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

Interim report 1 January – 30 September 2007

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

Third quarter 2007

- **Net sales SEK 89.9 million (86.6).**
- **Net result SEK -5.2 million (-7.2), of which realized and unrealized currency hedging positions negatively affected the result by SEK -4.1 million.**
- **Loss per share SEK -0.24 (-0.56) before dilution.**
- **Order intake SEK 117.9 million (118.8) and order backlog as of 30 September 2007 SEK 107.0 million (121.7).**
- **Gross margin 28 % (17 %).**
- **Operating loss SEK -4.8 million (-5.8).**
- **Cash flow from operating activities SEK -3.1 million (-34.8).**
- **Cash and bank SEK 40.2 million (17.1) as of 30 September 2007.**

First nine months of 2007

- **Net sales SEK 273.6 million (285.0).**
- **Net result SEK -46.4 million (-40.8).**
- **Loss per share SEK -2.08 (-3.31) before dilution.**
- **Gross margin 21 % (20 %).**
- **Operating loss SEK -44.5 million (-38.3).**
- **Cash flow from operating activities SEK 46.1 million (-63.4)**

”We have experienced strong growth in order intake during the third quarter, following a weak second quarter. Our IPTV business in particular has showed strong recovery.”

Ola Berglund, CEO

Income statement in summary (KSEK)	**Q3 2007**	**Q3 2006**	**%**	**Jan-Sept 2007**	**Jan-Sept 2006**	**%**	**Oct 2006 - Sept 2007**	**2006**
Net sales	89 860	86 626	4%	273 627	284 973	-4%	441 600	452 946
Gross profit	25 245	15 140	67%	56 097	55 880	0%	98 213	97 996
Gross margin	28.1%	17.5%		20.5%	19.6%		22.2%	21.6%
Operating result	**-4 799**	**-5 822**	**-**	**-44 498**	**-38 340**	**-**	**-37 170**	**-31 012**
Operating margin	-5.3%	-6.6%		-16.2%	-13.6%		-8.4%	-6.8%
Result before taxes	-5 237	-7 196	-	-46 399	-40 771	-	-40 069	-34 440

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A word from the CEO

We have experienced strong growth in order intake during the third quarter, following a weak second quarter. Our IPTV business in particular has showed strong recovery. In the period we also announced a global cooperation agreement with Ericsson for IPTV solutions, where Tilgin's IPTV solutions are integrated into end-to-end solutions marketed by Ericsson. We hope to announce a first order as a result from this agreement before year-end.

The short-term agenda for Tilgin remains:

1. **Secure new large business,** thus reducing the current dependency on a few large customers.
2. **Increase market orientation** – proactivity and productivity in operations.
3. **Gradually shift focus** and resources towards an IMS and software-oriented business.

Increased interest in IMS – IP Multimedia Subsystem
In the summer and fall, market interest in IMS solutions has increased markedly. We have ongoing discussions with several very large telecom operators, and in a few cases we have initiated lab trials. There are many testimonials regarding how IMS will provide new opportunities for the service providers, who may easily and at low cost develop new services. IMS will help service providers move from being network-oriented to service-oriented.

We have been working for a while now on developing the building blocks that will be the foundation for our future Tilgin IMS@Home™ solutions, which represent the natural evolution from the triple play solutions for IPTV and Home Gateways of today. With IMS there will be a distinct added value in being able to deliver both Home Gateways, IMS-TV and provisioning systems, such as Tilgin's VCM. These three components are all vital for the digital home, which has also been confirmed by the service providers with whom we are having discussions.

The Company's strategy
In the late summer we have been working on refining the long-term strategy for Tilgin. The purpose of this strategy process has been to ensure the best possible further development of the current triple play business, as well as balancing this with a strong focus on the future IMS and software-oriented business.

Some of the most important issues that have emerged from this long-term strategy process are:

- Optimizing and further developing the current triple play offering in the best way possible
  - We will focus our resources to the European market. We will sell via distributors and discontinue direct sales efforts in North America.
  - By intensifying our cooperation with global systems integrators we will become more effective in our current IPTV business. In addition to these partnerships, our efforts will be concentrated to the customer categories where our products provide the most added value.
  - Our current IP residential gateway business will be concentrated to service provider challengers, where we will be addressing the countries around the Baltic Sea with our own direct sales force. For other areas we will be using global systems integrators and partners/distributors.
- Vigorously continuing the development and positioning of an emerging IMS and software-oriented business
  - Tilgin IMS@Home™ will be marketed principally to dominant telecom operators in cooperation with global systems integrators. Our strategy is to offer customer premises solutions with high software content, that in the long term will become independent from the hardware platform.

