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Evening picture from Lund.

The year in brief

2007 was an eventful year for Lunds Energikoncernen, characterised by everything from climate measures to new interesting co-operation agreements. Below is a summary of the year's most important events.

- Operating profit amounted to SEK 177.1 million, compared to SEK 154.0 million in 2006. Profit after financial items increased at the same time by 2.1 percent to SEK 146.8 million. Profits were affected by a non-recurrent charge of just over SEK 14 million for costs associated with the storm called Per. A capital gain of approximately SEK 21 million was entered into the books for the sale of a property on Råbyvägen to Lund's Municipality.
- Net turnover increased by 3.7 percent to SEK 2 332 million. As a share of turnover, the product Electricity and Electricity distribution accounted for SEK 1 469 million; the product District heating for SEK 575 million and Gas for SEK 129 million.
- Costs for the Group increased by approximately SEK 16 million as a result of Sweden being the first country in the world to make it compulsory, as from 2008, for energy companies to purchase emission rights on the free market.
- In the international credit rating organisation Standard & Poor's latest analysis of Lunds Energikoncernen, it once again received a strong rating. The long-term rating remained BBB+ and the short-term A-2.
- In December the Environmental Court approved the Group's application to build the bio power plant in Örtofta, assuming certain conditions are met. The conditions mainly concern tougher emission requirements, which the Group calculates it can comply with.
- In accordance with a co-operation agreement with Brittedals Elnät concluded in December, the company took over operations and maintenance of Kviinge El's network area (Kviinge El is a subsidiary of Lunds Energikoncernen). Brittedals Elnät at the same time, transferred its customers into the Group's customer information system to make invoice handling more efficient.
- In November, a letter of intent was signed between Lunds Energikoncernen and ESS Scandinavia; the purpose is to find more efficient and environmentally friendly energy solutions for the planned research facility ESS.
- The external sales operations in Ystad, Landskrona and Skurup changed their names during the year to Ystad Elförsäljning, Elhandel i Landskrona and Skurupskraft. At the same time, all external sales were gathered at Krafringen Elförsäljning AB.
- Krafringen Service connected Eslövs Bostads AB's

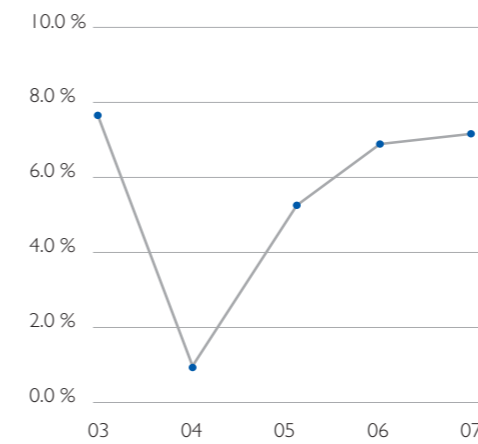
properties to Ringsjö Energi Open City Network. Consequently, the Open City Network will be available to Eslövs Bostads AB's tenants over the next six-year period.

- Nynäshamn Energi finalised the laying of deep-sea cables during the year to Öja, an island in the archipelago. Electricity supplies previously were very sensitive to the weather, as distribution took place by aerial cables, across other smaller islands as well as via deep-sea cables.
- The building of the subsidiary company Lunds Energi's new premises gained momentum during the year. The premises shall gather the main parts of the Lund-based operations in one place and are expected to be ready to move into in 2008.
- Efforts with climate issues continued throughout the year. A decision was made to invest SEK 30 million in a new wind power plant which is to be located in Everöd just outside Tomelilla. The plant is expected to be fully operational in 2008 and will more than double the capacity of our own wind power production.
- In August, Gambro chose to extend co-operation with the subsidiary, Lunds Energi.
- Ringsjö Energi guaranteed extended district heating deliveries in Eslöv. From April to October, the district-heating network was extended as transfer capacity from the new line from Lund was strengthened.
- In order to guarantee electricity supplies in the regions of Blekinge and Småland that are affected badly by storms, KREAB Öst has continued its work of replacing the overhead transmission lines with underground cables. The overhead transmission line to Torsås, from the overhead regional network, was also replaced by underground cables.
- As of April 1st, Bromölla Elförsäljning became the new assigned supplier of electricity for the Bromölla area. At the same time, Bromölla Energi, the local network owner, transferred its customers to the Group's customer information system to make invoice handling more efficient.
- In March, Lunds Energi Open City Network concluded an agreement, which means it will rent out a widespread black fibre network to Labs2.
- In February, Vetlanda Energi & Teknik, signed a commission agreement with Krafringen Elförsäljning AB for electricity sales.

Financial key ratios 2003–2007

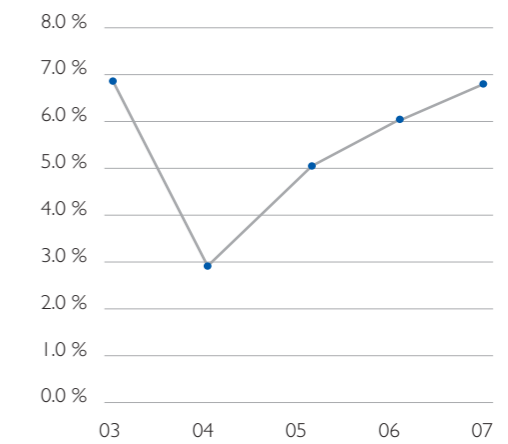
Returns on equity

(profits after net income/expense – standard tax rate 28 %) × 100 / average share equity + (0,72 × untaxed reserves)



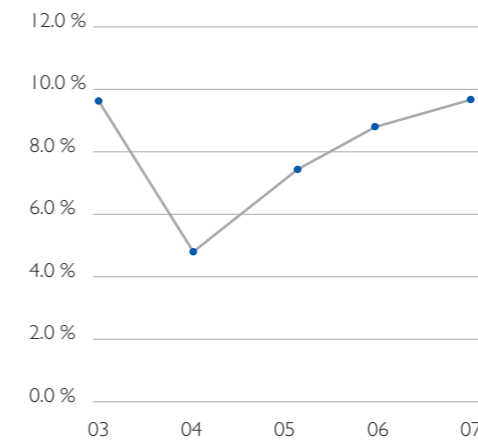
Return assets

profits after financial revenues × 100 / average balance-sheet total



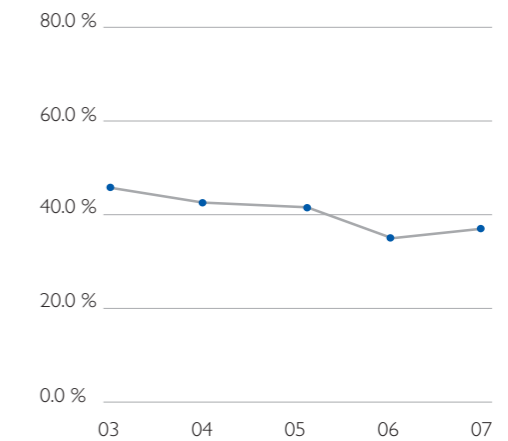
Returns capital employed

profits after financial revenues × 100 / (average balance-sheet total – (none interest-bearing debts including deferred taxes and untaxed reserves))



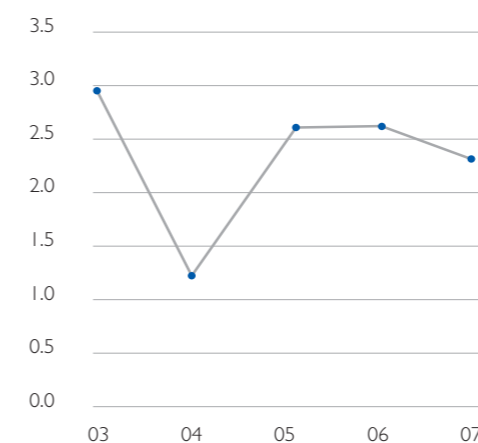
Equity ratio

(equity + (0,72 × untaxed reserves)) × 100 / balance-sheet total



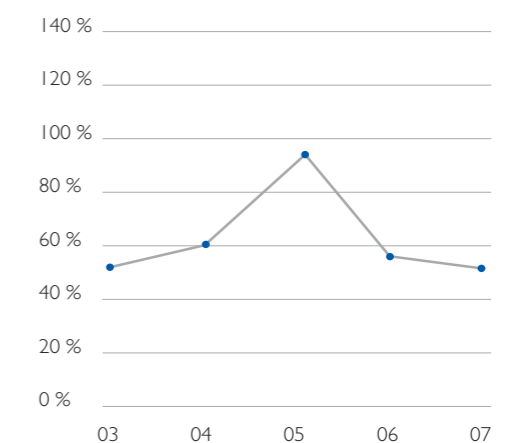
Interest coverage ratio (x)

profits after financial revenues / financial costs



Self financing ratio

this year's profit + depreciations + change in working capital / investments



Lunds Energikoncernen

– we care on a local level

For Lunds Energikoncernen, a local presence is both close to our hearts and a natural element in our strategy. Being an active operator in the small community, with local representatives who are known by name and appearance, means that we can work close to our customers. Admittedly the geographic area we operate within is large, from Ystad to Nynäshamn, but we are united by the same vision. We shall be the leading energy group with an active local presence, which thanks to the support from shared resources and an overall and stable organisation, can remain strong and competitive.

The Group's on-going expansion should not be regarded as a sign that we have forgotten our local values. Quite the reverse. Through continued growth and development, we can preserve the presence of local companies in the energy industry. That is why over the past few years we have expanded our network, both through acquisitions and co-operation agreements.

We want to continue to be an attractive partner for smaller and medium-sized companies. With size follows the opportunity of maintaining a strong local presence along with the advantages gained from the economies of scale.

Another issue which is important to us is the development of new, more environmentally-friendly production solutions. Consideration for the environment is therefore an overriding ingredient in our operations, from purchasing to project management, production and distribution. The global dependency on fossil fuels has created considerable environmental problems including climate changes, which pose a serious threat to coming generations. We were early in our attempts to limit our use of oil by, for instance, making use of the heat from wastewater in the production of district heating. We were also first in the country to produce district heating by using geothermal energy, which today accounts for 20 percent of the Group's total district heating production.

The centre of our operations is in Skåne and the parent company is in Lund. The Group is also strongly established in Blekinge, Småland, Södermanland, Sjuhäradsbygden and Västgötaslätten.

- Established in 9 localities, with extensive operations in approximately 20 municipalities
- 19 subsidiaries
- Approx. 450 employees
- Approx. 109 000 electricity network customers
- Approx. 157 000 electricity customers
- Approx. 6 900 district heating customers
- Approx. 110 district cooling customers
- Approx. 2 000 natural gas customers
- Approx. 9 300 customers in the Open City Network



Key ratios by business area

Energy Purchasing	Unit	2003	2004	2005	2006	2007
Purchase of energy	MSEK	763	887	966	1 131	1 075

Production	Unit	2003	2004	2005	2006	2007
Electricity	MWh	193 726	208 818	197 327	185 315	225 456
District heating	MWh	1 081 266	1 068 515	1 039 203	1 012 776	993 943
District cooling	MWh	50 906	46 713	53 850	61 152	55 772

Network	Unit	2003	2004	2005	2006	2007
Electricity	no. of facilities	106 217	105 924	106 328	107 257	108 837*
	GWh	2 091	2 057	2 060	2 078	2 015
District cooling	no. of facilities	53	77	101	108	111
	GWh	51	47	53	59	55
District heating	no. of facilities	4 704	5 184	5 782	6 261	6 938
	GWh	988	987	946	902	893
Gas	no. of facilities	1 796	1 902	2 006	2 038	2 045
	GWh	526	548	629	625	545
Fibre**	km	–	–	–	385	465

* Including electricity network customers in leased-out network for Kviinge El. ** Comparative figures are lacking for 2003–2005.

Sales	Unit	2003	2004	2005	2006	2007
Electricity	no. of customers	119 888	150 820	151 160	148 208	156 900
District cooling	no. of customers	53	77	101	108	111
District heating	no. of customers	4 704	5 184	5 782	6 261	6 938
Gas	no. of customers	1 796	1 902	1 971	2 017	2 045

Service	Unit	2003	2004	2005	2006	2007
Turnover per employee*	MSEK	–	–	1.76	1.71	2.11
Customers in open city network*	amount	–	–	340	9 000	9 300
Customers in fibre optic network*	amount	–	–	35	42	43

* Comparative figures are lacking for 2003–2004

The CEO's statement

Lunds Energikoncernen's expansion continued throughout 2007 with, among other things, renewed co-operation with network owners Ystad Energi, Teknik- och stadsbyggnadsförvaltningen (Engineering and Town Planning Department) in Landskrona Municipality and Skurups Elverk. Furthermore, completely new co-operative agreements were initiated with Bromölla Energi, Vetlanda Energi & Teknik AB and Brittedals Elnät ek för.

Even in the future, we shall endeavour to continue to grow by remaining an attractive partner to both small and medium-sized, local energy companies. Our strategy of establishing a competitive group, via a strong local presence, has proved to be a successful way of operating and an interesting alternative to the large producers. The more we grow the stronger we become, because there are more of us that can collectively bear the costs, for instance, of the authorities' increasing demands. Keeping resources in the subsidiary companies, with local sales personnel and a local service, provides us with direct insight into our customers' environment. We can thereby adapt to better satisfy their needs and wishes. Our concept not only provides a high level of service as regards availability and recognition, but also improved and extended capability. As a whole, I feel that both co-workers and customers appreciate the structure.



The energy market is faced with a number of challenges. Climate-improving measures are expected to continue to be in focus in line with the launching of the EU climate programme and new EU directives together with the implementation of national legislation. One of the most important questions is how society can adapt to more climate-neutral energy usage and energy production. From our side, we shall continue actively with our environmental work to phase out fossil fuels from the production as quickly as possible. During 2007, we received for the first time, full waste heat supplies from Danisco Sugar in Örtofta and from the country estates Ellinge and Svenstorp. As a result of the new heating plant in Klippan, we were also able to phase out natural gas and replace it with wood-chips for the local district-heating production. In total, these actions reduced our carbon dioxide emissions and our emission rights requirements by approximately 15 percent.

The next stage is the planned biofuel-fired power plant in Örtofta, which we view as both natural and necessary. The facility will have Sweden's largest straw boiler, which makes us a national standardbearer as regards the large-scale use of straw. Wood-chips, recycled wood and peat are other biofuels which will be utilised. They are all renewable fuels which radically reduce carbon dioxide emissions when we produce electricity and heating at the same time. In total, the facility will mean that the share of renewable fuels for the production of energy will increase to approximately 90 percent, at the same time as regional carbon dioxide emissions will be reduced by around 100 000 tonnes annually. From a global perspective, the reduction in carbon dioxide emissions will be approximately 350 000 tonnes per year, because electricity production, besides contributing to an improved regional balance, also reduces the need to import from other countries. Electricity as in most cases has not been produced with renewable fuels.

The facility will further contribute to welfare benefits in the region. It will lead to an increase in employment within the area, both directly and indirectly. This is because straw, which is not used at present, can be used in the straw boiler; and land, which now lies fallow, may be used for the production of biofuels.

The production of energy always has an impact on the environment and we can understand that the power plant in Örtofta, which is a large project, may be objected to by people living in the area. Sometimes you have to ask the question however, what is most important. What is a reasonable balance between the individual's interests and the needs of society? If Sweden is to be on the forefront of environmental thinking, we must practice what we preach. Can we afford to lose the chance to make a contribution which can slow down the ongoing climate change? Even if the environment is primarily seen as a global phenomenon, it is at the local and at the individual level that action must take place. Small measures, which come from private individuals and from industry and energy companies together, will have a considerable effect. The Environmental Court's decision to approve our plans for the power plant in Örtofta shows that we have found a good balance between these different interests. Our hope therefore is that we will be able to start the Örtofta project in 2008.

While we are waiting for the authorities' final go-ahead so that we can start building the bio power plant in Örtofta, we are establishing temporary, biofuel-fired units so that we can quickly increase the share of climate-neutral district heating in our networks in Lund/Lomma/Eslöv. These units will reduce the need and the use of bio-oil. They also contribute more or less to gas no longer being used in the production of district heating. A preliminary decision made last year to install another turbine at Svartisen in Norway, along with the procurement of a new wind power plant, means that we are taking further steps on the road towards more climate-neutral operations.

New regulations, increasing energy prices and the subsidisation of more environment-friendly heating solutions for housing will, most likely, provide a push towards the development of energy efficiencies in the future. Reduced energy usage means however that companies in the industry are faced with a dilemma. How do you, in an economically successful manner, deal with stagnating demand when the greater part of fixed costs remains more or less unchanged? And even if the demand for energy in general slows down or reduces, the industry

has to be prepared to meet days when cold peaks temporarily push up demand considerably. While fluctuations in demand primarily affect our fuel costs, the price of maintaining operations in a state of constant readiness is considerable!

Another dilemma is the high costs of investing in new energy production plants which are more climate-neutral. Smaller companies may have difficulties in handling this development which can lead to a further wave of consolidation within the industry. In order to counteract a situation tending towards oligopoly and make possible a future for smaller, local as well as municipal-owned companies, it is important that we co-operate in the areas where we are capable of doing so. Together we can spread both the costs and the risks. We can also guarantee that the local alternatives are still available, which from a societal and economic point of view, is advantageous. Local energy companies contribute to local labour opportunities, that they remain within the area, that investments take place locally and that money stays within the region. In the long run, there will be benefits to customers, municipalities and the inhabitants.

That is why throughout 2008 we will continue to work towards the development of further co-operation within several areas. Jointly owned production companies could contribute by strengthening competitiveness, but even areas such as the provision of advice on energy questions, research and development and the Open City Network would benefit from co-operation.

I am very confident that Lund Energikoncernen will continue its development and I would also like to thank our customers and our co-workers for the progress we have made together so far.

A handwritten signature in blue ink, appearing to read 'Jan Samuelsson'. The signature is stylized and written over a white background.

Jan Samuelsson
Chief Executive Officer

Administration report

Operations in general

The Group

Lunds Energikoncernen AB (publ) is a sub-group owned by Krafringen AB (556527-9758) with its registered head office in Lund. This company in turn is owned by the municipalities of Lund (82.4%), Eslöv (12.0%), Hörby (3.5%) and Lomma (2.1%).

Business activities encompass energy production and energy distribution, contracting and IT communication for the owner municipalities' own requirements or associated to the owner municipalities' business areas and directed to its inhabitants. The company owns and manages properties and facilities for the business's needs, stocks and shares in companies within the energy sector and provides services in association with its operations.

The company is run according to business-like principles observing municipal objectives in its operations and the municipal judicial principles set out in the articles of association and the owners' directive.

Important events during the year

The Group

- Environmental permission has been received from the Environmental Court in December 2007, for the planned biofuel-fired power plant in Örtofta, in Eslöv's municipality. The decision taken by the Environmental Court has been appealed against to the Environmental Court of Appeal by ourselves as regards our application for a writ of execution. Approx. ten people who live in the vicinity have appealed against the placing of the plant. Detailed development plans and exploitation agreements between Eslöv's municipality and Eslöv Kraftvärmeverk AB were established by Eslöv's municipality in February 2008.
- In the international credit rating organisation Standard & Poor's latest analysis of Lunds Energikoncernen, it once again received a strong rating. The long-term rating remains BBB+ and the current A-2.
- In November, a letter of intent was signed between Lunds Energikoncernen and ESS Scandinavia. The purpose is to find more efficient and environmentally friendly energy solutions for the planned research facility ESS.

Business area Production

- The Group's conversion from fossil fuel dependency towards a more effective production of electricity and district-heating via renewable energy sources continued throughout the year.

