Annual Report 2007

GUNNEBO INDUSTRIER AB

ANNUAL REPORT 2007

GUNNEBO
Industrier

Gunnebo Industrier in 3 minutes

Gunnebo Industrier develops, manufactures and markets chain and lifting components, fastening systems for the construction industry, blocks and systems for heavy lifting equipment, traction devices and telescopic ladders. The group operates in 15 countries, as well as partnering with some 50 major distributors and agents worldwide.

The organisation is broken down into the Fastening, Lifting and Technical Products (which includes the Blocks, Telescopics and Traction Systems business units) business areas. Gunnebo Industrier markets well-known products in established segments and is the leader in each product and/or market area.

Gunnebo Industrier's head office is in Gunnebo in the Småland province of southern Sweden. The share is quoted on the Stockholm Stock Exchange, Nordic List, Mid Cap segment, Industry sector.

History

Gunnebo Industrier was founded in 1764 in Gunnebo in the Småland province of southern Sweden under the name of Stora Gunnebo Manufakturverk. The name of Gunnebo Industrier was not used until the 1990s.

The company originally manufactured nails, belts, bolts and iron for shipbuilding. Production of screws, chains and iron wire (which was refined to machine wire) began in the mid-1800s. In the 1850s and 1860s, the old hammer works was converted to a modern engineering works. The company's operations gradually expanded to include lifting and other products.

The company was quoted on the Stockholm Stock Exchange in 1903. During a highly expansive period, sales rose from SEK 20 million at the time of the Second World War to more than SEK 1 billion in the late 1980s. In 1988, management bought out the company from the stock exchange. In 1995-2005 prior to re-listing, Gunnebo Industrier was a subsidiary of Gunnebo AB.

Gunnebo Industrier has experienced both organic and acquisitive growth since 1995. Among the acquisitions are OFA in Finland (1997), Anja (2001) and Tellefsdal's traction division (2003) in Norway, Telesteps (2005), and Farrell O´Brien in Ireland (2006). Clark Tracks in Scotland, Christiania Spigerverk in Norway and EmiSafe in the United Arab Emirates were acquired in 2007.

Fastening business area

Operations
The Fastening business area is a leading manufacturer and innovator when it comes to complete, high-quality fastening products. The business area offers a complete line of screws, nails, expanders, pegs and other products that provide for all kinds of fastening needs.

Customers
Construction industry and manufacturing sector in general, plus the do-it-yourself market

Main geographic markets
Central Europe, Eastern Europe, Scandinavia and Western Europe

Brands
Christiania Spigerverk, Gunnebo Fastening and OFA

Share of sales 28%

Number of employees 382

Lifting business area

Operations
The Lifting business area is a leader in the product development, manufacturing and marketing of complete systems for chain and lifting components that handle weights of 1-125 tonnes. The business area also offers clevises and cable adjusters for nautical use, as well as polyester products for lashing and lifting purposes.

Customers
Construction, manufacturing, fishing and transport sectors

Main geographic markets
Norway, Sweden, the UK and the United States

Brands
Anja, GrabiQ, Gunnebo Lifting and LiftiQ

Share of sales 42%

Number of employees 652

Technical Products business area

Operations
The Blocks business unit is a world-leading developer, manufacturer and marketer of products for heavy lifting equipment.
The Telescopics business unit is a leader in the European market for telescopic ladders and work platforms.
The Traction Systems business unit is a leading developer, manufacturer and marketer of traction devices for construction and forest machinery, as well as for agricultural and transport vehicles.

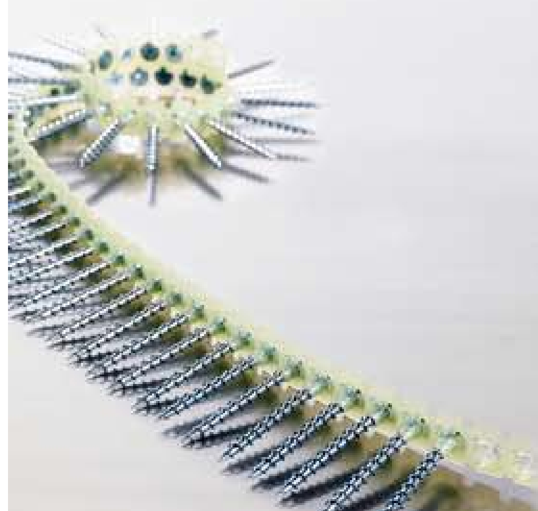
Customers
Blocks business unit Building, construction, and offshore industries
Telescopics business unit Craftsmen and professional users
Traction Systems business unit Transport, agricultural and forestry sectors

Main geographic markets
Blocks business unit North America
Telescopics business unit Benelux countries, France, Germany, Sweden and the UK
Traction Systems business unit Finland, North America, Norway and Sweden

Brands
Blocks business unit Gunnebo Johnson
Telescopics business unit Telesteps
Traction Systems business unit Clark Tracks, Gunnebo Industrier, OFA and Tellefsdal

Share of sales 30%

Number of employees 652



Financial information

All financial information appears on www.gunneboindustries.com after its release.

FINANCIAL REPORTS

Financial information in Swedish and English is available at www.gunneboindustries.com and may be ordered from:

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ANNUAL GENERAL MEETING

The annual general meeting will start at 17.00 on Thursday, 8 May 2008 at the Gunnebo Industrier AB personalhus (Employee Building) in Gunnebo, Sweden.

REGISTRATION

Employees wishing to participate in the annual general meeting must be entered in the share register kept by VPC AB on 2 May 2008 and register with Gunnebo Industrier AB by 16.00 on the same date. Shareholders with shares that are registered in the name of a trustee must re-register them in their own name before 2 May 2008 in order to exercise their voting rights at the meeting.

DIVIDEND

The Board of Directors proposes that the annual general meeting approve a dividend for 2007 of SEK 6.00 per share. The proposed record day is 13 May 2008 and the dividend is expected to be paid through VPC AB on 16 May 2008.

CALENDAR OF EVENTS 2008

Annual general meeting:	8 May 2008
January-March interim report:	8 May 2008
January-June interim report:	14 August 2008
January-September interim report	12 November 2008

Contents

New record year for Gunnebo Industrier

– Orders received rose by 11.0% to SEK 2,093 million (1,885) and organic growth was 6.9%

– Net sales increased by 19.6% to SEK 2,065 million (1,727) and organic growth was 15.1%

– The operating profit was up by 8.4% to SEK 210 million (193) and the operating margin was 10.2% (11.2)

– Operating cash flow rose by 35.3% to SEK 190 million

– The profit after tax increased by 3.8% to SEK 22 million (118)

– Earnings per share were up by 4.6% to SEK 13.96 (13.35)

– The proposed dividend is SEK 6.00 per share (5.50)

Positioned for continued progress

Gunnebo Industrier strengthened its position by means of strategic acquisitions at all of its business areas. Integration of acquired companies has gone as scheduled and is expected to have a positive effect on earnings in 2008.

Cost-effectiveness and streamlining efforts were carried out during the year:

– The Fastening business area's plant in Jokioinen, Finland, was divested and production was relocated to Poland and Sweden

– A cost-effectiveness effort was carried out at the Lifting business area's Scandinavian production units

– Due to restructuring of the Telescopics unit of the Technical Products business area, some production was outsourced to an Asian supplier

Gunnebo Industrier anticipates strong demand for all of its business areas in 2008.

Key ratios	**2007**	**2006**	**2005**
Net sales (SEK million)	2,065	1,727	1,491
Operating profit/loss (SEK million)	210	193	140
Profit/loss after financial items (SEK million)	177	169	125
Profit/loss after tax (SEK million)	122	118	85
Earnings per share (SEK)	13.96	13.35	9.62
Operating margin (%)	10.2	11.2	9.4
Profit margin (%)	8.6	9.8	8.4
Return on capital employed (%)	18.9	20.5	17.0
Dividend (SEK)	6.00*	5.50	3.50
Equity/assets ratio (%)	32.9	36.7	33.5
Operating cash flow (SEK million)	190	141	83
Cash flow per share (SEK)	16.80	15.50	9.90
Investing activities (SEK million)	69	65	59
Average number of employees	1,394	1,241	1,183
Number of shares as of 31 December	8,770,909	8,770,909	8,770,909

* Proposed by the Board

Strong earnings and promising outlook for the future

Gunnebo Industrier benefitted from the strong global economy in 2007. Meanwhile, we carried out several strategic acquisitions and continued to make the business more cost-effective. As a result, we are well equipped for further growth and profitability in 2008.

A word from the CEO

Both the manufacturing and construction markets were brisk in 2007. As a result, demand for Gunnebo Industrier products was heavy in every geographic market. Sales were particularly impressive in Central and Eastern Europe.

We have made a determined effort in recent years to establish ourselves in growth markets, particularly Central Europe, Eastern Europe and the Middle East. In addition to benefitting directly from the growth of those economies, we have thereby spread our risks in case there is a business slump in places such as Western Europe and North America.

Acquisitions by all business areas

We are optimistic about our future potential. We carried out a number of acquisitions in 2007 that strengthened each of our business areas.

The Fastening business area acquired Christiania Spigerverk, a Norwegian group that manufactures and markets a complete range of fasteners for the construction industry. The acquisition strengthened the business area's position in the Nordic market. The business area's annual sales are expected to increase by approximately 40% as a result.

The acquisition by the Lifting business area of EmiSafe in the United Arab Emirates expanded our coverage of the Middle East. The region has performed very well in recent years, particularly the construction, oil and gas industries. We increased to a 100% stake in our Australian subsidiary, which will provide a foundation for expansion of the Lifting business area in Australia and Oceania.

The Traction Systems unit of the Technical Products business area supplemented its offering by acquiring Clark Tracks (Scotland), which manufactures and sells tracks for forest machinery.

Best earnings yet – again

The combination of acquisitions and robust market trends substantially boosted both orders received and net sales in 2007. Orders received were up by 11% and sales by almost 20%, of which 15 percentage points was organic. Net sales were SEK 2,065 million.

The operating profit increased by more than 8% to SEK 210 million, once again the best in the history of Gunnebo Industrier.

As a result of strong earnings and further improvement in cash flow, the Board is proposing a dividend increase from SEK 5.50 to SEK 6.00 per share.

Fastening: Rapid growth in a mature market

The Fastening business area reported the highest sales and best earnings yet. Sales were up by 31%. Along with a fresh profile, the launch of several new products was well received by the market.

The new business in Romania performed well and offered fresh opportunities for taking advantage of the strong construction market in southeastern Europe. Meanwhile, we divested our Finnish business and relocated production to existing units in Poland and Sweden.

Because of our 2007 product launches, we are now less dependent on standard nails. While continuing to expand in Central and Eastern Europe, we also strengthened our position in mature markets such as Scandinavia.

Lifting: Positioned for ongoing growth and profitability

The business area performed very well in terms of both sales and growth, reporting its best figures ever. The GrabiQ product line continued to show solid growth, and integration of the EmiSafe acquisition proceeded on schedule.
The cost-effectiveness effort that we carried out for the Scandinavian business is expected to have an impact in 2008.

We acquired a 100% stake in our Australian subsidiary in 2007. Combined with the acquisition of EmiSafe in the Middle East and the completed cost-effectiveness project, that sets the stage for another solid performance in 2008. We have a product offering that stacks up well against the competition, and we have established ourselves in the Chinese market by means of a sales company.

Technical Products: Good performance

Sales for the Blocks unit (which operates primarily in the United States) of the Technical Products business area benefitted from the depreciation of the dollar in 2007. The business unit reported its best sales and earnings ever. But translated to Swedish kronor, the dollar exchange rate had a negative impact on earnings.

The Traction Systems business unit also reported record sales and earnings. The acquisition of Clark Tracks boosted both figures.

The Telescopics business unit was affected by stiffer competition, price pressure and lower volumes. The extensive measures that we initiated in response have already begun to pay off but required restructuring charges to 2007 earnings. Several infringements of our patents led to additional legal costs. Our victory in an action with the European Patent Office in October strengthened our main patent.

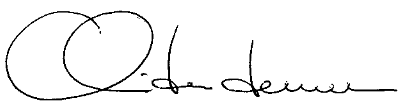
We outsourced production to an Asian supplier while holding onto some production, as well as product development and prototype manufacture, in Tranås, Sweden.

Outlook for the future

Gunnebo Industrier is well positioned for additional growth going forward. We anticipate robust demand for all of our business areas and in most of our geographic markets. Our presence in a number of different markets spreads our risk in case of an economic downturn. We continually adopt measures to lower costs and operate more cost-effectively.

We have a healthy business with a solid foundation. But there is room for improvement, something to which we devote ourselves day by day.

We have what it takes to grow Gunnebo Industrier even more, and I am confidently looking forward to 2008 as an opportunity to do just that along with all of our committed and skilled employees. That way we can continue providing our shareholders with a solid return on their investment.



Gunnebo, Sweden, March 2008
Christer Lenner, CEO and President

Business concept

Gunnebo Industrier's business concept is to develop, manufacture and market products in lifting and fastening technology, traction devices and related areas.

Objectives and strategy

Gunnebo Industrier strives to increase shareholder value by means of growth, solid profitability and strong cash flow. The company will continue to have the following main orientation:

Organic growth: The focus will remain on organic growth. The company has historically outperformed the growth of the overall market. The geographic markets in which Gunnebo Industrier operates are expanding at 3-5% each year.

Product development: Gunnebo Industrier will remain a leader in the markets or niches in which it operates. To retain the company's leading position, ongoing investments are made in existing and new products.

Cost-effectiveness: The company constantly strives to streamline, coordinate and improve the cost-effectiveness of its operations and functions for the purpose of boosting profitability.

Supplementary acquisitions: Gunnebo Industrier strengthens its market position by expanding its geographic coverage through supplementary acquisitions within its existing product range or related areas.

Financial targets

Growth: Gunnebo Industrier aims for more rapid organic growth than the overall market in the segments where it operates. The company may also carry out acquisitions.

Equity/assets ratio: Gunnebo Industrier will maintain a strong capital base and an equity/assets ratio of at least 30%.

Profitability: The company will ensure that its operating margin averages at least 10% over a business cycle and that its return on capital employed is 15% or higher.

Dividend: The Board targets an average long-term dividend of approximately one-third of annual earnings after tax.

Financial targets		**Outcome**		
	Long-term targets	**2007**	2006	2005
Return on capital employed (%)	≥15	18.9	20.5	17.0
Operating margin (%)	≥10	10.2	11.2	9.4
Equity/assets ratio (%)	≥30	32.9	36.7	33.5

Robust market trends

Gunnebo Industrier has different customers depending on the market and business area. The manufacturing and construction sectors represent the largest customer groups, followed by fishing, offshore, forestry and transport. Demand for Gunnebo Industrier's products primarily reflects the industrial and construction cycle in the markets where the company operates.

The Fastening business area has 75% of its sales in Scandinavia and 20% in Central and Eastern Europe. Most customers are in the construction industry and do-it-yourself market.

The customer base of the Lifting business area is more diversified in terms of both geography and industry. The market is global with particular strength in Australia, Europe, the Middle East and North America. While half of all sales are to the manufacturing sector, the construction industry, fishing industry and transport sector are also significant.

Most sales of the Blocks unit of the Technical Products business area are in North America. The products are used primarily by the building, construction and offshore industries. The Telescopics business unit targets craftsmen and professional users, primarily in Europe. The products of the Traction Systems business unit are chiefly used by the transport, forestry and agricultural sectors. Among other large groups of customers are distribution chains and manufacturers of trucks, machinery and equipment. North America and Scandinavia are the biggest markets.

With 22% of net sales, Sweden is Gunnebo Industrier's largest market, followed by the United States, Norway, the UK, Finland and Poland.

All geographic markets performed well

Gunnebo Industrier benefitted from a strong global economy again in 2007. While U.S. economic growth slowed down, Europe continued to show strength. Central and Eastern Europe were particularly impressive. According to Eurostat, the manufacturing and construction sectors grew rapidly in both Poland and Romania. Russia was also in a highly expansive phase during the year. According to the Swedish Construction Federation, the Swedish construction industry will grow by 10%.

China was Asia's growth engine again in 2007. Meanwhile, the construction industry was very strong in parts of the Middle East.

Demand is expected to remain solid in 2008 but with somewhat greater differences among the various geographic markets. The U.S. economy is likely to slow down somewhat, although the export industry may benefit from a persistently weak dollar. Western European growth is set to be somewhat more modest, while Central and Eastern Europe, including Russia, should continue to show strength. The economies of Asia and the Middle East are also expected to continue doing well.

Market restructuring

Gunnebo Industrier contributed in 2007 to consolidation of several of the markets in which it operates by acquiring three companies as well as an increase to a 100% stake in its Australian subsidiary. The overall trend in most of the company's market segments is greater concentration and fewer players.

The Fastening business area operates in a fragmented market characterised by a large number of local suppliers. But the sector is gradually consolidating in quest of synergies and lower costs.

The market for the Lifting business area is more global and less distinguished by local players. But a slow consolidation process is under way. The units of the Technical Products business area operate in markets with differing structures.

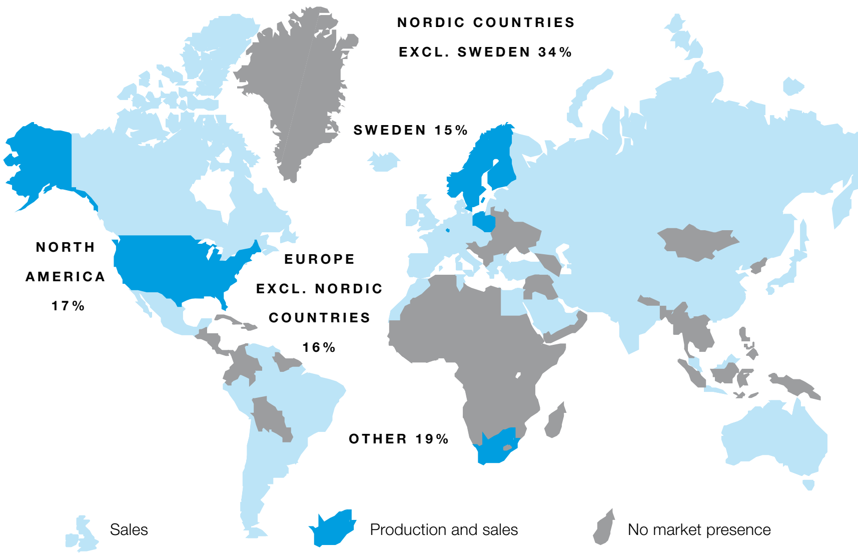
Most segments are also tending to outsource more of their production to low-cost countries. Gunnebo Industrier has been building up its Polish operations for a number of years. Some production of the Telescopics business unit was outsourced to an Asian supplier in 2007.

Gunnebo Industrier's competitive advantages

Each Gunnebo Industrier business area is competing on the basis of a strategy that has succeeded so far. The company has reported solid growth and stable profitability in recent years. Among Gunnebo Industrier's competitive advantages are:

- Market leadership in each segment
- Large production volumes that set the stage for lower purchasing, logistics and production costs
- Diversified products, customer segments and geographic location
- Strong brands based on quality, reliability, safety and security in each market and product area
- Financial strength that enables strategic investment

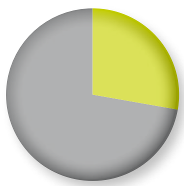
Gunnebo Industrier's growth in 2007



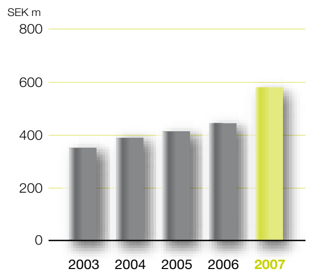
SEK million	2007	2006	2005
Net sales	579	443	413
Operating profit/loss	44	26	29
Operating margin (%)	7.6	5.8	7.0
Return on capital employed (%)	13.7	13.1	16.5
Investing activities	20	17	17
Average number of employees	382	342	334

Best year yet for the Fastening business area

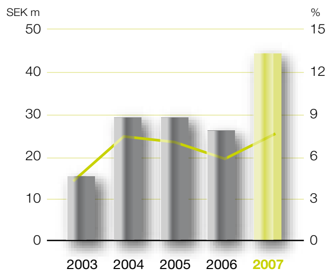
In July 2007, Gunnebo Industrier acquired Christiania Spigerverk AS, a Norweigian group that manufactures and markets a complete range of fastenings for the construction industry and do-it-yourself market. The acquisition strengthens the Fastening business area's position and offering in the Nordic market and is expected to boost its annual sales by 40%.



