

2023

ANNUAL REPORT

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Niscayah Group AB (publ) is a world-leading security partner offering complete security solutions for customers with high security demands. Niscayah's customers are medium-sized and large companies and organizations within banks and financial institutions, industry, defense, health care and retail. Niscayah's services are based on modern technology and include access control, video surveillance, intrusion protection and fire alarm systems. Niscayah has approximately 5,600 employees in 17 countries.

THE YEAR IN BRIEF

-5%

SALES DECREASED BY 5 PERCENT AND AMOUNTED TO MSEK 7,621 (8,009)

+7%

SALES OF SERVICES INCREASED BY 7 PERCENT AND AMOUNTED TO MSEK 3,286 (3,070)

-

WEAK MARKET SITUATION

+

STRENGTHENED CASH FLOW

0,30

PROPOSED DIVIDEND SEK 0.30 PER SHARE

NISCAYAH'S OFFERING

Analysis and design

The starting point for analysis and design is the customer's security strategy and identified risks. Based on the analysis conducted, Niscayah creates the most suitable security solution in conjunction with the customer according to carefully identified needs. Analysis of the customer's security demands is continuously conducted when changes occur in the customer's business, and analysis is also carried out prior to security system upgrades arising from technical developments.

Implementation

The implementation is the execution phase in the security solution that was created in the analysis and design stage. The implementation includes choice of products and security system as well as final installation, which can vary according to the complexity of the design.

System management

Through assuming responsibility for service and maintenance, Niscayah can ensure that the customer receives maintained or enhanced security over time. Upgrades and enhancements take place regularly through presence at the customer or via electronic connection. Training and security enhancing routines are also included so that new modern technology shall deliver maximum customer value.

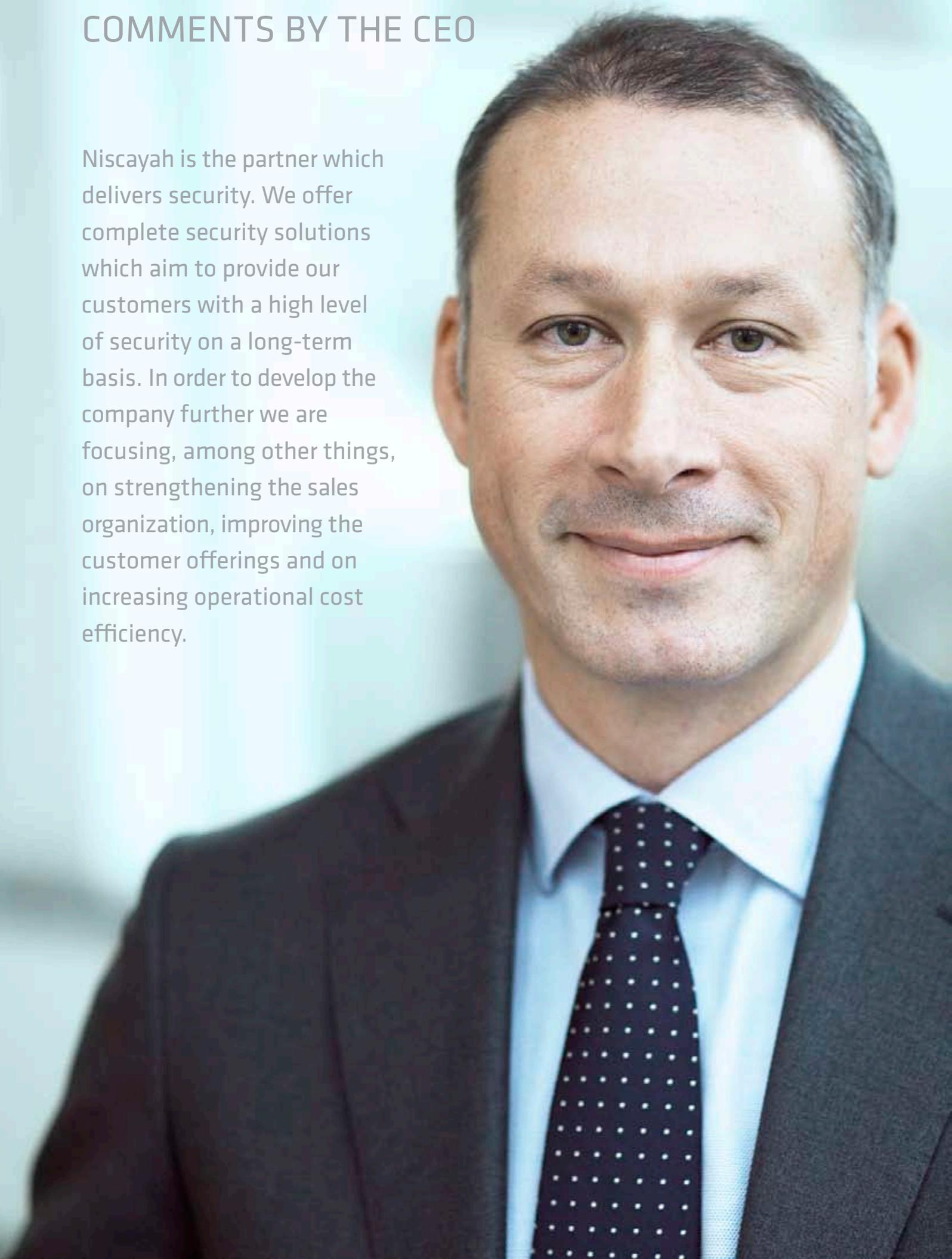
System operations

The customer can outsource operation and monitoring of the security system to Niscayah's security center which handles alarms, video and access control systems and takes the correct measure, based on a defined action plan in the event of incidents. The security center continually evaluates the outcomes of incidents and proposes security improvements.



COMMENTS BY THE CEO

Niscayah is the partner which delivers security. We offer complete security solutions which aim to provide our customers with a high level of security on a long-term basis. In order to develop the company further we are focusing, among other things, on strengthening the sales organization, improving the customer offerings and on increasing operational cost efficiency.





SECURITY IS BECOMING INCREASINGLY important in society today. The risks and threats are increasing in complexity at the same time as most modern companies and organizations are expected to offer openness and accessibility. More shall be produced with

for Niscayah. The global recession resulted in a weak market with low demand and high price competition. It was particularly challenging in Southern Europe and in the US. However, the company adapted to a weaker market climate at an early stage;

New CEO of Niscayah

During my first months at Niscayah, I have had the privilege of visiting all of our major markets, interviewing a large number of staff and not least, meeting many important customers and suppliers. It is obvious to me that Niscayah has an impressive customer base, including, for example many of the leading banks and retail chains. This is a good platform which gives us opportunities to develop our business with advanced and well-defined customer offerings – security solutions creating added value in the customers' day-to-day operations. I also see good opportunities to make the offering clearer within prioritized customer segments.

The deep knowledge that exists within the company has also impressed me. Niscayah's overall experience within the security field is unique worldwide and we shall be better at harnessing this globally.

Focus on sales, customer offering and cost efficiency

I have identified three areas for improvement that we will attach great importance to going forward: sales, customer offering and improving operational efficiency.

Niscayah offers continuously improved possibilities to prevent, monitor and flexibly handle various aspects within the security field.

fewer resources, which means that undesired operational disruptions often have serious consequences. This is the reality for many businesses, but a high level of security over time contributes to reducing the risks of these disruptions. Niscayah offers continuously improved possibilities to prevent, monitor and flexibly handle various aspects within the security area.

We put the technology into its context

Niscayah is characterized by solid experience within security and close customer relationships. We are an important part in the customer's security system through our role as an integrator of different security solutions. Our strength lies in our supplier-independence. We combine the best products in our customer offerings. The cooperation with customers and product suppliers creates possibilities for us to constantly develop smart products to integrate into the best solutions. This is an excellent position for Niscayah – we have the knowledge, the technology and the solid experience required.

Stable results on weak market

The past year has been challenging for both existing and potential customers, and thus

the large-scale restructuring program initiated during fall 2008 has largely countered the reduced demand. Adjusted for non-recurring costs, Niscayah had stable underlying earnings during the year, but since the market is expected to continue to be weak, further efficiency enhancing measures were initiated during the fourth quarter 2009.

Sales decreased by 5 percent during the year and amounted to MSEK 7,621 (8,009), of which, organic sales growth amounted to -12 percent (3). Sales of services increased by 7 percent and amounted to MSEK 3,286 (3,070), of which, the organic sales growth amounted to -1 percent (4). The share of services increased by 5 percentage points

compared with the previous year, which is the result of a conscious investment in sales of services. Niscayah has also focused strongly on an improved cash flow, which has resulted in a significantly lower net debt than the previous year.

INCREASED FOCUS ON SALES. Niscayah is driven by the customers' needs. We have initiated activities in order to become even better at improving customer relationships and at always having the customer in focus. We are now increasing our ambitions within

Niscayah's overall experience within the security field is unique worldwide and we shall be better at harnessing this globally.

our sales force and are making an effort to become more proactive. Niscayah shall always take the initiative and stay one step ahead of the customers.

achieve a more efficient production process. We are also striving to continually build in a long-term service contract into our offerings, generating recurring revenues.

Secure future with Niscayah

There are a lot of very committed employees within Niscayah and a solid competence within security systems. With a stable customer base and greater focus on packaged security solutions, we are well-equipped for the future.

It must be easy for the customer to see the value in what we deliver.

IMPROVED AND STANDARDIZED CUSTOMER OFFERING. Another prioritized area is to be better at capitalizing on our global knowledge and create distinct products and customer offerings, on the basis of what generates added value for the customer. It must be easy for the customer to see the value in what we deliver. We are working on developing concepts and platforms, all in order to have more satisfied customers and to

SIMPLIFICATION AND STANDARDIZATION OF THE OPERATIONS. We are also prioritizing simplification of our operational procedures and on making our job easier and more distinct. Simplification and standardization are keywords for how we shall work within Niscayah. It is about minimizing work which does not create value and focusing on working smarter to continually improve the operations and to reduce costs.



Håkan Kirstein

President and CEO since March 1, 2010

THE SHARE AND OWNERSHIP

Niscayah Group AB's (publ) share has been listed on NASDAQ OMX Stockholm's Mid Cap list since September 29, 2006. The market value at year-end 2009 was approximately SEK 5.4 billion.

The share

Niscayah Group AB's share is traded on NASDAQ OMX Stockholm's Mid Cap list, under the ticker NISC. The share's average daily turnover during 2009 was SEK 10,642,742 (B share) and the share price at the end of the period was SEK 14.85. On April 22, 2008, the change of name to Niscayah was carried into effect, from Securitas Systems previously.

The Shareholders

Niscayah Group AB has just over 20,000 shareholders. The ten largest shareholders accounted for approximately 45 percent of the ownership as at December 31, 2009.

Dividend policy

The board of directors applies a dividend policy which implies that the yearly dividend level – adjusted to the company's earnings, financial position and other factors that the board of directors considers relevant – should normally correspond to 40–50 percent of the operation's free cash flow¹.

¹ The operation's free cash flow (operating profit after depreciation with reversal of all depreciation and acquisition related restructuring expenses minus investments in non-current assets excluding acquisition of subsidiaries), change in trade receivables and change in other operating capital employed adjusted by financial income and expenses paid and income tax paid.

SHARE DEVELOPMENT SEPTEMBER 2006 – FEBRUARY 2010



Share distribution in order of size

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	NUMBER OF A SHARES	NUMBER OF B SHARES	HOLDING, %	VOTES, %
1-500	14,174	0	2,392,270	0.66	0.46
501-1,000	2,842	0	2,446,591	0.67	0.47
1,001-5,000	3,089	0	7,846,214	2.15	1.51
5,001-10,000	581	0	4,626,566	1.27	0.89
10,001-15,000	125	0	1,598,876	0.44	0.31
15,001-20,000	105	0	1,930,808	0.53	0.37
20,001-	451	17,142,600	327,074,972	94.29	95.99
Total as at December 31, 2009	21,367	17,142,600	347,916,297	100.00	100.00

The ten largest owners (owner aligned)

NAME	NUMBER OF A SHARES	NUMBER OF B SHARES	HOLDING, %	VOTES, %
Douglas family, including companies	12,642,600	30,537,500	11.83	30.22
Melker Schörling AB	4,500,000	20,963,847	6.98	12.70
Swedbank Robur fonder	0	28,613,604	7.84	5.51
SEB Investment Management	0	20,438,810	5.60	3.94
Didner & Gerge Fonder Aktiefbolag	0	14,052,807	3.85	2.71
Government of Norway	0	7,014,015	1.92	1.35
Manticore	0	6,482,061	1.78	1.25
Livförsäkrings AB Skandia	0	6,356,916	1.74	1.22
Handelsbanken Fonder	0	6,259,981	1.71	1.21
Skandia fonder	0	5,439,260	1.49	1.05
Total as at December 31, 2009	17,142,600	146,158,801	44.73	61.15

Source: Euroclear Sweden AB.

Data per share

	2009	2008
Market price at the end of the period, SEK	14.85	6.65
Profit after tax, SEK	0.87	-1.21
Number of outstanding shares	365,058,897	365,058,897
Average number of shares	365,058,897	365,058,897
Proposed dividend, SEK	0.30	0.30
Dividend as % of profit after tax	34	n/a
Highest/lowest price paid, SEK	17.90/5.85	23.00/5.75
Yield, %	2.0	4.5
Net asset value per share, SEK	5.60	5.3
P/E-ratio	17	-6
Turnover rate, %	63	80
Number of shareholders	21,367	20,509

Share facts

Listing: NASDAQ OMX Stockholm's Mid Cap list, since September 29, 2006.

Niscayah A shares: 10 votes per share.

Niscayah B shares: 1 vote per share.

Share capital: SEK 365,058,897 distributed between a total of 365,058,897 shares.

Definitions

Profit after tax: Net profit for the year attributable to shareholders in the parent company in relation to the number of shares.

Dividend as % of profit after tax: The proposed dividend for the year as a percentage share of profit after tax.

Yield: Dividend in relation to the share price at the end of the year.

Net asset value per share: Equity in relation to the number of outstanding shares.

P/E ratio: The share price at the end of the year in relation to earnings per share after tax.

Turnover rate: Turnover during the year in relation to the average market value during the period.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and President of Niscayah Group AB, corporate identity number 556436-6267, with registered office in Stockholm, hereby submit the financial statements for the fiscal year 2009.

Ownership

The total number of shares in Niscayah Group AB amounts to 365,058,897 shares, distributed between 17,142,600 class A shares, and 347,916,297 class B shares. The number of shareholders at year-end 2009/2010 totaled 21,367 (20,509 previous year-end). The A share carries ten votes and the B share carries one vote. Three owners, Säkl, Investment AB Latour and Melker Schörling AB own all A shares. The B share has been listed on NASDAQ OMX Stockholm's Mid Cap list since September 29, 2006.

Generally regarding the operations

Niscayah Group AB (publ) is a world-leading system integrator within security offering complete security solutions for clients with high security demands in market segments such as banks and financial institutions, industry, defense, healthcare and retail. Niscayah's services are based on modern technology and include access control, video surveillance, intrusion protection and fire alarm systems. Niscayah operates in 14 European countries and in the US, Hong Kong and Australia.

Niscayah's sales consist of integration/installation of security systems (approx. 57 percent), as well as services and after-sales services related to systems in the form of maintenance, surveillance, alarm services, security centers and other customer service functions (approx. 43 percent).

Niscayah's operations are divided into two different segments:

- US/UK/ Ireland
- Mainland Europe (Europe excluding UK and Ireland)

Sales and revenue Group

Figures in parenthesis refer to the preceding year.

Sales decreased by 5 percent to MSEK 7,621 (8,009) during 2009, of which, organic sales growth amounted to -12 percent (3). Sales were positively impacted by changes in foreign exchange rates of MSEK 471 (108). Sales of services increased by 7 percent to MSEK 3,286 (3,070), of which, the organic sales growth of services amounted to -1 percent (4). The sales mix between sales of implementation projects and sales of services has changed during 2009, of which the share of services amounted to 43 percent (38).

Operating profit decreased by 8 percent to MSEK 493 (537¹) and the operating margin decreased to 6.5 percent (6.7). Non-recurring costs of MSEK 103 have impacted the operating margin negatively by 1 percentage point. Non-recurring costs are apportioned as cost of goods sold of MSEK 41 and selling and administrative expenses of MSEK 62.

Operating profit was positively impacted during 2009 by changes in foreign exchange rates amounting to MSEK 15 (23).

Net financial items for 2009 amounted to MSEK -33 (-138). Changes in foreign exchange rates impacted net financial items by MSEK 25 (-12).

The tax expense for 2009 amounted to MSEK 140 (74), which gave an annual tax rate of 30.5 percent (34.4). The tax expense for 2008 includes adjustments of previous years' tax expense of MSEK 18 and other items of MSEK 13, see note 10.

Net profit for 2009 increased by MSEK 760 to MSEK 320 (-440). Earnings per share amounted to SEK 0.87 (-1.21).

CONDENSED CONSOLIDATED INCOME STATEMENT

January-December, MSEK	2009	2008
Sales	7,621	8,009
<i>Sales growth, %</i>	-5	10
Operating profit	493	537 ¹
<i>Operating margin, %</i>	6.5	6.7 ¹
Profit before tax	460	-366
Net profit for the year	320	-440
Earnings per share, SEK	0.87	-1.21
Capital employed	3,149	3,734
Return on capital employed	17	14 ¹
Return on equity	16	15 ¹

¹ Excluding costs of the restructuring program and impairment losses of goodwill.

Mainland Europe

Sales decreased by 3 percent to MSEK 5,996 (6,172) during 2009, of which, -10 percent was organic growth. Sales of services increased by 4 percent during the period to MSEK 2,701 (2,587), of which, -2 percent was organic growth. Sales of implementation projects decreased during the period by 10 percent (+14), which resulted in weakened sales growth, of which -16 percent (6) was organic growth.

The sales mix between sales of implementation projects and sales of services has altered during the period, of which the share of services amounted to 45 percent (42).

The operating margin totaled 9.8 percent (9.3).

Non-recurring costs of MSEK 66 have impacted the operating margin negatively by 1.1 percentage points.

Changes in foreign exchange rates have resulted in a positive currency effect of MSEK 334 on sales and MSEK 16 on operating profit compared with the same period of the previous year.

THE MAINLAND EUROPE SEGMENT IN SUMMARY

January-December, MSEK	2009	2008
Sales	5,996	6,172
<i>Sales growth, %</i>	-3	13
Operating profit	587	576 ¹
<i>Operating margin, %</i>	9.8	9.3 ¹
Operating capital employed	383	798
<i>Operating capital employed as a % of sales</i>	6	14
Capital employed	1,968	2,439

¹ Excluding costs of the restructuring program and impairment losses of goodwill.

US/UK/Ireland

Sales decreased by 12 percent to MSEK 1,562 (1,774) during 2009, of which, -21 percent was organic growth. Sales of services increased by 21 percent during the period to MSEK 585 (483), of which, 8 percent was organic growth.

Sales of implementation projects decreased by 19 percent (0) during the period, which resulted in weakened sales growth, of which -27 percent (-2) was organic growth. The sales mix between sales of implementation projects and sales of services has altered during the period, of which the share of services amounted to 37 percent (27).

The operating margin totaled 2.4 percent (5.3). Non-recurring costs of MSEK 7 have impacted the operating margin negatively during 2009 by 0.4 percentage points.

Changes in foreign exchange rates have resulted in a positive currency effect of MSEK 125 on sales and a positive currency effect of MSEK 2 on operating profit (EBIT) compared with the previous year.

THE US/UK/IRELAND SEGMENT IN SUMMARY

January–December, MSEK	2009	2008
Sales	1,562	1,774
Sales growth, %	-12	2
Operating profit	37	93 ¹
Operating margin, %	2.4	5.3 ¹
Operating capital employed	83	221
Operating capital employed, as a % of sales	5	13
Capital employed	881	1,053

¹ Excluding costs of the restructuring program and impairment losses of goodwill.

The number of employees

The average number of employees in the Niscayah Group amounted to 5,578 (6,270) in 2009, of which 7 have been added through acquisitions.

Cash flow

Cash flow from operating activities has increased during the period and amounted to MSEK 943 (511) as a result of a positive trend in the operating capital employed. The cash flow has been impacted by costs related to the restructuring program of MSEK 163 (48). Cash flow from investing activities amounted to MSEK -163 (-332), of which MSEK 142 (167) refers to investments in operating non-current assets. The decline in sales volumes pertaining to implementation projects, combined with a focus on outstanding trade receivables and inventories, contributed to a significant decrease in operating capital employed. Acquisitions of subsidiaries/operations have had an impact of MSEK 20 (165) on the cash flow. The cash flow for the period amounted to MSEK 158 (-73).

Financing and liquidity

Niscayah's ongoing financing needs and strategic growth are secured by the group's principal credit facility, Multicurrency Revolving Facility, which amounts to MSEK 3,000 in total, of which MSEK 760 has a remaining term of two years and MSEK 2,240 has a remaining term of four years. Outstanding loans amounted to MSEK 1,479 (1,996) as at December 31, 2009 and are denominated in Swedish kronor, euro and US dollars.

