

**Precise Biometrics AB (publ), corporate identity no 556545-6596
Interim report for the period January – June 2005**

- Sales for the Group during the interim period were SEK 28.5 million (14.5), and for the second quarter SEK 13.7 million (7.7).
- The bottom line during the interim period was SEK –11.9 million (-15.9), and for the second quarter SEK –5.0 million (-9.0).
- Losses per share for the interim period were SEK –0.19 (–0.32), and for the second quarter SEK –0.08 (-0.15).
- Liquid funds at the close of the interim period were SEK 23.8 million (55.5).
- The company received a first order from the Thai Government concerning licenses for 12 million national ID cards incorporating Precise Match-on-Card™ and 36,000 fingerprint readers equipped with Precise BioCore®.
- The company has reached agreements with the new partners Iridian Technologies and OmniPerception, which have resulted in a multi-biometric Match-on-Card solution for Sharp's smart cards.
- The company has implemented a directed share issue to Japanese silex technology Inc. for just over SEK 7 million. The issue was made within the framework of the authorization given at the annual general meeting.
- The company has reached a three-year agreement with Iris Corporation Berhad from Malaysia. In the initial phase the agreement provides SEK 3.5 million in license revenues. In addition to this Precise Biometrics will be an authorized dealer of Iris hand-held and stationary biometric terminals for smart cards.

Significant events after the end of the quarter

- Precise Biometrics has opened its own sales office in the UK, which will further enhance our presence on local markets.

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Precise Biometrics AB (publ.) is an innovative security company that supplies world-leading systems for fingerprint and smart card-based authentication. The company's solutions replace keys, PIN codes and passwords and enhance the integrity of ID cards and passports. With its proprietary Precise Match-on-Card™ technology, the company is a market leader within smart ID cards. Through its subsidiary Fyrplus Teknik, Precise Biometrics can deliver complete biometrics solutions on the Scandinavian market based, for example on fingerprint, iris and facial recognition. The product line includes systems for access control to buildings, computers and networks and for integration into ID cards and passports. The group headquarters are in Lund, Sweden. It also has offices in Stockholm and a U.S. subsidiary in Washington, DC. The subsidiary Fyrplus Teknik is based in Karlstad and has regional offices in Linköping. Precise Biometrics is listed on the O-list of the Stockholm Stock Exchange (symbol: PREC A). For more information, please visit <http://www.precisebiometrics.com/>

President's comments on the interim report

The main event this quarter was of course the breakthrough order we received from the Thai Government for national ID cards with biometrics, and the fact that we were selected in such an important project shows that our technology is competitive and ideal for application in large-scale projects. This project in particular, which in its entirety concerns all the 64 million inhabitants in Thailand, will lead to greater awareness and knowledge of biometrics and contribute towards reinforcing our position on the market. We are now working actively to obtain follow-up orders and additional sales.

Our goal to also become a market leader in biometrics and smart cards on the Japanese market has been further reinforced through cooperation with our Japanese partner silex technology Inc, and through the special issue of new shares silex invested in shares in Precise Biometrics to a value of over SEK 7 million. Together we can now offer biometric solutions to meet the highest security requirements on the global market, and we can also satisfy a powerfully expanding demand for biometrics in Japan.

In mid April we initiated advanced cooperation with Iridian Technologies, market-leader in biometric iris recognition and OmniPerception, who specialises in face biometry. This cooperation has resulted in a multi-biometric solution for Sharp's smart cards and means that Precise Biometrics, as the first company in the world, can now present a multi-biometric Match-on-Card solution.

During the quarter we signed a three-year agreement with IRIS Corporation Berhad from Malaysia. The agreement means that we are supplying licenses for Precise BioMatch™. At the same time we will become an authorized dealer for IRIS hand-held and stationary biometric terminals for smart cards, which are ideal for use in the ID card projects being planned throughout the world.

During the quarter our gross margin was higher than planned, which was an effect of the increase in license sales that far exceeded our expectations.