- The gas and oil-fired district-heating production in Klippan has been replaced with a bio fuel district-heating facility.
- Prior to the heating season 2007/2008 investments were made in a number of smaller pellets burners and a flue duct condenser with the purpose of replacing even more gas and bio-oil fired district-heating production in Lund.
- A decision was taken to invest SEK 30 million in a new wind power plant which is to be located in Everöd just outside Tomelilla. The plant is expected to be fully operational in 2008 and it will more than double the capacity of our own wind power production.
- During the year, project planning was started on the establishment of a smaller biogas plant in Lund which will be connected to the Group's natural gas network. The biogas will primarily be used to increase the renewable part of vehicle gas sales.
- Svartisen's hydro-electric power plant in Norway was shut down during 2006 due to damage to the stator. The plant was repaired and has throughout the year been producing with a reduced effect. The stator will be replaced in 2008.

Business area Network

- In accordance with a co-operation agreement with Brittedals Elnät concluded in December, the company will take over operations and maintenance of Kviinge El's network area (Kviinge El is a subsidiary of Lunds Energikoncernen).
- In order to guarantee electricity supplies in the regions of Blekinge and Småland that are affected badly by storms, KREAB Öst has continued its work of replacing the overhead transmission lines with underground cables. The overhead transmission line to Torsås, from the overhead regional network, has been replaced by underground cables.
- Ringsjö Energi guaranteed extended district-heating deliveries in Eslöv. From April to October, the district-heating network was extended as transfer capacity from the new line from Lund was strengthened.
- The building of the subsidiary company Lunds Energi's new premises started during the year. The premises shall gather the main parts of the Lund-based operations in one place and are expected to be ready to move into in 2008.
- Nynäshamn Energi finalised the laying of deep-sea cables during the year to Öja, an island in the archipelago.

Electricity supplies previously were very sensitive to the weather as supplies took place by aerial cables, across other smaller islands and via deep-sea cables.

Business area Sales

- The external sales operations in Ystad, Landskrona and Skurup changed their names during the year to Ystad Elförsäljning, Elhandel i Landskrona and Skurupskraft. At the same time, the Group's external sales were gathered at Krafringen Elförsäljning AB.
- In February, Vetlanda Energi & Teknik signed a commission agreement with Krafringen Elförsäljning AB for electricity sales.
- On 1st April, Bromölla Elförsäljning became the new assigned supplier of electricity for the Bromölla area. During the year, a number of co-operation agreements have been made whereby energy companies transfer their customers into the Group's customer information system to make invoice handling more efficient. Bromölla Energi and Brittedals Elnät are two examples.
- During the year, a further filling station for LPG was opened via a co-operation between Lunds Energi AB and Lund municipality's public refuse department.

Business Area Service

- Contracting operations have expanded during the year as a result of additional sales of electricity in particular.
- The product Open City Network continued its expansion throughout the year. In March, Lunds Energi Open City Network concluded an agreement, which means that it will rent out considerable black fibre network to Labs2.
- During 2007, Eslövs Bostads AB's properties connected to Ringsjö Energi Open City Network. Consequently, the Open City Network is now available to people living at Eslövs Bostads AB over the next six-year period.

The Parent company

- Lunds Energikoncernen AB (publ) is the Parent company of 19 (17) companies in the Group of companies and is responsible for the consolidated accounts.
- The Parent company's business operations include, among other things, the joint Group support functions, for example IT, Finance and HR. The reduction in revenues between 2006 and 2007 in the company is due to the fact that there were energy trade operations being carried out up to and including May 2006. Last year, energy trading operations were transferred to a separate company.
- On 1 January 2007 Kviinge El Energi AB was acquired. The company carries on electricity trade operations and changed its name to Krafringen Elförsäljning during 2007.
- On 1 January 2007, electricity distribution operations around Hanaskog were taken over by the newly formed company (2006), Kviinge El AB.

- During the year, a new company, Lunds Energikoncernen Fastighets AB was founded, which manages business premises. In 2007, the company purchased the office property on kv Gasverket in Lund from the Parent company. The year 2007 also included the Parent company concluding an agreement to sell the shares and also the property in Lunds Energikoncernen Fastighets AB.
- In December 2007, a part of the property kv Ljusåret, Råbyvägen in Lund, was sold to Lund municipality's service department.

Turnover and operating profit trends

Operating profit amounted to SEK 177.1 million, compared to SEK 154.0 million during 2006. Profit after financial items increased at the same time by 2.1 percent to SEK 146.8 million. Profit for the year for the Group was SEK 100.1 million (101.1) and for the Parent company, SEK 111.3 million (83.6).

Profits were affected by a non-recurrent charge of approximately SEK 14 million which arose due to the storm called Per. A capital gain of approximately SEK 21 million was entered into the books for the sale of a property on Råbyvägen to Lund's municipality.

Net sales increased by 3.7 per cent to SEK 2 332 million. Of turnover, the product Electricity and Electricity distribution accounted for SEK 1 469 million (1 418), the product District-heating for SEK 575 million (550), Gas for SEK 129 million (142), District cooling 20 million (21), Contract assignments SEK 122 million (84) and Other 17 million (34).

Expectations regarding future developments

The Group

The Group's earnings for the year 2008 are expected to reach a level on par with the owners' yield requirements.

Risk exposure and financial instruments

The Group

Via its business operations, the Group is exposed to different types of financial risks. By financial risks we include fluctuations in the company's earnings or market value as a result of changes in energy prices, currency exchange rates and interest rates as well as refinancing and credit risks.

The Group's finance and risk policy is decided by the Group's board and forms a framework of guidelines and regulations in the form of a risk mandate and limits with regard to all financial risks. The responsibility for the Group's market risks associated with the sale of energy, primarily electricity, district-heating and natural gas, is dealt with centrally by the Group's company for trade with energy. In a similar manner, the financial transactions and risks are handled by the Group's financial unit. The over-

all objective is to provide cost-efficient financing and to safeguard all contractually bound energy prices and thereby minimise market fluctuations and their negative effects on the Group's earnings.

In order to follow up on developments and control of the business operations exposed to risks, the Managing Director has the Risk Committee at his disposal. Furthermore, a special function was developed during the year to deal with risk control.

Environmental information

During 2007, Lunds Energikoncernen reduced its carbon dioxide emissions by 33 (8) percent compared to the previous year. Lunds Energikoncernen is intent upon becoming a climate-neutral company before 2012.

The Group has facilities in Lund, Lomma, Eslöv and Klippan, which are subject to concession for the production of district-heating, district cooling and electricity. All facilities have permission for their operations in accordance with the Environmental Protection Act or the Environmental Code.

Of the Group's net sales, 0.3 % is made up of operations subject to concession.

An audit of the carbon dioxide permits has been carried out for the facilities which are covered by trade with emission allowances.

The environmental impact of business activities derives mainly from the emissions into the air of the burning of fuels (renewable/non-renewable) for the production of electricity and heating.

Since 1998, the Group is environmentally certified in accordance with ISO 14001. In 2007, the certification was renewed for a further three year period.

Management of the company

The board decided in 2006 that, as long as it is judged suitable and possible, it would adapt its work methods to the Swedish code of Corporate Governance. According to the code's rules and regulations, the board should submit an annual report whereby any deviations from the regulations are explained. A report as regards the management of the company has been established for 2007 and is published together with the printed annual report.

Important events after the accounting date

In connection with the annual general meeting on 23 April 2008, equity has been redistributed among several of the Group's subsidiaries and its Parent company.

Otherwise, nothing has happened that may be considered as being of importance after the accounting date and before the signing of this annual report. The balance sheet and income statements as well as profit allocation will be presented for adoption by the annual general meeting on 23 April 2008.

Suggestion for the appropriation of the company's profits

The Board suggests that the profits of SEK 313 138 732.48 should be appropriated as follows:

<i>Balance carried forward</i>	313 138 732
<i>Total</i>	313 138 732

With regard to the company's profits and position in general, see the following income statement and balance sheets with associated notes to the financial statement.

Income statement – Group

Amounts in TSEK	Note	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Net sales	1	2 332 409	2 249 236
Capitalised work for own account		135 767	112 684
Other operating revenue		56 742	50 785
		2 524 918	2 412 705
Operating costs			
Raw materials and consumables	2	-82 559	-72 830
Purchase of energy and energy taxes		-1 472 237	-1 527 928
Other external costs	3,4	-311 419	-234 417
Personnel costs	5	-266 978	-239 414
Depreciation and write-downs of tangible and intangible fixed assets	6	-196 797	-182 776
Other operating expenses	7	-17 804	-1 387
Operating profit		177 125	153 953
<i>Profit from financial items</i>			
Interest income and similar profit/loss items	9	96 998	72 581
Interest expense and similar profit/loss items	10	-127 365	-82 868
Profit/loss after financial items	11	146 758	143 666
Tax on profit for the year	13	-45 112	-39 945
Minority share of year's earnings		-1 508	-2 609
Profit for the year		100 138	101 112
Profit per share			
Profit per share		20.57	20.77

Financial overview, the past 5 years

Amounts in SEK million (If not specified otherwise)	2007	2006	2005	2004	2003
Turnover	2 332	2 249	2 022	2 029	1 766
Profits after net interest income/expense	146.8	143.7	111.3	20.4	150.5
Equity/assets ratio	37.6%	36.8%	42.0%	43.2%	45.0%
Yield equity	7.0%	7.0%	5.4%	0.9%	7.2%
Dividend per share (SEK)	–	–	–	11.30	9.00
Group contribution per share (SEK)	13.53	14.37	17.69	–	–
Dividend	–	–	–	55.0	37.0
Group contribution	65.9	69.9	86.1	–	–

Investments

The year's investment volume was SEK 321 million (442).

Investments over the past 5 years

Amounts in SEK million (If not specified otherwise)	2007	2006	2005	2004	2003
Investments	321	442	193	512	404

Balance sheet – Group

Assets

Amounts in TSEK	Note	31-12-2007	31-12-2006
Fixed assets			
<i>Intangible fixed assets</i>			
Electricity certificate and emission rights	14	106 392	86 313
Usage rights hydroelectric power	14	276 863	261 814
Computer software	14	32 476	26 199
Goodwill	14	56 084	74 159
Advance payments regarding non-tangible fixed assets	15	128	222
		471 942	448 707
<i>Tangible assets</i>			
Buildings and land	16	123 817	131 787
Machinery and other technical assets	17	2 325 990	2 054 159
Inventory, tools and installations	18	26 296	21 232
New plant being built and advance payments for tangible fixed assets	19	281 572	371 364
		2 757 675	2 578 543
<i>Financial fixed assets</i>			
Other long-term holdings in securities	22	7 864	7 412
Other long-term receivables	23	300	–
		8 164	7 412
Total fixed assets		3 237 781	3 034 662
Current assets			
<i>Stock etc.</i>			
Raw materials and consumables	24	29 435	23 896
		29 435	23 896
<i>Current receivables</i>			
Accounts receivable		247 961	273 282
Income taxes recoverable		25 646	21 077
Established but non-invoiced revenue	25	31 279	43 776
Other receivables		142 050	174 773
Deferred expenses and accrued revenue	26	243 211	206 606
		690 147	719 514
<i>Current investments</i>			
	27	13 440	13 926
<i>Cash and bank balances</i>			
		111 484	204 856
Total current assets		844 506	962 192
Total assets		4 082 287	3 996 854

Balance sheet – Group

Equity and liabilities

Amounts in TSEK	Note	31-12-2007	31-12-2006
<i>Equity</i>			
Share capital		48 672	48 672
Restricted reserves		1 240 489	1 180 914
Unrestricted reserves		146 322	141 892
Profit for the year		100 138	101 112
		1 535 622	1 472 591
<i>Minority interest</i>			
		12 385	12 609
<i>Allocations</i>			
Allocations for pensions and similar obligations	30	50 252	55 316
Allocations for deferred taxes	31	530 368	510 304
Other allocations	32	8 869	8 884
		589 488	574 504
<i>Long-term liabilities</i>			
Other liabilities to credit institutes	33	200 000	200 000
Other liabilities	35	8 429	9 454
		208 429	209 454
<i>Current liabilities</i>			
Liabilities to credit institutions		1 200 000	993 228
Overdraft facilities	34	–	73 400
Accounts payable		131 940	136 425
Liabilities to Parent company		71 063	75 089
Current tax liabilities		3 627	4 933
Other liabilities	35	76 124	226 426
Accrued expenses and deferred income	25, 36	253 608	218 196
		1 736 363	1 727 696
Total equity and liabilities		4 082 287	3 996 854

Pledged assets and contingent liabilities – Group

Amounts in TSEK	31-12-2007	31-12-2006
Pledged assets		
<i>For own liabilities and allocations</i>		
Real estate mortgages	2 300	2 300
Floating charges	11 000	7 000
Assets with reservation of title	2 131	2 232
	15 431	11 532
Contingent liabilities		
Guarantee commitments, others	13 727	2 181
	13 727	2 181

Summary of changes in share equity – Group

	Share capital	Restricted reserves	Free reserves
<i>The Group</i>			
Closing balance in accordance with balance sheet on 31 December 2005	48 672	1 161 952	281 088
Effect of change of accounting principle	–	–	-33 786
Adjusted opening balance on 1 January 2006	48 672	1 161 952	247 302
Movement between non-restricted and restricted equity		18 962	-18 962
Profit for the year			101 112
Group contribution			-69 946
Tax effect on Group contribution			19 585
Reversed accumulated translation difference			-13 000
Translation difference*			-23 088
Equity on 31 December 2006	48 672	1 180 914	243 004
Movement between non-restricted and restricted equity		59 576	-59 576
Profit for the year			100 138
Group contribution			-65 873
Tax effect on Group contribution			18 445
Translation difference*			10 322
Equity on 31 December 2007	48 672	1 240 489	246 460

* Accumulated translation difference in foreign subsidiaries' net assets amounts to 239 (-10 083).
The share capital consists of 4 867 242 shares and has a quota value of SEK 10.

Cash flow analysis – Group

Amounts in TSEK	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Current operations		
Earnings after financial items	146 758	143 666
Adjustments for non-cash items, etc.	162 605	132 810
	309 363	276 476
Taxes paid	-12 904	-26 325
Cash flow from operating activities before changes in operating capital	296 459	250 151
<i>Cash flow from changes in operating capital</i>		
Increase (-) /Decrease (+) in inventories	-5 761	-11 238
Increase (-) /Decrease (+) in current receivables	30 963	-92 853
Increase (+) /Decrease (-) in current liabilities	-190 329	42 079
Cash flow from operating activities	131 332	188 139
Investment activities		
Purchase of subsidiary	-1 096	–
Purchase of business segment	-8 200	–
Acquisition of intangible fixed assets	-29 720	-74 804
Sale of intangible fixed assets	–	59 012
Acquisition of tangible fixed assets	-320 500	-448 231
Sale of tangible fixed assets	–	6 530
Acquisition of financial assets	-50 829	-100
Sale/decrease in financial assets	51 410	17 498
Cash flow from investment activities	-358 935	-440 095
Financing operations		
Borrowings	132 347	396 221
Dividends paid	-1 732	–
Cash flow from financing activities	130 615	396 221
Cash flow for the year	-96 988	144 265
Liquid assets at the beginning of the year	204 856	60 591
Exchange rate difference in liquid assets	3 617	–
Liquid assets at year-end	111 484	204 856

Supplementary disclosures regarding cash flow analysis – Group

Amounts in TSEK	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Paid interest and dividends received		
Dividends received	1 618	2 757
Interest received	58 385	45 119
Interest paid	-101 187	-80 340
Adjustment for non-cash items, etc.		
Depreciation and write-downs of assets	200 735	182 776
Unrealised currency rate differences	-13 066	-6 838
Capital result from sale of fixed assets	-19 995	-4 607
Pension allocations	-5 064	-9 805
Other provisions	-5	-15 716
Reversed translation difference through dividends from subsidiary companies	–	-13 000
	162 605	132 810
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities:		
Intangible fixed assets	1 694	–
Tangible fixed assets	8 200	–
Operating receivables	674	–
Liquid assets	2 981	–
Total assets	13 549	–
Allocations	386	–
Current liabilities	886	–
Total liabilities and provisions	1 272	–
Proceeds of sales	12 277	–
Purchase price paid	12 277	–
Less: Liquid assets in the acquired business operation	-2 981	–
Effect on liquid assets (minus = increase)	9 296	–
Liquid assets		
<i>The following are included as liquid assets:</i>		
Cash and bank balances	111 484	204 856
	111 484	204 856

The above items have been classified as liquid assets on the basis that:

- There is an insignificant risk of value fluctuations.
- They can easily be turned into cash.
- They have a duration of 3 months at the most from date of acquisition.

Income statement – Parent company

Amounts in TSEK	Note	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Net sales	1	52 916	438 193
Capitalised work for own account		131	782
Other operating revenue		135 367	16 423
		188 413	455 397
<i>Operating costs</i>			
Raw materials and consumables	2	-1 650	-53
Purchase of energy and energy taxes		-401	-294 580
Other external costs	3,4	-52 192	-45 394
Personnel costs	5	-44 817	-34 996
Depreciation of tangible and intangible fixed assets	6	-53 476	-50 369
Other operating expenses	7	-897	-112
Operating profit		34 979	29 893
<i>Profit from financial items</i>			
Earnings from shares in Group companies	8	91 116	48 126
Other interest receipts and similar earnings items	9	76 204	48 457
Interest expense and similar profit/loss items	10	-80 193	-60 681
Profit/loss after financial items	11	122 107	65 796
<i>Balance-sheet appropriations</i>			
Balance-sheet appropriations, other	12	-3 531	29 571
Earnings before tax		118 576	95 366
Tax on profit for the year	13	-7 310	-11 753
Profit for the year		111 266	83 614

Balance sheet – Parent company

Assets

Amounts in TSEK	Note	31-12-2007	31-12-2006
Fixed assets			
<i>Intangible fixed assets</i>			
Computer software	14	25 724	25 749
		25 724	25 749
<i>Tangible fixed assets</i>			
Buildings and land	16	50 651	66 085
Machinery and other technical assets	17	508 305	495 587
Inventory, tools and installations	18	14 575	12 225
New plant being built and advance payment for tangible fixed assets	19	46 051	59 608
		619 581	633 505
<i>Financial fixed assets</i>			
Participations in Group companies	20	1 213 616	1 209 439
Receivables Group companies	21	267 834	267 634
Other long-term holdings in securities	22	7 466	7 014
		1 488 917	1 484 088
Total fixed assets		2 134 223	2 143 342
Current assets			
<i>Stock etc.</i>			
Raw materials and consumables	24	803	1 087
		803	1 087
<i>Current receivables</i>			
Accounts receivable		–	2 763
Receivables Group companies		556 675	716 249
Income taxes recoverable		17 704	11 267
Other receivables		35 248	2 610
Deferred expenses and accrued revenue	26	5 452	9 533
		615 078	742 422
<i>Current investments</i>			
	27	13 440	13 926
<i>Cash and bank balances</i>			
		90 089	92 984
Total current assets		719 410	850 418
Total assets		2 853 633	2 993 760

Balance sheet – Parent company

Equity and liabilities

Amounts in TSEK	Note	31-12-2007	31-12-2006
Equity			
<i>Restricted equity</i>			
Share capital		48 672	48 672
Statutory reserve		483 456	483 456
		532 129	532 129
<i>Non-restricted equity</i>			
Profit brought forward		201 873	137 055
Profit for the year		111 266	83 614
		313 139	220 668
		845 267	752 797
<i>Untaxed reserves</i>			
Accumulated depreciation in excess of plan	29	456 924	453 393
		456 924	453 393
<i>Allocations</i>			
Allocations for pensions and similar obligations	30	13 215	13 250
		13 215	13 250
<i>Long-term liabilities</i>			
Other liabilities to credit institutes	33	200 000	200 000
		200 000	200 000
<i>Current liabilities</i>			
Liabilities to credit institutions		1 200 000	993 228
Overdraft facilities	34	–	73 400
Accounts payable		19 092	26 381
Liabilities to Parent company		71 063	75 089
Liabilities to Group companies		30 602	358 214
Other liabilities	35	1 454	36 092
Accrued expenses and deferred income	36	16 015	11 915
		1 338 226	1 574 319
Total equity and liabilities		2 853 633	2 993 760

Pledged securities and contingent liabilities – Parent company

Amounts in TSEK	31-12-2007	31-12-2006
Pledged securities	None	None
Contingent liabilities		
Guarantee commitments to the benefit of Group companies	11 545	–
Guarantee commitments, others	2 081	2 081
	13 626	2 081

The Parent company has set up Parent company guarantees for the subsidiary companies.

