

Gothenburg, October 30, 2009

ADDITIONAL ORDERS AND FURTHER ADVANCES IN THE CHINESE MARKET

Fingerprint Cards AB (publ), corp. reg. no. 556154-2381

Interim report for the period January – September 2009

Notable events during the reporting period:

- Net sales for the reporting period increased 33% to SEK 24.9 M (18.7). For the third quarter, net sales increased 60% to SEK 9.9 M (6.2).
- Gross profit amounted to SEK 7.4 M (loss: 1.2) for the period and SEK 3.8 M (0.5) for the third quarter.
- Before tax, a loss of SEK 12.9 M (loss: 17.8) was reported for the nine-month period and a loss of SEK 4.1 M (loss: 4.3) for the third quarter.
- A loss per share of SEK 0.65 (loss: 1.46) was reported for the period and a loss of SEK 0.21 (loss: 0.56) for the third quarter.
- Cash and cash equivalents amounted to SEK 10.3 M (21.0) at the end of the period.
- The order value was SEK 40.5 M (20.6) at the end of the period.

Significant events after the closing date:

- Fingerprint Cards established an Advisory Board as a resource for its initiatives in mobile telephony (October 8, 2009).
- An order was received from China valued at slightly more than SEK 8 M (October 9, 2009).
- Fingerprint Cards gained new Series A shareholders (October 14, 2009).
- Fingerprint Cards' rights issues was oversubscribed (October 19, 2009).

For further information, contact:

Johan Carlström, CEO, Fingerprint Cards AB
+46 31 60 78 20, investrel@fingerprints.com
Fingerprint Cards AB, Box 2412, SE-403 16 Gothenburg, Sweden
www.fingerprints.com

Fingerprint Cards AB (FPC) has developed biometric technology that through analysis and matching of an individual's unique fingerprint verifies the person's identity. The technology consists of biometric sensors, processors, algorithms and modules that can be used separately or in combination with each other. The competitive advantages offered by FPC's technology include unique image quality, extreme robustness, low power consumption and complete biometric systems. With these advantages and the ability to achieve extremely low manufacturing costs, the technology can be implemented in volume products, such as smart cards and mobile telephones, where extremely rigorous demands are placed on such characteristics. FPC's technology can also be used in IT and Internet products for security and access control. Fingerprint Cards AB (FPC) is listed on Nasdaq OMX Stockholm (FING B) and has its head office in Gothenburg, Sweden.



CEO's comments on the interim report

A fast pace, many simultaneous projects and extensive travel. During the past three months, we further strengthened our position in the Chinese market, took important steps to enter other markets and began our investments in the mobile telephony market. We implemented a rights issue that was substantially oversubscribed and continued to trim production for even higher volumes.

As previously reported, our latest sensor, FPCID11F, was very well received in the market, and new orders have been secured. This means that high-volume production has begun and is now being finely tuned. Sales for the third quarter increased 33% compared with the corresponding period in the preceding year and were 60% higher than in the second quarter. The gross margin for the third quarter was 38%, as a result of implemented production improvements.

The company's most important market remains the Chinese bank market, in which further advances were noted, since certain selected bank customers will now also use Fingerprint's area sensors. In addition, the company received initial orders during the quarter in several of its principal growth markets and prepared for distribution of its products in the Indian market. Another market segment with considerable potential for high volumes is card projects, in which the company is participating in several projects in various geographic markets.

After a number of visits with leading companies in the mobile telephony market, I am confident that biometrics will be introduced by the leading players in the mobile segment relatively soon. I am also certain that Fingerprint Cards has a leading technical platform, and I see substantial opportunities for the company to become a significant supplier in this market segment. This confidence and optimism is shared by the recently appointed Advisory Board, which together with the Board of Directors and my colleagues has now established a highly competent and experienced team that looks forward to challenging our competitors in this market.

