

**Precise Biometrics AB (publ), Corporate Identity No. 556545-6596
Year-end Report for the Period January – December 2006**

- Net sales for the group in the financial year amounted to SEK 47.7 million (45.1) and for the fourth quarter to SEK 11.4 million (8.8).
- Losses for the financial year amounted to SEK -90.9 million (-41.0) and for the fourth quarter to SEK -60.1 million (-14.1).
- Losses per share for the financial year amounted to SEK -1.22 (-0.63) and for the fourth quarter to SEK -0.74 (-0.20).
- Liquid assets at the end of the financial year amounted to SEK 76.3 million (59.2).
- Write-downs have had a large effect on the fourth quarter result. The main part refers to the value of the investment in an associated company in China has significantly been written down with SEK 25.2 million.
- The restructuring and reorganization made during the fourth quarter has affected the result negatively with SEK 12,1 million.

Significant events during the quarter

- Thomas Marschall entered Precise Biometrics as President and CEO on November 1, 2006.
- The new issue of shares, which was approved at the extraordinary general meeting held on November 13, was oversubscribed and the company realized an amount of SEK 85 million prior to deductions for issue costs.
- SAS initiated the roll-out of the biometric solution from Precise Biometrics for baggage checks, which was implemented at eleven airports in Sweden in 2006.
- The company carried out a reorganization with a 25% reduction in the number of staff, which expects to generate cost savings of SEK 10-15 million already as of 2007. In addition the previous business areas have been replaced by geographical areas, within which newly established business areas will be incorporated in 2007.

For further information, please contact

Niklas Andersson, CFO, Precise Biometrics AB
Telephone +46 46 31 11 02 or +46 730 35 67 02
E-mail niklas.andersson@precisebiometrics.com

Ann-Sofi Højjenstam, Director, IR & Communications, Precise Biometrics AB
Telephone +46 46 31 11 47 or +46 734 35 11 47
E-post ann-sofi.hojjenstam@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 Precise Match-on-Card™ technology, the company is a market leader within smart ID cards. The product line includes systems for access control to buildings, computers and networks and for integration into ID cards and passports. The Precise Biometrics group has subsidiaries in Sweden, Great Britain, USA and a joint venture agreement in China. The group headquarters are in Lund, Sweden. Precise Biometrics is listed on the small cap list at the Nordic Exchange in Stockholm (symbol: PREC). For more information, please visit <http://www.precisebiometrics.com/>



The President's comments on the year-end report

During the time I have been at Precise Biometrics I have had the opportunity to get to know the staff and our customers, as well as the technology and products. The company is permeated by the joy of innovation and it is impressive to see such a strong conviction in our technology.

On the other hand, sales and revenue for the financial year 2006 were not equally encouraging. A new business strategy is established for 2007. The most important feature of this strategy is that we form an organization structured on the basis of customer needs and profitability. As a first stage in this work we issued notification at the end of the financial year of organizational changes and the formation of new business areas for 2007.

One of the most important events during the year was the order we received from SAS during the summer. This means that our biometric solution is now used at Swedish airports to guarantee that the person who hands in the baggage really is the same person boarding the plane. The passenger's booking number is linked to the baggage and the passenger's fingerprints at the baggage check-in. The roll-out of the solution took place during the autumn at 11 airports around the country, and the project has progressed according to plan. I am proud to say that even though we found ourselves working under a tight schedule we managed to deliver everything on time, and both SAS and their passengers were more than pleased with the system.

Concerning national ID cards and electronic passports the delays by several countries, have naturally had an effect on us, and we have not been able to live up to our forecasts. However, the introduction of national ID cards and electronic passports continues, and during the year we have among other things received a follow-up order from Thailand. This important reference order means that Precise Biometrics is a supplier to the first country in the world that is realizing a national full-scale solution for national ID cards. More than 10 million national ID cards have been issued in Thailand during 2006.