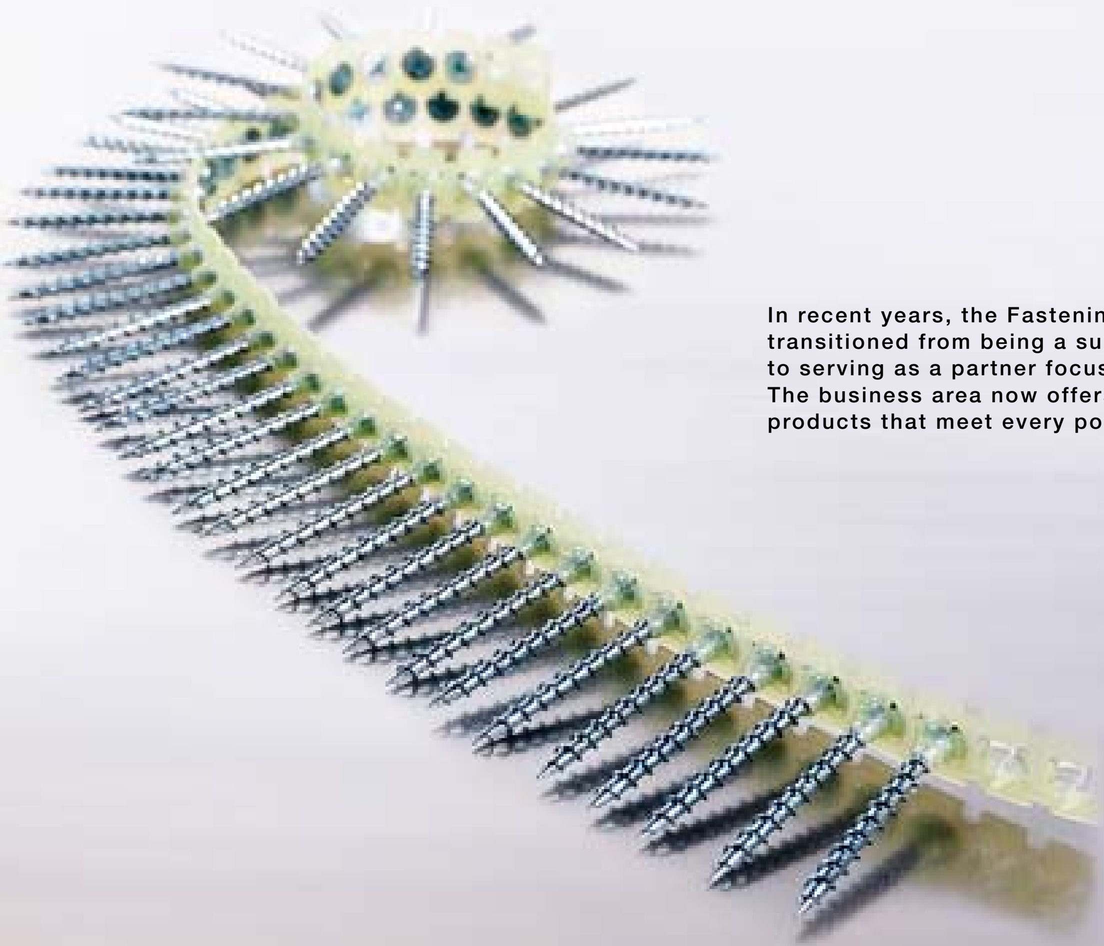
Share of total sales 28%



Net sales



Operating profit/loss Operating margin



In recent years, the Fastening business area has transitioned from being a supplier of standard products to serving as a partner focused on solving problems. The business area now offers a complete range of products that meet every possible fastening need.

Business and product range

The Fastening business area is a leading developer and manufacturer of complete, high/quality fastening products for the European construction industry and do-it-yourself market. The business area is a leader in the Scandinavian, Central European and Eastern European markets. Its simple, high-quality solutions for fastening problems save time and provide security for the customer.

The business area markets its products under the Christiania Spigerverk, Gunnebo Fastening and OFA brands. The high-quality products are often classified in accordance with international and national European systems. The product range is broken down into seven areas: Automated Fastenings, Construction Fixings, Expanders and Pegs, Chemical Fastenings, Machines and Accessories, Metric Products, and Screws and Nails.

The fastening solutions are suitable for both demanding outdoor settings and more tolerant indoor settings. When used outdoors, the products tolerate high salt content and air humidity, as well as mechanical wear-and-tear in building structures, roads and bridges. User-friendliness and finish are their most important indoor qualities.

2007 trends

The Fastening business area had its best year yet in 2007. The business area reported particularly strong growth in Central and Eastern Europe. The Jokioinen, Finland plant was divested in August and production was relocated to Poland and Sweden. As a result, capacity utilisation improved and long-term costs are expected to decrease. The divestment generated a capital gain of SEK 5.7 million.

The persistence of a robust construction market and the acquisition of the Christiania Spigerverk group in Norway strengthened the business area's position in the Nordic countries. The one exception was Finland, where the business area's market share decreased due to prevailing nail prices. The integration of Christiania Spigerverk with the Nordic operations boosted the business area's sales by 20% in 2007. The acquisition generated synergies in terms of product range, as well as administrative, sales and product development expenses.

Earnings were affected by higher raw material costs, which were partially offset by price hikes. Prices are being gradually increased to compensate for the more expensive raw materials.

Market

The Fastening business area markets its products primarily in the Nordic countries, Central European and Eastern European construction markets. The Nordic countries accounts for 77% of sales, whereas Central and Eastern Europe account for 18% and other regions for 5%. At more than 40%, Sweden is the biggest market, followed by Norway and Poland. The Romanian and Russian businesses are steadily expanding. To make further inroads in the Russian market, the business area has set up a sales office in Moscow.

Gunnebo Industrier estimates the annual Nordic market for construction-related fastening products at SEK 4 billion. Growth is an estimated 2% per year.

Distribution patterns and product range vary from market to market. The most important distribution channels in all markets are wholesalers, retail outlets and do-it-yourself stores. Approximately 50% of the Nordic sales are to retail outlets and do-it-yourself stores, 30% to wholesalers and 20% to original equipment manufacturers (OEMs). OEMs account for approximately 50% of sales in Central and Eastern Europe, whereas wholesalers account for approximately 35%, and retail outlets and do-it-yourself stores for approximately 15%.

Competition

The Fastening business area's main competition in the Nordic market comes from ITW (United States), which has strengthened its position by means of acquisitions, as well as ANS, ESSVE, Fischer, Hilti and Hitachi. Its main competition in Central and Eastern Europe comes from Ejot, ESSVE, Infoglobal, Koelner, SFS and Wret Met.

Production

The Fastening business area's focus on product development and more efficient production brought changes in 2007. The business area's production units in Sweden and Poland were supplemented with Christiania Spigerverk (Norway), while the Finnish plant was divested.

The business area's Swedish production unit is in Gunnebo and its Norwegian production unit is in Oslo. Both units concentrate on standard nails, special nails, and finishing/packaging of screws and other fastenings. Most production at the Orneta, Poland plant is of fastenings for steel structures and collated nails for automated fastenings. Previous production of standard and collated nails in Jokioinen, Finland has been relocated to Polish and Swedish plants.

The Fastening business area's plants have flexible, efficient packaging lines that make the products suitable for retail outlets and informational purposes. Efficiency and quality are the top priorities. Operations are certified in accordance with the ISO 9001:2000 quality management system. The system is adapted to international requirements, thereby meeting customer demands and expectations for standardised production and marketing.

The future

The Fastening business area is entering a new phase, shifting from a focus on product sales to serving as a partner that helps customers solve their fastening-related problems. To better illustrate the new orientation, the business area is launching a wholly revamped packaging design in the first quarter of 2008. Ongoing initiatives in the areas of product development and resource coordination are making the business even more cost-effective. Meanwhile, strategic efforts are being carried out in Central and Eastern Europe.

Fastening business unit

BUSINESS Development, manufacturing and marketing of a complete system of fastening solutions for the European construction industry and do-it-yourself market

BRANDS Christiania Spigerverk, Gunnebo Fastening and OFA

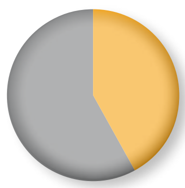
MAIN GEOGRAPHIC MARKETS Central Europe, Eastern Europe, Nordic countries and Western Europe

PLANTS Oslo (Norway), Orneta (Poland) and Gunnebo (Sweden)

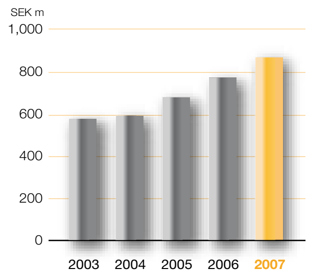
SEK million	2007	2006	2005
Net sales	866	769	676
Operating profit/loss	87	78	56
Operating margin (%)	10,0	10,2	8,3
Return on capital employed (%)	19.3	18.8	14.2
Investing activities	27	20	22
Average number of employees	652	584	567

Successful focus on new markets

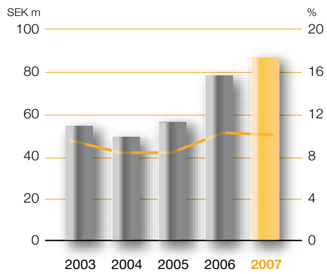
The Lifting business area expanded its coverage of the Middle East in 2007 by acquiring Emirate Safety Services LLC in the United Arab Emirates. Gunnebo Industrier acquired the remaining 30% of its Gunnebo Industries Pty Ltd subsidiary in Australia, establishing a foundation for growth in Australia and Oceania.



Share of total sales 42%



Net sales



Operating profit/loss Operating margin

Business and product range

The Lifting business area is a leader in the product development, manufacturing and marketing of complete systems for chain and lifting components that handle weights of 1-125 tonnes. The business area also offers clevises and cable adjusters for nautical use, as well as polyester products for lashing and lifting purposes.

The business area has a unique and largely patented product range that stems from a steadfast focus on product development and innovative solutions. The products are widely acknowledged as superior. The entire business concentrates on quality, customer value, user-friendliness and global distribution. As a result, the Lifting business area has a strong international brand.

The business area has approximately 15% of the global market for chain-based lifting. Production units are located in Norway, Poland, South Africa and Sweden. The business area has some 10 sales companies, as well as external distributors in approximately 50 markets worldwide.

2007 trends

The Lifting business area had record sales and earnings in 2007. Most markets performed well. The Nordic countries in particular showed almost 20% growth. Due partly to very strong construction markets in Central Europe, Eastern Europe, the Middle East and in the Nordic countries, demand was heavy for the business area's entire product range.

The business area adopted measures in 2007 to strengthen its position in various markets.

- Emirate Safety LLC in the United Arab Emirates was acquired in June to provide a platform for continued expansion in the Middle East. In June, Gunnebo Industrier acquired the remaining 30% of its Gunnebo Industries Pty Ltd subsidiary in Australia, which will be the foundation of ongoing growth in Australia and Oceania. To reduce production costs, some work-intensive activities in Sweden were relocated to the Orneta, Poland plant.

- Higher raw material costs and expenses associated with cost-effectiveness projects had a detrimental impact on the business area's earnings. Price hikes to offset the higher raw material costs are being gradually introduced in all markets. In April, the Lifting business launched an extensive cost-effectiveness project, the expenses of which were charged to 2007 earnings. The project is expected to have an impact in 2008.

Market

The Lifting business area, which is a major global producer of complete systems for chain and lifting components, has a diversified customer base worldwide. Non-Swedish markets account for more than 85%, and the manufacturing sector for more than 50%, of sales. Other significant customer segments are the construction, fishing and transport industries.

Demand for lifting systems remained robust in 2007. Thanks to the success of its unique GrabiQ product line, the Lifting business area is a leader in the mobile crane market, of which it carved out additional share during the year. Along with a number of other products, a new GrabiQ dimension area was launched in Dublin in May 2007.

To further strengthen the Lifting business area's product portfolio, a key strategic cooperative agreement was signed with Terrier, a Dutch manufacturer of lifting clamps.

Gunnebo Industrier estimates the annual global market for chains and lifting components, the Lifting business area's main products, at almost SEK 3 billion, of which the business area has more than 15%. The business area's biggest geographic markets are Norway, Sweden, the UK and the United States.

Competition

Lifting is among the biggest players in the global market, and only a few competitors can match its broad product offering. Three of them are in Europe (FKI Group in the UK, RUD in Germany and Pewag in Austria) and two in the United States (Campbell and Columbus McKinnon). Juli Group in China is one of the emerging new competitors.

Production

The business area manufactures its lifting components in multiple steps at various plants. Forged parts are manufactured in Gemla, Sweden and Lonevåg, Norway, while the Ramnäs, Sweden plant takes care of processing and final assembly. Lifting chains are manufactured in Gunnebo, Sweden, and polyester belts in Junsele, Sweden, Orneta, Poland and Johannesburg, South Africa.

Restructuring of production capacity began two years ago to streamline the business area's production in Gemla and Ramnäs. As a result, some work-intensive activities were relocated to the Polish plant in 2007.

The future

Thanks to a strong brand and product line, the Lifting business area is well equipped for further market expansion. A newly established Chinese subsidiary will serve as base for Asian sales. The business area's determined effort to develop quality, innovative product solutions led to the successful GrabiQ product line. The product range is steadily improving. New solutions and products that highlight customer value will emerge in the next few years.

Lifting business unit

BUSINESS Product development, manufacturing, marketing and distribution of lifting systems through subsidiaries and external distributors with global coverage

BRANDS Anja, GrabiQ, Gunnebo Lifting and LiftiQ

MAIN GEOGRAPHIC MARKETS Norway, Sweden, the UK and the United States

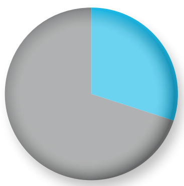
PLANTS Lonevåg (Norway), Orneta (Poland), Johannesburg (South Africa) as well as Gemla, Gunnebo, Junsele and Ramnäs (Sweden)

The GrabiQ product line is a result of Gunnebo Industrier's determined effort to develop quality, innovative solutions.

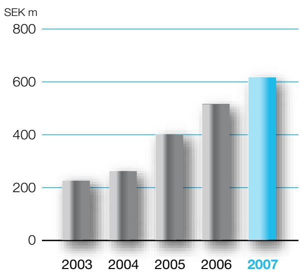
SEK million	2007	2006	2005
Net sales	620	515	402
Operating profit/loss	79	89	55
Operating margin (%)	12.7	17.3	13.6
Return on capital employed (%)	22.1	27.5	20.5
Investing activities	22	28	20
Number of employees	360	315	282

Moving forward in the face of greater competition

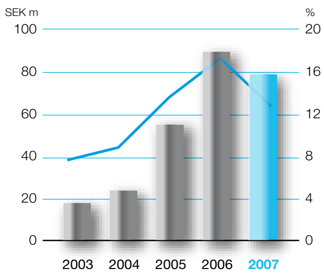
The Technical Products business area consists of three units: Blocks, Telescopics and Traction Systems (formerly Non Skid). Both the Blocks and Traction Systems business units reported record sales and earnings in 2007. The business area's net sales rose by 20% to SEK 620 million.



Share of total sales 30%



Net sales



Operating profit/loss Operating margin

Blocks

The Blocks business unit had its best year yet in 2007. Strong economic growth in Europe and the Middle East presented new opportunities to the Blocks business unit in 2007. The export potential generated by the depreciation of the dollar boosted sales.

Business and product range

The Blocks business unit is the leading global developer, manufacturer and marketer of crane blocks, snatch blocks, swivels and swivel systems, pulleys and other products for heavy lifting equipment. The business area focuses on the North American market. Its orientation is quickly bidding on, manufacturing and delivering customised products. The Blocks business unit's product range is marketed under the Gunnebo Johnson brand.

2007 trends

The Blocks business unit continued to show stable, solid growth during the year. Both sales and earnings were higher than in 2006. Rapid organic growth and heavy orders received were the primary catalysts. The business unit, which enjoyed high capacity utilisation, was favourably affected during the year by the export potential generated by the depreciation of the dollar, while currency fluctuations vs the Swedish krona substantially reduced earnings.

Market

The global market for the products of the Blocks business unit varies from region to region. Most crane blocks and pulleys in Europe are made by the crane manufacturer. External suppliers generally assume that responsibility in North America. North America accounts for approximately 35%, and Europe for approximately 30%, of the global market, which Gunnebo Industrier estimates at SEK 1 billion a year. The North American market for crane blocks grew by more than 25% in 2007. The North American offshore market expanded as well.

In addition to the all-important OEMs, the Blocks business unit markets its products through distributors that focus on the building, construction and offshore industries. The percentage of direct exports is low, but actual exports are greater when North American crane manufacturers are included.

Competition

The Blocks business unit is a leader in the North American crane block market. Its biggest competitor is McKissick (FKI Group). Due primarily to the fact that crane manufacturers make their own blocks, the business unit has smaller market share in other parts of the world.

Production

The Tulsa, Oklahoma plant is in charge of development and production. Investments in state-of-the-art production equipment, which led to greater efficiency and lower costs, continued during the year.

The future

Because many of the business unit's customers are in the United States but sell on the world market, it should benefit from the depreciation of the dollar in 2008.

Sales to the energy sector are expected to grow modestly, while expansion in the building and construction industry is likely to peak.

Investments that have already been carried out will make the business unit more competitive in 2008. But the depreciation of the dollar will detrimentally affect earnings when translated to Swedish kronor.

The Blocks business unit specialises in products for heavy lifting equipment. The business unit quickly manufactures and delivers customised products.

Blocks business unit

BUSINESS The Blocks business unit develops, manufactures and markets crane blocks, snatch blocks, swivels and swivel systems, pulleys and other products for heavy lifting equipment.

BRAND Gunnebo Johnson

MAIN GEOGRAPHIC MARKET North America

PLANT Tulsa, Oklahoma

Telescopics

Sales of telescopic ladders and work platforms, which the Telescopics business unit manufactures under the Telesteps brand, were affected by stiffening competition in 2007. A series of production and distribution restructuring measures were adopted in 2007.

Business and product range

The products of the Telescopics business unit differ from conventional ladders in their compact format and height flexibility. As a result, Telesteps are easier to carry, transport and store than their traditional counterparts. In addition to its main European market, Telescopics targets customers in Asian and the Middle East. Its products are chiefly for craftsmen and professionals, but a smaller line is also sold to the do-it-yourself market.

The quality of the products is recognised as superior, and all of them are certified in accordance with generally accepted criteria, including EN 131 – SP and TÜV/GS.

2007 trends

The Telescopics business unit's earnings were affected in 2007 by more aggressive competition, price pressure, lower volumes and a growing number of patent infringements requiring higher costs for legal services. Extensive initiatives were launched, including major restructuring of distributor networks in the business unit's most important geographic markets and reduction of the workforce at the Trånas, Sweden, plant by 40%.

The Telescopics business unit offers flexible ladders that are easy to carry, transport and store.

A total of SEK -7.5 million in restructuring costs were charged to 2007 earnings. A concerted, successful effort was made to broaden the business unit's customer base. The market for Telesteps in the Benelux countries, France and the UK was robust in 2007.

Market

The business unit maintained its leading position in all markets where it operates. A brand new organisation aimed at further strengthening the business unit's market position has been in place since June 2007.

The Telescopics business unit markets most of its products through distributors and directly through leading do-it-yourself stores in Europe. In 2007, new markets and distributor networks opened up in Italy, Japan, Portugal, Russia, Spain and South Africa.

Competition

The Telescopics business unit encountered greater competition and a large number of patent infringements in 2007. The infringements were dealt with effectively by legal action. The ruling of the European Patent Board in October to uphold the main Telesteps patent strengthened its position, as a result of which competition from the plagiarising companies is likely to decrease.

Production

To meet stiffening competition, a comprehensive outsourcing programme was launched in 2007. Some production was outsourced to an Asian supplier, while product developing, prototype manufacture and certain other activities take place in Tranås, Sweden.

The future

Telescopics has great market potential given that the product is still in an early stage of its life cycle and appeals to a much broader customer base than conventional ladders. The changes carried out in 2007 with respect to production set-up and focus on professional users will continue in 2008. The new, market-oriented organisation is targeting additional groups of customers in Asia, Europe, the Middle East and Russia. Meanwhile, Telescopics is continuing to develop its product range and brand.

Telescopics business unit

BUSINESS The business unit develops, manufactures and markets ladders and related products that expand from a small to large format either telescopically or otherwise, that make the benefits of such a function clear and that provide obvious added value for the user.

BRAND Telesteps

MAIN GEOGRAPHIC MARKETS Benelux countries, France, Germany, Sweden and the UK

PLANT Tranås (Sweden)

Traction Systems

As a step in adapting to its international customer base, the Non Skid business unit changed its name to Traction Systems in early 2008. Gunnebo Industrier acquired Clark Tracks Ltd (Scotland), which manufactures tracks for forest machinery, in early 2007. The acquisition, which was successfully integrated during the year, boosted sales and earnings while helping Gunnebo Industrier solidify its position as the leading northern European manufacturer of traction devices.