In conclusion, I would also like to point out that the substantially oversubscribed and guaranteed rights issue will provide the company with resources for increasing volumes in the market segments that the company is currently pursuing and will thus enable us to achieve profitability. In addition, the rights issue will provide funds that will allow investments in such high-volume markets as mobile telephony and card projects with biometrics.

Sales and earnings

The Group's net sales amounted to SEK 24.9 M (18.7) for the nine-month period and SEK 9.9 M (6.2) for the third quarter. The sales increase was due to higher sales volumes in the third quarter and a stronger USD, compared with the corresponding period in the preceding year.

Gross profit increased to SEK 7.4 M (loss: 1.2) for the period and SEK 3.8 M (0.5) for the third quarter. The gross margin improved significantly and amounted to 38% for the third quarter, as a result of changes in production.

Administrative costs for the third quarter included a provision for labor costs totaling



SEK 0.9 M relating to remaining costs for the former President. The operating loss amounted to SEK 13.0 M (loss: 18.7) for the nine-month period and a loss of SEK 4.1 M (loss: 4.6) for the third quarter.

The Parent Company's net sales amounted to SEK 24.9 M (18.7) for the period and SEK 9.9 M (6.2) for the third quarter. A loss of SEK 12.9 M (loss: 17.8) was reported for the nine-month period and a loss of SEK 4.1 M (4.3) for the third quarter.

The order value on September 30, 2009 was SEK 40.5 M (20.6).

Technological development and production

Based on the new packaging solution for the area sensor, partially new, optimized production methods are being introduced with the objective of minimizing production costs for the company's area sensor. These changes and methods were initiated during the third quarter and will be completely deployed during the fourth quarter, when remaining inventories of previous components will be fully utilized.

Refinement of the company's new sensor platform has attained a high degree of maturity and fine tuning has now commenced. After completion of the project, this sensor platform will form the foundation for the next generation of sensors offering higher resolution, lower power consumption and a structure that can be adapted to varying sizes for future sensors. The plan is to further improve the new sensor platform during the fourth quarter, including implementation at the silicon level. This will then allow the platform to be adapted to specific development projects in 2010.

Based on the new sensor platform and the company's advanced packaging technique, Fingerprint Cards plans to develop a new swipe sensor for such applications as mobile telephones. The new sensor will require software and algorithms that can process information from a swipe sensor (with an extremely small surface) that reads the fingerprint. Such an algorithm is marketed by companies including Japan's Bgenuine Tec, which Fingerprint Cards is evaluating together with similar algorithms that are already implemented in mobile phones in the market. Fingerprint Cards is also evaluating whether it will be possible to adapt and optimize the company's own algorithms for this type of swipe sensor with an extremely small silicon surface. The cost advantages of a small silicon surface are obvious and, in combination with the robustness and excellent image quality that otherwise characterizes the company's sensor technology, Fingerprint Cards has the opportunity to develop a highly competitive solution.

Market and sales

Sales during the third quarter amounted to SEK 9.9 M, up 60% on the corresponding period in 2008. The company's primary market is the Asian market and, during the third quarter, most deliveries consisted of the new area sensor FPCID11F.

One of the strongest market segments in which the company is active is bank security in China, where marketing is taking place together with HST, our distributor in China. End users of the company's products include several major banks, such as China Construction Bank, as well as several regional banks in China. To date, the company's



products have been used in security solutions for bank personnel, but during the quarter, the company received an order through which certain bank customers will also use biometrics in the future. This project resulted in a further reinforcement of the company's already strong position in bank security in China.

The company has also supplied sensors to partners and customers in such countries as South Korea, India, Germany and the UK. It is strategically important for the company to have sufficient resources to be able to work actively in several geographic markets with a potential for high sales volumes, Fingerprint Cards participated in a security exhibition in India where discussions were pursued with both existing and new contacts regarding distributorships in this extremely large and very attractive market. The company considers it reasonable that a distribution agreement will be signed for India in the near future. The partnership with Bgenuine Tec regarding distribution of the company's products in the Japanese market has not yet resulted in any significant market success, and the parties are evaluating what is required to achieve the established goals.

