

The Board and Managing Director of

TIGRAN TECHNOLOGIES AB (PUBL)

CORPORATE IDENTIFICATION NO. 556596-4417

hereby submit their

ANNUAL REPORT 2008

for the financial year, 1 January - 31 December

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Tigran

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Directors' Report

General Information

The past year has been spent, to a large extent, on preparing and implementing the market launch of Tigran's products. The company's products were introduced at a large dentistry conference in Warsaw (EAO 2008) at the end of September.

Studies

Tigran has worked intensively with scientific studies during the year in order to verify the capacity of the titanium granules as a bone replacement material in prioritized applications such as sinus lifts (bone filling in sinuses) and periimplantitis (loss of bone around a tooth implant). The Scandinavian multicentre study regarding sinus lifts, with 44 participants from the university hospitals in Oslo, Gothenburg, Lund and Copenhagen, which was initiated in 2007, continued during the year. The intention is that all patients will be treated during 2009. The positive results from the pilot study on sinus lifts, which included 17 patients, was published in April.

During the year, the periimplantitis study that was started in the previous year has continued, and the result of the pilot study involving nine people with greatly advanced periimplantitis was presented at EOA 2008. The pilot study aroused a great deal of attention and is showing very promising results when using titanium granules for regrowth of the bone. All 30 people in the main study received their final treatments in 2008 and it is expected that the study will be completed during the third quarter of 2009. A further two human studies have been initiated during the period: A pilot study on furcations in cases of periodontitis (loosening of teeth) and an orthopaedic study on the restoring of tibial compression fractures (injuries to the outside of the knee).

Experimental studies have also been undertaken to provide further evidence of the capacity of the titanium granules to regenerate bone with regard to filling alveoli (the holes left after removing a tooth) and also with regard to inserting dental implants in alveoli filled with titanium granules.

Product Development

During the year, the white titanium granules (Natix® White) received a CE-marking and could thereby be marketed in Europe.

Tigran's product range will be widened through the initiation of a development program for several cleaning and application instruments. The work on developing stronger granules for orthopaedic applications is still ongoing.

Patents

In 2008, two new patents were registered.

Marketing, Sales and Personnel

During the fourth quarter of 2008, Tigran launched its titanium granules (Natix®) onto the market. The products are sold – primarily in Europe – through a network of distribu-

tors that is still under construction. Tigran currently has distribution agreements in place in ten countries. In the fourth quarter of 2008, Tigran sold more than 1200 products.

During 2008, the workforce was increased. In February the Company employed one new member of staff in the clinical trials and quality control areas. In May a new CFO (Chief Financial Officer) took up the post, and this fall the marketing department was strengthened by the addition of a Communicator and a Sales Manager for the Scandinavian market. During the fourth quarter a consultancy agreement was signed with a Scientific Manager.

Listing Tigran on AktieTorget

Tigran Technologies AB was listed on AktieTorget on 20 November 2008 to allow trade in Tigran shares. In connection with this event, the existing share-ownership agreement between all shareholders in the company expired.

Share Capital and the Board

In February, an agreement was signed between the largest shareholders, and the board of the company, resolving the conflict that had existed between the parties since the General Meeting in 2007. This has already been reported in the previous annual report. The agreement means that the conditional shareholders' contribution of SEK 10 million, which was previously provided by the founding family, Bruce, was waived. In connection with this, QueQuoin Holdings Ltd. has also agreed to convert its preference shares to ordinary shares. The founding family also agreed to forego the royalties that it was entitled to according to the original licence agreements. In addition, the structure of the licence agreements between Tigran and the Bruce family and associated companies has been considerably simplified. On the basis of the agreement, an Extraordinary General Meeting was held in April where the shareholders voted unanimously in favour of granting the Board as well as the CEO exemption from liability for the 2006 financial year.

In order to ensure the company's financing, the General Meeting decided to authorize the Tigran board to determine and then implement two share issues for existing shareholders with a total value of SEK 35 million and at an issue price of SEK 0.5. The share issues, which were carried out in two stages during the summer, were oversubscribed.

The additional funds from the issues were used, among other things, for repayment of the convertible subordinated loan of SEK 20 million, which the company had taken out with Alted AB and Monterro Holdings Ltd.

At the Extraordinary General Meeting in November 2008, Maria Chambers was elected as a new board member. She replaces Adam Bruce, who stood down from the Tigran board at his own request.

The principal owners of the company are: *

| | |
|---------------------------------------|-----|
| QueQuoin Holding Ltd. | 31% |
| The Bruce Family, including companies | 15% |
| Alted/Monterro/Dirbal | 11% |
| Oracle Opportunities | 7% |
| Bertil Gylling | 7% |
| Advanced Medical Products | 6% |
| Other board, management and personnel | 3% |

Key shareholders, with share and option ownership as of 31/12/2008*

| | SHARES | OPTIONS |
|--------------------------------|------------|---------|
| Jan-Eric Österlund | 29 217 166 | 0 |
| Sven-Erik Nilsson | 3 693 397 | 0 |
| Knut Ramel | 2 004 091 | 0 |
| Björn Sellert | 970 000 | 400 000 |
| Lars-Magnus Bjursten | 85 538 | 300 000 |
| Anette Borgström | 80 360 | 50 000 |
| Björn Sellert, closely related | 5 000 | 0 |
| Camilla Alm Andersson | 0 | 0 |
| Maria Chambers | 0 | 0 |
| Staale Petter Lyngstadaas** | 0 | 0 |

* * According to list from VPC dated 23 January 2009

** 400,000 shares in the process of being registered

Subsidiary

At the end of the year, the company started up a new subsidiary, Tigran Technologies Sweden AB. At the moment, no business is conducted within the company. Due to the fact that the company is dormant, no consolidated financial statements have been prepared, in accordance with Chapter 7, section 5, paragraph 2 of the Swedish Annual Accounts Act.

