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"This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct"

Creating Value “Get It Right”

Gunnebo’s goal is to **create value** for its customers, employees, owners and society in general. For **customers** by delivering the right security products, solutions and service on time, for **employees** by being an employer that stimulates personal development, for **owners** by delivering good financial results, and for **society** in general by ensuring the operation is run responsibly.

An action programme called **“Get It Right”** was initiated during the year to ensure the longevity of the Group’s value creation. The programme aims to strengthen Gunnebo’s market position and thereby **improve the operation’s financial results**.

Read more about the “Get It Right” programme – and what has been achieved during the year within the framework of the programme – on pages 4–5 (Comments by the CEO), 6–7 (Business Idea, Goals and Strategy) and 83–91 (Corporate Governance Report).



AGM and Calendar

Annual General Meeting

Gunnebo's Annual General Meeting will be held at 4.00 pm CET on Tuesday April 27, 2010 at Liseberg Theatre, Örgrytevägen 5, Göteborg, Sweden.

Registration

Shareholders who wish to participate in the Annual General Meeting must have their names entered in the register of shareholders maintained by Euroclear AB by no later than April 21, 2010, and notify Gunnebo AB by no later than 4.00 pm CET on April 21, 2010, either online at www.gunnebo.com, by post to Gunnebo AB, Box 5182, SE-402 26 Göteborg, 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 21, 2010.

Dividend

The Board and the President propose a dividend of SEK 0 for 2009.

Financial information and reports 2010

Interim report January–March	April 27, 2010
Interim report January–June	July 16, 2010
Interim report January–September	October 27, 2010
2010 Year-End Release	February 9, 2011

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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.

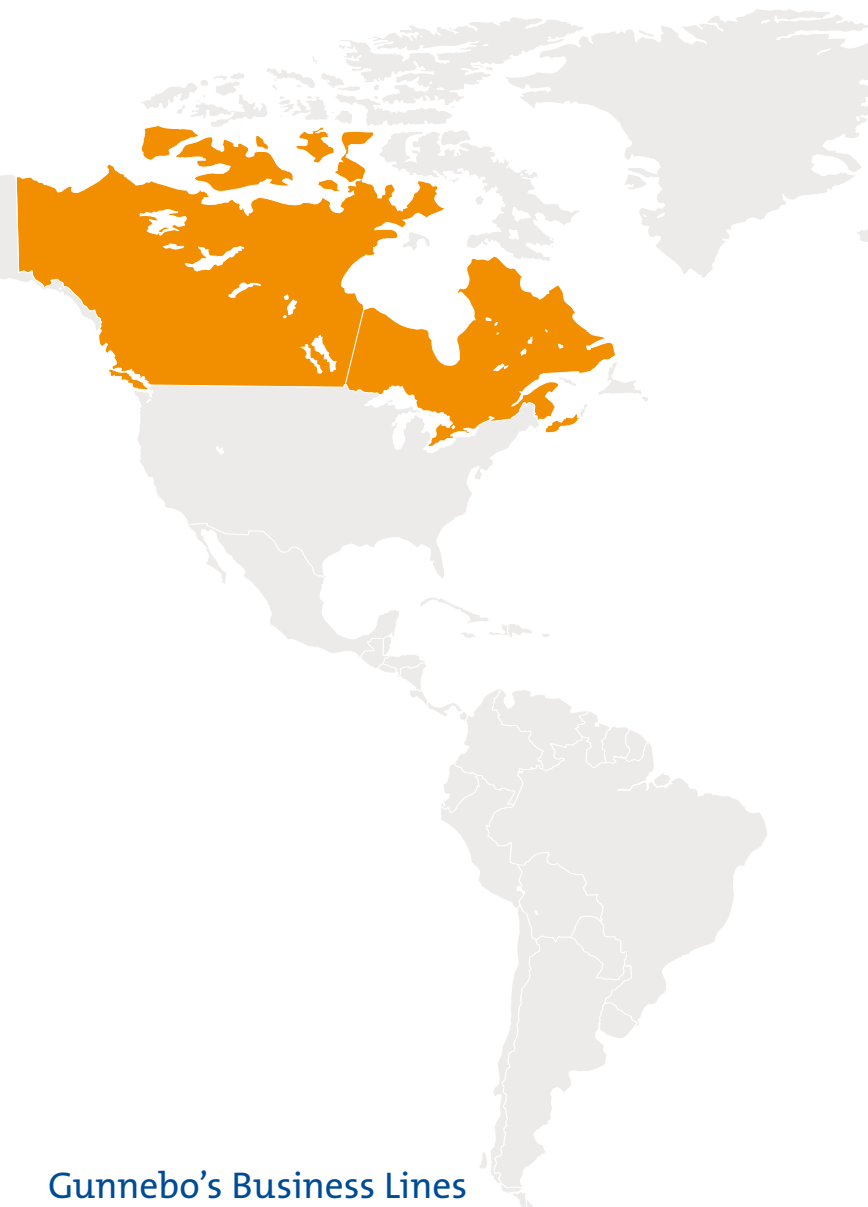
Go to www.gunnebo.com/ir to view financial reports in both Swedish and English, key ratios, share price graphs and much more in digital format. You can also subscribe to press releases from Gunnebo and download presentation material from major events such as Capital Market Days and Annual General Meetings.

Material can also be ordered from:

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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.

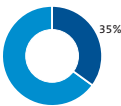


Gunnebo's Business Lines

BANK

Creating Value ...

Bank Security & Cash Handling



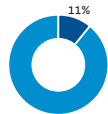
Net Sales
2,353 MSEK (2,208)

Overview pages 10–11
Read more on pages 12–15

RETAIL

Creating Value ...

Retail Security & Cash Handling



Net Sales
738 MSEK (779)

Overview pages 10–11
Read more on pages 16–19



Net sales by region

- North Europe, 28%
- South Europe, 37%
- ROW, 15%
- Operations, 20%

Region North Europe, by Centre*

External sales, MSEK	2009	External sales, MSEK	2009
Germany & Austria	528	Denmark	259
UK & Ireland	322	Netherlands	175
Sweden	316	Other markets	280
Total sales:		1,880	

Region South Europe, by Centre*

External sales, MSEK	2009	External sales, MSEK	2009
France	1 414	Belgium/Luxembourg	180
Spain	445	Switzerland	114
Italy	261	Other markets	93
Total sales:		2,507	

Region Rest of the World (ROW), by Centre*

External sales, MSEK	2009	External sales, MSEK	2009
Canada	240	South Africa	160
India	200	Indonesia	141
Middle East	162	Other markets	120
Total sales:		1,023	

Operations

Operations is Gunnebo's industrial platform

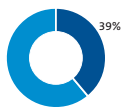
Sales, external sales: 1,378

Markets: Sales via agents and distributors on the markets where Gunnebo does not have its own Customer Centres
Read more on page 30.

*Refers to net sales by Customer Centre. Net sales by market can be found on page 43.

SITE PROTECTION

Creating Value ...
Entrance Security

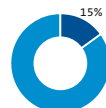


Net Sales
2,698 MSEK (2,850)

Overview pages 10–11
Read more on pages 20–23

SECURE STORAGE

Creating Value ...
Secure Storage

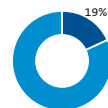


Net Sales
999 MSEK (1,066)

Overview pages 10–11
Read more on pages 24–27

SERVICE

Creating Value ...
Reliability



The net sales of the unit are distributed across the four Business Lines proportionate to the percentage of service in each one.

Overview pages 10–11
Read more on pages 28–29

Creating Value for Global Customers

The Gunnebo Security Group has **6,000 employees** in **28 countries** across Europe, Asia, Africa, Australia and North America, and net sales of **MSEK 6,800**. The Group has several hundred years' experience of delivering security solutions within bank security, cash handling, entrance security and secure storage to large international customers, as well as small local businesses.

Gunnebo's market offering creates value for the Group's customers as it protects people, buildings and property, and creates safe environments for our customers' customers, employees and business partners.

Gunnebo. For a safer world.



The Year in Brief

Highlights from 2009

- Order intake amounted to MSEK 6,573 (6,965). Organic order intake decreased by 12%.
- Net sales totalled MSEK 6,788 (6,903). Organic sales decreased by 9%.
- Operating profit amounted to MSEK –88 (281), which equates to an operating margin of –1.3% (4.1%).
- Expenses for the “Get It Right” programme burdened operating profit by MSEK –196.
- Write-down of goodwill in Business Line Site Protection of MSEK –106.
- Operating profit, excluding expenses of a non-recurring nature of MSEK –302 (–47), amounted to MSEK 214 (328).
- Profit/loss after tax amounted to MSEK –205 (115).
- Earnings per share were SEK –3:40 (1:95).
- Operating cash flow amounted to MSEK 683 (255).
- A share issue with preferential rights was carried out and brought in MSEK 490 after issue costs.
- The Board and the President propose that no dividend be paid for 2009 (SEK 0).

Summary

	2009	2008	2007
Invoiced sales, MSEK	6,788	6,903	7,025
Operating profit/loss, MSEK	–88	281	349
Operating profit/loss excl. items of a non-recurring nature, MSEK	214	328	354
Profit/loss after financial items, MSEK	–167	180	254
Operating margin, %	–1.3	4.1	5.0
Earnings per share after dilution, SEK*	–3:40	1:95	2:20
Net debt, MSEK	1,048	1,967	1,746
Operating cash flow, MSEK	683	255	66
Equity ratio, %	33	20	24

*The figure has been adjusted for the bonus issue effect resulting from the new share issue.

Q1

January

Italy. Banco Popolare, one of Italy's largest banks with 2,400 branches, orders 20 SecurWave® systems. SecurWave is a software system developed to fulfil banks' security requirements for integrated administration of entrance security, CCTV, burglar alarms and electronic locks, for example. The system can be operated remotely and can handle several applications and surveillance areas simultaneously.

Bahrain. Installation of four ImmSec systems for migration and immigration begins at Bahrain International Airport.

ImmSec is a system for single person control at passport control in airports, for example.

February

The Netherlands. At VU-Medical Center in Amsterdam, uninsured patients and tourists have to pay their hospital bill directly. In the past the cash payments were dealt with by healthcare personnel, but the hospital management has decided that the emergency department is a high-risk area. As a result, personnel no longer handle cash. The solution was to install Gunnebo's integrated and completely closed cash handling system, SafePay™.

March

Göteborg, March 1. Per Borgvall takes up the position as President and CEO of Gunnebo.

Middle East. Gunnebo signs a contract for delivery of several vaults to a central bank in the Middle East, the largest being the size of a soccer pitch. The order is worth MSEK 43.

France. Gunnebo installs the completely closed and integrated cash handling system, SafePay™, at Decathlon's new concept store in Lille. Gunnebo has already delivered physical security and electronic video surveillance to the French sports chain.

Q2

April

Doha, Qatar. A new terminal is to be built at the airport in Doha, the Amir's own terminal. The new terminal will be for the exclusive use of the royal family, senior civil servants and other prominent visitors to Qatar. High-security solutions are required and Gunnebo is one of the suppliers.

World Wide Web. Gunnebo launches a new Group-wide web platform. The results can be seen at www.gunnebo.com.

May

Vatican City. The Vatican chooses security products from Gunnebo for its Apostolic Library, and installation of the motor-powered panels for access control is successfully completed. Now over 150,000 invaluable manuscripts and 1,600,000 printed books are protected by Gunnebo products, which ensure only authorised people have access to these treasures.

June

Göteborg, June 5. Gunnebo restructures and creates a Group Executive Team that mirrors the Group's business and enables simpler, more direct reporting paths.

"My main ambition with the adjustments is to create a platform for co-operation and team work. The adjustments are not dramatic, we will continue to do business as usual in a new, more business focused consolidated structure built on the current platform," states Gunnebo's President and CEO, Per Borgvall.

Q3

July

Nordic region. COOP in Sweden, Norway and Denmark extends its general agreement with Gunnebo regarding the closed, integrated cash handling system SafePay™ for a further three years. The agreement includes delivery, installation and servicing.

Belgium. Belgian Railway NMBS entrusts Gunnebo to install security solutions for the new ultra-modern railway station in Liege Guillemins, in east Belgium. This is the biggest installation to date of the SecurWave®/SecurManager software platform for Gunnebo Belgium.

Cirebon, Indonesia. Gunnebo receives an order for fire safety systems for Doosan Heavy Industries. The order is worth MSEK 26. The project is expected to be completed in May 2011.

August

Spain. IKEA chooses Gunnebo for the production and installation of fire doors for two new stores to open in Spain in 2010. The order is worth approximately MSEK 8. IKEA has previously used Gunnebo for production, installation and servicing, and intends to do the same in future as the furniture giant plans to open a further 13 stores in Spain.

September

Switzerland. When a nuclear power station in Switzerland has to adapt its vehicle access control to new rules, it chooses Gunnebo. High-security products such as road blockers, high-security gates and electromechanical gates have now been installed at the power station entrance.

Q4

October

Göteborg, 23 October. Gunnebo announces that the Group intends to carry out a share issue with preferential rights of MSEK 500, signs a syndicated loan facility of MEUR 180 and launches a cost-cutting programme which aims to save MSEK 500 up to 2012.

November

Belgium. After 17 months of intense work on the delivery and installation of various types of safes and cabinets for the European Commission's Delegations in 123 countries, the project is completed one month ahead of schedule.

Russia. Gunnebo receives an order for three SafeStore Auto Maxi units from a savings bank in the Russian Federation. The units will be installed in Yekaterinburg, western Siberia.

Göteborg, 24 November. An extraordinary general meeting approves the Board's proposal to carry out a share issue with preferential rights.

December

Australia. Gunnebo produces and installs Australia's largest modular vault for Sigma Pharmaceuticals.

Göteborg, 22 December. Gunnebo's new share issue is oversubscribed by 156 per cent. Over 99 per cent of the offered shares are subscribed using subscription rights, which means that virtually all shareholders supported the issue.

Comments by the CEO



Dear Shareholder,

When I became President and CEO of Gunnebo in March 2009 I considered it an appealing challenge to take Gunnebo into the future, to lead its development towards becoming an even more customer-oriented and profitable company. During the year we have begun this journey and made good progress.

2009 has been a difficult year for many companies, including Gunnebo. Even though economic conditions have been weak in many of the Group's main markets, we have managed to keep sales in our service business and to our main customer group Bank at a satisfactory level, while business has been harder in other customer segments. My feeling is that we are facing another year of battling the odds, but my heart says that business will pick up in 2010. Whatever direction the economy takes in 2010, one thing is certain: my focus on profitability.

During the spring we launched the action programme "Get It Right", which comprises an agenda of six main points: improved cash flow, improved margins, management, cost reductions, a strategic review of the Group's operation and securing the Group's long-term financing.

The key aim of the action programme is to make Gunnebo a company with good profitability. Several hundred activities, large and small, have been initiated and implemented at all levels of the Group during the year within the frame-

work of "Get It Right". And we can already see that these measures have had an impact. Gunnebo reports a strong operating cash flow of MSEK 683 (255) for 2009, of which MSEK 290 is the result of more than 300 measures aimed at strengthening cash flow during the year throughout the organisation. Similarly we have announced a cost-cutting programme which will save MSEK 500 by the end of 2012, and a new Group Executive Team firmly anchored in the operation was announced in June.

You, our shareholders, have helped us secure our long-term financing. With your support we have been able to inject half a billion SEK into the company thanks to a share issue with preferential rights. I would like to extend my sincere gratitude for showing confidence and faith in the future of Gunnebo and our operation!

In parallel with the issue we signed a new syndicated loan facility of MEUR 180, which means that the Group's main financing now runs up until 2013.

Another aspect of the action programme is a strategic review of Gunnebo's operations. It was clear from an early stage that our core businesses of bank security and cash handling are areas we are good at and profitable in. I believe these areas of the business also have good potential for development, particularly our service offering. It is also clear that Gunnebo is a leading global player in both Entrance

Security and Secure Storage. We will be investing more proactively in global product and system sales in these areas.

We can also discern good future growth prospects in certain markets where we will be investing heavily. I am primarily thinking of the markets in India, Indonesia and the Middle East. We are by no means newcomers on these markets – for instance we have been in India since 1932 – but if we are to grow in line with or better than the market, an injection of resources is needed.

Another market with tremendous growth where Gunnebo already has purchasing and sales operations is China. In order to take the largest possible share of China's growth in the future, Gunnebo will start up its own subsidiary there in 2010. With our own company on site we will be able to bring all our activities under the Gunnebo umbrella and further develop the business. China is a very interesting market for us, especially for our product offering in bank and cash handling. Our Entrance Security portfolio is also highly relevant right now bearing in mind the major infrastructure investments in airports, railways and metro systems currently under way or being planned.

Gunnebo's potential market is estimated at around EUR 11 billion. Urbanisation, a rise in crime and fear of terror-

ism are general factors promoting growth in the security market. Other factors driving Gunnebo's business are customers' endeavours to handle cash more cost-effectively, a greater need for entrance security – having control over who is where and who has access to what – along with a trend for more and more security-related services to switch from physical to electronic security.

The Group is not commenting on forecasts for 2010 due to the uncertain market situation, but it is clear that Gunnebo operates in a global growth market.

Gunnebo has the right people on board, a strong, lasting relationship with key customer groups on many markets worldwide and is in a far stronger financial position than it was at the beginning of 2009. I am determined to improve Gunnebo's ability to create long-term value for you, our shareholders, as well as for our customers, employees and society in general.

Göteborg, February 2010

Per Borgvall
President and CEO, Gunnebo AB

Creating Value through Lasting Partnerships

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 of secure storage, entrance security, perimeter protection, cash handling and service.

Business Idea

Gunnebo's business concept 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 solutions for secure storage, entrance security, indoor and outdoor perimeter protection, cash handling, and installation and service.

The Group's primary target groups are customers within banking, retail, site protection and other customers requiring high-security, 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 working 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 natural partner for the delivery of high-security solutions in the markets where the Group has a presence through its own companies, and to invest proactively in the growth markets in China, India, Indonesia and the Middle East.

Financial Goals

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

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

Goals and Outcomes

	Long-term goals	Outcome 2009	Outcome 2008	Outcome 2007	Outcome 2006	Outcome 2005
Return on capital employed*, %	15	7.5	10.7	12.0	7.1	10.4
Operating margin*, %	7	3.2	4.7	5.0	3.2	4.8
Equity ratio, %	>30	33	20	24	22	25
Organic growth invoiced sales, %	5	-9	-2	5	4	-2

*Excl. items of a non-recurring nature.

Strategy

“Get It Right”

The basis for Gunnebo's strategy is to supply high-quality customised security products, systems and service to the prioritised customer groups. Common to Gunnebo's customers is that they have demanding quality requirements for the products and systems that are installed and for efficient after sales service. This means that the quality awareness and expertise, as well as values and attitudes, of every single employee are important success factors for the Group's business.

The revised Code of Conduct, the Group's Core Values and Quality Policy are therefore important tools in achieving the targets set.

A programme called “Get It Right” was launched during the year to ensure the longevity of the Group's value creation for customers, employees, owners and society at large. The programme aims to turn Gunnebo into a company with good profitability.

The table below presents the six action points and their results in 2009.

Activities	Outcome in 2009
1. Cash flow. Gunnebo's goals are to reduce the Cash Conversion Cycle by 30 days, to release MSEK 400 of working capital and improve the quality of the assets side of the balance sheet.	Operating cash flow increased by 168 per cent to MSEK 683 (255). This strong improvement is mainly due to a number of measures aimed at reducing tied-up stock, punctual payment by customers and more favourable terms of payment with suppliers. As a result of these measures, the Cash Conversion Cycle decreased by 19 days, releasing MSEK 290 of working capital.
2. Improvements in margins. Gunnebo's margins are to be improved by harmonising processes within purchasing and logistics, actively working on pricing, Key Account Management and development of the service business.	Several activities have been initiated during the year in purchasing and logistics. A first group of sales executives completed the Key Account Management programme and the service business was analysed.
3. Management structure. The key concepts in the work to improve the management structure in the Group are clarified reporting paths, clearer profit responsibility and leadership.	A change to the organisation was implemented in June 2009. It entailed dividing the business into Region North Europe, Region South Europe and Region Rest of the World. The Group's Competence Centres were consolidated to form a single industrial platform, Operations, which is responsible for product development, product sourcing, logistics, purchasing, the environment and quality.
4. Cost savings. The Group's fixed costs are too high. A cost-cutting programme was therefore initiated in 2009 with the aim of reducing costs by a total of MSEK 500 in 2010-2012. The savings will come partly from streamlining the industrial platform.	During the year, MSEK 196 of costs attributed to the above programme were recorded. A decision was made to close down the Mora factory during summer 2010. In early 2010 negotiations began regarding the closure of production at the Group's plant in Bedford, UK.
5. Strategic review. During the third quarter work began on a strategic review of the Group's operations. The aim of the review is to define the Group's core business, stop loss-generating business and establish the business model and route to market.	Banks and customers that handle large amounts of cash, and customers requiring secure storage and entrance security will be the focus of Gunnebo's future business. The Group will emphasise and further develop its already successful service business. Geographically, there will be proactive initiatives in the main markets in Europe and in China, India, Indonesia and the Middle East.
6. Re-financing. Securing the Group's long-term financing.	During the fourth quarter, a syndicated loan facility of MEUR 180 was signed, which secures the majority of the Group's long-term financing up to 2013. A share issue with preferential rights was also carried out which brought in MSEK 490 after issue costs. The net debt decreased to MSEK 1,048 (1,967) and the equity ratio totaled 33 per cent (20 per cent).

Creating Value through a Focused Business Offering

Gunnebo has a broad global offering of products, systems and services for selected customer groups in need of bank security and cash handling, secure storage and entrance security. The Group also holds significant market shares in these core business areas.

The security market is a massive global market, with estimated annual sales in the region of 62 billion USD.

The market is highly fragmented where the seven largest players Assa Abloy, United Technologies, Honeywell International, General Electric, Tyco International, Bosch and Ingersoll-Rand jointly accounting for 25 per cent of the market. The remaining 75 per cent is made up of smaller, usually local companies.*

The security market is also highly fragmented as regards the market offering. Most players are local or regional and offer a small number of products and/or technologies to the majority of customers, while only a few players are able to offer a global total solution – and Gunnebo is one of them.

Driving forces

Urbanisation, a rise in crime and fear of terrorism are three driving factors behind growth on the security market. They have all helped push the security issue higher up the agenda and lead customers to demand increasingly complex solutions.

For Gunnebo the process of urbanisation, for example, has entailed major construction projects and the expansion of public transport around the world, which is driving the market in entrance security. Other factors driving Gunnebo's

business are customers' endeavours to handle cash more cost-effectively, a greater need for control over who is where and who has access to what, along with a trend for more and more security-related services to switch from physical to electronic security.

Gunnebo's market**

Gunnebo's core business is bank security and cash handling, secure storage, entrance security and service. The total value of these markets amounts to approximately 11 billion EUR. Information on competitors in all the product groups in which the Group operates can be found on page 11.

Bank security and cash handling

Gunnebo views bank security as a total offering which comprises everything from certified safes and cabinets and heavy vaults, to bullet-resistant screens, high-security locks, entrance security, cash handling solutions in back-office and self-service environments, software platforms for electronic security and service. Customers primarily comprise national and international banks, and central banks.

Cash handling is a collective term for solutions which enable cost-effective, secure management of large amounts of cash in combination with high security. Customers are banks, central banks, CIT

companies and retail chains looking for secure, efficient cash management.

Gunnebo's solutions create value for the Group's customers by increasing security for their employees, as they ensure that cash and other valuables are stored securely. Gunnebo's range of solutions for efficient cash handling and the opportunity to integrate electronic security systems contribute to increased efficiency. The solutions also create value for our customers' customers through a higher level of service with, for example, self-service solutions available round the clock.

The customer base for this offering is very large. There is estimated to be over one million bank branches worldwide, and new ones are opening at a fast rate in markets like India, Indonesia and China. The world's 195 central banks have more than 2,000 branches in total, and the number of cash-counting centres managed by security companies is increasing year by year. Furthermore, there are hundreds of thousands of stores around the world which could benefit from Gunnebo's market offering for cash handling.

The European market for bank security and cash handling is estimated at just under 3 billion EUR and has historically grown by an average of 5 per cent a year. Globally, this market is estimated to be worth just under MEUR 9,000.

* Figures from US market survey company Freedonia, 2007, where the global security market is defined as the product areas for alarms, entrance security/CCTV, locks, and other electronic and mechanical security equipment.

** Facts in this section are the result of an analysis of a large number of surveys, interviews with management and information from competitors, suppliers and customers.

Market share

Gunnebo's market share in bank security is estimated at an average of 11 per cent in Europe, but in some markets such as France, Spain, Germany and Sweden, it is over 25 per cent. Moreover, the Group has strong positions in the bank markets in India, Indonesia and South Africa.

Secure Storage

For Gunnebo, secure storage equates to product sales of certified safes and cabinets, vaults and vault doors for all types of customers outside of the banking sector, such as government authorities and various kinds of companies and organisations.

The market defined by Gunnebo requires some form of certification or classification of the product, ie some kind of regulated seal of quality. Gunnebo estimates that the global market for these product groups is worth 1.5 billion EUR a year. Estimated growth on the market for certified safes and cabinets varies greatly around the world. For example, the markets in India and Indonesia are expected to grow by 25 per cent and 10 per cent a year respectively over the next few years.

Gunnebo's secure storage solutions create value for the Group's customers as they offer a storage solution adapted to the situation that combines the desired level of security with high accessibility.

Market share

Through its three well-known brands – Chubb safes, Fichet-Bauche and Rosengrens – Gunnebo currently has a strong market position on the world market for safes, cabinets, vaults and vault doors. The Group estimates its market share at 14 per cent globally and over 25 per cent in Europe.

Entrance Security

For Gunnebo, Entrance Security entails situation-adapted solutions for access and entrance control, such as various types of turnstiles, gates, road blockers and systems for monitoring and controlling entrance and exit flows. Customers range from public transport companies

and airports to official high-risk buildings, embassies, office buildings, ports and logistics companies.

The global market for entrance security is estimated at MEUR 500, with the highest growth in Asia at approximately 12 per cent a year. Growth in Europe, the Middle East and Africa is estimated at 4–5 per cent and in America at 1 per cent.

Gunnebo's entrance security solutions are highly rated the world over, partly thanks to their reliability and well-considered design. The solutions create value for the Group's customers as they effectively prevent unauthorised access. At the same time they enable an efficient flow of authorised people and vehicles.

Market share

Gunnebo estimates its global market share at 11 per cent and is the largest supplier of entrance security in Europe, the Middle East and Asia, and the second largest globally.

Distribution channels

Gunnebo has Customer Centres in 27 countries, but the Group's products and solutions are available on more than 100 markets worldwide. This is made possible by a large network of agents, distributors and other business partners. With their help, Gunnebo can achieve a global market presence for large parts of its range of products and systems. ■



Gunnebo has supplied Entrance Security solutions for the world's tallest building, Burj Khalifa in Dubai. Read more on page 22.