The group's net debt decreased significantly during the year and amounted to MSEK 1,093 (1,798) as at December 31, 2009 and the equity amounted to MSEK 2,056 (1,937).

The Group's financial net amounted to MSEK -33 (-138) during 2009, of which effects from changes in foreign exchange rate in relation to the Swedish krona amounting to MSEK 25 (-12) had a positive impact on the financial net. The foreign exchange rate effects are primarily related to the group's internal lending is utilized in the subsidiaries' local currency. The group's interest rate exposure, which entirely relates to the group's credit facility, is managed by the use of interest rate swap agreements whose market valuation effects are included in the group's net interest income. As of December 31, 2009, the average fixed interest term was 19.9 months (14.2).

Significant events during the fiscal year

Restructuring program

The restructuring program which commenced during the fourth quarter 2008 is proceeding as planned. Annual savings from the program, including the non-recurring personnel-related expenses charged during the second quarter 2009, are expected to amount to approximately MSEK 400. The full effect of the savings will be achieved from the first quarter 2010. The cash flow has been negatively impacted by expenses related to the restructuring program of MSEK 163 (48) during the period.

Guidelines for remuneration to senior executives

The annual general meeting on April 21, 2009 resolved to adopt guidelines for remuneration to senior executives as follows.

The basic principle is that remuneration and other terms of employment for senior executives shall be commercially competitive in order to ensure that the Niscayah Group can attract and retain qualified senior executives. The total remuneration to senior executives shall consist of basic salary, variable remuneration, pension and other benefits. e.g. company car.

In addition to a fixed annual salary, the group management can also receive variable salary, which shall be based on the outcome in relation to the earnings targets (and in certain cases other key ratios) within the individual area of responsibility. Variable salary shall correspond to a maximum of 75 percent of the fixed yearly salary for the CEO and 60–75 percent of the fixed yearly salary for other persons in the group management.

The company's obligations in respect of variable salary were estimated to have cost the company a maximum of MSEK 6 (10) in the event of a full outcome for the current members of the group management during 2009.

Apart from the above mentioned variable remuneration resolved upon, share-related or share-price related incentive programs can arise from time to time.

Pension entitlements for senior executives shall apply from 65 years at the earliest. The pension plans for the management shall mainly be defined contribution plans. Other benefits, e.g. extra health insurance or corporate health care, shall be paid to the extent that they are assessed as being commercially competitive for senior executives in equivalent positions on the labor market where the executive operates.

In the event of termination by the company, the notice period for all senior executives shall be a maximum of 12 months and a maximum of 24 months for the CEO. Termination benefits may be payable after the end of the notice period to a maximum of 12 monthly salaries. If notice is given by individuals, a notice period of a maximum of 6 months shall apply and no termination benefits are payable.

These guidelines shall cover the persons who were part of the group management during the period in which the guidelines applied. The guidelines apply to agreements entered into after the resolution of the annual general meeting, and in cases where changes are made to existing agreements after this time. The board of directors shall have the right to depart from the guidelines if special grounds exist in a particular case.

No changes in the guidelines for remuneration to senior executives are proposed to the annual general meeting 2010.

Shareholders' equity

Shareholders' equity amounted to MSEK 2,056 (1,937) as at December 31, 2009.

Events of material importance which occurred after the expiry of the fiscal year

Changes in the Group Management

Håkan Kirstein, President and CEO, took over as CEO of the company on March 1, 2010. Juan Vallejo resigned as President and CEO on February 28, 2010.

Research and development operations

Niscayah does not conduct any product development under its own management with the exception of PACOM in Australia which mainly develops intrusion alarm systems that communicate in the customer's network. PACOM has been among the leaders within this segment for more than 10 years. The products are particularly suitable for customers within the prioritized segments – banks and financial institutions as well as retail chains. PACOM's product development expenses totaled MSEK 12 (14) during 2009.

Niscayah has conducted a knowledge improvement project (LUSAK) at the University of Lund since 2006, in collaboration with the product supplier Assa Abloy and the technology company Axis Communication. The aim of the research project is to increase knowledge of new trends and increase understanding of future markets and services within the security industry.

Risks and uncertainties

Niscayah's risk exposure may be divided into three main categories, operational risk, financial risk and acquisition risk. The operational risks are related to Niscayah's service offering and day-to-day operations and consequently they are handled locally by the subsidiaries based on company-wide policies and principles. The

financial risk management is centralized and is managed on an ongoing basis by the group's internal bank, Group Treasury based on established mandates. Acquisition risk arises in connection with acquisitions of new operations where the locally existing subsidiary or appointed management identify and define the risks during the acquisition process and subsequently these risks are managed locally, whereas follow up takes place on a group basis.

Operational risks

Niscayah's risk exposure in connection with the day-to-day operations is principally attributable to strategic and legal risks linked to customer assignments such as delivery commitments, credit risks and liability risks in connection with execution of implementation projects and service assignments. Niscayah's operational risk management aims to limit the number of indemnifications from a reputation and financial perspective and managed on the basis of the group's common operational risk analysis model. The model focuses on important aspects of contract management as well as on the entire business cycle with the aim of establishing risk awareness and preventive measures and the objective is to prevent financial as well as business related losses and protect customers and employees in particular. Continuous evaluation is part of the negotiation and contract writing process where the risk is mainly that the future delivery and installation does not correspond to the customer's expectation (project assignment) or occurrence of personal injury in connection with the project.

Insurance solutions are utilized to limit any negative financial effects arising from indemnifications particularly related to liability issues and property damages. All of the group's common insurance programs are managed and procured centrally in order to gain a common view and scale benefits. The group's insurance programs mainly consist of; General Product and Liability insurance, Directors' and Officers' Liability Insurance, Crimes Insurance and Employment Practice Liability Insurance. Based on local requirements and country specific risk exposure, it has been defined on a group basis which local insurance cover is mandatory and which insurance cover should be considered by subsidiaries at a local level.

Financial risks

Niscayah's financial risk exposure is largely related to the financial operations which has the overall objective of supporting the business operations by securing financing, liquidity management and limitation of the financial risk exposure. The financial risk exposure primarily consists of foreign exchange risk, interest rate risk, liquidity risk and refinancing risk in connection with the group's funding and current operations. All financial risk management is conducted in line with established policies and guidelines defining the mandate for the group's internal bank, Group Treasury and the subsidiaries.

For further information see note 3, Financial risk management.

Acquisition risks

Niscayah has, since its listing on the stock exchange, completed several acquisitions and has a declared acquisition strategy going forward. All acquisitions

are carried out in accordance with the group's policies and guidelines which define the process as well as responsibilities. Integration of a newly acquired operation involves risks such as lower profitability or greater risk exposure and/or higher costs that expected.

For information pertaining to acquisitions completed during 2009 see Information regarding acquisitions, below.

Environmental information

Niscayah Group AB conducts operations requiring permits through the Swedish subsidiary Niscayah AB and holds environmental licenses for some of its products.

Foreign affiliates

Niscayah Group AB does not conduct any operations through foreign affiliates.

Information regarding acquisitions

Niscayah expanded in Holland during 2009 by acquiring the company, Secuvisio Video & Security Solutions B.V. The acquired company, Secuvisio Video & Security Solutions B.V made a marginal contribution to sales and operating profit during 2009. See note 12 for additional information regarding the acquisition.

Parent Company

Net sales for Niscayah Group AB during the period amounted to MSEK 252 (187). Profit after net financial items totaled MSEK 294 (-372) during the period. Cash and cash equivalents amounted to MSEK 168 (123). During the period, the parent company has invested MSEK 16 (383) in shares in subsidiaries and SEK 17 (16) in other non-current assets.

Dividend

The board of directors has resolved to propose a dividend of SEK 0.30 per share to the annual general meeting. The dividend is expected to amount to approximately MSEK 109.5 (109.5) in total. The board of directors makes the assessment that the proposed dividend will allow scope for the group to fulfil its obligations and carry out necessary investments.

Accounting policies

The group applies international accounting standards, International Financial Reporting Standards, IFRSs and Niscayah Group AB complies with recommendations issued by the Swedish Financial Reporting Board. More detailed information can be found in note 1.

Expectations regarding the future trend

During 2010, we will continue to prioritize margins over growth. The market is expected to be characterized by continued weak demand.

Proposed appropriation of profits

The Annual General Meeting has at its disposal the following profits in the Parent Company

SEK

Retained earnings	6,488,417,339
Net profit for the year	138,735,922
Total	6,627,153,261

The Board of Directors proposes that:

To be distributed to the shareholders (365,058,897 shares x SEK 0.30)	109,517,669
To be carried forward	6,517,635,592
Total	6,627,153,261

The Board of Directors' statement concerning the proposed dividend

After the proposed dividend, the company's equity/assets ratio amounts to 74.7 percent. Considering that the company's operations continue to be run with profitability, the company's equity/assets ratio is satisfactory. Liquidity in the company is deemed to be maintainable on a similarly satisfactory level. The board's opinion is that the proposed dividend will not hinder the company in fulfilling its short and long-term obligations, nor from making necessary investments. The proposed distribution can thereby be justified with reference to the provisions of the Swedish Companies Act, chapter 17:3, paragraphs 2-3 (the prudence rule).

As regards the company's results and position in general, refer to the following income statements and balance sheets with accompanying notes to the financial statements.

The Board of Directors and the President affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS as adopted by the EU and provide a true and fair view of the group's financial position and results of operations. The financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the parent company's financial position and results of operations.

The statutory Administration Report for the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 17, 2010

Jorma Halonen
Chairman of the Board

Carl Douglas
Board member

Tomas Franzén
Board member

Eva Lindqvist
Board member

Anders Böös
Board member

Ulrik Svensson
Board member

Laila Lindberg
Employee representative

Mikael Olsson
Employee representative

Juan Vallejo
Board member

Håkan Kirstein
President

Our audit report was submitted on March 18, 2010

PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

January–December, MSEK	Note	2009	2008
Revenue	5	7,621.0	8,009.0
Cost of goods sold	6, 7, 8	-5,019.1	-5,401.1
Gross profit		2,601.9	2,607.9
Selling and administrative expenses	6, 7, 8	-2,109.2	-2,836.2
Operating profit		492.7	-228.3
Financial income		171.0	201.5
Financial expenses		-203.6	-339.3
Net financial items	9	-32.6	-137.8
Profit before tax		460.1	-366.1
Income taxes	10	-140.4	-73.6
Net profit for the year		319.7	-439.7
Attributable to:			
The parent company's shareholders		318.9	-440.4
Minority interest		0.8	0.7
Earnings per share for profit attributable to the parent company's shareholders during the year, (expressed in SEK per share)	11	319.7	-439.7
before dilution		0.87	-1.21
after dilution		0.87	-1.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January–December, MSEK	Note	2009	2008
Net profit for the year		319.7	-439.7
Actuarial gains and losses		14.2	-21.0
Foreign exchange differences		-105.4	86.2
Other comprehensive income for the year, net after tax	10	-91.2	65.2
Total comprehensive income for the year		228.5	-374.5
Attributable to:			
The parent company's shareholders		228.1	-376.2
Minority interest		0.4	1.7
Total comprehensive income for the year		228.5	-374.5

CONSOLIDATED BALANCE SHEET

December 31, MSEK	Note	2009	2008
ASSETS			
Non-current assets			
Goodwill	12, 13	2,196.1	2,246.1
Other intangible assets	12, 14	410.8	409.8
Property, plant and equipment	15	300.9	381.7
Non-current financial assets		7.8	6.7
Non-current receivables	16	16.8	20.8
Deferred tax assets	17	77.5	103.9
Total non-current assets		3,009.9	3,169.0
Current assets			
Inventories		263.6	315.4
Trade receivables	18	1,558.7	2,094.9
Tax receivables		22.2	55.3
Other receivables	19	730.3	882.1
Short-term financial assets	20, 21	0.0	0.3
Cash and cash equivalents	22	511.2	356.4
Total current assets		3,086.0	3,704.4
TOTAL ASSETS		6,095.9	6,873.4
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to the parent			
Share capital	23	365.1	365.1
Share premium	23	0.1	0.1
Other reserves		14.1	119.1
Retained earnings including net profit for the year		1,668.4	1,444.8
Total capital attributable to the parent company's shareholders		2,047.7	1,929.1
Minority interest		7.8	7.4
Total equity		2,055.5	1,936.5
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	24	1,498.1	2,042.8
Other non-current liabilities		4.8	0.0
Deferred tax liabilities	17	157.7	160.4
Provisions for pensions	25	82.4	95.4
Other provisions	26	51.4	89.8
Total non-current liabilities		1,794.4	2,388.4
Current liabilities			
Short-term financial liabilities	21, 24	114.2	118.2
Trade payables		580.7	751.1
Tax liabilities		47.7	27.4
Other current liabilities	28	1,460.8	1,475.6
Other provisions	27	42.7	176.2
Total current liabilities		2,246.0	2,548.5
TOTAL EQUITY AND LIABILITIES		6,095.9	6,873.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

MSEK	Share capital	Share premium	Reserves ¹	Retained earnings including net profit for the year	Total	Minority interest	Total equity
Opening equity at January 1, 2008	365.1	0.1	33.9	2,088.7	2 487.8	5.7	2,493.5
Comprehensive income							
Net profit for the year	-	-	-	-440.4	-440.4	0.7	-439.7
Actuarial gains and losses	-	-	-	-21.0	-21.0	0.0	-21.0
Exchange differences	-	-	85.2	-	85.2	1.0	86.2
Total comprehensive income	-	-	85.2	-461.4	-376.2	1.7	-374.5
Transactions with shareholders							
Dividend	-	-	-	-182.5	-182.5	-	-182.5
Closing equity at December 31, 2008	365.1	0.1	119.1	1,444.8	1 929.1	7.4	1,936.5

EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

MSEK	Share capital	Share premium	Reserves ¹	Retained earnings including net profit for the year	Total	Minority interest	Total equity
Opening equity at January 1, 2009	365.1	0.1	119.1	1,444.8	1,929.1	7.4	1,936.5
Comprehensive income							
Net profit for the year	-	-	-	318.9	318.9	0.8	319.7
Actuarial gains and losses	-	-	-	14.2	14.2	0.0	14.2
Exchange differences	-	-	-105.0	-	-105.0	-0.4	-105.4
Total comprehensive income	-	-	-105.0	333.1	228.1	0.4	228.5
Transactions with shareholders							
Dividend	-	-	-	-109.5	-109.5	-	-109.5
Closing equity at December 31, 2009	365.1	0.1	14.1	1,668.4	2,047.7	7.8	2,055.5

¹ Reserves, MSEK	2009	2008
Opening reserves	119.1	33.9
Exchange difference from foreign	-137.4	115.0
Exchange differences from net foreign investment, net after tax	32.4	-29.8
Closing reserves	14.1	119.1

CONSOLIDATED STATEMENT OF CASH FLOWS

December 31, MSEK	Note	2009	2008
Cash flows from operating activities			
Profit after financial items		460.1	-366.1
Adjustments for items not included in the cash flow, etc.	31	212.3	1 005.7
Income taxes paid		-66.4	-189.1
Cash flow from operating activities before changes in working capital		606.0	450.5
Cash flows from changes in working capital			
Decrease (+), Increase (-) in inventories		46.2	-15.9
Decrease (+), Increase (-) in operating receivables		625.5	-106.1
Decrease (-), Increase (+) in operating liabilities		-334.5	182.3
Cash flow from operating activities		943.2	510.8
Cash flow from investing activities			
Acquisition of subsidiaries	31	-20.0	-164.6
Purchase of intangible assets		-77.2	-44.5
Purchase of property, plant and equipment		-65.3	-123.1
Cash flow from investing activities		-162.5	-332.2
Cash flow from financing activities			
Dividends to shareholders		-109.5	-182.5
Change in borrowings		-512.8	-69.1
Cash flow from financing activities		-622.3	-251.6
Increase/Decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	22	356.4	401.9
Exchange differences in cash and cash equivalents		-3.6	27.5
Cash and cash equivalents at year-end	22	511.2	356.4

THE PARENT COMPANY'S INCOME STATEMENT

January–December, MSEK	Note	2009	2008
Net sales	43	252.5	187.3
Other operating expenses	35, 36	-108.8	-110.3
Operating profit		143.7	77.0
Profit from financial items			
Profit from participations in group companies	37	159.7	-413.4
Other interest income and similar profit/loss items	37	120.8	124.7
Interest expenses and similar profit/loss items	37	-129.8	-160.4
Profit after financial items		294.4	-372.1
Appropriations	38	-93.9	-29.3
Profit before tax		200.5	-401.4
Tax on net profit for the year	39	-61.8	-46.3
Net profit for the year		138.7	-447.7

THE PARENT COMPANY'S BALANCE SHEET

December 31, MSEK	Note	2009	2008
ASSETS			
Non-current assets			
Intangible assets	40	32.0	16.0
Property, plant and equipment	41	0.6	0.8
Financial assets			
Participations in group companies	34	7,089.3	7,073.4
Receivables from group companies	43	1,521.0	1,633.1
Deferred tax receivable		2.9	-
Total non-current assets		8,645.8	8,723.3
Current assets			
Current receivables			
Current receivables at group companies		644.4	657.6
Prepaid expenses and accrued income		22.4	27.8
Tax assets		-	17.9
Other receivables		0.2	0.2
Total current receivables		667.0	703.5
Derivative instruments		-	0.3
Cash and cash equivalents	42	168.2	122.8
Total current assets		835.2	826.6
TOTAL ASSETS		9,481.0	9,549.9
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	46	365.1	365.1
Statutory reserve		20.3	20.3
Retained earnings		6,488.4	7,013.2
Net profit for the year		138.7	-447.7
Total equity		7,012.5	6,950.9
Untaxed reserves	38	240.1	146.2
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	44	1,478.7	1,995.7
Liabilities to group companies		24.4	21.9
Other provisions		6.7	8.3
Total non-current liabilities		1,509.8	2,025.9
Current liabilities			
Liabilities to credit institutions	44	0.0	0.0
Trade payables		16.0	16.4
Derivative instruments		26.7	15.2
Liabilities to group companies		578.1	335.5
Current tax liabilities		32.6	0.0
Other liabilities		25.1	39.5
Accrued expenses and prepaid income		38.5	18.7
Other provisions		1.6	1.6
Total current liabilities		718.6	426.9
TOTAL EQUITY AND LIABILITIES		9,481.0	9,549.9
Pledged assets and contingent liabilities for the parent company			
Pledged assets	45	-	-
Contingent liabilities	45	283.3	503.6

THE PARENT COMPANY'S CHANGES IN EQUITY

MSEK	RESTRICTED EQUITY		NON-RESTRICTED EQUITY				Total equity
	Share capital	Statutory reserve	Fair value reserve	Share premium reserve	Retained earnings	Net profit for the year	
Opening equity at January 1, 2008	365.1	0.1	-43.5	20.2	6,953.3	316.1	7,611.3
Appropriation of profits	-	-	-	-	316.1	-316.1	0.0
Translation differences from net foreign investments	-	-	-41.4	-	-	-	-41.4
Taxes attributable to items recognized directly in equity	-	-	11.6	-	-	-	11.6
Total capital changes recognized directly in equity	0.0	0.0	-29.8	-	316.1	-316.1	-29.8
Group contribution paid	-	-	-	-	-0.3	-	-0.3
Net profit for the year	-	-	-	-	-	-447.8	-447.8
Total capital changes, excl. transactions with the company's owners	0.0	0.0	-29.8	-	315.8	-763.9	-477.9
Dividend	-	-	-	-	-182.5	-	-182.5
Closing equity at December 31, 2008	365.1	0.1	-73.3	20.2	7,086.6	-447.8	6,950.9

MSEK	RESTRICTED EQUITY		NON-RESTRICTED EQUITY				Total equity
	Share capital	Statutory reserve	Fair value reserve	Share premium reserve	Retained earnings	Net profit for the year	
Opening equity at January 1, 2009	365.1	0.1	-73.3	20.2	7,086.6	-447.8	6,950.9
Appropriation of profits	-	-	-	-	-447.8	447.8	0.0
Translation differences from net foreign investments	-	-	44.3	-	-	-	44.3
Taxes attributable to items recognized directly in equity	-	-	-11.9	-	-	-	-11.9
Total capital changes recognized directly in equity	0.0	0.0	32.4	-	-447.8	447.8	32.4
Group contribution paid	-	-	-	-	-	-	0.0
Net profit for the year	-	-	-	-	-	138.7	138.7
Total capital changes, excl. transactions with the company's owners	0.0	0.0	32.4	-	-447.8	586.5	171.1
Dividend	-	-	-	-	-109.5	-	-109.5
Closing equity at December 31, 2009	365.1	0.1	-40.9	20.2	6,529.3	138.7	7,012.5

THE PARENT COMPANY'S CASH FLOW STATEMENT

January–December, MSEK	Note	2009	2008
Cash flow from operating activities			
Profit after financial items		294.4	-372.1
Depreciation, amortization and impairments		55.5	512.4
Unrealized exchange differences		-11.5	66.0
Income tax paid		-42.4	-75.3
Cash flow from operating activities before changes in working capital		296.0	131.0
Cash flows from changes in working capital			
Decrease (+) in operating receivables		36.4	104.0
Decrease (-) Increase (+) in operating liabilities		259.2	38.8
Cash flow from operating activities		591.6	273.8
Cash flow from investing activities			
Acquisition of property, plant and equipment		-	-0.2
Acquisition of intangible assets		-16.8	-16.0
Acquisition of shares in subsidiaries		-15.9	-412.0
Disposal of financial assets		112.1	330.0
Cash flow from investing activities		79.4	-98.2
Cash flow from financing activities			
Dividends to shareholders		-109.5	-182.5
Group contribution paid		0	-0.3
Amortization of loans		-516.1	-9.0
Cash flow from financing activities		-625.6	-191.8
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	42	122.8	139.0
Cash and cash equivalents at year-end	42	168.2	122.8

THE GROUP'S NOTES

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THE GROUP'S NOTES

Niscayah Group AB

Niscayah Group AB (the Parent Company) and its subsidiaries (together the Group) is a world-leading system integrator within security, offering complete security solutions for customers with high security demands. The group operates in 14 European countries as well as in the US, Hong Kong and Australia.

