

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

- The group's net sales for the interim period amounted to SEK 17.9 million (11.3) and for the second quarter SEK 8.9 million (5.4).
- The group's income for the interim period amounted to SEK -18.4 million (-18.1) and for the second quarter SEK -7.7 million (-8.8).
- Earnings per share for the interim period amounted to SEK -0.18 (-0.18) and for the second quarter SEK -0.08 (-0.09).
- Liquid assets at the end of the interim period amounted to SEK 15.7 million (53.6).
- Precise Biometrics received a hardware order worth SEK 2.3 million in a Match-on-Card project. The order is a follow-up order from an established customer in the Middle East and it is a part of a larger order that comprise both hardware and Match-on-Card licenses.

For further information

Thomas Marschall, President and CEO, Precise Biometrics AB
Tel. +46 (0)46 31 11 10 or +46 (0) 734 35 11 10
E-mail thomas.marschall@precisebiometrics.com

Patrik Norberg, CFO, Precise Biometrics AB
Tel. +46 46 31 11 47 or +46 734 35 11 47
E-mail patrik.norberg@precisebiometrics.com

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 by the CEO, Thomas Marschall

I am very pleased to confirm that our work is continuing according to plan, and that our target to report a positive result in 2009 is still in place. Turnover continues to increase in comparison with the same period last year and we are maintaining a good margin on our products and services, which is satisfying. We also have a backlog of partly already communicated orders at a value of a few million SEK that will be invoiced during the third quarter. We are actively monitoring and working to enhance our liquidity situation.

Although we did have higher expectations for our turnover and profits, we are to a large extent subject to circumstances beyond our control. Delays in current projects and tenders are unfortunately often the case in dealing with public authorities. There is very little, and in most cases nothing we can do to speed up the decision-making processes in projects at this level. We have not lost any potential projects, however, and they continue to unfold, although in several cases at a slower pace than we and our partners would have preferred.

We continue to strengthen our position in the market as a dominant and credible supplier of Match-on-Card. With the largest installed license base in the market, satisfied customers and strong references, we continue to create additional sales to existing customers and market-leading partners in a range of sectors, such as the aviation and banking sectors. Perhaps the most explicit proof of the strong belief in our products is that we are a natural partner for market-leading smart card companies and systems integrators, who are experts on the requirements in respective sectors.

Our success in the Match-on-Card market has also been demonstrated in that once again our technology is at the forefront in yet another new application with high potential. IER launched a biometric automated boarding gate with our fingerprint technology in April. IER is a world leader in equipment for airports and airlines, and the fact that such an important player chooses to integrate fingerprint technology in a new product line is a strong indication that the aviation industry sees value in the technology. The travel industry has several interesting potential biometric applications and I am convinced that we will see a lot more of them in the years to come. We continue to see a number of national ID card projects in the market of which we expect the conclusion of two to four this year.

Our jointly owned company Smart Unicorn Solutions (SUS) in China has not lived up to our expectations. The company has not succeeded in delivering the results we had expected in the second quarter of the year. A considerable project pipeline remains, but without any substantial results in the third quarter, there is a risk that the company may experience problems with liquidity. Should this happen, we will during the third quarter, in dialogue with SUS, identify the potential for future business.

In conclusion, I would like once again to put special emphasis on the strong teams we have in both the parent and subsidiary companies, who are pushing our operations ahead. Cooperation with Precise Biometrics Solutions (formerly Fyrplus) in Karlstad, Sweden, is now functioning very well following the integration of the company. The technical departments in Lund and Karlstad cooperate on large projects on a daily basis. The recruitment of a new head of Global Sales and a new CFO also means that the management group is now at full strength. The fact that company's management group have fully subscribed to the incentive programme consolidates their commitment to the company. Our sales teams spend a lot of time with our partners and customers in their respective regions, which is essential for the network of good relations we have created and developed. The efforts and commitment of the staff have established a solid platform for us to achieve our set targets.

Sales and net profit

Interim period; January to June 2008

Sales for the interim period amounted to SEK 17.9 million (11.3). The gross margin amounted to 44 % compared to 31 % the same period the previous year. The group's net loss for the interim period amounted to SEK -18.4 million (-18.1). Operating expenses for the interim period, excluding costs of goods sold and participations in associated companies, amounted to SEK 25.5 million (22.0), including depreciation and write-downs of SEK 1.4 million (1.9) and capitalization of development costs SEK 1.1 million (0.3). Earnings per share (average number of shares) for the interim period amounted to SEK -0.18 (-0.18).

