



INTERIM REPORT FOR THE PERIOD JANUARY – SEPTEMBER 2005

HiQ INTERNATIONAL AB (publ),
company registration number 556529-3205

HiQ – specialisation and efficiency result in 45% growth and 19.6% operating margin

- Net sales increase to SEK 514.2 (354.9) million, an increase of 45 percent
- Operating profit (EBIT) increases to SEK 100.9 (39.9) million, corresponding to an operating margin of 19.6 (11.2) percent
- Pre-tax profit increases to SEK 101.7 (41.4) million
- Profit after tax increases to SEK 73.4 (29.6) million
- Earnings per share increase to SEK 1.49 (0.63)
- In February HiQ announced a new order from the Swedish Defence Materiel Administration (FMV) for the development of simulators for training fighter pilots for the JAS 39A Gripen. The order amounts to SEK 21.1 million
- In March HiQ announced cooperation with GTECH Corporation in respect of the development of a new gaming platform for Veikkaus in Finland. The order is worth around SEK 160 million over three years
- In May HiQ announced a new development order from Land Systems Hägglunds in respect of simulation equipment for combat vehicles
- In August HiQ announced an order from Siemens for total project management in the technical implementation of telephony services
- The AGM approved a dividend of SEK 1.30 per share, totalling around SEK 64 million, which was paid out in May
- As decided by the AGM, an election committee has been formed consisting of Jan Andersson, Thomas Ehlin, Ken Gerhardsen, Anders Ljungh and Peter Rönström

2005 in brief

The market for IT consulting services is currently characterised by good demand and HiQ is continuing to grow with good profitability. A company like HiQ, with a stable organisation, a strong driving force and good delivery capacity, is able to deliver very strong results even in the third quarter despite that it is generally regarded seasonally weaker. In the first nine months of the year HiQ demonstrated growth of 45 percent combined with an operating margin of 19.6 percent. HiQ's liquid assets at the end of the period amount to SEK 101.4 million.

HiQ has a clear position and our specialised offering is in demand from our clients. We work in technology intensive sectors together with demanding clients. This combined with a cost-effective organisation and a high level of quality awareness makes us a profitable quality supplier of advanced IT services.

In 2005 demand has been very good in all subsidiaries with strong growth and good margins. Sectors such as finance, the automotive industry, gaming & entertainment and telecoms are important growth sectors for HiQ, which is continuing to demonstrate good development. Today we have a significant presence in many business sectors, a result of the fact that the market demands our specialised offering within communication, systems development and simulation.

HiQ has top-level expertise and ten years' experience of developing advanced interactive gaming platforms for lotteries in a number of countries, and thus holds a unique position within the gaming & entertainment sector. The cooperation agreement with the US corporation GTECH, towards the Finnish lottery company Veikkaus, further strengthens HiQ's offering within gaming & entertainment and creates new opportunities in a growing and exciting industry.

HiQ is an IT and management consultancy company focusing on high-tech solutions in the fields of communications, software development and simulation technology. The company is a leader in these fields and the Nordic region is its domestic market. HiQ employs around 650 people at offices in Sweden, Finland and Denmark. HiQ is listed on the Attract 40 list of Stockholmsbörsen, the Stockholm Stock Exchange. For more information, please visit www.hiq.se

The market

HiQ is currently experiencing a strong market and demand for specialist services is very good. HiQ is developing well in all the geographical markets in which we operate. We are continuing to grow in sectors such as gaming & entertainment, the automotive industry, finance and telecoms. HiQ has a significant presence in many business sectors, a result of the fact that many clients demand our specialised offering within communication, systems development and simulation.

As the technical complexity of products and services increases, so the demand from companies for advanced bespoke solutions also grows. To maintain and increase their competitiveness, companies must continue to invest in systems and technology that help improve efficiency and client benefit.

Suppliers who are able to demonstrate a high level of expertise, quality, financial stability and good references are in a position to grow with good profitability even in a competitive market. As demand increases, the balance between supply and demand improves, increasing the opportunities for better prices.