Sales and profitabilityInterim period January – June 2005

Sales during the interim period amounted to SEK 28.5 million (14.5), of which the subsidiary Fyrplus Teknik accounted for SEK 9.2 million. Growth was 97 % compared to previous year. Not including the revenue from Fyrplus Teknik, sales increased by 33 % to SEK 19.3 million. The Gross margin was 39 % and excluding Fyrplus Teknik the margin amounted to 50 %. The bottom line for the Group during the interim period was SEK –11.9 million (–15.9). Operating expenses for the interim period, excluding the cost of goods sold, totaled SEK 22.9 million (23.6), including depreciation of SEK 4.1 million (5.0) and capitalization of expenses for development work of SEK 2.9 million (0.6). Losses per share (average number of shares) over the interim period amounted to SEK –0.19 million (–0.32).

Second quarter April – June 2005

Sales during the second quarter amounted to SEK 13.7 million (7.7), of which the subsidiary Fyrplus Teknik accounted for SEK 4.3 million. Not including the revenue from Fyrplus Teknik sales increased by 22 % to SEK 9.4 million. The bottom line for the Group during the second quarter was SEK –5.0 million (-9.0). Operating expenses for the second quarter, excluding the cost of goods sold, totaled SEK 11.9 million (12.7), including depreciation of SEK 2.0 million (2.5) and capitalization of expenses for development work of SEK 1.1 million (0.3). Losses per share (average number of shares) for the second quarter amounted to SEK –0.08 (-0.15).

At the end of the second quarter, the company's order book contained current orders in hand valued at about SEK 1.8 million.

The gross margin has increased considerably during the quarter, from 28 % to 51 %, in comparison with the quarter before. The major reason for this is the increased sales of licenses.

The gross margin is lower in the subsidiary Fyrplus Teknik, since payroll expenses directly related to consultant services sold, are shown under cost of goods sold, and not as operating expenses below gross profit. Excluding Fyrplus Teknik the gross margin for the quarter amounts to 67 %. The gross margin has been negatively effected by write-downs in inventory of SEK 850 thousand.

Financing and liquidity

Equity as of June 30, 2005 amounted to SEK 59.5 million (89.0), and the equity/share ratio totaled SEK 0.96 (1.46).

The cash flow from current operations amounted to SEK –8.4 million (-13.2) for the quarter, while liquid capital amounted at the end of the interim period to SEK 23.8 million (55.5).

Marketing and salesAmericas

During the quarter a number of projects for the Government segment have been postponed, which led to that the turnover not increased according to plan. The new product Precise 250 MC has been introduced in the pilot project Texas Medicaid.

Sales for the business area during the interim period January – June amounted to SEK 8.1 million (7.9), and operating profit amounted to SEK –0.8 million (2.5).

Sales for the business area during the second quarter April – June amounted to SEK 1.9 million (3.9), and operating profit amounted to SEK –1.3 million (0.3).

EMEA

Sales in EMEA have principally been to bank and health care projects in Central Europe. It should be emphasized that a number of new pilot projects have been started where there is extensive future demand.

Sales for the business area during the interim period January – June amounted to SEK 5.0 million (5.2), and operating profit amounted to SEK –1.0 million (0.1).

Sales for the business area during the second quarter April – June amounted to SEK 1.7 million (3.0), and operating profit amounted to SEK –0.9 million (0.3).

National ID Card Group

The project concerning national ID cards in Thailand is running according to plan. The order from the Thai Government gave the company an excellent platform to create long-term contacts on the expanding Asian market, above all in the form of follow-up orders and increased sales.

In the first phase of the three-year agreement signed with IRIS Corporation Berhad, IRIS has purchased licenses from Precise Biometrics. By means of the agreement Precise BioMatch[™] has been integrated into their entire product line. Precise Biometrics has also become an authorized dealer for IRIS hand-held and stationary biometric terminals for smart cards.

Sales for the business area during the interim period January – June amounted to SEK 6.0, and operating profit amounted to SEK 4.4 million.

Sales for the business area during the second quarter April – June amounted to SEK 5.8 million, and operating profit amounted to SEK 4.9.

