



NEXT Biometrics Group ASA

Quarterly report – Q2 2015

Highlights

- TIER 1 customer launch planned in 5-7 weeks.
- Great customer acceptance of second generation products
- New ultrathin sensors enabling highly competitive Smartphone designs
- Entering India and Korea by signing AqTronics and WPG as NEXT distributors
- Significant growth in NEXT-Enabled market prospects.

Status

Product offering: Based on detailed market feedback in 2014, the first half of 2015 included release of six different modules to replace the first original 2014 module. This led to agreeing with customers to delay ordered shipments until new sensors can be delivered. We believe that this will have a significant positive impact going forward. NEXT now has a product portfolio that covers the market needs in all targeted key market segments.

Sales and market: NEXT experiences a steady growth in the number of customer leads, now totaling more than 190 projects worldwide. During 18 months of sales work, the company has become a highly recognized player and is at a fast increasing rate being asked for quotes by leading customers in all key market segments.

In the Smartphone segment the NEXT value proposition combines higher levels of security and convenience with a low price, gets increased attention. This is partly due to the market trending towards more quality critical payment, cloud access and corporate access solutions and partly due to increased major player recognition of the NEXT proposed integration of sensors in the phone backside.

In the "NEXT-enabled Markets", (markets in need of NEXT unique combination of quality and low cost) the number of high quality leads, is growing fast.

Significant resources have been allocated to the company's first Tier 1-customer project. This in order to secure the best performance from NEXT, as the Tier 1-customer is expected to launch in 5-7 weeks.

One major reason for NEXT attention from TIER-1 customers is the clean IP situation, with no patents close to the company patented Active Thermal principle. The NEXT Japanese distributor «Hakuto» recently highlighted this when asked by stock market analysts.

Foxconn, the world's largest electronics manufacturer, and a NEXT Biometrics shareholder, is now proving their worth to NEXT by opening doors to the decision makers in several market segments.

In terms of competition there is an increasing number of suppliers in the market for small sized smartphone sensors. In high-end smartphones and all other targeted market segments, larger sensors are required and there is limited competition. NEXT believes that this market development will continue in the foreseeable future.

In a comprehensive record sized study at the University Carlos III in Madrid, more than 180 000 sensor prints were collected. The study confirms that when comparing sensors of same size, the Active Thermal principle patented by NEXT performs in line with capacitive sensors 3-5 times more expensive.

The Madrid Report confirms what market experts has stated for years – sensor size is one of the most important factors determining the quality of any fingerprint sensor system. As sensor size is reduced, false rejection rates increase exponentially, and the system is no longer user-friendly for a large portion of a given population. Small sensors should never be offered in devices targeting enterprise, governmental, payments and other markets in need of both security and convenience for a high percentage of a population.

In applications where quality is paramount, like corporate access and payments, the market continues to trend towards larger sensors. No other supplier can deliver a sensor with a size large enough to secure high quality for an acceptable percentage of the users, at an acceptable price.

Mass production NEXT is now one of only three suppliers worldwide having secured a TIER-1 design-win and able to deliver product in high volumes. With the custom-built coating machine installed at INNOLUX/Taiwan in Q2, monthly sensor production capacity is now 1.2 million units. This has dramatically brought down production cost.

Amounts in NOK million (except per share data)	Q2-2015	Q1-2015	YTD-2015	YTD-2014	2014
Total revenue	0,3	2,4	2,7	0,7	6,7
Operating profit (loss)	-23,8	-22,2	-46,0	-31,9	-82,6
Net profit (loss) for the period	-24,5	-19,6	-44,1	-31,9	-79,7
Opening cash balance	98,7	129,3	129,3	69,7	69,7
Net change in cash flows	-22,8	-30,5	-53,3	119,2	59,6
Closing cash balance	76,0	98,7	76,0	188,9	129,3
Total equity	118,7	142,0	118,7	203,1	161,6
Earnings per share - basic & diluted	-2,17	-1,73	-3,90	-3,59	-7,92
Weighted average number of shares (in thousands)	11 318	11 318	11 318	8 867	10 057

Interim condensed financial statements as of 30 June 2015 (Unaudited)

Profit & loss statement

Revenues

NEXT revenue in the second quarter of 2015 was NOK 0.3 mill, compared to NOK 2.4 million in the previous quarter and NOK 0.7 million in the second quarter of 2014. The revenue in the second quarter of 2015 all consisted of operating revenue and was generated by shipment of 4.000 sensors. The reduced revenue level was due to introduction of the second generation sensors replacing the single module sold in 2014.

