PRICER

ANNUAL REPORT 2006

This is Pricer

• Pricer provides the retail industry with electronic price and information systems, known as ESL (Electronic Shelf Label), that significantly increase consumer benefits while optimising operational efficiency and profitability.

• Pricer is the world-leading ESL supplier, with a market share of approximately 60 per cent based on the estimated number of installed labels globally.

• The primary target group is the retail industry, with a focus on food retailing.

• The prioritised markets are Japan, Europe and the USA.

• The Pricer system is based on infrared (IR) technology, which ensures rapid, wireless and interference-free label updates, providing a high bandwidth and reliable bi-directional performance.

• Product development is a strategic competency for Pricer. Manufacturing is outsourced to qualified international subcontractors.

• At the end of 2006 the Pricer Group had 110 employees.

• Pricer was founded in 1991 in Sweden and the Pricer class B share is quoted on the Nordic Small Cap list of OMX Nordic Stock Exchange. The number of shareholders is approximately 25,000, with the ten largest accounting for 53 per cent of the number of votes on 29 December 2006.

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All values are expressed in Swedish kronor, SEK. Thousands are abbreviated as SEK 000s, millions as SEK M and billions as SEK bn. The figures in brackets refer to 2005 or the corresponding period of the previous year, unless otherwise specified. Information about the market data and competitive situation is based on Pricer's own assessments, unless a specific source is named.

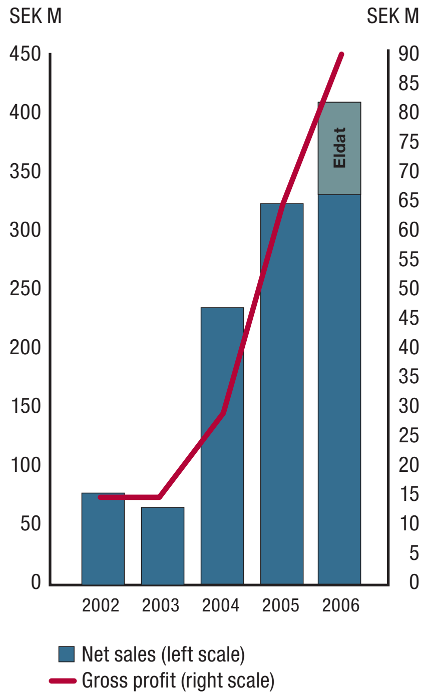
This English version of the annual report is a translation of the Swedish. In the event of discrepancies between the Swedish and the English annual report, the formulation in the Swedish version shall have precedence.

Highlights of 2006

- Pricer acquired the ESL supplier Eldat, which has been renamed Pricer E.S.L. Ltd., and thereby achieved 60 per cent of the market. The combination of the two companies has created a larger and stronger organisation with a wider global presence to better meet the growing requirements of customers and partners, and brings about a distinct time-to-market advantage.
- Since January 2004, many important milestones have been reached with Carrefour. As of December 2006 over 10 million ESLs have been delivered and installed in more than 240 Carrefour stores. Close to 25,000 transceivers (communication devices) have been installed on the Carrefour hypermarket ceilings to offer infrared infrastructure high-speed communication for their ESLs.
- Metro Cash & Carry, a customer for ten years, decided to migrate its entire format to the new Pricer ESL. This resulted in a framework agreement for approximately SEK 75 M over a period of three years. It is the first complete migration of an ESL solution.
- By 2006 Casino had close to 7 million ESLs installed. Almost 300 Casino hypermarkets and supermarkets have installed the Eldat solution in France.
- The new Dot Matrix labels were commercialised in several ICA supermarkets in Sweden. The technology complements Pricer's wireless offering by providing a pixel display solution capable of displaying full text, bar codes and other promotional information without the need to add a paper overlay as in standard ESL segment-based technology.
- With the acquisition, Pricer retained 100 per cent of the Japanese market share with more than 100 retail chains.

Key ratios	2006	2005	Change
Net sales, SEK M	409.9	325.8	26%
Gross profit, SEK M	89.7	64.7	39%
Gross margin, %	22	20	10%
Operating result, SEK M	-41.0	-43.5	6%
Result for the year, SEK M	-48.0	-36.4	-32%
Earnings per share, SEK	-0.05	-0.05	-
Equity ratio, %	71	67	6%

Net sales and gross profit



CEO's statement

Through the acquisition of our Israeli competitor Eldat, I would dare to claim that Pricer was responsible for the past year's most radical initiative in the market for electronic price labelling. For many years it has been clear that the fragmented ESL industry is in urgent need of far-reaching structural transformation. A number of small suppliers have been vying for too few orders from the still limited number of leading retailers who have chosen to invest in ESL. Some kind of action was obviously in order. The question was, who would take the offensive and stop being satisfied with "just getting by".

"We are better equipped today than at the same time last year"

I am convinced that aggressive, growth-oriented measures are needed to ensure the viability and well-being of the ESL industry. By joining forces with Eldat we combine our respective resources, expand our market, achieve greater manufacturing volumes and reduce our purchasing and production costs. Immediately following the merger, we started an in-depth integration and streamlining process at all levels of the organisation to create a competitive and profitable company.

We have every hope that the merger with Eldat is a significant step towards establishing a technological standard for our industry. One of the ESL industry's greatest challenges is the large degree of fragmentation, not only in undersized companies but also in a scattering of different technical solutions. The systems used by both Pricer and Eldat are based on IR, which now accounts for nearly two thirds of the global market. In our joint company, we have gathered the market's two system solutions based on the dominant technology under the same roof, which I believe will be a compelling sales argument for customers and a critical factor on the path to profitability.

The addition of a strong and successful supplier should also be good news for our customers, both existing and potential. We have now created a supplier with dramatically increased resources and better scope to meet its obligations and objectives. Long-term customer relationships are vital in this context. Our aim is not simply to sell systems but to also serve as a reliable partner for the future, for maintenance of our systems on customer sites, for upgrades and for new sales.

The value of building long-term credibility among customers is illustrated by the new agreements signed with French Carrefour and German Metro Cash & Carry in 2006. Both chains are already major Pricer customers – and now placed new orders of a larger magnitude than we have seen in recent years. Furthermore, both chains have chosen to roll out installations even outside their respective home markets. We see this as ample proof that our solutions have created real value for two of the world's leading retail chains, and it sends an unmistakeable signal to all retailers that have not yet made the choice to install our ESL system.

In 2006 we continued to grow through our established customers in Japan, Germany and France, as well as improving our margins. Alongside ongoing efficiency improvements in our operations and manufacturing, these enabled us to report our first profitable quarter of all time in the past year – a historic event for us and a decisive step towards the profit-driven company we expect to become in the near future. The trend is positive.

"The merger with Eldat is a significant step towards establishing a technological standard for our industry"

Although we reached many milestones in 2006, it was nonetheless disappointing that we were unable to realise a positive cash flow, as predicted, and were forced to push back our forecast until 2007. There were several concurrent factors for this – the order from Metro in Germany came later than expected, orders from the Japanese market fell short of expectations, as did the anticipated orders from the USA – and margins did not reach the levels we were counting on because of strong pressure from the market.

An increased need for working capital has led us to improve our financial position. At the beginning of this year, the Board and shareholders approved a convertible debenture of SEK 74.9 M that will secure the company's development and freedom of action until we achieve the necessary level of earnings.

As a result, our foremost task in 2007 will be to further improve our margins so that we can become a commercial and sustainably profitable company. This must be accomplished through continuous product development, new targeted initiatives, ongoing efficiency optimisation and an even stronger customer offering. In every one of these respects, we are better equipped today than at the same time last year.

"The Dot Matrix labels are gaining ground as a natural complement and a reflection of the future"

I believe that our earlier prioritisation of growth was necessary. Given the previously low acceptance and penetration of ESL in the retail industry, it was crucial to get our products out in the real world where we could tangibly demonstrate the enormous value they create for customers.

With the acquisition of Eldat, Pricer has created a clearly world-leading group with a market share of more than 60 per cent and excellent potential to become a sustainably profitable supplier of ESL systems. Together we have delivered 43 million labels to more than 3,000 retail outlets worldwide, and we both have a strong foothold in the world's two most highly developed and demanding ESL markets, namely Japan and France.

Installations based on our established product families are continuing on a wide front, while the newer Dot Matrix labels are gaining ground as a natural complement and a reflection of the future. The ESL market is still in a growth phase, and our enlarged network of sales staff and distributors gives us significantly stronger scope to capitalise on the increasing opportunities available here. Our market position has high priority, but the main focus in 2007 will be on cost control and margin growth.

Jan Forssjö
CEO of Pricer

Strategy for profitability and market leadership

Business concept

Pricer is a provider of complete and integrated IT solutions consisting of electronic price and information systems, known as ESL systems. The Pricer system, made up of electronic labels with the related wireless communication infrastructure and software, is designed to significantly increase customer benefit and optimise efficiency and profitability in the retail industry.

Goals and visions

From the position of market leadership, Pricer's vision is to provide retailers with attractive, innovative and high-quality solutions and tools for real time pricing and communication. Pricer aims to actively support the retail industry in order to:

- Enhance profitability
- Improve customer benefit
- Increase customer inflows and improve the shopping experience
- Raise efficiency and price integrity

In addition, Pricer actively pursues close cooperation with customers as a means for optimising added value and business opportunities. Pricer's overall goals are to:

- Achieve sustainable profitability. A first step in this direction will be to achieve a positive result and cash flow in 2007.
- Strengthen Pricer's position as a leading player in the market through high-quality and customer-adapted systems.

Strategy

- *Focus on profitability:* In addition to its growth strategy Pricer is now also focusing on profitability. This should be achieved through continued growth in revenue and margins and balanced operating expenses to secure a positive result.
- *Prioritisation of market leadership:* Pricer has deemed it crucial to secure a leading market position in the low penetrated ESL market, and the company therefore accepts lower margins in strategically important cases.
- *Concentration on customer benefit during development, manufacturing and sales*: By working in close collaboration with customers, it is possible to identify their needs and create the conditions for delivering added value. At the same time, this collaboration provides valuable knowledge for Pricer's ongoing product development.
- *Development of total customer solutions:* Pricer's commitment to its customers does not end with installation but continues throughout the useful life of the system, thus increasing the customer benefit and giving the company scope for continuous add-on sales. The customer offering includes need analysis, installation, technical service, maintenance and future upgrades.
- *Focus on customers based in Japan, Europe and the U.S.*: Pricer has identified these three markets as having the highest potential and acceptance of ESL systems in a short-term perspective. In the long term, with a growing global market, Pricer's marketing and sales activities will be extended to include potential new growth regions.
- *Partnerships in sales and marketing:* By collaborating with selected partners in prioritised markets, Pricer can reach out to potential customers. The partnering strategy is flexible and customers in certain markets are served directly by Pricer, both according to their preference and in line with Pricer's ambition to establish close customer relationships.
- *External production of the hardware used in Pricer's systems:* The decisive factor in selecting manufacturing partners is that they have a scalable production structure capable of delivering substantial volumes with high and consistent quality.
- *Internal development:* Development of new systems is performed mainly internally to strengthen and maintain Pricer's core competency.
- *Focus on a professional organisation*: Pricer's hiring policy is aimed at strengthening the company's core competency in all areas, and thereby ensuring the capacity to defend and advance its market-leading position in the ESL industry.

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The acquisition of Eldat

In 2006 Pricer acquired Eldat, the second largest ESL provider in the world. The acquisition has strengthened Pricer's position as the leading provider of advanced ESL systems for retailers. It has also raised Pricer's global market share to more than 60 per cent and further invigorated the company's ambitions in the industry.

Strong market representation

The acquisition added around 1,400 stores to Pricer's already extensive customer base. With the merger came a number of ongoing implementations, the most noteworthy being Casino in France where Eldat has installed ESLs in all hypermarkets and many supermarkets. Eldat has also installed systems in about 20 Carrefour hypermarkets in Spain and has ongoing installation projects in Russia where some 20 stores have already been installed to date. At the time of the acquisition Eldat had a global market share of 23 per cent with customers such as Casino, Carrefour, Aeon, Sonae, Leclerc, Pingo Doce, Auchan, Karusel, Tradeka, Tokyu, Kazumi, Maruwa, San-A, Yours and Queen Isetan in over 25 countries.

Eldat has focused on the Japanese and European markets and, like Pricer, has operated through reputable local partners such as Teraoka and IBM. In ESL oriented Japan, the successful distributor Teraoka has a considerable market share that together with Ishida, Pricer's partner for many years, accounts for almost 100 per cent of all Japanese ESL installations.

The new business relationships with large retail chains and partners were strong reasons for merging the two companies. Another was the ESL business expertise and experience in Eldat's organisation, which is unique and not available elsewhere.

Standardised technology

Like Pricer's, Eldat's ESL system is based on infrared communication technology. One key reason for bringing the companies together has been to create an industry standard based on this dominant technology, offering resellers and customers a clear best of breed solution. Two companies that have historically competed for the same customers and used the same technology are now united under the same roof, allowing retailers to confidently build their display solutions today and for the future.

The majority of the Eldat team works in R&D, which has provided a significant reinforcement in product development capacity and will further advance Pricer's technology leadership in the ESL area. Integration and projects for technology synergies have been started and will continue during 2007, leading to new system solutions based on best practice. The combined product development resources of Pricer and Eldat are expected to lead to more efficient use of resources and shorter time-to-market for new products. Product development in the Eldat product line is currently focused on the finalisation of new, more efficient transceivers with extended reach.

Improving margins

With the larger contracts and increased volumes in the joint company, Pricer sees good opportunities to benefit from economies of scale. Discussions are taking place with both Pricer's and Eldat's production partners, which is part of Pricer's continous strategy to reduce costs and capital employed.

A reorganisation took place in connection with the acquisition in order to realise synergies. The previous Eldat head office in Tel Aviv, Israel, and its subsidiary in Paris, France, have now been integrated into the Pricer organisation. A few members of Eldat's management and certain other employees were made redundant in connection with the acquisition. The focus in Israel will now be on R&D. In addition, the two companies' sales offices in France have merged, which has led to a reduced headcount. Lower personnel costs and increased efficiency were two important reasons for the acquisition.

Acquisition in short

The acquisition of the privately held Israeli company Eldat Communication Ltd. was completed on 14 August 2006. Pricer acquired 100 per cent of the shares in Eldat and in exchange issued 261.8 million shares, giving the shareholders in Eldat a 25.8 per cent ownership stake in Pricer at the time of the transaction. The value of the transaction was about SEK 250 M. The operations of Eldat are consolidated in Pricer as of 14 August 2006. In 2007 Eldat changed name to Pricer E.S.L. Israel.


GRAND
BARBIER

Pricing strategies require pricing tools

Pricer operates in a global market where its primary target group is the retail industry, primarily food retailing. The grocery retail trade is characterised by a large number of fast-moving consumer goods where price is one of the strongest competitive tools. Cultural and economic differences require different retail pricing strategies which in turn also influence the acceptance of ESL.

Trends in international retailing

Major retail chains like Metro, Carrefour, Casino, Tesco and Wal-Mart focus more on finding strategic markets, targeting markets where they can achieve top positions, and withdrawing from the markets where this is not possible. The industry is characterised by stiff competition, narrow margins and a quest for economies of scale, leading to consolidation and a powerful inward focus on operating efficiencies and productivity. Aggressive competition and the Every Day Low Price discount trend within the retail industry, especially in Western Europe and the U.S., are exerting strong margin pressure.

Strategic trends among Pricer's customers include a focus on streamlining the supply chain by automating all processes, centralising store operations enhancing pricing, price optimisation and enhancing the customer buying experience through in-store marketing and sales promotion. In all cases, correct information on the shelf edge, whether price or stock level, is critical. For retailers that have embarked on this process, ESLs are already an accepted mainstay tool for streamlining workflows and adding customer value.

Strongly integrated retailers are seeking to centralise store operations, so that headquarters are responsible for core activities such as pricing, IT management and in-store marketing. This strategy focuses on simplifying work in the store so that it can concentrate on activities that generate sales, such as stocking the shelves, manning the checkouts and serving the customers. ESL systems are one of the tools that retailers can use to both keep the store simple and centralise pricing at the same time.

Active pricing, also known as price optimisation, is one of the most important areas for strengthening margins and profitability. These systems are essential in implementing price strategies to sell goods at the optimum price in relation to demand. Within the retail business, differential pricing is often used actively in the form of price campaigns for a limited time period, such as weekly prices or "happy hour", and can be maximised by using an ESL system. The ESL can support many price scenarios that can be targeted to different customer groups. This applies both to stand-alone stores and to centrally organised retail chains.

Important markets for Pricer

Pricer's key markets are Japan, Europe and the U.S., markets where Pricer has installed over 43 million labels in 3,000 stores with more than 200 retailers in 25 countries. The turnover per geographical market is broken down according to the table below (the figures are in SEK millions).

	2003	2004	2005	2006
Nordic region	6.7	14.1	8.3	15.5
Rest of Europe	19.9	116.6	169.0	265.3
Asia	33.3	89.7	134.1	115.6
Rest of the world	2.1	6.8	14.4	13,5
TOTAL	62.0	227.2	325.8	409.9

Japan

The Japanese retail industry is world-leading in terms of technology, primarily because grocery retailing is dominated by smaller stores with high sales per square meter. Exacting customer demands on product freshness mean that most stores receive deliveries several times a day and Japanese stores tend to use more active pricing. With high consumer sensitivity to higher prices at the cash register than on the shelf, the stores often suffer losses by allowing cash register prices to be lower than shelf prices. This, coupled with many price changes per day, is the main reason for the high market acceptance of ESL systems. The infrared technology used by Pricer has become the standard as the labels can both send and receive information, and because the technology can co-exist with the radio-based solutions that are very common in Japanese retailing today. In Japan, deployments usually include between 7,000 and 12,000 ESLs per store.

In Japan, Pricer markets two infrared product lines through two Japanese suppliers, Ishida and Teraoka. Ishida, the Pricer ESL System reseller, has implemented Pricer's system in more than 800 stores in over 100 retail chains, of which several have chosen to deploy nationwide. Teraoka is the reseller of Pricers's Eldat system, which have been installed in over 80 chains and over 400 grocery stores. Together they have a market share of close to 100 per cent.

As more of the Japanese chains expand to rollouts, the powerful market growth of the past few years is predicted to continue. Today, Pricer has more than 1,200 store installations in Japan among leading retail chains such as Okuwa, Ingeya, Maruetsu, Tokyu and Heiwado. More than 200 stores are owned by Japan's biggest retail conglomerate, Seven & I Holdings Co., with its subsidiaries Seven Eleven Japan, Ito-Yokado, Denny's Japan and York-Benimaru among others, operating about 31,000 stores worldwide.

Europe

France is the European country where ESL has obtained the strongest foothold, followed by Belgium. These markets are characterised by bitter price competition and strong independent store networks, accompanied by aggressive cost-cutting and rationalisations. Several leading international French chains have deployed ESL systems with up to 75,000 ESLs per store, such as Carrefour and Leclerc.

The European market-leader Carrefour, the second largest retailer with more than 12,000 stores worldwide, is one of Pricer's major clients with around 250 installations in European hypermarkets averaging 45,000 ESLs per store. Carrefour has exported the use of ESL throughout its international organisation, and so far Pricer has installed or received orders to install systems in Belgium, Greece, Italy, South Korea, Portugal, Spain and Taiwan. Casino, yet another leading French retailer, has successfully continued the deployment of Eldat's ESL system in some 70 new stores during the year. The total number of ESL-equipped Casino stores is now around 300 in France.

In addition to Carrefour and Casino, two other strong French retailers, Leclerc and Grand Frais have also chosen Pricer's systems for rollout. Germany is an important market for Pricer's installed base, and home to the world's first full-scale ESL deployment by Pricer at Metro Cash & Carry. Metro is the third largest retail chain in the world. In September 2006 Metro selected Pricer to upgrade its German Cash & Carry division with next-generation ESL systems. The framework agreement has an estimated total value of approximately SEK 75 M over a period of three years. Pricer has more than 150 systems installed in the Nordic region, mainly at ICA and COOP. During 2006, Pricer's ESL solutions were added to the product portfolio of the reseller PSI Antonsen, giving Pricer wider market access and a reliable aftersales support partner.

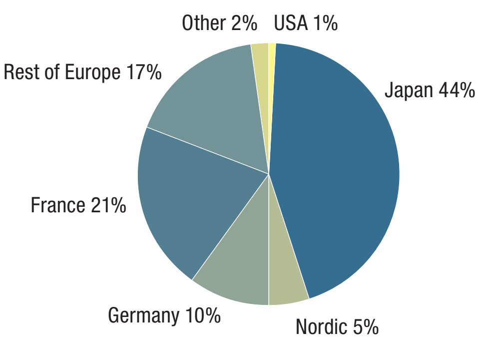
The ESL market in Russia is beginning to gain momentum. ETIM is Pricer's Eldat ESL System reseller in Russia and installations with Eldat labels have been completed in almost 20 Karousel stores in the country. Karousel is the first Russian chain to install ESLs on a large scale, and several other Russian chains are evaluating ESL today.

United States

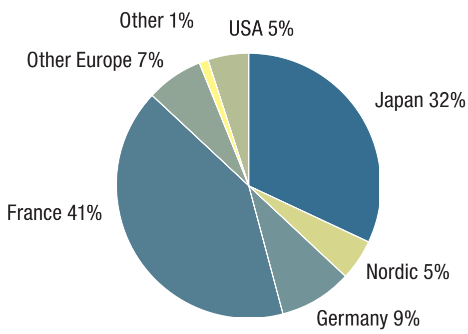
The U.S. is the world's largest retail market. ESL acceptance in the U.S. remains comparatively low, but ongoing consolidation of the industry, where mega-chains such as Wal-Mart, Kroger, Albertson's, Royal Ahold and Safeway are pursuing powerful growth strategies, is expected to create stronger incentives for retail automation, including ESL. In a market with such severe price pressure, retailers have few options for maintaining margins other than cost-cutting and workflow automation. The number of labels in an average American store is 20,000 units.

To strengthen Pricer's sales presence in the U.S., Pricer has partnered with two leading retail store information companies, IBM and StoreNext. The IBM relationship is focused on larger chains, where one retailer is currently deploying Pricer's ESL in a number of stores nationwide. For the middle market, Pricer relies on its reseller StoreNext, one of the leading retail suppliers of store computer systems, which is continuing to market and install the system through its network of resellers.

Geographical spread of Pricer's installations, in no. of installations



Geographical spread of Pricer's installations, in no. of ESLs



Size and growth of the ESL market

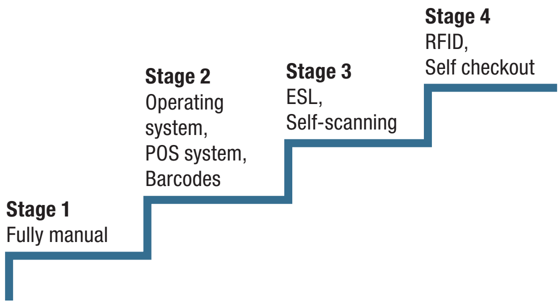
Pricer estimates the total number of ESL labels at 72 million globally, installed in approximately 5,000 stores. Although the market has more than doubled in the past few years, market penetration is still very low. Pricer estimates that the total available market for labels is around 6-10 billion units in the grocery sector alone.