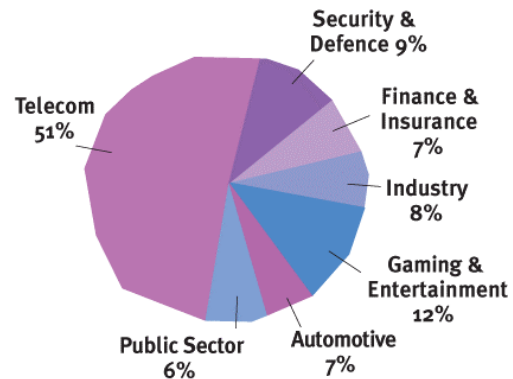
Development of market segments

During the period HiQ continued to develop positively in all the segments and regions in which it operates.

Examples of agreements signed during the third quarter:

- In August HiQ announced a new assignment for Siemens. HiQ has been contracted to manage the technical implementation of a brand new telecommunications solution encompassing telephony and networks for all hospitals under Region Skåne county council.
- In September HiQ signed a new framework agreement with the Swedish Road Administration. The agreement relates to project management and systems development during three years.
- In September the Swedish National Post and Telecom Agency (PTS) decided to renew its framework agreement with HiQ. The agreement covers technical investigations relating to infrastructure and Internet services as well as auditing and analysis of the granting of licences.

HiQ's net sales over the past twelve months are divided between the following market sectors:



HiQ's services are based on expertise within communication, systems development and simulation, appreciated by clients in many different business sectors. For private companies as well as authorities and organisations technology is today critical to ensure the effectiveness of its operations. HiQ develop, regardless of business sector, advanced systems and products with high demands on reliability, performance and communication.

Demand within **telecoms** is good, from both suppliers and operators. Operators are finding it increasingly important to reduce their costs of running the networks. By developing a new infrastructure that allows fixed and mobile telephony on a common platform, known as IMS (IP Multimedia Subsystem), operators are able to offer telephony services more efficiently. For HiQ, with many years' experience of projects within IP and other areas within the telecoms sector, this is creating new business opportunities with both suppliers and operators. HiQ also works with other players within telecoms, such as the Swedish National Post and Telecom Agency (PTS). The framework agreement signed in the third quarter means that HiQ will continue to advise PTS on regulatory matters relating to telecommunications.

Today HiQ is a significant player in the development and testing of mobile terminals and platforms and our services are in demand from leading players such as Ericsson, Nokia, SonyEricsson and Vodafone. As the technology becomes more advanced and communication between products and systems increases, it becomes all the more important for our clients to test and verify that products work with other products prior to launch. To satisfy the growing

demand for testing and verification, after the end of the period HiQ announced the launch of a test centre for mobile terminals. HiQ Test Centre for mobile terminals offers our clients a concept for testing and verification that includes everything from expert knowledge and resource planning to structured methods for improving the efficiency for our clients in the best way possible.

Gaming & entertainment is an important growth sector for HiQ. The development of the gaming markets, combined with increased mobility and the development of the Internet, is driving forward major changes in the market. New players are challenging the established national lotteries. This applies particularly within the area of sports betting, where there is growing demand for interactive gaming options. The trend towards convergence between the gaming & entertainment sectors is evident and HiQ is well positioned to make use of new opportunities.

For nearly ten years HiQ has helped develop the market for gaming via the Internet and mobile channels – mainly together with our Finnish client Veikkaus, one of the driving forces behind this technological development. One example of an interactive gaming solution, which HiQ has helped to develop, is Veikkaus's Live Betting. The agreement with GTECH, which was signed at the beginning of the year, means that HiQ will help to develop the market for interactive gaming for a number of years to come.

Demand within the **industrial sector** is stable. During the period HiQ continued to do business with clients such as ABB, Bombardier and Atlas Copco. HiQ is also in a very strong position in respect of the development of control systems in modern newspaper printing works. During the period we carried out a number of new assignments for various international clients.

