

Micronic reports on third quarter 2009

Täby, Sweden, October 16, 2009 - Micronic Laser Systems AB (publ.), (listed on the NASDAQ OMX Nordic Exchange Stockholm, in the category Small cap, Information Technology: MICR), today presented the Group's Interim Report for the first nine months of 2009. The information contained in this interim report is subject to the disclosure requirements of Micronic Laser Systems AB (publ.) pursuant to the Swedish Securities Market Act. The information was submitted for publication on October 16, 2009, 8:00 a.m.

- On July 2, 2009, Micronic acquired MYDATA automation AB through a directed share issue to the shareholders in MYDATA. The comparison figures presented in brackets in this report refer to the corresponding period of 2008 for Micronic without MYDATA.
- Order intake for the nine-month period was SEK 439 million (228), of which SEK 180 million (132) was booked in the third quarter. Of the third quarter's order intake, SEK 67 million is attributable to laser pattern generators and SEK 113 million to surface mount technology (SMT) equipment.
- Net sales for the nine-month period reached SEK 599 million (235), of which SEK 156 million (110) referred to the third quarter. Of the third quarter's net sales, SEK 60 million is attributable to laser pattern generators SEK 96 million to SMT equipment.
- Operating profit for the nine-month period amounted to SEK 6 million (-162). For the third quarter, operating loss was SEK 81 million (-35).
- Operating profit adjusted for capitalization and amortization of development costs for the nine-month period was SEK 50 million (-205). For the third quarter, adjusted operating loss was SEK 64 million (-47).
- The loss after tax for the nine-month period is reported at SEK 1 million (-115), equal to earnings per share of SEK -0.03 (-2.95). The loss after tax for the third quarter was SEK 60 million (-25), equal to earnings per share of SEK -0.92 (-0.64).
- The order backlog at September 30, 2009, was SEK 78 million (377) and consisted of laser pattern generators and SMT equipment and related after market orders. Of the total order backlog, SEK 16 million is attributable to laser pattern generators and SEK 62 million to SMT equipment. The order backlog at year-end 2008 was SEK 224 million.
- The Board of Directors anticipates total sales for the full year 2009 to be in the range SEK 800 to 850 million. With this assessment, the proforma sales 2009 will be in the range SEK 1,020 to 1,070 million, compared to proforma sales 2008 of SEK 1,194 million.

"This is the first quarter in which we are reporting consolidated figures for the Micronic Group and its wholly owned subsidiary MYDATA. Third quarter order intake for pattern generators was limited to after market services. Order intake for SMT equipment is still weak even if there are signs of a higher level of activity in the market," says Sven Löfquist, President and CEO of Micronic Laser Systems AB.

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“Net sales for the third quarter, when no pattern generators were shipped, reached a modest SEK 156 million. Order intake for SMT equipment provides a reasonable picture of sales, since the amount of time between order and delivery is normally 4-6 weeks,” adds Sven Löfquist.

“The semiconductor industry, which drives sales of both pattern generators (Sigma and Omega) and SMT equipment, recovered during the third quarter, albeit from a very low level and with a resulting general delay in order intake. For displays, the continued record volumes have not yet resulted in new system orders.

“The integrated Group will be organized in two business areas, focusing on laser pattern generators and SMT equipment respectively. The Group’s central functions will include finance, IT, administration, HR, QA, purchasing and production. The integration process has been started and the Group’s Swedish operations will be concentrated in Täby during 2010.

“I am now leaving Micronic, a company which I co-founded 20 years ago, whereof the last 9 years as CEO. It has been a fantastic journey, from start-up to a world leading company active in pattern generation, supplying mission critical equipment to the leading companies in the electronic industry, such as Intel, Samsung and LGD. Under my leadership as CEO, we have transformed from a tech company to a well established global high quality player in our field. What I am most proud of is the great team of competent employees that under the leadership of my successor, Peter Uddfors, will have the opportunity to continue developing Micronic. Peter will take over the helm by December 1, 2009, at the latest and I welcome Peter onboard and wish him good luck,” concludes Sven Löfquist.

Key events during the first nine months of 2009

- The Annual General Meeting was held on April 1, 2009.
- An extraordinary general meeting on July 2, 2009 approved the acquisition of MYDATA automation AB through a directed share issue to the shareholders in MYDATA. The EGM re-elected sitting Board members Magnus Lindquist, Göran Malm, Lena Treschow Torell, Åke Svensson and elected Patrik Tigerschiöld and Rune Glavare as new Board members. Rune Glavare was elected as Board Chairman and Lena Treschow Torell as Vice Chairman.
- Micronic has received an order for a Prexision-8 laser pattern generator from an Asian display manufacturer.
- ASML has terminated its license agreement, meaning that Micronic has regained the right to fully utilize all patents related to the SLM technology on its own account. Micronic has refunded an advance payment of EUR 13 million for future royalties from ASML. Because the advance had been recognized as an interest-bearing liability, the repayment will have no effect on Micronic’s net cash although it will affect cash and cash equivalents.
- Peter Uddfors has been appointed as the new President and CEO of Micronic and will succeed Sven Löfquist by December 1, 2009, at the latest.

Acquisition of MYDATA

On July 2, 2009, Micronic acquired MYDATA, which designs, manufactures and markets advanced surface mount technology (SMT) equipment (Pick and Place) and systems for stencil-free jetting of solder paste (Jet Printing) for the electronics industry. Among other things, the motive for the acquisition is to broaden Micronic’s product range, provide the company with experience of volume production series and reduce fluctuations through the two companies’ different business cycles.

The acquisition was carried out through a non-cash issue, after which MYDATA's former principal owner Skanditek holds 38 percent of the shares in Micronic. Micronic's share capital has increased by 26,111,057 shares to a total of 65,277,673 shares. In the Parent Company's balance sheet, the shares in MYDATA have been recorded at a historical cost of approximately SEK 320 million based on the last price paid (SEK 12 per share) on the acquisition date of July 2, 2009, and including transaction costs.