Summary of changes in share equity – Parent company

	Share capital	Restricted equity	Non-restricted equity
<i>The Parent company</i>			
Closing balance in accordance with balance sheet 31 December 2005	48 672	483 456	165 616
Profit for the year			83 614
Group contribution			-39 669
Tax effect on Group contribution			11 107
Equity on 31 December 2006	48 672	483 456	220 668
Profit for the year			111 266
Group contribution			-26 105
Tax effect on Group contribution			7 310
Equity on 31 December 2007	48 672	483 456	313 139

The share capital consists of 4 867 242 shares and has a quota value of SEK 10.

Cash flow analysis – Parent company

Amounts in TSEK	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Current operations		
Earnings from financial items	122 107	65 796
Adjustment for non-cash items, etc.	32 746	191 300
	154 853	257 096
Taxes paid	-6 438	-16 755
Cash flow from operating activities before changes in operating capital	148 416	240 341
<i>Cash flow from changes in operating capital</i>		
Increase (-) /Decrease (+) in stock	291	3 564
Increase (-) /Decrease (+) in current receivables	133 780	-447 001
Increase (+) /Decrease (-) in current liabilities	-395 570	-213 628
Cash flow from operating activities	-113 083	-416 724
Investment activities		
Acquisition of intangible fixed assets	-3 242	-6 359
Sale of intangible fixed assets	–	76 211
Acquisition of tangible fixed assets	-16 445	-62 741
Sale of tangible assets	–	71
Investments in financial assets	-54 907	-10 902
Sale/decrease in financial assets	51 410	17 491
Cash flow from investment activities	-23 184	13 771
Financing operations		
Borrowings	133 372	452 054
Cash flow from financing activities	133 372	452 054
Cash flow for the year	-2 895	49 101
Liquid assets at the beginning of the year	92 984	43 883
Liquid assets at the end of the year	90 089	92 984

Supplementary disclosure for cash flow analysis – Parent company

Amounts in TSEK	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Paid interest and dividends received		
Dividends received	92 735	197 883
Interest received	57 689	31 295
Interest paid	-64 549	-54 345
Adjustment for non-cash items, etc.		
Depreciation and write-downs of assets	53 612	197 369
Capital profit from sale of fixed assets	-20 831	-4 607
Pension allocations	-35	-1 462
	32 764	191 300
Liquid assets		
<i>The following are included as liquid assets:</i>		
Cash and bank balances	90 089	92 984
	90 089	92 984

The above items have been classified as liquid assets on the basis that:

- There is an insignificant risk of value fluctuations
- They can easily be turned into cash.
- They have a duration of 3 months at the most from date of acquisition.

Notes with accounting principles and comments on the accounts

Currency in TSEK if not specified otherwise

General accounting principles

The annual financial statement was compiled in accordance with the Annual Account's Act and the recommendations and statements of the Swedish Financial Accounting Standards Council and the Emerging Issues Task Force (Akut-gruppsuttalanden).

The company's location etc.

Lunds Energikoncernen AB (publ) conducts its business in the legal form of a public limited company with its registered office in Lund, Sweden. The main office's address is 16 Scheelevägen.

Reporting by segment

The Group's internal reporting system is based on a follow-up of profits and returns on the Group's goods and services and this is why the business segments are the primary basis of division.

Classifications, etc.

Fixed assets, long-term liabilities, and allocations consist essentially of amounts that are expected to be recovered or paid after more than twelve months calculated from the accounting day. Current assets and current liabilities consist all in all of amounts expected to be recovered or paid within twelve months calculated from the accounting day.

Valuation rules and principles, etc.

Assets, allocations and liabilities have been valued at procurement value if nothing else is indicated below.

Intangible assets

Other intangible assets

Other intangible assets acquired by the company are entered at acquisition cost minus accumulated amortisations and write-downs. Outlays for internally generated goodwill and trademarks are entered in the income statement as costs when they occur. Electricity certificates and emission rights received gratuitously are entered at market value on the day of transaction.

Additional expenses

Additional expenses for an intangible asset are added to the procurement value only if they increase the future economic benefits that exceed the original assessment and the expenses can be reliably calculated. All other costs are carried as an expense when they occur.

Depreciation

Amortisations according to plan are based on the original procurement values less any residual values. Amortisations

are calculated linearly throughout the asset's utilisation period and are entered as a cost in the income statement.

The following amortisation periods are used:	Utilisation period	
	Group	Parent company
<i>Acquired intangible assets</i>		
Goodwill	3–15 years	3–15 years
Hydroelectric power usage rights	55 years	–
Computer software	8–10 years	8–10 years

Goodwill in regard to strategic acquisitions is amortised over 10–15 years. Other goodwill is amortised over 3–5 years. Telephone equipment and the client invoicing system are deemed to have a lifetime longer than 5 years and are therefore amortised over 8 and 10 years, respectively. Amortisation for hydroelectric power usage rights is based on the maturity of the agreement. This agreement was concluded between Lunds Energikoncernen AB (publ) and Nordlandskraft AS.

Tangible assets

Tangible assets are entered as an asset in the balance sheet when it is probable on the basis of available information that the future economic benefit associated with its possession accrue to the Group or company and that the acquisition cost of the asset can be reliably calculated.

Additional expenses

Additional expenses are added to the procurement value until that portion of the asset's performance improves relative to the level applicable at the time it was originally acquired. All other future expenses are recognised as costs as they arise.

Amortisation principles for tangible fixed assets

Planned amortisations are based on the procurement value at acquisition less the calculated residual value. Amortisation is linear over the asset's calculated utilisation period.

The following amortisation periods are used:	Utilisation period	
	Group	Parent company
<i>Buildings</i>		
- Heating plant buildings	25–33 years	25–33 years
- Other buildings	20–50 years	20–50 years
<i>Land development</i>	20 years	20 years
<i>Machinery and other technical assets</i>		
- Grid installations including transformer stations	25–30 years	25–30 years
- Electricity power plants	20–30 years	20–30 years
- Heating plants	20–25 years	20–25 years
- Cooling plants	20 years	20 years
<i>Inventory, tools, and installations</i>	3–15 years	3–15 years

Borrowing costs

Borrowing costs in the Group are entered in accordance with the alternative rule in RR 21 Borrowing Costs. The alternative rule states that borrowing costs which are directly

attributable to the purchase, construction or production of an asset and which require considerable time to complete for the intended use or sale are included in the acquisition value of the asset. This is assuming that it is probable that they will result in future financial benefits and the costs can be reliably measured.

Borrowing costs are charged to earnings for the period to which they are attributable except for the part that is included in an asset's procurement cost.

Write-downs

If there is an indication of a decline in value of tangible and intangible fixed assets, the replacement value of the asset is calculated as the net sale value or the useful value, whichever is the higher. If this value is less than the book value, a write-down is entered via the income statement.

Receivables

Receivables are entered at the procurement value less any write-down.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currencies have been converted at the exchange rate on the accounting day in accordance with recommendation No. 8 of the Swedish Financial Accounting Standards Council.

Exchange rate differences for operational receivables and liabilities are included in the income statement, while differences in financial receivables and liabilities are entered among financial items.

Inventory

Inventory, valued in accordance with recommendation No. 2:02 of the Swedish Financial Accounting Standards Council is entered as the procurement cost or the net sale value, whichever is the lowest. This takes into account the risk of obsolescence. The procurement cost is calculated in accordance with the first-in first-out method or in accordance with weighted average prices.

Treatment of contract assignments and similar

Contract assignments which are in progress are treated in accordance with recommendation No. 10 of the Swedish Financial Accounting Standards Council entitled Treatment of contract assignments and similar assignments. The recommendation stipulates that proceeds shall be calculated successively for all assignments where the outcome can be calculated in a satisfactory manner. Revenues and costs are entered into the income statement in proportion to the degree of completion of the assignment.

The degree of completion of an assignment is determined on the basis of the costs incurred to date for the assignment in proportion to the calculated costs for the entire assignment.

For assignments where proceeds cannot be reliably calculated, income is entered proportional to the costs incurred as of the accounting day. Threatened losses are immediately entered as costs.

Financial instruments

Derivative instruments include forward contracts, options, or swaps that are used to cover risks associated with price changes, exchange rate fluctuations, and interest rate risk exposure. Derivative instruments are classified as a hedging instrument or as a holding for commercial purposes.

Financial assets and financial liabilities are entered to the balance sheet when the company becomes involved in accordance with the instrument's contractual terms. Accounts receivable are entered to the balance sheet when the invoice has been sent. Accounts payable are recognised when the invoice is received.

Financial assets are removed from the balance sheet when the rights of the agreement have been realised, fall due or the company loses control of them. The same applies to parts of financial assets. Financial liabilities are removed from the balance sheet when contractual obligations are discharged or have been otherwise extinguished. The same applies to parts of financial liabilities.

Liquid assets

Liquid assets include cash, readily available bank deposits and other money market instruments with an original maturity of less than three months. Items on fixed interest are valued at the accrued value.

The Group's ongoing incomings and outgoings are cleared as per an agreement with Lund's municipality via the Group's Plusgirot account. In accordance with the agreement, the Group has an available credit facility of TSEK 120 000 (120 000).

Financial investments

Financial instruments intended to be held permanently by the business are classified as fixed assets. Financial fixed assets consisting of shares are entered at their procurement value after any write-downs to the real value. Assessments are done stock by stock and write-downs to real value are entered when the decline in value is deemed permanent.

Current investments are valued as the procurement cost or net sale value, whichever is less, on the accounting day. Valuation is made at portfolio level. This means that for instruments in the same portfolio, unrealised profits are calculated against unrealised losses. An excess loss is entered as a reduction in interest income. An excess profit is not entered. Net sale value is based on official market prices at the end of accounts day or by generally applied methods such as option valuation models or discounted cash flows.

Accounts receivable

Receivables are entered as the amount expected to come in after deducting for doubtful receivables, which are evaluated individually. The expected maturity of a receivable is short, for which reason the value is entered as the nominal amount without discounting.

If there is a foreign exchange forward contract to secure the expected flow in foreign currency between countries, receivables are valued in foreign currency at the forward rate when the term is less than three months. Otherwise, the receivable is valued at the exchange rate on the day the security was received.

Accounts payable

Accounts payable have a short expected maturity and are valued without discount at the nominal amount. Liabilities in foreign currencies secured with a foreign exchange forward contract are converted to the forward rate when the secured period is less than three months. When the secured period is greater than three months, the claim is converted at the quoted exchange rate on the day the security was received.

Loans

Loans are initially entered as the amount received after deduction for transaction costs. After the time of acquisition, the loan is valued at the accrued acquisition value in accordance with the effective interest rate method. Accrued acquisition value is determined on the basis of the effective interest rate, which is calculated when the loan was taken out. This means that overvalue and undervalue as well as direct issue costs are periodised over the loan's term. The calculation is periodised over the entire agreed maturity.

Derivative instruments

Derivative instruments consist inter alia of forward contracts, options and swaps that are utilised to cover risks associated with exchange rate fluctuations, price variations, and exposure to interest rate risks. Derivative instruments are classified as a hedging instrument or as a holding for commercial purposes and are assigned to trading.

A derivative instrument held for commercial purposes is valued at the acquisition cost or the real value, whichever is less. The valuation is done at the portfolio level for similar instruments. This means that positive fluctuations in value are reported when the instrument is realised. Unrealised negative fluctuations in value are reported when the instrument is realised to the extent it is not offset by unrealised positive fluctuations in value.

Hedge accounting

To meet the requirements for hedge accounting there must be a clear and unambiguous link to the hedged item and the security must protect the hedged position effectively. Profits and losses in regard to securities are entered at the same time as profits and losses on the items hedged.

Transaction exposure

Foreign currency exposure in regard to forecast future flows is secured by forward contract or currency option. Forward contracts or currency options that protect the forecast flow

are not entered into the balance sheet. Changes in the value of forward contracts are entered in the same period as the forecast flow occurs.

Price exposure of future forecast flows are secured either via forward contracts or options. These instruments, which protect the forecast flows, are not entered into the balance sheet. Changes in the value of forward contracts are entered in the same period as the forecast flow occurs.

Hedging of the Group's fixed interest

Interest rate swaps are used to hedge interest risks. Amounts to be paid or received in accordance with interest rate swaps are reported recurrently as interest revenue or as an interest cost. Premiums, which have been paid or received when the swap agreement was entered into, are periodised as interest over the duration of the agreement. Interest rate swaps are entered in the same way regardless of whether they have the same or a longer maturity than the hedged loan. The market value of an interest rate swap is calculated by using discounted cash flow analysis.

More information on accounting principles and the handling of financial risks are provided in note 28. Financial instruments and financial risk management.

Employee benefits

The Group

Benefits to employees are reported in the Group's consolidated accounts in accordance with RR 29 of the Swedish Financial Accounting Standards Council, Employees Benefits.

Benefits to employees after termination of employment

Up to and including 2005, defined benefit plans were entered into the Group's consolidated accounts in accordance with local rules and regulations without consideration of common principles. With the application of RR 29 from 1 January 2006, defined benefit plans are entered into the Group's consolidated accounts in accordance with common principles and computation methods.

In the defined contribution benefit plans, the company pays pre-determined contributions to a separate legal entity and has no obligation to pay additional contributions. The Group's profits are charged for costs at the same time these benefits are earned.

In the defined benefit plans, benefits are paid out to employees and former employees based on salary at retirement and number of years employed. The Group assumes the risk for the actual payment of the established benefits.

Defined benefit plans are both funded and unfunded. In those cases where the plans are funded, the assets have been segregated by the insurance company. These administrative assets may only be used to pay benefits in accordance with the pension agreements.

On the balance sheet, the amount is accounted net of estimated present value of the obligations, and the fair

value of the assets held in trust which is either an allocation or a long-term financial receivable. In the event of a surplus in the plan not used in its entirety, only the portion of the surpluses which the company can recover by means of decreased future contributions or repayments will be accounted. Setting off a surplus in one plan against a deficit in another plan may take place only if the company is entitled to use a surplus in a plan to clear a deficit in another plan, or if obligations are intended to be cleared on a net basis.

Pension costs and obligations for defined benefit plans are calculated with the Projected Unit Credit Method. The method distributes the costs for pensions in line with that the employees who provide services for the company increase their rights to future compensation. The company's obligation is calculated annually by an independent actuary. The obligation is calculated at the present value of the expected future payments.

The discount rate that is used corresponds to the interest rate for high-grade corporate bonds, or alternatively government bonds with a term that corresponds to the average term for obligations in that currency. The most important actuarial assumptions are stated in note 30.

When determining the obligation's present value and fair value of the trust assets it can occur that book profits and losses occur. These arise either because the actual profits deviate from the previously made assumptions, or that the assumptions are changed. That part of the accumulated book profits and losses, at the conclusion of last year, that exceed 10 per cent of the largest of the obligation's present value and the trust asset's fair value are accounted in the profits over the assumed average remaining term of employment for those employees who are covered by the plan.

Other long-term employee benefits

The same principles are applied as for defined benefit plans except that all actuarial gains and losses are entered immediately.

Benefits on termination

A provision is entered in connection with dismissal of personnel only if it can be proved that the company is obliged to terminate employment before the normal time or when remuneration is offered to encourage voluntary resignation. In the event that the company terminates employees, a detailed plan is drafted that contains at least workplaces, positions and roughly the number of persons affected and the benefits for every employee category or employee position as well as the time stipulated for implementation of the plan.

The costs of earned benefit-based pensions for the period before 1 January 1993 are charged to Lund's municipality. Liabilities arising from this pension commitment are entered among "Allocations for pensions and similar obligations."

The pension costs for the year have been charged to the operating profits.

Employee benefits

Parent company

Benefit-based pensions:

The company applies The Swedish Institute for the Accountancy Profession's recommendation no. 4, Reporting pension liability and pension costs. The company has pledged benefit-based pensions to employees which have not been secured entirely by taking out pension insurances, "self-administered pension plans" as they are referred to. The salary and pension levels applicable on the accounting day were used as the base for calculating the capital value.

Pension commitments are entered as an allocation in the balance sheet insofar as the law on safeguarding of pension commitments permits, under the heading "Allocations for pensions and similar obligations."

The costs of earned benefit-based pensions for the period before 1 January 1993 are charged to Lund's municipality. Liabilities arising from this pension commitment are entered among "Allocations for pensions and similar obligations."

The pension costs for the year have been charged to the operating profits.

Contribution-based pensions

The company's obligation for each period consists of the amounts the company must contribute for the period in question. Consequently, no actuarial assumptions are needed to calculate the obligation or the costs and there are no possibilities for actuarial profits or losses. The obligation is calculated without discounting, except in those cases they do not fall due in their entirety within the 12-month period after the elapse of the period during which the employees perform the related services.

Tax

The company and the Group apply recommendation RR 9 of the Swedish Financial Accounting Standards Council, Income Taxes. Total tax consists of current tax and deferred tax.

Tax is entered in the income statement except when the underlying transaction is reported directly against equity, in which case the associated tax effect is entered under equity. Current tax is the tax to be paid or received for the current year. This also applies to the adjustment of current tax attributable to previous periods. Deferred tax is calculated according to the balance sheet method based on temporary differences between the accounted and tax values of assets and liabilities. The amounts are calculated based on the expected elimination of temporary differences and by applying the tax rates and tax regulations resolved upon or of which notice has been given as applying on the accounting date. Temporary differences are ignored in Group goodwill, as are also differences attributable to participations in subsidiaries and joint ventures which are not expected to be taxed within the foreseeable future. Untaxed reserves including deferred tax liabilities are recognised under corporate entity. On the other hand, in the Group accounts, untaxed reserves are

divided between deferred tax liabilities and equity. Deferred tax receivables pertaining to deductible temporary differences and tax-loss carryforwards are only reported to the extent it is likely that they will be able to be utilised for a reduction in tax payments in the future.

Allocations

(apart from negative goodwill and deferred tax)

An allocation is entered in the balance sheet in accordance with RR 16, Allocations, contingent liabilities and contingent assets whenever the company has a formal or informal undertaking as a consequence of the occurrence of an event which is likely to require the outflow of resources to meet the undertaking and that a reliable assessment of the amount required can be made.

Reserves for loss contract

An allocation for a loss contract is entered when the expected economic advantages the Group presumes it will obtain from a contract are lower than the unavoidable expenses required to meet the undertaking as per the contract.

Contingent liabilities

The Group's contingent liabilities are reported when an undertaking exists from incidental events and which are not reported as a liability or an allocation because it is unlikely that an outflow of resources will be required to fulfil the undertaking or that the magnitude of the measures to be taken cannot be assessed with sufficient exactitude.

Revenues

Revenues are entered in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 11, Revenues. Revenue recognition is entered into the income statement when it is likely that future economic benefits will accrue to the company and that these benefits can be reliably calculated. Revenues only include the gross influx of economic advantages, which the company obtains or can obtain for its own account. Income from the sale of energy is entered as a revenue when the company has transferred to the purchaser the important risks and benefits which are associated with owning the product and the company no longer has any real control of the products which have been sold. Revenues are entered at their actual value as to what has been received or will be received after deducting discounts. Remuneration is obtained as liquid assets and the revenue is made up of the remuneration.

Revenue recognition from service assignments is entered when the economic proceeds from a service assignment has been completed and can be calculated reliably and the economic advantages accrue to the company. Successive revenue recognition is applied. This means that in those cases where the degree of completion can be calculated reliably, earnings are reported as revenues based on the degree of completion on the accounting date. The degree of completion for a service assignment has been defined as services done as of the accounting date in proportion to what has to be done in total.

Leasing – lessees

The Swedish Financial Accounting Standards Council's recommendation RR 6:99 is applied. Leasing is classified in the consolidated accounts either as financial or operating leasing. Financial leasing applies in circumstances where the financial risks and benefits associated with ownership are substantially transferred to the lessee. Where such is not the case, operating leasing applies.

