

Annual Report 2008

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Security has always been at the top of the agenda for banks and the Gunnebo Group has been supplying the industry with products for well over 100 years. Today, Gunnebo offers a range of innovative solutions to help banks improve their customer offering, protect their assets and manage their security.

Read more on pages 12–15



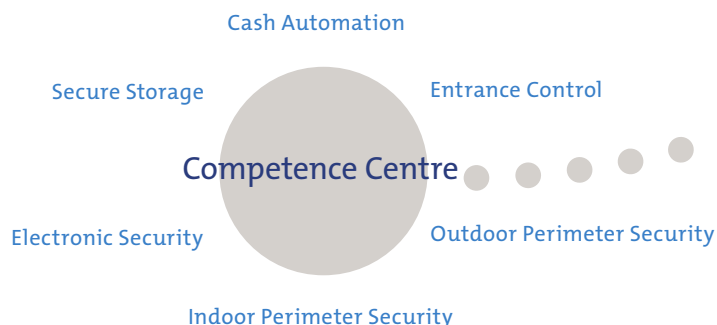
The Gunnebo Group works closely with the retail industry to provide cash-handling solutions and in-store security which not only protect goods, the premises and the people in it, but also improve the efficiency of cash management.

Read more on pages 16–19



The Gunnebo Group delivers high-quality products which allow you to control the flow of vehicles and people to, from and around your site. Gunnebo's experience and expertise means it can provide solutions to match the customer's security needs, from simple fencing to high-security protection.

Read more on pages 20–23



To serve our Customer Centres and supply our external partners with high-quality, innovative security solutions, the Gunnebo Security Group has six Competence Centres. Each one is a centre of excellence where products are developed, tested and manufactured to the highest industry standards.

Read more about some of the products and systems that have been developed by Gunnebo during 2008 on pages 10–11.



Protecting valuables from burglary and fire is one of the Gunnebo Group's oldest businesses. The Group's extensive knowledge and expertise has helped it become one of the world's leading suppliers of secure storage solutions.

Read more on pages 24–27

Customer Centre

With offices around the world and all across Europe, you can be sure that Gunnebo is always nearby. Proximity is important for any customer-focused organisation which prides itself on delivering professional, quick and reliable support. In essence, this is the job of Gunnebo's Customer Centres – to bring the Group's offering closer to you.



After-Sales Service

Customer focus is vital for all parts of Gunnebo's business. At every stage of the relationship with the Group's customers, from the first meeting to delivery and installation and then on-going service and support, Gunnebo listens to customers' needs.

Read more on pages 28–29

Centuries of experience

The Gunnebo Security Group employs 6,400 people in 25 countries across Europe, Asia, Africa, Australia and North America, and has a turnover of MSEK 7,000. With years of experience delivering security solutions, Gunnebo has unrivalled expertise in secure storage, site protection, entrance control and cash handling. Gunnebo's solutions protect people, buildings and property, providing security for the Group's customers, their employees and partners.

Important events

Highlights of 2008

- Order intake increased to MSEK 6,965 (6,938).
Organically it increased by 1%.
- Net sales amounted to MSEK 6,903 (7,025).
Organically they decreased by 2%.
- The operating profit amounted to MSEK 281 (349),
and the operating margin to 4.1% (5.0).
- Profit after tax amounted to MSEK 115 (128).
- Earnings per share were SEK 2.50 (2.80).
- The operating cash flow amounted to MSEK 255 (66).
- **Proposed dividend**
The Board and the President propose no dividend
for 2008 (the dividend in 2007 was SEK 1.60
per share).

Summary

	2008	2007	2006
Net sales, MSEK	6,903	7,025	6,727
Operating profit, MSEK	281	349	216
Profit after financial items excl. items affecting comparability, MSEK	180	254	127
Profit after financial items, MSEK	180	254	-116
Operating margin, %	4.1	5.0	3.2
Earnings per share after dilution, excl. items affecting comparability, SEK	2.50	2.80	1.85
Earnings per share after dilution, SEK	2.50	2.80	-2.90
Net debt, MSEK	1,967	1,746	1,673
Operating cash flow, MSEK	255	66	53
Equity ratio, %	20	24	22

Danish TV news item on SafePay™

Newsreader: "Two armed robberies on Fakta stores in Århus have led the low-price retail chain to invest in a system for cash handling. The chain's previous experiences of the systems have proven that they deter would-be robbers."

John Ravn, CFO of Fakta in Denmark: "In 2005 a trend emerged which came to be known as 'Fakta robberies'. We therefore took a number of initiatives to increase security in our stores such as CCTV, as well as installing SafePay systems. In addition to other benefits, SafePay has played a big part in reducing the number of robberies." *From Danish channels DR 1 and TV 2, January 6, 2008*

New distribution centre opens

A new European distribution centre in Salzgitter, Germany, for Gunnebo's safe products opened in February. The centre will guarantee delivery of the Group's standard range of safes to all markets in Europe within five business days. *News from February 7, 2008*

Grocery chain Coop Nära given award for best security solution

Petrus Bolin, Security Manager at Coop Sweden: "There were 62 robberies at Coop Sweden stores in 2005. A risk inventory showed that certain areas were particularly hard hit. We installed the SafePay closed cash handling system in 20 Coop Nära stores and the number of robberies in the Coop Nära chain fell from 37 to seven in two years."

From Swedish business weekly Dagens Handel, March 12, 2008

Veterans leave Gunnebo Board

At the 2008 AGM the Chairman of the Board for the past 15 years, Roger Holtback, along with Board Member and former Gunnebo President and CEO, Bjarne Holmqvist, were not available for re-election. The AGM appointed Martin Svalstedt Chairman of the Board, and Göran Bille was elected as a new Board Member. *Press release April 3, 2008*

Gunnebo launches Chubb safes in Bangladesh

Gunnebo has not previously been represented on the Bangladeshi safe market, but as of June the Group's dealer, Safe Mode Commerce Limited, will begin marketing and selling safes under the Chubb safes brand on this fast growing market.
News from May 24, 2008

Launch of new system for integrated security solution in banks

The system is called SecurWave and enables comprehensive centralised control of security, with many functions covering several branches. The system's features include remote surveillance of several bank premises.
Launched in France on June 26, 2008

Gunnebo Troax launches flexible, easy-to-install system for machine protection

The system, SmartFix, provides the highest level of safety for personnel working in production environments with industrial robots and other potential moving hazards. Installation and adjustment are very easy and can be performed by one person.
News from July 9, 2008

Gunnebo delivers security solutions to Swedbank

Gunnebo Nordic has signed an agreement to deliver and install closed cash systems, alarms and secure storage worth MSEK 30 to Swedbank's branches across Sweden.
Press release July 14, 2008

Gunnebo Spain installs two automated safe deposit lockers for BBVA

In 2007 Banco Bilbao Vizcaya Argentaria (BBVA) installed the largest SafeStore Auto automated safe deposit locker system Gunnebo has ever produced, with 2,562 lockers. BBVA has now ordered another two systems, each with around 1,800 lockers. The order is worth MSEK 15.
Press release July 15, 2008

European Commission buys equipment for all its offices

The European Commission has ordered delivery and installation of 1,077 safes for its 137 units in 123 countries. The order is worth MSEK 60.
Press release July 22, 2008

Bahrain International Airport chooses Gunnebo ImmSec

Bahrain International Airport has signed an agreement to install Gunnebo's automated high-security immigration gates, ImmSec. Gunnebo won the order thanks to two previous successful installations of the system at airports in the UK and Japan. The order was received in collaboration with Securicore, Gunnebo's local business partner in Bahrain.
Press release July 22, 2008

Certification of high-security products for outdoor perimeter security

During the year, Competence Centre Outdoor Perimeter Security has conducted tests on three occasions on its high-security range, with positive results. This means that Gunnebo now has around ten high-security products for primarily Outdoor Perimeter Security with test passes in the K12 class from the US Department of State.
News from August 2008

New Gunnebo President and CEO

Per Borgvall has been appointed the new President and CEO of the Gunnebo Security Group. He succeeds Göran Gezelius who is leaving after implementing the Gunnebo One Company integration project. Per Borgvall will take up the position of President and CEO in early spring 2009. When the year-end release was published on February 6, 2009, the start date was set for March 1, 2009. Göran Gezelius will remain in his position until then.
Press release September 5, 2008

Gunnebo joins Clean Shipping Project

The shared goal of the Clean Shipping Project is to minimise the impact of shipping on the environment. Other project members comprise twelve of Sweden's biggest importers and exporters.
Press release October 15, 2008

Gunnebo acquires distributor for entrance control in Australia

Grand Entrance Control has an annual turnover of MSEK 30 and around ten employees. The company markets, sells, installs and services Gunnebo's entrance control products. The acquisition will enable Gunnebo Australia to offer the Group's entrance control product range through its own sales channels.
Press release November 3, 2008

Gunnebo safe stopped thieves

During an attempted robbery in Johannesburg, South Africa, a Gunnebo burglary-resistant safe, a Chubb safes 280 L CAT 4, did what was expected of it. Despite four explosive blasts, the thieves were still unable to break into the safe.
From South Africa's Daily Sun, November 4, 2008

Renewed SafePay™ agreement in Sweden, Norway and Denmark

Gunnebo Nordic renewed its general agreement with Statoil in Sweden, Norway and Denmark regarding delivery, installation and servicing of the completely closed and integrated SafePay cash handling system.
Press release November 18, 2008

Gunnebo France signs order with Le Crédit Lyonnais

Gunnebo France has received an order for 400 ADX-N SafeBag deposit units from French bank Le Crédit Lyonnais. Delivery commenced in January 2009 and will continue throughout the year. Gunnebo has also signed a service contract for maintenance of all 400 installed units.
Press release December 18, 2008

Gunnebo signs general agreement with European Commission

Competence Centre Electronic Security has signed a general agreement covering servicing and security solutions for the European Commission's Delegations worldwide. The agreement runs for four years and is worth up to MSEK 440.
Press release December 18, 2008

Comments by the CEO

Gunnebo has created something unique in the security market – a company that can combine many or all relevant technologies for its selected customer segments, ie bank, retail and our other Business Lines. We are one of few companies that is equipped to serve international customers in a uniform way with the same concepts and solutions in many different countries.



Dear Shareholder,

During 2008, Gunnebo completed its second year as a customer-focused security Group with a well-defined strategy and clear priorities. Despite the sudden economic downturn, our order intake and net sales have remained on a par with 2007, even during the latter part of 2008.

Operating profit decreased to MSEK 281 (349), mainly due to increased costs for staff cuts and raw materials which could not be fully compensated for through price rises. Profit after tax for the year was MSEK 115 (128).

Gunnebo's business orientation

The Gunnebo Security Group has grown since 1993, primarily through over 40 acquired companies, which in recent years have been integrated to create a homogeneous European Group which also holds important market positions in Asia, particularly in the Indian Ocean Rim and Canada. Gunnebo's security solutions can prevent or reduce the effects of terrorism, theft and sabotage, hence our motto, "Gunnebo – For a safer world".

Gunnebo is a customer-focused company. We develop and adapt our security solutions to meet the needs of a few but important customer groups: banks, retail and sites requiring a high level of secu-

rity protection, such as airports, harbours, government buildings, embassies, power stations, chemical plants, military bases and prisons.

Security – usually a growth market

Within most of our Business Lines, the markets in the Europe, Middle East and Africa region (EMEA) usually grow by 5–7 per cent annually. However, these are not normal times and it is difficult to say at present how the market will be affected. Logic dictates that demand should decrease when there is a decline in new builds and extensions of bank branches, retail stores, transport terminals and other high-security installations.

It is also likely that replacement investments in security, such as upgrading old alarm systems, should decrease in times like these. Conversely, however, there is an increased fear of robbery, theft, sabotage and terrorism during times of crisis, which in turn favours demand for several of Gunnebo's security solutions. The net effect of the aforementioned factors is difficult to assess, but the security market probably declined in 2008 and will continue to do so in 2009.

Gunnebo's new business opportunities

At the same time, Gunnebo has created something unique in the security market – a company that can combine many or all relevant technologies for selected

customer segments, such as banks and retail for example. We are one of few companies that is equipped to serve international customers in a uniform way with the same concepts and solutions in many different countries.

Many customers have now become aware of the comprehensive security solutions that Gunnebo can offer today compared with a few years ago. The general agreement signed with the European Commission in late 2008 to upgrade security at its offices at a hundred or so sites around the world is proof of this ability. This Annual Report details many more examples of such newly-won business, for example pages 2–3 and the chapters on our Business Lines.

Gunnebo's Core Values

To create **one** Group out of approximately 40 companies of varying sizes, backgrounds, national identities and cultures requires universal support for a new, genuine corporate spirit.

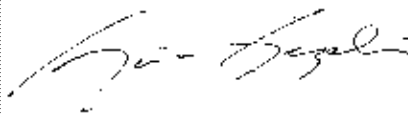
Gunnebo's management team has been focusing on this fundamental issue during the year. We have managed to bring together all Gunnebo employees in 25 countries around the Core Values of Quality, Customer Focus, Cooperation and Integrity, and have thereby created a sense of belonging and faith in the new unified Gunnebo. We also aim to be pro-

fessional in everything we do, coupled with the insight that nothing is so good that it cannot be better.

It has been a privilege to lead Gunnebo during its transformation from a conglomerate to a homogeneous, international, customer-focused security Group. This transformation is the result of many people's fine work, and a lot of people in the management teams of the Customer and Competence Centres have made a contribution far beyond the ordinary.

The considerable investments in recent years in quality, new products, marketing and human capital have not had the rapid economic impact which I, for one, had hoped for. Building a company takes time. I wish the Board of Directors, employees and my successor every success with the continued development of Gunnebo.

Gothenburg, February 2009



Göran Gezelius
President and CEO



Per Borgvall will become President and CEO of Gunnebo AB on 1 March 2009. He joins the Group from AB Fagerhult, where he had been President and CEO since 2004. He previously held leading positions in British industrial group IMI plc, where he headed up the Indoor Climate division. He has also been President of Tour & Andersson AB and Uponor AB.

What made you to accept the position of President and CEO of Gunnebo?

I see it as a fascinating challenge to take Gunnebo onward into the future as a profitable, customer-oriented company. It is also a large company with an exciting market and international operations, which I like.

What is your prime quality?

My ability to get others on board.

What will you bring to Gunnebo?

I hope to bring inspiration, motivation, ambition, drive, and most important of all: joy. The Group already has the people and the expertise.

What is the biggest challenge in your new job?

That remains to be seen. I'm extremely motivated and look forward to facing all challenges!

What is your view of the security market's future development?

Security is a massive market that spans an enormous playing field. I can see that information technology, complexity, globalisation and sadly also crime and terrorism are powerful drivers behind the security market and its future growth.

What is the biggest challenge Gunnebo is facing?

Creating sufficient organic growth and profitability in the current market conditions. ■

Business idea, goals and strategies

How we work for a safer world

Gunnebo strives to create a safer world for the Group's customers, their employees and their assets. With many years' experience of supplying security solutions, Gunnebo has extensive knowledge within secure storage, perimeter protection, entrance control and cash handling.

Business idea

Gunnebo's business idea is to supply security products and systems which combine a high level of security with flows of money, people, vehicles, goods and other valuables.

The Group's products and systems cover cash automation, entrance control, intrusion protection, burglary and fire

protection, indoor and outdoor perimeter protection as well as installation and after-sales service.

The Group's primary target groups are customers within banking, retail, sites which need high-security protection as well as other customers requiring certified solutions for secure storage.

Goals

Gunnebo's objective is to supply high-quality, customised security products and systems in order to add value and help the Group's customers create a safer world: for their employees, by creating a more secure work environment; for their customers, by providing more effective security solutions; and for their

assets, by providing high-security solutions for secure storage.

The aim is to be a leading supplier of high-security solutions in the markets where the Group has a presence through its own companies, primarily Europe, around the Indian Ocean Rim and Canada.

Financial targets

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

With the current capital structure, an operating margin of 7 per cent equates to a return on capital employed of 15 per cent. Gunnebo's financial goals have been based on the same key ratios since 2005.

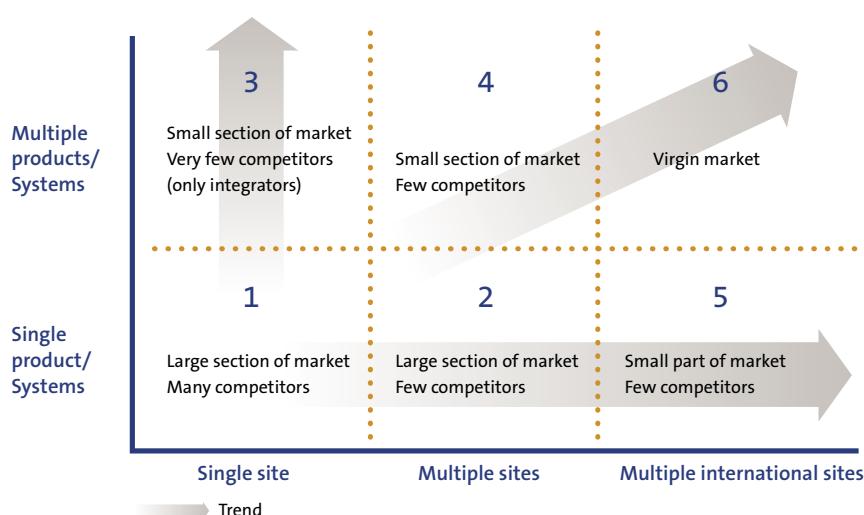
Operational goals

- To lead market development of security products and systems.
- To further improve processes relating to quality, logistics and infrastructure.
- To further develop and reinforce the service businesses.
- To strengthen growth in the Group's principal markets in Europe, around the Indian Ocean Rim and Canada.

Strategies

The basis for Gunnebo's strategy is to supply high-quality, customised security products, systems and service to the primary target groups. All of Gunnebo's customers demand a high level of quality from the products and systems they have installed as well as 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 the Group's business. The revised Code of Conduct, the Group's Core Values and the Quality Policy that was implemented during 2008 are therefore important tools for achieving the Group's goals.



Growth strategy

Geographically Gunnebo prioritises growth in Europe, 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.

In recent years Gunnebo has developed into a major player on the international market. By combining several relevant technologies for selected customer segments, Gunnebo is now well-equipped to serve international customers in a uniform way with the same concepts and solutions in many different countries, and thereby expand into new markets.

Brand strategy

Thanks to continuous, consistent work, Gunnebo today is a strong, well-known brand name in the security sector and is one of the Group's strategic assets. All marketing and sales of security products, systems and service takes place under the common brand name,

Gunnebo. The markets in France, Spain, Portugal, Indonesia and South Africa are using dual brand names for a transitional period.

Secure Storage products are an exception to this strategy, where marketing and sales take place under the well-

known brand names Chubb safes, Fichet-Bauche, Rosengrens and SecureLine. In addition, systems and products for Indoor Perimeter Security will continue to be marketed and sold under the Troax brand name.

Goals and outcomes

	Long-term goals	Outcome 2008	Outcome 2007	Outcome 2006	Outcome 2005	Outcome 2004
Return on capital employed*, %	15	9.2	11.9	7.1	10.4	14.1
Operating margin*, %	7	4.1	5.0	3.2	4.8	6.0
Equity ratio, %	>30	20	24	22	25	30
Organic growth						
Net sales*, %	5	-2	5	4	-2	-1

*Excludes items affecting comparability

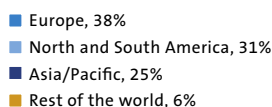
The security market

Growth market with faith in the future

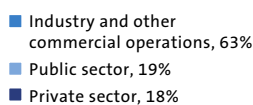
This section is largely based on Freedonia's assessment of the global security market. The report was published in May 2008, which means that any consequences of developments in the global economy since then have not been taken into account.



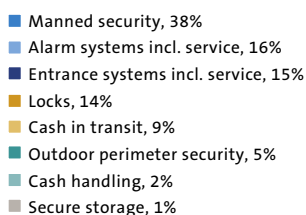
The Global Security Market



The Global Security Market by Sector



The European Security Market



In line with growing uncertainty in the world, there is an increasing demand for products, services and solutions that secure areas around property and sites, provide secure storage of valuables and create safer workplaces for employees. This means that despite the harsh economic conditions, the security market is expected to continue growing over the next four years.

For security reasons, companies and organisations are seldom willing to reveal how much and in which areas they invest. The exact size of the security market is, therefore, difficult to establish, but Gunnebo estimates the global security market to be worth approximately SEK 1,300 billion.

This figure also includes areas in which Gunnebo does not currently operate – such as manned security and CIT.

American market survey company, Freedonia, charts the global security market every other year. The report published in 2008 stated, for example, that the global security market is expected to increase by 8 per cent a year up to 2012.

Factors driving market growth include higher living standards and trends for expanding urban developments, which contribute to increased criminality. Another contributory factor is the increasing threat of terrorism.

A fragmented market

The security market is highly fragmented. In 2007 the seven largest players accounted for 25 per cent of the total

market, and the remaining 75 per cent comprised smaller, often local companies. The seven largest players on the security market are Assa Abloy, United Technologies, Honeywell International, General Electric, Tyco International, Bosch and Ingersoll-Rand. Further market consolidation is anticipated in the future as the trend of larger players merging and acquiring competitors is expected to continue.

The security market is also highly fragmented as regards the market offering. Many, often smaller companies with a national or regional focus, offer a small number of products and/or technologies to many customers, while only a few players can offer a total solution based on several different types of product, technology and system solution.

The global security market

Of the sales for the total security market in 2007, Europe accounted for 38 per cent, North and South America for 31 per cent, Asia-Pacific for 25 per cent and the rest of the world for 6 per cent. The proportions for both Europe and North America have declined somewhat since 2007, while Asia-Pacific and the rest of the world have increased their share.

Gunnebo's market and competitors

A high proportion of the security market concerns areas in which Gunnebo does not operate – manned security and CIT. This means that although Gunnebo estimates the total security market to be

worth SEK 1,300 billion, the share of the market in which Gunnebo operates is closer to SEK 100 billion. This share is divided as follows in terms of geography and product groups:

Secure storage

The market for secure storage is estimated to be worth approximately SEK 12 billion in the markets where Gunnebo operates – Europe, the Middle East, Asia, Africa and Canada. Freedonia forecasts market growth of 5 per cent in this market up to 2012.

The market for secure storage is highly fragmented and comprises many small players with sales that are often confined to a particular geographical area. Gunnebo's main competitors within secure storage are Germany's Format, Hartmann and Lampertz; Sweden's Robur and Håbeco; the UK's SMP Security, and Spain's Ferrimax. Kaba of Switzerland and Sargent & Greenleaf of the USA are the main competitors for high-security locks.

Entrance control

The entrance control product group includes Gunnebo's access and entrance control systems as well as outdoor perimeter security. The market is estimated to have a potential of SEK 10 billion.

The growth rates are different for the various product groups within entrance control; access and entrance control is expected to have an annual growth of 12 per cent up to 2012. The market for this area comprises many local players and some slightly larger companies. They include: Switzerland's Kaba, the Netherlands' Boon Edam and Magnetic Autocontrol; Spain's Argusa; Italy's Saima Sicurezza and Belgium's Automatic Systems. Automatic Systems is also one of Gunnebo's main entrance control competitors for metro systems.

As regards outdoor perimeter security, the market comprises a number of regionally-based companies. Major competitors include: Betafence and Bekaert Fencing of Belgium; CRH Fencing & Security which is based in the Netherlands and focuses its sales on the construction industry, and Dirickx of France.



In line with growing uncertainty in the world, demand is also increasing for products, services and solutions in the security sector. The market is expected to continue growing over the next four years.

The global market for outdoor perimeter security is expected to grow by 3–5 per cent up to 2012.

For indoor perimeter security, which in Gunnebo terms equates to machine protection, and solutions for storage, logistics and the construction sector, the largest competitors comprise many small players. Growth in this market is expected to be 4–5 per cent over the next few years.

Closed cash handling and electronic article surveillance

The market for closed cash handling is still relatively new. With its SafePay™ system, Gunnebo is one of a handful of leading players on the market for this type of system solution in the retail environment. The main competitor is Cashguard. Other players on the market are Wincor-Nixdorf

of Germany and Scan Coin and Axlon of Sweden.

The market for electronic article surveillance is currently dominated by two players: Checkpoint Systems and Sensormatic (Tyco). Together, they have almost 80 per cent of the world market share.

Electronic security

The market for electronic security has a potential of SEK 60 billion in Europe. Freedonia judges that the market has a growth potential of 9 per cent a year up to 2012. The main competitors are Sweden's Niscayah; US companies United Technologies (UTC) and Tyco; Denmark's G4S and France's Eryma and Scutum. ■

Product and system development

Innovative solutions make Gunnebo unique

One of Gunnebo's unique selling points is its skill in developing innovative solutions, often in close co-operation with its customers. During 2008, Gunnebo has released a number of new products and software packages, all aiming to improve the customer offering.

Secure Storage

Light Secure Enclosures

A new range of lightweight modular panels and doors which are used for the construction of customised secure enclosures to protect the contents of high-risk rooms, such as cash-counting areas, stock rooms and data storage.

ProGuard & Callisto

Grade II cash safes with a new barrier material that ensures burglary protection, but at a reduced weight, therefore saving on transportation and installation costs.

ProGuard DT & Callisto Dep

Based on the same construction as the ProGuard and Callisto safes, but with an additional deposit function.

EasyBox

A patented SDL solution to provide disabled people with easier access to their deposit lockers.

Vertical Binder

A new extra-wide filing cabinet designed to hold over five metres worth of binders. The cabinet will protect documents from fire for up to two hours and has been constructed to be as light as possible, to allow for installation on floors which cannot bear heavy weights.

E60 Safe Deposit Lockers

E60 safe deposit lockers have specially designed cassettes made of carbon fibre or steel/plastic. E60 safe deposit lockers are quick and easy to install, be it inside a prefabricated vault or as a free-standing unit.

Cash Automation

SafePay™ SCL

With the new SafePay SCL transfer unit, sealed transport cassettes with cash from SafePay in the store's checkouts can automatically be deposited directly into a standard format and ink-protected security case for CIT pickup.

SafeCash R4

SafeCash R4 is a complete self-service deposit and exchange solution for processing of both notes and coins.

Electronic Article Surveillance

Designergate Prisma is a colourful new version of the Designergate antenna. The new Prisma antenna can be lit in a variety of 4,096 colour shades. *DR-4* is a new radio frequency deactivation unit intended for supermarket checkout installations. *Stargate Basic* is a new acousto-magnetic antenna with a discreet modern design, and it can be installed as a single or multiple antenna system. *Capio* is also a new acousto-magnetic concept which can only be used in countries outside the European Union.

