# Q2
# 2008

**Global IP Solutions (GIPS) Holding AB (publ)**
**Report on the second quarter 2008**

GLOBAL IP SOLUTIONS

# Second Quarter 2008 Highlights

- Revenue increased 25% over the first quarter of 2008; revenue decreased 50% versus the prior year quarter
- Bookings were 4,768 TUSD, an increase of 42% over the first quarter of 2008 – due in part to the renewal of a major customer.
- On April 21, 2007 the Company completed a new share issue that generated gross proceeds of approximately 10 MUSD
- Mr. Emerick Woods officially joined the Company as Chief Executive Officer on April 1, 2008.
- The Company successfully completed a listing on Oslo Børs July 22, 2008. Related to the listing the Company transacted a 3-for-1 reverse split of its outstanding common shares.

## FINANCIAL OVERVIEW

| Financial Overview<br>TUSD | Q2 2008<br>unaudited | Q2 2007<br>unaudited | change<br>% | Q1-2 2008<br>unaudited | Q1-2 2007<br>unaudited | change<br>% | Q1-4 2007<br>audited |
|---|---|---|---|---|---|---|---|
| Revenue | 2,697 | 5,353 | -50% | 4,848 | 10,159 | -52% | 14,428 |
| EBITDA | (2,638) | 1,414 | -287% | (4,556) | 2,617 | -274% | 2,709 |
| Operating profit (EBIT) | (3,091) | 1,552 | -299% | (5,304) | 2,293 | -331% | (7,213) |
| Profit after financial items | (3,119) | 1,642 | -290% | (5,386) | 2,496 | -316% | (6,526) |
| Net profit | (3,186) | 1,659 | -292% | (5,448) | 2,421 | -325% | (8,276) |
| Earnings per share - basic | $ (0.05) | $ 0.03 | | $ (0.09) | $ 0.04 | | $ (0.15) |

## KEY FIGURES

| Key Figures<br>TUSD | Q2 2008<br>unaudited | Q2 2007<br>unaudited | change<br>% | Q1-2 2008<br>unaudited | Q1-2 2007<br>unaudited | change<br>% | Q1-4 2007<br>audited |
|---|---|---|---|---|---|---|---|
| Tax % | -2% | 1% | | -1% | -3% | | -27% |
| Total Assets | 19,179 | 29,900 | -36% | 19,179 | 29,900 | -36% | 14,357 |
| Return on total equity | neg. | 9% | | neg. | 14% | | neg. |
| Shareholders' equity per share | 0.19 | 0.33 | -41% | 0.19 | 0.33 | -41% | 0.15 |
| Equity / Assets ratio | 63% | 60% | | 63% | 60% | | 55% |
| Share price at period end (NOK) | 3.90 | 14.00 | -72% | 3.90 | 14.00 | -72% | 4.00 |
| Number of employees | 68 | 96 | | 68 | 96 | | 70 |

**Comments on the quarter and six months**

Global IP Solutions (GIPS) Holding AB (the Company), a leading provider of multimedia processing technologies, today reported its financial results for the second quarter and six months ending June 30, 2008.

The Company is reporting its financial results in thousands of U.S. Dollars (TUSD). The Company adopted International Financial Reporting Standards (IFRS) on January 1, 2007.

Net revenue for the second quarter of 2008 was 2,697 TUSD, a 50 percent decrease from the second quarter of 2007, and a 25 percent increase over the first quarter of 2008. Revenue for the first six months of 2008 was 4,848 TUSD, a 52 percent decrease from the 2007 period. The decrease from the comparative periods in 2007 is due primarily to a decline in fixed royalties (newer contracts have mostly variable royalty terms), lower reported royalties due to the loss of Skype, fewer signed design wins compared to the prior year period, and the timing of recognition on certain new contracts. Revenue was impacted positively in the second quarter of 2008 by the settlement of a lawsuit involving deltathree, a former customer, which resulted in one-time royalty revenues of approximately 365 TUSD.

Bookings for the second quarter of 2008 were 4,768 (5,007) TUSD, as compared to 3,354 TUSD for the first quarter of 2008. Included in the second quarter 2008 was 1,400 TUSD related to a renewal fee of a major customer, which will be recognized ratably over the following twelve months.

