MICRONIC LASER SYSTEMS

PRESS RELEASE
219E

Micronic presents fourth quarter and full year 2007

Taby, Sweden, January 28, 2008 – Micronic Laser Systems AB (listed on the OMX Stockholm Stock Exchange, in the category Mid cap, Information Technology": MICR) today presented the Group's interim report for the fourth quarter of 2007 and year-end report for 2007. The information was submitted for publication on January 28, 8:00 a.m.

- Order intake for 2007 was SEK 634 million (604), of which SEK 136 million (60) was booked in the fourth quarter.
- Net sales for 2007 are reported at SEK 523 million (1,204), of which fourth quarter sales accounted for SEK 225 million (266).
- The operating loss for 2007 was SEK 291 million (+123). For the fourth quarter the operating loss was SEK 42 million (+9).
- The operating loss adjusted for capitalization and amortization of development costs was SEK 210 million (+220) for the full year 2007. For the fourth quarter the corresponding figure was a loss of SEK 35 million (+31).
- The loss after tax for 2007 was SEK 207 million (+93), equal to earnings per share of SEK -5.30 (2.37). The loss after tax for the fourth quarter was SEK 30 million (+10), equal to earnings per share SEK -0.77 (0.24).
- The order backlog at December 31, 2007, was SEK 332 million and consisted solely of systems. At year-end 2006 the order backlog was SEK 200 million.

"Sales declined from the prior year's level and reached SEK 523 million, down by a full 57 percent. Since the drop in sales was largely attributable to the display market, where we have our highest margins, this strongly contributed to driving down gross margin to 29 percent. We were also impacted by the negative effects of developments in the foreign exchange market. As a result, Micronic posted an operating loss of SEK 291 million despite cost-cutting measures during the year. Development expenditure in 2007 fell by 12 percent, since we have already developed semiconductor and electronic packaging products for next technology node. The year's development costs include SEK 81 million in net amortization of previously capitalized development costs. Our capitalized development costs for Sigma are now fully amortized," says Sven Lofquist, President and CEO of Micronic Laser Systems AB.

Cont'd on page 2

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Cont'd from page 1

"The market for LCD panels showed powerful development during the year and grew by 26 percent. In the third quarter, we also received system orders for next generation display manufacturing, so-called G10. Capacity expansion in the display industry is expected to accelerate sharply in 2008 and the growing market for LCD photomasks is forecast to stimulate pattern generator investments starting in the second half of 2008," adds Sven Lofquist.

"The semiconductor market was a major disappointment for Micronic in 2007. The year's flat sales were caused by a lack of capacity expansion for volume production of advanced photomasks (sub-100 nm technology nodes). Volume demand for advanced photomasks is proportional to the number of new chip designs, which is determined by the speed at which chip makers move to more advanced technology nodes. In view of this, we expect system sales to pick up in 2008.

Despite uncertainty in the global economy, there are several factors that indicate a growing electronics industry, such as the Olympic Games in China, the phase-out of analogue TV in the USA at the beginning of next year and a rising share of disposable income spent on electronic devices. On the whole, 2008 is expected to be significantly better for Micronic than 2007, but with the bulk of sales in the second half of the year," concludes Sven Lofquist.

Fourth quarter key events

- Micronic received orders for:
  - one laser pattern generator from the Omega series that will be used for semiconductor applications
  - one MMS15000 metrology system for display photomasks
  - a major upgrade of a previously delivered LRS system

- Micronic introduced the Prexision series, pattern generators with improved image quality for next generation display manufacturing.

Key events prior to the fourth quarter 2007

- Micronic received orders for:
  - one laser pattern generator from the LRS series for the production of display photomasks
  - one FPS5100 laser pattern generator for advanced electronic packaging applications
  - two pattern generators Prexision-10 for the production of advanced display photomasks, including masks for next generation display manufacturing, so called G10.

- The Board of Micronic elected Goran Malm as Chairman of the Board for the period until the next Annual General Meeting 2008. Goran Malm succeeds Lars Nyberg who left his seat on the Board due to his new appointment as President and CEO of TeliaSonera.

Key events after the end of 2007

- After the end of the financial year, no events have taken place in the Micronic Group which have had a significant financial impact on the company.