During the period HiQ experienced good growth within **security & defence**. HiQ's knowledge of simulation technology is continuing to create new business opportunities. During the year HiQ has won several new orders from both FMV and Land Systems Hägglunds – two important clients.

HiQ's development within the **public sector** has been stable during the period. HiQ works on assignments for authorities such as the Swedish National Tax Board, the Swedish Environmental Protection Agency and the Swedish Road Administration. HiQ's

knowledge of mobile communications is generating business in a number of different sectors. For example, HiQ is assisting the Swedish Emergency Management Agency (SEMA) with the specification, procurement and introduction of mobile data applications in the new radio communications system RAKEL; this assignment was announced after the end of the period.

The **financial sector** is the area in which HiQ is growing the fastest in percentage terms. In 2004 HiQ substantially strengthened its position in this segment with the acquisition of HiQ Cats and in 2005 we have intensified our efforts in respect of this segment – an initiative that is resulting in new business. HiQ's work includes the development, management and testing of transaction-intensive systems for securities trading for clients such as OMX and leading Swedish banks.

HiQ is continuing to generate new business in the **automotive industry**, a segment that as far as HiQ is concerned has been characterised by very good growth in 2005. HiQ has worked actively on strengthening its efforts in respect of the automotive sector, which has produced good results. HiQ works with leading players such as Saab, Scania and Volvo.

Invoicing and profit

HiQ's net sales increased by SEK 159.3 million to 514.2 (354.9) million, which equals growth of 45 percent.

Operating profit (EBIT) increased by SEK 61.1 million to SEK 100.9 (39.9) million, which corresponds to a margin of 19.6 (11.2) percent.

Consolidated net financial items for the period amounted to SEK 0.8 (1.6) million.

Pre-tax profit (PTP) increased to SEK 101.7 (41.4) million.

Employees

At the end of the period HiQ had 638 (489) employees, of whom 611 (457) are active staff.

In the first nine months of the year HiQ recruited 152 new employees. HiQ is continuously working to integrate new employees in the organisation, an important process especially during periods of strong expansion.

Investments

The Group made net investments during the period of SEK 13.6 (49.9) million.

Investments in new premises account for SEK 0.0 (1.7) million, investments in equipment SEK 2.0 (1.6) million, investments in financial leasing SEK 2.0 (3.2) million and investments in financial assets SEK 9.6 (0.0) million.

Financial position

Cash flow from operations was positive and amounted to SEK 72.8 (16.3) million. During the third quarter cash-flow from operations amounted to SEK 28.0 (5.0) million.

As at 30 September the Group had liquid assets of SEK 101.4 (83.6) million. Liquid assets have reduced by merely SEK 0.9 million during the year despite the dividend of SEK 64 million that was paid out in May.

Interest-bearing net funds at the end of the period amounted to SEK 101.2 (75.8) million.

Shareholders' equity was SEK 326.6 (286.5) million at the end of the period and the equity/assets ratio was 66.0 (66.3) percent.

Warrants

On 28 April 2005 the Annual General Meeting approved a warrants programme aimed at employees of HiQ. All the warrants are acquired by the employees at market price.

The warrants programme consists of two series, the first of which was issued in May and was aimed at all employees. The second series will be issued in November and is aimed primarily at new employees. The number of warrants in series one and two will amount to a maximum of 1,250,000 warrants in total, with each warrant entitling the holder to buy one share. In the first series a total of 307 900 warrants were subscribed for.

The dilution effect on full utilisation of all outstanding warrants programmes will be approximately 4.1 percent. The term of these warrants is two years and shares may be subscribed for in May and November 2007 respectively.

Parent company

Profit after tax for HiQ International AB was SEK -7.0 (-4.4) million.

As at 30 September the parent company's interest-bearing net funds amounted to SEK 55.5 (45.5) million. Adjusted shareholders' equity was SEK 265.4 (288.4) million and the equity/assets ratio was 72.4 (80.3) percent.

The company's net investments during the period amounted to SEK 5.3 (56.1) million.