Assets that are leased in accordance with a financial leasing agreement have been entered as an asset in the Group's balance sheet. Obligations to pay future leasing fees have been entered as long-term and current liabilities. The leased assets are depreciated according to plan while leasing payments are entered under interest and amortisation of liabilities.

Operational leasing entails that leasing payments are entered as costs over the entire duration of the contact on the basis of use, which may differ from what was actually paid as leasing fees during the year.

In the Parent company, all leasing contracts are entered in accordance with the rules for operational leasing.

Government grants

Government grants related to assets are entered in the balance sheet when the contribution reduces the book value of the asset.

Electricity certificates received for environmentally friendly energy production and emission rights are entered as received government grants among other revenues on the income statement and are shown on the balance sheet as intangible assets at the market value on the day of the transaction.

The Group's consolidated accounts

The Group consolidated accounts have been prepared in accordance with The Swedish Financial Accounting Standards Council's recommendation RR 1:00. The Group's consolidated accounts comprise Lunds Energikoncernen AB (publ) and all companies in which the Parent company holds more than fifty percent of the votes. Subsidiaries are consolidated using the acquisition accounting method from the acquisition date. The acquisition accounting method implies that the acquisition of a subsidiary is regarded as a transaction whereby the Parent company indirectly acquires the subsidiary's assets and liabilities. In such cases where the purchase value of shares in the acquired subsidiary exceeds the subsidiary's equity at the time of acquisition, the difference has been assigned to the assets of the subsidiary or to goodwill.

All transactions and holdings, internal to the Group, as well as internal profits between companies in the Group, are eliminated.

Goodwill

Group goodwill arises when the acquisition value in connection with the acquisition of shares in a subsidiary exceeds the actual value of the acquired company's identifiable net

assets. Goodwill is recognised at acquisition cost less accumulated depreciations and any write-downs, if any.

Translation of foreign subsidiaries or other foreign business operations

The income statement from foreign subsidiaries is translated to Swedish crowns by using the average exchange rates for the year while the balance sheet is translated at the closing exchange rate on the accounting date. Differences in exchange rates that may occur are shown as equity. When a foreign subsidiary is sold, the cumulative exchange rate differences are shown as a part of capital gains or losses.

Group and shareholders' contributions

The company reports the Group contribution and the shareholders' contribution in accordance with the statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force.

Shareholders' contribution is recognised directly against equity at the recipient and is capitalised in shares and participations at the donor to the extent write-downs are not required.

Group contribution is recognised according to financial implications. As a result, Group contributions submitted to minimise the Group's total tax are recognised directly against retained earnings deducted for their actual tax effect.

Group information

Lunds Energikoncernen AB (publ) is a wholly-owned subsidiary of Krafringen AB (CIN: 556527-9758) with its head office in Lund. Lunds Energikoncernen AB (publ) compiles the Group's consolidated financial statement. Similarly, the Group's consolidated financial statement is compiled for the entire Group by Krafringen AB.

Of the Parent company's total purchases and sales measured in Swedish crowns, 87.5 % of the total purchases and 4.1 % of the total sales are for companies within the overall Group to which the company belongs.

Affiliations

Close affiliations which involve controlling influences

The Group

The Group is subject to a controlling influence exercised by Lund's municipality.

The Parent company

In addition to the close affiliations mentioned for the Group, the Parent company has close affiliations which constitute a controlling influence with their subsidiary companies.

Transactions with affiliated companies

The Group

The Group has a close affiliation with Lund's municipality, which with its 82.4 % ownership has a controlling influence on the Group. Transactions between Lund's municipality and the Group include the sale and distribution of electricity, district-heating, district cooling, and contract assignments. Price determination between the Group and the municipality are set in accordance with market conditions. Transaction volumes between the Group and the municipality reached a total of approx. 48 229 (161 954) for the year. On the accounting day, the Group had 31 699 (17 668) in receivables, and 16 530 (78 493) in liabilities to the municipality. Measured in Swedish crowns, 0.2 (1) % of the Group's total purchases and 2 (6) % of total sales are with affiliated companies. During the year, the property Ljusåret was sold to the municipality.

Note 1 Information about business segments (Primary segment)

	Production 2007	2006	Distribution 2007	2006	Sales 2007	2006
Revenues						
External sales	31 087	51 829	516 911	497 238	1 636 282	1 595 831
Internal sales	611 442	582 235	216 907	143 114	22 006	65 571
Total revenues	642 529	634 064	733 818	640 352	1 658 288	1 661 402
Profit						
Profit per business segment	20 910	-3 675	108 796	121 111	16 733	40 064
Operating profit/loss	20 910	-3 675	108 796	121 111	16 733	40 064

	Other 2007	2006	Elimination 2007	2006	Total 2007	2006
Revenues						
External sales	340 638	267 807	–	–	2 524 918	2 412 705
Internal sales	115 996	140 472	-966 351	-931 392	–	–
Total revenue	456 634	408 279	-966 351	-931 392	2 524 918	2 412 705
Profit						
Earnings per segment	30 687	-3 546	–	-1	177 125	153 953
Operating profit/loss	30 687	-3 546	–	-1	177 125	153 953
Interest income and other financial revenues					96 998	72 581
Interest costs and other financial costs					-127 365	-82 868
Tax expense for the year					-45 112	-39 945
Minority interest					-1 508	-2 609
This year's net income					100 138	101 112

	Production 2007	2006	Distribution 2007	2006	Sales 2007	2006
Other information						
Assets	931 881	998 515	2 610 989	2 306 544	664 524	902 751
Total assets	931 881	998 515	2 610 989	2 306 544	664 524	902 751
Liabilities	306 703	479 381	511 481	277 258	451 912	634 447
Total liabilities	306 703	479 381	511 481	277 258	451 912	634 447
Investments	49 670	97 900	271 006	331 200	81 593	300
Depreciations	40 809	38 498	133 112	120 150	11 530	16 040
Costs, in excess of depreciation with no corresponding disbursements	–	–	–	–	–	–

	Other 2007	2006	Elimination 2007	2006	Total 2007	2006
Other information						
Assets	676 812	859 124	-960 653	-1 317 351	3 923 553	3 749 583
Non-allocated assets	–	–	–	–	158 734	247 271
Total assets	676 812	859 124	-960 653	-1 317 351	4 082 287	3 996 854
Liabilities	283 735	614 875	-1 012 227	-1 340 942	541 603	665 019
Unallocated liabilities	–	–	–	–	1 992 676	1 846 635
Total liabilities	283 735	614 875	-1 012 227	-1 340 942	2 534 279	2 511 654
Investments	51 966	28 000	–	–	454 235	457 400
Depreciations	11 346	8 088	–	–	196 797	182 776
Costs, in excess of depreciation with no corresponding disbursements	–	–	–	–	–	–

	Skåne 2007	2006	Blekinge/Småland 2007	2006	Other markets 2007	2006
External sales	1 753 821	1 695 638	39 642	41 789	731 455	675 278
Assets	3 366 040	3 410 113	198 838	163 805	517 410	422 936
Investments	331 507	412 944	52 149	31 925	70 579	12 531

	Total 2007	2006
External sales	2 524 918	2 412 705
Assets	4 082 287	3 996 854
Investments	454 235	457 400

The internal price between the segments of the Group is based on the "arm's length" principle, i.e. the price is valid between parties who are not dependent on each other, who are well-informed and who are interested in the transactions.

Profits, assets and liabilities (including allocations) for segments include directly referable items and items that can be allocated to the segments in a reasonable and reliable manner.

Investments in tangible and intangible fixed assets for the segments included all investments, with the exception of investments in current inventories and inventories of minor value.

Business segments

The Group consists of the following business segments:

Production: The production segment within Lunds Energikoncernen AB (publ) is responsible for the running and maintenance of plant for the production of district-heating, district cooling and electrical power. The segment is also responsible for the planning and expansion of new plants in order to maintain adequate operational security.

Distribution: The objective of the distribution segment is to carry out the distribution of electricity, district-heating, district cooling and natural gas as well as owning and adminis-

tering real estate for these purposes. The segment conducts electricity supply network operations within its franchise area. Other transit services are not bound by the borders of the franchise but take place primarily within the immediate surroundings.

Sales: The sales segment sells energy (district-heating, district cooling, natural gas and electricity) on the Swedish energy market.

Other: The segment otherwise contains the Group's contracting operations as well as overall Group functions.

Business segments constitute the primary basis for segments in the Group.

Geographic areas

The Group's segments are divided into the following geographic areas: Skåne, Blekinge/Småland and others.

Geographic areas constitute the Group's secondary basis for segments. The information presented concerning segment income refers to the geographic areas grouped according to where customers are located. The information concerning segment assets and investments for the period in tangible and intangible fixed assets is based on geographic areas grouped according to where the assets are located.

Distribution of revenue

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
The Group		
<i>Revenue per important income item</i>		
Product sales	2 176 417	2 158 966
Contract assignments	121 516	84 317
Service assignments	34 475	5 953
	2 332 408	2 249 236

In the details above, a general energy tax is not included. This amounts to 382 736 (419 174).

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
Parent company		
<i>Revenue per important income item</i>		
Product sales	–	368 385
Service assignments	52 916	69 808

Note 2 Raw materials and consumables

Commodities (purchased finished goods) make up a very small part of the company's turnover. For this reason, these costs are reported together with raw materials and consumables.

Note 3 Fees and reimbursements for auditors

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
<i>Group</i>		
KPMG Bohlins AB		
Auditing assignments	2 913	1 304
Other assignments	1 122	412
<i>Öhrlings PricewaterhouseCoopers AB</i>		
Auditing assignment	110	100
Other assignments	16	53
Fees for lay auditors	63	68
Independent assistant to lay auditors	–	82
<i>Parent company</i>		
KPMG Bohlins AB		
Auditing assignments	665	35
Other assignments	788	–

Audit services comprise the examination of the financial statements, the accounting records and the administration of the business by the Board and the Managing Director; and other procedures required to be performed by the company's auditors as well as other services caused by observations during the performance of such examination and other procedures. Everything else relates to other assignments.

Note 4 Leasing charges regarding operational leasing

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
<i>The Group</i>		
<i>Assets which are held via operational leasing agreements</i>		
Minimum leasing charges	5 830	4 854
Total leasing costs	5 830	4 854
Agreed future minimum leasing charges for non-terminable contracts due for payment:		
Within one year	5 194	1 046
Between one and five years	10 309	3 808
	15 503	4 854
<i>The Parent company</i>		
<i>Assets which are held via operational leasing agreements</i>		
Minimum leasing charges	2 364	2 569
Total leasing costs	2 364	2 569
Agreed future minimum leasing charges for non-terminable contracts due for payment:		
Within one year	2 298	97
Between one and five years	8 958	2 472
	11 256	2 569

Leasing agreements relate to diverse rental income from real estate, office inventory, computer servers and vehicles.

Note 5 Employees and personnel costs

Average number of employees	01-01-2007 –31-12-2007	of which men	01-01-2006 –31-12-2006	of which men
<i>The Parent company</i>				
Sweden	55	47%	53	47%
Total for Parent company	55	47%	53	47%
<i>Subsidiaries</i>				
Sweden	393	73%	387	74%
Total for subsidiaries	393	73%	387	74%
The Group total	448	69%	440	70%

Gender distribution, company management

	31-12-2007 Share, women	31-12-2006 Share, women
<i>The Parent company</i>		
The Board	9%	18%
Senior management	29%	0%
<i>The Group total</i>		
The Board	10%	8%
Senior management	19%	5%

Salaries, other benefits and social costs

	01-01-2007–31-12-2007		01-01-2006–31-12-2006	
	Salaries and remunerations	Social costs	Salaries and remunerations	Social costs
The Parent company	25 095	15 171	21 528	10 849
(of which pension cost)	1)	(5 315)	1)	(3 059)
Subsidiaries	151 820	69 373	136 339	66 945
(of which pension cost)		(14 918)		(21 561)
The Group in total	176 915	84 544	157 867	77 794
(of which pension costs)	2)	(20 233)	2)	(24 620)

1) Of the Parent company's pension costs, SEK 485 (466) relate to the Group's Board and Managing Director. The company's outstanding pension obligations for these amount to 0 (0).

2) Of the Group's pension costs, 2 616 (2 397) relate to the Group's Board and Managing Director. The company's outstanding pension obligations for these amount to 0 (0).

Salaries and other benefits distributed by country and between board members etc. and other employees

	01-01-2007–31-12-2007		01-01-2006–31-12-2006	
	Board and MD	Other employees	Board and MD	Other employees
<i>Parent company in Sweden</i>	1 982	23 113	1 689	19 839
(of which bonuses and similar)	(–)	(–)	(–)	(–)
The Parent company, total	1 982	23 113	1 689	19 839
(of which bonuses and similar)	(–)	(–)	(–)	(–)
<i>Subsidiaries in Sweden</i>	8 789	143 037	8 163	128 176
(of which bonuses and similar)	(–)	(–)	(–)	(–)
Subsidiaries total	8 789	143 037	8 163	128 176
(of which bonuses and similar)	(–)	(–)	(–)	(–)
The Group total	10 771	166 150	9 852	148 015
(of which bonuses and similar)	(–)	(–)	(–)	(–)

Salaries and benefits relate only to personnel in Sweden.

The Group applies an earnings bonus system which is based on the Group's earnings and on a number of quality objectives, of which certain objectives are company specific. The bonus system encompasses all employees excluding the Managing Director and the Chief Executive Officer. The highest possible bonus amount for 2007 is SEK 12 798 (14 367). For 2007, the bonus per employee was on average SEK 3 898 (4 986).

Of the salaries and benefits received by employees in the Group, TSEK 4 923 (5 383) relate to other senior executives, other than the board and the Managing Director/Chief Executive Officer.

Severance pay

The company's Managing Director has a period of notice of six months. On notice of termination from the company, the Managing Director, over and above the salary during the period of notice, is entitled to severance pay being the equivalent of 12 months pay.

Sickness absenteeism

	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Total sickness absenteeism as a share of regular working-hours	3%	3%
Share of the total sickness absenteeism which relates to consecutive sickness absenteeism of 60 days or more	17%	33%
Sickness absenteeism as a share of each group's regular working-hours:		
<i>Sickness absenteeism by gender</i>		
Men	2%	2%
Women	4%	3%
<i>Sickness absenteeism based on age category:</i>		
29 years or older	1%	0%
30–49 years	3%	2%
50 years or older	4%	3%

Note 6 Depreciation of tangible and intangible fixed assets

	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
The Group		
<i>Depreciation according to plan distributed per asset</i>		
Hydroelectric power usage rights	-5 982	-5 883
Computer software	-3 314	-1 711
Goodwill	-18 930	-23 502
Buildings and land	-6 480	-5 940
Machinery and other technical assets	-154 015	-137 263
Inventory, tools and installations	-8 077	-8 477
	-196 797	-182 776
The Parent company		
<i>Depreciation according to plan distributed per asset</i>		
Computer software	-3 266	-1 681
Buildings and land	-4 229	-4 016
Machinery and other technical assets	-41 487	-39 990
Inventory, tools and installations	-4 494	-4 682
	-53 476	-50 369

Write-downs

Write-downs are included under the item "Depreciations and write-downs of tangible and intangible fixed assets" in the income statement.

Note 7 Other operating costs

	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
<i>The Group</i>		
Currency exchange rate differences	-16 140	-678
Loss on disposal of fixed assets	-1 664	–
Other	–	-709
	-17 804	-1 387
<i>The Parent company</i>		
Currency exchange rate differences	-88	-112
Loss on disposal of fixed assets	-809	–
	-897	-112

Note 8 Earnings from shares in Group companies

	01-01-2007 –31-12-2007	01-01-2006 –31-12-2006
Dividend	91 116	195 126
Write-downs	–	-147 000
	91 116	48 126

Write-downs 2006 for shares in the subsidiary Lunds Energi Norge As.

Note 9 Interest revenues and similar earnings items

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
<i>The Group</i>		
Interest revenues, other	58 385	38 843
Exchange rate profits	35 168	16 576
Dividends	1 618	-
Capital gain, sale of shares	1 825	6 276
Other	2	10 886
	96 998	72 581
<i>The Parent company</i>		
Interest revenues, Group companies	13 622	11 831
Interest revenues, other	44 067	19 464
Exchange rate profits	15 071	8 129
Dividends	1 618	2 757
Capital gain, sale of shares	1 825	6 276
	76 204	48 457

Note 10 Interest costs and similar earnings items

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
<i>The Group</i>		
Interest costs, other	-101 187	-76 531
Capital losses, sale of shares	-827	-1 669
Write-down, capital investment shares	-145	-
Exchange rate losses	-23 119	-4 668
Other	-2 087	-
	-127 365	-82 868
<i>The Parent company</i>		
Interest costs, Group companies	-	-7
Interest costs, other	-64 549	-53 632
Capital losses, sale of shares	-827	-1 669
Write-down, capital investment shares	-145	-
Exchange rate losses	-13 187	-4 668
Other	-1 485	-705
	-80 193	-60 681

Borrowing costs totalling TSEK 1 095 (0) have been included in the assets' acquisition value.

Note 11 Exchange rate differences which have affected the profits

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
<i>The Group</i>		
Exchange rate differences which have affected operating profits	-16 140	-678
Exchange rate differences on financial items	12 049	11 908
	-4 091	11 230
<i>The Parent company</i>		
Exchange rate differences which have affected operating profits	-88	-112
Exchange rate differences on financial items	1 884	3 461
	1 796	3 349

Note 12 Balance sheet appropriations, other

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
Difference between reported depreciation and depreciation in accordance with plan	-3 531	-2 522
– Machinery and other technical assets	-	32 093
Tax allocation reserve, this year's reversal	-	-
	-3 531	29 571

Note 13 Tax on profits for the year

	01-01-2007 -31-12-2007	01-01-2006 -31-12-2006
The Group		
Actual tax cost (-)/[revenue (+)]	-25 414	-25 070
Tax costs for period [revenue]	-25 414	-25 070
<i>Deferred tax cost (-)/[revenue (+)]</i>		
Deferred tax for temporary differences	-19 698	-14 875
	-19 698	-14 875
Total reported tax cost for the Group	-45 112	-39 945
The Parent company		
Actual tax cost (-)/[revenue (+)]	-7 310	-11 107
Tax costs for period [revenue]	-7 310	-11 107
<i>Deferred tax cost (-)/[revenue (+)]</i>		
Deferred tax for temporary differences	-	-646
	-	-646
Total reported tax cost for Parent company	-7 310	-11 753

Reconciliation of effective tax

The Group	01-01-2007 -31-12-2007		01-01-2006 -31-12-2006	
	Percentage	Amount	Percentage	Amount
Profit before tax		146 758		143 666
Tax in accordance with prevailing tax rate for Parent company	28.0%	-41 092	28.0%	-40 226
Depreciation of Group goodwill	3.0%	-4 416	3.1%	-4 392
Other non-deductible costs	0.4%	-632	0.5%	-735
Non-taxable revenue	-0.4%	548	-0.6%	816
Use of previous non-activated deficit deductions	-0.3%	457	-0.9%	1 290
Tax effect regarding retransfer of translation difference	0.0%	-	-2.5%	3 640
Standard tax on tax allocation reserve	0.1%	-83	0.4%	-606
Other	-0.1%	106	-0.2%	268
Reported effective tax	30.7%	-45 112	27.8%	-39 945

Reconciliation of effective tax

The Parent company	01-01-2007 -31-12-2007		01-01-2006 -31-12-2006	
	Percentage	Amount	Percentage	Amount
Profit before tax		118 576		95 366
Tax in accordance with prevailing tax rate for Parent company	28.0%	-33 201	28.0%	-26 703
Non-deductible costs	0.3%	-360	43.5%	-41 462
Non-taxable revenue	-21.9%	25 910	-58.0%	55 332
Use of previous non-activated deficit deductions	-0.3%	342	-1.4%	1 290
Standard tax on tax allocation reserve	0.0%	-	0.2%	-210
Reported effective tax	6.2%	-7 310	12.3%	-11 753

Taxed items which have been reported directly against shared equity

The Group	31-12-2007	31-12-2006
Current tax related to taxable received/paid Group contributions	-18 445	-19 585
	-18 445	-19 585

Taxed items which have been reported directly against shared equity

Parent company	31-12-2007	31-12-2006
Current tax related to received/paid taxable Group contributions	-7 310	-11 107
	-7 310	-11 107

Note 14 Intangible assets

14a Usage rights hydroelectric power

	31-12-2007	31-12-2006
Group		
<i>Acquired/Internally established</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	304 971	326 912
Other investments	783	392
Reclassifications	239	–
Exchange rate differences for the year	23 470	-22 333
At the end of the year	329 463	304 971
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-43 157	-40 436
The year's depreciation according to plan ¹⁾	-5 982	-5 883
Exchange rate differences for the year	-3 461	3 162
At the end of the year	-52 600	-43 157
Reported value at the beginning of period	261 814	286 476
Reported value at the end of period	276 863	261 814

¹⁾ Depreciations, reversed depreciations and write-downs for the year are reported in the income statement on the line "Depreciation of tangible and intangible fixed assets."