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Markets and Micronic’s products

Displays

Annual sales of LCD display panels in 2007 totaled USD 94 billion, up 26 percent from 2006, and are projected to reach USD 111 billion in 2008 (DisplaySearch, January 2008).

Display industry manufacturing equipment spending fell to USD 8.3 billion in 2007, down by 35 percent compared to 2006. The total capital equipment market is estimated to grow to USD 11.6 billion in 2008 (DisplaySearch, January 2008). The equipment market is driven mainly by capacity expansion, i.e. the addition of new production lines, which in turn is linked to the volume of LCD display panels.

In 2007 the display industry made decisions regarding investment in next generation LCD fabs (G10). By using significantly larger substrates, is it possible to manufacture 65” displays on an industrial scale. Furthermore, the move to larger substrates provides scope to further reduce production costs for 42” displays, one of the most popular sizes for TV sets.

Demand for photomasks is influenced by several factors. Although each photomask has a virtually unlimited life, every display design requires its own specific photomask set. Among other things, the basic volume demand for photomasks is driven by the number of new display designs. When display manufacturers introduce new technology to produce more high performance displays or reduce manufacturing costs, this stimulates demand for larger and more advanced photomasks. Demand for pattern generators is driven not only by the need for volume photomask capacity, but also by new technical requirements such as larger or more advanced photomasks.

In 2007 Micronic launched a new platform, Prexision, which is available in two models. The Prexision-10 is optimized for production of advanced photomasks through G10. The Prexision-8 is designed to meet market requirements for high writing accuracy and productivity for manufacturing of photomasks through G8.

Semiconductors

2007 began with weak development in the semiconductor market and the anticipated upswing in the second half of the year turned out to be modest. Total IC sales in 2007 reached USD 220 billion, corresponding to an increase of 5 percent from 2006 (VLSI Research, January 2008).

Although the top chip makers are maintaining the same rapid pace of development as earlier, the number of companies building leading edge fabs has declined as a consequence of the rising costs of developing and manufacturing leading edge ICs. Instead, chip companies are increasingly outsourcing their production to contract chip makers, known as “wafer foundries”. The underlying reason for this is the massive investment that is required for the latest technology nodes, at 90 nm and below. Furthermore, fewer designs are being made for the advanced nodes and new designs for these nodes are tending to be released at a slower rate. The ramp-up to volume production of photomasks for the advanced technology nodes has started, but has not yet filled the available capacity of e-beam systems.

Photomask sales in 2007 are expected to reach USD 3.2 billion (VLSI Research, September 2007). The three dominant merchant photomask manufacturers – Toppan Printing, Dai Nippon Printing and Photronics – account for nearly 60 percent of the market. Of the remaining market share, about 35 percent is distributed among captive mask shops. The market share for captive mask shops has been expanding, due to the competitive value of close integration between chip design and production.

The Sigma7500-II laser pattern generator, which was launched in April, is targeted for use on the majority of the mask layers at the 65 nm technology node. In 2007 Micronic continued its collaboration with leading photomask makers to qualify the system for the 65 nm node.

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Micronic's strategy is to qualify the Sigma systems for leading-edge photomasks at 65 nm and 45 nm, so that they will be positioned in mask shops when the ramp-up to volume production begins.

Only around 10 percent of all photomasks currently produced are used for technology nodes at 90 nm and beyond (SEMATECH, September 2007). Micronic's Omega6000 series of pattern generators is targeted at the other 90 percent of the market, consisting of mainstream ICs and image sensors for digital cameras and camera phones. Most photomasks today are produced by aging systems with rising maintenance costs, which make investments in new high productivity laser systems profitable.

Micronic's assessment is that the number of pattern generators shipped in 2007 has fallen from the earlier level of around 20 systems to between 10 and 15 units. Laser tools have been more strongly impacted by this than e-beam tools, where sales have targeted the most critical mask layers. Micronic's market share in 2007 was small.

Electronic Packaging
Electronic packaging technology is used to bond an IC chip to a printed circuit board. There is considerable variety in the range of technologies and photomasks used for the most advanced packages. One important application is advanced IC substrates, a market that is expected to grow from USD 5.6 billion in 2007 to USD 9.7 billion in 2011 (Japan Marketing Survey, May 2007).

