



Interim Report January – September 2008

The third quarter in brief

- ❑ Net sales for the third quarter, excluding sold companies, amounted to SEK 14.9 million (18.2).
- ❑ Operating profit (EBIT), excluding sold companies, amounted to SEK 0.1 million (-4.1).
- ❑ A major order worth SEK 13.5 million (EUR 1.4m) over 3½ years has been signed with BWI in Germany. In 2008, licensing income of about SEK 6.6 million will be recognised, with SEK 4.5 million recognised during the quarter.
- ❑ 3i Infotech in India has signed a 5-year deal worth SEK 16.6 million (EUR 1.7m) for consumer services, with about SEK 1.7 million of this income being recognised in 2008. SEK 1.5 million was recognised in the third quarter.
- ❑ Earnings per share of SEK 0.12 (-0.62). The comparative figure for the previous year includes sold companies.

January - September in brief

- ❑ Net sales for the period, excluding sold companies, amounted to SEK 47.1 million (50.1).
- ❑ Operating profit (EBIT), excluding sold companies, amounted to SEK -20.3 million (-29.6), which includes non-recurring items and restructuring costs, as well as write-downs, totalling SEK 7.1 million (1.8).
- ❑ Earnings per share, including operating profit from sold units until the date of sale, amounted to SEK 0.11 (-5.35).

CEO's comments of development

As previously communicated, we are now benefiting from earlier measures and the effects are as predicted. For the first time in a long while, we can report a positive profit for the quarter.

Cash flow for the period was somewhat positive, due to more effective management of working capital.

Important deals signed during the period:

- ❑ 3i in India signed 5-year agreement (total value EUR 1,700,000, of which EUR 175,000 in 2008) for the development of consumer services.
- ❑ BWI signed 3½-year agreement (total value EUR 1,393,580, of which EUR 680,000 in 2008) for PKI¹ for the German army.

Prospects

The positive trend exhibited by the Company is expected to continue, even if there is still a great dependency on larger deals with good timekeeping. Uncertainty in the financial markets has not yet had any negative impact on business, although if the present climate persists this is a risk since many Nexus customers operate in the finance sector.

Nexus sees its greatest market potential in Germany, where many major projects are commencing. Potential also exists in India and Scandinavia where the positive BankID trend is increasing the need for Nexus e-identity² solutions.

Segment divisions

The new segment divisions are reported as of the second quarter 2008 following the sale of the consulting business. The Group's two largest business areas are e-Security Solutions³ and Messaging Solutions⁴.

e-Security Solutions

Net sales within e-Security Solutions for the first nine month amounted to SEK 30.3 million (30.7). License and maintenance income amounted to SEK 24.0 million (24.9). Operating profit after depreciation (EBIT) for the period totalled SEK -10.0 million (-21.4). Operating profit after depreciation (EBIT) for the third quarter was SEK 2.4 million (-2.0).

Messaging Solutions

Net sales within Nexus Messaging Solutions for the first nine month amounted to SEK 15.7 million (15.5). License and maintenance income amounted to SEK 14.4 million (15.1). Operating profit after depreciation (EBIT) for the period totalled SEK 3.3 million (3.2). Operating profit after depreciation (EBIT) for the third quarter was SEK 0.3 million (0.7).

Sales and profits

The Group's net sales for the first nine months, excluding sold companies, amounted to SEK 47.1 million (50.1).

The Group's net sales for the third quarter amounted to SEK 14.9 million (18.2)

The Group's total costs for the first nine months, excluding sold companies, amounted to SEK 67.5 million (79.7).

Financial items for the first nine months amounted to SEK 0.2 million (0.5). Loss after tax, excluding sold units, for the first nine months amounted to SEK -20.2 million (-29.1), which includes non-recurring items and restructuring costs, as well as write-downs, totalling SEK 7.1 million (1.8).

The Group's profit after tax for the third quarter, excluding sold companies, amounted to SEK 0.6 million (-4.3).

Financial position

Cash flow from current operations for the first nine month of 2008 amounted to SEK 5.8 million (-26.4). Investments in tangible and intangible fixed assets during the first nine month amounted to SEK 1.8 million (0.2). Depreciation of tangible and intangible fixed assets amounted to SEK -6.6 million (-5.2). Cash flow from investment activities for the period amounted to SEK 18.8 million (0.2), mostly attributable to cash flow from sales of companies.

