

Annual Report 2007



Annual General Meeting

Gunnebo's Annual General Meeting will be held at 5.00 p.m. CET on Thursday 3 April 2008 at the Chalmers Student Union building, Chalmersplatsen 1, Göteborg, Sweden.

Registration

Shareholders who wish to participate in the Annual General Meeting must have their names entered in the register of shareholders maintained by VPC AB by no later than 28 March 2008, and notify Gunnebo AB by no later than 4 pm CET on 28 March. Shareholders whose shares are registered in nominee names must, if they wish to exercise their right to vote at the Meeting, have their shares re-registered in their own names by 28 March 2008.

Dividend

The Board proposes to the Annual General Meeting a dividend of SEK 1.60 per share and that the date of record for entitlement be 8 April 2008. It is expected that the dividend will be distributed by VPC on 11 April 2008.

Financial information 2008

Interim report January-March	25 April
Interim report January-June	22 July
Interim report January-September	23 October
Year-end release 2008	6 February 2009

These financial reports, which are published in both Swedish and English, may be ordered from:

Website: www.gunnebo.com

E-mail: info@gunnebo.com

Tel: +46 (0)31 83 68 00

Fax: +46 (0)31 83 68 10

Address: PO Box 5181, SE-402 26 Göteborg, Sweden

For further information, please contact Gunnebo

Group Communications:

Tel: +46 (0)31 83 68 00

E-mail: info@gunnebo.com

This annual report is a translation of the original in Swedish language. In the event of any textual inconsistencies between the English and the Swedish, the latter shall prevail.

Unless otherwise stated, all information in this annual report relates to continuing operations, i.e. it excludes Gunnebo Industrier.

Contents

Highlights of 2007	3
Gunnebo in three minutes	4
Comments by the CEO	6
Business idea, goals and strategy	8
Market and operations	
The security market	10
Business Line Bank	12
Business Line Retail	16
Business Line Site Protection	20
Business Line Secure Storage	24
After Sales Service	28
Sustainability Report	
Gunnebo and quality	30
Gunnebo and the environment	32
Gunnebo's employees	35
Financial reporting	
Contents, financial report	38
Board of Directors' Report	39
Definitions	42
Group Income Statements	43
Group Balance Sheets	44
Change in Group Equity	46
Group Cash Flow Statements	47
Parent Company Income Statements	48
Parent Company Balance Sheets	49
Change in Parent Company's Equity	51
Parent Company Cash Flow Statements	52
Notes	53
Proposed distribution of earnings	69
Audit report	69
Additional financial information	
The Gunnebo share	70
Five-year review	72
Risk management and sensitivity analysis	74
Corporate governance report	76
Board and Auditors	82
Group Management	84
Addresses	86
Gunnebo glossary	88
Gunnebo trademarks and product brands	90

Highlights of 2007

- Order intake increased organically by 3 per cent to MSEK 6,938 (6,762).
- Invoiced sales increased by 4 per cent to MSEK 7,025 (6,727). Organically, invoiced sales increased by 5 per cent.
- Operating profit improved to MSEK 349 (-27). Last year's figure included items affecting comparability of MSEK -243.
- Profit after tax amounted to MSEK 128 (-128).
- Earnings per share were SEK 2.80 (-2.90).
- The operating cash flow amounted to MSEK 175 (196) excluding structuring costs.
- The integration programme Gunnebo One Company was concluded.

Proposed dividend

- A dividend of SEK 1.60 (1.60) per share is proposed.

Outlook

Bearing in mind completed restructuring and integration programmes and the business opportunities offered by Gunnebo's customer-based organisation, the improved result pace is expected to continue also in 2008 and 2009.

SUMMARY	2007	2006	2005
Invoiced sales, MSEK	7,025	6,727	6,477
Operating profit, MSEK*	349	216	308
Profit after financial items, MSEK*	254	127	238
Profit after financial items incl. items affecting comparability, MSEK	254	-116	33
Operating margin, %*	5.0	3.2	4.8
Return on capital employed, %*	11.9	7.1	10.4
Profit per share after dilution, SEK*	2.80	1.85	3.75
Profit per share after dilution, incl. items affecting comparability, SEK	2.80	-2.90	-2.20
Net debt, MSEK	1,746	1,673	1,763
Operating cash flow, excl. structuring costs, MSEK	175	196	325
Equity ratio, %	24	22	25

*Excludes items affecting comparability

Gunnebo – a customer-focused security group

CUSTOMER

COMPETENCE CENTRES

Gunnebo's Competence Centres are responsible for the product development, manufacture and procurement of security products and systems. They supply the Customer Centres and markets where the Group does not have its own market presence with products and solutions within the following areas:

Competence Centre Secure Storage

Safes, vaults, vault doors, safe deposit lockers and locks. The products are marketed and sold under the brand names Chubb safes, Fichet-Bauche, Rosengrens and SecureLine.



Competence Centre Electronic Security

Software solutions for integrated electronic security systems.

Competence Centre Cash Automation

Systems for efficient cash-handling and electronic article surveillance.



Competence Centre Outdoor Perimeter Security

Anti-terrorist protection, fencing, boom barriers, gates and outdoor alarms.

Competence Centre Entrance Control

Access and entrance control, including gates, fences, road blockers, CCTV and alarm systems which prevent unauthorised access by vehicles and people.



Competence Centre Indoor Perimeter Security

Perimeter protection based on welded mesh panels for the automation and robot industries, material handling and logistics, in addition to equipment for the building sector. Marketed and sold under the brand Troax.

Gunnebo is a security group with companies in 25 countries and a presence in a further 100 markets. Gunnebo offers security products and solutions to banks, retail, facilities which require high-security protection and enterprises which require effective and secure storage. The Group has a turnover of MSEK 7,000 and 6,700 employees.

CUSTOMER CENTRES

In each of the 25 markets in which Gunnebo has its own operation, a Customer Centre is responsible for all marketing, sales, installation and service. The customer centres are organised in a uniform way with the Bank, Retail, Site Protection and Secure Storage Business Lines and a unit for After-Sales Service.



Bank

- Responsible for Gunnebo's offering to banks and other financial institutions which need to efficiently manage the constant flow of money, valuables and people whilst guaranteeing high security.
- The range includes products and solutions for secure storage, efficient cash management, access and entrance control, CCTV, burglar and fire alarms, site protection, and installation and service.
- Percentage of Group sales: 33 per cent.



Retail

- Responsible for Gunnebo's offering to clients in the retail sector who need efficient products and solutions to manage the flow of goods and cash whilst providing high security.
- The range includes secure storage, solutions for completely closed, recirculating cash management (SafePay™), electronic article surveillance systems, access and entrance control systems, CCTV, burglar and fire alarms, and installation and service.
- Percentage of Group sales: 10 per cent.



Site Protection

- Responsible for Gunnebo's offering to customer groups outside of bank and retail who require high-security protection. Examples of such facilities are nuclear sites, embassies, airports, ports, prisons and logistics centres.
- The range includes anti-terrorist protection, fencing, boom barriers, gates, outdoor alarms, access and entrance control, indoor perimeter protection and electronic security.
- Percentage of Group sales: 42 per cent.



Secure Storage

- Responsible for Gunnebo's offering of secure storage products to customers outside of the retail and banking sector.
- The range includes graded burglary- and fire-resistant safes and locks.
- Percentage of Group sales: 15 per cent.

CUSTOMER

Comments by the CEO

Dear Shareholder,

During 2007, Gunnebo completed its first year as a customer-focused security group with a well-defined strategy and clear priorities. We experienced good organic growth which fulfilled the corporate goal of 5 per cent. A loss after financial items of MSEK 116 was turned into a profit of MSEK 254 during 2007. We have completed the company integration in France, concluded factory and office relocations and opened a European distribution centre for safes in Germany. We are well equipped for both further organic growth and greater profitability.

Gunnebo's business orientation

The Gunnebo security group has grown since 1993, primarily through over 40 company acquisitions, which in recent years have been integrated to create a homogenous European Group which also holds important market positions in Asia, particularly in countries around the Indian Ocean and in Canada.

Gunnebo's security solutions are intended to prevent or reduce the effects of terrorism, theft and sabotage, hence our motto of "Gunnebo – for a safer world". Gunnebo offers protection against intrusion through physical barriers and electronic security. We also specialise in combining security and control in cases where many people and vehicles must pass into or out of facilities. Gunnebo also offers secure and effective ways of handling and storing cash and valuables for banks and retail in particular. Gunnebo is a customer-focused company. We develop and adapt our security solutions to meet the needs of a few important customer groups: banks, retail and sites requiring a particularly high level of security protection.

Security – a growth market

Within our core Business Lines of Secure Storage and Entrance Control, the markets in Europe, the Middle East and Africa (EMEA) are growing by 5-7 per cent annually. Throughout this region, Gunnebo holds important market shares and is in an excellent position for further growth. The same applies to India, Indonesia, South-East Asia, South Africa and Canada where we are also well established. The market for Electronic Security is growing in a similar way and our position is good in Southern Europe in particular, with scope for growth in other regions within EMEA.

During the early 2000s, Gunnebo primarily

grew through acquisitions, while the companies that were acquired had limited organic growth. The aim of integrating Gunnebo's operations is to create a competitive security group with high profitability and the ability to grow. Gunnebo grew organically by 4 per cent during 2006, and by 5 per cent during 2007. Many areas of our operation grew by much more, but we also had certain Business Lines which had to be reduced or phased out, as they were not sufficiently profitable. Until these Business Lines have been phased out, it will be difficult to significantly exceed the growth target of 5 per cent.

Developments during the year

The business climate on the whole has been good, although in some countries we have seen a lower level of activity within the banking sector as a result of mergers and restructuring. The first quarter began with a strong order intake, due to a large bank order for a central bank in the Middle East/Africa. The order intake then slackened off during the second and third quarters. During the final quarter of the year, the order intake was very positive in all Business Lines except for Site Protection, the order intake for which could not match the record order intake for metro-gates achieved during the fourth quarter of 2006. The operating margin for each of the quarters was higher than during the previous year, almost entirely as a result of lower sales and administration costs.

France

France is Gunnebo's largest market with a quarter of sales. During the year, nine companies who work with French customers merged, changed business system, rationalised their administration and reduced the number of employees by approximately 50 people.

Despite the comprehensive changes, both order intake and operating margin were maintained at virtually the same level as in 2006. We lost some momentum in France during 2006 and 2007, but we will soon regain it and I expect France to be a major contributor to Gunnebo's profit improvement in 2008.

Financial position

As an average over the year, net debt was lower than during 2006, but increased at the end of the year in order to finance a higher working capital. The tax burden as a percentage of the full-year profit is no less than 50 per cent, but tax paid



stays at 25 per cent of the net profit. The equity ratio was strengthened slightly from 22 to 24 per cent. During 2008, we expect to return to a more normal tax rate, 32-38 per cent, which means that the equity ratio will be strengthened at a faster rate than during 2007.

Gunnebo – the company of the future

There is a lot that feels good in Gunnebo right now. We find ourselves in an interesting and growing sector, where traditional solutions and standards are being combined with new technology and innovation. We have created a security company which can combine many or all relevant technologies for selected customer segments, an approach which is entirely new in the security market. We are one of few companies that are equipped to serve international customers in a uniform way with the same concepts and solutions. Many customers have become aware of the comprehensive security solutions that Gunnebo can offer today compared with two years ago. Our customers are very positive about this change, and we have also retained their confidence and business during this transitional period.

In addition to the more traditional, albeit advanced security solutions, we have been marketing some very innovative, new products for many years. I am referring to our automated safe deposit lockers, which make the deposit locker available 24 hours a day to customers and also create a new business opportunity for the banks. I am referring to our recently developed access control

system for airports, which automates passport control and aircraft boarding, helping to make the process more efficient. I am also referring to our completely closed, recirculating cash-handling system SafePay™ for the retail sector. Approximately 2,000 checkouts in 400 shops now have a SafePay installation. Payments are processed quickly, the customer is given the correct change, no cash loss occurs and the cash does not need to be counted at the end of the day. Productivity, service levels and security increase markedly. The system also makes it difficult to steal the cash, something to think about with the current increase in store robberies. During 2007, we began to upgrade all existing SafePay systems in the Nordic region to our latest standard. We were immediately rewarded in Denmark when three large retail companies adopted SafePay as their standard and ordered several hundred systems.

Colleagues

The year saw the launch of a share and option programme aimed at 120 senior executives. Those who already had shares or who purchased shares in the company also got the chance to subscribe to a certain number of options at market price. Half of the 120 managers are participating and are therefore shareholders and option-holders.

According to the election committee's proposal, two of Gunnebo's founders are leaving at the AGM: Chairman Roger Holtback and former CEO and Board member Bjarne Holmqvist. Without their vision, endurance and creativity, the many acquisitions would never have happened and no security group would have been created. We, the people they leave behind to develop Gunnebo further, are grateful for their enormous contributions.

Gunnebo also salutes many everyday heroes. Here, I am referring to the many employees who every day work untiringly in the best interests of our customers: producing, installing, serving, troubleshooting faults and solving problems with a smile, even in the biting wind. Thank you. I am convinced that together we will continue to build a more profitable Gunnebo which is also growing organically.

Göran Gezelius
President and CEO

A safer world is possible

GUNNEBO'S SALES



- Product and System Sales, 60%
- Installation, 20%
- After-Sales Service, 20%

SALES BY PRODUCT CATEGORY



- Secure Storage, 34%
- Entrance Control, 21%
- Electronic Security, 21%
- Cash-handling Systems, 4%
- Special Products, 20%

PRODUCT SUPPLY



- In-house Manufacture, 40%
- In-house After-Sales Service, 20%
- Purchased Goods and Services, 40%

The Gunnebo security group is a professional supplier of security products and systems. Customer focus and quality in everything we do are key to profitable growth. With a high level of integrity and a desire to collaborate, we help our customers to create a safer world.

Gunnebo's business idea is to supply security products and systems which combine a high level of security with large flows of money, people, vehicles, goods and other valuables. The Group's products and systems cover cash automation, access control, intrusion protection, burglar and fire alarms, indoor and outdoor perimeter protection and installation and after-sales service. The primary focus is on the customer groups of bank, retail, site protection and other customers requiring high security solutions for secure storage.

Creating a safer world

Gunnebo's objective is to supply effective security products and systems in order to help customers create a safer world: for their employees, by creating a more secure working environment; for their customers, by providing more effective security solutions and for their valuables, by providing high security solutions for secure storage. The aim is to be a leading supplier of high security solutions, in the first instance in Europe, in the countries around the Indian Ocean and in Canada.

Financial goals

- Gunnebo shall earn a long-term return on capital employed of at least 15 per cent and an operating margin of at least 7 per cent
 - The equity ratio shall not fall below 30 per cent
- With the current capital structure, an operating margin of 7 per cent equates to a return on capital employed of 15 per cent.

Operational goals

- Further development of the range of security systems
- Further improvement in gross margins
- Further improvements in processes relating to quality, logistics and infrastructure
- Further development and reinforcement of the service businesses

Growth goals

- The Group shall achieve organic growth of at least 5 per cent a year
- Geographically prioritise growth in the markets in Europe, the markets around the Indian Ocean and in Canada

A customer-controlled growth strategy in practice

The basis for the Group's strategy is to supply customised security products, systems and service to the prioritised customer groups.

Common to Gunnebo's customers is that they have demanding quality requirements for the products and systems that are installed and for efficient after-sales service. This means that the quality awareness and expertise, as well as values and attitudes, of every single employee are important factors for success. The revised Code of Conduct, the Group's Core Values and the Quality Policy that was drawn up during 2007 are therefore important tools for achieving the established goals.

The growth strategy Gunnebo One Company

Within the framework of the growth strategy Gunnebo One Company, during 2006 and 2007 the Group underwent major structural and strategic changes, primarily aimed at meeting customer needs. One result is that today Gunnebo has a similar organisation within each of the Group's 25 Customer Centres, with the Business Lines Bank, Retail, Site Protection and Secure Storage, in addition to the unit for After-Sales Service making up the sales organisation in each market.

Having the same organisation for marketing, sales, delivery and after-sales service within all the Group's Customer Centres creates the opportunity to duplicate and repeat successful business and marketing concepts.

Product supply strategy

The Group's six Competence Centres – Secure Storage, Cash Automation, Entrance Control, Electronic Security, Outdoor Perimeter Security and Indoor Perimeter Security – are responsible for the Group's product development and product supply. This takes place partly through in-house production within the 12 production lines and the six assembly lines and partly through subcontractors. 40 per cent of the Group's invoiced sales relate to products and systems from in-house production.



Product strategy

Of the Group's sales, 60 per cent relates to product and system sales, 20 per cent to installation and 20 per cent to after-sales service.

With the aim of highlighting the five product groups which cover the entire Group's product and system sales, Gunnebo presented a product strategy during the late autumn of 2007. This strategy brings together the Customer Centres and Competence Centres in a natural way through the five product groups: secure storage, entrance control, electronic security, cash automation and special products.

Geographic growth strategy

Geographically, Gunnebo will prioritise growth in the European markets, the markets around the Indian Ocean and in Canada. In dialogue with key customers, Gunnebo will also primarily focus on further developing the existing range of security products, systems and services within the respective markets.

Core businesses under a common brand name

Thanks to ongoing, consistent work, Gunnebo is today a strong, well-known brand name and one of the Group's strategic assets.

According to the Gunnebo One Company growth strategy, since 2006 all marketing and sales of security products, systems and services has taken place under the common brand name Gunnebo. The markets in France, Spain, Portugal, Indonesia and South Africa are using double brand names

Gunnebo's Core Values

All work that is carried out within Gunnebo is based on the Group's five Core Values, which together with Gunnebo's Code of Conduct set the standard for the way in which all Gunnebo employees do business and collaborate with customers, suppliers and society in general and with each other. The Core Values and the Code of Conduct are also to be applied when the Group's collaboration partners do business under any of our brand names.

Customer Focus

A customer is someone who makes use of or receives the products or services of an individual or an organisation. We are customer-focused because the customer is our centre of activity and interest.

Commitment to Quality

We are dedicated to offering high-quality security solutions worldwide. Our goal is to deliver levels of quality that meet or exceed the expectations of customers, colleagues, investors and business partners. Each one of us is responsible for maintaining this high level of quality in everything that we do.

Professionalism

We are proud professionals in every aspect of our business. We have an in-depth knowledge of security products and solutions. We are capable of dialogue with our customers to identify which products or solutions suit them best.

We offer professional products and support, such as on-time installations, error-free security solutions, and fast, reliable after-sales service.

Integrity

We shall conduct ourselves ethically in all relationships. Honesty, respect, commitment, truth and honour are more than just words; they form the principles which govern the way we do business.

Cooperation

We are building and developing Gunnebo together, working together. Helping, supporting and respecting each other are essential to our success.

for a transitional period. An exception from the strategy is the business area Secure Storage, where marketing and sales take place under the well-known brand names Chubb safes, Fichet-Bauche, Rosengrens and SecureLine. Systems and products for indoor perimeter protection will also continue to be marketed and sold under the Troax brand name.

FINANCIAL GOALS

Long-term goals

Outcome

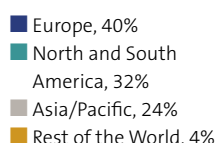
		2007	2006	2005	2004	2003
Return on capital employed, %*	15	11.9	7.1	10.4	14.1	13.0
Operating margin, %*	7	5.0	3.2	4.8	6.0	5.5
Equity ratio, %	>30	24	22	25	30	36
Organic growth, sales income, %	5	5	4	-2	-1	1

* Excludes items affecting comparability

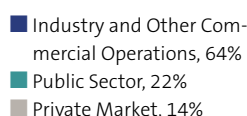
The security market

– a fragmented growth market

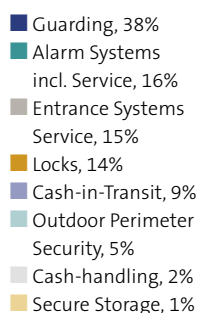
THE GLOBAL SECURITY MARKET



THE GLOBAL SECURITY MARKET BY SECTOR



THE EUROPEAN SECURITY MARKET



A growth market that is characterised by discretion and ever more demanding requirements. This is the market that Gunnebo operates in – the global security market.

The security market is very fragmented and is growing within Gunnebo's product segment at a rate of approximately 5 per cent per year. Today, Gunnebo has a presence in over 125 markets, both through its own Customer Centres and through a wide network of agents and distributors.

Over the past decade, the security market has on average experienced annual growth in excess of the growth in the gross national product by around a couple of per cent in each market and continent. The market is currently estimated to be worth approximately SEK 1,200 billion. There is, however, no established method for calculating the size of the market with any certainty, as for security reasons companies and authorities rarely disclose how much and in which areas they are investing.

The security market is driven partly by increasing uncertainty in society and partly by the threat from terrorism. It is also being driven by technological developments, which are enabling better and more convenient security solutions. Developments are also influenced by the general economic trends in each country and market, demographic and social changes, the continuing urbanisation process and changes in and homogenisation of security legislation. The handling of coins and notes has gradually been displaced from the banking sector, which traditionally uses effective high security solutions. The retail sector, service facilities and public authorities with installations with significantly lower security or no security at all have instead become the areas which have an increasing need to guarantee a high level of security.

Few surveys

Relatively few surveys have been carried out into how the security market is developing. The American market survey company Freedonia is responsible for one of the more comprehensive surveys. Every other year this survey describes and updates trends within the global security market and lists players which operate in the various segments, excluding guarding services and service.

Fragmented market

A clear conclusion in the latest report from Freedonia, published in 2006, is that – despite a number of major company acquisitions in recent years – the global security market is still very fragmented. Six companies account for around 20 per

cent, while a large number of smaller and often strongly locally anchored security companies account for around 80 per cent. The six major players are Assa Abloy, Tyco International, United Technologies, Honeywell, Ingersoll-Rand and Siemens. Of the total security market, North and South America account for 32 per cent, Europe for 40 per cent, Asia for 24 per cent and the rest of the world for 4 per cent. The dominant customer group is industry and other commercial operations, which accounts for 64 per cent, while the private market accounts for 14 per cent and the public sector for 22 per cent.

Electronic security growing fastest

The Freedonia report forecasts growth in security products of approximately 8 per cent a year over the next four years, with large variations from segment to segment.

For physical security products such as safes and locks, an average annual increase of 5 per cent is anticipated. The rate of growth is expected to be lower in the USA and Western Europe, but increase slightly in Eastern Europe, Asia, Africa and Latin America.

Annual growth in electronic security is forecast at just over 9 per cent. In this field, alarms are expected to increase by just over 7 per cent, and entrance control and surveillance by 11 per cent, where digital CCTV technology, IP data transfer and biometric identification in particular are fast-growing market segments. One partially new feature in the security industry is the importance of well-designed, functional security solutions. Many companies and public institutions are demanding that the security solutions should not be visible or noticeable, and if they are visible they must be in a modern, tasteful design.

Gunnebo's market

Around two-thirds of the total security market concerns guarding services, secure transit and locks, areas in which Gunnebo does not operate. Gunnebo's fields of operation are:

- Secure storage, with a market potential in the markets in which Gunnebo operates (Europe, Middle East and Africa, known as EMEA) of approximately SEK 12 billion.
- Entrance control with a corresponding market potential of SEK 10 billion.

- Electronic security with a market potential of SEK 60 billion in Europe.
- Cash-handling and special products with a total market potential that is unclear.

In total, the market in which Gunnebo operates is estimated to be worth SEK 100 billion, which means that during 2007 Gunnebo achieved a market share of approximately 7 per cent.

Competitors

Gunnebo competes with many small and locally anchored companies in the fragmented market. There is also tough competition from a few major players, e.g. within electronic security, where the principal competitors are Securitas Systems, United Technologies and Tyco.

Secure storage

The market for secure storage comprises many small local players within geographically limited areas. One of the competitors is Format, which is a major player in the German market. Another German company is Lampetz/Sistec, part of the German Friedhelm Loh Group. Scandinavian competitors are Robur and Håbeco, which are both Swedish. SMP and Dudley are both UK companies. Two Spanish competitors are Ferrimax and Bausa. Kaba and Sargent & Greenleaf, Inc. in particular compete in the market for high-security locks. There are also several small local players in this field.

Entrance control

Entrance control consists of both indoor access and entrance control and outdoor perimeter security.

There are many international and local players within entrance control. They include Kaba, Boon Edam, Magnetic Autocontrol and Automatic Systems. Kaba is a Swiss company which mainly focuses on locks but also has a broad product range in access and entrance control. Boon Edam is a Dutch company which sells doors and vehicle barrier systems. Magnetic Autocontrol is owned by CRH Fencing & Security, and Automatic Systems is a Belgian company that sells its entrance products to a number of markets, including the metro segment.

Competitors within outdoor perimeter protection consist of a number of regionally based companies. Examples include Belgian Betafence, CRH Fencing & Security, an Irish company that focuses on the construction industry but has a significant share of the site protection market. Other competitors include the French company Dirickx and a Belgian company, Bekaert Fencing. The competition within indoor perimeter protection mainly comes from small, local operators that are active on geographically confined markets.

Closed cash-handling

At present there are few competitors in the field of closed cash-handling systems in retail. The market is still relatively undeveloped and the service busi-

ness is in the process of being developed. The main competitor in this area is the Swedish company Cashguard.

EAS systems

The two companies that dominate the market for electronic article surveillance (EAS) systems are Checkpoint Systems and Sensormatic (Tyco). Together, they have almost 80 per cent of the world market. Both companies are based in the USA and also have a high market share in Europe. Another competitor is Nedap, a Dutch company which, in addition to EAS systems, is also a major player in security management.

Gunnebo's position

Since 1 January 2006, Gunnebo has adopted a customer-oriented organisation, with the main customers' banks, retail companies and facilities requiring high-security indoor/outdoor perimeter protection. Moreover, Gunnebo is a leading supplier of equipment for secure storage to customers other than banks and the retail sector.

In the customer group site protection, Gunnebo is currently developing the market with three primary product groups – entrance security and access control, outdoor perimeter security and indoor perimeter security. Within entrance security and access control, Gunnebo has, together with a small number of competitors, a world-leading position in the metro segment, airports and other facilities. Within outdoor perimeter security, Gunnebo is the market leader in Northern Europe, but has a weaker position in Central and Southern Europe. Gunnebo's system solutions for indoor perimeter security have a market-leading position overall in the European market.

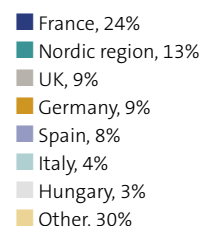
In the banking sector, Gunnebo has, via a number of acquired security companies within physical security in particular, achieved a dominant position in Europe and is one of the market leaders in the countries with companies dominated by British interests – India, Indonesia, Australia, South Africa and Canada.

In the Latin part of Europe, Gunnebo also has a strong market position within electronic security.

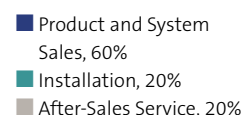
Within secure storage, Gunnebo is, through its strong brand names Chubb safes, Fichet-Bauche and Rosengrens, the market leader within high graded fire- and burglary-resistant safes, vaults and vault doors.

Gunnebo supplies the rapidly growing security sector within retail with a variety of products and systems. In Southern and Central Europe, this has to date concerned electronic security systems and safes and, in Northern Europe, limited sales and installation of the closed cash-handling system SafePay. Given the enormous market potential of closed cash-handling, Gunnebo has so far achieved limited market positions within retail.

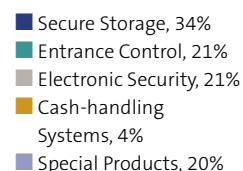
SALES BY MARKET



GROUP SALES



SALES BY PRODUCT CATEGORY



Business Line Bank

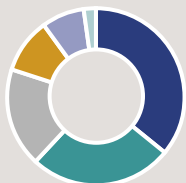
Efficient cash-handling.
A safer bank.



BUSINESS LINE BANK is responsible for sales to banks and other financial institutions in need of efficient handling solutions for high flows of money, physical valuables and people, in combination with high security. The range includes products

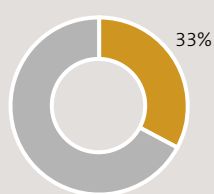
and solutions for secure storage, access and entrance control, CCTV, burglar and fire alarms, site protection, some systems for efficient cash management and installation and service.

SALES BY PRODUCT CATEGORY



- Secure Storage, 36%
- Service, 26%
- Electronic Security, 18%
- Cash Automation, 10%
- Entrance Control, 8%
- Other, 2%

PERCENTAGE OF GROUP SALES



BUSINESS LINE BANK

	2007	2006	2005
Order intake, MSEK	2,327	2,237	2,243
Invoiced sales, MSEK	2,326	2,282	2,171
Operating profit*, MSEK	221	175	179
Operating margin*, %	9.5	7.7	8.2

* Exc. items affecting comparability

COMPETITORS

Few players on the market offer such a wide range of products and system solutions for the bank sector as Gunnebo.

Competitors are therefore divided into four market areas: secure storage, bank automation, electronic security and entrance control.

Secure storage: Ferrimax, Wertheim and Robur

Bank automation: CT Coin, DeLaRue, Diebold, HESS, Keba, NCR, REIS, Scan Coin and Wincor Nixdorf

Electronic security: G4S, Securitas, Siemens, Tyco and United Technologies

Entrance control: Boon Edam, Cima, Kaba, Saima, Salzer, Schneebeli, Schuco and Sitec

Innovative solutions lead to secure flows

The Banking sector is constantly changing. In just a few decades the way cash is handled has been revolutionised, and customer demands on accessibility have increased substantially. The challenge lies in combining large flows of money, valuables and people with high security and high accessibility.

Gunnebo has had a locally and nationally strong position on the European banking market for many decades through its acquired subsidiaries. The Group is seen as an innovative business partner with extensive knowledge of the sector, and is today a market-leading supplier of security systems, products and services to banks, primarily in Europe. Gunnebo is also a major supplier to the bank sector in Australia, India, Indonesia, South Africa and Canada.

Market and offering

High security combined with large flows of money. This is what 150,000 bank branches in Western Europe are looking for. It is also Gunnebo's offering: delivering customised security solutions which optimise efficiency for bank customers, while at the same time providing a safe and secure environment for personnel.

Modern bank users place high demands on accessibility. Not only do they want to be able to withdraw money at any time, but also make deposits, change money and access their safe deposit lockers 24 hours a day, seven days a week. Meanwhile the banks themselves have increasingly high demands on security when it comes to handling cash and valuables, monitoring the bank premises and securing access.

Gunnebo offers a comprehensive range of products, systems and services for the bank sector. The solutions are adapted to each customer's specific requirements. For many bank customers the Group is a turnkey supplier and security specialist, while for others it is purely a supplier of security products.

Secure storage

High-graded safes, safe deposit lockers, vaults and vault doors with accompanying locks form the core of Gunnebo's product offering to the bank sector. With a leading market position and extensive experience, Gunnebo develops new solutions alongside key customers. The aim is to increase accessibility, and simplify the control and use of different applications. One example is electronic locks, which make it possible to manage access to

all safes and vaults from a central security control point. A good example of a Gunnebo solution that increases accessibility is SafeStore Auto – an automated safe deposit locker system that enables bank customers to access their lockers from a self-service area at any time.

Electronic security

Gunnebo has advanced software solutions which enable all the security systems in a bank, such as CCTV, burglar alarms, fire alarms and entrance control, to be integrated into a single application. The Group offers server-based solutions, as well as systems based on IP (Internet Protocol) technology.

Entrance control

Banks today have a great need to control who can access its branches and premises. Gunnebo supplies a wide range of solutions for entrance control through the whole chain, from customers and visitors to staff and cash-in-transit companies.

Market development and sales

The order intake for Business Line Bank showed excellent development at the beginning of the year, weakened considerably in the third quarter and finished strongly in the fourth. To an extent this development is due to lower investment activity among several large banks which negotiated mergers or acquisitions during the third quarter.

The Customer Centres in the Nordic region, Spain, Canada and Portugal as well as the agent markets in the Middle East, Africa and Asia have experienced an increase in order intake, while several other important markets in Europe such as France, the Netherlands, the UK and Italy have experienced weaker development.

During the first half of the year, large orders were signed with a central bank in the Middle East/Africa which were supplemented during the third quarter and account for the majority of the Business Line's improved order intake in 2007.

Examples of growing business include SafeStore Auto, an automated safe deposit locker system which to date has primarily been installed

"I have always had great pride in working for a company with integrity and history that puts customer service first.

By providing the best level of customer service possible, I, together with my colleagues, create value for our customers. Value can also be added by removing obstacles and headaches from the customer and solving or reacting quickly when a problem occurs. The easier we make the customer's job, the more loyal the customer!"

**Gail Carew (left),
Sales Manager Bank,
Gunnebo South Africa**





in Germany, where there are now approximately 700 units in total. During the year, orders for automated safe deposit lockers have been signed in Germany, Denmark, Spain, Canada, Russia and China. The largest orders to date for automated safe deposit lockers have been signed with Banco Bilbao in Spain and Danske Bank in Denmark, each encompassing 2,500 safe deposit lockers, and the accompanying strongroom with access control, alarm system and surveillance.

During the year significant orders have also been signed for Gunnebo's evolved alarm and surveillance system for banks, Site Master Bank (SMB), in countries such as France, Spain, Belgium and Italy.

Product development

Each of Gunnebo's six Competence Centres is responsible for further development of the Group's product and system portfolio in its particular segment.

One of the latest developments in Secure Storage is a new family of safe deposit lockers with electronic control systems, which have been launched under the Fichet-Bauché brand. Compe-

tence Centre Electronic Security has, for example, launched an enhanced generation of the SafeLock intelligent electronic lock, and both of Gunnebo's software solutions for integrated security, SMB (Site Master Bank) and Arcana, now have new functionality which partly makes it easier to centralise surveillance.

During the year, Competence Centre Entrance Control has developed a new security gate with manual doors for disabled access, specially adapted to bank environments, which is easy to install.

Product sourcing

The product and system solutions offered by the Business Line are primarily developed in close collaboration with four of the Group's Competence Centres: Cash Automation, Electronic Security, Secure Storage and Entrance Control. They are responsible for product development and all production, component sourcing and procurement from subcontractors in each field of expertise. The products and systems marketed and sold by the Business Line are manufactured at the Group's production units in the Netherlands, France, Sweden, Germany and the UK, and to some extent

in India and Indonesia. Products sold on the Indian, Indonesian and South African markets are primarily produced locally.

Result 2007

The operating margin during the year improved to 9.5 per cent (7.7), mainly thanks to cost-cutting effects of the Gunnebo One Company integration project, which had the greatest impact in Business Line Bank.

Market position

The market for Bank is characterised by a few large, international players and many smaller, local companies that mainly operate in their home market.

Gunnebo has considerable market shares in the European bank security market as a whole.

For traditional bank products, the Group is renowned worldwide for its three world-leading brands: Chubb safes, Fichet-Bauche and Rosengrens. The Group is a leader in the market for high-graded safes, vaults and vault doors.

