

## Precise Biometrics Launches Next Generation of Mobile Security

Precise Biometrics AB (publ), Corporate Identity No. 556545-6596  
Year-end report for the period January – December 2011

- The group's net sales for the financial year was SEK 21.6 million (44.9) and for the fourth quarter SEK 4.8 million (6.3).
- The group's result for the year was SEK -33.2 million (-14.6) and for the fourth quarter SEK -9.2 million (-4.4)
- Earning per share for the year amounted to SEK -0.20 (-0.11) and for the fourth quarter SEK -0.05 (-0.03).
- Available cash at the end of the financial year was SEK 28.9 million (24.5).

### Important events during the year

- Precise Biometrics was top ranked in the MINEX II test, the most important US government test for standardized Match-on-Card. This has further strengthened Precise Biometrics position on the important US federal government market.
- Precise Match-on-Card™ was selected for Nigerian National ID Card. The card will function both as national ID and as a bank card. In expected value, this national ID project is the largest so far won by Precise Biometrics.
- Precise Biometrics has signed several strategically important partnerships during the year. Giesecke & Devrient will provide Precise Match-on-Card™ technology for use on their smartcards. GD Burti is signed as an exclusive distributor of fingerprint & smartcard readers in Brazil. NXP will provide Precise Biometrics' Match-on-Card technology on their chips used on smart ID cards.
- Precise Biometrics released a new family of fingerprint readers, Precise Sense™, targeted for volume sales towards the banking and enterprise segments.
- Precise Biometrics launched a new software product, Precise BioMatch™ Embedded, which enables hardware companies to quickly integrate fingerprint verification in their products.
- The company continued to build and strengthen the organization with primary focus on the recruitment of marketing and sales expertise to our largest market in the US.
- Precise Biometrics' completed a rights issue, with preferential rights, which supplied the Company with SEK 48.6 million after related costs. The rights issue was subscribed to 119% and was carried out as a part of the company's strategic plan – Plan 2015.

### Important events after the end of the year

- Precise Biometrics launches a smart casing with a built-in smart card reader and fingerprint sensor. The smart casing will be available for the most popular smart phone and tablet computer brands in 2012 and 2013.

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Precise Biometrics is a market-leading provider of 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.

Its core product, Precise Match-on-Card™, adds value to ID, SIM, enterprise and bank cards as well as systems for access control to buildings, computers and networks. Precise Biometrics serves business and government organizations throughout the world and its technology is licensed to close to 160 million users.

For more information, please visit [www.precisebiometrics.com](http://www.precisebiometrics.com).



## Precise Biometrics Launches Next Generation of Mobile Security

- Interview with Thomas Marschall, CEO and President, Precise Biometrics

### **How have things developed in 2011?**

During the year we have focused on our implementation of Plan 2015, which will encourage Precise Biometrics' growth and profitability during the period up to 2015. We failed to achieve the profitability forecast in the new business plan during this first year, but we were more successful than expected in establishing a business platform for long-term growth and profitability.

The most important thing, which made 2011 a strategically successful year, is that we achieved the strategic target within the business area Mobile of creating a new major applications and commercial product area for our technology by introducing the world's first secure smart casing products for mobile markets (within both B2B and B2C markets). With the new product which will also come in versions for iPhone and iPad, we are stepping into the large and rapidly developing market for Smart Phones and Tablet PCs, where we have significant potential for growth based on a strong commercialization of our proven secure technology providing high value for our current and future customers.



We had hoped that the business area IAM would show a profit, but in similarity with many other companies we found that orders expected from US government agencies were delayed by the very extensive US budget process. One positive thing, however, is that the market now expects investments in secure identification of US government agency personnel to increase in 2012. The business area Access Solutions also failed to breakeven, due to unrealized fitness club projects.

