

Annual report 2012





TagMaster

Identification you can trust



TagMaster in the world

TagMaster is the world leading supplier of advanced RFID solutions and was founded in 1994. The TagMaster RFID solutions provide robust and reliable identification at long distances and at high speeds up to 400 km/h. TagMaster products are ruggedized to operate in a wide range of environments, making them particularly suitable for the demanding applications in which they are used.

TagMaster RFID solutions work!

TagMaster has a global network of partners and the products have been installed in more than 50 countries.



TagMaster received a major order from Alstom early 2013

TagMaster AB Annual Report

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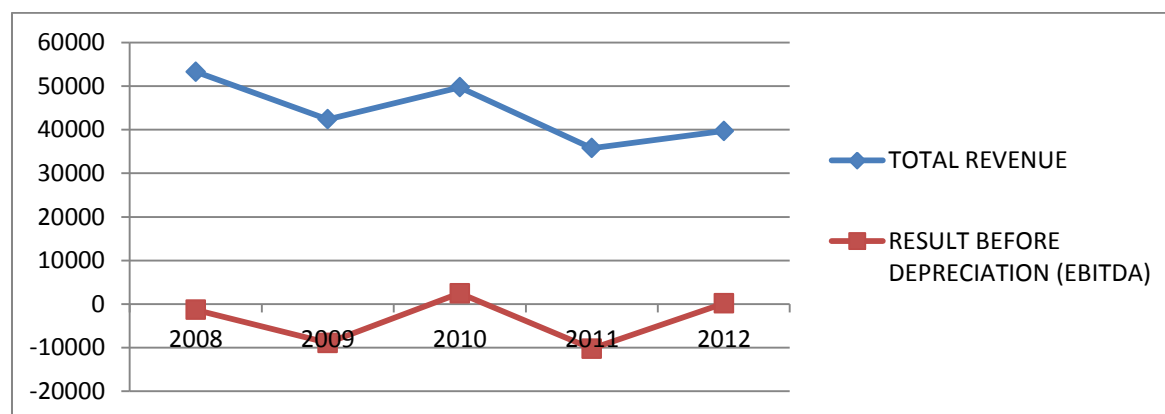
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2012 in summary

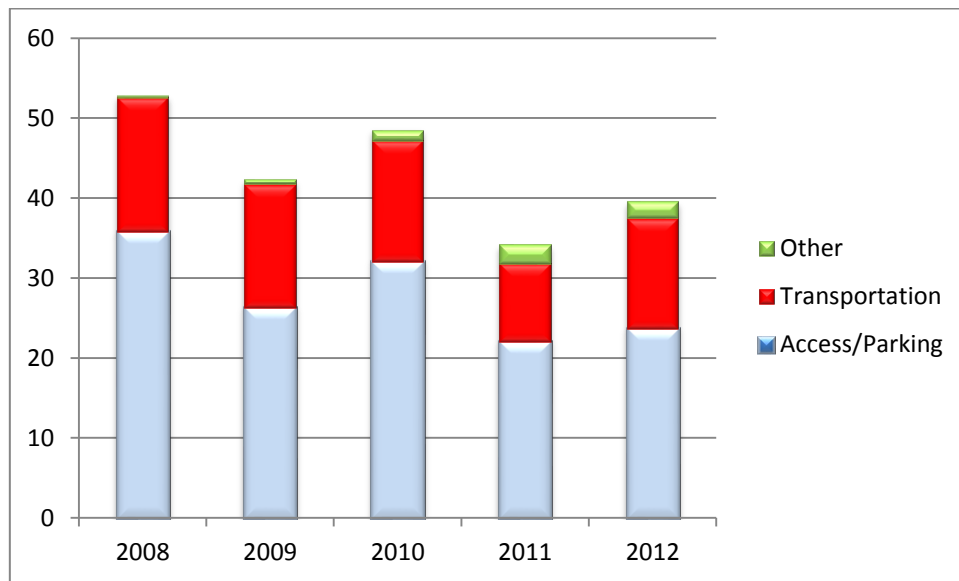
- **A year of consolidation after considerable losses and capital outflow during 2011**
- **High spend on consultants during the first half year in an effort to save cost**
- **New Chairman and Board of Directors appointed at the Annual General Meeting in June with background in TagMaster's business**
- **Recruitment of qualified sales and market oriented CEO**
- **Relocation to more efficient premises in Kista**
- **Sale of loss making subsidiary in Malaysia**
- **Increased sales by focusing on the business during the second half of the year**
- **Successful participation at the InnoTrans exhibition in Berlin**
- **Business with Trafikverket in Sweden established**
- **The new UHF program starts to take market share**
- **Important order received in Q1 2013 from Alstom in France**

TagMaster 2008-2012 in summary

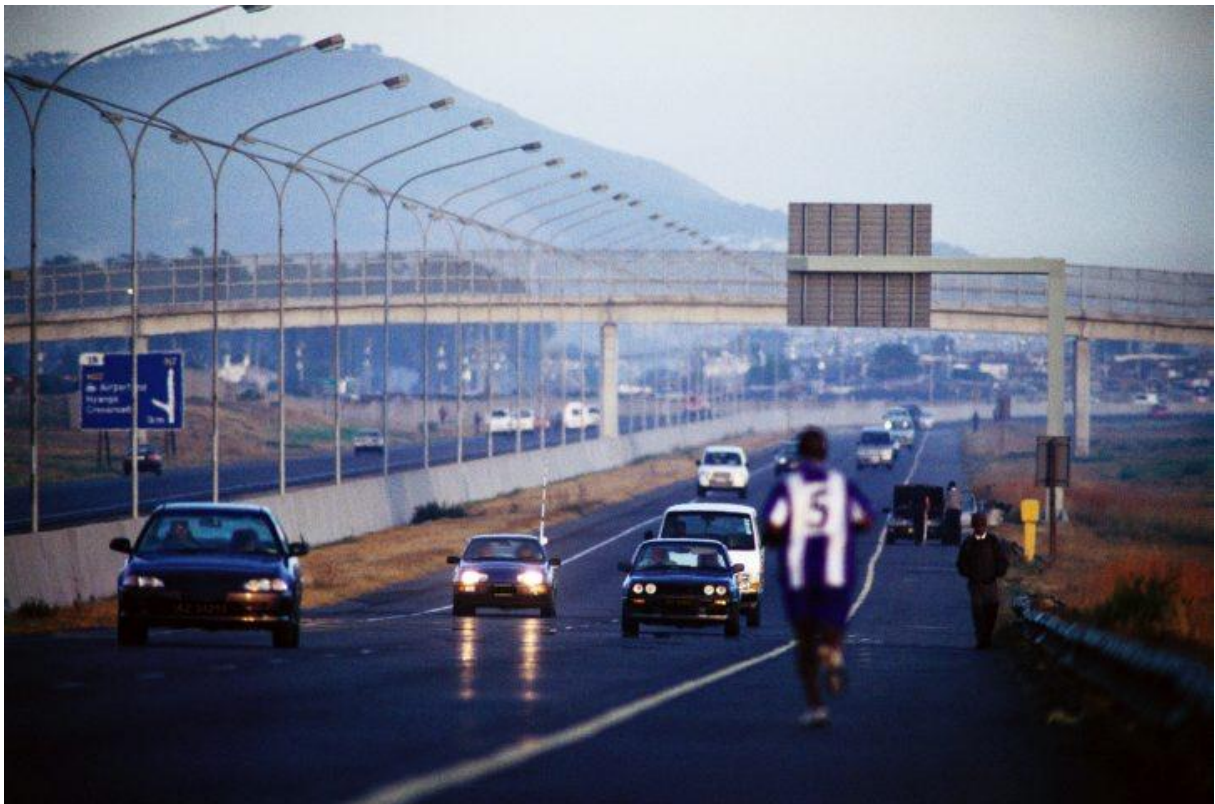
Income statement	2012	2011	2010	2009	2008
Result (SEK 000)					
TagMaster AB (publ.)					
Net revenue	39616	34190	48515	42373	53256
Activated work for the company	0	1011	1197	386	0
Other revenue	64	436	0	0	2169
TOTAL REVENUE	39681	35636	49712	42759	55425
Costs					
Purchased goods	-16881	-17291	-21825	-18350	-20420
Other external costs	-12050	-10615	-8495	-12242	-15429
Personnel costs	-10317	-15585	-14905	-20804	-20893
Other costs	-185	-402	-2007	-278	0
Items affecting comparability	-94	-1269	0	0	0
RESULT BEFORE DEPRECIATION (EBITDA)	154	-9524	2479	-8912	-1318
Depreciation and writing off	-1283	-1768	-1092	-699	-438
RESULT AFTER DEPRECIATION (EBIT)	-1130	-11292	1386	-9611	-1756
Financial income and costs	-4336	-1973	-185	-196	-675
RESULT FROM THE YEAR	-5466	-13265	1201	-9807	-2431



Key figures	2012	2011	2010	2009	2008
Operating margin	-2,8	-33,0	2,9	-22,7	-3,3
Net margin	-13,8	-40,6	2,5	-23,1	-4,6
Solidity	25,8	30,2	44,2	34,8	64,5
Return on Capital (ROC)	-133,6	-201,2	13,5	-85,2	-23,6
Return on capital employed (ROCE)	-34,4	-56,7	6,1	-41,4	-7,5
Result per share SEK	-0,05	-0,16	0,02	-0,21	-0,06
Average number of employees	12	18	17	19	21
Average number of shares 000	102695	80570	58144	47506	38850
Number of shares end of period 000	107732	95360	58506	47506	46506



Distribution of sales per product segment 2008-2012



Identification of moving objects is a growing business. TagMaster is present to take its share.