The item consists of usage rights which the Group has acquired via its subsidiary Lunds Energi Norge As..

	31-12-2007	31-12-2006
Group		
The amount whereby the assets item is expected to be recovered after more than 12 months	270 881	255 931

14 b Electricity certificate and emission rights

	31-12-2007	31-12-2006
Group		
<i>Acquired</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	86 313	77 970
Purchased and received	89 197	67 355
Sales and cancellations	-69 118	-59 012
At the end of the year	106 392	86 313

14 b Electricity certificate and emission rights

	31-12-2007	31-12-2006
Parent company		
<i>Acquired</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	–	71 463
Sales and cancellations	–	-71 463
At the end of the year	–	–

The item consists of electricity certificates, which have been obtained and purchased during the year to cover the Group's needs. The Group has received electricity certificates from the state for SEK 5 376 (3 363) and emission allowances of SEK 3 166 (20 544). The received electricity certificates and emission allowances have been reported as received contributions among "Other operating income" in the income statement.

	31-12-2007	31-12-2006
The amount whereby the assets item is expected to be recovered after more than 12 months.	–	–

14 c Computer software

	31-12-2007	31-12-2006
Group		
<i>Acquired/Internally established</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	28 329	14 097
Other investments	9 602	14 216
Reclassifications	–	16
Adjustment from previous year	-12	–
At the end of the year	37 920	28 329
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-2 130	-419
The year's appreciation according to plan ¹⁾	-3 314	-1 711
At the end of the year	-5 444	-2 130
Reported value at the beginning of period	26 199	13 678
Reported value at the end of the period	32 476	26 199

¹⁾ Depreciations, reversed depreciations and write-downs for the year are reported in the income statement on the line "Depreciation of tangible and intangible fixed assets."

14 c Computer software

	31-12-2007	31-12-2006
Parent company		
<i>Acquired/Internally established</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	27 848	14 097
Other investments	3 253	13 736
Reclassifications	–	16
Adjustment from previous year	-12	–
At the end of the year	31 089	27 848
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-2 099	-419
The year's appreciation according to plan ¹⁾	-3 266	-1 681
At the end of the year	-5 365	-2 099
Reported value at the beginning of period	25 749	13 678
Reported value at the end of the period	25 724	25 749

¹⁾ Depreciations, reversed depreciations and write-downs for the year are reported in the income statement on the line "Depreciation of tangible and intangible fixed assets."

14 d Goodwill

	31-12-2007	31-12-2006
Group		
<i>Acquired</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	283 243	283 247
Purchase of subsidiary	855	–
Sales and retirements	-46 310	–
Other changes	–	-4
At the end of the year	237 788	283 243
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-163 084	-139 582
Sales and retirements	46 310	–
The year's appreciation according to plan ¹⁾	-18 930	-23 502
At the end of the year	-135 704	-163 084
<i>Accumulated depreciations</i>		
At the beginning of the year	-46 000	-46 000
At the end of the year	-46 000	-46 000
Reported value at the beginning of period	74 159	97 665
Reported value at the end of the period	56 084	74 159

Depreciations, reversed depreciations and write-downs for the year are reported in the income statement on the line "Depreciation of tangible and intangible fixed assets".

14 d Goodwill

	31-12-2007	31-12-2006
Parent company		
<i>Acquired</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	–	47 288
Disposals to Group companies	–	-47 288
At the end of the year	–	–
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	–	-42 540
Disposals to Group companies	–	42 540
The year's appreciation according to plan ¹⁾	–	–
At the end of the year	–	–
Reported value at the beginning of period	–	4 748
Reported value at the end of the period	–	–

¹⁾ Depreciations, reversed depreciations and write-downs for the year are reported in the income statement on the line "Depreciation of tangible and intangible fixed assets."

The item consists of remaining values of an acquired right to conclude future rate agreements with Nord Pool on preferable terms.

	31-12-2007	31-12-2006
Group		
The amount whereby the assets item is expected to be recovered after more than 12 months	37 155	50 657
Parent company		
The amount whereby the assets item is expected to be recovered after more than 12 months	–	–

Total intangible assets

	31-12-2007	31-12-2006
Group		
<i>Acquired/Internally established</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	702 856	702 226
Purchased and received	89 197	67 355
Other investments	11 240	14 608
Sales and retirements	-69 118	-59 012
Reclassifications	239	16
Other changes	–	-4
Exchange rate differences for the year	23 470	-22 333
At the end of the year	757 884	702 856
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-208 372	-180 438
Depreciation for the year according to plan	-28 226	-31 096
Exchange rate differences for the year	-3 461	3 162
At the end of the year	-240 059	-208 372
<i>Accumulated depreciations</i>		
At the beginning of the year	-46 000	-46 000
At the end of the year	-46 000	-46 000
Reported value at the beginning of period	448 485	475 788
Reported value at the end of period	471 814	448 485

Total intangible assets

	31-12-2007	31-12-2006
Parent company		
<i>Acquired/Internally established</i>		
<i>Accumulated acquisition values</i>		
At the beginning of the year	27 848	132 848
Other investments	3 253	13 736
Sales and retirements	–	-118 751
Reclassifications	–	16
Adjustment from previous year	-12	–
At the end of the year	31 089	27 849
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-2 100	-42 959
Sales and retirements	–	42 540
Depreciation for the year according to plan	-3 266	-1 681
At the end of the year	-5 366	-2 100
Reported value at the beginning of period	25 749	89 889
Reported value at the end of the period	25 724	25 749

Note 15 Advance for intangible fixed assets

	31-12-2007	31-12-2006
<i>The Group</i>		
Advance at beginning of the year	222	7 393
Reclassifications	-222	-7 393
Advances paid out throughout the year	128	222
Reported value at the end of period	128	222
<i>The Parent company</i>		
Advance at beginning of the year	-	7 393
Reclassifications	-	-7 393
Reported value at the end of the period	-	-

Advances relate to investment in usage rights

Note 16 Buildings and land

	31-12-2007	31-12-2006
Group		
<i>Accumulated acquisition values</i>		
At the beginning of the year	211 687	200 972
New acquisitions	5 732	11 500
Sales and retirements	-15 061	-
Reclassifications	1 149	-785
	203 507	211 687
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-79 900	-74 430
Sales and retirements	6 691	-
Reclassifications	-	470
Depreciation for the year according to plan	-6 480	-5 940
	-79 689	-79 900
Reported value at the end of period	123 817	131 787
Parent company		
<i>Accumulated acquisition values</i>		
At the beginning of the year	118 570	118 570
New acquisitions	5 589	-
Sales and retirements	-28 652	-
Reclassifications	1 149	-
	96 656	118 570
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-52 485	-48 469
Sales and retirements	10 709	-
Depreciation for the year according to plan	-4 229	-4 016
	-46 005	-52 485
Reported value at the end of the period	50 651	66 085
Of which land		
<i>Group</i>		
Accumulated acquisition values	39 392	39 392
The year's sales	-485	-
Reported value at the end of period	38 907	39 392
<i>Parent company</i>		
Accumulated acquisition values	14 560	14 560
Sales	-3 799	-
Reported value at the end of period	10 761	14 560

		31-12-2007	31-12-2006
Group			
Tax assessment value of buildings	(in Sweden)	91 805	80 780
Tax assessment value of ground	(in Sweden)	24 352	28 842
Parent company			
Tax assessment value of buildings	(in Sweden)	45 953	61 908
Tax assessment value of ground	(in Sweden)	10 524	21 730
Recycling			
Group			
Amounts whereby the assets item is expected to be recovered after more than 12 months.		117 337	125 847
Parent company			
Amounts whereby the assets item is expected to be recovered after more than 12 months.		46 907	62 069

Note 17 Machinery and other technical assets

	31-12-2007	31-12-2006
Group		
<i>Accumulated acquisition values</i>		
At the beginning of the year	3 788 480	3 681 474
New acquisitions	120 063	109 413
Financial leasing	-	-4 542
Sales and retirements	-19 787	-16 085
Reclassifications	307 195	18 607
Value adjustment	222	-387
	4 196 174	3 788 480
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-1 728 493	-1 600 824
Sales and retirements	18 152	9 631
Reclassifications	-	-37
Depreciation for the year according to plan based on acquisition value	-154 015	-137 263
	-1 864 355	-1 728 493
<i>Accumulated depreciations</i>		
At the beginning of the year	-5 828	-5 828
	-5 828	-5 828
Reported value at the end of the period	2 325 990	2 054 159
The Parent company		
<i>Accumulated acquisition values</i>		
At the beginning of the year	1 183 216	1 160 052
Adjustment from previous year	978	-
New acquisitions	17 046	13 893
Sales and retirements	-2 440	-
Reclassifications	37 993	9 271
	1 236 793	1 183 216
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-687 629	-647 639
Adjustment from previous year	-979	-
New acquisitions	-54	-
Sales and retirements	1 661	-
Depreciation for the year according to plan based on acquisition value	-41 487	-39 990
	-728 488	-687 629
Reported value at the end of period	508 305	495 587

	31-12-2007	31-12-2006
Leasing		
Group		
Machinery held under financial leasing agreements are included with a reported value of	2 131	2 232
The important leasing agreements relate to distributing sub-stations. They are situated in Blekinge/Småland. At the end of the leasing period there is the possibility of acquiring the distributing sub-stations.		
Recycling		
Group		
The amount whereby the assets item is expected to be recovered after more than 12 months.	2 171 975	1 916 896
Parent company		
The amount whereby the assets item is expected to be recovered after more than 12 months.	466 818	455 597

Note 18 Inventory, tools and installations

	31-12-2007	31-12-2006
Group		
<i>Accumulated acquisition values</i>		
At the beginning of the year	1 10 630	106 691
New acquisitions	13 852	5 290
Sales and retirements	-10 985	-280
Reclassifications	370	-1 071
	1 13 867	1 10 630
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-89 398	-81 186
Sales and retirements	9 904	275
Reclassifications	-	-10
Depreciation for the year according to plan based on acquisition value	-8 077	-8 477
	-87 571	-89 398
Reported value at the end of the period	26 296	21 232
Parent company		
<i>Accumulated acquisition values</i>		
At the beginning of the year	43 105	40 546
Adjustment from previous year	-	-1 063
New acquisitions	7 879	4 066
Sales and retirements	-1 861	-444
	49 123	43 105
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-30 880	-27 634
Adjustment from previous year	-	1 063
Sales and retirements	826	373
Depreciation for the year according to plan based on acquisition value	-4 494	-4 682
	-34 548	-30 880
Reported value at the end of the period	14 575	12 225
Recycling		
Group		
The amount whereby the assets item is expected to be recovered after more than 12 months.	18 219	12 755
Parent company		
The amount whereby the assets item is expected to be recovered after more than 12 months.	10 081	7 543

Note 19 New plant being built and advance payments for tangible fixed assets

	31-12-2007	31-12-2006
Group		
At the beginning of the year	371 364	61 654
Reclassifications	-308 716	-19 730
Investments	214 023	329 440
Advances paid out throughout the year	4 900	-
Reported value at the end of period	281 572	371 364
Parent company		
At the beginning of the year	59 608	24 098
Reclassifications	-39 142	-9 618
Investments	20 685	45 128
Advances paid out throughout the year	4 900	-
Reported value at the end of the period	46 051	59 608

Note 20 Shares in Group companies

	31-12-2007	31-12-2006
<i>Accumulated acquisition values</i>		
At the beginning of the year	1 629 740	1 618 940
Purchases	4 177	100
Sales	-	-100
Issue of new shares	-	10 800
	1 633 917	1 629 740
<i>Accumulated depreciations</i>		
At the beginning of the year	-420 301	-273 301
Depreciations for the year	-	-147 000
	-420 301	-420 301
Reported value at the end of the period	1 213 616	1 209 439

Specification of Parent company's and Group's holdings of shares in Group companies

Subsidiary / CIN / Head office	Number of shares	Shares as % ¹⁾	31-12-2007	31-12-2006
			Reported value	Reported value
KREAB Energi AB, 556228-1138, Klippan	29 500	100.0	461 351	461 351
Lunds Energi Norge AS, 980 165 140, Bodö, Norway	59 750	100.0	111 184	111 184
Nynäshamn Energi AB, 556008-6877, Nynäshamn	2 700	100.0	188 365	188 365
Ringsjö Energi AB, 556349-3781, Eslöv	5 000	100.0	125 000	125 000
Elbolaget i Norden AB, 556513-8533, Eslöv	1 000	100.0	1 000	1 000
Billinge Energi AB, 556528-1366, Skara	6 307	90.1	62 590	62 590
Kraftringen Försäljning AB, 556550-9774, Lund	100 000	100.0	58 170	58 170
Lunds Energi AB, 556526-6169, Lund	10 000	100.0	51 000	51 000
Kraftringen Energihandel AB, 556643-4410, Lund	10 000	100.0	46 400	46 400
Kraftringen Produktion AB, 556475-7119, Lund	16 000	100.0	33 316	33 316
Nynäshamn Energi Försäljning AB, 556495-0995, Nynäshamn	2 000	100.0	22 000	22 000
7H Kraft AB, 556525-8075, Ulricehamn	1 800	60.0	21 600	21 600
Eslöv Lund Kraftvärmeverk AB, 556370-8253, Lund	1 100	100.0	14 986	14 986
KREAB Öst AB, 556529-2348, Klippan	80 000	100.0	8 000	8 000
Kraftringen Service, 556511-6398, Lund	35 000	100.0	3 477	3 477
Kraftringen Energihandel Förvaltning AB, 556540-1212, Lund	-	-	-	-
Kviinge EI AB, 556712-4705, Lund	10 000	100.0	1 000	1 000
Kraftringen Elförsäljning AB, 556527-2464, Lund	250	100.0	4 077	-
Lunds Energikoncernen Fastighet AB	100	100.0	100	-
			1 213 616	1 209 439

¹⁾ Equity interest of capital, which also agrees with voting rights for total amount of shares.

Note 21 Receivables with Group companies

	31-12-2007	31-12-2006
Parent company		
Accumulated acquisition values		
At the beginning of the year	267 634	267 634
Added receivables	200	-
	267 834	267 634
Reported value at the end of period	267 834	267 634

Note 22 Other long-term holdings in securities

	31-12-2007	31-12-2006
Group		
Accumulated acquisition values		
At the beginning of the year	20 350	20 258
Additional assets	452	100
Sales of assets	-	-8
	20 802	20 350
Accumulated depreciations		
At the beginning of the year	-12 938	-12 938
	-12 938	-12 938
Reported value at the end of the year	7 864	7 412
Parent company		
Accumulated acquisition values		
At the beginning of the year	19 922	19 821
Additional assets	452	101
	20 374	19 922
Accumulated depreciations		
At the beginning of the year	-12 908	-12 908
	-12 908	-12 908
Reported value at the end of the year	7 466	7 014

Group

	31-12-2007		31-12-2006	
	Stock exchange value or equivalent	Reported value	Stock exchange value or equivalent	Reported value
Specification of securities				
Skånska Energi AB	38 222	7 298	55 668	6 845
Billyvind AB	-	100	-	100
Tidaholms Vind EK, för:	-	95	-	95
LEVnära Ek, för:	-	136	-	136
Legevind	-	90	-	90
Insats i Värmek	-	63	-	63
Ulricehamnsvind ek, för:	-	51	-	51
Sv Gastekn Center AB	-	19	-	19
Södra Sv Fastbr AB	-	9	-	9
Lundavind	-	3	-	3
Eolus Vind AB/AB Tvind	-	1	-	1
Dataphone	-	-	-	-
	38 222	7 864	55 668	7 412

	31-12-2007	31-12-2006
	Amount	Amount
Specification of securities		
Skånska Energi AB	402 332	397 632
Billyvind AB	100	100
Tidaholms Vind EK, för:	950	950
LEVnära Ek, för:	3	3
Legevind	50	50
Insats i Värmek	57	57
Ulricehamnsvind ek, för:	6	6
Sv Gastekn Center AB	50	50
Södra Sv Fastbr AB	94	94
Lundavind	1	1
Eolus Vind AB/AB Tvind	10	10
Dataphone	129 080	129 080
	532 733	528 033

Parent company

	31-12-2007		31-12-2006	
	Stock exchange value or equivalent	Reported value	Stock exchange value or equivalent	Reported value
<i>Specification of securities</i>				
Skånska Energi AB	38 222	7 298	55 668	6 845
Billyvind AB	–	100	–	100
Insats i Värmek	–	45	–	45
Sv. Gastekniskt Center AB	–	19	–	19
Lundavind	–	3	–	3
Eolus Vind AB/ABTvind	–	1	–	1
Dataphone	–	–	–	–
	38 222	7 466	55 668	7 014

	31-12-2007	31-12-2006
	Amount	Amount
<i>Specification of securities</i>		
Skånska Energi AB	402 332	397 632
Billyvind AB	100	100
Insats i Värmek	40	40
Sv. Gastekniskt Center AB	50	50
Lundavind	1	1
Eolus Vind AB/ABTvind	10	10
Dataphone	129 080	129 080
	531 613	526 913

Above securities – excluding Skånska Energi AB – are not noted on the general market place because the "Stock exchange value or equivalent" are the same as reported value.

Note 23 Other long-term receivables

	31-12-2007	31-12-2006
Group		
<i>Accumulated acquisition values</i>		
At the beginning of the year	–	–
Added receivables	300	–
	300	–
<i>Accumulated write-ups</i>		
At the beginning of the year	–	–
	–	–
<i>Accumulated depreciations</i>		
At the beginning of the year	–	–
	–	–
Reported value at the end of the year	300	–
Recycling		
Group		
Amounts whereby the assets item is expected to be recovered after more than 12 months from the accounting date.	300	–

Note 24 Inventory etc.

	31-12-2007	31-12-2006
Group		
Raw materials and consumables	29 435	23 896
	29 435	23 896
Parent company		
Raw materials and consumables	803	1 087
	803	1 087

Inventory has been valued at procurement value. No part of the inventory has been reported at net realisable value. There is no appreciable difference between the procurement value and the actual value.

Note 25 Established but non-invoiced revenue

	31-12-2007	31-12-2006
Group		
<i>Contract assignments</i>		
Receivable at the purchaser for assignments in progress	31 279	–
Liability with purchaser for assignments in progress	-3 451	–

Service assignments

Assignment revenues from assignments in progress are reported with the application of successive revenue recognition. The calculation takes place on the basis of the work carried out at the end of the period in relation to the estimated amount of work for the whole assignment.

Note 26 Prepaid costs and accrued revenues

	31-12-2007	31-12-2006
Group		
Accrued energy sales	223 672	161 116
Repayment of energy taxes	3 520	10 295
Contract assignments	1	4 315
Prepaid energy cost	967	–
Other items	15 051	30 880
	243 211	206 606
Parent company		
Other accrued revenues	–	5 130
Prepaid costs	5 452	4 403
	5 452	9 533

Note 27 Current investments

	31-12-2007		31-12-2006	
	Stock exchange value or equivalent	Reported value	Stock exchange value or equivalent	Reported value
Group				
<i>Specification of securities</i>				
SEB	3 013	3 013	5 758	5 155
Catella	11 176	10 426	11 921	8 771
	14 189	13 440	17 679	13 926
Parent company				
<i>Specification of securities</i>				
SEB	3 013	3 013	5 758	5 155
Catella	11 176	10 426	11 921	8 771
	14 189	13 440	17 679	13 926

The holding relates to shares in companies listed on the stock exchange.

