

Interim report

Press release, Gothenburg, October 27, 2011

Fingerprint Cards' strongest quarter to date

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

Third quarter 2011:

- Sales rose to SEK 20.2 M (17.6).
- Gross profit totaled SEK 11.9 M (8.9).
- Profit after financial items increased to SEK 4.3 M (3.7).
- Gross margin rose to 59% (51%).
- Earnings per share increased to SEK 0.10 (0.09).
- First commercial order for the swipe sensor was secured. HST ordered 50,000 units.
- Serial System Ltd was appointed as a new distributor for India plus six countries in Southeast Asia. Initial orders were worth SEK 3.6 M.
- Serial Korea appointed as a new distributor in Korea. Initial orders totaled SEK 5.2 M.
- Orders from HST exceeded SEK 20 M.
- Eplus was appointed as a parallel distributor in Korea.

Interim report for the period January – September 2011

- Sales increased to SEK 50.0 M (42.7).
- Gross profit for the interim period rose to SEK 29.1 M (21.7).
- Profit after financial items increased to SEK 2.4 M (1.0).
- Gross margin increased to 58% (51%).
- Earnings per share advanced to SEK 0.07 (0.03).
- Cash and cash equivalents totaled SEK 27.4 M (32.9) at period-end.
- The order backlog was SEK 24.4 M (11.3) at period-end.
- The forecast for the fourth quarter is for sales of SEK 15-25 M, a continuing strong gross margin and favorable prospects for the commercial success of the swipe sensor.

Notable events after the close of the reporting period:

- Notice of the Extraordinary General Meeting on November 17, 2011.

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Fingerprint Cards AB (FPC) is listed on Nasdaq OMX Stockholm (FING B) and has its head office in Gothenburg, Sweden.
Fingerprint Cards AB (publ) discloses this information pursuant to the Securities Market Act (2007:528) and the Financial Instruments Trading Act (1991:980). The information was issued for publication on October 27, 2011, at 8.05.

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CEO's comments on the interim report

It is gratifying to note that the third quarter of 2011 was our strongest quarter to date, with sales exceeding SEK 20 M for the first time and record earnings of SEK 4.3 M. The gross margin hit a new record level of 59% and orders received during the period a record high of more than SEK 30 M. The area sensor, which currently accounts for almost all sales, continues to be the de facto standard in the Chinese bank and financial market, and our distributor HST secured a major order for the area sensor for delivery to Postal & Savings Bank, one of the giants of Chinese banking.

In autumn 2009, we decided to focus on designing a world-leading swipe-sensor design for mobile phones. Following two years of development, the swipe sensor has now been successfully brought to mass production – commencing in November – although we have already delivered the initial 30,000 units. Sales of swipe sensors – which began in earnest during the spring, since we had early prototypes – have now reached a stage during which a number of companies are building prototypes using our sensors, in addition to testing and evaluating them. In parallel, the process of gaining approval as a supplier and having the device integrated into mobile phone manufacturers' phone models or platforms is in progress in several areas and we hope to achieve one or more market successes that we can report as early as during the current quarter.

Sales, earnings and order backlog

Group net sales for the third quarter rose to SEK 20.2 M (17.6), with net sales for the entire interim report period increasing to SEK 50.0 M (42.7). Sales for the third quarter rose 15% year-on-year, while the corresponding increase for the entire interim report period was 17%. Gross earnings for the third quarter increased to SEK 11.9 M (8.9), while gross earnings for the entire interim report period rose to SEK 29.1 M (21.7). The gross margin for the third period reached 59% [51], with a record level of 58% [51] reported for the entire interim report period. Third quarter earnings after financial items rose to SEK 4.3 M (3.7), and to SEK 2.7 M (1.0) for the interim period. The order backlog on the closing date of the interim period and quarter totaled SEK 24.2 M (11.3).

The Parent Company's net sales for the interim period increased to SEK 20.2 M (17.6), with earnings before tax advancing to SEK 2.7 M (0.8).

Market and sales

FPC's best sales quarter to date resulted in sales of SEK 20.2 M, up more than 20% from the preceding quarter and 15% higher than in the third quarter of 2010. The gross margin during the period continued to strengthen and reached a record high of 59%.

Shipments during the quarter were made primarily to till FPC's distributor in China, Hardware & Software Technology Co. Ltd. (HST), and to the two new distributors Serial Microelectronics Korea Ltd. (Serial Korea) and Serial Microelectronics PTE Ltd. in Singapore (Serial Singapore), from where Serial Singapore now sells FPC's products and solutions in six countries in Southeast Asia and India.

Early in the quarter, FPC secured an order from HST for 50,000 units of the company's new swipe sensor, the FPC1080A, most of which were shipped during the quarter. At the end of the quarter, FPC gained an additional order from HST for its area sensors, with a total value exceeding SEK 20 M. The sensors will be integrated primarily in U-Keys, which are used for the identification of bank customers who conduct their banking errands via the Internet.

