

Interim report for AudioDev AB

January 1– March 31, 2008

(Figures in brackets relate to January – March 2007)

- Net sales totalled SEK 14.7 million (33.2)
- Profit/loss after financial items amounted to SEK -15.8 million (-10.3)
- Net profit/loss for the quarter totalled SEK -12.7 million (-9.7)
- Profit/loss per share, after dilution, was SEK -0.76 (-0.58)
- The order backlog totalled SEK 23.2 million (12.5) at the end of the quarter
- The format war is over following Warner Bros Entertainment's decision to use the BD blue laser format exclusively, and Toshiba have since announced that they are phasing out the development and production of the HD-DVD competing format.

AudioDev discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 12.15 p.m. on April 24th 2008.

AudioDev is a world leading supplier of complete solutions for quality control of optical media and of inspection systems for quality assuring the manufacture of thin layers and films. The group's products for quality assurance and production efficiency are marketed under the brands ETA™, CATS™ and GO!™. The customer base includes companies involved in the manufacturing of optical media, flat panel displays and other industrial applications where thin layers need to be checked for quality with respect to colour determination, measuring thickness and density. AudioDev has a complete offering that includes high precision analyzers, analyzers for production control, extensive customer support, training and TestCenters across the world.

Net sales in 2007 were SEK 111.2 million, with the largest markets being in the US, Asia and Europe. The head office is based in Malmö, Sweden AudioDev has been listed on the OMX Nordiska Börs Stockholm exchange since September 2000.

This is AudioDev

AudioDev is the world-leading supplier of test equipment for quality control of optical media such as CD, DVD and BD (Blu-ray Disc).

Based on its leading market position in optical media, a cornerstone of the company's strategy is exploiting new segments that generate good profitability.

Additional growth is to be secured by expanding the market for AudioDev's technology. This will be achieved partly through the development of core activities and partly through the acquisition of closely related businesses. A step in this direction was taken last year when AudioDev acquired Steag ETA-Optik, a German company specialised in measuring techniques and spectrometry. The company's name has since changed to AudioDev GmbH. The product range includes in-line and off-line analyzers as well as products for applications outside of optical media. All in all, these new products and core technologies represent a platform for continued growth.

Following the acquisition, AudioDev is active in quality control of optical media, flat panel displays and other industrial applications where thin layers need to be quality assured with respect to colour, thickness and density etc. The group's products for quality assurance and production efficiency are marketed under the brands ETA™, CATS™ and GO!™. AudioDev offers a complete package with high precision analyzers, analyzers for production control, including customer support, training and TestCenters across the world.

Market Development

The optical media industry's manufacturing processes for red-laser based formats such as DVD and DVD-R/RW are both well-established and technically reliable, which has restricted the needs of manufacturers for new investment in production equipment, which includes analyzers. As these formats have been in a mature phase for some time, AudioDev does not envisage any increased investment need. AudioDev holds a 50 percent share of the global market for electrical testing equipment for red-laser based formats.

The market for blue-laser based formats has been characterised by uncertainty as to which blue laser format, BD or HD-DVD, will be the choice for the

future. Warner Bros Entertainments decision in January that the company's blue-laser based titles will be distributed exclusively in BD was a welcome and important step in determining the outcome of the format war. The decision also led to other market actors expressing their support for BD, which contributed to Toshiba, which was at the cutting edge of the HD DVD technology, announcing that both its development and production of this technology was to be phased out. It can thereby be declared that the format war is over, and one of the largest factors of uncertainty on the market has been removed.

With the BD format as the winner, many of the producers of optical media must now make a decision and evaluate the new position. Actors that have so far exclusively invested in HD-DVD are facing new market conditions which require new investment decisions. At the same time, demand has not really gathered any pace as most consumers have yet to see the overall benefit of the new high-resolution formats. This is partly down to the fact that TV programmes transmitted in High Definition are still rare, and partly because players that can handle the BD format are still relatively expensive and the range of high-resolution media, such as films, is limited. AudioDev dominates the market for signal testing equipment for blue-laser based formats from a sales perspective, and harbours a continued high level of confidence that this format will show lasting growth despite the prevailing uncertainty

The market for thin film measurement, with its widely differing applications, is assessed as extremely important for AudioDev's future growth. There are a number of market areas that at present are more or less without any commercially available solutions. AudioDev has the capacity to deliver these, based on the company's current technology. This means that AudioDev's confidence in the potential in these markets has been further boosted over the past period.

