



First in MRO



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B&B TOOLS' legal Annual Report (Annual Accounts) is comprised of pages 28–79. These pages have been examined by the Company's auditors in accordance with the Audit Report on page 80.

This document is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.



This is B&B TOOLS

B&B TOOLS is one of the largest suppliers of industrial consumables and industrial components, and related services, to the industrial sector in the Nordic region. The Group has today representation in approximately 200 locations in the Nordic region via local industrial resellers in the TOOLS chain and via the district offices of Momentum. B&B TOOLS' main competitive advantages are high accessibility and competence, broad product ranges, a strong product portfolio with proprietary brands, and well developed IT and logistics operations.

The B&B TOOLS Group has annual revenues of approximately SEK 8.0 billion and approximately 2,800 employees.

"Our ambition is to become the customers' natural choice of partner in the MRO area"

Stefan Wigren
President & CEO

First in MRO

The 2006/2007 Operating Year

- **Bergman & Beving changed its name to B&B TOOLS.**

In the interest of creating a more distinct kinship between the business in the TOOLS chain and the publicly traded Parent Company, the Group changed its name to B&B TOOLS AB.

- **Continued strong growth of revenues and earnings.**

Operating income increased by 47 percent to MSEK 443. Net revenues rose by 35 percent to more than SEK 6.8 billion and the organic growth for comparable units was 13 percent during the year.

- **Agreements were concluded to acquire 40 businesses, which together have annual revenues of over SEK 1.8 billion.**

Acquisitions of industrial reseller businesses in Sweden, Norway and Finland strengthened B&B TOOLS' and the TOOLS chain's positions in each respective market.

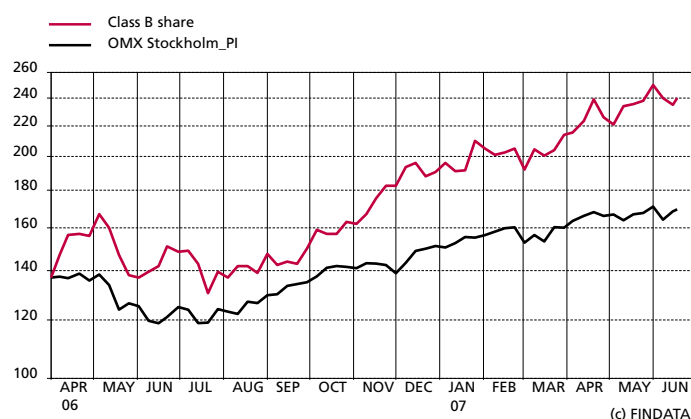
- **New Group structure as of 1 April 2007 – with three main operating areas: Markets, Services and Products.**

The Group in figures	2006/2007	2005/2006	Change
Net revenues, MSEK	6,823	5,058	+35%
Operating income ¹⁾ , MSEK	443	302	+47%
Income before taxes ¹⁾ , MSEK	407	287	+42%
Net income for the year, MSEK	290	209	+39%
Per share in SEK			
Net income for the year	10.35	7.45	+39%
of which items affecting comparability	–	0.20	
Cash flow from current operations	15.10	10.50	+44%
Shareholders' equity	44.60	38.95	+15%
Dividend	4.00 ²⁾	3.50	+14%
Return on equity ¹⁾ , %	25	20	
Equity ratio, %	28	36	
Average number of employees	2,289	1,817	+26%

¹⁾ Refers to income not including items affecting comparability.

²⁾ As proposed by the Board of Directors.

The B&B TOOLS share, SEK



President's Statement

A strong year – with new prerequisites for the future

2006/2007 was yet another fantastic year for the B&B TOOLS Group: Strengthened positions, developed concepts, 40 acquisition transactions and an approximately forty-percent earnings improvement.

The 2006/2007 operating year was a year when volume, earnings, margin, internal structure and position in the market all displayed positive developments for the B&B TOOLS Group. The strong economy was obviously a big help, but the development would not have occurred by itself. We have gained major acceptance in the marketplace for our ambitions and we have experienced very strong internal support for our vision.

Virtually all units in the Group increased their earnings. Consolidated earnings growth came in at a total of approximately 40 percent. The structural development continued in the different parts of the Group and at Group level we have now established three operating areas:

Markets – with responsibility for the customer processes

Services – with responsibility for IT, logistics and standardised services

Products – with responsibility for the product processes

Our acquisition activity resulted in 40 completed transactions with more than SEK 1.8 billion in acquired revenues, on an annual basis. The Group's reported revenues increased from SEK 5.1 billion to SEK 6.8 billion. At present (in June 2007) the Group has a consolidated rate of annual revenues of approximately SEK 8.0 billion.



Stefan Wigren

Most of the Market Companies that were part of the Group at the beginning of the year increased their earnings. The Market Companies experienced an intense period, in part involving their main focus – to provide their customers with the best possible solutions, and to strive for increased market shares. At the same time, major efforts were expended on the creation of structures that can stand for future growth with good profitability. The totality of what has been achieved by the Market Companies is impressive.

Momentum increased its operating income from MSEK 44 to MSEK 50 during the year. One important project involved moving parts of Momentum's warehouse and logistics operations to Alingsås, for integration with the Group's other logistics operations. Momentum continues to spread the light with superior performance and first rate attitudes.

All Product Companies recorded increased revenues and increased earnings. In a highly meritorious way, the Product Companies have combined good profitability with volume growth, at the same time as intense efforts were expended in important areas, such as development of proprietary brands and increased integration with the other parts of the Group.

The Group's Service Companies have in an excellent manner managed to maintain a high level of delivery reliability, in spite of growing volumes following strong organic growth, a positive economic situation and a substantial amount of acquisitions.

We have had the pleasure of welcoming approximately 750 new employees to the Group, primarily as a consequence of acquisitions made. The total number of employees in the Group is now approximately 2,800.

B&B TOOLS STRATEGY IN BRIEF



Since 2002, B&B TOOLS has worked in accordance with a clear strategic development plan that involves all parts of the industry's value chain.

FIVE YEARS IN SUMMARY

Five years ago – in March 2002 – we launched the Group's strategy for the future.

We declared that our intention was to concentrate on industry's needs for tools, personal protection equipment and other industrial consumables. The starting position at the time included, among other things:

- Five wholesale companies with aggregate revenues amounting to SEK 2.7 billion
- SEK 1.3 billion in additional revenues in areas outside of the long-term target area
- IT and logistics of good standard
- A strong balance sheet
- A limited number of proprietary product brands
- No over-arching Group presence at the reseller level

The new strategy was to establish a presence in the entire value chain (see illustration above). This meant that we wanted to establish a presence at the reseller level and to build a portfolio of proprietary product brands in such areas where there were obvious unoccupied positions in the market. Manufacturing was left to others, but in other respects the aim was to be complete.

Non-core businesses were to be sold when good opportunities arose.

To summarise, we decided to take a very active role in the consolidation of our fragmented market in northern Europe.

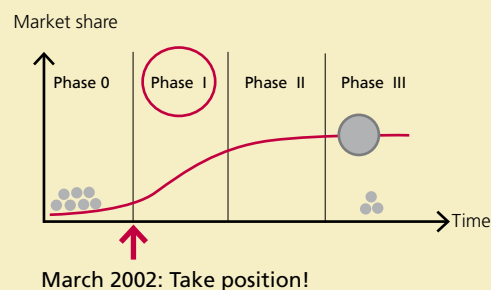
Take position!

We ourselves call the five years that we now have behind us Phase I in our strategic development. In a large internal project, we declared in March 2007 that Phase I now has come to an end and that we are entering Phase II (see the following pages). In Phase I we have focused on taking a position in a highly fragmented market.

Our Product Companies have built up strong portfolios of proprietary product brands and will continue that work, reinforced by the successes over the past several years.

The TOOLS chain was established in Sweden in 2003. The TOOLS chain is now the largest industrial reseller chain in Norway, Sweden and Finland, with approximately 170 companies that are either our own so-called Market Companies, or companies associated as partners. In addition to this, we have our subsidiary

THE CONSOLIDATION ON B&B TOOLS' MARKET





Momentum, which means that the Group today has a presence at approximately 200 locations in Scandinavia. During Phase I we made some 70 acquisitions and the revenues in core operations increased from SEK 2.7 billion to approximately SEK 8.0 billion. Earnings per share went from SEK 3.30 to SEK 10.35.

During Phase I we sold virtually all businesses not defined as core businesses.

New name

TOOLS is the brand name that on a long-term basis will carry the Group's commitment to industry. The work to elevate the TOOLS' brand name to the next level was begun during 2007: TOOLS will be the strong brand name that industrial customers associate with complete offerings of industrial consumables for industry's main processes.

As a consequence hereof it became natural to propose to an Extra General Meeting of Shareholders to change the name of the Parent Company and the Group to B&B TOOLS. Bergman & Being stood for high-quality trading operations for 101 years. B&B TOOLS unites history with the ambitions for the future. B&B TOOLS will bring together the creation of tomorrow's solutions for industrial customers when it comes to their needs for industrial consumables for their own processes.

The name change is an important symbolic act. Phase I is complete – we have assumed our position in the market. We are launching Phase II – we will now create solutions for tomorrow and at the same time continue to strengthen our position!

The Future

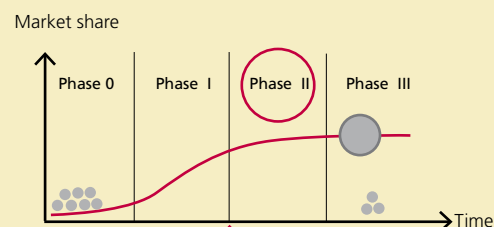
B&B TOOLS' VISION: FIRST IN MRO

MRO is an abbreviation of Maintenance, Repair & Operations.

MRO summarises, in a single term, industry's main processes required to keep any industrial operation going. Support in the form of industrial consumables and a large number of related services are required for the MRO processes.

The next phase of our strategic development is aimed at developing solutions for tomorrow. We must gradually leave the product-oriented approach behind us and step by step learn to understand customers' real needs for support related to their MRO processes. In time, all our offerings must be derived from defined customer needs. (The product-oriented approach will gradually be dismantled.) This is what Phase II of our strategic development is all about.

THE CONSOLIDATION ON B&B TOOLS' MARKET



March 2007: Develop solutions for tomorrow



We are speaking here of a very broad area that spans across a very large number of products. Customers want to minimise their total costs for MRO and that places far-reaching demands on competence and systematics. Customers' largest cost items are of the type alternative costs: What happens if the MRO processes fail? That will result in production disturbances. The cost of consumables then suddenly becomes negligible.

Therefore: The business relationship that evolves between a complete MRO supplier and industrial customers will differ sharply compared to the relationship for the supplier that "merely" delivers products with a product-oriented approach.

- We are first when it comes to actively speaking about MRO in the Nordic region.
- Our ambition is to lead the development in the MRO area.
- Our ambition is to become the customers' natural choice in choosing partner in the MRO area.

We summarise all our ambitions and endeavours with the vision: *First in MRO*.

We have made headway, but this vision will keep us occupied for a long time to come.

The vision gives us power in the day-to-day work and the support for the vision among the employees in the Group and among all TOOLS partners is nothing short of fantastic. In total, we are about 4,000 persons who have an exciting time in front of us.

During the past spring we began to bring the MRO concept to the fore and describe it in the media. We have based a part of our communication around a created character we call "MrO."

Values and Guiding Principles

In the interest of creating a common culture and common attitudes in important issues, we developed Group-wide values during 2006/2007 in projects with broad support.

In a similar manner we have developed guidelines for Phase II. We call them "Guiding Principles." Among other things, the Guiding Principles state that the Group's different businesses must act as *one* company in all contexts and to continue to develop competitive comprehensive solutions.

On several occasions during the spring all employees, including our TOOLS partners, have been engaged in "training" involving the Group's Vision, Values and Guiding Principles in a Group-wide project. Now the practical application begins.

The Values and the Guiding Principles will help us in realising the vision with force!

MANY OUTSTANDING EFFORTS

Now that we have begun a new operating year for B&B TOOLS, I can look back and summarise that 2006/2007 was a successful year for the Group with many positive development steps.

The fine performance we can look back on must to a great extent be ascribed to all our employees – in the Group as well as in the other parts of the TOOLS chain. In closing, I therefore wish to extend a heart-felt thanks to all of you for your extraordinary commitment and all fine work during the year!

I look forward to continuing our exciting journey together with you and I am hoping for continued good development!

Stefan Wigren

Market

Industrial consumables and industrial components for the MRO market

Market definition

B&B TOOLS' prioritised market is Nordic industry and its needs for industrial consumables and industrial components for its MRO processes. MRO is an international term that stands for Maintenance, Repair & Operations. The consumables area spans across a large number of product areas. Examples of product areas that that industry needs for its MRO processes are tools, machinery, welding equipment, compressed air technology, personal protection equipment, rolling bearings, fastening elements and workplace equipment. A large market can obviously be defined from many vantage points – B&B TOOLS has chosen to base itself on the needs of customers rather than on products or groups of products.

This industry, which is made up of a number of companies that deliver industrial consumables and industrial components, is currently undergoing a consolidation. Old patterns are shattered and new ones are established. One of the driving forces behind these changes are obviously the customers' constant striving for increased efficiency. This leads to changes in purchasing patterns among customer companies. It also leads to a refined approach to the role of consumables supply, which in turn creates conditions for development and launching of new concepts.

Structure of the market

The aggregate needs of industrial companies for industrial consumables and industrial components comprise a very large number of articles. This calls for product ranges that are broad as well as deep, high accessibility, high competence, very well functioning IT and logistics solutions as well as local presence. The right product

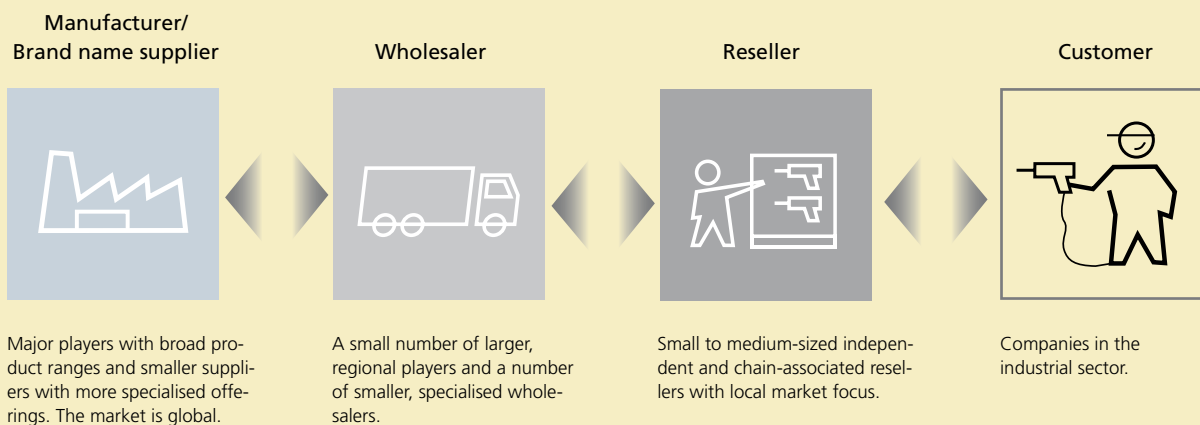
must be at the right location at the right time – otherwise disturbances in the industrial processes are inevitable.

- Customers' needs for local presence are met by local industrial reseller businesses. In the B&B TOOLS Group these companies are called Market Companies.
- The need for broad product ranges and access to deep competence is met by national/larger wholesale businesses. In the B&B TOOLS Group these companies are called Product Companies.
- The need for well functioning IT and logistics solutions is met in different ways by different players. In the B&B TOOLS Group, B&B TOOLS Services is responsible for these functions.

Competition

B&B TOOLS encounters local competition from smaller, independent reseller businesses that operate in a limited geographic part of the market. The Group's businesses also encounter competition from larger players, who work nationally in each respective country, as well as players who, much like B&B TOOLS, operate in several countries. In certain technology areas there are also large international companies, who compete in defined product areas on the basis of strong brand names and deep competence. The market is thus efficient, with many players who strive to gain the confidence of customers, at the same time as there is good potential to develop both the market position as well as new offerings. In other words: The market is consolidating, but much remains to be developed compared to markets where the consolidation process has gone further.

THE VALUE CHAIN FOR INDUSTRIAL CONSUMABLES AND INDUSTRIAL COMPONENTS





Trends

An important trend is that industrial companies increasingly regard the supply of consumables as an integrated element of their strategic processes. There is increasing emphasis on total cost solutions rather than article price. Another important trend is that large customers actively work to reduce the number of suppliers, combined with a desire to transfer more responsibility to the selected suppliers. For example, larger companies are demanding so-called multi-location agreements. Within the framework of such agreements, the supplier assumes relatively extensive supply responsibility at several of the customer's operating sites (= many locations), which means geographically distributed solutions.

Sharper focus on services

Aggregate demand for products in the consumables area to a high degree follows the trend of the general industrial economy. Since the industry is relatively mature, future growth in the form of concepts and solutions is expected to be derived from development of services rather than products.

Industrial consumables to other customer groups

Parts of the product range of industrial consumables and industrial components are also well suited for other customer groups. B&B TOOLS co-operates with construction materials dealer businesses with the aim of providing subsets of the industrial consumables product range in an efficient manner to the construction market. Other customer groups are central and local government agencies and the DIY (Do-It-Yourself) market. Demand has been strong from these customer groups as well in recent years.

Strategic Orientation

Our vision – First in MRO

MRO – Maintenance, Repair & Operations: Industrial companies' processes for maintenance, repair and operations. With good understanding for the real needs of the industrial customer for products and services in their MRO processes, B&B TOOLS will develop and offer effective comprehensive solutions.

High costs for MRO in industry

All industrial companies continuously perform MRO work for the purpose of sustaining their own industrial processes. An extensive array of products and services is required to make the MRO work effective. The right product must be available at the right place at the right time. Otherwise there will be disturbances in the industrial processes, or alternatively, expensive special solutions will have to be found. The multitude of articles, their different functions and degrees of importance, their varying delivery times, etc. build complex requirement profiles. To optimise these complex requirement profiles with respect to the customers' total cost situation – with due regard to alternative costs, such as the cost for production disturbances, etc. – is not a simple matter. MRO is *not* the core operation of the customers. By optimising the supply of MRO products with the aid of B&B TOOLS, customers can garner considerable savings.

Our vision – First in MRO

B&B TOOLS' vision is "First in MRO."

- We are first among the Nordic supplier companies to give real meaning to the MRO concept.
- We want to be perceived as the player at the forefront in the MRO area.
- We strive to be the first player in the field that introduces new concepts and services in the MRO area.
- We strive to be the player that reaches the lead position in the consolidated market.

In brief – we strive to be perceived as the leader in the MRO market.

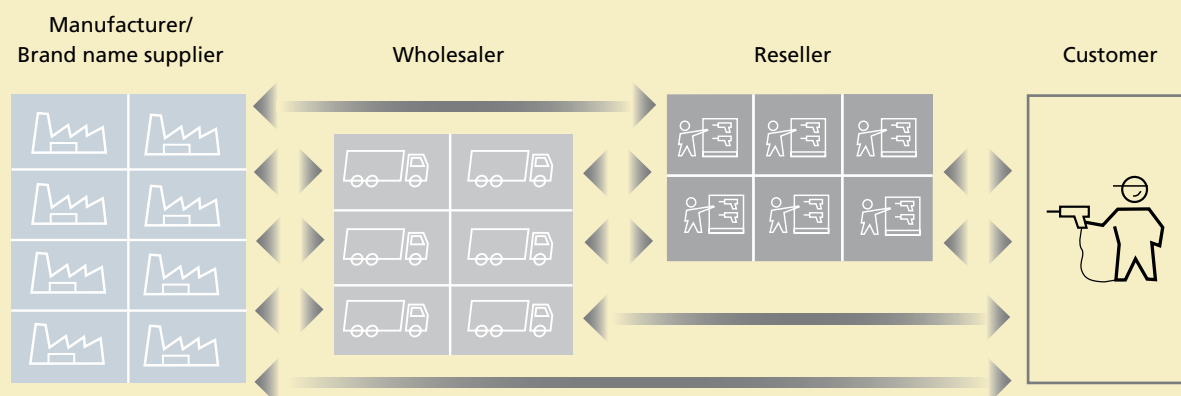
First in MRO means that B&B TOOLS gradually will develop and deliver a growing number of complete solutions in the MRO area – thereby hopefully becoming the customers' natural partner. By consistently focusing on MRO, B&B TOOLS will help industry to achieve more profitable operations, which at the same time strengthens the long-term development of the Group.

PROFITABILITY GOAL

B&B TOOLS' profitability goal is to achieve a return on working capital (PWC) of at least 45 percent per year, for the Group as a whole as well as for each respective operating area. Each Group company draws up its own activity plans based on how well they achieve the Group's over-arching goals.

FROM ...

FRAGMENTED MARKET STRUCTURE – FLOWS OF INFORMATION, PRODUCTS AND SERVICES



With a large number of different suppliers in the MRO area, the industrial customer is forced to assume responsibility for its own supply – that the right product is available at the right time.

B&B TOOLS' strategy – a more efficient value chain

The Group's strategy is aimed at gradually building an increasingly efficient value chain. This strategy is based on three cornerstones:

1. Securing brand control

This will be achieved with a blend of co-operations with world-leading manufacturers and brand name suppliers, and a portfolio of proprietary brands in selected market niches. No in-house manufacturing.

2. Investing in economies of scale

Taking advantage of economies of scale in logistics and IT, and developing service concepts and administrative services.

3. Securing distribution

Creating proximity to the industrial customers by way of own presence at the reseller level and via partnerships and strategic co-operations with successful resellers.

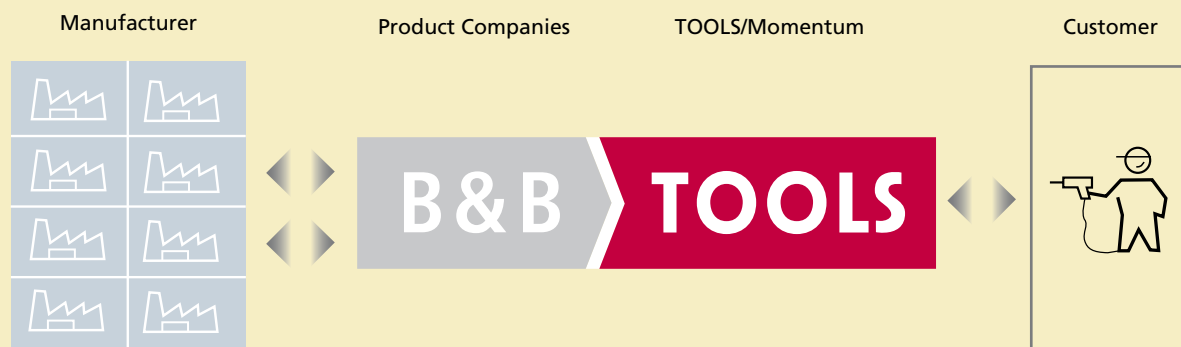
B&B TOOLS today

B&B TOOLS' strategic development during the past five years has given the Group a strong and distinct position in the market-place. Among the Group's strengths today are nationwide coverage in three Nordic countries, which provides unique proximity to the customers, high industry competence and attractive offerings.

With focus on the needs of industrial companies, B&B TOOLS now takes the next step in the development.



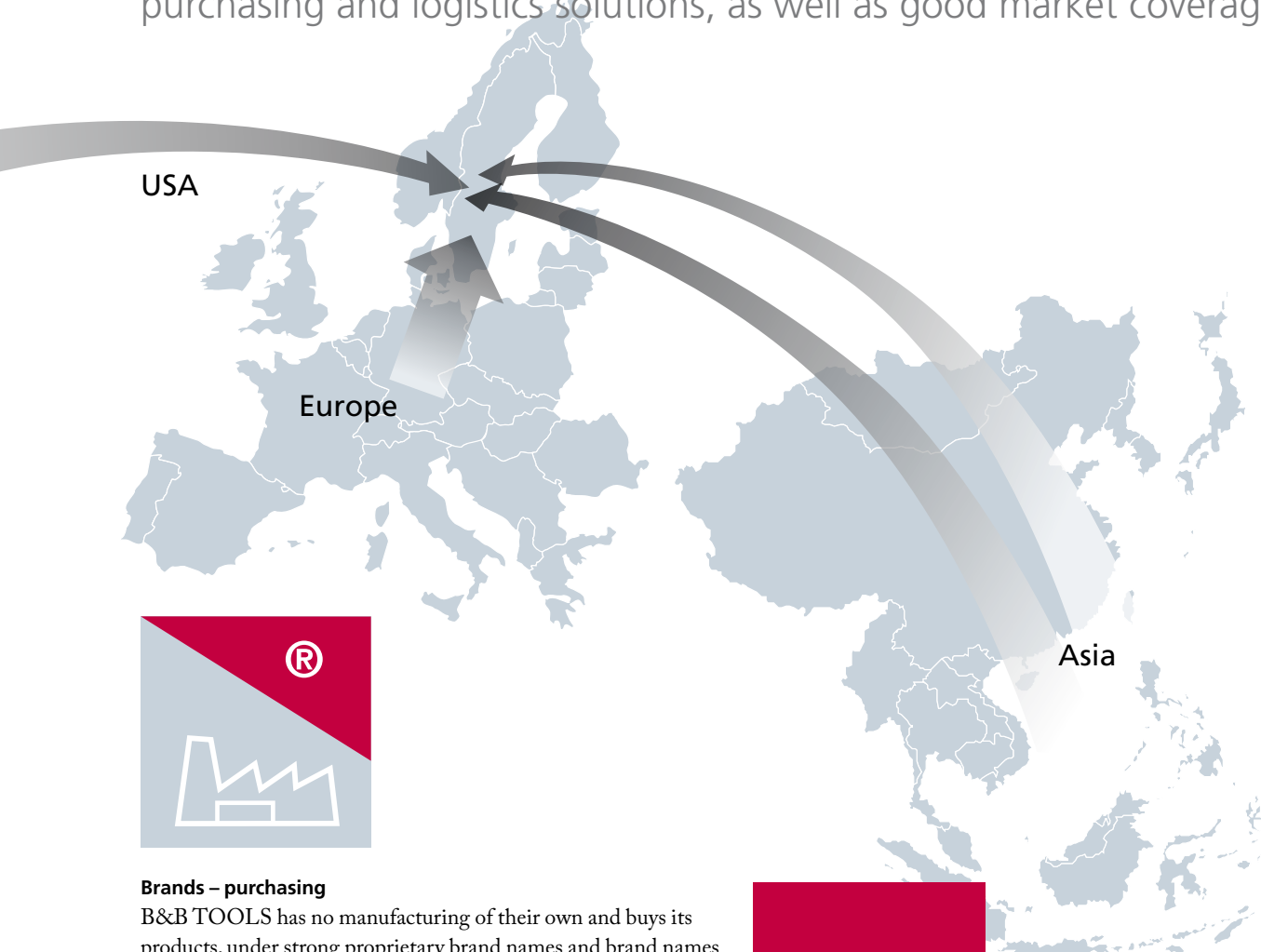
... TO

B&B TOOLS' OFFERING – FOCUS ON COMPREHENSIVE SOLUTIONS

With strong comprehensive offerings, B&B TOOLS is able to assume a greater supply and service responsibility in the MRO area vis à vis the industrial customer. The total cost for the industrial customer for MRO management can thus be lowered.

The World of B&B TOOLS

Creates added value for the industrial customer with effective purchasing and logistics solutions, as well as good market coverage



Brands – purchasing

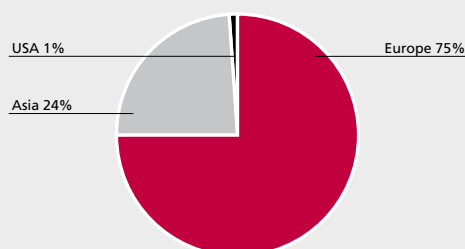
B&B TOOLS has no manufacturing of their own and buys its products, under strong proprietary brand names and brand names owned by others, from selected manufacturers and suppliers all over Europe, Asia and the United States. B&B TOOLS has its own purchasing offices in Asia.



FACT BOX – PRODUCT COMPANIES

Total revenues	SEK 3.8 billion
Number of employees	800 persons
Number of suppliers	2,700
Proportion of proprietary brands	35 percent of revenues

Share of purchasing by geographic area



IT and logistics

B&B TOOLS has a well developed concept for effective whole-sale trade. Prompt and efficient deliveries to resellers and customers are secured via two central warehouses. The Group's e-commerce portal, www.toolstore.com, is one of the Nordic region's largest and has been developed for more efficient order management and to streamline administration.

FACT BOX – SERVICES

Number of employees	300 persons
Warehouse area	56,000 m ²
Number of articles in inventory	80,000
Number of orders per day	2,000
Freight volume per day	180 tons

NB: All data stated are approximate.



Market channels

The TOOLS chain and Momentum are the Group's own market channels. Via TOOLS and Momentum the Group has a presence in approximately 200 locations.

FACT BOX – TOOLS/MOMENTUM¹⁾

	Sweden	Norway	Finland	Total
Number of employees	1,500	700	350	2,550
Number of sales outlets/				
district offices	116	62	33	211
Number of locations	106	60	29	195
Total revenues, SEK billion	3.8	2.4	1.2	7.4

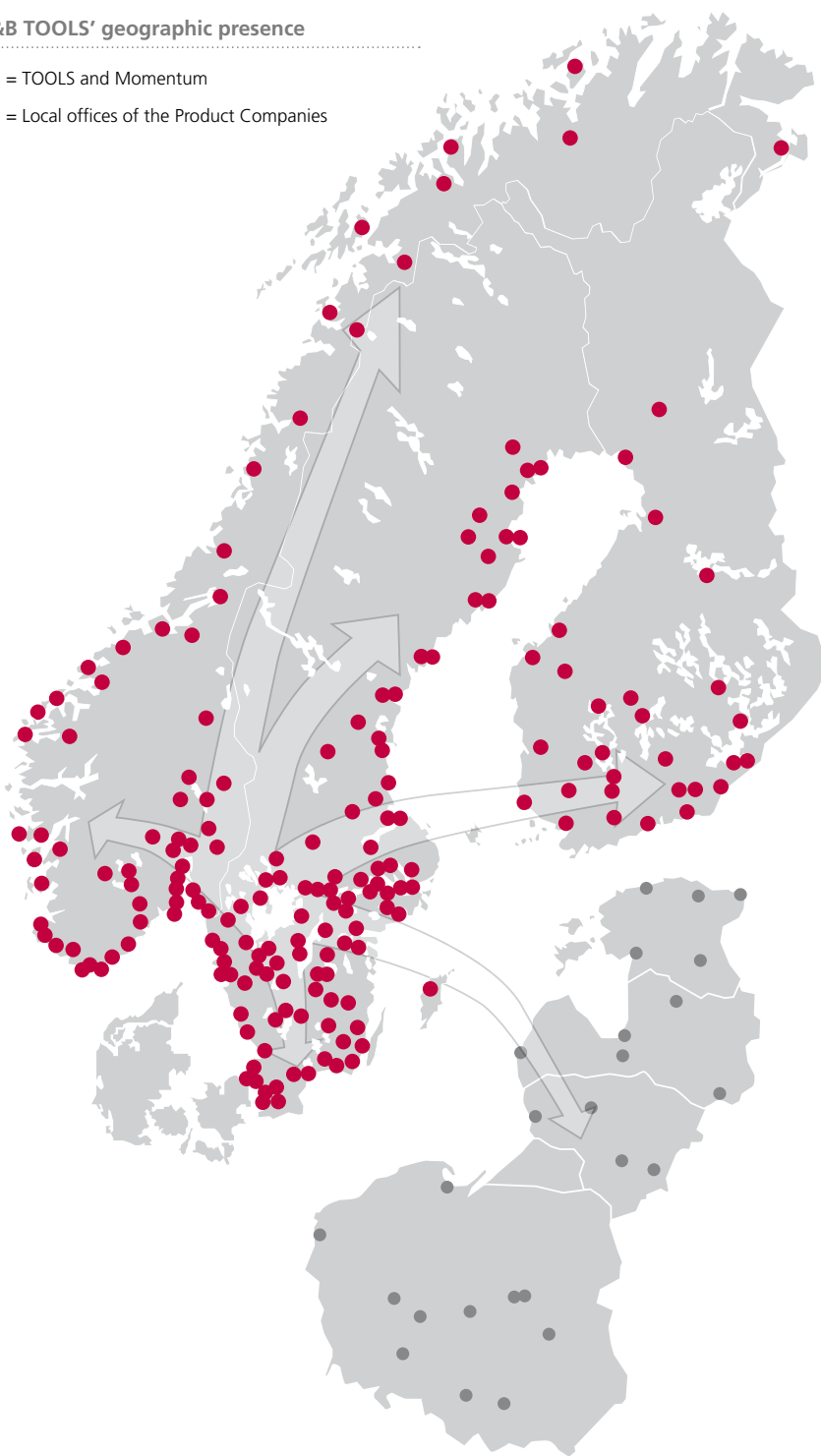
The Group's own Market Companies/Momentum

Number of sales outlets/				
district offices	59	26	24	109
Total revenues, SEK billion	2.7	1.1	1.0	4.8

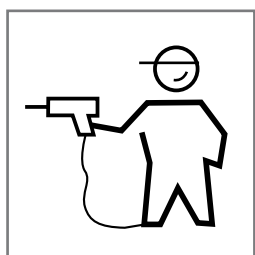
¹⁾ Including the Group's other Market Companies/resellers.

B&B TOOLS' geographic presence

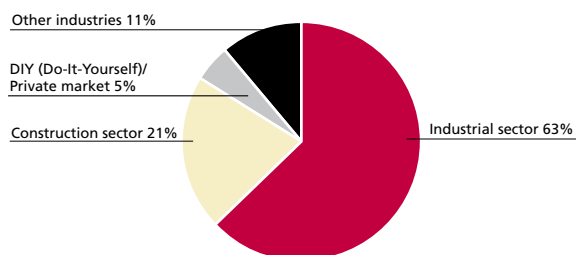
- = TOOLS and Momentum
- = Local offices of the Product Companies



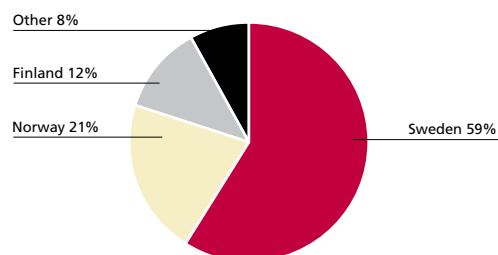
Customer



Sales by customer segment



Sales by geographic market



NB: All data stated are approximate.

The Business of B&B TOOLS

The B&B TOOLS Group is one of the Nordic region's largest suppliers of industrial consumables and industrial components, and related services.

High market presence

B&B TOOLS provides the industrial sector in northern Europe with industrial consumables and industrial components. The Group has today own representation in approximately 200 locations around the Nordic region via local industrial resellers in the TOOLS chain – both own Market Companies and partners – and via the district offices of subsidiary Momentum. The Group's primary competitive advantages are high accessibility and competence, a broad product range, a strong product portfolio with proprietary brands and well developed IT and logistics operations.

