PRICER ANNUAL REPORT 2008

Table of contents

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 2007 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.

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 over 4,500 installations in 34 countries around the world with approximately 60 percent 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 Exchange. The number of shareholders is close to 23,000, with the ten largest accounting for 32 percent of the number of votes on 31 December 2008. At the end of 2008 the Pricer Group had effectively 68 employees.

Highlights of 2008

Record Operating Profit

Pricer achieved a record operating profit of SEK 55 M as the company benefited from re-sizing and strengthened product mix on sales of SEK 427 M and increased gross margins of 38 percent.

Pricer extends its lead in New Tier 1 retailing worldwide

Several large Tier 1 European retailers, Food and non-Food, chose to install Pricer ESL during the height of the crisis. During 2008, the Pricer solution was chosen by Casino Group for ESL migration. Casino is one of the largest users of ESL in the world. Pricer signed new partnership agreements extending its reach in new markets worldwide, and resulting in a significant number of strategically important Tier 1 pilots. Pricer was finally retained by Carrefour Belgium as it migrates to another ESL solution, making Pricer sole ESL supplier to Carrefour Group.

Tier 1 Food and non-Food chose to install full DotMatrix™ stores

In a sign of Pricer's strong market and system credibility, several leading Tier 1 Food and non-Food retailers opted for Pricer's new DotMatrix™ ESL and installed the world's first full DotMatrix™ stores in Europe and Japan, with the solution reaching up to 40,000 DM ESLs in one E. Leclerc hypermarket proving the scalability of the Pricer solution.

Lean Strong Company

With a salaried base today of approximately 70 people covering every competence and international background, Pricer now develops, sells, installs and supports directly or through resellers in over 30 countries. Pricer people control the design and process of the entire business, from ASIC design, to system architecture, to component evaluation, to Key Account and deployment management, while sourcing manufacturing from scalable partners and installing through reliable networks of cablers and system configurators.

Key figures	2008	2007	Change
Net sales, SEK M	427.0	432.3	-1%
Gross profit, SEK M	160.3	132.0	21%
Gross margin, %	38	31	21%
Operating profit, SEK M	55.4	6.0	823%
Profit for the year, SEK M	107.7	1.0	n/a
Earnings per share, SEK	0.11	0.00	n/a
Equity ratio, %	77	67	15%

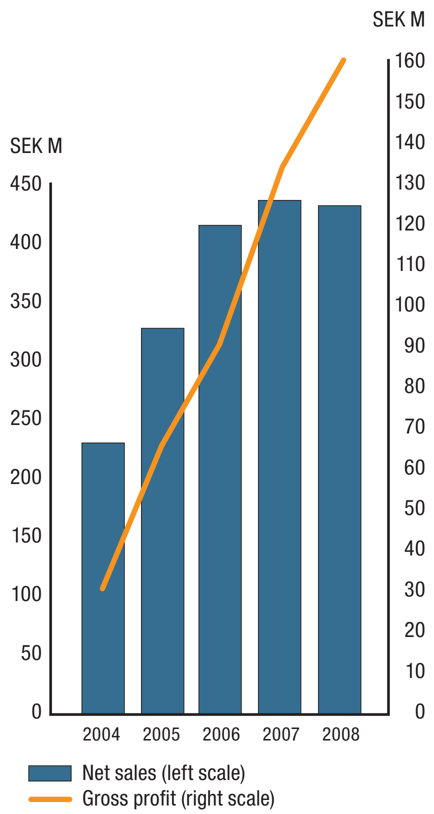
System Development and Evolution

Pricer is using both internal and external partnered innovation to widen its technology lead and support its growth strategy. During 2008, Pricer made a breakthrough step by quadrupling its system communication speed to support DotMatrix™ ESL with high speed features. The new R3.5 Software was launched enhancing ESL management tools for DotMatrix™. As a consequence of its User Behavior program launched a year earlier, Pricer shifted part of its development to in-store applications and launched several new ESL tools and in-store marketing concepts.

ESL industry further consolidates

Several leading companies worldwide have curtailed or withdrawn from ESL market given ever higher barriers to entry, summarized by an inability to reach high ESL volumes, to design reliable retail system architecture, or to deliver either a high speed or bi-directional communication platform. Several new actors entered the Japanese market in 2008, however they are at the stage of launching and proving their solution. Pricer remains market leader with almost 60 percent world market share in ESL and installed base. Today Pricer has an installed base equal to the total of its competitors.

Net sales and gross profit



Speed, scalability and reliability

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. The Pricer solution includes a full range of accessories and fixtures to facilitate ESL management and optimize the ESL investment.

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. The use of IR also enables bi-directionality, or two-way communication, which confirms that the label has received the information update. This provides a constant dashboard view of the system and alerts on any incident.

System communication speed

Pricer's system has high bandwidth with a capacity of over 50,000 information changes per hour, which is faster than any other ESL system. With its Quadspeed technology, Pricer is able to quadruple system communication speed, enabling efficient support to DotMatrix™ pixel based displays and reinforcing its ability to support retail in pricing policies.

The Pricer platform overview

The Pricer system diagram below is a graphical representation of the store environment and the system fundamentals. The system is complex but the solution is simple as 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.

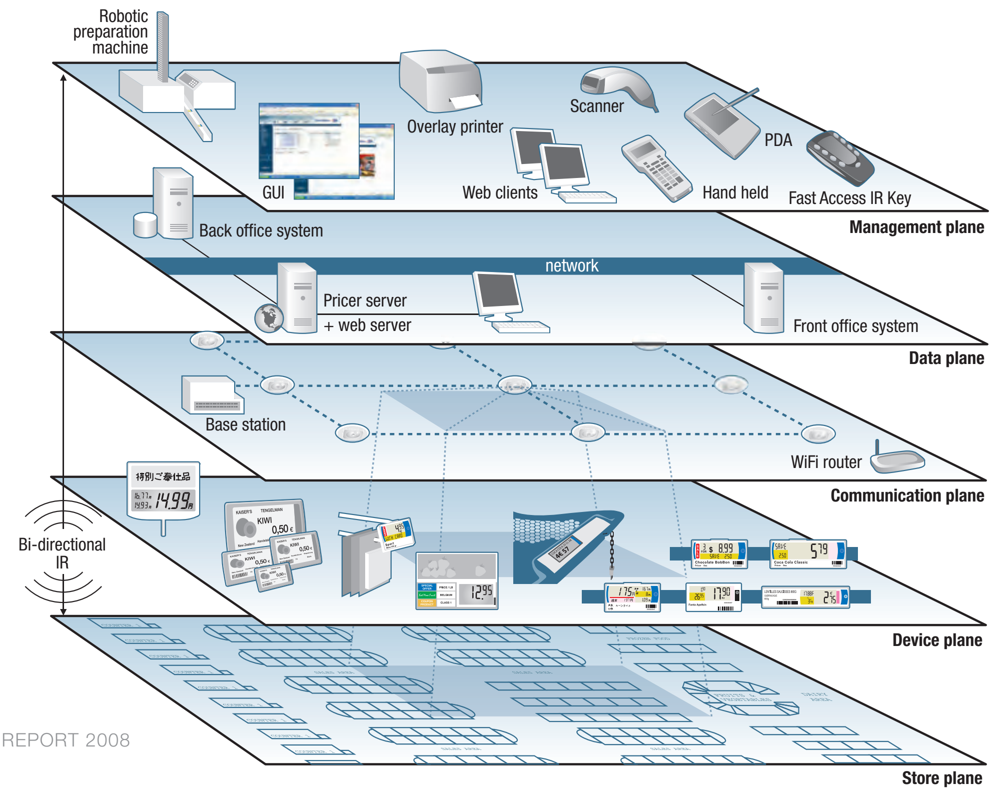
The Pricer labels are found on the **device plane** above the store plane level, since this is the hardware that defines the solution, ie. price and information displayed at the shelf edge or trolley or end of aisle or anywhere in the store.

The key technology components of the solution are then described in the uppermost planes. They are, in order, the **management plane** consisting of the tools to manage the system, from the software Graphical User Interface (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 communicating via the next plane with the devices at the shelf edge, 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. With the spread of WiFi, Pricer's system also integrates with other wireless technologies for point-to-point tools, such as WiFi handhelds, or simply Ethernet connection.

Finally, back to the **store plane**, where the real story begins as shoppers make informed decisions with updated devices at the shelf edge.



The unique dual display platform

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 and innovation. 20 dedicated engineers focus everyday on enriching the wireless display offer under the Pricer high speed platform. Today, Pricer's ESL offer is built upon two display technologies – segment based and pixel-based. In addition, Pricer is developing new in-store applications, supported by the Pricer platform to further enhance retailers' ESL experience.

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. Pricer's LCD labels are extremely robust and have a battery lifetime of up to 8-10 years.

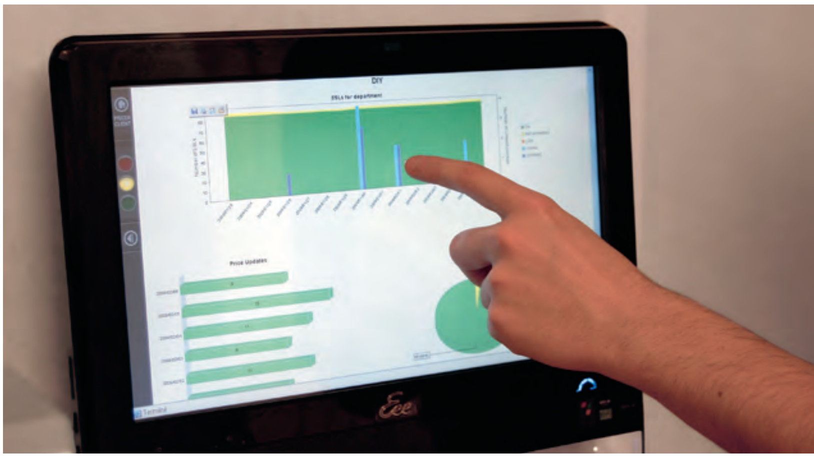
Pricer's segment based devices are the most extensive product range offered in the market place, able to cater to most shelf edge retail display needs, displaying information such as price, promotion price, start and end dates on promotions, stock levels, orders, delivery dates and facing space. The 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.

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.

Innovative Pricer applications



Pricer's high speed bi-directional communication platform is adapted to future evolutions and gives many innovation possibilities for retail, beside price display at the shelf edge. Using the features of the existing Pricer infrastructure in the store, Pricer was able to offer new devices to make the in-store information more dynamic, increase store-efficiency and enhance the ESL experience.

Pricer Web Viewer adds control on ESL operations in the store, supporting staff in achieving performing ESL management.

Pricer DM Trolley increases impact of communication to shoppers, displaying dynamic information on the shopping cart handle according to the store area.

Pricer Video Poster makes promotional messages more dynamic in the store area with reliable product and price information.

CEO's statement

It is with great pleasure that I present this Annual Report for 2008, a year that marks a major milestone in profitability for Pricer since our foundation 18 years ago. We have faced many challenges, and will continue to do so, directly, confidently, with a robust business that will allow us to come out on top in these new and very different times.

Our timely company restructuring and new product strategy built upon our strong customer approach and system advances have allowed us to grow with new and existing markets. This has been a top line challenge as we came off some of the industries largest deployments in 2007. Mathematically, our growth numbers were not impressive as we reached out to new retailers with smaller store formats than those typically in France. As the world market unfolds though, these imbalances will naturally correct, seen already in our ability to hold our 60 percent market share through new store builds. Our brand in scalability and quality is untouched and growing day by day with every new store we install, whether in South Africa or Spain, Norway or Singapore.

In 2008, Pricer delivered over 800 new stores increasing our installed base to over 4,500 stores worldwide. Today, our installed base is more than the total of all our competitors, and while average store size has diminished this is both a reflection of the beginning of market maturity and of worldwide acceptance outside of the strong French large store market. Today, Pricer is installed in several hundred chains worldwide, some with strong penetration but most at an early implementation stage.

The roughly 65 million ESLs delivered by Pricer and Pricer partners by end 2008 have been in great part due to two important retail countries, France and Japan. The retailers that have opted for ESLs in these markets are mostly Tier 1 world retailers. As our clients are mostly integrated, we have benefited exceptionally from them implementing in their export countries and influencing standards around the world. As far as the Japanese market, it is entirely represented by integrated retailers, and their choice has been overwhelmingly Infrared wireless communication and Pricer. To this day, no other ESL company has been able to penetrate the Japanese market.

France is showing the uneven evolution in terms of ESL industry sales

Our continued expansion in the French market is of key importance. France today represents close to 50 percent of the ESL market for 2008, and over 40 percent of the total installed store base to date. In 2008 we installed 260 new stores, representing close to 40 percent of the total installations made in this country.

The situation in France is very straightforward and the future is fairly easy to predict. To begin, France is characterized by both very strong integrated and franchise Food retail operators, with the integrated retailers massively deploying ESLs from 2002 onward such as Casino, Carrefour and Metro – all Pricer accounts. Oneway Low Data system

providers (or 'OLD' system providers as we refer to them) have benefited from this particular market characterized by large store formats and overweighed franchise retailers who do not systematically evaluate systems as typical integrated retailers do. Furthermore, they have enjoyed little pricing pressure given the lack of coordination between franchise owners. In any emerging market, leaders usually take the lead in the 'higher end' and locals take the lower. This is text book and it is what has happened in France.

Pricer on the other hand is faced with a global market and very wide ranging needs (large stores and small stores, large ESL content and small ESL content, speed requirements, label types, SW integration, etc.). Pricer is positioned as a global provider and a complete solution as its global customers demanded and paid for that.

Local and global

Being local is only part of the solution in retail. Our target market (Tier 1 and 2) prefer global solutions that can scale and be implemented worldwide. Also, we have a brand credibility that allows us to enter new markets quicker. Pricer management is focused on the product and the needs we learn from all the locals to jump ahead. We have continued to widen the gap between our system and the OLD providers by increasing speed, with graphic ESLs, with better tools. We have put the bar high by launching 5 new products per year based on requirements learnt in all 'local' markets, and we have done immense efforts to cost down our solution over the last four years. Basically, we have used technology to widen the gap and to cost down.

Consumers are increasingly becoming value shoppers

There is a fundamental change going on in shopping behavior and by that a new urgency to price competitivity. ESL is now being more and more considered by retailers in all markets because they offer flexibility and control, or in more direct terms increased aggressive pricing and central decision making. Leading retail CEOs are meeting with Pricer, something we have never experienced before. And they are asking all the right questions, demonstrating that they have been following the ESL adoption of some of the leading Tier 1 to date. Our important increase in pilot programs is a direct result of this new urgency. Our recent successes highlight the priority ESL and pricing have become during these changing times.

And then non-Food...

Non-Food has always been the other side of the market that remained unattainable until now. Limited price changing coupled with a priority on store expansion and new markets, left store automation out in the cold. Today, this has changed. In 2008, we began implementing two Tier 1 DIY (Do-It-Yourself) retailers in Europe as well as piloting with several leading Electronics and Duty free chains. These events are indicative to a change in strategy and priorities and Pricer is placed perfectly for this new market as centralization and control are key parameters of these retailers. Only Pricer today offers a scalable bi-directional system that can support pixelbased as well as segment based signage – a unique proposition at a unique time.

> "Our brand in scalability and quality is untouched and growing day by day with every new store we install"

Our strong foundation is R&D

Today's world does not change the rules of success for a company like Pricer. Reliable scalable products and solutions always outperform the market. Outstanding products and solutions will always lead the market. Pricer does both and will continue to do so. Research and Development is our genetic core and is the reason why we can enter and take leadership in every important retail market. Our competitive advantage then leverages on itself as we learn quicker and bring new ideas across markets. Pricer was founded on Swedish innovation and quality, and these are the basics to leading in retail. At the same time, Pricer is changing, providing more attention to retailer needs through in store marketing concepts or user tools to help protect and manage a store's ESL investment.

Looking Forward

Looking forward, and with the economic situation in the forefront of our operations and activities, we see the need to stay focused on our core business of Tier 1 retailers as they represent the strongest segment today. Here is a summary of our key priorities and strategies for 2009.

Investing in ESL and ESL applications in Food and non-Food

It is important to understand we will continue to invest in further developing new products and applications. This is one of the pillars of our entrepreneur activity. Our lead in non-Food is one we will protect. Our experience in non-Food will further expand are Food offer. The two will help build a better company.

More customer driven

Bringing the user perspective to our Research and Development has been one of our focuses that have become part of our idea generation cycle. This is understood internally to be the ingredient that will always keep us ahead as we filter back experience from 34 different markets. This also impacts our sales and services as retailers demand faster installation and replenishment. Our sales and operations focus on building worldwide capabilities to turn sales quicker and more efficiently.

Growing our digital offer to attract more leading resellers

More retailers are choosing our new DotMatrix™ bi-stable pixel based ESLs to display product and pricing information, making our considerable investments in DotMatrix™ technology vital. Our sales of DM products in Europe and Japan have increased significantly and we are expecting continued growth in 2009. We have now developed a full product range from shelf edge ESL to large fruit and vegetable and Electronics displays. Our international sales networks are leading the way with a combination of these products and standard ESL segment solutions.

Expanding Cost discipline

Product Cost savings, from logistics to re-engineering, is one of the major challenges and have provided a large part of our success to date. We will focus much energy on finding costs that can give us even more flexibility to invest in markets and products.

Begin transition to higher speed network

Back in 1997, Pricer was a pioneer introducing a system that could update 45,000 ESLs per hour including stock and delivery dates. Today, Pricer has moved to an ever faster platform to support our customers with speeds capable to be over five times faster. We are moving towards pixel displays and color and one day possibly video representations, and this has begun our transition to a more advanced, next generation network.

Today, we remain the only company to have, time and time again, proven our system superiority in delivering a scalable bi-directional high speed platform that can support any display needs. Pricer will profit from this position.

Charles Jackson
CEO of Pricer

Pricer has the largest installed base worldwide

Pricer operates in a global market where its primary target group is the retail industry, both Food and non-Food retailing. With an installed base spread over 34 countries worldwide, Pricer maintains its leading position as ESL supplier. 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.

Europe

France is the European country where ESL has obtained the strongest foothold. This market is 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 and have shown high acceptance for DotMatrix™ technology and its operational benefits. World's first full DotMatrix™ hypermarket installations were completed this year, proving the scalability of this technology. Southern Europe has 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 is also beginning to gain momentum in Eastern Europe while it is coming to a new life in Nordic countries. 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.

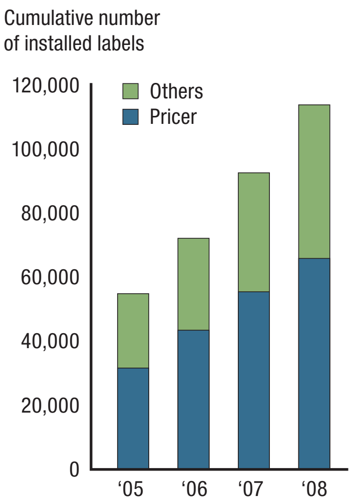
Japan

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.

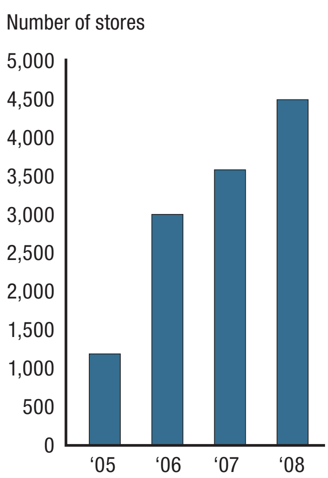
United States

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.

