PRICER

Annual Report 2007

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All values are expressed in Swedish kronor, SEK.
Thousands are abbreviated as SEK 000s and millions as SEK M.
The figures in brackets refer to 2006 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.

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Pricer Profile

Pricer provides the retail industry's leading electronic display and Electronic Shelf Label (ESL) platform, solutions, and services for intelligently communicating, managing, and optimizing price and product information on the retail floor. Pricer is the only company today offering a communication platform that supports both segment based ESL and pixel-based ESL. The platform is based on a two-way communication protocol to ensure a complete traceability and effective management of resources. The Pricer system significantly improves consumer benefit and store productivity by simplifying work in the store.

Pricer offers the most complete and scalable ESL solution. Pricer has around 3,600 installations in 31 countries around the world with approximately 60 per cent market share. Customers include many of the world's top retailers and some of the foremost retail chains in Europe, Japan and the US. Pricer, in cooperation with qualified partners, offers a totally integrated solution together with supplementary products, applications and services to improve retail operations.

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 22,500, with the ten largest accounting for 39 per cent of the number of votes on 31 December 2007. At the end of 2007 the Pricer Group had effectively 63 employees.

Highlights of 2007

Stronger financial development

Yearly sales of SEK 432 M and an increased gross margin to 31 per cent made 2007 the strongest year in Pricer's record with an operating result of SEK 6 M.

Restructuring of organisation

The consolidation that started with the acquisition of ESL supplier Eldat in 2006 was finalized by mid 2007. To streamline the organisation even more, an overall restructuring programme was carried out during the year, of which the full effect is expected in 2008.

Pricer dominates ESL market

2007 was highlighted by continued sales from existing customers as well as new programmes. Pricer increased the number of store installations by 600 bringing the total to approximately 3,600 stores worldwide, maintaining its market leader position with 60 per cent of the global market.

Continued growth in Japan

In Japan, an important license agreement was signed with Ishida, giving retailers investing in the Pricer standard a second supplier of new innovative bi-stable wireless displays. Pricer's position in Japan remain secure with 100 per cent of the market share which was further strengthened with the significant rollout order from the York Benimaru chain worth SEK 50 M.

European integrated customers continue to choose Pricer

French clients like Carrefour and Casino continue to choose Pricer and expand to new markets and they thereby continue to have a great impact on Pricer sales. Following the Casino deployment of 2006, Pricer was awarded a significant contract to install the remaining French supermarkets with Eldat labels. Pricer continues to follow Carrefour in a new rollout in Spain, a market that was also marked by the rollout decision of Cepsa petrol stations. Another customer who is taking the ESL concept to new markets is Metro Cash & Carry, a customer for more than ten years, as they decided to extend its ESL implementation worldwide, deploying stores in France as well as several other countries. Pricer continues to reinforce its position in Europe with clients such as Franprix, Leclerc and ICA and several ongoing pilots with retailers such as Auchan, Coop, Cora, Esselunga, Menu and Praktiker.

DotMatrix™ strengthens Pricer offer

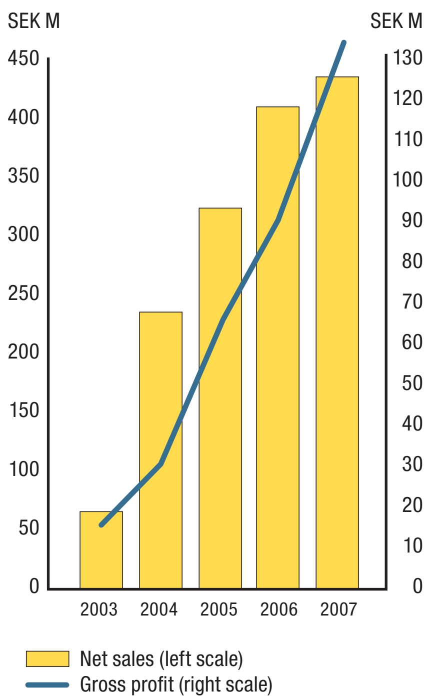
Pricer today is the only ESL provider that offers a scalable pixel-based graphical display, called DotMatrix™, supported by the same platform as the segment based labels. The pixel display solution, capable of displaying full text, barcodes and other promotional information, has opened up both food and non-food market segments. Today, most European new installations have complemented their solution with DotMatrix™, whether Leclerc in their fresh food, ICA in the fruit and vegetable area, Cora in their electronics or Praktiker in the high powered tools.

System development and evolution

The software platform supporting the complete DotMatrix™ product range was released including a new version of web client and a PDA solution allowing store personnel to benefit from the ESL system's features from the store floor.

Key ratios	2007	2006	Change
Net sales, SEK M	432.3	409.9	5%
Gross profit, SEK M	132.0	89.7	47%
Gross margin, %	31	22	41%
Operating result, SEK M	6.0	-41.0	N/A
Result for the year, SEK M	1.0	-48.0	N/A
Earnings per share, SEK	0.00	-0.05	N/A
Equity ratio, %	67	71	-6%

Net sales and gross profit



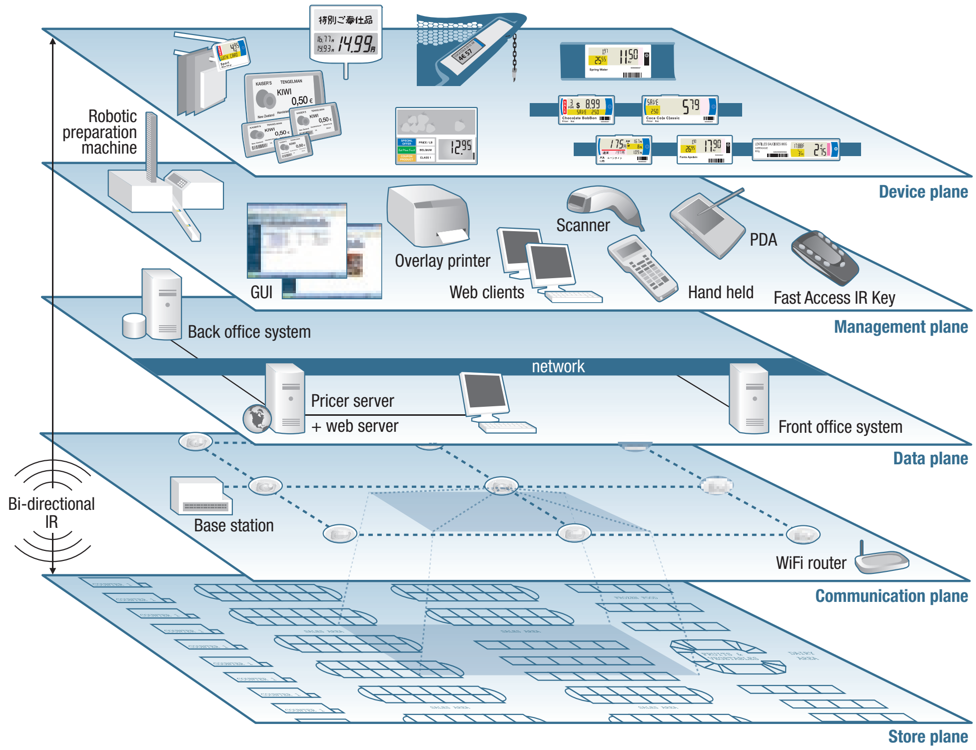
Pricer platform – a total solution

Pricer's ESL system is a total solution for electronic retail price labelling and information. The system is comprised of individual electronic labels displaying price and product information supported by wireless communication infrastructure and software.

Pricer has developed a wireless communication platform to support today's and tomorrow's wireless displays. With this standard platform, retailers can leverage their infrastructure investment to support new wireless devices, developed by either Pricer or other companies building on Pricer technologies through licensing agreements. This open platform philosophy and licensing strategy enables retailers to find customized and scalable system solutions for specific needs, future proofing their initial investment. At the same time, it broadens Pricer's market and strengthens Pricer's position as leading ESL system provider.

Infrared and bi-directional technology

Pricer's system is based on infrared (IR) technology, which offers a high communication reliability as it is not interfered, nor does it interfere with other devices. Pricer's system has high bandwidth with a capacity of over 50,000, and up to 200,000, information changes per hour, which is faster than any other ESL system and supports pixel based communication requirements. The use of IR also enables bi-directionality, or two-way communication, which confirms that the label has received the desired information update. This provides a constant dashboard view of the system and alerts on any incident.



The Pricer platform 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, ie. price and information displayed at the shelf edge or trolley or end of aisle or anywhere in the store.

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 plane**, where the real story begins.

Wireless display innovation for retail

Pricer's focus since the beginning has been on research and development in offering retailers wireless display devices that not only drive pricing communication but are rich in functionality. 20 dedicated R&D employees focus everyday on enriching the wireless display offer under the Pricer high speed platform. Today, Pricer offers wireless retail display devices supporting two display technologies – the segment based product family and pixel-based product family.

Segment-based devices

Segment based displays use an LCD active area with pre set segments for information display. LCDs, Liquid Crystal Displays, rely on a mature, low power consuming and cost efficient technology which when combined with Pricer's pacemaker chip technology and IR communication speed is ideal for retail needs. Pricer's LCD labels are extremely robust and have a battery lifetime of up to 8-10 years.

Pricer's segment based devices are the most extensive product range offered in the market place, including seven distinct label sizes able to cater to most shelf edge retail display needs, displaying information such as price, promotion price, start and end dates on promotions, stock levels, orders, delivery dates and facing space. The Continuum family gives retailers advanced label features for complex pricing scenarios. The labels have a modern design with a large LCD display, providing the ability to scroll text information enabling the retailer to use ESL for marketing as well as operations. Furthermore the Pricer range flexibly adapts to customer-specific needs, whether LCD customization or housing size.

Pixel-based devices

Building upon all operational benefits of the segment-based labels, the DotMatrix™ relies on bi-stable technology offering full graphical display. It can display just about anything, from brand logos and bullet points to scanable barcodes and time-based promotional messages. The power consumption is next to zero and the displays are as readable as paper, ideal for the retail environment.

Grocery retailers complement their ESL installations with DotMatrix™ in their various sales areas, where product information is important. With the DotMatrix™, Pricer also meets a demand from non-food retailers requiring wireless displays combining high visual quality with the benefits of the electronic system.

CEO's statement

2007 has been a monumental year for Pricer. It is the first year in our history where we have reported a profit. It was also, by many other measures a good year for Pricer. Our gross margin progressed to 31 per cent in part due to our product cost down efforts and market strength from the Eldat merger as well as strong recurring revenues, but also in part due to our overweight in completing very large deployments without many new ones coming on stream. 2007 was also the year we registered our most profitable quarter. Pricer added approximately 600 new stores during the year, principally in France and Japan, and while store sizes were smaller Pricer was able to increase sales to M 432 SEK. The increase in recurring revenues from large key accounts also helped to bring in a satisfactory year, and provided a good demonstration of how ESL sales mature with clients.

In 2007, we continued to focus on growing the business and markets, with strong attention on margin growth and cost control. Although the market conditions were difficult, plagued by continued indecision for ESLs, as well as facing some challenging events such as the end of Carrefour's principal deployment, we were pleased with our progress in most areas.

As of December 31st, Pricer was installed in approximately 3,600 stores and had delivered over 55 million ESL. Our production has reached and passed the monthly million mark. Pricer continues to hold the leading position in the world ESL market with approximately 60 per cent market share based on stores installed or ESL delivered. Strong efforts were also spent on adjusting the company to this tough market and attempting to position ourselves for where we want to be in two to three years. The execution was completed on time and has resulted in a stronger scalable organisation.

Before we look at 2008, I would like to take the opportunity to review those milestones that we achieved in 2007. Secondly, I would like to update you on our changes, and finally I would like to revisit our strategy, how we got here and where we are going.

In 2007, we made some major market achievements, most notably characterized by the renewed confidence in Pricer by large retailers, such as Metro, Carrefour, Casino and important partners, such as Ishida, Toshiba, IBM, PSI and Herbert. We saw the launch of the Metro France deployment and the installation of first stores in Metro countries worldwide. 2007 was also marked by further European growth such as the Cepsa gas station rollout. This new market segment represents great opportunity. Retailers in France continue to choose Pricer even with the presence of a strong local supplier. The French market has entered into a final stage of ESL acceptance with the last large chains embarking on evaluation programmes for eventual rollout. This market has demonstrated all the aspects we can expect as ESL grow worldwide: The initial acceptance with medium sized food retailers, the massive rollouts with the large players, the strong recurring revenues as ESL grow within the organizations, full widespread food acceptance, which we are currently in, and finally the replacement cycle which has not started yet. The initial interest from the non-food sector is also worth noting.

The Japanese market played another pivotal role in our future this year. In the spring we signed an important licensing agreement with Ishida. This not only ensures further investment by a major Japanese retail system provider in the Pricer ESL standard and in the industry, but also offers a second market supplier of new DotMatrix™ wireless pixel-based displays. Our retail clients worldwide now have two Pricer suppliers for the future: another first in the ESL industry. Ishida continued to expand their store base and installed their 1,000th grocery store in October, characterized by such rollouts as the full scale deployment of the York Benimaru chain.

ESL companies from around the world have faced uncountable challenges in adapting their business to their prime market, food. Pricer has been disappointed by the industry growth outside of the large European and Japanese retailers, and has by consequence faced adapting to two very different market pressures, France and Japan. Since September, we came face to face with the fact that we had to make another change if we wanted to hold our position and lead the industry today and tomorrow. We have rationalized our R&D to bring the best together in Stockholm, and have re-sized and reoriented our US operations. We have centralized our European sales in Paris as well as customer support. All these measures were taken to find the economies to ensure our future profitability. Furthermore, we have launched many initiatives, from our new advertising campaigns scheduled for spring 2008 to the user behaviour study of our installed base. We have also accelerated our product launch cycle, and are in the pre-launch phase of many products, including some co-developed with retail industry suppliers.

The technology shift from segment based displays to pixel-based digital displays will gradually occur and our investments in our platform and products will have proven to be the right choice for retailers. Thus far, we have been disadvantaged by the widespread independent store acceptance in France for less advanced systems and Pricer benefits have been clouded in a competitive pricing war. However, as retailers can clearly see the benefits of the platform in the scope and reach of our extensive product offer as well as new applications being introduced, the total cost of ownership of the Pricer solution becomes even more justified. Just about every integrated retailer has evaluated ESL for their organisation and has chosen our platform based on size and function scalability.

Our strategy has three parts to it. First, growing the industry and finding the markets where the right drivers exist. To do so, we have been the leader in developing the most versatile, reliable ESL system worldwide, relying on a technology not obvious to the industry. Our choices have been rewarded, our investments have not to date. We continue to focus on innovation, partnerships and production to bring costs within reach of retail and to counter strong pressure from local providers in various markets. Finding growth in this industry has not been easy and we are working hard to do so. We continue to investigate new markets such as China and are not deterred from the slow developments in the US, although we are shifting some of our focus to non-food retailers, leveraging our new product offer.

At the same time, we have known that this would not be enough and therefore have used acquisition and licensing to consolidate our market position and offering. Our focus for licensing or co-development is on local solution providers, such as Ishida in Japan and recently with Herbert Retail in the UK.

Our third priority is to build a digital wireless display platform and a comprehensive array of digital products to go with it, a real ESL solution. Pricer today is the only ESL provider that offers a reliable noise immune communication platform for wireless store display needs coupled with both segment based displays and pixel-based electronic paper display. Clients are now choosing the combination for their display needs. Most European new stores we install have complemented their ESL solution with pixel-based displays, whether in their electronics departments, in their fresh food areas, or in the high powered tools section. We have called our first line DotMatrix™. These new displays offer customer readability comfort coupled with ESL productivity. 2008 will be characterized by Pricer successfully pulling these devices into grocery ESL installations, and developing the non-food segments.

> ”I am determined that in this new world, we will be the wireless display platform of choice for retailers, offering the most complete range of wireless display and communication devices”

It is important to appreciate we are growing, and expanding our reach, in food, and now in non-food. In 2008, we will continue to focus all our energies on sales and markets, while protecting a positive operating result. And while we have to face the fact that another of our large retail clients practically completed their country deployment in 2007, our pilot pipeline has never been healthier in key markets. The challenge will be to continue to develop the right offer to expand ESL acceptance and move into non-food backed by our brand and credibility. Our strategy used to centre on developing the most scalable world solution which we would adapt simply to local markets. Today our focus is on market trials of products and concepts and services, with or without partners, then deciding on market viability for release, all the while revisiting our solution from a user perspective.

I am determined that in this new world, we will be the wireless display platform of choice for retailers, offering the most complete range of wireless display and communication devices for store information and communication needs.

Charles Jackson
CEO of Pricer

Pricer has 60 per cent of the market

Pricer operates in a global market where its primary target group is the retail industry, both food and non-food retailing. Pricer's key markets are Japan, Europe and the U.S.

Trends in international retailing

The retail industry is characterised by consolidation and a powerful inward focus on operating efficiencies and streamlining work-flows. Retailers are looking to automate their store processes to meet the challenges of labour constraints, tough cost goals and increasing competition. This is often achieved by investing in IT systems such as ESL, self checkout and self-scanning. Strongly integrated retailers are seeking to centralise store operations so that the store personnel can concentrate on activities that generate sales and enhance the customer buying experience through in-store marketing and sales promotion. Price optimisation is also one of the most important areas where retailers are investigating to strengthen margins and profitability.

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 price errors, stores often extend promotions at the cash register to avoid price errors at the shelf. This, coupled with many price changes per day, is the main reason for the high market acceptance of ESL systems. As more of the Japanese chains expand to roll-outs, the market growth of the past few years is predicted to continue. DotMatrix™ is expected to positively impact the market as it supports kanji.

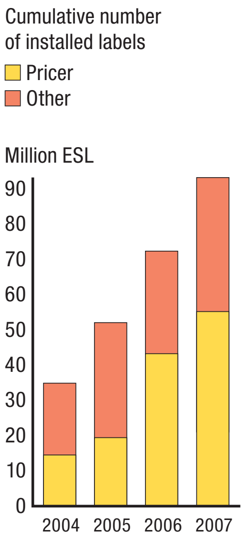
Europe

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. Both Spain and Italy have experienced increasing numbers of ESL installations in the last couple of years, and Germany is home to the world's first full-scale ESL deployment. The ESL market in Eastern Europe is also beginning to gain momentum while the Nordic countries still show humble growth. The UK market represents a strong market opportunity for DotMatrix™ given the low acceptance of ESL to date and the extensive shelf edge promotion needs.

