

Fingerprint Cards (FPC) interim report for the second quarter of 2014.

FPC has achieved its forecast and strengthened its leading position in touch sensors for smartphones, on which the leading OEMs are now evaluating design-ins of FPC's sensors in future premium models.

CEO's comments

During the second quarter, we experienced further successes with our area and touch sensors. We have confirmed our strong position in the banking sector in China, where we are unchallenged as the market leader and this resulted in additional orders of slightly more than SEK 30 M. Furthermore, our volume deliveries of the 1020 touch sensor have commenced and during the quarter, we received a first order for production volumes for a Tier 1 manufacturer's flagship mobile, which was launched in the summer. Interest in our various touch sensors included in our product portfolio continued to increase and is now very significant. A clear result of our successes is the close relationships we have with leading smartphone manufacturers and the clearest is the Design Win and order we already announced for FPC1020. As we previously communicated, we expect to see high volume deliveries of our touch sensors already during the third, but mainly during the fourth quarter of 2014.

Following the successes with the FPC1020, we also announced two touch sensors, the FPC1021 and the FPC1150. These new pioneering products will set the standard for integration of touch sensors in considerably smaller mobile units than was previously possible. Our focus remains on the best possible performance combined with low power consumption, which is very important in the mobile industry. I am convinced that our strong and expanding product portfolio will continue to generate very favorable opportunities to maintain and strengthen our position as leader in our industry.

A key event for FPC was the acquisition of Anacatum Design AB during the quarter. This will provide FPC with access to leading technology which will further strengthen our already strong holding of intellectual property rights. Further, FPC will gain access to leading analog IP and ASIC development competence, and by integrating Anacatum's development team into FPC, we will further accelerate the development rate of the industry's most ambitious portfolio of touch and swipe fingerprint sensors. We are happy to welcome Anacatum's employees to the FPC team.

In early June, Apple disclosed that in its most recent operative system iOS8, the company will open up the so-called APIs to App developers. This means that a very large group of developers will come into direct contact with the benefits of fingerprint technology and will be able to build applications that will utilize the functionality provided by fingerprint technology. For FPC, this is important and means an additional step toward the mass market for fingerprint applications, which we know will be much more than just a change of password and PIN code. There are actually no limits beyond your fantasy for the new apps and solutions that can and will be developed for biometric technology in the forthcoming years.

FPC is growing strongly and with the acquisition of Anacatum, we have now additionally increased our Research and Development operation and significantly strengthened our ability and capacity to develop fingerprint sensors, which is critical to meet the strong demand for new products that we now anticipate.

It is with great confidence that I look forward to the second half of 2014. Interest from our customers remains very strong. We can confirm that it is happening now and we look forward to seeing all our efforts be converted into commercial successes.

Key figures	Apr-Jun 2014	Apr-Jun 2013
Net sales, SEK M	44.0	20.6
Adjusted Gross profit, SEK M*	20.8	12.2
Gross profit, SEK M	13.2	8.6
Adjusted Gross margin, % *	47%	59%
Gross margin %	30%	42%
Operating profit/loss, SEK M	-44.9	-5.3
EBITDA, SEK M	-24.1	-2.3
EBITDA, %	-54%	-11%
Profit after financial items, SEK M	-44.9	-4.9
Earnings per share, Kr	-0.79	-0.10
* See page 8 for explanation		
	Jun 30, 2014	Jun 30, 2013
Cash and cash equivalents, SEK M	237.6	148.2
Order backlog, SEK M	63	28

Future prospects

FPC continues to stand by its assessment that sales in 2014 will exceed SEK 500 M and that the EBITDA margin will surpass 20% for the full-year. Sales are expected to increase sharply sequentially during the year. The majority of the income is expected to occur during the fourth quarter of 2014, when volume deliveries of the significantly more income-generating sensors FPC 1020 and 1021 are expected to increase concurrently and deliveries of the 1150 sensor, which will likely be the major volume product going forward, are expected to be initiated. This forecast means a renewal of the previous forecasts.

Sales for the third quarter of 2014 are anticipated to amount to SEK 50-80 M. During the third quarter, volume deliveries of the first secured project with 1021 commenced according to plan. The clear breakthrough for fingerprint sensors, particularly touch sensors, which we are now witnessing in the market has resulted in the decision and implementation of accelerated recruitment of additional resources within product development, sales and customer support. As a result of the company's objectives to become the global leading supplier in the market for fingerprint sensors in smartphones and tablet devices, we are now increasing personnel expenses, which means that break-even and profit results are not expected to be achieved until the fourth quarter of 2014.

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Key information

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Significant events in the second quarter of 2014:

- FPC secured a new order for area sensors for Chinese banks worth SEK 30 M.
- FPC launched the FPC1150, the world's first home button-touch fingerprint sensor for Android smartphones
- Fingerprint Cards acquired Anacatum Design
- FPC won a new DW with 1020 touch sensor for a flagship mobile from one of China's three largest manufacturers
- FPC received ramp order for FPC1020 worth slightly more than SEK 18 M, for Tier 1 manufacturers' flagship mobile
- FPC launched PFC1021 – our smallest touch sensor to date for Android and Windows mobile units
- FPC secured its first order of SEK 4 M for the FPC1020 touch sensor for initial production of Tier 1 manufacturers' flagship model.

Notable events after the close of the reporting period:

- FPC won its first DW for 1021 touch sensor for a flagship mobile from one of China's five largest smartphone OEM.
- FPC won its second DW and initial order for FPC1021 touch sensor for flagship mobile from Asian OEM manufacturer.
- FPC appointed World Peace Industrial as new distributor.
- Trustonic and FPC Collaborate to Bring Secure Biometrics to Connected Devices.

** FPC's definition of a Design Win (DW): The decision by a manufacturer to start developing one or more commercial products that will contain FPC's technology as an integrated element of the manufacturer's product(s).*

Market and sales

Sales for the second quarter of 2014 amounted to SEK 44 M, which was higher than the average of the forecast interval stated in the Q1 report, and the highest quarterly sales in FPC's history. Compared with the year-earlier period, sales rose 114%, and compared with the first quarter of 2014, sales increased 140%.

Sales in the second quarter were mostly FPC1011F area sensors for the Chinese bank market and FPC1020 touch sensor for the smartphone market. The first initial income from test, verification and minor start-up volumes of our new touch sensor FPC 1021 were received during the quarter.