The largest chains are leading the way and acting as forerunners when it comes to installing systems. Both new and existing stores are looking to upgrade to new technology and modernise by investing in ESL. Retailers are also recognising the potential of ESL to bring information other than the price to the shelf, and to enhance day-to-day productivity. Smaller retail chains will need to find their place in this new environment, and adopt the practices of the major players. In 2006 other retail segments have shown an increasing interest in ESL. Hardware and electronic stores have chosen the Pricer ESL system and other industries are evaluating ESL.

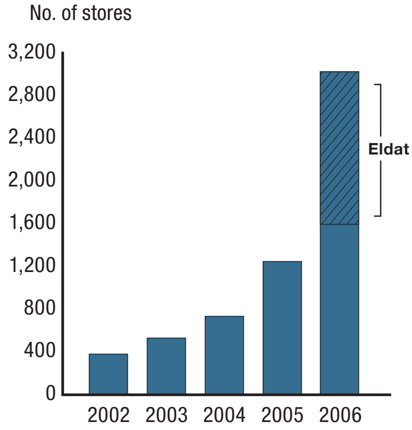
The ESL market has grown due to better products, technological acceptance, economies of scale and an increased understanding of product benefits. These factors are continuing to drive the evolution of the industry. Market growth is also benefiting from the large deployments made by major retailers. Growing use of sophisticated pricing tools will drive the market in the future, as well as stronger consumer demand for price accuracy. Use of new in-store applications that require real time pricing could fuel further growth in the ESL industry. New designs and new display technologies will increase market acceptance and bring about upgrading of existing installations.

ESL is part of the retail automation process

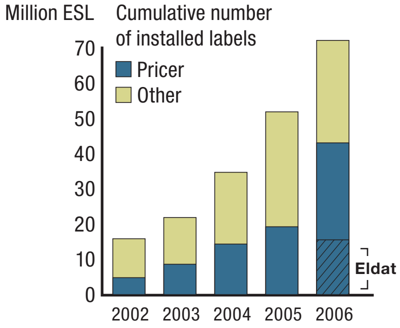
Retailers adopt new technology at different rates, with differences in geographical market, image and store concepts. The first stage of the automation process is investment in a computerised retail environment with a modern POS (Point of Sale) system and barcode technology. Only then is a store truly ready to benefit from the advantages of ESL or self-scanning capabilities. Other technologies will contribute to improving productivity such as Radio Frequency Identification (RFID). As ESL systems integrate with these new technologies retailers will see more benefits in electronic shelf edge displays. Today Pricer and IBM have teamed up with Vue Technology to integrate RFID technology and facilitate stock control and payment routines. Systems that eliminate the need for cashier personnel, such as self checkout are also becoming increasingly common. This self-reliance imposed on customers will increasingly motivate retailers to provide 100 per cent price integrity in the store to ensure self checkout queue flow.



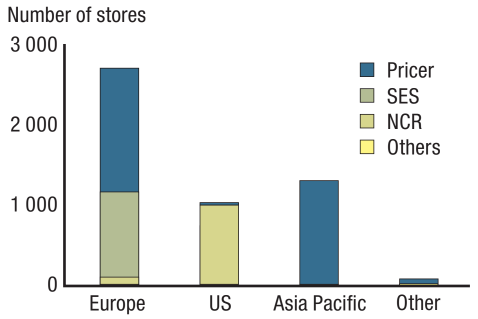
Pricer's ESL installations, cumulative



Development of the ESL market



Distribution of ESL installations per supplier



Pricer has 60 per cent of the market

ESL suppliers

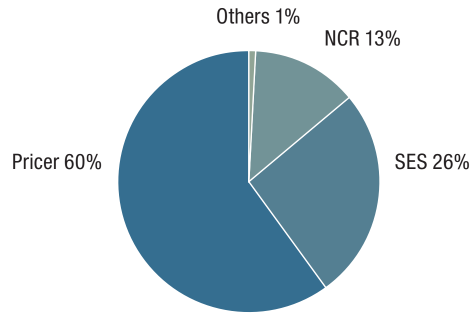
Pricer's management estimates the company's global market share at around 60 per cent, measured in the number of installed labels. Pricer has a global presence, in contrast to the other players who concentrate on one or two markets. In both Japan and France, which are the two fastest-growing ESL markets in the world, Pricer has dominant market positions, in Japan close to 100 pe rcent of all installations.

The company's foremost competitors are SES of France and NCR of the U.S., which have been estimated by Pricer to have market shares of approximately 26 per cent and 13 per cent, respectively. Eurolist-quoted SES is mainly active in southwestern Europe. NCR is primarily active in North America and Western Europe. NCR is listed on NYSE and provides hardware, software and service for retail automation, including ESL solutions. These companies sell systems and services, both through direct and indirect channels. Other newcomers continue to test the market, with no installed base or proven technology to date.

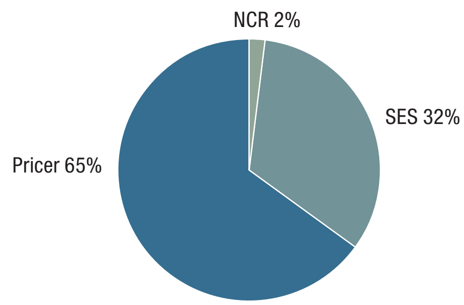
A varied offering

The products offered by the three ESL suppliers differ in many respects, such as transmission technology, transmission capacity, product service life, mono- or bi-directional communication, compatibility with other store systems, scalability, installation process, installation robotics, customer service, control and reporting functions, label design and adaptability. On the whole, there are three competing technologies currently in use: a system based on infrared light (IR) and two-way communication offered by Pricer; a system using high frequency radio waves and two-way communication offered by NCR, and the system sold by SES which uses low frequency radio-based technology and one-way communication. IR is the dominant technology.

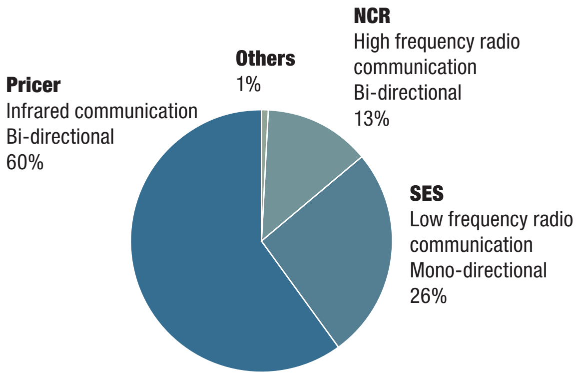
Market shares worldwide in no. of ESLs



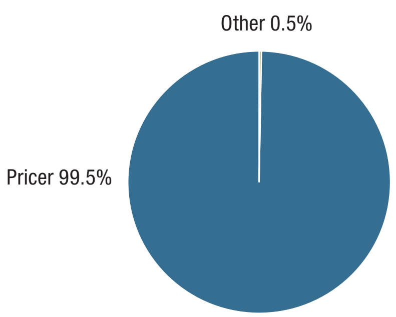
Market shares in France in no. of ESLs



Bi-directional has a 73 per cent market share



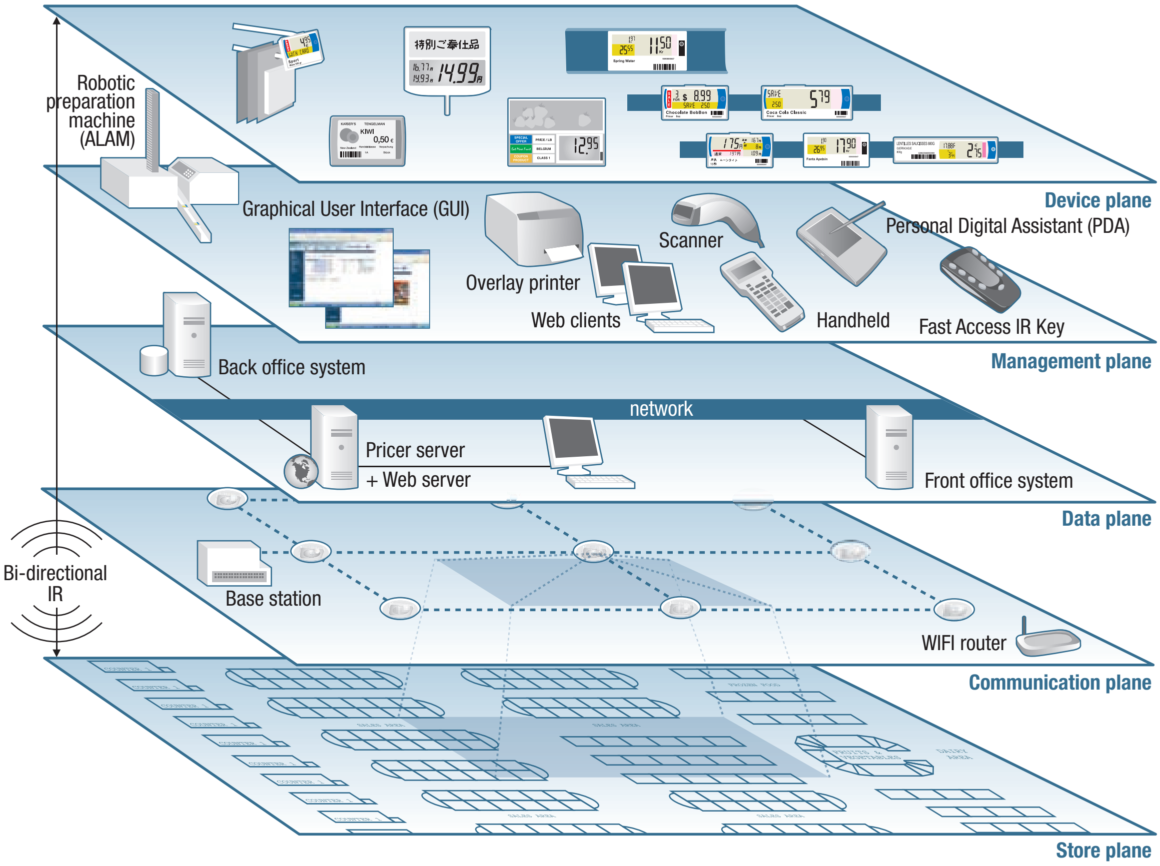
Market shares in Japan in no. of ESLs



Proven information system at the shelf edge

Pricer's ESL system is a total solution for electronic retail price labelling and information. The system is made up of electronic labels supported by wireless communication infrastructure and software. Using Pricer's system, retailers can quickly, easily and accurately execute price changes at any time, drastically reducing the implementation time of pricing campaigns and pricing strategies by item, department or store-wide. The electronic system eliminates nearly all physical effort involved in changing prices, and by replacing paper tags with ESLs retailers can eliminate pricing errors, respond more quickly to competition and maximise sales and profitability.

Not only does the system provide correct price information, it is also a valuable tool for stock control and space management as the labels can be updated with stock levels, shipment dates, last order dates, shipment quantities and numbers of product facings when filling shelves. Increasingly, ESLs are being implemented in shelf edge concepts and becoming an integral part of the store marketing programme. ESLs can also add to this by displaying promotional information, sale dates and fidelity points.



The Pricer system overview

The Pricer system diagram is a graphical representation of the store environment and the system fundamentals. The solution is complex but rendered simple when described by the process and environment it works in. The system can be portrayed as hierarchical, each plane serving or being served by the parallel planes. The Pricer labels are found on the **device plane** at the uppermost level, since this is the hardware that defines the solution, i. e. price and information displayed at the shelf edge.

The key technology components of the solution are then described as we move down towards the store plane. They are, in order, the **management plane** consisting of the tools to manage the system, from the software GUI to the robotics to prepare the ESLs, to web clients to operate the system.

This is followed by the **data plane** which consists of the system architecture and is a graphic representation of the information flow from the retailer back office to Pricer's system, namely product files that are updated before the devices at the shelf edge are updated by the next plane, the communication plane.

The **communication plane** uses several wireless technologies. At the core is the transmission or diffusion of IR to the store floor, permitting a large-scale data flow to and from the devices. But with the spread of WIFI, Pricer's system now integrates with other wireless technologies for point-to-point tools, such as WIFI handhelds, or simply Ethernet connection.

Finally, the **store**, where the real story begins.

The proven solution

As of 2006 more than 43 million Pricer and Eldat labels had been installed worldwide and the company accounted for nearly two thirds of global ESL installations, which is clear proof of its functional and technical leadership. Following the acquisition, Pricer has been able to offer the Eldat product range alongside its own. The Pricer brand of products comes in two families – the proven Promoline platform and the advanced Continuum labels.

The Continuum family gives retailers even more advanced label features as their pricing scenarios become increasingly complex and pixel-based displays are more generally adopted. The Continuum labels contain an alpha-string to display written information in addition to the product price. The labels not only have a modern design with a larger LCD display, but also provide the ability to scroll textual information so that the retailer can use the labels for both marketing and advanced promotion information. To support the advanced features of the Continuum labels as well as EPOP and Dot Matrix labels, a new version of the system software has been released with enhanced performance, functionality and reliability.

The pixel-based Dot Matrix displays have attracted strong market interest with many new installations and pilots. The bi-stable labels offer high resolution and wide angle view displays. This means the signs can display just about anything, from brand logos and feature/benefit bullet points to scanable barcodes and time-based promotional messages.

Pricer services

Pricer's products are technologically advanced, sophisticated and secure, yet very easy to use. To further support customers, Pricer has developed project resources capable of implementing massive international rollouts, such as those for Carrefour and Casino. After initial installation of the ESL system, Pricer assists customers with maintenance and training of in-house support staff and offers first-hand support directly or via its partners.

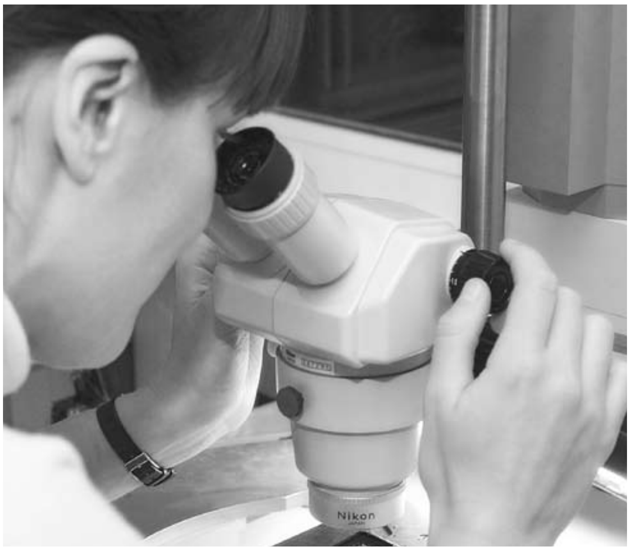
Another of Pricer's strengths lies in its ability to flexibly adapt to customer-specific needs, whether LCD customisation or store computer system interfacing. Older POS systems can also be integrated with the help of custom interfaces.

One central component and competitive advantage of Pricer's offering is the Automatic Labelling Machine (ALAM). ALAM is a robotic system that automatically prints overlay labels (bearing product information such as name, weight and product number) which are then adhered to the electronic shelf labels, as well linking the right ESL to the right product in the application and updating to the current price – all at the same time. Pricer's ability to automate this process provides a valuable competitive edge in procurements, since it significantly simplifies and accelerates installation and reduces disruptions in store business.

Infrared and bi-directional technology

Pricer is playing an active role in development of the retail trade by engaging in close collaboration with its customers and continuously upgrading its products. As a result, Pricer has earned a global reputation for delivering the utmost in quality and reliability with a scalable, cost-effective solution.

Pricer's system is based on infrared (IR) technology, which offers a highly reliable method of communication in a retail environment. It is also very resistant to interference. IR is perfectly compatible with radio systems in the store, such as wireless communication and WIFI, surveillance or anti-theft radio noise. Pricer's system has a capacity of over 50,000 changes per hour, which is faster than any other ESL system.



The use of IR also enables bi-directionality, or two-way communication. The two-way link in Pricer's system confirms that the label has received the desired information update. This provides a constant dashboard view of the system and alerts on any failures. The system assesses whether the failure requires immediate attention, allowing staff to prioritise tasks. Two-way systems are also a valuable management tool since the staff knows that the system is self-checking. Management benefits from two-way communication through the ability to monitor the system status at any time.

Pricer's LCD labels are extremely robust and have a battery lifetime of up to 8-10 years. This durability is possible thanks to battery saving techniques, pacemaker technology, the speed of IR, ultrasonic welding that protects the ESLs from humidity, and other exclusive features.

ESL ensures accuracy and profitability

The Pricer system supports and strengthens retail business and profits mainly by boosting sales and reducing costs through process automation and efficiency. Not only are store productivity and profitability enhanced, but consumers and personnel in stores equipped with Pricer's ESL system also show higher levels of satisfaction.

Increased profitability and sales

Active pricing strategies for growth in sales and revenue, known as price optimisation, are a growing trend in grocery retailing. ESL systems are critical tools in enabling the implementation of this strategy to always sell goods at the optimum price relative to demand. Active use of differentiated pricing in the form of precisely timed price campaigns, such as "happy hour", is common in the retail market, and significantly facilitated by an ESL system.

Various price scenarios can be modelled for different customer groups, at either the independent store level or centralised campaigns for entire retail chains. Pricer's ESL system also increases store sales by streamlining the logistics process through stock control and space management support. The system is a valuable tool for balancing inventory, reducing tied-up capital and avoiding sales lost due to empty shelves. Furthermore, the system can provide recommendations for optimal placement of products to maximise sales.

In store marketing is also reinforced by informative shelf labels displaying appealing product information and well known brand logos. Several retail chains have chosen to enhance their in-store marketing by displaying complex price scenarios and graphics to better communicate with the various customer groups.

Lower costs

In response to an increasingly urgent need for process automation, the majority of mass retailers are pursuing explicit automation strategies to achieve operating efficiencies. One important advantage is to eliminate tedious and labour-intensive manual price labelling, but also to reduce the interruptions and losses that arise when the shelf edge shows one price and the checkout another. Pricer's technology enables simple price changes and eliminates nearly all of the physical labour attached to in-store price adjustments. It significantly shortens price discussions at the checkout and response times for stock checks at the shelf, as well as minimising customer refunds when price differences are discovered. Since the system is self-controlling, time spent on price checks is also decreased.

Decreased losses in sales and profitability

Manual price labelling is very time consuming and leads to direct costs in labour and refunds. Furthermore, it can limit sales revenues in a number of ways. One example is the very small increments, so-called micro price changes, in the store's purchase price which should be reflected in the sales price but are frequently overseen since the gains do not exceed the cost of manual price changes. With an ESL system, these can easily be executed and contribute to higher profitability. Another problem that can be eliminated with an ESL system is that of missing labels. The consumer reaction to missing labels is to either choose a competing product or to not buy the product. With Pricer ESL, the risk is considerably reduced since the labels are fixed on the shelf edge and the bi-directional feature will alert the system if the ESL is removed.

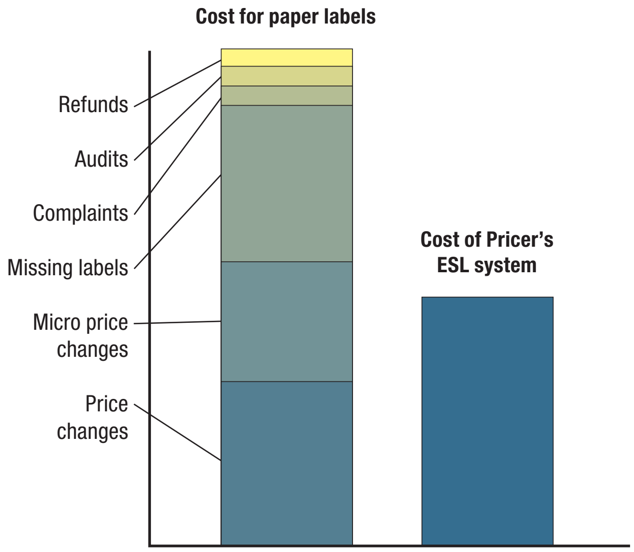
Price integrity, that is uniformity between the price on the shelf and at the checkout, is an area subject to widespread and unnecessary problems in the retail industry. Price changes that are not carried through to the shelf edge create a drain on finances as most discrepancies are in the consumer's favour. This means that the store charges a price that is lower than the price accepted by the consumer when making a buying decision at the shelf – a clear loss of profit for the retailer. With an ESL system, the right economic signals to the consumer are achieved.

More satisfied consumers and personnel

From a consumer viewpoint, one key concern is that the price will be synchronised between the checkout and the shelf. Price integrity problems are a source of annoyance for store owners, checkout personnel and consumers, and can be eliminated by using an automated system. ESL also improves stock information service by enabling store personnel to check stock levels, orders, delivery dates and facing space directly at the shelf edge and quickly respond to consumer questions. ESL not only yields improved consumer service but also does away with a monotonous task for store personnel and instead allows them to focus on customer service and other activities that contribute to revenue growth and job satisfaction, the latter of which is crucial in an industry seeking to continuously improve store productivity while facing labour shortage trends.

Return on investment in less than a year

As part of its offer, Pricer conducts studies in individual stores to identify how they can eliminate cost and boost their profits with the help of Pricer's ESL system. These studies focus on the costs generated in the price handling process, as well as measurement and analysis of price discrepancies and their consequences. The store owner receives a cost/benefit analysis showing the potential profit growth and return on investment (ROI). Both Pricer's studies and the analyses made directly by Pricer's customers show that the average store that invests in the Pricer system sees a payback period just over one year.



Stores that carry out manual price changes typically have higher costs than those using ESL systems. In addition to cost savings, a store equipped with ESL can maximise its revenue by utilising active pricing strategies to boost sales and profitability, further enhancing the benefits of its ESL system.

The above calculation and estimated cost is based on an average store with 2,000 square meters of floor space, 10,000 installed ESLs, annual sales of SEK 150 M and a labour cost of SEK 200 per hour, that carries out around 400 price changes per week. All statistics are taken from actual stores.

Price integrity – same price at the checkout and on the shelf

A typical supermarket handles 20,000-40,000 items with continuous price updates that are made automatically at the point of sale, but in most cases manually on the shelf. This explains why numerous in-store studies show that more than five per cent of all items in a grocery store are incorrectly priced. As in all manual tasks, the human factor contributes to undesired discrepancies. Giving customers the right economic signals at the right time is decisive in building confidence and maximising sales. A lower price at the checkout than the shelf, known as an underprice, means lost revenue for the retailer. If the checkout price is higher, a so-called overprice, this causes irritation and loss of credibility, which also has a negative impact on sales in a longer perspective, even if it generates higher revenue when the price error goes unnoticed.

ESL helps retailers to:

- Implement price changes without regard to human limitations
- Respond faster to competition
- Maximise sales
- Improve profitability
- Eliminate pricing errors
- Reduce dependence on labour
- Improve customer service
- Eliminate price audits
- Speed up checkout lines
- Reduce the risk for out-of-stocks
- Reduce complaints
- Avoid staff conflict
- Boost productivity
- Lower personnel costs
- Implement more effective promotions
- Improve shelf control

Flexibility for growth and new markets

Pricer's business model is flexible and commited to ongoing adaptation of the organisation at every stage of the company's and the market's development in order to address new and changing needs.