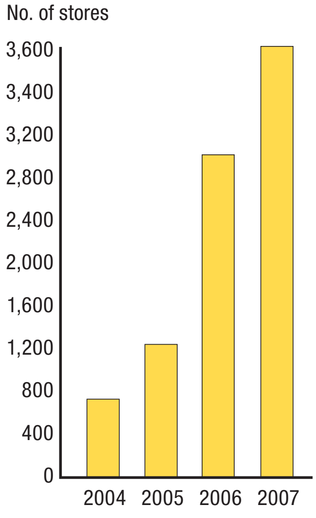
United States

The U.S. is the world's largest retail market. ESL acceptance in the U.S. is low, but ongoing consolidation of the industry, and increasing interest in price optimization, is expected to create stronger incentives for retail automation, including ESL. DotMatrix™ will give Pricer new opportunities to develop the proper product and system offering for food and non-food.

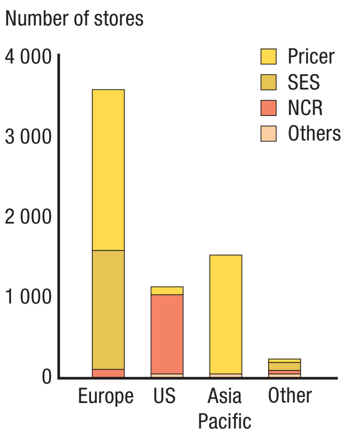
Development of the ESL market



Pricer's ESL installations, cumulative



Distribution of ESL installations per supplier



dotmatrix™ is here

Pricer's complete wireless display platform supports
both segment-based and pixel-based technologies

Pricer has 60 per cent of the market (cont'd)

Size and growth of the ESL market

Pricer estimates the total number of ESL labels at 92 million globally, installed in approximately 6,400 stores. The two fastest-growing ESL markets are Japan and France.

2007 continued to show growth, although at a slightly lower rate than previous years, partially explained by fewer large rollouts during this period. Successful approach towards non-food markets has lead to a significant shift towards new retail segments with pilot installations in hardware, electronic and DIY 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 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.

Revenue per market and year

SEK M	2004	2005	2006	2007
Nordic region	14	8	16	24
Rest of Europe	117	169	265	250
Asia	90	134	116	143
Rest of the world	7	14	14	16
TOTAL	227	326	410	432

Pricer's position

Pricer's management estimates the company's global market share at around 60 per cent, measured in the number of installed labels. Pricer has installed over 55 million labels in 3,600 stores in more than 30 countries.

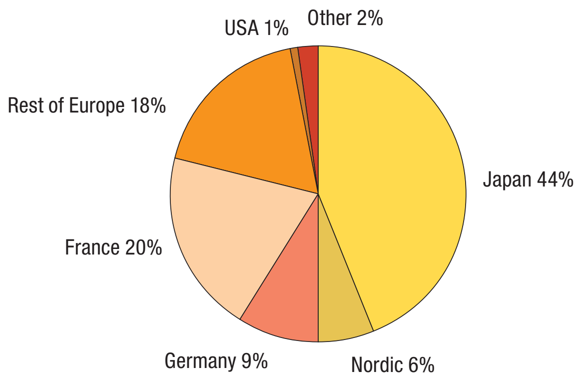
Competitors

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 28 per cent and 10 per cent, respectively. SES is mainly active in south-western Europe while NCR is primarily active in North America and Western Europe. Other newcomers continue to test the market, with no or little installed base or proven technology to date. While some offer segment based price labels, others have focused on graphical displays, based on various display technologies. Today Pricer is the only one supplying both uinder one platform.

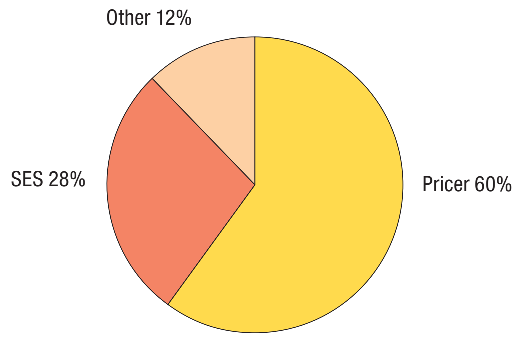
Varied ESL offerings

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.

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



Market shares worldwide in no. of ESLs



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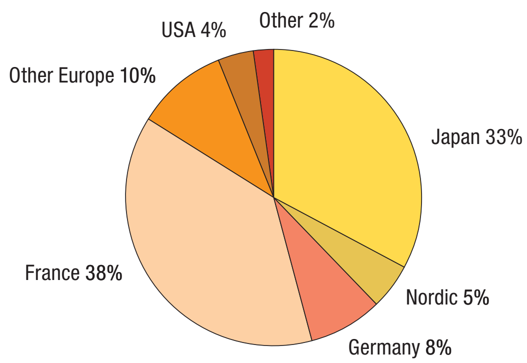
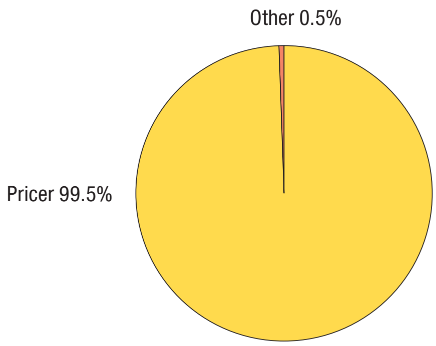
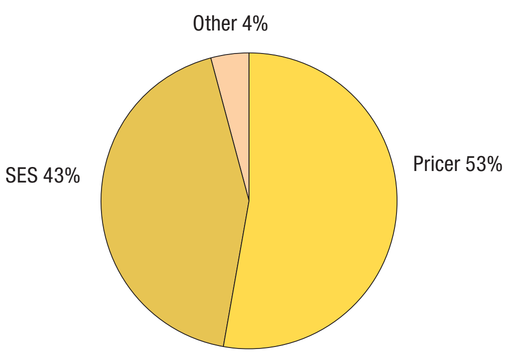


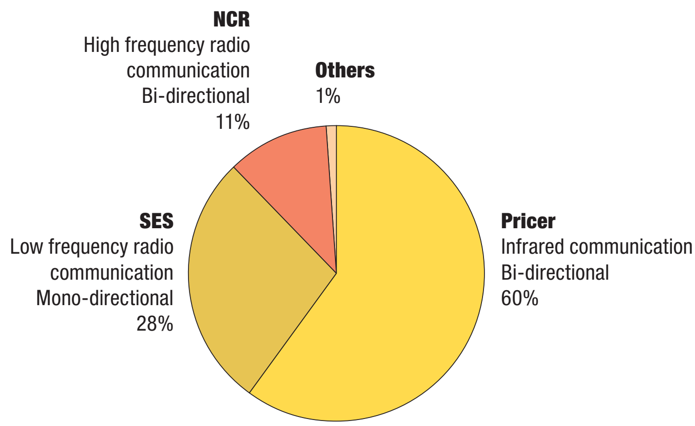
Market shares in Japan in no. of ESLs



Market shares in France in no. of ESLs



Communication technology worldwide



ESL is part of the retail automation process

In response to an increasingly urgent need for process automation, the majority of retailers are pursuing automation strategies to achieve operating efficiencies. The Pricer system supports and strengthens retail business and profits mainly by boosting sales and reducing costs.

One important advantage is to eliminate tedious and labour-intensive manual price labelling, but also to reduce the interruptions that arise due to price errors. Centralisation is increasing and with it control and efficiency of price and promotion. ESL enables price competitively and alignment. Even small increments, so-called micro price changes, can easily be executed with an ESL system, frequently overseen in manual processes since the gains do not exceed the cost. ESL 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. Time spent on price audits is also significantly decreased. In addition, Pricer's ESL system allows retailers to bring price and merchandising information directly to the shelf edge helping stock control, enhancing customer service and improving the shopping experience. In-store marketing is also reinforced by informative shelf labels displaying price and promo-tional information.

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 under one year.

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

dotmatrix™ is here

Pricer's complete wireless display platform supports both segment-based and pixel-based technologies

A global team

2007 was an important year for Pricer's organisation, with the implementation of the new structure following the acquisition of Eldat in 2006 and the new restructuring plan that is expected to reduce operating expense significantly. Pricer continues to work with a team of driven employees and a global partner network of resellers, integrators and hi-tech leaders.

Network of resellers and partners

Pricer's organisation is divided into five business units in Sweden, France, Israel, Spain and the U.S. Pricer complements its direct global sales effort with local and international resellers and retail system integrators.

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, Herbert Retail in the U.K., PSI in Scandinavia, Nicolis in Italy, ETIM in Russia, IBM in Spain and Skydirect in South Africa.

Core knowledge held in-house

All core activities and knowledge such as system architecture design, chip design, PCB design, project know how, robotics, logistics and production management are held in-house.

Outsourced 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. All suppliers are ISO-certified and based in China, Hong Kong, Sweden and the U.K.

Enterprising and international culture

Pricer works in an international and multicultural environment where accountability and experience 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. Pricer's corporate culture is characterised by responsiveness and short decision-making paths. 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 responsibility of employees.

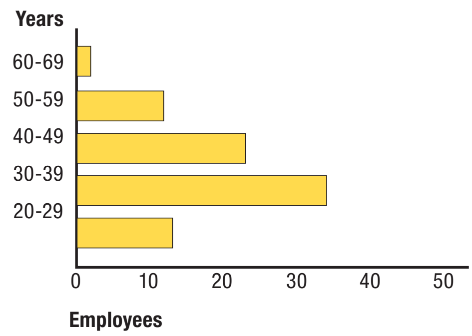
Employees in numbers

At the end of 2007 the Pricer Group had a total of 63 (110) employees, of whom 29 (41) worked at Pricer AB, 25 (28) at Pricer SAS, 6 (37) at Pricer E.S.L. Israel Ltd., and 3 (4) at Pricer Inc. 23 (22) 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 (0.8) per cent in 2007.

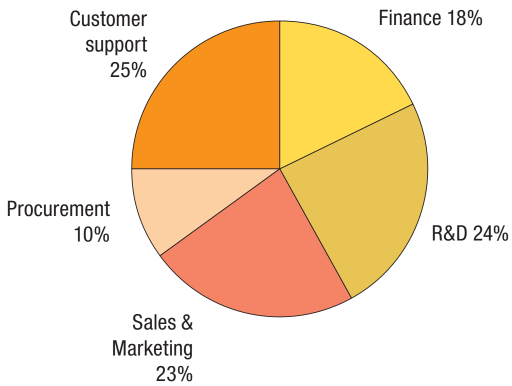
Legal structure

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 (Israel), and Pricer Inc. (U.S.).

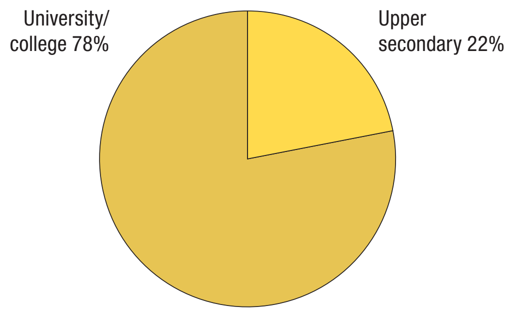
Age distribution



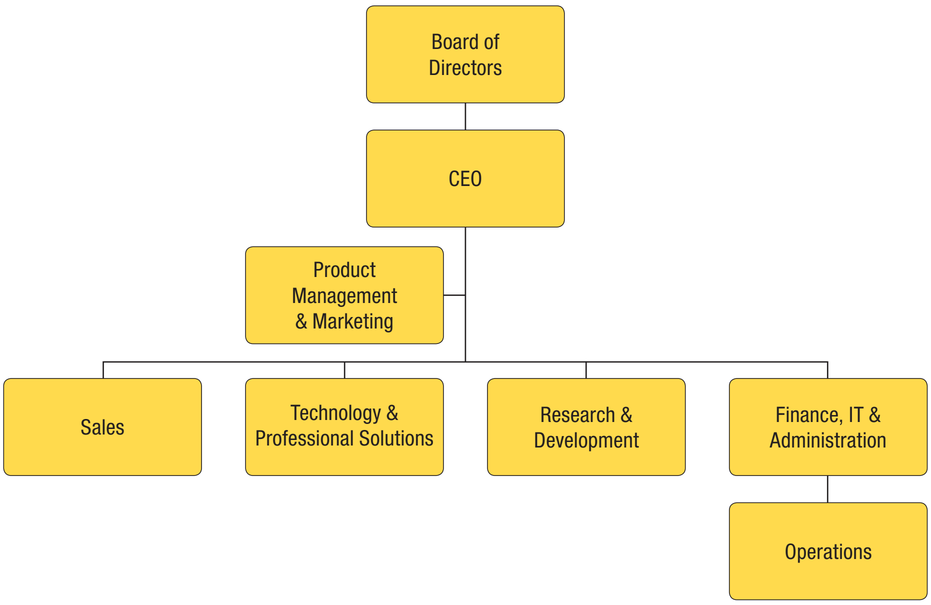
Department distribution



Educational levels



Pricer Group



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 31 December 2007 amounted to SEK 101,613,220. The total number of shares was 1,016,132,200, consisting of 2,280,297 class A shares and 1,013,851,903 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.

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 2007

The share price started the year at SEK 0.76 and ended it at SEK 0.46. The year's highest closing price of SEK 0.76 was quoted on 2 January and the lowest of SEK 0.38 on three occasions in November. Market capitalisation on 31 December 2007 was SEK 467 M.

The trading volume for the full year 2007 amounted to 1,006,876,340 shares for a combined value of SEK 503,161,397, equal to an average daily volume of 4,043,680 shares worth a combined SEK 2,020,729. The number of trades for the full year was 23,679, equal to a daily average of 95. 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 and convertible debentures

The Extraordinary General Meeting in March 2007 decided to approve the global incentive programme for employees and issue 30,000,000 warrants. Each warrant shall, during the period until 30 June 2011, give entitlement to subscription to one new class B share. The subscription price is SEK 0.58.

The Extraordinary General Meeting also approved the issue of convertible debentures of SEK 74.9 M. The duration of the deben-tures is two years and approximately 9 per cent annual interest (6 months STIBOR + 4.5 per cent) and can be converted to shares in Pricer at a share price of SEK 0.70, corresponding to a dilution of about 9 per cent. The debentures were available until August 2007 and have been drawn in full.

Ownership structure

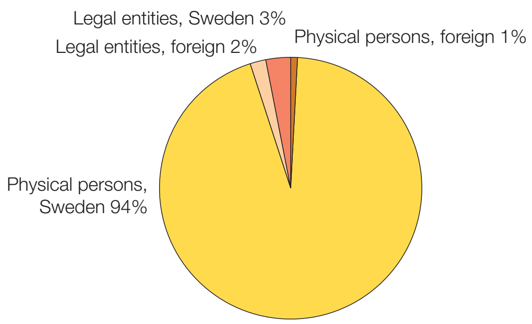
The number of shareholders on 31 December 2007 was 22,576. The ten largest shareholders held 38 per cent of the number of shares and 39 per cent of the votes. Legal entities held 59 per cent of the number of both shares and votes, while foreign shareholders held 35 per cent of the shares and 34 per cent of the votes.