In the first quarter, FPC further intensified its activities in Asia and North America with regard to the mobile phone and tablet markets, and FPC has been engaged in a dialog with all leading OEM manufacturers, except Apple, for a long time. Samsung's launch of the Galaxy S5 with fingerprint sensors significantly contributed to further enhancing interest in our products. Most major OEMs are continuing to demand touch sensors for their premium and high-end segments, but now that Samsung has launched the Galaxy S5 with a swipe sensor, interest in the FPC1080 swipe sensor is now also increasing and about a handful of new projects started during the quarter, all with planned launch in 2014. During the quarter, new mobile products were launched in this segment with Fujitsu and Pantech. A large number of OEMs in Asia and North America ported FPC's software and hardware in their products during the period and we anticipate an acceleration of continued success and a growing number of DWs during the remainder of 2014, both for touch sensors and swipe sensors.

We believe that FPC is well-positioned to capitalize on the strong interest in touch sensors in smartphones and tablet devices, which is our primary target for the coming year. With respect to touch sensors, we have increased the number of module partners to provide customers with a wider range, including local options. We have also taken a step up in the value chain by also offering the market complete touch sensor modules. This, combined with a 2-3 times higher ASP for touch sensors than for swipe sensors, means that sales

revenue per smartphone is expected to increase considerably as volumes of touch sensors gradually increase from the second half of 2014 and continue in 2015. The revived interest in swipe sensors (primarily in the mid-tier) is also highly positive for us since it appears to enable more rapid penetration in several smartphone segments that make use of touch sensors in premium/high/mid-end smartphones and swipe sensors in mid/low-end smartphones. We also strengthened our distributor base during the quarter through an agreement with WPI, Asia's largest distributor of electronic components.

At June 30, 2014, the order backlog was SEK 63 M (28).

Technological development, Customer projects and Production

In June, the new FPC1020 touch sensor was qualified for mass production according to plan. In parallel with the completion of the product, including extensive testing and verification, a great deal of work has been executed with the first customer who plans to launch smartphones with the FPC1020 integrated. We can now see that our touch sensors will have the market's best biometric performance by far, which is possible thanks to the superior image quality and highly efficient algorithms. We also succeeded in surpassing our high targets in terms of biometric performance for FPC1020, which further strengthens both our customers' and our own confidence in the FPC's touch sensor technology as the outstanding global industrial leader.

During the second quarter, we also launched two new touch sensors; FPC 1021 and FPC1150. The first, the FPC1021, is a direct successor to the FPC1020 with the same properties that made the FPC1020 the best touch sensor in the market, but where the size of the sensor was reduced by slightly more than 30%. The smaller size will make it easier for customers to integrate the sensor into smartphones and tablet devices, and here, we can already measure the fantastic biometric performance. Thanks to the major similarities with the FPC1020, the FPC1021 will be ready for mass production already during the third quarter of 2014.

During the quarter, FPC also launched the FPC1150, which is expected to become the most important product to date in FPC's product portfolio. The main reason for this is that the FPC1150 was developed with the aim of integrating a home button with a touch sensor located on the front of smartphones. To facilitate this requires a very small area, which places new requirements on the biometric performance to be delivered by the sensor. Accordingly, the FPC1150 is more than 50% smaller than the FPC1020. Thanks to the re-utilization of the same basic technology from the FPC1020 and the FPC1021, we now see that the FPC1150 will deliver the high demands we have for biometric performance. As with the FPC1021, the FPC1150 will be ready for mass production already during the third quarter of 2014 thanks to the considerable similarities with the FPC1020. We expect to start a handful of customer projects to integrate the FPC1150 in smartphones for market launch from the fourth quarter of 2014 and ahead.

The number of customer projects is growing strongly and accordingly the task for the customer support organization to coordinate and customer-adapt electronic modules with FPC's embedded sensors. An important focus in the second quarter has been to complete the integration of our new FPC1020 touch fingerprint scanner in customers' products to ensure customer launching in summer 2014. The customer support organization is also very heavily involved in the roll-out of the FPC1021 and FPC1150 to new and existing customers. Two new design wins for the FPC1021 were secured, in which integration in customers' smartphones has commenced. A handful of OEMs are in the evaluation phase for the FPC1021 and the FPC1150, and this is where the technical evaluation of our sensors is a significant part of the sales processes and it is usually led by the customer support organization. This organization continued to expand, primarily in China and Korea, two strategically key markets to be able to handle the growing number of OEM customers. The organization was further strengthened in the US, Taiwan and Japan. The customer projects/customer support organization in Sweden was also strengthened during the quarter.

Sales and earnings

The Group's net sales for the second quarter rose to SEK 44.0 M (20.6) and net sales for the full interim period totaled SEK 62.4 M (29.7). Adjusted gross profit (only cost for materials, subcontracted work and freight are included, where production expenses and amortization according to plan of capitalized development expenditure are not included in the balance sheet) increased to SEK 20.8 M (12.2) for the second quarter and Adjusted gross margin amounted to 47% (59) for the same period. The corresponding values for the entire reporting period amounted to SEK 30.0 M (15.8). Gross profit (which also includes production expenses and amortization of capitalized development expenditure) increased to SEK 13.2 M (42) for the second quarter and the gross margin was 30% (53). The corresponding values for the entire reporting period amounted to SEK 16.7 M (8.7) and 27% (29). FPC recognized both Adjusted Gross margin and Gross margin since the first value provides clear information about the content of Cost of goods sold and the latter is the income-statement component found in the Statement of comprehensive income. The loss after financial items for the second quarter amounted to SEK 44.8 M (loss: 4.9) and to SEK 71.0 M (loss: 16.9) for the full interim period.

The order backlog at the end of the quarter was SEK 63 M (28).

The Parent Company's net sales for the second quarter of 2014 amounted to SEK 42.9 M (20.6) and the loss after financial items for the same period was SEK 46.5 M (loss: 4.9). The corresponding values for the entire reporting period amounted to SEK 60.7 M (29.7) and a loss of SEK 72.7 M (loss: 16.8), respectively.

Company acquisitions

On April 30, 2014, Anacatum Design AB in Linköping was acquired for SEK 15.3 M. The company develops and sells building blocks for integration into integrated circuits, so-called IP, and the development of integrated circuits on a contract basis.

Anacatum is one of few remaining players in the world within its field, with unique patented technology for analog to digital conversion and extensive experience in the development of integrated circuits for various applications. The technology, which is used in all FPC's most recent products, offers market advantages in effective consumption and product cost.

Through the acquisition, the ability to rapidly react to the demands in the market is secured through the development and delivery of future sensor products, and update of existing products. By integrating competencies internally, FPC has significantly reduced dependence on consultants for the development of integrated circuits for sensor products. The acquisition of Anacatum was implemented with the aim

of ensuring FPC's access to expertise for the continued investment in product and technology development, and has provided FPC with increased resources to implement more silicone-development products or even parallel projects, when necessary.