The number of pattern generators sold in 2007 was on par with 2006, at around 10 units. Micronic has a market share of just over 40 per cent and competes with Dai Nippon Screen and Heidelberg (Micronic, January 2008). The outlook for 2008 indicates a drop in system sales compared to 2006-2007, which can be attributed to feeble growth in the semiconductor market during 2007. Micronic's FPS5100 is well positioned to meet future technology requirements and remains the most advanced system on the market.

After market
The after market, consisting of service contracts, add-on products and consulting services, is gaining importance for Micronic. Service contracts are a stable source of revenue even in periods with weaker system sales. However, sales of add-on products and consulting services have been affected by a flat photomask market. Total after market sales rose slightly during the year and amounted to SEK 186 million.

Comments on the Group result and financial position

Order intake and order backlog
Order intake in 2007 amounted to SEK 634 million (604), of which orders from the after market accounted for SEK 186 million (176) and system orders for SEK 448 million (428). In 2007 Micronic received orders for a total of 6 systems (8), consisting of 4 systems (3) for display applications, 1 system (2) for semiconductor applications and 1 system (3) for electronic packaging applications.

The order backlog at year-end 2007 totaled SEK 332 (200) million and consisted solely of system orders.

Sales
Net sales in 2007 reached SEK 523 million (1,204), of which SEK 225 million (266) referred to the fourth quarter. Service and after market sales accounted for SEK 186 million (176). The Group's base of installed systems is expanding in pace with new installations. When the warranty period ends the majority of customers enter into service contracts, leading to increased service revenue. As the number of systems in the field rises this is also increasing the potential for other after market business, a trend that is expected to continue. System sales in 2007 amounted to

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SEK 338 (1,027) million and consisted of 4 (9) systems for display applications, 1 (4) system for semiconductor applications and 3 (2) systems for electronic packaging applications. All system sales in 2007 were shipped to customers in Asia, compared to 98 percent in 2006.

Operating profit

The Micronic Group reported an operating loss of SEK 291 million (+123) for the full year 2007 and an operating loss of SEK 42 million (+9) for the fourth quarter. Operating profit is affected by capitalization and amortization of capitalized development costs. Adjusted for these items, the operating loss was SEK 210 million (+220) for 2007 and SEK 35 million (+31) for the fourth quarter. The negative result is explained by significantly lower sales in 2007 at a lower gross margin, which was only partly compensated by decreased costs.

Operating expenses

Operating expenses in 2007 totaled SEK 814 million (1,082), of which the cost of goods sold accounted for SEK 370 million (550). Gross profit for the full year 2007 was SEK 153 million (654), equal to a gross margin of 29 percent (54). Gross margin for the fourth quarter was 31 percent (53). Gross profit is charged with direct costs for delivered goods and services, including costs for system setup at the customer site and warrantees. All estimated remaining costs are recognized in connection with shipment and revenue recognition of a system. Depending on volumes and the product mix, gross profit, and therefore also gross margin, can vary over time. In addition, gross profit is charged with certain fixed costs for the production department and in some cases with indirect manufacturing and logistics overheads. In the fourth quarter of 2007, inventories were written down by approximately SEK 14 million. The write-down referred to parts used in products that are no longer marketed. Furthermore, costs for certain technical and customer-related activities are expensed as incurred within this function.

Research and development

Operating profit for 2007 was charged with R&D expenses of SEK 279 million (318). Actual R&D expenditure during the year was SEK 198 million (222). Aside from this, operating profit was charged with SEK 115 million (129) in amortization of previously capitalized development costs. In 2007, new development projects were capitalized in an amount of SEK 34 million (32). See also table on page 11. 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. In the fourth quarter of 2007, amortization of capitalized development costs decreased when the related costs for Sigma were fully amortized. At the same time, amortization of other development projects has begun but is less substantial than that for Sigma.

In 2007 Micronic's R&D activities were focused mainly on completion of new products for shipment to customers, as well as enhancements in the production reliability of Micronic's existing systems. Development of the Prexision-8 series was completed and has led to a product with significantly higher performance, productivity and stability. In 2007, Micronic developed and shipped the first systems in the FPS series and launched the Sigma7500-II. The Sigma has also been developed with a fully automated loading module, which makes this the first pattern generator to be implemented in a fully automated and remote-controlled production flow. In addition, Micronic has continued an ongoing development project to improve the production reliability of the tools, measured either in uptime or production yield, which represents the percentage of photomasks that meet quality requirements after final processing. These efforts have improved the average uptime of Micronic's systems in the field.

