

PRECISE BIOMETRICS ESTABLISHES JOINT VENTURE IN CHINA

Precise Biometrics AB (publ), a Swedish company that develops and sells world-leading and user-friendly biometric security solutions based on fingerprints and smart cards, has together with Smart Unicorn Group entered into a joint venture in China. The companies intend through the transfer of technology and joint development work, to integrate Precise Biometrics' biometry and encryption technology into mobile network synchronization and device management solutions for mobile phones, mobile terminals and computers developed by Smart Unicorn Solutions, an ICT business unit of Smart Unicorn Group.

With the acquisition of Loqware Sweden AB in the summer of 2005 the Precise Biometrics group was provided with a portfolio of patents based on the i-Loq® technology that Loqware has developed. This technology uses biometrics as an access method and can be licensed as a component for electronic locks for computers, telephones and buildings. An important entrance opportunity into the Chinese market was also acquired, which has now been followed up through the establishment of a joint venture in China. The execution of this joint venture agreement also means that Precise Biometrics obtains a new channel for the sales of its own products and those of Loqware.

Smart Unicorn Group is an international investment and holding company with its head office in Shanghai, China. The company has corporate interests throughout Asia in IT and telecommunications, the real estate sector and the food industry. The Group turnover for 2005 was approximately SEK 800 million and the number of employees is about 1,200. The investments of Smart Unicorn Group in IT and telecommunications are conducted through one of its business units Smart Unicorn Solutions, where Precise Biometrics will now be a partner. Smart Unicorn Solutions has been operative for five years and has its head office and research center in Beijing. The company has today 32 employees and their customers include China's largest telecom operators and mobile phone manufacturers.

Precise Biometrics will own 30 % in Smart Unicorn Solutions and will contribute with the transfer of technology and competence, as well as transferring Chinese patents to the joint venture. Precise Biometrics' share of the ownership will also be paid for through a non-cash issue of 1.125 million shares (Prec A) and through the addition of SEK 12 million in available funds, which will be used for the operations of the joint venture. Initially Precise Biometrics will receive license revenue of SEK 7.7 million. An agreement has been signed and the transaction will be finalized within 30 days.

"China is an enormously expansive and exciting marketplace and our new partner will undoubtedly give us additional market opportunities. There is a great demand for mobile phone security on the Chinese market and the development of new mobile services will make it possible to make, for example, safer payment transactions via mobile phones and mobile terminals. There is also extensive potential in the opportunities Smart Unicorn Solutions sees in the integration of biometrics in other parts of the information and communication solutions the company has developed," says Christer Bergman, President and CEO of Precise Biometrics.

For further information, please contact
Christer Bergman, President & CEO, Precise Biometrics AB.
Telephone +1(0) 703 405 8255, or +46 (0) 730 35 67 26
E-mail christer.bergman@precisebiometrics.com

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