Acquired assets amounted to SEK 1.3 M, and the company's income for 2014 up to the acquisition date totaled SEK 2.3 M. In 2014, the company posted a loss of SEK 0.5 M for the period prior to the acquisition and earnings of SEK 0 M for the period after the acquisition.

According to the company's assessment, the purchase consideration does not fulfill the accounting criteria according to IFRS to be recognized as an intangible asset. Accordingly, the company has decided to recognize an impairment loss of SEK 15 M.

Annual General Meeting

At the Annual General Meeting on June 4, 2014, a decision was made to adopt the income statement and balance sheet, adopt the appropriation of profit, discharge the Board of Directors and President from liability, and the re-election of the Board of Directors, whereby Christer Bergman, Johan Carlström, Urban Fagerstedt, Alexander Kotsinas and Tord Wingren were re-elected as regular board members, and Urban Fagerstedt was elected as Chairman of the Board. Resolutions were also passed on fees to the Board and auditor, the composition of the Nomination Committee, guidelines for the remuneration of senior executives and a resolution was passed to authorize the Board to make decisions on the issuance of up to 10 million Class B shares with deviation from the shareholders' preferential right during the period up until the next AGM. A resolution was also passed to authorize the Board of Directors, during the period up until the next AGM, to make decisions on the issuance of up to 10 million Class B shares with preferential rights for shareholders.

New share issues

During the first quarter, a private placement was implemented totaling 2.5 million Class B shares. The new share issues targeted institutional investors internationally. The exercise price for the new issue amounted to SEK 55.25 per share. Share capital increased by SEK 500,000. The new share issue raised a total of SEK 138 M before deductions for issue expenses.

Share capital trend

Year	Event	Quotient value, SEK	Change in number of shares	Total number of shares	Increase in share capital	Total share capital
1997	Split 500:1	0.2	249,500	250,000	0	50,000
1997	Rights issue	0.2	250,000	500,000	50,000	100,000
1997	New share issue	0.2	2,000,000	2,500,000	400,000	500,000
1997	New issue, redemption of warrants	0.2	370,000	2,870,000	74,000	574,000
1998	New share issue	0.2	2,000,000	4,870,000	400,000	974,000
2000	New share issue	0.2	540,000	5,410,000	108,000	1,082,000
2000	New share issue	0.2	938,258	6,348,258	187,651	1,269,651
2005	New share issue	0.2	3,000,000	9,348,258	600,000	1,869,651
2006	New share issue	0.2	2,804,475	12,152,733	560,895	2,430,546
2009	New share issue	0.2	7,682,060	19,834,793	1,536,412	3,966,958
2009	New share issue	0.2	19,834,793	39,669,586	3,966,959	7,933,916
2011	New share issue	0.2	3,940,000	43,609,586	788,000	8,721,917
2012	New share issue	0.2	4,198,549	47,808,135	839,710	9,561,927
2013	New issue, redemption of warrants	0.2	95,485	47,903,620	19,097	9,581,024
2013	New share issue	0.2	1,400,000	49,303,620	280,000	9,861,024
2013	New share issue	0.2	1,600,000	50,903,620	320,000	10,180,724
2013	New issue, redemption of warrants	0.2	335,407	51,239,027	67,081	10,247,805
2013	New issue, redemption of warrants	0.2	263,500	51,502,527	52,700	10,300,505
2013	New issue, redemption of warrants	0.2	158,608	51,661,135	31,722	10,332,227
2013	New share issue	0.2	2,500,000	54,161,135	500,000	10,832,227
2014	New share issue	0.2	2,500,000	56,661,135	500,000	11,332,227

Organization and Personnel

The number of employees at June 30, 2014 was 80 (21), including 67 (20) men and 13 (1) women.

In addition to full-time employees, we used consultants during the first quarter primarily in technical development, customer projects and sales and marketing corresponding to the equivalent of 49 (17) full-time positions.

Accordingly, including employees and consultants, FPC had 129 (38) employees at June 30, 2014, including 109 (37) men and 20 (1) women.

Financial position

At June 30, 2014, the Group's disposable cash and cash equivalents totaled SEK 237.6 M (148.2).

The consolidated working capital at the same time amounted to SEK 270 M (152).

Consolidated shareholders' equity rose to SEK 350.4 M (191.0) and the equity/assets ratio for the Group was 87% (93).

The Parent Company's disposable cash and cash equivalents at the end of the period was SEK 232.2 M (147.6).

Fixed assets, investments and depreciation

Investments in intangible fixed assets for the second quarter amounted to SEK 30.8 M (6.9) and to SEK 42.5 M (11.0) for the full reporting period. Investments in tangible fixed assets increased to SEK 1.7 M (0.4) during the second quarter and to SEK 4.2 M (0.4) for the full reporting period. Depreciation/amortization according to plan amounted to SEK 21.2 M (3.0) in the second quarter and to SEK 25.4 M (5.9) for the full reporting period.

Cash flow

During the second quarter, cash flow from operations, including changes in working capital, was a negative SEK 36.2 M (pos: 1.0). Cash flow to investments in the second quarter was a negative SEK 32.5 M (neg: 7.3). During the second quarter, cash flow from financing activities was a negative SEK 0.3 M (pos: 6.0).

Combined, the net change in cash and cash equivalents amounted to a negative SEK 70.0 M (neg: 0.3) for the second quarter.

Future-oriented information

This report contains future-oriented information based on company management's current expectations. Although company management believes that the expectations stated in such future-oriented information is reasonable, there is no guarantee that these expectations will turn out to be correct. Accordingly, the actual future outcome may vary considerably compared with statements made in the future-oriented information due to changed conditions with respect to finances, the market, competition, technology, legislation, political factors, exchange rates and other factors mentioned in FPC's annual report, as well as quarterly reports under the heading Significant uncertainties and risks.

Seasonal variations

To date, sales have not shown any distinct seasonal variations.

Related-party transactions

There were no transactions between FPC and related parties that had any material impact on the Group or Parent Company's position and earnings during the reporting period.

Incentive programs

FPC has four outstanding warrant programs that total 12.70% of the total number of shares and 10.82% of the total number of votes in the company.

