



PRESS RELEASE
Gothenburg, August 5, 2008

Fingerprint Cards AB (publ), corporate identity no 556154-2381
Interim report for the period January – June 2008

Key events of the first half-year:

- The income for the interim period increased by 17 percent to MSEK 12.5 (10.7). For the second quarter the income increased by 7 percent to MSEK 6.0 (5.6). When adjusted for exchange rate effects the increase was 32 percent and 21 percent respectively.
- Net financial items amounted to MSEK 0.6 (0.8) and for the second quarter MSEK 0.3 (0.3).
- The loss for January to June was MSEK – 13.5 (- 12.1) and for the second quarter MSEK – 6.8 (- 6.7).
- Net earnings per share was SEK – 1.11 (- 1.00).
- Liquid funds at 30 June amounted to MSEK 22.8
- Order value as per 30 June amounted to MSEK 11.8.
- License agreement signed with reseller for Canada.
- The Company showed its technology at the ISC West exhibition in Las Vegas

Significant events after the end of the first half-year:

- New order from China worth MSEK 12.
- The board called for an extraordinary meeting with the shareholders to be held on August 8.
- Volume production of the Company's new packaging solution was commenced at the end of July.

For further details, please contact:

Lennart Carlson, CEO Fingerprint Cards AB
+46 31 60 78 20, investrel@fingerprint.se
Fingerprint Cards AB, Box 2412, S-403 16 Gothenburg
www.fingerprints.com

Fingerprint Cards has developed electronic systems that determine personal identity by analysing the unique fingertip patterns of individuals. The systems comprise microchips with algorithms that scan, store and compare fingertip patterns without the help of any PC processor. Two types of capacitive sensors have been developed, an extremely small swipe sensor and a flatbed sensor. Processor ASICs and algorithms have been developed for each type of sensor. By virtue of its smallness, low power consumption and the possibility of very low production costs, the technology can be integrated in volume products such as smart cards and mobile (cell) phones, where the requirements for such features are extremely high. Other applications for the technology include access control systems for buildings and products for log on to computers and IT networks.

Fingerprint Cards has its head office in Gothenburg and is listed on the OMX Nordic Exchange (FING B).



The Company's business situation

During the two last years the Company has concentrated its development resources on three important projects, all aimed at both upgrading the technology and on developing new product solutions which, from the production point of view, are optimised to cost efficient volume production. With these investments a basis has been created for future expansion and profitable sales of the present technology portfolio.

The silicon production has been moved from Taiwan to Austria which has reduced production cost and lead times for the wafer production. This project was completed during the first part of 2007. The other and considerably more complex project concerned the development of a new extremely power efficient and fast processor ASIC. This project, completed by mid 2007, has brought the Company's swipe sensor technology to an exciting position in the biometric market and has enabled the Company's customer CardLabs to develop the first card of standard type into which the complete fingerprint verification system has been integrated. As well reading of as matching of finger patterns take place on the card which is powered by leaf thin internal batteries. This is probably the most advanced technical implementation that can be made with fingerprint technology.

In the third development project the Company has, in close collaboration with a world leading subcontractor for packaging of integrated circuits, developed a new product and production solution for its sensor component. After more than eighteen months of development work the project has now reached the point where volume production will start. This is taking place in late July and the volumes of produced sensors will gradually be ramped up during the third quarter. This phase of tuning the production is a natural part of the process aimed at reaching best possible production yield.

With this production solution in place the cost of packaging the Company's sensor component will be halved when compared with the older solution. As a consequence the Company will be able to achieve a positive sales margin of 25 to 30% on its sensor instead of a 20% negative margin which is the case for the older solution. When looking at the complete production chain, from wafer to coating, scribing and packaging the Company has, however identified a further potential for cost savings. A project, planned to extend over a full six months, has been initiated and the objective is to further reduce production costs to the extent that a sales margin of up to 40% may be achieved, given today's selling prices.

The deliveries of sensors during the second quarter increased by approximately 25 % when compared with the first quarter, which is a lower than planned increase, the reason being production interruptions at one of the two subcontractors producing the older packaging solution. For the third quarter deliveries are planned to increase by 50% compared with the second quarter and for the fourth quarter the plan is to increase deliveries by 100% compared to that same second quarter. During the third quarter the major part of deliveries will be made up of sensors produced with the older solution implying that lower production costs will have a limited effect. For the fourth quarter however, the plan is that approximately 90% of the deliveries will be made up of sensors produced with the new solution which in turn will have a strong positive impact on sales margins.