During the third quarter, FPC appointed three new distributors. Serial Singapore, which was appointed a distributor in India, Malaysia, Vietnam, Singapore, Thailand, Indonesia and the Philippines, is cultivating the market from local offices in each country. Serial Korea and Eplus Co., Ltd. were appointed distributors for the South Korean market. In conjunction with the distributor agreement, Serial Singapore and Serial Korea placed two orders with a combined value of SEK 8.8 M.

During the third quarter of the year, the FPC1011F area sensor accounted for virtually all sales. However, shipments of the new FPC1080A line sensor commenced during the quarter. A growing number of companies that had assessed the sensor were positive to integrating it into future products.

The order backlog at September 30 was SEK 24.4 M.

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Technology development and Production

During the third quarter, we successfully commenced shipments of our new swipe sensor to customers. This was made possible through intensive on-site work with our sub-supplies in Asia. Ramping up to a higher manufacturing pace is one of the final sequences of the industrialization chain aimed at attaining an efficient production process. One of the last links in the chain was the testing completed during the quarter, which has been used as part of the verification process to ensure that each shipped unit meets our rigorous performance and quality requirements. Efforts aimed at improving, refining and efficiency enhancing the production process for the swipe sensor will continue during the forthcoming quarter to optimize the production result for the new product.

We have also allocated considerable resources to providing technical support to potential customers who are testing our products and solutions. We are working on various types of technology customization for a number of customer applications, in the form of both software development and hardware solutions. The market feedback received from our evaluations of technology confirms the conclusion that our new sensors provide world-leading image quality combined with low power consumption.

Although we have initiated deliveries of the new swipe sensor, the area sensor continues to account for most of the production volume. To adapt the availability of the area sensor to demand, we considerably raised the production pace during the past quarter, permitting a record-large shipment before the end of the quarter. Despite the rapid increase in the production rate, we succeeded in maintaining the high output results achieved in recent quarters.

Future prospects

Since global economic conditions remain turbulent, it is difficult to assess economic developments over the course of the coming year. Demand in our primary market, China, appears to remain robust despite certain signs that Chinese growth is slowing. Visibility ahead is substantially shorter than in the past, but we expect sales of SEK 15-25 M for the fourth quarter, along with a continuing strong gross margin. In the case of the swipe sensor, we see continuing favorable opportunities for one or several design awards or commercial orders during the current quarter.

Organization and personnel

The number of employees at September 30, 2011 totaled 19 (17), including 1 (-) woman.

Financial position

The Group's disposable cash and cash equivalents on September 30, 2011 amounted to SEK 27.4 M (32.8). An additional SEK 10.5 M of accounts receivable was paid in on October 3, three days after the end of the interim period. Working capital in the Group rose to SEK 73.2 M (51.3) as of September 30, 2011. Group equity increased to SEK 104.8 M (76.4), while the Group equity/assets ratio was 93% (93). The Parent Company's disposable cash and cash equivalents increased to SEK 27.3 M (31.9) at the close of the period.

Fixed assets, investments and depreciation

Investments in capitalized development expenditures during the third quarter totaled SEK 2.1 M (4.6), and totaled SEK 7.3 M (12.1) for the entire interim report period. Investments in machinery and equipment amounted to SEK 0.2 M (1.7) during the third quarter and SEK 1.3 M (3.3) for the entire interim report period. Depreciation amounted to SEK 1.2 M (1.6) for the third quarter and to SEK 3.6 M (4.7) for the entire interim report period.

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Cash flow

Cash flow from operations, including changes in working capital, during the third quarter totaled a negative SEK 7.8 M (3.5), while the corresponding figure for the entire interim report period was a negative SEK 19.0 M (negative 2,9). Cash flow to investments, pertaining primarily to the swipe-sensor project, amounted to a negative SEK 2.3 M (negative 6.8) for the third quarter, and to a negative SEK 8.6 M (negative 15.3) for the entire interim report period. Cash flow from financing activities totaled SEK - M (-) for the third quarter and SEK 24.1 M (1.0) for the entire interim report period. Overall, this resulted in a net change in cash and cash equivalents of a negative SEK 10.1 M (negative: 10.4), while the corresponding figure for the entire interim report period since the beginning of the year was a negative SEK 3.5 M (negative 17.2).

Seasonal variations

Historically, sales have not shown any seasonal variations. The main and only real seasonal variation that affects earnings is the Chinese New Year, which results in a temporary decline. Over the course of 2010, 42% of invoicing was generated during the first half of the year and 58% during the latter half of the year, primarily during the final quarter, which accounted for 29% of total revenue for the year.