- TO3** An Extraordinary General Meeting on November 17, 2011 approved the issue of 2,000,000 warrants with a term extending to December 18, 2014, of which 1,760,000 warrants are held by FPC employees. The price per warrant was SEK 0.41 at the time of issue. The remaining warrants were nullified. The exercise price for a Class B share is SEK 13.64. On full subscription based on the exercise of all warrants in the program, 1,760,000 new Class B shares can be issued, corresponding to 3.72% of the total number of shares and 3.10% of the total number of voting rights, which will also raise the share capital by SEK 352,000. The program is designated TO3.
- TO4** An Extraordinary General Meeting on September 5, 2012 approved the issue of 4,818,000 warrants with a term extending to October 6, 2015. The price per warrant was SEK 0.15 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 9.72. On full subscription based on the exercise of all warrants in the program, 4,818,000 new Class B shares can be issued, corresponding to 8.53% of the total number of shares and 7.16% of the total number of voting rights, which will also raise the share capital by SEK 963,600. The program is designated TO4.
- TO5** An Extraordinary General Meeting on March 4, 2013 approved the issue of 1,300,000 warrants with a term extending to March 5, 2016. The price per warrant was SEK 1.79 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 52.35. On full subscription based on the exercise of all warrants in the program, 1,300,000 new Class B shares can be issued, corresponding to 2.45% of the total number of shares and 2.04% of the total number of voting rights, which will also raise the share capital by SEK 260,000. The program is designated TO5.
- TO6** An Extraordinary General Meeting on November 6, 2013 resolved to issue 500,000 warrants with a term extending to November 27, 2016. The price per warrant was SEK 4.53 at the time of issue. The program was directed at FPC's employees, as well as individuals working full time for the company or the Group, on a consulting basis and where formal employment is with another company that is not a Group company. The exercise price for a Class B share is SEK 90.16. On full subscription with the support of all warrants in the program, 500,000 new Class B shares can be issued, corresponding to 0.8% of the total number of shares and 0.7% of the total voting rights, which will also raise the share capital by SEK 100,000. The program is designated TO6.

Significant uncertainties and risks – Group and Parent Company

FPC is exposed to risks. Each of the risks below, other risks and the uncertainties named could, if they occur, have a material negative impact on the company's operations, earnings, financial position or future outlook, or result in a decline in the value of the company's shares, which could result in investors losing all or parts of their invested capital. The described risks and uncertainties are not ranked in any order of significance; nor are they claimed to be the only risks or uncertainties to which the company is exposed. Additional risks and uncertainties that the company is currently unaware of or that are currently not adjudged to be material could develop into factors that could in the future have a material negative impact on the company's operations, earnings, financial position or future outlook. The following description does not claim to be complete or exact, since risks and their degree of impact vary over time:

Company risk

- Financing** It cannot be ruled out that in the future further capital may be needed to finance FPC's operations, development and expansion. This need could 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 have a negative impact on FPC's operations, while borrowing, if at all possible, could limit the company's latitude. There is no guarantee that capital can be raised when needed, or raised on acceptable terms. By gradually achieving success 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 dependent on FPC protecting its technology through patents and intellectual property rights. The strategy is to protect the most important areas through approved patents, patent applications and patent acquisitions, but it is not possible to guarantee that all patent applications will be granted. As far as FPC knows, FPC's technology does not infringe upon any other company's intellectual property rights and FPC has never been engaged in patent litigations with external parties. In spite of this, no guarantees can be given that the company cannot be considered to violate the patents or intellectual property rights of another party. In the event that FPC cannot protect its technology with patents or other intellectual property rights, or may be considered to violate those of another party, the company's operations, earnings and financial position may be negatively impacted.
- Development** FPC's success depends largely on its ability to drive and adapt to technological developments. FPC conducts development projects in the areas of biometrics, sensor technology and its applications. The projects are conducted in collaboration with

consultants and subcontractors. Since the projects may be extensive and complex, delays in schedules cannot be ruled out. Serious delays, disruptions or unforeseen events in development processes could have a negative impact on FPC's future operations.

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 its operations. The departure of such key persons from the company could result in operational disruptions and increased costs for recruitment of replacements.

Market risks

Political FPC has operations in many markets with vastly differing 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 and uncertainties, such as acts of war, terrorism, etc., could negatively affect the company's earnings and financial position.

Tax FPC is currently only a tax subject in Sweden. In the future, however, through the possible establishment in other countries or through operations in other countries, FPC may become a tax subject and thus subject to the payment of tax.

Exchange rates As a result of new share issues implemented in 2013 and 2014, the company has a healthy supply of SEK and no new forward contracts will be signed. Purchasing, manufacturing and sales are essentially conducted in USD. Otherwise, the policy for exchange rates is to hedge up to 90% of net exposure in USD using forward contracts to offset exchange-rate fluctuations. Fluctuations in other exchange rates have a limited impact on earnings. A 1% change in the SEK-USD exchange rate would have an impact of +/- SEK 0.8 M on earnings if unhedged. Accordingly, it cannot be ruled out that changes in exchange rates could negatively impact the company's earnings and financial position.

Raw material prices The raw material cost of products could be impacted by price fluctuations mainly for silicon and gold. The percentage of gold in the products is marginal and price fluctuations will only have a limited effect on the price of the end product. Silicon is the main component in the products. Historically, the price of silicon has not fluctuated to any significant degree and supply is favorable. Should supplies of silicon in the world market decrease, there is a risk of price increases. The price per unit of the company's purchases from external suppliers could thereby increase. There is no guarantee that FPC can in turn pass on the higher costs to its customers. The inability to pass on higher costs to the company's customers could have a negative impact on the Company's operations, earnings and financial position.

Economic cycle The global economic trend affects the general investment inclination of FPC's current and potential customers. A weak economic trend in the whole or parts of the world could entail lower-than-expected market growth for the biometrics market. Accordingly, there is a risk that FPC's expected sales could be negatively affected by a weak economic trend, which could have a negative effect on the company's operations, earnings and financial position. Customers are currently predominantly based in Asia. The economic turmoil in Europe and Northern America has not impacted the operations to any major degree. However, there is no guarantee that this will not occur in the future or that the turbulence in Europe and North America will not spread to 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 not normally received that far in advance. Uncertainty in sales forecasts could lead to 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 the risk represented by concentration.

Environment FPC does not engage in any proprietary manufacturing. Components are sourced from selected suppliers that satisfy requirements in terms of function, quality, stability and environmental aspects. FPC's products have been tested and satisfy the RoHS (Restriction of Hazardous Substances) directive in terms of limiting hazardous substances in electronic products. If the products were not to fulfill requirements on function, quality, stability and environment or if the company's products were not to fulfill the RoHS directive regarding limits on hazardous substances in electronic products, this could negatively impact the company's earnings and financial position.

Sales FPC is active in a relatively young market. Assessments of a rapidly developing young industry and its level of competition are subject to reservation for several uncertainties. The trend is dependent on the development of both FPC and its competitors, as well as market acceptance of biometrics. A not inconsequential factor is the rate of development and penetration of services for which biometric solutions will be used. This entails difficulty in predicting the future trend for the operation. FPC's performance is dependent on the continued expansion of the biometrics market. Delayed penetration into more applications and markets will affect sales and earnings. FPC's dependence on a handful of distributors for its sales constitutes a risk. FPC offsets this risk by using additional resellers through a broader product portfolio and by prioritizing customized solutions over standard products. An additional measure is to continuously assess the potential for establishing proprietary companies and sales. FPC is dependent on the Chinese market, where it has an established reseller with a strong position for FPC's technology. A loss of the company's distributor in the Chinese market or another significant distributor or reseller could have a negative impact on the Company's operations, earnings and financial position.