ICAO Systems

During the IFSEC exhibition in Birmingham on May 16-19, Precise Biometrics in cooperation with Gunnebo Entrance Control demonstrated the next generation's electronic system for border control with biometrics. The companies have developed a multi-biometric verification system that facilitates the electronic border control needed during the use of the electronic passports now being introduced in many countries throughout the world.

Sales for the business area during the interim period January – June amounted to SEK 0.0 million, and operating profit amounted to SEK –1.1 million.

Sales for the business area during the second quarter April – June amounted to SEK 0.0 million, and operating profit amounted to SEK –0.5 million.

Fyrplus

During the quarter several new assignments have been started.

Sales for the business area during the interim period January – June amounted to SEK 9.2 million, and operating profit amounted to SEK 0.7 million.

Sales for the business area during the second quarter April – June amounted to SEK 4.3 million, and operating profit amounted to SEK 0.3 million.

Other

Other sales are primarily referable to customer-specific development work and during the interim period amounted to SEK 0.3 million (1.4), and operating profit amounted to SEK -1.2 million (-0.3).

Sales for the second quarter amounted to SEK 0.0 million (0.9), and operating profit for the second quarter amounted to SEK -0.9 million (0.1).

Future prospects and market trends

The national ID card project that Precise Biometrics won in Thailand has led to a greater awareness and knowledge of biometrics, and has also reinforced the position of the company on the market. Biometrics is no longer only a future vision, but in many cases a reality. Even in Europe biometrics is starting to become a natural part of everyday life, partly as a result of the new biometric EU passport on schedule for introduction in the next few years.

Through the company's more advanced cooperation with both the Japanese partner silex technology and IRIS Corporation Berhad in Malaysia, Precise Biometrics is further reinforcing its presence on the Asian market.

Cooperation with Iridian Technologies, market-leader in biometric iris recognition and OmniPerception, who specializes in face biometry and Sharp's smart cards, means that Precise Biometrics is better positioned to meet the increasing demand for the biometric solutions needed during the introduction of national ID cards and electronic passports.

During the second half of 2005 there are excellent prospects for Precise Biometrics to continue its positive development with growing revenues and a stronger bottom line. With its proactive strategy the company is dedicated to further expansion in markets such as Japan, England and Malaysia, where there is large growth potential for Precise Biometrics.

Organization and staff

Precise Biometrics consists organizationally of the parent company, Precise Biometrics AB, with headquarters in Lund and a sales office in Stockholm, and the subsidiaries Precise Biometrics Inc. in Washington DC, USA, Precise Biometrics Services AB and Fyrplus Teknik AB, with offices in Karlstad and in Linköping, Sweden. As of June 30, 2005 the Group had 60 (32) employees, 54 in Sweden and 6 in the USA. Of these employees, 47 (24) were men and 13 (8) were women.

After the period Stephen Edwards was hired as Vice President Sales & Marketing for EMEA, in order to strengthen the company's sales organization. He will also be responsible for the new office in London, UK.

Investments in fixed capital assets

During the interim period the Group invested SEK 0.2 million (0.0) in fixed capital assets, and during the second quarter SEK 0.0 million (0.0).

Capitalized development work

During the interim period expenses for development work were capitalized to the order of SEK 2.9 million (0.6), and during the second quarter to the

order of SEK 1.1 million (0.3). Depreciation of expenses for capitalized development work during the interim period amounted to SEK 3.2 million (4.1) and during the quarter to SEK 1.7 million (2.1). Depreciation of patents and capitalized computing expenses amounted during the interim period to a total of SEK 0.5 million (0.5) and during the quarter to a total of SEK 0.2 million (0.2).

Patents

Precise Biometrics has a total of 22 approved patents, of which eleven are approved in Sweden. In addition to the approved patents, the company has also filed for 36 other patents. Approved patents and patent applications are based on 19 inventions.

Annual general meeting

This year's annual general meeting attracted extensive interest both from the media and from our shareholders, and there were more participants than in previous years. In conjunction with the assembly prior to the meeting the company took the opportunity to demonstrate how enrolling and verification on biometric passport with fingerprints are carried out.