In the first half of 2015 revenue amounted to NOK 2.7 million compared to NOK 0.7 million in the first half of 2014. The revenue in the first half of 2015 was generated by shipment of 56.000 sensors compared to 17.000 sensors in the first half of 2014.

Due to low production volumes and high ramp-up related manufacturing costs, the calculated gross margin is still negative. The Cost of goods sold for these initial delivered sensors are currently included in other operating expenses. Several of the initial cost elements related to production and delivery of these units are one-offs and do not give a clear and relevant cost of goods sold.

Operating expenses

Payroll expenses amounted to NOK 10.3 million in the second quarter of 2015, compared to NOK 8.4 million in the previous quarter and NOK 6.3 million in the corresponding quarter of 2014. Increased research and development (R&D) costs included in payroll expenses, increased operational activity in Asia and share based remuneration cost after new issue of options in this quarter were the main reason for the increase from the previous quarter and the corresponding quarter of 2014.

Payroll expenses in the first half of 2015 amounted to NOK 18.7 million compared to NOK 10.3 million in the first half of 2014. The increase was mainly due to higher R&D costs and increased operational activity in Asia.

Other operating expenses amounted to NOK 13.5 million in the second quarter of 2015, compared to NOK 15.9 million in the previous quarter and NOK 11.5 million in the corresponding quarter of 2014. R&D costs included in other operating expenses was reduced to NOK 4.8 million in the second quarter of 2015, compared to NOK 6.8 million in the previous quarter and NOK 6.7 million in the corresponding quarter of 2014. The remaining increase from the corresponding quarter of 2014 was mainly due to higher cost of goods sold and mass production ramp-up.

Other operating expenses in the first half of 2015 amounted to NOK 29.5 million in the first half of 2015 compared to NOK 22.3 million in the first half of 2014.

Total R&D expenses, included in both payroll and other operating expenses, amounted to NOK 23.1 million in the first half of 2015 compared to NOK 20.3 million in the first half of 2014.

Depreciation, amortization and investments

Depreciation and amortisation amounted to NOK 0.25 million in the second quarter of 2015 compared to NOK 0.02 million in the second quarter of 2014. In the first half of 2015 depreciation and amortisation amounted to NOK 0.49 million compared to NOK 0.04 million in the first half of 2014.

Investments amounted to NOK 15.5 million in the second quarter of 2015 compared to 0.3 million in the second quarter of 2014. The main investment in the second quarter was the coating machine with a

capacity of 1.2 million units per months. When additional capacity is needed, the lead time for extra coating machines is expected to be 5-6 months. In the first half of 2015 investments amounted to NOK 16.9 million compared to NOK 0.5 million in the first half of 2014. The total investment in the coating machine amounted to NOK 15.5 million.

Net financial items

Net financial items amounted to a net cost of NOK 0.7 million in the second quarter of 2015 compared to a net income of NOK 2.6 million in the previous quarter and a net income of NOK 0.2 million in the second quarter of 2014. The decrease in net income from the previous quarter was mainly related to foreign exchange losses compared to foreign exchange gains. In the first half of 2015 net financial items amounted to a net income of NOK 1.9 million compared to a net income of NOK 0.1 million in the first half of 2014. The increase was mainly due to foreign exchange gains.

Net profit (loss) for the period

Net loss in the second quarter of 2015 was NOK 24.5 million compared to a loss of NOK 19.6 million in the previous quarter and a loss of NOK 17.0 million in the second quarter of 2014. Net loss for the first half of 2015 amounted to NOK 44.1 million compared to a loss of NOK 31.9 million in the first half of 2014. The increased loss from the corresponding half year was mainly due to higher level of cost of goods sold, increased R&D costs and higher sales activity. NEXT operated at a loss and did not incur deferred or payable income taxes in the first half of 2015 or in 2014.