Related-party transactions

No transactions occurred between FPC and related parties that significantly affected the company's financial position and earnings.

Warrants program

The Extraordinary General Meeting held on March 3, 2010 resolved to issue warrants with a term extending to August 31, 2012. The company's employees hold 3,433,000 of the program's warrants. The exercise price is SEK 7.48. On full subscription with the support of all warrants in this program, 3,433,000 new Class B shares may be issued, corresponding to 7.15% of the total number of shares and 5.84% of the voting rights, which consequently entails an increase in share capital of SEK 686,000.

The Extraordinary General Meeting on November 9, 2010 resolved to issue 958,000 warrants with a term extending to May 11, 2013. The company's employees hold 938,000 of the program's warrants. The exercise price is SEK 15.74. On full subscription with the support of all warrants in this program, 958,000 new Class B shares may be issued corresponding to 2.00% of the total number of shares and 1.63% of the voting rights, which consequently entails an increase in share capital of SEK 191,600. The two warrants programs jointly represent 9.15% of the total number of shares and 7.47% of the total voting rights in the company.

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Significant risks and uncertainties

FPC is exposed to risks. The Board of Directors and Executive Management work to minimize such exposure, and the impact of a triggered risk. The following description does not claim to be complete or exact, since risks and their impact vary over time:

Company-specific risks

Financing	It cannot be ruled out that capital may be needed in the future to finance FPC's operations, development and expansion. This need may arise in an unfavorable market situation and on terms that are less favorable than the Board considers them to be today. External financing in a more difficult credit and investment climate could affect FPC's operations, while borrowing, if at all possible, could restrict the company's latitude. It cannot be guaranteed that capital can be raised when the need arises, or raised on acceptable terms. By gradually achieving successes in the market, and securing a satisfactory margin, a positive cash flow can be created, which will contribute to reducing the need for capital contributions.
Rights	The operations are heavily dependent on FPC protecting its technology through patents and intellectual property rights. If patents cannot be obtained, this could have a negative effect on the company's earnings and financial position. The strategy is to protect the most important areas but there is no guarantee that all patent applications will be granted. FPC is of the opinion that its technology does not infringe upon any other company's intellectual property.
Development	FPC's success depends largely on its ability to lead and adapt to technology trends. Since 2009, FPC has been conducting a significant development project regarding a new swipe sensor. The project is being conducted in close cooperation with consultants and suppliers. Since the project is extensive and complex, delays in the time schedule cannot be ruled out. Serious delays, disruptions or unforeseen events could have a negative impact on FPC's future operations. The risks are reduced by utilizing resources based on knowledge and experience of technically advanced development projects and by implementing project management systems.
Competence	Biometrics is still a relatively new area, showing high growth and requiring advanced technical knowledge from employees. FPC has a number of key persons important to the successful development of FPC's operations. The departure of such key persons from the company could result in operational disruptions and increased costs for recruitment of replacements. To manage this risk, FPC works continuously to ensure that the necessary conditions are in place to retain competencies, while simultaneously not linking knowledge to specific individuals.

Market risks

Political risk	FPC has operations in many markets with vastly different conditions. Changes to laws and regulations regarding such areas as foreign ownership, taxes, government involvement, royalties and customs, for example, coupled with other political and economic risks, such as acts of war or terrorism, could adversely affect the company's earnings and financial position. Business intelligence efforts and, wherever possible, planning alleviate the effects of such risks.
Exchange rates	Materials purchases, production and sales essentially occur solely in USD. Net exposure in USD is hedged to 80-90% using forward contracts to offset exchange-rate fluctuations. Fluctuations in other exchange rates have a limited impact on earnings. A 1% change in the exchange rate between the SEK and USD would have an impact of +/- SEK 0.4 M on earnings in 2011 if unhedged.
Raw-material prices	The products' raw material content that can be impacted by price changes mainly comprises silicon and gold. The amount of gold in the products is marginal and price fluctuations have only a limited impact on the price of the end product. Silicon is the major component of the products. Historically, the price of silicon has not fluctuated substantially and supply is healthy.
Economic cycle	Customers are currently mainly based in Asia. The current turbulence in Europe and North America has not impacted operations to any significant extent. However, there is no guarantee that this will not occur in the future or in the Asian market.

