



B&B TOOLS – together, we

B&B TOOLS is the largest supplier of industrial consumables in the Nordic region

B&B TOOLS provides the industrial sector with industrial consumables, industrial components and related services. TOOLS is the Group's own market channel for industrial customers. The main geographic markets are Sweden, Norway and Finland. The Group has approximately 2,900 employees and posted revenue of slightly more than MSEK 9,300 for the 2008/2009 operating year.

In recent years, B&B TOOLS has played an active role in the consolidation of the market through such measures as a focused acquisition strategy, acquiring some 100 reseller businesses in the Nordic region.

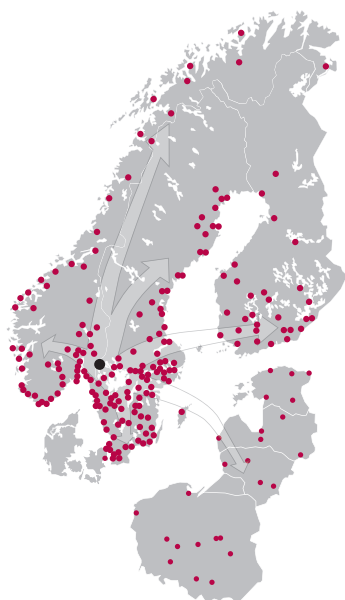
Read more on page 14.

Total needs of industry

TOOLS

INDUSTRIAL CONSUMABLES

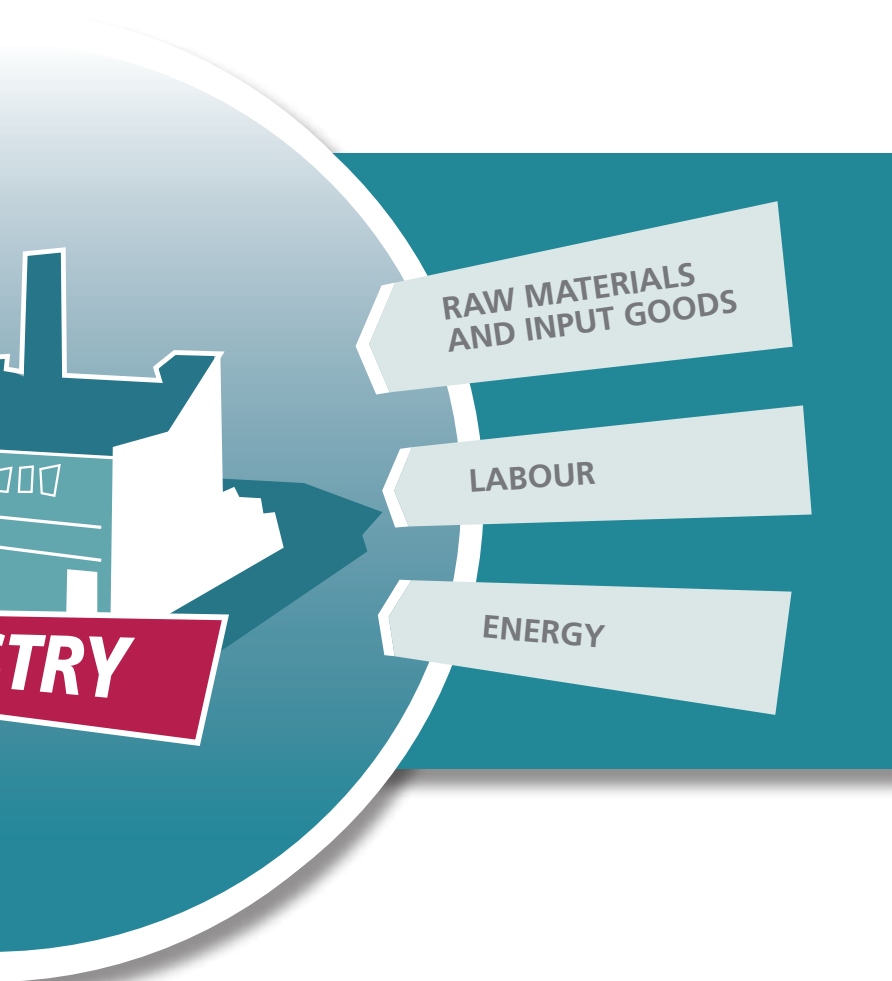
INDUS



Proximity to industrial customers

TOOLS has national coverage in Sweden, Norway and Finland with own and partner branches in more than 200 locations. The operations are organised into 15 regions. Proximity to customers is made possible through the 200 branches. Access to high-quality, specialised competence is supported by the regional structure. *Read more on page 14.*

make industry more efficient



Complete offerings

B&B TOOLS aims to meet industrial customers' needs for industrial consumables by offering comprehensive solutions that include a large number of items, several related services, extensive competence, and efficient systems for logistics and information. Development of the product and service offerings is based on the various needs of different industries. [Read more on page 17.](#)

B&B TOOLS is the industrial customer's best friend

Industrial customers are the Group's focus. B&B TOOLS holds a strong position in the Nordic region and works with many attractive and demanding companies. Here are a few examples. [Also refer to pages 20–21.](#)





The Hydro Group's cooperation with TOOLS in Norway saves time and money. *Read more on pages 16–17.*



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B&B TOOLS AB's statutory Annual Report (Annual Accounts) comprises pages 28–82. These pages have been examined by the Company's auditors in accordance with the Audit Report on page 83.

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.

Smart camera technology increases the precision of TOOLS' supply to the Finnish company Valtra.
Read more on pages 10–11.



2008/2009 operating year

• Severe economic downturn

In the autumn of 2008, Nordic industry was hit by a severe economic slowdown, and the beginning of 2009 has continued along the same path. Revenue for comparable units decreased by a total of 7 percent during the operating year.

• Measures aimed at restoring the operating margin

In order to restore the operating margin, all Group operations implemented cost-saving measures during the operating year. Combined with additional activities carried out in the late spring of 2009, these measures are expected to generate a total annual cost reduction of approximately MSEK 400 (all other things being equal) once all of the measures take full effect.

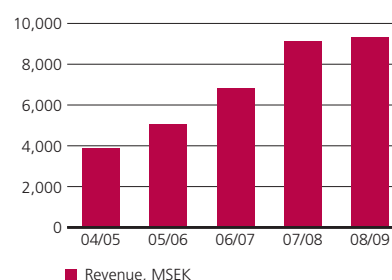
• Group priorities

The Group is gradually increasing its focus on sales and marketing since the prevailing market situation is providing excellent opportunities to engage in a dialogue with the Group's customers concerning overall profitability with regard to industrial consumables – a topic that is close to B&B TOOLS' heart. We continue to strive toward our vision – *First in MRO!*

Group in figures	2008/2009	2007/2008	Change
Revenue, MSEK	9,325	9,133	+2%
Operating profit, MSEK	511	674	–24%
of which non-recurring costs, MSEK	–111	–	N/A
Profit before taxes, MSEK	403	600	–33%
Net profit for the year, MSEK	291	432	–33%
Per share, SEK			
Net profit for the year	10.20	15.10	–32%
Cash flow from operating activities	13.50	12.90	+5%
Equity	62.35	55.60	+12%
Dividend	2.50 ¹⁾	5.00	–50%
Operating margin, %	5.5	7.4	
Return on equity, %	17	31	
Equity/assets ratio, %	29	27	
Average number of employees	3,333	2,987	+12%

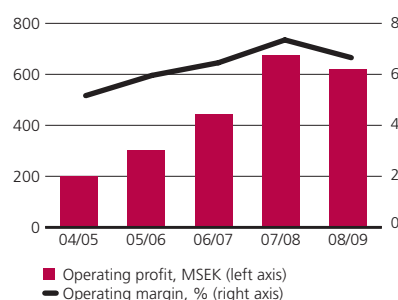
¹⁾ As proposed by the Board of Directors.

REVENUE



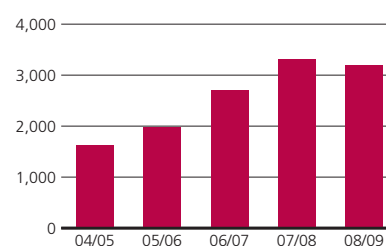
The B&B TOOLS Group has grown substantially in the past five years through both organic growth and the acquisition of approximately 100 businesses with more than SEK 5 billion in revenue. A total of eight businesses were acquired during 2008/2009 with combined annual revenue of approximately MSEK 325.

OPERATING PROFIT AND OPERATING MARGIN – excluding non-recurring costs



The B&B TOOLS Group has tripled its operating profit in the past five years. During 2008/2009, the earnings trend was affected by the severe economic slowdown experienced in Nordic industry, forcing the Group to implement forceful cost-saving measures.

NUMBER OF EMPLOYEES at the end of the operating year



The number of employees in the B&B TOOLS Group has grown significantly in recent years as a result of strong organic growth and acquisitions. Following the cost-saving measures implemented in 2008/2009, the number of employees in the Group is being reduced by approximately 500 persons, net, compared with 30 September 2008.

2008/2009 was a challenging year – also for B&B TOOLS – and it is not over yet ...

We planned for continued growth, but were also mentally prepared for the possibility that a recession could be imminent. However, when the current period of economic decline set in, it was much more severe than we could have predicted. The operating year was characterised by trends that differed entirely from those for which we had hoped. This is part of the commercial reality. We must adapt to various external conditions, while maintaining the Group's development agenda. In situations such as this, management and all employees are forced to face new challenges. But challenges also allow us to grow, so we are now moving forward and utilising our new experiences to further develop the Group.

REVENUE AND PROFIT

The 2008/2009 operating year opened with strong organic growth and favourable trends in terms of the Group's key data. The second half of the operating year turned out to be the complete opposite. We experienced a decline in volumes that was larger than we could have imagined only a few months earlier. Revenue amounted to MSEK 9,325, compared with MSEK 9,133 in the preceding year, corresponding to growth of 2 percent. Acquired units accounted for approximately 9 percent of this increase in revenue, while revenue for comparable units fell 7 percent. However, as a result of the sharp decline in volumes, the annual consolidated revenue rate currently amounts to slightly more than SEK 8 billion – a painful set-back that has impacted major areas of Nordic industry to varying degrees.

Operating profit, excluding non-recurring costs, totalled MSEK 622 (674), down 8 percent. The operating margin dropped from 7.4 percent to 6.7 percent. This drop in earnings and lower operating margin were primarily attributable to the decline in volumes.

ECONOMIC-ADJUSTMENT MEASURES

The Group opted to deal with the rapid decline in volumes through the quick initiation of relatively severe action programmes. The Group's philosophy of decentralisation and the relatively young organisation were truly put to the test. Cost-cutting became our top priority and approximately 1,000 individual mea-

sures were identified, planned and implemented. Many highly esteemed employees were affected as a result, which I deeply regret. Following the implementation of the action programmes, the number of Group employees is being reduced by approximately 500 persons, net, and the Group's annual overhead costs is being cut by approximately MSEK 400 (all other things being equal) once all of the cost-cutting measures have taken full effect.

SALES FOCUS

The current operating year has begun with an increased focus on sales. An extensive project has been carried out to achieve a number of different goals. We experienced an intense need to establish a positive goal to strive for following the unusual (and, in the long-term, unsustainable) focus on cost reductions in the winter and spring. Numerous sales visits were conducted by the Group's sales personnel, with managers and other employees also playing an active role. The positive feedback we have received from customers regarding these meetings reminds us of the strength of our vision.

MAJOR POTENTIAL

In my opinion, the most exciting aspect of B&B TOOLS is the considerable potential generated by the market position we have captured through all of the corporate acquisitions carried out in recent years (approximately 100) and the conceptual growth achieved to date. By increasing our market strength and purchasing power and enhancing the efficiency of the Group's flows and internal work, we will be able to achieve positive results in terms of our market shares, volumes and margins. However, realising the clear opportunities we see in many subareas will require both a goal-oriented approach and competent development work. In light of this, we have chosen to prioritise our efforts to ensure that all development projects continue to the largest extent possible despite the current recession. So far, we have been able to continue running all of our projects with nearly unchanged strength. These projects cover such areas as logistics/supply chain, information strategy, internal information systems, product line coordination, organisational development and many more.

“We opted to deal with the rapid decline in volumes through the quick initiation of relatively severe action programmes.”

WHAT ARE THE GROUP'S PRIORITIES FOR THE FUTURE?

We are prepared for the current economic pressure to continue into the summer and autumn of 2009. Many industrial companies have indicated that they will remain reserved in terms of production in the near future and some are also taking a restrained approach to maintenance. This will probably result in the prevailing volume pressure continuing for some time. Accordingly, we will continue monitoring our income statement, but will also place a relatively large focus on the balance sheet during the year. Operating capital has increased in relation to revenue. This must be rectified. Our work pertaining to operating capital is expected to generate a positive injection of cash flow.

In the long term, I am absolutely convinced that the Group's vision – First in MRO – will make a positive difference for the Group's customers and, thus, the Group's growth and profitability. Consequently, we will continue to develop in order to build a competitive Group, and the Group's promise to its industrial customers within the framework of the TOOLS brand will be pursued with force.

A SINCERE THANK YOU!

In closing, I would like to extend my sincere thanks to all employees for their intense loyalty during perhaps the most difficult period the Group has faced since 1906. The hard work and constructive approach demonstrated during the year despite adverse conditions have helped us to reduce our costs and maintain an outstanding company. Thank you!

I am convinced that our vision, exceptional efforts and positive attitude will enable us to emerge stronger from this intense recession.

Stockholm, June 2009




Stefan Wigren
President & CEO



“In the long term, I am absolutely convinced that the Group's vision – First in MRO – will make a positive difference for our customers.”





Vision and strategy

First in MRO

MRO – Maintenance, Repair and Operations – is an international concept that focuses on industrial companies' processes for maintenance, repair and operation of their production facilities. B&B TOOLS provides comprehensive solutions in the area of MRO, including:

Broad and extensive competence

Comprehensive product ranges

Efficient services in a number of areas, including advisory services pertaining to applications, inventory optimisation, administration and logistics

Proximity to customers

The Group's vision and strategy are presented on pages 6–7.



Optimisation generates savings

Industrial customers continuously strive to reduce their costs and enhance the efficiency of their MRO processes (Maintenance, Repair and Operations) – this ambition forms the basis of B&B TOOLS' strategy. Proximity to customers, comprehensive solutions and an efficient value chain are the key components of the Group's strategy.



B&B TOOLS' description model

The aim of all functions and processes in the Group is to meet the customers' needs for comprehensive solutions in the MRO area.

All industrial companies continuously carry out MRO initiatives in their production in order to ensure and enhance their productivity and profitability. The customer companies' collective needs for industrial consumables encompass a large number of items. One of the aims of MRO planning is to ensure that the right products are available at the right place at the right time.

OPTIMISATION GENERATES SAVINGS

In the worst-case scenario, inadequate planning of the consumables supply for a customer's MRO processes could result in disruptions to the customer's production processes, which could naturally cause considerable costs. While meeting customer needs for consumables-supply solutions based on a total cost perspective – which also includes taking alternative costs for production disruptions into consideration – is difficult, it is a challenge that the

Group has chosen to accept! That is why B&B TOOLS has selected the vision: *First in MRO*.

B&B TOOLS' goal is to gradually distinguish the Group from other players in the market. In cooperation with customers, the Group aims to create solutions that enhance customer profitability (all other things being equal). Complex needs require comprehensive solutions. Among other features, the Group's solutions must include:

- extensive competence
- efficient systems for logistics and information
- a large number of items
- a broad range of services
- local presence
- considerable cooperation between supplier and customer

"Together, we make industry more efficient!"

B&B TOOLS' VISION – First in MRO

B&B TOOLS strives to be perceived as the leader in the MRO market.

- We are the first Nordic supplier company to give real meaning to the MRO concept.
- We want to be perceived as the player at the forefront of the MRO area.
- We strive to be the first player to introduce new concepts and services in the area of MRO.
- We strive to be the player that secures the leading position in the consolidated market.

First in MRO means that B&B TOOLS will gradually develop and deliver an increasing number of complete solutions in the area of MRO, thereby becoming a natural partner for its customers. By consistently focusing on MRO, B&B TOOLS will help the industrial sector become more profitable, which, in turn, will create the necessary prerequisites for the long-term and profitable growth of the B&B TOOLS Group.

B&B TOOLS' cube

Based on its customers' varying needs, the Group develops comprehensive solutions comprising products and services in the MRO area.

**Complete Product – Developing comprehensive solutions**

The Group is undergoing substantial development. Through the acquisition activities conducted in recent years, B&B TOOLS has secured a strong position in the market. The Group is now striving to gradually create standardised offerings and efficient processes that fully utilise the Group's collective strength.

To facilitate the ongoing changes in a number of areas within the Group simultaneously, a joint approach is necessary, which means that a number of guiding principles must be established. The Group often refers to the description model pictured on the previous page.

An important aspect of this work involves striving to define the various requirements of B&B TOOLS' customers and creating comprehensive solutions including products and services that meet these needs. This is referred to within the Group as "Complete Product."

Customer needs are defined with the assistance of sales representatives and other Group employees with responsibility for customer contacts. The solutions developed must meet the criteria established for a "Complete Product." These solutions contribute to increasing the customer's profitability with regard to industrial consumables for MRO processes.

Go to Market – To the market with TOOLS

"Go to Market" refers to the process that brings the Group's offering to its industrial customers. This process involves developing and defining B&B TOOLS' sales channels and customer contact points, how the Group conducts sales and integrates with customers, and how the TOOLS brand is built.

Logistics and IT processes – Effective tools

Efficient supply chains with effective IT support are necessary components in the Group's offerings. These areas are also developed on a continuous basis. Through the numerous acquisitions conducted in recent years, the Group has created considerable scope for further efficiency enhancements in the areas of logistics and IT.

DESIGNED TO EARN BILLIONS

One key objective is ensuring that the various aspects of B&B TOOLS' strategy work together to achieve the overall goal of meeting industrial customers' actual need for products and related services in the area of MRO.

The Group's operations strive to ensure that customers receive a reliable and cost-efficient supply solution. In other words, B&B TOOLS' complete solutions in the area of MRO are designed to help the industrial sector earn billions!

**Starring MRO**

The animated figure MRO represents TOOLS in the Group's marketing materials and symbolises the goal of helping the industrial sector earn billions of SEK in the MRO area.



Market

Economic-adjustment measures



Nordic industry was hit by a severe economic slowdown in the autumn of 2008. This recession led to a downturn in industrial activity and, as a result, to declining demand for the B&B TOOLS Group's products and services. At the same time, industrial companies have also become increasingly interested in finding cost-efficient supply solutions for industrial consumables.

