Tilgin designs and delivers premier IP customer premises equipment (CPE) for advanced Triple Play and IMS-based services. Supporting the full convergence of voice, video and data, Tilgin takes a network systems approach to CPE that enables service providers to offer a broad range portfolio of innovative and competitive broadband services. Tilgin's comprehensive product portfolio of IP residential gateways, set-top boxes and related management applications, offers service providers unprecedented return on investment - delivering new service revenues and impressive cost savings over the lifetime of the product. Tilgin was founded in 1997 under the name i3 micro technology and listed on the Stockholm Stock Exchange on the Nordic List as of December 2006. It is headquartered in Kista, Sweden, with European sales representation in France and Germany. www.tilgin.com

Year-end report 2007

Tilgin AB (publ), Corp ID no. 556537-5812

Fourth quarter 2007

- **Net sales SEK 117.6 million (168.0).**
- **Net result SEK –5.1 million (6.3), of which write-downs on inventory and capitalized development expenses negatively affected the result by SEK –0.8 million (–1.9) and by SEK –5.2 million (–0.1) respectively.**
- **Result per share SEK –0.23 (0.33) before dilution.**
- **Order intake SEK 52.0 million (153.2) and order backlog as of 31 December 2007 SEK 40.2 million (103.0).**
- **Gross margin 32 % (25 %).**
- **Operating result SEK –6.2 million (7.3).**
- **Cash flow from operating activities SEK 7.2 million (–43.0).**
- **Cash and bank SEK 34.0 million (92.3) as of 31 December 2007.**

Full year 2007

- **Net sales SEK 391.2 million (452.9).**
- **Net result SEK –51.5 million (–34.4), of which write-downs on inventory and capitalized development expenses negatively affected the result by SEK –17.3 million (–12.2) and by SEK –5.2 million (–0.1) respectively.**
- **Loss per share SEK –2.31 (–2.45) before dilution.**
- **Gross margin 24 % (22 %).**
- **Operating loss SEK –50.7 million (–31.0).**
- **Cash flow from operating activities SEK 53.3 million (–100.6).**

Other issues

- **The Board has resolved to propose a preferential rights issue of shares and warrants. The issue is fully guaranteed. For each subscribed new share the nominal amount of SEK 3.25 shall be paid. The warrants are received at no cost. If the new share issue is fully subscribed to, the company will be provided approximately SEK 72 million before issue and guarantee expenses, entailing a dilution of 50 %.**

Income statement in summary (KSEK)	**Q4 2007**	**Q4 2006**	**%**	**FY 2007**	**FY 2006**	**%**
Net sales	117 616	167 973	-30%	391 243	452 946	-14%
Gross profit	37 353	42 117	-11%	93 450	97 996	-5%
Gross margin	31.8%	25.1%		23.9%	21.6%	
Operating result	**-6 186**	**7 328**	**-**	**-50 684**	**-31 012**	**-**
Operating margin	-5.2%	4.4%		-12.9%	-6.8%	
Result before taxes	-5 068	6 330	-	-51 467	-34 440	-

A word from the CEO

As expected, the fourth quarter showed significant growth in sales compared with the third quarter, and our gross margin improved to the highest level ever at Tilgin.

The global cooperation agreement with Ericsson for IPTV solutions has in light of the long sales cycles not yet yielded the expected volumes. This, together with the fact that our largest customer initially has chosen another supplier for the next generation of IPTV set-top boxes, has led to a significant decrease in IPTV order intake. Order intake in the IP residential gateway segment however was positive in the fourth quarter, with continued or increasing order volumes from several customers (in contrast to the declining order intake in IPTV) and we are expecting a continued positive development in this segment.

Through the proposed new share issue we secure our ability to be a leading player with a powerful product development program on our prioritized markets.

Ola Berglund, CEO

Significant events during the fourth quarter

In November a Nordic service provider selected Tilgin as supplier through an initial test order, which was also the first commercial deal with the new Mood 400 product platform, supporting services such as HDTV and PVR.

An important step in the company's strategic work in various trade organizations and standardization bodies was taken in December, when Tilgin was elected a new member in the Open IPTV Forum.

In December the company received initial commercial orders from three Swedish Urban Networks. The orders included the new product platform Mood 400.

Existing customers that have generated large orders include several local Tele2 companies in Europe (IP residential gateway), DU (IP residential gateway, Dubai) and Intracom Middle East (IP residential gateway, Dubai).

