



PRESS RELEASE
Gothenburg, April 22, 2008

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

Key events of the first three months:

- The income increased by 29 percent, to MSEK 6.6 (5.1). Adjusted for exchange rate effects the increase was 45 percent.
- Net financial items amounted to MSEK 0.3 (0.5).
- The loss for January to March was MSEK – 6.7 (- 5.4).
- The negative result includes a MSEK 0.7 (0) write-down of the stock due to the further deterioration of the dollar value.
- Liquid funds at 31 March amounted to MSEK 28.3
- Net earnings per share was SEK – 0.55 (- 0.44).
- Order value as per 31 March amounted to MSEK 18.4.

Significant events after the end of the first three months:

- The Company exhibited at the ISC West security show in Las Vegas 2 – 4 April.
- Licence agreement signed with distributor for Canada.

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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).



Market development

Forecasts for the year ahead continue to be optimistic. Biometrics has been the leading segment in the growing electronic access control market. In North America alone Frost & Sullivan stated recently that this regional market will grow from USD 1.32 billion in 2006 to an estimated USD 4.19 billion in 2010. Central to this growth is a more competitive marketplace, including more aggressive pricing making biometrics more attractive as a replacement technology or as the next addition in multi-factor authentication.

The first quarter included significant civil moves towards deeper integration of biometrics. In the UK and in the US, protection against identity theft and impersonation took a step closer with proposals to use government biometric identity checking services as an integrated part of employer identity checking. In the UK the Home Office announced that it will require biometric registration of workers in security sensitive businesses such as airports and child care as a part of a new employee-checking system integrated across government. In the USA new legislation was introduced with significant business sector sponsorship that would propose a faster and more exhaustive checking process: in the US the "New Employee Verification Bill" is expected to have a direct benefit in policing the employment of illegal immigrants, and is expected to include a voluntary option for employers to collect fingerprint data for government processing. The move to more generic identity services at the start of 2008 reflects the growing requirement in specific verticals such as the banking sector, where the Company has seen growing regulation supporting employee identification and authentication, from the USA to China.

Supplier market positioning continued to be an important theme; continuing a trend well underway by 2007. At the solutions level, biometric vendors in the government sector have demonstrated confidence that their market positioning is robust enough to expand their solutions expertise and platform portfolios. With the maturation of the government solutions market, and with widespread positive forecasts for integrated solutions in the coming ten years, players such as Cross Match Technologies moved in this quarter to a wider solutions base either by acquisition or by equity share. The investment in AssureTec's document authentication system brings complementary functionality to the fingerprint authentication solution, resulting in a stronger border identity control solution. Cross Match also acquired in the quarter Canadian company Labcal, and this brought a secure integrated mobile authentication platform capable of working with the range of identification products issued by governments for secure border control and transportation worker identification. Indications are that 2008 will continue with more developments in expansion and solutions consolidation, with a large part of this led by core biometric technology suppliers.

In the electronic products markets - dealing with laptop computers and mobile phones - the selection of products featuring fingerprint authentication exceeded three hundred widely available commercial computer models, and as many as one in four laptop computers sold in 2008 is expected to have a fingerprint sensor. Market indications are that an increasing number of these will include local user authentication embedded either to a support processor or into the sensor itself; both of which work to protect biometric identity information from attack via a computer's hard disk or a network connection. Laptop manufacturers are building their understanding of the security architectures for authentication and data encryption, and the wider options for these will begin to filter down as market available products in 2008 as a result of decisions taken this quarter.

The future value of the mobile segment had begun to grow by this quarter. Specific recent market



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research carried out for Atrua confirmed that as many as twenty new phone products entered the market in the last year using integrated fingerprint sensors. Solutions continue to gain momentum in the marketplace with phones announced already from innovators like Toshiba, Fujitsu, Hitachi, LG, and Samsung. Opportunity continues to be led at the personal device level by sales opportunities in the Asian market, and with the Japanese market in particular, where NTT has launched a new DoCoMo phone featuring fingerprint technology for mobile commerce security. However, the global market leaders in the phone segments have still to make their first moves into biometric product functionality, and the deployment of the technology will continue to prove itself during the year in much the same way as it has for laptop computers. Innovators in the mobile phone segments have also been innovators in the wider sense, having introduced biometrics to other divisions of their companies.