Introduction by the chairman



The year 2012 has been a very turbulent year for TagMaster. The first half year was very much characterized by a new and temporary management and with consultants trying to find cost savings. This lead unfortunately to less focus on the business and it was of course very tough for the companies personnel.

A new board was elected at the Annual General Meeting in June. This has led to a changed focus. The main focus became cash flow management and turning the business around. At the same time we had to make sure we were focused on the business and therefore focus back on our customers. We needed to set our strategy for going forward. We also needed to start the process to find a qualified sales and market oriented CEO for TagMaster. At the same time we had a recently acquired loss making business in Malaysia with very low sales to take care of. This latter task has lead after a couple of months to the conclusion to divest the Malaysian company. This was finally agreed in November when we sold the company to a Malaysian buyer already dealing

in RFID business in Malaysia. This lead to a write off of goodwill and loans to the parent company, loans given to cover losses since the company was acquired in May 2011.

The focus back on our business and on our customers has led to a growth in sales over 2011 of 16% and that we have positive EBITDA for the year compared to losses of about 10 MSEK for 2011. This has resulted in an EBIT of 5 MSEK in losses driven by the Malaysian companies goodwill and debt write offs.

Both our main business areas in our agreed strategy for going forward have shown growth and the interest for our products have increased in both areas. We see a lot of activity especially in transportation as we go forward.

The new CEO has been in place since the 1st of October and has made his first quarter during 2012, already setting a track of further focus on our customers and on how to grow the business based on the strengths of TagMaster.

We now go into 2013 with a cost efficient organization and with focus on our business. Cash flow will still be important and it will be closely monitored throughout the year. Our expectations for 2013 are both further increase in sales and a better bottom line.

Rolf Norberg
Chairman

The CEO about TagMaster



After a couple of months as the new CEO of TagMaster I think I have got a pretty clear picture of opportunities as well as challenges we will see during the years to come.

My first impression is connected to the competence and strong commitment found with the people at TagMaster both the deep competence within RFID and the application knowledge found throughout the company. I have also had a good impression of the company brand, which is strong in many markets in spite of the lack of focus seen over several years.

Our strategy is clear for the near future and it is about focusing on our customer, about focusing on the business areas and segments (Access/Parking and Transportation) where we have a strong offering and to focus on the geographical markets where we are already present and therefore could achieve profitable growth.

TagMaster has after many years of diffuse control and management, which in turn has led to lack of profit and negative growth, been able to turn the trend around and had a small growth and a very small positive operating result (EBITDA).

This is not for us to rest back, but it is just the first step on a long journey, which should turn

TagMaster around from a startup company to a profitable growth company.

Within Parking/Access we need to work closer to our customers to faster understand the needs their customers have. We need to build distribution channels, which could add value within the segments we work. We also need to sense the ever ongoing changes in the market.

Within Transportation we also need to work even closer with existing customers to be able to expand our business with them. Our expertise in a number of application areas is asked for and we should use this to build stronger business relations and thereby make our solutions even more important for our customers. With this model we could approach further actors within the Transportation sector and grow our already well known customer base, Technically we need to strengthen our product offering, especially within the UHF area, which is growing in the market and we should thereby also be able to assist our customers with a value offering also within volume applications.

Innovation has always been a success factor for TagMaster, but due to the losses during some years the company has not been able to invest sufficiently in product development. To further strengthen our world leading position we need to invest in innovations: The right products in the marketplace at the right moment.

To be manage our growth ambitions we also need to improve our supply chain function to be able to deliver existing and new products to our partners faster and with better precision.

We need to help our customers to sell more to their customers.

With our starting point in a clear focused strategy and a change in progress I am optimistic. We have all the requisites to achieve a profitable growth during 2013.

The year behind us has offered many challenges and I would like to thank all employees who have all contributed with excellent efforts during 2012.

Our vision, mission and position

Vision

TagMaster should be the preferred supplier globally of reliable identification solutions for applications on road, on rails, at sea and in the air

Mission

TagMaster should deliver robust, reliable and easy to install and easy to use identification solutions for demanding environments

Position

Identification you can trust



TagMaster has been installed on the London underground since 2005

TagMaster

Identification you can trust

Customers and business areas

TagMaster has established customer relations all around the world. With more than 150 partners in more than 50 countries there is a lot of activity with TagMaster products and solutions around the clock. The number of users and applications are increasing mainly due to the fact that TagMaster solutions are very reliable in demanding environments and thereby also offers an easy to install solutions with very low maintenance cost.

Parking garages, public transport priority signalling and toll roads are examples where TagMaster solutions have proven their performance. Another important area is in rail bound mass transportation as well as on national railroads to keep track on positioning as well as on rolling stock.

Access/Parking

The TagMaster distribution network is today composed of a few major distributors, a few traditional distributors and a lot of integrators in security/access control as well as in parking business. This business is to a very great extent characterized by many small orders related to single projects. This is especially valid for the many integrators. The major partners are TagMaster North America Inc in the US and TagMaster China, which are independent companies with a license to use the TagMaster name.



Fast automatic access for toll roads

The US company is focused on parking and access solutions with a small Transportation business. The Chinese company is covering both Access/parking and Transportation business. There is also a continued business relation to SensMaster (former TagMaster SB) in Malaysia where SensMaster is from the end of 2012 acting as reseller of the TagMaster products in South East Asia/Asia Pacific.

There is a plan for expanding the network of partners for the Parking/access business by establishing more regular distributors in major markets, especially the larger countries in Europe. This is to be able to reach out further into the integrator market without increasing the number of direct customers to TagMaster in Sweden. This should both improve the local presence and make TagMaster solutions available to many more integrators of parking and security/access.

Transportation



Accurate identification and positioning of trains and individual wagons

Transportation sales are very much project oriented and each one is often complex, in the sense that there is much more sharing of knowledge between TagMaster and its partner. This is necessary to find the best way to explore the advantages of the TagMaster technology. In this area the TagMaster team in Sweden need to be in direct contact with the

engineering teams of the partner and the sale is often also including some technical adaptation to a specific solution requested by the customer. This can be anything from small adjustments to major NRE (Non Recurrent Engineering) efforts paid by the customer. Bombardier, a leading rail and rail signalling provider globally has for many years been a regular partner in this field for TagMaster. Another major railroad supplier, Alstom in France, has just recently made their first major order to TagMaster in the first quarter 2013. SST in Holland (part of Voest Alpine Group) is using TagMaster solutions regularly for several years. During 2012 Thales, also a major signalling company has adopted TagMaster solutions. During the year, Trafikverket in Sweden has approved the TagMaster solution for their national rail and rolling stock control system, which is under roll out now and during the next couple of years. This is very interesting since this is a project which is also closely followed by their fellow organizations controlling the rail networks throughout Europe.

Logistics

Logistics is not currently a focus area for TagMaster, but there is certainly a potential for the future. Identification, traceability and efficient handling of all sorts of moving objects like trucks, containers, mine



Keeping track of trucks on the road...

vehicles and much more have similar demands of ruggedized and reliable products supplied by TagMaster.



...and on containers at sea are future opportunities for TagMaster

The market for TagMaster

The identification market is growing quite substantially which can be seen in the diagram on the following page. The market is divided into many application areas with several different technologies. The TagMaster products and solutions reside in an upper segment where demands are very high and thereby also the price level per item is substantially higher than in the mass market of RFID. The mass market is starting with object marking like library books and merchandise. A large market in volume is also access control in general for doors and gates. A part of this market has more advanced requirements and this is the lower end of the market for TagMaster. This includes tags and readers for parking and as part of access control systems in parking and other outdoor and more demanding applications where a longer reading distance is requested for convenience or for other reasons.