An important business event during the year was the agreement reached with Oki Electric Co, Ltd. This partnership has given positive signals on expected market volumes, which led to a decision prior to 2007 to introduce a more active coverage of the global market to establish additional partnerships of this type.

We were pleased about the oversubscription to the issue of preferential shares in the autumn. The capital means that we can develop our marketing and sales activities and generate a profitable business. The work towards profitability has been initiated during the fourth quarter, and it is a process that has required, and will continue to demand difficult decisions. During the fourth quarter a staff reduction and a renewed critical review of the activities in China were carried out. The latter resulted in a decision of a marked write-down of the investments made during the year in this company of association.

It is my conviction, that we with measures taken during the fourth quarter, has created an important foundation in the development of Precise Biometrics' ability to become a profitable company in a few years time.

Sales and resultsThe financial year 2006

Sales during the financial year amounted to SEK 47.7 million (45.1). The group's net loss for the financial year amounted to SEK -90.9 million (-41.0). Operating costs for the financial year, excluding

costs for products sold and profit shares in companies of association amounted to SEK -91.1 million (-56.6), including depreciation and write-downs of SEK 18.9 million (8.2) and capitalization of costs for development work of SEK 3.8 million (4.3). Earnings per share (average number of shares) for the financial year amounted to SEK -1.22 (-0.63). The gross margin totalled 40% in comparison with 36% in the previous year, which is primarily a result of an increase in license sales.

The restructure during the fourth quarter has meant that the result has been affected with one-time costs in form of inventory write-downs amounted to SEK 2.4 million, and intangible fixed assets write-downs amounted to SEK 5.7 million that can be traced to products and projects that are not part of the future strategy. Moreover, the payroll expenses of approximately SEK 4.0 million, in connection with the resignations, has been reserved.

The company's investment in China has after an evaluation in due order been revalued. As a consequence of delays and ongoing negotiations with the other partner about interpretations of commitments in the joint venture agreement SEK 25.2 million has been written down. Out of this investment SEK 20.6 million concerns the direct investment in the company of association, and SEK 4.6 million concerns the acquisition of Logware, which was a prerequisite for the Chinese agreement.

Fourth quarter October - December 2006

Sales for the fourth quarter amounted to SEK 11.4 million (8.8). The gross margin was negative due to write-downs in inventories. During the same period last year the gross margin amounted to 28%. The group's net loss for the fourth quarter amounted to SEK -60.1 million (-14.1). Operating costs, excluding costs for products sold and profit shares in companies of association amounted to SEK 38.5 million (16.1), including depreciation of SEK 11.8 million (2.2) and capitalization of costs for development work of SEK 0.5 million (0.6). Earnings per share (average number of shares) for the fourth quarter amounted to SEK -0.74 (-0.20). At the end of the fourth quarter the company's order book contained orders for approximately SEK 0.6 million.

Costs for write-downs and restructuring has been reserved, see "The financial year 2006".

Financing and liquidity

Equity as of December 31, 2006 amounted to SEK 95.0 million (104.4) and equity/share to SEK 0.98 (1.45).

Cash flows from current operations during the year amounted to SEK -34.1 million (-34.5). Liquid assets at the end of the financial year amounted to SEK 76.3 million (59.2).

Market and sales

Americas

Precise Biometrics has been active in the American market for more than five years and in 2006 several events took place to confirm that the trademarks, Precise Biometrics and Precise Match-on-Card™, are well established and accepted by the American federal authorities and important partners. The establishment of both trademarks has demanded extensive resources in recent years, both in terms of personnel and financing.

Developments in 2006 demonstrated that Precise Biometrics has achieved a strong position in the market, but the assessment is that further marketing and monitoring of the market can take place despite a reduction of our subsidiary operations in the US. Operations will receive strong sales support from a new regional and global sales organization controlled from the head office in Lund, Sweden. The work of recruiting personnel commenced during the last quarter of the year.

