



PRESS RELEASE  
Gothenburg, February 29, 2008

Fingerprint Cards AB (publ), corporate identity no 556154-2381  
Press release on Annual Accounts for the financial year 2007

Key events of the financial year:

- The income for the financial year totalled MSEK 20.7 (11.1) and for the fourth quarter MSEK 2.2 (3.1).
- Net financial items for the interim period amounted to MSEK 1.3 (0.3).
- The loss for the financial year was MSEK – 34.2 (- 19.7) and for the fourth quarter MSEK – 12.8 (-6.5).
- The increased negative results include a MSEK 10.4 write-down of the stock.
- Liquid funds at the close of the financial year amounted to MSEK 33.8.
- Net earnings per share for the year was SEK – 2.82 (- 2.07).
- Orders from China totalling MSEK 43.
- The Company's swipe sensor methodology patent granted in USA.
- Order value as per 31 December amounted to MSEK 24.7

Significant events after the expiry of the financial year:

- The Company's swipe sensor system chosen to secure biometric payment card.

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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

The year was one of healthy market development in several different sectors. There was little in the way of negative market disruption to distract the industry from fulfilling its growing potential to combat identity fraud in its various aspects; and there was an overall market optimism, from large solutions providers such as the systems integrators providing national ID programmes, to the core technology developers including Fingerprint Cards, who are finding a greater, and a widening market interest in their products. The trend supporting the consolidation around key technology and solutions players continued, and customers continued to bring high expectations and more rigorous evaluation to the selection of biometrics. This was particularly true of the cost of biometrics; it continues to show fingerprint technology as the most promising technology for volume markets, while at the same time demanding the promise of reducing costs.

The market dynamic for biometrics is dominated by the revenue stream from government systems such as those deployed for electronic passports and national identity schemes, and such systems deliver a healthy stream of revenue to various parts of the biometrics industry (software, hardware, and integration). A different dynamic is evident in other markets; such as physical access control, logical access control for network and data security, and standalone products such as USB keys and personal safes. These have been growing steadily based on the value that such products are now able to deliver, and while they represent smaller units of value than government identity systems, they have the growing advantage of delivering low cost technology to millions of end-users, some of whom might already own more than one biometric device. These have been deployed in laptop computers for secure logon, in USB keys for data privacy, in cell phones, and in personal safes for use at home. This year has strongly underlined the growing accessibility and usefulness of low cost biometric technology solutions. The booming market for electronic products shows all the signs of continuing, tighter integration of biometrics to protect assets, access, data, and transactions; and fingerprint technology continued during the year to show its value for money dominance at the levels of performance, product fit and integration, and affordability.

Diversification of such product opportunities has been driven by advances in technology. This was evident in the selection of Fingerprint Cards as the embedded systems provider for a debit card payment solution developed by CardLab Aps. Such a fully functional system deployed in a ISO standard credit or debit card, and powered by its own internal battery, was simply not attainable until recently, and depends heavily on the design properties of technology such as the FPC sensor and processor chips. Such cards are expected to have a lifetime comparable with bank cards currently in use.

During the year all of the leading technology players continued to deliver products to the market that demonstrate a series of customer-led refinements. Most of these were led exclusively by the need to deliver lower cost competitive product to the product developer market. This is a natural part of the market dynamic in this sector, making it quite different from the government market for biometric identification systems where performance is of first importance. Careful control of technology development and ownership of intellectual property continued to play a vital part in the continued prospects for technology in these product segments and the consequences of inadequate IP ownership in the sector are continuing to affect the strategy of some players although this might not be felt in the near term.

## Company sales during the year

Sales for the past year increased by 88 % compared with the year before and amounted to MSEK 20.7. The majority of the deliveries were made up by the Company's sensor component of which 130.000 were delivered compared with 30.000 in the previous year. Sales of sensors accounted for 75% of the total sales value, while biometric modules and the Company's older processor ASIC accounted for the remainder.



## FINGERPRINTS

Sales are organized mainly via distributors/resellers, each one of them working on customer development in their respective geographical region. The customers in this context are companies developing end-products in which the Company's technology is integrated. Examples of such products are door locks, safe boxes, safes, time & attendance systems, USB keys and IT peripherals for secure log-on to PCs and computer networks. At present the Company has resellers covering twelve countries and these are spread from North America over Europe and to the Far East. Sales are also to an extent made directly to end customers in countries where the Company lacks representatives.