The parent company is a limited liability company registered and with its head office in Sweden. The address of the head office is Box 12231, 102 26 Stockholm. These financial statements have been approved by the board of directors for publication on March 17, 2010 and will be submitted for adoption at the annual general meeting on May 6, 2010. The parent company is listed on NASDAQ OMX Stockholm.

Note 1

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below. The same policies are normally applied in both the parent company and the group. These policies have been applied consistently for all presented years, unless otherwise stated.

BASIS OF RECOGNITION

Niscayah Group AB's consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) as adopted within the EU and the Swedish Financial Reporting Board's recommendation RFR 1.2, Supplementary Accounting Principles for Groups. In preparation of the parent company's financial statements, the Swedish Financial Reporting Board's recommendation RFR 2.2, Accounting for Legal Entities, and the Annual Accounts Act have been applied. The financial statements for both the group and the parent company refer to the fiscal year which ended on December 31, 2009. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss. The parent company applies the same accounting policies as the group except in the cases described below in the section "The Parent Company accounting policies". The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

INTRODUCTION OF NEW AND REVISED IAS/IFRS

New standards and amendments (IAS/IFRS) and interpretations (IFRIC) which became effective in 2009 and were adopted by the EU:

- IFRS 2 Share-based Payment has been revised with respect to vesting conditions and cancellations (became effective on January 1, 2009). The amendment had had no impact on the group.
- IFRS 7 Financial instruments disclosures, (became effective on January 1, 2009) has been amended with additional disclosure requirements relating to measurement at fair value and liquidity risk. Under the new disclosure requirements, fair value shall be determined on the basis of three different levels, 1) quoted prices in active markets for identical assets or liabilities, 2) directly observable market inputs other than Level 1 inputs 3) inputs not based on observable market data. For derivative liabilities undiscounted cash flows

must be stated in the age analysis that is made for disclosure of liquidity risk. Niscayah applies the new disclosure requirements.

- IFRS 8 Operating Segments has replaced IAS 14 (became effective on January 1, 2009). According to IFRS 8, segment information shall be presented based on how management internally monitors the operations. The adoption of IFRS 8 has not implied any change in reportable segments compared with previous reporting.
- IAS 1 Presentation of Financial Reports has been amended (became effective on January 1, 2009). According to the amendment the group, from 2009, renders a statement of comprehensive income in direct connection to the consolidated income statement as well as a consolidated statement of changes in equity.
- IAS 23 Borrowing Costs has been revised so that loan costs directly attributable to acquisition, construction and production of qualifying assets shall be included as part of the investment's cost of acquisition (became effective January 1, 2009). The amendment has had no impact on the group.
- IAS 32, Financial instruments: Classification and IAS 1 Presentation of Financial Statements has been amended in respect of classification of certain financial instruments which entitle the holder to receive a proportional share of the issuing company's net assets in conjunction with liquidation, which under previous rules was classified as a liability (became effective on January 1, 2009). The amendment has had no impact on the group.
- IFRS 1 First-time Adoption of IFRS and IAS 27 Consolidated and separate financial statements have been amended so that legal entities on transition to IFRS can choose to measure investments in subsidiaries, joint ventures and associated companies at historical cost or fair value (became effective on January 1, 2009). The amendment has had no impact on the group.
- IFRIC 12 Service Concession Arrangements (became effective on January 1, 2008). The interpretation provides guidance on recognition of service concession arrangements between public and private parties. The interpretation is not applicable to the group at present.
- IFRIC 13 Customer loyalty programs (became effective on July 1, 2008) is a new interpretation that provides guidance on recognition of customer loyalty programs. The interpretation is not applicable to the group at present.
- IFRIC 15 Agreements for the Construction of Real Estate (became effective on January 1, 2009). The interpretation addresses the date for revenue recognition in agreement for the construction of property. This interpretation is not applicable to the group.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (became effective on October 1, 2008). The interpretation addresses such issues as the risk of changes between the functional currency of the parent company and the subsidiaries which may be hedged and where in the group consolidated financial statement the hedging instruments for net investment in a foreign operation can be recognized. The interpretation has had no impact on the group.

During the annual improvement project 2008, the International Accounting Standards Board (IASB) identified some 25 amendments in IFRS/IAS which involved changes in presentation, identification and measurement. None of these amendments have had a material impact on the group's financial statements.

New standards, amendments and interpretations which have been adopted by the EU but which have not yet become effective and have not been early adopted:

- IFRS 1 First-time Adoption of IFRS (became effective on July 1, 2009) has been revised. The group has not been affected by the amendment.
- IFRS 3 Business Combinations has been revised (became effective on July 1, 2009). This revision applies prospectively to acquisitions made after the effective date. Transaction costs may no longer be included in the cost of acquisition but must be expensed. The fair value of additional contingent

consideration shall be determined on the date of acquisition and effects from revaluation of the liability related to contingent consideration, as a rule, shall be recognized in the net profit for the period. In step acquisitions when controlling influence is reached, any net assets previously acquired in the acquired entity are restated to fair value and the result of the revaluation is recognized in the income statement. The minority interest in acquisitions under 100 percent is determined for each transaction either as a proportional share of fair value on identifiable net assets or at fair value. The size of any goodwill item is impacted depending on which alternative is chosen for recognizing the minority. The group applies these amendments in IFRS 3 from January 1, 2010 for new acquisitions after the effective date.

- IAS 27 Consolidated and separate financial statements has been amended (became effective on July 1, 2009). Losses attributable to the minority shall be recognized even if their participating interest becomes negative. Transactions relating to the minority where controlling influence is retained shall always be recognized in equity. The profit or loss arising when the controlling influence ceases shall be recognized in the net profit for the period, which also applies to remeasurement to fair value of any remaining interest. The group applies the amendments in IAS 27 from January 1, 2010.
- IAS 32, Financial instruments: Classification (became effective on February 1, 2010) clarifies that equity instruments shall be classified as equity in directed share issues where the redemption price is determined in another currency than the functional currency. The amendment is not applicable to the group at present.
- IAS 39 Financial instruments: Recognition and measurement have been amended in respect of qualifying hedging items (became effective on July 1, 2009). The amendment clarifies application of the principles for hedge reporting when a unilateral risk (increase or decrease) exists in the hedged item and clarifies which possibilities there are to hedge identifiable components in a hedged item. The group applies the amendment from January 1, 2010, but the amendment is not currently deemed to have any impact on the group's financial statements.
- IFRIC 17 Distribution of Non-cash Assets to Owners (became effective on July 1, 2009). The interpretation does not apply to the group at present as such transactions do not exist.
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial instruments: Recognition and measurement (became effective on June 30, 2009) has been amended in so far as a hybrid instrument may not be reclassified from the category financial assets measured at fair value via the income statement if it is not possible to separate the derivative. The group will apply the interpretation but it is not expected to have any impact on the group's financial statements.
- IFRIC 18 Transfers of Assets from Customers (became effective on July 1, 2009). The interpretation provides guidance about recognition of transfers of assets from customers. The group applies the interpretation from January 1, 2010, but the amendment is not currently deemed to have any impact on the group's financial statements.

New standards, amendments and interpretations published by IASB but which either have not yet become effective or have not yet been adopted by the EU:

- IFRS 1 First-time Adoption of IFRS (became effective on January 1, 2010) has been amended in respect of additional exceptions for companies adopting IFRS for the first time. The group has not been affected by the change.
- IFRS 2 Share-based Payment (became effective on July 1, 2009) has been revised in respect of cash-settled inter-company payments. The amendment is not applicable to the group at present.
- IFRS 9 Financial instruments (will become effective on January 1, 2013) is a "work in progress" and will eventually replace IAS 39 in its entirety with a principle-based and less complex accounting standard. IFRS 9 in the current published form divides classification and measurement of financial instruments into two categories 1) Financial assets measured at amortized cost and 2) Financial assets and liabilities measured at fair value. All financial instruments must initially be measured at fair value including transaction costs for the assets measured at amortized cost. In subsequent measurement, financial assets are either valued at amortized cost or at fair value. A financial asset must be measured at amortized cost only if both of the following conditions are met; 1) the instrument is used in accordance with the company's business model on the basis of contractual cash flows and 2) the instru-

ment's cash flows are attributable to payment of nominal amounts and yield. All other instruments must be measured at fair value where changes in fair value are recognized in the net profit for the period under benchmark treatment. Gains and losses related to equity instruments shall be recognized in profit or loss or in other comprehensive income provided that the instrument is not held for trading. The classification is made at the time of initial recognition and may not be changed subsequently. IFRS 9 is only expected to have a marginal impact on the group's position and results.

- IAS 24 Related Party Disclosures (becomes effective on January 1, 2011) has been amended. The group has not been affected by the change.
- IFRIC 14 and IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (becomes effective on January 1, 2011) has been amended. The amendment is not applicable to the group at present.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (becomes effective on July 1, 2010) is a new interpretation which clarifies how accounting must take place when a debtor renegotiates the terms and conditions of a financial liability with the creditor, so that the creditor receives an equity instrument issued by the debtor. The amendment is not applicable to the group at present.

Improvements of IFRS standards and interpretations (IFRIC) (issued in April 2009) that became effective on January 1, 2010 and which have not yet been adopted by the EU:

During the annual improvement project 2009, the International Accounting Standards Board (IASB) made about ten amendments in IFRS/IAS and interpretations which involve changes in presentation, identification and measurement. None of the changes are expected to have a material impact on the group's financial statements.

Apart from those stated above, IASB has issued a number of amendments of existing standards and interpretations which have not been considered relevant for the group at present.

CONSOLIDATION

Subsidiaries

Subsidiaries are all the entities (including entities for special purposes) over which the group has the right to set financial and operating strategies in the manner generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights which it currently possible to utilize or convert are taken into account in the assessment of whether the group exercises a controlling influence over another entity. Subsidiaries are to be included in the consolidated financial statements from and including the date on which the controlling influence is transferred to the group. They are to be excluded from the consolidated financial statements from and including the date on which the controlling influence ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of acquisition consists of the fair value of assets given, equity instruments issued and incurred or assumed liabilities at the date of exchange, plus expenditure directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, are initially measured at fair value on the date of acquisition irrespective of the extent of any minority interest. The excess represented by the difference between the cost of acquisition and the fair value of the group's share of identifiable acquired assets, liabilities and contingent liabilities is recorded as goodwill. If the cost of acquisition is less than the fair value of the subsidiary company's assets, liabilities and contingent liabilities, the difference is recognized directly in the income statement.

Inter-company transactions and balance sheet items, as well as unrealized gains and losses on transactions between group companies, are eliminated. Where appropriate, the accounting policies of subsidiaries have been changed to ensure the consistent application of the group's policies.

Transactions with minority interests

Net profit for the year is shown in the income statement without deduction for minority interests' share of the net profit for the year. Minority participation in the equity of subsidiaries is recognized as a separate item in the group's equity in the balance sheet. Negative minority participation, a receivable with a minority, is recognized only when there is a legal obligation for the minority to cover recognized losses.

Intra-Group transactions

Pricing of deliveries between group companies is determined using normal business principles. The term "group companies" refers to all companies which Niscayah Group AB owns or controls according to the definition presented above under "Consolidation". The group has a transfer pricing policy based on the transfer pricing guidelines for multinational companies and tax administration published by the OECD. All relationships based on this policy are supported by written agreements between the parties involved. The concept is based on a specification of function and risk between the different units within Niscayah. Profits are allocated according to the functions generating the profits, the risks undertaken and available industry comparisons.

TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currency

The functional currency of each of the group's subsidiaries is normally determined by the primary economic environment in which the entity operates, that is, the currency in which the company primarily generates and expends cash. The presentation currency of the group, that is, the currency in which the financial statements are presented, is the Swedish krona (SEK), which is also the parent company's functional and presentation currency.

Translation of foreign subsidiaries

The translation of the financial statements of each foreign subsidiary takes place as follows: Each month's income statement is translated using the exchange rate prevailing on the last day of the month, which gives an average exchange rate for the year. Balance sheets are translated using exchange rates prevailing at each balance sheet date. Translation differences arising in the translation of balance sheets are recognized directly in equity and thus do not impact net profit for the year. The translation difference arising due to the translation of income statements at average rates and the translation of balance sheets at closing day exchange rates is recognized directly in equity.

Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the dates of the transactions or on the date when the items were restated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Exchange differences on loans to subsidiaries that are considered net investments in foreign operations and which are not expected to be repaid are recognized in equity. On investment of a foreign operation, in part or entirely, the exchange differences recognized in equity are posted to the income statement and recognized as a part of the capital gain/loss. Foreign exchange gains and losses attributable to borrowing and cash and cash equivalents are recognized as financial income or expenses in the income statement. All other foreign exchange gains and losses are recognized in the item "Other gains/losses - net" in the income statement.

REVENUE RECOGNITION

The group's revenue is attributable to various types of alarm monitoring services and the sale of alarm products. Revenue is shown exclusive of value added tax, returns and discounts and after eliminating sales within the group. Revenue attributable to alarm monitoring services, primarily from various types of subscriptions, is allocated over the period of the contract. For alarm installations completed and alarm commissions, the income and expenses attributable to the commission are reported as income and expenses in proportion to the degree of completion of the commission as per balance sheet date (the percentage of completion method). The degree of completion of a commission is determined by comparing the expenses incurred on the balance sheet date with the estimated total expenditure. In the event that the outcome of an alarm installation or alarm commission cannot be estimated in a reliable manner, income is reported only to the extent to which it corresponds to expenses incurred for the commission and for which it is likely that the company will be reimbursed by the client.

Other revenue is earned and recognized as follows:

- Interest income is reported in the income statement in the period to which it refers, using the effective interest method.

- Dividend income is recognized in the income statement when the right to receive payment is established.

As assets, the group recognizes receivables from clients for all ongoing commissions for which commission expenditure and reported profits (after deduction of reported losses) exceed amounts invoiced. Partially invoiced amounts that have not yet been paid by the customer and amounts withheld by the client are included in the item Other receivables. As liabilities, the group reports all liabilities to clients for ongoing commissions for which amounts invoiced exceed commission expenditure and reported profits (after deduction of reported losses).

OPERATING SEGMENTS

Under IFRS 8, financial information regarding operating segments should be based on what information is followed up internally by the chief operating decision-maker. In Niscayah, the President and CEO is the chief operating decision-maker who monitors the operations based on geographical regions. Operating revenue EBITA is reported for the segments in accordance with how the operations are followed up internally.

- Mainland Europe
- US/UK/Ireland
- Other

See note 5 for more information regarding operating segments.

GOVERNMENTAL ASSISTANCE

Niscayah, in common with other employers, is eligible for a number of employee-related governmental grants. These grants may relate to training, incentives for hiring new staff, reduction of working hours, etc. All grants are recognized in the income statement as a cost reduction in the same period as the related underlying cost.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period includes current and deferred income tax. Taxes are recognized in the income statement, except when the tax refers to items recognized directly in equity. In such cases the tax is also recognized in equity.

The current tax expense is provided on the basis of the tax regulations that were decided on the balance sheet date or which in practice were decided in the countries where the parent company's subsidiaries and associated companies operate and generate taxable income. The management regularly assesses the applications made in income-tax returns in relation to situations where applicable tax regulations are the subject of interpretation. When considered appropriate, provisions are made for amounts that are likely to be paid to the Swedish Tax Agency.

Deferred income taxes are recognized, using the liability method on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not recognized if it arises as a consequence of a transaction which constitutes the first recognition of an asset or liability which is not a business combination and which, at the date of the transaction, neither affects the recognized or taxable result. Deferred income tax is calculated using the tax rates (and legislation) which have been decided or announced on the balance sheet date and that are expected to apply when the deferred tax asset in question is realized or the deferred tax liability settled.

Deferred tax assets are recognized to the extent that it is probable that future tax surpluses will be available, against which the temporary differences can be offset.

Deferred income tax is provided on the basis of the temporary differences arising on participations in subsidiaries and associated companies, except when the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset when there is a legal offset right for current tax assets and current tax liabilities and when the deferred tax assets and deferred tax liabilities refer to taxes levied by the same tax authority and either relate to the same or different taxable subjects, where it is intended to settle the balance through net payments.

CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Blocked funds in bank accounts are not included in cash and cash equivalents.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the amount by which the cost of an acquisition exceeds the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is recognized as an intangible asset. Goodwill is tested annually in order to identify if a possible impairment need exists and is carried at cost less accumulated impairment losses. Impairment losses of goodwill are not reversed. Gains or losses on disposal of an entity include the residual carrying amount of the goodwill relating to the entity sold.

Goodwill is distributed among cash generating units upon testing for possible impairment needs. The allocation is made among the cash generating units or groups of cash generating units, determined according to the group's operating segments, which are expected to benefit from the business combination in which the goodwill item arose.

Acquisition related intangible assets

Acquisition-related intangible assets which may be recognized in conjunction with an acquisition include various types of intangible assets, such as marketing-related, customer-related, contract-related and technology-based intangible assets. Other acquisition-related intangible assets normally have a limited useful life. These assets are recognized at fair value on the date of acquisition and, subsequently, are carried at acquisition cost less accumulated amortization and any accumulated impairment losses. Assets are amortized on a straight-line basis over their estimated useful lives. Niscayah's acquisition-related intangible assets relate mainly to contract portfolios and associated customer relationships, based on the churn rate of the acquired portfolios and are normally within the range of 5 to 20 years.

OTHER INTANGIBLE ASSETS

Other intangible assets, i.e. other than goodwill and acquisition related assets are recognized if it is probable that the expected future economic benefits attributable to the assets will accrue to the group and that the cost of the assets can be measured reliably. Other intangible assets normally have a limited useful life. These assets are recognized at cost less accumulated amortization and any accumulated impairment losses.

Straight-line depreciation/amortization is applied for all asset classes as follows:

Software licences	3-7 years
Other intangible assets	3-5 years
Acquisition related intangible assets	5-20 years

Rental rights and similar rights are amortized over the same period as the underlying contractual period. Estimated useful lives are assessed annually. Revisions are made when considered necessary.

Property, plant and equipment

Property, plant and equipment is recognized at historical cost less accumulated straight-line depreciation and any accumulated impairment losses. Additional expenses are capitalized as a portion of the non-current asset's historical cost if it is deemed that underlying measures will increase the value of the asset. Straight-line depreciation is based on historical cost and the estimated useful life of the asset.

The straight-line depreciation method is applied for all asset classes as follows:

Machinery and equipment	4-10 years
Buildings and land improvements	25-66 years
Land	0

Estimated useful lives are assessed annually. Revisions are made when considered necessary.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment. Assets that are amortized are assessed in respect of impairment whenever events or changes in circumstances indicate that the carrying amount may not actually be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is measured as current value of expected future cash flows. The calculation of the value in use necessitates that a number of assumptions and estimates are made. The most significant assumptions concern organic sales growth, development of the operating margin, the utilization of operating capital and the relevant WACC rate, which is used to discount future cash flows. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For assets, other than financial assets and goodwill, which have previously been impaired, a test is carried out on each balance sheet date to determine if a reversal should be made.

LEASES

When a lease in which the group, as the lessee, assumes a significant portion of the economic risks and rewards associated with the leased object, so-called financial leasing, the object is recognized as a non-current asset in the consolidated balance sheet. The net present value of the corresponding obligation to pay leasing fees in the future is reported as a liability. The asset held under a financial lease, and its corresponding obligation, is recognized at the lowest of fair value and the present value of the minimum leasing fees. In the consolidated income statement, leasing payments are divided between depreciation and amortization and interest. Non-current assets that are held under financial leasing contracts are depreciated during the shorter of the asset's useful life and the period of the lease. The operational leasing agreements in which the group is lessee are recognized in the consolidated income statement as an operating cost. Where the group is lessor, income is recognized as sales over the period of the lease. Depreciation is reported in operating profit.