The market for note- and coin-handling is dominated by a few major players. Gunnebo focuses on administration environments (back office) and certain functions in self-service areas, and has a relatively small share of the European market. In entrance control Gunnebo has a good reputation and a strong position on most European bank markets, and in the market for electronic security solutions Gunnebo enjoys a strong position among banks in Southern Europe and in the Nordic markets.

In markets outside of Europe where Gunnebo has its own operations, the company is a well-established supplier of bank security, primarily in secure storage and services.

Outlook

The market for automated banking services has developed well in Europe, while products and systems for secure storage have shown weaker development. In Gunnebo's other main markets – India, Indonesia, South Africa and Canada – and in its agency markets, demand both for security products and security systems has been good. This trend is expected to continue over the next few years.

Innovative solutions ensure the best possible protection

The French central bank, Banque de France, carries out its remit within the Eurosystem, and thereby plays a part in developing and implementing monetary policy in the Eurozone. The main aim of this policy is to secure price stability.

As a central bank in the Eurosystem, Banque de France monitors financial stability – the circulation of notes and coins, non-cash payment transactions – while also ensuring the smooth functioning of the market infrastructures.

The same goal – financial stability – is the foundation of Banque de France's domestic remit: supervision of banking institutions; service for banks, companies and public authorities; analysis of companies' financial situation and the monitoring of relations between individuals and the financial world.

Because of Banque de France's profile as a French institution and its central role in banknote production and value management, it is now introducing a comprehensive, demanding and extremely rigorous security policy which fulfils specific needs.

"Our long-term business relationship with Gunnebo has enabled us to implement a policy founded on a constant endeavour for innovative solutions, in order to guarantee the highest possible level of protection for people and property."

Jean-Jacques Cambounet, Director of Security at Banque de France, France's central bank



Business Line Retail

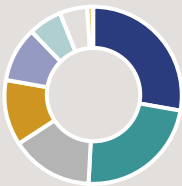
Efficient flow of goods and cash.
A safer store.



BUSINESS LINE RETAIL is responsible for sales to retail customers seeking effective products and solutions that combine large flows of money and goods with high security. The range includes secure storage, solutions for completely closed recircu-

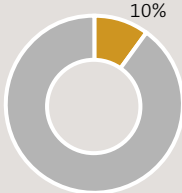
lating cash-handling (SafePay™), electronic article surveillance systems, access and entrance control systems, CCTV, burglar and fire alarms, and installation and service.

SALES BY PRODUCT CATEGORY



- Secure Storage, 29%
- Service, 23%
- Electronic Article Surveillance, 15%
- Electronic Security, 11%
- Cash-handling Systems, 10%
- Entrance Control, 6%
- Deposit Systems, 5%
- Other, 1%

PERCENTAGE OF GROUP SALES



BUSINESS LINE RETAIL

	2007	2006	2005
Order intake, MSEK	803	745	665
Invoiced sales, MSEK	739	714	667
Operating profit*, MSEK	-5	-20	21
Operating margin*, %	-0.7	-2.8	3.1

* Exc. items affecting comparability

COMPETITORS

Few players on the market offer such a wide range of products and system solutions for the retail sector as Gunnebo. To highlight the biggest competitors the market is divided into five areas – closed cash-handling, electronic article surveillance, secure storage, electronic security/surveillance and entrance control.

Closed cash-handling: CashGuard

Electronic article surveillance: Checkpoint, Nedap and Sensormatic

Secure storage: Dudley, Ferrimax, Format, Håbeco, Kaba and Robur

Electronic security/surveillance: G4S, Securitاس, Siemens, Tyco and United Technologies

Entrance control: Cima, Radford, Salzer, Saima, Sitec and Wanzl

Closed cash-handling – for increased security and profitability

There have been major changes in retail in the space of just a few years. Apart from in one respect: cash is still generally handled in much the same way as it was 50 years ago. At the same time, there is a continuing trend to shift cash-handling from the banks to the retail sector. The challenge lies in combining large flows of goods and money with high security.

Security in retail is a business with high growth potential. The level of security in the sector is generally low, while at the same time a substantial part of cash-handling previously carried out at banks now takes place in the retail sector. There are more than three million cash tills in Europe, and only a fraction of them are fitted with systems for closed, recirculating cash-handling.

Market and offering

The core of Gunnebo's offering to the European retail sector is to deliver customised products and security solutions that make the retail environment a safer place to work. Moreover, large sums of money can be saved every year thanks to reduced shrinkage and greater working efficiency.

Security demands on the retail sector are increasing all the time. Many stores handle large amounts of cash and are in growing need of solutions that reduce the risk of robbery. In addition, the retail sector loses large sums each year through various types of loss or 'shrinkage', a trend which is unfortunately still on the rise. To decrease the loss of money and goods whilst also reducing the risk of theft and robbery, Gunnebo has developed a complete offering for the retail trade, encompassing products and systems for closed, recirculating cash-handling, various types of article surveillance and alarm systems, CCTV monitoring, safes and entrance control, and service and support.

Closed cash-handling

An important component in Gunnebo's security offering for retail is SafePay™, the closed cash-handling system. The system saves time and reduces the risk of robbery because money is stored in a closed system and can be traced from the moment it is fed into the system by the customer or checkout staff.

The system is based on a recirculating technique. Any cash which is paid in by a customer can be returned as change to the next customer. At the end of the day the notes left in the system is stored in a deposit unit which is emptied into a transfer unit which in turn is emptied by the security transport company. The system has built-in authentication, can be programmed to accept several currencies and can

easily be connected to a wide range of cash outlets, including those with self-service. Together with SafePay Control software, stores are provided with effective support to optimise its cash management.

Electronic article surveillance

Under the Gateway™ brand, Gunnebo is one of just a few companies worldwide to currently develop and market electronic article surveillance systems based on all three available technologies: acousto-magnetic (AM), radio frequency (RF) and electromagnetic (EM). The range also includes other solutions combining different technologies. Electronic article surveillance effectively helps prevent shrinkage, and research shows that a store that has invested in a good alarm system can halve losses caused by customers and staff.

Secure storage

Gunnebo provides the retail sector with secure storage in the form of high-graded safes with powerful anti-theft protection for storing large amounts of cash; fire-resistant data media cabinets for safe storage of back-up tapes and other sensitive data media; safes for the secure storage of tobacco and other theft-prone items, and solutions for effective document storage. In addition Gunnebo supplies cash deposit solutions for stores that have not yet installed closed cash-handling systems.

The sale of secure storage products and systems to retail is developing very positively in Europe and other markets.

Electronic security/surveillance

Gunnebo's solutions for entrance control, CCTV and electronic alarms effectively prevent and register threats to store security. These systems can be tailored and are integrated into different applications.

Entrance control

The retail sector also has a need to control the flow of people to certain parts of the store such as the warehouse, counting room and cashiers' office. Gunnebo manufactures and sells this kind of access control solution, as well as more basic systems for regulating customers' entry into and exit from the store.

"It's not just selling a product but being part of the whole process that's exciting. I recently landed a major order and everyone involved is very pleased, which is a great feeling."

Gunnebo is a company that's about to take a significant position in the retail sector, and that's a journey I don't want to miss out on!"

Dennis Jørgensen,
Head of Sales,
Business Line Retail,
Gunnebo Nordic/
Denmark



Market development and sales

Organic growth in order intake for Business Line Retail amounted to 6 per cent during the year. Growth has been particularly strong in the Nordic region, the UK, the Netherlands, Canada, Spain and Italy, but weaker primarily in Germany and France.

During the year, Gunnebo in France and Spain have signed orders with IKEA, for electronic security systems in France and security doors in Spain. Significant orders for security doors have also been signed with Tesco in the UK. In France and Spain orders have been signed with Decathlon for electronic security systems.

Gunnebo's electronic article surveillance system has enjoyed solid market development, particularly on the Russian, Portuguese, Swedish, Brazilian and UK markets.

SafePay™, Gunnebo's system for closed, recirculating cash-handling, has not achieved its volume or sales targets for 2007.

During the second half of the Year, Gunnebo initiated a programme to upgrade all SafePay systems installed in the Nordic region to the latest hardware and software standards at a cost of MSEK 20 which affected the financial results.

During the second half of the year, Statoil and retail chains Fakta and Dansk Supermarked signed orders for 260 SafePay systems in total, which signifies a breakthrough for SafePay in Denmark. New orders have also been won during the fourth quarter in Germany, France and Spain. In the Netherlands, retail chain Jan Linders has signed an order and made the first installations of SafePay as well as integrating the system with Dutch bank Fortis.

Product development

Each of Gunnebo's six Competence Centres is responsible for further development of the Group's product and system portfolio in its particular segment.

During the year Competence Centre Cash Automation has continued to develop the SafePay closed cash-handling system into a complete system for cash-handling and administration. The development of SafePay Control software makes it easier to integrate external partners such as cash-in-transit companies, banks and service providers. However, greater integration also places even higher demands on the system in terms of not accepting counterfeit banknotes. A new security scanner for Eurozone markets has therefore also been developed and approved by the European Central Bank's zero-tolerance test for counterfeit notes. In addition the SafePay technical platform has been extensively improved, and these improvements have been or will be implemented in systems already installed.



In electronic article surveillance, Gunnebo has launched a new system during the year based on a single antenna at the exit, a Plexiglas system with background lighting and activation equipment for acousto-magnetic alarms. Under the Fichet-Bauche brand name, Secure Storage has launched the intelligent lock, Nectra, which is specially designed for the retail sector's needs.

Product sourcing

The products and systems offered by the Business Line are primarily developed in close collaboration with four of the Group's Competence Centres: Cash Automation, Electronic Security, Secure Storage and Entrance Control. They are responsible for product development and all production, component sourcing and procurement from subcontractors in each field of expertise.

The products and solutions marketed and sold by the Business Line are manufactured at the Group's production units in the Netherlands, France, Sweden, Germany and Italy.

Result 2007

The figures for Business Line Retail have been affected during the year by income and expenses of a non-recurring nature totalling MSEK -14.



The business-line reported a positive operating margin during the first, second and third quarters excluding SafePay, and during the fourth quarter including SafePay.

Market position

The market for security products and solutions for the retail sector is highly fragmented, comprising both large, global players and small, local companies. Gunnebo is currently the only company on the market that can offer a system for completely closed, recirculating cash-handling. The Group also has a strong position as a supplier of products and solutions for secure storage.

Thanks to an extensive network of agents and distributors, the Group's solutions for electronic article surveillance have a strong presence on many markets.

Outlook

Demand for increased security in the retail sector is growing strongly as cash-handling is increasingly transferred from banks to the retail sector. The volume of notes and coins is growing continuously, by a couple of percent a year in Europe and by far higher figures in Central/Eastern Europe and Asia in particular.



Jan Luis, Finance Manager for Dutch retail chain, Jan Linders, receives the ICT Retail Award 2007 for the SafePay™ solution Gunnebo installed for the chain in collaboration with Fortis Bank.

Award-winning solution streamlines flow of cash

Dutch bank, Fortis and Gunnebo have developed a system for closed cash-handling directly connected to Dutch retailer Jan Linders' bank account.

Gunnebo supplied the completely closed cash-handling system SafePay, an installation which in this case also includes the CTU, a cash transfer unit where any banknotes not re-used at the checkout are deposited at the end of the day and collected by the CIT company.

The entire system is directly linked to retail chain Jan Linders' bank account at Fortis using SafePay Control software. Thanks to the solution, Jan Linders now has deposited funds paid into its account an average of two days earlier than before, and is no longer dependent on when the CIT company comes to empty the cash. Moreover, because cash is no longer handled manually, cash counting and administration are no longer needed, as SafePay takes care of that too.

"The solution that Gunnebo and Fortis have developed together with us increases the overall efficiency in our store operations. Also, we receive our daily takings in our bank account much faster. It allows us to lower the total cost of our cash management and, at the same time, increases safety in the cash environments."



Jan Luis, Finance Manager for retail chain, Jan Linders

Business Line Site Protection

Efficient access control.
A safer site.



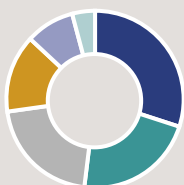
BUSINESS LINE SITE

PROTECTION is responsible for sales to customer groups other than bank and retail that are in need of high security protection.

Examples of such customer groups include:

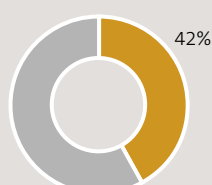
- Airports
- Automotive and processing industry
- Chemical industry
- Data centres
- Embassies
- Food industry
- Harbours
- High-risk public buildings
- Logistics centres
- Military bases
- Nuclear power plants
- Prisons
- Other facilities requiring high-security solutions

SALES BY PRODUCT CATEGORY



- Outdoor Perimeter Security, 30%
- Entrance Control, 22%
- Indoor Perimeter Security, 21%
- Electronic Security, 14%
- Service, 9%
- Other, 4%

PERCENTAGE OF GROUP SALES



BUSINESS LINE SITE PROTECTION

	2007	2006	2005
Order intake, MSEK	2,755	2,834	2,831
Invoiced sales, MSEK	2,920	2,736	2,702
Operating profit*, MSEK	97	31	108
Operating margin*, %	3.3	1.1	4.0

* Exc. items affecting comparability

COMPETITORS

Gunnebo's primary competitors in site protection are divided into four product groups: entrance control, electronic security, fencing and gates, and indoor perimeter security.

Entrance control: Argusa, Automatic Systems, Boon Edam, Cima, CRH (Magnetic), IDL (Fast Lane), Kaba, Perco, Saima, Salzer, Schuco and Sitec

Electronic security: G4S, Rentokil Initial, Securitas, Siemens, Tyco and United Technologies

Fencing and gates: CRH Security, Betafence and Dirickx

Indoor perimeter security: Many small, local players

Site Protection secures the business in several stages

We live in a world where the threats are constantly changing, and the wave of terror attacks in recent years has led to increasing demands for security around sensitive installations. The challenge lies in maintaining high security combined with large flows of people and goods; in having control, at any given point, over what and who is inside a particular area.

Gunnebo is one of Europe's leading suppliers of outdoor and indoor perimeter security. The security solutions include entrance control systems, bomb and bullet-resistant doors and glass, anti-terrorist products, CCTV systems, and burglar and fire alarms.

Market and offering

The altered global threat situation in recent years has contributed to an increased demand on securing the perimeter protection of a site, and at any given point on having control over what and who is inside a particular area. This development is strengthened by national and international legislation.

Business Line Site Protection's customers all strive for high security combined with large flows of people or goods. The Group's product range for site protection and entrance control ranges from individual products to complex security solutions adapted to the specific needs of each operation.

Outdoor perimeter security and entrance control

Airports, harbours, military bases, embassies and logistics centres are just some of the facilities that need protection from various types of unauthorised access, such as sabotage, theft and espionage. Gunnebo's range for outdoor perimeter security includes gates, fencing, road blockers, CCTV and alarm systems that prevent unauthorised access by people and vehicles.

Under the brand name *elkosta*™, the Group also markets and sells a range of anti-terrorist products such as road blockers, hydraulic bollards and high-security boom barriers.

To control the flow of people and goods outside as well as inside a facility, the Group has a wide range of security gates and various systems for entrance control, as well as alarm and CCTV systems. Gunnebo is also one of the market's leading suppliers of entrance control solutions for the metro segment worldwide.

Electronic security

A high-risk facility often has many different types of security system such as burglar alarms, CCTV, fire

alarms, various solutions for outdoor alarms and systems for access and entrance control. Gunnebo supplies all of the above solutions, and can also integrate them into a single application, tailored to the customer's needs.

Indoor perimeter security

In terms of indoor security, Gunnebo Troax supplies a vast array of wire-mesh panelling, machine protection and patented locking devices. In all cases the offering also encompasses installation and after-sales service.

Market development and sales

Business Line Site Protection began the first quarter with good order and sales development, partly thanks to a mild winter in Northern Europe. The end of the year has also been mild but has not been as strong in terms of order intake. The decrease during the year's final quarter is mainly attributable to lower orders for access control systems in the metro segment, where the Group had some large orders in 2006.

The market has developed positively for Gunnebo in the UK, Central and Eastern Europe, France, Italy and the agent markets in the Middle East, while the Nordic region, Germany and the Indian Ocean Rim region have shown weaker development.

Major orders have been signed during the year for high-security protection of nuclear facilities and other high-risk sites such as refineries and embassies. Gunnebo Italy has signed an order for outdoor perimeter protection equipment and servicing for a chain of logistics centres.

Security equipment for prisons in the form of security doors and vehicle access protection represents a growing business for Gunnebo. Orders for various types of prison security equipment have been signed in Sweden, France, the Netherlands, Belgium and Spain during the year.

Gunnebo's high-security barriers and road blockers have passed demanding tests and have consequently been approved by the American Department of State (DOS) and its UK counterpart (PAS), which means these products can now be

"I've been in the business for 28 years. I believe Gunnebo brings with it a new working approach, a new perspective that will be very positive for Spain. Gunnebo introduces new technology and new products which are extremely valuable to our customers. This makes us more than just an installer, we are also a product manufacturer and technology partner."

José Antonio Sanchez Salvador, Head of Sales for Entrance Control, Barcelona, Gunnebo Spain



marketed to American and British authorities and companies worldwide.

Gunnebo Troax, the Group's operation for indoor perimeter protection, enjoyed an excellent order intake during the first three quarters on its main markets in the Nordic region, the UK, Germany, the Netherlands and Spain, with impressive profit development. Order intake during the fourth quarter was weaker.

Product development

Each of Gunnebo's six Competence Centres is responsible for further development of the Group's product and system portfolio in its particular segment. Competence Centre Outdoor Perimeter Security has had a number of anti-terrorist products tested during the year to US Department of State and British PAS (Publicly Available Specification) standards, with positive results. This means that Gunnebo now has a complete range of anti-terrorist products for outdoor perimeter security.

Within Competence Centre Entrance Control an evolved high-security door that increases security and capacity has been launched for the airport segment, and a number of specially adapted motorised doors have also been launched.

Another new Gunnebo Troax development is Smart Fix, a flexible space- and time-saving system for indoor perimeter security. The system makes it possible to place the posts between the mesh panels rather than behind them and the sections can easily be assembled and dismantled by one person.

Competence Centre Electronic Security has continued to develop SMI (Site Master Industry) Server – Gunnebo's software solution for integrated security monitoring and administration. SMI Server can now fully integrate CCTV surveillance in the same interface and is totally integrated with the latest identification technologies, such as biometrics and radio frequency systems. The newly developed encryption tool can also encrypt sensitive information and associated applications.

Product sourcing

The product and system solutions offered by the business-line are primarily developed in close collaboration with four of the Group's Competence Centres: Outdoor Perimeter Security, Indoor Perimeter Security, Electronic Security and Entrance Control. They are responsible for product development and all production, component sourcing and procurement from subcontractors in each field of expertise.

The products and systems sold by the business-line are manufactured at the Group's production units in Germany, France, the UK, Italy and Sweden. Some products for fire protection solutions for India and Indonesia are manufactured locally.



Result 2007

Invoicing increased slightly during the year and operating profit improved by MSEK 66. The margin has improved to 3.3 per cent (1.1), mainly attributable to good results from Indoor Perimeter Security and Entrance Control. The margin is still at an unsatisfactory level, which is mainly due to a high proportion of product business with low margins and some remaining disruptions from production relocations carried out previously.

Market position

The site protection market can be divided into four product areas: entrance control, electronic security, fencing and gates, and indoor perimeter security.

Altogether Gunnebo is a market-leading supplier of both outdoor and indoor perimeter security in Europe and is one of the leading suppliers on a fragmented global market. In entrance control Gunnebo is renowned for its world-leading technical design and the Group has a strong market position. Compared to its competitors, the Gunnebo Group has an extremely broad product range and the elkosta™ brand has a fine reputa-



tion worldwide in the anti-terrorist protection market.

The electronics security market in Europe is highly fragmented with many small and a few large players. The Group has a strong market position in electronic security for high-risk installations in Southern Europe.

In the fencing and gates product area, Gunnebo has a very strong market position in the Nordic markets, in Germany and in France. The Group's solutions for indoor perimeter security, which are marketed and sold under the Troax brand, enjoy a leading position in Europe.

Outlook

The increased interest in high-security protection in society and trade and industry is expected to continue. Gunnebo believes that the global market for entrance control will increase, especially in high-security solutions. Similarly, development in indoor perimeter security is expected to remain strong. Demand for electronic security solutions is also expected to increase. The market for fencing and basic gates is expected to remain largely unchanged over the next few years.

Large flows of goods secured

TNT Express Italy, a market leader in express freight, decided to adapt its security system to international standards. The order went to Gunnebo Italy which delivered a solution including technical and product design, and installation and maintenance of the new advanced security system at a national level. It has now been installed at TNT's 134 offices and 16 freight hubs in Italy. The installations included outdoor perimeter security as well as systems for indoor intrusion protection, entrance control of people and vehicles, and high-graded safes for storing valuable assets. The order also encompasses service and maintenance agreements.

One of the installations was at the new hub in Piacenza – a real challenge as it is Italy's largest reloading hub with 22,000m² of indoor space and a handling capacity of 205,000 packages a day. The site was equipped with high-security systems to guarantee the secure handling of freight and other valuables: access and entrance control points are fitted with anti-intrusion systems, the entire area is monitored by CCTV systems, human and vehicular access is controlled by gates with card readers and valuables are stored in safes.

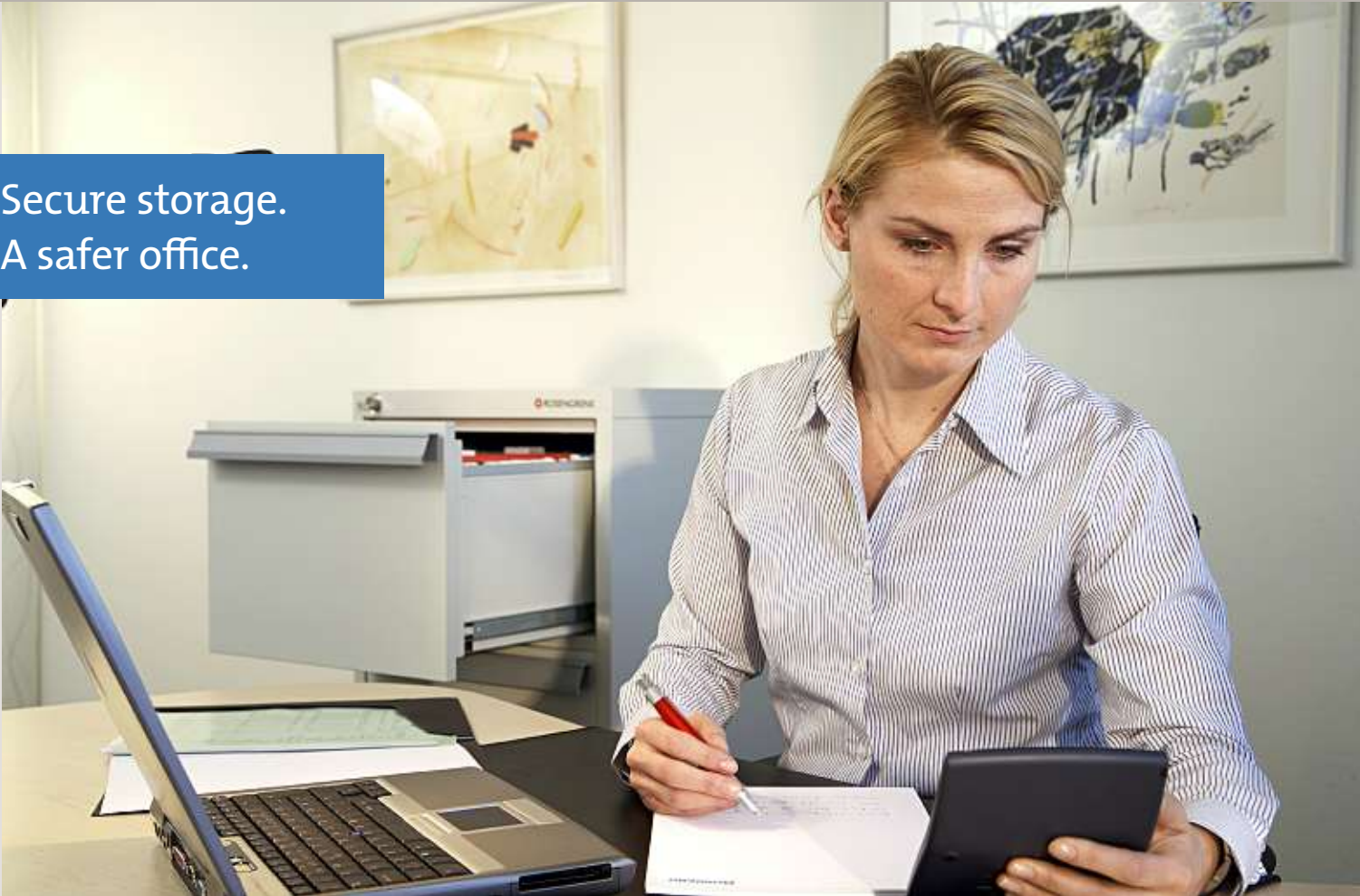
"Gunnebo Italy has been more than a normal supplier of security systems: they have shared all their experience with us, from design to project management from the security perspective. Gunnebo Italy's professional engineer carefully considered our special needs and suggested a complete solution which included all requested aspects. We followed the installation of all Gunnebo systems and had the opportunity to assess the competence and efficiency of Gunnebo, and we are very satisfied."

Dr. Massimiliano Peres,
Real Estate and Health &
Safety Manager,
TNT Express Italy



Business Line Secure Storage

Secure storage.
A safer office.



BUSINESS LINE SECURE STORAGE encompasses Gunnebo's sales of secure storage products to customers other than the banking and retail sectors. The product portfolio includes high-graded

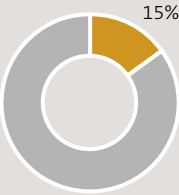
fire and burglar-resistant safes, and locks. Products are sold under the brand names of Chubb safes, Fichet-Bauché, Rosengrens and SecureLine.

SALES BY PRODUCT CATEGORY



- Burglary-Resistant Safes, 28%
- OEM, 28%
- Fireproof Cabinets, 12%
- Service, 9%
- Vaults, Vault Doors and Automated Safe Deposit Lockers, 9%
- SecureLine, 7%
- Other, 7%

PERCENTAGE OF GROUP SALES



BUSINESS LINE SECURE STORAGE

	2007	2006	2005
Order intake, MSEK	1,053	946	919
Invoiced sales, MSEK	1,040	995	937
Operating profit*, MSEK	99	88	67
Operating margin*, %	9.5	8.8	7.2

* Exc. items affecting comparability

COMPETITORS

The secure storage market is highly fragmented with many small, local players. The main competitors are: Dudley, Ferrimax, Fire King, Format, Håbeco, ISS, Kaba, Lampertz, Robur and Wertheim.

Innovative thinking leads to success in a long-established market

BRANDS

The Business Line sells products and solutions that fall under the Gunnebo Group's main secure storage brands. Chubb safes, Fichet-Bauche and Rosengrens are all well-known leading brands on the global market for high-graded safes. The fourth brand is SecureLine, developed by Gunnebo, which includes products for small offices and home offices.

Chubb safes

– Trusted the world over

Chubb safes is a leading international brand – “Trusted the world over” – offering storage solutions for cash, valuables, data media and documents. Chubb safes has sold safes and other products for secure storage for over 200 years. Today the brand is a market leader in the UK, Canada South-Africa for private individuals and companies.

Chubb safes was acquired by Gunnebo in 2000.

ROSENGRENS

– We stand by you

Rosengrens' first safe was produced in a foundry in Gothenburg in 1847. A lot has happened since then and Rosengrens has developed from a company with traditional security products to one which offers more functional, advanced system solutions for secure storage. The brand is primarily marketed to other companies, and today a leader in the Northern European market for secure storage.

Rosengrens was acquired by Gunnebo in 1994.

Fichet-Bauche

– The experience of a renowned name

Ever since Frenchmen Alexandre Fichet and Auguste-Nicolas Bauche founded Fichet-Bauche in the early 19th century, the brand has been synonymous with high security. Fichet-Bauche offers high-graded and burglary-resistant safes. The brand has a very strong position in Southern Europe and is marketed in over 80 countries.

Fichet-Bauche was acquired by Gunnebo in 1999.

SecureLine

– Security where it matters most

SecureLine offers physical security products for small offices and home offices (SoHo). SecureLine boasts a wide range of models to suit many different applications in the home and small office. The international product portfolio includes burglary-resistant safes, fireproof cabinets and data media safes.

The brand was founded by Gunnebo in 2003.

All business operations have valuable assets, such as important documents and data media, which have to be stored securely to protect them from fire and theft. Secure storage is also about having control over who has access to these assets. The challenge lies in combining high security with high accessibility and efficient handling.

Secure Storage is one of the cornerstones in Gunnebo's operation. The Group has a broad product portfolio and a world-leading market position in high-graded safes through its acquisition of Rosengrens (1994), Fichet-Bauche (1999) and Chubb safes (2000). The business line's sales take place under these brand names, which are positioned differently in different markets. Secure Storage also sells the proprietary brand SecureLine, which is primarily aimed at the small office and home office (SoHo) market.

Market and offering

All companies and organisations, irrespective of size and area of operation, need to protect important documents, valuables and data media against fire and theft. A fire or burglary can jeopardise an entire operation if information and valuable assets are not stored securely.

The choice of solution depends on the items to be stored and the level of protection required. Document safes provide effective protection for important documents against fire, while heat-sensitive data media which can be damaged at temperatures as low as 55°C should be stored in a data media safe. A company's more theft-prone valuables can be protected in a safe which effectively prevents unauthorised access and fire damage, while documents used on a daily basis require a solution that increases accessibility and simplifies storage. All safes can be fitted with key locks or electronic high-security locks developed by Gunnebo.

The majority of products marketed and sold by Business Line Secure Storage are graded, i.e. tested and certified to ensure they fulfil the best-known norms of the Swedish National Testing and Research Institute (SP), the European Certification Board (ECB•S) and Underwriters Laboratories (UL), for example. Gunnebo's quality requirements are extremely high, which is why it only uses the most

“We aim to work as consultants to our customers and try to understand their needs and recommend the best product. When we speak about dealers we promote or perform activities to create demand for the product.

I work for Gunnebo because it is an international company offering opportunities for competence development and personal growth.”

Antonella Acerbi,
Business Line Manager
Secure Storage,
Gunnebo Italy



"I decided to join Gunnebo a year ago since it is an organisation in the right field of business. After the reorganisation in 2006, my position as Business Line Manager has been strengthened, allowing me to enhance my skills and improve business opportunities. My aim is to make Secure Storage the major business for Gunnebo in India. This ambitious goal is possible since Gunnebo and its brands have a global image and are recognised as very strong players in the security industry".

Venugopal, Business Line Manager Secure Storage, Gunnebo India



Secure storage of valuable assets

The Maldives Monetary Authority (MMA) is the National Bank of Maldives. The MMA is the responsible for control of the country's financial sector. The goal for the future is to be at the same level in terms of function and administration as corresponding authorities in the West. Gunnebo has supplied a vault, vault doors, a panel system and other security equipment to the MMA's new building.



"It is widely accepted that Gunnebo's product range is the most efficient reliable available on the local as well as on the international market. Another driving factor for Maldives Monetary authority in choosing Gunnebo as a partner is the availability of local representatives.

Gunnebo's products make sure that the most valuable financial assets of the country are being kept safe".

Abdul Ghafoor Abdul Latheef, Senior Executive Director, Maldives Monetary Authority

rigorous and well-established test institutes around the world.

Market development and sales

Business Line Secure Storage has reported an increased order intake during the year in the Netherlands, Spain, Indian Ocean Rim region and amongst agents in the Middle East, while developments in the Nordic region, France and the UK have been weaker.

Demand for high-graded safes for ATMs has been strong throughout the year. Production of a newly developed document safe with different, improved insulation has begun at Gunnebo's factory in Mora, Sweden.

Towards the end of the year, Gunnebo's European Distribution Centre (EDC) came into operation in the German town of Salzgitter. The EDC, which will initially stock some 300 different fire- and burglary-resistant safes and various types

of lock, will be able to deliver safes throughout Europe within one week. The EDC will generate higher sales, as short delivery times are often a key factor in winning an order.

At the same time as EDC started Gunnebo also put their new business system into operation. It will be implemented gradually in all Customer and Competence Centres over the next three years.

Gunnebo's SecureLine product range of lower-graded safes for homes and small offices has enjoyed solid market development on Gunnebo's main European markets.

Product development

A new platform for burglary-resistant safes, graded 0-I, was launched during the year with good results. The Nectra electronic lock has been launched, and the high-graded burglary-resistant Carena safe has been relaunched with the focus on design and flexibility.



Product sourcing

The products and solutions offered by the Business Line are developed in close collaboration with two of the Group's Competence Centres: Secure Storage and Electronic Security. They are responsible for product development and all production, component sourcing and procurement from subcontractors in each field of expertise.

The products and systems marketed and sold by the Business Line are manufactured in Sweden, France, the Netherlands, South Africa, India and Indonesia. The products manufactured in South Africa are sold locally in Africa.

Result 2007

The business line's operating profit has increased during the year to MSEK 99 (88), and the operating margin has risen to 9.5 per cent (8.8). These improved results are mainly due to previously implemented structuring programmes.

Market position

Gunnebo currently commands one-third of the total European market for safes and also has a leading position on the global market for high-graded safes, a position the Group intends to maintain and consolidate. The market is still fragmented with many small, local players and some low-price competition from Eastern Europe and Asia.

Outlook

The shift from a demand for high-graded safes to more basic, low-graded or ungraded safes, which has been apparent in Europe in recent years, is expected to continue for the years to come.

Developments in other markets – Canada, South Africa, India, Indonesia and around 100 agency markets – indicate a strong increase in demand for secure storage products and systems.

After-Sales Service

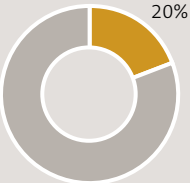
Professional service.
Satisfied customers.



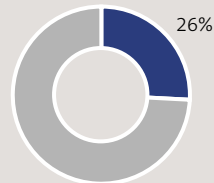
EACH CUSTOMER CENTRE has a business unit for After-Sales Service. This unit is responsible for all service operations on that market. Service is an important part of Gunnebo’s delivery capability, both for installation and after-sales service, as well as for further developing business with existing customers.

The After-Sales Service unit serves two important functions. Firstly it is responsible for the installation of products and systems. Secondly, it is responsible for meeting the customer’s service needs once the main transaction is complete.

**PERCENTAGE
OF GROUP SALES***



**PERCENTAGE
OF GROUP EMPLOYEE**



COMPETITORS

After-Sales Service competes with local installers and service companies, as well as with large multinationals. The competitive environment is therefore highly fragmented and varies from one market to the next. However, there are few companies on the market that offer such a broad range of services as Gunnebo.

