

INTERIM REPORT APRIL - JUNE 2002



Improved profits despite poor market conditions

The demanding market conditions continue, and in this situation ProAct is striving both to develop business to ensure a good position in the long term and to give high priority to profits in the short term. The second quarter started weakly but finished very strongly with a number of important deals due to an aggressive approach to the market. Internal work on costs and efficiency also produced results.

The Board repeats that ProAct's financial goal for 2002 is to achieve an increase in revenue which exceeds that of the market in general, with a considerable improvements in profits.

Summary of the second quarter

- Revenue totalled SEK 215.7 million (229.2*). Service income increased by 21 per cent compared to the second quarter last year.
- Operating profits before the amortization of goodwill (EBITA) totalled SEK 7.7 million (4.0*) with net operating profits amounting to SEK 2.6 million (0.4*).

*) excluding capital gains of SEK 21.0 million

Significant events during the second quarter

- Establishment of ProAct Defcom, which operates in the field of Intrusion Detection Services and advanced security consultancy.
- Signing of a 2-year contract with the Swedish Agency for Public Management (Statskontoret).
- Framework agreement with Orkla Foods AS.
- A number of major deals have been closed during the period with customers including Dansikring, Helsinki University, Kronoberg County Hospital, Nynäs Petroleum and Swisscom Mobile.

Significant events after the period covered by this report

- Acquisition of Christiania Consulting AS in Norway, 40 employees, with focus on advanced IT consultancy, project management and integration in the fields of networks, security and data warehousing.

ProAct is a specialist and independent integrator with know-how, methods and products in the field of infrastructure for securing mission-critical information. The company, which is active in Denmark, Finland, Norway, Sweden and Switzerland, focuses on large and medium-sized companies and organisations in need of secure and efficient handling of mission-critical information.

Business is conducted in Copenhagen, Aarhus, Helsinki, Uleåborg, Oslo, Bergen, Hamar, Stavanger, Trondheim, Stockholm, Gothenburg, Linköping, Lund, Sundsvall, Karlskrona and Zurich with a staff more than 350, most of whom are technically oriented. What sets ProAct apart is the technical expertise and competence of its personnel. During 2001, the company generated a turnover of around SEK 826 million. ProAct IT Group AB is listed on the O-list of the Stockholm Stock Exchange.



The Market and ProAct's role

ProAct is a specialist and independent integrator with know-how, methods and products in the field of infrastructure for securing mission-critical information. The company, which currently employs 350 people, conducts business in Denmark, Finland, Norway, Switzerland and Sweden.

Factors such as the expansion of the Internet and increased business activity on the Net make increasing demands for security, access to data, short response times, and high accessibility – 24 hours a day, all year round. ProAct's skills and system solutions are much in demand by customers in all sectors. Solid infrastructure consists of elements such as data warehousing, security, networks and associated functions for increased performance and accessibility – irrespective of the type of server and applications used. Infrastructure is built up from three perspectives:

Volume – infrastructure must be able to cope with increasing volumes of information without these disrupting operation or creating unexpected extension problems.

Value – infrastructure must be built up on the basis of the value that the information and accessibility to it has for the company

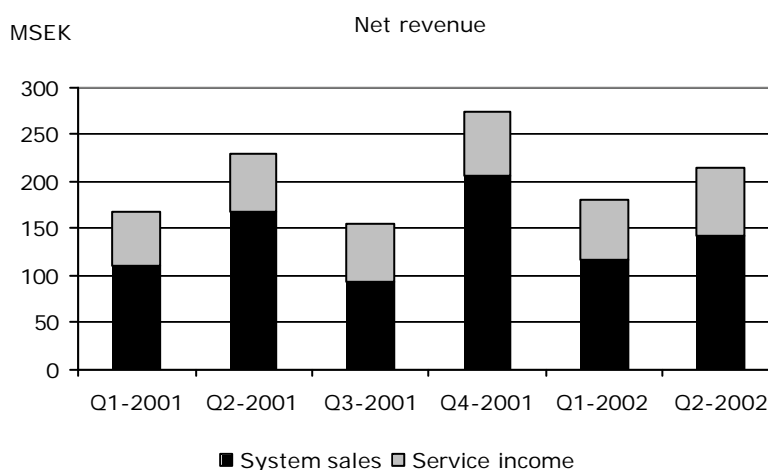
Cost – the company must be able to manage the infrastructure in such a way as to ensure that the operating costs do not rise when the volume of information and the utilisation of the system increase. Under the current market conditions, where customers are increasingly obliged to focus on their operating costs, this aspect will become even more important, and investments in the field of back-up and storage consolidation will provide rapid payback.