In November Milos Herman and Göran Reuterdahl took office as new VP Product and Marketing, and new VP Sales, respectively. They strengthen the company's managerial capabilities with their extensive experience from the software and telecom sectors, at industry leaders such as Apple, Microsoft and Ericsson. Hence, a management team that is in large parts new has been established since last summer.

Significant events after the reporting period

At a meeting on 14 February 2008, the Board resolved to propose to an extraordinary general meeting on 18 March to decide on a new issue of up to 22,274,600 shares and issues of up to 14,849,732 warrants in two series, with preferential rights for the current shareholders. If fully subscribed to, the new issue will provide the company with approximately SEK 72 million before issue and guarantee expenses. For further details, refer to the section "Issue of shares and warrants" on page 4 below.

In January the company received orders from Dansk Bredbånd for delivery of two of Tilgin's new IP residential gateway product platforms, HG 1300 and HG 1500 with accessories.

In February the company received a new larger order in IP residential gateway from a leading Nordic service provider, for Vood 300 products.

There is a potential dispute with the company's former subcontractor Solectron. Solectron has demanded compensation to the amount of USD 326 thousand referring to specific inventory volumes of components. Tilgin has however disputed the claim.

Market prospects and future outlook

Orders from the company's historically largest customer in the IPTV segment decreased sharply during the fourth quarter.This has negatively affected fourth quarter and full year 2007 order intake as well as order backlog at year-end, compared with the previous year. Sales to other customers however have shown a positive trend, in particular towards the end of 2007.

All in all, order intake and sales are expected to decrease for the first six months of 2008, compared to the same period in 2007. The company currently estimates that it will take until the second half of 2008 for order intake and sales to rebound, and there will once more be potential for a new growth phase and result improvements. In light of the announced action program and continually stronger gross margins, and despite lower sales, the company is expecting an improved operating result for 2008 compared with 2007.

Action program

In light of the development described above, the company has decided to implement an action program.

The program is expected to be fully implemented during the second half of 2008, and shall entail quarterly savings in operating expenses (excluding goods for resale and depreciation and amortization) of at least 20 % compared to the level at the fourth quarter 2007. The company's product development program aimed at its current customers and prioritized markets will however not be affected.

Risks and uncertain factors

In 2007 almost 50 % of total order intake was generated by the company's single largest customer, active within the IPTV segment. Even though order intake from this customer has almost fully ceased from the last quarter of 2007, the company is still dependent on a relatively limited number of large customers. As the company is increasing sales to other current customers as well as adding new customers, this dependency is expected to gradually decrease.

Historically the company has had a currency exposure risk, derived from considerable sales volumes in EUR, sales-related purchases mainly in USD, and other operating expenses mainly in SEK. This exposure has grown less important, since the sales volumes in EUR relative to USD are expected to be lower in 2008. These currency risks have partially been managed through forward exchange contracts.

As previously reported, in March 2007 the Swedish Customs imposed customs duties of approximately SEK 4.8 million, SEK 0.4 million of which is VAT, on three IPTV shipments in 2005 and 2006. The company has appealed the decision and the matter was recently handed over to the County Administrative Court for trial. The company has been granted postponement of execution regarding payment of the amount in question. This process may lead to the company finally being imposed these customs duties. Whether there is a risk that the company will be imposed further customs duties or other costs as a consequence of the type of product shipments which is subject to the current process, remains unclear.

For other risks and uncertain factors, please refer to the 2006 Annual Report.

Related parties

There were no sales or purchases of goods or services between related parties to/from the group or the parent company in 2007. Also, the company has not identified any other significant transactions with related parties in that period.

Sales and financial performance

Net sales

Net sales in the fourth quarter amounted to SEK 117.6 million (168.0). Net sales increased by SEK 27.8 million compared with the previous quarter, in light of a strong order backlog at the beginning of the quarter. Net sales in 2007 amounted to SEK 391.2 million (452.9).

In total, 106,583 (138,190) CPEs (Customer Premises Equipment) were shipped to customers in the fourth quarter, of which 51,995 (78,476) set-top boxes and 54,588 (59,714) residential gateway units. For 2007 as a whole 407,810 (381,774) CPEs were shipped.

