

Corporate Governance

Corporate governance is about the different means of decision making by which the shareholders directly and indirectly controls the company. A high level of transparency in the information towards shareholders and the financial market helps the decision making process run efficiently and provide different owners good insight into the operations of the company. Corporate governance has evolved through laws, recommendation, the so called code, and through self regulation.

Swedish Code for Corporate Governance

Castellum applies the code which purpose is to create good preconditions for practicing the role of an active and responsible ownership. The rules of the code aim to create a clear distribution of roles and responsibility between the different bodies for management and control. In addition, the code strives for transparency in the information to shareholders and credit market, and protects the Companies Act's principle of equal treatment. The code is meant to make up one step in the self-regulation of the Swedish business environment. It is based upon the principle comply or explain, meaning that all rules must not always be followed and there is no crime in deviating from one or more particular rules of the code if there are motives and explanations.

Castellum deviates from the paragraph, "making the members of the election committee public", which according to the code shall be made six month prior to the AGM. The AGM 2006 decided, according to previous practice, that an election committee should be established at the end of the third quarter, and that the names of the members of the election committee should be published in the company's third interim report for the year. This meant that the composition of the election committee was published approximately five months prior to the AGM.

Since the Corporate Governance Report, which is made up of the section corporate governance pages 52-61, is an important report Castellum has chosen to include this in the Directors' Report, excluding the section about internal control on pages 58-59. Hence, the Corporate Governance Report, excluding the section about internal control, is included in the regular audit of the annual report.

ARTICLES OF ASSOCIATION

The name of the company is Castellum Aktiebolag and the company is a public limited company.

The registered office of the Board is in Gothenburg.

The objective of the company's activities is to acquire, administer, develop and sell real estate and securities– directly or indirectly through wholly or partially owned companies – and to carry out other activities compatible with these.

Changes in Castellum's articles of association are made in accordance with the regulations of the Companies Act.

The articles of association, which also includes information on share capital, number of board members and auditors as well as rules for summons and agenda for the annual general meeting is available in total on the company's web page.

ANNUAL GENERAL MEETING 2006

According to the Companies Act the annual general meeting is the highest decision making forum in a public limited company. The annual general meeting elects the Board of Directors and the company's auditors as well as makes decisions on changes in the articles of association and on changes in the share capital.

The latest AGM was held on March 23rd 2006 in Stenhammarsalen, the Gothenburg Concert Hall. At the AGM over 230 shareholders were present, which represented 16.8% of the total number of shares and votes.

The AGM adopted the financial reports for 2005 and discharged the Board of Directors and the Chief Executive Officer from liability regarding the operations for 2005.

Dividend to the shareholders was decided according to the Board's proposal of SEK 10.50 per share, equal to SEK 2.62 per share after split.

The AGM decided that the Board of Directors shall consist of seven board members with no deputies and that the Board shall receive a fixed remuneration of SEK 1,600,000 of which SEK 400,000 to the Chairman of the Board and SEK 200,000 to each one of the remaining board members. To the Board of Directors Jan Kvarnström, Marianne Dicander Alexandersson, Ulla-Britt Fräjdin-Hellqvist, Mats Israelsson, Stig-Arne Larsson and Göran Lindén were re-elected and Christer Jacobson was elected as new board member. The AGM elected Jan Kvarnström as Chairman of the Board.

The AGM decided to approve the Board's proposed principles of remuneration and other terms of employment for the executive management.

The AGM decided to adopt a new articles of association and to make a share split, by which every old share was replaced by four new shares.

The AGM also decided to authorise the Board – for the purpose of adjusting the company's capital structure – to both acquire the company's own shares, up to 10% of all shares in the company, and to give the Board the mandate to transfer all of the company's shares held by the company.

Minutes of the annual general meeting held on March 23rd 2006 is available on the company's web site.

Election Committee

The Annual General Meeting 2006 decided that an election committee should be appointed for the AGM 2007 in order to fulfil the tasks set out in the code for corporate governance and to propose a procedure for setting up a new election committee. Further, decision was made that the election committee should be established by the Chairman contacting the three largest shareholders at the end of the third quarter 2006 in order for them to each appoint one member to the election committee who, together with the Chairman of the Board of Directors as convener, should constitute the election committee. It was also decided that the election committee would appoint a chairman amongst its members. The election committee which was formed includes: Lars Öhrstedt representing AFA Försäkring, László Szombatfalvy, Åsa Nisell representing Swedbank Robur and the Chairman of the Board Jan Kvarnström. Lars Öhrstedt is the chairman of the election committee.