Gross profit for the second quarter was 2,340 (4,953) TUSD, a 53 percent decrease. Gross profit as a percent of revenue was 87 (93) percent.

Gross profit for the six month period was 4,324 (9,117) TUSD, a 53 percent decrease. Gross profit as a percent of revenue was 89 (90) percent. Gross profit for both the second quarter and six month periods of 2008 were affected by lower recognized revenues and certain fixed costs of sales related to personnel, which are not tied directly to variations in sales.

Operating expenses were 5,431 (3,401) TUSD for the quarter. For the six month period, operating expenses were 9,628 (6,824) TUSD. Both comparative periods for fiscal 2007 contain positive impacts related to share-based payments. See the “Operating Profit” section, below.

Net loss for the quarter was -3,186 TUSD, compared to a profit of 1,659 TUSD for the second quarter of 2007. Net loss for the six months was -5,448 TUSD, compared to a profit of 2,421 TUSD in 2007.

Cash and cash equivalents at the end of the second quarter were 9,465 (8,306) TUSD.

For the first six months of 2008, the Company generated -4,511 (-492) TUSD in negative operating cash flow. The increase in negative operating cash flow is primarily the result of significantly lower revenues during the first six months of 2008 compared to the first six months of 2007. The Company’s net cash flow was 4,826 (-7,564) TUSD. The positive increase in net cash flow for the first six months of 2008 was primarily the result of the net proceeds received from the share offering completed in April 2008. The negative net cash flow for the first six months of 2007 was primarily the result of the acquisition of CrystalVoice Communications Inc. in January 2007.

Mr. Emerick Woods who officially joined the Company as Chief Executive Officer, on April 1, 2008 said: “While booking numbers for Q2 increased 42 percent over Q1, the second quarter did not reflect the impact of the significant changes made within the company. The tightening of the product strategy and increased focus on sales efforts with our strategic accounts and core growth markets continues to be a high priority. The senior management team is actively engaged with all of our most important customers.”

“The Company has made some progress in a transition year and we have accomplished a listing on Oslo Børs in addition to a share offering,” added Woods. “We now have a solid management team in place with the addition of Joyce Kim, our Chief Marketing Officer. However, the Company will make efforts to ensure this transition year is a foundation for the future.”

In May 2008, the Company announced that it would discontinue sales and marketing activities related to its Solutions products, which the Company acquired as a result of the acquisition of CrystalVoice Communications, Inc. In connection with this announcement, the Company significantly reduced development activities in its Santa Barbara location. The Company will continue to honor existing support agreements for Solutions customers.

On June 20, 2008 the Company announced that the Board of Oslo Børs resolved to admit the shares in Global IP Solutions ("GIPS") Holding AB to a listing on Oslo Børs. The first day of trading was July 22, 2008.

As of June 30, 2008, the Company held 1,450 TUSD of Auction Rate Securities (ARS) as short-term investments, which were previously classified as cash equivalents. The ARS are preferred stock securities in which the yield is reset on each payment date at auction. Due to recent market developments, auction-rate securities have proved difficult to sell at the auctions. The Company has not recorded an impairment reserve against its ARS investments. During the second quarter of 2008, the Company redeemed 800 TUSD of its ARS investments at full value plus accrued interest. The remainder is expected to become liquid at full value plus interest within one year.

In May 2008, the Company announced that an arbitration panel in Stockholm denied the claims of the Company in its disagreement with a former customer. In accordance with the decision of the Arbitration Institute of the Stockholm Chamber of Commerce, the Company paid the costs of both the Arbitration Institute and the licensee, which was approximately 519 TUSD.

In July 2008 the Company announced it had reached a favorable out of court settlement with a former customer, deltathree.

## Revenue

Revenue in the second quarter was 2,697 (5,353) TUSD. License revenue accounted for 1,953 (4,492) TUSD of total revenue, a decrease of 57 percent compared to the second quarter of 2007. Revenue for the six month period was 4,848 (10,159) TUSD. License revenue accounted for 3,533 (8,526) TUSD of total revenue, a decrease of 59 percent compared to the six month period of 2007.

Design wins in the second quarter were 13 (15). Service revenues amounted to 743 (860) TUSD. Design wins in the six month period were 29 (38). Service revenues amounted to 1,315 (1,633) TUSD.