* In external reporting, the financial results of the unit are accounted for across the four Business Lines – Bank, Retail, Site Protection and Secure Storage – proportionate to their turnover in each area.

Service is the vital link

Short response times and a high level of knowledge – these are the demands, made by the Group’s customers today, and they are growing year on year. The challenge lies in providing customised service solutions at the right time, and always staying one step ahead. The strength of Gunnebo’s service offering is central to the company’s endeavour to develop from a product supplier into a systems supplier.

Gunnebo has always been a service-oriented organisation with a long tradition of selling not only security products and systems, but also service and maintenance for its installations. Many of the Group’s products have long life cycles – indeed spare parts can be kept in stock for over 30 years.

Service is a way of maintaining customer contacts long after a product or system has been delivered. After-Sales Service is therefore a key factor in developing business with existing customers, and accordingly in building good, long-term customer relations.

Internally, After-Sales Service also plays an important role in the dialogue with the Group’s Competence Centres when it comes to product development and marketing, as the service engineers possess unique knowledge of the demands on improvements that arise in the field – and the kinds of requirements customers have for new solutions.

Market and offering

Gunnebo’s service offering is available in the 25 markets where the Group currently has a presence through its own Customer Centres. The offering is composed somewhat differently in each market, but the aim is to harmonise it.

The Group’s objective of developing from a product supplier into a systems supplier increases the importance of service in the business as a whole. The systems Gunnebo supplies are often business-critical, which places heavy demands on availability. Consequently, the level of service Gunnebo can offer is increasingly a critical success factor for the entire sales process.

Historically speaking, Gunnebo after-sales service has largely been concerned with banks, although that is now changing. Increasingly sophisticated solutions for cash-handling in retail are leading to a greater need for service, which currently makes this the fastest-growing market for the Group’s service operations.

One trend in service is that, more and more often, customers are limiting the permitted time it can take to remedy a problem. Previously it was just a matter of how long it would take for a service engineer to arrive. All in all demands on the service organisation’s flexibility, availability and level of knowledge are increasing. One of the ways Gunnebo is endeavouring to live up to these demands is a continuous knowledge transfer process between the product specialists at the Competence Centres and the Customer Centre service organisations.

Developments during the year

The Group has service centres for ongoing maintenance and surveillance in most markets where there is a Customer Centre. In some cases these operations were previously part of the customer’s own organisation but have now been taken over by Gunnebo. Software has been developed within After-Sales Service during 2007 which enables Gunnebo to integrate more types of systems, and not just security systems. One example is the software that forms the basis for the integrated and completely closed cash management system acquired by Dutch retail chain Jan Linders, as described on page 19.

Over the past year, Gunnebo has also set up toll-free call centres in virtually all markets with a Customer Centre – yet another important extension of our service offering.

Future prospects

As the Group offers increasingly sophisticated security products and systems, so the need for after-sales service – particularly IT-based service – increases. The conviction that the market for high-security protection will continue to increase also supports this development. The prospects for the After-Sales Service unit are therefore deemed very promising.

“I’ve worked for the Group since 2002. One of the major improvements that came with the reorganisation in 2006 is that we now work with a wider product range than we used to. The new organisation has certainly led to a larger, more integrated product assortment.

The way I see it, Gunnebo is a very reliable, honest and flexible supplier for our customers. I think Gunnebo represents a highly advanced product level and I enjoy being a part of that. I personally find my job very interesting and varied. I like the kind of customers we have and I’m satisfied with the opportunities for further development available within the Group.”

Frans van Gelderen
Technical Consultant,
Gunnebo Netherlands



Quality and Customer Focus lead to successful business

Gunnebo's Quality Policy

Gunnebo's Quality Policy describes how the quality vision is to be achieved and represents a guiding principle for all work within the organisation.

- Quality is one of our Core Values and key to the success of Gunnebo
- Quality is meeting the expectations of our internal and external customers
- Quality is delivering erro-free products on time, first time
- Quality is a re-sponsibility for all Gunnebo employees and is a leadership issue
- Quality is measur-ing, controlling and continuously improving our per-formances
- Quality is exercised through compe-tent employees performing effective processes

Two of Gunnebo's five Core Values are Customer Focus and Quality. Quality is a cornerstone of the entire business process, from product development, produc-tion and purchasing to marketing, sales, delivery and after-sales service – all processes which begin with the customer's needs and requirements.

For a professional supplier of high quality security products, solutions and services, quality is a criti-cal success factor. A quality mindset and qual-ity assurance through all processes is vital for Gunnebo's success. Customer-focused design and error-free deliveries on time generate added value and lead to satisfied customers, and when the quality is right from the beginning unnecessary costs can also be eliminated for both the custom-ers and Gunnebo.

Total quality – a customer-driven process

Total quality management is a customer-driven process which is based on the understanding and fulfilment of customers' requirements. Within the operational business, the process involves continuous work in the form of risk analysis and quality assurance of processes and suppliers.

The process requires commitment from all the Group's employees and from suppliers, retailers and distributors. Everyone must be aware of the common quality goals and how their everyday work impacts on achieving them.

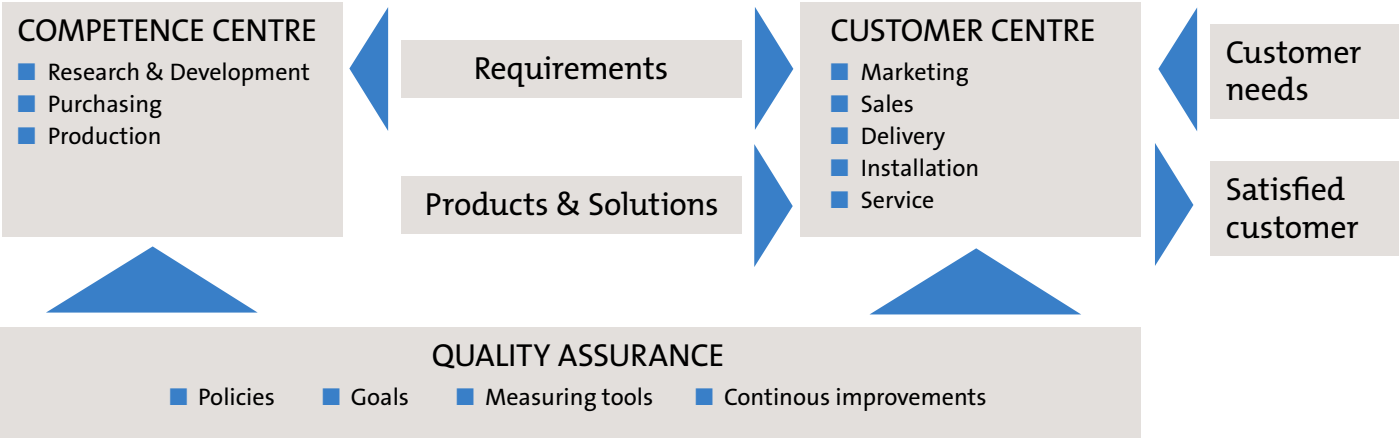
To ensure quality, continous improvements have to be made. The process therefore requires an ongoing dialogue and evaluations with the Group's customers. It also requires effective in-ternal routines which identify relevant needs and requirements.

Total quality within Gunnebo

Gunnebo has adopted a holistic approach to quality, which permeates all processes within the everyday operation. This covers quality control, quality management and quality assurance:

Quality Inspection. Gunnebo continuously verifies and inspects the critical processes that have been identified within the operation through structured risk analysis.

In addition, many of Gunnebo's products and system solutions undergo comprehensive testing and are certified by leading test institu-tions worldwide. For example, within Outdoor Perimeter Security there is a range of anti-terror-ist products where the majority of products are certified by the American DOS (Department of State) and the British Publicly Available Secifica-



Total quality is an integrated part of the Group's operations and all processes are covered by the quality work. The most important quality aspect in a customer-focused company such as Gunnebo is that the Group's products and services meet the specific or tacit needs and requirements of customers. All work within the Group should therefore be based on the needs of customers and contribute to customer satisfaction.

tion (PAS). Within Secure Storage, there are a number of high-graded product lines, while within Cash Automation there are solutions certified by the European Central Bank. Furthermore, the American UL (Underwriters Laboratories) quality standard has for example been introduced where it is necessitated by the customer's operations, and the same applies to the Electrical Safety Test standard. The certificates that are obtained after the satisfactory completion of tests are a critical success factor for the Group and are increasingly being requested by Gunnebo's customers.

Quality Control. Gunnebo's quality control is based on the conscious control, measurement and follow-up of identified sub-processes within both production and administration.

Quality Assurance. The Group's quality assurance system is based on the ISO 9001 standard, which represents the basis for the work that is being carried out within the field. This includes for example risk analyses, the securing of processes and work relating to preventive measures.

Organisation of the quality work

Quality is an integral part of the business at every operative level. The Group's SVP Quality co-ordinates the quality programme operationally, which is then carried out by local quality managers. Their primary tasks are to implement, measure and continually monitor critical processes within their organisation to ensure the correct level of quality and to follow up and ensure that all activities comply with the Group's quality policy. The quality managers meet regularly to evaluate the effectiveness of existing processes and identify measures for continuous improvements.

Corporate quality work 2007

During 2007, the Group's quality work has been oriented towards achieving a high common standard throughout the organisation and establishing common result targets. The aim is to further improve selected processes and adapt them to the customer-focused organisation. For example, intensive work has been carried out to optimise the processes within orders and warehousing. One result is the European Distribution Centre (EDC) in Germany, which was opened by Competence Centre Secure Storage in 2007. Another result is the roll-out of the common ERP system Microsoft's Dynamics, which also contains central Group processes for orders and logistics.

The Group's development and validation

processes for software have also been developed further.

A very important tool for following up the quality work carried out within the Group is the joint non-conformance reporting system NCN (Non Conformance Notes), which was introduced in 2006. This system gives a comprehensive picture of the quality work within production, installation and after-sales service. The information that the system collects is used as a basis for continuous improvements to products and processes.

Gunnebo's Quality Vision:

- Gunnebo delivers error-free products and solutions on time, first time
- Gunnebo is the leader of the industry within quality
- Quality and logistics represent competitive factors which help us to achieve our business goals. High quality and delivery reliability lead to loyal customers, which in turn generates profitable growth.



Alain Dukatenzeiler (left) on a factory inspection together with colleagues.

"The aim in Gunnebo France is to develop and implement practical and simple quality processes, based on continual improvements. Commitment, goals, processes, analyses and measures are all key factors which contribute to the success of our customers and Gunnebo. The biggest challenge lies in improving our internal processes and developing good relations with our internal and external stakeholders, and in developing strong faith in product quality and delivery precision.

The new organisation presented many opportunities to build a joint and unique language between Customer Centres and Competence Centres. I also see other opportunities such as Secure Storage's European distribution centre and the implementation of a common business system – opportunities which will really improve and simplify the process of meeting our customers' expectations."

Alain Dukatenzeiler, Quality Manager Gunnebo France

Environmental considerations: a natural part of Gunnebo's operations

Environmental policy

The Gunnebo Group's operations shall be characterised by a holistic approach in which importance is given to environmental considerations. In our day-to-day activities, the Group shall foster good health, continually improve our environmental activities, minimise the environmental impact of our operations, and be economical with resources.

This means that the Group shall:

- use information and training to foster a responsible attitude towards the environment on the part of all employees
- carry out all environmental work according to demanding objectives where legislation and authority requirements represent minimum requirements
- pay careful consideration to environmental issues in the development of new products and manufacturing methods
- continuously endeavour to make more efficient use of resources and reduce the use of hazardous substances
- have an open attitude towards the environment

Gunnebo was highly placed in the 2007 Nordic Carbon Disclosure Project, proof that regular follow-up and actions also generate a positive response from environmentally aware investors.

2007 has been a year of success for Gunnebo's climate work. The Group was, for example, ranked highly when the results of the 2007 Nordic Carbon Disclosure Project were presented by the Swedish Minister for Enterprise and Energy, Maud Olofsson.

The introduction of an environmental management system within production lines represents a central aspect of the Group's environmental work. During 2007, a further three lines were assessed and certified in accordance with the international standard ISO 14001. A total of 15 out of Gunnebo's 18 plants have now been certified and the overwhelming majority of production therefore takes place at plants with a certified environmental management system. The remaining lines will certify their environmental management systems during 2008.

Environmental considerations are a part of the business

The overall objective for Gunnebo's environmental work is to contribute to a long-term sustainable society. The most important tools in this effort are the Group's environmental policy, the overall management system GEMS (Gunnebo Environmental Management System), environmental goals and the introduction of certified

environmental management systems within the production and assembly lines.

The Group's common environmental goals are aimed at achieving production that is efficient in terms of resource use, and at developing products with a long lifetime and low energy consumption.

Commitment to environmental issues is vital to the success of environmental work. Within all production units, there are environmental co-ordinators who are responsible for following up and reporting environmental performance and for instigating measures to reduce environmental impact.

ISO 14001 within production units

The goal for all production lines to introduce an environmental management system certified in accordance with ISO 14001 was established in 2000. Fulfilling the requirements ISO 14001 ensures an active approach in achieving environmental goals, which results in efficiency gains and continual reductions in the environmental impact of the operation. Regular external audits provide an independent assessment to ensure that the Group is complying with relevant environmental legislation, among other things.

Customer/Competence Centre	Production line	Certified	Production (P) Assembly (A)
Secure Storage	Doetinchem, the Netherlands	1999	P
	Bazancourt, France	2002	P
	Mora, Sweden	2000	P
	Markersdorf, Germany	2003	A
Cash Automation	Trier, Germany	2004	A
Entrance Control	Baldenheim, France	2004	A
	Uckfield, UK	2007	A
	Lavis/Trento, Italy	2007	A
	Bedford, UK	2007	A
Outdoor Perimeter Security	Ödeborg, Sweden	2005	P
	Salzkotten, Germany	2006	P
	Doulevant le Château, France	Planned 2008	P
Indoor Perimeter Security	Hillerstorp, Sweden	1998	P
	Kingswinford, UK	2005	P
Indian Ocean Rim	Bekasi/Jakarta, Indonesia	2004	P
	Halol, India	2006	P
	Chennai, India	Planned 2008	P
	Wadeville/Johannesburg, South Africa	Planned 2008	P



Gunnebo's environmental goals

The overall environmental goals are based on a knowledge of the individual operations' environmental impact, which is partly acquired through the environmental systems that have been introduced. Each operation regularly updates, evaluates and reports its environmental impact and environmental performance.

The overall goals set out the principal areas in which the Group's environmental performance should be improved. At local level, these goals are broken down into detailed environmental targets for the local operation. The local goals shall be achieved through well-considered action programmes.

The Gunnebo Group's overall environmental objectives:

- I. Optimise energy use and minimise the climatic impact of the operation
- II. Make efficient use of raw materials and natural resources
- III. Maintain effective sorting-at-source and recycling of materials in order to minimise the amount of non-recycled waste
- IV. Further develop the strategy for product development, so that environmental aspects such as energy consumption and the use of natural resources are taken into consideration throughout the entire lifecycle of a product

"Gunnebo Troax realised the importance of active environmental work at an early stage.

We have invested heavily and are continuing to invest in environmentally friendly measures in order to continually improve, and there is an awareness within the organisation that environmental investments pay off. I am proud to work for a company which allocates resources, nurtures driving forces and invests in ongoing environmental work.

The biggest challenge in the future will be to nurture the system we have today, to ensure that we become even better – and above all to make our customers aware of our environmental work!"

**Irène Jansson, Environment and Quality Manager
Gunnebo Troax AB**

This work is under way and during 2007 Gunnebo got even closer to its goal. The following three plants within Competence Centre Entrance Control have obtained ISO 14001 certification during the year:

- Uckfield, UK
- Bedford, UK
- Lavis, Italy

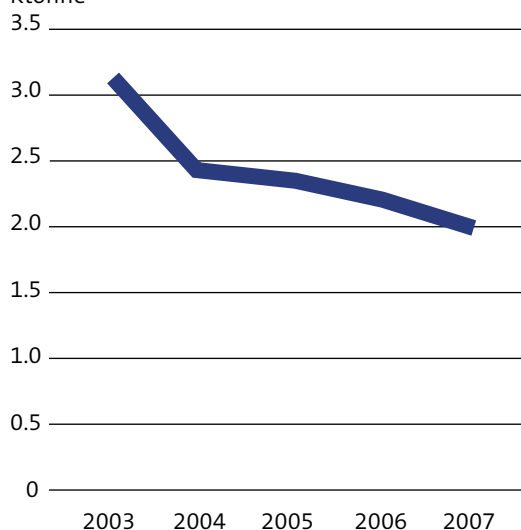
The table on page 32 shows the certified plants and the timeframe for certification of the remaining units.

The Carbon Disclosure Project and reducing greenhouse gas emissions

The work to streamline energy consumption and reduce greenhouse gas emissions continued during 2007. In the past year, efforts have been made to increase the level of environmental awareness amongst our employees. In order to reduce the effect on the climate of business travel, the Group has long since been using video-conferencing whenever possible and appropriate.

An example of systematic climate work producing results is the operation within Troax. Here, emissions of carbon dioxide have been reduced from approximately 3,000 tonnes per year in 2003 to 1,930 tonnes in 2007.

**Gunnebo Troax. Emissions of carbon dioxide, CO₂
Ktonne**



During the year, Gunnebo successfully participated in the Carbon Disclosure Project (CDP). The good result is proof that the regular follow-up which has been carried out and the actions which have taken also generate a positive response from environmentally-aware investors. The CDP is a collaboration between 315 institutional investors, of which ten are Swedish, who together have capital worth USD 41,000 billion at their disposal. The aim of the collaboration is to facilitate dialogue between investors and companies based on the consequences of climate change on share value. The CDP was established in 2000 and today has the world's largest and most comprehensive database on the strategies of major enterprises relating to climate change and share value.

More efficient transportation and warehouse management

Within Competence Centre Secure Storage, a new logistics centre was opened during 2007. One of the principal aims of the European Distribution Centre (EDC) is to improve delivery service for our customers through a rational warehouse operation and efficient transportation. In the first instance, environmental impact can usually be reduced by:

- Co-ordinated transportation from the major production lines according to a regular schedule
- A reduced need for express deliveries through a broader basic range at the EDC
- A major reduction in total warehouse floor space

Eco-design

During the year, a project concerning environmentally friendly product development was initiated within Competence Centre Entrance Control. A project group with participants from the plants in Lavis and Baldenheim will continue to develop checklists and other tools for the design work during the course of 2008. These tools will help to minimise the environmental impact of future products throughout all stages in the product's lifecycle, from the selection of raw materials to the facilitation of recycling.

Environmental risks associated with acquisitions

Prior to potential acquisitions, a comprehensive assessment is carried out of the environmental at conditions the company concerned. This assessment will, for example, cover any occurrences of ground contamination caused by current and previous activity at the site and the equipment that is used to limit the environmental impact of the enterprise. Within the framework of the Due Diligence process, an assessment is also carried out of how existing and future environmental requirements are and will be met. The assessment will usually be carried out in several stages, with the initial phase involving a review of documentation concerning the current environmental situation, the historic use of the site, compliance with current legislation and an inventory of sensitive areas in the vicinity of the facility. When necessary, sampling and analysis of soil and groundwater samples will then be carried out.

Plants in Sweden required to submit reports or hold a licence

The following table shows the Swedish plants which are covered by a requirement to submit reports or hold a licence.

Company	Statutory obligation	Environmental impact takes the form of				
		Emissions into air	Emissions into water	Noise	Chemical products	Residual products
Gunnebo Troax AB, Hillerstorp	Licence		X		X	X
Gunnebo Mora AB	Licence	X			X	X

All of the above lines have the necessary licences or have reported to the relevant supervisory authority.

Motivated employees equal satisfied customers

The uniform and customer-focused organisation which was introduced in connection with the Gunnebo One Company integration programme during 2006 represents an important platform for further developing good and profitable business operations in all areas of the Group. A basis for learning from each other and creating added value for our customers and for the company.

Gunnebo strives to be an attractive employer which offers good opportunities for development in terms of both career development and personal development.

At the year-end, Gunnebo had 6,674 employees (6,771) in 25 countries. This also means that there are thousands of ambassadors for the company –



“Since January 2006, the focus has been on integrating a number of companies within a Nordic organisation, Gunnebo Nordic, and creating a line with common processes, working methods and values linked to the business. My task in this change process has been and is to build up common human resource-processes within the Nordic organisation.

Gunnebo Nordic has fantastic employees who are loyal, as evidenced by their long service, and have a strong desire to do a good job. By focusing more on human resources, we also open up more for the individual employees and their development within the company. The implementation of various HR processes will ultimately benefit both the company and its employees. A stronger focus on these issues improves the level of performance and job satisfaction amongst the employees, which ultimately contributes to a better result and increased profitability.”

**Nadja Chaieb, Responsible Human Resources
Gunnebo Nordic**

and for the brand name Gunnebo. Our employees and their expertise are the Group's single biggest asset. The challenge lies in motivating and developing the Group's employees so that we can fulfil customer requirements and meet expectations.

Smart solutions necessitate human resource development

In order to achieve the Group's overall goals, it is important to continually develop the understanding of Gunnebo's business operations amongst the Group's employees, what it is that Gunnebo offers and how. This represents ongoing work which is an integrated part of the daily operations, but the issues are also tackled centrally through the leadership training carried out at the Gunnebo Academy.

The Gunnebo Academy was opened in 2002 and represents a tool to support the Group's operations through concentrating on human resource development. The aim is to raise the level of expertise and promote integration between the various companies within the Group by giving participants the opportunity to develop networks, learn more about the Group's operations, products and systems and hear about each other's experiences. Another aim of the Gunnebo Academy is to improve the opportunities for managers to successfully manage and develop their employees.

In connection with the introduction of the Gunnebo One Company integration programme, the Gunnebo Academy has helped the organisation to establish a strong focus on the selected customer segments. All managers within the business-lines of Bank, Retail, Site Protection, Secure Storage and After-Sales Service have participated in customer-focused Academy programmes which were concluded during 2007.

In early 2007, the Gunnebo Academy also carried out a programme for the Group management team aimed at Gunnebo's future goals and strategies and common values. Clarifying what Gunnebo stands for is a major factor in enabling the Group to further develop its business operations and create satisfied customers. The Gunnebo Academy is a successful concept for the develop-

EMPLOYEES PER COUNTRY



■ France, 24%
■ Indonesia, 13%
■ India, 12%
■ Germany, 8%
■ Sweden, 7%
■ Spain, 7%
■ UK, 6%
■ The Netherlands, 6%
■ Other, 17%

EMPLOYEES PER COMPETENCE CENTRE Total 2,776



■ Secure Storage, 37%
■ Indoor Perimeter Security, 19%
■ Entrance Control, 18%
■ Outdoor Perimeter Security, 15%
■ Cash Automation, 7%
■ Electronic Security, 4%

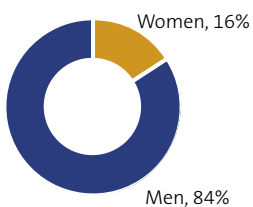
EMPLOYEES PER CUSTOMER CENTRE PER FUNCTION Total 3,898



■ Service and Installation, 45%
■ Site Protection, 18%
■ Internal Service and Support, 17%
■ Bank, 11%
■ Secure Storage, 5%
■ Retail, 4%



EMPLOYEES BY GENDER



ment of the Group's employees, and new programmes will be carried out during 2008.

Effective communication leads to effective collaboration

In a geographically wide-spread Group such as Gunnebo, access to information is key. The fact that even the Group's most peripheral companies now have access to the central intranet GunneboNET means that most managers and employees have access to the same information, can easily share information with each other and collaborate on interactive work surfaces. GunneboNET also supports the work to communicate common processes and policies.

The intranet is also a vital tool for the service organisation which can easily download drawings or other information and thereby provide fast service for its customers.

An important part of the management training at the Gunnebo Academy has been the interactive work through virtual groups, work which has also strengthened the new networks that have been formed. Through these networks, experiences and good ideas can easily be shared with others in the

organisation. Interactive training such as e-learning, e.g. within product and system knowledge, will give more employees more training faster and at a lower cost.

EWC – forum for the exchange of views

In 1999, the European Works Council (EWC) was established as an important forum for the exchange of views between the company management and employees.

The EWC, whose members represent both the management and employees, normally meets once a year to enable Group management to give out information on the company's development, and also to discuss general issues and work to integrate the cultures of various countries into the Group. EWC can be seen as a bridge-builder between units and countries.

Common core values

Together with Gunnebo's five Core Values, the Code of Conduct represents the Group's ethical and value basis for all operations and activities. Gunnebo's Code of Conduct sets out rules for

areas such as working environment, employment conditions and further development, conflicts of interest and employee participation, e.g. professional collaboration at different levels within the Group.

The Code of Conduct also sets out rules concerning the ethical values on which relations with the outside world are to be based.

40 acquisitions – one Gunnebo

The integration programme and growth strategy Gunnebo One Company has merged over 40 acquisitions with more than 100 companies into a uniform organisation which operates under the common brand name of Gunnebo. The next step is to ensure that all employees work in accordance with the Group's Code of Conduct and five Core Values.

During the year, a process was begun which will ensure that the Group's goals, values and basis for leadership will be communicated to all employees. This project is aimed at building a single strong company culture around the Code of Conduct and the Core Values, and at filling the brand name with Gunnebo's ethical and value foundations.

Global presence calls for diversity

Gunnebo's global presence requires diversity at all levels, and the Group is working to attract employees with different backgrounds and skills. The ongoing work relating to employee issues, including recruitment, is handled locally within each market. All human resources managers are part of a common network which is led by the Group's SVP Human Resources and which has as its aim the creation of business-related exchange with regard to employee issues between geographic entities, and discussions concerning common processes and regulations. There are also similar networks for the functions of controlling and finance, environment, quality and communication.

Academic collaboration

The Group's products and solutions draw on high technology, and academic networks are therefore an important asset in the ongoing process to further develop Gunnebo's range of products and services.

Gunnebo collaborates with many international universities and colleges. An example is the subsidiary Gunnebo Troax's collaboration with Jönköping International Business School, which

"In our dynamic and competitive everyday situation, the human resources function is strategically important for the company's growth. Gunnebo India wants to stand out from the crowd. We are therefore focusing on finding the best employees – both through new recruitment and also through allowing existing employees to grow into new roles. It is also a question of building a culture based on collaboration, coming up with innovative ideas and solutions within the area of human resources as well as other areas and of course about putting our business operations first.

Gunnebo India gains many advantages through being part of the Gunnebo security group. One of them is the Group's common Code of Conduct, which is a cornerstone in our marketing.

It's a powerful tool which helps us to create a common culture with common values throughout the Group."

NM Hunur, Human Resources Manager Gunnebo India



every year results in proposals as to how Gunnebo Troax's business operations can be developed further.

Market conditions for pay levels

Gunnebo uses an external collaboration partner in order to secure market conditions for employees and in connection with new recruitment. Managerial positions are evaluated and the total salary that is offered is compared with other companies in countries in which the Group operates.

Contents of financial report

	Page		
Board of Directors' Report	39	Note 14	Tangible assets 62
Definitions	42	Note 15	Shares in subsidiaries 63
Group Income Statements	43	Note 16	Holdings in associated companies 63
Group Balance Sheets	44	Note 17	Inventories 64
Change in Group Equity	46	Note 18	Accounts receivable 64
Group Cash Flow Statements	47	Note 19	Prepaid costs and accrued income 64
Parent Company Income Statements	48	Note 20	Liquid funds 64
Parent Company Balance Sheets	49	Note 21	Equity reserves 64
Change in Parent Company's Equity	51	Note 22	Pension commitments 64
Parent Company Cash Flow Statements	52	Note 23	Other provisions 65
Notes		Note 24	Borrowings 66
Note 1	53	Note 25	Accrued expenses and deferred income 66
Note 2	53	Note 26	Pledged assets 66
Note 3	56	Note 27	Contingent liabilities 66
Note 4	59	Note 28	Operating lease contracts 66
Note 5	60	Note 29	Net financial items affecting cash flow 66
Note 6	61	Note 30	Adjustment for items not included in cash flow 66
Note 7	61	Note 31	Additional disclosures for cash flow statements 66
Note 8	61	Note 32	Personnel 67
Note 9	61	Note 33	Auditor's remuneration 68
Note 10	61	Note 34	Transactions with related parties 68
Note 11	62	Note 35	Business risks 68
Note 12	62	Note 36	Events after the closing day 68
Note 13	62		
		Proposed distribution of earnings	69
		Audit report	69

Board of Directors' Report

The Board of Directors and the President and Chief Executive Officer of Gunnebo AB (publ), company registration number 556438-2629, hereby submit the Annual Report and the consolidated financial statements for 2007.

Gunnebo is an international security group with an annual turnover of MSEK 7,000 and 6,700 employees. The Group provides integrated security solutions to customers that set high standards for secure cash management, secure storage, access and entrance control, intrusion protection and fire protection. The most important customer segments are bank, retail and site protection.

Order intake and invoiced sales

The Group's order intake amounted to MSEK 6,938 (6,762). Organic growth was 3 per cent and currency effects reduced the order intake marginally.

Invoiced sales increased by 4 per cent to MSEK 7,025 (6,727). Invoiced sales increased organically by 5 per cent, while currency effects reduced invoiced sales by 1 per cent. The foreign sales ratio amounted to 94 per cent.

All Business Lines apart from Site Protection report an increased order intake during the year. The Secure Storage and Retail Business Lines report increases in organic order intake of 12 per cent and 6 per cent respectively. The corresponding figure for Bank and Site Protection is 5 per cent and -2 per cent respectively.

All Business Lines report higher invoiced sales. The best development can be found in the Site Protection and Secure Storage Business Lines, which increased invoiced sales organically by 8 per cent and 5 per cent respectively. Bank increased organic invoiced sales by 3 per cent and Retail by 2 per cent.

Results

Group operating profit amounted to MSEK 349 (-27). Last year's figure included items affecting comparability of MSEK -243. The results include depreciation according to plan of MSEK 127 (136) and central Group expenses of MSEK -63 (-58).

The Bank Business Line reported an operating profit of MSEK 221 (175) and Secure Storage MSEK 99 (88). Operating profit/loss amounted to MSEK 97 (31) for Site Protection and MSEK -5 (-20) for Retail.

* This sum is the net effect of capital gains relating to property sales of MSEK 41, costs for upgrading the SafePay closed cash management system of MSEK -21, and write-downs and other integration costs totalling MSEK -25. The costs are divided into items representing cost of goods sold (MSEK -27), administrative expenses (MSEK -6) and other operating costs (MSEK -13). Capital gains are reported under other operating income.

The integration programme carried out during the past year has resulted in a decrease in costs of approximately MSEK 60. The programme is expected to save a further MSEK 30 in 2008.

The Group's figures have been affected by income and expenses of a non-recurring nature. These mainly comprise property sales in India and Italy, the write-down of certain fixed assets, integration costs in France and upgrade costs relating to the SafePay closed cash management system for Nordic customers. The sum of the income and expenses of a non-recurring nature has had an adverse effect on the result of around MSEK -5.* Net financial items amounted to MSEK -95 (-89) and profit after financial items was MSEK 254 (-116). Last year's figure included items affecting comparability of MSEK -243. Acquisition and currency effects have had a positive impact of MSEK 8.

Group profit after tax for the year as a whole was MSEK 128 (-128), which equates to earnings per share of SEK 2.80 (-2.90).

The total Group tax cost recognised amounts to MSEK 126. The effect on cash flow of tax payments made amounts to MSEK -62, which corresponds to 24 per cent of the profit before tax.

The high tax cost is primarily attributable to the fact that there was an unfavourable composition in the Group's income, whereby profit is being reported in countries where the Group is in a tax position, while there is a deficit in countries where improvements in financial results have not yet been achieved to the predicted degree for reporting deferred tax receivables.

Capital expenditure

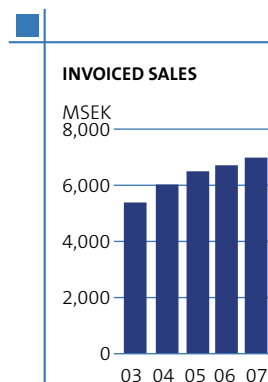
Capital expenditure on intangible assets and tangible fixed assets amounted to MSEK 126 (110).

Product development

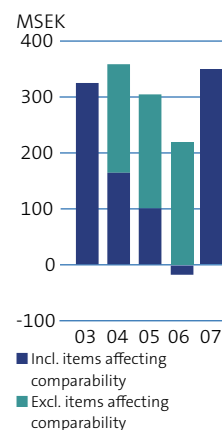
Group expenditure on developing and supporting existing product programmes, and on developing brand new products in existing or new market segments, totalled approximately MSEK 93 (100), of which MSEK 0 (0) was capitalised in the balance sheet during the year.

Cash flow

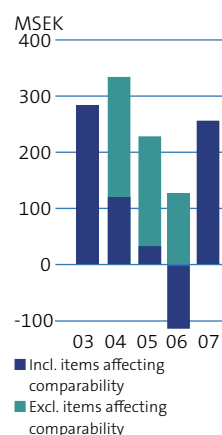
Cash flow from current operations amounted to MSEK 20 (33), of which restructuring costs influencing cash flow comprised MSEK 109 (143).

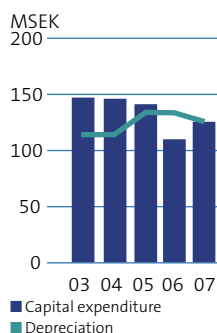


OPERATING PROFIT/LOSS

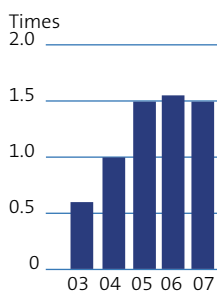


PROFIT/LOSS AFTER FINANCIAL ITEMS



CAPITAL EXPENDITURE
AND DEPRECIATION

DEBT/EQUITY RATIO



The operating cash flow after deductions for capital expenditure but before interest, tax paid and restructuring costs amounted to MSEK 175 (196). The corresponding figure including restructuring costs was MSEK 66 (53). Capital tied up in inventories and operating receivables increased by MSEK 49 and MSEK 97 respectively.

Gunnebo One Company

Gunnebo's far-reaching integration programme, Gunnebo One Company, was completed on 31 December 2006 with the exception of Gunnebo's operation in France. A first step towards closer integration in France was taken on 1 July 2007 when the operations within Fichet Sécurité Electronique, Fichet Sécurité Physique and Ritzenthaler merged into Gunnebo France SA (a Customer Centre) and into the two Competence Centres Electronic Security and Secure Storage. The second and final step was taken in early January 2008 when six small companies were merged with Gunnebo France SA.

Liquidity and financial position

The Group's liquid funds amounted to MSEK 218 (193) and the net debt totalled MSEK 1,746 (1,673). The increase in the net debt occurred towards the end of the year and due to funding higher working capital. As an average over the year, however, the net debt was lower than in 2006.