Business and product range

Traction Systems is a leading developer, manufacturer and marketer of traction devices for construction and forest machinery, as well as for agricultural and transport vehicles. Tracks for forest machinery have also been part of the product range since early in the year.

The Traction Systems business unit markets three lines of traction devices under the Gunnebo Industrier, OFA and Tellefsdal brands. All of them offer traction devices for forestry, transport and agriculture. All three lines, as well as the tracks for forest machinery (marketed under the Clark Tracks brand), feature high quality, long life, excellent fit and superior functionality.

2007 trends

Traction Systems reported its best sales and earnings ever in 2007. Clark Tracks (Scotland), which was acquired early in the year, was successfully integrated. Sales of traction devices did well in Europe and were more modest in North America, partially due to the depreciation of the dollar.

Market

Agricultural demand increased in Sweden and Central Europe while slowing down somewhat in North America. Damage caused by the storm "Per" boosted forestry demand for traction devices throughout Europe. Traction devices for transport were also sold to North American oil sand fields.

A large percentage of customers are distributors of forest machinery. Among other large groups of customers are distributors in the agricultural sector, tyre distribution chains and manufacturers of trucks, machinery and equipment. The business unit also sells to the defence industry, municipalities, road authorities and other public institutions.

The Traction Systems business unit operates globally and has approximately 25% of the world market. It carved out a greater share of its main geographic markets of Sweden and North America, as well as Germany and Russia, in 2007.

Production

The Traction Systems business unit manufactures its products in Loimaa (Finland), Fiane (Norway), Orneta (Poland) and Dumfries (Scotland). The Finnish and Norwegian plants produce all three ranges of traction devices. Forest machinery tracks are manufactured at the Scottish plant.

Investments were made in Ometa, where some work-intensive traction devices are manufactured, during the year. A new automated production line for light chain was installed in Fiane. Modernisation of Loimaa's hardening furnaces will be completed in summer 2008.

The future

Expansion of the Traction System business unit's Russian distribution network began in 2007 and will accelerate in 2008. The effort will eventually include Latin America as well.

Integration of Clark Tracks is continuing in 2008 and focusing on further upgrading of production and streamlining of operations.

The Traction Systems business unit offers a complete range of traction devices for construction and forest machinery, as well as agricultural and transport vehicles.

Traction Systems business unit

BUSINESS The business unit develops, manufactures and markets chain-based traction devices for forest machinery, trucks, tractors and similar vehicles for professional use, as well as tracks for forest machinery.

BRANDS Clark Tracks, Gunnebo Industrier, OFA and Tellefsdal

MAIN GEOGRAPHIC MARKETS
Finland, North America, Norway and Sweden

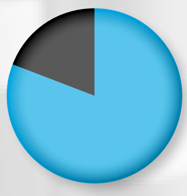
PLANTS Loimaa (Finland), Fiane (Norway), Orneta (Poland) and Dumfries (Scotland)

Employees

Crucial for success

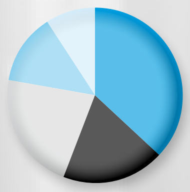
Gunnebo Industrier has always had a genuine entrepreneurial and innovative spirit. As an international engineering group, we are proud of our origins, special expertise and constant forward movement.

Gender distribution



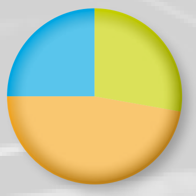
- Men 81%
- Women 19%

Employees by geographic market, average Total 1,394



- Sweden 37%
- Rest of the Nordic countries 19%
- Rest of Europe 22%
- North America 13%
- Other 9%

Employees by business area, average Total 1,394



- Fastening 27%
- Lifting 47%
- Technical Products 26%

Gunnebo Industrier's corporate spirit is to strive for specific targets and visions with an unrelenting faith in our ability to succeed. Decisive to our success is the combined effort of our employees along with our ability to attract and develop the most highly skilled people.

Respect and commitment

Our business respects the individual above all else. Thus, we fully believe in the ability of our employees to use their common sense to assume responsibility and take the initiative. Everybody has the opportunity to grow and develop with the company, we uphold fundamental rules of the workplace, and we shall offer reasonable hours and salaries.

Skills and leadership development

Ongoing skills and leadership development is crucial to Gunnebo Industrier's ability to delivery first-class products and solutions. The company's continual efforts to improve quality and efficiency require skills development linked to its overall objectives.

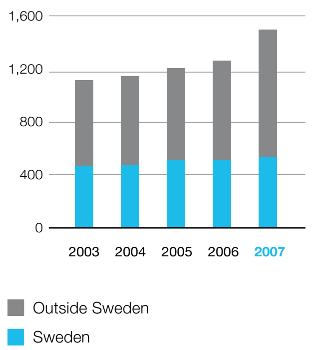
Gunnebo Industrier cultivates a goal-oriented corporate culture whose open communication and inspiring, effective leadership promote employee commitment and loyalty.

The company is growing in a number of new geographic markets. To ensure that development activities support the business plan, a process was initiated in 2007 that will guarantee a common approach to staffing, compensation and change efforts.

Each supervisor is responsible for working with his or her employees to establish targets against which the contributions of individuals and groups are measured and rewarded. The supervisor's ability to motivate and develop employees, as well as create an atmosphere of trust, is integral to success.

Starting in Sweden, a leadership development programme is being initiated in 2008 that covers all levels of the organisation and is supplemented to address both function-specific and country-specific needs. Part of the programme will also strengthen central management skills and promote information sharing among the various business units.

Number of employees at year-end



Workplace health and safety

We continually strive to prevent accidents and improve the health of our employees. The correlation between working methods, work environment and employee health has been well documented.

The effort involves both monitoring equipment and carrying out training initiatives. Gunnebo Industrier also encourages people to change unproductive attitudes and habits.
In 2007, special attention was paid to safe machine operation, to be followed up in 2008 by training for all supervisors in workplace health and safety.

Health-oriented initiatives are integral to ensuring a safe and healthy workplace. Gunnebo Industrier provides individual subsidies to encourage employees to look after their health. We are also make a proactive attempt to reduce sickness absence.
We will intensify the effort in 2008 by calling upon an external consultant to analyse the figures more effectively.

Equal opportunities, rights and obligations

All employees have the opportunity to improve their skills in the areas where they have the greatest potential.

A daily focus on diversity and equal opportunity is key to Gunnebo Industrier's growth and success. The composition of the workforce must reflect the general community. The company needs more women at all levels, particularly in management positions. Thus, we are making a determined effort to hire more women while supporting the career development of those who already work for us.

Sustainable development

Fundamental to Gunnebo Industrier's environmental effort is to protect people and nature while contributing to sustainable development. Our environmental policy provides guidelines for our effort and targets. The environmental effort must be a part of our daily activities, lead step by step to sustainable development and focus on the most urgent areas of concern.

To improve our environmental effort, we constantly review and refine our internal rules and policies, as well as the demands and criteria to which we subject our suppliers.

Each company is responsible for dealing with environmental issues. As a result, each plant has employees who are in charge of ensuring compliance with environmental laws and regulations.

ISO 14001 – environmental management

An environmental management system in accordance with the ISO 14001-2004 environmental management standard has been implemented at most Swedish production facilities and some of the units in other countries. The system ensures constant improvements, advances and monitoring efforts. That provides us with a solid basis for ongoing decisions about objectives and investments aimed at minimising our impact on the environment.

Monitoring – an integral part of the environmental management effort

The ongoing environmental management effort will increasingly focus on efficient monitoring and performance evaluation. The adoption of environmental indices related to our overall targets will generate data that enable an accurate analysis of how well the effort is proceeding.

Products

Gunnebo Industrier's goal is to always offer up-to-date product and environmental information. We provide environmental declarations for the products that we manufacture ourselves.

Training

Aware, knowledgeable and motivated employees who take responsibility in performing their daily duties is the key to a successful environmental effort. Gunnebo Industrier's plants conduct regular environmental trainings. The trainings are adapted to individual needs and tasks.

Environmental policy

Gunnebo Industrier's activities must reflect a holistic approach that includes environmental considerations. Promoting health, encouraging improvements, minimising our environmental impact and economising on our resources are vital to our day-to-day operations.

Our environmental policy demands:
- Environmental responsibility: training cultivates that attitude in all employees
- Ambitious targets: official requirements are only the minimum
- Vigilance: environmental issues must be examined when developing new products and production methods
- Resources: resource utilisation, as well as the use of harmful and hazardous substances, must be kept to a minimum
- Transparency: our environmental effort must be transparent

Environmental objectives

We have set overall objectives based on the environmental issues that are most important to us. The objectives are broken down into specific local targets to be achieved by measures adopted as part of action programmes put together at the local level.

Overall environmental objectives:
- Harmful substances: discharges of harmful and environmentally hazardous substances into the air, soil and water shall be reduced
- Energy: the use of energy in production processes and buildings, as well as transport of people and goods, shall be optimised
- Resources: the use of raw materials and natural resources shall be as efficient as possible
- Recycling: waste separation and recycling of materials shall be given top priority
- Strategy: a product development strategy shall be adopted that takes heed of environmental considerations such as energy consumption and the use of natural resources throughout a product's life cycle.

Focus in 2007

New measures were taken in 2007 to improve resource utilisation and reduce the environmental impact of our plants:
- Improved finishing facilities to reduce chemical use and the quantity of hazardous waste
- Measures to increase recycling of residues and waste
- Acquisition of equipment to minimise the risk associated with handling and storing some hazardous chemicals
- Energy savings project, leading to a 50% reduction of consumption in some cases
- Measures to increase the purification of outgoing waste water

Swedish plants subject to permits and reporting

Approximately 30% of the group's sales are subject to permits.

Plant	Obligation	Environmental impact due to:				
		Discharges into the air	Discharges into the water	Noise	Chemical products	Residual products
Gemla	Permit	●		●		●
Gunnebo	Permit	●	●	●	●	●
Junsele	Permit				●	●
Ramnäs	Reporting	●				●

Management report

Gunnebo Industrier AB (publ), corporate identity no. 556324-9183 The Board of Directors and Managing Director of Gunnebo Industrier AB (publ) hereby submit the annual accounts and consolidated accounts for the 2007 financial year.

Orders received and net sales

Orders received for 2007 rose by 11.0% to SEK 2,093.0 million (1,885.2). Based on orders received for comparable units, the 2007 increase consisted of 6.9% organic growth, 6.7% acquisitions and divestments, and -2.6% exchange-rate effects.

Net sales for 2007 rose by 19.6% to SEK 2,064.8 million (1,727.0). Net sales outside of Sweden accounted for 78% (77). Organic growth was strong during the year. Based on net sales for comparable units, the 2007 increase consisted of 15.1% organic growth, 7.0% acquisitions and divestments, and -2.5% exchange-rate effects.

Earnings

The operating profit for 2007 rose by 8.4% to SEK 209.6 million (193.4). The profit included depreciation and amortization according to plan of SEK 67.6 million (59.6). The 2007 operating margin was 10.2%. The divestment of a plant in Jokioinen, Finland generated a capital gain of SEK 5.7 million.

A total of SEK -7.5 million was charged to 2007 earnings for a cost-effectiveness project at the Lifting business area. Acquisitions and divestments boosted operating earnings by SEK 10.4 million. Operating earnings also include a volume increase, costs for relocation of production to the company's Polish plant and higher raw material costs. Price hikes partially offset the higher raw material costs.

A total of SEK -7.5 million in restructuring costs at the Telescopics business unit were charged to 2007 earnings.

Net financial expense was SEK -32.2 million (-24.7). The greater expense was chiefly due to acquisitions made during the year and higher interest rates.

The profit after financial items was SEK 177.4 million (168.7). Exchange-rate effects boosted earnings by SEK 2.9 million.

Fastening business area

As a foremost manufacturer and innovator of a complete range of high-quality fastening products, the Fastening business area is a market leader in Scandinavia, as well as Central and Eastern Europe. The business area focuses on the spring and summer when the construction industry is most active.

The Fastening business area reported record sales and earnings in 2007. Net sales rose by 30.7% to SEK 578.9 million (442.8). The operating profit increased by 72.4% to SEK 44.3 million (25.7) and the operating margin was 7.6% (5.8).

The profit was affected by higher raw material costs, which were partially offset by price hikes. The business area enjoyed particularly strong growth in Central and Eastern Europe. The divestment of the plant in Jokioinen, Finland and the relocation of production to Poland and Sweden are expected to boost earnings in 2008. The divestment generated a capital gain of SEK 5.7 million.

The acquisition in July of Christiania Spigerverk, which has 80 employees at operations in Norway and Sweden, strengthens the Fastening business area's position and product range in the Scandinavian market. The acquisition is expected to boost 2008 earnings and add approximately 40% to the business area's annual sales. The acquisition is also expected to generate synergies in terms of product range, as well as administrative, sales and product development expenses.

In line with its policy of expanding in Eastern Europe, the Fastening business area opened a sales office in Moscow in the autumn so as to more effectively target the Russian market.

Lifting business area

The Lifting business area is a leader in the product development, manufacturing and marketing of complete systems for chain and lifting components that handle weights of 1-125 tonnes.

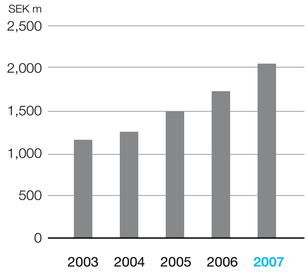
The business area reported record sales and earnings in 2007. Net sales for 2007 rose by 12.6% to SEK 865.8 million (768.8). The operating profit increased by 10.6% to SEK 86.6 million (78.3) and the operating margin was 10.0% (10.2).

The profit was affected by higher raw material costs, which were partially offset by price hikes. A total of SEK -7.5 million was charged to 2007 earnings for a cost-effectiveness project at the Lifting business area. The project is expected to boost earnings in 2008. The profit also includes costs for relocation of production to the company's Polish plant.

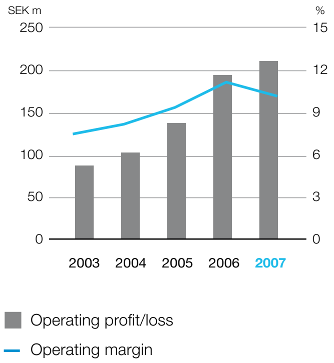
The acquisition in June of Emirate Safety Services LLC in the United Arab Emirates extended the business area's coverage of the Middle East and will provide a platform from which the group can continue to grow in the region.

In June, Gunnebo Industrier acquired the remaining 30% of its Gunnebo Industries Pty Ltd subsidiary in Australia, which will be the foundation of the group's ongoing growth in Australia and Oceania.

Net sales

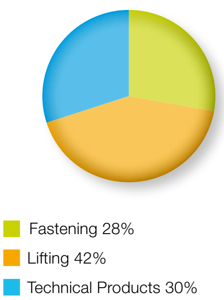


Operating profit/loss and operating margin



Net sales by business area

Total net sales SEK 2,065 million



Technical Products business area

The Technical Products business area consists of three units: Blocks, Telescopics and Traction Systems (formerly Non Skid). The Blocks business unit – which develops, manufactures and markets crane blocks, snatch blocks, swivels and swivel systems, pulleys and other products for heavy lifting equipment – focuses on the North American market. The Telescopics business unit is a leader in the European market for telescopic ladders and work platforms, which are marketed under the Telesteps brand. The Traction Systems business unit is a leading developer, manufacturer and marketer of traction devices for construction and forest machinery, as well as for agricultural and transport vehicles.

The Blocks and Traction Systems business units reported record sales and earnings in 2007. Total 2007 net sales for the Technical Products business area rose by 20.3% to SEK 620.1 million (515.4). The operating profit decreased by 12.0% to SEK 78.7 million (89.4) and the operating margin was 12.7% (17.3).

The lower operating profit, as well as the decrease in the margin from a high level, was primarily due to restructuring and other costs for production and distribution changes at the Telescopics business unit. A total of SEK -7.5 million in restructuring costs were charged to 2007 earnings. The total impact was a small loss for the Telescopics business unit.

The Blocks business unit again turned in a stable, solid performance, reporting record sales and earnings for the year. The business unit, which enjoyed high capacity utilisation, was favourably affected during the year by the export potential generated by the depreciation of the dollar, while currency fluctuations vs. the Swedish krona substantially reduced earnings.

The Telescopics business unit was affected during the year by more aggressive competition, price pressure, lower volumes and a growing number of patent infringements that required higher legal costs. Extensive measures were initiated during the year generated non-recurring costs that affected earnings.

In adapting to its international customer base, the Non Skid business unit changed its name to Traction Systems in early 2008. The business unit reported record sales and earnings in 2007. Traction Systems successfully integrated Clark Tracks, a Scottish company acquired in the first quarter of 2007.

Investments

Excluding acquisitions, the group's investments in non-current assets amounted to SEK 69.5 million (65.0). The investments, which correspond to 102.8% (109.1) of depreciation and amortization, were equally divided between capacity on one hand and replacements and streamlining measures on the other. Investments in acquisitions totalled SEK 197.2 million (see Note 27).

Liquidity and financial position

The group had liquid assets of SEK 100.0 million (70.9) at the end of 2007. Unutilised credit facilities came to SEK 276.0 million.

Net borrowings were SEK 614.0 million (413.0) as of 31 December. The increase in net borrowings was due primarily to acquisitions during the year.

The equity/assets ratio was 32.9% (36.7) and the debt/equity ratio was was 1.1 (0.9) on 31 December.

Cash flow

Cash flow from operating activities was SEK 147.5 million (135.6) in 2007. After deductions for investments but before interest and tax paid, operating cash flow was SEK 190.3 million (140.6). The divestment of the Jokioinen, Finland plant accounted for SEK 25.0 million of the increase in operating cash flow.

Employees

The group had 1,505 employees (1,260) at year-end, of whom 973 (758) worked outside Sweden.

Environmental impact

Gunnebo Industrier strives to operate in a way that does not damage the environment. The company's activities and processes comply with applicable environmental legislation around the world. The Gemla, Gunnebo, Junsele and Ramnäs plants of Gunnebo Industrier AB, the parent company, conduct activities that require permits in accordance with Swedish environmental legislation. The activities primarily involve production of fastening products and lifting components. The permits are for noise and discharges into the air and water, as well as processing of chemical products and residues. Approximately 30% of the group's net sales are subject to permits.

Risk factors and sensitivity analysis

As an international group, Gunnebo Industrier is exposed to a number of financial, market and business-related risks. For additional information, see Notes 28 and 29.

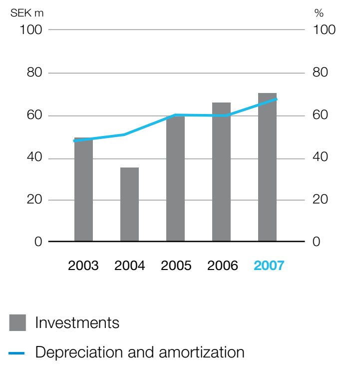
Remuneration for senior executives

The 2007 annual general meeting approved the following remuneration policy for senior executives.

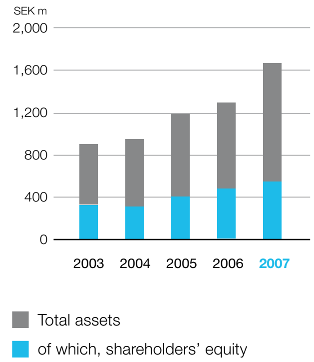
– Fixed salary: Fixed remuneration for senior executives shall be competitive and based on each individual's performance and sphere of responsibility.
– Variable remuneration: Senior executives shall also receive variable remuneration, which shall be monetary and not exceed 2/3 of their annual salary. It shall reflect each individual's fulfilment of quantitative and qualitative targets.
– Non-monetary benefits: Senior executives are entitled to customary non-monetary benefits, including company cars and occupational health services. Company housing and other benefits may be offered in particular cases.
– Pensions: Senior executives generally receive pension benefits in accordance with the law and collective agreements (supplementary pension plan for employees in industry and commerce). Some senior executives have defined contribution pension agreements.
– Termination and severance pay: Senior executives living in Sweden are subject to a 12-month period of notice if served by the company and a 6-month period of notice if served by the employee. Above and beyond ordinary wages, severance pay during the period of notice may not exceed the employee's annual salary.

The remuneration policy for 2008 appears in the notice of the annual general meeting.