A write-down has been made to the market value on the accounting date in those cases where the market value is less than the procurement value.

Note 28 Financial instruments and financial risk management

Financial policy

The Group via its business operations is exposed to different types of financial risks. By financial risks we include fluctuations in the company's earnings and cash flow as a profit of changes in currency exchange rates and interest rates as well as refinancing and credit risks. The Group's policy for the management of financial risks has been worked out by the board and contains guidelines and regulations for business operations. Responsibility for the Group's financial transactions and risks is managed centrally by the Parent company's finance department. The overall objective of the financial function is to satisfy the Group's financial requirements at the same time as exercising control over the Group's financial risks.

Refinancing risks

By refinancing risk, what is referred to is the risk that financing cannot at all be obtained, or only at heavily increased charges. According to the finance policy, at any one particular moment in time, a minimum of TSEK 200 000 shall be available in liquid assets and non-utilised credit facilities. The Group's liabilities and credit agreements should have a disbursed maturity structure with a maximum of 35 % degeneration within the next 12 months. The Group borrows with an original term of between 1 and 10 years, the norm being an average of six years.

The Group's advance commitments as per the framework agreement, TSEK 1 950 000 (1 950 000), are conditional in accordance with covenants for, among other things, the equity/assets ratio and the ownership structure. The parent company and the Group's utilised overdraft facilities are accommodated within extended credit amounts. The Group's current in/out payments take place via agreement with Lund's municipality via their Group accounts. In accordance with the agreement, the Parent company has access to a credit of TSEK 120 000 (120 000).

On 31 December 2007, the Group has received the credit rating of BBB+ by Standard and Poor's for long-term and current borrowing.

Interest rate risks

An interest rate risk is the risk of a worsening in net interest earnings or the market value of non-interest bearing liabilities and assets as a result of changes in the rate of interest on the market. The Group's interest rate risk is dealt with by interest-bearing liabilities being spread via fixed and flexible interest rates, among other things through the use of interest swap contracts.

According to the finance policy, the objective for the long-term liabilities portfolio is that the average fixed interest term shall amount to 2 years. The financial manager has however a mandate to deviate from this norm with a maximum of +/- 1 year. The average remaining fixed interest rate term on 31 December 2007 was 2.5 years.

Interest rate sensitivity is +/- TSEK 7 547 (4 648) on the occasion of a general interest rate change of 1% evenly distributed over the next 12 month period.

Interest-bearing liabilities (TSEK)

	2007				2006			
	Liability brought forward	Remaining duration (days)	Remaining fixed interest rate period (days)	Average interest rate	Liability brought forward	Remaining duration (days)	Remaining fixed interest rate period (days)	Average interest rate
The Group								
Commercial certificate	–	–	–	–	993 228	39	39	2.98
Debenture loans	200 000	2 363	80	4.99	200 000	2 728	79	3.50
Credit institute	1 200 000	60	–	4.17	–	–	–	–
Cheque account	–	–	–	–	73 400	–	–	3.25
External loans in subsidiaries	7 584	2 922	–	5.76	8 532	3 287	–	3.56
	1 407 584	403	11	4.30	1 275 160	480	43	3.08
The Parent company								
Commercial certificates	–	–	–	–	993 228	39	39	2.98
Debenture loans	200 000	2 363	80	4.99	200 000	2 728	79	3.50
Credit Institute	1 200 000	60	–	4.17	–	–	–	–
Cheque account	–	–	–	–	73 400	–	–	3.25
	1 400 000	389	11	2.89	1 193 228	461	43	3.08

Interest rate derivative (TSEK)

	Year of maturity	2007			2006		
		Nominal amount	Market value	Average rate of interest (%)	Nominal amount	Market value	Average rate of interest (%)
Interest rate swap	2008	-155 000	1 372	3.21	-155 000	1 625	3.21
Interest rate swap	2009	-170 000	2 661	3.68	-120 000	1 974	3.36
Interest rate swap	2010	-149 000	3 303	3.79	-99 000	2 255	3.43
Interest rate swap	2011	-100 000	1 589	4.30	-100 000	-494	4.30
Interest rate swap	2012	-100 000	2 717	4.04	-100 000	574	4.04
Interest rate swap	2013	-100 000	2 110	4.39	-100 000	-992	4.39
Interest rate swap	2014	-50 000	1 628	4.18	-50 000	43	4.18
Interest rate swap option	2022	-50 000	64	3.00	–	–	–
			15 444			4 985	

Credit risks

Credit risks with financial operations

The financial risk management means that there is an exposure to credit risks. It is primarily counterparty risks in connection with receivables on banks and other counterparties which arise when derivative instruments are purchased. The credit risk is limited because the Group only concludes financial contracts with counterparties which have a credit worthiness which is the equivalent of the lowest rating BBB- in accordance with Standard & Poor's rating scale.

Credit risks in accounts receivable

The risk that the Group's/company's customers do not fulfil their obligations, i.e. that payment is not obtained for receivables makes up a customer credit risk. The Group's customers undergo credit checks whereby information about the customer's financial standing is obtained from various credit-rating agencies. For larger accounts receivable, the risk is limited to credit losses via bad liability insurance. A bank guarantee or other type of collateral is required for customers with low credit worthiness or inadequate credit history.

Currency risks

The Group is exposed to various types of currency risks. The greatest exposure is for the purchase and sale of foreign currencies, where the risk partly consists of fluctuations in the exchange rate for financial instruments, customer or supplier's invoices, partly the currency risk for expected or contracted payment flows referred to as transaction exposure. Currency risk fluctuations are found once again when converting foreign subsidiaries' assets and liabilities to the Parent company's functional currency, referred to as a conversion exposure.

Transaction exposure

The company's transaction exposure is spread over the following currencies:

Currency (TSEK)

	2007 Amount	2006 Amount
EUR	95 668	94 601
USD	7 438	5 166
NOK	33 225	–

The transaction exposure has been secured to 100 % via currency derivatives. The derivatives used are primarily forward contracts spread over the following currencies and times of duration. The rate indicates the average forward rate.

Currency derivatives (TSEK)

	Rate	EUR	Rate	USD	Rate	NOK
2008	9.260	54 445	6.72	7 438	1.19	33 225
2009	9.225	20 314	–	–	–	–
2010	9.258	11 201	–	–	–	–
2011	9.233	6 862	–	–	–	–
2012	9.267	2 846	–	–	–	–
		95 668		7 438		33 225

Translation exposure

Foreign net assets are apportioned over the following currencies.

Currency (TSEK)

	2007 Amount	2006 Amount
NOK	128 318	119 474

The company's policy has been not to protect translation exposures in foreign currencies.

Energy trade risks

Energy trade risks consist of market risks, counterparty risks, currency risks, liquidity risks and operational risks.

The Group's policy for the management of electricity trade risks has been established by the board and forms a framework of guidelines and regulations on how to handle the trade risks in the form of a risk mandate. The total risk mandate is TSEK 11 000. The day-to-day handling of the Group's energy trade risks encompass energy and currency derivatives directly related to the commercial risks which arise during operating activities. Risk control is separated from the day-to-day running of business operations; to measure the market risk, Value-at Risk is employed.

On the accounting date, TSEK 2 563 (4 549) was utilised of the mandate. Financial contracts are concluded partly on the Nordic power market, Nord Pool, and partly bilaterally. Most of the bilateral contracts are cleared against Nord Pool and the counterparties are followed up against a determined credit limit.

Commodity derivatives

TSEK	2007		2006	
	Nominal amount	Market value	Nominal amount	Market value
Group				
Electricity forward contracts Nord Pool	890 743	70 195	848 351	-20 394
Oil swaps Bilateral	47 455	14 198	35 516	-5 027
Electricity certificate forward contracts Bilateral	–	–	3 049	331
Emission rights Nord Pool	15 369	-553	–	–
	953 567	83 841	886 916	-25 090

Maturity structure

TSEK	2007		2006	
	Nominal amount	Market value	Nominal amount	Market value
Group				
2007	–	–	538 293	-39 654
2008	566 218	29 584	173 709	14 148
2009	189 350	32 656	95 088	2 386
2010	105 694	13 641	55 227	-1 158
2011	65 171	5 715	24 598	-813
2012	27 134	2 244	–	–
Total	953 567	83 841	886 916	-25 090

Actual value

On determining the actual value, official market quotations are used on the accounting date.

When such quotations are lacking, evaluation is carried out via discounting future cash flows to quoted market interest rates for each term.

For other financial assets and liabilities, the book value is the equivalent of the actual value.

Assets	31-12-2007		31-12-2006	
	Reported value	Actual value	Reported value	Actual value
Group				
Other long-term securities	7 864	38 222	7 412	55 668
Current investments	13 440	14 189	13 926	17 679
Interest rate derivatives	609	194	65	8 474
Currency futures	–	12 044	–	–
	21 912	64 649	21 403	81 821
Liabilities				
Commercial certificates	–	–	993 228	993 227
Interest rate derivatives	1 693	15 444	1 315	-2 941
Currency futures	–	–	–	-20 675
	1 693	15 444	994 543	969 611
Parent company				
Other long-term securities	7 466	38 222	7 014	55 668
Current investments	13 440	14 189	13 926	17 679
Interest rate derivatives	609	194	65	8 474
Currency futures	–	12 044	–	–
	21 515	64 649	21 005	81 821
Liabilities				
Commercial certificates	–	–	993 228	993 227
Interest rate derivatives	1 693	15 444	1 315	-2 941
Currency futures	–	–	–	-20 675
	1 693	15 444	994 543	969 611

Note 29 Untaxed reserves

	31-12-2007	31-12-2006
Accumulated depreciation in excess of plan:		
• Machinery and inventory	456 924	453 393
	456 924	453 393

Of untaxed reserves, TSEK 127 939 (126 950) relates to deferred taxes.

Note 30 Allocations for pensions and similar obligations

Lunds Energikoncernen applies from 1 January 2006 RR29 Employee benefits. In accordance with this recommendation, on the assignment of Lunds Energikoncernen, the actuary has calculated the Group's pension provision and the amounts which shall be invested on a regular basis for the Group employees' pensions.

Pension plans for Lunds Energikoncernen consist of both defined benefit plans and defined contribution benefit plans.

Defined contribution benefit plans

All employees within the Group are affiliated to PA KFS (Pensionsavtal Kommunala Företagens Samorganisation) retirement benefit agreement. This pension commitment covers partly a defined contribution benefit plan and partly a defined benefit plan. The defined contribution benefit plan is paid out as a percentage share of salary and is continuously regulated. Over and above this defined contribution benefit plan, a number of employees are affiliated to Alecta's ITP plan. This plan is dealt with in the accounts as a defined contribution benefit plan.

Defined benefit plans

Pension plans cover old age pensions, sickness pensions and family pensions. Within the Group, as well as PA KFS, there are also previously taken over commitments from Lund's municipality regarding PA KL (Pension agreements Municipalities and County Council), whereby Lund's municipality has made a formal commitment to the employees, but were Lunds Energikoncernen undertakes to compensate Lund's municipality for these commitments in connection with the acquisition of business operations in 1993.

Distribution of liabilities

	31-12-2007	31-12-2006
PA KFS	22 708	27 775
PA KL	27 543	27 542
Total defined benefit plans	50 252	55 316

Actuarial gains and losses are reported in the income statement as revenues or costs if the net amount of accumulated unreported actuarial profits and losses exceeds the greater of 10% of the present value of the defined benefit plan's pension obligation and 10% of the fair value of plan assets. The actuarial loss, which in 2007 amounted to TSEK 16 395 (7 370), will be taken up as income during the employee's remaining period of service.

The Group's plan assets amount to TSEK 42 535 (33 472) which are placed with insurance companies.

Group

Defined benefit obligations and the value of plan assets

	31-12-2007	31-12-2006
Fully or partially funded obligations		
Present value of defined benefit obligations	82 945	70 784
Fair value of plan assets	-42 535	-33 472
Total fully or partly funded obligations	40 410	37 312
Present value of unfunded defined benefit obligations	26 237	25 375
Net obligations before adjustments	66 647	62 687
<i>Adjustments:</i>		
Accumulated unrecognised actuarial gains (+) and losses (-)	-16 395	-7 370
Net amount in the balance sheet (obligation+, asset -)	50 252	55 316
The net amount is reported in the following items in the balance sheet:		
Allocations for pensions and similar obligations	50 252	55 316
Net amount in the balance sheet (obligation +, asset -)	50 252	55 316
The net amount is distributed for plans in the following countries:		
Sweden	50 252	55 316
Net amount in the balance sheet (obligation +, asset -)	50 252	55 316

Pension expenses

	31-12-2007	31-12-2006
<i>Defined benefit plans</i>		
Expenses for pensions realised for the year	5 006	4 975
Interest cost	4 152	3 424
Expected return on plan assets	-1 617	-896
Actuarial gains (-) and losses (+) recognised for the year	134	-
Expenses, defined benefit plans	7 675	7 503
Expenses, defined contribution plans	11 102	1 958
Total costs for benefits following completed employment	18 777	9 461
Expenses are recognised on the following lines in the income statement:		
Personnel costs	16 242	6 933
Financial expenses	2 535	2 528
Total costs for benefits following completed employment	18 777	9 461

Reconciliation of net amount for pensions in the balance sheet

The following table explains how the net amount in the balance sheet has changed during the period.

	31-12-2007	31-12-2006
Opening net defined benefit plans	55 316	65 121
Expenses, defined benefit plans	7 676	7 503
Payment of benefits	-	-1 805
Receipts of contributions from the company	-12 740	-15 503
Closing net defined benefit plans	50 252	55 316

Returns, plan assets

	31-12-2007	31-12-2006
Expected return on plan assets	-1 617	-896
Actuarial profits for plan assets during the period	1 617	896

Actuarial assumptions

The following important actuarial assumptions have been applied on calculation of the obligations: (weighted average values)

	31-12-2007	31-12-2006
Discount rate	4.5%	4.0%
Expected return on plan asset	5.0%	4.5%
Future pay increases	3.5%	3.5%
Expected inflation	2.0%	2.0%
Future increases in pensions	3.5%	3.5%
Personnel turnover	3.0%	3.0%
Expected remaining period of employment	11.1 år	12.3 år
<i>Group</i>		
Liability to Lund's municipality PA-KL	16 259	16 423
Pension obligations in accordance with RR 29	33 992	38 893
	50 252	55 316
<i>Parent company</i>		
Liability to Lund's municipality PA-KL	13 215	13 250
	13 215	13 250

Liability to Lund's municipality for defined benefit plans realised for the period before 01.1.93. The greater part of the other defined benefit plan commitments have been redeemed through the payment of premiums to the insurance companies.

Note 31 Allocations for deferred taxes

	Deferred tax assets	Deferred tax liability	Net
Group 31-12-07			
Intangible assets	-	1 682	-1 682
Buildings and land	-	1 264	-1 264
Machinery and inventory	6 706	541 012	-534 306
Pension liabilities	9 518	-	9 518
Tax allocation reserves	-	2 652	-2 652
Accrued costs	19	-	19
	16 243	546 611	-530 368
Set off	-16 243	-16 243	-
Net deferred tax liability	-	530 368	-530 368

	Deferred tax assets	Deferred tax liability	Net
Group 31-12-06			
Intangible assets	986	1 003	-17
Buildings and land	-	1 332	-1 332
Machinery and inventory	5 732	522 426	-516 694
Tax allocation reserves	-	3 087	-3 087
Accrued costs	-	64	-64
Pension liability	10 890	-	10 890
	17 608	527 912	-510 304
Set off	-17 608	-17 608	-
Net deferred tax liability	-	510 304	-510 304

Change in deferred tax in temporary differences and loss carry forwards

	Initial amounts at beginning of year	Reported over income statement	Other changes/ Reported against equity	Amounts at the end of the year
Group				
Intangible assets	-17	-1 430	-235	-1 682
Buildings and land	-1 332	68	-	-1 264
Machinery and inventory	-516 694	-17 612	-	-534 306
Tax allocation reserves	-3 087	585	-150	-2 652
Accrued costs	-64	64	19	19
Pensions liability	10 890	-1 372	-	9 518
	-510 304	-19 698	-366	-530 368

Note 32 Other allocations

	31-12-2007	31-12-2006
<i>Group</i>		
Appealed decision regarding obligation to repay network charges in Nynäshamn Energi AB	5 930	5 930
Appealed decision regarding obligation to repay network charges in KREAB Energi AB	2 939	2 939
Other	–	15
	8 869	8 884
<i>Group</i>		
Reported value at beginning of period	8 884	24 600
Amounts made use of during the period	-15	-15 716
Reported value at the end of period	8 869	8 884

Note 33 Other liabilities to credit institutes, long-term

	31-12-2007	31-12-2006
<i>Group</i>		
Time of maturity, more than 5 years from the accounting date	200 000	200 000
	200 000	200 000
<i>Parent company</i>		
Time of maturity, more than 5 years from the accounting date	200 000	200 000
	200 000	200 000

Note 34 Overdraft facilities

	31-12-2007	31-12-2006
<i>Group</i>		
Utilised credit amount	–	73 400
<i>Parent company</i>		
Utilised credit amount	–	73 400

The Parent company and the Group's utilised overdraft facilities are accommodated within extended credit amounts. The Group's current in/out payments take place via agreement with Lund's municipality via their Group accounts. In accordance with the agreement, the Group has access to a credit of TSEK 120 000 (120 000).

Note 35 Other liabilities, long-term and current

Other long-term liabilities' maturity times are distributed as follows:

	31-12-2007	31-12-2006
<i>Group</i>		
Liabilities due later than 1 year from accounting date	845	922
Liabilities which fall due more than five years from the accounting date	7 584	8 532

Among long-term and current liabilities, financial leasing liabilities are included as described below. Liabilities of 845 (922) for financial leasing agreements in the Group are for future leasing charges assignable to agreements under financial leasing. Obligations for financial leasing fall due for payment as described below:

	31-12-2007		
	Amortisation	Interest rate	Total payment
Within one year	78	30	108
Between one and five years	845	–	845
	923	30	953

	31-12-2006		
	Amortisation	Interest rate	Total payment
Within one year	100	43	143
Between one and five years	922	30	952
	1 022	73	1 095

Amortisations that fall due within one year are reported as current liabilities.

Note 36 Accrued expenses and deferred income

	31-12-2007	31-12-2006
<i>Group</i>		
Accrued energy costs	95 143	34 918
Accrued interest costs	3 365	4 985
Accrued personnel costs	27 680	31 315
Electricity certificate and emission rights	56 615	68 689
Accrued auditors and legal costs	1 642	1 360
Accrued subcontractor costs	11 753	–
Prepaid energy revenues	36 812	–
Prepaid revenues	2 309	54 594
Other items	18 289	22 335
	253 608	218 196
<i>Parent company</i>		
Accrued interest costs	2 920	4 985
Accrued personnel costs	4 899	4 545
Accrued auditing and legal costs	1 160	1 160
Other items	7 036	1 225
	16 015	11 915

Lund 25 March 2008

Christer Wallin
Chairman

Kenneth M Persson
1st Vice-chairman

Gunnar Nilsson
2nd Vice-chairman

Jan Samuelsson
Managing Director

Rolf Englesson

Lars V Andersson

Claes Hedlund

Thomas Frennstedt

Ingemar Jeppsson

Lars Leonardsson

Jeanette Olsson

Kjell Åke Persson

My auditor's report has been presented on 25 March 2008

Dan Kjellqvist
Authorised public accountant

The Group's income statement and balance sheet along with the Parent company's income statement and balance sheet will be set on the annual general meeting.