Accounting principles

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in accordance with the requirements set in Recommendation RR 31 of the Swedish Financial Accounting Standards Council on Interim Financial Reporting. The IFRS regulations applied are those adopted by EU.

A more detailed description of the transition to IFRS is given in appendix A. This states, among other things, that IFRS are applied with effect from and including 2005 and that the comparison figures relating to 2004 are translated in accordance with the new principles, with the exception of those concerning financial instruments. In accordance with the rules on the transition to IFRS, the new principles for financial instruments are applied only in those parts of the statements relating to 2005. The effects of the new principles on shareholders' equity at the beginning of the year are detailed in Note 2 to the interim report.

On the transition to IFRS the transitional rules in IFRS 1 "First-time Adoption of International Financial Reporting Standards" were applied. The main rule in the application of IFRS 1 is that all standards are to be applied retrospectively. IFRS 1 contains both mandatory and voluntary exemptions from this rule, however. A more detailed description of the exemptions that HiQ has chosen to apply can be found in Note 3.

The effects of the translation of comparison figures as regards the result for January – September 2004, the third quarter 2004 and the full year 2004 are described in Note 1.

The effects on shareholders' equity at the beginning and end of 2004 as well as of September 30, 2004 are detailed in Note 2. The effect of the adoption of IAS 39 on shareholders' equity at the beginning of 2005 is also described there.

Notes 4-5 describe the most significant effects on HiQ resulting from the transition to IFRS.

Events after the end of the period

- In October HiQ announced an assignment from the Swedish Emergency Management Agency (SEMA). HiQ has been commissioned to assist with the specification, procurement and introduction of mobile data applications in SEMA's new radio communications system RAKEL.
- In October HiQ also presented a venture involving a new concept for the testing and verification of mobile terminals. Among other things, HiQ Test Centre offers interoperability testing, third party application testing, conformance testing and expert consultancy. The new test centre will be used for testing mobile platforms and mobile terminals with products such as servers, networks, gateways, handhelds, etc.
- As decided by the AGM, an election committee has been formed consisting of Jan Andersson, Thomas Ehlin, Ken Gerhardsen, Anders Ljungh and Peter Rönström

Outlook

HiQ's assessment is that the conditions are good for HiQ's continued positive development. We believe that HiQ will continue to exhibit growth and profitability. We have faith in the long-term growth of all the sectors in which HiQ is active.

We believe that demand for advanced bespoke technical solutions will continue to increase. The complexity of new products and systems is creating demand for knowledge in the areas of simulation, advanced systems development, testing and verification; knowledge that HiQ possesses.

HiQ believes that the market for consulting services will continue to be competitive, with great demands on suppliers as regards quality, expertise and financial stability. In such a market HiQ is well positioned and well proportioned for further growth and profitability.

HiQ's main strategy is to be a specialised service company with the Nordic region and Nordic clients as a base. HiQ also works with clients internationally on various projects. HiQ's growth strategy is based on organic growth supplemented with strategic acquisitions. HiQ will continue to give priority to quality, profits and growth in that order.

HiQ does not make any forecasts.

Stockholm, 25 October 2005
The Board of HiQ International AB

This report has not been reviewed by the company's auditors.

Other reporting dates in 2005:

Year-end release 2005 14 February 2006

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The HiQ International Group
Company registration number 556529-3205