The Group's liquid funds totalled SEK 34.6 million (10.0) at the end of the period. Solidity at the end of the period was 76 percent (68).

Parent Company

The Parent Company's sales for the period amounted to SEK 8.7 million (12.9). Profit before tax amounted to SEK -6.9 million (-8.7). Liquid funds at the end of the quarter totalled SEK 19.6 million (1.9)

Employees

At the end of the period, The Group had 56 (110) employees. The average number of employees for the period was 67 (102). Personnel turnover for the period was 12 percent (23).

Nomination Committee

Nexus will in a separate press release publish a proposal for composition of the nomination committee.

Significant risks and uncertain factors

The Group and the Parent Company

Nexus' significant risks and uncertainty factors are described in the 2007 annual report, pages 19 and 27-29. In conjunction with the sales of the

consulting business and the subsidiary in Spain, Nexus has strengthened its finances and reduced its risk exposure as regards project risks, financing and liquidity risks and currency risk. No significant changes are otherwise reported.

Accounting principles

Nexus prepares its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Group uses the same accounting principles and valuation methods as used in the most recent annual report.

The Parent Company prepares its accounts in accordance with the Swedish Annual Accounts Act and the council for financial reporting, RFR 2.1 and uses the same accounting principles and valuation methods as used in the most recent annual report.

Dates of future Financial Reports

19 February 2009	Year-end Report 2008
5 May 2009	Shareholders meeting at the Company's new premises, Årstaängsvägen 19B, Stockholm, Sweden

Stockholm, Sweden 23 October, 2008
Technology Nexus AB (publ)

Board of Directors

Auditors' review

Introduction

We have reviewed this interim report for the period 1 January 2008 to 30 September 2008. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to provide an opinion on the interim report based on our review.

Scope and focus of the review

We conducted our review in accordance with International Standard on Review Engagements 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 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 qualified opinion expressed based on a review does not give the same level of assurance as an unqualified opinion expressed based on an audit.

Qualified opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all essentials, prepared for the group in accordance with IAS 34 and the Swedish Annual Accounts Act.

Stockholm October 23, 2008

Deloitte AB

Peter Gustafsson
Authorised Accountant

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Explanations of terminology

1. PKI technology (Public Key Infrastructure) is a technical standard for public encryption keys.
2. An e-identity (digital identity) is an electronic ID that can be compared with an usual ID, for example a driver's license.
3. e-Security Solutions is Nexus business area focused on PKI-based identification solutions, also known as digital identities and policy-based tools for protecting information by encrypting files and e-mail in accordance with a company's information policy.
4. Nexus Messaging Solutions is Nexus business area focused on messaging.

CONSOLODATED INCOME STATEMENT IN BRIEF					
<i>Amounts in SEK thousands</i>	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007	01/07/2008 -30/09/2008	01/07/2007 -30/09/2007
Net sales*	47 124	50 124	68 557	14 876	18 183
Costs for external consultants and goods for resale	-2 862	-1 363	-3 768	164	-915
Personnel costs (1)	-36 712	-43 419	-57 178	-9 234	-11 239
Costs for premises*	-7 808	-9 282	-6 839	-920	-2 894
Other costs	-13 508	-20 442	-27 905	-3 612	-5 426
Depreciations - tangible fixed assets	-401	-559	-715	-133	-201
Depreciations and write-downs – intangible assets	-6 180	-4 679	-6 238	-1 036	-1 559
Operating profit (EBIT)	** -20 347	-29 620	-34 086	105	-4 051
Financial items (2)	151	535	-44	477	-200
Profit/loss after financial items (EBT)	-20 196	-29 085	-34 130	582	-4 251
Tax	0	0	0	0	0
Profit/loss for the period from remaining operations	-20 196	-29 085	-34 130	582	-4 251
Profit/loss for the period from discontinued operations	20 728	3 514	5 573	0	1 276
Profit/loss for period	532	-25 571	-28 557	582	-2975
Earnings per share, SEK, remaining operations	-4.22	-6.08	-7.13	0.12	-0.88
Earnings per share, SEK, discontinued operations	4.33	0.73	1.16		0.27
Earnings per share incl. dilution, SEK, remaining operations	-4.22	-6.08	-7.13	0.12	-0.88
Earnings per share incl. dilution, SEK, discontinued operations	4.33	0.73	1.16		0.27
Earnings per share, SEK	0.11	-5.35	-5.97	0.12	-0.62
Earnings per share, after dilution, SEK	0.11	-5.35	-5.97	0.12	-0.62

*From 2008, the company is reporting rental income net against costs for premises relating to the additional leasing of premises in Sundbyberg. The comparative figures from previous year have been recalculated to reflect this.