Operational risks

Production	FPC does not conduct any proprietary production. Manufacturing, sales and delivery of FPC's technology and products depend on fulfillment of contractual requirements with respect to, for example, volume, quality and delivery time. Production and delivery problems among suppliers could have a negative impact on the company through delays or quality problems affecting deliveries to customers. Although production is planned up to six months in advance, binding orders from customers are normally not received that far in advance. Uncertainty in sales forecasts could lead to excessive stock accumulation and have an adverse effect on liquidity. The concentration of production to a few suppliers and the associated possibility of ensuring low costs must be weighed against this risk. In order to limit this risk, parts of the production process may have to be taken over. Examples of such activities are investments in proprietary tools and machinery.
Environment	FPC does not engage in proprietary manufacture. Components are sourced from selected suppliers that satisfy requirements in terms of function, quality, stability and environmental aspects. FPC's products have undergone tests and thus comply with the RoHS directive in terms of limitation of hazardous substances in electronic products.
Sales	FPC is active in a relatively young market, rendering it difficult to predict future trends for the operation. FPC's performance depends on the continued expansion of the biometrics market. Delayed penetration into more applications and markets will affect sales and earnings. FPC is dependent on the Chinese market, where it has an established reseller with a strong position for FPC's technology. The loss of the distributor could seriously impact revenues and profit. Measures for limiting this vulnerability include the continuous development of business operations, combined with sales and marketing to penetrate more markets and fields of application.

Credit risk

Counterparty risk	The risk of not receiving payment is limited by demanding advance payment from new customers and via credit assurance of invoices insofar as this is possible. Short-term investments are also exposed to this risk. FPC has limited its permissible liquid investments to institutions with the highest credit rating and by limiting the amount of investments with a single counterparty.
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Future reporting dates

Year-end report 2011	February 9, 2012
Interim report January-March 2012	April 26, 2012
Annual Report for 2011	May 14-18, 2012

Certification

The Board of Directors and the CEO certify that this interim report provides a fair review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Gothenburg, October 27, 2011

Board of Directors

Mats Svensson
Chairman

Christer Bergman

Urban Fagerstedt

Anders Hultqvist

Sigrun Hjelmquist

Johan Carlström
President and CEO

Auditors' review report

The company's auditors have not reviewed this interim report.

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Glossary

Algorithm	A systematic procedure for how to conduct a calculation or solve a problem in a given number of steps. In FPC's specific case, the method refers to the comparison of two fingerprints with each other.
Area sensor	A sensor with the size of a fingertip that can scan an entire fingerprint simultaneously. The fingertip is simply drawn against the sensor surface; refer to swipe sensor.
ASIC	(Application Specific Integrated Circuit) An integrated circuit in the form of a silicon chip that is designed to conduct specific functions – in our case the measurement of a fingerprint.
Authentication	Control process for a particular entity; in conjunction with logging on, for example. The word is synonymous with verification.
Biometric system	A pattern recognition system that identifies or verifies a person by studying a physiological character of the person, in our case a fingerprint pattern.
Chip	A piece of silicon in which the integrated circuit is embedded, such as a sensor chip. Normally, a silicon wafer is cut into a number of chips, with each chip being essentially identical.
Dpi	Dots per inch – resolution per spacial unit (in this case inches). The higher the value, the better the resolution and degree of detail.
Enrolment	Compilation of biometric data used to create a template. (The process in which information is compiled from the individual and subsequently processed and stored as a reference image.)
Identification	Comparison of compiled biometric data with all stored templates for the purpose of identifying one of these templates (and thus an individual) from a multitude.
Matching	The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar.
Packaging	The work and components, apart from the silicon chip, required for building a sensor.
Sensor platform	The silicon technology that FPC has created for the development of future sensors, meaning the basic technology.
Swipe sensor	A sensor with a width equal to a fingertip but much narrower throughout the length of the finger. The fingertip is drawn across the sensor surface and part of the fingertip is scanned step-wise; compare with area sensors. The fingerprint is thus scanned in this manner.
Template	An arrangement of unique data that represents a certain fingerprint.
Verification	The comparison of compiled biometric data with a given template for the purpose of verifying matching of the two. By this means, the authentication of an individual can be made with a high degree of certainty.
Wafer	A thin circular slice of silicon containing a number of integrated circuits, such as sensor chips.
Yield	The percentage of a number of approved units divided by the number of initial units. The term is used primarily in production.

Definitions

Average credit period	Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.
Average number of shares	The Parent Company's average weighted number of shares for the fiscal year.
Average number of shares after dilution	See "Average number of shares" plus an increase by the number of shares that could be issued as a result of current remuneration and personnel programs.
Earnings per share	Earnings for the period attributable to the Parent Company's shareholders divided by the Parent Company's average number of shares for the fiscal year.
Earnings per share after dilution	See "Earnings per share" plus the average number of shares that could be issued as a result of current remuneration and personnel programs.
EBITDA	Earnings Before Interest Taxes Depreciation and Amortization (and impairment).
Equity/assets ratio	Shareholders' equity divided by total assets.
Gross margin	Gross margin as a percentage of net sales.
Inventory turnover rate	Cost of goods sold divided by average inventories.
Net margin	Profit/loss for the period as a percentage of net sales.
Operating margin	Operating profit/loss as a percentage of net sales.
Shareholders' equity per share	Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding, before dilution, at the end of the period.
Shareholders' equity per share after dilution	See "Shareholders' equity per share" plus an increase in the number of shares by the average number of shares that could be issued as a result of current remuneration and personnel programs.
Working capital	Current assets less current non-interest-bearing provisions and liabilities.