Customers and sales

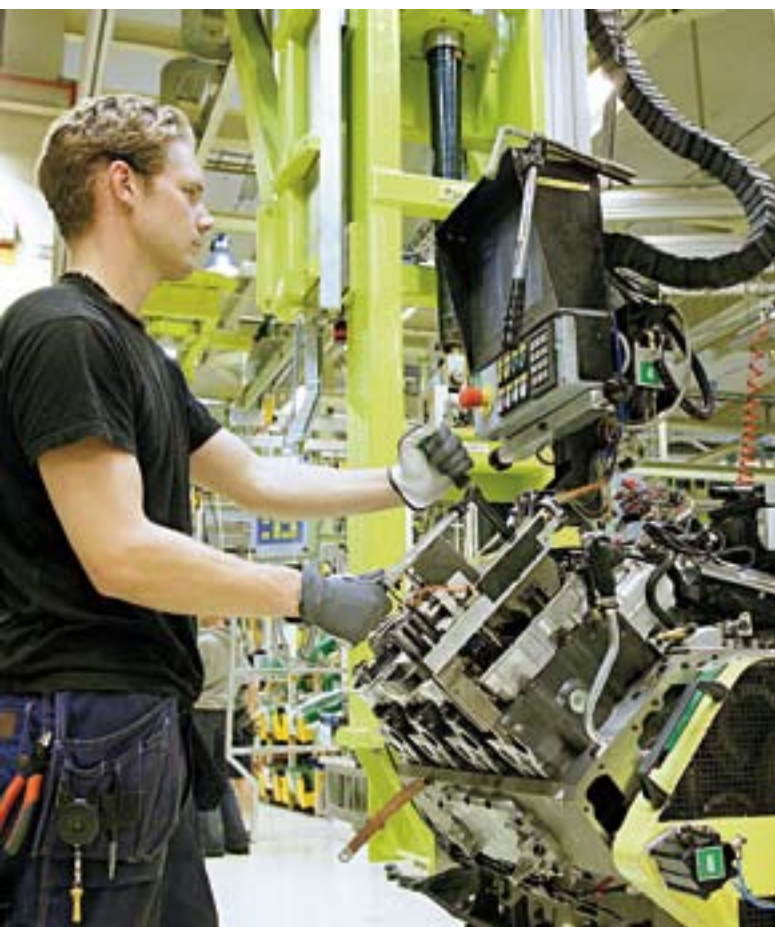
Customers are primarily companies in the process, engineering and manufacturing industries. Their requirements for service and competence in the local market are primarily provided for through local resellers. Aside from the Group's own Market Companies and the TOOLS chain, the Product Companies also sell via other selected chain-associated and independent resellers. In the product area of industrial components, sales are predominantly via Momentum's district offices in 27 locations in Sweden and TOOLS RG-Group with 16 district offices in Finland.

Another major customer segment is the construction and real estate sector, primarily cultivated via partnerships with construction materials dealers. A smaller part of sales is also to the DIY (Do-It-Yourself) market.



B&B TOOLS – STRENGTH THROUGH CO-ORDINATION





Products and services

The B&B TOOLS Group has created some of the market's strongest comprehensive offerings based on broad and deep product ranges of high quality products and supplementary services in, for example, inventory optimisation and logistics.

The Group companies' product portfolios include strong brand names from suppliers in Asia, Europe and North America, which are world leaders in their respective niches. In selected niches where there are no obvious, global market leaders, products are marketed under own brand names.

B&B TOOLS' MARKET STRATEGY

Market strategy	
Customer segment	
Priority 1: Industry	Sales via the Group's own Market Companies and partners in the TOOLS chain and via Momentum
Priority 2: Construction	Enter into partnerships and create and develop customised offerings with construction materials chains, such as Interpares and Byggmakker
Priority 3: Consumer	No strategic focus for the Group. Sales via, for example, the Järnia chain

ACTIVE ROLE IN CONSOLIDATION

The market for industrial consumables has changed radically over the past several years, the changes prompted by, among other things, new behavioural patterns in purchasing and new demands from customers.

Today B&B TOOLS conducts business in all parts of the value chain, with the exception of industrial manufacturing. By developing competitive collaborations with manufacturers and resellers – and via strategic acquisitions – the Group takes active part in the industry's consolidation. This work is being conducted at a rapid rate. Since 2002, B&B TOOLS has acquired some seventy businesses all over the Nordic region, of which 40 were acquired during the 2006/2007 operating year.









This active work with consolidation – combined with strong organic development – has contributed to B&B TOOLS' strong growth over the past several years. The Group's focus on consolidation and growth continues and the expansion is aimed primarily at the industrial market, where the need for more comprehensive solutions is deemed to create significant commercial opportunities in the future.

FOCUS ON COMPREHENSIVE SOLUTIONS

For the future, concept and service development will become increasingly important for suppliers to industry. As a consequence, the offerings developed by B&B TOOLS increasingly focus on the total needs of customer companies of products as well as services for their processes in maintenance, repair & operations ("MRO"). The objective is to lower customers' total costs by minimising downtime and to contribute to increased efficiency and productivity.

The demands for development and co-ordination of products, concepts and services are therefore growing in B&B TOOLS. Development of comprehensive solutions affects all of the Group's Market Companies, the TOOLS chain, Momentum and the Product Companies, and is intended to result in attractive and all-encompassing offerings of products and services in the MRO area for the Group as a whole. Through increased co-ordination, costs for investments in market cultivation and systems support can be shared by all of the Group's businesses and partners.

MARKET CHANNELS AND PRODUCT AREAS

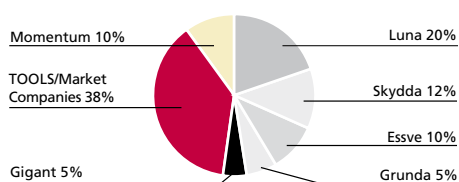
Products and services	Product Companies	Market channels	Customers
Tools & machinery Welding and soldering, hand and measuring tools, compressed air tools, torque tools, sheet metal and wood-working machinery			 The industrial customers' needs of industrial consumables and industrial components
Personal protection equipment Work clothes, work shoes, work gloves, technical protection and fall protection			
Fastening elements Fastening elements, fire seals, standard screws, electric hand tools and nailing tools			
Work place equipment Furnishings, storage, transportation and lifting			
Industrial & construction consumables Fittings and security, environment and cleaning, absorptents and drying, electrical equipment and other consumables			
Industrial components Rolling bearings, seals, transmission and automation		 MOMENTUM INDUSTRIAL MAINTENANCE SUPPLY AB	

Together we will make the industry more efficient

For customers with many different suppliers, the work with purchasing of industrial consumables and industrial components can be time-consuming, difficult to manage and unnecessarily expensive. The MRO solutions that are being developed by TOOLS and Momentum provide the customer with supply security and cost efficiency – since they have the competence and capacity to offer exactly the products and services the customer needs.

One of the key words in this work is optimisation, which means that the right product is delivered at the right time with the right quality. TOOLS and Momentum strive to develop together with their customers in this respect.

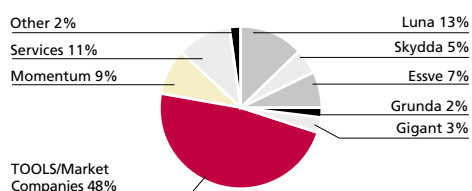
Share of the Group's total revenues¹⁾



Share of the Group's operating income¹⁾



Share of the Group's employees



¹⁾ The Group's total revenues and operating income, respectively, have been adjusted for other operating areas, as well as for the Parent Company's and the Group's internal functions and consolidation eliminations.



B&B TOOLS Markets

Presence at approximately 200 locations in the Nordic region



The B&B TOOLS Group's strategic market channels are the TOOLS chain and Momentum. Via TOOLS and Momentum the Group has presence in approximately 200 locations in Sweden, Norway and Finland.

B&B TOOLS MARKETS

Since 1 April 2007, the TOOLS chain, the Group's Market Companies and Momentum are co-ordinated in B&B TOOLS Markets. In total, B&B TOOLS Markets has annual revenues of approximately SEK 4.8 billion.

THE TOOLS CHAIN

TOOLS represents one of the market's most complete product ranges in industrial consumables and is primarily aimed at professional users in industry. The competitive advantages are primarily availability, proximity to customers, service and knowledge.

TOOLS has approximately 2,200 employees and is represented in approximately 170 locations in Sweden, Norway and Finland. The largest single market is Sweden, where the chain has a presence in more than 70 locations. On an annual basis, the chain's total net revenues amounts to approximately SEK 6.7 billion (including those of the Group's own Market Companies that are part of the chain) – an increase by over 30 percent compared to the year before.

Common issues include product ranges and purchasing, profitability, concept development, nationwide agreements, IT and logistics, and marketing. Active control satisfies the needs for clear

concepts and common profiling, which is aimed at ensuring that the customers will regard TOOLS as a homogeneous chain with high quality throughout in products and services.

Competence is a central part of TOOLS' offering. There is continuing work with competence development via the internal training program "TOOLS Academy." During 2006/2007, about 50,000 training hours were completed, primarily in the areas of customer cultivation and sales. Via the TOOLS chain, resellers are also offered strong, full coverage marketing support, where common advertising and sponsoring campaigns make the chain's offering and profile distinct in an efficient manner.

Competitors are primarily other nationwide reseller chains and, in some locations, other local reseller businesses.

Market Companies secure effectiveness

B&B TOOLS has today 76 own Market Companies in Sweden, Norway and Finland. Most of these Market Companies are part of the TOOLS chain. These units secure both the Group's distribution in important locations and the strength and vitality of the chain concept itself. In total, the Market Companies have annual revenues of approximately SEK 4.1 billion.

When reseller businesses are acquired, consideration is given to the geographic location and the business volume that will be added, but also to the technology focus the company has. The last criterion contributes to adapting the Group's mix of products and services to the demand in each location or in each region.



TOOLS and Momentum, together with the Group's Product Companies, sponsor one of the racing teams in the Swedish Touring Car Championship for 2007. The purpose is to have the opportunity to gather customers in large parts of Sweden to demonstrate the Group's collective offerings.

Newly added Market Companies are integrated in accordance with set guidelines for business control, strategies, concepts, internal control and profitability. The companies are developed in accordance with a unified structure, that makes it easier to capitalise on economies of scale in the business. One such example is the regionalisation that the Market Companies in Sweden currently are undergoing. Initiatives with respect to local and regional functions make it possible to co-ordinate joint functions in, for example, payroll and human resources management. An important sub-goal in this process is that more of the resources and competence at the local level can be channelled to customer and sales activities.

Another prioritised area is the integration in the whole B&B TOOL Group, where the co-operation between Product Companies and Market Companies is gradually deepened.

Comprehensive solutions in practice – an example

Market Company RG-Group is a part of the Finnish TOOLS chain. RG-Group is one of Finland's largest distributors of industrial components and industrial consumables. The business comprises 16 district offices and 170 employees with a focus on the market in eastern and southern Finland. The customers are active in, among other things, the paper and pulp industry, chemical process industry, the energy and food industries and in the retail trade.

RG-Group is on its way in developing into a strong MRO supplier in Finland and already today offers a number of comprehensive solutions that secure customers' supply of components and consumables. Common for all of RG-Group's solutions is that counselling, technical solutions and logistics services can be adapted to the individual industrial customer's needs.



WWW.TOOLS.SE

Dags att göra verktygskostnaderna till en styrelsefråga.

På www.tools.se kan du läsa mer om hur vi försörjer industrin med verktyg och förnödenheter. Och om hur väl vi lever upp till vår ambition; att bli våra kunders förstahandsval för effektivare underhåll, reparation och drift, eller MRO (Maintenance, Repair and Operations).

TILLSAMMANS GÖR VI INDUSTRIEN EFFEKTIVARE

TOOLS

During the spring of 2007 "MrO" has communicated important messages regarding MRO and TOOLS in advertising and on the Internet.



MORE EFFICIENT FLOWS AT SKÅNEMEJERIER

More efficient flows and more effective use of capital are the results of the inventory optimisation Momentum has carried out at Skånemejerier. The next step in the co-operation is now being planned, a comprehensive solution in the MRO area that will sharply reduce Skånemejerier's number of suppliers – from 190 to six!

Approximately SEK 2.7 billion in sales, 600 employees at three wholly owned facilities in Skåne and with focus on processing the raw milk into products like cream, milk and cheese. That is Skånemejerier in brief.

The dairy is a typical process industry where operational disturbances and unplanned stoppages quickly become devastating for the perishables produced.

– In recent years demands for savings in our maintenance organisation have increased. This is driven by the more intense competition in our industry, which means that we have to work more efficiently, says Claes Hansson, purchaser at Skånemejerier.

Optimisation saves money

The co-operation between Momentum and Skånemejerier began shortly before the turn of the

millennium. Right from the start it was about comprehensive solutions and so called inventory and spare parts optimisation, i.e. that the right component is available at the right time.

– Momentum is a versatile and knowledgeable supplier with a good network of its own sub-suppliers who can provide us with service and support, says Claes Hansson. Since 2004 we have a so-called TFS agreement, under which Momentum delivers components that are strategic for us. They guarantee that the items are in stock and we don't pay for the components until we need them.

TFS stands for Trouble Free Supply and is a concept that Momentum has worked with since the beginning of the 1990s. Via TFS, Skånemejerier has been able to reduce its own stocking of components, which has sharply reduced funds tied up in the inventory of spare parts – from MSEK 17 to MSEK 10. At the same time the flows have become more efficient and downtime has been reduced.

– Today we guarantee high availability of between 500 and 1,000 components for Skånemejerier, which means that we can deliver within four hours, 24/7, says Torbjörn Eriksson, manager of TFS/Central agreements within Momentum. And the optimisation really affects costs. In industrial components as much as 50 percent of a customer's spare parts inventory value may lie untouched for a three-year period.

– Another advantage with TFS is the simplified ordering routines, emphasises Claes Hansson. We don't need to keep track of every single component and where we can buy it. If we have questions, these are instead sent to Momentum, who will respond quickly to us with suggestions.

Towards comprehensive solutions in MRO

The next stage in the co-operation is now being planned – an agreement covering a larger part of the MRO area, where Momentum and TOOLS Profero together with two collaboration partners may come to take over more of the inventory deliveries at Skånemejerier. Extensive cost analysis has been performed where virtually every article has been mapped out, but where also aggregate optimisations for entire facilities have been developed. Also planned is a sharp reduction in the number of suppliers – from approximately 190 today to just six in the future.

– On our side we will co-ordinate supplier contacts more, which facilitates handling and administration for Skånemejerier. As a consequence of this, the number of invoices is expected to decline from 2,500 to just over 150, says Torbjörn Eriksson.

– Fewer suppliers means lower costs, Claes Hansson points out. Only the registration of a single supplier costs us about SEK 20,000 annually. Major savings can thus be made.

MOMENTUM

Momentum is specialised in industrial components. The company co-operates with a large number of leading industrial companies in the Nordic region. The most important product areas are rolling bearings, transmission, sealing and automation, i.e. areas that are central to minimising downtime in production, unplanned production interruptions and to ensure the customer's productivity. Momentum offers quality products from world-leading manufacturers and suppliers, such as SKF, Simrit, Optibelt and Renold, in combination with logistics, services and training. Services are particularly important since the need for competent counselling is great around the types of products delivered by Momentum. The most important customer segments are the pulp and paper industry, the steel and mining industries and the food and vehicle industries.

In Sweden – which is Momentum's principal market – the company has 27 district offices and also subsidiaries in Norway and Denmark. During 2006/2007 net revenues amounted to approximately SEK 0.7 billion. Momentum has approximately 240 employees.

Trouble Free Supply

Within the framework of the logistics concept of Trouble Free Supply (TFS), Momentum assists the customer companies with product range planning and improved purchasing and stocking routines. Customers' costs for tying up capital in local maintenance inventories and costs for planning of industrial component needs are thereby minimised. TFS also gives industrial customers fewer suppliers, which simplifies practical handling and administration. During 2006/2007 Momentum managed approximately 110 TFS projects – with a continual increase in the number of contracts. See also the example from Skånemejerier on the preceding page.

INCREASED CO-ORDINATION IN SWEDEN

During 2006/2007 Momentum's co-ordination with the TOOLS chain was broadened with a number of joint customer relationships. At several locations in Sweden Momentum and TOOLS partners have also established themselves in immediate proximity to each others' facilities. Based on the needs of customers, the goal is to create prerequisites for effective comprehensive solutions. Momentum has also begun working with central warehouse logistics with direct deliveries to customers from one of B&B TOOLS' logistics centres. Also this solution gives rise to synergies in the distribution and means that the customer gets fewer but larger and more complete deliveries of industrial consumables and industrial components.



The messages regarding MRO are presented by "MrO"

B&B TOOLS Services

Effective supply solutions

B&B TOOLS Services is responsible for development and operation of the Group's IT and logistics functions, that is the business' flows of information and products. The main objective is effective supply solutions for industrial consumables and industrial components to customers and resellers in the Nordic region – solutions that also strengthen integration in the Group and contributes to improved profitability.

Focus on integration

B&B TOOLS Services was established in the spring of 2006 through a combination of the Group's service, logistics and IT units. The purpose was to achieve economies of scale and efficiency gains with a common infrastructure. Today the operations have approximately 300 employees, most of whom are active at the logistics centres located in Alingsås and Ulricehamn. Examples of services provided by B&B TOOLS Services include warehouse/logistics, personnel and payroll administration, accounting, and development and operation of different IT solutions, including the Group's e-commerce portal Toolstore.

Important goals for B&B TOOLS Services are to contribute to increased integration in the value chain and to provide IT and logistics solutions that create benefits for customers and resellers as well as the Group's own operations and that of other collaboration partners. The value chain includes a large number of different flow processes, for example between manufacturers and the Product Companies and between the Group's Product Companies and Market Companies and other resellers, respectively. With increased integration the transparency is enhanced of these complex flows. This in turn makes it possible to minimise overlapping procedures, duplications and extra work in the entire value chain.

Development in three steps

The job of improving the Group's flow processes is performed in three steps. First, standardised technical platforms to support and streamline the processes are developed. In the next step these platforms are implemented with the players in the supply chain, that is in the Product Companies and the TOOLS chain. The third step involves extracting the effects of the investments, which among other things means that the business is developed and that duplicated costs can be eliminated. One example of this is the Group's different types of electronic trading channels, which today handle approximately 80 percent of the orders received by the Product Companies. Current projects are "Backbone," where all resellers in the TOOLS chain in Sweden are linked together in a common enterprise system (see below), and "PIM," which is a common standard and infrastructure for handling product information in the Group and the TOOLS chain.



Toolstore is one of the largest e-commerce portals in the Nordic region. Via Toolstore some 800 customers and 1,500 resellers pose a large number of questions and place thousands of orders each day.

"BACKBONE" – THE SPINE OF THE TOOLS CHAIN

"Backbone" means spine in English, but it is also the name of the TOOLS chain's new, common enterprise system. And just like a spine, "Backbone" gives strength and stability to TOOLS. Integration in the chain is enhanced with the system and it allows for simplifications and greater efficiency.

For a few years now, B&B TOOLS Services runs a major project around a new common enterprise system for the TOOLS chain. The project's name is "Backbone" – with reference to the strength and stability that the system gives to the chain. The development phase of "Backbone" is to a large degree completed, and the project is now focusing on the implementation phase. In controlled steps, the Group's Market Companies

and other TOOLS partners in Sweden will implement the "Backbone" system as their enterprise system.

Some expected effects of "Backbone"

With improved control over the transactions follows that the business planning is improved. New contact networks can be established that, for example, allow a supplier in the future to



have contact with fewer persons in TOOLS. The chain's aggregate volumes are also utilised more efficiently, for example in purchasing. This provides a better starting point in future negotiations, but can also make it possible to spread purchases over fewer suppliers.

– Logistics are also facilitated, says Anders Möller, President of B&B TOOLS Services. With better business information, a larger proportion

of the products can be delivered directly to the customer instead of – as now – passing via a reseller for repackaging – this saves both time and money!

During 2006/2007, pilot installations of "Backbone" were made at three units in Sweden – with good results. The actual roll-out of the system is estimated to be spread over about three years. At the same time "Backbone" sets

a new standard for the Group, which makes it necessary to vitalise work routines as well as processes.

– The vision with "Backbone" is that we will spend less time on day-to-day transactions and more time on efforts that create value for our customers and hence for the TOOLS chain and B&B TOOLS, Anders Möller rounds off.

B&B TOOLS Products

Attractive product offerings

The Product Companies provide the Group's own Market Companies and other partners of the TOOLS chain, and other selected market channels, with industrial consumables and related services. Among the most important competitive advantages are broad and well adapted product ranges, high accessibility and competence, product portfolios with strong brand names and strong concepts and services.

B&B TOOLS PRODUCTS

Since 1 April 2007, the Group's five Product Companies are included in operating area B&B TOOLS Products. Also included here is Stenlunds Järnvaru AB, which is a local sales channel primarily for the construction and hardware trade. The purpose of B&B TOOLS Products is to create prerequisites for continued systematic development of product and service offerings, to increase the co-ordination between the Product Companies in purchasing, administration, brand name and service development, and increased efficiency. In total, B&B TOOLS Products has annual revenues of approximately SEK 3.9 billion.

Broad market coverage

The Product Companies focus on development of competitive and well adapted product ranges and concepts, effective purchasing and marketing, sales support and competence development for the reseller level. The task of the Product Companies is to provide the resellers with the right product at the right time, with the right knowledge and at competitive terms, and to offer services in demand.

Aside from selling to industrial customers via the industrial resellers in the TOOLS chain, the Product Companies also sell industrial and construction consumables to other local construction and hardware resellers in the Nordic region. These are, among other, the construction material chains Interpares – that runs the Woody stores – and Optimera in Sweden and Byggmakker in Norway. The Product Companies are continually striving to achieve economies of scale and greater purchasing power.

Today the largest single market for Products is Sweden, followed by Norway and Finland. Sales outside the Nordic region have increased sharply in recent years, primarily on the markets in the Baltic States and in Poland. In total, the Product Companies have own representation in 12 countries, and via external distributors sales in some ten additional countries. The competitors are primarily specialised wholesalers in each respective product area.

Strong brand name portfolio

The Product Companies work with some of the market's best-known and well-profiled product brands. The product range also includes proprietary brands and the development in this area has gradually become more important. Proprietary brands contribute to strengthening the Group's customer offerings further and to giving increased opportunities to control the product development in selected product areas themselves. The proportion of proprietary brands has increased in all Product Companies and during 2006/2007 these products accounted for just over one third of aggregate Product Company sales.

Strong proprietary brands are built in product and market niches where there is no clear, world-leading brand name supplier. In the aggregate customer offering proprietary brands are thus combined with brand names from prioritised suppliers and manufacturers.

Effective purchasing

B&B TOOLS has an extensive purchasing operation, where the most important markets are Asia and Europe. In Asia, B&B TOOLS has its own purchasing organisation with about 30 employees. Centres for the operation are the offices in China (Shanghai) and Taiwan (Taichung).

The purchasing work is based on the needs of the respective Product Company. Today, however, several of the Product Companies share purchasing office locations, thereby putting to good use each others' knowledge about the local markets. The practical purchasing work is based on criteria such as product quality, function and price, and on the image of the product or the brand name. In all, this means that B&B TOOLS can offer an attractive brand name portfolio with products that are in demand by customers, which strengthens the Group's profitability.



COMPETITIVE PRODUCT COMPANIES

LUNA

Luna supplies high-quality tools and machinery for professional use to the industrial and construction sectors. The most important product areas are hand and measuring tools, compressed air tools, cutting tools, sheet metal and wood-working machinery and welding and soldering equipment. Luna's most important competitive advantages are the broad product range, the high accessibility, the cost efficiency, the application know-how, and the effective concepts for customer cultivation. Luna has a number of strong proprietary brands – such as TengTools and Limit – which are combined with well-known foreign brand names from world-leading manufacturers. The proprietary brands have contributed to Luna's successful expansion on the European market in recent years. During 2006/2007, Luna's net revenues amounted to approximately MSEK 1,420 and the number of employees was approximately 360.

SKYDDA

Skydda is specialised in personal protection equipment, primarily to the industrial and construction sectors. Skydda develops and markets a complete product range of work clothes and shoes, work gloves, technical protection and fall protection. Proprietary brands such as Guide (work gloves), Zekler (protective eyewear) and L.Brador (work clothes) show positive development and strengthen the total product offering. The competitive advantages also include solid industry know-how with a focus on work environment issues and the current body of regulations. Skydda creates added value for resellers and customers through risk analysis, counselling around product choices, technical support and training, marketing and distribution. During 2006/2007, Skydda's net revenues amounted to approximately MSEK 870 and the number of employees was approximately 130.

ESSVE

Essve is specialised in fastenings and sealing for the construction and industrial markets. The main product areas are fastening elements, drill bits, screws, adhesives and joint seals, as well as fire seals. Essve also offers electrical hand tools and nailing tools. Most of the sales refer to proprietary brands, such as ESSVE and FireSeal, and among the competitive advantages are high-quality products, complete installations, counselling, technical support and effective IT and logistics solutions. During 2006/2007, Essve's net revenues amounted to approximately MSEK 720 and the number of employees was approximately 200.

GRUNDA

Grunda is a supplier of industrial and construction consumables, primarily in the areas of fittings and security, environment and cleaning, absorbents and drying, electrical equipment and other consumables. The broad product range and the high product quality are important competitive advantages. Thanks to well-developed purchasing and sales systems, Grunda simplifies matters for the resellers. This is true in terms of product choices and purchasing as well as in store design and sales activities, in part by offering customer-specific training. During 2006/2007, Grunda's net revenues amounted to approximately MSEK 400 and the number of employees was approximately 40.

GIGANT

Gigant is specialised on workplace products in the areas of furnishings, storage, lifting, transportation and environment. Aside from individual products, Gigant also offers complete assembled ergonomic workplace solutions to industrial customers. The strength of the offering lies in the broad product range, the customised solutions and the high quality. Thanks to the strong competence in work environment issues, Gigant can, for example, develop solutions where the demands for ergonomics as well as efficiency are met. During 2006/2007, Gigant's net revenues amounted to approximately MSEK 370 and the number of employees was approximately 80.





TRAINING REDUCES INJURIES AND ILL HEALTH

Knowledge protects! To contribute to a safe work environment, productivity and the best total economy through knowledge and the right products distinguishes Product Company Skydda's business. In addition to a complete range of personal protection equipment, knowledge and training are therefore increasingly important elements of the offering. And demand is growing gradually.

Skilled internal specialists – combined with the network of resellers all over the Nordic region – are two important competitive advantages in Skydda's work with minimising the risk for injuries and ill health in the work place. The actual need

for training is based on factors such as legal requirements that prescribe that an employer not only must provide the right protection equipment, but also instructions and knowledge on how it should be used.

– We are good at risk evaluation and have broad knowledge of how to prevent injuries and ill health in many industries and companies. It is therefore natural that both we and our resellers actively inform the customers about the importance of knowledge around the products and their use, says Leif Reinholdsson, President of Skydda.

This makes knowledge one of the foremost competitive advantages for Skydda. A concrete example is Skydda's fall protection training, which is aimed at companies that do work at great heights. Last year several hundred persons attended this one-day training course, where

theory is mixed with practical work in the customer's own environment.

More comprehensive solutions

For its resellers, Skydda also offers a broad introduction to the products and their areas of use, and to legislation and the body of regulations via the so-called "Skydda school".

– Demand increases and during the first months of this year alone, we see a clear increase compared to the preceding year, says Leif Reinholdsson. But we can do so much more, for example by strengthening the image of the resellers around training services, and by also working more with packaging and standardising our offering in this area. Correctly handled, such an approach will also strengthen the Group's total offering in the MRO area.

Sustainable Development

Strengthens competitiveness

Sustainable development in B&B TOOLS focuses on three main areas – social accountability, environment and quality. By assertive efforts in these areas, prerequisites are created for a sustainable and competitive development of the Group's business.

B&B TOOLS takes its impact on society – environmentally, economically and socially – that follows from the operations of the Group as its starting point. This makes responsible business something that comes naturally to the Group. The Group's own activities in the social area are mainly centred on the employees and involve areas such as equality and diversity, as well as personal responsibility and development. B&B TOOLS must also be accessible and have an open dialogue with external stakeholders affected by the Group's operations.

B&B TOOLS has a number of Group-wide policies that describe the principles and attitudes on which all operations have to be founded, in areas such as the environment and for assuming social responsibility. The Group's policies are updated and confirmed by the Parent Company's Board of Directors annually, and all businesses in the Group then develop more concrete and customised goals and guidelines based on these policies. In many instances these guidelines are integrated into the daily operations via quality and environmental management systems. For example, all partners in the Swedish TOOLS chain will certify their environmental and quality work in accordance with ISO 9001 and ISO 14001, respectively.

A natural element of the business activity

The requirements for integrity and ethics are high. These requirements are summarised in B&B TOOLS' Code of Conduct, which applies to all companies in the Group. Among other things, the Code of Conduct emphasises that all of the Group's companies, units and employees must act ethically correct and respect human rights.

Sustainable development is nowadays a natural element in doing business for many companies, which has the effect that they in their turn make demands on their suppliers and other business partners for responsible business. In the interest of meeting these expectations from its customers, B&B TOOLS endeavours to ascertain that its co-operation partners and suppliers not only act within the framework of each respective country's laws and body of regulations, but also live up to the intentions of the Group's Code of Conduct.

As an important element in this work, the Group regularly conducts evaluations of prioritised suppliers and co-operation partners. During 2006/2007 most of the Product companies' major suppliers in Asia – over one hundred companies – formally attested to their compliance with the contents of the Group's Code of Conduct. The Product Companies also conduct so-called factory audits, in the course of which product managers from B&B TOOLS visit

factories and facilities in order to check the level of the quality work, the delivery reliability and the social and environmental accountability on site. Some fifty factories in Asia were visited and evaluated during the year – with good results. At the same time this work strengthens the Product Companies' co-operation with these suppliers.

Minimise environmental impact

B&B TOOLS is primarily active in trade and distribution. This means that the Group's environmental impact is primarily linked to transportation, packaging materials and energy use. The environmental work is based on the premise that actions shall be taken as far as technically feasible, economically reasonable and environmentally justified.

At the end of the operating year several of the Group's companies were environmentally certified according to ISO 14001. In addition hereto, Product Companies Grunda and Skydda and others are involved in certification processes expected to be completed during 2007. During 2006/2007 one company in the Group conducted operations requiring a permit and with a reporting requirement under Swedish environmental legislation. None of the Group's companies have been involved in any environmentally related disputes.

An example of concrete environmental efforts during the year is the compliance with the European environmental directive ROHS, which stipulates that electronic products are not allowed to contain heavy metals, such as cadmium, lead or mercury. In connection therewith, the affected suppliers to the Group's Product Companies have formally declared that their products meet these requirements.

Quality work always in focus

Quality work is a natural element of the Group's sustainable development that provides commercial power and contributes to successful business on a long-term basis. B&B TOOLS therefore focuses on constant quality assurance and streamlining in response to the market's ever more stringent demands for quality in products as well as services, internal processes and delivery reliability at the lowest possible cost. A current example is Product Company Luna, which during the year conducted an extensive review of the product quality of some two hundred selected products.

In order to measure the outcome of its quality work, the Group also conducts regular follow-ups among customers of service levels, delivery reliability and complaints. A growing number of the Group's companies receives quality certification according to ISO 9000/9001 or equivalent on a continual basis.

Employees

Develop the offering

To attract and develop competent employees who contribute to strengthening the offering – thus can human resource work at B&B TOOLS be described. In this work the Group provides the over-arching guidelines, while the local businesses are responsible for actual execution.

B&B TOOLS operates in a decentralised organisation, where independence and individual responsibility are hallmarks for the operations of the local units. This is also true when it comes to recruitment, competence development, work environment and equality. The Group nevertheless has common policies that form a framework for the practical work with respect to several of these matters. Today the Group has a total of approximately 2,800 employees.

The companies in the B&B TOOLS Group will provide for a good work environment from a physical and social aspect. All companies are actively working with preventive measures aimed at minimising the risks for injuries and ill-health among employees.

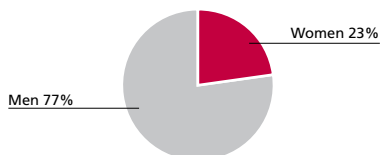
Employee surveys are carried out regularly to identify areas for improvement in the human resource field. The results of these surveys constitute an important element in the planning work for initiatives in the areas of competence development, preventive action in work environment and absence due to illness, as well as improved equality.

Competence development

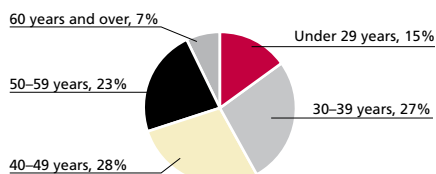
Competence development is performed in many different ways in the Group. A concrete example is “TOOLS Academy,” that offers employees in the TOOLS chain broad and targeted training. In time, “TOOLS Academy” will encompass all employees in Sweden, Norway and Finland. In a first step the training is offered to chief executives, sales managers and sales representatives in the Swedish TOOLS chain – a total of 900 persons. During 2006/2007 some 50,000 training hours were accomplished. “TOOLS Academy” has focused on subjects such as Leadership, Sales and Customer Care.

Employees in the B&B TOOLS Group

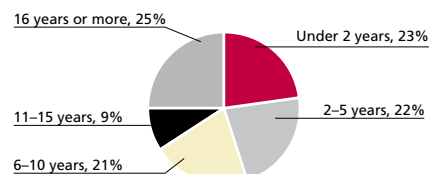
Average number of employees



Age distribution



Time of employment



Efforts for improved work environment

An example of projects conducted within the area of work environment is a certification work aimed at allowing work environment issues to be handled more efficiently, since all elements thereof – from risk analysis via improvement suggestions and final measures – are handled in a more systematic way. Certification also ensures that managers and safety representatives possess the same competence in the work environment area. During the autumn of 2007 all units within B&B TOOLS Services are expected to be certified.

Increased collaboration

The vision within B&B TOOLS means that the offering to the customers is gradually expanded and that a growing array of services are developed in addition to the products the Group is involved with today. Such expansion and development of services raises the demands for collaboration, for example between the

Market Companies and the five Product Companies and in-between Market Companies in different regions. Also this process assumes that competence development will take place and that there will be adaptation to new types of collaborations in the entire Group. This is very much a responsibility for the joint Group functions. The orientation towards collaboration is also based on the common “Guiding Principles” and values that the Group drew up during 2006/2007. These emphasize the importance of creating co-ordinated efficiency and acting as *one* company towards customers. The culture in B&B TOOLS shall be distinguished by responsibility, performance and attitude – concepts that will strengthen the Group in its future development.



ADMINISTRATION REPORT

1 APRIL 2006 – 31 MARCH 2007

The Board of Directors and the President & CEO of B&B TOOLS AB (publ), organisation number 556034-8590, hereby submit their Annual Accounts and consolidated financial statements for the financial year 1 April 2006–31 March 2007.

BERGMAN & BEVING HAS CHANGED ITS NAME TO B&B TOOLS

In accordance with a resolution at an Extra General Meeting of Shareholders held 22 February 2007, Bergman & Beving AB changed its registered name to B&B TOOLS AB on 27 March 2007. The motive for the name-change is to create a more distinct kinship between the business in TOOLS, the Group's partner chain for industrial resellers, and the publicly traded Parent Company.

EARNINGS PERFORMANCE¹⁾

Operating income, not including items affecting comparability, increased by 47 percent to MSEK 443 (302) and net revenues rose by 35 percent to MSEK 6,823 (5,058).