In the consolidated financial statements, MYDATA's assets and liabilities are taken up together with purchased intangibles. MYDATA is consolidated by Micronic as of the third quarter of 2009. A note to the financial statements presents MYDATA's net assets on the acquisition date, the consolidated balance sheet on the acquisition date and the pro forma accounts for the full year 2008 and the for interim period from January 1 to September 30, 2009. See page 16.

Markets and products

Displays

Since hitting the bottom of the business cycle in January 2009, the market for large TFT-LCD panels has now seen seven months of continuous growth in both sales and volumes. August sales were back to the record levels seen at the beginning of 2008 (DisplaySearch, September 2009). The sales forecast for flat panel displays for the full year 2009 has been upgraded to USD 87.6 billion, which can be compared with USD 102.7 billion in 2008. In 2010, a combination of additional volume growth and price decreases will result in sales of USD 93.3 billion (DisplaySearch, September 2009).

Rapidly rising demand in the first half of the year caused a shortage of certain panel types and therefore also price increases (EE Times Asia, April 2009). To correct this shortage situation as quickly as possible, the panel makers have chosen to expand their capacity by investing in generation 7 and 8 fabs. This is an important reason why the recently announced investments are not being made in leading-edge production facilities for flat panel displays – generation 10.

The fastest-growing market at present is China, which is expected to move up as the largest individual market for flat panel displays already by 2011 (Digitimes, September 2009). Several leading panel makers have announced their intentions to invest in China. Among others, Sharp, LG Display and BOE have officially announced plans to each build a generation 8 fab in China within the next 2-3 years.

Prices for display photomasks have been pushed down in the past year, leading to lower profitability among Micronic's customers. However, in pace with improvement in the market for flat panel displays, capacity utilization in Micronic's installed base has gradually risen during the year.

New technologies in combination with cost-cutting in materials and production processes have contributed to making photomasks increasingly complex and therefore also more difficult to produce. This trend has accelerated in recent months, which is positive for Micronic since investments in new and more advanced pattern generators will be necessary.

The Prexision-8 is optimized for production of advanced photomasks through G8, while the Prexision-10 is designed to meet market requirements for high writing accuracy and productivity for the manufacturing of photomasks through G11. The Prexision platform offers significantly higher image quality on the photomask and has a significantly higher throughput than earlier pattern generators.

Semiconductors

The semiconductor market rebounded in the second quarter of 2009, when sales for the 20 largest chip makers were up by 21 percent compared to the first quarter of the year (Electronic news, July 2009). Capacity utilization was also higher in the second quarter, rising to 78 percent from 58 percent in the first quarter (SICAS, 2nd quarter 2009). However, the total volume is still 14 percent lower than in 2008 (Prismark, August 2009).

As a result of increased capacity utilization, capital equipment spending rose during the quarter and several analysts have upgraded their forecasts for 2009. However, total spending in 2009 is expected to fall far below the corresponding figure for 2008, at USD 16 billion in 2009 compared to USD 30.7 billion in 2008 (Gartner, September 2009).

The increased spending on capital equipment has not yet filtered through to the photomask market, which is still struggling with excess capacity. Total photomask sales in 2009 are predicted to reach USD 2.8 billion, a decrease of 13 percent from USD 3.2 billion in 2008 (VLSI Research, April 2009).

The market for pattern generators remains weak. The large merchant mask shops have excess capacity, while the situation appears to be more balanced among chip makers with captive mask shops (Micronic's assessment). Among the small photomask makers, local capacity needs may arise.

Micronic's Sigma7500 remains well positioned for cost-effective volume production at both the technology nodes now going into production and future nodes.

Electronic Packaging

The technology in traditional computers and mobile devices, such as cell phones, converge and will most likely be integrated into so-called Mobile Internet Devices (MID). This trend together with the ongoing demand for continuously faster and cheaper computers, are the key drivers for development of consumer electronics. The challenge for the industry is to meet these technological requirements for miniaturization in electronic packaging and simultaneously reduce the costs for manufacturing and materials. Advanced electronic packaging is seen as part of the answer, and the solution is now considered to be of strategic importance for the electronics industry.

Advanced electronic packaging is currently carried out in two steps. The first of these is performed on a silicon wafer before it is cut into individual components and is essentially a preparation for the second step, consisting of the integration of ICs on a microcircuit board, or so-called substrate. Today the interconnect patterns for these substrates are created via traditional lithography using photomasks and exposure tools (aligners and steppers), based on established technology for semiconductors. The ongoing trend toward shrinking features and increasing substrate complexities will further increase the demands on performance and cost-efficiency in the exposure tools, which has opened the market for innovative solutions such as Laser Direct Imaging (LDI).

Micronic sees a clear market for LDI products as a new production technology for substrate manufacturing. Micronic's future LDI product is expected to competitively combine high resolution, improved alignment accuracy and rapid throughput, which is a challenge for the existing exposure tools. Micronic is in discussions with the leading players in the market regarding future LDI products for manufacturing of next-generation advanced substrates.

For that part of the electronic packaging industry where photomasks are used, Micronic's FPS5300 pattern generator is well positioned to meet resolution and productivity needs.

After market

The installed base of advanced pattern generators is stable and demand for service contracts remains high.

The after market is showing a greater need for performance-enhancing add-on products as a result of new design requirements. However, due to a continued financial strain among photomask makers, investments are being kept at a low level. Micronic stands by its earlier assessment that the sales volume in the after market will increase compared to the previous year's level of SEK 238 million.

SMT equipment

For SMT equipment, the semiconductor market (unit volume shipments) has been a good indicator of anticipated sales of surface mount technology (SMT) equipment. Historically, SMT sales have lagged around two quarters behind general trends in the semiconductor industry. Unlike earlier, there is now available production capacity in the market that must be filled before manufacturers can invest in more equipment. Sales of SMT equipment are driven partly by capacity needs and partly by technological advances (such as placement speed and component size).

There are initial signs of a recovery in the semiconductor market and suppliers of electronic components are seeing a trend toward longer delivery times. When the market recession hit, production capacity was reduced and older fabs were closed. In general, all capacity expansion came to a halt.