Cash flow and balance sheet

Cash and cash equivalents

Cash and cash equivalents amounted to NOK 76.0 million by the end of the first half of 2015 compared to NOK 129.3 million by the end of 2014. The operations, including investments, consumed cash in an amount of NOK 22.8 million in the second quarter of 2015 compared to NOK 30.5 million in the previous quarter and NOK 25.4 in the second quarter of 2014. Total amount for the first half of 2015, including investments, amounted to NOK 53.3 million compared to NOK 50.9 million in the first half of 2014.

The cash consumed in the first half of 2015 was mainly related to the loss of NOK 44.1 million and continued inventory build-up of NOK 6.2 million.

Equity

Equity amounted to NOK 118.7 million at the end of the second quarter of 2015 compared to NOK 161.6 million by the end of 2014 and NOK 203.1 million by the end of the first half of 2014.

Outlook

- 1'st Multinational Brandname TIER 1 to launch in 5-7 weeks
- Second generation sensors generate orders from Q4
- "NEXT-Enabled Markets" to generate high volume / long term business
- New ultrathin sensor strengthens NEXT in smartphone segment
- Further cost-reductions expected realized in Q4-15 and Q1-16

The group liquidity position covers a minimum of 6 months of operations. The Board has initiated activities to ensure further financing.

Oslo, August 24, 2015
Board of directors
NEXT Biometrics Group ASA

NEXT Biometrics Group ASA

Condensed interim statements of comprehensive income (unaudited)

30 June 2015

Amounts in NOK 1,000	Notes	2015 1.4-30.6	2014 1.4-30.6	2015 1.1-30.06	2014 1.1-30.06	2014 1.1-31.12
PROFIT AND LOSS						
Revenue						
Operating revenue	3	283	682	2 668	682	6 306
Other revenue	3	0	0	0	0	375
Total revenue		283	682	2 668	682	6 681
Operating expenses						
Payroll expenses	4	10 309	6 340	18 704	10 264	21 914
Other operating expenses	4	13 548	11 457	29 474	22 301	66 781
Total operating expenses		23 857	17 798	48 178	32 564	88 695
Profit (loss) before tax, depreciations and amortization		-23 574	-17 116	-45 510	-31 882	-82 014
Depreciations and amortisation	5,6	254	20	488	40	596
Operating profit (loss)		-23 828	-17 136	-45 999	-31 922	-82 609
Net financial items	7	-698	181	1 897	55	2 918
Net profit (loss) for the period		-24 527	-16 955	-44 102	-31 867	-79 691
Earnings per share - basic and diluted	9	-2,17	-1,90	-3,90	-3,59	-7,92
Other comprehensive income						
Items that will be reclassified to profit and loss						
Exchange rates differences		7	-3	-26	15	-105
Total other comprehensive income		7	-3	-26	15	-105
Total comprehensive income for the period		-24 519	-16 958	-44 128	-31 852	-79 797
Total comprehensive income for the period attributable from:						
Owners of the parent company		-24 519	-16 958	-44 128	-31 852	-79 797
Total		-24 519	-16 958	-44 128	-31 852	-79 797

Condensed interim statements of financial position (unaudited)

Amounts in NOK 1,000		30.jun.15	30.jun.14	31.des.14
ASSETS				
Non-current assets				
Intangible assets	5	7 053	7 498	7 215
Machinery and office equipment	6	18 584	620	1 960
Total non-current assets		25 637	8 118	9 175
Current assets				
Inventory				
		23 394	16 272	17 154
Receivables				
Account receivables		3 278	682	3 770
Other receivables		6 690	7 249	19 568
Total receivables		9 968	7 931	23 338
Cash and cash equivalents				
		75 951	188 886	129 265
Total current assets		109 313	213 089	169 758
Total assets		134 949	221 207	178 933
EQUITY AND LIABILITIES				
Equity				
Share capital	8	11 318	11 188	11 318
Share premium reserve		268 155	271 881	268 155
Other paid in capital		17 829	14 056	16 594
Retained earnings		-178 585	-93 999	-134 457
Total equity		118 716	203 126	161 609
Liabilities				
Non-current liabilities				
Other non-current provisions	7	7 244	7 448	7 147
Total non-current liabilities		7 244	7 448	7 147
Current liabilities				
Accounts payable		4 292	3 020	5 121
Public duties payable		421	840	465
Other current liabilities		4 277	6 774	4 590
Total current liabilities		8 990	10 633	10 177
Total liabilities		16 234	18 081	17 323
Total equity and liabilities		134 949	221 207	178 933