The Group's market is described on pages 10–11



Focus on increased efficiency

B&B TOOLS is specialised in industrial consumables, industrial components and related services for MRO processes. The Group's geographic focus is Sweden, Norway and Finland, where the total market for industrial consumables is valued at approximately SEK 45 billion.

CONSOLIDATION OF THE MRO MARKET

The market for industrial consumables and industrial components in the Nordic region has traditionally been highly fragmented. However, in recent years, the industry has entered a consolidation phase. This means that old patterns are being broken and new ones established. One of the driving forces behind this consolidation is that an increasing number of industrial customers have realised that there are gains to be made by enhancing their

efficiency in the area of industrial consumables. This is resulting in increased demand for an efficient value chain – from manufacturer to end customer – which, in turn, is driving consolidation.

B&B TOOLS is taking an active role in the consolidation of the market. A tangible example of this is the approximately 100 acquisitions conducted by the Group in recent years.

B&B TOOLS' main geographic markets currently comprise Sweden, Norway and Finland, which include competing players with various profiles:

- A few large companies offering a broad range of products. These companies often have their own logistics and IT solutions. Some also have a local presence through own resellers in a specific country or region.

INDUSTRY CAN EARN BILLIONS

An increasing number of companies are striving to reduce their costs for industrial consumables and industrial components. This trend has also been strengthened as result of the recession that occurred in 2008/2009. When searching for savings, it is important to look at the overall picture to identify any factors that may result in costs, particularly since the invoice amount for consumables and components is often only the tip of the iceberg. The scenario usually changes once peripheral costs, such as costs for supplier contacts, orders, goods handling and invoicing, are factored in.

Accordingly, customers should focus on the total cost of ownership (TCO) when considering their MRO processes. TCO provides an overview that enables savings and new comprehensive solutions – at the same time! This makes it possible for the industrial sector in the Nordic region to earn billions.



TOOLS

Smart camera technology increases delivery precision



- Niche players that specialise in smaller product areas and market their products in a larger region or a specific country. Their primary competitive tool is their expertise in their particular product area and field of application.
- Local resellers that focus on the industrial sector in their local area. Their key competitive tools are their proximity to customers and accessibility.

MARKET TRENDS

The industrial sector's constant efforts to streamline its MRO processes are now reaching the area of consumables. An increasing number of companies are recognising the potential created by integrating their consumables supply into their MRO processes in a professional manner. Another clear trend is that these industrial companies want to reduce the number of suppliers, while transferring greater responsibility to a few selected suppliers. Many large companies are also demanding multi-location agreements, whereby a single supplier meets the needs of all units in a specific country or region. Moreover, individual reseller businesses are increasingly realising that they will not be able to make sufficient investments in infrastructure and competence to maintain their long-term competitiveness. This trend is also contributing to the consolidation of the market.

Greater focus on services

The industry for suppliers of industrial consumables and industrial components is mature and governed by tradition. However, it

is interesting to note that while the product-supply sector is relatively well-established, the level of development in the area of services is relatively low. B&B TOOLS believes that there is considerable potential for both customers and competent suppliers to gradually expand the services area while maintaining a strong link to the product-supply sector.

COMPETITION

There is currently no player in the Nordic market with the same profile as B&B TOOLS. The only companies with a presence in all three principal markets in Sweden, Norway and Finland and similar structural prerequisites are the Swedish company Ahlsell and the German company Würth. In each local area, B&B TOOLS encounters competition from one or more local reseller working in limited geographic markets. At the national level, the Group encounters a few major players in each country. At the same time, many small and mid-sized niche players exist that normally remain within a well-defined product area. In certain areas of technology, large international companies are also represented. These companies operate primarily in selected product areas, in which competitiveness is based on strong brands and a high level of niche expertise.

Although the number of players is substantial – and the competition intense – significant opportunities exist for a company to develop its market position and offerings, particularly for companies that have the capacity to participate in the ongoing consolidation.

NB!

The Board of Directors and Group management deem that the decline experienced since the autumn of 2008 has primarily been driven by economic factors (rather than structural factors). The above description of the Group's market and market trends does not specifically address the economic situation or short-term fluctuations in the Group's market. It focuses instead on the market as a whole and the key trends forcing the market to adopt new behaviour and new structures.

The Finnish company Valtra is the leading tractor manufacturer in the Nordic region, with sales in 75 countries worldwide. In cooperation with Valtra, TOOLS has enhanced the efficiency of its component supply.

TOOLS supplies such components as hoses and other plastic and rubber components to the Valtra tractor factory in Suolahti, Finland. The secret behind the supply solution is the web camera that has been mounted in Valtra's storage area. It is connected to TOOLS' facility so that employees can follow the consumption of components in real time. The camera was installed in 2008, and so far the results have been favourable.

"The camera automatically sends a signal to TOOLS when a specific part requires replenishment. Then we receive a combined delivery once a week," says Arttu Altonen, Purchaser at Valtra.

"The solution is unique and makes component supply more efficient and flexible," notes Harri Mononen, TOOLS Regional Manager. "Transports to the customer are minimised. Now we have advance knowledge of what is needed and can replenish stocks of the right products at the right time – and that improves delivery precision!"

Increased deliveries

Tractor manufacturing requires large quantities of components. As logistics becomes more efficient, it is easier for Valtra to manage the supply of components, resulting in savings. This is also the reason that TOOLS' assignment is growing and that the company is supplying an increasing number of components to the tractor factory.

"The partnership has expanded, and now we have a close cooperation in which the cost and quality of each component are matched with Valtra's specific requirements," says Harri Mononen.





Operations

Comprehensive offerings
that strengthen
industrial customers

B&B TOOLS is the largest supplier of industrial consumables, industrial components and related services to Nordic industry.

The Group's operations are based on highly decentralised business responsibility. This responsibility is managed in an optimal manner by B&B TOOLS' many Group operations, with their experienced, enthusiastic and knowledgeable managers and employees, who represent a combination of competence, entrepreneurship, profitability and development.

*The Group's operations are
presented on pages 14–21.*



Leader in the Nordic region

B&B TOOLS is the largest supplier of industrial consumables, industrial components and related services to Nordic industry. The Group does not conduct any in-house manufacturing, but rather focuses on trading operations at the wholesaler and retailer levels, where its market positions are strong. Local resellers offer products, service and expertise in each market.

Guided by customer needs

The Group's focus is increasingly shifting toward the development of comprehensive solutions for industrial customers, a task performed by B&B TOOLS' two operating areas: Markets och Products. Markets is the Group's network of resellers and is responsible for all processes pertaining to the Company's relationship with its industrial customers. Based on the customer

needs that Markets identifies, Products is responsible for the development of customised product and service offerings. This work is supplemented by a number of support functions for logistics and information solutions and Group-wide concept development.

Decentralised work

B&B TOOLS' operations are based on highly decentralised business responsibility, which should always be executed in close proximity to the Group's customers and market. The work of the Group is organised into business units, in which knowledge, entrepreneurship, profitability and increased focus on customised comprehensive solutions in the area of MRO are the main areas of focus. The reseller business within Markets is divided into 15 regions, thereby generating economies of scale in such areas as sales and administration. The Group also comprises a number of joint central functions – at both the operating area and national and regional levels – to handle matters pertaining to management and coordination. These joint functions strengthen and enhance the efficiency of the operations.

Markets

MARKETS' SHARE OF THE GROUP



Markets in figures	2008/2009	2007/2008
Revenue, MSEK	6,254	5,707
Operating profit*, MSEK	298	333
Operating margin*, %	4.8	5.8
Average number of employees	2,039	1,733

* Pertains to profit excluding non-recurring costs.

TOOLS (including TOOLS Momentum) is the B&B TOOLS Group's market channel for industrial consumables and industrial components for Nordic industry. Via TOOLS, the Group has a presence in some 200 locations in Sweden, Norway and Finland.

TOOLS	Sweden	Norway	Finland	Total
Revenue, MSEK (approx.)	3,600	2,500	1,000	7,100
of which Market Co's, %	71%	67%	98%	75%
Number of branches	95	60	30	185
of which Market Co's, number	70	32	29	131
Number of regions	6	5	4	15
Average number of employees (approx.)	1,300	800	250	2,350
of which Market Co's, %	71%	50%	95%	67%

TOOLS Momentum	Sweden	Norway	Denmark	Total
Revenue, MSEK	759	71	38	868
Number of branches	26	1	1	28
Average number of employees	243	12	13	268

TOOLS

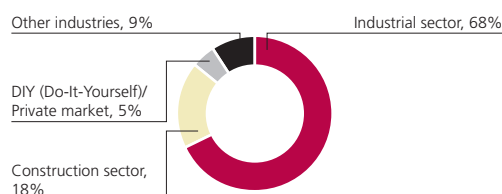
TOOLS *momentum*

Group sales and purchasing

Since 2002, the B&B TOOLS Group's sales have increasingly occurred in the industrial sector in the Nordic region, which currently accounts for slightly more than two thirds of the Group's total revenue. The single largest market is Sweden.

A growing share of the Product Companies' purchasing is conducted with manufacturers and suppliers in Asia, which currently account for approximately 30 percent of the total purchasing.

SALES BY CUSTOMER SEGMENT



RESELLERS WITH MARKET STRENGTH

TOOLS and TOOLS Momentum form the Group's market channel for industrial consumables and industrial components for Nordic industrial companies. Their main strengths are their proximity to customers, high level of expertise, excellent customer knowledge, broad range of products and services, and efficient supply solutions.

The Group's Markets operating area is responsible for all processes related to industrial customers. Accordingly, Markets is responsible for strengthening the Group's market position at the reseller level, organising the Group's own reseller operations (the Market Companies), and developing and operating the TOOLS concept.

TOOLS – the largest player in industrial consumables

TOOLS specialises in industrial consumables and is currently the largest reseller chain in the Nordic region. TOOLS is active in approximately 200 locations in Sweden, Norway and Finland and has approximately 2,350 employees. The single largest market is Sweden, where TOOLS has a presence in about 100 locations.

TOOLS comprises both own branches (Market Companies) and independent partner companies. All Market Companies and partner companies are loyal to the TOOLS concept and work to secure a leading position in the MRO market. The Market Companies, which posted revenue of approximately MSEK 5,200 for the 2008/2009 operating year, account for approximately 75 per cent of TOOLS' total revenue in the Nordic region.

TOOLS Momentum – focus on industrial components

TOOLS Momentum supplies industrial components and related services to the same target group as TOOLS. The company has extensive product and application expertise in the areas of bearings,

seals, automation and transmission. TOOLS Momentum has well-established MRO concepts that facilitate and optimise customers' supplies of industrial components. The concepts aim to enable:

- More efficient purchasing
- More efficient inventory management
- Optimisation of operational situations
- Optimisation of maintenance of industrial plants

The main market is Sweden, where TOOLS Momentum has warehouses and sales operations in approximately 25 locations. TOOLS Momentum – with a total of about 270 employees – also has operations in Norway and Denmark.

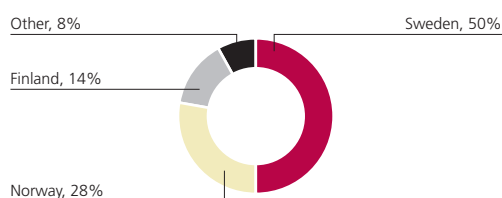
MARKET ACTIVITIES

Efforts to market and improve the awareness of the TOOLS concept continued during 2008/2009, including advertisements, PR, sponsorship and customer dialogues. Follow-up activities have also shown that these efforts are yielding tangible results. Awareness of the brand is very high among industrial customers, despite TOOLS' relative "youth." TOOLS holds a strong position in the Nordic market for industrial consumables.

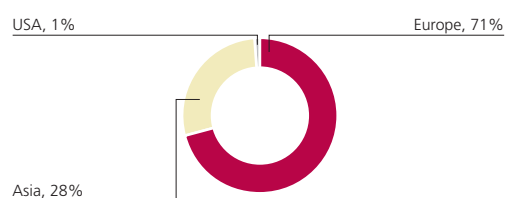
- Several of the Company's marketing activities are based on TOOLS' creative strategy, known as MrO. MrO is an animated figure (refer to the picture on page 7) that provides a visual image of the Group's vision and represents all of the positive characteristics shared by TOOLS' personnel. MrO has been used in advertisements in newspapers and industry publications and in advertising films during the year. These films were used in customer presentations, during the Swedish Touring Car Championship (STCC) series, as well as television commercials and on monitors in stores and at trade fairs.



SALES BY GEOGRAPHIC MARKET



THE PRODUCT COMPANIES' PURCHASING BY GEOGRAPHIC AREA

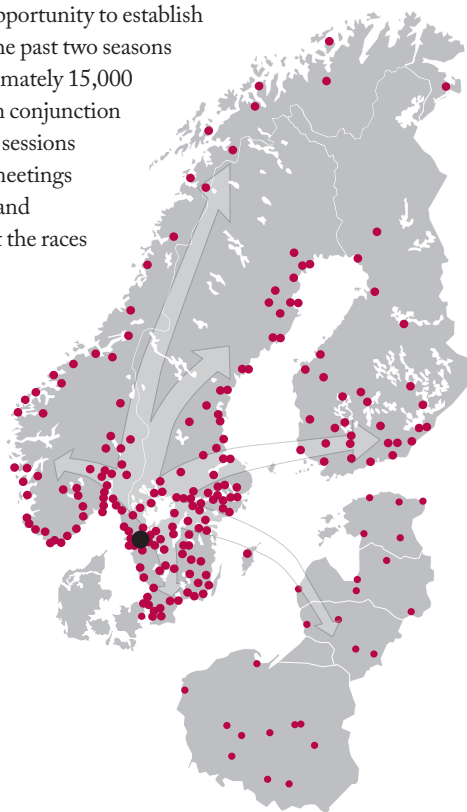


- Since 2006, TOOLS has sponsored TOOLS WestCoast Racing – a racing team in the Swedish Touring Car Championship (STCC) series. The series is one of Sweden's most popular and well-attended events. This cooperation with WestCoast Racing has given TOOLS a unique opportunity to establish relationships with key customers. In the past two seasons alone, TOOLS has welcomed approximately 15,000 customers to the various events held in conjunction with the series, including information sessions about TOOLS, product exhibitions, meetings with the Group's management teams and employees, and socialising throughout the races themselves.
- TOOLS markets specific MRO offerings for selected industries, such as the pulp and paper industry.

PROXIMITY IN ALL LOCATIONS

Customer proximity is a key competitive factor. That is why the Group has established a nationwide network of resellers. Having a local presence enables quick deliveries and provides a unique understanding of the real needs of local industry. This

knowledge is coordinated within TOOLS and is then implemented in the products and services, which are intended to provide customers with efficient solutions.



Expertise that makes the difference

Expertise in the areas of customer needs, products and services is one of TOOLS' main competitive advantages. The TOOLS Academy provides sales personnel and other employees with skills development training.

Industry-customised products and services

In other words, maintaining a close proximity to customers and understanding their needs is crucial. Always ensuring that the Group's products and services meet these needs is equally important. The focus is increasingly shifting toward customised comprehensive solutions that ensure customers' operations and reduce their total cost.

- = TOOLS and TOOLS Momentum, and local offices of the Product Companies
- = Central warehouses

TOOLS

Comprehensive solutions that strengthen Hydro

Products

PRODUCTS' SHARE OF THE GROUP



Products in figures	2008/2009	2007/2008
Revenue, MSEK	4,246	4,336
Operating profit*, MSEK	385	389
Operating margin*, %	9.1	9.0
Average number of employees	933	885

* Pertains to profit excluding non-recurring costs.

The B&B TOOLS Group's Product Companies provide the Group's own market channels and cooperation partners with products and services in a variety of application areas.



Product Companies	Luna	Skydda	Essve	Grunda	Gigant
Revenue, MSEK	1,285	1,092	882	536	450
Average number of employees	387	162	212	44	91

Product areas	Tools and machinery	Personal protection equipment	Fastening elements	Industrial and construction consumables	Workplace equipment
	Hand and measuring tools, compressed air tools, cutting tools, sheet metal and wood-working machinery, and welding and soldering equipment	Head, ear, eye and breathing protection, gloves, shoes, work clothes, fall protection, first aid equipment, signs and hygiene products	Fastening technology (fastening elements, screws, construction fittings, industrial fastening elements, etc.), chemical engineering (adhesives, joint seals, fire seals, etc) and electrical hand tools	Fittings and security, electrical equipment, environment, cleaning and other industrial and construction consumables	Furnishings, storage, transportation, lifting and environment
Proprietary product brands	TengTools, Luna, Ferax, Limit	Guide, L Brador, Cresto, Zekler	Essve, Fireseal	Grunda, Ferax	Gigant

TARGETED DEVELOPMENT

The Products operating area provides TOOLS and other market channels with industrial consumables and related services. Products comprises the Group's so-called Product Companies and a management and development function. The Product Companies

offer specialist expertise in various product and application areas. They have established long-standing relationships with world-leading manufacturers and are responsible for a portfolio of proprietary product brands.

Hydro specialises in the production of aluminium and aluminium products for customers in such areas as the automotive, engineering and construction industries. Hydro is one of the largest companies in Norway, with revenue of approximately EUR 12 billion and about 23,000 employees worldwide. Hydro's cooperation with TOOLS has paved the way for new, comprehensive solutions that fully meet the company's need for industrial consumables – which saves time and money!

"Our cooperation is based on TOOLS' expertise and broad experience with regard to the products that Hydro requires," says Kirsten Wærner, Coordinator at Hydro.

"We have cooperated with Hydro for a long time, which means that we have established a history together. We know what products and services they need and what they expect of us in general," says Øyvind Lindtner, Key Account Manager at TOOLS.

Fully meeting the company's needs

TOOLS' cooperation with Hydro was expanded a couple of years ago, when TOOLS was given the responsibility of supplying industrial consumables to all of Hydro's plants in Norway – a national agreement worth approximately MEUR 12.

"As part of this assignment, we developed a new, comprehensive solution that fully met Hydro's need for industrial consumables," explains Jan Østreng, Sales Director at TOOLS Norway.

This comprehensive solution standardised Hydro's range of consumables, while streamlining and relocating the company's inventory management closer to its users. The system, known as "Floor Stock," transferred responsibility for the company's inventory levels to TOOLS' employees, who also ensure that the right products are available when they are needed. To assist them in this task, TOOLS' employees use a customised IT system that links inventory levels and invoicing, which has improved the company's cost-efficiency.

"The Floor Stock system has generated cost savings for us by enabling us, for example, to spend less time on small orders," says Kirsten Wærner.

Lower energy consumption

In addition to optimising the company's products, range and logistics, TOOLS has also helped Hydro with other MRO solutions that improve cost-efficiency. One such project is the installation of more energy-efficient machine components at one of the divisions of the company's plant in Karmøy, Norway.

"The company's energy consumption decreased significantly and Hydro is now considering making similar changes throughout the plant," says Øyvind Lindtner.