In conclusion, I believe that we have excellent opportunities for continued and long-term success on the market, but also that the company faces the very important task of reducing the dependency on a limited number of large customers by establishing new large business.

Ola Berglund, CEO

Significant events during the third quarter

In September the company announced a global IPTV cooperation agreement with Ericsson. Under this agreement Tilgin will integrate existing and future product platforms within the framework of Ericsson's end-to-end IPTV offering. The company hopes to announce a first order as a result from this agreement before year-end.

In August Tilgin received initial orders from two new IP residential gateway customers in the Middle East, through distributors.

During the quarter the company received initial orders from two new IP residential gateway customers in the US, also through distributors, a result of the indirect business model for North America that is being implemented.

Existing customers that have generated large orders include Belgacom (IPTV, through Nokia Siemens Networks in Belgium), several local Tele2 companies in Europe (IP residential gateway), and Smart Distribution (IPTV, Australia).

Significant events after the reporting period

In October the company signed its largest support agreement, with a leading systems integrator relating to the company's largest IPTV installation. The agreement covers software support, consultancy and training services.

In October an initial order was received from the Croatian operator Optima within IP residential gateway (through the distributor DSC).

A decision has been taken to focus on the distributor sales channel in North America, thus discontinuing direct sales efforts in this market.

Market prospects and future outlook

The general market development for triple play within IP residential gateway as well as IPTV continues to be very positive. At the same time the company is gradually increasing its resources and focus on development and marketing of IMS-integrated products, solutions and applications, which is expected to have a significant long-term potential.

The focus on further developing the indirect sales model with both local and global systems integrators as well as local resellers continues, and strengthens the company's growth potential. The cooperation agreement with Ericsson in IPTV is a good example.

Order intake and order backlog increased as expected during the third quarter of 2007, and order intake for the third quarter was on par with the corresponding period in 2006. For the first nine months as a whole, order intake was however weaker than for the corresponding period in 2006. The principal reason was reduced order volumes from the company's largest customer, active within the IPTV segment.

During 2008, this customer is expected to upgrade its technical platform, enabling high-definition TV and video (HDTV) among other things. The current assessment is that the customer will not select Tilgin's new generation of IPTV products with HDTV functionality within the framework of the new platform. This would mean that sales to this customer are significantly reduced, which might affect order intake negatively already during the fourth quarter of 2007. The market for triple play solutions is however growing very quickly, and the company has a number of new business opportunities within IPTV. An important task facing Tilgin is to convert existing customers in early stages to larger business volumes quickly enough, and to establish new customers with large volume potential.

The company assesses that order intake, sales and operating result for the second half of 2007 will improve compared to the first half of 2007. Also, the company assesses that sales will be lower and operating result deteriorate for 2007 compared with 2006 as a whole. The gross margin for the year as a whole is expected to improve further.

Risks and uncertain factors

The company's revenues are dependent on a few large customers. In the first nine months of 2007, almost 60 % of total order intake was generated from the company's single largest customer, active within the IPTV segment. The company is focusing on developing other existing and new customer business, which will gradually decrease this dependency.

There is also a risk in the company's currency exposure, since there are considerable sales volumes in EUR, while sales-related purchases are mainly in USD, and other operating expenses to a large extent are in SEK. These currency risks are partially managed through forward exchange contracts.

The company has had discussions with the Swedish Customs regarding, among other things, customs classification of certain historical shipments. Whether this could lead to the company being imposed additional customs duties or other costs, which might eventually impact on the company's customers, 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 the period 1 January – 30 September 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 third quarter amounted to SEK 89.9 million (86.6), a 4 % increase compared with the corresponding period in 2006. Net sales increased by SEK 34.7 million compared with the previous quarter, in light of improved order volumes in the third quarter, and a larger order backlog at the beginning of the quarter. Net sales in the first nine months of 2007 amounted to SEK 273.6 million (285.0).

In total, 91,804 (80,263) CPEs (Customer premises equipment) were shipped to customers in the third quarter, of which 32,448 (35,938) set-top boxes and 59,356 (44,325) residential gateway units.

