POSITIVE SIGNALS FOR TACTIVO™ IN THE ENTERPRISE SEGMENT IN EUROPE

PRECISE BIOMETRICS AB (PUBL), CORPORATE IDENTITY NO. 556545-6596
INTERIM REPORT FOR THE PERIOD JANUARY – JUNE 2014

- The group's net sales for the period was SEK 14.2 million (26.0)
- The group's operating result for the period was SEK -20.8 million (-12.4).
- The group's net result for the period was SEK -20.4 million (-13.9).
- Earnings per share for the period were SEK -0.06 (-0.05).
- Available cash at the end of the period amounted to SEK 76.2 million (47.3).
- First deliveries of algorithm licenses to Fingerprint Cards were done.
- In June Håkan Persson was appointed CEO after serving as interim CEO since November.
- Daniel Edlund was in June appointed as Corporate Marketing Manager.

FOR FURTHER INFORMATION, PLEASE CONTACT

Håkan Persson, CEO, Precise Biometrics AB
Telephone +46 46 31 11 05, or +46 734 35 11 05 E-mail hakan.persson@precisebiometrics.com

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

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.

The technology adds value to ID, enterprise and bank cards as well as access to mobile solutions (smart phones and tablets), 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

Interim Report

INTERVIEW WITH HÅKAN PERSSON, CEO, PRECISE BIOMETRICS

How would you summarize the second quarter?
The market for biometrics continues to develop positively with growing interest in biometric solutions in mobile units. During the quarter we have delivered the first algorithm licenses to Fingerprint Cards. We also received several very interesting breakthroughs for Tactivo primarily in the corporate market and health sector in Europe, which will be valuable in the future. At the same time we see that more and more customers are emerging from the pilot and test phase and are taking Tactivo into production.

Nevertheless, sales and result for the quarter were disappointing. Sales of Tactivo in the important U.S. federal market did not match our expectations. The sales in the quarter mainly derived from our traditional fingerprint readers to customers in the Middle East and Thailand as well as access solutions to Fitness24Seven.

How do you see Tactivo developing?
In spite of the low volumes in the U.S. there have been several positive breakthroughs in terms of sales. One of the larger hospitals in England has chosen Tactivo for secure mobile access to different systems and patient journals, and we are now working on that other hospitals will sign up. Solutions and applications have been developed in the Swedish health sector for the home help service, where Tactivo is used for mobile access.

One of the world's largest companies in the energy sector will be implementing a Tactivo solution for its executive management with aim to protect access to confidential information. There is an exciting potential here that can lead to a successive roll-out of several thousand units for this customer alone. One of the world's largest finance companies has also chosen a similar solution for its executive management. Both these transactions are of strategic importance and resemble the Tactivo solution for Volkswagen, which also aims to protect access to confidential information in a mobile world.

We are convinced that Tactivo has a self-evident place in the market for security solutions with smart cards for mobile phones. Our product is well-positioned and has the most comprehensive eco system of partners with end user solutions. The roll-out of systems and end user applications in the federal market in the U.S. has been delayed for all the players, but once the potential has been realized Precise Biometrics has the best offer for customers. The corporate market and health care sector in Europe are also markets that are currently assessed to have extensive potential. We believe that the smart cards will continue to have a strong position the coming years to control access to confidential information, especially as the demand for secure mobile access increases.

What is happening in the other business areas?
Several of the leading mobile phone manufacturers and suppliers of hardware are testing and evaluating our algorithms for integration in their products. It is a large and expanding market, and we consider it to be very important for the Company in view of the history, competence and product we have. The test and assessment projects in progress are now related to mobile phones and tablets that will be launched in the first or second quarter of 2015. The projects are progressing well and we have strongly expanded our presence with sales resources in Asia.

We have since some time ago an agreement with one of the leading suppliers of fingerprint sensors in the area, Fingerprint Cards. We have a mutual interest in selling our joint solutions to the leading mobile phone manufacturers and the first deliveries took place in the second quarter.

We continue to have stable sales of our traditional fingerprint readers and access solutions with deliveries to established customers. We see a continued demand for these products.

How do you feel about being entrusted to become CEO on a permanent basis?
It is of course great that the board has shown confidence and appreciation of what I have done during my time as interim CEO. I will now continue working together with the board and the employees in making Precise Biometrics a profitable company. We will be focusing on sales, clarifying the priorities of the Company and develop our offering.