Significant Events after Year-end

In order to ensure that the company's liquid assets cover the capital requirements for the whole of 2009, the Board proposes that the General Meeting authorise the Board to implement a share issue for existing shareholders. The Board proposes a share issue, which, it is estimated will put approximately SEK 20 million into the company when fully subscribed, before issue costs. The share issue is planned for the second quarter of 2009. Until the payments from the share issue are received, the liquidity position will be safeguarded through a loan of approximately EUR 300,000 from Gilera Trading, a company with links to the Chairman of the Board. The term will be 1.5 months and the loan will be subject to annual interest of 12 percent. The company's annual report has been prepared in accordance with the principles for future operations based on the aforementioned share issue being implemented.

Two scientific publications have been completed and submitted for publication in scientific journals.

A new distribution agreement has been made with a distributor in Iran. New orders have been received from distributors in Italy, Poland, Denmark, Sweden and Norway.

Expectations with Regard to Future Developments

The company has introduced Natix onto the market fairly recently. The reaction has been positive and Tigran plans to introduce new products to supplement the porous titanium granules over the coming year, which it is assumed will increase sales from the second half of the year. The company intends to submit an application for permission to sell its products in the USA in 2009 and believes that the application may be approved during the year or at the beginning of 2010. Sales to the important USA market can begin at the start of 2010 at the earliest. Applications for the registration of Natix in China and Korea have also been initiated.

The Board believes that during the course of 2010 the company will require further capital in addition to the 2009 issue.

Change of Accounting Principles

As a result of its listing on AktieTorget, Tigran Technologies AB has switched to preparing its financial reports in accordance with the Swedish Financial Accounting Standards Council's recommendations; the reports had previously been prepared in accordance with the general recommendations of the Swedish Accounting Standards Board. The change in accounting principles has not meant any significant changes to any previously submitted financial reports and no comparative figures or key data have needed to be reformulated.

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standard Council. Statements from the Council's emergency work group and the Swedish Financial Reporting Board have also been applied.

Information about Risks and Factors of Uncertainty

Clinical Trials

Tigran's operations depend on carrying out clinical trials of the company's products in order to obtain regulatory approval and acquire acceptance by the market to the extent required for operations to develop as planned. There is always a risk of unforeseen or undesirable results from these trials, which could have a negative impact on operations and the Company's development.

Changes to Legislation and Rules and Regulations

Tigran's prospects of achieving a positive cash flow and profitability depend, to some extent, on regulatory approval in different countries and the Company cannot guarantee that such approval will be obtained to the extent required to be able to achieve profitability or meet future objectives. Nor can it be guaranteed that approvals already obtained will not be affected by changes to legislation or rules and regulations in the different domestic markets.

Manufacturing

Tigran depends on the capacity to manufacture products in commercial quantities, in accordance with current rules and in accordance with quality standards that have been laid down. It is deemed that the manufacturing capacity and quality of external parties employed by the Company is sufficient within the framework of present expansion and marketing plans. Tigran has also secured access to reserve capacity elsewhere. It cannot be ruled out, however, that

this capacity will prove insufficient or that agreements on the manufacture of the Company's products will be terminated and that Tigran will not subsequently be able to ensure sufficient manufacturing capacity, which could then have a negative impact on operations. At present the manufacture of titanium granules takes place at Elos Medical AB in Timmersdala. It is also Elos Medical that formally holds the CE-marking at present, but work is underway to transfer these rights to Tigran. If the partnership with Elos Medical were to be broken off for any reason prior to this transfer, this could have a negative impact on the Company's operations.

Future Capital Requirements

The imminent new share issue is part of the financing of Tigran's operations and part of a long-term developmental plan. According to the plan that currently applies, it is believed that Tigran will require further financing before operations will be able to generate a sufficient amount of their own funds. The company's prospects of catering for these potential future requirements largely depend on the development and profitability of operations. There is, therefore, no guarantee that Tigran will be able to obtain the necessary capital on favourable terms even if operations are developing in a positive direction. In this respect, the general state of the market for the supply of risk capital is of major importance.

Directed Share Issues etc.

At the Extraordinary General Meeting on 18 November 2008, a decision was made on changes to the options programme, which involves less than one percent of the share capital shown. At the Extraordinary General Meeting in April 2008, the options programme decided on was fully subscribed but was subsequently replaced by the programme decided on in November. (See note 14) The Board also made the decision that a new share issue of a maximum of 600,000 shares in the company would be directed at Lyngstadaas Biomedical Consulting AS (a company controlled by Petter Lyngstadaas) with 400,000 shares and Capedel AS (a company owned by Caspar Wohlfart) with 200,000 shares, providing entitlement and an obligation to pay for the new shares by offsetting claims against the Company amounting to a total of SEK 300,000 in accordance with the agreements for consultancy services reached between Tigran and the respective subscribers. The directed new issue has, by the end of the year, been set-off against claims on the Company.