Auditor's report

To the annual general meeting in Lunds Energikoncernen AB (publ). CIN: 556100-9852

I have audited the annual accounts, the consolidated accounts and the books along with the Board's and the Managing Director's administration of Lunds Energikoncernen AB (publ) for the year 01-01-2007–31-12-2007. The Board and the Managing Director are responsible for the accounts and administration and that the annual accounts and the consolidated accounts are prepared in accordance with the Annual Accounts Act. My responsibility is to express my opinion on the annual accounts, the consolidated accounts and the administration on the basis of my audit.

The audit has been carried out in accordance with generally accepted auditing standards in Sweden. This means that I have planned and performed the audit to obtain reasonable but not absolutely complete assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes the examination on a test basis, evidence supporting the amounts and other disclosures in the accounts. An audit also includes assessing the accounting principles and their application by the Board and the Managing Director as well as evaluating the significant appraisals they have made when they prepared the annual accounts and the consolidated accounts along with its overall presentation of information. As a basis for my opinion concerning discharge from liability, I have examined significant decisions, actions taken and circumstances

of the company in order to be able to determine the liability of any of the members of the board or the Managing Director towards the company. I have 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. I consider that my audit provides me with a reasonable basis for the opinions I make below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a fair view of the company's and the Group's financial position in accordance with generally accepted accounting principles in Sweden. The administration report is consistent with the annual report's and the consolidated report's other parts.

I recommend that the income statements and the balance sheet for the Parent company and for the Group be adopted, that the profits be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board and the Managing Director be discharged from liability for the financial year.

Malmö 25 March 2008

Dan Kjellqvist
Authorised public accountant

Detailed auditors' report for the year 2007

*The lay auditors for Lunds Energikoncernen AB
CIN: 556100-9852*

We have analysed the company's business activities for 2007.

The audit has been carried out in accordance with the companies act and in accordance with generally accepted auditing standards for municipal operations. The audit has been based on the evaluation of materiality and risk. This means that we have planned and performed the audit to obtain reasonable assurance that the company's business and financial activities have been managed in an appropriate manner.

We are of the opinion in general that the company's business and financial operations have been managed in an appropriate manner and that the company's internal controls have been sufficient.

Lund 25 March 2008

Lars Larsson
Lund's municipality

Kurt Håkansson
Eslöv's municipality

Leif Fransson
Lomma municipality

Karl-Ola Olsson
Hörby municipality

Company management report 2007

The Board of Lunds Energikoncernen AB (publ), CIN: 556100-9852 ("Lunds Energikoncernen"), hereby submit the company management report for the financial year 2007.

Introduction

The Swedish Code of Corporate Governance ("the Code") governs the decision-making procedure for direct or indirect management of the company by the owners. The rules relate to the organisation and working procedures of individual company bodies and the interplay between them. They also contain guidelines for company reports. The Code is applied according to the principles of "comply" or "explain", which means that a company may deviate from individual rules in the Code as long as the reason for that deviation is explained. The principles applied in the Lunds Energikoncernen owner's directive, articles of association, management working procedures and instructions to the Managing Director largely conform to the rules contained in the Code.

In December 2005, the management of Lunds Energikoncernen decided to adapt its working procedures to the Code, as long as it was considered appropriate and possible. If the company does not comply with the Code, this is explained.

The report has not been scrutinised by the company's auditors.

Owners

Lunds Energikoncernen is 100 per cent owned by Krafringen AB ("the Holding Company"). The Holding Company's only function is to own shares in Lunds Energikoncernen AB (publ). The municipalities of Lund, Lomma, Eslöv and Hörby own all the shares in the Holding Company in accordance with the following summary.

Lund's municipality 82.3875 %
Eslöv's municipality 12.0435 %
Hörby municipality 3.4565 %
Lomma municipality 2.1125 %

Shareholders' agreements, the owner's directive and the current articles of association constitute the overall framework for Lunds Energikoncernen.

The annual general meeting

The annual general meeting is the highest decision-making body for the owners. The annual general meeting appoints the Board and auditors and adopts, among other things, decisions on amendments to the articles of association.

In accordance with the articles of association, the annual general meeting is to be held in April or May. Calls for the annual general meeting will be sent to the owners no earlier than six and no later than four weeks prior to the meeting. Calls will be issued by mail, announcements in Post- & Inrikes Tidningar and Dagens Nyheter or other daily newspapers with national circulations.

The annual general meeting is attended by the Board, the Managing Director, one of the auditors and the lay auditors. All members of the municipal council and substitutes at the municipal owners will, according to the shareholders' agreement, be invited to attend and have the right to speak at the annual general meeting.

The annual general meeting is held on 25 April 2007.

Owners' Forum

The owners, through the respective municipal executive board, appoint representatives ("Representatives") to an owners' forum. The Board and the Managing Director meet regularly (3-4 times per year) with the owners' forum to discuss the company's progress and finances.

"The owners assume responsibility for jointly creating a forum for active, flexible management of the company."

Extract from the owner's directive for Lunds Energikoncernen.

"An owners' forum will be established for active, flexible management of the company," in which the municipalities jointly agree on guidelines for the company, among other things. The owners' forum consists of one representative and one replacement (representative) from each municipality. The representative receives his authorisation by delegation from the respective municipal executive board. Decisions in the owners' forum are made through individual decisions by each representative. The municipalities must attempt to reach agreement on the guidelines. Should the municipalities fail to reach agreement, the issue will be referred to the annual general meeting of the company for a decision."

Extract from the supplement to the shareholders' agreement.

Election committee

The owners' forum must fulfil the obligations incumbent on an election committee in accordance with sections 2.1 and 3.4.4 of the Code. The owners' forum met prior to the 2008 annual general meeting to discuss the owners' viewpoints, the composition of the Board, the auditor's report and the fees of the Board and the auditors. The owners' forum has appointed representatives from each owning municipality in 2006 in accordance with appendix 2.

Appointment of the Board

The appointment of the Board at Lunds Energikoncernen is governed in the shareholders' agreement. The Board of the Holding Company is appointed directly by the municipal council in each owning municipality. The owners' proxies at the annual general meeting vote according to instructions from the respective municipal executive board. This task has, in turn, been delegated to the municipal executive board by the municipal council. Through the shareholders' agreement, the Board at Lunds Energikoncernen is the same as at the Holding Company. The Board at Lunds Energikoncernen is elected by the annual general meeting.

Appointment of employees' representatives

The employee's right to representation on the Board for joint stock companies, financial associations, etc. has been regulated in law since 1972. By 1973, exemptions from the law were granted to some municipal joint stock companies in which the composition of the Board was dependent on relative political strengths. The exemptions from the law mean that employees' representatives would have the right to take part in deliberations by the Board, but not decisions. Furthermore, they would have the same rights as directors to put forward motions. Due to restriction of the right to take part in the decision-making process, the representatives did not become directors within the meaning of the Aktiebolagslagen ("ABL") [Swedish Companies Act]. The exemptions established the basis for agreements between municipal joint stock companies that were affected by the legislation and the trade union organisations.

In accordance with the owner's directive of Lunds Energikoncernen, employees' representatives will sit on the Board only if they have the right to attend and speak. Through an agreement between Lunds Energikoncernen and the employees' representatives, the employees' representatives have gained responsibility against the directors' liability. The law on representation of a private employees on the Board applies in all other respects. In order to avoid uncertainty, it has been established in the aforesaid agreement that the employees' representatives may not take part in the evaluation of matters affecting the company's aims and objectives. It is assumed that these matters are established according to democratic procedures. What is otherwise stated by law with regard to directors and substitutes will apply to employees' representatives.

The work of the board

The Board establishes working procedures on a yearly basis, which in all substantial aspects is based on existing guidelines from the owners. No division of liability has taken place on the Board. The working procedures govern, inter alia, the duties of the Chairman of the Board, information to the Board, the frequency and form of meetings of the Board, evaluation of the work of the Board and the Managing Director. The working procedures also contain instructions for the Managing Director and four risk processing and financial reporting.

The matters to be dealt with by the Board are as stated in the Swedish Companies Act, the Code and the working procedures of the Board. The primary tasks of the Board, besides appointing the Managing Director and Deputy-Managing Director, are to establish the strategic aims, approve larger investments and monopoly tariffs and any substantial changes to the Group's organisation and establish central policies and instructions. The Board must also monitor the company's financial progress and issue financial guidelines for risk and control functions.

The Board is responsible for ensuring that financial reports are prepared in accordance with the law and applicable accounting standards. The Board also has the maximum responsibility for ensuring that the company's reports to the owners and the outside world give a correct, complete view of its progress, financial position and risks.

The working procedures of the Board provide that at least seven ordinary meetings must be held each year. In addition to ordinary meetings, the Board is called to additional meetings if the need arises. The rules for the frequency of meetings of the Board and attendance by directors are set out in appendix 3.

The work of the Board was assessed, in accordance with section 3.1.2 of the Code, at the meeting held on 21 June 2007.

Committees of the Board

The Board has appointed three committees: the executive committee, the audit committee and the remuneration committee. In accordance with the shareholders' agreement, the Board must appoint an executive committee consisting of the Chairman of the Board, the first Vice-chairman and the second Vice-chairman. In accordance with the shareholders' agreement, *"the Chairman and first Vice-chairman will be appointed by Lund, whereas the second Vice-chairman will be appointed jointly by Eslöv and Hörby"*.

All owners will be represented on the audit committee and the remuneration committee. If the second Vice-chairman is a member of the Board representing Eslöv, the Board will appoint a representative from both Hörby and Lomma.

Executive committee

The executive committee of the Board has the right, in accordance with the working procedures, to decide on the agenda for meetings of the Board and the Managing Directors' employment conditions.

Appointment of employees' representatives

The Board of Lunds Energikoncernen has appointed an audit committee consisting of the executive committee of the Board supplemented by members of the Board so that all owners are represented. The audit committee has the following responsibilities: it is responsible for preparing the Board's work of quality assuring the company's financial reporting; to meet the company's certified accountants and lay auditors on a regular basis to gather information about the

audit's direction and scope; to discuss its co-ordination with the external and internal audit; to provide input regarding the company's risks; to determine guidelines for which other services other than auditing which the company purchases from the company's auditors; and to review the audit efforts.

Remuneration committee

The Board of Lunds Energikoncernen has established a remuneration committee consisting of the executive committee of the Board, supplemented by members of the Board so that all owners are represented. The remuneration committee decides on the principles for the Managing Director's employment conditions.

Board members

The Board of Lunds Energikoncernen consists of eleven members and seven deputies.

The municipality of Lund is represented by seven members and four deputies. The municipality of Eslöv is represented by two members and one deputy. The municipalities of Hörby and Lomma are each represented by one member and one deputy.

One of the directors is female. The directors' average age is 55.

At the annual general meeting held on 25 April 2007, the following new directors were elected: Rolf Englesson (Lund) and Lars Leonardsson (Lund) and the following directors were re-elected: Christer Wallin (Lund, Chairman), Gunnar Nilsson (Eslöv, second Vice-chairman), Kenneth M Persson (Lund, first Vice-chairman), Kjell Åke Persson (Hörby), Britt-Marie Lundqvist (Lund), Lars V Andersson (Lund), Thomas Frennstedt (Lund), Claes Hedlund (Lomma) and Ingemar Jeppsson (Eslöv). Britt Persson (Lund) retired as a member of the board. Lars A Olsson (Lund) retired as a member of the board and was chosen as a deputy as described below.

The deputies on the Board will, under the owner's directive, be called to all meetings of the Board and have the right to attend and speak. At the annual general meeting 25 April 2007, the following new deputies were elected: Tony Hansson (Eslöv) and Lars A Olsson (Lund); Björn Björns-son (Lund), Lars Carlén (Lomma), Åke Hansson (Hörby), Christer Wallström (Lund) and Christer Henningsson (Lund) were re-elected. Cecilia Lind (Eslöv) and Erik Nordström (Lund) retired from the assignments as deputies.

Britt-Marie Lundqvist (Lund) retired as a member 12 May 2007. At the extraordinary annual general meeting 1 November 2007, Jeanette Olsson (Lund) was newly-elected, all existing members and deputies were re-elected.

The duties of the Chairman of the Board are as stated in the Companies Act, the working procedures of the Board and the Code. The Chairman leads the work of the Board and assumes responsibility for ensuring that the other directors have the necessary information and represent the company on ownership issues. In addition, the Chairman ensures that

the work of the Board and the Managing Director is evaluated on a yearly basis.

In accordance with current agreements on employees' representatives, the employees' organisations have appointed Ingrid Holmér (SACO [Sveriges akademikers centralorganisation – Central Organisation of Swedish University Graduates]) and Bertil Lindholm (SEKO [Facket för Service och Kommunikation – Swedish Union for Service and Communications Employees]) as co-opted directors along with deputy Carina Andersson (SKTF [Sveriges Kommunaltjänstemannaförbund – Swedish Union of Local Government Officers]).

Further information on directors and deputies is available in appendix 1.

Managing Director

Jan Samuelsson became Managing Director and Chief Executive Officer as of 1 June 2006. The work of the Managing Director was assessed, in accordance with section 3.5.3 of the Code, at the meeting held on 28 February 2007.

Nils-Ove Rasmusson became the vice Managing Director on 1 June 2006. Personal details about the managing director and the vice managing director can be found in appendix 1.

Principles for remuneration of the company management

The following principles apply to remuneration of the Managing Director. From 2006 onwards, the remuneration committee prepares the decision by the Board on the Managing Director's employment conditions. The Managing Director is paid a fixed salary and does not take part in the staff bonus system that covers all other group employees. The results achieved and the Managing Director's performance is taken into consideration at the yearly review of the Managing Director's salary. In addition to his salary, the Managing Director has a free company vehicle at his disposal.

The Managing Director is covered by a pension in accordance with the PAKFS [occupation pension plan covering employees working in municipal companies] "Collective agreement concerning pensions, etc." applicable in the group. The Managing Director is also covered by medical insurance. The Managing Director's employment contract can be cancelled giving six months' mutual notice of termination. If the company cancels the contract, the Managing Director is entitled to a lump-sum payment of one year's salary. The Managing Director is not covered by the Swedish Employment Protection Act [Lagen om Anställningsskydd].

Programme of incentives for the Board and the company management

Lunds Energikoncernen has a staff bonus system linked to the outcome of the results in the joint balanced scorecard for the group. The bonus system covers all employees except for the Managing Director.

Lunds Energikoncernen has no programme of incentives or similar for the Board and the Managing Director.

Appointment of external auditors

The auditors' task of carrying out independent scrutiny of the management by the Board and the Managing Director and of the company's annual accounts and bookkeeping is of fundamental importance for the municipalities, as owners. Responsibility for selecting auditors always lies with the owners. The practical work of purchasing is always done by the company's finance department in consultation with the audit committee.

A final decision is made by the owners at the Annual General meeting. In accordance with the shareholders' agreement, the auditors of Lunds Energikoncernen are the same as in the Holding Company. Auditors of Lunds Energikoncernen are elected at the annual general meeting.

The auditors are chosen, in accordance with the Swedish Companies Act, for a term of office of four years. In the event that a new selection of auditors is considered, the auditors' work is evaluated at all times. Regular evaluations are carried out to remedy any defects and to make the owners' wishes clear.

Appointment of lay auditors

Lay auditors in companies owned by municipalities are appointed in accordance with chapter 3, paragraphs 17 and 18 of the kommunallagen ("KL") [Swedish Local Government Act]. The appointment of lay auditors and their remuneration is governed by the owner's directive. The lay auditors at the Holding Company are appointed directly by the municipal council at each owning municipality. The owners' proxies at the annual general meeting vote according to instructions from the respective municipal executive board. This task has, in turn, been delegated to the municipal executive board by the municipal council. The lay auditors of Lunds Energikoncernen are the same as at the Holding Company. The lay auditors of Lunds Energikoncernen are elected at the annual general meeting.

The Code deals only with the appointment of external auditors and does not cover auditing by lay auditors. The rights and obligations of lay auditors are governed primarily by the Swedish Companies Act and the Swedish Local Government Act. Lay auditors must be considered as a company body. Municipalities' elected auditors scrutinise the activities of companies owned by municipalities as provided in standard auditing practice for lay auditors. Lay auditors have the right to engage expert representation to a reasonable extent in the same way as external auditors.

The company's auditors

The 2007 annual general meeting has appointed Dan Kjellkvist (born in 1954, Authorised Public Accountant) from KPMG as principal auditor and David Olow (born in 1963,

Authorised Public Accountant) as deputy auditor for the period up to the end of the 2011 annual general meeting. The scope of the services other than auditing that the auditor carried out for the company is clearly stated in the annual accounts for 2007.

The Swedish Companies Act clearly states that auditors must obey instructions issued by the annual general meeting, provided that such instructions are not contrary to the law, the articles of association or standard practice.

The 2007 annual general meeting has appointed Lars Larsson (Lund), Kurt Håkansson (Eslöv), Karl-Ola Olsson (Hörby) and Leif Fransson (Lomma) as lay auditors for the period up to the end of the 2011 annual general meeting. Waltraud Rasch (Lund), Håkan Elleström (Eslöv), Tommy Persson (Hörby) and Sune Heinegård (Lomma) have been appointed as replacement lay auditors for the same period.

The lay auditors have received an instruction through the owners as to how the audit is to be carried out. The lay auditors have access to information on Lunds Energikoncernen subsidiary companies.

Financial reporting and management of operations

The annual accounts and the interim reports clearly state which parts are formal financial reports, along with the rules on which they are based, and which parts are audited or have been reviewed by the company's auditors. The board receives monthly financial reports and at every board meeting, the Group's financial standing is discussed.

The formal decision-making order in the Group is based on the division of responsibility between the board and the Managing Director which the board has established in its working procedures. The Group's delegation order is decided by the Group management and includes, among other things, Group instructions for decision making, delegation and authorisation rights, the management of subsidiaries, risk management and internal controls.

The regulations and the outcome of the Group's process of risk assessment and risk management are dealt with annually by the board. The board has elected an audit committee, its task is, among other things, to evaluate the scope and direction of the Group's risk management. The Group's risk management and reporting is co-ordinated by a risk committee which is managed by the Chief Executive Officer.

The Group's operations management is based on the company's business idea, vision and core values which are common to the Group. Controlling documents are made up of policies, guidelines and handbooks. Policies, determined by the board, deal with how to act in questions which are important for the Group. Guidelines are established by the Chief Executive Officer and lay down operative instructions so that policies are observed. All control documents are taken up by the Group management for approval.

The Group's management group works in accordance with an annually structured process for strategic planning, business planning and the follow-up of central control documents.

Policy documents

Lunds Energikoncernen has a number of policies for the Group's activities and its employees. The following are examples of these policies:

Risk policy

The Lunds Energikoncernen risk policy summarises the board's view of the guiding principles, the frameworks and the rules that are to apply to risk management in the Group.

Ethics policy

The Group's ethics policy has been produced with the aim of clarifying the Group's basic view of ethical issues both within the Group and externally in relation to clients and suppliers.

Financial policy

The Group finance department works according to a policy adopted by the Board that provides frameworks for how the Group's activities are to be financed and how, for example, exchange risks and interest risks are to be managed.

Information policy

The Group information policy describes the Group's general principles for providing information.

Environmental policy

The Group's environmental policy provides guidelines for environmental work within the Group.

Furthermore, the Group has a number of recommendations that provide guidelines and instruction for the Group's activities and its employees. These are worked out by the Managing Director on the basis of established policies.

Deviations and observations on the rules of the Code

Provided below are observations on how Lunds Energikoncernen has adapted to the rules of the Code and the deviations identified by the Board.

Section 1.1 of the Code

Section 1.1 and subsections govern calls for general meetings. Because, in formal terms, Lunds Energikoncernen has an owner – the Holding Company (which is owned by the municipality of Lund, the municipality of Eslöv, the municipality of Hörby and the municipality of Lomma) – the company is able to reach all shareholders without announcements and publication on its website. Nevertheless, Lunds Energikoncernen has, in view of the company's public position, chosen to publish a call for the 2007 annual general meeting on the company's website. Calls for annual general meetings take place, in accordance with the articles of association, the Swedish Companies Act and the Code, by

mail, publication in Post- & Inrikes Tidningar, and Dagens Nyheter or other daily newspapers with national circulations and on the company's website.

