

Telelogic Annual Statement 2007



Key numbers SEK million	Oct-Dec 2007	2006	Jan-Dec 2007	2006
Revenue	502.3	445.3	1 717.3	1 524.9
Pre-tax profit	139.3	98.4	309.9	209.4
Income after tax	105.2	73.3	232.4	159.9
Earnings per share, SEK	0.43	0.30	0.94	0.65
Cash flow, current operations	96.5	74.3	286.4	288.9

This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

Telelogic Annual Statement 2007

- Revenue for 2007 rose 17% in local currency, thus exceeding our growth target for the year. Revenue in the fourth quarter increased 17% in local currency.
- License sales increased 25% in local currency during the fourth quarter, and 22% in local currency for 2007.
- Pre-tax profit increased 42%, to MSEK 139.3 for the fourth quarter, and 48%, to MSEK 309.9 for 2007.
- Earnings per share for 2007 rose 45% to SEK 0.94, thus reaching our earnings target for the year. Earnings per share increased 43% in the fourth quarter.
- Cash flow from current operations totaled MSEK 286.4 for 2007.

CEO's comments on the quarter:

"Our operations enjoyed good growth in 2007, and our sales and earnings gradually improved over the year. The uncertainty that naturally arose as a result of the

tender offer for Telelogic's shares that was announced on June 11, 2007 has been dealt with effectively, and we have gradually regained customer confidence. In the third quarter we raised our previously announced full year growth and earnings per share forecasts. Both these targets have now been reached by a good margin.

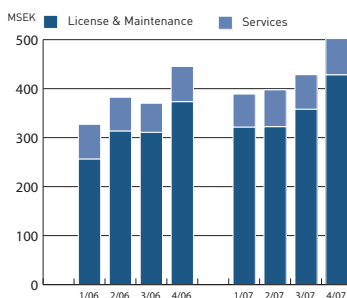
Our new, product-focused organization is functioning smoothly, and all our product categories have enjoyed solid growth. I am especially happy to see that two of our three product categories progressed from weak growth in 2006 to double-digit growth in 2007, and that our acquired products are continuing to develop favorably.

Geographically speaking, EMEA has been the strongest market division for Telelogic during the year, although all our market divisions achieved double-digit growth for the full year. Contribution margins also gradually improved over the year, resulting in Telelogic's best operating margin since our IPO nine years ago.

Telelogic is in good shape for 2008."

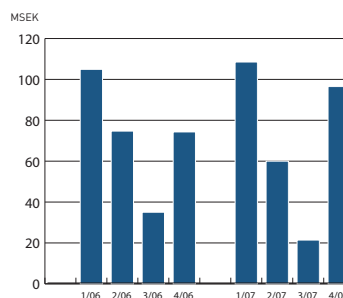
Anders Lidbeck, President and CEO for Telelogic

Revenue



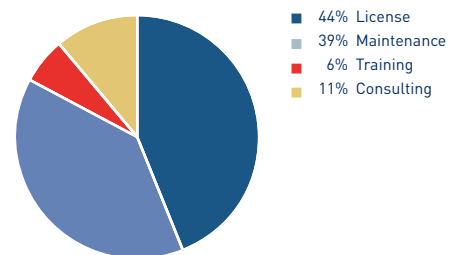
Cash flow

from current operations

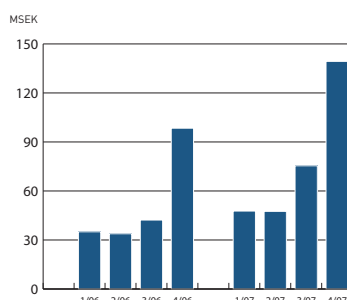


Revenue mix

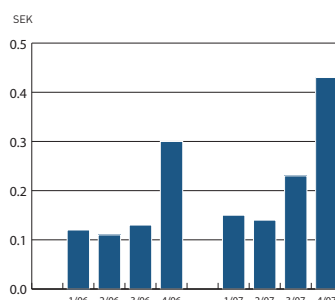
(Full year 2007)



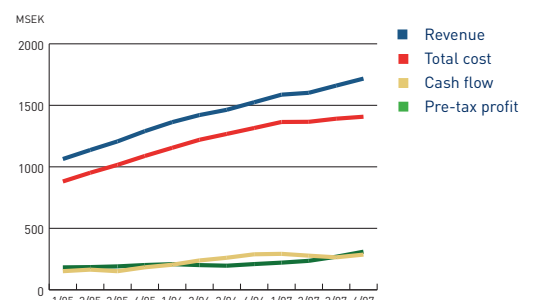
Pre-tax profit



Earnings per share



Moving four quarters



Revenue, profits and cash flow

MSEK	Oct-Dec		Jan -Dec	
	2007	2006	2007	2006
Revenue	502.3	445.3	1 717.3	1 524.9
Pre-tax profit	139.3	98.4	309.9	209.4
Income after tax	105.2	73.3	232.4	159.9
Earnings per share, SEK	0.43	0.30	0.94	0.65
Cash flow, current operations	96.5	74.3	286.4	288.9

Full year growth target exceeded

Revenue for the fourth quarter totaled MSEK 502.3. This corresponds to 17% growth in local currency compared to the same period the year before, or 13% growth when converted into Swedish kronor. Telelogic had forecast growth of 12-15% in local currency for the full year 2007. Revenue for 2007 totaled MSEK 1,717.3, which corresponds to 17% growth in local currency, and thus exceeds our growth target for the entire year.