Sales

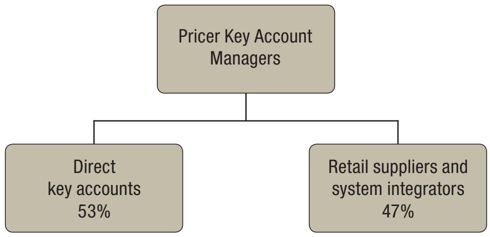
The sales process in a business-to-business environment can be structured in various ways. Given that the Pricer systems and solutions can and will have an impact on a store's overall IT topology, retailers follow a well defined evaluation and purchasing process that includes requests for information, technical lab testing, demonstrations and store tours before implementng the system. These activities have a major impact on Pricer's market coverage and resources.

Pricer has therefore chosen to adapt its sales process to match resources according to priorities and anticipated outcomes. Pricer's activities have focused primarily on direct sales as the market learns about and adopts ESL. Reliance on Pricer's major customers to increase coverage has been, and will continue to be, essential. Strong partnering conducted on a case-by-case basis is another fundamental ingredient for market penetration and success. Granting exclusive market rights has been the exception, since Pricer wishes to retain control and customer contact.

As the market matures, the direct sales activity will become increasingly resource-intensive and push Pricer to more indirect sales. Until then, the direct sales channel remains the most logical and proven methodology for boosting sales.

Pricer uses a KAM strategy to address the retail market. The sales organisation is divided into four business units in Stockholm, Paris, the U.S. and Tel Aviv, all operating in very different market situations. Each unit has an Area Sales Manager and Key Account Managers (KAM), and is supported by Pricer's international network of expert retail partners.

It should be mentioned that the strong IT component in ESL solutions combined with the retail chains' IT departments gives the sale a considerable technical aspect and requires the resellers or agents to either have extensive retail experience or strong IT proficiency. The KAM also needs to be knowledgeable in this area.



In cultivating its markets Pricer partners with two different types of resellers, namely suppliers of electronics and technology and system integrators with a focus on the retail trade.

Two examples of very successful partnerships are Ishida and Teraoka in Japan, both world-leading manufacturers of weighing solutions for the food and retail industries. Those collaborations have secured the Japanese market and Pricer's leading position. Other key partners are IBM and StoreNext in the U.S., Toshiba in Europe, Worksystem in Belgium, ETIM in Russia and ESELBE in Italy.

Once a market is targeted, the Area Sales Managers follow a typical sales process to closure. At any point in the process, the prospective account can be qualified as a Key Account by the Area Sales Manager in order to allocate more resources. The Key Account qualification is a loose definition which can define a high revenue account, a high potential account, or a strategic account. The Pricer sales process makes it possible to focus resources where ESL business opportunities are probable and to close those opportunities efficiently.

Once a contract is signed, whether with a reseller or directly, recurring revenue is generated through aftersales support and other services. These revenues can represent up to five per cent or more of total recurring revenues over a period of five years before the clients begin evaluating replacement programmes.

Pricer divides the market into three categories by level of activity, outlook, market share or penetration:

KAM with Reseller support/KAM direct sales:
- Markets where the market drivers are strongest, maturing markets or high growth markets where penetration is deep or is expected to be, and where Pricer expects to have a large market share.
- This category includes Japan, France, U.S., Spain and Sweden.

Reseller with KAM support/Resellers and Agents:
- Markets showing some development, where penetration is currently low, usually on the periphery of a maturing market, and where a combination of lack of resources and strong cultural barriers make local representation necessary.
- This category includes Belgium, Italy, Germany, Denmark, U.K., Korea, Taiwan, South Africa, Greece, Finland, Norway and Switzerland.

Prospective accounts/Reseller case-by-case:
- Markets where the major food retailers are established but where little activity is seen, for example due to emerging economies.
- This category includes the rest of Europe, America and China.

Depending on resources and industry maturity, a combination of all three sales strategies can sometimes be employed, as in the U.S. and the U.K.

Customer Service & Professional Solutions

Pricer has developed a full range of services to address the growing international reach of its solutions and operations. Three areas of responsibility under the same umbrella operate in each business unit and share technical responsibility for bringing clients superior solutions and support. Professional Solutions and the product specialist that make up the team are responsible for assisting the KAM organisation with specification, technical adaptation, adding value to client solutions and client consulting, from product introduction and lab tests to ensuring a successful pilot program. Specifications are then handed over to Customer Service for implementation management from store integration to linking of the ESL labels, store communication mapping, store implementation and training, all within the KAM and project management framework. Once the store is operational, responsibility is handed over to Customer Support for maintenance and hotline support. All resellers rely on this dedicated team for support and training.

Product Management

Product Management ensures that the company's product mix is matched to customer requirements in Pricer's prioritised markets. By interacting with and collecting information from the market, Key Account Managers, Customer Service, Production and Financial Management, the Product Management organisation evaluates and initiates the development of new products, as well as oversees the entire product life cycle including market launch and the phase-out of existing products.

Research and Development

Product development is strategically vital for Pricer. Historically, investments in research and development have paid off in the form of a competitive and market-leading product offering. To safeguard its market position, Pricer continuously improves system functionality, performance and stability and reduces its manufacturing costs. New technologies permit added value improvements and upgrades, and as the ESL market matures, customers are becoming more demanding of product function and design.

Pricer's strategy is to develop new systems in-house in order to insure core competency. At the same time, the ambition has been to establish close ties with long-term partners as an integral part of the company's R&D activities. One example of this is PIER AB, a joint venture between Pricer and its Japanese partner Ishida. PIER's task has been to exploit new technologies for the development of Pricer's ESL system to meet future requirements primarily in Japan. During 2006, the next natural step was taken when PIER technology was transferred and deployed in joint product development initiatives within the parent companies.

Appulse, which is Pricer's offshore software development partner, is another example. Appulse is specialised in development of software for retail applications and allows Pricer to meet customer demand for systems and software development with competitive prices and high quality. As the new system generation has been successfully completed and launched, Pricer has sold off its holdings in 2006 according to the plan established when the company was formed.

A major event for Pricer's R&D activities during 2006 was the acquisition of Eldat. In line with the customer-driven development strategy, Eldat's R&D staff has been organised as a design centre whose primary objective is to meet the expectations of the joint Pricer Group's major customers.

The focus has been on implementing state-of-the-art software development methods to further strengthen efficiency and cost benefits. For faster responsiveness to market demands, Pricer's R&D department is successively adopting a agile development process. Well defined areas of responsibility assure that quality, cost and functional goals are maintained throughout the projects.

Pricer is continuing to patent its proprietary product development, applying an increasingly focused and selective patent policy where the protection and potential value of the patent is weighed against geographical coverage and the related costs.

Production

Pricer has chosen to outsource all manufacturing to subcontractors, creating scope for a flexible production structure that can quickly scale up production to large volumes. The acquisition of Eldat and its suppliers is consistent with Pricer's strategy to use multiple outsourced production partners and supply chain alliances. Investments have been made in a modular test platform that enables cell line manufacturing instead of the previously used conveyor lines. These investments, together with a higher grade of mechanisation in factories, are necessary to increase productivity and achieve the quality required for mass production in high volumes. The majority, approximately 80 per cent of the goods were shipped by sea. The RoHS (Restriction of Hazardous Substances) programme was completed in 2006 and all Pricer products are now compliant with the EU directives. All suppliers are ISO-certified and are based in Canada, China, Hong Kong, Sweden and the U.K.

Financial Management

Financial responsibilities and powers are structured and delegated in the organisation through an allocation of business responsibilities to various levels and dimensions. Operations are conducted according to a result-oriented approach in which the Group's aggregate goals are broken down and supported by the goals of the various units, projects and individual employees. The Group uses a reporting system that reconciles actual outcomes against financial plans, budgets and forecasts for units, projects and operations at different levels. Order and sales data are reported monthly and the legal entities submit complete monthly accounts. A consolidated income statement is compiled monthly and a consolidated balance sheet on a quarterly basis.

A customer focused organisation

Pricer's corporate culture is characterised by responsiveness and short decision-making paths. The company is process-driven and customer-oriented. The acquisition of the Israeli competitor Eldat was completed in August 2006 and the two companies are now being integrated. Staff reductions have been made in Stockholm, Paris and Tel Aviv in order to decrease expenses and streamline the organisation. Since the two companies had a very similar structure and business, it has been a smooth transition.

Building competencies

In 2006 Pricer AB conducted a leadership development programme. This consisted of a coaching programme for managers and courses in leadership and personal development. Pricer's employees are encouraged to seek additional knowledge in their professional areas and continuously attend courses to improve and sharpen their competences. Widening job scope or changing roles within the organisation are encouraged. Knowledge and understanding of the retail trade and the advantages offered by ESL systems are prioritised skills, for which reason customer visits are a recurring responsibility of employee development.

Employees in numbers

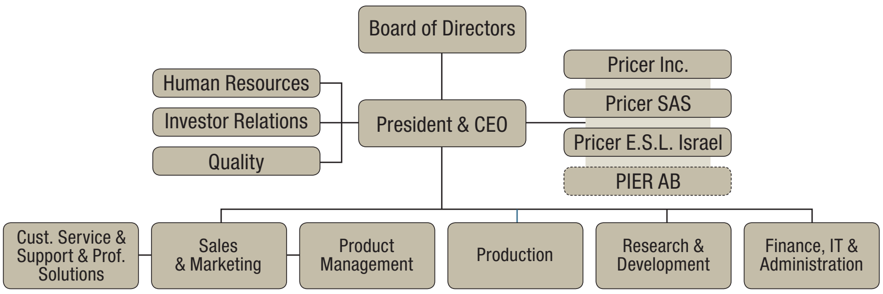
At the end of 2006 the Pricer Group had a total of 110 (112) employees, of whom 41 (43) worked at Pricer AB, 28 (15) at Pricer SAS, 37 (0) at Pricer E.S.L. Israel Ltd., 4 (4) at Pricer Inc., and 0 (2) at PIER AB. 22 (21) per cent of all employees are women. Pricer is working actively to achieve a more even gender distribution in all functions and encourages diversity. Health risks in Pricer are minor, and work environment audits are conducted yearly. Sickness leave at Pricer remains very low at only 0.8 (1.1) per cent in 2006. In 2006 the number of employees increased from 62 to 110 in the wholly-owned companies, and from 50 to 0 in the partly-owned companies. These numbers were affected by the acquisition of Eldat and the sale of Appulse during 2006.

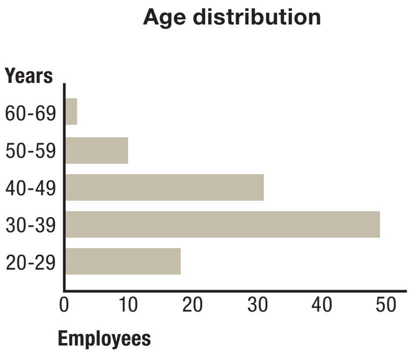
Legal structure

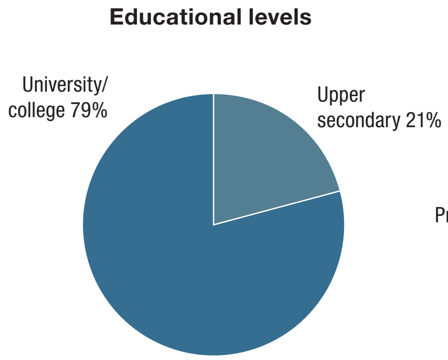
Pricer AB (publ) is the Parent Company of the Pricer Group. Aside from the Parent Company, operations are conducted in Pricer SAS (France) including a branch in Spain, Pricer E.S.L. Israel Ltd (former Eldat Communication) (Israel), and Pricer Inc. (USA). Pricer's shares in Appulse Retail Software Solutions Private Ltd. in India were sold in 2006.

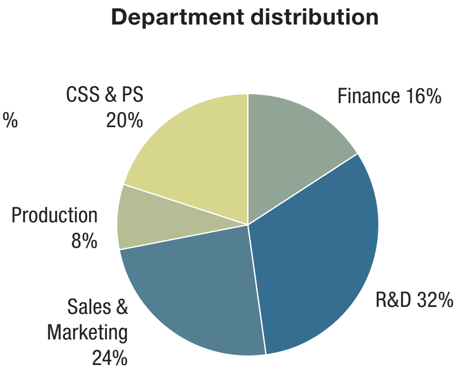
Employee policy

Pricer works in an international and multicultural environment where professionalism and responsibility with a focus on the customer and the market lead to a high degree of professionalism. Pricer encourages its employees to have an open, enterprising spirit and a positive attitude. The core values are clear and concise communication, initiative, honesty and mutual respect between individuals and professional disciplines.







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The Pricer share

The Pricer class B share is quoted on the Nordic Small Cap list of the OMX Nordic Stock Exchange. A trading block consists of 10,000 shares. Pricer's share capital at 29 December 2006 amounted to SEK 101,613,220. The total number of shares was 1,016,132,200, consisting of 2,285,547 class A shares and 1,013,846,653 class B shares, all with a quota value of SEK 0.10. Each class A share grants five votes and each class B share one vote. All shares grant equal rights to the company's assets and profits. The Articles of Association permit the conversion of A shares to B shares at the request of holders of A shares.

In 2006 Pricer carried out a non-cash issue. Pricer's acquisition of the competitor Eldat was completed on 14 August 2006. Pricer acquired 100 per cent of the shares in Eldat and thus issued 261.8 million new shares (class B). The newly subscribed shares were were registered with Bolagsverket (the Swedish Companies Registration Office) and transmitted to the new shareholders' accounts with VPC (the Nordic Central Securities Depository).

To enhance the accessibility of the Pricer share for U.S. investors, an ADR (American Depository Receipt) programme is available through the Bank of New York. This means that the class B share is available as a depository receipt in the U.S. without a formal stock market listing. Each ADR corresponds to one class B share.

Trading and price trend in 2006

The share price started the year at SEK 1.13 and ended it at SEK 0.71. The year's highest closing price of SEK 1.30 was quoted on 5 January and 10 February and the lowest of SEK 0.63 on 13 December. Market capitalisation on 29 December 2006 was SEK 700 M.

The trading volume for the full year 2006 amounted to 875,470,542 shares for a combined value of SEK 894,195,729, equal to an average daily volume of 3,487,930 shares worth a combined SEK 3,562,533. The number of shares traded for the full year was 29,771, equal to a daily average of 119. Shares were traded on every business day.

Dividend

Pricer has not paid any dividends since its formation and does not plan to do so until the company has reached stable profitability.

Warrants

Pricer did not have any outstanding warrants per 31 December 2006. However, a new programme was approved by the extraordinary general meeting in March 2007.

Ownership structure

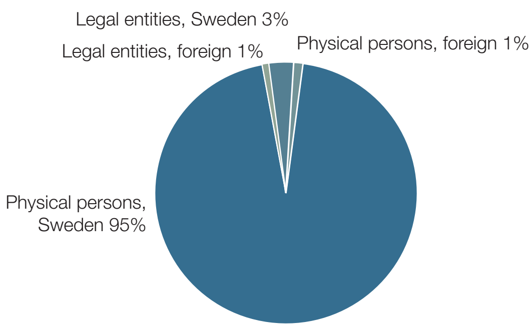
The number of shareholders on 29 December 2006 was 24,759. The ten largest shareholders held 52 per cent of the number of shares and 53 per cent of the votes. Legal entities held 65 per cent of the number of both shares and votes, while foreign shareholders held 44 per cent of the shares and 43 per cent of the votes.

Ownership structure 29 December 2006

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of equity	% of votes
1- 1,000	6,999	28	3,354,282	0.33	0.33
1,001- 10,000	12,360	50	50,288,061	4.95	4.92
10,001- 100,000	4,727	19	142,062,127	13.98	13.89
100,001-	673	3	820,427,730	80.74	80.86
Total	**24,759**	**100**	**1,016,132,200**	**100.00**	**100.00**

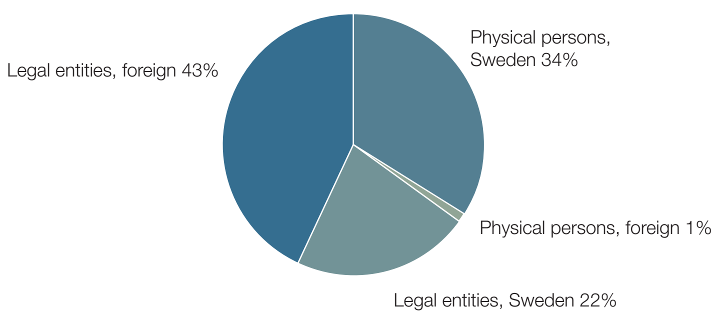
Source: VPC (Nordic Central Securities Depository)

Shareholders 29 Dec 2006



Source: VPC (Nordic Central Securities Depository)

Votes 29 Dec 2006



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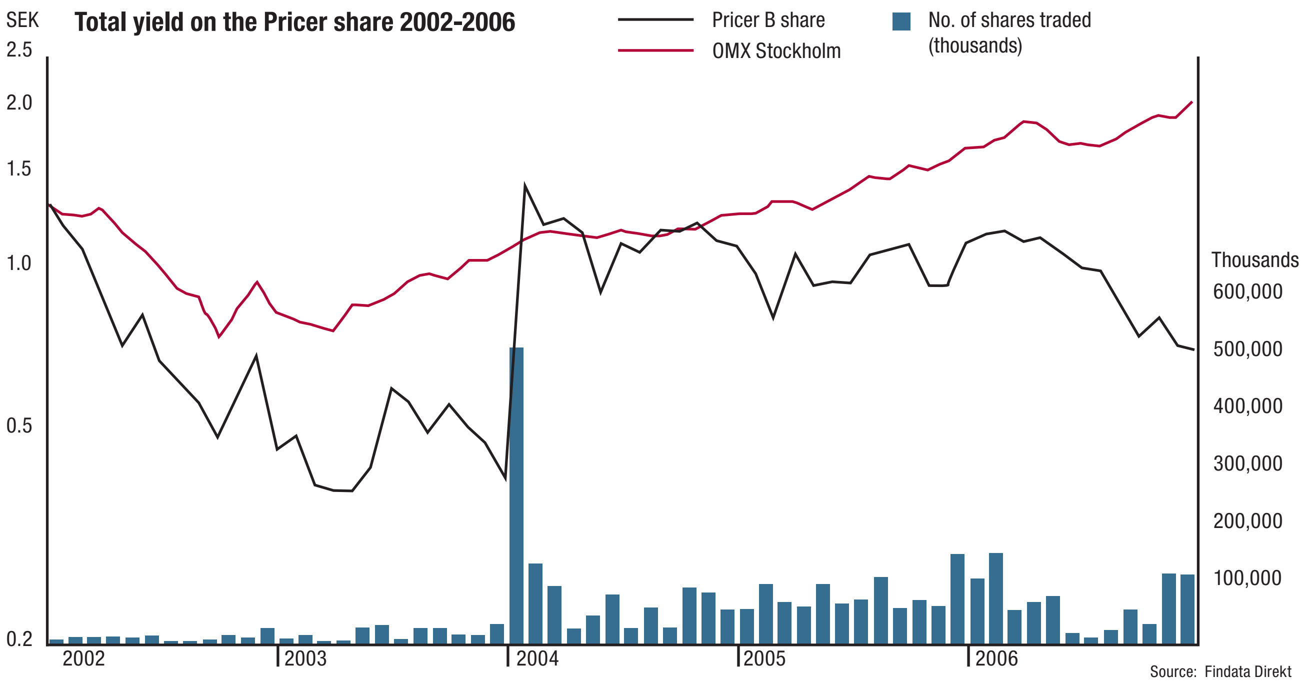

Major shareholders 29 December 2006

Name	A shares	B shares	No. of shares	% of votes	% of capital
Brightman Almagor Friedman Trustees*	-	187,338,646	187,338,646	18.27	18.44
Grimaldi, Salvatore incl. company	2,110,600	103,157,561	105,268,161	11.09	10.36
Straumur-Burdaras	-	104,816,666	104,816,666	10.22	10.32
D. Carnegie AB	17,690	30,551,198	30,568,888	2.99	3.01
Danielsson, Erik incl. company and family	6,667	29,361,886	29,368,553	2.87	2.89
Egeria B.V	-	18,220,500	18,220,500	1.78	1.79
Fjärde AP-fonden	-	17,770,800	17,770,800	1.73	1.75
Goldman Sachs International LTD, W8IMY	-	17,560,917	17,560,917	1.71	1.73
DNB NOR Bank ASA	-	11,449,969	11,449,969	1.12	1.13
Swebank Luxenbourg S.A.	-	8,942,327	8,942,327	0.87	0.88
10 largest shareholders	**2,134,957**	**529,170,470**	**531,305,427**	**52.65**	**52.30**
Others	150,590	484,676,183	484,826,773	47.35	47.70
Total	**2,285,547**	**1,013,846,653**	**1,016,132,200**	**100.00**	**100.00**

*Eldat's former owner

Source: VPC (Nordic Central Securities Depository)

Data per share, 2002-2006

SEK per share	2006	2005	2004	2003	2002
Earnings	-0.05	-0.05	-0.09	-0.15	-0.14
Dividend	-	-	-	-	-
Shareholders' equity	0.35	0.20	0.15	0.18	0.23
Cash flow	-0.05	-0.09	-0.11	-0.10	-0.19
P/S ratio	1.48	2.37	2.60	2.30	2.05
Adjusted for full dilution:					
Earnings	-0.05	-0.05	-0.09	-0.11	-0.13
Shareholder's equity	0.35	0.20	0.15	0.23	0.25
Cash flow	-0.05	-0.09	-0.11	-0.08	-0.19
P/S ratio	1.48	2.37	2.60	3.10	2.25
Share price:					
Yearly high	1.30	1.17	1.69	0.67	1.49
Yearly low	0.63	0.78	0.49	0.38	0.39
closing rate	0.71	1.13	1.15	0.43	0.48
No. of shares on 31 Dec., 000s	1,016,132	754,332	560,435	451,870	332,233
Market capitalisation on 31 Dec., SEK M	721	852	645	192	159
Average number of shares, 000s	853,234	684,314	512,485	335,479	299,896
Share price on 31 Dec./ shareholders' equity, %	204	560	780	243	215

Share capital development, 2002–2006

Year		Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2002	New issue	93,673,594	332,232,579	9.4	33.2
2003	New issue	119,637,686	451,870,265	12.0	45.2
2004	New issue through exercise of warrants TO8B	108,564,576	560,434,841	10.9	56.0
2005	New issue	193,897,359	754,332,200	19.4	75.4
2006	Non-cash issue	261,800,000	1,016,132,200	26.2	101.6

Business risks and opportunities

Pricer sees significant potential in the retail trade where the company, with its strong and established technical platform and solid customer references, is well poised to meet and benefit from growing demand. At the same time, all entrepreneurial activities and ownership of shares entail certain risk-taking. Several risk factors may come to affect Pricer's business operations. For this reason, when making an assessment of the company's future development, it is also important to consider relevant risks in addition to opportunities. Some of the factors which may be significant for the company's future operations, results and financial status are indicated below. These factors are not presented in any order of priority, and make no claim to be comprehensive.