Selling and administrative costs

Selling expenses in 2007 totaled SEK 49 million (112), of which SEK 13 million (22) refers to the fourth quarter. Sales commissions amounted to SEK 11 million (55), equal to 3 (5) percent of system sales. The lower selling expenses reflect Micronic's shift toward in-house management of sales activities in the Group, instead of using agents as earlier, as well as lower volumes in 2007.

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Administrative expenses in 2007 amounted to SEK 103 million (81), of which SEK 33 million (18) refers to the fourth quarter. The increase in administrative expenses is explained by the effect of a partly new organization with a stronger focus on product management. These product management expenses, which amounted to SEK 38 million in 2007, were previously reported in the development and sales functions. Administrative expenses in 2007 were also charged with costs for the employee stock option program approved by the 2007 AGM, which runs until 2012. The estimated total cost of the program is approximately SEK 15 million, and will be allocated over the period ending in March 2010. Profit for 2007 has been charged with costs of around SEK 4.5 million arising from the employee stock option program.

Other expenses in 2007 amounted to SEK 13 million (20) and consisted mainly of foreign exchange differences.

Tax

The consolidated loss before tax for the full year 2007 was SEK 288 million (+126). The Group's total effect on tax was SEK 80 million (-33). Of total reported tax, approximately SEK -6 million (-6) consists of current tax arising in the foreign subsidiaries and the remainder of deferred tax. The Parent Company's loss before tax for 2007 was SEK 227 million (+204). The difference in the pre-tax loss between the Group and the Parent Company is largely explained by the fact that development costs are reported as incurred in the Parent Company, while certain development costs in the Group are capitalized in the balance sheet to be later expensed as amortization. The closing balance of accumulated loss carry forwards in the Parent Company at year-end was SEK 247 million (30), of which the full amount is expected to be utilized against future taxable profits in the Parent Company.

Earnings per share

The consolidated loss after tax for the full year 2007 was SEK 207 million (+93). The total number of shares outstanding at December 31, 2007, was 39,166,616. Under the stock option program adopted by the AGM, the number of shares may be increased by not more than 1,540,000 to 40,706,616. Earnings per share before and after dilution and calculated on the average number of shares in 2007, amounting to 39,166,616, were SEK -5.30 (2.37). The average number of shares has not been affected by any dilution, since the Group has shown a loss for 2007 and at the same time the market price is lower than strike prices of the option program.

Capital expenditure

The Group's total capital expenditure in 2007 was SEK 45 million (97), of which SEK 34 million (32) is attributable to capitalization of development costs. Other investments, amounting to SEK 11 million, refer primarily to the purchase of computers, investments in the business system and modifications in the Taby property, and were mostly made in Sweden.

Cash flow, liquidity and financial position

The Group's cash and cash equivalents at December 31, 2007, amounted to SEK 451 million (628). Consolidated cash flow for 2007 was SEK -176 million. Operating activities generated a negative cash flow of SEK 77 million, compared to a positive cash flow of SEK 219 million in 2006. Investing activities generated a negative cash flow of SEK 45 million, compared to SEK 97 million in 2006. Financing activities generated a negative cash flow of SEK 54 million, compared to SEK 51 million in 2006. ASML has carried out some development of the SLM technology that will benefit Micronic, for which reason a portion of an advance payment has been refunded according to an agreement between the companies. The refund, which was made in the first quarter of 2007, amounted to SEK 32 million. Liabilities relating to finance leases have been reduced by SEK 11 million. Net borrowing in the Group has otherwise decreased by SEK 11 million, of which the bulk is attributable to the subsidiaries.

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Employee stock option program

The Annual General Meeting of Micronic on 29 March 2007 resolved to approve an employee stock option program 2007/2012. Under the program Micronic may issue 1,540,000 warrants for subscription to shares, whereby the company's share capital may be increased by not more than SEK 1,540,000. The terms of the program have been drawn up in collaboration with the company's largest shareholders, and will involve allocation to the employees in Sweden on three occasions, after the publication of the interim reports for the second, third and fourth quarters of 2007. The strike price will be equal to 115 percent of the average market value on the ten trading days following publication of the respective interim reports.