Second quarter; April-June 2008

Sales for the second quarter amounted to SEK 8.9 million (5.4). The gross margin was 43 % compared with 37 % during the corresponding period in the previous year. The Group's net loss for the second quarter amounted to SEK -7.7 million (-8.8). Operating expenses, excluding cost of goods sold and participations in associated companies, amounted to SEK 11.3 million (10.8), including depreciation and write downs of SEK 0.7 million (0.9) and capitalization development costs of SEK 0.4 million (0.3). Earnings per share (average number of shares) for the second quarter amounted to SEK -0.08 (-0.09).

At the end of the second quarter the company's order book contained orders in hand value at about SEK 2 million.

Financing and liquidity

As of June 30, 2008, equity amounted to SEK 53.5 million (87.7) and equity per share to SEK 0.53 (0.87).

Cash flow from current operations amounted to SEK -9.4 million (-4.0). Liquid assets at the end of the interim period amounted to SEK 15.7 million (53.6). It is essential for the company to monitor and enhance the liquidity.

Geographic markets and future prospects

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

The quarter has been characterized by extensive activity around current tenders for national ID card programs all over the world. In the majority of these tenders, Match-on-Card is specified as a requirement, and Precise Match-on-Card™ is offered via partners in different stages of the supply chain. One of the most convincing arguments for Precise Biometrics' technology is that it is well-proven. We have the largest base of rolled out cards with Match-on-Card, as well as the largest number of contracted Match-on-Card licenses in the world, amounting to approximately 80 million cards. Precise Match-on-Card™ offers unique flexibility because it is not linked to a specific card and this is very attractive for the end user, i.e. the country. Thereby all of the other components in the system can easily be chosen, mixed and replaced, which ensures cost-efficiency.

The new development tool Precise BioMatch™ Flex Toolkit, which was introduced as part of a new partner program in the first quarter, is now also available in a test version. This enables existing partners to gain an understanding of how to work with the new tool, and this makes

the transition from previous products both fast and smooth. It is now even easier for new partners and potential customers to work with and benefit from Precise Match-on-Card™.

Precise Biometrics was also during the second quarter invited to speak at several international conferences, of which Registered Traveler Forum, Security Document World, Identity Loop and TranSec are worthy of note. The opportunity to be seen and heard in these forums and contexts is an important aspect of our strategic marketing in relation to public authorities, end customers and potential partners.

Europe

It is almost exactly one year ago since Precise Biometrics, together with a consortium led by our partner Gemalto, was awarded the tender for national ID cards in Portugal. After an initial pilot phase in the Azores it is encouraging to see that the Portuguese authorities has begun issuing the ID cards during the first two quarters of 2008 in line with the original plan. The larger cities have begun the roll-out and an increasing number of the so-called Citizen Shops are being used to issue the cards. Additional applications for the ID card are being assessed by the authorities as more and more Portuguese citizens receive the new identity document. This is very positive in that Portugal is the lead country in Europe in terms of the introduction of ID cards adapted to the EU directives for eGovernment.

The delivery of biometric keyboards to Swisscom was completed in the quarter. The order for these was communicated at the end of 2007, and the installation at Swisscom now incorporates some thousand users.

Major progress has been made in the development of customer solutions for employees in the banking, finance and insurance sectors for several projects. These customer-specific solutions are also a driving force in the work of packaging more generic Precise Match-on-Card™ solutions for these segments. The solutions are developed in very close cooperation with our partners, and the launch of these new products is expected to take place during the present and following quarters.

Precise Biometrics Solutions

There is a great deal of activity in the aviation sector. The launch of IER's so-called Speed Boarding Gate® at the Passenger Terminal Expo in Amsterdam this April generated a lot of interest among airlines and airports all over the world. Apart from the fact that Speed Boarding Gate® integrates Precise BioFlight™, a temporary database solution corresponding to the one implemented by SAS in Scandinavia, IER also offers Precise Match-on-Card™ functionality in the same type of gate. Match-on-Card in this context can be used with a so-called frequent flyer or registered traveler card, or used with the SIM card in a mobile phone, which communicates through NFC (Near Field Communication).

IER is the leading supplier of equipment and solutions for ticket handling, self-service and boarding for the aviation industry. This market investment has generated a number of tangible inquiries and requests from players in the aviation industry, where both airlines and airports are looking at biometric solutions for different applications. As previously mentioned this is a long-term venture, and it is our expectation that it will in all probability generate business next year.