Income after financial items, not including items affecting comparability, increased to MSEK 407 (287).

The profit margin for the financial year, not including items affecting comparability, reached 6.0 percent, compared to 5.7 percent for the 2005/2006 financial year.

Consolidated income after taxes for the whole Group, not including items affecting comparability, amounted to MSEK 290 (204). This is equivalent to earnings per share of SEK 10.35 (7.25).

Earnings performance was strong during all of the quarters of the financial year. Increased sales by the Market Companies, strong growth for products under proprietary brand names and increased sales outside the Nordic Region contributed to a continued positive development for the Group. The operating income was affected in a negative direction by exchange rate translation effects in a net amount of MSEK -7.

PROFITABILITY

The Group's consolidated return on capital employed (income not including items affecting comparability) for the financial year was 22 percent, and the return on equity was 25 percent. The corresponding figures for the preceding financial year were 20 percent and 20 percent, respectively.

NET REVENUES

Acquisitions made during 2005/2006 and 2006/2007 contributed to the increase in net revenues during the financial year in an amount of MSEK 1,168. Exchange rate effects had a negative impact on net revenues of MSEK -54. Organic growth for comparable units was 13 percent during the year. Organic growth was 21 percent during the fourth quarter of the financial year.

CORPORATE ACQUISITIONS AND DISPOSALS

During the financial year the B&B TOOLS Group concluded agreements to acquire a total of 40 businesses with aggregate annual revenues of approximately MSEK 1,840.

Closings have taken place for 38 of the acquired businesses during the year, which affected the B&B TOOLS Group's net revenues by MSEK 736. Aggregate annual revenues in these acquired businesses taken possession of amount to approximately MSEK 1,810, of which approximately MSEK 1,570 is estimated to increase the Group's consolidated net revenues.

The total purchase price for the acquisitions taken possession of during the financial year amounted to MSEK 795, of which MSEK 505 related to intangible surplus values. All intangible surplus values are attributable to synergy gains with the Group's existing businesses. These surplus values have therefore been classified as goodwill.

In January 2007, the entire business in subsidiary Anders Petter was sold in a conveyance of assets and liabilities, and in March 2007 the partnership shares in the German limited partnership Mager & Wedemeyer were sold. Annual revenues of the businesses sold amounted to approximately MSEK 50 and approximately MSEK 150, respectively.

OPERATING AREAS²⁾

Tools & machinery

Product Company Luna markets tools and machinery to industry and the construction sector.

Luna's net revenues and operating income showed a positive development in all geographic markets during the financial year. Operating income increased by 27 percent. Sales via the TOOLS chain, other co-operation partners and the Group's own Market Companies continued to increase, and sales of products under proprietary brand names also showed a strong development.

Personal protection equipment

Product Company Skydda offers solutions for personal protection to professional users in industry and the construction sector. Skydda increased its volume (+20 percent) as well as operating income (+28 percent) during the year – with strengthened market positions in all geographic markets. Sales via the TOOLS chain and the Group's Market Companies showed continued strong development, as did sales of Skydda's own proprietary brands.

Fastening elements

Product Company Essve is a comprehensive supplier in the fields of fastening, sealing and electrical hand tools for the construction, industrial and do-it-yourself (DIY) sectors.

Essve had a positive development during the year, and net revenues and operating income increased by 28 percent and 49 percent, respectively. The Nordic industrial and construction sectors displayed continued strong demand in Essve's product areas. The

¹⁾ All reported comparative data for 2005/2006 refer to the Group not including businesses sold and/or discontinued during the 2004/2005 financial year unless otherwise specifically stated.

²⁾ Income data refer to operating income not including items affecting comparability.

development of Essve's proprietary brand names further strengthened the market position in all geographic markets.

Industrial & construction consumables

Product Company Grunda sells consumables to the construction, industrial and real estate markets in Sweden and Norway.

Grunda's volume and earnings performance continued their positive trend in Sweden as well as Norway during the year. Net revenues increased by 19 percent and operating income rose by 53 percent. Sales via the TOOLS chain and other co-operation partners, as well as the Group's own Market Companies, continued its strong development.

Workplace equipment

Product Company Gigant markets solutions and components in the field of ergonomic workplace equipment for industry.

Gigant increased its net revenues by 31 percent and operating income by 92 percent during the year – with a positive development and increased market cultivation in all geographic markets. Demand for effective workplace equipment remained at a high level.

Bergman & Beving Integration

Bergman & Beving Integration is responsible for the Group's integration forward in the supply chain. The work includes development of concepts for partnerships, operation of the leading industrial reseller chain in the Nordic Region – TOOLS, as well as management and development of the Group's own Market Companies.

Net revenues in the Group's own Market Companies amounted to MSEK 2,565 (1,200) during the year and operating income was MSEK 128 (48). During the year, Integration acquired a total of 37 industrial reseller businesses in Sweden, Norway and Finland, with aggregate annual revenues of approximately MSEK 1,775.

The TOOLS chain, as well as the Group's own Market Companies in Sweden, Norway and Finland, continued to show a positive development during the year – with increased sales of the Product Companies' product lines.

Strategic projects are continually in progress at Integration in areas such as concept development, market establishment, IT solutions and corporate acquisitions. These projects had an aggregate effect on operating income of MSEK –11 (–12) during the year.

Industrial components

Momentum markets industrial components and related services to the process and vehicle industries.

Momentum recorded a positive development during the year and net revenues as well as operating income increased. Demand for industrial components and Momentum's service concepts continued to be stable in all geographic markets.

Bergman & Beving Development

Division Bergman & Beving Development is comprised of companies with business outside the Group's core areas.

The companies in Development recorded varying earnings performance during the year. Cost reduction efforts generated a positive

contribution to the division's operating income. In January 2007 the business in subsidiary Anders Petter was sold, and in March the partnership shares in limited partnership Mager & Wedemeyer was sold. These sales generated no net capital gains or losses for the Group. The remaining subsidiaries in Development have aggregate revenues of approximately MSEK 100 on an annual basis.

FINANCIAL POSITION, CASH FLOW AND CAPITAL EXPENDITURES

Shareholders' equity per share amounted to SEK 44.60 at the end of the financial year, as compared with SEK 38.95 at the beginning of the year. Calculated based on the number of shares outstanding after dilution, shareholders' equity per share amounted to SEK 44.15 at the end of the financial year, as compared with SEK 38.50 at the beginning of the year.

The equity ratio was 28 percent at the end of the financial year, compared to 36 percent at the beginning of the year.

The tax rate was 29 percent. The normalised tax rate with the current geographic mix amounts to approximately 28 percent.

Cash flow from current operations for the year amounted to MSEK 420 (292). The Group's net loan debt was MSEK 1,018 (389) at the end of the financial year.

Cash flow was affected by acquisitions and sales of intangible and tangible non-current assets by a net amount of MSEK –101, while acquisitions and sales of subsidiaries and other business units affected cash flow by a net amount of MSEK –591.

PARENT COMPANY

The Parent Company provides group management services in the B&B TOOLS Group. The Parent Company's net revenues amounted to MSEK 45 (42) and income after financial items amounted to MSEK 231 (129). This result includes intra-Group items in the amount of MSEK 270 (128).

EMPLOYEES

At the end of the financial year the number of employees in the Group was 2,697, which can be compared to 1,978 at the beginning of the year. Acquired and sold companies and businesses account for a net increase of 632 persons.

SHARE STRUCTURE AND REPURCHASE OF OWN SHARES

The share capital amounted to MSEK 56.9 at the end of the financial year. The distribution by classes of shares is as follows:

	AS OF
CLASS OF SHARES	31 MARCH 2007
Class A shares	1,091,532
Class B shares	27,344,884
Total number of shares outstanding before repurchases	28,436,416
Less: Repurchased class B shares	–648,500
Total number of shares outstanding after repurchases	27,787,916

The Annual General Meeting of B&B TOOLS AB held 24 August 2006 authorised the Board of Directors to repurchase up to the maximum number of shares so that the Company's holding of own shares at no time exceeds 10 percent of the total number of

shares outstanding in the Company – such authorisation to remain valid until the Annual General Meeting to be held 30 August 2007. Repurchases shall be made via OMX Nordic Exchange in Stockholm. The authorisation gives the Board of Directors the right to use repurchased shares as payment for acquisitions, or to sell repurchased shares in other ways than via OMX Nordic Exchange in Stockholm to finance acquisitions and to fulfil the Company's obligations under incentive programmes for members of its senior management.

As of 31 March 2006, the number of repurchased class B shares held in treasury amounted to 608,000. In June and December 2006 as well as in January 2007 a total of 209,500 class B shares held in treasury were conveyed upon redemption of personnel options. At the end of September and the beginning of October 2006, an additional 250,000 class B shares were repurchased. At the end of the financial year, 31 March 2007, the number of class B shares held in treasury thus amounted to 648,500, which was equivalent to 2.3 percent of the total number of shares outstanding and 1.7 percent of the total number of votes. The quotient value of this holding amounted to SEK 1,297,000 as of 31 March 2007.

Of the repurchased class B shares held in treasury, 398,500 are set aside to secure the Company's obligation under the personnel option programme issued by B&B TOOLS AB in April 2002. The Company's acquisition cost per share for securing the personnel option programme amounted to SEK 41.60. The redemption price per option is SEK 52.00.

The remaining 250,000 repurchased shares held in treasury are set aside to secure the Company's obligation under the call option programme issued by B&B TOOLS AB in September 2006. The Company's acquisition cost per share for securing the call option programme amounted to SEK 155.00. The redemption price per call option is SEK 159.00.

After the end of the financial year an additional 126,000 class B shares were conveyed upon redemption of personnel options during the month of June. As of 18 June 2007, the number of repurchased shares held in treasury thus amounts to 522,500.

The Board of Directors of B&B TOOLS AB has decided to propose to the Annual General Meeting to be held 30 August 2007 to decide upon a renewed authorisation to repurchase own shares in accordance with the above terms and conditions.

ENVIRONMENTAL IMPACT

During the financial year, the Group has conducted operations requiring a permit, or operations with a reporting requirement, in one Swedish subsidiary. This company's net revenues are equivalent to 0.6 percent of the Group's total net revenues. None of the Group's companies are involved in any environmental dispute.

An account of the environmental and social assumption of responsibility of B&B TOOLS is set forth on page 25.

RESEARCH AND DEVELOPMENT

In the interest of maintaining and furthering B&B TOOLS' position as one of the leading suppliers of industrial consumables and industrial components to the industrial and construction sectors in Northern Europe, the Group expends resources primarily on development of different concepts for customers and co-operation partners, and on the building of proprietary brands. Activities completed during 2006/2007 include, among other things, continued product development within the framework of proprietary brand names, development of logistics and e-commerce solutions for resellers and end customers, and training of end users.

FINANCIAL AND BUSINESS RISKS

For the B&B TOOLS Group, effective and systematic risk assessment of financial as well as business risks is important. The Group's financial policy draws up guidelines and sets goals for managing financial risks in the Group, and governs the distribution of responsibility among the Board of Directors of B&B TOOLS AB, its President & CEO and its Chief Financial Officer, as well as the presidents and CFOs of subsidiaries. All foreign currency management and granting of credit to customers are handled by the subsidiaries within the framework of established policy. For a detailed account of financial and business risks, and the B&B TOOLS Group's management thereof, reference is made to page 41 and to Note 30 on pages 73–74.

COMPOSITION AND WORK OF THE BOARD OF DIRECTORS

During the 2006/2007 financial year, the Board of Directors consisted of five regular members appointed by the Annual General Meeting held 24 August 2006, and two employee representatives. A presentation of the members of the Board of Directors is found on page 86.

During the financial year, the Board of Directors held fifteen board meetings and one statutory meeting. In addition to being responsible for the Company's organisation and management, the Board of Directors sees it as an important assignment to make decisions in strategic issues. Major, specific issues during the year include acquisitions of a total of 40 businesses, and a decision to propose to an Extra General Meeting of Shareholders held in February 2007 to change the name of Bergman & Beving AB to B&B TOOLS AB. For a detailed description of the Board of Directors' duties and methods of working, regulatory issues, committees, etc., reference is made to the Corporate Governance Report on pages 81–85.

GUIDELINES FOR COMPENSATION OF MEMBERS OF SENIOR MANAGEMENT

The Annual General Meeting of B&B TOOLS AB held 24 August 2006 adopted guidelines for determining salaries and other compensation to the President & CEO and other persons in Group management. The guidelines in force for the financial year are set forth in Note 5 on pages 51–54. The Board of Directors of B&B TOOLS AB intends to propose to the Annual General Meeting to be held 30 August 2007 to resolve guidelines for determining the compensation of members of senior management, which will closely coincide with last year's compensation structure.

DIVIDEND

The Board of Directors proposes a dividend of SEK 4.00 (3.50) per share. The proposed dividend is equal to 39 percent of the Group's earnings per share for the 2006/2007 financial year. The Board of Directors has made an assessment of the Company's and the Group's financial position, and the Company's and the Group's ability to meet their obligations in the short and long term. A total of MSEK 111 is required for the proposed dividend payment. The Group's equity ratio as of 31 March 2007 amounted to 28 percent (36). Even after payment of the proposed dividend, the Company's and the Group's equity ratio is deemed to be more than adequate to meet the demands posed by the business conducted by the Group.

The Board of Directors' assessment is that the proposed dividend is well measured in view of the demands posed by the type of business conducted, its scope and risks relative to the size of the Company's and the Group's equity and its liquid position.

FUTURE DEVELOPMENT

The B&B TOOLS Group intends to continue to develop economies of scale with respect to market cultivation, purchasing, IT and logistics. The Group companies continue their development of proprietary brands, the proportion of which of total sales has increased during the past several years. With the acquisitions made of reseller businesses in Sweden, Finland and Norway since 2004/2005, the B&B TOOLS Group has taken an important step in its ambition to improve the efficiency of the flow of goods through the entire value chain – from manufacturer to end customers all over the Nordic region. The TOOLS chain continues its conceptual as well as operational development in each respective geographic market with economies of scale in market cultivation towards large customers, joint IT solutions, product line co-ordination and marketing. In the area of industrial components, Momentum is gradually developing its total offering to industrial customers all over Sweden, with good opportunities for continued growth and geographic expansion. Acquisitions will be an important ingredient in the development of the B&B TOOLS Group over time.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the financial year, in April and June 2007, respectively, agreements were concluded to acquire six additional industrial reseller businesses. Annual revenues for these acquired businesses is approximately MSEK 260, of which approximately MSEK 255 is expected to increase the Group's consolidated net revenues.

Changes in Group structure

From 1 April 2007 the B&B TOOLS Group is organised in three main operating areas:

- **Products.** Consists of the Group's Product Companies.
- **Services.** Contains the Group's operations for joint services in logistics, IT and administration.
- **Markets.** Consists of the Group's own Market Companies and the TOOLS chain, as well as Momentum.

The new Group structure will be reflected in the Group's external reporting starting with the Interim Report for the period 1 April –30 June 2007.

NET REVENUES AND OPERATING INCOME

BY OPERATING AREA¹

MSEK	Net Revenues 12 Months		Income ² 12 Months	
	2006/2007	2005/2006	2006/2007	2005/2006
Tools & machinery (Luna)	1,422	1,266	116	91
Personal protection equipment (Skydda)	865	720	87	68
Fastening elements (Essve)	717	561	58	39
Industrial & construction consumables (Grunda)	403	338	23	15
Workplace equipment (Gigant)	371	284	25	13
Bergman & Beving Integration	2,773	1,308	121	40
Industrial components (Momentum)	718	665	50	44
Bergman & Beving Development	283	277	6	0
Parent Company/Group functions/Consolidation eliminations ³	-729	-361	-43	-8
TOTAL	6,823	5,058	443	302

Net revenues – quarterly data		2006/2007				2005/2006			
MSEK		Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Tools & machinery (Luna)		393	387	325	317	336	341	293	296
Personal protection equipment (Skydda)		224	240	196	205	183	197	162	178
Fastening elements (Essve)		214	176	169	158	147	137	137	140
Industrial & construction consumables (Grunda)		108	109	93	93	82	89	84	83
Workplace equipment (Gigant)		108	108	72	83	85	75	56	68
Bergman & Beving Integration		1,008	722	537	506	415	353	261	279
Industrial components (Momentum)		204	181	160	173	179	173	148	165
Bergman & Beving Development		56	91	62	74	76	77	57	67
Parent Company/Group functions/ Consolidation eliminations ³		-246	-208	-138	-137	-120	-104	-69	-68
TOTAL		2,069	1,806	1,476	1,472	1,383	1,338	1,129	1,208

Operating income ² – quarterly data		2006/2007				2005/2006			
MSEK		Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Tools & machinery (Luna)		34	30	28	24	26	22	22	21
Personal protection equipment (Skydda)		24	26	17	20	16	20	16	16
Fastening elements (Essve)		19	13	13	13	8	8	10	13
Industrial & construction consumables (Grunda)		7	7	5	4	3	5	5	2
Workplace equipment (Gigant)		9	9	3	4	5	4	1	3
Bergman & Beving Integration		31	38	28	24	10	10	8	12
Industrial components (Momentum)		18	9	11	12	14	10	10	10
Bergman & Beving Development		2	3	0	1	0	1	0	-1
Parent Company/Group functions/ Consolidation eliminations ³		-17	-19	-2	-5	-5	-1	-3	1
TOTAL		127	116	103	97	77	79	69	77

¹ Comparative data have been adjusted for internal transfers of companies.

² Refers to operating income, not including items affecting comparability.

³ Includes Bergman & Beving Services in addition to the Parent Company and consolidation eliminations.

CONSOLIDATED INCOME STATEMENT

MSEK	Note	2006/2007	2005/2006
Net revenues	2, 4	6,823	5,058
Other operating revenues	3	6	18
Total operating revenues		6,829	5,076
Goods for resale		-4,355	-3,170
Personnel expenses		-1,187	-886
Depreciation, amortisation, impairment losses and reversal of impairment losses		-66	-74
Other operating expenses		-778	-640
Total operating expenses	4, 5, 6, 7, 8	-6,386	-4,770
Operating income		443	306
<i>– of which items affecting comparability</i>		–	4
Financial income		12	11
Financial expenses		-48	-26
Net financial items	9	-36	-15
Income after financial items		407	291
Taxes	11	-117	-81
Income after taxes, but before income from discontinued operations		290	210
Income from discontinued operations, net after taxes		–	-1
Net income for the year		290	209
Of which attributable to:			
The Parent Company's shareholders		288	207
Minority interest		2	2
Earnings per share, SEK			
– before dilution	21	10.35	7.45
– fully diluted basis	21	10.25	7.35
Earnings per share for continuing operations, SEK			
– before dilution	21	10.35	7.50
– fully diluted basis	21	10.25	7.40
Proposed/resolved dividend per share, SEK		4.00	3.50

CONSOLIDATED BALANCE SHEET

MSEK	Note	31 March 2007	31 March 2006
Assets			
Intangible non-current assets	12	1,033	504
Tangible non-current assets	13	500	419
Financial investments	15	1	1
Long-term receivables	16	12	5
Deferred tax assets	11	68	54
Total non-current assets		1,614	983
Inventories	17	1,268	868
Tax assets		49	33
Accounts receivable	18	1,165	790
Prepaid expenses and accrued income	19	81	51
Other receivables	16	74	53
Liquid funds		170	276
Total current assets		2,807	2,071
Total assets	4, 28, 29, 30, 33	4,421	3,054
Shareholders' equity and liabilities			
Shareholders' equity	20		
Share capital		57	57
Other contributed capital		71	71
Reserves		2	16
Retained earnings including net income for the year		1,109	941
Shareholders' equity attributable to the Parent Company's shareholders		1,239	1,085
Minority interest		12	13
Total shareholder's equity		1,251	1,098
Liabilities			
Long-term interest-bearing liabilities	22	600	27
Other long-term liabilities	26	136	48
Provisions for pensions	24	337	335
Other long-term provisions	25	15	24
Deferred tax liabilities	11	151	148
Total long-term liabilities		1,239	582
Short-term interest-bearing liabilities	22	266	310
Accounts payable		906	543
Notes payable		18	23
Tax liabilities		177	94
Other liabilities	26	132	97
Accrued expenses and prepaid income	27	427	303
Short-term provisions	25	5	4
Total current liabilities		1,931	1,374
Total liabilities	4, 28, 29, 30, 33	3,170	1,956
Total shareholders' equity and liabilities		4,421	3,054

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

MSEK	2006/2007	2005/2006
Translation differences during the year	-13	14
Cash flow hedges:		
Recognised directly in equity	0	3
Transferred to income statement	0	1
Transferred to acquisition value of hedged item	0	0
Taxes attributable to items recognised directly in equity	0	-1
Change in minority interest due to acquisition of companies	-2	-9
Net income recognised directly in equity, not including transactions with the Company's owners	-15	8
Net income for the year	290	209
Total recognised income and expenses, not including transactions with the Company's owners	275	217
Of which attributable to:		
The Parent Company's shareholders	275	224
Minority interest	0	-7
	275	217

See also Note 20.

CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	2006/2007	2005/2006
Current operations			
Income after financial items	37	407	291
Adjustment for items not included in cash flow	37	89	88
Income taxes paid		-65	-63
Cash flow from current operations before changes in working capital		431	316
Cash flow from changes in working capital			
Change in inventories		-107	15
Change in operating receivables		-115	-112
Change in operating liabilities		211	73
Changes in working capital		-11	-24
Cash flow from current operations		420	292
Investing activities			
Acquisition of intangible and tangible non-current assets		-135	-56
Sale of intangible and tangible non-current assets		34	7
Acquisition of subsidiaries/operating segment, net effect on liquidity	37	-618	-330
Sale of subsidiaries/operating segment, net effect on liquidity	37	27	103
Cash flow from investing activities		-692	-276
Cash flow before financing		-272	16
Financing activities			
Repurchase of own shares		-39	-
Conveyance of own shares upon redemption of personnel options		11	3
Sale of call options		5	-
Borrowing		574	283
Repayment of loans		-282	-108
Dividend paid to the Parent Company's shareholders		-97	-76
Dividend paid to minority interest		-2	-2
Cash flow from financing activities	37	170	100
Cash flow for the year		-102	116
Liquid funds at the beginning of the year		276	152
Translation difference in liquid funds		-4	8
Liquid funds at year-end	37	170	276

PARENT COMPANY INCOME STATEMENT

MSEK	Note	2006/2007	2005/2006
Net revenues	2	45	42
Other operating revenues	3	0	–
Total operating revenues		45	42
Personnel expenses		–55	–32
Depreciation, amortisation, impairment losses and reversal of impairment losses		–1	–1
Other operating expenses		–31	–19
Total operating expenses	5, 6, 8	–87	–52
Operating income		–42	–10
Result from financial items:			
Result from shares in Group companies	9	270	135
Result from other securities and receivables accounted for as non-current assets	9	41	13
Other interest income and similar items	9	1	1
Interest expense and similar items	9	–39	–10
Income after financial items		231	129
Year-end appropriations	10	13	3
Income before taxes		244	132
Taxes	11	–47	–37
Net income for the year		197	95

PARENT COMPANY BALANCE SHEET

MSEK	Note	31 March 2007	31 March 2006
Assets			
Non-current assets			
Tangible non-current assets	13	2	2
<i>Financial non-current assets</i>			
Shares in Group companies	35	856	887
Due from Group companies	14	1,656	713
Other long-term receivables	16	6	0
Deferred tax assets	11	10	6
Total financial non-current assets		2,528	1,606
Total non-current assets		2,530	1,608
Current assets			
<i>Short-term receivables</i>			
Due from Group companies		213	150
Other receivables		2	2
Prepaid expenses and accrued income	19	2	2
Total short-term receivables		217	154
Cash and cash equivalents		18	93
Total current assets		235	247
Total assets	29	2,765	1,855
Shareholders' equity, provisions and liabilities			
Shareholders' equity	20		
<i>Restricted equity</i>			
Share capital		57	57
Legal reserve		86	86
<i>Unrestricted equity</i>			
Retained earnings		574	604
Net income for the year		197	95
Total shareholders' equity		914	842
Untaxed reserves	36	137	149
Provisions			
Provisions for pensions and similar obligations	24	55	57
Total provisions		55	57
Long-term liabilities			
Liabilities to credit institutions	23	550	0
Due to Group companies		298	167
Other liabilities	26	0	10
Total long-term liabilities		848	177
Current liabilities			
Liabilities to credit institutions	23	198	257
Accounts payable		5	1
Due to Group companies		509	321
Tax liabilities		49	26
Other liabilities		20	4
Accrued expenses and prepaid income	27	30	21
Total current liabilities		811	630
Total shareholders' equity, provisions and liabilities	29	2,765	1,855
Pledged assets and contingent liabilities			
Pledged assets	33	2	34
Contingent liabilities	33	235	257

STATEMENT OF THE PARENT COMPANY'S RECOGNISED INCOME AND EXPENSES

MSEK	2006/2007	2005/2006
Financial assets available for sale:		
Revaluations recognised directly in equity	3	0
Group contributions rendered	-16	-39
Taxes attributable to items recognised directly in equity	4	11
Net income recognised directly in equity, not including transactions with the Company's owners	-9	-28
Net income for the year	197	95
Total recognised income and expenses, not including transactions with the Company's owners	188	67

See also Note 20.

PARENT COMPANY CASH FLOW STATEMENT

MSEK	Not	2006/2007	2005/2006
Current operations			
Income after financial items	37	231	129
Adjustment for items not included in cash flow	37	-12	3
Income taxes paid		-27	-34
Cash flow from current operations before changes in working capital		192	98
Cash flow from changes in working capital			
Change in short-term receivables and current liabilities to Group companies		185	83
Change in operating receivables		0	0
Change in operating liabilities		9	-19
Changes in working capital		194	64
Cash flow from current operations		386	162
Investing activities			
Acquisition of tangible non-current assets		0	-1
Sale of tangible non-current assets		0	0
Investments in/sales of subsidiaries	37	-2	36
Cash flow from investing activity		-2	35
Cash flow before financing		384	197
Financing activities			
Repurchase of own shares		-39	-
Conveyance of own shares upon redemption of personnel options		9	1
Sale of call options		5	-
Change in long-term receivables and liabilities to Group companies		-812	-297
Borrowing		550	259
Repayment of loans		-64	-2
Dividend paid		-97	-76
Group contributions rendered		-16	-39
Taxes on Group contributions		5	11
Cash flow from financing activities	37	-459	-143
Cash flow for the year		-75	54
Liquid funds at the beginning of the year		93	39
Translation difference in liquid funds		0	0
Liquid funds at year-end	37	18	93

RISKS AND OPPORTUNITIES

THE GROUP'S RISKS AND OPPORTUNITIES

Just like all other businesses, the B&B TOOLS Group's operations entail risks and opportunities. The purpose of risk management in the Group is to balance opportunities and risks in a conscious and controlled manner.

The Group is convinced that a decentralised approach creates an entrepreneurial spirit, where risk is always a natural component in the decision-making process. In order to create a unified consent on, and way of looking at how the businesses of the Group should approach risks and opportunities, the job of identifying and responding to the most significant risks is integrated into B&B TOOLS' strategic and operative planning process. The job of developing the risk management is a continuing one and as an element of these efforts a new internal audit function was established during the operating year.

B&B TOOLS describes its risks from three perspectives: strategic risks associated with market/sector, operational risks related to how the Group conducts its business and financial risks linked to the types of transactions the Group is involved in.

STRATEGIC RISKS ASSOCIATED WITH MARKET AND SECTOR

Market development/Economic situation

B&B TOOLS' customers consist mainly of industrial companies in Sweden, Norway and Finland. Based on the Group's partnerships with construction material resellers, construction companies are also an important customer group. The economic trend in industry and construction in the Nordic region therefore affects the Group's development. B&B TOOLS' sales consists to a major extent of industrial consumables and related services, which makes the dependency on industry's short-term willingness to invest low.

Competitive situation

As the structural transformation and consolidation in the sector progresses, the competitive situation also changes. Customers are increasingly striving to reduce the number of suppliers, and instead to initiate closer co-operation with the suppliers in the interest of jointly developing the value chain, thereby reducing the total cost (for purchasing, stocking, administration and tying up capital). There is a risk that new players with financial strength grow stronger in the ongoing consolidation process. B&B TOOLS has chosen to take a proactive role in this consolidation and acts, both in the form of a clear acquisition strategy and focus on internal efficiency throughout the entire value chain, which in the future will be crucial factors for success.

Consolidation among customers

In the area of tools and consumables, the Group's customers consist of resellers and end customers in the industrial and construction sectors, and to a certain degree in the DIY (Do-It-Yourself)/private market. Restructuring is in progress among resellers, where chain constellations are growing stronger relative to end customers and also relative to manufacturers. The competition among resellers has increased as a result of the entry of international players on the Swedish market, especially in the DIY sector. This trend indicates continued consolidation in all sectors among resellers (DIY/Construction/Industry). B&B TOOLS is actively participating in the consolidation process among industrial resellers via the TOOLS chain and cultivates the construction and DIY market via partnerships.

OPERATIONAL RISKS

Dependent on strong global brands

An increasingly common phenomenon is that foreign manufacturers use several distributors in a local market. This so-called multi-distribution often leads to pricing pressures and declining profitability among distributors. It is therefore critical for a distributor to gain control over the brands in demand by end customers in different product niches and to foster close cooperation with manufacturers with strong, well-established brand names. B&B TOOLS' presence in the entire value chain gives strength, both in terms of capturing the actual needs of customers and as an interesting partner for global brand names attempting to break into the Nordic market.

Contract manufacturing

B&B TOOLS has as its strategy not to own its own manufacturing capacity, but works actively to evaluate and select contract manufacturers, primarily in Asia, that can offer the most cost-effective manufacturing of the Group's proprietary brands. This minimises the Group's risk of being hit by costs for over-capacity in the event market demand for a specific product were to diminish. At the same time the risk increases that B&B TOOLS' Code of Conduct is not observed with respect to work environment, for example. The Group's businesses therefore endeavour to work only

with manufacturers who accept the Group's Code of Conduct, and who manage to pass the regular follow-up reviews the Group companies conduct on location.

Raw material prices

Steel is an important component in many of the products sold by the Group. Rapid and sharp raw material price fluctuations can thus impact the Group's earnings in the short term. Longer term, the Group's companies are subject to the same premises for adaptation as other players in the market, which limits the risk for raw materials price changes.

Disasters at logistics centres

B&B TOOLS' logistics and IT function is located primarily at two major units in Alingsås and Ulricehamn. A fire at one of these locations would have serious repercussions on the capacity to make deliveries to customers. Preventive actions are being taken to avoid disasters in the form of fire and destruction. Insurance coverage has been obtained for property damage and loss of income due to interruption (consequential losses).

Product liability risk

The Group conducts business that gives rise to normal product liability exposure. The largest exposure to product liability is believed to be in the United States market, where the Group has very limited sales. The Group has insurance coverage for product liability.

Environmental risks

The Group's business is mainly in commerce and distribution. Environmental impact is therefore related mainly to transportation and packaging. Constantly working to streamline the flow of goods through the value chain, thereby minimising the environmental impact is natural since it is a part of the core business. Several of the companies in the Group are certified in accordance with the ISO 14000 standard.

Credit risks

B&B TOOLS is subjected to normal credit risks in its customer relationships. In order to minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for each individual customer. The fact that none of the Group's customers account for more than 3 percent of the Group's sales limits the extent of the risk.

Competency risks

As the Group evolves in the direction of the vision – First in MRO – the customers' demands will grow ever higher for a partner with the ability – creatively and with high competence – to develop comprehensive solutions that meet their defined needs. It is therefore very important for B&B TOOLS to be able to recruit and develop the most competent associates. Responsibility for this rests with the operative management. During 2007 there are also major initiatives to train all of the Group's associates.

FINANCIAL RISKS

Exchange rate fluctuations

A major portion of the Group's purchases are made in foreign currency, while sales are in local currency in the countries where the Group conducts business. The Group's large net outflow currencies are EUR, TWD and USD, while large net inflows are denominated in NOK. In an effort to reduce the exposure to exchange rate fluctuations, foreign exchange forward contracts are concluded for parts of the expected outflows and inflows for a period that corresponds to the period of time during which the current price list remains in effect. Large exchange rate changes can thus have short-term effects on the Group's earnings. In the longer term the Group seeks competitive total solutions in the market where the currency is just one of many parameters.

Interest rate changes

The Group's net liability refers to a large part to the liability for defined benefit pension plans financed through the PRI system. The interest rate for PRI liabilities is a factor of uncertainty. In all other respects, the Group's borrowing and lending is managed on a short-term basis on market terms. Derivate instruments are used to hedge future interest levels on the Group's borrowing.

For more detailed information about financial risks and risk management, refer to Note 30 on pages 73–74.

NOTES

Amounts in MSEK unless otherwise specifically noted.

Revenue is reported with a positive sign and costs with a negative sign. Both assets and liabilities are reported with a positive sign. Interest-bearing net receivables/liabilities are reported with a positive sign where it is a receivable and with a negative sign where it is a liability.

Accumulated depreciation and amortisation and accumulated impairment losses are reported with a negative sign. The following applies to the Annual Report: 2004/2005 – 2006/2007 are prepared in accordance with IFRS and 2001/2002 – 2003/2004 in accordance with previous Swedish Generally Accepted Accounting Principles (Sw. GAAP). Recommendations of the Swedish Financial Accounting Standards Council are designated RR.

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NOTE 1

ACCOUNTING PRINCIPLES

Conformity with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and interpretation statements from International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU commission for application in the EU. Recommendation RR 30:05 *Supplementary Accounting Regulations for Groups* of the Swedish Financial Accounting Standards Council has also been applied.

The Parent Company applies the same accounting principles as the Group, except in the cases stated below under the section Parent Company Accounting Principles. Discrepancies that do exist between the Parent Company's and the Group's principles are prompted by limitations in applying IFRS to the Parent Company as a result of the Swedish Annual Accounts Act (ÅRL) and the Swedish Act on Securing Pension Obligations, and in certain cases for tax reasons.

The financial reports encompass pages 28-79 The consolidated financial statements and the Annual Accounts of the Parent Company have been approved for publication by the Board of Directors 18 June 2007. The Group's and the Parent Company's income statements and balance sheets are subject to approval by the Annual General Meeting of Shareholders to be held 30 August 2007.

Prerequisites when preparing the Parent Company's and the Group's financial reports

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts, unless otherwise specifically stated, are rounded to the nearest million. Assets and liabilities are recognised at historical acquisition values, except for certain financial assets and liabilities which are valued at fair value. Financial assets and liabilities valued at fair value consist of derivative instruments, financial assets classified as financial assets valued at fair value in the income statement, or as financial assets available for sale.

Preparing the financial reports in accordance with IFRS requires that the management makes judgements and estimates, and make assumptions that affect the application of accounting principles and the recognised amounts of assets, revenue and costs. The actual outcome may differ from these estimates and judgements.

The estimates and assumptions are reviewed on a regular basis. Changes in estimate are recognised in the period when the change is made, where the change affects this period only, or in the period when the change is made and in future periods where the change affects the current period as well as future periods.

By events after the balance sheet date are meant favourable as well as unfavourable events that occur between the balance sheet date and the date in the beginning of the next following financial year when the financial reports are signed by the members of the Board of Directors. Information is provided in the Annual Report about any significant events after the balance sheet date that are not accounted for when the balance sheets and the income statements were adopted. Only such events that confirm circumstances prevailing at the balance sheets date are taken into account at the time of adoption of the financial statements.