Electronic Security

SecurWave

SecurWave is a complete solution designed to meet the new security needs of banks, including intruder alarms, access control, CCTV systems and electronic lock management. The system now features a new SecurManager module for remote management and administration of the various sites connected.

SMI Server

The SMI Server combines a range of security functionalities (access control, intruder alarms, CCTV, fire alarms) and offers a comprehensive system for integrated security management at high-risk, multi-site business environments in the industrial and service sectors.

CCTV

Based on a flexible, connecting architecture, the new CCTV systems feature a range of digital and IP recorders that allow users to view and analyse images easily and efficiently.

Electronic Locks

Gunnebo's new range of high-security locks (HSL) will offer enhanced and innovative new features and strengthen Gunnebo's competitiveness for bank, CIT and retail customers.

Entrance Control

SpeedStile FL

A gate offering a wide range of options, which means it can be tailored to the customer's needs.

PasSec

A transit passenger security anti-return gate providing fast transit of passengers from secure areas to non-secure zones. The gate prevents two-way flows of passengers at, for instance, airport departure areas.

RecoSec

Also known as "Half Sas". A versatile enclosure system which can turn any existing single doorway into an interlocking door.

TurnSec

A new range of project-specific specialist doors designed for high-speed railways and other transportation tunnels.

Outdoor Perimeter Security

10 metre K12 Barrier lift system

Designed for armies around the world, CCOP developed this heavy-duty, 10-metre clear width barrier lift system. The system is certified DOS K12*.

Wedge Barrier

This shallow foundation road blocker has a foundation depth of just 350mm, so a great future awaits it in urban centres. Certified to K12* and PAS 68*.

Secufix for DP posts

A new attachment system for fixing welded mesh mats.

TruckStopper

Gunnebo's TruckStopper is a crash-rated gate which combines the functions of a gate and a road blocker in one product. The TruckStopper boasts a shallow foundation and no track in the driveway. Certified to K12* and PAS 68*.

*DOS and PAS are American and British test institutes respectively which test high-security products in extreme conditions. The standards are used, for example, by the American and British military.

Indoor Perimeter Security – Gunnebo Troax

Linear and Telescopic - two intelligent solutions for the logistic sector

By changing the configuration of the sliding door and lifting out the guide rail above the entrance, overhead cranes and forklift trucks can easily access the protected area. The *Linear* is equipped with a linear rolling guide in the bottom of the panel. The *Telescopic* is equipped with a telescopic rail guide, placed in the centre of the panel.

Mesh panel ST 20/350

ST 20/350 is a strong and durable modular panel system for various industrial applications in hazardous environments, the most common application being conveyor belt safety.



Competence Centre Outdoor Perimeter Security is located in Salzkotten, Germany.

Gunnebo's Competence Centres

Secure Storage

Competence Centre Secure Storage (CCSS) specialises in the development and production of burglary-resistant and fireproof solutions for the storage of valuables, documents and data media.

Cash Automation

Competence Centre Cash Automation (CCCA) provides solutions in three main areas: closed cash handling for retail, self-service cash automation for banks and other segments, and electronic article surveillance (EAS).

Entrance Control

Competence Centre Entrance Control (CCEC) is a world-leading supplier of physical entrance control solutions for areas where the flow of people needs to be regulated.

Electronic Security

Competence Centre Electronic Security (CCES) uses the latest technology to provide global integrated security systems and services. CCES specialises in open electronic security solutions, including intruder alarms, high-tech CCTV, electronic locks, access control and remote monitoring.

Outdoor Perimeter Security

Competence Centre Outdoor Perimeter Security (CCOP) designs and manufactures exterior site protection solutions such as gates, fencing, road blockers, surveillance cameras and alarm systems to prevent access of unauthorised people and vehicles. The high-security product range is sold under the brand *elkosta*™.

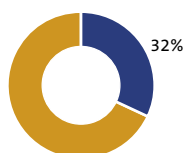
Indoor Perimeter Security – Gunnebo Troax

Gunnebo Troax is responsible for Competence Centre Indoor Perimeter Security (CCIP), a world-leading supplier and producer of industrial panel and partition systems.

Business Line Bank

Protecting your assets

Security has always been at the top of the agenda for banks and Gunnebo has been supplying the industry with products for well over 100 years. Today, the Group offers a wide range of innovative solutions to help banks improve their customer offering, protect their assets and manage their security.



Percentage of Group Sales

Market offering

Business Line Bank is responsible for sales to banks and other financial institutions in need of efficient solutions for large flows of money, valuable items 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, systems for efficient cash management, and installation and service.

Key data

	2008	2007
Order intake	2,276	2,327
Net sales	2,208	2,326
Operating profit/loss	168	221
Operating margin	7.6	9.5

As well as ensuring high levels of security, the banking sector must also meet its customers' demands for around-the-clock access to banking services. Not only do customers want to be able to withdraw money, but also make deposits, change money and access their safe deposit lockers – at any time of the day.

Gunnebo has held a strong position locally and nationally on many European markets for over 100 years. Customers therefore regard Gunnebo as a competent and innovative business partner with a sound knowledge of the industry.

Gunnebo's business

Gunnebo offers a comprehensive range of products, systems and services for the banking sector, solutions that are adapted to each customer's specific needs. For many bank customers Gunnebo is a turnkey supplier and security partner, and for others a supplier of individual security products.

Gunnebo's business with the banking sector varies from market to market, and over time. In some markets there are more, smaller contracts with short delivery and installation times, while business in other markets is dominated by major projects where installation and

delivery can take several months and the order value is higher. Gunnebo's organisation aims to equip the Group to accept larger, complex orders that also extend across national borders.

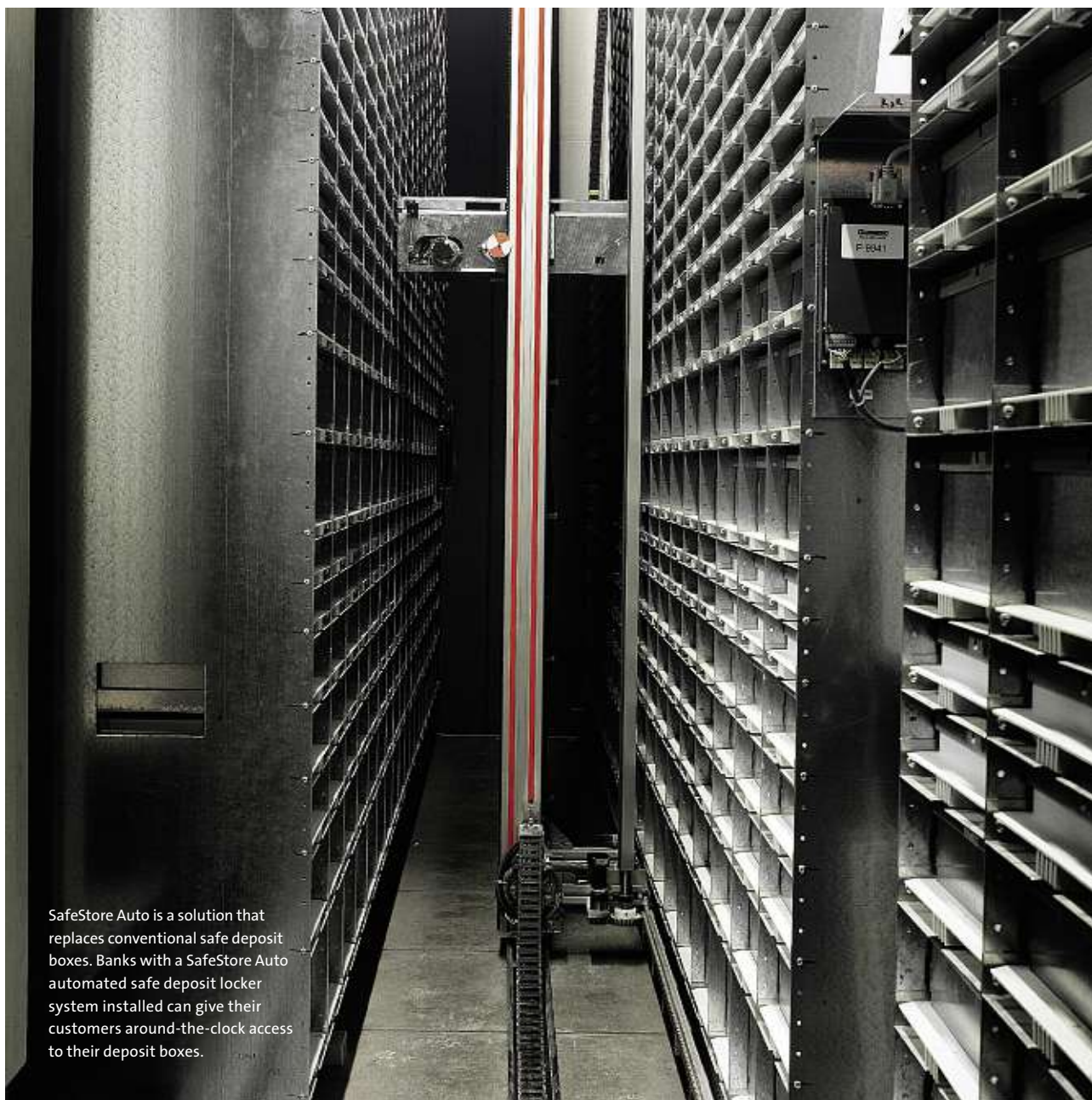
The Group's market offering mainly encompasses products and solutions in Secure Storage, Electronic Security and Entrance Control. All product development and product sourcing takes place in one of the Group's six Competence Centres, each responsible for developing new and existing products and systems in its particular segment.

Secure Storage

High-graded safes, safe deposit lockers, vaults and vault doors with accompanying locks and deposit boxes form the core of Gunnebo's product offering to the banking sector.

With a leading market position and extensive experience, Gunnebo develops solutions which focus on the needs of customers, and customers' customers.

One example of a Gunnebo solution, that was relaunched in 2008, is SafeStore Auto, an automated safe deposit locker system which enables bank customers to access their lockers from a self-service area at any time of the day.



SafeStore Auto is a solution that replaces conventional safe deposit boxes. Banks with a SafeStore Auto automated safe deposit locker system installed can give their customers around-the-clock access to their deposit boxes.

Conducting business with integrity



Sales by Product Category

- Secure Storage, 38%
- Service, 27%
- Electronic Security, 17%
- Entrance Control, 7%
- Cash Automation, 7%
- Other, 4%

Competitors

Few market players offer such a wide range of products and system solutions for the banking sector as Gunnebo. To present the main competitors we have divided the market into four areas:

Secure Storage Carradonna, Ferrimax, Primat, Robur, Stacke and Wertheim

Banking Automation Banking Automation, Cashtech, Diebold, Hess, Kaba, NCR, Reiss, Talaris, Traidis and Wincor-Nixdorf

Electronic Security Automatic Alarm, Critel, G4S, Eryma, Niscayah, Scutum, Siemens Building Technology, Septam and Telem

Entrance Control Automatic Systems, Boon Edam, Cima, Kaba, Sälzer, Schneebeli, Schuco and Sitec

Product sourcing

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

During 2008, the results for Business Line Bank were burdened by MSEK 20 for product development.

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

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 local server-based solutions, as well as centralised systems based on IP (Internet Protocol) technology and remote connection.

Entrance Control

It is necessary for banks to control who can access their branches and premises. Gunnebo supplies a wide range of solutions for entrance control, managing access for everyone, from customers and visitors to staff and cash-in-transit companies.

Cash Automation

Gunnebo has chosen to specialise in a small number of products for self-service environments and to develop efficient solutions for back-office environments, such as coin-roll machines and systems for secure, efficient cash management in cash areas.

After-Sales Service

After-Sales Service is at the heart of Gunnebo's bank business on many markets. The service offering encompasses everything from installing Gunnebo products and solutions to regular service visits, maintenance work and general service agreements, which also include products and systems from companies other than Gunnebo – completely adapted to the customer's requirements.

Market development and major orders

Despite a somewhat weakened European bank market, Gunnebo has managed to maintain its order intake during the year. Orders increased organically by 17 per cent during the second quarter and by 4 per cent during the fourth quarter. Organic order intake for 2008 as a whole decreased by 2 per cent. Activity in the Nordic region, Belgium, the Netherlands,

EU-East, France, Italy and Switzerland has been the main driver behind this positive trend.

Examples of major orders received during the year:

- Several orders were received for Gunnebo's automated safe deposit locker system, SafeStore Auto. Gunnebo Spain, for example, which was asked to deliver and install two large systems for Banco Bilbao Vizcaya Argentaria.
- Gunnebo Nordic signed major orders with both Nordea and Swedbank to install closed cash handling systems.
- During the second quarter, Gunnebo France received a large order for modular vaults from Le Crédit Lyonnais.
- Sales of traditional bank products to Southern and Eastern Europe continued to develop well during the year. For example, Gunnebo signed a large order via a distributor with the commercial bank, the National Bank of Greece, to deliver and install entrance control systems at 200 branches. There was also an order for an automated safe deposit locker system and vault doors from the International Bank of Azerbaijan.
- During the fourth quarter, Gunnebo France received a major order for delivery, installation and servicing of 400 ADX-N SafeBag deposit units from French bank, Le Crédit Lyonnais. The order is worth MSEK 52 plus the service contact.

Results 2008

Operating profit for the whole year fell to MSEK 168 (221) and the operating margin to 7.6 per cent (9.5 per cent).

The lower profit is a result of several factors such as mergers between major banks in Europe, general financial uncertainty, the downturn in the economy, and increased price competition for installation and more basic physical security products.

Market position

Gunnebo is a market-leading supplier of security systems, products and services for banks, primarily in Europe, both for conventional security products such as vaults, vault doors and certified safes, as well as efficient solutions for cash management in back-office environments, entrance control, integrated electronic security solutions and service. Gunnebo is also a major supplier to the banking sector in Australia, India, Indonesia, South Africa and Canada – particularly for Secure Storage and After-Sales Service.

The security market for Bank is characterised by a few large, international players and many smaller, local companies that mainly operate on their home market. Most competitors base their offerings on one or just a few technologies, while Gunnebo has a very broad range of security products and solutions to offer.

Brands

The majority of the Group's bank business is currently conducted under the Gunnebo brand. One exception is traditional bank products, such as certified safes, vaults and vault doors, where the Group is renowned worldwide for its three leading brands Chubb safes, Fichet-Bauché and Rosengrens. ■



“Gunnebo contributes to a first-class service for the bank's customers”

The Caja de Ahorros de Navarra Bank (CAN) will install SafeStore Auto to replace the conventional storage system currently installed at the bank.

To optimise space and to give customers around-the-clock access to their safe deposit lockers, CAN opted for the Gunnebo solution: SafeStore Auto Maxi with 900 safe deposit lockers.

“Although the Spanish physical security market is very competitive, in Business Line Bank we have managed to maintain the sales volume thanks to a innovative product like SafeStore Auto. It has proven to be a highly reliable system that makes

satisfied customers like CAN acquire this kind of installation in all their branches where they want to offer a safe deposit locker service,” says Carlos Massa, Product Line Manager Bank, Gunnebo Spain.

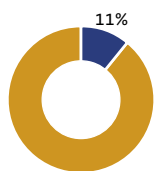
“For CAN technology builds a foundation upon which our excellent customer service rests. A good example of this is the robotised safe deposit locker system (SafeStore Auto), which makes the management of safe deposit lockers easier and better and contributes to a first-class service for the bank's customers.” says Jose María Vázquez de Prada Sanz, Security Manager at CAN.

The SafeStore Auto automated safe deposit locker system transports the deposit box from the vault to a security room where customers can go through their belongings in peace and quiet. For this installation the customer chose a SafeStore Auto Maxi system with 900 deposit boxes.

Business Line Retail

Improving store security and efficiency

To form its product offering, Gunnebo works closely with the retail sector. This is essential in helping the Group provide cash-handling solutions and in-store security which not only protect goods, the premises and the people in it, but which also improve the efficiency of cash management.



Percentage of Group Sales

Market offering

Business Line Retail is responsible for sales to retail customers seeking products and solutions that combine large flows of money with high product security. The range includes secure storage, solutions for completely recycling, closed cash handling (SafePay™), electronic article surveillance systems, access and entrance control systems, CCTV, burglar and fire alarms, and installation and service.

Key data

	2008	2007
Order intake	734	803
Net sales	779	739
Operating profit/loss	6	–5
Operating margin	0.8	–0.7

In just a few years there have been major changes within the retail sector, and the trend of moving cash management away from banks and into retail is continuing. Nevertheless, cash is often handled in stores in much the same way as it was 50 years ago.

Many stores handle large volumes of cash and have a growing need for solutions that reduce the risk of robbery, both at the checkout and in other parts of the store, such as the cashier's office or the ATM area. In addition, the retail sector loses large sums each year through various types of loss or 'shrinkage', a trend which unfortunately is still heading in the wrong direction.

Security in the retail sector is an area with high growth potential. Security levels are generally low. For example there are more than three million cash tills in Europe, and only a fraction of them are fitted with systems for recycling, closed cash handling.

Gunnebo's business

The foundation of Gunnebo's offering to the European retail sector is to deliver customised products and solutions that make stores a safer place to work. Moreover, large sums of money can be saved

every year thanks to reduced shrinkage and greater working efficiency.

Gunnebo's offering to the retail sector differs from market to market. For example, closed cash handling is only offered to customers in Europe and Canada, while electronic article surveillance and safes are offered globally. The markets with a larger proportion of sales to the retail sector in the Secure Storage product group have more, smaller orders each year, while the Nordic markets for instance, where SafePay™ accounts for an increasing percentage of business, deal with larger orders and longer-term projects. Gunnebo's organisation aims to equip the Group to accept larger, complex orders that also extend across national borders.

The Group's market offering primarily encompasses products and solutions in closed cash handling, electronic article surveillance, secure storage, electronic security/surveillance and entrance control. All new development, product development and product sourcing takes place in one of the Group's six Competence Centres, each responsible for developing new and existing products and systems in its particular segment.



An important component in Gunnebo's security offering for retail is SafePay™, the recycling, closed cash handling system developed by Gunnebo.

Building partnerships through cooperation



Sales by Product Category

- Service, 22%
- Secure Storage, 21%
- Cash-handling Systems, 21%
- Electronic Article Surveillance, 14%
- Electronic Security, 11%
- Entrance Control, 8%
- Other, 3%

Competitors

Few market players offer such a wide range of products and system solutions for the retail sector as Gunnebo. The main competitors in this area are listed below:

Closed Cash Handling Axlon, PSI Group (CashGuard), Scan Coin and Wincor-Nixdorf

Electronic Article Surveillance Checkpoint Systems and Sensormatic

Secure Storage API Security, Bausa, Burg-Wächter, Carradonna, Conforti, Ferrimax, Format, FireKing, Godrej, Hartmann, Håbeco, ISS, Konsmetal, Kaso, Lampertz, Müller, Phoenix, Primat, Robur, Rottner, de Raat, Sentry, SMP Security and Wertheim

Electronic Security/Surveillance G4S, Niscayah, Siemens Building Technology, Tyco and United Technologies

Entrance Control Radford, Saima and Wanzl

Product sourcing

The products and systems offered by Business Line Retail 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.

During 2008, the results for Business Line Retail were burdened by MSEK 31 for product development.

The products and systems marketed and sold by the business line are manufactured in the Netherlands, France, Sweden, Germany and Italy.

Cash Automation – SafePay™

An important component in Gunnebo's security offering for retail is SafePay, the closed cash handling system developed by Gunnebo. The system has built-in authentication, can be programmed to accept several currencies and can easily be fitted to most checkouts, including those with self-service. Together with SafePay Control software, the store is provided with effective support to optimise its cash management.

Electronic article surveillance

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.

Today Gunnebo is one of just a few companies worldwide which develops and markets electronic article surveillance systems based on all three available technologies: acousto-magnetic (AM), radio frequency (RF) and electro-magnetic (EM). The range also includes other solutions combining these technologies. Electronic article surveillance is sold under the Gateway™ product brand.

Secure Storage

Gunnebo provides the retail sector with Secure Storage solutions in the shape of certified safes with powerful anti-theft protection for storing large amounts of cash; fireproof data media safes for backups and other sensitive data media; safes for secure storage of, for example, tobacco and other high theft-risk items; safes for document storage, and modular vaults. In addition, Gunnebo supplies cash deposit solutions for stores that have not yet installed closed cash handling systems.

Electronic Security/Surveillance

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

Entrance Control

The retail sector also needs to control the flow of people to certain parts of the store such as the warehouse, cash-counting room or cashiers' office. Gunnebo manufactures and sells access control solutions, as well as systems for regulating the flow of customers into and out of the store.

After-Sales Service

The After-Sales Service offering mainly comprises regular service visits, maintenance work and service agreements for the products and/or systems delivered and installed by Gunnebo.

Market development and major orders

Altogether, the order intake has been weaker this year than in previous years in all retail markets of importance to Gunnebo, in particular the Nordic region, France and Italy. Net sales, however, have grown strongly, largely thanks to a number of large orders signed at the end of 2007 which were delivered and invoiced in 2008.

Examples of major orders received during the year:

- Gunnebo UK received an order to upgrade the safes in the Bells and Jackson's stores which had recently been acquired by Sainsbury's. Gunnebo UK also received a number of orders from two major chains to increase the security of ATMs installed in retail environments.
- Gunnebo Spain signed an agreement with Carrefour Las Glorias to install an electromechanical fire safety system.
- Gunnebo Italy signed an order to install electronic security systems at three stores and the Milan head office of retail chain, Auchan.
- Gunnebo Nordic renewed its general agreement with Statoil in Sweden, Norway and Denmark regarding delivery, installation and servicing of the completely closed and integrated cash handling system SafePay.

Results 2008

The Business Line's operating profit/loss for the whole year improved to MSEK 6 (–5) and the operating margin to 0.8 per cent (–0.7 per cent). The improved result can largely be attributed to sales of the completely closed cash handling system, SafePay. Sales of other major product groups within Retail, such as Secure

Storage (safes) and electronic article surveillance grew less strongly during the year.

Market position

The market for security products and solutions for the retail sector is highly fragmented, comprising both large, global players as well as small, local companies. Gunnebo is currently one of only a few companies on the market that can offer a completely closed, recycling cash handling system.

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 are widely available on many markets.

Brands

Much of the business with the retail sector is carried out under the Gunnebo brand, together with the strong SafePay™ and Gateway™ product brands in their respective areas. Products and solutions within Secure Storage, such as safes, modular vaults, and solutions for depositing cash, are marketed and sold under the four brands Chubb safes, Fichet-Bauche, Rosengrens and SecureLine. ■



SafePay™ SCL

– a closed cash handling system that really works

After a trial period testing the SafePay closed cash handling solution and the SafePay SCL back office transfer unit, Fakta has now decided to go ahead with a roll-out of the solution in a large number of stores in Denmark.

"The prime reason is to protect employees against robbery. Securing money also means securing employees. SafePay SCL delivers a closed cash handling system that really works and has done so from the start. The keywords are simplicity and dependability. The staff feel safe," says John Ravn, Executive Controller at Fakta Denmark.

"With this transfer unit, cash from the checkouts is deposited directly into an ink-protected security case which can be securely picked up by CIT. This creates end-to-end, ink-protected closed cash handling from checkout to cash centre," says Tobias Gunnesson, Product Line Manager for SafePay at Gunnebo Cash Automation.

"The development of the SafePay SCL transfer unit has been a successful cooperation between Gunnebo, retail customers and CIT companies in Denmark. Together we are continuing discussions on how to establish even more efficient cash handling in Denmark," says Dennis L. Jørgensen, Sales Manager Retail Denmark.

CIT personnel remove the built-in security bag from the store's cash transfer unit, SafePay SCL. The bag, which has ink protection, is then transported unopened directly to the bank or cash-counting centre.

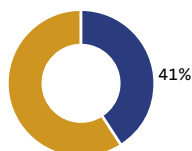


SafePay is Gunnebo's unique closed retail system for automated cash payments, including authentication. The system offers a completely closed cash management flow, from the store checkout to the bank or counting centre.

Business Line Site Protection

Preventing unauthorised access

From embassies and airports to power plants and logistics centres, all sites must be able to prevent unauthorised access, yet allow authorised individuals and vehicles to move about unhindered.



Percentage of Group Sales

Market offering

Business Line Site Protection is responsible for the sale of security products, solutions and service, primarily to the following customer groups, which all need high-security protection:

- Embassies
- Data centres
- Airports
- Prisons
- Harbours
- Chemical plants
- Nuclear power plants
- Logistics centres
- Military bases
- High-risk public buildings, such as government offices

Key data

	2008	2007
Order intake	2,851	2,755
Net sales	2,850	2,920
Operating profit/loss	91	97
Operating margin	3.2	3.3

As national security levels have been raised across the globe in recent years, so the demand for better perimeter security has increased. Sites need to be in full control of entrances and exits and know at any one time who is inside a site and where.

Business Line Site Protection's customers all require high-security protection to safely manage large flows of people and vehicles into, out of and around their sites. The Group's product offering for site protection and entrance control ranges from individual products to complex security solutions adapted to the specific needs of each site.

Gunnebo's business

Gunnebo develops high-quality interior and exterior products which make it possible to control the flow of people and vehicles to, from and around a site. The Group's experience and knowledge enable Gunnebo to supply solutions that match the customer's needs – from basic fencing to high-security protection and advanced solutions for electronic security.

Business Line Site Protection is primarily oriented towards ten or so different types of customer, the common denominator being that they all place very high demands on security in and around their sites. Moreover, they often have complex

structures that include several separate sites, often in different countries, which need to be centrally controlled.

Gunnebo's site protection business differs from market to market. In southern Europe, electronic security solutions with the accompanying services and maintenance are predominant. In Northern Europe there is more of a focus on entrance control and physical security solutions, while in India and Indonesia fire safety is an important business area. Site protection orders which do not consist purely of product sales are often longer-term projects lasting for anything from a few months to several years.

The Group's market offering mainly encompasses products and solutions in Outdoor Perimeter Security, Entrance Control, Electronic Security and Indoor Perimeter Security. All product development and product supply takes place in one of the Group's six Competence Centres, each of which is responsible for developing new and existing products and systems in its particular segment.

Outdoor Perimeter Security

Gunnebo's range for Outdoor Perimeter Security includes gates, fencing, road blockers, CCTV and alarm systems that prevent unauthorised access by people and vehicles.



Gunnebo has been supplying security solutions to the Centre Spatial Guyanais in Kourou, French Guyana, since 1998.