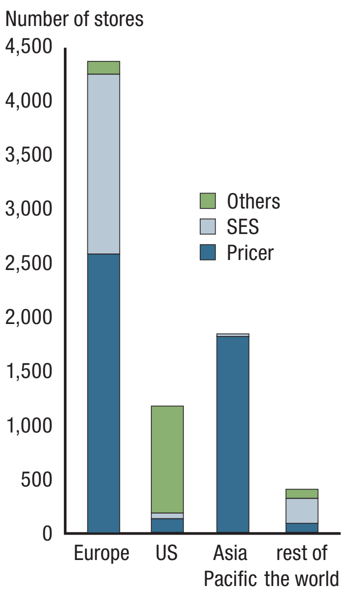
Development of the ESL market



Pricer's ESL installations, cumulative



Distribution of ESL installations per supplier



Pricer has close to 60 percent of the market

Size and growth of the ESL market

Pricer estimates the total number of ESL labels at 113 million globally, installed in approximately 8,000 stores. The two fastest-growing ESL markets are Japan and France.

In 2008 the ESL market showed equal growth to previous years. The absence of large roll out projects this year was compensated by strong sales increase among independent retailers in Europe, but also the development of new markets worldwide, mainly in America, South-Africa and Asia Oceania. Successful approach towards non-Food markets has led to further diversification of ESL market to major retail segments such as Do-It-Yourself (DIY), home Electronics and pharmacies. Although the market has more than doubled in the past few years, market penetration is still 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 and urgent need for price reactivity in retail. 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.

Pricer's position

Pricer's management estimates the company's global market share at 58 percent, measured in the number of installed ESLs. Pricer has installed over 65 million labels in over 4,500 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 32 percent and 9 percent, respectively measured on the installed base. SES is mainly active in Europe while NCR is primarily active in North America. Although the difficult current economic context forced several recent entrants to abandon the ESL market, 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 under one platform, ensuring price reliability with the fastest system communication speed on the market.

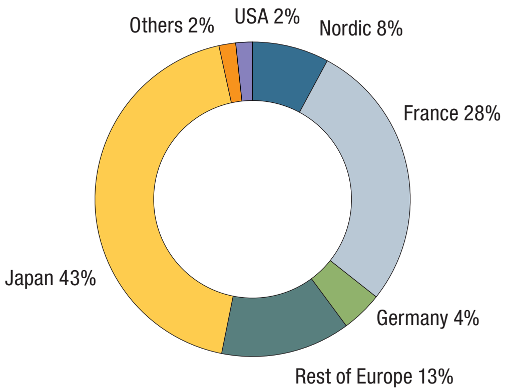
Varied ESL offerings

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; systems using high frequency radio waves and two-way communication such as NCR, and systems which use low frequency radio-based technology and one-way communication such as SES. IR is the dominant technology.

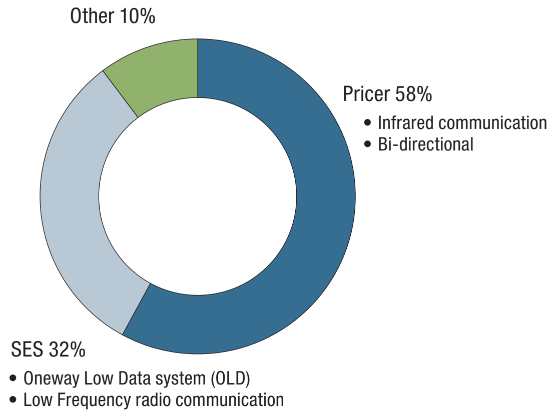
Revenue per market and year

SEK M	2005	2006	2007	2008
Nordic region	8	15	24	27
Rest of Europe	169	265	250	318
Asia	134	116	142	62
Rest of the world	14	14	16	20
Total	**326**	**410**	**432**	**427**

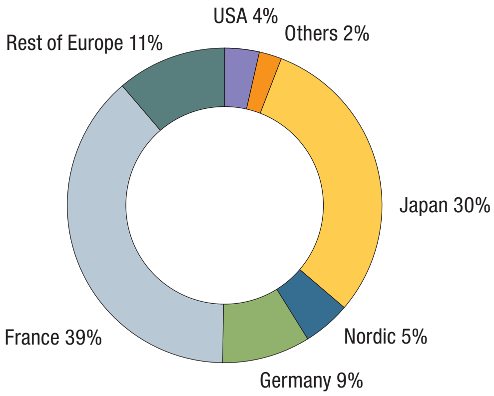
Geographical spread of Pricer's installations in no. of stores



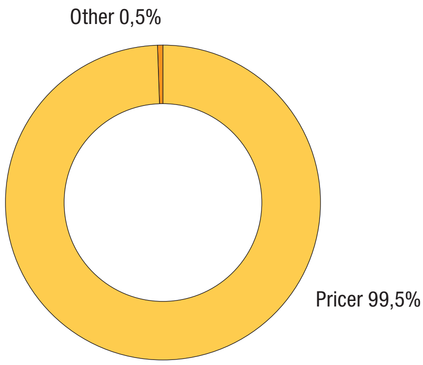
Market shares worldwide in no. of ESLs



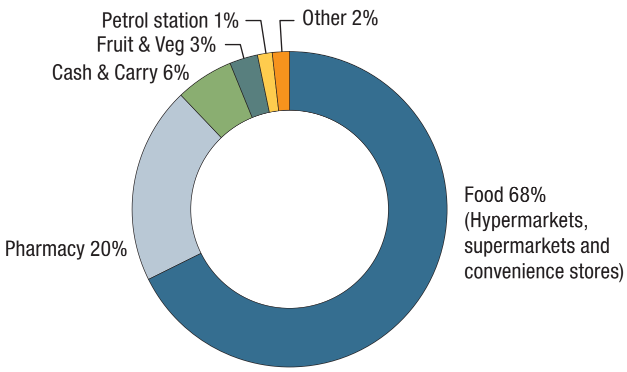
Geographical spread of Pricer's installations in no. of ESLs



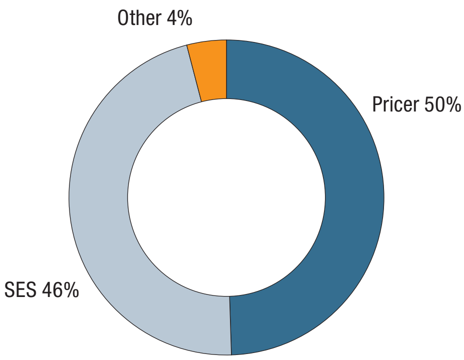
Market shares in Japan in no. of ESLs



Channel spread of Pricer's installations in no. of stores



Market shares in France in no. of ESLs



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 competition 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 promotional 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.

A Typical Food Retail Case Study

Two years ago, Pricer started a pilot program with a leading Food retailer in France. The successful pilot has finally begun to scale up deployment. They had piloted a Oneway Low Data system (OLD) solution in 2002 and the program had been dropped.

The needs and specifications were based on providing a simple automated price changing solution that removed all barriers to flexibility and timing, in other words, they wanted a system that did not bring another barrier to price changing. If they chose ESL, it was to never look back. Additionally, they wanted a system that did not disturb nor was disturbed by the radio environment already prevalent in their Hypermarkets (WIFI, DECT, alarms, anti-theft etc.). Finally, they wanted a system which gave complete monitoring and control to headquarters.

The first pilot was installed in the fall 2007 with 25,000 ESLs and after a first approval was increased to 32,000 ESLs. The pilot was accepted and then started the solution definition. By mid 2008, a complete specification outlined which ESL size and use, the methodology of daily monitoring by HQ and local staff, the back-office integration, the paper overlay design, integration of store PDAs for daily routines such as linking and unlinking, the carrier and merchandising solutions, the additional stock information to be displayed, the exploitation of DotMatrix™ in specific areas such as electronics, fruit and vegetable and fresh food counters, and finally deployment scheduling and use of the ALAM (Automatic Labeling Machine) for implementation.

Today, the Pricer system is being installed in their hypermarkets in three European countries and testing the system in their Belgium supermarket chain. A typical retail experience when one has the right solution.

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

A global team

2008 has been an important year in which Pricer completed a timely restructuring. Pricer will continue 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 legal 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. Key partners are Toshiba in Europe, PSI in Scandinavia, Nicolis in Italy, Szintezis in Hungary and Skydirect in South Africa. A very successful partnership with Ishida, a world-leading manufacturer of weighing solutions for the food and retail industries, has secured Pricer's leading position on the Japanese market.

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 strategic suppliers are ISO-certified and based in China, Hong Kong and Denmark.

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 threre are 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

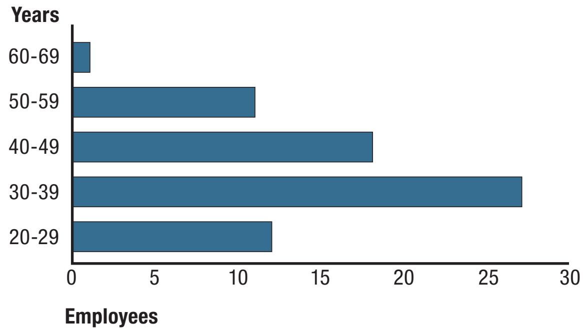
At the end of 2008 the Pricer Group had a total of 68 (63) employees, of whom 29 (29) worked at Pricer AB, 30 (25) at

Pricer SAS, 3 (3) at Pricer Inc and 6 (6) at Pricer E.S.L. Israel Ltd. 28 (23) percent of all employees are women. Pricer is working actively to achieve a more even gender distribution in all functions and strives for diversity. Health risks in Pricer are minor, and work environment audits are conducted at regularly. Sickness leave at Pricer remains very low at only 1.0 (0.8) percent in 2008.

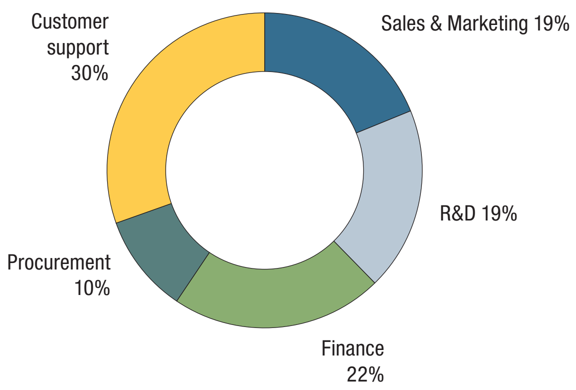
Legal structure

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 Inc. (U.S.) and Pricer E.S.L. Israel Ltd (Israel).

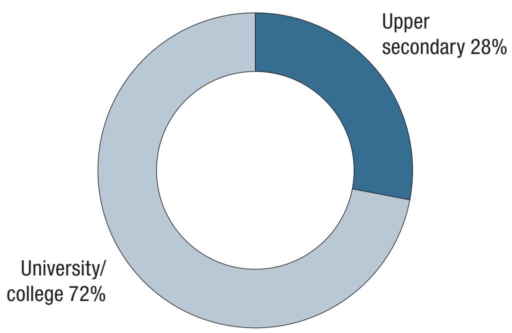
Age distribution



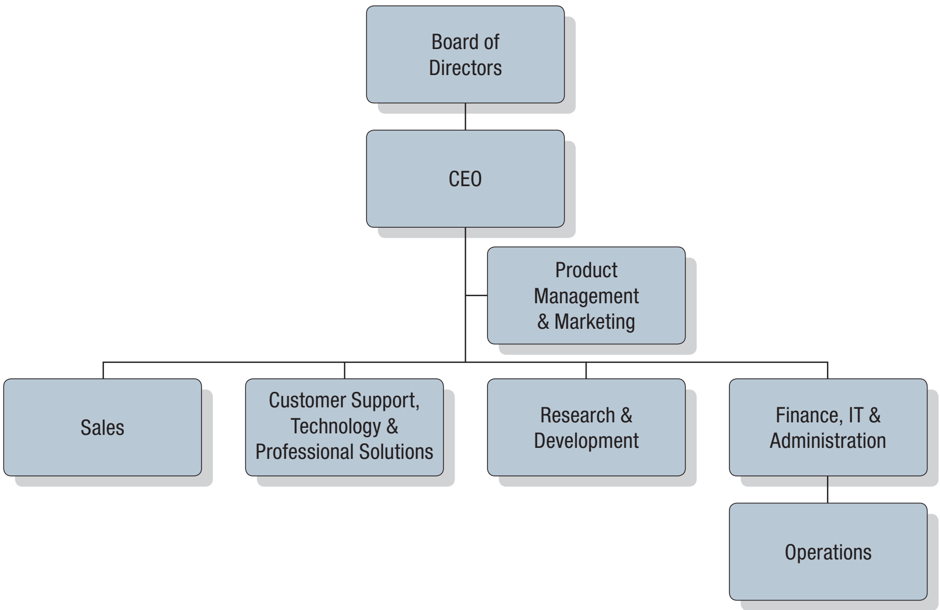
Department distribution



Educational levels



Pricer Group



The Pricer share

The Pricer Class B share is quoted on the Small Cap list of Nasdaq OMX Nordic Exchange. Pricer's share capital at 31 December 2008 amounted to SEK 101,613,220. The total number of shares was 1,016,132,200, represented by 2,260,817 Class A shares and 1,013,871,383 Class B shares, all with a quotient value of SEK 0.10. Each Class A share carries five votes and each Class B share one vote. All shares carry equal rights to the company's assets and profits. The Articles of Association permit the conversion of Class A shares to B shares at the request of holders of Class 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 2008

The share price started the year at SEK 0.46 and ended it at SEK 0.46. The year's highest closing price of SEK 0.77 was quoted on 15 February and the lowest price of SEK 0.31 was quoted on two occasions in October. Market capitalisation on 31 December 2008 was SEK 467 M.

The turnover for the full year 2008 amounted to 849,419,094 shares traded for a combined value of SEK 475,475,593, equal to an average daily volume of 3,370,711 shares worth a combined amount of SEK 1,886,808. The number of trades for the full year was 26,141, equal to an average of 104 per trading day. Shares were traded on every trading day.

Dividend

Pricer has not paid any dividends since its formation.

Warrants and convertible debentures

The 2008 Annual General Meeting resolved to approve the global incentive programme for employees, which was launched in 2007, by issuing 20,000,000 warrants. Each warrant shall, during the period until 30 June 2012, provide entitlement to subscription of one new Class B share. The subscription price is SEK 0.74.

In 2007, 20,000,000 warrants were issued for the benefit of employees. Each of these warrants shall, during the period until 30 June 2011, provide entitlement to subscription of one new Class B share. The subscription price is SEK 0.58.

Warrants outstanding

Designation	Number	Year issued	Exercise price (SEK)	Expiration date
T009	30 millions	2007	0.58	30/06/2011
T010	20 millions	2008	0.74	30/06/2012

At an Extraordinary General Meeting in 2007, the issue of convertible debentures in an amount of SEK 74.9 M was resolved. The term of the debentures is two years and they carry approximately 10 percent annual interest (6 months STIBOR + 4.5 percent). They may be converted to Pricer shares at a share price of SEK 0.70. Pricer repaid SEK 30 M of the loans in November 2008, prior to maturity, to reduce its interest expense. On conversion, the remainder of the debt could lead to dilution of the total number of shares by 6 percent.

Ownership structure

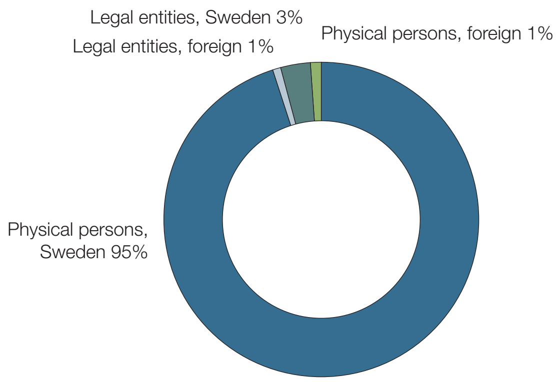
The number of shareholders on 31 December 2008 was 22,941. The ten largest shareholders held 31 percent of the number of shares and 32 percent of the votes. Legal entities held 54 percent of the total number of both shares and votes, while foreign shareholders held 26 percent of the total number of shares and votes.

Ownership structure 31 December 2008

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of equity	% of votes
1-1,000	6,237	27	2,970,385	0.3	0.3
1,001-10,000	11,087	48	46,841,695	4.6	4.6
10,001-100,000	4,702	21	153,785,773	15.0	15.1
100,001-	915	4	812,534,347	80.1	80.0
Total	**22,941**	**100**	**1,016,132,200**	**100.0**	**100.0**

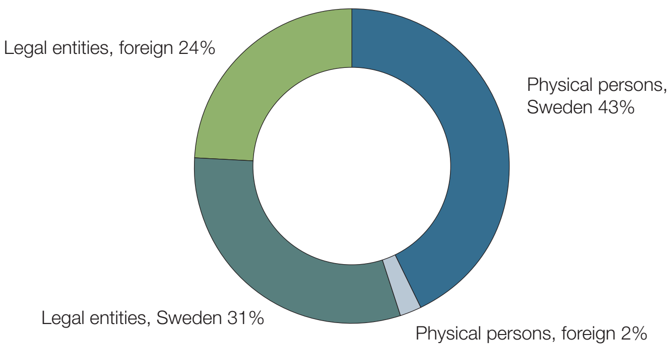
Source: Euroclear

Shareholders 31 Dec 2008
No. of holders

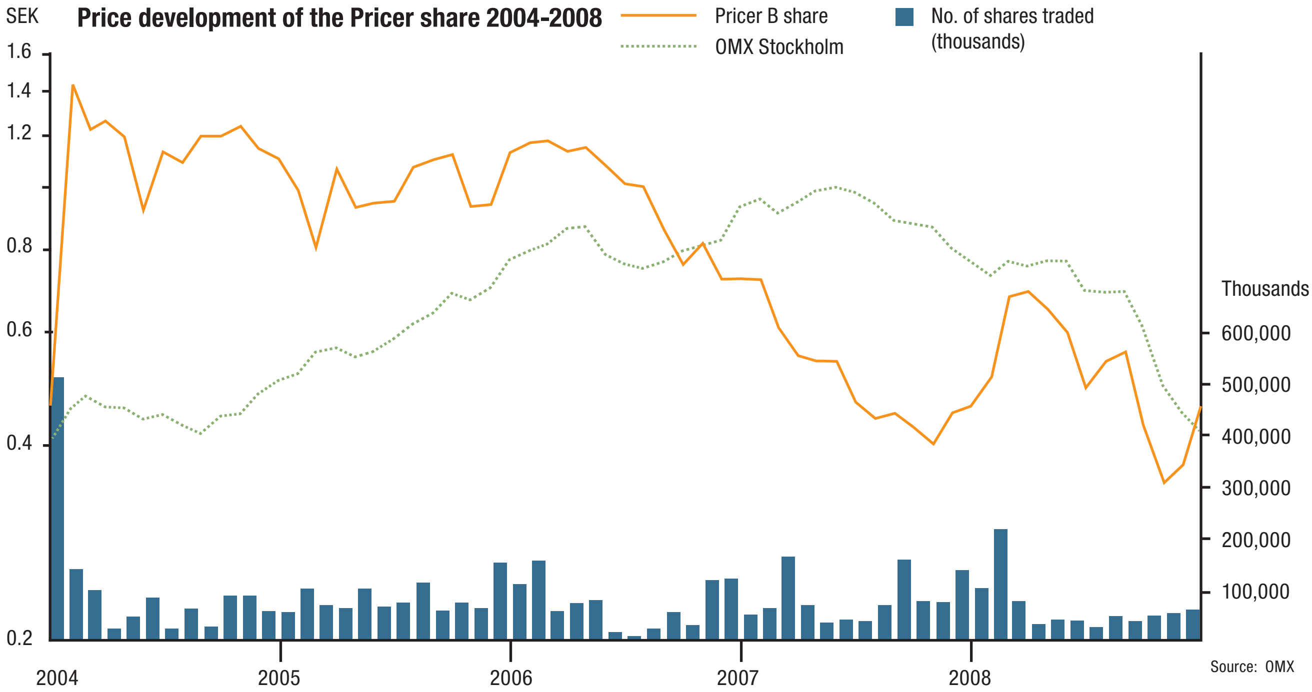


Source: Euroclear

Votes 31 Dec 2008



Source: Euroclear



Major shareholders, 31 December 2008

Name	A shares	B shares	No. of shares	% of votes	% of capital
Grimaldi, Salvatore incl. Companies	2,110,600	103,157,561	105,268,161	11.1	10.4
Danske Bank International S.A.	-	61,477,179	61,477,179	6.0	6.1
Brightman Almagor Friedman Trustees	-	34,039,376	34,039,376	3.3	3.3
Danielsson, Erik, incl. companies and family	5,167	30,287,202	30,292,369	3.0	3.0
Catella Institutionell Absolut		18,203,684	18,203,684	1.8	1.8
Pictet & Cie	-	15,691,109	15,691,109	1.5	1.5
Purpose AB	-	14,500,000	14,500,000	1.4	1.4
Jeansson Sr, Tedde	-	14,000,000	14,000,000	1.4	1.4
Klittersand AB	-	13,030,000	13,030,000	1.3	1.3
Victory Life & Pension Assurance Co	-	12,379,961	12,379,961	1.2	1.2
10 largest share holders	**2,115,767**	**316,766,072**	**318,881,839**	**31.9**	**31.4**
Others	145,050	697,105,311	697,250,361	68.1	68.6
Total	**2,260,817**	**1,013,871,383**	**1,016,132,200**	**100.0**	**100.0**