The first quarter has illustrated that there is a continuous refinement cycle for low cost products. Initially driven by security and convenience, this has now begun to include the protection of personal data and profiles, and has begun to include such design specifics such as menu navigation and more refined form factor specification in respect of sensor packaging and sensor robustness. This shows that 2008 has already begun to demonstrate how silicon fingerprint authentication components are well positioned to deliver carefully designed value to different market segments, mainly by opening up product integration options through the variety of component combinations e.g. sensor using a host phone processor, or a sensor with a dedicated or a third party processor and software. The further significance of this is that greater attention will continue to be paid to the inherent design properties of the core biometric technology at the mobile device level. Sensors in this segment have to survive alongside ordinary daily objects like coins and car keys, which means that their robustness will be an acceptance condition. This increases the reliance on strong core sensor technology such as Fingerprint Cards'.

Company sales during the period

Sales during the year's first quarter amounted to MSEK 6.6 which means that deliveries increased by 200 % in value compared to last year's fourth quarter when technology valued at MSEK 2.2 was delivered. Sales comprised in the first place sensor and processor components but systems modules were also delivered. In addition to that the Company has invoiced for consultancy services on an advanced customer project in which Company personnel take part in the work of integrating the fingerprint technology in the customer's product. Above this a minor royalty payment has been received.

The major part of sales during the quarter concerned part deliveries of sensors to the Chinese market in accordance with the orders amounting to MSEK 43 which were received last year. Altogether 40.000 units were delivered to China compared to 12.000 units during the last quarter of last year, and approximately 55 % of the total order value has now been delivered. The Company's sensor technology is used in more than 15 different product types which are being produced by a great number of end product developers in China. The dominant application is biometric IT security products that are delivered to the Chinese banks for log on to computers and registration of electronic transactions. The banks' intention is to furnish all personnel, working with computers, with a biometric log on unit which means that this market segment is probably very big. The four biggest suppliers use the Company's sensor technology giving a market share of approximately 75 % for this product segment.



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Approximately 70 % of the Company's total deliveries of sensor technology to China goes to developers of above described IT security products for the banking sector. The remaining 30 % goes to widely spread areas but where physical access, such as door locks, safes and safety cupboards, account for the major share. New products using the Company's fingerprint technology are however continuously introduced and during the period the first deliveries were made for two new products developed for the Chinese postal services. One application is a terminal for post offices where biometric preregistered customers can sign for valuable documents and parcels. The other application is a corresponding mobile terminal which is used by the postal services' postmen. To France 2.000 units were delivered to a customer that has developed a cash terminal to which the operator gets access through finger verification instead of using a key or some other less secure measure for authorization. The order was a follow up on previously made deliveries. A new customer in the USA has started production of a medicine cupboard for storage of sensitive medical equipment and medicines. For this product the Company has delivered system modules during the period and authorized users get access to the cupboards through finger verification. A further delivery of system modules was made to yet another American company within the medical sector concerning a unit for dispense of appropriate doses of advanced medicines. The product is for use by the individual patient and the fingerprint system prevents unauthorized use.

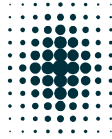
During the reporting period the Company has also delivered consultancy services together with fingerprint hard- and software to the card developer CardLab's project aimed at the development of a new biometric secured payment card that is intended for the banking sector in the first phase. The Company's complete system based on its swipe sensor technology will be integrated into the battery powered cards. In a first phase prototypes were made using encapsulated chips and the concept's functionality was verified. In a second phase naked dies have been used, thinned down to approximately 200 micron (0.2 mm), and the first cards in plastic having the right form factor and with all electronics integrated in the cards have been produced. These cards are now going through tests for evaluation.