### **What opportunities do you see on the mobile market?**

The new secure Smart Casing product is the first smart shell in the world for Smart Devices with embedded smart card reader and fingerprint sensor. These products make it possible to considerably enhance security when using SmartPhones and Tablet PCs, which is particularly important for government agencies, health care, corporations and banks. Our launch will also include several apps and tools that other software developers can use to develop practically any conceivable function for the new smart shells – giving us a very strong commercial platform.

We are already starting production and sales activities during the current quarter, however the majority of sales from this new product is expected in the second half of this year. The launch means that Precise Biometrics is transferring our specialized know-how from several niche markets to a well-defined sector in the far greater market presented by the large commercial mobile market. This is a genuine milestone for Precise Biometrics, being critical in our work of achieving the financial objectives in Plan 2015, both in terms of growth and profitability.

### **When can you issue a more tangible assessment of the market potential for Smart Casings?**

We have encountered extensive interest from applications developers in Europe, the US and Asia, who are working with apps for Apple's platforms. We are now holding discussions with different partners, which we expect to result in the launch of a large number of apps based on our products during the current year.

We have great expectations and believe that Mobile will already account for the main part of our sales during the current year and play an essential role in our long-term growth. I anticipate that I will be able to provide more details on the size of the market and what the new products will mean for Precise Biometrics' further development in the report for the first quarter of 2012.

**What else has happened within the framework for Plan 2015 during the year?**

We are fully focused on achieving the targets specified in Plan 2015. Apart from the establishment of the new business area Mobile and development of our Smart Casing we have among other things continued to develop our organization and especially in new functions in the US, which remains our most important market with extensive potential for our new products and critical for Plan 2015 .

We can also point to several successes in our existing market areas. This includes the top ranking of our Match-on-Card technology in the US government agency test MINEX II and also the fact that with this technology we were successful in gaining part of the procurement for Nigeria's National ID card (NID), which is the largest NID project we have participated in so far. We have in addition reached important partnership agreements concerning Match-on-Card with Giesecke & Devrient (G&D) and NXP Semiconductors, who are leading global suppliers of smart cards and smart chips. All this has reinforced our positions prior to future projects concerning national ID cards, for example in South America, and we anticipate being able to sell more Match-on-Card licenses in 2012 than in any previous years.

**What can you say about the future development of Precise Biometrics?**

As I have indicated, we have great expectations for the Company's financial and strategic development in 2012 based on the important launch of our secure smart casing products for mobile markets. Our main focus will be on sales of new, unique products on the mobile market, which I anticipate will account for the main part of our sales during the year as a whole.

With our reinforced organization in the US we will be able to become even more active in this, our largest and most important market. This applies to both Mobile and IAM, where we also predict solid development during the year.

The most important thing is to reinforce growth and profitability in line with Plan 2015. The overall objective is that Precise Biometrics will qualify for quotation on the Nasdaq OMX Mid Cap list in 2015. For this to happen we need to expand and develop within our chosen segments and achieve a valuation of at least SEK 1.5 billion in accordance with the current listing regulations. This corresponds to five times our current valuation, which is an ambitious target, but entirely realistic considering the great opportunities in the biometrics sector we have identified in the business plans and the new products now being launched.

## Sales and result

### The financial year 2011

Sales for the financial year amounted to SEK 21.6 million (44.9). The gross profit was SEK 12.1 million (27.5). The gross margin was 56% (61). The lower margin compared to 2010 is due to a more unfavorable sales mix with relatively higher proportion of hardware sales.

Operating expenses for the financial year were SEK 45.5 million (42.0). The group's net loss for the financial year amounted to SEK -33.2 Million (-14.6).

Losses per share (average number of shares) for the period amounted to SEK -0.20 (-0.11).

### Fourth quarter October - December 2011

Sales for the fourth quarter amounted to SEK 4.8 million (6.3). The gross profit was SEK 3.2 million (4.2). The gross margin was 67 % (66).

Operating expenses for the fourth quarter were SEK 12.6 million (8.6). The group's net loss for the fourth quarter amounted to SEK - 9.2 million (-4.4).

Losses per share (average number of shares) for the period amounted to SEK -0.05 (-0.03).