Creating Value through Years of Experience

Market offering

Key ratios, MSEK

Business Line Bank



Security has always been a top priority for banks, and Gunnebo has been supplying the sector with security products for more than 100 years. Today there is a wide range of innovative solutions that help banks improve their customer offering, protect assets and manage security.

	2009	2008
Order intake	2,297	2,276
Net sales	2,353	2,208
Operating profit	135	168
Operating margin, %	5.7	7.6

Business Line Retail



To offer efficient solutions for cash handling and other security in a retail environment that not only protects goods, people and buildings, but also streamlines cash administration, Gunnebo develops its offering in close collaboration with the retail sector.

	2009	2008
Order intake	728	734
Net sales	738	779
Operating profit	-20	6
Operating margin, %	-2.7	0.8

Business Line Site Protection



Many types of site – from embassies and airports through to nuclear power plants and logistics centres – have very specific requirements for entrance security. With Gunnebo's site protection solutions, areas can be protected from unauthorised access, while at the same time enabling authorised people and vehicles to continue moving around unhindered within, to and from the area.

	2009	2008
Order intake	2,625	2,851
Net sales	2,698	2,850
Operating profit	-144	91
Operating margin, %	-5.3	3.2

Business Line Secure Storage



Protecting valuables from theft and fire is one of Gunnebo's oldest business areas. The Group's expertise has made Gunnebo one of the world's leading suppliers of secure storage solutions.

	2009	2008
Order intake	923	1,104
Net sales	999	1,066
Operating profit	2	79
Operating margin, %	0.2	7.4

Service



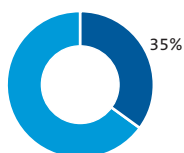
Everything Gunnebo does demands a focus on the customer. Gunnebo's employees therefore listen to customers at every stage of the process in order to build a lasting partnership based on trust, quality and delivery reliability.

The order intake, net sales and results of the unit are distributed across the four Business Lines – Bank, Retail, Site Protection and Secure Storage – proportionate to the percentage of service in each area.

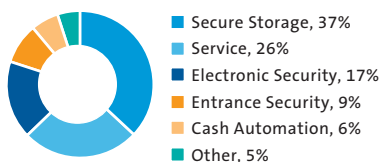
Gunnebo's marketing, sales, deliveries and after sales service take place through five Business Lines: Bank, Retail, Site Protection, Secure Storage and Service.

The Business Lines can be found in all markets where there is a Customer Centre, and it is via the Business Lines that the Group's customers have their security needs met, quickly and professionally. The more than 40 acquired companies now integrated into the Gunnebo Group jointly have several hundred years' experience of delivering security solutions.

Percentage of Group sales

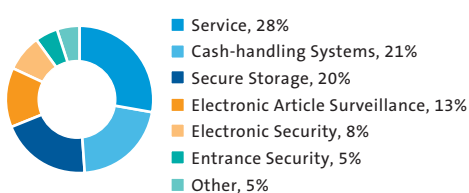
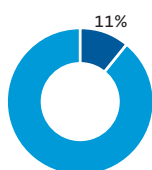


Sales by product category

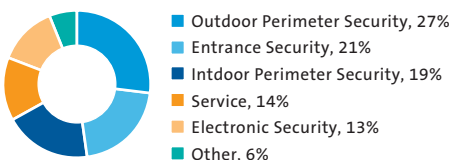
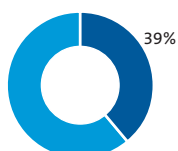


Competitors

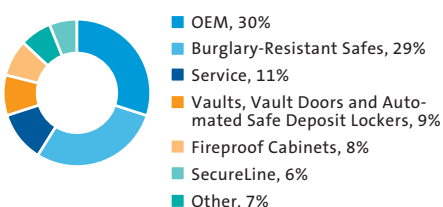
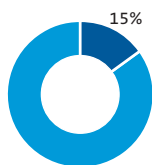
■ **Secure Storage:** Carradonna, Ferrimax, Primat, Robur, Stacked and Wertheim
 ■ **Cash Automation:** Diebold, Cashtech, Hess, Keba, NCR, Reiss, Wincor, Scancoin, Talaris and Tradis ■ **Electronic Security:** Automatic Alarm, G4S, Eryma, Niscayah, Scutum, Siemens Building Technology, Septam and Telem
 ■ **Entrance Security:** Alluser Industrie, Bollore Protection, Cima, Kaba, Royal Boon Edam, Salzer, Saima, Sicurezza, Schneebeli, Schuco Sälzer and Tonali



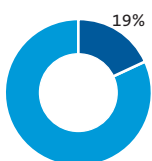
■ **Cash Handling Systems:** Axlon, PSI Group (CashGuard), Scan Coin and Wincor-Nixdorf ■ **Electronic Article Surveillance:** Checkpoint Systems, Nedap and Sensormatic ■ **Secure Storage:** API Security, Bausa, BurgWächter, Carradonna, Conforti, Ferrimax, Format, FireKing, Godrej, Hartmann, Håbeco, ISS, Konsmetal, Kaso, Lampertz, Müller, Phoenix, Primat, Robur, Rottner, de Raat, Sentry, SMP Security and Wertheim
 ■ **Electronic Security/Surveillance:** G4S ■ **Entrance Security:** Perco



■ **Entrance Security:** Alvarado, Argusa, Assa, Automatic Systems, Bollore Protection, Cima, CRH Fencing, IDL FastLane, Kaba, Klein Access & Displays, Magnetic Autocontrol, Perco Royal Boon Edam Saima Sicurezza, Salzer, Schneebeli, Sitec, Tonali and Visio ■ **Electronic Security:** Cegelec, Eryma Group, G4S, Ineo, Nedap, Niscayah, Spie, Scutum, Siemens Building Technology, Til Technologies and United Technologies ■ **Outdoor Perimeter Security:** Automatic Systems, Bekaert Fencing, Betafence, Came, CRH Fencing, Faac and Supeero, Bekaert Fencing, Betafence, CRH Fencing & Security and Dirickx ■ **Indoor Perimeter Security:** Many small, local players



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



Sales by Business Line



The service market comprises a large number of local installers and service companies, as well as large multinationals. The competitive environment is therefore highly fragmented and varies from one market to the next.

Creating Value ...

Bank Security & Cash Handling

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.

Brands

The majority of the Group's business with banks is currently conducted under the Gunnebo brand. One exception is traditional bank products such as certified safes, vaults and vault doors, where the three brands Chubb safes, Fichet-Bauché and Rosengrens are used.

Product Sourcing

The majority of product sourcing in Gunnebo is brought together under the Operations unit, which is responsible for product development as well as production, sourcing of components and purchasing from subcontractors. During 2009, the results were burdened by MSEK 23 for product development in Business Line Bank.

The products and systems that make up Gunnebo's bank business 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.

Gunnebo has the products to secure a bank – certified safes, heavy-duty vaults, bullet-resistant screens, high-security locks, entrance and access control solutions and software platforms for electronic security – but Gunnebo goes far beyond security in the value the Group provides for its customers and their employees.

Being able to offer customers 24-hour access to services such as cash depositing, cash recycling and safe deposit locker storage, not only ensures customer loyalty but brings customers in. Web-based monitoring software allows local or national connection to an entire network of self-service machines, eliminating the need for scheduled collection and emptying. Back-office administration is reduced, saving staff time which can be better spent on customer-facing activities.

Gunnebo has held a strong position in this market for over a century, and with our great experience Gunnebo is considered to be one of the most competent and innovative business partners within bank security in the markets where the Group operates.

Gunnebo's offering

For many bank customers Gunnebo is a turnkey supplier and security partner, and for others a supplier of individual security products or service. Whatever the nature of the business, Gunnebo's

goal is to create added value by offering the Group's customers the best possible protection and solutions for their specific assets and valuables.

Gunnebo's key customers are large international commercial banks such as French Le Crédit Lyonnais, Swedish Swedbank, Dutch Rabobank, Spanish Caja Madrid and British RBS, as well as small, local savings banks, central banks and CIT-companies. The market offering encompasses security solutions for all needs and sizes of banking operations, and thanks to Gunnebo's geographic distribution, the Group can deliver solutions to customers all over the world. The aim is to always be a natural business partner, especially when it comes to larger, complex orders that extend across national borders.

The Group's market offering in the banking sector mainly encompasses products and solutions in secure storage, electronic security, entrance security, cash handling and service.

Secure Storage

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

Electronic Security

Gunnebo's solutions within electronic security comprise advanced software



Business Line Bank



solutions which enable all the security systems in a bank, such as CCTV, burglar alarms, fire alarms and entrance security, to be integrated into a single platform.

Entrance Security

All the Group's customers share a need to control who has access their premises. Gunnebo supplies a wide range of entrance security solutions for staff, customers and business partners alike.

Cash handling

Combining high security with high flows of cash is a key issue for the Group's bank customers. Gunnebo has therefore chosen to specialise in a small number of products for self-service and back-office environments, such as coin-roll machines and systems for secure, efficient cash handling.

Service

Gunnebo's service offering comprises the installation of our products and systems, as well as regular service visits and general service agreements which may also include products and systems from suppliers other than Gunnebo.

The Group's business with the bank sector is composed differently in different markets. In markets where sales take place through Gunnebo Customer Centres, the business transactions comprise large projects with long delivery and installation times, as well as smaller orders with short delivery and installation times. In other markets, sales take place via agents and distributors and are then primarily product sales.

Important business during the year

A description of which countries are included in the different regions, along with sales figures, can be found on the inside front cover. Below is a selection of the business carried out within Business Line Bank in 2009.

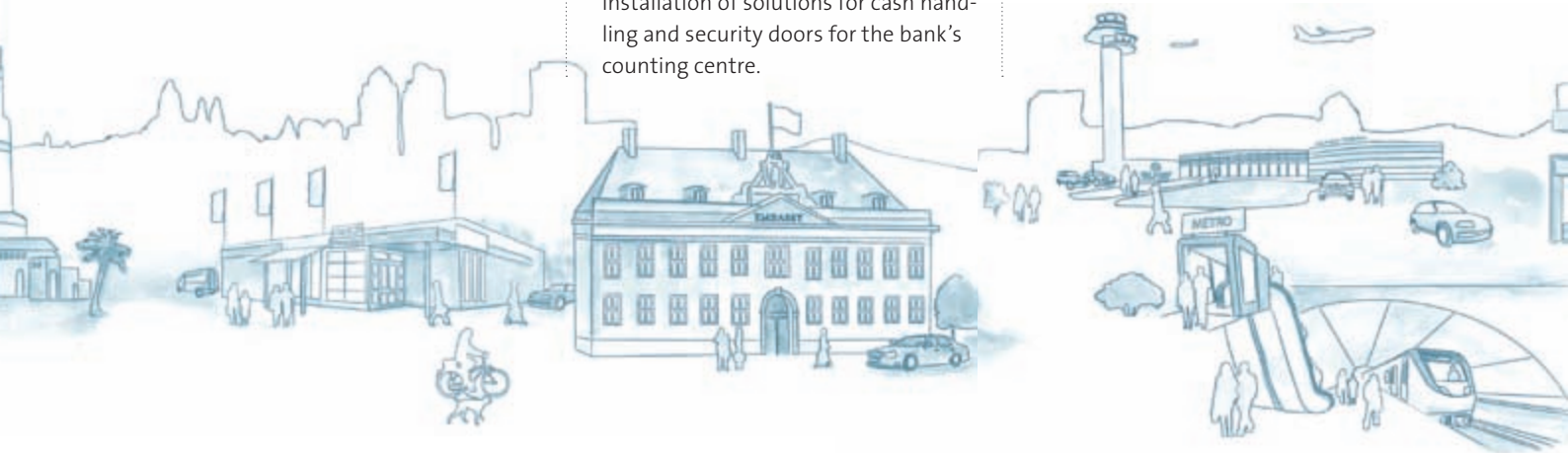
Region North Europe

- Order for night safes and upgrade of related software for all major banks in the Netherlands.
- Finnish REKLAS orders delivery and installation of solutions for cash handling and security doors for the bank's counting centre.

- Order for three SafeStore Auto automated safe deposit lockers for a Russian bank.
- Swedish Handelsbanken decides to install alarms and surveillance solutions at many of its Swedish branches.
- Swedish Swedbank and Sparbankerna continue to invest in closed cash systems and note recyclers, which provide a fully automated solution in cash areas and front office.

Region South Europe

- Italian Banca Nazionale del Lavoro (BNL) orders the Group's newly developed system for integrated electronic security, SecurWave®.
- French ARKEA Group with 569 branches turns to Gunnebo for help with system solutions for its remote monitoring centre.
- The Customer Centres in Switzerland and Italy receive several orders to deliver and install SafeStore Auto safe deposit lockers during the year.
- Order for modular vaults and security doors for French Le Crédit Lyonnais.
- A major French bank customer signs an agreement for a large SecurWave® order. The same customer has also signed a service agreement for surveillance of 1,500 sorting offices.



Region Rest of the World

- Order for delivery of several very large vaults to a central bank in the Middle East.
- Delivery and installation of several SafeStore Auto safe deposit lockers for a bank in the Middle East.
- Large order from South Africa's Standard Bank for ATM safes.

Operations

- Launch of the electronic Gunnebo High Security Lock (HSL).
- Launch of SecurWave®, a comprehensive electronic security solution for high-security remote surveillance of sites.
- Further development of CompactSave gate for entrance security in confined spaces.
- Launch of VisioCast, a new system for digital recording of information from electronic security systems.

The market

The security market in the bank sector is characterised by a few large, international players, among them Gunnebo, and many smaller, local companies that focus on their home market. Gunnebo's customers can primarily be found in Europe, but also in Australia, India, Indonesia, South Africa, Canada and

countries in the Middle East. Gunnebo considers itself one of the leading suppliers of security systems, products and service to bank customers on the markets where it is present.

2009 has been an eventful year in the global bank market. The Group's order intake has been satisfactory during 2009 as a whole. Order intake decreased organically by 6 per cent while organic net sales were virtually unchanged.

This result is largely due to the underlying business in main markets such as France, the Nordic region, Germany and the Netherlands. The growth markets in Asia, Africa and the Middle East have reported a good development in order intake. Moreover, the service business and sales of electronic security have developed well.

Financial results

Operating profit for the year amounted to MSEK 135 (168) and the operating margin to 5.7 per cent (7.6 per cent).

The lower profit can largely be attributed to expenses of a non-recurring nature for cost adaptation within the framework of the "Get It Right" programme. Expenses of a non-recurring nature burdened the figures by MSEK -47 (-13). ■



LE CRÉDIT LYONNAIS, FRANCE

Le Crédit Lyonnais – a customer with great tradition

The French bank Le Crédit Lyonnais (LCL) has been a customer of Gunnebo for many years and Gunnebo has delivered security to many of the bank's branches.

LCL is one of the leading French banks to have a national network exclusively dedicated to retail banking in three different segments: Private, Professional and Corporate banking.

When the bank decided to turn a number of branches into self-service areas once again they chose Gunnebo as one of their main security supplier.

"We want our provider to be our 'partner', not only in contractual terms but in reality by giving good advice, showing respect for delays and costs, providing us with reports, clear indicators and always looking for customer satisfaction," says Gilbert Quint, Logistic Manager at LCL who also manages the LCL real estate assets and is in charge of the strategy and display of security and ATMs.

"We are facing different challenges such as an evolution of crime against technical enclosures or ATMs. We are also noticing an increase in ram raid attacks and this is where Gunnebo is helping us tremendously. Another challenge is the evolution of new regulations, fire, asbestos, leads etc., while maintaining the company's image by aiming for flawless security."

Le Crédit Lyonnais was founded in 1863 in Lyon, France and by 1900 it was the number one bank in the world.

In 2003 Le Crédit Lyonnais became a wholly-owned subsidiary of Group Crédit Agricole SA.

In 2005 Le Crédit Lyonnais changed name to LCL. Alongside BNP Paribas (BNPP) and Société Générale, the three are today known as the 'three elders'.

In 2009 LCL had 1,919 agencies across France and 2,057 commercial set-ups and ATMs.



Creating Value ...

Retail Security & Cash Handling

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.

Brands

Much of the business with the retail sector is carried out in the product area for secure storage, including products such as safes, modular vaults and solutions for depositing cash. These products are marketed and sold under the four brand names Chubb safes, Fichet-Bauche, Rosengrens and SecureLine.

In addition solutions for closed and recirculating cash handling are sold under the SafePay™ brand, and solutions for electronic article surveillance under the Gateway™ brand.

Product Sourcing

The majority of product sourcing in Gunnebo is brought together in the Operations unit, which is responsible for product development as well as production, sourcing of components and purchasing from subcontractors. During 2009, the result for Business Line Retail was burdened by MSEK 27 for product development.

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

Closed cash handling, electronic article surveillance, entrance control, safes and CCTV all contribute to a safer store. But Gunnebo's solutions go beyond loss prevention.

A safer store means less staff turnover and happier employees which also means happier customers.

Closed cash handling today is not just about removing all the weak links from the cash chain, it is about reducing the cost of cash management and enabling more cost-effective cash-handling partnerships with CIT. Gunnebo's solutions also grant retailers the freedom to modernise store layouts and check-out designs and still maintain the required level of security.

Gunnebo's business

Gunnebo's business with the retail sector comprises products and solutions which increase security and efficiency for store owners, customers and employees alike. The Group's key customers are international retail chains such as French Decathlon, Nordic Coop, British Tesco and Sainsbury's and Spanish Zara, as well as small, local retailers.

Gunnebo's market offering encompasses products and solutions in closed cash handling, electronic article surveillance, secure storage, electronic

security/surveillance, entrance security and service.

Cash Handling

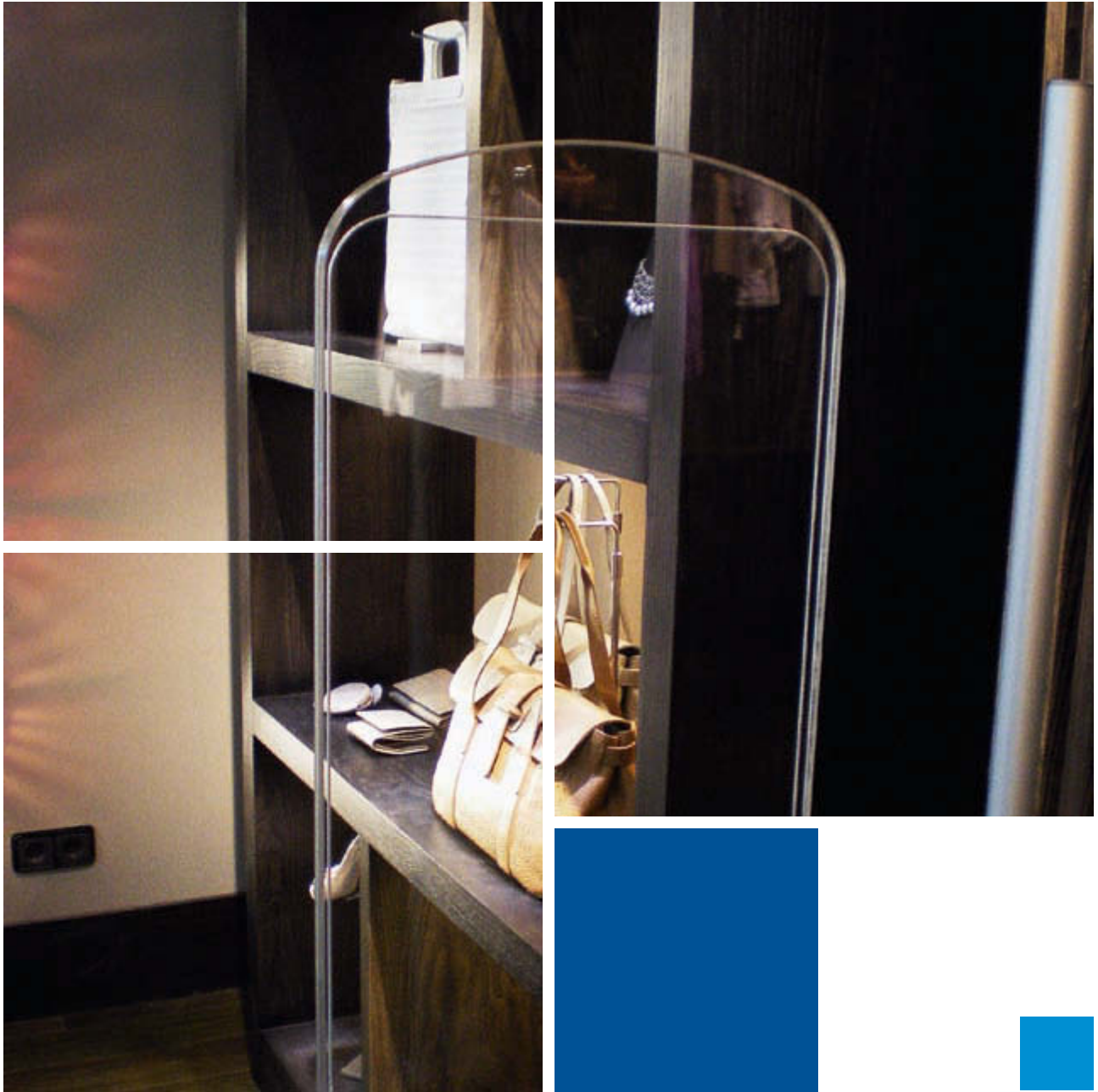
An important component in Gunnebo's offering is SafePay™, the completely closed cash handling system developed by Gunnebo itself. The system has built-in note authentication, can be programmed to accept several currencies and can easily be fitted to most checkouts. The system also includes efficient support for optimising cash administration.

Electronic Article Surveillance

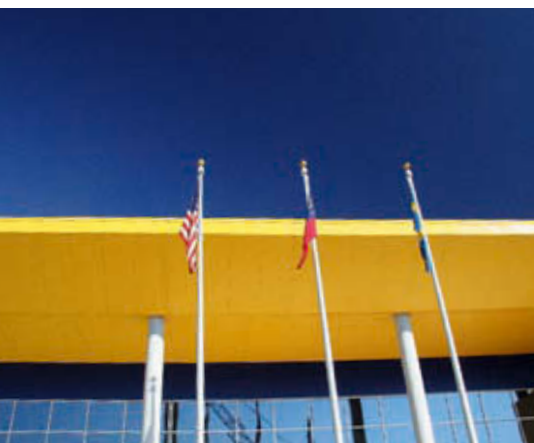
Gunnebo develops and markets EAS solutions based on all three existing technologies: acousto-magnetic (AM), radio frequency (RF) and electromagnetic (EM). The range also includes other solutions combining different technologies.

Secure Storage

Gunnebo offers effective secure storage solutions in the shape of high-graded safes with powerful anti-theft protection for depositing and storing large amounts of cash, fireproof data media safes, safes for secure storage of desirable items and documents, and modular vaults.



Business Line Retail



IKEA, SPAIN

Gunnebo equips new IKEA centres with fire doors

IKEA, a regular partner of Gunnebo Spain for fire doors, decided in 2009 to entrust Gunnebo once again with the manufacture and installation of fire doors, this time for two new centres planned for 2010.

A competitive advantage for Gunnebo Spain in the co-operation with IKEA Spain is the flexibility on door design, whereby not only standard dimensions can be delivered but also special and telescopic versions.

"For IKEA security managers and people involved in the IKEA business, security means creating a safe environment for IKEA employees and, of course, for IKEA customers. We selected Gunnebo due to the functionality, quality and reliability of its fire doors," says Oscar Pavon, Construction Project Manager IKEA Iberica.

Gunnebo has delivered fire doors to most of Spain's 15 IKEA stores. IKEA is planning to open a further 15 stores by 2020 and Gunnebo Spain hopes to retain the Swedish Group's trust as a business partner.

Entrance Security

There is also a need within the retail sector to control the flow of people to certain parts of the store such as the warehouse, cash-counting room or cashiers' office. Gunnebo offers solutions for identified entrance control of staff and suppliers, as well as for regulating customer movement into and out of the store.

Electronic Security

The Group's electronic security offering includes SecurWave® integrated security software developed by Gunnebo, as well as CCTV and electronic alarms.

Service

The service business for the retail sector mainly comprises installation of the Group's products and systems, along with regular service visits and service agreements relating to these products and systems.

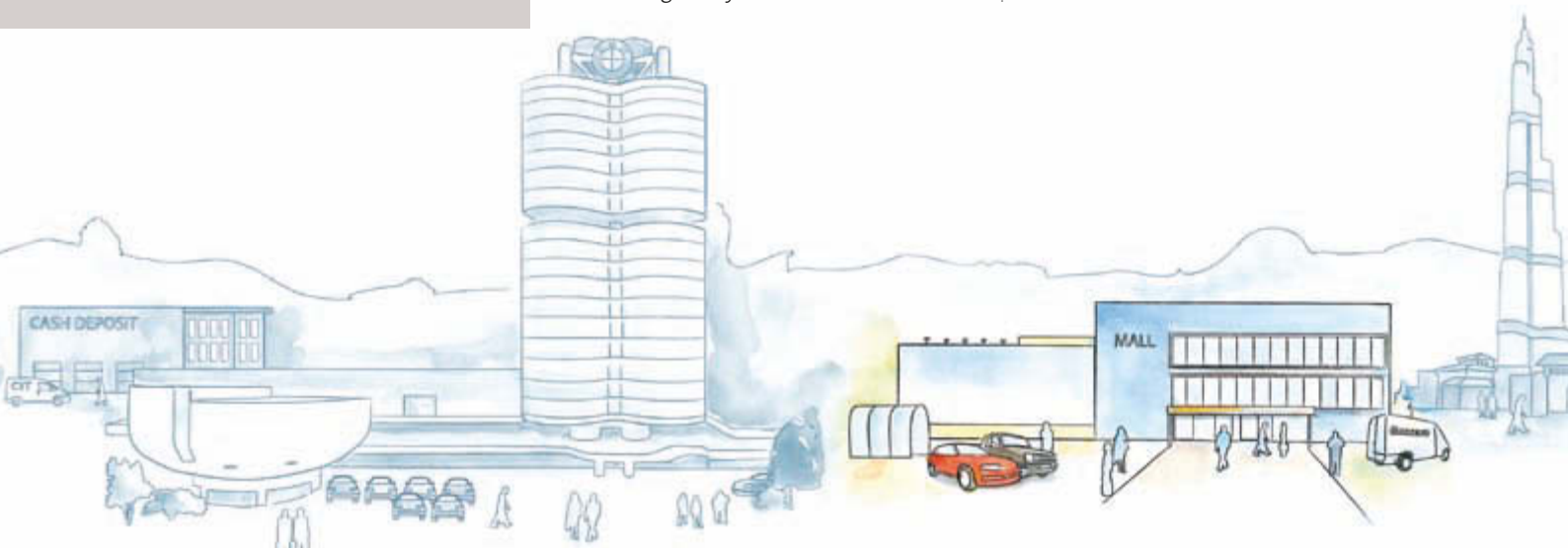
Gunnebo's offering to the retail sector is composed differently in different markets. Closed cash handling is offered to customers in Europe and Canada, while electronic article surveillance, solutions for secure storage and services are offered globally.