CPEs including client software represented 93 % (99 %) of total net sales in the third quarter. Other revenue includes sales of accessories, spare parts, management systems, support, professional services, royalties and further invoiced costs.

In the third quarter, net sales were split between EMEA 96.3 % (95.6 %), North America 2.4 % (2.5 %) and other regions 1.3 % (1.9 %).

Financial performance

The operating result for the third quarter amounted to SEK -4.8 million (-5.8) and the net result amounted to SEK -5.2 million (-7.2). The operating result for the first nine months of 2007 amounted to SEK -44.5 million (-38.3) and the net result amounted to SEK -46.4 million (-40.8). The operating result was negatively affected by realized and unrealized currency hedging positions related to specific customer orders, by SEK -3.6 million (0.8). Gross margin for the third quarter amounted to 28 % (17 %) which is a considerable improvement compared with the corresponding period in 2006, and also compared with the previous quarter (-4%).

Operating expenses excluding goods for resale and depreciation and amortization amounted to SEK 26.6 million (20.1) in the third quarter. Third quarter expenses in 2007 were reduced by capitalized development expenditures of SEK 7.9 million (6.9).

Costs of personnel amounted to SEK 13.8 million (12.8) in the third quarter, compared with the previous quarter costs of personnel decreased by SEK 8.0 million. The previous quarter was burdened by a cost of SEK 3.6 million related to the retiring CEO. Also, the third quarter was positively affected by the summer vacation period, decreasing the company's vacation pay liability.

Total product development costs prior to capitalizing certain development expenditures increased to SEK 12.4 million (10.9) in the third quarter.

Depreciation and amortization amounted to SEK 3.9 million (1.9) in the third quarter, of which amortization and write-downs on intangible assets (capitalized development expenditures) amounted to SEK 3.4 million (1.6).

Net financial items amounted to SEK -0.4 million (-1.4) in the third quarter, in the comparative period this item was burdened by interest expenses of SEK 0.8 million relating to a short-term loan from some of the company's main shareholders.

IPTV

Net sales in IPTV amounted to SEK 58.7 million (63.1) in the third quarter, a 7 % decrease compared with the corresponding period in 2006. Compared with the previous quarter, net sales increased by SEK 43.5 million. The increase may be explained by improved order intake during the second and third quarter. Net sales in the first nine months of 2007 amounted to SEK 166.5 million (212.5). The operating result for the third quarter amounted to SEK -3.2 million (-6.9).

The product segment IPTV has shown strong recovery in the third quarter, and has positively affected consolidated gross margin during the period.

IP residential gateway

Net sales in IP residential gateway amounted to SEK 31.1 million (23.5) in the third quarter, a 32 % increase compared with the corresponding period in 2006. Compared with the previous quarter net sales in the product segment decreased by SEK 8.8 million. Net sales in the first nine months of 2007 amounted to SEK 107.1 million (72.4). The operating result for the third quarter amounted to SEK 0.0 million (-1.3).

Personnel

The number of employees in the Group increased from 104 to 111 in the third quarter of 2007. Staff is expected to increase further during the last quarter of 2007. As of 30 September 2007, two people were employed by the company's US subsidiary, Tilgin Inc.

Financial position

Cash flow, investments and financial position

Cash flow from operating activities amounted to SEK -3.1 million (-34.8) in the third quarter. The improved cash flow 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 accounts receivable at the end of the period. Cash and bank balances as of 30 September 2007 amounted to SEK 40.2 million (17.1).

As of 30 September 2007 the company had access to financing facilities in various currency denominations, corresponding to approximately SEK 98 million. The utilization of these facilities increased compared with the end of the previous quarter, and as of 30 September 2007 the facility was utilized to SEK 26.3 million (39.9). Utilization is expected to go up further in the last quarter of 2007, in connection with increased invoicing volumes.

Investments in intangible fixed assets in the third quarter amounted to SEK 7.9 million (6.9) and refer to capitalization of development expenditures. No other significant investments were made in the period.

Shareholders' equity

Group equity as of 30 September 2007 amounted to SEK 103.7 million (71.7) and share capital at the same date amounted to SEK 22.3 million (18.8). The equity/assets ratio was 55 % (38 %).