Sales for the business area in the financial year amounted to SEK 8.6 million (11.2) and operating loss amounted to SEK -6.1 million (-2.4).

Sales for the business area in the fourth quarter amounted to SEK 3.9 million (0.7) and operating loss amounted to SEK -1.6 million (-1.1).

EMEA

Sales in the geographical business area EMEA were weak during most part of the year and have not corresponded to expectations for 2006. Even if sales were unsatisfactory during the year, the EMEA market has been characterized by a lot of market activity and a rapidly increasing interest in biometrics in several fields of application.

The development of biometrics in the geographical markets in Europe, the Middle East and Africa point to relatively large differences in terms of scope in the utilization of technology, user areas, and the degree of maturity. Many countries in Europe are approaching an implementation phase for national ID cards with smart card technology and biometric passports. IT security and entrance control systems with a high level of security account for a good deal of the interest expressed in biometrics in the Middle East. In the last few years sales activities in Precise Biometrics' business area EMEA have to a large extent been focused on these market segments.

The rapid development in the market and interest in the use of smart card solutions with Match-on-Card technology are very positive for Precise Biometrics, and during the latter part of the year has led to the establishment of a new market strategy for this business area. The objective is that Precise Biometrics will have more efficient sales, more end-user contact, reinforced partner relations, and improved market coverage. Much of the sales work in 2007 will be directed towards public authorities, not least in Europe, and towards enabling additional agreements with leading smart card manufacturers and system integrators.

Sales for the business area in the financial year amounted to SEK 10.7 million (8.9) and operating loss amounted to SEK -4.0 million (-0.9).

Sales for the business area in the fourth quarter amounted to SEK 3.7 million (2.9) and operating loss amounted to SEK 0.2 million (-0.5).

The NID card group

During the year Precise Biometrics has been working intensively to participate in and monitor developments in some 30 projects around the world where countries are facing decisions on the procurement of solutions for national ID cards and biometric passports. With Thailand as a reference project, Precise Biometrics can demonstrate that Precise Match-on-Card™ is a stable technology with superior performance in comparison with competing solutions, and also that it is ready for full-scale national roll-out. The fact that there were few orders in 2006 does not mean that our market position has weakened, but rather that the procurement processes in a large number of countries have been delayed as a result of political and economic considerations.

The global development of the market for national ID cards and biometric passports led to Precise Biometrics establishing a new strategy for this business area at the end of the fourth quarter, with the introduction of a new name – Biometric Smartcard Solutions. The new strategy implies an enhanced focus on signing additional agreements with smart card and chip manufacturers, and through regional sales organizations to achieve a more efficient and global coverage of the market. The development of extras and applications for the aftermarket, expected to emerge in the countries that have initiated the issue of national ID cards, is also a prioritized incentive.

The previously published European passport project has been delayed and the deployment of passports in that country has therefore not started as planned. Precise Biometrics is of the opinion that the partner Worldwide Trust's position in the project is uncertain and therefore the company has decided to write-down the project.

Sales for the business area in the financial year amounted to SEK 6.6 million (6.0) and operating loss amounted to SEK -1.4 million (2.7).

Sales for the business area in the fourth quarter amounted to SEK 0.3 million (0.0) and operating loss amounted to SEK -4.7 million (-0.8).

ICAO Systems

2006 was a year with sales success in the business area of ICAO Systems. However, the expected breakthrough in the segment for biometric passports and travel documents was delayed. The set deadline on August 28, 2006, when EU countries were to commence the issue of biometric passports and travel documents, could not be met by many of these countries. This clearly demonstrates how difficult it is to predict the development of sales even in this area.