FINANCIAL SUMMARY

Amounts in SEK thousands

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|---------|----------|---------|----------|--------|
| Profi/loss after financial items | -19,498 | -13,951 | -12,720 | -13,256 | -7,517 |
| Balance sheet total | 10,959 | 16,082 | 9,445 | 6,740 | 8,978 |
| Equity/assets ratio | 68.8% | Negative | 73.0% | Negative | 82.1% |
| Average number of employees | 6 | 4 | 2 | 2 | 2 |

Suggestion for the Allocation of the Company's Profit or Loss

The Board proposes that available profits of SEK 978,631.80 are distributed as follows

Amounts in SEK thousands

| | |
|-----------------------|-----|
| To be carried forward | 979 |
| Total | 979 |

Regarding the Company's and the Group's income and position in general, please refer to the income statements, balance sheets and cash flow statements, as well as, comments and notes to the accounts.

| INCOME STATEMENT | Note | 2008 | 2007 |
|---|------|----------------|----------------|
| <i>Amounts in SEK thousands</i> | | | |
| Net sales | 1 | 615 | 87 |
| | | 615 | 87 |
| <i>Operating costs</i> | | | |
| Raw materials and supplies | | -394 | -142 |
| Other external costs | 2,3 | -12,534 | -8,636 |
| Staff costs | 4 | -7,021 | -5,035 |
| Depreciations and write-downs of tangible and intangible fixed assets | 5 | -225 | -232 |
| Operating profit/loss | | -19,559 | -13,958 |
| <i>Income from financial items</i> | | | |
| Interest revenue and similar profit items | 6 | 363 | 317 |
| Interest expenses and similar profit items | 7 | -303 | -310 |
| Profit/loss after financial items | | -19,498 | -13,951 |
| Profit before income tax | | -19,498 | -13 951 |
| Tax on profit for the year | 8 | - | - |
| Profit/loss for the year | | -19,498 | -13,951 |
| Earnings per share before and after dilution | | -0.22 | -0.23 |

| BALANCE SHEET | Note | 2008 | 2007 |
|--|------|-------------|-------------|
| <i>Amounts in SEK thousands</i> | | | |
| ASSETS | | | |
| Fixed assets | | | |
| <i>Intangible fixed assets</i> | | | |
| Concessions, patents, licences, trademarks | | | |
| and similar rights | 9 | 217 | 361 |
| | | 217 | 361 |
| <i>Tangible fixed assets</i> | | | |
| Equipment, tools and installations | 10 | 140 | 129 |
| | | 140 | 129 |
| <i>Financial assets</i> | | | |
| Shares in Group companies | 11 | 100 | - |
| | | 100 | - |
| Total fixed assets | | 458 | 490 |
| Current assets | | | |
| <i>Stock, etc.</i> | | | |
| Raw materials and supplies | 12 | 932 | 742 |
| | | 932 | 742 |
| <i>Current receivables</i> | | | |
| Accounts receivable | | 68 | 22 |
| Other receivables | | 531 | 433 |
| Prepaid costs and accrued income | 13 | 746 | 206 |
| | | 1,345 | 661 |
| <i>Cash and bank</i> | | | |
| | | 8,224 | 14,189 |
| Total current assets | | 10,502 | 15,592 |
| TOTAL ASSETS | | 10,959 | 16,082 |

| BALANCE SHEET | Note | 2008 | 2007 |
|--|-------|-------------|-------------|
| <i>Amounts in SEK thousands</i> | | | |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| <i>Equity</i> | 14,15 | | |
| <i>Restricted equity</i> | | | |
| Share capital (131,384,565 / 131,384,565 shares) | | 6,569 | 3,049 |
| Reserves | | - | 17,080 |
| | | 6,569 | 20,129 |
| <i>Unrestricted equity</i> | | | |
| Share premium account | | 50,841 | 20,247 |
| Profit/loss brought forward | | -30,364 | -33,493 |
| Profit/loss for the year | | -19,498 | -13,951 |
| | | 979 | -27,196 |
| | | 7,548 | -7,068 |
| <i>Current liabilities</i> | | | |
| Current liabilities | | 1,072 | 594 |
| Other liabilities | | 220 | 20,141 |
| Accruals and prepaid income | 17 | 2,119 | 2,415 |
| | | 3,411 | 23,150 |
| TOTAL EQUITY AND LIABILITIES | | 10,959 | 16,082 |

| PLEGDED ASSETS AND CONTINGENT LIABILITIES | Note | 2008 | 2007 |
|--|------|-------------|-------------|
| <i>Amounts in SEK thousands</i> | | | |
| Assets pledged | 16 | | None |
| <i>For liabilities and provisions</i> | | | |
| Assets with ownership reservation | | 100 | |
| Total pledged assets | | 100 | |
| Contingent liabilities | | None | None |