The election committee has held three meetings with minutes, of which one was held over the phone. At the meetings the election committee has discussed all the issues the election committee are obliged to discuss according to the Code for corporate governance. The election committee has among other things judged if the current Board of Directors meet the requirements that will be put on the Board as an effect of Castellum's situation and future operations, e.g. by reviewing the evaluation made of the work of the Board.

Further, the election committee has decided on the requirements put on the new board members that the election committee have found should be recruited and used a systematic procedure for searching for suitable candidates. During this procedure the election committee has engaged a recruiting consultant who has suggested suitable candidates. The election committee has met and interviewed the new board members finally proposed by the election committee.

In order to evaluate the proposed Board members' competence and whether they may be considered independent from Castellum, the senior executives and the major shareholders in Castellum, the election committee has gathered information about the proposed board members.

When estimating the remuneration to the Board of Directors the election committee has taken the fact that the remuneration was raised at the annual general meeting 2006 into consideration.

The election committee has given proposals for election of and remuneration to auditors. The Board of Directors' audit committee has assisted the election committee in preparing the matter. The election committee has gathered information about the proposed auditors' competence and independence.

Finally the election committee has provided Castellum information on how the work of the election committee has progressed, which proposals the election committee has decided on and provided information about the proposed board members and auditors.

THE ANNUAL GENERAL MEETING 2007

For the AGM on March 22, 2007 the Board of Directors proposes:

- a dividend of SEK 2.85 per share and March 27, 2007 as record day,
- guidelines for remuneration to members of the executive management,
- incentive plan for members of the executive management,
- a renewed mandate for the Board to decide on purchase or transfer of the company's own shares.

For the AGM the election committee proposes:

- that the number of board members shall be seven,
- that remuneration to the Board should remain SEK 1,600,000, of which SEK 400,000 to the Chairman of the Board and SEK 200,000 to each one of the remaining board members. The remuneration include work on the committees,
- re-election of the board members Jan Kvarnström, Marianne Dicander Alexandersson, Ulla-Britt Fräjdin-Hellqvist, Christer Jacobson, and Göran Lindén, and new-election of Mats Wäppling and Per Berggren as board members, and that Jan Kvarnström shall be re-elected as Chairman of the Board of Directors,
- that the number of auditors should be two and one deputy auditor,
- that remuneration to the auditors should be based on running account,
- re-election of auditor Ingemar Rindstig and deputy auditor Conny Lysér, and election of new auditor Carl Lindgren,
- for AGM to decide on appointing an election committee for the AGM 2007 and for the Chairman to contact the three largest shareholders at the end of the third quarter 2006 and invite them to each appoint one member to the election committee, and that the three appointed members together with the Chairman of the Board of Directors shall constitute the election committee. The election committee will appoint a chairman amongst its members.

BOARD OF DIRECTORS

According to the articles of association, Castellum's Board shall consist of no less than four and no more than eight members. Board members are elected at the annual general meeting for the time until the end of the first annual general meeting held after the year the board member was elected. During 2006, the Board has consisted of seven regular members. The Board works according to a set of procedural rules containing instructions on the allocation of work between the Board and the CEO. There are no agreements between Castellum and board members regarding remuneration if leaving the assignment.

BOARD OF DIRECTORS**Jan Kvarnström** *Chairman of the Board*

Born 1948, Graduate in Business Administration and Economics and MBA. Executive chairman in Linebrook Ltd. Previous experience from different executive positions in the Bonnier-group, PK-banken (now Nordea), Securum AB, Esselte AB and Dresdner Bank AG etc. Shareholdings: 1,600

Marianne Dicander Alexandersson

Born 1959, Graduate Engineer. Previously CEO of Kronans Droghandel AB. Executive positions within Kronans Droghandel since 1997. Previously within Volvo, ICI AB and Pharmacia. Other assignments: Director of Confederation of Swedish Enterprise, Swedish Trade Federation and Chalmers University of Technology. Shareholdings: 24

Ulla-Britt Fräjdin-Hellqvist

Born 1954, Graduate Engineer. Own operations in Fräjdin & Hellqvist AB and Senior Partner of Enhancer Consulting AB. Executive positions within Volvo Car Corporation and Head of Department in Confederation of Swedish Enterprise. Other assignments: Chairman of the Board of SinterCast AB and Director of Finnveden AB, Svedberg i Dalstorp AB and Generic Sweden AB etc. Shareholdings: 800