The public transport priority lanes is a growing market for identification

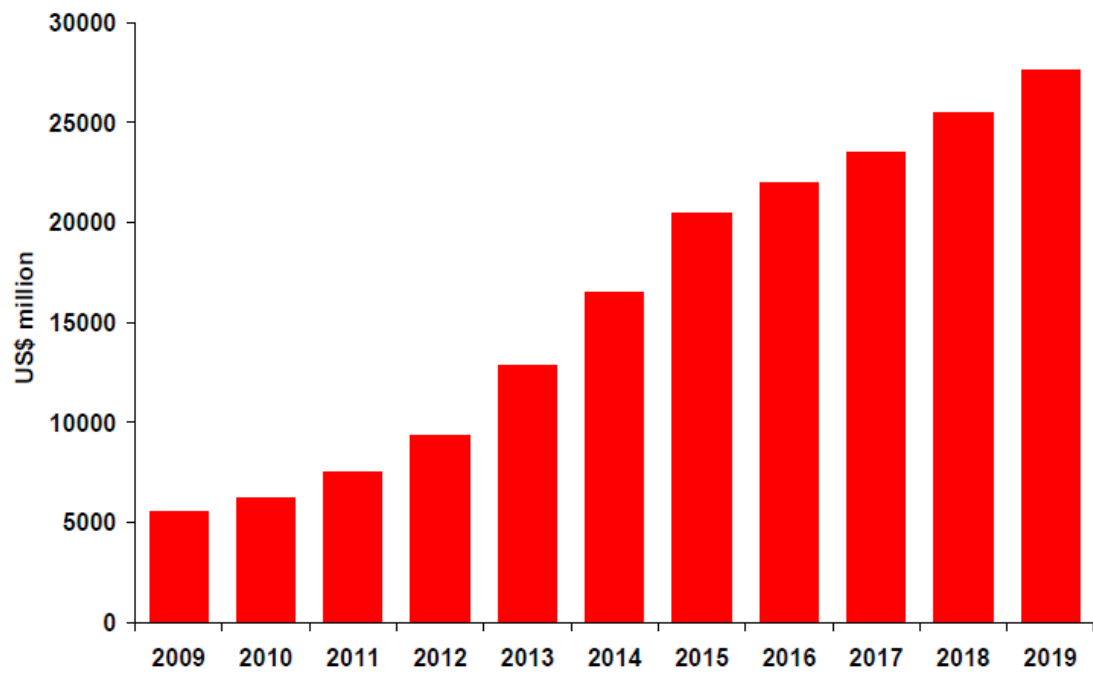
As can be seen in the pie chart on the next page the total revenue of the growing RFID market is composed of many different application areas. TagMaster is active in a selected group of them, while the Microwave and UHF identification solutions are actually present and providing advantages in several others.

Looking at application areas where TagMaster is active today active, Access Control and Rail Transport, they are both composed of several parts where large volumes are found in the low end of passenger tickets. There is, however, also a high end of mass transport control systems connected to the signalling and train control systems where TagMaster solutions do have a given position and where there is still much room for growth.

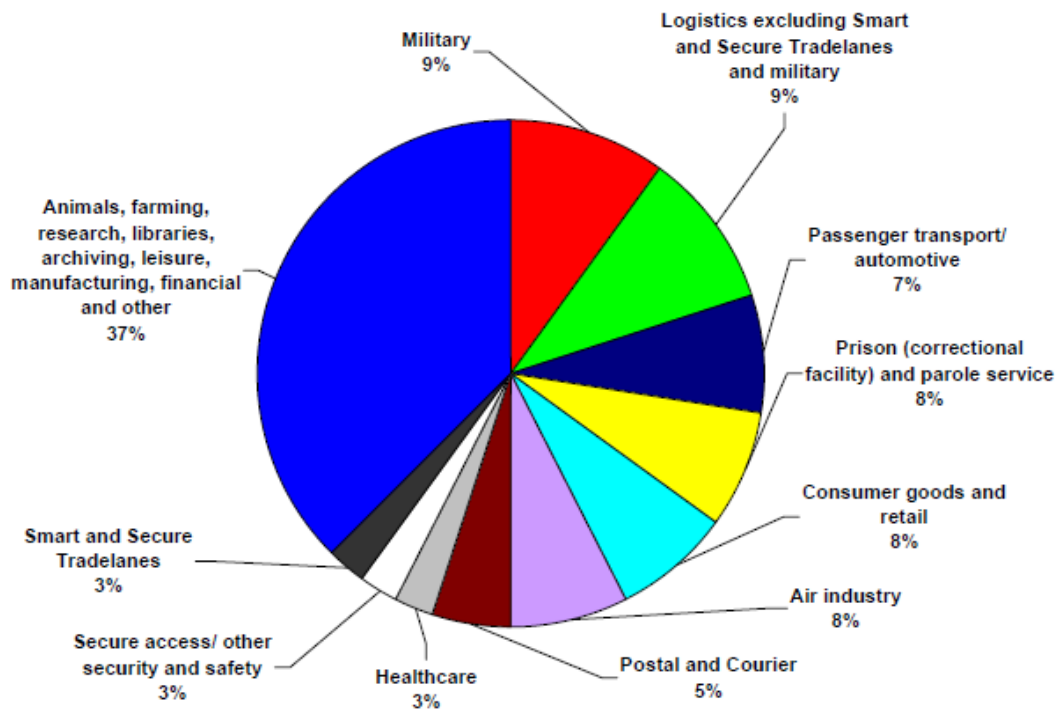
The area of logistics, which represents the biggest potential, has a lot of interesting opportunities still more or less untouched by TagMaster and this should provide an interesting next step for the company. It is not a homogeneous area, but rather a lot of smaller and bigger applications, some of them overlapping with the present rail transportation segment, but also going into road, sea and air transportation.

The bar chart on top of next page shows a growing market for RFID over the next decade.

Global market for readers, software and services in millions of dollars 2009-2019



Source IDTechEx



Source IDTechEx

Competition

The market for RFID is a market of many players worldwide. As can be seen from the figure in the previous chapter there are also several areas of RFID with different technologies and different application areas. The biggest segments are by far ticketing, shop lifting protection and access control. These are also areas with very tough competition and price is always an issue or even the issue. Especially the tags are down to cents and also readers need to be very cost efficient and are price sensitive due to the volumes used in these applications. On every bus or train, in every shop and at every door.

TagMaster is active in a different area of highly demanding applications, but where performance is the real issue.

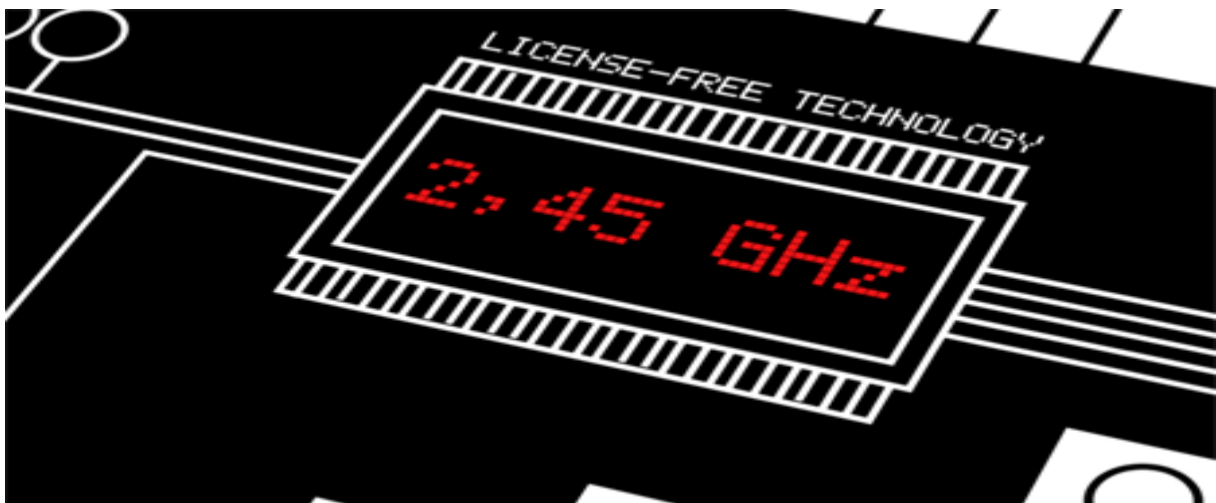
What counts is:

- Reading distance
 - Reading speed
 - Robust design
 - Climatic resistance – rain, snow, high and low temperature
 - Environmental stress – magnetic and electric fields
- Dirty environments
 - Mechanical stress – vibration and shock
 - Reliability to safeguard safety and security under all these conditions

In this area there are also competitors specialized in different applications like transportation and train safety, parking access, public transport monitoring and control, toll roads etc.