CPEs including client software represented 96 % (99 %) of total net sales in the fourth quarter and 95 % (99 %) for 2007 as a whole. Other revenue includes sales of accessories, spare parts, management systems, support, professional services, royalties and further invoiced costs.

In the fourth quarter, net sales were split between EMEA 97.0 % (97.0 %), North America 0.8 % (2.5 %) and other regions 2.2 % (0.5 %).

Financial performance

The operating result for the fourth quarter amounted to SEK –6.2 million (7.3) and the net result amounted to SEK –5.1 million (6.3). The operating result for 2007 amounted to SEK –50.7 million (–31.0) and the net result amounted to SEK –51.5 million (–34.4). The operating result was negatively affected by write-downs on inventory and capitalized development expenses, SEK –6.0 million (–2.0) for the quarter and SEK –22.5 million (–12.3) for the year as a whole. The operating result was also affected by realized and unrealized currency hedging positions related to specific customer orders, by SEK –2.7 million (–7.1) for the quarter and by SEK –6.7 million (–9.6) for the year as a whole. Gross margin for the fourth quarter amounted to 32 % (25 %) which is a continued improvement compared with the corresponding period in 2006, and also compared with the previous quarter (28%).

Operating expenses excluding goods for resale and depreciation and amortization amounted to SEK 34.9 million (32.9) in the fourth quarter and to SEK 126.7 million (123.5) in 2007 as a whole. Fourth quarter expenses in 2007 were reduced by capitalized development expenditures of SEK 9.8 million (7.8).

Costs of personnel amounted to SEK 19.7 million (15.7) in the fourth quarter and to SEK 71.1 million (58.7) in 2007 as a whole. Compared with the previous quarter costs of personnel increased by SEK 5.9 million. The change in entitled vacation rights was SEK 3.8 million higher in the fourth quarter, also, the number of employees continued to go up in the quarter.

Total product development costs prior to capitalizing certain development expenses increased to SEK 17.9 million (12.6) in the fourth quarter and to SEK 59.8 million (48.1) in 2007.

Depreciation, amortization and write-downs amounted to SEK 9.6 million (1.9) in the fourth quarter, of which amortization on intangible assets (capitalized development expenses) amounted to SEK 3.9 million (1.5), and write-downs on certain IPTV projects amounted to SEK 5.2 million (0.1).

Net financial items amounted to SEK 1.1 million (–1.0) in the fourth quarter, including SEK 1.6 million relating to late interest invoices to one of the company's major customers.

IPTV

Net sales in IPTV amounted to SEK 86.5 million (135.5) in the fourth quarter. Compared with the previous quarter, net sales increased by SEK 27.7 million. The increase may be explained by a large order backlog at the beginning of the quarter, and large IPTV shipments during the quarter. Net sales in 2007 as a whole amounted to SEK 253.0 million (348.0). The operating result amounted to SEK –5.3 million (6.2) for the quarter and to SEK –44.2 million (–15.1) for the year as a whole.

IP residential gateway

Net sales in IP residential gateway amounted to SEK 31.1 million (32.5) in the fourth quarter. Compared with the previous quarter net sales in the product segment was unchanged. Net sales in 2007 amounted to SEK 138.3 million (104.9). The operating result amounted to SEK 1.2 million (0.2) for the fourth quarter and to SEK 2.8 million (–4.5) for 2007 as a whole. The product segment has positively contributed to the group gross margin and operating result both for the fourth quarter and for 2007 as a whole.

Personnel

The number of employees in the Group increased from 111 to 115 in the fourth quarter of 2007. Staff is expected to decrease somewhat during 2008. As of 31 December 2007, two people were employed by the company's US subsidiary, Tilgin Inc. The dismantling of operations in Tilgin Inc will be concluded during the spring of 2008 in accordance with the previous decision to focus on an indirect sales model on the North American market.

Financial position

Cash flow, investments and financial position

Cash flow from operating activities amounted to SEK 7.2 million (–43.0) in the fourth quarter and to SEK 53.3 million (–100.6) in 2007 as a whole. The improved cash flow in the fourth quarter compared with the corresponding period in 2006 is explained by lower volumes of working capital being tied up, mostly in the form of significantly lower inventory and accounts receivable at the end of the period. Cash and bank balances as of 31 December 2007 amounted to SEK 34.0 million (92.3).