The Company's biggest market is China where its reseller Hardware & Software Technologies (HST), as a result of well focused marketing work, has built up a strong position for the Company's sensor technology. Headquartered in Taiwan and with a number of branch offices in China, HST has established strong connections with five of the biggest suppliers of IT security products to the Chinese banks, which means that the Company's sensor technology is now being used in more than 75% of all the biometric IT security products that are now being delivered to the banking sector in China. The majority of products are for the biometric log-on of bank personnel to the bank computers and networks; this is potentially a very big market. Other products in China fall mainly into the categories of physical access control, such as door locks, safety boxes and safes.

During the first two quarters the Company received two orders amounting to MSEK 43 for deliveries to the Chinese market. By the year end 40% of the order volume had been delivered and the plan is that the remaining part should be delivered during the first half of 2008. It is possible that deliveries will be stretched out further than that. The remaining part of the year's deliveries went mainly to Argentina, Japan, Italy, France and USA, directed to products including USB keys, safety boxes and cupboards, time & attendance systems and Point of Sale terminals.

The order value as at 31 December 2007 amounted to MSEK 24.7.

### Gross margin

The accounts show a negative gross margin amounting to MSEK 12.6. Of that amount a stock write-down accounts for MSEK 10.4 while the loss on sold and delivered products accounts for MSEK 2.2. This negative sales margin, MSEK 2.2, on delivered products is a result from the two big orders accepted during the first quarter of the year and for which the Company had to accept a price that was set under its known production cost at the time. Subsequent to this, and as the Company's production cost reducing measures produce a beneficial effect then sales margins will turn positive for these two orders and the result added together will be a positive one.

Stock-in-trade has been written down by MSEK 10.4. Out of that value the write-down of the Company's older processor ASIC accounts for MSEK 4.3. More than half of that value represents the order placed by Japanese Secure Design KK, which that company never followed out. A further MSEK 0.7 of the total write-down value represents the older processor ASIC designed for the Company's swipe sensor. For the last six months the Company has been marketing its new processor ASIC, which is compatible with both types of FPC sensors. The conclusion was reached that the prospects of selling the older components are so uncertain that a write-down of the stock was justified as a precautionary measure. The remaining MSEK 5.2 of the write-down value concerns, a) to 40% of the total, a write-down of ready-made sensors on the one hand and work in progress on the other hand, and b) for the remaining 60% of the MSEK 5.2 write-down value, costs that the Company had to absorb related to production problems at its subcontractor doing the work on its older sensor packaging solution.

Deliveries of sensors with the present packaging solution will continue for at least the coming half year for the China orders in hand and where the price is fixed in US dollars. With the stock write-down that has now been made, and provided the US dollar does not fall further, then these deliveries can be made without any further losses. Moreover, as the lower silicon price will now have a positive impact on all new production then even the remaining new production, based on the old packaging solution,



should come out at a price not exceeding the selling price for the China orders. On all other sales the Company has positive margins, even on the sensor component, however, a solid sales margin for the sensor will not be attained until production and deliveries based on the new packaging solution will be done. The Company's goal is to reach at least a 35% margin on all component sales.

### **The Company's business situation**

Emerging biometric technologies solve problems of verifying user identity and personal trust in a more secure and user friendly way compared with older technologies using pin-codes and photographs; and this has brought them much attention in the last five years. This can be said most strongly for fingerprint technology; emergent as the dominant biometric approach. It is only in the last two to three years that noteworthy volume market deliveries of the technology have begun, and what we are now starting to see is a sharp rise in volumes as fingerprint technology is integrated to mass produced products, and is used increasingly in products and systems for access control.

Fingerprint Cards has developed complete fingerprint systems comprising sensors, processor ASICs and algorithms for matching of finger patterns. The most important component is the sensor reading the finger pattern but it is also the most complex component from the production point of view. Not until 2006 did the Company begin to see sales results from its efforts; it has now received orders that are indicative both of the commercial acceptance of its technology and of the fact that growth of a customer base is underway that could generate substantial and rising volumes. At that point, in 2006, the Company's production capacity for the packaging of its sensors was very limited, and the packaging design itself was a low volume solution with many manual production steps that make production comparatively expensive. A cost efficient production solution requires high volumes and involves highly specialised subcontractors that can only be engaged by the commitment to these high volumes.