As an integral part of the product development, Precise BioFlight™ will moreover be expanded with functionality where fingerprint recognition is also linked to security checks, automated baggage drop, international flights and off-airport services.

The Middle East & Africa

The Middle East & Africa is still characterized by extensive activity around national ID cards. Different countries are in different phases of these programs, where for example Qatar and Bahrain are in the lead with the roll-out of ID cards with Precise Match-on-Card™ to their populations. Most of the other countries are at earlier stages in the procurement process, while one or two are approaching the decision-making stage. Match-on-Card is in many cases also specified as a requirement.

During the quarter Precise Biometrics sold a large quantity of fingerprint readers, Precise 200 MC and Precise Match-on-Card™ licenses to an existing government customer in the region to a value of SEK 2.3 million. The delivery took place together with two of Precise Biometrics' partners – a large global systems integrator and a local sales channel. The customer, the country and the partners involved cannot be named at present for reasons of confidentiality. Nevertheless the customer has been using Precise Biometrics' products since 2004 and currently has several thousands of users in its system.

North America

In North America, the quarter has been characterized by repeat sales to existing customers. Among these are TWIC (Transportation Workers Identification Credential) with an ID card which is essentially a maritime workers ID card for unescorted access through ports, as well as for Northrop Grumman for continued roll-out of their internal identity program for increased IT-security.

Another highly interesting program in the United States is FRAC (First Responders Authentication Cards). First Responders is the group of emergency personnel, such as the fire brigades, ambulance and police that are the first to arrive at an accident scene. This group is equipped with a specific ID card, where a Mid-western state has chosen Precise Match-on-Card™ as an additional authentication security feature. During the quarter, 25,000 licenses were deployed for this project. Earlier during the year, the same amount of licenses was sold to the same project. Thus the positive trend of increased license sales continues on the American market as well.

Asia

In Asia we have continued to focus on establishing the right partners and to position ourselves for future ID card procurements in several countries. It has also been important to work closely in the markets where we already have a presence through partners and large customer projects, such as Thailand where there is a very interesting after-market potential. These activities are long-term, and therefore also take time.

Already in the second quarter OKI began reporting 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.

Smart Unicorn Solutions (SUS) in China has unfortunately not fulfilled the expectations raised on a number of active projects and partnerships. There is an uncertainty in the valuation of the company; however given the pipeline of projects, there are no definite indications that would justify an adjustment in the value of Precise Biometrics' holding. Based on the development during the third quarter we will together with SUS decide on the future of the joint venture.

The Hong Kong office was reinforced during the quarter with a person who has the task of focusing on technical sales and partner relations. The objective is to employ several persons at each regional office to build up a constructive working climate in situ, and to establish a contingency in the regions.

Latin America

During the quarter we have identified and worked actively with several national ID card projects, most of which specify Match-on-Card as a requirement. As before, we work only through partners, most of these on a global basis. A decision will be made during the year on future investments, in the form of recruitment and our physical presence in the different regions in the Latin American market.

Parent company

Parent company sales for the interim period amounted to SEK 12.5 million (4.9). Operating loss before tax for the interim period amounted to SEK -24.2 million (-15.4).

Parent company sales for the second quarter amounted to SEK 6.0 million (2.2). Operating loss before tax for the second quarter amounted to SEK -12.7 million (-7.5).

The result has been affected with a write-down of receivables on Loqware Sweden AB (bankruptcy proceeding initiated) amounted to SEK 6.3 million.

At the end of the interim period 26 persons were employed in the parent company. Liquid assets at the end of the second quarter amounted to SEK 13.4 million (50.1). The parent company had no liabilities to banks at the end of the second quarter. Investments in tangible fixed assets amounted to SEK 0.2 million (0.0).

During the interim period development costs of SEK 1.1 million (0.3) were capitalized, SEK 0.4 million (0.3) during the second quarter.

Organization and staff

The parent company of Precise Biometrics has its head office 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 offices in Karlstad. The dormant companies Precise Biometrics Services AB and Loqware Sweden AB (bankruptcy proceeding initiated) are also part of the group.

Hans Söderberg started his position as Vice President, Global Sales in May. He will support and coordinate sales activities and sales strategy, and he is part of Precise Biometrics management team.

An extensive job of completing Precise Biometrics' Research & Development (R&D) department is now finished. The research department has been supplemented with people with impressive academic qualifications within research areas that are very relevant to the company's business.