As of 31 December 2007 the company had access to financing facilities in various currency denominations, corresponding to approximately SEK 100 million. The utilization of these facilities decreased by SEK 3.7 million compared with the end of the previous quarter, and as of 31 December 2007 the facility was utilized to SEK 22.6 million (96.2). Utilization is expected to decrease further in the first quarter of 2008 in light of the lower order intake in the fourth quarter of 2007.

Investments in intangible fixed assets amounted to SEK 9.8 million (7.8) in the fourth quarter and to SEK 35.8 million (29.2) in 2007 as a whole. These investments refer to capitalization of development expenses. No other significant investments were made in the period.

Shareholders' equity

Group equity as of 31 December 2007 amounted to SEK 98.6 million (149.2) and share capital at the same date amounted to SEK 22.3 million (22.2). The equity/assets ratio was 57 % (41 %).

Share data and ownership structure

The total number of shares in the company as of 31 December 2007 was 22,274,600. At the same day, the outstanding warrants in the TO 2005/07 program matured (outstanding warrants corresponded to 804,358 new shares). No warrants were utilized during the term of the program. As per 31 December 2007, MGA Holding AB remained the largest shareholder, with 28 % of the shares.

Issue of shares and warrants

On 14 February 2008 the Board resolved to propose to the extraordinary general meeting on 18 March 2008 to decide on a preferential rights issue of shares and warrants. The warrants issue will be in two series, and three current shares entitle to subscription of three new shares and one warrant from each series, together referred to as one unit. For each subscribed share the nominal amount of SEK 3.25 shall be paid. For each subscribed unit of three new shares the nominal amount of SEK 9.75 shall be paid. The warrants are received at no cost.

The subscription period for the units will be from 31 March to 25 April 2008. Record day for the issue shall be 26 March 2008. The proposal reflects a new issue of up to 22,274,600 shares and issues of up to 7,424,866 warrants in each series (totaling up to 14,849,732 warrants), where each warrant entitles to subscription of one share in the company at a subscription price of SEK 4 and SEK 5 respectively, during certain brief periods close to the publication of the company's interim reports in 2008-2009 and in 2008-2010 respectively. If the new issue is fully subscribed to, it will provide the company with approximately SEK 72 million (before issue and guarantee expenses), corresponding to an increase of the company share capital with SEK 22,274,600 to SEK 44,549,200. If all warrants are utilized the company will be provided an additional SEK 67 million. With full subscription of new shares dilution will be 50 %. If all warrants are also utilized, dilution will be 62.5 %. The issue requires a change of the articles of association regarding the lowest and highest share capital as well as the lowest and highest number of shares in the company, so that the share capital limits are increased to SEK 30 million at the lowest and SEK 120 million at the highest, and that the number of shares are increased to 30,000,000 at the lowest and to 120,000,000 at the highest. The share issue is fully guaranteed.

The reasons for the new share issue are that the Board, in light of the weaker development in sales and results, sees a need to financially strengthen the company and, in addition, secure the company's financial endurance and flexibility for future efforts in product development and within the general framework of the company's business.

Parent company

The company's US subsidiary Tilgin Inc. and its operations are accounted for in the parent company, not as a separate subsidiary. Hence, the operations of the Group correspond to that of the parent company. Parent company net sales for the fourth quarter 2007 were the same as Group net sales for the period.

Result before taxes for the parent company was SEK –5.1 million (6.3) for the fourth quarter, Group SEK –5.1 million. Total shareholders' equity in the parent company amounted to SEK 98.6 million (149.3), Group SEK 98.6 million. Cash and bank balances for the parent company as of 31 December 2007 amounted to SEK 33.9 million (92.2), Group SEK 34.0 million. As of 31 December 2007 the number of employees in the parent company including the US subsidiary was 115 (104), which corresponds to the number of employees in the Group (there are no employees in the company's two inactive subsidiaries).

Dividends

The Board has proposed, for final decision at the annual general meeting, that no dividends be distributed for 2007.

Annual report

The 2007 annual report will be presented in April 2008. It will be held available at the company's web site, and may also be ordered in a printed version from Tilgin's head office not later than two weeks before the annual general meeting.

Annual general meeting

The annual general meeting will be held on 23 April 2008 at the company's head office in Kista.

