

INTERIM REPORT FOR THE PERIOD JANUARY-JUNE 2005
HiQ INTERNATIONAL AB
(publ), company registration number 556529-3205

HiQ – growing by 53%, 20% operating margin

- Net sales increase to SEK 356.6 (233.4) million, an increase of 53 percent
- Operating profit (EBIT) increases to SEK 71.3 (23.6) million, corresponding to an operating margin of 20.0 (10.1) percent
- Pre-tax profit increases to SEK 72.1 (24.7) million
- Profit after tax increases to SEK 52.2 (17.7) million
- Earnings per share increase to SEK 1.06 (0.38)
- 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
- The AGM approved a dividend of SEK 1.30 per share, totalling around SEK 64 million, which was paid out in May

2005 in brief

HiQ is enjoying strong development with good growth and profitability in all its regions. During 2005 130 new employees were recruited, 71 of these in the second quarter. Growth during the period was 53 percent and the operating margin for the period was 20.0 percent.

The positive development that we saw at the beginning of the year continued in the second quarter. Demand for the services that HiQ offers is very good and today we are experiencing a stronger market than in 2004. At the same time, the market is characterised by fierce competition and high quality demands from clients. When demand increases, the balance between demand and supply improves, providing opportunity for better prices.

HiQ holds a strong position with a specialised offering. Our ambition is to grow together with satisfied and demanding clients. This combined with high efficiency and a high level of quality awareness enables us to show very strong results.

HiQ works within technology-intensive industries in which there is increasing demand from clients for specialist expertise in communications, software development and simulation. We experience strong growth in sectors such as gaming & entertainment, the automotive industry, finance and telecoms, and during the period we are exhibiting good growth in security and defence. The telecoms sector sets the tone when it comes to technological development, and both operators and manufacturers have continued to invest in new development.

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 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

Demand for specialist services is very good in all the geographical markets in which HiQ operates. In the first half we experienced a stronger market than in 2004. During the period HiQ experienced strong growth in sectors such as security & defence, gaming & entertainment, the automotive industry, finance and telecoms.

Technology is developing and 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 that help improve efficiency.

Today the market is highly competitive and clients are very quality-conscious. Suppliers who are able to demonstrate a high level of expertise, quality, financial stability and good references are in a position to generate growth and good profitability. As demand increases, the balance between demand and supply improves, increasing the opportunities for better prices.

Development of market segments

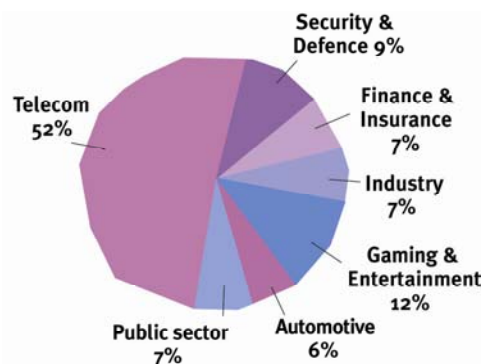
During the period HiQ developed positively in all the segments and regions in which it operates.

Examples of agreements signed during the second quarter:

- In May HiQ made public a new development order from Land Systems Hägglunds. HiQ is developing new simulation equipment, including for the CV 9035 NL combat vehicle, for which the end-customer is the Dutch armed forces. The simulation equipment will be used for testing software in the development of new combat vehicles.
- In May HiQ signed a new framework agreement with truck manufacturer Scania. The agreement relates to the development of embedded systems and is effective for one year.
- In June HiQ signed a new framework agreement with FMV, the Swedish Defence Materiel Administration. The agreement

covers services within the areas of tactical telecommunications systems, radar and electronic warfare as well as network structure, and extends over two years.

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



The positive trend seen in **telecoms** continued in the second quarter. Demand is good, with both suppliers and operators investing in the development of systems, terminals and new services. We have experienced a growing demand for development projects within the infrastructure area among the suppliers. HiQ has expert knowledge of telecoms both within fixed and mobile telephony. The assignment from Siemens, that was announced after the end of the period, is a good example of how HiQ's expertise can help an established player like Siemens to become more competitive and create good client relations. HiQ also works on regulatory issues within telecoms, for example with the Swedish National Post and Telecom Agency.