Income Statement

SEK 000s

	Jan-Sep 2005	Jan-Sep 2004	July-Sep 2005	July-Sep 2004	RTM	Full year 2004
Net sales	514 241	354 943	157 660	121 569	672 180	512 882
Cost of services sold	-68 103	-71 930	-19 608	-24 956	-94 412	-98 239
Other external expenses	-37 823	-29 396	-11 680	-8 870	-51 405	-42 978
Staff costs	-303 476	-210 740	-95 473	-70 259	-389 075	-296 339
Depreciation and write-downs	-3 915	-3 005	-1 315	-1 166	-5 088	-4 178
Operating profit	100 924	39 872	29 584	16 318	132 200	71 148
Interest income	646	654	242	266	954	962
Interest expenses	-308	-290	-123	-82	-414	-396
Other financial items	477	1 204	-18	280	891	1 618
Share of profit of associates	0	0	0	0	0	0
Pre-tax profit	101 739	41 440	29 685	16 782	133 631	73 332
Income tax expense	-28 309	-11 859	-8 463	-4 852	-38 124	-21 674
Profit for the period	73 430	29 581	21 222	11 930	95 507	51 658
Profit for the period attributable to shareholders *	73 430	29 581	21 222	11 930	95 507	51 658
Earnings per share attributable to shareholders						
Earnings per share before dilution, SEK	1,49	0,63	0,43	0,25	1,94	1,08
Earnings per share after dilution, SEK	1,48	0,62	0,43	0,25	1,93	1,08
Average number of shares, thousands	49 232	47 212	49 232	47 938	49 194	47 678
Average number of shares, after dilution, thousands	49 614	47 388	49 762	48 067	49 508	47 678

*No minority interests exists

Balance Sheet

SEK 000s	30 Sep 2005	30 Sep 2004	31 Dec 2004
ASSETS			
FIXED ASSEST			
Intangible fixed assets			
Goodwill	187 174	183 989	182 957
Other intangible fixed assets	4 895	6 156	5 841
Tangible fixed assets	16 671	14 944	15 665
Financial fixed assets	22 136	14 680	10 109
Total fixed assets	230 876	219 769	214 572
CURRENT ASSETS			
Short-term receivables			
Accounts receivable, trade	90 696	66 417	97 064
Other receivables	6 826	4 931	3 968
Prepaid expenses and accrued income	65 381	57 411	50 739
Liquid assets	101 359	83 579	102 209
Total current assets	264 262	212 338	253 980
Total assets	495 138	432 107	468 552
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Shareholders' equity attributable to shareholders	326 606	286 522	309 422
Minority interests	0	0	0
Total shareholders' equity	326 606	286 522	309 422
Non-current liabilities			
Deferred tax liabilities	19 771	18 132	20 033
Financial leasing debt	8 606	7 423	8 640
Other long-term liabilities	9 417	13 604	9 206
Total non-current liabilities	37 794	39 159	37 879
Current liabilities			
Accounts payable, trade	17 379	22 141	21 958
Current tax liabilities	15 574	373	2 814
Financial leasing debt	2 046	1 567	1 534
Other liabilities	31 639	31 099	38 396
Accrued expenses and prepaid income	64 100	51 246	56 549
Total current liabilities	130 738	106 426	121 251
Total shareholders' equity and liabilities	495 138	432 107	468 552
Pledged assets	None	None	None
Contingent liabilities	25 357	30 841	29 470