Following the appreciable downturn that generally affected players on the IT market in 2001, market evaluations have become even more uncertain than usual. However, a majority of market analysts predict a modest general recovery during 2002 and 2003, with progressive recovery for the IT market as a whole over the following years. On the basis of available market data about sub-markets, ProAct believes that secure infrastructure will continue to develop more rapidly than the IT market as a whole.

Second quarter 2002

Revenue and profit

Revenue for the second quarter totalled SEK 215.7 million (229.2 excluding capital gains), a fall of 6 per cent. The previous financial year showed capital gains of SEK 21.0 million from the sale of ProAct Medical AB. On 1 July, the order book totalled SEK 16 (25) million.



Revenue for the second quarter totalled SEK 215.7 million (229.2), a fall of 6 per cent. System sales fell by 15 per cent, while service income rose by 21 per cent compared to the corresponding period of the previous financial year.

Of the total revenue for the quarter, system sales accounted for SEK 142.6 million (168.2), a fall of SEK 25.6 million or 15 per cent compared to the second quarter of the previous financial year. Service income totalled SEK 73.1 million (60.3), an increase of SEK 12.8 million or 21 per cent. Service income refers to consultancy income and contracted customer support. The volume of contracted customer support continues to expand in scope.

Following the acquisition of the bankrupt company Defcom Sweden AB in March 2002, operations have been established in ProAct Defcom with a secure customer base and organization.

EBITA totalled SEK 7.7 million (4.0*). The improvement in profits is primarily attributable to the fact that business in the field of integration and system sales has generated appreciably better profits since the previous financial year. Tight cost control along with clearly targeted sales initiatives have produced results. The newly established network and security operations showed negative profits for the second quarter. To increase efficiency, Norwegian network and security operations have been assimilated into the business of ProAct Systems in Norway. This move involved a slight reduction in staff.

Amortization of goodwill totalled SEK 5.1 million (3.6) with net financial items amounting to SEK 1.6 million (0.4). Profits after net financial items totalled SEK 4.2 million (0.8*).

The following major deals were concluded during second quarter:

Dansikring – design and implementation of network and security solutions; valued at approximately SEK 1.6 million.

Helsinki University – system design, adaptation and integration of network solutions for secure management of research data at the centre for Advanced Magnetic Imaging (AMI).

Kronoberg County Hospital – ProAct is building a data warehousing network for image storage; valued at approximately SEK 2.4 million.

Nynäs Petroleum – implementation of ProAct FRC (Fast Restore Cache), the next generation backup copying system, which is more efficient and provides greater security for mission critical information; valued at approximately SEK 1.8 million.

Orkla Foods AS – framework agreement concerning backup/restore solutions for the Orkla Foods subsidiaries in the Nordic region and Europe.

Swisscom Mobile – design and implementation of a backup/restore solution worth approximately SEK 7.4 million.

Volvo Information Technology – integration services with regard to a new solution for backing up and restoring mission critical information.

In addition, the comprehensive work with the purchasing department of the *Swedish Agency for Public Management* in the field of server and warehousing solutions has paid off. ProAct Datasystem has been selected as one of ten companies to supply IT infrastructure through sub-order contracts to national, county and municipal authorities in Sweden for a 2-year period. ProAct is the only independent integrator to have won such a contract.

First six months 2002

Operating revenue for the first six months totalled SEK 397.2 million (397.4*), of which approximately +1% is attributable to operations acquired during the first six months of 2002. Of the total revenue for the period, service income amounted to SEK 136.6 million (117.9), an increase by 16 per cent, while system sales generated SEK 260.6 million (279.6), a decline of 7 per cent.

Operating profit before the amortization of goodwill totalled SEK 2.5 million (8.4*) with net operating profit amounting to SEK -7.4 million (1.3*).