Ownership structure 31 December 2007

No. Of shares	No. of share-holders	% of share-holders	No. of shares	% of equity	% of votes
1-1 000	6,282	28	2,973,779	0.3	0.3
1 001-10 000	10,983	49	45,119,985	4.4	4.4
10 001-100 000	4,462	20	142,620,712	14.0	14.0
100 001-	849	4	825,417,724	81.3	81.3
Total	**22,576**	**100**	**1,016,132,200**	**100.0**	**100.0**

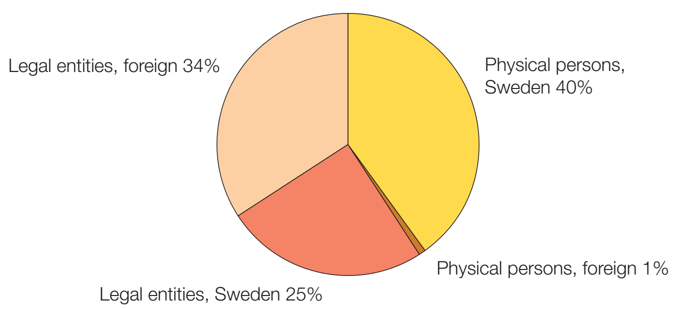
Source: VPC (Nordic Central Securities Depository)

Shareholders 31 Dec 2007
No. of holders

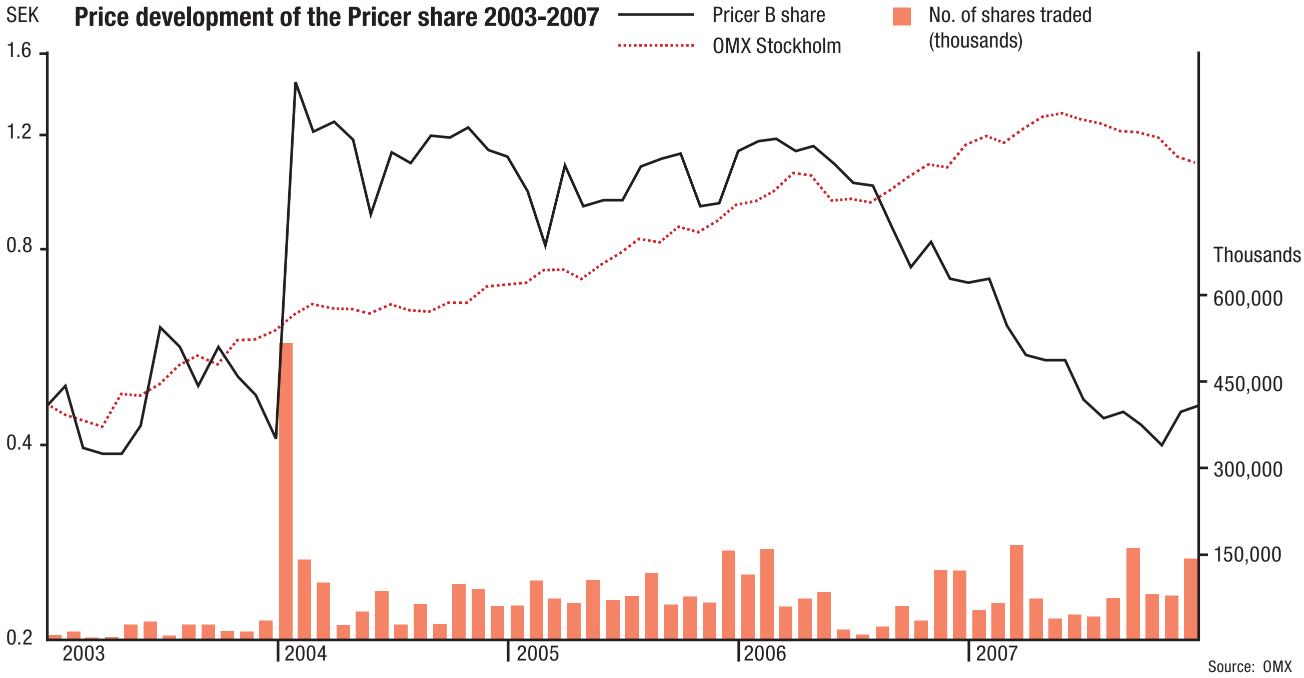


Source: VPC (Nordic Central Securities Depository)

Votes 31 Dec 2007



Source: VPC (Nordic Central Securities Depository)



Major shareholders 31 December 2007

Name	A shares	B shares	No. of shares	% of votes	% of capital
Grimaldi, Salvatore including companies	2,110,600	103,157,561	105,268,161	11.1	10.4
Brightman Almagor Friedman Trustees*	-	85,442,457	85,442,457	8.3	8.4
Danske Bank International SA	-	66,547,179	66,547,179	6.5	6.5
JP Morgan Bank	-	49,286,666	49,286,666	4.8	4.9
Danielsson, Erik inkl. bol. och fam.	6,167	34,067,232	34,073,399	3.3	3.4
Purpose AB	-	15,640,000	15,640,000	1.5	1.5
DNB NOR Bank ASA	-	12,289,969	12,289,969	1.2	1.2
Victory Life & Pension Assurance Co	-	11,030,830	11,030,830	1.1	1.1
BNP Paribas Securities Services, W8IMY	-	10,090,000	10,090,000	1.0	1.0
TJ Junior AB	-	10,000,000	10,000,000	1.0	1.0
10 largest shareholders	**2,116,767**	**397,551,894**	**399,668,661**	**39.8**	**39.3**
Others	163,530	616,300,009	616,463,539	60.2	60.7
Total	**2,280,297**	**1,013,851,903**	**1,016,132,200**	**100.0**	**100.0**

*Eldat's former owner

Source: VPC (Nordic Central Securities Depository)

Data per share, 2003-2007

SEK per share	2007	2006	2005	2004	2003
Earnings	0.00	-0.05	-0.05	-0.09	-0.15
Dividend	-	-	-	-	-
Shareholders' equity	0.35	0.35	0.20	0.15	0.18
Cash flow	0.03	-0.05	-0.09	-0.11	-0.1
P/S ratio	1.08	1.48	2.37	2.60	2.30
Adjusted for full dilution:					
Earnings	0.00	-0.05	-0.05	-0.09	-0.11
Shareholder's equity	0.31	0.35	0.20	0.15	0.23
Cash flow	0.02	-0.05	-0.09	-0.11	-0.08
P/S ratio	1.23	1.48	2.37	2.60	3.10
Share price:					
Yearly high	0.76	1.30	1.17	1.69	0.67
Yearly low	0.38	0.63	0.78	0.49	0.38
Closing rate	0.46	0.71	1.13	1.15	0.43
No. of shares on 31 Dec., 000s	1,153,275	1,016,132	754,332	560,435	451,870
Market capitalisation on 31 Dec., SEK M	531	721	852	645	192
Average number of shares, 000s	1,153,275	853,234	684,314	512,485	335,479
Share price on 31 Dec./shareholders' equity, %	149	204	560	780	243

Share capital development, 2003–2007

Year		Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
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	1,016,132,000	26.2	101.6

Business risks and opportunities

Pricer sees significant potential in the retail trade where the company, with its strong technical platform and solid customer references, is well placed to meet and benefit from the expected growth in demand. At the same time, all entrepreneurial activities and ownership of shares entail a degree of risk. Several risk factors may come to affect Pricer's business operations. For this reason, when making an assessment of the com-pany's future development, it is also important to consider these risks and also the opportunities. Some of the factors that may be of great importance for the company's future development, results and financial position are describe below. They are not presented in any order of priority, and it is not claimed that they are comprehensive.

Business risks

The market. The ESL market has grown strongly in recent years, and it is expected to show continued growth, although the growth rate in the past and current years has not been significant. It is difficult to estimate when ESL systems will come to enjoy general demand on a large scale.

Customer dependence. Pricer has a relatively small number of large customers who account for the bulk of its sales. Pricer is actively seeking to reduce its dependence on individual customers by creating partnerships and dealing with more customers direct.

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

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 now that it has reached a positive cash flow from operating activities. However, Pricer may require an additional injection of capital if sales of the ESL system do not increase at the projected rate, if the gross margin is not sufficient to generate a positive cash flow, or if other events occur which create such a need.

Competitors. Following the acquisition of Eldat, there are at present two companies with similar products that compete with Pricer on 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 of minimising the risk of loss of market share.

Competing technologies. The infrared light system 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 new technologies might represent a threat in the future. So far, Pricer has not identified any technology that constitutes a definite threat to the company's technology. The cost of developing the ESL system has been very high, and one cannot rule out the possibility that heavy investments may also be required in the future to maintain the company's competitive position.

Patents. Pricer protects its products, to the extent possible, by means of patents. However, there is no guarantee that the company's newly developed products can be patented, that current and future patent applications will actually lead to patents, or that the company's existing patents will be adequate to protect it. There is also a risk of costly patent disputes that could 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 the convenience goods sector, where restructuring, stiffer competition and a sharper focus on price are all reflected in the growing use of automation strategies. In the longer perspective, this will benefit ESL suppliers in a market where penetra-tion is still negligible, but where the potential is estimated at between 6 and 10 billion labels. Pricer is well positioned to respond to growing demand..

Customers. Pricer has a strong market presence, a strong brand name in the convenience goods trade and the market's broadest installation base with almost 4,000 installations in use at prestigious customers.

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

Definitions

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

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

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

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

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

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

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

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

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

Earnings per share
Result for the year attributable to the Parent Company's shareholders divided by the average number of shares in issue.

Working capital
Interest-free current assets less interest-free current 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 President of Pricer AB (publ), co. reg. no. 556427-7993, herewith submit their annual report for the financial year 1 January – 31 December 2007. Figures in brackets refer to the previous 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 an associate company, Pricer Ishida Explorative Research (PIER) AB.

The Group is organised with most of the activities in the Parent Company, which has responsibility for product development, production management, purchasing, sales to subsidiaries and certain markets, and customer service. Pricer E.S.L. Israel Ltd., which was acquired in 2006, had responsibility during the year for the Eldat product line. In the future it will handle sales and product maintenance for the Group. The subsidiaries in France and the U.S. handle sales and customer service in their respective market areas. The activities of the other companies are marginal in scope.

Nature of business

During the year the Board made changes and structuring measures were taken to lower the fixed cost base to a level at which it would be covered by the gross profit. This process has almost been concluded and it is expected to result in several synergy effects in 2008. Pricer is launching a complete product family with electronic paperlike displays under the DotMatrix™ brand name, which will complement the ESL programme and lead to growth in sales of ESL labels in the convenience goods trade. A further aim is to give Pricer a firm hold over other segments of the retail trade, especially specialist trades and household investment goods.

Charles Jackson, vice president Sales and Marketing since 2002, was appointed President.

The order intake rose by 45 per cent to SEK 441 M (303) during the year. It should be noted that some of the growth is explained by the inclusion in a large order from 2002 of deliveries to Ishida in previous years and up until 31 March 2007. It should also be noted that Eldat was acquired in August 2006 and is thus only included in the accounts with effect from that date. Orders in hand at the end of December amounted to some SEK 71 M (75). Most of Pricer's orders are denominated in USD or EUR.

Markets and marketing

Pricer made good progress in 2007 and noted an improvement in its financial result. In 2007, revenue was influenced by the concern in the retail trade over the generally turbulent credit market. However, customers retained their confidence in the ESL system as part of their automation programmes. Sales improved slightly to SEK 432 M (410), with a strong flow of revenue from leading convenience goods chains. The internationalisation of Pricer's customers' ESL programmes should be noted.

The strong sales in Europe and Japan offset the persistent slackness on the American market. In 2007 Pricer installed its system in 600 new stores. During the years Pricer delivered 12 million labels, which brings its total global deliveries since the start to 55 million labels. The company has also retained its 60 per cent share of the market. Pricer has made installations in more than 3 600 stores in more than 30 countries.

Among the highlights of the year may be mentioned the selection by several leading European and American chains of Pricer's DotMatrix™ bistable, electronic displays. There are also numerous pilot projects in the portfolio, for food chains, but also for other retail chains. There are also some encouraging signs from the British market, where Pricer has two distributors, now that the product offering is more complete. The Spanish market is showing signs of being on the point of moving into a growth phase and Pricer is particularly well placed with installations for several chains. In 2008 Pricer has also signed an agreement with an additional chain for installations this year that will further strengthen it's presence in Spain.

A further important milestone is that Pricer's partner Ishida has now completed its one-thousandth store installation in Japan. A licence agreement has also been signed with Ishida for the development, marketing and sale of wireless graphic display labels, primarily for the Japanese market. In April Pricer received its first royalty payment for this of SEK 14 M. It will be followed by a further SEK 21 M or so, in the form of either merchandise or cash in line with the achievement of certain milestones during the coming years. Pricer will also receive a volume-based licence fee, probably as of the end of 2008.

Pricer expects customer projects on the American market to lead to orders, even though the lead-times before decisions are made on installations are longer than had previously been expected. Installations were made in ten stores for one customer with installations in further stores expected in 2008. Pilot systems have been installed at some customers, while initial installations have been made at others, who are expected to make decisions on large-scale purchases of the ESL system in the future.

In Pricer's judgement, the ESL market will continue to develop. Pricer's is at present the only ESL platform that supports both segment-based and bistable displays. This means that growing interest will emerge from other markets than those where it is established. There is no mistaking in the signals from Pricer's priority geographical markets, and there is also some interest from outside these established markets. The number of installations is increasing throughout the world, which is prompting other chains to examine the potential for installing the ESL system as one aspect of their efficiency improvement process.

Research and development

Pricer's underlying aim is to enable newly developed products to satisfy customer wishes more effectively. They shall also be configured and adapted for various markets and customers in order to differentiate them in relation to competing systems. A further aim is to make possible rational manufacturing, optimise economies of scale and thereby reduce unit costs.

The parent company in Stockholm has responsibility for product development. Product development investments in 2007 remained high and amounted to SEK 31.9 M (35.2), which corresponds to 22 (27) per cent of total operating costs and 7 (9) per cent of sales. In 2007 an extensive restructuring programme was carried out involving the relocation of the Group's development activities to Sweden. The product strategy attaches less importance to the development of the Eldat product system and consequently development resources at Pricer in Israel have been phased out.

Considerable attention has been paid to productivity improvement measures and the retention of core competence in the company. The use of new methods is resulting in the more efficient development of software, thus permitting the greater part of this to be relocated from the earlier partly owned Appulse in India to Stockholm, where it can be more closely co-ordinated with other development activities. This was arranged parallel to an intensification of the research intended to meet customer demand for new high quality and customerised software for Pricer's system. A new partner has joined for the ASIC (circuit board) project, and already demonstrated in 2007 efficiency, product performance, and cost advantages. The selection of this partner fits the long-term strategy as it is one of the largest display-drive suppliers in the world and possesses technological expertise that will be put to good use in Pricer's DotMatrix™ product programme.

Pricer has had a long-term relationship with Ishida for some time. Measures are being taken through PIER AB, a jointly owned company, with the object of developing the ESL system. In March 2007 this joint research resulted in Pricer licensing Ishida to develop wireless graphic display devices, known as DotMatrix™ ESL, mainly for the Japanese market, while the activities carried on through PIER AB came to a halt.

Pricer aims to stay at the cutting edge through further development and adaptation to new technologies and specific customer requirements. The company is constantly developing systems to bring about cost and production benefits. During the year, new components were successfully launched with improved functionality and at lower manufacturing cost in respect of infrastructure, communication platform, circuit cards, and DotMatrix™ platform.

By investing additional resources in, and applying platform thinking and modular principles, the year's new products featured flexibility, scalability and forward- and backward-compatibility. Pricer's policy is to obtain patent protection for new products.

Net sales and result

Net sales in 2007 amounted to SEK 432.3 M (409.9), which was an increase of 5 per cent. Eldat, which was acquired in August 2006, is included in the comparative figures as of the acquisition date. Deliveries during the year went mainly to customers in Japan, Germany and France. In comparison with 2006, especially the sales volume going to Carrefour was lower owing to extensive installation projects in Carrefour's hypermarkets in previous years.

The gross profit increased to SEK 132.0 M (89.7) and the gross margin improved to 31 per cent (22). The stronger gross margin is an effect of an improved market mix and lower product costs; it also benefited from the weaker US dollar as all purchases are invoiced in this currency.

Other operating income amounted to SEK 20.6 M (cost 0.2) and related primarily to a first royalty payment from Ishida of SEK 14.0 M, the SEK 3.6 M reversal of certain reserves set up in 2000 that were related to the sale and winding up of Intactive, as well as insurance compensation of SEK 2.5 M.

Operating costs increased to SEK 146.6 M (130.5). The year's costs include provisions amounting to some SEK 12 M, largely compensation to the outgoing President and contractual severance pay to other employees leaving the company as a consequence of the downsizing programme. In relation to the previous year the increase was mainly an effect of the acquisition of Eldat. Operating costs were also affected by the depreciation of intangible fixed assets as a consequence of the acquisition of Eldat, and costs associated with the employee stock option plan. The cost reductions resulting from the programme are expected to show through in 2008.

The operating result was a profit of SEK 6.0 M (loss 41.0).

Net financial costs amounted to SEK 7.2 M (8.1) and consist mainly of interest on convertible loans and bank loans, which was partly offset by the translation of currency items and interest income on liquid funds.

Income tax amounted to SEK 2.2 M (1.1) and was positive due to a released deferred tax liability relating to the acquisition of intangible assets in connection with the acquisition of Eldat.

The net result for the year was a profit of SEK 1.0 M (loss 48.0).

Assets and financial position

Total closing assets amounted to SEK 532.5 M (494.4) and consisted mainly of goodwill and other intangible assets attributable to the acquisition of Eldat in 2006. The largest single item is goodwill of SEK 234 M. The acquisition of Eldat put Pricer into a strong position of leadership in the ESL sector, and synergies resulting from the merger are still being realised. The value of the goodwill item is based on the expected cash flow to be generated by Pricer as a whole since Eldat's business has been fully integrated into Pricer. A long-term forecast was made in connection with the acquisition, and this is updated regularly. The forecast is based on the continuation of favourable conditions on the market for Pricer's products. For this reason it shows substantial future cash flows. The expected cash flow in the forecast is discounted using an estimated market interest rate to a present value that exceeds the value of the goodwill item. The closing working capital amounted to SEK 80.1 M (102.1). With effect from 2007, working capital does not include deferred tax and provisions, and the comparative prior-year figures have been adjusted accordingly. The main factor behind the decline in working capital was lower inventories. Closing liquid funds amounted to SEK 100.1 M (31.5).

The cash flow from current operations amounted to SEK 27.2 M (neg. 54.0). The cash flow improved markedly in 2007 owing to the improvement in the result and the reduction in working capital.. The year's cash flow from financing activities amounted to SEK M 37.4 (23.4) and consisted of the issue of convertible loan stock offset by the repayment of bank loans.

In April 2007 Pricer strengthened its financial position and liquidity by raising a SEK 74.9 M convertible loan. The loan runs for two years and pays interest at a rate of some 9 per cent a year (6-month STIBOR + 4.5%), and can be converted into shares in Pricer at an exercise price of SEK 0.70, which means dilution of some 9 per cent. In accordance with IFRS, part of the loan is stated as equity. The interest cost will be adjusted regularly during the duration of the loan.

A SEK 20 M loan from a Swedish bank was repaid in August as a result of the improved liquidity situation following the issue of the convertible loan. It has been replaced by a corresponding loan commitment.

In 2007, subsequent to the decision by the AGM, Pricer issued 30 million options as part of a global incentive scheme for the personnel. The purpose was to give all employees a chance to participate, and thus benefit from the company's favourable performance. The existence of such a programme is also judged to improve the company's ability to attract and keep capable employees. The 2007 option scheme is appreciated and has had a positive effect, and a similar proposal involving 20 million options is being submitted to the 2008 AGM. The options run until 30 June 2011 and have a redemption price of SEK 0.58. If exercised in full they would correspond to dilution of some 3 per cent. The options have been allotted to the personnel in the form of ESOs for employees in France and Israel and as equity warrants for the employees in Sweden and the USA.

Pricer's liquidity ratio was 132 per cent (99), and has been strengthened mainly by the increase in liquidity caused by the improved result and a reduction in working capital. The closing equity ratio was 67 per cent (71).

Administration report (cont'd)

Capital expenditure
Net capital expenditure during the year amounted to negative SEK 4.9 M (9.9). The negative amount is due to a reduction in the acquisition cost of Eldat on the basis of an agreement on compensation for a guarantee claim.

Employees
The average number of employees in the Group in 2007 was 95 (108). The number of employees on 31 December 2007 was 83 (110), of whom 20 have been made redundant and are no longer a charge on the Group's result.