HiQ is continuing to win new orders and clients within the mobile telephony segment and works with the leading Nordic players such as Nokia, Ericsson, SonyEricsson and Vodafone. As requirements for more 3G terminals to reach the market increase, so demand for HiQ's services is also growing. There is increasing demand from both operators and suppliers for HiQ's services in the area of testing and verification, such as the testing of new terminals and services in the mobile networks.

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

Gaming & entertainment is an important and exciting growth sector for HiQ. The development of the gaming markets, combined with increased mobility and the development of the Internet, has driven 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 a growing demand for interactive gaming options.

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. Other examples of interactive gaming solutions in which HiQ has been involved and which HiQ has helped to develop include Folkspel's HockeyChallenge and Veikkaus's Live Betting. The agreement with GTECH means that HiQ will help to develop the market for interactive gaming for a number of years to come.

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

HiQ's development within the **public sector** has been stable during the period. HiQ is continuing to generate new business in this segment, primarily through the framework agreement with the Swedish Agency for Public Management which HiQ signed in autumn 2004, when HiQ was chosen as a preferred supplier to 51 Swedish authorities. In the first half, for example, HiQ worked on developing a new reporting system for the Swedish Environmental Protection Agency.

The **financial sector** continues to be a segment in which HiQ is growing, largely thanks to HiQ having strengthened its position substantially in 2004. 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's position within the **automotive industry** is good at present and we are winning new projects from automotive clients, spearheaded by our subsidiary in Gothenburg. HiQ continued to grow in this segment in the second quarter. The new framework agreement with Scania, which was signed in the second quarter, creates the conditions for HiQ to continue to grow in the automotive segment in other geographical markets as well.

Invoicing and profit

HiQ's net sales increased by SEK 123.2 million to SEK 356.6 (233.4) million, which equals growth of 53 percent.

Operating profit (EBIT) increased by SEK 47.8 million to SEK 71.3 (23.6) million, which corresponds to a margin of 20.0 (10.1) percent.

Consolidated net financial items for the period amounted to SEK 0.7 (1.1) million.

Pre-tax profit (PTP) increased to SEK 72.1 (24.7) million.

Employees

At the end of the period HiQ had 633 (430) employees, of whom 572 (397) are active staff.

In the first half-year HiQ recruited 130 new employees.

Investments

The Group made net investments during the period of SEK 15.8 (5.8) million, of which investments in new premises account for SEK 0,0 (1.6) million, investments in equipment SEK 1.6 (1.4) million, investments in financial leasing SEK 1.2 (2.9) million and investments in financial assets SEK 12.9 (0.0) million.

Financial position

Cash flow from operations was positive and amounted to SEK 48.3 (11.3) million.

As at 30 June the Group had liquid assets of SEK 74.2 (95.4) million. Liquid assets reduced by SEK 52.8 million compared with the first quarter 2005 due to 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 74.6 (87.5) million.

Shareholders' equity was SEK 307.5 (245.0) million at the end of the period and the equity/assets ratio was 63.2 (65.6) percent.

Parent company

Profit after tax for HiQ International AB was SEK -5.0 (-1.9) million.

As at 30 June the company's interest-bearing net funds amounted to SEK 38.9 (68.8) million. Adjusted shareholders' equity was SEK 267.3 (260.2) million and the equity/assets ratio was 77.3 (79.8) percent.

The company's net investments during the period amounted to SEK 8.7 (0.0) 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.

A more detailed description of the transition to IFRS is given in appendix A. This states, among other things, that International Financial Reporting Standards (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 first half-year, the second quarter as well as the full year 2004 are described in Note 1.

The effects on shareholders' equity at the beginning and end of 2004 as well as at the end of the first half-year 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.

HiQ Sailing Team

In 2005 HiQ has intensified its work on marketing and strengthening the HiQ brand. One of the ways in which this is being done is through the HiQ Sailing Team. During the spring and summer the 60-foot trimaran HiQ successfully competed in the Nordic sailing races making up the Nokia Oops Cup competition and will be utilised in late summer and autumn for activities with clients and employees.