A well-developed range of products and services

B&B TOOLS' five Product Companies focus on providing and developing complete solutions for a variety of industrial needs.

These solutions include:

- the right product and service, which requires knowledge about markets, suppliers, products and applications
- at the right time, which requires first-rate IT and logistics systems
- with the right knowledge, which requires competence and conceptual capability
- with the right application instructions, which requires an understanding of the customer's situation
- with the right information, which places significant requirements on IT solutions
- on competitive terms, which requires an understanding of profitability and efficiency

Although the activities of the Product Companies mainly focus on the needs of industrial customers, some of the Product

Companies' products and services are also attractive to other customer segments. Accordingly, the Product Companies also offer some parts of their product range to the construction and real estate sectors and the do-it-yourself market through partnerships with such construction materials dealers as Interpares, Optimera and Byggmakker, as well as with other external market channels.

TOOLS currently accounts for nearly 40 percent of the Product Companies' total sales.

Coordinated purchasing

Products has approximately 40 employees in China (Shanghai) and Taiwan (Taichung) whose work primarily focuses on purchasing-related issues. Practical purchasing work includes such aspects as product quality, function, brand image and pricing. Other purchasing work includes setting requirements and quality control in cooperation with suppliers. Setting requirements and controls also involves dealing with social responsibility issues and other matters.

TOOLS

Strängbetong gains time and

Strängbetong is Sweden's leading company in the field of prefabricated construction technology. The company supplies industrially manufactured, concrete-based building systems to customers in the construction industry. With ten plants throughout Sweden, planning and purchasing of industrial consumables had become a time-consuming task for the company.

Strängbetong's plant in Kungsör already had a successful cooperation with TOOLS. Carefully planned business solutions, a broad product range and trusted contacts paved the way for an expansion of this relationship.

"In this type of cooperation, TOOLS' local branches are crucial for us," notes Patrik Gunnarsson, Key Account Manager at TOOLS Sweden, with central responsibility for the agreement with Strängbetong. "They are

always close to the customer, are familiar with their needs and are skilled at finding solutions that improve cost-efficiency and supply flows."

Saves time

In 2006, Strängbetong opted to extend its cooperation with TOOLS. A national agreement was signed for eight plants and two assembly divisions.

"We now spend much less time on invoice administration, purchasing, tender management, delivery monitoring, inventory management and goods reception," says Per Norén, Strategic Purchaser at Strängbetong.

In projects such as this, TOOLS always performs extensive analyses to determine what affects the costs involved in the supply of industrial consumables.

Focus on proprietary product brands

The Group's product portfolio is based on two main guidelines:

- In market niches with world-leading suppliers, B&B TOOLS seeks out cooperation with the top players.
- In selected product areas with "available" brand positions, the Group gradually builds an increasingly strong portfolio of proprietary brands.

Work in the area of proprietary brands has been successful and accounted for approximately 40 percent of the Product Companies' total sales in 2008/2009.

Growing exports

The largest market for Products is Sweden, followed by Norway and Finland. In recent years, sales outside the Nordic region have increased, primarily in the markets in the Baltic countries and Poland. Export sales are gradually being coordinated. The Product Companies currently conduct their own operations in 12 countries and offer sales of proprietary product brands through external distributors in an additional 20 countries.

Customised concepts

As part of its cooperation with Strängbetong, TOOLS has taken over the company's warehouse management and placed cabinets containing the most important and most commonly used items in strategic locations throughout the plants in an effort to facilitate and streamline the work of Strängbetong's employees.

saves money

"TOOLS currently handles cabinet replenishments at six of the company's eight plants," says Patrik Gunnarsson. "This means that users always have the right products at hand in their everyday work, which generates major time savings."

"TOOLS offers a breadth of product range that few other suppliers can match, but also has an opportunity to provide the specific items required in each industry," says Per Norén.

Extensive savings

During the course of one year, Strängbetong saves approximately 1,500 hours – and that is at only one of the company's eight plants. These savings were primarily achieved by streamlining the company's warehouse management, which is now more closely linked with its employees. Strängbetong's cooperation with TOOLS has freed up time at all of the company's plants, while increased flexibility has reduced the risk of unplanned shutdowns.

"We are thrilled about our successful cooperation with Strängbetong. We share a close and effective dialogue at both the local and central levels of the company," concludes Patrik Gunnarsson. "We are particularly pleased that we have successfully helped enhance the efficiency of the company – without burdening TOOLS with any new costs!"

IT & Supply Chain

LOGISTICS AND IT – EVERYDAY SUCCESS FACTORS

B&B TOOLS offers first-rate IT and logistics solutions. Through the acquisitions conducted in recent years, the Group has created the necessary prerequisites to develop new, even more efficient solutions in the areas of logistics and IT. Accordingly, the Group is making continuing investments in both areas. The overall focus is on enhancing the efficiency of all processes and flows and ensuring that information on a large number of products and processes is available where and when it is needed.

Increased coordination

The Group's service, logistics and IT operations are increasingly being concentrated to meet the demand for increased coordination and economies of scale inherent in a focus on MRO. B&B TOOLS' logistics work is currently based in two hubs in Alingsås and Ulricehamn, where the Group's services in the areas of inventories/logistics, personnel and salary administration, and IT are coordinated. The Group's e-commerce portal, Toolstore, is one of the leading e-commerce portals in the Nordic region.

Corporate Development

RESPONSIBILITY FOR COORDINATION

Overall work in the area of Group-wide coordination is managed by a joint function known as Corporate Development. The aim of this function is to ensure that B&B TOOLS' continuous development is in line with its vision, while maintaining the rate of development required to achieve the Group's objectives. Corporate Development has total responsibility for the coordination and monitoring of Group-wide projects, particularly those that span various areas of responsibility within the organisation. Corporate Development is also responsible for development implementation in two key areas of the Group: Complete Product and Purchasing.

Complete Product

Corporate Development's development activities in this area focus on product-range and segment responsibility, the purchasing process and product-related information, with considerable efforts invested in coordinating the customer, product and service components of the Group's offering.

Purchasing

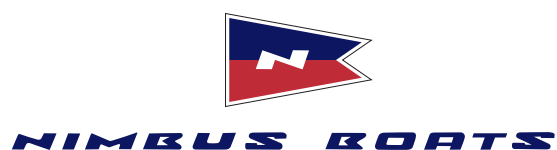
In addition to being responsible for developing the purchasing process, Corporate Development's Group-wide purchasing function also coordinates an increasing amount of joint purchasing for the Product Companies and TOOLS. This makes it possible for the Group to achieve increased purchasing power and efficiency in its work.

TOOLS

Together,
we make industry more efficient



Industrial customers are TOOLS' main focus. TOOLS holds a strong position in the Nordic region and works with many attractive and demanding companies. Below are a few examples of TOOLS' customers – please feel free to contact us to learn more about the solutions we have implemented for each customer to help them become more efficient.



FORSVARET
Forsvarets logistikkorganisasjon



Images from TOOLS Grönmarks in the spring of 2009 during the reopening of the store in Stockholm.





Sustainable development

Employees and corporate responsibility

Sustainable development reflects the Group's long-term goals in terms of its employees, the environment and corporate responsibility. Leadership, competence and values are prioritised areas with regard to employee development. Conducting active work related to the Group's environmental impact, ethics and social responsibility is equally important. This combination contributes to increased competitiveness, with a focus on solutions that meet industrial customers' needs in the MRO area.

Sustainable development in the Group is presented on pages 24–26



Focus on competence and leadership

The development of the Group's employees and managers is based on internal challenges, such as the development of the business operations and the Group's goals as an employer, and on external challenges, such as the general trends in the Group's operating environment. One of the Company's main goals is for B&B TOOLS to be perceived as an attractive employer that provides its employees with support and development opportunities that are in line with its vision – First in MRO.

In recent years, work performed in the area of Human Resources (HR) has been characterised by increased coordination, with Group-wide goals, guidelines and development initiatives gaining increasing significance. This is partly due to the organisational changes inherent in the focus on MRO – changes in which joint processes and increased consensus within HR are also key components that strengthen the Group's strategy. During the 2008/2009 operating year, a new HR strategy was developed and four focus areas were defined to guide the Group's practical work in this area. In all, this work will strengthen B&B TOOLS' salary and employment conditions, recruiting, competence, culture and values. These areas are:

- Attractive terms and conditions
- Efficient staffing
- Performance and competence
- Shared culture

Attractive terms and conditions – ensuring competitiveness

The Group's goal is to be an employer that is able to retain and recruit the best employees in the industry, which requires attractive and competitive terms and conditions. A number of joint employment conditions were established during the year. These activities confirm that B&B TOOLS is shifting from a system in which its employees are covered by the terms and conditions of an individual company to one in which its employees are part of a Group process, with overall guidelines that are clear and easily assessed.

Efficient staffing – joint concepts

Staffing involves ensuring that new employees quickly find their place in the organisation, as well as facilitating internal mobility. A joint introduction package was developed during the year to improve the orientation provided to new employees when they join B&B TOOLS. This package includes a day of seminars, during which the Group's strategies, vision and values are discussed in a coordinated manner.

Performance and competence – focus on leadership

Employees are expected to fulfil the requirements of their respective positions, but also to receive active support to help them continuously improve their skills and performance. Leadership has been the main focus in the development of this area during the operating year. Leadership profiles have been developed to clarify the requirements for various types of leadership roles and to help evaluate and further develop the Group's leadership. These requirements reflect three aspects of leadership: managing the Group's everyday business operations, managing changes and guiding the Group's operations and employees toward success.

The competence of the Group's sales personnel was developed within the framework of the TOOLS Academy, with sales personnel in a number of regions completing basic training modules. The Group's skills enhancement programme ("Lyftet") is another major competence initiative whose first stage targeted employees in the Swedish market organisation. More than 100 employees – primarily managers and sales personnel – were evaluated. The aim of the programme is to identify the strengths of each employee and the development areas associated with the competence profiles established for each key role. The results of the evaluation then form the basis for the continued development of the employees. All managers participate in employee evaluations, which means that Lyftet also provides excellent management training.

Shared culture – clarifying the strategy

The shift toward MRO requires a joint corporate culture, in which the organisation and employees share a common approach to such



considerations as values. The Group's values are one of the assessment criteria used in Lyftet. These values will be discussed by managers and employees during employee development talks, based on the position held by the individual. An extensive investment has also been made in the area of project methodology, with the aim of streamlining the work performed in the many projects and processes currently being carried out in B&B TOOLS. Another natural part of the corporate culture is the Group's intranet, which was launched in the spring of 2009. The intranet helps to expand cooperation, develop competence and instil a sense of togetherness throughout the Group.

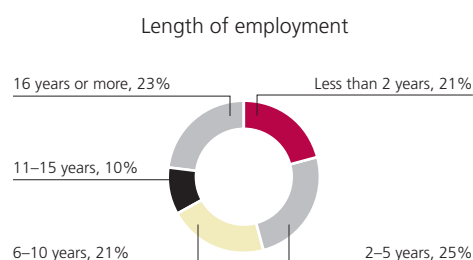
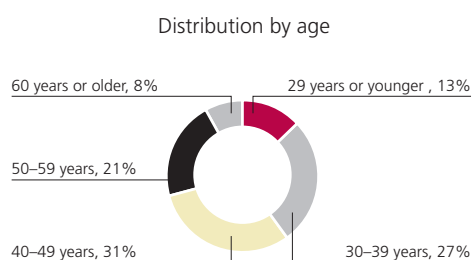
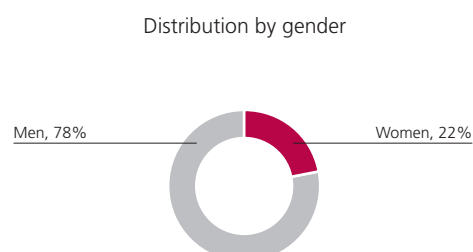
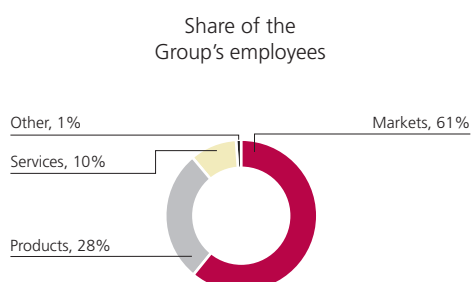
NEW LEADERSHIP REQUIREMENTS

B&B TOOLS aims to be perceived as an attractive employer by its current, potential and former employees. This means that all aspects of the Group's HR work are characterised by a professional

attitude and clear guidelines. In the autumn of 2008, Nordic industry was hit by a major economic slowdown. To cope with this development, B&B TOOLS is implementing several measures to adapt its costs. Personnel reductions have been the single most important measure, resulting in approximately 500 employees, net, being laid off or exiting the Group through natural attrition since September 2008. This corresponds to approximately 15 percent of the total number of employees in the B&B TOOLS Group.

As part of the Group's cutbacks, new leadership requirements have been imposed and extensive information, support and training measures have been implemented to ensure the quality of the Group's processes. The goal has always been to implement personnel reductions in a manner that ensures that the individuals who have left the Group and other employees maintain a positive perception of B&B TOOLS. Clear communication, rapid action and quality have been the guiding principles during this work.

EMPLOYEES IN THE B&B TOOLS GROUP



Corporate responsibility – a broad commitment

The B&B TOOLS Group's initiatives pertaining to sustainable development focus on three main areas – the environment, ethics and social responsibility – and the daily work conducted in this area is highly decentralised. This work represents a broad commitment in terms of the social impact of the Group's operations.

Corporate responsibility also means that B&B TOOLS strives to achieve a dialogue with the various stakeholders affected by its operations – employees, customers, suppliers, business partners, authorities, and industry and trade associations. Regardless of the interest groups concerned, the Group aims to engage in an open, objective and clear dialogue concerning its business operations.

JOINT GUIDELINES

Every year, the Board of Directors of the Parent Company establishes overall policies in such areas as the environment and social responsibility. Based on these guidelines, the various units in the Group develop their own adapted goals. In order to control and monitor its operations, TOOLS uses a joint quality and environmental management system for its chain members, through which its various units are certified in accordance with ISO 9001 and 14001. The Product Companies have also been awarded environmental and quality certification.

B&B TOOLS' Code of Conduct applies to all employees in the Group and emphasises the importance of ethically correct

behaviour and respect for human rights. The Group's Code of Conduct also clarifies the requirements imposed on its suppliers, who are obligated to demonstrate that they act within the framework of the individual countries' laws and regulations and comply with the intentions of the Group's Code of Conduct.

At the end of the 2008/2009 operating year, a majority of suppliers, primarily those in Asia, had confirmed in writing their compliance with B&B TOOLS' Code of Conduct. The Group also conducts annual factory audits, during which on-site inspections are conducted at plants. The inspections focus on the areas of quality, the environment, social conditions, work environment and ethics. This work simultaneously strengthens B&B TOOLS' cooperation with its suppliers.

MINIMISING THE ENVIRONMENTAL IMPACT

B&B TOOLS' environmental impact is primarily caused by transports, energy consumption and packaging materials. The Group aims to reduce its environmental impact insofar as its efforts to do so are technically feasible, financially viable and environmentally justified. Transports are a current area of focus for the Group, which is striving to further reduce its environmental impact through better planning and coordination.

During the operating year, one Group company conducted operations subject to permits and reporting requirements under Swedish environmental legislation. None of the Group's companies have been involved in any environmentally related disputes.





Administration Report

1 April 2008 – 31 March 2009

The Board of Directors and President & CEO of B&B TOOLS AB (publ), corporate registration number 556034-8590, hereby submit the Annual Report and consolidated financial statements for the 1 April 2008–31 March 2009 financial year.

PROFIT AND REVENUE

Profit

Operating profit amounted to MSEK 511 (674) and was impacted by non-recurring costs totalling MSEK 111, which primarily pertain to the implementation of economic-adjustment measures. Operating profit was charged with depreciation and impairment losses of tangible non-current assets amounting to MSEK –57 (–49) and amortisation and impairment losses of intangible non-current assets amounting to MSEK –7 (–18).

The operating margin declined by 1.9 percentage points to 5.5 percent (7.4). Excluding non-recurring costs, the operating margin was 6.7 percent.

Profit after net financial items amounted to MSEK 403 (600). Net financial items amounted to MSEK –108 (–74). The profit margin declined by 2.3 percentage points to 4.3 percent (6.6).

Exchange-rate translation effects had a net impact of MSEK +14 (+2) on recognised operating profit for the year.

Profit after taxes totalled MSEK 291 (432). Earnings per share amounted to SEK 10.20 (15.10).

Revenue

Revenue rose 2 percent to MSEK 9,325 (9,133). Acquisitions where the underlying transaction closed during the 2007/2008 and 2008/2009 financial years contributed to the increase in revenue in an amount of MSEK 906 during the financial year. Exchange-rate translation effects had a positive impact of MSEK 165 (58) on revenue. Comparable figures for the preceding year include revenue pertaining to businesses sold amounting to MSEK 219.

Revenue for comparable units declined by 7 percent during the financial year. During the fourth quarter, revenue for comparable units declined by 21 percent.

Annual consolidated revenue, including businesses where the underlying transactions were closed/discontinued prior to the end of the financial year, totalled approximately SEK 9.3 billion as of 31 March 2009. As of 31 March 2009, all acquisitions/disposals for which agreements had been signed had been closed/discontinued.

OPERATIONS

The operations of the B&B TOOLS Group continued to report a strong performance during the beginning of the 2008/2009 financial year, with increased sales and profit. However, Nordic industry was hit by a severe economic slowdown in the autumn of 2008 and the beginning of 2009 has continued along the same path. Many of the Group's customers continued to reduce their production operations and issue layoff notices to employees, resulting in a marked impact on demand for industrial consum-

ables. This economic slowdown was most evident in Sweden and Finland, while the Norwegian market was not impacted to the same extent.

The B&B TOOLS Group applies decentralised business and profit responsibility. This means that each profit unit is responsible for adjusting to the market conditions prevailing at any given time. Accordingly, in order to restore the operating margin, all Group operations were forced to implement cost-saving measures during the financial year, resulting in the number of employees in the Group decreasing by 500 persons, net, compared with 30 September 2008. On the whole, these cost-saving programmes were implemented according to plan, and combined with additional measures carried out during the remainder of 2009, are expected to result in a total annual cost reduction of approximately MSEK 400 (all other things being equal) once all of the cost-cutting measures take full effect – which is expected to occur in the fourth quarter of the 2009/2010 financial year. The non-recurring costs attributable to the implemented measures amounted to MSEK 111 during the financial year, of which MSEK 98 was incurred during the fourth quarter.