Parent Company
The Parent Company's net sales amounted to SEK 326.6 M (288.9), of which intra-group sales amounted to SEK 109.6 M (148.5). The pretax result was a profit of SEK 30.2 M (loss 39.2). The Parent Company's fixed capital expenditure amounted to SEK 1.0 M (3.2), and its closing liquid funds amounted to SEK 91.3 M (23.0).

Financial policy and currency risks
Risk management is controlled by a financial policy adopted by the Board. See page 18.

Risks and uncertainty factors
Pricer's result and financial position are affected by various risk factors that should be taken into account when assessing the company and its future potential. These risks are primarily related to developments on the ESL market. For more information about business risks and opportunities, see page 18.

Guidelines for remuneration and other benefits of senor management personnel
The members of the Board receive a fee, as decided by the AGM. The AGM has decided on the following guidelines for the remuneration and other benefits of senior management personnel.

By senior management personnel is meant the president, CFO and members of Group management. Members of group management are listed on page 54.

Pricer, taking into account the conditions in the country of residence of each member of Group management, shall offer a competitive total package that will enable the company to hire and retain senior management personnel. The remuneration of senior management personnel shall consist of fixed salary, variable component, pension and other normal benefits.

The fixed salary is determined individually and based on position, performance, result and responsibility. The level shall be competitive on the relevant market. The variable component is based on the achievement of financial and personal targets. It shall not exceed an amount corresponding to the fixed salary.

Group management's pension conditions shall be competitive and should be based on defined premium solutions or correspond to a general pension plan.

To harmonise the long-term interests of personnel and shareholders the company shall be able to provide, in addition to salary, pension and other benefits, incentives in the form of equity-related instruments.

Pricer's shares
According to Chapter 6 §2a of the Annual Accounts Act, listed companies shall provide information on certain circumstances that can influence the ability to take over the company by means of a public take-over offer for the shares in the company.

Pricer has a total of 1,016,132,200 shares in issue, of which 0.2 per cent are Series A shares carrying five votes each and the remainder are Series B shares, each carrying one vote. Pricer has some 23,000 shareholders, of whom the 10 largest own just under 40 per cent of the capital. Salvatore Grimaldi (and companies controlled by him) is the largest shareholder, with an interest of more than 10 per cent. More details regarding ownership of Pricer's shares are provided on page 16. Otherwise, there is nothing to add to the above information.

Board of Directors
The nomination of candidates to the Board for submission to the Annual General Meeting are prepared by the nomination committee appointed by the Board and consisting of Salvatore Grimaldi, Martin Bjäringer, David Goldschmidt and John Örtengren. Akbar Seddigh was elected to the Board at an Extraordinary General Meeting held on 14 March 2007. At the AGM Magnus Schmidt was elected to the Board and Elie Barr, Daniel Furman, Jan Forssjö and Akar Seddigh were re-elected. At the statutory meeting of the Board Akbar Seddigh was elected chairman and Magnus Schmidt deputy chairman. A remuneration committee was also instituted, to which they were both elected. Other matters are dealt with by the Board as a whole, but can be prepared by various groups of members. For information regarding the Board's activities and procedures, see page 52.

Subsequent events
The second largest retail chain in Spain has placed an initial order for more than 100,000 ESL for four hypermarkets, which will be installed during the first half of the year.

Metro Cash & Carry, Germany, has brought forward its project for upgrading its ESL in Germany. An order to replace all the labels in the remaining 18 Cash & Carry stores for a total value of more than SEK 20 M with is underway with delivery planned for the first half of 2008.

Future outlook
Pricer, which has been concentrating on reducing its cost base and now foresees an improvement in its gross margin, expects its result to improve further in 2008, even should volume growth be limited.

Proposed treatment of accumulated reserves
The Board of Directors proposes that the available equity in the Parent Company of SEK 190,704,900 be brought forward.

Consolidated income statement

1 January - 31 December

Amounts in SEK 000s	Note	2007	2006
Net sales	2, 3	432,287	409,862
Cost of goods sold		-300,335	-320,141
Gross profit		**131,952**	**89,721**
Other operating income	4	20,599	-
Other operating expense	5	-	-161
Selling expenses		-57,860	-48,951
Administrative expenses		-56,760	-46,379
Research and development costs		-31,939	-35,210
Operating result	3, 6, 7, 8, 27	**5,992**	**-40,980**
Financial income		4,655	728
Financial expenses		-11,885	-8,835
Net financial items	9	**-7,230**	**-8,107**
Result before tax		**-1,238**	**-49,087**
Income tax	10	2,193	1,071
Result for the year		**955**	**-48,016**
Attributable to:			
Equity holders of the Parent Company		1,054	-46,510
Minority interests		-99	-1,506
		955	**-48,016**

Earnings per share		2007	2006
Earnings per share before dilution, SEK	20	0.00	-0.05
Earnings per share after dilution, SEK		0.00	-0.05
Number of shares, millions		1,016	853
Number of shares after dilution, millions		1,153	853

Consolidated balance sheet

At 31 December

Amounts in SEK 000s	**Note**	**2007**	**2006**
ASSETS			
Intangible assets	11	265,789	282,206
Tangible assets	12	5,650	8,062
Financial assets	13	136	192
Total assets		**271,575**	**290,460**
Inventories	16	28,756	64,580
Taxes recoverable	10	-	208
Accounts receivable	17	117,347	89,838
Prepaid expenses and accrued income	18	6,677	6,230
Other receivables	15	8,079	11,568
Cash and cash equivalents		100,115	31,485
Total current assets		**260,974**	**203,909**
TOTAL ASSETS		**532,549**	**494,369**
EQUITY AND LIABILITIES			
EQUITY	19		
Share capital		101,613	101,613
Other contributed capital		275,188	349,480
Reserves		810	-4,619
Accumulated deficit including result for the year		-21,183	-93,368
Equity attributable to equity holders of the Parent Company		**356,428**	**353,106**
Minority interests		67	65
Total equity		**356,495**	**353,171**
LIABILITIES			
Long-term interest-bearing liabilities	21, 26	71,503	-
Warranty provisions	22	1,320	6,933
Deferred tax	23	8,121	10,360
Total long-term liabilities		**80,944**	**17,293**
Prepayments from customers		2,501	6,579
Current interest-bearing liabilities	21, 26	1,953	44,942
Accounts payable		30,363	34,836
Other liabilities	24	8,035	5,542
Accrued expenses and deferred income	25	39,417	24,116
Provisions	22	12,841	7,890
Total current liabilities		95,110	123,905
Total liabilities		176,054	141,198
TOTAL EQUITY AND LIABILITIES		**532,549**	**494,369**
Pledged assets	28	**310,938**	**77,152**
Contingent liabilities	28	**1,189**	**1,130**

Consolidated statement of changes in equity

		Equity attributable to equity holders of the Parent Company						
Amounts in SEK 000s	**Note**	**Share capital**	**Other contributed capital**	**Reserves**	**Accu-mulated deficit incl. result for the year**	**Total**	**Minority interests**	**Total equity**
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**
Opening equity, 1 January 2007		**101,613**	**349,480**	**-4,619**	**-93,368**	**353,106**	**65**	**353,171**
Translation differences/other	19			-5,005		-5,005		-5,005
Adjustment to translation differences/ Other				10,434	-10,434			0
Reclassification of previous year's result as decided by AGM			-74,292		74,292			0
Result for the year					1,054	1,054	-99	955
Total changes in assets, excluding transactions with company's shareholders		101,613	275,188	810	-28,456	349,155	-34	349,121
Change as effect of convertible loan					4,494	4,494		4,494
Change as effect of employee options					2,779	2,779		2,779
Change in shareholder contribution from Ishida Co Ltd to PIER AB							101	101
Closing equity, 31 December 2007		**101,613**	**275,188**	**810**	**-21,183**	**356,428**	**67**	**356,495**

Consolidated cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2007	2006
	31		
Operating activities			
Result after financial items		-1,238	-49,087
Adjustment for non-cash items		12,296	15,430
Paid income tax		-71	-471
Cash flow from operating activities before changes in working capital		**10,987**	**-34,128**
Cash flow from changes in working capital			
Change in inventories		35,517	-16,519
Change in operating receivables		-21,685	52,853
Change in operating liabilities and provisions		5,549	-56,164
		19,381	-19,830
Cash flow from operating activities		**30,368**	**-53,958**
Investing activities			
Acquisition of subsidiary		-	-6,313
Disposal of subsidiary		6,636	535
Acquisition of intangible fixed assets		-40	-
Acquisition of tangible assets		-1,746	-4,074
Disposal of tangible assets		44	-
Cash flow from investing activities		**4,894**	**-9,852**
Financing activities			
Shareholder contributions received from minority [1)]		-	307
Amortisation of bank overdraft facility		-40,580	-2,931
Loans raised		74,900	25,921
Cash flow from financing activities		**34,320**	**23,297**
Cash flow for the year		**69,582**	**-40,513**
Cash and cash equivalents at beginning of year		31,485	72,444
Exchange difference in cash and cash equivalents		-952	-446
Closing liquid funds		**100,115**	**31,485**

[1)]Refers to shareholder contribution from Ishida Co Ltd to PIER AB (jointly owned by Pricer AB and Ishida Co Ltd).

Parent Company income statement

1 January - 31 December

Amounts in SEK 000s	Note	2007	2006
Net sales	2	326,589	288,909
Cost of goods sold		-241,172	-240,415
Gross profit		**85,417**	**48,494**
Selling expenses		-10,028	-10,386
Administrative expenses		-48,036	-37,165
Research and development costs		-20,372	-27,908
Other operating income	4	17,840	979
Other operating expenses	5	-	-136
Operating result	6, 7, 8, 27	**24,821**	**-26,122**
Result from financial investments:			
Result from participations in group companies		5,903	-12,185
Interest income and similar profit/loss items		6,438	2,702
Interest expenses and similar profit/loss items		-6,924	-3,608
Result after financial items and before tax	9	**30,238**	**-39,213**
Income tax	10	-	-
Result for the year		**30,238**	**-39,213**

Parent Company balance sheet

At 31 December

Amounts in SEK 000s	Note	2007	2006
ASSETS			
Fixed assets			
Intangible assets	11	2,276	4,482
Tangible assets	12	3,783	6,066
Financial assets			
Participations in group companies	30	269,783	275,622
Receivables from group companies	14	84,487	4,056
Total financial assets		*354,270*	*279,678*
Total fixed assets		**360,329**	**290,226**
Current assets			
Inventories etc	16	21,981	47,430
Current receivables			
Accounts receivable	17	40,178	18,461
Receivables from group companies	29	10,423	36,617
Other receivables	15	5,910	3,895
Prepaid expenses and accrued income	18	4,477	2,974
Total current receivables		**60,988**	**61,947**
Cash and cash equivalents		91,341	22,973
Total current assets		**174,310**	**132,350**
TOTAL ASSETS		**534,639**	**422,576**

Parent Company balance sheet (cont'd)

Amounts in SEK 000s	Note	2007	2006
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		101,613	101,613
Statutory reserve		104,841	104,841
		206,454	206,454
Non-restricted equity			
Share premium reserve		153,474	227,766
Accumulated reserves		6 993	-35,079
Result for the year		30,238	-39,213
		190,705	153,474
Total equity		**397,159**	**359,928**
LONG-TERM LIABILITIES			
Long-term interest-bearing liabilities	21, 26	71,503	-
Liabilities to group companies		100	5,086
Provisions	22	1,320	4,100
Total long-term liabilities		**72,923**	**9,186**
CURRENT LIABILITIES			
Current interest-bearing liabilities	21	0	20,277
Accounts payable		15,731	16,624
Liabilities to group companies	29	6,602	3,991
Other liabilities	24	2,752	1,420
Accrued expenses and deferred income	25	32,423	9,658
Provisions	22	7,049	1,492
Total current liabilities		**64,557**	**53,462**
TOTAL EQUITY AND LIABILITIES		**534,639**	**422,576**
Pledged assets	28	**131,850**	**34,832**
Contingent liabilities	28	**213**	**207**

Parent Company statement
of changes in equity

	Restricted equity					
	Share capital	**Statutory reserve**	**Share premium reserve**	**Accumulat-ed deficit**	**Result for the year**	**Total equity**
Opening equity, 1 January 2006	75,433	104,841			-35,079	145,195
Rebooking of previous year's result				-35,079	35,079	0
Result for the year					-39,213	-39,213
Total recognised income and expense excluding transactions with shareholders	75,433	104,841		-35,079	-39,213	105,982
New share issue	26,180		227,766			253,946
Closing equity, 31 December 2006	**101,613**	**104,841**	**227,766**	**-35,079**	**-39,213**	**359,928**
Opening equity, 1 January 2007	101,613	104,841	227,766	-35,079	-39,213	359,928
Rebooking of previous year's result as decided by AGM			-74,292	35,079	39,213	0
Result for the year					30,238	30,238
Total recognised income and expense excluding transactions with shareholders	101,613	104,841	153,474	0	30,238	390,166
Change as effect of convertible loan				4,494		4,494
Change as effect of employee options				2,499		2,499
Closing equity, 31 December 2007	**101,613**	**104,841**	**153,474**	**6,993**	**30,238**	**397,159**

Parent Company cash flow statement

Amounts in SEK 000s	Note	2007	2006
	31		
Operating activities			
Profit after financial items		30,238	-39,213
Adjustment for items not included in cash flow		12,823	8,252
Cash flow from operating activities before changes in working capital		**43,061**	**-30,961**
Cash flow from changes in working capital			
Change in inventories		25,449	-36,095
Change in operating receivables		-83,528	46,425
Change in operating liabilities		19,337	-13,987
		-38,742	-3,657
Cash flow from operating activities		**4,319**	**-34,618**
Investing activities			
Acquisition of subsidiary		-	-12,960
Disposal of subsidiary		6,228	1,248
Acquisition of intangible fixed assets		-40	-
Acquisition of tangible fixed assets		-947	-3,242
Acquisition of financial fixed assets		-	-1,553
Impairment loss on financial fixed assets		-	-264
Cash flow from investing activities		**5,241**	**-16,771**
Financing activities			
Amortisation of long-term receivables		4,056	-
Amortisation of bank overdraft facilities		-19,180	-2,931
Loans raised		74,900	20,277
Cash flow from financing activities		**59,776**	**17,346**
Cash flow for the year		**69,336**	**-34,043**
Cash and cash equivalents at beginning of year		22,973	59,029
Exchange difference in cash and cash equivalents		-968	-2,013
Cash and cash equivalents at end of year		**91,341**	**22,973**

Notes on the financial statements

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

Note 1 Accounting principles

Compliance with standards and laws
The consolidated financial statements are made up 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) as endorsed by the European Commission for application in the EU. The Swedish Financial Reporting Standards Council’s recommendation RR 30:06 Supplementary Reporting Rules for Groups has also been applied. The Parent Company applies the same accounting principles as the Group, except in those cases described under “Parent Company accounting policies”. Any deviation between the principles 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 owing to tax considerations.

Basis of presentation
The parent company’s functional currency is the Swedish krona (SEK), which is also the presentation currency for the Parent Company and the Group. This means that the consolidated financial statements are presented in SEK. Except where otherwise stated, all amounts are rounded to the nearest thousand.

When making up 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 costs. The estimates and assumptions are based on historical experience and other factors that are deemed reasonable under the prevailing circumstances. The result of these estimates and assumptions is then used to assess the stated values of assets and liabilities unless they are clearly known from other sources. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period of the change, if the change affects only that period; or in the period of the change and future periods, if the change affects both.

Note 33 contains 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 subsequent years.

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

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 7 March 2008, and will be submitted to the Annual General Meeting for adoption on 1 April 2008.

Changes in accounting principles
The company has applied the following new and amended standards and interpretations when making up its financial reports for 2007.

IFRS 7 Financial Instruments: Disclosures and related amendments to IAS 1 Presentation of Financial Reports require the provision of detailed information regarding the importance of financial instruments to the company’s financial position and results, as well as qualitative information on the nature and extent of its risks. In view of IFRS 7 and related amendments to IAS 1 the consolidated financial statements for 2007 provided additional information regarding the Group’s financial targets and the management of its capital. The standard does not involve any change in accounting principle but only changes in disclosure requirements in respect of financial instruments.

The company does not adopt in advance any new standards or interpretations that have not been endorsed by the EU.

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 consist in all essentials of amounts that are expected to be recovered or settled more than twelve months after the closing date. Current assets and current liabilities consist in all essentials of amounts that are expected to be recovered or settled within twelve months from the closing date.

Consolidation principles
Subsidiaries
Subsidiaries are companies over which Pricer AB has a controlling influence, meaning that the Parent Company directly or indirectly has the power to formulate the subsidiary’s financial and operating policies so as to obtain financial benefits. Potential voting rights that can be exercised or converted without delay are taken into consideration when determining on the existence or not of a controlling influence.

Subsidiaries are consolidated in accordance with the purchase method, 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 made in connection with the acquisition to determine the acquisition cost to the Group of the investment in the subsidiary and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities on the transaction date. The acquisition cost consists of 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 pooling method. Since Pricer Communication’s ownership structure was basically identical to Pricer AB’s, the owners eventuall found it natural to integrate the business which was in effect conducted through the same organisation.

Subsidiaries are consolidated 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 receivables and liabilities, income and costs, and unrealised gains or losses arising on transactions between Group companies are eliminated in full in the preparation of the consolidated financial statements. Unrealised gains and losses arising on transactions with associate companies are eliminated to the extent that they correspond to the Group’s interest in the company. Unrealised losses are eliminated in the same way, unless there is any indication of impairment.

Transactions in foreign currencies
Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. The functional currency is the currency of the primary economic environment in which the companies carry on their business. Monetary assets and liabilities in foreign currency are translated into the functional currency at closing date rates. Currency differences arising on translation are recognised in the income statement. Currency differences affecting operating profit are explained in Note 2 and Note 8, and exchange differences affecting net financial items are explained in Note 9.

Financial statements of foreign businesses
The assets and liabilities of foreign businesses are translated from the foreign unit’s functional currency into the Group’s presentation currency, SEK, at closing date exchange rates. Income and costs of foreign businesses are translated into SEK at the average rate during the year. Pricer GmbH, now essentially dormant, has been classified as a so-called integrated entity and translated using the monetary/non-monetary method. Translation differences arising on the translation of foreign businesses are stated direct against equity as a translation reserve.