The members of the executive management together hold 224,000 warrants.

Dividend and disposition of accumulated deficit

No dividend is proposed. The Parent Company's accumulated deficit for the period will be carried forward to new account.

Personnel

The average number of employees in the Group during 2007 was 416 (462), of whom 301 (347) work in the Parent Company. Women make up 17 percent (18) of the Group's average number of employees. At the end of 2007, the number of employees in the Group was 413 (450).

Comments on the Parent Company's results and financial position

Micronic Laser Systems AB, based in Taby outside Stockholm, is the parent company of the Micronic Group. The Group's development and manufacturing activities are carried out by the Parent Company.

The Parent Company's net sales for 2007 are reported at SEK 412 million (1,140) and consist of systems, upgrades and service. The operating loss was SEK 227 million (+204).

In the Parent company, all R&D costs are 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 2007 totaled SEK 424 million, compared to SEK 604 million at year-end 2006. Of the year's negative cash flow of SEK 180 million, operating activities utilized a total of SEK 136 million including changes in working capital. Investing activities generated a negative cash flow of SEK 10 million and refer mainly to investments in business systems, the purchase of computers, and certain modifications in the Taby property. Financing activities generated a negative cash flow of SEK 35 million, of which the bulk, SEK 32 million, comprises repayment of the advance from ASML according to an agreement between the companies.

Significant risks and uncertainties

Through its operations, both 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 internal loss prevention measures and ongoing development of the Group's insurance solutions, Micronic minimizes its total risk and therefore also the cost of risk management.

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In the short term, the company's operations, profitability and financial position could be affected by continued limited investments in the electronics industry. The market is characterized by a small number of customers, which for Micronic represents a concentration of customer risk. This means that reduced order intake from, or sales to, an individual customer can have a significant impact on profit and 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 systems. Due to the rapid rate of technological development in the areas where the Group is active, Micronic is continuously exposed to a risk that the products it delivers will not meet the customers' high technical requirements. 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 is managed primarily by using foreign exchange contracts to hedge contracted cash flows. 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. The relatively limited number of customers also represents a concentration of credit risk for Micronic, meaning the risk that the 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.

Future outlook

Display manufacturing equipment spending is set to rise by 35 percent in 2008 (DisplaySearch, January 2008), which is predicted to generate increased demand for photomasks. Micronic anticipates a shift in the market for pattern generators towards systems with higher complexity and productivity. Over time, the company also expects to sell fewer pattern generators than previously, but at a higher price per system. As a result, the lower number of system units will be compensated by higher overall order values.

The market for semiconductor chips is expected to grow by 7 percent in 2008. Semiconductor equipment spending is forecast to decline by 5 percent (VLSI Research, January 2008). However, the advantages of the Sigma7500 will become increasingly important as production volumes for sub-100 nm mask production accelerate over the next few years. Micronic expects the market for Sigma to expand in pace with rising photomask volumes and cost-effectiveness requirements for the leading edge technology nodes.

Older pattern generators are costly to keep online and the ongoing decommissioning of these tools is creating a demand for new capacity. The Omega series is well positioned for the replacement market and is continuing to sell for mainstream photomask applications.

With the anticipated recovery in the pattern generator markets from their current low level, it is the Board of Directors' assessment that sales for 2008 will exceed the sales for 2007 and that the second half of the year will be stronger than the first.

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Nomination Committee
The Nomination Committee ahead of the 2008 AGM consists of:
Anders Ljungqvist (AMF), representing 10.0 percent of the votes on September 30, 2007
Annika Andersson (Fourth National AP Fund), representing 9.0 percent of the votes on September 30, 2007.
Ulf Stromsten (Catella), representing 8.9 percent of the votes on September 30, 2007
Ramsey Brufer (Alecta), representing 7.9 percent of the votes on September 30, 2007

Board Chairman Goran Malm is also a member of the Nomination Committee.

Financial calendar

Annual General Meeting	April 3, 2008
Interim report January-March	April 18, 2008
Interim report January-June	July 8, 2008
Interim report January-September	October 17, 2008

A printed version of the 2007 Annual Report will be sent to all registered shareholders and will be available at the company's offices during week 11 (March 10-14).