NEXT Biometrics Group ASA
Condensed interim statements of cash flow
(unaudited)

Amounts in NOK 1,000	Notes	2015 1.4-30.6	2014 1.4-30.6	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
Cash flows from operating activities						
Profit (loss) before taxes		-24 527	-16 955	-44 102	-31 867	-79 691
Share based remuneration (equity part)		1 229	1 025	1 234	1 869	4 407
Depreciations and amortisation	5,6	254	20	488	40	596
Change in working capital items		15 749	-9 174	6 042	-20 432	-37 382
Net cash flows from operating activities		-7 294	-25 084	-36 337	-50 390	-112 070
Cash flows from investing activities						
Purchase of tangible assets		-15 510	-286	-16 950	-520	-2 133
Net cash flows from investing activities		-15 510	-286	-16 950	-520	-2 133
Cash flows from financing activities						
Change in non-current debt		0	49	0	98	0
Share issue net of expenses		0	169 955	0	169 955	173 845
Net cash flows from financing activities		0	170 004	0	170 054	173 845
Translation differences		7	-3	-26	15	-105
Net change in cash flows		-22 797	144 631	-53 314	119 159	59 537
Opening cash balance		98 748	44 255	129 265	69 728	69 728
Closing cash balance		75 951	188 886	75 951	188 886	129 265

Condensed interim statements of changes in equity
(unaudited)

Amounts in NOK 1,000	Notes	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total Equity
Balance 1 April 2015		11 318	268 155	16 599	-154 066	142 006
Shares issue	8	-	-			-
Share based compensation				1 229		1 229
Translation differences					7	7
Net profit (loss)					-24 527	-24 527
Balance 30 June 2015		11 318	268 155	17 829	-178 585	118 716
Balance 1 April 2014		8 788	104 326	13 031	-77 041	49 104
Shares issue	8	2 400	167 555			169 955
Share based compensation				1 025		1 025
Translation differences					-3	-3
Net profit (loss)					-16 955	-16 955
Balance 30 June 2014		11 188	271 881	14 056	-93 999	203 126
Balance 1 January 2015		11 318	268 155	16 594	-134 457	161 609
Shares issue	8	-	-			-
Share based compensation				1 234		1 234
Translation differences					-26	-26
Net profit (loss)					-44 102	-44 102
Balance 30 June 2015		11 318	268 155	17 829	-178 585	118 716
Balance 1 January 2014		8 788	104 326	12 187	-62 147	63 154
Shares issue	8	2 400	167 555			169 955
Share based compensation				1 869		1 869
Translation differences					15	15
Net profit (loss)					-31 867	-31 867
Balance 30 June 2014		11 188	271 881	14 056	-93 999	203 126
Balance 1 January 2014		8 788	104 326	12 187	-62 147	63 154
Shares issue	8	2 530	171 315			173 845
Share based compensation				4 407		4 407
Translation differences					-105	-105
Net profit (loss)			-7 486		-72 205	-79 691
Balance 31 December 2014		11 318	268 155	16 594	-134 457	161 609

Notes to the condensed interim financial statements

30 June 2015 (Unaudited)

1. General information

NEXT BIOMETRICS GROUP ASA ("NEXT") is a public limited liability company incorporated and domiciled in Norway. NEXT Biometric Group ASA is the parent company of the Group whose headquarter is located in Oslo, Norway, and subsidiaries in Shanghai and Seattle. NEXT's shares were listed at Oslo Axess market place at Oslo Stock Exchange 25 June 2014.

