

**Precise Biometrics AB (publ), Corporate Identity No. 556545-6596**  
**Interim report for January – September 2008**

- The group's net sales for the interim period amounted to SEK 34.4 million (16.7), and for the third quarter to SEK 16.5 million (5.4).
- Net result for the interim period amounted to SEK -18.4 million (-25.5), and for the third quarter SEK 0.1 million (-7.4).
- Result per share for the period amounted to SEK -0.18 (-0.26), and for the third quarter SEK 0.00 (-0.07).
- Liquid assets at the end of the period amounted to SEK 7.5 million (37.3).
- Precise Biometrics was awarded an order for software upgrade and support to the US Department of State, at a value of SEK 4 million.
- Precise Biometrics was awarded an order for a Match-on-Card project, at a value of SEK 2.2 million. The order is a repeat order from an existing customer in the Middle East and part of a larger order comprising both hardware and Match-on-Card licenses.

**Significant events after the quarter**

- Frost & Sullivan, a well renowned analytics and market research company has awarded Precise Biometrics the "Global non-AFIS Fingerprint Emerging Company of the Year", which is a prestigious acknowledgement of Precise Match-on-Card™.
- Precise Biometrics has after the quarter ended obtained a credit facility of SEK 15 million, which can be utilized when needed.

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Precise Biometrics AB is an innovative company offering solutions for fingerprint recognition to prove people's identities. With top-of-the-line expertise in fingerprint verification, Precise Biometrics offers fast, accurate and secure authentication of a person. Our core product Precise BioMatch™ integrates into ID and bank card programs and secure chips, as well as systems for access control to buildings, computers and networks. We act on a global market and our technology is licensed to more than 78 million users all over the world. The Precise Biometrics group has subsidiaries in Sweden (with group headquarters in Lund), Great Britain, Hong Kong and USA, and a joint venture agreement in China. Precise Biometrics is listed on the small cap list at the Nordic Exchange in Sweden (symbol:PREC). For more information, please visit <http://www.precisebiometrics.com/>



**Comments on the quarterly report from the President, Thomas Marschall**

It is with great pleasure that I can announce that Precise Biometrics has reached break even for the first time in its history. This improvement is in large part due to license revenues, which produce a higher margin than hardware sales. Sales of SEK 16.5 million mark an 86 percent increase compared to the preceding quarter. Compared to 2007 as a whole, we have increased sales by approximately 40 percent this far.

We trust that the potential of Match-on-Card will remain high. Short-term potential lies primarily in ID cards for countries and companies. In the long-term, we see great potential in a number of new applications. We are now in final negotiations for a number of national ID card projects. The current market for Match-on-Card primarily comprises government customers, which reduces sensitivity to market fluctuations. The greatest risk for Precise Biometrics lies in delays of procurement and customer-orders.

The strategy we adopted in 2006 remains in force. It is based on strengthening our focus on software licensing – and building a new, strong commercial organization and improving net earnings.

Given the potential of Match-on-Card, the earnings breakthrough and increased activity in the market, we consider it is in the shareholders' best interest for us to continue following our strategy. We have therefore chosen to obtain longer financial sustainability through a credit facility of SEK 15 million, which we can use as needed.

During the quarter, we became members of GlobalPlatform, an industry organization focused on standardization matters for smart card systems. The membership roster includes most of the world's smart card companies along with bank card companies such as MasterCard and Visa. Match-on-Card being on the agenda in this context serves to confirm the vital role that Match-on-Card plays in the smart card industry and its applications. Precise Biometrics' invitation to participate as a biometrics partner confirms the vital role our company plays in this market.

We were also recently awarded the distinction 2008 Global non-AFIS Fingerprint Emerging Company of the Year from one of the world's foremost analysis companies in the field – Frost & Sullivan. This is further proof of our market-leading position in Match-on-Card.

In China, during the third quarter we maintained a dialogue with Smart Unicorn Group concerning the joint-venture company Smart Unicorn Solutions (SUS), in which Precise Biometrics has 38-percent ownership. During the period, the Chinese participants identified market potential, supporting the possibility of a positive development during 2009.

The group's positive net result exemplifies the unending commitment that company employees and investors have shown since the start. I look forward to the company's continued development with the greatest of confidence.