Focusing on customer needs



Sales by Product Category

- Outdoor Perimeter Security, 29%
- Indoor Perimeter Security, 22%
- Entrance Control, 18%
- Electronic Security, 15%
- Service, 11%
- Other, 5%

Competitors

Gunnebo's main competitors in Site Protection are listed below, in four product groups:

Entrance Control Argusa, Automatic Systems, Bollore, Boon Edam, IDL, Kaba, Magnetic Autocontrol, Perco, Saima Sicurezza, Salzer, Schneebeli, Sitec, Tonalì and Visio

Electronic Security Automated Alarm Cegelec, Eryma Group, G4S, Ineo, Nedap, Niscayah, Spie, Scutum, Siemens Building Technology, Til Technologies and United Technologies

Fencing and Gates Bekaert Fencing, Betafence, CRH Fencing & Security and Dirickx

Indoor Perimeter Security Many small, local players

Product sourcing

The products 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 sub-contractors in each field of expertise.

During 2008, the results for Business Line Site Protection were burdened by MSEK 26 for product development.

The products and systems marketed and sold by the Business Line are manufactured in Germany, France, the UK, Italy and Sweden. Some products for fire protection solutions in India and Indonesia are manufactured locally.



The metro system in Stockholm is one of several underground railway networks around the world fitted with Gunnebo SpeedStiles for the efficient regulation and control of passenger flows.

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

To control the flow of people and goods, the Group has a wide array of security gates and various systems for entrance control, as well as alarm and CCTV systems.

Competence Centre Outdoor Perimeter Security has conducted several tests on its high-security range during the year, and now has a further five security solutions and ten test passes from the US DOS/DOD (Department of State/ Department of Defense) and the UK's PAS (Publicly Available Specifications). This means that Gunnebo is now one of very few market players that can offer a complete range of certified high-graded products for high-security protection.

Entrance Control

Regulating who is where, and when, is just as important inside a building, as it is outside. Gunnebo has a host of different solutions for entrance control, including entrance gates, speed gates and turnstiles which allow authorised individuals to pass quickly through and prevent access to unauthorised individuals.

Electronic Security

A high-risk facility often has many different types of electronic 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. The solution is called SMI Server.

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.

After-Sales Service

The After-Sales Service offering encompasses everything from the installation of Gunnebo products and solutions to regular service visits, maintenance work and general service agreements which also include products and systems from suppliers other than Gunnebo – completely adapted to the customer's needs and requirements. An increasingly important part of the service offering is Gunnebo's ability to provide a global presence through its mobile service

team for customers whose installations and structures require it.

Market development and major orders

In line with growing uncertainty in the world, demand is also increasing for more advanced perimeter security. During the year, demand for Gunnebo's high-security protection range, sold under the elkosta brand, has increased. Moreover, sales in Indoor Perimeter Security (Gunnebo Troax) developed particularly well during the year, especially the Machine Protection product area. Business in Entrance Control also developed positively during the latter part of the year.

Examples of major orders received during the year:

- Gunnebo Electronic Security signed a general agreement regarding service and solutions for the European Commission's Delegations around the world. The agreement is for four years according to a specific contract which includes electronic security as well as solutions for indoor and outdoor perimeter security. The maximum contract value is MSEK 440.
- Gunnebo France received an order to deliver and install high-security fencing for Central Atomic Energy, an order for a major installation of an electronic surveillance system for logistics chain GEODIS, and an order from ADP (Paris airports) for entrance control.
- Gunnebo Nordic received a large order to install a fence alarm system for Saltvik prison in northern Sweden, and during the third quarter a general agreement was signed with LfV, Sweden's civil aviation authority, to deliver and install outdoor perimeter protection at all Swedish airports.
- Major orders have been signed with a nuclear technology plant in Finland and power plants in Spain and Tunisia.
- Gunnebo India has received an important order from an oil company for the project management and installation of outdoor perimeter protection.

Results 2008

Operating profit for the whole year decreased slightly to MSEK 91 (97) and the operating margin was 3.2 per cent (3.3).

Gunnebo has monitored price developments on the raw materials market during the year and has progressively adapted its prices for products in Business Line Site Protection.

Market position

Gunnebo is one of Europe's leading suppliers of outdoor and indoor perimeter security. The security solutions include systems for entrance control, bomb- and bullet-resistant doors and glass, high-security products, CCTV systems, and burglar and fire alarms. In India and Indonesia, the Group is also a leading supplier of fire safety systems.

Moreover, Gunnebo is one of the market's leading suppliers of entrance control solutions for metro systems and other public transport worldwide.

Brands

Business in Site Protection is carried out under the Gunnebo and Troax brands. Gunnebo is the brand used for all outdoor perimeter protection and entrance control solutions while Troax is the brand used for indoor perimeter security (machine protection, and warehouse and logistics solutions). Gunnebo's product range for high-security protection is sold under the product brand, elkosta. ■



The need for high security gave Gunnebo the business

QIPCO tower, also known as "The Tornado Tower", is a newly-built 52-storey building in Doha, Qatar. What differentiates the massive 210-metre building from others in the area is the focus on security.

"Since this building will be leased to major international companies, security has been one of the top priorities from the start. For us Gunnebo was a natural choice due to the many similar reference projects it has already installed in Doha," says Ahmed Bayomi, civil engineer at the construction company Six construct/Midmac.

"The Tornado Tower project is a significant achievement for us, adding to our exclusive project portfolio of landmark projects in the region. It was a privilege to be associated with The Tornado Tower project, as well as QIPCO Holdings, which is one of the most unique developments in the real estate and office market in Qatar," says Jacob Touma, Regional Manager for Gunnebo West Asia.

"This project is a typical Gunnebo project including a number of different products and solutions for entrance security. As a single-source provider of the products, we have an advantage over others in that we are in control of the complete supply chain and can thus secure performance, quality and delivery," explains Fredrik Granat, General Manager of Competence Centre Outdoor Perimeter Security.

Customer: Construction Company; Six construct/Midmac

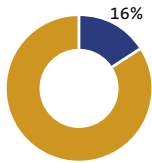
Quantities delivered:

8 hydraulic bollards, 7 road blockers, 8 boom barriers, 149 fixed bollards, 11 speed gates and 2 swing gates.

Business Line Secure Storage

Guarding valuables from fire and burglary

Protecting valuables from burglary and fire is one of Gunnebo's oldest businesses. The Group's extensive knowledge and expertise has helped Gunnebo become one of the world's leading suppliers of secure storage solutions.



Percentage of Group Sales

Market offering

Business Line Secure Storage encompasses Gunnebo's sales of high-graded safes to customers other than the banking and retail sectors. The product portfolio includes high-graded fireproof and burglary-resistant safes, vaults and locks.

Key data

	2008	2007
Order intake	1,104	1,053
Net sales	1,066	1,040
Operating profit/loss	79	99
Operating margin	7.4	9.5

All businesses have physical valuables such as important documents and data media. These have to be stored securely to protect them from theft and fire. Secure storage is also about having control over who has access to these assets, and when.

Today Gunnebo uses the latest technology in fire and theft protection to develop high-quality, individually tested safes and vaults which guarantee security both in office and home environments.

Gunnebo's business

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

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 are made under these brand names, which

are positioned differently on different markets. Secure Storage also sells the proprietary brand, SecureLine, which is primarily aimed at the small office and home office (SoHo) market.

The type of secure storage needed by each customer depends on the items to be stored and the level of protection required. Document safes provide effective protection for important papers 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.

The majority of products marketed and sold by Business Line Secure Storage are graded, ie tested and certified to ensure they fulfil the best-known norms of the Swedish National Testing and Research Institute, the European Certification Board and Underwriters Laboratories, for example. Gunnebo's quality requirements are extremely high, which is why only the most rigorous and well-established test institutes around the world are used.



- Fireproof Cabinets, 10%
- Burglary-Resistant Safes, 29%
- OEM, 30%
- Service, 10%
- Vaults, Vault Doors and Automated Safe Deposit Lockers, 9%
- SecureLine, 6%
- Other, 6%

Brands

Sales of products and solutions for Secure Storage are made under the Chubb safes, Fichet-Bauche and Rosengrens brand names. These are all well-known leading brands on the global market for high-graded safes. There is also a fourth brand developed by Gunnebo, SecureLine; a range of products primarily intended for small offices and home offices.

Committed to delivering high-quality products

Market development and major orders

The market for Secure Storage in 2008 was characterised by stiff price competition and weak growth in the main European markets. This trend has been balanced out by a good order intake from Region Indian Ocean Rim and EU-East in particular.

OEM sales, ie sales of ATM safes to some of the world's leading suppliers of ATMs, developed poorly during the first three quarters of the year but ended very strongly in the fourth quarter.

In June, Gunnebo signed an agreement with the European Commission to deliver and install over 1,000 safes to all the Commission's Delegations in 123 countries.

Competitors

The secure storage market is highly fragmented with many small, local players. Competitors include: API Security, Bausa, Burg-Wächter, Carradonna, Conforti, Ferrimax, Format, FireKing, Godrej, Hartmann, Håbeco, ISS, Konsmetal, Kaso, Lampertz, Müller, Phoenix, Primat, Rottner, de Raat, Robur, Sentry, SMP Security and Wertheim.

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.

During 2008, the results for Business Line Secure Storage were burdened by MSEK 7 for product development.

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.



The more exclusive Carena Evolution safes have been designed with both appearance and ergonomics in mind.

Results 2008

Operating profit for the full year fell to MSEK 79 (99) and the operating margin to 7.4 per cent (9.5).

The aim of the Group's new European distribution centre in Salzgitter, Germany, for Secure Storage products is to reduce tied-up capital and improve delivery times. In the initial stages, however, the distribution centre incurred extra costs and an increased amount of tied-up capital. It reduced profitability during the year, with an estimated impact of MSEK -10 on the figures for 2008.

Most prices for products in Business Line Secure Storage were adjusted upwards during the first two quarters of the year to compensate for higher raw material prices, primarily for steel.

Market position

The market for secure storage is highly fragmented and there is tough competition from the low-price markets in Eastern Europe and Asia. Gunnebo has therefore chosen to focus more on the market for certified safes, ie safes that have undergone extensive testing and in which more valuable items and higher values can be stored.

Gunnebo currently commands one third of the total European market for safes and also has a leading market position globally for certified safes, a position the Group intends to maintain and consolidate. ■

At the European Commission offices in Djibouti, Eastern Africa, there is no lift. Instead a local removal firm carries the safes up the narrow staircase using manpower.



Gunnebo: Trusted partner of the European Commission

In June 2008, the European Commission signed a contract with Gunnebo for the delivery and installation of 1,077 items of equipment such as cabinets, safes and key cabinets. Delivery and installation will be carried out by a European installation team for 137 European Commission Delegations in 123 countries over a 14-month period.

"We are at the beginning of the process but the first Delegation in Moldova is very happy with the products we have installed," says Robert Hall, General Manager of Competence Centre Secure Storage.

"We have successfully managed some difficulties along the way, as well as other

more current problems, by considering each Delegation as a specific customer with specific needs, requesting specific attention and needing specific contacts," says Roger Dell, Project Manager at Gunnebo.

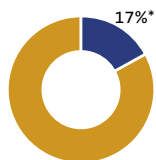
"This is a true international and global project challenge for the EU-East installation team. We are very enthusiastic and will learn a lot as an international team from managing this project, and also about the global environment of Delegations around the world," says Jurek Szkalej, Country Manager EU-East.

The European Commission expresses and monitors the European Union's general interests, and is the engine in the Union's institutional systems. Its four main roles are to propose legislation to the European Parliament and the Council, to manage and implement EU policies, to enforce European law (jointly with the Court of Justice) and to negotiate international agreements, mainly regarding trade and collaboration.

After-Sales Service

Ensuring customer satisfaction

Every aspect of what Gunnebo does demands customer focus. The Group's employees listen to customers' needs at every stage of the relationship, from the first meeting to delivery, installation and beyond. Skilled technicians and professional support staff are always on hand to give Gunnebo's customers the assistance they require.



Percentage of Group Sales

*For external reporting, the financial results of the unit are split across the four Business Lines – Bank, Site Protection, Retail and Secure Storage – proportionate to the percentage of after-sales service in each area.

Market offering

The After-Sales Service unit performs two important functions: it is responsible for the installation of products and systems, and it covers the customer's service needs once the basic order is complete.

Most Customer Centres have a unit for After-Sales Service. This unit is responsible for all service operations in that market. Service is an important part of Gunnebo's ability to deliver, and encompasses both installation and after-sales service, as well as the further development of service and maintenance business with existing customers.

Competitors

There are few companies currently on the market that offer such a broad range of services as Gunnebo – in terms of both geography and expertise. After-Sales Service competes both 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.

After-Sales Service is instrumental in developing business with existing customers. It is a vital channel for building good, long-term customer relationships. Gunnebo has always been a service-oriented organisation with a long tradition of selling not only security products and systems, but also installation, service and maintenance for its security solutions.

Internally, After-Sales Service 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 have unique knowledge of the demands for improvements that exist out in the field – and the kinds of requirements customers have for new solutions.

The market for after-sales service

Installation and after-sales service currently account for approximately 40 per cent of the Group's total turnover, and 17 per cent of that is represented by After-Sales Service. Demand for security services is continuously growing and the Group is signing an increasing number of agreements where service forms a natural part of the package.

One trend in service is that, more and more often, customers are limiting the permitted time it can take to remedy a problem, unlike before when the key was how long it took for a service engineer to arrive. All in all the demands

on the service organisation's flexibility, availability and level of knowledge are increasing. Gunnebo endeavours to live up to these demands with a continuous knowledge transfer process between the product specialists at the Competence Centres and the Customer Centre service organisations.

Gunnebo's business

Gunnebo's objective is to develop from a product supplier to a systems supplier in all markets and in all Business Lines. This means an increased focus on service, as a service contract can sometimes even be the key to winning the business.

Gunnebo's service offering is available in most of the markets where the Group currently has a presence through its own Customer Centres. The offering is composed somewhat differently in different Customer Centres, but the aim is ultimately to achieve a complete local offering in all markets for all Business Lines.

Market development during the year

The service operation has developed well during the year and makes up an increasingly important part of Gunnebo's total offering. One of the conditions for several major orders and agreements signed during the year, such as the order with the European Commission (read more on page 27), is that Gunnebo should be able to deliver and install products and systems using its own personnel. ■



Professional, fast
and reliable service

Quality and Customer Focus For a successful business

Two of Gunnebo's five Core Values are Customer Focus and Quality. These values are closely linked as quality is about fulfilling customer expectations. Gunnebo's organisation is based around the Group's customers, with the aim of creating maximum customer benefit.

Quality is a cornerstone of the entire Group's business processes, from product development, procurement and manufacturing to marketing, sales, delivery and after-sales service. All these processes start with the customer's needs and requirements.

For a professional supplier of high-performance security products, solutions and services, quality is critical. A quality mindset and quality assurance through all processes are vital for Gunnebo's success. Customer-focused design and error-free deliveries, on time, create added value and satisfied customers. Quality means that everything we do is right first time, thereby eliminating unnecessary costs for customers and Gunnebo alike.

Customer-driven process

Total quality is a customer-driven process which is based on the understanding and total fulfilment of the customer's requirements. Within the operational business, the process involves continuous

work in the form of risk analysis, inspections, checks and quality assurance of both Gunnebo's own processes and those of its suppliers. The process requires commitment both 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. The aim is to get it right first time.

An important cornerstone in achieving high quality is making continual improvements. The process therefore requires an ongoing dialogue, evaluations with the Group's customers and effective internal routines which identify relevant needs and requirements. If a fault or deviation occurs, this must be treated as an opportunity for improvement.

Total quality within Gunnebo

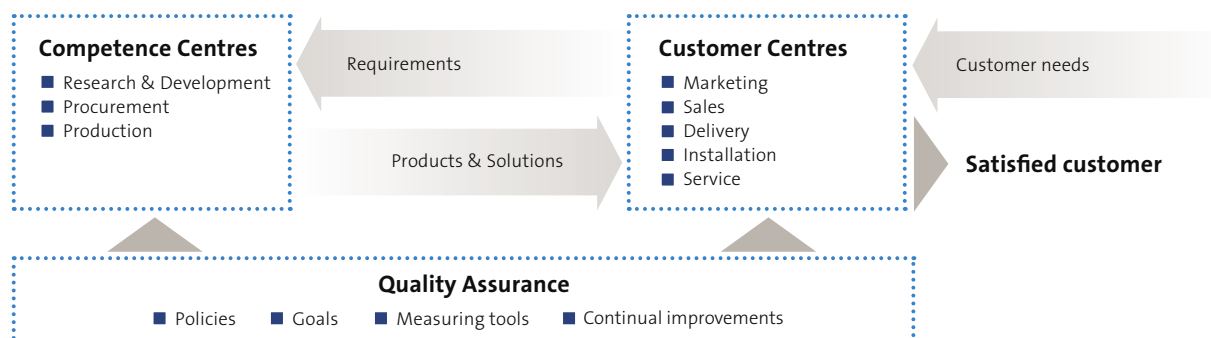
Gunnebo has adopted a holistic approach to quality, which permeates all processes within everyday operations.

This covers quality inspection, quality control and quality assurance:

Quality Inspection

Gunnebo continually verifies the critical processes that have been identified within the business through structured risk analysis.

In addition, many of Gunnebo's products and system solutions undergo comprehensive testing and are certified by leading test institutions worldwide. Within Outdoor Perimeter Security, for example, there is a range of high-security products within which the majority of products are certified by the American



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 both the specific and 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.



Gunnebo's Quality Vision

- Gunnebo delivers error-free products and solutions on time, first time.
- Gunnebo is the sector leader 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.

Quality Policy

This policy, which guides all work within the organisation, describes how the quality vision is to be realised.

- Quality is one of our Core Values and is key to the success of Gunnebo.
- Quality is meeting the expectations of our internal and external customers.
- Quality is delivering error-free products on time, first time.
- Quality is the responsibility of all Gunnebo employees starts at management level.
- Quality is measuring, managing and continuously improving our performances.
- Quality is exercised in practice by competent employees who carry out effective processes.



Bringing high quality to
every aspect of our work

DOS (Department of State) and the British PAS (Publicly Available Specification). Within Secure Storage, there are a number of high-security certified 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 required by the customer, and the same applies for the Electrical Safety Test standard. The certificates that are obtained after the satisfactory completion of a test 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. The aim is to control key processes to get it right first time.

■ 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. Each development and production unit within Gunnebo will implement a Quality Assurance System in accordance with the ISO 9001 quality standard.

Organisation of the quality work

Quality is an integrated part of operational management at every operative level. Operational quality work is co-ordinated by the Group's SVP Quality, but is carried out locally under the responsibility of local quality managers. Their primary tasks are to implement, measure and continually monitor critical processes within their organisation to ensure that the correct level of quality is reached, and to follow up and ensure that all activities comply with the Group's quality policy. The Quality Managers evaluate the efficiency of existing processes and identify measures for improvement.

Corporate quality work 2008

During 2008, the Group's quality work included a number of central initiatives supplemented by many local improvement programmes. Group-wide efforts mainly focused on implementing a Gunnebo Quality Policy (see page 31), a quality management team and general quality indicators.

The Quality Policy has been communicated to all Group personnel as part of Gunnebo's Core Values. The aim is for all

personnel to understand their role in achieving zero faults.

A network of quality and environmental managers has been set up in order to effectively work together towards a common goal, and a number of shared Key Performance Indicators (KPIs) have been defined and implemented.

One such KPI is On Time Delivery (OTD) which is now being measured and followed up in the same way throughout Gunnebo.

"Improving our delivery precision increases quality, while also reducing costs for delays and replanning. This is a good example of what 'right first time' means for Gunnebo and our customers," says Rolf Kjällgren, Gunnebo Group SVP Quality, Logistics and Purchasing Officer. "Our KPIs show that we have managed to increase customer satisfaction and reduce internal fault costs through quality improvements. 'Right first time' means more satisfied customers and leads to increased profitability."

Another focus area during the year has been further improving the management of faults and complaints from customers. Gunnebo has a joint Non Conformance Notes (NCN) process for handling faults that encompasses Customer Centres and Competence Centres alike. The goal is to deal with faults quickly and effectively, but also to ensure processes improve to prevent faults being repeated. During 2008, the process and tools have improved while implementation has increased throughout Gunnebo. Various improvement projects have been carried out within Gunnebo and among its suppliers, based on deviations handled via NCN.

During the year, two of the larger Customer Centres, Nordic and Germany, have also carried out certification of their Quality Assurance Systems in line with ISO 9001-2008. Consequently, in addition to all the Group's factories, all of the largest Customer Centres within Gunnebo now also have certified Quality Assurance Systems. ■

Right first time and on time!

Implementation of Gunnebo India's quality system focuses on the Group's Quality Policy: Right first time and on time!

"The focus is on improving system quality by implementing and improving integrated management systems, process quality by setting up a comprehensive system for measuring process performance, and product quality by improving production. We consider the documentation and implementation of integrated management systems to be the basis of our improvement work.

"Gunnebo India's quality assessment includes central measures which need to be monitored in accordance with the Group's Quality Policy: system quality, process quality, production quality and supplied quality to the customer.

"In mid-2008, Gunnebo India began following the Group's NCN (Non Conformance Notes) fault reporting system for handling customer complaints. This has helped the organisation handle customer complaints in an efficient, systematic way. We have also begun measuring and improving delivery performance for the entire order up to the delivery process."

Vijayakumar, KP,
Quality Manager
Gunnebo India



Contributing to a greener world

Networking for the environment

Environmental work forms an important and natural part of the Gunnebo Group's operations. Work to introduce environmentally-friendly product development, EcoDesign, intensified during the year in order to contribute to a long-term sustainable society. Thanks to a number of energy-saving measures, we have been able to further reduce our impact on the climate in 2008.

The overall objective of Gunnebo's environmental work is to contribute to a long-term sustainable society. The Group's overriding environmental goals are aimed at achieving production that is efficient in terms of using resources, and at developing products with a long lifecycle and low energy consumption.

The environmental policy and ethical rules established for the business play a guiding role in the Group's work. They emphasise that environmental management should be ambitious, and that adhering to environmental legislation should be the minimum requirement.

The aims of the overall environmental management system include promoting active, far-sighted work to achieve the Group's environmental goals and ensuring regular reporting of the environmental performance of, primarily, Gunnebo's production units.

Environmental management and ISO 14001

The introduction of environmental management systems which fulfil international standard ISO 14001 ensures systematic, structured environmental work. The majority of the Group's production units are certified, and the overwhelming majority of production within the Gunnebo Group now takes place at certified plants. The regular external audit combined with Gunnebo's own internal audits

contributes to continuous improvement in our environmental work. Management systems are currently being introduced at the plants that are not yet certified, and certification of those systems is planned for 2009. The Group's goal for all production units to have environmental certification will thereby be achieved.

Risks in the operation are also managed within the framework of the management systems that are introduced. Risk analyses are carried out regularly and procedures and other suitable measures are adopted to reduce risks and minimise the potential environmental impact.

The table on page 34 shows a list of certified plants, and the planned year for certification of any currently uncertified units.

Network of environmental co-ordinators

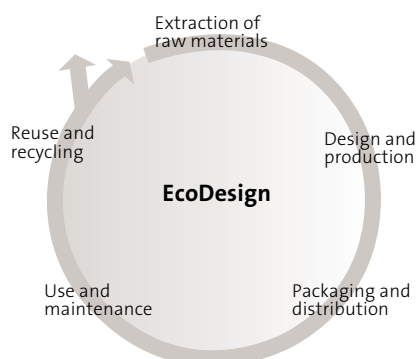
Each production unit has an environmental co-ordinator who is responsible for ensuring that environmental work is carried out efficiently. They are responsible, for example, for ensuring appropriate action plans are prepared in order to achieve the environmental goals.

The environmental co-ordinators are also responsible for regularly reporting on environmental performance. With the aim of stimulating further collaboration between the plants, in part regarding an exchange of good ideas and co-ordination

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.
- Show openness concerning environmental issues.



EcoDesign

The process of introducing EcoDesign continued in 2008. Gunnebo's objective during the design process is for a product's environmental impact over its entire lifecycle to be taken into consideration. Materials and components for new products will be chosen in an environmentally-friendly way and resource consumption during production will be optimised. The products will be designed to ensure they have a long lifespan and low energy consumption, for example. The Group's products will be designed in such a way as to facilitate efficient recycling of the resources once the products are no longer in use.

of the internal audit operation, an environmental meeting was held in Gothenburg in spring 2008. Topics discussed at the meeting included the Group's work on environmental goals, the introduction of Environmental Management Systems, EcoDesign and other important elements in the Group's endeavour to contribute to a greener world.

Climate work

Efforts to rationalise energy consumption and reduce Gunnebo's impact on the climate continued during the year. Several projects were carried out at the Group's plants in 2008, and examples include the following:

- In Motala, Sweden, a new heating system that utilises rock heat was installed during the year. The investment is expected to reduce the energy consumption for heating by 50 per cent.
- In Bazancourt, France, storage buildings were fitted with extensive insulation to reduce the amount of energy required for heating.

Gunnebo's environmental goals

The overriding environmental goals are based on detailed 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 business
- 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

ISO 14001: Gunnebo's production units

Customer Centre/ Competence Centre	Unit	ISO 14001 Certification	Assembly (A) Production (P)
Secure Storage	Doetinchem, the Netherlands	1999	P
	Bazancourt, France	2002	P
	Mora, Sweden	2000	P
	Markersdorf, Germany	2003	A
	Bekasi/Jakarta, Indonesia	2004	P
Cash Automation	Trier, Germany	2004	A
	Motala, Sweden	Planned 2009	A
	Baldenheim, France	2004	A
Entrance Control	Uckfield, UK	2007	A
	Lavis/Trento, Italy	2007	A
	Bedford, UK	Planned 2009	A
	Ödeborg, Sweden	Planned 2009	P
Outdoor Perimeter Security	Salzkotten, Germany	2006	P
	Doulevant le Château, France	Planned 2009	P
	Hillerstorp, Sweden	1998	P
Indoor Perimeter Security	Kingswinford, UK	2005	P
	Halol, India	2006	P
Indian Ocean Rim	Wadeville/Johannesburg, South Africa	Planned 2009	P

- At the Troax plant in Hillerstorp, Sweden, the drying kiln's surface treatment system was reconditioned. This measure is expected to save 65,000m³ of natural gas a year.
- At the factory in Doetinchem, the Netherlands, a heat recovery system was installed.

During the past year, Gunnebo has also participated in the Carbon Disclosure Project (CDP), a collaboration between 385 institutional investors. Each year CDP puts a number of climate-related questions to the world's 500 biggest corporations and many other companies in various regions. The questions concern the actual emissions of greenhouse gases, as well as how the companies view their own opportunities and threats regarding possible climate change.

Environmental consideration in transport – Clean Shipping

Incoming and outgoing freight transport account for part of our impact on the environment. During 2008, the European Distribution Centre (EDC) has grown. The facility aims to increase delivery reliability, streamline warehouse operations and rationalise transportation. The EDC will enable a reduction in environmental impact, partly through a significant decrease in the total storage area.