Accounting and valuation principles

The interim report has been established in accordance with IAS 34, Interim Financial Reporting, Swedish Financial Accounting Standards Council (SFASC) standard RR31 and, for the parent company, SFASC standard RR32:06. Further, the report has been adapted in accordance with the EC Transparency Directive 2004/109/EC, effective 1 July 2007. The new or revised IFRS standards or IFRIC interpretations that have come into effect since 1 January 2007 have not had any significant impact on the company's income statements or balance sheets. The same accounting principles have been applied in this report as in the 2006 annual report.

Financial reporting in accordance with IFRS requires management to make accounting assessments and estimates and to make assumptions which affect the application of the accounting principles and the reported value of assets, liabilities, income and expenses. The actual outcome may deviate from these assessments and estimates. Statements in this report may include forward-looking information and reflect Management's and the Board's current estimates with respect to future conditions. Forward-looking information always entails risks and uncertainties which may affect the actual outcome.

Kista, 14 February 2008

Tilgin AB (publ)

Ola Berglund
Chief Executive Officer

The information will be made public on 15 February 2008, 07:00 CET.

Phone conference:
In view of the year-end report, the capital market is invited to a conference call on Friday 15 February. The conference will start at 09:00 CET. Participants may follow the conference via Internet, website www.tilgin.com/q407, or access it by dialing *UK +44 (0)20 881 79 301* or *Sweden +46 (0)8 505 20 270*. Confirmation code 3462377. A presentation will be held available at the company's web site (www.tilgin.com) when the phone conference starts.

Scheduled reports:

- The interim report for January – March 2008 will be presented on 18 April 2008.
- The interim report for January – June 2008 will be presented on 22 August 2008.
- The interim report for January – September 2008 will be presented on 24 October 2008.
- The year-end report for 2008 will be presented on 13 February 2009.

For further information, please contact:

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Group income statements, balance sheets and cash flow statements

Income statement (SEK thousand)	Q4 2007	Q4 2006	Full year 2007	Full year 2006
Net sales	117 616	167 973	391 243	452 946
Other operating income	911	0	2 399	275
Total sales	**118 527**	**167 973**	**393 642**	**453 221**
Operating expenses				
Goods for resale	-80 263	-125 857	-297 793	-354 949
Other external costs	-12 485	-9 390	-48 833	-50 809
Costs of personnel	-19 663	-15 679	-71 130	-58 684
Depreciation and amortization	-9 583	-1 855	-19 873	-5 734
Other operating expenses	-2 719	-7 864	-6 697	-14 057
Operating result	**-6 186**	**7 328**	**-50 685**	**-31 012**
Net financial items	1 118	-998	-783	-3 428
Result before taxes	**-5 068**	**6 331**	**-51 467**	**-34 441**
Income taxes for the period	-	-	-	-
Result for the period	**-5 068**	**6 331**	**-51 467**	**-34 441**
Earnings/loss per share before dilution (SEK)	-0.23	0.33	-2.31	-2.45
Earnings/loss per share after dilution (SEK)	-0.23	0.33	-2.31	-2.45
Avg. number of shares before dilution (thousand)	22 275	19 156	22 265	14 054
Avg. number of shares after dilution (thousand)	22 275	19 261	22 277	14 223

Cash flow statement (SEK thousand)	Q4 2007	Q4 2006	Full year 2007	Full year 2006
Cash flow from operations before changes in working capital	4 447	7 689	-31 406	-27 476
Changes in working capital	2 717	-50 672	84 712	-73 150
Cash flow from operating activities	**7 164**	**-42 983**	**53 306**	**-100 626**
Cash flow from investing activities	-9 726	-9 250	-37 870	-32 393
Cash flow from financing activities	-3 657	127 437	-73 726	154 732
Net change in cash and cash equivalents	**-6 219**	**75 204**	**-58 290**	**21 713**
Cash and cash equivalents, beginning of period	**40 246**	**17 113**	**92 317**	**70 604**
Cash and cash equivalents, end of period	**34 027**	**92 317**	**34 027**	**92 317**

Balance sheet (SEK thousand)	2007-12-31	2006-12-31
ASSETS		
- Intangible assets	42 540	24 715
- Tangible assets	4 450	4 278
Total fixed assets	*46 990*	*28 993*
- Inventories	33 058	91 810
- Accounts receivable - trade	40 080	127 792
- Other receivables	19 229	23 237
- Cash and bank	34 027	92 317
Total current assets	*126 394*	*335 156*
Total assets	**173 384**	**364 149**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	98 597	149 209
Liabilities		
- Long-term interest-bearing liabilities	781	781
- Short-term interest-bearing liabilities	22 623	97 204
- Other short-term liabilities	49 435	115 195
- Warranty provisions	1 948	1 760
Total liabilities	**74 787**	**214 940**
Total equity and liabilities	**173 384**	**364 149**