In September Scandinavian Airlines, SAS, initiated tests with Precise Biometrics' fingerprint technology to simplify baggage check-in for passengers and to comply with the more stringent security requirements of the Civil Aviation Authority. The tests started in Luleå at Kallax Airport and were met with positive reactions from passengers. This led to SAS installing Precise Biometrics' biometric system at almost all of the airports in Sweden during the fourth quarter. Fingerprint reading will in time take place on all flights in Scandinavia and the technology will affect some 10 million passengers a year in its expansion. SAS is the first airline in the world to introduce biometric security checks to guarantee that passengers who hand in baggage are also the persons boarding the flight.

The market with the SAS project led to a decision at the end of 2006 to form the new business area Biometric Aviation Solutions, and thereby the business area ICAO Systems has been discontinued.

Sales for the business area in the financial year amounted to SEK 2.0 million (0.0) and operating loss amounted to SEK -0.9 million (-2.7).

Sales for the business area in the fourth quarter amounted to SEK 0.0 million (0.0) and operating loss amounted to SEK -0.3 million (-0.8).

Fyrplus

The most positive event for Fyrplus Teknik in 2006 was Precise Biometrics' order from SAS. The order is of great importance for Fyrplus since the company is responsible for all the integration work and has also had a key role as a consultant during the entire project period.

The cutting-edge competence of the staff at Fyrplus in the field of biometrics has placed the company in a special position in the Scandinavian biometrics market. At the present time there are no other players with a corresponding profile and therefore there are excellent prerequisites for strong expansion in 2007 in terms of sales of consultancy services related to biometrics.

This greater focus on the biometrics sector is taking place in parallel with an ever sharper price competition in other areas of operations, where there is also a decline in the long-term nature of assignments.

Sales for the business area in the financial year amounted to SEK 15.5 million (18.1) and operating profit amounted to SEK 3.9 million (1.9).

Sales for the business area in the fourth quarter amounted to SEK 3.8 million (5.1) and operating profit amounted to SEK -0.3 million (0.8).

China (Loqware)

The start of operations in the joint venture company, which are initially based to a large extent on Loqware's technology and patents, has created conditions during the year to improve the efficiency of the work and cost structure in Loqware's Swedish operations. As an integral part of this Loqware's office in Gothenburg has been closed during the year and operations have been moved to Precise Biometrics' head office in Lund.

In 2006 the work has mainly been focused on the strategic orientation of the joint venture company. The transfer of technology and training of personnel in China by personnel from the office in Lund is also under way. Nevertheless, the original timetable for the launch of new biometric solutions on the market has been delayed as a result of discussions and to some extent uncertainty about the business transaction. Today the two companies differ in respect of trust and business. Therefore the company has, after due evaluation, decided to write-down the value of made investments of SEK 25.2 million. Despite this the management of Precise Biometrics sees, that the future potential on the Chinese market is attractive.

Sales for the business area in the financial year amounted to SEK 7.8 million and operating profit amounted to SEK -1.6 million.

Because the product range still has not been fully defined, sales for the business area in the fourth quarter amounted to SEK 0.0 million and operating loss amounted to SEK -5.7 million.

Parent company

Parent company sales for the financial year amounted to SEK 26.0 million (23.1). Operating loss before taxes for the financial year amounted to SEK -83.1 million (-28.4).

Parent company sales for the fourth quarter amounted to SEK 6.9 million (3.4). Operating loss before taxes for the fourth quarter amounted to SEK - 57.7 million (-9.3).

At the end of the financial year 30 persons were employed in the parent company. Liquid assets at the end of the fourth quarter amounted to SEK 73.2 million (57.0). The parent company had no debts to credit institutions at the end of the fourth quarter. Investments in tangible fixed assets have been made to an amount of SEK 0.9 million (0.7).

During the financial year costs for development work were capitalized to an amount of SEK 3.1 million (4.3) and during the fourth quarter to an amount of SEK 0.3 million (0.6).

