

Effects of transition to International Financial Reporting Standards (IFRS) on interim periods

As of 1 January 2007, GIPS is applying the International Financial Reporting Standards (IFRS). The first report that was presented according to IFRS was the annual report for 2007 and where the full year restatements for 2006 and 2007 can be found (note 40).

In this document, the comparative figures for the interim periods 2007 are presented and have been restated from the accounting principles applied previously, "Swedish GAAP", to IFRS.

Quarter 1 2007

Effects of transition to IFRS on the consolidated statement of earnings for Q1 2007

	Swe GAAP Jan 1 - March 31, 2007. TSEK	Swe GAAP Jan 1 - March 31, 2007. TUSD	a) Intang. Assets	b) Share base payments	c) Business Combinatio ns	IFRS Jan 1 - March 31, 2007. TUSD
Revenue	33 699	4 806	-	-	-	4 806
Cost of goods sold	-4 502	-642	-	-	-	-642
Gross profit	29 197	4 164	-	-	-	4 164
Selling expenses	-20 847	-2 973	-	355	-	-2 618
Administrative expenses	-7 169	-1 023	-	592	-	-431
Research and development costs	-5 453	-778	277	237	-110	-375
Operating Profit (loss)	-4 272	-610	277	1 184	-110	741
Financial Income	1 064	152	-	-	-	152
Finance costs	-275	-39	-	-	-	-39
Profit/loss after financial items	-3 483	-497	277	1 184	-110	854
Tax on net profit for the year	-372	-53	-83	-	44	-92
Net profit/loss for the period	-3 855	-550	194	1 184	-66	762

Effects of transition to IFRS on the consolidated balance sheet for Q1 2007

	Swedish GAAP March 31, 2007. TSEK	Swedish GAAP March 31, 2007. TUSD	a) Intang. Assets	b) Share base payments	c) Reclassificat ions	d) Business Combinatio ns	IFRS March 31, 2007
Fixed assets							
Intangible fixed assets							
Patents	2 459	351	-	-	-	-	351
Software	14 087	2 012	-	-	-	2 401	4 414
Capitalised development expenditure	-	-	1 015	-	-	-	1 015
Goodwill	50 962	7 280	-	-2 461	-	-1 441	3 378
	67 508	9 644	1 015	-2 461	-	960	9 158
Tangible fixed assets							
Equipments	1 475	211	-	-	-	-	211
Tangible fixed assets	1 475	211	-	-	-	-	211
Financial fixed assets							
Other financial non-current assets	18 380	2 626	-	-	-	-	2 626
	18 380	2 626	-	-	-	-	2 626
Total fixed assets	87 363	12 480	1 015	-2 461	-	960	11 995
Current assets							
Trade receivables	35 702	5 100	-	-	-	-	5 100
Other receivables	8 348	1 193	-	-	-	-	1 193
Prepaid expenses and accrued income	12 963	1 852	-	-	-	-	1 852
Financial investments	-	-	-	-	3 000	-	3 000
	57 013	8 145	-	-	-	-	8 145
Cash and cash equivalents	67 577	9 654	-	-	-3 000	-	6 654
Total current assets	124 590	17 799	-	-	-	-	17 799
Total assets	211 953	30 279	1 015	-2 461	-	960	29 793

	Swedish GAAP March 31, 2007. TUSD	a) Intang. Assets	b) Share base payments	c) Reclassificat ions	d) Business Combinatio ns	IFRS March 31, 2007
Total Equity	173 741	710	-9 379	43	-	16 154
Minority Interest in Subsidiary	43	-	-	-43	-	-
Deferred tax liability	-	304	-	-	960	1 265
Other non-current liabilities	301	43	-	-	-	43
Provision for share-based payment liability	-	-	6 918	-	-	6 918
Total long-term liabilities	301	43	304	6 918	-	8 226
Current liabilities						
Trade payables	2 719	388	-	-	-	388
Accrued expenses and deferred income	35 191	5 025	-	-	-	5 025
Total current liabilities	37 911	5 414	-	-	-	5 414
Total Equity & Liability	211 953	30 279	1 015	-2 461	-	29 793

Effects of transition to IFRS on shareholders' equity

	March 31, 2007
Equity in accordance with formerly applied principles, TSEK	173 741
Equity in accordance with formerly applied principles, TUSD	24 779
Capitalization of intangible assets	1 015
Tax effects of capitalization of intangible assets	-304
Not settled liabilities from cash settled share-based payments	-9 379
Minority interests	43
Equity in accordance with IFRS	16 154

Quarter 2 2007

Effects of transition to IFRS on the consolidated statement of earnings for Q2 2007