The order value as at 31 March 2008 amounted to MSEK 18.4.

The Company's business situation

To get as qualitative market information as possible for the Company's technology and the market prospects, the Company not only keeps in close contact with the regional distributors/resellers but also with their biggest customers. The resellers' customers are those enterprises that develop the end products in which the Company's technology is used. The biggest customers are visited by the Company's sales personnel on a regular basis when technical issues as well as the customers' market and production plans are discussed. These customer meetings are made in close cooperation with the respective reseller. Evaluation of this market information is done continuously and with that as a basis the resellers plan their purchases and place their orders with the Company, which in turn plans for production and place orders with its subcontractors.

Based on the information the Company has received from its bigger customers and resellers the delivery volumes will increase considerably both for the current year but also for next year. For the present year the Company has planned for more than a doubling of sales and deliveries compared with last year. It is the Chinese market in the first place that accounts for the growth. That is also the market in which the Company has been active for the longest time, has the greatest spread regarding



the number of different end products, and it is also that individual market in which the Company has the greatest number of customers.

The investments made by the Company, aimed at achieving a cost effective production with drastically lowered production costs are also important parts of the overall business situation. Two essential projects were successfully completed during the last year with the move of the silicon production and the development of a new processor ASIC that is compatible with both the Company's sensor types. The development of a new packaging solution for the area sensor, a project that has been ongoing for more than a year, is now in its last phase and production of pre-series has begun. Full scale production is planned to start shortly after this coming mid-year point. With this new solution the cost for packaging of the sensor component will be halved compared with the present solution (see further under "Technology development and Production" below).

Deliveries of sensors produced with the older packaging solution will during the second half-year be phased out as production with the new solution will be in progress from the mid-year point. For the third quarter it is planned that the new solution will account for 30 – 40 % of the total deliveries and increase to approximately 90 % for the fourth quarter. Since the sensor component accounts for such a dominant part of total sales the aggregated sales margin will improve substantially during the second half-year and the Company should achieve a 30 % gross profit margin during the fourth quarter. Basically all sales are invoiced in US dollars and the decreased value of this currency against both the Swedish krona and the Euro has hit the Company hard since its production, almost to full extent, has been invoiced in the latter currencies. This situation will gradually improve from mid-year since packaging production of sensors based on the new solution is carried out by an American company that invoices in US dollars.

Considering the present circumstances it is the Company's judgment that a breakeven point should be achievable some time during the later part of 2008 or at the beginning of 2009.

Technology development and production

At the beginning of the year, the first FPC-AM2 modules based on the new processor ASIC FPC2020 were delivered. The new modules feature a lower production cost and improved performance with respect to power consumption and verification processing time, as well as capability of identification of up to 500 users when deployed in an embedded system.

During the period, parts of the Company's staff have been involved with the development of a new biometric secure payment card for the banking sector, a project driven by the card development company CardLabs ApS. The card includes a magnetic stripe and complies with the standard ISO regulations. The whole biometric system developed by the Company, including the swipe sensor, processor and algorithms for fingerprint recognition, has been integrated into the card. Up till now, a small number of cards have been produced, biometric functionality has been demonstrated and tests have been started to investigate properties such as system performance.

The project aimed at developing a new and considerably more cost effective and production friendly packaging solution for the area sensor is progressing according to plan. The sensor prototypes that were built have been evaluated for performance and manufacturability, with pleasing results. The prototypes have also been presented to the Company's larger customers, generating positive feedback. The development has now entered the pre-production phase with manufacturing of a few



thousand complete sensor units. During this manufacturing, the same production equipment and production methods are being used as will be used in volume production, planned to commence round the mid-year point. This way, both the product and the production process are qualified, in addition to minimizing the risks of going into volume production.