Important business during the year

A description of which countries are included in the different regions, along with sales figures, can be found on the inside front cover. Below is a selection of the business carried out within Business Line Retail in 2009.

Region North Europe

- Coop in Sweden, Norway and Denmark extends its agreement regarding delivery, installation and servicing of the completely closed and integrated SafePay™ cash handling system for another three years.
- Statoil in Sweden, Norway and Denmark extends its agreement regarding delivery, installation and servicing of the completely closed and integrated SafePay™ cash handling system for 1½ years, with an option to extend for a further 1½ years.
- A considerable part of Gunnebo's offering to the retail sector comprises secure storage solutions. During the year UK retail chains Tesco and Sainsbury's order solutions to secure ATMs installed in the retail area to resist physical attacks.
- UK fashion chain CULT installs Gunnebo's EAS solution.



Region South Europe

- Gunnebo Italy signs several orders to install electronic security systems for several retail chains.
- Logistics company TNT orders electronic security systems for its new sites in Italy.
- Spanish fashion retail chain Zara is equipped with solutions for secure storage.

Operations

- Launch of second generation SafePay™ with more user-friendly note and coin units. The system is faster and easier to maintain.
- New system for handling cash in back-office environments is launched, Safe-Cash Retail Station.
- Designergate Neo and Designergate Slim, two EAS systems with improved detection combined with smart plexiglass design, are launched during the year with great success.
- Introduction of Novagate, another EAS system with excellent properties for detection, with a minimalist design.

The market

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.

The Group's customers are primarily in Europe but also in Australia, India, Indonesia, South Africa and Canada. 2009 has been a challenging year for retail-related business, which has been adversely affected by the declining economy. The business has shown weak development in all the retail markets important to Gunnebo such as the Nordic region, France, the UK, Spain and Italy. The weak market development can largely be explained by the slowdown in new store openings in line with the recession.

Financial results

Operating profit for the year amounted to MSEK -20 (6) and the operating margin to -2.7 per cent (0.8 per cent). The profit for the year has been burdened by expenses of a non-recurring nature of MSEK -10 (-6), primarily for cost adaptation within the framework of the "Get It Right" programme. ■



THOMAS LAND, UK

Solution chosen due to great performance and design

Thomas Land is a multi-million euro attraction at the Drayton Manor Amusement Park in the UK. In 2009 Gunnebo installed an Electronic Article Surveillance system that apprehended several thieves within the first few weeks, and today the system has more than paid for itself.

Gunnebo delivered security for two of the park's new retail premises: Palladium stores and the Thomas Land store. The latter is the only one of its kind to link directly to the attraction.

Gateway's Designergate was chosen by both outlets for its performance and design. An annual preventive maintenance and reactive maintenance contract has been combined with the latest installation.

"We have worked with Gunnebo for many years as they have a wide range of security products that meet our exact needs. When we needed a solution to protect items within our new Thomas Land and Palladium stores, Gunnebo was the first choice. Once more they have delivered in terms of quality of product, service and price," says William Bryan, General Manager at Drayton Manor Theme Park.

"We are already in discussion regarding additional security doors and fencing for the perimeter of the park and the new hotel complex."



Drayton Manor Park is a theme park offering rides and attractions located in the West Midlands region of England and set in 6,000 square metres of parkland.

Thomas Land is a multi-million pound attraction promising fun and adventure for the young and young at heart. It boasts twelve themed rides, an indoor play area and a shop filled with merchandise.

Creating Value ...

Entrance Security

From embassies and airports to power plants and logistics centres, many sites have very specific requirements in terms of who is allowed on the premises. Through Gunnebo's site protection solutions, areas can be secured to prevent unauthorised access, yet allow authorised individuals and vehicles to move unhindered.

Brands

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

Product Sourcing

The majority of product sourcing in Gunnebo is brought together in the Operations unit, which is responsible for product development as well as production, sourcing of components and purchasing from subcontractors. During 2009, 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.

Protecting high-risk sites starts from the outside with solutions such as wedge barriers, truck stoppers, perimeter fencing and electronic detection systems, and carries on inside the site with solutions such as interlocking doors, fingerprint readers and camera surveillance.

Securing a site is one thing, but the real value comes from allowing fast and uncomplicated access to those who require it. For example Gunnebo's entrance security solutions control the flow of people without slowing it down – this is crucial at sites such as sports arenas, public buildings, underground railways and airport boarding gates. Speed of access is also aided by the use of the latest technology.

Gunnebo is unique as a single-source provider of complete exterior and interior entrance security solutions.

Gunnebo's offering

Business Line Site Protection is primarily for customers with very high demands on the security in and around their installations. The range includes individual products and complex security systems for installation both inside and outside a site, as well as service.

Gunnebo's key accounts primarily comprise around a dozen different types of customers such as embassies, airports, prisons, nuclear power plants and military installations. These customers often have complex structures

that include several geographically separate sites, often in different countries with requirements on centralised and remote control capabilities.

Gunnebo's aim is always to be a natural business partner, especially when it comes to larger, complex orders that extend across national borders.

In southern Europe the Group's business primarily consists of electronic security solutions and related services and servicing, while there is a stronger focus on entrance security and physical security solutions in northern Europe. In India and Indonesia fire safety is an important business.

The Group's market offering encompasses products and solutions in entrance security, electronic security, indoor perimeter security and service.

Entrance Security

Gunnebo's Entrance Security segment is based on various solutions for access and entrance security such as different types of gates, fencing, road blockers and systems for monitoring and controlling entrance and exit flows.

Electronic Security

Gunnebo delivers many different types of electronic security systems such as burglar alarms, CCTV, fire alarms, various solutions for outdoor alarms and systems for access and entrance security. The Group can also integrate systems to form a single application tailored to the customer's needs.



Business Line Site Protection



BURJ KHALIFA, DUBAI

Customised products installed in world's tallest free-standing building

Burj Khalifa in Dubai opened in January 2010 and at over 800 metres it is now classed as the world's tallest building. It boasts offices, apartments, cafés, sports facilities and much more.

With its panoramic views, the unique skyscraper is a high-risk target for terrorism, for example.

"Following a lengthy investigation, we turned to Gunnebo, which is one of the best-known companies in site protection in the Middle East, and we asked them to help us with security in the building," says Jonathan Keith, Branch Manager for Fire & Security Systems at Johnson Controls International UAE.

The building's first layer of security is on the outside, where Gunnebo has delivered crash-tested road blockers. On the inside, staff and visitors have to identify themselves at Gunnebo's access and entrance solutions before being allowed in.

"Gunnebo has demonstrated tremendous flexibility during the entire project and has delivered customised products to achieve the same high standards as the architect's design," says Jonathan Keith.

"This prestigious project is a very important reference for future development in the region and also the rest of the world. Quite simply it has helped us achieve a milestone on the security market," says Jacob Touma, Country Manager Gunnebo Middle East.

About Burj Khalifa:

Height above sea level:

- Antenna: 828m
- Roof: 688m
- Top floor: 636m

Two of the many world records currently held by Burj Khalifa:

- Tallest free-standing building: 636m
- Building with the most floors: 164

Indoor Perimeter Security

At Gunnebo, indoor perimeter security equates to subsidiary Gunnebo Troax's broad range of wire-mesh panelling, machine safety and patented locking devices which are marketed and sold in the three industry segments Automation & Robotics, Material Handling & Logistics and Storage & Property Protection.

Service

The service offering comprises the installation of the Group's products and systems, as well as regular service visits and general service agreements which may also include products and systems from suppliers other than Gunnebo. An increasingly important part of the offering is Gunnebo's ability to provide a global presence, thanks to mobile service teams, for customers whose installations and structures require it.

Important business during the year

A description of which countries are included in the different regions, along with sales figures, can be found on the inside front cover. Below is a selection of the business carried out within Business Line Site Protection in 2009.

Region North Europe

- Swedish Stockholm Public Transport (SL) orders delivery and installation of metro barriers.
- BMW signs a general agreement with Gunnebo Troax for the delivery and installation of machine safety for all new and rebuilt production units.

- Gunnebo delivers and installs boom barriers and motorised gates for the new port in Helsinki, Finland.
- Four PasSec anti-return gates are delivered and installed at the new airport terminal in Prague, Czech Republic.
- Several orders come in for the Gunnebo Quick Folding Gate (QFG) which was launched during the year, from companies such as German brewers Reissdorf in Cologne and German electro-technology company Phoenix Contact in Blomberg.
- Agreement to deliver and install high-security products and entrance security at a nuclear power plant in Finland.
- Strategically important order for London Gatwick Airport to install the PasSec anti-return gate.

Region South Europe

- Agreement to deliver and install high-security products and entrance security at a nuclear power plant in Switzerland.
- Delivery and installation of high-security doors for IKEA Spain.
- Installation of CCTV for the construction goods giant Knauff Iberica in Spain.

Region Rest of the World

- Installation of high-security Wedge Barrier with safety skirt in Syria for the UN Disengagement Observer Force (UNDOF).
- Construction, delivery and installation of fire extinguishing equipment for all technical, purchasing and construc-



tion processes at Doosan Heavy Industries' coal power station in Indonesian Cirebon, western Java.

- Installation of ImmSec anti-return gates with single person control at Bahrain International Airport.
- Several orders for entrance security for delivery and installation in Beijing's metro system.
- Order for delivery and installation of security products for the 2010 World Cup Soccer Cape Town Stadium, South Africa.
- Order for delivery of gates, barriers and bollards for a new airport in Doha, Qatar.
- Order for entrance security for the world's tallest building, Burj Khalifa in Dubai.

Operations

- Streamlining and re-design of the Tripod Turnstile range.
- PasSec anti-return gate, which is used for passenger security at airports, is given a new design and even better performance.
- Launch of the Gunnebo Quick Folding Gate (QFG).
- Launch of VisioCast, a new system for digital recording of information from electronic security systems.

The market

The market for Site Protection comprises a large number of local and a smaller number of global players, and Gunnebo is both: local when it comes to more

basic solutions such as posts, fencing and gates, and global when it comes to high-security protection and more advanced solutions for entrance security. The Group's customers can be found worldwide. Gunnebo considers itself one of the leading suppliers of solutions for entrance security in Europe. Moreover, Gunnebo is one of the leading suppliers of entrance security solutions for metro systems and public transport worldwide.

Public investments in several of the Group's main markets in Europe have been moderate. Along with weakened construction and industrial sectors, this has contributed to the weak market development. The market for Gunnebo products and solutions has developed far better in Asia, the Middle East and Canada, where the Group reports an increased order intake for 2009 as a whole. In addition, service business and sales of electronic security have developed well during the year.

Financial results

Operating result for the year amounted to MSEK -144 (91) and the operating margin to -5.3 per cent (3.2 per cent). The weaker result can partly be attributed to a weak situation in European industry, which is having an adverse impact on Indoor Perimeter Protection (Gunnebo Troax).

Moreover, expenses of a non-recurring nature burdened result by MSEK -158 (-5) including a write-down of goodwill of MSEK 106. ■



BMW, AUSTRIA

BMW signed an exclusive general contract with Gunnebo Troax

In 2009 Gunnebo Troax took yet another important step into the automotive industry when German car manufacturer BMW signed an exclusive general contract for machine safety.

From now on, all new and re-designed BMW plants will be fitted with Gunnebo Troax machine safety.

"We carried out our first installation of the Troax Machine Safety system for a BMW production line at Magna Steyr in Austria. Our engineers were impressed with the fast, self-explanatory installation method. Once the system was in place, managers from both BMW and Magna Steyr were convinced of its design and stability," says Torsten Köhling, Production Manager at BMW.

BMW was founded in 1916 and today has activities worldwide which encompass over 150 countries and are co-ordinated from the corporation's head office in Munich.

With the three brands BMW, MINI and Rolls-Royce Motor Cars, the BMW Group has its sights set firmly on the premium sector of the international automobile market.



Creating Value ... Secure Storage

Protecting valuables is one of the Gunnebo Group's oldest businesses. The Group's extensive knowledge and expertise in this field has helped Gunnebo to build its reputation as a leading supplier of secure storage solutions.

Brands

Sales of products and solutions for secure storage are conducted 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, SecureLine, which was developed by Gunnebo and is a range of products primarily intended for small offices and home offices.

Product Sourcing

The majority of product sourcing in Gunnebo is brought together in the Operations unit, which is responsible for product development as well as production, sourcing of components and purchasing from subcontractors. During 2009, the results for Business Line Secure Storage were burdened by MSEK 8 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.

High-quality, independently tested products guarantee that Gunnebo's safes and vaults offer a specified level of resistance against attack tools. This creates obvious value for customers, but Gunnebo thinks beyond that.

Secure storage is about protecting information. Fireproof filing cabinets will keep documents safe from fire for up to two hours, just as special digital media safes will prevent the data on discs or memory sticks from being destroyed in a blaze. All this means that a company will not only survive a fire, but can continue doing business almost immediately afterwards.

Secure storage is also about keeping the information close at hand, with quick and convenient access for those who need it. Furthermore, Gunnebo uses innovative materials which are light and highly resistant so that our solutions not only offer maximum capacity and performance, but also take up less space.

From the protection of high-risk items and invaluable data within businesses

to objects of sentimental value in the home, Gunnebo continues to show great strength in the secure storage market around the world.

Gunnebo's offering

Secure storage is a cornerstone of Gunnebo's overall market proposition. Business Line Secure Storage's offering targets customer groups other than Bank and Retail, such as government authorities and institutions around the world. The Business Line's customers include the European Commission, the Vatican Library and American NCR.

Gunnebo's broad market offering comprises certified and non-certified fireproof and burglar-resistant safes, vaults, vault doors and locks. Sales take place under the well-known Chubb safes, Fichet-Bauche and Rosengrens brands, which are positioned differently depending on the market. Non-certified safes and safes with lower grade certification, which are primarily aimed at small offices and home offices, are also sold under the proprietary brand SecureLine.



Business Line Secure Storage



Protection against fire and theft

Read more at www.gunnebo.com/securestorage

Certification

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 documents against fire, while heat-sensitive data media which can be damaged at temperatures as low as 55°C should be stored in a data media safe.

A company's more theft-prone valuables can be protected in a safe which effectively prevents unauthorised access and fire damage, while documents used on a daily basis require a solution that increases accessibility and simplifies storage.

The majority of products marketed and sold by the Business Line are graded, that is tested and certified to ensure they fulfil the best-known norms of the internationally recognised Swedish National Testing and Research Institute (SP), the European Certification Board (ECB•S) and Underwriters Laboratories (UL), for example.

Important business during the year

A description of which countries are included in the different regions, along with sales figures, can be found on the inside front cover. Below is a selection of the business carried out within Business Line Secure Storage in 2009.

Region North Europe

- Delivery and installation of over 1,000 safes to 128 EU delegations in 123 countries successfully carried out during the year.
- Delivery and installation of vaults for UK pharmaceutical company Unichem.

Region South Europe

- Vatican Library orders equipment for secure storage of literary treasures.
- Belgian railways, NMBS, contract Gunnebo to upgrade security on over 200 safes.
- A French fashion house orders a vault for secure storage of its exclusive fashions.



Region ROW

- Australian Sigma Pharmaceuticals orders an enormous vault.

Operations

- Launch of new range of light security rooms which can be installed in existing buildings.
- Launch of unique safes offering triple protection: theft, fire and blast.

The market

The market for secure storage is highly fragmented and there is increasing competition from low-cost countries in Eastern Europe and Asia. Gunnebo's market offering primarily comprises certified products, that is products that have undergone extensive testing. Thanks to the three brands Chubb safes, Fichet-Bauché and Rosengrens, Gunnebo is one of the world's leading suppliers of certified solutions for secure storage.

The market for Secure Storage has been in decline for much of 2009. Order intake for the full year decreased organically

by 22 per cent, while net sales fell by 13 per cent.

The Business Line's sales are mainly through local and national retailers, which have reduced their stock levels during the year, resulting in a lower order intake for Gunnebo.

Financial results

Operating profit for the year amounted to MSEK 2 (79) and the operating margin to 0.2 per cent (7.4 per cent). The lower figures can be attributed to decreases in stock levels among retailers and Gunnebo's focus on reducing stock, which has resulted in low capacity utilisation and under-absorption of fixed costs.

Expenses of a non-recurring nature burdened the figures by MSEK -46 (-11). The majority of these costs are related to shifts in production, and cost reduction in the Customer Centres within the framework of the "Get It Right" programme. ■



SIGMA PHARMACEUTICALS, AUSTRALIA

Company installs the largest vault in Australia – produced by Gunnebo

The installation at SIGMA Pharmaceuticals of a 30-metre-long vault was finalised in December 2009, with all concerned impressed with the quality of the engineering, manufacture and assembly.

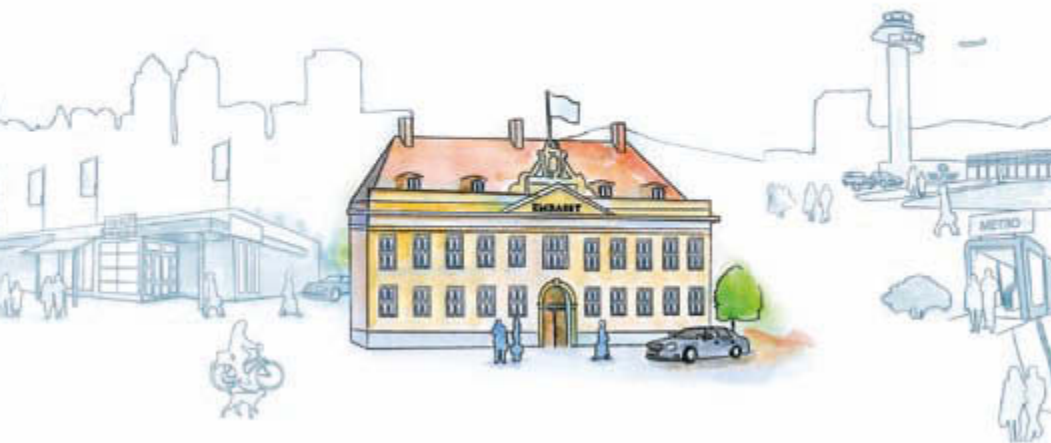
Gunnebo manufactured and delivered the large modular vault to Sigma Pharmaceuticals. This client manufactures and markets prescription medicines, over-the-counter and generic pharmaceutical products. It is also the leading full-line wholesaler and distributor to pharmacies throughout Australia.

"Gunnebo cooperated closely with the vault installation contractor retained by Sigma, SSA Group, to create new design concepts and engineer a vault with a six metre internal height, which is the largest produced and installed in Australia. Graeme Samuels of SSA Group contributed design suggestions and feedback in the engineering phase taken from their many years of Vault installation experience. This allowed us to expedite the design and manufacture of the Vault components," says Dan Turner, Country Manager Gunnebo Australia.

"We are very impressed with the professional way the vault was assembled meeting tight timelines. The finished product meets our highest expectations and further enhances the very good business relationship between our two organisations," says Peter Thomas, National Security Manager at Sigma Pharmaceuticals.

Sigma was originally founded by two Melbourne pharmacists in 1912 and merged with Arrow Pharmaceuticals in December 2005. Following the merger, the business has expanded to provide a comprehensive service and product offering to its customers.

The Group is also the owner of some of Australia's best-known pharmacy banner brands: Amcal, Guardian and Amcal Max.



Creating Value ...

Reliability

Every aspect of what Gunnebo does demands customer focus. That is why the Group's employees listen to the customer at every stage of the relationship to create a lasting partnership built on trust, delivery and commitment to quality.



SERVICE OFFERING IN FRANCE

Good service leads to new partnerships

The services activity in Gunnebo France, where Delphine Guerrier is the Service Manager, encompasses all the activities carried out after the sale of a product or a solution to the client. Given the range of Gunnebo's offering and markets, these services vary from maintenance contracts to consulting, auditing and remote surveillance.

"The type of services we are able to offer is linked to the products and to our positioning on the market: from direct or indirect distribution of simple products, to the integration of dedicated complex solutions for some of our clients, even including competing products.

"Some partnerships have even started thanks to service. For instance a very famous French sports equipments chain, with its 220 stores, first entrusted all its sites to us for remote surveillance, only to then request a general agreement for installation of video surveillance systems, followed by the installation of anti-intrusion alarms," says Delphine Guerrier.

Service activities in Gunnebo France account for 450 people and a turnover of MEUR 44.

Gunnebo's service offering primarily entails ensuring customers' processes are working faultlessly. Gunnebo's skilled technicians and professional support staff are always on hand to give customers the assistance they require, when they require it. But the Group's service organisation goes further than that.

Service is often the face of Gunnebo for many customers and is therefore key in building strong, long-term relationships. Taking on board customer feedback – good and bad – is an essential part of continually improving the standard of Gunnebo's offering. The service business plays a vital role in this, listening closely to customers and channeling this knowledge back into the organisation so that solutions can be created to truly meet security needs.

Gunnebo has always been a customer-oriented organisation and the Group continues to not only sell security solutions but also to deliver high-quality services, from installation to maintenance and beyond.

Gunnebo's offering

Gunnebo's service offering is available on all markets where the Group currently has a market 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 locally-adapted offering on all markets in all Business Lines.

The service business is the largest in Business Lines Bank and Site Protection, and Gunnebo's customers include French banks Le Crédit Lyonnais, BNP Paribas and Crédit Agricole, logistics company TNT in Italy, Spanish BBVA Bank, and the French Ministry of Finance, D.G.A (Direction générale de l'armement).

The market

The security market for service comprises a large number of local installers and service companies, as well as large multinationals. The competitive environment is therefore highly fragmented and varies from one market to the next. Gunnebo's strength lies in its ability to offer service for the Group's products and systems globally, thanks to mobile service teams, for customers whose organisations require it.

Gunnebo's service business has developed well in 2009, particularly within Business Lines Bank and Site Protection. The service business has also made progress in markets which have otherwise reported weak development, such as Spain.

Strategic focus

Within the framework of the "Get It Right" programme, Gunnebo will invest in further developing its already successful service business. Service currently comprises approximately 20 per cent of the Group's net sales. The goal is for this business to grow to between 30 and 40 per cent over the next few years. ■



Service

Creating Value through Unique Security Expertise

Satisfying customers' high demands on delivery precision and quality requires an overall view of the industrial process, which begins with the customer's needs and extends to the service commitment once the guarantee has expired.

Streamlining for competitiveness

Gunnebo aims to reduce its cost level by MSEK 500 during the period 2010–2012. Gunnebo is achieving some of these savings by streamlining its industrial platform. Within the framework of the cost-cutting programme, in November the Group announced plans to wind down operations at the plant in Mora during the first half of 2010.

Operations is a unit within Gunnebo that focuses on production, logistics, product development, purchasing, quality and the environment. Operations is charged with ensuring that the end customer's needs are fulfilled and that the Group's production is effective and takes into account people and the environment. Work on production processes, work procedures and quality control, logistics solutions and energy efficiency, as well as dialogue with stakeholders, not only consider the cost perspective, but also aim to strengthen Gunnebo's brand and competitiveness.

Industrialisation

The term 'industrialisation' encompasses the Group's view of the process from customer need to the market, market requirements and service commitment once the warranty has expired. To ensure the main process and its sub-processes are continuously improved, standardised KPIs have been introduced for all important parameters. Two of the areas who have come under focus in 2009 are purchasing and logistics.

Purchasing

Efficient purchasing is a strategic tool with great potential to improve Gunnebo's margins and results. In 2009 Gunnebo initiated a programme to reduce its purchasing costs. A number of areas have been identified where the Group's needs are now co-ordinated

for joint purchasing, the aim being to take advantage of the entire Group's purchasing power as a major corporation. Joint processes and KPIs are also being introduced to measure savings in purchasing. The programme has led to large savings and the goal is to gradually reduce purchasing costs by 8 per cent up to 2013, which equates to over MSEK 200 a year.

Logistics

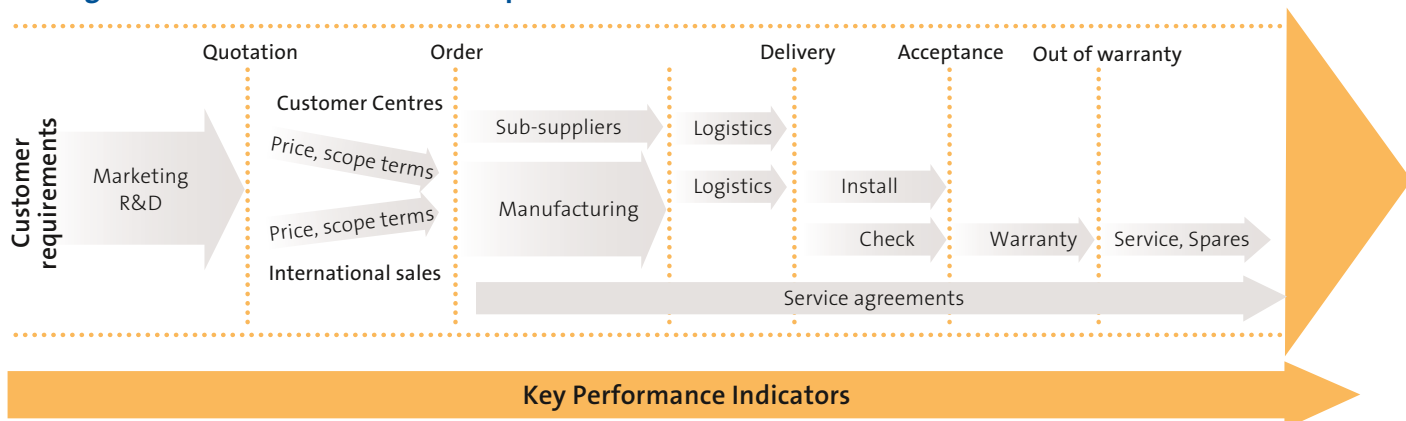
In 2009 Gunnebo has focused on improving the Group's transport and logistics processes. By using a small number of shared transports and introducing standardised working methods, Gunnebo has managed to reduce costs and improve its monitoring of delivery precision. A joint tool is used for selecting transport which enables lower costs, on-time delivery and the chance to reduce the level of capital tied up. Through efficient transport processes and higher delivery reliability, Gunnebo improves its customer relations and profitability. The burden on the environment also decreases, through conscious transport choices and efficient logistics.

Responsible production

Gunnebo is located close to its customers, enabling short lead times and flexibility. Being close to the market improves customer dialogue and makes it possible to be receptive to market needs.

30 per cent of Gunnebo's costs from goods sold are from in-house production.

Management of Gunnebo's industrial platform



Gunnebo's production at its in-house production units is being streamlined through control and management of purchasing processes, stock management, lead times, capacity utilisation, delivery reliability and quality control.

The implemented action programmes for streamlining the industrial platform therefore cover both in-house production and externally sourced products and services.

ISO-certified plants

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 Group now takes place at ISO-certified plants. The regular external audit combined with Gunnebo's own internal audits contribute to continuous improvement in our environmental work.