The annual general meeting authorized the board to take a decision to increase the company's share capital through a special issue of no more than 12 million new shares. The objective of this authorization and the reason for this deviation from shareholders' preferential rights is to enable the company to implement the acquisition of companies with payment in its own shares, and to obtain a capital contribution from in the first instance new industrial or international owners.

The annual general meeting also decided to introduce an incitement program for leading decision-makers through the emission of debentures linked to the right of option for new subscriptions. In the case of full subscription and full utilization of the right of option, the share capital can be increased to a total of SEK 800,000, which corresponds to approx. 3.3% of the company's current share capital and votes. This would also mean that the company's equity would increase by a total of SEK 26.9 million.

Lars Grönberg, Christer Fåhraeus, Göran Jansson and Helen Fasth-Gillstedt were reelected as board members, and Jan T Jörgensen, Marc Chatel and Christer Bergman were newly elected. Lars Grönberg was reelected chairman.

Special issue of new shares

Our Japanese partner silex technology Inc has acquired 1,050,000 shares at a price of SEK 7.04. As a result of the new issue of shares the number of shares in Precise Biometrics has increased to 61,965,450. The newly issued shares correspond to 1.7% of the total number of shares after the new issue. The new issue of shares has taken place with the support of the authorization received from the annual general meeting.

Shares

The company shares have been listed on the Stockholm Stock Exchange O-list since October 3, 2000.

The total number of shares at the end of the quarter was 61,965,450 (including the new issue of shares to silex technology, an increase of 1,050,000). During the interim period the average sales per day were SEK 2,949 thousand, and the listed share price ranged between SEK 2.72 and SEK 9.20.

The five largest shareholders as of June 30, 2005 (including ongoing share issue to silex technology).

Name	Proportion of capital and votes
Odin fonder (Norway)	8.3%
Eden Capital Ltd	6.6%
Storebrand fonder	5.4%
Fjärde AP-fonden	5.4%
Banco fonder	4.0%

Source: SIS Ägarservice

Parent company

The sales for the parent company during the interim period were SEK 16.9 million (12.5), and sales for the second quarter were SEK 8.5 million (7.4).

The operating result for the interim period was SEK -9.9 million (-14.9) and for the second quarter SEK -3.5 million (-8.0).

At the end of the interim period, 31 people were employed in the parent company. Liquid funds at the close of the second quarter totaled SEK 16.3 million (53.0). The parent company had no debts to credit institutions at the end of the second quarter. Investments in fixed capital assets totaled SEK 0.2 million (0.0). At the end of the interim report expenses for development work were capitalized to the order of SEK 2.9 Mkr (0.6) and for the second quarter SEK 1.1 million (0.3).

Upcoming financial reporting dates

Interim report, January - September	October 26, 2005
Year-end report, January - December	February 8, 2006

Transition to IFRS and accounting principles

In accordance with requirements set for companies listed on the stock exchange in the EU, Precise Biometrics made the transition to reporting under the International Financial Reporting Standards (IFRS) as of January 1, 2005. To and including 2004, the company had applied the Swedish Financial Accounting Standards Council's recommendations and statements. The transition to IFRS is reported in accordance with IFRS 1, whereby the transition date was January 1, 2004. IFRS 1 prescribes that the comparison year shall also be reported in accordance with IFRS. Financial information pertaining to financial years earlier than 2004 has not been restated.

In accordance with IAS 21, Precise Biometrics has translated its US subsidiary under the current or spot rate method instead of as previously using the temporal rate method. The result of this transition is that the profit and loss statement and balance sheet for 2004 was adjusted, which entails that exchange differences during 2004 are shown against equity and not in the profit and loss statement. Accumulated exchange differences are shown as a separate component of equity from

January 1, 2004.

Reporting in accordance with IAS 39, has been applied from and including January 1, 2005, and has had no effects on the opening balance.

The effects of adjustments on historical data, pertaining to the transition to IFRS are reported in separate tables in this report.