	Swe GAAP Jan 1 - June 30, 2007, TSEK	Swe GAAP Jan 1 - June 30, 2007, TUSD	a) Intang. Assets	b) Share base payments	c) Business Combinatio ns	IFRS Jan 1 - June 30, 2007, TUSD
Revenue	70 489	10 159	-	-	-	10 159
Cost of goods sold	-7 232	-1 042	-	-	-	-1 042
Gross profit	63 257	9 117	-	-	-	9 117
Selling expenses	-44 975	-6 482	-	746	-	-5 736
Administrative expenses	-12 674	-1 827	-	1 244	-	-583
Research and development costs	-9 221	-1 329	560	498	-234	-505
Other income	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Operating Profit (loss)	-3 613	-521	560	2 488	-234	2 293
Financial Income	2 081	300	-	-	-	300
Finance costs	-673	-97	-	-	-	-97
Profit/loss after financial items	-2 205	-318	560	2 488	-234	2 496
Tax on net profit for the year	-7	-1	-168	-	94	-75
Net profit/loss for the period	-2 212	-319	392	2 488	-141	2 421

Effects of transition to IFRS on the consolidated balance sheet for Q2 2007

	Swedish GAAP June 30, 2007. TSEK	Swedish GAAP June 30, 2007. TUSD	a) Intang. Assets	b) Share base payments	c) Business Combinations	IFRS June 30, 2007
Assets						
Fixed assets						
Intangible fixed assets						
Patents	2 617	379	-	-	-	379
Software	766	111	-	-	2 277	2 388
Capitalised development expenditure	12 047	1 745	1 299	-	-	3 044
Goodwill	56 956	8 250	-	-2 461	-1 441	4 348
	72 386	10 485	1 299	-2 461	836	10 159
Tangible fixed assets						
Equipments	1 650	239	-	-	-	239
Tangible fixed assets	1 650	239	-	-	-	239
Financial fixed assets						
Other financial non-current assets	801	116	-	-	-	116
Deferred tax assets	17 446	2 527	-	-	-	2 527
	18 247	2 643				2 643
						-
Total fixed assets	92 282	13 367	1 299	-2 461	836	13 041
Current assets						
Trade receivables	38 316	5 550	-	-	-	5 550
Other receivables	11 667	1 690	-	-	-	1 690
Prepaid expenses and accrued income	9 065	1 313	-	-	-	1 313
Financial investments	-	-	-	-	-	-
	59 048	8 553				8 553
						-
Cash and cash equivalents	57 342	8 306	-	-	-	8 306
Total current assets	116 390	16 859	-	-	-	16 859
						-
Total assets	208 672	30 226	1 299	-2 461	836	29 900
						-
Total Equity	173 477	25 128	909	-8 075	-75	17 887
Long-term liabilities						
Deferred tax liability	-	-	390	-	911	1 300
Other non-current liabilities	-	-	-	-	-	-
Provision for share-based payment liability	-	-	-	5 614	-	5 614
Long-term note	677	98	-	-	-	98
Total long-term liabilities	677	98	390	5 614	911	7 012
						-
Current liabilities						
Trade payables	1 995	289	-	-	-	289
Other liabilities	6 393	926	-	-	-	926
Accrued expenses and deferred income	26 131	3 785	-	-	-	3 785
Total current liabilities	34 519	5 000	-	-	-	5 000
						-
Total Equity & Liability	208 672	30 226	1 299	-2 461	836	29 900

Effects of transition to IFRS on shareholders' equity for Q2 2007

	June 30, 2007
Equity in accordance with formerly applied principles, TSEK	173 477
Equity in accordance with formerly applied principles, TUSD	25 128
Capitalization of intangible assets	1 299
Tax effects of capitalization of intangible assets	-390
Depreciations on acquired intangible assets (IFRS 3)	-75
Not settled liabilities from cash settled share base payments	-8 075
Minority interests	
Equity in accordance with IFRS	17 887

Quarter 3 2007

Effects of transition to IFRS on the consolidated statement of earnings for Q3 2007

	Swe GAAP Jan 1 - September 30, 2007. TSEK	Swe GAAP Jan 1 - September 30, 2007. TUSD	a) Intang. Assets	b) Share base payments	c) Business Combinatio ns	IFRS Jan 1 - September 30, 2007. TUSD
Revenue	81 646	11 834	-	-	-	11 834
Cost of goods sold	-10 215	-1 482	-	-	-	-1 482
Gross profit	71 431	10 352	-	-	-	10 352
Selling expenses	-73 761	-10 710	-	2 029	-	-8 681
Administrative expenses	-26 513	-3 853	-	3 382	-	-471
Research and development costs	-13 599	-1 972	946	1 353	-360	-33
Other income	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Operating Profit (loss)	-42 442	-6 183	946	6 763	-360	1 166
Financial Income	2 852	413	-	-	-	413
Finance costs	75	-170	-	-	-	-170
Profit/loss after financial items	-39 515	-5 940	946	6 763	-360	1 409
Tax on net profit for the year	-137	-22	-284	-	144	-162
Net profit/loss for the period	-39 652	-5 962	662	6 763	-216	1 248

