

Report on Mind AB (publ), Corp. Reg. No. 556570-7071, during the six months ended June 30, 2001

*Figures quoted refer to the period January 1– June 30, 2001, unless otherwise indicated.
Figures in parentheses refer to year-earlier periods.*

- » **Net sales in the first half amounted to SEK 108.8 M (177.9), of which 51.8 (99) pertains to the second quarter**
- » **Net sales per consultant rose 18%¹⁾ between the first and second quarters in 2001**
- » **The operating loss before goodwill amortization for the first half amounted to SEK 10.8 (loss:46.9), while the corresponding loss for the second quarter was SEK 5.4 M (loss: 30.2)**
- » **The organization was trimmed during the period – the French operations were divested and the Design & Communication unit in Sweden phased out. The cost of these organizational changes amounted to SEK 6.5 M, which was charged to earnings for the period**
- » **The goal of a marginally positive result before goodwill amortization for the second half of 2001 remains**
- » **Mind acquired several new customers during the second quarter – including Alecta, Alcatel, Bankernas ID-tjänst, Danica, Expressen, IKANO-Banken, Telenor Media, Telenor Mobil and Voktell**
- » **After the end of the period, Mind carried out a new issue. The issue was fully subscribed and generated proceeds of SEK 42.8 before issuing expenses**

Hans Hasselgren, President:

“Net sales for the Finance and Insurance segment exceeded our own forecast for the second quarter, even though the Group's total net sales and earnings were weaker than expected. While the market continues to be uncertain, within the segment on which we focus we discern a cautious optimism regarding the future trend of demand.

We are not satisfied with capacity utilization during the period. However, the conditions necessary to achieve a significantly better level are in place. We have highly skilled and experienced consultants in our organization, and we have desirable customers and long-standing relationships. Adaptation to meet the changed market circumstances continued during the period. This has resulted in considerable concentration on integration expertise. It also led to the sale of the French operations and phasing-out of the Swedish Design and Communications unit. Net sales per consultant rose 18% between the quarters – a clear sign that Mind is on the right track.

One of the new projects entrusted to the Company is Bankernas ID-tjänst, a highly worthwhile joint project of the six commercial banks Danske Bank/Östgöta Enskilda Banken, FöreningsSparbanken, Handelsbanken, IKANO-Banken, SEB and SkandiaBanken. We are proud that Mind was given the assignment to lead the activities of this unique cooperative project, whose mission is to develop a common system for secure e-commerce.

During July and August, Mind carried out a new issue. Proceeds of the issue amounted to SEK 42.8 M before issuing expenses. The funds are earmarked for expansion based on well-considered acquisitions, and provide, together with the structure we have now achieved, a platform for the Company's ongoing development.”

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Upcoming report dates

Nine-month report, Jan.–Sept.	October 23, 2001 (new date)
Year-end report for 2001	February 2002

¹⁾ Excluding the positive effect on net sales of the release of previous reserves attributable to network pioneers.

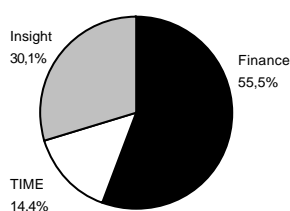
Mind is a consulting company in IT and business development, focusing on the areas of Finance and Insurance, TIME (Telecom, Information, Media and Entertainment) and Insight, which concentrates on companies in new growth areas. Mind's customers include AstraZeneca, Birka Energi, Ericsson, FöreningsSparbanken, Nordea, OM, the Scandinavian Leisure Group and Telia. The Company is represented in Sweden and Norway, and is listed on the "O List" of the OM Stockholm Exchange.

Market trend

During the first half-year, market demand for IT consultants was adversely affected by the general weakening of the economic climate. A noticeable uncertainty regarding the trend in demand, and a greater wariness in customers, still prevail. In the Finance and Insurance segment, the market underperformed expectations somewhat during the first half-year, due to longer and more intensive sales cycles and customers' greater wariness. In the TIME segment, the first half-year involved a very substantial weakening of market demand. Uncertainty continues to be considerable, which has resulted in a much longer timespan between the customer's demonstration of interest in a particular service and their purchase decision.