The main competitors on the international market are small specialized companies as well as departments or smaller daughter companies in bigger company Groups. Competition is found in several European countries as well as in the US and in Asia.

Another form of competition is found in other technologies, which may serve a similar purpose as RFID in certain applications. This includes GPS positioning, other RF systems like Bluetooth and Wi-Fi, There are also things like ZigBee and NFC (Near Field Communication).



Potential, products and opportunities

TagMaster has products, readers and tags, in the microwave area (2,45 GHz) and in the UHF area (860-930 MHz), which is becoming increasingly popular. Both technologies have their advantages for different applications, speed, reading distance, noise immunity, price and total cost. The TagMaster products are for both areas in the high performance segment, very robust, working in all sorts of tough environments. The products all have high resistance to heat, cold, snow, ice, rain, vibration, dirt, electric noise and RF disturbance etc. What TagMaster also adds as a very important customer value is know-how. This know-how is coming from the deep knowledge about the technology used, but also from the many different applications for which the TagMaster products have already been used.

The TagMaster distributors and integrators, who use our products continue to use them over and over again most of all because it is technology that really works. This means efficient installation, it works first time and it lasts, which means also low maintenance cost and no need to go back once it has been installed. This also means that there is a lot of potential in developing the distribution network for the TagMaster products in access



Taxi access control in e g airports is a typical TagMaster application

control/security and parking. By going through local distribution in major markets a channel will be opened up to many more integrators of access and parking solutions. For many applications in this market segment the microwave technology has advantages. The new reliable UHF technology from TagMaster is also expected to take market share during the coming years. For the UHF technology this could be with TagMaster tags or other suppliers of various type of low cost tags. The reliable readers from TagMaster will still make the difference.

The transportation segment is focused on rail bound solutions for mass transit and national rail. With the TagMaster experience and know-how and with reference to the advanced solutions where the products have shown their performance, there is a very good potential to add further train and signalling manufacturers to the customer list. This is a work with high priority during 2013 and going forward.

Looking further afield, there is much more to do in transportation. TagMaster has been involved in a many different projects in e g public transport and in airport luggage cart logistics. This is just examples and there is much more potential in this very wide area. We will have an open mind for opportunities to develop skills and to enter into such new areas or to do more in areas we have already tried successfully.

In summary, TagMaster is a small player in a big market with a good growth potential. The future success depends on the company's ability to explore the opportunities.

Targets and strategy

A growing organization is a healthy organization. A growing company is also interesting to work for. It provides opportunities for personal growth and development and it attracts good and skilful people. TagMaster has not been a growing organization for many years. It could more be characterized as a stagnating or even shrinking business. We need to change this and there are a few obvious steps to take to achieve this change.

Strong management

This starts with the board and the top management. There is a need to share the vision where to go and there must be a strong CEO to lead the business forward on a daily basis. The vision need to be shared by all, the board, the CEO and the employees. And the vision needs to be communicated and understood also by the owners to get the necessary support to go forward.

A strategy

Based on the vision there is need to also have a strategy. What should the company focus on? What customers and applications should be the ones we build our business on? What products do we need to go forward with these customers and applications?

The business organization and the economy in good order

Based on the vision and strategy, who is responsible for and who is doing what? There is need for financial stability.

Profitable business

The company should primarily be able to finance its own organic growth with its own operational cashflow. This is possible by doing

sufficient business at reasonable profit and keeping costs in control.

Growth

The strategy and organization should prove itself by creating organic growth.

Further growth

Further growth and stronger growth could be achieved through acquisitions. A condition for this is that the previous steps have been achieved and that they have proven themselves. There must be sufficient financial strength to take the risks which always follows on an acquisition. The strengths of the company should also be such that the acquired company could benefit from being acquired or that 1+1 becomes more than 2.

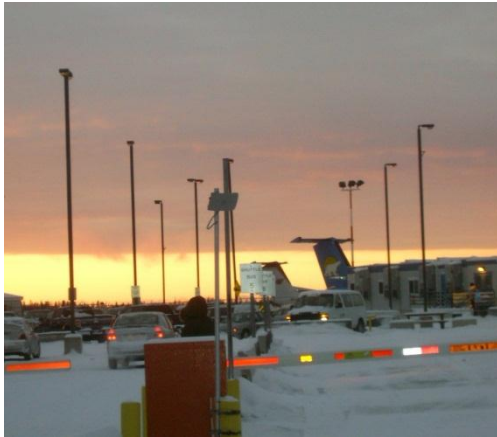
Targets

TagMaster should grow with 15% per year or more as average over a 5 year period. The EBIT should be more than 10% as average over the 5 year period and the business should be cash flow positive.

Strategy

TagMaster should through developing the distribution network and by working actively and close with the customers grow the access/parking market. TagMaster should also through maintaining good relationships and by giving active support to existing customers in the Transportation business make sure to develop this business. By actively searching for new opportunities with other potential customers in this segment and with reference to the existing applications new such customer relations should be established to grow and stabilize the business in this area over time.

TagMaster in the world



TagMaster RFID access control solution installed at Yellowknife Airport in the Northwest Territories, the busiest airport in northern Canada.

TagMaster North America, Inc has installed a robust TagMaster solution at Yellowknife Airport (YZF) for efficient, hands-free shuttle and maintenance vehicle access. Integrated with the RFID solution are the ACTS Essential access control system and Magnetic barriers.

ACTS (Access Control Tracking System) Essential, powered by ArmID, is an embedded access control software that allows the customer to add vehicles and activate tags, deactivate lost or stolen tags, open gates remotely, manage access schedules, and generate reports, all from a web-enabled, easy-to-use interface using any standard web browser.

The Yellowknife Airport, located approximately 250 miles south of the Arctic Circle, required a system that worked reliably in cold weather. The TagMaster system allows repeat airport customers driving shuttles hands-free access and automatic entry to pickup lanes. Shuttle drivers are now able to attend to their customers quickly

and efficiently, without having to manage paper tickets for a revenue system.

The system has worked flawlessly in the frigid northern Canada climate which averages -27 F (-33 C) in January and has seen record lows of -71 F (-57.2 C).



Tongji University has their own test railroad equipped with TagMaster RFID solutions

TagMaster China is TagMaster's distributor in China covering the full range access control and transportation sectors in China. TagMaster China supports a large number of local system integrators and regional distribution channels across China with local language documentation and support. In addition to its sales activities, TagMaster China is supporting an RFID development laboratory at the Tongji University in Shanghai. The university is using TagMaster's high performance RFID equipment to educate students who are developing and testing RFID applications for Railway and Mass Transit systems. The laboratory, which is located at the newly built JiaDing Campus, has its own 700m section of test track and locomotives, which will also be used to verify RFID applications developed at the university. Tongji University is one of Chinas leading universities, directly under the State Ministry of Education in China.

Financial review

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Director's report

The board and the CEO of TagMaster AB (publ.), corporate identity number 556487-4534, hereby present the following annual report for 2012.

The business

TagMaster develops, get manufactured, markets and sells products, readers and tags, in the microwave area (2,45 GHz) and in the UHF area (860-930 MHz), which is becoming increasingly popular. Both technologies have their advantages for different applications, speed, reading distance, noise immunity, price and total cost. The TagMaster products are for both areas in the high performance segment, very robust, working in all sorts of tough environments. The products all have high resistance to heat, cold, snow, ice, rain, vibration, dirt, electric noise and RF disturbance etc. What TagMaster also adds as a very important customer value is know-how. This know-how is coming from the deep knowledge about the technology used, but also from the many different applications for which the TagMaster products have already been used.

Typical application areas for TagMaster's products are:

- Access control for parking in independent parking systems or as part of an access control system including entrances and doors and for which other technology is used.
- Positioning of railbound traffic to position trains, make traffic more efficient and for providing passenger information
- Priority systems for public transport in crossways and public transport lanes.

2012 in summary

Sales and result

For 2012 the company shows a net sales of 39,6 MSEK (34,2). The result after tax is -5.5 MSEK (-13,3), which corresponds to -0,05 SEK (-0,16) per share (totally 102,695,031 and 80,570,465 average number of shares during the year respectively).

By having a clear focus on customers and business during the year a substantial improvement has been achieved in both sales and result compared to the previous year, Growth has been achieved in the two main business segments as well as for the established 2,45 GHz products and the new UHF products.

The result for the year is reduced by the significant depreciations caused by the slow development of and following divestment of the company in Malaysia, which was acquired in 2011. The result from the ongoing business (EBITDA) was slightly positive for the year.

Costs during 2012 were 22,7 MSEK (27,8). In addition to this depreciation of shares and debts for the former

daughter company TagMaster S/B has been made with 4,2 MSEK (1,6).