In addition to bank security and projects with portable devices, interest in the company's sensor technology has also increased among several card-based development projects. In 2008, CardLab launched a prototype that generated considerable attention and resulted in several new development projects for the company in this potentially high-volume segment. Card-based projects based on the company's technology have been started in such countries as the US, South Korea, France and Canada, as well as closer to home in Sweden and Norway. One of the main reasons for the increased interest from the various card projects is that the company's technology allows integration of a complete biometric system in a card. Another strong contributing factor is that the company's technology requires very little power, which is a prerequisite for integrating biometrics in smart cards or other forms of small, portable devices. Integration in a card is flexible and can be used to verify access to the card or as part of a match-on-card application. Match-on-card means that the biometric comparison takes place in the card's built-in processor and can be integrated with other card applications.

Future prospects

As previously reported, the new sensor solution was favorably received in the market, and the company is now bringing production into line for even higher volumes and more cost-effective components. The remaining inventory of more expensive components is being phased out from production, a process that is expected to be completed during the fourth quarter. This means that the gross margin will be lower during the fourth quarter, compared with the third quarter. Assuming that suppliers of components and production capacity can handle the increased production volume and that the company continues its investments in optimization and marketing of its current products in existing and new markets in a cost-effective manner, the company will achieve a level of profitability during the autumn that will enable us to reach break-even figures.

In the context of the global financial uncertainty and the fact that the company is active in a market dependent on large projects for which new technology is being introduced on a wide scale and in markets that show large seasonal variation, it is extremely difficult to predict market developments. The company's Board of Directors remains cautiously optimistic but has chosen to refrain from providing new forecasts. However, the plans that were described in previous reports have not been changed



Organization and personnel

The company is organized in a marketing department, a technology department and a department for accounting, finance and administration. Together with the company's CEO, the department managers comprise the company's management team. The company's offices are in Gothenburg, and marketing is currently handled through daily contact and regular visits to the company's distributors and other partners.

During the quarter, former Vice President of Technology and Engineering Peter Svensson resigned from his position with the company, and Pontus Jägemalm, who has worked in the company since January 2007, was appointed manager of the technology department. The company will continue to have access to the experience that Peter Svensson accumulated during his ten years with the company, since he is a member of the Fingerprint Cards Advisory Board.

On September 30, 2009, the company had 14 (13) employees, none (0) of whom were women.

Financial position

Shareholders' equity in the company totaled SEK 45.6 M (49.7) on September 30, 2009. The equity/assets ratio was 86% (86) at the end of the period. Cash and cash equivalents at the Group's disposal, including short-term investments, amounted to SEK 10.3 M (21.0). Other current receivables amounted to SEK 9.7 M (5.9). Working capital totaled SEK 26.3 M (30.7) on September 30, 2009.

The Parent Company's cash and cash equivalents, including short-term investments, amounted to SEK 10.3 M (21.0) on September 30, 2009.

Fixed assets, investments, depreciation and amortization

During the reporting period, investments in equipment amounted to SEK 0.2 M (0.1). Development costs of SEK 0.7 M (4.9) were capitalized.

Capitalized development costs are amortized at an annual rate of 15%. Equipment is depreciated by 20% annually. Depreciation and amortization totaling SEK 2.6 M (2.6) were charged against earnings for the period, of which SEK 0.9 M (0.9) related to the third quarter.

The company's warrants program

The Annual General Meeting on May 31, 2007 resolved to issue 370,000 subscription warrants, of which 195,000 were subscribed by current employees and the remaining 175,000 were allotted to the subsidiary Fingerprint Security System Databärare AB and reserved for future employees. The personnel costs for the warrants in the subsidiary will not be recognized until they have been transferred to future employees. The term of the warrants is 3.5 years, and the exercise price is SEK 33. The dilution effect on full subscription will be 2.13% of the capital and 1.67% of the voting rights.