Net sales

Net sales for the first half-year amounted to SEK 108.8 M (177.9). Net sales for the second quarter of 2001 were SEK 51.8M, and for the first quarter, SEK 57.0M. Of net sales, Finance and Insurance accounted for SEK 57.7 M (38.7), corresponding to 55.5% (21.7) of total net sales during the period. Previous reserves attributable to network pioneers could be released, with a resulting positive effect on sales. The net effect in the second quarter amounted to SEK 4.4 M.



Earnings

The operating loss before goodwill amortization for the period amounted to SEK 10.8 M (loss: 46.9). The loss for the period of April–June amounted to SEK 5.4M (loss:30.2). Earnings during the period included SEK 6.5M in expenses for ongoing organizational adaptation such as the phasing-out of the Design and Communications operations, as well as the sale of the French operations. Moreover, the release of previous reserves (see above) affected earnings positively in an amount of SEK 4.4 M. The loss after net financial items amounted during the period to SEK 13.0M (loss: 52.1). The consolidated loss after tax amounted during the period to SEK 13.0 M (loss: 54.9).

Employees

During the period, the number of employees declined as a result of the measures taken to adapt the organization. The total number of contracted employees amounted on June 30 to 203 (493). The average age in the Group is 34.

Investments

Excluding acquisitions of other operations, investments for the period amounted to SEK 0.4 M and pertain to regular investments in Company operations.

Financial position

Liquid funds amounted on June 30, 2001, to SEK 31.5 M (236.9) M. During the period, liquidity was affected by outgoing payments pertaining to the program of corrective measures, launched in November 2000, that amounted to SEK 27.5 M, of which SEK 3.5 M during the second quarter. The program will further affect liquidity in an amount of SEK 4.5 M during the remainder of 2001, primarily with respect to rent for extra office premises and leasing contracts.

Given the Company's profit situation, the Board considers that the its financial resources, not including the new issue, will continue to be sufficient for the ongoing development of the Company according to plan.

Equity/assets was 66% (71).

Operations

Mind's operations continue to be focused on the segments of Finance and Insurance, and TIME. The operations have been gradually streamlined toward greater industry knowledge and technical expertise. The concept, combined with the focusing on system integration, is to provide the platform for Mind's further development.

Finance and Insurance

Due to its industry knowledge and experience, Mind maintained its position as IT and business development consultant in the finance and insurance segment. Demand and order inflow were relatively unchanged during the first half-year, and the Company is cautiously optimistic regarding assignments in the segment.

Looking toward the second half, Mind continues to be cautiously optimistic regarding the prospects for the Finance and Insurance segment and expects to be able to develop according to the established expansion plans.

Mind endeavors to maintain and develop its broad customer base in the banking sector. Mind has achieved established relationships within Finance and Insurance with customers with as Bankgirot, Fora, FöreningsSparbanken, KPA, Nordea, Postgirot and SEB, and in Norway, with Bankernes BetalingsSentral (BBS), Nordea, SEB and Storebrand. New customers during the period are Alecta, Bankernas ID-tjänst, ICA Bank and Danica. In surveys conducted in the first half, Finance and Insurance achieved a Satisfied Customer Index (NKI)¹ rating of 4.6 on a scale of 1 to 5.

TIME

The reduced demand for IT consulting services affected the period markedly but seems now to have

¹ Satisfied Customer Index (NKI): After every completed assignment, Mind measures how well the Company fulfilled the customers' expectations and how well Mind complied with the specified delivery criterion.

reached a plateau. The segment is still characterized by uncertainty and price pressure is increasing. Mind has reduced its dependency on telecom by developing special expertise in technology that is not dependent on any particular industry. As part of its strengthening of expertise, the Company entered into close cooperation with BEA Systems, one of the world's leading suppliers of software for eBusiness infrastructure, particularly within the area of the product WebLogic. Hewlett Packard's BlueStone system is another area of focus.