Credit risk

Counterparty risk Credit risk, defined as the risk that the counterparty does not fulfill its obligations, is attributable in its entirety to credit risk in accounts receivable. The company's customers mainly comprise companies that act as resellers or distributors of the company's products. FPC offsets credit risk through the use of credit ratings and credit limits.

Share risk

Dividend	To date, no dividend has been paid by the company. FPC is expected to be in an expansive investment phase in the upcoming years, which is why FPC's potential distributable profits will probably be reinvested in the business. As a result, the Board of FPC deems that cash dividends to the shareholders will not be paid in the next two years. Over the short term, this means that the return on an investment in the company's share is primarily dependent on the share price.
Shareholders	One individual shareholder owns a substantial share of the voting rights for all of the company's shares outstanding. Consequently, this shareholder has the possibility to exercise a material influence on all matters that demand approval by the shareholders, including the appointment and removal of Board members and any proposals on mergers, consolidation or sale of all or virtually all of FPC's assets, as well as other corporate transactions.
Share price	Investing in shares is by nature associated with the risk that the value of the investment can decrease. There is no guarantee concerning the price performance of the shares offered for trading in connection with the new share issue. The company's share price may decrease due to the increased number of shares in the company, as well as a consequence of the market's reactions to factors entirely beyond FPC's control. FPC's share price has been volatile since the company's share was listed on NASDAQ OMX Stockholm. Trading in the company's shares has generally had a low level of activity. It is not possible to foresee the extent to which investor interest in FPC will lead to active trading in the shares or how trading in the shares will trend in the future. If active and liquid trading does not develop, or is not lasting, this may present difficulties for shareholders to sell their shares without negatively affecting the market price, or at all. FPC's measure is to maintain a good level of communication. Current and potential investors in FPC should note that an investment in FPC is associated with risk and that there are no guarantees that the share price will perform positively. As presented in the account in this section, the price performance of the shares depends on a number of factors in addition to the company's operations, which the company is unable to influence. Even if FPC's business develops positively, there is therefore a risk that the price performance of the company's share may be negative.

Future reporting dates

Interim report July-September	November 6
Year-end report October-December	February 5, 2015

Certification

The Board of Directors and the CEO certify that this interim report provides a fair and accurate 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, August 20, 2014

Urban Fagerstedt
Chairman

Christer Bergman
Board member

Tord Wingren
Board member

Alexander Kotsinas
Board member

Johan Carlström
CEO

AUDITORS' REVIEW REPORT

Fingerprint Cards AB (publ)
Corp. Reg. No. 556154-2381

Introduction

We have reviewed the summary of the interim financial information contained in this interim report for Fingerprint Cards AB (publ), as per June 30, 2014, and the six-month period that ended on that date. 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 (ISRE) 2410, Review of Interim Reports Performed by the Company's Elected Auditors. 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 (ISA) 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.

Opinion

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

Gothenburg, August 20, 2014

KPMG AB

Johan Kratz

Authorized Public Accountant

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 the size of a fingertip that can scan an entire fingerprint simultaneously. The fingertip is simply held against the sensor surface; refer to swipe sensor.
ASIC	<i>Application Specific Integrated Circuit.</i> 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 identity; 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 characteristic 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. A silicon wafer is normally cut into a number of chips, with each chip being essentially identical.
Dpi	Dots per inch. Resolution per special unit, in this case, inches. The higher the value, the better the resolution and degree of detail.
Design Win	The decision by a manufacturer, for example, a mobile phone manufacturer, to start developing one or more commercial products that will contain FPC's technology as an integrated element of the manufacturer's product(s).
Enrolment	Compilation of biometric data used to create a template. The process by which biometric data is compiled from an individual and 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.
Swipe sensor	A sensor with a width equal to a fingertip but much narrower than 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 scanned in this manner.
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.
Yield	The percentage of a number of approved units divided by the number of initial units. The term is used primarily in production.
Sensor platform	The silicon technology that FPC has created for the development of future sensors.
Template	An arrangement of unique data that represents a certain fingerprint.
Verification	The comparison of compiled biometric data between an individual and a given template for the purpose of verifying a match.
Wafer chips.	A thin circular slice of silicon containing a number of integrated circuits, such as sensor

Definitions

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 adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs. Earnings per share after dilution can never be better than earnings per share before dilution.
Shareholders' equity per share	Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding, before dilution, at period-end.
Shareholders' equity per share after dilution	See "Shareholders' equity per share" plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs.
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 average number of shares that could be issued as a result of current remuneration and personnel programs.
Equity/assets ratio	Shareholders' equity divided by total assets.
Inventory turnover rate	Cost of goods sold divided by average inventories.
Average credit period	Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.
Working capital	Current assets less current non-interest-bearing provisions and liabilities.
Gross profit	Income less cost of goods sold.
Adjusted gross profit	Income less cost of goods sold excluding production expenses and amortization according to plan of capitalized development expenditure, meaning that only the cost of materials with subcontracted work and freight costs are included in the cost component.
Cost of goods sold	Cost for materials, production expenses and amortization according to plan of capitalized development expenditure.
Gross margin	Gross profit as a percentage of net sales.
Adjusted gross margin	Adjusted gross profit as a percentage of net sales.
Operating margin	Operating profit/loss as a percentage of net sales.
Net margin	Profit/loss for the period as a percentage of net sales.

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization. Operating profit before interest rates, taxes, depreciation/amortization and impairment losses.

About Fingerprint Cards

Fingerprint Cards AB (FPC) develops, produces and markets biometric components that through the analysis and matching of an individual's unique fingerprint verify the 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 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 phones, where extremely rigorous demands are placed on these characteristics. FPC's 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 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 and direct selling to product developers/systems integrators and OEMs (Original Equipment Manufacturers).
Product strategy	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.
Patent strategy	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 strategy	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 strategy	To market products with a 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. 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.
Swipe sensors are to be marketed to product developers/system integrators of mobile phones and other portable applications, such as tablet devices, USB keys, smart cards, etc. 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.	
Value-driving factors	The potential to use mobile phones for payment applications, with the accompanying security requirements, is a major driving force, as is the possibility of using 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 connection with authentication are creating demand for alternatives to cards, pin codes and passwords. In addition to these factors, there are also cost savings, benefits of scale and the potential to facilitate greater use in, for example, emerging countries and elsewhere.