## Financing and liquidity

As of December 31, 2011 equity amounted to SEK 47.0 million (31.2) and equity/share to SEK 0.25 (0.23).

Cash flow from current operations during the year amounted to SEK -36.0 million (-10.1). Liquid assets at the end of the financial year amounted to SEK 28.9 million (24.5).

Cash flow from current operations for the fourth quarter amounted to SEK -6.0 million (-4.0).

## Market and sales – summarizing 2011

Sales in 2011 mainly consisted of a mix of license sales and hardware sales in the business area IAM. License sales have primarily come from the ongoing national ID card projects. Hardware sales have largely consisted of fingerprint readers to customers in the Middle East. However, sales to government agencies in the United States remained very limited. The long-running US government budget process had the consequences that Precise Biometrics' government customers in the US have not been able to place expected orders. In the business area Access Solution sales have mainly consisted of follow-up order from the business area's largest customer - Scandinavia's largest budget gym chain. From 2012, projects in Access Solutions will be reported in the business area IAM.

One of the most important events during the year were the results from the US government test Minex II, the leading interoperability test for Match-on-Card, where the company was top-ranked. New directives states that all US federal government agencies must implement PIV (Personal Identification Verification) and as PIV will include Match-on-Card Precise Biometrics will be very well positioned on the US federal government market. Precise Biometrics emerged the test not only with the fastest technology, but also was the only biometric supplier that was approved together with 3 different card vendors. This gives Precise Biometrics a unique position in the US government market, where a new presidential directive concerning PIV (Personal Identity Verification, a program that specifies how all US federal employees and contractors must identify themselves).

The year was also marked by a number of important agreements:

- The company was selected as the provider for national ID cards in Nigeria. Precise Biometrics' Nigerian partner Interswitch negotiated this transaction, which represents an order of 50-60 million cards for the Company. The roll-out period will take up to six years and the card will be used both as an ID card and a bank card.
- A partnership agreement has also been signed with Giesecke & Devrient (G&D), one of the largest global suppliers of smart card solutions, which entitles G&D to use Precise Match-on-Card™ on its smart cards.
- Precise Biometrics appointed GD Burti as exclusive distributor of their fingerprint & smartcard readers in Brazil.
- Another strategically important agreement was signed with NXP Semiconductors, who are a leading supplier of smart chips on the global market. Cooperation with NXP means that they can now use Precise Match-on-Card™ on the chips used on smart identification cards.

The company continued to build and strengthen the organization with primary focus on the recruitment of marketing and sales expertise to our largest market in the US.

Significant efforts have been made during the year in the business area Mobile with a focus on the Smartphone market. The company has developed a smart casing that can be adapted to most of the platforms in the Smartphone market. The casing has an integrated card reader and fingerprint reader designed to meet the network security and strong authentication requirements for government and healthcare, corporate and banking sectors. The company has also, during the year, made significant investments in the build-up of partner relationships and sales pipeline within the Mobile segment.

The important agreements signed during the year, build-up of the US organization, and the significant investment in the mobile segment are all vital parts under Plan 2015, the strategic platform that the company has for development up to 2015.

### **Parent company**

Parent company sales for the financial year amounted to SEK 15.5 million (38.8). Operating loss before tax for the financial year amounted to SEK -35.6 million (-16.3).

Parent company sales for the fourth quarter amounted to SEK 3.0 million (5.5). Operating loss before tax for the fourth quarter amounted to SEK -9.2 million (-3.8).

Liquid assets at the end of the financial year amounted to SEK 21.7 million (21.1).

### **Organization and employees**

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, and Precise Biometrics Solutions AB with office in Karlstad.

As of December 31, 2011 the group had 35 (34) employees, 30 in Sweden and 5 in the US. Of these employees, 24 (24) were men and 11 (10) were women.

**Investments in tangible fixed assets**

During the financial year the group has invested SEK 0.8 million (0.2) in tangible fixed assets.