Mind Norway has had ongoing success in Mobile Internet and Digital TV, and has entered into more intensive cooperation with Canal Digital. The focus on these areas will continue for Mind's Norwegian operations.

During the second quarter, Mind received renewed assignments from customers such as Eniro, Ericsson, the Swedish Postal Administration, Skanova, Streamserve and Torget, and in Norway, from Canal Digital, Telenor Media and TV2. New customers acquired during the second quarter include Alcatel, Expressen and Respons, and in Norway, Djuiice, Telenor Mobil and Voktell.

Since the start of the customer-service surveys in the second half of 2000, TIME has achieved a Satisfied Customer Index rating of 4.6 on a scale of 1 to 5.

Insight

Insight focuses on new growth areas, primarily the three partial segments of tourism and transport, construction and energy, and pharmaceuticals.

Market conditions in the segments on which Insight focuses have been adversely affected by the current general uncertainty. Customers are developing their own basic expertise themselves, but will continue to demand specialized expertise.

Insight focuses its operations on delivering high-quality technical solutions based on the latest technology and the foremost products from selected partners. Mind has extensive experience and strength in products and solutions from Oracle and Microsoft, and has identified six of them as strategic key areas. This concentration further enhances Mind's capacity to develop cutting-edge special expertise in technology that is closely related to the customer's core operations.

New customers acquired during the quarter include, in Sweden, Witit and in Norway, Elkem. Current customers that have reaffirmed their confidence in Insight include AstraZeneca, Birka Energi, Electrolux, Nacka Strand and the Scandinavian Leisure Group, and in Norway, the Research Council of Norway, the Norwegian automobile association and Tamro. Insight has achieved an average rating of 4.4 out of a possible 5 in customer satisfaction surveys carried out since the surveys were started in the autumn of 2000.

Financial objectives

The streamlining has resulted in a reduced number of employees. As previously announced, Mind – in its current structure – is expected to generate net sales of approximately SEK 200 M during the current year.

Mind's objective is

- » to report a marginally positive result before goodwill amortization for the second half of 2001.

Events after the end of the period

After the end of the period, Mind carried out a new issue with preferential rights for shareholders. The new issue brought slightly less than SEK 42.8 M to the Company before issuing expenses, which shall provide the basis for a controlled expansion via new recruitment and acquisitions. The new issue also brought Mind a new principal owner in Gabrielsson Invest AB, GIAB. Mats Gabrielsson was elected to the Board of Directors as a new regular member at the Special General Meeting.

Parent Company

Net sales in the Parent Company amounted to SEK 18.2 M (122.2) during the period, with a profit before appropriations and tax of SEK 3.9 M (loss: 51.3). The number of employees amounted on June 30, 2001, to 17. No investments, apart from the acquisition of parts of the MMT consulting operations, were undertaken during the period. Liquid funds amounted to SEK 15.7 M on June 30, 2001.

Shareholders as of June 30, 2001

On June 30 the number of shareholders in Mind amounted to 3,956. Of the total number of registered shares in Mind, 41,538,296, approximately 30% are owned by institutional owners.

Stockholm, August 24, 2001

Board of Directors

We have conducted a general examination of this interim report in accordance with the recommendation of the Swedish Institute of Authorized Public Accountants ("FAR"). A general examination is considerably limited compared with an audit. We did not find anything suggesting that the interim report does not fulfill the requirements of Swedish commercial legislation.