Mats Israelsson

Born 1940, Graduate Engineer. Own operations in Mats Israelsson Konsult AB. Has worked as consultant and CEO within consulting firms focused on project co-ordination of construction projects and management, specialized in real estate. Other assignments: Chairman of the Board of Forsen Projekt AB and Director of Kungsleden AB, LjungbergGruppen AB, Akademiska Hus Stockholm AB and Veidekke Bostad AB. Shareholdings: 24,000

Christer Jacobson

Born 1946, Graduate in Business Administration and Economics DHS. Own operations in Bergsrådet Konsult & Förvaltning AB. Previously stock commentator and market manager at Affärsvärlden and Head of Analysis and CEO of the Alfred Berg-group. Other assignments: Director of Fastighets AB Balder. Shareholdings: 0

Stig-Arne Larsson

Born 1943, Telecommunications Engineer and Business administrator. Management education at INSEAD. Own operations in Sal Ventures AB. Executive positions within telecommunications and IT, in Telia AB etc. Other assignments: Chairman of the Board of Generic Mobile AB and Director of Generic Sweden AB. Shareholdings: 2,000

Göran Lindén

Born 1944, Bachelor of Science in Economics. Has been CEO of ABBA AB, BCP AB, Fortos AB, Swedish Match AB and deputy CEO of Procordia AB and member of the executive board in AB Volvo. Other assignments: Chairman of the Board of Inspanet AB, Procordia's retirement fund, Rölunda AB, Flodins Filter AB, Retail House Oy and Västanå Slott AB and Director of Wicanders Förvaltnings AB, Pricer AB, Plockmatic Int. AB and Grimaldi Industrier AB. Shareholdings: 0

Secretary to the Board**Anders Wikström** *Secretary to the Board*

Born 1949. Secretary to the Board since 1994. Lawyer, Mannheimer Swartling Advokatbyrå. Shareholdings: 1,372

The information above refers to the situation in the beginning February 2007. Shareholdings include own holdings and those of spouse, minors or children living at home and associated companies.



From left: Stig-Arne Larsson, Ulla-Britt Fräjdin-Hellqvist, Christer Jacobson, Jan Kvarnström, Anders Wikström, Marianne Dicander Alexandersson, Mats Israelsson and Göran Lindén.

The Board of Directors Responsibility

According to the Swedish Companies Act and the Board of Directors' rules of procedure the Board is responsible for drawing-up overall, long-term strategies and objectives, budget and business plans, review and establish the accounts, as well as making decisions on issues regarding investments and significant changes in Castellum's organization and operations. The Board also appoints the company's chief executive officer and sets remuneration and other terms of employment benefits for the company's chief executive officer.

The Board of Directors' Rules of Procedure

The Board of Directors' rules of procedure is set annually. The rules of procedure describes the work of the Board and the distribution of responsibility between the Board and the Chief Executive Officer. The rules of procedure also prescribes that the Board shall have an audit committee and a remuneration committee made up of all members of the Board who are not employed by the company. The Chairman of the committees shall be the Chairman of the Board of Directors.

The Chairman of the Board of Directors

The Chairman of the Board of Directors is responsible for making sure that the members of the Board regularly receive information needed from the Chief Executive Officer in order to follow the company's financial position, results, liquidity, financial planning and development. The Chairman of the Board of Directors is also obliged to fulfil decisions made by the Annual General Meeting regarding establishing an election committee and to take part in the work of the committee.

The Board of Directors' Activities During 2006

During 2006, Castellum's Board held nine meetings of which one was an inaugural meeting. According to the prevailing procedural rules, the Board must hold at least five ordinary board meetings each calendar year.

Board meetings are held in conjunction with the publication of the company's reports, with the year-end and proposed appropriation of profits being dealt with in January, interim accounts in April, July and October, and the budget for the next year at the meeting held in December.

At each of the ordinary board meetings, those present deal with matters of significance for the company, such as acquisitions and sales of properties, as well as investments in existing properties. Furthermore the Board is informed about the current state of operations in both the rental and real estate markets as well as the stock and credit markets.