The environmental management systems also deal with business risks. In order to reduce risks and minimise any impact on the environment that may arise, Gunnebo works actively on risk management and related measures. The adjacent table lists Gunnebo's certified plants. ■

ISO 14001. Gunnebo production units

	Unit	ISO 14001 Certification
Secure Storage	Doetinchem, the Netherlands	1999
	Bazancourt, France	2002
	Mora, Sweden (closing summer 2010)	2000
	Markersdorf, Germany	2003
	Bekasi/Jakarta, Indonesia	2004
	Wadeville/Johannesburg, South Africa	Planned 2010
Cash Automation	Halol, India	2006
	Trier, Germany	2004
	Baldenheim, France	2004
	Uckfield, UK	2007
Entrance Security	Lavis/Trento, Italy	2007
	Bedford, UK (closure talks initiated February 2010)	–
	Salzkotten, Germany	2006
	Ödeborg, Sweden	–
	Doulevant le Château, France	Planned 2010
Indoor Perimeter Security	Hillerstorp, Sweden	1998
	Kingswinford, UK	2005

Creating Value through Responsible Leadership

The Gunnebo Security Group is strongly committed to creating business sustainability at every stage of its business – from product development to service. Each employee is aware of his or her responsibility to protect the environment and act in a socially responsible manner. The value to Gunnebo is a stronger brand, lower risk and a higher return in the long term.

CEO on Gunnebo's responsibilities

“Gunnebo's reputation is the basis for the continued success of our operation. Confidence and trust are the hallmarks of our relations with the Group's stakeholders. Together we are taking a long-term, responsible approach in order to minimise risks and strengthen our brand.

The Code of Conduct, which is based on our Core Values, explains how we manage our business. As employees of Gunnebo we must act in accordance with these values and principles, and all legislation and regulations that apply to our operation.

We should be proud and show respect.

Per Borgvall, President and CEO

Gunnebo's corporate responsibility is essentially directed towards four key groups: employees, customers and suppliers, society and the environment, and shareholders. The Group's Code of Conduct details how the Group deals with this responsibility.

The Code, in parallel with the Group's Core Values, is designed to guide employees to act responsibly and with integrity. Gunnebo's suppliers, agents, consultants and other business partners are encouraged to adhere to the Code.

Code of Conduct

The Code of Conduct states that Gunnebo shall adhere to all international and national laws and regulations, and that they shall represent the minimum standard for the Group's actions. Each employee shall act as a responsible member of the business and contribute to the company's sustainable development.

There is an online course for employees with computer access, where the Code is presented and participants are asked to face various ethical dilemmas. The course material has been produced in 14 languages.

All Gunnebo employees must follow the Code and are obliged to report breaches to their immediate manager. If the manager is involved in the situation or in cases where no action is taken, the breach 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. Details are treated in confidence and the person who provides the information may remain anonymous.

Human rights

As an international company and employer, it is important that Gunnebo complies with human rights at 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 Declaration of Human Rights, the UN 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.

Gunnebo's corporate responsibility

■ Employees

To respect employees and their rights, and offer safe, suitable and non-discriminatory working conditions, and to invest in ongoing skills training to ensure job satisfaction and professional development for each individual.

■ Customers and agents

To work in the best interest of the customers and to retain customers through continuous development and by providing products, service and



Core Values and Code of Conduct

Read more at www.gunnebo.com/coc

solutions that meet customers' expectations regarding function, design, quality, safety and environmental care.

- **Society and the environment**
To manage the business as a responsible member of society acting according to the laws in the countries in which Gunnebo is present, and to show respect for the protection of internationally proclaimed human rights. Gunnebo has an obligation to make sure that the Group is not complicit in anything that contravenes this and must always show consideration for health and safety, and contribute to a better environment and sustainable development.
- **Shareholders**
To protect the shareholders' investments and strive for a sustainable return.

Corporate Core Values

Gunnebo's Core Values guide the Group's employees in their daily work. They are the common denominator in all business-critical aspects – from product development to marketing, goals, strategies, sales and 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.
- **Cooperation**
We work together to build a better customer offering.



Value for Gunnebo's stakeholders

Gunnebo's corporate responsibility relates to how Gunnebo uses its business to improve the social and economic value in areas where the Group operates. The Group's Code of Conduct lays the foundation for how the operation is managed, and the Core Values guide employees in their day-to-day business.



Creating Value through Green Goals

The aim of Gunnebo's environmental work is to contribute to a long-term sustainable society. Gunnebo actively applies conscious goal management to reduce the Group's impact on the climate. The environmental goals result in production that is efficient in terms of resource use, and the development of products with a long life cycle and low energy consumption.

Environmental Policy

The Gunnebo Group's operations shall be characterised by a holistic approach in which importance is given to environmental considerations. In its 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 environment 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.

Gunnebo's Environmental Policy, along with the Code of Conduct, plays a guiding role in the Group's operation. The environmental work should aspire to challenging targets. The Group's environmental management systems are designed to play an active, forward-looking role in achieving the Group's environmental goals and to ensure regular reporting on environmental performance.

Gunnebo's overriding environmental goals

Gunnebo regularly updates, evaluates and reports its environmental impact and environmental performance. The Group's overriding environmental goals are based on detailed knowledge of the individual operations' environmental impact, which is mainly acquired through the environmental systems that have been introduced.

The overriding goals describe the principal areas in which the Group's environmental performance should be improved.

1. Optimise energy consumption and minimise impact on climate change from the Group's operations.
2. Make efficient use of raw materials and natural resources.
3. Maintain effective sorting-at-source and recycling of materials to enable Gunnebo to minimise the amount of non-recycled waste.

4. Further develop Gunnebo's strategy for product development, so that the Group takes environmental aspects such as energy consumption and the use of natural resources into consideration throughout the entire life cycle of a product.

In 2009 specific Group-wide environmental goals were established for the business. They are reported in the fact box on page 35.

Dialogue for continuous improvement

Environmental management is an integrated part of operational management at every operative level in Gunnebo, and all production units have an environmental manager who is responsible for ensuring that environmental management is deployed effectively.

In order to continuously review and improve the Group's processes, Gunnebo has created a network of environment and quality managers, led and co-ordinated by Gunnebo's SVP Quality, Environment, Logistics and Purchasing. The quality managers meet regularly to evaluate the efficacy of existing processes and identify measures for improvement. The network fosters collaboration between the units, disseminates good ideas and stimulates co-ordination of internal review operations. In 2009 the focus has been on Group-wide environmental goals and EcoDesign.



With the environment in mind

Read more at www.gunnebo.com/environment

Assessment of climate readiness

Many measures have been taken during the year to reduce energy consumption and thereby reduce the Group's impact on the climate. The Group's policy on corporate vehicles has changed, and specific requirements regarding CO₂ emissions have been set. During the past year Gunnebo has participated in the Carbon Disclosure Project (CDP), a collaboration between 475 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.

In 2009 Gunnebo improved its CDP ranking to third, which shows both that Gunnebo is clear in its environmental reporting and that the Group has a conscious environmental management process which includes strategic aspects. The CDP result provides a basis for investors, banks and insurance companies to assess the Group's awareness, drive and professional ability to tackle climate change.

Environmental goals 2012

- **Reduce carbon dioxide emissions by 15%**

The result is monitored quarterly and reported with regard to emissions from production, passenger transport and freight transport.

- **Reduce electricity consumption by 10%**

The result of energy consumption in production is monitored quarterly and is reported by supplier, consumption and production method (nuclear power, fossil fuel, etc.). The amount of electricity from renewable resources shall be reported.

- **Increase material recycling by 20%**

The result is monitored quarterly, and total waste and recycled waste are reported for the production plants.

- **Introduction of EcoDesign 2010**

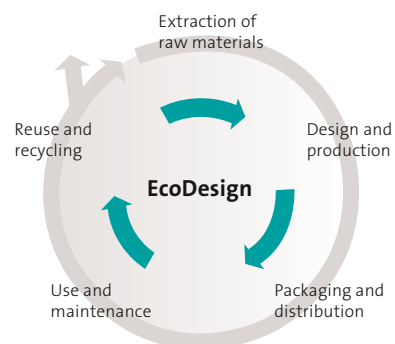
In order to contribute to a long-term sustainable society, Gunnebo works with environmentally-friendly product development, EcoDesign. In 2009 Gunnebo has developed Group-wide processes for product development in line with EcoDesign. The goal is to implement EcoDesign in 2010.

EcoDesign

EcoDesign refers to consideration for the environment throughout the entire life cycle of a product. Already at the design stage, environmental aspects are considered from a life cycle perspective. Materials and components for new products are chosen in an environmentally-friendly way. Similarly, resource consumption during production is optimised in terms of energy consumption, emissions and waste.

The products' energy consumption should be as low as possible during use, and the products must be able to be distributed and recycled as efficiently as possible.

EcoDesign helps Gunnebo manufacture products that strengthen the Gunnebo brand and reduce impact on the environment throughout their entire life cycle. In 2009 the Group introduced a standardised procedure for EcoDesign, and personnel working on product development have been trained in how to translate EcoDesign from theory into practice.





Transport chosen with environment in mind

Gunnebo has been a member of the Clean Shipping Project since 2008. The project members, 25 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 has major environmental problems. One way of making the shipping industry more environmentally friendly is for the largest cargo owners jointly to stipulate demands and build customer pressure for cleaner shipping transport. The Clean Shipping Project has developed a brand new environmental index – the Clean Shipping Index – which Gunnebo uses in connection with purchasing to evaluate different shipping lines. In 2009 Gunnebo has used the index to employ shipping lines which participate in the project, and to stop working with lines that are unable to produce environmental information.

When procuring heavy road transport, Gunnebo turns to the non-profit organisation QIII for assistance. QIII assists and assesses the requirements of buyers of heavy road transport in terms of working environment, road safety and the environment. This collaboration not only benefits Gunnebo as a buyer, but also shipping agents who can be assessed on criteria other than price. In 2009, and with the help of QIII, Gunnebo stopped working with smaller shipping agents who were unable to produce the requested environmental statistics. ■

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

Creating Value through a Commitment to Quality

All of Gunnebo's operations are based on customer needs. Quality is a cornerstone of the entire Group's business process and two of the Group's Core Values are Customer Focus and Quality. These values are closely linked as Quality is ultimately about fulfilling customer expectations.

Quality is a business-critical success factor for Gunnebo as a supplier of high-quality security products, solutions and services. Customer-focused design and error-free deliveries, on time, create added value and satisfied customers.

Quality means that everything we do is right from the very beginning, 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 customers' 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 the possibility of achieving them. The aim is to get it right first time.

An important cornerstone in the quality work is working on continuous improvements. The process is based on an ongoing dialogue and on evaluations with the Group's customers. Internal procedures pick up indications of requirements, and needs are communicated. If a fault or non-conformity occurs, there is a standardised process in place. Non-conformities do happen

and are used as an opportunity for improvement.

Quality Inspection

Gunnebo continually verifies and controls the critical processes that have been identified within the operation through structured risk analysis. Many of Gunnebo's products and system solutions also undergo comprehensive external testing and are certified by leading test institutions worldwide. The certificates that are obtained after the satisfactory completion of tests are a critical success factor for the Group and are increasingly being requested by Gunnebo's customers.

Within Outdoor Perimeter Security, there is for example a range of high-security products within which the majority of products are certified by the American DOS (Department of State) and the British PAS (Publicly Available Specification).

Cash Automation has solutions certified by the European Central Bank. The American Underwriters Laboratories (UL) quality standard has been used where it is necessitated by the customer's operations, and the same applies to the Electrical Safety Test standard.

Quality Control

Gunnebo's quality control is based on the conscious steering, measurement and follow-up of identified sub-processes within both production and administration. The aim is to steer key processes to get it right first time.

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 are 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 describes how the quality vision is to be achieved and represents a guiding principle for all work within the organisation.

- Quality is one of our Core Values and 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 a responsibility for all Gunnebo employees and is a leadership issue.
- Quality is measuring, controlling and continually improving our performances.
- Quality is exercised in practice by competent employees who carry out effective processes.

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 or production unit within Gunnebo has a certified quality assurance system. ■

Creating Value by Empowering Employees

Gunnebo's employees and their expertise are an extremely important asset for the Group. It is the employees who create value for the Group's customers, and ultimately for its owners as well. At the year-end, Gunnebo had 5,933 employees (6,419) in 28 countries.

Toolbox for Empowerment

- Training & education
- Leadership development
- Talent management
- Dialogue/Information
- Diversity
- Supportive organisation
- Networks
- Guidelines, policies
- Code of Conduct and Core Values

Gunnebo's customers have demanding quality requirements for the products and systems that are installed and expect efficient service. The employees' quality awareness and expertise, along with values and attitudes, are important success factors in Gunnebo's business. Gunnebo's goal is to be an active and attractive employer.

Expanding training platform

In order to bring together all the unique security-related knowledge – products, systems and service – found within the Group, Gunnebo has a training platform, Gunnebo Training Centre (GTC) for interactive training. In 2009 GTC expanded and developed several courses in product training, as well as language courses. There are also e-learning courses for the entire Group on Gunnebo's Code of Conduct, quality, and an introduction course for new employees.

Leadership development

Gunnebo has introduced a Key Account Management (KAM) programme in order to foster customer relations and develop business with larger global customers in particular. The first course participants are experienced Gunnebo employees who have helped design the programme, using their different experiences and cultural perspectives. The Key

Account Managers will form the link between the customer and Gunnebo, and assume a project management role in issues relating to customer needs, resources and commitment.

The KAM programme is a strategic activity to increase margins and a first step towards a new approach for more profitable customer relations.

Talent Management

Identifying, managing and following internal talent in order to secure critical expertise is important for Gunnebo if it is to maintain its position at the forefront of developing customised security solutions. There are excellent opportunities within the Group for challenging, stimulating work tasks. Performance reviews, career planning, succession planning and the mapping of potential and opportunities are pivotal activities that strengthen the operation and help employees grow.

To utilise and refine the expertise in the organisation while also offering personal development, there is an internal job market on the Group intranet. Job vacancies within the Group are published here before being advertised externally. Many job vacancies advertised in 2009 were filled internally. Employees can communicate their interest to change job and their desire to look for new challenges indirectly by seeking new employment.



Meet Gunnebo's employees

Read more at www.gunnebo.com/employees



Forum for exchanging views

Gunnebo's European Works Council (EWC) was established in 1999 as a 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.

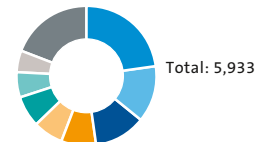
In September 2009, the CEO and SVP Human Resources met delegates from the European Works Council at the Bazancourt facilities in France. The

meeting was appreciated and resulted in a greater investment in e-learning courses in English, among other things.

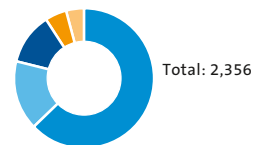
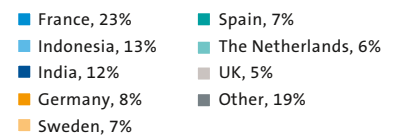
Dialogue for development

In order to strengthen and develop the operation, Gunnebo maintains dialogue with employees about their views on areas with potential for improvement, in terms of both the workplace and the work environment.

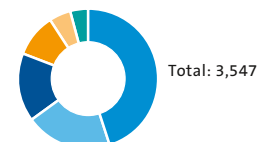
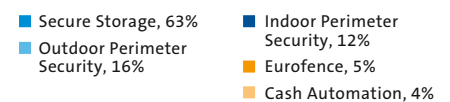
In 2009 Gunnebo actively worked with the results of the 2008 employee survey, which was a pilot survey in France and led to a series of positive



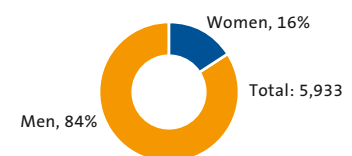
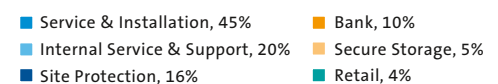
Employees per country



Employees per Competence Center



Employees per Customer Center per function



Employees by gender



KEY ACCOUNT MANAGEMENT

One contact for the whole business

A programme was set up in 2009 to develop Key Account Managers with the aim of promoting customer relations and further developing business with major global and local customers. There were 15 participants in the first group, including Stephan Seifert from Germany and Santiago Sancho from Spain.

"I see tremendous opportunities for evolving all of Gunnebo's business by applying the Key Account Management (KAM) philosophy. Gunnebo has a broad product range, and with KAM it can be combined to form unique customer offerings for leading international customers. Customers are offered the whole of Gunnebo's collective expertise through a single contact person – the Key Account Manager – who co-ordinates the internal work. For me personally, the KAM programme has given me an excellent insight into the properties that are important for the concept to be successful, such as the ability to lead and engage personnel. As a manager and a leader this is tremendously important knowledge, which means I can put the right person in the right place and support them in their development."

Stephan Seifert has worked within the Group for 14 years and is Business Line Manager Bank in Germany and Austria.

"A good Key Account Manager at Gunnebo should above all be goal-oriented, good at listening and at building and nurturing relations. It's about understanding the customer and giving them solutions to their widely differing needs. The programme gave me a lot to think about and develop on a personal level. Gunnebo's business is complex in many ways, but the programme gave me a good overview of the company's overall market offering. At the same time I had an opportunity to build networks and discuss challenges and problems with colleagues from other parts of the Group."

Santiago Sancho has worked in various sales positions at Gunnebo for three years, and is currently a salesman at Business Line Bank in Spain.

changes. All Group employees will take part in the next employee survey during the coming year.

Similar surveys have been conducted at the national level in some countries for several years, and in 2009 an overall approach was taken regarding the surveys to obtain a general picture in the Group as a whole.

The vast majority of Gunnebo employees have access to the Group-wide intranet, GunneboNET, the primary channel for communication relating to Group-wide processes and policies. The site also provides up-to-date information on HR issues, news about the Group's business and the CEO's comments on current events in the organisation as well as reporting and follow-up on the Group's financial results. The intranet is frequently used to disseminate information and best practices, and for collaboration on interactive workspaces.

Diversity

One prerequisite for an international Group like Gunnebo is to have employees who reflect the Group's customers, people who understand local cultures and conditions. The ability to see and understand customer needs increases with local presence, and with it the likelihood of fulfilling customers' wishes with bespoke solutions. Having employees close to customers gives Gunnebo better, longer-lasting customer relations. The investment in language courses is an important component for collaboration and exchanges between Group employees.

Organisation

The day-to-day work relating to employee issues, including recruitment, is handled locally within each market. The Group's central HR work supports local HR managers and operational managers in attracting, recruiting, developing and retaining employees.

Work co-ordinated at Group level encompasses manager recruitment and replacements, expertise and leadership development, co-ordination of internal recruitment and employee surveys. Work is in progress to produce guidelines for how the Group's performance and development reviews should be structured. Implementation of the Group-wide guidelines will take place in 2010.

Networks for development

All human resources managers are part of a shared network headed up by the Group's SVP 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, tools, regulations and policies.

The Group's HR managers met twice in 2009. They jointly develop, anchor and quality assure Group-wide processes in HR and help each other in cultural matters in recruitment, for example.

There are also similar networks for finance, IT, environment, quality, communication, logistics and purchasing. ■

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Board of Directors' Report

The Board and President of Gunnebo AB (publ), company registration number 556438-2629, hereby submit the Annual Report and consolidated accounts for the 2009 financial year.

Gunnebo is an international security group with an annual turnover of MSEK 6,800 and 6,000 employees. The Group provides integrated security solutions to customers that set high standards for cash handling, secure storage, access and entrance security, 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 6,573 (6,965). The organic order intake fell by 12 per cent as a result of lower demand on some of the Group's important markets in Europe.

Net sales totalled MSEK 6,788 (6,903). Organically, net sales decreased by 9 per cent, while currency effects boosted sales by 7 per cent. Business Line Bank improved its net sales by 7 per cent while the other business lines reported a decrease of approximately 5 per cent.

Financial results

Operating profit amounted to MSEK -88, compared with MSEK 281 last year.

Lower sales volumes decreased profit by MSEK 145. Capacity adaptations within both production and sales have led to a workforce reduction of 486 people since the beginning of the year. These measures, along with other expenses of a non-recurring nature, have burdened the result by MSEK -302 (-47), of which MSEK 106 (0) relates to goodwill write-down.

In light of the weak business climate, the Group has also focused on strengthening cash flow and, as part of its work to reduce capital tied up, production has been streamlined with the aim of reducing stock. This has resulted in low capacity utilisation and under-absorption of fixed costs equivalent to approximately MSEK 40.

Net financial items improved by MSEK 22, totalling MSEK -79 (-101), due to lower interest rates. Group profit after financial items amounted to MSEK -167 (180). Net profit for the period totalled MSEK -205 (115), or SEK -3.40 (1.95) per share.

Cost-cutting programme

During the second quarter, a cost-cutting programme was introduced to reduce costs and adapt capacity to prevailing

demand. The cost-cutting measures aim to reduce the Group's costs by a total of MSEK 500 by the end of 2012. The planned measures mainly comprise a programme to reduce fixed costs and streamlining of the industrial platform.

The cost of implementing the programme is estimated at MSEK 400. MSEK 196 of this burdened profit in 2009. The remainder will burden profit for 2010 and 2011.

New share issue

With the aim of strengthening Gunnebo's financial position, a new 2:3 share issue was carried out in December, with preferential rights for existing shareholders at an issue price of SEK 16.50. The issue was oversubscribed and brought in MSEK 490 after issue costs of MSEK 11. As well as reducing the Group's debt, the funds raised by the issue will be used for investments in product development and market investments in Asia and the Middle East, and for investments in Gunnebo's service business.

Capital expenditure and depreciation

During the period, capital expenditure totalled MSEK 77 (119). Depreciation amounted to MSEK 134 (130).

Product development

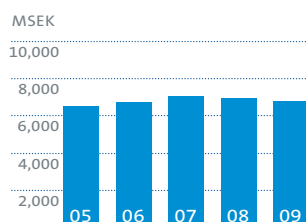
Group expenditure on developing and supporting existing product programmes, and on developing brand new products in existing or new market segments, totalled approximately MSEK 84 (84), of which MSEK 16 (8) was capitalised in the balance sheet during the year.

Cash flow

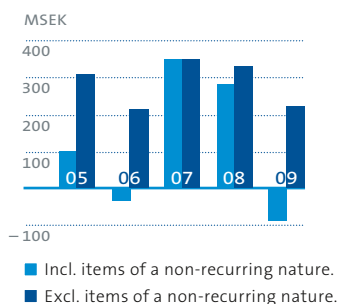
Cash flow from operating activities increased by MSEK 387 to MSEK 603 (216). The Group's cash flow was considerably better during the period than last year, due to lower working capital tied up which had a positive effect on cash flow of MSEK 496. The dramatic improvement is primarily attributable to the success of the Group's working capital streamlining programme, and partly also to lower volumes.

Cash flow from operating activities before changes in working capital amounted to MSEK 99 (208). The operating cash flow after deductions for capital expenditure but before net financial items affecting cash flow and paid tax improved to MSEK 683 (255).

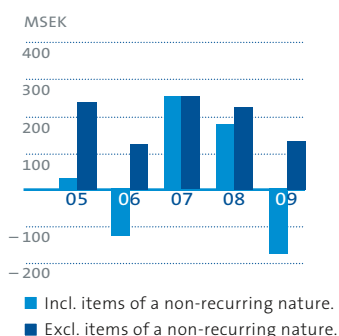
Net sales



Operating profit/loss



Profit/loss after financial items



Liquidity and financial position

The Group's liquid funds at the end of the year amounted to MSEK 172 (169). Equity amounted to MSEK 1,413 (1,073), producing an equity ratio of 33 per cent (20 per cent). The new share issue implemented in December injected MSEK 490. Other comprehensive income comprising translation differences, hedges of net investments abroad, cash flow hedges and income tax related to these components improved equity by MSEK 55 during the year.

The net debt decreased to MSEK 1,048 (1,967), mainly due to the new share issue and the positive cash flow from operating activities. The debt/equity ratio improved to 0.7 (1.8). Net debt excluding pension commitments amounted to MSEK 803 (1,723).

During the fourth quarter, Gunnebo agreed on a new MEUR 180 syndicated credit framework which ensures financing is available on market terms until the end of January 2013. The new borrowing facility will be used to refinance Gunnebo's current borrowing facility of MEUR 200 and will also replace a bilateral loan of MSEK 200.

Employees

The number of employees in the Group decreased during the year by 486, totalling 5,933 at the end of the period (6,419 at the beginning of the year). The number of employees outside of Sweden was 5,491 (5,906 at the beginning of the year).

Remuneration to senior executives

At Gunnebo's Annual General Meeting on April 23, 2009, principles for remuneration and other employment conditions were decided upon for the President and other members of the Group Executive Team. Remuneration to the Executive Team shall be in line with the market and

Sales by market

	2009		2008		2007	
	MSEK	%	MSEK	%	MSEK	%
France	1,588	23	1,570	23	1,691	24
Germany	577	9	609	9	614	9
Spain	479	7	574	8	590	8
UK	416	6	530	8	646	9
Sweden	415	6	470	7	407	6
Belgium	302	4	204	3	176	3
Denmark	297	4	325	5	264	4
Italy	273	4	280	4	278	4
Netherlands	226	3	194	3	232	3
India	207	3	178	3	167	2
Hungary	197	3	284	4	245	3
Canada	187	3	169	2	176	3
Indonesia	142	2	122	2	126	2
Norway	140	2	133	2	152	2
Other	1,342	21	1,261	17	1,261	18
Total	6,788	100	6,903	100	7,025	100

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

The fixed salary shall take into account the individual's areas of responsibility and experience, and shall be reviewed on an annual basis. The performance-related component is dependent on the individual's achievement of quantitative and qualitative goals. The President's performance-related pay may not exceed 50 per cent of the fixed salary. For other senior executives, performance-related pay varies depending on position and contract, but may not exceed between 25 and 50 per cent 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.

The Board's proposal for guidelines ahead of the 2010 Annual General Meeting contains addenda stating that the Board shall have the right to deviate from the guidelines if exceptional circumstances exist in individual cases, and that the Board shall annually assess whether a share-based incentive scheme for senior executives should be introduced. In addition the Board is entitled to decide on additional performance-related remuneration based on the results in 2010 and 2011, with a ceiling of one year's salary. Otherwise it is proposed that guidelines corresponding in all essentials to the above should apply until the next AGM.

Share category

At the end of the year, Gunnebo's share capital amounted to MSEK 378.1, divided into 75,616,422 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.

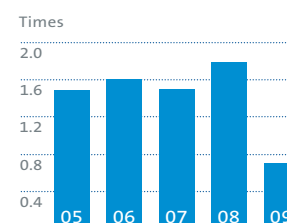
Share data

Earnings per share after dilution were SEK -3.40 (1.95). The number of shareholders totalled 11,600 (10,700).

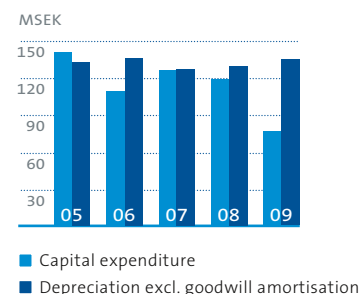
Proposed dividend

The Board and the President propose that no dividend is paid for 2009 (the dividend for 2008 amounted to SEK 0 per share).