Business risks

The market. The ESL market is growing, but it is difficult to estimate when market penetration will reach a level where margins for ESL suppliers can be improved by higher market prices and lower costs due to volume production. There is a risk that the anticipated margin growth will not occur.

Customer dependency. Pricer has a relatively small number of major customers who account for the bulk of sales. Pricer is actively seeking to reduce its dependency on individual customers, among other things by creating partnerships in new markets and by directly serving a larger number of customers.

Supply of components. Pricer cooperates with subcontractors in order to achieve a flexible production solution, and uses standard components as far as possible. However, it cannot be ruled out that a shortage of components could arise, or that it could become more difficult to uphold deliveries following a large increase in the production volume.

Key competencies. There is a risk that employees with key competencies will leave their employment. Through knowledge-sharing and documentation of work processes, Pricer is taking measures to ensure that expertise is retained within the company.

Future capital requirements. Pricer's assessment is that no additional financing is needed before a positive cash flow from operating activities can be achieved. It is possible that Pricer may require an additional infusion of capital if sales of the ESL system do not increase at the projected rate, if the gross margin is not sufficient to achieve a positive cash flow, or if other events occur which create a need for additional financing.

Competitors. Following the acquisition of Eldat, there are currently two companies with similar products that compete with Pricer for shares of the ESL market. Restructuring of the sector could constitute a threat to other actors in the market, if one or more competitors were to enter an alliance with a strong partner. Pricer works in close collaboration with its customers to maintain its position and strengthen its offering as a means for minimising the risk of loss of market shares.

Competing technologies. Infrared light, used by Pricer, allows higher transfer speeds than the competing radio technology and is the most common technology for ESL systems. However, it is possible that a threat might arise in the form of new technologies in the future. So far, Pricer has not identified any technology that constitutes a clear threat to the company's technology. The costs for developing the ESL system have been considerable, and it cannot be ruled out that significant efforts may also be required in the future in order to maintain competitiveness.

Patents. Pricer protects its products, to the extent possible, by means of patents. However, it cannot be guaranteed that the company's newly development products can be patented, that current and future patent applications will actually lead to patents, or that the granted patents will be sufficient to protect the company. In addition, there is a risk for costly patent disputes that tie up management resources.

Financial risk management and currency risks. See note 26.

Opportunities

Market. Far-reaching changes are taking place in the retail trade, above all in grocery retailing, where restructuring, increasingly tough competition and a sharper focus on price are all contributing to the increasing popularity of automation strategies. In a longer perspective, this will benefit ESL suppliers in a market where penetration is still negligible, but where the untapped potential is estimated at between 6 and 10 billion labels. Pricer is well poised to meet growth in demand.

Customers. Pricer has a strong market presence, a respected and well-known brand name in the grocery retail sector and the market's broadest installation base with more than 3,000 installations with prestigious customers currently in operation.

Offering and products. Through several years of continuous development, Pricer has created a modern and effective technical platform that supports the market's most effective high performance system. Furthermore, this platform offers scope for ongoing development and a number of customised applications. Pricer offers end-to-end customer service and has also built up capacity to extend its range of products and services in the lucrative aftermarket.

Definitions

Return on equity
Result for the year as a percentage of average equity, calculated as the total of opening and closing balances of equity divided by two.

Return on capital employed
Operating result as a percentage of average capital employed, calculated as the total of opening and closing balances of capital employed divided by two.

Equity per share
Equity divided by the number of shares on the balance sheet date.

Capital turnover rate
Net sales for the year divided by average capital employed, calculated as the total of opening and closing balances of capital employed divided by two.

Acid-test ratio
Total current assets excluding inventories as a percentage of total current and long-term liabilities.

Net borrowings
Interest-bearing liabilities less interest-bearing assets.

Net margin
Result for the year as a percentage of net sales.

Net debt/equity ratio
Net borrowings in relation to equity.

P/S (Price/Sales) ratio
Share price on the balance sheet date divided by net sales per share (average number of shares).

Earnings per share
Result for the year attributable to equity holders in the Parent Company divided by the average number of shares outstanding.

Working capital
Interest-free current assets less interest-free current and long-term liabilities.

Operating margin
Operating result as a percentage of net sales.

Operating cash flow
Cash flow from operating activities.

Equity/assets ratio
Equity including minority interests as a percentage of the balance sheet total.

Capital employed
Assets as stated in the balance sheet excluding interest-bearing assets less interest-free liabilities.

Administration report

The Board of Directors and Chief Executive Officer of Pricer AB (publ), corporate identity no. 556427-7993, hereby submit their annual report for the financial year 1 January – 31 December 2006. Figures in brackets refer to the preceding year.

The Group consists of the Parent Company Pricer AB, the wholly owned subsidiaries Pricer SAS, Pricer E.S.L. Israel Ltd. (formerly Eldat Communication Ltd.), Pricer Inc., Pricer Communication AB, Pricer Consulting AB, Pricer GmbH and the partly-owned Pricer Ishida Explorative Research (PIER) AB.

The Group is organised with the majority of operations in the Parent Company, which is responsible for product development, product management, purchasing, sales to the subsidiaries and certain markets, and customer service. Pricer E.S.L. Israel Ltd., which was acquired in 2006, is responsible for the Eldat product line and will be increasingly involved in development of new product systems. The subsidiaries in France and the U.S. handle sales and customer service in their respective market areas. Operations in the other companies are of insignificant scope.

Operations

The acquisition of Pricer E.S.L. Israel Ltd. (formerly Eldat Communication Ltd) was carried out on 14 August 2006. The company has strengthened Pricer's position as the leading provider of advanced electronic price and information systems known as ESL (Electronic Shelf Label) to the retail industry. The acquisition has given Pricer a global market share of more than 60 per cent measured in the number of ESLs installed, which has further advanced Pricer's position in this market. Pricer acquired 100 per cent of the shares in Eldat and as consideration for these issued 261.8 million class B shares, thereby giving the shareholders in Eldat a 25.8 per cent ownership stake in Pricer. The value of the transaction was approximately SEK 250 M. Operations in Pricer Israel are consolidated in the Group from the date of acquisition, 14 August. On completion of the transaction, a reorganisation was carried out to realise the synergies made possible by the acquisition. Pricer's and Eldat's operations in France have been merged and the combined capabilities in product development are expected to result in better resource utilisation.

In June, Pricer sold its 51-per cent holding in Appulse Retail Software Solutions Private Limited, New Delhi, India, to the remaining co-owners of the company. Appulse develops software which, together with other applications, is used in Pricer's ESL system. After completed development of the next generation of software in collaboration with Appulse, Pricer's holding the company was no longer motivated. Furthermore, Pricer has decided to invest in development of software in Sweden and Israel. The business relationship between Pricer and Appulse will continue, based on established experience and knowledge.

Operations in 2006 were marked by the acquisition and merger with Pricer Israel. The market for ESL in Japan showed sustained growth, but at a slower pace than previously due to a lack of major rollouts. For the third consecutive year, Pricer has signed a major agreement with Carrefour of France, the world's second largest retail chain. A replacement programme was started during the year by Metro Cash & Carry in Germany to upgrade old installations with more modern systems. Pricer Israel has successfully continued to deliver systems to Casino in France and completed a demanding series of installations in close to 20 hypermarkets for Carrefour in Spain. In the U.S. interest in the ESL system has continued to grow and a pilot installation for a large retail chain is expected to generate installation projects in 2007.

The rate of investment in product development of both hardware and software remained high during the year. Pricer strives to maintain its forefront position though ongoing development and adaptation to new technologies and specific customer requirements. The company continuously refines its system to optimise cost and manufacturing efficiencies. In 2006, software development activities were partly transferred from Appulse in India to Pricer in Stockholm. New components in the ESL system were successfully launched during the year, with extended functionality and lower costs that will lead to stronger margins.

At the end of 2006 Pricer had a total of more than 3,000 store installations worldwide, including systems from the subsidiary Pricer Israel. These stores are located mainly in Japan, France and Germany.

Market and sales

In Pricer's view, the market for ESL is showing sustained positive development. The signals from Pricer's prioritised geographical markets are clear, and many retail chains have made a decision or launched projects to include ESL as an operating tool in their automation processses. In 2006, Pricer's assessment is that the company continued to defend and further consolidate its market shares and position as the market-leading ESL supplier, particularly after the acquisition of Eldat.

Orders received in 2006 amounted to SEK 303.4 M (279.1), representing an increase of 9 per cent. The year's most significant orders came from Carrefour in France, amounting to approximately SEK 144 M, and from Metro and Leclerc, amounting to SEK 33 M each. The order book at 31 December 2006 was approximately SEK 75 M (107), and consisted mainly of orders from Carrefour and Leclerc in France, Metro in Germany and Ishida in Japan. The order book previously included an order from Ishida for delivery over a period of several years, and negotiations are currently underway to renew the reseller agreement with Ishida.

Pricer has continued to strengthen its position in Europe. Pricer has been selected to complete the rollout of ESL systems in Carrefour's remaining directly-owned hypermarkets in France after having successfully installed systems during 2004 and 2005. The agreement resulted in deliveries amounting to approximately SEK 157 M to more than 70 hypermarkets in France during the year. In August, Metro Cash & Carry of Germany decided to upgrade to Pricer's new ESL generation and signed a framework agreement worth approximately SEK 75 M over a period of three years. Under this agreement, deliveries were made for around SEK 23 M during 2006. The intention is to replace the current Pricer system from 1997 that was installed in all German Cash & Carry stores. The agreement also covers installations in countries other than Germany. Deliveries to the Leclerc food retail chain in France are continuing under an agreement worth around SEK 23 M during 2006/2007. In 2006, Pricer Israel moved forward successfully with installation projects for Casino at some 70 stores in France and for Carrefour at 20 hypermarkets in Spain.

The volume of deliveries to the Japanese market was weaker than in the prior year and fell short of expectations since no major deployments were carried out during 2006, in contrast to 2005. Ishida is continuing to market Pricer's product line, while the reseller Teraoka markets Pricer Israel's product line (Eldat) in Japan in order to consolidate Pricer's strong market position. It is Pricer's assessment that underlying demand for ESL systems in Japan is growing steadily.

Signals from the U.S. market remain generally promising, especially from customers with pilot installations. In one case, where a government agency has signed a significant agreement with Pricer's reseller IBM to upgrade in-store equipment over a period of three years, installations are underway and deliveries to around 10 stores are anticipated during 2007. Another customer is expected to decide on a purchase of ESL systems in 2007.

Research and development

Pricer's ambition is to combine and adapt newly developed products to the needs of various markets and customers in order to achieve rational manufacturing and thereby reduce unit costs.

The Parent Company in Stockholm has primary responsibility for product development, with a strong contribution from Pricer Israel's skilled and experienced engineers. Product development investments in 2006 remained high and amounted to SEK 35.2 M (37.4) million, equal to 27 (35) per cent of total operating expenses and 9 (11) per cent of sales.

Pricer strives to maintain its forefront position though ongoing development and adaptation to new technologies and specific customer requirements. The company continuously refines its system to optimise cost and manufacturing efficiencies. In 2006, new components with improved functionality and lower manufacturing costs were successfully launched for infrastructure, communication platforms, chips and control ICs. Pricer's policy is to patent its proprietary product development.

Certain areas of software development were transferred from Appulse in India to Pricer in Stockholm for better coordination with other product development activities. In 2006, efforts were intensified to meet customer demand for new high quality and customer-adapted software for Pricer's system.

Pricer has a long-term partnership with Ishida. In a joint venture, PIER AB, the partners are working to develop ESL systems. As a result of this partnership, in March 2007 Pricer licensed Ishida to develop wireless graphic display devices, so-called Dot Matrix ESL, mainly for the Japanese market.

Net sales and result

Net sales in 2006 amounted to SEK 409.9 M (325.8), equal to an increase of 26 per cent. If sales of SEK 70.1 M from the acquired Pricer Israel are excluded, the increase is 4 per cent. Deliveries during the year went mainly to Carrefour in France and Spain, to Casino in France and to Ishida in Japan. However, sales of Eldat systems to Casino are included for only part of the year.

Gross profit reached SEK 89.7 M (64.7) and gross margin was 22 per cent (20). The stronger gross margin is explained by lower unit costs as a result of the year's product development and improved sales prices. Gross margin has progressively improved from 16 per cent in the first quarter of 2006 to 27 per cent in the fourth quarter, and is expected to strengthen further. The margin was negatively affected by the depreciation of intangible assets from the acquisition of Pricer Israel.

Operating expenses rose to SEK 130.7 M (108.2) during the year, equal to an increase of 21 per cent. The increase is mainly explained by the acquisition of Pricer Israel and also includes one-time costs of approximately SEK 5 M in the form of termination benefits to managers in that company.

The operating result for the year was SEK -40.8 M (-43.5).

Net financial items at year-end totalled SEK-8.3 M (7.3) and consisted mainly of negative exchange differences on cash and cash equivalents in USD and interest on bank loans. Net financial items in 2005 included positive exchange differences.

The net result was SEK -48.0 M (-36.4).

Assets and financial position

Total assets at 31 December 2006 amounted to SEK 494.4 M (228.4) and consisted mainly of goodwill and other intangible assets attributable to the acquisition of Pricer Israel. Working capital at year-end totalled SEK 76.1 M (66.9). Inventory levels increased during the year, particularly in the third quarter, due to postponement of installation projects for certain customers and purchasing of certain key components with long delivery times. The latter is intended to improve availability for delivery to customers. Cash and cash equivalents at 31 December 2006 totalled SEK 31.5 M. Cash flow from operating activities was SEK -54.0 M (-69.5). In order to ensure Pricer's availability of funds, a bank overdraft facility of SEK 20 M was arranged in August and in February 2007 was extended by six months until August 2007. Working capital in the Israeli subsidiary is financed by local short-term bank overdraft facilities amounting to approximately SEK 30 M.

Pricer's financial position is expected to benefit from higher volumes and synergies arising from the acquisition of Pricer Israel. Future improvement in cash flows assumes that operations will develop according to plan and that the current credit lines are maintained. In order to ensure access to liquidity, the shareholders at the extraordinary general meeting in March 2007 approved the Board's decision to issue convertible debentures for a total of SEK 74.9 M. These debentures can be drawn during the period until 15 August 2007 and will expire on 30 March 2009. The debentures carry interest of around 8 per cent which can be capitalised. The arrangement fee and other costs for this financing amount to approximately SEK 5 M and will be expensed over the term of the debentures. Pricer's acid-test ratio fell to 99 per cent (259) as an effect of reduced accounts receivable and liquidity and increased bank loans, partly as a result of the acquisition. The equity/assets ratio at 31 December 2006 was 71 per cent (67).

Pricer Israel is consolidated in the Pricer Group as of 14 August 2006. The 261.8 million new shares issued as consideration for the acquisition of Eldat have increased the number of shares in Pricer to 1,016.1 million. The above issue of convertible debentures will give rise to an additional 107.0 million shares on full conversion, corresponding to dilution of 10 per cent provided that the interest is not capitalised, which would lead to further dilution.

Administration report (cont'd)

Capital expenditure

Total net expenditure during the year amounted to SEK 9.9 M (4.4), and referred primarily to production tools, computers, office equipment and legal fees, as well as expenses connected to the acquisition of Pricer Israel that were partly offset by acquired cash in Pricer Israel (a "negative" investment). All product development, amounting to SEK 35.2 M (37.4), is capitalised, see Note 1 Accounting policies.

Parent Company

The Parent Company reported net sales of SEK 288.9 M (288.6) and a result after financial items of SEK -39.2 (-35.1). The Parent Company's cash and cash equivalents amounted to SEK 23.0 (56.1) at 31 December 2006.

Personnel

The average number of employees in the Group during 2006 was 102 (104), of which Appulse Ltd and PIER AB accounted for 24 (46). The number of employees at 31 December 2006 was 110 (112). For information about salaries and remuneration, see Note 6.

Information about risks and sources of uncertainty

Pricer's results and financial position are affected by a number of risk factors that should be taken into consideration when assessing the company and its future potential. These risks are primarily related to development of the ESL market and the company's access to financing. For more information about business risks and opportunities, see page 24 of the annual report.

Acquisition of Eldat Communication Ltd.

On 14 August 2006, Pricer AB acquired 100 per cent of the shares in Eldat Communication Ltd. in exchange for 261,800,000 newly issued class B shares in Pricer AB. Pricer E.S.L. Israel is an Israeli company that is active in the same ESL industry as Pricer. The company is consolidated in the Pricer Group as of the acquisition date and is therefore included in the Group's financial statements with effect from 14 August 2006. The acquisition included customer relationships and product technology which, in addition to goodwill, have been identified as intangible assets that are subject to purchase price allocation. See also Note 35.

Board of Directors

Proposals to the Annual General Meeting regarding candidates for election to the Board are prepared by the appointed nomination committee consisting of Salvatore Grimaldi, Emil Sunvisson, David Goldschmidt and John Örtengren. At the Extraordinary General Meeting on 14 March 2007, Akbar Seddigh was elected to the Board and Margareta Norell Bergendahl left her seat on the Board. Due to the size of the Board, Pricer has found it impractical to set up separate audit and remuneration committees and these matters are instead dealt with by the entire Board of Directors. For a description of the work of the Board, see page 60.

Subsequent events

A licensing agreement has been signed with Ishida for development, marketing and sales of wireless graphic display labels mainly for the Japanese market. Ishida will initially pay Pricer a sum of approximately SEK 14 M, to be followed by an additional SEK 21 M in the form of goods or cash, on attainment of certain targets in the next few years. Pricer will also receive volume-based royalties.

An extraordinary general meeting on 14 March 2007 approved the Board's decision to issue convertible debentures for a combined total of SEK 74.9 M. The debentures can be converted to shares at a price of SEK 0.70 each during the period ending 31 March 2009. The Meeting also elected Akbar Seddigh to the Board.

Future outlook

Pricer anticipates further positive development in the market with growth in the total installed base and more concrete interest from a number of major retail groups. Evaluations and negotiations with a number of retail chains are in progress. Margins are expected to be further strengthened by lower product costs and synergies arising from the acquisition of Pricer Israel. The Pricer Group is expected to show a profit and therefore also positive cash flow in 2007.

Proposed disposition of accumulated deficit

The Board of Directors and the CEO propose that the accumulated deficit in the Parent Company, SEK 74,292,346, be dealt with as follows:

Set off against the share premium reserve	74,292,346
Total	**74,292,346**

No shareholder dividends are proposed. According to the Board's policy no dividends can be paid until stable profitability is achieved.

For additional information about the company's results and financial position, please refer to the following income statements, balance sheets and accompanying notes.

Consolidated income statement

1 January - 31 December

Amounts in SEK 000s	Note	2006	2005
Net sales	2, 3	409,862	325,794
Cost of goods sold		-320,141	-261,099
Gross profit		**89,721**	**64,695**
Other operating income	4	-	46
Other operating expense	5	-161	-
Selling expenses		-48,951	-38,162
Administrative expenses		-46,379	-32,601
Research and development costs		-35,210	-37,438
Operating result	3, 6, 7, 8, 27	**-40,980**	**-43,460**
Financial income		728	7,521
Financial expenses		-8,835	-244
Net financial items	9	**-8,107**	**7,277**
Result before tax		**-49,087**	**-36,183**
Income tax	10	1,071	-219
Result for the year		**-48,016**	**-36,402**
Attributable to:			
Equity holders of the Parent Company		-46,510	-32,961
Minority interests		-1,506	-3,441
		-48,016	**-36,402**

Earnings per share		**2006**	**2005**
Earnings per share before dilution, SEK	20	-0.05	-0.05
Earnings per share after dilution, SEK		-0.05	-0.05
Number of shares, millions		853.2	684.3
Number of shares after dilution, millions		853.2	684.3

Consolidated balance sheet

At 31 December

Amounts in SEK 000s	Note	2006	2005
ASSETS			
Intangible assets	11	282,206	7,733
Tangible assets	12	8,062	8,037
Financial assets	13	192	-
Total assets		**290,460**	**15,770**
Inventories	16	64,580	14,916
Taxes recoverable	10	208	685
Accounts receivable	17	89,838	106,147
Prepaid expenses and accrued income	18	6,230	8,877
Other receivables	15	11,568	12,501
Cash and cash equivalents		31,485	69,513
Total current assets		**203,909**	**212,639**
TOTAL ASSETS		**494,369**	**228,409**
EQUITY AND LIABILITIES			
EQUITY	19		
Share capital		101,613	75,433
Other contributed capital		349,480	121,407
Reserves		-4,619	-806
Accumulated deficit including result for the year		-93,368	-46,858
Equity attributable to equity holders of the Parent Company		**353,106**	**149,176**
Minority interests		65	2,923
Total equity		**353,171**	**152,099**
LIABILITIES			
Long-term interest-bearing liabilities	21, 26	-	120
Warranty provisions	23	6,933	1,560
Other provisions	23	-	215
Deferred tax	23	10,360	-
Total long-term liabilities		**17,293**	**1,895**
Prepayments from customers		6,579	8,040
Current interest-bearing liabilities	21, 26	44,942	87
Accounts payable		34,836	35,911
Income tax liabilities	10	-	119
Other liabilities	24	5,542	6,225
Accrued expenses and deferred income	25	24,116	20,734
Provisions	23	7,890	3,299
Total current liabilities		**123,905**	**74,415**
Total liabilities		**141,198**	**76,310**
TOTAL EQUITY AND LIABILITIES		**494,369**	**228,409**
Pledged assets	28	**77,152**	**19,879**
Contingent liabilities	28	**1,130**	**4,079**

Consolidated statement of changes in equity

		Equity attributable to equity holders of the Parent Company						
	Note	Share capital	Other con-tributed capital	Reserves	Accu-mulated deficit incl. result for the year	Total	Minority interests	Total equity
Opening equity, 1 January 2005		56,043	104,170	-561	-67,865	91,787	1,566	93,353
Adjusted for changes in accounting policy					-463	-463		-463
Adjusted equity, 1 January 2005		**56,043**	**104,170**	**-561**	**-68,328**	**91,324**	**1,566**	**92,890**
Utilisation of share premium reserve			-54,431		54,431			
The year's change in the translation reserve	19			-245		-245	210	-35
Result for the year					-32,961	-32,961	-3,441	-36,402
Total recognised income and expense excluding transactions with shareholders		56,043	49,739	-806	-46,858	58,118	-1,665	56,453
New share issue		19,390	81,672			101,062		101,062
Transaction costs for new share issue			-2,348			-2,348		-2,348
Warranty costs			-7,656			-7,656		-7,656
Shareholder contribution from Ishida Co. Ltd. to PIER AB							4,588	4,588
Closing equity, 31 December 2005		**75,433**	**121,407**	**-806**	**-46,858**	**149,176**	**2,923**	**152,099**
Opening equity, 1 January 2006		**75,433**	**121,407**	**-806**	**-46,858**	**149,176**	**2,923**	**152,099**
The year's change in the translation reserve	19			-3,813		-3,813	-562	-4,375
Change in group structure	19						-1,097	-1,097
Result for the year					-46,510	-46,510	-1,506	-48,016
Total recognised income and expense excluding transactions with shareholders		75,433	121,407	-4,619	-93,368	98,853	-242	98,611
New share issue		26,180	227,766			253,946		253,946
Shareholder contribution from Ishida Co. Ltd. to PIER AB			307			307	307	614
Closing equity, 31 December 2006		**101,613**	**349,480**	**-4,619**	**-93,368**	**353,106**	**65**	**353,171**

Consolidated cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2006	2005
	31		
Operating activities			
Result after financial items		-49,087	-36,183
Adjustment for non-cash items		15,430	776
Paid income tax		-471	-219
Cash flow from operating activities before changes in working capital		**-34,128**	**-35,626**
Cash flow from changes in working capital			
Change in inventories		-16,519	-2,104
Change in operating receivables		52,853	-48,344
Change in operating liabilities and provisions		-56,164	16,610
		-19,830	-33,838
Cash flow from operating activities		**-53,958**	**-69,464**
Investing activities			
Acquisition of subsidiary		-6,313	-
Disposal of subsidiary		535	-
Acquisition of tangible assets		-4,074	-4,377
Disposal of tangible assets		-	15
Cash flow from investing activities		**-9,852**	**-4,362**
Financing activities			
New share issue		-	93,406
Issue costs		-	-2,348
Shareholder contributions received from minority [1)]		307	3,908
Amortisation of bank overdraft facility		-2,931	-
Loans raised		25,921	207
Cash flow from financing activities		**23,297**	**95,173**
Cash flow for the year		**-40,513**	**21,347**
Cash and cash equivalents at beginning of year [2)]		72,444	45,233
Exchange difference in cash and cash equivalents		-446	5,864
Cash and cash equivalents at beginning of year [2)]		**31,485**	**72,444**

[1)] Refers to shareholder contributions from Ishida Co. Ltd. to PIER AB (joint venture between Pricer AB and Ishida Co Ltd.).
[2)] Cash and cash equivalents include bank overdraft facilities that are immediately cancellable, see Note 31.