Organization and staff

Precise Biometrics' organization consists of the parent company Precise Biometrics AB, with its head office in Lund, Sweden, and the subsidiaries Precise Biometrics, Inc. in Washington, DC, USA, Precise

Biometrics UK, Ltd. in England, Precise Biometrics Services AB, Fyrplus Teknik AB with its office in Karlstad, Sweden, and Loqware Sweden AB.

During the fourth quarter the group has implemented a reorganization, with the result that 17 persons have left the group, the equivalent of 25%. Seven of these persons have left through natural resignation. This is expected to produce annual cost savings of SEK 10-15 million as of 2007.

As of December 31, 2006 the group had 49 (69) employees, 45 in Sweden and 4 in the US. The offices in the UK and Gothenburg have been closed and the market is now serviced primarily from the head office in Lund. Of the employees 35 (54) were men and 14 (15) were women.

The newly completed reorganization was presented at the end of 2006, which means that the previous business areas (Americas, EMEA, NID, ICAO Systems, Fyrplus and Loqware) have been replaced in 2007 by the following geographic markets, Scandinavia, Europe, North America, Latin America, Middle East & Africa and Asia. The business areas Biometric Smartcard Solutions, Biometric Aviation Solutions, Biometric Embedded Solutions and Biometric Readers & Systems Integration will be serviced in the respective geographical areas.

These four business areas have now created the opportunity to control the group's sales and marketing resources so that they can be dimensioned according to the specific market requirements set within each business area. This also allows Precise Biometrics to respond more flexibly to market trends and technological changes that are assessed to have the strongest incentives in the biometrics market in the next few years.

The members of the new management group are Thomas Marschall (Group President & CEO), Niklas Andersson (CFO), Ola Svedin (CTO), Jonas Andersson (VP Business Development), Lennart Olsson (President Fyrplus), Karin Sveheim (Director Markets) and Ann-Sofi Höjénstam (Director IR & Communications).

Investments in tangible fixed assets

During the financial year the group has invested SEK 1.3 million (0.8) in material fixed assets.

In the fourth quarter the group invested SEK 0.3 million (0.4) in tangible fixed assets.

Capitalization and depreciation of development work

During the financial year costs for development work have been capitalized to an amount of SEK 3.8 million (4.3). Depreciation of capitalized costs for development work amounted in the financial year to SEK 9,6 million (8.2), whereof write-downs of SEK 5,7 million (0.4).

During the fourth quarter costs for development work have been capitalized to an amount of SEK 0.5 million (0.6). Depreciation and write-downs of capitalized costs for development work amounted during the quarter to SEK 6,7 million (4.9) of which SEK 5,7 million (0,4) are write-downs.

Patents

The group's long-term patent strategy focuses on establishing strong protection around Precise Match-on-CardTM as our core technology. The patent portfolio has been successively expanded since 2001 and at the end of 2006 includes 47 different patents and 36 applications for patents in 21 different product families. Precise Biometrics has twelve different patent families for just the Match-on-Card technology.

Future prospects and market trends

According to IBG (International Biometric Group), the market for biometrics is expected to experience a two-fold increase during 2006-2008, which means that the future prospects for Precise Biometrics are good. The market for national ID cards is also assessed to remain positive, in spite of the delays encountered in the projects. With the Thailand order as a good reference, Precise Biometrics has every reason to look forward to additional national ID card and electronic passport projects in the future.

One future strategy is to turn the SAS solution into a more generic solution. Precise Biometrics has for this reason established the business area Biometric Aviation Solutions, where Precise Biometrics will base investments on the success of the biometric application developed for SAS.

Precise Biometrics also has a very positive experience from the cooperation with Oki Electric Co, Ltd. and the agreement is of great importance for Precise Biometrics' future. On the basis of cooperation with Oki, Precise Biometrics has formed the business area Biometric Embedded Solutions. It is a priority, in this new business area, to find and identify new areas of application where biometric embedded solutions are very likely to become included in new product- and system generations.