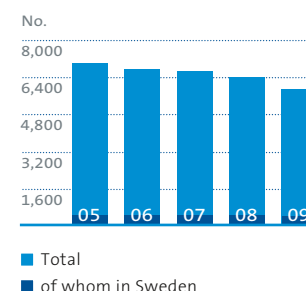
Debt/equity ratio



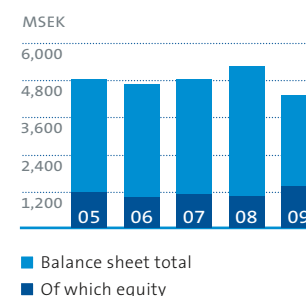
Capital expenditure and depreciation



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, %	
	2009	2008	2009	2008	2009	2008
Bank	2,353	2,208	135	168	5.7	7.6
Retail	738	779	-20	6	-2.7	0.8
Site Protection	2,698	2,850	-144	91	-5.3	3.2
Secure Storage	999	1,066	2	79	0.2	7.4
Central items	—	—	-61	-63	—	—
Total	6,788	6,903	-88	281	-1.3	4.1

Parent company

The parent company's operations consist primarily of the provision of functions for Group management, business development, human resources, legal affairs, financial control/finance, IT, quality, purchasing, 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 notification or a licence under Swedish environmental law at its Swedish companies Gunnebo Mora AB, Gunnebo Troax AB and Gunnebo Nordic AB. These operations are 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.

Risks and uncertainties

Given the international nature of its business, Gunnebo is exposed to financial, business environment and other business risks. The financial risks are mainly linked to changes in interest rates and exchange rates, as well as refinancing and counterpart risks. Business risks primarily include operational

and strategic risks, such as business environment risks, raw material risks, product risks and legal risks. For more information on the risks to which Gunnebo is exposed, see Notes 3 and 35.

New President and CEO

Per Borgvall became the President and CEO of Gunnebo on March 1, 2009.

"Get It Right" – a programme for increased profitability

A programme called "Get It Right" was introduced during the year to increase Gunnebo's profitability. The programme centres on six main points: cash flow, improved margins, management, cost reductions, a strategic review of the Group's operation and securing the Group's long-term financing.

Forecasts

Gunnebo deems the market situation hard to interpret and is therefore not making any forecasts for 2010.

Events after the closing day

No significant events affecting the content of this Annual Report have occurred between December 31, 2009 and the publication of this Annual Report.

Definitions

Gross margin:

Gross profit as a percentage of net sales.

Direct yield:

Dividend in relation to listed price on December 31.

Capital turnover rate:

Net sales 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 interest-free provisions and liabilities.

Profit margin:

Profit after financial items as a percentage of net sales.

Group Income Statements

MSEK	Note	2009	2008
Net sales	5	6,788.4	6,903.2
Cost of goods sold		–4,958.2	–4,957.2
Gross profit		1,830.2	1,946.0
Selling expenses		–1,062.9	–1,020.4
Administrative expenses	33	–723.4	–685.9
Share of profit of associated companies	16	6.0	11.5
Goodwill write-down		–105.6	–
Other operating income	6	23.7	46.3
Other operating expenses	7	–55.5	–16.0
Operating profit/loss	5, 8, 9, 10, 22, 28, 32	–87.5	281.5
Financial items			
Interest income		3.5	4.7
Other financial income	11	8.6	2.7
Interest expenses		–79.1	–96.2
Other financial expenses	11	–12.1	–12.5
Total financial items		–79.1	–101.3
Profit/loss after financial items		–166.6	180.2
Taxes	12	–38.5	–65.3
Profit/loss for the year		–205.1	114.9
Of which attributable to:			
Parent company shareholders		–205.1	114.9
Minority interests		0.0	0.0
		–205.1	114.9
Earnings per share before dilution, SEK*	13	–3.40	1.95
Earnings per share after dilution, SEK*	13	–3.40	1.95

* The figures have been adjusted for the bonus issue effect resulting from the new share issue.

Group Statement of Comprehensive Income

MSEK	Note	2009	2008
Profit/loss for the year entered in the income statement		–205.1	114.9
Other comprehensive income during the year			
Translation differences in foreign operations	21	–81.5	348.3
Hedging of net investments	21	107.7	–427.4
Cash flow hedges	21	29.1	–32.3
Total other comprehensive income, net of tax		55.3	–111.4
Comprehensive income for the year		–149.8	3.5
Of which attributable to:			
Parent company shareholders		–149.8	3.5
Minority interests		0.0	0.0
Total		–149.8	3.5

Group Balance Sheets

ASSETS, MSEK	Note	2009	2008
Fixed assets			
Intangible assets			
Goodwill	14	1,091.2	1,240.1
Other intangible assets	14	108.3	120.1
Total intangible assets		1,199.5	1,360.2
Tangible assets			
Buildings and land	15	278.1	316.5
Machinery	15	138.6	170.1
Equipment	15	106.0	118.8
Construction in progress	15	23.8	19.8
Total tangible assets		546.5	625.2
Financial assets			
Holdings in associated companies	16	55.5	47.0
Deferred tax receivables	12	240.0	287.6
Other financial assets		10.5	10.9
Total financial assets		306.0	345.5
Total fixed assets		2,052.0	2,330.9
Current assets			
Inventories	17	644.2	912.8
Current receivables			
Accounts receivable	18	1,260.3	1,581.3
Current tax receivables		54.2	63.6
Other receivables		88.4	141.5
Prepaid expenses and accrued income	19	65.1	62.7
Total current receivables		1,468.0	1,849.1
Liquid funds	20	172.1	169.3
Total current assets		2,284.3	2,931.2
TOTAL ASSETS		4,336.3	5,262.1

Cont. over

Group Balance Sheets cont.

EQUITY AND LIABILITIES, MSEK	Note	2009	2008
Equity			
Share capital (75,616,422 shares with a quota value of SEK 5)		378.1	227.6
New share issue in progress		1.2	—
Other contributed capital		976.1	638.0
Reserves	21	–94.6	–149.9
Retained earnings		152.1	357.2
Total equity attributable to the shareholders of the parent company		1,412.9	1,072.9
Minority interests		0.1	0.1
Total equity		1,413.0	1,073.0
Long-term liabilities			
Deferred tax liabilities	12	38.8	35.7
Pension commitments	22	245.2	243.5
Borrowings	24	300.3	1,862.4
Total long-term liabilities		584.3	2,141.6
Current liabilities			
Accounts payable		683.1	666.8
Current tax liabilities		39.9	73.6
Other liabilities		268.5	598.0
Accrued expenses and deferred income	25	533.8	559.9
Borrowings	24	684.0	40.3
Other provisions	23	129.7	108.9
Total current liabilities		2,339.0	2,047.5
TOTAL EQUITY AND LIABILITIES		4,336.3	5,262.1
Pledged assets	26	0.1	0.5
Contingent liabilities	27	235.9	212.1

Change in Group Equity

MSEK	Attributable to the shareholders of the parent company						Minority interests	Total equity
	Share capital	New share issue in progress	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance Jan 1, 2009	227.6	—	638.0	−149.9	357.2	1,072.9	0.1	1,073.0
Profit/loss for the year	—	—	—	—	−205.1	−205.1	0.0	−205.1
Other comprehensive income during the year	—	—	—	55.3	—	55.3	0.0	55.3
Comprehensive income for the year	—	—	—	55.3	−205.1	−149.8	0.0	−149.8
Share-based remuneration	—	—	—	—	0.0	0.0	—	0.0
New share issue	150.5	1.2	338.1	—	—	489.8	—	489.8
Total transactions with shareholders	150.5	1.2	338.1	—	—	489.8	—	489.8
Closing balance Dec 31, 2009	378.1	1.2	976.1	−94.6	152.1	1,412.9	0.1	1,413.0

MSEK	Attributable to the shareholders of the parent company						Minority interests	Total equity
	Share capital	New share issue in progress	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance Jan 1, 2008	227.6	—	638.0	−38.5	315.0	1,142.1	0.1	1,142.2
Profit/loss for the year	—	—	—	—	114.9	114.9	0.0	114.9
Other comprehensive income during the year	—	—	—	−111.4	—	−111.4	0.0	−111.4
Comprehensive income for the year	—	—	—	−111.4	114.9	3.5	0.0	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 Dec 31, 2008	227.6	—	638.0	−149.9	357.2	1,072.9	0.1	1,073.0

Group Cash Flow Statements

MSEK	Note	2009	2008
OPERATING ACTIVITIES			
Operating profit/loss		–87.5	281.5
Adjustment for items not included in cash flow	30	329.4	81.0
Net financial items affecting cash flow	29	–79.8	–99.2
Taxes paid		–62.7	–54.9
Cash flow from operating activities before changes in working capital		99.4	208.4
Cash flow from changes in working capital			
Change in inventories		231.1	–46.9
Change in operating receivables		314.4	205.3
Change in operating liabilities		–41.6	–150.8
Total change in working capital		503.9	7.6
Cash flow from operating activities		603.3	216.0
INVESTING ACTIVITIES			
Capital expenditure on intangible assets	14	–22.4	–20.3
Capital expenditure on tangible assets	15	–54.3	–98.7
Divestiture of tangible assets		14.4	4.3
Acquisition of subsidiaries	31	–	–6.8
Cash flow from investing activities		–62.3	–121.5
FINANCING ACTIVITIES			
Change in interest-bearing receivables		0.3	–1.2
Change in interest-bearing liabilities		–1,028.2	–93.1
New share issue		489.8	–
Dividend		–	–72.8
Cash flow from financing activities		–538.1	–167.1
Cash flow for the year		2.9	–72.6
Liquid funds at the beginning of the year	20	169.3	218.3
Translation differences in liquid funds		–0.1	23.6
Liquid funds at year-end	20	172.1	169.3

Parent Company Income Statements

MSEK	Note	2009	2008
Net sales	50	71.1	59.1
Administrative expenses	37, 45, 47, 48, 50	–98.2	–108.6
Operating profit/loss		–27.1	–49.5
Financial items			
Profit/loss from participations in Group companies	38	–180.7	270.6
Interest income	38	22.2	24.9
Interest expenses	38	–29.9	–58.9
Other financial expenses	38	–20.6	–2.4
Total financial items		–209.0	234.2
Profit/loss after financial items		–236.1	184.7
Taxes		47.3	22.4
Profit/loss for the year		–188.8	207.1

Parent Company Balance Sheets

ASSETS, MSEK	Note	2009	2008
Fixed assets			
Intangible assets			
Other intangible assets	39	19.7	34.4
Total intangible assets		19.7	34.4
Tangible assets			
Equipment	40	1.0	2.4
Total tangible assets		1.0	2.4
Financial assets			
Shares in subsidiaries	41	2,101.3	2,047.0
Total financial assets		2,101.3	2,047.0
Total fixed assets		2,122.0	2,083.8
Current assets			
Current receivables			
Accounts receivable		0.1	0.3
Receivables from Group companies	49	901.8	752.6
Other receivables		6.9	6.8
Prepaid expenses and accrued income	42	5.8	7.5
Total current receivables		914.6	767.2
Liquid funds		0.1	0.5
Total current assets		914.7	767.7
TOTAL ASSETS		3,036.7	2,851.5

EQUITY AND LIABILITIES, MSEK	Note	2009	2008
Equity			
Restricted equity			
Share capital (75,616,422 shares with a quota value of SEK 5)		378.1	227.6
New share issue in progress		1.2	—
Statutory reserve		539.3	539.3
Total restricted equity		918.6	766.9
Unrestricted equity			
Share premium reserve		436.8	98.7
Retained earnings		425.3	85.8
Profit/loss for the year		–188.8	207.1
Total unrestricted equity		673.3	391.6
Total equity		1,591.9	1,158.5
Long-term liabilities			
Subordinated loans		300.0	300.0
Total long-term liabilities		300.0	300.0
Current liabilities			
Accounts payable		13.9	4.7
Liabilities to Group companies		1,080.3	1,354.6
Other liabilities		1.2	1.5
Accrued expenses and deferred income	43	49.4	32.2
Total current liabilities		1,144.8	1,393.0
TOTAL EQUITY AND LIABILITIES		3,036.7	2,851.5
Pledged assets		—	—
Contingent liabilities	44	894.6	1,798.9

Change in Parent Company's Equity

MSEK	Restricted equity			Unrestricted equity		Total equity
	Share capital	New share issue in progress	Statutory reserve	Share premium reserve	Retained earnings and profit/loss for the year	
Opening balance Jan 1, 2009	227.6	—	539.3	98.7	292.9	1,158.5
Group contributions received	—	—	—	—	186.7	186.7
Group contributions paid	—	—	—	—	–7.0	–7.0
Tax effect of Group contribution	—	—	—	—	–47.3	–47.3
Profit/loss for the year	—	—	—	—	–188.8	–188.8
New share issue	150.5	1.2	—	338.1	—	489.8
Closing balance Dec 31, 2009	378.1	1.2	539.3	436.8	236.5	1,591.9

MSEK	Restricted equity			Unrestricted equity		Total equity
	Share capital	New share issue in progress	Statutory reserve	Share premium reserve	Retained earnings and profit/loss for the year	
Opening balance Jan 1, 2008	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 Dec 31, 2008	227.6	—	539.3	98.7	292.9	1,158.5

Parent Company Cash Flow Statements

MSEK	Note	2009	2008
OPERATING ACTIVITIES			
Operating profit/loss		-27.1	-49.5
Adjustment for items not included in cash flow		2.7	2.5
Net financial items affecting cash flow	46	-25.7	404.8
Cash flow from operating activities before changes in working capital		-50.1	357.8
Cash flow from changes in working capital			
Change in operating receivables		-16.8	8.4
Change in operating liabilities		19.1	-7.0
Total change in working capital		2.3	1.4
Cash flow from operating activities		-47.8	359.2
INVESTING ACTIVITIES			
Capital expenditure on intangible assets	39	-0.2	-10.5
Capital expenditure on tangible assets	40	-0.1	-1.8
Divestiture of tangible assets		13.7	—
Investments in subsidiaries		—	-30.2
Divestiture of subsidiaries		—	534.9
Cash flow from investing activities		13.4	492.4
FINANCING ACTIVITIES			
Change in interest-bearing receivables		-154.0	-637.4
Change in interest-bearing liabilities		-387.0	-170.6
Group contributions received and paid		85.2	27.8
New share issue		489.8	—
Dividend		—	-72.8
Cash flow from financing activities		34.0	-853.0
Cash flow for the year		-0.4	-1.4
Liquid funds at the beginning of the year		0.5	1.9
Liquid funds at year-end		0.1	0.5

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 Göteborg 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 accounts for the financial year ending December 31, 2009 were approved by the Board on February 26, 2010 and will be submitted to the Annual General Meeting on April 27, 2010 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 1.2 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 accounts have been prepared in accordance with the cost method, with the exception of financial instruments measured at fair value.

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 consolidated accounts are given in Note 4.

New and amended accounting principles

As of January 1, 2009, Gunnebo has applied the following standards, interpretations and modifications, which have not had any material effect on the Group's results and financial position:

IFRS 8 Operating Segments: IFRS 8 relates to the division of corporate operations into segments. The standard states that segment information shall be presented from the corporate management's perspective. Gunnebo's segment information was already based on internal reporting to the management, which is why the application of IFRS 8 has not entailed any change to the Group's reportable segments.

Amendment to IAS 1 Presentation of Financial Statements: The change relates to the presentation of income and expenses previously reported directly against equity. The amendment means that income and expenses previously entered directly against equity are now recognised in a separate statement of the Group's comprehensive income. The amendment has not, however, affected 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. The alternative option of directly expensing these kinds of borrowing costs has been removed. This amendment has no 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 negligible extent.

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

On preparing the consolidated accounts as at December 31, 2009, 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 3 Business Combinations: The revised standard stipulates that the acquisition method shall continue to be applied to business combinations. However, the rules on recognising contingent consider-

ation are being revised so that the cost of a corporate acquisition is recognised at a single point in time, while subsequent adjustments of contingent payments impact the income statement. Another significant change is that acquisition costs will be recognised as costs and not, as previously, added to the purchase sum. The revised IFRS 3 applies from the financial year beginning January 1, 2010. The amendment will not have any effect on previous acquisitions, but will affect the accounting of any future acquisitions.

Financial Reporting

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

Accounting treatment of associated companies

In the accounts, associated companies are companies that are not subsidiaries but in which Gunnebo has a significant but not controlling influence, which generally entails a shareholding or participation corresponding to between 20% and 50% of the number of votes. 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 share of the associated companies' result, is entered in the Group's balance sheet, under financial assets, after deduction for dividend received. The Group's share of the associated company's result after tax is recognised in the income statement under Share of profit of associated companies. The Group's carrying amount for holdings in associated companies includes goodwill as identified on acquisition, net of write-downs.

Translation of foreign currencies

a) Functional currency and presentation currency

Items in the financial statements for the various Group units are 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 other comprehensive income.

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 recognised in other comprehensive income.

* In addition to the amendment to IFRS 3 commented on below, there are further published interpretations and amendments which are not judged to have a material impact on Gunnebo's accounts.

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 other comprehensive income. 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.

Transactions with related parties

Transactions with related parties are priced based 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.

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 recommendation makes a distinction between defined contribution and defined benefit pension plans. Defined contribution pension plans are defined as plans where the company makes pre-determined payments to a third party and has no other obligation once the premiums have been paid. Such plans are recognised as costs when the premiums are paid. Other plans are defined benefit plans in which the obligations remain within the Group. These obligations

and costs regarding employment during the current period are based on actuarial calculations in accordance with the projected unit credit method. External actuaries are engaged for these calculations. The actuarial assumptions used to calculate the obligations and costs vary with the economic factors that reflect conditions in the countries where the defined benefit plans are located.

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

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

Actuarial gains or losses arise in the event of changes in actuarial assumptions and differences between actuarial assumptions and the outcome in reality. The part of the accumulated 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 recognised 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 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 interval 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.

Note 2 cont.

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 Group's share of the fair value 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 cost, the surplus is recognised directly 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 linearly over the asset's expected useful life down to the asset's estimated residual value.

The following useful lives are used for calculating scheduled depreciation:

- 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 units 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 present value of all income and payments attributable to the asset during the period it is expected to be used in the business plus the present 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 assessments 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 operating 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 assessments 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

The Group's operating segments are based on the management's decision to organise the Group based on products and services that differ as regards the risks they are subject to and the income they earn. With effect from January 1, 2006, Gunnebo's business lines constitute the Group's operating segments. The business lines are consolidated according to the same principles that apply for the Group as a whole.

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 2.2 Accounting for Legal Entities, as well as the applicable statements of the Swedish Financial Reporting Board. RFR 2.2 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 negative 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 the internal bank 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. The internal bank 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. 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

Credit risk refers to the risk of a loss if the counterparty fails to fulfil its obligations. 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 also entered into general 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 frameworks. 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 financial assets, as shown in the table below.

	2009	2008
Other financial assets	10.5	10.9
Accounts receivable	1,260.3	1,581.3
Other receivables	88.4	141.5
Liquid funds	172.1	169.3
Maximum exposure to credit risk	1,531.3	1,903.0

Financial instruments – Risk management during the year

Interest-bearing liabilities

Gunnebo had credit facilities totalling MSEK 2,874 at the end of the year, of which MSEK 984 was drawn.

During the fourth quarter of 2009, Gunnebo agreed on a renewed MEUR 180 credit framework which ensures financing is available on market terms until the end of January 2013. The new borrowing facility becomes available in January 2010 and replaces credit facilities of MEUR 200 and MSEK 200. With the new financing, total credit facilities amounted to MSEK 2,467 and the average duration of the agreed credit facilities was 2.7 years.

Taking into account the new financing, long-term credit facilities mainly comprise the MEUR 180 syndicated loan agreement maturing in January 2013, and a legally subordinated loan of MSEK 300 maturing in 2011. Furthermore, the Group has approximately MSEK 300 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 unfavourable to take up loans from foreign Group companies.

Note 3 cont.

Loan maturity structure

	Credit facility	Of which drawn	Proportion, %
2010	2,574	684	70
2011	300	300	30
2012	—	—	—
2013	—	—	—
2014 and later	—	—	—
Total	2,874	984	100

Loan maturity structure after new credit agreement

	Credit facility*	Of which drawn	Proportion, %
2010	303	10	1
2011	300	300	30
2012	—	—	—
2013	1,864	674	69
2014 and later	—	—	—
Total	2,467	984	100

* The available credit is less than the undrawn proportion of the Group's credit facilities due to financial obligations in the loan agreements in the form of covenants.

Interest rate risk

At the end of the year, Gunnebo's loan portfolio had an average fixed interest term* of 12 (6.5) months, and the average rate of interest on the entire loan portfolio* was 3.4% (4.3%). 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 4 on an annual basis.

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

Currency risks

Exchange rate effects with regard to transaction exposure have affected profit after financial items by MSEK –29 in total.

Transaction exposure

The forecast commercial currency flow after net calculations of opposite flows in the same currencies amounts to MSEK 392 on an annual basis. On the closing day, the proportion of this flow hedged was 70% (87%). Forward contracts that matured during the year had an effect of MSEK –30 (–11) 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 275. All forward cover is effective and recognised at fair value excluding hedging premiums/discounts in equity. The value of forward cover is MSEK 6.

All outstanding contracts mature during 2010. The accumulated amount in equity is entered in the income statement at the point the hedged item affects the income statement.

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 43, of which MSEK 30 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 13 is attributable to translation exposure.

Transaction exposure

	EUR/SEK		Other currency pairings
	Volume	Exchange rate	Volume
Currency flow hedging Dec 31, 2009			
Q1	6,500	10.90	9,818
Q2	6,000	10.61	9,318
Q3	7,000	10.50	5,177
Q4	5,000	10.40	—
Total	24,500	10.61	24,313
Exchange rate Dec 31, 2009		10.35	
Unrealised profit reported in the hedging reserve (MSEK)	6.3		0

The volume is expressed in thousands in the local currency for EUR, and volumes in other currencies are given in SEK thousands.

Translation exposure

The net assets of foreign subsidiaries amounted to MSEK 2,255 (2,495) on December 31, 2009. The Group hedges a large proportion of these assets through loans and forward contracts in corresponding currencies. This hedging includes the tax effect.

Accounting treatment of derivative instruments and hedges

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

Information about the fair value for derivative instruments used for hedging is provided in a summary on page 62.

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.

Hedging of net investments 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.

Receivables and liabilities in foreign currencies

Currency forward contracts are used to hedge receivables and liabilities in foreign currencies. To protect against such currency risks, hedge accounting is not applied since a financial hedge is reflected in the accounts in that both the hedged item and the hedging instrument are recognised at the exchange rate on the closing day, and that exchange rate fluctuations are recognised in the income statement.

Interest-rate swaps

The nominal value of outstanding interest-rate swap agreements relating to cash flow hedges amounted to MSEK 557 on December 31, 2009 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 2010. The accumulated amount in equity is entered in the income statement at the point the hedged item affects the income statement.

Derivative instruments

Nominal amounts	2009	2008
Interest-rate swap agreements		
Term of less than 1 year	400	709
Term 1–2 years	103	250
Term 2–5 years	254	—
Interest-rate swap agreements total	757	959
Currency forward contracts*	2,769	2,947
Total	3,526	3,906

* Gross amount calculated at future forward rate.

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 at year-end amounted to 33% and improved during the year, primarily as a result of the new share issue and the positive cash flow from operating activities. Another of Gunnebo's aims is to achieve a return of 15% on capital employed. The return on capital employed for 2009 was 2.5%.

Gunnebo's borrowing is mostly unsecured. Borrowing is limited, however, by financial obligations in the loan agreements in the form of covenants. These mainly relate to the key ratios of interest coverage ratio and net debt/EBITDA. With regard to the new financing and prevailing terms in the loan agreements, available credit facilities amounted to just over MSEK 529 at the year-end.

Liquidity risk

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

Financial assets and liabilities		Less than 6 months	6–12 months	1–2 years	2–3 years	Total contracted cash flow
Other financial assets		—	—	—	10	10
Accounts receivable		1,260	—	—	—	1,260
Liquid funds		172	—	—	—	172
Subordinated loans		—	–17	–315	—	–332
Bank loans and overdraft facilities		–695	–11	–22	–22	–750
Accounts payable		–680	–2	–1	—	–683
Derivatives						
- Interest-rate swap agreements	outflow	–8	–9	–13	—	–30
	inflow	2	2	4	—	8
- Currency forward contracts included in hedge accounting	outflow	–1,608	–130	—	—	–1,738
	inflow	1,594	131	—	—	1,725
- Currency forward contracts not included in hedge accounting	outflow	–1,055	—	—	—	–1,055
	inflow	1,044	—	—	—	1,044
Total		26	–36	–347	–12	–369

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, 2009 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, 2009 while the other type of currency in the contract is measured at the contract's future forward rate.

MEASUREMENT AT FAIR VALUE

The carrying amounts and fair values of the Group's financial instruments are shown in the table below.

Financial instruments measured at fair value

For all assets and liabilities measured at fair value, which comprise derivative instruments, the fair value has been established based on measurement techniques which are, in all essentials, based on observable market data. According to the fair value hierarchy of IFRS 7, such measurement methods are referred to as Level 2*.

The table on page 62 presents the assets and liabilities measured at fair value.

* In IFRS 7, financial instruments are classified in a hierarchy of three levels, based on the information used to establish the fair value. Level 1 refers to fair values based on quoted prices on an active market for identical financial assets and liabilities. Level 2 refers to fair values established based on directly observable market inputs other than Level 1 inputs. Level 3 refers to fair values based on valuation models with inputs not based on observable market data.

Other 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 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 instruments 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 due to the short anticipated duration.

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	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value*	6.4	10.4	6.9	9.8
- of which derivatives for which hedge accounting does not apply	—	—	—	—
- of which interest-rate swap agreements for which hedge accounting at fair value applies	—	4.0	6.9	9.8
- of which currency derivatives regarding commercial exposure for which hedge accounting of cash flows applies	6.4	6.4	—	—
- of which currency derivatives for hedging net investment abroad	—	—	—	—
Other financial assets, excluding holdings in associated companies**	1,442.9	1,442.9	1,761.5	1,761.5
Total financial assets	1,449.3	1,453.3	1,768.4	1,771.3
Financial liabilities				
Financial liabilities measured at fair value***	42.3	42.3	329.3	329.3
- of which derivatives for which hedge accounting does not apply	20.8	20.8	97.8	97.8
- of which interest-rate swap agreements for which hedge accounting of cash flows applies	12.5	12.5	9.7	9.7
- of which currency derivatives regarding commercial exposure for which hedge accounting of cash flows applies	—	—	39.9	39.9
- of which currency derivatives for hedging net investment abroad	9.0	9.0	181.9	181.9
Other financial liabilities****	1,667.4	1,673.4	2,569.5	2,573.8
- of which financial liabilities for which hedge accounting does not apply	910.3	912.3	1,610.1	1,611.5
- of which financial liabilities for which hedge accounting of cash flows applies	557.1	557.1	759.4	759.4
- of which financial liabilities for which hedge accounting at fair value applies	200.0	204.0	200.0	202.9
Total financial liabilities	1,709.7	1,715.7	2,898.8	2,903.1

* 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 Assessments

When drawing up the annual report in accordance with IFRS and good accounting practice, the Group has made estimates and assessments about the future which affect the carrying amounts of assets and liabilities. These estimates and assessments 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 assessments are used as the basis for valuations. Different assessments and estimates may give different results and the predicted outcome will rarely correspond exactly to the actual result. The assessments 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

The Group conducts a write-down review each year to assess whether there is a write-down requirement for goodwill, in accordance with the accounting principles described 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 14 contains details of the important assessments made when reviewing the goodwill write-down requirement, as well as a description of the effect of possible changes to the assessments that form the basis of the calculations. As at December 31, 2009, the carrying amount of goodwill in the Group was MSEK 1,091.