| CASH FLOW STATEMENT | 2008 | 2007 |
|---|----------------|----------------|
| <i>Amounts in SEK thousands</i> | | |
| Operating activities | | |
| Profit/loss after financial items | -19,498 | -13,951 |
| Adjustments for items not included in the cash flow etc. | 189 | 252 |
| | -19,309 | -13,699 |
| Income tax paid | - | - |
| Cash flow from current operations before adjustments for operating capital | -19,309 | -13,699 |
| <i>Cashflow from changes in operating capital</i> | | |
| Increase (-)/Reduction (+) in stock | -190 | 22 |
| Increase (-)/Reduction (+) in operating receivables | -685 | -63 |
| Increase (+)/Reduction (-) in operating liabilities | 597 | 571 |
| Cash flow from current operations | -19,587 | -13,169 |
| Investment activities | | |
| Acquisition of tangible fixed assets | -92 | -52 |
| Acquisition of financial assets | -100 | - |
| Cash flow from investment operations | -192 | -52 |
| Financing operations | | |
| New share issue | 33,813 | 17 |
| Loans raised | - | 20,000 |
| Repayment of loans | -20,000 | - |
| Cash flow from financing activities | 13,813 | 20,017 |
| Net increase in cash, bank balances and bank overdrafts | | |
| | -5,965 | 6,796 |
| Liquid assets at beginning of period | 14,189 | 7,393 |
| Liquid assets at end of period | 8,224 | 14,189 |

| SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT | 2008 | 2007 |
|---|-------------|-------------|
| <i>Amounts in SEK thousands</i> | | |
| Interest paid and dividends received | | |
| Interest received | 326 | 317 |
| Interest paid | -300 | -519 |
| Adjustments for items not included in the cash flow etc. | | |
| Depreciation and writing down of assets | 225 | - |
| Unrealised exchange rate differences | -36 | 232 |
| Capital gains from the sale of activities/subsidiaries | - | 20 |
| | 189 | 252 |
| Transactions that did not involve payments | | |
| Conversion of operating liabilities to shareholders' equity | 300 | - |
| Liquid funds | | |
| <i>The following subcomponents are included in liquid assets:</i> | | |
| Cash and bank | 8,224 | 14,189 |
| | 8,224 | 14,189 |

The above items have been classified as liquid assets on the basis that:

- They have an insignificant risk of fluctuations in value.
- They can be easily converted to cash resources.
- They have a term of a maximum of 3 months from the date of acquisition.

Notes with a Summary of Significant Accounting Policies and Comments on the Accounts

Amounts in SEK thousands unless otherwise specified

This annual report has been drawn up in accordance with the Swedish Annual Accounts Act, the Swedish Financial Accounting Standard Council's recommendation and statements from the emergency work group and also statements from the Swedish Financial Reporting board.

The Company's Headquarters etc.

Tigran Technologies AB (publ) operates its business in the form of a limited company and has its headquarters in Malmö in Sweden. The address of the head office is Medeon Science Park.

Reporting of Segments

The company's in-house reporting system has been designed with a view to monitoring earnings from the Company's goods and services, which is why the primary basis of division is into lines of business. Tigran has only one segment.

Classifications etc.

Fixed assets, long-term liabilities and provisions essentially only consist of amounts that are expected to be recovered or paid after more than twelve months, counting from the balance sheet date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months, counting from the balance sheet date.

Valuation Principles etc.

Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

INTANGIBLE ASSETS

Research and Development Costs

The company's research costs are written off in the period in which they arise. Research costs refer to the expenditure on research for the purpose of obtaining new scientific or technical knowledge. Expenditure on development refers to expenditure where the result of the research or other knowledge is applied in order to produce new or improved products or processes. Expenditure on development is written off when it arises in the company's accounts. Expenditure on research and development is reported in accordance with RR 15 Intangible Assets. This recommendation entails, among other things, that an intangible asset is only reported when the asset is identifiable, is controlled and is expected to provide future gains.

Other Intangible Assets

Other intangible assets acquired by the company are recorded at acquisition value less accumulated depreciation and write-downs. Expenditure on goodwill generated in-house and trademarks are reported as costs in the income statement when they arise.

Additional Expenses

Additional expenses for an intangible asset are only added to the acquisition value if they increase the future financial benefits that exceed the original assessment and the expenditure can be calculated in a reliable manner. All other expenses are written off as they arise.

Depreciations

Depreciation is carried out according to plan based on the original acquisition value less the residual value. Depreciation is carried out in a linear fashion over the economic life of the asset and recorded as a cost in the income statement.

The following depreciation periods are applied:

| <i>Intangible assets acquired</i> | <i>Economic life</i> |
|-----------------------------------|----------------------|
| Patents | Five years |
| Trademarks | Five years |

TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded as assets in the balance sheet when, on the basis of available information, it is likely that future economic benefit associated with the holding will accrue to the company and the acquisition value of the asset can be calculated in a reliable manner.

ADDITIONAL EXPENSES

Additional expenses are added to the acquisition value to the extent that the asset's performance is improved in relation to the level that applied when it was originally acquired. All other additional expenses are reported as a cost during the period in which they arise.

Depreciation Principles for Intangible Fixed Assets

Depreciation is carried out according to plan based on the original acquisition value less the estimated residual value. Depreciation takes place in a linear fashion over the estimated economic life of the asset.

Equipment, Tools and Installations Five years

Assets

Receivables are recorded at acquisition value less any write-downs.

Receivables and Liabilities in Foreign Currency

Receivables and liabilities in foreign currency have been converted at the closing rate on the balance sheet date in accordance with the Swedish Financial Standard Council's Recommendation no. 8. Exchange rate differences in operating receivables and operating liabilities are included in the operating profit/loss while differences in financial receivables and liabilities are reported among financial items.

Inventories

Stocks, valued in accordance with the Swedish Financial Standard Council's Recommendation no. 2.02 are listed at the lower of the acquisition value and the net sales value. The risk of obsolescence has been taken into account. The acquisition value is calculated in accordance with the first-in first-out principle in accordance with weighted average prices.