Equity amounted to MSEK 1,142 (1,044), producing an equity ratio of 24 per cent (22) and a debt/equity ratio of 1.5 (1.6).

Employees

The number of employees in the Group at the end of the year was 97 less than in 2006, totalling 6,674 (6,771).

The number of employees outside of Sweden was 6,177 (6,292).

Remuneration to senior executives

At Gunnebo's Annual General Meeting on 28 March 2007, principles for remuneration and other employment conditions were decided upon for the President and other members of the Group management.

Remuneration to the corporate management shall comprise fixed salary, performance-related pay, pension and other benefits. These components jointly make up the individual's total remuneration.

The fixed salary shall take into account the individual's areas of responsibility and experience, and shall be reviewed on an annual basis.

The performance-related component is dependent on the individual's achievement of quantitative and qualitative goals. The President's performance-related pay may not exceed 50 per cent of the fixed salary. For other senior executives,

SALES BY MARKET, MSEK

	2007		2006		2005	
France	1,691	24%	1,719	26%	1,736	27%
UK	646	9%	724	11%	698	11%
Germany	614	9%	648	10%	668	10%
Spain	590	8%	575	9%	534	8%
Sweden	407	6%	403	6%	373	6%
Italy	278	4%	260	4%	264	4%
Denmark	264	4%	238	4%	237	4%
Hungary	245	3%	81	1%	18	0%
The Netherlands	232	3%	234	3%	207	3%
Belgium	176	3%	191	3%	217	3%
Canada	176	3%	163	2%	153	2%
India	167	2%	142	2%	134	2%
Norway	152	2%	161	2%	188	3%
Indonesia	126	2%	138	2%	145	2%
Other	1,261	18%	1,050	15%	905	15%
Group total	7,025	100%	6,727	100%	6,477	100%

performance-related pay varies depending on position and contract, but may not exceed between 25 and 50 per cent of the fixed salary. Ahead of the Annual General Meeting on 3 April 2008, the Board has proposed guidelines corresponding to the above, which will apply until the next Annual General Meeting.

Share category

At the end of the year, Gunnebo's share capital amounted to MSEK 227.6, divided into 45,513,359 shares with a quota value of SEK 5. All shares have one vote each and are of the same category. Each share entitles the holder to an equal share of the company's assets and profits. There are no restrictions on the transferability of shares.

Share data

Earnings per share amounted to SEK 2.80 (-2.90). Earnings per share excluding items affecting comparability were SEK 2.80 (1.85). The number of shareholders amounted to 10,600 (9,600).

Proposed dividend

An unchanged dividend of SEK 1.60 (1.60) per share is proposed.

Parent company

The parent company's operations consists primarily of the provision of functions for Group management, corporate development, human resources, legal affairs, financial control/finance, IT, quality, logistics, communication and environmental issues.

Environmental impact

Gunnebo strives to operate its business in a way that is not damaging to the environment, and

it complies with the applicable environmental legislation in its businesses and processes around the world. The Group operates business requiring a licence under Swedish environmental law at its Swedish companies Gunnebo Mora AB and Gunnebo Troax AB. This business is mainly concerned with the production of mesh panels and safes. The licence is for emissions into the air and water, chemical products and residual products. For more information, see the Sustainability report on page 32.

Financial goals

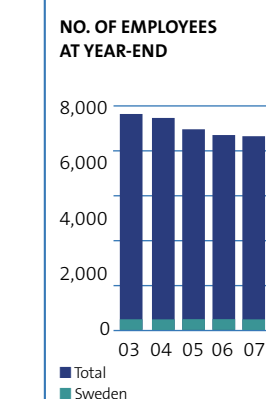
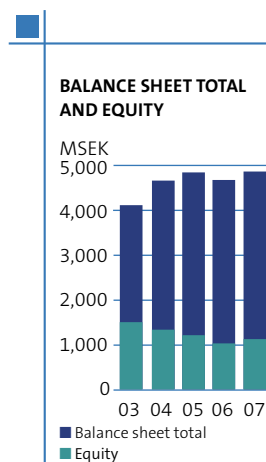
- Gunnebo shall earn a long-term return on capital employed of at least 15 per cent and an operating margin of at least 7 per cent
- The equity ratio shall not fall below 30 per cent
- The Group shall achieve organic growth of at least 5 per cent a year

Risks and uncertainty factors

Given the international nature of its business, Gunnebo is exposed to financial, business environment and other business risks. The financial risks are mainly linked to changes in interest rates and exchange rates, as well as refinancing and counterpart risks. Business risks primarily include operational and strategic risks, such as business environment risks, raw material risks, product risks and legal risks. For more information on the risks to which Gunnebo is exposed, see Notes 3 and 35.

Events after the closing day

No significant events affecting the content of this Annual Report have occurred between 31 December 2007 and the publication of this Annual Report.



INVOICED SALES, OPERATING PROFIT/LOSS AND OPERATING MARGIN BY BUSINESS LINE, MSEK

	Invoiced sales		Operating profit/loss		Operating margin, %	
	2007	2006	2007	2006	2007	2006
Bank	2,326	2,282	221	175	9.5	7.7
Retail	739	714	-5	-20	-0.7	-2.8
Site Protection	2,920	2,736	97	31	3.3	1.1
Secure Storage	1,040	995	99	88	9.5	8.8
Central Group items	—	—	-63	-58	—	—
Total before items affecting comparability	7,025	6,727	349	216	5.0	3.2
Central Group items	—	—	—	-243	—	—
Group total	7,025	6,727	349	-27	5.0	-0.4

Definitions

Gross margin:

Gross profit as a percentage of revenue.

Dividend yield:

Dividend in relation to listed price on 31 December.

Capital turnover rate:

Revenue in relation to average capital employed.

Cash flow per share:

Cash flow from current operations divided by the average number of shares after dilution.

Net debt:

Interest bearing provisions and liabilities less liquid funds and interest bearing receivables.

Operating cash flow:

Cash flow from current operations, after capital expenditure but before interest and tax paid.

P/E ratio:

Listed price on 31 December divided by earnings per share after dilution.

Earnings per share:

Profit after tax divided by the average number of shares

Return on equity:

Profit for the year as a percentage of average equity.

Return on capital employed:

Operating profit plus financial income as a percentage of average capital employed.

Interest coverage ratio:

Profit after financial items plus interest costs, divided by interest costs.

Operating margin:

Operating profit as a percentage of revenue.

Debt/equity ratio:

Net debt in relation to equity.

Equity ratio:

Equity as a percentage of the balance sheet total.

Capital employed:

Total assets less non-interest bearing provisions and liabilities.

Profit margin:

Profit after financial items in relation to revenue.

Group Income Statements

MSEK	Note	2007	2006
Revenue	5	7,025.0	6,726.6
Cost of goods sold		-5,039.9	-4,801.5
Gross profit/loss		1,985.1	1,925.1
Selling expenses		-1,037.4	-1,063.0
Administrative expenses	33	-662.1	-673.3
Share of profit of associated companies		8.6	9.6
Other operating income	6	73.7	87.1
Other operating expenses	7	-18.6	-312.9
Operating profit/loss	5, 8, 11, 28	349.3	-27.4
Financial items			
Interest income	10	4.3	6.6
Other financial income	10	5.4	3.5
Interest expenses	10	-94.4	-87.7
Other financial expenses	10	-10.2	-11.4
Total financial items		-94.9	-89.0
Profit/loss after financial items		254.4	-116.4
Taxes	9	-126.7	-11.7
Profit/loss for the year		127.7	-128.1
Of which attributable to:			
Parent company shareholders		127.6	-128.1
Minority interests		0.1	—
		127.7	-128.1
Earnings per share before dilution, SEK	12	2.80	-2.90
Earnings per share after dilution, SEK	12	2.80	-2.90

Group Balance Sheets

ASSETS, MSEK	Note	2007	2006
<i>Fixed assets</i>			
Intangible assets			
Goodwill	13	1,103.0	1,056.3
Other intangible assets	13	129.4	118.5
Total intangible assets		1,232.4	1,174.8
Tangible assets			
Buildings and land	14	299.7	330.5
Machinery	14	163.4	165.9
Equipment	14	106.8	99.8
Fixed assets under construction	14	13.9	32.3
Total tangible assets		583.8	628.5
Financial assets			
Shares in associated companies	16	38.2	29.5
Deferred tax receivables	9	119.7	158.6
Other financial assets		10.0	17.9
Total financial assets		167.9	206.0
Total fixed assets		1,984.1	2,009.3
<i>Current assets</i>			
Inventories	17	788.7	718.5
Current receivables			
Accounts receivable	18	1,622.2	1,474.2
Current tax receivables		38.9	45.5
Other receivables		120.6	177.5
Prepaid expenses and accrued income	19	64.5	69.1
Total current receivables		1,846.2	1,766.3
Liquid funds	20	218.3	193.1
Total current assets		2,853.2	2,677.9
TOTAL ASSETS		4,837.3	4,687.2

EQUITY AND LIABILITIES, MSEK	Note	2007	2006
Equity	21		
Share capital		227.6	222.9
Other contributed capital		638.0	580.6
Reserves		-38.5	-19.3
Retained earnings		315.0	259.6
Total equity attributable to the shareholders of the parent company		1,142.1	1,043.8
Minority interests		0.1	—
Total equity		1,142.2	1,043.8
Long-term liabilities			
Deferred tax liabilities	9	18.9	18.2
Pension commitments	22	246.3	327.5
Borrowings	24	1,338.4	1,485.0
Total long-term liabilities		1,603.6	1,830.7
Current liabilities			
Account payables		775.2	771.3
Current tax liabilities		38.5	46.3
Other liabilities		261.6	191.3
Accrued expenses and deferred income	25	494.3	475.7
Borrowings	24	387.8	70.0
Other provisions	23	134.1	258.1
Total current liabilities		2,091.5	1,812.7
TOTAL EQUITY AND LIABILITIES		4,837.3	4,687.2
Pledged assets	26	2.0	13.3
Contingent liabilities	27	158.1	132.9

Change in Group Equity

MSEK	Note	Attributable to the shareholders of the parent company					Minority interests	Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance 2006-01-01		219.3	539.3	-8.3	458.2	1,208.5	—	1,208.5
Translation difference		—	—	-16.5	—	-16.5	—	-16.5
Change in hedge reserve		—	—	5.5	—	5.5	—	5.5
Income and expenses for the year reported directly against equity		—	—	-11.0	—	-11.0	—	-11.0
Profit/loss for the year		—	—	—	-128.1	-128.1	—	-128.1
Total income and expenses for the year		—	—	-11.0	-128.1	-139.1	—	-139.1
New share issue		3.6	41.3	—	—	44.9	—	44.9
Dividend		—	—	—	-70.5	-70.5	—	-70.5
Total transactions with shareholders		3.6	41.3	—	-70.5	-25.6	—	-25.6
Closing balance 2006-12-31	21	222.9	580.6	-19.3	259.6	1,043.8	—	1,043.8
Opening balance 2007-01-01		222.9	580.6	-19.3	259.6	1,043.8	—	1,043.8
Translation difference		—	—	-11.4	—	-11.4	—	-11.4
Change in hedge reserve		—	—	-7.8	—	-7.8	—	-7.8
Income and expenses for the year reported directly against equity		—	—	-19.2	—	-19.2	—	-19.2
Profit/loss for the year		—	—	—	127.6	127.6	0.1	127.7
Total income and expenses for the year		—	—	-19.2	127.6	108.4	0.1	108.5
Share-based remuneration		—	—	—	0.1	0.1	—	0.1
New share issue		4.7	57.4	—	—	62.1	—	62.1
Dividend		—	—	—	-72.3	-72.3	—	-72.3
Total transactions with shareholders		4.7	57.4	—	-72.2	-10.1	—	-10.1
Closing balance 2007-12-31	21	227.6	638.0	-38.5	315.0	1,142.1	0.1	1,142.2

Group Cash Flow Statements

MSEK	Note	2007	2006
OPERATING ACTIVITIES			
Operating profit/loss		349.3	-27.4
Adjustment for items not included in cash flow	30	-37.5	221.2
Net financial items affecting cash flow	29	-100.7	-84.3
Taxes paid		-62.0	-37.5
Dividends from associated companies		1.4	1.3
Cash flow from operating activities before change in working capital		150.5	73.3
Cash flow from changes in working capital			
Change in inventories		-49.1	27.5
Change in operating receivables		-97.1	-138.0
Change in operating liabilities		16.2	70.2
Cash flow from changes in working capital		-130.0	-40.3
Cash flow from operating activities		20.5	33.0
INVESTMENT ACTIVITIES			
Capital expenditure on intangible assets	13	-36.8	-27.9
Capital expenditure on tangible assets	14	-89.2	-82.4
Divestiture of tangible assets		71.7	128.9
Acquisition of subsidiaries	31	—	-12.2
Cash flow from investing activities		-54.3	6.4
FINANCING ACTIVITIES			
Change in interest-bearing receivables		7.0	2.1
Change in interest-bearing liabilities		60.2	20.1
New share issue		62.1	44.9
Dividend		-72.3	-70.5
Cash flow from financing activities		57.0	-3.4
Cash flow for the year		23.2	36.0
Liquid funds at the beginning of the year		193.1	169.3
Translation differences in liquid funds		2.0	-12.2
Liquid funds at year-end		218.3	193.1

Parent Company Income Statements

MSEK	Note	2007	2006*
Net turnover	34	40.8	40.6
Administrative expenses	8, 11, 28	-90.3	-91.3
Operating profit/loss		-49.5	-50.7
Financial items			
Profit from participations in Group companies	10	146.9	161.7
Interest income	10	9.9	9.1
Other financial income	10	4.5	4.1
Interest expenses	10	-80.1	-70.8
Other financial expenses	10	-4.2	-11.9
Total financial items		77.0	92.2
Profit/loss after financial items		27.5	41.5
Taxes		7.8	11.1
Profit/loss for the year		35.3	52.6

* As of 1 January 2007, Gunnebo AB applies UFR 2 of the Swedish Financial Reporting Board, which states that the Group contribution must be reported according to its financial significance. For Gunnebo, this means that the Group contribution is reported as a capital transfer directly against unrestricted equity. The comparison figures for 2006 have been recalculated in accordance with the new principle.

Parent Company Balance Sheets

ASSETS, MSEK	Note	2007	2006*
<i>Fixed assets</i>			
Intangible assets			
Other intangible assets	13	24.9	7.5
Total intangible assets		24.9	7.5
Tangible assets			
Equipment	14	2.1	2.6
Total tangible assets		2.1	2.6
Financial assets			
Shares in subsidiaries	15	2,532.6	2,453.1
Receivables from Group companies		244.4	265.1
Total financial assets		2,777.0	2,718.2
Total fixed assets		2,804.0	2,728.3
<i>Current assets</i>			
Current receivables			
Accounts receivable		0.2	—
Receivables from Group companies		13.4	13.7
Other receivables		4.3	2.1
Prepaid expenses and accrued income	19	8.9	11.2
Total current receivables		26.8	27.0
Cash and bank	20	1.9	2.7
Total current assets		28.7	29.7
TOTAL ASSETS		2,832.7	2,758.0

* As of 1 January 2007, Gunnebo AB applies UFR 2 of the Swedish Financial Reporting Board, which states that the Group contribution must be reported according to its financial significance.

For Gunnebo, this means that the Group contribution is reported as a capital transfer directly against unrestricted equity. The comparison figures for 2006 have been recalculated in accordance with the new principle.

	Equity AND LIABILITIES, MSEK	Note	2007	2006*
Equity				
<i>Restricted equity</i>				
Share capital (45,513,359 shares with a quota value of SEK 5)			227.6	222.9
Statutory reserve			539.3	539.3
			766.9	762.2
<i>Unrestricted equity</i>				
Share premium reserve			98.7	41.3
Retained earnings			60.5	60.2
Profit/loss for the year			35.3	52.6
			194.5	154.1
Total equity			961.4	916.3
Long-term liabilities				
Subordinated loans			300.0	300.0
Total long-term liabilities			300.0	300.0
Current liabilities				
Account payables			13.2	12.9
Liabilities to Group companies			1,537.3	1,505.0
Other liabilities			2.1	2.4
Accrued expenses and deferred income	25		18.7	21.4
Total current liabilities			1,571.3	1,541.7
TOTAL EQUITY AND LIABILITIES			2,832.7	2,758.0
Pledged assets			—	—
Contingent liabilities	27		1,620.3	1,379.6

* As of 1 January 2007, Gunnebo AB applies UFR 2 of the Swedish Financial Reporting Board, which states that the Group contribution must be reported according to its financial significance. For Gunnebo, this means that the Group contribution is reported as a capital transfer directly against unrestricted equity. The comparison figures for 2006 have been recalculated in accordance with the new principle.

Change in Parent Company's Equity

MSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings and profit/loss for the year	Total equity
Opening balance 2006-01-01	219.3	539.3	—	102.0	860.6
Group contributions received	—	—	—	92.7	92.7
Group contributions paid	—	—	—	-52.9	-52.9
Tax effect of Group contributions	—	—	—	-11.1	-11.1
Income and expenses for the year reported directly against equity	—	—	—	28.7	28.7
Profit/loss for the year	—	—	—	52.6	52.6
New share issue	3.6	—	41.3	—	44.9
Dividend	—	—	—	-70.5	-70.5
Closing balance 2006-12-31*	222.9	539.3	41.3	112.8	916.3
Opening balance 2007-01-01	222.9	539.3	41.3	112.8	916.3
Group contributions received	—	—	—	65.5	65.5
Group contributions paid	—	—	—	-37.7	-37.7
Tax effect of Group contributions	—	—	—	-7.8	-7.8
Income and expenses for the year reported directly against equity	—	—	—	20.0	20.0
Profit/loss for the year	—	—	—	35.3	35.3
New share issue	4.7	—	57.4	—	62.1
Dividend	—	—	—	-72.3	-72.3
Closing balance 2007-12-31	227.6	539.3	98.7	95.8	961.4

* As of 1 January 2007, Gunnebo AB applies UFR 2 of the Swedish Financial Reporting Board, which states that the Group contribution must be reported according to its financial significance.

For Gunnebo, this means that the Group contribution is reported as a capital transfer directly against unrestricted equity. The comparison figures for 2006 have been recalculated in accordance with the new principle.

Parent Company Cash Flow Statements

MSEK	Note	2007	2006*
OPERATING ACTIVITIES			
Operating profit/loss		-49.5	-50.7
Adjustment for items not included in cash flow		1.9	3.9
Net financial items affecting cash flow	29	111.9	73.8
Cash flow from operating activities before changes in working capital		64.3	27.0
Cash flow from changes in working capital			
Change in operating receivables		1.1	-0.7
Change in operating liabilities		-6.3	8.7
Cash flow from changes in working capital		-5.2	8.0
Cash flow from operating activities		59.1	35.0
INVESTMENT ACTIVITIES			
Change in interest-bearing receivables	13	-18.4	-7.8
Change in interest-bearing liabilities	14	-0.4	-0.8
Investments in subsidiaries	15	-122.1	-19.4
Cash flow from investing activities		-140.9	-28.0
FINANCING ACTIVITIES			
Change in interest-bearing receivables		20.7	29.6
Change in interest-bearing liabilities		30.7	-48.1
Group contributions		39.8	33.6
New share issue		62.1	44.9
Dividend		-72.3	-70.5
Cash flow from financing activities		81.0	-10.5
Cash flow for the year		-0.8	-3.5
Liquid funds at the beginning of the year		2.7	6.2
Liquid funds at year-end		1.9	2.7

* As of 1 January 2007, Gunnebo AB applies UFR 2 of the Swedish Financial Reporting Board, which states that the Group contribution must be reported according to its financial significance. For Gunnebo, this means that the Group contribution is reported as a capital transfer directly against unrestricted equity. The comparison figures for 2006 have been recalculated in accordance with the new principle.

Notes

(Amounts in MSEK except where otherwise stated)

Note 1 General information

Gunnebo AB (publ) is a Swedish public limited company registered with the Swedish Companies Registration Office under the company registration number 556438-2629. The Board has its registered office in Gothenburg Municipality in Sweden.

The Group's main activities are described in the Board of Directors' Report and in the notes to this Annual Report. The company's shares are listed on the OMX Nordic Exchange's Mid Cap list.

The consolidated financial statements for the financial year ending 31 December 2007 were approved by the Board on 7 February 2008 and will be submitted to the Annual General Meeting on 3 April 2008 for adoption.

Note 2 Summary of important accounting principles

Foundations for preparing the statements

This Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the International Financial Reporting Standards (IFRS), as adopted by the EU.

The Annual Report also contains additional information in accordance with the recommendation of the Swedish Financial Reporting Board, RFR 1.1 Supplementary Accounting Regulations for Groups, which specifies information required in addition to the IFRS information in accordance with the provisions of the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared in accordance with the cost value principle with the exception of financial assets which are available for sale and financial assets and liabilities (including derivative instruments) valued at fair value via the income statement.

All reports prepared in compliance with IFRS require the use of accounting estimates. Furthermore, the management is required to make certain assessments upon application of the company's accounting principles. The areas which include estimates and assessments of significant importance to the principles of consolidation are given in Note 4.

New and amended accounting principles

As of 1 January 2007, Gunnebo has applied the following standards, interpretations and modifications, which have not had any material effect on the Group's results and financial position:

IFRS 7 Financial Instruments – Disclosures: This standard involves an increased disclosure obligation with regard to the significance of financial instruments to the Group's financial position and results as well as the nature and scope of risks arising from the use of financial instruments.

Amendment to IAS 1 Presentation of Financial Statements: This amendment involves a new disclosure obligation on the extent of external financing as well as the company's aims, policy and methods for asset management.

IFRIC 7 Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies: This statement provides guidelines on how to recalculate figures for the comparison period for the year in which a company's functional currency is classified as a high-inflation currency for the first time. (The Group currently has no operations in countries where transition to hyperinflationary reporting is relevant.)

IFRIC 8 Scope of IFRS 2: According to IFRIC 8, the rules of IFRS 2 encompass goods and services received in consideration for equity instruments granted, even if said goods and services, wholly or partly, cannot specifically be identified.

IFRIC 9 Reassessment of Embedded Derivatives: The statement is a clarification of IAS 39 regarding embedded derivatives, primarily relating to reassessment of embedded derivatives as a result of altered market conditions.

IFRIC 10 Interim Financial Reporting and Impairment: The interpretation establishes that impairment of goodwill recognised in a previous interim period may not be reversed in a subsequent interim or annual period.

Standards, interpretations and amendments that have been issued but have not yet come into force

On preparing the consolidated accounts as at 31 December 2007, several standards, interpretations and amendments have been published which have not yet come into force. The following is a preliminary assessment of

the effect the introduction of these standards and statements may have on Gunnebo's financial reports:

Amendment to IFRS 2 Share-based payments*: The revised IFRS 2 contains a number of clarifications and is applicable to financial years beginning on or after 1 January 2009.

Amendment to IFRS 3 Business Combinations*: The changes to IFRS 3 are relatively minor.

One important change, however, is that acquisition costs will be recognised as costs and not, as previously, added to the purchase price. The changes to IFRS 3 also require subsequent changes to IAS 27, IAS 28 and IAS 31. The revised version of IFRS 3 will be applicable to financial years starting on or after 1 July 2009.

IFRS 8 Operating Segments: This standard comes into force on 1 January 2009 and is applicable to financial years starting on or after that date. The standard relates to the division of corporate operations into segments. According to the standard, the company should take the structure of internal reporting as its point of departure when determining reportable segments.

The effects of the standard on the Group's financial reporting have not yet been determined.

Amendment to IAS 1 Presentation of Financial Statements*: The change relates to the presentation of income and expenses previously reported directly against equity. The revised version of IAS 1 will be applicable to financial years starting on or after 1 January 2009.

Amendment to IAS 23 Borrowing costs*: According to the revised standard, borrowing costs that are directly related to the purchase, construction or production of an asset which requires a considerable period of time to be completed, will be capitalised as a part of the cost of the asset. This removes the alternative option of directly expensing these kinds of borrowing cost. The Group will apply the revised version of IAS 23 from 1 January 2009 but it is not considered to be relevant to the Group as it does not hold any assets for which borrowing costs can be capitalised.

Amendment to IAS 32 Financial instruments: Classification*: The amendment relates to the classification of financial instruments in connection with liquidation. The revised standard will apply to financial years starting on or after 1 January 2009 but is not considered to have any material effect on the Group's accounts.

IFRIC 11 IFRS 2: Group and Treasury Share Transactions:

This statement came into force on 1 March 2007 and is applicable to financial years starting on or after that date. The interpretation concerns the classification of share-based payments in which the company buys back treasury shares to settle its obligations, and the reporting of stock option programmes in subsidiaries that apply IFRS. The Group will apply IFRIC 11 as of 1 January 2008 but this is not expected to have any impact on the Group's accounts.

IFRIC 12 Service Concession Arrangements*: This statement comes into force on 1 January 2008 and is applicable to financial years starting after that date. The interpretation deals with arrangements whereby a private operator is contracted to supply infrastructure for public services for a specific period. The Group will apply IFRIC 12 as of 1 January 2008 but this is not expected to have any impact on the Group's accounts.

IFRIC 13 Customer Loyalty Schemes*: According to IFRIC 13, a company must report customer loyalty incentives in the form of bonus points or free products as a separate component of the sale transaction for which they are awarded and must value the incentive at its fair value. At present, the Group does not have a customer loyalty scheme and the statement is therefore considered to be irrelevant. The statement comes into force on 1 July 2008.

IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*: This interpretation concerns funds for securing pension commitments through a defined benefit plan and specifically how minimum funding requirements interact with IAS 19 and its cover for a defined benefit asset. The statement comes into force on 1 January 2008 and is not expected to have any material effect on the Group's accounts.

Principles of consolidation

The principles of consolidation relate to Gunnebo AB and those companies in which the company directly or indirectly owns shares controlling more than 50 per cent of the votes, or over which the company exercises control in some other way.

The consolidated accounts have been drawn up in accordance with the purchase method, whereby the Group equity includes the parent

* Not yet approved for application within the EU.

company's equity and subsidiary companies' equity generated after acquisition.

The difference between the cost of shares in subsidiary companies and the fair value at the time of acquisition of the assets and liabilities acquired is recognised as goodwill. If the cost of the acquired subsidiary's net assets is lower than their fair value, the difference is recognised directly in the income statement. Intra-Group transactions and balance items as well as non-realised gains on transactions between Group companies are eliminated.

Accounting treatment of associated companies

Companies that are not subsidiaries but in which Gunnebo owns at least 20 per cent of the votes or otherwise exerts a significant influence are reported as associated companies. Shareholdings in associated companies are recognised using the equity interest method. This means that the cost of shares, adjusted to take into account the Group's interests in the associated companies' result, is entered in the Group's balance sheets, under financial assets, after deduction for dividend received. The Group's interests in the associated company's result after tax are recognised in the income statement under Share of profit of associated companies. The Group's carrying amount for holdings in associated companies includes goodwill as identified on acquisition, net of write-downs.

Translation of foreign currencies

a) Functional currency and presentation currency

Items in the financial statements for the various Group units are valued in the currency used in the economic environment in which each company primarily operates (functional currency). In the consolidated accounts the Swedish krona is used, which is the parent company's functional and presentation currency.

b) Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency using the exchange rates in force on the transaction date. Exchange rate gains and losses arising upon payment of such transactions and upon translating monetary assets and liabilities in foreign currencies at the closing day exchange rate are recognised in the income statement. The exceptions are transactions comprising hedges which fulfil the conditions for hedge reporting of cash flows or net investments, whereby gains/losses are recognised in equity.

c) Group companies

The income statement and balance sheet of all Group companies with a functional currency different to the presentation currency are retranslated into the Group's presentation currency as follows:

(i) assets and liabilities for each of the balance sheets are translated at the closing day rate;

(ii) income and expenses for each of the income statements are translated at the average exchange rate (provided this average exchange rate is a reasonable approximation of the accumulated effect of the rates in effect on the transaction date, otherwise income and expenses are translated on the transaction date);

(iii) all currency differences which arise are reported as a separate part of equity.

Upon consolidation, currency differences which arise as a result of translating net investments in foreign operations and of borrowing and other currency instruments identified as hedges of such investments, are recognised in equity. On divestment of a foreign operation, such currency differences are recognised in the income statement as part of the capital gain/loss. Goodwill and adjustments of fair value arising upon acquisition of a foreign operation are treated as assets and liabilities in the operation in question, and are translated at the closing day rate.

Intra-Group pricing

Deliveries of goods and services between companies in the Group are priced on an arm's length basis.

Transactions with related parties

Transactions with related parties are priced on an arm's length basis.

Derivative instruments

The Group applies accounting standard IAS 39, Financial Instruments: Recognition and Measurement. This means that all derivative instruments are recognised in the balance sheet at fair value. Changes in value relating to derivative instruments are recognised in the income statement except where the derivative instrument is a hedging instrument in a cash flow hedge or in a hedge of a net investment in a foreign company. In these cases the

effective portion of the change in value regarding the derivative instrument is recognised under equity until the point where the hedged transaction has an effect on profit. With regard to the derivative instruments relating to hedging of fair value, the changes in value both from derivative instruments and the hedged object are recognised in the income statement, where they neutralise one another to the extent that the hedge is effective.

Inventories

Inventories are valued at the lower of cost and net selling price in accordance with the first-in first-out principle (FIFO). The value of inventories includes an attributable share of indirect costs. Inventories are reported net after necessary deductions for obsolescence.

Accounts receivable

A reserve for doubtful receivables is made when it is likely that the Group will not receive the amounts due in accordance with the receivables' original terms. The size of the reserve comprises the difference between the assets' carrying amount and the present value of expected future cash flows.

Liquid funds

Liquid funds include cash, bank deposits and other short-term investments which mature within three months of the date of acquisition.

Income tax

The stated income tax comprises tax that is to be paid or received for the financial year in question, adjustments to previous years' taxes and changes in deferred tax. All tax liabilities and receivables are valued at nominal amounts in accordance with the tax rules and at the tax rates that have been decided or announced and will almost certainly be approved.

Tax effects relating to items in the income statement are also recognised in the income statement. The tax effects of items recognised directly in equity are stated in equity.

Deferred tax is calculated based on the difference between the tax value and the carrying amount of assets and liabilities (temporary differences), and on tax loss carry-forwards. Deferred tax is also calculated on the basis of the unrealised result of loans and forward contracts entered into to hedge the net assets of foreign subsidiaries. Changes in this item are recognised directly in equity. Deferred tax receivables attributable to loss carry-forwards are only recognised if it is probable that the deduction can be netted against a surplus in future taxation.

Pension commitments

IAS 19 is applied in Gunnebo's reporting of pensions, healthcare benefits and other employee benefits after the period of employment. The recommendation makes a distinction between defined contribution and defined benefit pension plans. Defined contribution pension plans are defined as plans where the company makes pre-determined payments to a third party and has no other obligation once the premiums have been paid. Such plans are recognised as costs when the premiums are paid. Other plans are defined benefit plans in which the obligations remain within the Group. These obligations and costs regarding employment during the current period are based on actuarial calculations in accordance with the projected unit credit method. External actuaries are engaged for these calculations. The actuarial assumptions used to calculate the obligations and costs vary with the economic factors that reflect conditions in the countries where the defined benefit plans are located.

The Group's defined benefit plans are either non-funded or funded externally. Provisions for non-funded plans in the balance sheet comprise the present value of the defined benefit obligations adjusted for the unrecognised actuarial gains and losses and the unrecognised costs for employment during earlier periods.

As regards the funded plans, the plan assets of the plans are separated from the Group's assets in externally managed funds. Liabilities or assets recognised in the balance sheet relating to funded plans represent the amount by which the market value of the plan assets exceeds or falls short of the present value of the defined benefit obligations, adjusted for unrecognised actuarial gains or losses and costs relating to employment during earlier periods. However, a net asset is only recognised to the extent that it represents future financial benefits which the Group can utilise, for example in the form of reduced contributions in the future or repayment of funds paid into the plan. When it is not possible to utilise such surpluses, they are not recognised but presented in the notes.

Actuarial gains or losses arise in the event of changes in actuarial assumptions and differences between actuarial assumptions and the outcome in reality. The part of the accumulated amount exceeding 10 per

cent of the higher of the obligations' present value and the plan assets' market value at the end of the previous year is included in the figure for the expected average remaining period of employment for the employees covered by the plan. For all defined benefit plans, the actuarial costs, which burden the result, comprise the cost of employment during the current period, interest cost, expected return on plan assets (funded plans only), cost of employment during previous periods and any amortisation of actuarial gains or losses.

The cost of employment during previous periods, which refers to changes in pension terms, is realised once these changes have become vested or is amortised during the period until this happens.

Some of the plans for supplementary pensions for salaried employees in Sweden are financed through insurance premiums paid to Alecta/Collectum. This arrangement constitutes a defined benefit plan encompassing several employers. Alecta is currently unable to provide the information required to report the plan as a defined benefit plan. Consequently, supplementary pensions for salaried employees insured with Alecta are stated as defined contribution plans.

Provisions

Liabilities that are uncertain in terms of amount or when they will be settled are recorded in the balance sheet as provisions. It must also be considered likely that an outflow of resources will be required in order to service the commitment and that the amount can be reliably estimated. Provisions for restructuring expenses include costs for terminating lease agreements and severance pay and are recognised when the Group has a definite detailed restructuring plan which it has made known to interested parties. Provisions for legal requirements are estimates of the future cash flows required in order to settle obligations. These estimates are based on the nature of the legal proceedings and take into account the assessments and opinions of legal advisers with regard to their outcome. Provisions to cover guarantee costs are estimates of warranty claims made and have been estimated using statistics for previous claims, the expected costs of measures and the average time required between the occurrence of a fault and a claim being made against the company.

Accounting treatment of revenue

Revenue from the sale of goods and services is stated when an agreement has been reached with a customer and the products have been delivered or the services provided and when all significant risks have transferred to the customer. Revenue is stated net after value added tax (VAT), discounts and returns. Intra-Group sales are eliminated in the Group. Income for major ongoing projects of long duration on behalf of outside parties is recognised on the basis of the degree of completion, which is determined by comparing costs incurred on the closing date with the estimated total cost.

Other operating income

Other operating income mainly comprises income in the form of royalties, rent, capital gains on sales of fixed assets, and currency gains on receivables and liabilities that are operational in character.

Items affecting comparability

Items affecting comparability refers to events and transactions which have effects on profit that are important to highlight when comparing the results of the period with other periods as regards:

- Capital gains and losses from the divestment of operations.
- Closure or significant reduction of operations.
- Restructuring which entails action plans with the aim of re-organising an operation.
- Significant write-downs.
- Other significant non-recurring costs or income.

Goodwill

Goodwill comprises the difference between the cost and the fair value of the Group's share of an acquired subsidiary's identifiable assets, liabilities and contingent liabilities at the time of acquisition. If on acquisition the fair value for the assets, liabilities and contingent liabilities acquired exceeds the purchase price, the surplus is recognised indirectly as an income item in the income statement. Goodwill has an indefinite economic life and is recognised at cost less accumulated write-downs. When a business is sold, goodwill related to this business is recognised in the capital gain/loss calculation.