Precise Biometrics has, over the past five years, built up a strong trademark in the biometric field and has partner relations with the major players in the field. The work of developing the cooperation with the company's partners shall be accelerated. The strategy is to create a customer oriented and profitable organization and as a part of this new strategy the company, together with partners, should take a larger portion of the total solution to the end customer. Precise Biometrics can also become more engaged in the business processes of these partners to increase the sales tempo and the volumes.

With measures taken during the fourth quarter the company has created an important foundation in the development of Precise Biometrics' ability to become a profitable company in a few years time.

Shares

Since October 3, 2006 the company shares have been listed on the O-list of the Stockholm Stock Exchange, today the Nordic Stock Exchange. Precise Biometrics is now listed on the Small Cap list.

The total number of registered shares at the end of the quarter was 97,220,600. During the financial year the average turnover per day was SEK 2,638 thousand and the list price ranged from SEK 3.50 to 7.45. During the fourth quarter the average turnover per day was SEK 3,766 thousand and the list price ranged from SEK 3.50 to 6.20.

The five main shareholders as of December 31, 2006 (including the ongoing rights issue)

Name	Percentage of share capital and votes
Odin fonder	5.2%
Fjärde AP-fonden	4.6%
Storebrand fonder	4.5%
Banco fonder	3.4%
Christer Fåhraeus & bolag	2.1%

Nomination committee

In accordance with a resolution at the company AGM on April 27, 2005, a nomination committee has been established. The committee consists, of Svein Carlsson (Odin fonder), Stefan Johnson (Fjärde AP-fonden), and Leif Eriksröd (Storebrand fonder), who represent the three largest shareholders in the company as of December 31, 2006. The committee also includes chairman of the board, Lars Grönberg, who is also the convener.

Future report dates

Interim report Q1	April 24, 2007
Interim report Q2	July 19, 2007
Interim report Q3	October 24, 2007
Year-end report	February 7, 2008

Accounting principles

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

For information on the applied accounting principles please refer to the Annual Report for 2005. As of January 1, 2006 the supplement to IAS 21, "Effects of changes in exchange rates – Expansion of net investments in foreign subsidiaries," has been applied, which, for the Company, means that some internally generated foreign exchange differences on receivables and liabilities have been reported directly to equity and not via the income statement. Previous periods have been converted, which has meant that the results have been corrected, but that equity remains unchanged. IAS 28, Participations in associated companies, has been applied by virtue of the acquisition of Smart Unicorn Solutions in 2006. Other than that the accounting principles remain unchanged in comparison with those applied in 2005.

Lund, February 8, 2007

Board of Directors for Precise Biometrics AB (publ)

The Annual General Shareholders' Meeting for Precise Biometrics AB (publ) will be held on Tuesday, April 24, 2007, 16.00 in Lund, Sweden.

The Annual Report will be made available and distributed by mail to shareholders at the beginning of April and can be ordered from Precise Biometrics at tel +46-46-31 11 47, fax +46-46-31 11 01 or by e-mail to investor@precisebiometrics.com.

Review report

We have conducted a general review of the interim report for Precise Biometrics AB (publ) for the period January 1, 2006 to December 31, 2006. It is the responsibility of the corporate management to prepare and present this interim report 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*, which is issued by FAR. 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 performed 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 had been 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, February 8, 2007

Öhrlings PricewaterhouseCoopers AB

Dan Andersson
Authorized Public Accountant
Senior Auditor

Åke Christiansson
Authorized Public Accountant

Income Statement, Group

(Figures in thousands SEK)