The operations of the Group are carried out by the Group's operating subsidiaries. As per the end of the first half of 2015, the Group has three wholly owned operating subsidiaries: NEXT Biometrics AS (Norway) and its subsidiaries NEXT Biometrics Inc (Seattle, USA) and NEXT Biometrics China Ltd (Shanghai, China). In addition, the group has initiated the process of establishing new subsidiaries in Taiwan and in the Czech Republic.

The purpose of the company as stated in the articles of association is to conduct research, development and commercialization of security products, as well as other related activities that will naturally fall under this.

2. Basis of preparation, accounting policies

This condensed interim financial report for the first half of 2015 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial report should be read in conjunction with the annual financial statements for 2014.

The IFRS accounting policies applied in this condensed interim financial report are consistent with those applied and described in the annual financial statements for 2014.

The group liquidity position covers a minimum of 6 months of operations. The Board has initiated activities to ensure further financing.

The going concern assumption has been applied when preparing this financial report. In 2014 NEXT raised additional funds to enable NEXT to enter the commercial phase. By the end of the first half of 2015 NEXT had earned revenue from commercial volumes, but still at modest levels. The board points out that until NEXT enters the full commercial stage, there is uncertainty attached to the going concern assumption.

This interim financial report has not been subject to audit.

The board of directors approved the report on 24 August 2015.

3. Revenue and segment reporting

Operating revenue - Per business segment (amounts in NOK)	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
Fingerprint sensor technology	2 667 796	682 280	6 306 414
Total	2 667 796	682 280	6 306 414

Operating revenue - Per country (amounts in NOK)	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
USA	1 880 868	129 022	1 527 979
Malaysia	364 264	0	0
Taiwan	371 748	171 722	2 777 437
Hong Kong	16 112	381 536	1 947 944
Others	34 805	0	53 054
Total	2 667 796	682 280	6 306 414

NEXT have grouped the focus of its activities into 4 main market segments;

(i)Smartphones & Tablets, (ii) Notebooks & Accessories, (iii) Existing/Traditional markets and (iv) NEXT Enabled markets.

The core technology (sensor and ASIC) is generic into the four markets. Since NEXT has limited revenues it is operating and reporting only in one business segment; *Fingerprint sensor technology*.

In the first half of 2015, 56 000 sensors were shipped, with 52.000 sensors in the first quarter and 4.000 sensors in the second quarter. For the year 2014 more than 150 000 sensors were shipped to customers.

Other operating revenue for 2014 amounting to NOK 375 thousand consisted of grants from Innovasjon Norge.

4. Operating expenses

Payroll expenses (amounts in NOK)	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
Share based remuneration (salary part)	1 137 241	1 273 744	3 001 961
Share based remuneration (employer's tax)	-595 173	-84 276	-1 907 640
R&D related payroll expenses	11 573 331	5 282 009	11 061 540
Other payroll expenses	6 588 831	3 792 218	9 758 505
Total	18 704 230	10 263 695	21 914 366

Other operating expenses (amounts in NOK)	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
Share based remuneration (operating part)	97 172	595 311	1 405 382
R&D related operating expenses	11 554 066	15 023 061	27 703 940
Other expenses *	17 822 771	6 682 205	37 671 394
Total	29 474 009	22 300 577	66 780 716

Total - Operating expenses	47 919 612	32 564 272	88 695 082
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*Cost of goods sold and inventories write-downs are included in other expenses.

5. Intangible assets

The company entered into a royalty agreement on 8 May 2008 regarding NEXT Biometrics Group ASA right to use the patent described as the *Active Thermal Sensing Principle*. This purchase was recognized at net present value and included in the opening balance as of 1 January 2012. The book value is depended on the successful development of the fingerprint technology in the parent company and in the subsidiaries.

	2015	2014	2014
Purchase of patent (amounts in NOK)	1.1-30.6	1.1-30.6	1.1-31.12
Cost - Opening balance	7 458 255	7 458 255	7 458 255
Additions	0	0	0
Disposals at cost	0	0	0
Currency adjustments	0	0	0
Cost - Closing balance	7 458 255	7 458 255	7 458 255
Accumulated depreciation - Opening balance	243 204	0	0
Depreciation	162 136	0	243 204
Accumulated depreciation of disposed items	0	0	0
Currency adjustments	0	0	0
Accumulated depreciation - Closing balance	405 340	0	243 204
Book value - Closing balance	7 052 915	7 458 255	7 215 051

The patent is amortized over the patent life from the time revenue was recognized. The provision connected to this purchase is recognized as long-term provision.