Share data and ownership structure

The total number of shares in the company as of 30 September 2007 was 22,274,600. At that time, there were also outstanding warrants which, after a full exercise, would correspond to 804,358 new shares. These warrants are not included when calculating the number of shares after dilution, or result per share after dilution, since the exercise price exceeds the current market quotation. As per 30 September 2007, MGA Holding remained the largest shareholder, with 28 % of the shares.

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 third quarter 2007 were the same as Group net sales for the period.

Result before taxes for the parent company was SEK -5.3 million (-7.2) for the third quarter, Group SEK -5.3 million. Total shareholders' equity in the parent company amounted to SEK 103.7 million (71.7), Group SEK 103.7 million. Cash and bank balances for the parent company as of 30 September 2007 amounted to SEK 40.2 million (17.0), Group SEK 40.2 million. As of 30 September 2007 the number of employees in the parent company including the US subsidiary was 111 (98), which corresponds to the number of employees in the Group (there are no employees in the company's two inactive subsidiaries).

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 RR32:05. Further, the report has been adapted in accordance with the EC Transparency Directive 2004/109/EC, effective 1 January 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.

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

Kista, 25 October 2007

Tilgin AB (publ)

Ola Berglund
Chief Executive Officer

The information contained in this report is of such character that Tilgin is obliged to make public under The Exchange and Clearing Operations Act and/or The Financial Instruments Trading Act. The information was made public on 26 October, 07:00 CET.

Phone conference:
In view of the interim report, the capital market is invited to a conference call on Friday 26 October. The conference will start at 09:00 CET. Participants may follow the conference via Internet, website www.tilgin.com/q307, or access it by dialing *UK +44 (0) 207 138 0843* or *Sweden +46 (0)8 5352 6457*. A presentation will be held available at the company's web site.

Scheduled reports:

- The 2007 year-end report will be presented on 15 February 2008.
- In connection with Redeye's Capital Market Day, topic IT, on 8 November, Tilgin's CEO Ola Berglund will briefly convey some further details regarding the company's long-term strategy. More information relating to the Capital Market Day is available at www.redeye.se.

For further information, please contact:

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Group income statements, balance sheets and cash flow statements

Income statement (SEK thousand)	Q3 2007	Q3 2006	Jan-Sept 2007	Jan-Sept 2006	Oct 2006 - Sept 2007	2006
Net sales	89 860	86 626	273 627	284 973	441 600	452 946
Other operating income	488	975	411	-2 201	411	275
Total sales	**90 348**	**87 601**	**274 038**	**282 771**	**442 012**	**453 221**
Operating expenses						
Goods for resale	-64 615	-71 486	-217 530	-229 093	-343 387	-354 949
Other external costs	-9 292	-7 127	-36 346	-41 418	-45 737	-50 808
Costs of personnel	-13 778	-12 835	-51 467	-43 005	-67 146	-58 684
Depreciation and amortization	-3 935	-1 863	-10 290	-3 879	-12 145	-5 734
Other operating expenses	-3 528	-114	-2 902	-3 716	-10 766	-14 057
Operating result	**-4 799**	**-5 822**	**-44 498**	**-38 340**	**-37 170**	**-31 012**
Net financial items	-438	-1 374	-1 902	-2 431	-2 899	-3 428
Result before taxes	**-5 237**	**-7 196**	**-46 399**	**-40 771**	**-40 069**	**-34 440**
Income taxes for the period	-	-	-	-	-	-
Result for the period	**-5 237**	**-7 196**	**-46 399**	**-40 771**	**-40 069**	**-34 440**
Earnings/loss per share before dilution (SEK)	-0.24	-0.56	-2.08	-3.31	-1.87	-2.45
Earnings/loss per share after dilution (SEK)	-0.24	-0.56	-2.08	-3.31	-1.87	-2.45
Avg. number of shares before dilution (thousand)	22 275	12 840	22 262	12 335	21 479	14 054
Avg. number of shares after dilution (thousand)	22 275	13 002	22 278	12 526	21 517	14 223