Data per share, 2004-2008

SEK per share	2008	2007	2006	2005	2004
Earnings	0.11	0.00	-0.05	-0.05	-0.09
Dividend	-	-	-	-	-
Shareholders' equity	0.50	0.35	0.35	0.20	0.15
Cash flow	0.00	0.03	-0.05	-0.09	-0.11
P/S ratio	1.09	1.08	1.48	2.37	2.60
Adjusted for full dilution:					
Earnings	0.10	0.00	-0.05	-0.05	-0.09
Shareholder's equity	0.50	0.31	0.35	0.20	0.15
Cash flow	0.00	0.02	-0.05	-0.09	-0.11
P/S ratio	1.16	1.23	1.48	2.37	2.60
Share price:					
Yearly high	0.77	0.76	1.30	1.17	1.69
Yearly low	0.31	0.38	0.63	0.78	0.49
Closing price	0.46	0.46	0.71	1.13	1.15
No. of shares on 31 Dec., 000s	1,080,275	1,153,275	1,016,132	754,332	560,435
Market capi-talisation on 31 Dec., SEK M	497	531	721	852	645
Average number of shares, 000s	1,116,775	1,153,275	853,234	684,314	512,485
Share price on 31 Dec/ shareholders' equity, %	93	149	204	560	780

Price development of the Pricer share , 2004-2008

Year		Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2004	New issue	108,564,576	560,434,841	10.9	56.0
2005	New issue	193,897,359	754,332,200	19.4	75.4
2006	Non-cash issue	261,800,000	1,016,132,200	26.2	101.6
2007		0	1,016,132,200	0	101.6
2008		0	1,016,132,200	0	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 positioned 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 company's future development, it is also important to consider these risks as well as the opportunities. Some of the factors that may be of material importance to the company's future development, earnings and financial position are described 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, although the growth rate in the past two years has not been significant, it is expected to show continued growth. It is difficult to estimate when large-scale demand for ESL systems will arise.

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

Suppliers. Pricer cooperates with sub-suppliers in order to create a flexible production solution and to use standard components to the extent possible. However, a situation whereby a shortage of components may arise or where deliveries are impeded in connection with major volume increases in production cannot be excluded.

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.

Future capital requirements. Pricer's assessment is that no additional financing is needed other than extension of part of existing convertible debenture 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 that create such a need.

Competitors. Currently, two companies have similar products that compete with Pricer on the ESL market. In addition, there are smaller regional companies or companies that are attempting to develop products with a view to establishing a position in the market. Restructuring of the sector, for example if one or more competitors were to enter into an alliance with a strong partner, could constitute a threat to other players in the market. Pricer works in close collaboration with its customers to maintain its position and strengthen its offering as a means of minimising the risk of losing market share.

Competing technologies. The infrared light system used by Pricer allows more secure transfer and higher speeds than the competing radio technology and is the most common technology for ESL systems. However, it is possible that new technologies will represent a threat in the future. To date, 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 the possibility that heavy investments could also be required in the future to maintain the company's competitive position cannot be excluded.

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 applications will actually lead to patents, or that the company's existing patents will be adequate to protect Pricer. There is also a risk of costly patent disputes that could tie up management resources.

Financial risk management and currency risks. See note 25.

Opportunities

Market. Far-reaching changes are currently 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. This will ultimately benefit ESL suppliers in a market where penetration 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 over 4,500 installations in use at prestigious customers.

Offering and products. As a result of several years of continuous development work, Pricer has created a modern and effective technical platform that supports the market's most effective and best performing system. The platform also 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 a profitable after-sales market.

Definitions

Return on equity
Profit 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 profit 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 balance-sheet 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
Profit 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 balance-sheet date divided by net sales per share (average number of shares).

Earnings per share
Profit 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 profit 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 recognised in the balance sheet excluding interest-bearing assets less interest-free liabilities.

Administration report

The Board of Directors and President of Pricer AB (publ), corp. reg. no. 556427-7993, hereby submit their annual report for the financial year 1 January – 31 December 2008. Figures in parentheses refer to the preceding year.

The Group consists of the Parent Company Pricer AB, the wholly owned subsidiaries Pricer SAS (France), Pricer Inc. (USA), Pricer E.S.L. Israel Ltd. (formerly Eldat Communication Ltd.) (Israel) and a few small, virtually dormant, companies.

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. The subsidiaries in France and the U.S. handle sales and customer service in their respective market areas. Pricer E.S.L. Israel Ltd. was acquired in 2006 and was previously responsible for the Eldat product line. During 2008, the company received licensing fees from the sale of Eldat products and also engaged in the sale of services and product maintenance.

Nature of business

Financially, 2008 was a breakthrough year for Pricer with an operating margin of 13 percent and a strengthened financial position. It was possible to prematurely redeem part of the convertible loan and the company was able to establish essential lines of credit with banks for possible future needs. In 2008, Pricer was represented in 36 countries and generated sales in 34, thus setting a new record. More than 800 new stores installed the product in 2008, 20 percent higher than in 2007. The level of 4,500 store installations was passed. While the total number of ESLs sold in the market was constant, the number of new stores increased, showing the significant development from large units to small that has been expected for a few years. The average store size decreased, as a result of increased sales to food stores instead of to hypermarkets.

Market development

Sales were strong in the second half of the year as is traditional for sales to integrated retail chains. The strong market reception for the new DotMatrix™ product line helped to widen the base offer, adding new features to the system that provided openings to new segments, such as the DIY retailers. Continued solid recurring revenues from all large tier 1 key accounts were recorded. The sales mix and segmentation has improved with significant growth in pharmacies, duty free, DIY and electronics retailers.

The ESL industry is undergoing another consolidation, this time as a result of financial stress felt by newly funded start-ups, whether part of the future ambitions of major corporations or stemming from corporations in Silicon Valley. This factor affected ESL growth, especially in new markets such as the US. The exit of the weaker players from the market may create growth opportunities.

While certain retailers are delaying decisions on new IT investments, the tough retail environment appears not yet to have seriously impeded sales in established accounts or markets, as ESL represents a technology that offers favourable price strategy opportunities.

Europe

In Europe, sales were strong, growing 26 percent to SEK 345 M in 2008, compared with SEK 274 M in 2007. This was due to continued strong penetration in the important French franchise market and acceleration of Metro's migration programme as well as Metro's expansion in new European markets. Sales to independent players in France increased 45 percent in 2008, compared with 2007. Continued sales to major accounts which embarked on ESL migrations, completed the year. Also, the first full DotMatrix™ hypermarket installations were recorded, an industry first. In the Nordic market, a trend of flat sales was reversed, as a new reseller established its position and initiated new programmes.

In Europe, there were 555 new store ESL-installations during the year, compared with 359 in 2007. Pilot activity is increasing significantly as a result of stiffer price competition and greater product standardisation, but also because the importance of labour issues is increasing among retailers.

Several key successes were noted during the year.

Pricer was selected by the Casino group as the sole supplier of ESL solutions, system integration and support services over the next two years. Casino, one of the largest retailers in Europe, is a leader in store automation and one of the earliest companies to deploy ESL.

Evidence of the progress in the non-food segment was received when a leading DIY chain selected Pricer for its multi-store ESL implementation. ESL has previously mainly been implemented by food retailers, and this tier 1 decision is very significant to Pricer and ESL in general.

A number of other major European retail chains continued to expand their ESL programmes to new stores, such as a leading Spanish retailer, that placed further orders for new store installations, or the entire region of stores on the island of Corsica, which had recently changed brands and had to meet increased price-changing requirements, or the additional 62 French supermarkets that were rolled out.

Recently, Pricer was selected by one of the largest European supermarket chains that had previously evaluated the system. To date, the system has been installed in five hypermarkets, as well as a pilot installation in its supermarket chain in Belgium.

A second DIY retailer, one of Europe's largest DIY retailers based in France, selected Pricer after store trials and pilots.

The DotMatrix™ graphic ESLs using electronic paper display technology, also referred to as a bi-stable display technology, have become an important part of the continued expansion in France and several key projects were initiated. A leading French retail chain in traditional fresh food segment, chose to equip its 100 stores with Pricer's new generation DotMatrix™ ESLs. Most stores equipped by Pricer currently have some form of DotMatrix™ solution for their wireless display needs within food and non food. However, the highlight of 2008 was the installation of the three Hypermarkets in the south of France with a total of 90,000 DotMatrix™ ESLs.

Asia and Oceania

Several new projects were initiated in New Zealand, Australia, Singapore and South Africa, where the market is developing strongly, with an order worth SEK 20 M secured during the year. However, total revenue declined significantly during the year, due to the change in the business model in Japan, from revenue to volume-based royalties.

Sales in the region totalled SEK 62 M from SEK 142 M in 2007, down 56 percent. Sales in Japan declined generally during the year, due to the license agreement signed with Ishida in 2007 whereby Ishida will sell partly directly in Japan. However, Pricer maintains a unique position as market leader and as the only player that supports both segment-based and pixel-based displays under a single platform. In 2008, a pilot programme was initiated with a leading Japanese retailer using licensed Pricer technology.

America

Although the retail outlook at this point is very bleak, a leading retailer has installed a Pricer pilot system in four stores. Several opportunities for store-integration projects are being evaluated to seek further market channels for leveraging DotMatrix™ solutions.

Research and development

To further sharpen the focus on customer value, Pricer changed its organisation in 2008, to move research and development even closer to the areas of cooperation with sales managers. Both software and hardware development are now controlled on the basis of strict market focus and Pricer is able, at short notice, to readjust its product development to satisfy new requirements. Pricer has worked actively to increase its network of partners, so that it can swiftly and cost-effectively pursue development of products for the future.

The market for electronic shelf-labelling systems is still undergoing rapid change. New technologies are giving rise to products and services that were not previously possible. To retain its leading position, Pricer must continue to invest in both customer value and technology.

A clear-cut example of a changing technology and what this means to Pricer's customers is the DM3370, a DotMatrix™ ESL that was delivered during the year, mimicking paper labels at the shelf edge. The ESL was launched at the Euroshop fair in February and has since been installed in several TIer 1 stores, primarily in the French market. The DM3370 was the first electronic shelf-labelling system of its type in the market.

During the second half of 2008, Pricer presented a new-generation base station, a key component in the infrastructure that transmits information to the labels. The new base station significantly increases the communication speed to the labels and enables up to five times as many price updates per hour. Pricer utilises infrared light for wireless transmission of information to the labels, a technology that has repeatedly proven its reliability in the past 15 years. The increase in speed is also distinct proof of how ideally suitable infrared light is for mass communication in stores, and Pricer continues to spearhead development and to facilitate new applications for its customers.

The increased speed is also being utilised in DM Trolley, a system for dynamically displaying advertisements and information on shopping trolleys. Since the infrastructure is identical to that used for shelf edge labelling, the solution is highly cost-effective for Pricer's customers.

Pricer is well aware that the pace of development in the area is fast and that it is not easy for customers to make investment decisions. To facilitate such decisions, all new Pricer products must be backward compatible with existing installations. In addition, it must be possible for both the base station and the advanced labels to be updated in the store to enable new functions. According to Pricer, increasing amounts of commercial benefits can be generated for the customer by using a flexible system that easily integrates with its environment.

Product development is managed from the Parent Company in Stockholm. In 2008, investments in product development decreased, as a consequence of the programmes conducted during 2007 to focus on Pricer's systems as well as the downsizing measures implemented in 2007. Product development costs amounted to SEK 20.4 M (31.9), corresponding to 18 (22) percent of total operating expenses and 5 (7) percent of net sales. In addition, only a minor portion of the year's costs for development work, SEK 0.8 M, was capitalised as fixed assets related to development projects in the balance sheet. The procedure to capitalise R&D expenses is enforced as of 1 July 2008 when it was evident Pricer would show an operating profit.

	Jan-Dec 2008	Jan-Dec 2007
Net sales	427.0	432.3
Cost of goods sold	-266.7	-300.3
Gross profit	160.3	132.0
Gross margin, %	38	31
Other operating items	6.2	20.6
Overheads	-111.1	-146.6
Operating profit	55.4	6.0
Operating margin, %	13.0	1.4

Administration report (cont'd)

Net sales and result

Order entry amounted to SEK 406 M (441) for the year. At the end of December, order backlog amounted to approximately SEK 63 M (71).

Net sales, amounted to SEK 427.0 M (432.3) during the year, down approximately 1 percent less compared with 2007. The lower sales in the Japanese market, due to a shift in technology and a change in the business model, were offset by strong growth in the French market. Pricer installed ESL-systems in more than 800 new stores with ESL-systems in the year, not including the continued Metro migration of its German Cash & Carry-chain.

Gross profit increased to SEK 160.3 M (132.0) and the gross margin improved to 38 (31) percent for the year. The stronger gross margin was attributable to an improved market mix and reduced unit costs and also to the weaker US dollar, especially in the early part of the year, as most purchases are made in this currency. Towards the end of the year, the gross margin was to some extent adversely impacted by slightly less favourable currency effects, and by increased provisions for product guarantees.

Other operating income of SEK 6.2 M (20.6) was derived from the second payment as contracted in the license agreement with Ishida. This agreement was signed in 2007 for development, marketing and sales of wireless graphic display labels mainly for the Japanese market. Pricer will also receive volume-based royalties for these products.

Operating expenses for the year decreased to SEK 111.1 M (146.6). However, the figure for 2007 was affected by provisions for severance payments from the restructuring programme in that year. Operating expenses in the year were reduced by SEK 0.8 M through capitalised product development costs.

Operating profit amounted to SEK 55.4 M (6.0) for the year, up almost SEK 50 M. Accordingly, the operating margin amounted to 13 percent (1). Net financial items amounted to income of SEK 8.7 M (expense: 7.2) for the year and consisted of positive currency effects from revaluations of cash positions and loans to subsidiaries, partly offset by interest expense on convertible debentures.

Taxes amounted to revenue of SEK 43.6 M (revenue: 2.2), deriving primarily from recognition of a deferred tax asset. As it is now likely that Pricer will continue to show profit, this item was recognised based on estimated future earnings. However, this should not be interpreted as an outlook concerning future earnings.

Net profit was SEK 107.7 M (1.0) for the year, which was significantly impacted by the tax revenue resulting from the recognition of loss carry-forwards, as mentioned above.

Assets and financial position

Total assets amounted to SEK 659 M (533) at year-end and consisted to a large extent of goodwill and other intangible assets attributable to the acquisition of Eldat in 2006. The largest single item is goodwill of SEK 276 M. The acquisition of Eldat put Pricer into a strong position of leadership in the ESL sector and, as a result, the company is now the only supplier of IR-technology. When performing a impairment test 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 multi-year forecast was made in connection with the acquisition and is updated regularly. The forecast is based on the continuation of favourable conditions on the market for Pricer's products, and thus 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 value of the goodwill increased during 2008, due to exchange-rate effects.

At year-end, working capital amounted to SEK 144.4 M (67.7), a substantial rise that was due mainly to an increase in accounts receivable and inventories. Year-end cash and cash equivalents amounted to SEK 75.8 M (100.1).

In April 2007, Pricer raised convertible loans of SEK 74.9 M. The loans run for two years up to 19 April 2009 and pay annual interest at a rate of some 10 percent (6-month STIBOR + 4.5%), and can be converted into Pricer shares at an exercise price of SEK 0.70. In accordance with IFRS, a part of the loans is recognised as equity. Adjustments are made continuously to reflect interest payments during the term of the loan. Pricer repaid SEK 30 M of the loans in November 2008, prior to maturity, to reduce the interest expense. On conversion, the remainder of the debt, SEK 44,9 M could lead to dilution of the total number of shares by 6 percent. New bank facilities amounting to SEK 50 M have been arranged to ensure access to funds for Pricer's continued development. These facilities have yet to be utilised.

Cash flow from operating activities amounted to SEK 2.1 M (30.4). Cash flow benefited from the increase in earnings, which was offset by a rise in inventories (from low levels) and higher accounts receivable, due to the increase in the relative share of sales of customers in Southern Europe. Tier 1 customers account for sales in general and in Europe in particular, which means the risk associated with working capital is limited. A reduction in current liabilities also had a negative impact on cash flow, after severance pay and provisions for product guarantees had been paid. Cash flow from investing activities was insignificant, and mainly comprised capitalised development costs of SEK 0.8 M. The year's cash flow from financing activities was a negative SEK 32.1 M (positive: 34.3) and consisted of the repayment of part of the convertible loan, as well as credit facilities from foreign banks.

In 2008, the Annual General Meeting resolved to issue 20 million options as part of an incentive scheme for the personnel, thus following up on the 30 million options issued in 2007. The purpose was to give all employees a chance to participate, and thus benefit from favourable performance by the company. The existence of such a scheme is also judged to improve the company's ability to attract and retain capable employees. The warrants schemes are highly appreciated and have had the desired positive effect, even if the share's performance has not yet created any value. The options from 2008 run until 30 June 2012, have an exercise price of SEK 0.74 and, if exercised in full, they would correspond to dilution of some 2 percent. The options have been allotted to all employees in Sweden and abroad in the form of employee stock options.