The regular matters dealt with by the Board during 2006 included the business plan, company-wide policies, overall strategies, the procedural rules for the Board, the capital structure and financing requirements,

BOARD OF DIRECTORS, NUMBER OF MEETINGS AND ATTENDANCE DURING 2006 IN CASTELLUM AB

Name	Elected	Independent	Attendance/Of the total number of meetings		
			Boardmeetings	Audit Committee	Remuneration Committee
Jan Kvarnström, Chairman	1994	No	9 of 9	4 of 4	2 of 2
Marianne Dicander Alexandersson	2005	Yes	9 of 9	4 of 4	2 of 2
Ulla-Britt Fräjdin-Hellqvist	2003	Yes	9 of 9	4 of 4	2 of 2
Mats Israelsson	1997	Yes	9 of 9	4 of 4	2 of 2
Christer Jacobson	2006	Yes	7 of 7	3 of 3	2 of 2
Stig-Arne Larsson	1997	Yes	9 of 9	4 of 4	2 of 2
Göran Lindén	1999	Yes	7 of 9	3 of 4	1 of 2

accounting matters and the company's insurance situation. An annual evaluation of the work of the Board of Directors has been performed by the Secretary to the Board commissioned by the Board. The evaluation has been given to the election committee.

Remuneration to the Board of Directors

Remuneration of SEK 1,600,000 (1,050,000) was paid to the Board of Directors according to the AGM's decision. Of which the chairman received SEK 400,000 (300,000) and the other 6 (5) board members each received SEK 200,000 (150,000). No other compensation beside the remuneration has been paid.

REMUNERATION COMMITTEE

The Remuneration Committee works mainly with the question of remuneration and incentive plans for the CEO and other senior executives. The Remuneration Committee shall meet at least twice a year. During 2006, the Committee has held two meetings.

AUDIT COMMITTEE

The Audit Committee's tasks are to take responsibility for the company's internal control, accounting principles, risk management, financial reporting, auditing and before the election committee's process prepare for the election of auditors and their remuneration as well as secure a qualified independent review of the company. The Audit Committee shall meet with the company's auditors at least twice a year. During 2006, the Committee has held four meetings.

AUDIT

Castellum's auditors are elected by the AGM for a period of four years. The present period began in 2003 and the next election will therefore take place at the regular AGM in 2007. The company's auditors are Caj Nackstad, working at KPMG, Ingemar Rindstig, working at Ernst & Young and deputy auditor Conny Lysér, working at KPMG, all of them are authorised public accountants.

Remuneration to Auditors

Remuneration to auditors during the year was SEK 3,492,000 (2005: 3,610,000 2004: 3,275,000) of which SEK 1,942,000 (2005: 2,074,000 2004: 1,931,000) related to auditing assignments and the remainder to consulting. The corresponding amounts for the parent company were SEK 787,000 (2005: 1,171,000 2004: 1,639,000) and 562,000 (2005: 867,000 2004: 855,000). Of the group's total remuneration of SEK 3,492,000 (2005: 3,610,000 2004: 3,275,000), SEK 3,346,000 (2005: 3,034,000 2004: 3,067,000) refers to KPMG and the remainder to Ernst&Young.



From left: Ingemar Rindstig, Conny Lysér and Caj Nackstad

Caj Nackstad

Born 1945.
Company's auditor since 1994.

Ingemar Rindstig

Born 1949.
Company's auditor since 2003.

Conny Lysér

Born 1962.
Company's deputy auditor since 2003.

The following section about internal control is part of the Corporate Governance Report, but is not a part of the Directors' Report. The section has not been reviewed by the auditors.

INTERNAL CONTROL

According to the Swedish Companies Act and Swedish code for corporate governance the Board of Directors is responsible for the internal control. This report has been drawn up in accordance with the Swedish code for corporate governance and is hence limited to internal control regarding the financial reporting.

The internal control in Castellum follows an established framework, Internal Control – Integrated Framework, "COSO", comprising the following five components: control environment, risk assessment, control activities, information and communication and monitoring.

Control Environment

The basis for the internal control regarding the financial reporting is made up of the control environment, which consists of different parts that together form the culture and values Castellum is managed from. The fundamentals for Castellum's internal control is the decentralized small-scale organization with approx. 500 properties, as well as cost centres, which are managed by six subsidiaries, each with approx. 25-35 employees. The decision making processes, authorizations and responsibilities which have been drawn up and communicated in documents such as the Board of Directors' rules of procedure, rules for decision making, rules for authorization, accounting and reporting manuals, internal policies and manuals are also important for the internal control. Documents in use are updated regularly to changes in legislation, accounting standards or listing requirements etc.