In 2008, Gunnebo joined the Clean Shipping Project. The project members, twelve of Sweden's biggest importers and exporters, have the shared goal of minimising the environmental impact of shipping. Shipping as a mode of transport has the potential to produce low environmental impact, but it currently causes significant environmental problems. One way of making the shipping industry more environmentally-friendly is for the largest cargo owners to jointly stipulate demands. The Clean Shipping Project has developed a brand new environmental index – the Clean Shipping Index – which Gunnebo will use in connection with procurement to evaluate different shipping lines. ■



Antonio Internò of Gunnebo Entrance Control in Italy is working to improve quality and the environment in his organisation.

Sustainable products – critical for a better environment

Gunnebo Entrance Control S.p.A. in Lavis, Italy, is one of four plants that make up Competence Centre Entrance Control. The plant produces a wide range of high-security entrance control systems for large flows of people. Production comprises 95 per cent assembly of supplied components, which takes place with low emissions and minimum waste.

“Our environmental commitment is based on the awareness that sustainable products are a key factor in strengthening our market position while creating added value in our internal processes.”

“One of the goals in our work towards a greener world is to increase environmental awareness internally and ensure compliance with all legal requirements.”

“The low environmental impact at the plant in Lavis made us focus on the supply chain and technical design processes. An initial EcoDesign pilot project was carried out in late September 2007 in order to evaluate needs and opportunities.”

“A survey of our suppliers' environmental awareness enabled us to strategically evaluate each supplier. The survey resulted in a long-term plan to help suppliers resolve important problems, or seek a new supplier that has an active environmental process and has introduced environmental management systems.”

Antonio Internò, Quality & Environment Manager, Gunnebo Entrance Control S.p.A. in Lavis, Italy.

Plants in Sweden required 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
Gunnebo Nordic AB, Ödeborg	Registration	X			X	X

Gunnebo's employees

It's all about people

Gunnebo's goal is to create a safer world for the Group's customers, partners and their employees. The combined competence of the Group's 6,400 employees is crucial in helping Gunnebo, together with the Group's customers, get a little closer to this goal every day.



Corporate Core Values

Gunnebo's five Core Values shall lay the foundation for all Group activities. They are the common denominator in everything we do, from product development to marketing, sales and after-sales service.

Customer Focus

We place the customer at the centre of our operation.

Quality

We maintain a high level of quality in all parts of our operation.

Professionalism

We use our specialist knowledge to always deliver the right solution on time.

Integrity

We act in an open, honest way.

Co-operation

We work together to build a better customer offering.

Read more about Gunnebo's Core Values and Code of Conduct at www.gunnebo.com/coc

Gunnebo's employees and their expertise are the Group's single biggest asset. They are the people who create value for the Group's customers, and ultimately for the owners as well. At year-end, Gunnebo had 6,419 employees (6,674) in 25 countries. This means that there are thousands of ambassadors for Gunnebo's business and for the Gunnebo brand.

Remaining at the cutting edge of developing customised security solutions requires Gunnebo to be an attractive employer. This places great demands on the Group's central Human Resource (HR) work, which supports local HR managers and operational managers in their daily business of attracting, recruiting, developing and retaining employees. The work co-ordinated at Group level encompasses:

- Managerial recruitment
- Shared HR processes
- Pay and remuneration
- Performance and development reviews
- Competence and manager development
- Co-ordination of internal recruitment
- Employee surveys

Talent Management

Talent Management – ie identifying, managing and monitoring the company's talents to ensure they develop and can be used in the right way within the company – is an important part of the Group's HR function. To make Gunnebo a more attractive employer that offers good opportunities for development, the Group's HR functions actively work on areas such as:

- Performance management
- Career planning and development
- Succession planning
- Development of potential and opportunities

Mobility

It is important to harness and develop the competence that exists in the organisation, while also offering personal development. This is made possible by facilitating mobility within the Group's various companies. During the year an internal job market was set up on the corporate intranet, where job vacancies within the Group are published before being advertised externally.

Market rates of pay

To ensure that all personnel in the Group receive market rates of pay, Gunnebo uses an external business partner to draw up guidelines regarding remuneration. Managerial positions are evaluated and the total salary that is offered is compared with other companies in countries in which the Group operates.

Development of global competence

To be a professional supplier of security products and systems, it is essential to ensure all Group employees continuously develop their knowledge of Gunnebo's products and system solutions, and of the customers' changing needs. To bring together all the unique security-related knowledge – products, systems and service – within the Group, a platform was launched during the year

for interactive training (e-learning). There are initially around 20 courses, but this is expected to grow in 2009.

Competence development is a continuous process, integrated into the day-to-day operation in all parts of the Group. To complement local initiatives and projects, the issue is also being handled centrally through leadership development at the Gunnebo Academy, for example. 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 of Gunnebo Academy 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 listen to each other's experiences. Another aim of the Academy is to give senior executives the tools to successfully manage and develop their employees.

During 2008, the Group's finance managers and managers within Region Indian Ocean Rim (RIOR) took part in the Gunnebo Academy.

What do employees think?

In order to maintain an open dialogue and enable employees to be involved in moving the company forward, it is important to find out their thoughts and views on their employer and workplace. The aim is to carry out co-ordinated employee surveys in 2009 in all parts of the Group. A pilot study was carried out in 2008 in the Group's largest market, France. Similar surveys have been conducted on a national level in some countries for several years, but the idea now is to take a proactive approach to the surveys to obtain a general picture of the Group.

Equal opportunities

One prerequisite for an international Group like Gunnebo is to have employees who reflect the Group's customers, to recruit people who understand local cultures and conditions.

The day-to-day work relating to employee issues, including recruitment, is handled locally within each market. All human resources managers are part of a shared network headed up by the Group's Senior Vice President Human Resources. The aim of this network is to create a business-related exchange in issues relating to employees and the organisation in the Group's various entities, and to discuss and develop common processes, regulations and policies. There are also similar networks for Finance, IT, Environment, Quality and Communication.

Unlimited flow of information

In a geographically widespread Group, such as Gunnebo, access to information is key. Most employees now have access to the central intranet, GunneboNET. The intranet is frequently used to disseminate information and best practices and for collaboration via interactive workspaces.

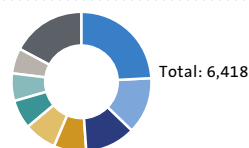
All Group employees can find up-to-date information about HR issues on GunneboNET. This is also the main channel for communication regarding group-wide processes and policies.

Open dialogue

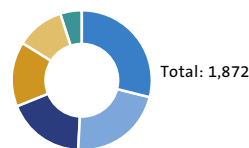
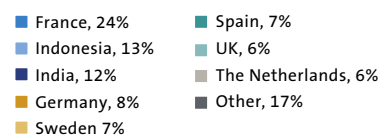
Gunnebo's European Works Council (EWC) was established in 1999 as an important forum for the exchange of views between the company management and employees. The EWC normally meets once a year to enable the Group management to give out information on the company's development, and also to discuss general issues and work to integrate the cultures of various countries into the Group. The EWC is a bridge-builder between different parts of the organisation.

Code of Conduct

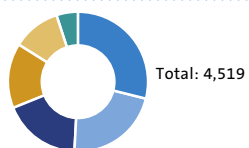
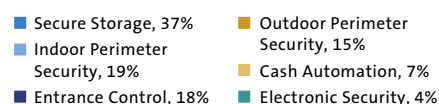
During 2008, Gunnebo's revised Code of Conduct was implemented in all parts of the organisation. The Code mainly regulates the four areas of responsibility: responsibility to employees, responsibility to customers and suppliers, responsibility to society and the environment, and responsibility to shareholders.



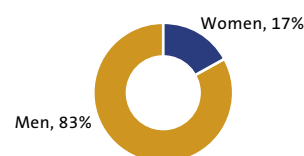
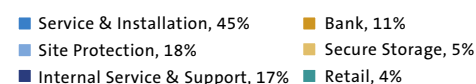
Employees per country



Employees per Competence Centre



Employees per Customer Centre per function



Employees by gender

Gunnebo's Code of Conduct

Gunnebo's Code of Conduct has been drawn up to highlight the basic principles which control Gunnebo's operations. It aims to guide the Group's employees in their contact with other employees, customers, suppliers, society at large and shareholders. It stipulates that Gunnebo shall adhere to international and national laws and regulations. These laws and regulations are the minimum standard for the Group's conduct. Last but not least, the Code of Conduct also states that all employees shall act as responsible participants within the company's areas of operation and contribute to sustainable growth.

All Group employees have taken part in at least one meeting during the year where the Code of Conduct was presented and discussed. Working material has been produced in 14 languages. There is also an online course for employees with computer access, where the Code is presented and participants are given various ethical dilemmas.

During the year the Group's five Core Values were also implemented. Introduction, presentation and discussion of the Core Values took place in tandem with the implementation of the revised Code of Conduct.

In conjunction with the implementation of the Group's revised Code of

Conduct, a process was also introduced for reporting violation of the Code. Details are treated in confidence and the person who provides the information remains anonymous.

All Gunnebo employees must follow the Code and are obliged to report violations to their immediate manager. If the manager is involved in the situation or in cases where no action is taken, the violation must be reported to the manager's immediate superior. If the issue is not resolved there, it is passed on to the SVP Human Resources. The Manager of the relevant Customer or Competence Centre is ultimately responsible for ensuring compliance with the Code.

Human rights

As an international Group and employer, it is important that Gunnebo ensures compliance with human rights in all controllable stages of its business. Compliance with these rights is ensured in that the Group's Code of Conduct is based on the following international principles: The UN's Declaration of Human Rights, the UN's Global Compact initiative, the International Labour Organization's principles on rights in working life, and OECD guidelines for multinational enterprises. The Code of Conduct forms the basis for how all employees in the Group should act, both internally and externally. ■



Focus on creating a positive culture

"Working at Gunnebo is exciting, dynamic and challenging for all our employees, and clearly defined Core Values provide the structure to enable us to consistently meet the challenges we encounter, wherever we work. One of the exciting challenges we face is the successful development of our employees within the company. This development is based on the principles surrounding the Core Values: successfully giving our customers high-quality solutions, both internally and externally, requires a great deal of collaboration, integrity and professionalism. Whether it is the central operations' responsibility to attract, recruit and successfully employ our personnel, or by identifying talent and development potential within the organisation, we focus on building a positive culture where all employees feel they can add value to the company and thereby secure sustainable, profitable growth."

John Fogarty, HR Manager Gunnebo UK/Ireland



Recruiting and retaining motivated, competent, results-oriented personnel

"As part of the 'Gunnebo One Company' project, ten legal entities merged during 2006-2007 to form a single company: Gunnebo France.

"Once we had taken this major step, we could create new opportunities for the future development of our company as a whole. We now have a solid platform for organisational changes. We are focused on recruiting and retaining motivated, competent, results-oriented personnel and on developing our ability to provide the right level of expert know-how to satisfy our customers' needs.

"Now that the Code of Conduct and Core Values have been established and distributed within the organisation, we also have a solid platform for a shared culture. The Group's Code of Conduct gives us a common frame of reference that helps us make the right choices and guides us in achieving our goals.

"In our opinion, when we grow together, we grow stronger. When we combine our efforts we can be more successful in our common objectives. Together we can carry through a major change and exceed expectations."

Nathalie Gateau, HR Manager Gunnebo France

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Board of Directors' Report

The Board of Directors and the President and CEO of Gunnebo AB (publ), company registration number 556438-2629, hereby submit the Annual Report and the consolidated financial statements for 2008.

Gunnebo is an international security group with an annual turnover of SEK 7 billion and 6,400 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 net sales

The Group's order intake amounted to MSEK 6,965 (6,938). Organic growth was 1% and currency effects affected the order intake marginally. The best order development was evident in Business Lines Secure Storage and Site Protection, which report organic growth of 5% and 4% respectively. Order intake for Business Lines Bank and Retail has, however, fallen in comparable currencies.

Net sales amounted to MSEK 6,903 (7,025). Organically it decreased by 2%. Organically Business Line Retail reports an increase in net sales of 6%, while Secure Storage saw an increase of 3%. Business Lines Bank and Site Protection report decreases of 5% and 2% respectively.

Financial results

Operating profit fell by MSEK 68, totalling MSEK 281 (349). Lower invoiced sales for Business Line Bank in France, the Netherlands, Spain and the UK had an adverse effect on results of approximately MSEK 60. Currency effects affected operating profit marginally. Operating profit before depreciation (EBITDA) amounted to MSEK 411 (488).

Measures to adapt costs in operations in France, Spain and Germany entailed a decrease in the workforce of over 100 employees. These measures, along with other costs affecting comparability, have burdened the result by MSEK -47 (-5).

The aim of the Group's new European distribution centre for Secure Storage products is to reduce capital tied up and delivery times. In the initial stages, however, the distribution centre engenders an increase in working capital tied up and extra costs. This had an estimated impact of MSEK -10 on the result for the year.

Net financial items fell to MSEK -101 (-95) due to an increase in average borrowing. Group profit after financial items amounted to MSEK 180 (254). Net profit for the period totalled MSEK 115 (128) or SEK 2.50 (2.80) per share.

Tax cost amounted to MSEK -65 (-126) and the tax rate was 36% (50%). A change in the distribution of profit between countries where the Group is in a tax position and countries where improvements in financial results have not yet been achieved as predicted for reporting deferred tax receivables, resulted in a lower tax rate than last year.

Capital expenditure and depreciation

During the period, capital expenditure totalled MSEK 119 (126). Depreciation amounted to MSEK 130 (127).

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 84 (93), of which MSEK 8 (0) was capitalised in the balance sheet during the year.

Cash flow

Cash flow from operating activities increased by MSEK 196 to MSEK 216 (20). Lower working capital tied up had a positive effect on cash flow of MSEK 138 compared with last year. Cash flow from operating activities before changes in working capital amounted to MSEK 208 (150).

The operating cash flow after deductions for capital expenditure but before net financial items affecting cash flow and paid tax improved to MSEK 255 (66).

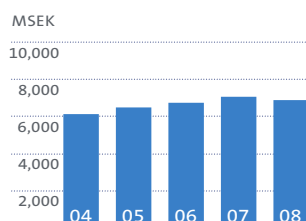
Liquidity and financial position

The Group's liquid funds at the end of the period amounted to MSEK 169 (218) and equity totalled MSEK 1,073 (1,142). Translation of foreign subsidiary balance sheets had an adverse effect on equity of MSEK 79, primarily due to the stronger Swedish krona against the UK pound and some other currencies.

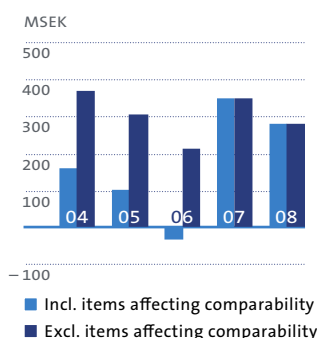
Net debt increased to MSEK 1,967 (1,746), mainly due to exchange rate fluctuations.

A weaker Swedish krona in relation to the euro resulted in a higher balance sheet total. Group equity, however, did not increase to the same extent as the positive currency translation effects were offset by currency hedging, in line with the Group's financial policy. This resulted in a fall in the equity ratio to 20% (24%) while the debt/equity ratio increased to 1.8 (1.5).

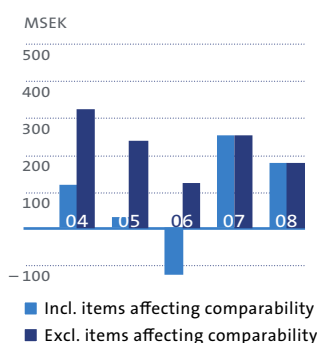
Net sales



Operating profit/loss



Profit/loss after financial items



Sales by market

	2008		2007		2006	
	MSEK	%	MSEK	%	MSEK	%
France	1,570	23	1,691	24	1,719	26
Germany	609	9	614	9	648	10
Spain	574	8	590	8	575	9
UK	530	8	646	9	724	11
Sweden	470	7	407	6	403	6
Denmark	325	5	264	4	238	4
Hungary	284	4	245	3	81	1
Italy	280	4	278	4	260	4
Belgium	204	3	176	3	191	3
The Netherlands	194	3	232	3	234	3
India	178	3	167	2	142	2
Canada	169	2	176	3	163	2
Norway	133	2	152	2	161	2
Indonesia	122	2	126	2	138	2
Other	1,261	17	1,261	18	1,050	15
Total	6,903	100	7,025	100	6,727	100

The Group's main borrowing facility on 31 December 2008 amounted to MSEK 2,688 (of which MSEK 1,863 drawn) and ensures financing is available on unchanged terms until the end of October 2010. The Group's total credit framework amounted to MSEK 3,037.

Employees

The number of employees in the Group was 255 less than in 2007, totalling 6,419 (6,674) at the end of the year. The number of employees outside of Sweden was 5,906 (6,177).

Remuneration to senior executives

At Gunnebo's Annual General Meeting on April 3, 2008, principles for remuneration and other employment conditions were decided upon for the President and other members of the executive management. Remuneration to the corporate management shall be in line with the market and 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% of the fixed salary. For other senior executives, performance-related pay varies depending on position and contract, but may not exceed between 25 and 50% of the fixed salary. Pension terms shall be in line with schemes offered for equivalent executives on the market and shall be based on defined contribution solutions. The retirement age shall be 65. Salary paid during the period of notice and severance pay for a senior executive shall not jointly exceed 24 months.

Ahead of the Annual General Meeting on April 23, 2009, the Board has proposed guidelines corresponding to the above, which will apply until the next AGM.

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 after dilution were SEK 2.50 (2.80). The number of shareholders totalled 10,700 (10,600).

Proposed dividend

The Board and the President propose that no dividend is paid for 2008 (dividend for 2007 amounted to SEK 1.60 per share).

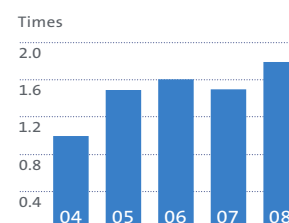
Parent company

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

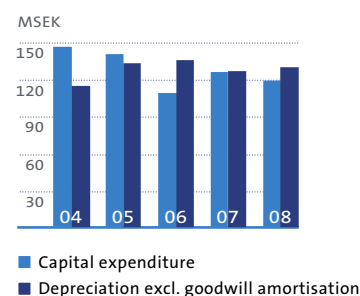
Environmental impact

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, Gunnebo Troax AB and Gunnebo Nordic AB. This business is mainly concerned with the production of safes, mesh panels and braided mesh. The licence is for emissions into the air and water, chemical products and residual products. For more information, see the Environment section on page 34.

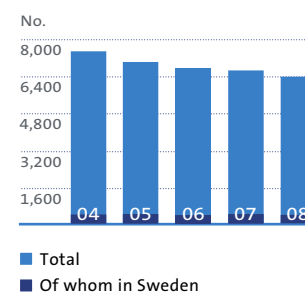
Debt/equity ratio



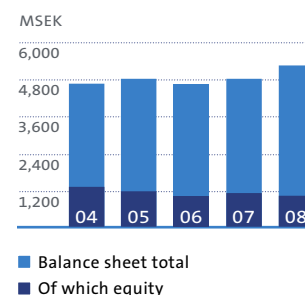
Capital expenditure and depreciation



No. of employees at year-end



Balance sheet total and equity



Net sales, operating profit/loss and operating margin by business line, MSEK

	Net sales		Operating profit/loss		Operating margin, %	
	2008	2007	2008	2007	2008	2007
Bank	2,208	2,326	168	221	7.6	9.5
Retail	779	739	6	-5	0.8	-0.7
Site Protection	2,850	2,920	91	97	3.2	3.3
Secure Storage	1,066	1,040	79	99	7.4	9.5
Central items	—	—	-63	-63	—	—
Total	6,903	7,025	281	349	4.1	5.0

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 34.

Acquisitions

In November 2008 Gunnebo acquired Australian company Grand Entrance Control in Sydney. The company

markets, sells, installs and services Gunnebo's entrance control products. Grand Entrance Control has net sales of approximately MSEK 30 and around ten employees.

New President and CEO

On September 5, 2008, the Board of Gunnebo AB issued a press release stating that Per Borgvall, the current President and CEO of AB Fagerhult, will be taking up the position of Gunnebo President and CEO on March 1, 2009.

Events after the closing day

No significant events affecting the content of this Annual Report have occurred between December 31, 2008 and the publication of this Annual Report.

Definitions

Gross margin:

Gross profit as a percentage of revenue.

Dividend yield:

Dividend in relation to listed price on December 31.

Capital turnover rate:

Revenue in relation to average capital employed.

Cash flow per share:

Cash flow from operating activities divided by the average number of shares in issue after dilution.

Net debt:

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

Operating cash flow:

Cash flow from operating activities, after capital expenditure but before interest and tax paid.

P/E ratio:

Listed price on December 31 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 net sales.

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 as a percentage of revenue.

Group income statements

MSEK	Note	2008	2007
Net sales	5	6,903.2	7,025.0
Cost of goods sold		–4,957.2	–5,039.9
Gross profit/loss		1,946.0	1,985.1
Selling expenses		–1,020.4	–1,037.4
Administrative expenses	32	–685.9	–662.1
Share of profit of associated companies	15	11.5	8.6
Other operating income	6	46.3	75.1
Other operating expenses	7	–16.0	–20.0
Operating profit/loss	5, 8, 9, 21, 27, 31	281.5	349.3
Financial items			
Interest income		4.7	4.3
Other financial income	10	2.7	5.4
Interest expenses		–96.2	–94.4
Other financial expenses	10	–12.5	–10.2
Total financial items		–101.3	–94.9
Profit/loss after financial items		180.2	254.4
Taxes	11	–65.3	–126.7
Profit/loss for the year		114.9	127.7
Of which attributable to:			
Parent company shareholders		114.9	127.6
Minority interests		0.0	0.1
		114.9	127.7
Earnings per share before dilution, SEK	12	2.50	2.80
Earnings per share after dilution, SEK	12	2.50	2.80

Group balance sheets

ASSETS, MSEK	Note	2008	2007
Fixed assets			
Intangible assets			
Goodwill	13	1,240.1	1,103.0
Other intangible assets	13	120.1	129.4
Total intangible assets		1,360.2	1,232.4
Tangible assets			
Buildings and land	14	316.5	299.7
Machinery	14	170.1	163.4
Equipment	14	118.8	106.8
Fixed assets under construction	14	19.8	13.9
Total tangible assets		625.2	583.8
Financial assets			
Shares in associated companies	15	47.0	38.2
Deferred tax receivables	11	287.6	119.7
Other financial assets		10.9	10.0
Total financial assets		345.5	167.9
Total fixed assets		2,330.9	1,984.1
Current assets			
Inventories	16	912.8	788.7
Current receivables			
Accounts receivable	17	1,581.3	1,622.2
Current tax receivables		63.6	38.9
Other receivables		141.5	120.6
Prepaid expenses and accrued income	18	62.7	64.5
Total current receivables		1,849.1	1,846.2
Liquid funds	19	169.3	218.3
Total current assets		2,931.2	2,853.2
TOTAL ASSETS		5,262.1	4,837.3

Group balance sheets cont.