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Income statements and balance sheets, parent company

Income statement (SEK thousand)	Q4 2007	Q4 2006	Full year 2007	Full year 2006
Total sales	118 527	167 973	393 642	453 221
Operating expenses	-124 713	-160 645	-444 326	-484 233
Operating result	**-6 186**	**7 328**	**-50 684**	**-31 012**
Net financial items	1 118	-998	-784	-3 428
Result before taxes	**-5 068**	**6 330**	**-51 468**	**-34 440**
Income taxes for the period	-	-	-	-
Result for the period	**-5 068**	**6 330**	**-51 468**	**-34 440**

Balance sheet (SEK thousand)	2007-12-31	2006-12-31
ASSETS		
Total fixed assets	47 190	29 193
Total current assets	126 312	335 073
Total assets	**173 502**	**364 266**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	98 649	149 261
Provisions	1 948	1 760
Liabilities		
- Long-term liabilities	781	781
- Short-term liabilities	72 124	212 464
Total equity and liabilities	**173 502**	**364 266**

Notes regarding significant changes in balance sheet items between 31 Dec-06 and 31 Dec-07

1. Fixed assets: Since 31 December 2006, development expenses of SEK 35.8 million (before amortization and write-downs) have been capitalized as intangible fixed assets.
2. Shareholders' equity: The net decrease is explained by the net result in the period, which has decreased equity by SEK 51.5 million, and conversions of convertible bonds, which have increased equity by SEK 0.9 million since 31 December 2006.
3. Current assets and Short-term liabilities: The decrease in these items since 31 December 2006 may to a large part be attributed to the lower business volume at the end of the period. For example, accounts receivable are SEK 87.7 million lower as per 31 December 2007, and accounts payable together with the accounts receivable financing facility with the bank are SEK 135.2 million lower as per 31 December 2007, compared with 31 December 2006.

Changes in group equity

SEK thousand	Share capital	Other paid-in capital	Accumu-lated loss incl period loss	Total Share-holders' Equity
Opening balance Jan 1, 2006	**119 969**	**324 156**	**-374 018**	**70 107**
Loss for the period	-	-	-34 440	-34 440
Total change in capital excl. transactions with the company's owners	-	-	-34 440	-34 440
Reduction of the share capital	-109 066	-	109 066	0
New share issues	10 010	121 263	-	131 273
Issue expenses related to new share issues	-	-19 549	-	-19 549
Conversion of convertible loan	1 276	542	-	1 818
Closing balance Dec 31, 2006	**22 189**	**426 412**	**-299 392**	**149 209**
Opening balance Jan 1, 2007	**22 189**	**426 412**	**-299 392**	**149 209**
Loss for the period	-	-	-51 467	-51 467
Total change in capital excl. transactions with the company's owners	-	-	-51 467	-51 467
Utilization of the statutory reserve for covering of losses	-	-197 115	197 115	-
Conversion of convertible loan	86	769	-	855
Closing balance Sept 30, 2007	**22 275**	**230 066**	**-153 744**	**98 597**

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Segment information, group

(SEK thousand)

Q4 2007

	IPTV	IP-RG	Other	Group
Net sales	86 471	31 145	0	117 616
Operating result	**-5 293**	**1 577**	**-2 470**	**-6 186**
Investments in fixed assets	5 363	4 373	-11	9 725
Assets	69 938	64 137	39 309	173 384
Liabilities	43 722	25 829	5 237	74 788

Q4 2006

	IPTV	IP-RG	Other	Group
Net sales	135 491	32 482	0	167 973
Operating result	**6 186**	**-163**	**1 305**	**7 328**
Investments in fixed assets	5 713	3 401	174	9 288
Assets	203 611	64 049	96 489	364 149
Liabilities	156 593	45 129	13 218	214 940

