



YEAR-END RELEASE 2005 – HiQ INTERNATIONAL AB
(publ), Company Registration No. 556529-3205

HiQ 2005 – somewhat faster than the surroundings

- Net sales increase to SEK 720.5 (512.9) million, an increase of 40 percent
- Operating profit (EBIT) increases to SEK 148.3 (71.1) million, corresponding to an operating margin of 20.6 (13.9) percent.
- Pre-tax profit increases to SEK 149.5 (73.3) million
- Profit after tax increases to SEK 108.5 (51.7) million
- Earnings per share increase to SEK 2.20 (1.08)
- The Board's dividend proposal to the AGM is SEK 2.10 per share.
- In February 2005 HiQ announced a new order from the Swedish Defence Materiel Administration (FMV) for development of simulators to train combat pilots for the JAS 39A Gripen. The order amounts to SEK 21.1 million
- In March HiQ announced a cooperation agreement with GTECH Corporation to develop a new gaming platform for Veikkaus in Finland. The order is worth around SEK 160 million over three years
- In October HiQ launched a new testing centre for mobile terminals
- HiQ signed 16 new general agreements in 2005 with clients such as the National Post and Telecom Agency, Scania and the Swedish Defence Materiel Administration.

2005 in brief

In 2005 HiQ had its strongest year to date. HiQ shows sales growth of 40 percent and simultaneously achieves an operating margin of 20.6 percent. Because of our strong performance and our positive cash flow we have an outstanding financial situation today, with liquidity totalling SEK 133.7 million. The Board of Directors proposes a dividend of SEK 2.10 per share.

The market for specialised IT consulting services has experienced strong demand during the year. HiQ holds a clear position with a specialized offering that is in demand from customers in many industries, which when combined with a stable organization, strong driving force, good delivery capacity and a very cost-effective organization, enables us to achieve very strong results.

Developments have been good in all subsidiaries and geographic markets in 2005, with strong growth and good margins. Finance, telecoms, gaming and entertainment, and the automotive industry are important growth sectors for HiQ in which we continue to develop very well. We dedicated our efforts in 2005 to expanding our presence in all of the industries in which we are active. As a result, today we are a key player in many industries.

HiQ is growing under profitability and has recruited many new employees; 187 people began working at HiQ during the year. Recruitment has occurred with continued high capacity utilisation at all subsidiaries.

HiQ is an IT and management consultancy focusing on high-tech solutions in communications, software development, and simulation technology. The company is a leader in these fields and the Nordic region is our domestic market. HiQ employs over 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

In general, we are currently experiencing a good IT market in the Nordic countries, and the industry as a whole is growing. A majority of market analysts predict that the current growth rate in the Nordic IT market is 5-6%. In a period of economic expansion, such as the one we have now, HiQ can take advantage of its strong position and continue to grow and capture market share. Demand for HiQ's specialised services is excellent, which means that we can grow with continued high capacity utilisation. During 2005, we recruited many new employees to HiQ, laying the foundation for continued solid growth. A total of 187 new employees were hired during the year.

Increasing demand has improved the balance between supply and demand, which improves the possibility of a better price structure for HiQ services.

HiQ develops advanced systems and products, regardless of industry, with high demands for reliability, performance and communication with the rest of the world. Customers in many different industries appreciate these systems. Today, IT and communication is a critical factor for operations to be able to work in organizations, private companies, and public agencies.

Development of market areas

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

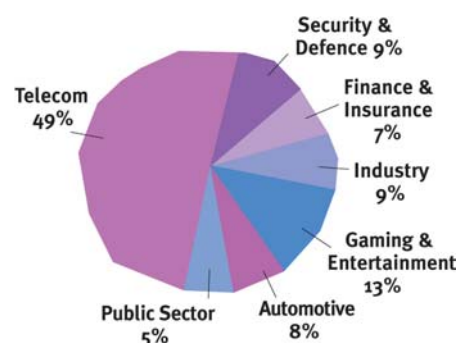
Examples of agreements signed during the fourth quarter include:

- In October HiQ announced a new assignment for the Swedish Emergency Management Agency (SEMA). HiQ assisted SEMA with specifications, procurement, and implementation of mobile data applications in the administrative agency's new RAKEL radio communication systems.
- In October HiQ launched a new testing centre for mobile terminals. HiQ's testing centre conducts interoperability testing, third-party

application testing, conformance testing, and expert consultancy for various customers. The new test centre will be used to test how mobile platforms and mobile terminals interact with products such as servers, networks, gateways and handhelds.