Pricer's acid-test ratio was 168 percent (132), and has been strengthened mainly by the increase in liquidity caused by the improved profit and an increase in working capital. The closing equity ratio was 77 percent (67).

Capital expenditure

Capital expenditure during the year was negligible. Net capital expenditure amounted to SEK 2.4 M (negative: 4.9). As of the second half of the year, capital expenditure includes capitalised development costs of SEK 0.8 M, in accordance with IAS 38.

Employees

The average number of employees in the Group in 2008 was 70 (95). The number of employees on 31 December 2008 was 68 (83).

Parent Company

The Parent Company's net sales amounted to SEK 355.5 M (326.6), of which intra-Group sales amounted to SEK 243.0 M (109.6). After-tax profit amounted to SEK 36.6 M (30.2). Profit was negatively affected by an impairment loss on shares in subsidiaries (SEK 80 M) and positively affected by recognition of a deferred tax asset. Capital expenditures were SEK 1.8 M (1.0). The company had cash and cash equivalents of SEK 61.8 M (91.3) at the end of the year.

Financial policy and currency risks

Risk management is controlled by a financial policy adopted by the Board.

Exchange-rate movements in 2008 were substantial. The year started with a weak USD, while the latter part of the year saw a weakening of SEK. The average exchange rate for EUR appreciated 4 percent, while that for USD depreciated 3 percent compared with SEK, in relation to the average exchange rate in 2007. Of Pricer's sales in 2008, the main part, about 70 percent, was denominated in EUR and the remaining approximately 30 percent in USD. USD accounts for virtually all of the cost of sold goods, while operating expenses are shared almost equally between EUR and SEK, with USD accounting for a minor portion. Pricer hedges a part of its anticipated flows through forward currency contracts in order to hedge its short-term margins and postpone possible adverse currency effects. In general, Pricer never signs contracts for the prices it charges customers for longer than one year and it usually applies shorter periods, to be able to adjust prices to such factors as exchange-rate differences. In total, this means that the exchange-rate effects on operating profit during the year as a whole were limited but positive, since the effects arising during 2008 offset each other. The exchange-rate effects on net financial items were substantial and negative during the early part of the year, but were more than offset by positive effects during the latter part of the year. The effects comprised a currency revaluation of cash and cash equivalents and loans to subsidiaries. Basically, Pricer benefits from a strong EUR and is not favoured by a strong USD. The currency situation in 2009 is expected to be slightly less favourable than in 2008, which will affect earnings.

Information on risks and uncertainties, as well as legal disputes

Pricer's earnings 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 16.

As a feature of Pricer's ongoing operations, it is occasionally involved in legal disputes. At present, the company is not involved in any disputes that could have a material adverse impact on its earnings or financial position. In March 2009, Pricer issued a disclosure that the company had become involved in arbitration proceedings concerning a dispute originating from an agreement with the counterparty ProMargin AB involving a product trial.

Guidelines for remuneration of senior executives

The guidelines for remuneration of senior executives proposed by the Board of Directors to the Annual General Meeting 2009 are the same that were approved by the Annual General Meeting in 2008. The guidelines appear below.

The members of the Board receive a fee, as decided by the AGM.

The AGM decided on the following guidelines for remuneration of senior executives.

Senior executives comprise the President, the CFO and other members of Group management. Members of Group management are listed on page 56.

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 executives. The remuneration of senior executives shall consist of fixed salary, a variable component, pension and other customary benefits.

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

Administration report (cont'd)

Group management's pension conditions shall be competitive and based on defined contribution solutions or comply with 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 share-based instruments.

Information on Pricer's shares

According to Chapter 6, Section 2a of the Annual Accounts Act, listed companies must 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 percent are Class A shares carrying five votes each and the remainder are Class B shares, each carrying one vote. Pricer has about 23,000 shareholders, of whom the ten largest account for slightly more than 30 percent of the capital. Salvatore Grimaldi (and companies controlled by him) is the largest shareholder, with an interest of slightly more than 10 percent. More details regarding ownership of Pricer's shares are provided on page 14. Otherwise, there is nothing to add to the above information.

Board of Directors

The nomination of candidates as Board members for submission to the Annual General Meeting is prepared by the Nomination Committee, which comprises Salvatore Grimaldi, Teodore Jeansson, David Goldschmidt, John Örtengren and Akbar Seddigh. At the 2008 AGM, Akbar Seddigh, Magnus Schmidt and Daniel Furman were re-elected as Board members and Michael Bragd, Bo Kastensson and Peter Larsson were elected as a new members of the Board. At the 2008 AGM, Akbar Seddigh was elected as Chairman of the Board and at the statutory meeting of the Board Magnus Schmidt was elected as deputy chairman. At the same time, a remuneration committee was appointed, comprising these two members. 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.

Related parties

Pricer has repaid loans of SEK 30 M, whereby the creditors were shareholders in Pricer. Negotiations are ongoing about an extension of part of the convertible loans. Apart from this, no significant transactions involving related parties took place that could have a material impact on Pricer's financial position or earnings.

Significant events after the close of the financial year

Two of Europe's largest retailers, a DIY chain and a group of supermarkets, placed substantial initial orders for Pricer's system for electronic shelf labels (ESL), following pilot projects and evaluations during 2007 and 2008.

Corporate governance report

Regarding corporate governance report reference is made to page 52 and to the webpage of Pricer www.pricer.com.

Future outlook

Due to the currently uncertain economic climate, it is difficult to provide a forecast for 2009. However, as a result of Pricer's strong market position and stable installed base, Pricer expects to achieve earnings almost at par with the level reported in 2008. The first part of the year is expected to be weak, due to lower order intake than in 2008.

Proposed treatment of accumulated reserves

The Board of Directors proposes that the funds available in the Parent Company of SEK 228,121,363 be carried forward.

It is proposed that no dividend be paid to shareholders. In accordance with the Board of Directors' dividend policy, a dividend cannot be paid until the company has achieved stable profitability.

With respect to other aspects of the company's earnings and financial position, reference is made to the following income statement and balance sheets with the accompanying accounting principles and notes.

Consolidated income statement

1 January - 31 December

Amounts in SEK 000s	Note	2008	2007
Net sales	2, 3	427,016	432,287
Cost of goods sold		-266,726	-300,335
Gross profit		**160,290**	**131,952**
Other operating income	4	6,165	20,599
Selling expenses		-64,670	-57,860
Administrative expenses		-25,973	-56,760
Research and development costs		-20,438	-31,939
Operating profit	3, 5, 6, 7, 26	**55,374**	**5,992**
Financial income		19,292	4,655
Financial expenses		-10,585	-11,885
Net financial items	8	**8,707**	**-7,230**
Profit before tax		**64,081**	**-1,238**
Income tax	9	43,643	2,193
Profit for the year		**107,724**	**955**
Attributable to:			
Equity holders of the Parent Company		107,723	1,054
Minority interests		1	-99
		107,724	**955**

Earnings per share		**2008**	**2007**
Earnings per share before dilution, SEK	19	0.11	0.00
Earnings per share after dilution, SEK		0.10	0.00
Number of shares, millions		1,016	1,016
Number of shares, after dilution, millions		1,116	1,153

Consolidated balance sheet

At 31 December

Amounts in SEK 000s	Note	2008	2007
ASSETS			
Intangible fixed assets	10	297,861	265,789
Tangible fixed assets	11	3,731	5,650
Financial fixed assets	12	41,130	136
Total fixed assets		**342,722**	**271,575**
Inventories	15	65,741	28,756
Accounts receivable	16	155,529	117,347
Prepaid expenses and accrued income	17	4,845	6,677
Other receivables	14	14,254	8,079
Cash and cash equivalents		75,769	100,115
Total current assets		**316,138**	**260,974**
TOTAL ASSETS		**658,860**	**532,549**
EQUITY AND LIABILITIES			
EQUITY	18		
Share capital		101,613	101,613
Other contributed capital		276,400	275,188
Reserves		45,322	810
Accumulated profits including profit for the year		86,540	-21,183
Equity attributable to equity holders of the Parent Company		**509,875**	**356,428**
Minority interests		68	67
Total equity		**509,943**	**356,495**
LIABILITIES			
Long-term interest-bearing liabilities	20, 25	44,501	71,503
Warranty provisions	21	2,046	1,320
Deferred tax	22	5,523	8,121
Other long-term liabilities		713	-
Total long-term liabilities		**52,783**	**80,944**
Prepayments from customers		2,340	2,501
Current interest-bearing liabilities	20, 25	124	1,953
Accounts payable		38,733	30,363
Other liabilities	23	8,853	8,035
Accrued expenses and deferred income	24	24,571	39,417
Provisions	21	21,513	12,841
Total current liabilities		**96,134**	**95,110**
Total liabilities		**148,917**	**176,054**
TOTAL EQUITY AND LIABILITIES		**658,860**	**532,549**
Pledged assets	27	**166,600**	**310,938**
Contingent liabilities	27	**1,348**	**1,189**

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**	**Accumulated profits incl. profit for the year**	**Total**	**Minority interests**	**Total equity**
Opening equity, 1 January 2007		**101,613**	**349,480**	**-4,619**	**-93,368**	**353,106**	**65**	**353,171**
Translation difference	18			-5,005		-5,005		-5,005
Adjustment of translation differences/other				10,434	-10,434	0		0
Reversal of preceding year's net profit, according to AGM resolution			-74,292		74,292	0		0
Profit for the year					1,054	1,054	-99	955
Total changes in asset value, excluding transactions with company's shareholders			-74,292	5,429	64,912	-3,951	-99	-4,050
Change due to convertible loan					4,494	4,494		4,494
Change due to employee stock options					2,779	2,779		2,779
Change in shareholder contribution from Ishida Co Ltd to PIER AB						0	101	101
Closing equity, 31 December 2007		**101,613**	**275,188**	**810**	**-21,183**	**356,428**	**67**	**356,495**
Opening equity, 1 January 2008		**101,613**	**275,188**	**810**	**-21,183**	**356,428**	**67**	**356,495**
Translation differences and other adjustments	18			44,512		44,512		44,512
Profit for the year					107,723	107,723	1	107,724
Total changes in asset value, excluding transactions with company's shareholders				44,512	107,723	152,235	1	152,236
Change due to convertible loan			-370			-370		-370
Change due to employee stock options			1,582			1,582		1,582
Closing equity, 31 December 2008		**101,613**	**276,400**	**45,322**	**86,540**	**509,875**	**68**	**509,943**

Consolidated cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2008	2007
	30		
Operating activities			
Profit after financial items		64,081	-1,238
Adjustment for non-cash items		-1,569	12,296
Paid income tax		-	-71
Cash flow from operating activities before changes in working capital		**62,512**	**10,987**
Cash flow from changes in working capital			
Change in inventories		-33,647	35,517
Change in operating receivables		-25,840	-21,685
Change in operating liabilities and provisions		-949	5,549
		-60,436	19,381
Cash flow from operating activities		**2,076**	**30,368**
Investing activities			
Acquisition of subsidiary (reduced purchase price)		-	6,636
Acquisition of intangible fixed assets		-870	-40
Acquisition of tangible fixed assets		-1,742	-1,746
Disposal of tangible fixed assets		217	44
Cash flow from investing activities		**-2,395**	**4,894**
Financing activities			
Amortisation of loans		-32,059	-40,580
Loans raised		-	74,900
Cash flow from financing activities		**-32,059**	**34,320**
Cash flow for the year		**-32,378**	**69,582**
Cash and cash equivalents at beginning of year		100,115	31,485
Exchange-rate difference in cash and cash equivalents		8,032	-952
Cash and cash equivalents at end of year		**75,769**	**100,115**

Parent company income statement

1 January - 31 December

Amounts in SEK 000s	**Note**	**2008**	**2007**
Net sales	2	355,486	326,589
Cost of goods sold		-261,292	-241,172
Gross profit		**94,194**	**85,417**
Other operating income	4	6,165	17,840
Selling expenses		-6,418	-10,028
Administrative expenses		-25,973	-48,036
Research and development costs		-18,439	-20,372
Operating profit	5, 6, 7, 26	**49,529**	**24,821**
Result from financial investments:			
Result from participations in Group companies		-65,100	5,903
Interest income and similar profit/loss items		23,161	6,438
Interest expenses and similar profit/loss items		-10,466	-6,924
Profit/loss after financial items and before tax	8	**-2,876**	**30,238**
Income tax	9	39,450	-
Result for the year		**36,574**	**30,238**

Parent company balance sheet

At 31 December

Amounts in SEK 000s	**Note**	**2008**	**2007**
ASSETS			
Fixed assets			
Intangible fixed assets	10	872	2,276
Tangible fixed assets	11	2,133	3,783
Financial fixed assets			
Participations in Group companies	29	209,019	269,783
Receivables from Group companies	13	130,880	84,487
Deferred tax asset	12	39,450	-
Total financial fixed assets		*379,349*	*354,270*
Total fixed assets		**382,354**	**360,329**
Current assets			
Inventories, etc.	15	46,016	21,981
Current receivables			
Accounts receivable	16	30,837	40,178
Receivables from Group companies	28	7,052	10,423
Other receivables	14	12,075	5,910
Prepaid expenses and accrued income	17	2,656	4,477
Total current receivables		**52,620**	**60,988**
Cash and cash equivalents		61,854	91,341
Total current assets		**160,490**	**174,310**
TOTAL ASSETS		**542,844**	**534,639**

Parent company balance sheet (cont'd)

Amounts in SEK 000s	Note	2008	2007
EQUITY AND LIABILITIES			
Equity	18		
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	153,474
Non-restricted equity		38,074	6,993
Profit for the year		36,574	30,238
		228,122	190,705
Total equity		**434,576**	**397,159**
LONG-TERM LIABILITIES			
Long-term interest-bearing liabilities	20, 25	44,501	71,503
Liabilities to Group companies		100	100
Guarantee provisions	21	2,046	1,320
Total long-term liabilities		**46,647**	**72,923**
CURRENT LIABILITIES			
Current interest-bearing liabilities	20	-	0
Accounts payable		24,528	15,731
Liabilities to Group companies	28	5,217	6,602
Other liabilities	23	2,048	2,752
Accrued expenses and deferred income	24	12,142	32,423
Provisions	21	17,686	7,049
Total current liabilities		**61,621**	**64,557**
TOTAL EQUITY AND LIABILITIES		**542,844**	**534,639**
Pledged assets	27	**51,859**	**131,850**
Contingent liabilities	27	**222**	**213**

Parent company statement of changes in equity

	Restricted equity					
Amounts in SEK 000s	**Share capital**	**Statutory reserves**	**Premium reserve**	**Non-restricted equity**	**Profit for the year**	**Total equity**
Opening equity, 1 January 2007	**101,613**	**104,841**	**227,766**	**-35,079**	**-39,213**	**359,928**
Reversal of preceding year's net profit, according to AGM resolution			-74,292	35,079	39,213	0
Profit for the year					30,238	30,238
Total changes in asset value, excluding transactions with company's shareholders			-74,292	35,079	69,451	30,238
Change due to convertible loan				4,494		4,494
Change due to employee options				2,499		2,499
Closing equity, 31 December 2007	**101,613**	**104,841**	**153,474**	**6,993**	**30,238**	**397,159**
Opening equity, 1 January 2008	**101,613**	**104,841**	**153,474**	**6,993**	**30,238**	**397,159**
Reversal of preceding year's net profit, according to AGM resolution				30,238	-30,238	0
Profit for the year					36,574	36,574
Total changes in assets, excluding transactions with company's shareholders				30,238	6,336	36,574
Change due to convertible loan				-370		-370
Change due to employee options				1,213		1,213
Closing equity, 31 December 2008	**101,613**	**104,841**	**153,474**	**38,074**	**36,574**	**434,576**

Parent company cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2008	2007
	30		
Operating activities			
Profit after financial items		-2,876	30,238
Adjustment for items not included in cash flow		72,746	12,823
Cash flow from operating activities before changes in working capital		**69,870**	**43,061**
Cash flow from changes in working capital			
Change in inventories		-24,035	25,449
Change in operating receivables		-1,749	-83,528
Change in operating liabilities		-22,276	19,337
		-48,060	-38,742
Cash flow from operating activities		**21,810**	**4,319**
Investing activities			
Acquisition of subsidiary (reduced purchase price)		-	6,228
Acquisition of intangible fixed assets		-846	-40
Acquisition of tangible fixed assets		-915	-947
Change in long-term loan receivables from subsidiaries		-21,889	-
Cash flow from investing activities		**-23,650**	**5,241**
Financing activities			
Amortisation of long-term receivables		-	4,056
Amortisation of loans		-30,000	-19,180
Loans raised		-	74,900
Cash flow from financing activities		**-30,000**	**59,776**
Cash flow for the year		**-31,840**	**69,336**
Cash and cash equivalents at beginning of year		91,341	22,973
Exchange-rate difference in cash and cash equivalents		2,353	-968
Cash and cash equivalents at end of year		**61,854**	**91,341**

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 prepared 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 Council's recommendation RFR 1.1 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 to tax considerations.

Basis of presentation of the Parent Company and consolidated financial statements
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 preparing 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 32 contains a description of inputs and assessments that have been used by the company's management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates that could 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 25 March 2009, and will be submitted to the Annual General Meeting for adoption on 24 April 2009.

Changes in accounting principles
During 2008 no new IFRS recommendations have been adopted. During 2008 the following interpretation from IFRIC has been adopted, IFRIC11/IFRS 2 Transactions with own shares. The interpretations have not lead to any effect on the consolidated accounts

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 essentially comprise amounts that are expected to be recovered or settled more than twelve months after the balance-sheet date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or settled within twelve months from the balance-sheet 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 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 prepared in connection with acquisitions to determine the acquisition value 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 value comprises 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 for the acquisition and the fair value of identifiable net assets acquired is recognised as goodwill or negative goodwill. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit and loss.

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

Transactions eliminated on consolidation
Intra-group receivables and liabilities, income and costs, and unrealised gains or losses arising on transactions between Group companies are eliminated in full when preparing 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 conduct their business. Monetary assets and liabilities in foreign currency are translated into the functional currency at balance-sheet date rates. Currency differences arising on translation are recognised in profit and loss. Currency differences affecting operating profit are explained in Note 7, and exchange-rate differences affecting net financial items are explained in Note 8.

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 balance-sheet date exchange rates. Income and costs of foreign businesses are translated into SEK at the average rate during the year. Translation differences arising on the translation of foreign businesses are recognised directly in equity as a translation reserve.

At the time of transition to IFRS, the company decided to set accumulated translation differences attributable to foreign businesses at zero. Accumulated translation differences arising in 2004 or later are shown in Note 18 Equity.

Income
Income from the sale of goods is recognised in profit and loss when significant risks and benefits of ownership have passed to the buyer. Income from the sale of services is recognised in profit and loss 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 in cases where it is not likely that the financial benefit will pass to the Group. Income in the form of royalties or licences resulting from an external 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 income recognition are applied to each transaction on an individual basis.

Operating expenses and financial income and expense

Costs relating to operational leases

Costs relating to operational leases are recognised straight line in profit and loss over the term of the lease.