Based on this, longer lead times and price increases are now being announced. In the semiconductor industry, VLSI Research (September 2009), Prismark (August 2009) and IC Insights (September 2009) predict a market upturn in 2010 and 2011. For unit volume shipments, IC Insights forecasts a V-shaped recovery from a sharp drop in the fourth quarter of 2008 and the first quarter of 2009 to levels on par with the first half of 2008 (Research Report, October 2009). The recovery started in the second quarter of 2009 and is expected to continue in the third quarter of 2009 with stabilization in the fourth quarter of 2009.

In the foreseeable future, the company anticipates no technology shifts that will lead to a significantly changed electronics production process. On the other hand, as always, technological advances are driving development towards more and smaller components and PCBs with higher component densities and faster placement speeds. The continuous hunt for lower costs is pushing volume production of electronics toward areas like interior China, Vietnam, Brazil and Mexico. The market for flexible electronics production, for which SMT equipment is well suited, is however more geographically dispersed.

The total market for SMT equipment in 2008 was USD 2.4 billion. Market statistics (PROTEC MDC, July 2009) show a dramatic volume drop of 79 percent in the first half of 2009.

The market for electronics production equipment remains weak. The rising market activity noted by the company during the second quarter has not yet resulted in an increased order intake. Electronics manufacturers are continuing to follow a restrictive investment policy.

The US and German markets are expected to show the first signs of a turnaround that is followed by a cautious general recovery in the market during 2010. The factors described above indicate that a rebound is on the way, but there is widespread uncertainty about the pace of recovery.

The company has strengthened its market position through MYDATA's enhanced product portfolio. In the past year or so, all products have been renewed in the Pick and Place, Jet Printing, Factory Automation and Services segments.

Comments on the Group's result and financial position

Since July 2, 2009, the Group consists of Micronic and MYDATA. The consolidated financial statements for the interim period from January 1 to September 30, 2009, include MYDATA for the third quarter. The comparison figures shown in brackets thus refer only to the former Micronic Group. An acquisition balance sheet with an allocation of excess values and pro forma accounts are presented on pages 16-18 in order to illustrate the Group's development if the acquisition had taken place on January 1, 2008.

Order intake and order backlog

Order intake for the first nine months of 2009 amounted to SEK 439 million (228) and consisted of orders for systems, service and after market sales. Order intake for the third quarter was SEK 180 million (132), of which SEK 67 million is attributable to laser pattern generators and SEK 113 million to SMT equipment.

The order backlog at September 30, 2009, totaled SEK 78 million (377) and consisted of laser pattern generators at SEK 16 million and SMT equipment including related after market orders at SEK 62 million.

Sales

Net sales for the first nine months of the year reached SEK 599 million (235) and referred to the delivery of three laser pattern generators and SMT equipment, as well as service and after market sales. Net sales for the third quarter reached SEK 156 million (132), of which SEK 60 million is attributable to laser pattern generators and SEK 96 million to SMT equipment.

Operating profit

Consolidated operating profit was SEK 6 million (-162) for the first nine months and SEK -81 million (-35) for the third quarter. Operating profit is affected by capitalization of development costs and amortization of previously capitalized development costs. Adjusted for these items, operating profit for the first nine months was SEK 50 million (-205). Capitalization of development costs in the first nine months amounted to around SEK 1 million, compared to SEK 60 million in the corresponding period of last year. Previously capitalized development costs were amortized in an amount of SEK 45 million (18) in the first nine months. In the third quarter, consolidated operating profit was charged with SEK 21 million in amortization of excess values that were identified in connection with the acquisition of MYDATA.

Operating expenses and gross profit

Operating expenses for the first nine months of the year totaled SEK 593 million (398), of which the cost of goods sold accounted for SEK 320 million (197). The period's gross profit of SEK 279 million (38) corresponds to a gross margin of 47 percent (16). Gross margin for the third quarter was 15 percent (16). In the third quarter, gross profit was charged with SEK 19 million in amortization of excess values in inventories and order backlog that were identified in connection with the acquisition of MYDATA. Gross margin is affected to a large degree by the number and mix of systems delivered, which can have a significant effect on individual quarters. Gross profit is also charged with direct costs for delivered good and services, including costs for system setup at the customer site and warranties. Aside from these, gross profit is charged with certain fixed costs for the production department.

Operating profit for the first nine months of the year was charged with R&D expenses of SEK 163 million (103). Actual R&D expenditure during the period was SEK 118 million (146), of which SEK 1 million has been capitalized. In the same period of last year, SEK 60 million was capitalized. Previously capitalized development costs were amortized in an amount of SEK 45 million (18), most of which refers to development of the Prexision-10. As a result, recognized development costs have risen by SEK 88 million compared to the same period of last year despite the fact that actual expenditure has decreased. In the third quarter, Micronic began amortizing the excess values in intangible assets that were identified in connection with the acquisition of MYDATA. Amortization of technology is recognized as a development cost and amounted to SEK 1.2 million for the third quarter. See also table on page 12.

Each development project is assessed individually to determine whether the criteria for capitalization have been met. Amortization of capitalized costs is started when a development project is completed, at which time it begins to generate revenue.

Selling expenses for the first nine months are reported at SEK 43 million (38), of which SEK 6 million (5) consists of sales commissions. Administrative expenses, which amounted to SEK 73 million (64) for the first nine months, include product management expenses of SEK 26 million (26).

Other income for the first nine months amounted to SEK 6 million (5) and consisted mainly of foreign exchange differences.

Earnings per share

Consolidated profit after tax for the first nine months was SEK -1 million (-115). The total number of shares outstanding at September 30, 2009, was 65,277,673. Diluted earnings per share, calculated on the average number of shares, were SEK -0.03 (-2.95). The average reported number of shares has not been affected by any dilutive effects from the employee stock option program 2007/2012, since the market price is considerably lower than the strike prices in the option program. However, the average number of shares has been affected by the new share issue carried out in connection with the acquisition of MYDATA.

Capital expenditure

The Group's total capital expenditure in the first nine months totaled SEK 2 million (70), of which close to SEK 1 million refers to development costs and over SEK 1 million to computers and other equipment. The figure for the same period of last year included capitalized development costs of SEK 60 million and other investments of SEK 10 million.