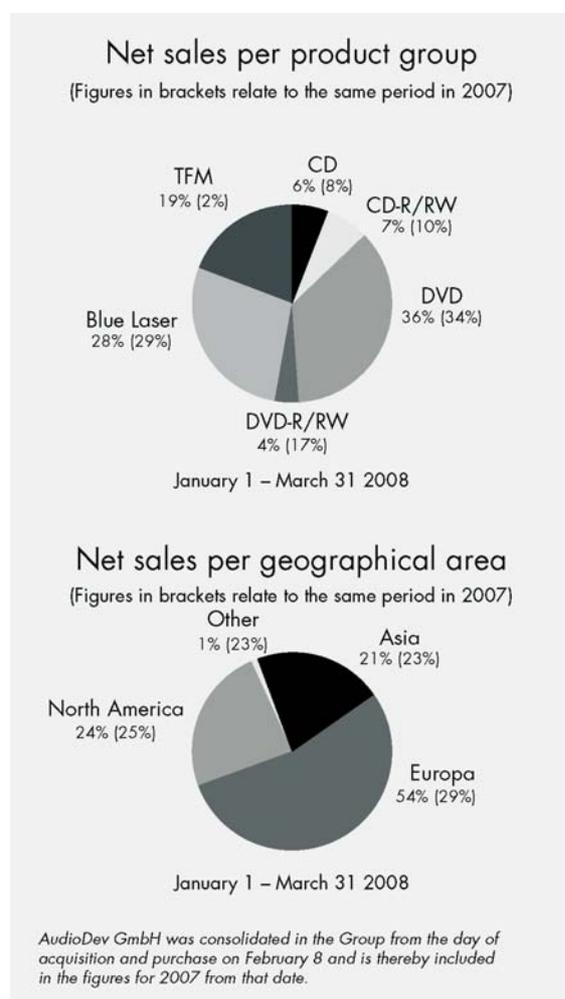
AudioDev's Development

The end of the format war, a basically very positive outcome, had a negative impact in the short term on AudioDev's business operations in the first quarter. The demand for HD analyzers, from customers that have so far invested in the format, was completely wiped out as the decisions for new investment in the BD format were put off. Despite uncertainty as to the timeline for the major market breakthrough, AudioDev continues to be firmly upbeat about the prospect that blue laser will be entering a period of robust growth. The company is in negotiations with several customers regarding a larger volume of testers

and is well equipped to handle the situation when demand gathers pace.

Within thin film operations (TFM), last year's investments in new applications have received a good response in the quarter. The intensified market scanning that AudioDev has conducted has had an impact and the indications for new orders have been significantly stronger. AudioDev intends to continue the development work for extending the product range.

Development in the quarter



New Orders and backlog

New orders for the first quarter totalled SEK 24.7 (34.8) million, of which AudioDev GmbH accounted for SEK 9.1 million. The order backlog was SEK 23.2 (12.5) million at the end of the quarter. SEK 9.5 million of these are attributable to AudioDev GmbH.

Sales

Net sales totalled SEK 14.7 (33.2) million of which SEK 6.2 million are attributable to AudioDev GmbH.

Around 28% (29%) of the sales were made up of analyzers for the blue-laser formats, BD and HD DVD. Sales of analyzers for DVD and DVD-R/RW made up 40% (51%) and sales of CD analyzers were 13% (18%) of sales. Products not included in optical media, TFM, accounted for 19 % (2%) of sales.

Profit/loss and margins

Gross profit/loss was SEK 2.8 (15.7) million, which equates to a gross margin of 19.2% (47.4 %). Of the results, SEK 1.0 million are attributable to AudioDev GmbH. Inventory write-downs totalled SEK -1.5 (-2.0) million.

The overall drop in sales costs is attributable to lower commissions.