Other intangible assets

Other intangible assets are product development costs and the costs of

purchasing and developing software. Internally developed intangible assets are only recognised as assets if an identifiable asset has been created, it is likely that the asset will generate future financial benefit and the cost of developing the asset can be calculated in a reliable way. If it is not possible to recognise an internally developed intangible asset, the development costs are recognised as a cost in the period in which they arise.

Expenditure on product development

Expenditure on development projects is capitalised under intangible assets to the extent it is expected to generate economic benefits in the future.

Other development expenditure is expensed in the income statement as it is incurred and is included in cost of goods sold. Development expenditure previously expensed is not capitalised as an asset in later periods. Capitalised development expenditure is generally written off linearly over the estimated economic life of 3-5 years. The capitalised development expenditure for SafePay is expensed in accordance with the production-based method, based on expected sales over the next five years.

Expenditure on software

Expenditure on software is capitalised as an asset if it is likely to have economic benefits in excess of the cost after one year. Other software is recognised as a cost. Capitalised expenditure on purchasing and developing software is expensed linearly over the estimated economic life of 3-5 years.

Tangible assets

Tangible assets are recognised at cost less accumulated depreciation and any write-down. The cost includes expenses directly attributable to bringing the asset to the location and into the condition required for it to be used for its intended purpose. Costs for improvements to the asset's performance increase the asset's carrying amount if the investment is expected to generate economic benefits. Expenditure on repairs and/or maintenance is recognised as costs.

Tangible assets are depreciated in a linear fashion over the asset's expected useful life down to the asset's calculated residual value.

The following useful lives are used for calculating depreciation according to plan:

- Vehicles 5 years
- Computers 3-5 years
- Machinery and other equipment 5-15 years
- Buildings and land 20-50 years

Write-downs

On the occasion of each report, an assessment is made as to whether there is any indication of a reduction in the value of the Group's assets. If this is the case, an estimate is made of the asset's recoverable amount. Goodwill has been allocated to the smallest cash generating unit and is subject to annual write-down reviews even if there is no indication of a reduction in value. The need for write-down is reviewed more often, however, if there are indications of a reduction in value. The recoverable amount is calculated as the higher of the value in use of the asset in the business and the net selling price. The value in use consists of the current value of all income and payments attributable to the asset during the period it is expected to be used in the business plus the current value of the net selling price at the end of its useful life. If the recoverable amount calculated is less than the carrying amount, the asset is written down to its recoverable amount. A previous write-down is reversed if there has been a change in the assumptions that formed the basis for determining the asset's recoverable amount when it was written down and which mean that the write-down is no longer considered necessary. The reversal of previous write-downs is reviewed on an individual basis and is recognised in the income statement. Write-downs of goodwill are not reversed in a subsequent period.

Borrowings

Borrowing is initially recognised at fair value after transaction costs. Subsequently, borrowing is recognised at amortised cost and any difference between the amount received and the repayment amount is recognised in the income statement, distributed across the loan period, with the application of the effective interest method.

Leasing

When a leasing agreement means that the financial benefits are, in essence, passed on to the Group, as the lessee, and the Group bears the economic risks attributable to the leased object (financial leasing), the object is recognised as a fixed asset in the Group balance sheet. The corresponding

undertaking to pay leasing charges in the future is recognised as a liability.

Leasing agreements where a significant portion of the risks and benefits of ownership are retained by the lessor is classified as an operating lease. Payments made during the lease term are expensed systematically over the term of the lease.

Share-based payments to employees

The Group applies IFRS 2 to a share-based payment scheme which began in November 2007. As a result of national adaptations, the scheme is divided into two different structures. Instruments issued are shares, employee stock options and subscription options. Shares and subscription options have been issued at market price, while employee stock options have been allocated to the participants free of charge. The total amount to be expensed for employee stock options during the earning period is based on the fair value of the allocated options, excluding the effects on earnings of non-market-related conditions. These conditions are instead taken into account in the assumptions for the number of options expected to be earned. On every closing date, the assessments of the number of options expected to be earned are reviewed and deviations from earlier assessments are recognised in the income statement.

In addition to this, the Group makes provisions for social costs for schemes based on the estimated benefit value for the participants.

Reporting by segment

Lines of business include products or services that are exposed to risks and generate types of income that differ from those of other lines of business. Geographical markets provide products and/or services within specific economic environments that are subject to risks and earn income of types that differ from those of units operating in other economic environments. In the Group, lines of business are classified as primary segments and geographical areas as secondary segments. With effect from 1 January 2006, the Group's business units constitute lines of business and primary segments.

Equity

Transaction costs that can be directly attributed to the issue of new shares or options are recognised, net of tax, in equity as a reduction in the issue amount. Expenses for buying back treasury shares reduce retained earnings. If these shares are later divested, the sale amount is recognised as an increase in retained earnings.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has drawn up its Annual Report in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Reporting Board, RFR 2.1 Accounting for Legal Entities, as well as the applicable statements of the Swedish Financial Reporting Board. RFR 2.1 means that in its annual report for the legal entity, the parent company applies all IFRS and statements approved by the EU as far as possible, within the framework of the Annual Accounts Act and the Act on Safeguarding Pension Obligations with regard to the relationship between accounting and taxation.

The parent company mainly applies the principles described above in relation to the Group. The differences between the accounting principles of the Group and the parent company are described below.

Shares in subsidiaries

Shares in subsidiaries are valued at cost less any write-down.

Group contribution and shareholder contribution

The Group contribution and shareholder contribution are recognised in accordance with Statement UFR 2 of the Swedish Financial Reporting Board. This means that the Group contribution and shareholder contribution are recognised according to their financial significance. The contributions are recognised as a capital transfer, i.e. a reduction or increase in unrestricted equity. As a result of this accounting method, only the tax that is attributable to income and expenses in the income statement will be recognised in the income statement.

Pensions

The parent company's pension commitments have been calculated and recognised on the basis of the Act on Safeguarding Pension Obligations. The application of the Act on Safeguarding Pension Obligations is a condition of tax relief law.

Note 3 Financial risk management and financial instruments

Financial risk management

The financial activities are carried out in accordance with the finance policy established by the Board, which regulates how financial risks are to be managed and the limits within which the internal bank and Gunnebo's subsidiaries may operate.

Objective and policy for risk management

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirement and refinancing of its outstanding borrowing are rendered more difficult or more expensive. In order to limit the financing risk, the Group's finance policy stipulates that the total outstanding volume of borrowing must be covered by long-term credit facilities of at least 12 months at any given time.

Interest rate risk

The interest rate risk refers to the effect on the Group's income and cash flow of a lasting change in market interest rates. The sensitivity of the result can, however, be limited in the short term by the interest maturity structure. According to the finance policy, the average duration of the Group's fixed interest rate period can be 4 to 12 months.

Liquidity risk

Liquidity risk refers to the risk of not having access to liquid funds or unused lines of credit in order to fulfil payment obligations. The finance policy stipulates that liquid funds and unused lines of credit shall always amount to a minimum of MSEK 350.

Liquidity in the Group shall be invested with Gunnebo Treasury SA or in local cash pools. Gunnebo has centralised its liquidity management in cash pools at national level in the main European countries where it operates. The Group uses these cash pools to match the local subsidiaries' surpluses and deficits in each country and currency. Because the Group is a net borrower, the surplus liquidity is used to pay instalments on external liabilities.

Currency risk

Gunnebo's accounts are prepared in Swedish kronor, but the Group has operations in a large number of countries worldwide. Consequently, the Group is exposed to currency risks. In order to manage these risks, the Group hedges its currency risks within the framework of the finance policy.

Transaction exposure

Gunnebo has export income and import costs in several currencies and is therefore exposed to exchange rate fluctuations. This currency risk is called transaction exposure and has an impact on the Group's operating profit. According to the finance policy, 70-100 per cent of the Group's total forecast net flow in different currencies for the coming 12 months is to be hedged. Gunnebo Treasury SA is responsible for establishing the Group's net position and hedging it.

Translation exposure (net investments)

On consolidation, the net assets of foreign subsidiaries are translated to Swedish kronor, which can result in translation differences. In order to limit the negative effects of translation differences on Group equity, hedging takes place through borrowing and currency derivative contracts.

The Group's net investments are primarily hedged in the parent company Gunnebo AB. According to the finance policy, at any given time hedging should be between 60 and 100 per cent of the Group's total translation exposure, including tax effects.

Translation exposure (income statement)

Exchange rate fluctuations also affect Group results when income statements of foreign subsidiaries are translated into Swedish kronor. Expected future income in foreign subsidiaries is not hedged.

Credit risk

Financial credit risk

Financial risk management entails exposure to credit risks. Exposure arises both when investing surplus liquidity and in receivables from banks which arise via derivative instruments. Gunnebo's finance policy includes a special list of permitted counterparties and maximum credit exposure with each

approved counterparty. Gunnebo has entered into framework agreements regarding netting (ISDAs) with the majority of its counterparties for transactions in derivative instruments. Liquid funds shall primarily be used to reduce outstanding liabilities, in order to limit the volume of outstanding surplus liquidity.

Customer credit risk

Gunnebo has formulated a credit policy regulating the management of customer credit, which partly encompasses decision-making levels for granting credit limits. Each subsidiary is responsible for checking and controlling credit risk with customers, within given limits.

The rules applicable for issuing credit locally are documented in a local credit policy regulating credit limits, terms of payment and collection procedures.

Against the background of diversified sales, in particular geographically, there is no significant concentration of credit risks with customers.

Financial instruments – Risk management during the year

Interest-bearing liabilities

Gunnebo has credit facilities totalling MSEK 3,055, of which MSEK 1,726 was utilised at the year-end.

With regard to the prevailing terms in the loan agreements for debt/equity ratio, the credit facilities available amounted to just over MSEK 700 at the year-end. The loan agreements also stipulate conditions on the interest coverage ratio, which in simplified terms mean that operating profit before items affecting comparability should exceed interest expenses by a specified multiple.

The average duration of the Group's agreed credit facilities was 2.4 years; Gunnebo's borrowing is at a fixed interest margin throughout the term of the agreements. The long-term credit facilities mainly comprise a MEUR 200 syndicated loan agreement maturing in 2010, a bilateral loan agreement of MSEK 200 maturing in 2010, and a legally subordinated loan of MSEK 300 maturing in 2011. Furthermore, the Group has MSEK 650 in primarily short-term credit facilities and external local financing in subsidiaries. The reason for individual subsidiaries having external financing is that taxes and other regulations in certain countries make it uneconomical to take up loans from foreign Group companies.

Loan maturity structure

MSEK	Credit facility	Of which drawn	Proportion
2008	653.2	387.8	23%
2009	5.4	5.4	0%
2010	2,095.0	1,031.3	60%
2011	301.7	301.7	17%
2012 and later	–	–	–
Total	3,055.3	1,726.2	100%

Interest rate risk

At the end of the year, Gunnebo's portfolio had an average fixed interest term of 9 (11) months, and the average rate of interest on the entire loan portfolio, including interest derivatives related to the loan portfolio through hedge accounting, was 5.4 per cent (4.4). Given the same borrowing liability and the same fixed interest terms as at the end of the year, a one percentage point change in the market interest rate would change the Group's interest cost by MSEK 9 on an annual basis.

Transaction exposure

Currency flow hedging

31/12/2007	EUR/SEK		USD/SEK		GBP/SEK		Other currency pairings	
	Volume	Exchange rate	Volume	Exchange rate	Volume	Exchange rate	Volume	Exchange rate
Q1	7,000	9.20	250	6.83	800	13.76	18,289	–
Q2	7,000	9.23	500	6.93	600	13.56	14,937	–
Q3	7,000	9.35	250	6.34	750	13.34	8,297	–
Q4	8,000	9.32	300	6.42	250	13.11	2,758	–
Total	29,000	9.28	1,300	6.68	2,400	13.51	44,281	–
Exchange rate 31/12/2007		9.47		6.47		12.90		–
Unrealised profit/loss reported in the hedging reserve (MSEK)	-5.7		0.3		1.5		-0.5	

The volume is expressed in millions in the local currency for EUR, USD and GBP. For other currencies, the volume is expressed in MSEK.

Currency risks

Exchange rate effects have affected profit after financial items by MSEK 8 (0), which is mainly the result of translation differences arising when translating foreign subsidiaries' results into Swedish kronor.

Transaction exposure

The forecast commercial currency flow after net calculations of opposite flows in the same currency amounts to MSEK 435 on an annual basis. At the closing date, the proportion of this flow hedged was 83 per cent (76).

Forward contracts that matured during the year had only a marginal effect on the result (previous year MSEK +5), when compared with the conversion of currency flows at the spot rates prevailing at the time of conversion. Total outstanding forward cover at the year-end was nominally MSEK 358. All forward cover is effective and recognised at a fair value excluding hedging premiums/discounts in equity. The value of forward cover is MSEK -4.4. All outstanding contracts mature during 2008 and are reported in the income statement in connection with maturity.

A change of 10 per cent in the exchange rate of the Swedish krona against the euro, pound sterling and the US dollar would affect operating profit by around MSEK 60, of which MSEK 35 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 25 is attributable to translation exposure. Taking into account the hedges in place at the year-end, the effect of the transaction exposure on the result for the coming 12 months would be relatively marginal.

Translation exposure

Foreign net assets amounted to MSEK 2,955 (2,907) on 31 December 2007. The Group hedges a large proportion of these assets through loans and forward contracts in corresponding currencies. On the closing date, MSEK 2,434 (2,534), or 82 per cent (87), was hedged. This hedging includes the tax effect.

Accounting treatment of derivative instruments and hedges

Derivative instruments are reported in the balance sheet on the contract date at fair value, both initially and upon subsequent revaluations. The method for reporting the gain or loss arising upon revaluation depends on whether the derivative is identified as a hedging instrument and, if that is the case, the nature of the item being hedged. The Group identifies certain derivatives as: (1) a hedge of fair value of an identified asset or liability or a firm commitment (fair value hedge); (2) a hedge of a highly probable forecast transaction (cash flow hedge); or (3) a hedge of a net investment in a foreign operation (net investment hedge). When the transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, as is the aim of the risk management and the strategy for taking various hedging measures. The Group documents at the beginning of the hedge and continuously thereafter whether the derivative instruments used in the hedging transactions are effective in evening out changes in the fair value or cash flow of hedged items.

Information about the fair value for derivative instruments used for hedging is provided in a summary on page 59.

1. Fair value hedge

Changes in the fair value of derivatives which are identified as fair value hedges and which fulfil the terms of hedge accounting are reported in the income statement together with changes in fair value of the asset or liability which has given rise to the hedged risk.

2. Cash flow hedge

The effective portion of changes in fair value of derivative instruments which have been identified as cash flow hedges and which fulfil the terms of hedge accounting are recognised in equity. The gain or loss attributable to the ineffective portion is reported directly in the income statement.

Accumulated amounts in equity are entered in the income statement in the periods during which the hedged item affects the result (for example when the forecast hedged sale takes place).

When a hedging instrument expires or is sold or when the hedge no longer fulfils the terms of hedge accounting and there are accumulated gains or losses regarding the hedge in equity, these gains/losses remain in equity until the forecast transaction is finally reported in the income statement. When a forecast transaction is no longer expected to take place, the accumulated gain or loss recognised in equity is immediately transferred to the income statement.

3. Net investment hedge

Net investment hedges in foreign operations are reported in a similar way to cash flow hedges. Gains or losses regarding hedging instruments relating to the effective portion of hedging are recognised in equity and gains or losses attributable to the ineffective portion are recognised in the income statement. Accumulated gains and losses in equity are recognised in the income statement when the foreign operation is sold.

Derivative instruments

Nominal amounts, MSEK	2007	2006
Interest-rate swap agreements		
Term of less than 1 year	100	90
Term 1-2 years	195	100
Term 2-5 years	300	390
Interest-rate swap agreements, total	595	580
Currency forward contracts*	2,807	3,110
Total	3,402	3,690

* Gross amount calculated at future forward rate

4. Derivatives which do not fulfil the terms of hedge accounting

Some derivative instruments do not fulfil the terms of hedge accounting. Changes in fair value for such derivative instruments are recognised immediately in the income statement.

Interest rate swaps

The nominal value of outstanding interest-rate swap agreements relating to cash flow hedges amounted to MSEK 395 on 31 December 2007 and interest-rate swap agreements relating to fair value hedges amounted to MSEK 200.

Currency forward contracts – transaction exposure

Outstanding currency forward contracts relating to cash flow hedges mature during 2008 and are recognised in the income statement in connection with maturity.

The capital structure of the Group

One of Gunnebo's long-term financial goals is to have an equity ratio of no less than 30 per cent. The equity ratio is currently 24 per cent but is estimated to increase following the completion of the structuring programme. Another of Gunnebo's aims to achieve a return of 15 per cent on capital employed. The return on capital employed for 2007 was 11.9 per cent.

Gunnebo's borrowing is mostly unsecured. Borrowing is limited, however, by financial restrictions in the loan agreements in the form of covenants. These mainly relate to the interest coverage ratio and debt/equity ratio. In order to strengthen the capital base and increase the borrowing available through credit facilities, a loan was taken out in 2005, which is subordinate to other loan financing. With regard to the prevailing terms in the loan agreements for the calculation of the debt/equity ratio, the credit facilities available amounted to just over MSEK 700 at the year-end.

Liquidity risk

The contracted maturity dates for the Group's financial liabilities are shown below. The amounts are nominal and include interest payments.

Financial instruments		Less than					Total contracted
MSEK		6 months	6-12 months	1-2 years	2-3 years	3-4 years	cash flow
Subordinated loans			-17	-17	-17	-317	-368
Bank loans and overdraft facilities		-124	-329	-58	-1,075	-2	-1,588
Account payables		-765	-6	-4	–	–	-775
Derivatives							
- Interest rate swaps	outflow	-14	-16	-27	-18	–	-75
	inflow	9	20	23	15	–	67
Currency forward contracts included in hedge accounting	outflow	-1,421	-607	–	–	–	-2,028
	inflow	1,398	604	–	–	–	2,002
Currency forward contracts not included in hedge accounting	outflow	-815	–	–	–	–	-815
	inflow	805	–	–	–	–	805
Total		-927	-351	-83	-1,095	-319	-2,775

For financial liabilities with a long contracted term but a short/variable fixed interest, the variable interest rate has been adopted as the quoted three-month inter-bank rate of the currency in question as at 31/12/2007 plus a credit margin in accordance with the agreement. The base currency of the currency forward contract has been valued at the applicable closing rate as at 31/12/2007 while the other type of currency in the contract is valued at the contract's future forward rate.

Fair value of financial instruments

The carrying amount of interest-bearing assets and liabilities in the balance sheet can deviate from their fair value, as a result of changes to the market interest rates among other things. The fair value has been calculated by discounting future payment flows to current interest rates and exchange rates for equivalent instruments.

For financial instrument such as accounts receivable, account payables

and other non-interest-bearing financial assets and liabilities, which are recognised at amortised cost less any write-down, the fair value is deemed to be the same as the carrying amount.

The Group's long-term borrowing primarily relates to long-term credit facilities but with short fixed interest rate periods. The fair value is therefore deemed to be the same as the carrying amount.

	2007		2006	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held for trading, valued at fair value*	4.7	4.7	74.3	74.3
- of which derivatives for which hedge accounting does not apply	—	—	14.3	14.3
- of which interest rate swaps for which hedge accounting of cash flows applies	4.7	4.7	4.1	4.1
- of which currency derivatives relating to commercial exposure for which hedge accounting of cash flows applies	—	—	4.5	4.5
- of which currency derivatives for hedging net investment abroad	—	—	51.4	51.4
Financial assets, excluding holdings in associated companies	10.0	10.0	17.9	17.9
Accounts receivable	1,622.2	1,622.2	1,474.2	1,474.2
Liquid funds	218.3	218.3	193.1	193.1
Total financial assets	1,855.2	1,855.2	1,759.5	1,759.5
Financial liabilities				
Financial liabilities held for trading, valued at fair value**	41.1	48.9	—	6.2
- of which derivatives for which hedge accounting does not apply	10.4	10.4	—	—
- of which interest rate swaps for which hedge accounting at fair value applies	—	7.8	—	6.2
- of which currency derivatives relating to commercial exposure for which hedge accounting of cash flows applies	5.4	5.4	—	—
- of which currency derivatives for hedging net investment abroad	25.3	25.3	—	—
Account payables	775.2	775.2	771.3	771.3
Other financial liabilities ***	1,726.2	1,714.5	1,555.0	1,545.7
- of which financial liabilities for which hedge accounting does not apply	1,131.5	1,127.6	975.0	971.9
- of which financial liabilities for which hedge accounting of cash flows applies	394.7	394.7	380.0	380.0
- of which financial liabilities for which hedge accounting at fair value applies	200.0	192.2	200.0	193.8
Total financial liabilities	2,542.5	2,538.6	2,326.3	2,323.2

* These assets are recognised as other current receivables in the Group balance sheet

** These liabilities are recognised as other current liabilities in the Group balance sheet

*** These liabilities are recognised as long-term and short-term liabilities in the Group balance sheet

Note 4 Critical accounting estimates and assumptions

When drawing up the annual report in accordance with IFRS and good accounting practice, the Group has made estimates and assumptions about the future which affect the carrying amounts of assets and liabilities. These estimates and assumptions are continuously evaluated and are based on historical experience and other factors considered reasonable under the prevailing conditions. Where it is not possible to establish the carrying amount of assets and liabilities using information from other sources, these estimates and assumptions are used as the basis for valuations. Different assumptions and estimates would give different results and the predicted outcome will by definition rarely correspond to the actual result. The estimates and assumptions considered to have the greatest impact on Gunnebo's profits and financial position are discussed below.

Review of write-down requirement for goodwill

Goodwill is subject to annual impairment test according to the described accounting principle in Note 2 above. The review requires an estimate of the parameters affecting future cash flow as well as the specification of a discounting factor. The recoverable amounts for cash-generating units have then been established by calculating value in use. Note 13 contains details of the important assumptions made when reviewing the goodwill write-down requirement, as well as a description of the effect of possible changes to the assumptions that form the basis of the calculations. As at 31 December 2007, the carrying amount of goodwill in the Group was MSEK 1,103.

Valuation of loss carry-forward

Deferred tax receivables reported in the Group in relation to loss carry-forward were MSEK 27 as at 31 December 2007. The carrying amount of these tax receivables has been reviewed on the closing date and it has been considered likely that the deduction can be used against a surplus in future taxation. The greater part of the tax receivables relate to countries with an unlimited period in which the loss carry-forwards can be used. The Group's

business in these countries is profitable and is expected to continue to generate a surplus. Gunnebo therefore believes that there are major factors to indicate that it will be possible to utilise the loss carry-forwards to which the tax receivables can be attributed against future taxable surpluses.

Furthermore, at 31 December 2007, the Group had unused loss carry-forwards and other deductible temporary differences totalling just over MSEK 700. Changes to the assumptions for forecast future taxable income may therefore result in significant differences in the valuation of deferred tax receivables.

Guarantee commitments

Many of the products sold by Gunnebo are covered by guarantees that apply for a period specified in advance. Provisions for these product guarantees are based on historical data and on the expected costs of quality issues that are known or can be predicted. Provisions are also made for guarantees of a goodwill nature and extended guarantees. Total provisions for guarantees were MSEK 42 at 31 December 2007. Even though changes to the assumptions may result in different valuations, it is considered unlikely that these will have a significant effect on the Group's profits or financial position.

Capitalised product development costs

Expenditure on development projects is capitalised to the extent it is expected to generate economic benefits. Capitalisation begins when the management considers that the product will be technically or economically sound. This means that specific criteria must be met before a development project can be capitalised as an intangible asset. Capitalisation ends and depreciation of the capitalised development expenditure begins when the product is ready for sale. Capitalised development costs are subject to write-down review when there is any indication of a reduction in value. The management decides on the depreciation period as well as the write-down requirement review. At 31 December 2007, the Group's capitalised development costs were MSEK 66.9.

Disputes

Provisions for disputes are estimates of the future cash flows required in order to settle obligations. Disputes mainly relate to contractual obligations attributable to contracts with customers and suppliers, but other kinds of dispute may arise in the normal course of business. The outcome of complex disputes can be difficult to predict and the disputes can be both time-consuming and costly. It cannot therefore be ruled out that an unfavourable outcome in a dispute may have a significant effect on the Group's profits and financial position. The management considers it unlikely, however, that any of the disputes of which it is currently aware in which Gunnebo is involved will have a significant effect on the Group's accounts. The Group's provisions for disputes was MSEK 24 at the closing date.

Remuneration after the end of employment

Reporting of provisions for defined benefit pension plans and other pension benefits are based on actuarial calculations using the assumptions for discount rates, expected return on plan assets, future salary increases, personnel turnover and demographic conditions. The assessments made in relation to these assumptions affect the total value of the pension commitments and major changes in these assessments could have a significant impact on the Group's profits and financial position. The same is true of any changed assessment in relation to whether or not pension insurance with Alecta should be recognised as a defined contribution plan. At 31 December 2007, the Group's provisions for pensions were MSEK 246 net.

Note 5 Reporting by segment**Primary segments – lines of business**

2007	Bank	Retail	Site Protection	Secure Storage	Non-allocated items and eliminations	Total
Revenues						
External sales	2,326	739	2,920	1,040	–	7,025
Internal sales	–	–	–	–	–	–
Total revenues	2,326	739	2,920	1,040	–	7,025
Operating profit/loss						
Profit/loss by line of business*	221	-5	97	99	-63	349
Items affecting comparability	–	–	–	–	–	–
Total operating profit/loss	221	-5	97	99	-63	349
Capital employed						
Total assets	1,335	466	1,834	814	388	4,837
Non interest-bearing liabilities	-389	-158	-677	-271	-227	-1,722
Total capital employed	946	308	1,157	543	161	3,115
Other information						
Capital expenditure	29	9	53	16	19	126
Depreciation	31	14	56	24	2	127

2006	Bank	Retail	Site Protection	Secure Storage	Non-allocated items and elimination	Total
Revenues						
External sales	2,282	714	2,736	995	–	6,727
Internal sales	–	–	–	–	–	–
Total revenues	2,282	714	2,736	995	–	6,727
Operating profit/loss						
Profit/loss by line of business*	175	-20	31	88	-58	216
Items affecting comparability	–	–	–	–	-243	-243
Total operating profit/loss	175	-20	31	88	-301	-27
Capital employed						
Total assets	1,231	495	1,789	738	434	4,687
Non interest-bearing liabilities	-340	-226	-752	-230	-213	-1,761
Total capital employed	891	269	1,037	508	221	2,926
Other information						
Capital expenditure	28	12	42	20	8	110
Depreciation	35	20	56	22	3	136

Secondary segments – geographical regions

	Sales**		Assets		Capital expenditure	
	2007	2006	2007	2006	2007	2006
Europe	5,881	5,757	4,340	4,244	109	100
North America	240	222	164	153	1	3
Asia	506	455	253	217	15	6
Africa	307	184	58	52	1	1
Australia	65	78	22	21	–	–
South America	26	31	–	–	–	–
Total	7,025	6,727	4,837	4,687	126	110

* Income and expenses of a non-recurring nature had an adverse effect on the Group's results of around MSEK -5 in 2007. Results for the Retail business-line have been charged MSEK 14 in relation to costs and income of a non-recurring nature. The results of the Bank and Secure Storage business-lines include non-recurring items with a positive net amount of MSEK 4 and MSEK 11 respectively. The remaining sums relating to items of a non-recurring nature amount to MSEK -6 and have not been allocated to the business-lines.

** In the geographical representation of sales, the customer's location determines the geographical region to which the sale is allocated.

Note 6 Other operating income

	Group	
	2007	2006
Capital gains	41.9	72.4
Currency gains	11.1	—
Other	20.7	14.7
Total	73.7	87.1

Note 7 Other operating expenses

	Group	
	2007	2006
Items affecting comparability	—	-309.1
Currency losses	—	-3.8
Costs of specified guarantee commitments	-13.3	—
Other	-5.3	—
Total	-18.6	-312.9

Costs of specified guarantee commitments amount to MSEK -13 and relate to costs for upgrading the SafePay closed cash management system. Items affecting comparability in 2006 are mainly the costs of the Gunnebo One Company integration programme.

Note 8 Depreciation by function

Depreciation has been charged against the operating profit/loss as follows:

	Group		Parent company	
	2007	2006	2007	2006
Cost of goods sold	73.7	78.2	—	—
Selling expenses	9.2	11.6	—	—
Administrative expenses	44.0	46.0	1.9	2.1
Total	126.9	135.8	1.9	2.1

Note 9 Taxes

	Group	
	2007	2006
Current tax	-60.8	-52.9
Deferred tax	-65.9	41.2
Total	-126.7	-11.7

The Group's tax cost is MSEK 126.7, which is 50 per cent of the profit before tax. The high effective tax rate is primarily attributable to the fact that there was an unfavourable composition in the Group's income, whereby profit is being reported in countries where the Group is in a tax position, while there is a deficit in countries where improvements in financial results have not yet been achieved to the necessary degree for reporting deferred tax receivables.

Tax calculated on Group profit before tax differs from the theoretical amount which would have been produced from a weighted average tax rate for profits in the consolidated companies as described below:

	2007	2006
Tax calculated in accordance with national tax rates for each country	-83.3	39.0
Tax attributable to previous years	1.0	9.2
Effects of tax deficits for which no deferred tax receivable has been stated and utilisation of loss carry-forwards not previously reported	-41.2	-57.1
Effects of non-deductible expenses and non-taxable income etc.	-3.2	-2.8
Inventories	-126.7	-11.7

Deferred tax receivables and liabilities are attributable to the following items:

	Group	
	2007	2006
Deferred tax receivables		
Loss carry-forward	26.5	24.5
Non-realised effect on results of hedge transactions	49.3	24.6
Inventories	15.7	13.0
Pension commitments	31.0	54.9
Other provisions	21.2	42.6
Other deductible temporary differences	6.6	31.3
Offset against deferred tax liabilities	-30.6	-32.3
Total	119.7	158.6

	2007	2006
Deferred tax liabilities		
Fixed assets	35.1	34.9
Other taxable temporary differences	14.4	15.6
Offset against deferred tax receivables	-30.6	-32.3
Total	18.9	18.2

Deferred tax receivables and tax liabilities, net	100.8	140.4
--	--------------	--------------

The change pertaining to deferred taxes is as follows:

	2007	2006
Opening value, net	140.4	165.0
Translation differences	-1.4	-3.8
Deferred tax in the income statement	-65.9	41.2
Deferred tax recognised directly against equity	27.7	-62.0
Closing value, net	100.8	140.4

Deferred tax receivables attributable to loss carry-forwards are only reported if it is probable that the deduction can be netted against a surplus in future taxation. At the end of 2007, loss carry-forwards totalled approximately MSEK 700 where no deferred tax receivables have been reported. Approximately MSEK 55 of this is due within five years. There are both timing and other constraints which mean that these loss carry-forwards are not expected to be able to be utilised.

Note 10 Financial items

	Group		Parent company	
	2007	2006	2007	2006
Profit/loss from shares in Group companies				
Dividends	—	—	189.5	181.1
Write-downs	—	—	-42.6	-19.4
Total	—	—	146.9	161.7
Interest income				
Interest income, external	4.3	6.6	—	—
Interest income, Group companies	—	—	9.9	9.1
Total	4.3	6.6	9.9	9.1
Other financial income				
Currency gains	1.5	1.9	—	2.4
Swap premiums currency derivatives	1.3	0.5	4.5	1.7
Other	2.6	1.1	—	—
Total	5.4	3.5	4.5	4.1
Interest expenses				
Interest expenses, external	-94.4	-87.7	-19.4	-17.0
Interest expenses, Group companies	—	—	-60.7	-53.8
Total	-94.4	-87.7	-80.1	-70.8
Other financial expenses				
Currency losses	—	-2.2	-3.6	-11.4
Bank charges and bank guarantee costs	-7.2	-5.4	-0.1	-0.1
Cost of credit facilities	-3.0	-3.8	-0.5	-0.4
Total	-10.2	-11.4	-4.2	-11.9

Note 11 Expenses allocated per type of cost

	Group		Parent company	
	2007	2006	2007	2006
Direct material costs	2,449.2	2,318.3	–	–
Change in stock	-21.8	-10.0	–	–
Remuneration for employees	2,290.0	2,349.6	43.5	48.9
Temporary personnel and sub-contractors	494.3	488.0	4.6	5.8
Transport costs	196.0	207.4	–	–
Vehicle and travel costs	248.4	271.0	4.7	4.3
Depreciation and write-downs	130.5	141.4	1.9	2.1
Other costs	971.4	1 085.0	35.6	30.2
Total operating costs	6,758.0	6,850.7	90.3	91.3

Note 12 Earnings per share

	2007	2006
Net profit/loss for the year attributable to the shareholders of the parent company, MSEK	127.7	-128.1
Average no. of outstanding shares (in thousands)	45,299	44,149
Earnings per share, SEK*	2.80	-2.90

Earnings per share is calculated by dividing the profit/loss attributable to the parent company shareholders by the average number of outstanding shares during the period.

* Earnings per share before and after dilution

Note 13 Intangible assets

2006		
Group	Goodwill	Other intangible assets
Opening cost 1 Jan 2006	1,098.0	235.9
Capital expenditure	—	27.9
Acquisitions	7.1	—
Sales/disposals	—	-18.3
Translation differences	-48.8	-6.3
Closing accumulated cost 31 Dec 2006	1,056.3	239.2
Opening depreciation 1 Jan 2006	—	109.7
Acquisitions	—	—
Sales/disposals	—	-18.3
Depreciation for the year	—	27.9
Write-downs	—	5.6
Translation differences	—	-4.2
Closing accumulated depreciation 31 Dec 2006	—	120.7
Closing carrying amount 31 Dec 2006	1,056.3	118.5
2007		
Group	Goodwill	Other intangible assets
Opening cost 1 Jan 2007	1,056.3	239.2
Capital expenditure	—	36.8
Acquisitions	—	—
Sales/disposals	—	-5.6
Translation differences	46.7	6.4
Closing accumulated cost 31 Dec 2007	1,103.0	276.8
Opening depreciation 1 Jan 2007	—	120.7
Acquisitions	—	0.0
Sales/disposals	—	-5.6
Depreciation for the year	—	26.7
Write-downs	—	1.3
Translation differences	—	4.3
Closing accumulated depreciation 31 Dec 2007	—	147.4
Closing carrying amount 31 Dec 2007	1,103.0	129.4

Other intangible assets in the Group consist of expenditure on software and capitalised expenditure on product development. The useful life is limited for all asset types included in this item. Depreciation is linear over the useful life with the exception of capitalised development costs relating to the SafePay cash management system, which is written off using the production-based method. Depreciation during the year of other intangible assets has been charged in its entirety to the cost of goods sold item.