Parent Company income statement

1 January - 31 December

Amounts in SEK 000s	**Note**	**2006**	**2005**
Net sales	2	288,909	288,558
Cost of goods sold		-240,415	-239,016
Gross profit		**48,494**	**49,542**
Selling expenses		-10,386	-13,446
Administrative expenses		-37,165	-32,602
Research and development costs		-27,908	-31,865
Other operating income	4	979	46
Other operating expenses	5	-136	-
Operating result	6, 7, 8, 27	**-26,122**	**-28,325**
Result from financial investments:			
Result from participations in group companies		-12,185	-14,147
Interest income and similar profit/loss items		2,702	7,523
Interest expenses and similar profit/loss items		-3,608	-130
Result after financial items and before tax	9	**-39,213**	**-35,079**
Income tax	10	-	-
Result for the year		**-39,213**	**-35,079**

Parent Company balance sheet

At 31 December

Amounts in SEK 000s	**Note**	**2006**	**2005**
ASSETS			
Fixed assets			
Intangible assets	11	4,482	6,723
Tangible assets	12	6,066	7,044
Financial assets			
Participations in group companies	30	275,622	8,833
Receivables from group companies	14	4,056	2,629
Total financial assets		*279,678*	*11,462*
Total fixed assets		**290,226**	**25,229**
Current assets			
Inventories, etc.	16	47,430	11,335
Current receivables			
Accounts receivable	17	18,461	27,381
Receivables from group companies	29	36,617	62,890
Taxes recoverable	10	-	414
Other receivables	15	3,895	10,319
Prepaid expenses and accrued income	18	2,974	7,368
Total current receivables		**61,947**	**108,372**
Cash and cash equivalents		22,973	56,098
Total current assets		**132,350**	**175,805**
TOTAL ASSETS **20**	20	**422,576**	**201,034**

Parent Company balance sheet (cont'd)

Amounts in SEK 000s	Note	2006	2005
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		101,613	75,433
Statutory reserve		104,841	104,841
		206,454	180,274
Non-restricted equity			
Share premium reserve		227,766	-
Accumulated deficit		-35,079	-
Result for the year		-39,213	-35,079
		153,474	-35,079
Total equity		**359,928**	**145,195**
LONG-TERM LIABILITIES			
Liabilities to group companies		5,086	5,086
Provisions	23	4,100	1,775
Total long-term liabilities		**9,186**	**6,861**
CURRENT LIABILITIES			
Current interest-bearing liabilities	21	20,277	-
Accounts payable		16,624	27,442
Liabilities to group companies	29	3,991	4,947
Other liabilities	24	1,420	1,389
Accrued expenses and deferred income	25	9,658	11,901
Provisions	23	1,492	3,299
Total current liabilities		**53,462**	**48,978**
TOTAL EQUITY AND LIABILITIES		**422,576**	**201,034**
Pledged assets	28	**34,832**	**34,825**
Contingent liabilities	28	**207**	**200**

Parent Company statement

of changes in equity

	Note	Restricted equity: Share capital	Statutory reserve	Share premium reserve	Accumulated deficit	Result for the year	Total equity
Opening equity, 1 January 2005		56,043		87,604		-54,431	89,216
Utilisation of share premium reserve				-54,431		54,431	
Result for the year						-35,079	-35,079
Total recognised income and expense excluding transactions with shareholders		56,043		33,173		-35,079	54,137
New share issue		19,390		81,672			101,062
Transaction costs for new share issue				-2,348			-2,348
Warranty costs				-7,656			-7,656
Transfer of share premium reserve to statutory reserve	19		104,841	-104,841			
Closing equity, 31 December 2005		**75,433**	**104,841**	**-**	**-**	**-35,079**	**145,195**
Opening equity, 1 January 2006		75,433	104,841			-35,079	145,195
Result for the year						-39,213	-39,213
Total recognised income and expense excluding transactions with shareholders		75,433	104,841		-35,079	35,079	105,982
New share issue		26,180		227,766			253,946
Disposition of accumulated deficit							
Closing equity, 31 December 2006		**101,613**	**104,841**	**227,766**	**-35,079**	**-39,213**	**359,928**

No adjustment for changes in accounting policies has been required in opening equity at 1 January 2005 or 1 January 2006.

Parent Company cash flow statement

Amounts in SEK 000s	Note	2006	2005
	31		
Operating activities			
Adjustment for non-cash items		-39,213	-35,079
Adjustment for non-cash items		8,252	13,266
Paid income tax		-	-
Cash flow from operating activities before changes in working capital		**-30,961**	**-21,813**
Cash flow from changes in working capital			
Change in inventories		-36,095	-1,191
Change in operating receivables		46,425	-18,636
Change in operating liabilities		-13,987	4,253
		-3,657	-15,574
Cash flow from operating activities		**-34,618**	**-37,387**
Investing activities			
Shareholder contributions paid		-	-29,649
Acquisition of subsidiary		-12,960	-
Disposal of subsidiary		1,248	-
Acquisition of tangible assets		-3,242	-3,520
Disposal of tangible assets		-	15
Acquisition of financial assets		-1,553	-
Impairment loss on financial assets		-264	-
Cash flow from investing activities		**-16,771**	**-33,154**
Financing activities			
New share issue		-	93,406
Issue costs		-	-2,348
Amortisation of bank overdraft facilities		-2,931	-
Loans raised		20,277	-
Cash flow from financing activities		**17,346**	**91,058**
Cash flow for the year		**-34,043**	**20,517**
Cash and cash equivalents at beginning of year [1)]		59,029	32,759
Exchange difference in cash and cash equivalents		-2,013	5,753
Cash and cash equivalents at end of year [1)]		**22,973**	**59,029**

[1)] Cash and cash equivalents include bank overdraft facilities that are immediately cancellable, see Note 31.

Notes to the financial statements

(Amounts in SEK 000s unless otherwise stated. Group is abbreviated as "G" and Parent Company as "PC".)

Note 1 Accounting policies

Compliance with norms and laws
The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The Parent Company applies the same accounting policies as the Group, except for in those cases described under "Parent Company accounting policies". Any deviations between the polices applied by the Parent Company and the Group are a result of limitations in the scope for IFRS conformity in the Parent Company due to its application of the Swedish Annual Accounts Act and the Pension Protection Act, etc., and in certain cases due to tax considerations.

Basis of presentation
The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and the Group. The consolidated financial statements are thus presented in SEK. Unless otherwise stated, all amounts are rounded off to the nearest thousand.

Non-current assets and disposal groups are stated at the lower of carrying amount and fair value less costs to sell. When preparing the financial statements in accordance with IFRS, management is required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors which are deemed reasonable under the prevailing circumstances. The results of these estimates and assumptions are then used as a basis for decisions concerning the reported values of assets and liabilities unless such can be determined through information from other sources. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are evaluated on a regular basis. Changes in estimates are reported in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Note 33 provides a description of inputs and assessments which have been used by the company's management in the application of IFRS and which have a significant impact on the financial reports, and estimates which can lead to significant adjustments in the financial statements of later years.

The following accounting policies for the Group have been consistently applied in periods presented in the consolidated financial statements, unless otherwise stated below. The Group's accounting policies have been consistently applied in reporting and consolidation of the Parent Company and subsidiaries.

The annual report and consolidated annual report were approved for publication by the Board of Directors on 10 April 2007, and will be submitted to the Annual General Meeting for adoption on 9 May 2007.

Changes in accounting policies
The company does not early adopt new standards or interpretations that are not endorsed by the EU. The new IFRS standards and interpretations not yet applied are IFRS 7 Financial Instruments: Disclosures, IFRIC 8 Scope of IFRS 2, IFRIC 9 Reassessment of Embedded Derivatives and IFRIC 10 Interim Financial Reporting and Impairment.

Segment reporting
For accounting purposes, a segment is an identifiable component of the Group that provides products or services (business segment), or provides products and services within a particular economic environment (geographical segment) and is subject to risks and returns that are different from those of other segments/areas. In accordance with IAS 14, information about segments is provided only for the Group.

Classification
Fixed assets and long-term liabilities in the Parent Company and the Group essentially consist of amounts that are expected to be recovered or settled more than twelve months after the closing date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months from the closing date.

Scope of consolidation
Subsidiaries
Subsidiaries are all entities in which Pricer AB has a controlling influence, meaning that the Parent Company directly or indirectly has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Potential voting rights that are presently exercisable or convertible are considered in reaching a decision as to whether significant influence is present.

Subsidiaries are reported in accordance with the purchase method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. An acquisition analysis is prepared to determine the Group's cost of acquisition for the investment in the subsidiary and the fair values of the acquired identifiable assets and assumed liabilities and contingent liabilities on the date of exchange. The cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The difference between the Group's cost of acquisition and the fair value of identifiable net assets acquired is recorded as goodwill or negative goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Pricer Communication AB has been consolidated according to the uniting of interests method. Since Pricer Communication's ownership structure was basically identical to Pricer AB's, the owners found it natural to integrate the business which was essentially conducted by the same organisation.

Subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which the controlling influence ceases.

Intra-group transactions
All intra-group transactions and balances, and unrealised gains or losses arising on transactions between group companies are eliminated in full in presentation of the consolidated financial statements. Unrealised gains arising on transactions with associated companies are eliminated to the extent of the Group's interest in the company. Unrealised losses are similarly eliminated unless they provide evidence of impairment.

Transactions in foreign currencies
Transactions in foreign currencies are translated to the functional currency at the rate of exchange ruling on the transaction date. The functional currency is the currency of the primary economic environment in which the subsidiary operates. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Foreign exchange differences arising on translation are recognised in the income statement. Exchange differences affecting operating profit are presented in Notes 4 and 5, and exchange differences affecting net financial items are presented in Note 9.

Financial statements of foreign operations
Assets and liabilities in foreign operations are translated from the foreign operation's functional currency to the Group's presentation currency, SEK, at the closing day rate of exchange. Income and expenses in foreign operations are translated to SEK at the average rate during the year. For Pricer E.S.L. Israel Ltd., the presentation currency is USD. Translation from NIS to USD has been carried out as stated above. Pricer GmbH, now essentially dormant, has been classified as a so-called integrated entity and translated according to the monetary/non-monetary method. Translation differences arising on the translation of foreign operations are recognised directly in equity as a translation reserve.

The company has chosen to reset cumulative translation differences attributable to foreign operations to zero at the IFRS transition date. Cumulative translation differences arising in or after 2004 are shown in Note 19 Equity.

Revenue
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the sale of services is recognised in the income statement when the amount of revenue for the performance of services can be measured reliably and the economic benefits associated with the transaction will flow to the Group.

Revenue is not recognised when it is not probable that the economic benefits will flow to the Group. Revenue in the form of royalties due to another's use of the Group's assets is recognised when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably. The criteria for revenue recognition are applied to each transaction on an individual basis.

Government grants are recognised in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and that the enterprise will comply with any conditions attached to the grant. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Operating expenses and financial income and expenses
Payments under operating leases
Payments under operating leases are recognised in the income statement and accrued over the lease term.

Financial income and expenses
Financial income and expenses consist of interest income on bank deposits and receivables, interest expenses on liabilities, exchange differences, realised and unrealised gains on financial investments and gains/losses on embedded derivatives.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Interest income and expense include accrued transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount received upon maturity.

Financial instruments
Financial instruments are measured and presented in accordance with the rules in IAS 32, Financial Instruments: Presentation and Disclosure, and IAS 39, Financial Instruments: Recognition and Measurement.

The financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents and accounts receivable. On the liability side, these include accounts payable and borrowings.

A financial asset or liability is recognised in the balance sheet when the company initially becomes party to the contractual provisions of the instrument. Accounts payable are recorded in the balance sheet when an invoice has been received. Financial liabilities are recognised when the counterparty has performed and there is contractual obligation to pay, even if no invoice has been received.

A financial asset is derecognised from the balance sheet when the company's rights under the agreement are realised, expire or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to a part of a financial liability. The purchase or sale of a financial asset is recognised on the trade date, which is the date on which the company commits to purchase or sell the asset.

Impairment testing of financial assets
At every reporting date, the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence is indicated by an observable loss event that has had a negative impact on the recoverable value of the asset or group of assets.

On impairment of an equity instrument classified as an available-for-sale financial asset, cumulative gains/losses deferred in equity are recycled to the income statement.

The recoverable amounts of assets in the categories of held-to-maturity investments and accounts receivable measured at amortised cost are calculated as the present value of future cash flows discounted at the effective rate in force at initial recognition of the asset. Assets with a time to maturity of less than one year are not discounted. An impairment loss is recognised in the income statement.

Reversal of impairment losses
Impairment losses on held-to-maturity investments or accounts receivable recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

Previously recognised impairment losses on equity instruments classified as available-for-sale financial assets are not reversed. The impaired value is that on which subsequent fair value adjustments are based, and is recognised directly in equity.

Financial instruments are grouped in the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, accounts receivable, financial liabilities at fair value through profit or loss and other financial liabilities. On initial recognition, a financial instrument is classified based on the intent for its acquisition. Subsequent measurement depends on how the instruments have been classified upon initial recognition as described below.

Financial assets at fair value through profit or loss
This category consists of the Group's cash and cash equivalents and short-term investments. Cash and cash equivalents comprise cash in hand and at bank (or equivalent institutions) and other highly liquid short-term investments with original maturities of less than three months that are exposed to insignificant risk for value fluctuations. Assets in this category are subsequently measured at fair value. Fair value changes through profit and loss are recognised in net financial items.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the company intends and is able to hold to maturity. Held-to-maturity investments are measured at amortised cost.

Accounts receivable
Accounts receivable are measured at amortised cost, i.e. in the amount in which they are expected to be received after deduction of doubtful debts, which are assessed on a case-by-case basis. Accounts receivable have a short expected maturity, and are therefore stated in the nominal amount without discounting. Impairment losses on accounts receivable are recognised in operating expenses.

Available-for-sale financial assets
The category of available-for-sale financial assets consists of financial assets not designated to any other category, or financial assets which the Group has designated to this category on initial recognition. Holdings of shares or participations not recognised as subsidiaries or associated companies are reported here. Such assets are measured at fair value in the balance sheet, with fair value changes in equity. On disposal of the asset, the cumulative gains/losses deferred in equity are recycled to the income statement.

Other financial liabilities
This category includes borrowings and other financial liabilities, such as accounts payable, which are measured at amortised cost. Long-term liabilities have an expected maturity of longer than one year, while current liabilities have a maturity of shorter than one year. Accounts payable have

a short expected maturity, and are therefore stated at face value without discounting.

Derivatives and hedge accounting
Derivative instruments in the Group consist of forward exchange contracts entered into in order to reduce the risk for exchange rate movements. Derivatives also include features that are embedded in other contracts. Embedded derivatives are reported separately when they are not closely related to the host contract. Changes in the fair value of free standing and embedded derivatives are recognised in the income statement based on the purpose of the holding. For derivatives that are hedge instruments, the effective portion of fair value changes on the derivatives are recognised on the same line in the income statement as the hedged item. Although hedge accounting is not applied in the Group, changes in the fair value of a derivative instrument are recognised directly in the income statement as income/expenses within operating result or in net financial items, depending on whether its use is related to an operating item or a financial item.

Receivables and liabilities in foreign currency and transaction exposure
Forward exchange contracts are used to hedge assets and liabilities against currency risk. Hedge accounting is not required for these hedges, since both the hedged items and the hedge instruments are measured at fair value with fair value changes recognised in exchange gains/losses in the income statement. Changes in the fair value of operating receivables and liabilities are recognised in operating result, while changes in the fair value of financial assets and liabilities are recognised in net financial items. Currency exposure in forecasted future flows is hedged through foreign exchange contracts. Hedge accounting is not applied.

Tangible assets
Owned assets
A tangible asset is recognised as an asset in the balance sheet when it is probable that the economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Tangible assets in the Group are recognised at historical cost less accumulated depreciation and any impairment losses. Historical cost includes the costs of purchase and all directly attributable costs necessary to bring the asset to its required working condition.

The carrying amount of a tangible asset is derecognised in the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and should be recognised as other operating income/expenses.

Subsequent expenditure
Subsequent expenditure is added to the recorded value of the asset or recognised as a separate asset when it is probable that the future economic benefits associated with the asset will flow the Group and the cost of the asset can be measured reliably. All other types of repair and maintenance are expensed in the profit and loss account for the period in which they arise.

The decisive factor in determining if subsequent expenditure should be capitalised as a component of the asset is whether the expenditure refers to replacement of an identified component, or parts thereof, in which case it is capitalised. In cases where a new component is created, the resulting expenditure is added to historical cost. Any residual value of a replaced component, or parts thereof, is recognised as an expense in connection with replacement. Repairs are expensed as incurred.

Depreciation
Depreciation is carried out on a straight-line basis over the estimated useful life of the asset. The residual value and useful life of an asset is evaluated yearly.

Estimated useful lives (Group and Parent Company):
- plant and machinery: 3-5 years
- equipment, tools, fixtures and fittings: 3-5 years
- leasehold improvements: 3 years

Intangible assets
All research and development costs are recognised as expenses in the income statement for the period in which they arise. Costs for development, where research findings or other knowledge is used to achieve new or improved products or processes, are recognised as an asset in the balance sheet only when the technical and commercial feasibility of the product or process has been established, the Group has adequate resources to complete development and the Group intends and is able to complete the intangible asset and either use it or sell it.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is instead tested for impairment at least annually.

Other intangible assets acquired by the Group are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is recognised within assets in the balance sheet only when it is probably that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other expenditure is expensed as incurred.

Amortisation
Amortisation according to plan is based on the historical cost of the asset and is carried out on a straight-line basis over the estimated useful life of the asset. The residual value and useful life of an asset is evaluated yearly.

Estimated useful lives (Group and Parent Company):
- industrial rights: 5 years (Group only)
- patents and licenses: 5-12 years
- customer relationships: 5 years
- product technology: 5 years

Patents and licenses are amortised over the period of validity of the patent or license, which in certain cases exceeds five years.

Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Obsolescence risks are taken into account in measurement of inventories.

Impairment
The carrying amounts of the Group’s assets, with the exception of inventories, are reviewed at each balance sheet date to look for any indication that an asset may be impaired. An exception is made for inventories and financial assets. If impairment is indicated, the asset’s recoverable amount is calculated. For the excepted assets listed above, the carrying amount is reviewed according to the applicable standards.

For goodwill and other intangible assets with indefinite useful lives, the recoverable amount is calculated yearly.

For an asset that does not generate any cash flow independently from other assets, recoverable value is calculated for the smallest identifiable cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement.

The recoverable amounts of assets in the categories held-to-maturity investments and loans and receivables recognised at amortised cost are calculated as the present value of future cash flows discounted at the effective rate in force at initial recognition of the asset. Assets with a short time to maturity are not discounted. In the event of impairment, the carrying amount of any goodwill allocated to the cash-generating unit (group of units) is first reduced, and then the carrying amounts of the other assets of the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the higher of fair value less costs to sell and value in use. In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If it is not possible to determine the recoverable amount for the individual asset, the recoverable amount is calculated for the smallest identifiable cash-generating unit to which the asset belongs.

An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. A write-down is reversed only to the extent that the increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised, with an adjustment of amortisation for future periods.

Reversal of impairment losses on goodwill is prohibited. Impairment losses on held-to-maturity investments or 1-year receivables and accounts receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

Employee benefits

Defined contribution plans

All pension plans in the Group are of the defined contribution type. Contributions payable under defined contribution plans are recognised as an expense in the period in which they arise.

Termination benefits

A provision is recognised on the termination of employees only if the company is demonstrably committed to terminate an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made to encourage voluntary redundancy. In the event of termination, the company draws up a detailed plan including at least the place of work, positions and approximate number of persons affected, as well as the amount of compensation for each employee category or position and the time of the plan's implementation. In the event of voluntary redundancy, the expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based payment

Pricer has previously had share-based payment in the form of subscription warrants. No such share-based payments existed at 31 December 2006, but an extraordinary general meeting in March 2007 approved the implementation of a new global employee incentive scheme based on subscription warrants.

Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. When the timing effect of payment is significant, provisions are measured at discounted present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for product warrantees are recognised when the underlying product is sold. The provision is based on historical data on warrantees and weighting of possible outcomes according to their probability.

Income tax

Income taxes consist of current tax and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised directly in equity, in which case the resulting tax effect is also recognised in equity.

Current tax refers to tax payable or receivable with respect to the year's profit or loss, with the application of the tax rates that have been enacted or substantively enacted by the balance sheet date. This also includes adjustments in current tax from prior periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amount of an asset or liability and its tax base. The following temporary differences are not recognised; temporary differences arising on initial recognition of goodwill, initial recognition of assets and liabilities that are not acquired operations at the time of the transaction affect neither reported nor taxable profit, nor temporary differences attributable to participations in subsidiaries companies where it is probable that these will not be recovered in the foreseeable future. Deferred tax is computed with the application of the rates/laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets for deductible temporary differences and unused tax loss carryforwards are recognised to the extent that it is probable that these can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Contingent liabilities

A contingent liability is recognised where there is a possible obligation depending on the occurrence of some uncertain future event, or whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when an obligation is not recognised as a liability or provision because the possibility of an outflow of economic resources is remote.

Parent Company accounting principles

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RR32:05, Accounting for Legal Entities. The statements issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council with respect to listed companies are also applied. RR 32:05 states that in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRS and statements as far as possible within the framework of the Annual Accounts Act and with respect to the connection between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS. The Swedish Financial Accounting Standards Council's 32:06.71 has been early adopted, whereby financial instruments are measured at cost instead of fair value.