Financial income and expense

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

Interest income on receivables and interest expenses 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 being identical to the carrying amount of the receivable or liability. Interest income and interest expenses include the accrued 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 recognised in accordance with IAS 32, Financial Instruments: Presentation and Disclosure, and IAS 39, Financial Instruments: Recognition and Measurement.

The financial instruments stated on the assets side of the balance sheet include cash and cash equivalents 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 recognised in the balance sheet when an invoice has been sent. Liabilities to suppliers are recognised when an invoice has been received. Financial liabilities are recognised when the counterparty has performed a service and there is a 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 capacity to recover the acquisition value.

When the value of an equity instrument classified as an available-for-sale financial asset is impaired, the accumulated gains/losses previously stated in equity are reversed in profit and loss.

The recoverable value of assets in the categories of held-to-maturity investments and accounts receivable, which are recognised 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 recognised for the first time. Assets with short durations are not discounted. An impairment loss is entered in 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 profit and loss may not be reversed via profit and loss at a later date. The impaired value is the value on which subsequent fair value adjustments are based, and this value is recognised directly in equity.

Financial instruments are classified in the following categories: Financial assets at fair value through profit and loss, held-to-maturity investments, accounts receivable, financial liabilities at fair value through profit and loss, and other financial liabilities. The first time it is recognised, 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 profit and loss

This category consists of the Group's cash and cash equivalents and short-term investments. Cash and cash equivalents comprise cash in hand and at bank (or equivalent institutions) and other highly liquid short-term investments with original durations of less than three months that are exposed only to an insignificant risk of value fluctuations. Assets in this category are regularly measured at fair value and changes in fair value are recognised 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, meaning the amount that is expected to be received after deduction of bad debts, which are assessed individually. Since accounts receivable have a short expected duration, they are recognised at nominal value without discounting. Impairment losses on accounts receivable are stated under operating expenses.

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 associated companies are stated here. Such assets are measured at fair value in the balance sheet and changes in fair value are recognised against equity. When the asset is divested, the accumulated gains/losses that were previously recognised in equity are instead recognised in profit and loss.

Other financial liabilities

This category includes borrowings and other financial liabilities, such as liabilities to suppliers. They are measured at accrued acquisition value. Long-term liabilities have an expected duration of more than one year, while current liabilities have a maturity of less than one year. Since accounts payable have a short expected duration, they are recognised at nominal value without discounting.

Issued convertible debentures

Convertible debentures 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 fair value of the financial liability at the time of issue. Any deferred tax attributable to the debt at the time of issue is deducted from the carrying amount of the equity component.

Note 1 Accounting principles (cont'd)

Derivatives and hedge accounting
The Group's derivative instruments consist of forward contracts entered into in order to cover the risk of 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 host contract. Changes in the value of free standing or embedded derivatives are recognised in profit and loss on the basis of the purpose of the holding. If the derivative is used as a hedge to the extent that it is effective, the change in the value of the derivative is recognised 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 recognised directly in profit and loss as income or costs respectively within the Operating profit 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
Currency forward contracts 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 measured at fair value and changes in fair value are recognised in profit and loss as currency differences. Changes in the fair value of operating receivables and liabilities are recognised in operating profit, while changes in the fair value of financial assets and liabilities recognised in net financial items. Currency exposures in respect of forecast future flows are hedged by means of currency forward contracts.

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 will pass to the company in the future and the acquisition value of the asset can be calculated reliably.

In the consolidated accounts, tangible assets are recognised at acquisition value less accumulated depreciation and any impairment losses. Acquisition value 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 fixed 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 expenditure is 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 retired and expensed in connection with replacement. Repairs are expensed as incurred.

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

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 recognised as costs against profit and loss 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 only capitalised in the balance sheet 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 to use or sell the intangible asset.

Goodwill is recognised 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 recognised at acquisition value less accumulated depreciation and impairment losses.

Additional expenditure on intangible assets is added to the acquisition value only when it increases the future financial benefits. All other expenditure is expensed when it is incurred.

Amortisation principles
Amortisation according to plan is based on original acquisition values and is applied straight line over the estimated useful life of the asset. The residual value and useful life of an asset are assessed annually.

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 recognised at the lower of acquisition value (average acquisition value) 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 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 annually.

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 at the lowest level for 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 profit and loss. Impairment of assets belonging to a cash-generating unit (group of units) is primarily allotted 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 accrued acquisition value 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 selling costs and value in use. When calculating value in use, 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. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount the asset would have had if no impairment loss had been recognised, taking into account depreciation that would in such a case have been applied.

Impairment losses on goodwill are never reversed. Impairment losses on held-to-maturity investments or one-year receivables and accounts receivable recognised 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 impairment loss.

Employee benefits

Defined-contribution plans

All pension plans in the Group are of the defined-contribution type. Premiums payable are expensed during the period in which they arise.

Termination benefits

A provision is recognised in connection with termination of employment only if the company is demonstrably obliged to terminate employment before the normal retirement date; or when termination benefits take the form of an offer to encourage voluntary redundancy. In the event of termination of employment, 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-based benefits

Share-based 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 employee stock options (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, no social security charges are payable. In those cases where the options were issued in the form of equity 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 a legal or informal commitment 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 recognised in profit and loss except when the underlying transaction is recognised directly in 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 balance-sheet date. This also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the carrying amount 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 recognised nor taxable profit; 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 carrying amount of the assets or liabilities is expected to be realised or settled using the tax rates and rules that have been decided on, or in practice decided on, at the balance-sheet date.

Deferred tax assets in respect of deductible temporary differences and unused loss carry-forwards 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 consolidated profit 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, profit 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 share-based personnel programme that is stated as share-based payment in accordance with IFRS 2.

Contingent liabilities

A contingent liability is recognised where there is a possible commitment that derives 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 accounts are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Council's recommendation RFR2.2, Reporting by Legal Entities. The statements issued by the Swedish Financial Reporting Council with respect to listed companies are also applied. RFR2.2 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 statements of the Parent Company.

Subsidiaries

In the Parent Company, participations in subsidiaries are stated in accordance with the acquisition value method.

Income

Sale of goods and performance of services

In the Parent Company, income from the sale of services is recognised when the service has been performed, 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 balance-sheet date.

Financial instruments

Although the Parent Company does not apply the valuation rules of IAS 39, 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 acquisition value less impairment losses, and financial current assets in accordance with the lowest value principle.

Taxes

Untaxed reserves are recognised in the Parent Company financial statements 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 recognises shareholder contributions in accordance with a statement from the Swedish Financial Reporting Council. Shareholder contributions are recognised directly in equity by the recipient and are capitalised under shares and participations by the donor, to the extent that no impairment is indicated.

Note 2 Distribution of revenue

	G 2008	G 2007	PC 2008	PC 2007
Net sales:				
Revenue from goods	390,472	394,988	345,853	319,574
Revenue from services	31,674	33,166	6,598	4,945
Royalties	4,870	4,133	3,035	2,070
Total	**427,016**	**432,287**	**355,486**	**326,589**

The Parent Company's product sales include intra-group sales of SEK 243,013 (109,568).

Note 3 Segment reporting

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

Geographical segment
Since the Group primarily canvasses customers that are large, global retail chains, geographical segments are 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.

Inter-company prices between the various segments of the Group are established on commercial principles.

Net sales by geographical segment	G 2008	G 2007
Nordic region	27,106	23,590
Rest of Europe	317,788	250,084
Asia	61,748	142,473
Other markets	20,374	16,140
Total	**427,016**	**432,287**

Assets by geographical market	G 2008	G 2007
Nordic region	467,343	411,729
Rest of Europe	183,640	103,734
Asia	-	-
Other markets	7,877	17,086
Total	**658,860**	**532,549**

Investments by geographical market	G 2008	G 2007
Nordic region	1,660	989
Rest of Europe	941	208
Asia	-	-
Other markets	11	589
Total	**2,612**	**1,786**

Note 4 Other operating income

	G 2008	G 2007	PC 2008	PC 2007
Royalties	6,165	14,046	6,165	14,046
Reversal of Intactix reserve	-	3,794	-	3,794
Insurance compensation etc	-	2,759	-	-
Total	**6,165**	**20,599**	**6,165**	**17,840**

Note 5 Employees and personnel costs

Average number of employees

	2008		2007	
	Number	Of whom, men	Number	Of whom, men
Parent Company				
Sweden	31	74%	37	73%
Subsidiaries				
USA	3	100%	4	100%
Israel	8	89%	27	89%
France	28	83%	27	70%
Total subsidiaries	39	81%	58	81%
Total Group	**70**	**74%**	**95**	**78%**

Gender distribution in executive management on balance sheet date

	G 2008	G 2007	PC 2008	PC 2007
	% of women	% of women	% of women	% of women
Board of Directors	0%	0%	0%	0%
Other senior executives	0%	0%	0%	0%

Note 5 Employees and personnel costs (cont'd)

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

	G 2008	G 2008	PC 2008	PC 2007
Board and CEO	7,116	15,786	2,002	9,560
(of which variable salary)	(1,820)	(2,872)	(-)	(1,575)
Other senior executives	7,114	5,089	4,396	3,081
(of which variable salary)	(1,783)	(748)	(1,147)	(480)
Other employees	28,842	44,314	13,930	20,763
(of which variable salary)	(3,804)	(4,115)	(2,067)	(3,196)
Total salaries and other remuneration	**43,072**	**65,189**	**20,328**	**33,404**
(of which variable salary)	(7,407)	(7,736)	(3,214)	(5,251)
Social security expenses, Board and CEO	2,053	6,568	295	5,074
Social security expenses, other senior executives	3,186	2,275	1,870	1,313
Social security expenses, other employees	11,883	16,156	6,307	10,152
Total social security expenses	**17,122**	**24,999**	**8,472**	**16,539**
Of which,				
Pension costs, Board and CEO	95	1,956	-	1,895
Pension costs, other senior executives	449	253	449	253
Pension costs, other employees	2,034	3,010	1,773	2,902
Total pension costs	**2,578**	**5,219**	**2,222**	**5,050**

The company's outstanding pension commitments on behalf of the Board and CEO amount to SEK 0 (0). The category "Other senior executives" consists of 5 (6) individuals (Group), including 2 (3) in the Parent Company.

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

	2008		2007	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company				
Sweden	2,002	18,326	9,560	23,844
(of which bonus, etc.)	(-)	(3,214)	(1,575)	(3,676)
Foreign subsidiaries				
USA	-	2,100	2,867	1,764
(of which variable salary)	(-)	(366)	(372)	(142)
France	3,584	12,870	2,257	10,733
(of which variable salary)	(1,490)	(1,937)	(925)	(1,046)
Israel	1,530	2,660	1,102	13,062
(of which variable salary)	(330)	(70)	-	-
Total subsidiaries	5,114	17,630	6,226	25,559
Total Group	**7,116**	**35,956**	**15,786**	**49,403**

Sickness absence in the Parent Company

	1 Jan-31 Dec 2008	1 Jan-31 Dec 2007
Total sickness absence as a % of regular working hours	1.0%	0.8%
Share of total sickness absence lasting for 60 days or more	0.2%	-
Sickness absence by gender:		
Men	0.8%	0.5%
Women	1.7%	1.4%
Sickness absence by age group:		
29 years or younger	0.8%	1.4%
30-49 years	1.2%	0.9%
50 years or older	0.6%	0.4%

Remuneration and benefits of senior executives

Remuneration principles

Director fees are paid in accordance with a resolution passed by the Annual General Meeting, which also passes a resolution on guidelines for the remuneration and benefits of senior executives. These guidelines are presented in the Administration Report on page 22. The Board has authorised the Chairman to reach agreement with the President regarding salary and other benefits. The remuneration and benefits of senior executives who report directly to the President are determined by the President after consultation with the Chairman and/or the Board's Remuneration Committee.

The main principle is to offer senior executives a total remuneration package and terms of employment that are market-based. When determining the actual levels of remuneration, facts such as competence, experience and performance are taken into account. Remuneration to senior executives consists of basic salary, a variable salary, in certain cases pension in the form of defined-contribution schemes, other customary benefits and a long-term incentive scheme in the form of employee stock options to all employees in the Group. Other benefits may include company car and health care insurance.

Remuneration and benefits

Fees to directors of the Parent Company are payable as follows: During the 2007/2008 assignment period (until the Annual General Meeting on 1 April 2008), director fees amounted to SEK 400 thousand, SEK 200 thousand and SEK 100 thousand to the Chairman, Vice Chairman and external members, respectively. During the 2008/2009 assignment period (until the Annual General Meeting on 24 April 2009), director fees amounted to SEK 450 thousand, SEK 275 thousand and SEK 200 thousand to the Chairman, Vice Chairman and external members, respectively. The fees were expensed during the assignment periods. No other remuneration, apart from defrayal of outlays, was paid to the Board. All pension plans in the Group are of the defined-contribution type.

For the President Charles Jackson, SEK 4,197 thousand (752) was expensed for salary and other remuneration, including a variable salary of SEK 1,490 thousand (308). Charles Jackson became President on 1 September 2007 and lives in France. Part of the variable remuneration is linked to the performance of the company during the year and another part is linked to longer-term development. During 2008, the variable salary was based on Group sales and operating profit. Pension costs on behalf of Jackson amounted to SEK - (-). The notice period for the President is twelve months when notice is given by the employer and six months when notice is given by the employee.

The President of the subsidiary Pricer E.S.L. Israel Ltd received a salary and other benefits totalling SEK 1,530 thousand (1,102).

For other senior executives, SEK 7,114 thousand (5,089) was expensed for salary and other remuneration, including variable salary of SEK 1,783 thousand (748). A portion of this remuneration was paid to other senior executives employed by the Parent Company amounting to SEK 4,396 thousand (3,081), including variable salary of SEK 1,147 thousand (480). For other senior executives, the variable salary for 2008 was based on Group sales and operating profit, as well as on individual targets. Variable salary is individual and varied in 2008 from 20 to 50 percent of basic salary. Pension costs to other senior executives amounted to SEK 449 thousand (253). The notice period for other senior executives varies and does not in any case exceed 12 months. Senior executives are not entitled to severance pay.

cont'd on next page

Note 5 Employees and personnel costs (cont'd)

Employee stock option scheme
The Annual General Meeting in 2007 adopted an employee stock option scheme including 30 million options with duration 2007/2011 and the 2008 Annual General Meeting complemented this with a scheme including 20 million options with duration 2008/2012. All employees in the Group have been allotted options from these programs. President Charles Jackson was allotted 1,200,000 options and the other members of the Group's management group were each allotted 1,000,000 options from the program in 2008. The options were allotted in the form of employee stock options (ESOs) that will be vested over three years. The value of the options is determined through a third party valuation at the time of allotment and is expensed during the vesting period. During 2008, costs of SEK 2.1 million relating to the value of the employee stock options affected consolidated profit, partly in the form of a booking against equity relating to the two schemes (2007 and 2008).

For information about senior executives' holdings of shares and warrants, see page 54.

In order to secure the Pricer's obligation, where applicable (primarily relating to employees in Sweden), to pay social security charges relating to the value at the time of exercise of the options, it has been decided to keep a portion of the options in the Group. Regarding allotment of the options, the employees were divided into categories and the Board decided on allotment of a varying number of stock options to these categories based on the possibility to contribute. The employee stock options are allotted free of charge. The strike price is determined based on 110 percent of the market price of the share during ten trading days after the Annual General Meeting.

Loans to senior executives and other related-party transactions
No loans, guaranties or sureties have been issued on behalf of members of the Board or senior executives in the Group. Nor are there any past or present business transactions between the company and members of its Board, management or Auditors that have a material effect on consolidate profit or financial position.

Note 6 Fees to the auditors

	G 2008	G 2008	PC 2008	PC 2007
Fees to KPMG				
Auditing services	1,124	541	1,124	541
Non-auditing services	154	454	154	454
Fees to Michel Bohdanowicz, France				
Auditing services	163	254	-	-
Fees to Ernest & Young, Israel				
Auditing services	92	81	-	-
Total	**1,533**	**1,330**	**1,278**	**995**

Note 7 Operation expenses allocated by cost type

	G 2008	G 2007
Cost of goods sold	262,803	297,769
Personnel costs	63,098	91,582
Amortisation/depreciation	13,587	14,603
Other operating expenses	38,319	42,940
Total	**377,807**	**446,894**

The cost of goods sold includes exchange-rate gains of SEK 2,175 thousand (loss: 6,535).

Note 8 Net financial items

Group

	2008	2007
Interest income	2,552	3,281
Net exchange-rate change	16,740	1,374
Financial income	**19,292**	**4,655**
Interest expenses	-9,034	-7,436
Other costs of convertible loan	-1,551	-1,111
Net exchange-rate change	-	-3,338
Financial expenses	**-10,585**	**-11,885**
Net financial items	**8,707**	**-7,230**

Parent Company

Result from participations in Group companies	2008	2007
Impairment loss on Pricer E.S.L. Israel Ltd	-80,000	-
Total impairment losses	**-80,000**	**-**
Reversal of impairment loss on Pricer SAS	-	5,903
Repayment of conditional shareholders' contributions	14,900	-
Total reversals of impairment losses and repayments	**14,900**	**5,903**
Total	**-65,100**	**5,903**

Interest income and similar profit/loss items	2008	2007
Interest income	2,455	1,752
Interest income, Group companies	3,966	2,844
Net exchange-rate change	16,740	1,842
Total	**23,161**	**6,438**

Exchange-rate changes refer primarily to loan receivables from Group companies.

Interest expenses and similar profit/loss items	2008	2007
Interest expenses	-8,915	-5,813
Cost of convertible loan	-1,551	-1,111
Total	**-10,466**	**-6,924**

Note 9 Income tax

	G 2008	G 2007	PC 2008	PC 2007
Tax effect from capitalised loss carry-forwards	39,450	-	39,450	-
Reversal of deferred tax liability	2,597	2,193	-	-
Deferred tax receivable on internal profit	1,596	-	-	-
Total	**43,643**	**2,193**	**39,450**	**-**

Part of the taxable loss carry-forwards has been capitalised based on an estimate of the expected future earnings during the coming years. This estimate should not be interpreted as a projection.

Unrecognised deferred tax assets
Deductible temporary difference and accumulated loss carry-forwards for which deferred tax assets have not been recognised in profit and loss or the balance sheet:

SEK 000s	G 2008	G 2007	PC 2008	PC 2007
Deductible temporary differences	-	997	-	997

SEK 000s	K 2008	K 2007	M 2008	M 2007
Tax loss carry-forwards	1,318,000	1,351,000	833,000	882,000

The loss carry-forwards relate primarily to the Parent Company. The ability to fully utilise the loss carry-forwards in Pricer Inc is subject to some uncertainty in terms of both time limits and amounts. In 2008, SEK 150,000 thousand of past deficits have been capitalised.