Effects of transition to IFRS on the consolidated balance sheet for Q3 2007

	Swedish GAAP September 30, 2007. TSEK	Swedish GAAP September 30, 2007. TUSD	a) Intang. Assets	b) Share base payments	c) Business Combinatio ns	IFRS September 30, 2007
Patents	3 074	453	-	-	-	453
Software	842	124	-	-	2 152	2 276
Capitalised development expenditure	10 417	1 535	1 684	-	-	3 219
Goodwill	56 267	8 291	-	-2 461	-1 441	4 389
	70 600	10 403	1 684	-2 461	711	10 337
Tangible fixed assets						
Equipments	1 527	225	-	-	-	225
Tangible fixed assets	1 527	225	-	-	-	225
Financial fixed assets						
Other financial non-current assets	3 515	518	-	-	-	518
Deferred tax assets	16 131	2 377	-	-	-	2 377
	19 647	2 895				2 895
						-
Total fixed assets	91 774	13 523	1 684	-2 461	711	13 457
Current assets						
Trade receivables	14 028	2 067	-	-	-	2 067
Other receivables	11 890	1 752	-	-	-	1 752
Prepaid expenses and accrued income	2 036	300	-	-	-	300
Financial investments	6 990	1 030	-	-	-	1 030
	34 944	5 149	-	-	-	5 149
						-
Cash and cash equivalents	46 542	6 858	-	-	-	6 858
Total current assets	81 485	12 007	-	-	-	12 007
						-
Total assets	173 259	25 530	1 684	-2 461	711	25 464
Total Equity	133 572	19 682	1 179	-3 800	-150	16 911
Long-term liabilities						
Deferred tax liability	-	-	505	-	861	1 366
Other non-current liabilities	-	-	-	-	-	-
Provision for share-based payment liability	-	-	-	1 339	-	1 339
Long-term note	2 294	338	-	-	-	338
Total long-term liabilities	2 294	338	505	1 339	861	3 043
						-
Current liabilities						
Trade payables	5 232	771	-	-	-	771
Other liabilities	7 811	1 151	-	-	-	1 151
Accrued expenses and deferred income	24 350	3 588	-	-	-	3 588
Total current liabilities	37 394	5 510	-	-	-	5 510
						-
Total Equity & Liability	173 259	25 530	1 684	-2 461	711	25 464

Effects of transition to IFRS on shareholders' equity for Q2 2007

	September 30 2007
Equity in accordance with formerly applied principles, TSEK	133 572
Equity in accordance with formerly applied principles, TUSD	19 682
Capitalization of intangible assets	1 684
Tax effects of capitalization of intangible assets	-505
Depreciations on acquired intangible assets (IFRS 3)	-150
Not settled liabilities from cash settled share base payments	-3 800
Minority interests	
Equity in accordance with IFRS	16 911

Description of effects:

a) Capitalized development expenses

In accordance with Swedish GAAP, as outlined by the Swedish Accounting Standards Board, research and development costs were expensed when incurred. Under IAS 38, research costs are expensed and development costs are capitalized once the company can demonstrate:

- its intention, and financial and technical capacity to complete the development project;
- the probability that the expected future economic benefits that are attributable to the development expenditure will flow to the entity
- that the cost of the intangible asset can be measured reliably.

In accordance with IFRS 1, this development expenditure has been capitalized retrospectively for all projects with a residual value other than zero per 1 January 2006. In Note 18 and note 40 in the Annual Report the effects of the transition is disclosed.

b) Share based payments

IFRS requires an expense to be recognized if the Group purchases goods or services in exchange for shares or rights over shares (equity-settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions). The main impact of this on the Group is the expensing of the employees' and Directors' share options and other share-based incentives by using an option-pricing model, with a credit to equity or liabilities for equity-settled and cash-settled options, respectively.

See the Company's Annual Report note 39 and 40 for description of how the transition has affected the opening balance.

c) Business Combinations

Goodwill, according to Swedish GAAP per 31 December 2006 was, (as described above) under Share-based payments, related to the share buy back.

The preliminary PPA of the acquisition of CrystalVoice rendered in an identified software of 2 521 TUSD, identified customer relations of 60 TUSD and deferred tax of 1 005 TUSD, see note 38 in the Annual Report for 2007. During Q4 the preliminary PPA was finalized as outlined in note 38 Business Combinations in the annual report.