IFRS is subject to continuous review and approval by the EU, as a result of which changes can still occur. Other than the above adjustments to IFRS, the same accounting principles and valuation methods used in the most recent annual report were applied.

The report has not been subject to review by the company's accountants.

Lund, Sweden, July 19, 2005

Christer Bergman, President and CEO, Precise Biometrics AB (publ)

Income statement, Group

(Figures in thousands SEK)

	Q2 2005	Q2 2004	Q1-Q2 2005	Q1-Q2 2004	Full year 2004
Net sales ¹⁾	13,726	7,690	28,485	14,498	30,007
Cost of goods sold ²⁾	-6,712	-3,931	-17,332	-6,651	-17,054
Gross profit/loss	7,014	3,759	11,153	7,847	12,953
Selling expenses ³⁾	-8,564	-6,215	-16,200	-12,334	-23,810
Administrative expenses ⁴⁾	-2,775	-1,666	-4,895	-3,265	-6,425
R&D costs	-4,986	-5,015	-8,818	-9,731	-20,451
Other operating income and changes in value	4,381	183	7,014	1,714	-1,912
	-11,944	-12,713	-22,899	-23,616	-52,598
Operating profit/loss	-4,930	-8,954	-11,746	-15,769	-39,645
Financial costs	-58	-1	-118	-81	-83
Profit/loss after financial items	-4,988	-8,955	-11,864	-15,850	-39,728
Deferred tax	-1	-5	-2	-5	-13
Profit/loss for the period	-4,989	-8,960	-11,866	-15,855	-39,741
<i>Results per share, SEK</i>	0.08	0.15	0.19	0.32	0.72
¹⁾ whereof Fyrplus	4,301		9,191		
²⁾ whereof Fyrplus	-3,581		-7,659		
³⁾ whereof Fyrplus	-450		-830		
⁴⁾ whereof Fyrplus	-259		-551		

Balance Sheet, Group

(Figures in thousands SEK)

	<u>2005-06-30</u>	<u>2004-06-30</u>	<u>2004-12-31</u>
Assets			
Intangible fixed assets	22,580	21,969	17,946
Tangible fixed assets	1,798	1,199	1,165
Inventories	6,001	6,113	5,498
Accounts receivable - trade	16,302	10,232	7,818
Other current receivables	3,821	3,035	3,213
Cash and bank balances	23,824	55,548	44,832
Total assets	74,326	98,096	80,472
Equity and liabilities			
Equity	59,536	89,039	67,769
Long-term liabilities	253	0	0
Current liabilities	14,537	9,057	12,703
Total equity and liabilities	74,326	98,096	80,472
Pledged assets	6,715	6,715	6,715
Contigent liabilities	-	-	-

Cash Flow Statement, Group

(Figures in thousands SEK)

	<u>Q2</u>	<u>Q2</u>	<u>Q1-Q2</u>	<u>Q1-Q2</u>	<u>Full</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>year</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>
Cash flow from operating activities before changes in working capital	-5,236	-6,610	-11,193	-12,344	-27,525
Cash flow from changes in working capital	-3,173	-6,618	-8,044	-6,534	-602
Cash flow from operating activities	-8,409	-13,228	-19,237	-18,878	-28,127
Cash flow from investing activities	-1,227	-266	-9,416	-567	-2,034
Cash flow from financing activities	6,801	11,182	7,645	55,769	55,769
Cash flow for the period	-2,835	-2,312	-21,008	36,324	25,608
Liquid funds at the beginning of the period	26,659	57,860	44,832	19,224	19,224
Liquid funds at the end of the period	23,824	55,548	23,824	55,548	44,832

Key Figures, Group

	<u>2005-06-30</u>	<u>2004-06-30</u>	<u>2004-12-31</u>
Working capital (thousands SEK)	35,411	65,871	48,658
Liquid ratio	302%	760%	440%
Equity/assets ratio	80%	91%	84%
Return on average equity	-	-	neg
Capital employed (thousands SEK)	59,789	89,039	67,769
Return on capital employed	-	-	neg
Profit/loss after net financial items per share (SEK)	-0.19	-0.32	-0.72
EBITDA (thousands SEK)	-7,695	10,998	-29,054
Equity per share (SEK)	0.96	1.46	1.11
Number of shares	61,965,450	60,915,450	60,915,450
Number of employees at the end of the period	60	32	35
Average number of employees during the period	60	32	34