B&B TOOLS Markets ("TOOLS")

TOOLS (including TOOLS Momentum) is the B&B TOOLS Group's market channel for industrial consumables and industrial components for Nordic industry. Via TOOLS, the Group has a presence in some 200 locations in Sweden, Norway and Finland. Markets experienced declining demand in all geographic markets during the year. Taking exchange-rate effects into consideration, the change in revenue for comparable units amounted to –8 percent during the financial year and –21 percent during the fourth quarter. During the fourth quarter, revenue for comparable units in the Market Companies in Sweden and Finland declined by 30 percent, while revenue in Norway declined by 8 percent during the same period.

One result of the cost adjustments implemented during the year is that the number of employees is being reduced by approximately 300 people on an annual basis through terminations, natural attrition and other means. This corresponds to approximately 14 percent of the total number of employees in Markets. Non-recurring costs amounted to MSEK 84 during the financial year, of which MSEK 75 was incurred during the fourth quarter.

Also refer to the specification of Markets excluding non-recurring costs on page 29.

B&B TOOLS Products

The B&B TOOLS Group's Product Companies provide the Group's own market channels and cooperation partners with products and services in a variety of application areas.

Taking exchange-rate effects into consideration, revenue for comparable units in the Product Companies declined by 5 percent during the financial year. During the fourth quarter, revenue declined by 19 percent.

One result of the cost adjustments implemented during the year is that the number of employees is being decreased by approximately 140 people on an annual basis through terminations, natural attrition and other means. This corresponds to approximately 15 percent of the total number of employees in Products. Non-recurring costs amounted to MSEK 22 during the financial year, of which MSEK 21 was incurred during the fourth quarter.

Also refer to the specification of Products excluding non-recurring costs below.

Parent Company, other operations and eliminations

Parent Company

The Parent Company's revenue amounted to MSEK 56 (59) and profit after net financial items totalled MSEK 364 (231). This profit includes intra-Group dividends and similar items amounting to MSEK 351 (201).

B&B TOOLS Services

B&B TOOLS Services provides intra-Group services in logistics, IT and administration. One result of the cost adjustments implemented in B&B TOOLS Services during the year is that the number of employees is being decreased by approximately 50 people on an annual basis through terminations, natural attrition and other means. This corresponds to approximately 14 percent of the total number of employees in B&B TOOLS Services. Non-recurring costs amounted to MSEK 5 during the financial year, of which MSEK 2 was incurred during the fourth quarter.

Other operations

During 2007/2008, all operations conducted within the framework of the B&B Development division were divested.

Eliminations

Eliminations for intra-Group inventory gains had an adverse effect of MSEK –19 (–21) on profit.

CORPORATE ACQUISITIONS AND DISPOSALS

During the financial year, the Group acquired a total of six industrial reseller businesses in Sweden, Norway and Finland, as well as two electromechanical service companies. The total annual revenue of these acquired businesses amounts to approximately MSEK 325, of which approximately MSEK 275 is expected to increase consolidated revenue. In addition, the remaining 49 percent of the shares in the subsidiary TOOLS Östergötland AB were acquired at the beginning of June 2008, making it a wholly owned subsidiary.

Closing took place for a total of nine acquired business during the year, with combined recognised revenue of MSEK 254 and operating profit of MSEK 15 during the year. In addition to the recognised operating profit of MSEK 15, the Group is also expected to achieve further positive effects since the Group's Product Companies normally increase their sales to the Group's newly acquired Market Companies. Total annual revenue for the businesses for which closing occurred during the year amounted to approximately MSEK 355. The total purchase price for the

SPECIFICATION – OPERATING AREAS: MARKETS AND PRODUCTS

Operating area	Revenue, MSEK		Adjusted operating profit*, MSEK		Adjusted operating margin*, %	
	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
Group	9,325	9,133	622	674	6.7	7.4
Markets	6,254	5,707	298	333	4.8	5.8
Of which						
Market Co's						
Sweden	2,532	2,478	61	127	2.4	5.1
Norway	1,702	1,345	116	91	6.8	6.8
Finland	1,014	975	44	73	4.3	7.5
TOOLS Momentum	868	814	88	55	10.1	6.8
Products	4,246	4,336	385	389	9.1	9.0
Of which						
Luna	1,285	1,390	132	128	10.3	9.2
Skydda	1,092	1,030	121	108	11.1	10.5
Essve	882	895	92	96	10.4	10.7
Grunda	536	531	28	31	5.2	5.8
Gigant	450	466	28	40	6.2	8.6

* Excluding non-recurring costs during the 2008/2009 financial year.

acquisitions was MSEK 221, of which MSEK 126 pertained to intangible surplus values. All intangible surplus values were attributed to synergy gains arising from the Group's existing businesses, and thus, these surplus values were classified as goodwill.

An agreement concerning the disposal of the Group's construction material operations in Sundsvall and Örnsköldsvik was signed in May 2008 and all shares in the subsidiary VS Maskin Sverige AB were divested in January 2009. These divested operations had combined annual revenue of approximately MSEK 255.

PROFITABILITY

The return on consolidated capital employed for the financial year was 14 percent and the return on equity was 17 percent. Calculated on the basis of profit excluding non-recurring costs, the return on capital employed was 17 percent and the return on equity was 22 percent. For the preceding year, the return on capital employed was 23 percent and the return on equity was 31 percent.

For the Group as a whole, B&B TOOLS' internal profitability measure, P/WC (operating profit in relation to working capital used), amounted to 23 percent (37) for the financial year. Calculated on the basis of profit excluding non-recurring costs, P/WC totalled 28 percent. Measured for the individual operating areas, P/WC amounted to 14 percent (26) for Markets and to 49 percent (69) for Products. Calculated on the basis of profit excluding non-recurring costs, P/WC amounted to 20 percent for Markets and 52 percent for Products.

CASH FLOW, CAPITAL EXPENDITURES AND FINANCIAL POSITION

Cash flow from operating activities for the financial year totalled MSEK 377 (360). Funds tied up in working capital increased by MSEK 85. Cash flow was affected in a net amount of MSEK -48 by acquisitions and sales of intangible and tangible non-current assets, while acquisitions and sales of subsidiaries and other business units had a negative impact of MSEK -288, net, on cash flow.

The Group's financial net loan liability at year-end totalled MSEK 1,959 (1,769). Interest-bearing liabilities at year-end amounted to MSEK 2,179, including pension commitments totalling MSEK 363. Liabilities to credit institutions totalled MSEK 1,816. Maturity periods and interest rates are presented in Note 23 and Note 24 on pages 68-69.

The equity/assets ratio at financial year-end was 29 percent, compared with 27 percent at the beginning of the year.

Equity per share amounted to SEK 62.35 at the end of the financial year, compared with SEK 55.60 at the beginning of the year. Calculated on the basis of the number of shares after dilu-

tion, equity per share totalled SEK 62.10 at financial year-end, compared with SEK 55.20 at the beginning of the year.

The tax rate for the financial year was 28 percent. Taking into consideration the lowered corporate tax rate in Sweden in 2009, the future normalised tax rate given the current geographic mix is expected to amount to approximately 27 percent.

EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 3,183, compared with 3,315 at the beginning of the year. Corporate acquisitions and disposals resulted in a net increase of 63 employees. Taking into consideration those individuals whose employment has been terminated but who had not yet completed their employment as of 31 March 2009, the number of employees at financial year-end totalled 2,929.

SHARE STRUCTURE AND REPURCHASE OF OWN SHARES

Share capital at the end of the financial year totalled MSEK 56.9. The distribution by classes of shares is as follows:

Classes of shares	As of 31 March 2009
Class A shares	1,084,812
Class B shares	27,351,604
Total number of shares before repurchasing	28,436,416
Less: Repurchased class B shares	-538,500
Total number of shares after repurchasing	27,897,916

All shares carry equal rights to the Company's assets and earnings. Each class A share entitles the holder to ten votes and each class B share entitles the holder to one vote. For repurchased class B shares held in treasury, all rights are rescinded until the shares have been reissued. The Board of Directors is not authorised to make decisions regarding new share issues.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act (ÅRL), listed companies are required to submit information concerning certain circumstances that may affect opportunities to take over the company through a public takeover bid for the shares in the company. No such circumstances exist for B&B TOOLS AB, which means that the Company has not entered into any significant agreements with suppliers or employees that would affect, change, expire or stipulate the payment of financial compensation should control of the Company change as a result of a public takeover bid for the shares in the Company.

The Annual General Meeting of B&B TOOLS AB held on 27 August 2008 resolved to authorise the Board of Directors during the period until the Annual General Meeting to be held on 27

August 2009 to repurchase up to the maximum number of shares so that the Company's holding of treasury shares at no time exceeds 10 percent of the total number of shares in the Company. Repurchases shall be made through NASDAQ OMX Stockholm (Stockholm Stock Exchange). This mandate entitles the Board of Directors to use treasury shares as payment in conjunction with acquisitions, or to sell treasury shares in other ways than through the Stockholm Stock Exchange to finance acquisitions and to fulfil the Company's obligations under its incentive programmes for members of senior management.

As of 31 March 2008, the number of class B shares held in treasury totalled 538,500. There were no changes in these holdings during the financial year. Accordingly, the Company's holdings of class B treasury shares amounted to 538,500 at financial year-end on 31 March 2009, corresponding to 1.9 percent of the total number of shares and 1.4 percent of the total number of votes. The quotient value of this holding amounted to SEK 1,077,000 as of 31 March 2009.

Of the repurchased class B shares, 198,500 are reserved to secure the Company's obligations under the personnel options programme issued by B&B TOOLS AB in April 2002. The Company's acquisition costs per share to secure this personnel options programme amounted to SEK 41.60. The redemption price per personnel option is SEK 52.00.

Of the repurchased class B shares, 250,000 are reserved to secure the Company's obligations under the call options programme issued by B&B TOOLS AB in September 2006. The Company's acquisition costs per share to secure this call options programme amounted to SEK 155.00. The redemption price per call option in this programme is SEK 159.00.

The remaining 90,000 repurchased class B shares are reserved to secure the Company's obligations under the call options programme issued by B&B TOOLS AB in September 2007. The Company's acquisition costs per share to secure this call options programme amounted to SEK 206.30. The redemption price per call option in this programme is SEK 228.00.

After the end of the financial year, 45,000 repurchased class B shares have been conveyed in conjunction with the redemption of personnel options in June. Accordingly, the number of class B shares held in treasury totalled 493,500 as of 17 March 2009.

Proposal concerning the adoption of a renewed authorisation for repurchase of own shares

The Board of Directors of B&B TOOLS AB has resolved to propose that the Annual General Meeting to be held on 27 August 2009 renew the Board's authorisation to repurchase own shares in accordance with the terms and conditions above.

ENVIRONMENTAL IMPACT

During the financial year, the Group conducted operations subject to permit and reporting requirements in one of its Swedish subsidiaries. None of the Group's companies are involved in any environmentally related disputes.

A summary of B&B TOOLS' assumption of environmental and social responsibility is presented on page 26.

RESEARCH AND DEVELOPMENT

With the aim of strengthening and enhancing B&B TOOLS' position as one of the leading suppliers of industrial consumables and industrial components to the industrial sector in northern Europe, the Group primarily invests its resources in the development of various concepts and service solutions for its customers and cooperation partners and in building proprietary brands. The activities implemented during 2008/2009 include the development of service concepts for MRO solutions, continued product development within the framework of proprietary brands, the development of logistics and e-commerce solutions for resellers and end customers, and training of end users.

FINANCIAL AND BUSINESS RISKS

Efficient and systematic risk assessment of financial and business risks is important to the B&B TOOLS Group. The Group's Financial Policy establishes 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 Chief Financial Officer, as well as the presidents and CFOs of the subsidiaries. All foreign currency management and granting of credit to customers are handled by the subsidiaries within the framework of the established policy. For a detailed account of financial and business risks and the B&B TOOLS Group's management thereof, refer to pages 42–43 and Note 31 on pages 75–77.

COMPOSITION AND WORK OF THE BOARD OF DIRECTORS

During the 2008/2009 financial year, the Board of Directors comprised five regular members appointed by the Annual General Meeting held on 27 August 2008 and two employee representatives. A presentation of the members of the Board of Directors is available on page 88.

During the financial year, the Board held nine Board meetings and one statutory meeting. In addition to being responsible for the Company's organisation and management, the Board considers making decisions concerning strategic issues to be an important assignment. The major issues considered by the Board during the year included the planning and monitoring of various eco-

nomic-adjustment measures taken within the Group's operations. For a detailed description of the Board of Directors' duties and work methods, regulatory issues, committees and other information, refer to the Corporate Governance Report on pages 84–87.

GUIDELINES FOR DETERMINING COMPENSATION AND OTHER TERMS OF EMPLOYMENT FOR THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT

The Board aims to ensure that the award system in place for the President & CEO and the other four members of the Group's management team ("Group management") is competitive and in line with market conditions. Accordingly, the Board intends to propose that the Annual General Meeting to be held on 27 August 2009 pass a resolution concerning the 2009/2010 guidelines for determining compensation and other terms of employment for the President & CEO and other members of Group management that essentially corresponds with the guidelines for compensation adopted by the Annual General Meeting held in August 2008 (refer to Note 5 on page 53), with a smaller clarification regarding the LTI programme.

DIVIDEND

The Board of Directors proposes a dividend of SEK 2.50 (5.00) per share. The proposed dividend corresponds to 25 percent of the Group's earnings per share for the 2008/2009 financial year.

The Board of Directors has assessed the Company's and the Group's financial position and the Company's and the Group's ability to meet their short and long-term obligations. A total of MSEK 70 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease by 1.2 percentage points as of 31 March 2009. Even after payment of the proposed dividend and taking into consideration the prevailing market conditions, the Company's and the Group's equity/assets ratio is deemed to be

adequate to meet the demands placed on the operations conducted by the Group.

The Board's assessment is that the proposed dividend is well-balanced taking into account the demands placed on the size of the Company's and the Group's equity and liquidity due to the type of business conducted, its scope and relative risks.

FUTURE DEVELOPMENT

The progress of the market in 2009/2010 is being closely monitored by the Group's businesses, and further cost-cutting measures are being implemented in line with the Group's decentralised philosophy. During the year, increased focus will be placed on the Group's working capital, with the goal of adjusting the funds tied up in working capital to the prevailing volume trend and improving efficiency in terms of working capital.

In line with B&B TOOLS' long-term development goals, the Group intends to continue generating economies of scale with regard to marketing, purchasing, IT and logistics. The Group companies will continue developing proprietary brands, which have accounted for an increased portion of the Group's total sales in recent years. Through the acquisitions of reseller businesses in Sweden, Finland and Norway since 2004/2005, the B&B TOOLS Group has taken an important step toward achieving its goal of streamlining the flow of goods throughout the value chain – from manufacturers to end customers across the Nordic region. TOOLS will continue its conceptual and operational development in each geographic market, generating economies of scale in the areas of large-customer cultivation, joint IT solutions, product line coordination and marketing.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events occurred in the Group after the end of the financial year on 31 March 2009.

Operating areas¹⁾

Revenue and operating profit/loss

MSEK	Revenue		Operating profit/loss	
	2008/2009	2007/2008	2008/2009	2007/2008
Markets	6,254	5,707	214	333
Products	4,246	4,336	363	389
Parent Company, other operations and eliminations ²⁾	-1,175	-910	-66	-48
Total	9,325	9,133	511	674

Revenue – quarterly data MSEK	2008/2009				2007/2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Markets	1,379	1,599	1,511	1,765	1,603	1,536	1,287	1,281
Products	927	1,058	1,072	1,189	1,103	1,155	1,023	1,055
Parent Company, other operations and eliminations ²⁾	-264	-310	-300	-301	-278	-263	-185	-184
Total	2,042	2,347	2,283	2,653	2,428	2,428	2,125	2,152

Operating profit/loss – quarterly data MSEK	2008/2009				2007/2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Markets	-30	51	77	116	86	102	83	62
Products	74	75	103	111	102	101	94	92
Parent Company, other operations and eliminations ²⁾	-23	-16	-13	-14	-9	-8	-12	-19
Total	21	110	167	213	179	195	165	135

ADJUSTED OPERATING PROFIT/LOSS EXCLUDING NON-RECURRING COSTS (IN THE THIRD AND FOURTH QUARTER OF 2008/2009)

MSEK	Operating profit/loss	
	2008/2009	2007/2008
Markets	298	333
Products	385	389
Parent Company, other operations and eliminations ²⁾	-61	-48
Total	622	674

Adjusted operating profit/loss – quarterly data MSEK	2008/2009				2007/2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Markets	45	60	77	116	86	102	83	62
Products	95	76	103	111	102	101	94	92
Parent Company, other operations and eliminations ²⁾	-21	-13	-13	-14	-9	-8	-12	-19
Total	119	123	167	213	179	195	165	135

¹⁾ Comparative data have been adjusted for internal corporate transfers.

²⁾ Aside from the Parent Company and consolidation eliminations, the B&B TOOLS Services operating area is included. The comparative data for the preceding year includes the B&B Development division, which ceased all activities as of 30 September 2007.

Consolidated

Income statement

MSEK	Note	2008/2009	2007/2008
Revenue	2, 4	9,325	9,133
Shares in profit/loss of associated companies	14	1	1
Other operating income	3	39	12
Total operating revenue		9,365	9,146
Goods for resale		-5,744	-5,753
Personnel costs		-1,859	-1,595
Depreciation, amortisation, impairment losses and reversal of impairment losses		-64	-67
Other operating expense		-1,187	-1,057
Total operating expense	4, 5, 6, 7, 8	-8,854	-8,472
Operating profit		511	674
Financial income		21	22
Financial expense		-129	-96
Net financial items	9	-108	-74
Profit after net financial items		403	600
Taxes	11	-112	-168
Net profit for the year		291	432
Of which attributable to:			
Parent Company shareholders		285	421
Minority interest		6	11
Earnings per share, SEK			
– before dilution	22	10.20	15.10
– after dilution	22	10.20	15.00
Proposed/resolved dividend per share, SEK		2.50	5.00

Consolidated

Balance sheet

MSEK	Note	31 March 2009	31 March 2008
Assets			
Non-current assets			
Intangible non-current assets	12	1,913	1,755
Tangible non-current assets	13	545	529
Participations in associated companies	14	8	7
Financial investments	16	4	3
Other long-term receivables	17	8	10
Deferred tax assets	11	126	90
Total non-current assets		2,604	2,394
Current assets			
Inventories	18	1,768	1,667
Tax assets		53	48
Accounts receivable	19	1,210	1,334
Prepaid expenses and accrued income	20	112	98
Other receivables	17	64	90
Cash and cash equivalents		209	226
Total current assets		3,416	3,463
Total assets	4, 29, 30, 31,34	6,020	5,857
Equity and liabilities			
Equity	21		
Share capital		57	57
Other contributed capital		71	71
Reserves		52	10
Retained earnings, including net profit for the year		1,559	1,413
Equity attributable to Parent Company shareholders		1,739	1,551
Minority interest		18	20
Total equity		1,757	1,571
Non-current liabilities			
Non-current interest-bearing liabilities	23	1,374	1,356
Other non-current liabilities	27	57	152
Provisions for pensions	25	363	349
Other non-current provisions	26	23	24
Deferred tax liabilities	11	176	167
Total non-current liabilities		1,993	2,048
Current liabilities			
Current interest-bearing liabilities	23	442	303
Accounts payable		768	915
Bills payable		7	14
Tax liabilities		213	194
Other liabilities	27	255	267
Accrued expenses and deferred income	28	585	545
Total current liabilities		2,270	2,238
Total liabilities	4, 29, 30, 31,34	4,263	4,286
Total equity and liabilities		6,020	5,857

Consolidated

Statement of recognised income and expenses

MSEK	2008/2009	2007/2008
Translation differences for the year	73	7
Cash-flow hedges:		
Recognised directly against equity	-40	0
Dissolved against profit and loss	0	-
Transferred to cost of hedged item	0	-
Taxes attributable to items recognised directly against equity	10	0
Change in minority interest due to acquisitions of businesses	-9	-1
Change in net asset values recognised directly against equity, excluding transactions with the Company's owners	34	6
Net profit for the year	291	432
Total change in net asset values, excluding transactions with the Company's owners	325	438
Attributable to:		
Parent Company shareholders	327	429
Minority interest	-2	9
	325	438

See also Note 21.