As of June 30, 2008, the group had 42 (45) employees, 39 in Sweden, 1 in the US and 2 in Hong Kong. Of these employees, 32 (34) were men and 10 (11) 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 second quarter the group invested SEK 0.1 million (0.0) in tangible fixed assets

Capitalization and depreciation of development work

Development work costs of SEK 1.1 million (0.3) were capitalized during the interim period. Depreciation of capitalized costs for development work amounted to SEK 1.0 million (0.9) during the interim period.

During the second quarter development costs of SEK 0.4 million (0.3) 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 rigidly safeguarding the Precise Match-on-Card™ core technology. The patents portfolio has been gradually expanded since 2001 and at the end of the second quarter of 2008 included 73 different patents and 35 applications for patents in 22 different product families. Precise Biometrics has 13 different patent families for the Match-on-Card technology alone.

The Annual General Meeting

In accordance with the recommendations of the board of directors, the stockholder's meeting resolved to authorize a new issue to a maximum of SEK 4 million, or 10 million shares, with a provision for issue against subscription in kind. The purpose of this authorization was to enable the Company to conduct the acquisition of companies with payment in full, or in part, with its own shares.

The meeting also resolved to adopt the board of directors' recommendation to implement an incentive scheme for leading executives in the group through the issue of a maximum of 2.5 million warrants with the right to subscribe to an equivalent number of shares in the Company in the period from January 1 to May 1, 2011. The price of the new issue will be SEK 2.60.

Given full subscription and full exercise of the warrants, the share capital will be increased by SEK 1,000,000, which is equivalent to 2.5% of the Company's current share capital and votes. This would also result in a total increase of SEK 6.5 million in the Company's equity. The allocation has been initiated in June.

Lisa Thorsted, Marc Chatel, Jan T Jörgensen, Lena Klasén and Eva Maria Matell were re-elected as members of the board. Lisa Thorstedt was elected chairman of the board. Lars Grönberg and Christer Fähreus declined re-election, and the board now consists of five members.

The stock

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 356 thousand and the share price ranged from SEK 1.15 to 1.69. During the second quarter the average turnover was SEK 236 thousand per day, and the share price ranged from SEK 1.15 to 1.61.

The five main stockholders as at June 30, 2008

Name	Percentage of stock capital	No. of shares
Storebrand fonder	4.9 %	4,992,666
Smart Unicorn Group	4.2 %	4,300,000
Banco fonder	3.3 %	3,344,199
Fjärde AP-fonden	2.0 %	2,075,000
HJ Byggkonsulter	1.9 %	1,960,000

Source: SIS Ägarservice

Risk factorsTechnological development

The market in 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 investment in marketing and sales may be required to achieve the expected sales volumes.

Key Personnel

There are a number of key persons in Precise Biometrics who are important for operations and they possess unique competence. If one or more of these key persons should leave the company this could, in the short term, have a negative impact on operations. It is also a risk that recruiting will take time and lead to 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 customers 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 intellectual property rights

It is important to protect one's technology through patents and other intellectual property rights in order to maintain one's technological advantage and open up opportunities for future license earnings. Therefore the company pursues an active patenting policy which involves applying for patents for strategically important inventions in the countries assessed as relevant.

Competitors

The company operates in the biometry market where competition is intense. The competing companies might 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.

Forecast reliability

The company operates in a market which is in an early stage of growth and which is characterized by time-consuming initial sales levels, which implies considerable problems with accurate forecasts. Earlier or later submissions of orders can have a significant effect on annual sales and income.

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 tying 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 report on identified risks please refer to the 2007 annual report.

Future report dates

Interim report Q3 October 23, 2008

Year-end report February 5, 2009

Accounting principles

The present interim report has been prepared in accordance with IAS 34, Interim reporting and the Swedish Company Accounts Act. Accounting principles are unchanged when compared with those used previous years. For information on applied accounting policies please refer to the 2007 Annual report.

Lund, July 21, 2008

The Board of Directors and the President certify that the interim report gives a true and fair overview of the parent company's and group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the parent company and other companies in the group.

The board of directors

Lisa Thorsted, chairman

Marc Chatel

Jan T Jörgensen

Lena Klasén

Eva Maria Matell

Thomas Marschall, President and CEO

Review report

We have conducted a general review of the interim report for Precise Biometrics AB (publ) for the period January 1, 2008 to June 30, 2008. It is the responsibility of the board members and CEO to prepare and present this interim report fair in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express an opinion on this interim report based on our general review.