How do you see the market for your products?
We see a self-evident place for our products in the market, on the one hand to make life easier, and on the other to enhance security for individuals and organizations. The demand for mobile security solutions keeps on growing as mobiles and tablets become an ever more natural part of our lives, both in private and at work. In this context we are well-positioned with our fingerprint technology for mobile units and with Tactivo for security solutions based on smart cards. In combination with our base of earnings from traditional products like fingerprint readers and solutions for physical access, this means that we continue to remain confident of the future development of the Company.

SALES AND RESULT

Interim Period January to June 2014

Sales for the interim period were SEK 14.2 million (26.0). The majority of the sales came from the business area Desktop & Physical Access Solutions with continued deliveries of access solutions to the Scandinavian gym chain Fitness24Seven as well as deliveries of fingerprint readers to customers in the Middle East and Thailand. The sales also consisted of deliveries of the Company's fingerprint technology to Fingerprint Cards and license sales to the ongoing NID-project in Portugal. During the period approximately 2,300 Tactivo readers were sold. The lower sales compared to the corresponding period last year is explained by that the company during the first quarter of 2013 received two major orders, one for Tactivo and one for algorithms, totaling SEK 10.0 million. The gross margin amounted to 62% (66%).

Operating costs amounted to SEK 29.6 million (29.5). Staff costs were lower compared to the previous year due to fewer employees in the U.S. subsidiary. This was balanced by higher level of depreciation of capitalized development costs for Tactivo.

The Group's net loss for the period was SEK -20.4 million (-13.9).

Earnings per share (average number of shares) for the interim period was SEK -0.06 (-0.05).

Second Quarter April to June 2014

Sales for the second quarter amounted to SEK 7.0 million (9.2). The lower sales is due to that the company last year received a larger follow-up order from a government customer in the Middle East during. The gross margin was 68% (43%). The improved margin is due to higher proportion of license sales.

Operating costs for the second quarter were SEK 14.6 million (15.3). The group's net loss amounted to SEK -9.7 Million (-12.6). The improved result is due to higher gross margin, lower operating costs and improved better financial net due to positive exchange- and interest rates effect.

Losses per share (average number of shares) for the second quarter amounted to SEK -0.03 (-0.04).

FINANCING AND LIQUIDITY

As of June 30, 2014 equity amounted to SEK 114.3 million (82.9) and equity/share to SEK 0.33 (0.26).

Cash flow from current operations during the period amounted to SEK -19.9 million (-10.9). Available cash as of June 30 2014 amounted to SEK 76.2 million (47.3). Available cash is higher compared to the corresponding period last year through the directed share issue in September 2013, which resulted in a injection of SEK 81.1 million.

MARKET AND SALES – Q2 2014

Precise Biometrics' operations are divided into three business areas: Mobile Smart Card Solutions (Tactivo™), Fingerprint Technology (licensing of algorithms) and Desktop & Physical Access Solutions (fingerprint readers and access solutions for premises and computers).

The business area **Mobile Smart Card Solutions** consists of products for mobile security for smartphones and tablets, Tactivo. Tactivo is a smart casing developed for Apple's smartphones and tablets, but it also supports solutions for Android. Precise Biometrics has a complete portfolio of Tactivo products for all the current models of iPhone and iPad. Tactivo protects both the information stored locally in the unit and in communication online, e.g. to servers. Tactivo guarantees a very high level of security for mobile units, while complying with greater demands for network security and verification.

The business area's sales for the quarter were SEK 1.5 million. During the quarter, approximately 1,800 Tactivo units were sold. The majority of these, approximately 1,300, were sold to European partners and end customers. Deliveries have been made to English hospitals as well as home care services in different municipalities in Sweden where Tactivo is used for securing mobile access to various systems and patient records. Interesting projects are also underway with partners to large companies in the energy sector and the financial sector where Tactivo will be used to protect confidential information on management level. Furthermore, continued delivery of Tactivo has gone to Volkswagen under the previously signed agreement. Sales to the U.S. government partners are still in a build-up phase. Sales derive from pilot installations as preparation from of any larger deployments. The potential regarding Tactivo in the U.S. is based on the mandate that requires all government employees to use their PIV/CAC-cards (Personal Identity Verification and Common Access Card) for access to sensitive government information.