License sales accounted for 51% of Telelogic's total revenue in the fourth quarter. License revenue rose 25% in local currency, or 20% when converted into Swedish kronor. License sales accounted for 44% of total revenue for 2007 as a whole. The corresponding growth figures were 22% in local currency and 17% in Swedish kronor.

Maintenance revenue has achieved stable and positive growth over an extended period. This is because the customer base for maintenance contracts grows larger with each new license deal. Maintenance revenue in the fourth quarter rose 12% in local currency, or 7% when converted to Swedish kronor. Maintenance revenue for 2007 as a whole increased 16% in local currency, or 11% in Swedish kronor.

Sales of consulting and training services in the fourth quarter increased 6% in local currency or 3% in Swedish kronor, and 10% in local currency, or 6% in Swedish kronor for 2007.

Full year earnings target met

Telelogic had forecast that earnings per share for the full year 2007 would increase by at least 25%. Earnings per share amounted to SEK 0.43 for the fourth quarter, which is an improvement of SEK 0.13, or 43%, compared with the same period the year before. Earnings per share for the year as a whole totaled SEK 0.94, which is an improvement of SEK 0.29, or 45%. We thus achieved our earnings goal.

The operating margin for the fourth quarter was 27.5%, and 18.0% for the full year. This represents an improvement of four percentage points compared to 2006.

Pre-tax profit in the fourth quarter improved by 42%, totaling MSEK 139.3. Earnings for the quarter were encumbered by MSEK 3.8 in costs related to the tender offer from IBM and (in compliance with IFRS) MSEK 3.3 for amortization of intangible assets related to acquisitions made in 2005 and 2006. Income after tax improved by 44% to MSEK 105.2.

Telelogic's pre-tax profit for 2007 improved 48%, which corresponds to MSEK 309.9. Income after tax rose 45% to MSEK 232.4.

Continued good cash flow

Cash flow from current operations remained strong, totaling MSEK 286.4 for the full year 2007. This is consistent with the cash flow for 2006, even though that year's cash flow was affected positively by a number of non-recurring factors.

Strong financial position

Cash and cash equivalents increased to MSEK 645.2, as compared to MSEK 462.0 at the end of 2006. The change is attributable to MSEK 286.4 in positive cash flow from current operations, payment of additional consideration of MSEK 4.9 in connection with the I-Logix acquisition, MSEK 50.0 in amortizations of loans, MSEK 51.3 in other investments, MSEK 3.1 in warrant redemptions and MSEK 0.1 in negative exchange rate differences with respect to liquid assets. There is, in addition to a total of MSEK 645.2 in liquid assets, roughly MSEK 500 in unused overdraft facilities.

Personnel

The number of employees at year-end was 1,237, i.e. 99 more than at the end of 2006. Telelogic will continue to hire new employees in those regions and product areas that exhibit good profitability and growth potential.

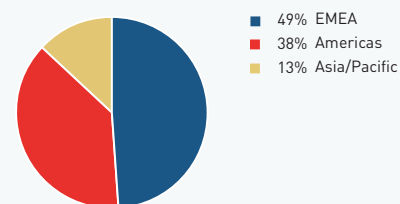
Parent Company

Parent Company revenue for the year totaled MSEK 267.4, compared to MSEK 192.3 the year before. The Parent Company received MSEK 117.3 in dividends from subsidiaries, and wrote down the value of shares in subsidiaries by MSEK 127.7. No other significant changes occurred in terms of relationships or transactions with associated companies.

Geographical development

(local currency)	Oct-Dec, 2007		Jan-Dec, 2007	
	Growth	Contribution	Growth	Contribution
America	19%	50%	10%	40%
EMEA	14%	50%	23%	46%
Asia/Pacific	24%	42%	18%	34%

Revenue/region (full year 2007)



Strong growth in all Market Divisions

The EMEA Market Division (operations in Europe, Middle East and Africa) achieved the most growth during the year. The market climate varies from country to country, but overall the market is considered to be positive. The contribution margin was very high, due to strong revenue growth and efficient cost controls.

Growth in the Asia/Pacific Market Division (operations in Asia and Australia) was strong during the second half of the year, resulting in strong earnings for the year as a whole. All of Telelogic's subsidiaries in the region improved their market positions during the year. However, our Japanese operations showed weak growth during the first part of the year, although

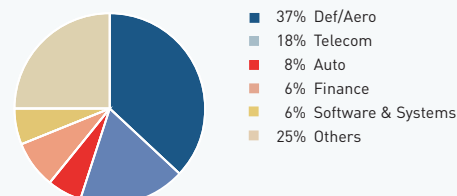
some improvement was seen in Japan in the fourth quarter. The general market climate in Asia/Pacific is expected to remain positive. The contribution margin was strong in the fourth quarter, even though negatively impacted by investments in continued expansion during the year.