In addition, other intangible assets amounting to NOK 40 thousand were included in the balance by the end of the first half of 2014, total intangible assets were thus NOK 7 498 thousand.

6. Tangible assets

Machinery and equipment	2015	2014	2014
(amounts in NOK)	1.1-30.6	1.1-30.6	1.1-31.12
Cost - Opening balance	3 535 656	1 161 523	1 161 523
Additions	16 840 672	518 791	2 116 481
Disposals at cost	0	0	0
Currency adjustments	201 488	13 193	257 652
Cost - Closing balance	20 577 816	1 693 507	3 535 656
Accumulated depreciation - Opening balance	1 575 766	1 061 698	1 061 698
Depreciation	326 217	0	272 511
Accumulated depreciation of disposed items	0	0	0
Currency adjustments	91 835	12 059	241 557
Accumulated depreciation - Closing balance	1 993 818	1 073 757	1 575 766
Book value - Closing balance	18 583 999	619 749	1 959 890
Depreciation period (straight line) years	3-10	3-7	3-7

7. Provisions

Royalty payments

NEXT Biometrics Group AS and board member Ngoc Minh Dinh entered into a royalty agreement on 8 May 2008 regarding the company's right to use the patent described as the *Active Thermal Sensing principle*. This agreement regulates royalty payments for the transfer of the patent. Ngoc Minh Dinh shall receive a royalty equal to 5% of the company's gross margin from the technology. Gross margin is defined as sales price minus cost of goods sold, insurance, freight, and other costs related to set-up of production.

Regardless of the company's gross margin from the sales from the company, Ngoc Minh Dinh is entitled to a minimum royalty of NOK 9.4 million from 2013 up to 2025. A provision for these yearly minimum amounts has been recognized in the balance sheet, and has been determined by discounting these amounts using an interest rate of 2.6%. The time value of money is recognized as financial cost.

Royalty payments (amounts in NOK)	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
Opening balance	7 546 803	7 649 839	7 649 839
Time value	96 820	98 482	196 964
Additional	0	0	0
Payment	0	0	-300 000
Closing balance	7 643 623	7 748 321	7 546 803

Presented as:	2015 1.1-30.6	2014 1.1-30.6	2014 1.1-31.12
Current liability	400 000	300 000	400 000
Non-current liability	7 243 623	7 448 321	7 146 803
Closing balance	7 643 623	7 748 321	7 546 803

NEXT does not have any contingent assets or contingent liabilities except royalty liabilities. NEXT has not issued any guarantees.

8. Shares and incentive options

Shares	1.1-30.6	1.1-30.6	1.1-31.12
Opening balance	11 317 665	8 787 665	8 787 665
Share issue(s)	0	2 400 000	2 400 000
Exercised financial options	0	0	130 000
Closing balance	11 317 665	11 187 665	11 317 665

2015

The company has no new shares issues in 2015.

2014

In June 2014 NEXT completed a successful placement of shares. The placement involved 2 400 000 shares at a subscription price of NOK 80 corresponding to a total subscription price of NOK 192.0 million. Expenses and commission fee connected with this placement amounted to NOK 21.4 million and net proceeds were NOK 170.6 million.

At the Annual general Meeting (AGM) 16 May 2014 the Board of Directors granted an authorization to increase the Company's share capital by up to NOK 1 393 000 for the company's option program.

Options	2015	2014	2014
	1.1-30.6	1.1-30.6	1.1-31.12
Opening balance	1 299 876	1 275 332	1 275 332
Grant of incentive options	136 500	40 000	224 544
Exercised incentive options	0	0	-130 000
Forfeited incentive options	-53 000	-60 000	-60 000
Expired incentive options	0	0	-10 000
Closing balance	1 383 376	1 255 332	1 299 876

In Q2 the board of directors resolved to grant a total of 136,500 new share options, in accordance with the Company's share option program at a strike price of NOK 47 per share.