EQUITY AND LIABILITIES, MSEK	Note	2008	2007
Equity			
Share capital (45,513,359 shares with a quota value of SEK 5)	20	227.6	227.6
Other contributed capital		638.0	638.0
Reserves	20	-149.9	-38.5
Retained earnings		357.2	315.0
Total equity attributable to the shareholders of the parent company		1,072.9	1,142.1
Minority interests		0.1	0.1
Total equity		1,073.0	1,142.2
Long-term liabilities			
Deferred tax liabilities	11	35.7	18.9
Pension commitments	21	243.5	246.3
Borrowings	23	1,862.4	1,338.4
Total long-term liabilities		2,141.6	1,603.6
Current liabilities			
Accounts payable		666.8	775.2
Current tax liabilities		73.6	38.5
Other liabilities		598.0	261.6
Accrued expenses and deferred income	24	559.9	494.3
Borrowings	23	40.3	387.8
Other provisions	22	108.9	134.1
Total current liabilities		2,047.5	2,091.5
TOTAL EQUITY AND LIABILITIES		5,262.1	4,837.3
Pledged assets	25	0.5	2.0
Contingent liabilities	26	212.1	158.1

Change in Group equity

MSEK	Attributable to the shareholders of the parent company					Minority interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
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	227.6	638.0	-38.5	315.0	1,142.1	0.1	1,142.2

MSEK	Attributable to the shareholders of the parent company					Minority interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance 2008-01-01	227.6	638.0	-38.5	315.0	1,142.1	0.1	1,142.2
Translation difference	—	—	-79.1	—	-79.1	—	-79.1
Change in hedge reserve	—	—	-32.3	—	-32.3	—	-32.3
Income and expenses for the year reported directly against equity	—	—	-111.4	—	-111.4	—	-111.4
Profit/loss for the year	—	—	—	114.9	114.9	—	114.9
Total income and expenses for the year	—	—	-111.4	114.9	3.5	—	3.5
Share-based remuneration	—	—	—	0.1	0.1	—	0.1
Dividend	—	—	—	-72.8	-72.8	—	-72.8
Total transactions with shareholders	—	—	—	-72.7	-72.7	—	-72.7
Closing balance 2008-12-31	227.6	638.0	-149.9	357.2	1,072.9	0.1	1,073.0

Group cash flow statements

MSEK	Note	2008	2007
OPERATING ACTIVITIES			
Operating profit/loss		281.5	349.3
Adjustment for items not included in cash flow	29	81.0	–36.1
Net financial items affecting cash flow	28	–99.2	–100.7
Taxes paid		–54.9	–62.0
Cash flow from operating activities before changes in working capital		208.4	150.5
Cash flow from changes in working capital			
Change in inventories		–46.9	–49.1
Change in operating receivables		205.3	–97.1
Change in operating liabilities		–150.8	16.2
Total change in working capital		7.6	–130.0
Cash flow from operating activities		216.0	20.5
INVESTING ACTIVITIES			
Capital expenditure on intangible assets	13	–20.3	–36.8
Capital expenditure on tangible assets	14	–98.7	–89.2
Divestiture of tangible assets		4.3	71.7
Acquisition of subsidiaries	30	–6.8	–
Cash flow from investing activities		–121.5	–54.3
FINANCING ACTIVITIES			
Change in interest-bearing receivables		–1.2	7.0
Change in interest-bearing liabilities		–93.1	60.2
New share issue		–	62.1
Dividend		–72.8	–72.3
Cash flow from financing activities		–167.1	57.0
Cash flow for the year		–72.6	23.2
Liquid funds at the beginning of the year	19	218.3	193.1
Translation differences in liquid funds		23.6	2.0
Liquid funds at year-end	19	169.3	218.3

Parent company income statements

MSEK	Note	2008	2007
Net sales	49	59.1	40.8
Administrative expenses	36, 44, 46, 47, 49	–108.6	–90.3
Operating profit/loss		–49.5	–49.5
Financial items			
Profit from participations in Group companies	37	270.6	146.9
Interest income	37	24.9	9.9
Other financial income	37	—	4.5
Interest expenses	37	–58.9	–80.1
Other financial expenses	37	–2.4	–4.2
Total financial items		234.2	77.0
Profit/loss after financial items		184.7	27.5
Taxes		22.4	7.8
Profit/loss for the year		207.1	35.3

Parent company balance sheets

ASSETS, MSEK	Note	2008	2007
Fixed assets			
Intangible assets			
Other intangible assets	38	34.4	24.9
Total intangible assets		34.4	24.9
Tangible assets			
Equipment	39	2.4	2.1
Total tangible assets		2.4	2.1
Financial assets			
Shares in subsidiaries	40	2,047.0	2,532.6
Receivables from Group companies		–	244.4
Total financial assets		2,047.0	2,777.0
Total fixed assets		2,083.8	2,804.0
Current assets			
Current receivables			
Accounts receivable		0.3	0.2
Receivables from Group companies	48	752.6	13.4
Other receivables		6.8	4.3
Prepaid expenses and accrued income	41	7.5	8.9
Total current receivables		767.2	26.8
Cash and bank		0.5	1.9
Total current assets		767.7	28.7
TOTAL ASSETS		2,851.5	2,832.7

EQUITY AND LIABILITIES, MSEK	Note	2008	2007
Equity			
Restricted equity			
Share capital (45,513,359 shares with a quota value of SEK 5)		227.6	227.6
Statutory reserve		539.3	539.3
		766.9	766.9
Unrestricted equity			
Share premium reserve		98.7	98.7
Retained earnings		85.8	60.5
Profit/loss for the year		207.1	35.3
		391.6	194.5
Total equity		1,158.5	961.4
Long-term liabilities			
Subordinated loans		300.0	300.0
Total long-term liabilities		300.0	300.0
Current liabilities			
Accounts payable		4.7	13.2
Liabilities to Group companies		1,354.6	1,537.3
Other liabilities		1.5	2.1
Accrued expenses and deferred income	42	32.2	18.7
Total current liabilities		1,393.0	1,571.3
TOTAL EQUITY AND LIABILITIES		2,851.5	2,832.7
Pledged assets		—	—
Contingent liabilities	43	1,798.9	1,620.3

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 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 contribution	—	—	—	–7.8	–7.8
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
Opening balance 2008-01-01	227.6	539.3	98.7	95.8	961.4
Group contributions received	—	—	—	141.2	141.2
Group contributions paid	—	—	—	–56.0	–56.0
Tax effect of Group contribution	—	—	—	–22.4	–22.4
Profit/loss for the year	—	—	—	207.1	207.1
Dividend	—	—	—	–72.8	–72.8
Closing balance 2008-12-31	227.6	539.3	98.7	292.9	1,158.5

Parent company cash flow statements

MSEK	Note	2008	2007
OPERATING ACTIVITIES			
Operating profit/loss		-49.5	-49.5
Adjustment for items not included in cash flow		2.5	1.9
Net financial items affecting cash flow	45	404.8	111.9
Cash flow from operating activities before changes in working capital		357.8	64.3
Cash flow from changes in working capital			
Change in operating receivables		8.4	1.1
Change in operating liabilities		-7.0	-6.3
Total change in working capital		1.4	-5.2
Cash flow from operating activities		359.2	59.1
INVESTING ACTIVITIES			
Capital expenditure on intangible assets	38	-10.5	-18.4
Capital expenditure on tangible assets	39	-1.8	-0.4
Investments in subsidiaries	40	-30.2	-122.1
Divestiture of subsidiaries		534.9	-
Cash flow from investing activities		492.4	-140.9
FINANCING ACTIVITIES			
Change in interest-bearing receivables		-637.4	20.7
Change in interest-bearing liabilities		-170.6	30.7
Group contributions received and paid		27.8	39.8
New share issue		-	62.1
Dividend		-72.8	-72.3
Cash flow from financing activities		-853.0	81.0
Cash flow for the year		-1.4	-0.8
Liquid funds at the beginning of the year		1.9	2.7
Liquid funds at year-end		0.5	1.9

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 December 31, 2008 were approved by the Board on February 25, 2009 and will be submitted to the Annual General Meeting on April 23, 2009 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 method with the exception of financial assets and liabilities (including derivative instruments) measured 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 January 1, 2008, Gunnebo has applied the following standards, interpretations and modifications, which have not had any material effect on the Group's results and financial position:

IFRIC 11 IFRS 2: Group and Treasury Share Transactions: The statement 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.

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.

Amendments to IFRS 7 and IAS 39: The amendment to IAS 39 permits the reclassification of certain financial instruments in the held-for-trading category as well as financial assets in the available-for-sale category. If this kind of reclassification is implemented, certain information must be provided in accordance with the addendum to IFRS 7.

Standards, interpretations and amendments that have been issued but have not yet come into force or been adopted by the EU

On preparing the principles of consolidation as at December 31, 2008, several standards, interpretations and amendments have been published which have not yet come into force or been adopted by the EU. 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 Payment: The revised IFRS 2 contains a number of clarifications regarding the definition of vesting conditions and is applicable to financial years beginning on or after January 1, 2009. This amendment is not expected to have any effect on the Group's financial statements.

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 July 1, 2009. Gunnebo will apply the standard from 2010.

IFRS 8 Operating Segments: This standard comes into force on January 1, 2009 and is applicable to financial years starting on or after that date. IFRS 8 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 application of IFRS 8 does not entail any change to the Group's reporting by segment.

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 January 1, 2009. The amendment means that the tables and names in the financial statements will change. The amendment does not, however, affect the amounts recognised.

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 indirectly expensing these kinds of borrowing cost. The Group will apply the revised IAS 23 from January 1, 2009 but it is not expected to have a material effect on the Group's accounts as borrowing costs directly related to the purchase and production of an asset which requires a considerable amount of time to be completed occur to only a modest extent.

Amendment to IAS 32 Financial Instruments: 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 January 1, 2009 but is not considered to have any material effect on the Group's accounts.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation: The statement means that hedging instruments regarding foreign operations can be held by any entity within the Group, with the exception of the hedged operation. The interpretation also clarifies that only the risk in the functional currencies in the parent company and subsidiary company respectively can be hedged, and not currency risk in the presentation currency.

Consolidated accounts

The consolidated accounts relate to Gunnebo AB and those companies in which the company directly or indirectly owns shares controlling more than 50% 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 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 sheet 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% 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.

* In addition to the standards, interpretations and amendments commented on below, there are further published interpretations and amendments which are not judged to have a material impact on Gunnebo's accounts.

Translation of foreign currencies

a) Functional currency and presentation currency

Items in the financial statements for the various Group units are measured 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 based on the arm's-length principle.

Transactions with related parties

Transactions with related parties are priced on the arm's-length principle.

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 item are recognised in the income statement, where they neutralise one another to the extent that the hedge is effective.

Inventories

Inventories are measured 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 assessed 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 assets are measured 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 written-down 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 assets attributable to loss carry-forwards are only recognised if it is probable that the loss carry-forward 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 standard 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 actuarial gains and losses exceeding 10% 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 regarding employment during the current period, interest cost, expected return on plan assets (funded plans only), cost regarding 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 entered 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

Note 2 cont.

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.

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 stated as a cost in the income statement 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 estimated 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 may not be reversed in any subsequent period.

Borrowings

Borrowing is initially recognised at fair value after transaction costs. Subsequently, borrowing is recognised at accrued 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 lease contract means that the financial benefits are, in all essentials, passed on to the Group, as the lessee, and the Group bears the economic risks attributable to the leased object (known as financial leasing), the object is recognised as a fixed asset in the consolidated balance sheet. The corresponding undertaking to pay leasing charges in the future is recognised as a liability.

Leasing where a significant portion of the risks and benefits of ownership are retained by the lessor is classified as operational leasing. 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 2007. As a result of national adaptations, the scheme is divided into two different structures. Instruments issued are shares, employee stock options and warrants. Shares and warrants 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

Business Lines include products or services that are exposed to risks and generate types of income that differ from those of other Business Lines. 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, Business Lines are classified as primary segments and geographical areas as secondary segments. With effect from January 1, 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 measured 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, ie 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.

Notes – Group

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 undrawn 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 result. According to the finance policy, 70-100% 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 in foreign operations 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% 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.

The Group's maximum exposure to credit risk is equivalent to the book values of all financial assets and is shown in the table below.

	2008	2007
Other financial assets	10.9	10.0
Accounts receivable	1,581.3	1,622.2
Other receivables	141.5	120.6
Liquid funds	169.3	218.3
Maximum exposure to credit risk	1,903.0	1,971.1

Financial Instruments – Risk management during the year

Interest-bearing liabilities

Gunnebo has credit facilities totalling MSEK 3,037, of which MSEK 1,903 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 380 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 2.0 years, and the facilities enable Gunnebo to borrow at a fixed interest

Note 3 cont.

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 350 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

	Credit facility	Of which drawn	Proportion, %
2009	349	40	2
2010	2,387	1,562	82
2011	301	3.1	16
2012	—	—	—
2013 and later	—	—	—
Total	3,037	1,903	100

Interest rate risk

At the end of the year, Gunnebo's portfolio had an average fixed interest term of 6.5 (9.0) months, and the average rate of interest on the entire loan portfolio* was 4.3% (5.4). 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 approximately MSEK 10 on an annual basis.

* Including interest derivatives related to the loan portfolio through hedge accounting.

Currency risks

Exchange rate risks have affected profit after financial items by MSEK –1 (8), 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 433 on an annual basis. On the closing day, the proportion of this flow hedged was 87% (83). Forward contracts that matured during the year had an effect of MSEK –11 (2007: marginal) on the result, 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 376. All forward cover is effective and recognised at a fair value excluding hedging premiums/discounts in equity. The value of forward cover is MSEK –40. All outstanding contracts mature during 2009 and are reported in the income statement in connection with maturity.

A change of 10% in the exchange rate of the Swedish krona against the euro and pound sterling would affect operating profit by a total of approximately MSEK 50, of which MSEK 33 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 17 is attributable to translation exposure.

Translation exposure

The Group's foreign net assets amounted to MSEK 2,495 (2,955) on December 31, 2008. The Group hedges a large proportion of these assets through

loans and forward contracts in corresponding currencies. On the closing date, MSEK 2,309 (2,434), or 93% (82), was hedged. This hedging includes the tax effect.

Impact on liquidity

A change in the exchange rate of the Swedish krona primarily against the Swiss Franc, euro and pound sterling would also affect the debt/equity ratio. For example, a weaker Swedish krona would result in a higher balance sheet total, while Group equity would not increase to the same extent, since the positive currency translation effects on foreign net assets would be offset by currency hedging. With regard to the prevailing terms in the Group's loan agreements for debt/equity ratio, this would decrease the available credit facilities.

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 60.

Hedge accounting

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.

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.

Transaction exposure

	EUR/SEK		GBP/SEK		Other currency pairings
	Volume	Exchange rate	Volume	Exchange rate	Volume
Currency flow hedging Dec 31, 2008					
Q1	8,000	9.41	750	11.93	6,561
Q2	7,000	9.34	750	12.36	9,842
Q3	7,000	9.44	250	13.32	6,561
Q4	9,000	10.18	—	—	3,281
Total	31,000	9.62	1,750	12.32	26,245
Exchange rate Dec 31, 2008		10.94		11.25	
Unrealised profit/loss reported in the hedging reserve (MSEK)	–40.6		1.9		–1.2

The volume is expressed in thousands in the local currency for EUR and GBP. For other currencies, the volume is expressed in SEK thousands.

Hedge of net investment in foreign operations

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.

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.

Derivative instruments

Nominal amounts	2008	2007
Interest-rate swap agreements		
Term of less than 1 year	709	100
Term 1–2 years	250	195
Term 2–5 years	—	300
Interest-rate swap agreements total	959	595
Currency forward contracts*	2,947	2,807
Total	3,906	3,402

* Gross amount calculated at future forward rate

Interest-rate swaps

The nominal value of outstanding interest-rate swap agreements relating to cash flow hedges amounted to MSEK 759 on December 31, 2008 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 2009 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%. The equity ratio is currently 20% and declined during the year as a result of a weaker Swedish krona, which resulted in a higher balance sheet total. Another of Gunnebo's aims is to achieve a return of 15% on capital employed. The return on capital employed for 2008 was 9.2%.

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 380 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 instrument		Less than 6 months	6–12 months	1–2 years	2–3 years	Total contracted cash flow
Subordinated loans			–17	–17	–315	–349
Bank loans and overdraft facilities		–75	–34	–1,617	–1	–1,727
Accounts payable		–658	–6	–3	—	–667
Derivatives						
– Interest-rate swap agreements	outflow	–22	–13	–17	—	–52
	inflow	16	11	17	—	44
– Currency forward contracts included in hedge accounting	outflow	–1,755	–202	—	—	–1,957
	inflow	1,552	186	—	—	1,738
– Currency forward contracts not included in hedge accounting	outflow	–1,310	—	—	—	–1,310
	inflow	1,210	—	—	—	1,210
Total		–1,042	–75	–1,637	–316	–3,070

For financial liabilities with a long contracted term but a short/variable fixed interest, the variable interest has been adopted as the quoted three-month interbank rate of the currency in question as at December 31, 2008 plus a credit margin in accordance with the agreement. The base currency of the currency forward contract has been measured at the applicable closing rate as at December 31, 2008 while the other type of currency in the contract is measured 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, accounts payable and other non-interest-bearing financial assets and liabilities, which are recognised at accrued 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.

Note 3 cont.

Financial assets	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value*	6.9	9.8	4.7	4.7
- of which derivatives for which hedge accounting does not apply	—	—	—	—
- of which swap agreements for which hedge accounting of cash flows applies	6.9	9.8	4.7	4.7
- of which currency derivatives regarding commercial exposure for which hedge accounting of cash flows applies	—	—	—	—
- of which currency derivatives for hedging net investment abroad	—	—	—	—
Other financial assets, excluding holdings in associated companies**	1,761.5	1,761.5	1,850.5	1,850.5
Total financial assets	1,768.4	1,771.3	1,855.2	1,855.2
Financial liabilities				
Financial liabilities measured at fair value***	329.3	329.3	41.1	48.9
- of which derivatives for which hedge accounting does not apply	97.8	97.8	10.4	10.4
- of which interest-rate swap agreements for which hedge accounting at fair value applies	9.7	9.7	—	7.8
- of which currency derivatives regarding commercial exposure for which hedge accounting of cash flows applies	39.9	39.9	5.4	5.4
- of which currency derivatives for hedging net investment abroad	181.9	181.9	25.3	25.3
Other financial liabilities ****	2,569.5	2,573.8	2,501.4	2,489.7
- of which financial liabilities for which hedge accounting does not apply	1,610.1	1,611.5	1,906.7	1,902.8
- of which financial liabilities for which hedge accounting of cash flows applies	759.4	759.4	394.7	394.7
- of which financial liabilities for which hedge accounting at fair value applies	200.0	202.9	200.0	192.2
Total financial liabilities	2,898.8	2,903.1	2,542.5	2,538.6

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

** These assets are recognised as other financial assets, accounts receivable and liquid funds in the Group balance sheets.

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

**** These liabilities are recognised as accounts payable as well as short-term and long-term borrowing.

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 rarely correspond to the actual result. The assumptions and estimates considered to have the greatest impact on Gunnebo's financial position and results 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 December 31, 2008, the carrying amount of goodwill in the Group was MSEK 1,240.

Valuation of loss carry-forward

Deferred tax assets reported in the Group in relation to loss carry-forward were MSEK 25 as at December 31, 2008. The carrying amount of these tax assets 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 assets 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 assets can be attributed against future taxable surpluses.

Furthermore, at December 31, 2008, the Group had unused loss carry-forwards and other deductible temporary differences totalling just over MSEK 700, for which no deferred tax receivables were recognised. 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 43 at December 31, 2008. 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 December 31, 2008, 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 20 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 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 December 31, 2008, the Group's provisions for pensions were MSEK 243 net.

Note 5 Reporting by segment

Primary segments – Business Lines

2008	Bank	Retail	Site Protection	Secure Storage	Non-allocated items and eliminations	Total
Net sales						
External sales	2,208	779	2,850	1,066	—	6,903
Internal sales	—	—	—	—	—	—
Total revenue	2,208	779	2,850	1,066	—	6,903
Operating profit/loss	168	6	91	79	–63	281
Capital employed						
Total assets	1,324	491	1,733	931	783	5,262
Non-interest-bearing liabilities	–393	–204	–706	–328	–412	–2,043
Total capital employed	931	287	1,027	603	371	3,219
Other information						
Capital expenditure	18	17	55	17	12	119
Depreciation	28	15	55	28	4	130

2007	Bank	Retail	Site Protection	Secure Storage	Non-allocated items and eliminations	Total
Net sales						
External sales	2,326	739	2,920	1,040	—	7,025
Internal sales	—	—	—	—	—	—
Total revenue	2,326	739	2,920	1,040	—	7,025
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

Secondary segments – geographical regions

	Sales**		Assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007
Europe	5,799	5,881	4,747	4,340	104	109
North America	228	240	145	164	1	1
Asia	537	506	261	253	12	15
Africa	227	307	47	58	1	1
Australia	75	65	62	22	1	—
South America	37	26	—	—	—	—
Total	6,903	7,025	5,262	4,837	119	126

*Income and expenses of a non-recurring nature had an adverse effect on the Group's results of around MSEK –47 in 2008. Business Line Bank has been burdened by MSEK –13, Retail by MSEK –6, Site Protection by MSEK –5 and Secure Storage by MSEK –11. The remaining amounts relating to items of a non-recurring nature amount to MSEK –12 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

	2008	2007
Capital gains	1.3	41.9
Currency gains	30.0	12.5
Other	15.0	20.7
Total	46.3	75.1

Note 7 Other operating expenses

	2008	2007
Costs of specified guarantee commitments	—	-13.3
Currency losses	-9.1	-1.4
Other	-6.9	-5.3
Total	-16.0	-20.0

Costs of specified guarantee commitments in 2007 relate to costs for upgrading the SafePay closed cash handling system.

Note 8 Depreciation by function

Depreciation has been charged against the operating profit as follows:

	2008	2007
Cost of goods sold	79.7	73.7
Selling expenses	8.5	9.2
Administrative expenses	42.3	44.0
Total	130.5	126.9

Note 9 Expenses allocated by type of cost

	2008	2007
Direct material costs	2,216.8	2,449.2
Change in stock	-16.9	-21.8
Remuneration for employees	2,384.1	2,290.0
Temporary personnel and subcontractors	464.8	494.3
Transport costs	197.3	196.0
Vehicle and travel costs	252.5	248.4
Depreciation and write-downs	130.5	130.5
Other costs	1,034.4	952.8
Total operating expenses*	6,663.5	6,739.4

* Relates to cost of goods sold, selling expenses and administrative expenses.

Note 10 Other financial income and expenses

	2008	2007
Other financial income		
Currency gains	1.8	1.5
Swap premiums currency derivatives	—	1.3
Other	0.9	2.6
Total	2.7	5.4
Other financial expenses		
Currency losses	-1.4	—
Bank charges and bank guarantee costs	-8.7	-7.2
Cost of credit facilities	-2.4	-3.0
Total	-12.5	-10.2

Note 11 Taxes

	2008	2007
Current tax	-65.3	-60.8
Deferred tax	0.0	-65.9
Total	-65.3	-126.7

The Group's tax cost is MSEK 65.3, which is 36% of the profit before tax. The tax rate has been adversely affected by 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.

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.

	2008	2007
Tax calculated in accordance with national tax rates for each country	-46.2	-83.3
Tax attributable to previous years	-12.0	1.0
Effects of tax deficits for which no deferred tax receivable has been stated	-28.3	-41.2
Change in assessment of deferred tax receivables	12.2	—
Effects of non-deductible expenses and non-taxable income etc	9.0	-3.2
Tax cost	-65.3	-126.7

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

Deferred tax receivables	2008	2007
Loss carry-forward	24.9	26.5
Hedging transactions	201.4	49.3
Inventories	6.5	15.7
Pension commitments	32.2	31.0
Other provisions	25.3	21.2
Other deductible temporary differences	6.7	6.6
Offset against deferred tax liabilities	-9.4	-30.6
Total	287.6	119.7
Deferred tax liabilities	2008	2007
Fixed assets	34.3	35.1
Other taxable temporary differences	10.8	14.4
Offset against deferred tax receivables	-9.4	-30.6
Total	35.7	18.9
Deferred tax receivables and tax liabilities, net	251.9	100.8

The change pertaining to deferred taxes is as follows:

	2008	2007
Opening value, net	100.8	140.4
Translation differences	-1.2	-1.4
Deferred tax in the income statement	0.0	-65.9
Deferred tax recognised directly against equity	152.3	27.7
Closing value, net	251.9	100.8

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 2008, loss carry-forwards totalled over MSEK 700 where no deferred tax receivables have been reported. Approximately MSEK 1 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 12 Earnings per share

	2008	2007
Net profit/loss for the year attributable to the share holders of the parent company, MSEK	114.9	127.6
Average no. of shares (in thousands)	45,513	45,299
Earnings per share, SEK*	2.50	2.80

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.

A dividend of SEK 0 (1.60) per share is proposed.

* Earnings per share before and after dilution.

Note 13 Intangible assets

	Goodwill	Other intangible assets
2008		
Opening cost Jan 1, 2008	1,103.0	276.8
Capital expenditure	—	20.3
Acquisitions	7.9	—
Sales/disposals	—	—3.7
Translation differences	129.2	23.4
Closing accumulated cost Dec 31, 2008	1,240.1	316.8
Opening depreciation Jan 1, 2008	—	147.4
Sales/disposals	—	—3.7
Depreciation for the year	—	34.3
Write-downs	—	—
Translation differences	—	18.7
Closing accumulated depreciation Dec 31, 2008	—	196.7
Closing carrying amount Dec 31, 2008	1,240.1	120.1
2007		
Opening cost Jan 1, 2007	1,056.3	239.2
Capital expenditure	—	36.8
Sales/disposals	—	—5.6
Translation differences	46.7	6.4
Closing accumulated cost Dec 31, 2007	1,103.0	276.8
Opening depreciation Jan 1, 2007	—	120.7
Sales/disposals	—	—5.6
Depreciation for the year	—	26.7
Write-downs	—	1.3
Translation differences	—	4.3
Closing accumulated depreciation Dec 31, 2007	—	147.4
Closing carrying amount Dec 31, 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. Amortisation is linear over the useful life with the exception of capitalised development costs relating to the SafePay cash handling system, which is written off using the production-based method. Amortisation during the year of other intangible assets has been charged in its entirety to cost of goods sold.

Capitalised expenditure on product development amounted to MSEK 59.9 (66.9). During the course of the year, capital expenditure on product development projects totalled MSEK 7.9 (0.0).

Review of write-down requirement for goodwill

Goodwill is distributed across the Group's Business Lines as follows:

Specification of goodwill	2008	2007
Bank	536.1	477.9
Retail	54.1	53.7
Site Protection	354.1	307.8
Secure Storage	295.8	263.6
Book value	1,240.1	1,103.0

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 year are based on a forecast by the Board of Directors. Thereafter, cash flows for all items containing goodwill are established using a growth rate equivalent to 0%. This growth rate is based on a cautious assumption and is expected to be lower than the security industry's long-term growth rate.

The forecast cash flows have been computed at present value with a discount rate of 8% before tax. The discount rate equates to the Group's weighted average cost of capital, WACC, for the required return on equity and the cost of external borrowing. The calculation of required return on equity is based on a risk-free interest rate of 3% and a risk premium of just over 6%.

Using a discount rate of 8%, the value in use exceeds the carrying amount for all cash-generating units.

Sensitivity analysis

	Bank	Retail	Site Protection	Secure Storage
Carrying amount*	931	287	1,027	603
Value in use	1,963	625	2,126	1,250
Discount rate before tax is increased to 9%	Value in use decreases by MSEK 219 but exceeds the carrying amount	Value in use decreases by MSEK 69 but exceeds the carrying amount	Value in use decreases by MSEK 237 but exceeds the carrying amount	Value in use decreases by MSEK 139 but exceeds the carrying amount
Operating margin decreases by 20%	Value in use decreases by MSEK 393 but exceeds the carrying amount	Value in use decreases by MSEK 125 but exceeds the carrying amount	Value in use decreases by MSEK 426 but exceeds the carrying amount	Value in use decreases by MSEK 250 but exceeds the carrying amount

*Carrying amount equates to the business line's capital employed in accordance with Note 5.

Negative changes in the discount rate and operating margin variables of 50% and 35% respectively should each result in the recoverable amount bordering on the carrying amount for certain units in 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.

Note 14 Tangible assets

2008	Buildings and land	Machinery	Equipment	Construction in progress
Opening cost Jan 1, 2008	714.8	666.0	446.9	13.9
Capital expenditure	15.5	40.0	37.7	5.5
Acquisitions	—	—	0.1	—
Sales/disposals	–1.0	–53.1	–49.0	—
Reclassifications	4.2	—	–4.2	—
Translation differences	68.1	46.2	35.2	0.4
Closing accumulated cost Dec 31, 2008	801.6	699.1	466.7	19.8
Opening depreciation Jan 1, 2008	415.1	502.6	340.1	—
Sales/disposals	–0.7	–51.8	–47.6	—
Depreciation for the year	24.2	41.6	30.4	—
Reclassifications	1.0	—	–1.0	—
Translation differences	45.5	36.6	26.0	—
Closing accumulated depreciation Dec 31, 2008	485.1	529.0	347.9	—
Closing carrying amount Dec 31, 2008	316.5	170.1	118.8	19.8

2007	Buildings and land	Machinery	Equipment	Construction in progress
Opening cost Jan 1, 2007	729.0	700.5	450.6	32.3
Capital expenditure	14.4	48.2	45.6	–19.0
Sales/disposals	–47.2	–96.9	–59.3	—
Translation differences	18.6	14.2	10.0	0.6
Closing accumulated cost Dec 31, 2007	714.8	666.0	446.9	13.9
Opening depreciation Jan 1, 2007	398.5	534.6	350.8	—
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	—
Translation differences	11.8	11.2	7.6	—
Closing accumulated depreciation Dec 31, 2007	415.1	502.6	340.1	—
Closing carrying amount Dec 31, 2007	299.7	163.4	106.8	13.9

Specification, buildings and land	2008	2007
Residual value according to plan, buildings	262.9	252.5
Residual value according to plan, land	53.6	47.2
Total residual value according to plan	316.5	299.7
Swedish property	2008	2007
Residual value according to plan, buildings	47.0	52.8
Residual value according to plan, land	5.4	4.7
Tax assessment value, buildings	44.6	44.6
Tax assessment value, land	6.3	6.3

Note 15 Holdings in associated companies

	2008	2007
Opening book value	38.2	29.5
Share of profit of associated companies	11.5	8.6
Dividends	–3.9	–1.4
Currency differences	1.2	1.5
Closing book value	47.0	38.2
	Book value	
Group's holdings in associated companies	% share of capital	
FBH Fichet Ltd, UK	49	2.3
Ritzenthaler Ltd, UK	45	2.7
Chubb Malaysia Sdn Bhd, Malaysia	30	13.1
Gateway Security Portugal Ltda, Portugal	55	8.7
Gateway do Brasil Ltda, Brazil	50	16.7
Prodimo AB, Sweden	48	3.5
Total	47.0	38.2

Gunnebo's share in the income and net profit of the associated companies amounts to MSEK 142.3 (133.2) and MSEK 11.5 (8.6) respectively. The share of their total assets is MSEK 145.5 (114.4) and the share of their liabilities is MSEK 98.5 (76.2).