Telelogic's Americas Market Division (operations in North and South America) achieved increasingly strong growth during the year. Growth was negatively affected by the somewhat weaker market climate in the USA as compared to Europe, combined with Telelogic's heavy exposure to the aerospace/defense industry. Despite somewhat weaker than expected revenue growth, the contribution margin was good, which is evidence of a solid business model and good cost controls.

Development per customer group

(local currency)	Oct-Dec, 2007		Jan-Dec, 2007	
	Growth	% of rev.	Growth	% of rev.
Def/Aero	25%	38%	18%	37%
Telecom	23%	22%	13%	18%
Automotive	20%	7%	35%	8%
Finance	-11%	5%	12%	6%
Software & Systems	29%	6%	29%	6%
Others	5%	22%	14%	25%

Revenue/segment (full year 2007)



Def/Aero customer group continues to dominate

The defense/aerospace group continued to constitute Telelogic's biggest customer group for the period. Sales to this customer group gradually improved over the year. The increase mainly occurred outside the USA.

Sales to the telecom group were inconsistent over the year. This customer group is dependent to some extent on isolated major deals that occur sporadically during the year. Total growth for the year as a whole was favorable.

Sales to the automotive group enjoyed strong growth for the year. The trend has remained positive for a number of quarters,

and it is clear that Telelogic has strengthened its position within the customer group, including outside of Germany.

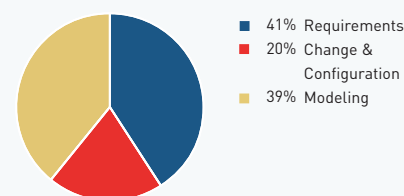
The financial and the software & systems groups grew during the year. However, these customer groups are still too small and their growth too inconsistent to be able to draw any far-reaching conclusions from individual quarters.

The group "Other" consists of customer groups that account for less than 5% of total annual revenue. This customer group achieved solid growth for the year as a whole.

Development per product category

(local currency)	Oct-Dec, 2007		Jan-Dec, 2007	
	Growth	% of rev.	Growth	% of rev.
Requirements	9%	38%	16%	41%
Configuration	14%	20%	13%	20%
Modeling	23%	42%	24%	39%

Revenue/product (full year 2007)



Double-digit growth for all product categories

The Modeling product category was our fastest growing product category for 2007. The products derived from our recent acquisitions have continued to achieve very positive growth, with Telelogic Rhapsody and Telelogic System Architect being the most prominent among them.

The Requirements Management product category posted double-digit growth in 2007. All the products in the category showed positive growth, although the Telelogic DOORS product achieved somewhat poorer growth in the USA. Telelogic Focal Point is growing the fastest in this product group, and was Telelogic's fastest growing product in 2007.

The Change and Configuration Management product category went from zero growth in 2006 to double-digit growth in

2007. Focused investments have been made over the last year to strengthen Telelogic's position in this market, with favorable results.

Product news in the fourth quarter

- New, integrated product versions of Telelogic System Architect and Telelogic Tau improve team collaboration and empower organizations to understand and formulate their business strategies and develop IT solutions that satisfy their business goals.
- A new version of Telelogic Focal Point with integration into Microsoft® Project®. This enables organizations to optimize their product requirements management processes.

Public offer to Telelogic's shareholders

On June 11, 2007, IBM announced a public cash offer to the shareholders of Telelogic AB. SEK 21 in cash was offered for each Telelogic share. The tender offer is valid until February 14, 2008. Telelogic's Board of Directors has recommended the offer. For more information, see the documentation from IBM and the press releases published on Telelogic's website.

Annual General Meeting and nomination committee

The Annual General Meeting will be held in Malmö on May 6, 2008. The Board of Directors' complete proposal will be announced well before the meeting. According to a resolution at the 2007 Annual General Meeting, the nomination committee is to consist of the Chairman of the Board and representatives from the four biggest shareholders as of August 31. In view of the current offer from IBM, the existing nomination committee had decided to defer the formation of the nomination committee until the notification period for the offer expired in December. After the latest extension of the acceptance period and in view of the on-going EC review process, the nomination committee has decided to await the outcome, but be prepared to act in the event of the acquisition not closing. The chairman of the nomination committee is Annika Andersson, Fourth Swedish National Pension Fund.

Risks and uncertainty factors

The principal uncertainty in the near term is the IBM bid for Telelogic, which involves increased uncertainty for both customers and employees. Telelogic believes that this situation will have a negative impact on our business until it is resolved. The uncertain market situation in general, especially in the USA, is another risk. Otherwise, there are no short-term risks or uncertainty factors worth noting other than the ongoing risks described in Telelogic's Annual Report.

Outlook for 2008

Underlying demand in the market is expected to continue to be good, with similar quarterly fluctuations as in previous years.