The following primary insiders have been granted share options in Q2:

Tore Etholm-Idsøe (CEO) was granted 20,000 options (396,000)

Matias Troccoli (CTO) was granted 17,500 options (186,377)

Robert Muller (Chief Technologist Systems) was granted 10,000 options (60,470).

Campbell Kan (VP of Operations and Asia Sales) was granted 27,000 options (27,000)

Charles Ng (VP of sales EMEA) was granted 10,000 options (30,000 options).

After this option exercise and grant of new options, the total number of option outstanding are 1,383,376 and the remaining amount under the board authorization is NOK 1,283,000.

In order to attract talented, experienced and high value networked human resources the Company has entered and plan to continue to enter into stock option agreements. NEXT has granted incentive options to employees, contractors and board members, high value networked individuals and members of the advisory board.

Options	Weighted Average Exercise Price		Weighted Average Exercise Price		Weighted Average Exercise Price	
	Shares	Price	Shares	Price	Shares	Price
	01.01.2015 - 30.6.2015		01.01.2014 - 31.12.2014		01.01.2013 - 31.12.2013	
Outstanding at the beginning of period	1 299 876	28,65	1 275 332	25,46	843 201	14,40
Granted	136 500	47,00	224 544	47,63	437 931	47,06
Exercised	-	-	-130 000	25,00	-5 800	50,00
Cancelled	-	-	-	-	-	-
Forfeited	-53 000	53,58	-60 000	25,00	-	-
Expired	-	-	-10 000	75,00	-	-
Adjusted quantity	-	-	-	-	-	-
Modification / Dividends	-	-	-	-	-	-
Outstanding at the end of period	1 383 376	29,50	1 299 876	28,65	1 275 332	25,46
Vested options	1 010 200	20,50	970 210	19,63	925 277	18,92
Weighted Average Fair Value of Options Granted during the period	136 500	24,49	251 544	26,26	437 931	24,55
Intrinsic value outstanding options at the end of the period	857 700	22 508 351	857 700	29 369 951	1 224 332	63 385 569
Intrinsic value vested options at the end of the period	857 700	22 508 351	827 710	29 055 056	915 277	51 892 999

9. Profit (loss) per share

When the period result is a loss, the loss per diluted number of shares shall not be reduced by the higher diluted number of shares but equals the result per basic number of shares.

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of incentive options exceeds the average per share in the period, the incentive options are not counted as being dilutive.

	2015	2014	2014
1 January - 30 June	1.1-30.6	1.1-30.6	1.1-31.12
Profit (loss) attributable to the shareholders (NOK)	-44 101 885	-31 867 168	-79 691 090
Number of ordinary shares issue at 30 June/31 Dec.	11 317 665	11 187 665	11 317 665
Weighted average basic number of shares	11 317 665	8 867 223	10 057 062
Weighted average diluted number of shares	12 623 953	10 131 174	11 323 499
Profit (loss) per share, basic and diluted (NOK)	-3,90	-3,59	-7,92

10. Risk management

A description of risk factors can be found in Note 2 of NEXT Biometrics Group ASA's 2014 annual report.

11. Events occurring after the balance sheet date

Between 30 June 2015 and the resolution of these condensed consolidated interim financial statements, there has not been any other event which have had any noticeable impact on NEXT's result in the first half of 2015 or the value of the company's assets and liabilities at 30 June 2015.

Responsibility statement

30 June 2015 (unaudited)

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2015 has been prepared in accordance with IAS 34 – Interim financial Reporting, and gives a true and fair view of the NEXT’s assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management reporting includes a fair review of the events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, August 24, 2015

Board of directors

NEXT Biometrics Group ASA

Jan-Eivind Fondal
Chairman

Marit Kristin Instanes
Board member

Ralph Høibakk
Board member

Brita Eilertsen
Board member

Svenn-Tore Larsen
Board member

Inger Berg Ørstavik
Board member

Ketil Fridheim
Board member

Ngoc Minh Dinh
Board member

Tore Etholm-Idsøe
CEO