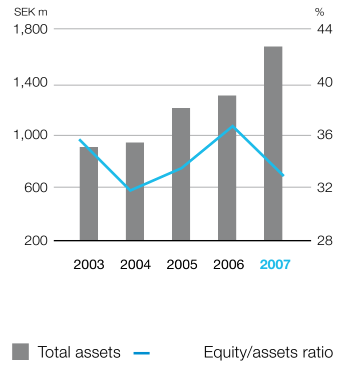
Investments, depreciation and amortization



Total assets / Shareholders' equity



Total assets / Equity/assets ratio



Changes in group structure

Clark Tracks Ltd, a Scottish company that manufactures and sells tracks for forest machinery, was acquired in January. Clark Tracks, which reported annual sales of SEK 23 million at the time of acquisition, has been integrated into the Traction Systems (formerly Non Skid) unit of the Technical Products business area.

The Fastening business area's plant in Jokioinen was divested to Pintos OY (Finland) in August. Production was relocated from Poland to Sweden. The Fastening business area continues to actively target the Finnish market under the OFA brand.

In July, Gunnebo Industrier acquired Christiania Spigerverk AS, a Norwegian group with three Swedish subsidiaries – CS Byggteknik AB, 3A Byggdelen AB, and 3A Byggdelen i Göteborg AB. Christiania Spigerverk, which reported annual sales of NOK 160 million at the time of acquisition, manufactures and markets a complete range of fasteners for the construction industry and do-it-yourself market.

In line with its stated objective of setting up operations in the Middle East, Gunnebo Industrier acquired Emirate Safety Services LLC (EmiSafe) in the United Arab Emirates in June. The acquisition will expand the Lifting business area's coverage of the Middle East and provide a platform for the group's future growth in the region. EmiSafe, which reports annual sales of approximately SEK 20 million, has been the Lifting business area's partner and distributor in the Middle East for a number of years. The company is primarily devoted to the sale of lifting equipment, as well as the testing and servicing of cranes and lifting equipment. Its customers include the construction industry, crane companies, shipyards, harbours, shipping lines, the oil industry and the gas industry.

In June, Gunnebo Industrier acquired the remaining 30% of its Gunnebo Industries Pty Ltd subsidiary in Australia, which will be the foundation of the group's ongoing growth in Australia and Oceania. Gunnebo Industrier has been the company's principal shareholder since 1990. Most of its customers are in the fishing, harbour, construction, offshore or mining industries.

Parent company

The parent company reported net sales of SEK 905.7 million (794.2) in 2007. The parent company includes all Swedish businesses, including the development, manufacturing, marketing and sale of Fastening, Lifting and Traction Systems products. All group functions are at the head office in Gunnebo, Sweden.

The parent company's profit after tax was SEK 105.0 million (33.3). The parent company had 493 employees at year-end, as opposed to 463 at the end of 1996.

Shareholders

Vätterledens Invest AB and related parties, which are Gunnebo Industrier's biggest shareholder, controlled 23.4% of the capital and votes as of 31 December 2007, followed by the Stena Sphere with 14.0% and If Skadeförsäkring AB with 12.4% (see page 54).

Board's proposed appropriation of profits

The group's profit brought forward is SEK 465.1 million. The following profits of the parent company are at the disposal of the annual general meeting:

Profit brought forward	SEK 63.2 million
Profit for the year	SEK 105.0 million
	SEK 168.2 million

The Board proposes that the unappropriated earnings in the amount of SEK 168.2 million be appropriated as follows:

A dividend of SEK 6.00 per share distributed to shareholders	SEK 52.6 million
Carried forward to the 2008 accounts	SEK 115.6 million
	SEK 168.2 million

The income statement and balance sheet will be submitted for adoption by the annual general meeting on 8 May 2008.

Net sales and operating profit/loss

Net sales (SEK million)	**2007**	**2006**	**2005**
Fastening	578.9	442.8	413.5
Lifting	865.8	768.8	675.8
Technical Products	620.1	515.4	401.6
Total for the group	**2,064.8**	**1,727.0**	**1,490.9**

Operating profit/loss (SEK million)	**2007**	**2006**	**2005**
Fastening	44.3	25.7	28.8
Lifting	86.6	78.3	56.4
Technical Products	78.7	89.4	54.6
Total for the group	**209.6**	**193.4**	**139.8**

Operating margin (%)	**2007**	**2006**	**2005**
Fastening	7.6	5.8	7.0
Lifting	10.0	10.2	8.3
Technical Products	12.7	17.3	13.6
Total for the group	**10.2**	**11.2**	**9.4**

Consolidated income statement

SEK million	Note	2007	2006
Net sales	1	2,064.8	1,727.0
Cost of goods sold		-1,435.1	-1,184.1
Gross profit/loss		**629.7**	**542.9**
Selling expenses		-316.2	-247.7
Administrative expenses	23	-124.4	-101.3
Other operating income	2	24.0	5.1
Other operating expense	2	-3.5	-5.6
Total		**-420.1**	**-349.5**
Operating profit/loss	1, 3, 21, 22	**209.6**	**193.4**
Financial income and expense			
Interest income		3,4	2,4
Interest expense		-32.1	-21.1
Other financial income		2.3	0.9
Other financial expense		-5.8	-6.9
Total		**-32.2**	**-24.7**
Profit/loss after financial items	5	**177.4**	**168.7**
Tax on profit/loss for the year	4	-55.0	-50.8
Profit/loss for the year		**122.4**	**117.9**
Profit/loss for the year attributable to:			
Parent company shareholders		122.4	117.1
Minority shareholding		-	0.8
Total		**122.4**	**117.9**
Profit/loss for the year attributable to parent company shareholders		122.4	117.1
Average no. of shares		8,770,909	8,770,909
Earnings per share (SEK)*		13.96	13.35

* Because there are no outstanding equity instruments, there is no dilution.

Consolidated balance sheet

SEK million	Note	2007	2006
ASSETS			
Non-current assets			
Intangible fixed assets	7		
Goodwill		183.8	49.4
Other intangible fixed assets		74.5	38.7
Total intangible fixed assets		**258.3**	**88.1**
Property, plant and equipment	8		
Buildings and land		128.9	124.2
Machinery and other technical assets		211.8	184.0
Equipment, tools, and installations		39.1	36.1
Construction in progress and advance payments on property, plant and equipment		20.7	26.2
Total property, plant and equipment		**400.5**	**370.5**
Financial fixed assets	10	4.9	6.7
Deferred tax assets	4	6.2	7.9
Total non-current assets		**669.9**	**473.2**
Current assets			
Inventories	11	546.2	455.8
Current receivables			
Accounts receivable	12	321.6	260.4
Current tax assets		6.6	8.1
Other receivables		12.7	16.4
Prepaid expense and accrued income	13	11.8	9.9
Total current receivables		**352.7**	**294.8**
Liquid assets	14	100.0	70.9
Total current assets		**998.9**	**821.5**
TOTAL ASSETS		**1,668.8**	**1,294.7**

SEK million	Note	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	15		
Share capital		52.6	52.6
Other capital contributed		20.6	20.6
Reserves		10.4	4.6
Profit/loss brought forward		465.1	390.9
Total shareholders' equity attributable to parent company shareholders		**548.7**	**468.7**
Minority shareholding		-	5.9
Total shareholders' equity		**548.7**	**474.6**
Long-term liabilities			
Deferred tax liability	4	57.8	50.6
Pension obligations	16, 22	90.9	75.6
Borrowing	18	628.0	415.0
Total long-term liabilities		**776.7**	**541.2**
Current liabilities			
Accounts payable	18	174.6	158.5
Current tax liabilities		15.8	15.7
Other liabilities		39.8	16.2
Accrued expense and deferred income	19	108.5	84.9
Other provisions	17	4.7	3.6
Total current liabilities		**343.4**	**278.9**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,668.8**	**1,294.7**

For information about group assets pledged and contingent liabilities, refer to Note 20.

Group changes in shareholders' equity

SEK million	**Share capital**	**Other capital contributed**	**Reserves**	**Profit brought forward**	**Total**	**Minority shareholding**	**Total shareholders' equity**
Shareholders' equity 1 Jan 2006	**52.6**	**20.6**	**16.3**	**304.5**	**394.0**	**5.9**	**399.9**
Impact of cash flow hedging			4.1		4.1		4.1
Exchange-rate differences			-15.8		-15.8	-0.6	-16.4
Total transactions reported in shareholders' equity			**-11.7**		**-11.7**	**-0.6**	**-12.3**
Profit for the year				117.1	117.1	0.8	117.9
Total reported income and expense for 2006			**-11.7**	**117.1**	**105.4**	**0.2**	**105.6**
Dividend				-30.7	-30.7	-0.2	-30.9
Shareholders' equity 31 Dec 2006	**52.6**	**20.6**	**4.6**	**390.9**	**468.7**	**5.9**	**474.6**
Impact of cash flow hedging			-3.2		-3.2		-3.2
Exchange-rate differences			9.0		9.0	0.4	9.4
Total transactions reported directly in shareholders' equity			**5.8**		**5.8**	**0.4**	**6.2**
Profit for the year				122.4	122.4		122.4
Total reported income and expense for 2007			**5.8**	**122.4**	**128.2**	**0.4**	**128.6**
Acquisition of minority share					0.0	-6.3	-6.3
Dividend				-48.2	-48.2		-48.2
Shareholders' equity 31 Dec 2007	**52.6**	**20.6**	**10.4**	**465.1**	**548.7**	**0.0**	**548.7**

Consolidated cash flow statement

SEK million	Note	2007	2006
OPERATING ACTIVITIES			
Operating profit/loss		**209.6**	**193.4**
Adjustment for items not included in cash flow, etc.			
Depreciation and amortization charged to earnings	3	67.6	59.6
Capital gains/losses		-7.3	0.1
Change in provisions		1.1	3.0
Net financial income/expense affecting cash flow	25	-26.1	-22.2
Tax paid		-61.1	-44.4
Cash flow from operating activities before change in working capital		**183.8**	**189.5**
Cash flow from changes in working capital			
Change in inventories		-25.2	-72.2
Change in operating receivables		7.5	-42.5
Change in operating liabilities		-18.6	60.8
Total change in working capital		**-36.3**	**-53.9**
Cash flow from operating activities		**147.5**	**135.6**
Investing activities			
Investments in non-current assets	7, 8	-69.5	-65.0
Divestment of non-current assets		25.1	3.4
Acquisition of companies and operations	27	-197.2	-8.1
Divestment of companies and operations	27	-	9.2
Cash flow from investing activities		**-241.6**	**-60.5**
Financing activities			
Change in long-term receivables		1.8	0.7
Change in long-term liabilities		167.4	-10.4
Dividends to shareholders		-48.2	-30.9
Cash flow from financing activities		**121.0**	**-40.6**
Cash flow for the year		**26.9**	**34.5**
Liquid assets at beginning of the year		70.9	38.9
Translation differences on liquid assets		2.2	-2.5
LIQUID ASSETS AT YEAR-END	14	**100.0**	**70.9**

Parent company income statement

SEK million	Note	2007	2006
Net sales	24	905.7	794.2
Cost of goods sold		-720.3	-594.8
Gross profit/loss		**185.4**	**199.4**
Selling expenses		-112.4	-100.4
Administrative expenses	23	-47.1	-41.1
Other operating income	2	13.8	-
Other operating expense	2	-	-4.0
Total		**-145.7**	**-145.5**
Operating profit/loss	3,21,22	**39.7**	**53.9**
Financial income/expense			
Profit/loss from participations in subsidiaries	6	93.2	41.9
Interest income from group companies		4.1	6.8
Other interest income		1.0	1.0
Other interest expense		-28.0	-20.3
Other financial expense		-0.5	-4.3
Total		**69.8**	**25.1**
Profit/loss after financial items		**109.5**	**79.0**
Appropriations			
Accelerated depreciation of machinery and equipment		0.4	-48.5
Pre-tax profit/loss		**109.9**	**30.5**
Tax on profit/loss for the year	4	-4.9	2.8
Profit/loss for the year		**105.0**	**33.3**

Parent company balance sheet

SEK million	Note	2007	2006
ASSETS			
Non-current assets			
Intangible fixed assets	7		
Goodwill		12.6	-
Other intangible fixed assets		0.4	0.8
Total intangible fixed assets		**13.0**	**0.8**
Property, plant and equipment	8		
Buildings and land		51.9	48.4
Machinery and other technical assets		86.0	92.2
Equipment, tools, and installations		23.5	23.3
Construction in progress and advance payments on property, plant and equipment		14.6	4.7
Total property, plant and equipment		**176.0**	**168.6**
Financial fixed assets	10		
Participations in group companies	9	475.5	256.7
Other long-term securities		0.1	0.1
Receivables – group companies		78.8	76.3
Other long-term receivables		0.7	-
Total financial fixed assets		**555.1**	**333.1**
Total non-current assets		**744.1**	**502.5**
Current assets			
Inventories	11	185.2	190.5
Current receivables			
Accounts receivable		107.5	80.1
Receivables – group companies		73.6	71.2
Other receivables		9.6	10.8
Prepaid expense and accrued income	13	4.7	4.7
Total current receivables		**195.4**	**166.8**
Cash and bank balances	14	31.0	23.7
Total current assets		**411.6**	**381.0**
TOTAL ASSETS		**1,155.7**	**883.5**

Parent company balance sheet

SEK million	Note	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	15		
Restricted equity			
Share capital		52.6	52.6
Statutory reserve		20.6	20.6
Total		**73.2**	**73.2**
Non-restricted equity			
Profit brought forward		63.2	81.7
Profit/loss for the year		105.0	33.3
Total		**168.2**	**115.0**
Total shareholders' equity		**241.4**	**188.2**
Untaxed reserves	26	87.5	87.9
Provisions			
Pension obligations	16,22	79.5	76.5
Long-term liabilities			
Liabilities to group companies		9.5	22.7
Liabilities to credit institutions		553.2	359.7
Total long-term liabilities		**562.7**	**382.4**
Current liabilities			
Accounts payable		73.3	74.4
Liabilities to group companies		22.9	10.4
Other liabilities		27.3	9.0
Accrued expense and deferred income	19	61.1	54.7
Total current liabilities		**184.6**	**148.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,155.7**	**883.5**
Pledged assets		None	None
Contingent liabilities	20	27.4	15.0

Parent company changes in shareholders' equity

SEK million	Share capital	Statutory reserve	Non-restricted equity	Total
Shareholders' equity 1 Jan 2006	**52.6**	**20.6**	**92.2**	**165.4**
Group contributions			29.6	29.6
Tax effects, group contributions			-9.4	-9.4
Dividend			-30.7	-30.7
Profit for the year			33.3	33.3
Shareholders' equity 31 Dec 2006	**52.6**	**20.6**	**115.0**	**188.2**
Group contributions			-5.0	-5.0
Tax effects, group contributions			1.4	1.4
Dividend			-48.2	-48.2
Profit for the year			105.0	105.0
Shareholders' equity 31 Dec 2007	**52.6**	**20.6**	**168.2**	**241.4**

Parent company cash flow statement

SEK million	Note	2007	2006
OPERATING ACTIVITIES			
Operating profit/loss		39.7	53.9
Adjustment for items not included in cash flow, etc			
Depreciation and amortization charged to earnings	3	22.3	22.4
Capital gains/losses		-2.6	-1.6
Net financial income/expense affecting cash flow	25	74.1	25.1
Tax paid		-9.0	2.7
Cash flow from operating activities before changes in working capital		**124.5**	**102.5**
Cash flow from changes in working capital			
Change in inventories		5.3	-31.9
Change in operating receivables		-25.7	-8.3
Change in operating liabilities		6.9	18.3
Total change in working capital		**-13.5**	**-21.9**
Cash flow from operating activities		**111.0**	**80.6**
Investing activities			
Investments in non-current assets	7,8	-44.1	-10.0
Investments in shares in group companies	9	-196.1	-2.4
Divestment of non-current assets		4.6	2.4
Cash flow from investing activities		**-235.6**	**-10.0**
Financing activities			
Change in long-term receivables		-3.2	53.5
Change in long-term liabilities		183.3	-72.0
Dividends to shareholders		-48.2	-30.7
Cash flow from financing activities		**131.9**	**-49.2**
Cash flow for the year		**7.3**	**21.4**
Liquid assets at beginning of the year		23.7	2.3
LIQUID ASSETS AT YEAR-END	**14**	**31.0**	**23.7**

Accounting and valuation policies

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 1.1 Supplementary Accounting Rules for Groups. The annual accounts for the parent company have been prepared in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2.1 Accounting for Legal Entities. The consolidated accounts have been prepared in accordance with prevailing IFRS and IFRIC interpretations at the end of 2007. Both the annual accounts and the consolidated accounts have been prepared in accordance with the cost method unless otherwise stated below.

Standards, interpretations and additions to published standards that apply as of 1 January 2008: The IASB has adopted a number of new and revised standards that take effect as of 1 January 2008 or later. None of these new standards or revisions are deemed to have any impact on the group's financial position or earnings.

The parent company uses Swedish Financial Reporting Board recommendation RFR 2.1 Accounting for Legal Entities. Thus, the parent company has essentially the same accounting policies as the group, the most important exceptions being that untaxed reserves are reported and all financial instruments are reported at cost.

The Board of Directors approved the annual accounts on 18 February 2008. The income statement and balance sheet are to be adopted by the annual general meeting on 8 May 2008.

Consolidated accounts

The consolidated accounts include Gunnebo Industrier AB and the companies in which the parent company directly or indirectly owns shares corresponding to more than 50% of the votes or in which the parent company otherwise has a controlling influence.

The consolidated accounts have been prepared in accordance with acquisition accounting. In other words, group equity includes parent company equity and the portion of the equity of subsidiaries arising after the acquisition date. The difference between the cost of shares in subsidiaries and the fair value on the acquisition date of the assets and liabilities taken over from the subsidiaries have been reported as goodwill. All intra-group transactions and items have been eliminated in their entirety.

Translation for foreign subsidiaries

Items in the annual accounts of a foreign subsidiary are reported in the currency used in the primary economic environment where the subsidiary operates (functional currency). The consolidated accounts use the Swedish krona, which is the parent company's functional and reporting currency.

In the annual accounts of foreign subsidiaries (none of which have a high-inflation currency) that have a functional currency that differs from the reporting currency, translation to the group's reporting currency is performed as follows:

- Assets and liabilities translated at closing rate of exchange
- Income and expense translated at average rate of exchange
- All exchange-rate differences are taken up directly as shareholders' equity. When foreign subsidiaries are divested, accumulated exchange-rate differences are taken up as capital gains

Goodwill and adjustments of fair value that arise when foreign operations are acquired are treated as assets and liabilities of the operations and translated at the closing rate of exchange.

Minority share

Minority share in the equity of subsidiaries is reported in a special item of the group's balance sheet.

Transactions with related parties

Transactions with related parties are conducted on market terms.

Receivables and liabilities in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Exchange gains and losses that arise when paying such transactions and translating monetary assets and liabilities in foreign currencies at the closing rate of exchange are reported in the income statement. The exception is if the transactions are hedges that meet the conditions for hedge accounting of cash flows when gains and losses are reported as shareholders' equity.

Reporting of financial instruments

Derivative instruments acquired for hedging of future currency flows are reported at fair value in the balance sheet. Unrealized gains after consideration of tax effects are reported directly against shareholders' equity. Unrealized gains on the derivative instrument are thereafter transferred to the income statement for the period in which the hedged currency flow is reported.

The group reports its holdings of financial instruments in the following categories: financial assets at fair value reported in the income statement, as well as loans and receivables. The first category consists primarily of currency derivatives. All derivatives are reported at fair value in the income statement unless they are identified as hedge instruments.

Loans and receivables are non-derivative financial assets with established or establishable payments that are not listed on an active market. They are distinctive in that they arise when the group provides money, goods or services directly to a debtor (usually a customer) without any intention to trade in the receivable that arises. They are included in current assets if the maturity date is within 12 months of the reporting date. Loans and receivables are included in the accounts receivable and other receivables items of the balance sheet.

The purchase and sale of financial instruments is reported on the transaction date, i.e., the date on which the group pledges to purchase or sell the assets. Financial assets are reported at fair value. A financial instrument is removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the group has transferred essentially all risks and benefits associated with the right of ownership.

Inventories

Inventories are reported at the lower of cost and net realizable value in accordance with the first in, first out principle. The value of inventories includes the portion of indirect costs attributable to them. Inventories are reported net less internal gains.

Cost of finished goods and work in process consist of direct materials, direct wages, other direct product costs and a reasonable share of indirect production costs based on normal production capacity, less borrowing costs. Net realizable value consists of the estimated sales price under normal circumstances, less the cost of eventual completion and applicable variable selling expenses.

Income tax

Income tax reported includes tax that is to be paid or received for the current year, adjusted for previous tax and changes in deferred tax.

Deferred tax shall be calculated in accordance with the liability method on all temporary differences between the tax value and the carrying amount of assets and liabilities, as well as the tax loss carry-forward. The main temporary differences are attributable to depreciation of property, plant and equipment. All tax liabilities and assets are reported at nominal amounts in accordance with the tax regulations and rates that have been adopted or that have been announced and that have a high probability of being adopted.