For the full year 2008 Telelogic expects revenues to increase 7-12% in local currency and earnings per share to increase slightly more than that. Therefore Telelogic's goal is for earnings to exceed SEK 1 per share.

Malmö, January 29, 2008
The Board of Directors

Telelogic's solutions take Vanderlande Industries' software design processes to new heights

Vanderlande Industries faced the largest and most complex challenge in company history - the design, development, manufacturing, installation, commissioning and integration of a state-of-the-art, high-speed baggage handling system for Terminal 5 (T5) at London's Heathrow Airport. However, the company's existing processes for requirements management, change and configuration management, test management, planning, and tracking did not support the size and complexity of the T5 project.

Vanderlande turned to Telelogic for help with its process improvement initiative. At its headquarters and various UK offices, Vanderlande implemented Telelogic DOORS, Telelogic Synergy, Telelogic Change, Telelogic Tau, Telelogic DocExpress, Telelogic Dashboard, and additional integrated solutions including: DOORS and Synergy, DOORS and

Mercury TestDirector, and Synergy and Mercury TestDirector.

After a year of using Telelogic Lifecycle Solutions, Vanderlande got the thumbs-up from BAA Heathrow that software and systems engineering processes were now highly mature and pose no risk to the success of the complex T5 project. "The strong capabilities of Telelogic DOORS, plus the integration capabilities of the entire Telelogic suite, were key factors in our choice," says Noud van Mullekom, engineering manager, Major Projects, Vanderlande Industries.



Major deals during the fourth quarter

- A North American aerospace/defense company has invested MSEK 48 over five years in our Rhapsody modeling product.
- A global telecom manufacturer has signed an agreement worth MSEK 34. The agreement covers our Focal Point requirements analysis product, DOORS requirements management product, Synergy configuration management product and two modeling products, Tau and Rhapsody.
- A telecom equipment manufacturer has signed a three-year agreement worth MSEK 33, plus an option to extend for an additional 27 months at a value of MSEK 30. The agreement represents Telelogic's single biggest order for its change management product, Change.
- A global telecom vendor has placed an order worth MSEK 28 for our Focal Point requirements analysis product, our DOORS requirements management product and two modeling products, Tau and Rhapsody.
- An aerospace company has signed a five-year pan-European agreement worth MSEK 23.5. The agreement covers our DOORS requirement management product and the Tau and Rhapsody modeling products.
- An aerospace/defense manufacturer in Asia/Pacific has invested MSEK 20 over five years in all of Telelogic's products.
- A global communications company has signed an agreement for MSEK 10.4 that covers our DOORS requirements management product plus three modeling products, System Architect, Tau and Rhapsody.
- A global transportations company has placed an order worth MSEK 7.4. The agreement will run for three years and pertains to our Focal Point requirements analysis product.
- A global mobile communications manufacturer has signed a three-year agreement worth MSEK 6.9. The agreement covers our DOORS requirements management product, our Synergy configuration management product, and our Tau modeling product.
- An industrial automation and transportation service provider in Asia/Pacific has invested MSEK 6.7 over five years in our DOORS requirements management product, our Synergy configuration management product and two of our modeling products, System Architect and Tau.
- An international financial services organization has placed an order worth MSEK 6.5 for our DOORS requirements management product and System Architect modeling product.
- A European aerospace/defense manufacturer has signed a five-year agreement worth MSEK 6.1 for our DOORS requirements management product and Tau modeling product.
- A defense manufacturer has invested MSEK 4.6 in our DOORS requirements management product and our System Architect modeling product.

Technology description: The integrated offer

Telelogic provides software solutions to optimize, align, and automate its customers' business processes, tailored to business operations objectives and end customer needs. The purpose is to save time, improve quality and reduce costs.

Telelogic's software is divided into three product groups: Requirements Management, Change & Configuration Management, and Modeling. Each quarter we have describe one product group in the Interim Report and this quarter we will describe the integrated offering.

The integrated offer

Telelogic's software solutions can be used independently or in combination. This integrated product line provides enterprises with a total solution that aligns and optimizes processes throughout the organization. Telelogic is focusing on "Enterprise Lifecycle Management" (ELM). Simply put, ELM can be described as business, IT, and product development processes. These processes are interdependent and a coordinated solution is needed to achieve maximum productivity and cost efficiency.

ELM's components

Today's sophisticated products are often a combination of complex software and hardware. The area for development of software is often referred to as ALM – "Application Lifecycle Management" while the area for development of hardware is referred to as PLM – "Product Lifecycle Management". ALM and PLM are closely related in several ways.