Capitalised expenditure on product development amounted to MSEK 66.9 (79.1).

During the course of the year, capital expenditure on product development projects totalled MSEK 0 (0).

Review of write-down requirement for goodwill

Goodwill is distributed across the Group's business-lines as follows:

Specification of goodwill	2007	2006
Bank	477.9	453.4
Retail	53.7	53.5
Site Protection	307.8	293.5
Secure Storage	263.6	255.9
Book value	1,103.0	1,056.3

The write-down requirement for goodwill is reviewed annually and when there are indications that a write-down is necessary.

The recoverable amount for cash-generating units has been established by calculating the value in use. In terms of the write-down test, this has been carried out at the lowest level where separable cash flows have been identified.

The value in use of goodwill in relation to Gunnebo's cash-generating units has been calculated on the basis of discounted cash flows. Cash flows for the first four years are based on financial plans. Thereafter, cash flows for all items containing goodwill are established using a growth rate equivalent to 0 per cent. Using a discount rate of 8 per cent, the value in use exceeds the carrying amount for all cash-generating units.

Negative changes in the discount rate and operating margin variables of 15 per cent should each result in the recoverable amount bordering on the carrying amount for the Site Protection business-line. For the Group's other business-lines, potential changes of this size would not have so great an effect as to reduce the recoverable amount to a value less than or equal to the carrying amount.

Other intangible assets

Parent company	2007	2006
Opening cost	8.5	0.7
Capital expenditure	18.4	7.8
Closing accumulated cost	26.9	8.5
Opening depreciation	1.0	–
Depreciation during the year	1.0	1.0
Closing accumulated depreciation	2.0	1.0
Closing carrying amount	24.9	7.5

Note 14 Tangible assets

2006	Buildings and land	Machinery	Equipment	Construction in progress
Group				
Opening cost 1 Jan 2006	796.3	753.8	490.7	48.4
Capital expenditure	26.3	33.4	38.0	-15.3
Acquisitions	–	0.6	–	–
Sales/disposals	-65.6	-69.7	-51.6	–
Reclassifications	–	7.1	-7.1	–
Translation differences	-28.0	-24.7	-19.4	-0.8
Closing accumulated cost 31 Dec 2006	729.0	700.5	450.6	32.3

Opening depreciation 1 Jan 2006	400.3	569.6	375.8	—
Acquisitions	—	—	—	—
Sales/disposals	-13.9	-65.2	-49.3	—
Depreciation during the year	24.9	42.5	40.5	—
Write-downs	0.8	—	5.3	—
Reclassifications	—	6.6	-6.4	—
Translation differences	-13.6	-18.9	-15.1	—
Closing accumulated depreciation 31 Dec 2006	398.5	534.6	350.8	—
Closing carrying amount 31 Dec 2006	330.5	165.9	99.8	32.3

2007

Group	Buildings and land	Machinery	Equip- ment	Construc- tion in progress
Opening cost 1 Jan 2007	729.0	700.5	450.6	32.3
Capital expenditure	14.4	48.2	45.6	-19.0
Acquisitions	—	—	—	—
Sales/disposals	-47.2	-96.9	-59.3	—
Reclassifications	—	—	—	—
Translation differences	18.6	14.2	10.0	0.6
Closing accumulated cost 31 Dec 2007	714.8	666.0	446.9	13.9

Opening depreciation 1 Jan 2007	398.5	534.6	350.8	—
Acquisitions	—	—	—	—
Sales/disposals	-21.1	-91.0	-55.3	—
Depreciation for the year	24.7	40.1	35.4	—
Write-downs	1.2	7.7	1.6	—
Reclassifications	—	—	—	—
Translation differences	11.8	11.2	7.6	—
Closing accumulated depreciation 31 Dec 2007	415.1	502.6	340.1	—

Closing carrying amount 31 Dec 2007	299.7	163.4	106.8	13.9
--	--------------	--------------	--------------	-------------

Specification, buildings and land

Group	2007	2006
Residual value according to plan, buildings	252.5	294.5
Residual value according to plan, land	47.2	36.0
Total residual value according to plan	299.7	330.5

Swedish property	2007	2006
Residual value according to plan, buildings	52.8	67.3
Residual value according to plan, land	4.7	4.7
Tax assessment value, buildings	44.6	44.7
Tax assessment value, land	6.3	5.2

Equipment

Parent company	2007	2006
Opening cost	9.4	8.6
Capital expenditure	0.4	0.8
Closing accumulated cost	9.8	9.4

Opening depreciation	6.8	5.7
Depreciation during the year	0.9	1.1
Closing accumulated depreciation	7.7	6.8

Closing carrying amount	2.1	2.6
--------------------------------	------------	------------

Note 15 Shares in subsidiaries

Parent company	2007	2006
Opening book value	2,453.1	2,453.1
Shareholder contributions paid	7.6	19.4
Write-downs	-42.6	-19.4
Acquisitions	114.5	—
Closing book value	2,532.6	2,453.1

Specification of shares in subsidiaries

	No. of shares	% of capital	% of votes	Book value
Gunnebo Nordic AB	251,000	100	100	288.2
Gunnebo Troax AB	10,000	100	100	263.1
Gunnebo France SA	5,540,112	100	100	468.0
Gunnebo Treasury SA	7,200	100	100	1,233.0
Gunnebo Entrance Control AB	48,000	100	100	9.0
Gunnebo Perimeter Protection AB	5,500	100	100	1.3
Gunnebo Holding ApS	1,000	100	100	91.4
Gunnebo India Ltd	27,470,120	99	95	85.2
Gunnebo SafePay AB	1,000	100	100	0.1
Hidef Industri AB	1,000	100	100	0.1
Gunnebo Engineering AB	1,000	100	100	0.1
Gunnebo Holding GmbH	1	100	100	93.1
Total				2,532.6

During the course of the year, Gunnebo Engineering AB and Gunnebo Holding GmbH were acquired from other Group companies. The statutory specification of shares in subsidiaries with information concerning the company registration numbers and registered offices may be obtained from Gunnebo's head office in Gothenburg.

Note 16 Holdings in associated companies

	2007	2006
Opening book value	29.5	24.6
Investments	—	0.8
Share of profit of associated companies	8.6	6.8
Dividends	-1.4	-1.3
Currency differences	1.5	-1.4
Closing book value	38.2	29.5

Group's holdings in associated companies:

	% of capital	Book value	
		2007	2006
FBH Fichet Ltd, UK	49	2.9	3.4
Ritzenthaler Ltd, UK	45	2.3	2.2
Chubb Malaysia Sdn Bhd, Malaysia	30	10.2	9.0
Gateway Security Portugal Ltda, Portugal	55	6.9	4.3
Gateway do Brasil Ltda, Brazil	50	14.3	9.5
Prodimo AB, Sweden	48	1.6	1.1
Total		38.2	29.5

Gunnebo's share in the revenue and net profit of the associated companies amounts to MSEK 133.2 (117.5) and MSEK 8.6 (6.8) respectively. The share of their total assets is MSEK 114.4 (77.8) and the share of their liabilities is MSEK 76.2 (48.3). The statutory specification of holdings in subsidiaries with information concerning the company registration numbers and registered offices may be obtained from Gunnebo's head office in Gothenburg.

Note 17 Inventories

	Group	
	2007	2006
Raw materials	253.3	223.7
Work in progress	51.2	50.8
Finished goods	429.9	402.8
Installation work in progress	151.7	153.6
Less advance payments from customers	-97.4	-112.4
Total	788.7	718.5

Of the inventories, MSEK 728.0 is valued at cost and MSEK 60.7 at net selling price. Booked costs for obsolescence amount to MSEK 2.1 (69.4). At 31 December 2007, the Group's reserve for obsolescence amounted to MSEK 142.9 (173.3).

Note 18 Accounts receivable

Group	2007
Accounts receivable, not yet due	1,188.2
Of which due in 1-30 days	278.5
Of which due in 31-60 days	99.5
Of which due in 61-90 days	35.6
Of which due in over 90 days	110.7
Total	1,712.5

Provision for doubtful receivables

	2007
Provision at the beginning of the year	-86.9
Reserve for anticipated losses	-40.1
Confirmed losses	26.2
Discharged payment of reserved receivables	11.9
Currency differences	-1.4
Provision at the end of the year	-90.3

Closing carrying amount 1,622.2

As sales are geographically diversified, there is no significant concentration of credit risks with customers.

Note 19 Prepaid costs and accrued income

	Group		Parent company	
	2007	2006	2007	2006
Accrued interest	3.5	2.8	3.4	2.5
Prepaid rent	12.1	12.5	0.5	0.3
Other items	48.9	53.8	5.0	8.4
Total	64.5	69.1	8.9	11.2

Note 20 Liquid funds

	Group		Parent company	
	2007	2006	2007	2006
Short-term investments	2.7	2.5	—	—
Cash and bank	215.6	190.6	1.9	2.7
Total	218.3	193.1	1.9	2.7

Note 21 Equity reserves

Group	Hedging reserve	Trans-lation reserve	Total reserves
Opening balance 1 Jan 2006	0.8	-9.1	-8.3
Currency differences::			
- Subsidiaries	—	-174.7	-174.7
- Associated companies	—	-1.4	-1.4
Hedging of net investments	—	159.6	159.6
Cash flow hedges:			
- Changes in the fair value during the year	7.7	—	7.7
- Tax on changes in the fair value	-2.1	—	-2.1
- Transfers to income statement	-0.1	—	-0.1
- Tax on transfers to income statement	—	—	—
Closing balance 31 Dec 2006	6.3	-25.6	-19.3

Opening balance 1 Jan 2007	6.3	-25.6	-19.3
Currency differences:			
- Subsidiaries	—	50.5	50.5
- Associated companies	—	1.5	1.5
Hedging of net investments	—	-63.4	-63.4
Cash flow hedges:			
- Changes in the fair value during the year	-10.8	—	-10.8
- Tax on changes in the fair value	3.0	—	3.0
- Transfers to income statement	—	—	—
- Tax on transfers to income statement	—	—	—
Closing balance 31 Dec 2007	-1.5	-37.0	-38.5

No. of shares

Opening balance	44,578,523
Shares issued in employee stock option programme 2002	854,136
Shares issued in incentive programme 2007	74,700
Shares issued in Board Programme 2007	6,000
Closing balance	45,513,359

A dividend of SEK 1.60 (1.60) per share is proposed.

Note 22 Pension commitments

Remuneration to employees after the end of employment, such as pensions, healthcare benefits and other remuneration, is predominantly funded through payments to insurance companies or authorities which thereby take over the obligations to the employees; these are known as defined contribution plans. The remainder is carried out through defined benefit plans whereby the obligations remain within the Group. The main defined benefit plans are in the UK and Sweden (FPG/PRI provision).

In the UK, pension obligations are mainly secured through payments into an independent pension plan.

There are other defined benefit plans in Canada, France, Germany, the Netherlands, Italy, Indonesia, India and South Africa.

With regard to defined benefit plans, the company's costs and the value of outstanding obligations are estimated using actuarial calculations, which aim to establish the present value of obligations issued. Plan assets mainly comprise shares and interest-bearing current receivables. No plan assets comprise financial instruments in Gunnebo AB or assets used within the Group.

Important actuarial assumptions, %	2007	2006				
Discount rate						
Great Britain	6.0	5.0				
Sweden	4.8	4.3				
Other countries (weighted average)	5.9	5.2				
Expected return on plan assets						
Great Britain	6.6	6.4				
Sweden	—	—				
Other countries (weighted average)	6.5	6.2				
Expected wage increase rate						
Great Britain	4.5	4.1				
Sweden	3.0	3.0				
Other countries (weighted average)	3.9	3.8				
Inflation						
Great Britain	3.5	3.1				
Sweden	2.0	2.0				
Other countries (weighted average)	2.6	2.6				
Reconciliation of pension commitments	Great Britain	Sweden	Other countries	2007 Total	2006 Total	2005 Total
Present value of obligations	371.3	74.9	217.9	664.1	696.4	679.3
Fair value of plan assets	-333.2	—	-104.4	-437.6	-349.9	-325.0
Total	38.1	74.9	113.5	226.5	346.5	354.3
Unreported actuarial gains (+) and losses (-)	27.8	-12.3	4.3	19.8	-19.0	-11.3
Net provision in the balance sheet	65.9	62.6	117.8	246.3	327.5	343.0

Of the present value of obligations, MSEK 489.6 (513.9) relates to funded pensions and other plans, and MSEK 174.5 (182.5) to non-funded pensions and other plans.

In 2008 the Group expects to make MSEK 33.2 (42.1) in payments relating to defined benefit plans.

The year's unrecognised actuarial losses relating to defined benefit obligations of MSEK 47.3 include experience-based adjustments of MSEK 20.2. Of the year's unrecognised actuarial losses in plan assets of MSEK 11.7, MSEK 8.5 is attributable to experience-based adjustments.

Specification of plan assets	2007	2006
Government bonds	16.6	20.6
Commercial papers	120.6	114.9
Shares	223.7	199.5
Liquid funds	76.7	14.9
Total plan assets	437.6	349.9

Specification of changes in defined benefit obligations	2007	2006
Opening balance	696.4	679.3
Costs pertaining to employment during the current year	20.5	23.5
Interest on obligations	33.8	32.1
Contributions made by pension plan members	2.5	2.9
Payment of pension benefits	-31.4	-24.2
Unreported actuarial gains (-) and losses (+)	-47.3	8.5
Reclassifications	—	0.8
Currency differences on foreign plans	-10.4	-26.5
Closing balance	664.1	696.4

Specification of changes in plan assets	2007	2006
Opening balance	349.9	325.0
Expected return on plan assets	22.5	20.7
Contributions to the plan made by the company	97.2	27.6
Contributions made by pension plan members	2.5	2.9
Payment of pension benefits	-16.1	-15.3
Assets used for settlement	—	-0.8
Unreported actuarial gains (+) and losses (-)	-11.7	3.3
Reclassifications	—	0.8
Currency differences on foreign plans	-6.7	-14.3
Closing balance	437.6	349.9

Specification of changes in provisions for pensions	2007	2006
Opening balance	327.5	343.0
Net cost entered in the income statement	31.8	30.5
Payment of benefits	-15.4	-8.8
Contributions into funded plans	-97.2	-27.6
Currency differences on foreign plans	-0.4	-9.6
Closing balance	246.3	327.5

Specification of pension costs in the income statement	2007	2006
Costs pertaining to defined benefit plans:		
Costs pertaining to employment during the current year	20.5	23.5
Interest on obligations	33.8	32.1
Expected return on plan assets	-22.5	-20.7
Actuarial net profit recognised during the year	0.2	-3.9
Profits on curtailments	-0.2	-0.5
Costs pertaining to defined benefit plans	31.8	30.5

Costs pertaining to defined contribution plans	2007	2006
Costs pertaining to defined contribution plans	56.1	55.0
Total pension costs in the income statement	87.9	85.5
of which:		
Amount charged against operating profit/loss	76.6	74.1
Amount charged against financial expenses	11.3	11.4
Total pension costs in the income statement	87.9	85.5

Actual return on plan assets	2007	2006
Actual return on plan assets	15.8	23.6

Interest and expected return are classified as financial expenses. Other cost items are recognised under operating profit/loss and are allocated between cost of goods sold, selling costs or administrative costs depending on the employee's function. MSEK 2.8 (3.5) of the cost for defined contribution plans comprises premiums to Alecta/Collectum. This insurance policy encompasses several employers in Sweden, and insufficient information is available from Alecta/Collectum to be able to report the plan as a defined benefit plan.

Alecta's collective funding ratio at the end of the year was 152 per cent (143.1). The collective funding level is the difference between the company's assets and insurance commitments, calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19.

Note 23 Other provisions

Group	Restructuring programme	Disputes	Guarantees	Taxes	Other	Total
Opening balance	155.1	29.9	39.9	6.0	27.2	258.1
Provisions during the year	3.6	13.3	19.0	0.6	23.3	59.8
Utilised during the year	-115.7	-15.4	-16.3	—	-18.2	-165.6
Reversed during the year	-14.0	-4.9	-1.5	-0.3	-5.2	-25.9
Currency differences	4.1	1.4	1.3	—	0.9	7.7
Closing balance	33.1	24.3	42.4	6.3	28.0	134.1

Provisions for restructuring measures have been made mainly for discontinued operations and reorganisation. The provisions are expected to be utilised during 2008.

For information relating to the assumptions and estimates made when reporting provisions, see Note 4.

Note 24 Borrowings

Long-term borrowing	2007	2006
Liabilities to credit institutions	1,038.4	1,185.0
Subordinated loans	300.0	300.0
Total	1,338.4	1,485.0
Short-term borrowing		
Overdraft facilities	18.6	10.5
Liabilities to credit institutions	369.2	59.5
Total	387.8	70.0
Total borrowing	1,726.2	1,555.0

The long-term credit facilities mainly comprise a MEUR 200 syndicated loan agreement maturing in 2010, a bilateral loan agreement of MSEK 200 maturing in 2010, and a legally subordinated loan of MSEK 300 maturing in 2011.

The loans fall due for payment as follows:

	Group
2008	387.8
2009	5.4
2010	1,031.3
2011	301.7
2012 and later	—
Total	1,726.2

Note 25 Accrued expenses and deferred income

	Group		Parent company	
	2007	2006	2007	2006
Holiday pay liability	140.5	132.1	3.6	3.7
Social security charges	71.0	67.4	8.2	8.4
Accrued wages and salaries	96.9	90.8	1.4	2.9
Deferred income	68.2	78.1	—	—
Accrued interest	2.4	3.3	2.0	3.1
Other items	115.3	104.0	3.5	3.3
Total	494.3	475.7	18.7	21.4

Note 26 Pledged assets

Group	2007	2006
In respect of liabilities to credit institutions		
Floating charges	—	0.7
Property mortgages	1.4	12.1
	1.4	12.8
Other pledged assets		
Floating charges	0.6	0.5
Other pledged assets	2.0	13.3

Note 27 Contingent liabilities

	Group		Parent company	
	2007	2006	2007	2006
Guarantees	—	—	1,620.3	1,379.6
Performance guarantees etc.	158.1	132.9	—	—
Total	158.1	132.9	1,620.3	1,379.6

Guarantees for the fulfilment of various contractual obligations are part of the Group's normal business activities. At the time of publication of this annual report, there were no indications that guarantees provided will result in payments.

Not 28 Operating lease contracts**Leased assets**

Future payment commitments for operational leasing agreements have the following breakdown by year:

	Group	Parent company
2008	97.8	2.6
2009	68.0	1.3
2010	46.9	—
2011	22.4	—
2012	14.5	—
2013 and later	21.8	—
Total	271.4	3.9

The year's cost in the Group for leased assets amounted to MSEK 116.2 (104.5). Leasing costs at the parent company amounted to MSEK 3.2 (2.6).

Note 29 Net financial items affecting cash flow

	Group		Parent company	
	2007	2006	2007	2006
Interest received	4.3	6.6	9.9	9.1
Interest paid	-100.2	-83.0	-78.4	-68.4
Dividends received	—	—	181.1	141.5
Other items affecting cash flow	-4.8	-7.9	-0.7	-8.4
Total	-100.7	-84.3	111.9	73.8

Note 30 Adjustment for items not included in cash flow

	Group	
	2007	2006
Depreciation of intangible assets	26.7	27.9
Depreciation of tangible assets	100.2	107.9
Write-down of fixed assets	11.8	11.7
Share in profit/loss of associated companies	-8.6	-9.6
Adjustment for provisions	-131.9	91.0
Write-down of operating assets	—	62.7
Capital gain from sale/disposal of tangible assets	-35.7	-70.4
Adjustment for items not included in cash flow	-37.5	221.2

Note 31 Additional disclosures for cash flow statements**Assets and liabilities of acquired companies**

	2007	2006
Tangible assets	—	0.6
Financial assets	—	0.3
Inventories and operating receivables	—	6.6
Liquid funds	—	12.8
Liabilities	—	-4.6
Identifiable net assets	—	15.7
Goodwill	—	9.3
Total purchase sum	—	25.0
Liquid funds in acquired companies	—	-12.8
Effect on Group liquid funds	—	12.2

On 11 September 2006, the Group acquired 100 per cent of the share capital in Finnish company Aysec Oy. Aysec's turnover for the period January-December 2006 amounted to MSEK 23.8 and net profit totalled MSEK 5.8. Aysec's turnover for the period of Gunnebo ownership in 2006 amounted to MSEK 10.6 and net profit totalled MSEK 2.6.

Note 32 Personnel

Average number of employees

	Group	
	2007	2006
Sweden	488	481
Australia	25	39
Austria	8	8
Belgium	119	137
Canada	149	155
China/Hong Kong	3	3
Czech Republic	17	15
Denmark	148	153
Finland	48	40
France	1,599	1,573
Germany	506	541
Hungary	7	5
India	767	837
Indonesia	960	1,107
Italy	202	190
Lebanon	2	2
Luxembourg	5	6
Norway	69	71
Poland	27	27
Portugal	72	76
Singapore	12	15
South Africa	145	120
Spain	470	513
Switzerland	39	41
The Netherlands	391	349
UAE	3	3
Great Britain	412	434
USA	26	23
Total outside Sweden	6,231	6,483
Total	6,719	6,964

Of the average number of employees, 1,062 (1,076) were female. In 2007, the average number of parent company employees was 26 (24), of which 12 were female (11).

Women occupy 9 per cent of the senior management positions in the Group. There is one woman on the Board of the parent company and there are no women on the executive management board.

Sick leave at the parent company

The rate of long-term sick leave at the parent company was 0 per cent (0) and for short-term sick leave it was 2.6 per cent (2.0).

Employee stock option programme 2002

The Annual General Meeting in 2002 decided in favour of introducing an employee stock option programme (ESOP) for some 50 senior managerial personnel within the Group. The employee stock option programme fully matured on 30 April 2007 and the profit/loss for the year has not been affected by any costs in relation to this programme. The average redemption price for options exercised during the year was SEK 62 per share.

New incentive programme for employees and Board members

An extraordinary general meeting on 24 October 2007 voted in favour of introducing a long-term incentive programme for senior executives and other key personnel as well as for Board members.

Incentive programme 2007

The basic structure is a combined share and warrants programme where senior executives and other key personnel are given the opportunity to subscribe to and tie up newly issued shares or shares already held ("saving shares") until the date of publication of Gunnebo's year-end release for the 2010 financial year. For every 200 saving shares, participants are given the opportunity to acquire a maximum of 1,600 warrants at market price.

As part of the incentive programme, participants who have acquired warrants are offered a bonus scheme, which is conditional on the fulfilment of certain financial key figures, the continued holding of both saving shares and warrants, as well as continued employment. The maximum bonus cost is approximately MSEK 1.8 per year.

In those countries where tax rules are unfavourable for the acquisition and exercising of warrants, the participants have instead been allocated employee

stock options.

The employee stock options are allocated free of charge in eight tranches and can only be redeemed if the financial programme conditions are achieved for every financial year from 2007 to 2010, in accordance with the same principles which apply to the bonus scheme described above. The exercising of employee stock options is conditional on the continued holding of saving shares and employment on the day of publication of Gunnebo's year-end release for the 2010 financial year. A maximum limit has been placed on the payment per employee stock option so that the total cost, including social security charges, may not exceed MSEK 5.9. The total costs recognised during 2007 for this incentive programme were MSEK 0.6.

Board programme 2007

The programme has the same structure as the incentive programme for senior executives and other key personnel. For every 200 saving shares, participants are given the opportunity to acquire a maximum of 800 warrants at market price. The programme does not include any bonus opportunity equivalent to that offered to employees.

Calculation of market value and subscription conditions

Shares and warrants have been issued at market price in both programmes, while employee stock options have been allotted free of charge. The acquisition price of the warrants was determined using the Black & Scholes valuation model and amounted to SEK 10.40 per option. The calculation of the fair value was based on a share price of SEK 73.50, a redemption price of SEK 81.80 and a volatility of 24 per cent. In addition, an anticipated maturity of the options of 4.01 years was used, as well as a risk-free interest rate of 4.17 per cent and a dividend amounting to SEK 8.71 per share.

Warrants/employee stock option gives the holder the right, during certain periods of 2011, to subscribe to a share in Gunnebo AB at a price of SEK 81.80. If all the allotted options are fully exercised, there will be a dilution effect of around 1.4 per cent of both share capital and votes.

Changes in option programmes

	Incentive programme 2007		Board programme 2007	Employee stock option programme 2002	
	2007	2007	2007	2007	2006
	Warrants	Employee stock options	Warrants	Employee stock options	Employee stock options
Opening balance	–	–	–	136,600	532,000
Allocated	397,800	156,800	88,000	–	–
Forfeited	–	-27,440	–	–	-76,930
Exercised	–	–	–	-106,600	-318,470
Matured	–	–	–	-30,000	–
Closing balance	397,800	129,360	88,000	–	136,600

Specification of outstanding option programmes

	Warrants	Employee stock options
Board members	88,000	–
Chief executive officer	32,000	–
Other senior executives (3 people)	80,000	–
Other employees	285,800	129,360
Total	485,800	129,360

Wages, salaries, other remuneration and social security charges

	2007			2006		
	Wages and other remuneration	Social security charges	Of which pension costs	Wages and other remuneration	Social security charges	Of which pension costs
Parent company	24.8	18.7	7.4	28.4	20.5	7.6
Subsidiaries	1,731.1	515.4	69.2	1,766.9	533.8	66.5
Group total	1,755.9	534.1	76.6	1,795.3	554.3	74.1

Of the above amount, a total of MSEK 62.1 (93.5) was paid in salaries and other remuneration to Boards and Presidents within the Group, of which MSEK 6.8 (7.3) consisted of performance-related pay. Of the Group's pension costs, MSEK 8.0 (11.0) relates to Presidents within the Group.

Remuneration to the Board of the parent company amounted to TSEK 1,375 (1,375), of which TSEK 75 (75) comprises remuneration for committee work. A

Board fee of TSEK 400 was paid to Chairman of the Board Roger Holtback. A Board fee of TSEK 175 per person has been paid to members Bo Dankis, Mikael Jönsson and Martin Svalstedt, and a Board fee of TSEK 150 per person has been paid to Björn Eriksson, Bjarne Holmqvist and Lena Olving. The statutory specification of wages, salaries and other remuneration, and social security charges by country may be obtained from Gunnebo's head office in Gothenburg.

Remuneration and other benefits for senior executives during the year

SEK '000	Salary/ Board fee	Perfor- mance- related pay	Other benefits	Pension cost	Other remune- ration	Total
President	4,019	328	80	1,625	–	6,052
Other senior executives (3 people)	6,309	352	172	2,197	693	9,723
Total	10,328	680	252	3,822	693	15,775

Performance-related pay is based on profits and organic growth in relation to targets achieved. Other benefits relate mainly to entitlement to a company car. Other remuneration primarily refers to options exercised in relation to the 2002 programme.

Pensions and severance pay

The retirement age for the President is 65. The pension solution is premium-based and the pension cost amounts to 40 per cent of salary, excluding performance-related pay. The President is entitled to a notice period of 12 months, during which the normal salary and other benefits shall be paid, in the event of the contract being terminated by the company. At the end of the notice period, severance pay amounting to one year's salary (excluding performance-related pay) shall be paid out in equal amounts over the course of 12 months. The severance pay is pensionable and is netted against other employment income.

For other senior executives (three people who, together with the President, constitute the Group's executive management), the notice period is a maximum of one year and the severance pay is a maximum of one year's salary. The normal salary is paid during the notice period. The retirement age is 65. A premium-based pension plan is in place for senior executives in Sweden (two people). The agreed premium provision will amount to between 28 and 35 per cent of the basic salary, depending on age and salary level.

Note 33 Auditors' remuneration

	Group		Parent company	
	2007	2006	2007	2006
Auditing	10.4	10.8	1.9	1.5
Other services	4.7	4.8	0.3	0.5
Total	15.1	15.6	2.2	2.0

Auditors' remuneration relates mainly to the audit company PricewaterhouseCoopers.

Auditing means the inspection of the annual report and accounting records, as well as the administration by the Board, other tasks that the company's auditors consider necessary, as well as consultation or other assistance brought about by observations during such inspection or the carrying out of such other tasks. Everything else comes under other services.

Note 34 Transactions with related parties

Of the parent company's invoiced sales, 98 per cent (98) are related to Group companies, while purchases from Group companies accounted for 11 per cent (19) of the total. A royalty of MSEK 0.9 (0.9) was received from Chubb Malaysia Bnd Sdn, an associated company. A consultancy fee of TSEK 60 (60) has been paid to Holtback Holding AB. Holtback Holding AB is owned by Roger Holtback, Chairman of the Board. Services have been purchased from MediaSpjuth AB for TSEK 917 (918). MediaSpjuth AB is a subsidiary of Vätterledens Invest AB in which Board member Mikael Jönsson is active. Information on remuneration to senior executives is provided in Note 32. Over and above these, there were no other transactions with related parties.

Note 35 Business risks

Risk management at Gunnebo aims to identify, control, prevent and thereby minimise the Group's potential risks.

Operational and strategic risks are mainly related to risks in the business environment, country-specific and political risks, as well as specific risks related to customers, suppliers, employees and competitors. Gunnebo has a relatively broad product range and customer structure, as well as presence on a high number of geographic markets. This provides a good risk distribution and prevents the Group from being dependent on a small number of major customers or suppliers. Representation on several markets with a broad product range means that the Group is exposed to business environment risks such as political risks in individual countries or regions, risks in raw material prices and currencies and also risks related to business cycles. In terms of risks related to business cycles, the Group's sensitivity must be considered relatively low, even though the construction and property industries may have some impact on parts of the product range.

The local management is responsible for developing strategies and identifying risks in their local market or area of responsibility. The Group's total risk analysis and exchange of relevant information are assured by the inclusion of executive management representatives on the internal board of each Customer or Competence Centre.

Raw material risks

Gunnebo is exposed to risk when the price of materials changes. Competition on the market may limit the ability to fully compensate for increased costs through price rises. Steel is the single largest raw material component in the Group, which purchases many different types and grades, resulting in slightly differentiated price development. In order to limit the short-term effect of these price fluctuations, part of the Group's steel requirement is purchased using fixed price contracts.

Product risks

The majority of the Group's products have limited risk in their application. It should also be noted that many of the products and systems are installed to strengthen protection in security-critical environments. Their function and quality are therefore of the utmost importance in securing the intended level of protection.

Insurance

Gunnebo has a Group-wide insurance programme which includes general liability and product liability, property and loss of profit insurance, transport insurance and policies for crime against property. The Group has also taken out indemnity insurance for the Board and senior executives.

Legal risks

No company in the Group is a party in legal proceedings or any other dispute where the outcome may be considered to have anything but a limited effect on the Group's overall results and financial position. Any legal disputes and risks of legal disputes are reported to the Group Legal Affairs function. Legal disputes are handled by a qualified legal representative under the auspices of Group Legal Affairs.

Sensitivity analysis

Profit is affected by changes in certain factors of importance to the Group, as explained below. The calculation is made on the basis of the Group's structure at the year-end and assuming all other factors remain unchanged.

Selling prices

A one per cent change in selling prices affects income and operating profit by approximately MSEK 70.

Labour costs

A one per cent change in labour costs, including social security charges, affects operating profit by approximately MSEK 25.

Steel prices

Steel is the single largest raw material component in the Group, which purchases many different types and grades, resulting in differentiated price development. A general change in steel prices of 10 per cent affects profits by around MSEK 40 for the subsequent 12 months. No long-term fixed-price contracts have been considered in this figure.

Note 36 Events after the closing date

No significant events occurred after the closing date.

Proposed distribution of earnings

Unrestricted equity in the parent company at the disposal of the Annual General Meeting:

Share premium reserve	MSEK 98.7
Retained earnings	MSEK 60.5
Profit/loss for the year	MSEK 35.3
Total	MSEK 194.5

The Board and the Chief Executive Officer propose:

That a dividend of SEK 1.60 per share be paid out to shareholders,*	MSEK 72.8**
that the remaining amount be carried forward	MSEK 121.7
Total	MSEK 194.5

* For shareholders registered with VPC, 8 April 2008 is proposed as the date of record for entitlement. The number of shares entitled to a dividend on the day of entitlement is estimated at 45,513,359.

**Board's statement: The Board has proposed a dividend of SEK 1.60 per share, making a total of around MSEK 73. This dividend will result in a change in unrestricted equity as described above. The financial positions of the company and the Group are solid. The proposed dividend is more than covered by unrestricted equity and is in line with the company's dividend policy. The equity ratio and liquidity will also be satisfactory following the proposed dividend. On the basis of the content of the Directors' Report and information otherwise known to the Board, it is the Board's opinion that the proposed dividend is justifiable in relation to the demands that the nature, scope and risks of the business place on the size of the equity of the company and the Group and on the consolidation requirements, liquidity and financial position in general of the company and the Group. No amount of the parent company's equity on the closing date is dependent upon assets and liabilities being valued at fair value in accordance with Chapter 4, Section 14 of the Annual Accounts Act.

The Board and the President warrant that the principles of consolidation have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair picture of the financial position and result of the Group. The annual report has been prepared in accordance with good accounting practice and provides a true and fair picture of the financial position and result of the parent company. The Report of the Directors for the Group and the parent company provides a true and fair overview of the development of the business, financial position and results of the Group and the parent company and describes significant risks and uncertainty factors with which the parent company and the companies forming the Group are faced.

Gothenburg, 7 February 2008

Roger Holtback
Chairman

Bo Dankis	Björn Eriksson	Bjarne Holmqvist	Mikael Jönsson	Lena Olving	Martin Svalstedt
	Bo Anders Hansson		Göran Gezelius President and CEO	Claes-Göran Karlsson	

Our audit report was submitted on 7 February 2008
PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Audit report

To the annual meeting of the shareholders of Gunnebo AB (publ)
Corporate identity number 556438-2629

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 Gunnebo AB for the year 2007. The company's annual accounts and the consolidated accounts are included in the printed version on pages 39-69. 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 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.

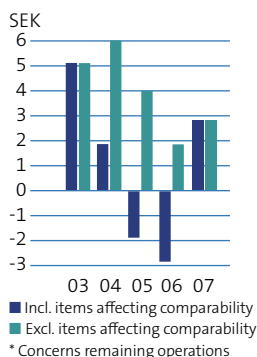
We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Gothenburg 7 February 2008
PricewaterhouseCoopers AB

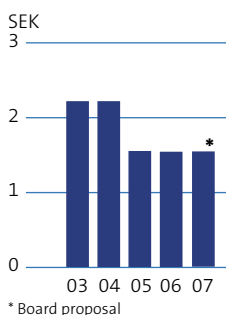
Bror Frid, Principal auditor
Authorized Public Accountant

The Gunnebo share

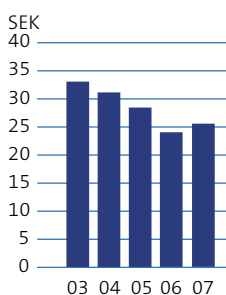
EARNINGS PER SHARE AFTER DILUTION*



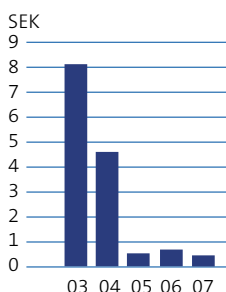
DIVIDEND PER SHARE



EQUITY PER SHARE



CASH FLOW PER SHARE



The Gunnebo share has been listed on Stockholm Stock Exchange since 1993, and is now on the OMX Nordic Exchange in the Mid Cap segment and the Industrials sector. A trading lot comprises 200 shares. The abbreviated name is GUNN and the ISIN code is SE0000195570.

