

INTERIM REPORT FOR HiQ, JANUARY-SEPTEMBER 2000

HiQ is an IT and management consultancy focusing on high-tech solutions within telecoms, mobility and simulation technology. The company is one of the leaders in these fields and the Nordic region is its domestic market. The Group employs around 400 people 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

Interim Report for HiQ International AB (publ), Swedish corporate identity number 556529-3205, for the period January-September 2000.

HiQ - turnover up 75 % with a margin of just over 17 %

- **Turnover increased 75% compared with the same period last year, totalling SEK 271.1 million (SEK 155.0 m).**
- **The profit prior to goodwill rose 67% compared with the same period last year, reaching a total of SEK 46.7 million (SEK 27.9 m). This is equivalent to a margin prior to goodwill depreciation of 17.2%.**
- **The operating profit showed a 55% increase compared with the same period last year, rising to SEK 42.4 million (SEK 27.3 m). This is equivalent to an operating margin of 15.6%.**
- **HiQ employed 114 people over the period under review.**
- **HiQ acquired WISE Networks in Copenhagen and Open Software in Gothenburg.**
- **A new warrants programme for all HiQ employees is being implemented.**
- **HiQ set up a subsidiary in Helsinki.**
- **HiQ signed a general agreement with Motorola regarding consulting services in the field of systems development for tele- and radio communications using the Tetra standard.**
- **HiQ was commissioned by the Swedish Post and Telecom Agency to analyse applications for UMTS licences.**
- **HiQ has launched an initiative focusing on “wireless cars”.**

Market development

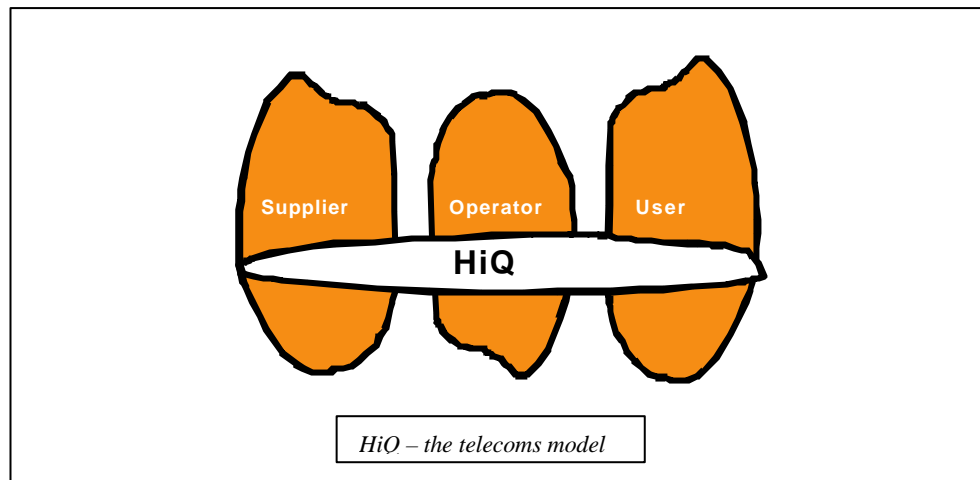
HiQ's market continues to look healthy and we currently see no signs of a fall-off in demand. As always, we deliver top-quality services to our customers, thus ensuring high profitability and continuing excellent growth.

HiQ has now established operations in Sweden, Norway, Denmark and Finland, focusing on high-tech solutions within telecoms, mobility and simulation technology and developing our position in the Nordic market.

The development of the Finnish company is proceeding according to plan. The market is looking good, our first consultants have been recruited and we are now getting in our first assignments.

HiQ collaborates with the entire telecoms chain. Our work is based on the “HiQ model”, which includes suppliers, operators and users, thus ensuring a

comprehensive market offering. Our know-how in the field of telecoms is also applied in other industries, such as finance, autos and energy, where demand is on the increase.



Advanced business-critical solutions are in great demand in the financial sector, which will soon be requiring 24-hour accessibility. HiQ now has some ten customers in the financial sector, and the number continues to grow. In terms of volume, there is a new trend in that we are now taking on larger projects as our know-how within the financial industry becomes more sought-after.

Developments within telecoms are proceeding more rapidly than ever. HiQ has been working on GPRS for just over 3 years, focusing on both technology and business development. The number of assignments within UMTS is increasing and we have strengthened our position within 3G during the year. We have assignments involving both GPRS and UMTS for customers throughout the Nordic region, and thus have a strategic edge in the market. In July, HiQ received the prestigious assignment of helping the Swedish Post and Telecom Agency to analyse the applications for the four UMTS licenses due to be awarded in December.

Technological development means greater bandwidth for both fixed and mobile networks. Increased bandwidth enables new services that are often launched in both fixed and mobile form. This development is generating a growing number of assignments for HiQ, assignments that are both technical and relate to business and service development.

