

ActivIdentity Corporation
Consolidated Balance Sheets
(in thousands)

	March 31, 2007	September 30, 2006
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,047	\$ 11,477
Short-term investments	114,635	116,570
Accounts receivable, net of allowance for doubtful accounts	12,705	18,048
Inventories, net	1,782	1,633
Prepaid and other current assets	3,174	2,976
Total current assets	148,343	150,704
Property and equipment, net	4,103	3,612
Other intangible assets, net	8,150	9,830
Other long-term assets	977	968
Goodwill	35,874	35,874
Total assets	\$ 197,447	\$ 200,988
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,136	\$ 2,001
Accrued compensation and related benefits	6,608	6,425
Current portion of accrual for restructuring liability	765	750
Accrued and other current liabilities	4,363	4,585
Current portion of deferred revenue	12,211	12,788
Total current liabilities	28,083	26,549
Deferred revenue, net of current portion	1,766	1,945
Accrual for restructuring liability, net of current portion	1,900	2,249
Long-term deferred rent	865	919
Total liabilities	32,614	31,662
Minority interest	371	373
Stockholders' equity:		
Common stock	421,805	420,573
Accumulated deficit	(242,033)	(237,203)
Accumulated other comprehensive loss	(15,310)	(14,417)
Total stockholders' equity	164,462	168,953
Total liabilities and stockholders' equity	\$ 197,447	\$ 200,988

ActivIdentity Corporation
Condensed Consolidated Statement of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
Revenue:				
Software	\$ 5,837	\$ 4,988	\$ 12,617	\$ 10,169
Hardware	4,379	3,217	8,108	6,152
Maintenance and support	4,668	2,887	8,774	6,243
Total revenue	<u>14,884</u>	<u>11,092</u>	<u>29,499</u>	<u>22,564</u>
Cost of revenue:				
Software	830	1,142	1,586	2,151
Hardware	2,897	1,978	4,803	3,746
Maintenance and support	1,165	808	2,212	1,704
Amortization and impairment of acquired developed technology	792	663	1,584	1,326
Total cost of revenue	<u>5,684</u>	<u>4,591</u>	<u>10,185</u>	<u>8,927</u>
Gross profit	9,200	6,501	19,314	13,637
Operating expenses:				
Sales and marketing	7,106	7,199	12,926	13,773
Research and development	4,860	4,678	9,853	9,434
General and administration	2,494	3,207	5,379	7,141
Restructuring, business realignment, and severance benefits	-	262	-	794
Amortization of acquired intangible assets	48	274	96	548
Total operating expenses	<u>14,508</u>	<u>15,620</u>	<u>28,254</u>	<u>31,690</u>
Loss from operations	(5,308)	(9,119)	(8,940)	(18,053)
Other income (expense):				
Interest income, net	1,510	1,080	2,898	2,115
Other income (expense), net	465	(247)	1,332	(947)
Total other income, net	<u>1,975</u>	<u>833</u>	<u>4,230</u>	<u>1,168</u>
Loss from operations before income tax and minority interest	(3,333)	(8,286)	(4,710)	(16,885)
Income tax provision	(99)	(33)	(114)	(53)
Minority interest	(4)	37	(6)	70
Net loss	<u>\$ (3,436)</u>	<u>\$ (8,282)</u>	<u>\$ (4,830)</u>	<u>\$ (16,868)</u>
Net loss per share	<u>\$ (0.08)</u>	<u>\$ (0.18)</u>	<u>\$ (0.11)</u>	<u>\$ (0.37)</u>
Shares used to compute basic and diluted net loss per share	45,662	45,191	45,644	45,154

ActivIdentity Corporation
Condensed Consolidated Statement of Cash Flows
(In thousands, unaudited)

	Six Months Ended March 31,	
	2007	2006
Cash flows from operating activities:		
Net loss	\$ (4,830)	\$ (16,868)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of fixed assets	758	806
Amortization of acquired developed technology and patents	1,584	1,326
Amortization of acquired intangible assets	96	548
Stock-based compensation expense	1,050	1,880
Loss on disposal of property and equipment	4	138
Minority interest in ActivIdentity Europe S.A	5	(70)
Changes in:		
Accounts receivable	5,698	(3,514)
Inventories	(70)	54
Prepaid and other current assets	4	822
Accounts payable	2,002	1,671
Accrued compensation and related benefits	(378)	(1,163)
Accrual for restructuring liability	(332)	(660)
Accrued and other current liabilities	(605)	(929)
Deferred revenue	(966)	2,001
Deferred rent	(54)	(17)
Net cash provided by (used in) operating activities	<u>3,966</u>	<u>(13,975)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,196)	(519)
Purchases of short-term investments	(64,787)	(54,760)
Proceeds from sales and maturities of short-term investments	66,982	66,584
Cash used in acquisitions, net of cash received	-	(681)
Other long-term assets	(1)	(222)
Net cash provided by investing activities	<u>998</u>	<u>10,402</u>
Cash flows from financing activities:		
Proceeds from exercise of options, rights and warrants	176	70
Net cash provided by financing activities	<u>176</u>	<u>70</u>
Effect of exchange rate changes	(570)	851
Net increase (decrease) in cash and cash equivalents	4,570	(2,652)
Cash and cash equivalents, beginning of period	11,477	13,167
Cash and cash equivalents, end of period	<u>\$ 16,047</u>	<u>\$ 10,515</u>