Cash flow, liquidity and financial position

The Group's cash and cash equivalents at September 30, 2009, amounted to SEK 353 million, compared to SEK 371 million at year-end 2008. Consolidated cash flow for the first nine months was thus negative, at SEK 14 million (182). Operating activities generated a cash flow of SEK 146 million (-92). Investing activities generated a negative cash flow of SEK 2 million (70). The acquisition of MYDATA was carried out through a non-cash issue that generated no cash flow. Costs attributable to the acquisition amounted to SEK 16 million. Financing activities generated a negative cash flow of SEK 142 million (20) which is explained by the refund of an advance on future royalties from ASML.

Personnel

The average number of employees in the Group during the first nine months of 2009 was 425 (398). The number of employees in the Group at September 30, 2009, was 584, compared to 384 at year-end 2008. The MYDATA group, which was acquired on July 2, 2009, had 246 employees at the end of the nine-month period.

Comments on the Parent Company's results and financial position

Micronic Laser Systems AB, based in Täby outside Stockholm, is the parent company of the Micronic Group. The Parent Company's net sales for the first nine months of 2009 are reported at SEK 372 million (144). Operating profit was SEK 16 million (-214).

In the Parent company, all R&D is expensed as incurred. The Parent Company does not capitalize any development costs in the balance sheet as intangible assets, for which reason no amortization of previously capitalized development costs is recorded in the Parent Company. The intangible assets found in the Parent Company consist of business systems and licenses. This explains the large differences in reported development costs between the Group and the Parent Company.

The Parent Company's cash and cash equivalents at the end of the nine-month period totaled SEK 272 million, compared to SEK 338 million at year-end 2008. Capital expenditure in the first nine months amounted to SEK 1 million (12). Financing activities generated a negative cash flow of SEK 142 million, which is explained by the refund of an advance on future royalties from ASML.

Significant risks and uncertainties

Through its operations, the Group and the Parent Company are exposed to risks of both an operating and financial nature that are more or less within the company's control. The company uses an ongoing process to identify all existing risks and assess how these should be managed. Through development of company processes, its internal risk management and ongoing development of the Group's insurance solutions, Micronic minimizes its total risk and therefore also the cost of risk management.

In the short term, the company's operations, profitability and financial position could be affected by continued limited investment in the electronics industry. These risks could be further magnified by the generally turbulent financial situation that is causing a market downturn.

To reduce the effects of the downturn, Micronic is taking steps to expand its product offering in order to address additional application areas. The number of captive and merchant mask shops worldwide is limited, which for laser pattern generators represents a concentration of customer risk. A continued low order intake from, or sales to, an individual customer can therefore have a significant impact on the Group's profit and financial position in the short term. Earnings for a specific period can be affected by the postponement in the date of shipment for individual laser pattern generators. There is also a trend towards fewer but larger individual laser pattern generator orders, which can lead to a longer sales process. SMT equipment is sold in larger volumes and therefore the dependency on individual customers and deliveries is lower in this segment. However, the SMT market is more exposed to competition, where certain of the competitors have considerable financial resources.

Due to the rapid pace of technological development in the areas where the Group is active, it is vital that the products are delivered at the specified time. The Group is also exposed to development risk, consisting of the risk that research and development activities will not lead to new and profitable business opportunities to the intended extent. In its manufacturing, Micronic uses certain components that are sold by a limited number of suppliers and the company continuously evaluates alternative suppliers for these.

The largest single financial risk in the Group and the Parent Company is foreign exchange risk, since sales are denominated almost exclusively in foreign currencies. Foreign exchange risk connected to sales of laser pattern generators, is managed primarily by using foreign exchange contracts to hedge contracted cash flows. Contracted flows consist of orders received. The hedged percentage of a contracted cash flow depends on the degree of uncertainty regarding the date of delivery. As the delivery date approaches, Micronic increases the hedged portion of the respective contracted inflows. When selling SMT equipment, also future forecasted flows that are not covered by underlying orders, are hedged.

The relatively limited number of customers in the laser pattern generator market also represents a concentration of credit risk, meaning the risk that a customer will be unable to meet its payment obligations. To minimize this risk, Micronic demands advance financing from customers to the greatest possible extent. When doing business with new customers or in new geographical areas, Micronic requires letters of credit or other forms of collateral.

The acquisition of MYDATA is expected to create positive synergy effects. Acquisitions are always associated with risks regarding integration of the various units that could cause these synergies to be delayed or lost.

Nomination committee

By decision of the 2009 Annual General Meeting, the nomination committee shall consist of four members appointed by the each of the four largest shareholders in the company at the end of the month of August together with the Board Chairman, for a total of five members. Ahead of the 2010 Annual General Meeting, the nomination committee shall propose Board members and the Board Chairman, as well as fees for the Board members and auditors. The following individuals have been appointed to the Nomination Committee as representatives for the largest shareholders:

Ulf Strömsten, Catella
Annika Andersson, Fjärde AP-fonden
Patrik Tigerschiöld, Skanditek Industriförvaltning AB
Kerstin Stenberg, Swedbank Robur
Rune Glavare, Board Chairman

Patrik Tigerschiöld has been appointed as chairman of the Nomination Committee.

The next Annual General Meeting will be held on 12 April 2010.

Future outlook

The display industry's dramatic upturn in sales continued in the third quarter, leading to an increase in planned investments. Total capital equipment spending is now forecast at USD 6.9 billion in 2009 and USD 10.4 billion in 2010 (DisplaySearch, September 2009). That past quarter's growth has resulted in higher capacity utilization in already installed pattern generation capacity. In view of the planned investments in new production facilities during 2010, there is a need to expand the installed base of pattern generators. Downward pressure on photomask prices is causing display manufactures to postpone their investments for as long as possible, which is pushing order intake into the future and therefore also creating greater uncertainty about additional invoicing of pattern generators in the current year.

Following a rebound in the semiconductor market during the second quarter, the majority of analysts have upgraded their forecasts and total sales of semiconductor chips in 2009 are now expected to reach USD 212 billion (Gartner, August 2009). Investment activity has increased, however from very low levels and total capital equipment spending in 2009 is expected to reach USD 16 billion, a decrease of 48 percent compared to 2008 (Gartner, September 2009).