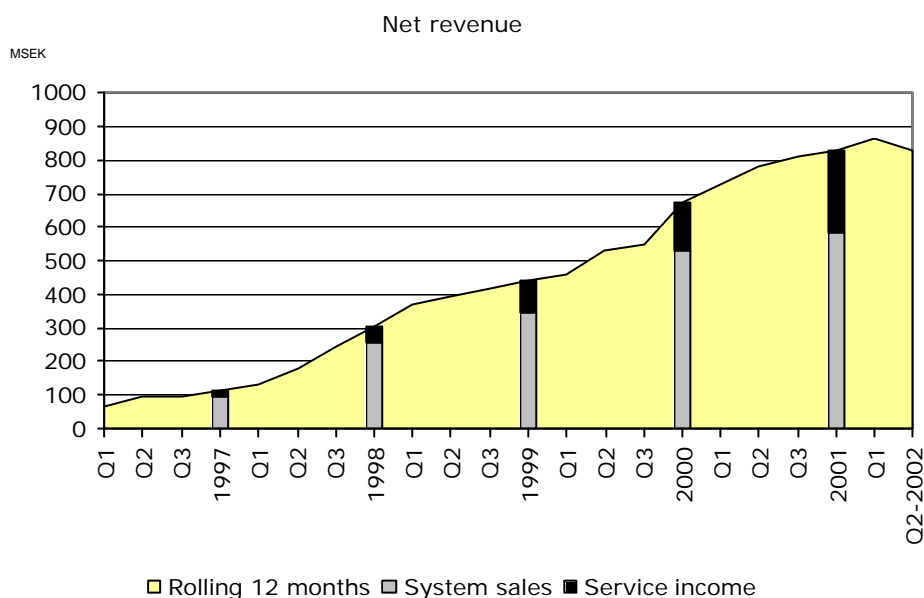
Operations in the field of networks and security, which were extended during the past financial year, showed a loss of barely SEK 4 million. ProAct's integration operations and system sales for the first six months generated EBITA of around 4 per cent, which is an improvement on the previous financial year.

Exchange rate fluctuations due to translation of amounts from overseas subsidiaries have had only a marginal effect (approximately 1%) on revenue and profits for the period.

*) excluding capital gains of SEK 21.0 million

Financial development – rolling 12 months

Net revenue for the most recent rolling 12-month period totalled SEK 826.7 million, compared to SEK 782.0 million (excluding capital gains) for the corresponding period last year. This represents growth of 6 per cent. Operating profits before the amortization of goodwill excluding items that affect comparability, totalled SEK 1.5 million (25.2) for the most recent rolling 12-month period and have been principally affected by an unusually weak fourth quarter in 2001.



The average annual growth in revenue has exceeded 67 per cent over the past five calendar years. The share of revenue attributable to service activities increased progressively during these years.

Financial position

The company's financial position remains strong. At 30 June, liquid funds including short-term investments totalled SEK 151.8 million compared to SEK 137.8 million on 1 April. This constitutes an increase of SEK 14 million: SEK 21 million was generated by operations, with SEK 5 million being invested and SEK 2 million used to reduce utilisation of overdraft facilities. The group's approved credit limit has remained unchanged since the start of the year, totalling SEK 43.9 million – of which SEK 2.5 million has been utilised.

Group investments during the second quarter totalled SEK 5.4 million (8.3), of which SEK 4.1 million (8.0) refers to investments in tangible fixed assets, and SEK 1.3 million (0.3) to investments in intangible fixed assets.

In June, the Group's equity ratio was 51.7 per cent (47.9 per cent), and total debts amount to SEK 234.5 million (289.6), of which SEK 3.0 million (20.8) are interest-bearing, and the remainder non-interest-bearing.

The Parent Company

Net revenue for the parent company during the second quarter totalled SEK 5.2 million (4.0). The corresponding figure for the first six months was SEK 10.5 million (8.2). Profits after net financial items for the second quarter totalled SEK 2.0 million (-1.0). The corresponding figure for the first six months was SEK 3.5 million (1.2).

Consultancy fees were paid to the Chairman of the Board during the first six months of the year.

The parent company's liquid funds totalled SEK 137.3 million, which represents an increase of SEK 13.4 million during the quarter. During the period, receivables from subsidiaries fell by SEK 6 million, while working capital rose by SEK 7 million. Of the total liquid funds of the parent company, SEK 79.5 million is placed in short-term interest-bearing securities. Investments made by the parent company during the second quarter totalled SEK 0.3 million.

The 1999/2002 warrant programme with a subscription price of SEK 54.80 per share was closed on 30 June. No subscriptions for new shares were received.

Personnel

The average number of employees during the quarter was 287 (257). The net number of employees increased by 9 during the quarter, and the Group employed 310 people at the end of the period. Following the acquisition of Christiania Consulting AS at the beginning of July, ProAct employs 350 people.