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

The average capital employed has been calculated as initial plus outgoing capital employed divided by two

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 financial items divided by the average number of shares. Recalculation after dilution may not produce a better profit/loss figure compared with that before dilution

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

Number of shares: The shares are including the ongoing directed share issue as of June 30, 2005.

Changes in Equity, Group

(Figures in thousands SEK)

	<u>Q1-Q2 2005</u>	<u>Q1-Q2 2004</u>	<u>Full year 2004</u>
Initial Equity	67,769	50,072	50,072
New share issue ¹⁾	7,392	55,769	55,769
Translation difference	-3,759	-947	1,669
Profit/loss for the period	-11,866	-15,855	-39,741
Equity at the end of the period	59,536	89,039	67,769

¹⁾ Including ongoing directed share issue in 2005 of SEK 7,04 per share, 1.050.000 shares

Turnover and profitability by business area Q2 2005 ¹⁾

(Figures in thousands SEK)

	Americas		EMEA ³⁾		NID ⁴⁾	
	2005	2004	2005	2004	2005	2004
Net sales	1,859	3,875	1,723	2,950	5,818	0
Expenses ²⁾	<u>-3,126</u>	<u>-3,566</u>	<u>-2,642</u>	<u>-2,611</u>	<u>-890</u>	<u>0</u>
Operating profit/loss	-1,267	309	-919	339	4,928	0

	ICAO ⁵⁾		Fyrplus		Others	
	2005	2004	2005	2004	2005	2004
Net sales	0	0	4,301	0	25	865
Expenses ²⁾	<u>-492</u>	<u>0</u>	<u>-4,031</u>	<u>0</u>	<u>-964</u>	<u>-765</u>
Operating profit/loss	-492	0	270	0	-939	100

Turnover and profitability by business area Q1-Q2 2005 ¹⁾

(Figures in thousands SEK)

	Americas		EMEA ³⁾		NID ⁴⁾	
	2005	2004	2005	2004	2005	2004
Net sales	8,079	7,870	4,953	5,210	6,007	0
Expenses ²⁾	<u>-8,830</u>	<u>-5,393</u>	<u>-5,913</u>	<u>-5,157</u>	<u>-1,638</u>	<u>0</u>
Operating profit/loss	-751	2,477	-960	53	4,369	0

	ICAO ⁵⁾		Fyrplus		Others	
	2005	2004	2005	2004	2005	2004
Net sales	0	0	9,191	0	255	1,418
Expenses ²⁾	<u>-1,068</u>	<u>0</u>	<u>-8,489</u>	<u>0</u>	<u>-1,432</u>	<u>-1,720</u>
Operating profit/loss	-1,068	0	702	0	-1,177	-302

1) As of January 2005 there has been two additions to the company's three established business areas/units. Furthermore, the company has acquired another company, Fyrplus. The historic data has not been recalculated.

2) The above expenses include Cost of Goods Sold as well as the direct cost for each business area/unit

3) Europe, Middle East and Africa

4) National ID card Group

5) ICAO (International Civil Aviation Organization) Systems

Income statement adjusted according to IFRS

(Figures in thousands SEK)

	IAS 21		IFRS	
	Q2	Q1-Q2	Q2	Q1-Q2
	2004	2004	2004	2004
Net sales	7,690	14,498	7,690	14,498
Cost of sold goods	-3,931	-6,651	-3,931	-6,651
Gross profit/loss	3,759	7,847	3,759	7,847
Selling expenses	-6,169	-13,281	-46	947
Administrative expenses	-1,666	-3,265	-1,666	-3,265
R&D costs	-5,015	-9,731	-5,015	-9,731
Other operating income and changes in value	183	1,714	183	1,714
	-12,667	-24,563	-12,713	-23,616
Operating loss/profit	-8,908	-16,716	-8,954	-15,769
Financial costs	-1	-81	-1	-81
Profit/loss after financial items	-8,909	-16,797	-8,955	-15,850
Deferred tax	-5	-5	-5	-5
Profit/loss for the period	-8,914	-16,802	-8,960	-15,855
<i>Result per share, SEK</i>	0,15	-0,34	-0,15	-0,32