** Includes non-recurring items, restructuring costs and write-downs totalling SEK 7,1 million (1,8).

CONSOLIDATED BALANCE SHEET IN BRIEF			
<i>Amounts in SEK thousands</i>	30/09/2008	30/09/2007	31/12/2007
ASSETS			
Goodwill	39 979	39 979	39 979
Other intangible assets	3 591	8 929	8 603
Tangible fixed assets	2 013	1 983	1 776
Financial fixed assets	2 818	2 433	2 884
Deferred tax claims	5 153	5 153	5 153
Other current assets	33 589	57 752	67 558
Liquid funds	34 611	14 562	9 981
Total assets	121 754	130 791	135 934
EQUITY AND LIABILITIES			
Equity	92 299	92 582	91 906
Long-term liabilities – provisions or pensions	1 191	1 422	1 156
Current liabilities	28 264	36 787	42 872
Total equity and liabilities	121 754	130 791	135 934

CHANGE IN EQUITY IN BRIEF

Amounts in SEK thousands

	30/09/2008	30/09/2007	31/12/2007
Opening balance	91 906	118 907	118 907
Reporting of pensions as per IAS 19	0	0	476
Translation differences	-139	-754	1 080
Profit/loss for period	532	-25 571	-28 557
Closing balance	92 299	92 582	91 906

CASH FLOW STATEMENT

Amounts in SEK thousands

	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007	01/07/2008 -30/09/2008	01/07/2007 -30/09/2007
Cash flow from current operations before change in working capital	-14 503	-23 335	-22 458	1 326	-3 375
Change in working capital	20 288	-3 101	-6 886	435	-11 521
Cash flow from current operations	5 785	-26 436	-29 344	1 761	-14 896
Cash flow from investment activities	18 845	-209	-1 497	-1 192	-57
Cash flow from financing activities	0	385	0	0	
Change in liquid funds	24 630	-26 260	-30 841	569	-14 953
Liquid funds at start of period	9 981	40 822	40 822	34 042	29 515
Liquid funds at end of period	34 611	14 562	9 981	34 611	14 562

NET SALES PER SEGMENT

Amounts in SEK thousands

	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007	01/07/2008 -30/09/2008	01/07/2007 -30/09/2007
e-Security Solutions	30 264	30 715	47 588	10 838	11 289
Messaging Solutions	15 709	15 503	20 586	5 443	4 504
Group-wide & eliminations	1 151	3 906	383	-1 405	2 390
Total	47 124	50 124	68 557	14 876	18 183

OPERATING PROFIT PER
SEGMENT (EBIT)

Amounts in SEK thousands

	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007	01/07/2008 -30/09/2008	01/07/2007 -30/09/2007
e-Security Solutions	-9 993	-21 448	-22 316	2 380	-1 972
Messaging Solutions	3 332	3 247	3 573	339	664
Group-wide & eliminations	-13 686	-11 419	-15 343	-2 614	-2 743
Total	-20 347	-29 620	-34 086	105	-4 051

KEY RATIOS

	*30/09/2008	**30/09/2007	**31/12/2007
Number of shares	4 784 073	4 784 073	4 784 073
Average number of shares	4 784 073	4 784 073	4 784 073
Equity per share, SEK	19.29	19.35	19.21
Profit margin (EBT), %	0.9%	-27.5%	-22.3%
Return on equity, %	0.6%	-24.2%	-27.1%
Return on capital employed, %	0.6%	-24.2%	-27.1%
Equity ratio, %	76%	71%	68%
Net debt	-34 611	-14 562	-9 981
No. of employees on balance sheet date	56	102	98
Average no. of employees	67	110	106
Net sale per average no. of employees	883	846	1 209

*Key ratios include profits from sold operations until the date of sale.