The result for 2012 of -5,5 MSEK (-13,3) gives a solidity at the end of the year of 25,7 % (30,2).

Liquidity

Per December 31, 2012 TagMaster had 3,8 MSEK (4,7) including unused revolving credit. The revolving credit is 4,0 MSEK (4,0) and locked funds is 0,5 MSEK (0,5). The company further has a loan from ALMI of 0,6 MSEK ((0,8)

The operational cash flow has during the year been -0,4 MSEK (-4,7). Investments were 0,0 MSEK (4,3).

Liquidity planning for the company is based on regular follow-up of costs and sales and also a detailed analysis of the cash flow for the next future. Liquidity and cash flow have priority in the daily work and the dialogue with creditors, suppliers and customers is continuous. The board therefore today, and based on the reduced cost structure in the company and the positive sales development we see now, makes the judgment that the company has sufficient liquidity for the coming 12 months.

Accounts receivable were 4,4 MSEK (3,9) and accounts payable were 3,6 MSEK (5,5). The inventories were 5,8 MSEK (8,3), all by December 31, 2012.

Organization

The company had in average 12 employees during 2012. The employees in the divested Malaysian company are not included in this figure. During the year a new CEO has been employed and he started October 1.

Board work

The board has met 14 times during the year. Important matters which have been dealt with are the CEO issue, company strategy and direction, development of marketing and sales, divestment of the loss making Malaysian company and budget for 2013. The complete board was renewed at the Annual general meeting on June 14, 2012. The new board consists of Rolf Norberg, chairman, Joseph Grillo, Magnus Jonsson and Gert Sviberg.

Market

As described in more detail elsewhere in this annual report, TagMaster is active with its products and solutions in a growing market, which is significantly bigger than TagMasters present business. This is of course valid for RFID in general, but also for the niches of more qualified applications where TagMaster is active. It is therefore very

important for TagMaster's future actions and success to sell actively within the chosen segments of business.

The demand for TagMaster's products has been good during the year in both the Access/Parking and the Transportation segments. There are many active requests for railbound traffic solutions. The work together with a large and important customer during the year has led to a major order in the beginning of 2013 from Alstom, a large French train and signaling system supplier.

Divestment of the daughter company in Malaysia

After a period of bringing TagMaster AB and TagMaster S/B in Malaysia closer to each other, we have unfortunately concluded that TagMaster does not afford to have a loss making business during a longer period and we have been forced to divest the company. The company has not received sufficient orders to become self financing and the limited financial resources of TagMaster have been judged as making more use in TagMaster's own business. The increasing sales during the year for TagMaster demonstrates this a valid strategy.

Product development

The development resources have during the year been oriented towards finalizing, adjust and improve the requisites to produce and test the new products. Resources have also been used to actively support sales, especially within the area of Transportation.

Share option program.

There is no share option program in the company. The newly employed CEO has been offered by two major shareholders to buy 2,000,000 warrants for TagMaster shares, which he has accepted. This is a private agreement, which should be to the advantage of all shareholders.

Control balance made

Due to the development of the business in Malaysia and the following sale of the Malaysian company in November 2012 TagMaster has suffered a major loss in capital through write down of investment and debts related to TagMaster S/B. The total capital has come very close to 50% of the share capital and according to the Swedish Companies Act, the board of directors should, as soon as

the shareholders' equity capital is less than half of the registered share capital, make a balance sheet for liquidation purposes. The board of directors has done this and it shows that there is still some margin to 50% of the share capital, but that the margin is thin. To address this issue the board of directors proposes the AGM to decide on a reduction of the share capital by setting down the nominal value of the TagMaster share from 0,10 SEK to 0,05 SEK.

Looking forward

We go into 2013 with a new management, lower costs, increased focus and a clear strategy. We see an opportunity to make a significantly better year than 2012 with increased sales and a positive result for the full year 2013. We are already pleased to have the order from Alstom of about 1 MEURO.

The main challenges for 2013 are to prioritize our resources right in a market where our products are demanded and to make sure we can deliver through good forecasting in the production planning for our suppliers.

Shareholders

TagMaster AB (publ.) is listed and the share is traded at the market place First North. TagMaster's certified adviser is Remium AB. The number of shareholders per December 31, 2012 was 1563 (1687)

Disposition of result and dividend 2012 (KSEK)

Balanced result per 2011-12-31	-64 987
Overconsolidation fund	20 803
Year end result 2012	-5 466

For disposition to the AGM	-49 650
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The board proposes the accumulated loss to be balanced in a new account.

The board further proposes to decide on a dividend of 0,00 SEK for the year 2012.

Risks and risk management

General

Apart from the opportunity of TagMaster to grow and increase earnings there are also a number of different risk factors. Some of them are covered in the following but it is impossible to cover them all in this report. Other factors will always be there and depend on the global economic and political situation. These factors can also have a major impact on the TagMaster share and it could lose part of or whole its value. The following is a list of the most obvious risk factors and the ambition is not to cover everything.

Business risks

Partners: TagMaster has a number of bigger and smaller partners in more than 50 countries. These partners are distributors, resellers or integrators in the field of parking and access and within transportation. The biggest partner was in 2012 responsible for 11 % of the total sales. The five biggest partners were together purchasing 38 % of the total sales 2012. Loss of one big partner may have a significant impact on the TagMaster result at least short term. Long term the board judgment is that this could be compensated for by the company over time by other existing or by new partners.

Market economic situation: Future sales of TagMaster depend on the market situation in general, on the situation for its customers and on emerging new technology. This may be to the advantage, but also to disadvantage for TagMaster sales and thereby have a negative impact on sales, result and financial situation for TagMaster. This is even more important if there is a longer period of a weak or slow market situation.

Suppliers: TagMaster has all production and the logistic flow outsourced. This is very efficient and creates a great flexibility in the supply chain, both capacity and cost could be well controlled. But this also means that TagMaster is

very dependent on a few suppliers of which especially two are very important to TagMaster for its day to day business. If there should appear any problems with the supply from any of these suppliers it could have a negative impact on TagMaster since it would require some time to establish a new supplier. This could result in difficulties to deliver and thereby also lower sales and invoicing.

Competition: There is substantial competition in the RFID market. Both smaller and larger companies are there and the technology development is quite fast. Some of the larger companies could raise substantial financial resources, far more than a small company like TagMaster, and introduce new competitive technology. There is also the risk of small newcomers entering the market on either new technology or low price. This could impact TagMaster to become less competitive and thereby also experience lower sales.

Organization and personnel: TagMaster is today an attractive place to work with interesting and challenging technology and an international market to work for. This is important to attract and keep qualified and motivated personnel. Since it is a small organization TagMaster is, however, dependent on key personnel and anyone of them leaving may have a negative impact at least short term. The same is valid if there is a need to substantially raise salaries to attract new people. This may have a negative impact on the company cost structure.

Intellectual property: TagMaster has a number of own patents approved or applied for in a number of key markets. These patents are covering some of the core functions of the TagMaster products. TagMaster is also a registered trade mark. TagMaster also owns its own designs even if the tag producer also has some own intellectual property in the tags they manufacture for TagMaster. All other production

is contracted according to standard agreements between buyer and supplier.

Product liability and insurance: The customers have high demands on the TagMaster products and they get very clear information from specifications and data sheets about the products. There are very thorough test programs and routines within TagMaster and together with the suppliers to make sure the products live up to these specifications. It could, however, not be excluded that claims are raised due to product failure and due to products causing unexpected damage. TagMaster has insurance to cover such events, but in case insurance is not fully covering an event this could have a severe impact on the business, the result and the financial situation of TagMaster.

Financial risks

Financial situation: Per December 31 TagMaster dispose of 3,8 (4,7) MSEK of which there is a long term loan of 0,6 (0,8) MSEK, a bank credit of 4,0 (4,0) MSEK and a bank guarantee of 0,5 (0,5) MSEK.

TagMaster will also in the future use bank and other creditors to finance its business. To borrow money on the business or the balance sheet incurs certain risks. In case of major changes in the TagMaster business the ability to raise capital may change and this may in turn raise costs for credits and more of the cash flow must be used for interest and amortization.

Capital needs: The opinion of the board of directors is today that the present budget and

plans for the next twelve months need no further financing. Depending on the market development and the sales success there is, however, a financial risk that the present financing may show insufficient. There is never any guarantee that further capital could be raised and this depends on the market for Tagmaster, the situation of the company and the situation in the capital market. In case further capital need to be raised through a share issue this may lead to dilution for the present owners.

Currency risks: Around 82 % the TagMaster business transactions are in foreign currency. The most important currencies are EUR and USD. This means that the company is exposed to fluctuations in these currencies. The company is trying to minimize these risks by balancing currencies between production and sales, by price clauses in sales agreements and by currency contracts. Currency fluctuations can still have an impact on the company result and financials.