Stockholm, August 24, 2001

ERNST & YOUNG AB

Hamish Mabon
Authorized Public Accountant

Summary of consolidated income statements

	Jan 1-June 30 2001	Jan 1-June 30 2000	April 1-June 30 2001	April 1-June 30 2000	Jan 1-Dec 31 2000
Netsales	103,9	177,9	50,6	99,0	294,7
Other operating revenue	4,9 ¹	-	1,2	-	-
Operating Expenses	-116,1	-220,6	-55,4	-126,5	-441,0
Item affecting comparability – restructuring	-	-	-	-	-59,5
Operating loss before depreciation	-7,3	-42,7	-3,6	-27,5	-205,8
Amortization of tangible and intangible fixed assets, excluding goodwill	-3,5	-4,2	-1,8	-2,7	-9,9
Items affecting comparability – writedowns	-	-	-	-	-21,2
Operating loss before amortization of goodwill	-10,8	-46,9	-5,4	-30,2	-236,9
Amortization of goodwill	-3,0	-2,4	-1,6	-1,7	-6,5
Item affecting comparability – writedowns	-	-	-	-	-17,5
Operating loss	-13,8	-49,3	-7,0	-31,9	-260,9
Net financial items	0,8	-2,8	-0,1	-1,9	-0,2
Loss after net financial items	-13,0	-52,1	-7,1	-33,8	-261,1
Subsidiaries' losses for the part of the budget year during which they did not belong to the Group	-	-0,6	-	-0,3	-0,6
Taxes	-	-2,2	-	-1,7	1,1
Net loss for the period	-13,0	-54,9	-7,1	-35,8	-260,6
Earnings per share after tax, before and after full dilution, SEK	-0,31	-1,87	-0,17	-1,07	-7,45
Average number of shares during the period	41 827 582	29 389 695	42 044 546	33 612 166	34 996 741

Summary of consolidated quarterly income statements²

	Prof Q1 1999	Prof Q2	Q3	Q4	Q1 2000	Q2	Q3	Q4	Q1 2001	Q2
Net sales	17,2	20,6	23,9	40,5	78,9	99,0	59,1	57,6	53,3	50,6
Other operating revenue	-	-	-	-	-	-	-	-	3,7	1,2
Operating expenses	-17,1	-20,7	-29,4	-60,9	-94,1	-126,5	-115,4	-105,0	-60,7	-55,4
Item affecting comparability - restructuring	-	-	-	-	-	-	-	-59,5	-	-
Operating loss before depreciation	0,1	-0,1	-5,5	-20,4	-15,2	-27,5	-56,3	-106,9	-3,7	-3,6
Depreciation, fixed assets	-0,1	-0,1	-0,2	-0,2	-1,5	-2,7	-3,7	-2,0	-1,7	-1,8
Item affecting comparability – writedowns	-	-	-	-	-	-	-	-21,2	-	-
Operating loss before amortization of goodwill	0,0	-0,2	-5,7	-20,6	-16,7	-30,2	-60,0	-130,1	-5,4	-5,4
Amortization, goodwill	0,0	0,0	0,0	-0,2	-0,7	-1,7	-2,0	-2,0	-1,4	-1,6
Item affecting comparability – writedowns	-	-	-	-	-	-	-	-17,5	-	-
Operating loss after depreciation and amortization	0,0	-0,2	-5,7	-20,8	-17,4	-31,9	-62,0	-149,6	-6,8	-7,0
Net financial items	0,0	0,0	-0,1	0,0	-0,9	-1,9	1,1	1,5	0,9	-0,1
Loss after net financial items	0,0	-0,2	-5,8	-20,8	-18,3	-33,8	-60,9	-148,1	-5,9	-7,1
Subsidiaries' profit for the part of the year during which they did not belong to the Group	0,0	0,0	0,0	0,3	-0,3	-0,3	0,0	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 for the period	0,0	-0,2	-5,8	-20,7	-19,1	-35,8	-60,5	-145,2	-5,9	-7,1
No of employees at the end of the period	64	81	118	178	376	493	491	433	253	201

Summary of consolidated balance statements

Assets	June 30, 2001	Dec 31, 2000	June 30, 2000
Goodwill	52,1	51,8	73,0
Other intangible fixed assets	-	-	6,6
Financial fixed assets	14,1	14,4	0,0
Tangible fixed assets	13,9	18,1	30,7
Accounts receivable – trade	36,5	37,4	94,7
Other current assets	19,2	29,6	17,4
Cash and bank balances	31,5	85,2	236,9
Total assets	167,3	236,5	459,3
Shareholders' equity and liabilities			
Shareholders' equity ³	110,7	121,0	328,3
Appropriations	-	0,1	0,7
Interest-bearing liabilities, long-term	-	-	0,6
Interest-bearing liabilities, current	0,1	1,0	15,2
Non-interest-bearing liabilities, current	56,5	114,4	114,5
Total liabilities and shareholders' equity	167,3	236,5	459,3

¹ Sales of equipments

² Quarterly figures are translated in consideration of the change of accounting principle that took place in 2000.