Over time, MYDATA's renewed product portfolio and signs of a rising component volume in the semiconductor industry are expected to generate increased demand for equipment from MYDATA.

The Board of Directors earlier anticipated additional orders for pattern generators to be shipped in the current year 2009 and expects sales of Micronics products for the full year to exceed the year-earlier level. MYDATA's sales in the second half of 2008 amounted to SEK 327 million. Sales for the second half of 2009 are expected to fall short of the previous year.

The Board of Directors present anticipates total sales for the full year 2009 to be in the range SEK 800 to 850 million. With this assessment, the proforma sales 2009 will be in the range SEK 1,020 to 1,070 million, compared to proforma sales 2008 of SEK 1,194 million.



Financial calendar

2009 Full Year report	January 28, 2010
Annual General Meeting	April 12, 2010
Interim report January-March, 2010	April 23, 2010
Semi-annual report January-June, 2010	July 9, 2010
Interim report January-September, 2010	October 22, 2010

Täby, October 16, 2009
Micronic Laser Systems AB (publ.)

The Board of Directors

Micronic Laser Systems AB is a Swedish high-tech company engaged in the development, manufacture and marketing of a series of extremely accurate laser pattern generators for the production of photomasks and advanced surface mounting technology (SMT) equipment for flexible production of electronics. The laser pattern generators are used by the world's leading electronics companies in the manufacture of television and computer displays, semiconductor circuits and semiconductor packaging components. The SMT equipment, including software applications, is used for stencil free jetting of solder paste and surface mounting of electronic components. Micronic headquarters is located in Täby, north of Stockholm and at present the Group has subsidiaries in the United States, Japan, South Korea, Singapore, China, Taiwan, Germany, France, United Kingdom and the Netherlands. For more information about laser pattern generators, see our web sites www.micronic.se and SMT equipment, see www.mydata.com

Report on Review of Interim Financial Information

Introduction

We have reviewed the interim report of Micronic Laser Systems AB (publ), corporate identity number 556351-2374, as of September 30, 2009 and for the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim annual report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

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

Stockholm October 16, 2009
KPMG AB

Anders Malmeby
Authorized Public Accountant

**PROFIT AND LOSS ACCOUNTS, GROUP**

SEK million	July-Sep 09	July-Sep 08	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08	Rolling 12 months
Net sales	156.3	109.6	598.9	235.0	568.6	932.6
Cost of goods sold	-133.4	-92.5	-320.2	-197.0	-407.2	-530.5
Gross profit	22.9	17.1	278.7	38.0	161.5	402.1
Research and development expenses	-68.0	-27.2	-163.3	-103.3	-149.6	-209.6
Selling expenses	-24.6	-13.2	-43.3	-37.8	-52.9	-58.4
Administrative expenses	-22.1	-20.6	-72.6	-63.9	-96.4	-105.2
Other income/expenses	10.5	8.6	6.3	4.7	100.0	101.5
Operating profit/loss	-81.3	-35.3	5.8	-162.3	-37.5	130.5
Financial income and expenses	-1.7	0.2	-1.7	1.2	1.9	-0.8
Profit/loss before tax	-83.0	-35.1	4.1	-161.1	-35.5	129.7
Tax	23.3	9.9	-5.6	45.7	4.9	-46.6
Net profit/loss	-59.7	-25.2	-1.5	-115.4	-30.6	83.1
Earnings/share before and after dilution, SEK	-0.92	-0.64	-0.03	-2.95	-0.78	1.82
Average number of shares before and after dilution, thousands	64,994	39,167	47,870	39,167	39,167	45,677

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK million	July-Sep 09	July-Sep 08	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08	Rolling 12 months
Net profit/loss	-59.7	-25.2	-1.5	-115.4	-30.6	83.1
Other comprehensive income						
Translation differences for the period	-8.0	4.3	-8.2	-1.3	16.5	7.3
Cash flow hedges	0.0	-1.3	2.8	-1.3	-9.4	-2.7
Tax relating to components of other						
Comprehensive income	0.7	0.0	0.8	0.0	0.2	0.8
Other comprehensive income for the period	-7.3	3.0	-4.6	-2.6	7-2	5.4
Total comprehensive income for the period	-67.0	-22.2	-6.1	-118.0	-23.4	88.5

Items affecting comparability with an effect on operating profit/loss, Group and Parent Company

	July-Sep 09	July-Sep 08	Jan-Sept 09	Jan-Sept 08	Jan-Dec 08	Rolling 12 months
<i>Cost of goods sold</i>						
Net write-down of inventories	-	-	-	-	-67.4	-67.4
<i>Other income and expenses</i>						
Sale of property	-	-	-	-	97.7	97.7
Restructuring of operations in Sweden	-	-	-	-	-14.8	-14.8
Operating profit	-	-	-	-	15.5	15.5

RESEARCH AND DEVELOPMENT

SEK million	July-Sep 09	July-Sep 08	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08	Rolling 12 months
R&D expenditure	-48.4	-38.7	-117.8	-145.5	-197.3	-169.6
Capitalized development	0.6	17.7	0.6	60.4	71.9	12.2
Amortization on capitalized development	-19.0	-6.1	-44.9	-18.2	-24.2	-51.1
Amortization on surplus values	-1.2	0.0	-1.2	0.0	0.0	-1.2
Reported R&D costs	-68.0	-27.2	-163.3	-103.3	-149.6	-209.6

**STATEMENTS OF CASH FLOW, GROUP**

SEK million	July-Sep 09	July-Sep 08	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08	Rolling 12 months
Cash flow from operations before change in working capital						
Change in working capital	-55.0	-6.6	1.7	-122.5	33.3	157.5
Cash flow from operations	-11.2	-79.0	123.5	-92.4	-73.8	142.1
Cash flow from investing in development	-0.6	-17.7	-0.6	-60.4	-71.9	-12.2
Cash flow from the sale of fixed assets	-	-	-	-	175.7	175.7
Cash flow from other investing activities	-0.7	-0.9	-1.6	-9.6	-11.3	-3.3
Cash flow from investing in subsidiaries	6.4	0.0	6.4	0.0	0.0	6.4
Cash flow from financing activities	10.0	-1.3	-141.9	-19.6	-102.2	-224.5
Increase/Decrease in cash and cash equivalents	3.9	-98.9	-14.2	-182.0	-83.5	84.2
Opening balance, cash and cash equivalents	353.4	365.0	371.4	450.7	450.7	267.6
Exchange rate differences in cash and cash equivalents	-4.6	1.5	-4.5	-1.1	4.2	0.9
Closing balance, cash and cash equivalents	352.7	267.6	352.7	267.6	371.4	352.7