In the fourth quarter the group invested SEK 0.7 million (0.2) in tangible fixed assets

**Capitalization and depreciation of development work**

Development work cost of SEK 7.9 million (4.5) were capitalized during the financial year. The majority of the development work has been focused on the Mobile project. Depreciation and write-downs of capitalized costs for development work amounted to SEK 1.7 million (1.6) during the financial year, of which write-downs accounted for SEK 0.3 million (0.3).

During the fourth quarter development work costs of SEK 1.8 million (2.2) were capitalized. Depreciation and write-downs of capitalized costs for development work amounted in the quarter to SEK 0.8 million (0.5), of which write-downs accounted for SEK 0.3 million (0.3).

**Patents**

The patents portfolio has been strengthened since 2001 and at the end of the financial year includes 81 registered and 21 applications for patents in 20 different product families. Precise Biometrics has 11 different patent families for the Match-on-Card technology alone.

**The share**

The company's share is listed on the Small Cap list of the Nasdaq OMX Nordic.

The total number of registered shares at the end of the financial year was 188,945,120.

During the financial year the average turnover per day was SEK 1,654 thousand and the list price ranged from SEK 0.9 to 2.48.

During the fourth quarter the average turnover per day was SEK 1,577 thousand and the list price has ranged from SEK 1.4 to 2.0.

**The main shareholders as of December 31, 2011**

Name	Percentage of share stock	No. of shares
Avanza Pension Försäkring AB	8.4%	15,939,201
Swedbank Robur fonder	4.5 %	8,442,304
HJ Byggkonsulter AB	2.1%	4,045,000
Nordnet Pensionsförsäkring AB	1.8 %	3,306,926

Source: SIS Ägarservice

### **Nomination committee**

Following a decision at the Annual General Meeting on April 27, 2011 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, 2011 as well as the Chairman of the Board.

Accordingly the Nomination Committee consists of Kerstin Stenberg (Swedbank Robur fonder), Torgils Bonde Knutsson (Gimmersta AB) and Uno Johnsson (HJ Byggkonsulter AB).

These represent the three largest shareholders in the Company as of August 31, 2011, that have accepted participation in the Nomination Committee. The Chairman of the Board, Lisa Thorsted, is also represented in the Nomination Committee, and is the convener.

### **Risk factors**

Precise Biometrics is exposed to both commercial and financial risks, which to a large extent lie outside the reach and influence of the company. There is no guarantee that the current capital will be sufficient until the Company achieves a positive cash flow. Neither is there any guarantee that new capital can be acquired if the need should arise, or that such capital can be acquired on preferential terms. For a full account of identified risks, please refer to the Annual Report for 2010, which was submitted April 4, 2011. No further essential risks or uncertainties have arisen after the submission of the Annual Report.

### **Future report dates**

Interim report Q1	April 24, 2012
Interim report Q2	July 17, 2012
Interim report Q3	October 24, 2012
Year-end report	February 5, 2013

### **Annual General Meeting**

The annual general meeting for Precise Biometrics AB (publ) will be held on Tuesday April 24, 2012 at 16.00 at Precise Biometrics' headquarters in Lund, Sweden.

### **Annual Report**

The Annual Report for 2011 will be available in an electronic format in the beginning of April on [www.precisebiometrics.com](http://www.precisebiometrics.com).

Information on when the annual report is published can be asked for from Precise Biometrics via telephone +46 46 31 11 00, fax +46 46 31 11 01 or email [investor@precisebiometrics.com](mailto:investor@precisebiometrics.com). No printed version will be distributed but it will be possible to print the report from the website.

**Accounting principles**

This year-end report has been prepared in accordance with IAS 34, Interim reporting and the Swedish Company Accounts Act.

New IFRS, additions to IAS and IFRIC interpretations taking effect January 1, 2011, did not have a material effect on the financial statements.

For information on the applied accounting principles please refer to the Annual Report for 2010.

The Board of Directors proposes that there will be no dividends paid out.