The tax effects of items reported in the income statement are also reported in the income statement. The tax effects of items reported directly in shareholders' equity are reported in shareholders' equity.

Deferred tax is also calculated on unrealized gains on loans and forward agreements raised to hedge the net assets of foreign subsidiaries (equity hedging).
The change in the item is reported directly in shareholders' equity.

Deferred tax assets for loss carry-forwards are reported to the extent that it is likely that the carry-forward can be settled against taxable surpluses. Deferred tax liabilities for temporary differences attributable to investments in subsidiaries are not reported in Gunnebo Industrier's consolidated accounts given that the parent company can always determine the date of the reversal of the temporary differences and it is not deemed likely that reversal will be made within the foreseeable future.

In the parent company, no deferred tax is reported on untaxed reserves, but the gross amount is reported.

Employee benefits

Defined contribution pension plans are defined as schemes according to which the company pays established fees to a third party and the company is not bound to any obligation after the premiums have been paid. Such plans are reported as a cost when the premium is paid.

Other plans are defined benefit plans for which the obligations remain within the Gunnebo Industrier group. These obligations and costs for employment during the current period are calculated actuarially using the projected unit credit method. External actuaries are used 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 found.

The group's defined benefit plans are unfunded and benefits are paid with the company assets that have been paid into the plan. The provision in the balance sheet consists of the present value of the defined benefit obligations adjusted for unreported actuarial gains and losses, as well as unreported costs for employment during previous periods.

Actuarial gains or losses arise primarily upon changes in actuarial assumptions, as well as differences between actuarial assumptions and actual outcome. The portion of the accumulated amounts that exceed 10% of the present value of the obligations at the end of the previous year are reported in earnings over the expected average remaining period of employment of the employee covered by the plan.

For all defined benefit plans, the actuarial cost, which is charged to earnings, consists of costs for employment during the current period, interest expense, expected return on plan assets (unfunded plans only), costs for employment during previous periods, and any repayment of actuarial gains or losses. The cost for employment during previous periods attributable to changed pension terms is realized when these changes have become vested or amortized during the period until made in full.

A portion of the Swedish supplementary pension plans for employees in industry and commerce (ITP plans) are financed through insurance premiums to Alecta. This arrangement is a defined benefit plan that covers multiple employers. Alecta cannot currently provide the information required to report the plan as a defined benefit plan. Thus, the ITP plans are reported as insured with Alecta as defined contribution plans.

The parent company and subsidiaries continue to use local calculations for pension provisions and pension expenses in their annual accounts, which involves compliance with Swedish Financial Reporting Board recommendation RFR 2.1 Accounting for Legal Entities on the part of the parent company.

Provisions

Provisions are reported when the group, due to events that have occurred, has a legal or informal obligation that it is more likely than not that an outflow of resources will be needed to settle and the amount can be calculated in a reliable manner.

Revenue recognition

Revenue from sale of goods and services is recognized when there are agreements with the customer and delivery has been made or services rendered, as well as when all significant risks and benefits have been transferred to the customer.

The sale is reported net after VAT, discounts and returns. Intra-group sales are eliminated in the group.

Other operating income/expense

Other operating income/expense includes rental income, profit or loss on the divestment of non-current assets and exchange gains and losses on operating receivables and liabilities.

Intangible fixed assets

Goodwill

Goodwill is the amount by which cost exceeds the fair value of the group's participation in the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill on acquisition of subsidiaries is reported as an intangible asset. Goodwill is tested for impairment loss and reported at cost less accumulated impairment losses. Gains or losses upon divestment of a unit include the remaining carrying amount of the goodwill attributable to the divested unit. Goodwill is allocated to cash-generating units when tested for impairment loss.

Product development costs

Expenditure for development projects is capitalized as an intangible asset to the extent that the expenditure is expected to generate future economic benefits. Research and other development costs are carried as an expense as they arise and included in the cost of goods sold item of the income statement. Development costs previously carried as an expense are not capitalized as an asset in subsequent periods. Capitalized development costs are amortized on a straight-line basis over the period that the anticipated benefits are expected to accrue to the company and as of the date that commercial production begins.

Brands and customer relationships

Acquired brands and customer relationships are reported at cost. Brands and customer relationships have a determinate useful life and are reported at cost less accumulated amortization. Amortization is performed on a straight-line basis to allocate the cost of brands and customer relationships over their estimated useful life (10-20 years).

Patents, licenses and technology

Acquired patents, licenses and technology are reported at cost. Patents, licenses and technology have a determinate useful life and are reported at cost less accumulated amortization. Amortization is performed on a straight-line basis to allocate the cost of patents and technology over their estimated useful life, and licenses are amortized over the period of the agreement. Amortization periods are 5 - 15 years.

Acquired software

Expenditure for software that has been developed, or extensively adapted on behalf of the group, is capitalized as an intangible fixed asset if expected to generate future economic benefits that will exceed the costs after one year. Other standard software is carried as an expense. Capitalized expenditure for acquired software is amortized on a straight-line basis over the estimated useful life.

Property, plant and equipment

Property, plant and equipment are reported at cost less depreciation. Cost includes costs directly attributable to ensuring that the asset is in the proper location and condition to be used in accordance with the purpose for which it was acquired. Expenditure to improve the asset's performance beyond the original level increases the asset's carrying amount. Expenditure for repair and maintenance is reported as a cost.

Depreciation and amortization

Depreciation and amortization hve been based on the original cost of the assets and allocated on a straight-line basis over their estimated useful life.

The following depreciation and amortization schedules are applied:

Vehicles	5 years
Computers	3 - 5 years
Other machinery and equipment.	5 - 15 years
Buildings and land	20 - 50 years
Brands and customer relationships	10 - 20 years
Patents, licenses and technology	5 - 15 years
Other intangible fixed assets	3 - 5 years

The residual value and useful life of the assets are tested at each reporting date and adjusted when needed.

Impairment losses on non-financial assets

Assets with an indeterminate useful life, such as goodwill, are not depreciated or amortized but tested each year for impairment loss. Assets that are depreciated or amortized are assessed with respect to impairment whenever events or changed circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognised in the amount with which the asset's carrying amount exceeds its recoverable amount.
The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. Testing for impairment loss groups assets at the lowest level where there are separate identifiable cash flows (cash-generating units). For non-financial assets that are not goodwill for which an impairment loss has been recognised earlier, an annual test is performed as of the reporting date to determine whether a reversal should be made.

Lease contracts

When a lease contract essentially involves the group, as lessee, enjoying the financial benefits and bearing the financial risks associated with the lease object (financial leasing), the object is reported as a non-current asset in the consolidated balance sheet. The corresponding obligation to pay leasing fees in the future is reported as a liability. Other lease contracts are operational leasing. Payments made during the lease term in accordance with operational leasing contracts (less any incentives by the lessor) are carried as an expense in the income statement on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs are charged to earnings on a running basis when they arise. Set-up costs associated with raising a long-term loan are allocated over the term of the loan agreement.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. Reported cash flow includes only transactions that involve payments or disbursements. For foreign subsidiaries, all transactions are translated at the average rate of exchange for the year. Acquisition or divestment of subsidiaries is included net under investing activities and does not affect cash flow from operating activities. Liquid assets consist of cash and bank balances, as well as current investments that mature in less than three months after the acquisition date for which there is only a negligible risk that the value will change.

Segment reporting

The group's operations are broken down into a number of business areas based on products and services. The market organisation also reflects that structure. Thus, the business areas are the group's primary segments, whereas the market areas are secondary segments.

Accounts receivable

Accounts receivable are reported initially at fair value and subsequently at accrued cost by applying the effective interest method, less any provisions for impairment. A provision for impairment of accounts receivable is taken when there is objective evidence that the group will not receive all amounts that are due for payment in accordance with the original amounts of the receivables. The size of the provision is the difference between the asset's carrying amount and the present value of assessed future cash flows, discounted by the effective rate of interest. The amount of the provision is reported in the income statement.

Securities and financial receivables

The fair value of listed financial assets corresponds to the asset's quoted buying rate on the reporting date. The fair value of unlisted financial assets is determined by using valuation techniques, such as recent transactions, prices of similar instruments and discounted cash flows.

Borrowings

Borrowing is reported initially at fair value, net after transaction costs. Borrowing is subsequently reported at accrued cost, and any difference between the amount received (net after transaction costs) and the repayment amount is allocated in the income statement over the period of the loan by applying the effective interest method.

Government subsidies

A government subsidy is reported at fair value when there is reasonable certainty that the subsidy will be received and the group will meet the associated conditions.

Government subsidies attributable to expected costs are deferred and reported as deferred income.
A subsidy is taken up as income in the period during which the costs arise that the subsidy is intended to cover.

A government subsidy to acquire property, plant and equipment reduces the asset's carrying amount.

Significant estimates and assumptions

Preparation of financial reports requires expert estimates and assessments when applying the group's accounting policies. Estimates and assessments can affect the income statement, balance sheet and additional disclosures in the financial reports. Thus, changes in estimates and assessments may lead to changes in financial reporting. For instance, estimates and assessments have been made when calculating obsolescence in inventories, valuation of future pension obligations, testing of goodwill for impairment loss, future guarantees, ongoing disputes and other legal commitments.

Amounts in SEK million unless otherwise stated

Note 1 Segment reporting, group

Primary segments – business areas

2007	Fastening	Lifting	Technical Products	Non-allocated items and eliminations	Total group
Net sales	578.9	865.8	620.1		2,064.8
Operating profit/loss	44.3	86.6	78.7		209.6
Operating capital/capital employed					
Segment assets	489.6	581.2	419.9	178.1	1,668.8
Segment liabilities	-44.0	-69.7	-55.2	-232.3	-401.2
Total	**445.6**	**511.5**	**364.7**	**-54.2**	**1,267.6**
Additional disclosures					
Investments	19.9	27.4	22.2		69.5
Depreciation and amortization	15.9	23.6	28.1		67.6
Operating cash flow	52.7	60.3	77.3		190.3

2006	Fastening	Lifting	Technical Products	Non-allocated items and eliminations	Total group
Net sales	442.8	768.8	515.4		1,727.0
Operating profit/loss	25.7	78.3	89.4		193.4
Operating capital/capital employed					
Segment assets	261.2	604.6	421.0	7.9	1,294.7
Segment liabilities	-65.4	-157.4	-117.5	10.8	-329.5
Total	**195.8**	**447.2**	**303.5**	**18.7**	**965.2**
Additional disclosures					
Investments	17.0	20.2	27.8		65.0
Depreciation and amortization	13.5	22.7	23.4		59.6
Operating cash flow	11.5	66.7	60.5	1.9	140.6

Operating capital/capital employed for the business areas consists of allocated assets and liabilities for which the manager has operating responsibility. The capital has been allocated to the business areas based on their subsidiaries.

Secondary segments – market areas

	Sales		Assets		Investments	
	2007	2006	2007	2006	2007	2006
Sweden	450	392	689	659	26	18
Rest of the Nordic countries	426	318	455	233	12	16
Rest of Europe	532	459	280	195	21	23
North America	467	398	169	150	9	7
Other markets	190	160	76	58	2	1
Total for the group	**2,065**	**1,727**	**1,669**	**1,295**	**70**	**65**

The sales figures are based on the country in which the customer is located. Assets and investments are reported where the assets are located.

Note 2 Other operating income and expense

Other operating income:

Group	2007	2006
Exchange-rate differences	4.3	-
Divestment of plant in Finland	5.7	-
Gain/loss on divestment of non-current assets	1.6	0.2
Rental income*	7.7	-
Other	4.7	4.9
Total	**24.0**	**5.1**

Parent company	2007	2006
Exchange-rate differences	3.5	-
Gain/loss on divestment of non-current assets	2.6	-
Rental income*	7.7	-
Total	**13.8**	**-**

Other operating expense:

Group	2007	2006
Exchange-rate differences	-0.1	-5.3
Gain/loss on divestment of non-current assets	-0.1	-
Other	-3.3	-0.3
Total	**-3.5**	**-5.6**

Parent company	2007	2006
Exchange-rate differences	-	-4.0
Total	**-**	**-4.0**

* Reported for the preceding year in net sales in the amount of SEK 7.2 million.

Note 3 Depreciation and amortization

Depreciation and amortization were charged to operating profit/loss as follows:

Group	2007	2006
Cost of goods sold	54.7	48.8
Selling expenses	6.2	6.2
Administrative expenses	6.7	4.6
Total	**67.6**	**59.6**
Cost of goods sold includes depreciation and amortization of other intangible assets in the amount of	7.3	6.0

Parent company	2007	2006
Cost of goods sold	18.8	18.6
Selling expenses	0.8	1.0
Administrative expenses	2.7	2.8
Total	**22.3**	**22.4**

Note 4 Taxes

Group	2007	2006
Current tax	-59.7	-45.4
Deferred tax	4.7	-5.4
Total	**-55.0**	**-50.8**

Tax on the group's pre-tax profit/loss differ from the theoretical amount that would have arisen from a weighted average tax rate applicable to the profits/losses of the consolidated companies as follows:

Group	2007	2006
Pre-tax profit/loss	177.4	168.7
Weighted average tax rate	30.9%	30.4%
Tax calculated in accordance with national tax rates applicable to profits/losses in each country	54.8	51.3
Non-taxable/deductible items	0.7	-0.9
Loss carry-forwards and tax deficits	0.0	-0.2
Other taxes, etc	-0.5	0.6
Tax expense	**55.0**	**50.8**

No loss carry-forwards remained at the end of 2007.

Specification of deferred tax assets:

Group	2007	2006
Unrealized tax effect with respect to internal deliveries	4.9	5.7
Other temporary differences	1.3	2.2
Total	**6.2**	**7.9**

Specification of deferred tax liabilities:

Group	2007	2006
Non-current assets	51.8	44.4
Other temporary differences	6.0	6.2
Total	**57.8**	**50.6**

Gross changes with respect to deferred tax are as follows:

Group	2007	2006
At beginning of the year	42.7	33.5
Acquisition of subsidiaries	10.8	-
Reported in the income statement	-4.7	5.4
Tax reported in shareholders' equity	2.8	3.8
At year-end	**51.6**	**42.7**

Parent company	2007	2006
Current tax	-3.5	-6.6
Deferred tax on group contributions	-1.4	9.4
Total	**-4.9**	**2.8**

Pre-tax profit/loss consists primarily of non-taxable dividends on shares of subsidiaries.

Note 5 Exchange gains/losses

Exchange-rate differences have been reported in the income statement as follows:

Group	2007	2006
Other operating income and expense	4.2	-5.3
Other financial income	1.6	0.6
Other financial expense	-2.0	-4.8
Total	**3.8**	**-9.5**

Note 6 Profit/loss from participations in subsidiaries

Refers to dividends received from subsidiaries, no dividends have been anticipated.

Note 7 Intangible fixed assets

	Group		Parent company	
Goodwill	**2007**	**2006**	**2007**	**2006**
Costs				
Opening costs	49.4	52.0	-	-
Acquisitions (Note 27)	131.4	4.3	12.6	-
Adjustment of preliminary cost	-	-6.5	-	-
Translation differences	3.0	-0.4	-	-
Closing costs	**183.8**	**49.4**	**12.6**	**-**

Other intangible assets

Group	Brands and customer relationships	Patents, licenses and technology	Other	Total
Costs				
At beginning of the year 1 Jan 2006	0.0	46.7	6.0	52.7
Investing activities	-	1.4	1.8	3.2
Sales/divestments	-	-	-0.3	-0.3
Translation differences	-	-0.1	-0.3	-0.4
At year-end 31 Dec 2006	**0.0**	**48.0**	**7.2**	**55.2**
Investing activities	-	1.2	1.5	2.7
Acquisitions	34.5	3.9	1.1	39.5
Translation differences	1.1	-0.1	-	1.0
At year-end 31 Dec 2007	**35.6**	**53.0**	**9.8**	**98.4**
Amortization				
At beginning of the year 1 Jan 2006	0.0	6.4	4.5	10.9
Sales/divestments	-	-	-0.3	-0.3
Amortization for the year	-	5.7	0.3	6.0
Translation differences	-	-0.1	-	-0.1
At year-end 31 Dec 2006	**0.0**	**12.0**	**4.5**	**16.5**
Amortization for the year	0.9	5.7	0.7	7.3
Translation differences	-	-	0.1	0.1
At year-end 31 Dec 2007	**0.9**	**17.7**	**5.3**	**23.9**
Carrying amount 31 Dec 2006	0.0	36.0	2.7	38.7
Carrying amount 31 Dec 2007	34.7	35.3	4.5	74.5

Parent company	2007	2006
Costs		
Opening costs	2.3	2.3
Closing costs	**2.3**	**2.3**
Amortization		
Opening amortization	1.5	1.0
Amortization for the year	0.4	0.5
Closing amortization	**1.9**	**1.5**
Carrying amount	0.4	0.8

Other intangible assets in the parent company are patents.

Testing goodwill for impairment loss
Goodwill is allocated to the lowest identified cash-generating unit in the group and allocated by business area as follows.

Group	2007	2006
Fastening business area	102.1	-
Lifting business area	27.6	11.9
Technical Products business area	54.1	37.5
Total goodwill	**183.8**	**49.4**

Goodwill is not subject to amortization, but the carrying amount is tested annually for impairment loss. Gunnebo Industrier has performed such tests as of 31 December 2006 and 31 December 2007.

The tests are based on management's best assessment of the company's performance, proceeding from long-term forecasts of market growth and the company's performance in relation to it.

The recoverable amount for the cash-generating business unit has been calculated by discounting future cash flows.

The following assumptions have been made in calculating future cash flows.
- Annual growth for the first five years in accordance with management's plans and forecasts, as well as a sustainable 4% level for the period thereafter
- Discount rate of interest in the form of a weighted cost of capital of 9% after tax

The calculations have not identified an impairment loss for any goodwill item.

A sensitivity analysis demonstrates that neither a slowdown in growth nor an increase in the discount rate of interest by 2 percentage points would cause an impairment loss to arise.