Risk Assessment

In Castellum risk management is built into processes concerned and different methods are used to evaluate and limit risks and to secure that the risks Castellum is exposed to are managed in accordance with set policies and guidelines. In accordance with the rules of procedure, the Board of Directors, also the audit committee, reviews the internal control once a year. Identified risks are assessed and measures are set to reduce these risks. The important risks Castellum has identified in the financial reporting are errors in the accounting and valuation of properties, interest bearing liabilities, taxes and VAT, as well as the risk of fraud, loss or embezzlement of assets.

Control Activities

The risks identified regarding the financial reporting are taken care of by the company's structure for control resulting in a number of control measures. The control measures aim to prevent, discover and correct errors and deviations and comprise analytical reviews on many levels in the organization and comparisons of income statement items, reconciliation of accounts, follow-up and reconciliation of board decisions and policies set by the board, authorization and reporting of business transactions, structure for proxy and authorization, authorized signatory, compliance officer function, group-wide definitions, templates, tools for reporting as well as accounting and valuation principles.

Castellum's subsidiaries have their own financial functions which take part in the planning and follow-up of their units' financial results. Their regular analysis of their own units financial reporting are together with the analysis made at group level an important part of the internal control in order to ensure that the financial reporting do not contain any significant errors.

Information and Communication

Castellum has ways for information and communication that aim to ensure an effective and correct distribution of information regarding the financial reporting. This demands that all parts of the operation communicate and share relevant and important information. Policies and guidelines regarding the financial reporting as well as updates and changes are made available and aware to the personnel concerned. The group management as well as the Board of Directors regularly receive financial information about the subsidiaries with comments on financial results and risks. The Board of Directors also receives additional information regarding risk management, internal control and financial reporting from the auditors through the audit committee. In order to ensure that the external distribution of information is correct and complete there are both a policy for communicating with the stock market and an information security policy.

Monitoring

Regular follow-ups take place on many levels in the group, on both property level and subsidiary level as well as group level. The Board of Directors, which also makes up the audit committee, regularly evaluates the information provided by the company management and the auditors. The company's auditors also report in person directly to the audit committee at least twice a year of their observations from the audit and their assessment of the internal control. In addition the audit committee has an annual review of the risk assessments made and the decided measures. The audit committee's and the Board of Directors' monitoring are of particular importance for the development of the internal control and for ensuring that measures are taken for possible shortcomings and suggestions that emerge.

The Need for Internal Audits

Castellum has a small scale organization with approx. 25-35 employees in each company which together manages approx. 500 cost centres. All property management are run by the subsidiaries while finance activities are taken care of by the parent company, meaning that Castellum AB is not a profit centre. This gives the financial function of the parent company the role of a controlling function for the subsidiaries and a compliance officer function for the treasury department. In all this provides for the assessment that there is no need for a special unit for internal audits.

EXECUTIVE MANAGEMENT

The executive management includes the Chief Executive Officer, the Deputy Chief Executive Officer, the Financial and Finance Directors of Castellum AB and the six Managing Directors of the subsidiaries.

During the autumn Gunnar Östenson has been appointed as new Managing Director of Fastighets AB Briggen, following the retirement of the previous Managing Director Bengt Arne Johansson.

The Chief Executive Officer

The Chief Executive Officer is responsible for the company's day-to-day operations and for leading the operations according to the guidelines and directives submitted by the Board of Directors and for providing the Board with information and necessary basis for decision making.

The Chief Executive Officer is also reporting at Board meetings and shall make sure that members of the Board regularly receive the information needed in order to follow the company's and the group's financial position, results, liquidity, and development.

Guidelines for Remuneration and Other Terms of Employment for the Executive Management

The annual general meeting 2006 decided on the following principles for remuneration and other terms of employment for the executive management:

Castellum shall uphold such remuneration levels and terms of employment as required in order to recruit and maintain a good management with competence and capacity to reach set goals. The remuneration and other terms of employment for the management shall thus be adjusted to the market conditions. A fixed salary will be paid for work performed in a satisfactory manner.