Credit and liquidity risks: TagMaster has many customers in different countries and with different payment culture. The spread of business has led to somewhat increased payment times and thereby also to increased credit exposure. There is always a risk that a company gets payment difficulties leading to losses in the accounts receivable. There are routines to check the financial situation of new customers and of existing customers regularly. Some customers are also requested to pay in advance to reduce the exposure for TagMaster.

Income statement

RESULT (SEK 000)	Note(s)	Full year	Full year
TagMaster AB (publ)		2012	2011
Net revenue	2,3	39 616	34 190
Activated work for the company	10	0	1 011
Other revenue	4	64	436
TOTAL REVENUE		39 681	35 636
<i>Costs</i>			
Purchased goods		-16 881	-17 291
Other external costs	5,6	-12 050	-10 615
Personnel costs	7	-10 317	-15 585
Other costs	8	-279	-402
Items affecting comparability		0	-1 269
RESULT BEFORE DEPRECIATION (EBITDA)		154	-9 524
Depreciation	10,11	-1 283	-1 768
Writing off		0	0
RESULT AFTER DEPRECIATION (EBIT)		-1 130	-11 292
<i>Financial income and costs</i>			
Interest income		0	23
Interest and financial costs		-141	-364
Depreciation of shares and debts daughter companies	12	-4 195	-1632
TOTAL FINANCIAL INCOME AND COSTS		-4 336	-1973
PERIODIC RESULT		-5 466	-13 265
RESULT PER SHARE		-0,05	-0,16
NUMBER OF SHARES, average		102 695 031	80 570 465
NUMBER OF SHARES, end of period		107 731 708	95 359 736

About 2012 reporting

TagMaster AB with daughter company TagMaster SB was a Group and accounting was made and shown accordingly. From the fourth quarter and for the full year the accounting is for TagMaster AB only since TagMaster SB has been divested by November 30, 2012.

BALANCE SHEET (SEK 000)

ASSETS	Note(s)	2012-12-31	2011-12-31
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Balanced expenditure for development costs	10	1 578	2 776
<i>Tangible assets</i>			
Inventory, tools and installations	11	257	258
Shares in daughter companies	12	100	3 109
Total fixed assets		1 935	6 143
<i>Current assets</i>			
<i>Stock</i>			
Goods for sale		5 777	8 307
<i>Short term claims</i>			
Accounts receivable		4 419	3 877
Other short term claims		1 183	832
Claims on Group companies		0	595
Current tax claims		430	416
Prepaid costs and work in progress	13	519	1 531
Cash and Bank		1 607	664
Total current assets		13 934	16 222
TOTAL ASSETS		15 869	22 365
OWN CAPITAL AND DEBT		2012-12-31	2011-12-31
<i>Own capital</i>			
Share capital (107 731 708 resp. 95 359 736 shares)		10 773	9 536
Bound reserves		42 967	42 967
Share premium reserves		20 803	19 241
Balanced loss		-64 987	-51 723
Result from the year		-5 466	-13 265
Total own capital		4 090	6 757
Provisions	14	31	31
Total provisions		31	31
Other debts	15	587	848
Debts to Group companies		93	93
Total long term debts		680	941
<i>Short term debts</i>			
Credit facility	16	1 760	0
Short term loans		0	2 873
Accounts payable		3 625	5 502
Tax debts		-	
Debts to Group companies		-	
Other short term debts		1 202	1 481
Accrued cost and prepaid income	17	4 480	4 779
Total short term debts		11 068	14 636
TOTAL OWN CAPITAL AND DEBTS		15 869	22 365
SECURITIES AND CONTINGENT LIABILITIES			
Liabilities	18	7 512	7 520
Pledged assets		None	None

Cash flow analysis

CASH FLOW ANALYSIS (SEK 000)	TagMaster AB (publ)	
	2012	2011
FROM ORDINARY BUSINESS		
Result before financials	-1 130	-12 924
Depreciations	1 283	3 400
Other non cash influencing costs	10	0
Received interest	0	23
Paid interest and finance costs	-141	-364
Increase/decrease stock	2 530	-2 085
Increase/decrease accounts receivable	-542	6 155
Increase/decrease other short term receivables	140	-825
Increase/decrease supplier debts	-1 877	-1 208
Increase/decrease other short term debts	-652	3 151
Cash flow from ordinary business	-379	-4 677
INVESTMENT ACTIVITIES		
Investment in daughter companies	0	-2 200
Investment in intangible assets	0	-2 130
Investment in tangible assets	-179	-46
Cash flow from investment activities	-179	-4 376
FINANCING ACTIVITY		
Share issue	0	7 863
New loans	1760	3 873
Amortization of loans	-260	-2 152
Cash flow from finance	1500	9 584
PERIODIC CASH FLOW	942	532
Cash at the beginning of the period	665	133
Cash at the end of the period	1607	665
Cash including not used credits	3 846	4 665

Change in own capital

CHANGE IN OWN CAPITAL (SEK 000)					
TagMaster AB (publ)	Share capital	Bound reserves	Share premium reserve	Balanced result	Total own capital
Own capital 2010-12-31	5 851	42 967	12 631	-51 722	9 725
Period result				-13 265	-13 265
Prioritized emission	2 925		4 938		7 863
New emission	760		1 672		2 432
Own capital 2011-12-31	9 536	42 967	19 241	-64 987	6 756
Periodic result				-5 466	-5 466
Prioritized emission	1 237		1 562		2 799
New emission					0
Own capital 2012-12-31	10 773	42 967	20 803	-70 453	4 090

Notes

Note 1 Accounting principles

The annual report has been set up according to "Bokföringsnämndens allmänna råd" with exception for BFNAR 2008:1. The accounting principles are unchanged compared to the previous year. Amounts are in KSEK.

Group accounting

At the end of the year TagMaster AB (publ.) did not own any active daughter companies. TagMaster S/B in Malaysia was divested in November 2012. Free2Move Asia S/B in Malaysia and TagMaster China Holding in Hongkong are under liquidation and had no business during the year. TagMaster Finance AB has had no activities during the last couple of years. This means that TagMaster AB (publ.) according to ÅRL chapter 7§3a will not have to set up any Group accounting. The figures in the annual report for 2012 are therefore only including the mother company. This is also the case for the figures for the previous year.

Receivables

Receivables are booked at the value with which they are expected to be paid.

Receivables and debts in foreign currency

Receivables and debts in foreign currency are valued to the exchange rate on the balance day. Profit and loss from receivables and debts from the business are shown at net value among other business income and business costs.

Income

Sales of goods is accounted for at delivery to customers and according to the sales conditions. Sales is accounted for as net sales without VAT and after any discount has been deducted.

Leasing agreements

All leasing agreements, financial as well as operational are accounted for as renting agreements (operational leasing agreements). The leasing cost is taken as cost at even rates over the leasing period.

Stock of goods for sale

The stock of goods has been valued according to the lowest value principle, i.e. the lowest of the purchased value and the real value on the balance day.

Tangible assets

Tangible assets are depreciated systematically over the expected lifetime. The following depreciation period is applied: Inventory, tools and installations: 5 years.

Balanced expenses for development expenses

The company is balancing expenses which are qualified for activation by BFN R1. Balanced development expenses are depreciated over 3 years. During 2012 no activation of development expenses has been done and the depreciation is thereby only for previously balanced expenses.

Periodization

Periodization of revenue and costs has been done according to fair accounting practise.

Cash flow analysis

The cash flow analysis is set up according to the indirect method. The accounted cash flow only covers transactions which lead to payments in or out.

Liquid means consist of, except for cash and bank, short term financial placements which are exposed to a very limited risk of value fluctuation and which are traded in an open market at known value or which have a shorter remaining run out time than three months from the day of investment.

Key definitions

Gross margin:	Sales minus costs for goods sold compared to sales.
Operating margin (EBITDA):	Operating result in relation to net sales.
Net profit (EBIT):	Result after financial costs related to net sales.
Solidity:	Own capital and untaxed reserves (with deduction for deferred tax) related to the total equity.

Return on own capital (ROC):	Result after financial costs related to own capital and untaxed reserves (with deduction for deferred tax).
Return on capital employed (ROCE):	Result before deduction of interest costs related to average equity.
Result per share:	Period result related to the average number of shares..

Note 2 Sales between Group companies

During the 11 months when TagMaster AB has owned TagMaster S/B there has been some business between the companies. TMSB has invoiced commission of 0,4 MSEK for the sales made of TMAB products and TMAB has invoiced TMSB for products to a value of 0,2 MSEK.