Significant events after the period covered by this report

At the beginning of July, the company acquired all shares in Christiania Consulting AS, a Norwegian consultancy company that employs 40 people and focuses on advanced IT consultancy, project management and integration in the fields of networks, security and data warehousing. For many years, this company has returned good profits and maintained a satisfied customer base. Figures for the first six months of 2002 show solid profits and a strong balance sheet.

The purchase price was paid in a combination of cash and non-cash remuneration. The initial purchase price for the business was NOK 20 million, and the supplementary purchase price – which will be calculated on the basis of profits for 2002 and 2003 – is expected to be in the region of SEK 10 million. Compensation was paid for the company's net assets pound for pound. With the support of the authorization voted by the General Meeting on 10 April 2002, the Board has decided to increase share capital by SEK 400,000 through a new stock issue of 400,000 shares, which were subscribed by the owners of Christiania Consulting AS at that time. The principal shareholder was the Norwegian CMA, which owned 56 per cent. The remaining shares were primarily held by the staff. The stock was issued at a price of SEK 32.16, which was the average price for ProAct shares in the ten days leading up to the time of acquisition. The non-cash stock issue corresponded to a 4.2 per cent increase of the share capital.

Future prospects

The aim of the company is to reinforce its position as the leading specialist and independent integrator based in the Nordic region. The long-term financial aim is to achieve growth in revenue that exceeds market growth with a net margin of 5-7 per cent.

The financial goal for 2002 continues to be the achievement of an increase in revenue which exceeds that of the market in general, with a considerable improvements in profits.

Upcoming reports

Interim reports are only published on the company Web site at www.proact.se.

Interim report, July–September	25 October 2002
Year-end report 2002	14 February 2003

Sollentuna, 23 August 2002

ProAct IT Group AB (publ)



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Financial position (SEK million)

	3 m APR-JUN 2002	3 m APR-JUN 2001	6 m JAN-JUN 2002	6 m JAN-JUN 2001	12 m JUL-JUN 01/02	JAN-DEC 2001
Income statement for the group, summary						
Net sales	215.7	229.2	397.2	397.4	826.7	826.9
Capital gains from sale of the activities in ProAct Medical	-	21.0	-	21.0	-	21.0
Total operating revenue	215.7	250.2	397.2	418.4	826.7	847.9
Goods for resale	-122.0	-141.7	-227.1	-235.6	-489.7	-498.1
Other external costs ²⁾	-23.2	-26.4	-44.3	-47.0	-91.2	-93.8
Personnel costs ²⁾	-57.2	-53.4	-113.0	-99.7	-232.5	-219.3
Depreciation on tangible fixed assets	-5.6	-3.7	-10.3	-6.7	-19.4	-15.8
Operating profit before amortization of goodwill	7.7	25.0	2.5	29.4	-6.1	20.9
Depreciation on intangible fixed assets	-5.1	-3.6	-9.9	-7.1	-17.4	-14.7
Operating profit	2.6	21.4	-7.4	22.3	-23.5	6.2
Financial income	1.9	0.9	3.3	1.6	7.0	5.2
Financial expense	-0.3	-0.5	-1.1	-0.6	-1.9	-1.3
Profit after financial items	4.2	21.8	-5.2	23.3	-18.4	10.1
Tax ¹⁾	-2.0	-5.2	-0.5	-6.2	-0.4	-6.1
Minority interests	0.6	-0.4	1.1	-0.4	1.5	0.0
Net profit	2.8	16.2	-4.6	16.7	-17.3	4.0

	2002 30 Jun	2002 31 March	2001 31 Dec	2001 30 Jun
Balance sheet for the group, summary				
ASSETS				
Intangible fixed assets	62.7	65.7	66.9	51.6
Tangible fixed assets	32.5	33.9	33.2	28.9
Financial fixed assets	1.2	1.1	1.3	0.7
Deferred taxes recoverable	6.4	6.2	3.9	-
Inventories	26.9	34.0	31.5	52.3
Receivables	214.8	178.1	264.9	257.4
Short-term investments	79.5	99.1	118.9	114.4
Cash in hand and bank deposits	72.3	38.7	71.6	63.6
Total assets	496.3	456.8	592.2	568.9
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	256.6	252.4	260.5	271.3
Minority interests	0.2	0.8	1.3	1.0
Provisions	5.0	5.0	5.0	7.0
Long-term liabilities	3.0	5.1	1.7	20.8
Current liabilities	231.5	193.5	323.7	268.8
Total shareholders' equity and liabilities	496.3	456.8	592.2	568.9