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Om Fingerprint Cards

Fingerprint Cards AB (Fingerprint Cards) develops, produces and markets biometric components that – through analysis and matching of an individual's unique fingerprint – verify a person's identity.

The technology consists of biometric sensors, processors, algorithms and modules that can be used separately or combined. The competitive advantages offered by Fingerprint Cards' 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 phones, where extremely rigorous demands are placed on these characteristics. Fingerprint Cards' technology can also be used in IT and Internet products for security and access control, etc.

Vision	FPC aims to be the leading supplier of components and systems for fingerprint verification. "Beyond keys and pin codes" – FPC makes life easy to live through secure identification.
Business concept	FPC develops and sells leading biometric products and solutions to companies that develop security and comfort systems.
Business model	FPC works with three business models – component sales, project sales and licensing. Sales are conducted via distributors, primarily to product developers/systems integrators and OEMs. (Original Equipment Manufacturers).
<i>Strategies</i>	
Products	To be a supplier of components and systems for fingerprint verification, as well as developing and marketing components in two product categories – area sensors and swipe sensors.
Patents	To pursue an active patent strategy based on careful monitoring of the market in an effort to evaluate new opportunities for filing patents and identifying possible infringement of FPC's patents.
Production	Produce through close cooperation with selected sub-suppliers. Production-critical elements of manufacturing are to be conducted using tools owned by FPC but operated by the sub-supplier. All manufacturing is to be conducted in accordance with forecasts based on information received from customers and distributors.
Market	<p>When marketing products, FPC intends to focus on product developers/system integrators either via distributors or directly. Sales at the producer level will occur in close cooperation with distributors. FPC will also actively pursue sales efforts.</p> <p>Sales of area sensors are to be broadened above and beyond the volume segment of IT applications for banks to encompass other IT segments. Geographically, the area sensor, in terms of bank applications, will be marketed primarily in India, South Korea, Japan and Brazil, and also in Europe and the US.</p> <p>Swipe sensors are to be marketed to product developers/system integrators of mobile phones and other portable applications, such as Internet tablets, USB keys and smart cards. As a feature of the launch of swipe sensors, the company will participate actively in development projects together with mobile phone manufacturers. Geographically, marketing will occur in China, Korea, Taiwan, Japan, Europe and the US.</p>
Value-driving factors	The potential to use mobile phones in payment applications – with the accompanying security requirements – is a major driving force, as is the possibility to use fingerprint sensors for the next generation of charge cards. Identity theft, impersonation and stricter authentication imposed by public authorities and organizations are also driving the demand for more secure solutions. Increased requirements in terms of comfort and security in authentication are creating demand for alternatives to cards, pin codes and passwords. Along with these factors, there are also cost savings, benefits of scale and the potential to facilitate greater use in, for example, emerging countries and elsewhere.

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Condensed consolidated statement of comprehensive income (SEK M)

	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2011
Net sales	20.2	17.6	50.0	42.7	60.9
Cost of goods sold	-8,4	-8.7	-21.0	-21.1	-30.1
Gross profit	11.9	8.9	29.1	21.7	30.8
Sales expenses	-2,8	-1.5	-9.5	-4.6	-5.9
Administrative expenses	-2,3	-2.1	-8.0	-6.1	-9.5
Development costs	-2.5	-2.7	-7,4	-11.2	-14.4
Other operating income/expenses	-0,1	1.0	-1.8	1.0	0.6
Operating profit	4.2	3.6	2.4	0.7	1.6
Net financial items	0.2	0.1	0.3	0.3	0.4
Tax	-	-	-	-	-
Profit for the period	4.3	3.7	2.7	1.0	2.0
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	4,3	3.7	2.7	1.0	2.0
Profit for the period attributable to:					
Parent Company shareholders	4.3	3.7	2.7	1.0	2.0
Profit for the period	4.3	3.7	2.7	1.0	2.0
Total comprehensive income for the period attributable to:					
Parent Company shareholders	4.3	3.7	2.7	1.0	2.0
Total comprehensive income for the period	4,3	3.7	2.7	1.0	2.0
Earnings per share for the period					
Before dilution, SEK	0.10	0.09	0.10	0.03	0.05
After dilution, SEK	0.10	0.09	0.10	0.03	0.05