2008 AGM

The 2008 Annual General Meeting will be held at 5:00 p.m. on Thursday, April 3, 2008, in the Galleriet conference room at Nasby Slott, Djursholmsvagen 30, in Taby.

Taby, January 28, 2008
Micronic Laser Systems AB (publ.)

The Board of Directors

Micronic Laser Systems 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 metrology systems for display photomasks. The technology involved is known as microlithography. Micronic's systems are used by the world's leading electronics companies in the manufacture of television and computer displays, semiconductor circuits and semiconductor packaging components. Micronic is headquartered in Taby, north of Stockholm, and has subsidiaries in Japan, the United States, South Korea and Taiwan. The company has 413 employees. For more information visit our website: http://www.micronic.se

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Report on Review of Interim Financial Information

Introduction
We have reviewed the interim report of Micronic Laser Systems AB (publ), corporate reg no 556351-2374, as of December 31, 2007 and for the twelve-month period then ended. The Board of directors 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 semi-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, January 28, 2008
KPMG Bohlins AB

Anders Malmeby
Authorized public accountant

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INCOME STATEMENTS, GROUP

SEK million	Oct-Dec 07	Oct-Dec 06	Jan-Dec 07	Jan-Dec 06
Net sales	224.9	265.5	523.0	1,204.1
Cost of goods sold	-154.8	-124.5	-369.7	-550.0
Gross profit	**70.1**	**141.0**	**153.3**	**654.1**
R&D costs	-62.3	-83.0	-279.0	-318.5
Selling expenses	-13.1	-22.3	-48.7	-112.1
Administrative expenses	-33.0	-18.0	-103.4	-81.1
Other income/expenses	-4.0	-8.8	-13.0	-19.8
Operating profit	**-42.3**	**8.9**	**-290.8**	**122.6**
Financial income and expenses	0.8	1.5	3.3	3.6
Profit/loss after financial items	**-41.5**	**10.4**	**-287.5**	**126.2**
Tax	11.3	-1.1	80.0	-33.3
Net profit	**-30.2**	**9.3**	**-207.5**	**92.9**
Earnings/share before and after dilution, SEK	-0.77	0.24	-5.30	2.37
Average number of shares before and after dilution, thousands	39,167	39,167	39,167	39,167

CASH FLOW STATEMENTS, GROUP

SEK million	Oct-Dec 07	Oct-Dec 06	Jan-Dec 07	Jan-Dec 06
Cash flow from operating activities before change in working capital	15.6	10.8	-99.7	270.0
Change in working capital	59.5	42.2	22.4	-51.0
Cash flow from operating activities	**75.1**	**53.0**	**-77.3**	**219.0**
Cash flow from investing activities	-13.0	-17.6	-44.6	-97.4
Cash flow from financing activities	-7.9	-11.0	-54.4	-50.9
Increase/Decrease in cash and cash equivalents	**54,2**	**24.4**	**-176.3**	**70.7**
Opening cash and cash equivlents	396.8	604.7	627.8	561.9
Exchange rate differences in cash and cash equivlents	-0.3	-1.3	-0.8	-4.8
Closing cash and cash equivlents	450.7	627.8	450.7	627.8

RESEARCH AND DEVELOPMENT

SEK million	Oct-Dec 07	Oct-Dec 06	Jan-Dec 07	Jan-Dec 06
R&D expenditure	-55.4	-61.0	-198.4	-221.7
Capitalized development costs	10.9	10.3	34.1	32.4
Amortization of capitalized development	-17.8	-32.3	-114.7	-129.2
Reported R&D costs	**-62.3**	**-83.0**	**-279.0**	**-318.5**

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BALANCE SHEETS, GROUP

SEK million		
ASSETS	**31 Dec, 07**	**31 Dec, 06**
Fixed assets		
Intangible assets	83.9	168.2
Tangible assets	246.4	306.0
Long-term receivables	5.3	5.2
Deferred tax assets	77.8	3.4
Total fixed assets	**413.4**	**482.8**
Current assets		
Inventories	333.6	353.3
Current receivables	309.0	245.8
Cash and cash equivalents	450.7	627.8
Total current assets	**1,093.3**	**1,226.9**
Total assets	**1,506.7**	**1,709.7**
EQUITY AND LIABILITIES		
Equity	**907.5**	**1,109.8**
Long-term interest-bearing loans	90.4	113.2
Other long-term interest-bearing liabilities	90.0	117.6
Other long-term liabilities	5.5	5.0
Deferred tax liabilities	20.9	32.4
Short-term interest-bearing liabilities	66.1	64.9
Other liabilities	326.3	266.8
Total liabilities	**599.2**	**599.9**
Total equity and liabilities	**1,506.7**	**1,709.7**