Note 8 Property, plant and equipment

	Group		Parent company	
Buildings and land	**2007**	**2006**	**2007**	**2006**
Costs				
Opening costs	189.9	195.2	70.9	71.1
Investing activities	15.6	3.9	5.6	0.6
Acquisitions	2.0	-	-	-
Sales/disposals	-23.5	-6.7	-0.9	-0.8
Translation differences	6.7	-2.5	-	-
Closing costs	**190.7**	**189.9**	**75.6**	**70.9**
Depreciation				
Opening depreciation	65.7	62.4	22.5	21.2
Sales/disposals	-12.5	-1.6	-0.4	-0.2
Depreciation for the year	6.2	5.8	1.6	1.5
Translation differences	2.4	-0.9	-	-
Closing depreciation	**61.8**	**65.7**	**23.7**	**22.5**
Carrying amount	128.9	124.2	51.9	48.4

Machinery and	Group		Parent company	
other technical assets	**2007**	**2006**	**2007**	**2006**
Costs				
Opening costs	644.5	648.6	300.4	296.4
Investing activities	45.6	31.0	8.7	5.8
Acquisitions	23.4	-	-	-
Sales/disposals	-80.7	-10.3	-11.7	-1.8
Translation differences	8.1	-24.8	-	-
Closing costs	**640.9**	**644.5**	**297.4**	**300.4**
Depreciation				
Opening depreciation	460.5	450.1	208.2	196.5
Sales/disposals	-75.4	-8.2	-10.5	-1.8
Depreciation for the year	41.5	36.9	13.7	13.5
Translation differences	2.5	-18.3	-	-
Closing depreciation	**429.1**	**460.5**	**211.4**	**208.2**
Carrying amount	211.8	184.0	86.0	92.2

Equipment. tools	Group		Parent company	
and installations	**2007**	**2006**	**2007**	**2006**
Costs				
Opening costs	133.5	127.3	101.3	100.0
Investing activities	11.6	10.4	4.3	3.1
Acquisitions	6.6	0.2	3.0	-
Sales/disposals	-11.0	-3.0	-5.9	-1.8
Translation differences	1.1	-1.4	-	-
Closing costs	**141.8**	**133.5**	**102.7**	**101.3**

Depreciation				
Opening depreciation	97.4	89.9	78.0	72.9
Acquisitions	1.3	-	-	-
Sales/disposals	-9.5	-2.7	-5.4	-1.8
Depreciation for the year	12.7	11.0	6.6	6.9
Translation differences	0.8	-0.8	-	-
Closing depreciation	**102.7**	**97.4**	**79.2**	**78.0**
Carrying amount	39.1	36.1	23.5	23.3

Construction in progress and advance payments for property, plant and equipment:

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Costs				
Opening costs	26.2	10.2	4.7	4.3
Investments/reallocation	-6.0	16.5	9.9	0.4
Translation differences	0.5	-0.5	-	-
Carrying amount	**20.7**	**26.2**	**14.6**	**4.7**

Specification of buildings and land:

Group	**2007**	**2006**
Carrying amount, buildings	103.6	97.2
Carrying amount, land	25.3	27.0
Total carrying amount	**128.9**	**124.2**

Parent company	**2007**	**2006**
Carrying amount, buildings	36.5	33.3
Carrying amount, land	15.4	15.1
Total carrying amount	**51.9**	**48.4**

Swedish properties:

Group	**2007**	**2006**
Carrying amount, buildings	54.2	57.2
Carrying amount, land	22.3	23.4
Assessed value, buildings	42.7	27.7
Assessed value, land	23.8	10.9

Parent company	**2007**	**2006**
Assessed value, buildings	37.2	21.9
Assessed value, land	22.9	9.7

Note 9 Participations in group companies

Parent company	**Reg. office**	**Corp. id no.**	**No. of partici- pations**	**% of capital**	**% of votes**	**Carrying amount**
AB Gemla Mekanik	Växjö	556206-9939	1,000	100	100	1.7
Gunnebo Fastening AB	Västervik	556006-2969	7,500	100	100	2.0
Gunnebo Lifting AB	Västervik	556257-1181	1,000	100	100	1.6
GZ Lyftsystem AB	Göteborg	556056-1317	1,000	100	100	0.1
KA Bergs Smide AB	Växjö	556066-2214	10,000	100	100	3.0
Mora Lyft & Last AB	Mora	556025-8625	4,000	100	100	2.1
Telesteps AB	Tranås	556471-5323	100,200	100	100	104.6
Christiania Spigerverk Byggteknik AB	Helsingborg	556540-5452	1,000	100	100	0.1
3A Byggdelen AB	Helsingborg	556341-4290	1,000	100	100	5.3
3A Byggdelen GBG AB	Helsingborg	556704-4721	1,000	100	100	1.3
OFA Oy Ab	Jokioinen	503.456	1,500	100	100	46.9
Gunnebo Industries Corporation	Michigan	140-552	372,000	100	100	14.2
Gunnebo Ind. Ltd	Redditch	1169996	200,000	100	100	1.8
Gunnebo Ind. GmbH	Siegen	HRB2267 00841609/	1,000	100	100	1.8
Gunnebo Ind. Ltda	Sao Paulo	0001-93	1	100	100	7.8
Gunnebo Ind. PTY Ltd	Wetherill Park	003.433.538	100,000	100	100	11.7
Gunnebo Ind. Ltd, Ireland	Dublin	270.964 P-190279500-	100,000	100	100	1.2
Gunnebo Ind. Sp.z o.o.	Gdynia	84003000	12,235	100	100	22.3
Gunnebo Industries S.R.L	Ploiesti	18412519	3,527	100	100	0.1
Cargo Control Systems Ltd	Johannesburg	93/05922/07	2,750,000	100	100	3.5
W H Scott & Son Ltd	Belfast	N.I. 14026	10,050	100	100	8.8
Emirate Safety Services LLC	Abu Dhabi	12790	49	49	49	0.6
Christiania Spigerverk A/S	Oslo	967209562	5,000	100	100	170.2
Clark Tracks Ltd	Dumfries	SC268309	7,000	100	100	32.0
Gunnebo Anja Ind. A/S	Lonevåg	913.021.304	1,077	100	100	30.8
Total						**475.5**

Parent company	**2007**	**2006**
At beginning of the year	256.7	264.7
New share issue	-	2.4
Repayment of net investment	-	-10.5
Acquisition of subsidiaries	218.8	0.1
At year-end	**475.5**	**256.7**

Investments for the year total SEK 218.8 million and consist of the acquisition of minority share in Australia, Gunnebo Industries PTY Ltd for SEK 9.3 million, Emirate Safety Services LLC for SEK 0.6 million, Clark Tracks Ltd for SEK 32.0 million, Christiania Spigerverk A/S for SEK 170.2 million, and Christiania Spigerverk's previous subsidiaries: Christiania Spigerverk Byggnadsteknik AB for SEK 0.1 million, 3A Byggdelen AB for SEK 5.3 million, and 3A Byggdelen GBG AB for SEK 1.3 million. Share capital totals SEK 1.0 million in Telesteps AB, SEK 2.4 million in OFA Oy AB, SEK 6.5 million in Gunnebo Johnson Corp. (subsidiary of Gunnebo Industries Corp.), SEK 24.6 million in Gunnebo Industries Sp.zo.o, SEK 0.6 million in Gunnebo Anja Industrier A/S, and SEK 23.8 million in Christiania Spigerverk A/S.

Note 10 Financial fixed assets

Group	Long-term securities holdings	Other long-term receivables	Total
At beginning of the year 1 Jan 2006	0.6	6.8	7.4
Arising during the year	-	1.6	1.6
Retired during the year	-0.2	-1.8	-2.0
Exchange-rate differences	-	-0.3	-0.3
At year-end 31 Dec 2006	**0.4**	**6.3**	**6.7**
Arising during the year	0.1	0.9	1.0
Retired during the year	-0.3	-2.7	-3.0
Exchange-rate differences	-	0.2	0.2
At year-end 31 Dec 2007	**0.2**	**4.7**	**4.9**

Parent company	Shares in group companies	Long-term securities holdings	Receivables on group companies	Other long-term receivables
At beginning of the year 1 Jan 2006	264.7	0.1	128.7	1.1
Arising during the year	0.1	-	-	-
Non-cash issue	2.4	-	-	-
Retired during the year	-10.5	-	-52.4	-1.1
At year-end 31 Dec 2006	**256.7**	**0.1**	**76.3**	**0.0**
Arising during the year	218.8	-	2.5	0.7
At year-end 31 Dec 2007	**475.5**	**0.1**	**78.8**	**0.7**

Note 11 Inventories

	Group		Parent company	
	2007	2006	2007	2006
Raw material inventories	69.3	84.8	11.5	20.4
Work in progress	190.5	174.2	98.3	102.1
Finished goods	285.1	198.4	74.8	68.0
Plus advance payments to suppliers	1.6	-	0.6	-
Less advance payments from customers	-0.3	-1.6	-	-
Total	**546.2**	**455.8**	**185.2**	**190.5**

Note 12 Accounts receivable

Group	2007	2006
Accounts receivable	325.6	274.3
Provisions for doubtful receivables	-4.0	-13.9
Net accounts receivable	**321.6**	**260.4**

The group has reported a cost of SEK 1.1 million (0.8) for impairment losses on accounts receivable in 2007. The cost has been reported in the selling expenses item. All accounts receivable fall due within one year.

Note 13 Prepaid expenses and accrued income

	Group		Parent company	
	2007	2006	2007	2006
Prepaid insurance premiums	1.8	1.5	0.5	0.6
Prepaid rent	1.0	1.0	-	-
Other items	9.0	7.4	4.2	4.1
Total	**11.8**	**9.9**	**4.7**	**4.7**

Note 14 Liquid assets

	Group		Parent company	
	2007	2006	2007	2006
Short-term bank deposits	2.1	-	-	-
Cash and bank balances	97.9	70.9	31.0	23.7
Total	**100.0**	**70.9**	**31.0**	**23.7**

Note 15 Shareholders' equity

Breakdown of reserves:

Group	Hedge reserve	Translation reserve	Total reserves
Opening balance, 1 Jan 2006	-0.9	17.2	16.3
Exchange-rate differences		-25.8	-25.8
Hedging of net investment		10.0	10.0
Cash flow hedges			
- Impairment of fair value during the year	5.0		5.0
- Tax on impairment of fair value	-1.4		-1.4
- Transfer to income statement	0.7		0.7
- Tax on transfer to income statement	-0.2		-0.2
Closing balance, 31 Dec 2006	**3.2**	**1.4**	**4.6**
Exchange-rate differences		12.0	12.0
Hedging of net investment		-3.0	-3.0
Cash flow hedges			
- Impairment of fair value during the year	-2.7		-2.7
- Tax on impairment of fair value	0.8		0.8
- Transfer to income statement	-1.8		-1.8
- Tax on transfer to income statement	0.5		0.5
Closing balance, 31 Dec 2007	**0.0**	**10.4**	**10.4**

The number of shares in the parent company on 31 December 2007 was 8,770,909 with a quotient value of SEK 6. No change occurred in 2007. The proposed dividend is SEK 6.00 per share (5.50).

Note 16 Pension obligations

Group

Remuneration to employees after termination of employment, such as pensions and healthcare benefits, are covered primarily by payments to insurance companies or public agencies, which thereby assume the obligations to the employees (defined contribution plans).

The remainder are covered by defined benefit plans for which Gunnebo Industrier retains the obligations. The biggest defined benefit plan (FPG/PRI provision) is in Sweden. Other defined benefit plans are in Norway, Germany and Finland. The foreign plans are valued only once every three years given that they represent a relatively small percentage of the group's total net provision.

For defined benefit plans, the group's costs and the value of outstanding obligations are determined by using actuarial calculations that seek to establish the present value of obligations that have been assumed.

Significant actuarial assumptions, %	2007	2006
Discount rate of interest	4.75	4.5
Expected rate of salary increase	3.0	3.0
Inflation	2.0	2.0

Reconciliation of remuneration for employees	Sweden	Other countries	2007 Total	2006 Total
Present value of obligations	86.9	18.0	104.9	82.4
Unreported actuarial gains (+) and losses (-)	-14.0	-	-14.0	-6.8
Net provision in the balance sheet	**72.9**	**18.0**	**90.9**	**75.6**

For 2005, the total present value of obligations was SEK 80.7 million and net provision in the balance sheet was SEK 74.2 million.

Specification of changes in obligations:

	2007	2006
At beginning of the year	82.4	80.7
Acquisition of subsidiaries	12.7	-
Benefits earned during the year	9.9	8.4
Interest expense	3.5	3.4
Payment of benefits	-10.8	-10.4
Actuarial gain (-)/loss (+)	7.2	0.3
At year-end	**104.9**	**82.4**

For 2008, payment of benefits is predicted to rise by SEK 0.5 million.

Specification of total costs for remuneration after termination of employment as reported in the income statement:

	2007	2006
Costs for defined benefit plans		
Costs for employment during the current year	10.0	8.4
Interest on obligations	3.4	3.4
Costs for defined benefit plans	13.4	11.8
Costs for defined contribution plans	19.9	15.3
Total cost reported in the income statement	**33.3**	**27.1**
Of which, amount charged to operating profit/loss	29.9	23.7
Of which, amount charged to financial expense	3.4	3.4
Total cost reported in the income statement	**33.3**	**27.1**

Cost items are allocated in operating profit/loss to cost of goods sold, selling expenses or administrative expenses depending on the employee's function. Interest is classified as a financial expense. Of the cost for defined contribution plans, SEK 0.9 million (1.4) consisted of premiums to Alecta. The policy covers multiple employers in Sweden, and Alecta has not provided sufficient information for the plan to be reported as a defined benefit scheme.

At the end of 2007, Alecta's surplus in terms of the collective consolidation level was 152% (143). The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance commitments, calculated in accordance with Alecta's actuarial assumptions, which are not in agreement with IAS 19.

Parent company	2007	2006
FPG/PRI pensions	78.8	76.4
Other pensions	0.7	0.1
Total	**79.5**	**76.5**

Note 17 Other provisions

Group	Restructuring reserve	Other	Total
At beginning of the year 1 Jan 2006	1.1	1.7	2.8
Provisions during the year	-	1.2	1.2
Provisions utilized during the year	-	-0.2	-0.2
Exchange-rate differences	-0.1	-0.1	-0.2
At year-end 31 Dec 2006	**1.0**	**2.6**	**3.6**
Provisions during the year	-	0.1	0.1
Acquired subsidiary	-	2.0	2.0
Provisions utilized during the year	-1.0	0.0	-1.0
Exchange-rate differences	-	-	-
At year-end 31 Dec 2007	**0.0**	**4.7**	**4.7**

For the provisions, utilization is expected during the next five years.

Note 18 Borrowing

Borrowings

Gunnebo Industrier has credit facilities of SEK 1,050 million that have been agreed upon to remain in effect until 1 May 2012 and to guarantee loans at a certain established margin during the term of the agreements. Among the conditions for the credit facilities is that Gunnebo Industrier meet certain commitments with respect to its net borrowings in relation to its operating earnings before depreciation and amortization – the outcome for 2007 was 59% of the agreed-upon maximum. During the term of the agreement, there is no requirement for repayment as long as Gunnebo Industrier meets these conditions. The average interest rate in the loan portfolio was 4.9% (4.0), and the fixed interest term averaged 88 days (125) at year-end. The short fixed interest term generates a fair value for borrowings that corresponds to their carrying amount. Including agreed-upon, unutilized credit facilities, the group's liquid assets totalled SEK 441 million (303).

Other liabilities

Accounts payable and other liabilities fall due within 12 months.

Note 19 Accrued expenses and deferred income

	Group		Parent company	
	2007	2006	2007	2006
Holiday pay liability	37.3	31.8	21.1	19.3
Accrued salaries	21.4	19.8	8.9	14.2
Social security contributions	20.6	22.8	16.0	14.4
Accrued interest	5.4	0.9	5.2	0.9
Deferred income	-	3.3	-	-
Other items	23.8	6.3	9.9	5.9
Total	**108.5**	**84.9**	**61.1**	**54.7**

Note 20 Pledged assets and contingent liabilities

Assets pledged for company liabilities and collateral:

Group	2007	2006
For liabilities to credit institutions		
Floating charges	1.7	1.7
Property mortgages	-	-
Total pledged assets	**1.7**	**1.7**

Contingent liabilities:

Group	2007	2006
Guarantees	12.9	12.9
Other contingent liabilities	3.0	2.5
Total	**15.9**	**15.4**

Parent company	2007	2006
Guarantees issued on behalf of subsidiaries	24.9	12.5
Other contingent liabilities	2.5	2.5
Total	**27.4**	**15.0**

No significant liabilities are expected to arise as the result of any of the above types of contingent liabilities. Most of the issued guarantees are for financing of subsidiaries. The repayment obligation for a government subsidy received is SEK 0.9 million and is for the plant in Junsele.

Note 21 Leasing

Future payment commitments for lease contracts are broken down as follows and primarily involve premises.

Leasing of property, plant and equipment	Group	Parent company
2008	20.7	3.4
2009	17.4	3.4
2010	11.5	2.0
2011	4.4	0.7
2012 and later	12.9	0.5
Total	**66.9**	**10.0**

The group's costs for the year for leasing of assets totalled SEK 19.8 million (13.6). The parent company's costs were SEK 3.4 million (5.4).

Note 22 Employees

Average number of employees:

	Total		Of whom, women	
Group	2007	2006	2007	2006
Sweden	513	500	90	90
Australia	12	13	3	2
Brazil	13	17	3	3
Canada	1	1	-	-
Finland	103	135	24	32
Germany	12	8	5	4
Ireland	29	25	4	7
Norway	160	119	13	10
Poland	198	150	49	42
Romania	14	9	2	2
South Africa	80	70	41	39
UK	59	37	8	3
United Arab Emirates	18	-	-	-
United States	182	157	23	21
Total outside Sweden	**881**	**741**	**175**	**165**
Total	**1,394**	**1,241**	**265**	**255**

For the 2007 financial year, the number of employees of the parent company averaged 478 (466), of whom 88 were women (87).

As of the reporting date, there was one woman on the Board of Directors and none among the senior executives of the parent company.

Sickness absence for the parent company, 2007:

	Fewer than 60 days		60 days or more		Total sickness absence		
Age	Men (%)	Women (%)	Men (%)	Women (%)	Men (%)	Women (%)	Total
younger than 30	2.7	4.3	0.0	1.2	2.7	5.6	3.2
30-49	2.4	2.7	1.6	1.5	4.0	4.1	4.0
older than 49	1.5	2.6	2.8	5.8	4.4	8.4	5.1
Total	**2.1**	**2.8**	**1.9**	**3.2**	**4.0**	**6.0**	**4.4**

Sickness absence for the parent company, 2006:

	Fewer than 60 days		60 days or more		Total sickness absence		
Age	Men (%)	Women (%)	Men (%)	Women (%)	Men (%)	Women (%)	Total
younger than 30	2.8	4.5	0.3	0.0	3.1	4.5	3.4
30-49	2.4	3.4	3.1	1.8	5.5	5.2	5.4
older than 49	2.1	2.1	3.7	3.9	5.9	6.0	5.9
Total	**2.3**	**3.0**	**3.0**	**2.5**	**5.4**	**5.5**	**5.4**

Salaries, other remuneration and payroll overhead:

2007	Parent company	Subsidiaries	Total
Salaries and other remuneration	169.0	214.7	383.7
Payroll overhead	77.1	40.9	118.0
of which, pension costs	15.4	14.5	29.9
2006			
Salaries and other remuneration	162.8	201.8	364.6
Payroll overhead	67.9	43.2	111.1
of which, pension costs	12.1	11.6	23.7

Of the above, a total of SEK 18.0 million (16.2) was paid in salaries and other remuneration to boards of directors and CEOs within the group, of which SEK 1.6 million (1.7) was for bonuses.

Of the group's pension costs, a total of SEK 2.7 million (2.7) was for boards of directors and CEOs throughout the group. Remuneration to the Board of Directors of the parent company was paid in the amount of SEK 0.9 million (0.8) .

The group CEO was paid a salary and other remuneration totalling SEK 3.0 million (2.6), of which SEK 0.4 million (0.7) was for bonuses.

Remuneration and other benefits during the year to senior executives of the group:

	Basic salary/ board fee	Bonuses	Other benefits	Pension cost	Other remuneration	Total
Board						
Chairman	0.3	-	-	-	-	0.3
Other Board members	0.6	-	-	-	-	0.6
Group CEO	2.6*	0.4	0.2	1.0	-	4.2
Other senior executives (9)	8.0*	1.4	0.4	3.3	-	13.1
Total	**11.5**	**1.8**	**0.6**	**4.3**		**18.2**

* Including holiday pay, paid holidays and travel allowance

Bjarne Holmqvist, the Chairman of the Board, received SEK 287 thousand. The other Board members received the following: Malin Alfredsson, SEK 126 thousand; Göran Danielsson, SEK 125 thousand; Carl-Gösta Ekström, SEK 125 thousand; Mikael Jönsson, SEK 125 thousand; and Sten Lagenius, SEK 125 thousand.

The annual basic salary for the group CEO was SEK 2,400 thousand (1,920). Remuneration and other benefits for the group CEO refer to Christer Lenner.

The basis of the bonus calculation is primarily dependent on earnings and cash flow. Other benefits are primarily for cars and housing. If the company serves notice of termination, the group CEO is entitled to a 12-month period of notice and severance pay corresponding to an annual salary, from which any salary paid by another employer is deducted. Other senior executives are subject to a 12-month period of notice, except for 24 months in the case of one executive. Both the group CEO and other senior executives have a retirement age of 65.

Decision-making process

The Board of Directors appoints a remuneration committee, which deals with issues surrounding management's employment and pension terms, as well as incentive programmes when applicable. The section on corporate governance describes the company's policy in greater detail.

Note 23 Fee for auditors

	Group		Parent company	
	2007	2006	2007	2006
Öhrlings PricewaterhouseCoopers				
Auditing assignments	1.7	1.7	0.5	0.5
Other assignments	2.1	0.5	1.8	0.3
Other auditors				
Auditing assignments	1.0	0.2	-	-
Other assignments	0.3	0.1	0.1	-
Total	**5.1**	**2.5**	**2.4**	**0.8**

An auditing assignment involves examining the annual report and accounts, as well as the management of the company by the Board of Directors and group CEO, other tasks that the company's auditors are obligated to perform, and advisory services and other assistance occasioned by observations made during said examination or performance of said other tasks. Other assignments refer to everything else.

Not 24 Purchases and sales to group companies

Of net sales in the parent company, SEK 258.6 million (211.0) was to group companies, while purchases from group companies totalled SEK 95.1 million (61.6).

Note 25 Net financial income/expense affecting cash flow

	Group		Parent company	
	2007	2006	2007	2006
Interest received	3.6	2.4	5.2	7.8
Interest paid	-28.2	-21.4	-23.7	-20.5
Dividends	-	-	93.2	41.9
Other items affecting cash flow	-1.5	-3.2	-0.6	-4.1
Total	**-26.1**	**-22.2**	**74.1**	**25.1**

Note 26 Untaxed reserves in the parent company

Accelerated depreciation and amortization	2007	2006
At beginning of the year	87.9	39.4
Appropriation	-0.4	48.5
At year-end	**87.5**	**87.9**

The parent company's balance sheet reports untaxed reserves including deferred tax liability of SEK 24.5 million (24.6).