Condensed consolidated statement of financial position

	Sep 30 2011	Sep 30 2010	Dec 31 2010
Assets			
Intangible fixed assets	27.1	19.8	22.9
Tangible fixed assets	4.4	3.5	3.7
Total fixed assets	31.6	23.3	26.6
Inventories	5.3	8.8	7,9
Accounts receivable	46.0	12.9	17.2
Other receivables	2.1	1.4	1.0
Prepaid expenses and accrued income	0,5	3.1	2.7
Cash and cash equivalents	27.4	32.8	30.8
Total current assets	81.3	59.2	59.7
Total assets	112.8	82.3	86.3
Shareholders' equity and liabilities			
Shareholders' equity	104.8	76.1	78.0
Accounts payable	23.4	3.9	4.1
Other liabilities	0.3	0.7	0.3
Accrued expenses and deferred income	5,3	1.6	3.9
Total shareholders' equity and liabilities	112.8	82.3	86.3
Pledged assets	None	15.0	15.0
Contingent liabilities	None	None	None

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Condensed consolidated statement of changes in shareholders' equity

(SEK M)	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Shareholders' equity on the opening date	78.0	74.3	74.3
Share-based payment	0.8	0.8	1.7
New share issue	23.2	-	-
Total comprehensive income/loss for the year	2.7	1.0	2.0
Shareholders' equity on the closing date	104.8	76.1	78.0

Condensed consolidated cash flow statement

(SEK M)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Profit before tax for the period	4.3	3.7	2.7	1.0	2
Adjustments for non-cash items	1,2	1,4	3.6	4.4	5.6
Change in inventory	2.7	4.9	2.6	0.2	1.1
Change in current receivables	-16.8	-8.6	-27.6	-5.3	-8.4
Change in current liabilities	0.7	-4.9	-0.3	-3.2	-1.2
Cash flow from operating activities	-7,8	-3.5	-19.0	-2.9	-0.8
Cash flow from investing activities	-2,3	-6.8	-8.6	-15.3	-20.4
Cash flow from financing activities	-	-	24.1	1.0	2
Change in cash and cash equivalents	-10.1	-10.4	-3.5	-17.2	-19.3
Cash and cash equivalents on the opening date	37.5	43.2	30.8	50.1	50.1
Cash and cash equivalents on the closing date	27.4	32.8	27.4	32.8	30.8

Key consolidated data

	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Net sales (SEK M)	50.0	42.7	60.9
Net sales growth (%)	17	72	58
Gross margin (%)	58	51	51
Operating margin (%)	5	2	3
Profit margin (%)	5	2	3
EBITDA (SEK M)	8.0	5.6	8,3
Return on equity (%)	3	5	3
Cash flow from operating activities, incl. changes in working capital (SEK M)	-19.0	-2.9	-0.6
Order backlog (SEK M)	24.4	8.3	11,0
Equity/assets ratio (%)	93	92	90
Investments (SEK M)	-8.6	-15.3	-20.4
Average number of employees	19	17	14
Shareholders' equity per share (SEK)	2.40	1.92	1,97
Shareholders' equity per share after conversion (SEK) (1)	2.40	1.92	1,97
Cash flow from operating activities/share (SEK)	-0.43	-0.07	-0,02
Cash flow from operating activities/share after dilution (SEK) (1)	-0.43	-0.07	-0,02
Number of shares at period end (000s)	43 610	39 670	39 670
Average number of shares (000s)	41 917	39 670	39 670
Average number of shares after dilution (000s)(1)	41 917	39 670	39 670
Market price of FPC Class B share (SEK) at period end	6.15	9.35	8.95

(1) The company has two warrant programs:

The first program from 2010 extends until August 31, 2012. The exercise price is SEK 7.48. The program has been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 3,433,000 new Class B shares.

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Interim report

The Group's operating segments

	Sensors		Other		Group	
	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
(SEK M)						
Net sales	50.0	42.7	-	-	50.0	42.7
Segment earnings	2.4	0.7	-	-	2.4	0.7
Net financial items	0.3	0.3	-	-	0.3	0.3
Profit for the period	2.7	1.0	-	-	2.7	1.0