Events after the end of the period

- In August HiQ announced cooperation with Siemens Scandinavia in which HiQ has been given responsibility for project management of the technical implementation of a new telephony platform for all hospitals in the Region Skåne county council area.

Outlook

HiQ's assessment is that the prevailing market offers good conditions for HiQ's continued good 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, 24 August 2005
The Board of HiQ International AB

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

Other reporting dates in 2005:

| | |
|-------------------------|------------------|
| Interim report, Jan-Sep | 25 October 2005 |
| Year-end release 2005 | 14 February 2006 |

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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 systems with high requirements of reliability and availability, such as systems for equi

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 | Jan-June 2005 | Jan-June 2004 | April-June 2005 | April-June 2004 | RTM | 2004 |
|---|------------------|------------------|--------------------|--------------------|----------------|---------------|
| Net sales | 356 581 | 233 374 | 189 314 | 120 108 | 636 089 | 512 882 |
| Cost of services sold | -48 495 | -46 974 | -25 413 | -24 663 | -99 760 | -98 239 |
| Other external expenses | -26 143 | -20 526 | -14 250 | -9 846 | -48 595 | -42 978 |
| Staff costs | -208 003 | -140 481 | -107 969 | -72 633 | -363 861 | -296 339 |
| Depreciation and write-downs | -2 600 | -1 839 | -1 341 | -932 | -4 939 | -4 178 |
| Operating profit | 71 340 | 23 554 | 40 341 | 12 034 | 118 934 | 71 148 |
| Interest income | 404 | 388 | 270 | 252 | 978 | 962 |
| Interest expenses | -185 | -208 | -83 | -81 | -373 | -396 |
| Other financial items | 495 | 924 | 154 | 119 | 1 189 | 1 618 |
| Share of profit of associates | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax profit | 72 054 | 24 658 | 40 682 | 12 324 | 120 728 | 73 332 |
| Income tax expense | -19 846 | -7 001 | -11 201 | -3 406 | -34 519 | -21 674 |
| Profit for the period | 52 208 | 17 657 | 29 481 | 8 918 | 86 209 | 51 658 |
| Profit for the period attributable to shareholders * | 52 208 | 17 657 | 29 481 | 8 918 | 86 209 | 51 658 |
| Earnings per share attributable to shareholders | | | | | | |
| Earnings per share before dilution, SEK | 1,06 | 0,38 | 0,60 | 0,19 | 1,76 | 1,08 |
| Earnings per share after dilution, SEK | 1,05 | 0,38 | 0,59 | 0,19 | 1,76 | 1,08 |
| Average number of shares, thousands | 49 232 | 46 849 | 49 232 | 46 854 | 48 870 | 47 678 |
| Average number of shares, after dilution, thousands | 49 543 | 47 010 | 49 600 | 46 978 | 49 045 | 47 678 |

*No minority interests exists

Balance Sheet

| SEK 000s | 30 June 2005 | 30 June 2004 | 31 Dec 2004 |
|---|-----------------|-----------------|----------------|
| ASSETS | | | |
| FIXED ASSEST | | | |
| Intangible fixed assets | | | |
| Goodwill | 188 749 | 147 119 | 182 957 |
| Other intangible fixed assets | 5 210 | 0 | 5 841 |
| Tangible fixed assets | 16 558 | 15 411 | 15 665 |
| Financial fixed assets | 25 138 | 14 202 | 10 109 |
| Total fixed assets | 235 655 | 176 732 | 214 572 |
| CURRENT ASSETS | | | |
| Short-term receivables | | | |
| Accounts receivable, trade | 117 527 | 57 448 | 97 064 |
| Other receivables | 1 217 | 2 656 | 3 968 |
| Prepaid expenses and accrued income | 57 754 | 41 050 | 50 739 |
| Liquid assets | 74 195 | 95 416 | 102 209 |
| Total current assets | 250 693 | 196 570 | 253 980 |
| Total assets | 486 348 | 373 302 | 468 552 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Shareholders' equity attributable to shareholders | | | |
| <i>Restricted equity</i> | | | |
| Share capital | 4 923 | 4 688 | 4 923 |
| Restricted reserves | 74 760 | 224 847 | 66 245 |
| <i>Non-restricted quity</i> | | | |
| Non-restricted reserves | 227 768 | 15 510 | 238 254 |
| Minority interests | 0 | 0 | 0 |
| Total shareholders' equity | 307 451 | 245 045 | 309 422 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 19 858 | 13 236 | 20 033 |
| Financial leasing debt | 8 310 | 7 736 | 8 640 |
| Other long-term liabilities | 9 417 | 14 538 | 9 206 |
| Total non-current liabilities | 37 585 | 35 510 | 37 879 |
| Current liabilities | | | |
| Accounts payable, trade | 21 506 | 18 310 | 21 958 |
| Current tax liabilities | 11 409 | 0 | 2 814 |
| Financial leasing debt | 2 022 | 1 454 | 1 534 |
| Other liabilities | 38 040 | 22 127 | 38 396 |
| Accrued expenses and prepaid income | 68 335 | 50 856 | 56 549 |
| Total current liabilities | 141 312 | 92 747 | 121 251 |
| Total shareholders' equity and liabilities | 486 348 | 373 302 | 468 552 |
| Pledged assets | None | None | None |
| Contingent liabilities | 26 728 | 32 212 | 29 470 |