Bookings, the full committed value of new contracts (generally more than up-front recognized revenue) for the second quarter were 4,768 (5,007) TUSD. Bookings for the six month period were 8,122 (9,151) TUSD. Bookings have trended higher for three successive quarters.

As was mentioned previously the decrease in revenue from the comparative periods in 2007 is due primarily to a decline in fixed royalties (newer contracts have mostly variable royalty terms), lower reported royalties due to the loss of Skype, fewer signed design wins compared to the prior year period, and the timing of recognition on certain new contracts.

## Operating profit

EBITDA for the second quarter amounted to -2,638 (1,414) TUSD. Operating profit (EBIT) during the quarter was –3,091 (1,552) TUSD. EBITDA for the six month period amounted to -4,556 (2,617) TUSD. Operating profit (EBIT) during the quarter decreased to -5,304 (2,293) TUSD.

The second quarter and year-to-date comparative periods of 2007 contain positive amounts related to share-based payments and primary changes in the fair value of the cash-settled liability of 1,304 and 2,488 TUSD, respectively. Q2 2008 contains share base payment expense of 110 TUSD for equity-settled options. See "New option program" section, below.

In the second quarter, operating expenses were higher as a result of certain one-time events including 0.6 MUSD of professional services fees related to the listing of the Company's shares on the Oslo Børs, 0.3 MUSD in expenses related to the Company's conversion to IFRS accounting standards and 0.5 MUSD in legal and arbitration expenses.

## Cash Flow

Cash and cash equivalents at June 30, 2008 amounted to 9,465 (8,306) TUSD. Cash flow from operations, before changes in working capital, was – 4,700 (988) TUSD during the first six months. The change in working capital for the period was –189 (-1,480) TUSD.

Cash flow from investing activities was -31 (-7,072) TUSD, of which 396 (560) TUSD was capitalized development costs. The 2007 period includes the investment in CrystalVoice Communications, Inc. of approximately six million USD.

Cash flow from financing activities was 9,368 (0) in the first six months, which includes the net proceeds of the share offering.

### Finance net and taxes

Net finance expense was -28 TUSD for the second quarter, versus income of 90 TUSD in 2007. Net finance expense was -82 TUSD for the six month period, versus income of 203 TUSD in 2007. 2008 results have been impacted by higher realized exchange losses and lower interest income than in 2007.

The effective tax rate for the quarter was -2 (1) percent. For the six month period, the effective tax rate was -1 (-3) percent. Currently, due to net losses, tax assets have not been recognized. The full year the tax rate is expected to be insignificant due to accumulated losses.

### New option program

As of June 30, 2008 there were 3,618,975 stock options granted under the stock option plan (approved by the Company's shareholders in Q1), which entitle the option holders the right to purchase 3,618,975 shares of the Company's common stock. The Company will be able to grant a total of 4,500,000 options under the stock option plan. The exercise prices for currently granted options range between 1.09 NOK and 28.21 NOK. Granted options vest monthly over a period of four years. Options terminate ten years after grant or 30 days after termination of employment. In order to secure the Company's ability to deliver shares under the Stock Option Plan, the Company has issued 4,500,000 warrants to subscribe for new shares, where the subscription price for shares that can be subscribed for by use of the warrants are equal to par value of the shares, currently 0.10 SEK. The subscription price under the warrants will not have any impact on the exercise price under the granted stock options.

The dilutive effect of the 3,618,975 stock options is 5 percent, with the new share issue completed after period end included (see section "Events after June 30").

In addition, the Company's shareholders approved a modification to classify the Company's option program as equity settled options. The result of this modification is that the Company's future results will be less volatile under IFRS 2.

The Company CEO, Emerick Woods, was issued 2,706,946 warrants over a 4-year period, which will allow him to subscribe for new shares in the Company at a subscription price based on the average paid price of the shares during ten consecutive trading days ending on March 31, 2008. The right to dispose of the shares will vest over a period of four years from April 1, 2008. The first vesting will be on April 1, 2009 and will comprise 25 percent of the total amount of restricted shares. Thereafter, 1/36 of the remaining shares will vest monthly over a period of three years.

Mr. Woods will be subject to a Stock Restriction Agreement that restricts his possibilities to dispose of the shares during an agreed period of time.