Costs of SEK 0.4 M for the warrants program were charged against earnings for the period. Shareholders' equity was increased by a corresponding amount.

Uncertainties and risks

No significant changes in the risks faced by the Parent Company and the Group occurred during the period. For a description of risks and uncertainties, refer to the 2008 Annual Report (page 18).

Future reporting dates

Year-end report 2009, February 26, 2010.

Gothenburg, October 30, 2009

The Board of Directors



Auditors' Review report

Introduction

We have reviewed this report for Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381 for the period January 1, 2009 to September 30, 2009. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Scope and focus of the review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Reports Performed by the Independent Auditor of the Entity, issued by FAR SRS. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, a conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act.

Gothenburg, October 30, 2009
KPMG AB

Jan Malm
Authorized Public Accountant



Consolidated statement of comprehensive income (MSEK)	Jul.-Sept.	Jul.-Sept.	Jan.-Sept.	Jan.-Sept.	Full year
	2009	2008	2009	2008	2008
Net turnover	9.9	6.2	24.9	18.7	27.5
Cost of goods sold	<u>-6.1</u>	<u>-5.7</u>	<u>-17.6</u>	<u>-19.9</u>	<u>-28.5</u>
Gross profit/loss	3.8	0.5	7.4	-1.2	-1.0
Market	-1.9	-1.0	-4.4	-3.6	-4.8
Administration	-2.5	-1.6	-6.8	-5.2	-6.6
Research and development	-2.7	-2.4	-8.8	-8.7	-11.7
Other operating income/expenses	<u>-0.8</u>	=	<u>-0.3</u>	=	<u>-0.2</u>
Operating profit/loss	-4.1	-4.6	-13.0	-18.7	-24.3
Financial net	-	0.3	0.1	0.9	1.0
Tax	-	-	-	-	-
Profit/loss for the period	-4.1	-4.3	-12.9	-17.8	-23.3
Other comprehensive income	=	=	=	=	=
Total comprehensive income	-4.1	-4.3	-12.9	-17.8	-23.3
Total comprehensive income attributable to Shareholder of the parent	-4.1	-4.3	-12.9	-17.8	-23.3
Profit/loss per share, SEK	-0.21	-0.56	-0.65	-1.46	-1.92
Profit/loss per share after full dilution, SEK	-0.21	-0.56	-0.65	-1.46	-1.92
Consolidated balance sheet (MSEK)					
			Sept. 30	Sept. 30	Dec. 31
			2009	2008	2008
Assets					
Intangible assets			19.0	18.7	20.8
Tangible assets			<u>0.4</u>	<u>0.3</u>	<u>0.3</u>
Total fixed assets			19.3	19.0	21.1
Inventory			13.9	11.7	15.4
Accounts receivables - trade			7.0	4.7	8.4
Current receivables			2.7	1.2	1.5
Cash and bank deposits			<u>10.3</u>	<u>21.0</u>	<u>22.7</u>
Total current assets			33.9	38.6	47.9
Total assets			53.2	57.6	69.0
Equity and liabilities					
Equity			45.6	49.7	58.1
Current liabilities, non-interest bearing			<u>7.6</u>	<u>7.9</u>	<u>10.8</u>
Total equity and assets			53.2	57.6	69.0
Change in Equity (MSEK)					
			Jan.-Sept.	Jan.-Sept.	Dec. 31
			2009	2008	2008
Opening equity			58.1	67.2	67.2
Share options to employees			0.4	0.4	0.5
On-going new share issue			-	-	13.7
Net profit/loss for the period			<u>-12.9</u>	<u>-17.8</u>	<u>-23.3</u>
Closing equity			45.6	49.7	58.1