Cash flow statement (SEK thousand)	Q3 2007	Q3 2006	Jan-Sept 2007	Jan-Sept 2006	Oct 2006 - Sept 2007	2006
Cash flow from operations before changes in working capital	-1 393	-10 813	-35 853	-40 900	-28 164	-33 211
Changes in working capital	-1 690	-24 013	81 995	-22 477	31 322	-73 150
Cash flow from operating activities	**-3 083**	**-34 825**	**46 142**	**-63 377**	**3 158**	**-106 361**
Cash flow from investing activities	-8 437	-7 630	-28 144	-23 143	-37 394	-32 393
Cash flow from financing activities	13 341	45 736	-70 069	33 029	57 368	160 467
Net change in cash and cash equivalents	**1 821**	**3 280**	**-52 071**	**-53 491**	**23 133**	**21 713**
Cash and cash equivalents, beginning of period	**38 425**	**13 833**	**92 317**	**70 604**	**17 113**	**70 604**
Cash and cash equivalents, end of period	**40 246**	**17 113**	**40 246**	**17 113**	**40 246**	**92 317**

Balance sheet (SEK thousand)	2007-09-30	2006-09-30	2006-12-31
ASSETS			
- Intangible assets	41 830	18 351	24 715
- Tangible assets	5 017	3 040	4 278
Total fixed assets	*46 847*	*21 391*	*28 993*
- Inventories	47 543	52 642	91 810
- Accounts receivable - trade	40 851	79 678	127 791
- Other receivables	13 594	16 952	23 237
- Cash and bank	40 246	17 113	92 317
Total current assets	*142 234*	*166 385*	*335 155*
Total assets	**189 081**	**187 776**	**364 149**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	103 665	71 692	149 209
Liabilities			
- Long-term interest-bearing liabilities	781	1 830	781
- Short-term interest-bearing liabilities	26 280	39 905	97 204
- Other short-term liabilities	56 339	72 301	115 195
- Warranty provisions	2 016	2 048	1 760
Total liabilities	**85 416**	**116 084**	**214 940**
Total equity and liabilities	**189 081**	**187 776**	**364 149**

Income statements and balance sheets, parent company

Income statement (SEK thousand)	Q3 2007	Q3 2006	Jan-Sept 2007	Jan-Sept 2006	Oct 2006 - Sept 2007	2006
Total sales	90 348	87 601	274 038	282 771	442 012	453 221
Operating expenses	-95 147	-93 424	-318 536	-321 111	-479 181	-484 233
Operating result	**-4 799**	**-5 822**	**-44 498**	**-38 340**	**-37 170**	**-31 012**
Net financial items	-438	-1 374	-1 902	-2 431	-2 899	-3 428
Result before taxes	**-5 237**	**-7 196**	**-46 399**	**-40 771**	**-40 069**	**-34 440**
Income taxes for the period	-	-	-	-	-	-
Result for the period	**-5 237**	**-7 196**	**-46 399**	**-40 771**	**-40 069**	**-34 440**

Balance sheet (SEK thousand)	2007-09-30	2006-09-30	2006-12-31
ASSETS			
Total fixed assets	47 047	21 591	29 193
Total current assets	142 151	166 302	335 073
Total assets	**189 198**	**187 893**	**364 266**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	103 717	71 744	149 261
Provisions	2 016	2 048	1 760
Liabilities			
- Long-term liabilities	781	1 830	781
- Short-term liabilities	82 684	112 271	212 464
Total equity and liabilities	**189 198**	**187 893**	**364 266**

Notes regarding significant changes in balance sheet items between 31 Dec-06 and 30 Sep-07

1. Fixed assets: Since 31 December 2006, development expenditures of SEK 25.9 million (before amortization) 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 46.4 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 86.9 million lower as per 30 September 2007, and accounts payable together with the accounts receivable financing facility with the bank are SEK 123.5 million lower as per 30 September 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**	**-374 017**	**70 107**
Loss for the period	-	-	-40 771	-40 771
Total change in capital excl. transactions with the company's owners	-	-	-40 771	-40 771
Reduction of the share capital	-109 066	-	109 066	0
New share issue (aug/sept 2006)	6 610	39 663	-	46 273
Issue expenses related to new share issue	-	-5 735	-	-5 735
Conversion of convertible loan	1 275	542	-	1 817
Closing balance Sept 30, 2006	**18 789**	**358 626**	**-305 722**	**71 692**
Opening balance Jan 1, 2007	**22 189**	**426 412**	**-299 392**	**149 209**
Profit for the period	-	-	-46 399	-46 399
Total change in capital excl. transactions with the company's owners	-	-	-46 399	-46 399
Conversion of convertible loan	86	770	-	855
Closing balance Sept 30, 2007	**22 275**	**427 181**	**-345 791**	**103 665**
Opening balance Jan 1, 2006	**119 969**	**324 156**	**-374 017**	**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	-
New share issues	10 010	121 263	-	131 273
Issue expenses related to new share issue	-	-19 549	-	-19 549
Conversion in part on convertible loan	1 275	542	-	1 817
Closing balance Dec 31, 2006	**22 189**	**426 412**	**-299 392**	**149 209**