CHANGES IN EQUITY, GROUP

SEK million	**Jan-Dec 07**	**Jan-Dec 06**
Opening balance	**1,109.8**	**1,025.3**
Changes in translation reserve	-3.4	-7.3
Equity-settled share-based payments, IFRS 2	4.5	-
Changes in hedge reserve	4.0	-1.0
Total transactions recognized directly in equity	5.1	-8.3
Net result	-207.5	92.9
Closing balance	**907.4**	**1,109.8**

KEY FIGURES

	Jan-Dec 07	**Jan-Dec 06**
Gross margin	29.3%	54.3%
Operating margin	-55.6%	10.2%
Operating margin, adjusted 1)	-40.2%	18.2%
Return on equity	-20.6%	8.7%
Equity/total assets	60.2%	64.9%
Equity/share, SEK	23.2	28.4
Average number of employees	416	462
Capital expenditure, gross		
Capitalized development expenditure	34.1	32.0
Other fixed assets	10.5	65.0

1) Operating profit adjusted for capitalization and amortization of previously capitalized development expenditure.

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INCOME STATEMENTS, PARENT COMPANY

SEK million	Oct-Dec 07	Oct-Dec 06	Jan-Dec 07	Jan-Dec 06
Net sales	199.8	245.6	412.4	1,140.4
Cost of goods sold	-132.6	-114.7	-303.1	-516.3
Gross profit	**67.2**	**130.9**	**109.3**	**624.1**
Research and development expenses	-55.6	-61.7	-199.4	-222.3
Selling expenses	-14.9	-21.3	-46.9	-112.0
Administrative expenses	-29.3	-14.0	-85.3	-62.8
Other operating income/expenses	-1.2	-9.2	-4.7	-22.7
Operating profit	**-33.8**	**24.7**	**-227.0**	**204.3**
Result from financial investments	1.5	2.7	6.0	6.7
Profit/loss after financial items	**-32.3**	**27.4**	**-221.0**	**211.0**
Tax	9.3	-4.3	62.5	-56.8
Net profit	**-23.0**	**23.1**	**-158.5**	**154.2**

BALANCE SHEETS, PARENT COMPANY

SEK million		
ASSETS	**31 Dec, 07**	**31 Dec, -06**
Fixed assets		
Intangible assets	6.4	10.1
Tangible assets	233.5	280.1
Participations in group companies	24.7	24.7
Receivables from group companies	26.2	27.2
Other long-term receivables	0.1	0.1
Deferred tax receivables	74.0	9.5
Total financial assets	*125.0*	*61.5*
Total fixed assets	**364.9**	**351.7**
Current assets		
Inventories	284.1	303.3
Current receivables	269.5	209.4
Cash and cash equivalents	423.7	604.2
Total current assets	*977.3*	*1,116.9*
Total assets	**1,342.2**	**1,468.6**
EQUITY AND LIABILITIES		
Equity	**839.4**	**994.1**
Untaxed reserves	5.5	5.5
Long-term interest-bearing liabilities	169.1	200.2
Current interest-bearing liabilities	36.6	35.1
Other current liabilities	291.6	233.7
Total current liabilities	*328.2*	*268.8*
Total equity and liabilities	**1,342.2**	**1,468.6**
Memorandum items		
Pledged assets	191.0	191.0
Contingent liabilities	99.5	154.8

In 2007 the agreement with the Fraunhofer Institute was renegotiated, with decrerasing future payment obligations as a result.