Valuation of deferred tax receivables

Deferred tax receivables relating to temporary differences of MSEK 211 have been entered in the Group based on the assessment that it is likely they will be able to be utilised and that they will entail lower tax payments in the future.

Moreover, there were deferred tax receivables in relation to loss carry-forwards of MSEK 29 as at December 31, 2009. 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, 2009, the Group had unused loss carry-forwards and other deductible temporary differences totalling just over MSEK 800, for which no deferred tax receivables were recognised.

Changes to the above assumptions and assessments may 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 44 at December 31, 2009. Even though changes to the assessments 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, 2009, the Group's capitalised development costs were MSEK 63.

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 provision for disputes was MSEK 10 at the closing date.

Remuneration after the end of employment

Reporting of provisions for defined benefit pension plans and other pension benefits are based on actuarial calculations using the assumptions for discount rates, expected return on plan assets, future salary increases, personnel turnover and demographic conditions. The assessments made in relation to these assumptions affect the total value of the pension commitments and major changes in these assessments could have a significant impact on the Group's profits and financial position. The same is true of any changed assessment in relation to whether or not pension insurance with Alecta should be recognised as a defined contribution plan. At December 31, 2009, the Group's provisions for pensions were MSEK 245 net.

Note 5 Reporting by Segment

Operating segments

	Bank	Retail	Site Protection	Secure Storage	Non-allocated items and eliminations	Total
2009						
Net sales						
External sales	2,353	738	2,698	999	—	6,788
Internal sales	—	—	—	—	—	—
Total sales	2,353	738	2,698	999	—	6,788
Operating profit/loss*	135	-20	-144	2	-61	-88
Financial income						12
Financial expenses						-91
Tax						-38
Profit/loss for the year						-205
Capital employed						
Total assets	1,176	394	1,264	816	686	4,336
Non-interest-bearing liabilities	-324	-120	-519	-362	-369	-1,694
Total capital employed	852	274	745	454	317	2,642
Other information						
Capital expenditure	23	8	22	24	0	77
Depreciation	32	14	53	32	3	134
Goodwill write-down	—	—	106	—	—	106
2008						
Net sales						
External sales	2,208	779	2,850	1,066	—	6,903
Internal sales	—	—	—	—	—	—
Total sales	2,208	779	2,850	1,066	—	6,903
Operating profit/loss*	168	6	91	79	-63	281
Financial income						7
Financial expenses						-108
Tax						-65
Profit/loss for the year						115
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
Goodwill write-down	—	—	—	—	—	—

Geographical regions

	Sales**		Assets		Investments	
	2009	2008	2009	2008	2009	2008
Europe	5,490	5,799	3,727	4,709	75	104
North America	279	228	144	145	0	1
Asia	689	537	338	297	1	12
Africa	208	227	58	47	1	1
Australia	96	75	67	62	0	1
South America	26	37	2	2	—	—
Total	6,788	6,903	4,336	5,262	77	119

* Income and expenses of a non-recurring nature had an adverse effect on the Group's results of MSEK -302 (-47). Business Line Bank has been burdened by MSEK -47 (-13), Retail by MSEK -10 (-6), Site Protection by MSEK -158 (-5) and Secure Storage by MSEK -46 (-11). The remaining amounts relating to items of a non-recurring nature amount to MSEK -41 (-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

	2009	2008
Capital gains	—	1.3
Currency gains	4.9	30.0
Other	18.8	15.0
Total	23.7	46.3

Note 7 Other Operating Expenses

	2009	2008
Capital losses	–1.0	—
Currency losses	–40.1	–9.1
Other	–14.4	–6.9
Total	–55.5	–16.0

Note 8 Depreciation by Function

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

	2009	2008
Cost of goods sold	78.1	79.7
Selling expenses	9.6	8.5
Administrative expenses	46.4	42.3
Total	134.1	130.5

Note 9 Expenses of a Non-Recurring Nature by Function

Expenses of a non-recurring nature have been charged against the operating profit/loss as follows:

	2009	2008
Cost of goods sold	87.4	1.0
Selling expenses	53.9	33.8
Administrative expenses	55.2	12.0
Goodwill write-down	105.6	—
Total	302.1	46.8

Note 10 Expenses Allocated by Type of Cost

	2009	2008
Direct material costs	2,091.9	2,216.8
Change in stock	98.4	–16.9
Remuneration for employees	2,510.4	2,384.1
Temporary personnel and subcontractors	443.3	464.8
Transport costs	204.6	197.3
Vehicle and travel costs	271.3	252.5
Depreciation and write-down of fixed assets	135.2	130.5
Other costs	989.4	1,034.4
Total operating expenses*	6,744.5	6,663.5

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

Note 11 Other Financial Income and Expenses

	2009	2008
Other financial income		
Currency gains	7.6	1.8
Other	1.0	0.9
Total	8.6	2.7
Other financial expenses		
Currency losses	–1.4	–1.4
Bank charges and bank guarantee costs	–8.4	–8.7
Other	–2.3	–2.4
Total	–12.1	–12.5

Note 12 Taxes

	2009	2008
Current tax	–38.0	–65.3
Deferred tax	–0.5	0.0
Total	–38.5	–65.3

The Group's tax cost amounts to MSEK 38.5. The tax rate has been adversely affected by the write down of goodwill and 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 required degree for reporting deferred tax receivables.

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

	2009	2008
Tax calculated in accordance with national tax rates for each country	54.9	–46.2
Tax attributable to previous years	–6.7	–12.0
Effects of tax deficits for which no deferred tax receivable has been stated	–49.4	–28.3
Change in assessment of deferred tax receivables	–7.6	12.2
Effects of non-deductible expenses and non-taxable income etc.	–29.7	9.0
Tax cost	–38.5	–65.3

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

	2009	2008
Deferred tax receivables		
Loss carry-forward	29.1	24.9
Hedging transactions	149.2	201.4
Inventories	6.5	6.5
Pension commitments	29.2	32.2
Provisions	19.2	25.3
Other deductible temporary differences	8.6	6.7
Offset against deferred tax liabilities	–1.8	–9.4
Total	240.0	287.6

Deferred tax liabilities	2009	2008
Fixed assets	31.4	34.3
Other taxable temporary differences	9.2	10.8
Offset against deferred tax receivables	-1.8	-9.4
Total	38.8	35.7
Deferred tax receivables and tax liabilities, net	201.2	251.9

The change pertaining to deferred taxes is as follows:

	2009	2008
Opening value, net	251.9	100.8
Translation differences	2.8	-1.2
Deferred tax in the income statement	-0.5	0.0
Deferred tax recognised directly against equity	-53.0	152.3
Closing value, net	201.2	251.9

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 2009, loss carry-forwards totalled over MSEK 800 where no deferred tax receivables have been observed. Approximately MSEK 27 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 13 Earnings per Share

	2009	2008
Net profit/loss for the year attributable to the shareholders of the parent company, MSEK	-205.1	114.9
Average no. of shares (in thousands)*	59,974	59,398
Earnings per share, SEK**	-3.40	1.95

Earnings per share are calculated by dividing the result attributable to the parent company shareholders by the average number of outstanding shares during the period.

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

* Average number of outstanding shares after adjustment for the bonus issue effect resulting from the new share issue.

** Earnings per share before and after dilution.

Note 14 Intangible Assets

2009	Goodwill	Other intangible assets
Opening cost Jan 1, 2009	1,240.1	316.8
Capital expenditure	—	22.4
Acquisitions	—	—
Sales/disposals	—	-5.2
Translation differences	-43.3	-9.7
Closing accumulated cost Dec 31, 2009	1,196.8	324.3
Opening amortisation and write-downs Jan 1, 2009	—	196.7
Sales/disposals	—	-5.1
Amortisation for the year	—	31.2
Write-downs	105.6	1.1
Translation differences	—	-7.9
Closing accumulated amortisation and write-downs Dec 31, 2009	105.6	216.0
Closing carrying amount Dec 31, 2009	1,091.2	108.3

2008	Goodwill	Other intangible assets
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 amortisation and write-downs Jan 1, 2008	—	147.4
Sales/disposals	—	-3.7
Amortisation for the year	—	34.3
Write-downs	—	—
Translation differences	—	18.7
Closing accumulated amortisation and write-downs Dec 31, 2008	—	196.7
Closing carrying amount Dec 31, 2008	1,240.1	120.1

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 costs of goods sold.

Capitalised expenditure on product development amounted to MSEK 63.5 (59.9). During the course of the year, capital expenditure on product development projects totalled MSEK 16.4 (7.9).

Review of write-down requirement for goodwill

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

Specification of goodwill	2009	2008
Bank	516.6	536.1
Retail	54.0	54.1
Site Protection	235.6	354.1
Secure Storage	285.0	295.8
Book value	1,091.2	1,240.1

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 budget set 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 3.5% 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.

Negative changes in the discount rate and operating margin variables of 50% and 40% respectively should each result in the recoverable amount bordering on the carrying amount for the Secure Storage 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 cont.

Sensitivity analysis

	Bank	Retail	Site Protection	Secure Storage
Carrying amount*	852	274	745	454
Value in use	1,801	638	1,800	763
Discount rate before tax is increased to 9%	Value in use decreases by MSEK 200 but still exceeds the carrying amount	Value in use decreases by MSEK 71 but still exceeds the carrying amount	Value in use decreases by MSEK 200 but still exceeds the carrying amount	Value in use decreases by MSEK 85 but still exceeds the carrying amount
Operating margin decreases by 20%	Value in use decreases by MSEK 360 but still exceeds the carrying amount	Value in use decreases by MSEK 128 but still exceeds the carrying amount	Value in use decreases by MSEK 360 but still exceeds the carrying amount	Value in use decreases by MSEK 153 but still exceeds the carrying amount

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

Goodwill write-down

A write-down review took place in the fourth quarter and resulted in an MSEK 105.6 write-down of goodwill in Business Line Site Protection.

The write-down was made taking into account the weak market development for the gate and fencing product areas in Central Europe.

Note 15 Tangible Assets

2009	Buildings and land	Machinery	Equipment	Construction in progress
Opening cost Jan 1, 2009	801.6	699.1	466.7	19.8
Capital expenditure	4.8	16.9	28.6	4.0
Acquisitions	—	—	—	—
Sales/disposals	-17.0	-32.6	-62.8	—
Reclassifications	—	—	—	—
Translation differences	-26.3	-18.6	-8.2	—
Closing accumulated cost Dec 31, 2009	763.1	664.8	424.3	23.8
Opening depreciation and write-downs Jan 1, 2009	485.1	529.0	347.9	—
Sales/disposals	-8.6	-28.2	-60.3	—
Depreciation for the year	26.7	39.2	37.0	—
Write-downs	—	—	—	—
Reclassifications	—	—	—	—
Translation differences	-18.2	-13.8	-6.3	—
Closing accumulated depreciation and write-downs Dec 31, 2009	485.0	526.2	318.3	—
Closing carrying amount Dec 31, 2009	278.1	138.6	106.0	23.8

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 and write-downs 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	—
Write-downs	—	—	—	—
Reclassifications	1.0	—	-1.0	—
Translation differences	45.5	36.6	26.0	—
Closing accumulated depreciation and write-downs Dec 31, 2008	485.1	529.0	347.9	—
Closing carrying amount Dec 31, 2008	316.5	170.1	118.8	19.8

Specification, buildings and land	2009	2008
Residual value according to plan, buildings	224.8	262.9
Residual value according to plan, land	53.3	53.6
Total residual value according to plan	278.1	316.5

Swedish property	2009	2008
Residual value according to plan, buildings	45.8	47.0
Residual value according to plan, land	6.0	5.4
Tax assessment value, buildings	46.3	44.6
Tax assessment value, land	6.3	6.3

Note 16 Holdings in Associated Companies

	2009	2008
Opening book value	47.0	38.2
Share of profit of associated companies	8.6	11.5
Write-downs	-2.6	—
Dividends	-0.8	-3.9
Currency differences	3.3	1.2
Closing book value	55.5	47.0

Group's holdings in associated companies	% share of capital	2009	2008
FBH Fichet Ltd, UK	49	2.3	2.3
Ritzenthaler Ltd, UK	45	—	2.7
Chubb Malaysia Sdn Bhd, Malaysia	30	14.7	13.1
Gateway Security Portugal Ltda, Portugal	55	10.0	8.7
Gateway do Brasil Ltda, Brazil	50	24.6	16.7
Prodimo AB, Sweden	48	3.9	3.5
Total		55.5	47.0

Gunnebo's share in the income and net profit of the associated companies amounts to MSEK 151.1 (142.3) and MSEK 8.6 (11.5) respectively. The share of their total assets is MSEK 169.4 (145.5) and the share of their liabilities is MSEK 113.9 (98.5).

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 Göteborg, Sweden.

Note 17 Inventories

	2009	2008
Raw materials	214.2	272.5
Work in progress	33.0	44.5
Finished goods	412.4	569.9
Installation work in progress	113.6	166.6
Less advance payments from customers	-129.0	-140.7
Total	644.2	912.8

Of the inventories, MSEK 581.8 is measured at cost and MSEK 62.4 at net selling price. At December 31, 2009, the Group's reserve for obsolescence amounted to MSEK 149.9 (141.7).

Note 18 Accounts Receivable

	2009	2008
Accounts receivable, not yet due	1,017.3	1,209.2
Of which overdue 1-30 days	185.8	259.6
Of which overdue 31-60 days	41.6	81.7
Of which overdue 61-90 days	18.7	33.1
Of which overdue over 90 days	65.5	77.9
Total	1,328.9	1,661.5
Provision for doubtful receivables	2009	2008
Provision at the beginning of the year	-80.2	-90.3
Reserve for anticipated losses	-7.6	-17.3
Confirmed losses	5.6	30.6
Discharged payment of reserved receivables	10.3	4.8
Currency differences	3.3	-8.0
Provision at the end of the year	-68.6	-80.2
Closing carrying amount	1,260.3	1,581.3

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

Note 19 Prepaid Expenses and Accrued Income

	2009	2008
Accrued interest	0.8	2.9
Prepaid rent	13.8	9.6
Other items	50.5	50.2
Total	65.1	62.7

Note 20 Liquid Funds

	2009	2008
Short-term investments	16.5	10.5
Cash and bank	155.6	158.8
Total	172.1	169.3

Note 21 Equity Reserves

	Hedging reserves	Translation reserve	Total reserves
Opening balance Jan 1, 2009	-33.8	-116.1	-149.9
Currency differences:			
- Subsidiaries	—	-84.8	-84.8
- Associated companies	—	3.3	3.3
Hedging of net investments*	—	107.7	107.7
Cash flow hedges:			
- Changes in fair value during the year	10.0	—	10.0
- Tax on changes in fair value	-2.6	—	-2.6
- Transfers to income statement	29.5	—	29.5
- Tax on transfers to income statement	-7.8	—	-7.8
Closing balance Dec 31, 2009	-4.7	-89.9	-94.6

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 fair value during the year	-54.4	—	-54.4
- Tax on changes in 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

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

No. of shares	2009	2008
Opening balance	45,513,359	45,513,359
Shares issued in preferential rights issue	30,342,239*	—
Closing balance	75,855,598	45,513,359

* Of which 239,176 shares were registered with the Swedish Companies Registration Office in January 2010.

Note 22 Pension Commitments

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

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

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

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

Note 22 cont.

Important actuarial assumptions, %	2009	2008
Discount rate		
UK	5.8	6.3
Sweden	4.2	4.2
Other countries (weighted average)	5.9	6.4
Expected return on plan assets		
UK	6.4	5.4
Sweden	—	—
Other countries (weighted average)	6.0	5.9
Expected wage increase rate		
UK	4.7	4.1
Sweden	3.0	3.0
Other countries (weighted average)	3.9	3.9
Inflation		
UK	3.7	3.1
Sweden	2.0	2.0
Other countries (weighted average)	2.6	3.0

Reconciliation of pension commitments	UK	Sweden	Other countries	2009 Total	2008 Total	2007 Total	2006 Total
Present value of obligations	378.0	93.2	246.0	717.2	617.7	664.1	696.4
Fair value of plan assets	-310.9	—	-101.9	-412.8	-348.6	-437.6	-349.9
Total	67.1	93.2	144.1	304.4	269.1	226.5	346.5
Unreported actuarial gains (+) and losses (-)	-26.5	-21.8	-10.9	-59.2	-25.6	19.8	-19.0
Net provision in balance sheet	40.6	71.4	133.2	245.2	243.5	246.3	327.5

Of the present value of obligations, MSEK 517.0 (428.3) relates to funded pensions and other plans, and MSEK 200.2 (189.4) to non-funded pensions and other plans.

In 2010 the Group expects to make MSEK 35.9 (23.0) in payments relating to defined benefit plans.

Specification of plan assets	2009	2008
Government bonds	32.5	21.9
Commercial papers	175.0	166.0
Shares	192.9	152.9
Liquid funds	12.4	7.8
Total plan assets	412.8	348.6

Specification of changes in defined benefit obligations	2009	2008
Opening balance	617.7	664.1
Costs pertaining to employment during the current year	16.9	18.9
Interest on obligations	38.5	35.7
Contributions made by pension plan members	2.5	2.4
Payment of pension benefits	-28.1	-42.1
Unreported actuarial gains (-) and losses (+)	60.5	-29.6
Curtailments	2.8	—
Currency differences on foreign plans	6.4	-31.7
Closing balance	717.2	617.7

Specification of changes in plan assets	2009	2008
Opening balance	348.6	437.6
Expected return on plan assets	20.2	26.5
Contributions to the plan made by the company	25.3	25.7
Contributions made by pension plan members	2.5	2.4
Payment of pension benefits	-17.8	-30.7
Unreported actuarial gains (+) and losses (-)	25.9	-71.0
Currency differences on foreign plans	8.1	-41.9
Closing balance	412.8	348.6

Specification of changes in provisions for pensions	2009	2008
Opening balance	243.5	246.3
Net cost entered in the income statement	39.7	27.3
Payment of benefits	-10.3	-11.4
Contributions into funded plans	-25.3	-25.7
Currency differences on foreign plans	-2.4	7.0
Closing balance	245.2	243.5

Specification of pension costs in the income statement	2009	2008
Costs pertaining to defined benefit plans:		
Costs pertaining to employment during the current year	16.9	18.9
Interest on obligations	38.5	35.7
Expected return on plan assets	-20.2	-26.5
Actuarial gains (-) and losses (+) recognized during the year	1.7	-0.8
Gains (-) and losses (+) on curtailments	2.8	—
Costs pertaining to defined benefit plans	39.7	27.3
Costs pertaining to defined contribution plans	68.7	61.1
Total pension costs in the income statement	108.4	88.4
of which:		
Amount charged against operating profit/loss	90.1	79.2
Amount charged against financial expenses	18.3	9.2
Total pension costs in the income statement	108.4	88.4
Actual return on plan assets	46.9	-46.7

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 4.7 (3.4) 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 141% (112%). 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 23 Other Provisions

Group	Restructuring programme	Disputes	Guarantees	Taxes	Other	Total
Opening balance	15.9	19.6	43.0	8.8	21.6	108.9
Provisions during the year	47.8	11.6	17.8	2.8	9.1	89.1
Utilised during the year	-4.3	-13.5	-11.1	-3.5	-10.5	-42.9
Reversed during the year	-0.1	-7.1	-4.5	-2.5	-6.9	-21.1
Currency differences	-1.8	-0.8	-1.5	-0.3	0.1	-4.3
Closing balance	57.5	9.8	43.7	5.3	13.4	129.7

Provisions for restructuring measures have been made mainly for discontinued operations and reorganisation. The provisions are expected to be utilised during 2010.

For information relating to the assumptions and assessments made in reporting provisions, see Note 4.

Note 24 Borrowings

	2009	2008
Long-term borrowing		
Liabilities to credit institutions	0.3	1,562.4
Subordinated loans	300.0	300.0
Total	300.3	1,862.4
Short-term borrowing		
Overdraft facilities	6.6	21.2
Liabilities to credit institutions	677.4	19.1
Total	684.0	40.3
Total borrowing*	984.3	1,902.7

* Loan maturity structure for the Group is reported in Note 3.

Note 25 Accrued Expenses and Deferred Income

	2009	2008
Holiday pay liability	144.2	158.6
Accrued wages and salaries	106.5	106.7
Social security charges	80.2	88.9
Deferred income	60.6	76.4
Accrued interest	1.8	4.6
Other items	140.5	124.7
Total	533.8	559.9

Note 26 Pledged Assets

	2009	2008
In respect of liabilities to credit institutions		
Property mortgages	0.1	0.4
Other pledged assets		
Floating charges	—	0.1
Total pledged assets	0.1	0.5

Note 27 Contingent Liabilities

	2009	2008
Guarantees	235.9	212.1
Total	235.9	212.1

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 28 Operating Lease Contracts

Leased assets

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

2010	106.2
2011	67.5
2012	34.1
2013	22.5
2014	18.7
2015 and later	18.3
Total	267.3

The year's cost in the Group for leased assets amounted to MSEK 130.6 (117.0).

Note 29 Net Financial Items Affecting Cash Flow

	2009	2008
Interest received	5.6	5.3
Interest paid	−81.9	−94.7
Other items affecting cash flow	−3.5	−9.8
Total	−79.8	−99.2

Note 30 Adjustment for Items Not Included in Cash Flow

	2009	2008
Amortisation of intangible assets	31.2	34.3
Depreciation of tangible assets	102.9	96.2
Write-down of intangible assets	106.7	—
Restructuring costs not affecting cash flow	116.7	—
Write-down of holdings in associated companies	2.6	—
Share in profit of associated companies, not distributed	−7.8	−7.6
Adjustment for provisions	−23.9	−40.6
Capital gain from sale/disposal of tangible assets	1.0	−1.3
Adjustment for items not included in cash flow	329.4	81.0

Note 31 Additional Disclosures for Cash Flow Statements

Assets and liabilities of acquired companies	2009	2008
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 fund	—	6.8

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

Note 32 Personnel

Average number of employees	2009	2008
Sweden	484	526
Australia	28	30
Austria	8	9
Belgium	107	110
Canada	150	154
China/Hong Kong	3	3
Czech Republic	18	18
Denmark	149	159
Finland	48	50
France	1,372	1,429
Germany	488	524
Hungary	8	8
India	731	765
Indonesia	778	793
Italy	189	198
Lebanon	4	3
Luxembourg	5	5
Netherlands	321	369
Norway	62	68
Poland	32	29
Portugal	67	71
Singapore	15	14
Spain	414	458
Switzerland	39	42
South Africa	145	180
United Arab Emirates	11	9
UK	347	408
USA	18	23
Total	6,041	6,455

Of the average number of employees, 972 (1,077) were female. Women occupy 6% of the senior management positions in the Group.

The average number of employees abroad was 5,557 (5,929).

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 2009 for this incentive programme were TSEK 16.

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 1.28 shares in Gunnebo AB at a price of SEK 63.80. If all the outstanding options are fully exercised, there will be a dilution effect of around 0.9% of both share capital and votes.

* Due to the new share issue of 2009, both the issue price and the number of shares each warrant entitles the holder to have been adjusted. The new issue price is SEK 63.80, compared to the original SEK 81.80. Moreover, each warrant entitles the holder to subscribe for 1.28 shares, compared to 1.00 previously.

Changes in option programmes

	Incentive programme 2007		Board programme 2007
	2009	2009	2009
	Warrants	Employee stock options	Warrants
Opening balance	397,800	87,860	88,000
Allocated	—	—	—
Forfeited	—	-38,200	—
Exercised	—	—	—
Matured	—	—	—
Closing balance	397,800	49,660	88,000

Specification of outstanding option programmes	Warrants	Employee stock options
Board members*	88,000	—
President and CEO	—	—
Other senior executives (4 people)	56,000	—
Other	341,800	49,660
Total	485,800	49,660

* Current and former Board members

Costs of personnel

Wages, salaries, other remuneration and social security charges 2009	Wages, salaries and other remuneration	Social security charges	of which pension costs
Group	1,931.1	579.3	90.1

Wages, salaries, other remuneration and social security charges 2008	Wages, salaries and other remuneration	Social security charges	of which pension costs
Group	1,840.9	543.2	79.2

Of the above amount, a total of MSEK 66.5 (65.3) was paid in salaries and other remuneration to Presidents within the Group, of which MSEK 3.8 (4.4) consisted of performance-related pay. Of the Group's pension costs, MSEK 10.7 (10.8) relates to Presidents within the entire Group.

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

Remuneration to the Board

Remuneration to the Board of the parent company amounted to TSEK 1,625 (1,625), of which TSEK 100 (100) 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.

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

SEK '000	Salary	Performance-related pay	Other benefits	Pension cost	Other remuneration	Total
Per Borgvall, President	3,007	—	92	1,076	—	4,175
Göran Gezelius, former President	676	—	18	271	—	965
Other senior executives (4 people)	7,052	—	363	2,011	6,845	16,271
Total	10,735	—	473	3,358	6,845	21,411

Other benefits relate mainly to entitlement to a company car. Other remuneration 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 35% 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 (four people who, together with the President, constitute the Group's executive team), the notice period is a maximum of one year and full salary is payable during this time. One of these executives also receives severance pay equivalent to 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 (three people). The agreed premium provision may amount to a maximum of 35% of the basic salary, depending on age and salary level.

Note 33 Auditors' Remuneration

	2009	2008
Auditing		
Deloitte	8.8	7.4
Other audit firms	1.6	2.7
Total	10.4	10.1
Other services		
Deloitte	1.7	0.6
Other audit firms	3.8	4.3
Total	5.5	4.9
Total auditors' remuneration	15.9	15.0

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 34 Transactions with Related Parties

In addition to the new share issue, the following transactions with related parties have taken place.

A royalty of MSEK 1.0 (0.8) was received from Chubb Malaysia Bnd Sdn, an associated company. Services have been purchased from MediaSpjuth AB for MSEK 0.7 (0.7). MediaSpjuth AB is a subsidiary of Vätterledens Invest AB in which Board member Mikael Jönsson is active.

Information on remuneration to Board members is provided in Note 32. Over and above these, there were no other transactions with related parties.