The company decided to zero accumulated translation differences attributable to foreign businesses at the time of transition to IFRS. Accumulated translation differences arising in 2004 or later are shown in Note 19 Equity.

Income
Income from the sale of goods is recognised in the income statement when significant risks and benefits of ownership have passed to the buyer. Income from the sale of services is recognised in the income statement when the financial result of providing the services can be calculated reliably and the financial benefits associated with the transaction pass to the Group.

Income is not recognised when it is not likely that the financial benefit will pass to the Group. Income in the form of royalties or licences resulting from an outside party's use of the Group's assets is recognised when it is likely that the financial benefits associated with the transaction will pass to the company and the amount of income can be calculated reliably. The criteria for recognition of income are applied to each transaction on an individual basis.

Government grants are stated in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and that the Group will satisfy any conditions associated with the grant. Grants are periodised systematically in the income statement over the same periods as the costs for which they are intended to provide compensation.

Operating costs and financial income and costs
Costs relating to operational leases
Costs relating to operational leases are stated linearly in the income statement over the term of the lease.

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

Interest income on receivables and interest costs on liabilities are calculated using the effective interest method. The effective interest rate is the rate that results in the present value of all estimated future payments and receipts throughout the expected duration of the financial instrument is identical to the book value of the receivable or liability. Interest income and interest costs include the periodised amount of transaction costs and any discounts, premiums and other differences between the original stated value of the receivable and the amount received upon maturity.

Financial instruments
Financial instruments are stated in accordance with IAS 32, Financial Instruments: Presentation and Disclosure, and IAS 39, Financial Instruments: Recognition and Measurement.

The financial instruments stated on the active side of the balance sheet include liquid funds and accounts receivable. On the liability side, they include liabilities to suppliers and loan liabilities.

A financial asset or liability is recognised in the balance sheet when the company becomes party to the contractual conditions of the instrument. Accounts receivable are stated in the balance sheet when an invoice has been sent. Liabilities to suppliers are stated 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 removed from the balance sheet when the company's rights under the agreement have been realised, expire or the company has relinquished control over the asset. The same applies to a part of a financial asset. A financial liability is removed from the balance sheet when the obligation specified in the agreement has been discharged or is otherwise extinguished. The same applies to a part of a financial liability. The purchase or divestment of a financial asset is recognised on the transaction date, which is the date when the company undertakes to purchase or divest the asset.

Impairment testing of financial assets
On each reporting occasion, 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.

When the value of an equity instrument classified as an available-for-sale financial asset is written down, the accumulated gains/losses previously stated in equity are re-entered into the income statement.

The recoverable value of assets in the categories of held-to-maturity investments and accounts receivable, which are stated at accrued acquisition value, is calculated as the present value of future cash flows discounted at the effective rate of interest that applied when the asset was stated for the first time. Assets with short durations are not discounted. An impairment loss is taken against the income statement.

Reversal of impairment losses
Impairment losses on held-to-maturity investments or accounts receivable that are stated at accrued acquisition value are reversed if a later increase in the recoverable value 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, which were previously stated in the income statement may not be reversed via the income statement at a later date. The impaired value is the value on which subsequent fair value adjustments are based, and it is stated direct in equity.

Financial instruments are classified in the following categories: Financial assets valued at fair value through the income statement, held-to-maturity investments, accounts receivable, financial liabilities at fair value through the income statement, and other financial liabilities. The first time it is stated, a financial instrument is classified on the basis of the purpose for which it was acquired. Subsequent valuation depends on how the financial instrument was classified upon initial recognition as described below.

Financial assets at fair value through the income statement
This category consists of the Group's liquid funds and short-term placements. Liquid funds comprise cash in hand and at bank (or equivalent institutions) and other highly liquid short-term placements with original durations of less than three months that are exposed only to an insignificant risk of value fluctuations. Assets in this category are regularly valued at fair value and changes in fair value stated under net financial items in the income statement.

Held-to-maturity investments
Held-to-maturity investments are fixed-income securities with fixed or determinable payments and established durations that were acquired with the object of being held to maturity. Such investments are measured at accrued acquisition cost.

Accounts receivable
Accounts receivable are valued at accrued acquisition cost, i.e. in the amount that is expected to be received after deduction of bad debts, which are assessed indvidually. Accounts receivable have a short expected duration, and are therefore stated at their nominal value without discounting. Impairment losses on accounts receivable are stated under operating costs.

Available-for-sale financial assets
The category of available-for-sale financial assets consists of financial assets that cannot be classified in any other category or that have been classified in this category. Holdings of shares or participations in companies that are not stated as subsidiaries or associate companies are state here. Such assets are valued at fair value in the balance sheet and changes in fair value are stated against equity. When the asset is divested, the accumulated gains/losses that were previously stated in equity, are re-entered into the income statement.

Other financial liabilities
This category includes borrowings and other financial liabilities, such as liabilities to suppliers. They are valued at accrued acquisition value. Long-term liabilities have an expected duration of more than one year, while current liabilities have a duration of less than one year. Liabilities to suppliers have a short expected duration, and are therefore stated at the nominal value without discounting.

Issued convertible loan stock
Convertible loan stock can be converted into shares by the counterparty exercising his option to convert the convertible loan into shares. These are stated

as a composite financial instrument that is divided into a debt component and an equity component. The actual value of the debt at the time of issue is arrived at by discounting the future flow of payments using the applicable market rate of interest for a similar debt instrument that is not convertible. The value of the equity component is defined as the difference between the issue proceeds at the time of issue and the actual value of the financial liability at the time of issue. Any deferred tax attributable to the debt at the time of issue is netted off from the book value of the equity component.

Derivatives and hedge accounting
The Group's derivative instruments consist of forward contracts entered into in order to cover the risk for currency fluctuations. Derivatives also include conditions that are embedded in other contracts. Embedded derivatives are reported separately when they are not closely related to the underlying contract. Changes in the value of free standing or embedded derivatives are stated in the income statement on the basis of the purpose of the holding. If the derivative is used as a hedge to the extent it is effective, the change in the value of the derivative is stated on the same line in the income statement as the hedged item. Even if hedge accounting is not applied by the Group, increases/reductions in the value of a derivative instrument are stated direct in the income statement as income or costs respectively within the operating result or within net financial items, depending on the reason for using the derivative and whether its use is related to an operating item or a financial item.

Receivables and liabilities in foreign currency and transaction exposure
Forward contracts (futures) are used to hedge assets and liabilities against currency risk. Hedge accounting is not needed for these hedges, since both the hedged items and the hedge are valued at fair value and changes in fair value are stated in the income statement as currency differences. Changes in the fair value of operating receivables and liabilities are stated in the operating result, while changes in the fair value of financial assets and liabilities are stated in net financial items. Currency exposures in respect of forecast future flows are hedged by means of currency futures.

Tangible fixed assets
Owned assets
A tangible asset is recognised as an asset in the balance sheet when it is probable that the financial benefits attributable to the asset in the future will pass to the company and the acquisition value of the asset can be calculated reliably.

In the consolidated accounts, tangible assets are recognised at historical cost less accumulated depreciation and any impairment losses. Historical cost includes the purchase price and all costs directly attributable to the asset that are required to bring the asset to its proper location and in the necessary condition, depending on the purpose of the acquisition.

The carrying amount of a tangible asset is removed from the balance sheet on retirement or disposal or when no future financial benefits are expected from its use or retirement/disposal. The gain or loss on disposal or retirement is the difference between the proceeds and the carrying amount less direct selling costs. Such gain or less is stated under other operating income/costs.

Additional expenditure
Additional expenditure is added to the acquisition value of the asset only if it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost of the asset can be calculated reliably. All other additional costs as stated as a cost in the period in which they arise.

The decisive factor determining if additional expenditure should be added to the acquisition value is whether the expenditure relates to the 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 also added to the acquisition value. Any residual value of replaced components, or parts thereof, is is retired and stated as a cost in connection with the replacement. Repairs are stated as costs as incurred.

Depreciation principles
Depreciation is based original acquisition values and provided on a straight-line basis over the estimated useful life of the asset. The residual value and useful life of an asset are evaluated yearly.

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

Intangible fixed assets
All research and development costs are stated as costs in the income statement for the period in which they arise. Costs for development, where research findings or other knowledge are used to create new or improved products or processes, are capitalised in the balance sheet only when the technical and commercial feasibility of the product or process has been established, and the company has adequate resources to complete its development and then intends and then use or sell the intangible asset.

Goodwill is stated at acquisition cost less accumulated impairments. Goodwill is allocated to the smallest cash-generating unit and is impairment tested at least annually.

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

Additional expenditure on intangible assets are added to the acquisition value only when it increase future financial benefits. All other expenditure is stated as a cost when it is incurred.

Amortisation principles
Amortisation according to plan is based on original acquisition values and is provided linearly over the estimated useful life of the asset. The residual value and useful life of an asset are assessed yearly.

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

Patents and licences are amortised over the term of the patent or licence, which in some cases exceeds five years.

Inventories
Inventories are stated at the lower of cost (average acquisition 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 of realising the sale. The risk of obsolescence is taken into account in the valuation of inventories.

Impairment
The carrying amounts of the Group's assets are tested at each balance sheet date to determine if there is any indication of impairment. Exceptions are made for inventories and financial assets. If there is any indication of impairment, the asset's recoverable value is calculated. For the excepted assets listed above, the carrying amount is tested on the basis of applicable standards.

The recoverable value of goodwill and other intangible assets with indefinite useful lives is calculated yearly.

If it is not possible to establish an essentially independent cash flow associated with a particular asset when testing for impairment, the assets are grouped in the lowest level at which it is possible to identify an essentially independent cash flow(known as a cash-generating unit). When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement. Impairment of assets belonging to a cash-generating unit (group of units) is allotted in the first instance to goodwill. Thereafter impairment of other assets in the unit (group of units) is distributed pro rata among them.

The recoverable amounts of assets in the categories held-to-maturity investments and loan receivables and accounts receivable recognised at amortised cost are calculated as the present value of future cash flows discounted at the effective interest rate that applied when the asset was initially recognised. Assets with short durations are not discounted.

The recoverable value of other assets is the higher of fair value less cost to sell and utility value. When calculating utility value, future cash flows are discounted using a discounting factor that reflects the risk-free interest rate and any risks associated specifically with the asset. In the case of an asset that does not generate a cash flow that is essentially independent of other assets the recoverable value is calculated for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only if there has been a change in the assumptions upon which the determination of the asset's recoverable value was based. A write-down is reversed only to the extent that the book value of the asset after the reversal does not exceed the book value the asset would have had if there had been no write-down, taking into account amortisations that would in such a case have been provided.

Write-downs in the value of goodwill are never reversed. Impairment losses on held-to-maturity investments or one-year receivables and accounts receivable stated at their accrued acquisition value are reversed if a later increase in the recoverable value can be objectively attributed to an event occurring after the date of the write-down.

Employee benefits

Defined premium plans

All pension plans in the Group are of the defined premium type. Premiums payable are stated as a cost in the period in which they arise.

Termination benefits

A provision is stated in connection with the termination of employees only if the company is demonstrably obliged to terminate an employee before the normal retirement date; or when termination benefits take the form of an offer to encourage voluntary redundancy. In the event of termination, the company draws up a detailed plan is prepared that includes at least the place of work, positions and approximate number of persons affected, as well as the amount of compensation for each category of employee or position and when the plan will be implemented. In the event of voluntary redundancy, a cost is stated 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-related benefits

Share-related benefits in the form of a global employee incentive scheme based on equity warrants are provided. Such a scheme entitles the holders to subscribe to the corresponding number of shares within a given period of time at a given price. The market value of these options has been determined by external valuation. In the event that the options are issued in the form of ESOs the value of the promised options is stated as a cost during the qualifying period. As the ESOs have been issued in different countries in accordance with specific local option plans there are no social security charges. In those cases where the options were issued in the form of equiy warrants the value was stated as a cost in connection with the transfer, in which case social security charges were payable.

Provisions

A provision is stated in the balance sheet when the Group has an existing commitment (legal or constructive) that has arisen as the result of a past event, it is probable that an outflow of financial resources will be needed to settle the commitment and a reliable estimate of the amount can be made. When necessary, a present value calculation is made to take into account any significant time-effects of future payments.

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

Tax

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

Current tax refers to tax payable or receivable in respect of the year in question, at the tax rates that have been decided on or in practice decided on as of the closing date. This also includes adjustments in current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the book value and the fiscal value of an asset or liability. The following temporary differences are not taken into account: temporary differences arising on initial recognition of goodwill, initial recognition of assets and liabilities that are not acquired lines of business and at the time of the transaction affect neither the stated nor the taxable result; nor temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. Deferred tax is computed on the basis of how the book value of the assets or liabilities are expected to be realised or settled using the tax rates and rules that have been decided on or in practice decided on at the closing date.

Deferred tax receivables in respect of deductible temporary differences and unused loss allowance are recognised to the extent that it is probable that these will be utilised. The value of accrued tax receivables is reduced when it is no longer considered probable that they can be utilised.

Earnings per share

Earnings per share are calculated on the basis of the consolidated result for the year attributable to the parent company's shareholders and the weighted average number of shares in issue during the year. To calculate earnings per share after dilution the result and the average number of shares are adjusted to take account of the dilution effects of potential ordinary shares originating from the convertible loan and options issued to employees during the period. The dilution effect arises only when the exercise price is lower than the listed price and is greater the wider the spread between the exercise price and the listed price. The exercise price is adjusted by making an addition for the value of future services associated with the equity-related personnel programme that is stated as Equity-related benefits in accordance with IFRS 2.

Contingent liabilities

A contingent liability is recognised where there is a possible commitment that is derived from a past event and the existence of which can be confirmed only by the occurrence of one or more uncertain future events, or in the event of a commitment that is not stated as a liability or provision since it is not likely that an outflow of financial resources will be required.

Parent Company accounting principles

The Parent Company's annual report is made up in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RR32:06, Reporting by 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 32:06 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 taking into account the connection between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

Differences between accounting principles of the Group and the Parent Company

The differences between the accounting principles applied by the Group and the Parent Company are described below. The following accounting principles 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, interests in subsidiaries are stated in accordance with the acquisition cost method.

Income

Sale of goods and services

In the Parent Company, income 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 stated at the lower of cost and net realisable value on the closing 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 are stated in the Parent Company accounts at cost less write-downs, and financial current assets in accordance with the lowest value principle.

Intangible fixed assets

The Parent Company states all expenditure on research and development in the income statement.

Taxes

Untaxed reserves are stated in the Parent Company accounts including deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided into a deferred tax liability and equity.

Shareholder contributions

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

Note 2 Revenue

	G 2007	G 2006	PC 2007	PC 2006
Net sales:				
Revenue from goods	394,988	352,484	319,574	282,574
Revenue from services	33,166	55,426	4,945	5,274
Royalties	4,133	1,952	2,070	1,061
Total	**432,287**	**409,862**	**326,589**	**288,909**

Net sales include currency gains of SEK 0 (7,956) (group and parent company).

The parent company's product sales include intra-group sales of SEK 109 568 (148 540).

Note 3 Segment reporting

Business segments

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

Geographical segments

The Group for the most part canvasses customers that are large, global retail chains and geographical segments are therefore the Group's secondary basis for segmentation. The information provided about segment income refers to geographical areas grouped on the basis of where the customers are located. Information about the segments' assets and the period's investments in fixed assets is based on geographical areas grouped on the basis of where the assets are located, which means in which company's balance sheet the item occurs.

Internal transactions between the various segments of the Group are priced in accordance with the arm's length principle, i.e. the price at which two unrelated parties would agree to a transaction. However, as some account has been taken of the fact that the business is still in a start-up phase on some markets the mark up could be adjusted slightly once the market is established.

Net sales by geographical segment	G 2007	G 2006
Nordic region	23,590	15,457
Rest of Europe	250,084	265,322
Asia	142,473	115,632
Other markets	16,140	13,451
Total	**432,287**	**409,862**

Assets by geographical market	G 2007	G 2006
Nordic region	411,729	428,250
Rest of Europe	103,734	98,103
Asia	-	-
Other markets	17,086	57,254
Total	**532,549**	**583,607**

Investments by geographical market	G 2007	G 2006
Nordic region	989	3,519
Rest of Europe	208	494
Asia	-	-
Other markets	589	61
Total	**1,786**	**4,074**

Note 4 Other operating income

	G 2007	G 2006	PC 2007	PC 2006
Royalties	14,046	-	14,046	-
Reversal of Intactix reserve	3,794	-	3,794	-
Insurance compensation etc	2,759	-	-	-
Profit on sales of fixed assets	-	-	-	979
Total	**20,599**	**-**	**17,840**	**979**

Note 5 Other operating expenses

	G 2007	G 2006	PC 2007	PC 2006
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

	2007		2006	
	Number	Of whom, men	Number	Of whom, men
Parent Company				
Sweden	37	73%	44	70%
Subsidiaries				
Sweden	-	-	1	100%
USA	4	100%	4	100%
India	-	-	23	87%
Israel	27	89%	12	83%
France	27	70%	18	78%
Total subsidiaries	58	81%	58	84%
Total Group	**95**	**78%**	**102**	**78%**

Gender distribution in executive management on balance sheet date

	G 2007	G 2006	PC 2007	PC 2006
	% of women	% of women	% of women	% of women
Board of Directors	0%	6%	0%	13%
Other senior management personnel	0%	6%	0%	17%

Note 6, cont'd

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

	G 2007	G 2006	PC 2007	PC 2006
Board and CEO	15,786	7,646	9,560	4,861
(of which bonus, etc.)	(2,872)	(2,121)	(1,575)	(1,575)
Other senior management personnel	5,089	7,228	3,081	3,258
(of which bonus, etc.)	(748)	(1,084)	(480)	(251)
Other employees	44,314	33,407	20,763	17,984
(of which bonus, etc.)	(4,115)	(2,452)	(3,196)	(687)
Total salaries and other remuneration	65,189	48,281	33,404	26,103
(of which bonus, etc.)	(7,736)	(5,657)	(5,251)	(2,513)
Social security expenses, Board and CEO	6,568	4,019	5,074	3,536
Social security expenses, other senior management personnel	2,275	3,098	1,313	1,599
Social security expenses, other employees	16,156	11,313	10,152	7,245
Total social security expenses	24,999	18,430	16,539	12,380
of which:				
Pension costs, Board and CEO	1,956	1,379	1,895	1,186
Pension costs, other senior management personnel	253	692	253	435
Pension costs, other employees	3,010	2,485	2,902	1,547

Tthe company's outstanding pernsion commitments on behalf of the Board and CEO amount to SEK 0 (0). The group "Other senior management personnel" consists of 6 (7) individuals (Group) of whom 3 (5) with the parent company.