	3 m APR-JUN 2002	3 m APR-JUN 2001	6 m JAN-JUN 2002	6 m JAN-JUN 2001	12 m JUL-JUN 01/02	JAN-DEC 2001
Data per share ³⁾						
Earnings per share before dilution, SEK	0.32	2.01	-0.51	2.17	-1.91	0.48
Earnings per share after dilution, SEK	0.32	1.98	-0.51	2.13	-1.91	0.47
Shareholders' equity before dilution, SEK ⁶⁾	28.41	33.92	28.41	35.27	28.41	28.84
Shareholders' equity per share after dilution, SEK	28.41	33.42	28.41	34.69	28.41	28.59
Cash flow from current operations before dilution, SEK	2.28	-0.81	-0.65	1.68	4.74	7.36
Cash flow from current operations after dilution, SEK	2.28	-0.80	-0.65	1.65	4.74	7.30
Number of shares outstanding at end of period	9 032 312	9 032 312	9 032 312	9 032 312	9 032 312	9 032 312
Number of shares outstanding at end of period after dilution ⁴⁾	9 032 312	9 152 686	9 032 312	9 152 686	9 032 312	9 110 209
Weighted average number of shares before dilution	9 032 312	7 998 167	9 032 312	7 693 130	9 032 312	8 362 721
Weighted average number of shares after dilution ⁴⁾	9 032 312	8 118 541	9 032 312	7 820 985	9 032 312	8 440 618
Number of warrants outstanding at end of period	350 000	600 000	350 000	600 000	350 000	600 000

¹⁾ Refers to the sum of company tax and deferred tax.

²⁾ Other external costs and personnel costs, for the year 2001 and for 12 months, includes restructuring costs, SEK 7.5 million

³⁾ Calculation in accordance with recommendation RR18 "Earnings per Share" of the Swedish Financial Accounting Standards Council in reference to which adjustments have been made to the comparison periods.

Comparison periods have been adjusted for the bonus emission element of the new stock issue in June 2001. Adjustment factor: 1.0867.

⁴⁾ Non-completed issues, which affect dilution for the year 2001 and for the period jan-jun 2001: Options issued to personnel, 250,000 (1999). Each option entitles to 1,08 shares. Other warrants do not influence dilution.

Statement of cash flow for the group, summary	3 m APR-JUN 2002	3 m APR-JUN 2001	6 m JAN-JUN 2002	6 m JAN-JUN 2001	JAN-DEC 2001
Cash flow before change in working capital	13.4	7.4	3.4	15.1	18.9
Change in working capital	7.2	-13.9	-9.3	-2.1	42.7
Cash flow from current operations	20.6	-6.5	-5.9	13.0	61.6
Cash flow from investment activities^{*)}	-4.3	15.1	-33.9	0.5	-16.5
Cash flow from financing operations	-2.3	96.1	1.1	115.8	96.7
Change in liquid funds	14.0	104.7	-38.7	129.3	141.8
Liquid funds, opening balance	137.8	73.3	190.5	48.7	48.7
Liquid funds, closing balance	151.8	178.0	151.8	178.0	190.5

^{*)} All periods during 2001: of which, cash flow from the sale of the activities in ProAct Medical: + SEK 23.3 million.

Key ratios	3 m APR-JUN 2002	3 m APR-JUN 2001	6 m JAN-JUN 2002	6 m JAN-JUN 2001	12 m JUL-JUN 01/02	JAN-DEC 2001
Operating profit before amortization of goodwill (EBITA), %	3.5	10.0	0.6	7.0	-0.7	2.5
Operating profit before amortization of goodwill (EBITA), % ^{*)}	3.5	1.8	0.6	2.1	0.2	0.9
Operating margin (EBIT), %	1.1	8.6	-1.9	5.3	-2.8	0.7
Operating margin (EBIT), % ^{*)}	1.1	0.2	-1.9	0.3	-1.9	-0.9
Return on equity, %	1.0	7.3	-1.8	7.9	-6.6	1.9
Return on equity, % ^{*)}	1.0	-2.3	-1.8	-2.1	-3.8	-4.7
Return on operating capital, %	1.7	9.4	-1.5	10.6	-5.9	5.4
Return on total capital, %	0.9	4.6	-0.7	4.9	-3.1	2.3
Equity ratio, %	51.7	47.9	51.7	47.9	51.7	44.2
Capital expenditure, SEK million	5.4	8.3	15.0	22.8	51.7	59.5
Average number of full-time equivalent employees	287	257	281	259		268

^{*)} 2001 adjusted by SEK 21.0 million for capital gains from the sale of the activities in ProAct Medical AB during the second quarter and by SEK 7.5 million for restructuring costs during the fourth quarter. 12 months adjusted by SEK 7.5 million for restructuring costs during the fourth quarter.