| | Jan-June 2005 | Jan-June 2004 | April-June 2005 | April-June 2004 | RTM | 2004 |
|--|------------------|------------------|--------------------|--------------------|---------|---------|
| Cash flow analysis | | | | | | |
| Cash flow before change in operating capital & investments | 62 106 | 21 835 | 29 249 | 9 478 | 108 308 | 68 037 |
| Change in operating capital | -13 846 | -10 488 | -8 422 | 6 997 | -37 709 | -34 351 |
| Cash flow before investments | 48 260 | 11 347 | 20 827 | 16 475 | 70 599 | 33 686 |
| Cash flow from investments | -14 363 | -2 825 | -11 561 | -182 | -30 457 | -18 919 |
| Cash flow after investments | 33 897 | 8 522 | 9 266 | 16 293 | 40 142 | 14 767 |
| Cash flow from investments activities | -61 911 | -20 096 | -62 059 | -20 336 | -61 363 | -19 548 |
| Change in liquid assets | -28 014 | -11 574 | -52 793 | -4 043 | -21 221 | -4 781 |
| Liquid assets at the start of the period | 102 209 | 106 990 | 126 988 | 99 459 | 95 416 | 106 990 |
| Liquid assets at the end of the period | 74 195 | 95 416 | 74 195 | 95 416 | 74 195 | 102 209 |
| Change in shareholders' equity | | | | | | |
| Amount at the start of the period | 309 422 | 246 012 | 334 901 | 257 703 | 245 045 | 246 012 |
| Adoption of IAS 39 as of 1 January 2005 | 26 | 0 | 0 | 0 | 26 | 0 |
| Dividends | -64 002 | -21 080 | -64 002 | -21 080 | -64 002 | -21 080 |
| Warrant premiums | 1 524 | 891 | 1 524 | 891 | 2 224 | 1 591 |
| New share issue in connection with redemption of warrants | 0 | 415 | 0 | 415 | 1 252 | 1 667 |
| New share issue in connection with acquisition | 0 | 0 | 0 | 0 | 30 802 | 30 802 |
| Translation difference | 8 273 | 1 150 | 5 547 | -1 802 | 5 895 | -1 228 |
| Profit for the period | 52 208 | 17 657 | 29 481 | 8 918 | 86 209 | 51 658 |
| Amount at the end of the period | 307 451 | 245 045 | 307 451 | 245 045 | 307 451 | 309 422 |
| Key figures | | | | | | |
| Operating profit (EBIT) | 71 340 | 23 554 | 40 341 | 12 034 | 118 934 | 71 148 |
| Operating margin | 20,0% | 10,1% | 21,3% | 10,0% | 18,7% | 13,9% |
| Profit margin | 20,2% | 10,6% | 21,5% | 10,3% | 19,0% | 14,3% |
| Capital employed | 317 783 | 254 235 | 317 783 | 254 235 | 317 783 | 319 596 |
| Operating capital | 232 897 | 157 572 | 232 897 | 157 572 | 232 897 | 215 815 |
| Return on operating capital | 31,8% | 15,6% | 18,0% | 7,5% | 60,9% | 39,5% |
| Return on shareholders' equity | 16,9% | 7,2% | 9,2% | 3,5% | 31,2% | 18,6% |
| Financial position | | | | | | |
| Expensed investments in computers | 1 412 | 693 | 618 | 450 | 2 361 | 1 642 |
| Liquid assets | 74 195 | 95 416 | 74 195 | 95 416 | 74 195 | 102 209 |
| Interest-bearing net cash | 74 554 | 87 493 | 74 554 | 87 493 | 74 554 | 93 627 |
| Shareholders' equity | 307 451 | 245 045 | 307 451 | 245 045 | 307 451 | 309 422 |
| Equity/assets ratio | 63,2% | 65,6% | 63,2% | 65,6% | 63,2% | 66,0% |
| Employees | | | | | | |
| Number of employees | 633 | 430 | 633 | 430 | 633 | 535 |
| Number of employees in duty at end of period | 572 | 397 | 572 | 397 | 572 | 490 |
| Number of employees recruited (acquisition excl.) | 130 | 66 | 71 | 33 | 225 | 161 |
| Average number of employees | 542 | 372 | 563 | 387 | 492 | 407 |
| Value added per employee | 489 | 417 | 251 | 207 | 942 | 867 |
| Turnover per employee | 659 | 627 | 336 | 310 | 1 294 | 1 260 |
| Operating profit per employee | 132 | 63 | 72 | 31 | 242 | 175 |
| Share data | | | | | | |
| No. of shares at end of period, thousands | 49 232 | 46 876 | 49 232 | 46 876 | 49 232 | 49 232 |
| Average no. of shares before dilution, thousand | 49 232 | 46 849 | 49 232 | 46 854 | 48 870 | 47 678 |
| Average no. of shares after dilution, thousand | 49 543 | 47 010 | 49 600 | 46 978 | 49 045 | 47 678 |
| Profit per share before dilution, SEK | 1,06 | 0,38 | 0,60 | 0,19 | 1,76 | 1,08 |
| Profit per share after dilution, SEK | 1,05 | 0,38 | 0,59 | 0,19 | 1,76 | 1,08 |
| Shareholders' Equity per share, SEK | 6,24 | 5,23 | 6,24 | 5,23 | 6,24 | 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 – June 2004 (SEK 000s)