The business area **Fingerprint Technology** includes the software based on the Company's algorithms: Precise BioMatch™ Embedded, Precise BioMatch™ Mobile and Precise Match-on-Card™. Precise BioMatch Mobile, which was launched in 2013, is software developed and optimized for integration of fingerprint recognition in smartphones and tablets. This software was initially adapted for small sensors and is suitable for use in, for example, mobile units.

The business areas' sales in the second quarter were SEK 2.1 million. In 2013 a partnership agreement was signed with the Swedish sensor manufacturer Fingerprint Cards (FPC) for licensing of algorithms for integration in FPC's sensors. During the quarter the first licenses have been reported by FPC. The majority of the sales in the business area came from continued roll-outs in the ongoing NID (National ID card) project in Portugal. The NID project in Portugal was launched already 2007.

The business area **Desktop & Physical Access Solutions** mainly focuses on sales of the Company's traditional products, which include fingerprint readers for desktop work stations and physical access to premises. The business areas' sales during the quarter totaled SEK 3.4 million. Follow-up orders received from Fitness24Seven, one of Scandinavia's largest gym chains, which uses Precise Biometrics' solution for member access to the gyms. The remaining sales in the business area during the quarter came from two already established clients in the Middle East and Thailand which both use Precise Biometrics fingerprint reader 200MC for secure logon to the networks.

PARENT COMPANY

Parent company sales for the interim period amounted to SEK 12.3 million (18.7). Operating loss before tax for the interim period amounted to SEK -19.3 million (-13.3).

Available cash at the end of the quarter amounted to SEK 70.5 million (46.5).

ORGANIZATION AND EMPLOYEES

The organization consists of Precise Biometrics AB with the head office in Lund, Sweden and an office in Karlstad, Sweden. The organization also consists of the subsidiary Precise Biometrics Inc. with an office in Virginia, USA.

As of June 30, 2014 the group had 29 (34) employees, 27 in Sweden and 2 in the US.

At the end of the quarter Håkan Persson was appointed CEO after a period as interim CEO, and Daniel Edlund was employed as Corporate Marketing Manager.

INVESTMENTS IN TANGIBLE FIXED ASSETS

During the interim period the group has invested SEK 1.1 million (1.8) in tangible fixed assets.

During the second quarter the group has invested SEK 0.6 million (1.8) in tangible fixed assets.

CAPITALIZATION AND DEPRECIATION OF DEVELOPMENT COSTS

Development work costs of SEK 4.2 million (6.2) were capitalized during the interim period with main impact from new investments related to Tactivo. Depreciation of development costs amounted to SEK 4.1 million (1.6) during the interim period. The reason behind the higher depreciation level compared to the corresponding period last year is that the company has, during the fourth quarter 2013, made a revised assessment in relation to the depreciation of the development projects related to Tactivo. The products in the product family Tactivo has a shorter life span than the Company's more traditional products and are written off faster.

During the second quarter development work costs of SEK 2.3 million (3.0) were capitalized. Depreciation of capitalized development costs amounted to SEK 2.1 million (0.8) during the quarter.

ANNUAL GENERAL MEETING 2014

The Annual General Meeting was held April 29 2014, at the Company's head office in Lund.

In accordance to the proposal of the Board, the Annual General Meeting resolved regarding the Company's result disposition for 2013. No dividend was declared for the financial year.

Torbjörn Clementz, Anders Harrysson, Torgny Hellström, Matts Lilja and Eva Maria Matell was re-elected as board members for the period up to and including the Annual General Meeting 2015. Lisa Thorsted had declined re-election. Mats Lindoff was elected as new member of the Board. Torgny Hellström is suggested new Chairman of the Board.

In accordance to the proposal of the Nomination Committee, the Annual General Meeting resolved regarding that the annual director's fees paid to the Board of Directors up to and including the Annual General Meeting 2015. The Chairman of the Board shall be remunerated 300,000 (previously SEK 210,000) and each of the other Board members who are not employed with the Company shall receive SEK 150,000 (previously SEK 105,000). The Annual General Meeting also decided that an additional remuneration of SEK 25,000 for committee work shall be paid per board member and committee, but limited to SEK 25,000 per member and year.