TRADE RECEIVABLES

Trade receivables are recognized at amortized cost, net after provision for expected bad debt losses. Trade receivables run with normal terms of payment, and, consequently, amortized cost is deemed to be fair value. Expected and recognized bad debt losses are recognized in the income statement within "cost of goods sold". Prepayments from customers are recognized in the balance sheet under "Other current liabilities".

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises material costs, direct salaries and other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The necessary deductions for obsolescence have been made.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

FINANCIAL INSTRUMENTS

Classification:

The group classifies its financial instruments in the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Financial liabilities at fair value through profit or loss
- Other financial liabilities

Financial instruments are classified at the time of the investment, based on the purpose of the investment, which determines the initial recognition as well as the current valuation and recognition of the financial instrument. The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Niscayah applies transaction date accounting.

RECOGNITION AND MEASUREMENT

Financial assets at fair value through profit or loss

Financial assets, such as foreign exchange and interest derivatives with positive values are classified within this category. These assets are recognized at fair value and changes in value are recognized in the income statement as they arise. Assets in this category are classified as current assets and are included in the balance sheet item "short-term financial assets".

Loans and other receivables

Assets such as loans and other operating receivables, which have fixed or determinable payments but are non-derivative instruments, and that are not quoted in an active market are initially recognized at cost, which is considered to correspond with fair value and amortized cost. Trade receivables are included in this category but are recognized separately in the balance sheet and the accounting principles can be found under their own heading, Trade receivables, above.

Financial liabilities at fair value through profit or loss

Financial liabilities, such as foreign currency and interest derivatives with negative values are classified within this category. These liabilities are reported at fair value and changes in value are recognized as net financial income/expense in the income statement on an ongoing basis. Liabilities in this category are recognized and are included in the balance sheet item "short-term financial assets".

Other financial liabilities

Liabilities such as borrowings and operating liabilities are classified within this category and are initially recognized at cost which corresponds with fair value. These assets are measured on an ongoing basis at amortized cost. Borrowings are initially recognized at nominal amount. Where a premium/discount exists; this is reported separately and allocated over the term of the loan. Trade payables are included in this category but are recognized under their own heading in the balance sheet. Trade payables are recognized at cost which is assessed to correspond with the amortized cost.

EMPLOYEE BENEFITS

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, where the payments are determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate legal entity. The group has no legal or constructive obligations to pay further contributions if this entity has insufficient assets to pay all remuneration to employees that is connected with the employees' service during current or prior periods. A defined benefit plan is a pension scheme that is not a defined contribution plan. Characteristic for defined benefit plans is that they state the amount of the pension benefit an employee will receive after retirement, generally based on one or more factors such as age, period of service and salary.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets, with adjustments for non-recognized actuarial gains and losses as well as unrecognized costs in respect of service during previous periods. The defined benefit pension obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rate of high quality corporate bonds that are issued in the same currency as the payments will be made in, that have terms comparable to the current pension liability.

Actuarial gains and losses as a result of empirical adjustments and changes

in actuarial assumptions are recognized in other comprehensive income during the period in which they arise.

Costs in respect of services performed during previous periods are recognized directly in the income statement, unless the changes in the pension plan are conditional on the employees remaining in service during a specified period (the vesting period). In such cases the cost in respect of the service during prior periods is allocated on a straight-line basis over the vesting period.

The group pays fees for defined benefit pension plans to public or private administered pension insurance schemes on a mandatory, contractual or voluntary basis. The group has no further payment obligations when the contributions have been paid. The contributions are recognized as personnel expenses when they are due for payment.

Other post-employment obligations

Disability and family pensions within the ITP plan are funded through insurance with the insurance company, Alecta. According to a statement from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, the ITP plan is defined as a defined benefit plan which embraces many employers. Niscayah has not had access to information from Alecta allowing it to report disability and family pensions as defined benefits; rather these have instead been reported as defined contribution plans.

Compensation on termination of employment

Compensation in the event of termination is payable when the employment is terminated prior to the normal retirement age or when the employee accepts voluntary retirement in exchange for such compensation. The group reports termination benefits when it is evident that it is obligated to terminate the employment either by a formal detailed plan to terminate employment without the possibility of withdrawal; or to pay compensation in the event of termination as the result of an offer made to encourage voluntary retirement.

PROVISIONS

Provisions are recognized when the group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions for restructuring include costs for severance payments and future terminated rent for premises. Warranty provisions are recorded in the period in which the sale of the products covered by the warranty takes place, and are calculated according to historic costs for equivalent obligations.

DIVIDENDS

Dividend distribution to the parent company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by parent company's shareholders.

EARNINGS PER SHARE

The calculation of earnings per share is based on the group's net profit for the year attributable to the parent company's shareholders and on the weighted average number of shares in issue during the year.

CONTINGENCIES

A contingent liability is recognized when there is a possible obligation arising from past events and whose occurrence can only be confirmed by one or more uncertain future events or when an obligation arises which cannot be reported as a liability or provision as it is not probable that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING POLICIES

The parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.1 'Accounting for legal entities'. RFR 2.1 states that in the financial statements, the parent company shall apply the International Financial Reporting Standards (IFRS) as adopted by the EU whenever possible within the framework of the Swedish Annual Accounts Act and the Swedish Act on Safeguarding of Pension Commitments, taking into account the relationship between recognition and taxation. The recommendation states which exemptions from and amendments to IFRS should be utilized.

Differences between the Group and the Parent Company accounting policies

The differences between the accounting policies applied by the group and the parent company are shown below. The accounting policies stated below for the parent company have been consistently applied for all periods presented in the parent company's financial statements.

Layout

The income statement and balance sheet follow the layout prescribed in the Swedish Annual Accounts Act. This involves differences compared with the consolidated financial statements, particularly in relation to financial income and expenses, provisions and shareholders' equity.

Foreign exchange differences

Foreign exchange differences on monetary items constituting part of the parent company's net investment in a foreign operation are reported directly against equity in a fair value reserve.

Shares and participations in subsidiaries

Participations in subsidiaries are recognized at cost less possible impairment losses. Received dividends are only recognized as income to the extent that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation. An estimation of the recoverable amount is made when there is an indication that shares and participations in subsidiaries have decreased in value. An impairment is made, if it is lower than the carrying amount. Impairment losses are recognized in the item 'Profit from participations in group companies'.

Leasing

All leases, regardless of whether they are financial or operational are recognized as operating leasing (leasing agreements).

Pension obligations

The parent company's pension obligations are recognized in accordance with FAR SRS accounting recommendation No.4. Certain pension obligations of the parent company have been covered through insurance agreements with insurance companies. Other pension obligations have not been secured through insurance. The parent company applies another basis for calculation of defined benefit plans than that stated in IAS 19. The most significant differences compared with the provisions in IAS 19 deal with the manner in which the discount rate is determined, that calculation of defined benefit obligations takes place on the basis of current salary levels without assumptions of future salary increases, and the recognition of all actuarial gains and losses in the income statement when they arise.

Deferred income tax

Amounts allocated to untaxed reserves represent taxable temporary differences. However, due to the connection between recognition and taxation, the deferred tax liability on untaxed reserves is recognized in a legal entity as a part of the untaxed reserves. Appropriations in the income statement are also recognized including deferred tax.

Guarantee commitments/financial guarantees

Niscayah Group AB has entered into guarantee commitments for the benefit of subsidiaries. Such a commitment is classified under IFRS as a financial guarantee agreement. The parent company applies the relief provision in RFR 2.1 item 72 for these agreements, and thereby recognizes the guarantee commitment as a contingent liability. Provisions are made when the company considers it likely that a payment will be required to settle a commitment.

Group contribution and shareholders' contribution

The company applies the Swedish Financial Reporting Board's statement UFR2, group contribution and shareholders' contribution. Shareholders' contributions paid are recognized as an increase in the value of shares and participations. An assessment is subsequently made as to whether an impairment need exists regarding the value of the shares and participations in question. Group contributions are recognized according to the financial content. This implies

that group contributions paid or received with a view to lowering the group's total tax are reported directly against unappropriated profits after deduction for present tax effects. Group contributions that are equivalent to dividends are reported as income from group companies in the income statement.

Group contributions paid that are equivalent to shareholders' contributions are reported, with consideration of present tax effects, in accordance with the principle for shareholders' contributions above.

Other

Amounts in tables and other compilations have been individually rounded off. Minor rounding off differences can therefore arise in summation.

Note 2

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, rarely correspond with the actual results. The estimates and assumptions that involve a material risk for significant adjustments in the carrying amounts of assets and liabilities during the next financial year are dealt with in outline below.

Testing for impairment needs of goodwill

In connection with the impairment testing of goodwill and other acquisition related intangible assets, book value is compared with the recoverable amount. The recoverable amount is based on the higher of an asset's net realizable value and its value in use. As, under normal circumstances no quotes of market prices are available to assess an asset's net realizable value, the value in use is normally the value against which the book value is compared. The calculation of the value in use necessitates that a number of assumptions and estimates are made. The most important assumptions concern organic sales growth, the development of the operating margin, the operating working capital requirements and the relevant WACC rate, which is used to discount the future cash flows. An impairment need of MSEK 490 arose during 2008 in the cash generating units in the UK (MSEK 483) and in Hong Kong of (MSEK 7), which resulted in an impairment of the cash generating units' carrying amount to the recoverable amount. The residual goodwill in the balance sheet amounted to MSEK 2,196 (2,246).

Acquisition of subsidiaries

On acquisitions of subsidiaries or operations, these companies' contract portfolios are valued separately. This valuation is based on the Multiple Excess Earnings Method (MEEM), which is one of the valuation models based on discounted cash flow. The valuation is based on the churn and yield for the acquired portfolio at the date of acquisition. In the model, a special cost or yield requirement in the form of a contributory asset charge for the assets utilized is charged so that the intangible assets can generate a yield. The cash flow is discounted after tax by a weighted capital expense, WACC, which is adjusted with reference to the local interest levels in the countries in which acquisitions have been made. The contract portfolio amounted to MSEK 246 (284) at the end of the reporting period.

Revenue recognition

Niscayah uses the percentage-of-completion method in accounting for its fixed-price projects for sales of installation services. Use of the percentage-of-completion method requires Niscayah to estimate the services performed by balance sheet date as a proportion of the total services to be performed (the degree of completion of the project). This requires the level of income and expenses to be determined in a reliable way. For this, it is necessary to have

effective and coordinated systems for the calculation, forecasting and reporting of income/expenses in the group. It also requires a consistent assessment of the final outcome of the project. This critical assessment is carried out at each accounting year-end. The balance sheet includes a receivable from clients of MSEK 327 (487).

Taxes

Deferred tax is calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Two types of assumptions and estimates primarily affect the deferred tax stated. These are assumptions and estimates in order to determine the carrying amount of different assets and liabilities, and in respect of future taxable profits in those cases where a future utilization of deferred tax assets is dependent on this. At December 31, 2009, MSEK 59.3 was stated as deferred tax assets based on assumptions of future taxable profits. Niscayah's assumptions and estimates of future taxable profits have been made taking account of the prevailing market situation. There is a total deficit of approx. MSEK 116 which has not been capitalized but could be suitable for capitalization in an improved market climate. For further information about taxes see note 10 and 17.

Pensions

The cost and value of pension obligations for defined benefit pension plans are based on actuarial calculations proceeding from assumptions regarding the discount rate, expected return on plan assets, future salary increases, inflation and demographic circumstances. Assumptions about the discount rate are based on high quality fixed-interest investments and terms approximating the group's current pension obligations. The net sum of the group's defined benefit obligations and the fair value of plan assets amounted to MSEK 82.4 on December 31, 2009. For further information see note 25.

Note 3

FINANCIAL RISK MANAGEMENT

Niscayah is exposed to a number of financial risks, interest risk, exchange rate risk, refinancing risk and credit risk as a consequence of the group's international operations and its position as a net borrower.

The group's financial risk management is centralized to the group's internal bank, Group Treasury, within the parent company, which enables efficient and coordinated management and control of the financial risks as well as centralized management of the group's liquidity and funding needs.

The group's risk view which all risk management is based on is defined in the Treasury policy, established by the board of directors. The policy aims to limit the group's risk exposure on the basis of approved mandates with the objective of minimizing potential negative effects on the group's financial performance.

EXCHANGE RATE RISK

Exchange rate risk is the risk that changes in exchange rates may affect the group's income statement negatively through future business transactions, recognized assets and liabilities as well as net investments in foreign operations expressed in currencies that is not the functional currency of the group. The exposure related to translation of foreign subsidiaries balance sheets and income statements is significant. This exposure is primarily managed by that the external funding of the parent company and the internal funding of subsidiaries is made in subsidiaries' local currencies. The group has a very limited exchange rate exposure due to business transactions in foreign currencies. Outstanding foreign exchange derivative instruments with the purpose of hedging future payment flows amounted to a net amount of MSEK -29 (-84) as at December 31, 2009.

The Group's borrowings allocated per currency, MSEK

MSEK	2009	2008
SEK	900	1,199
EUR	374	664
USD	224	155
Other	14	2
Total	1,512	2,021

In the table above nominal amounts are shown. Nominal amounts in foreign currencies are translated at the year-end exchange rate.

EXCHANGE RATE SENSITIVITY

The group operates internationally and is exposed to exchange rate risk arising from different currency exposures, particularly relating to the US dollar (USD) and Euro (EUR).

If the Swedish krona had weakened/strengthened by 10 percent in relation to the Euro, with all other variables unchanged, the group's profit before financial items and tax as at December 31, 2009, would have been MSEK 25 (35) lower/higher. If the Swedish krona had weakened/strengthened by 10 percent in relation to the US dollar, with all other variables unchanged, the group's profit before financial items and tax as at December 31, 2009, would have been MSEK 3 (7) lower/higher.

INTEREST RISK

Interest risk is defined as the risk that changes in interest rate levels may affect the group's results negatively as a consequence of Niscayah's position as a net borrower. The group's primary long-term credit facility runs with floating interest rates and the interest risk related to the cash flows is managed by the use of interest rate swap agreements to obtain a fixed interest and thereby the preferred duration according to established mandates. The average fixed interest period of the loan portfolio, including interest rate derivatives, was 19.9 months (14.2) at year-end.

INTEREST SENSITIVITY

A concurrent change in interest rates by one percentage point, all other variables unchanged, would affect Niscayah's income statement for the year by MSEK 1.2 (8.8).

CREDIT RISK AND COUNTERPARTY RISK

Financial credit risk

Credit and counterparty risk refers to the risk for financial loss and negative impact on the group's income statement due to counterparties' inability to fulfil their obligations. The group is exposed to financial credit risk when investing in financial assets and trading in derivative instruments. The established Treasury policy is conservative in respect of counterparty risk. Accepted exposure is dependent on the rating/creditworthiness of the counterparty and the duration of the transaction and international standardized netting agreements, ISDA-agreements, must always be established with a counterparty prior to entering into derivative instrument transactions. As at December 31, 2009, the total counterparty exposure in derivative instruments (measured as net balance per counterparty) amounted to MSEK 0 (75). At year-end, Niscayah had no outstanding financial positions to banks or financial institutions with credit ratings deviating from the established mandate. See note 21 Derivative instruments for more information.

Credit risks in trade receivables

Credit risks in trade receivables refers to the risk for loss and negative impact on the group's income statement if customers do not fulfil their payment obligations. Customer creditworthiness, limits and outstanding receivables have been in focus due to the global financial crisis and follow up takes place on an ongoing basis where information regarding the customers' financial position is obtained via credit agencies. The group had no concentration of customer credit exposure at year-end. No credit limits were exceeded during the reporting period and no significant credit losses have arisen during the period or been identified in connection with the preparation of the annual financial statements. See note 18 Trade receivables for more information.

Refinancing risk

Refinancing risk is defined as the risk that the cost is substantially higher and the financing possibilities limited when existing loans mature and shall be renewed or financing is not available. The established Treasury policy stipulates that unutilized credit facilities shall be secured in order to ensure sufficient liquidity reserves and cover the group's ongoing financing needs and strategic growth. The aim is to limit the risk exposure by ensuring an appropriate balance between short-term and long-term financing as well as a diversification of financing sources and markets. The group's cash and cash equivalents amounted

to MSEK 511 (356) at the end of 2009. At year-end, outstanding committed credit facilities totaled MSEK 3,399 (3,257), of which MSEK 3,000 (3,000) related to the group's revolving credit facility and MSEK 399 (257) related to the group's committed credit pledges with local banks and financial institutions. At year-end, MSEK 1,662 (2,021) of the group's total credit commitments was utilized.

Maturity structure 2009

December 31, MSEK	Less than one year	Between one and two years	Between two and five years
Loan financing	27	-	1,485
Derivative instruments	37	14	10
Trade payables and other financial liabilities	641	13	-
Total	705	27	1,495

Maturity structure 2008

December 31, MSEK	Less than one year	Between one and two years	Between two and five years
Loan financing	16	-	2,005
Derivative instruments	109	3	6
Trade payables and other financial liabilities	838	38	-
Total	963	41	2,011

The above table refer to all undiscounted flows.

CAPITAL RISK

Capital risk is defined as the group's ability to pursue its operations in such order to generate a return to the shareholders and for the benefit of other stakeholders and to maintain an optimal capital structure in order to minimize capital costs. The group continually follows up the capital risk, which is expressed in the form of a net debt/equity ratio which is calculated as net debt divided by total capital. The group's net debt/equity ratio fell considerably during 2009 and amounted to 0.53 (0.93) as at December 31, 2009, due to the favorable cash flow.

Note 4

KEY RATIOS, DEFINITIONS AND EXCHANGE RATES

Key ratios	2009	2008
Sales growth, %	-5	10
Organic sales growth, %	-12	3
Operating margin, %	6.5	6.7 ¹
Net margin, %	4.2	-5.5
Earnings per share, SEK	0.87	-1.21
P/E-ratio	17	-6
Capital employed, MSEK	3,148.7	3,734.1
Return on capital employed, before restructuring costs 2008, %	17	14
Return on capital employed, %	17	8
Operating capital employed, MSEK	706.2	1,204.3
Operating capital employed as % of sales	9	16
Net debt, MSEK	1,093.2	1,797.6
Debt/equity ratio, multiple	0.53	0.93
Equity ratio	34	28

¹ Excluding costs of the restructuring program and impairment losses of goodwill.

DEFINITIONS

Sales growth: Sales as a percentage of the previous year's total sales.

Organic sales growth: Sales adjusted for acquisitions/disposals and changes in foreign exchange rates as a percentage of the previous year's total sales.

Operating margin: Operating profit as a percentage share of total sales.

Net margin: Net profit for the year as a percentage of total sales.

Earnings per share: Net profit for the year attributable to shareholders in the parent company in relation to the number of shares.

P/E-ratio: (Price/Earnings): Market price at the end of each year in relation to earnings per share.

Capital employed: Non-interest bearing non-current and current assets less non-interest bearing non-current and current liabilities.

Return on capital employed, before restructuring costs: Operating profit before amortization and before restructuring costs (rolling 12 months) as a percentage share of capital employed excluding restructuring reserve.

Return on capital employed: Operating profit before amortization (rolling 12 months) as a percentage share of capital employed.

Operating capital employed: Capital employed less goodwill, acquisition-related intangible assets and participations in associated companies.

Operating capital employed as % of sales: Operating capital employed as a percentage of total sales (rolling 12 months) adjusted for full-year sales of acquired entities.

Net debt: Long-term and short-term interest-bearing borrowings less interest-bearing non-current and current assets.

Debt/equity ratio: Net debt in relation to shareholders' equity.

Equity ratio: Shareholders' equity as a percentage of total assets.

Exchange rates used in the consolidated financial statements

Country	Currency	2009		2008	
		Weighted average	December	Weighted average	December
Euro zone	EUR 1	10.61	10.35	9.68	10.94
US	USD 1	7.63	7.21	6.60	7.75
UK	GBP 1	11.92	11.49	12.04	11.25
Norway	NOK 1	1.22	1.24	1.17	1.10
Denmark	DKK 1	1.42	1.39	1.30	1.47
Switzerland	CHF 1	7.03	6.95	6.14	7.35
Australia	AUD 1	6.04	6.43	5.55	5.36
Hong Kong	HKD 1	0.98	0.93	0.85	1.00

Note 5

SEGMENT REPORTING

In accordance with how the operations are followed up internally, operating profit is stated before amortization (EBITA) for the segments Mainland Europe, US/UK/Ireland and Other. Mainland Europe comprises the European market except for the UK and Ireland. Within Mainland Europe, Niscayah's customers are primarily within banks and financial institutions, retail, defense, industry as well as transport and logistics. The Anglo-Saxon market comprises the US, UK and Ireland. Within US/UK/Ireland, Niscayah's customers are mainly within banks and financial institutions, retail, health care and industry. Other, includes Australia, Hong Kong and the parent company's expenses. Financial income, expenses and taxes have not been allocated between the two segments, but are included in Other.