STATEMENTS OF FINANCIAL POSITION, GROUP

SEK million	30 Sep, 09	30 Sep, 08	31 Dec, 08
ASSETS			
Fixed assets			
Intangible assets	270.3	122.3	126.8
Tangible assets	63.6	199.5	85.9
Long-term receivables	39.1	5.9	38.1
Deferred tax assets	124.2	134.7	90.8
<i>Total fixed assets</i>	<i>497.2</i>	<i>462.4</i>	<i>341.5</i>
Current assets			
Inventories	366.8	406.7	309.7
Current receivables	326.3	206.4	353.8
Cash and cash equivalents	352.7	267.6	371.4
<i>Total current assets</i>	<i>1,045.8</i>	<i>880.7</i>	<i>1,034.9</i>
Total assets	1,543.0	1,343.1	1,376.4
EQUITY AND LIABILITIES			
Equity	1,187.7	793.2	888.6
Long-term interest-bearing loans	11.7	92.5	5.9
Other long-term interest-bearing liabilities	0.0	126.9	142.2
Other long-term liabilities	8.4	6.6	7.7
Deferred tax liabilities	50.9	26.9	22.1
<i>Total non-current liabilities</i>	<i>71.0</i>	<i>253.0</i>	<i>177.8</i>
Short-term interest-bearing liabilities	32.4	14.5	15.2
Other liabilities	251.9	282.5	294.9
<i>Total current liabilities</i>	<i>284.3</i>	<i>296.9</i>	<i>310.0</i>
Total liabilities	355.3	549.9	487.8
Total equity and liabilities	1,543.0	1,343.1	1,376.4

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK million	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08
Opening balance	888.6	907.5	907.5
New issue	303.6		
Total comprehensive income	-6.1	-118.0	-23.4
Equity-settled share-based payments according to IFRS 2	1.6	3.7	4.5



Closing balance 1,187.7 793.2 888.6

KEY FIGURES

	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08
Gross margin 1)	46.5%	16.2%	28.4%
Gross margin, adjusted 4)	49.7%		
Operating margin 2)	1.0%	-69.1%	-6.6%
Operating margin, adjusted 2) 3)	8.6%	-87.0%	-15.0%
Operating margin 2 adjusted 5)	11.8%		
Return on shareholders equity	-0.1%	-13.6%	-3.4%
Equity/total assets	77.0%	59.1%	64.6%
Equity/share, SEK	24.8	20.3	22.7
Average number of employees	425	398	398
Capital expenditure, gross			
Capitalized development costs	0.6	60.4	71.9
Other fixed assets	1.6	9.6	11.3

- 1) Gross margin for FY 2008 was affected by inventory write-downs of SEK 67 million.
 2) Operating margin and adjusted operating margin for FY 2008 include items affecting comparability consisting of inventory write-downs of SEK 67 million, restructuring costs of SEK 15 million and a capital gain of SEK 98 million on the sale of the property in Täby, for a net total of SEK 16 million.
 3) Operating margin adjusted for capitalization and amortization of previously capitalized development costs.
 4) Gross margin adjusted for amortization of excess value in inventories and order backlog referring to the MYDATA acquisition.
 5) Operating margin adjusted for capitalization and amortization of previously capitalized development costs and adjusted for amortization of excess value in inventories and order backlog, technology and customer relations referring to the MYDATA acquisition.

Segment reporting**INCOME, GROUP, SEK million**

	July-Sep 09	Jan-Sep 09
Laser pattern generators	60.3	502.9
Surface mount technology equipment (SMT)	96.0	96.0
	156.3	598.9

OPERATING RESULT, GROUP

MSEK	July-Sep 09	Jan-Sep 09
Laser pattern generators	-61.6	25.4
Surface mount technology equipment (SMT)	1.0	1.0
Amortization surplus value in inventories	-17.0	-17.0
Amortization surplus value in order backlog	-2.0	-2.0
Amortization surplus value in intangible assets	-1.7	-1.7
Group operating profit	-81.3	5.8

INCOME BY GEOGRAPHICAL MARKET, SEK million

Net sales per geographical market	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08
Europe	47.7	0.3	0.2
USA	48.5	13.0	106.4
Asia	501.7	221.7	462.0
Other markets	1.0	0.0	0.0
	598.9	235.0	568.6

QUARTERLY FINANCIAL OVERVIEW, GROUP

SEK million	2009				2008			2007	
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3
Net sales	156.3	375.9	66.7	333.7	109.6	46.4	79.0	224.9	177.9
Gross margin	14.7%	65.1%	16.6%	37.0%	15.6%	-11.2%	31.4%	31.2%	47.1%
EBIT	-52.0%	41.1%	-101.0%	37.4%	-32.2%	-183.0%	-53.2%	-18.8%	-19.2%
Adjusted EBIT	-39.5%	44.5%	-81.6%	35.8%	-42.8%	-215.5%	-72.8%	-15.7%	-5.0%
Profit after tax	-59.7	108.5	-50.3	84.7	-25.2	-60.9	-29.2	-30.2	-24.1
Profit per share	-0.92	2.77	-1.28	2.16	-0.64	-1.55	-0.75	-0.77	-0.62

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PROFIT AND LOSS ACCOUNTS, PARENT COMPANY

