

Board report on internal control for 2005

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This report has been prepared in accordance with the Swedish Code of Corporate Governance, the guidelines issued by FAR (the professional institute for authorised public accountants in Sweden) and Svenskt Näringsliv (the Confederation of Swedish Enterprise), and the application of the transition rules announced by the Swedish Corporate Governance Board on 15 December 2005. This means that the report for 2005 is limited to a description of how internal control over financial reporting is organised.

Control environment

The procedural plan for the Board and instructions for the President and Board committees ensure a clearly defined division of roles and responsibilities that promotes effective management of the company's risks. Furthermore, the Board has established a number of normative documents for internal control and emphasises the importance of having clear written instructions and policies that also apply to the Group's subsidiaries. The executive management regularly reports to the Board according to established routines and is responsible for managing significant risks in day-to-day operations. This includes guidelines that promote an understanding and awareness among the various executives for the importance of their respective roles in maintaining good internal control.

Risk assessment and control activities

The company has formulated a model for assessing the risk for irregularities in the financial reporting in which a number of areas with a heightened risk for errors have been identified. Special attention will be given to the creation of controls to prevent and detect deficiencies in these areas. Areas where material deficiencies are noted are dealt with immediately.

Information and communication

Significant guidelines, manuals, policies, etc, of relevance for financial reporting are continuously updated and communicated to the appropriate employees. There are both formal and information communication paths to the management and Board for significant information from the employees. For external communication, there are guidelines to ensure that the company lives up to the highest demands regarding complete and accurate transparency towards the market.

Monitoring

The Board and its audit committee continuously monitor and evaluate the information provided by the Executive Management. One area of particular importance for monitoring internal control is the work of the audit committee in evaluating the efficiency of the Executive Management's control activities. This includes ensuring that action is taken with respect to the deficiencies and recommendations identified in internal and external audits.

Internal audit

So far, the company has not found sufficient reason to establish an internal audit function. After the ongoing evaluation of internal control, this matter will be reconsidered in 2006.

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

Gothenburg, 24 February 2006

Patrik Tigerschiöld Håkan Larsson Björn Björnsson
Chairman

Helena Levander Kjell Duveblad