- In November HiQ announced an order from media corporation The Dominion Post in New Zealand to develop a new control system for its newspaper printing works.
- In November HiQ announced an order from Finnish Plusdial Oy. Plusdial is the provider of Helsinki City Transport's mobile ticketing system. HiQ helped Plusdial to update and further develop the company's software platforms.
- In December HiQ announced that it was commissioned to help the Swedish Tax Agency to produce a specification and develop prototypes for the Agency's service-based IT architecture.

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



HiQ is growing in sectors such as finance, defense, telecoms, manufacturing, gaming & entertainment, and the automotive industry. Growth is strongest in the automotive industry and the financial sector, where sales have more than doubled year-on-year. We are also experiencing strong growth in sectors such as gaming & entertainment and telecoms, in which HiQ has a larger base to grow from. In gaming and entertainment growth has surged by over 50 percent, and the telecoms industry is still

accounting for about 50 per cent of the total revenues.

Demand within **telecoms** has been healthy throughout 2005 from both suppliers and operators. Operators are finding it increasingly important to reduce the cost of running networks. By developing a new infrastructure that allows fixed and mobile services on a common platform known as IMS (IP Multimedia Subsystem), operators can offer more efficient telephony services. For HiQ, which has years of experience working on various assignments within IP and other fields in the telecoms sector, this is creating new business opportunities with both suppliers and operators.

HiQ also works with the regulatory authorities within telecoms, such as the Swedish National Post and Telecom Agency (PTS). Since the close of the period, HiQ won an order from the Finnish Communications Regulatory Authority (Ficora), the Finnish equivalent of PTS (the Swedish National Post and Telecom Agency). HiQ is helping Ficora to develop a system for administrating ENUM, a service that facilitates commercial use of IP telephony by converting analogue telephone numbers into Internet-based addresses.

Today HiQ is a significant player in the development and testing of mobile terminals and platforms and our services are in demand from leading clients such as Ericsson, Nokia, SonyEricsson and Vodafone. As the technology becomes more advanced and requirements for communication between products and systems increase, it becomes all the more important for our clients to test and verify that products work with other products prior to launch. HiQ offers customers a strong concept for testing and verification that includes everything from expert knowledge and resource planning, to structured methods for improving the efficiency of their test work in the best way possible.

Gaming & entertainment is an exciting 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, at the same time that there is a clear trend toward increased consolidation.

In the field of sports betting, demand for interactive gaming options is growing. 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 to develop the market for gaming via the Internet and mobile channels -- mainly together with our Finnish client Veikkaus, one of the driving forces behind technological development in the gaming industry. One example of an interactive gaming solution that HiQ has helped to develop is Veikkaus's Live Betting. HiQ is an active participant, driving the development of the interactive game market, as can be seen in the three-year agreement with GTECH, which was signed early in the year.

In 2005, the **automotive industry** grew fastest for HiQ in terms of percent. HiQ is a key player in the automotive industry with customers such as Danaher Motion, Saab, Scania and Volvo. Throughout the year HiQ actively intensified its efforts related to the automotive sector, with good results. A modern vehicle has a high technical content, and HiQ's knowledge of telematics and development of embedded systems is in demand from players in the automotive industry.

During the period HiQ experienced good growth in **security and defense**. HiQ's knowledge of simulation technology continues to create new business opportunities. During the year HiQ won several new orders from both FMV and Land Systems Hägglunds -- two important clients for HiQ. HiQ also works continuously to broaden its offering to the armed forces. For example, the Swedish Defence Materiel Administration commissioned HiQ to provide expertise in RFID technology, which was announced after the end of the reporting period. RFID technology makes it possible to label materials that can be read using a radio aerial.

HiQ continues to generate new business in the **financial sector**, a segment characterised by excellent growth. 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 is working with development, management and testing of transaction-intensive systems for securities trading for clients such as OMX and leading Swedish banks. HiQ is currently working with about ten customers in the financial sector and has thus created a platform for continued growth in the industry.

HiQ's position within the **public sector** has been stable during the year. It is becoming increasingly important for public agencies and organisations to develop an IT environment that helps to streamline and strengthen operations. For example, HiQ helped the Swedish Tax Agency to formulate specifications and develop prototypes for a service-based IT architecture. HiQ works also on behalf of clients such as the Swedish Emergency Management Agency, the Swedish Environmental Protection Agency and the National Road Administration.