Lund, February 2, 2012

**The Board of directors**

Lisa Thorsted, Chairman

Marc Chatell    Torbjörn Clementz    Lena Widin Klasén    Eva Maria Matell

Thomas Marschall, President and CEO



## Review report

### *Introduction*

We have reviewed this report for the period January 1, 2011 to December 31, 2011 for Precise Biometrics AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### *Emphasis and extent of the review*

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Lund, February 2, 2012

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi  
Authorized public accountant  
Auditor in charge

Ola Bjärehäll  
Authorized public accountant

*Precise Biometrics AB (publ) may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 08.00 on February 3, 2012.*

## Income statement, Group

(Figures in thousands SEK)

	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	4,813	6,338	21,615	44,944
Cost of goods sold	-1,577	-2,131	-9,548	-17,425
<b>Gross profit/loss</b>	<b>3,236</b>	<b>4,207</b>	<b>12,067</b>	<b>27,519</b>
Selling expenses <sup>1)</sup>	-5,986	-4,766	-18,543	-18,293
Administrative expenses <sup>1)</sup>	-3,038	-2,624	-11,489	-10,012
R&D costs	-3,395	-1,319	-15,157	-12,526
Other operating income and changes in value	-98	110	-290	-1,185
	-12,517	-8,599	-45,479	-42,016
<b>Operating result</b>	<b>-9,281</b>	<b>-4,392</b>	<b>-33,412</b>	<b>-14,497</b>
Financial costs	80	-11	208	-135
<b>Result after financial items</b>	<b>-9,201</b>	<b>-4,403</b>	<b>-33,204</b>	<b>-14,632</b>
Tax	-12	-16	-12	-16
<b>Result for the period</b>	<b>-9,213</b>	<b>-4,419</b>	<b>-33,216</b>	<b>-14,648</b>
<b>Result attributable to:</b>				
Owners of the parent	-9,213	-4,419	-33,216	-14,648
<i>Results per share, SEK</i>	<i>-0.05</i>	<i>-0.03</i>	<i>-0.20</i>	<i>-0.11</i>

<sup>1)</sup> Include the effect of the liquidation of the subsidiary Loqware amounting SEK +1,754 thousand in 2011

**Comprehensive income, Group** *(according to IAS 1)*

(Figures in thousands SEK)	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Profit/loss for the period	-9,213	-4,419	-33,216	-14,648
Change in accumulated exchange rate differences	42	408	-55	334
Reverse of accumulated exchange rate differences in disposed subsidiary	-	-52	-	150
<b>Comprehensive income for the period, net of tax</b>	<b>42</b>	<b>356</b>	<b>-55</b>	<b>484</b>
<b>Total comprehensive income for the period</b>	<b>-9,171</b>	<b>-4,063</b>	<b>-33,271</b>	<b>-14,164</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	-9,171	-4,063	-33,271	-14,164

**Balance Sheet, Group**

(Figures in thousands SEK)	<u>12/31/2011</u>	<u>12/31/2010</u>
<b>Assets</b>		
Intangible fixed assets	12,778	6,664
Tangible fixed assets	1,070	704
Inventories	9,673	8,402
Accounts receivable - trade <sup>1)</sup>	6,352	4,968
Other current receivables	5,603	2,809
Cash and bank balances	28,930	24,544
<b>Total assets</b>	<b>64,406</b>	<b>48,091</b>
<b>Equity and liabilities</b>		
Equity	46,988	31,244
Current liabilities	17,418	16,847
<b>Total equity and liabilities</b>	<b>64,406</b>	<b>48,091</b>
<b>Pledged assets</b>	<b>26,400</b>	<b>26,400</b>
<b>Contingent liabilities</b>	-	-

<sup>1)</sup> Include a receivable concerning contract manufacturer totaling SEK 3.6 million