Revenue	MAINLAND EUROPE		US/UK/IRELAND		OTHER		ELIMINATIONS		GROUP	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
January–December, MSEK										
Sales, external	5,995.2	6,171.4	1,562.0	1,773.9	63.8	63.7	-	-	7,621.0	8,009.0
Sales, internal	0.9	0.3	-	-	21.2	29.2	-22.1	-29.5	-	-
Total sales	5,996.1	6,171.7	1,562.0	1,773.9	85.0	92.9	-22.1	-29.5	7,621.0	8,009.0
Organic sales growth, %	-10	4	-21	-	-	-	-	-	-12	3
Operating profit before amortization (EBITA)	603.4	373.3	51.5	73.1	-131.6	-158.5	-	-	523.3	287.9
EBITA margin, %	10.1	6.0	3.3	4.1	-	-	-	-	6.9	3.6
Amortization of acquisition related intangible assets	-16.5	-14.1	-14.1	-12.1	-	-	-	-	-30.6	-26.2
Impairment losses of goodwill	-	-	-	-483.4	-	-6.6	-	-	-	-490.0
Operating profit	586.9	359.2	37.4	-422.4	-131.6	-165.1	-	-	492.7	-228.3
Financial income and expenses	-	-	-	-	-32.6	-137.8	-	-	-32.6	-137.8
Profit before tax	-	-	-	-	-	-	-	-	460.1	-366.1
Tax	-	-	-	-	-140.4	-73.6	-	-	-140.4	-73.6
Net profit for the year	-	-	-	-	-	-	-	-	319.7	-439.7

Capital employed and financing	MAINLAND EUROPE		US/UK/IRELAND		OTHER		ELIMINATIONS		GROUP	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
December 31, MSEK										
Operating non-current assets	370.0	427.6	38.5	46.8	73.4	44.8	-	-	481.8	519.2
Trade receivables	1,277.2	1,626.1	263.8	411.1	30.3	66.9	-12.5	-9.2	1,558.7	2,094.9
Other assets	822.3	953.5	122.3	187.2	48.8	50.4	0.0	0.0	993.5	1,191.1
Other liabilities	2,086.9	2,209.1	341.9	424.2	-88.4	-23.2	-12.6	-9.1	2,327.8	2,601.0
Total operating capital employed	382.6	798.1	82.7	220.9	240.8	185.3	-	-	706.2	1,204.3
Goodwill	1,491.0	1,524.4	647.0	664.8	58.1	56.9	-	-	2,196.1	2,246.1
Acquisition related intangible assets	94.8	116.4	151.7	167.4	-	-	-	-	246.4	283.7
Total capital employed	1,968.4	2,438.9	881.4	1,053.1	298.9	242.2	-	-	3,148.7	3,734.1
Net debt	-	-	-	-	1,093.2	1,797.6	-	-	1,093.2	1,797.6
Shareholders' equity	-	-	-	-	2,055.5	1,936.5	-	-	2,055.5	1,936.5
Total financing	-	-	-	-	3,148.7	3,734.1	-	-	3,148.7	3,734.1

Investments, depreciation and amortization	MAINLAND EUROPE		US/UK/IRELAND		OTHER		ELIMINATIONS		GROUP	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
December 31, MSEK										
Investments	-97.7	-129.2	-11.0	-6.8	-29.8	-31.1	-	-	-138.5	-167.1
Depreciation and amortization (of which amortization on acquisition related intangible assets)	-174.0	-176.9	-32.0	-31.1	-7.7	-3.2	-	-	-213.7	-211.2
	(-16.5)	(-14.1)	(-14.1)	(-12.1)	(-)	(-)	(-)	(-)	(-30.6)	(-26.2)

Revenue allocated per revenue category

January–December, MSEK	2009	2008
	Implementation	4,334.9
Systems management	2,555.2	2,358.9
Systems operations	730.9	711.5
Total operating revenue	7,621.0	8,009.0

The registered office of the company is in Sweden. Revenue from external customers in Sweden amounted to MSEK 1,562.5 (1,617.8) and total revenue from external customers in other countries amounted to MSEK 6,058.5 (6,391.2). The distribution of revenue is shown in the table on the left.

Total non-current assets, other than financial instruments and deferred tax assets, which are located in Sweden, amounted to MSEK 540.8 (543.0) and the total of such non-current assets located in other countries amounted to MSEK 2,383.8 (2,515.4).

Note 6

OPERATING EXPENSES

Expenses allocated per type of cost	2009	2008
January–December, MSEK		
Personnel expenses, see note 7	3,066.7	3,019.0
Material costs	1,602.7	1,958.5
Depreciation and amortization and impairments, see note 8	213.7	701.2
Rent for premises	193.7	190.1
Research and development expenses	19.5	19.8
Restructuring program	–	275.0
Other expenses	2,032.0	2,073.7
Total operating expenses	7,128.3	8,237.3

Exchange differences have been recognized in the income statement as follows:

January–December, MSEK	2009	2008
Sales revenue	–	–
Selling and administrative expenses	2.4	1.0
Total exchange differences included in operating profit	2.4	1.0

Exchange differences included in net financial items are shown in note 9.

Audits fees and reimbursements	2009	2008
January–December, MSEK		
PricewaterhouseCoopers		
– audit assignments	8.4	7.3
– other assignments	1.9	3.9
Total PricewaterhouseCoopers	10.3	11.2
Other auditors		
– audit assignments	0.4	1.3
– other assignments	2.7	1.0
Total other auditors	3.1	2.3

Audit assignments refers to the review of the financial statements and accounting records as well as the administration of the board of directors and CEO, other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by such review or implementation of such other duties. Everything else is other assignments.

Note 7

PERSONNEL EXPENSES AND AVERAGE NUMBER OF EMPLOYEES

Personnel expenses	2009	2008
January–December, MSEK		
Salaries and remuneration etc.	2,318.3	2,335.7
Pension expenses, defined benefit plans, see note 25	12.3	12.3
Pension expenses, defined contribution plans	110.0	86.3
Social security contributions	626.0	584.7
Total personnel expenses	3,066.7	3,019.0

Salaries and remuneration etc. and personnel expenses allocated among Board Members and Presidents and other employees

	2009		2008	
	Boards, Presidents and other senior executives	Other employees	Boards, Presidents and other senior executives	Other employees
January–December, MSEK				
Sales and remuneration etc. (of which bonus or similar.)	70.5	2,247.8	50.4	2,285.3
Pension expenses	(4.8)	–	(7.4)	–
	12.5	109.8	4.1	94.5
Total	83.0	2,357.6	54.5	2,379.8

By boards, it refers to the persons who receive their remuneration in their capacity as board members and not in an employed capacity. The board of directors consists of 6 (6) persons. In the category, Presidents 18 (19) persons are included and the category Other senior executives includes 2 (2) persons not included in the category Presidents.

Average number of employees	2009		2008	
	of which women		of which women	
Parent Company				
Sweden	23	39 %	23	43 %
Total average number of employees in the parent company	23	39 %	23	43 %
Subsidiaries				
Australia	41	15 %	40	13 %
Belgium	83	11 %	98	11 %
Denmark	69	13 %	77	12 %
Finland	247	14 %	294	13 %
France	645	23 %	685	24 %
Hong Kong	12	33 %	13	31 %
Ireland	84	20 %	111	14 %
Italy	86	22 %	83	23 %
Netherlands	154	9 %	158	8 %
Norway	339	15 %	340	13 %
Portugal	237	26 %	261	25 %
Switzerland	18	22 %	20	10 %
Spain	1,093	20 %	1,191	21 %
UK	453	16 %	533	12 %
Sweden	867	10 %	1,029	11 %
Germany	528	13 %	595	16 %
US	599	21 %	719	20 %
Total average number of employees in subsidiaries	5,555	17 %	6,247	17 %
Total average number of employees in the group	5,578	17 %	6,270	17 %

Distribution between men and women in the boards of directors and other senior executives

	SHARE WOMEN	
	2009	2008
Boards of directors	9 %	9 %
Other senior executives	0 %	0 %

Note 7

CONTINUED

SHARE-BASED REMUNERATION

Niscayah Group AB introduced an options program during 2007 for certain employees in the group. As the employees acquired the warrants at a market value, the group has not been charged with any expense for the program.

Options program 2007/2012 consists of 5,000,000 warrants, at which each warrant gives the right to subscribe for one new class B share in Niscayah Group AB at a price of SEK 30 per share. Subscription for shares can occur during the period from June 30, 2007 until June 30, 2012. Assignment of the warrants took place at a price of SEK 3.40 per option. This price, which was determined by an independent valuation institution, corresponds to the market value of the warrant through application of the Black & Scholes model on the basis of the valuation components included during the calculation period from June 13 to June 14, 2007. On full exercise of the warrants, the share capital can increase by a maximum of 5,000,000 in total, which corresponds to approx. 1.37 percent of the company's existing share capital and approx. 0.96 percent of the number of votes.

Note 8

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

January–December, MSEK	2009	2008
Depreciation and amortization other intangible assets		
Acquisition related intangible assets	30.6	26.2
Capitalized expenditure for development work	5.9	0.7
Other intangible assets	34.8	32.5
Total depreciation and amortization other intangible assets	71.3	59.4
Depreciation property, plant and equipment		
Buildings and land	0.0	0.0
Machinery and equipment	142.4	151.8
Total depreciation property, plant and equipment	142.4	151.8
Impairment losses of goodwill	0.0	490.0
Total depreciation and amortization and impairments	213.7	701.2

Depreciation and amortization and impairments are allocated in the income statement as follows.

January–December, MSEK	2009	2008
Cost of goods sold	65.8	63.7
Selling and administrative expenses	147.9	637.5
Total depreciation and amortization and impairments	213.7	701.2

Note 9

FINANCIAL INCOME AND EXPENSES

January–December, MSEK	2009	2008
Financial income		
Interest income	4.1	22.7
Exchange gains	150.0	178.8
Other financial income	16.9	–
Total financial income	171.0	201.5
Financial expenses		
Interest expenses	–57.3	–112.8
Derivative instruments	–11.8	–26.0
Financial leasing	–3.1	–3.4
Exchange losses	–125.0	–190.6
Other financial expenses	–6.4	–6.5
Total financial expenses	–203.6	–339.3
Total net financial items	–32.6	–137.8

Note 10

TAXES

January–December, MSEK	2009	2008
Income taxes		
Current tax expense	–119.6	–125.9
Deferred taxes referring to temporary differences	–20.8	52.3
Total tax expense	–140.4	–73.6

The relationship between the tax expense for the year and reported profit before tax

January–December, MSEK	2009	2008
Reported profit before tax and impairment losses of goodwill	460.1	123.9
Tax based on the Swedish tax rate, 26.3 % (28)	–121.0	–34.7
Adjustment of tax expense related to previous year	–2.5	–17.7
Non-deductible expenses	–15.1	–37.5
Non-taxable income	8.5	15.7
Deficit for tax purposes for which no deferred tax receivables have been recognized.	5.7	8.5
Adjustment for tax rates in foreign subsidiaries	–16.0	–7.9
Total tax expense	–140.4	–73.6

The current tax rate was calculated based on the tax rate applicable for the parent company and amounted to 26.3 % for 2009 and 28 % for 2008.

Not 10

CONTINUED

The tax that is attributable to components in other comprehensive income amounted to the following:

MSEK	2009			2008		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Actuarial gains and losses	19.8	-5.6	14.2	-29.2	8.2	-21.0
Foreign exchange difference from foreign subsidiaries	-137.8	-	-137.8	116.0	-	116.0
Foreign exchange difference from net foreign investment	44.3	-11.9	32.4	-40.0	10.2	-29.8
Other comprehensive income	-73.7	-17.5	-91.2	46.8	18.4	65.2
Current tax		-11.9			10.2	
Deferred tax (note 17)		-5.6			8.2	
		-17.5			18.4	

Note 11

EARNINGS PER SHARE

	2009	2008
Net profit for the year attributable to the parent company's shareholders, MSEK	318.9	-440.4
Average number of shares, before dilution ¹	365,058,897	365,058,897
Average number of shares, after dilution ¹	365,058,897	365,058,897
Earnings per share, SEK	0.87	-1.21

¹ 5 million warrants were issued during 2007. The warrants do not give rise to any dilution effect, as no warrants have been utilized.

Note 12

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITIONS OF SUBSIDIARIES AND OTHER BUSINESS OPERATIONS 2009

Acquisition calculations are the object of final adjustments at the latest one year after the date of the acquisition.

MSEK	Purchase price ¹	Cash and cash equivalents on acquisition	Total enterprise value ²	Goodwill ³	Acquisition related intangible assets	Operating capital employed	Total capital employed
Secuision Video & Security Solutions B.V., Holland	18.2	-0.1	18.1	13.8	0.0	4.4	18.1
Change in earnouts attributable to acquisitions prior to 2009	1.9	0.0	1.9	1.9	0.0	0.0	1.9
Total acquisitions	20.1	-0.1	20.0	15.7	0.0	4.4	20.0
Total impact on the group's cash and cash equivalents		20.0					

¹ Purchase price incl. acquisition expenses e.g. legal fees.

² Purchase price plus acquired cash and cash equivalents.

³ Total increase in the group's goodwill.

MSEK	2009
Purchase price according to the table above	20.1
Cash and cash equivalents on acquisition according to the table above	-0.1
Total acquisitions of subsidiaries according to the cash flow statement	20.0

Not 12

CONTINUED

SECUVISION VIDEO & SECURITY SOLUTIONS B.V

On January 7, 2009, Niscayah Holland acquired 100 percent of the shares in Secuvision Video & Security Solutions B.V. The company reports annual sales of approx. MSEK 16 and has 7 employees.

Condensed balance sheet at the acquisition date, January 7, 2009	Book value acquisition balance	Fair value adjust- ments and purchase price allocation	Fair value acquisition balance
MSEK			
Intangible assets	0.0	0.0	0.0
Property, plant and equipment	0.2	0.0	0.2
Trade receivables	3.4	0.0	3.4
Other assets	2.9	0.0	2.9
Other liabilities	-2.2	0.0	-2.2
Total operating capital employed	4.3	0.0	4.3
Goodwill from the acquisition	0.0	13.8	13.8
Other acquisition related intangible assets	0.0	0.0	0.0
Total capital employed	4.3	13.8	18.1
Net debt	0.1	0.0	0.1
Total acquired net assets	4.4	13.8	18.2
Purchase price ¹	-	-	18.2
Cash and cash equivalents according to acquisition analyses	-	-	-0.1
Total impact on the group's cash and cash equivalents	-	-	18.1

ACQUISITIONS OF SUBSIDIARIES AND OTHER BUSINESS OPERATIONS 2008

Acquisition calculations are the object of final adjustments at the latest one year after the date of the acquisition.

MSEK	Purchase price ¹	Cash and cash equivalents on acquisition	Total enterprise value ²	Goodwill ³	Acquisition related intangible assets	Operating capital employed	Total capital employed
Installera Partners BV, Holland	16.4	-0.6	15.8	14.7	0.0	1.0	15.8
Förebygget Brandskydd AB, Sweden	10.7	-1.2	9.5	10.1	0.0	-0.7	9.5
G4S Sicherheitssysteme GmbH, Germany	111.2	-5.7	105.5	28.2	32.8	44.4	105.4
National commercial, US	25.6	-	25.6	3.7	21.4	0.5	25.6
Change in earnouts attributable to acquisitions prior to 2008	8.3	-	8.3	0.3	11.8	-3.7	8.3
Total acquisitions	172.2	-7.5	164.6	57.0	66.0	41.6	164.6
Total impact on the group's cash and cash equivalents	164.6						

MSEK	2008
Purchase price according to the table above	172.2
Cash and cash equivalents on acquisition according to the table above	-7.5
Total acquisitions of subsidiaries according to the cash flow statement	164.6

¹ Purchase price incl. acquisition expenses e.g. legal fees.

² Purchase price plus acquired cash and cash equivalents.

³ Total increase in the group's goodwill.

Not 13

GOODWILL

December 31, MSEK	2009	2008
Opening balance	2,246.1	2,675.5
Acquisitions	15.7	57.0
Impairment	-	-490.0
Exchange differences	-65.7	3.6
Total goodwill	2,196.1	2,246.1

IMPAIRMENT TESTING

For the purposes of impairment testing, assets are grouped at the lowest levels, for which there are separately identifiable cash flows (CGU), which is per segment.

Goodwill is distributed according to this allocation, summarized per segment as follows:

MSEK	2009	2008
Mainland Europe	1,491.0	1,524.4
US/UK/Ireland	647.0	664.8
Other	58.1	56.9
Total goodwill	2,196.1	2,246.1

Goodwill is tested on an annual basis for possible impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realizable value and its value in use. Value in use is MSEK measured as expected future discounted cash flows. The cash flows have been based on financial plans that have been established by group management and that have

been approved by the board of directors and that normally cover a period of five years. Cash flows beyond this point have been extrapolated using an estimated growth rate. The calculation of the value in use necessitates that a number of assumptions and estimates are made. The main assumptions concern the organic sales growth, the development of the operating margin and the necessary operating capital employed requirement as well as the relevant Weighted Average Cost of Capital (WACC) rate used to discount future cash flows. The discount rate before tax has been used in the present value computation of estimated future cash flows.

The assumptions which formed the basis of the impairment testing are shown in summary per segment as follows:

	Estimated growth rate beyond forecasted period, %	WACC, %
Mainland Europe	2.0-2.5	6.69-8.52
US/UK/Ireland	2.0-2.5	7.75-8.52
Other	2.0-2.5	8.52

The impairment testing of all Cash Generating Units took place during the fourth quarter 2009. The result of the impairment testing for goodwill showed that there was no impairment of goodwill. Accordingly, no impairment losses have been recognized in respect of goodwill. The result of the impairment testing during 2008 implied an impairment loss of goodwill of MSEK 490, principally attributable to the UK operations. See note 2 Critical accounting estimates and judgements.

Note 14

OTHER INTANGIBLE ASSETS

December 31, MSEK	2009				2008			
	Acquisition related intangible assets ¹	Capitalized expenditure for development work	Other intangible assets	Total	Acquisition related intangible assets ¹	Capitalized expenditure for development work	Other intangible assets	Total
Opening balance	373.6	28.5	225.1	627.2	307.6	24.7	179.4	511.7
Acquired via business combination	-	-	-	0.0	66.0	-	1.6	67.6
Investments	-	26.4	63.1	89.5	-	15.2	46.3	61.5
Sales and disposals	-	-	-24.2	-24.2	-	-13.1	-24.1	-37.2
Reclassifications	-	-	7.6	7.6	-	-	-2.1	-2.1
Exchange differences	-6.7	5.4	-11.1	-12.4	0.0	1.7	24.1	25.8
Closing accumulated balance	366.9	60.3	260.5	687.7	373.6	28.5	225.1	627.2
Opening amortization	-89.9	-2.6	-124.9	-217.4	-64.5	-12.6	-87.4	-164.5
Acquired via business combination	-	-	-	0.0	-	-	-0.7	-0.7
Sales and disposals	-	-	4.3	4.3	-	13.1	9.5	22.6
Amortization for the year	-30.6	-5.9	-34.7	-71.3	-26.2	-0.7	-32.5	-59.4
Reclassifications	-	-	-	0.0	-	-	2.4	2.4
Exchange differences	-	-0.1	7.5	7.4	0.8	-2.5	-16.1	-17.8
Closing accumulated amortization	-120.5	-8.6	-147.8	-276.9	-89.9	-2.6	-124.9	-217.4
Closing residual value	246.4	51.7	112.7	410.8	283.7	25.8	100.3	409.8

¹ The item acquisition related intangible assets consists principally of contract portfolios and associated customer relationships.

Note 15

PROPERTY, PLANT AND EQUIPMENT

December 31, MSEK	2009			2008		
	Buildings and land	Machinery and equipment	Total	Buildings and land	Machinery and equipment	Total
Opening balance	1.0	996.3	997.3	0.0	912.6	912.6
Acquired via business combination	-	0.3	0.3	-	33.2	33.2
Investments	-	94.1	94.1	1.0	139.7	140.7
Sales and disposals	-	-93.2	-93.2	-	-150.4	-150.4
Reclassifications	-	-7.6	-7.6	-	2.1	2.1
Exchange differences	-	-18.7	-18.7	-	59.1	59.1
Closing accumulated balance	1.0	971.1	972.1	1.0	996.3	997.3
Opening depreciation	0.0	-615.6	-615.6	0.0	-530.6	-530.6
Acquired via business combination	-	-	0.0	-	-20.4	-20.4
Sales and disposals	-	72.0	72.0	-	125.2	125.2
Depreciation for the year	-	-142.4	-142.4	-	-151.8	-151.8
Reclassifications	-	-	0.0	-	-2.4	-2.4
Exchange differences	-	14.7	14.7	-	-35.6	-35.6
Closing accumulated depreciation	0.0	-671.3	-671.3	0.0	-615.6	-615.6
Closing residual value	1.0	299.9	300.9	1.0	380.7	381.7

Note 16

NON-CURRENT RECEIVABLES¹

December 31, MSEK	2009	2008
Opening balance	20.8	14.5
Exchange differences	-1.2	2.3
Other receivables	3.5	4.7
Settled receivables	-5.7	-0.9
Impairment of receivable	-0.6	0.0
Acquisition of subsidiaries	0.0	0.2
Closing balance non-current receivables	16.8	20.8

¹ The item non-current receivables mainly consists of deposits in respect of rent for premises.