The Company's financial goal is to reach a break even point some time during the latter part of 2008 or the first part of 2009. Given the first half year's results, the planned volume growth for the rest of this year, and taken with the further increased market demand that can be expected for next year, then the Company plans to reach a break even point some time during the first half of 2009. A condition for this is of course that the shift from the older to the new production solution develops as planned, that the growth plans advised by the Company's main customers will be fulfilled, and that the value of the US dollar against the Swedish krona will not be even further decreased. It is true that the Company's dollar exposure will be much reduced once deliveries of sensors produced with the new solution will start since those will be invoiced in US dollars, however the Company's fixed costs are in the Swedish krona while the gross profit generated will be in dollars.



Company sales during the period

Sales during the first half year amounted to MSEK 12.5 out of which MSEK 6 represented the second quarter. Adjusted for exchange rate effects the sales increased by 32 and 21 per cent respectively when compared with corresponding periods for last year. Basically all sales are invoiced in US dollars which value has decreased significantly against the Swedish krona since the beginning of 2007. Even if the number of sensors delivered during the second quarter was 25 % higher, when compared with the first quarter of the year, then the sales value was somewhat lower. The reason for this is that the Company received more in consultancy and royalty revenues during the first quarter.

During the second quarter approximately 50.000 fingerprint sensors were delivered to the Chinese market and with that approximately 70% of the block orders the Company received last year has been delivered. A major part of the Company's technology is delivered to developers of IT security products which are then delivered to China's bigger banks but developers of physical access products, such as door locks, safes and safe boxes are also showing a healthy increased demand for biometric technology. New products with the Company's technology have during the period been developed for China's Post Office Administration as well as for China's military sector.

Beyond the Chinese market the Company has during the first half year delivered both sensors and complete systems to customers in USA, France and India among others. The applications include cash terminals, safe boxes, and medicine cupboards for storage of sensitive medical equipment and medicines, and personal units for the dispensing of appropriate doses of advanced medicines. In a number of these cases the Company delivers systems modules, which are complete biometric systems easy to integrate into the end product. The delivery of fingerprint sensors and processors to India concerns a company developing mobile terminals for identification of students at educational institutions.

To the card development company CardLabs the Company has during the first quarter of the reporting period delivered systems and consultancy services for the development of a biometric payment card. The Company's swipe sensor, the new processor ASIC along with algorithms have been integrated into a magnetic stripe card which is the kind of payment card that is in greatest circulation internationally. Extremely thin integrated batteries power the card's electronics, enabling both reading of and matching of finger patterns internally before the card may be used for a transaction. A small number of prototype cards have so far been produced.

In April the Company showed its technology at the ISC West exhibition in Las Vegas. This is USA's biggest security show and personnel from the Company's North American reseller CDI participated on the stand. Further during the second quarter a license agreement was signed with a reseller for the Canadian market, Motion Micro Solutions Inc.

The order value as at 30 June amounted to MSEK 11.8. Orders are received in US dollars and the order value is translated to the Swedish krona at the end of each reporting period.

Turnover and earnings

Consolidated turnover for the period January to June amounted to MSEK 12.5 (10.7) and for the second quarter MSEK 6.0 (5.6). The Group's sales are in US dollars which exchange rate was lower compared with the same period previous year. Adjusted for this negative exchange rate the increase was 32 respectively 21 percent. The consolidated loss for the interim period amounted to MSEK - 13.5 (- 12.1) and for the second quarter - 6.8 (-6.7).



Net turnover by the parent company for the interim period amounted to MSEK 12.5 (10.7) and for the second quarter 6.0 (5.6). The consolidated loss amounted to MSEK - 13.5 (- 12.1) and for the second quarter - 6.8 (-6.7).

Financial position

Equity, as of June 30, 2008, amounted to MSEK 53.9 (88.9). The consolidated equity/assets ratio was 88.6 % (93.7). Consolidated available liquid assets including current investments as at June 30, 2008, totaled MSEK 22.8 (51). Other current receivables amounted to MSEK 8.7 (4.8). The consolidated working capital amounted as at 30 June to MSEK 53.9 (73).

The parent company's available liquid assets up to 30 June 2008, short term investments included, amounted to MSEK 22.7 (50.9).