We have conducted our general review in accordance with the Swedish Standard for general reviews SÖG 2410 *General review of financial interim information conducted by the company's auditors*. A general review consists of making enquiries, in the first instance to persons who are responsible for financial issues and accounting issues, to conduct an analytic review and to take other general review measures. A general review has a different focus and is of a significantly smaller scope in comparison with the focus and scope of an audit in accordance with the Standards on Auditing in Sweden (RS) and otherwise generally accepted auditing standards. The review measures taken during a general review do not allow us to acquire a sufficient degree of certainty so as to be aware of all the important circumstances we would have identified if an audit was conducted. The opinion we have expressed on the basis of a general review therefore does not have the degree of certainty that an opinion based on an audit has.

On the basis of our general review we have not found any circumstances that have given us reason to believe that the interim report has not in all essential respects been prepared in accordance with the Annual Accounting Act and IAS 34.

Lund, July 21, 2008

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Ola Bjärehäll

Authorized public accountant

Authorized public accountant

Senior auditor

Income statement, Group

(Figures in thousands SEK)	Q2	Q2	Q1-Q2	Q1-Q2	Full
	2008	2007	2008	2007	year
					2007
Net sales	8,874	5,374	17,889	11,333	24,815
Cost of goods sold	-5,099	-3,407	-10,051	-7,797	-15,928
Gross profit/loss	3,775	1,967	7,838	3,536	8,887
Selling expenses	-5,909	-6,233	-11,541	-12,167	-21,357
Administrative expenses	-2,246	-3,223	-5,692	-5,777	-9,608
R&D costs	-3,497	-3,229	-6,261	-6,992	-13,762
Other operating income and changes in value	358	1,893	-2,026	2,898	542
Result from participations in associated companies	-347	-285	-1,125	-285	-1,448
	-11,641	-11,077	-26,645	-22,323	-45,633
Operating profit/loss	-7,866	-9,110	-18,807	-18,787	-36,746
Financial costs	148	285	393	693	1,457
Profit/loss after financial items	-7,718	-8,825	-18,414	-18,094	-35,289
Tax	-	1	-	-	-
Profit/loss for the period	-7,718	-8,824	-18,414	-18,094	-35,289
<i>Results per share, SEK</i>	<i>-0.08</i>	<i>-0.09</i>	<i>-0.18</i>	<i>-0.18</i>	<i>-0.35</i>

Balance Sheet, Group

(Figures in thousands SEK)

	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>12/31/2007</u>
Assets			
Intangible fixed assets	10,329	12,935	10,316
Tangible fixed assets	1,498	1,919	1,602
Financial fixed assets	-	151	-
Participations in associated companies	21,271	23,559	22,396
Receivables from associated companies	6,279	6,879	6,630
Inventories	3,587	4,608	1,865
Accounts receivable - trade	6,411	6,752	8,391
Other current receivables	5,112	3,240	2,434
Cash and bank balances	15,676	53,617	32,516
Total assets	70,163	113,660	86,150
Equity and liabilities			
Equity	53,530	87,674	71,201
Current liabilities	16,633	25,986	14,949
Total equity and liabilities	70,163	113,660	86,150
Pledged assets	4,115	9,115	4,115
Contingent 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 year</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
Cash flow from operating activities					
before changes in working capital	-7,024	-7,594	-15,348	-16,197	-29,224
Cash flow from changes in working capital	-2,394	3,555	-335	951	-7,389
Cash flow from operating activities	-9,418	-4,039	-15,683	-15,246	-36,613
Cash flow from investing activities	-567	-7,171	-1,287	-7,215	-7,255
Cash flow from financing activities	130	-	130	-224	82
Cash flow for the period	-9,855	-11,210	-16,840	-22,685	-43,786
Liquid funds at the beginning of the period	25,531	64,827	32,516	76,302	76,302
Liquid funds at the end of the period	15,676	53,617	15,676	53,617	32,516

Key Figures, Group

	6/30/2008	6/30/2007	12/31/2007
Working capital (thousands SEK)	14,153	42,231	30,257
Liquid ratio	164%	245%	290%
Equity/assets ratio	76%	77%	83%
Return on average equity	-	-	neg
Capital employed (thousands SEK)	53,530	87,674	71,201
Return on capital employed	-	-	neg
Profit/loss per share (SEK)	-0.18	-0.18	-0.35
EBITDA (thousands SEK)	-17,430	-16,928	-31,679
Equity per share (SEK)	0.53	0.87	0.70
Number of shares	101,220,600	101,220,600	101,220,600
Number of employees at the end of the period	42	45	38
Average number of employees during the period	38	49	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 June 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-Q2 2008	Q1-Q2 2007	Full year 2007
Initial Equity	71,201	95,016	95,016
New share issue	-	10,496	10,496
Options ¹⁾	131	-	306
Translation difference	612	256	672
Profit/loss for the period	-18,414	-18,094	-35,289
Equity at the end of the period	53,530	87,674	71,201