Note 17

DEFERRED INCOME TAX

A deferred tax asset and deferred tax liability is offset when there is a legal offset right for current tax assets and current tax liabilities and when deferred taxes refer to the same tax authority. All deferred tax assets and deferred tax liabilities are utilized after more than 12 months.

Deferred tax assets attributable to:

January–December, MSEK	2009	2008
Pension provisions and pension related liabilities	17.3	23.4
Loss carryforwards	59.3	31.3
Other temporary differences	19.5	61.9
Gross deferred tax receivables	96.1	116.5
Netting against liabilities	-18.6	-12.6
Total deferred tax receivables	77.5	103.9
Deferred tax liabilities attributable to:		
Machinery and equipment	50.5	42.8
Acquisition related intangible assets	83.4	81.6
Other temporary differences	42.4	48.5
Gross deferred tax liabilities	176.3	173.0
Netting from receivables	-18.6	-12.6
Total deferred tax liabilities	157.7	160.4
Net deferred tax liabilities	80.2	56.5
Opening balance	56.5	98.9
Increase through acquisitions	-	23.1
Recognition in the income statement	20.8	-52.3
Tax recognized directly in equity	5.8	-8.2
Exchange differences	-2.9	-5.0
Closing balance	80.2	56.5

MSEK	Machinery and equipment	Acquisition related intangible assets	Other	Total
Deferred tax liabilities				
As at January 1, 2009	42.8	81.6	48.5	173.0
Recognized in the income statement	8.7	3.5	6.2	18.4
Recognized in other comprehensive income				0.0
Recognized directly in equity			0.4	0.4
Netting			-12.6	-12.6
Exchange differences	-1.0	-1.7	-0.2	-2.9
As at December 31, 2009	50.5	83.4	42.3	176.3

MSEK	Pension provisions and pension related liabilities	Loss carryforwards	Other	Total
Deferred tax assets				
As at January 1, 2009	23.4	31.3	61.9	116.6
Recognized in the income statement	-3.0	27.9	-27.4	-2.5
Recognized in other comprehensive income	-5.6			-5.6
Recognized directly in equity		0.8	-0.5	0.3
Netting			-12.6	-12.6
Exchange differences	2.5	-0.7	-1.9	-0.1
As at December 31, 2009	17.3	59.3	19.5	96.1

TAX LOSS CARRYFORWARDS

Deferred tax assets have only been calculated on established loss carry-forwards where it is assessed as probable that sufficient surplus will be available at the end of 2009 amounting to MSEK 172.1 (101.1). Loss carryforwards not taken into consideration amount to approx. MSEK 116 (76) mainly attributable to Belgium and Hong Kong.

Not 18

TRADE RECEIVABLES

December 31, MSEK	2009	2008
Trade receivables before deduction of provisions for bad debts	1,678.1	2,218.9
Provisions for bad debts	-119.4	-124.0
Total trade receivables	1,558.7	2,094.9
Age distribution of trade receivables fallen due after deduction of provisions for bad debts		
December 31, MSEK		
Less than 1 month	227.5	344.2
1 to 3 months	100.6	230.2
3 to 6 months	60.8	96.7
More than 6 months	29.7	38.0

Provision needs from trade receivables are made on the basis of individual assessment. No provision need is deemed to exist for trade receivables that have fallen due within 6 months. In the category, trade receivables fallen due for more than 6 months, a reservation of MSEK 119.4 (124.0) has been made.

Note 19

OTHER RECEIVABLES

December 31, MSEK	2009	2008
Receivables from clients with commissions under construction contracts	434.4	486.6
Prepayments to suppliers	4.9	2.4
Accrued interest income	0.4	5.3
Other prepaid expenses and accrued income	149.6	127.6
Other receivables	141.0	260.2
Total other receivables	730.3	882.1

Note 20

SHORT-TERM FINANCIAL ASSETS

December 31, MSEK	2009	2008
Derivative instruments ¹	0.0	0.3
Total short-term financial assets	0.0	0.3

¹ For further information see note 21 Derivative instruments.

Note 21

DERIVATIVE INSTRUMENTS

All outstanding derivative instruments are held for the purposes of managing the group's interest and exchange rate exposure. The carrying amount of outstanding derivative instruments amounted to MSEK -26.7 (-15.6) as at December 31, 2009. All outstanding interest rate derivatives have been entered into for the purpose of obtaining the preferred fixing periods in the group's loan portfolio through interest rate swap contracts where fixed interest is paid and floating interest is received. Niscayah does not apply hedge accounting. The

fair value of the derivative instruments has been calculated on the basis of current and observable quotations at year-end and pursuant to conventional valuation models (level 2 according to IFRS 7).

December 31, MSEK	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Interest derivatives	1.3	1.3	0.3	0.3
Foreign exchange derivatives	0.0	0.0	0.2	0.2
Total assets	1.3	1.3	0.5	0.5
Liabilities				
Interest derivatives	28.0	28.0	15.2	15.2
Foreign exchange derivatives	0.0	0.0	0.9	0.9
Total liabilities	28.0	28.0	16.1	16.1
Total derivative instruments	-26.7	-26.7	-15.6	-15.6

Outstanding interest derivatives amounted to a nominal value of MSEK 915.2 (979.1) as at December 31, 2009. Outstanding foreign exchange derivatives amounted to a nominal value of MSEK -28.8 (-83.8) as at December 31, 2009.

Note 22

CASH AND CASH EQUIVALENTS

December 31, MSEK	2009	2008
Cash and bank deposits	382.0	313.1
Short-term investments, on a par with cash and cash equivalents	129.2	43.3
Total cash and cash equivalents	511.2	356.4

Note 23

SHARE CAPITAL AND SHARE PREMIUM

The total number of shares is 365,058,897 shares (365,058,897), distributed between 17,142,600 class A shares and 347,916,297 class B shares, with a quota value of SEK 1 per share. The A-share carries ten votes and the B-share carries one vote. The right to receive dividend is the same for A and B shares. All issued shares are fully paid up.

There are no holdings of own shares.

Not 24

FINANCIAL LIABILITIES

The group's principal financing consists of the credit facility (Multicurrency Revolving Credit Facility) which amount to MSEK 3,000 in total, and of which MSEK 760 has a remaining term of two years and MSEK 2,240 has a remaining term of four years. The key financial ratios connected to the loan financing (covenants) are in line with market standard. Preferred average fixed interest period according to current mandate is achieved by the use of interest derivative transactions. As at December 31, 2009, MSEK 1,479 (1,996) of the credit facility was utilized.

December 31, MSEK	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial liabilities				
Loan financing	1,484.8	1,484.8	2,004.9	2,004.9
Financial leasing liabilities	13.3	13.3	33.9	33.9
Other interest-bearing liabilities ²	-	-	4.0	4.0
Total non-current financial liabilities	1,498.1	1,498.1	2,042.8	2,042.8
Short-term financial liabilities				
Loan financing	27.6	27.6	15.7	15.7
Financial leasing liabilities	29.5	29.5	38.4	38.4
Derivative instruments ¹	26.7	26.7	15.2	15.2
Other interest-bearing liabilities ²	30.4	30.4	48.9	48.9
Total short-term financial liabilities	114.2	114.2	118.2	118.2
Total financial liabilities	1,612.3	1,612.3	2,161.0	2,161.0

FINANCING EXPENSE

Net financial items amounted to MSEK -32.6 (-137.8) and the group's net debt amounted to MSEK 1,093.2 (1,797.6) as at December 31, 2009. The average interest on the outstanding loan portfolio (including interest derivative) amounted to 2.5 percent (2.5) as at December 31, 2009.

¹ For further information see note 21 Derivative instruments.

² The items Other interest-bearing liabilities mainly refer to estimated earnouts.

Note 25

PROVISIONS FOR PENSIONS

The obligations for retirement and family pensions for white-collar workers in Sweden are secured through insurance at Alecta. According to the Swedish Financial Reporting Board's, statement UFR 3, this is a defined benefit plan which covers a number of employers. For the fiscal year 2009, the group does not have access to the information required to allow this plan to be reported as a defined benefit plan. The ITP occupational pension plan is secured through the insurance company, Alecta, and is therefore recognized as a defined contribution plan. The fees for the year for ITP, which operated by Alecta, amounted to MSEK 18.2 (13.6). At the end of 2009, the collective level of consolidation amounted to 141 percent (112). The collective consolidation level is calculated as the market value on Alecta's asset portfolio in relation to insurance obligations according to actuarial assumptions set by Alecta, which do not comply with IAS 19.

Defined benefit pension plans

December 31, MSEK	2009	2008
Current value of unfunded obligations	47.9	45.5
Current value of wholly or partly funded obligations	143.5	138.7
Total current value of obligations	191.4	184.2
Fair value of plan assets	-109.0	-88.8
Net debt in the balance sheet	82.4	95.4

Changes in the obligations for defined benefit plans reported in the balance sheet

December 31, MSEK	2009	2008
Defined benefit plan obligations as at January 1	95.4	56.2
Payment of benefits	-12.1	-12.0
Current service cost and interest expense	12.3	12.3
Actuarial gains and losses	-19.8	29.2
Acquisitions	-	10.2
Exchange differences	6.6	-0.4
Defined benefit plan obligations as at December 31	82.4	95.4

Actuarial gains and losses reported directly against equity

December 31, MSEK	2009	2008
Accumulated as at January 1	56.7	27.5
Recognized during the period	-19.8	29.2
Accumulated as at December 31	36.9	56.7

Assumptions for defined benefit obligations

The main actuarial assumptions as per the end of the reporting period (expressed as a weighted average).

	2009		2008	
	Norway	France	Norway	France
Discount rate as at December 31	4.5 %	3.5 %	4.3 %	4.7 %
Expected return on plan assets as at December 31	5.7 %	-	5.8 %	-
Future salary increases	4.5 %	2.8 %	4.5 %	2.8 %
Future increase in pensions	1.4 %	2.0 %	2.0 %	2.0 %

Note 26

OTHER PROVISIONS - NON-CURRENT

December 31, MSEK	2009	2008
Opening balance	89.8	31.3
New/increased provisions	3.6	67.4
Provisions utilized	-28.6	-4.9
Reversal of unutilized provisions	-7.4	-8.1
Exchange differences	-6.0	4.1
Closing balance	51.4	89.8
Restructuring ¹	21.5	51.4
Warranty provisions	29.8	27.8
Other items	0.1	10.6
Total other provisions - non-current	51.4	89.8

¹ Restructuring

No new provisions in respect of restructuring were made during 2009. MSEK 15.3 is expected to be utilized between one and two years. SEK 6.2m is expected to be utilized between two and five years.

Note 27

OTHER PROVISIONS - CURRENT

December 31, MSEK	2009	2008
Opening balance	176.2	-
New/increased provisions	-	176.2
Provisions utilized	-133.5	-
Closing balance	42.7	176.2
Restructuring	42.7	176.2
Total other provisions - short-term	42.7	176.2

Note 28

OTHER CURRENT LIABILITIES

December 31, MSEK	2009	2008
Employee-related items	442.3	426.0
Liability to clients with commissions under construction contracts	273.7	234.7
Prepayments from customers	92.2	134.9
Accrued interest expenses	6.0	8.2
Other accrued expenses and prepaid income	454.1	450.4
Other liabilities	192.5	221.4
Total other current liabilities	1,460.8	1,475.6

Not 29

CONTINGENT LIABILITIES

December 31, MSEK	2009	2008
Contingent liabilities		
Performance guarantees	261.4	484.6
Total contingent liabilities	261.4	484.6

During 2008, there was a performance guarantee with Saab as the beneficiary of the guarantee of MSEK 214.6. The agreement with Saab related to security systems and services to the correctional system.

Note 30

LEASING

LEASE AGREEMENTS WHERE THE GROUP IS LESSEE

Financial leasing

During the year, paid leasing charges in respect of financial leasing agreements for vehicles, IT & Telecom amounted to MSEK 29.5 (38.5).

The item machinery and equipment includes leasing objects that the group possesses pursuant to financial leasing agreements of the following amounts:

December 31, MSEK	2009	2008
Acquisition value – capitalized financial leasing	126.9	129.1
Accumulated depreciation and amortization	-87.3	-61.3
Carrying amount	39.6	67.8

Future combined minimum leasing charges pertaining to non-terminable financial leasing agreements are distributed as follows:

MSEK	NOMINAL VALUE		PRESENT VALUE	
	2009	2008	2009	2008
Within one year				
Vehicles	24.4	40.7	23.0	38.4
IT & Telecom	-	-	-	-
	24.4	40.7	23.0	38.4
Between one and five years				
Vehicles	22.2	39.2	19.7	33.9
IT & Telecom	-	-	-	-
	22.2	39.2	19.7	33.9
More than five years				
Vehicles	-	-	-	-
IT & Telecom	-	-	-	-
	0.0	0.0	0.0	0.0
Total future minimum leasing charges	46.6	79.9	42.7	72.3

Operational leasing

During the year, paid leasing charges regarding operational leasing agreements for buildings/office premises, vehicles, machinery and equipment as well as IT & Telecom amounted to MSEK 304.6 (286.1).

Future combined minimum leasing charges pertaining to non-terminable operational leasing agreements are distributed as follows:

MSEK	2009	2008
Within one year		
Buildings/office premises	197.3	178.3
Vehicles	85.9	81.9
Machinery and equipment	0.6	3.3
IT & Telecom	11.4	1.9
	295.2	265.4
Between one and five years		
Buildings/office premises	592.4	391.5
Vehicles	136.7	92.2
Machinery and equipment	1.6	10.2
IT & Telecom	33.9	1.3
	764.6	495.2
More than five years		
Buildings/office premises	76.1	108.7
Vehicles	14.0	0.6
Machinery and equipment	-	-
IT & Telecom	-	-
	90.1	109.3
Total future minimum leasing charges	1,149.9	869.9

LEASEING AGREEMENTS WHERE THE GROUP IS THE LESSOR

Financial leasing

The group does not conduct any financial leasing operations where it is considered to be lessor.

Operational leasing

During the year, received leasing charges regarding operational leasing agreements for machinery and equipment amounted to MSEK 14.2 (14.4).

The item machinery and equipment includes machinery that is leased out by the group to outsiders under operational leasing of the following book values:

MSEK	2009	2008
Cost	108.5	111.8
Accumulated depreciation and amortization	-84.1	-71.7
Carrying amount	24.4	40.1

Future combined minimum leasing charges pertaining to non-terminable operational leasing agreements are distributed as follows:

MSEK	2009	2008
Within one year		
Machinery	13.7	13.1
IT & Telecom	0.6	0.4
	14.3	13.5
Between one and five years		
Machinery	33.9	38.2
IT & Telecom	0.8	0.8
	34.7	39.0
More than five years		
Machinery	4.3	-
IT & Telecom	-	-
	4.3	0.0
Total future minimum leasing charges	53.3	52.5

MSEK 26.5 (28.2) is recognized as income regarding sub-letting.

Note 31

CASH FLOW

Adjustments for items not included in the cash flow

MSEK	2009	2008
Depreciation and amortization	213.7	211.2
Impairment losses	-	490.0
Unrealized exchange differences	4.7	66.0
Pension provisions	0.8	3.8
Other provisions	-6.9	234.7
Total adjustments for items not included in the cash flow	212.3	1,005.7

Acquisition of subsidiaries and other operating units

MSEK	2009	2008
Acquired assets and liabilities		
Intangible assets	15.7	123.5
Property, plant and equipment	0.2	10.6
Financial assets	-	1.8
Inventories	0.7	24.0
Operating receivables	5.5	113.2
Cash and cash equivalents	0.1	7.5
Total assets	22.2	280.6
Minority	-	-
Short-term operating liabilities	2.2	108.4
Total provisions and liabilities	2.2	108.4
Purchase price		
Purchase price paid	20.1	172.2
Less: Cash and cash equivalents in the acquired operations	-0.1	-7.5
Impact on cash and cash equivalents	20.0	164.6

Note 32

TRANSACTIONS WITH RELATED PARTIES

Remuneration to senior executives has been paid as follows. There were no other transactions with related parties.

2009

SEK '000	Basic salary	Variable remuneration	Other benefits ¹	Pension expense	Total
CEO, Juan Vallejo	5,306.0	0.0	75.6	4,356.4	9,738.0
Other senior executives (4 persons)	7,977.1	810.0	319.8	1,440.6	10,547.5
Total remuneration to senior executives	13,283.1	810.0	395.4	5,797.0	20,285.5

2008

SEK '000	Basic salary	Variable remuneration	Other benefits ¹	Pension expense	Total
CEO, Juan Vallejo	5,250.0	0.0	85.6	511.9	5,847.5
Other senior executives (5 persons)	15,919.1 ²	190.0	1,264.3	1,548.0	18,921.4
Total remuneration to senior executives	21,169.1	190.0	1,349.9	2,059.9	24,768.9

¹ Other benefits refer primarily to company car and housing benefit values.

² Basic salary also includes termination benefits.

THE BOARD OF DIRECTORS

Remuneration to the board of directors is determined in accordance with the resolution of the annual general meeting. The annual general meeting 2009 resolved that total fees of SEK 2,000,000 shall be paid to board of directors, to be allocated among the members as follows: SEK 600,000 to the chairman of the board and SEK 250,000 to each of the other members who are not employed by the company.

Fees of SEK 150,000 shall be paid to the audit committee. The chairman of the board and other board members have no pension benefits or severance pay agreements. No directors' fees are payable to the CEO or employee representatives.

SENIOR EXECUTIVES' BENEFITS

CEO

The remuneration consists of a basic salary, variable remuneration, pension and insurance benefits and other benefits. The variable remuneration is maximized to 50 percent of the basic salary and is based on the group's operating results. The company shall pay premiums amounting to 30 percent of the basic salary in respect of pension and sickness allowance insurance. Other benefits

principally consist of a company car. The notice period is 6 months on the part of the CEO and 24 months on the part of the company.

In addition, provisions in respect of termination benefits of MSEK 21.2 to the outgoing CEO have burdened the net profit for 2009.

Other senior executives

Remuneration to other senior executives consists of basic salary, variable remuneration, other benefits and pensions. By other senior executives, it refers to the persons who together with the CEO make up the group management. At the end of 2009, the group management comprised:

- President and CEO, Juan Vallejo, resigned as CEO on February 28, 2010, but remains as a board member of the company.
- The President and CEO, Håkan Kirstein, who took over as CEO on March 1, 2010, started in the company on November 16, 2009.
- Chief Financial Officer
- Head of Technology/Sourcing/Logistics
- Country President Spain

The division between basic salary and variable remuneration shall be in proportion to the executive's responsibility and authority. The variable remuneration is maximized at 50–75 percent of the basic salary and is based on the group's results. Other benefits principally consist of a company car. The notice period is a maximum of 6 months on the part of the executive and a maximum of 12 months on the part of the company. Pension premiums are based on the ITP plan. Pension-qualifying salary consists of the basic salary.

Currently, no severance pay agreements are signed in the case of any of the senior executives.

For information concerning senior executives' shareholdings in Niscayah Group AB see page 57.

Note 33

POST-BALANCE SHEET EVENTS

CHANGES IN THE GROUP MANAGEMENT

Håkan Kirstein, President and CEO, took over as President and CEO of the company on March 1, 2010. Juan Vallejo resigned as President and CEO on February 28, 2010.

THE PARENT COMPANY'S NOTES

Note 34

PARTICIPATIONS IN GROUP COMPANIES

December 31, MSEK	2009	2008
Opening balance	7,598.5	7,186.7
Purchasing	15.9	382.9
Shareholders' contribution	-	28.9
Closing accumulated balance	7,614.4	7,598.5
Opening impairment losses	-525.1	-13.2
Impairment for the year	-	-511.9
Closing accumulated impairment losses	-525.1	-525.1
Closing balance for participations in group companies	7,089.3	7,073.4

December 31, MSEK	Registration number	Registered office	Share of equity	CARRYING AMOUNT	
				2009	2008
Niscayah AB	556076-0737	Stockholm	100 %	2,959.7	2,959.7
Niscayah Retail AB	556081-8733	Stockholm	100 %	558.9	558.9
Niscayah Teknik AB	556547-2098	Stockholm	100 %	2.4	2.4
Niscayah Holding AS	989195514	Oslo	100 %	849.7	849.7
Niscayah OY	1936772-6	Helsinki	100 %	531.8	531.8
Niscayah Holding SAS	332726139	Paris	100 %	553.4	553.4
Niscayah, S.A.	506313131	Lisbon	100 %	364.7	364.7
Niscayah Holding GmbH	HRB 47925	Dusseldorf	100 %	34.0	34.0
Niscayah Holding UK Ltd	2073469	London	100 %	389.6	389.6
Niscayah AS	15706708	Copenhagen	100 %	37.6	37.6
Systems Niscayah SA	A82929951	Madrid	100 %	39.0	39.0
Niscayah, Inc.	95-4638962	Delaware	100 %	218.5	218.5
Niscayah BV	2052535	Amsterdam	100 %	148.2	148.2
Niscayah S.A.	CH-660-0916991-2	Geneva	100 %	42.8	42.8
Niscayah NV	BE427033590	Brussels	99.9 %	97.3	81.7
Niscayah SpA	10384770151	Milan	100 %	261.4	261.2
Niscayah Asia Limited	37585966	Hong Kong	100 %	0.0	0.0
Niscayah Nordic Logistics AB	556727-1167	Stockholm	100 %	0.1	0.1
Niscayah Warrants AB	556730-4190	Stockholm	100 %	0.1	0.1
Pacom, Systems Espania S L	B85769248	Madrid	100 %	0.1	-
Total participations in group companies				7,089.3	7,073.4

Note 35

OPERATING EXPENSES

Audits fees and reimbursements

January–December, MSEK	2009	2008
PricewaterhouseCoopers		
– audit assignments	1.1	1.0
– other assignments	0.7	0.7
Total PricewaterhouseCoopers	1.8	1.7

Audit assignments refers to the review of the financial statements and accounting records as well as the administration of the board of directors and CEO, other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by such review or implementation of such other duties. Everything else is other assignments.