Note 27 Acquisition of subsidiaries

Clark Tracks – Scotland

Clark Tracks Ltd, a Scottish company that manufactures and sells tracks for forest machinery, was acquired in January. Clark Tracks, which reported annual sales of SEK 23 million at the time of acquisition, has been integrated into the Traction Systems unit of the Technical Products business area. For 2007, Clark Tracks contributed SEK 27.0 million to the group's net sales and SEK 4.1 million to the group's operating profit/loss.

Specification of acquired net assets and goodwill as of the acquisition date (SEK million):
GBP 1 = SEK 13.50)

Purchase price paid including acquisition costs	32.1
Fair value of acquired net assets	-15.0
Goodwill	**17.1**

The goodwill is attributable to the profitability of the acquired company and future synergies with existing operations. Intangible fixed assets have been revalued by SEK 4.0 million for production technology, and property, plant and equipment have been revalued by SEK 0.7 million for tools. Other surplus values have been found only in inventories reported at net realizable value. The impact on the group's liquid assets is SEK 29.8 million.

Specification of the company's assets and liabilities at the time of acquisition (SEK million):

	Fair value	Carrying amount for Clark Tracks Ltd
Intangible fixed assets	4.0	-
Property, plant and equipment	3.1	2.4
Inventories and current receivables	13.1	12.2
Liquid assets	0.8	0.8
Total assets	**21.0**	**15.4**
Non-interest-bearing long-term liabilities	-1.4	-
Non-interest-bearing current liabilities	-4.6	-4.3
Total liabilities	**-6.0**	**-4.3**
Total acquired net assets	**15.0**	**11.1**

Christiania Spigerverk AS – Norway

In July, Gunnebo Industrier acquired Christiania Spigerverk AS, a Norwegian group with three Swedish subsidiaries – CS Byggteknik AB, 3A Byggdelen AB, and 3A Byggdelen i Göteborg AB. Christiania Spigerverk, which reported annual sales of NOK 160 million at the time of acquisition, manufactures and markets a complete range of fasteners for the construction industry and do-it-yourself market. With Christiania Spigerverk's 80 employees in Norway and Sweden, the acquisition will strengthen the Fastening business area's position and product offering in the Scandinavian market. The acquisition is expected to boost the business area's sales by around 40% and generate numerous synergies as a result of the broader product range and lower costs for administration, purchasing, sales and product development. Christiania Spigerverk contributed SEK 98.6 million to the group's net sales and SEK 4.0 million to the group's operating profit/loss. If the company had been acquired as of 1 January, its pro forma net sales would have been SEK 204.0 million and its operating profit would have been SEK 11.5 million.

Specification of acquired net assets and goodwill as of the acquisition date (SEK million):
(NOK 1 = SEK 1.15)

Purchase price paid including acquisition costs	170.2
Fair value of acquired net assets	-72.6
Goodwill	**97.6**

The goodwill is attributable to the profitability of the acquired company and future synergies with existing operations. Intangible fixed assets have been revalued by SEK 34.5 million for brand, and property, plant and equipment have been revalued by SEK 11.5 million for machinery. Other surplus values have been found only in inventories reported at net realizable value. An external consultant has calculated undervalue for pension liability at SEK 11.3 million. The impact on the group's liquid assets is SEK 143.6 million.

Specification of the company's assets and liabilities at the time of acquisition (SEK million):

	Fair value	Carrying amount for Christiania Spigerverk A/S
Intangible fixed assets	37.1	2.6
Property. plant and equipment	25.8	14.3
Financial fixed assets	0.2	0.2
Inventories and current receivables	105.5	100.9
Liquid assets	7.0	7.0
Total assets	**175.6**	**125.0**
Interest-bearing long-term liabilities	-11.3	-
Non-interest-bearing long-term liabilities	-11.0	-
Interest-bearing current liabilities	-35.9	-35.9
Non-interest-bearing current liabilities	-44.8	-44.8
Total liabilities	**-103.0**	**-80.7**
Total acquired net assets	**72.6**	**44.3**

Emirate Safety Services LLC – United Arab Emirates

In line with its stated objective of setting up operations in the Middle East, Gunnebo Industrier acquired Emirate Safety Services LLC (EmiSafe) in the United Arab Emirates in June. The acquisition will expand the Lifting business area's coverage of the Middle East and provide a platform for the group's future growth in the region. EmiSafe, which reports annual sales of approximately SEK 20 million, has been the Lifting business area's partner and distributor in the Middle East for a number of years. The company is primarily devoted to the sale of lifting equipment, as well as testing and servicing of cranes and lifting equipment. Its customers include the construction industry, crane companies, shipyards, harbours, shipping lines, the oil industry and the gas industry. As of 1 July, EmiSafe contributed SEK 10.7 million to the group's net sales and SEK 1.5 million to the group's operating profit/loss. If the company had been acquired as of 1 January, its pro forma net sales would have been SEK 20.0 million and its operating profit would have been SEK 1.0 million.

The acquisition consists of purchase of assets and liabilities, as well as 49% of the shares in the operating company. The company will be 100% consolidated based on an authorization to act on behalf of the remaining 51% of the shares.

Specification of acquired net assets and goodwill as of the acquisition date (SEK million):
(AED 1 = SEK 1.87)

Purchase price paid including acquisition costs	17.9
Fair value of acquired net assets	-5.3
Goodwill	**12.6**

Acquisition of the assets and liabilities includes directly paid goodwill of SEK 12.6 million. The other acquired assets have been determined to have market value. The impact on the group's liquid assets is SEK 14.6 million.

Specification of the company's assets and liabilities at the time of acquisition (SEK million)

	Fair value	Carrying amount for Emirate Safety Services LLC
Property, plant and equipment	3.0	-
Inventories and current receivables	7.1	5.4
Liquid assets	1.6	1.6
Total assets	**11.7**	**7.0**
Non-interest-bearing current liabilities	-6.4	-6.4
Total liabilities	**-6.4**	**-6.4**
Total acquired net assets	**5.3**	**0.6**

Specification of cash flow, 2007 (SEK million)

Acquisition of operations	-195.2
Divestment of operations	-
Additional purchase price paid	-2.0
Total cash flow	**-197.2**

Specification of cash flow, 2006 (SEK million)

Acquisition of operations (FOB Services Ltd)	-6.6
Divestment of acquisitions (Wire business of OFA Oy AB)	9.2
Additional purchase price paid, Telesteps AB	-1.5
Total cash flow	**1.1**

Note 28 Operational risk management

Running a business always entails risks. The state of the economy, political decisions and natural disasters affect the group's operations in various ways. Below are some of the operational risks to which the group is exposed.

Product risks and liability risks

The group's products are largely sold to safety-critical settings in which various approvals are mandatory. Many of the products sold to safety-critical settings undergo 100% testing at the group's facilities prior to shipment. Despite tried-and-true testing methods, the group's products can cause accidents. The group has product liability insurance to protect itself against the financial consequences of one of its products having caused serious injury, damage or accident.

Raw material risks

The most important raw materials in the group's products are steel and zinc. Raw material risks consists of ensuring a sufficient supply and of price fluctuations. The group has historically succeeded in passing on increases in the price of input materials to its customers. But because the adjustment of prices paid by the group's customers is subject to a certain lag time, increases in the price of raw materials always have an immediate detrimental impact on the group, though the long-term impact may be neutral or positive. Given that both steel and zinc follow world market prices, all producers are affected by fluctuations.

Property risks

The group owns production facilities and machinery in order to manufacture the products that it subsequently sells. Several different facilities now manufacture the products, partly to limit production disruptions if a serious incident, such as a fire, were to occur at one of them. To limit the financial consequences, the group has an insurance policy that replaces destroyed property, as well as much of any financial loss as the result of downtime due to a fire, etc. The group has tried to sign the most effective insurance policy possible.

Brand

Gunnebo Industrier's operations are largely dependent on the right to use the GUNNEBO trademark/brand, which is owned by Gunnebo AB. Gunnebo Industrier's right to use the trademark/brand is based on a license agreement. The agreement limits the ability of Gunnebo Industrier to expand its operations to new products and spheres of activity, and Gunnebo AB has certain options for terminating the agreement if it is not complied with. If the license agreement with Gunnebo AB were to be terminated, Gunnebo Industrier would no longer be entitled to use the trademark/brand in its own name and for its products, which would have a significant negative impact on Gunnebo Industrier's operations. The agreement remains in effect for 100 years starting in 2005 and is subsequently extended for 100 years at a time unless terminated by Gunnebo Industrier.

Environmental risks

Environmental risks are linked to the risks of damage that the group's operations can cause to the air, water, soil or biological processes. Each producing unit strives continually to prevent environmentally related damage.

IT security

Gunnebo Industrier uses established technological solutions to ensure reliable IT security. Gunnebo Industrier installs enterprise applications for internal benefit and vis-à-vis its partners. When these applications are accessed online, they are protected by firewalls. Gunnebo Industrier regularly calls on external experts to verify its solutions.

Gunnebo Industrier partners with an established backup data centre for its enterprise systems. Gunnebo Industrier regularly tests and verifies that backup systems can be established and made to work.

Note 29 Management of financial risk and sensitivity analysis

Management of financial risk

Gunnebo Industrier's financial operations strive to minimize the group's long-term financing cost, as well as to effectively manage and monitor the group's financial risks.

Gunnebo Industrier's international operations expose it to financial risks due to changes in interest and exchange rates, as well as refinancing and counterparty risks.

Following are the financial risks covered and governed by the financial policy.

- Financing risk: The risk that financing will be lacking or highly unfavourable at a certain point in time
- Liquidity risk: The risk of not having access to liquid assets or unutilized credit facilities to meet payment obligations
- Interest-rate risk: The risk that a lasting change in market rates of interest will affect earnings and cash flow
- Exchange-rate risks: The risk that exchange-rate fluctuations will affect earnings and shareholders' equity
- Credit and counterparty risks: Credit risks vis-à-vis customers and financial counterparties

Fixed interest policy:

Gunnebo Industrier is exposed to interest-rate risks through changes in interest income and expense. Interest-rate risks are managed centrally by the company's finance function. The main purpose of Gunnebo Industrier's management of interest-rate risks is to minimize the detrimental impact of interest-rate fluctuations on interest expense.

Currency policy and exposure:

Gunnebo Industrier's sales and earnings are affected by exchange-rate risks. The company tries first to balance purchases and sales in its transaction currencies (natural hedging) in order to reduce the risk. The company does not hedge the rest of its flow risk. The net assets of foreign subsidiaries are largely hedged by borrowing or by forward agreements in corresponding currencies.

Approximately 30% of Gunnebo Industrier's sales are in the Swedish krona, 20% in the euro, 20% in the U.S. dollar, 15% in the Norwegian krone, and 15% in other currencies. Most of Gunnebo Industrier's costs are in the Swedish krona, euro and U.S. dollar.

Electricity policy:

Gunnebo Industrier's earnings are affected by fluctuations in electricity prices. To minimize the impact, the group has an electricity trading policy that hedges future need by purchasing forward agreements. Normally 60-90% of need is to be hedged for the next 12 months, 25-60% for the next 24 months, 10-40% for the next 36 months and 20% or less for the next 48 months. As of 31 December 2007, Gunnebo Industrier held approximately SEK 9 million in forward agreements for electricity purchases. At year-end, the spot price exceeded the price of a held agreement by more than SEK 1 million.

Financing:

Gunnebo Industrier has credit facilities of SEK 1,050 million. A total of SEK 709 million had been utilized at year-end. The credit facilities have been agreed upon to remain in effect until 1 May 2012 and to guarantee loans at a certain established margin during the term of the agreements. The average interest rate in the loan portfolio at year-end was 4.9%.

Insurance:

Gunnebo Industrier has a group-wide insurance program that includes liability insurance, property and consequential loss insurance, transport insurance, managing director and board of directors liability, and crime against property.

Accounts receivable:

Credit risks are not concentrated with respect to accounts receivable because the group has a large number of customers that are spread out around the world.

Sensitivity analysis
Earnings are affected as follows by changes in certain factors that are important to the group. The calculation assumes that all other factors remain unchanged.

Sales prices
A 1% change in the sales price affects income and earnings after financial items by approximately SEK 20 million.

Payroll overhead
A 1% change in payroll overhead including social security contributions affects earnings after financial items by approximately SEK 5 million.

Steel prices:
Steel is the group's single greatest raw material component. A 10% across-the-board change in steel prices affects earnings by approximately SEK 20 million for the following 12 months.

Zinc prices:
A 10% change in zinc prices affects earnings by approximately SEK 5 million for the following 12 months.

Interest expense:
Based on the average fixed interest term in the group's total loan portfolio as of year-end, a simultaneous 1 percentage point change in all of Gunnebo Industrier's borrowing currencies would affect earnings by approximately SEK 5 million (4) for the following 12 months.

Currencies:
A 10% change in the exchange rate of the Swedish krona vs the group's other currencies would affect earnings after financial items by a total of approximately SEK 15 million (15).

Capital

Financial targets		Outcome		
	Long-term targets	**2007**	2006	2005
Return on capital employed (%)	≥15	18.9	20.5	17.0
Operating margin (%)	≥10	10.2	11.2	9.4
Equity/assets ratio (%)	≥30	32.9	36.7	33.5

See page 6 for a description of financial targets.

Note 30 Events after the reporting date

After the reporting date and until these annual accounts were signed, no significant event or information emerged with respect to conditions, whether favourable or unfavourable to the group or to any of its companies, as of the reporting date or afterwards that require any additional disclosures.

Note 31 Disclosures about the company

The company is a public limited liability company (publ) with its registered office in Kalmar County, Västervik Municipality, Sweden. The company's postal address is SE-590 93 Gunnebo, Sweden. Its corporate identity number is 556324-9183.

The parent company is quoted on the Stockholm Stock Exchange, Nordic List, Mid Cap segment, Industry sector. The group develops, manufactures and markets chain and lifting components, fastening systems for the construction industry, blocks and systems for heavy lifting equipment, traction devices and telescopic ladders.

The Board of Directors and Managing Director assure that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and offer a true and fair representation of the group's performance and financial position. The annual accounts have been prepared in accordance with generally accepted accounting practices and offer a true and fair representation of the parent company's performance and financial position. The management report for the group and parent company offers a true and fair overview of the group's and parent company's operations, performance and financial position, while describing significant risks and uncertainties that the parent company and group companies face.

Gunnebo, 18 February 2008

Bjarne Holmqvist
Chairman

Malin Alfredsson

Göran Danielsson

Carl Gösta Ekström

Mikael Jönsson

Sten Langenius

Ulf Jonsson

Göran Törnvall

Our auditors' report was submitted on 18 February 2008

Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor in charge

Martin Odqvist
Authorized Public Accountant

Auditor's report

To the annual general meeting of Gunnebo Industrier AB (publ)

Corporate identity no. 556324-9183

We have reviewed the annual accounts, consolidated accounts, accounting records and management by the Managing Director and Board of Directors of Gunnebo Industrier AB for 2007. The company's annual accounts are on pages 21-50 of the printed version of this document. The Board of Directors and group CEO are responsible for the accounting records and management, as well as for ensuring compliance with the Swedish Annual Accounts Act when preparing the annual accounts and compliance with International Financial Accounting Standards as adopted by the European Union and the Swedish Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to state our opinion with respect to the annual accounts, the consolidated accounts and management, based on the results of our audit.

The audit has been performed in accordance with generally accepted auditing practices in Sweden. Thus, we have planned and conducted the audit in such a manner as to satisfy ourselves with great but not absolute assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining a selection of the documents supporting the amounts and disclosures in the accounting records. An audit also includes examining the company's accounting policies, as well as the Board of Directors' and Managing Director's compliance with them, assessing the significant estimates that the Board of Directors and Managing Director made when preparing the annual accounts and consolidated accounts, and evaluating the overall data contained in the annual accounts and consolidated accounts. As a basis for our statement granting discharge from liability, we have examined significant decisions, actions and relationships within the company, with a view to determining whether any member of the Board of Directors or the Managing Director may be liable to the company for damages, or may have in any other way acted contrary to the Swedish Companies Act, the Swedish Annual Accounts Act or the company's articles of association. We regard our audit as having provided us with reasonable grounds to state the following.

The annual accounts have been prepared in compliance with the Swedish Annual Accounts Act, and offer a true and fair representation of the company's performance and financial position in accordance with generally accepted accounting practices in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Swedish Annual Accounts Act and offer a true and fair representation of the group's performance and financial position. The management report is consistent with the remaining portions of the annual accounts and consolidated accounts.

We recommend that the annual general meeting adopt the parent company's income statement and balance sheet, as well as the consolidated income statement and balance sheet, appropriate the profit of the parent company in accordance with the proposal in the management report and discharge the members of the Board of Directors and Managing Director from liability for the financial year.

Göteborg, 18 February 2008
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor in charge

Martin Odqvist
Authorized Public Accountant

Five-year summary

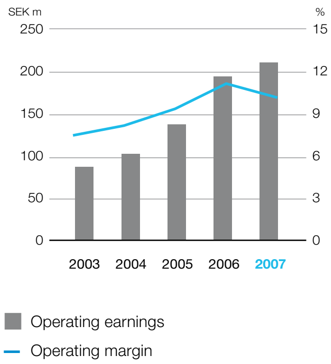
SEK million	2007	2006	2005	2004	2003
Consolidated income statement					
Net sales	**2 065**	**1 727**	**1 491**	**1 240**	**1 144**
Cost of goods sold	-1,435	-1,184	-1,040	-866	-810
Gross profit/loss	**630**	**543**	**451**	**374**	**334**
Other operating expense	-420	-350	-311	-273	-248
Operating profit/loss	**210**	**193**	**140**	**101**	**86**
Net financial income/expense	-33	-24	-15	-18	-20
Profit/loss after financial items	**177**	**169**	**125**	**83**	**66**
Tax	-55	-51	-40	-26	-21
Minority share in profit/loss for the year					-1
Profit/loss for the year	**122**	**118**	**85**	**57**	**44**

Consolidated balance sheet	**31 Dec 2007**	**31 Dec 2006**	**31 Dec 2005**	**31 Dec 2004**	**31 Dec 2003**
Intangible fixed assets	258	88	94	12	12
Property, plant and equipment	401	370	379	345	363
Financial fixed assets	11	15	13	5	5
Inventories	546	456	407	348	315
Current receivables	353	295	262	196	178
Liquid assets	100	71	39	32	24
Total assets	**1,669**	**1,295**	**1,194**	**938**	**897**
Shareholders' equity	549	475	400	298	316
Minority shareholdings					4
Interest-bearing long-term liabilities	719	491	521	94	94
Non-interest-bearing long-term liabilities	58	50	42	17	17
Interest-bearing current liabilities	0	0	1	317	297
Non-interest-bearing current liabilities	343	279	230	212	169
Total liabilities and shareholders' equity	**1,669**	**1,295**	**1,194**	**938**	**897**

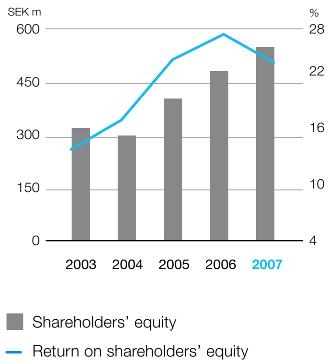
Cash flow statements	**2007**	**2006**	**2005**	**2004**	**2003**
Cash flow from operating activities before changes in working capital	184	189	150	114	98
Changes in working capital	-36	-53	-63	-14	13
Cash flow from operating activities	**148**	**136**	**87**	**100**	**111**
Acquisition and divestment of subsidiaries	-197	1	-96	-2	-30
Net cash flow from other investing activities	-45	-62	-56	-32	-45
Cash flow from financing activities	121	-40	70	-58	-30
Cash flow for the period	**27**	**35**	**5**	**8**	**6**
Liquid assets, including translation differences, at beginning of the period	73	36	34	24	18
Liquid assets at end of the period	**100**	**71**	**39**	**32**	**24**

2004-2007 are reported in accordance with IFRS and 2003 in accordance with recommendations of the Swedish Financial Accounting Standards Council.