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

	2007		2006	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company				
Sweden	9,560	23,844	4,861	19,817
(of which bonus, etc.)	(1,575)	(3,676)	(1,575)	(938)
Subsidiaries in Sweden	-	-	-	310
(of which bonus, etc.)	-	-	-	-
Foreign subsidiaries				
USA	2,867	1,764	2,233	1,680
(of which bonus, etc.)	(372)	(142)	(428)	(161)
France	2,257	10,733	-	12,135
(of which bonus, etc.)	(925)	(1,046)	-	(2,395)
India	-	-	-	549
Israel	1,102	13,062	552	4,719
(of which bonus, etc.)	-	-	(118)	(42)
Total subsidiaries	6,226	25,559	2,785	19,393
Total Group	**15,786**	**49,403**	**7,646**	**39,210**

Sickness absence in the Parent Company

	1 Jan-31 Dec 2007	1 Jan-31 Dec 2006
Total sickness absence as a % of regular working hours	0.8%	0.8%
Share of total sickness absence lasting for 60 days or more	-	-
Sickness absence by gender:		
Men	0.5%	0.8%
Women	1.4%	1.0%
Sickness absence by age group:		
29 years or younger	1.4%	0.9%
30-49 years	0.9%	0.9%
50 years or older	0.4%	0.6%

Remuneration and benefits of senior management personnel

Remuneration principles

The Board fee is paid according to the decision of the Annual General Meeting, which has also made a decision on guidelines for the remuneration and benefits of senior management personnel The Board has authorised the Chairman to reach an agreement with the president regarding salary and other benefits. The remuneration and benefits of senior management personnel who report direct to the President are determined by the President after consultation with the Chairman and/or the Board's remuneration committee.

Remuneration and benefits

Fees to directors in the Parent Company amounted the following: During the assignment period 2006/2007 (until the Annual General Meeting on 9 May 2007) fees to directors amounted to SEK 100,000 per individual. During the assignment period 2007/2008 (until the Annual General Meeting on 1 April 2008) fees to directors amounted to SEK 400,000, SEK 200,000 and SEK 100,000 to the chairman, vice chairman and external directors respectively. Fees have been expensed during the assignment periods. No other remuneration, aside from defrayal of outlays, was paid to the Board. All pension plans in the Group are of the defined type.

Jan Forssjö was president of the Parent Company until 31 August 2007. He received a salary as President and then contractual remuneration during a period of notice of six months, after which severance pay corresponding to 18 months' fixed salary was either paid or transferred to reserve. The total salary and other benefits paid to Jan Forssjö amounted to SEK 8,759 thousand (4,541), including a bonus of SEK 1,575 thousand (1,575). In Jan Forssjö's case, the bonus for 2007 was based on the Group's sales and operating result and on the attainment of individual targets set by the Chairman during the time Forssjö was active as President. Pension costs on Forssjö's behalf amounted to SEK 1,895 thousand (1,186). Jan Forssjö was also covered by an occupational pension insurance of 25 per cent of his fixed cash salary. In addition, a supplementary health insurance and a health care insurance were also paid.

Charles Jackson became President of the Parent Company on 1 September 2007. Jackson is resident in France. 75 per cent of his fixed salary is paid by Pricer AB, Sweden, and 25 per cent of his fixed salary and 100 per cent of his variable salary by Pricer SAS, France. Total salary and benefits of SEK 752 thousand (-) for the President of the Parent Company Charles Jackson have been stated as a cost, of which SEK 308 thousand (-) as a bonus. Pension costs on behalf of Jackson amounted to SEK - (-).

The President of the subsidiary Pricer E.S.L. Israel Ltd received a salary and other benefits amounting in total to SEK 1,102 thousand (552). The President of the subsidiary Pricer Inc resigned on 30 September 2007 after which he received severance compensatsion corresponding to full benefits of employment for six months. In 2007 salary and other benefits amounting in total to SEK 2,867 thousand (2,233) were stated as a cost in respect of this employee.

Membership of the group Other senior management personnel changed during the year, mainly in connection with the appointment of a new President. Remuneration for this group is stated for the period when each individual was a member of the management group. A total amount of SEK 3,081 thousand (3,258), of which bonuses of SEK 480 thousand (468) was stated as a cost in respect of salary and other benefits to other senior management personnel in the Parent Company. The bonus for other senior management personnel for 2007 was based on the Group's sales and operating result and on the attainment of individual targets.

Note 6, cont'd

Pension costs amounted to SEK 253 thousand (435).

Other senior management personnel in the Parent Company are covered by pension insurance with varying premiums from corresponding to ITP plan not exceeding 20 per cent of fixed cash salary. A health care insurance is also paid.

A total amount of SEK 5,089 thousand (5,803), of which bonuses of SEK 748 thousand (1,084) was stated as a cost in respect of salary and other benefits to Other senior management personnel in the Group.

The President is entitled to 12 months' notice of termination from the company and to give notice of 6 months. No severance pay is paid. Full salary and contractual pension benefits are paid during the period of notice. For other senior management personnel, the period of notice varies between six and twelve months. In the event of termination by the company, salary is paid during the period of notice.

Equity-related benefits

In 2007 all employees were allotted options in Pricer. The outgoing president, Jan Forssjö, acquired 1,200,000 options and the members of the Group's management group, including Charles Jackson, the incoming president, each acquired a total of 1,400,000 options during the year. The options were allotted in the form of ESOs that will be earned in over a period of three years or of equity warrants. The value of the allotted options is stated as a cost. Where applicable, social security charges have been paid (Sweden) on the basis of the value of the options.

For information about senior management personnel's holdings of shares and warrants see page 54.

Loans to senior management personnel

No loans, guaranties or sureties have been issued on behalf of members of the Board or senior management personnel in the Group. There are no past or present business transactions between the company and members of its Board, management or Auditors that have a material effect on the consolidate result or financial position.

Note 7 Fees to the auditors

	G 2007	G 2006	PC 2007	PC 2006
Fees to KPMG				
Auditing services	541	466	541	466
Non-auditing services	454	2,954	454	2,954
Fees to Michel Bohdanowicz, France				
Auditing services	254	182	-	-
Fees to Bholusaria Associates, India				
Auditing services	-	8	-	-
Fees to Ernest & Young, Israel				
Auditing services	81	33	-	-
Non-auditing services	-	136	-	-
Total	**1,330**	**3,779**	**995**	**3,420**

Note 8 Operation expenses allocated by cost type

	G 2007	G 2006
Changes in the inventories of finished goods	297,769	317,594
Personnel costs	91,582	75,906
Amortisation/depreciation	14,603	10,200
Other operating expenses	42,940	47,142
Total	**446,894**	**450,842**

Changes in the inventories of finished goods include exchange losses of SEK -6,535 thousand (10,881).

Note 9 Net financial items

Group

	2007	2006
Interest income	3,281	728
Net exchange gains/losses	1,374	-
Financial income	**4,655**	**728**
Interest expenses	-7,436	-3,822
Other costs of convertible loan	-1,111	-
Net exchange gains/losses	-3,338	-5,013
Financial expenses	**-11,885**	**-8,835**
Net financial items	**-7,230**	**-8,107**

Net changes in exchange rates include SEK 287 (neg 174) being the effect of exchange rate changes on embedded derivatives.

Parent Company

Result from participations in group companies	2007	2006
Impairment loss on Pricer SAS	-	-5,755
Impairment loss on Pricer Inc.	-	-6,430
Total impairment losses	**-**	**-12,185**
Reversal of impairment loss on Pricer SAS	5,903	-
Total reversals of impairment losses	**5,903**	**-**
Total	**5,903**	**-12,185**

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

Interest income and similar profit/loss items	2007	2006
Interest income	1,752	675
Interest income, group companies	2,844	2,027
Net exchange gains	1,842	-
Total	**6,438**	**2,702**

Exchange gains/losses refer primarily to bank deposits.

Interest expenses and similar profit/loss items	2007	2006
Interest expenses	-5,813	-570
Other costs of convertible loan	-1,111	-
Net exchange losses	-	-3,038
Total	**-6,924**	**-3,608**

Note 10 Income tax

	G 2007	G 2006	PC 2007	PC 2006
Current tax on result for the year	2,193	1,071	-	-
Total	**2,193**	**1,071**	**-**	**-**

There is a tax receivable as an effect of the reversal of a latent tax liability attributable to the intangiblel fixed assets acquired in connection with the acquisition of Eldat.

Unrecognised deferred tax receivables
Deductible periodisation difference and accumulated loss allowances for which deferred tax receivables have not been stated in the income statement and balance sheet.

SEK 000s	G 2007	G 2006	PC 2007	PC 2006
Deductible temporary differences	997	924	997	-76

SEK M	G 2007	G 2006	PC 2007	PC 2006
Tax loss carryforwards	1,351	1,259	882	919

The loss allowances relate primarily to the parent company. It is uncertain to what extent Price Inc will be able to utilise the loss allowances partly owing to time limits and partly to the amount. The deductible periodisation differences mature within one to five years. Deferred tax receivables have not been stated for these items as it is not sufficiently likely that it will be possible to net off the allowances against future taxable profits.

Reconciliation of effective tax

	%	2007	%	2006
Group				
Result before tax		-1,238		-49,087
Tax according to applicable tax rate for the Parent Company	28	347	28	13,744
Effect of applicable tax rates for foreign subsidiaries	36	-440	-2	-1,117
Non-deductible expenses	70	-862	-1	-470
Non-taxable income	-	-	1	274
Increase in loss carryforward with no corresponding capitalisation of deferred tax	-	-	-23	-11,360
Utilisation of non-capitalised deferred tax	-	3,148	-	-
Reported effective tax	**-177**	**2,193**	**2**	**1,071**

	%	2007	%	2006
Parent Company				
Result before tax		30,238		-39,213
Tax according to applicable tax rate for the Parent Company	28	-8,467	28	10,980
Non-deductible expenses	-2	-639	-9	-3,560
Effect of write-down/Reversal of previous write-down	-	-	0	14
Effect of reversal of previous write-downs/ Non-taxable income	5	1,653	1	274
Increase in loss allowance without corresponding capitalisation of deferred tax	-	-	-20	7,708
Utilisation of non-capitalised deferred tax	25	7,453	-	-
Reported effective tax	**-**	**-**	**-**	**-**

Note 11 Intangible assets

	G 2007	G 2006	PC 2007	PC 2006
Patents and licenses				
Accumulated cost				
Opening balance	35,290	35,720	31,893	31,893
Acquisition of subsidiary	-	91	-	-
Purchases during the year	40	-	40	-
Exchange difference	-188	-521	-	-
Closing balance	*35,142*	*35,290*	*31,933*	*31,893*
Accumulated amortisation according to plan				
Opening balance	-30,214	-27,987	-27,411	-25,170
Acquisition of subsidiary	-	-81	-	-
The year's amortisation according to plan	-2,539	-2,551	-2,246	-2,241
Exchange difference	166	405	-	-
Closing balance	*-32,587*	*-30,214*	*-29,657*	*-27,411*
Net carrying amount, patents and licenses	**2,555**	**5,076**	**2,276**	**4,482**

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 2007	G 2006
Industrial rights		
Accumulated cost		
Opening balance	12,680	14,673
Exchange difference	-747	-1,993
Closing balance	*11,933*	*12,680*
Accumulated amortisation according to plan		
Opening balance	-12,680	-14,673
The year's amortisation according to plan	-	-
Exchange difference	747	1,993
Closing balance	*-11,933*	*-12,680*
Net carrying amount, industrial rights	**0**	**0**

Marketing rights	**G 2007**	**G 2006**
Accumulated cost		
Opening balance	197,866	228,960
Exchange difference	-11,660	-31,094
Closing balance	*186,206*	*197,866*
Accumulated amortisation according to plan		
Opening balance	-48,465	-56,081
Exchange difference	2,856	7,616
Closing balance	*-45,609*	*-48,465*
Accumulated impairment losses		
Opening balance	-149,401	-172,879
Exchange difference	8,804	23,478
Closing balance	*-140,597*	*-149,401*
Net carrying amount, marketing rights	**0**	**0**

Note 11 Intangible assets (cont'd)

	G 2007	G 2006
Customer relationships		
Accumulated cost		
Opening balance	30,000	-
The year's addition	-	30,000
Closing balance	*30,000*	*30,000*
Accumulated amortisation according to plan		
Opening balance	-2,250	-
The year's amortisation according to plan	-6,000	-2,250
Closing balance	*-8,250*	-2,250
Net carrying amount, customer relationships	**21,750**	**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 2007	G 2006
Product technology		
Accumulated cost		
Opening balance	10,000	-
The year's addition	-	10,000
Closing balance	*10,000*	*10,000*
Accumulated amortisation according to plan		
Opening balance	-750	-
The year's amortisation according to plan	-2,000	-750
Closing balance	*-2,750*	*-750*
Net carrying amount, product technology	**7,250**	**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 2007	G 2006
Goodwill		
Accumulated cost		
Opening balance	240,130	-
The year's addition	-	240,130
Sales during the year (reduction in purchase amount	-6,691	-
Exchange difference	795	-
Closing balance	**234,234**	**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.

Impairment testing of goodwill

Pricer's balance sheet includes goodwill of SEK 234 M arising from the acquisition of Eldat in 2006. This goodwill item has been impairment tested by discounting future cash flows, thereby estimated a utility value in the following way:

The acquisition of Eldat gave Pricer a clear position of market leadership in the ESL industry and synergies from the merger are still being realised. The value of the goodwill item is based on the expected cash flow from Pricer as a whole, as Eldat's business has been totally integrated into Pricer's. Eldat is not an autonomous cash-generating unit within the Pricer Group as one of the reasons for the acquisition was for Eldat's business to become fully integrated with Pricer's. The common customer best represents an asset for the Group as a whole.

A long-year forecast was prepared in connection with the acquisition, and this is updated regularly. The forecast is based on a continuation of the positive developments on the market for Pricer's products with significant growth in sales. The margin has improved and is expected to go on improving as a result of lower product costs resulting from sales growth and economies of scale. Repeat sales to existing often involve better margins than new sales and as the base of installed systems expands the margin can be expected to improve. New products are also expected to generate better margins. All in all, the gross contribution in the forecast can be expected to strengthen.

Pricer carried out extensive cost-reduction measures in 2007 and the operating costs are now covered by the gross profit. Even if expansion requires more resources the plans are to contain costs, which mainly comprise personnel-related costs, so that they increase at a lower pace than the gross profit.

Some of the cash flow generated by the business will be ploughed back in a higher working capital. However, working capital has a high turnover rate and on average represents less than 25 per cent or less of the annual sales. Consequently the cash flow from current operations will show a strongly positive trend.

The cash flow thus projected for the coming five years has been discounted using an estimated interest rate to arrive at a utility value. This rate is calculated as Pricer's conservatively estimated borrowing cost and similarly as the implicit interest on the convertible debenture that Pricer has issued, and is in excess of 12 per cent.

The utility value arrived at in this way is higher than the book value of goodwill and it is Pricer's considered opinion that the goodwill item in the balance sheet is consequently correctly valued.

The greatest uncertainty favour in the calculations is whether or not the market develops in accordance with expectations. Should it not, the forecast will be adjusted and in such a case it may become necessary to write down the value of goodwill.