Reconciliation of effective tax

	%	2008	%	2007
Group				
Profit before tax		64,081		-1,238
Tax according to applicable tax rate for the Parent Company	28	-17,943	28	347
Effect of applicable tax rates for foreign subsidiaries	0	140	36	-440
Non-deductible expenses	-0	-41	70	-862
Non-taxable income	0	6	-	-
Effect of changed tax rate	1	357	-	-
Other	0	44	-	-
Utilisation of uncapitalised loss carry-forwards	34	21,630	-	3,148
Capitalised loss carry forwards	62	39,450	-	-
Reported effective tax	**68**	**43,643**	**-**	**2,193**

	%	2008	%	2007
Parent Company				
Profit before tax		-2,876		30,238
Tax according to applicable tax rate for the Parent Company	28	805	28	-8,467
Non-deductible expenses	-1	-41	-2	-639
Effect of impairment loss/reversal of previous impairment loss	-779	-22,400	5	1,653
Non-taxable income	145	4,178	-	-
Utilisation of uncapitalised loss carry-forwards	607	17,458	25	7,453
Capitalised loss carry forwards	-1,372	39,450	-	-
Reported effective tax	**-1,372**	**39,450**	**-**	**-**

Note 10 Intangible assets

Patents and licenses	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Opening balance	35,142	35,290	31,933	31,893
Purchases during the year	24	40	-	40
Exchange-rate difference	715	-188	-	-
Closing balance	*35,881*	*35,142*	*31,933*	*31,933*
Accumulated amortisation according to plan				
Opening balance	-32,587	-30,214	-29,657	-27,411
The year's amortisation according to plan	-2,537	-2,539	-2,250	-2,246
Exchange-rate difference	-709	166	-	-
Closing balance	*-35,833*	*-32,587*	*-31,907*	*-29,657*
Planned residual value patents and licenses	**48**	**2,555**	**26**	**2,276**

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 applied on a straight-line basis and the applied amortisation rates are 9 percent in the Group and 7 percent in the Parent Company.

Industrial rights	G 2008	G 2007
Accumulated acquisition value		
Opening balance	11,933	12,680
Exchange-rate difference	2,370	-747
Closing balance	*14,303*	*11,933*
Accumulated amortisation according to plan		
Opening balance	-11,933	-12,680
Exchange-rate difference	-2,370	747
Closing balance	*-14,303*	*-11,933*
Planned residual value industrial rights	**0**	**0**

Marketing rights	G 2008	G 2007
Accumulated acquisition value		
Opening balance	186,206	197,866
Exchange-rate difference	36,996	-11,660
Closing balance	*223,202*	*186,206*
Accumulated amortisation according to plan		
Opening balance	-45,609	-48,465
Exchange-rate difference	-9,062	2,856
Closing balance	*-54,671*	*-45,609*
Accumulated impairment losses		
Opening balance	-140,597	-149,401
Exchange-rate difference	-27,934	8,804
Closing balance	*-168,531*	*-140,597*
Planned residual value marketing rights	**0**	**0**

Development projects	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Purchases during the year	846	-	846	-
Closing balance	*846*	*-*	*846*	*-*
Planned residual value development projects	**846**	**-**	**846**	**-**

Customer relationships	G 2008	G 2007
Accumulated acquisition value		
Opening balance	30,000	30,000
Closing balance	*30,000*	*30,000*
Accumulated amortisation according to plan		
Opening balance	-8,250	-2,250
The year's amortisation according to plan	-6,000	-6,000
Closing balance	*-14,250*	*-8,250*
Planned residual value customer relationships	**15,750**	**21,750**

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.

Note 10 Intangible assets (cont'd)

Product technology	G 2008	G 2007
Accumulated acquisition value		
Opening balance	10,000	10,000
Closing balance	*10,000*	*10,000*
Accumulated amortisation according to plan		
Opening balance	-2,750	-750
The year's amortisation according to plan	-2,000	-2,000
Closing balance	*-4,750*	*-2,750*
Planned residual value product technology	**5,250**	**7,250**

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.

Goodwill	K 2008	K 2007
Accumulated acquisition value		
Opening balance	234,234	240,130
Sales during the year (reduction in purchase amount)	-	-6,691
Exchange-rate difference	41,733	795
Closing balance	**275,967**	**234,234**

The fixed asset refers to the difference in the residual value of the purchase price and the acquired net assets resulting from the acquisition of Pricer E.S.L. Israel Ltd. Since the goodwill item is denominated in EUR, the considerable depreciation of SEK has given rise to a significant positive exchange-rate difference.

Total intangible assets	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Opening balance	507,515	525,966	31,933	31,893
Purchases during the year	870	40	846	40
Sales during the year (reduction in purchase amount)	-	-6,691	-	-
Exchange-rate difference	81,814	-11,800	-	-
Closing balance	*590,199*	*507,515*	*32,779*	*31,933*
Accumulated amortisation according to plan				
Opening balance	-241,726	-243,760	-29,657	-27,411
The year's amortisation according to plan	-10,537	-10,539	-2,250	-2,246
Exchange-rate difference	-40,075	12,573	-	-
Closing balance	*-292,338*	*-241,726*	*-31,907*	*-29,657*
Planned residual value total intangible assets	**297,861**	**265,789**	**872**	**2,276**

Amortisation according to plan is recognised on the following lines in the income statement	G 2008	G 2007	PC 2008	PC 2007
Cost of goods sold	2,537	2,539	2,250	2,246
Selling expenses	6,000	6,000	-	-
Research and development costs	2,000	2,000	-	-
Total	**10,537**	**10,539**	**2,250**	**2,246**

Note 10 Intangible assets (cont'd)

Impairment testing of goodwill

Pricer's balance sheet includes goodwill of SEK 276 M arising from the acquisition of Eldat in 2006. The value of this goodwill item rose significantly during the year because of positive currency-translation effects, since it is denominated in EUR. The goodwill item has been impairment tested by discounting future cash flows, whereby the value in use was estimated in the following way:

The acquisition of Eldat gave Pricer a clear position of market leadership in the ESL industry. The value of the goodwill item is based on the expected cash flow from Pricer as a whole, since Eldat's business has been totally integrated into Pricer's operations. 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 operations. The common customer base represents an asset for the Group as a whole.

A multi-year forecast was prepared in connection with the acquisition, and this is updated regularly. The forecast is based on a continuation of the positive business development on the market for Pricer's products with significant growth in sales. The margin has improved, as a result of lower product costs resulting from sales growth and economies of scale. On the whole, this entails that the gross contribution in the forecast is expected to increase.

Pricer implemented extensive cost-reduction measures in 2007 and operating expenses are now covered by the gross profit. Even if expansion requires more resources, it is expected that costs, which mainly comprise personnel-related costs, will be contained so that they increase at a slower pace than gross profit.

Some of the cash flow generated by the business will be ploughed back in a higher working capital. However, the turnover rate for working capital is relatively high and historically represents about 25 percent of annual sales. Together cash flow from operating activities is expected to show a positive trend.

Pricer's investments in plant, apart from any acquisitions of intangible assets, are limited, largely because manufacturing is outsourced to external suppliers.

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

Since the value in use arrived at in this way is higher than the carrying amount of goodwill, it is Pricer's considered opinion that the goodwill item in the balance sheet is correctly valued.

The greatest uncertainty factor in the calculations is whether or not the market develops in accordance with expectations or that competition increases. Should it not, the forecast will be adjusted, whereby an impairment requirement could arise.

Note 11 Tangible fixed assets

Leasehold improvements	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Opening balance	1,579	1,595	1,327	1,327
Sales and disposals	-302	-	-	-
Exchange-rate difference	49	-16	-	-
Closing balance	*1,326*	*1,579*	*1,327*	*1,327*
Accumulated depreciation according to plan				
Opening balance	-1,268	-1,169	-1,029	-935
The year's depreciation	-107	-121	-95	-94
Sales and disposals	302	-	-	-
Exchange-rate difference	-50	22	-	-
Closing balance	*-1,123*	*-1,268*	*-1,124*	*-1,029*
Planned residual value leasehold improvements	**203**	**311**	**203**	**298**

Plant and machinery	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Opening balance	18,930	18,457	18,094	17,563
Additions	680	858	331	531
Sales and disposals	-435	-58	-	-
Exchange-rate difference	150	-327	-	-
Closing balance	*19,325*	*18,930*	*18,425*	*18,094*
Accumulated depreciation according to plan				
Opening balance	-16,191	-14,099	-15,822	-13,554
The year's depreciation	-1,776	-2,279	-1,677	-2,268
Sales and disposals	89	58	-	-
Exchange-rate difference	-67	129	-	-
Closing balance	*-17,945*	*-16,191*	*-17,499*	*-15,822*
Planned residual value, plant and machinery	**1,380**	**2,739**	**926**	**2,272**

Equipment, tools, fixtures and fittings	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Opening balance	9,922	8,905	6,617	6,199
Additions	1,062	888	584	418
Sales and disposals	-1,478	-384	-168	-
Exchange-rate difference	618	513	-	-
Closing balance	*10,124*	*9,922*	*7,033*	*6,617*
Accumulated depreciation according to plan				
Opening balance	-7,321	-5,627	-5,400	-4,530
The year's depreciation	-1,172	-1,664	-629	-870
Sales and disposals	951	384	-	-
Exchange-rate difference	-434	-414	-	-
Closing balance	*-7,976*	*-7,321*	*-6,029*	*-5,400*
Planned residual value equipment, tools, fixtures and fittings	**2,148**	**2,601**	**1,004**	**1,217**

Total tangible assets	G 2008	G 2007	PC 2008	PC 2007
Accumulated acquisition value				
Opening balance	30,431	28,957	26,038	25,089
Additions	1,742	1,746	915	949
Sales and disposals	-2,215	-442	-168	-
Exchange-rate difference	817	170	-	-
Closing balance	*30,775*	*30,431*	*26,785*	*26,038*
Accumulated depreciation according to plan				
Opening balance	-24,780	-20,895	-22,251	-19,019
The year's depreciation	-3,055	-4,064	-2,401	-3,232
Sales and disposals	1,342	442	-	-
Exchange-rate difference	-551	-263	-	-
Closing balance	*-27,044*	*-24,780*	*-24,652*	*-22,251*
Planned residual value tangible assets	**3,731**	**5,651**	**2,133**	**3,787**

Depreciation according to plan is recognised on the following lines in the income statement	G 2008	G 2007	PC 2008	PC 2007
Cost of goods sold	1,386	1,803	1,386	1,803
Selling expenses	733	373	79	86
Administrative expenses	538	1,375	538	830
Research and development costs	398	513	398	513
Total	**3,055**	**4,064**	**2,401**	**3,232**

Note 12 Financial fixed assets

	G 2008	G 2007	PC 2008	PC 2007
Deferred tax asset	41,045	-	39,450	-
Bank deposits	85	136	-	-
Total	**41,130**	**136**	**39,450**	**-**

Deferred tax assets is related to capitalised tax losses carry forward

Note 13 Recievables from group companies

	PC 2008	PC 2007
Accumulated acquisition value		
At beginning of year	86,301	5,870
Changes during the year	30,693	80,431
Exchange-rate differences	15,617	-
Closing balance	*132,611*	*86,301*
Accumulated impairment losses		
At beginning of year	-1,814	-1,814
Exchange-rate differences	83	-
Closing balance	*-1,731*	*-1,814*
Carrying amount	**130,880**	**84,487**

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

Note 14 Other recievables

	G 2008	G 2007	PC 2008	PC 2007
VAT recoverable	12,637	5,475	11,586	4,821
Bank deposits	-	537	-	-
Receivables from employees	398	290	37	-
Embedded derivatives	-	344	-	-
Other	1,219	1,433	452	1,089
Total	**14,254**	**8,079**	**12,075**	**5,910**

Note 15 Inventories

	G 2008	G 2007	PC 2008	PC 2007
Raw materials and consumables	-	1,485	-	153
Finished goods and goods for resale	51,239	19,833	31,514	14,390
Goods in transit	14,502	7,438	14,502	7,438
Total	**65,741**	**28,756**	**46,016**	**21,981**

The cost of goods sold includes transfer from/to inventory impairments of neg SEK 4,636 thousand (4,041). The Parent Company's accounts include transfer from inventory of neg SEK 288 thousand (neg: 305).

Not 16 Accounts receivable

Accounts receivable are stated recognised after making a provision for bad debts, which amounted during the year to SEK 121 thousand (1,202) for the Group and SEK 121 thousand (1,156) for the Parent Company. For 2008 write-downs of SEK 1,250 thousand were reversed. At the end of 2008, the total reserve for possible bad debts amounted to SEK 335 thousand (1,371) for the Group and 335 thousand (1,371) for the Parent Company.

Note 17 Prepaid expenses and accrued income

	G 2008	G 2007	PC 2008	PC 2007
Rents	850	741	467	425
Prepaid insurance premiums	518	-	399	-
Product-related expenses	1,666	1,639	-	-
Prepayments for fixed assets	947	947	947	947
Prepaid financing costs	533	2,084	533	2,084
Other	331	1,266	310	1,021
Total	**4,845**	**6,677**	**2,656**	**4,477**

Note 18 Equity

Group

Specification of reserves in equity

Translation reserve	2008	2007
Opening translation reserve	810	-4,619
Translation differences for the year/ Other	44,512	5,429
Closing translation reserve	**45,322**	**810**

Share capital and share premium reserve

Stated in number of shares	2008	2007
Issued at 1 January	1,016,132,200	1,016,132,200
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 determined during the following year, and a shareholding confers the following rights at general shareholder meetings:

Class of shares	No. of shares	Votes per share	No. of votes
Class A	2,260,817	5	11,304,085
Class B	1,013,871,383	1	1,013,871,383
Total number of shares and votes	**1,016,132,200**		**1,025,175,468**

Other contributed capital
Pertains to equity contributed by the shareholders. Starting on 1 January 2006 and thereafter, allocations to the share premium reserve are also recognised as contributed capital.

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

Accumulated deficit
Accumulated deficit including net profit 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 exceeds the previous quotient value of the share, an amount corresponding to the amount received in excess of the share's quotient 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.

Non-restricted equity
This item includes accumulated earnings, among other items.

Accumulated deficit
The accumulated deficit consists of deficits accumulated from prior years.

Note 19 Earnings per share

Earnings per share

	Before dilution		After dilution	
SEK	2008	2007	2008	2007
Earnings per share	0.11	0.00	0.10	0.00

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 2008 have been calculated on the basis of the profit for the year attributable to Parent Company shareholders, which amounted to SEK 107,723 thousand (1,054) and a weighted average number of shares in issue in 2008 of 1,016,132 thousand (1,016,132). 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	2008	2007
Total number of ordinary shares	1,016,132	1,016,132

An Extraordinary General Meeting of Pricer held in March 2007 resolved to issue convertible debenture loans, part of which were repaid in November 2008. The remaining part of the debenture loans, which amounts to SEK 44.9 M, could give rise to the issue of an additional 64 million shares (and possibly more if the interest expense is capitalised) in April 2009 at the latest. The 2008 Annual General Meeting resolved to issue warrants to acquire 20 million shares in an incentive scheme for Pricer employees by 30 June 2012 at the latest, as a continuation of the warrants to acquire 30 million shares issued in 2007.

Outstanding warrants

Designation	Antal	Year issued	Strike price	Expiration
T009	30 million	2007	0.58	30 June 2011
T010	20 million	2008	0.74	30 June 2012

Note 20 Interest-bearing liabilities

Long-term liabilities	G 2008	G 2007	PC 2008	PC 2007
Convertible debenture loan	44,501	71,503	44,501	71,503
Current liabilities				
Bank loan	124	1,953	0	0
Total interest-bearing liabilities	**44,625**	**73,456**	**44,501**	**71,503**

Long-term loans consist of a convertible loan paying annual interest of approximately 10 percent and falling due in April 2009. The interest can be capitalised. During 2008, interest was paid in cash and SEK 30 M was repaid to creditors. Before maturity, holders may decide to convert the loan into class B shares in Pricer AB at a conversion price of SEK 0.70 each, resulting in the issue of 64 million new shares (provided that no interest is capitalised).

Note 21 Provisions

Provisions that are long-term liabilities

	G 2008	G 2007	PC 2008	PC 2007
Warranty provisions	2,046	1,320	2,046	1,320

Provisions that are current liabilities

	G 2008	G 2007	PC 2008	PC 2007
Warranty provisions	21,513	12,841	17,686	7,049

Warranty provisions	G 2008	G 2007	PC 2008	PC 2007
Opening balance	14,161	14,823	8,369	5,592
Provisions	19,594	7,185	15,296	6,746
Utilised during the year	-10,196	-7,847	-3,933	-3,969
Closing balance	**23,559**	**14,161**	**19,732**	**8,369**

Warranty provisions pertain primarily to certain commitments regarding products sold in prior years, as well as sales in 2008. The provision is based on calculations conducted on the basis of outcomes during 2008 and prior years.

Note 22 Deferred tax

	G 2008	G 2007
Deferred tax	5,523	8,121
Total	**5,523**	**8,121**

Deferred tax	G 2008	G 2007
Opening balance	8,121	10,360
Reversal	-2,598	-2,239
Closing balance	**5,523**	**8,121**

Deferred tax liability is relating to excess values at acquisitions.

Note 23 Other liabilities

	G 2008	G 2007	PC 2008	PC 2007
Employee withholding tax	550	1,332	534	805
VAT payable	4,002	1,882	-	-
Liabilities to employees	31	304	-	-
Other liabilities	4,270	4,517	1,514	1,947
Total	**8,853**	**8,035**	**2,048**	**2,752**

Note 24 Accrued expenses and deferred income

	G 2008	G 2007	PC 2008	PC 2007
Accrued vacation pay	2,702	3,419	1,030	1,919
Accrued salaries	6,471	7,567	1,849	4,196
Social security contributions	4,185	3,296	1,516	1,979
Wind-up costs for Intactix	-	1,340	-	1,340
Deferred income	-	1,303	-	1,303
Goods in transit	-	6,359	-	6,359
Unrealised capital loss on forward contracts	-	4,529	-	4,526
Severance pay	3,040	9,570	3,040	9,066
Accrued interest	980	1,621	980	1,621
Accrued service expenses	2,732	-	-	-
Other accrued expenses	4,461	413	3,727	111
Total	**24,571**	**39,417**	**12,142**	**32,420**

Note 25 Financial risks and finance policies

Pricer's financial assets consist primarily of accounts receivable and cash in bank. Its financial liabilities consist of convertible loans and bank loans.

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 earnings and cash flow caused by 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 Board with the purpose of limiting and controlling them. The policy establishes a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

The Group's financial transactions are executed centrally by the Parent Company. The Parent Company's finance department has responsibility for the Group's cash management and ensures that any cash requirements of the subsidiaries 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 consolidated earnings resulting from market fluctuations. At year-end, the Group's financial debt amounted to SEK 44.5 M. Refer to Note 20, for information on terms and conditions.

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 payable, as well as the currency risk resulting from expected or contracted payment flows (designated transaction exposure).

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

Pricer's policy is to limit its transaction exposure by matching flows in foreign currencies by denominating customer contracts in USD, using currency clauses in quotations and contracts and entering into forward contracts to hedge the flows. The company's policy stipulates that 50-75 percent of the Group's estimated monthly net flows for the period for which reliable forecasts can be made shall be hedged. In 2008, Pricer's main payment flows were denominated in USD, EUR and 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.

Since this means that the Group has a net inflow in EUR and a net outflow in USD, Pricer has decided to hedge some of these flows by selling EUR and buying USD forward.

At 31 December 2008, the company had three forward contracts

	EUR/USD	
Maturity	Volume (million)	Exchange rate
Q 1, 2009	2/ca 3.1	1.53
Q 2, 2009	2/ca 2.5	1.42
Q 3, 2009	2/ca 2.5	1.26

Exchange-rate differences on operational receivables and liabilities are recognised in operating profit. Since 2007, exchange-rate differences are recognised net among "Cost of goods sold" and are explained in Note 7. Exchange-rate differences that affected net financial items are explained in Note 8.