Condensed consolidated statement of comprehensive income

(SEK M)

Net sales
Cost of goods sold
Gross profit
Selling costs
Administrative costs
Development costs
Other operating income/expenses
Operating loss
Net financial items
Tax
Loss for the period
Other comprehensive income
Comprehensive income/loss for the period
Loss for the period attributable to:
Parent Company shareholders
Loss for the period
Comprehensive loss for the period attributable to:
Parent Company shareholders
Comprehensive loss for the period
Earnings/loss per share for the period:
Before dilution, SEK
After dilution, SEK

Apr–Jun 2014	Apr–Jun 2013	Jan–Jun 2014	Jan–Jun 2013	Jan–Dec 2013
44.0	20.6	62.4	29.7	95.4
-30.9	-12.0	-45.7	-21.0	-56.3
13.2	8.6	16.7	8.7	39.1
-12.8	-5.8	-24.3	-11.3	-29.3
-6.8	-4.8	-12.7	-8.6	-17.7
-40.0	-3.8	-52.4	-6.5	-25.9
1.5	0.4	1.2	-0.4	-0.3
-44.9	-5.3	-71.5	-17.3	-34.0
-0.1	0.4	0.5	0.5	1.1
-	-	-	-	-
-44.9	-4.9	-71.0	-16.9	-32.9
-	-	-	-	0.0
-44.9	-4.9	-71.0	-16.9	-32.9
-44.9	-4.9	-71.0	-16.9	-32.9
-44.9	-4.9	-71.0	-16.9	-32.9
-44.9	-4.9	-71.0	-16.9	-32.9
-44.9	-4.9	-71.0	-16.9	-32.9
-0.79	-0.10	-1.25	-0.33	-0.60
-0.73	-0.09	-1.16	-0.31	-0.60

Condensed consolidated statement of financial position

Assets
Intangible fixed assets
Tangible fixed assets
Financial fixed assets
<i>Total fixed assets</i>
Inventories
Accounts receivable
Other receivables
Prepaid expenses and accrued income
Cash and cash equivalents
<i>Total current assets</i>
Total assets
Shareholders' equity and liabilities
Shareholders' equity
Non-current liabilities
Accounts payable
Other liabilities
Accrued expenses and deferred income
Total shareholders' equity and liabilities
Pledged assets
Contingent liabilities

Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
72.8	35.1	54.3
8.3	4.4	5.4
-	-	-
81.1	39.5	59.7
26.5	6.7	19.9
41.8	6.4	31.1
12.0	3.5	7.7
2.5	1.4	2.4
237.6	148.2	211.7
320.3	166.2	272.8
401.4	205.8	332.5
350.4	191.0	289.7
0.3	0.5	0.4
25.6	5.9	25.7
3.8	1.0	1.5
21.3	7.3	15.2
401.4	205.8	332.5
None	None	None
None	None	None

Condensed consolidated statement of changes in shareholders' equity

(SEK M)

	Jan-Jun 2014	Jan-Jun 2013	Jan-Dec 2013
Opening shareholders' equity	289.7	101.9	101.9
Comprehensive loss for the period	-71.0	-16.9	-32.9
Paid-in warrant premiums	-	2.3	4.6
New share issue	131.6	103.8	216.2
Closing shareholders' equity	350.4	191.0	289.7

Condensed consolidated cash-flow statement

(SEK M)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Dec 2013
Loss before tax for the period	-44.9	-4.9	-71.0	-16.9	-32.9
Adjustment for non-cash items	21.2	3.0	25.4	5.9	12.6
Change in inventory	-10.4	5.5	-6.6	4.7	-8.5
Change in current receivables	-26.3	-4.6	-15.1	-2.0	-31.9
Change in current liabilities	24.3	2.1	8.4	1.5	29.6
Cash flow from operating activities	-36.2	1.0	-58.9	-6.8	-31.1
Cash flow from investing activities	-32.5	-7.3	-46.8	-11.5	-38.3
Cash flow from financing activities	-0.3	6.0	131.5	105.9	220.5
Change in cash and cash equivalents	-69.0	-0.3	25.8	87.7	151.1
Cash and cash equivalents on the opening date	306.5	148.5	211.7	60.6	60.6
Closing cash and cash equivalents	237.6	148.2	237.6	148.2	211.7

Key consolidated data

(SEK M)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Dec 2013
Net sales (SEK M)	44.1	20.6	62.4	29.7	95.4
Net sales growth (%)	114	3,433	110	512	926
Gross margin (%)	30	42	27	29	41
Adjusted gross margin (%)	47	59	48	53	56
Operating margin (%)	-102	-26	-115	-58	-36
Profit margin (%)	-102	-24	-114	-57	-35
EBITDA (SEK M)	-24.1	-2.3	-46.1	-11.4	-21.4
Return on equity (%)	-12	-2.7	-21	-9	-8
Cash flow from operating activities incl. changes in working capital (SEK M)	-36	1.0	-59	-6.8	-31.1
Order backlog (SEK M)	63	28	63	28	22
Equity/assets ratio (%)	87	93	87	93	87
Investments (SEK M)	-33	-7	-47	-12	-38
Average number of employees	115	21	109	21	27
Shareholders' equity per share (SEK)	6.18	3.70	6.18	3.70	5.19
Shareholders' equity per share after dilution, (SEK) ⁽¹⁾	5.69	3.40	5.69	3.40	5.20
Cash flow from operating activities/share (SEK)	-0.64	0.02	-1.04	-0.13	-0.52
Cash flow from operating activities/share after dilution, (SEK) ⁽¹⁾	-0.59	0.02	-0.96	-0.12	-0.52
Number of shares at period end (000s)	56,661	51,661	56,661	51,661	54,161
Average number of shares (000s)	56,661	51,467	56,022	49,946	50,893
Average number of shares after dilution (000s) ⁽¹⁾	61,624	56,195	61,272	54,665	55,288
Market price of FPC Class B share (SEK) at period-end	49.50	57.25	49.50	57.25	54.25

1) At the end of the period, FPC had four warrant programs:

TO3: The program is from 2011 and extends until December 18, 2014. The exercise price is SEK 13.64. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 2,000,000 new Class B shares.

TO4: The program is from 2012 and extends until October 6, 2015. The exercise price is SEK 9.72. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 4,818,000 new Class B shares.

TO5: The program is from 2013 and extends until March 5, 2016. The exercise price is SEK 52.35. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 1,300,000 new Class B shares.

TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 90.16. The program was not taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 500,000 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.