Note 11 Intangible assets (cont'd)

	G 2007	G 2006	PC 2007	PC 2006
Total intangible assets				
Accumulated cost				
Opening balance	525,966	279,353	31,893	31,893
Acquisition of subsidiary	-	91	-	-
The year's addition	40	280,130	40	-
Sales during the year (reduction in purchase amount)	-6,691	-	-	-
Exchange difference	-11,800	-33,608	-	-
Closing balance	*507,515*	*525,966*	*31,933*	*31,893*
Accumulated amortisation according to plan and impairment losses				
Opening balance	-243,760	-271,620	4,482	-25,170
Acquisition of subsidiary	-	-81	-	-
The year's amortisation according to plan	-10,539	-5,551	-2,246	-2,241
Exchange difference	12,573	33,492	-	-
Closing balance	*-241,726*	*-243,760*	*2,236*	*-27,411*
Net carrying amount, intangible assets	**265,789**	**282,206**	**34,169**	**4,482**
Amortisation according to plan is recognised on the following lines in the income statement				
Selling expenses	10,043	3,000	-	-
Cost of goods sold	2,530	2,551	2,246	2,241
Total	**12,573**	**5,551**	**2,246**	**2,241**

Note 12 Tangible assets

	G 2007	G 2006	PC 2007	PC 2006
Leasehold improvements				
Accumulated cost				
Opening balance	1,595	857	1,326	857
Acquisition of subsidiary	-	266	-	-
Additions	-	470	-	469
Exchange difference	-16	2	-	-
Closing balance	*1,579*	*1,595*	*1,326*	*1,326*
Accumulated depreciation according to plan				
Opening balance	-1,169	-857	-935	-857
Acquisition of subsidiary	-	-230	-	-
The year's depreciation	-121	-82	-94	-78
Exchange difference	22	-	-	-
Closing balance	*-1,268*	*-1,169*	*-1,029*	*-935*
Net carrying amount, leasehold improvements	**311**	**426**	**297**	**391**
Plant and machinery				
Accumulated cost				
Opening balance	18,457	19,838	17,562	19,794
Acquisition of subsidiary	-	380	-	-
Additions	858	1,579	531	1,579
Sales and disposals	-58	-3,974	-	-3,811
Exchange difference	-327	634	-	-
Closing balance	*18,930*	*18,457*	*18,093*	*17,562*

Note 12 Tangible assets (cont'd)

	G 2007	G 2006	PC 2007	PC 2006
Accumulated depreciation according to plan				
Opening balance	-14,099	-14,289	-13,554	-14,271
Acquisition of subsidiary	-	-245	-	-
The year's depreciation	-2,279	-3,058	-2,268	-3,010
Sales and disposals	58	3,748	-	3,727
Exchange difference	129	-255	-	-
Closing balance	*-16,191*	*-14,099*	*-15,822*	*-13,554*
Net carrying amount, plant and machinery	**2,739**	**4,358**	**2,271**	**4,008**
Equipment, tools, fixtures and fittings				
Accumulated cost				
Opening balance	8,905	7,611	6,199	5,171
Acquisition of subsidiary	-	1,368	-	-
Disposal of subsidiary	-	-1,272	-	-
Additions	888	1,878	418	1,197
Sales and disposals	-384	-184	-	-169
Exchange difference	513	-496	-	-
Closing balance	*9,922*	*8,905*	*6,617*	*6,199*
Accumulated depreciation according to plan				
Opening balance	-5,627	-5,123	-4,532	-3,650
Acquisition of subsidiary	-	-346	-	-
Disposal of subsidiary	-	1,005	-	-
The year's depreciation	-1,664	-1,509	-870	-979
Sales and disposals	384	126	-	97
Exchange difference	-414	220	-	-
Closing balance	*-7,321*	*-5,627*	*-5,402*	*-4,532*
Net carrying amount, equipment, tools, fixtures and fittings	**2,601**	**3,278**	**1,215**	**1,667**

	G 2007	G 2006	PC 2007	PC 2006
Total tangible assets				
Accumulated cost				
Opening balance	28,957	28,306	25,087	25,822
Acquisition of subsidiary	-	2,014	-	-
Disposal of subsidiary	-	-1,272	-	-
Additions	1,746	3,927	949	3,245
Sales and disposals	-442	-4,158	-	-3,980
Exchange difference	170	140	-	-
Closing balance	*30,431*	*28,957*	*26,036*	*25,087*
Accumulated depreciation according to plan				
Opening balance	-20,895	-20,269	-19,021	-18,778
Acquisition of subsidiary	-	-821	-	-
Disposal of subsidiary	-	1,005	-	-
The year's depreciation	-4,064	-4,649	-3,232	-4,067
Sales and disposals	442	3,874	-	3,824
Exchange difference	-263	-35	-	-
Closing balance	*-24,780*	*-20,895*	*-22,253*	*-19,021*
Net carrying amount, tangible assets	**5,651**	**8,062**	**3,783**	**6,066**
Depreciation according to plan is recognised on the following lines in the income statement				
Cost of goods sold	1,803	2,451	1,803	2,141
Selling expenses	373	332	86	214
Administrative expenses	1,375	866	830	897
Research and development costs	513	1,000	513	815
Total	**4,064**	**4,649**	**3,232**	**4,067**

Note 13 Financial assets

	G 2007	G 2006	PC 2007	PC 2006
Bank deposits	136	192	-	-

Note 14 Receivables from group companies

	PC 2007	PC 2006
Accumulated cost		
At beginning of year	5,870	3,898
Loans granted during the year	80,431	1,972
Closing balance, 31 December	*86,301*	*5,870*
Accumulated impairment losses		
At beginning of year	-1,814	-1,269
The year's impairment losses	0	-545
Closing balance, 31 December	*-1,814*	*-1,814*
Book value	**84,487**	**4,056**

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 2007	G 2006	PC 2007	PC 2006
VAT recoverable	5,475	4,139	4,821	3,710
Receivables from subcontractors	-	191	-	1
Bank deposits	537	597	-	-
Receivables from employees	290	-	-	-
Embedded derivatives	344	57	-	-
Other	1,433	6,584	1,089	184
Total	**8,079**	**11,568**	**5,910**	**3,895**

Note 16 Inventories

	G 2007	G 2006	PC 2007	PC 2006
Raw materials and consumables	1,485	24,899	153	19,071
Finished goods and goods for resale	19,833	33,125	14,390	22,690
Work in progress	7,438	6,556	7,438	5,669
Total	**28,756**	**64,580**	**21,981**	**47,430**

The group's cost of sold products includes inventory write-downs of SEK 4 041 (882). The parent company's accounts include transfer from/to inventory of SEK neg 305 (+307).

Note 17 Accounts receivable

Accounts receivable are stated after making a provision for bad debts, which amounted during the year to SEK 1,202 (276) for the group and to SEK 1,156 (137) for the parent company.

At the end of 2007, the total reserve for possible bad debts amounted to SEK 1,371 (1,095) for the group and to 1,371 (374) for the parent company.

Note 18 Prepaid expenses and accrued income

	G 2007	G 2006	PC 2007	PC 2006
Rents	741	728	425	447
Prepaid insurance premiums	-	121	-	-
Product-related expenses	1,639	52	-	-
Prepayments for fixed assets	947	1,217	947	1,217
Prepaid financing costs	2,084	-	2,084	-
Accrued sales revenue	-	503	-	311
Other	1,266	3,609	1,021	999
Total	**6,677**	**6,230**	**4,477**	**2,974**

Note 19 Equity

Group

Specification of reserves in equity

Translation reserve	2007	2006
Opening translation reserve	-4,619	-806
Translation differences for the year	5,429	-3,813
Closing translation reserve	**810**	**-4,619**
Share capital and share premium reserve		
Stated in number of shares	2007	2006
Issued at 1 January	1,016,132,200	754,332,200
New share issue	-	261,800,000
Issued at 31 December - paid	**1,016,132,200**	**1,016,132,200**

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	2,280,297	5	11,401,485
Class B	1,013,851,903	1	1,013,851,903
Total number of shares and votes	**1,016,132,200**		**1,025,253,388**

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 reserves

This item includes accumulated results among other items.

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	2007	2006	2007	2006
Earnings per share	0.00	-0.05	0.00	-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 2007 have been calculated on the basis of the profit for the year attributable to parent company shareholders, which amounted to SEK 1,054 (loss 46,510)and a weighted average number of shares in issue in 2007 of 1,016,132 (853,234) thousand. The weighted average number of shares has been arrived at in the following way:

Weighted average number of shares outstanding, before dilution

Thousands of shares	2007	2006
Total number of ordinary shares 1 January	1,016,132	754,332
Effect of issue August 2006	-	98,902
Weighted average number of ordinary shares during the year, before dilution	1,016,132	853,234

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 2007	G 2006	PC 2007	PC 2006
Konvertibellån	71,503	-	71,503	-
Total	**71,503**	**-**	**71,503**	**-**
Current liabilities				
Bank loan	1,953	44,942	0	20,277
Total	**1,953**	**44,942**	**0**	**20,277**

Long-term loans consist of a convertible loan paying interest of approx. 9 per cent and falling due in March 2009. The interest can be capitaised. During 2007 the interest has been paid. Before maturity, holders can opt to convert the loan into “B” shares in Pricer AB at a conversion price of SKEK 0.70, resulting in the issue of 107 million new shares (provided that no interest is capitalised). Bank loans refers to loans from local baks on behalf of Pricer E.S.L. Israel Ltd. These loans are short term and pay interest at approx. 8 per cent.

Note 22 Provisions

Provisions that are long-term liabilities

	G 2007	G 2006	PC 2007	PC 2006
Warranty provisions	1,320	6,933	1,320	4,100
Total	**1,320**	**6,933**	**1,320**	**4,100**

Provisions that are current liabilities

	G 2007	G 2006	PC 2007	PC 2006
Warranty provisions	12,841	7,890	7,049	1,492
Total	**12,841**	**7,890**	**7,049**	**1,492**

Warranty provisions	G 2007	G 2006	PC 2007	PC 2006
Opening balance	14,823	4,292	5,592	4,292
Provisions during the year	7,185	13,376	6,746	4,145
Utilised during the year	-7,847	-2,156	-3,969	-2,156
Reversal of unutilised amount	0	-689	0	-689
Closing balance	**14,161**	**14,823**	**8,369**	**5,592**

Note 22, cont'd

Other provisions	G 2007	G 2006	PC 2007	PC 2006
Opening balance	-	782	-	782
Utilised during the year	-	-567	-	-567
Reversal of unutilised amount	-	-215	-	-215
Closing balance	**-**	**0**	**-**	**0**
Of which total long-term provisions	1,320	6,933	1,320	4,100
Of which total current provisions	16,241	7,890	7,049	1,492

Provision for guarantees refers mainly to documents issued in 2007. The provision is based on estimates made on the basis of the outcome in 2007 and previous years. The provision for 2006 also relates to the estimated additional cost of commitments to customers of SEK 9,231 related to Pricer E.S.L. Israel.

Note 23 Deferred tax

	G 2007	G 2006	PC 2007	PC 2006
Deferred tax	8,121	10,360	-	-
Total	**8,121**	**10,360**	**-**	**-**

Deferred tax	G 2007	G 2006	PC 2007	PC 2006
Opening balance	**10,360**	**-**	**-**	**-**
Provisions	-	10,360	-	-
Reversal	-2,239	-	-	-
Closing balance	**8,121**	**10,360**	**-**	**-**

Note 24 Other liabilities

	G 2007	G 2006	PC 2007	PC 2006
Employee withholding tax	1,332	1,462	805	706
VAT payable	1,882	-	-	-
Liabilities to employees	304	692	0	-
Other liabilities	4,517	3,388	1,947	714
Total	**8,035**	**5,542**	**2,752**	**1,420**

Note 25 Accrued expenses and deferred income

	G 2007	G 2006	PC 2007	PC 2006
Accrued vacation pay	3,419	4,417	1,919	2,447
Accrued salaries	7,567	9,233	4,196	4,079
Social security contributions	3,296	2,445	1,979	1,193
Wind-up costs for Intactix	1,340	3,340	1,340	-
Deferred income	1,303	341	1,303	341
Work in progress	6,359	-	6,359	-
Unrealise capital loss on forward contracts	4,529	-	4,526	-
Severance pay	9,570	-	9,066	-
Accrued interest	1,621	-	1,621	-
Other accrued expenses	413	4,340	111	1,598
Total	**39,417**	**24,116**	**32,420**	**9,658**

Note 26 Financial risks and finance policies

The Pricer Group's financial assets consist primarily of accounts receivable and money at bank. Pricer's financial liabilities consist of convertible loans and small bank loans arising in connection with the acquisition of Eldat. Apart from these, Pricer repaid its loans in 2007.

Financial risk management in the Pricer Group

Given the nature of its business, the Group is exposed to various types of financial risk, by which is meant fluctuations in the company's result and cash flow as an effect of changes in exchange rates and interest rates, as well as refinancing and credit risks.

Risks are managed by adhering to a risk policy adopted by the Baord with the purpose of limiting and controlling them. The policy establishes a framework of guidelines and rules in the form of risk mandates nd limits for financial activities. The Group's financial transactions are executed centrally by the parent company. The parent company's financie department has responsibility for the Group's cash management and sees to it that the subsidiaries' cash requirements are satisfied.

The overriding goal of the finance department is to arrange cost-effective financing and to minimise any negative effects of market fluctuations on the consolidated result.

Currency risk

The Group is exposed to various types of currency risk. The main exposure relates to purchases and sales in foreign currencies, where the risk can consist of the effect of currency fluctuations on the value of financial instruments, accounts receivable, and liabilities to suppliers, as well as expected or contracted payment flows (named transaction exposure).

Currency risks arise in connection with the translation of foreign subsidiaries' assets and liabilities into the parent company's functional currency. This is known as translation exposure. The company has not hedged its translation exposure.

Pricer's policy is to limit its transaction exposure by matchings flows in foreign currencies by denominating customer contracts in USD, buy including currency clauses in quotations and contracts and entering into forward contracts to hedge the flows. The company's policy stipulates that 50-75 per cent of the Group's estimated monthly net flows for the period for which reliable forecasts can be made shall be hedged. In 2007, Pricer's main payment flows were denominated in USD, EUR och SEK. Pricer's closing order books were denominated in EUR and USD sales are invoiced in these currencies, predominantly in EUR. Purchases of components and finished products are mainly invoiced in USD.

This means that Pricer has a net inflow in EUR and a net outflow in USD. Pricer has therefore decided to hedge some of these flows by selling EUR and buying USD forward.

At the closing date, the company had two forward contracts

	EUR/USD	
Maturity	Volume (million)	Exchange rate
Q1, 2008	3/ca 4	1,35 [1]
Q2, 2008	3/ca 4	1,35 [1]

[1] Unrealised losses of SEK 4.5 M were charged against the result as of 31 December 2007 (-)

Currency differences on operative receivables and liabilities are stated in the operating result. As of 2007, currency differences are stated net among "Cost of goods sold" and are explained in Note 8. Currency differences that affected net financial items are explained in Note 9.

Since the USD continued to weaken against EUR in 2007, the currency hedges had a negative impact on the result. In 2007, this effect amounted to SEK 5.9 M. However, the underlying operative flow more than outweighed the effect of the futures.

% of sales and costs by currency:

	USD	EUR	SEK and other currencies
Sales	43 (37)%	51 (59)%	5 (4)%
Costs	71 (64)%	13 (19)%	16 (17)%

To ensure efficiency and risk control Pricer's subsidiaries raise their new loans via the parent company. Unsettled internal liabilities to suppliers are convered after 30 days into a loan from the parent company paying interest at libor 30 days.

Pricer's net foreign currency assets at the end of 2007 amounted to SEK 37,8 M (20,5). Translation exposures were not hedged in 2007.

Embedded derivatives

Pricer has contracts with both supplies and customers in other currencies than the counterparty's own functional currency, e.g. in USD in China for purchases, and in USD for sales to Japan. Such transactions give rise to what is known as an embedded derivative, the effect of which is stated in the consolidated income statement. In 2007 the net effect amounted to SEK 0.3 M (0.1).

Interest risk

Interest risk is the risk that changes in market interest rates will have a negative effect on the cash flow or the fair value of financial assets and liabilities. at present, Pricer has no assets earning fixed rates of inerest, since its liquid funcs are placed on deposit at banks. Any change in interest rates will therefre have a direct impact on the Group's result.

The Group had liquid funds of SEK 100.1 M (31.5) at the year-end.

A one percentage point change in interest rates will affect net financial items by SEK 1 M on an annual basis.

The Group's borrowing consists of loans of SEK 1.9 M (44.9), of which SEK 1.9 M (24.7) was included in the acquisition of Eldat and will be fully repaid in March 2008.

In April 2007 Pricer strengthened its financial position and liquidity by raising a SEK M 74.9 convertible loan. The loan has a duration of two years, pays annual interest of approx. 9 per cent procents årlig ränta (6-month Stibor + 4.5 per cent) and can be converted into shares in Pricer at a price of SEK 0.70, which represents dilution of some 9 per cent. In accordance with IFRS some of the loan is stated as equity. The interest cost is adjusted regularly during the course of the year.

Credit risk

The Group obtains credit reports on its customers by obtaining information about their financial positino from credit rating agencies. The Group has an established credit policy to regulate the granting of credit to customers. The policy describes how credits shall be valued, how uncertain debts are to be dealt with, and decision levels for various credit limits.

The credit risk is the risk that a counterparty to a transaction will fail to fulfill his financial obligaitons, and that collateral, if any, does not cover the company's receivable. Pricer's sales go numerous customers that are widely diversified geographically.

Concentration of credit risk

	Number of customers	% of number of customers	% if portfolio
Exposure < SEK 1 M	37	73%	71%
Exposure SEK 1-5 M	9	18%	17%
Exposure > SEK 5 M	5	9%	12%
Total	**51**	**100%**	**100%**

Pricer has known its customers for many years, and they are relatively large or very large retailers or retail chains whose bad debts have tended historically to be low.

Maturities of

	2007		2006	
Overdue but not written off	Overdue payments	Total exposure	Overdue payments	Total exposure
< 60 days	35,715		37,069	
> 60 days	13,328		10,370	
Totalt	**49,043**	**117,347**	**47,439**	**89,838**

Accounts receivable

	2007	2006
Förfallna och nedskrivna	Overdue payments	Overdue payments
<60 days	282	
>60 days	1,089	374
Totalt	**1,371**	**374**

Provision for possible bad debts

	2007	2006
Opening provision	374	672
Transfer to cover possible losses	997	-298
Proven bad debts	-	-
Other	-	-
Closing provision	**1,371**	**374**

Financial risks

Pricer's finance policy regulates the handling of the financial credit risks that arise in the financial management, for example in connection with the placement of liquid funds and trading in derivatives. Transactions are only executed within established limits and with selected creditworthy counterparties. The policy for interest and credit risks is to aim to have a low risk profile. Temporary surplus liquid funds may only be plaed in instruments issued by institutions with the highest rating and with established banking connections.

Eligible counterparties	**Maximum permitted exposure**	**Actual exposure**	**Percentage breakdown**
Sovereign borrowers / Kingdom of Sweden	Unlimited	-	0
Swedish banks	SEK 100 M	91.3	100%
Swedish local government authorities with K-1 (1)	SEK 10 M	-	0
Bonds issued by Swedish mortgage finance institutions	SEK 10 M	-	0
Corporate paper with K-1 rating (1)	SEK 10 M	-	0
Total exposure		**91.3**	**100%**

Refinancing risk

The refinancing risk consists of the risk of not being able to meet future financing requirements. To ensure access to finance Pricer's policy states that over and above budgeted capital requirements the company should, if possible, also have guaranteed lines of credit for at least SEK 50 M. In connection with the issue of the SEK 74.9 M convertible loan, the company repaid a SEK 20 M bank loan, which was replaced by a corresponding credit promise.
The convertible loan runs for two years, after which it may be converted into shares or replaced by new financing. In 2008, Pricer will take steps to arrange alternative financing solutions for the eventuality that the share price does not exceed SEK 0.70, which is the conversion price, and that the holders of the convertible loan decide not to convert the loan into shares.

Fair value of financial instruments

The book value of assets and liabilities in the balance sheet may deviate from their fair value, partly as a consequence of changes in market interest rates. Pricer has a convertible loan in issue, and when this loan was issued it was stated in equity and part of it was taken against equity in accordance with IFRS.