| | |
|--|---------------|
| Profit for the period Jan-June 2004 according to previous principles | 7,359 |
| Reversal of goodwill amortization | 10,298 |
| Profit for the period Jan-June 2004 according to IFRS | 17,657 |

| | |
|---|------|
| Earnings per share Jan-June 2004 according to previous principles, before dilution, SEK | 0.16 |
| Earnings per share Jan-June 2004 according to IFRS, before dilution, SEK | 0.38 |
| Earnings per share Jan-June 2004 according to previous principles, after dilution, SEK | 0.16 |
| Earnings per share Jan-June 2004 according to IFRS, after dilution, SEK | 0.38 |

Effect on profits April - June 2004 (SEK 000s)

| | |
|--|--------------|
| Profit for April-June 2004 according to previous principles | 3,776 |
| Reversal of goodwill amortization | 5,142 |
| Profit for the period April - June 2004 according to IFRS | 8,918 |

| | |
|---|------|
| Earnings per share April-June 2004 according to previous principles, before dilution, SEK | 0.08 |
| Earnings per share April-June 2004 according to IFRS, before dilution, SEK | 0.19 |
| Earnings per share April-June 2004 according to previous principles, after dilution, SEK | 0.08 |
| Earnings per share April-June 2004 according to IFRS, after dilution, SEK | 0.19 |

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 June 2004 (SEK 000s)

| | |
|--|----------------|
| Shareholders' equity 30 June 2004 according to previous principles | 234,765 |
| Reversal of goodwill amortization | 10,298 |
| Translation adjustments | -18 |
| Shareholders' equity 30 June 2004 according to IFRS | 245,045 |

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.