The Annual General Meeting also decided, in accordance to the Board's proposal, to authorize the Board to resolve, on one or several occasions before the next Annual General Meeting, on an issue of shares and/or convertible bonds. Such issue may entail a deviation from the shareholders' preferential right to subscribe for new shares and/or convertible bonds and also entail that payment of the new shares and/or convertible bonds may be made in cash or by consideration in kind or by right of set-off. The issue may result in an aggregate increase in the share capital corresponding to the issue of a maximum of 34,530,609 shares and/or convertible bonds to be converted into a maximum of 34,530,609 shares.
Full exercise of the authorization, and where applicable full conversion, is equivalent to a dilution of approximately 10% of the current share capital and votes.

In accordance to the proposal of the Board, the Annual General Meeting resolved that an incentive program should be carried out to the company's employees by the issue of subscription warrants. The proposal principally entails that the Annual General Meeting shall resolve on an issue of maximum 8,000,000 subscription warrants entitling to subscription for the equivalent number of shares in Precise Biometrics AB. Per June 30 2,610,000 share warrants were subscribed for.

For more information regarding decisions taken at the Annual General Meeting, see Precise Biometrics' web page.

THE NOMINATION COMMITTEE

Following a decision at the Annual General Meeting on April 29, 2014 a Nomination Committee shall be organized. The Nomination Committee shall consist of one representative from each of the three major shareholders per April 30, 2014 as well as the Chairman of the Board.

The Nomination Committee was constituted in June 2014 and consists of Torgils Knutsson Bonde (private holdings), Robert Andersson (Limhamns Förvaltning AB) and Ole Søeberg (Skagen Fonder). Torgils Knutsson Bonde is appointed Chairman of the Nomination Committee.

These represent the largest shareholders in the Company as of April 30, 2014, that have accepted participation in the Nomination Committee. The Chairman of the Board, Torgny Hellström is also represented in the Nomination Committee.

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 2013, which was submitted 31 March, 2014. No further essential risks or uncertainties have arisen after the submission of the Annual Report.

FUTURE REPORT DATES

Interim report Q3	October 21, 2014
Year-end report	January 27, 2015 (new date).

Interim Report

ACCOUNTING PRINCIPLES

This Interim 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, 2014, did not have a material effect on the financial statements.

For information on the applied accounting principles please refer to the Annual Report for 2013. This quarterly report has not been subjected to review by the Company's auditors.

Lund, July 16, 2014

The board of directors

Torgny Hellström, chairman

Torbjörn Clementz   Eva Maria Matell   Anders Harrysson   Matts Lilja   Mats Lindoff
Håkan Persson, CEO, Precise Biometrics AB (publ).

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 July 16, 2014.

Income statement, Group

(Figures in thousands SEK)	Q2 2014	Q2 2013	Q1-Q2 2014	Q1-Q2 2013	Full year 2013
Net sales	7 028	9 171	14 212	25 967	34 944
Cost of goods sold[1)]	-2 287	-5 247	-5 369	-8 870	-15 976
Gross profit/loss	**4 741**	**3 924**	**8 843**	**17 097**	**18 968**
Selling expenses	-4 875	-7 305	-9 340	-14 067	-24 777
Administrative expenses	-4 552	-3 562	-7 919	-6 716	-14 706
R&D costs[2)]	-5 788	-4 815	-13 018	-8 791	-21 307
Other operating income and changes in value	622	373	642	95	-358
	-14 593	-15 309	-29 635	-29 479	-61 148
Operating result	**-9 852**	**-11 385**	**-20 792**	**-12 382**	**-42 180**
Financial costs	168	-1 191	378	-1 507	-1 092
Result after financial items	**-9 684**	**-12 576**	**-20 414**	**-13 889**	**-43 272**
Tax	-	-	-	-	-
Result for the period	**-9 684**	**-12 576**	**-20 414**	**-13 889**	**-43 272**
Result attributable to:					
Owners of the parent	-9 684	-12 576	-20 414	-13 889	-43 272
Result per share (before dilution), SEK	*-0,03*	*-0,04*	*-0,06*	*-0,05*	*-0,14*
Result per share (after dilution), SEK	*-0,03*	*-0,04*	*-0,06*	*-0,05*	*-0,14*

[1)] Include write-down of inventory totalling SEK-1.7 million for full year 2013.

[2)] Include write-down of capitalized development work totalling SEK -2.1 million for full year 2013.