Segment information, group

(SEK thousand)

Q3 2007

	IPTV	IP-RG	Other	Group
Net sales	58 734	31 126	0	89 860
Operating result	**-3 194**	**-8**	**-1 597**	**-4 799**
Investments in fixed assets	4 713	3 688	37	8 437
Assets	70 455	73 738	44 888	189 081
Liabilities	46 428	35 419	3 569	85 416

Q3 2006

	IPTV	IP-RG	Other	Group
Net sales	63 120	23 507	0	86 626
Operating result	**-6 928**	**-1 341**	**2 447**	**-5 822**
Investments in fixed assets	4 318	3 238	74	7 630
Assets	114 189	53 543	20 044	187 776
Liabilities	76 015	31 130	8 939	116 084

Jan - Sept 2007

	IPTV	IP-RG	Other	Group
Net sales	166 505	107 122	0	273 627
Operating result	**-36 388**	**-1 308**	**-6 801**	**-44 498**
Investments in fixed assets	16 078	11 846	220	28 144
Assets	70 455	73 738	44 888	189 081
Liabilities	46 428	35 419	3 569	85 416

Jan - Sept 2006

	IPTV	IP-RG	Other	Group
Net sales	212 529	72 443	0	284 973
Operating result	**-21 286**	**-4 347**	**-12 708**	**-38 340**
Investments in fixed assets	14 610	8 354	179	23 143
Assets	114 189	53 543	20 044	187 776
Liabilities	76 015	31 130	8 939	116 084

Oct 2006 - Sept 2007

	IPTV	IP-RG	Other	Group
Net sales	301 996	139 604	0	441 600
Operating result	**-30 202**	**-1 471**	**-5 497**	**-37 170**
Investments in fixed assets	21 790	15 247	394	37 431
Assets	70 455	73 738	44 888	189 081
Liabilities	46 428	35 419	3 569	85 416

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	32 431
Assets	203 611	64 049	96 489	364 149
Liabilities	156 593	45 129	13 218	214 940