Note 3 Net sales distribution

<u>Geographical market</u>	<u>2012</u>	<u>2011</u>
EMEA	20 850	17 537
Asia Pacific	8 843	10 368
Americas	9 923	6 285
Total net sales	39 616	34 190

<u>Business areas</u>	<u>2012</u>	<u>2011</u>
Access	23 639	22 016
Transportation	13 869	9 790
Other	2 108	2 384
Total net sales	39 616	34 190

Note 4 Other income

	<u>2012</u>	<u>2011</u>
Contribution from "Länsstyrelsen"	64	436

Note 5 Remuneration to auditors

Mazars SET auditing firm AB	<u>2012</u>	<u>2011</u>
Auditing	269	156
Other auditing	-	-
Tax advice	-	-
Other services	-	-
Total	269	156

Auditing means the auditor's work to perform the legally required auditing and other auditing means different type of quality assurance services. Other services are services not included in auditing, other auditing or tax advice

	<u>2012</u>	<u>2011</u>
Note 6 Leasing costs		
Total leasing costs (excluding rent for facilities)	347	458

Note 7 Average number of employees, salaries and other remunerations and social costs

<u>Average number of employees</u>	<u>2012</u>	<u>2011</u>
Women	3	4
Men	9	12
Total	12	16

<u>Board</u>	<u>2012</u>	<u>2011</u>
Women	0	0
Men	4	4
Total	4	4

<u>Management</u>	<u>2012</u>	<u>2011</u>
Women	0	0
Men	1	1
Total	1	1

<u>Salaries and remunerations</u>	<u>2012</u>	<u>2011</u>
Board remunerations	550	648
CEOs: Anders Johansson January – June, Sven Wramner July-September, Jonas Svensson October - December	1 225	923
Other employees	6 751	9 951
Remuneration to Magnus Karnsund in addition to board remuneration	451	151
Total salaries and remunerations	8 977	11 673
Social costs on salaries	2 725	3824
Pension costs for CEO	37	198
Pension costs for other employees	819	1383
Total salaries, remunerations and social costs	12 558	17 078

Note 8 Non comparable costs

	<u>2012</u>	<u>2011</u>
Salary related restructuring costs		1 269
Total	0	1 269

Note 9 5 years in summary

Income statement	2012	2011	2010	2009	2008
Result (SEK 000)					
TagMaster AB (publ.)					
Net revenue	39616	34190	48515	42373	53256
Activated work for the company	0	1011	1197	386	0
Other revenue	64	436	0	0	2169
TOTAL REVENUE	39681	35636	49712	42759	55425
Costs					
Purchased goods	-16881	-17291	-21825	-18350	-20420
Other external costs	-12050	-10615	-8495	-12242	-15429
Personnel costs	-10317	-15585	-14905	-20804	-20893
Other costs	-185	-402	-2007	-278	0
Items affecting comparability	-94	-1269	0	0	0
RESULT BEFORE DEPRECIATION (EBITDA)	154	-9524	2479	-8912	-1318
Depreciation and writing off	-1283	-1768	-1092	-699	-438
RESULT AFTER DEPRECIATION (EBIT)	-1130	-11292	1386	-9611	-1756
Financial income and costs	-4336	-1973	-185	-196	-675
RESULT FROM THE YEAR	-5466	-13265	1201	-9807	-2431

Note 10 Balanced expenses for development work

	<u>2012-12-31</u>	<u>2011-12-31</u>
Total balanced forward from previous year purchased value	4 472	3 200
Activation during the year	0	2 130
Disposals during the year	0	-858
Saldo balanced forward from the year purchased value	4 472	4 472

	<u>2012-12-31</u>	<u>2011-12-31</u>
Akkumulated depreciations balanced forward from previous year	-1 696	-1 029
Depreciations during the year	-1 198	-1 043
Disposals during the year	0	376
Accumulated depreciations balanced forward from the year	2 894	1 696

Remaining value according to plan	1 578	2 776
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Not 11 Inventory and tools

	<u>2012-12-31</u>	<u>2011-12-31</u>
Saldo balanced forward purchased value	3 921	3 875
Activation during the year	153	46
Disposals during the year	908	0
Saldo balanced forward from the year purchased value	3 166	3 921

	<u>2012-12-31</u>	<u>2011-12-31</u>
Akkumulatied afschrijvingen balanced forward from previous year	-3 663	-3 420
Depreciations during the year	-21	-243
Disposals during the year	775	0
Akkumulatied afschrijvingen balanced forward from the year	2 909	3 663

Remaining value according to plan	257	258
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Note 12 Shares in daughter companies

	<u>2012-12-31</u>	<u>2011-12-31</u>
Saldo forward purchased value	4741	109
Acquired during the year	0	4632
Sold during the year	-4 641	0
Saldo balanced forward	100	4741

	<u>2012-12-31</u>	<u>2011-12-31</u>
Depreciation balanced forward	-1 632	0
Depreciation during the year	-3 009	-1 632
Sold during the year	4 641	0
Saldo depreciations balanced forward	0	-1 632
	100	3109

Outgoing balance

	<u>Own capital</u>	<u>Result</u>
TagMaster Finance AB, org.nr. 556590-3662	93	0
TagMaster China Holding Co Ltd (Hongkong)	0	0
Free2Move Asia S/B(Malaysia)	0	0
Total	93	0

Note 13 Prepaid costs and accrued income

	<u>2012-12-31</u>	<u>2011-12-31</u>
Prepaid costs	519	1 465
Accrued income	0	66
Total	519	1 531

Note 14 Provisions

	<u>2012-12-31</u>	<u>2011-12-31</u>
Guarantee undertakings	31	31

Note 15 Other liabilities

	<u>2012-12-31</u>	<u>2011-12-31</u>
Loans due in 1 year	261	261
Loans due in 2-5 years	326	587
Total	587	848

Note 16 Revolving credit

	<u>2012-12-31</u>	<u>2011-12-31</u>
Approved revolving credit	4 000	4 000

Note 17 Prepaid income and accrued costs

	<u>2012-12-31</u>	<u>2011-12-31</u>
Prepaid income	0	0
Accrued personnel costs	3 038	3 322
Other accrued costs	1 442	1 457
Total	4 480	4 779

Note 18 Guarantees provided

	<u>2012-12-31</u>	<u>2011-12-31</u>
Guarantees provided		
Company mortgages	7 000	7 000
Bank guarantees given	512	520
Total guarantees provided	7 512	7 520

The annual report has as can be seen below been approved by the board March 15, 2013. TagMaster AB (publ) result and balance sheet will be presented for approval at the annual general meeting April 18, 2013.

Kista March 15, 2013

Rolf Norberg
Chairman of the board

Joseph Grillo

Magnus Jonsson

Gert Sviberg

Jonas Svensson
CEO

My auditing report has been provided on March 15, 2013

Mikael Fredstrand
Authorized public accountant

Auditor's report

To the annual meeting of the shareholders of TagMaster AB
Corporate identity number 556487-4534

Report on the annual accounts

We have audited the annual accounts of TagMaster AB for the year 2012. The company yearend report is part of the printed version of this document page 20-33.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair representation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of TagMaster AB as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of TagMaster AB for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the loss be appropriated 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 March 15, 2013

Mazars SET Revisionsbyrå AB

Mikael Fredstrand
Authorized Public Accountant

Corporate governance

Since 2004 there is a Swedish code for corporate governance. It is not mandatory for TagMaster to follow the code. It has, however, been decided by the board to follow the code as far as it could be reasonable for a company, TagMaster's size. TagMaster has therefore made a voluntary adaption to the code. The balance between owners, the board and the company management is emphasized in the code. TagMaster has therefore since 2007 a nominating committee. The code is also requesting certain information to be provided on the company home page. This is also today the case for TagMaster.

Annual General Meeting (AGM)

The shareholders decide at the AGM according to Swedish law and TagMaster's company rules about board and other major issues about the company.

The board and its work

The present board was elected at the AGM June 14, 2012. The board is meeting regularly and during 2012 the board has met 14 times. There is an approved document governing the work for the TagMaster board.

Management team

The management has during 2012 gone through some change, but during most of the year it has been the CEO (which has changed twice), the financial director and the technical director. The CEO has together with the management team and the employees the full responsibility for the day to day business and to follow as well as to develop the company

strategy. The strategy should regularly be presented to and approved by the board.

Auditing committee

TagMaster is a small company and it has been agreed that the auditing committee issues should be handled by the board in its whole. There is therefore no special auditing committee.

Nominating committee

The nominating committee should be composed of the chairman, the three biggest shareholders per end of September the year before the AGM and one representative for the smaller shareholders. The nominating committee should propose chairman for the AGM, chairman and board members for TagMaster AB. The committee should also propose auditors and the remuneration of auditors and board as well as guidelines for remuneration of any additional assignments by the board members.