Share capital

Gunnebo has a share capital of MSEK 228 divided into 45,513,359 shares, each with a quota value of SEK 5. All shares have equal voting rights and share equally in the company's assets and earnings. During 2007, the share capital changed as a result of new share issues, which were carried out as a result of Gunnebo's incentive programme.

Share price

Gunnebo's share price dropped by 25 per cent during the year, and the last price paid was SEK 65. The Stockholm Stock Exchange's general index fell by 6 per cent over the same period, while the Carnegie Small Cap Index fell by 11 per cent. The lowest share price paid during the year was SEK 64.25 (21 November) and the highest share price paid was SEK 90.75 (1 June). The market value on 28 December 2007 was MSEK 2,958.

Total trading

A total of 20,190,176 shares (20,727,352) were traded in 2007 at a value corresponding to MSEK 1,581 (1,715). The average volume traded each trading day was 80,761 shares (82,579), equating

to TSEK 6,325 (6,833). The trading rate was 45 (47) per cent, compared with an average of 49 per cent for the Nordic Mid Cap Industrials list.

Shareholders

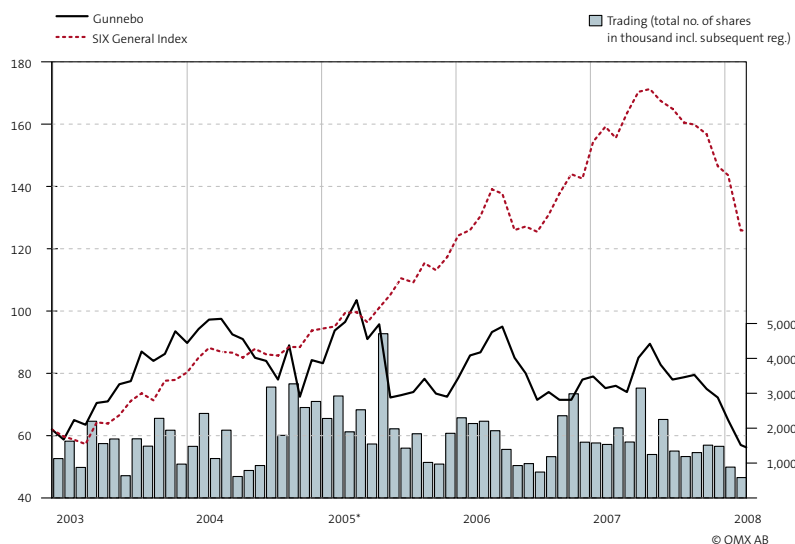
The number of shareholders on 31 December was 10,600 (9,600). The 10 largest shareholders controlled 67 (65) per cent of the votes and capital. Swedish institutional shareholders owned approximately 27 (25) per cent, and foreign shareholders 15 (19) per cent of the capital.

During 2007, the largest shareholder, Stena Adactum AB, increased its holding further and as of 31 December has 24.93 per cent of the votes and capital. At the same time, Vätterledens Invest AB reduced its holding, which on 31 December amounted to 15.39 per cent. During 2007, the holding of the third largest owner, IF Skadeförsäkringar, remained unchanged at 10.59 per cent of the votes and capital. There is no clear trend as regards changes in the share of institutional or foreign ownership.

Dividend policy and proposed dividend

The Board's dividend proposal shall take into account Gunnebo's long-term development potential, its financial position and its investment needs. The Board has decided that the target for the dividend is that in the long term it shall amount to 30-40 per cent of the profit after tax. An unchanged dividend of SEK 1.60 (1.60) per share is proposed.

Gunnebo's share price since 2003



* Gunnebo Industrier was deconsolidated and distributed to Gunnebo's shareholders on 14 June, 2005

Information to the capital market

Gunnebo aim is to provide the capital market with open, consistent and transparent financial information. After each interim report Gunnebo arranges a telephone conference with around 20-30 participants. In connection with the presentation of results for the first quarter of 2007, a breakfast meeting was also arranged in Stockholm which attracted around 30 participants.

During the year, Gunnebo has also held around 70 individual meetings and arranged road-shows to London, Paris, Stockholm, Frankfurt, Zürich and Geneva. The company has also participated in a dozen or so breakfast, lunch or dinner meetings, six shareholder meetings, taken part in lectures at the Swedish Shareholders' Association's Stock Market and Funds Day in Gothenburg and arranged a capital market day in Stockholm which attracted around 50 analysts, investors, portfolio managers and journalists.

Data per share for continuing operations	2007	2006	2005	2004	2003
Earnings per share, excl. items affecting comparability, SEK*	2.80	1.85	3.75	6.00	5.10
Earnings per share, incl. items affecting comparability, SEK*	2.80	-2.90	-2.20	1.90	5.10
Equity per share, SEK	25.10	23.40	27.55	31.60	33.75
Cash flow per share, SEK	0.45	0.75	0.50	4.60	8.10

Data per share, Group total	2007	2006	2005	2004	2003
Earnings per share excl. items affecting comparability, SEK*	2.80	1.85	4.00	7.30	5.95
Earnings per share incl. items affecting comparability, SEK*	2.80	-2.90	-1.95	3.20	5.95
Equity per share, SEK	25.10	23.40	27.55	40.15	42.70
Cash flow per share, SEK	0.45	0.75	-0.10	7.05	10.65
Dividend, SEK	1.60**	1.60	1.60	2.25	2.25

Share price related share data	2007	2006	2005	2004	2003
Share price at year-end (last price paid), SEK	65.00	79.00	78.50	83.25	89.75
Highest price during the year (price paid), SEK	90.75	104.50	109.50	101.50	93.50
Lowest price during the year (price paid), SEK	64.25	69.75	68.70	72.50	58.75
Market value at year-end, MSEK	2,958	3,522	3,443	3,645	3,929
P/E ratio	23	neg.	neg.	23	15
Dividend yield, %	2.5	2.0	2.0	2.7	2.5

* After dilution

** Board proposal

No. of shares	2007	2006	2005	2004	2003
Closing no. of shares, x 1,000	45,513	44,579	43,854	43,780	43,780
Average no. of shares, x 1,000	45,299	44,149	43,823	43,780	43,216

Largest shareholders 31 Dec 2007	No. of shares	Proportion, %
Stena Adactum	11,347,470	24.93
Vätterledens Invest, with associates	7,002,456	15.39
IF Skadeförsäkring	4,821,700	10.59
1st AP fund	1,811,200	3.98
Odin funds	1,555,334	3.42
BNP Paribas	1,220,000	2.68
Enter funds	1,194,400	2.62
4th AP fund	602,300	1.32
Bjarne Holmqvist	531,334	1.17
Kaupthing Bank Sverige	516,500	1.13
Muirfield Invest	500,000	1.10
SEC Lend Support	467,441	1.03
Bruce Grant	435,000	0.96
2nd AP fund	410,228	0.90
Handelsbanken funds	399,913	0.88
JP Morgan Chase Bank	368,961	0.81
Geveko	360,000	0.79
Aktia Sparbank	310,000	0.68
Other	11,659,122	25.62
Total	45,513,359	100.00

Shareholders by size	No. of share-holders	No. of shares	Holding and votes, %
1 – 500	7,844	1,108,122	2.43
501 – 1,000	1,343	1,115,091	2.45
1,001 – 5,000	1,088	2,471,530	5.43
5,001 – 10,000	134	998,692	2.20
10,001 – 50,000	118	2,744,158	6.03
50,001 –	59	37,075,766	81.46
Total 31 Dec 2007	10,586	45,513,359	100.00

Changes in share capital, MSEK	Change	Share capital	Total no. of shares
1991 Formation		4	4,000
1992 Split 100:1		4	400,000
1992 New share issue	+96	100	10,000,000
1995 New share issue	+50	150	15,000,934
1995 Conversion	+3	153	15,280,783
1996 Conversion	+10	163	16,275,819
1997 New share issue	+4	167	16,715,819
1997 Conversion	+27	194	19,351,121
1998 Conversion	+4	198	19,813,150
1998 New share issue	+2	200	19,973,150
1999 Conversion	0	200	19,982,310
1999 New share issue	+6	206	20,625,881
2000 Conversion	+6	212	21,204,528
2001 Conversion	0	212	21,211,198
2003 Conversion	+7	219	21,889,974
2004 Split 2:1	0	219	43,779,948
2005 New share issue	0	219	43,854,548
2006 New share issue	+4	223	44,578,523
2007 New share issue	+5	228	45,513,359

Analysts who follow Gunnebo

ABG Sundal Collier AB
Tobias Ottosson
+46 (0)8 566 286 49
tobias.ottosson@abgsc.se

Danske Bank
Peter Trigarszky
+46 (0)8 568 805 57
peter.trigarszky@danskebank.se

D. Carnegie AB
Björn Enarson
+46 (0)8 676 88 00
bjoenarson@carnegie.se

Adam Nyström
+46 (0)8 676 88 00
adanys@carnegie.se

Enskilda Securities
Stefan Mattsson
+46 (0)8 522 297 94
stefan.mattsson@enskilda.se

Handelsbanken Capital Markets
Markus Almerud
+46 (0)8 701 34 01
maal16@handelsbanken.se

Linn Hansson
+46 (0)8 701 12 75
liha17@handelsbanken.se

Kaupthing Bank
Joakim Höglund
+46 (0)8 791 48 00
joakim.hoglund@kaupthing.com

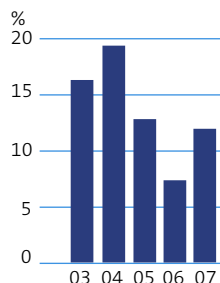
Carl-Johan Blomqvist
+46 (0)8 791 48 00
carl-johan.blomqvist@kaupthing.com

Redeye
Henrik Alveskog
+46 (0)8 545 01 345
henrik.alveskog@redeye.se

Swedbank Markets
Mats Larsson
+46 (0)8 585 925 42
mats.larsson@swedbank.se

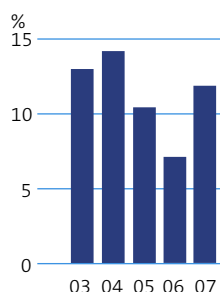
Five-year review

RETURN ON EQUITY*



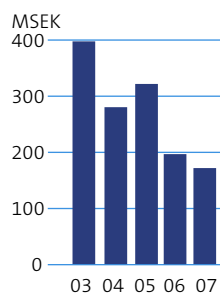
* Excl. items affecting comparability

RETURN ON CAPITAL EMPLOYED*

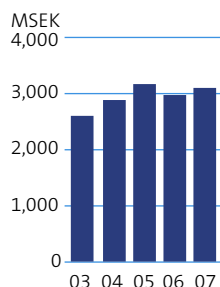


* Excl. items affecting comparability

OPERATING CASH FLOW EXCL. STRUCTURAL COSTS



CAPITAL EMPLOYED



Taking into consideration the fact that in mid-2005 Gunnebo refined its security business by distributing the shares in Gunnebo Industrier free of charge to shareholders, the five-year review excludes Gunnebo Industrier.

INCOME STATEMENT, MSEK	2007	2006	2005	2004	2003*
Invoiced sales	7,025	6,727	6,477	6,086	5,817
Cost of goods sold	-5,040	-4,802	-4,459	-4,116	-3,940
Gross profit	1,985	1,925	2,018	1,970	1,877
Items affecting comparability	-	-243	-205	-204	-
Other operating costs	-1,636	-1,709	-1,710	-1,602	-1,557
Operating profit/loss	349	-27	103	164	320
Net financial items	-95	-89	-70	-43	-38
Profit/loss after financial items	254	-116	33	121	282
Taxes	-126	-12	-130	-37	-59
Profit/loss for the year	128	-128	-97	84	223

BALANCE SHEET, MSEK	2007	2006	2005	2004	2003*
Intangible assets	1,232	1,175	1,224	1,119	958
Tangible assets	584	628	744	676	647
Financial assets	168	207	219	164	76
Inventories	789	718	838	847	746
Operating receivables	1,846	1,766	1,639	1,690	1,517
Liquid funds	218	193	169	172	198
Total assets	4,837	4,687	4,833	4,668	4,142
Equity	1,142	1,044	1,208	1,383	1,477
Long-term liabilities	1,604	1,831	1,839	1,392	1,294
Current liabilities	2,091	1,812	1,786	1,893	1,371
Total equity and liabilities	4,837	4,687	4,833	4,668	4,142

CASH FLOW STATEMENT, MSEK	2007	2006	2005	2004	2003*
Cash flow from operating activities before change in working capital	150	73	-130	265	262
Cash flow from changes in working capital	-130	-40	152	-61	92
Cash flow from operating activities	20	33	22	204	354

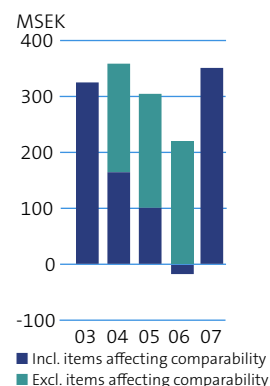
OPERATING CASH FLOW, MSEK	2007	2006	2005	2004	2003*
Operating cash flow excl. structuring costs	175	196	325	282	399
Operating cash flow incl. structuring costs	66	53	136	209	312

KEY RATIOS EXCLUDING ITEMS AFFECTING COMPARABILITY					
	2007	2006	2005	2004	2003*
Return on capital employed, %	11.9	7.1	10.4	14.1	13.0
Return on equity, %	11.7	7.3	12.8	19.4	16.3
Operating margin before depreciation, %	6.9	5.4	6.8	7.9	8.5
Operating margin, %	5.0	3.2	4.8	6.0	5.5
Profit margin, %	3.6	1.9	3.7	5.3	4.8
KEY RATIOS INCLUDING ITEMS AFFECTING COMPARABILITY					
	2007	2006	2005	2004	2003*
Return on capital employed, %	11.9	-0.5	3.7	6.6	13.0
Return on equity, %	11.7	-11.4	-7.5	6.1	16.3
Gross margin, %	28.3	28.6	31.2	32.4	32.3
Operating margin before depreciation, %	6.9	1.8	3.7	4.6	8.5
Operating margin, %	5.0	-0.4	1.6	2.7	5.5
Profit margin, %	3.6	-1.7	0.5	2.0	4.8
Capital turnover rate, times	2.3	2.1	2.1	2.3	2.2
Equity ratio, %	24	22	25	30	36
Interest coverage ratio, times	3.7	-0.3	1.5	3.8	3.9
Debt/equity ratio, times	1.5	1.6	1.5	1.0	0.6
SHARE DATA EXCLUDING ITEMS AFFECTING COMPARABILITY					
	2007	2006	2005	2004	2003*
Earnings per share before dilution, SEK	2.80	1.85	3.80	6.00	5.15
Earnings per share after dilution, SEK	2.80	1.85	3.75	6.00	5.10
SHARE DATA INCLUDING ITEMS AFFECTING COMPARABILITY					
	2007	2006	2005	2004	2003*
Earnings per share before dilution, SEK	2.80	-2.90	-2.25	1.90	5.15
Earnings per share after dilution, SEK	2.80	-2.90	-2.20	1.90	5.10
Equity per share, SEK	25.10	23.40	27.55	31.60	33.75
Cash flow per share, SEK	0.45	0.75	0.50	4.60	8.10
OTHER INFORMATION					
	2007	2006	2005	2004	2003*
Foreign sales ratio, %	94	94	94	94	94
Order intake, MSEK	6,938	6,762	6,658	6,035	5,829
Capital employed, MSEK**	3,115	2,926	3,158	2,864	2,579
Net debt, MSEK**	1,746	1,673	1,763	1,328	947
Capital expenditure, MSEK	126	110	141	147	149
Depreciation, MSEK	127	136	134	115	173
Of which depreciation of goodwill, MSEK	—	—	—	—	59
Average number of employees	6,719	6,964	6,945	7,059	7,157

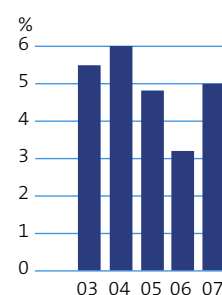
* The information for 2003 has not been recognised in accordance with IFRS. Gunnebo's assessment is that the most important difference compared with IFRS relates to depreciation of goodwill, which for 2003 amounted to MSEK 59.

** Closing balance

OPERATING PROFIT

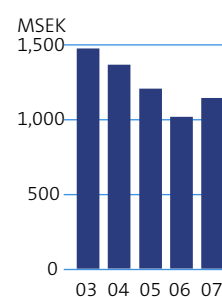


OPERATING MARGIN*

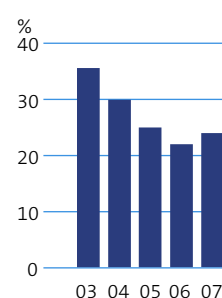


* Excl. items affecting comparability

EQUITY



EQUITY RATIO



Risk management and sensitivity analysis

Given the international character of its business, Gunnebo is exposed to financial and business risks. The financial risks are mainly linked to changes in interest rates and exchange rates, as well as refinancing and counterparty risks. Business risks primarily include operational and strategic risks, such as business environment risks, raw material risks, product risks and legal risks.

Financial risk management

The object of Gunnebo's financial activities is to minimise the Group's long-term financing costs and effectively manage and control its financial risks such as changes in interest and exchange rates, as well as refinancing and counterparty risks.

Organisation and activities

The Gunnebo Group's finance activities are centralised in its subsidiary, Gunnebo Treasury SA, which is responsible for the Group's principle external financing, centralised liquidity management and currency risk management. It also functions as the Group's internal bank, and is responsible for supporting the Group's subsidiaries with loans, investments and currency transactions. Through this centralisation the Group is able to benefit from economies of scale and synergies within the financial area. In addition, the treasury function is also responsible for the Group-wide insurance programme.

The financial activities are carried out in accordance with the finance policy established by the Board, which regulates how financial risks are to be managed and the limits within which the internal bank and Gunnebo's subsidiaries may operate. The following financial risks are covered, and regulated, by the finance policy:

- Financing risk: the risk that financing is not available or is particularly unfavourable at any given point in time.

- Liquidity risk: the risk of Gunnebo not having access to liquid funds or unused credit facilities in order to fulfil its payment obligations.
- Interest rate risk: the risk of a lasting change in market interest rates impacting on the Group's profit and cash flow.
- Currency risks: the risk of exchange rate fluctuations impacting on profit and equity.
- Credit and counterparty risks: concerns credit risks with respect to customers and financial counterparts.

For more detailed information about financial risk management and reporting of financial instruments, see Note 3 Financial risk management and financial instruments.

Business risks

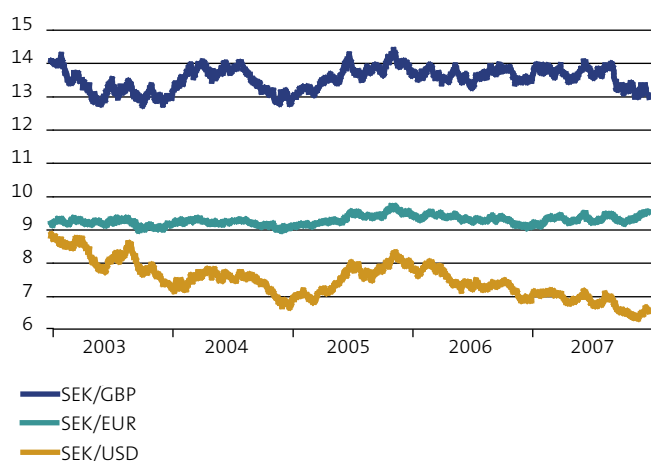
Risk management in Gunnebo aims to identify, control, prevent and thereby minimise the Group's potential risks.

Operational and strategic risks are mainly related to risks in the business environment, country-specific risks and political risks, as well as specific risks such as customers, suppliers, employees and competitors.

Gunnebo has a relatively broad product range and customer structure, as well as presence on a high number of geographic markets, preventing the Group from being dependent on a limited

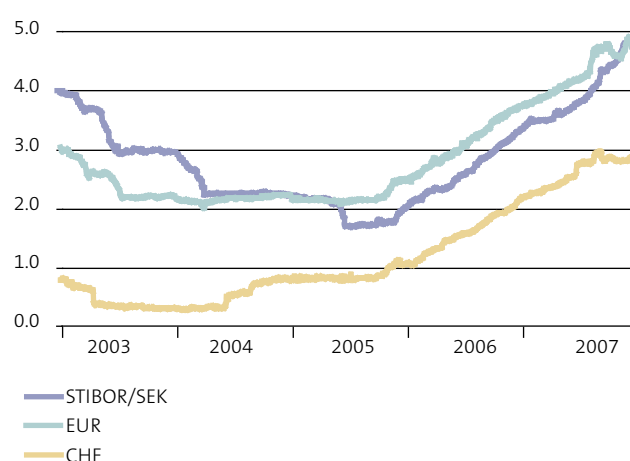
EXCHANGE RATES 2003-2007

Exchange rate, SEK



THREE-MONTH INTEREST RATES 2003-2007

Interest, %



number of major customers or suppliers.

Representation on several markets with a broad product range naturally means that the Group is exposed to business environment risks such as political risks in individual countries or regions, risks in raw material prices and currencies, as well as risks related to business cycles. In terms of risks related to business cycles the company's sensitivity must be considered relatively low, even though the construction and property industries may have some impact on parts of the product range.

The local management is responsible for developing strategies and identifying risks in their local market or area of responsibility. The Group's total risk analysis and exchange of relevant information are assured by the inclusion of executive management representatives on the internal board of each Customer or Competence Centre.

Raw material risks

Gunnebo is exposed to risk when the price of materials changes. Competition on the market may limit the ability to fully compensate for increased costs through price rises. Steel is the single largest raw material component in the Group, which purchases many different types and grades, resulting in differentiated price development. With the aim of limiting the short-term effect of these price fluctuations, part of the Group's steel requirement is purchased via fixed price contracts.

Product risks

The majority of the Group's products have limited risk in their application. It should also be noted that many of the products and systems are installed to strengthen protection in security-critical environments. Their function and quality are therefore of the utmost importance in securing the intended level of protection.

Insurance

Gunnebo has a group-wide insurance programme including indemnity insurance, which covers among other things general liability and product liability, property and loss of profit insurance, transport insurance and policies for crime against property. The Group has also taken out indemnity insurance for the Board and senior executives.

Legal risks

No company in the Group is a party in legal proceedings or any other dispute where the outcome can be expected to have anything but a limited effect on the Group's overall results and financial position. Any legal disputes and risks of legal disputes are reported to the Group Legal Affairs function. Legal disputes are handled by a qualified legal representative under the supervision of Group Legal Affairs.

Sensitivity analysis

Profit is affected by changes in certain factors of importance to the Group, as explained below. The calculation is made on the basis of the Group's structure at the year-end and assuming all other factors remain unchanged.

Selling prices

A one per cent change in selling prices affects income and operating profit by approximately MSEK 70.

Labour costs

A one per cent change in labour costs, including social security charges, affects operating profit by approximately MSEK 25.

Steel prices

Steel is the single largest raw material component in the Group, which purchases many different types and grades, resulting in differentiated price development. A general change in steel prices of 10 per cent affects the figures by around MSEK 40 for the subsequent 12 months. No long-term fixed-price contracts have been considered in this figure.

Currencies

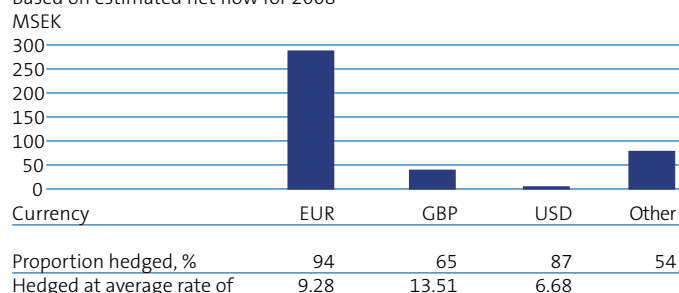
A change of 10 per cent in the exchange rate of the Swedish krona against the euro, pound sterling and the US dollar would affect operating profit by a total of approximately MSEK 60, of which MSEK 35 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 25 is attributable to translation exposure. Taking into account the hedges in place at the year-end, the effect of the transaction exposure on the result for the coming 12 months would be marginal. The diagram on the right illustrates the sensitivity of the profit figure with a 10 per cent change in the exchange rate of each currency.

Interest expenses

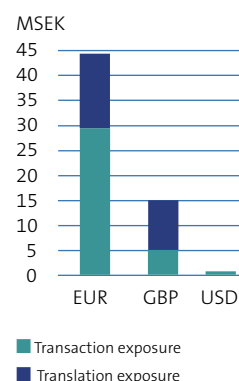
On the basis of the average fixed interest term of the Group's total loans outstanding at the year-end, a simultaneous change of one percentage point in all of Gunnebo's loan currencies would affect profit by MSEK 9 for the subsequent 12 months.

CURRENCY FLOW EXPOSURE

Based on estimated net flow for 2008



CURRENCY SENSITIVITY ANALYSIS



Corporate governance report

Corporate governance is an umbrella term for the division of responsibilities between various parts of the Group, and is based on applicable regulations, processes and laws. In practice, it deals with the structure of the systems in place for both decision-making and direct and indirect shareholder governance.

Corporate governance is mainly exercised in Gunnebo through the shareholders via the Annual General Meeting (AGM), the Board of Directors and the CEO. Gunnebo AB is listed on the OMX Nordic Exchange, and therefore the Group's corporate governance is based on Swedish rules and Swedish legislation, the listing agreement with the OMX Nordic Exchange, the Swedish Code of Corporate Governance (the Code), the company's Articles of Association and other relevant rulings.

Gunnebo's Board and management strive to ensure that the company lives up to the demands which OMX Nordic Exchange, shareholders and other stakeholders make of the company. The Board also follows debate in this area and studies the recommendations issued by various players.

Internally, operations are based on policies and directives, including a Code of Conduct which indicates how Gunnebo employees should behave in order to comply with laws and regulations and live up to the ethical values of the Group. The Group also has fundamental values to support it, with five Core Values providing guidance for the management and employees in their day-to-day work: Customer Focus, Commitment to Quality, Professionalism, Integrity and Cooperation.

Gunnebo complies with the terms of the Code in all respects except for one:

- The Code indicates that the members of the Nominations Committee must be announced at the latest six months before the Annual General Meeting. The members of the Nominations Committee must also be announced in connection with the interim report for the third quarter. As the Gunnebo Annual General Meeting takes place relatively early in the year, the members of the Nominations

Committee are announced around five and a half months before the Annual General Meeting.

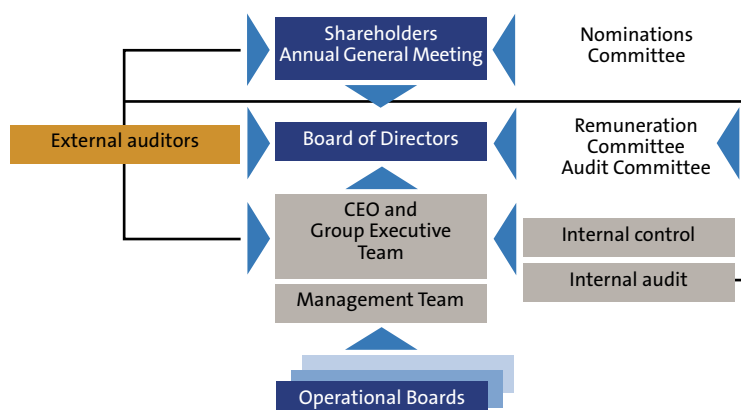
This report is not part of the formal Annual Report and has not been reviewed by the company's auditors.

Control and distribution of responsibilities

Gunnebo is controlled via a number of different bodies which distribute responsibility for control amongst themselves:

- **Shareholders.** Shareholders exercise control at the Annual General Meeting through their entitlement to vote on issues such as the composition of the Board of Directors, election of the Chairman and election of external auditors. A Nominations Committee consisting of representatives and a Chairman from the three biggest shareholders proposes candidates for Board representatives, Chairman of the Board and external auditors.
- **Board of Directors.** The Board of Directors is elected by shareholders at the Annual General Meeting and is responsible for the long-term development and strategy of the Group, and for constantly monitoring and assessing the operations of the company. The Board of Directors appoints the President and CEO. The Board of Directors also appoints within itself representatives to the Remuneration Committee and the Audit Committee. More information on the committees can be found on pages 78-79.
- **CEO and Group Executive Team.** The President (who is also the CEO) manages the Group's ongoing operations in accordance with the guidelines of the Board of Directors. The Group Executive Team consists of four people, including the CEO.
- **Group Management Team.** Gunnebo's management team is made up of members of the Group Executive Team and a further 14 senior executives. The management team is a forum for supporting and providing information on the decisions of the Group Executive Team.
- **Operational Boards.** Every Customer and Competence Centre has an operational board. There are 20 operational boards within the Group at present. These are responsible for managing the Customer and Competence Centres. The CEO is the Chairman of all the Boards of the Competence Centres, while the Chairmanships of the Boards of the Customer Centres are distribu-

Corporate governance model



ted equally among the CEO, CFO and General Counsel.

Direct shareholder governance through the Annual General Meeting

The influence of the shareholders is exercised at the Annual General Meeting (AGM), which is Gunnebo's highest decision-making body. The AGM elects the Chairman, Board and auditors, adopts the accounts, decides on any dividend and other distribution of earnings, and decides on discharge from liability for the Board. In addition, the AGM also decides on guidelines for pay and other remuneration to senior executives, any new share issues and the introduction of share-related incentive schemes in the form of stock option programmes, for example.

The Annual General Meeting was held on 28 March 2007 at the Bergakungens cinema in Göteborg. 187 shareholders, representing 62.5 per cent of the number of votes and shares, took part in the AGM. Roger Holtback, Mikael Jönsson, Martin Svalstedt, Bjarne Holmqvist, Lena Olving, Björn Eriksson and Bo Dankis were reappointed as members of the Board of Directors. The AGM elected Roger Holtback as Chairman of the Board.

The AGM decided on a cash dividend of SEK 1.60 (1.60) per share to shareholders. The Annual General Meeting authorised the Board to make decisions regarding new share issues of up to 1,200,000 shares until the next Annual General Meeting. This authorisation has not been utilised to date.

In addition, an Extraordinary General Meeting was held on 24 October 2007 which made a decision to introduce an incentive programme for senior executives and a Board Programme. More information on the incentive programmes can be found in note 32. For more information on Gunnebo's largest shareholders, ownership structure and dividend policy, see pages 70-71.

Indirect shareholder governance

Gunnebo's indirect shareholder governance is exercised by the Board of Directors, the Group Executive Team and the Management Team.

Nominations Committee

The Nominations Committee's task is to submit proposals regarding – among other things – the Chairman and other members of the Board, fees for Board members and remuneration for committee work ahead of the next Annual General Meeting. The Annual General Meeting in 2007 resolved to elect the Chairman – as the convener – and a representative for each of the three biggest shareholders at the end of the third quarter of 2007 onto the Nominations Committee.

The Nominations Committee is made up of Dan Sten Olsson, Stena Adactum AB, Nils-Olov Jönsson, Vätterledens Invest AB, Nils Petter Hollekim, Odin Forvaltning AS, and Roger Holtback, Chairman of the board and convener. Gunnebo's third largest shareholder, IF Skadeförsäkring, has declined to take part and has been replaced with the fourth largest owner, Odin Forvaltning AS. The Nominations Committee has had two meetings prior to the presentation of this annual report. The chairman of the Nominations Committee is Dan Sten Olsson. Gunnebo pays no remuneration to the members of the Nominations Committee.

Board of Directors

Gunnebo's Board of Directors includes seven members elected by the Annual General Meeting for the period to the next meeting. In addition, two members and two deputies are elected by Gunnebo's Swedish union organisations. The Chairman of the Board has been appointed by the Annual General Meeting.

None of Gunnebo's current senior executives are on the Board. Gunnebo President and CEO

Board member attendance statistics and independence

Attendance statistics 2007					Independent of:		
Name Elected by the Annual General Meeting	Elected	Board meetings	Remuneration Committee	Audit Committee	The company and corporate management	The company's larger share- holders	Total remunera- tion, TSEK
Roger Holtback	1993	10 (C)	5 (C)		No (Board member for more than 12 years)	Yes	400
Bjarne Holmqvist	1993	10 (M)			No (Board member for more than 12 years and former President)	Yes	150
Martin Svalstedt	2003	10 (M)	6 (M)	3 (C)	Yes	No	175
Mikael Jönsson	2000	10 (M)	6 (M)	3 (M)	Yes	No	175
Lena Olving	2004	9 (M)			Yes	Yes	150
Björn Eriksson	2006	10 (M)			Yes	Yes	150
Bo Dankis	2006	10 (M)		2 (M)	Yes	Yes	175
Employee representatives							
Bo Anders Hansson	1999	9 (M)					34
Claes-Göran Karlsson	2005	8 (M)					34
Christer Grimstahl	2000	10 (D)					26
Lars-Olof Larsson	2005	9 (D)					26
		10	6	3			1,495

C = Chairman M = Member D = Deputy

Meeting date 2007	Schedule
7 February	Accounts for fourth quarter and annual accounts for 2006
	Plan 2007
	Investments
	Board assessment 2006
	Committee reports
28 March	Monthly reports, January and February
	Report from the development team
	SafePay report
	Presentations: Customer Centre France and Competence Centre Access Control
28 March	Statutory Board meeting
25 April	Interim report, January-March 2007
	Financial report
	Committee reports
	Presentation: Competence Centre Outdoor Perimeter Security and Customer Centre Nordic Region
28-29 May	Gunnebo's future marketing and product strategies
18 July	Interim Report January-June 2007
	Long-term incentives programme
	Committee reports
	Investments
23 August	Long-term incentives programme
18 September	Long-term incentives programme
24 October	Interim report, January-September 2007
	Amendments to legal structure
	Committee reports
	Code of Conduct for Gunnebo
18 December	Results to November 2007 and full-year forecast
	Committee reports
	Investments
	Management recruitment matters
	Gunnebo's capital market day
	Board assessment 2007

Göran Gezelius, CFO Hans af Sillén and General Counsel Lars Wallenberg do, however, take part in Board meetings, the latter also as secretary. Senior executives also take part when necessary.

Ten Board meetings have been held during the year, dealing with the main issues as outlined in the table above.