## **Sales and result**

### Interim period January – September 2008

Sales for the period amounted to SEK 34.4 million (16.7). The gross margin was 48% compared with 37% during the corresponding period in the previous year. The net loss for the group in the interim period amounted to SEK -18.4 million (-25.5). Operating expenses for the period, excluding costs of products sold, amounted to SEK 35.5 million (32.7), including depreciation of SEK 2.1 million (3.3) and capitalization of development costs of SEK 1.3 million (0.3). Result per share (average number of shares) for the period amounted to SEK -0.18 (-0.26).

### Third quarter, July – September 2008

Sales for the third quarter amounted to SEK 16.5 million (5.4). The gross margin was 54% compared with 50% during the corresponding period in the previous year. The group's net result for the third quarter amounted to SEK 0.1 million (-7.4). The result has been affected by an exchange rate gain amounting to SEK 3.1 million. Operating costs, excluding costs for products sold amounted to SEK 8.9 million (10.4), including depreciation of SEK 0.7 million (1.4) and capitalization of costs for development work of SEK 0.2 million (0.0). Result per share (average number of shares) for the third quarter amounted to SEK 0.00 (-0.07).

## **Financing and liquidity**

As of September 30, 2008 equity amounted to SEK 53.1 million (81.0) and equity per share to SEK 0.52 (0.80).

The Company has after the quarter ended obtained a credit facility of SEK 15 million, which can be utilized when needed.

The cash flow from current operations amounted to SEK -8.2 million (-16.5) for the third quarter. Liquid assets at the end of the period amounted to SEK 7.5 million (37.3).

## **Geographic markets and future prospects**

Precise Biometrics' marketing and sales efforts are organized in five geographic markets: Asia, Europe (including Scandinavia and Precise Biometrics Solutions), the Middle East & Africa, North America and Latin America.

The quarter was characterized by good sales in hardware, licenses and custom-developed software.

During the quarter, one of our partners – Secure Services Corporation (SSC) – launched a Precise Match-on-Card™ solution for health cards. The health care sector – particularly in the US – is an extremely interesting market segment for Precise Biometrics since our Match-on-Card solutions address problems such as high administration costs and the rise in identity theft and identity management problems.

Precise Biometrics has also been invited as a member in the GlobalPlatform industry organization. GlobalPlatform is active in specification and standardization work for smart card systems, with members representing both the smart card and bank industries. Precise Biometrics joined the organization in order to promote standardization of Match-on-Card technology together with GlobalPlatform. GlobalPlatform's commitment to the subject confirms the vital role that Match-on-Card plays in securing the use of the smart card.

During the third quarter, Precise Biometrics was invited to speak at a number of international conferences, such as Biometrics for Government in the US, Smart Card Expo in India, Smart Events '08 in France and Biometric Consortium Conference 2008 in the US. As indicated in previous quarterly reports, this is a good opportunity for the company to solidify its position as a leading Match-on-Card supplier.

#### Europe

This region – more than any other – is characterized by relationships with a vast number system integrators, solution partners and distributor networks. This is the result of Precise Biometrics' longstanding presence in the market. The quarter is characterized by a number of smaller orders, with sales to different customers – both existing and new.

An interesting project during the quarter was a Match-on-Card solution for a telecom company in Italy that provides ID cards to its employees. Current legislation in Italy requires that certain telecom company employees be issued a biometric ID card. Employees with access to data that is kept on file for more than six months or that is kept on file for legal reasons must use biometrics to gain access to this information.

The bank and finance world of Central Europe is currently evaluating Precise Match-on-Card<sup>TM</sup> based ID solutions for employees in several different projects. This type of solution is already in use at several banks.

In Portugal, the rollout of the market's "Citizen Card" is going as planned, with Portuguese citizens being issued an ID card with their personal fingerprint information. The rollout is expected to be at a rate of two million cards per year.

#### Europe – Precise Biometrics Solutions

The aviation sector continued to have a great deal of activity during this quarter. In September, Precise Biometrics Solutions was invited to speak at the Check-In'08 industry conference in the US. This generated a number of important contacts with airlines, airports and other interested parties in the segment. The aviation industry is currently in a challenging financial situation. However, we have strong hopes that the cost savings and increased passenger flow efficiency that our solutions offer will help airlines see a return on investment within a reasonable time frame.