The specification of holdings in associated companies with information concerning the company registration numbers and registered offices may be obtained from Gunnebo's head office in Gothenburg.

Note 16 Inventories

	2008	2007
Raw materials	272.5	253.3
Work in progress	44.5	51.2
Finished goods	569.9	429.9
Installation work in progress	166.6	151.7
Less: Less advance payments from customers	–140.7	–97.4
Total	912.8	788.7

Of the inventories, MSEK 838.1 is measured at cost and MSEK 74.7 at net selling price. At December 31, 2008, the Group's reserve for obsolescence amounted to MSEK 141.7 (142.9).

Note 17 Accounts receivable

	2008	2007
Accounts receivable, not yet due	1,209.2	1,188.2
Of which overdue 1-30 days	259.6	278.5
Of which overdue 31-60 days	81.7	99.5
Of which overdue 61-90 days	33.1	35.6
Of which overdue over 90 days	77.9	110.7
Total	1,661.5	1,712.5
Provision for doubtful receivables	2008	2007
Provision at the beginning of the year	–90.3	–86.9
Reserve for anticipated losses	–17.3	–40.1
Confirmed losses	30.6	26.2
Discharged payment of reserved receivables	4.8	11.9
Currency differences	–8.0	–1.4
Provision at the end of the year	–80.2	–90.3
Closing carrying amount	1,581.3	1,622.2

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

Note 18 Prepaid expenses and accrued income

	2008	2007
Accrued interest	2.9	3.5
Prepaid rent	9.6	12.1
Other items	50.2	48.9
Total	62.7	64.5

Note 19 Liquid funds

	2008	2007
Short-term investments	10.5	2.7
Cash and bank	158.8	215.6
Total	169.3	218.3

Note 20 Equity reserves

	Hedging reserve	Translation reserve	Total reserves
Opening balance Jan 1, 2008	-1.5	-37.0	-38.5
Currency differences:			
- Subsidiaries	—	347.1	347.1
- Associated companies	—	1.2	1.2
Hedging of net investments*	—	-427.4	-427.4
Cash flow hedges:			
- Changes in the fair value during the year	-54.4	—	-54.4
- Tax on changes in the fair value	14.3	—	14.3
- Transfers to income statement	10.6	—	10.6
- Tax on transfers to income statement	-2.8	—	-2.8
Closing balance Dec 31, 2008	-33.8	-116.1	-149.9
Opening balance Jan 1, 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 Dec 31, 2007	-1.5	-37.0	-38.5

* Hedging of net investments primarily relates to net assets in EUR and CHF.

No. of shares	2008	2007
Opening balance	45,513,359	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	45,513,359

Note 21 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, %					2008	2007		
Discount rate								
UK					6.3	6.0		
Sweden					4.2	4.8		
Other countries (weighted average)					6.4	5.9		
Expected return on plan assets								
UK					5.4	6.6		
Sweden					—	—		
Other countries (weighted average)					5.9	6.5		
Expected wage increase rate								
UK					4.1	4.5		
Sweden					3.0	3.0		
Other countries (weighted average)					3.9	3.9		
Inflation								
UK					3.1	3.5		
Sweden					2.0	2.0		
Other countries (weighted average)					3.0	2.6		
Reconciliation of pension commitments		UK	Sweden	Other countries	2008 Total	2007 Total	2006 Total	2005 Total
Present value of obligations		300.3	85.2	232.2	617.7	664.1	696.4	679.3
Fair value of plan assets		−261.8	—	−86.8	−348.6	−437.6	−349.9	−325.0
Total		38.5	85.2	145.4	269.1	226.5	346.5	354.3
Unreported actuarial gains (+) and losses (-)		6.6	−18.3	−13.9	−25.6	19.8	−19.0	−11.3
Net provision in the balance sheet		45.1	66.9	131.5	243.5	246.3	327.5	343.0

Of the present value of obligations, MSEK 428.3 (489.6) relates to funded pensions and other plans, and MSEK 189.4 (174.5) to non-funded pensions and other plans.

In 2009 the Group expects to make MSEK 23.0 (33.2) in payments relating to defined benefit plans.

The year's unrecognised actuarial losses relating to defined benefit obligations of MSEK 29.6 include experience-based adjustments of MSEK 2.9. Of the year's unrecognised actuarial losses in plan assets of MSEK 71.0, MSEK 8.1 is attributable to experience-based adjustments.

Note 21 cont.

Specification of plan assets	2008	2007
Government bonds	21.9	16.6
Commercial papers	166.0	120.6
Shares	152.9	223.7
Liquid funds	7.8	76.7
Total plan assets	348.6	437.6
Specification of changes in defined benefit obligations	2008	2007
Opening balance	664.1	696.4
Costs pertaining to employment during the current year	18.9	20.5
Interest on obligations	35.7	33.8
Contributions made by pension plan members	2.4	2.5
Payment of pension benefits	-42.1	-31.4
Unreported actuarial gains (-) and losses (+)	-29.6	-47.3
Currency differences on foreign plans	-31.7	-10.4
Closing balance	617.7	664.1
Specification of changes in plan assets	2008	2007
Opening balance	437.6	349.9
Expected return on plan assets	26.5	22.5
Contributions to the plan made by the company	25.7	97.2
Contributions made by pension plan members	2.4	2.5
Payment of pension benefits	-30.7	-16.1
Unreported actuarial gains (+) and losses (-)	-71.0	-11.7
Currency differences on foreign plans	-41.9	-6.7
Closing balance	348.6	437.6
Specification of changes in provisions for pensions	2008	2007
Opening balance	246.3	327.5
Net cost entered in the income statement	27.3	31.8
Payment of benefits	-11.4	-15.4
Contributions into funded plans	-25.7	-97.2
Currency differences on foreign plans	7.0	-0.4
Closing balance	243.5	246.3
Specification of pension costs in the income statement	2008	2007
Costs pertaining to defined benefit plans:		
Costs pertaining to employment during the current year	18.9	20.5
Interest on obligations	35.7	33.8
Expected return on plan assets	-26.5	-22.5
Actuarial net profit recognised during the year	-0.8	0.2
Profits on curtailments	—	-0.2
Costs pertaining to defined benefit plans	27.3	31.8
Costs pertaining to defined contribution plans	61.1	56.1
Total pension costs in the income statement	88.4	87.9
of which:		
Amount charged against operating profit/loss	79.2	76.6
Amount charged against financial expenses	9.2	11.3
Total pension costs in the income statement	88.4	87.9

Interest and expected return are classified as a financial expense. Other cost items are recognised under operating profit/loss and are allocated between cost of goods sold, selling expenses or administrative expenses depending on the employee's function. MSEK 3.4 (2.8) 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 112% (152). The collective funding level is the difference between the company's assets and insurance commitments, based on Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19.

Note 22 Other provisions

Group	Restructuring programme	Disputes	Guarantees	Taxes	Other	Total
Opening balance	33.1	24.3	42.4	6.3	28.0	134.1
Provisions during the year	1.7	8.4	13.8	3.3	12.6	39.8
Utilised during the year	-19.3	-8.4	-14.4	—	-16.2	-58.3
Reversed during the year	-1.8	-7.7	-2.8	-1.3	-4.6	-18.2
Currency differences	2.2	3.0	4.0	0.5	1.8	11.5
Closing balance	15.9	19.6	43.0	8.8	21.6	108.9

Provisions for restructuring measures have been made mainly for discontinued operations and reorganisation. The provisions are expected to be utilised during 2009.

For information relating to the assumptions and estimates made in reporting reserves, see Note 4.

Note 23 Borrowings

Long-term borrowing	2008	2007
Liabilities to credit institutions	1,562.4	1,038.4
Subordinated loans	300.0	300.0
Total	1,862.4	1,338.4
Short-term borrowing		
Overdraft facilities	21.2	18.6
Liabilities to credit institutions	19.1	369.2
Total	40.3	387.8
Total borrowing	1,902.7	1,726.2

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:

2009	40.3
2010	1,561.7
2011	300.7
2012	—
2013 and later	—
Total	1,902.7

Note 24 Accrued expenses and deferred income

	2008	2007
Holiday pay liability	158.6	140.5
Accrued wages and salaries	106.7	96.9
Social security charges	88.9	71.0
Deferred income	76.4	68.2
Accrued interest	4.6	2.4
Other items	124.7	115.3
Total	559.9	494.3

Note 25 Pledged assets

	2008	2007
In respect of liabilities to credit institutions		
Property mortgages	0.4	1.4
Other pledged assets		
Floating charges	0.1	0.6
Total pledged assets	0.5	2.0

Note 26 Contingent liabilities

	2008	2007
Guarantees	212.1	158.1
Total	212.1	158.1

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.

Note 27 Operating lease contracts

Leased assets

Future payment commitments for operating lease contracts have the following breakdown by year:

2009	103.6
2010	74.6
2011	37.8
2012	18.7
2013	15.0
2014 and later	16.2
Total	265.9

The year's cost in the Group for leased assets amounted to MSEK 117.0 (116.2).

Note 28 Net financial items affecting cash flow

	2008	2007
Interest received	5.3	4.3
Interest paid	-94.7	-100.2
Other items affecting cash flow	-9.8	-4.8
Total	-99.2	-100.7

Note 29 Adjustment for items not included in cash flow

	2008	2007
Depreciation of intangible assets	34.3	26.7
Depreciation of tangible assets	96.2	100.2
Write-downs	—	11.8
Share in profit/loss of associated companies, not distributed	-7.6	-7.2
Adjustment for provisions	-40.6	-131.9
Capital gain from sale/disposal of tangible assets	-1.3	-35.7
Adjustment for items not included in cash flow	81.0	-36.1

Note 30 Additional disclosures for cash flow statements

Assets and liabilities of acquired companies	2008	2007
Tangible assets	0.1	—
Inventories	3.1	—
Operating receivables	5.7	—
Liquid funds	1.8	—
Operating liabilities	-6.0	—
Identifiable net assets	4.7	—
Goodwill	7.9	—
Total purchase sums	12.6	—
Less:		
Purchase sums not paid	-4.0	—
Liquid funds in acquired companies	-1.8	—
Effect on Group liquid funds	6.8	—

In November 2008 Gunnebo acquired Australian company Grand Entrance Control. The company markets, sells, installs and services Gunnebo's entrance control products on the Australian market. Grand Entrance Control has net sales of approximately MSEK 30 and around ten employees.

Note 31 Personnel

Average number of employees	2008	2007
Sweden	526	488
Australia	30	25
Austria	9	8
Belgium	110	119
Canada	154	149
China/Hong Kong	3	3
Czech Republic	18	17
Denmark	159	148
Finland	50	48
France	1,429	1,599
Germany	524	506
Hungary	8	7
India	765	767
Indonesia	793	960
Italy	198	202
Lebanon	3	2
Luxembourg	5	5
The Netherlands	369	391
Norway	68	69
Poland	29	27
Portugal	71	72
Singapore	14	12
Spain	458	470
South Africa	180	145
Switzerland	42	39
UAE	9	3
UK	408	412
USA	23	26
Total	6,455	6,719

Of the average number of employees, 1,077 (1,062) were female. Women occupy 11% of the senior management positions in the Group. The average number of employees abroad was 5,929 (6,231).

Note 31 cont.

Incentive programme for employees and Board members

An extraordinary general meeting in 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 2008 for this incentive programme were MSEK 0.1.

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.

Subscription conditions

A warrant/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 outstanding options are fully exercised, there will be a dilution effect of around 1.3% of both share capital and votes.

Changes in option programmes

	Incentive programme 2007		Board programme 2007
	2008	2008	2008
	Warrants	Employee stock options	Warrants
Opening balance	397,800	129,360	88,000
Allocated	—	—	—
Forfeited	—	—41,500	—
Exercised	—	—	—
Matured	—	—	—
Closing balance	397,800	87,860	88,000

Specification of outstanding option programmes	Warrants	Employee stock options
Board members*	88,000	—
President and CEO	32,000	—
Other senior executives (3 people)	48,000	—
Other	317,800	87,860
Total	485,800	87,860

* Current and former Board members

Personnel and Board costs

Wages, salaries, other remuneration and social security charges 2008	Wages and other remuneration	Social security charges	Of which pension costs
Group	1,840.9	543.2	79.2
Wages, salaries, other remuneration and social security charges 2007	Wages and other remuneration	Social security charges	Of which pension costs
Group	1,755.9	534.1	76.6

Of the above amount, a total of MSEK 65.3 (62.1) was paid in salaries and other remuneration to Boards and Presidents within the Group, of which MSEK 4.4 (6.8) consisted of performance-related pay. Of the Group's pensions costs, MSEK 10.8 (8.0) relates to Presidents within the Group.

Remuneration to the Board of the parent company amounted to TSEK 1,625 (1,375), of which TSEK 100 (75) comprises remuneration for committee work. A Board fee of TSEK 400 was paid to Chairman of the Board Martin Svalstedt. A Board fee of TSEK 250 per person was paid to members Göran Bille, Bo Dankis, Mikael Jönsson and Lena Olving, and a Board fee of TSEK 225 was paid to Björn Eriksson.

A specification of wages, salaries and other remuneration, and social security charges by country may be obtained from Gunnebo's head office in Gothenburg.

Remuneration to senior executives**Remuneration and other benefits for senior executives during the year**

SEK '000	Salary/ Board fee	Performance-related pay	Other benefits	Pension cost	Other remuneration	Total
President	4,125	30	83	1,676	9,616	15,530
Other senior executives (3 people)	7,738	288	315	1,772	—	10,113
Total	11,863	318	398	3,448	9,616	25,643

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 to the President refers to severance pay etc. in accordance with the terms of employment.

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% 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.

For other senior executives (three people who, together with the President, constitute the Group's Executive Team), 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% of the basic salary, depending on age and salary level.

Note 32 Auditors' remuneration

	2008	2007
Auditing		
Deloitte	7.4	—
PriceWaterhouseCoopers	2.5	10.2
Other audit firms	0.2	0.2
Total	10.1	10.4
Other services		
Deloitte	0.6	—
PriceWaterhouseCoopers	1.7	2.8
Other audit firms	2.6	1.9
Total	4.9	4.7
Total auditors' remuneration	15.0	15.1

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 the provision of advice 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 33 Transactions with related parties

A royalty of MSEK 0.8 (0.9) was received from Chubb Malaysia Bnd Sdn, an associated company. Services have been purchased from MediaSpjuth AB for MSEK 0.7 (0.9). MediaSpjuth AB is a subsidiary of Vätterledens Invest AB in which Board member Mikael Jönsson is active. MSEK 1.3 has been paid to Nerga AB for consultancy services carried out. The company is owned by Anders Ågren who was a member of the executive management until April 30, 2008.

Information on remuneration to senior executives is provided in Note 31. Over and above these, there were no other transactions with related parties.

Note 34 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 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 preventing the Group from being dependent on a limited 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. The Group's sensitivity to business cycles is considered relatively low. Economic conditions in the construction and property sectors are of most importance to Outdoor and Indoor Perimeter Security and Entrance Control, while the market situation in the bank and retail markets have the greatest impact on the product areas of Secure Storage, Electronic Security and Cash Automation. Furthermore, parts of the Group's business experience seasonal variations. For example, Business Line Site Protection is influenced by weather conditions during the winter months in Europe as they affect the ability to supply and install solutions for outdoor perimeter security.

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 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 supposed 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 1% change in selling prices affects income and operating profit by approximately MSEK 70.

Labour costs

A 1% 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% affects profits by around MSEK 40 for the subsequent 12 months. No long-term fixed-price contracts have been considered in this figure.

Note 35 Events after the closing day

No significant events occurred after the closing date.

Notes – Parent company

Note 36 Expenses allocated per type of cost

	2008	2007
Remuneration for employees	52.2	43.5
IT costs	19.8	18.8
Temporary personnel and subcontractors	10.2	4.6
Vehicle and travel costs	5.0	4.7
Depreciation and write-downs	2.5	1.9
Other costs	18.9	16.8
Total operating costs	108.6	90.3

Note 37 Financial items

	2008	2007
Profit/loss from shares in Group companies		
Dividends	251.5	189.5
Capital gains/losses	66.9	—
Write-downs	–47.8	–42.6
Total	270.6	146.9
Interest income		
Interest income, external	—	—
Interest income, Group companies	24.9	9.9
Total	24.9	9.9
Other financial income		
Swap premiums currency derivatives	—	4.5
Total	—	4.5
Interest expenses		
Interest expenses, external	–21.8	–19.4
Interest expenses, Group companies	–37.1	–60.7
Total	–58.9	–80.1
Other financial expenses		
Currency losses	–1.8	–3.6
Bank charges and bank guarantee costs	–0.1	–0.1
Cost of credit facilities	–0.5	–0.5
Total	–2.4	–4.2

Note 38 Intangible assets

Other intangible assets	2008	2007
Opening cost	26.9	8.5
Capital expenditure	10.5	18.4
Closing accumulated cost	37.4	26.9
Opening depreciation	2.0	1.0
Depreciation for the year	1.0	1.0
Closing accumulated depreciation	3.0	2.0
Closing carrying amount	34.4	24.9

Note 39 Tangible assets

Equipment	2008	2007
Opening cost	9.8	9.4
Capital expenditure	1.8	0.4
Closing accumulated cost	11.6	9.8
Opening depreciation	7.7	6.8
Depreciation for the year	1.5	0.9
Closing accumulated depreciation	9.2	7.7
Closing carrying amount	2.4	2.1

Note 40 Shares in subsidiaries

	2008	2007
Opening book value	2,532.6	2,453.1
Shareholder contributions paid	30.2	7.6
Write-downs	–47.8	–42.6
Sales	–468.0	—
Acquisitions	—	114.5
Closing book value	2,047.0	2,532.6

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 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	47,470,120	99	95	115.4
Gunnebo SafePay AB	1,000	100	100	0.1
Hidef Industri AB	1,000	100	100	0.1
Gunnebo Holding AB	1,000	100	100	0.1
Gunnebo Holding GmbH	1	100	100	45.3
Total				2,047.0

During the year Gunnebo France SA was sold within the Group.

A 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, Sweden.

Note 41 Prepaid expenses and accrued income

	2008	2007
Accrued interest	2.5	3.4
Prepaid rent	0.6	0.5
Other items	4.4	5.0
Total	7.5	8.9

Note 42 Accrued expenses and deferred income

	2008	2007
Holiday pay liability	4.0	3.6
Social security charges	10.1	8.2
Accrued wages and salaries	10.7	1.4
Accrued interest	1.3	2.0
Other items	6.1	3.5
Total	32.2	18.7

Note 43 Contingent liabilities

	2008	2007
Guarantees regarding subsidiaries	1,798.9	1,620.3
Total	1,798.9	1,620.3

Note 44 Operating lease contracts

Leased assets

Future payment commitments for operating lease contracts have the following breakdown by year:

2009	1.3
2010	0.7
2011	—
2012	—
2013	—
2014 and later	—
Total	2.0

Leasing costs at the parent company amounted to MSEK 2.6 (3.2).

Note 45 Net financial items affecting cash flow

	2008	2007
Interest received	25.8	9.9
Interest paid	–59.6	–78.4
Dividends received	441.0	181.1
Other items affecting cash flow	–2.4	–0.7
Total	404.8	111.9

Note 46 Personnel

Average number of employees

In 2008, the average number of parent company employees was 26 (26), of which 11 were female (12).

There is one woman on the Board of the parent company and there are no women on the executive management team.

Sick leave

The rate of long-term sick leave at the parent company was 0.9% (0.0) and for short-term sick leave it was 0.3% (2.6).

Personnel and Board costs

	Wages and other remuneration	Social security charges	of which pension costs
Wages, salaries, other remuneration and social security charges 2008			
Parent company	32.2	20.0	9.5
Wages, salaries, other remuneration and social security charges 2007			
Parent company	24.8	18.7	7.4

Information on remuneration to senior executives is provided in Note 31.

Note 47 Auditors' remuneration

	2008	2007
Auditing		
Deloitte	0.7	—
PriceWaterhouseCoopers	0.1	1.9
Total	0.8	1.9
Other services		
Deloitte	—	—
PriceWaterhouseCoopers	0.2	0.3
Other audit firms	0.1	—
Total	0.3	0.3
Total auditors' remuneration	1.1	2.2

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 the provision of advice 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 48 Current receivables from Group companies

The company is part of Gunnebo Service AB's Group account system whereby the company's authorised credit amounts to MSEK 113.3. The balance at the end of the year totalled MSEK 608.0 and is net accounted in the item 'Current receivables from Group companies'.

Note 49 Transactions with related parties

Of the parent company's invoiced sales, 99% (98) related to Group companies, while purchases from Group companies accounted for 5% (11) of the total. A royalty of MSEK 0.8 (0.9) was received from Chubb Malaysia Bnd Sdn, an associated company.

Services have been purchased from MediaSpjuth AB for MSEK 0.7 (0.9). 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 31. Over and above these, there were no other transactions with related parties.

Proposed distribution of earnings

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

The Board and the Chief Executive Officer propose:

Share premium reserve	98.7		
Retained earnings	85.8		
Profit/loss for the year	207.1	that the following amount be carried forward	391.6
Total	391.6	Total	391.6

The Board and the President warrant that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair view 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 view 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, February 25, 2009

Martin Svalstedt
Chairman of the Board

Göran Bille
Board member

Bo Dankis
Board member

Björn Eriksson
Board member

Mikael Jönsson
Board member

Lena Olving
Board member

Bo Anders Hansson
Board member

Göran Gezelius
President and CEO

Claes-Göran Karlsson
Board member

Our audit report was submitted on February 25, 2009
Deloitte AB

Jan Nilsson
Authorised Public Accountant

Audit report

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

This is a direct translation of the Swedish audit report.

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 2008. The company's annual accounts and the consolidated accounts are included in the printed version on pages 40-72. 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 our 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 IFRs 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.

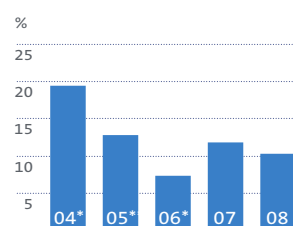
Gothenburg, February 25, 2009
 Deloitte AB

Jan Nilsson
 Authorised Public Accountant

Five-year review

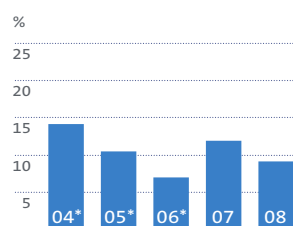
Taking into consideration the fact that in mid-2005 Gunnebo refined its security business by distributing the shares in Gunnebo Industrier free of charge to shareholders, the five-year review excludes Gunnebo Industrier.

