	0	-0.5	1.1
Net profit/loss for the period	-5.9	-19.1	-260.6

The Group's quarterly income statements, summary²

	Pro forma				Pro forma				
	Q 1 1999	Q 2	Q 3	Q 4	Q 1 2000	Q 2	Q 3	Q 4	Q 1 2001
Net turnover	17.2	20.6	23.9	40.5	78.9	99.0	59.1	57.6	53.3
Other turnover	-	-	-	-	-	-	-	-	3.7
Operating expenses	-17.1	-20.7	-29.4	-60.9	-94.1	-126.5	-115.4	-105.0	-60.7
Item affecting comparability – restructuring	-	-	-	-	-	-	-	-59.5	-
Operating earnings before depreciation	0.1	-0.1	-5.5	-20.4	-15.2	-27.5	-56.3	-106.9	-3.7
Depreciation of fixed assets	-0.1	-0.1	-0.2	-0.2	-1.5	-2.7	-3.7	-2.0	-1.7
Item affecting comparability – write-downs	-	-	-	-	-	-	-	-21.2	-
Operating profit/loss before amortization of goodwill	0.0	-0.2	-5.7	-20.6	-16.7	-30.2	-60.0	-130.1	-5.4
Amortization of goodwill	0.0	0.0	0.0	-0.2	-0.7	-1.7	-2.0	-2.0	-1.4
Item affecting comparability – write-downs on goodwill	-	-	-	-	-	-	-	-17.5	-
Operating profit after depreciation	0.0	-0.2	-5.7	-20.8	-17.4	-31.9	-62.0	-149.6	-6.8
Financial items	0.0	0.0	-0.1	0.0	-0.9	-1.9	1.1	1.5	0.9
Profit after financial items	0.0	-0.2	-5.8	-20.8	-18.3	-33.8	-60.9	-148.1	-5.9
Profits from subsidiaries during periods of the financial year when they were not part of the Group	0.0	0.0	0.0	0.3	-0.3	-0.3	0.0	0.0	0.0
Taxes	0.0	0.0	0.0	-0.2	-0.5	-1.7	0.4	2.9	-
Net profit/loss for the period	0.0	-0.2	-5.8	-20.7	-19.1	-35.8	-60.5	-145.2	-5.9
Number of employees at end of period	64	81	118	178	376	493	491	433	253

The Group's balance sheet, summary

	31 March 2001	31 Dec 2000	31 March 2000
Assets			
Goodwill	50.5	51.8	56.9
Other intangible fixed assets	0.0	0.0	7.6
Financial fixed assets	14.5	14.4	0.0
Fixed assets	16.5	18.1	18.8
Accounts receivable	42.1	37.4	67.8
Other current assets	22.8	29.6	19.2
Cash in hand and bank deposits	34.5	85.2	26.0
Total assets	180.9	236.5	196.3
Shareholders' equity and liabilities			
Shareholders' equity ³	114.9	121.0	78.1
Provisions	0.1	0.1	0.7
Interest-bearing liabilities, long-term	0.0	0.0	19.6
Interest-bearing liabilities, short-term	0.2	1.0	23.0
Non-interest-bearing liabilities, short-term	65.7	114.4	74.9
Total liabilities and shareholders' equity	180.9	236.5	196.3

¹ Sale of equipment.

² Amortization of goodwill for the year is calculated on the resultant corrected purchase value, and previously presented quarterly information has been adjusted accordingly

³ Change in shareholders' equity for the Group

	Share capital	Restricted capital	Unrestricted capital	Total
Opening balance	20.8	387.8	-287.6	121.0
Profit/loss for the year			-5.9	-5.9
Calculation difference			-0.2	-0.2
Closing balance	20.8	387.8	-293.7	114.9

The Group's cash flow analysis, summary

	1 Jan–31 March 2001	1 Jan–31 March 2000
Cash flow from operations	-52.5	-15.7
Cash flow, investment operations	-0.8	-167.0
Cash flow, financing operations	2.6	198.0
Change in liquid funds	-50.7	15.3

Data per share before full dilution

	1 Jan–31 March 2001	1 Jan–31 March 2000	1 Jan–31 Dec 2000
Average number of shares	41 538 296	26 175 302	34 996 741
Number of shares at end of period	41 538 296	30 925 907	41 538 296
EPS after tax, SEK	-0.14	-0.73	-7.45
Equity per share, SEK	2.77	2.53	2.91

Data per share after full dilution

	1 Jan–31 March 2001	1 Jan–31 March 2000	1 Jan–31 Dec 2000
Average number of shares	43 680 096	29 989 769	38 784 388
Number of shares at end of period	43 680 096	34 916 907	43 680 096
EPS after tax, SEK	-0.14	-0.64	-6.72
Equity per share, SEK	2.63	2.24	2.77

Key ratios

	1 Jan–31 March 2001	1 Jan–31 March 2000	1 Jan–31 Dec 2000
Operating margin before amortization of goodwill, %	neg.	neg.	neg.
Operating margin, %	neg.	neg.	neg.
Profit margin, %	neg.	neg.	neg.
Return on equity, %	neg.	neg.	neg.
Return on operating capital, %	neg.	neg.	neg.
Number of employees at end of period	253	376	433
Average number of full-year employees	295	331	437
Sales per employee, SEK '000	181	238	674
Sales per consultant, SEK '000	225	298	851
Equity ratio, %	64	40	51

Definitions

Number of contracted employees: At a given time, the number of employees in service with the addition of the number of people who have signed a contract of employment but who have not yet commenced their employment, less the number of employees who have terminated their contracts but have not yet left the employ of the company.

Average number of full-year employees: The total number of employees at the end of each month, divided by the number of months in the period.

Shareholders' equity per share: Shareholders' equity compared to the number of shares at the end of the period.

Equity per share after full dilution: Shareholders' equity compared to the number of shares at the end of the period, corresponding to the number in the case of full dilution.

Sales per employee: The turnover for the period in relation to the average number of full-year employees.

Sales per consultant: The turnover for the period in relation to the average number of full-year consultants.

Return on equity: Profit/loss for the period in relation to the average shareholders' equity.

Return on operating capital: Profit/loss for the period after financial items plus financial expense, in relation to the average operating capital.

Operating margin: Operating profit/loss in relation to net turnover.

Operating margin before amortization of goodwill: Operating profit/loss before amortization of goodwill in relation to net turnover.

Equity ratio: Shareholders' equity in relation to the balance sheet total.

Operating capital: The balance sheet total assets less provisions and non-interest-bearing liabilities

Profit margin: Profit after financial items in relation to net turnover.

Profit per share: Profits for the period in relation to the average number of shares.

Profit per share after full dilution: Profits for the period compared to the average number of shares, upwardly adjusted with the number corresponding to full dilution.

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