Consolidated

Cash-flow statement

MSEK	Note	2008/2009	2007/2008
Operating activities			
Profit after net financial items		403	600
Adjustments for non-cash items	38	184	87
Income taxes paid		-125	-158
Cash flow from operating activities before changes in working capital		462	529
Cash flow from changes in working capital			
Change in inventories		-30	-155
Change in operating receivables		202	18
Change in operating liabilities		-257	-32
Changes in working capital		-85	-169
Cash flow from operating activities		377	360
Investing activities			
Acquisition of intangible and tangible non-current assets		-60	-64
Sales of intangible and tangible non-current assets		12	4
Acquisition of subsidiaries/operating segments, net effect on liquidity	38	-336	-768
Sales of subsidiaries/operating segments, net effect on liquidity	38	48	16
Cash flow from investing activities		-336	-812
Cash flow before financing		41	-452
Financing activities			
Repurchase of own shares		-	-19
Conveyance of own shares upon redemption of personnel options		-	10
Sale of call options		-	3
Borrowing		267	820
Repayment of loans		-201	-194
Dividend paid to Parent Company shareholders		-139	-112
Dividend paid to minority interest		0	0
Cash flow from financing activities		-73	508
Cash flow for the year		-32	56
Cash and cash equivalents at the beginning of the year		226	170
Exchange-rate difference in cash and cash equivalents		15	0
Cash and cash equivalents at year-end	38	209	226

Parent Company

Income statement

MSEK	Note	2008/2009	2007/2008
Revenue	2	56	59
Total operating revenue		56	59
Personnel costs		-41	-42
Depreciation, amortisation, impairment losses and reversal of impairment losses		-1	-1
Other operating expense		-20	-20
Total operating expense	5, 6, 8	-62	-63
Operating loss		-6	-4
Profit/loss from net financial items:			
Profit from participations in Group companies	9	351	201
Profit from other securities and receivables recognised as non-current assets	9	157	122
Other interest income and similar profit/loss items	9	4	6
Interest expense and similar profit/loss items	9	-142	-94
Profit after net financial items		364	231
Appropriations	10	-37	-40
Profit before taxes		327	191
Taxes	11	-53	-41
Net profit for the year		274	150

Parent Company

Balance sheet

MSEK	Note	31 March 2009	31 March 2008
Assets			
Non-current assets			
Intangible non-current assets	12	3	–
Tangible non-current assets	13	4	2
<i>Financial non-current assets</i>			
Participations in Group companies	36	233	256
Receivables from Group companies	15	3,514	3,164
Other long-term receivables	17	1	3
Deferred tax assets	11	18	10
Total financial non-current assets		3,766	3,433
Total non-current assets		3,773	3,435
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		237	216
Other receivables		2	2
Prepaid expenses and accrued income	20	3	3
Total current receivables		242	221
Cash and bank		51	0
Total current assets		293	221
Total assets	30	4,066	3,656
Equity, provisions and liabilities			
Equity	21		
<i>Restricted equity</i>			
Share capital		57	57
Statutory reserve		86	86
<i>Non-restricted equity</i>			
Retained earnings		595	637
Net profit for the year		274	150
Total equity		1,012	930
Untaxed reserves	37	214	177
Provisions			
Provisions for pensions and similar commitments	25	54	56
Total provisions		54	56
Non-current liabilities			
Liabilities to credit institutions	24	1,300	1,300
Liabilities to Group companies		64	155
Other liabilities	27	31	–
Total non-current liabilities		1,395	1,455
Current liabilities			
Liabilities to credit institutions	24	419	248
Accounts payable		–	2
Liabilities to Group companies		902	727
Tax liabilities		50	40
Other liabilities		4	1
Accrued expenses and deferred income	28	16	20
Total current liabilities		1,391	1,038
Total equity, provisions and liabilities	30	4,066	3,656
<i>Pledged assets and contingent liabilities</i>			
Pledged assets	34	–	1
Contingent liabilities	34	258	246

Parent Company

Statement of recognised income and expenses

MSEK	2008/2009	2007/2008
Financial assets available for sale:		
Revaluation recognised directly against equity	-33	-1
Group contributions paid	-39	-44
Taxes attributable to items recognised directly against equity	19	13
Change in net asset values recognised directly against equity, excluding transactions with the Company's owners	-53	-32
Net profit for the year	274	150
Total change in net asset values, excluding transactions with the Company's owners	221	118

See also Note 21.

Parent Company

Cash-flow statement

MSEK	Note	2008/2009	2007/2008
Operating activities			
Profit after net financial items		364	231
Adjustments for non-cash items	38	30	21
Income taxes paid		-42	-50
Cash flow from operating activities before changes in working capital		352	202
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		151	233
Change in operating receivables		0	0
Change in operating liabilities		-4	-30
Changes in working capital		147	203
Cash flow from operating activities		499	405
Investing activities			
Acquisition of intangible and tangible non-current assets		-6	-1
Sales of intangible and tangible non-current assets		-	0
Cash flow from investing activities		-6	-1
Cash flow before financing		493	404
Financing activities			
Repurchase of own shares.		-	-19
Conveyance of own shares upon redemption of personnel options		-	6
Sale of call options		-	3
Change in long-term receivables and liabilities to Group companies		-411	-1,065
Borrowing		200	800
Repayment of loans		-64	-3
Dividend paid		-139	-112
Group contributions paid		-39	-44
Taxes on Group contributions		11	12
Cash flow from financing activities		-442	-422
Cash flow for the year		51	-18
Cash and cash equivalents at the beginning of the year		0	18
Cash and cash equivalents at year-end	38	51	0

Risks and opportunities

THE GROUP'S RISKS AND OPPORTUNITIES

Like all 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, in which risk is always a natural component in the decision-making process. To ensure support and a unified approach to how the businesses of the Group should deal with risks and opportunities, the work involved in identifying and responding to the most significant risks is integrated into B&B TOOLS' strategic and operative planning process. Work related to developing the Group's risk management is carried out continuously. During the year, a framework for risk management was established and also applied in certain areas of the Group.

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

STRATEGIC RISKS ASSOCIATED WITH MARKET AND INDUSTRY

Market development/Economic situation

B&B TOOLS' customers mainly comprise industrial companies in Sweden, Norway and Finland. As a result of the Group's partnerships with construction material resellers, construction companies are also an important customer group. Accordingly, economic trends in the industrial and construction sectors in the Nordic region affect the Group's performance. B&B TOOLS' sales largely comprise industrial consumables and related services, which means that the Group's dependency on the industrial sector's short-term willingness to invest is low.

Competitive situation

As the structural transformation and consolidation of the industry progresses, the competitive situation also changes. Customers are increasingly striving to limit their number of suppliers and instead initiate closer cooperation with these suppliers in order to jointly develop the value chain, thereby reducing the total cost (purchasing, stocking, administration and tied-up capital). There is a risk that new players with financial strength could grow stronger during the ongoing consolidation process. B&B TOOLS has chosen to take a leading role in this consolidation and to take action in the form of a clear acquisition strategy and a focus on

internal efficiency throughout the value chain, which will be crucial success factors in the future.

Consolidation among customers

Within the area of tools and consumables, the Group's customers comprise resellers and end customers in the industrial and construction sectors, and to a certain extent, the DIY (Do-It-Yourself) sector/private market. Restructuring is in progress among resellers, whereby chain constellations are growing stronger in relation to end customers, manufacturers and distributors. Competition among resellers has increased as a result of the entrance of international players into the Swedish market, especially in the DIY sector. This trend indicates continued consolidation among resellers in all sectors (DIY/construction/industrial). B&B TOOLS is actively participating in the consolidation process among industrial resellers through the TOOLS chain and is cultivating the construction and DIY markets mainly through partnerships.

OPERATIONAL RISKS

Dependent on strong global brands

It is becoming increasingly common for foreign manufacturers to use several distributors in a local market. This so-called multi-distribution often leads to price pressure and declining profitability among distributors. Accordingly, it is critical that distributors gain control over the brands in demand by end customers in different product niches and foster close cooperation with manufacturers with strong, well-established brands. B&B TOOLS' presence throughout the value chain provides the Group with strength in terms of meeting the actual needs of customers and as an attractive partner for global brands attempting to break into the Nordic market.

Subsuppliers

B&B TOOLS' strategy is not to own its own manufacturing capacity, but to work actively to evaluate and select subsuppliers, primarily in Asia, that can offer the most cost-effective manufacturing. This minimises the Group's risk of incurring costs for overcapacity in the event that demand for a specific product were to diminish. At the same time, this increases the risk of B&B TOOLS' Code of Conduct not being observed with respect to such areas as work environment. Therefore, the Group strives to work exclusively with manufacturers that accept the Group's Code of Conduct and successfully pass the regular follow-up reviews that the Group companies conduct on location.

Raw-material prices

Steel is an important component in many of the products sold by B&B TOOLS. Accordingly, rapid and sharp raw-material price fluctuations can have a short-term impact on the Group's earnings. In the long term, the Group's companies are subject to the same adjustments as other players in the market, which limits the risk for raw-materials price changes.

Disasters at logistics centres

The Group's logistics and IT function is primarily located in two major units in Alingsås and Ulricehamn. A fire at one of these locations would have serious repercussions on the Group's 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 disruption (consequential losses).

Product liability risk

The Group conducts operations that give rise to normal product liability exposure. The largest product liability risks are considered to be in the US market, where the Group conducts very limited sales. The Group has insurance coverage for product liability.

Credit risk

The Group is exposed to normal credit risks in its customer relationships. To minimise the risk of credit losses, the Group companies apply credit policies that limit the outstanding amounts and credit periods for each individual customer. The fact that none of the Group's customers accounts for more than three percent of the Group's revenue limits the extent of the risk.

Competency risk

As the Group progresses toward its vision of First in MRO, customers will increasingly demand a partner with the high level of competence and creative ability necessary to develop comprehensive solutions that meet their defined needs. Accordingly, it is crucial that B&B TOOLS is able to recruit and develop the most competent employees. Responsibility for this rests with the operative management. During 2008/2009, specific initiatives were carried out in the areas of sales and leadership development.

Corporate acquisitions

Part of B&B TOOLS' strategy is to grow through acquisitions. The risks involved in acquisitions include the risk that the Group

will not successfully achieve the anticipated gains associated with an acquisition and the risk that unknown contingent liabilities will not be identified during due diligence. The Group's acquisition organisation works specifically on the due diligence process and responsibility for the integration of new companies rests with the acquiring operating area.

FINANCIAL RISKS

Exchange-rate fluctuations

A major portion of the Group's purchases are made in foreign currency, while sales are normally conducted in local currency in the countries in which the Group conducts its operations. The Group's main net outflow currencies are EUR, NTD (Taiwan dollar) and USD, while net inflows are denominated in SEK and 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 corresponding to the period of time during which the current price list remains in effect. Accordingly, major exchange-rate fluctuations in important currencies can have short-term effects on the Group's earnings. In the long term, the Group seeks competitive comprehensive solutions in the market, whereby the currency is just one of many parameters.

Interest-rate fluctuations

The Group's borrowing and lending is managed on market terms. Derivate instruments are used to hedge future interest levels on the Group's borrowing. A portion of the Group's liabilities pertain to defined-benefit pension plans financed through the PRI system. The interest rate for PRI liabilities is a factor of uncertainty.

For more detailed information about financial risks and risk management, refer to Note 31 on pages 75–77.

Financing risk

Financing risk refers to the risk that meeting the Group's requirements for external capital could become more difficult or more expensive. To minimise this risk, the Group must have a strong financial position and active measures must be taken to ensure access to external credit. The Group's existing long-term financing through bank loans falls due between 2011 and 2012. The Group's unutilised credit lines amounted to approximately MSEK 500.

Notes

AMOUNTS IN MSEK UNLESS OTHERWISE SPECIFICALLY STATED

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 to 2008/2009 are prepared in accordance with IFRS and 2002/2003 to 2003/2004 in accordance with previous Swedish Generally Accepted Accounting Policies (SW GAAP).

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NOTE 1

ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application in the EU. Recommendation RFR 1.1 *Supplementary Accounting Rules for Groups* issued by the Swedish Financial Reporting Board has also been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases stated below under the section "Parent Company accounting policies."

The financial statements encompass pages 28–82. The Annual Report and consolidated accounts were approved for publication by the Board of Directors on 17 June 2009. The Group's and the Parent Company's income statements and balance sheets are subject to approval by the Annual General Meeting to be held on 27 August 2009.

BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE GROUP

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 SEK. All amounts, unless otherwise specifically stated, are rounded to the nearest million. Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments, financial assets classified as financial assets measured at fair value through profit and loss, or as financial assets available for sale.

Preparing the financial statements in accordance with IFRS requires that the management make judgements and estimates, and make assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, 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 estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

Events after the balance-sheet date refer to favourable and unfavourable events that occur between the balance-sheet date and the date at the beginning of the next following financial year, when the financial statements 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 the circumstances prevailing at the balance-sheet date are taken into account at the time of adoption of the financial statements.

Non-current assets and disposal groups held for sale are recognised at the lower of their previously recognised carrying amount and fair value, after a deduction for sales costs.

Offsetting of receivables and liabilities and of revenue and costs occurs only when required or when expressly permitted in an accounting recommendation.

The stated accounting policies for the Group have been consistently applied for all periods presented in the Group's financial statements, unless otherwise specifically stated. The Group's accounting policies have been consistently applied in reporting and consolidating the Parent Company and subsidiaries.

AMENDED ACCOUNTING POLICIES

The new standards and interpretations below were applied in the preparation of the financial reports for 2008/2009:

IFRIC 11 IFRS 2 *Group and Treasury Share Transactions* clarifies the classification of equity-settled payments in which the Company purchases its own equity instruments from another party to settle its obligation or the owners in the Company transfer the instruments, as well as the classification of transactions in which the Company's employees are granted or have rights to the equity instruments in the Company's Parent Company. This interpretation statement is applied from the 2008/2009 financial year. Application will be retroactive.

IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* provides general guidance on how to assess the limit in IAS 19 regarding defined-benefit assets and explains how this limit may be affected in the event that the pension plan contains a minimum funding requirement. The interpretation statement also explains when a minimum funding requirement could result in a liability. This interpretation statement is applied from the 2008/2009 financial year. Application is retroactive from the beginning of 2007/2008.

The statements from the IFRIC that took effect in 2008/2009 have been observed in the preparation of the consolidated financial statements for 2008/2009. However, none of these statements have had a significant impact on the Group's financial results or position.

No new IFRS or interpretations have been applied in advance.

NEW OR REVISED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new standards, amendments to standards and interpretation statements will come into effect from the 2009/2010 financial year or later and have not been applied in the preparation of these financial statements.

Revisions to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* were adopted by IASB in January 2008. Application of these revisions will begin for financial years starting on 1 July 2009 or later. The standards are expected to be approved by the EU before then. The amendments to the standards will affect the recognition of acquisitions that are carried out after the standards have come into effect.

IFRS 8 *Operating Segments* stipulates the definition of an operating segment and the information that is to be submitted in financial statements concerning operating segments. The standard shall be applied for financial years beginning 1 January 2009 or later.

Amendments to IFRS 2 *Share-based Payment: Vesting Conditions and Cancellations* have clarified the conditions classified as vesting conditions, that all other conditions are classified as non-vesting conditions and how non-vesting conditions shall be recognised. The standard shall be applied for financial years beginning 1 January 2009 or later.

Revisions to IAS 1 *Presentation of Financial Statements* result in some changes to the presentation of financial statements and the recommendation of new, non-mandatory terms for the financial statements. This amendment does not affect the determination of the amounts recognised. The revised IAS 1 shall be applied for financial years beginning 1 January 2009 or later.

Amendments to IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* shall be applied for financial years beginning 1 January 2009 or later. These amendments address the recognition of dividends received from subsidiaries, associated companies and joint venture companies and how the formation of a new Parent Company shall be recognised.

IFRIC 13 *Customer Loyalty Programmes* addresses the recognition and measurement of a company's obligation to provide free or discounted goods or services to customers who have qualified for such through previous purchases. This interpretation statement shall be applied for financial years beginning 1 July 2008 or later.

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 only provided for the Group.

CLASSIFICATION, ETC.

Non-current assets and non-current liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid more than 12 months from the balance-sheet date. Current assets and current liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid within 12 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 cost to the Group is determined by an acquisition analysis in conjunction with the acquisition of the business. In this

analysis, the costs 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 cost of the shares in the subsidiary and the fair value of the acquired assets, assumed liabilities and contingent liabilities constitutes consolidated goodwill.

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

ASSOCIATED COMPANIES

Associated companies are companies over which the Group has a significant, but not controlling influence in terms of operational and financial control, usually through a holding of between 20 and 50 percent of the total number of votes. From the time at which significant control is achieved, participations in associated companies are recognised in the consolidated financial statements using the equity method. According to the equity method, the value of the participations in associated companies recognised in the Group should correspond to the Group's share of the equity in the associated companies and consolidated goodwill and any other residual value for the consolidated surplus or deficit value. In the consolidated income statement, the Group's share of the associated company's net profit after taxes is reported as "Shares in profit/loss of associated companies" and the minority interest is adjusted for any amortisation and impairment or reversals of acquired surplus or deficit values. Dividends received from associated companies decrease the carrying amount of the investment.

Possible differences between the cost of the holding and the holding company's portion of the net fair value of identifiable assets, liabilities and contingent liabilities are recognised in accordance with IFRS 3 *Business Combinations*.