Scandinavian Airlines has, together with the Swedish Civil Aviation Administration (Luftfartsverket) tested a self-service baggage drop at Arlanda Airport during the quarter. This is an expansion of biometric usage to include unmanned, automated baggage drops. The Arlanda test marks the third round of evaluation. Two test periods were also conducted in Luleå last year. As a whole, both passengers and staff experience that the system worked well. Precise Biometrics will receive the evaluation report during the fourth quarter.

#### Middle East and Africa

During the quarter, yet another order for fingerprint readers and licenses was received for a ongoing Match-on-Card project for a Middle East government. The government is an existing customer to Precise Biometrics and is expanding its employee ID card program. The solution was delivered together with two of Precise Biometrics' partners – a large global system integrator and a local sales channel. The order is worth SEK 2.2 million. The names of the customer, country and the partners involved must be withheld for confidentiality reasons. The customer has worked with Precise Biometrics products since 2004 and has tens of thousands of users in its system.

### North America

Similar to Europe, the North American region is characterized by established channels and a vast number of relationships that often result in several smaller orders, particularly from various installations within the federal government.

The most significant sales for the quarter – and so far for the year – was the software upgrade site license for the US Department of State (DoS), worth SEK 4 million. The DoS has been a Precise Biometrics' customer for several years. This government body was among the first in the government sector to adopt the Precise Match-on-Card™ technology. The delivery includes Match-on-Card runtime licenses for all employees in embassies and consulates worldwide, as well as onsite and integration support.

Sales for the quarter also included repeat business with TWIC (Transport Workers ID Card), NASA, and the US Department of Transportation.

### Asia

In Asia, we are continuing our work to establish partnerships and position ourselves for both existing and potential ID card programs. Given the size of the market our work in the region should be considered long term and with good potential.

During the quarter, Precise Biometrics was invited to speak at the largest smart card conference in India – the Smart Cards Expo – on the subject "Achieving interoperability in smart national ID card programs". The subject is very much of current interest given present activities with various ID cards in India of both government and corporate character.

OKI continues to report sales of Precise BioCore®, a component in one of OKI's chip products. OKI's bulk production of these chips began in April. Its customers for this type of solution include manufacturers of door and garage locks. OKI's sales have, however, not yet reached the levels that were firstly anticipated.

In China, during the third quarter we maintained a dialogue with Smart Unicorn Group concerning the joint-venture company Smart Unicorn Solutions (SUS), in which Precise Biometrics has 38-percent ownership. During the period, the Chinese participants identified market potential, supporting the possibility of a positive development during 2009.

### Latin America

In Latin America, we are continuing the important work of supporting our partners working with identified and potential national ID card projects, where Match-on-Card is specified as a requirement in most cases.

### **Parent company**

Parent company sales for the period amounted to SEK 22.9 million (7.7). Operating loss before tax for the period amounted to SEK -23.5 million (-24.8).

Parent company sales for the third quarter amounted to SEK 10.3 million (2.8). Operating result before tax for the third quarter amounted to SEK 0.7 million (-9.3).

At the end of the interim period 27 persons were employed in the parent company. Liquid assets at the end of the third quarter amounted to SEK 4.5 million (33.1). The parent company

had no debts to credit institutions at the end of the third quarter. Investments in tangible fixed assets amounted to SEK 0.0 million (0.0).

During the interim period development costs of SEK 1.3 million (0.3) were capitalized, SEK 0.2 million (0.0) during the third quarter.

### **Organization and employees**

The parent company of Precise Biometrics has its headquarters in Lund, Sweden. The organization also consists of the subsidiaries Precise Biometrics Inc. in Washington DC, USA, Precise Biometrics UK Ltd, Precise Biometrics Asia Ltd. in Hong Kong and Precise Biometrics Solutions AB with an office in Karlstad, Sweden. The dormant companies Precise Biometrics Services AB, and Loqware Sweden AB (ongoing liquidation) are also part of the group.

In July Patrik Norberg joined Precise Biometrics as CFO. He is also part of the company's management team.

As of September 30, 2008 the group had 45 (40) employees, whereof 42 in Sweden, 1 in the US, and 2 in Hong Kong. Of these employees, 35 (30) were men and 10 (10) were women.

### **Investments in tangible fixed assets**

During the interim period the group invested SEK 0.2 million (0.0) in tangible fixed assets.