The 'Other operating earnings/expenses' item includes the impact of currency fluctuations on operations.

Profit/loss after financial items was SEK -15.8 (-10.3) million of which SEK -5.1 million are attributable to AudioDev GmbH. Profit shares from the associated company AudioDev Far East are included at SEK 0 (0.6) million at this profit level. Profit/loss after tax totalled SEK -12.7 (-9.7) million of which SEK -4.1 million is attributable to AudioDev GmbH.

Financial position

Liquid assets at March 31 amounted to SEK 19.3 (31.0 at the end of December 2007) million. Returns on the above were SEK 0.2 (0.7) million and are included in the net financial income. Group financial costs were SEK 0 (0) million. Equity/assets ratio at March 31 was 81.4% (86.4%). Group shareholders' equity was SEK 136.9 million at the end of the quarter (150.0 at the end of December 2007).

Cash flow and investments

The Group showed a negative cash flow from current operations of SEK -11.6 (-18.7) million. Of this, SEK -15.0 million comes from current operations and SEK 3.4 million is due to lower capital accumulation in the form of reduced inventories and reduced receivables. Investments of SEK -0.1 (-25.4) million and a cash flow from financing operations of SEK 0 (0) million gives a cash flow of SEK -11.7 (-44.1) million.

Group gross investments in tangible assets have been made at SEK 0.1 (SEK 1.6) million. Investments are

mainly related to computer and measuring equipment.

Personnel

The average number of employees for the quarter was 80 (107). The number of full-time employees at the end of the period was 80 (114). Of these, 31 are employees at AudioDev GmbH placed in Germany.

The parent company

Net sales for the parent company totalled SEK 6.8 (25.8) million. Profit/loss after financial items was SEK -10.4 (-8.9) million. Investments in tangible fixed assets totalled SEK 0 (1.6) million. Disposable liquid assets totalled SEK 15.9 (28.0 at the end of December 2007) million.

Future reports

- July 15
Interim Report January-June
- October 17
Interim Report January-September
- February 2009
Year End Report

Accounting principles

This accounting report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act. The accounting principles and methods of calculation used in the report are the same as those in the last annual report.

This accounting report has not been reviewed by the company's auditors.

Malmö, April 24, 2008
AudioDev AB (publ)

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Income Statement (TSEK) *

	January - March 2008	January - March 2007	Full year 2007	12 month rolling
Net sales	14 699	33 175	111 220	92 744
Cost of sold goods	-11 874	-17 438	-70 995	-65 431
Gross profit/loss	2 825	15 737	40 226	27 313
Sales costs	-6 923	-9 895	-36 701	-33 729
R&D costs	-6 819	-11 474	-44 105	-39 450
Administration costs	-4 987	-6 054	-35 270	-34 203
Other operating earnings/ expenses	-128	39	284	117
Results of operating activities	-16 032	-11 647	-75 566	-79 952
Profit/loss from shares in associated companies	27	613	1 240	654
Net interest	182	709	1 804	1 277
Profit/loss after financial items	-15 823	-10 325	-72 522	-78 021
Tax for the period	3 132	586	17 821	20 367
Profit/loss for the period	-12 691	-9 739	-54 701	-57 654
Profit/loss per share, SEK	-0.76	-0.58	-3.27	-3.45
Profit/loss per share after full dilution, SEK	-0.76	-0.58	-3.27	-3.45
No. of shares before dilution, average, thousands	16 716	16 716	16 716	16 716
No. of shares after dilution, average, thousands	17 116	17 116	17 116	17 116

Balance sheet (TSEK) *

	2008-03-31	2007-03-31	2007-12-31
Assets	41 305	22 806	39 658
Inventories	86 498	98 696	88 031
Accounts receivable	13 653	23 218	24 410
Other receivables	7 343	7 293	7 465
Liquid assets	19 280	76 244	30 980
Total assets	168 079	228 257	190 544
Shareholders' equity	136 891	197 180	150 004
Current liabilities	31 188	31 077	40 540
Total shareholders' equity and liabilities	168 079	228 257	190 544