Fixed assets, capital expenditure and depreciation

During the period investments in equipment amounted to MSEK 0.1 (0.2) and development cost has been set up as an asset during the period with MSEK 3.6 (3.1). During the second quarter investments in equipment amounted to MSEK 0.1 (0) and development cost has been set up as an asset with MSEK 1.6 (0.3).

Development costs were depreciated according to plan by 15 % p.a. and equipment was depreciated by 20% annually.

Personnel

At the close of the interim period the number of employees totaled thirteen (twelve), of whom none (none) were women.

Issue of share options to employees

At the Annual General Meeting held on May 31, 2007 it was decided to issue 370 000 share options to employees, out of which 180.000 share options have been subscribed for by the employees and 190 000 share options have been subscribed for by the Company's subsidiary, Fingerprint Security Systems AB, for future transfer to new employees. The personnel cost for the share options held by the Company's subsidiary will be accounted for when transfer to new employees takes place. The strike price was set at SEK 38 and subscription of shares shall take place starting 1 June 2010 and ending 30 November 2010. The share capital will be diluted by a maximum of 3.04 per cent and the votes by 2.49 per cent.

The personnel cost for the share options, as at June 30, amounted to MSEK 0.3. The equity has been increased by the same amount.

Technology development and production

During the first quarter the Company was involved with the development of a new biometric secure payment card for the banking sector, a project driven by the card development company CardLab ApS. The complete biometric system developed by the Company including the swipe sensor, algorithms and the newly developed power efficient processor ASIC has been integrated into the card which is



powered by leaf thin integrated batteries. Biometric functionality has been demonstrated and a small number of the first prototype cards have been produced.

The effort to bring the Company's new packaging solution of the area sensor into volume production has further intensified during the year's second quarter. All materials and components required for a successful production launch have been put in place, and the finishing touch is currently added to the production documentation. The pre-production manufacturing performed during the period has yielded the desired results, proving the capabilities of the manufacturing process all the way from materials handling and assembly, to final electrical test and packing of the product. The manufacturing yield numbers are now being analyzed to investigate if any adjustments of the manufacturing process will be necessary to ensure a high yield and high product quality. Also, the final environmental performance tests are underway, both at the Company's production partner's facilities and at the Company headquarters. Two of the key tests have already been successfully completed, and from test results on earlier engineering samples the expectations for a successful completion of the remaining tests are high. Volume production of the new packaging solution is planned to commence at the end of July.

In parallel with the project described above, the Company has initiated a new project aimed at even further reducing the cost of the new packaging solution for the area sensor. Two of the major product costs are targeted, involving both the production process and the supply chain. The timeframe for implementation of these potential cost reductions is a good six months, and as the potential for very significant cost savings is large, so the project is given a high priority.

During the period, new hardware and software have been installed at the Company headquarters for environmental testing, which will greatly enhance the Company's capabilities in this field and thereby allowing faster and more detailed measurements of existing and newly developed products. As a result more comprehensive test coverage can be achieved and a higher and more consistent product quality guaranteed.

Market development

Market Sizing and Fingerprint potential

Forecasts and market analysts during the second quarter have gathered around global growth estimates for the biometrics market of between 15 and 20% CAGR (Compound Annual Growth Rate) for the period 2007 to 2012. In support of this healthy average there is a forecast acceleration of annual growth towards the end of the five year period. Confidence in the duration of the growth prediction, and in the guaranteed delivery rate of the revenue over this period is attributable to two critical and generally acknowledged market factors. The first of these is the procurement cycle of public sector programs. In these the revenue frequently arrives some time after the announcement of the procurement, and the delivery cycles can be prolonged. The other influential market consideration is the development cycles of mass market product manufacturers: the companies making OEM equipment such as notebook computers and mobile phones have annual or longer market cycles. Along with these two larger market factors there is steadily growing demand for biometrics in established markets such as physical access control, which is moving from pincode and card based technology to biometric technology, and for a diversified Information Technology marketplace where many different biometric products are making an appearance. All of these markets for biometrics favour the fingerprint as the biometric most likely to succeed, and as the most versatile and predictable in deployment: the Chinese market for biometrics is reported to be more than ninety percent fingerprint [source: Chinese Academy of Sciences], and the customer feedback given to Fingerprint Cards from this market region roughly supports this view.