Toward the end of 2006 a new stock issue was carried through providing the Company with the capital necessary to its general operations and for carrying through projects essential to bring about production for high volumes and at low enough unit costs to make the Company competitive while giving acceptable sales margins. 2007 was a key period in the development of this strategy: during the first quarter the Company received orders that were of sufficient size to engage the right subcontractors and the project of developing a cost efficient packaging solution could be intensified. This project has now come so far that a first prototype production was run toward the end of the year, and the first prototypes of the new solution have been delivered to the Company. These prototypes are now going through extensive tests, and product qualification will run during the first quarter of 2008. In parallel a process for production quality assurance will be started. This process might take up the whole of the second quarter, and would be one or two months longer than was anticipated in the Company's report last autumn. Consequently, volume production is now planned to commence round the mid-year point. The packaging cost of the sensor with this new solution and production method will be 50% lower compared to the old solution.

Other than this packaging project two other important projects were completed during the year, both of them initiated during 2006. By mid-2007 a new processor ASIC was ready, replacing the Company's older processor from 1999. The cost of producing the new processor is 80% lower compared with the older version; it is considerably more power efficient; has enhanced functionality, and works with all the Company's sensor technologies. A further project contributing to the overall plan to halve the total production cost for the sensor component was completed in 2007, after an eight month project time. Production of the silicon for the sensor was moved to a new foundry and the first deliveries of this silicon (the actual sensor plate) was received by mid-summer and went into production for packaging during the fourth quarter. Production cost for ready sensors will now go down and will have a positive effect on margins for deliveries beginning first quarter of 2008.

In qualitative terms Fingerprint Cards has a good technology with high performance: one that has now reached market acceptance and started to produce volume orders. The extensive projects that were



initiated already 2006 and went on during 2007 are aimed at attaining a cost efficient production that will make the Company's technology far more competitive at the quantitative level. The Company can now compete properly on price and at the same time generate sales margins that will make the Company profitable within a reasonable time. In addition to this strategic business concern the technology itself has been renewed and upgraded, and new components have been developed producing enhanced performance. A good example of this is that the new processor ASIC was selected by CardLab for the development of a new biometric secure payment card for the banking sector.

It is evident from the Company's accounts that the measures taken have been both time consuming and very costly. However, they were unavoidable, and with two heavy projects already successfully completed and a third with planned completion in the next half-year, the Company will have built a much stronger platform for a future profitable expansion. The information the Company receives from its customer base indicates a continuously strong volume increase both for 2008 and thereafter.

The financial goal that has been communicated thus far, to reach a break-even point calculated on a yearly basis by the fourth quarter of 2008 may be difficult to achieve. Factors that have influenced this are the rate at which production cost reductions will have an effect on sales and deliveries; at what rate sales and deliveries will increase; and, furthermore the currency development. Even if production in the near future is to be paid mainly in the same dollar currency as sales the Company still has its other operational costs in Swedish kronor. The Company's assessment is that the financial goal, to reach a break-even point calculated on a yearly basis, is retarded by a further six months.

### **Technology development and production**

Technology resources have been devoted on the sensor side to sensor production issues with a considerable increase in the production level of the present, older packaging solution for the Company's sensor, and at developing new solutions aimed at reducing production cost for this component. On the processor side of the business a project has been completed in which a new processor ASIC was developed and production was begun.

The orders received by the Company toward the end of 2006 and early 2007 made it necessary to increase production output on a monthly basis by a factor of ten. The bottleneck to this increase was the packaging of the sensor. The available product solution and the production capacity available at the Company's previous subcontractor were not designed for such high volumes, but by the year-end the production ramp-up was secured albeit at a high cost. Quality requirements on the finished product are high, and tuning the production to achieve an acceptable yield was both complicated and costly. The Company has had to absorb the main part of these costs.

In parallel a project initiated during 2006 was in progress aimed at developing a new packaging solution for the sensor, a solution suitable for high volumes and that can be produced at a much lower cost. The subcontractor with whom the Company is running this project specialises in this type of solution and production, and is the largest in its market. The negotiated price means that packaging cost per sensor will be halved compared to the present situation. A first prototype production was completed by the year-end with a good result and the project now continues according to plan with tests, qualification of the product, pre-series production and production quality assurance. Volume production is planned to commence round the mid-year point in 2008.

During the year two other projects also initiated during 2006 were completed. The silicon production was moved to a new foundry leading to halved silicon cost for the sensor component. The lower silicon cost will have an impact on sensors that were assembled during the fourth quarter of the year. Beyond that a further project was successfully completed with which the Company's older processor ASIC was replaced by a new ASIC compatible with both the area and the swipe sensor. Power consumption has been reduced drastically, functionality enhanced, and at the same time production cost has been reduced by as much as 80% compared to the older component.