Note 36

PERSONNEL EXPENSES AND AVERAGE NUMBER OF EMPLOYEES

Personnel expenses	2009	2008
January–December, MSEK		
Salaries and remuneration etc.	41.5	29.0
Pension expenses, defined contribution plans	13.5	4.5
Social security contributions	17.2	10.7
Total personnel expenses	72.2	44.2

Of the Parent Company's pension expenses, MSEK 9.5 (1.5) refers to the category, board of directors, CEO and other senior executives, two persons plus CEO. The company's outstanding pension obligations to these individuals amounted to 0.0 (0.0). Termination benefits of MSEK 21.2 to the CEO were expensed during 2009.

Average number of employees	2009	2008
Average number of employees	23	23
Of which women	39 %	43 %

Distribution of men and women in the company management

	SHARE WOMEN	
	2009	2008
The Board of Directors	25 %	25 %
Other senior executives	0 %	0 %

The total absence due to illness amounted to 1.0 (1.0) percent and was distributed equally between men and women.

Note 37

FINANCIAL INCOME AND EXPENSES

January–December, MSEK	2009	2008
Profit from participations in group companies		
Group contributions received	151.5	98.5
Dividends	8.2	-
Impairment of shares in subsidiaries	-	-511.9
Total income from participations in group companies	159.7	-413.4
Financial income		
Interest income	1.2	16.5
Interest income, group companies	80.5	108.2
Exchange gains/net	25.6	0.0
Other financial income	13.5	-
Total financial income	120.8	124.7
Financial expenses		
Interest expenses	-68.0	-136.3
Interest expenses, group companies	-3.3	-8.7
Exchange losses/net	-	-11.7
Impairment of financial receivables in subsidiaries	-54.6	-
Other financial expenses	-3.9	-3.7
Total financial expenses	-129.8	-160.4
Total net financial items	150.7	-449.1

Group contributions paid and received and shareholders' contributions have been recognized in the income statement in accordance with URA 7.

Note 38

APPROPRIATIONS AND UNTAXED RESERVES

Appropriations

January–December, MSEK	2009	2008
Difference between book depreciation/ amortization and depreciation/amortization according to plan:		
Equipment	0.0	0.0
Patents and similar rights	3.3	-4.6
Tax allocation reserve, provisions for the year	-97.2	-24.7
Total appropriations	-93.9	-29.3

Untaxed reserves

December 31, MSEK	2009	2008
Accumulated depreciation in excess of plan:		
Patents and similar rights		
Opening balance January 1	4.7	0.1
Depreciation for the year in excess of plan	-3.3	4.6
Closing balance	1.4	4.7
Equipment		
Opening balance January 1	0.2	0.2
Depreciation for the year in excess of plan	0.0	0.0
Closing balance	0.2	0.2
Tax allocation reserve		
Opening balance January 1	141.3	116.6
Provision on assessment 2009	-	24.7
Provision on assessment 2010	97.2	-
Closing balance	238.5	141.3
Total untaxed reserves	240.1	146.2

Note 39

TAXES

January–December, MSEK	2009	2008
Income taxes		
Current tax expense	-64.7	-46.3
Deferred tax	2.9	-
Total tax expense	-61.8	-46.3
The relationship between the tax expense for the year and reported profit before tax		
Reported profit before tax	200.5	81.3
Tax based on the Swedish tax rate, 26.3 % (28 %)	-52.8	-22.8
Adjustment of tax expense related to previous year	-	-14.3
Change in tax rate	0.4	-
Non-deductible expenses	-18.1	-9.5
Non-taxable income	5.8	0.2
Current tax expense	-64.7	-46.3

Note 40

INTANGIBLE ASSETS

December 31, MSEK	LICENSES	
	2009	2008
Opening balance	16.3	0.7
Investments	16.8	15.6
Closing accumulated balance	33.1	16.3
Opening amortization	-0.3	-0.2
Amortization for the year	-0.8	-0.1
Closing accumulated amortization	-1.1	-0.3
Closing residual value	32.0	16.0

Note 41

PROPERTY, PLANT AND EQUIPMENT

December 31, MSEK	EQUIPMENT	
	2009	2008
Opening balance	1.5	1.3
Investments	-	0.2
Closing accumulated balance	1.5	1.5
Opening depreciation and amortization	-0.7	-0.4
Depreciation and amortization for the year	-0.2	-0.3
Closing accumulated depreciation and amortization	-0.9	-0.7
Closing residual value	0.6	0.8

Note 42

CASH AND CASH EQUIVALENTS

MSEK	2009	2008
Cash and bank deposits	39.2	79.8
Short-term investments, on a par with cash and cash equivalents	129.0	43.0
Total cash and cash equivalents	168.2	122.8

Note 43

TRANSACTIONS WITH RELATED PARTIES

Net sales and other revenue	2009	2008
MSEK		
Total in the income statement	252.5	187.3
of which subsidiaries	252.5	187.3

The parent company invoices the subsidiaries support and licensing income which is regulated by agreement.

Receivables from group companies

MSEK	2009	2008
Opening balance	1,633.0	1,844.6
New borrowing	48.2	169.0
Amortization	-159.3	-408.7
Changes in foreign exchange rates	-0.9	28.1
Closing balance	1,521.0	1,633.0

Note 44

FINANCIAL LIABILITIES

The group's loan consists of a credit facility totaling MSEK 3,000, of which MSEK 760 has a remaining term of two years and MSEK 2,240 a remaining term of four years.

December 31, MSEK	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowing				
Loan financing	1,478.7	1,478.7	1,995.7	1,995.7
Total long-term borrowing	1,478.7	1,478.7	1,995.7	1,995.7
Short-term borrowing				
Loan financing	0.0	0.0	0.0	0.0
Total short-term borrowing	0.0	0.0	0.0	0.0
Total borrowing	1,478.7	1,478.7	1,995.7	1,995.7

Note 45

PLEGDED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

December 31, MSEK	2009	2008
Pledged assets		
Real estate mortgages	-	-
Total pledged assets	-	-
Contingent liabilities		
Sureties in favour of subsidiaries	283.3	503.6
Total contingent liabilities	283.3	503.6
Contingent assets		
Other contingent assets	-	-
Total contingent assets	-	-

Note 46

SHARE CAPITAL

The total number of shares is 365,058,897 shares with a quota value of SEK 1 per share.

AUDIT REPORT

**TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NISCAYAH GROUP (PUBL),
CORPORATE IDENTITY NUMBER 556436-6267**

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Niscayah Group AB (publ) for the year 2009. The company's accounts and consolidated accounts appear on pages 10–47. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Account Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

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

Stockholm, March 18, 2010

PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

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CORPORATE GOVERNANCE REPORT

Niscayah's application of the Code of Corporate Governance

Niscayah Group AB is a Swedish public limited company with its registered office in Stockholm, Sweden. The company's shares are traded on NASDAQ OMX Stockholm. The Swedish Companies Act and NASDAQ OMX Stockholm's rules for issuers including the Swedish Code of Corporate Governance (the "Code") form the basis for the governance of the Group's operations. Niscayah has applied the Code as from the date of the listing on NASDAQ OMX Stockholm on September 29, 2006. The Code is based on the principle "comply or explain", which means that a company may deviate from the Code's provisions provided that such deviations can be explained in a satisfactory manner. The board of directors of Niscayah has prepared this corporate governance and internal control report in accordance with the provisions of the Code. In those cases where Niscayah has decided to deviate from the provisions of the Code, a justification is stated as well as the solution chosen by the company instead in the respective section of the report.

The corporate governance report has not been reviewed by the company's auditor.

Other corporate governance instruments Articles of Association

For Niscayah's Articles of Association, see www.niscayah.com

Guidelines and policies

The basis of Niscayah's policies is the aim to treat all stakeholders alike, to provide important information at the right time, to fulfil legal requirements in a correct manner and to adhere to prevailing rules and laws. The group's most important guidelines and policies relate to financial control, reporting, financial and operational risk management, communication matters and business ethics. The group's established communication policy ensures compliance with prevailing stock market regulations.

Code of conduct and environment

Niscayah's Code of Conduct applies to the entire group and is based on a number of established international conventions. The Code of Conduct is an expression of the values and guidelines which shall apply within the group with respect to business ethics as well as rights and liberties. Within Niscayah, the responsibility for environmental work rests with the organization in each country. Each country's organization is consequently responsible for ensuring that the operations are conducted in accordance with the local environmental legislation and regulations.

Annual General Meeting

The annual general meeting is Niscayah's highest decision-making body where the shareholders right to decide in the affairs of Niscayah is exercised. The shareholders are given the opportunity at the annual general meeting to put questions directly to the Chairman of the Board, the Board of Directors and President and CEO. The annual general meeting passes resolutions on the following matters among others:

- adoption of the income statement and balance sheet
- appropriation of the company's profit or loss
- election of members to the nomination committee
- discharge from liability for the board members and CEO
- election of board members, chairman of the board and appointment of auditor
- determination of fees to the board of directors and the auditors
- adoption of any option programs.

The Board of Directors

The responsibility and duties of the board of directors

Under the Swedish Companies Act, the board of directors is responsible for the group's organization and administration and appoints the President and CEO. Niscayah's board determines the group's overall goals, strategies and policies as well as acquisitions, disposals and major investments and also approves the financial statements and interim reports. The board proposes dividends and guidelines for remuneration to senior executives to the annual general meeting as well as makes decisions concerning the group's future financial structure and strategies. The board's responsibility includes monitoring of the CEO's work by means of continuous analysis and evaluation of the operations during the year. The work includes control that the organization, management and guidelines for the administration of Niscayah are appropriate as well as assurance that there are satisfactory procedures and internal control within the group. Other duties that are within the board's responsibility include:

- decisions on increased financing needs,
- issuance of financial reports,
- evaluation of the operational management and succession planning,
- control of the accounting records, management of assets and financial conditions.

The composition of the Board of Directors 2009

According to the articles of association of Niscayah, the board of directors shall consist of at least five (5) and not more than ten (10) ordinary members elected by the annual general meeting without any deputy members. Niscayah's board consists of seven ordinary members: Jorma Halonen (chairman), Carl Douglas, Juan Vallejo, Tomas Franzén, Eva Lindqvist, Anders Böös and Ulrik Svensson. Jorma Halonen was re-elected as a member of the board at the annual General meeting 2009 and was appointed chairman of the board. In addition to this, the board includes two members appointed by the trade unions organizations, Laila Lindberg and Mikael Olsson.

Niscayah complies with the requirements under NASDAQ OMX Stockholm's rules for issuers as well as items 4.4 and 4.5 of the Code as regards requirements for independent board members. According to the Code, the majority of board members elected by the annual general meeting shall be independent in relation to the company and its management and shall also be independent in relation to the company's major shareholders. The nomination committee is of the opinion that Carl Douglas and Ulrik Svensson are not to be considered independent in relation to major shareholders and that Juan Vallejo, in his capacity as CEO until February 28, 2010 is not to be considered independent in relation to the company and the company management. The remaining board members elected by the annual general meeting – Jorma Halonen, Tomas Franzén, Eva Lindqvist and Anders Böös, are considered by the nomination committee to be independent in relation to both the company and the company management as well as to the major shareholders. See further the table on page 52. Additional presentation of the board members may be found on pages 55–56 in the annual report, as well as on www.niscayah.com

The Chairman of the Board of Directors

The chairman of the board of directors, Jorma Halonen ensures that the work of the board is evaluated annually and that members of the board receive suitable training. The evaluation of the board's work during 2009 has been provided to the nomination committee. The board's working procedures and instructions concerning division of responsibility between the board and the CEO are updated and adopted annually. The chairman of the board shall, in addition to leading the work of the board, continuously follow the group's operations and development through contacts with the CEO. The chairman shall consult with the CEO on strategic issues and represent the

company in matters concerning the ownership structure. The board has, on account of its size, made the assessment that it is not necessary to establish a remuneration committee. The duties that would be assigned to such a committee shall instead be performed by the entire board, or part of the board, with the exception of the CEO. The board has established an audit committee (see further under the section "Audit Committee").

The work of the Board of Directors

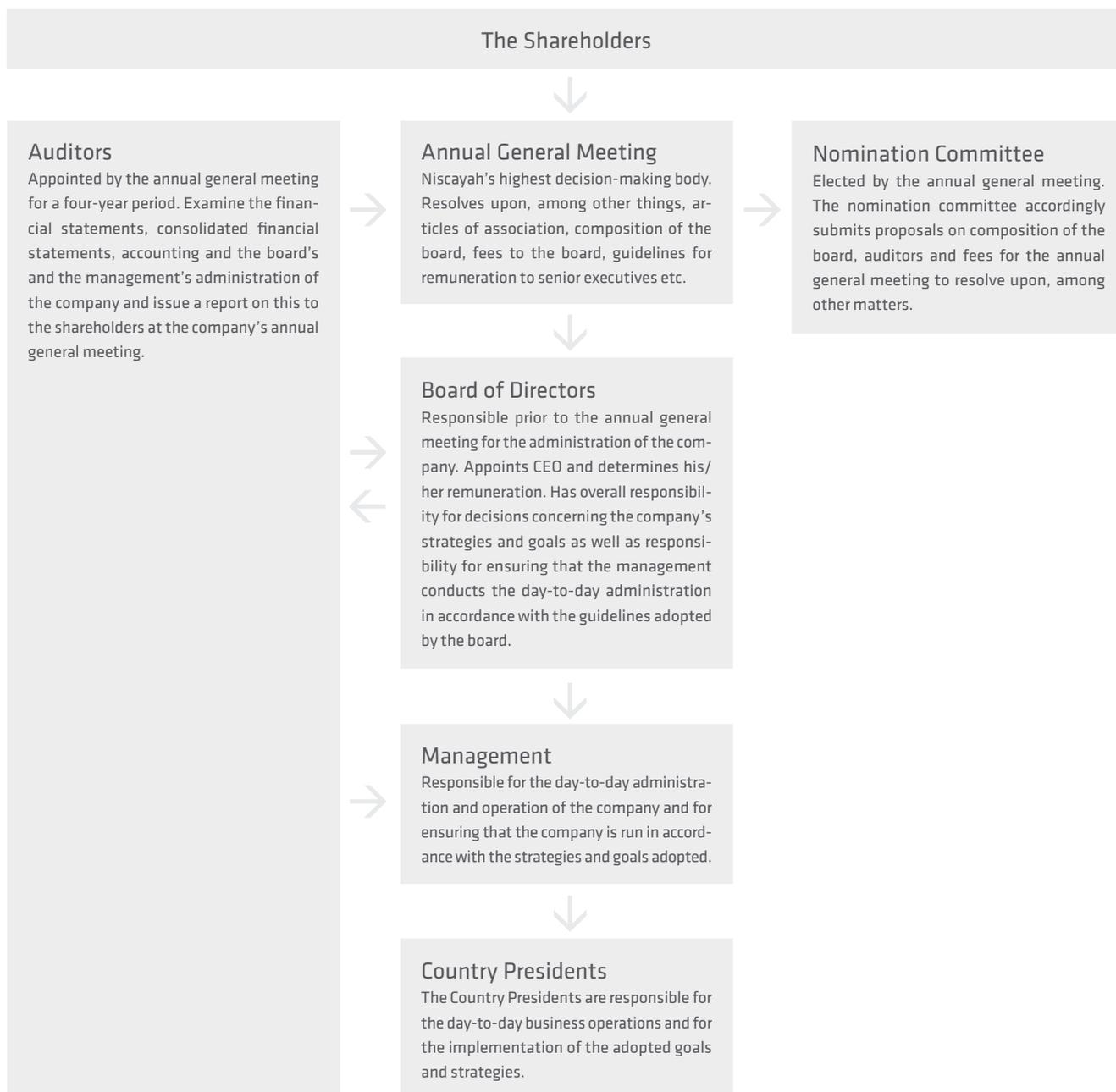
The board meets at least four times per year. The ordinary meetings take place in connection with the company's publication of financial statements and interim financial statements. At least one of the board meetings takes place in connection with a visit to and in-depth review of one of the group's business operations. In addition to this, extra board meetings are held as required.

The Board's follow-up of the business operations

The work in the board and the division of responsibility between the board and the group management is governed by formally adopted working procedures. The board considers that risk analysis and control are of fundamental importance in order to reach the business goals with an acceptable risk/reward profile and that this is part of a continuous process of identifying and evaluating significant risks that the group encounters as well as the effectiveness of control in connection therewith. The board reviews the effectiveness of the internal control through:

- Discussions with the group management about the company's position on the market and the analyses carried out regarding the company's performance.
- Review of important issues pursuant to the external audit and other reviews/examinations.

ORGANISATION OF CORPORATE GOVERNANCE



Niscayah's group management continuously conducts follow-up of results and analysis based on an annual budget with monthly operational reconciliations against actual results, deviations, follow-up of key factors and customary forecasting.

The CEO and Group Management

CEO

Juan Vallejo served as President and CEO from 2006 until February 28, 2010. Håkan Kirstein has been President and CEO since March 1, 2010.

Group Management

Niscayah's management during 2009 comprised the following people: Juan Vallejo, President and CEO until February 28, 2010, Håkan Gustavson, CFO, Rolf Norberg, Head of Technology/Purchasing/Logistics and Antonio Villaseca, Country President Spain.

Audit

External audit

At the annual general meeting 2009, PricewaterhouseCoopers was elected as the company's external auditor for a mandate period of four years, consequently until the end of the annual general meeting 2013. The auditor in charge during 2009 was the authorized public accountant Bo Lagerström. For a closer presentation of the auditor, see page 58 of the Annual Report. The company's auditor participates in the board meeting in February, where he reports his observations and recommendations from the year's audit of the group. The external audit is conducted in accordance with generally accepted accounting practices in Sweden, which is based on International Standards on Auditing (ISA). For information on fees to auditors during 2009, see page 32 (note 6).

Control of the financial reporting

Financial reporting to the Board

The board of directors follows the quality of the financial reporting and internal control procedures and also follows up current risk exposure both from an operational and financial perspective. This takes place mainly through instructions to the CEO, establishment of requirements relating to content in the reports about financial conditions that are continuously sent to the board as well as through reviews with the management and the auditors. The board studies and approves the financial reporting, such as consolidated results and financial statements, but has delegated to the group management to provide press releases with financial content and presentation material in connection with meetings with the media, owners and financial institutions. See further in the section "The Board of Director's report on internal control".

Corporate governance 2009

Shareholders

The total number of shares in Niscayah Group AB amounted to 365,058,897 shares, distributed between 17,142,600 class A shares, and 347,916,297 class B shares. The number of shareholders at year-end 2009/2010 totaled 21,367 (20,509 the previous year-end).

The A share carries ten votes and the B share carries one vote. Three owners, Säkl, Investment AB Latour and Melker Schöröling AB combined own all A shares. The B share has been traded on NASDAQ OMX Stockholm since September 29, 2006. Of the total number of shares at year-end 2009/2010, foreign owners accounted for 30.67 percent of the ownership and 21.56 percent of the votes.

Nomination Committee

The nomination committee has the task of preparing the election of chairman and other members of the board, determination of fees to the board of directors and other associated matters prior to the next annual general meeting.

In addition, the nomination committee shall, prior to the annual general meeting where appointment of auditor shall take place, prepare the appointment of auditor and resolutions concerning fees to the auditor and associated matters.

The annual general meeting 2009 elected the following members to serve on the nomination committee ahead of the annual general meeting 2010:

- Gustaf Douglas (re-elected as chairman), representative for Investment AB Latour and Säkl representing 11.83 percent of the share capital and 30.22 percent of the votes as at December 31, 2009.
- Mikael Ekdahl (representative for Melker Schöröling AB), representing 6.98 percent of the share capital and 12.70 percent of the votes as at December 31, 2009.
- Marianne Nilsson (representative for Swedbank Robur), representing 7.84 percent of the share capital and 5.51 percent of the votes as at December 31, 2009.
- Mats Tunér (representative for SEB Fonder), representing 5.60 percent of the share capital and 3.94 percent of the votes as at December 31, 2009.
- Magnus Landare (representative for Alecta), representing 0 percent of the share capital and 0 percent of the votes as at December 31, 2009.