Public sector commitment to biometrics

Announcements by the public sector of its growing commitment to deploying biometrics were reinforced during the first half of 2008. Fingerprint biometrics have been singled out with the most potential for deployment. These are suited to the widest range of applications: from identity document



FINGERPRINTS

application systems, to physical access control, computer logon, and to mobile systems that are fast becoming as sophisticated as larger office-based technology. The overall potential of fingerprint technology is also an aspect of its flexibility in deployment: this might be a networked identification system installed for a voter registration program (such as the recent deployment for ninety million people in Bangladesh), or a hospital enterprise user network for medical practitioner access to patient data, or notebook computer acting as a network access gateway from a remote site. Each of these typifies a different type of fingerprint deployment, fingerprint data might be shared over a network using a database, or it might be built into a chip card, using the card's processor to embed the biometric software for secure local, and rapid processing. As Fingerprint Cards has demonstrated, such a card can go as far as to include its own sensor allowing it to operate as a fully independent biometric system. This incredible choice of implementation is available only to fingerprint technologies. The overall market for fingerprint technology is therefore growing in both size and in diversity, appropriate to the type of solution that delivers the most benefits to problems of identity assurance, secure access, and to business or personal asset protection.

Market restructuring

The healthy market position reached by the end of the first half of 2008 is in part owing to a justified positive view on market growth: one given evidence by the market announcements of contracts and the product adoptions for biometrics in recent months. Such good health also owes much to the strategic opportunities still available in and around biometric solutions where there is a steady flow of identity program contract awards coming to fruition; programs for border control, federal employee registration and background checking in the USA, electronic passports in Europe, national identity cards and border control in the Middle East and in Asia. These emerging strategic opportunities have in their own turn begun to drive another phase of restructuring at the solutions provider level of the biometrics market. Even organisations with core business areas such as government Information Systems, who have seen poorer revenue growth as a result of the slow down in public sector IT spending, are optimistic about their growth plans in the systems surrounding large biometric deployments. Along with other key areas of biometric supply, such as core hardware and software technologies, this part of the market is strongly independent of regional influence, and key players are able to profit in various ways from global opportunities. Systems integrators such as SAIC in the USA have reported growing and healthy margins despite the bigger economic issues faced by currencies such as the US Dollar.

In the first quarter it was reported that the optical sensor manufacturer CrossMatch had acquired a smaller integrated platform and solutions provider to introduce a mobile solutions dimension to its business. This was typical of the strategic activities in search of more wide ranging business portfolios, taking fingerprint technology into a wider range of opportunities, but also ensuring that the Government customer can make use of the fingerprint data in as many useful ways as possible. The principle of 'Enrol once: read many times' is emerging as a strong business case for the public sector, which is beginning to realise that the versatility of fingerprint technology, and the different suppliers delivering this can work in the customer's favour. While companies like CrossMatch are diversifying internally, the end customer is seeing the chance to diversify by designing its solution in such a way that it can offer the citizen a secure system for passing immigration checks at border control and add to this with a secure fingerprint system for home-based access over the internet. In the last three years there have been nearly fifty million fingerprint border crossings between Hong Kong and China since the two agreed to introduce fingerprint technology: this number will seem quite small by comparison with the number of secure banking transactions that a fingerprint can support using a smaller, cheaper fingerprint sensor connected to a home computer.

As the customer becomes more financially attractive, with a widening set of valued applications for biometrics, then market restructuring becomes as much about opening channels to the customer as diversifying the product range to sell through those channels. Earlier in the year Digimarc, the dominant player in the USA Photo ID systems and Driving licence market was subject to an offer of 250M USD in cash and shares from identity solutions provider L1 Communications. Following a rival bid from French defence and security company Safrane, Digimarc's board recommended a revised



offer from L1 of 300M USD, cash only. More expansion and diversification can be expected from the strategies of market players such as these.