In July 2008, the Company completed a 3-for-1 reverse split of its outstanding shares, related to the listing on the Oslo Børs exchange.

### Earnings per share

In the second quarter, the average number of shares outstanding (in thousands) was 61,839 (54,139) resulting in earnings per share of -0.05 (0.03) USD. For the six month period, the average number of shares outstanding (in thousands) was 57,968 (54,139) resulting in earnings per share of -0.09 (0.04) USD.

In the second quarter, the average number of diluted shares (in thousands) was 61,839 (56,822) resulting in diluted earnings per share of -0.05 (0.03) USD. For the six month period, the average number of diluted shares (in thousands) was 57,968 (56,822) resulting in diluted earnings per share of -0.09 (0.04) USD.

**Events after June 30**

On June 20, 2008 the Company announced that the Board of Oslo Børs resolved to admit the shares in Global IP Solutions ("GIPS") Holding AB to a listing on Oslo Børs. The first day of trading was July 22, 2008.

In July 2008, the Company completed a 3-for-1 reverse split of its outstanding shares, related to the listing on the Oslo Børs exchange. The resulting number of outstanding shares on July 22, 2008 was 22,547,360, with a share price of 10.0. NOK.

**Share Capital**

Since December 1999, and through July 21, 2008, the Company's shares had been trading on the Norwegian Securities Dealers Association's Over-The-Counter market (the "OTC-List") with the stock market symbol "GIPS". On 30 June 2008, the share price was 3.90 NOK and the total market capitalization was 264 MNOK.

In May 2008, 553,162 new shares of the Company's common stock were issued towards all of the minority interest shareholders of Global IP Solutions Inc., a major subsidiary.

In May 2008, the Company completed a share offering to existing shareholders for 12,950,000 shares of common stock at a price of 4.0 NOK per share. The gross proceeds to the Company, before deducting fees associated with the offering, was approximately 10,175 TUSD.

As a result of these share issuances, the consolidated share capital was SEK 6,764,208 and there were 67,642,081 outstanding shares at June 30, 2008. Since May 2008, all companies within the GIPS Group are (directly or indirectly) wholly-owned subsidiaries of the Company.

In July 2008, the Company completed a 3-for-1 reverse split of its outstanding shares, related to the listing on the Oslo Børs exchange. The reverse split was completed prior to the Company's listing on the Oslo Børs. The resulting number of outstanding shares adjusted for the stock split on July 22, 2008 was 22,547,360, with a share price of 10.0 NOK.

**Outlook 2008**

The Company has refocused its efforts on core competencies and tightened its product strategy to develop a foothold in key growth markets. The Company is actively engaged with its most important customers and continues to sign deals based on a licensing model. The Company remains in a transition year but is working to ensure that it remains the leading media processing technology provider. The Company recently enabled iPhone application developers to build VoIP applications on GIPS VoiceEngine Mobile platform for the iPhone.

**Parent Company**

The Parent Company did not record any sales during the second quarter or six month periods. Net results for the second quarter amounted to -2,301(59) TSEK. Net results for the six month period were -2,967 (-271) TSEK. The increased administrative expenses relate primarily to the costs of listing on the Oslo Børs exchange.

**Transactions with related parties**

For detailed information on related party transactions refer to Note 3 on page 32 in the Company's 2007 Annual Report. In addition to transactions described in the 2007 Annual Report, this section outlines significant related party transactions which occurred in the first half of 2008.

Several large shareholders in the Company entered into a guarantee consortium whereby they guaranteed the subscription of shares in the Rights Offering in April 2008. As compensation, the guarantors received a commission of 3 percent of the amount of their respective undertaking under the guarantee agreement. The total amount of commission paid to the related party guarantors was approximately 305 TUSD.

**Use of estimates**

No significant new estimates have been utilized compared to those previous reported.

**Risks and factors of uncertainty**

Apart from a number of operational risks, the Company's operations and profitability are affected by financial risks such as currency risks and interest risk and liquidity risk in the investment in auction rate securities. Because no significant changes to the major risks and uncertainty factors occurred in the period, the reader is referred to the detailed review in the 2007 Annual Report on page 4 and in Note 4 on page 32.