In the third quarter the group invested SEK 0.0 million (0.0) in tangible fixed assets.

### **Capitalization and depreciation of development work**

Development work costs of SEK 1.3 million (0.3) were capitalized during the period. Depreciation of capitalized costs for development work amounted to SEK 1.5 million (1.3) during the period.

During the third quarter development costs of SEK 0.2 million (0.0) were capitalized. Depreciation of capitalized development costs amounted to SEK 0.5 million (0.4) during the quarter.

### **Patents**

The group's long-term patent strategy focuses on establishing strong protection round Precise Match-on-Card™ as the core technology. The patents portfolio has been gradually expanded since 2001 and at the end of the third quarter of 2008 included 74 different patents and 34 applications for patents in 22 different patent families. Precise Biometrics has 13 different patent families for the Match-on-Card technology alone.

### **The share**

The Company's shares have been listed on the O-list of the Stockholm Stock Exchange since October 3, 2000, which after October 2, 2006 was replaced by the Nordic Stock Exchange where the Company is now listed on the Small Cap list.

The total number of registered shares at the end of the quarter was 101,220,600. During the interim period the average turnover per day was SEK 329 thousand and the share price ranged from SEK 0.80 to 1.69.

The average turnover per day during the third quarter was SEK 239 thousand and the share price ranged from SEK 0.80 to 1.40.

The main shareholders as of September 30, 2008

Name	Percentage of capital stock	No. of shares
Storebrand fonder	4.9 %	4,992,666
Smart Unicorn Group Ltd	4.2%	4,300,000
Banco fonder	3.3 %	3,344,199
Swedbank Robur fonder	3.1 %	3,145,000
HJ Byggkonsulter	1.7 %	1,680 ,000

Source: SIS Ägarservice

**Nomination Committee**

Following a decision at the Annual General Meeting on April 22, 2008 a Nomination Committee shall be organized. The Nomination Committee shall as a minimum consist of one representative from each of the three major shareholders per August 31, 2008 as well as the Chairman of the Board.

Accordingly the Nomination Committee consists of Öyvind Fjell (Storebrand fonder), Dave Q. Wu (Smart Unicorn Group), Kerstin Stenberg (Swedbank Robur fonder) and a representative from Banco fonder will be appointed shortly. These represent the four largest shareholders in the Company as of August 31, 2008. The Chairman of the Board Lisa Thorsted is also represented in the Nomination Committee, and is the convener.

**Risk factors**Technological development

The market on which the company operates is subject to rapid change. New technology and new players are constantly appearing. The Company's technology must therefore to a large extent be accepted by the leading players on the market, both by suppliers and customers. The market must be mature enough to understand and accept the new technology supplied by the Company. This can mean that major investments in marketing and sales may be required to achieve the expected sales volumes.

Employees

There are a number of key persons in the Company who are important for operations, and who possess unique competence. If one or more of these key persons should leave the Company it could, in the short term, have a negative impact on operations. There is also the risk that the recruitment of new employees for these positions can take time and result in additional costs for the Company.

Partners

Today the Company cooperates with several different partners. They include smart card manufacturers, chip manufacturers and suppliers of applications. The Company relies on this cooperation in order to be able to offer end-users complete security solutions. There is a risk that one or more of these partners could end their cooperation or fail to achieve the expected results, which would result in a loss of expected future earnings.

Patents and industrial and intellectual property rights

It is important for the Company to protect its technology through patents or other industrial and intellectual property rights, and thereby retain its technological lead and create the opportunity for license earnings in the future. The company therefore pursues an active patent strategy, which involves



applying for patents for strategically important inventions in the countries where this considered to be appropriate.

#### Competitors

The company operates on the biometry market where competition is intense. The competing companies can have substantially larger financial and industrial resources at their disposal than the Company, and it cannot be excluded that competition from this type of player can lead to diminished market shares and/or a reduction in profitability for Precise Biometrics.

#### Forecasting reliability

The Company operates on a market that is in an early stage of growth and is characterized by long sales promotion periods, which leads to a certain degree of inaccurate forecasts. Earlier or later submissions of orders can have a significant effect on annual sales and earnings.