Geography

The market dynamic around diversification and access to customer channels is fast moving and optimistic, but so too are the prospects for geographical growth. As Fingerprint Cards has found, the Chinese market demand is growing fast. This has more to do with regulatory and organisation fraud problems requiring systemic solutions than as any direct result of the large population. In market segments such as financial services then there are clear problems to solve using fingerprint biometrics for reliable logon to payment systems as part of well-designed security solutions for this segment. The route to market is therefore a combination of regional reseller, knowing the technology well and able to support this, and a local developer or integrator with experience of the customer and customer's problem. The Chinese market for biometrics is dominated by fingerprint technology, with most of this used for time & attendance purposes (around 40%), followed by access control (30% [source: Chinese Academy of Sciences]). Information systems security and military are fast growing but specialist areas, and the Chinese market is now estimated to be worth around 800M USD annually, with a stronger than average global growth rate. Other markets growing with similar potential include India, where an ePassport program is now underway, and where electronic driver licences have been introduced with some success in recent years. The availability of low cost, environmentally reliable fingerprint technology is a potential success factor as the local integration resources in such countries begin to build and market solutions for biometrics. In other parts of Asia during the first half of this year, two banks, the PT Bank Danamon and ICICI Bank, have demonstrated successful introduction of biometrics and smart cards to enable micro-financing - an investment approach to individuals and businesses which avoids the high cost administration of opening and maintaining a bank account for those who are invested in. This concept has also met with some success in part of the African continent, but the densities of Asia's population centres suggest that it will have greater effect there.

Complexity of product segmentation

Capacitive fingerprint sensors have proven themselves by far to be the most well-suited biometric technology to the diverse market for electronic products, including to the most familiar product types such as laptop computers, mobile phones, USB data keys, and smart cards. The electronics market has now evolved to a point where it is seeking a greater choice of sensor costs, interfaces, sizes, and embedded approaches to suit the greater number of end products planned. Finding the right balance of sensor and host electronics means that fingerprint sensor biometrics is to some extent dependent upon the manufacturer development cycle. However, this has been evolving with firm progress for some time, and there are now electronic product categories (such as laptop computers) that feature all types of sensor approach: area, swipe, and embedded biometric system. Most exciting perhaps during this half of the year has been the step towards putting biometric sensors such as Fingerprint Cards' swipe sensor into a financial payment card. The design of the sensor electronics makes it possible to use internal card batteries to power the sensor and biometric matching function for up to two years. From the customer point of view this introduces a new variable into system design where the security of authentication is safely wrapped into a private credential. The public's concern about confidentiality and privacy is likely to be a strong driver in bringing such personal authentication systems to the market. Similarly, more laptop manufacturers are opting to enhance their use of silicon fingerprint sensors with microprocessors embedded with the biometric software function. This gives the user and the computer boot-up function a strong independence from that computer's main processor. When this is combined with system security software then it makes such machines much less vulnerable to attack.

There are innumerable ways of deploying and getting a fingerprint sensor to work next to or over a computer network, and Fingerprint Cards is already working with product developers who design very different products, and this, along with a growing range of distributor partners is the best assurance of building on a good product-to-market fit.



Significant events after the expiry of the first six months

In the beginning of July the Company received an order worth MSEK 12 from Hardware & Software Technologies Co. Ltd., the Company's reseller for China. The order is for sensors produced with the Company's new and more cost efficient packaging solution for which volume production was started at the end of July. Deliveries will be made during the fourth quarter of this year and will to a major part go to regional manufacturers of biometric IT security products aimed at China's bigger banks. Beyond that deliveries will go to manufacturers of different physical access products such as safes, safety boxes, door locks etc.

The board of Fingerprint Cards AB has called for an extraordinary meeting with the shareholders to be held on August 8 2008 (see press release and agenda from July 8) proposing authorizations to issue new shares. The need for more capital is a consequence of the significantly increased business volumes the Company has planned for, requiring more working capital. Additional resources, including new employments at the marketing & sales department, are also needed for the development of new geographic markets for the Company's present area sensor technology.

Beyond that the Company is planning to introduce its swipe sensor technology to the mobile phone market segment. This will require supplementary new developments of hard and software along with increased sales resources.

A proposal to elect Mr Christer Bergman as a new board member has also been put forward. Mr Bergman, resident in USA, has extensive experience from the biometric industry with his past as CEO of Precise Biometrics AB. Mr Bergman is at present the interim CEO of IdentiPHI, Inc., Austin, Texas.

Volume production of the Company's new packaging solution was commenced at the end of July.

Essential risk and uncertainty factors

Beyond the usual business risks the following risk areas could be identified for the Company and its business situation.

Dependence on key personnel

Biometrics is still a relatively new area, showing high growth and requiring high technical knowledge and skill from employed personnel. The Company has a number of key persons important to the successful development of Fingerprint Cards' operations. Should such key persons leave Fingerprint Cards it could, at least in the short term, have a negative impact on the operations. A number of employees possess unique knowledge of the Company's technology and have a long experience of its business. A loss of one or several of such key employees could for a transition period disturb operations. Replacing highly qualified members of the staff could take considerable time and could be costly.