Investor relations

TagMaster should provide information about its business which is relevant, up to date and as fast as possible considering limitations which may come from other parties requests to keep a low profile on some business due to e g the competitive situation. All contacts with the external market is handled by the CEO and the appointed IR responsible person or in some cases the chairman. The main source of information is the company home page www.tagmaster.com.

Board of directors



Rolf Norberg, chairman, born 1949
1,571,621 shares in TagMaster AB
Also chairman in Dualtech IT, Gothenburgh
Dr Techn from Royal institute of technology
Work experience: Sandvik, Securitas, ASSA
ABLOY and Niscayah



Magnus Jonsson, board member, born 1966
501,644 shares in TagMaster AB
Marketing director at Imtech Nordic
Work experience: Aritech, GE, ASSA ABLOY
and Niscayah



Joseph (Joe) Grillo, board member, born 1957
500,000 shares in TagMaster AB
B.S. in Financials, University of Connecticut
Owner and chairman of Vanderbuilt security,
USA
Work experience: HID, ASSA ABLOY,
Digital Angel



Gert Sviberg, board member, born 1967
17,384,660 shares in TagMaster AB
Marine engineer
Running several own companies
Active in real estate development

Management and sales force



Jonas Svensson, CEO
100 000 shares and 2 000 000 warrants in TagMaster AB
Master of economics from Lund university
Earlier work for: Kinetico Inc. Smarteq Wireless, American Express and Siemens



Johan Franzén, CTO
50 000 shares in Tagmaster AB
Master of Engineering in Electronics from Chalmers
Earlier work for: Ericsson and Optillion



Richard Holt, sales director Transportation
108 000 shares in TagMaster AB
Mechanical engineer
Earlier work for: Identec, Autofill and Microlec



Lena Björk Melander, sales manager Transportation
100 000 shares in TagMaster AB
Power electronics engineer, IHM, Henley Management College
Earlier work for: Huber+Suhner, Andrew Corporation and Euromaint Rail



Olle Axling, sales manager Access/Parking
15 000 shares in TagMaster AB
Economics education, Lund university
Earlier work for: Procter & Gamble, Mobil Oil and Kuwait Petroleum (Q8)



Ann-Christin Barck, sales manager Access/Parking
0 shares in TagMaster AB
IHM
Earlier work for: Alcatel Telecom, Bedege and Mantacore

Shareholders

Largest shareholders per 2012-12-31

Name	Number of shares	% of shares
ÅLANDSBANKEN AB, W8IMY (Of which G.Sviberg privately 17 384 660 and through companies 378.000)	34 994 725	32,48
FAMILY HAMILTON/LEWENHAUPT INCLUDING COMPANIES	12 247 835	11,37
WESTLUND, JAN	7 307 976	6,78
NORDNET PENSIONS FÖRSÄKRING AB	5 328 793	4,95
AVANZA PENSION	4 755 533	4,41
PICTET & CIE	3 700 000	3,43
MIKAEL ARONOWITSCH INCLUDING COMPANIES AND FOUNDATION	2 418 400	2,24
BANQUE CARNEGIE LUXEMBOURG SA	2 233 777	2,07
NORBERG, ROLF	1 571 621	1,46
EUROCLEAR BANK S.A/N.V, W8IMY	1 518 750	1,41
HÖGLUND GUNNARSSON, GERD ULLA-BRITT	1 480 000	1,37
KBCI LTD CLIENT A/C	1 316 250	1,22
SESEMANN, EDGAR	1 046 062	0,97
SVÄRDSÄTER, LEGOLAS	803 000	0,75
HANDELSBANKEN LIFE & PENS. LTD	706 062	0,66
Others	26 302 985	24,42
TOTAL	107 731 708	100,00

Share holding by board and employees of TagMaster per 2012-12-31

Name	Position	No. shares
Rolf Norberg	Chairman	1 571 621
Gert Sviberg	Board member	17 384 660
Magnus Jonsson	Board member	501 644
Joseph Grillo	Board member	500 000
Jonas Svensson	CEO	100 000
Jonas Svensson	CEO, Warrants	2 000 000
Johan Franzén	Employee	50 000
Richard Holt	Employee	108 000
Lars Lindberg	Employee	8 000
Ronny Andersson	Employee	45 000
Mattias Nordenberg	Employee	38 694
Olle Axling	Employee	15 000
Lena Björk Melander	Employee	100 000
Hans Henriksen	Consultant	74 038

Information to the shareholders

Annual General meeting 2013

The annual general meeting (AGM) will be held at Middlepoint, Kronborgsgränd 1, Kista 2013-04-18 at 15.00. Relevant and actual information for the AGM will be held available at the TagMaster home page, www.tagmaster.com.

The proposal from the nominating committee will be published and available at the latest 2013-04-04.

Conversion of shareholder loan

On April 27, 2012 the board decided to convert the shareholder loan of 2,799,000 SEK into shares in the company.

Change of the nominal value of the share

Due to the development of the business in Malaysia and the following sale of the Malaysian company in November 2012 TagMaster has suffered a major loss in capital through write down of investment and debts related to TagMaster S/B. The total capital has come very close to 50% of the share capital and according to the Swedish Companies Act, the board of directors should, as soon as the shareholders' equity capital is less than half of the registered share capital, make a balance sheet for liquidation purposes. The board of directors has done this and it shows that there is still some margin to 50% of the share capital, but that the margin is thin. To address this issue the board of directors proposes the AGM to decide on a reduction of the share

capital by setting down the nominal value of the TagMaster share from 0,10 SEK to 0,05 SEK.

TagMaster share price development 2012-13



Disposition of result and dividend 2012 (KSEK)

Balanced result per 2011-12-31	-64 987
Overconsolidation fund	20 803
Year end result 2012	-5 466

For disposition to the AGM -49 650

The board proposes the accumulated loss to be balanced in a new account.

The board further proposes to decide on a dividend of 0,00 SEK for the year 2012.

Invitation to the Annual General Meeting (AGM) for TagMaster AB (publ.)

The board hereby is inviting the shareholders of TagMaster AB (publ) 556487-4534 to the annual general meeting (AGM) Thursday April 18 at 3 pm at Middlepoint, Kronborgsgränd 1, Kista. Coffee will be served from 2.30 pm.

Registration

Shareholders who wish to participate at the AGM should:

- Be listed by Euroclear as share holder on April 12, 2013 or earlier
- Register their intention to participate at the AGM no later than Tuesday April 15 to TagMaster
 - By letter (TagMaster AB, Kronborgsgränd 11, 16446 Kista attention Maria Nordgren)
 - By e-mail aktie@tagmaster.se

The registration for participation should include name, social security number or organizational number, address, telephone number and the number of shares. Any documents required or referred to like registration documents or proxies should be sent with the registration. Shareholders who have their shares held in trust, must to get the right to participate register the shares at Euroclear in their own name at the latest April 12, 2013. Shareholder may bring a maximum of two assistants to the AGM if the number of assistants are registered according to what is said about registration to participate.

Proposed agenda

1. Opening of the AGM
2. Election of chairman for the AGM
3. Establishment and approval of register of voters
4. Approval of the agenda
5. Election of one or two persons to adjust the minutes
6. Scrutiny if the AGM has been properly invited to
7. Presentation by the CEO
8. Presentation of the annual report and the auditors' report for TagMaster AB
9. Decisions:
 - a. Approval of the income statement and of the balance sheet
 - b. Disposition of the company loss according to the approved balance sheet

- c. Granting of discharge to the board and the managing director (CEO)
10. Decision regarding change of the nominal value of the TagMaster share
11. Decision regarding change of company statutes
12. Decision regarding remuneration to the board and the auditors
13. Election of chairman
14. Election of board members and of deputies if any
15. Election of auditing company and main auditor
16. Approval of principles for appointment of the nominating committee
17. Other questions
18. End of the AGM

Decision regarding profit or loss according to the approved balance sheet (point 9b)

The board proposes to balance the loss in a new account and that no dividend will be distributed for the year 2012.

Decision regarding share capital for TagMaster AB (point 10)

The board proposes to reduce the nominal value ("kvotvärdet" of the TagMaster share from 0,10 SEK to 0,05 SEK.

Decision regarding change of company statutes (point 11)

In the statutes paragraph 11: Change of kl 12.00 to kl 24.00.

Proposals from the nominating committee

The nominating committee has made a proposal which is presented separately covering points 2 and 12-16.

Other

Full documentation regarding the year 2012 for TagMaster AB should be found in this annual report published on March 15, 2013

Stockholm in March 2013

TagMaster AB
The Board

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TagMaster

TagMaster AB
Corporate identity number
556487-4534