#### Cash flow

The Company endeavors to minimize the time capital is tied up, for example in stocks and accounts receivable. To reduce the risks of tied-up capital the Company works actively to improve the internal process for forecasting and production planning. The Company also endeavors to ensure that the long ID card projects are not an excessive burden in terms of the cash flow.

For a full account of identified risks, please refer to the Annual Report for 2007.

#### **Future report dates**

Year-end Report, February 5, 2009

#### **General Annual Meeting**

The General Annual Meeting of Precise Biometrics will be held on Tuesday April 22, 2009 in Lund. Further information will be available at [www.precisebiometrics.com](http://www.precisebiometrics.com) and in the Year-end report.

#### **Accounting principles**

This interim report has been prepared in accordance with IAS 34, Interim reporting and the Swedish Company Accounts Act. The accounting principles are unaltered compared with last year.

For information on the applied accounting policies, please refer to the Annual Report for 2007. The report has not been subjected to review by the Company's auditors.

Lund, October 22, 2008

**Styrelsen**

**Lisa Thorsted**

*Chairman*

**Jan T Jörgensen**

**Lena Widin Klasén**

**Eva Maria Matell**

**Marc Chatell**

**Thomas Marschall**

*President and CEO*



**Income statement, Group**

(Figures in thousands SEK)	Q3	Q3	Q1-Q3	Q1-Q3	Full
	2008	2007	2008	2007	year
					2007
Net sales	16,484	5,371	34,373	16,704	24,815
Cost of goods sold	-7,668	-2,699	-17,719	-10,496	-15,928
<b>Gross profit/loss</b>	<b>8,816</b>	<b>2,672</b>	<b>16,654</b>	<b>6,208</b>	<b>8,887</b>
Selling expenses	-5,649	-4,280	-17,190	-16,447	-21,357
Administrative expenses	-2,542	-1,183	-8,234	-6,960	-9,608
R&D costs	-3,514	-2,190	-9,775	-9,182	-13,762
Other operating income and changes in value	3,164	-2,556	1,138	342	542
Result from participations in associated companies	-352	-210	-1,477	-495	-1,448
	-8,893	-10,419	-35,538	-32,742	-45,633
<b>Operating profit/loss</b>	<b>-77</b>	<b>-7,747</b>	<b>-18,884</b>	<b>-26,534</b>	<b>-36,746</b>
Financial costs	139	372	532	1,065	1,457
<b>Profit/loss after financial items</b>	<b>62</b>	<b>-7,375</b>	<b>-18,352</b>	<b>-25,469</b>	<b>-35,289</b>
Tax	-	1	-	-	-
<b>Profit/loss for the period</b>	<b>62</b>	<b>-7,374</b>	<b>-18,352</b>	<b>-25,469</b>	<b>-35,289</b>
<i>Results per share, SEK</i>	<i>0.00</i>	<i>-0.07</i>	<i>-0.18</i>	<i>-0.26</i>	<i>-0.35</i>

## Balance Sheet, Group

(Figures in thousands SEK)

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2007</u>
<b>Assets</b>			
Intangible fixed assets	10,038	11,710	10,316
Tangible fixed assets	1,349	1,739	1,602
Financial fixed assets	-	151	-
Participations in associated companies	20,919	23,349	22,396
Receivables from associated companies	7,208	6,782	6,630
Inventories	2,644	5,755	1,865
Accounts receivable - trade	21,444	4,155	8,391
Other current receivables	2,419	3,922	2,434
Cash and bank balances	7,516	37,339	32,516
<b>Total assets</b>	<b>73,537</b>	<b>94,902</b>	<b>86,150</b>
<b>Equity and liabilities</b>			
Equity	53,069	81,045	71,201
Current liabilities	20,468	13,857	14,949
<b>Total equity and liabilities</b>	<b>73,537</b>	<b>94,902</b>	<b>86,150</b>
<b>Pledged assets</b>	<b>4,115</b>	<b>9,115</b>	<b>4,115</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Cash Flow Statement, Group

(Figures in thousands SEK)