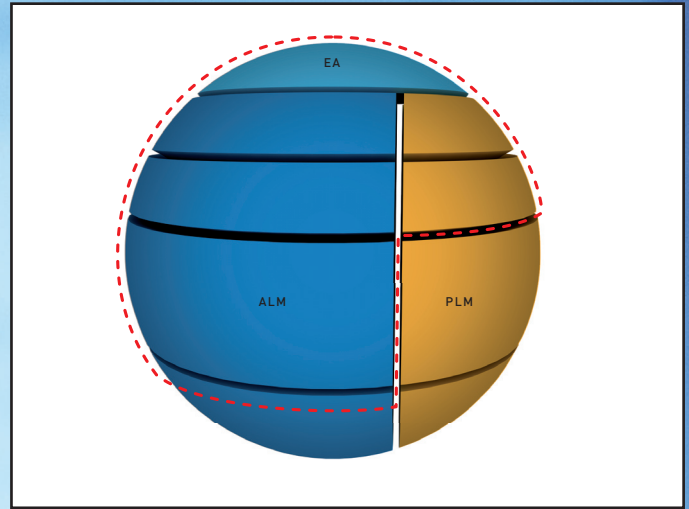
ALM

ALM includes development and handling of advanced software and systems throughout their life cycle, including requirements management, change management, and project management.

PLM

PLM involves development and handling of, for example, mechanical products throughout their life cycle, including requirements management, change management, and project management.

The combination of hardware and software is well distributed in several of Telelogic's customer groups. When a customer manufactures an airplane, developing the hardware is as complex as developing the software that will steer and



ELM is Telelogic's name for the combination of relevant parts of ALM, PLM, and EA. Sales for the total ELM market are about USD 3 billion

monitor the plane. Similar examples can be found among Telelogic's other traditional customer categories such as the automotive, telecom, and pharmaceutical industries. Several of Telelogic's customers already use both ALM and PLM solutions, albeit not always with a coordinated approach.

In a large organization many other processes and activities need to be optimized. Most of all, such companies need to integrate ALM and PLM into their organizational structure and business processes to ensure that development and production not only meet customer requirements, but are also in line with the company's strategic mission.

EA

Enterprise Architecture (EA) provides structure for these business processes. EA involves modeling and analysis of processes, structures, and goals in the organization.

ELM

ELM is Telelogic's name for the combination of relevant parts of ALM, PLM, and EA.

Telelogic's objective is to continue developing a total solution that supports customers' elm processes. This solution will continue to be used as an integrated solution or separately.

Sales for the total ELM market are about USD 3 billion and analysts expect this market to grow at an average annual rate of 5 to 10 percent over the next few years.

Income statements in summary

	Oct-Dec		Full year		
	2007	2006	2007	2006	2005
MSEK					
Licensing revenue	255.2	212.4	763.9	653.2	564.7
Maintenance revenue	172.8	160.8	665.3	600.0	461.2
Consulting and other revenue	74.3	72.1	288.1	271.7	264.0
Total revenue	502.3	445.3	1 717.3	1 524.9	1 289.9
License expenses	-10.3	-6.8	-33.0	-22.5	-15.0
Maintenance expenses	-15.4	-14.2	-57.3	-52.9	-44.9
Consulting and other expenses	-58.8	-56.3	-224.9	-213.4	-205.3
Gross income	417.8	368.0	1 402.1	1 236.1	1 024.7
Sales expenses	-174.7	-167.5	-673.9	-643.8	-527.5
Administration expenses	-32.4	-29.9	-125.3	-113.6	-94.9
Product development expenses	-65.6	-63.1	-266.3	-230.6	-191.5
Other operating expenses	-7.1	-7.3	-26.7	-33.0	-15.7
Operating income	138.0	100.2	309.9	215.1	195.1
Net financial income/expenses	1.3	-1.8	0.0	-5.7	6.6
Pre-tax profit	139.3	98.4	309.9	209.4	201.7
Tax	-34.1	-25.1	-77.5	-49.5	-36.5
Income after tax	105.2	73.3	232.4	159.9	165.2
Earnings per share, basic (SEK)	0.43	0.30	0.94	0.65	0.70
Earnings per share, diluted (SEK)	0.43	0.30	0.94	0.65	0.69
Average number of shares, basic (million)	247.4	247.1	247.2	246.2	235.6
Average number of shares, diluted (million)	248.8	248.2	248.5	247.2	240.4

Key numbers

	Oct-Dec		Full year		
	2007	2006	2007	2006	2005
Sales growth (%)	13	16	13	18	24
" Licensing revenue	20	17	17	16	15
" maintenance revenue	7	25	11	30	26
" consultant & other revenue	3	-2	6	3	43
Gross margin (%)	83.2	82.6	81.6	81.1	79.4
" licensing revenue	96.0	96.8	95.7	96.6	97.3
" maintenance revenue	91.1	91.2	91.4	91.2	90.3
" consultant & other revenue	20.9	21.9	21.9	21.5	22.2
Indirect expenses in % of revenue	55.7	60.1	63.6	67.0	64.3
Sales expenses in % of revenue	34.8	37.6	39.2	42.2	40.9
Administration expenses in % of revenue	6.5	6.7	7.3	7.4	7.4
Product development expenses in % of revenue	13.1	14.2	15.5	15.1	14.8
Other expenses in % of revenue	1.4	1.6	1.6	2.2	1.2
Operating margin (%)	27.5	22.5	18.0	14.1	15.1
EBITA margin* (%)	28.1	24.1	18.9	16.3	16.3
EBITDA margin (%)	31.3	27.6	22.3	19.8	20.0