The independence of the Board members

According to the Code, the majority of Board members elected by the Annual General Meeting must be independent of the company and its executive management. At least two members who are independent of the company and its executive management must also be independent of the company's larger shareholders. The independence of Board members is shown in the table on page 77.

Board's procedures

The Board's main task is to be responsible for the company's organisation and administration. The work of the Board is governed by the Swedish Companies Act and by the set of written procedures assumed by the Board at the statutory Board meeting each year. These procedures include how often the Board will meet and the subjects dealt with at each meeting. They also set out the division of labour and responsibility between the Board, its Chairman and the CEO.

The Board is charged with drawing up strategies, business plans, interim reports and year-end releases. In addition, the Board will appoint and dismiss the CEO and make decisions on significant changes to the Gunnebo organisation and operations. Moreover, the Board decides on corporate acquisitions and other major investments and financing, for example.

Assessment of Board work

The work of the Board is assessed each year by means of an anonymous questionnaire, and the results of this form the basis for continuous improvement of Board work. This assessment includes issues relating to the Board, its composition, Board meetings, committees and how well the Chairman and the Board perform their primary tasks in accordance with the Swedish Code of Corporate Governance. The Nominations Committee, work on the Group's strategic targets, structural plans and decisions on discontinuing operations are also assessed.

Chairman

Roger Holtback was elected as Chairman of the Board at the Annual General Meeting on 28 March 2007.

It is the responsibility of the Chairman to ensure that Board work is performed efficiently. This involves – among other things – ensuring that the Board is complying with its undertakings and monitoring business development, as well as ensuring that other members are regularly given the information they need to be able to do their Board work while maintaining its quality, and in accordance with the Swedish Companies Act, the Articles of Association and the Swedish Code of Corporate Governance.

The Chairman does not take part in the operational management of the company. Roger Holtback has been Chairman of the Board since 1993.

Committees

The Board at Gunnebo currently has two committees: the Remuneration Committee and the Audit Committee. Representatives of these committees are appointed by the Board members amongst themselves.

Remuneration Committee

The Remuneration Committee is tasked with preparing issues relating to the managers' employment conditions, succession planning and other personnel development issues drafted by the Group Executive Team. Over the year, the issue of incentive programmes for senior executives is one of those that have been prepared.

The Remuneration Committee met on six occasions in 2007. The members of the committee have been Roger Holtback, Mikael Jönsson and Martin Svalstedt, with Roger Holtback as Chairman.

The attendance of the members of the Remuneration Committee is shown in the table on page 77.

Audit Committee

The primary task of the Audit Committee is to serve as a planning body in contact between the auditors and the Board, and between the Board and the internal audit function.

The Audit Committee follows a written charter. Its tasks include reviewing the Group's financial reporting, external accounting, internal control and ensuring the handling and reporting of financial risks. The Audit Committee has regular meetings with the external auditors, internal auditors and the company's executive management. Martin Svalstedt, Mikael Jönsson and Bo Dankis were the members of the Audit Committee for 2007.

Martin Svalstedt has been Chairman of the Audit Committee. The committee met on three occasions during the year. The auditors have also participated in a Board meeting to report on the results of their examination. The attendance of the members of the Audit Committee is shown in the table on page 77.

Chief Executive Officer

The Group's President and CEO Göran Gezelius took over on 2 May 2005. The CEO manages operations in accordance with the working procedures adopted by the Board. The CEO is also responsible for ensuring that the Board receives information and the necessary decision data, provides reports at Board meetings and keeps the Board and Chairman regularly informed of the financial position and development of the company and the Group. The CEO, together with the CFO and the General Counsel, also manages the work on several of the internal boards appointed for Gunnebo Competence Centres and Customer Centres.

Management team

Over the year, the Gunnebo management team has consisted of the Group Executive Team and a management team, as shown on pages 84-85. Over the year, the Group Executive Team has held 12 minutes meetings and the Group Management Team has held four full-day meetings.

External audit

Gunnebo's auditors are selected by the AGM for a period of four years. The current period began in 2004 and will remain in force until the 2008 Annual General Meeting.

At the 2004 Annual General Meeting, PricewaterhouseCoopers AB was selected as the auditing company. Bror Frid has been the Principal Auditor since 2005. The auditors report to the Board on their findings and pass judgment on the internal control.

In addition to standard audit tasks, PricewaterhouseCoopers also assists primarily with renewals of acquisitions, so called Due Diligence. The assignments carried out have not been judged to cause any conflict of interest. Details of remuneration to the auditors can be found in note 33.

Internal audit

Gunnebo's internal audit function works on behalf of the Board's Audit Committee, and its objective is to add value to the operational processes by independently and objectively reviewing operations, identifying weaknesses and suggesting improvements.

Planned internal audits are carried out in accordance with an annual audit plan, compiled on the basis of a risk analysis and approved by the Audit Committee. In addition, audits may also be initiated for other reasons such as structural changes to the operational unit, managerial changes, suspected irregularities or remarks from external auditors. The audits are carried out by employees at Gunnebo in accordance with prepared instructions and standardised reporting templates. The audit is summarised in a report distributed to the parties concerned. Overall responsibility for follow-up rests with the respective management teams and their operational boards. Regular follow-up of reports will also be performed by the internal audit function.

Report on internal control over financial reporting

This report has been prepared in accordance with the Swedish Code of Corporate Governance (the Code) and the guidelines produced by FAR (the institute for the accountancy profession in Sweden) and the Confederation of Swedish Enterprise. The scope of this report is limited to a description of how internal control of financial reporting is organised and does not contain any statement on its performance. The report has not been reviewed by the company's auditors.

Organisation for internal control and internal audit

In February 2007, Gunnebo AB set up a function for internal control and internal audit. Internal control is defined as the process executed by the Board, Group Executive Team, operational management and other affected company personnel with the aim of ensuring that the Group's targets are being met in respect of efficient processes, and that this is happening in accordance with applicable laws and regulations in order to reasonably guarantee reliable financial reporting.

Both functions are undergoing a structuring phase and will be assessed – and, where necessary, developed – in line with the company's strategies and risks.

As Gunnebo AB has opted to combine the functions for internal control and internal audit, it is important to ensure that no conflict of interests occurs. Therefore, the manager responsible for these two functions may only act as advisors and not take part in decision-making processes or audit areas which may impair the independence. In addition, responsibilities and authorisations are clearly documented and defined for both roles in the function and work descriptions and the Internal Audit

Charter. Consequently, the responsible manager reports administratively to the CFO and periodically to the Audit Committee. For more details on reporting paths for the two functions, see the figure on page 76.

Internal audit

The initial work involved drawing up of important governing documents, such as the description of roles and responsibilities mentioned above, templates and other standardised documents for audit plan, audit processes and reporting. Reviews and a general risk analysis of all companies have formed the basis for this year's audit plan. Ten companies were audited over the year, of which nine have been tested and verified with regard to self-assessment. This has then been reported to the parties concerned in accordance with the above principles, as well as to the Audit Committee and the external auditors for the Group.

Internal control

The internal control function works on behalf of the Group Executive Team with a view to improving quality and creating added long-term value for the Group by means of an internal control structure involving standardised controls, continuously tested and reported, which facilitate follow-up at all levels. Its responsibilities include giving advice and support to the operational units in respect of internal control, production of templates for guidelines and policies, and comparison of best practice within and outside the Group, thereby creating greater understanding of internal control. This function is a support and a complement to the line organisation and so does not replace the responsibilities which each individual manager, controller and staff member has for ensuring that adequate control procedures and the Group's policies are introduced, that regular follow-up takes place, and that deviations and risks are reported.

Over the year, the function – besides producing functional and responsibilities descriptions – has also provided support in connection with the updating of policies and authorisation regulations and provided advice on various internal control issues within the company.

Control environment

Gunnebo's internal management is based on a control environment with clear responsibilities and clear authorisations and decision paths within the organisation. This structure is documented in various governing documents such as internal rules, guidelines and instructions, as well as manuals. The distribution of roles and responsibilities is assured at a general level via the Board's work procedures and instructions for the CEO and the Board's committees. This helps to ensure that the work between the Board and the Company Management is carried out efficiently. This work involves – among other things – ensuring that

the company's assets and resources are protected, minimising any risks and reviewing operations by means of regular follow-ups with a view to protecting the investments of the shareholders. Clear guidelines also indicate the configuration of the Group Executive Team and Group Management Team and their cooperation with the operational management.

Moreover, the Board and Group Executive Team have established governing documents at both a general and a more detailed level, which aim to prevent, detect and correct errors and deviations. Authorisation rules, instructions and guidelines for investments, accounting and financial reporting are examples of governing documents. Gunnebo's ethical values are documented in the Group's Code of Conduct, where personnel policies supplement other rules and instructions for employees, as well as in the Group's five Core Values.

The governing documents are followed up and updated regularly or as required.

Internal control is carried out by the following functions:

Board of Directors, Audit Committee, management teams and staff functions, operational management, controllers, other employees, internal audit and internal control.

Control activities

The control activities at Gunnebo are performed at a general level by the Board, the Group Executive Team and the management team, and at a detailed level via the operational organisation in the form of operational boards (which do not replace the legal Boards) and financial functions at Customer Centres and Competence Centres. These activities are also performed at Group level via the internal control and internal audit functions. The control activities aim to prevent, detect and correct errors and deviations.

In the operational organisation, the respective staff functions at each Customer Centre and Competence Centre are responsible for ensuring that the Group's governing documents are implemented and complied with, and that any deviations are reported in respect of financial reporting. Standardised reporting procedures are in place for monthly, quarterly and annual reports, and Gunnebo uses a collective system for consolidation. Standardised reports and key ratios are used for follow-up, analysis and control at both a legal and an operational level.

Documented guidelines ensure clear responsibility and specify the methods for transparent working within the operational boards. Their responsibilities include ensuring that the Customer Centres and Competence Centres are complying with the Group's policies and guidelines for internal control, and that deviations reported by auditors are followed up. Other follow-up areas and areas of responsibility are clearly defined in the standardised agenda structure, e.g. risk analy-

ses, investments, sales development and financial follow-up.

In addition, the internal audit function carries out independent reviews of the staff functions in accordance with a set audit plan. This plan is reviewed annually in order to cover, e.g. any changes in the event of mergers, changes of management or other major events which may affect risk exposure within the Group.

The observations are communicated in audit reports, and include suggestions for improvements. These then form the basis of a tool for following up on internal control activities performed by the operational boards, as well as by an internal audit. In 2007, a self-assessment Internal Control Questionnaire was sent out to all the Customer Centres and Competence Centres. The purpose of this was to evaluate the internal control. Every company is responsible for producing action plans for deviations which are then followed up by the operational board. The internal audit function also tested the Customer Centres' and Competence Centres' self-assessment in connection with audit visits and communicated deviations in the audit reports to the parties concerned.

Control structures are developed in order to manage the risks which are deemed important to the internal control over financial reporting.

Risk assessment

Over the year, the internal audit function, in conjunction with its drawing up of the audit plan, took note of the risks which may arise for the following reasons: company mergers, changing audit systems, irregularities, staff turnover and competence, a lack of documented processes, etc.

Other risks in connection with financial reporting are fraud and misappropriation or loss of assets, unauthorised favouring of another party at the expense of the company and exceeding authorisations in respect of accounting and adjustment items. This will be an annual process which the Board will evaluate and approve once it has been dealt with by the Audit Committee.

In the company's operations these risks mainly arise in the valuation of inventories, accounts receivable and provisions. Moreover, a number of risk management processes have already been established which have a significant impact on the company's ability to ensure correct financial reporting. These procedures mainly encompass the following areas:

- Risk assessments in connection with strategic planning, budgeting/forecasts and acquisition activities which aim, amongst other things, to identify events on the market or in the operations which may cause changes in e.g. the valuation of assets.
- Processes for identifying changes in accounting rules and recommendations which ensure that these changes are correctly reflected in Gunnebo's financial reporting.

Information and communications

To ensure that the Group complies with the demands made by OMX Nordic Exchange on the provision of information in the listing agreement, Gunnebo has established procedures and channels for the production and communication of such information which must be communicated according to the agreement. A "log" is kept of which individuals have access to information likely to significantly influence the price of the company's shares.

There is an Information Policy to support information work within the Group. This stipulates clearly who is allowed to communicate specific types of information, and that the information must be correct, coordinated, consistent, quick and easy to understand, both internally and externally. This is achieved by constantly keeping the company's policies, guidelines and manuals up to date and communicating them to the relevant staff via the intranet and other channels.

The Group website – www.gunnebo.com – contains extensive information on the Group's organisation, operations, contact details and various publications.

Monitoring

Gunnebo company management reports regularly to the Board of Directors in respect of financial development, with analyses of and comments on results, plans and forecasts. The Board also receives feedback from the meetings held by the Audit Committee with external auditors, the internal audit function and the Group Executive Team. The Audit Committee's work includes continuously monitoring the efficiency of the internal control.

Internal audit has followed up compliance with internal rules, tested self-assessment and communicated shortcomings in respect of the internal control. Reporting on the relevant monitoring has taken place periodically to the Audit Committee and regularly to the CFO, units concerned and the operational board concerned.

In addition, there is continuous monitoring of the operational results at Group and Centre level via the operational boards and finance functions in accordance with set guidelines relating to accounting and financial reporting.

Göteborg, 7 February 2008
Gunnebo AB
Board of Directors

Board of Directors and Auditors



Roger Holtback

Chairman
Elected: 1993
Born: 1945
Nationality: Swedish
Main position:
Self-employed and investor with Board appointments in listed and non-listed companies.
Education: Master of Science in Business Administration.
Professional background: Many years' experience as President and executive at Volvo, SEB and Bure.
Other Board appointments:
Chairman of Holtback Invest AB and its subsidiaries and associated companies, Finnveden AB, Aditro AB, Media Tec Group AB, Kronan Marin AB and the Swedish Trade Fair Foundation. Member of IHS Inc., USA, Chairman of Nordic Capital Review Committee and member of Stena's Group Council.
Shareholding: 175,000
Warrants: 16,000



Mikael Jönsson

Board member
Elected: 2000
Born: 1963
Nationality: Swedish
Main position:
Business area manager Vätterledens Invest AB.
Education: University studies in economics.
Professional background: Stockbroker and various senior positions at Vätterledens Invest AB.
Other Board appointments:
Member of Vätterledens Invest AB and its subsidiaries, Gunnebo Industrier AB, Kopparbergs Bryggeri AB, Nanoxis AB and Wipcore AB, and Chairman of the Board of SC Communication AB.
Shareholding: 92,000
Warrants: 16,000



Martin Svalstedt

Board member
Elected: 2003
Born: 1963
Nationality: Swedish
Main position:
President, Stena Adactum AB.
Education: Master of Science in Business Administration.
Professional background: CFO Capio AB and senior financial posts at Stora and ABB.
Other Board appointments:
Chairman of Ballingslöv International AB, Envac Centralsug AB, Stena Renewable Energy AB and S-Invest Trading AB, and member of Midelfart Sonnesson AB, Gislaved Folie AB, MPP MediaTec Group AB, SentoClone AB and Stena Adactum AB.
Shareholding: 50,000
Warrants: 16,000



Bjarne Holmqvist

Board member
Elected: 1993
Born: 1945
Nationality: Swedish
Main position:
Owner and investor, and Board assignments in a number of companies.
Education: Master of Science in Mechanical Engineering.
Professional background: Many years' experience as President and CEO of Bofors Kilsta, Componenta, BPA and Gunnebo AB.
Other Board appointments:
Chairman of Gunnebo Industrier AB, Örgryte Industri AB, Wenmec AB, Speed Identity AB and the Chalmers Foundation for Industrial Technology, Vice Chairman of Atlet AB, member of the Swedish Trade Fair Foundation, the German-Swedish Chamber of Commerce and the West Sweden Chamber of Industry and Commerce.
Shareholding: 531,334
Warrants: 16,000



Lena Olving

Board member
Elected: 2004
Born: 1956
Nationality: Swedish
Main position:
Operational Excellence Director, Volvo Car Corporation (VCC).
Education: Master of Science in Mechanical Engineering.
Professional background: Over 20 years in various posts at Volvo Car, including five years in Asia as manager for Volvo Car's operation in South-East Asia, and a period as President of Samhall Högländ AB.
Other Board appointments: –
Shareholding: 2,000
Warrants: 8,000

Auditors

**Bo Dankis**

Board member
Elected: 2006
Born: 1954
Nationality: Swedish
Main position:
President and CEO of Perstorp AB.
Education: Master of Science in Mechanical Engineering.
Professional background:
Many years' experience as President and executive at Forsheda AB, ABB and Assa Abloy.
Other Board appointments:
Board member of Perstorp Holding AB and its subsidiaries and associated companies, Ekeby Invest AB, Gadelius K.K., the Swedish Trade Council and the Sweden-Japan Foundation.
Shareholding: 4,000
Warrants: 16,000

**Björn Eriksson**

Board member
Elected: 2006
Born: 1945
Nationality: Swedish
Main position:
County Governor of Östergötland.
Education: Master of Science in Business Administration.
Professional background:
National Police Commissioner, Director-General of the Board of Customs, President Interpol and World Customs Organisation (WCO) and senior positions in Sweden's Ministry of Finance.
Other Board appointments:
Chairman of e.g. NTF, AB Göta Kanal, Hagdahlsakademien, Vadstenaakademien and Svenska Skidskytteförbundet.
Member of e.g. SE-Banken's Samhällsekonomiska Råd and Barndiabetesfonden.
Shareholding: –
Warrants: –

**Claes-Göran Karlsson**

Employee representative for IF Metall
Elected: 2000
Born: 1958
Nationality: Swedish
Education: Engineer
Shareholding: –
Warrants: –

**Lars-Olof Larsson**

Employee representative for IF Metall, deputy member
Elected: 2005
Born: 1961
Nationality: Swedish
Education: Automotive engineering
Shareholding: –
Warrants: –

**Bror Frid**

Born: 1957
Authorised Public Accountant
PricewaterhouseCoopers

**Bo Anders Hansson**

Employee representative for SIF white-collar union
Elected: 1999
Born: 1954
Nationality: Swedish
Education: Engineering
Shareholding: –
Warrants: –

**Christer Grimstål**

Employee representative for SIF white-collar union, deputy member
Elected: 2005
Born: 1962
Nationality: Swedish
Education: Sales
Shareholding: –
Warrants: –

GROUP MANAGEMENT TEAM

Group Executive Team



Göran Gezelius

President and CEO
Employed: 2005
Born: 1950
Nationality: Swedish
Education: BSc in Business Administration, Stockholm School of Economics, MSc in Chemical Engineering, Royal Institute of Technology in Stockholm.
Professional background: Vice President Atlas Copco and business area manager at Sandvik AB.
Board appointments: Teknikföretagen trade and employers' organisation, Tobii Technology AB.
Shareholding: 150,000
Call options: 100,000
Warrants: 32,000



Hans af Sillén

Chief Financial Officer, Chief Information Officer
Employed: 2006
Born: 1964
Nationality: Swedish
Education: Master of Science in Economics and Business Administration, Engineer.
Professional background: Senior positions in the Atlas Copco group.
Board appointments: –
Shareholding: 4,000
Warrants: 32,000

Group Management Team



Jean-Marie Betermier

General Manager Competence Centre Electronic Security
Employed: 2001
Born: 1962
Nationality: French
Education: Master of Science in Mechanical Engineering.
Professional background: Senior positions in several security companies including CS Group.
Board appointments: –
Shareholding: 3,000
Warrants: 8,000



Sven Boëthius

Country Manager Gunnebo Nordic
Employed: 1997
Born: 1948
Nationality: Swedish
Education: Master of Science in Economics and Business Administration, MBA.
Professional background: Senior positions in the Mölnlycke group.
Board appointments: –
Shareholding: 4,000
Warrants: 32,000



Janerik Dimming

SVP Group Communications
Employed: 2001
Born: 1945
Nationality: Swedish
Education: Bachelor of Social Science.
Professional background: Senior communications positions at SKF, Samhall and Adera, among others.
Board appointments: –
Shareholding: 2,000
Warrants: 5,000



Lars Wallenberg

SVP General Counsel, Business Development & Acquisitions
Employed: 2002
Born: 1951
Nationality: Swedish
Education: LL.M.
Professional background: General Counsel for Trelleborg and Boliden.
Board appointments: AlfaSensor AB
Shareholding: 20,780
Warrants: 16,000



Anders Ågren*

Country Manager Gunnebo France
Employed: 2006
Born: 1947
Nationality: Swedish
Education: Engineer and economist.
Professional background: Senior positions in the Sandvik group.
Board appointments: Euro-maint AB, Swedesurvey AB, Järntorget AB.
Shareholding: 4,000
Warrants: 32,000

* To be succeeded by Christian Guillou on 1 May 2008



Olle Magnusson

Country Manager Gunnebo Germany/Austria
Employed: 2006
Born: 1950
Nationality: Swedish
Education: Engineer and economist.
Professional background: Senior positions at IBM, Volvo Car Corporation and Biosys, among others.
Board appointments: Migros Eurocentres
Shareholding: 4,000
Warrants: 8,000



William Mouat

Regional Manager Indian Ocean Rim
Employed: 2000
Born: 1953
Nationality: British
Education: Studies in economics and electronics.
Professional background: Senior positions at Racal Electronics PLC and Chubb Security PLC.
Board appointments: –
Shareholding: 4,000
Stock options: 13,200



José Ortuño

Country Manager Gunnebo Spain
Employed: 1991
Born: 1955
Nationality: Spanish
Education: Marine Engineer.
Professional background: Senior positions at Bureau Veritas SAF, President Fichet-Sistemas SA.
Board appointments: –
Shareholding: 1,000
Warrants: 4,000

**Robert Hall**

General Manager Competence Centre Secure Storage
Employed: 2005
Born: 1960
Nationality: British
Education: Studies in marketing and economics.
Professional background: Senior positions at Sandvik, Dormer Tools and Baltingslöv, among others.
Board appointments: –
Shareholding: 200
Stock options: 660

**Martin Houseman**

Country Manager Gunnebo UK/Ireland
Employed: 1976
Born: 1957
Nationality: British
Education: Studies in marketing.
Professional background: Senior positions at Chubb and Williams.
Board appointments: –
Shareholding: 1,000
Stock options: 3,300

**Agneta Hultgren**

SVP Human Resources
Employed: 2007
Born: 1953
Nationality: Swedish
Education: Bachelor in Human Resources, Associate degree in Business Administration.
Professional background: Head of Personnel positions at Getinge, Alltima and Esab, among others.
Board appointments: –
Shareholding: 3,000
Warrants: 24,000

**Rolf Kjällgren**

SVP Quality, Logistics and Purchasing Officer
Employed: 2007
Born: 1965
Nationality: Swedish
Education: Civil engineer, Industrial Economics.
Professional background: Senior positions in quality and supply chain management at ABB and AF Gruppen.
Board appointments: –
Shareholding: 4,000
Warrants: 32,000

**Gilbert Korchia**

Manager Business Line Bank, Gunnebo France
Employed: 2000
Born: 1954
Nationality: French
Education: Engineer
Professional background: Senior positions at Dassault A.T.
Board appointments: –
Shareholding: 1,000
Warrants: 4,000

**Åke Sundby***

General Manager Competence Centre Outdoor Perimeter Security
Employed: 2006
Born: 1948
Nationality: Swedish
Education: MBA
Professional background: Senior positions at Sandvik, Bahco and Atlas Copco.
Board appointments: Powertools Sweden AB
Shareholding: 4,000
Warrants: 32,000

* To be succeeded by Fredrik Granat on 1 April 2008

**Niklas Thoresson***

General Manager Competence Centre Cash Automation
Employed: 2008
Born: 1970
Nationality: Swedish
Education: Studies in technology, marketing and finance. Masters from DIHM and IHM.
Professional background: Senior positions in strategic business development, last position was as head of Q-Matic, Sweden.
Board appointments: –
Shareholding: 2,000
Warrants: 16,000

* Took over the position on 4 February 2008

**Rob Wheeler**

General Manager Competence Centre Entrance Control
Employed: 1998
Born: 1951
Nationality: British
Education: Studies in marketing and economics.
Professional background: Senior positions in Secureforce.
Board appointments: –
Shareholding: 8,000
Stock options: 26,400

**Thomas Widstrand***

General Manager Competence Centre Indoor Perimeter Security
Employed: 2008
Born: 1957
Nationality: Swedish
Education: Master of Science in Business Administration.
Professional background: President and CEO Borås Wärfveri, President Cardo Pump AB
Board appointments: Alvedoor, Bellman & Symfon, WFAB.
Shareholding: –
Warrants: –

* Succeeded Stefan Andersson on 10 January 2008

Customer Centres

AUSTRALIA/NEW ZEALAND

Gunnebo Australia Pty Ltd
Unit 8/9
14 Lexington Drive
Norwest Business Park
AU-SYDNEY
www.gunnebo.com.au
Country Manager: Dan Turner

BELGIUM/LUXEMBOURG

Gunnebo Belgium SA/NV
Riverside Business Park
Bld International 55,
Building G
BE-1070 BRYSEL
www.gunnebo.be
Country Manager:
Frederik De Broyer

CANADA

Gunnebo Canada Inc.
9 Van der Graaf Court
Brampton
L6T5E5
CA-ONTARIO
www.gunnebo.ca
Country Manager:
John Haining

EU-EAST

c/o Gunnebo Polska
Sp.z.o.o.
Piwonicza 4
PL-68-800 KALISZ
www.gunnebo.cz/hu/pl
Country Manager:
Jurek Szkalej

FRANCE

Gunnebo France S.A
15/17 Avenue Morane
Saulnier
BP 11
FR-78141 VELIZY
VILLACOUBLAY
www.gunnebo.fr
Country Manager:
Anders Ågren*
* To be succeeded by Christian
Guillou on 1 May 2008

GERMANY/AUSTRIA

Gunnebo Deutschland
GmbH
Siemensstrasse 1
DE-85716
UNTERSCHLEISSHEIM
www.gunnebo.de/au
Country Manager:
Olle Magnusson

INDIA

Gunnebo India Ltd.
4th floor, Lake City Mall "A"
Kapurbaudi Junction
Majiwde
Thane (W)
IN-400 607 MUMBAI
www.gunnebo.co.in
Country Manager:
Nicholas Roberts

INDONESIA

Gunnebo Indonesia
c/o PT Indolok Bakti
Utama
Grha Gunnebo
Indonesia
Jalan Salemba Raya No. 32
ID-10430 JAKARTA
id.gunnebo.com
Country Manager:
Hindra Kurniawan

ITALY

Gunnebo Italia S.p.A.
Via Metallino 12
IT-200 90 VIMODRONE (MI)
www.gunnebo.it
Country Manager:
Marco Depaoli

NETHERLANDS

Gunnebo Nederland BV
Visseringweg 23
NL-1112 AS DIEMEN
www.gunnebo.nl
Country Manager:
Patrick van Aart

NORDIC REGION Gunnebo

Gunnebo Nordic AB
Askims verkstadsväg 4
P.O. Box 9065
SE-400 92 GÖTEBORG
www.gunnebo.se/dk/no/fi
Country Manager:
Sven Boëthius

PORTUGAL

Gunnebo Portugal S.A.
Av. Infante D. Henrique,
lote 306-2
PT-1950-421 LISSABON
www.gunnebo.pt
Country Manager:
Carlos Valpradinhos

SINGAPORE

Gunnebo Singapore
Pte Ltd
8 Shenton Way
#17-01 Temasek Tower
SINGAPORE 068 811
www.gunnebo.sg
Country Manager: Elsie Tay

SWITZERLAND

Gunnebo Suisse SA
Route de St.-Cergue 303
CH-1260 NYON
www.gunnebo.ch
Country Manager:
Mike Finders

SOUTH AFRICA

Gunnebo South Africa SA
Private Bag X023
ZA-1422 WADEVILLE
www.gunnebo.za
Country Manager:
Robert Hermans

SPAIN

Gunnebo España SA
Josep Plá 2 Edifici B2
ES-08019 BARCELONA
www.gunnebo.es
Country Manager:
José Ortuño

UK/IRELAND

Gunnebo UK Ltd
P.O. Box 61
Woden Road
UK-WV10 0BY
WOLVERHAMPTON
Country Manager:
Martin Houseman

WEST ASIA

Gunnebo UAE
Dubai Airport Free Zone
Authority (DAFZA)
P.O. Box 54435
UAE-DUBAI
www.gunnebo.com/
international
Country Manager:
Jacob Touma



Competence Centres

www.gunnebo.com/international

Head office

SECURE STORAGE

Competence Centre
Secure Storage
PO Box 61, Woden Road
Wolverhampton
West Midlands
UK- WV10 0EW
Manager: Robert Hall

ELECTRONIC SECURITY

Gunnebo Electronic
Security
23 route de Schwobsheim
BP 40 285
FR-40285 BALDENHEIM
Manager:
Jean-Marie Betermier

INDOOR PERIMETER SECURITY

Gunnebo Troax AB
Box 89
Tyngel
SE-330 33 HILLERSTORP
Manager:
Thomas Widstrand

Gunnebo AB

P.O. Box 5181
SE-402 26 Göteborg
www.gunnebo.com
President and CEO:
Göran Gezelius

CASH AUTOMATION

Gunnebo Cash Automation AB
Box 5321
SE-402 27 Göteborg
Manager:
Niklas Thoresson

ENTRANCE CONTROL

Competence Centre
Entrance Control
Bellbrook Business Park
Uckfield, East Sussex
UK- TN22 1QQ
Manager: Rob Wheeler

OUTDOOR PERIMETER SECURITY

Competence Centre
Outdoor Perimeter
Security
Johann-Reineke-Str. 6-10
DE-331 54 SALZKOTTEN
Manager: Fredrik Granat



Gunnebo glossary

Access control

Access is registered but no personal verification is required. Example: metro transport systems, football stadiums, swimming baths.

Automated Safe Deposit Locker System

An automated SDL (see explanation further on) facility available 24 hours a day. Can be installed next to the bank's self-service area.

Burglary Resistant Equipment (BRE)

Products protecting against burglary; term used in the field of secure storage.

Cash automation

Generic term for Gunnebo's cash automation range such as SafePay, SafeCash and SafeCoin.

CCTV

Closed Circuit Television. An internal video surveillance system.

CIT

Cash In Transit. Collective name for the transport of money between e.g. banks and counting centres, or other organisations offering these services.

Closed cash-handling

The closed cash-handling concept is based on a technology which recycles – recirculates – banknotes and coins. This replaces the traditional manual way of handling cash in retail environments with a secure, efficient cash-handling process. SafePay™ is an example of a closed cash-handling system.

Competence Centre

Units responsible for product supply – production, sourcing, research and development – within the Gunnebo Group.

Customer Centre

The term for Gunnebo's 25 sales companies.

DOD/DOS

Department of Defence (DOD) and Department of State (DOS) are official American standards for products in the field of outdoor perimeter security, among other things. Gunnebo has tested most of the products in its anti-terrorist range, with approved results.

Electronic Article Surveillance (EAS)

Electronic article surveillance is a technical solution to prevent thefts from retail stores and thefts of books from libraries. Gunnebo is able to offer all three existing technologies, plus a fourth hybrid: acoustomagnetic technology (AM), electromagnetic technology (EM), radio frequency technology (RF) and radiomagnetic technology (RM).

Entrance control

Access control where personal identification is required. Example: offices, prisons, many areas at an airport.

EU East

In the Gunnebo organisation, EU East covers its own operations in Poland, the Czech Republic and Hungary. Sales to other Central and Eastern European markets are also covered and managed from Poland.

FRE

Fire Resistant Equipment. Products protecting against fire; term used in the field of secure storage.

High-graded safes

The majority of safes sold by Gunnebo have undergone rigorous fire and burglary tests. When a safe passes these tests it becomes certified, and the highest levels of certified safes are called high-graded safes.

High-security locks (HSL)

Certified locks that have undergone extensive testing, including manipulation tests.

IP Technology

Internet Protocol (IP) technology is used by the integrated security system SMI to transfer data between different systems.

Nightsafe

Solution for the depositing of cash and messages to the bank. Can be placed both inside and outside the office. Gunnebo products in this field are known as SafeBag.

PAS

Publicly Available Specification (PAS) is an official British standard for products in the field of outdoor perimeter security, among other things. Gunnebo has tested most of the products in its anti-terrorist range, with approved results.

Region Indian Ocean Rim (RIOR)

In the Gunnebo organisation, Region Indian Ocean Rim includes separate operations in Australia, United Arab Emirates, India, Indonesia, Lebanon, Malaysia (joint venture), Singapore and South Africa. Sales to other countries in the region take place through agents and distributors.

RFID

Radio Frequency Identification. A technology used for communicating via radio waves where the applications can both send and receive information.

Safe Deposit Locker (SDL)

A locker which is normally found in a vault or an automatic machine for storage of valuables in a bank environment.

SafePay™

A system developed by Gunnebo for efficient, completely closed cash-handling in retail environments. Consists of technology for banknote and coin recycling for cash desks, transport cartridges, an emptying unit in a back office environment and software for cash-handling administration.

Secure storage

Generic term for Gunnebo's range of physical security products such as cabinets, vaults and vault doors.

Site protection

Generic name for Gunnebo's business in the fields of access control and outdoor perimeter security.

SMB/Arcana

Site Master Bank/Arcana. A system developed by Gunnebo for integrated electronic surveillance in the bank sector. Integrates all the desired functions in one application: CCTV, access and entrance control, fire alarms, burglar alarms, etc.

SMI

Site Master Industry. A system developed by Gunnebo for integrated electronic surveillance. Integrates existing applications into one system. Normally includes access and entrance control, fire alarms, burglar alarms, etc.

TTW

Through The Wall – an expression in banking automation where the machine/solution is installed through a wall.

Gunnebo trademarks and product brands

Primary brand: Gunnebo

All operating companies in the Group are called Gunnebo, all business is done under the Gunnebo brand, and a majority of all products bear this trademark.

Trademarks – Secure Storage

Chubb safes

Chubb safes is a licensed trademark and one of four trademarks used for sales of products and solutions for secure storage.

Fichet-Bauche

Fichet-Bauche is one of four trademarks used for sales of products and solutions for secure storage.

Rosengrens

Rosengrens is one of four trademarks used for sales of products and solutions for secure storage.

SecureLine

SecureLine is one of four trademarks used for sales of products and solutions for secure storage.

Trademarks – Indoor Perimeter Security

Troax

All sales of solutions for indoor perimeter security within the Group take place under the Troax trademark.

Product brands

Gateway™

Gateway™ is a product brand used for Gunnebo solutions for electronic goods alarms.

elkosta™

elkosta™ is a product brand used for Gunnebo products for anti-terrorist protection for outdoor use.

SafePay™

SafePay™ is a product brand used for Gunnebo systems for closed and recirculating cash-handling for retail.





Gunnebo AB (publ)
Comp. reg. no. 556438-2629
PO Box 5181, SE-402 26 Göteborg, Sweden
Tel: +46 (0) 31 83 68 00
E-mail: info@gunnebo.com

www.gunnebo.com