In 2005, the **industrial sector** has had a good development for HiQ. During the period HiQ continued to do business with customers such as ABB, Atlas Copco and Bombardier. HiQ is also in a very strong position in respect of the development of control systems in modern newspaper printing works, as exemplified by the order from New Zealand media corporation The Dominion Post, which was announced during the fourth quarter.

Invoicing and profit

HiQ's net sales increased by SEK 207.6 million to SEK 720.5 (512.9) million, which equals growth of 40 percent.

Operating profit (EBIT) increased by SEK 77.2 million to SEK 148.3 (71.1) million, which corresponds to a margin of 20.6 (13.9) percent.

Consolidated net financial items for the period amounted to SEK 1.2 (2.2) million.

Pre-tax profit (PTP) increased to SEK 149.5 (73.3) million.

Employees

At the end of the period HiQ had 658 (535) employees, of whom 622 (490) are active staff.

During the year HiQ recruited 187 new employees. HiQ works continuously to integrate new employees into the organisation - an important process, especially during periods of strong expansion.

Investments

The Group made net investments during the period of SEK 15.2 (49.4) million.

Investments in new premises account for SEK 0.2 (1.5) million, investments in equipment SEK 3.0 (1.8) million, investments in financial leasing SEK 3.0 (4.7) million and investments in financial assets SEK 9.0 (0.0) million.

Financial position

Cash flow from operations totaled SEK 105.9 (33.7) million. During the fourth quarter cash flow from operations amounted to SEK 33.1 (17.4) million.

As of 31 December, the Group had liquid assets amounting to SEK 133.7 (102.2) million. Liquid assets increased by SEK 31.5 million during the year, despite a dividend totalling SEK 64 million that was paid in May.

Interest-bearing net funds at the end of the period amounted to SEK 130.8 (93.6) million.

Shareholders' equity was SEK 363.6 (309.4) million at the end of the period and the equity/assets ratio was 64.2 (66.0) percent.

Proposed dividend

The Board's dividend proposal to the AGM is SEK 103,4 million, corresponding to SEK 2,10 per share.

Warrants

On 28 April 2005 the Annual General Meeting approved a warrants programme aimed at HiQ

employees. 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 2005 and was aimed at all employees. The second series was issued in November 2005 and was 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. The total number of warrants subscribed for was 460,650 in the two series. The term of these warrants is two years and shares may be subscribed for in May and November 2007 respectively.

If all of the outstanding warrant programmes are utilised, the dilution effect will be around 2.6 per cent.

Parent company

Profit after tax amounted to SEK 117.4 (39.7) million.

As at 31 December the parent company's interest-bearing net funds amounted to SEK 71.7 (65.6) million. Adjusted shareholders' equity was SEK 365.5 (334.8) million and the equity/assets ratio was 89.0 (88.8) percent.

The company's net investments during the period amounted to SEK 5.3 (55.9) 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 the European Commission.

The parent company, HiQ International AB, applies the Swedish Annual Accounts Act and RR 32 "Accounting in Legal Entities".

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 the fourth quarter 2004, and the full year are described in Note 1.

The effect on shareholders' equity at the beginning and end of 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 January HiQ announced an assignment for the Finnish Communications Regulatory Authority (Ficora), which is the Finnish equivalent of PTS (the Swedish National Post and Telecom Agency). HiQ will develop a system for administration of ENUM, a service that converting telephone numbers into Internet-based addresses.
- In January HiQ also announced an order from the Swedish Defence Materiel Administration to provide logistics specialists with a focus on

solutions for RFID (Radio Frequency Identification), which will make it possible to mark materials so they can be read using a radio aerial.

Outlook

HiQ's assessment is that HiQ will continue to display growth and profitability. We have faith in the long-term growth of all the sectors in which HiQ is active.

The market for specialised IT consulting services is characterised by good demand. HiQ holds a clear position with a specialised offering that is in demand from customers in many industries. This combined with a stable organisation, strong driving force, good delivery capacity and a very cost-effective organisation enables us to achieve very strong results.

We believe that demand for advanced customised technical solutions will continue to rise. The complexity of new products and systems is creating a need for expertise in simulation, advanced systems development, testing and verification – expertise 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. HiQ is well positioned and dimensioned to continue to grow and be profitable in this market climate.