Interim Report

PRECISE BIOMETRICS

Groups statement of profit or loss and other comprehensive income

(Figures in thousands SEK)	Q2 2014	Q2 2013	Q1-Q2 2014	Q1-Q2 2013	Full year 2013
Profit/loss for the period	**-9 684**	**-12 576**	**-20 414**	**-13 889**	**-43 272**
Other comprehensive income:					
Items that can be reclassified into profit or loss					
Change in accumulated exchange rate differences	-75	-38	-115	-46	43
	-75	-38	-115	-46	43
Comprehensive income for the period, net of tax	**-75**	**-38**	**-115**	**-46**	**43**
Total comprehensive income for the period	**-9 759**	**-12 614**	**-20 529**	**-13 935**	**-43 229**
Attributable to:					
Owners of the parent	-9 759	-12 614	-20 529	-13 935	-43 229
Total comprehensive income for the period	-9 759	-12 614	-20 529	-13 935	-43 229

Balance Sheet, Group

(Figures in thousands SEK)	06/30/2014	06/30/2013	12/31/2013
Assets			
Intangible fixed assets	21 514	22 877	21 574
Tangible fixed assets	4 120	3 329	3 475
Inventories	16 919	9 253	14 228
Accounts receivable - trade[1)]	4 396	9 751	3 997
Other current receivables	6 746	7 064	8 453
Cash and bank balances	76 210	47 337	101 197
Total assets	**129 905**	**99 611**	**152 924**
Equity and liabilities			
Equity	114 279	82 923	134 547
Current liabilities	15 626	16 688	18 377
Total equity and liabilities	**129 905**	**99 611**	**152 924**
Pledged assets	**NONE**	**24 000**	**24 000**
Contingent liabilities	**NONE**	**NONE**	**NONE**

[1)] Include a receivable concerning contract manufacturer totalling SEK 0 million (1.3) for 2014.

Interim Report

Cash Flow Statement, Group

(Figures in thousands SEK)	Q2 2014	Q2 2013	Q1-Q2 2014	Q1-Q2 2013	Full year 2013
Cash flow from operating activities before changes in working capital	-7 556	-11 753	-16 117	-12 276	-36 942
Cash flow from changes in working capital	685	7 440	-3 827	1 344	2 723
Cash flow from operating activities	-6 871	-4 313	-19 944	-10 932	-34 219
Cash flow from investing activities	-2 910	-4 701	-5 304	-7 978	-11 749
Cash flow from financing activities	261	48 663	261	28 663	109 580
Cash flow for the period	**-9 520**	**39 649**	**-24 987**	**9 753**	**63 612**
Liquid funds at the beginning of the period	85 730	7 688	101 197	37 584	37 584
Liquid funds at the end of the period	76 210	47 337	76 210	47 337	101 197

Key Figures, Group

	06/30/2014	06/30/2013	12/31/2013
Working capital (thousands SEK)	88 645	56 717	109 498
Liquid ratio	559%	384%	618%
Equity/assets ratio	88%	83%	88%
Return on average equity	-	-	neg
Capital employed (thousands SEK)	114 279	82 923	134 547
Return on capital employed	-	-	neg
Profit/loss per share (SEK)	-0,06	-0,05	-0,14
EBITDA (thousands SEK)	-16 074	-10 423	-35 293
Equity per share (SEK)	0,33	0,26	0,39
Number of shares	345 306 094	323 306 094	345 306 094
Number of employees at the end of the period	29	34	29
Average number of employees during the period	33	36	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 in summary, Group
(Figures in thousands SEK)

	2014 Q1-Q2	2013 Q1-Q2	2013 Full year
Opening balance	**134 547**	**48 195**	**48 195**
Comprehensive income for the period	-20 414	-13 889	-43 272
Exchangerate differences	-115	-46	43
New share issue	-	48 663	129 581
Options	261	-	-
Closing balance	**114 279**	**82 923**	**134 547**

Segment information[1)]
(Figures in thousands SEK)

Sales per segment	2014 Q2	2013 Q2	2014 Q1-Q2	2013 Q1-Q2	2013 Full year
Mobile Smart Card Solutions	1 496	616	2 109	6 694	4 325
Fingerprint Technology	2 132	762	2 798	9 015	7 822
Desktop & Physical Access Solutions	3 400	7 793	9 305	10 258	22 797
Group	**7 028**	**9 171**	**14 212**	**25 967**	**34 944**