Furthermore, the development of a comprehensive electrical product and production test is approaching completion. The development has for the last six months been carried out in close collaboration with the Company's production partner, and the test will be deployed during the final environmental performance tests scheduled for the year's second quarter.

Significant events after the expiry of the financial year

The Company showed its technology at the ISC West exhibition in Las Vegas 2 – 4 April. This is USA's biggest security show with more than 1.000 exhibitors. Personnel from the Company's North American reseller CDI took part in the stand.

A license agreement was signed with Motion Micro Solutions Inc. (Motion Micro) for resale of the Company's technology in Canada. Having local presence in Montreal, Ottawa and Toronto Motion Micro covers the most interesting business regions and their product portfolio comprises semiconductor, display, different sensor types, and products for power provision.

www.motionmicro.com

Turnover and earnings

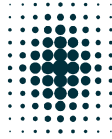
Consolidated turnover for the period January to March amounted to MSEK 6.6 (5.1). The Group's sales is in US dollar which exchange rate was lower compared with the same period previous year. Adjusted for this negative exchange rate the increase was 45 percent. The consolidated loss for the interim period amounted to MSEK – 6.7 (-5.4). The losses include a write-down of the inventory amounting to MSEK 0.7 (0). The reason for this write-down is the further deterioration of the dollar value.

Net turnover by the parent company for the interim period amounted to MSEK 6.6 (5.1). The consolidated loss amounted to MSEK – 6.7 (-5.4). The losses include a write-down of the inventory amounting to MSEK 0.7 (0).

Financial position

Equity, as of March 31, 2008, amounted to MSEK 60.6 (95.5). The consolidated equity/assets ratio was 84.8 % (92.4). Consolidated available liquid assets including current investments as at March 31, 2008, totaled MSEK 28.3 (59.1). Other current receivables amounted to MSEK 9.4 (8.6). The consolidated working capital amounted as at 31 March to MSEK 42.7 (79.3).

The parent company's available liquid assets up to 31 March 2008, short term investments included, amounted to MSEK 28.2 (59).



Fixed assets, capital expenditure and depreciation

During the period investments in equipment amounted to MSEK 0 (0.1) and development cost has been set up as an asset during the period with MSEK 2.0 (2.8).

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

Personnel

At the close of the interim period the number of employees totaled twelve (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 March 31, amounted to MSEK 0.1. The equity has been increased by the same amount.

Essential risk and uncertainty factors

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

Personnel

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.

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 longer period. A loss of such an important reseller could incur a severe disruption of the Company's operations.

Planning of business operations

The Company's production of components takes place at subcontractors. Such production is both planned and ordered long in advance and with regards to wafer/silicon production 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 at the same time as 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. A first prototype production has been carried through, pre-production is underway, and the assessment is that essential risks have been reduced. Volume production is planned to start by mid-2008.

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 2006 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 2006.

Future reporting dates, Annual Report and AGM

The interim report for the period January – June, 15 August 2008.
The interim report for the period January – September, 24 October 2008.
Press release on Annual accounts for 2008, February 2009.

Gothenburg, April 22, 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 – 31 March 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



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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, April 22, 2008
KPMG Bohlins AB

Jan Malm
Authorized Public Accountant



STATEMENTS OF INCOME, THE GROUP	<i>Jan-March</i>	<i>Jan-March</i>
(MSEK)	<u>2008</u>	<u>2007</u>
Operating income		
Net turnover	6,6	5,1
Cost of goods sold ¹	<u>-7,0</u>	<u>-5,0</u>
Gross margin	-0,4	0,1
Operating expenses		
Administration	-1,8	-2,0
Development costs	-3,4	-2,8
Market costs	<u>-1,3</u>	<u>-1,2</u>
Operating profit/loss	-7,0	-5,9
Net financial items	<u>0,3</u>	<u>0,5</u>
Net profit/loss for the period	-6,7	-5,4

¹ Of which write-down of inventory MSEK 0.7 (0).