Furthermore, recruiting new personnel that can be successfully integrated into the organisation is important for Fingerprint Cards' future development. There is no guarantee that Fingerprint Cards will manage to recruit or keep personnel that are essential for running and developing its operations and this could bring negative consequences for the Company's business, results and financial position.

Loss of larger customers



A large part of the Company sales goes to the Chinese market where the Company has an established reseller who has built up a strong position for the Company's technology during a long period. A loss of such an important reseller could incur a severe disruption of the Company's operations.

Suppliers

Fingerprint Cards has no production of its own. To be able to manufacture, sell and deliver products the Company depends on subcontractors and that these suppliers deliver contracted volumes, at the right time and to the specified quality. Faulty or unforthcoming deliveries from the Company's suppliers can lead to delayed deliveries from Fingerprint Cards to its customers, or that such deliveries contain faulty products and this could have negative effects on the Company's operations, results or its financial position.

The Company's production of components takes place at subcontractors. Such production is both planned and ordered long in advance, up to six months before delivery is made. Binding orders with delivery plans from customers are not generally received that long in advance. Unsuccessful prognoses concerning sales and deliveries to customers can lead to overly large stock accumulation that could cause the Company liquidity problems.

Essential development projects

One essential development project run by the Company is aimed at the development of a new packaging solution for the sensor component. The solution is designed for very high volumes where the production cost will be halved compared with the present solution. This project is essential for the Company's future competitiveness. The project is run in cooperation with a highly qualified subcontractor having long experience of this kind of production and is already producing similar product solutions in high volumes. Production of pre series has been carried through, and following comprehensive tests and evaluations, volume production was commenced late July. The plan is to gradually increase the volume of produced units during a phase of production tuning, which will ensure best possible production yield. More severe and unforeseen disruptions during this phase would have a negative effect on the Company's business situation.

Accounting principles

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements are made up in accordance with the International Financial Reporting Standards, IFRS. Accounting principles and calculation methods remain unchanged from those applied in the 2007 Annual Report. The Parent Company applies the accounting and valuation principles used in the last Annual Report. For further details see note 1 in the Fingerprint Cards AB's Annual Report 2007.

Future reporting dates, Annual Report and AGM

The interim report for the period January – September, 24 October 2008.
Press release on Annual accounts for 2008, February 2009.

Gothenburg, August 5, 2008
Fingerprint Cards AB (publ)

The Board



Review Report

Introduction

We have reviewed the interim report of Fingerprint Cards AB (publ), corporate identity number 556154-2381 for the period 1 January 2008 – 30 June 2008. The board of directors and the managing director are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this press release on this interim report based on our review.

Scope of the review

We have conducted our review in accordance with Standard for review SÖG 2410 – Review of financial interim report information performed by the auditor of the company – issued by FAR. A review consists of inquiries in the first place to persons responsible for financial and accounting issues, to perform an analytical review and take other review procedures. A review is significantly less in scope than an audit in accordance with generally accepted auditing standards and good auditing practice in Sweden. The review procedures made at a review do not secure that we are aware of all significant circumstances, which could have been identified if an audit had been performed. Therefore, the expressed conclusion based on a review does not have the security, which an expressed conclusion based on an audit has.

Conclusion

During our review we have not identified any circumstances, which indicate that the interim report is not in all in compliance with the requirements of IAS 34 and the Annual Accounts Act.

Gothenburg, August 5, 2008
KPMG Bohlins AB

Jan Malm
Authorized Public Accountant



FINGERPRINTS

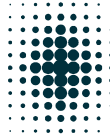
Page 11 of 12

STATEMENTS OF INCOME, THE GROUP (MSEK)	<i>Apr-Jun</i> <u>2008</u>	<i>Apr-Jun</i> <u>2007</u>	<i>Jan-Jun</i> <u>2008</u>	<i>Jan-Jun</i> <u>2007</u>
Operating income				
Net turnover	6.0	5.6	12.5	10.7
Cost of goods sold	<u>-7.2</u>	<u>-6.1</u>	<u>-14.2</u>	<u>-11.1</u>
Gross margin	-1.2	-0.5	-1.7	-0.4
Operating expenses				
Administration	-1.8	-2.1	-3.6	-4.1
Development costs	-2.8	-3.1	-6.3	-5.9
Market costs	<u>-1.3</u>	<u>-1.3</u>	<u>-2.6</u>	<u>-2.5</u>
Operating profit/loss	-7.1	-7.0	-14.1	-12.9
Net financial items	<u>0.3</u>	<u>0.3</u>	<u>0.6</u>	<u>0.8</u>
Net profit/loss for the period	-6.8	-6.7	-13.5	-12.1