Certain changes have taken place in the ownership structure during the autumn and Henrik Didner (Didner & Gerge fonder) has therefore replaced Magnus Landare (Alecta). Didner & Gerge represented 3.85 percent of the share capital and 2.71 percent of the votes as at December 31, 2009 and Per-Erik Mohlin has replaced Mats Tunér as representative for SEB Investment Management AB which represented 5.60 percent of the share capital and 3.94 percent of the votes as at December 31, 2009.

INFORMATION ABOUT THE BOARD OF DIRECTORS

	REPRESENTING, PERCENTAGE SHARE OF VOTES	ATTENDANCE AT TOTAL NUMBER OF BOARD MEETINGS	INDEPENDENT IN RELATION TO THE COMPANY	INDEPENDENT IN RELATION TO THE MAJOR SHAREHOLDERS	DIRECTORS' FEES, SEK	FEES FOR AUDIT COMMITTEE, SEK
Jorma Halonen	-	7/7	Yes	Yes	600,000	-
Juan Vallejo	-	7/7	No	Yes	-	-
Anders Böös	-	7/7	Yes	Yes	250,000	50,000
Carl Douglas	30.22	7/7	Yes	No	250,000	-
Tomas Franzén	-	7/7	Yes	Yes	250,000	-
Eva Lindqvist	-	7/7	Yes	Yes	250,000	-
Ulrik Svensson	12.7	7/7	Yes	No	250,000	100,000
Laila Lindberg	Employee representative	7/7	-	-	-	-
Mikael Olsson	Employee representative	6/7	-	-	-	-

The annual general meeting 2009 resolved that in the case where a shareholder represented by one of the members of the nomination committee no longer is one of the largest shareholders in Niscayah in terms of votes, or in the case a member of the nomination committee is no longer employed by such shareholder or leaves the nomination committee for some other reason prior to the annual general meeting 2010, the nomination committee shall have the right to appoint another representative for the major shareholders to replace such a member. Shareholders have the possibility of addressing nomination proposals to the nomination committee. The nomination committee's proposals are announced no later than in connection with the notice convening the annual general meeting. The nomination committee has met on two occasions prior to the annual general meeting 2010. As a basis for its proposals before the annual general meeting 2010, the nomination committee have considered whether the present board is appropriately composed and fulfils the demands made of the board as a consequence of the company's position and future direction.

The Audit Committee

The audit committee has the task of monitoring financial reporting and the effectiveness of internal control, to keep informed about the statutory audit, review and monitor the impartiality and independence of the auditor and to assist the nomination committee. The auditor has a reporting obligation to the audit committee.

According to item 7.3 of the Code, the audit committee shall consist of at least three board members. The majority of the committee's members should be independent in relation to the company and the company management. At least one member of the committee should be independent in relation to the company's principle owners. At present, the committee only consists of two board members. However, the board considers that the current composition of the audit committee is that which best utilizes the board's experience and expertise concerning matters that are intended to be handled therein. At the board meeting on April 22, 2008, the board members Ulrik Svensson and Anders Böös were appointed to the audit committee. Håkan Gustavson, CFO who is a co-opted member and Bo Lagerström, auditor, have attended all meetings of the audit committee.

Annual General Meeting 2009

At the Annual General Meeting on April 21, 2009, Jorma Halonen was re-elected chairman, Carl Douglas, Tomas Franzén, Eva Lindqvist, Juan Vallejo, Anders Böös and Ulrik Svensson were elected as ordinary members of the board. The meeting also resolved to adopt the submitted income statement and balance sheet

as well as the consolidated income statement and balance sheet and to allocate the company's retained earnings, including that a dividend of SEK 0.30 per share should be declared for the fiscal year 2008. It was determined that April 24, 2009 should be the record day for the right to receive dividends. The meeting also resolved that the board of directors and the CEO should be discharged from liability. In addition to this, the board resolved on directors' fees in accordance with what is stated under the heading "Remuneration to the Board of Directors" on page 53. Furthermore, members of the nomination committee were elected for the period until the annual general meeting 2010, principles were also established for how members who leave the nomination committee shall be replaced and the duties of the nomination committee were determined (see "Nomination committee"). The meeting also resolved to adopt the board's proposal for guidelines for remuneration to senior executives. Resolutions passed at the Annual General Meeting 2009 can be found on Niscayah's home page www.niscayah.com

The Board of Directors

The board of directors met seven times during the year, of which on one occasion was in Dusseldorf, Germany. See table for the board members' attendance. The CEO gave an account of developments within the group at every board meeting. During the year, the CFO and other Niscayah' employees have also participated in the board meetings to report on particular questions or whenever deemed appropriate.

Remuneration to the Board of Directors

Remuneration to the board of directors is determined in accordance with the resolution of the annual general meeting. The Annual Meeting 2009 resolved that total fees of SEK 2,000,000 shall be paid to the board of directors, for the period until the close of the annual general meeting 2010, (including remuneration for committee work), to be allocated among the members as follows: SEK 600,000 to the chairman of the board and SEK 250,000 to each of the other elected members, apart from the CEO. As remuneration for committee work, the chairman for the audit committee shall receive SEK 100,000, and each of the other members of the audit committee shall receive SEK 50,000. The chairman of the board and other board members have no pension benefits or severance pay agreements.

Remuneration to senior executives and auditors

The annual general meeting 2009, resolved to adopt guidelines for principles for remuneration to senior executives. It was noted that fees to the auditors shall be paid according to invoice. Information about remuneration to senior executives

EXAMPLES OF INTERNAL CONTROL PROCESSES

CONTROL PROCESS	AIM	SCOPE
Operating follow up/external reports	Continuous follow up of goals and financial key ratios, which form the basis for ensuring accuracy in the external reports showing the group's position and results.	All group companies. Monthly (operational). Yearly (legal).
Self-assessment	Objective review and assurance with regard to observance of the group's most important policies and guidelines. The objective is to establish "company-wide best practices" and contribute to professional staff development.	All group companies. Yearly.
Letter of Representation	A statement from the local company management in order to secure the local control environment with regard to financial reporting and, by extension, the external consolidated financial statements.	All group companies. Yearly.
Financial follow up/external reporting	Continuous follow up of the group's liquidity position, which forms the basis in order to secure the group's financial position and accuracy in external reporting.	All group companies. Monthly (operational). Yearly (legal).

can be found on page 43, note 32 in the annual report. For information regarding fees to auditors during 2009, see page 32, note 6.

The Board of Director's report on internal control

Under the Swedish Companies Act and the Code, the board of directors is responsible for the internal control.

Control environment

The group has produced a framework for corporate governance. The most important components in the control environment include clear terms of reference for the board, a clear organizational structure with documented delegated decision-making from the board to the group management, and a number of established group policies, routines and frameworks. Overall, the group operates in an organization where managers are given clear goals and authority. Delegation of decision-making is documented in an authorization instruction which provides clear instructions and authority to managers at all levels. The group's more important policies, routines and frameworks include, "Financial Policies and Guidelines", an accounting and reporting manual, a Group Treasury policy and a Risk Management policy, which states financial and business risk management mandates, Corporate HR Policy and Guidelines as well as a manual for IT security. The documents are periodically reviewed and updated.

The group's established internal control processes embrace all of the group's subsidiaries and include methods and activities for securing all group' assets, controlling accuracy and reliability in internal and external financial reporting and to ensure adherence to adopted guidelines.

Risk management and analysis

At each meeting, the board evaluates the future strategic opportunities, the group's risk exposure and analyzes the company's strategy ahead and prevailing market conditions. The overall responsibility for management of financial and business risks has been clearly delegated to the CEO who has delegated the day-to-day responsibility in accordance with the established mandate, for identifying, evaluating and handling financial and business risks as well as responsibility for implementation and maintenance of the control system pursuant to the policies established by the board. Each country management has responsibility for ensuring that there is a process within each country aimed at increasing risk awareness and adherence to guidelines and policies. The group's established policies and processes aim to ensure that risk management shall constitute a part of the group's business culture and strategic work. The process for management of business risks is integrated in the group's business planning and review of results. There are clear escalation procedures for ensuring that the group management and the board are continually notified of potential control deficiencies and significant risk exposures.

Information and communication

The group's communication policy is continuously developed in order to give the staff a clear definition of the group's goals, liability and the framework for permissible activities. Information processes are established which aim to furnish the group management and other management functions in the group with adequate reports of the business results in relation to established objectives in order to ensure reliable analysis for controlling the operations.

Self-assessment

An annual self-assessment is performed regarding observance of Financial Policies and Guidelines and established Corporate Governance documents in order to facilitate evaluation and follow-up of each country organization. Evaluation and follow-up is performed in relation to what extent the defined responsibilities and requirements have been fulfilled based on established guidelines and policies. The self-assessment is signed by the respective country's President and controller.

Financial reporting

The local country organization is responsible for ensuring observance of approved policies and guidelines as well as routines for internal control with regard to the establishment of financial reporting. The responsibility also includes ensuring that all financial information is correct, complete and in accordance with internal and external requirements. All reporting units report monthly financial outcomes, accounted for in accordance with the group's accounting principles, International Financial Report Standards (IFRS). The reporting is consolidated and forms the basis for quarterly reports and monthly operational follow up of the business and financial operations. The operational follow up takes place according to an established structure where sales, results, cash flow and other important key ratios and trends for the group are compiled and form the basis for analysis and actions. The financial follow up aims to secure the group's liquidity requirements. Other important and company-wide elements of the internal control are the annual business planning and budgetary processes as well as quarterly forecasts of the financial outcome for the current calendar year.

Letter of Representation

The country management confirms the financial statements annually by signing a Letter of Representation aimed at securing the control environment, which reports the management's opinion on whether the internal control relating to financial reporting and other company-wide reporting provides a true and fair view of the unit's financial position.

Routines for acquisitions

The group has adopted policies and routines in order to ensure that all acquisitions of operations are duly approved and carefully analyzed with regard to the financial and operational consequences of the acquisition. The group conducts regular follow ups and evaluations of completed acquisitions.

Internal audit

The board evaluates on an ongoing basis the group's need for introducing an internal audit function. The starting point in the board of directors' assessment is to consider how an internal audit function would facilitate the board's achievement of targets and create value for shareholders through providing an objective analysis of how the board and group management handle risks and monitor the operations. In light of the completed evaluation, the process of establishing an internal audit function has been initiated.

BOARD OF DIRECTORS



Jorma Halonen

Born 1948.

Chairman of the Board, since 2008

Independent in relation to the major shareholders.

Jorma Halonen is a business administration graduate and has held a number of senior positions within the Volvo Group since 2001. Most recently he was the Executive Vice President of AB Volvo and Deputy CEO of the Volvo Group (2004–2008). Prior to that he was the President and CEO of Volvo Truck Corporation (2001–2004). Before joining Volvo Group, he held a number of senior positions at Scania, for example, President of Saab-Scania in Finland, 1990–1996, Executive Vice President, 1996–1998 and President, 1998–2001 of Scania Latin America. Between 1972–1990, he held senior positions in the telecommunication and computer industry. Jorma Halonen is a Board member of Assa Abloy AB and Chairman of CPS Color and TMD Friction, and a Board member of Semcon AB, NICDP (Advisory Board to the Saudi Arabian Government), Elektrobitt and Permira Nordic Advisory Board. Jorma Halonen holds 27,000 B shares in Niscayah Group AB as at January 31, 2010.



Anders Böös

Born 1964.

Board member since 2007.

Independent in relation to the major shareholders.

Anders Böös was formerly CEO of HGQ AB and Drott AB. Anders Böös is Chairman of Cision AB and Industrial & Financial Systems, IFS AB and a Board member of Investment AB Latour, Haldex AB, East Capital Baltic Property Fund AB and Newsec AB. Anders Böös holds 100,000 B shares in Niscayah Group AB as at January 31, 2010.



Carl Douglas

Born 1965.

Board member since 2006.

Not independent in relation to the major shareholders.

Carl Douglas holds a Bachelor of Arts (BA) and is self-employed. Carl Douglas is Vice Chairman of Securitas AB, Board member of Assa Abloy AB, Investment AB Latour, Swegon AB and Säkl AB. Carl Douglas holds the following shares in Niscayah Group AB as January 31, 2010. 100,000 B shares privately, 2,000,000 B shares through Förvaltnings AB Wasatornet, 4,000,000 A shares and 24,000,000 B shares through Investment AB Latour, 8,642,600 A shares and 4,437,500 B shares through Säkl AB.



Tomas Franzén

Born 1962.

Board member since 2006.

Independent in relation to the major shareholders.

Tomas Franzén is a trained engineer, industrial economics. Tomas Franzén is CEO of Com Hem AB. He was President and CEO of Eniro AB 2004–2008. Prior to this, he was CEO of Song Networks Holding AB 2002–2004, AU-System AB 1999–2002 and AU-System Network AB 1995–1999. He has also held positions at Nokia Data AB and ICL Data AB. Tomas Franzén is Chairman of OTM Development AB and a Board member of Ovacon AB. Tomas Franzén holds no shares in Niscayah Group AB.

BOARD OF DIRECTORS



Eva Lindqvist

Born 1958.

Board member since 2006.

Independent in relation to the major shareholders.

Eva Lindqvist is a Graduate engineer and Business administration graduate and has held different positions within the Ericsson Group 1981–1999. She has also had a number of leading positions within TeliaSonera AB, for example, Senior Vice President Mobile Business and Head of Business Operation International Carrier. Eva Lindqvist is a Board member of Schibsted, Assa Abloy AB and Transmode. Eva is also Chairwoman of Admeta and Xelerated. She is a member of the Royal Swedish Academy of Engineering Sciences (IVA). Eva Lindqvist holds 6,000 B shares in Niscayah Group AB as at January 31, 2010.



Ulrik Svensson

Born 1961.

Board member since 2007.

Not independent in relation to the major shareholders.

Ulrik Svensson is a Business administration graduate and CEO of Melker Schörling AB. He was formerly CFO in Swiss International Airlines Ltd. (2003–2006), CFO in Esselte AB (2000–2003) and CFO of the Stenbeck group's foreign telecom ventures (1992–2000). Ulrik Svensson is a Board member of Assa Abloy, AAK, Loomis, Hexpol and Flughafen Zurich. Ulrik Svensson holds 44,000 B shares in Niscayah Group AB as at January 31, 2010.



Juan Vallejo

Born 1957.

Board member since 2006.

Independent in relation to the major shareholders.

Juan Vallejo is a Graduate engineer and served as President and CEO of Niscayah from 2006 until February 28, 2010. Juan was employed within the Securitas Group as Country President for Portugal in 1990 where he remained for two years. In 1992 he became Country President for Spain and later Sweden, before he took over the role as Head of Securitas operations in the Nordic Countries. Juan Vallejo was appointed Divisional President for Securitas Systems Europe in 2001. When the company's development accelerated in 2003, he became Divisional President of Systems' combined European and American operations. Juan Vallejo holds 1,144,500 B shares and 705,000 warrants in Niscayah Group AB as January 31, 2010.



Laila Lindberg

Born 1948.

Board member since 2006.

Employee representative.

Laila Lindberg has worked at Securitas since 1972 within different types of administrative roles. She is a Board member of Niscayah AB as an employee representative. Laila Lindberg holds 100 B shares in Niscayah Group AB as at January 31, 2010.



Mikael Olsson

Born 1969.

Board member since 2006.

Employee representative.

Mikael Olsson started at Securitas as an installation electrician and currently puts fire alarms into commission for Niscayah AB. He has previously worked for a number of smaller electrical contractor firms. Mikael Olsson holds no shares in Niscayah Group AB.

GROUP MANAGEMENT



Håkan Kirstein, President and CEO

Born 1969.

President and CEO since 2010.

Håkan Kirstein is a Business administration graduate from Stockholm University and took over as President and CEO of Niscayah on March 1, 2010. Prior to this, Håkan worked within the StatoilHydro Group for 14 years. During the period 2005 to 2009, Håkan was President of StatoilHydro in Sweden and previous to this he held a number of senior positions, including as President of Statoil Detaljhandel AB and Statoil Detaljist AB. Håkan Kirstein is a Board member of Kemetyl Group AB. Håkan Kirstein holds no shares in Niscayah Group AB.



Håkan Gustavson, Chief Financial Officer

Born 1958.

Chief Financial Officer since 2008.

Håkan Gustavson is a Business administration graduate from Stockholm School of Economics and joined Niscayah as CFO on September 15, 2008. Prior to that, Håkan Gustavson was CFO at Enea AB during the period 2005–2008. He was Chief Operating Officer (COO) at MediaEdgeCia Europe, based in London. Håkan Gustavson has no board commitments and holds 150,000 B shares in Niscayah Group AB as at January 31, 2010.



Rolf Norberg, Head of Technology/Sourcing/Logistics

Born 1949.

Head of Technology/Sourcing/Logistics since 2006

Rolf Norberg is a Doctor of Engineering and a graduate engineer. Rolf Norberg joined Securitas in 1988. Rolf Norberg began working as technical manager for the then Securitas Teknik and became technical director in the Securitas Group in 1990. In 1998, he left Securitas to work for Assa Abloy. He rejoined Securitas in 2003 as technical director within the Systems division (nowadays Niscayah). Rolf Norberg was appointed Head of Technology/Sourcing/Logistics/IT in 2005. Rolf Norberg holds 154,584 B shares and 352,500 warrants in Niscayah Group AB as at January 31, 2010.



Antonio Villaseca López, Country President Spain

Born 1954.

Country President Spain since 1997

Antonio Villaseca has been a member of the group management since February 6, 2008. Antonio Villaseca joined Securitas in 1995 as site manager in Madrid. In 1997, he was appointed Country President for Niscayah's Spanish operations. In addition to this, Antonio Villaseca is responsible for the company's organization in France, Italy and Portugal. Antonio Villaseca holds 19,000 B shares and 117,000 warrants as at January 31, 2010.

COUNTRY PRESIDENTS

Australia: Johan Lembre
Belgium: Frederic Du Pont
Denmark: Jan Garst
Finland: Kettil Stenberg
France: Eric Detout
Hong Kong: Samuel Stenberg
Ireland: Wille Tighe
Italy: Marco Fucello
Netherlands: Marc Deelen
Norway: Eirik Berge
Portugal: Luis Santos
Switzerland: Hans-Christian Wyss
UK: Don Cameron
Sweden (acting): David Källsäter
Germany (acting): Marc van Zon
US: Marty Guay

AUDITOR

Bo Lagerström

Born 1966.

PricewaterhouseCoopers AB.

Authorized Public Accountant. Member of FAR SRS.

Auditor in charge since 2009.

Lagerström is the auditor of Toyota Industries Europe AB and has other auditing assignments with Svenska Cellulosa Aktiebolaget SCA.

Bo Lagerström does not hold any shares in the company.

SHAREHOLDER INFORMATION

Annual General Meeting

The Annual General Meeting of Niscayah Group AB (publ) will take place on Thursday, May 6, 2010 at 5 p.m. at Lindhagensplan 70 in Stockholm. Shareholders who wish to participate in the annual general meeting must be registered in share register maintained by Euroclear Sweden AB on Thursday, April 29, 2010 and must give notice of attendance to Niscayah Group AB no later than Thursday, April 29, 2010 at 4 p.m.

Registration in the share register

Shareholders whose shares are nominee-registered through a bank or other nominee must request to be temporarily registered into the share register maintained by Euroclear Sweden AB no later than April 29, 2010 in order to have the right to attend the meeting. The shareholder must inform the nominee to that effect well before this date.

Notice to the Annual General Meeting

Notice of attendance at the annual general meeting must take place at the latest by 4 p.m. on April 29, 2010, either:

- by phone +46 (0) 10 458 80 78
- by internet www.niscayah.com
- by letter: Mark the envelope "Niscayah Group Annual General Meeting" Box 7841, 103 98 Stockholm

When giving notice, please state the following:

- Name
- Personal identity number (registration number)
- Address and phone number (daytime)
- Number of shares
- Possible assistants

Proxy

Shareholders represented by proxy shall issue a power of attorney for the representative. In the case that the power of attorney is issued by a legal entity, a certified copy of the certificate of registration (or if there is no such document, corresponding legitimacy papers) for the legal entity shall be enclosed to the proxy. The power of attorney must not be older than one year. In order to facilitate entry to the meeting, the power of attorney and legitimacy papers should be made available to the company at the above-mentioned address by April 29, 2010 at the latest.

Dividend

The record day proposed for dividend is May 11, 2010. If the annual general meeting resolves in accordance with the proposal, the dividend is expected to be disbursed through the agency of Euroclear Sweden AB (formerly VPC AB) on May 17, 2010.

Shareholder's Calendar for 2010

April 29	Final date of registration for the annual general meeting
May 6	Annual General Meeting
May 11	Record day for dividend
May 17	Payment of dividend
May 6	Interim report January–March 2010
July 29	Interim report January–June 2010
November 4	Interim report January–September 2010

The Annual Report and the Interim Reports are published in English and Swedish and are available on Niscayah's website, www.niscayah.com

Investor Relations

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