Costs per segment[2)]	2014 Q2	2013 Q2	2014 Q1-Q2	2013 Q1-Q2	2013 Full year
Mobile Smart Card Solutions	-9 868	-11 240	-19 177	-24 385	-42 249
Fingerprint Technology	-4 476	-4 798	-8 726	-9 229	-17 980
Desktop & Physical Access Solutions	-3 088	-6 784	-7 184	-9 005	-18 974
Other[3)]	552	2 266	83	4 270	2 079
Group	**-16 880**	**-20 556**	**-35 004**	**-38 349**	**-77 124**

Operating result per segment	2014 Q2	2013 Q2	2014 Q1-Q2	2013 Q1-Q2	2013 Full year
Mobile Smart Card Solutions	-8 372	-10 624	-17 068	-17 691	-37 924
Fingerprint Technology	-2 344	-4 036	-5 928	-214	-10 158
Desktop & Physical Access Solutions	312	1 009	2 121	1 253	3 823
Other[3)]	552	2 266	83	4 270	2 079
Group	**-9 852**	**-11 385**	**-20 792**	**-12 382**	**-42 180**

1) New segments apply from January 1, 2014 and the 2013 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) "Other" includes capitalization and depreciation of development work, depreciation of tangible fixed assets and other operating income and changes in value.

Costs have been taken into account in the period they have incurred.

Interim Report

Income statement, Parent company

(Figures in thousands SEK)	Q1-Q2 2014	Q1-Q2 2013	Full year 2013
Net sales	12 331	18 737	28 517
Cost of goods sold[1)]	-5 675	-8 578	-18 875
Gross profit/loss	**6 656**	**10 159**	**9 642**
Selling expenses	-7 250	-7 538	-15 859
Administrative expenses	-7 918	-6 716	-14 704
R&D costs[2)]	-13 018	-8 791	-21 307
Other operating income and changes in value	1 522	854	-356
	-26 664	-22 191	-52 226
Operating result	**-20 008**	**-12 032**	**-42 584**
Financial costs	669	-1 296	-508
Result after financial items	**-19 339**	**-13 328**	**-43 092**
Tax	-	-	-
Result for the period	**-19 339**	**-13 328**	**-43 092**

[1)] Include write-down of inventory totalling SEK -1.7 million for 2013.

[2)] Include write-down of capitalized development work totalling SEK -2.1 million for 2013.

Balance Sheet, Parent company

(Figures in thousands SEK)	6/30/2014	6/30/2013	12/31/2013
Assets			
Intangible fixed assets	21 514	22 877	21 574
Tangible fixed assets	4 120	3 329	3 475
Participations in group companies	1 058	1 058	1 058
Inventories	11 553	7 694	10 913
Accounts receivable - trade	3 381	2 218	1 777
Other current receivables[1)]	44 533	41 194	43 702
Cash and bank balances	70 497	46 470	96 976
Total assets	**156 656**	**124 840**	**179 475**
Equity and liabilities			
Equity	142 660	110 846	161 999
Other provisions	153	134	100
Current liabilities	13 843	13 860	17 376
Total equity and liabilities	**156 656**	**124 840**	**179 475**
Pledged assets	**NONE**	**24 000**	**24 000**
Contingent liabilities	**NONE**	**NONE**	**NONE**

[1)] Include inter-company receivables totalling SEK 38 million (37).

Interim Report

TELEPHONE CONFERENCE

On the occasion of today's Interim Report we have the pleasure to invite investors and journalists to the following informative meeting during the day

- The conference starts at 10.00 (CET)
- To participate, please call + 46 (0)8 505 982 61

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

- Håkan Persson, 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)8 505 564 73. When asked to state a reference number please dial 352512 and finish with (#).

Please visit www.precisebiometrics.com/financial-reports where a presentation can be downloaded.

FOR FURTHER INFORMATION, PLEASE CONTACT

Håkan Persson, CEO, Precise Biometrics AB
Telephone +46 46 31 11 05, or +46 734 35 11 05 E-mail hakan.persson@precisebiometrics.com

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

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.

The technology adds value to ID, enterprise and bank cards as well as access to mobile solutions (smart phones and tablets), 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

Interim Report