Liquid Funds

Liquid assets include cash, cash in banks that is immediately available and other money market instruments with an original term of less than three months. These items are generally valued at the accrued acquisition value.

Accounts Receivable

Accounts receivable are recorded at the amount expected to be received less any provision for doubtful receivables, which are assessed individually. The expected term of customer receivables is a short one, which is why the value is recorded at the nominal amount without discounting.

Accounts Payable

Accounts payable have a short anticipated term and are valued at the nominal amount without discounting.

Remuneration to Employees Defined Contribution Pensions

The Company's obligation for each period is formed by the sums that the company is to contribute for the period in question. Subsequently, no actuarial assumptions are required to calculate the obligation or cost and there is no chance of any actuarial profit or loss. The obligation is calculated without discount, except in those cases that are due for payment in their entirety within twelve months of the expiry of the period during which the employees perform the related services.

Taxes

The Company applies the Swedish Financial Standard Council's Recommendation RR 9 Income Taxes. Total income taxes consist of both current and deferred tax. Taxes are reported in the income statement except when underlying transactions are reported directly against shareholders' equity, which is why the associated tax effect is reported in shareholders' equity. Current tax is tax that is to be paid or received with regard to the current year. This also includes adjustments to current tax relating to earlier periods. Deferred tax is calculated in accordance with the balance sheet method, based on temporary differences between reported and taxable values of assets and liabilities. The amounts are calculated on the basis of how the temporary differences are expected to be balanced and applying the tax rates and tax rules approved or notified as of the balance sheet date. Temporary differences are not taken into account in differences relating to shares in subsidiaries that are not expected to be taxed within the foreseeable future.

Untaxed reserves are reported including deferred tax liabilities. Deferred tax liabilities relating to deductible temporary differences and deductible deficiencies are only reported to the extent that it is likely that these will lead to lower tax payments in the future.



Revenue

Reporting of income takes place in accordance with Recommendation no. 11, Income, of the Swedish Financial Standards Council. The reporting of income takes place in the income statement when it is likely that the future financial benefits are likely to accrue to the company and these benefits can be calculated in a reliable manner. These incomes include only the gross inflow of financial benefits the company obtains or may obtain on its own account. Income from the sale of goods is reported as income when the company has transferred the material risks and benefits associated with owning the goods to the purchaser and the company does not exercise any real control over the goods sold either.

The income is reported at the actual value of what was received or will be received with deductions for discounts allowed. The remuneration is received in liquid assets and the income is formed by the remuneration.

Leasing – Lessees

Recommendation RR 6:69 of the Swedish Financial Standards Council is applied. All leasing agreements are reported in accordance with the rules on operational leasing.

Operational leasing means that the leasing fee is written off over the period on the basis of use, which may differ from what has actually been paid as a leasing fee over the year.

Associated Parties

Transactions with Associated Parties Transactions 2008

To the company owned by board member Staale Petter Lyngstadaas, Tigran has paid a consultancy fee of SEK 885,000 (SEK 254,000). To the company owned by board member, Lars Magnus Bjursten the company has paid a consultancy fee of SEK 463,000 (SEK 468,000). Finally, to the company owned by the Chairman of the Board, Jan-Eric Österlund, the Company has paid a consultancy fee of SEK 154,000 (0).

Transactions 2007

During the 2007 financial year, a fee of SEK 40,000 was paid to the associated party, Bruce Medical AB, which is fully owned by the Bruce family, for contractual consultations regarding the Tigran technology.

In 2008, earlier licence agreements from 2002 with Bruce Medical have been replaced by a new agreement. The new agreement means that Tigran will, free of charge, license to Bruce Medical the right to use The "Korn" Patent, the Sack Patent and the Method Patent and Sack Patent North America outside Tigran's application area.

In the agreement, the parties have also agreed that the royalty that Bruce Medical AB is entitled to will cease to apply and that Bruce Medical and other parties in the Bruce sphere for the period after 31.12.2007 will not be entitled to receive any royalty for any patent or any right transferred to Tigran or that has been developed on behalf of Tigran. Royalties amounted to SEK 870 for 2007.



During 2007, the company paid a fee of SEK 40,000 to the company owned by the then board member, Knut Ramel.

| <i>Amounts in SEK thousands</i> | 2008 | 2007 |
|---|--------------|------------|
| Lyngstadaas Biomedical Consulting AS (P. Lyngstadaas) | 885 | 254 |
| Ellem Bioteknik AB (L M Bjursten) | 463 | 468 |
| Tenframe Limited (Jan-Eric Österlund) | 154 | 0 |
| Bruce Medical AB (fully owned by the Bruce family) | 0 | 40 |
| Company owned by Knut Ramel | 0 | 40 |
| | <u>1,502</u> | <u>803</u> |

NOTE 1 Information on Lines of Business/Geographical Areas

Lines of Business

The Company's range of goods are similar in terms of risks and opportunities, which is why the Company only operates in one single line of business.

The primary segment reporting therefore coincides with reporting for the company as a whole.

The primary line of business is Dental.

Geographical Areas

The Company's segment is divided into the following geographical areas: Europe and Other markets.

The Company's secondary principle of division is geographical areas. The information presented regarding the segment's incomes relates to the geographical areas, grouped by where customers are located.