In September, HiQ launched a “wireless cars” initiative focusing on wireless communication for automobiles. HiQ has many years of experience in developing communication solutions for cars and we are now seeing growing interest among our customers in assignments involving communication solutions based on the very latest technology, such as GPRS, Bluetooth and UMTS.

During the year, we have taken on assignments in almost 20 different countries, including new assignments in countries such as Japan, Switzerland, Israel and the US.

We are keen to follow our customers when they move abroad to be able to go on offering them top-quality services in new geographic locations. HiQ's establishments in Finland and Norway are two excellent examples of this strategy.

Acquisitions

The integration of HiQ Wise in Denmark and HiQ Open in Gothenburg is completed according to plan. Both companies are contributing to both growth and profitability.

The companies were consolidated as of 1 May 2000 and goodwill will be depreciated over 10 years.

Invoicing and profits

HiQ's turnover during the first 9 months of 2000 increased by 75% compared with the same period last year, totalling SEK 271.1 million (SEK 155.0 m).

The profit prior to goodwill rose 67% to SEK 46.7 million (SEK 27.9 m) compared with the same period last year. This represents a margin prior to goodwill depreciation of 17.2% (18.0%).

Operating profit rose by 55% on the same period last year, totalling SEK 42.4 million (SEK 27.3 m). The profit equals an operating margin of 15.6% compared with 17.6% for the same period in 1999.

Seen over a rolling twelve-month period, i.e. the period 1 October 1999 – 30 September 2000, HiQ's turnover was SEK 339.3 million and the profit prior to goodwill for the same period was SEK 57.7 million. This represents a margin prior to goodwill of 17.0%.

Employees

HiQ had an average of 273 employees over the period under review, compared with 169 for the same period last year.

HiQ has maintained its policy of attracting and keeping qualified staff members. This continues to be one of HiQ's greatest challenges, and we believe that we have been successful in this regard.

114 people were recruited during the period.

Investments

The group's net investments rose during the period to SEK 104.6 million, of which goodwill investments accounted for SEK 89.6 million and investments in new premises totalled SEK 8.6 million.

Financial position

HiQ's financial position continues to be healthy. At the end of the period, the Group's interest bearing net cash assets totalled SEK 34.2 million (SEK 12.5 m).

Shareholders' equity rose to SEK 176.4 million on 30 September 2000 compared with SEK 45.5 million on the same date in 1999. The increase in shareholders' equity is a result of the acquisition of Open and Wise, along with new share issues as well as the exercising of warrants.

The equity/assets ratio was 70.6% (55.8%).

SPP

The planned refund of surplus funds from SPP will be booked in the amount of SEK 2.1 million for the period. The funds will be utilised up to and including the year 2001.

In the Income Statement, the entire discounted sum will be booked as an item affecting comparability.

Extraordinary general meeting

HiQ will hold an extraordinary general meeting on Wednesday 25 October at 5 p.m. at the company's premises at Sveavägen 17, 17th floor.

At the meeting the Board will set forth a proposal regarding a selective new share issue of 167,408 shares in HiQ International relating to the supplementary purchase price in connection with the acquisition of Wise Network ApS.

Future outlook

Focus on high quality in conducted assignments leads to satisfied customers, excellent profitability and potential for further growth.

This year we established ourselves in Denmark and Finland and HiQ is now a Nordic company, a leader within telecoms, mobility and simulation technology. HiQ continues to work on developing the company into a more international enterprise and Europe's leading telecoms consultant.

The main strategy is organic growth complemented with strategic acquisitions. We view the Netherlands, Germany, the UK and Japan as interesting markets.

We will continue to invest in Finland, which we regard as a very interesting market.

We continue to work tirelessly to attract and retain our employees by making HiQ an attractive workplace with the lowest staff turnover in the industry.

Our focus on telecoms consists, according to the 'HiQ model', of customers throughout the whole chain of suppliers, operators and users. Furthermore, we spread our knowledge about and experience within high technology and telecommunications to other industries such as autos, finance, simulation and energy – a strategy that functions well.

Market outlook for HiQ's services continues to be positive and we anticipate a high workload and new exciting assignments, both national and international.

HiQ's long-term financial goal is to have organic growth of at least 30% and an operating margin prior to goodwill of at least 15%. We estimate that we will exceed our goals during the year 2000.

Telephone conference

HiQ will hold a telephone conference in English on 23 October at 4 p.m. Lars Stugemo, CEO, and Anna Jennehov, CFO, will represent HiQ.

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Code: 16 42 42

Presentation material can be obtained from 2 p.m. on 23 October from HiQ's English web site, www.hiq.se/english

Next report

The preliminary annual accounts for the 2000 financial year will be presented on 1 February 2001.