Differences between accounting policies of the Group and the Parent Company

The differences between the accounting policies applied by the Group and the Parent Company are described below. The following accounting policies for the Parent Company have been applied consistently for all periods presented in the financial reports of the Parent Company.

Subsidiaries

In the Parent Company, participations in subsidiaries are reported according to the acquisition cost method.

Revenue

Sale of goods and services

In the Parent Company, revenue from the sale of services is recognised when the performance of the service is completed, according to Chapter 2, paragraph 4 of the Annual Accounts Act. Until then, work in progress is recognised at the lower of cost and net realisable value on the balance sheet date.

Financial instruments

The Parent Company does not apply the valuation rules in IAS 39, but all else that is written about financial instruments also applies to the Parent Company. Financial fixed assets in the Parent Company are measured at cost less impairment losses, and financial current assets at the lower of cost and net realisable value.

Intangible assets

The Parent Company capitalises all expenditures for research and development in the income statement.

Income tax

Untaxed reserves in the Parent Company are recognised including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided between a deferred tax liability and equity.

Shareholder contributions

The Parent Company reports shareholder contributions in accordance with a statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholder contributions are recognised directly in equity by the recipient and are capitalised in shares and participations by the giver, to the extent that no impairment is indicated.

Note 2 Revenue

	G 2006	G 2005	PC 2006	PC 2005
Net sales:				
Revenue from goods	352,484	316,174	282,574	284,112
Revenue from services	55,426	9,007	5,274	3,833
Royalties	1,952	613	1,061	613
Total	**409,862**	**325,794**	**288,909**	**288,558**

Net sales include exchange gains of SEK 7,956 thousand (6,422) for the Group and Parent Company.

Revenue from goods in the Parent Company includes intra-group sales of SEK 148,540 (138,736).

Note 3 Segment reporting

Business segments

The Group essentially develops and markets a product range consisting of systems for communication in a store environment. The systems are made up of various components that are integrated to form a complete system. The components are never sold separately except for as additions to existing systems. Business segments are therefore the primary basis for segmentation.

Geographical segments

The Group's customers consist predominantly of large, global retail chains and geographical segments are therefore the Group's secondary basis for segmentation. The information presented about segment income refers to geographical areas grouped according to where the customers are located. Information about the segments' assets and the period's investments in fixed assets is based on geographical areas grouped according to where the assets are located.

Internal prices between the various segments of the Group are set according to the arm's length principle, i.e. the price at which two unrelated parties would agree to a transaction.

Net sales by geographical segment	G 2006	G 2005
Nordic region	15,457	8,287
Rest of Europe	265,322	168,907
Asia	115,632	134,150
Other markets	13,451	14,450
Total	**409,862**	**325,794**

Assets by geographical market	G,2006	G,2005
Nordic region	428,250	211,467
Rest of Europe	98,103	85,200
Asia	-	4,692
Other markets	57,254	11,245
Total	**583,607**	**312,604**

Investments by geographical market	G,2006	G,2005
Nordic region	3,519	3,520
Rest of Europe	494	500
Asia	-	357
Other markets	61	-
Total	**4,074**	**4,377**

Note 4 Other operating income

	G 2006	G 2005	PC 2006	PC 2005
Gains on the sale of fixed assets	-	15	979	15
Government grants	-	31	-	31
Total	**-**	**46**	**979**	**46**

Note 5 Other operating expenses

	G 2006	G 2005	PC 2006	PC 2005
Loss on the sale of fixed assets/ unit of operation	-161	-	-136	-
Total	**-161**	**-**	**-136**	**-**

Note 6 Employees and personnel costs

Average number of employees

	2006		2005	
	Number	Of whom, men	Number	Of whom, men
Parent Company				
Sweden	44	70%	41	66%
Subsidiaries				
Sweden	1	100%	2	100%
USA	4	100%	3	100%
India	23	87%	44	89%
Israel	12	83%	-	-
France	18	78%	14	79%
Total subsidiaries	58	84%	63	87%
Total Group	**102**	**78%**	**104**	**79%**

Gender distribution in executive management on balance sheet date

	G 2006	G 2005	PC 2006	PC 2005
	% of women	% of women	% of women	% of women
Board of Directors	6%	6%	13%	20%
Other senior executives	6%	7%	17%	17%

Salaries, other remuneration, pension costs under defined contribution plans and social security expenses

	G 2006	G 2005	PC 2006	PC 2005
Board and CEO	7,646	7,001	4,861	5,318
(of which bonus, etc.)	(2,121)	(2,768)	(1,575)	(2,350)
Other senior executives	7,228	4,423	3,258	2,269
(of which bonus, etc.)	(1,084)	(846)	(251)	(150)
Other employees	33,407	29,458	17,984	17,351
(of which bonus, etc.)	(2,452)	(859)	(687)	(716)
Total salaries and other remuneration	48,281	40,882	26,103	24,938
(of which bonus, etc.)	(5,657)	(4,473)	(2,513)	(3,216)
Social security expenses, Board and CEO	4,019	3,126	3,536	3,068
Social security expenses, other senior executives	3,098	2,040	1,599	1,063
Social security expenses, other employees	11,313	10,035	7,245	7,242
Total social security expenses	18,430	15,201	12,380	11,373
of which:				
Pension costs, Board and CEO	1,379	683	1,186	683
Pension costs, other senior executives	692	264	435	264
Pension costs, other employees	2,485	1,614	1,547	1,614

The company's outstanding pension commitments to the Board and CEO amount to SEK 0 (0). The category "other senior executives" consists of 7 (6) individuals in the Group and 5 (4) individuals in the Parent Company.

Salary and remuneration by country, and breakdown between Board members, etc. and other employees

	2006		2005	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company				
Sweden	4,861	19 ,817	5,318	19,620
(of which bonus, etc.)	(1,575)	(938)	(2,350)	(866)
Total Parent Company	4,861	19,817	5,318	19,620
Subsidiaries in Sweden	-	310	-	1,130
(of which bonus, etc.)				
Foreign subsidiaries				
USA	2,233	1,680	1,067	1,384
(of which bonus, etc.)	(428)	(161)	(418)	(78)
France	-	12,135	-	9,376
(of which bonus, etc.)	-	(2,395)	-	(761)
India	-	549	616	2,371
Israel	552	4,719	-	-
(of which bonus, etc.)	(118)	(42)	-	-
Total subsidiaries	2,785	19,393	1,683	14,261
Total Group	**7,646**	**39,210**	**7,001**	**33,881**

Sickness absence in the Parent Company

	1 Jan-31 Dec 2006	1 Jan-31 Dec 2005
Total sickness absence as a % of regular working hours	0.8 %	1.1 %
Share of total sickness absence lasting for 60 days or more	-	0.4 %
Sickness absence by gender:		
Men	0.8 %	0.8 %
Women	1.0 %	2.0 %
Sickness absence by age group:		
29 years or younger	0.9 %	0.3 %
30-49 years	0.9 %	1.6 %
50 years or older	0.6 %	1.2 %

Remuneration and benefits of senior executives

Remuneration principles

Remuneration to the members of the Board is paid according to the decision of the Annual General Meeting. The Board has authorised the Chairman to negotiate with the CEO regarding salary and other benefits. The benefits of senior executives reporting directly to the CEO are determined by the CEO after consultation with the Chairman.

Remuneration and benefits

All pension plans in the Group are of the defined contribution type. Directors' fees in the Parent Company amounted to SEK 320 thousand (220), of which SEK 70 thousand (70) was paid to the Chairman.No other remuneration, aside from compensation for outlays, was paid to the Board.

Salary and remuneration for the CEO in the Parent Company was expensed in a total amount SEK 4,541 thousand (5,098), including bonuses of SEK 1,575 thousand (2,350). For the CEO, 40 per cent of the bonus for 2006 was based on the Group's sales and operating result and 60 per cent the attainment of individual targets set by the Chairman. Pension costs amounted to SEK 1,186 thousand (683).

The CEO is covered by pension insurance equivalent to 25 per cent of of fixed cash salary. Furthermore, supplementary sickness and healthcare insurance premiums are paid. The CEO may retire at the age of 60 years at the earliest (CEO born in 1949). The CEO receives pension lifelong.

The Managing Director of the subsidiary Eldat Communication Ltd was paid salary and remuneration amounting to a total of SEK 552 thousand (0).

The Managing Director of the subsidiary Pricer Inc was paid salary and remuneration amounting to a total of SEK 2,233 thousand (1,067).

Salary and remuneration to the other senior executives in the Parent Company was expensed in a total amount of SEK 3,258 thousand (2,269), including bonuses of SEK 468 thousand (150). For other senior executives, 40 per cent of the bonus for 2006 was based on the Group's sales and operationg profit and 60 per cent was based on the attainment of individual targets.

Pension costs amounted to SEK 435 thousand (264). Other senior executives have pension insurance with varying premiums from the corresponding ITP plan with premiums not exceeding 20 per cent of fixed cash salary. Salary and remuneration to other senior executives in the Group was expensed in a total amount of SEK 5,803 thousand (4,423), including bonuses of SEK 1,084 thousand (846).

Between the CEO and the company there is a mutual notice period of 6 months. Termination benefits for 18 months are payable regardless of which party has terminated employment. Full salary and contracted pension benefits are paid during the notice period. For other senior executives, the period of notice is six to twelve months. In the event of termination by the company, salary is paid during the notice period.

For information about holdings of shares and warrants by the CEO, Board and other senior executives, see page 60.

Loans to senior executives

No loans, guaranties or sureties have been issued on behalf of members of the Board or senior executives in the Group. There are no past or present business transactions between the company and members of its Board, Management or Auditors other than those described in this document.

Note 7 Fees to the auditors

	G 2006	G 2005	PC 2006	PC 2005
Fees to KPMG				
Auditing services	466	744	466	704
Non-auditing services	2,954	1,222	2,954	1,222
Fees to Michel Bohdanowicz, France	-	-	-	-
Auditing services	182	167	-	-
Fees to Bholusaria Associates, India	-	-	-	-
Auditing services	8	7	-	-
Non-auditing services	-	67	-	-
Fees to Ernest & Young, Israel	-	-	-	-
Auditing services	33	-	-	-
Non-auditing services	136	-	-	-
Fees to Hinckley, Spitzer & Company, USA	-	-	-	-
Auditing services	-	97	-	-
Non-auditing services	-	15	-	-
Total	**3,779**	**2,319**	**3,420**	**1,926**

Note 8 Operating expenses allocated by cost type

	G 2006	G 2005
Changes in the inventories of finished goods	317,594	258,133
Personnel costs	75,906	57,898
Amortisation/depreciation	10,200	6,904
Other operating expenses	47,142	46,365
Total	**450,842**	**369,300**

Changes in the inventories of finished goods include exchange losses of SEK 10,881 thousand (5,222).

Note 9 Net financial items

Group

	2006	2005
Interest income	728	1,152
Net exchange gains/losses	-	6,369
Financial income	**728**	**7,521**
Interest expenses	-3,822	-244
Net exchange gains/losses	-5,013	-
Financial expenses	**-8,835**	**-244**
Net financial items	**-8,107**	**7,277**

Net exchange gains/losses include exchange differences of SEK -174 thousand (694) on embedded derivatives.

Parent Company

Result from participations in group companies	2006	2005
Impairment loss on shares in Pricer Ishida Explorative Research (PIER) AB	-	-3,228
Impairment loss on Pricer SAS	-5,755	-23,585
Impairment loss on Pricer Inc.	-6,430	-3,104
Impairment loss on Pricer Communication AB	-	-5
Total impairment losses	**-12,185**	**-29,922**
Reversal of impairment loss on Pricer SAS	-	15,775
Reversal of impairment loss on Pricer Inc.	-	-
Total reversals of impairment losses	**-**	**15,775**
Total	**-12,185**	**-14,147**

Impairment losses/reversals refer to both participations in and receivables from group companies

Interest income and similar profit/loss items	2006	2005
Interest income	675	1,099
Interest income, group companies	2,027	894
Net exchange gains	-	5,530
Total	**2,702**	**7,523**

Exchange gains/losses refer primarily to bank deposits.

Interest expenses and similar profit/loss items	2006	2005
Interest expenses	-570	-130
Net exchange losses	-3,038	-
Total	**-3,608**	**-130**

Note 10 Income tax

	G 2006	G 2005	PC 2006	PC 2005
Current tax on result for the year	1,071	-219	-	-
Total	**1,071**	**-219**	**-**	**-**

Unrecognised deferred tax assets
Deductible temporary differences and tax-based loss carryforwards for which no deferred tax assets are recognised in the income statement and balance sheet:

SEK 000s	G 2006	G 2005	PC 2006	PC 2005
Deductible temporary differences	2,924	2,161	-76	2,077

SEK M	G 2006	G 2005	PC 2006	PC 2005
Tax loss carryforwards	1,259	1,261	919	893

The tax loss carryforwards are mainly attributable to the Parent Company. The opportunities to fully utilise these loss carryforwards in Pricer Inc. are associated with some uncertainty as to the date and amount.

The deductible temporary differences expire within one to five years. No deferred tax assets have been recognised for these items, since it is not sufficiently probable that these can be used against future taxable profits.

Reconciliation of effective tax

	%	1 Jan - 31 Dec 2006	%	1 Jan - 31 Dec 2005
Group				
Result before tax		-49,087		-36,183
Tax according to applicable tax rate for the Parent Company	28.0	13,744	28.0	10,131
Effect of applicable tax rates for foreign subsidiaries	-2.3	-1,117	-1.7	-615
Non-deductible expenses	-1.0	-470	-1.3	-456
Effect of issue expenses charged against equity	-	-	1.8	657
Non-taxable income	0.6	274	-	7
Increase in loss carryforward with no corresponding capitalisation of deferred tax	-23.1	-11,360	-27.5	-9,943
Reported effective tax	**2.2**	**1,071**	**-0.6**	**-219**

	%	1 Jan - 31 Dec 2006	%	1 Jan - 31 Dec 2006
Parent Company				
Result before tax		-39,213		-35,079
Tax according to applicable tax rate for the Parent Company	28.0	10,980	28.0	9,822
Non-deductible expenses	-9.1	-3,560	-1.2	-414
Effect of issue expenses charged against equity	-		1.9	657
Effect of impairment loss/reversal of previous impairment loss	-	14	-11.3	-3,961
Non-taxable income	0.7	274	-	7
Increase in loss carryforward with no corresponding capitalisation of deferred tax	-19.7	-7,708	-17.4	-6,111
Reported effective tax	**-**	**-**	**-**	**-**

Note 11 Intangible assets

	G 2006	G 2005	PC 2006	PC 2005
Patents and licenses				
Accumulated cost				
Opening balance	35,720	35,075	31,893	31,893
Acquisition of subsidiary	91	-	-	-
Exchange difference	-521	645	-	-
Closing balance	*35,290*	*35,720*	*31,893*	*31,893*
Accumulated amortisation according to plan				
Opening balance	-27,987	-24,854	-25,170	-22,928
Acquisition of subsidiary	-81	-	-	-
The year's amortisation according to plan	-2,551	-2,556	-2,241	-2,242
Exchange difference	405	-577	-	-
Closing balance	*-30,214*	*-27,987*	*-27,411*	*-25,170*
Net carrying amount, patents and licenses	**5,076**	**7,733**	**4,482**	**6,723**

The fixed asset consists of a patent that grants the right to manufacture, use and market a price labelling system with shelf-edge displays
The useful lives are definite and refer to the period from 1 January 1993 through 31 December 2008. Amortisation is carried out on a straight-line basis and the applied amortisation rates are 9 per cent in the Group and 7 per cent in the Parent Company.

	G 2006	G 2005
Industrial rights		
Accumulated cost		
Opening balance	14,673	12,201
Exchange difference	-1,993	2,472
Closing balance	*12,680*	*14,673*
Accumulated amortisation according to plan		
Opening balance	-14,673	-12,201
The year's amortisation according to plan	-	-
Exchange difference	1,993	-2,472
Closing balance	*-12,680*	*-14,673*
Net carrying amount, industrial rights	**-**	**-**
Marketing rights		
Accumulated cost		
Opening balance	228,960	190,380
Exchange difference	-31,094	38,580
Closing balance	*197,866*	*228,960*
Accumulated amortisation according to plan		
Opening balance	-56,081	-46,631
Exchange difference	7,616	-9,450
Closing balance	*-48,465*	*-56,081*
Accumulated impairment losses		
Opening balance	-172,879	-143,749
Exchange difference	23,478	-29,130
Closing balance	*-149,401*	*-172,879*
Net carrying amount, marketing rights	**-**	**-**

Note 11 Intangible assets (cont'd)

	G 2006	G 2005
Customer relationships		
Accumulated cost		
Opening balance	-	-
The year's addition	30,000	-
Closing balance	*30,000*	-
Accumulated amortisation according to plan		
Opening balance	-	-
The year's amortisation according to plan	-2,250	-
Closing balance	*-2,250*	-
Net carrying amount, customer relationships	**27,750**	-

The fixed asset refers to identified assets in the form of customer relationships in the acquired company Pricer E.S.L. Israel Ltd. This asset is amortised on a straight-line basis over a period of five years.

	G 2006	G 2005
Product technology		
Accumulated cost		
Opening balance	-	-
The year's addition	10,000	-
Closing balance	*10,000*	-
Accumulated amortisation according to plan		
Opening balance	-	-
The year's amortisation according to plan	-750	-
Closing balance	*-750*	-
Net carrying amount, product technology	**9,250**	-

The fixed asset refers to identified assets in the form of product technology in the acquired company Pricer E.S.L. Israel Ltd. This asset is amortised on a straight-line basis over a period of five years.

	G 2006	G 2005
Goodwill		
Accumulated cost		
Opening balance	-	-
The year's addition	240,130	-
Closing balance	**240,130**	-

The fixed asset refers to the residual difference between the purchase price and the acquired net assets in the acquisition of Pricer E.S.L. Israel Ltd.

	G 2006	G 2005	PC 2006	PC 2005
Total intangible assets				
Accumulated cost				
Opening balance	279,353	237,656	31,893	31,893
Acquisition of subsidiary	91	-	-	-
The year's addition	280,130	-	-	-
Exchange difference	-33,608	41,697	-	-
Closing balance	*525,966*	*279,353*	*31,893*	*31,893*
Accumulated amortisation according to plan and impairment losses				
Opening balance	-271,620	-227,435	-25,170	-22,928
Acquisition of subsidiary	-81	-	-	-
The year's amortisation according to plan	-5,551	-2,556	-2,241	-2,242
Exchange difference	33,492	-41,629	-	-
Closing balance	*-243,760*	*-271,620*	*-27,411*	*-25,170*
Net carrying amount, intangible assets	**282,206**	**7,733**	**4,482**	**6,723**
Amortisation according to plan is recognised on the following lines in the income statement				
Selling expenses	3,000	-	-	-
Cost of goods sold	2,551	2,556	2,241	2,242
Total	**5,551**	**2,556**	**2,241**	**2,242**

Note 12 Tangible assets

	G 2006	G 2005	PC 2006	PC 2005
Leasehold improvements				
Accumulated cost				
Opening balance	857	857	857	857
Acquisition of subsidiary	266	-	-	-
Additions	470	-	469	-
Exchange difference	2	-	-	-
Closing balance	*1,595*	*857*	*1,326*	*857*
Accumulated depreciation according to plan				
Opening balance	-857	-595	-857	-595
Acquisition of subsidiary	-230	-	-	-
The year's depreciation	-82	-262	-78	-262
Exchange difference	-	-	-	-
Closing balance	*-1,169*	*-857*	*-935*	*-857*
Net carrying amount, leasehold improvements	**426**	**-**	**391**	**-**
Plant and machinery				
Accumulated cost				
Opening balance	19,838	16,996	19,794	16,952
Acquisition of subsidiary	380	-	-	-
Additions	1,579	3,108	1,579	3,108
Sales and disposals	-3,974	-266	-3,811	-266
Exchange difference	634	-	-	-
Closing balance	*18,457*	*19,838*	*17,562*	*19,794*
Accumulated depreciation according to plan				
Opening balance	-14,289	-11,919	-14,271	-11,915
Acquisition of subsidiary	-245	-	-	-
The year's depreciation	-3,058	-2,636	-3,010	-2,622
Sales and disposals	3,748	266	3,727	266
Exchange difference	-255	-	-	-
Closing balance	*-14,099*	*-14,289*	*-13,554*	*-14,271*
Net carrying amount, plant and machinery	**4,358**	**5,549**	**4,008**	**5,523**
Equipment, tools, fixtures and fittings				
Accumulated cost				
Opening balance	7,611	9,062	5,171	7,783
Acquisition of subsidiary	1,368	-	-	-
Disposal of subsidiary	-1,272	-	-	-
Additions	1,878	1,269	1,197	411
Sales and disposals	-184	-3,023	-169	-3,023
Exchange difference	-496	303		
Closing balance	*8,905*	*7,611*	*6,199*	*5,171*
Accumulated depreciation according to plan				
Opening balance	-5,123	-6,392	-3,650	-5,850
Acquisition of subsidiary	-346	-	-	-
Disposal of subsidiary	1,005	-	-	-
The year's depreciation	-1,509	-1,450	-979	-746
Sales and disposals	126	2,946	97	2,946
Exchange difference	220	-227	-	-
Closing balance	*-5,627*	*-5,123*	*-4,532*	*-3,650*
Net carrying amount, equipment, tools, fixtures and fittings	**3,278**	**2,488**	**1,667**	**1,521**

Note 12 Tangible assets (cont'd)

	G 2006	G 2005	PC 2006	PC 2005
Total tangible assets				
Accumulated cost				
Opening balance	28,306	26,915	25,822	25,592
Acquisition of subsidiary	2,014	-	-	-
Disposal of subsidiary	-1,272	-	-	-
Additions	3,927	4,377	3,245	3,519
Sales and disposals	-4,158	-3,289	-3,980	-3,289
Exchange difference	140	303	-	-
Closing balance	*28,957*	*28,306*	*25,087*	*25,822*
Accumulated depreciation according to plan				
Opening balance	-20,269	-18,906	-18,778	-18,360
Acquisition of subsidiary	-821	-	-	-
Disposal of subsidiary	1,005	-	-	-
The year's depreciation	-4,649	-4,348	-4,067	-3,630
Sales and disposals	3,874	3,212	3,824	3,212
Exchange difference	-35	-227	-	-
Closing balance	*-20,895*	*-20,269*	*-19,021*	*-18,778*
Net carrying amount, tangible assets	**8,062**	**8,037**	**6,066**	**7,044**
Depreciation according to plan is recognised on the following lines in the income statement				
Cost of goods sold	2,451	410	2,141	-
Selling expenses	332	612	214	445
Administrative expenses	866	2,586	897	2,585
Research and development costs	1,000	740	815	600
Total	**4,649**	**4,348**	**4,067**	**3,630**

Note 13 Financial assets

	G 2006	G 2005	PC 2006	PC 2005
Bank deposits				
Accumulated cost				
Opening balance	-	-	-	-
Acquisition of subsidiary	192	-	-	-
Closing balance	*192*	-	-	-
Accumulated depreciation according to plan				
Opening balance	-	-	-	-
The year's depreciation	-	-	-	-
Closing balance	-	-	-	-
Net carrying amount, bank deposits	**192**	**-**	**-**	**-**

Note 14 Receivables from group companies

	PC 2006	PC 2005
Accumulated cost		
At beginning of year	3,898	-
Loans granted during the year	1,972	3,898
Closing balance, 31 December	*5,870*	*3,898*
Accumulated impairment losses		
At beginning of year	-1,269	-
The year's impairment losses	-545	-1,269
Closing balance, 31 December	*-1,814*	*-1,269*
Book value	**4,056**	**2,629**

The above receivables consist of loans to subsidiaries with a maturity of between 1-5 years. Interest is charged according to LIBOR rates.