When the Group's portion of the recognised losses in the associated company exceeds the carrying amount of the shares in the Group, the value of these shares is reduced to zero. Settlement of losses also occurs for long-term financial transactions without collateral, which, in financial terms, are part of the holding company's net investment in the associated company. Continued losses are not recognised provided that the Group has not issued guarantees to cover losses arising in the associated company. The equity method is applied until the time at which the significant influence is terminated.

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 accounts.

FOREIGN CURRENCY

TRANSACTIONS IN FOREIGN CURRENCY

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

FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are converted to SEK at the exchange rate prevailing on the balance-sheet date. Revenue and costs in foreign entities are restated in SEK at the average exchange rate. Translation differences arising as a result of the restatement 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 divested, the accumulated translation differences attributable to the entity are realised in the consolidated income statement after a deduction for any foreign currency hedging.

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 primary revenue comprises the sale of goods and services.

SALE OF GOODS

Revenue from the sale of goods is recognised in the income statement when the significant risks and benefits associated with ownership of the goods have been

transferred to the buyer – that is, typically in connection with delivery. Revenue is recognised if it is probable that the economic benefits will accrue to 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 of the percentage of completion method. The degree of completion is normally determined based on the relationship between accrued expenditure on the balance-sheet date and the estimated total expenditure. Probable losses are recognised immediately in the consolidated income statement.

RENTAL INCOME

Rental income from real estate is recognised in the income statement on a straight-line basis 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.

INCOME FROM PROPERTY SALES

Income from property sales is normally recognised on the day of taking possession unless risks or benefits were transferred to the seller on an earlier occasion.

OPERATING EXPENSE AND FINANCIAL INCOME AND EXPENSE OPERATIONAL LEASES

Costs related to operational leases are recognised in the income statement on a straight-line basis over the term of the lease. Benefits received in connection with signing a contract are recognised in the income statement as a portion of the total leasing cost. 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 expense 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 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 method. The effective interest rate is the rate that makes the present value of all estimated future receipts and payments during the expected fixed-interest period equal to the recognised value of the receivable or the liability.

Interest expense includes the accrued amount 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 cost of assets.

FINANCIAL INSTRUMENTS

Financial instruments are measured and recognised in the Group in accordance with the rules of IAS 39. Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable, financial investments, advance payments to suppliers and derivatives. Liabilities include accounts payable, loan liabilities, advance payments from customers and derivatives.

RECOGNITION AND DERECOGNITION IN THE BALANCE SHEET

A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the contractual terms of the instrument in question. A financial asset, or a portion of a financial asset, is derecognised from the balance sheet when the rights in the contract are realised, fall due or the company loses control over them. A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or discharged in some other way.

A financial asset and 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 amount and when there is an intention to settle the item with a net amount or to realise the asset and settle the liability simultaneously.

Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or dispose of assets.

CLASSIFICATION AND MEASUREMENT

Financial instruments that are not derivatives are initially recognised at cost, corresponding to the fair value of the instrument. A financial asset's classification determines how it is measured after the first reporting occasion. The Group classifies its financial instruments based on the purpose for which the instrument was acquired. Management determines the classification on the first reporting occasion.

The Group's holdings of financial instruments are classified as follows:

FINANCIAL ASSETS AVAILABLE FOR SALE

Shares and participations among financial non-current assets refer to holdings that are not listed on an active market and are classified as assets available for sale. According to the main rule, these assets are measured at fair value after the acquisition date, with changes in value carried to equity. If there is objective evidence of a need for an impairment charge, an accumulated loss recognised 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 cost, but with a possible adjustment if an impairment charge is warranted.

LOAN RECEIVABLES AND ACCOUNTS RECEIVABLE

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 that are not listed on an active market. After the acquisition date, such assets are reported at amortised cost using the effective interest method, less any provisions for loss of value.

FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value after deductions are made for transaction costs. Borrowing is then recognised at amortised cost and any differences between the loan amount (net after transaction costs) and the redemption value is recognised in the income statement distributed over the term of the loan and applying the effective interest method. Borrowing is classified as a current liability if the company does not hold an unconditional right to defer payment for a minimum of 12 months after the balance-sheet date.

OTHER CATEGORIES

The Group has not initially classified any assets or liabilities as financial assets or liabilities measured at fair value in the income statement and does not have any financial assets or liabilities held for trading. Nor did the Group have any financial held-to-maturity investments during the financial year.

DERIVATIVES AND HEDGE ACCOUNTING

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

Derivative instruments held for hedging are interest swap agreements, interest caps and foreign-exchange forward contracts and are measured at fair value after the acquisition date. To fulfil the requirements for hedge accounting, there must be a clear link to the hedged item, the hedge must effectively protect the hedged item, hedging documentation must have been drawn up and the effectiveness must be measurable.

After the initial recognition, derivative instruments are measured at fair value and the method of recognising a change in value depends on the character of the hedged item. The Group identifies certain derivatives as either (1) a hedge of fair value of an identified asset or liability or a binding undertaking (real hedging), or (2) a hedge of a highly probable forecast 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 portion 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 portion 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 (for example, when the forecast sale that is hedged takes place). Where the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories or a tangible

non-current asset), or a non-financial liability, the hedging 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 on the balance-sheet date.

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 benefits will accrue to the company and the cost of the asset can be calculated in a reliable manner.

Tangible non-current assets are recognised in the Group at cost, less accumulated depreciation and any impairment losses. The cost 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 cost 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 use are treated as separate components of tangible non-current assets.

The recognised value of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no future economic benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount 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 in the consolidated accounts as either financial or operational leases. Leases where essentially all of the economic risks and benefits associated with ownership have been transferred to the lessee are classified as financial leases. Where this is not the case, the lease is an operational lease.

ADDITIONAL EXPENDITURE

Additional expenditure is added to the cost only to the extent that it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost 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 of these components have been deemed to vary between ten and 100 years.

The following main groups of components have been identified and constitute the basis for the 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

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

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between the cost of 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 reassessed in accordance with IFRS 3 when preparing the consolidated opening balance in accordance with IFRS as of 1 April 2004.

Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is not amortised continuously. Instead, impairment testing is conducted on an annual basis.

For corporate acquisitions for which the cost is less than the net value of the acquired assets and assumed debt and contingent liabilities, the differences are recognised directly in the income statement.

OTHER INTANGIBLE ASSETS

Other intangible assets acquired by the Group are recognised at cost, less accumulated amortisation and impairment losses. This also includes capitalised IT expenditure for the development and purchase of software. Accrued expenses for internally generated goodwill and internally generated brands 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 it is incurred.

AMORTISATION

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

The estimated periods of use are:

Brands, supplier contracts, customer relations	3–10 years
Software, IT investments	3–5 years

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the operating activities, after a deduction for the estimated costs for completion and for accomplishing a sale.

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

IMPAIRMENT LOSSES

The carrying amount of the Group's assets is tested on each balance-sheet date to determine whether there are any indications of impairment. IAS 36 is applied for impairment testing of assets other than financial assets, which are tested in accordance with IAS 39, for assets available for sale and disposal groups recognised in accordance with IFRS 5, inventories, assets under management used for financing compensation to employees and deferred tax assets. If there is any indication of impairment, the recoverable amount of the asset is calculated. The measurement of exempted assets in accordance with the above is tested in accordance with each standard.

The recoverable amount 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 at the lowest level at which 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 recoverable amount. Such an impairment loss is charged against the income statement.

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

CALCULATION OF RECOVERABLE AMOUNT

The recoverable amount of assets belonging to the categories of held-to-maturity investments and loan receivables and accounts receivable recognised at amortised cost 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 terms are not discounted.

The recoverable amount of other assets is the higher of fair value less selling expenses and value in use. For the purpose of calculating 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 an asset that does not generate cash flows and is essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

REVERSAL OF IMPAIRMENT LOSSES

Impairment losses on held-to-maturity investments, or loan receivables and accounts receivable recognised at amortised cost, are reversed if a later increase of the recoverable amount 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 recoverable amount was based.

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

EQUITY

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

REPURCHASE OF OWN SHARES

Holdings of own shares in treasury and other equity instruments are recognised as a reduction of equity. Acquisitions of such instruments are recognised as a deduction item against equity. Proceeds from the disposal of equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly against equity.

DIVIDENDS

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

EARNINGS PER SHARE

The calculation of earnings per share is based on consolidated net profit for the year attributable to the Parent Company's shareholders and on the weighted average 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 pertaining to fees for defined-contribution pension plans are recognised as an expense in the income statement when they arise.

DEFINED-BENEFIT PENSION PLANS

The Group's net obligations pertaining 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.

These calculations are performed by a qualified actuary using the projected unit credit method. The obligations are then measured 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 obligations. 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 the plan assets reduces the calculated value.

When the calculation results in an asset for the Group, the carrying amount 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 future repayments from the plan, or reduced future payments into the plan.

Obligations for retirement pensions to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. However, obligations for family pensions are secured by insurance with Alecta. These obligations are also defined-benefit obligations, although the company has not had access to the information necessary to report these obligations as a defined-benefit plan. Therefore, these pensions secured by insurance with Alecta are recognised as defined-contribution plans. As of 31 December 2008, Alecta's surplus in the form of collective solvency margin was 112 percent (2007: 152 percent). The collective solvency margin is defined as the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond with 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.

The "corridor rule" is applied, which means that the portion of the accumulated actuarial gains and losses that exceeds 10 percent of the higher of the present value of the obligations and the fair value of the plan assets is recognised in profit and loss 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 provisions or receivables are not subject to present value calculation.

BENEFITS IN THE CASE OF TERMINATION

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

A personnel option programme that enables employees to acquire shares in the company has been issued. The fair value of the options awarded has been recognised as a personnel cost with a corresponding increase in 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 the 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 programme is subject to no other significant terms and conditions than that the recipient must still be an employee at the end of the vesting period.

Social security contributions 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 security contributions is based on the fair value at the time of recognition. Fair value is calculated using the same measurement model used when the options were issued.

In connection with the 2006 and 2007 Annual General Meetings, it was decided that call option programmes would be offered to the employees within the Group. A market premium has been paid for the options, so no personnel costs were incurred at the time of issuance. However, the terms stipulate that the employee may receive a certain subsidy for the premiums paid to the employee provided that certain terms and conditions are fulfilled. The cost for this subsidy is distributed over the vesting period.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or informal obligation as a consequence of a transpired event and when 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. When 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 expenses.

ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the 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 the 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 earlier periods.

Deferred taxes are calculated in accordance with the balance-sheet method based on temporary differences between the carrying amount of assets and liabilities and the value of assets and liabilities for tax purposes. Temporary differences arising in the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The measurement of deferred taxes is based on how the carrying amounts 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 pertaining to deductible temporary differences and loss carryforwards 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 arising 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

When a non-current asset (or a disposal group) is classified as held for sale, this means that its carrying amount 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 segment, or a significant business within a geographic area, or is a subsidiary acquired solely for the purpose of being resold.

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 criteria for size as outlined above.

CASH-FLOW STATEMENT

Receipts and payments have been divided into categories: operating activities, investing activities and financing activities. The indirect method is used for flows from operating activities.

The changes in 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 on the date of acquisition are not included in the statement of changes in working capital, nor in the changes of balance-sheet items recognised in investing and financing activities.

Cash and cash equivalents include cash and bank flows, as well as current investments whose conversion to bank funds may occur at an amount that is usually known in advance. Cash and cash equivalents include current investments with a term of less than three months.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2.1 *Accounting for Legal Entities* issued by the Swedish Financial Reporting Board. RFR 2.1 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS and statements 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 be made to IFRS.

Combined, this results in differences between the Group's and the Parent Company's accounting policies in the areas indicated below.

SUBSIDIARIES

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. Dividend income is only recognised as income on the condition that the income is derived from earnings earned after the acquisition. Dividends in excess of such earned income are regarded as a repayment of the investment and reduce the carrying amount of the participation.

TANGIBLE NON-CURRENT ASSETS**LEASED ASSETS**

All leasing agreements in the Parent Company are recognised in accordance with the rules for operational leasing.

EMPLOYEE BENEFITS

Other bases for the 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 Swedish Financial Supervisory Authority since this is a condition for tax deductibility. The most important differences compared with the rules in IAS 19 are 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 liabilities. However, in the consolidated accounts, untaxed reserves are divided into deferred tax liabilities and equity.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS FOR LEGAL ENTITIES

The company recognises Group contributions and shareholder contributions in accordance with the statement issued by the Swedish Financial Reporting Board. Shareholder contributions are carried directly to the recipient's equity and are capitalised in the form of shares and participations with the donor, to the extent that an impairment loss is not necessary. Group contributions are recognised according to financial significance. This means that Group contributions paid 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 recognised as dividends. This means that a Group contribution received and its current tax effect are recognised in the income statement. Group contributions paid and their current tax effect are recognised directly against 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 reports the Group contribution and its current tax effect as an investment in participations in Group companies, to the extent that an impairment loss is not necessary.

FINANCIAL GUARANTEE AGREEMENTS

In accordance with RFR 2.1, the Parent Company has elected not to apply the provisions in IAS 39 concerning financial guarantee agreements on behalf of subsidiaries.

NOTE 2**DISTRIBUTION OF REVENUE**

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Revenue				
Sale of goods	9,102	8,932	–	–
Service assignments	165	155	56	59
Rental income	8	5	–	–
Commission, bonuses and similar income	50	41	–	–
Total	9,325	9,133	56	59

Income in the Parent Company pertains to intra-Group services totalling MESK 56 (59).

NOTE 3**OTHER OPERATING INCOME**

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Exchange-rate gains on operating receivables/liabilities	31	–	–	–
Grants from EU, central and local government	1	1	–	–
Other grants	0	0	–	–
Insurance indemnification	1	0	–	–
Capital gain, sale of tangible non-current assets	4	1	–	–
Capital gain, sale of leased non-current assets	–	0	–	–
Capital gain, sale of financial non-current assets	0	3	–	–
Other	2	7	–	–
Total	39	12	–	–

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, thus, forms the basis for the management of the Group.

Geographic division by market pertains to the natural division of the countries in which the Group conducts operations. The accounting policies of the operating areas are identical to those described under "Accounting policies" in Note 1. Comparative data have been adjusted for internal corporate transfers. The B&B TOOLS Group's internal pricing is performed on market terms.

A. PRIMARY SEGMENT – OPERATING AREAS

The Markets operating area comprises the Group's Market Companies in Sweden, Norway and Finland (which operate within the framework of TOOLS) and TOOLS Momentum, which together form the Group's market channel for industrial consumables and industrial components for Nordic industry.

The Products operating area comprises the Group's Product Companies (Luna, Skydda, Essve, Grunda and Gigant). The Product Companies conduct operations in supplementary product areas and provide TOOLS and other selected market channels with industrial consumables and related services. Products also conducts sales operations, primarily in Poland and the Baltic countries, as well as purchasing operations in Taiwan and China.

In addition to the Parent Company and Group eliminations, Parent Company/other Group operations and eliminations include the B&B TOOLS Services operating area. The comparative data for the preceding year includes the B&B Development division, which ceased all activities as of 30 September 2007.

	2008/2009			2007/2008		
	External	Internal	Total	External	Internal	Total
Revenue						
Markets	6,194	60	6,254	5,636	71	5,707
Products	3,115	1,131	4,246	3,418	918	4,336
Parent Company, other Group operations and eliminations	16	–1,191	–1,175	79	–989	–910
Group total	9,325	–	9,325	9,133	–	9,133

	2008/2009			2007/2008		
	Operating profit/loss	Assets	Liabilities	Operating profit/loss	Assets	Liabilities
Markets	214	3,533	4,321	333	3,327	4,102
Products	363	3,346	1,756	389	3,274	1,796
Parent Company, other Group operations and eliminations	–66	–859	–1,814	–48	–744	–1,612
Group total	511	6,020	4,263	674	5,857	4,286

NOTE 4, CONTINUED

Investments in non-current assets	2008/2009			2007/2008		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Markets	33	56	89	281	69	350
Products	131	10	141	455	13	468
Parent Company, other Group operations and eliminations	4	14	18	4	13	17
Group total	168	80	248	740	95	835

Depreciation and amortisation of non-current assets	2008/2009			2007/2008		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Markets	-1	-34	-35	-15	-30	-45
Products	-1	-9	-10	-1	-9	-10
Parent Company, other Group operations and eliminations	-5	-14	-19	-2	-14	-16
Group total	-7	-57	-64	-18	-53	-71

Impairment losses on non-current assets	2008/2009			2007/2008		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Markets	-	0	0	-	0	0
Products	0	-	0	-1	0	-1
Parent Company, other Group operations and eliminations	-	-	-	1	4	5
Group total	0	0	0	0	4	4

Other non-cash items	2008/2009		2007/2008	
	Pensions	Other	Pensions	Other
Markets	-2	-71	-2	2
Products	-15	-19	-14	-11
Parent Company, other Group operations and eliminations	-7	-4	-7	6
Group total	-24	-94	-23	-3

B. SECONDARY SEGMENT – GEOGRAPHIC MARKETS

The Group primarily conducts operations in Sweden, Norway and Finland.

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

	2008/2009		2007/2008	
	External revenue	Assets	External revenue	Assets
Sweden	4,684	4,172	4,803	4,162
Finland	1,265	698	1,186	643
Norway	2,631	850	2,391	775
Other countries	745	300	753	277
Group total	9,325	6,020	9,133	5,857

Investments in non-current assets	2008/2009			2007/2008		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Sweden	164	55	219	653	63	716
Finland	1	2	3	65	11	76
Norway	1	19	20	19	13	32
Other countries	2	4	6	3	8	11
Group total	168	80	248	740	95	835

NOTE 5**EMPLOYEES AND PERSONNEL COSTS**

Average number of employees by country	2008/2009			2007/2008		
	Women	Men	Total	Women	Men	Total
Sweden, Parent Company	5	11	16	4	10	14
Sweden, other Swedish companies	484	1,560	2,044	444	1,396	1,840
Denmark	7	22	29	5	12	17
Finland	79	312	391	68	285	353
Norway	90	421	511	76	351	427
Estonia	16	37	53	16	36	52
Poland	34	147	181	40	147	187
Germany	1	1	2	1	1	2
Other countries	27	79	106	22	73	95
Group total	743	2,590	3,333	676	2,311	2,987

Salaries and compensation by country	2008/2009			2007/2008		
	Board of Directors and Presidents	Of which bonuses	Other	Board of Directors and Presidents	Of which bonuses	Other
Sweden, Parent Company	11	3	14	14	4	10
Sweden, other Swedish companies	51	5	703	46	5	610
Denmark	1	–	14	1	–	8
Finland	22	2	128	16	1	99
Norway	41	5	250	23	4	221
Estonia	1	–	7	1	0	5
Poland	3	–	15	2	0	23
Germany	1	–	0	1	–	0
Other countries	4	1	12	3	1	10
Group total	135	16	1,143	107	15	986

Parent Company	2008/2009			2007/2008		
	Salaries and compensation	Social security costs	Of which pension costs	Salaries and compensation	Social security costs	Of which pension costs
Employees in the Parent Company	25	16	10	24	20	9
Parent Company total	25	16	10	24	20	9

Group	2008/2009			2007/2008		
	Salaries and compensation	Social security costs	Of which pension costs	Salaries and compensation	Social security costs	Of which pension costs
Employees in the Parent Company	25	16	10	24	20	9
Employees in subsidiaries	1,252	412	111	1,069	365	89
Group total	1,277	428	121	1,093	385	98

The group "Board of Directors and Presidents" above includes the current directors, presidents and executive vice presidents in the Group.