## Cash Flow Statement, Group

(Figures in thousands SEK)	Q4	Q4	Full year	Full year
	2011	2010	2011	2010
Cash flow from operating activities				
before changes in working capital	-8,601	-3,627	-31,851	-12,919
Cash flow from changes in working capital	2,625	-402	-4,099	2,781
Cash flow from operating activities	-5,976	-4,029	-35,950	-10,138
Cash flow from investing activities	-2,513	-2,333	-8,679	-4,710
Cash flow from financing activities	-	-	49,015	-1,492
<b>Cash flow for the period</b>	<b>-8,489</b>	<b>-6,362</b>	<b>4,386</b>	<b>-16,340</b>
Liquid funds at the beginning of the period	37,420	30,906	24,544	40,884
Liquid funds at the end of the period	28,930	24,544	28,930	24,544

## Key Figures, Group

	12/31/2011	12/31/2010
Working capital (thousands SEK)	33,140	23,876
Liquid ratio	235%	192%
Equity/assets ratio	73%	65%
Return on average equity	neg	neg
Capital employed (thousands SEK)	48,399	32,494
Return on capital employed	neg	neg
Profit/loss per share (SEK)	-0.20	-0.11
EBITDA (thousands SEK)	-31,213	-12,485
Equity per share (SEK)	0.25	0.23
Number of shares	188,945,120	134,960,800
Number of employees at the end of the period	35	34
Average number of employees during the period	34	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

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 due to calculation of potential shares would result in an improvement in loss per share which is not permitted according to IAS 33

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

Quarterly earnings ratios are not disclosed

Operating costs (as described in Sales and result): Operating costs excluding costs for products sold, participations in associated companies and goodwill write-down, but including depreciation and write-downs and after capitalization of costs for development work.

**Changes in equity, Group**  
 (Figures in thousands SEK)

	Capital stock	Other paid in capital	Reserves	Balanced profit/ year's profit	<b>Total equity</b>
<b>Opening balance as at January 1, 2010</b>	<b>53,984</b>	<b>537,214</b>	<b>155</b>	<b>-545,945</b>	<b>45,408</b>
Comprehensive income for the period	-	-	484	-14,648	-14,164
<b>Closing balance as at December 31, 2010</b>	<b>53,984</b>	<b>537,214</b>	<b>639</b>	<b>-560,593</b>	<b>31,244</b>
<b>Opening balance as at January 1, 2011</b>	<b>53,984</b>	<b>537,214</b>	<b>639</b>	<b>-560,593</b>	<b>31,244</b>
Comprehensive income for the period	-	-	-55	-33,216	-33,271
<b>Transactions with the shareholders</b>					
New share issue <sup>1)</sup>	21,594	26,981	-	-	48,575
Options <sup>2)</sup>	-	440	-	-	440
<b>Closing balance as at December 31, 2011</b>	<b>75,578</b>	<b>564,635</b>	<b>584</b>	<b>-593,809</b>	<b>46,988</b>

<sup>1)</sup> New share issue totalling 53,984,320 new shares at a rate of SEK 1.00 with deductions for issue costs SEK 5,409 thousand.

<sup>2)</sup> Relates to 4,400,000 subscription options to all employees at a rate of SEK 0.10 .

**Turnover and profitability by segments Q4 2011<sup>1)</sup>**

(Figures in thousands SEK)

	IAM		ACCESS SOLUTIONS		MOBILE	
	2011	2010	2011	2010	2011	2010
Net sales	4,042	4,620	770	1,718	-	-
Expenses <sup>2)</sup>	<u>-6,734</u>	<u>-9,650</u>	<u>-1,187</u>	<u>-2,100</u>	<u>-7,002</u>	<u>-678</u>
Result	-2,692	-5,030	-417	-382	-7,002	678
<b>TOTAL SEGMENTS</b>						
	2011	2010				
Net sales	4,812	6,338				
Expenses <sup>2)</sup>	<u>-14,923</u>	<u>-12,428</u>				
Result <sup>3)</sup>	-10,111	-6,090				