Section 2.1 of the Code

Section 2.1 and subsections govern the appointment and duties of the election committee. Lunds Energikoncernen and the Holding Company have organised an election committee in accordance with what is stated in this report. In view of the fact that all owners are represented in the election committee, there is no need, for example, for publication in accordance with section 2.1.3 of the Code.

Section 2.3 of the Code

"Proposals for the appointment of auditors must be issued by the company's election committee or by a specially-appointed election committee for the appointment of auditors. The rules in section 2.1 and this section apply to a specially appointed election committee."

The Code deals only with the appointment of external auditors and does not cover auditing by lay auditors. Lay auditors in companies owned by municipalities are appointed in accordance with chapter 3, paragraphs 17 and 18 of the kommunallagen ("KL") [Swedish Local Government Act]. The appointment of lay auditors and their remuneration, is governed by the owner's directive. The appointment of lay auditors and their remuneration is governed by the owner's directive. The lay auditors at the Holding Company are appointed directly by the municipal council at each owning municipality. The owners' proxies at the annual general meeting vote according to instructions from the respective municipal executive board. This task has, in turn, been delegated to the municipal executive board by the municipal council. The lay auditors of Lunds Energikoncernen are the same as at the Holding Company. The lay auditors of Lunds Energikoncernen are elected at the annual general meeting.

Section 3.1 of the Code

"The overall task of the Board is to manage the company's affairs on the owners behalf in such a way as to look after the owners' interest in obtaining a long-term, satisfactory return on capital in the best possible manner."

On the basis of the company's interests and the purpose of activities by the owning municipalities, as expressed in the articles of association and the owner's directive, the Board must specify and set targets for the company's activities and ensure that the company has an appropriate strategy, organisation and management for achieving those objectives.

"The company shall guarantee first-rate and comprehensive energy sales. On business grounds, the company will satisfy needs for energy, natural gas, district-heating, district cooling and other energy services. Energy supplies must be delivered with a high level of security, providing clients with a high level of service and – in view of the company's need for consolidation and readiness to invest – at a reasonable price. Efforts will be made to achieve rational use of energy, the smallest possible impact on

the environment and a reasonable return on capital." Extract from the owner's directive for Lunds Energikoncernen.

Section 3.2 of the Code

"The Board is to be a size and composition that provides scope for the necessary qualifications and experience and which fulfils the requirements for independence established for its effective, independent management of the company's affairs. The board should be renewed at a necessary rate in view of the progress of the company's activities and the need for continuity in the board's work."

Deputies for the directors are elected by the General Meeting and the deputies have the right to attend and speak at meetings of the Board, which is a deviation from the rules of the Code. The deviation is due to the rules of the Swedish Local Government Act on proportional distribution of posts on the Board in companies owned by municipalities and to ensure continuity in the board's work.

Section 3.2.5 of the Code

"At least two of the directors who are independent of the company and senior management are also to be independent of the company's major shareholders. A director who represents a major owner or employee or director in a company which is a major owner is considered as dependent. The term "major shareholder" refers to owners who directly or indirectly control more than 10 per cent of the shares or votes in a company."

Christer Wallin, Kenneth M Persson, Gunnar Nilsson, Lars V Andersson, Thomas Frennstedt, Jeanette Olsson, Ingemar Jappsson, Lars Leonardsson and Rolf Englesson are considered to be dependent in relation to the company's major shareholders because Lund and Eslöv hold more than 10 % of the company's shares.

The other two directors, Kjell Åke Persson and Claes Hedlund, are considered to be independent in relation to both the company and the company's major shareholders (Hörby and Lomma hold less than 10% of the company's shares).

Because all shareholders are represented on the Board and its committees, the aim of the regulation contained in the Code is reasonably fulfilled.

Section 3.5.2 of the Code

"The board may establish special committees to prepare the board's business in specific areas and, if it sees fit, it may delegate certain decision-making powers to such committees. The establishment of committees must not cause the board to lose its overall view and control of the company's business activities nor must the board be any less well informed. The formal work plan of the board is to specify the tasks and decision-making authority that the board has delegated to committees and the manner in which the committees are to report to the board. Committees are to keep minutes of their meetings and the board must be informed of the minutes."

In accordance with the Lunds Energikoncernen owner's directive, the Board must appoint an executive committee

consisting of the chair of the Board, the first vice-chair and the second vice-chair. The executive committee has two tasks: to establish the agenda for meetings of the Board and the Managing Director's employment conditions.

Section 3.8.2 of the Code

"The board is to establish an audit committee consisting of at least three directors. The majority of the directors on the committee must be independent in relation to the company and the company management. At least one member of the committee is to be independent of the company's major shareholders. Directors included in the company management may not be members of the committee."

The Board of Lunds Energikoncernen has appointed an audit committee consisting of the executive committee of the Board supplemented by members of the Board so that all owners are represented. The spirit of the Code relating to the influence of minor shareholders and their access to information is thereby considered to be fulfilled.

Section 4.2.1 of the Code

"The board will appoint a remuneration committee charged with preparing questions relating to remuneration and other employment conditions for the company management. The Chairman of the Board may be chair of the meeting. Other directors on the remuneration committee must be independent in relation to the company and the company management. In companies with smaller boards of directors, the entire board may fulfil the tasks of the remuneration committee, provided that the directors who are also included in the company management do not participate in the work."

The Board of Lunds Energikoncernen has established a remuneration committee consisting of the executive committee of the Board, supplemented by members of the Board so that all owners are represented. The spirit of the Code relating to the influence of minor shareholders and their access to information is thereby considered to be fulfilled.

Conclusion

Work to adapt to the Code is in progress at Lunds Energikoncernen and the company's subsidiaries. The board's opinion is that a yearly assessment on complete compliance with the Code is possible.

Lund 25 March 2008

The Board of Lunds Energikoncernen AB (publ)

Appendix I, The Board and the Managing Director, 31 December 2007

Name	Stockholders	Born	Elected	Position	Other assignments	Remuneration/year	
Christer Wallin	Chairman	Lund	1958	2006	MD Wallin & Dalholm	MD/board member in Wallin & Dalholm and Nordea's local trade council, board member in KF & KS Lund, deputy in the Environmental Committee, deputy of the Cultural Committee and the Committee for Recreational Activities, Lund, Chairman of Stiftelsen Arenan, Chairman of the steering committee for Commerce and Industry Strategy in Lund's municipality, Vice-chairman of Stiftelsen Lunds Nyföretagarcentrum and board member of the district board for Grafiska Företagens Förbund, board member of AF Borgen, Lund	155 000
Kenneth M Persson	Vice-chairman	Lund	1964	1995	Professor, Sweco Viak	Board member Mandels miljöteknik AB, Chairman Föreningen Vatten	77 500
Gunnar Nilsson	2nd Vice-chairman	Eslöv	1940	2004	Pensioner, former municipal commissioner		77 500
Rolf Englesson	Board member	Lund	1964	2007	MD BioMil AB	Member of the municipal council, Lund's municipality, SKL beredning kultur och fritid	15 500
Lars V Andersson	Board member	Lund	1945	1995	Master of Arts, leader writer Skånska Dagbladet	Chairman Studieförbundet Vuxenskolan, Lundabygden	15 500
Thomas Frennstedt	Board member	Lund	1936	1995	Pensioner, former bank manager	MD & member of Investment AB Andina, member AB Frennstedt & Co, member Vindproduktion i Flackarp AB, MD & member of several foundations, member of the municipal council in Lund, 1st Vice-chairman Service-nämnden, Lund	15 500
Claes Hedlund	Board member	Lomma	1946	1999	Regional Manager Almega AB	Chairman of the municipal council in Lomma, member of the municipal council Lomma Chairman of Lomma Fastighets AB & Lomma Servicebostäder and member of Sydsvatten AB	15 500
Ingemar Jeppsson	Board member	Eslöv	1963	2004	Project manager Herbert Felixinstitutet	Deputy municipal executive board & member of the municipal executive board Eslöv, Chairman Eslövs Bad & Friskvård AB, Chairman of Skånet, member of Business Region Skåne, Chairman Skånska Dagbladet AB & Vice-chairman Norra Skåne AB	15 500
Kjell Åke Persson	Board member	Hörby	1944	2007		KF member, municipal executive board and AU Hörby, Chairman of the Refuse collection company MERAB, member of the board association of municipal corporations and VoB Syd	15 500
Lars Leonardsson	Board member	Lund	1955	2007	IT Director, Deloitte AB	Deputy, KF Lund	15 500
Jeanette Olsson	Board member	Lund	1959	2007	Nurse, USIL	Deputy, Folkets Hus board	15 500
Björn Björnson	Deputy	Lund	1944	1995	Pensioner		7 750
Lars Carlén	Deputy	Lomma	1941	1999	PhD, pensioner	Board member of the municipal council and the municipal executive board and also 2nd Vice-chairman of the Child & educational committee in Lomma	7 750
Åke Hansson	Deputy	Hörby	1941	2004	Foreman	Vice-chairman, Hörby Industrifastighetsbolag	7 750
Christer Henningson	Deputy	Lund	1949	2003	Superintendent The Swedish National Economic Crimes Bureau	Deputy of P-bolaget, Lund	7 750
Lars A Ohlsson	Deputy	Lund	1942	1996	Former constructional engineer; Lunds Tekniska Högskola	Member of the Service committee in Lund, deputy of the executive committee for VA SYD	7 750
Tony Hansson	Deputy	Eslöv	1963	2007	Business executive, Datek Konsult AB	Member of the municipal council and the municipal executive board in Eslöv, Chairman of the environment & town planning committee Eslöv, Member of Eslövs Bostads AB, deputy of the regional executive board Skåne and 2nd Vice-chairman of Räddningstjänsten Syd	7 750
Christer Wallström	Deputy	Lund	1943	2003	Pensioner and former environmental co-ordinator Skånetrafiken	Member BSN Lund city in Lund municipality, trustee of Sparbanken Finn, member of the Committee of Chief Guardians in Lund	7 750
Ingrid Holmér	Employee representative		1953	1995	Project engineer	SACO	
Bertil Lindholm	Employee representative		1948	2000	Electrician	SEKO	
Linda Ahlman	Employee representative		1973	2006	Marketer	SKTF	

Name		Born	Date of admission	Former positions	Other assignments
Jan Samuelsson	MD and Chief Executive Officer	1950	2004	Business administration graduate, MD Ringsjö Energi (2003), Responsible staff Strategi & Analysis, Sydkraft (2001), MD Elbolaget i Norden AB (2000), vice MD Lund Eastern Energi AB (1999), MD trade associations Sv. Elleverantörer (1997), MD Sv. Elverksföreningen, REL.(1991)	Member of KFS Företagsservice AB (employers' organisation for municipal companies) Member of Svenska Gasföreningens Service AB
Nils-Ove Rasmusson	Vice MD	1948	2004	MD Lunds Energi AB (2003–2004, today's Lunds Energikoncernen AB)	Member, Svenskt Gastekniskt Center AB

Appendix 2 Owners' forum 2007

Representatives

Mats Helmfriid	Chairman of the municipal executive board	Lund
Cecilia Lind	Chairman of the municipal executive board	Eslöv
Lars Ahlkvist	Chairman of the municipal executive board	Hörby
Thomas Håkansson	Chairman of the municipal executive board	Lomma

Deputies

Anders Almgren	the municipal executive board's 2nd Vice-chairman	Lund
Mikael Kourtzman	the municipal executive board's 2nd Vice-chairman	Eslöv
Susanne Meijer	member of the municipal executive board	Hörby
Karin Lyberg	the municipal executive board's 2nd Vice-chairman	Lomma

Appendix 3, Board meetings 2007

Board members*	constituent						
	28-02-07	27-03-07	25-04-07	04-06-07	29-08-07	31-10-07	11-12-07
Christer Wallin	X	X	X	X	X	X	X
Kenneth M Persson	X		X	X	X	X	X
Gunnar Nilsson	X	X	X	X	X	X	X
Kjell Åke Persson	X	X	X	X	X	X	X
Lars V Andersson		X	X	X	X	X	X
Thomas Frennstedt	X	X	X	X	X	X	X
Claes Hedlund	X			X		X	X
Ingemar Jepssoon	X	X	X	X	X	X	X
Lars A Ohlsson	X	X					
Britt Persson	X	X					
Britt Marie Lundqvist	X	X	X				
Rolf Englesson			X	X			X
Jeanette Olsson						(X)***	X
Lars Leonardsson			X	X	X	X	X

On duty deputies**	constituent						
	28-02-07	27-03-07	25-04-07	04-06-07	29-08-07	31-10-07	11-12-07
Björn Björnson	X	X	X	X	X	X	X
Lars Carlén	X		X	X	X	X	X
Åke Hansson	X		X		X	X	X
Christer Henningsson	X	X	X	X		X	
Cecilia Lind	X						
Erik Nordström	X	X					
Tony Hansson			X		X		X
Lars A Ohlsson			X	X	X	X	X
Christer Wallström	X		X	X	X	X	X

* The board member's presence is indicated with an X irrespective of whether the board member participated for the whole or parts of the meeting.

** On duty deputy indicated with an X irrespective of whether deputy participated for the whole or parts of the meeting.

*** Co-opted

Note: Constituent board meeting (per capsulam) 1 November 2007, after the extraordinary annual general meeting, included decisions regarding who should sign for the company, the selection of the working committee members, remuneration committee and audit committee.

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Eslöv

Kraftringen Elförsäljning AB
CIN: 556527-2464

With subsidiary companies:
Bromölla Elförsäljning,
Elhandel i Landskrona,
Kviinge El Energi,
Skurupskraft,
Ystad Elförsäljning
Traktorvägen 8, 241 38 Eslöv
Telephone +46 (0)413-691 00
Fax +46 (0)413-691 64
kundtjanst@bromolla-el.se
kundtjanst@elhandellandskrona.se
kviinge.el@swipnet.se
kundtjanst@skurupskraft.se
kundtjanst@ystadelforsaljning.se
www.bromolla-el.se
www.elhandellandskrona.se
www.kviinge-el.se
www.skurupskraft.se
www.ystadelforsaljning.se

Kraftringen Service AB

CIN: 556511-6398
Traktorvägen 8, 241 38 Eslöv
Telephone +46 (0)413-55 96 00
Fax +46 (0)413-691 36
info@kraftringen-service.se
www.kraftringen-service.se

Ringsjö Energi AB

CIN: 556349-3781
Traktorvägen 8, 241 38 Eslöv
Telephone +46 (0)413-691 00
Fax +46 (0)413-691 64
kundservice@ringsjo-energi.se
www.ringsjo-energi.se

Hallabro

Kraftringen Service AB
CIN: 556511-6398
Ronnebyvägen 41
Box 73, 370 12 Hallabro
Telephone +46 (0)20-410 010
Fax +46 (0)457-45 14 19
info@kraftringen-service.se
www.kraftringen-service.se

KREAB Öst AB

CIN: 556529-2348
Ronnebyvägen 41
Box 73, 370 12 Hallabro
Telephone +46 (0)20-410 010
Fax +46 (0)457-45 14 19
kundtjanst@kreab-energi.se
www.kreab-energi.se

Hanaskog

Kviinge El AB
CIN: 556712-4705
Ö Järnvägsgränd 15, 280 23 Hästveda
Box 25, 221 00 Lund
Telephone +46 (0)44-633 59
Fax +46 (0)44-637 87
kviinge.el@swipnet.se
www.kviinge-el.se

Ljungbyhed

Kraftringen Service AB
CIN: 556511-6398
Ljungbygatan 22, 260 70 Ljungbyhed
Telephone +46 (0)435-71 84 30
Fax +46 (0)435-77 81 99
info@kraftringen-service.se
www.kraftringen-service.se

KREAB Energi AB

CIN: 556228-1138
Ljungbygatan 22, 260 70 Ljungbyhed
Telephone +46 (0)20-410 010
Fax +46 (0)435-77 81 99
kundtjanst@kreab-energi.se
www.kreab-energi.se

Lund

Eslöv Lund Kraftvärmeverk AB
CIN: 556370-8253
Box 25, 221 00 Lund
Telephone +46 (0)46-35 60 00
Fax +46 (0)46-18 92 62
le@lundsenergi.se
www.elkv.se

Kraftringen Energihandel AB

CIN: 556643-4410
Scheelevägen 16
Box 25, 221 00 Lund
Telephone +46 (0)46-35 60 80
Fax +46 (0)46-35 60 71
info@kreh.se
www.kreh.se

Kraftringen Försäljning AB

CIN: 556550-9774
With subsidiary companies:
KREAB Försäljning,
Lunds Energi Försäljning,
Ringsjö Energi Försäljning
Trollebergsvägen 5
Box 25, 221 00 Lund
Telephone +46 (0)46-35 60 00
Fax +46 (0)46-18 92 62
kundtjanst@kreab-energi.se,
le@lundsenergi.se,
kundservice@ringsjo-energi.se
www.kreab-energi.se,
www.lundsenergi.se,
www.ringsjo-energi.se

Kraftringen Produktion AB

CIN: 556475-7119
Vårbruksvägen 4
Box 25, 221 00 Lund
Telephone +46 (0)46-35 60 00
Fax +46 (0)46-30 53 27
le@lundsenergi.se
www.lundsenergi.se

Kraftringen Service AB

CIN: 556511-6398
Råbyvägen 3
Box 25, 221 00 Lund
Telephone +46 (0)46-16 31 00
Fax +46 (0)46-14 27 51
info@kraftringen-service.se
www.kraftringen-service.se

Lunds Energi AB

CIN: 556526-6169
Trollebergsvägen 5
Box 25, 221 00 Lund
Telephone +46 (0)46-35 60 00
Fax +46 (0)46-18 92 62
le@lundsenergi.se
www.lundsenergi.se

Lunds Energikoncernen AB (publ)

CIN: 556100-9852
Scheelevägen 16
Box 25, 221 00 Lund
Telephone +46 (0)46-12 97 70
Fax +46 (0)46-35 60 72
info@lundsenergikoncernen.se
www.lundsenergikoncernen.se

Nynäshamn

Nynäshamn Energi AB
CIN: 556008-6877
Kvastvägen 1
Box 18, 148 21 Ösmo
Telephone +46 (0)8-520 605 00
Fax +46 (0)8-520 605 90
post@nynasenergi.se
www.nynasenergi.se

Nynäshamn Energi Försäljning AB

CIN: 556495-0995
Kvastvägen 1
Box 18, 148 21 Ösmo
Telephone +46 (0)8-520 605 00
Fax +46 (0)8-520 605 90
post@nynasenergi.se
www.nynasenergi.se

Skara

Billinge Energi AB
CIN: 556528-1366
S A Norlings gata 8
Box 324, 532 24 Skara
Telephone +46 (0)511-215 50
Fax +46 (0)511-215 53
info@billingeenergi.se
www.billingeenergi.se

Torsås

Kraftringen Service AB
CIN: 556511-6398
Ramsågsgränd 2
Box 130, 385 22 Torsås
Telephone +46 (0)486-455 50
Fax +46 (0)486-453 19
info@kraftringen-service.se
www.kraftringen-service.se

KREAB Öst AB

CIN: 556529-2348
Ramsågsgränd 2
Box 130, 385 22 Torsås
Telephone +46 (0)20-410 010
Fax +46 (0)486-453 19
kundtjanst@kreab-energi.se
www.kreab-energi.se

Ulricehamn

7H Kraft AB
CIN: 556525-8075
Karlsnäsgränd 11
Box 123, 523 23 Ulricehamn
Telephone +46 (0)321-53 23 23
Fax +46 (0)321-53 23 21
info@7hkraft.se
www.7hkraft.se

LUNDS ENERGI
KONCERNEN

Lunds Energikoncernen AB (publ)
Box 25
221 00 Lund
Visiting address: Scheelevägen 16

Telephone +46 (0)46 12 97 70 Fax +46 (0)46 35 60 72 Email info@lundsenergikoncernen.se

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Website www.lundsenergikoncernen.se

CIN: 556100-9852