Full year 2007

	IPTV	IP-RG	Other	Group
Net sales	252 976	138 267	0	391 243
Operating result	**-44 237**	**2 825**	**-9 271**	**-50 684**
Investments in fixed assets	21 441	16 219	210	37 869
Assets	69 938	64 137	39 309	173 384
Liabilities	43 722	25 829	5 237	74 788

Full year 2006

	IPTV	IP-RG	Other	Group
Net sales	348 020	104 926	0	452 946
Operating result	**-15 099**	**-4 509**	**-11 403**	**-31 012**
Investments in fixed assets	20 323	11 754	353	32 430
Assets	203 611	64 049	96 489	364 149
Liabilities	156 593	45 129	13 218	214 940

An error in the segment reporting for Q3 2007 was discovered after the reporting date and has now been corrected. The operating result for IPRG for Q3 2007, Jan–Sept 2007 and Oct 2006–Sept 2007 should have been SEK 2,457 thousand higher, and the operating result for IPTV should have been SEK 2,457 thousand lower. A corresponding adjustment was also made in the table Quarterly data, group.

Key ratios and definitions, group

(SEK thousand if not otherwise stated)	Q4 2007	Q4 2006	Full year 2007	Full year 2006
Gross profit	37 353	42 117	93 450	97 996
Gross margin, %	32%	25%	24%	22%
Operating margin, %	-5%	4%	-13%	-7%
Net margin, %	-4%	4%	-13%	-8%
Shareholders' equity	98 597	149 209	98 597	149 209
Average shareholders' equity	101 131	110 450	123 903	109 658
Capital employed	122 000	247 194	122 000	247 194
Average capital employed	126 363	180 311	184 597	187 049
Interest-bearing debt	23 404	97 985	23 404	97 985
Balance sheet total	173 384	364 149	173 384	364 149
Financial expenses	-747	-1 162	-3 565	-4 191
Investments in tangible fixed assets	75	-1 618	-2 095	-3 436
Return on average shareholders' equity, %	-5%	6%	-42%	-31%
Return on average capital employed, %	-3%	4%	-26%	-16%
Equity/assets ratio, %	57%	41%	57%	41%
Debt/equity ratio, times	0.2	0.7	0.2	0.7
Interest coverage ratio, times	-6	6	-13	-7
Share of risk-bearing capital, %	57%	41%	57%	41%
Net debt(+)/receivable(-)	-10 624	5 668	-10 624	5 668
Net debt ratio, times (- = receivable)	-0.1	0.0	-0.1	0.0
Working capital as a percentage of sales	10%	28%	10%	28%
Number of employees at period end	115	104	115	104
Average number of employees in period	115	101	109	96
Sales per employee	1 031	1 663	3 611	4 721
Operating profit/loss per employee	-54	73	-465	-323
Dividend per share (SEK)	-	-	-	-
Number of shares before dilution	22 274 600	22 165 060	22 274 600	22 165 060
Number of shares after dilution	22 274 600	22 269 932	22 274 600	22 269 932
Average number of shares in period, before dilution	22 274 600	19 156 017	22 265 403	14 054 057
Average number of shares in period, after dilution	22 274 600	19 260 889	22 276 934	14 223 260

Definitions:
MARGINS
Gross profit: Net sales less costs of goods for resale. Previously, Total sales was used instead of Net sales. Previously reported periods have been restated in accordance with this definition.
Gross margin: Gross profit as a percentage of net sales in the period. Same adjustment as for Gross profit above.
Operating margin: Operating profit/loss after depreciation as a percentage of total sales in the period.
Net margin: Net profit/loss as a percentage of total sales in the period.

PROFITABILITY
Return on average shareholders' equity: Net profit/loss as a percentage of average shareholders' equity.
Return on average capital employed: Profit/loss after financial items plus financial expenses, as a percentage of average capital employed.

CAPITAL STRUCTURE
Capital employed: Balance sheet total less non-interest-bearing current liabilities.
Debt/equity ratio: Interest-bearing liabilities divided by shareholders' equity.
Interest coverage ratio: Profit/loss after financial items plus financial expenses, divided by financial expenses.
Share of risk-bearing capital: Shareholders' equity plus deferred tax liabilities, divided by balance sheet total.
Net debt/receivable: Interest-bearing liabilities less financial assets including cash and bank.
Net debt ratio: Net debt divided by shareholders' equity.
Equity/assets ratio: Shareholders' equity as a percentage of balance sheet total.
Working capital as a percentage of sales: Current assets (excl. cash and bank) less current non-interest-bearing liabilities at end of period, as a percentage of sales for the last twelve months.