Consolidated net sales and profit/loss for the past eight quarters

(SEK M)	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009
	6.83	6.27	6.33	6.77	7.27	7.58	7.20	7.02
Net sales	20.2	16.9	12.8	18.2	17.6	9.7	15.4	13.6
Cost of goods sold	-8.4	-6.6	-6.0	-9.0	-8.7	-4.6	-7.7	-11.2
Gross profit	11.9	10.4	6.8	9.1	8.9	5.1	7.7	2.4
Sales expenses	-2.8	-3.8	-2.9	-1.3	-1.5	-1.6	-1.5	-1.3
Administrative expenses	2.3	-3.1	-2.5	-3.3	-1.9	-2.1	-1.9	-2.5
Development expenses	-2.5	-2.2	-2.7	-0.4	-2.7	-4.2	-4.4	-9.7
Other operating income/expenses	-0.1	-1.3	-0.5	-0.4	1.0	-0.2	0.2	-0.6
Operating profit/loss	4.2	0.0	-1.8	0.9	3.8	-3.0	0.1	-11.7
Net financial items	0.2	0.0	0.0	0.1	0.1	0.2	0.1	0.1
Tax	-	-	-	-	-	-	-	-
Profit/loss for the period	4.3	0.1	-1.7	1.0	3.9	-2.8	0.1	-11.6
Other comprehensive income	-	-	-	-	-	-	-	-
Profit/loss for the period	4.3	0.1	-1.7	1.0	3.9	-2.8	0.1	-11.6

Consolidated statement of financial position for the past eight quarters

	Sep 30 2011	Jun 30 2011	Mar 31 2011	Dec 31 2010	Sep 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009
Assets								
<i>SEK/USD exchange rate, balance sheet date</i>		6.31	6.31	6.73	6.77	7.75	7.20	6.98
Intangible fixed assets	27.1	26.0	24.6	22.9	19.8	16.7	14.2	12.3
Tangible fixed assets	4.4	4.4	4.4	3.7	3.5	1.3	1.3	0.3
Total fixed assets	31.6	30.4	29.0	26.6	23.3	18.0	15.5	12.6
Inventory	5.3	8.0	13.1	7.9	8.8	13.7	11.6	9.1
Accounts receivable	46.0	27.7	23.3	17.2	12.9	6.2	9.3	9.7
Other receivables	2.1	2.1	1.7	2.7	3.1	1.4	1.1	0.5
Prepaid expenses and accrued income	0.5	2.0	4.1	1.0	1.4	1.4	0.6	1.7
Cash and cash equivalents	27.4	37.5	14.9	30.8	32.8	43.2	47.0	50.1
Total current assets	81.3	77.3	57.1	59.7	59.1	65.9	69.7	71.2
Total assets	112.8	107.7	86.1	86.3	82.3	83.9	85.2	83.8
Shareholders' equity and liabilities								
Shareholders' equity	104.8	100.5	76.4	78.0	76.1	72.5	75.2	74.3
Accounts payable	2.4	2.7	4.0	4.1	3.9	6.7	6.2	5.9
Other liabilities	0.3	0.4	0.3	0.3	0.7	0.7	0.3	0.3
Accrued expenses and deferred income	5.3	4.1	5.5	3.9	1.6	3.9	3.5	3.4
Total shareholders' equity and liabilities	112.8	107.7	86.1	86.3	82.3	83.9	85.2	83.8

Interim report

Condensed consolidated cash flow statement for the past eight quarters

(SEK M)	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009
Profit/loss before tax for the period	4.3	0.1	-1.7	1.0	3.7	-3.0	0.1	-11.7
Adjustments for non-cash items	1.2	1.2	1.2	1.5	1.4	1.5	1.6	7.5
Change in inventory	2.7	5.1	-5.2	0.9	4.9	-2.1	-2.5	4.8
Change in current receivables	-16.8	-2.7	-8.1	-3.4	-8.6	2.3	0.9	-2.2
Change in current liabilities	0.7	-2.5	1.5	2.0	-4.9	1.2	0.6	1.8
Cash flow from operating activities	-7.8	1.2	-12.4	2.1	-3.5	1.0	0.5	0.1
Cash flow from investing activities	-2.3	-2.6	-3.6	-5.1	-6.8	-4.1	-4.4	-0.6
Cash flow from financing activities	-	24.1	0.0	1.0	-	0.2	0.8	40.3
Change in cash and cash equivalents	-10.1	22.6	-15.9	-2.0	-10.4	-3.9	-3.1	39.8
Cash and cash equivalents on the opening date	37.5	14.9	30.8	32.8	43.2	47.0	50.1	10.3
Cash and cash equivalents on the closing date	27.4	37.5	14.9	30.8	32.8	43.1	47.0	50.1