Sales are primarily via distributors. In markets where the company does not yet have any distributors, sales are via Sweden. The company has neither personnel nor assets outside Sweden.

Secondary Segments (Geographical market)

| <i>Amounts in SEK thousands</i> | Europe | | Other markets | |
|---------------------------------|--------|------|---------------|------|
| | 2008 | 2007 | 2008 | 2007 |
| External sales | 592 | 49 | 23 | 38 |

NOTE 2 Audit Fees

| | 2008 | 2007 |
|------------------------|------|------|
| <i>KPMG Bohlins AB</i> | | |
| Auditing | 93 | 45 |
| Other fees | 243 | 227 |

NOTE 3 Leasing Fees Regarding Operational Leasing

| | 2008 | 2007 |
|---|------|------|
| <i>Assets held via operational leasing agreements</i> | | |
| Minimum leasing fees | 270 | 185 |

NOTE 4 Employees, Employee Benefit Costs and Fees for Board Members

| | | |
|------------------------------------|------|------|
| <i>Average number of employees</i> | 2008 | 2007 |
| Sweden | 6 | 4 |
| <i>Of which men</i> | 45% | 75% |

Reporting of gender distribution in company managements

| | | |
|--|------------------------|------------------------|
| <i>Gender distribution in the management</i> | 2008 | 2007 |
| | <i>Number of women</i> | <i>Number of women</i> |
| Board of Directors | 17% | 0% |
| Other senior executives | 0% | 0% |

Wages, salaries, other remuneration and social security charges

| | | |
|---------------------------------|---------|---------|
| | 2008 | 2007 |
| CEO | 1,081 | 1,127 |
| <i>(of which bonus)</i> | (-) | (-) |
| Other employees | 3,212 | 2,079 |
| Total | 4,292 | 3,206 |
| Social security charges | 2,578 | 1,749 |
| <i>(of which pension costs)</i> | (1,383) | (1,068) |

Of the Company's pension costs, SEK 504,000 (1st yr SEK 322,000) refers to the Group Board and CEO. The Company's outstanding pension obligations to these amounts to 0 (last yr 0). Salaries and remuneration only relate to personnel in Sweden. No Board fee has been paid for 2008.

Severance pay

The CEO has a period of notice of termination of employment of six months, regardless of whether the termination is on the part of the CEO or the Company. In the event of a change of ownership, the CEO is entitled to severance pay amounting to twelve months' salary if notice is given within six months of the change of ownership, at his own request or by the Company.

NOTE 5 Depreciation of Tangible and Intangible Assets

| | | |
|--|------|------|
| | 2008 | 2007 |
| Concessions, patents, licences, trademarks | 144 | 144 |
| Equipment, tools and installations | 81 | 88 |
| | 225 | 232 |

NOTE 6 Interest Receipts Bank Account

| | | |
|--------------------------------|------|------|
| | 2008 | 2007 |
| Interest receipts bank account | 325 | 309 |
| Exchange rate gains | 40 | 3 |
| Other | -2 | 5 |
| | 363 | 317 |

NOTE 7 Interest Expenses and Similar Profit Items

| | 2008 | 2007 |
|-------------------------|-------------|-------------|
| Interest expenses loans | -300 | -309 |
| Other | -3 | -1 |
| | <u>-303</u> | <u>-310</u> |

NOTE 8 Tax on Profit for the Year

| | 2008 | 2007 |
|--------------|----------|----------|
| Current tax | - | - |
| Deferred tax | - | - |
| | <u>-</u> | <u>-</u> |

Up to and including the tax assessment for 2008, the company has a tax deficit of SEK 75,081,000. Based on the uncertainty about future tax surpluses, no deferred tax claim has been recorded as an asset in the company's balance sheet by way of precaution.

NOTE 9 Intangible Assets

| <i>9a Patents</i> | 2008 | 2007 |
|---|--------|--------|
| <i>Closing accumulated cost</i> | | |
| At the beginning of the year | 3,101 | 3,101 |
| At the end of the year | 3,101 | 3,101 |
| <i>Accumulated depreciation according to plan</i> | | |
| At the beginning of the year | -2,740 | -2,596 |
| Depreciation for the year according to plan | -144 | -144 |
| At the end of the year | -2,884 | -2,740 |
| Value at the beginning of the period | 361 | 505 |
| Value at the end of the period | 217 | 361 |
| <i>9b Trademarks</i> | 2008 | 2007 |
| <i>Closing accumulated cost</i> | | |
| At the beginning of the year | 141 | 141 |
| At the end of the year | 141 | 141 |
| <i>Accumulated depreciation according to plan</i> | | |
| At the beginning of the year | -141 | -141 |
| At the end of the year | -141 | -141 |
| Value at the beginning of the period | - | - |
| Value at the end of the period | - | - |

cont. NOTE 9 Intangible Assets

| <i>Total intangible assets</i> | 2008 | 2007 |
|---|--------|--------|
| <i>Closing accumulated cost</i> | | |
| At the beginning of the year | 3,242 | 3,242 |
| At the end of the year | 3,242 | 3,242 |
| <i>Accumulated depreciation according to plan</i> | | |
| At the beginning of the year | -2,881 | -2,737 |
| At the end of the year | -144 | -144 |
| | -3,025 | -2,881 |
| Value at the beginning of the period | 361 | 505 |
| Value at the end of the period | 217 | 361 |

Total development costs SEK 6,718,000.