Note 15 Other receivables

	G 2006	G 2005	PC 2006	PC 2005
VAT recoverable	4,139	9,942	3,710	9,519
Receivables from subcontractors	191	764	1	764
Bank deposits	597	-	-	-
Receivables from employees	-	749	-	-
Embedded derivatives	57	231	-	-
Other	6,584	815	184	36
Total	**11,568**	**12,501**	**3,895**	**10,319**

Note 16 Inventories

	G 2006	G 2005	PC 2006	PC 2005
Raw materials and consumables	24,899	137	19,071	137
Finished goods and goods for resale	33,125	14,493	22,690	10,912
Varor på väg	6,556	286	5,669	286
Summa	**64,580**	**14,916**	**47,430**	**11,335**

Cost of goods sold in the Group includes an impairment loss on inventories of SEK 882 thousand (1,508). For the Parent Company, impairment losses on inventories are included in an amount of SEK thousand 307 (1,385).

Note 17 Accounts receivable

Accounts receivable are reported after provisions for bad debt losses, which in 2006 amounted to SEK 721 thousand (180) in the Group and SEK 0 thousand (180) in the Parent Company. In 2006, the Group and Parent Company recovered previous provisions for bad debt losses in an amount of SEK 64 thousand. Total provisions for bad debt losses at the end of 2006 amounted to SEK 1,095 thousand (674) in the Group and SEK 374 thousand (674) in the Parent Company.

Note 18 Prepaid expenses and accrued income

	G 2006	G 2005	PC 2006	PC 2005
Rents	728	550	447	343
Prepaid insurance premiums	121	-	-	-
Product-related expenses	52	1,009	-	-
Prepayments for fixed assets	1,217	5,223	1,217	5,223
Other	3,609	1,396	999	1,103
Accrued sales revenue	503	699	311	699
Total	**6,230**	**8,877**	**2,974**	**7,368**

Note 19 Equity

Group

Specification of reserves in equity

Translation reserve	2006	2005
Opening translation reserve	-806	-561
Translation differences for the year	-3,813	-245
Closing translation reserve	**-4,619**	**-806**

Share capital and share premium reserve

Stated in number of shares	2006	2005
Issued at 1 January	754,332,200	560,434,841
New share issue	261,800,000	193,897,359
Issued at 31 December - paid	**1,016,132,200**	**754,332,200**

The registered share capital at 31 December amounted to 1,016,132,200 ordinary shares. Holders of ordinary shares are entitled to dividends that are determined from year to year, and a shareholding grants entitlement to voting rights at a general shareholder meeting according to the following:

Class of shares	No. of shares	Votes per share	No. of votes
Class A	2,285,547	5	11,427,735
Class B	1,013,846,653	1	1,013,846,653
Total number of shares and votes	**1,016,132,200**		**1,025,274,388**

Other contributed capital
Refers to equity contributed by the owners. Provisions to the share premium reserve on or after 1 January 2006 are also recognised as contributed capital.

Translation reserve
The translation reserve consists of all exchange differences arising on translation of the financial statements of foreign operations which present their financial statements in a currency other than that used by the Group. The presentation of currency of the Parent Company and the Group is Swedish kronor (SEK).

Accumulated deficit
Accumulated deficit including net result for the year includes accumulated losses in the Parent Company and its subsidiaries.

Dividend
No shareholder dividends are proposed. According to the Board's policy no dividends can be paid until stable profitability is achieved.

Parent Company
Restricted reserves
Statutory reserve
The statutory reserve consists of amounts that were transferred to the share premium reserve prior to 1 January 2006.

Non-restricted equity
Share premium reserve
When new shares are issued at a premium, meaning that the price to be paid for a share is higher than the previous quota value of the share, an amount corresponding to the amount received in excess of the share's quota value is transferred to the share premium reserve. Amounts transferred to the share premium reserve prior to 1 January 2006 are included in non-restricted equity.

Accumulated deficit
The accumulated deficit consists of the previous year's accumulated deficit.

Note 20 Earnings per share

Earnings per share

	Before dilution		After dilution	
SEK	2006	2005	2006	2005
Earnings per share	-0.05	-0.05	-0.05	-0.05

Determination of the numerator and denominator used in the above calculations of earnings per share are specified below:

Earnings per share before dilution

Earnings per share for 2006 have been calculated on result for the year attributable to equity holders of the Parent Company, amounting to SEK -46,510 thousand (-32,961) and on a weighted average number of shares outstanding during 2006 amounting to 853,234 thousand (684,314). The weighted average number of shares has been calculated as follows:

Weighted average number of shares outstanding, before dilution

Thousands of shares	2006	2005
Total number of ordinary shares at 1 January	754,332	560,435
Effect of new share issue in May 2005	-	123,879
Effect of exercise of warrants in June 2006	98,902	-
Weighted average number of ordinary shares during the year, before dilution	853,234	684,314

An extraordinary general meeting of Pricer in March 2007 resolved to issue convertible debentures that may give rise to an additional 107 million shares (and possibly more if the interest expense is captalised) by 30 March 2009 at the latest. Furthermore, the same extraordinary general meeting resolved to issue options to acquire 3 million shares in an incentive scheme for employees in Pricer by 30 June 2011 at the latest.

Note 21 Interest-bearing liabilities

Long-term liabilities	G 2006	G 2005	PC 2006	PC 2005
Bank loans	-	120	-	-
Total	**-**	**120**	**-**	**-**
Current liabilities				
Bank loan	44,942	87	20,277	-
Total	**44,942**	**87**	**20,277**	**-**

Of the bank loans, a sum of SEK 24.9 million refers to loans in local banks for Pricer E.S.L. Israel. These loans are short-term and carry interest at approximately 8 per cent. In February 2007 an agreement was signed to amortise approximately SEK 7 million of these loans over a 12-month period. This portion of the loans is secured by a guarantee from the Parent Company Pricer AB. In addition, a sum of SEK 20 million consists of bank loans in Swedish banks that were raised in August 2006 and run for six months. In February 2007 these loans were renewed until August 2007, and carry a market rate of interest. An extraordinary shareholder meeting in 2007 approved a decision by the Board of Pricer AB to issue convertible debentures for a total of SEK 74.9 million. The debentures, which may be drawn starting in August 2007 and carry interest at approximately 8 per cent, will mature in March 2009. Interest may be capitalised. Before the date of maturity, the holders can choose to convert class B shares in Pricer AB at a price of SEK 0.70 each, resulting in 107 new shares (provided that no interest is capitalised).

Note 22 Employee benefits

Defined contribution plans

All pension plans in the Group are of the defined contribution type, and are financed by employer contributions. Contributions are paid as incurred, according to the terms of the plans.

	G 2006	G 2005	PC 2006	PC 2005
Cost of defined contribution plans	4,588	2,561	3,169	2,561
Total	**4,588**	**2,561**	**3,169**	**2,561**

Benefits of senior executives

Remuneration and benefits of senior executives are specified in Note 6.

Note 23 Provisions

Provisions that are long-term liabilities

	G 2006	G 2005	PC 2006	PC 2005
Warranty provisions	6,933	1,560	4,100	1,560
Other provisions	-	215	-	215
Total	**6,933**	**1,775**	**4,100**	**1,775**

Provisions that are current liabilities

	G 2006	G 2005	PC 2006	PC 2005
Warranty provisions	7,890	2,732	1,492	2,732
Other provisions	-	567	-	567
Total	**7,890**	**3,299**	**1,492**	**3,299**

Warranty provisions	G 2006	G 2005	PC 2006	PC 2005
Opening balance	4,292	4,220	4,292	4,220
Provisions during the year	13,376	2,338	4,145	2,338
Utilised during the year	-2,156	-1,617	-2,156	-1,617
Reversal of unutilised amount	-689	-649	-689	-649
Closing balance	**14,823**	**4,292**	**5,592**	**4,292**

Other provisions	G 2006	G 2005	PC 2006	PC 2005
Opening balance	782	1,378	782	739
Provisions during the year	-	43	-	43
Utilised during the year	-567	-639	-567	-
Reversal of unutilised amount	-215	-	-215	-
Closing balance	**-**	**782**	**-**	**782**
Of which total long-term provisions	6,933	1,775	4,100	1,775
Of which total current provisions	7,890	3,299	1,492	3,299
Amount in which provisions are expected to be paid after more than 12 months	6,933	1,775	4,100	1,775

Warranty provisions refer primarily to documents issued during 2006. The provision is based on calculations made with reference to the outcome in 2006 and earlier years. Provisions in 2006 also include estimated additional costs for customer obligations related to Pricer E.S.L. Israel of SEK 9,231 thousand.

Note 23 (cont'd) Provisions for deferred tax

	G 2006	G 2005	PC 2006	PC 2005
Deferred tax	10,360	-	-	-
Total	**10,360**	**-**	**-**	**-**

Deferred tax	G 2006	G 2005	PC 2006	PC 2005
Opening balance	-	-	-	-
Provisions	10 360	-	-	-
Closing balance	**10 360**	**-**	**-**	**-**

Deferred tax refers to deferred tax on surplus value of identified intangible assets in the acquisition of Pricer E.S.L. Israel.

Note 24 Other liabilities

	G 2006	G 2005	PC 2006	PC 2005
Employee withholding tax	1,462	1,246	706	689
VAT payable	-	3,152	-	-
Liabilities to employees	692	484	-	-
Other liabilities	3,388	1,343	714	700
Total	**5,542**	**6,225**	**1,420**	**1,389**

Note 25 Accrued expenses and deferred income

	G 2006	G 2005	PC 2006	PC 2005
Accrued vacation pay	4,417	2,573	2,447	2,215
Accrued salaries	9,233	4,876	4,079	2,856
Social security contributions	2,445	3,398	1,193	2,223
Wind-up costs for Intactix	3,340	3,873	-	-
Deferred income	341	920	341	920
Accrued consulting fees	216	4,018	-	3,062
Other accrued expenses	4,124	1,076	1,598	625
Total	**24,116**	**20,734**	**9,658**	**11,901**

Note 26 Financial risks and finance policies

Through its operations, the Group is exposed to various types of financial risk arising as a result of fluctuations in the company's earnings and cash flow due to movements in exchange and interest rates, as well as refinancing and credit risks.

Risk management is governed by the Board of Directors' adopted finance policy, the purpose of which is to limit and control the risks to which the company is exposed. The policy provides a framework of rules and guidelines in the form of risk mandates and limits for financing activities. Responsibility for the Group's financial transactions and risks is handled centrally by the Parent Company.

The overall objective of the finance function is to provide cost-effective financing and to minimise the negative effects of market fluctuations on the Group's results.

Liquidity risk

Liquidity risk (also called financing risk) refers to the risk that the company will be unable to obtain financing, or only at a significantly higher cost. The intention is to always have adequate cash funds and committed credits facilities to conduct operations. In pace with improved profitability and a decreasing need for capital contributions from the owners, Pricer is preparing and establishing external financing alternatives (bank loans).

The Group's financial liability at 31 December 2006 amounted to SEK 44.9 million. For terms, etc., see Note 21.

Interest rate risk

The policy for interest rate and credit risk is to strive for a very low risk profile. Temporary excess liquidity may be invested only in instruments issued by institutions with the highest credit ratings and with established banking connections.

Currency risk

The Group is exposed to different types of currency risk. The primary exposure refers to buying and selling of foreign currencies, where risk can arise due to exchange rate movements for financial instruments, customer or supplier invoices, as well as currency risk in anticipated or contracted payment flows, known as transaction exposure.

Currency risk also arises in translation of the assets and liabilities of foreign subsidiaries to the Parent Company's functional currency, known as translation exposure. It has not been the company's policy to hedge translation exposure in foreign currencies..

Pricer's policy is to minimise transaction exposure by matching flows in foreign currencies against customer contracts denominated in USD, but using currency clauses in tenders and contracts, and by entering into forward exchange contracts in order to hedge flow. The policy states that 50-75 per cent of the Group's estimated monthly net flow for the period in which a reliable forecast can be made should be hedged. Pricer's payment flows in 2006 were principally dominated in USD, EUR and SEK. Although Pricer's orders at year-end 2006 were denominated in USD, sales are roughly evenly divided between USD and EUR. Purchasing of components and finished goods is also denominated mainly in USD.

Sales and expenses as a percentage, broken down by currency:

	USD	EUR	SEK and other currencies
Sales	37 (46) %	59 (51) %	4 (3) %
Expenses	64 (70) %	19 (5) %	17 (25) %

Credit risks in accounts receivable

The Group carries out credit assessment of its customers, whereby information about a customer's financial position is ordered from credit reporting agencies. The Group has adopted a credit policy for granting of customer credits. This policy provides instructions for granting of credits and provisions for bad debts and stipulates the decision-making levels for various credit limits.

The value of outstanding accounts receivable at year-end 2006 was SEK 90 million (106). Provisions for doubtful debts are made continuously and amounted to SEK 1.1 million (0.6) at 31 December 2006. In a historical perspective, Pricer's bad debt losses have been low.

Fair value

Financial instruments such as cash and cash equivalents, accounts receivable, accounts payable and shareholdings in wholly and partly owned companies are recognised at deemed fair value. Book value is deemed to represent a reasonable approximation of fair value

Note 27 Operating leases

Non-cancellable lease payments amount to:

	G 2006	G 2005	PC 2006	PC 2005
Within one year	5,306	3,068	2,038	1,908
Between one and five years	11,050	7,737	5,036	6,323

The Group has operating leases of minor scope for cars and other technical equipment. All leases run with normal market-based terms. The Group's leases for rental of premises have been entered into on normal market-based terms. The majority of the Group's leases for rental of premises refer to the Parent Company's offices, which are leased until 31 July 2010, and the offices of the Group's French subsidiary Pricer SAS, for which the rental contract will expire after 2011.

Note 28 Pledged assets and contingent liabilities

Pledged assets	G 2006	G 2005	PC 2006	PC 2005
To secure own liabilities and provisions				
Floating charges	77,152	34,625	34,625	34,625
Bank deposits	1,130	1,289	207	200
Total	**78,282**	**35,914**	**34,832**	**34,825**

Contingent liabilities	**K 2006**	**K 2005**	PC **2006**	PC **2005**
Bank guaranties	1,130	1,289	207	200
Total	**1,130**	**1,289**	**207**	**200**

Floating charges represent general collateral in the form of an obligation to the bank. Bank guaranties in the Parent Company refer to guaranties furnished to the customs authority. In the subsidiaries, guaranties refer to guaranties furnished to tax and customs authorities and landlords. For bank guaranties, there are blocked funds in the company's bank accounts.

Note 29 Related party transactions

The Parent Company has a related party relationship with its subsidiaries, see Note 30.

Summary of related party transactions

Parent Company	Year	Sales of goods to related party	Purchase of service to related party	Interest income	Liability to related party at 31 December	Receivable from related party at 31 December
Subsidiaries	2006	148,540	-	2,027	3,991	36,617
Subsidiaries	2005	134,736	8,418	894	10,033	62,890

The receivable in 2006 include impairment losses of SEK 8,002 thousand (3,105) on a long-term receivable from Pricer Inc arising on restatement to fair value.

Transactions with key management personnel

The company's Board members control 15 per cent of the votes.
Key management personnel received no remuneration aside from fees and salaries. See also Note 6, Employees and personnel costs.

The CEO Jan Forssjö is a deputy board member of HandlingsKraftNu Klang & Forssjö AB, in which Jan's wife has a 5-per cent holding. The company provides Pricer with services in management development, and invoiced Pricer for a total of SEK 86 thousand in 2006.

Note 30 Group companies

Participations in group companies	PC 2006	PC 2005
Accumulated cost		
Opening balance	814,876	785,227
Acquisitions	266,906	-
Disposals	-244	-
Shareholder contribution, PIER AB	127	3,228
Shareholder contribution, Pricer SAS	5,755	26,421
	1,087,420	*814,876*
Accumulated impairment losses		
Opening balance	-806,043	-779,225
Impairment losses for the year	-5,755	-26,818
	-811,798	*-806,043*
Book value of participations in group companies	**275,622**	**8,833**

The year's impairment losses are are recognised in the income statement on the line "Result from participations in group companies".

Note 30, cont'd

Specification of Parent company shareholdings and participations in group companies:

Group company /Corp. ID. no./Domicile	Holding %	Number of shares/partici-pations	Currency	Carrying amount at 31 Dec 2006	Carrying amount at 31 Dec 2005
Pricer Inc., Dallas , USA	100	223,000	USD	-	-
Pricer SAS, Paris, France	100	2,138	EUR	3,174	3,174
Pricer Communication AB, 556450-7563, Sollentuna, Sweden	100	100,000	SEK	4,980	4,980
Intactix International, Inc., Irving, Texas, USA	100	-	USD	-	-
Intactix International GmbH, Hamburg, Germany	100	-	DEM	-	-
Pricer Intactix BV, Hoorn, The Netherlands	100	400	EUR	-	-
Pricer Intactix International South Africa Pty Ltd, Johannesburg, South Africa	100	100	ZAR	-	-
Pricer Ishida Explorative Research (PIER) AB, 556454-7098, Sollentuna, Sweden	50	130	SEK	192	65
Pricer E.S.L. Israel Ltd (fd Eldat Communication Ltd.), Tel Aviv, Israel	100	56,667,922	NIS	266,906	-
Appulse Retail Software Solutions Pvt Ltd, New Dehli, India	51	36,735	INR	-	244
Dormant companies				370	370
Participations in group companies				**275,622**	**8,833**

The Group consolidates its holdings in PIER AB in the same manner as for the other subsidiaries, since it has the right to govern the subsidiaries financial and operating strategies in order to obtain economic benefits.

Appulse Retail Software Solutions Pvt Ltd was sold in June 2006. Eldat Communication Ltd, name changed to Pricer E.S.L. Israel Ltd, was acquired in August 2006.

Note 31 Cash flow statement

Cash and cash equivalents – Group	G 2006	G 2005
Cash and cash equivalents include the following sub-components		
Cash and bank	31,485	69,060
Short-term investments, equated with cash and cash equivalents	-	453
Total according to the balance sheet	**31,485**	**69,513**
Bank overdraft facilities that are immediately cancellable	-	2,931
Total according to the cash flow statement	**31,485**	**72,444**

Cash and cash equivalents – Parent Company	M 2006	M 2005
Cash and cash equivalents include the following sub-components		
Cash and bank	22 973	56 098
Total according to the balance sheet	**22 973**	**56 098**
Bank overdraft facilities that are immediately cancellable	-	2 931
Total according to the cash flow statement	**22 973**	**59 029**

Short-term investments have been classified as cash and cash equivalents according to the following criteria:
- they are associated with an insignificant risk for value fluctuations
- they are readily convertible into cash
- they have a maturity of less than three months from the date of acquisition

	G 2006	G 2005	PC 2006	PC 2005
Interest				
Interest received	728	1,152	676	1,098
Interest paid	-2,777	-181	-345	-130
Adjustments for non-cash items				
Amortisation/depreciation	10,200	6,904	6,325	5,872
Impairment losses	-	-	264	14,143
Capital gain on the sale of fixed assets	562	15	-868	15
Translation differences	-2,075	-6,143	2,013	-5,870
Change in provisions	6,743	-	518	-
Interest income/expenses	-	-	-	-894
Total non-cash items	**15,430**	**776**	**8,252**	**13,266**
Blocked bank accounts are included for an amount of:	1,121	1,289	207	200
Unutilised bank overdraft facilities amount to:	-	2,931	-	2,931

Acquisition of subsidiary

On 14 August 2006, Pricer AB acquired 100 per cent of the shares in Pricer E.S.L. Israel Ltd. in exchange for 261,800,000 newly issued class B shares in Pricer AB.

Acquired assets and liabilities	G 2006
Tangible assets	1,606
Financial assets	405
Inventories	29,863
Accounts receivable and other receivables	38,549
Cash and cash equivalents	6,647
Interest-bearing liabilities	-20,953
Accounts payable and other liabilities	-59,429
Net identifiable assets and liabilities	-3,312
Purchase price, non-cash issue	253,946
Purchase price, cash *)	12,960
Cash and cash equivalents in the acquired subsidiary	-6,647
Net effect on cash and cash equivalents	**6,313**

*) Refers to fees for legal and other services in connection with the acquisition.

Appulse Retail Software Solutions Pvt Ltd, in which Pricer AB had a 50 per cent holding, was sold in June 2006.

Sold assets and liabilities	G 2006
Tangible assets	362
Operating receivables	3 696
Cash and cash equivalents	517
Interest-bearing liabilities	-672
Accounts payable and other liabilities	-886
Net identifiable assets and liabilities	3 017
Recieved price, cash	1 052
Cash and cash equivalents in the sold subsidiary	-517
Net effect on cash and cash equivalents	**535**

Note 32 Subsequent events

A licensing agreement has been signed with Ishida for development, marketing and sales of wireless graphic display labels mainly for the Japanese market. Ishida will initially pay Pricer a sum of approximately SEK 14 M, to be followed by an additional SEK 21 M on the attainment of certain targets. Pricer will also receive volume-based royalties.

An Extraordinary General Meeting on 14 March 2007 approved the Board's decision to issue convertible debentures for a combined total of SEK 74.9 M. The debentures can be converted to shares at a price of SEK 0.70 each during the period ending 31 March 2009. The Meeting also elected Akbar Seddigh to the Board.

Note 33 Critical estimates and assumptions

Estimates and assumptions that affect the Group's accounting policies have been made on the basis of known conditions at the date of publication of the annual report. Such estimates and assumptions may be revised new information and more experience is obtained.

The areas where assumptions and estimates have a significant impact on Pricer are presented below.

No separate audit or remuneration committee has been set up. Instead, the significant accounting policies and estimates, and the application of these policies and estimates, are dealt with by Board of Directors as a whole.

Exposure to foreign currencies

Fluctuations in foreign exchange rates can have a relatively large impact on the company in general. Note 26 provides a detailed analysis of exposure to foreign currencies and the risks attached to fluctuations in exchange rates.

Impairment testing of goodwill

A large share of the Group's asset mass consists of goodwill. Several estimates and assumptions have been made about future conditions as a basis for estimating the cash flow used to determine the recoverable amount. Based on the recoverable amount, the amount of impairment is then calculated. The value of the goodwill item is dependent on continued development of the ESL market and Pricer's ability to achieve profitability.

Note 34 Information about the Parent Company

Pricer AB is a Swedish-registered public limited company domiciled in Sollentuna, Sweden. The shares of the Parent Company are registered on the Stockholm Stock Exchange. The address of the head office is Bergkällavägen 20-22, SE-192 79 Sollentuna, Sweden.