The Group's operating segments

(SEK M)	Sensors		Other		Group	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
	2014	2013	2014	2013	2014	2013
Net sales	62.4	29.7	-	-	62.4	29.7
Segment earnings	-71.5	-17.3	-	-	-71.5	-17.3
Net financial items	-	-	0.5	0.4	0.5	0.4
Profit/loss for the period	-71.5	-17.3	0.5	0.4	-71.0	-16.9

Consolidated statement of other comprehensive income for the past nine quarters

(SEK M)	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012
Net sales	44.0	18.4	34.1	31.6	20.6	9.1	1.9	2.6	0.6
Cost of goods sold	-30.9	-14.8	-19.1	-16.1	-12.0	-9.0	-3.4	-3.5	-3.6
Gross profit/loss	13.2	3.5	14.9	15.5	8.6	0.1	-1.5	-0.9	-3.1
Selling costs	-12.8	-11.5	-11.6	-6.3	-5.8	-5.5	-3.5	-1.8	-2.1
Administrative costs	-6.8	-5.8	-5.1	-4.0	-4.8	-3.8	-2.8	-3.6	-3.3
Development costs	-40.0	-12.5	-13.1	-6.4	-3.8	-2.7	-2.2	-1.9	-2.4
Other operating income/expenses	1.5	-0.2	-0.1	-0.1	0.4	-0.1	0.2	-1.6	0.8
Operating loss	-44.9	-26.6	-15.0	-1.7	-5.3	-12.1	-9.8	-9.9	-10.0
Net financial items	-0.1	0.6	0.4	0.4	0.4	0.0	0.1	0.2	0.2
Tax	-	-	-	-	-	-	-	-	-
Loss for the period	-44.9	-26.0	-14.7	-1.3	-4.9	-12.0	-9.7	-9.7	-9.8
Other comprehensive income	0.0	0.0	0.0	-	-	-	-	-	-
Comprehensive loss for the period	-44.9	-26.0	-14.7	-1.3	-4.9	-12.0	-9.7	-9.7	-9.8

Consolidated statement of financial position for the past nine quarters

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
Assets									
<i>SEK/USD exchange rate, balance sheet date</i>	6.74	6.50	6.50	6.43	6.71	6.53	6.52	6.58	7.06
Intangible fixed assets	72.8	62.4	54.3	47.3	35.1	30.2	29.1	26.6	24.8
Tangible fixed assets	8.3	7.4	5.4	4.2	4.4	4.4	4.8	5.1	5.2
Financial fixed assets	-	-	-	-	-	-	-	1.3	1.2
Total fixed assets	81.1	69.8	59.7	51.5	39.5	35.2	33.9	33.0	31.2
Inventories	26.5	16.1	19.9	9.7	6.7	12.3	11.4	11.7	9.5
Advance payments to suppliers	-	-	-	-	-	-	0.4	-	-
Accounts receivable	41.8	20.3	31.1	14.8	6.4	2.3	6.2	14.8	21.4
Other receivables	12.0	8.4	7.6	5.9	3.5	3.5	1.9	3.0	1.8
Prepaid expenses and accrued income Int.	2.5	1.2	2.4	1.9	1.4	0.8	0.8	0.9	1.1
Cash and cash equivalents	237.6	306.5	211.7	142.3	148.2	148.5	60.6	25.9	36.1
Total current assets	320.3	352.5	272.8	174.6	166.2	167.4	81.3	56.2	69.9
Total assets	401.4	422.4	332.5	226.1	205.8	202.6	115.3	89.3	101.1
Shareholders' equity and liabilities									
Shareholders' equity	350.4	395.6	289.7	189.7	191.0	189.8	101.9	78.5	87.5
Provisions for pensions	-	-	-	-	-	-	-	1.7	1.5
Non-current liabilities	0.3	0.4	0.4	0.5	0.5	0.6	0.7	0.8	0.8
Accounts payable	25.6	6.9	25.7	25.8	5.9	5.1	4.6	2.2	3.1
Other liabilities	3.8	1.6	1.5	0.9	1.0	0.8	0.6	0.6	0.7
Accrued exp. and def. income Int.	21.3	17.8	15.2	9.3	7.3	6.3	7.5	5.5	7.5
Total shareholders' equity and liabilities	401.4	422.4	332.5	226.1	205.8	202.6	115.3	89.3	101.1

Consolidated cash flow statement for the past nine quarters

(SEK M)	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012
Loss before tax for the period	-44.9	-26.0	-14.7	-1.3	-4.4	-12.0	-9.7	-9.8	-9.8
Adjustments for non-cash items	21.2	4.2	3.7	3.0	3.0	2.9	2.7	2.6	2.9
Change in inventory	-10.4	3.8	-10.1	-3.0	5.5	-0.8	0.2	-2.1	-4.1
Change in current receivables	-26.3	11.2	-16.3	-11.4	-4.6	2.7	9.4	5.6	16.7
Change in current liabilities	24.3	-15.9	6.4	21.8	2.1	-0.5	4.4	-3.0	3.4
Cash flow from operating activities	-36.2	-22.7	-31.1	9.1	1.5	-7.8	7.0	-6.7	9.0
Cash flow from investing activities	-32.5	-14.3	-11.9	-15.0	-7.3	-4.2	-3.3	-4.2	-2.3
Cash flow from financing activities	-0.3	131.8	112.4	-0.1	6.0	99.8	30.9	0.7	0.8
Change in cash and cash equivalents	-69.0	94.8	69.4	-6.0	-0.3	87.9	34.7	-10.2	7.6
Cash and cash equivalents on the opening date	306.5	211.7	142.3	148.2	148.5	60.6	25.9	36.1	28.5
Closing cash and cash equivalents	237.6	306.5	211.7	142.3	148.2	148.5	60.6	25.9	36.1