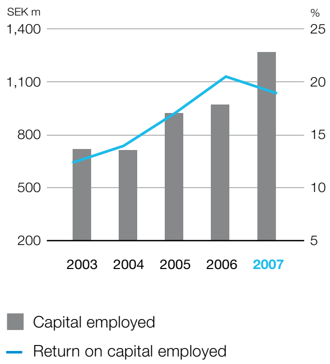
Operating earnings / Operating margin



Shareholders' equity / Return on shareholders' equity



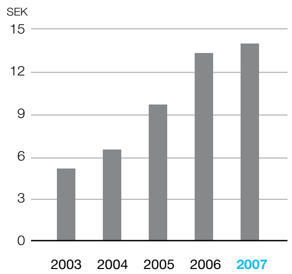
Capital employed / Return on capital employed



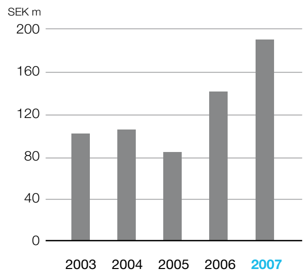
SEK million	2007	2006	2005	2004	2003
Operating cash flow					
Cash flow from operating activities	148	136	87	100	111
Reversal of tax paid and					
net financial income/expense that affects cash flow	87	67	52	37	35
Net investments	-45	-62	-56	-32	-45
Operating cash flow	**190**	**141**	**83**	**105**	**101**
Key ratios					
Return on capital employed (%)	18.9	20.5	17.0	13.9	12.3
Return on shareholders' equity (%)	24.2	27.5	24.6	17.7	14.3
Gross margin (%)	30.5	31.4	30.3	30.2	29.2
Operating margin before depreciation and amortization (%)	13.4	14.6	13.4	12.2	11.7
Operating margin (%)	10.2	11.2	9.4	8.2	7.5
Profit margin (%)	8.6	9.8	8.4	6.7	5.8
Capital turnover rate	1.8	1.8	1.7	1.7	1.6
Equity/assets ratio (%)	32.9	36.7	33.5	31.8	35.7
Interest coverage ratio	6.5	9.0	7.1	5.5	4.2
Debt/equity ratio	1.1	0.9	1.2	1.3	1.1
Other disclosures					
Foreign share of invoicing (%)	78	77	75	72	73
Orders received (SEK million)	2,093.0	1,885.2	1,527.1	1,259.3	1,164.1
Capital employed (SEK million)*	1,267.6	965.2	922.1	708.6	711.5
Net borrowings (SEK million)*	614.0	413.0	475.9	373.5	361.9
Investments (SEK million)	69.5	65.0	58.7	34.3	48.6
Depreciation and amortization (SEK million)	67.6	59.6	59.9	50.5	47.5
Of which, amortization of goodwill (SEK million)					0.6
Average number of employees	1,394	1,241	1,183	1,129	1,116
*At year-end					
Per-share data					
Earnings per share (SEK)	13.96	13.35	9.62	6.42	5.04
Shareholders' equity per share (SEK)	62.60	53.40	44.90	33.50	36.10
Cash flow per share (SEK)	16.80	15.50	9.90	11.40	12.60
Number of shares after bonus issue	8,770,909	8,770,909	8,770,909	8,770,909	8,770 909

2004-2007 are reported in accordance with IFRS and 2003 in accordance with recommendations of the Swedish Financial Accounting Standards Council.

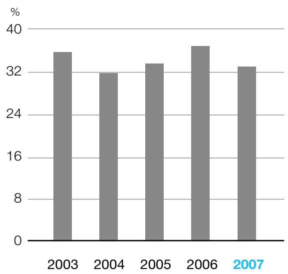
Earnings per share



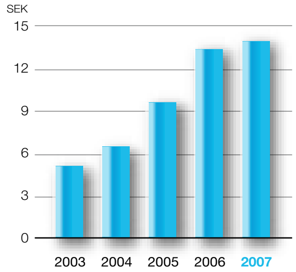
Operating cash flow



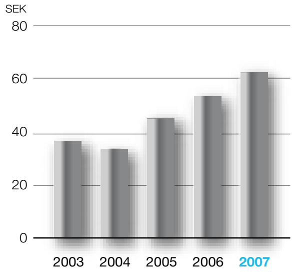
Equity/assets ratio



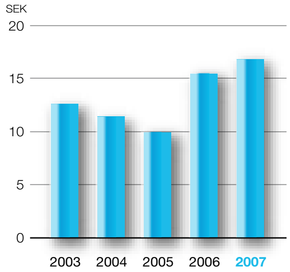
Gunnebo Industrier
Share



Earnings per share



Shareholders' equity per share



Cash flow per share

Since 14 June 2005, the Gunnebo Industrier share has been quoted on the Stockholm Stock Exchange Nordic List, Mid Cap segment, Industry sector. The company was quoted in connection with a dividend from Gunnebo AB to its shareholders.
One trading lot consists of 100 shares, the ticker symbol is GIAB, and the ISIN code is SE0001447723.

Share capital and number of shares

As of 31 December 2007, Gunnebo Industrier had 8,770,909 outstanding shares and share capital of SEK 52,625,454. The quotient value – the ratio between share capital and number of outstanding shares – was 6. Each share entitles the holder to one vote at a general meeting and an equal proportion of the company's assets and earnings.

Share price performance

The highest price paid during the year was SEK 215 (8 February) and the lowest was SEK 135 (17, 19, 20, 21 and 27 December). The share price declined by 25.4% during the year while the SIX General Index declined by 6.9%. Gunnebo Industrier's market capitalization was SEK 1,243 million as of 31 December 2007.

Trading

A total of 1,766,593 shares with a value of SEK 331 million were traded during the year. An average of 7,240 shares, or SEK 1.4 million, were traded per session. The turnover rate was 20%. Based on the market value of free float – which counts only shares deemed available for trading – the turnover rate was 32%.

Shareholders

Gunnebo Industrier had 6,019 shareholders as of 31 December 2007. The 10 biggest shareholders accounted for 74.5% of capital and votes, while the 20 biggest shareholders accounted for 80.8%. Legal entities held 84.9% of the shares and Swedish shareholders 83.3%.

Vätterledens Invest AB and related parties, which are Gunnebo Industrier's biggest shareholder, controlled 23.4% of the capital and votes as of 31 December 2007, followed by the Stena Sphere with 14.0% and If Skadeförsäkring AB with 12.4%

Dividend policy

The Board's long-term policy is that the dividend average approximately one third of the group's annual profit after tax. The 2007 annual general meeting approved a dividend of SEK 5.50 per share. The Board of Directors will propose a dividend of SEK 6.00 per share to the 2008 annual general meeting.

Per-share data	2007	2006
Earnings per share	13.96	13.35
Shareholders' equity per share	62.60	53.40
Cash flow per share	16.80	15.50
Number of shares	8,770,909	8,770,909

Size categories	Number of shareholders	Number of shares	Shareholdings and votes (%)
1 - 100	3,593	154,919	1.77
101 - 500	1,864	458,361	5.23
501 - 1,000	297	234,331	2.67
1,001 - 5,000	185	404,095	4.61
5,001 - 10,000	38	288,111	3.28
10,001 - 50,000	25	645,885	7.36
50,001 -	17	6,585,207	75.08
Total as of 31 Dec 2007	**6,019**	**8,770,909**	**100.00**

Price-related data	2007	2006
Share price at year-end (last price paid) (SEK)	142	196
Highest share price during the year (SEK)	215	199
Lowest share price during the year (SEK)	135	113
Highest share price during the year (last price paid) (SEK)	211	196
Lowest share price during the year (last price paid) (SEK)	135	115
Average share price	188	151
Market capitalization at year-end (SEK million)	1,243	1,719
P/E multiple	10.2	14.7
Dividend yield (%)	4.2	2.8

Biggest shareholders as of 31 Dec 2007	No. of shares	%
Vätterledens Invest and related parties	2,052,490	23.40
Stena Sphere	1,228,044	14.00
IF Skadeförsäkring AB	1,088,720	12.41
Handelsbanken Fonder	557,975	6.36
Odin Fonder	471,406	5.37
Swedbank Robur Fonder	337,256	3.85
BNP Paribas	270,000	3.08
Carnegie Fonder	243,200	2.77
Nordea Bank Finland	162,700	1.85
Aktia Sparbank	126,500	1.44
Clearstream Banking	111,300	1.27
Bjarne Holmqvist	106,266	1.21
Kaupthing Fonder	75,000	0.86
Ture Invest	57,100	0.65
Royal Bank of Canada	50,000	0.57
Fjärde AP-fonden	50,000	0.57
Inter	30,185	0.35
Eskil Johannesson	24,560	0.28
Wasabröd	22,380	0.26
RBC Dexia Investor	21,500	0.25
Total, 20 biggest shareholders	6,538,291	80.80
Total for other shareholders	2,316,229	19.20
Total	**8,770,909**	**100.00**

Changes in share capital

Year / Transaction	Number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quotient value per share (SEK)
2005 Gunnebo Industrier before quotation	499,579		49,957,900	100
2005 Change in quotient value	49,957,900		49,957,900	1
2005 Bonus issue	52,535,934	2,578,034	52,535,934	1
2005 Reverse split 1:6	8,755,989		52,535,934	6
2005 Bonus issue	14,920	89,520	52,625,454	6

Corporate governance

Corporate governance refers to the way in which rights and obligations are allocated among the various parts and functions of the company in accordance with prevailing rules and laws. In practice, it is about the company's system for decision making and the structure through which shareholders govern the company. The purpose is that the company be governed such that it meets the requirements of shareholders in terms of return.

The Swedish Code of Corporate Governance applies to all companies quoted on the Stockholm Stock Exchange with market capitalization greater than SEK 3 billion. The code, which took effect on 1 July 2005, is based on the principle of 'comply or explain,' – in other words, that companies either comply or explain why they are not doing so.

As a listed company on the OMX Nordic Exchange Mid Cap segment and with market capitalization below SEK 3 billion, Gunnebo Industrier is not obligated to comply with the code. Gunnebo Industrier, which has decided to apply certain elements of the code and strive to gradually implement its recommendations, will follow it in its entirety when it becomes mandatory in 2008.

Annual general meeting

The right of shareholders to make decisions concerning Gunnebo Industrier's matters is put into effect at the annual general meeting, which is the highest decision making body of a limited liability company. The meeting elects the Board of Directors and auditors, adopts the annual accounts and consolidated accounts, approves any dividend or other appropriation of profits and decides whether to discharge the Board members from personal liability for the financial year. The meeting also approves new share issues and share-based incentive programmes.

2007 annual general meeting

The 2007 annual general meeting was held on 24 April in Gunnebo, Sweden. The chairman of the meeting was Bjarne Holmqvist.

The 2007 annual general meeting:

- Adopted the annual accounts and consolidated accounts
- Discharged the Board members and group CEO from personal liability for the 2006 financial year
- Approved a dividend of SEK 5.50 per share
- Established a fee for the Board members elected by the meeting of SEK 1,075,000, of which the Chairman was to receive SEK 325,000 and each of the other members was to receive SEK 150,000
- Established that a fee to the members of the various committees of the Board would be payable in the total amount of SEK 150,000, to be divided among the members in accordance with a decision of the Board
- Decided that auditor's fees be payable in accordance with agreements currently in effect
- Re-elected the existing Board and appointed Bjarne Holmqvist as its Chairman
- Adopted rules for the nominating process
- Approved remuneration policies for senior executives

The minutes taken at the meeting are available at www.gunneboindustrier.se.

2008 annual general meeting

The 2008 annual general meeting will be held at Gunnebo Industrier's personalhus (Employee Building) in Gunnebo, Sweden starting at 5 p.m. on 8 May.

Board of Directors

The highest decision making body of Gunnebo Industrier between general meetings is the Board of Directors. The primary task of the Board is to assume responsibility for the company's organisation and management. These duties are governed by the company's articles of association, the formal work plan that the Board adopts each year and the Swedish Companies Act. The formal work plan governs the allocation of responsibility among the Board, its Chairman and the Managing Director. Among the Board's tasks is to adopt strategies, business plans, interim reports and budgets.

The Board has six members elected by each annual general meeting to serve until the next annual general meeting. The annual general meeting also appoints the Chairman of the Board. Gunnebo Industrier's CEO and CFO participated in Board meetings in a reporting function and the latter as secretary as well. Heads of business areas and the Director of Group Communications participated when needed. Six Board meetings were held in 2007.

The Board also visited the Tulsa, Oklahoma plant during the year.

Chairman of the Board

Bjarne Holmqvist was re-elected Chairman of the Board at the 24 April 2007 annual general meeting. The Chairman monitors the company's performance and is responsible for ensuring that the other members regularly receive the information they need to uphold the quality of the Board's work in accordance with the Swedish Companies Act and the company's articles of association.

Committees

The task of the nominating committee is to submit a proposal concerning auditors, the composition of the Board, and fees for the Board and auditors.

The 24 April 2007 annual general meeting decided that Gunnebo Industrier's nominating committee would consist of a representative of each of the three biggest shareholders as of 30 September 2007. The Chairman of the Board is the convener.

The third biggest shareholder is IF Skadeförsäkring AB, which declined participation. As a result, Handelsbanken Fonder, the fourth biggest shareholder, is represented on the nominating committee.

The nominating committee consists of Nils-Olov Jönsson (Vätterledens Invest AB), Martin Svalstedt (Stena Adactum AB) and Joackim Spetz (Handelsbanken Fonder). Bjarne Holmqvist, the Chairman of the Board, is the convener. As of 31 December 2007, Vätterledens Invest represented 23.4%, Stena Adactum 14.0% and Handelsbanken Fonder 6.4% of the votes. Altogether, the nominating committee represents 43.8% of the votes.

The Board of Directors appoints a compensation committee, which deals with issues surrounding the employment and pension terms of senior executives, as well as incentive programmes. The members of the compensation committee are Mikael Jönsson and Göran Danielsson.

The primary task of the audit committee is to follow the work of the external auditors, particularly with respect to internal monitoring. The committee consists of Mikael Jönsson (chairman) and Göran Danielsson. Tor Hansen, Chief Financial Officer, and Bror Frid, Chief Auditor, are co-opted members.

Group CEO and Group Management

The Managing Director, who has operational responsibility for the company's operations, is appointed by and receives instructions from the Board. The group CEO is also responsible for ensuring that Gunnebo Industrier complies with the disclosure obligations that stem from quotation on the Stockholm Stock Exchange.

Christer Lenner, who is the Chief Executive Officer and President, is supported in his work by a Group Management team consisting of the Chief Financial Officer, the Director of Group Communications, the Director of Human Resources, the Group IT Director and the heads of the business areas and business units (see page 64 for the composition of the team).

During the year, Director of Group Communications Tobias Bülow, Director of Human Resources Karl-Johan Kallenberg, IT Director Kenneth Karlsson and the head of the Telescopics business unit Jonas Netterström joined the team.

External audits

Gunnebo Industrier's auditors are elected by the annual general meeting for a four-year term. Their current term began in 2004 and runs until the 2008 annual general meeting. The 2004 chose Öhrlings PricewaterhouseCoopers AB as the company's audit firm. Bror Frid and Martin Odqvist were appointed as auditors in charge, with Mr Frid assigned the primary responsibility. The auditors report to the Board concerning their audits and state their opinion about internal monitoring.

The audit committee served as the preparatory body in contacts between the auditors and the Board. The audit committee held three meetings during the year. The auditors also participated in a Board meeting to report on their audit. In addition to ordinary auditing tasks, Öhrlings PricewaterhouseCoopers assists Gunnebo Industrier primarily by performing reviews at the time of acquisitions. Disclosures about remuneration for the auditors appear in Note 23.

Financial reporting

The Board is responsible for ensuring that the company's finances can be monitored in a satisfactory manner and that financial reports for the market are designed in accordance with the law, requirements and applicable accounting standards. Monthly accounts for the group are prepared and submitted to the Board and Group Management team. Interim, year-end and annual reports are dealt with and issued by the Board.

Board (standing from left to right)
Carl-Gösta Ekström, born 1944
Member since 2005
Other board positions: Member of the boards of Profura AB, IGF AB, Rörbolaget i Stockholm AB and Andersson & Brunius AB.
Number of Gunnebo Industrier shares: 1,000

Ulf Jonsson, born 1957
Member since 2005
Employee representative for the Swedish Trade Union Confederation
Number of Gunnebo Industrier shares: 0

Mikael Jönsson, born 1963
Member since 2005
Head of business area, Vätterledens Invest AB
Other board positions: Member of the boards of Gunnebo AB, Vätterledens Invest AB and subsidiaries, Wipcore AB, Kopparbergs Bryggeri AB, and chairman of the board of SC Communication AB.
Number of Gunnebo Industrier shares: 18,400

Göran Danielsson, born 1962
Member since 2005
Managing Director of Stena Renewable AB
Other board positions: Member of the board of Stena Renewable AB.
Number of Gunnebo Industrier shares: 3,000

Malin Alfredsson, born 1964
Member since 2005
Managing director, Cellwoodgruppen AB
Other board positions: Chairman of Nordea's local board in Eksjö. Member of the boards of Cellwoodgruppen AB and subsidiaries, eksjö.nu, Teknikföretagen Region Öst, the Administrative Board of Jönköping County and the Jönköping County Chamber of Commerce.
Number of Gunnebo Industrier shares: 2,000

Sten Langenius,born 1934
Member since 2005
Other board positions: Chairman of the board of Nordea big bank unit, West Sweden regional bank, and member of the board of Nordic Shelter Solutions Group Oy.
Number of Gunnebo Industrier shares: 8,000

Göran Törnvall, born 1946
Member since 2005
Employee representative for the Negotiation Cartel for Salaried Employees in the Private Business Sector
Number of Gunnebo Industrier shares: 0

Britt-Inger Fröberg, born 1954.
Deputy since 2005, employee representative for the Swedish Trade Union Confederation
Number of Gunnebo Industrier shares: 0

Bjarne Holmqvist, born 1945
Chairman of the Board since 1995.
Former CEO and Managing Director of Gunnebo AB.
Other board positions: Chairman of the boards of Örgryte Industri AB, Wenmec AB, Speed Identity Group and Stiftelsen Chalmers Industriteknik, and deputy chairman of the board of Atlet AB. Member of the board of the Swedish Exhibition Centre Foundation and the German-Swedish Chamber of Commerce.
Number of Gunnebo Industrier shares: 106,266

Göran Eriksson, born 1952
Deputy since 2005.
Employee representative for the Negotiation Cartel for Salaried Employees in the Private Business Sector
Number of Gunnebo Industrier shares: 100

Group Management team
(standing from left to right)
Christer Lenner, born 1947
Chief Executive Officer and President, and
President of the Technical Products business area
Employed since 1985.
Number of Gunnebo Industrier shares: 16,160

Tobias Bülow, born 1971
Director of Group Communications
Employed since 2007
Number of Gunnebo Industrier shares: 0

Tor Hansen, born 1962
Chief Financial Officer
Employed since 2006
Number of Gunnebo Industrier shares: 2,000

Anders Stigwall, born 1948
President of Traction Systems business unit
Employed since 1985
Number of Gunnebo Industrier shares: 0

Karl-Johan Kallenberg, born 1968
Director of Human Resources
Employed since 2007
Number of Gunnebo Industrier shares: 0

Martin Jonsson, born 1946
President of Fastening business area
Employed since 1985
Number of Gunnebo Industrier shares: 100

Jonas Netterström, born 1964
President of Telescopics business unit
Employed since 2006
Number of Gunnebo Industrier shares: 0

Urban Hedman, born 1964
President of Lifting business area
Employed 1990 – 2000, re-employed since 2006
Number of Gunnebo Industrier shares: 0

Kenneth Karlsson, born 1955 (not in the photo)
IT Director
Employed since 2007
Number of Gunnebo Industrier shares: 500

William Shenloogian, born 1944 (not in the photo)
President of Blocks business unit
Employed since 1988
Number of Gunnebo Industrier shares: 0

Auditors (not in the photo)
Bror Frid, born 1957
Authorized Public Account,
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Martin Odqvist, born 1971
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Gross margin Gross profit as a percentage of net sales

Dividend yield Proposed dividend as a percentage of share price as of 31 December 2007

Shareholders' equity per share Shareholders' equity less minority shareholding divided by the number of shares after dilution

Capital turnover rate Net sales in relation to average capital employed

Cash flow per share Cash flow from operating activities divided by the number of shares after dilution

Liquid assets Cash and bank balances, as well as current investments that mature in less than three months after the acquisition date

Net borrowings Interest-bearing liabilities less liquid assets and interest-bearing receivables

Operating cash flow Cash flow from operating activities after investments but before interest paid and tax paid

P/E ratio Share price divided by earnings per share

Return on shareholders' equity Earnings after tax excluding minority shareholding as a percentage of average shareholders' equity

Return on capital employed Operating earnings plus financial income as a percentage of average capital employed

Interest coverage ratio Earnings after financial items plus interest expense divided by interest expense

Operating margin Operating earnings as a percentage of net sales

Operating margin before depreciation and amortization
Operating earnings before depreciation and amortization as a percentage of net sales

Debt/equity ratio Net borrowings divided by the sum of shareholders' equity and minority shareholding

Equity/assets ratio Shareholders' equity including minority shareholding as a percentage of total assets

Capital employed Total assets less interest-free liabilities

Profit margin Earnings after financial items as a percentage of net sales

Earnings per share Earnings after tax excluding minority shareholding divided by the number of shares after dilution

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