In addition, flexible remunerations may also be offered, in order to reward clearly goal referenced achievements by simple and transparent constructions. The flexible remuneration of the management shall generally not exceed the fixed salary. The flexible remuneration of the management shall depend upon the extent to which set goals have been fulfilled. The remuneration of the management under the bonus- and incentive programs will depend upon the extent to which set goals have been fulfilled, mainly in respect of profits from property management, sale of properties, development of the company image, training of staff and customer satisfaction, as well as development of the share price, both in nominal figures and compared to the real estate index.

The non-monetary benefits of the management shall facilitate the work of the members of management and shall correspond to what is considered reasonable under relevant market practice.

The pension terms of the management shall be adjusted to market conditions in relation to what is general market practice regarding the corresponding employees, and shall be based on pension schemes with fixed charges.

Dismissal pay and severance pay of a member of the management shall not exceed 24 monthly salaries in total.

For further information regarding remuneration for the management see note 10, page 80.

The proposed guidelines for remuneration to members of the executive management, according to the new rules of the Companies Act, which will be put forward at the annual general meeting on March 22, 2007 were at the time of signing of the annual report, not yet finished. The proposal will be available on the company's web site along with the Invitation to the annual general meeting, i.e. from the end of February.

EXECUTIVE MANAGEMENT

Håkan Hellström *Chief Executive Officer, Castellum AB.*

Born 1956, Graduate in Business Administration and Economics. Employed since 1994 as Chief Financial Officer and Deputy Chief Executive Officer. Has previously worked as Authorised Public Accountant. Other assignments: Member of the Board of European Public Real Estate Association (EPRA). Shareholdings: 90 000.

Henrik Saxborn *Deputy Chief Executive Officer, Castellum AB with responsibility for business development.*

Born 1964, Graduate Engineer. Previous experience from management and acquisitions of properties. Employed since 2006. Shareholdings: 4 000.

Tage Christoffersson *Managing Director, Eklandia Fastighets AB.*

Born 1952, upper secondary schooling and real estate/economy at KTH. Has been working in the real estate business since 1976. Employed since 1994 and Managing Director of Eklandia sedan 1995. Shareholdings: 40 800.

Ulrika Danielsson *Finance Director, Castellum AB.*

Born 1972, Graduate in Business Administration and Economics. Experience within the financial and controlling function. Employed since 1998 and Finance Director since 2006. Shareholdings: 1 000.

Anette Engström *Financial Director, Castellum AB.*

Born 1961, Graduate in Business Administration and Economics. More than 20 years experience from bank and finance. Employed since 2000 and Financial Director since 2006. Shareholdings: 21 300.

Claes Junefelt *Managing Director, Fastighets AB Corallen.*

Born 1960, Graduate Engineer. More than 15 years experience from building construction as team manager/district manager. Employed and Managing Director of Corallen since 2005. Shareholdings: 1 200.

Claes Larsson *Managing Director, Aspholmen Fastigheter AB.*

Born 1957, Graduate Engineer. More than 10 years experience from building construction as team manager/district manager. Employed and Managing Director of Aspholmen since 2002. Shareholdings: 12 200.

Anders Nilsson *Managing Director, Fastighets AB Brostaden.*

Born 1967, Graduate Engineer. More than 10 years experience from the real estate business. Employed since 1993 and Managing Director of Brostaden since 2006. Shareholdings: 250

Christer Sundberg *Managing Director, Harry Sjögren AB.*

Born 1955, Graduate Engineer. More than 25 years experience from banks and real estate companies. Employed and Managing Director of Harry Sjögren AB since 1993. Shareholdings: 36 800.

Gunnar Östenson *Managing Director, Fastighets AB Briggen.*

Born 1956, Graduate in Business Administration and Economics. Previous experience from real estate management and the construction industry. Employed and Managing Director of Briggen since 2006. Shareholdings: 200.

The information above refers to the situation in the beginning February 2007. Shareholdings include own holdings and those of spouse, minors or children living at home and associated companies.



Håkan Hellström



Henrik Saxborn



Tage Christoffersson



Ulrika Danielsson



Anette Engström



Claes Junefelt



Claes Larsson



Anders Nilsson



Christer Sundberg



Gunnar Östenson

Audit Report

To the annual meeting of the shareholders of Castellum AB (publ) corporate identity number 556475-5550

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Castellum AB (publ) for the year 2006. The annual accounts and the consolidated accounts are presented in the printed version of this document on pages 6-57 and 60-94. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

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

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

Gothenburg, February 6th, 2007



Caj Nackstad
Authorized Public Accountant



Ingemar Rindstig
Authorized Public Accountant