BALANCE SHEETS THE GROUP (MSEK)	<i>30 June</i> <u>2008</u>	<i>31 Dec</i> <u>2007</u>
Assets		
Intangible assets	18.3	16.4
Tangible assets	<u>0.3</u>	<u>0.3</u>
Total fixed assets	18.7	16.7
Inventory	10.6	18.0
Accounts receivables - trade	7.4	4.0
Current receivables	1.3	1.6
Current investments	20.8	28.7
Cash and bank deposits	<u>2.0</u>	<u>5.1</u>
Total current assets	42.1	57.3
Total assets	60.8	74.0
Equity and liabilities		
Equity	53.9	67.1
Current liabilities, non-interest bearing	<u>6.9</u>	<u>6.9</u>
Total equity and assets	60.8	74.0

CHANGE IN EQUITY, THE GROUP (MSEK)	<i>Jan-Jun</i> <u>2008</u>	<i>Jan-Jun</i> <u>2007</u>
Opening equity	67.2	100.9
Share options to employees	0.3	0.1
Net profit/loss for the period	<u>-13.5</u>	<u>-12.1</u>
Closing equity	53.9	88.9

CASH FLOW ANALYSES, THE GROUP (MSEK)	<i>Jan-Jun</i> <u>2008</u>	<i>Jan-Jun</i> <u>2007</u>
Earnings for the period	-14.1	-12.9
Adjustments for items not included in the cash flow	0.2	1.9
Change of inventory	9.3	-6.6
Change in current receivables	-2.8	2.2
Change in current liabilities	<u>0.0</u>	<u>-1.5</u>
Cash flow from current operations	-7.3	-16.9
Cash flow from investment operations	<u>-3.7</u>	<u>-3.2</u>
Change in liquid funds incl. curr. investments	-11.0	-20.1



FINGERPRINTS

KEY RATIOS, THE GROUP

	<i>Apr-Jun</i>	<i>Apr-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net earnings per share (SEK)	-0.56	-0.55	-1.11	-1.00
Net earnings per share after full dilution (SEK)	-0.56	-0.55	-1.11	-1.00
Equity per share (SEK)			4.43	7.32
Equity per share after full dilution (SEK)			4.30	7.32
Equity/assets ratio (%)			88.6	93.7
No of shares average (thousands)			12,153	12,153
No. of shares after full dilution average (thousands)			12,369	12,214
No. of shares (thousands)			12,153	12,153
No. of shares after full dilution (thousands)			12,523	12,523

STATEMENTS OF INCOME, THE PARENT COMPANY

(MSEK)	<i>Jan-Jun</i>	<i>Jan-Jun</i>
	<u>2008</u>	<u>2007</u>
Operating income		
Net turnover	12.5	10.7
Cost of goods sold	<u>-14.2</u>	<u>-11.1</u>
Gross margin	-1.7	-0.4
Operating expenses		
Administration	-3.6	-4.1
Development costs	-6.3	-5.9
Market costs	<u>-2.6</u>	<u>-2.5</u>
Operating profit/loss	-14.1	-12.9
Net financial items	<u>0.6</u>	<u>0.8</u>
Net profit/loss for the period	-13.5	-12.1

BALANCE SHEETS, THE PARENT COMPANY

(MSEK)	<i>30 June</i>	<i>30 June</i>
	<u>2008</u>	<u>2007</u>
Assets		
Intangible assets	18.3	15.5
Tangible assets	<u>0.3</u>	<u>0.4</u>
Total fixed assets	18.7	15.9
Inventory	10.6	23.2
Accounts receivables - trade	7.4	2.1
Current receivables	1.3	2.7
Current investments	20.8	42.7
Cash and bank deposits	<u>1.2</u>	<u>8.2</u>
Total current assets	42.0	78.9
Total assets	60.7	94.8
Equity and liabilities		
Equity	53.4	88.4
Current liabilities, non-interest bearing	<u>7.3</u>	<u>6.4</u>
Total equity and assets	60.7	94.8