USD weakened in the beginning of the year and strengthened considerably during the latter part of the year against EUR. This has led to the forward currency contracts having a positive effect on the result towards the end of the year. The net effect was SEK 2.8 M during the year. In 2007 the effect was negative SEK 5.9 M.

% of sales and costs by currency:

	USD	EUR	SEK and other currencies
Sales	30 (43)%	70 (52)%	- (5)%
Costs	73 (71)%	11 (13)%	16 (16)%

To ensure efficiency and risk control, Pricer's subsidiaries raise their new loans via the Parent Company. Unsettled internal liabilities to suppliers are converted 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 2008 amounted to SEK 469.4 M (37.8). The increase is mainly explained by the goodwill item now being recorded in EUR. No hedge for translation exposure has taken place during 2008.

Embedded derivatives

Pricer has contracts with both supplies and customers in currencies other than the counterparty's own functional currency, e.g. in USD for purchases in China and in USD for sales to Japan. Such transactions give rise to what is known as an embedded derivative, the effect of which is recognised 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 impact on cash flow or the fair value of financial assets and liabilities. At present, Pricer has no assets earning fixed rates of interest, since its liquid funds are placed on deposit at banks. Accordingly, any change in interest rates will have a direct impact on consolidated earnings.

The Group had cash and cash equivalents of SEK 75.8 M (100.1) at the year-end. A one percentage point change in interest rates would affect net financial items by SEK 1 M on an annual basis.

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 approximately 9 percent (6-month Stibor + 4.5 percent) and can be converted into shares in Pricer at a price of SEK 0.70, which represents dilution of some 9 percent. In accordance with IFRS some of the loan is stated as equity. The interest cost is adjusted regularly during the course of the year. A portion of the loan, SEK 30 M, was repaid in November 2008 to the lenders to reduce the interest expenses leading to SEK 44.9 M remains falling due in April 2009.

Credit risk

The Group obtains credit ratings of its customers by obtaining information about their financial position 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 sets decision levels for various credit limits.

The credit risk is the risk that a counterparty to a transaction will fail to fulfil his financial obligations, 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	% of portfolio
Exposure < SEK 1 M	50	71%	4%
Exposure SEK 1-5 M	11	16%	17%
Exposure > SEK 5 M	9	13%	79%
Totalt	**70**	**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.

Time analysis of accounts receivable

	2008		2007	
Overdue but not written off	Overdue payments	Total exposure	Overdue payments	Total exposure
< 60 days	38,251		35,715	
> 60 days	32,107		13,328	
Total	**70,358**	**155,528**	**49,043**	**117,347**

Time analysis of accounts receivable

	2008	2007
Overdue and written off	Overdue payments	Overdue payments
<60 days	-	282
>60 days	335	1,089
Total	**335**	**1,371**

Provision for possible bad debts

	2008	2007
Opening provision	1,371	374
Provisions for possible bad debts	335	997
Proven bad debts	-121	-
Recovery from provision for possible bad debts	-1,250	-
Closing provision	**335**	**1,371**

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 cash and cash equivalents and trading in derivatives. Transactions are only executed within established limits and with selected creditworthy counterparties. The policy for interest-rate and credit risks is to aim to have a low risk profile. Temporary surplus cash and cash equivalents may only be invested 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	61.9	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		**61.9**	**100%**

Refinancing risk

The refinancing risk consists of the risk of not being able to meet future financing requirements. To ensure access to funds, Pricer's policy states that over and above budgeted capital requirements the company should, if possible, also have committed lines of credit of at least SEK 50 M. In connection with the repayment in November 2008 of SEK 30 M of the SEK 74.9 M convertible loan, committed lines of credit were increased to a total of SEK 50 M. The convertible loan has a term of two years, after which it may be converted into shares or replaced by new financing. In 2009, 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 equity. During 2008 two new bank facilities have been established in the form of an overdraft of SEK 25 M and a promissory credit of SEK 25 M. The promissory credit includes covenants linked to the Group result in 2009.

Fair value of financial instruments

The carrying amount 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 part of it was recognised in equity, in accordance with IFRS

Note 26 Operating leases

Non-cancellable lease payments amount to:

	G 2008	G 2007	PC 2008	PC 2007
Within one year	4,464	3,048	2,122	2,031
Between one and five years	5,372	4,199	1,403	4,133

The Group has some small operational leasing contracts for vehicles and other 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 until 31 July 2010, and office premises for the Group's French company, Pricer SAS. The contract on these premises runs until beyond 2011.

The consolidated accounts for 2008 include a cost of SEK 4,416 thousand (4,239) in respect of operational leasing.

Note 27 Pledged assets and contingent liabilities

Assets pledged	G 2008	G 2007	PC 2008	PC 2007
To secure own liabilities and provisions				
Floating charges	36,253	51,163	34,625	34,625
Pledged shares in subsidiaries	128,999	258,586	17,012	97,012
Bank deposits	1,348	1,189	222	213
Total	**166,600**	**310,938**	**51,859**	**131,850**

Contingent liabilities	G 2008	G 2007	PC 2008	PC 2007
Bank guaranties	1,348	1,189	222	213
Total	**1,348**	**1,189**	**222**	**213**

Floating charges (chattel mortgages) are a type of general collateral in the form of an undertaking to the bank. In the Parent Company, the item bank guarantees refers to guarantees to customs authorities. 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 28 Related-party transactions

The Parent Company has a related party relationship with its subsidiaries, see Note 29.

Summary of related party transactions

	Year	Sales of goods and services to related party	Purchase of services from related party	Interest income	Liability to related party at 31 December	Receivable from related party at 31 December
Subsidiaries	2008	243,013	13,681	3,966	5,317	137,932
Subsidiaries	2007	109,568	8,214	2,844	6,702	94,700

The receivables for 2008 include an impairment loss of SEK 9,030 thousand (8,002) on a long-term receivable from Pricer Inc following revaluation to real value.

Transactions with key management personnel

Individuals in senior positions receive no benefits other than Board fees and salary. See also Note 5 Employees and personnel costs. There have been no significant transactions with related parties that have a material impact on the financial standing and results of Pricer.

Repayment of convertibles was made to creditors, who are also shareholders. The member of the board Bo Kastensson owns 1.3 percent of the convertible loans and the member of the board Peter Larsson indirectly owns less than 5 percent through his ownership in Monterro Holdings Ltd.

Note 29 Group companies

Participations in Group companies	PC 2008	PC 2007
Accumulated acquisition value		
Opening balance	1,081,581	1,087,420
Reduction in purchase price	-	-6,228
Shareholder contribution, Pricer Inc.	18,023	-
Shareholder contribution, Pricer SAS	1,213	389
At year end	*1,100,817*	*1,081,581*
Accumulated impairment losses		
Opening balance	-811,798	-811,798
Impairment loss on Pricer E.S.L. Israel Ltd	-80,000	-
Total accumulated impairment losses	-891,798	-811,798
Carrying amount of participations in Group companies	**209,019**	**269,783**

Impairment losses for the year are recognised in the income statement under "Income from participations in Group companies".

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 2008	Carrying amount at 31 Dec 2007
Pricer Inc. (22-3215520), Dallas, USA	100	223,000	USD	18,023	-
Pricer SAS (RCS 395 238 751), Paris, France	100	2,138	EUR	168,441	167,228
Pricer Communication AB, 556450-7563, Sollentuna, Sweden	100	100,000	SEK	4,980	4,980
Pricer Ishida Explorative Research (PIER) AB, 556454-7098, Sollentuna, Sweden	50	130	SEK	192	192
Pricer E.S.L. Israel Ltd (511838732 formerly Eldat Communication Ltd.), Tel Aviv, Israel	100	56,667,922	NIS	17,012	97,012
Dormant companies				371	371
Participations in Group companies				**209,019**	**269,783**

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 30 Cash flow statement

Cash and cash equivalents	G 2008	G 2007	PC 2008	PC 2007
Cash and cash equivalents include the following sub-components:				
Cash and bank	75,769	100,115	61,854	91,341
Total according to the balance sheet	**75,769**	**100,115**	**61,854**	**91,341**
Total according to the cash flow statement	**75,769**	**100,115**	**61,854**	**91,341**

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 2008	G 2007	PC 2008	PC 2007
Interest				
Interest received	2,460	3,281	2,455	4,596
Interest paid	-9,034	-7,436	-8,915	-5,813
Adjustments for non-cash items				
Depreciation	13,592	14,655	4,651	5,476
Impairment losses	-	-	80,000	-
Interest-rate differences	3,098	-	3,098	-
Issue of employee stock options	1,971	2,779	-	2,499
Exchange-rate differences/ translation differences	-20,736	-2,896	-15,729	579
Change in provisions	506	-2,242	726	4,269
Total non-cash items	**-1,569**	**12,296**	**72,746**	**12,823**
Blocked bank accounts are included for an amount of:	1,348	213	222	213

Note 31
Significant events after the close of the financial year

Two of Europe's largest retailers, a DIY chain and a group of supermarkets, placed substantial initial orders for Pricer's system for electronic shelf labels (ESL), following pilot projects and evaluations during 2007 and 2008.

In March 2009, Pricer issued a disclosure that the company had become involved in arbitration proceedings concerning a dispute originating from an agreement with the counterpart ProMargin AB involving a product trial.

Note 32 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 as a result of changes in the business environment.

The areas where assumptions and estimates have a significant impact on Pricer are presented below. No separate audit committee has been established. 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 major impact on the company in general. Note 25 provides a detailed analysis of exposure to foreign currencies and the risks associated with fluctuations in exchange rates.

Impairment testing of goodwill
A large proportion 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 any impairment is then calculated. The value of the goodwill item depends on continued growth in the ESL market and Pricer's ability to maintain profitability.

Note 33 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 Nasdaq OMX Nordic Exchange, Small Cap Market. The address of the head office is Bergkällavägen 20-22, SE-192 79 Sollentuna, Sweden.

Insofar as the Board and the president are aware, the consolidated financial statements and the Parent Company's annual report have been prepared 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 practices 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 the Group are exposed.

The Annual Report and the consolidated financial statements, as presented above, were approved for publication on 25 March 2009. 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 24 April 2009.

Sollentuna, 25 March 2009

Akbar Seddigh
Chairman

Mikael Bragd

Daniel Furman

Bo Kastensson

Peter Larsson

Magnus Schmidt
Vice Chairman

Charles Jackson
President

Our audit report was submitted on 25 March 2008
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant

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 2008. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 18-48. 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 reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the 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 significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the 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 statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 25 March 2009
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant

Five-year summary

The figures for 2004-2008 are presented according to IFRS with the exception of IAS 39 which is applied only in 2005-2008.

All amounts in SEK M unless otherwise stated	2008	2007	2006	2005	2004
INCOME STATEMENT DATA					
Net sales	427.0	432.3	409.9	325.8	227.2
Cost of goods sold	-266.7	-300.3	-320.2	-261.1	-196.9
Gross profit	**160.3**	**132.0**	**89.7**	**64.7**	**30.3**
Other operating income	6.2	20.6	-0.2	0.0	0.1
Selling expenses	-64.7	-57.9	-49.0	-38.2	-24.2
Administrative expenses	-26.0	-56.8	-46.4	-32.6	-30.4
Research and development costs	-20.4	-31.9	-35.1	-37.4	-27.8
Operating profit	**55.4**	**6.0**	**-41.0**	**-43.5**	**-52.0**
Financial items	8.7	-7.2	-8.1	7.3	0.0
Profit before tax	**64.1**	**-1.2**	**-49.1**	**-36.2**	**-52.0**
Income tax	43.6	2.2	1.1	-0.2	0.0
Profit for the year	**107.7**	**1.0**	**-48.0**	**-36.4**	**-52.0**
Attributable to:					
Shareholders of the Parent Company	107.7	1.1	-46.5	-33.0	-49.4
Minority interests	0.0	-0.1	-1.5	-3.4	-2.6
	107.7	1.0	-48.0	-36.4	-52.0
BALANCE SHEET DATA					
Intangible fixed assets	297.9	265.8	282.2	7.7	10.2
Tangible fixed assets	3.7	5.6	8.1	8.0	8.0
Financial fixed assets	41.1	0.1	0.2	-	-
Inventories	65.7	28.8	64.6	14.9	12.8
Accounts receivable	155.5	117.3	89.8	106.1	69.1
Other current assets	19.1	14.8	18.0	22.2	10.5
Cash and cash equivalents and short-term investments	75.8	100.1	31.5	69.5	42.6
Total assets	**658.8**	**532.5**	**494.4**	**228.4**	**153.2**
Equity attributable to shareholders of the Parent Company	509.8	356.4	353.1	149.2	91.8
Minority interests	0.1	0.1	0.1	2.9	1.6
Long-term liabilities	52.8	80.9	17.3	1.9	2.7
Current liabilities	96.1	95.1	123.9	74.4	57.1
Total liabilities and equity	**658.8**	**532.5**	**494.4**	**228.4**	**153.2**

All amounts in SEK M unless otherwise stated	2008	2007	2006	2005	2004
CASH FLOW DATA					
Profit after financial items	64.1	-1.2	-49.1	-36.2	-52.0
Adjustment for non-cash items	-3.6	12.3	15.4	0.8	7.0
Paid income tax	0.0	-0.1	-0.5	-0.2	-
Change in working capital	-60.5	19.4	-19.8	-33.9	-27.4
Cash flow from operating activities	**0.0**	**30.4**	**-54.0**	**-69.5**	**-72.4**
Cash flow from investing activities	**-0.1**	**4.9**	**-9.8**	**-4.3**	**-6.9**
Change in loan financing	-32.1	34.3	23.0	0.1	-
Change in shareholder financing	-	0.0	0.3	95.0	54.3
Change in other financing	-	-	-	-	1.4
Cash flow from financing activities	**-32.1**	**34.3**	**23.3**	**95.1**	**55.7**
Cash flow for the year	**-32.2**	**69.6**	**-40.5**	**21.3**	**-23.6**
KEY RATIOS					
Capital data					
Working capital	144.1	80.1	102.1	66.9	32.6
Capital employed	478.7	329.9	366.6	82.8	50.8
Acid-test ratio, %	168	132	99	259	204
Net loan debt	-31.2	-26.6	13.4	-69.3	-42.6
Financial data					
Equity/assets ratio, %	77	67	71	67	61
Net debt/equity ratio, times	-0.06	-0.07	0.04	-0.46	-0.46
Margin data					
Operating margin, %	13	1	-10	-13	-23
Net margin, %	25	0	-12	-11	-23
Capital turnover rate, times	1.06	1.24	1.82	4.88	6.65
Return data					
Return on capital employed, %	14	2	-18	-65	-141
Return on equity, %	25	0	-19	-30	-57
Other data					
Order book at 31 December	63	71	75	107	131
Average number of employees	70	95	102	104	72
Number of employees at end of year	68	83	110	112	99
Total payroll	43	65	48	41	29

Corporate governance report

Introduction

Pricer AB (publ) (referred to below as “Pricer” or “the company”), corporate registration number 556427-7993, has complied with the Swedish Code of Corporate Governance (“the Code”) since July 1, 2008. Pricer has worked continuously since July 1, 2008 to introduce the Code.

Pricer hereby submits its Corporate Governance Report for financial year 2008. The report has not been reviewed by the company’s auditors. The report does not comprise a part of the formal Annual Report documents.

To the extent that Pricer’s corporate governance has been formulated so that actions taken during the 2008 financial year but during the time before the revised Code was introduced could be considered a deviation in accordance with the Code, such “deviations”, in compliance with specifications of the Code, are not reported or explained unless the company deems such clarification appropriate. Deviations from the Code, in the section that pertains to the time after the introduction of the revised Code on July 1, 2008, and justifications for such deviations are reported continuously in the text. Unless specified otherwise, the company has complied with the Code.

External control instruments

The external control instruments that affect the control of Pricer consist mainly of the Swedish Companies Act, the Annual Accounts Act, the Pubic Listing Agreement with Nasdaq OMX and the Code.

Internal control instruments

The internal control instruments that affect the control of Pricer consist mainly of the Articles of Association, which are approved by the Annual General Meeting, and the control documents established by the Board of Directors. These include the working procedures for the Board of Directors, Instructions for the President, Instructions for the Remuneration Committee, the Information Policy, Finance Policy, Ethical Regulations and Equality Policy.

General meetings of shareholders

The influence of shareholders in Pricer is exercised at meetings of shareholders (Annual General Meeting or, whenever necessary, extraordinary shareholder meetings), which are the company’s supreme decision-making body. The Annual General Meeting appoints the members and Chairman of the Board, elects the auditors, makes decisions regarding changes in the Articles of Association, approves the income statement and balance sheet and the distribution of the company’s profit or loss, renders decisions regarding discharge from liability for the Board of Directors and President, and establishes the amounts of fees paid to Board members and the principles for remuneration of the President and senior executives. The Annual General Meeting of Pricer is usually held in April at Scandic InfraCity in Upplands Väsby. Pricer announces the time and place of the Annual General Meeting as soon as a decision on the matter has been made by the Board of Directors, but no later than in conjunction with publication of the third-quarter report. Information about the meeting’s time and place is also available on the company’s website. Notice of shareholder meetings shall be made in the form of an advertisement in Post- och Inrikes Tidningar and Svenska Dagbladet. Those shareholders who are listed in their own names in the shareholders’ register maintained by Euroclear Sweden AB (formerly VPC) on the record day and notify the company of their intention to participate in the Annual General Meeting within the stipulated time are entitled to participate in the Annual General Meeting and exercise their voting rights. Shareholders who are unable to attend the meeting may be represented by proxy. All information regarding the company’s shareholder meetings, such as notification, entitlement to submit issues to be announced in the notification, minutes, etc. is available on Pricer’s website.

In view of the composition of the company’s ownership interests, it has not been considered necessary, nor justified with respect to the company’s economic condition, to offer simultaneous interpretation to another language, or translations of all or parts of the general meeting material, including the minutes.

The 2008 Annual General Meeting was held on April 1, 2008 with 20 percent of the votes in the company represented by 47 shareholders. The minutes of the Annual General Meeting are available on Pricer’s website.

The time and place for the 2009 Annual General Meeting was announced on 12 November 2008, and a change in the date was published on 15 January 2009. Pricer’s website presents information about how and when shareholders must submit their requests for business to be addressed at the meeting.

Nomination Committee

The Nomination Committee’s assignment is to evaluate the Board’s composition and work, formulate proposals for submission to the Annual General Meeting concerning election of a Chairman of the Meeting, election of Board members and the Chairman of the Board and, when necessary, elections of auditors. The Nomination Committee also formulates proposals for submission to the Annual General Meeting regarding fees paid to Board members and auditors.

In accordance with the Code, the Nomination Committee shall consist of a minimum of three members, one of whom shall be appointed Chairman. The Annual General Meeting appoints the members of the Nomination Committee, or specifies procedures for their appointment.

The 2008 Annual General Meeting resolved that the Chairman of the Board, prior to the 2009 Annual General Meeting, should be authorised to contact the company’s three largest shareholders (based on known voting rights immediately before the announcement is made) and request that they each appoint one representative, and that in addition to the Chairman of the Board, they would comprise the Nomination Committee during the period until a Nomination Committee has appointed by authorisation from the 2009 Annual General Meeting. In addition, it was resolved that the Nomination Committee should include one representative who is independent in relation to the company and its major shareholders to represent minor shareholders. If any shareholders refrain from exercising their right to appoint a representative, the next largest shareholder in terms of voting rights shall be offered the opportunity to appoint a representative. The names of the Nomination Committee members shall be announced no later than six months prior to the Annual General Meeting.