Key consolidated figures for the past nine quarters

(SEK M)	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012
Net sales (SEK M)	44.1	18.4	34.1	31.6	20.6	9.1	1.9	2.6	0.6
Net sales growth (%)	114	102	1,795	554	3,433	75	-90	-83	-96
Gross margin (%)	30	39	44	49	42	1	-77	-34	-500
Adjusted gross margin (%)	47	50	56	57	53	39	66	60	50
Operating margin (%)	-102	-145	-44	-5	-26	-132	-512	-382	-1,804
Profit margin (%)	-102	-142	-43	-4	-10	-100	-505	-376	-1,768
EBITDA (SEK M)	-24.1	-22.4	-11.3	1.3	-2.3	-9.2	-7.0	-7.0	-7.7
Return on equity (%)	-12	-6	-3	1	-3	-9	-11	-12	-11
Cash flow from operating activities (SEK M)	-36	-22.7	-31.1	11.5	1.0	-7.8	7.0	-6.7	9.0
Order backlog (SEK M)	63	41	22.8	38.9	27.9	42.3	19.7	0.0	46.3
Equity/assets ratio (%)	87	94	87	84	93	94	88	88	86
Investments (SEK M)	-33	-14.3	-11.9	-15.0	-7.3	-4.2	-3.3	-4.2	-2.3
Average number of employees	115	54	26	24	21	20	19	17	16
Shareholders' equity per share (SEK)	6.18	6.98	5.19	3.67	3.70	3.70	2.11	1.80	2.00
Shareholders' equity per share after dilution, (SEK) (1)	5.69	6.41	5.20	3.46	3.40	3.47	2.11	1.80	2.00
Cash flow from operating activities per share (SEK)	-0.64	-0.40	-0.08	0.22	0.02	-0.15	0.16	0.20	0.21
Cash flow from operating activities per share, after dilution (SEK)	-0.59	-0.37	-0.08	0.21	0.02	-0.14	0.16	0.20	0.21
Number of shares at period-end (000s)	56,66	56,661	54,161	51,661	51,661	51,239	47,808	43,609	43,609
Average number of shares (000s)	1	55,102	52,066	51,661	51,467	51,233	44,216	43,609	43,609
Average number of shares after dilution (000s)(1)	61,62	59,788	56,659	56,587	56,195	51,855	44,216	43,609	43,609
Market price of FPC Class B share (SEK)	49.50	54.00	54.25	52.50	57.25	34.60	12.35	6.15	5.30

1) FPC has four warrant programs:

TO3: The program is from 2011 and extends until December 18, 2014. The exercise price is SEK 13.64. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 2,000,000 new Class B shares.

TO4: The program is from 2012 and extends until October 6, 2015. The exercise price is SEK 9.72. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 4,818,000 new Class B shares.

TO5: The program is from 2013 and extends until March 5, 2016. The exercise price is SEK 52.35. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 1,300,000 new Class B shares.

TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 90.16. The program was not taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 500,000 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.

Rolling 12-month key figures for the Group for the past nine quarters

	Jul-Jun 2014/13	Apr-Mar 2014/13	Jan-Dec 2013	Oct-Sep 2012/13	Jul-Jun 2012/13	Apr-Mar 2012/13	Jan-Dec 2012	Oct-Sep 2011/12	Jul-Jun 2011/12
Sales, rolling 12 months (SEK M)	128.2	104.6	95.4	63.2	34.2	14.2	10.3	27.0	61.5
Gross profit/loss, rolling 12 months (SEK M)	47.1	42.6	39.1	22.8	6.3	-5.3	-5.7	3.6	24.0
Gross margin, rolling 12 months (%)	37	41	41	36	19	Neg.	Neg.	13	39
Operating loss, rolling 12 months (SEK M)	-88.2	-48.6	-34.0	-28.7	-36.9	-36.7	-38.7	-28.6	-9.2
Operating margin, rolling 12 mths (%)	-69	-46	-36	-45	-109	-257	-378	-106	-15
EBITDA, rolling 12 months (SEK M)	-56.1	-35.2	-21.4	-20.6	-36.3	-30.7	-28.0	-18.9	-6.7

Disclosures on the consolidated fair value of financial instruments

SEK M	June 30, 2014				June 30, 2013			
	Level				Level			
	1	2	3	Total	1	2	3	Total
Current financial receivables								
Financial assets at fair value via profit or loss	-	-	-	-	-	-	-	-
Cash and cash equivalents								
Financial assets at fair value via profit or loss	18.5	-	-	18.5	11.1	-	-	11.1
Total financial assets	18.5			18.5	11.1			11.1
Current financial liabilities								
Financial liabilities at amortized cost	-	-	-	-	-	-	-	-
Total financial liabilities								

Fair value and carrying amount of financial liabilities and assets

SEK M	June 30, 2014		June 30, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Current financial assets				
Prepaid expenses and accrued income	-	-	-	-
Loan receivables and accounts receivable				
Accounts receivable	41.8	41.8	6.3	6.3
Cash and cash equivalents	237.6	237.6	148.3	148.3
Total financial assets	279.4	279.4	154.6	154.6
Financial liabilities				
Current financial liabilities				
Accounts payable	25.6	25.6	5.9	5.9
Total financial liabilities	25.6	25.6	5.9	5.9
By category				
Financial assets at fair value via profit or loss	-	-	-	-
Loan receivables and accounts receivable	279.4	279.4	154.6	154.6
Total financial assets	279.4	279.4	154.6	154.6
Financial liabilities at amortized cost	25.6	25.6	5.9	5.9
Total financial liabilities	25.6	25.6	5.9	5.9

Qualitative fair value data for financial instruments

Financial instruments exist solely in category 1; there have been no transfers between categories. The company does not apply a portfolio approach.

Condensed income statement, Parent Company

(SEK M)

Net sales	
Cost of goods sold	
Gross profit	
Selling costs	
Administrative costs	
Development costs	
Other operating income/expenses	
Operating loss	
Earnings shares in subsidiaries	
Net financial items	
Tax	
Loss for the period	

Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Dec 2013
42.3	20.6	60.7	29.7	95.4
-30.7	-12.0	-45.5	-21.0	-56.3
11.7	8.6	15.2	8.7	39.1
-12.7	-5.8	-24.2	-11.3	-29.3
-6.9	-4.8	-12.7	-8.6	-17.7
-25.1	-3.8	-38.0	-6.5	-26.1
1.5	0.4	1.3	0.4	-0.3
-31.5	-5.4	-58.4	-17.3	-34.2
-15.3	-	-15.3	-	-
0.5	0.5	1.1	0.5	1.1
-	-	-	-	-
-46.4	-4.9	-72.7	-16.8	-33.1

Condensed balance sheet, Parent Company

(SEK M)

Assets	
Intangible fixed assets	
Tangible fixed assets	
Financial fixed assets	
Total fixed assets	
Inventories	
Accounts receivable	
Current receivables	
Prepaid expenses accrued income	
Cash and bank deposits	
Total current assets	
Total assets	
Shareholders' equity and liabilities	
Restricted shareholders' equity	
Unrestricted shareholders' equity	
Total shareholders' equity	
Current liabilities	
Total shareholders' equity and liabilities	
Pledged assets	
Contingent liabilities	

Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
67.2	35.1	54.3
6.7	3.6	4.6
9.3	5.9	8.3
83.2	44.6	67.2
26.5	6.7	19.9
41.6	6.4	31.1
19.1	3.5	7.8
2.5	1.4	2.3
232.2	147.6	209.6
321.8	165.5	270.8
405.0	210.1	338.0
52.8	51.8	52.3
295.4	138.8	236.9
348.2	190.6	289.2
56.8	19.5	48.8
405.0	210.1	338.0
None	None	None
None	None	None

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, 2013 and must be read together with Annual Report. No new or revised IFRS that have become effective in 2014 have had any significant impact on the Group.