NOTE 10 Equipment, Tools and Installations

| | 2008 | 2007 |
|---|------|------|
| <i>Closing accumulated cost</i> | | |
| At the beginning of the year | 417 | 417 |
| Acquisitions | 93 | 52 |
| Disposals and scrapping | - | -52 |
| | 510 | 417 |
| <i>Accumulated depreciation according to plan</i> | | |
| At the beginning of the year | -288 | -232 |
| Disposals and scrapping | - | 32 |
| Depreciation for the year according to plan | -81 | -88 |
| | -369 | -288 |
| Value at the end of the year | 140 | 129 |

NOTE 11 Shares in Group Companies

| | 2008 | 2007 |
|-------------------------------------|------|------|
| <i>Closing accumulated cost</i> | | |
| At the beginning of the year | - | - |
| Procurement | 100 | - |
| Value at the end of the year | 100 | - |

Specification of the Company's holdings of shares and shares in Group companies

| <i>Subsidiary/CIN/Office</i> | <i>Number of shares</i> | <i>Share in %¹⁾</i> | 2008-12-31 <i>Reported value</i> |
|---|-------------------------|--------------------------------|-------------------------------------|
| Tigran Technologies Sweden AB, 556764-3738 Malmö | 1,000 | 100,0 | 100 |

NOTE 12 Stock, etc.

| | 2008 | 2007 |
|--------------------------------|------------|------------|
| Raw materials and supplies | 334 | 246 |
| Finished goods and commodities | 598 | 495 |
| | <u>932</u> | <u>742</u> |

NOTE 13 Prepaid Costs and Accrued Income

| | 2008 | 2007 |
|--------------------------------|------------|------------|
| Prepaid rent and leasing costs | 58 | 72 |
| Prepaid annual fee for patents | 66 | 99 |
| Prepaid marketing costs | 105 | - |
| Prepaid pensions | 122 | - |
| Prepaid consultancy fees | 134 | - |
| Other items | 261 | 35 |
| | <u>746</u> | <u>206</u> |

NOTE 14 Equity

| | Share capital | Subscription for new share being reg. |
|---|---------------|---|
| Closing balance according to balance sheet of 31 December 2006 | 3,049 | - |
| Closing balance on 31 December 2007 | <u>3,049</u> | <u>-</u> |

| | Revaluation reserve | Backup account | Unrestricted capital |
|---|---------------------|----------------|----------------------|
| Closing balance according to balance sheet of 31 December 2006 | - | 17,080 | -13,263 |
| <i>Effect of change in accounting principles:</i> | | | |
| No effect | | | |
| Adjusted closing balance of 01 januari 2007 | - | 17,080 | -13,263 |
| <i>Issue of options</i> | | | <u>17</u> |
| Profit/loss for the year | | | <u>-13,951</u> |
| Closing balance on 31 December 2007 | <u>-</u> | <u>17,080</u> | <u>-27,196</u> |

| cont. NOTE 14 Equity | Subscription for new share being reg. | | |
|--|---------------------------------------|----------------|----------------------|
| | Share capital | | |
| Closing balance according to balance sheet of 31 December 2007 | 3,049 | | - |
| New share issue | 3,520 | | - |
| Closing balance on 31 December 2008 | 6,569 | | - |
| | Revaluation reserve | Backup account | Unrestricted capital |
| Closing balance according to balance sheet of 31 December 2007 | - | 17,080 | -27,197 |
| Profit/loss for the year | | | -19,498 |
| New share issue | - | | 30,594 |
| Covering of losses from funds | - | -17,080 | 17,080 |
| Closing balance on 31 December 2008 | - | - | 979 |

Restricted funds

There must be no transfer of value unless there is full cover for the Company's restricted equity

Reserves

The reserve fund may be used to cover losses and issues of bonus shares. Any decisions on provisions or use will be made by the General Meeting. Up to 31 December 2005, there was an annual provision for the reserve fund until this amounted to 20% of the share capital required under the Swedish Annual Accounts Act.

Unrestricted Shareholders' Equity Share Premium Account

When shares are issued at a premium, i.e. when more than the shares' quota value is to be paid for the shares, an amount equivalent to the amount received over and above the quota value of the shares, is to be put into the share premium account.

Retained Earnings

Consist of unrestricted equity for the previous year after any dividends have been paid. Together with profit/loss for the year, constitute total unrestricted equity, i.e. the amount available for distribution to the shareholders.

Number of Shares Issued

| | Fully paid | Not fully paid | Quota value |
|---|-----------------|-------------------|-------------|
| Ordinary shares | 70,412,739 | - | 0.05 |
| | Ordinary shares | Preference shares | |
| Number of shares outstanding at the beginning of the period | 57,575,599 | 3,396,227 | |
| <i>Specification of change</i> | | | |
| New share issue | 70,412,739 | - | |
| Other changes | 3,396,227 | -3,396,227 | |
| Number of shares outstanding at the end of the period | 131,384,565 | - | |

In February 2008, an agreement was signed that meant that the conditional shareholders' contribution of SEK 10 million previously provided by the founding family was waived. In connection with this, QueQuoin Holdings Ltd. also agreed to convert its preference shares to ordinary shares.