	Jan-Sep 2005	Jan-Sep 2004	July-Sep 2005	July-Sep 2004	RTM	Full year 2004
Cash flow analysis						
Cash flow before change in operating capital & investments	87 531	31 525	25 425	9 690	124 043	68 037
Change in operating capital	-14 732	-15 224	2 614	-4 736	-33 859	-34 351
Cash flow before investments	72 799	16 301	28 039	4 954	90 184	33 686
Cash flow from investments	-10 960	-28 994	-97	-26 169	-885	-18 919
Cash flow after investments	61 839	-12 693	27 942	-21 215	89 299	14 767
Cash flow from investments activities	-62 689	-10 718	-778	9 378	-71 519	-19 548
Change in liquid assets	-850	-23 411	27 164	-11 837	17 780	-4 781
Liquid assets at the start of the period	102 209	106 990	74 195	95 416	83 579	106 990
Liquid assets at the end of the period	101 359	83 579	101 359	83 579	101 359	102 209
Change in shareholders' equity						
Amount at the start of the period	309 422	246 012	307 451	245 045	286 522	246 012
Adoption of IAS 39 as of 1 January 2005	26	0	0	0	26	0
Dividends	-64 002	-21 080	0	0	-64 002	-21 080
Warrant premiums	1 524	891	0	0	2 224	1 591
New share issue in connection with redemption of warrants	0	415	0	0	1 252	1 667
New share issue in connection with acquisition	0	30 802	0	30 802	0	30 802
Translation difference	6 206	-99	-2 067	-1 255	5 077	-1 228
Profit for the period	73 430	29 581	21 222	11 930	95 507	51 658
Amount at the end of the period	326 606	286 522	326 606	286 522	326 606	309 422
Key figures						
Operating profit (EBIT)	100 924	39 872	29 584	16 318	132 200	71 148
Operating margin	19,6%	11,2%	18,8%	13,4%	19,7%	13,9%
Profit margin	19,8%	11,7%	18,8%	13,8%	19,9%	14,3%
Capital employed	337 258	295 512	337 258	295 512	337 258	319 596
Operating capital	225 388	210 708	225 388	210 708	225 388	215 815
Return on operating capital	45,7%	22,4%	12,9%	8,9%	60,6%	39,5%
Return on shareholders' equity	23,1%	11,1%	6,7%	4,5%	31,2%	18,6%
Financial position						
Expensed investments in computers	2 000	1 009	588	316	2 633	1 642
Liquid assets	101 359	83 579	101 359	83 579	101 359	102 209
Interest-bearing net cash	101 218	75 834	101 218	75 834	101 218	93 627
Shareholders' equity	326 606	286 522	326 606	286 522	326 606	309 422
Equity/assets ratio	66,0%	66,3%	66,0%	66,3%	66,0%	66,0%
Employees						
Number of employees	638	489	638	489	638	535
Number of employees in duty at end of period	611	457	611	457	611	490
Number of employees recruited (acquisition excl.)	152	101	22	35	212	161
Average number of employees	554	386	580	413	533	407
Value added per employee	692	618	204	202	934	867
Turnover per employee	928	920	272	294	1 261	1 260
Operating profit per employee	182	103	51	40	248	175
Share data						
No. of shares at end of period, thousands	49 232	49 000	49 232	49 000	49 232	49 232
Average no. of shares before dilution, thousand	49 232	47 212	49 232	47 938	49 194	47 678
Average no. of shares after dilution, thousand	49 614	47 388	49 762	48 067	49 508	47 678
Profit per share before dilution, SEK	1,49	0,63	0,43	0,25	1,94	1,08
Profit per share after dilution, SEK	1,48	0,62	0,43	0,25	1,93	1,08
Shareholders' Equity per share, SEK	6,63	5,85	6,63	5,85	6,63	6,28

Appendix A Transition to IFRS

The transition to IFRS has given rise to the following effects on HiQ's reported financial position and development.

The effects reported are based on the current standards, which may be amended in the period up until 31 December 2005.

Note 1 Effects on profits

Effects on profits

Effect on profits January – September 2004 (SEK 000s)

Profit for the period Jan-September 2004 according to previous principles	13,715
Reversal of goodwill amortization	15,976
Amortization of intangible assets	-110
Profit for the period Jan-September 2004 according to IFRS	29,581

Earnings per share Jan-Sep 2004 according to previous principles, before dilution, SEK	0.29
Earnings per share Jan-Sep 2004 according to IFRS, before dilution, SEK	0.63
Earnings per share Jan-Sep 2004 according to previous principles, after dilution, SEK	0.29
Earnings per share Jan-Sep 2004 according to IFRS, after dilution, SEK	0.62

Effect on profits July – September 2004 (SEK 000s)

Profit for July-September 2004 according to previous principles	6,357
Reversal of goodwill amortization	5,683
Amortization of intangible assets	-110
Profit for the period July - September 2004 according to IFRS	11,930

Earnings per share July-Sep 2004 according to previous principles, before dilution, SEK	0.13
Earnings per share July-Sep 2004 according to IFRS, before dilution, SEK	0.25
Earnings per share July-Sep 2004 according to previous principles, after dilution, SEK	0.13
Earnings per share July-Sep 2004 according to IFRS, after dilution, SEK	0.25