Non-current assets and disposal groups as held for sale are recognised at the lower of previously recognised value and fair value, after deduction of selling costs.

Set-off of receivables and liabilities and of revenue and costs occurs only where required, or is expressly permitted in an accounting recommendation.

The stated accounting principles for the Group have been consistently applied for all periods presented in the Group's financial reports, unless otherwise specifically stated. The new accounting principles were explained when the opening consolidated balance sheet in accordance with IFRS as of 1 April 2004 were prepared. The Group's accounting principles have been consistently applied in reporting and consolidating the Parent Company and subsidiaries.

Accounting principle changes

Starting with the 2006/2007 financial year, the format of the income statement is switched from classification by function to classification by type of cost. All comparative data have been adjusted to reflect this change. The change has been made because classification by type of cost is more consistent with the nature of the business and the internal management reporting.

Changes primarily in IAS 19 *Employee Benefits* have meant expanded disclosures about the Group's pension commitments.

Early adoption of during the 2006/2007 financial year newly issued or revised IFRS and interpretations

No newly issued IFRS or interpretations were subject to early adoption.

New or revised IFRS that will be adopted in coming periods

Management is of the opinion that no material effects will arise with respect to earnings or financial position upon adoption of new or amended IFRS and interpretations. The new standard IFRS 7, together with related amendments of IAS 1, will entail additional disclosures about the Group's financial instruments and equity.

Segment reporting

A business segment is a part of the Group that is identifiable in terms of accounting: that either provides products or services to different customer groups (operating areas) or products and services in a certain economic environment (geographic area); that is subject to similar risks and opportunities; and that differs from other segments.

In accordance with IAS 14, segment information is provided for the Group only.

Classification, etc.

Non-current assets and long-term liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid more than twelve months from the balance sheet date. Current assets and short-term liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Parent Company has a controlling influence. Subsidiaries are recognised in accordance with the purchase method of accounting. This method means that the acquisition of a subsidiary is viewed as a transaction where the Group indirectly acquires the assets of the subsidiary and assumes its debt and contingent liabilities. The acquisition value to the Group is determined by an acquisition analysis in conjunction with the acquisition of the business. In this analysis the acquisition values of the shares or the business, as well as the fair values of acquired identifiable assets, and assumed liabilities and contingent liabilities, are determined. The difference between the acquisition value of the shares in the subsidiary and the fair value of acquired assets, assumed liabilities and contingent liabilities constitutes consolidated goodwill.

The financial reports of subsidiaries are consolidated from the time of acquisition until the date when the controlling influence ceases to exist.

Transactions eliminated in consolidation

Intra-Group receivables and liabilities, revenue or costs, and unrealised gains or losses arising in intra-Group transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are restated to the functional currency using the exchange rate prevailing on the day of the transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate prevailing on the balance sheet date. Foreign exchange rate differences that arise in conversions are recognised in the income statement. Non-monetary assets and liabilities recognised at historical acquisition values are converted at the rate of exchange rate prevailing at the time of the transaction.

Financial reports of foreign entities

Assets and liabilities in foreign entities, including goodwill and other consolidation surplus values and deficits, are converted to Swedish kronor at the exchange rate prevailing at the balance sheet date. Revenue and costs in a foreign entity are converted to Swedish kronor at the average exchange rate. Translation differences arising as a result of the recalculation of a foreign net investment and related effects of hedging of net investments are recognised directly in equity as a translation reserve. When a foreign entity is sold the accumulated translation differences attributable to the entity, after deduction for any foreign currency hedging, are realised in the consolidated income statement.

At the time of adopting IFRS, the choice was made to zero out the accumulated translation differences in foreign entities attributable to the time before 1 April 2004.

Revenue

The Group's revenues essentially consist of sale of goods and services.

Sale of goods

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards associated with ownership of the goods have been transferred to the buyer, i.e. typically in connection with delivery. Revenue is not recognised if it is probable that the economic rewards will not inure to the benefit of the Group.

Service assignments

Revenue from service assignments is normally recognised when the service is performed. Revenue from service assignments is recognised in accordance with the principles for so-called percentage of completion. The degree of completion is normally determined based on the relationship between sunk expenditure on the balance sheet date and the estimated total expenditure. A probable loss is recognised immediately in the consolidated income statement.

Rental income

Rental income from real estates is recognised on a straight-line basis in the income statement based on the terms of the lease. The aggregate cost of benefits provided is recognised as a reduction of rental income on a straight-line basis over the term of the lease.

Operating expenses and financial income and expense

Operating leases

Costs related to operating leases are recognised on a straight-line basis in the income statement over the term of the lease. Benefits received in connection with signing a contract are recognised as a part of the total leasing cost in the income statement. Variable fees are expensed in the periods when they arise.

Financial leases

Minimum leasing fees are allocated to interest expense and repayment of the outstanding liability. The interest cost is allocated over the leasing period in such a way that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported for each respective period. Variable fees are expensed in the periods when they arise.

Financial income and expense

Financial income and expense consist of interest income on bank funds and receivables and interest-bearing securities and interest expense on loans, dividend income, exchange rate differences and unrealised and realised gains on financial investments.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest rate method. The effective interest rate is the rate that makes the present value of all estimated future payments during the expected period of fixed interest rate equal to the recognised value of the receivable or the liability.

Interest expense includes accrued and deferred amounts of issuing costs and similar direct transaction costs in connection with borrowing.

Dividend income is recognised when the right to receive payment has been determined.

The Group does not capitalise interest in the acquisition values of assets.

Financial instruments

Financial instruments are valued and recognised in the Group in accordance with the rules in IAS 39. Financial instruments recognised among assets in the balance sheet include liquid funds, accounts receivable, advance payments to suppliers and derivatives. Liabilities include accounts payable, loan liabilities, advance payments from customers and derivatives.

Recognised in and removal from the balance sheet

A financial asset or a financial liability is recorded in the balance sheet when the company becomes party to the contractual terms of the instrument in question. A financial asset, or a part of a financial asset, is removed from the balance sheet when the rights in the contract are realised, fall due or the company loses control over it. A financial liability, or a part of a financial liability, is removed from the balance sheet when the obligation in the contract is fulfilled, or when the liability is extinguished in some other way.

A financial asset or a financial liability is offset and recognised as a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the items with a net amount, or to realise the asset and settle the liability simultaneously.

Acquisition and disposal of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or sell assets.

Classification and valuation

Financial instruments that are not derivatives are initially recognised at acquisition value, equivalent to the fair value of the instrument. A financial asset's classification determines how it should be valued after the first recording occasion. The Group classifies its financial instruments based on the purpose for which the instrument was acquired. Management determines the classification on the first recording occasion. The Group's holdings of financial instruments are classified as follows:

Shares among financial non-current assets refer to holdings that are not listed in an active market and are classified as asset available for sale. According to the main rule, these assets are valued at fair value after the time of acquisition with changes in value carried to equity. If there is objective evidence of a need for an impairment charge, an accumulated loss recorded in equity is transferred to the income statement. Holdings that are not listed, and whose fair value cannot be calculated in a reliable manner, are recognised at acquisition value, however, with a possible adjustment if a impairment charge is warranted.

Long-term receivables among non-current assets and accounts receivable among current assets are non-derivative financial assets with fixed payments, or payments that can be determined, and which are not listed on an active market. After the time of acquisition, such assets are recognised at accrued acquisition value using the effective interest rate method, less any provision for loss of value.

Derivative instruments are initially recognised at fair value. Derivative instruments that are not identified as hedges are after the time of acquisition recognised at fair value with changes in value carried to the income statement, i.e. according to the rules for financial instruments held for trading.

Derivative instruments held as hedges are interest swap agreements, interest cap and interest options (swaptions) and foreign exchange forward contracts and are valued at fair value after the time of acquisition. In order to fulfil the requirements for hedge accounting, there must be a clear link to the hedged item, that the hedge effectively protects the hedged item, that hedging documentation has been drawn up and that the effectiveness can be measured.

After the initial recording, derivative instruments are valued at fair value and the method of recognising a change in value depends on the character of the item hedged. The Group identifies certain derivatives as either, i), a hedge of fair value of an identified asset or liability or a binding undertaking (real hedging), or, ii), a hedge of a highly probable prognosticated transaction (cash flow hedging).

Changes in the fair value of derivatives identified as hedges of fair value are recognised in the income statement together with changes in fair value of the asset or liability that gave rise to the hedged item.

The effective part of changes in the fair value of derivative instruments identified as cash flow hedges are recognised in equity. Any gain or loss attributable to the ineffective part is recognised immediately in the income statement. Accumulated amounts in equity are reversed to the income statement in the periods when the hedged item affects income (e.g. when the prognosticated sale that is hedged takes place). Where the prognosticated transaction that is hedged results in recognising a non-financial asset (e.g. inventories or a tangible non-

current asset), or a non-financial liability the hedge reserve is dissolved in equity and included in the first recognised value of the asset or liability.

Investments in foreign subsidiaries (net assets including goodwill) have been hedged to a certain extent by borrowing in the corresponding currency. Such investments are carried at the exchange rate prevailing at the balance sheet date.

Financial liabilities are initially recognised at fair value after deduction of transaction costs. Borrowing is then recognised at accrued acquisition value and any difference between the amount borrowed (net after transaction costs) and the recovery amount is recognised in the income statement distributed over the borrowing period with application of the effective interest rate method. Borrowing is classified as current liabilities unless the Company has an unconditional right to defer payment by at least 12 months after the balance sheet date.

The Group has not initially classified any assets or liabilities as financial assets or liabilities valued at fair value via the income statement, nor does it have any financial assets or liabilities held for trading. Nor has the Group held any financial investments to be held to maturity during the financial year.

Tangible non-current assets

Owned assets

Tangible non-current assets are recognised as assets in the balance sheet if it is probable that future economic advantages will inure to the Company's benefit and the acquisition value of the asset can be calculated in a reliable manner.

Tangible non-current assets are recognised in the Group at acquisition value, less accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable for the purpose intended with its procurement. Examples of directly attributable costs included in the acquisition value are costs for shipping and handling, installation, legal ratification, consulting services and legal services.

Tangible non-current assets that consist of parts with different periods of utilisation are treated as separate components of tangible non-current assets.

The recognised value of a tangible non-current asset is removed from the balance sheet upon disposal or sale, or when no future economic benefits are expected to be derived from use or disposal/sale of the asset. Gains or losses that arise upon sale or disposal of an asset are defined as the difference between the selling price and the recognised value of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expense.

Leased assets

IAS 17 is applied to leased assets. Leases are classified either as financial or operating leases. Leases where substantially all of the economic risks and rewards associated with ownership have been transferred to the lessee are classified as financial leases. Where that is not the case, the lease is an operating lease.

Additional expenditure

Additional expenditure is added to the acquisition value only to the extent it is probable that the future economic benefits associated with the asset will inure to the benefit of the Group and the acquisition value can be calculated in a reliable manner. All other additional expenditure is recognised as an expense in the period when it arises.

Depreciation principles

Assets are depreciated on a straight-line basis over their estimated period of use. Land is not depreciated. The Group applies component depreciation, which means that depreciation is based on the estimated period of use of individual components.

Estimated periods of use:

Buildings, property used in operations	10–100 years
Land improvements	20 years
Leasehold improvements	3–5 years
Machinery	3–10 years
Equipment	3–5 years

Property used in operations consists of a number of components with varying periods of use. The main classification is buildings and land. The land component is not depreciated since its period of use is considered to be unlimited. Buildings, however, consist of a number of components for which the period of

use varies. The periods of use have been deemed to vary between 10 and 100 years for these components.

The following main groups of components have been identified and constitute a basis for depreciation of buildings:

Core	100 years
Core improvements, inner walls, etc.	50 years
Installations: heating, electricity, water and sanitation, ventilation, etc.	10–50 years
Outer surfaces: facing, roofing, etc.	10–50 years
Inner surfaces, machinery equipment, etc.	10–15 years
Building equipment	5–10 years

Assessment of the residual value and period of use of assets is made on an annual basis.

Intangible non-current assets

Goodwill

Goodwill represents the difference between the acquisition value for a corporate acquisition and the fair value of the acquired assets, assumed debt and contingent liabilities.

In the transition to IFRS, the Group has applied IFRS retroactively from 1 June 2002 to goodwill in acquisitions before 1 April 2004. The classification and accounting procedures of corporate acquisitions before 1 June 2002 have not been re-assessed in accordance with IFRS 3 when preparing the consolidated opening balance in accordance with IFRS as of 1 April 2004.

Goodwill is valued at acquisition value, less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is no longer amortised. Tests are instead performed on an annual basis to determine if assets have suffered any impairment.

For corporate acquisitions where the acquisition cost is less than the net value of acquired assets and assumed debt and contingent liabilities, the differences are carried directly to the income statement.

Other intangible assets

Other intangible assets acquired by the Group are recognised at acquisition value, less accumulated amortisation and impairment losses. Also included here are capitalised IT expenditure for development and purchase of software. Sunk costs for internally generated goodwill and internally generated trademarks are recognised in the income statement when the cost is incurred.

Additional expenditure

Additional expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only to the extent it increases the future economic benefits for the specific asset to which it is attributable. All other expenditure is expensed as incurred.

Amortisation

Amortisation is recorded in the income statement on a straight-line basis over the estimated period of use of intangible assets, unless such period of use is indefinable. Goodwill and intangible assets, for example certain trademarks, with an indefinable period of use are tested on an annual basis for any indications of impairment, or as soon as there are indications that the asset in question has suffered a loss of value. Intangible assets subject to amortisation are amortised from the date when they are available for use.

The estimated periods of use are:

Trademarks, Supplier contracts,	
Customer relationships	3–10 years
Software, IT investments	3–5 years

Inventories

Inventories are valued at the lower of acquisition value and net realisable value. Net realisable value is the estimated selling price in on-going operations, after deduction of estimated costs for completion and for accomplishing a sale.

The acquisition value of inventories is calculated by applying the “first-in-first out method” (FIFO) and includes expenditure arising at the acquisition of the inventory assets and transportation thereof to their current location and state.

Impairment of assets

The recognised value of the Group's assets is tested on each balance sheet date in order to determine if there are any indications of impairment. An exception is made for assets available for sale and disposal groups recognised in accordance with IFRS 5, property under management, inventories, assets under management used for financing compensation to employees and deferred tax assets. If there is any indication of impairment, the recoverable value of the asset is calculated. The value of exempted assets as above the valuation is tested in accordance with each respective standard.

The recoverable value of goodwill and intangible assets not yet ready for use is calculated annually.

Where it is not possible to allocate essentially independent cash flows to an individual asset, assets are grouped to the lowest level where essentially independent cash flows can be determined (a so-called cash-generating unit). An impairment loss is recognised when an asset's or a cash-generating unit's recognised net assets exceed the recovery value. Such an impairment loss is charged to the income statement.

Impairment losses of assets attributable to a cash-generating unit are in the first instance allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

Calculation of recoverable value

The recoverable value of assets belonging to the categories held-to-maturity investments, loans and accounts receivable recognised at accrued acquisition value is calculated as the present value of future cash flows discounted using the effective interest rate prevailing when the asset was first recognised. Assets with short remaining term are not discounted.

The recovery value of other assets is the higher of fair value, less selling costs and the value in use. Future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset for the purpose of calculating the value in use. For an asset that does not generate cash flows which are essentially independent of other assets, the recovery value is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses on held-to-maturity investments, or loans and accounts receivable recognised at accrued acquisition value, are reversed if a later increase of the recovery value can objectively be attributed to an event that occurred after the impairment loss was charged.

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recovery value was based.

An impairment loss is reversed only to the extent the recognised value of the asset after the reversal does not exceed the recognised value the asset would have had if no impairment loss had been charged, taking into account the amortisation that would then have been made.

Shareholders' equity

The Group's equity can be divided into share capital, other capital contributed, reserves, retained earnings including net income for the year and minority interest.

Repurchase of own shares

The holding of own shares in treasury and other equity instruments is recognised as a reduction of shareholders' equity. The acquisition of such instruments is recognised as a deduction item against shareholders' equity. Proceeds from the sale of equity instruments are recognised as an increase in shareholders' equity. Any transaction costs are recognised directly in equity.

Dividends

Dividends are recognised as a liability after the General Meeting of Shareholders has approved the dividend.

Earnings per share

Calculation of earnings per share is based on consolidated net income for the year attributable to the Parent Company's shareholders and on the weighted number of shares outstanding during the year. When calculating earnings per share on a fully diluted basis, the average number of shares outstanding is adjusted by taking into account the theoretical dilution of the number of shares outstanding, which during reported periods is attributable to personnel options, and call options issued to employees.

Employee benefits

Defined contribution pension plans

Obligations relating to fees for defined contribution pension plans are recognised as an expense in the income statement when it occurs.

Defined benefit pension plans

The Group's net obligations relating to defined benefit pension plans are calculated separately for each plan in the form of an estimate of the future compensation that the employee has earned as a result of his/her employment in both the current and prior periods.

The calculations are performed by a qualified actuary using the so-called projected unit credit method. Commitments are then valued at the present value of expected future payments with due consideration to future salary increases. The discount rate used is the interest on the balance sheet date on an investment grade corporate bond with a term equivalent to the Group's pension commitments. When there is no active market for such corporate bonds, the market rate for government bonds with an equivalent term is used. In the cases of funded plans, the fair value of plan assets reduces the calculated value.

When the calculation leads to an asset for the Group, the recognised value of the asset is limited to the net of unrecognised actuarial losses and unrecognised costs for service during prior periods and the present value of repayments from the plan, or reduced future payments into the plan.

Obligations for retirement pension to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. Obligations for family pensions are secured by insurance in Alecta, however. These obligations are also of the defined benefit type, although the Company has not had access to the information necessary to recognise these obligations as a defined benefit plan. These pensions secured by insurance in Alecta are therefore recognised as defined contribution plans. As of 31 December 2006, Alecta's surplus in the form of collective solvency margin was 143 percent (2005: 129 percent). The collective solvency margin is defined as the market value of Alecta's assets in percent of the insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond to IAS 19. Alecta's surplus can be distributed to the policy holders and/or the insured.

When the benefits under a plan are improved, the proportion of the increase in benefits pertaining to the employee's service during prior periods is recognised as a cost in the income statement, distributed on a straight-line basis over the average period until the benefits are fully vested. Where the benefits are fully vested, the cost is recognised in the income statement directly.

All actuarial gains and losses as of 1 April 2004, the date for adoption of IFRS, have been recognised. The so-called corridor rule is applied for actuarial gains and losses arising when the Group's obligations for different plans are calculated after 1 April 2004. Under the corridor rule, the portion of the accumulated actuarial gains and losses that exceed 10 percent of the greater of the obligations' present value and the fair value of plan assets is recognised in the income over the expected average remaining service period of the employees covered by the plan. No other actuarial gains and losses are taken into account.

When there is a difference between how the pension cost is determined in a legal entity and the Group, a provision or a receivable is recognised relating to special payroll tax based on this difference. Such provision or receivable is not subject to present value calculation.

Benefits in case of termination

In connection with termination of personnel, a provision is set aside only where the company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary termination. In the latter case, a liability and

a cost is recognised where it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based payments

A personnel option programme that makes it possible for the employees to acquire shares in the Company has been issued. The fair value of options awarded has been recognised as a personnel cost with a corresponding increase in shareholders' equity. The fair value was calculated at the time when the options were awarded and is distributed over the vesting period. The fair value of options awarded is calculated using the Black & Scholes model and due consideration is given to the terms and circumstances prevailing at the time when the options were awarded. B&B TOOLS' personnel option program contains no other significant terms and conditions than that the recipient still must be an employee at the end of the vesting period.

Social benefit costs attributable to share-based instruments to employees as compensation for purchased services are expensed and distributed to the periods during which the services were performed. The provision for social benefit costs is based on the fair value at the time of reporting. Fair value is calculated using the same valuation model used when the options were issued.

During September 2006 a call option programme was issued to the Group's employees. A market premium was paid for the options, so no personnel costs arose at the time options were awarded. However, the terms and conditions includes that the employee will receive a certain subsidy for premiums paid, to be disbursed to the employee 30 September 2008 subject to certain conditions. The cost of the subsidy is distributed over the period earned until 30 September 2008.

Provisions

A provision is recognised in the balance sheet where the Group has a legal or informal obligation as a consequence of a transpired event and where it is probable that an outflow of economic resources will be required to settle the obligation, and an accurate assessment of the amount can be made. Where the effect of the timing of the payment is significant, provisions are calculated based on discounting the expected future cash flow at an interest rate before taxes that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and compilation of possible outcomes in relation to the probabilities associated therewith.

Restructuring

A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either begun, or been publicly announced. No provisions are set aside for future operating costs.

Loss contracts

A provision for loss contracts is recognised when the expected benefits that the Group expects to receive from a contract are lower than the inevitable costs to fulfil the obligation in accordance with the contract.

Taxes

Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in the income statement, except when the underlying transaction is recognised directly against equity, in which case the associated tax effect is also recognised against equity.

Current taxes are taxes to be paid or refunded relating to the current year, with application of the tax rates resolved, or in practice resolved, as of the balance sheet date. Also included are adjustments of current taxes attributable to prior periods.

Deferred taxes are calculated in accordance with the balance sheet method based on temporary differences between recognised values and values for tax purposes of assets and liabilities. Temporary differences arising in accounting for consolidated goodwill are not taken into account. Nor are temporary differences attributable to shares in subsidiaries not expected to be reversed within the

foreseeable future. The valuation of deferred taxes is based on how the recognised values of assets or liabilities are expected to be realised or settled. Deferred taxes are calculated using the tax rates and tax rules resolved, or in practice resolved, as of the balance sheet date.

Deferred tax assets relating to deductible temporary differences are recognised only to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it no longer is deemed probable that it will be possible to utilise them.

Contingent liabilities

A contingent liability is recognised when there is a possible undertaking emanating from events that have occurred and the existence of which are confirmed only by the occurrence of one or more future uncertain events, or when there is an undertaking not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

Non-current assets held for sale and discontinued operations

The purport when a non-current asset (or disposal group) is classified as held for sale is that its recognised value will essentially be recovered through a sale and not through use.

A discontinued operation is a part of a company's operations that represents an independent operating sector, or a significant business within a geographic area, or is a subsidiary acquired solely for the purpose of being re-sold.

Classification as a discontinued operation occurs upon sale or at an earlier point in time when the operation fulfils the criteria of being classified as held for sale. A disposal group that is to be closed can also qualify for classification as discontinued operations, if it fulfils the criterium for size as outlined above.

Cash flow statement

Payments have been divided into categories: current operations, investing activities and financing activities. The indirect method is used for flows from current operations.

The changes of operating assets and operating liabilities for the year have been adjusted for effects of exchange rate fluctuations. Acquisitions and disposals are recognised in investing activities. The assets and liabilities held by the entities acquired and sold at the time of change are not included in the statement of changes in working capital, nor in the changes of balance sheet items recognised in investment and financing activities.

Liquid funds include cash and bank flows and also short-term investments, the conversion to bank funds of which can occur at a beforehand essentially known amount. Liquid funds include short-term investments with a term of less than three months.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company has prepared its Annual Accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RR 32:05 *Accounting for legal entities* of the Swedish Financial Accounting Standards Council. RR 32:05 stipulates that the Parent Company in the Annual Accounts for the legal entity should apply all IFRS and statements as approved by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act and with due consideration to the relationship between accounting and taxation. The recommendation states the exceptions from and additions to IFRS to be made. As stated below, the opportunity has also been utilised to apply already in 2006/2007 a rule in recommendation RR 32:06 that would otherwise apply from year 2007/2008.

In all, this results in differences between the Group's and the Parent Company's accounting principles in the areas indicated below.

Subsidiaries

Shares in subsidiaries are recognised in the Parent Company in accordance with the acquisition value method. As income is recognised only dividend income on the condition that the income is derived from earnings earned after the acquisition. Dividends in excess of such earned income is regarded as a repayment of the investment and reduces the value of the shares.

Tangible non-current assets

Leased assets

All leasing contracts in the Parent Company are recognised in accordance with the rules for operating leases.

Employee benefits

Other bases for calculation of defined benefit pension plans are used in the Parent Company than those set out in IAS 19. The Parent Company complies with the provisions of the Swedish Act on Securing Pension Obligations and the directives of the Financial Supervisory Authority since this is a condition for tax deductibility. The most important differences compared to the rules in IAS 19 is how the discount interest rate is determined, that the calculation of the defined benefit obligation takes place based on the current salary level without assumption of future salary increases, and that all actuarial gains and losses are recognised in the income statement as they arise.

Taxes

In the Parent Company untaxed reserves are recognised including deferred tax liability. In the consolidated financial statements, on the other hand, untaxed reserves are divided into deferred tax liability and equity.

Group contributions and shareholder contributions for legal entities

The Company recognised group contributions and shareholder contributions in accordance with the statement of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council. Shareholder contributions are carried directly to the recipient's equity and are capitalised in the form of shares with the donor, to the extent an impairment loss is not necessary. Group contributions are recognised according to economic purport. This means that group contributions rendered for the purpose of minimising the Group's total taxes are carried directly to retained earnings after deduction of their current tax effect.

Group contributions in lieu of dividends are reported as dividends. This means that a group contribution received and its current tax effect are recognised via the income statement. Group contributions rendered and their current tax effect are carried directly to retained earnings.

Group contributions in lieu of shareholder contributions are recognised by the recipient directly against retained earnings, taking the current tax effect into account. The donor recognises the group contribution and its current tax effect as an investment in shares in group companies, to the extent an impairment loss is not necessary.

Financial guarantee agreements

The Parent Company has elected not to apply the provisions in IAS 39 about financial guarantee agreements on behalf of subsidiaries in accordance with RR 32:06.

NOTE 2

DISTRIBUTION OF NET REVENUES

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Net revenues				
Sales of goods	6,718.9	4,950.0	–	–
Service assignments	58.9	62.7	44.6	42.2
Rental income	6.5	7.6	–	–
Commissions, bonuses and similar revenues	38.8	37.7	–	–
Total	6,823.1	5,058.0	44.6	42.2

Revenues in the Parent Company refer to intra-Group services in an amount of MSEK 44.6 (42.2).

NOTE 3

OTHER OPERATING REVENUES

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Exchange rate gains on receivables/liabilities of an operating character	–	6.3	–	–
Grants from EU, central and local government	0.1	0.5	–	–
Insurance indemnification	0.5	0.2	–	–
Capital gain, intangible non-current assets	0.9	–	–	–
Capital gain, tangible non-current assets	4.0	1.4	–	–
Capital gain, leased non-current assets	0.0	0.0	–	–
Capital gain, financial non-current assets	–	7.0	–	–
Other	0.3	2.9	0.1	–
Total	5.8	18.3	0.1	–

NOTE 4

SEGMENT REPORTING

Operating areas are reported as primary segments and division by geographic markets is shown as secondary segments.

The classification as operating areas reflects the internal organisation and accounting structure and is hence the basis for management of the Group.

The grouping of markets made reflects the natural definition of markets in the Group.

The accounting principles for operating areas are identical to those described under Accounting principles in Note 1. The B&B TOOLS Group's intra-Group transfer pricing is on market terms.

A. PRIMARY SEGMENT – OPERATING AREAS

Luna markets tools and machinery to the industrial and construction sectors.

Skydda offers solutions for personal protection to professional users in industry and construction.

Essve is a comprehensive supplier in fastening, sealing and electric hand tools for the construction, industrial and DIY (do-it-yourself) sectors.

Grunda sells consumables to the construction, industrial and real estate markets in Sweden and Norway.

Gigant markets solutions and components in the field of ergonomic workplace equipment to industry.

Bergman & Beving Integration is responsible for the Group's integration forward in the value chain, including development of concepts for partner relationships, operation of the Nordic Region's leading industrial reseller chain – TOOLS and management and development of reseller businesses owned by the Group (Market Companies).

Momentum markets industrial components and related services to the process and vehicle industries.

Bergman & Beving Development is comprised of companies in an early phase of development, or with business outside the Group's core areas.

Discontinued operations are comprised of businesses sold and/or discontinued during the 2004/2005 financial year and consist of subsidiaries ANA Kalto AB and Jaktia AB, business area Bergman & Beving MediTech (not including former subsidiary Nordiska Dental AB) and the businesses in ANA Ädelmetall AB and AB Kaltoplast.

Parent Company/Group functions/Consolidation eliminations include – aside from the Parent Company and consolidation eliminations – Bergman & Beving Products AB and the Bergman & Beving Services group.

NOTE 4, CONT'D

Net revenues	2006/2007			2005/2006		
	External	Internal	Total	External	Internal	Total
Tools & machinery (Luna)	1,195.0	226.9	1,421.9	1,163.1	102.6	1,265.7
Personal protection equipment (Skydda)	701.3	164.1	865.4	630.4	89.4	719.8
Fastening elements (Essve)	650.7	66.4	717.1	533.6	27.8	561.4
Industrial & construction consumables (Grunda)	298.7	104.5	403.2	271.6	65.9	337.5
Workplace equipment (Gigant)	251.2	120.2	371.4	198.4	85.2	283.6
Bergman & Beving Integration	2,723.5	49.6	2,773.1	1,286.4	21.2	1,307.6
Industrial components (Momentum)	702.3	15.2	717.5	664.0	0.7	664.7
Bergman & Beving Development	281.5	1.6	283.1	275.4	1.6	277.0
Parent Company/Group functions/ Consolidation eliminations	18.9	-748.5	-729.6	36.2	-395.6	-359.4
Continuing operations	6,823.1	-	6,823.1	5,059.1	-1.2	5,057.9
Discontinued operations	-	-	-	18.8	1.2	20.0
Group total	6,823.1	-	6,823.1	5,077.9	-	5,077.9

	2006/2007			2005/2006		
	Operating income	Assets	Liabilities	Operating income	Assets	Liabilities
Tools & machinery (Luna)	116.3	1,080.5	539.6	91.3	768.8	480.3
Personal protection equipment (Skydda)	86.9	588.6	268.1	68.2	340.9	176.4
Fastening elements (Essve)	57.8	471.4	313.1	38.8	314.8	209.8
Industrial & construction consumables (Grunda)	22.6	257.5	128.8	15.0	134.2	77.8
Workplace equipment (Gigant)	25.4	211.0	92.0	13.4	117.1	64.2
Bergman & Beving Integration	120.8	2,006.0	2,452.0	44.0	972.5	997.5
Industrial components (Momentum)	50.2	441.0	271.9	43.4	435.0	222.1
Bergman & Beving Development	6.4	92.9	33.7	-7.3	214.5	116.1
Parent Company/Group functions/ Consolidation eliminations	-43.0	-728.0	-929.1	-1.0	-243.5	-388.2
Continuing operations	443.4	4,420.9	3,170.1	305.8	3,054.3	1,956.0
Discontinued operations	-	-	-	-0.3	-	-
Group total	443.4	4,420.9	3,170.1	305.5	3,054.3	1,956.0

Investments in non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Tools & machinery (Luna)	155.9	6.0	161.9	49.2	5.8	55.0
Personal protection equipment (Skydda)	158.7	1.5	160.2	49.6	0.8	50.4
Fastening elements (Essve)	43.1	3.9	47.0	4.6	1.4	6.0
Industrial & construction consumables (Grunda)	73.4	0.1	73.5	12.2	0.2	12.4
Workplace equipment (Gigant)	58.7	2.2	60.9	15.6	1.3	16.9
Bergman & Beving Integration	13.9	107.2	121.1	68.1	92.2	160.3
Industrial components (Momentum)	7.9	1.6	9.5	0.8	5.3	6.1
Bergman & Beving Development	0.0	0.8	0.8	0.2	1.1	31.0
Parent Company/Group functions/ Consolidation eliminations	36.3	56.4	92.7	15.2	15.8	31.0
Group total	547.9	179.7	727.6	215.5	123.9	339.4

NOTE 4, CONT'D

Depreciation and amortisation of non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Tools & machinery (Luna)	-0.8	-4.7	-5.5	-2.9	-8.3	-11.2
Personal protection equipment (Skydda)	-0.1	-0.9	-1.0	-2.6	-0.9	-3.5
Fastening elements (Essve)	0.0	-2.2	-2.2	-	-2.4	-2.4
Industrial & construction consumables (Grunda)	-	-0.1	-0.1	-	-0.2	-0.2
Workplace equipment (Gigant)	-0.6	-1.0	-1.6	-0.5	-0.9	-1.4
Bergman & Beving Integration	-1.2	-22.3	-23.5	-1.1	-12.9	-14.0
Industrial components (Momentum)	-15.6	-4.2	-19.8	-15.6	-4.9	-20.5
Bergman & Beving Development	-0.3	-1.5	-1.8	-0.3	-2.9	-3.2
Parent Company/Group functions/ Consolidation eliminations	0.0	-13.2	-13.2	-	-9.8	-9.8
Group total	-18.6	-50.1	-68.7	-23.0	-43.2	-66.2

Impairment losses on non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Bergman & Beving Development	0.3	2.8	3.1	-1.0	-6.8	-7.8
Group total	0.3	2.8	3.1	-1.0	-6.8	-7.8

Other items not affecting cash flow	2006/2007		2005/2006	
	Pensions	Other	Pensions	Other
Tools & machinery (Luna)	-9.4	-2.0	8.2	-
Personal protection equipment (Skydda)	-2.1	0.1	1.5	-
Fastening elements (Essve)	-2.8	0.1	1.9	-
Industrial & construction consumables (Grunda)	-1.0	0.6	0.7	-
Workplace equipment (Gigant)	-0.5	0.0	0.3	-
Bergman & Beving Integration	-0.8	2.4	0.6	-
Bergman & Beving Development	-1.1	-4.0	0.8	-2.5
Parent Company/Group functions/ Consolidation eliminations	-6.7	-1.3	4.9	-
Group total	-24.4	-4.1	18.9	-2.5

B. SECONDARY SEGMENT – GEOGRAPHIC MARKETS

The Group is primarily active in Sweden, Norway and Finland.

Net revenues presented for the geographic markets are based on the domicile of the customers, while assets and capital expenditures are based on the geographic location of the assets.