HiQ's main strategy is to be a specialised service company with the Nordic region and Nordic clients as a base. HiQ is also working with clients on various projects at the international level. 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.

Reporting dates 2006:

Interim report for the first quarter, 27 April

Interim report for the second quarter, 23 August

Interim report for the third quarter, 25 October

Year-end Release 2006, 31 January 2007

Annual General Meeting

The AGM will take place on 27 April at 6 p.m. in HiQ's offices on Mäster Samuelsgatan 17, 9th floor in Stockholm. A separate notice will be published in the Swedish Official Gazette, Svenska Dagbladet and the company website at a later date.

The 2005 annual report will be available at HiQ's offices from mid-April.

Stockholm, 14 February 2006

The Board of Directors for HiQ International AB

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

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HiQ bases its market offering on expertise within communications, software development and simulation.

HiQ works in the following areas:

Telecoms: Development and testing of infrastructure and platforms, network planning, billing, regulatory issues, procurement, IT strategies, development of support systems and business

Mobile terminals & applications: Development and testing of mobile terminals and applications

Simulation for testing, training & education: Development and testing of simulators

Interactive gaming & platforms: Development of gaming platforms for gaming via the Internet and other interactive channels

Business-critical systems: Development of system with high requirements for availability and reliability, such as systems for equities trading

Automotive IT & telematics: Development and testing of products, mobile applications and support



The HiQ International Group
Company registration number 556529-3205

Income Statement

SEK 000s

	2005	2004	Oct-Dec 2005	Oct-Dec 2004
Net sales	720 523	512 882	206 282	157 939
Cost of services sold	-94 664	-98 239	-26 561	-26 309
Other external expenses	-53 060	-42 978	-15 237	-13 582
Staff costs	-419 149	-296 339	-115 673	-85 599
Depreciation and write-downs	-5 324	-4 178	-1 409	-1 173
Operating profit	148 326	71 148	47 402	31 276
Interest income	1 071	962	425	308
Interest expenses	-406	-396	-98	-106
Other financial items	516	1 618	39	414
Pre-tax profit	149 507	73 332	47 768	31 892
Income tax expense	-41 042	-21 674	-12 733	-9 816
Profit for the period	108 465	51 658	35 035	22 076
Profit for the period attributable to shareholders	108 465	51 658	35 035	22 076
Earnings per share attributable to shareholders				
Earnings per share before dilution, SEK	2,20	1,08	0,71	0,45
Earnings per share after dilution, SEK	2,18	1,08	0,70	0,45
Average number of shares, thousands	49 232	47 678	49 232	49 078
Average number of shares, after dilution, thousands	49 658	47 678	49 795	49 130

Balance Sheet

SEK 000s	31 Dec 2005	31 Dec 2004
ASSETS		
FIXED ASSEST		
Intangible fixed assets		
Goodwill	188 289	182 957
Other intangible fixed assets	4 580	5 841
Tangible fixed assets	17 875	15 665
Financial fixed assets	19 737	10 109
Total fixed assets	230 481	214 572
CURRENT ASSETS		
Short-term receivables		
Accounts receivable, trade	124 724	97 064
Other receivables	12 375	3 968
Prepaid expenses and accrued income	64 663	50 739
Liquid assets	133 693	102 209
Total current assets	335 455	253 980
Total assets	565 936	468 552
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Shareholders' equity attributable to shareholders	363 554	309 422
Total shareholders' equity	363 554	309 422
Non-current liabilities		
Deferred tax liabilities	1 421	20 033
Financial leasing debt	8 896	8 640
Other long-term liabilities	6 904	9 206
Total non-current liabilities	17 221	37 879
Current liabilities		
Accounts payable, trade	21 327	21 958
Current tax liabilities	33 005	2 814
Financial leasing debt	2 145	1 534
Other liabilities	56 171	38 396
Accrued expenses and prepaid income	72 513	56 549
Total current liabilities	185 161	121 251
Total shareholders' equity and liabilities	565 936	468 552
Pledged assets	None	None
Contingent liabilities	23 576	29 470