* Operating income excluding amortization on intangible assets related to acquisitions as percentage of total revenue

Segment Information

	Oct-Dec		Full year		
	2007	2006	2007	2006	2005
Revenue (SEK million)					
Americas	189.3	173.1	647.2	636.8	527.6
EMEA	243.6	215.0	851.5	695.3	603.8
Asia/Pacific	69.4	57.2	218.6	192.8	158.5
Operating income (SEK million)					
Americas	94.2	73.0	262.0	238.6	200.6
EMEA	122.1	97.5	387.9	261.3	205.3
Asia/Pacific	29.3	23.0	73.8	66.5	54.8
Product development, Parent Company and other	-107.6	-93.3	-413.8	-351.3	-265.6
Contribution margin (%)					
Americas	50	42	40	37	38
EMEA	50	45	46	38	34
Asia/Pacific	42	40	34	34	35

Balance sheets in summary	Dec 31		
	2007	2006	2005
MSEK			
Goodwill	905.4	947.1	523.3
Other intangible assets	76.1	93.7	24.3
Capitalized development costs	154.8	156.1	151.1
Property, plant, and equipment	30.1	37.8	34.8
Financial fixed assets	16.6	15.6	14.9
Deferred tax assets	129.8	188.1	179.1
Accounts receivables	456.0	398.7	458.3
Other current receivables	230.2	156.4	126.2
Cash and cash equivalents	645.2	462.0	447.3
Total assets	2 644.2	2 455.5	1 959.3
Equity	1 614.8	1 426.8	1 359.8
Interest-bearing long-term liabilities	337.5	387.5	0.0
Other non-current liabilities	3.0	2.8	3.4
Interest-bearing current liabilities	50.0	50.0	39.8
Accounts payable	35.0	28.8	42.1
Accruals and deferred income	541.8	491.7	442.8
Other current liabilities	62.1	67.9	71.4
Total liabilities and equity	2 644.2	2 455.5	1 959.3

Equity in brief	No. of shares			
	Jan-Dec 2007	Full year 2007	2006	2005
MSEK				
Opening balance, January 1	247 105 247	1 426.8	1 359.8	702.7
Change in translation reserve for the year		-52.4	-130.7	72.8
Income for the year		232.4	159.9	165.2
Total change in net assets, excl. transactions with the Company's shareholders		180.0	29.2	238.0
New equity issues	530 713	3.1	31.0	414.6
Options program		4.9	6.8	4.5
Closing balance	247 635 960	1 614.8	1 426.8	1 359.8

Key numbers	Full year		
	2007	2006	2005
Number of employees, end of period	1 237	1 138	929
Cash and cash equivalents (SEK million)	645.2	462.0	447.3
Interest bearing liabilities (SEK million)	387.5	437.5	39.8
Equity/assets ratio (%)	61.1	58.1	69.4
Equity per share (SEK)	6.52	5.77	5.59

Cash flow in summary	Full year		
	2007	2006	2005
MSEK			
Operating activities	286.4	288.9	183.1
Investing activities	-56.2	-727.8	-298.8
Financing activities	-46.9	468.5	295.3
Cash flow for the period	183.3	29.6	179.6
Cash and cash equivalents at beginning of period	462.0	447.3	249.5
Exchange rate differences in cash and cash equivalents	-0.1	-14.9	18.2
Cash and cash equivalents at end of period	645.2	462.0	447.3

Quarterly data in summary

Income Statements

MSEK	2007				2006				2005
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Licensing revenue	255.2	193.2	155.6	159.9	212.4	152.4	160.5	127.9	181.4
Maintenance revenue	172.8	164.6	166.6	161.3	160.8	158.3	152.7	128.2	128.9
Consulting and other revenue	74.3	70.7	75.4	67.7	72.1	59.4	69.2	71.0	73.8
Total revenue	502.3	428.5	397.6	388.9	445.3	370.1	382.4	327.1	384.1
License expenses	-10.3	-7.7	-8.6	-6.4	-6.8	-4.8	-6.0	-5.0	-4.2
Maintenance expenses	-15.4	-14.0	-13.5	-14.4	-14.2	-13.6	-14.4	-10.6	-11.6
Consulting and other expenses	-58.8	-55.9	-56.0	-54.2	-56.3	-46.2	-55.7	-55.2	-58.7
Gross income	417.8	350.9	319.5	313.9	368.0	305.5	306.3	256.3	309.6
Sales expenses	-174.7	-165.4	-168.3	-165.5	-167.5	-163.1	-167.9	-145.3	-141.8
Administration expenses	-32.4	-31.9	-30.8	-30.2	-29.9	-28.6	-30.3	-24.8	-25.7
Product development expenses	-65.6	-66.7	-68.6	-65.4	-63.1	-59.7	-59.0	-48.8	-54.4
Other operating expenses	-7.1	-11.2	-3.6	-4.8	-7.3	-9.6	-12.0	-4.1	-4.4
Operating income	138.0	75.7	48.2	48.0	100.2	44.5	37.1	33.3	83.3
Net financial income/expenses	1.3	-0.3	-0.7	-0.3	-1.8	-2.3	-3.3	1.7	1.8
Pre-tax profit	139.3	75.4	47.5	47.7	98.4	42.2	33.8	35.0	85.1
Tax	-34.1	-19.6	-12.2	-11.6	-25.1	-10.5	-7.3	-6.6	-13.4
Income after tax	105.2	55.8	35.3	36.1	73.3	31.7	26.5	28.4	71.7