Income statement adjusted according to IFRS

(Figures in thousands SEK)

	Full year 2004	IAS 21	IFRS Full year 2004
Net sales	30,007		30,007
Cost of sold goods	-17,054		-17,054
Gross profit/loss	12,953		12,953
Selling expenses	-22,141	-1,669	-23,810
Administrative expenses	-6,425		-6,425
R&D costs	-20,451		-20,451
Other operating income and changes in value	-1,912		-1,912
	-50929		-52,598
Operating loss/profit	-37,976		-39,645
Financial costs	-83		-83
Profit/loss after financial items	-38,059		-39,728
Deferred tax	-13		-13
Profit/loss for ther period	-38,072		-39,741
<i>Result per share, SEK</i>	-0.69		-0.72

Balance sheet adjusted according to IFRS
(Figures in thousands SEK)

	Q2	IAS 1	IFRS	Full year	IAS 1	IFRS
	2004		Q2	2004		2004
Assets						
Intangible fixed assets	21,969		21,969	17,946		17,946
Tangible fixed assets	1,199		1,199	1,165		1,165
Inventories	6,113		6,113	5,498		5,498
Accounts receivable - trade	10,232		10,232	7,818		7,818
Other current receivables	3,035		3,035	3,213		3,213
Chans and bank balances	55,548		55,548	44,832		44,832
Total assets	98,096		98,096	80,472		80,472
Equity and liabilities						
Equity	89,039		89,039	67,769		67,769
Provisions	343	-343	0	668	-668	0
Current liabilities	8,714	343	9,057	12,035	668	12,703
Total equity and liabilities	98,096		98,096	80,472		80,472

**FURTHER TO THE PUBLICATION OF THIS INTERIM REPORT
SHAREHOLDERS AND JOURNALISTS ARE HEREBY INVITED TO
PARTICIPATE IN THE FOLLOWING INFORMATION SESSIONS:**

Telephone conference in Swedish

- The conference commences at 11.00.
- To participate, call +46 (0) 8 672 81 50.
- Enter password: Precise Biometrics.

An operator will record your name and provide access to the conference. She will also give you information about how to pose questions.

Telephone conference in English

- The conference commences at 12.00.
- To participate, call +46 (0) 8 672 81 51.
- Enter password: Precise Biometrics.

An operator will record your name and provide access to the conference. She will also give you information about how to pose questions.

From Precise Biometrics

- Christer Bergman, President & CEO
- Niklas Andersson, CFO
- Ann-Sofi Højjenstam, Corporate Communications Manager

There is also a PowerPoint presentation available for download from the website, www.precisebiometrics.com.

For further information, please contact

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Precise Biometrics AB (publ.) is an innovative security company that supplies world-leading systems for fingerprint and smart card-based authentication. The company's solutions replace keys, PIN codes and passwords and enhance the integrity of ID cards and passports. With its proprietary Precise Match-on-Card™ technology, the company is a market leader within smart ID cards. Through its subsidiary Fyrplus Teknik, Precise Biometrics can deliver complete biometrics solutions on the Scandinavian market based, for example, on fingerprint, iris and facial recognition. The product line includes systems for access control to buildings, logon verification for computers and networks and for integration into ID cards and passports. The group headquarters are in Lund, Sweden. It also has offices in Stockholm and a U.S. subsidiary in Washington, DC. The subsidiary Fyrplus Teknik is based in Karlstad and has regional offices in Linköping. Precise Biometrics is listed on the O-list of the Stockholm Stock Exchange (symbol: PREC A). For further information, please visit <http://www.precisebiometrics.com/>