	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Net sales	11,435	8,830	47,733	45,053
Cost of goods sold	-11,949	-6,319	-28,814	-28,907
Gross profit/loss	-514	2,511	18,919	16,146
Selling expenses	-25,072	-9,894	-55,795	-32,733
Administrative expenses	-4,067	-2,387	-14,981	-10,081
R&D costs	-8,330	-4,259	-18,304	-17,617
Other operating income and changes in value	-1,043	375	-2,045	3,860
Result from participations in associated companies	-20,607	-	-18,266	-
	-59,119	-16,165	-109,391	-56,571
Operating profit/loss	-59,633	-13,654	-90,472	-40,425
Financial costs	-431	-179	-326	-371
Profit/loss after financial items	-60,064	-13,833	-90,798	-40,796
Tax	-76	-241	-77	-238
Profit/loss for the period	-60,140	-14,074	-90,875	-41,034
<i>Results per share, SEK</i>	-0.74	-0.20	-1.22	-0.63
<i>Results per share, SEK (after dilution)</i>	-0.74	-0.20	-1.22	-0.63

Balance Sheet, Group

(Figures in thousands SEK)

	<u>12/31/2006</u>	<u>12/31/2005</u>
Assets		
Intangible fixed assets	14,018	25,556
Tangible fixed assets	2,424	2,312
Financial fixed assets	151	151
Participations in associated companies	13,124	-
Fixed assets held for sales	-	8,752
Inventories	4,034	8,588
Accounts receivable - trade	13,537	17,988
Other current receivables	3,089	3,128
Cash and bank balances	76,302	59,230
Total assets	126,679	125,705
Equity and liabilities		
Equity	95,016	104,404
Current liabilities	31,663	21,301
Total equity and liabilities	126,679	125,705
Pledged assets	9,115	9,115
Contingent liabilities	-	-

Cash Flow Statement, Group

(Figures in thousands SEK)

	<u>Q4 2006</u>	<u>Q4 2005</u>	<u>Full year 2006</u>	<u>Full year 2005</u>
Cash flow from operating activities before changes in working capital	-24,773	-10,742	-54,097	-27,530
Cash flow from changes in working capital	16,042	1,887	20,006	-6,993
Cash flow from operating activities	-8,731	-8,855	-34,091	-34,523
Cash flow from investing activities	-2,954	-2,818	-22,484	-21,267
Cash flow from financing activities	73,647	-46	73,647	70,188
Cash flow for the period	61,962	-11,719	17,072	14,398
Liquid funds at the beginning of the period	14,340	70,949	59,230	44,832
Liquid funds at the end of the period	76,302	59,230	76,302	59,230

Key Figures, Group

	Full year 2006	Full year 2005
Working capital (thousands SEK)	65,299	67,633
Liquid ratio	293%	377%
Equity/assets ratio	75%	83%
Return on average equity	neg	neg
Capital employed (thousands SEK)	98,040	106,604
Return on capital employed	neg	neg
Profit/loss per share (SEK)	-1.22	-0.63
EBITDA (thousands SEK)	-71,545	-27,062
Equity per share (SEK)	0.98	1.45
Number of shares	97,220,600	71,790,450
Number of employees at the end of the period	49	69
Average number of employees during the period	66	65

Definitions - Key Figures

Working capital: Current assets less current liabilities

Liquid ratio: Current assets less inventories divided by current liabilities

Equity/assets ratio: Equity as of the balance sheet date divided by total assets as of the balance sheet date

Return on equity: Profit/loss for the period divided by average equity

Capital employed: Balance sheet total minus non-interest-bearing liabilities and provisions

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

Return on capital employed: Profit/loss after financial items plus financial expenses divided by the average capital employed

Profit/loss per share: Profit/loss after 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 31st of Dec 2006.