	2006/2007		2005/2006	
	Net revenues external	Assets	Net revenues external	Assets
Sweden	3,908.5	2,764.0	3,268.2	2,104.3
Finland	805.1	581.9	354.4	394.7
Norway	1,383.7	834.0	895.1	321.4
Other countries	725.8	241.0	560.2	233.9
Group total	6,823.1	4,420.9	5,077.9	3,054.3

Investments in non-current assets	2006/2007			2005/2006		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Sweden	275.0	156.3	431.3	148.4	58.8	247.2
Finland	11.7	7.3	19.0	67.1	57.3	84.4
Norway	232.2	10.0	242.2	-	2.3	2.3
Other countries	29.0	6.1	35.1	0.0	5.5	5.5
Group total	547.9	179.7	727.6	215.5	123.9	339.4

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

Average number of employees by country	2006/2007			2005/2006		
	Women	Men	Total	Women	Men	Total
Sweden, Parent Company	4	9	13	4	9	13
Sweden, Other Swedish companies	343	1,108	1,451	305	972	1,277
Denmark	5	9	14	5	25	30
Finland	49	214	263	23	90	113
Norway	44	198	242	27	102	129
Estonia	12	32	44	5	28	33
Poland	37	124	161	26	107	133
Germany	8	21	29	9	23	32
Other countries	15	57	72	14	43	57
Group total	517	1,772	2,289	418	1,399	1,817

Salaries and compensation by country	2006/2007			2005/2006		
	Board of Directors and Presidents	Of which bonus	Other	Board of Directors and Presidents	Of which bonus	Other
Sweden, Parent Company	11.5	4.2	11.5	9.0	2.0	8.2
Sweden, Other Swedish companies	40.8	6.0	476.4	41.3	7.6	413.0
Denmark	0.8	–	5.5	0.8	–	10.5
Finland	6.9	0.7	75.4	4.9	0.2	34.9
Norway	13.3	1.3	112.6	6.9	0.3	59.6
Estonia	1.0	0.1	4.0	0.7	0.1	2.8
Poland	2.0	–	12.7	1.7	–	8.7
Germany	2.7	0.4	14.9	2.1	0.3	14.4
Other countries	2.7	1.0	5.8	1.5	0.5	5.0
Group total	81.7	13.7	718.8	68.9	11.0	557.1

Parent Company	2006/2007			2005/2006		
	Salaries and compensation	Social benefits	Of which pension costs	Salaries and compensation	Social benefits	Of which pension costs
Employees in Parent Company	23.0	30.9	12.9	17.2	14.7	0.7
Parent Company total	23.0	30.9	12.9	17.2	14.7	0.7

Group	2006/2007			2005/2006		
	Salaries and compensation	Social benefits	Of which pension costs	Salaries and compensation	Social benefits	Of which pension costs
Employees in Parent Company	23.0	30.9	12.9	17.2	14.7	0.7
Employees in subsidiaries	777.5	289.3	65.7	608.7	245.9	66.1
Group total	800.5	320.2	78.6	625.9	260.6	66.8

The group "Board of Directors and Presidents" above includes the current Directors, the Presidents and Executive Vice Presidents.

Of the Group's pension costs, SEK 13,964 thousand (13,869) refers to the group "Board of Directors and Presidents."

Of the Parent Company's pension costs, SEK 4,222 thousand (2,939) refers to the group "Board of Directors and Presidents." The Company's outstanding pension obligations to this group amounts to SEK 2,884 thousand (34,491).

Preparation and decision-making process with respect to compensation to Board of Directors, President & CEO and Group management

The Election Committee submits a proposal for Board of Directors fee for resolution by the Annual General Meeting, divided among the Chairman of the Board of Directors and the other directors who are not employees of the Parent Company.

The process for preparing and deciding on compensation to B&B TOOLS' President & CEO and the other four members of Group management is based on the

guidelines adopted by the Annual General Meeting for determining compensation and other terms of employment for members of senior management. For the composition of Group management, reference is made to page 87.

The guidelines state that the compensation packages to members of senior management shall be designed to ensure that the Group can offer compensation that can attract and retain qualified associates who in the short term as well as the long term create shareholder value. The Company's compensation levels and compensation structure for members of senior management shall be in line with market conditions. The guidelines adopted by the Annual General Meeting held 24 August 2006 are set out below. The complete guidelines are found in the section for Corporate Governance at B&B TOOLS' website, www.bb.se.

The Board of Directors of B&B TOOLS intends to propose to the Annual General Meeting to be held 30 August 2007 to resolve guidelines for determining compensation to members of senior management that will largely correspond to last year's compensation structure. The complete proposal of the Board of Directors for

NOTE 5, CONT'D

guidelines will be presented in the notice for the Annual General Meeting to be held 30 August 2007.

The Compensation Committee prepares proposals to the Board of Directors for the formulation of a compensation structure based on the guidelines adopted by the Annual General Meeting. The Committee consists of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors and the President & CEO. The President & CEO does not participate in proposals for his own compensation. A more detailed presentation of the composition and work of the Compensation Committee is found in the Corporate Governance Report on pages 81–85.

Based on the preparatory proposal of the Compensation Committee, the Board of Directors makes decisions regarding compensation to the President & CEO. The Compensation Committee makes decisions regarding compensation to other members of Group management.

For information on holdings of shares in B&B TOOLS and options on B&B TOOLS shares by members of the Board of Directors and Group management, reference is made to disclosures on pages 86–87.

Guidelines for determining compensation and other terms of employment for members of senior management during 2006/2007

The total compensation and terms of employment package for senior management shall consist of a balanced combination of fixed salary, pension benefits, annual bonus, share-based long-term incentive programmes, other benefits and terms for termination of employment and severance payment. The compensation and terms of employment package shall be competitive with market levels of compensation and compensation structures.

- **Fixed salary:** The fixed salary shall be adjusted to market conditions and be based on responsibility, competence and performance.
- **Pension benefits:** The President & CEO and other members of senior management are covered by defined contribution pension plans. The retirement age is 65 years. The contribution amount for the President & CEO is set annually based on a proposal from the Compensation Committee and a decision by the Board of Directors. For other members of senior management the main rule is that the contribution amount is set as a function of fixed salary and annual bonus. The ultimate size of the pension depends on the performance of pension insurances taken out.
- **Annual bonus:** The annual bonus is maximised to 30 percent of the current annual salary. The bonus is set as a function of the Group's earnings for the financial year. Those entitled to a bonus are offered a supplement premium amounting to 20 percent of the bonus amount, with the provision that the entire bonus amount be used to acquire shares in B&B TOOLS AB. For 2006/2007 the President & CEO was not comprised by any bonus.
- **Share-based long-term incentive programme:** The Board of Directors has expressed an ambition to propose to the Annual General Meeting on an annual basis suitable long-term incentive programmes. These programmes will essentially be linked to the Group's earnings and value performance. For information about the Group's current incentive programmes, reference is made to separate sections.
- **Other benefits:** Other benefits will in relation to the total compensation be limited in scope and be equivalent to what is customary in the market.
- **Terms in connection with termination and severance payment:** In the event of termination at the initiative of the President & CEO, or other members of senior management, the period of notice is six months. In the event of termination at the initiative of the Company, the period of notice shall be a maximum of 12 months. In addition, a severance payment equal to 12 months' salary is payable.
- **Deviation from adopted guidelines:** The Board of Directors shall have the right to deviate for the proposed guidelines where in an individual case there are special reasons for such deviation.

The complete guidelines adopted by the Annual General Meeting of B&B TOOLS AB held 24 August 2006 is available in the minutes taken at the Meeting.

Compensation during the 2006/2007 financial year

Board of Directors

According to a resolution of the Annual General Meeting in August 2006, the Board of Directors has received a lump sum for Directors' fees of SEK 1,100 thousand (1,100) during the 2006/2007 financial year. In accordance with the resolution of the Annual General Meeting the Chairman of the Board of Directors received SEK 400 thousand (400), the Vice Chairman of the Board of Directors received SEK 300 thousand (300) and the other directors who are not employed by the Parent Company received SEK 200 thousand (200) per person. No fees were paid for committee work.

No Director has received any compensation in addition to Directors' fee during the 2006/2007 operating year.

President & CEO

The President & CEO was paid a salary of SEK 2,395 thousand (2,271), plus taxable benefits of SEK 7,143 thousand (119) for the year. The change in taxable benefits was derived mainly from redemption of personnel options during the year. From age 65, the President & CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurances taken out. During the 2006/2007 financial year pension premiums were paid in the amount of SEK 2,280 thousand (1,180), including premiums for health insurance. Variable compensation, based on the Group's earnings, was replaced during the 2006/2007 financial year by higher pension premium payments. The variable compensation for 2006/2007 to the President & CEO was therefore SEK 0 thousand (799).

Variable compensation based on the long-term incentive programme (LTI) as described below is payable annually in a maximum amount of 20 percent of the personal share holding covered by the programme. For the President & CEO the LTI compensation for the 2006/2007 financial year amounted to SEK 768 thousand (0). This LTI compensation has been expensed in the 2006/2007 financial year and was disbursed during 2007/2008. The LTI compensation is not pensionable.

The President & CEO held 50,000 personnel options as of 31 March 2007 in accordance with the programme described below.

Upon termination of the employment contract at the initiative of the Company, the period of notice is 12 months. In addition hereto, a severance payment of up to 12 months' salary is payable.

Other members of Group management

The other four members of Group management have been paid aggregate salaries of SEK 6,572 thousand (5,919), plus taxable benefits of SEK 17,864 thousand (360) for the year. The change in taxable benefits was derived mainly from redemptions of personnel options during the year. All of these persons are covered from age 65 by defined contribution pension, the size of which depends on the outcome of pension insurances taken out. During the 2006/2007 financial year pension premiums were paid in the amount of SEK 2,408 thousand (2,473), including premiums for health insurance.

Variable compensation, based on the Group's earnings, is payable in a maximum amount of 30 percent of the fixed portion of compensation. In addition thereto, a further premium was paid up to 20 percent of the variable compensation awarded as consideration for the entire variable part being used to acquire shares in B&B TOOLS AB. Variable compensation was paid to the four persons for the 2006/2007 financial year in an amount of SEK 2,320 thousand (2,087). This variable compensation was expensed in the 2006/2007 financial year and was disbursed during 2007/2008. The variable compensation is pensionable for these four members of Group management.

Variable compensation based on the long-term incentive programme (LTI) as described below is payable annually in a maximum amount of 20 percent of the personal share holding covered by the programme. For the four other members of Group management the LTI compensation for the 2006/2007 financial year amounted to SEK 2,452 thousand (0). This LTI compensation has been expensed in the 2006/2007 financial year and was disbursed during 2007/2008. The LTI compensation is not pensionable.

Together, the four persons held 125,000 personnel options as of 31 March 2007 in accordance with the programme described below.

Upon termination of the employment contract at the initiative of the Company, the period of notice is 12 months. In addition hereto a severance payment of up to 12 months' salary is payable.

NOTE 5, CONT'D

Summary of compensation paid to and pension costs for Group management in 2006/2007 and the personnel option programme of 2002¹⁾

SEK thousand	Fixed salary	Variable compensation	Long term incentive	Other benefits	Total fixed and variable compensation	Benefit values on redemption of personnel options	Total compensation	Pension cost	Outstanding options
President & CEO	2,395	–	768	143	3,306	7,000	10,306	2,280	50,000
Other Group management (4 persons)	6,572	2,320	2,452	364	11,708	17,500	29,208	2,408	125,000
Total	8,967	2,320	3,220	507	15,014	24,500	39,514	4,688	175,000

1) All data are stated as of 31 March 2007.

Long Term Incentive Programme (LTI)

In December 2006, the Board of Directors of B&B TOOLS AB decided to introduce a long term cash based incentive programme (LTI) for the President & CEO and the other four members of Group management. The LTI programme has a term of five years and under its structure the individuals affected thereby would initially invest in B&B TOOLS shares up to a level determined beforehand. The basic premise for annual cash disbursement under the programme is that the Group's earnings exceeds, by at least ten percent, the average of the past three year's corresponding earnings. Otherwise, there will be no cash disbursement. There will thus be no dilutive effect as a function of the programme.

The prerequisites for the implementation of the LTI programme were that:

- i) half of the Group management's holding of personnel options were redeemed during December 2006
- ii) Group management does for the present not participate in the Group's call option programmes
- iii) Group management does not have the right to a supplement premium of 20 percent in case the variable compensation received is used to acquire B&B TOOLS shares in the future

For the 2006/2007 financial year the goal of the LTI programme has been achieved and a total of SEK 3,220 thousand plus social benefits is charged to the year's earnings, equivalent to 20 percent of the amount Group management invested in B&B TOOLS shares.

Option programmes**Personnel option programme 2002/2010**

In February 2002 the Board of Directors of B&B TOOLS AB decided to award approximately 60 members of senior management of the B&B TOOLS Group a total of up to 850,000 personnel options free of charge. In accordance with a resolution of a General Meeting of Shareholders in April 2002, repurchased own shares shall be conveyed to holders of personnel options for the purpose of fulfilling the Company's obligations under the programme. The personnel option programme is based on existing shares and will therefore not prompt any new issue of shares.

An Extra General Meeting of Shareholders held 29 November 2004 resolved to extend the term of the personnel options by an additional period of five years, following which they remain valid until 30 June 2010. In connection herewith it was also decided to re-award 84,000 of the existing personnel options expired because previous option holders ceased to be employees of the Group before 29 November 2004.

Each option entitles its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 52, as compared with the Company's average ac-

quisition cost for the repurchased shares set aside for this purpose in connection with the implementation of the option programme of SEK 41.60 per share. The options can be exercised for purchasing shares semi-annually (during June and December each year) until 30 June 2010. The options cannot be conveyed to a third party. The benefit value that may arise due to the personnel options is not pensionable.

Call option programme 2006/2011

On 24 August 2006 the Board of Directors of B&B TOOLS AB decided to offer a number of members of senior management and key persons in the B&B TOOLS Group to purchase on market terms call options on shares in B&B TOOLS AB. The programme does not include the Board of Directors, the President & CEO or other members of Group management. The programme included issuance of up to 250,000 call options on repurchased shares in the Company and conveyance of up to 250,000 class B shares in the Company in connection with any redemption of the call options. The call options expire 30 September 2011. Each option entitles its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 159. The programme is secured in its entirety via repurchases of own shares during September and October 2006 of a total of 250,000 own class B shares in the Company at an average acquisition cost of SEK 155.00 per share.

The terms of the offer to acquire call options are adjusted to conditions on the market, which means that there will be no tax for benefits by reason of purchase of options within the framework of this offer. A subsidy is linked to the offer, however, in that an amount of SEK 15 for each call option acquired is paid to the holder under certain conditions. The subsidy is paid by the holder's employer on 30 September 2008 on the condition that all originally acquired call options remain and that the person is still employed within the B&B TOOLS Group. The cost of the subsidy (SEK 15 per option plus the cost of social benefits thereon) is distributed over the vesting period from 1 October 2006 to 30 September 2008. For the 2006/2007 financial year the recognised cost of the subsidy was charged to consolidated income in an amount of SEK 1,241 thousand.

The estimated market value per call option amounted to SEK 24.50. This valuation was made using the Black & Scholes model and at the time of valuation in September 2006 the following main assumptions were used: a price of SEK 144.35 per share; term until 30 September 2011; redemption price of SEK 159.00 per share; risk-free interest (based on government bonds) 3.63 percent; expected dividend growth 5 percent per year; and expected volatility 25 percent. The expected volatility was based on historic volatility (calculated based on the term of the call options), adjusted for any expected changes in future volatility as a consequence of public information.

Specification of option programmes

Awarded and as of 31 March 2007 outstanding options are set out in the table below:

Group	Time awarded	Redemption period	Redemption price, SEK	Options awarded	Options outstanding	Settlement method
Personnel option programme 2002/2010	April 2002	2004-12-01 – 2010-06-30	52.00	850,000	337,000	Physical delivery
Personnel option programme 2002/2010 (new award)	November 2004	2004-12-01 – 2010-06-30	52.00	84,000	61,500	Physical delivery
Call option programme 2006/2011	October 2006	2006-10-01 – 2011-09-30	159.00	250,000	250,000	Physical delivery
Parent Company						
Personnel option programme 2002/2010	April 2002	2004-12-01 – 2010-06-30	52.00	346,000	159,000	Physical delivery
Personnel option programme 2002/2010 (new award)	November 2004	2004-12-01 – 2010-06-30	52.00	74,000	54,000	Physical delivery
Call option programme 2006/2011	October 2006	2006-10-01 – 2011-09-30	159.00	18,000	18,000	Physical delivery

Outstanding options for members of Group management are shown in the summary above and on page 87.

NOTE 5, CONT'D**Number and redemption prices relating to options***Personnel option programme*

Group	Redemption price 2006/2007	Number of options 2006/2007	Redemption price 2005/2006	Number of options 2005/2006
Outstanding at beginning of year	52.00	608,000	52.00	657,000
Awarded during the year	–	–	–	–
Redeemed during the year	52.00	–209,500	52.00	–49,000
Outstanding at year-end	52.00	398,500	52.00	608,000
Parent Company				
Outstanding at beginning of year	52.00	388,000	52.00	400,000
Awarded during the year	–	–	–	–
Redeemed during the year	52.00	–175,000	52.00	–12,000
Outstanding at year-end	52.00	213,000	52.00	388,000

For personnel options redeemed during 2006/2007 the weighted average share price was SEK 191.20. For personnel options redeemed during 2005/2006 the weighted average share price was SEK 92.60. All outstanding personnel options 2002/2010 are redeemable as of 31 March 2007.

Call option programme

Group	Redemption price 2006/2007	Number of options 2006/2007
Outstanding at beginning of year	–	–
Awarded during the year	159.00	250,000
Redeemed during the year	–	–
Outstanding at year-end	159.00	250,000
Parent Company		
Outstanding at beginning of year	–	–
Awarded during the year	159.00	18,000
Redeemed during the year	–	–
Outstanding at year-end	159.00	18,000

No call options were redeemed during 2006/2007. All outstanding call options 2006/2011 are redeemable as of 31 March 2007

Reporting of absence due to illness

During the 2006/2007 financial year the Parent Company had an average of 13 employees (13), five of whom are members of Group management. Total reported absence due to illness as a proportion of regular working hours for the other employees was 0.1 percent (3.6) during the period 1 April 2006 – 31 March 2007, whereof 0 percent (3.6) refer to long-term absence due to illness (i.e. contiguous absence due to illness for more than 60 days).

Data is not provided divided by gender and/or age group since no individual group consists of more than 10 persons.

For all Swedish Group companies the total reported absence due to illness as a proportion of regular working hours during the period 1 April 2006 – 31 March 2007 was 3.4 percent (3.1), whereof 1.4 percent (1.3) refer to long-term absence due to illness (i.e. contiguous absence due to illness for more than 60 days).

Men and women on the Board of Directors and in management as of 31 March 2007

During 2006/2007 one woman and four men were directors on the Board of Directors elected by the General Meeting of Shareholders in the Parent Company. All directors on the Boards of Directors in the division parent companies reporting directly to the Parent Company were men. All members of Group management are men. Approximately 8 percent (7) of the members of senior management in the Group are women.

NOTE 6**FEES AND REIMBURSEMENTS TO AUDITORS**

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Audit assignments				
KPMG	7.1	4.6	1.1	0.4
Other auditors	0.4	0.7	–	–
Total fees for audit assignments	7.5	5.3	1.1	0.4
Other assignments				
KPMG	1.4	1.9	0.3	0.9
Other auditors	0.7	0.2	0.1	0.0
Total fees for other assignments	2.1	2.1	0.4	0.9
Total fees to auditors	9.6	7.4	1.5	1.3

By audit assignment is meant examination of the Annual Accounts and the administration by the Board of Directors and the President & CEO, other tasks the Company's auditors are obligated to perform, and advice or other assistance prompted by observations during such examination or the performance of such tasks. Everything else is other assignments. Other assignments include mostly consultation regarding tax and accounting issues and so-called due diligence assignments.

NOTE 7

ACQUISITION OF BUSINESSES

Acquisitions of businesses are compiled in accordance with IFRS 3 *Business Combinations*.

Refer to Accounting principles, Note 1.

Acquisition of Group companies

Thirty-eight new acquisitions were completed during the year. Increases of ownership stakes to 100 percent were made in six existing acquisitions and corrections of estimated additional purchase prices were made in four existing acquisitions. The total purchase price for the year's acquisitions amounts to MSEK 795, of which MSEK 768 refers to new acquisitions, increases in ownership stakes in existing acquisitions accounts for MSEK 25 and corrections of estimated additional purchase prices accounts for MSEK 2, net.

Of the year's acquisitions, MSEK 689 were paid for in cash and MSEK 106 was paid for in the form of seller notes. The acquired businesses conduct busi-

ness similar to the operating areas in which the acquisitions were included after acquisition.

The acquisitions taken possession of during the year made an aggregate contribution to the Group's net revenues of approximately MSEK 736. The total revenues of the businesses taken possession of amounts to approximately MSEK 1,810, of which approximately MSEK 1,570 is expected to increase consolidated net revenues.

Of the total purchase price of MSEK 795, MSEK 505 refer to surplus values. All surplus values have been attributed to synergy gains with the Group's existing businesses. The surplus values are therefore classified as goodwill.

Share acquisitions 2006/2007	Country	Time of acquisition	Ownership stake ¹⁾
New acquisitions			
Regson AB	Sweden	April 2006	100
STT Teollisuustarvike Oy	Finland	April 2006	100
Kaikola Oy	Finland	May 2006	100
Gigant Industrial Products Ltd	England	June 2006	60
Hatec AS	Norway	June 2006	100
Maskinforretningen Thv Christensen AS	Norway	June 2006	100
Bergman & Beving Construction AB	Sweden	June 2006	100
Myrins Industriprodukter AB	Sweden	July 2006	100
Jerngruppen Skaraborg AB	Sweden	July 2006	100
Profero AB	Sweden	July 2006	100
Altepa Oy	Finland	July 2006	100
Verktygsexperten Quali-Tool AB	Sweden	August 2006	100
Nuijakone Oy	Finland	August 2006	100
OU Technoloogiaekspert	Estonia	August 2006	100
AB Werba	Sweden	September 2006	100
Maskin og Skipsutstyr AS	Norway	September 2006	100
Järncarl Försäljning AB	Sweden	October 2006	91
Trossö Järn & Bygg AB	Sweden	October 2006	100
Stattins Järnhandel AB	Sweden	October 2006	100
Johnsen Maskin AS	Norway	October 2006	100
Verktøjhuset AS	Norway	October 2006	100
Sveisehuset Trondheim AS	Norway	November 2006	40
Marsel Sp z o.o.	Poland	December 2006	100
Lønsethagen Industrivarer AS	Norway	December 2006	100
Maskinhjørnet AS	Norway	December 2006	100
Rogaland Jernvare AS	Norway	December 2006	100
Bäcklunds Bygg & Industrihandel AB	Sweden	January 2007	100
GSV Götene AB	Sweden	January 2007	100
Mercus Yrkeskläder i Göteborg AB	Sweden	January 2007	100
Mercus Yrkeskläder i Malmö AB	Sweden	January 2007	100
AB Vänersborgs Järnhandel	Sweden	January 2007	100
Industribehov Gjøvik AS	Norway	January 2007	100
Bø-Ka Industrivarer AS	Norway	January 2007	100
Høgsveen Maskin AS	Norway	January 2007	100
Stig Grönmarks Järn & Maskin AB	Sweden	February 2007	100
Tromsø Industrivare AS	Norway	February 2007	51
Narvik Jernvare AS	Norway	February 2007	51
Holdingbolag BKM Östergötland AB	Sweden	March 2007	51

¹⁾ Refers to share of votes as well as capital unless otherwise stated.

NOTE 7, CONT'D

Share acquisitions 2006/2007	Country	Time of acquisition	Ownership stake ¹⁾
Increase of ownership stake in earlier acquisitions			
Verkstädernas Inköp i Eskilstuna AB	Sweden	April 2006	100
Essve Poland Sp. z o.o.	Poland	June 2006	100
Luna Polska Sp z o.o.	Poland	October 2006	100
Bergöös Järnhandel AB	Sweden	December 2006	100
Ekos AB	Sweden	March 2007	100
Stenlunds Järnvaru AB	Sweden	March 2007	100
Corrections of estimated additional purchase prices			
Alfab AI Försäljnings AB	Sweden	May 2006	
Cresto Safety AB	Sweden	September 2006	
MPI Teknik AB	Sweden	March 2007	
Momentum Industrial Maintenance Supply AB	Sweden	March 2007	

¹⁾ Refers to share of votes as well as of capital unless otherwise stated.

Distribution of the share acquisitions by operating area	Purchase price	Acquired cash	Investment
Personal protection equipment (Skydda)	25.2	6.0	19.2
Fastening elements (Essve)	21.3	0.1	21.2
Bergman & Beving Integration	738.8	64.3	674.5
Other operating areas	9.9	1.2	8.7
Total	795.2	71.6	723.6
Less: Seller notes			-105.8
Total			617.8

Net assets of the acquired companies at the time of acquisition

	Recognised value in the acquired companies before acquisition	Fair value adjustment	Fair value recognised in the Group
2006/2007			
Intangible non-current assets	1.8		1.8
Tangible non-current assets	50.0	32.0	82.0
Other long-term securities	2.3		2.3
Other long-term receivables, non-interest-bearing	1.8		1.8
Deferred tax assets	4.6	4.5	9.1
Inventories	346.7	-16.0	330.7
Accounts receivable	288.5	-0.2	288.3
Other operating receivables	44.3		44.3
Liquid funds	71.6		71.6
Loan liabilities	-214.5		-214.5
Pension liabilities	-4.1	-0.3	-4.4
Deferred tax liabilities	-17.9		-17.9
Accounts payable	-190.4		-190.4
Other operating liabilities	-120.4		-120.4
Net identifiable assets and liabilities	264.3	20.0	284.3
Acquired minority interest			5.5
Group goodwill			505.4
Purchase price paid			795.2
Less: Liquid funds in the acquired companies			-71.6
Less: Seller notes			-105.8
Effect on the Group's liquid funds, investment			617.8

NOTE 8**OTHER OPERATING EXPENSES**

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Exchange rate losses on operating receivables/liabilities	-3.7	-	-	-
Capital losses on tangible non-current assets	-1.3	-0.1	0.0	0.0
Other	-0.3	-0.2	-	-
Total	-5.3	-0.3	0.0	0.0

NOTE 10**YEAR-END APPROPRIATIONS**

	Parent Company	
	2006/2007	2005/2006
Difference between book depreciation and depreciation according to plan		
Equipment	0.2	0.1
Tax allocation reserve, allocation for the year	-46.0	-22.5
Tax allocation reserve, reversal for the year	58.7	25.4
Total	12.9	3.0

NOTE 9**NET FINANCIAL ITEMS**

Group	2006/2007	2005/2006
Interest income	12.1	10.6
Dividends	0.0	0.0
Net exchange rate changes	-	0.6
Financial income	12.1	11.2
Interest expense	-46.8	-26.4
Net exchange rate changes	-1.6	-
Financial expenses	-48.4	-26.4
Net financial items	-36.3	-15.2

Parent Company	Result from shares in Group companies	
	2006/2007	2005/2006
Group contributions	188.2	128.0
Dividend	127.0	-
Capital gain/loss on sale of shares	-	7.0
Impairment losses	-45.7	0.0
Total	269.5	135.0

Parent Company	Interest income and similar items	
	2006/2007	2005/2006
Interest income, Group companies	41.4	13.4
Interest income, other	1.1	0.8
Total	42.5	14.2

Parent Company	Interest expense and similar items	
	2006/2007	2005/2006
Interest expense, Group companies	-11.0	-4.3
Interest expense, other	-27.9	-5.8
Other financial expenses	-0.2	0.0
Total	-39.1	-10.1

NOTE 11**TAXES****RECOGNISED IN INCOME STATEMENT**

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
CURRENT TAX EXPENSE				
Tax expense for the period	-134.2	-91.5	-50.5	-35.9
Adjustment of tax attributable to prior years	1.9	0.7	-	-0.1
Total	-132.3	-90.8	-50.5	-36.0
DEFERRED TAX EXPENSE				
Deferred taxes relating to temporary differences	11.5	10.6	4.0	-0.7
Deferred tax income in, during the year, capitalised tax value of tax loss carryforwards	4.1	-	-	-
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carryforwards	0.0	-0.3	-	-
Deferred tax expense	15.6	10.3	4.0	-0.7
Recognised tax expense	-116.7	-80.5	-46.5	-36.7
Taxes on companies sold	-	-0.1	-	-
Total tax expense	-116.7	-80.6	-46.5	-36.7

Of the tax expense in the Group for the year, MSEK 0.0 (0.1) is attributable to discontinued/sold operations.

RECONCILIATION OF EFFECTIVE TAXES**Group**

The Group's average tax rate is estimated to be 28 percent. The relationship between taxes at the average tax rate and recognised taxes for the Group is illustrated in the following table:

Reconciliation of effective taxes	2006/2007	2005/2006
Income after financial items	406.8	290.5
Taxes at the average tax rate of 28 (28) percent	-113.9	-81.3
Tax effect of:		
Non-taxable capital gains on sale of subsidiaries	-	4.6
Taxes on companies sold	-	-0.1
Fictitious interest on tax allocation reserves	-1.7	-1.6
Additional tax, previous years	1.9	0.7
Other items	-3.0	-2.9
Total tax expense	-116.7	-80.6

RECONCILIATION OF EFFECTIVE TAXES**Parent Company**

The relationship between the Swedish tax rate of 28 percent and recognised taxes for the Parent Company is illustrated in the following table:

Reconciliation of effective taxes	2006/2007	2005/2006
Income after financial items	231.1	128.8
Taxes at the tax rate of 28 percent	-64.7	-36.1
Tax effect of:		
Year-end appropriations	-3.6	-0.9
Dividends from subsidiaries	35.6	-
Impairment losses on shares in subsidiaries	-12.8	-
Non-tax-deductible capital gain/loss on sale of subsidiaries	-	2.0
Fictitious interest on tax allocation reserves	-1.1	-1.0
Additional tax, previous years	-	-0.1
Other non-taxable income	0.7	0.0
Other non-deductible expenses	-0.6	-0.6
Total tax expense	-46.5	-36.7

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Tax items recognised directly in equity				
Current taxes on group contributions received/rendered	-	-	4.6	10.8
Hedge accounting of financial instruments	-3.0	-	-0.8	0.0
Exchange rate difference	-	-0.7	-	-
Total	-3.0	-0.7	3.8	10.8

NOTE 11, CONT'D

RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and tax liabilities

Deferred tax assets and liabilities in the balance sheet are attributable as follows:

Group	31 March 2007			31 March 2006		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	9.3	-23.7	-14.4	5.3	-15.8	-10.5
Buildings and land	0.8	-9.6	-8.8	0.8	-12.3	-11.5
Machinery and equipment	0.6	0.0	0.6	3.3	-	3.3
Financial non-current assets	0.8	-2.3	-1.5	0.4	-0.4	0.0
Inventories	19.4	-0.1	19.3	9.8	-	9.8
Accounts receivable	1.0	-0.1	0.9	0.3	-0.6	-0.3
Untaxed reserves	-	-104.4	-104.4	-	-107.2	-107.2
Pension provisions	27.7	-4.5	23.2	29.3	-4.5	24.8
Other provisions	0.0	-	0.0	2.0	-	2.0
Interest-bearing liabilities	0.0	-	0.0	-	-	-
Other	2.8	-6.7	-3.9	2.0	-7.0	-5.0
Tax loss carryforwards	5.3	-	5.3	0.7	-	0.7
Total	67.7	-151.4	-83.7	53.9	-147.8	-93.9

Parent Company	31 March 2007			31 March 2006		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Financial non-current assets	0.5	-	0.5	-	-	-
Pension provisions	9.1	-	9.1	6.3	-	6.3
Total	9.6	-	9.6	6.3	-	6.3

Reconciliation of deferred net liability from the beginning of the year until year-end is shown in the tables below:

Group	31 March 2007	31 March 2006	Parent Company	31 March 2007	31 March 2006
Opening balance at beginning of year, net	-93.9	-94.3	Opening balance at beginning of year, net	6.4	7.0
Acquisition of subsidiaries	-2.9	-9.0	Taxes charged to net income for the year	4.0	-0.7
Sale of subsidiaries	-	1.7	Taxes on items recognised directly in equity	-0.8	0.0
Taxes charged to net income for the year	15.6	10.3	Closing balance at year-end, net	9.6	6.3
Taxes on items recognised directly in equity	-3.0	-0.7			
Translation differences	0.5	-1.9			
Closing balance at year-end, net	-83.7	-93.9			

Changes in temporary differences during the year recognised in the income statement are attributed as follows:

Group	2006/2007	2005/2006	Parent Company	2006/2007	2005/2006
Intangible assets	-7.7	-0.9	Financial non-current assets	1.3	0.0
Buildings and land	2.1	1.1	Pension provisions	2.7	-0.7
Machinery and equipment	-0.7	-0.7	Total	4.0	-0.7
Financial non-current assets	1.2	-0.2			
Inventories	3.7	0.1			
Accounts receivable	0.6	-0.1			
Untaxed reserves	15.7	5.5			
Pension provisions	-0.7	0.6			
Other provisions	-2.0	-0.1			
Interest-bearing liabilities	0.0	-			
Other	-0.7	5.0			
Tax loss carryforwards	4.1	0.0			
Total	15.6	10.3			

NOTE 12**INTANGIBLE NON-CURRENT ASSETS**

	Goodwill	Trademarks	Supplier contracts	Customer relationships	Software	Other	Total
Residual value according to plan at beginning of year	400.1	54.9	14.9	17.4	16.2	0.4	503.9
Accumulated acquisition values							
At beginning of year	400.1	58.1	31.2	86.1	18.2	3.6	597.3
Capital expenditures	–	–	–	–	36.2	0.3	36.5
Acquisition of subsidiaries	509.7	0.6	–	1.4	0.2	0.3	512.2
Sales and disposals	–	–	–	–4.6	0.0	–	–4.6
Translation differences for the year	–0.5	–	–	–0.1	0.0	0.0	–0.6
At year-end	909.3	58.7	31.2	82.8	54.6	4.2	1,140.8
Accumulated amortisation according to plan							
At beginning of year	–	–3.2	–16.3	–68.5	–1.8	–2.7	–92.5
Acquisition of subsidiaries	–	–	–	–0.7	0.0	–0.1	–0.8
Amortisation according to plan for the year	–	–0.5	–7.8	–9.1	–1.0	–0.3	–18.7
Sales and disposals	–	–	–	4.6	–	–	4.6
Translation differences for the year	–	0.0	–	0.1	0.0	0.0	0.1
At year-end	–	–3.7	–24.1	–73.6	–2.8	–3.1	–107.3
Impairment losses on acquisition value							
Opening balance	–	–	–	–0.2	–0.2	–0.5	–0.9
Reversed impairment losses	–	–	–	0.2	0.1	0.0	0.3
At year-end	–	–	–	0.0	–0.1	–0.5	–0.6
Residual value according to plan at year-end	909.3	55.0	7.1	9.2	51.7	0.6	1,032.9

Testing for indications of impairment of goodwill

There is no amortisation of goodwill on an annual basis. Goodwill is instead tested for indications of impairment based on historical and future prognosticated cash flows. Recognised goodwill values have been tested prior to the closing of the books 31 March 2007 with moving 12-month income as of 31 December 2006 and the balance sheet as of 31 December 2006 as base.

Impairment tests are performed on all cash-generating units, which in terms of accounting corresponds to the Group's operating areas. Given that many acquired businesses, especially reseller businesses, constitute an integrated part of the value chain that the Group provides to end customers, acquired goodwill is in the first instance allocated to the operating areas that receive synergies and economic benefit from the acquisitions. Goodwill that arises in connection with acquisition of reseller businesses is thus allocated to the Group's Product Companies.

The Group's total goodwill value of approximately MSEK 909 as of 31 March 2007 is allocated by operating area according to the table below (rounded to the nearest MSEK).

The test has been performed based on historic cash flow and a weighted average cost of capital before taxes of 11 percent. By historic cash flow is meant that no assumptions are made with respect to sales growth in the test.

No need for an impairment charge against goodwill has been identified in this test. Instead, the calculated value exceeds by a considerable margin the recognised value of goodwill for all operating areas. In cases where assumptions of probable future growth in sales are made, the calculated value is even higher – based on unchanged operating margins and no change in capital tied up in working capital.

Aside from goodwill, there is an intangible non-current asset with unlimited life in the form of a trademark. The recognised value of this asset, which is MSEK 54 (54), has also been tested for indications of impairment, much like other intangible assets with finite useful life. The result of the test was that there is no need for an impairment charge.