Of the Group's pension costs, SEK 20,004 thousand (17,159) pertains to the group "Board of Directors and Presidents."

Of the Parent Company's pension costs, SEK 5,505 thousand (4,707) pertains to the group "Board of Directors and Presidents." The Company's outstanding pension obligations to this group amount to SEK 908 thousand (1,323).

NOTE 5, CONTINUED**PREPARATION AND DECISION-MAKING PROCESS CONCERNING COMPENSATION TO THE BOARD OF DIRECTORS, THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT**

The Election Committee submits proposals for resolution by the Annual General Meeting concerning directors' fees to be allocated to the Chairman of the Board and other directors who are not employees of the Parent Company.

The process of preparing and passing resolutions concerning compensation to the B&B TOOLS Group's President & CEO and other members of Group management is based on the guidelines adopted by the Annual General Meeting. The guidelines in effect during the 2008/2009 financial year are presented below.

For information on the composition of the Board of Directors and Group management, refer to pages 88–89.

The guidelines stipulate that compensation to members of Group management shall be designed to ensure that the Group can offer compensation that attracts and retains qualified employees who create long and short-term shareholder value. The Company's compensation levels and compensation structure for members of Group management shall be in line with market conditions.

GUIDELINES FOR DETERMINING COMPENSATION AND OTHER TERMS OF EMPLOYMENT FOR THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT IN 2008/2009

For the Board of Directors, it is crucial that the Company is able to recruit, provide long-term motivation for and retain competent employees who create long and short-term shareholder value. To achieve this goal, it is important that the Company is able to offer competitive terms. The Company's compensation levels and compensation structure for members of Group management shall be in line with market conditions. The total compensation package for the individuals in question should comprise a balanced combination of fixed salary, variable compensation, long-term incentive programmes, pension benefits and other benefits. Variable compensation and long-term incentive programmes should primarily be linked to the Group's earnings and value performance.

- Fixed salary shall be adjusted to market conditions and be based on responsibility, competence and performance. Fixed salary is determined based on market principles and is reviewed annually.
- Variable compensation shall be determined in relation to fixed salary and is set as a function of the Group's earnings.
- Members of Group management shall be included in a long-term incentive programme ("LTI programme"). Variable compensation based on the LTI programme is payable annually as a function of the Group's earnings performance at a maximum amount of 20 percent of the value* of the personal shareholding covered by the programme. All members of Group management are covered by existing share-based incentive programmes.
- Pension benefits shall comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable compensation and age. Certain individual adjustments occur. The retirement age for Group management is currently 65.
- Other benefits shall be in line with market conditions and help facilitate the ability of the members of Group management to perform their duties.
- In the event of termination of employment at the initiative of the President & CEO or another member of Group management, the period of notice is six months. In the event of termination of employment at the initiative of the Company, the period of notice shall be a maximum of 12 months. Severance pay may amount to a maximum of 12 months' salary.

The Board is entitled to deviate from the above guidelines in individual cases if special reasons exist.
(Guidelines established at the Annual General Meeting of B&B TOOLS AB held on 27 August 2008. These guidelines have been applied to all agreements that were entered into with the President & CEO and other members of Group management during 2008/2009.)

*Clarification: acquisition value.

The Compensation Committee prepares and submits proposals to the Board of Directors concerning the formulation of a compensation structure for Group management in line with the guidelines of the Annual General Meeting. The Compensation Committee also submits proposals to the Board regarding compensation and other terms of employment for the President & CEO. Decisions concerning compensation to other members of Group management are made by the Compensation Committee.

The Committee comprises the Chairman of the Board, Vice Chairman of the Board, and President & CEO. The President & CEO does not participate in the preparation of proposals concerning 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 84–87.

Directors' fees are determined by the Annual General Meeting and are allocated to the Chairman of the Board and other directors who are not employees of the Parent Company.

For information about the Board of Directors' and Group management's shareholdings in B&B TOOLS AB and options related to B&B TOOLS shares, refer to pages 88–89.

**COMPENSATION DURING THE 2008/2009 FINANCIAL YEAR
BOARD OF DIRECTORS**

In accordance with the resolution passed by the Annual General Meeting in August 2008, the Board of Directors received a total of SEK 1,250 thousand (1,250) in directors' fees during the 2008/2009 operating year. Pursuant to the resolution of the Annual General Meeting, the Chairman of the Board received SEK 450 thousand (450), the Vice Chairman received SEK 350 thousand (350) and other directors who are not employees of the Parent Company received SEK 225 thousand (225) per person. No fees were paid for committee work.

No director received any compensation in addition to directors' fees during the 2008/2009 operating year.

PRESIDENT & CEO

The President & CEO received a salary of SEK 2,947 thousand (2,575), plus taxable benefits totalling SEK 140 thousand (4,840) for the year. From the age of 65, the President & CEO is covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. During the 2008/2009 operating year, pension premiums were paid in the amount of SEK 3,000 thousand (2,600), including premiums for health insurance.

Variable compensation based on the long-term incentive (LTI) programme, which is described in more detail below, was paid in the amount of 20 percent of the value of the personal shareholding covered by the programme. LTI compensation for the President & CEO amounted to SEK 768 thousand (768) for the 2008/2009 operating year. LTI compensation was expensed for the 2008/2009 operating year and disbursed during 2009/2010. LTI compensation is not pensionable for the President & CEO.

The President & CEO holds 25,000 personnel options in accordance with the programme described below.

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

OTHER MEMBERS OF GROUP MANAGEMENT

In total, the other members of Group management (see separate summary) were paid SEK 7,658 thousand (6,204) in salary.

Other members of Group management	Position
Mats Björkman	Executive Vice President
Carl Johan Lundberg	Executive Vice President
Johan Falk	Executive Vice President
Peter Gustafsson	Vice President

In addition to salary, taxable benefits totalling SEK 529 thousand (8,864) were paid during the year. From the age of 65, all other members of Group management are covered by defined-contribution pensions, whose size depends on the outcome of the pension insurance policies taken out. During the 2008/2009 operating year, pension premiums were paid in the amount of SEK 2,706 thousand (2,311), including premiums for health insurance.

NOTE 5, CONTINUED

Variable compensation, based on the Group's earnings, is payable in a maximum amount of 30 percent of the fixed portion of compensation. The outcome for the operating year was 11 percent in variable compensation. In addition, a premium of 20 percent of the variable compensation was paid as a consideration for the entire variable portion being used to acquire shares in B&B TOOLS AB. During the 2008/2009 operating year, variable compensation for the other members of Group management amounted to SEK 891 thousand (1,670). Variable compensation was expensed for the 2008/2009 operating year and disbursed during 2009/2010. Variable compensation is pensionable for the other members of Group management.

Variable compensation based on the long-term incentive (LTI) programme, which is described in more detail below, was paid in the amount of 20 percent of the value of the personal shareholding covered by the programme. LTI compensation for the other members of Group management amounted to SEK 2,457 thousand (1,876) for the 2008/2009 operating year. LTI compensation was expensed for the 2008/2009 operating year and disbursed during 2009/2010. LTI compensation is not pensionable.

As of 31 March 2009, the other members of Group management hold a combined total of 80,000 personnel options in accordance with the programme described below.

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

LONG-TERM INCENTIVE (LTI) PROGRAMME

In December 2006, the Board of Directors of B&B TOOLS AB decided to introduce a long-term incentive (LTI) programme for the President & CEO and the other members of Group management. The LTI programme has a term of five years, and under its structure, the individuals concerned in the Group management initially invest in B&B TOOLS shares up to a level determined in advance. The basic prerequisite for an annual cash disbursement within the framework of the programme is that the Group's profit before taxes exceeds the average of the corresponding earnings in the past three years by at least 10 percent. Accordingly, no dilution effect arises as a function of the LTI programme.

The goal of the LTI programme was achieved for the 2008/2009 operating year and a total of SEK 3,225 thousand, plus social security contributions, was charged against net profit for the year, which corresponds to 20 percent of the amount that Group management invested in B&B TOOLS shares.

During the 2008/2009 operating year, an equivalent long-term incentive programme (LTI 2008/2013) was introduced for members of senior management, excluding Group management, with the intention of establishing long-term participation in the Group and its value performance. LTI 2008/2013 has a term of five years, and under its structure, the individuals concerned initially invest in B&B TOOLS shares up to a level determined in advance. Provided that a number of terms are fulfilled, an annual payment is made corresponding to 20 percent of the initial investment. Accordingly, no dilution effect arises as a function of the LTI programme. The goal of the LTI programme was achieved for the 2008/2009 operating year and a total of SEK 7,398 thousand, plus social security contributions, was charged against net profit for the year.

OPTION PROGRAMMES**– PERSONNEL OPTION PROGRAMMES 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 850,000 personnel options free of charge. In accordance with a resolution passed by 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.

Each personnel option entitles its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 52.00, compared with the Company's average acquisition cost for the repurchased shares earmarked for this purpose in connection with the implementation of the personnel option programme of SEK 41.60 per share. Personnel options can be utilised to purchase shares until 30 June 2010. Personnel options cannot be conveyed to a third party. Any benefit value that may arise due to the personnel options is not pensionable.

– CALL OPTION PROGRAMME 2006/2011

On 24 August 2006, the Annual General Meeting of B&B TOOLS AB decided to offer a number of members of senior management and key persons in the B&B TOOLS Group in the Nordic region the opportunity to purchase call options for shares in B&B TOOLS AB at market terms. The programme does not include the Board of Directors, the President & CEO or other members of Group management. The programme included the issuance of a maximum of 250,000 call options for repurchased shares in the Company and the conveyance of not more than 250,000 class B shares in the Company in connection with any redemption of the call options. The call options expire on 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 159.00. The programme is secured in its entirety through repurchases of own shares at an average acquisition cost of SEK 155.00 per share.

The terms of the offer to acquire call options were adjusted to market conditions, which means that no tax was imposed on the benefits due to the purchase of options within the framework of this offer. However, a subsidy is linked to the offer (SEK 15.00 per call option plus social security contributions). The subsidy was paid on 30 September 2008 and was expensed over the period from 1 October 2006 to 30 September 2008. For the 2008/2009 operating year, the subsidy was charged against consolidated earnings in the amount of SEK 1,241 thousand.

– CALL OPTION PROGRAMME 2007/2012

On 30 August 2007, the Annual General Meeting of B&B TOOLS AB decided to offer a number of members of senior management and key persons in the B&B TOOLS Group in Sweden the opportunity to purchase call options for shares in B&B TOOLS AB at market terms. The programme does not include the Board of Directors, the President & CEO or other members of Group management. The programme included the issuance of a maximum of 90,000 call options for repurchased shares in the Company and the conveyance of not more than 90,000 class B shares in the Company in connection with any redemption of the call options. The call options expire on 30 September 2012. Each option entitles its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 228.00. The programme is secured in its entirety through repurchases of own shares at an average acquisition cost of SEK 206.30 per share.

The terms of the offer to acquire call options were adjusted to market conditions, which means that no tax was imposed on the benefits due to the purchase of options within the framework of this offer. However, a subsidy is linked to the offer, which pays SEK 25.00 per acquired call option to the holder under certain conditions. The subsidy will be paid by the holder's employer on 30 September 2009 provided that all originally acquired call options in this programme remain and that the person is still employed within the B&B TOOLS Group. The cost of the subsidy (SEK 25.00 per option plus social security contributions) is reported over the vesting period from 1 October 2007 to 30 September 2009. For the 2008/2009 operating year, the subsidy was charged against consolidated earnings in the amount of SEK 1,490 thousand.

SUMMARY OF GROUP MANAGEMENT COMPENSATION AND PENSION COSTS FOR 2008/2009 AND PERSONNEL OPTION PROGRAMME FROM 2002

SEK thousand	Fixed salary	Variable salary	Long-term incentive	Other benefits	Total compensation	Pension costs	Outstanding personnel options
President & CEO	2,947	0	768	140	3,855	3,000	25,000
Other Group management	7,658	891	2,457	529	11,535	2,706	80,000
Total	10,605	891	3,225	669	15,390	5,706	105,000

NB: All information pertains to 31 March 2009.

NOTE 5, CONTINUED

SPECIFICATION OF OPTIONS PROGRAMMES

The table below shows the options issued and options outstanding as of 31 March 2009:

Group	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Personnel option programme 2002/2010	April 2002 and November 2004	1 Dec. 2004–30 Jun. 2010	52.00	850,000	198,500	Physical delivery
Call option programme 2006/2011	October 2006	1 Oct. 2006–30 Sep. 2011	159.00	250,000	250,000	Physical delivery
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228.00	90,000	90,000	Physical delivery
Parent Company						
Personnel option programme 2002/2010	April 2002 and November 2004	1 Dec. 2004–30 Jun. 2010	52.00	420,000	112,000	Physical delivery
Call option programme 2006/2011	October 2006	1 Oct. 2006–30 Sep. 2011	159.00	38,000	38,000	Physical delivery
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228.00	17,200	17,200	Physical delivery

Outstanding personnel options for members of Group management are shown on page 89.

NUMBER AND REDEMPTION PRICES OF OPTIONS

– PERSONNEL OPTION PROGRAMME (2002/2010)

Group	Redemption price 2008/2009	Number of options 2008/2009	Redemption price 2007/2008	Number of options 2007/2008
Outstanding at the beginning of the year	52.00	198,500	52.00	398,500
Issued during the year	–	–	–	–
Redeemed during the year	52.00	–	52.00	–200,000
Outstanding at the end of the year	52.00	198,500	52.00	198,500
Parent Company				
Outstanding at the beginning of the year	52.00	112,000	52.00	213,000
Issued during the year	–	–	–	–
Redeemed during the year	52.00	–	52.00	–101,000
Outstanding at the end of the year	52.00	112,000	52.00	112,000

No personnel options were redeemed in 2008/2009. For personnel options redeemed in 2007/2008, the weighted average share price was SEK 227.90.

All outstanding personnel options in the 2002/2010 programme are redeemable as of 31 March 2009.

– CALL OPTION PROGRAMMES (2006/2011 AND 2007/2012)

No call options were redeemed in 2008/2009.

REPORTING OF SICKNESS ABSENCE

During the 2008/2009 operating year, the Parent Company had an average of 16 employees (14), of whom five were members of Group management. Total reported sickness absence as a proportion of regular working hours for other employees was 0.2 percent (0.3) during the period from 1 April 2008 to 31 March 2009, of which 0 percentage points (0) pertain to long-term sickness absence (that is, sickness absence of more than 60 consecutive days).

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

For all Swedish Group companies, total reported sickness absence as a proportion of regular working hours during the period from 1 April 2008 to 31 March 2009 was 3.8 percent (3.6), of which 1.5 percentage points (1.6) pertain to long-term sickness absence (that is, sickness absence of more than 60 consecutive days).

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

Percentage women	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Directors	4%	4%	20%	20%
Senior management	11%	11%	14%	13%

The group designated above as "Senior management" includes the presidents, executive vice presidents and other senior management in the management groups of the Parent Company and other Group companies. All members of Group management are men.

NOTE 6

FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Audit assignments				
KPMG	11	9	1	1
Other auditors	1	1	–	–
Total fees for audit assignments	12	10	1	1
Other assignments				
KPMG	2	2	1	0
Other auditors	0	1	–	–
Total fees for other assignments	2	3	1	0
Total fees to auditors	14	13	2	1

Audit assignments refer to the review of the Annual Report and financial statements and the administration by the Board of Directors and the President & CEO, other tasks the Company's auditors are obligated to perform, and advisory services or other assistance as a result of observations made during such reviews or the performance of such tasks. All other assignments are classified as "Other assignments." Other assignments primarily include consultation regarding tax and accounting issues and due diligence assignments.

NOTE 7

ACQUISITION OF BUSINESSES

ACQUISITION OF GROUP COMPANIES

During the year, closing took place for a total of nine acquired businesses, the Group's ownership stake increased in three existing acquisitions and corrections of estimated additional purchase prices were made in five existing acquisitions. The total purchase price for the year's acquisitions amounted to MSEK 262, of which MSEK 221 pertains to new acquisitions, MSEK 40 to increases of ownership stakes in existing acquisitions and MSEK 1, net, to corrections of estimated additional purchase prices.

Of the total purchase price of MSEK 262 for the year's acquisitions, MSEK 243 was paid in cash after deductions for acquired cash in the amount of MSEK 13 and MSEK 6 for recorded, but not yet paid purchase prices. The acquired businesses conduct operations that are in line with the operating areas in which the acquisitions were included.

The acquisitions for which closing occurred during the year had a combined impact of approximately MSEK 200 on consolidated revenue. The total annual revenue of the acquired businesses for which closing occurred during the year amounted to approximately MSEK 355, of which about MSEK 295 is expected to increase consolidated revenue.

Of the total purchase price of MSEK 262, MSEK 159 pertained to intangible surplus values. All intangible surplus values were attributed to synergy gains arising from the Group's existing businesses, and thus, these surplus values were classified as goodwill.

NOTE 7, CONTINUED

Corporate acquisitions 2008/2009	Country	Date of acquisition	Ownership stake ¹⁾
New acquisitions			
TOOLS Salo Oy	Finland	April 2008	100
TOOLS Globus Trading AS	Norway	April 2008	100
Abatic Maskin AB	Sweden	May 2008	100
Spesialvarer AS	Norway	June 2008	100
Rörick i Köping AB	Sweden	August 2008	100
Nillson & Luthman AB	Sweden	September 2008	100
Fag-Verktøy AS	Norway	October 2008	100
Ljungbergs Verktyg AB	Sweden	November 2008	100
Göteborgs Lindareverkstad AB	Sweden	November 2008	100
Increase of ownership stake in earlier acquisitions			
TOOLS Östergötland AB	Sweden	June 2008	100
AB Ludvika Järnmagasin	Sweden	September 2008	100
Gigant Työpiisteet Oy	Finland	October 2008	70
Corrections of estimated additional purchase prices			
B&B TOOLS Services AS	Norway	September 2008	76
Profero AB	Sweden	September 2008	100
Myrins Industriprodukter AB	Sweden	March 2009	100
TOOLS Kristiansand AS	Norway	March 2009	100
TOOLS Nord AS	Norway	March 2009	100

¹⁾ Pertains to share of votes as well as capital.