Balance sheets

MSEK	2007				2006				2005
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Goodwill	905.4	906.0	950.4	966.6	947.1	1 001.5	988.1	972.4	523.3
Other intangible assets	76.1	75.5	83.7	89.8	93.7	96.9	105.5	126.6	24.3
Capitalized development costs	154.8	155.7	155.9	156.0	156.1	155.5	153.8	151.4	151.1
Property, plant, and equipment	30.1	35.9	39.3	38.9	37.8	36.7	36.3	39.3	34.8
Financial fixed assets	16.6	16.6	15.9	14.9	15.6	13.9	13.6	14.3	14.9
Deferred tax assets	129.8	153.9	166.3	177.4	188.1	209.1	211.8	258.4	179.1
Accounts receivables	456.0	371.2	364.5	366.9	398.7	387.5	389.0	434.7	458.3
Other current receivables	230.2	184.5	157.4	171.7	156.4	122.7	121.5	132.7	126.2
Cash and cash equivalents	645.2	572.4	576.9	544.5	462.0	466.1	463.1	443.4	447.3
Total assets	2 644.2	2 471.7	2 510.3	2 526.7	2 455.5	2 489.9	2 482.7	2 573.3	1 959.3
Equity	1 614.8	1 511.2	1 507.4	1 493.0	1 426.8	1 421.9	1 367.0	1 367.4	1 359.8
Interest-bearing long-term liabilities	337.5	350.0	362.5	375.0	387.5	425.0	437.5	450.0	0.0
Other non-current liabilities	3.0	4.9	4.3	4.9	2.8	3.0	0.0	0.0	3.4
Interest-bearing current liabilities	50.0	50.0	50.0	50.0	50.0	50.0	50.0	92.0	39.8
Accounts payable	35.0	35.9	38.2	37.0	28.8	30.9	38.7	34.4	42.1
Accruals and deferred income	541.8	471.7	505.6	512.1	491.7	477.5	496.7	539.9	442.8
Other current liabilities	62.1	48.0	42.3	54.7	67.9	81.6	92.8	89.5	71.4
Total liabilities and equity	2 644.2	2 471.7	2 510.3	2 526.7	2 455.5	2 489.9	2 482.7	2 573.3	1 959.3

Cash Flow Statements

MSEK	2007				2006				2005
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating activities	96.5	21.4	60.0	108.5	74.3	35.0	74.7	104.9	46.2
Investing activities	-13.4	-10.7	-13.4	-18.7	-33.3	-21.7	-51.1	-621.7	-8.8
Financing activities	-10.4	-11.9	-12.2	-12.4	-37.4	-11.9	2.5	515.3	6.2
Cash flow for the period	72.7	-1.2	34.4	77.4	3.6	1.4	26.1	-1.5	43.6
Cash and cash equivalents at beginning of period	572.4	576.9	544.5	462.0	466.1	463.1	443.4	447.3	401.0
Exchange rate diff. in cash and cash equivalents	0.1	-3.3	-2.0	5.1	-7.7	1.6	-6.4	-2.4	2.7
Cash and cash equivalents at end of period	645.2	572.4	576.9	544.5	462.0	466.1	463.1	443.4	447.3

Parent Company

Income statements

MSEK	Jan-Dec	
	2007	2006
Total revenue	267.4	192.3
License, maintenance, consulting and other expenses	-18.3	-7.4
Gross income	249.1	184.9
Sales expenses	-11.6	-7.9
Administration expenses	-58.4	-54.0
Product development expenses	-55.6	-61.7
Other operating expenses	-11.5	-
Operating income	112.0	61.3
Result from shares in subsidiaries	-10.4	119.6
Net financial income/expenses	21.4	9.5
Pre-tax profit	123.0	190.4
Tax	-32.4	-2.5
Income after tax	90.6	187.9

Balance sheets

MSEK	31 Dec	
	2007	2006
Total noncurrent assets	1 236.9	1 272.6
Total current assets	752.3	535.5
Total assets	1 989.2	1 808.1
Total shareholder's equity	1 129.9	1 053.7
Total noncurrent liabilities	337.5	387.5
Total current liabilities	521.8	366.9
Total equity and liabilities	1 989.2	1 808.1