Note 35 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.

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 Group management representatives on the internal board of each Customer or Competence Centre.

Market risks

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 also risks related to business cycles. Economic conditions in the construction and property sectors are of most importance to Outdoor and Indoor Perimeter Security and Entrance Security, 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 Northern Europe as they affect the ability to supply and install solutions for outdoor perimeter security.

Raw material risks

Gunnebo is exposed to risk when the prices of materials change. 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 supervision of Group Legal Affairs.

Sensitivity analysis

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

Selling prices

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

Labour costs

A 1% change in labour costs, including social security charges, affects operating profit/loss 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 35 for the subsequent 12 months. No long-term fixed-price contracts have been considered in this figure.

Note 36 Events after the Closing Day

No significant events occurred after the closing date.

Notes – Parent Company

Note 37 Expenses Allocated by Type of Cost

	2009	2008
Remuneration for employees	49.1	52.2
IT costs	1.4	19.8
Temporary personnel and subcontractors	27.1	10.2
Vehicle and travel costs	4.2	5.0
Depreciation and write-downs	2.6	2.5
Other costs	13.8	18.9
Total operating costs	98.2	108.6

Note 38 Financial Items

	2009	2008
Profit/loss from participations in Group companies		
Dividends	—	251.5
Capital gains/losses	—	66.9
Write-downs	–180.7	–47.8
Total	–180.7	270.6
Interest income		
Interest income, Group companies	22.2	24.9
Total	22.2	24.9
Interest expenses		
Interest expenses, external	–14.5	–21.8
Interest expenses, Group companies	–15.4	–37.1
Total	–29.9	–58.9
Other financial expenses		
Currency losses	–11.5	–1.8
Bank charges and bank guarantee costs	–0.1	–0.1
Cost of credit facilities	–0.5	–0.5
Other financial expenses	–8.5	—
Total	–20.6	–2.4

Note 39 Intangible Assets

Other intangible assets	2009	2008
Opening cost	37.4	26.9
Capital expenditure	0.2	10.5
Sales/disposals	–14.2	—
Closing accumulated cost	23.4	37.4
Opening amortisation	3.0	2.0
Sales/disposals	–0.5	—
Amortisation for the year	1.2	1.0
Closing accumulated amortisation	3.7	3.0
Closing carrying amount	19.7	34.4

Note 40 Tangible Assets

Equipment	2009	2008
Opening cost	11.6	9.8
Capital expenditure	0.1	1.8
Sales/disposals	–4.9	—
Closing accumulated cost	6.8	11.6
Opening depreciation	9.2	7.7
Sales/disposals	–4.8	—
Depreciation for the year	1.4	1.5
Closing accumulated depreciation	5.8	9.2
Closing carrying amount	1.0	2.4

Note 41 Shares in Subsidiaries

	2009	2008
Opening book value	2,047.0	2,532.6
Shareholder contributions paid	235.0	30.2
Write-downs	–180.7	–47.8
Sales	—	–468.0
Closing book value	2,101.3	2,047.0

Specification of shares in subsidiaries	No. of shares	% of capital	% of votes	Book value
Gunnebo Nordic AB	251,000	100	100	388.2
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	8.5
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	0.1
Total				2,101.3

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 Göteborg, Sweden.

Note 42 Prepaid Expenses and Accrued Income

	2009	2008
Accrued interest	0.5	2.5
Prepaid rent	0.6	0.6
Other items	4.7	4.4
Total	5.8	7.5

Note 43 Accrued Expenses and Deferred Income

	2009	2008
Holiday pay liability	4.1	4.0
Social security charges	9.5	10.1
Accrued salaries	12.7	10.7
Accrued interest	1.3	1.3
Other items	21.8	6.1
Total	49.4	32.2

Note 44 Contingent Liabilities

	2009	2008
Guarantees regarding subsidiaries	894.6	1,798.9
Total	894.6	1,798.9

Note 45 Operating Lease Contracts

Leased assets

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

2010	2.5
2011	2.3
2012	1.1
2013	—
2014	—
2015 and later	—
Total	5.9

Leasing costs at the parent company amounted to MSEK 3.0 (2.6).

Note 46 Net Financial Items Affecting Cash Flow

	2009	2008
Interest received	24.2	25.8
Interest paid	-29.3	-59.6
Dividends received	—	441.0
Other items affecting cash flow	-20.6	-2.4
Total	-25.7	404.8

Note 47 Personnel

Personnel

In 2009, the average number of parent company employees was 26 (26), of whom 11 were female (11).

There is one woman on the Board of the parent company and one in the executive management team.

Sick leave

The rate of long-term sick leave in the parent company was 0.8% (0.9%) and for short-term sick leave it was 0.5% (0.3%).

Costs of personnel

	Salaries and other remuneration	Social security charges	of which pension costs
Salaries, other remuneration and social security charges 2009			
Parent company	27.8	21.3	9.5
Salaries, other remuneration and social security charges 2008			
Parent company	32.2	20.0	9.5

Information on remuneration to senior executives and the Board is provided in Note 32.

Note 48 Auditors' Remuneration

	2009	2008
Auditing		
Deloitte	0.7	0.7
Other audit firms	—	0.1
Total	0.7	0.8
Other services		
Deloitte	0.5	—
Other audit firms	0.6	0.3
Total	1.1	0.3
Total auditors' remuneration	1.8	1.1

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 49 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 111.6. The balance at the end of the year totalled MSEK 3.9 and is net accounted in the item 'Current receivables from Group companies'.

Note 50 Transactions with Related Parties

In addition to the new share issue, the following transactions with related parties have taken place.

Of the parent company's invoiced sales, 98% (99%) related to Group companies, while purchases from Group companies accounted for 3% (5%) of the total. A royalty of MSEK 1.0 (0.8) was received from Chubb Malaysia Bnd Sdn, an associated company.

Services have been purchased from MediaSpjuth AB for MSEK 0.7 (0.7). MediaSpjuth AB is a subsidiary of Vätterledens Invest AB in which Board member Mikael Jönsson is active.

Information on remuneration to Board members is provided in Note 32. 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	436.8		
Retained earnings	425.3		
Profit/loss for the year	-188.8	that the following amount be carried forward	673.3
Total	673.3	Total	673.3

The Board and the President warrant that the annual 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 uncertainties with which the parent company and the companies forming the Group are faced.

Göteborg, February 26, 2010

Martin Svalstedt
Chairman

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

Per Borgvall
President and CEO

Claes-Göran Karlsson
Board member

Our audit report was submitted on February 26, 2010
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 president of Gunnebo AB for the year 2009. The company's annual accounts and the consolidated accounts are included in the printed version on pages 42-74. The board and the president have responsibility for the accounting records, the administration of the company and for ensuring compliance with the Annual Accounts Act during the preparation of the annual report, and for compliance with the International Financial Reporting Standards adopted by the EU and the Annual Accounts Act during the preparation of 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 president and significant estimates made by the board of directors and the president 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 president.

We also examined whether any board member or the president 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 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.

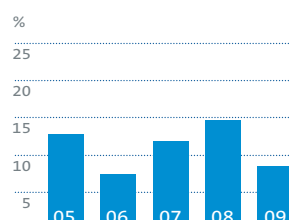
We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors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

Göteborg, February 26, 2010
 Deloitte AB

Jan Nilsson
 Authorised Public Accountant

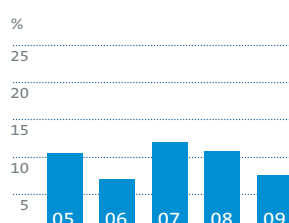
Five-year Review

Return on equity*



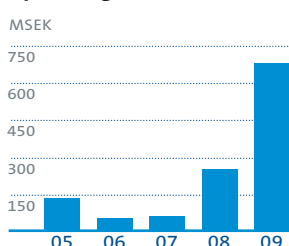
* Excl. items of a non-recurring nature.

Return on capital employed*

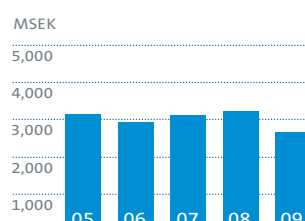


* Excl. items of a non-recurring nature.

Operating cash flow



Capital employed



Income statement, MSEK	2009	2008	2007	2006	2005 ¹⁾
Net sales	6,788	6,903	7,025	6,727	6,477
Cost of goods sold	-4,958	-4,957	-5,040	-4,802	-4,459
Gross profit	1,830	1,946	1,985	1,925	2,018
Goodwill write-down	-106	—	—	—	—
Other operating expenses	-1,812	-1,665	-1,636	-1,952	-1,915
Operating profit*	-88	281	349	-27	103
Net financial items	-79	-101	-95	-89	-70
Profit/loss after financial items	-167	180	254	-116	33
Taxes	-38	-65	-126	-12	-130
Profit/loss for the year	-205	115	128	-128	-97
* Of which items of a non-recurring nature	-302	-47	-5	-243	-205

Balance sheet, MSEK

Intangible assets	1,199	1,360	1,232	1,175	1,224
Tangible assets	547	625	584	628	744
Financial assets	306	346	168	207	219
Inventories	644	913	789	718	838
Operating receivables	1,468	1,849	1,846	1,766	1,639
Liquid funds	172	169	218	193	169
Total assets	4,336	5,262	4,837	4,687	4,833
Equity	1,413	1,073	1,142	1,044	1,208
Long-term liabilities	584	2,142	1,604	1,831	1,839
Current liabilities	2,339	2,047	2,091	1,812	1,786
Total equity and liabilities	4,336	5,262	4,837	4,687	4,833

Cash flow statement, MSEK

Cash flow from operating activities before changes in working capital	99	208	150	73	-130
Cash flow from changes in working capital	504	8	-130	-40	152
Cash flow from operating activities	603	216	20	33	22

Operating cash flow, MSEK

Operating cash flow	683	255	66	53	136
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1) In mid-2005 Gunnebo refined its security business by distributing the shares in Gunnebo Industrier free of charge to shareholders. The five-year review therefore excludes Gunnebo Industrier.

Key ratios excl. items of a non-recurring nature

	2009	2008	2007	2006	2005 ¹⁾
Return on capital employed, %	7.5	10.7	12.0	7.1	10.4
Return on equity, %	8.5	14.6	12.1	7.3	12.8
Operating margin before depreciation, %	5.1	6.6	7.0	5.4	6.8
Operating margin, %	3.2	4.7	5.0	3.2	4.8
Profit margin, %	2.0	3.3	3.7	1.9	3.7

Key ratios incl. items of a non-recurring nature

Return on capital employed, %	2.5	9.2	11.9	-0.5	3.7
Return on equity, %	-18.0	10.4	11.7	-11.4	-7.5
Gross margin, %	27.0	28.2	28.3	28.6	31.2
Operating margin before depreciation (EBITDA), %	2.3	6.0	6.9	1.8	3.7
Operating margin (EBIT), %	-1.3	4.1	5.0	-0.4	1.6
Profit margin (EBT), %	-2.5	2.6	3.6	-1.7	0.5
Capital turnover rate, times	2.2	2.2	2.3	2.1	2.1
Equity ratio, %	33	20	24	22	25
Interest coverage ratio, times	-1.1	2.9	3.7	-0.3	1.5
Debt/equity ratio, times	0.7	1.8	1.5	1.6	1.5

Share data incl. items of a non-recurring nature*

Earnings per share before dilution, SEK	-3:40	1:95	2:20	-2:20	-1:70
Earnings per share after dilution, SEK	-3:40	1:95	2:20	-2:20	-1:70
Equity per share, SEK	18:65	18:05	19:25	17:95	21:10
Cash flow per share, SEK	10:05	3:65	0:35	0:60	0:40
Dividend, SEK**	0:00	0:00	1:25	1:25	1:25

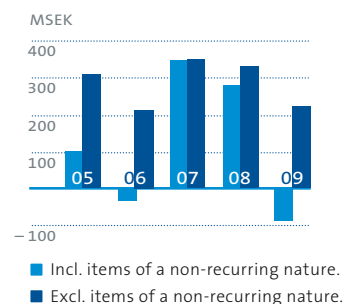
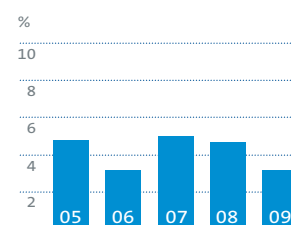
Other information

Foreign sales ratio, %	94	93	94	94	94
Order intake, MSEK	6,573	6,965	6,938	6,762	6,658
Capital employed, MSEK***	2,642	3,219	3,115	2,926	3,158
Net debt, MSEK***	1,048	1,967	1,746	1,673	1,763
Capital expenditure, MSEK	77	119	126	110	141
Depreciation, MSEK	134	130	127	136	134
Average number of employees	6,041	6,455	6,719	6,964	6,945

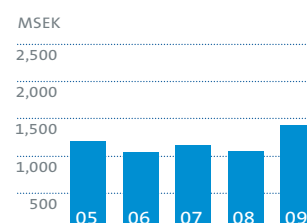
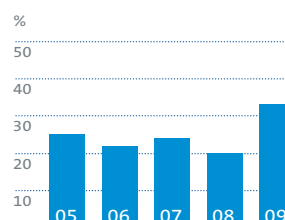
* The figures have been adjusted for the bonus issue effect resulting from the new share issue.

** The Board proposes that no dividend be paid for 2009.

*** Closing balance.

Operating profit/loss

Operating margin*


* Excl. items of a non-recurring nature.

Equity

Equity ratio


Creating Value through Communication

The Gunnebo share has been listed on Stockholm Stock Exchange since 1993 and can be found 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.

On December 31, 2009 the Group had 11,600 shareholders (10,700). Swedish financial shareholders owned approximately 20 per cent (18 per cent), and Swedish institutional shareholders 2 per cent (4 per cent) of the capital. The percentage of foreign ownership amounted to 12 per cent (14 per cent) and 16 per cent of the share capital was owned by natural persons (15 per cent), which means that 84 per cent (85 per cent) was owned by legal entities.

Holding and votes

On December 31, 2009 Gunnebo had a share capital of MSEK 378 divided into 75,616,422 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. The share capital changed at the end of the year as the Group had carried out a new share issue.

Share price

At the end of the year the Gunnebo share was trading at SEK 27.30, which is an increase during the year of 130 per cent. During the same period, Stockholm Stock Exchange's general index increased by 46.7 per cent. The lowest share price paid during the year was SEK 11.30 (April 1) and the highest was SEK 34.40 (November 25).

Trading and market value

A total of 24,319,294 shares (15,259,347) were traded in 2009 at a value corresponding to MSEK 654 (596). The average volume traded each trading day was 96,890 shares (60,553), equating to TSEK 2,605 (2,364). The market value on December 30, 2009 was MSEK 2,071.

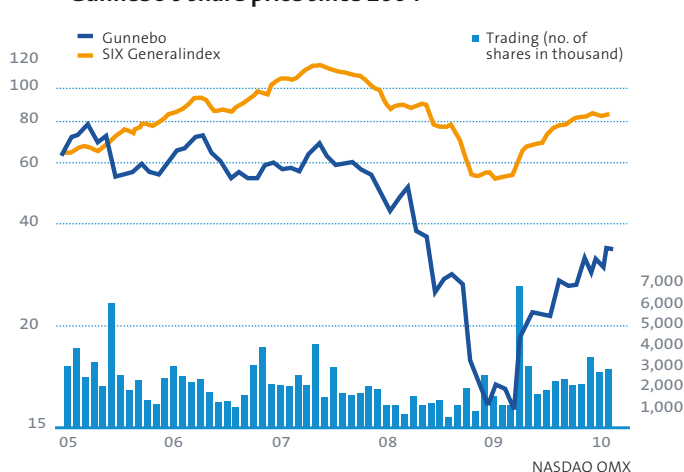
Dividend policy and proposed dividend

The Board's dividend proposal shall take into account Gunnebo's long-term development potential, its financial position and its investment needs. The Board has decided that the target for the dividend is that in the long term it shall amount to 30–40 per cent of the profit after tax. The proposed dividend for 2009 is SEK 0.

Information to the capital market

Financial information about Gunnebo is available on the Group website, www.gunnebo.com. Questions can also be e-mailed directly to info@gunnebo.com or submitted by telephone on +46 (0)31-83 68 00. It is also possible to order printed annual reports and interim reports from the Group head quarters by telephone +46 (0)31-83 68 00, from the website or via the above e-mail address.

Gunnebo's share price since 2004



Shareholder value

Gunnebo's intention is to provide the market with open, consistent and transparent financial information.

During the year, Gunnebo has held around 50 individual meetings and arranged roadshows to Oslo and Stockholm. The company has also participated in seven seminars, breakfast, lunch or dinner meetings and five shareholder meetings, taken part in lectures at the Swedish Shareholders' Association's Stock Market and Funds Day in Göteborg, and arranged a breakfast meeting for analysts and investors in Stockholm in connection with Per Borgvall becoming President and CEO of Gunnebo.

After each interim report Gunnebo arranges a telephone conference with around 20–30 participants. The conference is recorded and is available via the website for a month after the report date.

Analysts who follow Gunnebo

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No. of shares**	2009	2008	2007	2006	2005
Closing no. of shares, x 1,000	75,856*	59,398	59,398	58,178	57,232
Average no. of shares, x 1,000	59,974	59,398	59,118	57,617	57,192

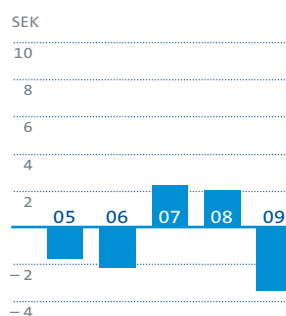
Largest shareholders	No. of shares	Proportion, %
Stena Adactum	19,557,576	25.78
Vätterledens Invest, with associates	14,275,533	18.82
IF Skadeförsäkring	8,036,166	10.59
Odin funds	2,180,577	2.88
Enter funds	1,673,665	2.21
Avanza Pension	1,044,366	1.38
SEB Life Ireland	926,831	1.22
4th AP fund	884,666	1.17
AMF insurance and funds	835,000	1.10
Skandia Global Funds PLC	813,800	1.07
Muirfield Invest	760,000	1.00
Government of Norway	711,247	0.94
Danica Pension	698,500	0.92
Société Générale	682,113	0.90
Handelsbanken funds	544,265	0.72
Bjarne Holmqvist	538,004	0.71
Folksam/KPA	345,000	0.45
Robur Försäkring	335,777	0.44
Other	21,012,512	27.70
Total	75,855,598*	100.00

The information in the 'Largest shareholders' and 'Shareholders by size' tables refers to the situation on 31 January 2010.

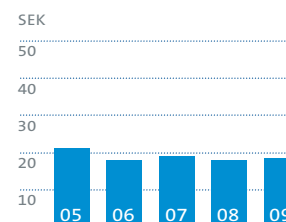
Shareholders by size	No. of shareholders	No. of shares	Holding and votes, %
1–500	7,068	1,128,362	1.49
501–1 000	1,851	1,467,115	1.93
1 001–5 000	2,211	5,047,832	6.65
5 001–10 000	290	2,218,070	2.92
10 001–50 000	217	4,704,260	6.20
50 001–	89	61,289,959	80.81
Total	11,726	75,855,598*	100.00

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
2009 New share issue	+151*	379*	75,855,598*

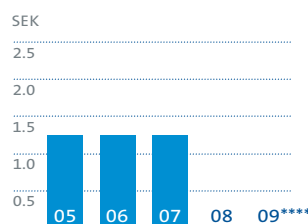
Earnings per share after dilution



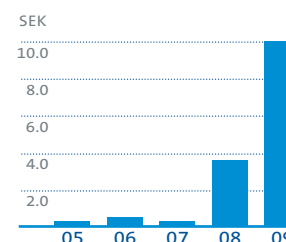
Equity per share



Dividend per share



Cash flow per share



Data per share**	2009	2008	2007	2006	2005
Earnings per share incl. items of non-recurring nature, SEK***	-3:40	1:95	2:20	-2:20	-1:70
Equity per share, SEK	18:65	18:05	19:25	17:95	21:10
Cash flow per share, SEK	10:05	3:65	0:35	0:60	0:40
Dividend, SEK****	0:00	0:00	1:25	1:25	1:25

Share price related share data**

	2009	2008	2007	2006	2005
Share price at year-end (last price paid), SEK	27:30	11:90	49:80	60:55	60:15
Highest price during the year (price paid), SEK	34:40	52:70	69:75	80:10	83:90
Lowest price during the year (price paid), SEK	11:30	9:95	48:50	53:45	52:50
Market value at year-end, MSEK	2,071	667	2,958	3,522	3,443
P/E ratio	neg.	6	23	neg.	neg.
Dividend yield, %****	—	—	2.5	2.0	2.0

* Of which 239,176 shares were registered with the Swedish Companies Registration Office in January 2010

** The figures have been adjusted for the bonus issue effect resulting from the new share issue.

*** After dilution.

**** The Board proposes that no dividend is paid for 2009.

Creating Value through Risk Awareness

Risk awareness is a prerequisite for achieving good profitability and creating value for the Group's stakeholders. Gunnebo therefore continuously evaluates the risks to which the Group is exposed, and carefully monitors the development of factors that influence the main risks identified by the Group.

A risk may be dependent on world events 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.

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

Local management in Gunnebo's Customer and Competence Centres is responsible for developing strategies and identifying risks in their market or product-based area of responsibility. The inclusion of representatives from 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 83–91.

Business 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 relating to customers, suppliers, employees and competitors.

Market risk

Gunnebo has a relatively broad product range and customer structure, as well as presence in 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 also 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.

Economic conditions in the construction and property sectors are of most importance to Outdoor and Indoor Perimeter Security and to some extent Entrance Security, 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 Handling. 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 Northern 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 in 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 production operations takes place in 17 production units and comprises a chain of processes where stoppages or disruptions in one stage, such as shipping or industrial disputes, can have consequences on Gunnebo's ability to fulfil its obligations to customers.

Gunnebo deals with risks relating to the Group's property and operational stoppages 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

In markets where Gunnebo has its own Customer Centre, that centre is responsible for all marketing and sales to the customer. In 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 products and systems are installed to strengthen protection in security-critical environments. Their function and quality are therefore of the utmost importance in securing the intended level of protection.

Insurance

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

Legal risks

No company in the Group is a party in legal proceedings or any other dispute where the outcome 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 department. Legal disputes are handled by a qualified legal representative.

Other risks

In addition to the operational risks outlined above, the following risks are monitored continuously, primarily in 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 risks

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 which jointly act as the Group's internal bank. Gunnebo Treasury SA is responsible for the Group's currency risk management and is also responsible for supporting the Group's subsidiaries with currency transactions. Gunnebo Service AB is responsible for the Group's liquidity management and external borrowing, and assists the subsidiaries with loans and investments. Through this centralisation the Group is able to benefit from economies of scale and synergies within the financial area.

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

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 negative 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 Group 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 the internal bank 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.

■ Currency risk

The Group has operations in a large number of countries and is therefore exposed to currency risks. This is partly offset by hedging transactions in foreign currencies within the framework of the finance policy. For more detailed information about financial risk management and reporting of financial instruments, see Note 3, Financial risk management and financial instruments.

■ Counterparty risk

Counterparty risk or credit risk refers to the risk of a loss if the counterparty fails to fulfil its obligations.

■ Financial credit risk

Exposure to credit risk 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 also entered into general agreements regarding netting (ISDAs) with the majority of its counterparties for transactions in derivative instruments.

Financial credit risk is also reduced in that liquid funds shall primarily be used to reduce outstanding liabilities, which limits 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 frameworks. 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. For more detailed information, see note 18, Accounts receivable.

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

Labour costs

A 1 per cent change in labour costs, including social security charges, affects operating profit by approximately MSEK 25.

Steel prices

Steel is the single largest raw material component in the Group, which purchases many different types and grades, resulting in differentiated price development. A general change in steel prices of 10 per cent affects the figures by around MSEK 35 for the subsequent 12 months. No long-term fixed-price contracts have been considered in this figure.

Currencies

A change of 10 per cent in the exchange rate of the Swedish krona against the euro and pound sterling would affect operating profit by a total of approximately MSEK 43, of which MSEK 30 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 13 is attributable to translation exposure.

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 4 for the subsequent 12 months. ■

Corporate Governance Report

The purpose of Gunnebo's corporate governance report is to show the Group's shareholders and other stakeholders how the business is managed. Good corporate governance creates a foundation for clear responsibilities between the various decision-making bodies and their responsibilities, thus aiding operational efficiency which can ultimately lead to increased shareholder value.

Gunnebo AB (publ) is listed on the NASDAQ OMX Nordic Exchange Stockholm and the Group's corporate governance is based on the Swedish Companies Act, NASDAQ OMX Stockholm AB rules for issuers, the Swedish Code of Corporate Governance (the Code)¹⁾, accounting legislation and other relevant legislation, rules and regulations. A new revision of the Code came into force on 1 February 2010, which will be applied in accordance with its interim rules. This report summarises how corporate governance is organised and how it has been conducted within the Group during the 2009 financial year. Gunnebo complies with the Code's regulations in every aspect.

In addition to the material mentioned above, the Articles of Association are also pivotal to the Group's governance. It establishes, inter alia, the Group's business name, registered office and business activities, and also regulates the size of share capital.

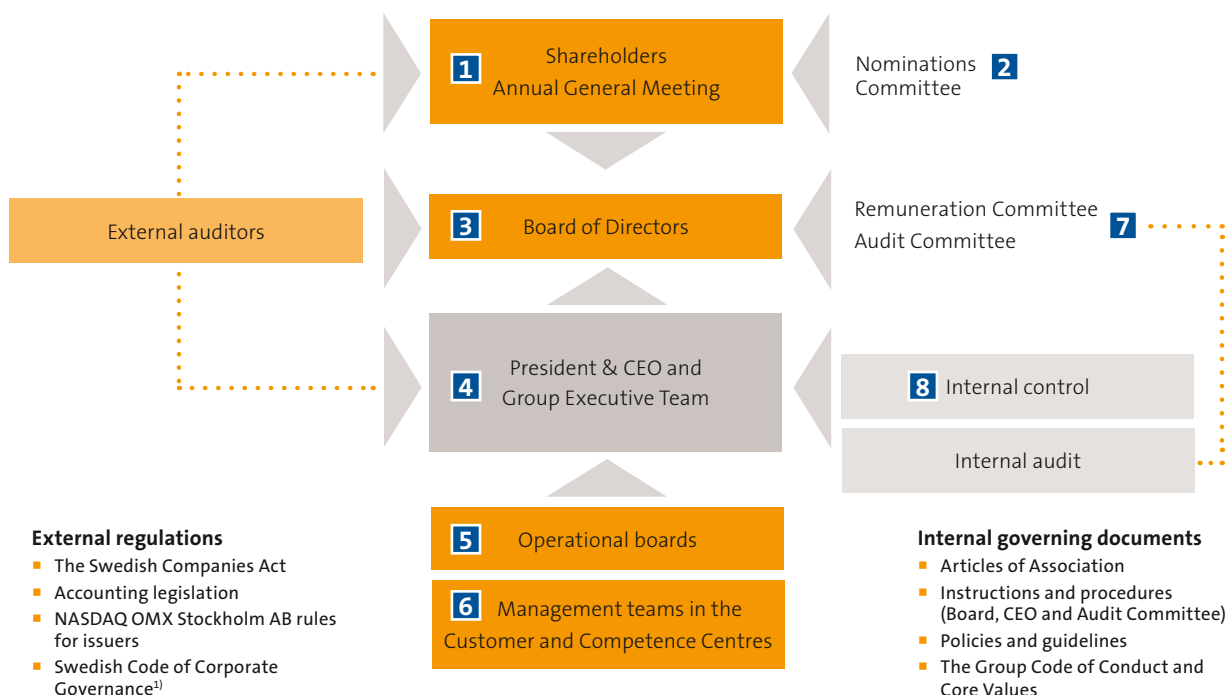
This report is not part of the formal Annual Report and has not been reviewed by the company's auditors.