**Accounting principles**

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The Company applied International Financial Reporting standards (IFRS) as adopted by the European Union effective January 1, 2007. Effects of adoption of IFRS on the income statement and balance sheet for the full year 2007 are presented in note 40 in the Company's annual report for 2007. Effects on the interim result are shown in the separate document "Effects of transition to International Financial Reporting Standards (IFRS) on interim periods" which was published on August 25, 2008 (the document is available at the Company's website: www.gipscorp.com).

The parent company's financial statements have been prepared in accordance with RFR 2.1 Accounting for legal entities, issued by the Swedish Financial Reporting Board. There are no changes in the Group's or the parent company's accounting and valuation principles compared with the accounting and valuation principles described in the Company's 2007 Annual Report for 2007 presented in Note 2. The effects of recalculation of Q2 2007, which has been published in accordance with previously applied accounting standards, are disclosed in appendix 4 in this interim report.

New interpretation (IFRIC), endorsed by the EU IFRIC 11 IFRS 2 – Group and Treasury Share Transactions requires a share-based payment arrangement in which a company receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 is mandatory for the Company's 2008 financial statements, with retrospective application required. It has not had any impact on the consolidated financial statements because the Company is not buying equity instruments from other parties to satisfy its obligations to its employees.

**Board of Directors**

At the June 2, 2008 Annual General Assembly the Company's shareholders elected three new directors to the Company's Board of Directors. The three directors are: Ingelin Drøpping, Per Arne Henaes and Haavard Nord replacing Roar Hagen, Bradley Sparks and Trym Skeie.

**Responsibility statement**

This interim report has not been subject to review by our auditors. We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2008, which has been prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Stockholm, August 26, 2008
Global IP Solutions (GIPS) Holding AB (publ)
Corporate Identity Number 556573-9017

Ditlef de Vibe, *Chairman of the Board*
Ingelin Drøpping, *Member of the board*
Åge Korsvold, *Member of the board*
Allen Adams, *Member of the board*
Per Arne Henaes, *Member of the board*
Haavard Nord, *Member of the board*

August 26, 2008

**Forthcoming reporting dates**

- Third Quarter results – Wednesday, November 17, 2008

**Appendix:**

1. Brief overview of the Group.
2. Brief overview of the Parent Company.
3. Segment revenue and operating profit.
4. Notes to the interim financial statements

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Corporate identity number: 556573-9017

# Appendix 1
## Brief overview of the Group

### INCOME STATEMENT

| Consolidated Income Statement TUSD | Q2 2008 | Q2 2007 | change % | Q1-2 2008 | Q1-2 2007 | change % | Q1-4 2007 |
|---|---|---|---|---|---|---|---|
| **Revenue** | $ 2,697 | $ 5,353 | -50% | $ 4,848 | $ 10,159 | -52% | $ 14,428 |
| **Cost of goods sold** | (357) | (400) | -11% | (523) | (1,042) | -50% | (1,604) |
| | | | | | | | |
| **Gross profit** | 2,340 | 4,953 | -53% | 4,324 | 9,117 | -53% | 12,824 |
| | | | | | | | |
| Selling expenses | (1,637) | (3,118) | -42% | (3,709) | (5,736) | -35% | (10,700) |
| Research & development costs | (916) | (152) | 466% | (1,758) | (583) | 201% | 401 |
| Administrative expenses | (2,878) | (131) | 2005% | (4,161) | (505) | 724% | (1,909) |
| Other operating expense | 0 | 0 | | 0 | 0 | | (7,829) |
| **Operating expenses** | (5,431) | (3,401) | 60% | (9,628) | (6,824) | 41% | (20,037) |
| | | | | | | | |
| **Operating profit (EBIT)** | (3,091) | 1,552 | -300% | (5,304) | 2,293 | -331% | (7,213) |
| | | | | | | | |
| **Financial income** | 32 | 148 | -78% | 82 | 300 | -73% | 987 |
| **Financial expense** | (60) | (58) | -13% | (164) | (97) | 69% | (300) |
| **Net financial items** | (28) | 90 | -121% | (82) | 203 | -140% | 687 |
| | | | | | | | |
| **Profit after financial items** | (3,119) | 1,642 | -290% | (5,386) | 2,496 | -316% | (6,526) |
| | | | | | | | |
| **Income taxes** | (67) | 17 | -492% | (62) | (75) | -17% | (1,750) |
| | | | | | | | |
| **Net profit** | $ (3,186) | $ 1,659 | -292% | $ (5,448) | $ 2,421 | -325% | $ (8,276) |
| **attributable to equity holders of the group** | (3,186) | 1,650 | | (5,448) | 2,388 | | (8,348) |
| **attributable to minority interest holders** | - | 9 | | - | 33 | | 72 |
| | | | | | | | |
| **Earnings per share** | | | | | | | |
| **Average number of shares - basic (000's)** | 61,839 | 54,139 | | 57,968 | 54,139 | | 54,139 |
| **Earnings per share - basic** | $ (0.05) | $ 0.03 | | $ (0.09) | $ 0.04 | | $ (0.15) |
| | | | | | | | |
| **Average number of shares - diluted (000's)** | 61,839 | 56,822 | | 57,968 | 56,822 | | 56,822 |
| **Earnings per share - diluted** | $ (0.05) | $ 0.03 | | $ (0.09) | $ 0.04 | | $ (0.15) |