If all outstanding options are called upon the number of shares will be 98,520,600

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)

	Full year 2006	Full year 2005
Initial Equity	104,404	67,769
New share issue	73,647	76,537
Options	-	262
Translation difference	7,840	870
Profit/loss for the period	-90,875	-41,034
Equity at the end of the period	95,016	104,404

Turnover and Profitability by Business Area Q4 2006

(Figures in thousands SEK)	Americas		EMEA ²⁾		NID ³⁾		ICAO ⁴⁾	
	2006	2005	2006	2005	2006	2005	2006	2005
Net sales	3,948	752	3,721	2,889	323	40	0	0
Expenses ¹⁾	<u>-5,507</u>	<u>-1,870</u>	<u>-3,483</u>	<u>-3,438</u>	<u>-5,005</u>	<u>-864</u>	<u>-304</u>	<u>-781</u>
Operating profit/loss	-1,559	-1,118	238	-549	-4,682	-824	-304	-781

	Fyrplus		Loqware		Others ⁵⁾	
	2006	2005	2006	2005	2006	2005
Net sales	3,817	5,051	0	-	-374	98
Expenses ¹⁾	<u>-4,135</u>	<u>-4,282</u>	<u>-5,672</u>	<u>-</u>	<u>-3,244</u>	<u>-1,234</u>
Operating profit/loss	-318	769	-5,672	-	-3,618	-1,136

Turnover and Profitability by Business Area Full Year 2006

(Figures in thousands SEK)	Americas		EMEA ²⁾		NID ³⁾		ICAO ⁴⁾	
	2006	2005	2006	2005	2006	2005	2006	2005
Net sales	8,568	11,239	10,653	8,927	6,575	6,047	2,029	0
Expenses ¹⁾	<u>-14,663</u>	<u>-13,670</u>	<u>-14,639</u>	<u>-9,812</u>	<u>-7,979</u>	<u>-3,369</u>	<u>-2,976</u>	<u>-2,692</u>
Operating profit/loss	-6,095	-2,431	-3,986	-885	-1,404	2,678	-947	-2,692

	Fyrplus		Loqware		Others ⁵⁾	
	2006	2005	2006	2005	2006	2005
Net sales	15,523	18,146	7,800	-	-3,415	694
Expenses ¹⁾	<u>-11,589</u>	<u>-16,198</u>	<u>-9,362</u>	<u>-</u>	<u>-4,047</u>	<u>-4,440</u>
Operating profit/loss	3,934	1,948	-1,562	-	-7,462	-3,746

1) The above expenses include Cost of Goods Sold as well as operation expenses for each business area/unit

2) Europe, Middle East and Africa

3) National ID Card Group

4) International Civil Aviation Organization

5) In Others the Group's elimination of internal sales is included

In view of today's financial year we have the pleasure of inviting investors and journalists to the following informative meetings during the day

Telephone conference in Swedish

- The conference starts at 13:00 (CET)
- To participate, please call +46 (08) 672 81 50
- Password: Precise Biometrics

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

Telephone conference in English

- The conference starts at 14:00 (CET)
- To participate, please call +46 (08) 672 81 51
- Password: Precise Biometrics

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.

Participating on behalf of Precise Biometrics

- Thomas Marschall, President and CEO
- Niklas Andersson, CFO
- Ann-Sofi Höjénstam, Director IR & Communications

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

For further information

Niklas Andersson, CFO, Precise Biometrics AB
Telephone +46 46 31 11 02 or +46 730 35 67 02
E-mail niklas.andersson@precisebiometrics.com

Ann-Sofi Höjénstam, Director, IR & Communications, Precise Biometrics AB
Telephone +46 46 31 11 47 or +46 734 35 11 47
E-post ann-sofi.hojenstam@precisebiometrics.com

Precise Biometrics AB (Headquarters)
Box 798
SE-220 07 Lund
Telefon: +46 46 31 11 00
Fax: +46 46 31 11 01
E-post: info@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 Precise Match-on-Card™ technology, the company is a market leader within smart ID cards. The product line includes systems for access control to buildings, computers and networks and for integration into ID cards and passports. The Precise Biometrics group has subsidiaries in Sweden, Great Britain, USA and a joint venture agreement in China. The group headquarters are in Lund, Sweden. Precise Biometrics is listed on the small cap list at the Nordic Exchange in Stockholm (symbol: PREC). For more information, please visit <http://www.precisebiometrics.com/>