PERSONNEL
Sales per employee: Sales divided by the average number of employees in the period.
Operating profit/loss per employee: Operating profit/loss divided by the average number of employees in the period.

SHARES
Number of shares: Average number of shares in period is derived from the average of the actual number of shares at the end of every day. Prior to Q4 2006 the averages were derived from the actual number of shares at the end of each month. Previous periods have been adjusted in accordance with this new basis of calculation. The company's various financial instruments (such as convertible bonds and warrants) are taken into account when calculating the number of shares after dilution and the average number of shares after dilution, only when it is likely that they will be converted/exercised in future periods, thus having a dilutive effect.

Note that rounding to even SEK thousand may lead to errors in sums in the financial tables presented in this report.

Quarterly data, group

(SEK thousand)	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Net sales	94 272	104 074	86 626	167 973	128 601	55 166	89 860	117 616
Other operating income	47	64	975	0	112	26	488	911
Total sales	**94 319**	**104 138**	**87 601**	**167 973**	**128 713**	**55 192**	**90 348**	**118 527**
Gross profit	19 607	21 132	15 140	42 117	33 188	-2 336	25 245	37 353
Gross margin	21%	20%	17%	25%	26%	-4%	28%	32%
Operating result	**-10 830**	**-21 687**	**-5 822**	**7 328**	**2 054**	**-41 753**	**-4 799**	**-6 186**
Net loss	-11 357	-22 218	-7 196	6 330	1 093	-42 255	-5 237	-5 100
IPTV								
Net sales	70 911	78 498	63 120	135 491	92 494	15 277	58 734	86 471
Operating result	**-3 589**	**-10 769**	**-6 928**	**6 186**	**1 173**	**-34 367**	**-5 651**	**-5 293**
IP residential gateway								
Net sales	23 361	25 575	23 507	32 482	36 107	39 889	31 126	31 145
Operating result	**-585**	**-2 420**	**-1 341**	**-163**	**3 384**	**-4 684**	**2 449**	**1 577**
Other products and services								
Net sales	0	0	0	0	0	0	0	0
Operating result	**-6 656**	**-8 498**	**2 447**	**1 304**	**-2 503**	**-2 701**	**-1 597**	**-2 470**
Net sales per product segment, %								
IPTV	75%	75%	73%	81%	72%	28%	65%	74%
IP residential gateway	25%	25%	27%	19%	28%	72%	35%	26%
Other	0%	0%	0%	0%	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Shipped CPEs per product segment								
IPTV (Mood, set-top boxes)	34 642	45 282	35 938	78 476	53 300	7 957	32 448	51 995
IP residential gateway (Vood)	38 259	45 138	44 325	59 714	67 187	80 979	59 356	54 588
Total	**72 901**	**90 420**	**80 263**	**138 190**	**120 487**	**88 936**	**91 804**	**106 583**
Net sales per geographical area								
EMEA	90 935	101 287	82 841	162 850	123 895	53 180	86 544	114 120
North America	2 395	2 633	2 192	4 233	2 869	993	2 192	875
ROW	943	154	1 594	890	1 837	993	1 123	2 621
Total	**94 272**	**104 074**	**86 626**	**167 973**	**128 601**	**55 166**	**89 860**	**117 616**
(EMEA = Europe, Middle East, Africa)								
Net sales per geographical area, %								
EMEA	96%	97%	96%	97%	96%	96%	96%	97%
North America	3%	3%	3%	3%	2%	2%	2%	1%
ROW	1%	0%	2%	1%	1%	2%	1%	2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Orders received and order backlog								
Orders received in period	118 167	123 822	118 761	153 208	77 253	86 695	117 878	52 004
Order backlog	74 592	87 524	121 708	102 973	43 369	72 641	106 976	40 233
Avg. rate used for orders received, USD	7.78	7.40	7.24	7.08	7.01	6.87	6.75	6.42
Avg. rate used for orders received, EUR	9.35	9.30	9.23	9.13	9.19	9.26	9.27	9.30
Avg. rate used for order backlog, USD	7.75	7.26	7.31	6.87	7.00	6.88	6.50	6.47
Avg. rate used for order backlog, EUR	9.40	9.22	9.27	9.05	9.33	9.24	9.21	9.47