# Appendix 1 (cont.)

## BALANCE SHEET

| Consolidated Balance Sheet TUSD | June 30, 2008 unaudited | June 30, 2007 unaudited | change % | Dec. 31, 2007 audited |
|---|---|---|---|---|
| Net intangible assets | 3,422 | 10,159 | -66% | 3,723 |
| Net tangible fixed assets | 163 | 239 | -32% | 209 |
| Financial assets | 418 | 2,643 | -84% | 213 |
| Other current assets | 4,261 | 6,303 | -32% | 4,066 |
| Short term investments | 1,450 | 2,250 | -36% | 2,250 |
| Cash and cash equivalents | 9,465 | 8,306 | 14% | 3,896 |
| **Total Assets** | **19,179** | **29,900** | -36% | **14,357** |
| Shareholders' equity | 12,006 | 17,887 | -33% | 7,886 |
| Non-current, non-interest-bearing liabilites | 670 | 7,013 | -90% | 870 |
| Current non-interest-bearing liabilities | 6,503 | 5,000 | 30% | 5,601 |
| **Total equity and liabilities** | **19,179** | **29,900** | -36% | **14,357** |
| Pledged Assets | None | None | | None |
| Contingent liabilities | 220 | 220 | | 220 |
| Net working capital (1) | (2,241) | 1,303 | | (1,535) |
| Minority interest in total equity | - | 52 | | 89 |

(1) Trade and other receivables, reduced by non-interest bearing liabilities

# Appendix 1 (cont.)

## CASH-FLOW STATEMENT

| Consolidated Statement of Cash Flows<br>TUSD | Q1-2 2008 | Q1-2 2007 | Q1-4 2007 |
|---|---|---|---|
| Cash flow from operating activities before changes in working capital | (4,700) | 988 | (4,292) |
| Cash flow from changes in working capital | 189 | (1,480) | (941) |
| **Cash flow from operating activities** | **(4,511)** | **(492)** | **(5,233)** |
| Cash flow from investing activities | (31) | (7,072) | (7,412) |
| Cash flow from financing activities | 9,368 | - | 100 |
| **Cash flow for the period** | **4,826** | **(7,564)** | **(12,545)** |
| Beginning Cash Balance | 3,896 | 15,836 | 15,751 |
| Currency Translation | 743 | 34 | 690 |
| **Cash and cash equivalents at the end of the period** | **9,465** | **8,306** | **3,896** |

## CHANGE IN TOTAL EQUITY

| Change in Total Equity<br>TUSD | June 30, 2008<br>unaudited | June 30, 2007<br>unaudited | Dec. 31, 2007<br>audited |
|---|---|---|---|
| **Opening equity at January 1** | **7,886** | **15,408** | **15,408** |
| Issuance of shares | 9,258 | - | - |
| Retirement of minority interest through share issuance | (417) | - | - |
| Change in currency translation reserve | 97 | (56) | 681 |
| Equity-settled share-based payment charges | 109 | 114 | 73 |
| Cash-settled share-based payments transformed to equity-settled | 521 | - | - |
| Net result for the period | (5,448) | 2,421 | (8,276) |
| **Closing equity** | **12,006** | **17,887** | **7,886** |