	31 March 2007	31 March 2006
Tools & machinery	238	83
Personal protection equipment	248	89
Fastening elements	79	36
Industrial & construction consumables	94	21
Workplace equipment	90	32
Bergman & Beving Integration	81	68
Momentum	79	71
Bergman & Beving Development	0	0
Group total	909	400

NOTE 13**TANGIBLE NON-CURRENT ASSETS**

Group	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Residual value according to plan at beginning of year	331.2	0.7	9.3	75.7	2.1	419.0
Accumulated acquisition values						
At beginning of year	513.6	1.0	54.0	363.1	2.1	933.8
Capital expenditures	44.9	0.6	3.4	43.9	2.5	95.3
Acquisition of subsidiaries	73.9	3.1	3.1	83.7	0.0	163.8
Sales and disposals	-54.1	0.6	-5.6	-43.0	-0.7	-102.8
Reclassifications	3.3	-1.3	13.5	-13.6	-1.9	0.0
Translation differences for the year	-1.8	0.0	-0.1	-1.3	0.0	-3.2
At year-end	579.8	4.0	68.3	432.8	2.0	1,086.9
Accumulated depreciation according to plan						
At beginning of year	-179.0	-0.3	-43.8	-284.5		-507.6
Acquisition of subsidiaries	-21.2	-0.7	-1.3	-56.2		-79.4
Depreciation according to plan for the year	-12.4	-0.5	-4.0	-33.3		-50.2
Sales and disposals	17.6	-	4.0	30.8		52.4
Reclassifications	-	-	-10.6	10.6		0.0
Translation differences for the year	0.7	0.0	0.0	1.2		1.9
At year-end	-194.3	-1.5	-55.7	-331.4	-	-582.9
Impairment losses on acquisition value						
At beginning of year	-3.4		-0.9	-2.9		-7.2
Reversal of impairment losses	0.1		0.2	2.6		2.9
At year-end	-3.3	-	-0.7	-0.3	-	-4.3
Residual value according to plan at year-end	382.2	2.5	11.9	101.1	2.0	499.7

Tax assessment values, Swedish properties

Buildings	170.8
Land	26.4
Total	197.2

Parent Company Equipment

Residual value according to plan at beginning of year	2.1
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Accumulated acquisition values

At beginning of year	5.6
Capital expenditures	0.3
Sales and disposals	0.0
At year-end	5.9

Accumulated depreciation according to plan

At beginning of year	-3.5
Depreciation according to plan for the year	-0.8
Sales and disposals	0.0
At year-end	-4.3
Residual value according to plan at year-end	1.6

Accumulated accelerated depreciation

At beginning of year	-0.2
Accelerated depreciation for the year	0.2
At year-end	-
Net book value	1.6

NOTE 14

DUE FROM GROUP COMPANIES

	31 March 2007	31 March 2006
Parent Company		
Residual book value at beginning of year	712.7	328.9
Accumulated acquisition values		
At beginning of year	712.7	328.9
Added assets	1,393.3	552.7
Deducted assets	-450.0	-168.9
Residual book value at year-end	1,656.0	712.7

NOTE 15

FINANCIAL INVESTMENTS

Group	31 March 2007	31 March 2006
Financial investments that are non-current assets		
Financial assets available for sale		
Shares	1.4	1.2
Total	1.4	1.2

NOTE 16

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent Company	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Long-term receivables that are non-current assets				
Pension funds	1.6	1.1	–	–
Other receivables	5.1	4.0	0.0	0.0
Derivatives held for hedging	5.7	–	5.7	–
Total	12.4	5.1	5.7	0.0

	Group	
	31 March 2007	31 March 2006
Other receivables that are current assets		
Advance payments received	3.4	8.4
Derivatives held for hedging	1.7	4.6
Other receivables	68.4	40.3
Total	73.5	53.3

NOTE 17

INVENTORIES

Group	31 March 2007	31 March 2006
Raw materials and supplies	9.5	9.4
Work in progress	9.2	8.2
Finished goods and goods for resale	1,249.5	850.4
Total	1,268.2	868.0

Cost of goods sold for the Group includes a write-down of inventory in an amount of MSEK 64.5 (37.5).

NOTE 18

ACCOUNTS RECEIVABLE

Accounts receivable are recognised after due consideration to bad debts and recovered bad debts during the year in a net amount of MSEK -16.7 (-10.7).

NOTE 19

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Prepaid expenses				
Rents	11.9	7.9	0.5	0.4
Insurance premiums	2.2	2.2	0.3	0.3
Marketing expenses	7.4	2.6	–	–
Leasing	4.2	2.9	0.1	0.1
Licences	0.8	0.3	–	–
Computing costs	6.0	5.1	–	–
Packaging	1.2	1.2	–	–
Surveillance expenses	0.2	0.2	–	–
Bank costs	0.1	0.3	–	0.1
Other prepaid expenses	21.6	10.1	1.2	0.6
Accrued income				
Interest income	0.4	0.4	–	0.3
Commission and bonus revenue	13.9	7.6	–	–
Marketing revenue	4.2	3.8	–	–
Other accrued income	6.8	6.1	–	–
Total	80.9	50.7	2.1	1.8

NOTE 20

SHAREHOLDERS' EQUITY

Group	Share capital	Other contributed capital	Reserves	Retained earnings including net income for the year	Total	Minority interest	Total share holders' equity
Closing shareholders' equity as of 31 March 2005	56.8	71.3	-0.3	807.7	935.5	21.9	957.4
Effect of change from Sw. GAAP to IFRS as of 1 April 2005			-0.6		-0.6		-0.6
Adjusted opening balance as of 1 April 2005	56.8	71.3	-0.9	807.7	934.9	21.9	956.8
Change in translation reserve for the year			13.7		13.7		13.7
Change in hedging reserve for the year			2.8		2.8		2.8
Acquisition of companies						-8.3	-8.3
Net income recognised directly in equity, not including transactions with the Company's owners			16.5		16.5	-8.3	8.2
Net income for the year				207.3	207.3	1.9	209.2
Total recognised income and expenses, not including transactions with the Company's owners			16.5	207.3	223.8	-6.4	217.4
Dividend				-76.5	-76.5	-2.0	-78.5
Conveyance of own shares upon redemption of personnel options				2.5	2.5		2.5
Total transactions with the Company's owners				-74.0	-74.0	-2.0	-76.0
Closing shareholders' equity as of 31 March 2006	56.8	71.3	15.6	941.0	1,084.7	13.5	1,098.2
Change in translation reserve for the year			-13.3		-13.3		-13.3
Change in hedging reserve for the year			-0.3		-0.3		-0.3
Acquisition of companies						-2.2	-2.2
Net income recognised directly in equity, not including transactions with the Company's owners			-13.6		-13.6	-2.2	-15.8
Net income for the year				287.9	287.9	2.2	290.1
Total recognised income and expenses, not including transactions with the Company's owners			-13.6	287.9	274.3		274.3
Dividend				-97.4	-97.4	-1.9	-99.3
Repurchases of own shares				-38.8	-38.8		-38.8
Conveyance of own shares upon redemption of personnel options				10.9	10.9		10.9
Sale of call options				5.5	5.5		5.5
Total transactions with the Company's owners				-119.8	-119.8	-1.9	-121.7
Closing shareholders' equity as of 31 March 2007	56.8	71.3	2.0	1,109.1	1,239.2	11.6	1,250.8

NOTE 20, CONT'D

Specification of equity item reserves

Group	31 March 2007	31 March 2006
Translation reserve		
Opening translation reserve	13.4	-0.3
Translation differences for the year	-12.0	13.7
Less translation differences attributable to businesses sold	-1.3	
Closing translation reserve	0.1	13.4
Hedging reserve		
Opening hedging reserve	2.2	-
Effect of change from Sw. GAAP to IFRS	-	-0.6
Adjusted opening balance	2.2	-0.6
Cash flow hedges		
Recognised directly in equity	1.0	3.0
Reversed via the income statement	-1.0	0.6
Transfer to acquisition value of hedged item		-0.1
Taxes attributable to the hedges for the year	-0.3	-0.7
Closing hedging reserve	1.9	2.2
Total reserves		
Opening reserves	15.6	-0.3
Effect of change from Sw. GAAP to IFRS	-	-0.6
Adjusted opening balance	15.6	-0.9
Changes in reserves for the year:		
Translation reserve	-13.3	13.7
Hedging reserve	-0.3	2.8
Closing reserves	2.0	15.6

Repurchased own shares included in equity item retained earnings, including net income for the year

	31 March 2007	31 March 2006
Opening repurchased shares	608,000	657,000
Purchases for the year	250,000	
Disposals for the year	-209,500	-49,000
Closing repurchased own shares	648,500	608,000

Share capital and premium

	31 March 2007	31 March 2006
Stated in thousands of shares		
Issued as of 1 April	28,436	28,436
Issued as of 31 March 2007 – paid in full	28,436	28,436

As of 31 March 2007 the registered share capital comprised 1,091,532 class A shares and 27,344,884 class B shares. All shares have a quotient value of SEK 2. All shares entitle their holders to the same rights to the Company's remaining net assets. For shares held in treasury (see below) all rights are rescinded until these shares have been reissued.

Other contributed capital

Refers to equity contributed by the owners. This includes premium reserves transferred to the legal reserve as of 31 March 2006. Allocations to premium reserve from 1 April 2006 and going forward are also reported as contributed capital.

Reserves

Translation reserve

The translation reserve includes all exchange rate translation differences arising upon translation of financial reports from foreign businesses that have prepared their financial reports in a currency other than the currency the Group's financial reports are presented in. The Parent Company and the Group present their financial reports in Swedish kronor. The translation reserve also contains exchange rate translation differences that arise as a result of revaluation of liabilities raised as hedging instruments of a net investment in a foreign business.

Revaluation reserve

The revaluation reserve comprises changes in value attributable to tangible and intangible non-current assets.

Fair value reserve

The fair value reserve includes the accumulated net change in fair value of financial assets available for sale until the asset is removed from the balance sheet.

Hedging reserve

The hedging reserve comprises the effective portion of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Retained earnings including net income for the year

Retained earnings including net income for the year include earned profits in the Parent Company and its subsidiaries and associated companies. Prior allocations to legal reserve, not including premium reserves, are included in this capital item.

Repurchased shares

Repurchased shares includes the acquisition cost of own shares held by the Parent Company, its subsidiaries or associated companies. As of 31 March 2007 the Group held 648,500 (608,000) shares in treasury.

Dividend

After the balance sheet date, the Board of Directors has proposed the following dividend. The dividend will be subject to approval by the Annual General Meeting to be held 30 August 2007.

	31 March 2007	31 March 2006
MSEK		
SEK 4.00 (3.50) per share	111.2	97.4

NOTE 20, CONT'D

Parent Company	Restricted equity			Unrestricted equity				Total share-holders' equity
	Share capital	Legal reserve	Premium reserve	Repurchased own shares	Hedging reserve	Retained earnings	Net income for the year	
Closing shareholders' equity as of 31 March 2005	56.8	15.2	71.3	-36.1		590.2	140.7	838.1
Effect of change in accounting principle as of 1 April 2005							9.6	9.6
Transfer of income						150.3	-150.3	
Adjusted opening balance as of 1 April 2005	56.8	15.2	71.3	-36.1		740.5		847.7
Group contributions rendered						-38.7		-38.7
Taxes attributable to items recognised directly in equity						10.8		10.8
Net income recognised directly in equity, not including transactions with the Company's owners						-27.9		-27.9
Net income for the year							95.2	95.2
Total recognised income and expenses, not including transactions with the Company's owners						-27.9	95.2	67.3
Dividend						-76.5		-76.5
Conveyance of own shares upon redemption of personnel options				2.6		1.1		3.7
Total transactions with the Company's owners				2.6		-75.4		-72.8
Reclassification of premium reserve to legal reserve		71.3	-71.3					
Closing shareholders' equity as of 31 March 2006	56.8	86.5		-33.5		637.2	95.2	842.2
Transfer of income						95.2	-95.2	
Group contributions rendered						-16.3		-16.3
Hedge accounting, financial instruments					2.8			2.8
Taxes attributable to items recognised directly in equity					-0.8	4.6		3.8
Net income recognised directly in equity, not including transactions with the Company's owners					2.0	83.5	-95.2	-9.7
Net income for the year							197.4	197.4
Total recognised income and expenses, not including transactions with the Company's owners					2.0	83.5	102.2	187.7
Dividend						-97.4		-97.4
Repurchase of own shares				-38.7				-38.7
Conveyance of own shares upon redemption of personnel options				11.4		3.6		15.0
Sale of call options						5.5		5.5
Total transactions with the Company's owners				-27.3		-88.3		-115.6
Closing shareholders' equity as of 31 March 2007	56.8	86.5	-	-60.8	2.0	632.4	197.4	914.3

NOTE 21**EARNINGS PER SHARE****Earnings per share for Group total, continuing operations and discontinued operations, respectively**

	Before dilution		Fully diluted basis	
	2006/2007	2005/2006	2006/2007	2005/2006
Earnings per share	10.35	7.45	10.25	7.35
Of which:				
Earnings per share in continuing operations	10.35	7.50	10.25	7.40
Earnings per share in discontinued operations	–	–0.05	–	–0.05

Calculation of the numerators and denominators used in the above calculations of earnings per share are stated below.

Earnings per share before dilution

The calculation of earnings per share for 2006/2007 was based on net income for the year attributable to the holders of common shares in the Parent Company amounting to MSEK 288 (207) and a weighted average number of shares outstanding during 2006/2007 amounting to 27,776,000 (27,809,000). The two components have been calculated in the following manner:

Net income for the year attributable to the Parent Company's shareholders, before dilution

	2006/2007	2005/2006
Net income for the year attributable to the Parent Company's shareholders	288	207
Income attributable to the Parent Company's shareholders, before dilution	288	207

Weighted average number of shares outstanding, before dilution

In thousands of shares	2006/2007	2005/2006
Total number of shares outstanding 1 April	28 436	28 436
Effect of holding of shares in treasury	–660	–627
Number of shares for calculation of earnings per share	27 776	27 809

Earnings per share, fully diluted basis

The calculation of earnings per share on a fully diluted basis for 2006/2007 was based on net income for the year attributable to the holders of common shares in the Parent Company amounting to MSEK 288 (207) and a weighted average number of shares outstanding during 2006/2007 amounting to 28,044,000 (28,134,000). The two components have been calculated in the following manner:

Net income for the year attributable to the Parent Company's shareholders, fully diluted basis

	2006/2007	2005/2006
Net income for the year attributable to the Parent Company's shareholders	288	207
Income attributable to the Parent Company's shareholders, fully diluted basis	288	207

Weighted average number of shares outstanding, fully diluted basis

In thousands of shares	2006/2007	2005/2006
Total number of shares outstanding 1 April	28,436	28,436
Effect of holding of shares in treasury	–660	–627
Effect of option programmes	268	325
Number of shares for calculation of earnings per share	28,044	28,134

Earnings per share from continuing operations and discontinued operations, respectively

For 2005/2006 earnings per share from continuing operations and discontinued operations have been calculated using the same figures as for earnings per share, with the difference that net income for the year has been divided into net income for the year from continuing operations attributable to the Parent Company's holders of common shares amounting to MSEK 208 and net income for the year from discontinued operations amounting to MSEK –1.

NOTE 22

INTEREST-BEARING LIABILITIES

The note contains information about the Company's contractual terms and conditions relating to interest-bearing liabilities. For more information about the Company's exposure to interest risk and risk of foreign exchange rate changes, reference is made to Note 30.

Group	31 March 2007	31 March 2006	<i>Loans from credit institutions as of 31 March 2007 are divided in the following currencies:</i>		
Long-term liabilities				Local currency	MSEK
Bank loans	598.4	21.9	EUR	21.4	199.7
Other long-term interest-bearing liabilities	1.2	4.8	DKK	2.4	3.0
Total long-term liabilities	599.6	26.7	NOK	12.8	14.8
Current liabilities			SEK	620.4	620.4
Committed credit facility	33.1	83.5	Other		1.9
Short-term portion of bank loans	208.1	216.2	Total		839.8
Other current interest-bearing liabilities	24.3	10.0			
Total current liabilities	265.5	309.7			
Total interest-bearing liabilities	865.1	336.4			

Bank loans				31 March 2007		31 March 2006
	Currency	Nominal interest	Maturity	Nominal value	Reported value	Reported value
Long-term						
Interest-only bank loan	SEK	3.76%	2011-09-30	300.0	300.0	
Interest-only bank loan	SEK	3.93%	2012-03-31	250.0	250.0	
Other bank loans					48.4	
					598.4	
Current						
Bank loans	EUR	4.232%	2007-05-26	20.0	186.9	
Other bank loans					21.2	
					208.1	
Committed credit facility						
Approved credit limit					554.2	280.3
Unutilised portion					-521.1	-196.8
Utilised credit amount					33.1	83.5

NOTE 23

LIABILITIES TO CREDIT INSTITUTIONS

Parent Company	31 March 2007	31 March 2006
Long-term liabilities		
Bank loans	550.0	–
Total long-term liabilities	550.0	–
Current liabilities		
Committed credit facility	10.7	69.3
Bank loans	186.9	188.3
Total current liabilities	197.6	257.6

Bank loans				31 March 2007		31 March 2006
	Currency	Nominal interest	Maturity	Nominal value	Reported value	Reported value
Long-term						
Interest-only bank loan	SEK	3.76%	2011-09-30	300.0	300.0	
Interest-only bank loan	SEK	3.93%	2012-03-31	250.0	250.0	
					550.0	
Current						
Bank loans	EUR	4.232%	2007-05-26	20.0	186.9	
					186.9	
Committed credit facility						
Approved credit limit					500.0	250.0
Unutilised portion					-489.3	-180.7
Utilised credit amount					10.7	69.3

NOTE 24

PROVISIONS FOR PENSIONS

B&B TOOLS has defined benefit pension plans in Sweden, Norway and Taiwan. Pensions in these countries are based mainly on ending salary. These plans cover a large number of employees, but there are also some defined contribution pension plans in these countries. Subsidiaries in other countries in the Group have mostly defined contribution pension plans.

Defined contribution plans

These plans cover mostly retirement pension and family pension. Premiums are paid on an ongoing basis during the year by each respective Group company to separate legal entities, such as insurance companies. The size of the premiums are based on the salaries. The pension cost for the period is included in the income statement.

Defined benefit plans

The plans cover mostly retirement pension. Vesting is based on the number of years of service. For each year of service the employee earns an increased right to pension, which is recognised as benefits earned during the year and as an increase of pension obligations.

OBLIGATIONS FOR EMPLOYEE BENEFITS, DEFINED BENEFIT PLANS

The following provisions for pension obligations have been set aside in the balance sheet.

Group	31 March 2007	31 March 2006
Pension obligations unfunded plans, present value	362.3	356.5
Pension obligations funded plans, present value	62.1	73.1
Plan assets, fair value	-51.2	-67.7
Net pension obligations	373.2	361.9
Unrecognised actuarial gains (+), losses (-),	-37.5	-28.5
Net liability in the balance sheet	335.7	333.4

The Group has a number of defined benefit pension plans that are all managed individually. Funded plans are recognised on a net basis in the balance sheet. Obligations are therefore recognised in the balance sheet in the following net amounts:

	31 March 2007	31 March 2006
Plan assets for pension obligations	1.6	1.1
Provisions for pensions and similar obligations	-337.3	-334.5
Net liability according to the balance sheet	-335.7	-333.4
Of which credit insured via FPG/PRI	287.2	283.4

Pension obligations, plan assets and provisions for pension obligations and actuarial gains/losses for the defined benefit pension plans have evolved as follows:

Pension obligations unfunded plans	31 March 2007	31 March 2006
Opening balance	356.5	318.6
Benefits earned during the year	8.8	7.2
Interest expense	14.0	14.7
Paid benefits	-12.8	-12.0
Redemption of pension obligations	-9.7	-
Businesses acquired/sold, net	1.7	-
Unrecognised actuarial gains (-), losses (+)	3.8	27.8
Translation differences	0.0	0.2
Pension obligations, unfunded plans, present value	362.3	356.5

Pension obligations funded plans	31 March 2007	31 March 2006
Opening balance	73.1	88.7
Benefits earned during the year	1.6	3.9
Interest expense	2.9	6.1
Paid benefits	-3.0	-3.7
Redemption of pension obligations	-31.7	-7.3
Businesses acquired/sold, net	14.3	-
Unrecognised actuarial gains (-), losses (+)	5.7	-7.4
Reclassification	-	-10.5
Translation differences	-0.8	3.3
Pension obligations, funded plans, present value	62.1	73.1

Plan assets	31 March 2007	31 March 2006
Opening balance	67.7	73.8
Expected return on plan assets	3.0	5.7
Funds contributed by employers	1.2	3.7
Funds paid to employers	-3.0	-3.4
Redemption of pension obligations	-31.7	-
Businesses acquired/sold, net	14.1	-
Unrecognised actuarial gains (+), losses (-)	0.5	-4.0
Reclassification	-	-10.5
Translation differences	-0.6	2.4
Plan assets, fair value	51.2	67.7

The plan assets consist of funds paid in to and managed by insurance companies.

Provision for pension obligations	31 March 2007	31 March 2006
Opening balance	333.4	330.0
Pension cost, defined benefit plans	24.3	25.6
Paid benefits	-15.8	-15.7
Funds contributed by employers	-1.2	-3.7
Funds paid to employers	3.0	3.4
Businesses acquired/sold, net	1.9	-
Redeemed pension liability	-9.7	-7.3
Translation differences	-0.2	1.1
Closing balance	335.7	333.4

Actuarial net gains/losses	31 March 2007	31 March 2006
Opening balance actuarial gains (+)/losses (-)	-28.5	-3.5
Effect of changed assumptions	5.7	-
Actuarial gains (-)/Opening balance, actuarial losses (+), to be recognised	1.1	-0.7
Actuarial gains (-)/losses (+) redeemed pension liability	0.6	-
Actuarial gains (-)/losses (+), acquired/sold businesses	0.2	-
Unrecognised actuarial gains (-)/losses (+), change for the period	-16.6	-24.3
Closing balance, actuarial gains (+)/losses (-)	-37.5	-28.5

NOTE 24, CONT'D

Total pension costs	2006/2007	2005/2006
Pensions earned during the period	10.4	11.1
Interest on the obligation	17.0	20.8
Expected return on plan assets	-3.0	-5.7
Depreciation of actuarial gains (-), losses (+)	1.1	-0.6
Pension costs, defined benefit plans	25.5	25.6
Pension costs, defined contribution plans	39.4	30.6
Social benefits, defined benefit and defined contribution plans	13.7	10.7
Total pension costs	78.6	66.9

Acquired businesses

Increase in pension obligations	17.8	-
Increase in plan assets	-14.1	-
Change in unrecognised actuarial gains (+), losses (-)	-0.2	-
Net	3.5	-

Businesses sold

Decrease in pension obligations	-1.8	-
Change in unrecognised actuarial gains (+), losses (-)	0.0	-
Net	-1.8	-

Actuarial Assumptions

Group	Sweden	Norway	Germany	Taiwan
2006/07				
Discount rate, 1 April, %	4.00	4.00	4.25	3.25
Discount rate, 31 March, %	4.00	4.50	N/A	2.00
Expected return on plan assets, %	N/A	5.00	N/A	3.25
– of which shares	N/A	7.00	N/A	N/A
– of which fixed income securities	N/A	4.50	N/A	3.25
– of which money market	N/A	3.00	N/A	N/A
– of which real estate	N/A	4.50	N/A	N/A
Expected salary increase, %	3.50	3.50	N/A	N/A
Expected inflation, %	2.00	2.00	N/A	N/A
Expected remaining time of service, years	12.00	12.70	N/A	N/A

Group	Sweden	Norway	Germany	Taiwan
2005/06				
Discount rate, 1 April, %	4.75	5.00	4.75	3.25
Discount rate, 31 March, %	4.00	4.00	4.25	3.25
Expected return on plan assets, %	N/A	5.00	N/A	3.25
– of which shares	N/A	7.00	N/A	N/A
– of which fixed income securities	N/A	4.00	N/A	3.25
Expected salary increase, %	3.50	3.50	3.00	3.75
Expected inflation, %	2.00	2.00	2.00	N/A
Expected remaining time of service, years	12.00	16.50	7.50	25.00

Parent Company	31 March 2007	31 March 2006
Pension obligations unfunded plans, present value as of 31 March	55.6	56.6
Pension obligations funded plans, present value as of 31 March	2.1	33.8
Plan assets, fair value, as of 31 March	-2.1	-33.8
Net pension obligations	55.6	56.6
Net liability in the balance sheet	55.6	56.6

The Parent Company has three defined benefit plans that are managed individually. One of these plans was almost entirely renegotiated during the year in to a defined benefit plan. See also Note 34. The obligations are recognised in the balance sheet with the following amounts:

	31 March 2007	31 March 2006
Plan assets for pension obligations	-	-
Provisions for pensions and similar obligations	55.6	56.6
Net liability according to the balance sheet	55.6	56.6
Of which credit insured via FPG/PRI	53.2	54.1

Pension obligations, plan assets and provisions for pension obligations and actuarial gains/losses for the defined benefit pension plans have evolved as follows:

Pension obligations unfunded plans	31 March 2007	31 March 2006
Opening balance	56.6	54.4
Benefits earned during the year	0.1	0.1
Interest expense	2.4	2.4
Paid benefits	-3.5	-4.0
Actuarial gains (-), losses (+) to be recognised	-	-4.0
Businesses acquired/sold, net	-	7.7
Pension obligations, unfunded plans, present value	55.6	56.6

Pension obligations funded plans	31 March 2007	31 March 2006
Opening balance	33.8	32.2
Interest expense	1.6	3.3
Paid benefits	-1.6	-1.7
Redemption of pension obligations	-31.7	0.0
Pension obligations, unfunded plans, present value	2.1	33.8

Plan assets	31 March 2007	31 March 2006
Opening balance	33.8	32.2
Expected return on plan assets	1.6	3.3
Redemption of pension obligations	-31.7	0.0
Funds paid to employers	-1.6	-1.7
Plan assets, fair value	2.1	33.8

The plan assets consist of funds paid in to and managed by insurance companies.

Provision for pension obligations	31 March 2007	31 March 2006
Opening balance	56.6	54.4
Pension cost, defined benefit plans	2.6	-1.5
Paid benefits	-5.3	-5.7
Funds paid to employers	1.7	1.7
Businesses acquired/sold, net	-	7.7
Closing balance	55.6	56.6

Total pension costs	2006/2007	2005/2006
Pensions earned during the period	0.1	0.1
Actuarial gains (-), losses (+) to be recognised	-	-4.0
Interest on the obligation	4.0	5.7
Expected return on plan assets	-1.6	-3.3
Pension costs, defined benefit plans	2.5	-1.5
Pension costs, defined contribution plans	7.6	1.6
Social benefits, defined benefit and defined contribution plans	2.8	0.6
Total pension costs	12.9	0.7

NOTE 25**OTHER PROVISIONS**

Group	31 March 2007	31 March 2006
Provisions that are long-term liabilities		
Guarantee obligations	0.5	–
Estimated social benefit fees on IAS corrections relating to pensions	12.3	20.7
Other	2.2	3.7
Total	15.0	24.4
Provisions that are current liabilities		
Costs for restructuring measures	–	0.2
Severance payments, lay-off salaries	–	3.4
Other	4.6	–
Total	4.6	3.6

Specification	Estimated social benefit fees IAS	Other provisions	Total
Recognised value at beginning of period	20.7	7.3	28.0
Provisions set aside during the period	2.2	7.3	9.5
Amounts utilised during the period	–10.6	–7.3	–17.9
Recognised value at end of period	12.3	7.3	19.6

NOTE 26**OTHER LIABILITIES**

Group	31 March 2007	31 March 2006
Other long-term liabilities		
Estimated additional purchase price	101.3	48.0
Other	34.6	–
Total other long-term liabilities	135.9	48.0
Other current liabilities		
Derivatives held for hedging	1.4	2.3
Advance payments from customers	2.6	6.1
Other operating liabilities	128.1	89.0
Total other current liabilities	132.1	97.4
Total other liabilities	268.0	145.4
Parent Company	31 March 2007	31 March 2006
Other long-term liabilities		
Estimated additional purchase price	–	10.0
Other	0.0	–
Total other liabilities	0.0	10.0

NOTE 27**ACCRUED EXPENSES AND PREPAID INCOME**

	Group		Parent Company	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Accrued expenses				
Salaries and compensation to employees	179.0	120.8	7.5	4.9
Pension costs	13.1	10.5	0.5	0.6
Social benefit fees	94.8	71.8	17.1	14.0
Temporary personnel	0.4	0.6	–	–
Bonus, refunds to customers/suppliers	36.7	29.2	–	–
Interest expense	2.8	2.2	2.0	0.9
Auto and travel expense	4.6	2.4	–	–
Board of Directors and auditors' fees	4.2	2.9	0.3	0.1
Other consulting fees	16.6	6.4	0.1	–
Marketing costs	17.2	9.6	–	–
Warranty costs	12.0	12.3	–	–
Shipping costs	4.1	4.0	–	–
Operating costs	3.3	7.0	–	–
Other accrued expenses	31.0	17.1	2.4	0.3
Prepaid income				
Rents	0.6	1.2	–	–
Marketing income	6.2	–	–	–
Other prepaid income	0.3	5.4	–	–
	426.9	303.4	29.9	20.8

NOTE 28**SPECIFICATION OF INTEREST-BEARING NET LOAN LIABILITY BY ASSET AND LIABILITY**

Group	31 March 2007			31 March 2006		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
Assets						
Intangible non-current assets	–	1,032.9	1,032.9	–	504.1	504.1
Tangible non-current assets	–	499.6	499.6	–	419.3	419.3
Financial non-current assets	14.1	–	14.1	6.3	–	6.3
Deferred tax assets	–	67.7	67.7	–	53.9	53.9
Total non-current assets	14.1	1,600.2	1,614.3	6.3	977.3	983.6
Current assets						
Inventories	–	1,268.2	1,268.2	–	868.0	868.0
Tax assets	–	48.6	48.6	–	33.5	33.5
Accounts receivable	–	1,165.3	1,165.3	–	789.6	789.6
Prepaid expenses and accrued income	–	80.8	80.8	–	50.6	50.6
Other receivables	–	73.6	73.6	–	53.3	53.3
Cash and cash equivalents	170.2	–	170.2	275.6	–	275.6
Total current assets	170.2	2,636.5	2,806.7	275.6	1,795.0	2,070.6
Total assets	184.3	4,236.7	4,421.0	281.9	2,772.3	3,054.2
Liabilities						
Long-term liabilities						
Long-term interest-bearing liabilities	599.6	–	599.6	26.7	–	26.7
Other long-term liabilities	–	135.9	135.9	–	48.0	48.0
Provisions for pensions	337.3	–	337.3	334.5	–	334.5
Other provisions	–	15.1	15.1	–	24.4	24.4
Deferred tax liabilities	–	151.4	151.4	–	147.9	147.9
Total long-term liabilities	936.9	302.4	1,239.3	361.2	220.3	581.5
Current liabilities						
Short-term interest-bearing liabilities	265.5	–	265.5	309.7	–	309.7
Accounts payable	–	906.4	906.4	–	542.5	542.5
Bills payable	–	18.1	18.1	–	23.4	23.4
Tax liabilities	–	177.0	177.0	–	94.4	94.4
Other liabilities	–	132.1	132.1	–	97.4	97.4
Accrued expenses and prepaid income	–	427.1	427.1	–	303.4	303.4
Short-term provisions	–	4.6	4.6	–	3.6	3.6
Total current liabilities	265.5	1,665.3	1,930.8	309.7	1,064.7	1,374.4
Total liabilities	1,202.4	1,967.7	3,170.1	670.9	1,285.0	1,955.9
Interest-bearing net asset/liability	–1,018.1			–389.0		

NOTE 29**EXPECTED RECOVERY PERIODS FOR ASSETS, PROVISIONS AND LIABILITIES**

Group				
Amounts expected to be recovered	Within 12 months	After 12 months		Total
Assets				
Intangible non-current assets¹⁾	38.9	994.0		1,032.9
Tangible non-current assets¹⁾	46.4	453.2		499.6
Financial non-current assets				
Other long-term holdings of securities	0.1	1.4		1.5
Other long-term receivables	1.4	11.2		12.6
Deferred tax assets	1.3	66.4		67.7
Total non-current assets	88.1	1,526.2		1,614.3
Inventories	1,268.2			1,268.2
Tax assets	48.6			48.6
Accounts receivable	1,165.5			1,165.5
Prepaid expenses and accrued income	80.8			80.8
Other receivables	73.3			73.3
Cash and cash equivalents	170.2			170.2
Total current assets	2,806.6			2,806.6
Total assets	2,894.7	1,526.2		4,420.9
Group				
Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
Liabilities				
Long-term liabilities				
Long-term interest-bearing liabilities	–	591.4	8.2	599.6
Other long-term liabilities	–	99.2	36.7	135.9
Provisions for pensions	12.8	54.3	270.2	337.3
Other provisions	–	4.2	10.9	15.1
Deferred tax liabilities	24.2	72.7	54.5	151.4
Total long-term liabilities	37.0	821.8	380.5	1,239.3
Current liabilities				
Short-term interest-bearing liabilities	265.5			265.5
Accounts payable	906.4			906.4
Bills payable	18.1			18.1
Tax liabilities	177.0			177.0
Other liabilities	132.1			132.1
Accrued expenses and prepaid income	427.1			427.1
Short-term provisions	4.6			4.6
Total current liabilities	1,930.8			1,930.8
Total liabilities	1,967.8	821.8	380.5	3,170.1

¹⁾ Expected annual depreciation and amortisation is reported in amounts expected to be recovered within twelve months

NOTE 29, CONT'D**Parent Company**

Amounts expected to be recovered	Within 12 months	After 12 months	Total
Assets			
Tangible non-current assets¹	0.8	0.7	1.5
Financial non-current assets			
Shares in Group companies	–	856.3	856.3
Due from Group companies	–	1,656.0	1,656.0
Other long-term receivables	–	5.7	5.7
Deferred tax assets	–	9.6	9.6
Total non-current assets	0.8	2,528.3	2,529.1
Due from Group companies	213.3		213.3
Other receivables	2.4		2.4
Prepaid expenses and accrued income	2.0		2.0
Cash and cash equivalents	18.2		18.2
Total current assets	235.9		235.9
Total assets	236.7	2,528.3	2,765.0

¹⁾ Expected annual depreciation and amortisation is reported in amounts expected to be recovered within twelve months.

Parent Company

Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
Provisions				
Provisions for pensions and similar obligations	3.6	15.1	36.9	55.6
Total provisions	3.6	15.1	36.9	55.6
Liabilities				
Long-term liabilities				
Liabilities to credit institutions		550.0		550.0
Due to Group companies		297.7		297.7
Other liabilities		0.0		0.0
Total long-term liabilities		847.7		847.7
Current liabilities				
Liabilities to credit institutions	197.6			197.6
Accounts payable	5.3			5.3
Due to Group companies	509.3			509.3
Current tax liabilities	49.1			49.1
Other liabilities	19.6			19.6
Accrued expenses and prepaid income	29.9			29.9
Total current liabilities	810.8			810.8
Total provisions and liabilities	814.4	862.8	36.9	1,714.1

NOTE 30**FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The operations of the B&B TOOLS Group entails exposure to a number of financial risks. Changes, especially in foreign exchange rates and interest rate levels, affect the Group's earnings and cash flow, but also financing risks arise and are managed within the framework of the Group's adopted policies.