Effect on profits for full-year 2004 (SEK 000s)

Profit for full-year 2004 according to previous principles	29,872
Reversal of goodwill amortization	22,127
Amortization of intangible assets	-341
Profit for full-year 2004 according to IFRS	51,658

Earnings per share 2004 according to previous principles, before dilution, SEK	0.63
Earnings per share 2004 according to IFRS, before dilution, SEK	1.08
Earnings per share 2004 according to previous principles, after dilution, SEK	0.63
Earnings per share 2004 according to IFRS, after dilution, SEK	1.08

Note 2 Effects on shareholders' equity

Effect on shareholders' equity 1 January 2004 (SEK 000s)

Shareholders' equity 1 January 2004 according to previous principles	246,012
Adjustments	0
Shareholders' equity 1 January 2004 according to IFRS	246,012

Effect on shareholders' equity 30 September 2004 (SEK 000s)

Shareholders' equity 30 September 2004 according to previous principles	272,136
Reversal of goodwill amortization	15,976
Amortization of intangible assets	-110
Translation adjustments	-1,480
Shareholders' equity 30 September 2004 according to IFRS	286,522

Effect on shareholders' equity 31 December 2004 (SEK 000s)

Shareholders' equity 31 December 2004 according to previous principles	287,856
Reversal of goodwill amortization	22,127
Amortization of intangible assets	-341
Translation adjustments	-220
Shareholders' equity 31 December 2004 according to IFRS	309,422
Effect of introduction of IAS 39 as of 1 January 2005	26
Shareholders' equity 1 January 2005 according to IFRS	309,448

Note 3 Exemptions in IFRS 1 applied

The transition to IFRS is regulated in IFRS 1, "First-time Adoption of International Financial Reporting Standards". The main principle is that all the standards are to be applied retrospectively, but IFRS 1 contains a number of exemptions that companies may apply during their transition to IFRS. HiQ has decided to apply the following optional exemptions in IFRS 1:

- Acquisitions made before 1 January 2004 have not been adjusted in accordance with IFRS 3.
- HiQ has decided not to apply IAS 32 and IAS 39 (Financial Instruments) to the comparison year 2004.
- HiQ has decided to set the translation difference in shareholders' equity at the start of 2004 at zero.
- Share-based payment transactions issued before 7 November 2002 have not been reported in accordance with IFRS 2.

Note 4 IFRS 3 Business combinations

According to IFRS 3, intangible assets must be valued separately to a greater extent than under Swedish accounting principles in connection with acquisitions, and thus be presented separated from goodwill. The intangible assets identified at the time of acquisition are to be amortised over their economic lifetime. Goodwill will no longer be amortised but rather be tested for impairment, at least once a year.

In the acquisition carried out by HiQ in autumn 2004, intangible assets have been identified in the form of customer relations to a value of SEK 6.3 million (book value SEK 5.8 million as of 31 December 2004). The depreciation period is 5 years and the income statement for 2004 as prepared in accordance with IFRS is charged with depreciation of SEK 0.5 million. Deferred tax liabilities attributable to customer relations

have been calculated in accordance with IFRS 3 and amount to SEK 1.6 million as of 31 December 2004. The deferred tax liability will be dissolved in line with amortisation.

In accordance with IFRS 3, goodwill will no longer be depreciated; instead, the value will be reviewed on an ongoing basis (at least annually). HiQ has chosen to conduct the impairment test as of 31 December each year (or when indication on a decrease in value exists). For HiQ this means that the income statement for 2004 as prepared in accordance with IFRS is positively affected by SEK 22.1 million.

Note 5 IAS 32 och IAS 39

IAS 32 and IAS 39 are applied with effect from 1 January 2005 without adjusting the figures for the comparison year of 2004. As shown in note 2 the adoption to IAS 39 has affected shareholders' equity with SEK 26 thousand as of 1 January 2005, relating to embedded derivatives in customer contracts.