	<u>Q3</u>	<u>Q3</u>	<u>Q1-Q3</u>	<u>Q1-Q3</u>	<u>Full</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>year</u>
					<u>2007</u>
Cash flow from operating activities					
before changes in working capital	452	-5,495	-14,896	-21,692	-29,224
Cash flow from changes in working capital	-8,662	-11,051	-8,997	-10,100	-7,389
Cash flow from operating activities	-8,210	-16,546	-23,893	-31,792	-36,613
Cash flow from investing activities	-274	-38	-1,561	-7,253	-7,255
Cash flow from financing activities	324	306	454	82	82
<b>Cash flow for the period</b>	<b>-8,160</b>	<b>-16,278</b>	<b>-25,000</b>	<b>-38,963</b>	<b>-43,786</b>
Liquid funds at the beginning of the period	15,676	53,617	32,516	76,302	76,302
Liquid funds at the end of the period	7,516	37,339	7,516	37,339	32,516

## Key Figures, Group

	9/30/2008	9/30/2007	12/31/2007
Working capital (thousands SEK)	13,555	37,314	30,257
Liquid ratio	153%	328%	290%
Equity/assets ratio	72%	85%	83%
Return on average equity	-	-	neg
Capital employed (thousands SEK)	53,069	81,045	71,201
Return on capital employed	-	-	neg
Profit/loss per share (SEK)	-0.18	-0.26	-0.35
EBITDA (thousands SEK)	-16,791	-23,232	-31,679
Equity per share (SEK)	0.52	0.80	0.70
Number of shares	101,220,600	101,220,600	101,220,600
Number of employees at the end of the period	45	40	38
Average number of employees during the period	40	47	45

### Definitions - Key Figures

Working capital: Current assets less current liabilities

Liquid ratio: Current assets less inventories divided by current liabilities

Equity/assets ratio: Equity as of the balance sheet date divided by total assets as of the balance sheet date

Return on equity: Profit/loss for the period divided by average equity

Capital employed: Balance sheet total minus non-interest-bearing liabilities and provisions

Return on capital employed: Profit/loss after financial items plus financial expenses divided by the average capital employed

Profit/loss per share: Profit/loss after tax divided by the average number of shares. The options are not included in the calculation since the subscription price is higher than the market rate at the 30th of Sept. 2008

EBITDA: Profit/loss before net financial items, depreciations, write-downs and tax

Equity per share: Equity at the end of the period divided by the number of shares at the end of the period

## Changes in Equity, Group

(Figures in thousands SEK)

	Q1-Q3 2008	Q1-Q3 2007	Full year 2007
<b>Initial Equity</b>	<b>71,201</b>	<b>95,016</b>	<b>95,016</b>
New share issue	-	10,496	10,496
Options <sup>1)</sup>	454	306	306
Translation difference	-234	696	672
Profit/loss for the period	-18,352	-25,469	-35,289
<b>Equity at the end of the period</b>	<b>53,069</b>	<b>81,045</b>	<b>71,201</b>

1) 2008: Relates to 2 300 000 subscription options to Management at a rate of SEK 0.19 and 210 000 subscription options to employees

at a rate of SEK 0.08. 2007: Relates to 2 355 000 subscription options to employees at a rate of SEK 0.13.

**Turnover and profitability by Regions Q3 2008**

(Figures in thousands SEK)	North America		Europe		Middle East & Africa		Asia	
	2008	2007	2008	2007	2008	2007	2008	2007
	Net sales	5,791	789	5,693	3,004	4,882	1,388	135
Expenses <sup>1)</sup>	<u>-1,320</u>	<u>-1,035</u>	<u>-4,050</u>	<u>-2,614</u>	<u>-4,644</u>	<u>-1,020</u>	<u>-699</u>	<u>-153</u>
Operating profit/loss	4,471	-246	1,643	390	238	368	-564	13

  

(Figures in thousands SEK)	Latin America		Other	
	2008	2007	2008	2007
	Net sales	-	23	-17
Expenses <sup>1)</sup>	<u>-1</u>	<u>-38</u>	<u>349</u>	<u>328</u>
Operating profit/loss	-1	-15	332	328

**Turnover and profitability by Regions Q1-Q3 2008**

(Figures in thousands SEK)	North America		Europe		Middle East & Africa		Asia	
	2008	2007	2008	2007	2008	2007	2008	2007
	Net sales	10,270	2,947	16,924	11,262	6,643	1,812	536
Expenses <sup>1)</sup>	<u>-4,367</u>	<u>-4,431</u>	<u>-13,465</u>	<u>-12,145</u>	<u>-6,724</u>	<u>-2,195</u>	<u>-2,340</u>	<u>-2,146</u>
Operating profit/loss	5,903	-1,484	3,459	-883	-81	-383	-1,804	-1,564

  

(Figures in thousands SEK)	Latin America		Other	
	2008	2007	2008	2007
	Net sales	-	102	0
Expenses <sup>1)</sup>	<u>-26</u>	<u>-157</u>	<u>-50</u>	<u>44</u>
Operating profit/loss	-26	-55	-50	44

1) The above expenses in Regions include Cost of goods sold as well as operation expenses for each region.