SEK million	July-Sep 09	July-Sep 08	Jan-Sep 09	Jan-Sep 08	Jan-Dec 08
Net sales	21.3	78.1	371.7	144.3	433.4
Cost of goods sold	-29.5	-68.7	-167.3	-135.0	-304.0
Gross profit	-8.2	9.4	204.4	9.3	129.4
Research and development expenses	-35.5	-39.0	-105.7	-148.3	-200.7
Selling expenses	-7.1	-11.5	-24.0	-32.4	-47.1
Marketing and administrative expenses	-11.1	-16.3	-55.6	-53.4	-78.1
Other operating income/expenses	-0.7	12.9	-3.3	10.7	106.5
Operating profit/loss	-62.6	-44.5	15.8	-214.1	-90.1
Result from financial investments	0.5	0.6	9.8	3.3	4.0
Profit/loss after financial items	-62.1	-43.9	25.6	-210.8	-86.1
Appropriations	-	-	-	-	5.5
Profit/loss before tax	-62.1	-43.9	25.6	-210.8	-80.6
Tax	18.8	12.3	-4.3	58.9	15.1
Net profit/loss	-43.3	-31.6	21.3	-151.9	-65.5

BALANCE SHEETS, PARENT COMPANY

SEK million	30 Sep, 09	30 Sep, 08	31 Dec, 08
ASSETS			
Non-current assets			
Intangible assets	0.5	2.6	1.6
Tangible assets	51.7	195.3	78.9
Participations in group companies	344.5	24.7	24.7
Receivables from group companies	29.0	27.1	33.5
Other non-current receivables	28.2	0.1	29.9
Deferred tax receivables	81.9	131.0	85.4
<i>Total financial assets</i>	<i>483.6</i>	<i>182.9</i>	<i>173.5</i>
Total non-current assets	535.8	380.8	254.0
Current assets			
Inventories	232.7	362.4	262.0
Current receivables	191.9	175.2	309.5
Cash and cash equivalents	272.3	237.6	337.7
<i>Total current assets</i>	<i>696.9</i>	<i>775.2</i>	<i>909.2</i>
Total assets	1,232.7	1,156.0	1,163.3
EQUITY AND LIABILITIES			
Equity	1,109.4	693.2	785.0
Untaxed reserves	0.0	5.5	0.0
Non-current interest-bearing liabilities	-	203.5	142.2
Current interest-bearing liabilities	-	3.4	0.0
Other current liabilities	123.3	250.4	236.1
<i>Total current liabilities</i>	<i>123.3</i>	<i>253.8</i>	<i>236.1</i>
Total equity and liabilities	1,232.7	1,156.0	1,163.3
Memorandum items	30 Sep, 09	30 Sep, 08	31 Dec, 08
Pledged assets	89.0	191.0	89.0
Contingent liabilities	8.8	91.5	98.4

License agreements have been renegotiated in 2009, thereby leading to decreased future payment obligations in the Parent Company as well as in the Group.

Acquisition of MYDATA

On July 2, 2009, Micronic acquired 100 percent of the shares in MYDATA. The acquisition was carried out through a non-cash issue, after which MYDATA's former principal owner Skanditek holds 38 percent of the shares in Micronic. Micronic's share capital has increased by 26,111,057 shares to a total of 65,277,673 shares.

In the third quarter of 2009, the MYDATA group contributed with SEK -1 million to the consolidated loss. If the acquisition had taken place on January 1, 2009, the Group's net sales would have been SEK 822 million and loss for the first nine months 2009 would have been SEK 27 million.

MYDATA's net assets on the acquisition date

	Carrying amount in MYDATA prior to acquisition	Fair value adjustment	Fair value, reported in Group
SEK million			
Capitalized development costs	70.2	23.0	93.2
Brand	0.0	20.0	20.0
Customer relationships	0.0	13.0	13.0
Order backlog	0.0	2.0	2.0
Tangible assets	7.3	0.0	7.3
Non-current receivables	41.9	0.0	41.9
Inventories	107.5	17.0	124.5
Trade receivables and other receivables	118.4	0.0	118.4
Cash and cash equivalents	22.6	0.0	22.6
Interest-bearing liabilities	-34.5	0.0	-34.5
Provisions	-1.0	0.0	-1.0
Trade payables and other operating liabilities	-113.0	0.0	-113.0
Deferred tax liabilities	-19.3	-19.7	-39.1
Net identifiable assets and liabilities	200.2	55.3	255.5
Acquired goodwill			64.3
Acquisition value, including fees for legal and other consulting services, SEK million			319.8
Fees for legal and other consulting services amount to SEK million			6.5

In connection with the acquisition of MYDATA, Micronic has allocated excess values, i.e. the difference between the cost of acquisition and the value of MYDATA's net assets on the acquisition date, to tangible and intangible assets through a process in which these have been identified and assigned a value. Excess values that could not be attributed to balance sheet items have been attributed to goodwill. An assessment indicates excess values in MYDATA's technology. Like Micronic and in accordance with IFRS, MYDATA capitalizes development projects in the balance sheet until these start to generate revenue. Furthermore, already developed technology has an assessed value for future operations in the merged group. MYDATA has a strong brand under which the company's products are sold and its reported value has been estimated based on a reasonable cost for the use of an equivalent brand. The company's customer relationships also have an assessed value for the merged group, since MYDATA is a firmly established supplier than has delivered a large number of systems to many customers in its markets, where individual customers have also invested in several MYDATA systems over time. In addition, values have been identified in the order backlog existing on the date of acquisition and in inventories. The excess values that are attributed to goodwill consist mainly of values in the expertise found among the company's employees and in the synergies that are expected to arise through the merger. Excess values in the order backlog and inventories are amortized in pace with their realization or sale, which is expected to take place during 2009. Excess values in technology are amortized over a period of five years, which corresponds to the amortization schedule used by MYDATA for capitalized development costs. Excess values in customer relationships are amortized over a period of seven years from the acquisition date. Acquired goodwill and the estimated value

of brands are not amortized on a straight-line basis, but are instead tested regularly for impairment.

The acquisition of MYDATA took place on July 2, 2009, and the acquisition value has been allocated based on the balance sheet at June 30, 2009. Below is a presentation of the two groups' balance sheets at June 30 and a consolidated balance sheet after allocation of actual excess values.