# Appendix 2
## Parent company in brief

### INCOME STATEMENT

| Parent Income Statement TSEK | Q2 2008 unaudited | Q2 2007 unaudited | change % | Q1-2 2008 unaudited | Q1-2 2007 unaudited | change % | Q1-4 2007 audited |
|---|---|---|---|---|---|---|---|
| Administrative expenses | (2,502) | 19 | -13051% | (3,176) | (405) | 685% | (1,671) |
| | | | | | | | |
| **EBIT (Operating Income)** | **(2,502)** | **19** | -13051% | **(3,176)** | **(405)** | 685% | **(1,671)** |
| | | | | | | | |
| Financial income | 216 | 102 | 112% | 236 | 203 | 16% | 580 |
| Financial expense | (15) | (62) | -76% | (26) | (69) | -62% | (142) |
| Net financial items | 201 | 40 | 402% | 209 | 133 | 57% | 438 |
| | | | | | | | |
| **Result after financial items** | **(2,301)** | **59** | -3975% | **(2,967)** | **(271)** | 994% | **(1,233)** |
| | | | | | | | |
| Income taxes | 0 | 0 | | 0 | 0 | | 90 |
| | | | | | | | |
| **Net income (loss)** | **$ (2,301)** | **$ 59** | -3975% | **$ (2,967)** | **$ (271)** | 994% | **$ (1,143)** |

### BALANCE SHEET

| Parent Balance Sheet TSEK | June 30, 2008 unaudited | June 30, 2007 unaudited | change % | Dec. 31, 2007 audited |
|---|---|---|---|---|
| | | | | |
| Financial assets | 212,796 | 210,128 | 1% | 210,340 |
| Other current assets | 66,967 | 9,897 | 577% | 10,209 |
| Cash and cash equivalents | 1,077 | 5,233 | -79% | 4,445 |
| | | | | |
| **Total Assets** | **280,840** | **225,259** | **25%** | **224,994** |
| | | | | |
| | | | | |
| Shareholders' equity | 280,632 | 224,838 | 25% | 224,197 |
| Current non-interest-bearing liabilities | 208 | 421 | -50% | 797 |
| | | | | |
| **Total equity and liabilities** | **280,840** | **225,259** | **25%** | **224,994** |

# Appendix 3

## Segment revenue and operating results

| **Revenue by Primary Segment**<br>TUSD | **Q2 2008**<br>unaudited | **Q2 2007**<br>unaudited | **Q1-2 2008**<br>unaudited | **Q1-2 2007**<br>unaudited | **Q1-4 2007**<br>audited |
|---|---|---|---|---|---|
| Americas | 1,759 | 3,087 | 3,095 | 5,478 | 7,395 |
| Europe | 417 | 1,649 | 723 | 3,168 | 3,950 |
| Asia | 521 | 617 | 1,030 | 1,513 | 3,083 |
| | | | | | |
| **Total revenue** | **2,697** | **5,353** | **4,848** | **10,159** | **14,428** |

| **Operating Profit by Primary Segment**<br>TUSD | **Q2 2008**<br>unaudited | **Q2 2007**<br>unaudited | **Q1-2 2008**<br>unaudited | **Q1-2 2007**<br>unaudited | **Q1-4 2007**<br>audited |
|---|---|---|---|---|---|
| Americas | (1,588) | (779) | (3,141) | (1,841) | (13,678) |
| Europe | (1,158) | 544 | (1,823) | 1,432 | 2,698 |
| Asia | 59 | (1,230) | 102 | (133) | 5,163 |
| Unallocated | (404) | 3,017 | (443) | 2,835 | (1,396) |
| | | | | | |
| **Operating profit** | **(3,091)** | **1,552** | **(5,304)** | **2,293** | **(7,213)** |

# Appendix 4
## ACCOUNTING PRINCIPLES

**Accounting principles and effects of transition to IFRS**

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The Company applied International Financial Reporting standards (IFRS) as adopted by the European Union effective January 1, 2007. Effects of adoption of IFRS on the income statement and balance sheet for the full year 2007 are presented in note 40 in the Company's annual report for 2007. Effects on the interim result are shown in the separate document "Effects of transition to International Financial Reporting Standards (IFRS) on interim periods" which was published on August 25, 2008 (the document is available at the Company's website: www.gipscorp.com).