For definitions of key ratios, see the Annual Report 2001.

Operating revenue by country:	3 m APR-JUN 2002	3 m APR-JUN 2001	6 m JAN-JUN 2002	6 m JAN-JUN 2001
Sweden	106.1	140.4	195.3	247.2
Norway	41.1	68.2	82.4	104.8
Finland	27.6	24.7	50.2	36.8
Denmark	17.2	15.7	36.2	28.4
Switzerland	23.7	1.2	33.1	1.2
Total	215.7	250.2	397.2	418.4

Change in shareholders' equity for the Group	2002 30 Jun	2001 31 Dec
Opening balance	260.5	154.1
New stock issue (after deduction of issuing costs)	-	98.9
Warrants (after deduction of issuing costs)	-	0.2
Translation differences	0.7	3.3
Net profit/loss for the period	-4.6	4.0
Shareholders' equity, year end	256.6	260.5

Pledged assets and contingent liabilities	Group 30 June 2002	Group 31 Dec 2001	The Parent Company 30 June 2002	The Parent Company 31 Dec 2001
Corporate mortgages	29.9	30.1	3.0	3.0
Pledged trade accounts receivable	13.2	12.8	-	-
Pledged receivables on subsidiaries	-	-	17.0	17.0
Total pledged assets	43.1	42.9	20.0	20.0
Promised re shareholders' contributions	-	-	-	5.5
Guarantee concerning	-	-	-	-
committed credit facilities to subsidiaries	-	-	13.5	14.0
other guarantees for subsidiaries	-	-	7.7	6.8
Total contingent liabilities	-	-	21.2	26.3

Quarterly income statement	2000 Q1	Q2	Q3	Q4	2001 Q1	Q2 ^{*)}	Q3	Q4 ^{**))}	2002 Q1	Q2
Operating revenue	112.6	173.5	127.4	257.2	168.2	229.2	155.6	273.9	181.5	215.7
Goods for resale	-65.7	-108.9	-75.0	-164.2	-93.9	-141.7	-88.6	-173.9	-105.0	-122.0
Other external costs	-15.4	-18.7	-17.4	-22.1	-20.6	-26.4	-20.8	-25.4	-21.1	-23.2
Personnel costs	-34.5	-34.9	-34.4	-49.5	-46.3	-53.4	-50.1	-62.6	-55.9	-57.2
Depreciation of fixed assets.	-2.1	-2.4	-2.4	-2.8	-3.0	-3.7	-3.9	-5.2	-4.7	-5.6
Operating profit before amortization of goodwill	-5.1	8.6	-1.8	18.6	4.4	4.0	-7.8	6.8	-5.2	7.7
Amortization of goodwill	-2.4	-2.3	-2.6	-2.7	-3.5	-3.6	-3.8	-3.8	-4.8	-5.1
Operating profit/loss	-7.5	6.3	-4.4	15.9	0.9	0.4	-11.6	3.0	-10.0	2.6
Financial items	0.0	0.7	0.3	0.4	0.6	0.4	0.8	2.1	0.6	1.6
Result after financial items	-7.5	7.0	-4.1	16.3	1.5	0.8	-10.8	5.1	-9.4	4.2
Tax	-0.7	-1.9	1.0	-6.8	-1.0	-5.2	-0.2	0.3	1.5	-2.0
Minority interests	0.0	0.1	-0.1	-0.1	0.0	-0.4	0.1	0.3	0.5	0.6
Net profit	-8.2	5.2	-3.2	9.4	0.5	-4.8	-10.9	5.7	-7.4	2.8

*) Capital gains from the sale of activities in ProAct Medical AB, SEK 21.0 million excluded

**) Restructuring costs, SEK 7,5 million excluded

Accounting principles

This interim report has been drawn up in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Accounting Standards Council. In all other cases, this report follows the same accounting principles and calculation methods as used in the most recent annual accounts.

Auditors' review

The figures for the second quarter have not been reviewed by the company's auditors.

Translation

This is a translation of the original report, which is written in Swedish. In the event of any differences, the content of the Swedish report is to take precedence.