Key consolidated data for the past eight quarters

	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009
Net sales (SEK M)	20.2	16.9	12.8	18.2	17.6	9.7	15.4	13.6
Net sales growth (%)	15	74	-17	34	78	28	108	54
Gross margin (%)	59	62	53	50	51	53	50	18
Operating margin (%)	21	0	neg	5	21	neg	1	neg
Profit margin (%)	22	0	neg	5	22	neg	1	neg
EBITDA (SEK M)	5.6	1.3	-0.5	2.7	5.4	-1.6	1.8	-4.3
Return on equity (%)	4	0	neg	1	5	neg	0	neg
Cash flow from operating activities (SEK M)	-7.8	1.2	-3.5	2.1	-3.5	0.1	0.5	-0.5
Order backlog (SEK M)	24.4	14.9	14.3	11.0	8.3	17.4	21.4	36.5
Investments (SEK M)	-2.3	-2.8	-6.8	-5.1	-6.8	-4.1	-4.4	-0.2
Equity/assets ratio (%)	93	93	89	90	92	86	88	89
Average number of employees	19	19	19	17	17	16	12	12
Shareholders' equity per share (SEK)	2.40	2.30	1.93	1.97	1.92	1.83	1.90	1.88
Shareholders' equity per share after dilution (SEK) (1)	2.40	2.30	1.93	1.97	1.92	1.83	1.90	1.88
Cash flow from operating activities/share (SEK)	-0.19	0.03	-0.09	0.05	-0.09	0.00	0.01	1.00
Cash flow from operating activities/share after dilution (SEK)	-0.19	0.03	-0.09	0.05	-0.09	0.00	0.01	1.00
Number of shares, period end (000s)	43 609	43 609	39 670	39 670	39 670	39 670	39 670	39 670
Average number of shares (000s)	41 917	41 084	39 670	39 670	39 670	39 670	39 670	39 670
Average number of shares after dilution (000s)(1)	41 917	41 084	39 670	39 670	39 670	39 670	39 670	39 670
Market price of FPC Class B share (SEK)	6.15	6.00	7.40	9.00	9.40	7.15	7.50	3.30

(1) The company has two warrant programs:

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The second program from 2010 extends until May 11, 2013. The exercise price is SEK 15.74. The program has been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 958,000 new Class B shares.

Average number of shares after dilution: The average number of shares during the period and the maximum number of shares that could arise from exercise of warrants. If the average share price is lower than the exercise price, there is no discounted share price and thus no dilution, since the discount is what constitutes dilution.

Interim report

Rolling 12-month key consolidated data for the past eight quarters

	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009
Sales rolling 12 mos (SEK M)	68.2	65.6	58.3	60.9	56.3	48.6	46.5	38.5
Gross profit rolling 12 mos (SEK M)	38.2	35.3	29.9	30.8	24.1	19.1	16.2	9.8
Gross margin rolling 12 mos (%)	56	54	51	51	43	39	35	25
Operating profit/loss rolling 12 mos (SEK M)	2.5	2.9	-0.1	1.8	-10.8	-18.7	-20.1	-24.6
Operating margin, rolling 12 mos (%)	5	4	0	3	-19	-38	-43	-64
EBITDA rolling 12 mos (SEK M)	8.9	8.9	6.0	8.3	1.3	-7.3	-9.3	-15.3

Condensed income statement, Parent Company

(SEK M)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Net sales	20.2	17.6	50.0	42.7	60.9
Cost of goods sold	-8.4	-8.7	-21.0	-21.1	-30.1
Gross profit	11.9	8.9	29.1	21.7	30.8
Sales expenses	-2.8	-1.5	-9.5	-4.6	-5.9
Administrative expenses	-2.3	-2.1	-8.0	-6.1	-9.5
Development costs	-2.5	-2.7	-7.4	-11.2	-14.4
Other operating income/expenses	-0.1	1.0	-1.8	1.0	0.6
Operating profit	4.2	3.6	2.4	0.7	1.6
Net financial items	0.2	-	0.3	0.1	0.2
Tax	-	-	-	-	-
Profit for the period	4.3	3.6	2.7	0.8	1.8

Condensed balance sheet, Parent Company

(SEK M)	Sep 30 2011	Sep 30 2010	Dec 31 2010
Assets			
Intangible fixed assets	27.1	19.8	22.9
Tangible fixed assets	4.4	1.0	3.7
Financial fixed assets	2.0	3.5	2
Total fixed assets	33.6	24.3	28.6
Inventory	5.3	8.8	7.9
Accounts receivable	46.0	-	17.2
Current receivables	2.1	12.9	1
Prepaid expenses and accrued income	0.5	3.1	2.7
Cash and cash equivalents	27.3	31.9	28.9
Total current assets	81.2	58.1	57.7
Total assets	114.8	82.3	86.4
Shareholders' equity and liabilities			
Restricted shareholders' equity	50.2	49.4	49.4
Unrestricted shareholders' equity	54.1	26.2	28.2
Total shareholders' equity	104.3	75.5	77.6
Current liabilities	10.5	3.9	8.8
Total shareholders' equity and liabilities	114.8	82.3	86.4
Pledged assets	None	15.0	15.0
Contingent liabilities	None	None	None

Interim report

Accounting policies

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting, and applying the provisions in the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act, Chapter 9, Interim reports. The application of these accounting policies complies with those presented in the Annual Report for the fiscal year ending December 31, 2010 and must be read together with them. No new or revised IFRS that have become effective in 2011 have had any significant impact on the Group.