Governance and division of responsibility

Good corporate governance is about a clear assignment of responsibility, transparency in relations with the owners and efficient control and management of the Group's operations to ensure it works according to set defined targets. Governance, management, control and assignment of responsibility in Gunnebo are founded both on external rules and regulations and on internal governing documents, and are primarily exercised by:

- Shareholders
- Board of Directors
- President and CEO
- Group Executive Team
- Operational boards
- Corporate functions
- Management teams in the Customer and Competence Centres

Gunnebo's corporate governance model



1) In its revised version from 1 July 2008 and valid during 2009.

Shareholders 1

At the end of 2009 Gunnebo had 11,600 shareholders. Swedish financial shareholders owned approximately 20 per cent, and foreign shareholders 12 per cent of the capital. 16 per cent of the share capital was owned by individuals, which means that 84 per cent was owned by legal entities. Further information about Gunnebo's owners can be found in the Gunnebo share section on pages 78–79.

Annual General Meeting (AGM)

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 in person are given the opportunity of representation through proxy.

The AGM decides on changes to the Articles of Association, elects the Chairman, Board of Directors and auditors, adopts the accounts, decides on any dividend and other distribution of earnings, and decides on discharge from liability for the Board. Moreover, the AGM also decides on guidelines for compensation and other remuneration to senior executives, any new share issues, how the Nominations Committee will be appointed and the introduction of share-related incentive schemes.

Shareholders who would like an issue to be addressed at the AGM should submit a proposal to the Chairman of the Board or contact the Nominations Committee with a proposed nomination.

2009 Annual General Meeting

The 2009 Annual General Meeting was held on April 24 at the Chalmers Student Union building in Göteborg. Approximately 110 shareholders, representing 62.2 per cent of the number of votes and shares, took part in the AGM. Mikael Jönsson, Martin Svalstedt, Lena Olving, Björn Eriksson, Bo Dankis and Göran Bille were reappointed as members of the Board of Directors. The AGM re-elected Martin Svalstedt as Chairman of the Board.

The AGM decided not to pay a dividend to shareholders (in 2008 the dividend was SEK 1.60 per share).

2009 extraordinary general meeting

At an extraordinary general meeting on November 24, 2009 it was decided to approve the Board decision of October 22, 2009 regarding a new share issue with preferential rights for existing shareholders.

58 shareholders, representing 60.1 per cent of the number of votes and shares, took part in the extraordinary general meeting.

2010 Annual General Meeting

The next AGM for Gunnebo's shareholders will be held at Liseberg Theatre in Göteborg on Tuesday April 27, 2010. Further information about the AGM has been published on www.gunnebo.com.

Nominations Committee 2

The Nominations Committee's task is to submit proposals for decisions regarding, inter alia, the Chairman and other members of the Board, fees for Board members and remuneration for committee work ahead of the next AGM. At the 2009 AGM, it was decided that Gunnebo's Nominations Committee shall comprise one representative from each of the three largest shareholders on September 30, 2009, along with the Chairman of the Board.

The third largest owner, IF Skadeförsäkrings AB, has declined to participate and the fourth largest owner, Odin Förvaltnings AS, will therefore be represented on the Nominations Committee. The following owner representatives make up the Nominations Committee ahead of the 2010 AGM: Dan Sten Olsson, Stena Adactum AB; Nils-Olov Jönsson, Vätterledens Invest AB; Nils Petter Hollekim, Odin Förvaltning AS and Martin Svalstedt, Chairman of the Board and convener.

The Nominations Committee has held two meetings prior to the presentation of this Annual Report. The chairman of the Nominations Committee is Dan Sten Olsson. No remuneration is paid to the members of the Nominations Committee.

Board of Directors 3

The Board of Directors' main task is to manage shareholders' interests. Gunnebo's Board of Directors consist of six members elected by the AGM 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 elected by the AGM. None of Gunnebo's senior executives are members of the Board. The Group's President and CEO and the Chief Financial & Information Officer participate in Board meetings, the latter also as secretary. Other 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 AGM 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 individual Board members is shown in the table on page 90.

Board procedures

The Board's main responsibility is to be responsible for the company's organisation and administration. The Board's work is governed by the Swedish Companies Act, the Code and the set of written procedures assumed by the Board at the inaugural Board meeting each year. These procedures establish how often the Board will convene and the issues to be addressed at each meeting. They also set out the division of labour and responsibility between the Board, its Chairman and the CEO.

The Board is in charge of adopting strategies, business plans and operational goals as well as interim reports and year-end releases. It also has the responsibility of evaluating and, if necessary, dismissing the CEO and deciding on significant

changes to Gunnebo's organisation and operations. In addition the Board decides on acquisitions and other major investments and financing, for example.

Report of meetings

The Board of Directors held 15 minuted meetings in 2009. Reports from the CEO, accounts for finished periods, the 2009 and 2010 budgets, interim and annual reports, financial reports, reports from committees and the Nominations Committee and AGM-related matters were discussed during these meetings. In addition the following issues were discussed:

- Re-financing and new share issue
- Strategic review of the Group's operation
- Investment issues
- Presentation of operations in Customer Centre France
- Review of the Group's product offering
- Board evaluation
- CEO evaluation
- Work procedures

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 Code.

Chairman

Martin Svalstedt was re-elected Chairman of the Board at the AGM on April 24, 2009. It is the responsibility of the Chairman to ensure that the Board's work is performed efficiently. This involves – inter alia – 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 perform their board work with maintained quality, and in accordance with the Swedish Companies Act, the Articles of Association and the Code. The Chairman does not participate in the operational management of the company.

President and CEO **4**

The Group's President and CEO until February 28, 2009 was Göran Gezelius. He was replaced by Per Borgvall on March 1, 2009. The CEO manages the 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 Group's and company's financial position and development.

In 2009 the CEO's work focused on producing and implementing the "Get It Right" programme, which includes a strategic review of the Group's operation, improved cash flow, improved margins and cost savings, the introduction of a more efficient management structure and securing the Group's long-term financing.

Group Executive Team

Gunnebo's Group Executive Team comprises the CEO and SVP Region Rest of the World (ROW), the Chief Financial & Information Officer, the SVP HR & Communications and the SVPs for the North Europe and South Europe regions, as well as the SVP Operations.

It is the task of the Group Executive Team to establish, execute and follow up on strategies and guidelines for the Group's operations, following decisions by the Board. This is inter alia achieved by the CEO, the regional SVPs, the SVP Operations and the Chief Financial & Information Officer dividing the chair of the operational boards for the Group's Customer and Competence Centres amongst themselves.

The work of the Group Executive Team in 2009 has focused on setting and monitoring goals and prioritising measures within the framework of the "Get It Right" programme. The Group Executive Team is also charged with continuously assessing and making decisions on the tenders submitted by Gunnebo for large contracts.

Operational management

Gunnebo's operational business comprise 24 Customer Centres which are divided into the regions North Europe, South Europe and Rest of the World, as well as Operations. Operations is 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 service in their respective markets. Operations is also responsible for sales to markets where the Group is only represented by agents and distributors.

Operational boards **5**

Each Customer and Competence Centre has an operational board. They are responsible for steering the respective Customer and Competence Centre, and are the bodies under the Group Executive Team responsible for operational management of the Group.

The CEO, regional SVPs, SVP Operations and Chief Financial & Information Officer share the chair of the operational boards for the Group's Customer and Competence Centres.

Other members of the operational boards comprise representatives from the Centres' respective management groups.

The operational boards have also focused on activities within the framework of the "Get It Right" programme during the year. As part of their work to implement set measures in the business, the operational boards have drawn up implementation and follow-up plans and have set goals for each Centre. Moreover they have worked on the follow-up of internal and external audits.

Corporate functions

Gunnebo's head office has corporate functions for co-ordinating operations (product development, production, environment, quality, logistics and purchasing), economy and finance, financial reporting, internal audit and internal control, business control, legal affairs, IT, human resources and communication. These functions are responsible for establishing the appro-

appropriate Group-wide strategies and activity plans within their respective areas of responsibility, and for assisting and further developing the organisation based on their respective areas of expertise.

In 2009, the corporate functions have focused, in part, on developing transparency and report frequency in consolidated financial reporting, managing new share issue projects, refinancing and efficient capital tied up, developing follow-up procedures for the "Get It Right" programme, initiating and managing development of Group-wide processes for purchasing and logistics, initiating a project for Internal Control Remediation, starting a training programme for Key Account Management as well as initiating and managing a number of projects within the framework of streamlining the industrial platform. The corporate functions have also continued to lead work on implementing a joint IT platform, which includes a shared platform for the Group's web environments and implementation of a joint ERP system.

Management teams in the Customer and Competence Centres 6

The management teams for Gunnebo's Customer and Competence Centres are responsible for managing the day-to-day operation. All management teams 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 Service, and the Manager for Internal Service & Support.

The Competence Centre management teams comprise the Competence Centre's General Manager together with the personnel responsible for product development, production, customer services, logistics, and internal service and support.

In addition to handling issues that arise in the day-to-day business, during the year the management groups of the Group's Customer and Competence Centres have worked on implementing and following-up set measures within the framework of the "Get It Right" programme.

Committees 7

The Board of 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 commissioned with preparing issues relating to the Group Executive Team's employment conditions, succession planning and other personnel development issues prepared by the Group Executive Team and SVP HR & Communications.

The Remuneration Committee met on four occasions in 2009. After the AGM on April 24, 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 90. Issues discussed during the year include performance requirements, bonus models and incentive programmes for senior executives.

Audit Committee

The primary task of the Audit Committee is to serve as a preparing body in contact between the Board and the 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 2009. Mikael Jönsson has been chairman of the Audit Committee. The committee met on three occasions during the year. The auditors have also participated in a Board meeting to report on the results of their examination. The attendance of the members of the Audit Committee is shown in the table on page 90.

Financial reporting

Each Customer and Competence Centre reports the financial results of its operations each month. The reports are compiled by the corporate functions for finance, financial reporting and business control at Gunnebo AB and form the basis for further analysis and quarterly reports for shareholders and the stock market.

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 saving 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 warrant. A warrant/employee stock option gives the holder the right, during certain periods

of 2011, to subscribe to 1.28 shares in Gunnebo AB at a price of SEK 63.80.

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 AGM. At the 2008 AGM, 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 services. The assignments performed have not been judged to cause any conflict of interest. Details of remuneration to the auditors can be found in Note 33.

Internal control 8

The manager of the internal control corporate function is also responsible for the Group's internal audit and reports to the Chief Financial Officer and periodically to the Audit Committee. The function works with both preventive and auditing activities with the aim of developing internal control in the Group and monitoring how the internal control works.

Internal control acts on behalf of the Group Executive Team, and during the year its main focus has been an Internal Control Remediation (ICR) project with the aim of improving the internal control structure by creating minimum requirements for an efficient internal control. There has also been a continued focus on developing new policies and updating existing governing documents.

Internal audit has carried out audits in line with the annual audit plan and has reported the results to the Audit Committee. A further description of the function's work can be found in the Board of Directors' Report on internal control on pages 87–88. ■

BOARD OF DIRECTORS' 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. The report is restricted to a description of how internal control regarding financial reporting is organised, and has not been reviewed by the company's external auditors.

Internal control of financial reporting

Group function internal control has carried out the first part of the Internal Control Remediation (ICR) project during the year, which aims to develop Gunnebo's internal control structure in line with the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework consists of five components; Control environment, Control activities, Risk assessment, Information and Communication and Monitoring. The aim of the project is to support the achievement of the Group's goals in terms of appropriate, effective processes, to ensure that external financial reporting is prepared in accordance with prevailing rules and legislation, and to obtain reasonable assurance

regarding accurate, reliable reporting. Another important aim is to create long-term value for Gunnebo and its stakeholders.

Control environment A

Gunnebo's Board of Directors has overall responsibility for establishing an effective internal control system, both regarding financial reporting and operations in general. The Audit Committee assists the Board and prepares matters relating to financial reporting, external reporting, internal control and the reporting of financial risks. Operational responsibility for maintaining an effective control environment is delegated to the CEO and the responsibility is exercised in cooperation with the following functions: the Group Executive Team, operational boards, operational management and Group functions including internal audit and internal control, controllers and all other employees.

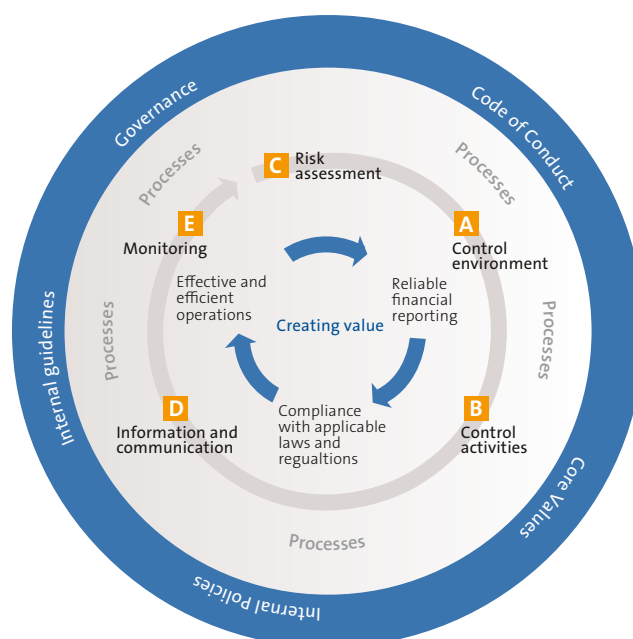
The Group's Core Values and Code of Conduct are fundamental to Gunnebo's control environment, and they set the basic principles that guide the business. Internal control also encompasses the structure for corporate governance described on page 83, whereby various functions collaborate based on governing documents and a clear division of responsibility, such as the Board procedures.

The governing documents also provide an important foundation in a decentralised structure, and further examples include instructions for the CEO and Audit Committee.

During the year certain governing documents have been updated, such as the authorisation policy and human resources policy. A review and development of self-evaluation regarding company-wide controls will take place in 2010 and be distributed to all companies within the Group.

Internal control – an integrated process

Control is not an isolated occurrence, but an ongoing process which requires continuous updating, support and evaluation to ensure it is up to date at all times.



Control activities B

Gunnebo's Group Executive Team is responsible for ensuring that control activities deal with the most significant risks relating to financial reporting. They are also responsible for ensuring the control activities are implemented and carried out at Group level through the corporate functions, and at operational level through the operational boards and finance functions.

The control activities have been further improved during the year through a revision within the scope of the ICR project. The sales, accounting and reporting processes along with the related minimum requirements for efficient internal control have been documented, and further processes and minimum requirements will be documented in 2010. The control activities aim to prevent, detect and correct errors and deviations in the financial reporting. Process groups with minimum requirements will be introduced and applied by the relevant Customer and Competence Centres based on the risk assessment.

Risk assessment C

Identification of Gunnebo's significant risks relating to financial reporting takes place at Board and Group level, and through the operational management groups. Internal audit takes into account potential risks in connection with the annual audit plan, with special attention given to fraud risks and risks which may arise in connection with major changes, such as management changes and mergers. The risks are put in relation to sales, assets and number of employees. Gunnebo's business risks are mainly found in the valuation of inventories, installation projects, accounts receivable and currency exposure. Read more about the Group's risks in the Risk management and sensitivity analysis section (pages 80–82), and in Note 3, Financial risk management and financial instruments.

A new risk assessment has been introduced during the year in connection with the ICR project. It includes a risk analysis of the income statement and balance sheet at consolidated level, with the aim of identifying areas and processes with increased risk. Each item in the balance sheet and income statement was analysed and graded based on a number of criteria (materiality, complexity, volatility, error history, fraud risk and transaction volume), and this resulted in a total risk exposure. The risk assessment will be updated annually and will form part of the basis for the audit plan for 2010 onward.

Information and communication D

Gunnebo's goals are to ensure that all external and internal information and communication is accurate, and that the right and relevant information is available to stakeholders at the right time.

Gunnebo's external and internal information and communication in the form of reporting to various authorities, financial reporting and information for employees, takes place in line with external requirements, the Group's internal governing documents and the Communication Policy.

Internally

Important governing documents are made available to all employees on Gunnebo's intranet and are also communicated through other channels as necessary. There are also specific instructions regarding financial reporting, accounting, budget and forecasting available to employees who work in these areas. Moreover, the intranet contains other important information and also hosts the Gunnebo Training Centre (GTC), which provides training in various areas.

On the initiative of the CEO, a strategically important conference concept, International Management Conference (IMC), was established in 2009. The aim of IMC is to invite a number of managers to discuss strategically important issues with the Group Executive Team. IMC is also an important information forum for the Group Executive Team. The delegates vary depending on the issues on the agenda. Three IMCs were held in 2009.

The Board is given regular reports regarding financial development, analyses and comments on results, plans and forecasts. It also receives reports from the Audit Committee meetings in which external auditors, internal audit and the Group Executive Team take part. In connection with the Audit Committee meetings, internal audit reports the results of audits and ongoing information regarding progress on the ICR project.

Externally

Gunnebo's external website www.gunnebo.com contains publications, financial information, press releases, and information about Gunnebo's organisation and products.

Monitoring E

The Board, Audit Committee, CEO, Group Executive Team and operational boards continuously monitor the operation and compliance with Gunnebo's policies, as well as carrying out internal control regarding financial reporting. Operational monitoring encompasses monthly and quarterly follow-up of results against budget and forecast, and is carried out by the finance and controller networks at Group and Centre level. The operational result is monitored through the internal boards and finance functions in line with the Group's guidelines. Monitoring and reporting also take place through audits performed by internal audit, assisted by external resources in order to bridge language barriers and ensure independency.

Furthermore, special ongoing activities are in progress such as monitoring the Group's capital tied up through the "Cash to Protect" programme, came about as a result of the turbulent market with the aim of releasing capital and improving operational efficiency. ■

More about corporate governance online!

Some of the information available at www.gunnebo.com:

- Information from Gunnebo AB's AGMs since 2006
- CEO's speech
- Minutes
- Auditors' statements
- Earlier corporate governance reports, since 2005
- Articles of Association and Code of Conduct

Group Executive Team



Christian Guillou 1.

SVP Region South Europe,
Country Manager Gunnebo 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 Franciaflex, BPB Placo and Pergo

Board appointments: Perfect Home SAS

Shareholding: 6,941

Stock options: –

Thomas Heim* 2.

SVP Region North Europe, Country Manager
Gunnebo Germany and Austria

Employed: 2010

Born: 1968

Nationality: German

Education: Master of Science in Business
Administration

Professional background: Responsible for
Robert Bosch Power Tools Division Region
Europe North, senior positions at Robert Bosch
in marketing, sales and managerial positions
in Brazil, Germany and Spain

Board appointments: –

Shareholding: –

Stock options: –

* Took up the position on April 1, 2010

Per Borgvall* 3.

President and CEO, SVP Region ROW

Employed: 2009

Born: 1958

Nationality: Swedish

Education: Master of Science in Mechanical
Engineering, Chalmers 1982

Professional background: President and CEO
of AB Fagerhult; Business Area Manager of
the Indoor Climate division at British IMI plc,
President of Tour & Andersson AB and Uponor AB

Board appointments: Nederman Holding AB

Shareholding: 30,000

Stock options: –

* Succeeded Göran Gezelius on March 1, 2009

Tomas Wängberg 4.

SVP Operations

Employed: 2009

Born: 1958

Nationality: Swedish

Education: University studies in marine
technology

Professional background: President and CEO
ABB Stal, Industrial turbine division, senior
positions in marketing, sales and production
within ABB

Board appointments: Biosensor Applications AB

Shareholding: –

Stock options: –

Agneta Hultgren 5.

SVP HR & Communications

Employed: 2007

Born: 1953

Nationality: Swedish

Education: Degree in Social Science

Professional background: HR management
positions at Getinge, Altimia and Esab, among
others

Board appointments: –

Shareholding: 5,000

Stock options: 24,000

Hans af Sillén 6.

CFO and CIO

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: 23,333

Stock options: 32,000

Board of Directors



Board member attendance statistics and independence, 2009

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	15 (C)	4 (C)		Yes	No	400
Mikael Jönsson	2000	15 (M)	4 (M)	3 (C)	Yes	No	250
Lena Olving	2004	14 (M)		3 (M)	Yes	Yes	250
Björn Eriksson	2006	15 (M)			Yes	Yes	225
Bo Dankis	2006	15 (M)		3 (M)	Yes	Yes	250
Göran Bille	2008	15 (M)	4 (M)		Yes	Yes	250
Employee representatives							
Bo Anders Hansson	1999	15 (M)					38.7
Claes-Göran Karlsson	2005	14 (M)					38.7
Christer Grimstahl	2000	15 (D)					38.7
Lars-Olof Larsson	2005	15 (D)					38.7
Number of meetings:		15	4	3			Total: 1,779.8

C = Chairman M = Member D = Deputy

Martin Svalstedt 1.

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, senior financial posts at Stora and ABB

Other Board appointments: Chairman of Ballingslöv International AB, Envac AB, Media-Tec AB and Stena Renewable AB. Member of Gislaved Folie AB and Stena Adactum AB.

Shareholding: 154,852 (of which 53,802 via endowment insurance)

Stock options: 16,000

Björn Eriksson 2.

Board member

Elected: 2006

Born: 1945

Nationality: Swedish

Main position: Senior Consultant

Education: Master of Science in Business Administration

Professional background: County Governor, 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 AB Göta Kanal, IFS, Årets Nybyggare, ED Bygg, Yump and Svenska Skidskytteförbundet. Member of eg SE-Banken's National Economy Council and Barndiabetesfonden.

Shareholding: –

Stock options: –

Lena Olving 3.

Board member

Elected: 2004

Born: 1956

Nationality: Swedish

Main position: Executive Vice President and Chief Operating Officer Saab AB

Education: Master of Science in Mechanical Engineering

Professional background: Almost 25 years in senior positions at Volvo Cars, President of Samhall Högländ AB

Other Board appointments: Green Cargo AB and IVA

Shareholding: 3,333

Stock options: 8,000

Mikael Jönsson 4.

Board member

Elected: 2000

Born: 1963

Nationality: Swedish

Main position: President, Vätterledens Invest AB

Education: University studies in economics

Professional background: Stockbroker, various senior positions at Vätterledens Invest AB

Other Board appointments: Vätterledens Invest AB and its subsidiaries, Kopparbergs Bryggeri AB, Nanoxis AB and Wipcore AB

Shareholding: 153,333

Stock options: 16,000

Bo Dankis 5.

Board member

Elected: 2006

Born: 1954

Nationality: Swedish

Main position: Chairman Perstorp Holding AB

Education: Master of Science in Mechanical Engineering

Professional background: President and executive at Forsheda AB, ABB, Assa Abloy AB and the Perstorp group

Other Board appointments: Chairman of Perstorp Holding AB, Gadelius K.K., Tokyo and the Swedish Trade Council. Member of the Sweden-Japan Foundation.

Shareholding: 6,666

Stock options: 16,000

Göran Bille 6.

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: Member of Synsam Nordic AB

Shareholding: 16,666 (via endowment insurance)

Stock options: –

Christer Grimståhl* 7.

Employee representative for Unionen, a white-collar union, deputy member

Elected: 2005

Born: 1962

Nationality: Swedish

Education: Sales

Shareholding: –

Stock options: –

* Resigned November 2009, replacement to be appointed spring 2010

Lars-Olof Larsson 8.

Employee representative for IF Metall, deputy member

Elected: 2005

Born: 1961

Nationality: Swedish

Education: Automotive engineering

Shareholding: –

Stock options: –

Bo Anders Hansson 9.

Employee representative for Unionen, a white-collar union

Elected: 1999

Born: 1954

Nationality: Swedish

Education: Engineering

Shareholding: –

Stock options: –

Claes-Göran Karlsson 10.

Employee representative for IF Metall

Elected: 2000

Born: 1958

Nationality: Swedish

Education: Engineer

Shareholding: –

Stock options: –



Auditor

Jan Nilsson

Born: 1962

Principal Auditor since 2008
Authorised Public Accountant,
Deloitte AB

Gunnebo Glossary

Cash Automation

Generic term for Gunnebo's cash automation range such as SafePay, SafeCash and SafeCoin.

CCTV

Closed Circuit Television. An internal video surveillance system.

CIT

Cash In Transit. Collective name for the transport of money between for example bank and a counting centre, or other organisations offering these services.

Competence Centres

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

Customer Centres

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 other things. 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 Security

Solutions that prevent unauthorised access to high-risk sites such as embassies and prisons, office buildings, airports, metro systems and logistics centres.

"Get It Right"

An action programme called "Get It Right" was introduced during the year to increase Gunnebo's profitability. The programme centres on six main points: cash flow, improved margins, management structure, cost reductions, a strategic review of the Group's operation and securing the Group's long-term financing.

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.

Operations

Operations brings together Gunnebo's functions for production, logistics, product development, purchasing, quality and the environment.

PAS

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

Region North Europe

The umbrella region for all business within Customer Centres Denmark, Finland, Norway, Sweden, Netherlands, Poland, UK, Ireland, Czech Republic, Hungary, Germany and Austria.

Region South Europe

The umbrella region for all business within Customer Centres France, Spain, Italy, Portugal, Switzerland, Belgium and Luxembourg.

RFID

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

ROW (Region Rest of the World)

The umbrella region for all business within Customer Centres: Indonesia, India, South Africa, Australia/New Zealand, Singapore, Middle East, China, Malaysia and North America.

Safe Deposit Locker (SDL)

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

SafePay™

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

SafeStore Auto

An automated safe deposit locker which is available round the clock. Can be installed in the bank's self-service area.

SecurWave®

A comprehensive solution for high-security remote surveillance sites designed to fulfil Business Line Bank's security requirements for entrance security, 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 Security, Indoor and Outdoor Perimeter Security.

SMI Server

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

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 systems for closed and recirculating cash handling in the retail sector.

SecurWave® is the product brand name for Gunnebo's electronic security software platform.

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(From March 1, 2009)

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Printing: Intellecta

Paper, cover: Cocoon Silk 250 g/m²,
made from 100% recycled fibre

Paper, insert: Tom&Otto Silk

This product can be recycled
as paper





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