³ Change in the Group's equity

	Share capital	Restricted capital	Unrestricted capital	Total
Opening balance	20,8	387,8	-287,6	121,0
Closing balance	-	-	-13,0	-13,0
Issues	0,3	2,5	-	2,8
Displacement between restricted and unrestricted equity	-	-240,0	240,0	0,0
Translation difference	-	-	-0,1	-0,1
Closing balance	21,1	150,3	-60,7	110,7

Summary of changes in the Group's financial position

	Jan 1–June 30 2001	Jan 1–June 30 2000	Jan 1–Dec 31 2000
Cash flow, ongoing operations	-56,0	-47,2	-173,5
Cash flow, investment operations	-0,8	-38,6	-47,5
Cash flow, financing operations	3,1	312,0	295,5
Change in liquid funds	-53,7	226,2	74,5

Data per share before full dilution

	Jan 1–June 30 2001	Jan 1–June 30 2000	April 1–June 30 2001	April 1–June 30 2000	Jan 1–Dec 31 2000
Average No. of shares	41 827 582	29 389 695	42 044 546	33 612 166	34 996 741
No. of shares at end of period	42 213 296	41 538 296	42 213 296	41 538 296	41 538 296
Earnings per share after tax, SEK	-0,31	-1,87	-0,17	-1,07	-7,45
Equity per share, SEK	2,62	7,90	2,62	7,90	2,91

Data per share upon full dilution

	Jan 1–June 30 2001	Jan 1–June 30 2000	April 1–June 30 2001	April 1–June 30 2000	Jan 1–Dec 31 2000
Average No. of shares	43 969 382	33 267 209	44 186 346	37 603 166	38 784 388
No. of shares and at of period	44 355 096	45 529 296	44 355 096	45 529 296	43 680 096
Earnings per share after tax, SEK	-0,31	-1,87	-0,17	-1,07	-7,45
Equity per share, SEK	2,49	7,21	2,49	7,21	2,77

Key ratios

	Jan 1–June 30 2001	Jan 1–June 2000	Jan 1–Dec 31 2000
Operating margin before goodwill amortization, %	neg	neg	neg
Operating margin, %	neg	neg	neg
Profit margin, %	neg	neg	neg
Return on equity, %	neg	neg	neg
Return on capital employed, %	neg	neg	neg
No. of employees at end of period	201	493	433
Average No. of full-year employees	258	399	437
Net sales per employee, 000s	403	446	674
Net sales per consultant, 000s	507	563	851
Equity/assets, %	66	71	51

Definitions

The interim report was prepared in accordance with the Swedish Financial Accounting Standards Council's RR 20 recommendation. The report was prepared in accordance with the same accounting principles that were applied in the 200 Annual Report.

No. of contracted employees: At a given time: the number of employees in service with the addition of the number of people who signed employment contracts but have not yet commenced their employment and reduced by the number of employees who have given notice but not yet terminated their employment.

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

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

Equity per share upon full dilution: Shareholders' equity relative to the number of shares at the end of the period, corresponding to the number as if full dilution had occurred. No translation takes place since dilution improves equity per share.

Net sales per employee: Net sales for the period in relation to the average number of full-year employees.

Net sales per consultant: Net sales for the period in relation to the average number of full-year employed consultants.

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

Return of capital employed: Profit/loss for the period after net financial items in relation to average capital employed.

Operating margin: Operating profit/sales in relation to net sales.

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

Equity/assets: Shareholders' equity in relation to the balance-sheet total.

Capital employed: Balance-sheet total reduced by appropriations and non-interest-bearing debts.

Profit margin: Profit/loss after net financial items in relation to net sales.

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

Earnings per share upon full dilution: Earnings for the period in relation to the average number of shares increased by the number of additional shares that result from full dilution. No translation is carried out since dilution improves earnings per share.