Stockholm, 23 October 2000

The Board of HiQ International AB

This report has not been subject to examination by an auditor.

For further information, please contact:

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Anna Svensson, CIO and Head of Investor Relations, HiQ, tel: +46 8 588 90 000

Income Statement

SEK 000s	Jan-Sept 2000	LTM	Jan-Sept 1999	Full year 1999
Operating income	271 098	339 297	154 977	223 176
Operating expenses, excluding depreciation	-220 437	-276 948	-125 112	-181 623
Operating profit before depreciation (EBITDA)	50 661	62 349	29 865	41 553
Depreciation, tangible fixed assets	-3 949	-4 699	-1 955	-2 705
Depreciation, intangible fixed assets	-4 352	-4 563	-621	-832
Operating profit (EBIT)	42 360	53 087	27 289	38 016
Extraordinary items (see Note 1)	2 063	2 063	-4 091	-4 091
Financial items	787	793	326	332
Pre-tax profit	45 210	55 943	23 524	34 257
Tax	-13 370	-16 874	-6 587	-10 091
Profit after tax	31 840	39 069	16 937	24 166

Note 1. 4 091 in September 1999 refers to costs in connection with the listing of the company on the Stockholm Stock Exchange on 12 april 1999
2 063 in September 2000 relates to a refund from SPP.

Balance Sheet

SEK 000s	Sept 2000	Sept 1999	Full year 1999
ASSETS			
Intangible fixed assets	87 075	2 083	1 871
Tangible fixed assets	21 357	9 707	11 050
Financial fixed assets	831	88	52
Total fixed assets	109 263	11 878	12 973
Accounts receivable	50 401	26 230	31 056
Other current assets, excl. liquid assets	48 722	25 447	29 487
Liquid assets	41 366	18 003	31 746
Total current assets	140 489	69 680	92 289
Total assets	249 752	81 558	105 262
SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES			
Shareholders' equity	176 359	45 528	57 268
Long-term, non-interest bearing reserves	6 209	3 635	5 626
Long-term interest-bearing liabilities	6 504	4 322	4 333
Short-term, non-interest bearing liabilities	59 183	26 813	36 810
Short-term, interest bearing liabilities	1 497	1 260	1 225
Total shareholder's equity, reserves and liabilities	249 752	81 558	105 262

	Jan-Sept 2000	LTM	Jan-Sept 1999	Full year 1999
Key figures				
Operating profit (EBIT)	42 360	53 087	27 289	38 016
Gross profit (EBITDA)	50 661	62 349	29 865	41 553
Operating profit before intangible depreciation (EBITA)	46 712	57 650	27 910	38 848
Gross margin (EBITDA margin)	18,7%	18,4%	19,3%	18,6%
Operating margin before intangible depreciation (EBITA r	17,2%	17,0%	18,0%	17,4%
Operating margin (EBIT margin)	15,6%	15,6%	17,6%	17,0%
Profit margin	16,7%	16,5%	15,2%	15,3%
Capital employed	184 360	-	51 110	62 826
Operating capital	142 163	-	33 019	31 028
Return on operating capital	48,9%	-	103,4%	149,7%
Return on shareholders' equity	27,3%	-	42,0%	52,3%
Financial position				
Capitalised investments in computers	1 786	2 420	896	1 530
Liquid assets	41 366	-	18 003	31 746
Interest-bearing net cash	34 196	-	12 509	26 240
Shareholders' equity	176 359	-	45 528	57 268
Equity/assets ratio	70,6%	-	55,8%	54,4%
Cash flow analysis				
Cash flow before change in operating capital & investmer	42 707	-	20 507	31 092
Change in operating capital	-18 641	-	-9 245	-8 516
Cash flow before investments	24 066	-	11 262	22 576
Cash flow from investments	-12 997	-	-1 859	-3 975
Cash flow after investments	11 069	-	9 403	18 601
Cash flow from investments activities	-1 449	-	-10 620	-6 074
Change in liquid assets	9 620	-	-1 217	12 527
Employees				
Number of employees	384	-	228	254
Number of employees in duty at end of period	342	-	197	221
Number of employees recruited	114	141	75	102
Average number of employees	273	257	169	178
Value added per employee	677	892	641	859
Turnover/employee	992	1 320	919	1 252
Operating profit/employee	155	207	162	213
Share data				
No. of shares, thousands	42 753	42 753	40 000	40 580
Average no. of shares, thousand	41 468	41 150	40 000	40 000
No. of shares after full dilution, thousands	44 204	44 204	42 400	42 400
Profit per share before dilution, SEK	0,74	0,91	0,42	0,60
Equity per share before dilution, SEK	4,13	-	1,14	1,41
Profit per share after dilution, SEK	0,72	0,88	0,40	0,57
Equity per share after dilution, SEK	3,99	-	1,07	1,35