Return on equity



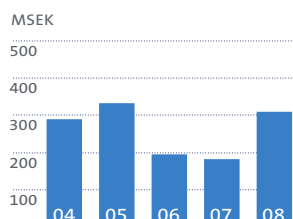
* Excl. items affecting comparability

Return on capital employed

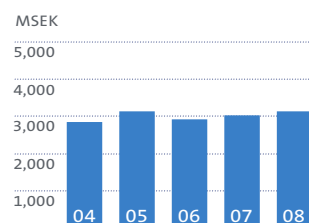


* Excl. items affecting comparability

Operating cash flow, excl. restructuring costs



Capital employed



Income statement, MSEK	2008	2007	2006	2005	2004
Net sales	6,903	7,025	6,727	6,477	6,086
Cost of goods sold	-4,957	-5,040	-4,802	-4,459	-4,116
Gross profit	1,946	1,985	1,925	2,018	1,970
Items affecting comparability	—	—	-243	-205	-204
Other operating expenses	-1,665	-1,636	-1,709	-1,710	-1,602
Operating profit/loss	281	349	-27	103	164
Net financial items	-101	-95	-89	-70	-43
Profit/loss after financial items	180	254	-116	33	121
Taxes	-65	-126	-12	-130	-37
Profit/loss for the year	115	128	-128	-97	84

Balance sheet, MSEK

Intangible assets	1,360	1,232	1,175	1,224	1,119
Tangible assets	625	584	628	744	676
Financial assets	346	168	207	219	164
Inventories	913	789	718	838	847
Operating receivables	1,849	1,846	1,766	1,639	1,690
Liquid funds	169	218	193	169	172
Total assets	5,262	4,837	4,687	4,833	4,668
Equity	1,073	1,142	1,044	1,208	1,383
Long-term liabilities	2,142	1,604	1,831	1,839	1,392
Current liabilities	2,047	2,091	1,812	1,786	1,893
Total equity and liabilities	5,262	4,837	4,687	4,833	4,668

Cash flow statement, MSEK

Cash flow from operating activities before changes in working capital	208	150	73	-130	265
Cash flow from changes in working capital	8	-130	-40	152	-61
Cash flow from operating activities	216	20	33	22	204

Operating cash flow, MSEK

Operating cash flow excl. restructuring costs	302	175	196	325	282
Operative cash flow incl. restructuring costs	255	66	53	136	209

Key ratios excl. items affecting comparability	2008	2007	2006	2005	2004
Return on capital employed, %	9.2	11.9	7.1	10.4	14.1
Return on equity, %	10.4	11.7	7.3	12.8	19.4
Operating margin before depreciation, %	6.0	6.9	5.4	6.8	7.9
Operating margin, %	4.1	5.0	3.2	4.8	6.0
Profit margin, %	2.6	3.6	1.9	3.7	5.3

Key ratios incl. items affecting comparability

Return on capital employed, %	9.2	11.9	-0.5	3.7	6.6
Return on equity, %	10.4	11.7	-11.4	-7.5	6.1
Gross margin, %	28.2	28.3	28.6	31.2	32.4
Operating margin before depreciation, %	6.0	6.9	1.8	3.7	4.6
Operating margin, %	4.1	5.0	-0.4	1.6	2.7
Profit margin, %	2.6	3.6	-1.7	0.5	2.0
Capital turnover rate, times	2.2	2.3	2.1	2.1	2.3
Equity ratio, %	20	24	22	25	30
Interest coverage ratio, times	2.9	3.7	-0.3	1.5	3.8
Debt/equity ratio, times	1.8	1.5	1.6	1.5	1.0

Share data excl. items affecting comparability

Earnings per share before dilution, SEK	2.50	2.80	1.85	3.80	6.00
Earnings per share after dilution, SEK	2.50	2.80	1.85	3.75	6.00

Share data incl. items affecting comparability

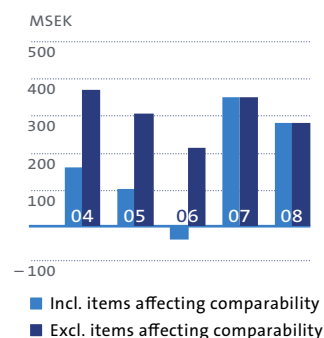
Earnings per share before dilution, SEK	2.50	2.80	-2.90	-2.25	1.90
Earnings per share after dilution, SEK	2.50	2.80	-2.90	-2.20	1.90
Equity per share, SEK	23.60	25.10	23.40	27.55	31.60
Cash flow per share, SEK	4.75	0.45	0.75	0.50	4.60

Other information

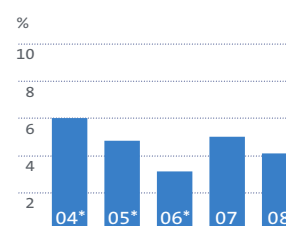
Foreign sales ratio, %	93	94	94	94	94
Order intake, MSEK	6,965	6,938	6,762	6,658	6,035
Capital employed, MSEK*	3,219	3,115	2,926	3,158	2,864
Net debt, MSEK*	1,967	1,746	1,673	1,763	1,328
Capital expenditure, MSEK	119	126	110	141	147
Depreciation, MSEK	130	127	136	134	115
Average number of employees	6,455	6,719	6,964	6,945	7,059

* Closing balance

Operating profit/loss

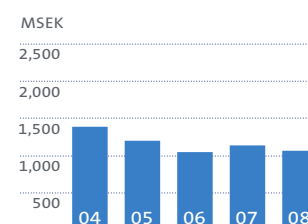


Operating margin

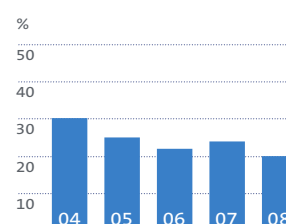


* Excl. items affecting comparability

Equity



Equity ratio



The Gunnebo share

2008 – a volatile year on the stock exchange

The Gunnebo share has been listed on Stockholm Stock Exchange since 1993, and is now on the NASDAQ OMX Nordic Exchange Stockholm 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 and voting rights

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. Share capital has remained unchanged in 2008.

Share price

2008 was a highly volatile year on the Stockholm Stock Exchange. Gunnebo's share price dropped by 67% during the year, and the last price paid was SEK 14.65. During the same period, Stockholm Stock Exchange's general index decreased by 42.6%. The lowest share price paid during the year was SEK 13.00 (December 18) and the highest share price paid was SEK 68.75 (April 1).

Trading and market value

A total of 15,259,347 shares (20,190,176) were traded in 2008 at a value corresponding to MSEK 596 (1,581). The average volume traded each trading day was 60,553 shares (80,761), equating to TSEK 2,364 (6,883). The trading rate was 32% (45), compared with an average of 49% for the Nordic Mid Cap Industrials list. The market value on December 29, 2008 was MSEK 667.

Shareholders

The number of shareholders on December 31 was 10,700 (10,600). The ten largest shareholders controlled 68% (67)

of the votes and capital. Swedish financial shareholders owned approximately 18% (19), and Swedish institutional shareholders 4% (8) of the capital. The percentage of foreign ownership amounted to 14% (15) and 15% of the share capital was owned by natural persons (15), which means that 85% (85) was owned by legal entities.

During 2008, the largest shareholder, Stena Adactum AB, increased its holding further and as of December 31 has 25.39% (24.93) of the votes and capital. At the same time the second largest shareholder, Vätterledens Invest AB, increased its holding to 18.65% (15.39). During 2008, the holding of the third largest owner, IF Skadeförsäkringar, remained unchanged at 10.59% of the votes and share capital. There is no clear trend as regards changes in the share of institutional or foreign ownership.

Dividend policy and proposed dividend

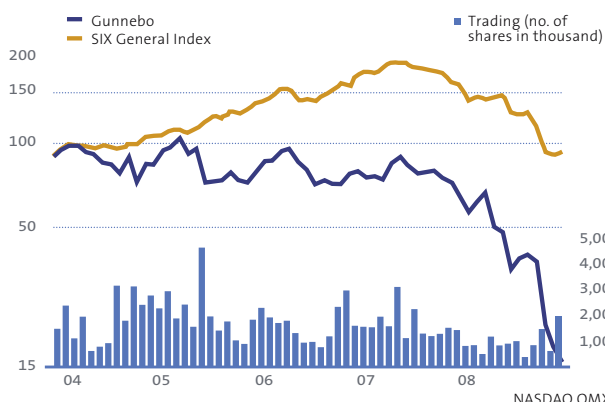
The Board's dividend proposal shall take into account Gunnebo's long-term development potential, its financial position and its investment needs. The Board has decided that the target for the dividend is that in the long term it shall amount to 30–40% of the profit after tax. The proposed dividend for 2008 is SEK 0.

Information to the capital market

Gunnebo aims 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 2008, a web-cast breakfast meeting was also arranged in Stockholm which attracted around 20 participants.

During the year, Gunnebo has also held around 50 individual meetings and arranged road-shows to London, Paris, Helsinki and Stockholm. The company has also participated in five 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, arranged a meeting of analysts in connection with the Skydd 2008 security fair in Stockholm in September which attracted 15 participants, attended three major seminars and arranged a capital market day in Stockholm which attracted around 50 analysts, investors, portfolio managers and journalists.

Gunnebo's share price since 2004



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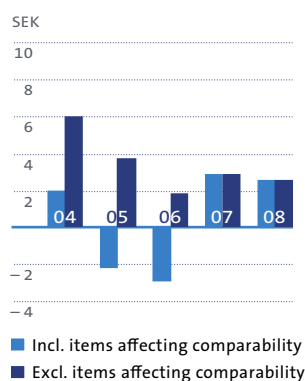
No. of shares	2008	2007	2006	2005	2004
Closing no. of shares, x 1,000	45,513	45,513	44,579	43,854	43,780
Average no. of shares, x 1,000	45,513	45,299	44,149	43,823	43,780

Largest shareholders Dec 31, 2008	No. of shares	Proportion, %
Stena Adactum	11,557,470	25.39
Vätterledens Invest, with associates	8,490,321	18.65
IF Skadeförsäkring	4,821,700	10.59
Odin funds	1,487,887	3.27
Enter funds	1,403,100	3.08
BNP Paribas	723,358	1.59
Skandia Global Funds	640,908	1.41
SEB Foundation	600,000	1.32
Bjarne Holmqvist	538,004	1.18
Muirfield Invest	535,751	1.18
2nd AP fund	483,907	1.06
4th AP fund	480,800	1.06
Didner & Gerge mutual fund	450,400	0.99
Spyder Lending Account	364,834	0.80
Geveko	360,000	0.79
Aktia Sparbank	323,668	0.71
JP Morgan Chase Bank	282,374	0.62
Pharos Invest AS	205,497	0.45
Other	11,763,380	25.86
Total	45,513,359	100.00

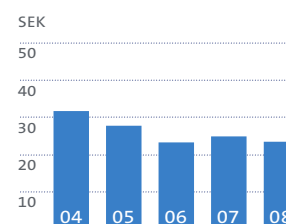
Shareholders by size	No. of shareholders	No. of shares	Holding and votes, %
1–500	7,806	1,125,830	2.47
501–1,000	1,392	1,168,819	2.57
1,001–5,000	1,173	2,734,949	6.01
5,001–10,000	167	1,278,880	2.81
10,001–50,000	130	2,843,479	6.25
50,001–	57	36,361,402	79.89
Total Dec 31, 2008	10,725	45,513,359	100.00

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

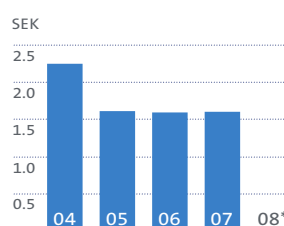
Earnings per share after dilution



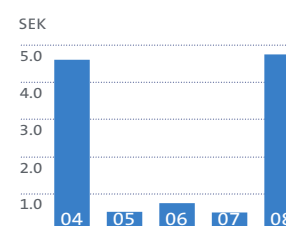
Equity per share



Dividend per share



Cash flow per share



Data per share for continuing operations

	2008	2007	2006	2005	2004
Earnings per share excl. items affecting comparability, SEK**	2.50	2.80	1.85	3.75	6.00
Earnings per share incl. items affecting comparability, SEK**	2.50	2.80	-2.90	-2.20	1.90
Equity per share, SEK	23.60	25.10	23.40	27.55	31.60
Cash flow per share, SEK	4.75	0.45	0.75	0.50	4.60
Dividend, SEK*	0.00	1.60	1.60	1.60	2.25

Share price related share data

	2008	2007	2006	2005	2004
Share price at year-end (last price paid), SEK	14.65	65.00	79.00	78.50	83.25
Highest price during the year (price paid), SEK	68.75	90.75	104.50	109.50	101.50
Lowest price during the year (price paid), SEK	13.00	64.25	69.75	68.70	72.50
Market value at year-end, MSEK	667	2,958	3,522	3,443	3,645
P/E ratio	6	23	neg.	neg.	23
Dividend yield, %	—*	2.5	2.0	2.0	2.7

* The Board proposes that no dividend be paid for 2008.

** After dilution

Risk management and sensitivity analysis

Risks in Gunnebo's operating environment

In order to provide the Group's customers with security solutions, Gunnebo exposes itself to various risks, which must be managed. Being aware of these risks is a prerequisite for achieving good profitability.

A risk may be dependent on events in the world around and affect entire markets or a specific industry. A risk could also be directly linked to a company. As an international corporation, Gunnebo is exposed to business and financial risks.

Business risks primarily include operational and strategic risks, such as business environment risks, raw material risks, product risks and legal risks.

The financial risks are mainly linked to changes in interest rates and exchange rates, as well as refinancing and counterpart risks.

The local managements at Gunnebo's Customer and Competence Centres are responsible for developing strategies and identifying risks in their market or product-based area of responsibility. The inclusion of representatives of the Group Executive Team in all internal boards of the Customer and Competence Centres, ensures that relevant information is collected and analysed. Further information about how Gunnebo is managed can be found in the Corporate Governance Report on pages 80–85.

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.

Market risk

Gunnebo has a relatively broad product range and customer structure, as well as presence on a high number of geographic markets which gives a good spread of risks. It also prevents the Group from being dependent on a limited 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.

The Group's sensitivity to business cycles is considered relatively low: economic conditions in the construction and property sectors are of most importance to Outdoor and Indoor Perimeter Security and to some extent Entrance Control, while the market situation in the bank and retail markets has the greatest impact on the Secure Storage, Electronic Security and Cash Automation product areas. Furthermore, parts of the Group's business experience seasonal variations. For example, Business Line Site Protection is influenced by weather condi-

tions during the winter months in Europe as they affect the ability to supply and install solutions for outdoor perimeter security.

Demand for Gunnebo's products, systems and services is influenced by changes in customers' investment plans. Customers' investment patterns can alter considerably if the economic situation in a country, industry or region changes. Political decisions can also have an impact on customers' investment patterns.

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.

Production risks

Gunnebo's Competence Centres are responsible for manufacturing the products and systems which make up the Group's global offering. This production takes place at 18 facilities. Production stoppages or production overloads can impact on delivery times.

Gunnebo deals with production risks and risks relating to the Group's property partly through a far-reaching programme for identifying and assessing such risks. The programme is applied at all of Gunnebo's production plants and aims to prevent these types of risk or, if an event is beyond Gunnebo's control, to mitigate the consequences. The production plants are also continuously inspected by Gunnebo's insurers within the framework of a special risk assessment system called Gunnebo Blue.

Distribution risks

On markets where Gunnebo has its own Customer Centre, that centre is responsible for all marketing and sales to the customer. On other markets Gunnebo collaborates with a network of agents and distributors. Their capacity can impact on the Group's sales, but Gunnebo is not dependent on a single agent or distributor.

Product risks

The majority of the Group's products have limited risk in their application. It should however be noted that many of the prod-

ucts 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 may be supposed 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.

In addition to the operational risks outlined above, the following risks are monitored continuously, primarily on the markets where the Group has its own Customer Centre:

- Environmental risks
- Fraud risk
- Development of pricing and cost structures
- Competition
- Technical advancement/development
- New security legislation, standards and requirements
- Competence supply

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 counterpart risks.

Organisation and activities

The Group's financial operations are managed through the two subsidiaries Gunnebo Treasury SA and Gunnebo Service AB. Gunnebo Treasury SA is responsible for the Group's principal external borrowing and currency risk management, and acts as the Group's internal bank. It is also responsible for supporting the Group's subsidiaries with loans, investments and currency transactions.

Gunnebo Service AB is responsible for the Group's liquidity management. Through this centralisation the Group is able to benefit from economies of scale and synergies within the financial area. In addition, the finance 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.

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 1% change in selling prices affects income and operating profit by approximately MSEK 70.

Labour costs

A 1% 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% 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% in the exchange rate of the Swedish krona against the euro and pound sterling would affect operating profit by a total of approximately MSEK 50, of which MSEK 33 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 17 is attributable to translation exposure.

A change in the exchange rate of the Swedish krona primarily against the Swiss Franc, euro and pound sterling would also affect the debt/equity ratio. For example, a weaker Swedish krona would result in a higher balance sheet total, while Group equity would not increase to the same extent, since the positive currency translation effects on foreign net assets would be offset by currency hedging. With regard to the prevailing terms in the Group's loan agreements for debt/equity ratio, this would decrease the available credit facilities.

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 approximately MSEK 10 for the subsequent 12 months. ■

Corporate governance report

Safe business requires good management and control

Corporate governance provides a framework which ensures that the Group's operations are administered in an effective way for its shareholders. Gunnebo aims to maintain a high standard of corporate governance.

Gunnebo AB is listed on the NASDAQ OMX Nordic Exchange Stockholm and the Group's corporate governance is therefore based on Swedish legislation, the listing agreement with NASDAQ OMX Nordic Exchange Stockholm, the Swedish Code of Corporate Governance (the Code), the company's Articles of Association and other relevant rulings.

The Group's Board and management strive to ensure compliance with the requirements which OMX Nordic Exchange, shareholders and other stakeholders place on the company.

Gunnebo complies with the Code's regulations in every respect.

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

Clear division of responsibility

Control and the division of responsibility in Gunnebo – both strategic and operative – are mainly exercised by:

- Shareholders
- Board of Directors
- Chief Executive Officer
- Group Executive Team
- Group Management Team
- Operational boards
- Corporate functions
- Management groups in the Customer and Competence Centres

Shareholder governance through the Annual General Meeting

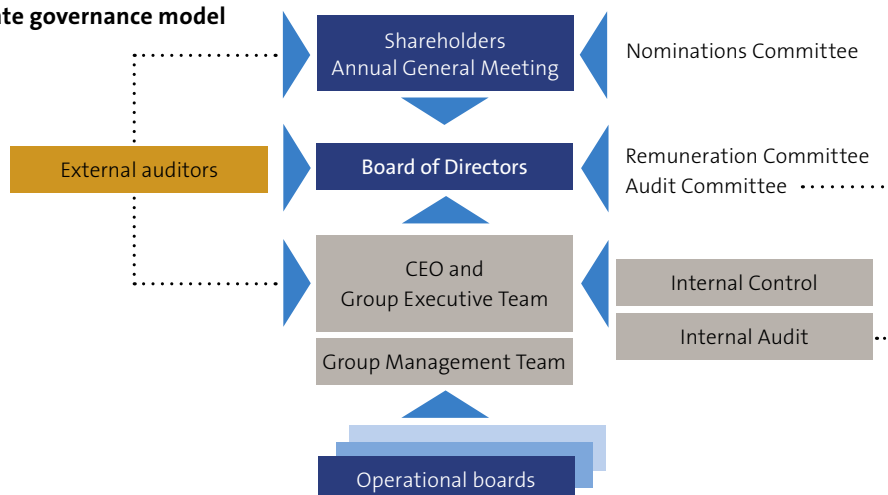
The influence of the shareholders is exercised at the Annual General Meeting (AGM), which is Gunnebo's highest decision-making body. All shareholders who are entered in the register of shareholders and have registered their participation in the AGM within the given time are entitled to take part in the AGM with full voting rights. Shareholders who are unable to attend are given the opportunity of representation through a proxy.

The AGM decides on the Articles of Association, 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 salary and other remuneration to senior executives, any issues of new shares and the introduction of share-related incentive schemes such as stock option programmes, for example.

The Annual General Meeting was held on April 3, 2008 at the Chalmers Student Union building in Gothenburg. 146 shareholders, representing 59.6% of the number of votes and shares, took part in the AGM. Mikael Jönsson, Martin Svalstedt, Lena Olving, Björn Eriksson and Bo Dankis were reappointed as members of the Board of Directors, and Göran Bille was elected as a new member. The AGM elected Martin Svalstedt as Chairman of the Board.

The AGM decided on a cash dividend of SEK 1.60 (1.60) per share to shareholders.

Gunnebo's corporate governance model



The AGM authorised the Board to make decisions regarding issues of new shares of up to 1,200,000 shares in the period up to the next AGM. This authorisation has not been utilised to date.

For further information about Gunnebo's largest owners, ownership structure and dividend policy, see pages 76–77.

Nominations Committee

The Nominations Committee's task is to submit proposals regarding, for example, 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 2008 Annual General Meeting 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 2008 to comprise the Nominations Committee.

The Nominations Committee comprises Dan Sten Olsson, Stena Adactum AB; Nils-Olov Jönsson, Vätterledens Invest AB; Nils Petter Hollekim, Odin Forvaltning AS and Martin Svalstedt, Chairman of the Board and convener. Gunnebo's third largest shareholder, If Skadeförsäkring, has declined to appoint a representative and the fourth largest owner, Odin Forvaltning AS, has therefore done so instead. The Nominations Committee has held one meeting 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 six 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. The company's President and CEO, CFO and General Counsel do, however, take part in Board meetings, the latter also as secretary. Senior executives also take part when necessary.

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 large shareholders. The independence of Board members is shown in the table below.

Board procedures

The Board's main task is to be responsible for the company's organisation and administration. The Board's work is governed by the Swedish Companies Act and 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. It also has the responsibility of appointing and dismissing the CEO and deciding on significant changes to Gunnebo's organisation and operation. Moreover, the Board decides on corporate acquisitions and other major investments and financing, for example.

Report of meetings

The Board of Directors held ten minuted meetings in 2008. In addition to ongoing reports from the CEO, accounts for finished periods, the 2008 and 2009 budgets, interim and annual reports, financial reports, reports from committees and the Nominations Committee and AGM-related matters, the following issues, among others, were discussed during these meetings:

- Proposed corporate acquisitions
- Investment issues
- Board evaluation
- Change of CEO
- Procedures for the CEO and Board of Directors as well as for the Remuneration and Audit Committees.
- Presentation of operations in Customer Centres France, Spain, Nordic, Germany and Region Indian Ocean Rim, and in Competence Centres Outer Perimeter Security, Cash Automation and Indoor Perimeter Security.

Board member attendance statistics and independence, 2008

Name Elected by the AGM	Elected	Board meetings	Remuneration Committee	Audit Committee	Independent of:		Total remuneration, TSEK
					The company and corporate management	The company's larger shareholders	
Martin Svalstedt	2003	10 (C)	2 (C)		Yes	No	400
Mikael Jönsson	2000	10 (M)	2 (M)	3 (C)	Yes	No	250
Lena Olving	2004	9 (M)		2 (M)	Yes	Yes	250
Björn Eriksson	2006	8 (M)			Yes	Yes	225
Bo Dankis	2006	10 (M)		3 (M)	Yes	Yes	250
Göran Bille	2008	8 (M)	1 (M)		Yes	Yes	250

Employee representatives

Bo Anders Hansson	1999	9 (M)					38.7
Claes-Göran Karlsson	2005	8 (M)					38.7
Christer Grimstahl	2000	7 (D)					38.7
Lars-Olof Larsson	2005	9 (D)					38.7
Number of meetings:		10	2	3			Total: 1,779.8

C = Chairman M = Member D = Deputy

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, Board material, the committees and how well the Chairman and members of the Board perform their primary tasks in accordance with the Swedish Code of Corporate Governance.

Chairman

Martin Svalstedt was elected as Chairman of the Board at the Annual General Meeting on April 3, 2008. It is the responsibility of the Chairman to ensure that the Board's 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.

Committees

The Board at Gunnebo currently has two committees: the Remuneration Committee and the Audit Committee. Representatives for these committees are appointed by the Board members amongst themselves.

Remuneration Committee

The Remuneration Committee is tasked with preparing issues relating to the Group Executive Team's and Group Management's employment conditions, succession planning and other personnel development issues drafted by the Group Executive Team and the Group's SVP Human Resources. Issues discussed during the year include performance requirements, bonus models and incentive programmes for senior executives. The Remuneration Committee met on two occasions in 2008. After the AGM on April 3, the committee comprised Martin Svalstedt, Mikael Jönsson and Göran Bille with Martin Svalstedt as Chairman. The attendance of the members of the Remuneration Committee is shown in the table on page 81.

Audit Committee

The primary task of the Audit Committee is to serve as a planning body in contact between the Board and auditors, 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 management and reporting of financial risks.

Mikael Jönsson, Bo Dankis and Lena Olving were the members of the Audit Committee in 2008, with Mikael Jönsson as Chairman. 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 81.

Chief Executive Officer

The Group's President and CEO until February 28, 2009 was Göran Gezelius. He will be replaced by Per Borgvall on March 1, 2009.

The CEO manages operations in accordance with the working procedures adopted by the Board. The CEO is also responsible for ensuring the Board receives information and the necessary decision data, provides reports at Board meetings and keeps the Board and Chairman regularly informed of the company's and Group's financial position and development.

The Group Executive Team

The Group Executive Team comprises the CEO, Chief Financial & Information Officer, SVP General Counsel, Business Development & Acquisitions and the Country Manager for Gunnebo France. It is the task of the Group Executive Team to draw up detailed strategies and guidelines for the Group's operations, following instructions from the Board, and to implement them. This is partly achieved by the CEO, CFO and SVP General Counsel sharing the chair of the operational boards for the Group's Customer and Competence Centres. The Group Executive Team held 12 minuted meetings during the year.

Operational management

Gunnebo's operational side of the business comprises six Competence Centres and 22 Customer Centres. The Group's Competence Centres are responsible for product development, purchasing, production and logistics of products sold by the Group's Customer Centres. The Group's Customer Centres are responsible for marketing, sales and after-sales service on their respective markets. The Competence Centres are responsible for sales to markets where the Group is only represented by agents and distributors.

The Competence and Customer Centres are mainly managed by their respective operational boards and management groups.

The corporate functions work according to the procedures outlined in policies, guidelines and instructions.

Operational boards

Each Customer and Competence Centre has an operational board. There are 20 operational boards within the Group today. They are responsible for steering the respective Customer and Competence Centre, and are the bodies responsible for operational management of the Group. A member of the Group Executive Team is always the chairman of the board. Other members of the operational boards comprise representatives from the Centres' respective management groups.

Group Management Team

The Group Management Team comprises the members of the Group Executive Team plus a further 14 senior executives. The Group Management Team is a forum for establishing and communicating the Group Executive Team's decisions. It is within the Group Management Team that the CEO and Group Executive Team communicate decisions taken and follow up set strategies.

It is then the responsibility of each Customer and Competence Centre's General Manager to implement these decisions in the operation. In addition, discussions are held on business development and good examples from the organisation. The Group Management Team held four full-day meetings during the year.

Corporate functions

Gunnebo's head office, Gunnebo AB (publ), has corporate functions for co-ordinating Accounting & Finance, Internal Control, Internal Audit, Group Accounting, Business Control, Legal, Business Development, Mergers & Acquisitions, Quality, Environment, Purchasing, Logistics, IT, Human Resources and Communication. These functions are responsible for drawing up the appropriate Group-wide policies and strategies within their respective areas of responsibility, and for assisting and further developing the organisation based on their respective areas of expertise.

Management groups in the Customer and Competence Centres

The management groups for Gunnebo's Customer and Competence Centres are responsible for managing the day-to-day operation. All management groups for the Customer and Competence Centres have a similar structure. In the Customer Centres they comprise the Country Manager, Business Line Managers for Bank, Retail, Site Protection, Secure Storage and After-Sales Service, and the Manager for Internal Service & Support whose responsibilities include accounts, finance, human resources and legal issues. In the Competence Centres the management groups comprise the Competence Centre's General Manager together with the personnel responsible for business development, product development, production, customer services, logistics, and internal service and support.

Gunnebo's operational management is also shown in the figure on page 84.

Financial reporting

Each Customer and Competence Centre reports the financial results of its operations on a monthly basis. The reports are compiled by the corporate functions for finance and accounting within the parent company and form the basis for further analysis and quarterly reports for shareholders and the stock market.

The acquisition process

The Gunnebo Group is the result of more than 40 acquisitions carried out between 1995 and 2005. Today the main focus is on organic growth, but additional acquisitions – whether geographically or technologically motivated – are part of the strategic plan. All acquisitions are carried out in accordance with the Group's acquisition policy which, among other things, regulates the various stages of the acquisition process.

The goodwill items arising in connection with Gunnebo's acquisitions are regularly tested and at the end of each calendar year a thorough analysis, known as an impairment test, is conducted with the aim of ensuring the values which arose in connection with the acquisition can be justified.

Code of Conduct and Core Values

In 2008, a revised Code of Conduct was implemented throughout the organisation. Gunnebo's Code of Conduct has been drawn up to highlight the basic principles that govern Gunnebo's operations. It aims to guide the Group's employees in their contacts with other employees, customers, suppliers, shareholders and society at large. The Code stipulates that Gunnebo shall adhere to international and national laws and regulations. Last but not least, the Code of Conduct also states that all employees shall act as responsible participants within the company's areas of operation and contribute to sustainable development.