Cash flow statement (MSEK)	Jul.-Sept.	Jul.-Sept.	Jan.-Sept.	Jan.-Sept.	Full year 2008
	2009	2008	2009	2008	
Earnings for the period	-4.1	-4.6	-13.0	-18.7	-24.3
Adjustments for items not included in the cash flow	0.9	1.2	2.7	1.4	2.3
Change of inventory	1.0	-1.0	1.5	8.3	4.6
Change in current receivables	-1.3	3.0	0.4	0.2	-3.6
Change in current liabilities	2.8	1.0	-3.2	1.0	3.9
Cash flow from current operations	-0.7	-0.5	-11.5	-7.8	-17.1
Cash flow from investment operations	-0.1	-1.3	-0.9	-5.0	-7.8
Cash flow from financial operations	=	=	=	=	13.7
Change in liquid funds incl. curr. investments	-0.8	-1.8	-12.4	-12.8	-11.1
Liquid assets at the start of the period	11.1	22.8	22.7	33.8	33.8
Liquid assets at the end of the period	10.3	21.0	10.3	21.0	22.7

Business segments (MSEK)	Products		Others		Group total	
	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.
	2009	2008	2009	2008	2,009	2008
Net sales	24.9	18.1		0.6	24.9	18.7
Operating profit/loss per segment	-13.0	-19.1		0.4	-13.0	-18.7
Financial net					0.1	0.9
Profit/loss for the period					-12.9	-17.8

Key figures	Jan.-Sept.	Jan.-Sept.	Dec. 31 2008
	2009	2008	
Net sales growth (%)	33	1	33
Gross margin (%)	30	neg	neg
Equity per share (SEK)	2.30	4.09	4.78
Equity per share after full dilution (SEK)	2.26	3.97	4.64
Equity/assets ratio (%)	85.6	86.3	84.2
No of shares average (thousands)	19,835	12,153	12,153
No. of shares after full dilution average (thousands)	20,205	12,522	12,522
No. of shares (thousands)	19,835	12,153	12,153
No. of shares after full dilution (thousands)	20,205	12,523	12,523

Income statement, Parent company (MSEK)	Jan.-Sept.	Jan.-Sept.	Full year 2008
	2009	2008	
Net turnover	24.9	18.7	27.5
Cost of goods sold	-17.6	-19.9	-28.5
Gross profit/loss	7.4	-1.2	-1.0
Operating expenses	-20.4	-17.5	-23.3
Operating profit/loss	-13.0	-18.7	-24.3
Net financial items	0.1	0.9	1.0
Tax	=	=	=
Net profit/loss for the period	-12.9	-17.8	-23.3



Balance sheet, Parent company (MSEK)	Sept. 30 <u>2009</u>	Sept. 30 <u>2008</u>	Dec. 31 <u>2008</u>
Assets			
Intangible assets	19.3	19.0	21.1
Inventory	13.9	11.7	15.4
Accounts receivables - trade	9.7	5.9	9.9
Cash and bank deposits	10.3	21.0	22.7
Total assets	53.2	57.6	69.1
Equity and liabilities			
Equity	45.1	49.2	57.6
Current liabilities, non-interest bearing	<u>8.1</u>	<u>8.4</u>	<u>11.4</u>
Total equity and assets	53.2	57.6	69.0

Accounting principles

The interim report for the Group was prepared in accordance with IAS 34 Interim Reporting. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act and RFR 2.2 Reporting of Legal Entities issued by the Swedish Financial Reporting Board. The Group applies the same accounting principles and calculation methods (see Note 1 in the 2008 Annual Report) apart from the changes described below.

New accounting principles

IAS 1 Presentation of Financial Reports. This revised recommendation became effective on January 1, 2009. The changes primarily concern expansion of the consolidated income statement to include other items in comprehensive income. At present, the Group has no items affected by this change in accounting.

IFRS 8 Operating Segments. This standard replaces IAS 14 Segment Reporting and contains rules governing how monitoring and presentation of operating segments must be implemented. The information must be presented from the perspective of company management and agree with internal reporting. The introduction of IFRS 8 did not entail any change, compared with previous reporting.