* *AudioDev GmbH was consolidated in the Group from the day of acquisition and purchase on February 8, 2007, and is thereby included in the figures for 2007 from this date.*

Cash flow analysis (TSEK) *

	January – March 2008	January – March 2007	Full year 2007	12 month rolling
Cash flow from current operations before changes in operating capital	-14 960	-11 618	-68 164	-71 506
Changes in operating capital	3 358	-7 082	10 917	21 357
Cash flow from current operations	-11 602	-18 700	-57 247	-50 146
Cash flow from investment operations	-97	-25 424	-33 056	-7 730
Cash flow from funding operations	0	0	915	915
Cash flow for the period	-11 699	-44 124	-89 389	-56 964
Liquid assets at the beginning of the period	30 979	120 368	120 368	76 244
Liquid assets at the end of the period	19 280	76 244	30 979	19 280

Group equity (TSEK) *

	Share capital	Contributed funds	Other reserves	Accrued funds	Total shareholders' equity
Opening balance at January 1, 2008	8 358	35 310	1 206	105 129	150 003
Exchange rate difference from overseas operations			-452		-452
Price diff. profit/loss for the period				31	31
Profit/loss for the period				-12 691	-12 691
Closing balance at March 31, 2008	8 358	35 310	754	92 469	136 891

Key ratios*

	January – March 2008	January – March 2007	Full year 2007
Growth in net sales (%)	-55.7%	3.7%	6.4%
Gross margin (%)	19.2%	47.4%	36.2%
Operating margin (%)	-109.1%	-35.1%	-67.9%
Margin after financial items (%)**	-107.6%	-31.1%	-65.2%
Profit margin (%)	-86.3%	-29.4%	-49.2%
Depreciation (SEK millions)	-1.1	-1.2	-6.5
Shareholders' equity (MSEK)	136.9	197.2	150.0
Capital employed (MSEK)	136.9	197.2	150.0
Balance sheet total (MSEK)	168.1	228.3	190.5
Rate of return on capital employed (%)	-11.0%	-5.1%	-40.7%
Rate of return on shareholders' equity (%)	-8.8%	-4.8%	-30.7%
Equity/assets ratio (%)	81.4%	86.4%	78.7%
Capital turnover rate (multiple)	0.1	0.2	0.6
No. of employees (average for the period)	80	107	108
Sales per employee (TSEK)	184	310	1 030
Operating profit per employee (TSEK)	-200	-109	-700

* *AudioDev GmbH was consolidated in the Group from the day of acquisition and purchase on February 8, and is thereby included in the figures for 2007 from this date.*

** *Profit/loss after financial items in percentage of net sales.*

Parent company

Income Statement (TSEK)

	January – March 2008	January – March 2008	Full year 2007	12 month rolling
Net sales	6 850	25 795	80 023	61 078
Cost of sold goods	-6 659	-13 004	-52 935	-46 590
Gross profit/loss	191	12 791	27 089	14 488
Sales costs	-2 611	-7 309	-22 514	-17 816
R&D costs	-5 124	-10 241	-37 056	-31 939
Administration costs	-2 878	-4 881	-19 703	-17 700
Other operating earnings/ expenses	-127	39	282	116
Results of operating activities	-10 549	-9 601	-51 902	-52 851
Profit/loss from shares in group companies	0	0	-9 161	-9 161
Profit/loss from shares in associated companies	0	0	915	915
Net interest	177	700	2 357	1 834
Profit/loss after financial items	-10 372	-8 901	-57 791	-59 263
Appropriations				0
Estimated tax	2 074	0	13 482	15 556
Profit/loss for the period	-8 298	-8 901	-44 309	-43 707

Balance sheet (TSEK)

	2008-03-31	2007-03-31	2007-12-31
Assets	58 858	44 216	57 841
Inventories	65 953	77 012	67 772
Accounts receivable	17 229	21 613	12 288
Other receivables	12 425	7 035	26 850
Liquid assets	15 855	69 196	27 966
Total assets	170 320	219 072	192 717
Shareholders' equity	150 025	193 731	158 322
Current liabilities	20 295	25 341	34 395
Total shareholders' equity and liabilities	170 320	219 072	192 717