7-Year Summary

Income statements

MSEK	2007	2006	2005	2004	2003*	2002*	2001*
Licensing and maintenance revenue	1 429.2	1 253.2	1 025.9	854.2	763.9	856.2	970.5
Consulting and other revenue	288.1	271.7	264.0	185.1	173.1	264.8	524.5
Total revenue	1 717.3	1 524.9	1 289.9	1 039.3	937.0	1 121.0	1 495.0
Operating income	309.9	215.1	195.1	175.2	8.5	-65.9	-2 121.6
Net financial income/expenses	0.0	-5.7	6.6	2.5	-3.3	-1.7	-2.0
Pre-tax profit	309.9	209.4	201.7	177.6	5.2	-67.6	-2 123.6
Income after tax	232.4	159.9	165.2	134.3	-16.1	-101.5	-2 051.2

Balance sheets

MSEK	2007	2006	2005	2004	2003*	2002*	2001*
Total noncurrent assets	1 312.8	1 438.4	927.5	456.7	509.7	605.1	691.8
Total current assets	1 331.4	1 017.1	1 031.8	688.9	511.8	529.7	754.0
Total assets	2 644.2	2 455.5	1 959.3	1 145.6	1 021.5	1 134.8	1 445.8
Total shareholder's equity	1 614.8	1 426.8	1 359.8	702.7	550.2	627.2	716.2
Total noncurrent liabilities	340.5	390.3	3.4	2.7	43.6	48.6	136.7
Total current liabilities	688.9	638.4	596.1	440.2	427.7	459.0	592.9
Total equity and liabilities	2 644.2	2 455.5	1 959.3	1 145.6	1 021.5	1 134.8	1 445.8

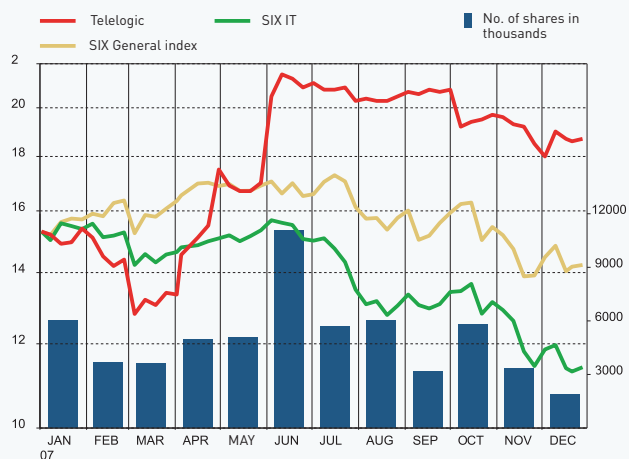
Cash Flow Statements

MSEK	2007	2006	2005	2004	2003*	2002*	2001*
Operating activities	286.4	288.9	183.1	152.8	34.4	122.4	-219.4
Investing activities	-56.2	-727.8	-298.8	-44.5	-41.7	-92.1	-160.7
Financing activities	-46.9	468.5	295.3	8.2	-1.2	11.5	257.2
Cash flow for the period	183.3	29.6	179.6	116.4	-8.5	41.8	-122.9
Cash and cash equivalents at beginning of period	462.0	447.3	249.5	139.8	160.0	128.4	240.8
Exchange rate diff. in cash and cash equivalents	-0.1	-14.9	18.2	-6.7	-11.7	-10.2	10.5
Cash and cash equivalents at end of period	645.2	462.0	447.3	249.5	139.8	160.0	128.4

* The years 2001-2003 are not restated under IFRS. This mainly affects amortization for goodwill.

The Telelogic share

Market value (Dec 31)	SEK 4 631 million
Share price (Dec 31)	SEK 18.70
Number of shares (Dec 31)	247,635,960
Average number of shares per day	1,773,959
Highest share price during the quarter	SEK 20.90
Lowest share price during the quarter	SEK 17.60
Share price development during the quarter	-10.1%



Financial calendar

Interim report, Jan-Mar	April 22, 2008
Annual General Meeting	May 6, 2008
Interim report, Apr-Jun	July 22, 2008
Interim report, Jul-Sep	October 21, 2008

Information to shareholders

Telelogic's financial information is available in Swedish and English. The quickest way to obtain information from Telelogic is via the Internet. Interested parties may subscribe to financial reports on Telelogic's website in printed form by conventional mail, or in digital form by e-mail. Telelogic also offers subscriptions to press releases via e-mail.

Telelogic's Investor Relations team can be reached at:

Telelogic AB
Investor Relations
P.O. Box 4128
SE-203 12 Malmö
Sweden

Tel: +46 (0)40-650 00 00
Fax: +46 (0)40-650 65 55
E-mail: ir@telelogic.com
www.telelogic.com/investors

International Headquarters

Telelogic AB
P.O. Box 4128
SE-203 12 Malmö
Sweden
Phone: +46 40-650 00 00
Fax: +46 40-650 65 55
Company reg. no: 556049-9690
Registered office: Malmö, Sweden

Offices in Europe, North
America, Asia, and Australia

Web: www.telelogic.com
E-mail: info@telelogic.com

Telelogic

Requirements driven innovation