The Group's financial operations

The goal of the Group's financial operations is to ensure high efficiency in the areas of short-term investments, liquidity flows, borrowing, foreign exchange management and credit. Instructions on how the Group's financial risks should be managed and controlled are found in the Group's financial policy.

Each year the Board of Directors of B&B TOOLS AB adopts the Group's financial policy. The financial policy governs the distribution of responsibility among the Board of Directors, the President & CEO and the Chief Financial Officer, and subsidiary presidents and chief financial officers.

The Group's central financial operations consist of securing in an effective manner the Group's long-term supply of liquidity for capital expenditures and working capital, as well as to ensure that systems are available for efficient cash management for Group companies. All foreign exchange management and credit facilities to customers are handled by the subsidiaries within the framework of the policy adopted.

Financial instruments and hedge accounting

The Group uses financial derivative instruments to manage foreign exchange risk and interest risk that arises in the business. The financial derivatives that relate to hedging of prognosticated cash flows are subject to hedge accounting, which means that unrealised results (market values) are recognised in equity until the underlying flows are reflected in the income statement.

NOTE 30, CONT'D**Foreign exchange risks**

Foreign exchange fluctuations affect the Group's income and equity in various ways:

- Transaction exposure: Arises when sales and purchases are in different currencies.
- Translation exposure of earnings: Arises when the results of foreign subsidiaries are converted to Swedish kronor.
- Translation exposure of equity: Arises when the net assets of foreign subsidiaries are converted to Swedish kronor.
- Translation exposure of assets and liabilities: Arises when a company has assets and liabilities in foreign currency.

Transaction exposure

Most of the Group's sales consists of products sold at a fixed price in local currency according to a price list valid over a period of approximately six months.

In accordance with the Financial Policy, Group companies hedge parts of their future currency outflows using forward foreign exchange contracts where foreign currency is purchased for future delivery at a set price. Most of the hedging for foreign exchange rate fluctuations is obtained for the period deemed necessary to allow sales prices to be adjusted to the new foreign exchange rates. There is no speculation in foreign exchange rate fluctuations.

Foreign exchange forward hedging is done in the same way when sales are in a foreign currency but costs are in local currency.

The nominal amount of outstanding foreign exchange forward contracts amounted to approximately MSEK 182 as of 31 March 2007 with the distribution shown in the table below:

Foreign exchange contract	Outstanding value
NOK/SEK*	82
USD/SEK	53
EUR/SEK	16
USD/TWD*	31
Total	182

* Foreign exchange forward contracts for sale of currency.

Translation exposure of earnings

The Group's income is affected by translation of the income statements of foreign subsidiaries where conversion is at the average exchange rate for the financial year. In cases where the local currency of the foreign subsidiary is changed relative to SEK, the Group's reported net revenues and income converted to SEK are changed. Foreign exchange translation of the income statements of foreign subsidiaries for the 2006/2007 financial year generated an effect on net income for the year compared to the preceding year's average exchange rates of approximately MSEK -7 (8) in total.

The net foreign currency flow is calculated as the Group's inflows in the form of sales, less cost of goods sold and overhead in each respective currency. The amounts for the most important currencies are shown in the table below:

Annual net flow by currency (MSEK)

Currency	2006/2007	2005/2006
NOK	830	450
EUR	-190	-70
USD	-170	-70
TWD	-180	-120
SEK	-10	60

Translation exposure of equity

The value of the net assets of foreign subsidiaries is converted to Swedish kronor at year-end at the exchange rate prevailing on the balance sheet date. The translation difference between the years is carried to equity without affecting net income for the year. Loans in the corresponding currency are used to the greatest extent possible to hedge the Group against the foreign exchange risk that arises when the equity in subsidiaries is translated. Translation of the balance sheets of foreign subsidiaries had the effect that shareholders' equity decreased by approximately MSEK -13 during the year (last year an increase by approximately MSEK 14).

Net assets in foreign subsidiaries by currency (MSEK)

Currency	2006/2007	2005/2006
NOK	151	113
EUR	95	95
TWD	31	41
PLN	23	15
EEK	23	19
DKK	6	7

Valuation of financial assets and financial liabilities

The Group's net loan debt as of the balance sheet date amounted to MSEK 1,018 (389), consisting of interest-bearing liabilities and provisions in the amount of MSEK 1,202 (671), less interest-bearing assets of MSEK 184 (282).

The fair values of the Group's financial assets are deemed to correspond essentially to the recorded values since the financial assets primarily are of a short-term nature. Regarding recognised loans, it is felt that the nominal value represents a close approximation of fair value.

Interest and financing risks

By interest risk is meant the risk that changes in the market interest rate has a negative impact on the Group because the cost of the Company's borrowing rises. How quickly an interest rate change has an effect depends on how long the period of fixed interest on the loans is and on the type of hedging instruments used. The Group's long-term bank loans on the balance sheet date are shown in the table below:

Loan	Maturity date	Interest rate as of 31 March 2007
MSEK 300	2011-09-30	3.76%
MSEK 250	2012-03-31	3.93%

On the balance sheet date the Parent Company also had a loan totalling MEUR 20.

The Group uses different forms of interest derivatives for the purpose of managing the risk of higher market interest rates in the future. The Group has entered into two interest rate swap contracts for the loan in the amount of MEUR 20 that fixes the interest rate at 4.22 percent and 4.36 percent, respectively. The term of the contracts is until 26 May 2011 for MEUR 10 and 26 May 2013 for MEUR 10, respectively.

The Group has entered into a so-called interest cap agreement during the 2006/2007 financial year in order to limit the risks associated with rising interest expenses. The interest rate cap, for which the Group pays a premium of MSEK 3.3, guarantees a maximum interest rate level of 5.5 percent for the loan in question for MSEK 300. The interest rate cap agreement expires 31 March 2012.

During the 2006/2007 financial year the Group also purchased an option for an interest rate swap, a so-called swaption, on MSEK 200 that runs from 31 March 2008 until 31 March 2015. During this term the swaption gives the Group the opportunity of locking in financing at a fixed rate of 4.5 percent. The premium for the swaption was approximately MSEK 4.2.

Borrowing and trading in financial instruments is done with one of the large Swedish commercial banks. At financial year-end the Parent Company had access to a committed credit facility of MSEK 500, of which MSEK 490 was unutilised.

Short-term investments of any surplus liquidity are made on terms of one to three months at current market interest rates. The counterparty in making investments is always one of the large Swedish commercial banks.

The pension liability within the framework of the PRI system constitutes a significant portion of the Group's total long-term interest-bearing borrowing. The pension liability is calculated by PRI based on the benefit plan of the employees for retirement pension and survivors' pension under the ITP plan and is set aside in the consolidated balance sheet as a provision. The interest cost for the PRI liability is calculated based on the data provided by PRI. The interest rate for the 2006 calendar year was estimated to be 4.2 percent and the current estimated interest rate for the 2007 calendar year is 4.4 percent.

NOTE 31

OPERATING LEASES

	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Leasing agreements where the Group/the Company is the lessee				
Non-cancellable leasing fees amount to:				
Within one year	80.9	53.2	2.8	1.8
Between one and five years	128.4	73.1	0.3	0.7
Later than in five years	22.5	3.1	–	–
Total	231.8	129.4	3.1	2.5
Expensed leasing fees for the period				
Assets held via operating leases				
Minimum leasing fees	87.7	69.5	3.1	2.4
Variable fees	–	–	–	–
Total leasing costs	87.7	69.5	3.1	2.4

Refers to costs for assets held via operating leases, such as rented premises, vehicles and other machinery and equipment.

NOTE 32

CAPITAL EXPENDITURE COMMITMENTS

In 2005 an agreement was entered into with Lawson Software AB (the former Intenia International AB) for a new common enterprise system solution for the TOOLS chain. At financial year-end the Group has agreed with Lawson to purchase services to be performed during 2007 for a total of MSEK 13.5. The investments include development of a new e-commerce solution for TOOLS.

No other significant investment commitments existed at financial year-end.

NOTE 33

PLEGDED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Pledged assets				
<i>In the form of collateral for own liabilities and provisions</i>				
Real estate mortgages	36.0	43.2		
Leasehold mortgages	0.9	3.4		
Corporate mortgages	145.3	101.9		
Pledged capital insurance	2.1	33.9	2.1	33.9
Pledged accounts receivable	43.0	–		
Total pledged assets	227.3	182.4	2.1	33.9
Contingent liabilities				
Guarantees for subsidiaries			234.0	255.6
Guarantees, other	45.4	25.3	1.4	1.2
Total contingent liabilities	45.4	25.3	235.4	256.8

NOTE 34

RELATED PARTY DISCLOSURES

B&B TOOLS AB has entered into an agreement with the Company's former President & CEO and present Vice Chairman, Anders Börjesson, to change the Company's pension agreement with Börjesson. The previous defined benefit pension agreement is replaced by a defined contribution pension agreement. The new

agreement, much like the earlier agreement, provides pension benefits for the period when Börjesson was employed by B&B TOOLS AB. In terms of cost, the change is neutral for B&B TOOLS AB.

NOTE 35**GROUP COMPANIES****The Parent Company's holding of shares in Group companies**

	Organisation number	Registered office	Number of shares	Stake%	Book value 31 March 2007	Book value 31 March 2006
Bergman & Beving Development AB	556092-2410	Stockholm	1,500	100	70.0	115.7
Bergman & Beving Integration AB	556088-8264	Stockholm	1,000	100	95.1	95.1
Bergman & Beving International AB	556616-0353	Stockholm	1,000	100	1.1	1.1
Bergman & Beving Products AB	556706-2699	Stockholm	1,000	100	2.1	–
Bergman & Beving Services AB	556086-1766	Stockholm	8,000	100	33.1	–
Essve Produkter AB	556252-1525	Sollentuna	708,810	100	87.0	83.6
Gigant Arbetsplats AB	556588-2916	Alingsås	5,000	100	1.3	0.1
Grunda AB	556588-2908	Ulricehamn	10,000	100	20.1	20.1
Luna AB	556640-4702	Alingsås	10,000	100	289.5	289.5
Momentum Industrial Maintenance Supply AB	556547-0134	Gothenburg	10,000	100	241.3	233.1
Skydda Protecting People Europe AB	556096-8744	Ulricehamn	10,000	100	15.7	14.9
Total					856.3	886.7

NOTE 36**UNTAXED RESERVES**

The distribution of untaxed reserves recognised in the Parent Company's balance sheet is shown below. For the Group, these reserves are eliminated in their entirety in consolidation. Refer to Accounting principles, Note 1. Of the Parent Company's aggregate untaxed reserves amounting to MSEK 136.6 (149.5), MSEK 38.2 (41.9) constitute deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2007	31 March 2006
Accumulated accelerated depreciation		
<i>Equipment</i>		
Opening balance 1 April	0.2	0.3
Change in accelerated depreciation for the year	–0.2	–0.1
Closing balance 31 March	0	0.2
Tax allocation reserves		
Allocation to tax 2002	–	58.7
Allocation to tax 2003	12.8	12.8
Allocation to tax 2004	12.9	12.9
Allocation to tax 2005	12.7	12.7
Allocation to tax 2006	29.7	29.7
Allocation to tax 2007	22.5	22.5
Allocation to tax 2008	46.0	–
Closing balance 31 March	136.6	149.3

NOTE 37**CASH FLOW STATEMENT**

	Group		Parent Company	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Liquid funds				
The following components are included in liquid funds:				
Cash and cash equivalents	170.2	275.6	18.2	93.1
Short-term investments, equivalent to liquid funds	–	–	–	–
Total according to balance sheet	170.2	275.6	18.2	93.1
Total according to cash flow statement	170.2	275.6	18.2	93.1
	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Interest paid and dividend income				
Dividend income/group contributions received			255.0	128.0
Interest income	10.5	8.3	43.1	14.0
Interest paid	–45.7	–25.0	–36.8	–9.8
Total	–35.2	–16.7	261.3	132.2

NOTE 37, CONT'D

Adjustments for items not affecting cash flow	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Depreciation and amortisation	68.6	66.2	0.8	0.8
Impairment losses/Reversed impairment losses	-2.8	7.7	45.7	-
Result from sale of companies and facilities	1.8	-8.0	0.0	-7.0
Change in other provisions	-8.6	2.5	-	-
Change in pension obligations	24.4	18.9	2.6	-1.4
Adjustment for group contributions rendered/dividends	-	-	-60.2	-
Hedge accounting	4.7	0.0	-2.9	-
Changed accounting policy for options	-	-	-	9.6
Adjustment for interest paid/received	0.0	2.2	1.9	0.5
Other	1.0	-1.1	-	-
Total	89.1	88.4	-12.1	2.5

Transactions not giving rise to payments	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Acquisition of asset by where a liability directly related to the asset has been taken over, or that a sellers' note has been issued	105.8	25.4	-	-
Shareholder contribution through non-cash issue	-	-	10.9	2.6
Total	105.8	25.4	10.9	2.6

Acquisition of subsidiaries and other business units	Group	
	2006/2007	2005/2006
Acquired assets:		
Intangible non-current assets	507.2	195.3
Tangible non-current assets	82.1	91.1
Financial non-current assets	13.3	4.0
Inventories	330.7	157.1
Operating receivables	332.5	131.1
Liquid funds	71.6	53.4
Total assets	1,337.4	632.0
Acquired minority interests, provisions and liabilities:		
Minority interests	5.5	8.5
Long-term provisions	-22.3	-12.1
Long-term liabilities	-214.6	-33.4
Current operating liabilities	-310.8	-191.3
Total minority interests, provisions and liabilities	-542.2	-228.3
Purchase price	-795.2	-403.5
Less: Sellers' notes	105.8	19.9
Purchase price paid	-689.4	-383.6
Less: Liquid funds in acquired businesses	71.6	53.4
Effect on liquid funds	-617.8	-330.2

NOTE 37, CONT'D

Sale of subsidiaries and other business units	Group		Parent Company	
	2006/2007	2005/2006	2006/2007	2005/2006
Assets sold:				
Tangible non-current assets	13.6	7.5		
Financial non-current assets	1.6	0.3		
Inventories	30.4	16.8		
Operating receivables	10.8	15.6		
Liquid funds	30.1	–		
Total assets	86.5	40.2	–	–
Provisions and liabilities sold:				
Long-term provisions	–10.0	–2.0		
Long-term liabilities	–2.1	–		
Current liabilities	–17.1	–1.9		
Total provisions and liabilities	–29.2	–3.9	–	–
Capital gain/loss	–0.1	6.8		7.0
Total	57.2	43.1	–	7.0
Selling price	57.2	43.1		7.0
Less: Liquid funds in business sold	–30.1	–		–
Sellers' notes	–	60.3		34.3

NOTE 38**EVENTS AFTER THE BALANCE SHEET DATE**

In April and June 2007, six additional industrial reseller businesses were acquired: K Antinluoma Oy, Turun Kumikeskus Oy, Tuontipalvelu Tapani Jekänen Oy and Ruuvijoki Oy in Finland, Sogn Maskin AS in Norway and AB Norrköpings Skeppsfournering in Sweden. Total annual revenues for these acquired businesses amount to approximately MSEK 260, of which approximately MSEK 255 is expected to increase the Group's consolidated net revenues. The acquisitions strengthen B&B TOOLS' positions on each respective local market.

NOTE 39**KEY ESTIMATES AND JUDGEMENTS**

Estimates and judgements have been made based on what is known at the time of submitting the report. These estimates and judgements may be subject to change at a later date, in part because of changes in factors in the surrounding world.

Below is account of the most significant judgments, where there is risk that future events and new information may change the basis for estimates and judgements now made.

Test for indications of impairment in goodwill and other non-current assets

In accordance with IFRS, goodwill is no longer amortised. Instead annual tests for indications of impairment are performed. Other intangible and tangible non-current assets are amortised and depreciated, respectively, over the period the asset is judged to generate revenue. All intangible and tangible non-current assets are subject to annual test for indications of impairment. Impairment tests are based on a review of historical and projected future cash flows. Assumptions used for tests for indications of impairment performed are described in Note 12.

Inventory obsolescence

Since B&B TOOLS is active as a trading enterprise, inventories constitute a large asset item in the consolidated balance sheet. In order to make accurate valuations of inventories, B&B TOOLS' ambition is that all business units must have modern enterprise systems, where the acquisition value of and age of all articles can be determined based on on-going business transactions. The Group values inventories at the lower of acquisition value, by applying the "first-in-first-out principle", and net realisable value. When calculating net realisable value, articles with redundancy and a low rate of turnover, discontinued and damaged articles, handling and other selling costs are taken into consideration. If market demand for the Group's product line is significantly changed and assumptions of the net realisable value of articles differs from actual outcome, earnings in the financial reports may be affected.

Legal proceedings and disputes

The Group reports a liability when a legal obligation exists and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Outstanding legal issues are reviewed on a continual basis to determine the need for setting aside provisions in the financial reports. In these reviews, all cases are reviewed using internal legal capacity and, when needed, outside legal counsel is also consulted. To the extent the judgements of the factors considered do not correspond to the actual outcome, the financial reports may be affected.

Taxes

Changes in tax legislation in Sweden and other countries where B&B TOOLS conducts business can change the size of recognised tax liabilities and tax assets. The interpretation of current tax legislation can also affect the recognised tax liability/tax asset.

Judgements are made to determine both current and deferred tax liabilities/tax assets, particularly with respect to the value of deferred tax assets. Judgements are made as to whether the deferred tax assets will be utilised to offset future taxable income. The actual result may differ from these judgements, in part due to changes in business climate, changed tax legislation and the outcome of not yet completed examination of tax returns by tax courts.

Pension obligations

For projection of B&B TOOLS' pension obligations under defined benefit pension plans, certain assumptions have been made with respect to discount rate, inflation, salary increases, long-term return on plan assets, mortality rates, retirement rate and other factors that may be of importance. These actuarial assumptions are reviewed on an annual basis and are changed when appropriate. Where these actuarial assumptions should significantly differ from actual future outcome, the Group's actuarial gains or losses will change, which may give rise to unrecognised actuarial results that fall outside of the so-called corridor, which would mean that a portion would have to be recognised in the balance sheets and income statements in coming years.

NOTE 40**INFORMATION ABOUT THE PARENT COMPANY**

B&B TOOLS AB, organisation number 556034-8590, is a Swedish limited liability company with its registered office in Stockholm. The Parent Company's shares are registered on OMX Nordic Exchange in Stockholm. The address of the head office is: Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for year 2006/2007 covers the Parent Company and its subsidiaries, together termed the Group.

PROPOSED ALLOCATION OF EARNINGS

According to the consolidate balance sheet, retained earnings including net income for the year amounted to MSEK 1,109 as of 31 March 2007, of which MSEK 288 constituted net income for the year.

The following amounts are at the disposal of the Annual General Meeting of the Parent Company, B&B TOOLS AB:

Retained earnings	SEK 573,561 thousand
Net income for the year	SEK 197,518 thousand
	<hr/> SEK 771,079 thousand

The Board of Directors and the President & CEO propose that the funds available be allocated as follows:

Dividend to the shareholders, SEK 4.00 per share	SEK 111,152 thousand ¹⁾
To be transferred to retained earnings	SEK 659,927 thousand
	<hr/> SEK 771,079 thousand

The Board of Directors and the President & CEO herewith certify that, to the best of our knowledge, the Annual Accounts have been prepared in accordance with generally accepted accounting principles for listed companies, that disclosures herein provide a true and fair view of the state of affairs, and that nothing of material importance has been omitted that could affect the representation presented by the Annual Accounts. Final adoption of the Annual Accounts will occur at the Annual General Meeting to be held 30 August 2007.

Stockholm, 18 June 2007

Tom Hedelius
Chairman

Anders Börjesson
Vice Chairman

Per Axelsson

Conny Kjellberg

Anita Pineus

Lillemor Svensson

Stefan Wigren
*President &
Chief Executive Officer*

Our Audit Report has been submitted 18 June 2007
KPMG Bohlins AB

Thomas Thiel
Authorised Public Accountant

¹⁾ Computed based on the number of shares outstanding as of 31 March 2007 and with due consideration to the 648,500 repurchased class B shares held in treasury. The total amount paid will change due to conveyance of repurchased class B shares in connection with redemptions of personnel options during June 2007.

AUDIT REPORT

To the Annual General Meeting of Shareholders of B&B TOOLS AB (publ)
Organisation number 556034-8590

We have audited the Annual Accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of B&B TOOLS AB (publ) for the financial year 1 April 2006 – 31 March 2007. The Company's Annual Accounts and the consolidated financial statements are included in the printed version of this document on pages 28–79. The Board of Directors and the Chief Executive Officer are responsible for these accounting records and administration of the Company, as well as for application of the Swedish Annual Accounts Act in preparing the Annual Accounts, and that International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act are applied in preparing the consolidated financial statements. Our responsibility is to express an opinion on the Annual Accounts, the consolidated financial statements and the administration based on our audit.

We have 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 financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting records. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer, and significant estimates made by the Board of Directors and the Chief Executive Officer in preparing the Annual Accounts and the consolidated financial statements, as well as evaluating the overall presentation of information in the Annual Accounts and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken and circumstances in the Company in order to be able to determine the liability, if any, to the Company of any Director or the Chief Executive Officer. We have also examined whether any Director or the Chief Executive Officer, in any other way, has acted in contravention of the Swedish Companies Act, the Swedish 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 Swedish Annual Accounts Act and provide a true and fair view of the Company's performance and financial position in accordance with generally accepted accounting standards in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act, and provide a true and fair view of the Group's performance and financial position. The statutory Administration Report is consistent with the other parts of the Annual Accounts and the consolidated financial statements.

We recommend to the Annual General Meeting of Shareholders that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the earnings 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 Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 18 June 2007

KPMG Bohlins AB

Thomas Thiel
Authorised Public Accountant

Corporate Governance Report 2006/2007

Corporate governance at B&B TOOLS

THE SWEDISH CODE OF CORPORATE GOVERNANCE AND B&B TOOLS' CORPORATE GOVERNANCE REPORT

B&B TOOLS applies the Swedish Code of Corporate Governance ("the Code"). This corporate governance report for the 2006/2007 operating year is prepared in accordance with the recommendations of the Code. Deviations from the Code are reported in each respective section. This corporate governance report does not constitute a part of the formal Annual Accounts documentation and has not been examined by the Company's auditors.

CORPORATE GOVERNANCE STRUCTURE

B&B TOOLS AB's corporate bodies comprise the General Meeting of Shareholders, the Board of Directors, the President & CEO and the auditors. Refer to illustration below.

SHAREHOLDERS

As of 31 March 2007 B&B TOOLS AB had approximately 4,100 shareholders. The proportion of shares owned by institutional owners, such as pension funds, insurance companies and mutual funds, amounted to 76 percent. Foreign investors owned approximately 33 percent of the shares. The ten largest owners held in total shares equivalent to approximately 60 percent of the votes and 48 percent of the share capital. A list of the larger shareholders is found in the section The B&B TOOLS share on pages 88–89.

ARTICLES OF ASSOCIATION

The Articles of Association prescribe that B&B TOOLS AB is a public company, the business of which is to deal in technical and

mechanical products. The Company's shares are divided into class A shares and class B shares. For voting at General Meetings of Shareholders, class A shares entitle its holder to ten votes each and class B shares to one vote each. All shareholders of record on a given record date and who have filed notice to participate in time, have the right to participate in the proceedings of General Meetings of Shareholders. Shareholders may be represented by proxies.

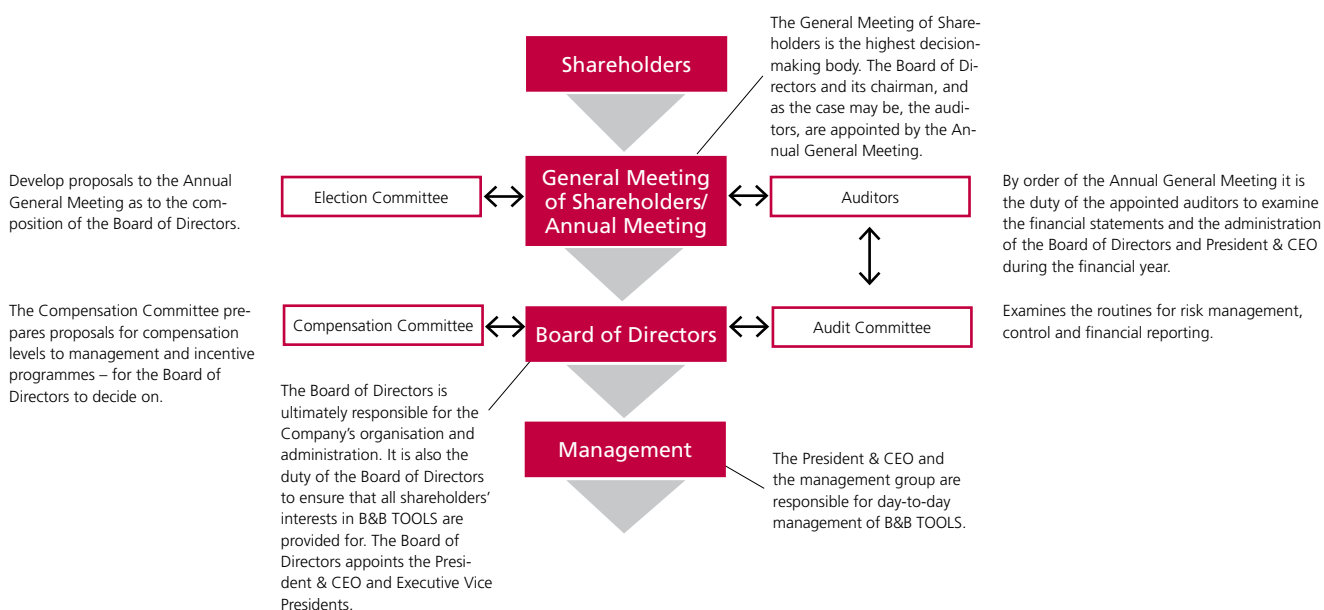
The Annual General Meeting shall be held not later than during the month of September each year. At the Annual General Meeting the income statements and balance sheets are adopted, the dividend is resolved, a Board of Directors, its chairman and, as the case may be, auditors are elected, fees are determined, guidelines for determining compensation and other terms of employment for senior management adopted, and other matters prescribed by law are dealt with. Decisions regarding proposals from the Board of Directors and the shareholders are also made. The Board of Directors shall consist of not less than five and not more than eight directors.

Notice for the Annual General Meeting shall be issued not more than six weeks and no later than four weeks before the meeting. Notice for an extra General Meeting of Shareholders, where amendment of the Articles of Association is not on the agenda, shall be issued not more than six weeks and no later than two weeks before the extra meeting. Notice shall be made by advertisement in Post- och Inrikes Tidningar and in Svenska Dagbladet.

ANNUAL GENERAL MEETING OF SHAREHOLDERS 2006

The notice for the Annual General Meeting of Shareholders in B&B TOOLS AB held 24 August 2006 was issued in daily

Corporate governance structure at B&B TOOLS



newspapers, via press release and via the Internet at B&B TOOLS' website on 20 July 2006. The notice and material on which to base meeting decisions were also available in English.

Chairman of the Board Tom Hedelius served as Chairman at the meeting. A total of 137 shareholders participated, together representing 63.7 percent of the votes in the Company. All directors and the Company's auditors participated in the meeting.

The Annual Accounts and the Audit Report were presented at the meeting. In connection therewith the Chairman of the Board gave an account of the work of the committees of the Board of Directors. Stefan Wigren, President & CEO, then reported on B&B TOOLS' operations, outcome for the 2005/2006 financial year and presented the Interim Report for the first quarter of 2006/2007. The auditors reported to the meeting on their examination via the Audit Report and gave an account of their work during the past year in connection therewith. Refer also to excerpts from the minutes from the Annual General Meeting.

At the subsequent statutory Board of Directors meeting Anders Börjesson was re-elected as Vice Chairman.

Minutes from the Annual General Meeting were available at B&B TOOLS and via the Internet at the Company's website two weeks after the meeting. The minutes are also available in English.

EXCERPTS FROM THE MINUTES FROM THE ANNUAL GENERAL MEETING 2006

The resolutions by the Annual General Meeting of Shareholders held 24 August 2006 included:

- To resolve the dividend to SEK 3.50 per share.
- To discharge the Board of Directors and the President & CEO from liability for the management of the Company during 2005/2006.
- To approve the proposal of the Board of Directors for changes in the Article of Association in order to conform to the 2006 Swedish Companies Act.
- To re-elect the directors Per Axelsson, Anders Börjesson, Tom Hedelius, Anita Pineus and Stefan Wigren.
- To appoint Tom Hedelius as Chairman of the Board of Directors.
- To authorise the Chairman of the Board of Directors to contact the largest shareholders by vote not later than 31 January 2007, asking them to appoint four members, who together with the Chairman of the Board of Directors would constitute an Election Committee for proposing candidates for future election of the Board of Directors. The Election Committee is appointed for the time period until a new Election Committee is appointed. The composition of the Election Committee for the 2007 Annual General Meeting was published 12 February 2007.
- To authorise the Board of Directors to decide upon repurchases of own shares.
- To issue call options on repurchased shares to members of senior management in the B&B TOOLS Group and to convey repurchased shares in connection with redemptions of call options. (More information about the structure of the incentive programme is found on pages 51–54.)
- To adopt guidelines for determining compensation and other terms of employment for members of senior management for the 2006/2007 operating year.

EXTRA GENERAL MEETING OF SHAREHOLDERS 22 FEBRUARY 2007

An Extra General Meeting of Shareholders of Bergman & Beving AB held 22 February 2007 resolved to change the Company's registered name to B&B TOOLS AB. The name change became formally effective as of 27 March 2007.

THE BOARD OF DIRECTORS

During the 2006/2007 operating year B&B TOOLS AB's Board of Directors consisted of five regular directors elected by the Annual General Meeting, and two employee representatives. A detailed presentation of the Board of Directors, including information on other assignments, is found on page 86. Other officers in the Group participate in the meetings of the Board of Directors by making presentations or as corporate secretary. B&B TOOLS has not set a specific age limit for the directors, nor any time limit for how long a director may serve on the Board of Directors.

DEPENDENCY CONDITIONS

In accordance with definitions in the listing contract with OMX Nordic Exchange in Stockholm of 1 July 2005, all regular directors, with the exception of the President & CEO, are independent relative to B&B TOOLS. All directors, with the exception of the Chairman and the Vice Chairman of the Board of Directors, are independent relative to B&B TOOLS' major shareholders. Only one regular director, the President & CEO Stefan Wigren, has an operative function in the Company.

In accordance with definitions in the Code, the Chairman and the Vice Chairman of the Board of Directors, in addition to the President & CEO, are also dependent relative to B&B TOOLS since they have been directors for more than twelve years. In this respect the Board of Directors in B&B TOOLS deviates from the Code's requirement that a majority of the regular directors shall be independent relative to the Company. For B&B TOOLS it is in this case deemed positive to deviate from the Code's majority requirement since it would otherwise be impossible to combine the Company's relatively few directors with the requirement of the shareholders that directors should possess high competence and long experience, and should have a good understanding of the Company's business. The composition of competencies and experience of the Board of Directors and the requirements for indepen-

EXAMPLES OF ISSUES DEALT WITH BY THE BOARD OF DIRECTORS OF B&B TOOLS

In general, the Board of Directors deals with issues of significant importance, such as:

- Adoption of rules of procedure, which among other things contains instructions for the President & CEO and rules for financial reporting and capital expenditures.
- The rules of procedure for the CEO includes, among other things, authority to make decisions regarding capital expenditures, corporate acquisitions and sales, as well as financing issues.
- Strategy plan.
- Acquisition and sale of companies or businesses.
- Major capital expenditures.
- Repurchase of own shares.

dence have also been deemed well balanced by the Election Committee. The smaller number of directors has been deemed to have a positive effect on the efficiency of the Board's work.

Duties and work of the Board of Directors

The Board of Directors is ultimately responsible for the Company's organisation and management. Based on its analysis of the surrounding world, the Board of Directors shall also make decisions in strategic matters. Refer also to examples of issues dealt with by the Board of Directors.

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting, held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on four occasions per year (regular meetings). Extra meetings are convened when needed.

Each meeting follows an agenda, which together with supporting documentation is sent to the directors well in advance of each meeting.

The agenda for the statutory Board of Directors meeting includes, among other things, election of Vice Chairman, adoption of the rules of procedure for the Board of Directors and decisions regarding signatory powers and approval of minutes.

At the first regular Board of Directors meeting each year (in the month of May), the annual financial statements are dealt with, proposed allocation of earnings and the year-end report. In connection herewith the Company's auditors report to the Audit Committee on their observations and assessments based on the audit performed.

At the regular meetings later during the operating year the Interim Reports are approved and published. Each regular meeting also includes a number of fixed agenda items, among which are reports on the current economic outcome of operations.

At the regular Board of Directors meeting in February each year, the Board of Directors adopts the Group-wide policies aimed at clarifying principles and attitudes in important areas on which all of the Group's activities are to be based. These policies describe, among other things, how work with the Group's financial operations and information management should be handled, as well as how equality and environmental issues are to be dealt with. The Board of Directors has adopted a so-called Code of Conduct for the Group's operations, which also includes ethical guidelines.

The Board of Directors evaluates its and the President & CEO's work on an ongoing basis. A structured evaluation is also performed in connection with the regular Board of Directors meeting in February each year.

The task of the committees appointed by the Board of Directors is to prepare issues for decisions by the Board Directors (see also below).

Decisions by the Board of Directors are made following an open discussion led by the Chairman. Mats Björkman, Executive Vice President of B&B TOOLS AB, serves as secretary to the Board of Directors.

Role of the Chairman of the Board of Directors

Aside from leading the work of the Board of Directors, the Chairman follows B&B TOOLS' day-to-day development

through continual contacts with the President & CEO in strategic issues. The Chairman of the Board of Directors represents the Group in ownership-related matters.

Committees of the Board of Directors

The Board of Directors has appointed a Compensation Committee for proposing compensation to the President & CEO for approval by the Board of Directors. The Compensation Committee decides on the compensation to other members of Group management and prepares proposals for any incentive programmes. Guidelines for determining compensation and other terms of employment for senior management for the 2006/2007 operating year were adopted by the Annual General Meeting in August 2006. The Compensation Committee consists of the Chairman (chairman of the Compensation Committee) and the Vice Chairman of the Board of Directors and the President & CEO. The President & CEO does not participate in decisions regarding his own compensation. The Compensation Committee convened on one occasion at which minutes were taken during the 2006/2007 operating year. The principles for the work of the Compensation Committee is described in Note 5 on pages 51–54.

The composition of the Compensation Committee deviates from the requirements of the Code with respect to the independency of the members relative to the Company. The explanation is that the Board of Directors feels that it is important the members of the Compensation Committee have the best possible understanding for how present and future requirements for competence and experience in B&B TOOLS' operations and continued development should be reflected in the compensation of the Company's senior management.

The Board of Directors has also appointed an Audit Committee to monitor and discuss the Company's risk management, governance, internal control and financial reporting. The Committee has contact with the Company's auditors to discuss such things as the emphasis and scope of the audit work. In connection with adoption of the year-end financial statements the Company's auditors report on their observation in the course of their audit and their assessment of the Company's internal control. The Committee includes all members of the Board of Directors with the exception of the President & CEO. The Chairman of the Board is also Chairman of the Audit Committee. The Audit Committee held one meeting during the 2006/2007 operating year.

No separate compensation is paid for committee work.