**Income statement, Parent company**

(Figures in thousands SEK)	Q1-Q3 2008	Q1-Q3 2007	Full year 2007
Net sales	22,863	7,681	12,425
Cost of goods sold	-11,859	-4,444	-7,788
<b>Gross profit/loss</b>	<b>11,004</b>	<b>3,237</b>	<b>4,637</b>
Selling expenses	-16,418	-12,077	-15,993
Administrative expenses	-9,029	-6,212	-7,993
R&D costs	-12,204	-9,182	-13,762
Other operating income and changes in value	2,378	-1,953	-1,513
	-35,273	-29,424	-39,261
<b>Operating profit/loss</b>	<b>-24,269</b>	<b>-26,187</b>	<b>-34,624</b>
Financial costs	795	1,420	1,910
<b>Profit/loss after financial items</b>	<b>-23,474</b>	<b>-24,767</b>	<b>-32,714</b>
Tax	-	-	-
<b>Profit/loss for the period</b>	<b>-23,474</b>	<b>-24,767</b>	<b>-32,714</b>

**Balance Sheet, Parent company**

(Figures in thousands SEK)

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2007</u>
<b>Assets</b>			
Intangible fixed assets	5,107	6,779	5,385
Tangible fixed assets	916	1,130	1,048
Participations in group companies	6,540	6,540	6,540
Participations in associated companies	21,320	21,320	21,320
Receivables from associated companies	7,208	6,782	6,630
Inventories	2,615	5,635	1,788
Accounts receivable - trade	11,516	1,473	4,471
Other current receivables	44,489	45,878	47,072
Cash and bank balances	4,452	33,054	27,813
<b>Total assets</b>	<b>104,163</b>	<b>128,591</b>	<b>122,067</b>
<b>Equity and liabilities</b>			
Equity	88,889	120,789	112,364
Other provisions	267	242	240
Current liabilities	15,007	7,560	9,463
<b>Total equity and liabilities</b>	<b>104,163</b>	<b>128,591</b>	<b>122,067</b>
<b>Pledged assets</b>	<b>1,715</b>	<b>1,715</b>	<b>1,715</b>
<b>Contingent liabilities</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

In view of today's interim report we have the pleasure of inviting investors and journalists to the following information meeting during the day.

#### Telephone conference

- The conference starts at 11:00 (CET)
- To participate, please call +46 (0) 8 506 269 30

An operator will note your name and connect you to the conference. She/he will also provide you with information about what to do if you have any questions. Depending on the nationality of the participants the conference will be held in Swedish or English.

Participating on behalf of Precise Biometrics

- Thomas Marschall, President and CEO
- Patrik Norberg, CFO

A recording of the information provided will be available for following three days after the conference. To listen to the conference, dial +46 (0)8 506 269 49 and when you are asked to state a reference PIN please dial 224993 and finish with (#).

Please visit [www.precisebiometrics.com/presentations](http://www.precisebiometrics.com/presentations) where a presentation can be downloaded.

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#### For further information

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Precise Biometrics AB is an innovative company offering solutions for fingerprint recognition to prove people's identities. With top-of-the-line expertise in fingerprint verification, Precise Biometrics offers fast, accurate and secure authentication of a person. Our core product Precise BioMatch™ integrates into ID and bank card programs and secure chips, as well as systems for access control to buildings, computers and networks. We act on a global market and our technology is licensed to more than 78 million users all over the world. The Precise Biometrics group has subsidiaries in Sweden (with group headquarters in Lund), Great Britain, Hong Kong and USA, and a joint venture agreement in China. Precise Biometrics is listed on the small cap list at the Nordic Exchange in Sweden (symbol:PREC). For more information, please visit <http://www.precisebiometrics.com/>