### **Significant events after the expiry of the financial year**

In January 2008 the Company's swipe sensor system was chosen by CardLab for the development of prototypes of a new biometric secure payment card: this features a magnetic stripe and is planned for the banking sector. The card will be ISO compliant, furnished with embedded leaf thin batteries as well as Fingerprint Cards' sensor, processor ASIC and matching algorithm. Only once the card holder has biometrically verified his identity can the card be used for a financial transaction. Being a magnetic stripe card this can be read by existing card readers, and the biometric scanning, storing and matching of the finger pattern is entirely run on the card, so no investment in the infrastructure for the payment system will be necessary.

### **Turnover and earnings**

Consolidated turnover for the period January to December amounted to MSEK 20.7 (11.1) and for the fourth quarter MSEK 2.2 (3.1). The consolidated loss for the interim period amounted to MSEK - 34.2 (-19.7) and for the fourth quarter MSEK - 12.8 (- 6.5). The losses include a write-down of the inventory amounting to MSEK 10.4.

Net turnover by the parent company for the interim period amounted to MSEK 20.7 (11.1) and for the fourth quarter MSEK 2.2 (3.1). The consolidated loss for the interim period amounted to MSEK - 34.2 (-19.7) and for the fourth quarter MSEK - 12.8 (- 6.5). The losses include a write-down of the inventory amounting to MSEK 10.4.

### **Financial position**

Equity, as of December 31, 2007, amounted to MSEK 67.1 (100.9). The consolidated equity/assets ratio was 90.7 % (93.1). Consolidated available liquid assets including current investments as at December 31, 2007, totaled MSEK 33.8 (71.1). Other current receivables amounted to MSEK 5.6 (6.7). The consolidated working capital amounted as at 31 December to MSEK 50.4 (86.9).

The parent company's available liquid assets up to 31 December 2007, short term investments included, amounted to MSEK 33.7 (71).

### **Fixed assets, capital expenditure and depreciation**

During the financial year investments in equipment amounted to MSEK 0.2 (0.1) and development cost has been set up as an asset during the period with MSEK 5.3 (2.2). During the fourth quarter investments in equipment amounted to MSEK 0 (0) and development cost has been set up as an asset during the period with MSEK 1.1 (0.2).

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 totalled twelve (eleven), 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 December 31, amounted to MSEK 0.4. 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 halving the production cost of 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 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**

First quarter interim report January – March, May 9, 2008.

The 2007 Annual Report will be published in April and will be available at the Company offices and homepage, with effect from April 30, 2008.

The AGM is planned for Friday, May 23, 2008 at 17.00 in Gothenburg.



Gothenburg, February 29, 2008  
Fingerprint Cards AB (publ)

The Board

## Review Report

### *Introduction*

We have reviewed the press release on Annual Accounts of Fingerprint Cards AB (publ), corporate identity number 556154-2381 for the period 1 January 2007 – 31 December 2007. The board of directors and the managing director are responsible for preparing and presenting this press release on Annual Accounts in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this press release on Annual Accounts 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 press release on Annual Accounts is not in all in compliance with the requirements of IAS 34 and the Annual Accounts Act.

Gothenburg, February 29, 2008  
KPMG Bohlins AB

Jan Malm  
Authorized Public Accountant



## FINGERPRINTS

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STATEMENTS OF INCOME, THE GROUP (MSEK)	<i>Okt-Dec</i> <u>2007</u>	<i>Okt-Dec</i> <u>2006</u>	<i>Jan-Dec</i> <u>2007</u>	<i>Jan-Dec</i> <u>2006</u>
<b>Operating income</b>				
Net turnover	2.2	3.1	20.7	11.1
Cost of goods sold <sup>1</sup>	<u>-9.6</u>	<u>-4.2</u>	<u>-33.3</u>	<u>-10.9</u>
<b>Gross margin</b>	<b>-7.4</b>	<b>-1.1</b>	<b>-12.6</b>	<b>0.2</b>
<b>Operating expenses</b>				
Administration	-1.6	-1.7	-7.6	-6.4
Development costs	-2.5	-3.1	-10.3	-9.5
Market costs	<u>-1.5</u>	<u>-0.8</u>	<u>-5.0</u>	<u>-4.3</u>
<b>Operating profit/loss</b>	<b>-13.0</b>	<b>-6.7</b>	<b>-35.5</b>	<b>-20.0</b>
Net financial items	<u>0.2</u>	<u>0.2</u>	<u>1.3</u>	<u>0.3</u>
<b>Net profit/loss for the period</b>	<b>-12.8</b>	<b>-6.5</b>	<b>-34.2</b>	<b>-19.7</b>

<sup>1</sup> Of which write-down of inventory MSEK 7.0 (0) respectively 10.4 (0).