Important matters for the Board during the 2006/2007 operating year

During the 2006/2007 operating year the Board of Directors convened on fifteen occasions in addition to the statutory meeting, four of which were regular meetings and eleven extra meetings. Major individual issues for consideration by the Board of Directors include the acquisitions of a total of 40 businesses and the decision to propose to an Extra General Meeting of Shareholders in February 2007 to change the name of Bergman & Beving AB to B&B TOOLS AB. Refer to the Administration Report on pages 28–31.

Election Committee

The Annual General Meeting of Shareholders in August 2006 resolved to authorise the Chairman of the Board of Directors to contact the largest shareholders by vote not later than 31 January 2007, asking them to appoint four members, who together with the Chairman of the Board of Directors would constitute an Election Committee for proposing members of the Board of Directors, etc. for the next following Annual General Meeting.

The composition of the Election Committee, which was based on known shareholdings as of 31 December 2006, was published in the Interim Report for the first nine months of the operating year on 12 February 2007. The Election Committee for the Annual General Meeting in August 2007 consists of Chairman of the Board Tom Hedelius (who represents approximately 11 percent of the votes in B&B TOOLS), Jan Andersson (representative of Swedbank Robur Fonder with approximately 8 percent of the votes), Björn Franzon (representative of Fjärde AP-Fonden with approximately 4 percent of the votes), Anders Börjesson (who represents approximately 11 percent of the votes) and Pär Stenberg (who represents approximately 6 percent of the votes).

The other members have appointed Tom Hedelius to serve as Chairman of the Election Committee, which is a deviation from the rules of the Code which state that the chairman of the Election Committee should not be a director of the Company. The explanation is that the other members of the Election Committee feel that it is important that the chairman of the Election Committee has a good understanding for the work and composition of the present Board of Directors and clearly can see any need for complementary competencies. Jan Andersson has been appointed to serve as the Election Committee's spokesman at the upcoming Annual General Meeting in August 2007.

Pursuant to a resolution at B&B TOOLS AB's 2006 Annual General Meeting of Shareholders, the task of the Election Committee was to develop proposals to be presented to B&B TOOLS' 2007 Annual General Meeting with respect to: Chairman of the Meeting, Board of Directors, Chairman of the Board of Directors, auditors for the following four years period, directors' fees and auditors' fees. In May 2007 the Election Committee held one meeting during which minutes were taken, where among other things, the work during the past year of the Board of Directors was evaluated, also forming an opinion as to whether additional competencies were needed based on the Company's present position and future orientation.

The Election Committee has proposed re-election of all directors at the 2007 Annual General Meeting. Based on a structured selection process, the Election Committee has also proposed re-election of KPMG Bohlins AB as auditors for the period until

the adjournment of the 2011 Annual General Meeting. The Election Committee will present and motivate their proposals at the Annual General Meeting.

No separate compensation is paid for work on the Election Committee.

More information about the Annual General Meeting to be held 30 August 2007 is found on the inside of the back cover. Notice is planned to be published in Post- och Inrikes Tidningar and Svenska Dagbladet and at B&B TOOLS' website on the Internet 26 July 2007.

Attendance for Board of Directors, Committees and Election Committee

Refer to compilation below.

THE OPERATIONS OF THE GROUP

The composition of Group management is set forth on page 87.

The President & CEO is responsible for day-to-day management of B&B TOOLS, which includes all issues that are not reserved for the Board of Directors and which are administered by the Company's management group. With respect to the authority of the President & CEO to make decisions regarding capital expenditures, corporate acquisitions and sales, and financing issues, rules approved by the Board of Directors apply.

The President & CEO and Executive Vice Presidents

The President & CEO, Stefan Wigren, is employed by B&B TOOLS AB since 2001. Stefan Wigren's prior assignments include President & CEO of Front Capital Systems (1989–1999) and work in Corporate Finance at Handelsbanken Markets.

Executive Vice Presidents are Mats Björkman, Carl Johan Lundberg and Johan Falk.

For information about the President & CEO's and Executive Vice Presidents' current directors' assignments and holdings of financial instruments in B&B TOOLS, reference is made to page 87.

COMPENSATION TO CORPORATE MANAGEMENT

Corporate management is paid fixed salaries and customary perquisites, plus pension benefits and incentive programmes that include personnel options issued in 2002 and a variable part of the salary. Guidelines for determining compensation and other terms of employment for senior management for the 2006/2007 operating year were adopted by the Annual General Meeting in August 2006. The compensation to the Board of Directors and corporate management for 2006/2007 and a description of the incentive programs is set out in Note 5 on pages 51–54.

Regular directors	Elected year	Position	Audit Committee	Compensation Committee	Attendance at number of meetings		Fee, SEK	Dependent relative to ¹⁾	
					Board of Directors	Committees		B&B TOOLS	Major shareholders
Tom Hedelius	1982	Chairman	X	X	All	All	400,000	²⁾	X
Anders Börjesson	1990	Vice Chairman	X	X	All	All	300,000	²⁾	X
Per Axelsson	2001	Director	X		All	All	200,000		
Anita Pineus	2004	Director	X		15 (16)	All	200,000		
Stefan Wigren	2000	Director		X	All	All			

¹⁾ According to the definitions in the listing requirements from OMX Nordic Exchange in Stockholm.

²⁾ According to the Code, Tom Hedelius and Anders Börjesson are dependent relative to B&B TOOLS since they have been directors for more than 12 years. In other respects, reference is made to the section above on Dependency conditions.

THE AUDITORS

KPMG Bohlins AB was, at the Annual General Meeting of Shareholders held in August 2005, appointed to serve as auditors until the adjournment of the 2007 Annual General Meeting. Chief Auditor is Authorised Public Accountant Thomas Thiel. Thomas Thiel has participated in the audit of B&B TOOLS since 1997. During 2006/2007 Thomas Thiel was also Chief Auditor in, among other, the listed companies Atlas Copco, Ericsson, Holmen, Ratos, SKF, Svenska Handelsbanken and Swedish Match.

During 2006/2007 KPMG Bohlins had audit assignments in a total of approximately 25 percent of the companies listed on OMX Nordic Exchange in Stockholm. The independent position of the auditors is secured by the internal guidelines of the audit firm.

Compensation to the Company's auditors for the 2006/2007 operating year is shown in Note 6 on page 54.

In preparation for the Annual General Meeting in August 2007, the Election Committee has proposed re-election of KPMG Bohlins AB to serve as auditors until the adjournment of the 2011 Annual General Meeting.

ETHICAL GUIDELINES

B&B TOOLS strives to conduct its business with high requirements for integrity and ethics. The Board of Directors adopts a so-called Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines. For further details, refer to Sustainable Development on page 25.

INTERNAL CONTROL

According to the Swedish Companies Act, the Board of Directors is responsible for the internal control. This responsibility includes annual evaluation of the financial reporting received by the Board of Directors and specifying requirements for its content and presentation so as to ensure quality in the reporting. The financial reporting must thus be suited to its purpose, with the application of the accounting rules in force and other requirements that apply to listed companies. The following description is limited to internal control in B&B TOOLS with respect to financial reporting and has not been examined by the Company's auditors.

B&B TOOLS bases and organises its operations on the basis of decentralised accountability for profitability. The foundation for the internal control in a decentralised business consists of a solidly based process aimed at defining goals and strategies for each respective business. Defined decision paths, clear lines of authority and responsibility are communicated via internal instructions, regulations and policies adopted by the Board of Directors.

The Group's most important control documents include a comprehensive Financial Policy, a reporting manual, a manual for the Group's internal bank and expanded instructions preceding every closing of the books. On a higher level, all operations in the B&B TOOLS Group shall be conducted in accordance with the Group's Code of Conduct. The Group has also adopted a number of values that function as a framework for the employees and foster good judgement and consistent decision-making.

B&B TOOLS has established control structures to handle risks that the Board of Directors and corporate management feel are significant for the internal control with respect to financial report-

ing. Examples are transaction-related controls, such as a body of regulations surrounding attestation and capital expenditures and clear payment routines, but also analytical controls performed by the Group's controller organisation. Controllers at all levels in the Group have a key role in terms of integrity, competence and ability to create an environment conducive to achieving transparency and true and fair financial reporting. In order to ensure an effective exchange of knowledge and experience within the controller organisation, annual finance conferences are held where current topics are dealt with.

An important over-arching control activity is also the monthly earnings follow-up performed via the internal reporting system, and which is analysed and commented upon in the work of the internal Boards of Directors. The earnings follow-up includes reconciliation with previously set goals, the latest forecast and follow-up of adopted key financial ratios.

A special internal review function – Corporate Assurance – was established during the operating year. This function is responsible for ensuring that the Group's internal control system is observed and to actively participate in its development. For example, a system for confirming the financial statements has been established, where operative business managers and controllers sign a certificate at the end of the operating year to confirm that the body of reports provides a true and fair view of the financial position. The job of developing and adapting the Group's systems for internal control is a work in progress and a number of activities will be carried out during the current and future operating years.

Quarterly review by the auditors

Neither B&B TOOLS' semi-annual nor the nine-month reports during the 2006/2007 operating year were examined by the Company's external auditors, which is a deviation from the rules of the Code. After consulting with, among other, the Company's external auditors, the Board of Directors has made the assessment that the incremental cost for the Company of expanded quarterly examination by auditors cannot be warranted.



Board of Directors



BOARD OF DIRECTORS

1. TOM HEDELIUS
Stockholm, born 1939.
Chairman since 1993.
Director since 1982.
M.Sc. Econ., Honorary Doctor of Economics.
Honorary Chairman of Svenska Handelsbanken.
Chairman of AB Industrivärden, Anders Sandrews stiftelse and Jan Wallanders och Tom Hedelius stiftelse.
Vice Chairman of Addtech AB and Lagercrantz Group AB.
Director of L E Lundbergföretagen AB, SCA AB and AB Volvo and other assignments.
Shares owned: 407,310 class A shares.

2. ANDERS BÖRJESSON
Stockholm, born 1948.
Vice Chairman since 2001.
Director since 1990.
M.Sc. Econ.
Chairman of Addtech AB, Boomerang AB, Bostad Direkt AB, Cibenon AB, Cibes Lift AB, Inomec AB, Lagercrantz Group AB and Nolek AB.
Shares owned: 407,310 class A shares, 1,093 class B shares.

3. PER AXELSSON
Eksjö, born 1950.
Director since 2001.
M.Sc. Econ.
Responsible for business development in Optimera Sverige AB and Director of AB Julius Ekbooms.
Shares owned: 3,000 class B shares, 2,688 class A shares (company).

4. CONNY KJELLBERG
Limmared, born 1945.
Director since 1996.
Employee representative.
Shares owned: (family): 452 class B shares.

5. ANITA PINEUS
Gothenburg, born 1942.
Director since 2004.
CEO and Director of Stockhome AB.
Shares owned: –

6. LILLEMOR SVENSSON
Alingsås, born 1954.
Director since 2006.
Employee representative.
Shares owned: –

7. STEFAN WIGREN
Bromma, born 1957.
President and Chief Executive Officer of B&B TOOLS.
Director since 2000.
M.Sc. Econ.
Chairman of Svenska Handelsbanken, Region Stockholm City and TriOptima AB.
Shares owned: (family): 64,000 class B shares.
Personnel options: 25,000.



**HONORARY DIRECTOR
PÄR STENBERG**
Stockholm, born 1931.
Former President and Vice Chairman of Bergman & Beving AB.
Shares owned: 154,152 class A shares, 859,722 class B shares.

Management and Auditors



GROUP MANAGEMENT

8. STEFAN WIGREN

Born 1957.
President and Chief Executive Officer.
Employee since 2001.
M.Sc Econ.
Chairman of Svenska Handelsbanken,
Region Stockholm City and
TriOptima AB.
Shares owned (family):
64,000 class B shares.
Personnel options: 25,000.

9. MATS BJÖRKMAN

Born 1958.
Executive Vice President
and Chief Financial Officer.
Secretary to the Board of Directors.
Employee since 2001.
M.Sc Econ.
Director of Ehn & Land AB.
Shares owned (family):
29,000 class B shares.
Personnel options: 25,000.

10. CARL JOHAN LUNDBERG

Born 1951.
Executive Vice President.
Employee in the Group since 1987.
M.Sc. Eng.
Shares owned (family):
24,516 class B shares.
Personnel options: 35,000.

11. JOHAN FALK

Born 1971.
Executive Vice President and President
of B&B TOOLS Markets AB.
Employee since 2001.
M.Sc. Eng.
Shares owned: 23,400 class B shares.
Personnel options: 35 000.

12. JOHAN SJÖ

Born 1967.
Vice President and member of Group
Management.
Employee since 2003.
M.Sc. Econ.
Shares owned: 15,800 class B shares.

AUDITOR

KPMG Bohlins AB

Chief Auditor:
THOMAS THIEL, Authorised Public Accountant
Stockholm, born 1947.

During 2006/2007 Thomas Thiel was Chief Auditor in, among other, the listed companies Atlas Copco, Ericsson, Holmen, Ratos, SKF, Svenska Handelsbanken and Swedish Match. Thomas Thiel has participated in the audit of B&B TOOLS since 1997.

During 2006/2007 KPMG Bohlins had audit assignments with approximately 25 percent of the companies listed on OMX Nordic Exchange in Stockholm.

OTHER SENIOR OFFICERS

LENNART SVEDMAN

President of B&B TOOLS Products AB.
Employee in the Group since 2006.

ANDERS MÖLLER

President of B&B TOOLS Services AB.
Employee in the Group since 2001.

NIKLAS STENBERG

Chief Corporate Counsel.
Employee in the Group since 2005.

MATS KARLQVIST

Vice President – Investor Relations.
Employee in the Group since 2001.

NB: Information on the Board of Directors' and Group management's holdings of shares and personnel options are stated above as of 18 June 2007.

The B&B TOOLS Share

The class B share of B&B TOOLS is listed on OMX Nordic Exchange in Stockholm. The share price rose by 56 percent during the operating year. Trading volume was MSEK 1,484. At the end of the operating year, B&B TOOLS had a market capitalization of MSEK 6,085. The total return amounted to 59 percent compared to 21 percent for the market as a whole.

MARKET LISTING

The class B share of B&B TOOLS was floated on the Stockholm Stock Exchange in 1976 and was listed on the A-list in 1984. The share is today listed on the Mid Cap list of OMX Nordic Exchange in Stockholm in sector Industrials. The share is traded under the symbol BBTO-B. The trading lot is 100 shares.

PERFORMANCE OF THE B&B TOOLS SHARE DURING 2006/2007

During the period 1 April 2006 until 31 March 2007 the B&B TOOLS share's market price rose by 56 percent to SEK 214.00 as the last paid price as of 31 March 2007. During the same period Affärsvärlden's Composite Index rose by 18 percent. The highest and lowest paid price during the operating year was SEK 220.00 and SEK 128.00, respectively. The share price was SEK 240.00 as of 18 June 2007.

The total return on the B&B TOOLS share, including reinvested dividends, during 2006/2007 amounted to 59 percent. The SIX Return Index for OMX Nordic Exchange in Stockholm increased by 21 percent during the same period.

B&B TOOLS' total market capitalization amounted to MSEK 6,085 (3,896) as of 31 March 2007. Approximately 8.7 million

shares in B&B TOOLS AB changed hands during the year, equivalent to 31 percent of the total number of shares outstanding in the Company, at a value of MSEK 1,484.

Financial analysts who follow B&B TOOLS are listed on page 92.

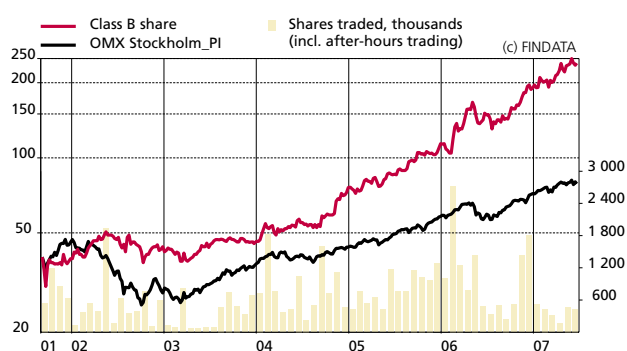
SHARE CAPITAL

The share capital amounted to MSEK 57 as of 31 March 2007. The total number of shares outstanding was 28,436,416. Of the total number of shares outstanding, 1,091,532 were class A shares with ten votes each and 27,344,884 were class B shares with one vote each. All shares entitle their holders to the same rights to the Company's assets and earnings. A conversion provision in the Articles of Association allows for conversion of class A shares into class B shares.

During the 2006/2007 operating year there were no changes in the total number of shares outstanding. During the operating year, 4,466 class A shares were converted to Class B shares.

Of the total number of shares outstanding as of 31 March 2007, the Company had repurchased 648,500 class B shares, equivalent to 2.3 percent of the total number of shares outstanding and 1.7 percent of the total number of votes. All of the repurchased class B shares held in treasury are reserved for securing the Company's obligations in share-related incentive programmes. Net after deduction of the repurchased shares held in treasury by the Company, the number of shares outstanding as of 31 March 2007 amounted to 27,787,916. The Board of Directors of B&B TOOLS AB has decided to propose to the Annual General Meeting of Shareholders to be held 30 August 2007 to renew the authorisation to repurchase shares.

Share price development¹⁾



¹⁾ Relevant share price data are unavailable for prior periods due to the distribution of Addtech AB and Lagercrantz Group AB in August 2001.

Ownership structure¹⁾

Size classes, number of shares	Owners		Shares	
	Number	% of total	Number	% of total
1 – 500	2,702	66.1	487,982	1.7
501 – 1,000	653	16.0	532,344	1.9
1,001 – 5,000	500	12.2	1,135,511	4.1
5,001 – 10,000	84	2.1	654,418	2.4
10,001 – 50,000	73	1.8	1,540,307	5.5
50,001 – 100,000	19	0.5	1,279,720	4.6
100,001 –	55	1.3	22,157,634	79.8
Total	4,086	100.0	27,787,916	100.0

¹⁾ Source: VPC

History of the B&B TOOLS share	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003
Share price as of 31 March, SEK	214.00	137.00	80.00	52.00	39.70
Market capitalization as of 31 March, MSEK	6,085	3,896	2,275	1,511	1,137
Dividend, SEK	4.00 ¹⁾	3.50	2.75	2.25	2.00
Number of shares outstanding, thousands	28,436	28,436	28,436	29,052	28,637
Number of shareholders as of 31 March	4,086	4,316	4,516	4,579	3,544
Highest share price during the operating year, SEK	220.00	137.50	84.50	55.00	52.00
Lowest share price during the operating year, SEK	128.00	76.75	50.50	38.00	37.00
Dividend yield ²⁾ , %	1.9 ¹⁾	2.6	3.4	4.3	5.0

¹⁾ As proposed by the Board of Directors

²⁾ Dividend per share divided by the closing share price as of 31 March for each respective operating year.

Major shareholders as of 31 March 2007¹⁾

	Number of		Percentage of	
	A shares	B shares	Capital	Votes
Anders Börjesson	407,310	1,093	1.5	10.8
Tom Hedelius	407,310		1.5	10.8
Swedbank Robur Fonder		2,881,946	10.4	7.7
Pär Stenberg	154,152	859,722	3.6	6.4
JP Morgan Chase Bank		1,848,761	6.7	4.9
Fidelity Funds		1,805,863	6.5	4.8
Fjärde AP-Fonden		1,437,375	5.2	3.8
Threadneedle Inv Fund		1,318,233	4.7	3.5
SEB Fonder		1,294,000	4.7	3.4
Brita Sæve	30,000	973,982	3.6	3.4
Pensionskassan SHB Försäkringsförening		900,000	3.2	2.4
MSIL IPB Client Account		732,761	2.6	1.9
US Residents Omnibus Lending A/C		658,415	2.4	1.8
Other shareholders	92,760	11,984,233	43.4	34.4
	1,091,532	26,696,384	100.0	100.0
Additional: Repurchased class B shares		648,500		
Total	1,091,532	27,344,884	100.0	100.0

¹⁾ Source: VPC

The weighted number of shares outstanding, less the repurchased shares held in treasury by the Company, amounted to 27,776,208 for the 2006/2007 operating year.

DIVIDEND

The proposed dividend by the Board of Directors for the 2006/2007 operating year is SEK 4.00 (3.50) per share, equivalent to a total of MSEK 111 (97). The payout ratio is 39 percent (48) of earnings per share (not including items affecting comparability).

THE LARGEST SHAREHOLDERS

B&B TOOLS had 4,086 shareholders (4,316) as of 31 March 2007. Institutional investors, such as mutual funds, insurance companies and pension funds et al. in Sweden and abroad own approximately 76 percent (76) of the total number of shares outstanding. The proportion of foreign ownership is approximately 33 percent (32) of the total number of shares outstanding. The table above shows the ownership structure as of 31 March 2007.

SHARE-BASED INCENTIVE PROGRAMMES

In April 2002, B&B TOOLS AB issued a personnel option programme for a total of 850,000 personnel options, and in September

2006 a call option programme for a total of 250,000 call options. Both incentive programmes were aimed at members of senior management and other key persons in the Group. The personnel option programme expires in June 2010, and the call option programme in September 2011.

For detailed information on the terms of the above-mentioned incentive programmes, reference is made to Note 5 on pages 51–54.

Classes of shares as of 31 March 2007¹⁾

	Number of shares	Proportion	
		of capital	of votes
Class A	1,091,532	3.9%	29.0%
Class B	26,696,384	96.1%	71.0%
	27,787,916	100.0%	100.0%
Repurchased class B shares	648,500		
Total number of shares outstanding	28,436,416		

¹⁾ Source: VPC

History of capitalisation

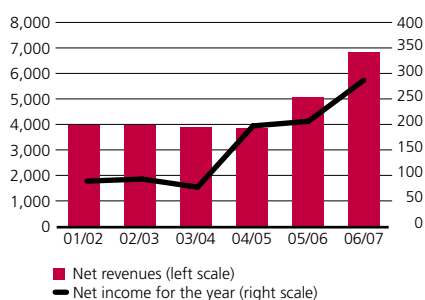
Year	Transaction	Change, SEK	Share capital, SEK	Number of shares
1988/89			76,356,060	7,635,606
1989/90	Conversion	140,000	76,496,060	7,649,606
1990/91	Conversion	86,000	76,582,060	7,658,206
1993/94	Stock dividend against retained earnings	38,291,030	114,873,090	11,487,309
1993/94	Non-cash issue to the shareholders of Engros AB Ferro	28,278,710	143,151,800	14,315,180
1997/98	Stock dividend against legal reserve	143,151,800	286,303,600	28,630,360
2002/03	Reduction of the nominal value of shares against unrestricted equity	-229,042,880	57,260,720	28,630,360
2002/03	Conversion	13,992	57,274,712	28,637,356
2003/04	Conversion	829,186	58,103,898	29,051,949
2004/05	Cancellation of repurchased class B shares	-3,652,400	54,451,498	27,225,749
2004/05	Conversion	2,421,334	56,872,832	28,436,416

The Board of Directors has no pending mandate to decide on issuance of new shares.

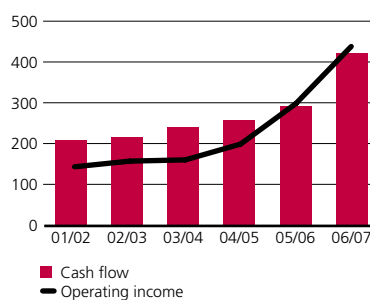
The Group in Figures Over Six Years

MSEK	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Income information						
Net revenues	6,823	5,058	3,863	3,881	3,975	3,956
Other operating revenues	6	18	6	–	–	–
Total operating revenues	6,829	5,076	3,869	3,881	3,975	3,956
Operating expenses	–6,386	–4,774	–3,667	–3,718	–3,815	–3,810
of which depreciation, amortisation and impairment losses	–66	–74	–92	–80	–79	–68
Operating income, not including items affecting comparability	443	302	202	163	160	146
Items affecting comparability	–	4	–4	–34	–6	–
Operating income, including items affecting comparability	443	306	198	129	154	146
Financial income and expenses	–36	–15	–13	–13	–13	–6
Income after financial items	407	291	185	116	141	140
Taxes	–117	–81	–49	–37	–46	–49
Income after taxes, but before income from discontinued operations	290	210	136	79	95	91
Income from discontinued operations, net after taxes	–	–1	64	–	–	–
Net income for the year	290	209	200	79	95	91
Of which attributable to:						
The Parent Company's shareholders	288	207	198	79	95	91
Minority interest	2	2	2	–	–	–
Balance information						
Intangible non-current assets	1,033	504	312	270	180	100
Tangible non-current assets	500	419	350	347	346	356
Financial non-current assets	81	60	51	78	54	37
Inventories	1,268	868	731	634	519	551
Short-term receivables	1,369	927	738	679	601	591
Liquid funds	170	276	152	297	374	333
Total assets	4,421	3,054	2,334	2,305	2,074	1,968
Shareholders' equity attributable to the Parent Company's shareholders	1,239	1,085	935	814	831	790
Minority interest	12	13	22	–	–	–
Total shareholders' equity	1,251	1,098	957	814	831	790
Convertible debenture loan	–	–	–	63	82	82
Interest-bearing liabilities and provisions	1,202	671	381	454	323	329
Non-interest-bearing liabilities and provisions	1,968	1,285	996	974	838	767
Total shareholders' equity and liabilities	4,421	3,054	2,334	2,305	2,074	1,968
Capital employed	2,453	1,769	1,338	1,331	1,236	1,201
Financial net loan debt	–1,018	–389	–224	–213	–20	–65

Net revenues and net income for the year, MSEK



Cash flow and operating income¹⁾, MSEK



¹⁾ Refers to cash flow from current operations and income not including items affecting comparability, respectively.

KEY FINANCIAL RATIOS

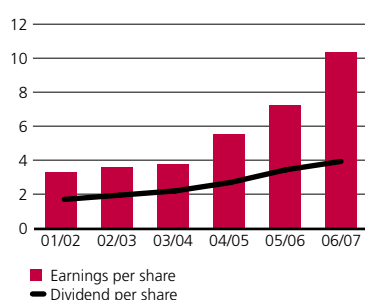
	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Operating margin, %	6.5	6.0	5.2	4.2	4.0	3.7
Profit margin, %	6.0	5.7	4.9	3.9	3.7	3.5
Return on total capital, %	12	12	10	8	9	8
Return on capital employed, %	22	20	17	14	15	13
Return on equity, %	25	20	23	9	12	11
Ditto, not including items affecting comparability, %	25	20	17	12	13	11
Return on equity, fully diluted basis, %	25	20	22	9	11	11
Ditto, not including items affecting comparability, %	25	20	17	11	12	11
Equity ratio, %	28	36	41	35	40	40
Equity ratio, fully diluted basis, %	28	36	41	38	44	44
Other data						
Number of employees at end of period	2,697	1,978	1,630	1,602	1,380	1,378
Average number of employees	2,289	1,817	1,696	1,378	1,382	1,361
Cash flow from current operations, MSEK	420	292	257	240	215	207
Per-share data						
Earnings, SEK	10.35	7.45	7.25	2.85	3.45	3.30
of which items affecting comparability	–	0.20	1.75	–0.90	–0.15	–
Earnings, fully diluted basis, SEK	10.25	7.35	7.10	2.75	3.30	3.20
Cash flow from current operations, SEK	15.10	10.50	9.45	8.70	7.85	7.55
Ditto, fully diluted basis, SEK	15.00	10.40	9.20	8.20	7.35	7.00
Shareholders' equity, SEK	44.60	38.95	33.75	30.15	30.10	27.70
Shareholders' equity, fully diluted basis, SEK	44.15	38.50	33.50	30.90	31.05	28.85
Share price as of 31 March, SEK	214.00	137.00	80.00	52.00	39.70	46.50
Dividend, SEK	4.00 ¹⁾	3.50	2.75	2.25	2.00	1.75
Other share-related data						
Share price/shareholders' equity, %	480	352	237	173	132	168
Share price/shareholders' equity, fully diluted basis, %	485	356	239	168	128	161
Price earnings ratio	21	18	11	18	11	14
Price earnings ratio, fully diluted basis	21	19	11	19	12	14
Dividend yield, %	1.9 ¹⁾	2.6	3.4	4.3	5.0	3.8

¹⁾ As proposed by the Board of Directors.

Financial years 2004/2005–2006/2007 have been prepared in accordance with IFRS. Financial years 2001/2002–2003/2004 have been prepared in accordance with previously applied Swedish accounting practice (Sw. GAAP).

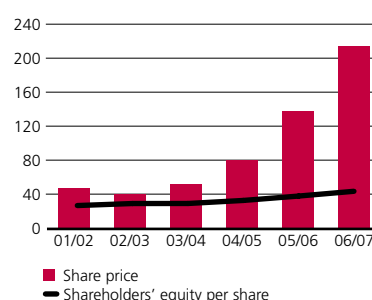
All data for the 2001/2002 financial year refer to B&B TOOLS pro forms, not including the former subsidiaries Addtech AB and Lagercrantz Group AB, which were distributed to the shareholders in August 2001.

All data for the financial years 2001/2002–2003/2004 include the businesses sold and/or discontinued during the 2004/2005 financial year: ANA Ädelmetall, ANA Kalto, Jaktia, Kaltoplast and Bergman & Beving MediTech (not including the former subsidiary Nordiska Dental). These businesses are not included in the data reported for the financial years 2004/2005–2006/2007.

Earnings²⁾ and dividend per share, SEK

²⁾ Refer to earnings per share, not including items affecting comparability.

Share price and shareholders' equity per share, SEK



Financial Information 2007/2008

The Group's financial year is 1 April – 31 March. For the 2007/2008 operating year reports will be published as follows:

Interim Report 1 April–30 June 2007	16 August 2007
Interim Report 1 April–30 September 2007	7 November 2007
Interim Report 1 April–31 December 2007	12 February 2008
Financial Report 2007/2008	15 May 2008
Annual Report 2007/2008	July 2008

The printed Annual Report is distributed to all shareholders of record who have not instructed VPC AB not to receive mailings. Other printed reports are distributed to those who have expressed their interest to the Company. All reports are published in Swedish and English.

MARKET COMMUNICATION

B&B TOOLS has the ambition to meet high requirements for communication with its owners and the financial markets in general. All information to the market shall be correct, relevant and reliable and shall be made available to all stakeholders promptly. B&B TOOLS strives to constantly develop and improve its communication through an active and close dialogue with the market's representatives and the media.

Requests for Interim Reports, Financial Reports, Annual Reports and press information can be made on B&B TOOLS' website www.bb.se, by telephone +46-8-660 10 30, or by e-mail info@bb.se.

Current information about the Group, such as press information, Interim Reports and Financial Reports as well as the latest share price is presented on B&B TOOLS' website. The website also contains descriptions of the Group's operating areas and a section on corporate governance. All stakeholders can request for and/or subscribe to B&B TOOLS' press information and reports via the website by registering their own e-mail address. An e-mail message will then be sent with the current press information or the report at the same time as the information is published.

B&B TOOLS participates regularly in various investor meetings and trade shows to inform about the Company. Requests for presentations of the Company are always welcome.

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Handelsbanken Capital Markets
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INVESTOR RELATIONS

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Welcome to the Annual General Meeting 2007!

The Annual General Meeting of Shareholders of B&B TOOLS AB will be held at 4:30 p.m., Thursday, 30 August 2007 at Näringslivets Hus, Storgatan 19, Stockholm.

Notice of participation

Shareholders who wish to participate in the proceedings of the Annual General Meeting must:

- (a) be recorded in the share register maintained by VPC AB not later than by Friday, 24 August 2007 and
- (b) file notice with the Company of their desire to attend not later than 3:00 p.m., Friday, 24 August 2007.

Notice should be filed with B&B TOOLS AB, P.O. Box 10024, SE-100 55 Stockholm, Sweden, telephone +46-8-660 10 30, fax +46-8-660 58 70, info@bb.se or via Internet at B&B TOOLS' website www.bb.se.

The notice must contain information about name, personal or organisation number, telephone number (daytime), registered shareholding and the names of any assisting counsel.

NOMINEE-REGISTERED SHARES

In order to exercise their voting rights at the Meeting, shareholders whose shares are registered in the name of a bank's trust department or in the name of a stockbroker as nominee, must temporarily register their shares in their own name through their custodian. This procedure also applies to shareholders who utilise a bank's shareholder registry as well as those who trade shares via the Internet. Such registration must be completed not later than by Friday, 24 August 2007.

PROXIES

The rights of shareholders at the Annual General Meeting may be exercised by proxy. The Power of Attorney for a legal entity must be signed by an authorized signatory and a copy of a current certificate of incorporation that names authorized signatories must be attached. The Power of Attorney may not be older than one year. A copy of the Power of Attorney must be submitted together with the notice and shall be presented in original prior to the start of the Meeting.

PAYMENT OF DIVIDEND

The Board of Directors has proposed a dividend of SEK 4.00 per share for 2006/2007. The resolutions of the Annual General Meeting regarding dividend will include the date by which shareholders must be recorded in the share register maintained by VPC AB in order to be entitled to receive dividend. The Board of Directors has proposed Tuesday, 4 September 2007 as record date.

On the condition that the Annual General Meeting adopts this proposal, dividends are estimated to be disbursed by VPC AB Friday, 7 September 2007 to shareholders of record as of 4 September 2007.

CHANGE OF ADDRESS AND BANK ACCOUNT INFORMATION

Shareholders who have changed their name, address or account number should immediately report such change to their custodian or to their account institution (bank).

Definitions

Net revenues

Own invoicing, commission income from commission sales and side revenues.

Capital employed

Balance sheet total, less non-interest-bearing liabilities.

Financial net loan debt

Liquid funds and interest-bearing financial non-current assets, less interest-bearing liabilities and provisions.

Profit margin

Income after financial items, not including items affecting comparability, relative to net revenues.

Operating margin

Operating income, not including items affecting comparability, relative to net revenues.

Return on total capital

Income after financial items, not including items affecting comparability and reversed financial expenses, relative to average total capital (balance sheet total).

Return on capital employed

Income after financial items, not including items affecting comparability and reversed financial expenses, relative to average capital employed.

Return on equity

Net income for the year relative to average shareholders' equity.

Equity ratio

Shareholders' equity as a percentage of balance sheet total.

Earnings per share

Net income for the year attributable to the Parent Company's shareholders divided by the weighted number of shares outstanding.

Equity per share

Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding at the end of the financial year.

Share price/shareholders' equity

The share price relative to shareholders' equity per share at the end of the financial year.

Price earnings ratio

The share price as of 31 March, divided by earnings per share.

Dividend yield

Dividend per share relative to share price as of 31 March.

Number of shares outstanding at the end of the financial year

Number of shares outstanding as of 31 March, net after deduction for shares repurchased by the company.

Weighted number of shares outstanding

Average number of shares outstanding during the financial year, adjusted for repurchased shares.

Calculation of key financial ratios on a fully diluted basis

Key ratios on a fully diluted basis are calculated in accordance with IAS 33. The number of shares on a fully diluted basis has been calculated as the weighted average during the financial year as far as the earnings and cash flow based key ratios are concerned.

Items affecting comparability

Significant earnings items attributable to capital gains or losses on the sale of businesses or significant non-current assets, impairment losses and restructuring costs.

Amounts

Stated in the Notes refer to MSEK (SEK million) unless otherwise specifically stated.

Glossary

DIY – "Do-It-Yourself"

MRO – Maintenance, Repair & Operations

TFS – Trouble Free Supply, a logistics concept in Momentum

Market Companies – the Group's own reseller business

Backbone – project for development of a new common enterprise system for the TOOLS chain in Sweden

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