Issues of Shares and Options***At the Extraordinary General Meeting in April 2008, it was decided:***

To issue 100,000 subscription options at SEK 0.04 each to CEO Björn Sellert, providing entitlement to subscribe to 100,000 shares. To issue 125,000 subscription options at SEK 0.04 each providing entitlement to subscribe to 125,000 shares. The shares can be subscribed to at a rate of SEK 2.50/share during the period, 15 May 2010 - 31 May 2010.

All of the subscription options decided on at the General Meeting in April 2008 have been subscribed to and paid.

In the period up to the next General Meeting, the Board has been authorised to decide, on one or more occasions, on the issuing of shares and convertibles with or without preferential rights of a maximum of 40,000,000 shares. Within this authorisation, a fully-subscribed share issue of 39,631,686 for existing shareholders was implemented.

At the Extraordinary General Meeting in July 2008, it was decided:

To increase the Company's share capital, through a new share issue with precedence for existing shareholders, by an amount of a maximum of SEK 1,509,052.65, split into a maximum of 30,181,053 shares, where each share has a quota value of SEK 0.05. It is stated in the decision on the new share issue that the distribution of shares that have not been subscribed to with a preferential right can take place within the scope of the highest amount for existing shareholders to employees of the company and to Alted AB and Monterro Holdings Limited and also Advanced Medical Products, in accordance with the principles for allocation stated in the decision on the issue. The issue of 30,181,053 shares was implemented and registered on 1 October 2008.

At the Extraordinary General Meeting in November 2008, it was decided:

To issue 1,100,000 subscription options at SEK 0.01 each with the right to subscribe to this number of shares, 400,000 of which will be to Björn Sellert, 300,000 to Lars-Magnus Bjursten, 125,000 to Ulf Lundgren, 125,000 to Tomas Cederberg, 100,000 to Bengt Mjöberg and 50,000 to Anette Borgström. The subscription price for the shares will be SEK 1 and subscription may take place over the period 1 - 31 October 2011. In connection with the subscription to the options, all persons that held subscription options previously, i.e. Björn Sellert (400,000 options issued in 2006 and April 2008), Magnus Bjursten (300,000 options issued in 2007), Ulf Lundgren (125,000 options issued 2007 and April 2008) and Bengt Mjöberg (100 000 options issued in 2007 and April 2008) have returned these to the Company. There are therefore no outstanding options from previous programs.

To issue 400,000 options free of charge, entitling the holder to subscribe to this number of shares to one of Tigran Technologies' subsidiaries to be transferred on to new board members, senior post holders and other employees of Tigran who are not covered by the above options. The subscription price for the shares is SEK 1 and subscription may take place during the period from 1 - 31 October 2011. The issue of a maximum of 600,000 new shares in the company directed at Lyngstadaas Biomedical Consulting AS (a company controlled by Petter Lyngstadaas) (400,000 shares) and Capedel AS (a company controlled by Caspar Wohlfart) (200,000 shares), with an entitlement and obligation to pay the new shares by offsetting claims against the company of a total of SEK 300,000, in accordance with the agreement on consultancy services reached between Tigran and the respective subscribers. The directed share issue mentioned above has been adjusted against claims against the company over the year.

NOTE 15 Earnings per Share

| | 2008 | 2007 |
|---|-------------|-------------|
| <i>Earnings per share before and after dilution</i> | | |
| Profit/loss for the period after deductions for the distribution of preference shares | -19,498,099 | -13,951,084 |
| Weighted number of outstanding ordinary shares | 88,230,698 | 61,534,326 |
| Weighted number of outstanding ordinary shares after dilution | 87,218,198 | 60,971,826 |
| Earnings per share before and after dilution | -0.22 | -0.23 |

NOTE 16 Pledged Assets for Liabilities to Credit Institutions

| | 2008 | 2007 |
|--|------|------|
| | 100 | - |
| Funds set aside as security for the benefit of suppliers | 100 | - |

NOTE 17 Accruals and Prepaid Income

| | 2008 | 2007 |
|----------------------------------|-------|-------|
| Accrued personnel costs | 953 | 709 |
| Accrued costs of clinical trials | 491 | 491 |
| Accrued consultancy fees | 507 | 168 |
| Accrued interest | - | 810 |
| Other items | 168 | 236 |
| | 2,119 | 2,415 |

Signatures

Malmö, 05 March 2009

Jan-Eric Österlund
Chairman

Sven-Erik Nilsson

Knut Ramel

Lars Magnus Bjursten

Maria Chambers

Staale Petter Lyngstadaas

Björn Sellert
Managing Director

Our auditor's report was submitted on March 5, 2009 and deviates from the standard form

KPMG AB

Camilla Alm Andersson
Authorized Public Accountant

Audit Report

To the annual meeting of the shareholders
of Tigran Technologies AB (publ)
Corporate identity number 556596-4417

We have audited the annual accounts, the accounting records and the administration of the board of directors and the managing director of Tigran Technologies AB (publ) for the year 2008. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet be adopted, that the loss be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Without affecting our statements above, we would draw attention to the fact that the directors' report states that the annual report was prepared according to the going concern principle and that the Board of Directors has proposed to the Annual General Meeting to authorise a share issue to guarantee access to liquid funds and thus ensure that the company is a going concern. The directors' report also states that the liquidity situation will be safeguarded with a loan of EUR 300,000 from Gilera Trading until the payments from the share issue are received. The company is dependent on the proposed share issue taking place and the loan being provided to ensure it remains a going concern.

Malmö, 05 March 2009
KPMG AB

Camilla Alm Andersson
Authorized Public Accountant