BALANCE SHEETS THE GROUP (MSEK)	<i>30 Dec</i> <u>2007</u>	<i>31 Dec</i> <u>2006</u>
<b>Assets</b>		
Intangible assets	16.4	13.7
Tangible assets	<u>0.3</u>	<u>0.3</u>
<b>Total fixed assets</b>	<b>16.7</b>	<b>14.0</b>
Inventory	18.0	16.6
Accounts receivables - trade	4.0	1.1
Current receivables	1.6	5.6
Current investments	28.7	34.8
Cash and bank deposits	5.1	36.3
<b>Total current assets</b>	<b>57.3</b>	<b>94.4</b>
<b>Total assets</b>	<b>74.0</b>	<b>108.4</b>
<b>Equity and liabilities</b>		
Equity	67.1	100.9
Current liabilities, non-interest bearing	<u>6.9</u>	<u>7.5</u>
<b>Total equity and assets</b>	<b>74.0</b>	<b>108.4</b>

CHANGE IN EQUITY, THE GROUP (MSEK)	<i>Jan-Dec</i> <u>2007</u>	<i>Jan-Dec</i> <u>2006</u>
Opening equity	100.9	58.7
New share issue	-	62.0
Share options to employees	0.4	-
Net profit/loss for the period	-34.2	-19.7
<b>Closing equity</b>	<b>67.1</b>	<b>100.9</b>

CASH FLOW ANALYSES, THE GROUP (MSEK)	<i>Jan-Dec</i> <u>2007</u>	<i>Jan-Dec</i> <u>2006</u>
Earnings for the period	-35.5	-20.0
Adjustments for items not included in the cash flow	10.7	2.7
Change of inventory	-8.5	-12.5
Change in current receivables	2.0	-3.8
Change in current liabilities	<u>-0.6</u>	<u>5.1</u>
Cash flow from current operations	-31.9	-28.5
Cash flow from investment operations	-5.5	-2.3
New share issue	=	62.0
<b>Change in liquid funds incl. curr. investments</b>	<b>-37.4</b>	<b>31.2</b>



## FINGERPRINTS

### KEY RATIOS, THE GROUP

	<i>Okt-Dec</i>	<i>Okt-Dec</i>	<i>Jan-Dec</i>	<i>Jan-Dec</i>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net earnings per share (SEK)	-1.05	-0.68	-2.82	-2.07
Net earnings per share after full dilution (SEK)	-1.05	-0.68	-2.82	-2.07
Equity per share (SEK)			5.52	9.07
Equity per share after full dilution (SEK)			5.36	9.07
Equity/assets ratio (%)			90.7	93.1
No of shares average (thousands)			12,153	9,496
No. of shares after full dilution average (thousands)			12,369	9,496
No. of shares (thousands)			12,153	11,122
No. of shares after full dilution (thousands)			12,523	11,122

### STATEMENTS OF INCOME, THE PARENT COMPANY

(MSEK)	<i>Jan-Dec</i>	<i>Jan-Dec</i>
	<u>2007</u>	<u>2006</u>
<b>Operating income</b>		
Net turnover	20.7	11.1
Cost of goods sold <sup>2</sup>	-33.3	-10.9
<b>Gross margin</b>	-12.6	0.2
<b>Operating expenses</b>		
Administration	-7.6	-6.4
Development costs	-10.3	-9.5
Market costs	-5.0	-4.3
<b>Operating profit/loss</b>	-35.5	-20.0
Net financial items	1.3	0.3
<b>Net profit/loss for the period</b>	-34.2	-19.7

<sup>2</sup> Of which write-down of inventory MSEK 10.4 (0).

### BALANCE SHEETS, THE PARENT COMPANY

(MSEK)	<i>31 Dec</i>	<i>31 Dec</i>
	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Intangible assets	16.4	13.7
Tangible assets	0.3	0.3
<b>Total fixed assets</b>	16.7	14.0
Inventory	18.0	16.6
Accounts receivables - trade	4.0	3.7
Current receivables	1.6	3.0
Current investments	28.7	34.8
Cash and bank deposits	5.0	36.2
<b>Total current assets</b>	57.2	94.3
<b>Total assets</b>	73.9	108.3
<b>Equity and liabilities</b>		
Equity	66.6	100.4
Current liabilities, non-interest bearing	7.3	7.9
<b>Total equity and assets</b>	73.9	108.3