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INCOME STATEMENTS BY QUARTER, GROUP

SEK million	Q 1	Q 2	Q 3	Q 4	Total 2007	Q 1	Q 2	Q 3	Q 4	Total 2006
Net sales	39.5	80.7	177.9	224.9	523.0	377.3	463.8	97.5	265.5	1,204.1
Cost of goods sold	-51.3	-69.5	-94.1	-154.8	-369.7	-146.5	-184.3	-94.7	-124.5	-550.0
% of Net sales	-130%	-86%	-53%	-69%	-71%	-39%	-40%	-97%	-47%	-46%
Gross profit	-11.8	11.2	83.8	70.1	153.3	230.8	279.5	2.8	141.0	654.1
% of Net sales	-30%	14%	47%	31%	29%	61%	60%	3%	53%	54%
R & D	-71.2	-74.7	-70.8	-62.3	-279.0	-73.8	-83.8	-77.8	-83.0	-318.4
% of Net sales	-180%	-93%	-40%	-28%	-53%	-20%	-18%	-80%	-31%	-26%
Selling expenses	-9.8	-12.0	-13.8	-13.1	-48.7	-38.3	-34.7	-16.8	-22.3	-112.1
% of Net sales	-25%	-15%	-8%	-6%	-9%	-10%	-7%	-17%	-8%	-9%
Administrative expenses	-22.4	-22.9	-25.1	-33.0	-103.4	-20.8	-22.9	-19.4	-18.0	-81.1
% of Net sales	-57%	-28%	-14%	-15%	-20%	-6%	-5%	-20%	-7%	-7%
Other income/expenses	6.9	-7.6	-8.2	-4.0	-13.0	-2.3	-8.1	-0.7	-8.8	-19.8
EBIT	-108.3	-106.0	-34.1	-42.3	-290.8	95.6	130.0	-111.9	8.9	122.6
% of Net sales	-274%	-131%	-19%	-19%	-56%	25%	28%	-115%	3%	10%
Financial income and expenses	1.2	0.9	0.3	0.8	3.3	-0.1	1.2	1.0	1.5	3.6
Result after financial items	-107.1	-105.1	-33.8	-41.5	-287.5	95.5	131.2	-110.9	10.4	126.2
Tax	29.4	29.6	9.7	11.3	80.0	-27.7	-36.9	32.4	-1.1	-32.3
Net profit	-77.7	-75.5	-24.1	-30.2	-207.5	67.8	94.3	-78.5	9.3	92.9
% of Net sales	-197%	-94%	-14%	-13%	-40%	18%	20%	-81%	3%	8%

SEGMENT REPORTING

SEK, million

Net sales per geographical market	Jan-Dec 07	Jan-Dec 06
Europe	2.5	0.4
USA	16.6	33.3
Asia	503.8	1,170.5
	522.9	**1,204.2**

Assets, December 31, 2007	Europe	USA	Asia
Intangible assets	83.9	-	-
Other fixed assets	310.2	1.5	17.8
Inventories	284.1	8.0	41.5
Current receivables	217.8	2.8	88.4
Cash and cash equivalents	423.8	3.5	23.3
	1,319.8	**15.8**	**171.0**
Investments, Jan-Dec 2007			
Intangible assets	34.1	-	-
Tangible fixed assets	9.8	0.3	0.3
	43.9	**0.3**	**0.3**

Assets, December 31, 2006	Europe	USA	Asia
Intangible assets	168.2	-	-
Other fixed assets	293.3	1.6	19.7
Inventories	303.3	9.1	40.9
Current receivables	70.2	2.5	173.2
Cash and cash equivalents	604.3	4.0	19.4
	1,439.3	**17.2**	**253.2**
Investments, Jan-Dec 2007			
Intangible assets	32.4	-	-
Tangible fixed assets	60.9	0.2	3.9
	93.3	**0.2**	**3.9**

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Additional information
This interim and full-year report covers the operations of the Micronic Group and the Parent Company, in which the Parent Company accounts for the Group's system sales. The subsidiaries are responsible for service and aftermarket sales in their respective regions, and also support the Parent Company's system sales.

Accounting policies of the Group
This consolidated interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is consistent with the requirements in the Swedish Financial Accounting Standards Council's recommendation RR31, Consolidated Interim Reports. The accounting and valuation standards applied by the Group are the same as those used in the annual report for 2006.

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 2006.
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 and of the exemption rules in RR32, Accounting for legal Enteties, arising from the connection between accounting and taxation.

Accounting estimates and assumptions
The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates and assumptions. When preparing the financial statements, the company's management is required to make certain 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 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.

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