The Group has five Core Values which provide support in the day-to-day operation – **Customer Focus, Quality, Integrity, Cooperation and Professionalism** – which shall form the basis for all activities within the Group. They are the common denominator in everything the Group does, from product development to marketing, sales and after-sales service.

Incentive programmes

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

For senior executives

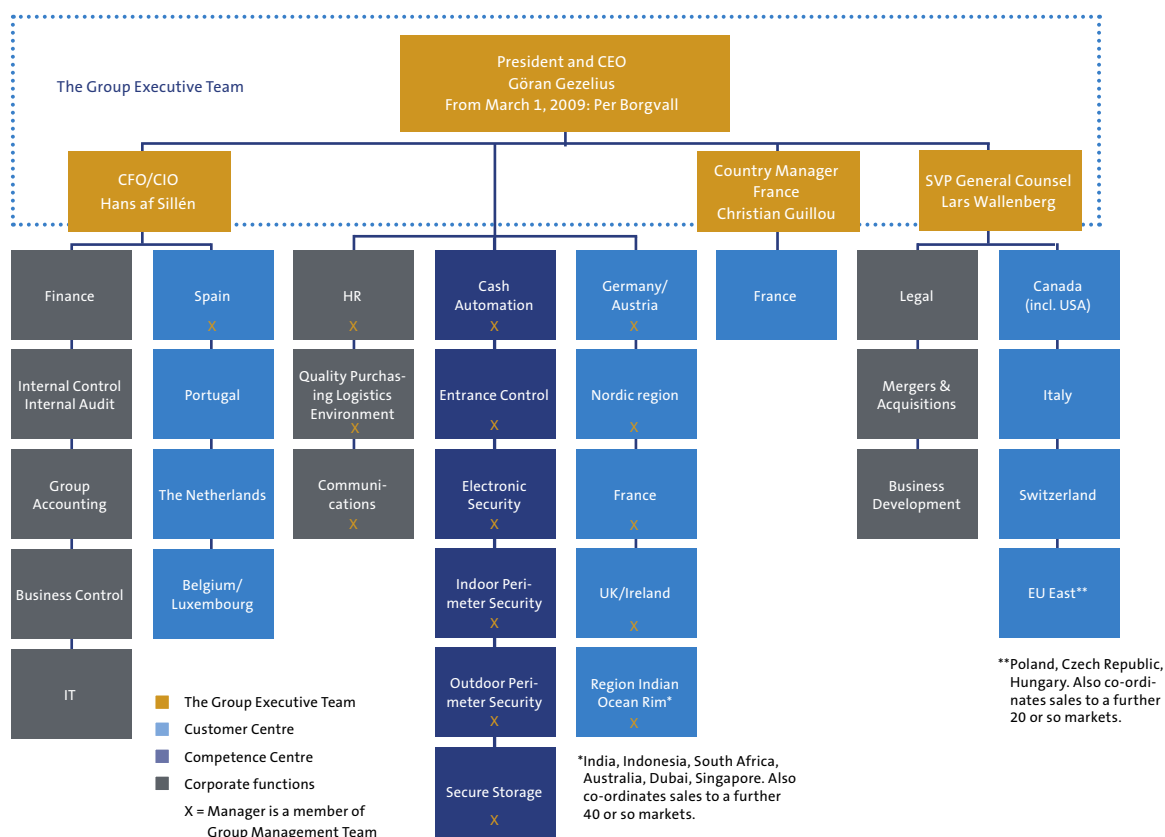
The basic structure is a combined share and warrants programme where senior executives and other key personnel are given the opportunity to subscribe to and tie up newly issued shares until the date of publication of Gunnebo's year-end release for the 2010 financial year. For every 200 shares held, participants 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.

For Board members

The programme for Board members 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.

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. A warrant/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.



External audit

Gunnebo's auditors are selected by the AGM for a period of four years. The current period began in 2008 and applies until the 2012 Annual General Meeting. At the 2008 Annual General Meeting, Deloitte was selected as the audit company with Jan Nilsson as the Principal Auditor. The auditors report to the Board on their examination and pass judgement on the internal control. In addition to standard audit tasks, Deloitte also provides consulting and inquiry services. 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 32.

Internal Control

In 2007 Gunnebo set up a new corporate function responsible for Internal Control and Internal Audit. During 2008 the function continued to develop the internal control process with audits according to an annual plan, as well as producing minimum requirements for the Group's policies and guidelines. This work has partially entailed advice to corporate functions in connection with updates to Group-wide policies and on various internal control issues within the operation.

Internal Audit works on behalf of the Board's Audit Committee. The Internal Control function is a support and complement to the operation, and works on behalf of the Group Executive Team with the aim of improving internal governance and control. Responsibilities and authorisations for both roles are set out and documented in function and work descriptions, as well as in audit instructions in order to ensure independence, for example. The function reports administratively to the Chief

Financial Officer and periodically also to the Audit Committee. For further details about the report paths for both functions, see the diagram on page 80. ■

REPORT ON INTERNAL CONTROL

The Board of Directors' and CEO's responsibility for internal management and control is regulated in the Swedish Companies Act and the Swedish Code of Corporate Governance (the Code). This report has been prepared in accordance with the Code and the guidelines produced by FAR (the institute for the accounting profession in Sweden) and the Confederation of Swedish Enterprise. As in previous years, 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 external auditors.

Internal Control over financial reporting

Internal Control is defined as the process carried out by Gunnebo's Board of Directors, Group Executive Team, operational management and other relevant personnel in the company. Internal Control is a dynamic process developed in line with changes in the company's external and internal conditions. It aims to ensure that the Group's goals are achieved in terms of appropriate, effective processes, and that external financial reporting is prepared in accordance with prevailing rules and legislation in order to obtain reasonable assurance regarding reliability.

The basic principles of Gunnebo's structure for Internal Control are control environment, control activities, risk assessment, information and communication, and monitoring.

Control environment

Internal governance and control are performed by the following functions: the Board of Directors, Audit Committee, management groups and corporate functions including Internal Audit and Internal Control, operational management, controllers and other employees.

Gunnebo's Board of Directors has overall responsibility for internal control, both regarding financial reporting and operations in general. The control environment also encompasses the ethical values and Core Values documented in the Group's Code of Conduct.

Gunnebo has a decentralised organisational structure where a number of governing documents ensure clearly defined responsibility and authorisation regarding internal management. The management is based on the Board's procedures and instructions for the CEO and Audit Committee, and further through clear guidelines for the Group Executive Team and Group Management Team respectively. The latter then work with the operational management which is supplemented with more detailed policies, rules and instructions for employees, such as authorisation rules and HR policies.

Control activities

Gunnebo's control structures have been designed to manage the risks deemed important to internal control over financial reporting.

The Group Executive Team and Group Management Team are responsible for maintaining an effective control environment and for ensuring the control activities are carried out at Group level through the corporate functions and at a detailed level through the operational organisation in the internal boards, and the finance functions in the Customer and Competence Centres.

The control activities aim to prevent, detect and correct errors and deviations in the financial reporting. In the operational organisation, the management groups at each Customer and Competence Centre are responsible for control procedures, for implementing the Group's policies, drawing up local policies, guidelines and instructions, ongoing monitoring and reporting of deviations and risks.

Risk assessment

Risk assessment is carried out at Board and Group level down to the operational management groups in connection with strategic planning, budgeting/forecasts, acquisition activities and during changes in accounting rules and recommendations to ensure they are correctly reflected in the financial reporting.

Moreover, as part of its work in drawing up the audit plan, Internal Audit has taken into account risks during the year which may arise from operational changes or other reasons such as mergers, management changes, fraud risks and a lack of documented processes. In the company's operations these risks mainly arise in the valuation of inventories, accounts receivable, installation projects and provisions.

Read more about the Group's risks in the Risk management and sensitivity analysis section (pages 78-79), in Note 3 Financial risk management and financial instruments, and Note 34 Business risks.

Information and communication

Gunnebo has well-established procedures which ensure that both external and internal information is communicated in accordance with external requirements and is of satisfactory quality. There is a Communication Policy which supports the Group's information and communication work. The policy clearly specifies who may communicate what type of information and that the information must be correct, co-ordinated, consistent, quick and easy to digest, both internally and externally. This is partly made possible through the continuous updating and communication of the company's policies, guidelines and manuals to relevant personnel via the intranet and other channels. The Group website www.gunnebo.com contains comprehensive information about the Group's organisation, operations, contact details, publications and financial information.

Monitoring

Regular monitoring is carried out at different levels to ensure internal control over financial reporting. Gunnebo's corporate management reports regularly to the Board on financial development, with analyses and comments on results, plans and forecasts. The Board also receives feedback from the meetings held between the Audit Committee and the external auditors, Internal Audit and Group Executive Team. The Audit Committee's work includes continuously monitoring the compliance of the internal control.

In addition there is also monitoring, both informal and formal, primarily of operating results at Group and Centre level through the internal boards and finance functions, in accordance with set guidelines on accounting and financial reporting.

Standardised reporting procedures are in place for monthly, quarterly and annual reports, and Gunnebo uses a common IT system for consolidation.

During the year, Internal Audit performed new audits and followed up previous audits to ensure the companies are working on action plans to strengthen internal management and control. This work has been carried out using internal resources and complemented with external consultants, partly to ensure independence.

During 2008 an updated self-assessment has also been sent to those Customer and Competence Centres which have seen changes at management level. ■

Read more about the Group's corporate governance online:

www.gunnebo.com/governance

The website has minutes of Annual General Meetings, information about the Group's incentive programmes and insider registration.

Board of Directors



Martin Svalstedt

Chairman

Elected: 2003, Chairman since 2008

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 and Stena Renewable Energy AB. Member of Midelfart Sonnesson AB, Gislaved Folie AB, MediaTec AB, SentoClone AB and Stena Adactum AB.

Shareholding: 86,154 (of which 32,000 in endowment insurance)

Stock options: 16,000



Mikael Jönsson

Board member

Elected: 2000

Born: 1963

Nationality: Swedish

Main position:
President, 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, Kopparbergs Bryggeri AB, Nanoxis AB and Wipcore AB.

Shareholding: 92,000

Stock options: 16,000



Lena Olving

Board member

Elected: 2004

Born: 1956

Nationality: Swedish

Main position:
Executive Vice President and Business Group Chairman Systems and Products, Saab AB.

Education: Master of Science in Mechanical Engineering

Professional background: Almost 25 years in various posts at Volvo Cars, Director of operational excellence, and five years in Asia as manager of Volvo Cars' operation in South-east Asia, also a period as President of Samhall Högland AB. Executive Vice President of Saab AB since December 1, 2008.

Other Board appointments:
Green Cargo AB

Shareholding: 2,000

Stock options: 8,000



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: Chairman of Gadelius K.K., Tokyo, and the Swedish Trade Council as well as Member of Perstorp Holding AB and its subsidiaries and associated companies.

Shareholding: 4,000

Stock options: 16,000



Claes-Göran Karlsson

Employee representative for IF Metall

Elected: 2000

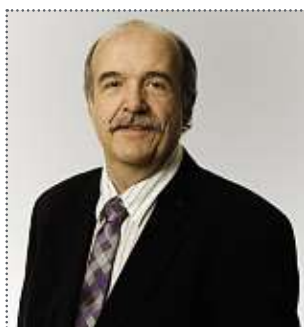
Born: 1958

Nationality: Swedish

Education: Engineer

Shareholding: –

Stock options: –



Lars-Olof Larsson

Employee representative for IF Metall, deputy member

Elected: 2005

Born: 1961

Nationality: Swedish

Education: Automotive engineering

Shareholding: –

Stock options: –



Bo Anders Hansson

Employee representative for Unionen

Elected: 1999

Born: 1954

Nationality: Swedish

Education: Engineering

Shareholding: –

Stock options: –



Christer Grimstål

Employee representative for Unionen, deputy member

Elected: 2005

Born: 1962

Nationality: Swedish

Education: Sales

Shareholding: 2,500

Stock options: –

Auditor



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 of Interpol and World Customs Organization (WCO) and senior positions in Sweden's Ministry of Finance.

Other Board appointments:

Chairman of eg NTF, AB Göta Kanal, Hagdahlsakademien, Vadstena Academy and Svenska Skidskytteförbundet. Member of eg SE-Banken's Samhällsekonomska Råd and Barn-diabetesfonden.

Shareholding: –

Stock options: –



Göran Bille

Board member

Elected: 2008

Born: 1955

Nationality: Swedish

Main position:

President and CEO of AB Lindex.

Education: Master of Science in Business Administration

Professional background: Several senior positions at H&M including President of H&M Rowells, Country Manager for H&M in Sweden, Division Manager for H&M Woman.

Other Board appointments: None except in Lindex subsidiaries.

Shareholding: 10,000

Stock options: –



Jan Nilsson

Born: 1962

Principal Auditor since 2008

Authorised Public Accountant, Deloitte AB

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

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

Buy options: 100,000

Stock options: 32,000

*Succeeded on March 1, 2009 by Per Borgvall.



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: 14,000

Stock options: 32,000



Lars Wallenberg

SVP General Counsel, Head of 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

Stock options: 16,000



Christian Guillou

Country Manager France

Employed: 2008

Born: 1967

Nationality: French

Education: ESLSA (French business school), IMD (marketing degree), INSEAD (general management & strategy degree)

Professional background: Senior positions at Franciflex, BPB Placo and Pergo.

Board appointments: Perfect Home SAS

Shareholding: 6,267

Stock options: –

Group Management Team



Sven Boëthius

Regional Manager 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: 14,000

Stock options: 32,000



Fredrik Granat

General Manager Competence
Centre Outdoor Perimeter Security

Employed: 2000

Born: 1963

Nationality: Swedish

Education: Master of Science in Business Administration

Professional background: SCA group, NC Nielsen, Groupa di GDM and Klippan AB.

Board appointments: –

Shareholding: 2,000

Stock options: 8,000



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 Ballingslöv, among others.

Board appointments: –

Shareholding: 200

Stock options: 660



Martin Houseman

Country Manager 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: BSc in Human Resources, Associate degree in Business Administration
Professional background: HR management positions at Getinge, Altima and Esab, among others.
Board appointments: –
Shareholding: 3,000
Stock options: 24,000



Rolf Kjällgren
SVP Quality, Logistics, Environment and Purchasing Officer
Employed: 2007
Born: 1965
Nationality: Swedish
Education: Master of Science in Industrial Engineering and Management
Professional background: Senior positions within quality and supply chain management at ABB and AF Gruppen.
Board appointments: –
Shareholding: 4,000
Stock options: 32,000



Gilbert Korchia*
General Manager Competence Centre Electronic Security
Employed: 2000
Born: 1954
Nationality: French
Education: Engineering
Professional background: Senior positions at Dassault A.T.
Board appointments: –
Shareholding: 1,000
Stock options: 4,000
*Former Manager Business Line Bank in France, took up the new position on August 1, 2008.



Olle Magnusson
Country Manager Germany/Austria
Employed: 2006
Born: 1950
Nationality: Swedish
Education: Engineer and Economist
Professional background: Senior positions at IBM and Volvo, among others.
Board appointments: Migros Eurocentres in Switzerland, the Swedish Chamber of Commerce in Germany
Shareholding: 4,000
Stock options: 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 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
Stock options: 4,000



Niklas Thoreson*
General Manager Competence Centre Cash Automation
Employed: 2008
Born: 1970
Nationality: Swedish
Education: Studies in Technology, Marketing and Finance Master's degree from IHM and DIHM.
Professional background: Senior positions in strategic business development, most recently President of Q-Matic UK.
Board appointments: –
Shareholding: 2,000
Stock options: 16,000
*Took up the position on February 4, 2008.



Karin Wallström
Communication Manager*
Employed: 2003
Born: 1978
Nationality: Swedish
Education: Master of Science in Economics and Business Administration, Journalist
Professional background: Economics journalist, employed at Gunnebo's communication department since 2003.
Board appointments: –
Shareholding: 400
Stock options: –
*Until April 30, 2008: Janerik Dimming



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, CEO Cardo Pump AB.
Board appointments: Alvedoor, Bellman & Symfon, MoWidare.
Shareholding: –
Stock options: –

Head office

GUNNEBO AB

Box 5181
SE-402 26 GOTHENBURG
www.gunnebo.com
President and CEO: Per Borgvall
(From March 1, 2009)

Customer Centres

AUSTRALIA/NEW ZEALAND

Gunnebo Australia Pty Ltd
Unit 8/9
16 Lexington Drive
Northwest Business Park
Bella Vista NSW 2153
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 BRUXELLES
www.gunnebo.be
Country Manager: Frederik De Broyer

CANADA

Gunnebo Canada Inc.
9 Van der Graaf Court
Brampton
L6T 5E5
CA-ONTARIO
www.gunnebo.ca
Country Manager: John Haining

CZECH REPUBLIC

Gunnebo CZ s.ro.
Za Tratí 928/6
CZ-196 00 PRAGUE 9
www.gunnebo.cz
Country Manager: Jiri Machka

FRANCE

Gunnebo France S.A.S
15/17 Avenue Morane Saulnier
BP 11
FR-78141 VELIZY
VILLACOUBLAY
www.gunnebo.fr
Country Manager: Christian Guillou

GERMANY/AUSTRIA

Gunnebo Deutschland GmbH
Siemensstrasse 1
DE-85716 UNTERSCHLEISSHEIM
www.gunnebo.de/at
Country Manager: Olle Magnusson

HUNGARY

Gunnebo Magyarország Kft.
Kiss Ernő u. 1-3
HU-1046 BUDAPEST
www.gunnebo.hu
Country Manager: István Roszmann

INDIA

Gunnebo India Ltd.
4th floor, Lake City Mall "A"
Kapurbawdi Junction, Majiwade
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

THE NETHERLANDS

Gunnebo Nederland BV
Visseringweg 23
NL-1112 AS DIEMEN
www.gunnebo.nl
Country Manager: Patrick van Aart

NORDIC REGION

Gunnebo Nordic AB
Askims Verkstadsväg 4
Box 9065
SE-400 92 GOTHENBURG
www.gunnebo.se/dk/no/fi
Country Manager: Sven Boëthius

POLAND

Gunnebo Polska Sp. z o.o.
Piwonicka 4
PL-68-800 KALISZ
www.gunnebo.pl
Country Manager: Jurek Szkalej



- Customer Centre
- Competence Centre
- Gunnebo AB

PORTUGAL

Gunnebo Portugal S.A.
Av. Infante D. Henrique, lote 306-2
PT-1950-421 LISBOA
www.gunnebo.pt
Country Manager: Carlos Valpradinhos

SINGAPORE

Gunnebo Singapore Pte Ltd
138 Robinson Road #0901
SINGAPORE 068906
www.gunnebo.sg
Country Manager: Elsie Tay

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 edificio B2, Planta 11
ES-08019 BARCELONA
www.gunnebo.es
Country Manager: José Ortuño

SWITZERLAND

Gunnebo Suisse SA
Route de St.-Cergue 303
CH-1260 NYON
www.gunnebo.ch
Country Manager: Mike Finders

UK/IRELAND

Gunnebo UK Ltd
P.O. Box 61
Woden Road
UK-WV10 0BY WOLVERHAMPTON
www.gunnebo.co.uk
Country Manager: Martin Houseman

WEST ASIA

Gunnebo West Asia
Dubai Airport Free Zone
P.O. Box 54435
DUBAI
United Arab Emirates
www.gunnebo.com
Country Manager: Jacob Touma

Competence Centres

SECURE STORAGE

Competence Centre Secure Storage
P.O. Box 61, Woden Road
WOLVERHAMPTON
West Midlands
UK-WV10 0BY
www.gunnebo.com
General Manager: Robert Hall

CASH AUTOMATION

Competence Centre Cash Automation
Box 5321
Fabriksg. 10
SE-402 27 GOTHENBURG
www.gunnebo.com
General Manager: Niklas Thoresson

ELECTRONIC SECURITY

Competence Centre Electronic Security
23 route de Schwobsheim
B.P. 40 285 BALDENHEIM
FR- 67606 Sélestat Cedex
www.gunnebo.com
General Manager: Gilbert Korchia

ENTRANCE CONTROL

Competence Centre Entrance Control
Bellbrook Business Park
UCKFIELD, East Sussex
UK-TN22 1QQ
www.gunnebo.com
General Manager: Rob Wheeler

INDOOR PERIMETER SECURITY

Gunnebo Troax AB
Box 89
Tyngel
SE-330 33 HILLERSTORP
www.gunnebo.com
www.troax.com
General Manager: Thomas Widstrand

OUTDOOR PERIMETER SECURITY

Competence Centre Outdoor Perimeter Security
c/o Gunnebo Wego GmbH
Johann-Reineke-Str. 6-10
DE-331 54 SALZKOTTEN
www.gunnebo.com
General Manager: Fredrik Granat

Gunnebo Glossary

BRE

Burglary-resistant equipment. 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.

Customer Centre

The term for Gunnebo's sales companies.

CCTV

Closed circuit television. An internal video surveillance system.

CIT

Cash in transit. Collective name for the transportation of money between eg a bank and a counting centre, or other organisations offering these services.

Competence Centre

The units responsible for product sourcing (production, procurement, research and development) within the Gunnebo Group.

Customer Centre

The term for Gunnebo's sales companies.

Deposit box

Solution for depositing cash and messages for the bank. Can be placed outside or inside the branch. Gunnebo's products in this area are called SafeBag.

DOD/DOS

Department of Defense (DOD) and Department of State (DOS) are official American standards for products in the field of outdoor perimeter security, among others. Gunnebo has tested most of the products in its high-security range, with approved results.

Electronic article surveillance (EAS)

Electronic article surveillance is a technical solution to prevent thefts from retail stores and book theft from libraries. Gunnebo is able to offer all three existing technologies, plus a fourth hybrid: acousto-magnetic technology (AM), electromagnetic technology (EM), radio frequency technology (RF) and radio-magnetic technology (RM).

Entrance control

Control at an access point where personal identification is required. Eg: offices, prisons, and airports.

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 level of certified safes are called high-graded safes.

High-security locks (HSL)

Certified locks, often electronic, 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.

OEM

Original equipment manufacturers. The segment for sales of primarily ATM units to some of the world's leading ATM suppliers.

PAS

Publicly Available Specification (PAS) is an official British standard for products in the field of Outdoor Perimeter Security. Gunnebo has tested most of the products in its high-security range, with approved results.

RFID

Radio frequency identification. A technology used for communicating via radio waves where the applications can both send and receive information.

Gunnebo's brands and product brands

MAIN BRAND

Gunnebo

All operating companies in the Group are called Gunnebo, all business is conducted under the Gunnebo brand and the majority of all products bear this brand name.

BRANDS – SECURE STORAGE

Chubb safes is a licensed brand and one of four brands used in the sale of products and solutions for Secure Storage.

Fichet-Bauche is one of four brands used in the sale of products and solutions for Secure Storage.

Rosengrens is one of four brands used in the sale of products and solutions for Secure Storage.

SecureLine is one of four brands used in the sale of products and solutions for Secure Storage.

BRANDS – INDOOR PERIMETER SECURITY

Troax

All sales of solutions for Indoor Perimeter Security in the Group are conducted under the Troax brand.

PRODUCT BRANDS

Gateway™ is a product brand used for Gunnebo's electronic article surveillance solutions.

elkosta™ is a product brand used for Gunnebo's products for high-security protection for outdoor use.

SafePay™ is a product brand used for Gunnebo's system for closed and recycling cash handling for the retail sector.

RIOR (Region Indian Ocean Rim)

In the Gunnebo organisation, Region Indian Ocean Rim includes its own operations in Australia, United Arab Emirates (Dubai), India, Indonesia, Lebanon, Malaysia (joint venture), Singapore and South Africa. Sales to other countries in the region take place through agents and distributors.

Safe Deposit Locker (SDL)

A locker which is normally found in a vault or an automatic machine for storage of valuables in a bank.

SafePay™

A system developed by Gunnebo for efficient, completely closed cash handling for retail. Consists of technology for cash handling at checkouts, transport cartridges, a cash transfer unit in the back-office environment and software for cash-handling administration.

SafePay™ SCL

A specially designed cash transfer unit into which the notes from SafePay's intelligent deposit unit are emptied at the end of the day. This means that SafePay is now a completely closed system for cash handling where the money is protected with ink from the store checkout to the counting centre.

SafeStore Auto

An automated safe deposit locker system which can be used around the clock. Can be installed in the bank's self-service area.

SecurWave

A complete software system designed to fulfil Business Line Bank's security requirements for entrance control, CCTV, burglar alarms and electronic locks. The system can be operated remotely and can handle several applications and surveillance areas simultaneously.

Site Protection

Generic name for Gunnebo's business in the fields of Entrance Control, Indoor and Outdoor Perimeter Security.

SMI Server

The SMI Server solution integrates a host of different security functions such as entrance control, fire alarms, burglar alarms and CCTV. The solution offers a well-developed system for integrated administration.

SoHo (Small office & Home office)

The target group for Gunnebo's SecureLine safes.

AGM and Calendar

Annual General Meeting

Gunnebo's Annual General Meeting will be held at 5:00 pm CET on Thursday April 23, 2009 at the Chalmers Student Union building, Chalmersplatsen 1, Gothenburg, Sweden.

Registration

Shareholders who wish to participate in the Annual General Meeting must have their names entered in the register of shareholders maintained by Euroclear AB by no later than April 17, 2009, and notify Gunnebo AB by no later than 4.00 pm CET on April 17, 2009, either online at www.gunnebo.com, by post to Gunnebo AB, Box 5181, SE-402 26 Gothenburg, by fax on +46 (0)31-83 68 10, or by phone on +46 (0)31-83 68 00.

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 April 17, 2009.

Dividend

The Board and the President propose a dividend of SEK 0 for 2008.

Financial information and reports 2009

Interim report January–March	April 23
Interim report April–June	July 17
Interim report July–September	October 23

Contact information

Karin Wallström, Group Communication Manager,
Gunnebo AB, karin.wallstrom@gunnebo.com,
Phone +46 (0)31-83 68 00.

The printed version of this Annual Report is only distributed to shareholders who have expressly requested a copy.

The Group website www.gunnebo.com has further information of interest for shareholders, customers, the media, the finance market and students.

Go to www.gunnebo.com/ir to view financial reports in both Swedish and English, key data, share price graphs and much more in digital format. You can also subscribe to press releases from Gunnebo and download presentation material from major events such as Capital Market Days and Annual General Meetings.

Material can also be ordered from:

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E-mail: info@gunnebo.com

Disclaimer

This report contains future-oriented information. It reflects the management's current perceptions of certain future events and the possible ensuing results. No guarantees can be given that these perceptions will prove to be correct. Actual future results may vary considerably from the information supplied in this report, partly due to changes in circumstances regarding the economy, market and competition, changed legal requirements and other political measures, variations in exchange rates, business risk assessments and other factors mentioned in this annual report.



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