Note 27 Operating leases

Non-cancellable lease payments amount to:

	G 2007	G 2006	PC 2007	PC 2006
Within one year	3,048	5,306	2,031	2,038
Between one and five years	4,199	11,050	4,133	5,036

The group has some small operational leasing contracts for vehicles and othe technical equipment. All contracts are on normal market conditions. The group's contracts for rented premises were entered into on market conditions. Most of the group's rental contracts relate to the parent company's premises, which are rented under 31 July 2010, office premises for the group's French company, Pricer SAS. The contract on these premises runs until beyond 2011. The consolidated accounts for 2007 include a cost of SEK 4,239 (5,538) in respect of operational leasing.

Note 28 Pledged assets and contingent liabilities

Pledged assets	G 2007	G 2006	PC 2007	PC 2006
To secure own liabilities and provisions				
Floating charges	51,163	77,152	34,625	34,625
Pledged shares in subsidiaries	258,586		97,012	
Bank deposits	1,189	1,130	213	207
Total	**310,938**	**78,282**	**131,850**	**34,832**

Contingent liabilities	**G 2007**	**G 2006**	PC **2007**	PC **2006**
Bank guaranties	1,189	1,130	213	207
Total	**1,189**	**1 130**	**213**	**207**

Floating charges (chattel mortgages) are a type of general collateral in the form of an undertaking to the bank. The item bank guarantees refers in the parent company accounts refers to guarantees to customs authoritys. In the case of subsidiaries guarantees are issued to tax and customs authorities and to landlords. Blocked funds in the companies' bank accounts are available for the guarantees. Shares in subsidiaries have been pledged in favour of holders of the convertible loan.

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	2007	109,568	8,214	2,844	6,702	94,700
Subsidiaries	2006	148,540	-	2,027	3,991	36,617

The receivables for 2007 inclucde a write-down of SEK 8,002 (3,105) in the value of a long-term receivable from Pricer Inc following revaluation to market value.

Transactions with key management personnel

Individuals in senior positions receive no benefits other than board fees and salary. See also Note 6 Employees and personnel costs. There have been no significant transactions with related parties which has a material impact on the financial standing and results of Pricer.

Note 30 Group companies

Participations in group companies	PC 2007	PC 2006
Accumulated cost		
Opening balance	1,087,420	814,876
Acquisitions	-	266,906
Reduction in purchase price	-6,228	-244
Shareholder contribution, PIER AB	0	127
Shareholder contribution, Pricer SAS	389	5,755
	1,081,581	*1,087,420*
Accumulated impairment losses		
Opening balance	-811,798	-806,043
Write-down in value of Pricer SAS	-	-5,755
Total accumulated write-downs	-811,798	-811,798
Book value of participations in group companies	**269,783**	**275,622**

Write-downs for the year are stated in the income statement under “Income from interests in group companies”. The historical costs were rebooked in 2007 in connection with the internal restructuring of the group.

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 2007	Carrying amount at 31 Dec 2006
Pricer Inc., Dallas , USA	100	223,000	USD	-	-
Pricer SAS, Paris, Frankrike	100	2,138	EUR	167,228	3,174
Pricer Communication AB, 556450-7563, Sollentuna, Sverige	100	100,000	SEK	4,980	4,980
Pricer Ishida Explorative Research (PIER) AB, 556454-7098, Sollentuna, Sverige	50	130	SEK	192	192
Pricer E.S.L. Israel Ltd (fd Eldat Communication Ltd.), Tel Aviv, Israel	100	56,667,922	NIS	97,012	266,906
Dormant companies				371	370
Participations in group companies				**269,783**	**275,622**

The group consolidates its equity interest in PIER AB in the same way as for other subsidiaries since it is entitled to formulate the subsidiaries’ financial and operative strategies with the object of obtaining financial benefits.

Note 31 Cash flow statement

Cash and cash equivalents – Group	G 2007	G 2006
Cash and cash equivalents include the following sub-components		
Cash and bank	100,115	31,485
Total according to the balance sheet	**100,115**	**31,485**
Total according to the cash flow statement	**100,115**	**31,485**

Cash and cash equivalents – Parent Company	G 2007	G 2006
Cash and cash equivalents include the following sub-components		
Cash and bank	91,341	22,973
Total according to the balance sheet	**91,341**	**22,973**
Total according to the cash flow statement	**91,341**	**22,973**

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 2007	G 2006	PC 2007	PC 2006
Interest				
Interest received	3,281	728	4,596	676
Interest paid	-7,436	-2,777	-5,813	-345
Adjustments for non-cash items				
Amortisation/depreciation	14,655	10,200	5,476	6,325
Impairment losses	-	-	-	264
Capital gain on the sale of fixed assets	-	562	-	-868
Issue of employee stock options	2,779	-	2,499	-
Translation differences	-2,896	-2,075	579	2,013
Change in provisions	-2,242	6,743	4,269	518
Total non-cash items	**12,296**	**15,430**	**12,823**	**8,252**
Blocked bank accounts are included for an amount of:	213	1,121	213	207

Note 32 Subsequent events

The second largest retail chain in Spain has placed an initial order for more than 100,000 ESL for four hypermarkets, which will be installed during the first half of the year.

Metro Cash & Carry, Germany, has brought forward its project for upgrading its ESL in Germany. An order to replace all the labels in the remaining 18 Cash & Carry stores for a total value of more than SEK 20 M with is underway with delivery planned for the first half of 2008.

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 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 OMX Nordic Small Cap Market. The address of the head office is Bergkällavägen 20-22, SE-192 79 Sollentuna, Sweden.

In so far as the Board and the president are aware, the consolidated financial statements and the parent company's annual report are made up in accordance with International Financial Reporting Standards as referred to in the European Parliament's and the Council's Directive (EG) no 1606/2002 of 19 July 2002 regarding the application of international reporting standards and generally accepted accounting practice for listed companies. The information provided gives a fair and just picture of the financial position and the result of the Group and the parent company. The administration report for the parent company and the Group provides a fair description of the parent company and the Group's business activities, financial position and result, and describes significant risks and uncertainty factors to which the parent company and the companies belonging to he Group are exposed. The annual report and the consolidated financial statements, as explained above, were approved for publication on 7 March 2008. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be submitted to the Annual General Meeting for adoption on 1 April 2008.

Sollentuna, 7 March 2008

Akbar Seddigh
Chairman

Elie Barr

Jan Forssjö

Daniel Furman

Magnus Schmidt
Vice Chairman

Charles Jackson
President & CEO

Our audit report was submitted on 10 March 2008
KPMG Bohlins

Kari Falk
Authorised Public Accountant

The parent company income statement and balance sheet and the consolidated income statement and balance sheet will be adopted at the Annual General Meeting on 1 April 2008.

Audit report

To the annual meeting of the shareholders of Pricer AB, Corporate identity 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 managing director of Pricer AB for the year 2007. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 20-48. The board of directors and the managing director 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 high but not absolute 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 managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and the 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 signi¬ficant 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 managing director. We also examined whether any board member or the managing director 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 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 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 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 managing director be discharged from liability for the financial year.

Stockholm, 10 March 2008
KPMG Bohlins AB

Kari Falk
Authorised Public Accountant

Five-year summary

The figures for 2007-2004 are presented according to IFRS with the exception of IAS 39 which is applied only in 2007-2005.

All amounts in SEK M unless otherwise stated	2007	2006	2005	2004	2003
INCOME STATEMENT DATA					
Net sales	432.3	409.9	325.8	227.2	62.0
Cost of goods sold	-300.3	-320.2	-261.1	-196.9	-48.2
Gross profit	**132.0**	**89.7**	**64.7**	**30.3**	**13.8**
Other operating income	20.6	-0.2	0.0	0.1	-
Selling expenses	-57.9	-49.0	-38.2	-24.2	-22.6
Administrative expenses	-56.8	-46.4	-32.6	-30.4	-21.5
Research and development costs	-31.9	-35.1	-37.4	-27.8	-24.6
Operating result	**6.0**	**-41.0**	**-43.5**	**-52.0**	**-54.9**
Net financial items	-7.2	-8.1	7.3	0.0	-1.7
Result before tax	**-1.2**	**-49.1**	**-36.2**	**-52.0**	**-56.6**
Income tax	2.2	1.1	-0.2	0.0	-0.1
Result for the year	**1.0**	**-48.0**	**-36.4**	**-52.0**	**-56.7**
Attributable to:					
Equity holders of the Parent Company	1.1	-46.5	-33.0	-49.4	-52.4
Minority interests	-0.1	-1.5	-3.4	-2.6	-4.3
	1.0	-48.0	-36.4	-52.0	-56.7
BALANCE SHEET DATA					
Intangible assets	265.8	282.2	7.7	10.2	13.0
Tangible assets	5.6	8.1	8.0	8.0	4.3
Financial assets	0.1	0.2	-	-	-
Inventories	28.8	64.6	14.9	12.8	10.6
Accounts receivable	117.3	89.8	106.1	69.1	13.8
Other current assets	14.8	18.0	22.2	10.5	19.0
Cash and cash equivalents and short-term investments	100.1	31.5	69.5	42.6	66.4
Total assets	**532.5**	**494.4**	**228.4**	**153.2**	**127.1**
Equity attributable to equity holders of the Parent Company	356.4	353.1	149.2	91.8	87.4
Minority interests	0.1	0.1	2.9	1.6	1.9
Long-term liabilities	80.9	17.3	1.9	2.7	4.6
Current liabilities	95.1	123.9	74.4	57.1	33.2
Total liabilities and equity	**532.5**	**494.4**	**228.4**	**153.2**	**127.1**

All amounts in SEK M unless otherwise stated	2007	2006	2005	2004	2003
CASH FLOW DATA					
Result after financial items	-1.2	-49.1	-36.2	-52.0	-56.6
Adjustment for non-cash items	12.3	15.4	0.8	7.0	5.6
Paid income tax	-0.1	-0.5	-0.2	-	-0.1
Change in working capital	19.4	-19.8	-33.9	-27.4	-0.8
Cash flow from operating activities	**30.4**	**-54.0**	**-69.5**	**-72.4**	**-51.9**
Cash flow from investing activities	**4.9**	**-9.8**	**-4.3**	**-6.9**	**-2.4**
Change in loan financing	34.3	23.0	0.1	-	-
Change in shareholder financing	0.0	0.3	95.0	54.3	44.6
Change in other financing	-	-	-	1.4	6.3
Cash flow from financing activities	**34.3**	**23.3**	**95.1**	**55.7**	**50.9**
Cash flow for the year	**69.6**	**-40.5**	**21.3**	**-23.6**	**-3.4**
KEY RATIOS					
Capital data					
Working capital	80.1	102.1	66.9	32.6	5.6
Capital employed	329.9	366.6	82.8	50.8	22.9
Acid-test ratio, %	132	99	259	204	262
Net loan debt	-26.6	13.4	-69.3	-42.6	-66.4
Financial data					
Equity/assets ratio, %	67	71	67	61	70
Net debt/equity ratio, times	-0.07	0.04	-0.46	-0.46	-0.74
Margin data					
Operating margin, %	1	-10	-13	-23	-89
Net margin, %	0	-12	-11	-23	-91
Capital turnover rate, times	1.24	1.82	4.88	6.17	3.07
Return data					
Return on capital employed, %	2	-18	-65	-141	-271
Return on equity, %	0	-19	-30	-57	-64
Other data					
Order book at 31 December	71	75	107	131	185
Average number of employees	95	102	104	72	42
Number of employees at end of year	83	110	112	99	51
Total payroll	65	48	41	29	23

Corporate governance

Board of Directors

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

The Annual General Meeting on 9 May 2007 re-elected Elie Barr, Jan Forssjö, Daniel Furman and Akbar Seddigh, and elected Magnus Schmidt as new member of the Board. Salvatore Grimaldi, Göran Lindén and Michael S. Juuhl left the Board. Akbar Seddigh was elected as Chairman of 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 Annual General Meeting. Aside from the regular meetings and statutory meeting during 2007, the Board met on seven other occasions during the year. The meetings were held at the company's head office in Sollentuna, the office in Paris or by phone. Gunnar Mattsson (born in 1964), Advokatfirman Lindahl, Uppsala, served as secretary of the Board.

Board attendance

	Attended meetings	Out of number of meetings
Elie Barr	11	12
Jan Forssjö	12	12
Daniel Furman	12	12
Salvatore Grimaldi	6	6
Michael S. Juuhl	5	6
Göran Lindén	5	6
Margareta Norell Bergendahl	5	5
Magnus Schmidt *)	3	7
Akbar Seddigh	6	6

**) It was known when Mr Schmidt was appointed that he was not going to be able to attend meetings from June-August 2007.*

Board remuneration

The amount of board fees has been resolved on by the Annual General Meeting and consists of a sum of SEK 400,000 paid to the Chairman, SEK 200,000 to the vice Chairman and SEK 100,000 to each of the other Board members not employed in the company. 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 person to approve the minutes 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 Board matters during the year

Aside from regular follow-up and planning of operations in 2007, the Board has devoted considerable attention to:

- Financing
- New members of the Board and Executive Management
- Cost savings and restructuring programme

Committees

Every year, a nomination committee is appointed according to procedures adopted at the Annual General Meeting, consisting of the chairman of the Board (convener), one representative each of the three largest shareholders and one independent member representing the small shareholders of Pricer. A chairman who is not the Chairman of the Board is appointed in the committee. No compensation is paid for work on the committee. Prior to the Annual General Meeting on 1 April 2008, the committee consists of Martin Bjäringer, David Goldschmidt, Salvatore Grimaldi (chairman), Akbar Seddigh and John Örtengren. Proposals from individual shareholders can be sent to the committee chairman via Pricer's head office.

The Board has appointed a remuneration committee, but no separate audit committee has been set up, since these matters are dealt with by the entire Board of Directors.

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 9 May 2007, and was attended by 43 shareholders representing 40 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 consists of six members who meet on a monthly basis. 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:

- Cost savings and restructuring programme
- Margin improvements
- Integration of Eldat
- Reliability of customer deliveries
- Strategic decisions and priorities for early-stage customer contacts and pilot installations
- Follow-up of development projects
- Supplier requirements and supplier evaluations

Remuneration to the CEO and Executive Management

Principles for remuneration to senior management personnel were adopted by the Annual General Meeting 9 May 2007. 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 2007 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 management personnel.

Internal control

Powers and duties are delegated by the Board and CEO to the departmental managers and other executives in the organisation. 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. 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.

Auditor

The company's auditor personally report to the Board with observations on the audit. The auditor also performed limited review of the mid-year report. The auditor maintains continuous contact with Pricer's CEO and CFO with regard to various matters.

Board of Directors

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

Jan Forssjö
Born: 1949
Education: M.B.A.
Other assignments:
Board member of Cycleurope AB
Board member since:
2001
Holding:
736,803 B shares,
1,200,000 warrants

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 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:
300,000 B shares

Magnus Schmidt
Born: 1940
Education: M.B.A.
Other assignments:
Chairman of Einar Matsson AB and Upplands Motor Holding AB. Board member of Elekta AB, Fastighetsaktiebolaget Stadshus and E.ON Trading Nordic AB.
Board member since:
2007
Holding:
0 shares

Akbar Seddigh
Born: 1943
Education: Graduate Chemist and Marketing Specialist
Other assignments: Chairman of Elekta AB, Hedson Technologies AB, Ortivus AB, Innovationsbron AB, Blekinge Tekniska Högskola. Board member of Affärsstrategerna AB, Biolight AB and Millimed AS.
Board member since:
2007
Holding:
0 shares

Executive Management

Charles Jackson
Born: 1963
CEO
Education: B. Sc. Business Administration
Employed since:
2002
Holding:
0 shares,
1,400,000 warrants

Francois Austruy
Born: 1965
Head of Operations
Education: Graduate Engineer
Employed since:
2005
Holding:
0 shares,
1,400,000 warrants

Harald Bauer
Born: 1957
CFO
Education: M.B.A.
Employed since:
2004 and 1998–2000
Holding:
73,333 B shares,
1,400,000 warrants

Oron Branitzky
Born: 1958
Vice President Sales, General Manager Pricer Israel
Education: M.B.A, B. Sc.
Employed since:
2006 (Eldat 1997)
Holding:
1,800,000 B shares,
1,400,000 warrants

Kenneth Johansson
Born: 1961
Vice President, R&D
Education: M.B.A. and M. Sc. Eng.
Employed since:
2005
Holding:
20,000 B shares,
1,400,000 warrants

Arnaud Lecat
Born: 1962
CTO
Education: Graduate Engineer
Employed since:
2002
Holding:
0 shares,
1,400,000 warrants

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

THANKS
The Board of Directors would particularly like to thank **Salvatore Grimaldi** for his tenure as member and Chairman of the Board and his long standing support to Pricer.

History

2003
The development company PIER AB is formed. Pricer acquires a majority holding in the software company Appulse Ltd. in India.

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.

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

2006
Eldat Communication Ltd. is aquired. Appulse Ltd. is sold. The activities in PIER AB is transferred to the Parent Company.

2007
Integration of Eldat is being completed. Pricer reports a positive result.

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.

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

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

1995
Agreement with Metro for installations in 53 stores in Germany.

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

1997
Pricer acquires Intactix, a provider of systems for retail space management. Metro installs its first systems.

Shareholder information

Annual General Meeting
The Annual General Meeting of Pricer AB will be held at 4:00 p.m. on Tuesday, 1 April 2008, 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 Wednesday 26 March, and must notify the company of their intention to participate no later than 4:00 p.m. on 27 March. Shareholders whose shares are held in the name of a trustee must temporarily re-register the shares in their own name well ahead of 26 March. 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 Akbar Seddigh, Salvatore Grimaldi, Martin Bjäringer, David Goldschmidt and John Örtengren, can be contacted via the company's head office.

Proposed dividend
The Board proposes that no dividend be paid for the financial year 2007.

Financial calendar
In 2008 the quarterly financial reports will be published as follows:
Interim report January-March, 8 May 2008
Interim report January–June, 21 August 2008
Interim report January–September, 12 November 2008
Year-end report 2008, 12 February 2009

Information channels
Pricer's website www.pricer.com is a vital information channel through which the company presents press releases, interim re-ports, annual reports, share price data and the newsletter Pricer News. To sign up for an e-mail news subscription, visit the web-site. 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.

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