ACQUISITION BALANCE SHEETS	Micronic Group	MYDATA Group	Acquisition adjustment	Merged Group
SEK million	June 30, 2009	June 30, 2009		June 30, 2009
ASSETS				
Non-current assets				
Capitalized development costs	99.3	70.2	23.0	192.5
Other intangible assets	0.9			0.9
Brand			20.0	20.0
Customer relationships			13.0	13.0
Order backlog			2.0	2.0
Goodwill			64.3	64.3
Tangible assets	64.1	7.3		71.4
Non-current receivables	36.6	5.1		41.6
Deferred tax assets	67.6	36.9		104.5
<i>Total non-current assets</i>	<i>268.5</i>	<i>119.5</i>	<i>122.3</i>	<i>510.2</i>
Current assets				
Inventories	269.4	107.5	17.0	394.0
Other receivables	263.2	118.4		381.6
Cash and cash equivalents	353.4	22.6		376.0
<i>Total current assets</i>	<i>886.1</i>	<i>248.5</i>	<i>17.0</i>	<i>1,151.6</i>
TOTAL ASSETS	1,154.5	368.0	139.3	1,661.8
EQUITY AND LIABILITIES				
Equity	950.7	200.2	109.9	1,260.8
Non-current interest-bearing liabilities	5.7	0.0		5.7
Other non-current liabilities	7.7	1.0		8.6
Deferred tax liabilities	19.3	19.3	19.7	58.3
<i>Total non-current liabilities</i>	<i>32.6</i>	<i>20.3</i>	<i>19.7</i>	<i>72.6</i>
Current interest-bearing liabilities	5.5	34.5		40.1
Other current liabilities	165.6	113.0	9.7	288.3
<i>Total current liabilities</i>	<i>171.1</i>	<i>147.5</i>	<i>9.7</i>	<i>328.4</i>
Total liabilities	203.8	167.8	29.4	401.0
TOTAL EQUITY AND LIABILITIES	1,154.5	368.0	139.3	1,661.8



Pro forma accounts

The pro forma accounts refer to the full year 2008 and the nine-month period from January 1 to September 30, 2009. The accounts are presented in order to illustrate how an acquisition at January 1, 2008, would have affected the Group's profit and financial position. In preparation of the pro forma accounts, profit for each period has been charged with one year's or nine months' amortization of amortizable excess values in intangible assets. In the pro forma accounts, the excess values attributed to inventories and the order backlog have been amortized in full during 2008 and are therefore not charged to the pro forma accounts for 2009. This leads to a difference between the pro forma accounts and the actual interim accounts for 2009. The presented pro forma accounts for 2008 have been adjusted compared to the corresponding pro forma accounts that were presented in the acquisition prospectus. The adjustment has been made because the cost of acquisition used in the prospectus was an estimated value based on the share price on the publication date of the prospectus.

PRO FORMA PROFIT AND LOSS ACCOUNTS		
SEK million	Jan-Sep 09	Jan-Sep 08
Net sales	821.8	1,193.9
Cost of goods sold	-449.5	-848.4
Gross profit	372.3	345.5
Research and development	-215.0	-274.0
Selling expenses	-88.7	-158.5
Administrative expenses	-88.8	-124.1
Other income/expenses	-7.2	79.5
Operating profit/loss	-27.4	-131.6
Result from financial investments	-2.4	1.9
Profit/loss before ax	-29.8	-129.6
Tax	3.1	29.7
Profit/loss for the period	-26.8	-99.9

PRO FORMA BALANCE SHEET	
SEK million	Dec 31, 08
ASSETS	
Capitalized development costs	224.1
Other intangible assets	1.6
Brand	20.0
Customer relationships	11.2
Order backlog	0.0
Goodwill	64.3
Tangible assets	93.6
Non-current receivables	46.4
Deferred tax assets	109.5
<i>Total non-current assets</i>	<i>570.6</i>
Inventories	431.3
Current receivables	487.0
Cash and cash equivalents	392.4
<i>Total current assets</i>	<i>1,310.7</i>
TOTAL ASSETS	1,881.3
EQUITY AND LIABILITIES	
Equity	1,213.2
Liabilities	
Non-current interest-bearing liabilities	148.1
Other non-current liabilities	8.7
Deferred tax liabilities	48.9
<i>Total non-current liabilities</i>	<i>205.7</i>
Current interest-bearing liabilities	15.5
Other current liabilities	447.0
<i>Total current liabilities</i>	<i>462.5</i>
Total liabilities	668.1
TOTAL EQUITY AND LIABILITIES	1,881.3

Additional information

This report covers the operations of the Micronic Group, in which the Parent Company Micronic Laser Systems AB accounts for the Group's system sales. Starting in the third quarter of 2009, the acquired MYDATA group is also included as a sub-group. The subsidiaries are responsible for sales of service and after market products in their respective regions, and also support the Parent Company's system sales. In certain cases, systems are sold directly by the subsidiaries.

Accounting policies of the Group

This consolidated interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting and valuation standards applied by the Group are the same as those used in the annual report for 2008 with the following additions. As of 1 January 2009 the Group applies the revised version of IAS 1, Presentation of Financial Statements. IAS 23 has also been issued in a revised version that is effective 1 January 2009. This is not assessed to have any impact on the Group, which has no borrowings of the types covered in the standard. IFRS 8, Operating Segments, is effective as of 1 January 2009. Following the acquisition of MYDATA, the implementation of this standard has given rise to reporting of two operating segments, laser pattern generators and SMT equipment.

Accounting policies of the Parent Company

The accounting and valuation standards applied by the Parent Company in this interim report are the same as those used in the annual report for 2008. The interim report of the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act. Any deviations between the policies applied by the Parent Company and the Group are a result of the Swedish Annual Accounts Act's limitations on the scope for IFRS conformity in the Parent Company.

Accounting estimates and assumptions

The preparation of financial reports in compliance with IFRS requires the company's management to make certain accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities on the closing date and the reported amounts of revenues and expenses during the reporting period. The actual results may differ from these estimates.

Forward-looking statements

Certain statements in this report are forward-looking and are based on the Board of Directors' present expectations and beliefs about future events. Forward-looking information is always associated with risks and uncertainties that can influence the actual outcomes.