BALANCE SHEETS THE GROUP	<i>31 March</i>	<i>31 Dec</i>
(MSEK)	<u>2008</u>	<u>2007</u>
Assets		
Intangible assets	17,6	16,4
Tangible assets	<u>0,3</u>	<u>0,3</u>
Total fixed assets	17,9	16,7
Inventory	15,8	18,0
Accounts receivables - trade	8,4	4,0
Current receivables	1,0	1,6
Current investments	22,7	28,7
Cash and bank deposits	<u>5,6</u>	<u>5,1</u>
Total current assets	53,5	57,3
Total assets	71,4	74,0
Equity and liabilities		
Equity	60,6	67,1
Current liabilities, non-interest bearing	<u>10,8</u>	<u>6,9</u>
Total equity and assets	71,4	74,0

CHANGE IN EQUITY, THE GROUP	<i>Jan-March</i>	<i>Jan-March</i>
(MSEK)	<u>2008</u>	<u>2007</u>
Opening equity	67,2	100,9
Share options to employees	0,1	-
Net profit/loss for the period	<u>-6,7</u>	<u>-5,4</u>
Closing equity	60,6	95,5

CASH FLOW ANALYSES, THE GROUP	<i>Jan-March</i>	<i>Jan-March</i>
(MSEK)	<u>2008</u>	<u>2007</u>
Earnings for the period	-7,0	-5,9
Adjustments for items not included in the cash flow	-0,1	0,8
Change of inventory	3,5	-2,9
Change in current receivables	-3,9	-1,5
Change in current liabilities	<u>4,0</u>	<u>0,4</u>
Cash flow from current operations	-3,5	-9,1
Cash flow from investment operations	-2,0	-2,9
	-	-
Change in liquid funds incl. curr. investments	-5,5	-12,0



KEY RATIOS, THE GROUP	<i>Jan-March</i> <u>2008</u>	<i>Jan-March</i> <u>2007</u>
Net earnings per share (SEK)	-0,55	-0,44
Net earnings per share after full dilution (SEK)	-0,55	-0,44
Equity per share (SEK)	4,99	7,86
Equity per share after full dilution (SEK)	4,84	7,86
Equity/assets ratio (%)	84,8	92,4
No of shares average (thousands)	12 153	12 153
No. of shares after full dilution average (thousands)	12 369	12 153
No. of shares (thousands)	12 153	12 153
No. of shares after full dilution (thousands)	12 523	12 153
STATEMENTS OF INCOME, THE PARENT COMPANY (MSEK)	<i>Jan-March</i> <u>2008</u>	<i>Jan-March</i> <u>2007</u>
Operating income		
Net turnover	6,6	5,1
Cost of goods sold ²	<u>-7,0</u>	<u>-5,0</u>
Gross margin	-0,4	0,1
Operating expenses		
Administration	-1,8	-2,0
Development costs	-3,4	-2,8
Market costs	<u>-1,3</u>	<u>-1,2</u>
Operating profit/loss	-7,0	-5,9
Net financial items	<u>0,3</u>	<u>0,5</u>
Net profit/loss for the period	-6,7	-5,4
² Of which write-down of inventory MSEK 0.7 (0).		
BALANCE SHEETS, THE PARENT COMPANY (MSEK)	<i>31 March</i> <u>2008</u>	<i>31 March</i> <u>2007</u>
Assets		
Intangible assets	17,6	15,9
Tangible assets	<u>0,3</u>	<u>0,3</u>
Total fixed assets	17,9	16,2
Inventory	15,8	19,5
Accounts receivables - trade	8,4	4,1
Current receivables	1,0	4,5
Current investments	22,7	49,5
Cash and bank deposits	<u>5,5</u>	<u>9,5</u>
Total current assets	53,4	87,1
Total assets	71,2	103,3
Equity and liabilities		
Equity	60,0	95,0
Current liabilities, non-interest bearing	<u>11,2</u>	<u>8,3</u>
Total equity and assets	71,2	103,3