Prior to the 2009 Annual General Meeting, the Nomination Committee of Pricer was announced in a press release issued on October 14, 2008 and, in addition to Chairman of the Board Akbar Seddigh, has consisted of Salvatore Grimaldi (appointed by SAGRI Development AB), Teodore Jeansson Jr. (appointed by Monterro Holdings Ltd), David Goldschmidt (appointed by Brightman Almagor Friedman Trustees) and John Örtengren (appointed by Aktiespararna). Salvatore Grimaldi has served as Chairman of the Nomination Committee.

The majority of the Nomination Committee's members are independent in relation to the company and corporate management. With the exception of the Chairman, all members of the Nomination Committee are independent in relation to the company's largest shareholders, in terms of voting rights, or groups of shareholders that cooperate with regard to governance of the company.

The Nomination Committee has held one meeting since the 2008 Annual General Meeting, in addition to telephone contact between the meetings. An account of the Nomination Committee's work will be presented at the 2009 Annual General Meeting. No remuneration is paid to members of the Committee.

Board of Directors

Size and composition of Board

Members of the Board of Directors are appointed by the Annual General Meeting for the period of time until the close of the next Annual General Meeting. In compliance with the Code, the Chairman of the Board is also appointed by the Annual General Meeting.

The Board of Directors of Pricer, as stipulated by the Articles of Association, shall consist of no fewer than three and no more than seven members, and the exact number of Board members is established by the Annual General Meeting. The Annual General Meeting held on April 1, 2008 re-elected Daniel Furman, Magnus Schmidt and Akbar Seddigh, while Michael Bragd, Bo Kastensson and Peter Larsson were elected as new members of the Board. Elie Barr and Jan Forssjö stepped down. Akbar Seddigh was elected to serve as Chairman of the Board. No deputies to Board members elected by the Annual General Meeting were appointed. All members of the Board are considered independent in relation to the company, corporate management and the company's largest owners.

Member attendance at Board Meetings is shown in the illustration below. Additional information about the Board members, such as experience and present assignments, shareholdings in the company, etc., is presented on page 56.

Board member attendance

Board members	Present at meetings	Of total number of meetings
Elie Barr	4	6
Mikael Bragd	6	6
Jan Forssjö	6	6
Daniel Furman	10	12
Bo Kastensson	6	6
Peter Larsson	6	6
Magnus Schmidt	12	12
Akbar Seddigh	12	12

It is the opinion of the Board of Directors that, with regard to the company's business activities, development phase and other conditions, the Board has an appropriate composition characterised by versatility and diversity in terms of the members' expertise, experience and background. Gender equality is uneven today, but efforts will be made to establish greater equality in the future.

Work by Pricer's Board of Directors

The Chairman of the Board is responsible for organising and leading the work of the Board of Directors to ensure that its duties are performed in compliance with applicable laws, regulations and directives. It is also the responsibility of the Chairman of the Board to ensure that the Board's work is evaluated every year, and that the Nomination Committee is provided with results of the evaluations. The Chairman of the Board continuously monitors the business operations in dialogue with the President and is responsible for providing other Board members with information and documentation that is required for them to perform their duties.

The Board is responsible for the company's strategy and organisation and the management of the company's business activities. The Board shall ensure that the company's organisation is formulated so the financial accounts, asset management and the company's financial position in general are controlled in a secure and satisfactory manner. The Board continuously controls the company's and the Group's financial position, which is reported monthly, so that the Board is able to fulfil its statutory evaluation obligation, listing regulations and sound Board practices. The work of the Board is governed by special working procedures. In general, the Board shall address issues of significant importance to the Group, such as strategy plans, budgets and forecasts, product planning, capital requirements and financing and acquisitions of companies, business activities and substantial assets

During the 2008 financial year, the Board held 12 meetings. Member attendance at Board Meetings is shown in the illustration above.

The Board's work follows a procedural plan, or agenda. In consultation with the Chairman of the Board, the President of the company formulates the agenda for each meeting and establishes the background information and documentation that is required to render decisions on the business at hand. Other members of the Board may request that certain issues be included in the agenda. Prior to every scheduled meeting, the President provides the Board of Directors with a status

Corporate governance report (cont'd)

report in writing that should contain a minimum of the following points: market, sales, production, research and development, finances, personnel and legal disputes.

The President and Chief Financial Officer shall participate in all Board meetings, with the exception of meetings that address issues which may cause conflicts of interest, such as when remuneration for the President is established and when the work performed by the President is evaluated. The company's auditors normally participate partly in two Board meetings during the year, and did so in 2008.

The meetings were held at the company's head office in Sollentuna, at the office in Paris and via telephone. Gunnar Mattsson (born 1964), Advokatfirman Lindahl, Uppsala, serves as the Board's secretary.

Evaluation of Board of Directors
The Chairman of the Board is responsible for evaluations of work performed by the Board each year, and the Nomination Committee is provided with copies of these evaluations. The evaluations are conducted in the form of anonymous questionnaires and/or interviews, and address issues such as the Board composition, work methods and responsibilities. The results are presented to the Nomination Committee.

Remuneration of the Board of Directors
In accordance with a proposal by the Nomination Committee, a resolution was passed at the 2008 Annual General Meeting to pay total fees to the Board of Directors amounting to SEK 1,525,000, to be distributed as follows: SEK 450,000 to the Chairman of the Board, 275,000 to the Deputy Chairman and SEK 200,000 to each of the other four members of the Board. No other remuneration or financial instruments over and above the fees were paid or made available, with the exception of out-of-pocket expenses.

Board committees

The Board has appointed a Remuneration Committee to address questions regarding remuneration and terms of employment for the President and senior executives and formulate proposals for guidelines for remuneration of the President and senior executives, which the Board submits for resolution to the Annual General Meeting.

During 2008, the Remuneration Committee consisted of the Chairman of the Board Akbar Seddigh and Deputy Chairman Magnus Schmidt, both of whom are independent of the company and corporate management, and the company's major shareholders.

The assignment and the decision-making authority delegated to the Remuneration Committee are presented in the working instructions for the Committee, as adopted by the Board. The working instructions also show the manner in which the Remuneration Committee is to report to the Board.

The Remuneration Committee held two meetings during 2008, with both members of the Committee and the President and/or Chief Financial Officer also present. Minutes of these meetings were kept and presented to the Board of Directors.

The Board of Directors has not appointed any special audit committee since it has been considered more prudent for the entire Board to manage the audit committee's assignments.

President and senior executives

President
The President is appointed and dismissed by the Board of Directors, and his/her work is evaluated continuously be the Board. Charles Jackson was appointed President on 1 September 2007.

Charles Jackson, President of Pricer, manages the company's day-to-day business operations. Written instructions define the division of responsibilities between the Board of Directors and the President. The President reports to the Board and presents a special CEO report at every Board meeting, which contains information on how the operations have developed in relation to decisions by the Board. Additional information about the President, his experience, current assignments and shareholdings in the company is presented in the Annual Report on page 56.

Other than assignments for the company's subsidiaries and associated companies, Charles Jackson has no significant assignments outside the company. Neither Charles Jackson, nor any closely associated individual or legal entity, has any significant shareholding or part ownership interest in companies with which Pricer has major business relations.

Executive management
Pricer's executive management team consists of six members with day-to-day responsibility for different segments of the operations. For a presentation of the members of executive management, reference is made to page 56 of the Annual Report.

Remuneration to President and senior executives
The company has established a Remuneration Committee, on which information in presented above in the section entitled "Board committees."

The 2008 Annual General Meeting adopted the Board's proposed guidelines for remuneration of senior executives. The President's remuneration is established by the Board of Directors. Remuneration of other senior executives is established by the President after consultation with the Remuneration Committee.

The Board of Directors proposed to and the Annual General Meeting on 1 April 2008 decided on the issuance of 20 million options in an incentive scheme to all employees of the company. Apart from this the Board of Directors has not made any decisions during 2008 regarding share or share-price-based incentive schemes for corporate management personnel.

Compliance with Swedish stock market regulations etc. during the past financial year

Pricer was not the subject of any decisions by the OMX Nordic Exchange Stockholm's Disciplinary Committee during 2008 or any statements by the Securities Council on issues concerning breaches of OMX Nordic Exchange Stockholm's regulations or generally acceptable practices on the stock market.

Information about the auditors

Auditors are appointed by the Annual General Meeting based on proposals issued by the Nomination Committee. At the 2008 Annual General Meeting, the audit company KPMG AB was elected as the company's auditors for the forthcoming four-year period. The auditor-in-charge is authorised public accountant Åsa Wirén Linder. For additional information about the auditors, see page 56.

The Annual General Meeting also resolved that remuneration of the auditors will be paid in compliance with approved invoices. Also see Note 6, remuneration to auditors.

Board of Directors' report on internal control regarding financial reporting

Introduction

In accordance with the Swedish Companies' Act and the Swedish Code of Corporate Governance ("the Code"), the Board of Directors is responsible for internal control. Since this presentation was prepared in compliance with Section 10.5 of the Code, it is limited to the internal control of financial reporting. The presentation is not part of the formal annual report documents. Pricer's process of internal control shall provide reasonable assurance of the quality and accuracy of its financial reporting. It shall also ensure that financial reports are prepared in compliance with appropriate laws and directives, and the requirements that apply to publicly listed companies in Sweden. The internal control is normally described in accordance with the framework for internal control that has been issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission). In accordance with this framework, the internal control is presented with the following components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

Internal controls of financial reporting are based on organisational and system structures, decision-making channels and distribution of responsibility, all of which must be documented clearly and communicated in control documents, policies and manuals. The Board of Directors has established working procedures that regulate the Board's responsibilities and the Board's committee work. To maintain an effective control environment and good internal control, the Board has delegated practical responsibility to the President and prepared instructions for the President. To ensure the quality of its financial reporting, the company has established a number of internal control instruments, consisting mainly of a Financial Policy, Information policy and Reporting instructions. Guidelines have also been established for issues related to business ethics, which are intended to clarify and strengthen the Group's philosophy and values. These include Pricer's ethical regulations and equality policy.

Risk assessment

The Board of Directors is responsible for significant financial risks and risks associated with the identification and handling of errors in the financial reports. A risk assessment is conducted every year to identify inherent risks in the financial reports. The risk assessment is reconciled with the auditors and may include processes critical to the Group's earnings and financial position, such as geographically remote operations and recently established or acquired units.

Control activities

The control activities are intended to ensure accuracy and completeness in financial reporting. Procedures and actions are designed to address the most significant risks associated with the financial statements, as indentified in the risk assessment. Control activities focus on both overall and more detailed levels within the Group. For example, complete monthly financial statements are prepared and monitored by the unit and function managers and controllers. Group management meets at least once a month to review and evaluate overall business operations. Furthermore, officers from the accounting function visit companies in the Group several times a year to discuss current issues and review their earnings and financial position, and to ensure compliance with attestation procedures. The Board monitors the activities through monthly reports in which the Chief Executive Officer of the Group comments on development of the activities, and their earnings and financial position. Measures and actions are implemented continuously to improve the internal control.

Information and communications

The Board of Directors has established an Information Policy that specifies what should be communicated and by whom, and the formats in which the information shall be released to ensure that the external information is correct and complete. Guidelines and procedures specify how financial information should be communicated between management and other employees in order to maintain effective and correct disclosure of information both internally and externally. Pricer's Report Instructions comprise a central control document that is updated in parallel with changes.

Follow-up

The internal control procedures are monitored and followed up continuously. The company's financial position is addressed at every Board meeting, at which the Board receives detailed monthly reports regarding the financial position and performance of business activities. The Board monitors the internal control procedures with regard to financial reporting. The Board reviews every interim report and discusses the contents with the Chief Financial Officer and, in certain cases, the company's auditors. The auditors conduct annual reviews of the internal controls within the framework of their audit. They report the results of their audit to the President, Chief Financial Officer and the Board of Directors. Pricer does not have a separate internal audit function. The financial accountants that are employed by the subsidiaries have a specific responsibility to report any deviations to the central accounting and control organisation. The services of the company's elected auditors are utilised as required. Given this situation, the Board does not consider it necessary to have a separate internal audit function.

Board of Directors

1. **Mikael Bragd** • Born: 1962 • Education: Degree in Business Administration, Stockholm School of Economics, in marketing and financing • Other assignments: MD of Nordaqfresh water systems AB since 2008 and Board member of Swilkenbridge AB • Board member since: 2008 • Holding: 75,000 B shares
2. **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
3. **Bo Kastensson** • Born 1951 • Education: B.A., University of Lund • Other assignments: Chairman of the Board of Coromatic Group AB, Caretech AB and Doro AB. • Board member since: 2008 • Holding: 1,770,000 B shares, Convertible debentures worth SEK 599,466
4. **Peter Larsson** • Born: 1964 • Education: Graduate engineer, University of Stockholm, in computer and system sciences • Other assignments: MD of EPiServer AB • Board member since: 2008 • Holding: 0 shares
5. **Magnus Schmidt** • Born: 1940 • Education: Master of Business Administration • Other assignments: Chairman of Einar Matsson AB, Fastighetsaktiebolaget Stadshus and Upplands Motor AB • Board member since: 2007 • Holding: 0 shares
6. **Akbar Seddigh** • Born: 1943 • Education: Graduate Chemist and Marketing Specialist • Other assignments: Chairman of Elekta AB, Hedson Technologies AB, Innovationsbron AB and Blekinge Tekniska Högskola. Board member of Affärsstrategerna AB, Biolight AB and SwedenBIO Service AB • Board member since: 2007 • Holding: 0 shares

Executive Management

7. **Charles Jackson** • Born: 1963 • CEO • Education: B. Sc. Business Administration • Employed since: 2002 • Holding: 0 shares, 2,600,000 warrants
8. **Francois Austruy** • Born: 1965 • Head of Operations • Education: Graduate Engineer • Employed since: 2005 • Holding: 0 shares, 2,400,000 warrants
9. **Harald Bauer** • Born: 1957 • CFO • Education: M.B.A • Employed since: 2004 and 1998–2000 • Holding: 73,333 B shares, 2,400,000 warrants
10. **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, 2,400,000 warrants
11. **Nils Hulth** • Born: 1971 • Vice President, R&D • Education: M.Sc. in Computer Science and Master of Science Evolutionary and Adaptive Systems • Employed since: 2005 • Holding: 0 shares, 1,800,000 warrants
12. **Arnaud Lecat** • Born: 1962 • Vice President, Professional Solutions • Education: Graduate Engineer • Employed since: 2002 • Holding: 0 shares, 2,400,000 warrants

AUDITORS

The 2008 Annual General Meeting re-elected the auditing firm of KPMG AB with Authorised Public Accountant Åsa Wirén Linder (born 1968) as auditor in charge, to serve as the company's auditors for four years. Åsa Wirén Linder is also auditor in charge for HL Display AB, IBS AB and Tilgin AB.

History

2005
Sharp increase in sales. Carrefour expands deployment in France. New product family Continuum is launched.

2006
Eldat Communication Ltd. is acquired. Holding in Appulse Ltd. is sold.

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

2008
The product DotMatrix™ gains an ever greater impact. A respectable operating margin of 13 percent is reported.

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

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

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

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

1997
Pricer acquires Intactix, a provider of systems for retail space management. Cooperation is initiated with Telxon, a supplier of wireless networks featuring palm computers. Metro installs its first systems.

1998
Collaboration with Ishida of Japan is initiated.

1999
Deliveries to the Metro stores are completed.

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

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.

Shareholder information

Annual General Meeting

The Annual General Meeting of Pricer AB will be held at 2:00 p.m. on Friday, 24 April 2009, at Scandic Infra City, Upplands Väsby, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Wednesday 18 April, and must notify the company of their intention to participate no later than 4:00 p.m. on 20 April. Shareholders whose shares are held in the name of a trustee must temporarily re-register the shares in their own name well in advance of 18 April. 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 participating advisors. The Nomination Committee, consisting of Akbar Seddigh, Salvatore Grimaldi, Teodore Jeansson, 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 2008.

Financial calendar

In 2009, the quarterly financial reports will be published as follows:
Interim report January-March, 8 May 2009
Interim report January–June, 21 August 2009
Interim report January–September, 7 November 2009
Year-end report 2009, 12 February 2010

Information channels

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

Distribution of the annual report

For reasons of cost, the annual report is only distributed to the 500 largest shareholders and to those shareholders who have so requested. A digital version is available at www.pricer.com. A printout can be ordered directly from the company at info@pricer.com or by calling +46 8 505 582 00.

Glossary

Bi-directional: In ESL industry, means “two-way” communication. The Pricer system is bi-directional whereas other ESL suppliers offer one-way communication. The Pricer server sends data updates to the ESLs and the Pricer ESLs send back update confirmation. Bi-directional communication increases control, optimizes ESL system management and secures the ESL investment.

Bi-stable: A technology that can retain an image without power. The crystals in the display exist in one of two stable orientations (black and “white”) and power is only required to change the image. A major benefit of this technology is to allow ESLs to mimic paper labels (the appearance of ordinary ink on paper), with the same very low energy consumption as segment-based displays.

Cash & Carry: In retail industry, stores that are specialized in self-service for goods in large quantities (bulk).

DotMatrix™: Pricer’s own range of bi-stable pixel based displays.

Electronic paper: Also called e-paper, is a bi-stable display technology.

ESL: Electronic Shelf Labeling for price and product information at the shelf edge.

Installation: A store where Pricer ESL system has been installed. Installations can be “new installations” (first time) or “replacement” or “migration” (ESL and software are upgraded)

Migration: The replacement of one ESL system (ESL and software) installation to the next generation using the same wireless communication platform.

Pilot: A store that is designated to test the ESL solution in order to make a decision for deployment.

Segment based: Digital display technology that uses segments to display numeric and alphanumeric information. The Pricer Continuum ESLs are segment based displays.

Pixel based: Pixels are the smallest elements of an image. Bi-stable can create Pixel based displays to display all type of graphic information. This term is used to understand the difference between the possibilities with segment based and bi-stable digital display technology. The Pricer DotMatrix™ bi-stable ESLs are pixel based displays.

Platform: Interface between data creators and users: the Pricer platform communicates with the labels, the wireless communication infrastructure, the store’s back-office and different tools in the store (scanners, printers, etc).

Copy and production: Pricer
Graphic design: Progrezzo.
Photos: Pricer, FotoKenne
Repro and printing: Åtta45 Tryckeri AB, April 2009

HEAD OFFICE
Pricer AB
Bergkällavägen 20-22
SE-192 79 Sollentuna
Sweden
Tel: +46 8 505 582 00
Fax: +46 8 505 582 01

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

SALES SPAIN
Pricer SL
Av. San Esteve, 37 4 4
08 402 Granollers, Barcelona
Spain
Tel: +34 93 538 1300
Fax: +34 93 538 2294

SALES NORTH AMERICA
Pricer Inc.
5 Penn Plaza - 19 floor
New York, NY 10001
USA
Tel: +1 212 835 1515
Fax: +1 212 849 6901

SALES ISRAEL
Pricer E.S.L. Israel Ltd
30/A Hamasger Street
Tel Aviv 67211
Israel
Tel: +972 3 688 7879
Fax: +972 3 688 9151

www.pricer.com
info@pricer.com