1) 2008: Relates to 600 000 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 Q2
2008**

(Figures in thousands SEK)	North America		Europe		Middle East & Africa		Asia	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	1,363	1,093	6,242	3,733	1,049	255	203	214
Expenses ¹⁾	<u>-904</u>	<u>-1,545</u>	<u>-4,745</u>	<u>-4,832</u>	<u>-1,421</u>	<u>-528</u>	<u>-930</u>	<u>-1,093</u>
Operating profit/loss	459	-452	1,497	-1,099	-372	-273	-727	-879
	Latin America		Other					
	2008	2007	2008	2007				
Net sales	-	79	17	-				
Expenses ¹⁾	<u>-</u>	<u>-114</u>	<u>-399</u>	<u>128</u>				
Operating profit/loss	-	-35	-382	128				

**Turnover and profitability by Regions Q1-Q2
2008**

(Figures in thousands SEK)	North America		Europe		Middle East & Africa		Asia	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	4,479	2,158	11,231	8,258	1,761	424	401	415
Expenses ¹⁾	<u>-3,047</u>	<u>-3,195</u>	<u>-9,415</u>	<u>-9,496</u>	<u>-2,080</u>	<u>-1,065</u>	<u>-1,641</u>	<u>-2,378</u>
Operating profit/loss	1,432	-1,037	1,816	-1,238	-319	-641	-1,240	-1,963
	Latin America		Övrigt					
	2008	2007	2008	2007				
Net sales	-	79	17	-				
Expenses ¹⁾	<u>-25</u>	<u>-119</u>	<u>-399</u>	<u>-363</u>				
Operating profit/loss	-25	-40	-382	-363				

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-Q2	Q1-Q2	Full year
	2008	2007	2007
Net sales	12,537	4,928	12,425
Cost of goods sold	-6,037	-3,328	-7,788
Gross profit/loss	6,500	1,600	4,637
Selling expenses	-11,983	-9,206	-15,993
Administrative expenses	-6,606	-4,725	-7,993
R&D costs	-8,689	-6,992	-13,762
Other operating income and changes in value	-3,986	2,939	-1,513
	-31,264	-17,984	-39,261
Operating profit/loss	-24,764	-16,384	-34,624
Financial costs	570	953	1,910
Profit/loss after financial items	-24,194	-15,431	-32,714
Tax	-	-	-
Profit/loss for the period	-24,194	-15,431	-32,714

Balance Sheet, Parent company
(Figures in thousands SEK)

	6/30/2008	6/30/2007	12/31/2007
Assets			
Intangible fixed assets	5,398	7,325	5,385
Tangible fixed assets	1,011	1,248	1,048
Participations in group companies	6,540	7,219	6,540
Participations in associated companies	21,320	21,320	21,320
Receivables from associated companies	6,279	6,879	6,630
Inventories	3,515	4,544	1,788
Accounts receivable - trade	4,930	3,579	4,471
Other current receivables	37,307	46,916	47,072
Cash and bank balances	13,415	50,131	27,813
Total assets	99,715	149,161	122,067
Equity and liabilities			
Equity	88,170	130,124	112,364
Other provisions	147	302	240
Current liabilities	11,398	18,735	9,463
Total equity and liabilities	99,715	149,161	122,067
Pledged assets	1,715	1,715	1,715
Contingent liabilities	2,000	2,000	2,000

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 04

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
- Karin Sveheim, Director of Markets

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 222990 and finish with (#).

Please visit www.precisebiometrics.com/presentations where a presentation can be downloaded.

For further information

Thomas Marschall, President and CEO, Precise Biometrics AB
Tel. +46 (0)46 31 11 10 or +46 (0) 734 35 11 10
E-mail thomas.marschall@precisebiometrics.com

Patrik Norberg, CFO, Precise Biometrics AB
Tel. +46 (0)46 31 11 47 or +46 (0) 734 35 11 47
E-mail patrik.norberg@precisebiometrics.com

Precise Biometrics AB (Headquarters)
Box 798
SE-220 07 Lund
Tel.: +46 (0) 46 31 11 00
Fax: +46 (0) 46 31 11 01
E-mail: info@precisebiometrics.com

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/>