**The comparative figures have been recalculated with regards to a reversed split of 1:20 during May 2007

NOTES	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007	01/07/2008 -30/09/2008	01/07/2007 -30/09/2007
1) Personnel costs					
Personnel costs	-37 826	-43 419	-58 411	-9 713	-11 239
Capitalised product development expenditure	1 114	0	1 233	479	0
	-36 712	-43 419	-57 178	-9 234	-11 239
2) Financial items					
Interest income	649	742	745	274	213
Interest expense	-29	-70	-135	-3	-35
Other financial items	-469	-137	-654	206	-378
	151	535	-44	477	-200

THE PARENT COMPANY'S INCOME STATEMENT IN BRIEF

Amounts in SEK thousands

	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007	01/07/2008 -30/09/2008	01/07/2007 -30/09/2007
Operating income*	8 689	12 851	16 688	2 193	4 259
Costs for external consultants and goods for resale	-471	-824	-1 290	-113	-259
Personnel costs	-8 601	-7 971	-11 165	-2 303	-2 451
Costs for premises*	-6 314	-4 249	-6 244	-560	-1 061
Other costs	-4 760	-8 632	-10 756	-1 536	-1 894
Depreciation – tangible fixed assets	-291	-351	-460	-95	-115
Depreciations and write-downs – intangible assets	-54			-54	
Operating profit after depreciation (EBIT)	-11 802	-9 176	-13 227	-2 468	-1 521
Financial items	4 919	523	25	370	-354
Profit/loss after financial items (EBT)	-6 883	-8 653	-13 202	-2 098	-1 875
Tax	0	0	-2 217	0	0
Profit/loss for period	-6 883	-8 653	-15 419	-2 098	-1 875

*From 2008, the company is reporting rental income net against costs for premises relating to the additional leasing of premises in Sundbyberg. The comparative figures from previous year have been recalculated to reflect this.

THE PARENT COMPANY'S BALANCE SHEET IN BRIEF

Amounts in SEK thousands

	30/09/2008	30/09/2007	31/12/2007
ASSETS			
Tangible fixed assets	1 840	1 459	1 453
Financial fixed assets	9 612	10 132	15 285
Other current assets	49 313	89 524	73 058
Liquid funds	19 567	1 404	1 886
Total assets	80 332	102 519	91 682
EQUITY AND LIABILITIES			
Equity	73 460	93 296	80 342
Long-term liabilities	0	0	0
Current liabilities	6 872	9 223	11 340
Total equity and liabilities	80 332	102 519	91 682

Note 3) Disclosures related to sold operations

In April 2008 Nexus sold its consulting business to IT consultancy Cybercom Sweden East AB, part of the Cybercom Group. The sales price comprised SEK 30 million in fixed compensation and a supplementary sales price (based on profit) of SEK 5 million for 2008. The capital gains are estimated at SEK 22 million plus the supplementary sales price. Liquid funds will increase by SEK 30 million plus the supplementary sales price, with the latter reaching a maximum of SEK 5 million.

In April 2008 the company also sold all shares in the subsidiary Technology Nexus S.A. Spain to the subsidiary's CEO Miguel Muñoz Garcia. The sales price for the shares was one euro and the capital losses are estimated at SEK 1.4 million. These sales were approved at the extraordinary general meeting on April 9, 2008. The consolidated profits, balance sheets and cash flows of the operations for sale are reported below.

SOLD OPERATIONS INCOME**STATEMENT IN BRIEF***Amounts in SEK thousands*

	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007
Operating income	12 070	42 910	59 619
Costs	-11 976	-39 442	-54 109
Profit/loss after depreciation (EBIT)	94	3 468	5 510
Financial items	*20 634	46	63
Profit/loss after financial items (EBT)	20 728	3 514	5 573

* Capital gains from discontinued operations for additional purchase sum SEK 20.656 million is included under financial items total

SOLD OPERATIONS BALANCE**SHEET IN BRIEF***Amounts in SEK thousands*

	*31/03/2008
ASSETS	
Tangible fixed assets	46
Financial fixed assets	66
Other current assets	11 699
Liquid funds	2 608
Total assets	14 419
EQUITY AND LIABILITIES	
Equity	5 799
Long-term liabilities	-
Current liabilities	8 620
Total equity and liabilities	14 419

*Balance sheet as of date of sale.

SOLD OPERATIONS**CASH FLOW STATEMENT***Amounts in SEK thousands*

	01/01/2008 -30/09/2008	01/01/2007 -30/09/2007	01/01/2007 -31/12/2007
Cash flow from current operations before change in working capital	-1 408	-635	2 072
Change in working capital	-6 006	-1 392	89
Cash flow from current operations	-7 414	-2 027	2 161
Cash flow from investment activities	5 536	28	44
Cash flow from financing activities	-	-	-2 837
Change in liquid funds	-1 878	-1 999	-632