Key ratios and definitions, group

(SEK thousand if not otherwise stated)	Q3 2007	Q3 2006	Jan-Sept 2007	Jan-Sept 2006	Oct 2006 - Sept 2007	2006
Gross profit	25 245	15 140	56 097	55 880	98 213	97 996
Gross margin, %	28%	17%	21%	20%	22%	22%
Operating margin, %	-5%	-7%	-16%	-14%	-8%	-7%
Net margin, %	-6%	-8%	-17%	-14%	-9%	-8%
Shareholders' equity	103 665	71 692	103 665	71 692	103 665	149 209
Average shareholders' equity	106 283	54 720	126 437	70 900	87 678	109 658
Capital employed	130 726	113 427	130 726	113 427	130 726	247 194
Average capital employed	126 674	97 024	188 960	120 165	122 076	187 049
Interest-bearing debt	27 061	41 735	27 061	41 735	27 061	97 985
Balance sheet total	189 081	187 776	189 081	187 776	189 081	364 149
Financial expenses	-762	-1 534	-2 818	-3 029	-3 980	-4 191
Investments in tangible fixed assets	-519	-703	-2 170	-1 818	-3 788	-3 436
Return on average shareholders' equity, %	neg.	neg.	neg.	neg.	neg.	neg.
Return on average capital employed, %	neg.	neg.	neg.	neg.	neg.	neg.
Equity/assets ratio, %	55%	38%	55%	38%	55%	41%
Debt/equity ratio, times	0.3	0.6	0.3	0.6	0.3	0.7
Interest coverage ratio, times	-6	-4	-15	-12	-9	-7
Share of risk-bearing capital, %	55%	38%	55%	38%	55%	41%
Net debt(+)/receivable(-)	-13 185	24 622	-13 185	24 622	-13 185	5 668
Net debt ratio, times (- = receivable)	-0.1	0.3	-0.1	0.3	-0.1	0.0
Working capital as a percentage of sales	10%	21%	10%	21%	10%	28%
Number of employees at period end	111	98	111	98	111	111
Average number of employees in period	109	97	107	92	106	95
Sales per employee	831	908	2 572	3 074	4 186	4 771
Operating profit/loss per employee	-44	-60	-418	-417	-352	-326
Dividend per share (SEK)	-	-	-	-	-	-
Number of shares before dilution	22 274 600	18 789 060	22 274 600	18 789 060	22 274 600	22 165 060
Number of shares after dilution	22 274 600	18 893 932	22 274 600	18 893 932	22 274 600	22 269 932
Average number of shares in period, before dilution	22 274 600	12 839 540	22 262 303	12 334 715	21 479 349	14 054 057
Average number of shares in period, after dilution	22 274 600	13 001 985	22 277 721	12 525 597	21 517 314	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)	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Net sales	68 735	94 272	104 074	86 626	167 973	128 601	55 166	89 860
Other operating income	3 923	46	64	975	0	112	26	488
Total sales	**72 658**	**94 319**	**104 138**	**87 601**	**167 973**	**128 713**	**55 192**	**90 348**
Gross profit	9 624	19 607	21 132	15 140	42 117	33 188	-2 336	25 245
Gross margin	14%	21%	20%	17%	25%	26%	-4%	28%
Operating result	**-33 581**	**-10 830**	**-21 687**	**-5 822**	**7 328**	**2 054**	**-41 753**	**-4 799**
Net loss	-34 050	-11 357	-22 218	-7 196	6 330	1 093	-42 255	-5 237
IPTV								
Net sales	50 649	70 911	78 498	63 120	135 491	92 494	15 277	58 734
Operating result	**-22 260**	**-3 589**	**-10 769**	**-6 928**	**6 186**	**1 173**	**-34 367**	**-3 194**
IP residential gateway								
Net sales	18 087	23 361	25 575	23 507	32 482	36 107	39 889	31 126
Operating result	**-6 606**	**-585**	**-2 420**	**-1 341**	**-163**	**3 384**	**-4 684**	**-8**
Other products and services								
Net sales	0	0	0	0	0	0	0	0
Operating result	**-4 715**	**-6 656**	**-8 498**	**2 447**	**1 304**	**-2 503**	**-2 701**	**-1 597**
Net sales per product segment, %								
IPTV	74%	75%	75%	73%	81%	72%	28%	65%
IP residential gateway	26%	25%	25%	27%	19%	28%	72%	35%
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)	25 894	34 642	45 282	35 938	78 476	53 300	7 957	32 448
IP residential gateway (Vood)	28 047	38 259	45 138	44 325	59 714	67 187	80 979	59 356
Total	**53 941**	**72 901**	**90 420**	**80 263**	**138 190**	**120 487**	**88 936**	**91 804**
Net sales per geographical area								
EMEA	63 030	90 935	101 287	82 841	162 850	123 895	53 180	53 131
North America	4 193	2 395	2 633	2 192	4 233	2 869	993	1 346
ROW	1 512	943	154	1 594	890	1 836	993	690
Total	**68 735**	**94 272**	**104 074**	**86 626**	**167 973**	**128 601**	**55 166**	**55 166**
(EMEA = Europe, Middle East, Africa)								
Net sales per geographical area, %								
EMEA	92%	96%	97%	96%	97%	96%	96%	96%
North America	6%	3%	3%	3%	3%	2%	2%	2%
ROW	2%	1%	0%	2%	1%	1%	2%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Orders received and order backlog								
Orders received in period	59 616	118 167	123 822	118 761	153 208	77 253	86 695	117 878
Order backlog	48 630	74 592	87 524	121 708	102 973	43 369	72 641	106 976
Avg. rate used for orders received, USD	7.97	7.78	7.40	7.24	7.08	7.01	6.87	6.75
Avg. rate used for orders received, EUR	9.48	9.35	9.30	9.23	9.13	9.19	9.26	9.27
Avg. rate used for order backlog, USD	7.95	7.75	7.26	7.31	6.87	7.00	6.88	6.50
Avg. rate used for order backlog, EUR	9.43	9.40	9.22	9.27	9.05	9.33	9.24	9.21