**Turnover and profitability by segments full year  
2011<sup>1)</sup>**

(Figures in thousands SEK)

	IAM		ACCESS SOLUTIONS		MOBILE	
	2011	2010	2011	2010	2011	2010
Net sales	17,957	37,804	3,657	7,140	0	-
Expenses <sup>2)</sup>	<u>-29,539</u>	<u>-50,223</u>	<u>-4,989</u>	<u>-9,544</u>	<u>-25,950</u>	<u>-678</u>
Result	-11,582	-12,419	-1,332	-2,404	-25,950	678

**TOTAL SEGMENTS**

	2011	2010
Net sales	21,614	44,944
Expenses <sup>2)</sup>	<u>-60,478</u>	<u>-60,445</u>
Result <sup>3)</sup>	-38,864	-15,501

1) From January 2011 a new sales organization came into effect. The 2010 figures are restated accordingly.

2) The above expenses in the segments include Cost of goods sold as well as direct and share of indirect operation expenses.

3) Group Result also includes capitalization and depreciation of development work and other operating income and changes in value. This amount totals for Q4 SEK 830 thousand (1,698) and for full year 2011 SEK 5,452 thousand (1,004). In the segment overview capitalization and depreciation are included in expenses.

**Income statement, Parent company**

(Figures in thousands SEK)

	Full year 2011	Full year 2010
Net sales	15,507	38,825
Cost of goods sold	<u>-19,846</u>	<u>-21,957</u>
<b>Gross profit/loss</b>	<b>-4,339</b>	<b>16,868</b>
Selling expenses	-12,274	-14,409
Administrative expenses	-11,223	-9,012
R&D costs	-8,692	-7,232
Other operating income and changes in value	290	-2,831
	<u>-31,899</u>	<u>-33,484</u>
<b>Operating result</b>	<b>-36,238</b>	<b>-16,616</b>
Financial costs <sup>1)</sup>	683	349
<b>Result after financial items</b>	<b>-35,555</b>	<b>-16,267</b>
Tax	-	-
<b>Result for the period</b>	<b>-35,555</b>	<b>-16,267</b>

**Balance Sheet, Parent company**
**(Figures in thousands SEK)**
**12/31/2011** **12/31/2010**
**Assets**

Intangible fixed assets	12,692	6,548
Tangible fixed assets	943	381
Participations in group companies	1,058	1,058
Inventories	9,673	8,402
Accounts receivable - trade <sup>1)</sup>	4,736	2,810
Other current receivables	38,474	33,403
Cash and bank balances	21,662	21,129
<b>Total assets</b>	<b>89,238</b>	<b>73,731</b>

**Equity and liabilities**

Equity	77,117	63,086
Other provisions	76	162
Current liabilities	12,045	10,483
<b>Total equity and liabilities</b>	<b>89,238</b>	<b>73,731</b>

<b>Pledged assets</b>	<b>24,000</b>	<b>24,000</b>
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<b>Contingent liabilities</b>	<b>2,000</b>	<b>2,000</b>
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<sup>1)</sup> Include a receivable concerning contract manufacturer totaling SEK 3.6 million

**Telephone conference**

On the occasion of today's year-end report we have the pleasure to invite investors and journalists to the following informative meeting during the day

- The conference starts at 11:00 (CET)
- To participate, please call + 46 (0) 8-505 629 32

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.

The presentation will be held in English but afterwards there will be an opportunity to ask questions in Swedish.

Participating on behalf of Precise Biometrics

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

A recording from the conference will be available for three days after the telephone meeting. To listen to the conference afterwards dial +46 (0)8 506 269 49. When asked to state a reference number please dial 266739 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 is a market-leading provider of 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.

Its core product, Precise Match-on-Card™, adds value to ID, SIM, enterprise and bank cards as well as systems for access control to buildings, computers and networks. Precise Biometrics serves business and government organizations throughout the world and its technology is licensed to close to 160 million users.

For more information, please visit [www.precisebiometrics.com](http://www.precisebiometrics.com).