	2005	2004	Oct-Dec 2005	Oct-Dec 2004
Cash flow analysis				
Cash flow before change in operating capital & investments	124 761	68 037	37 230	36 512
Change in operating capital	-18 884	-34 351	-4 152	-19 127
Cash flow before investments	105 877	33 686	33 078	17 385
Cash flow from investments	-10 977	-18 919	-17	-195
Cash flow after investments	94 900	14 767	33 061	17 190
Cash flow from investments activities	-63 416	-19 548	-727	1 440
Change in liquid assets	31 484	-4 781	32 334	18 630
Liquid assets at the start of the period	102 209	106 990	101 359	83 579
Liquid assets at the end of the period	133 693	102 209	133 693	102 209
Change in shareholders' equity				
Amount at the start of the period	309 422	246 012	326 606	286 522
Adoption of IAS 39 as of 1 January 2005	26	0	0	0
Dividends	-64 002	-21 080	0	0
Warrant premiums	2 512	1 591	988	700
New share issue in connection with redemption of warrants	0	1 667	0	1 252
New share issue in connection with acquisition	0	30 802	0	0
Translation difference	7 131	-1 228	925	-1 128
Profit for the period	108 465	51 658	35 035	22 076
Amount at the end of the period	363 554	309 422	363 554	309 422
Key figures				
Operating profit (EBIT)	148 326	71 148	47 402	31 276
Operating margin	20,6%	13,9%	23,0%	19,8%
Profit margin	20,7%	14,3%	23,2%	20,2%
Capital employed	374 595	319 596	374 595	319 596
Operating capital	232 783	215 815	232 783	215 815
Return on operating capital	66,1%	39,5%	20,7%	14,2%
Return on shareholders' equity	32,2%	18,6%	10,2%	7,4%
Financial position				
Expensed investments in computers	2 782	1 642	782	633
Liquid assets	133 693	102 209	133 693	102 209
Interest-bearing net cash	130 771	93 627	130 771	93 627
Shareholders' equity	363 554	309 422	363 554	309 422
Equity/assets ratio	64,2%	66,0%	64,2%	66,0%
Employees				
Number of employees	658	535	658	535
Number of employees in duty at end of period	622	490	622	490
Number of employees recruited (acquisition excl.)	187	161	35	60
Average number of employees	568	407	609	470
Value added per employee	963	867	269	244
Turnover per employee	1 269	1 260	339	336
Operating profit per employee	261	175	78	67
Share data				
No. of shares at end of period, thousands	49 232	49 232	49 232	49 232
Average no. of shares before dilution, thousand	49 232	47 678	49 232	49 078
Average no. of shares after dilution, thousand	49 658	47 678	49 795	49 130
Profit per share before dilution, SEK	2,20	1,08	0,71	0,45
Profit per share after dilution, SEK	2,18	1,08	0,70	0,45
Shareholders' Equity per share, SEK	7,38	6,28	7,38	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.

Note 1 - Effects on profits

Effects on profits October – December 2004 (SEK 000s)

Profit for the period October – December 2004 according to previous principles	16,157
Reversal of goodwill amortization	6,147
Amortization of intangible assets	-228

Profit for the period October - December 2004 according to IFRS	22,076
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Earnings per share October – December 2004 according to previous principles, before dilution, SEK	0.33
Earnings per share October – December 2004 according to IFRS, before dilution, SEK	0.45

Earnings per share October – December 2004 according to previous principles, after dilution, SEK	0.33
Earnings per share October – December 2004 according to IFRS, after dilution, SEK	0.45

Effects on profits Jan-Dec 2004 (SEK 000s)

Profit for the 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
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Earnings per share 2004 full-year 2004 according to previous principles, before dilution, SEK	0.63
Earnings per share 2004 full-year 2004 according to IFRS, before dilution, SEK	1.08

Earnings per share full-year 2004 according to previous principles, after dilution, SEK	0.63
Earnings per share full-year 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
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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 reserve	-220

Shareholders' equity 31 December 2004 according to IFRS	309,422
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Effect of introduction of IAS 39 as of 1 January 2005	26
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Shareholders' equity 1 January 2005 according to IFRS	309,448
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Note 3 - Exemptions in IFRS 1 applied

The transition to IFRS is regulated in IFRS 1, "First-time Adoption of International 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 take advantage of the following optional exceptions in IFRS 1:

- Acquisitions carried out before 1 January 2004 have not been restated according to IFRS 3.
- HiQ has decided not to apply IAS32 and IAS39 (Financial Instruments) for the comparative year 2004.
- HiQ has decided to state the translation difference in shareholders' equity at the beginning of 2004 as zero.
- Share-based payment transactions issued before 7 November 2002 have not been reported in accordance with IFRS2 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 were 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. HiQ has chosen to conduct the impairment test as of 31 December each year (or when indication of 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 and 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.