Note 35 Business combinations

On 14 August 2006, Pricer AB acquired 100 per cent of the shares in Pricer E.S.L. Israel Ltd. in exchange for 261,800,000 newly issued class B shares in Pricer AB. Pricer E.S.L. Israel is an Israeli company that is active in the same ESL industry as Pricer. The company is consolidated in the Pricer Group as of the acquisition date and is therefore included in the Group's financial statements with effect from 14 August 2006. The company contributed a sum of SEK 70.1 million to the Group net sales in 2006. If the acquisition had taken place on 31 December 2005, Pricer Israel would have contributed net sales of SEK 152 M to the Pricer Group in 2006. The acquisition included customer relationships and product technology which, in addition to goodwill, have been identified as intangible assets that are subject to purchase price allocation.

Effects of the acquisition

The acquisition had the following effects on the Group's assets and liabilities.

Pricer E.S.L. Israel Ltd

Pricer Israel's net assets at the acquisition date:

SEK thousand	Carrying amount for Pricer Israel prior to the acquisition	Fair value recognised in the Pricer Group on acquisition at 14 August 2006
Tangible assets	1,606	1,606
Financial assets	405	405
Intangible assets	-	40,000
Inventories	29,863	33,613
Accounts receivable and other receivables	38,549	38,549
Cash and cash equivalents	6,647	6,647
Interest-bearing liabilities	-20,953	-20,953
Accounts payable and other liabilities	-59,429	-59,429
Deferred tax liability	-	-13,661
Net identifiable assets and liabilities	**-3,312**	**26,777**
	-	-
Goodwill recognised on acquisition		240,129
Purchase price, non-cash issue		-266,906
Net identifiable assets and liabilities		-26,777
Purchase price, cash*)		-12,960
Net cash (acquired)		6,647
Net cash outflow		-6,313

*) Refers to fees for legal and other services in connection with the transaction, amount to SEK 12,960 thousand.

The cost of the acquisition is measured as the fair value of issued shares according to the closing price of the Pricer share on the acquisition date, consisting of 261,800,000 shares at a price of SEK 0.97 each. The difference between the purchase price and the fair value of the acquired assets is allocated to intangible assets. The remaining residual item is attributable to goodwill.

The intangible assets identified on the acquisition date which satisfy the criteria for purchase price allocation are limited in that that there are few formal agreements, the Eldat brand will be marketed to a limited extent and the product line will be integrated into Pricer's product line. However, certain intangible assets in the form of long-term relationships with two dominant customers and the company's production technology have been identified. Based on conservative assumptions about the future contribution from these customer relationships, an amount of SEK 30 M of the purchase price has been allocated to these assets. Pricer Israel's product technology will be integrated into the future joint product system, and a value of SEK 10 M has been attributed to this asset. The identified assets will be amortised over a period of five years, corresponding to their estimated useful lives. In addition to the above, the acquisition balance sheet has been affected by deferred tax, trade gains in inventories and certain provisions.

Goodwill has arisen on the acquisition as a residual item after identification of other intangible assets. Goodwill consists of the value of established distribution channels in Japan, Europe and Russia, and synergy effects such as more efficient sales and manufacturing processes. Furthermore, the acquisition price has also included the technical expertise and experience of the employees.

The value of goodwill must be tested for impairment at least yearly. If the carrying amount is found to exceed the recoverable amount, an impairment loss is recognised. The restructuring and merger are now completed and synergies in the form of stronger margins due to stabilised prices and improved purchasing capacity, as well as reduced costs, are expected to be realised over the next few years. Because Pricer Israel's operations will be fully integrated into Pricer, it is not possible to determine to which operation a cash flow is attributable. Consequently, goodwill will be tested for impairment on the basis of Pricer's total cash flow.

According to the knowledge of the Board of Directors and the Managing Director, the annual report has been prepared in conformity with generally accepted accounting standards for stock market companies in Sweden and fairly presents in all material respects, and without significant omissions, the financial position of the company and the results of its operations for the period covered by this annual report.

As shown above, the annual report and consolidated annual report have been approved for publication by the Board of Directors on 7 April 2006. The income statements and balance sheets of the Parent Company and the Group will be put before the Annual General Meeting for adoption on 9 May 2007.

Sollentuna, 10 April 2007

Salvatore Grimaldi
Chairman

Elie Barr

Daniel Furman

Michael S. Juuhl

Göran Lindén

Akbar Seddigh

Jan Forssjö
Managing Director & CEO

Our audit report was submitted on 10 April 2007
KPMG Bohlins

Kari Falk
Authorised Public Accountant

The income statements and balance sheets of the Parent Company and the Group will be put before the Annual General Meeting for adoption on 9 May 2007.

Audit report

To the Annual General Meeting of Pricer AB (publ)
Corporate registration number 556427-7993

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Pricer AB (publ) for the financial year 2006. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 26-54. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Parent Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 10 April 2007
KPMG Bohlins AB

Kari Falk
Authorised Public Accountant

Five-year summary

The figures for 2006, 2005 and 2004 are presented according to IFRS with the exception of IAS 39 which is applied only in 2006 and 2005.

All amounts in SEK M unless otherwise stated	2006	2005	2004	2003	2002
INCOME STATEMENT DATA					
Net sales	409.9	325.8	227.2	62.0	73.9
Cost of goods sold	-320.2	-261.1	-196.9	-48.2	-59.9
Gross profit	**89.7**	**64.7**	**30.3**	**13.8**	**14.0**
Other operating income	-0.2	0.0	0.1	-	-
Selling expenses	-49.0	-38.2	-24.2	-22.6	-22.9
Administrative expenses	-46.4	-32.6	-30.4	-21.5	-21.2
Research and development costs	-35.1	-37.4	-27.8	-24.6	-14.7
Operating result	**-41.0**	**-43.5**	**-52.0**	**-54.9**	**-44.8**
Net financial items	-8.1	7.3	0.0	-1.7	-1.7
Result before tax	**-49.1**	**-36.2**	**-52.0**	**-56.6**	**-46.5**
Income tax	1.1	-0.2	0.0	-0.1	-
Result for the year	**-48.0**	**-36.4**	**-52.0**	**-56.7**	**-46.5**
Attributable to:					
Equity holders of the Parent Company	-46.5	-33.0	-49.4	-52.4	-46.5
Minority interests	-1.5	-3.4	-2.6	-4.3	-
	-48.0	-36.4	-52.0	-56.7	-46.5
BALANCE SHEET DATA					
Intangible assets	282.2	7.7	10.2	13.0	15.9
Tangible assets	8.1	8.0	8.0	4.3	3.6
Financial assets	0.2				
Inventories	64.6	14.9	12.8	10.6	10.2
Accounts receivable	89.8	106.1	69.1	13.8	16.7
Other current assets	18.0	22.2	10.5	19.0	10.3
Cash and cash equivalents and short-term investments	31.5	69.5	42.6	66.4	70.5
Total assets	**494.4**	**228.4**	**153.2**	**127.1**	**127.2**
Equity attributable to equity holders of the Parent Company	353.1	149.2	91.8	87.4	88.0
Minority interests	0.1	2.9	1.6	1.9	
Long-term liabilities	17.3	1.9	2.7	4.6	7.4
Current liabilities	123.9	74.4	57.1	33.2	31.8
Total liabilities and equity	**494.4**	**228.4**	**153.2**	**127.1**	**127.2**

All amounts in SEK M unless otherwise stated	2006	2005	2004	2003	2002
CASH FLOW DATA					
Result after financial items	-49.1	-36.2	-52.0	-56.6	-46.5
Adjustment for non-cash items	15.4	0.8	7.0	5.6	6.2
Paid income tax	-0.5	-0.2	-	-0.1	-
Change in working capital	-19.8	-33.9	-27.4	-0.8	-29.7
Cash flow from operating activities	**-54.0**	**-69.5**	**-72.4**	**-51.9**	**-70.0**
Cash flow from investing activities	**-9.8**	**-4.3**	**-6.9**	**-2.4**	**-2.2**
Change in loan financing	23.0	0.1	-	-	-21.3
Change in shareholder financing	0.3	95.0	54.3	44.6	91.1
Change in other financing	-	-	1.4	6.3	0.3
Cash flow from financing activities	**23.3**	**95.1**	**55.7**	**50.9**	**70.1**
Cash flow for the year	**-40.5**	**21.3**	**-23.6**	**-3.4**	**-2.1**
KEY RATIOS					
Capital data					
Working capital	76.1	66.9	32.6	5.6	-2.0
Capital employed	366.6	82.8	50.8	22.9	17.5
Acid-test ratio, %	99	259	204	262	249
Net loan debt	13.4	-69.3	-42.6	-66.4	-70.5
Financial data					
Equity/assets ratio, %	71	67	61	70	69
Net debt/equity ratio, times	0.04	-0.46	-0.46	-0.74	-0.80
Margin data					
Operating margin, %	-10	-13	-23	-89	-61
Net margin, %	-12	-11	-23	-91	-63
Capital turnover rate, times	1.82	4.88	6.17	3.07	16.07
Return data					
Return on capital employed, %	-18	-65	-141	-271	-974
Return on equity, %	-19	-30	-57	-64	-71
Other data					
Order book at 31 December	75	107	131	185	259
Average number of employees	102	104	72	42	35
Number of employees at end of year	110	112	99	51	32
Total payroll	48	41	29	23	21

Corporate governance

Board of Directors

The Annual General Meeting on 19 June 2006 re-elected Salvatore Grimaldi, Michael S. Juuhl, Göran Lindén, Margareta Norell Bergendahl and the CEO Jan Forssjö as regular Board members. Two new Board members were elected, former Eldat Chairman Elie Barr and former Eldat board member Daniel Furman, both from Israel. At the subsequent statutory meeting, Salvatore Grimaldi was re-elected as Chairman of the Board. None of the members are employed by any other listed company.

At the Extraordinary General Meeting on 14 March 2007, Akbar Seddigh was elected as new Board member and Margareta Norell Bergendahl left the Board.

Work of the Board of Directors

A procedural plan has been adopted to regulate the work of the Board of Directors. Among other things, the procedural plan stipulates the division of responsibilities between the Board and the CEO, the CEO's powers and duties, cooperation with the company's auditors, internal reporting and the items of business to be taken up at Board meetings. The Board has overall responsibility for the company's organisation and administration of the company's affairs. Furthermore, the Board is responsible for

- Ensuring that Pricer's organisation is structured in such a way that the company's accounting procedures, financial management and other financial circumstances can be monitored and supervised in a satisfactory manner
- Continuous monitoring of the company's financial situation
- Issuing written instructions for financial reporting
- Issuing written instructions for the work of the CEO
- Establishing information and finance policies for the company

The Chairman of the Board has overall responsibility for overseeing the work of the Board and ensuring that the Board fulfils its obligations. The CEO is responsible for day-to-day management of the company according to the Board's guidelines, the CEO's instructions and instructions regarding financial reporting to the Board.

Board meetings

The Board of Directors normally meets five times per year, coinciding with the publication of interim reports and the year-end report. Aside from the regular meetings and statutory meeting during 2006, the Board met on 11 other occasions during the year. All meetings were held at the company's head office in Sollentuna or by phone. Gunnar Mattsson (born in 1964), Advokatfirman Lindahl, Uppsala, served as secretary of the Board.

Board remuneration

The amount of board fees has been resolved on by the Annual General Meeting and consists of a sum of SEK 70,000 paid to the Chairman and SEK 50,000 to each of the other Board members. Aside from these fees, no other remuneration or financial instruments have been provided or made available aside from compensation for outlays.

Agenda

According to the Board's procedural plan, the following items of business are to be dealt with at all regular Board meetings:

- Appointment of a secretary and minutes-checker other than the Chairman
- Review and approval of the previous minutes
- The company's earnings and financial position
- Payment of taxes and fees
- Reports
- Matters for decision
- The date of the next meeting

The CEO and the Chairman together draw up the agenda for each Board meeting and determine the requisite decision-making data and documentation for the matters at hand. Other Board members may request that a certain matter be included in the agenda. Prior to each regular Board meeting, the CEO provides the Board with a written status report covering at least the following points – market, sales, production, research & development, accounting and finance, personnel and quality.

Important matters during the year

Aside from regular follow-up and planning of operations in 2006, the Board has devoted considerable attention to:

- The acquisition of Eldat
- Financing
- Global incentive programme to employees

Committees

Every year, a nomination committee is appointed by the Board, to be convened by the Chairman of the Board. In connection with the year-end report, at the latest, the members of the committee are made public, after which any shareholders who so desire are free to contact the committee with their views on the composition of the Board. No compensation is paid for work on the committee. Prior to the Annual General Meeting on 9 May 2007, the committee consists of Salvatore Grimaldi, Emil Sunvisson, David Goldschmidt and John Örtengren. Proposals from individual shareholders can be sent to the committee chairman via Pricer's head office. No separate audit and remuneration committees have been set up, since these matters are dealt with by the entire Board of Directors. However, the 2007 decision on a global incentive programme to employees was prepared by a small committe consisting of one Board member, the Board secretary Gunnar Mattsson and Pricer's CEO.

Articles of Association

The Articles of Association can be viewed on Pricer's website. The current Articles of Association were adopted by the Annual General Meeting on 19 June 2006.

Annual General Meeting

The Annual General Meeting was held on 19 June 2006, and was attended by some 50 shareholders representing 20 per cent of the votes in the company. Attorney Gunnar Mattsson was elected as Chairman of the Meeting. The resolutions adopted at the AGM are posted on the company's website.

Meetings of the Executive Management

Pricer's Executive Management operates in two forums – the information-sharing Management Team Meeting (MTM) and the decision-making Executive Team Meeting (ETM). In 2006 the Executive Management held 11 MTMs and some 10 ETMs. Furthermore, a financial review is carried out every month and more in-depth evaluation and strategic planning process at least once a year.

Important matters during the year

A significant portion of the Executive Management's discussions during the year have been devoted to:

- Acquisition and integration of Eldat
- Transfer of software development to Stockholm and sale of shares in Appulse
- Reliability of customer deliveries
- Strategic decisions and priorities for early-stage customer contacts and pilot installations
- Cost savings and margin improvements
- Follow-up of development projects
- Organisational changes, competence development and recruitment of new staff
- Supplier requirements and supplier evaluations

Remuneration to the CEO and Executive Management

The Chairman has been authorised by the Board to reach agreements with the CEO regarding salary and other benefits. The principles for this and the outcome for 2006 are reported in Note 6. Remuneration to executives directly subordinate to the CEO is determined by the CEO in consultation with the Chairman. In March 2007 the shareholders of Pricer decided on a global incentive programme to employees based on warrants. Pricer has no other separate warrant programme directed to senior executives.

Internal control

Powers and duties are delegated by the Board and CEO to the departmental managers and other executives in the organisation according to the company's management and operational plan as stated in the quality manual. The financial responsibilities following from the above delegation are stipulated in the rules for payment authorisation. A budget is drawn up every year. Actual outcomes against budget are followed up on a monthly basis, and every quarter a forecast is prepared for the full year and rolling 12 months forward. The responsible executives analyse and comment on any variances. The Executive Management is represented in the various units of the Group, where the CEO commonly serves as Chairman of the Board or similar. Regular Board meetings are held in the subsidiaries to monitor operations. In order to facilitate control, the subsidiaries follow a set of monthly reporting instructions issued by the Parent Company.

Internal audit

Due to its size, Pricer has chosen not to set up an independent internal audit unit. Internal control is maintained through joint instructions and systems and through the preparation of monthly accounts and reconciliation against budget. Furthermore, a close dialogue and contact are maintained between the Parent Company and other units in the Group.

Auditors

The company's auditors personally report to the Board with their observations on the audit. In 2006 the auditors also reviewed the mid-year report. The auditors maintain continuous contact with Pricer's CEO and CFO with regard to various matters.

Board of Directors

Salvatore Grimaldi
Born: 1945
Chairman
Other assignments: CEO of Grimaldi Industri Group, CEO and Chairman of companies in the Group and Chairman of EnviNor AB and Auktionshuset Metropol AB.
Board member since: 1998 (Chairman since 2002)
Holding: 2,110,600 A shares, 103,157,561 B shares

Göran Lindén
Born: 1944
Education: B.Sc.
Other assignments: Chairman of Rölunda Produkter AB, Flodins Filter AB, Insplanet AB, Retail House OY, Västanå Slott AB and Procordia Pension Fund. Board member of Castellum AB, Cycleurope AB and Wicander Förvaltning AB.
Board member since: 1998 (Chairman 1998–2002)
Holding: 111,109 B shares

Akbar Seddigh
Born: 1943
Education: Graduate Chemist and Marketing Specialist
Other assignments: Chairman of Elekta AB, Hedson Technologies AB, Mentice AB and Ortivus AB. Board member of Affärsstrategerna AB, Biolight International AB and Tobii Technology AB.
Board member since: 2007
Holding: 0 shares

Daniel Furman
Born: 1944
Education: M.B.A
Other assignments: Founder and CEO of Arba Finance Co. Ltd., Chairman of Picom Software Systems and Director of of The First International Bank of Israel, the Cohanzick Off-Shore Funds, Orad Hi-Tec Systems Ltd. and the Truman Peace Institute.
Board member since: 2006
Holding: 0 shares

Elie Barr
Born: 1946
Education: B.A.
Other assignments: CEO Expand Networks, Advisory Board Earlybird venture Fund (Germany), Director NetfomX Inc.
Board member since: 2006
Holding: 2,542,550 B shares

Margareta Norell Bergendahl
Born: 1951
Education: M.Sc.Eng. and Ph.D. Eng.
Other assignments: Board member of Getinge AB, Hotell Birger Jarl AB and VINNOVA.
Board member since: 2003 (resigned in 2007)
Holding: 22,333 B shares

Michael S. Juuhl
Born: 1974
Education: M.B.A.
Other assignments: Chairman of Hyperlink Media AS.
Board member since: 2004
Holding: 0 shares

Jan Forssjö
Born: 1949
CEO Pricer AB
Education: M.B.A.
Other assignments: Board member of Cycleurope AB
Board member since: 2001
Holding: 386,803 B shares

AUDITORS
The Annual General Meeting on 13 May 2004 elected the auditing firm of KPMG Bohlins with Authorised Public Accountant Kari Falk (1952) as principal auditor, to serve as the company's auditors until the end of the 2008 AGM. Kari Falk has been Pricer's principal auditor since 2000 and deputy auditor since 1998.

Executive Management

Jan Forssjö
Born: 1949
CEO
Education: M.B.A.
Employed since: 2001
Holding: 386,803 B shares

Harald Bauer
Born: 1957
CFO
Education: M.B.A.
Employed since: 2004 and 1998–2000
Holding: 73,333 B shares

Rony Atoun
Born: 1955
General Manager of Pricer Israel
Education: B. Sc. Physics
Employed since: 2007
Holding: 0 shares

Craig Ibsen
Born: 1961
General Manager of Pricer Inc.
Education: M.B.A.
Employed since: 2005
Holding: 0 shares

Charles Jackson
Born: 1963
General Manager of Pricer S.A.S. and Vice President, Sales & Marketing
Education: B. Sc. Business Administration
Employed since: 2002
Holding: 0 shares

Kenneth Johansson
Born: 1961
Vice President, R&D
Education: M.B.A. and M.Sc.Eng.
Employed since: 2005
Holding: 20,000 B shares

Håkan Jonsson
Born: 1961
Vice President, Production
Education: Upper Secondary Engineer
Employed since: 2001 (resigning 2007)
Holding: 22,221 B shares

History

2006
Eldat Communication Ltd., Israel is aquired.

2005
Significant increase in sales and Carrefour expands deployment in France. New system generation C^2 is launched.

2004
Pricer wins a major order from the French chain Carrefour. Via Ishida, Pricer is awarded a sizeable contract by Ito-Yokado in the Japanese market. IBM is another new partner in the US market.

2003
The development company PIER AB is formed. Pricer acquires a majority holding in the software company Appulse Ltd. in India. StoreNext is a new partner in the U.S. market.

2002
A large-scale action programme is launched to restructure and streamline operations for increased customer focus.

2001
Pricer's partner in Japan, Ishida, places a significant order.

2000
Intactix is sold to U.S.-based JDA Software Group.

1999
Deliveries to the Metro stores are completed.

1998
Collaboration with Ishida of Japan is initiated.

1997
Pricer acquires Intactix, a provider of systems for retail space management. A partnership is established with Telxon, a supplier of wireless and portable tele-transaction computers and systems. Metro installs its first systems.

1996
Pricer is introduced on the O list of the Stockholm Stock Exchange.

1995
The pilot order from Metro leads to a contract for installations in 53 Metro stores in Germany.

1994
Pilot orders are received from several international customers, such as Metro in Germany.

1993
The first Pricer system is installed for the ICA supermarket chain in Sweden.

1991
Pricer is founded in June and development of the first ESL system begins.

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Shareholder information

Annual General Meeting

The Annual General Meeting of Pricer AB will be held at 5:00 p.m. on Wednesday, 9 May 2007, at Scandic Infra City, Upplands Väsby, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by VPC AB (the Nordic Central Securities Depository) by Thurday 3 May, and must notify the company of their intention to participate no later than 4:00 p.m. on 4 May. Shareholders whose shares are held in the name of a trustee must temporarily re-register the shares in their own name well ahead of 3 May. Notification can be made as follows:

- By e-mail: info@pricer.com
- By fax: +46 8 505 582 01
- By telephone: +46 8 505 582 00
- By mail: Pricer AB, Bergkällavägen 20–22, SE-192 79 Sollentuna, Sweden.

The notification should include the shareholder's name, social security/corporate registration number, address and telephone number, registered shareholding and, when appropriate, the names of any assistants. The nomination committee, consisting of Salvatore Grimaldi, Emil Sunvisson, David Goldschmidt and John Örtengren, can be contacted via the company's head office. Shareholders wishing to request items to be taken up on the agenda should contact Harald Bauer, +46 8-505 582 00.

Proposed dividend

The Board proposes that no dividend be paid for the financial year 2006.

Financial calendar

In 2007 the quarterly financial reports will be published as follows:
Interim report January-March, 9 May 2007
Interim report January–June, 23 August 2007
Interim report January–September, 8 November 2007
Year-end report 2007, 15 February 2008

Information channels

Pricer's website www.pricer.com is a vital information channel through which the company presents press releases, interim reports, annual reports, share price data, letters from the CEO and the newsletter Pricer News. To sign up for an e-mail news subscription, visit the website. Printed materials can be ordered from the company. For other information, contact info@pricer.com.

Distribution of the annual report

For reasons of cost, the annual report is only distributed to the shareholders who have so requested. A digital version can be viewed or downloaded at www.pricer.com. A print out can be ordered directly from the company at info@pricer.com or +46 8 505 582 00.

Setting the ESL Standard

Pricer AB (Huvudkontor)
Bergkällavägen 20-22
SE-192 79 Sollentuna
Sweden
Telephone: +46 8 505 582 00
Fax: +46 8 505 582 01

PIER AB address as above

Pricer S.A.S.
3 Parc Ariane - Bât. Saturne
Rue Hélène Boucher
78280 Guyancourt
France
Telephone: +33 1 61 08 40 20
Fax: +33 1 61 08 40 30

Pricer Inc.
250 West 34th Street
Suite 3600
New York, NY 10119
USA
Telephone: +1 212 835 1515
Fax: +1 212 849 6901

Pricer E.S.L. Israel Ltd.
7 Rival Street
Tel Aviv 67778
Israel
Telephone: +972 3 6887879
Fax: +972 3 6889151

www.pricer.com
info@pricer.com