Distribution of corporate acquisitions by operating area	Purchase price	Acquired cash	Investment
B&B TOOLS Products	1	–	1
B&B TOOLS Markets	260	13	247
B&B TOOLS Services	1	–	1
Total	262	13	249
Change in recorded, but not yet paid purchase prices r			87
Total			336

Net assets of acquired companies on the date of acquisition

2008/2009	Carrying amount of acquired companies before acquisition	Fair value adjustment	Fair value recognised in the Group
Intangible non-current assets	0	–	0
Tangible non-current assets	29	2	31
Other securities held as fixed assets	0	–	0
Deferred tax assets	2	–	2
Inventories	55	–6	49
Accounts receivable	49	0	49
Other operating receivables	23	–	23
Cash and cash equivalents	13	–	13
Loan liabilities	–13	–	–13
Long-term liabilities, non-interest-bearing	0	–	0
Deferred tax liabilities	–4	–	–4
Accounts payable	–33	–	–33
Other operating liabilities	–23	–	–23
Net identifiable assets and liabilities	98	–4	94
Acquired minority interest			9
Consolidated goodwill			159
Purchase price paid			262
Less: Cash and cash equivalents in acquired companies			–13
Less: Recorded, but not yet paid purchase prices			–6
Additional: Payment of previously recorded purchase prices			93
Effect on consolidated cash and cash equivalents, investment			336

¹⁾ Pertains to share of votes as well as capital.

NOTE 8**OTHER OPERATING EXPENSE**

Of the Group's total other expenses of MSEK -1,187 (-1,057), the following applies:

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Exchange-rate losses on operating receivables/liabilities	-	0	-	-
Loss on the disposal of intangible non-current assets	-	0	-	-
Loss on the disposal of tangible non-current assets	0	-1	-	-
Other	-1	-1	-	-
Total	-1	-2	-	-

NOTE 9**NET FINANCIAL ITEMS**

Group	2008/2009	2007/2008
Interest income	19	21
Dividends	0	0
Other investments		
Net gain on the disposal of financial assets available for sale	0	0
Net exchange-rate changes	2	1
Financial income	21	22
Interest expense	-126	-96
Other financial expense	-3	-
Financial expense	-129	-96
Net financial items	-108	-74

NOTE 11**TAXES****Recognised in the income statement**

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Current tax expense				
Tax expense for the period	-140	-182	-52	-41
Adjustment of taxes attributable to earlier years	2	15	-	-
Total	-138	-167	-52	-41
Deferred tax expense				
Deferred taxes attributable to changes in tax rates and/or changed tax regulations	5	-	-1	-
Deferred taxes attributable to temporary differences	21	-1	0	0
Deferred tax income in tax value of tax loss carryforwards capitalised during the year	0	0	-	-
Deferred tax expense	26	-1	-1	0
Total tax expense	-112	-168	-53	-41

NOTE 9, CONTINUED

Parent Company	Profit from participations in Group companies	
	2008/2009	2007/2008
Group contributions	203	206
Dividends	171	30
Impairment losses	-23	-35
Total	351	201

Parent Company	Interest income and similar profit items	
	2008/2009	2007/2008
Interest income, Group companies	159	122
Interest income, other	2	6
Total	161	128

Parent Company	Interest expense and similar loss items	
	2008/2009	2007/2008
Interest expense, Group companies	-30	-27
Interest expense, other	-92	-63
Other financial expense	-2	-4
Net exchange-rate changes	-18	-
Total	-142	-94

NOTE 10**APPROPRIATIONS**

	Parent Company	
	2008/2009	2007/2008
Difference between book depreciation and depreciation according to plan		
Equipment	-1	-
Tax allocation reserve, provision for the year	-49	-53
Tax allocation reserve, reversal for the year	13	13
Total	-37	-40

NOTE 11, CONTINUED

RECONCILIATION OF EFFECTIVE TAXES

GROUP

The Group's average tax rate is estimated at 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	2008/2009	2007/2008
Profit before taxes	403	600
Taxes at the average tax rate of 28 percent (28)	-113	-168
Tax effect of:		
Changed tax rate	5	-
Fictitious interest on tax allocation reserves	-1	-2
Additional tax, previous years	2	8
Other non-deductible expenses	-5	-4
Other items	0	-2
Total tax expense	-112	-168

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	2008/2009	2007/2008
Profit after net financial items	364	231
Taxes at the tax rate of 28 percent	-102	-65
Tax effect of:		
Changed tax rate	-1	-
Appropriations	10	11
Dividends from subsidiaries	48	9
Impairment losses on shares in subsidiaries	-6	-10
Fictitious interest on tax allocation reserves	-1	-1
Additional tax, previous years	-	16
Other non-deductible income	0	2
Other non-deductible expenses	-1	-3
Total tax expense	-53	-41

RECONCILIATION OF EFFECTIVE TAXES

Tax items recognised directly against equity	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Current tax on Group contributions paid/received	-	-	11	13
Hedge accounting of financial instruments	10	0	8	0
Total	10	0	19	13

RECOGNISED IN THE BALANCE SHEET

DEFERRED TAX ASSETS AND LIABILITIES

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

Group	31 March 2009			31 March 2008		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	10	-22	-12	10	-22	-12
Land and buildings	0	-13	-13	0	-11	-11
Machinery and equipment	1	-	1	0	-	0
Financial non-current assets	9	-17	-8	1	-2	-1
Inventories	54	-1	53	39	0	39
Accounts receivable	3	0	3	0	-1	-1
Untaxed reserves	-	-109	-109	-	-112	-112
Pension provisions	28	-7	21	27	-5	22
Other provisions	0	-	0	0	-	0
Other	6	-7	-1	4	-14	-10
Tax loss carryforwards	15	-	15	9	-	9
Total	126	-176	-50	90	-167	-77

Parent Company	31 March 2009			31 March 2008		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Financial non-current assets	10	-	10	1	-	1
Pension provisions	8	-	8	9	-	9
Total	18	-	18	10	-	10

NOTE 11, CONTINUED

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

Group	31 March 2009	31 March 2008
Opening balance at the beginning of the year, net	-77	-84
Acquisition of subsidiaries	1	6
Disposal of subsidiaries	0	1
Taxes charged against net profit for the year	26	-1
Taxes on items recognised directly against equity	10	0
Translation differences	-10	1
Closing balance at year-end, net	-50	-77

Parent Company	31 March 2009	31 March 2008
Opening balance at the beginning of the year, net	10	10
Taxes charged against net profit for the year	-1	0
Taxes on items recognised directly against equity	9	0
Closing balance at year-end, net	18	10

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

Group	31 March 2009	31 March 2008
Intangible assets	0	1
Land and buildings	1	0
Machinery and equipment	0	-1
Financial non-current assets	0	0
Inventories	10	12
Accounts receivable	0	-1
Untaxed reserves	6	-4
Pension provisions	-1	-1
Other provisions	0	0
Interest-bearing liabilities	-	0
Other	11	-7
Tax loss carryforwards	-1	0
Total	26	-1

Parent Company	31 March 2009	31 March 2008
Financial non-current assets	0	0
Pension provisions	-1	0
Total	-1	0

NOTE 12**INTANGIBLE NON-CURRENT ASSETS**

Group	Goodwill	Brands	Supplier contracts	Customer relations	Software	Other	Total
Residual value according to plan at the beginning of the year	1,640	59	1	3	50	2	1,755
Accumulated cost							
At the beginning of the year	1,640	63	32	85	55	11	1,886
Capital expenditure	–	2	–	1	3	3	9
Acquisition of subsidiaries	159	–	–	–	–	–	159
Sales and disposals	–32	0	–	–1	–	0	–33
Exchange-rate differences for the year	29	1	0	2	0	0	32
At year-end	1,796	66	32	87	58	14	2,053
Accumulated amortisation according to plan							
At the beginning of the year	0	–4	–31	–82	–5	–9	–131
Amortisation for the year according to plan	–	0	0	–1	–5	–1	–7
Sales and disposals	–	0	–	0	–	0	0
Exchange-rate differences for the year	0	–	0	–2	0	0	–2
At year-end	0	–4	–31	–85	–10	–10	–140
Impairment losses on cost							
At the beginning of the year	–	–	–	0	–	–	0
Impairment losses for the year	–	0	–	–	–	–	0
At year-end	–	0	–	0	–	–	0
Residual value according to plan at year-end	1,796	62	1	2	48	4	1,913

Parent Company	Software
Residual value according to plan at the beginning of the year	–
Accumulated cost	
Capital expenditure	3
At year-end	3
Accumulated amortisation according to plan	
Amortisation for the year according to plan	0
At year-end	0
Residual value according to plan at year-end	3
Net carrying amount	3

NOTE 12, CONTINUED

IMPAIRMENT TESTING OF GOODWILL

Goodwill is not amortised. Instead, goodwill is tested for impairment based on historic and future forecast cash flows. Recognised goodwill values were tested prior to year-end on 31 March 2009 based on rolling 12-month earnings as of 31 December 2008 and the balance sheet as of 31 December 2008.

Impairment tests are performed on cash-generating units, which in terms of accounting, correspond to the Group's operating areas. Because many acquired businesses, particularly reseller businesses, constitute an integrated part of the value chain that the Group provides to end customers, acquired goodwill is primarily allocated to the operating areas that receive synergies and economic benefits as a result of the acquisitions. Accordingly, portions of goodwill that arise in connection with the acquisition of reseller businesses are allocated to the Group's Product Companies.

The Group's total goodwill value of approximately MSEK 1,796 as of 31 March 2009 is allocated by operating area according to the table below (rounded to the nearest MSEK):

	31 March 2009	31 March 2008
Products	1,333	1,201
Markets	461	437
Parent Company, other Group operations and eliminations	2	2
Group total	1,796	1,640

Testing was conducted based on historic cash flow and a weighted average cost of capital (borrowed capital and equity – so-called "WACC") before taxes of approximately 8 percent. Historic cash flow means that no assumptions are made with respect to sales growth in the test.

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

BRANDS

A net amount of MSEK 62 pertaining to brands has been recognised in the balance sheet. Of this amount, MSEK 54 (54) pertains to a brand with an unlimited life. This asset was tested for impairment and no impairment loss is required.

NOTE 13

TANGIBLE NON-CURRENT ASSETS

Group	Land and buildings	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Residual value according to plan at the beginning of the year	389	5	2	132	1	529
Accumulated cost						
At the beginning of the year	598	10	17	526	1	1,152
Capital expenditure	3	4	1	45	0	53
Acquisition of subsidiaries	17	–	2	35	–	54
Sales and disposals	–13	–2	–1	–71	–	–87
Reclassifications	–5	0	6	0	–1	–
Exchange-rate differences for the year	19	1	0	14	–	34
At year-end	619	13	25	549	0	1,206
Accumulated depreciation according to plan						
At the beginning of the year	–209	–5	–15	–394		–623
Acquisition of subsidiaries	–1	–	–1	–25		–27
Depreciation for the year according to plan	–13	–1	–1	–42		–57
Sales and disposals	2	1	1	61		65
Reclassifications	4	–	–4	0		–
Exchange-rate differences for the year	–8	0	0	–11		–19
At year-end	–225	–5	–20	–411	–	–661
Impairment losses on cost						
At the beginning of the year	0	–	–	0		0
Impairment losses for the year	–	–	–	0		0
Reversal of impairment losses	–	–	–	–		–
Exchange-rate differences for the year	–	–	–	0		0
At year-end	0	–	–	0	–	0
Residual value according to plan at year-end	394	8	5	138	0	545

NOTE 13, CONTINUED

Tax assessment values, Swedish properties

Buildings	229
Land	43
Total	272

Parent Company	Equipment
Residual value according to plan at the beginning of the year	2

Accumulated cost

At the beginning of the year	7
Capital expenditure	3
Sales and disposals	-1
At year-end	9

Accumulated depreciation according to plan

At the beginning of the year	-5
Depreciation for the year according to plan	-1
Sales and disposals	1
At year-end	-5

Residual value according to plan at year-end	4
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Net carrying amount	4
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NOTE 14

PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
Carrying amount	2008/2009	2007/2008
At the beginning of the year	7	-
Increase through corporate acquisitions	-	6
Share of profit	1	1
At year-end	8	7

Specification of participations in associated companies

Associated companies	Number of shares	Share of equity, %	Share of votes, %	Carrying amount in Group 2008/2009	Carrying amount in Group 2007/2008
Group holding					
Workshop Flexible Industri WFI AB	2,667	40%	40%	3	2
AB Knut Sehlin's Industrivaruhus	3,000	30%	30%	5	5
				8	7

Specification of Group value pertaining to participations in associated companies

Associated companies	Country	Revenue	Profit	Assets	Liabilities	Equity
2008/2009						
Workshop Flexible Industri WFI AB	Sweden	17	1	7	5	2
AB Knut Sehlin's Industrivaruhus	Sweden	13	0	8	5	3
		30	1	15	10	5
2007/2008						
Workshop Flexible Industri WFI AB	Sweden	18	1	8	6	2
AB Knut Sehlin's Industrivaruhus	Sweden	5	0	7	5	2
		23	1	15	11	4

Associated companies' corporate registration numbers and registered offices

	Corp. Reg. No.	Registered office
Workshop Flexible Industri WFI AB	556663-2567	Gnosjö
AB Knut Sehlin's Industrivaruhus	556588-5158	Örnsköldsvik

NOTE 15**RECEIVABLES FROM GROUP COMPANIES**

	31 March 2009	31 March 2008
Parent Company		
Book residual value at the beginning of the year	3,164	1,656
Accumulated cost		
At the beginning of the year	3,164	1,656
Additional assets	1,106	2,113
Deducted assets	-756	-605
Book residual value at year-end	3,514	3,164

NOTE 16**FINANCIAL INVESTMENTS**

Group	31 March 2009	31 March 2008
Financial investments classified as non-current assets		
Financial assets available for sale		
Shares and participations	4	3
Total	4	3

NOTE 17**LONG-TERM RECEIVABLES AND OTHER RECEIVABLES**

	Group		Parent Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Long-term receivables classified as non-current assets				
Pension funds	2	3	—	—
Other receivables	5	4	—	—
Derivatives held for hedging	1	3	1	3
Total	8	10	1	3

	Group	
	31 March 2009	31 March 2008
Other receivables classified as current assets		
Advance payments	2	4
Derivatives held for hedging	7	6
Other receivables	55	80
Total	64	90

NOTE 18**INVENTORIES**

Group	31 March 2009	31 March 2008
Raw materials and consumables	9	8
Work in progress	3	0
Finished goods and goods for resale	1,756	1,659
Total	1,768	1,667

The net change for the year to the obsolescence reserve pertaining to inventories amounted to MSEK -18 (-60).

NOTE 19**ACCOUNTS RECEIVABLE**

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Accounts receivable	1,240	1,350	—	0
Accumulated reserve for uncertain accounts receivable	-30	-16	—	—
Accounts receivable, net	1,210	1,334	—	0
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	1,009	993	—	0
– receivables past due by 1–30 days	153	283	—	—
– receivables past due by 31–60 days	31	32	—	—
– receivables past due by 61–90 days	13	19	—	—
– receivables past due by > 90 days	34	23	—	—
Total receivables	1,240	1,350	—	0

NOTE 20**PREPAID EXPENSES AND ACCRUED INCOME**

	Group		Parent Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Prepaid expenses				
Rent	21	19	1	1
Insurance premiums	4	3	0	0
Marketing costs	9	6	—	—
Leasing	5	5	0	0
Computer costs	9	8	—	—
Packaging	3	3	—	—
Other prepaid expenses	19	14	2	1
Accrued income				
Delivery of goods	6	5	—	—
Interest income	0	2	—	1
Commission and bonus income	13	13	—	—
Marketing income	11	8	—	—
Other accrued income	12	12	—	—
Total	112	98	3	3

NOTE 21

EQUITY

Group	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the year	Total	Minority interest	Total equity
Closing equity as of 31 March 2007	57	71	2	1,110	1,240	11	1,251
Change in translation reserve for the year			8		8	-1	7
Change in hedging reserve for the year			0		0		0
Acquisition of businesses						-1	-1
Total change in net asset values recognised directly against equity, excluding transactions with the Company's owners			8		8	-2	6
Net profit for the year				421	421	11	432
Total change in net asset values, excluding transactions with the Company's owners			8	421	429	9	438
Dividends				-112	-112	0	-112
Repurchase of own shares				-19	-19		-19
Sale of treasury shares upon redemption of personnel options				10	10		10
Sale of call options				3	3		3
Total transactions with the Company's owners				-118	-118	0	-118
Closing equity as of 31 March 2008	57	71	10	1,413	1,551	20	1,571
Change in translation reserve for the year			72		72	1	73
Change in hedging reserve for the year			-30		-30		-30
Acquisition of businesses						-9	-9
Total change in net asset values recognised directly against equity, excluding transactions with the Company's owners			42		42	-8	34
Net profit for the year				285	285	6	291
Total change in net asset values, excluding transactions with the Company's owners			42	285	327	-2	325
Dividends				-139	-139		-139
Total transactions with the Company's owners				-139	-139		-139
Closing equity as of 31 March 2009	57	71	52	1,559	1,739	18	1,757

NOTE 21, CONTINUED

Specification of the equity item reserves

Group	31 March 2009	31 March 2008
Translation reserve		
Opening translation reserve	7	0
Translation differences for the year	73	8
Less translation differences attributable to divested businesses	–	–1
Closing translation reserve	80	7
Hedging reserve		
Opening hedging reserve	2	2
Cash-flow hedges		
Recognised directly against equity	–40	0
Dissolved against the income statement	0	0
Transferred to cost of hedged item	0	–
Taxes attributable to hedges for the year	10	0
Closing hedging reserve	–28	2
Total reserves		
Opening reserves	9	2
Change in reserves for the year:		
Translation reserve	73	7
Hedging reserve	–30	0
Closing reserves	52	9

Repurchased own shares included in the equity item "Retained earnings, including net profit for the year"

	31 March 2009	31 March 2008
Opening number of repurchased shares	538 500	648 500
Purchases for the year	–	90 000
Disposals for the year	–	–200 000
Closing number of repurchased own shares	538 500	538 500

Share capital and premium

Stated in thousands of shares	31 March 2009	31 March 2008
Issued as of 1 April	28 436	28 436
Issued as of 31 March – paid in full	28 436	28 436

As of 31 March 2009, the registered share capital comprised 1,084,812 class A shares and 27,351,604 class B shares. All shares have a quotient value of SEK 2.00. All shares entitle their holders to the same rights to the Company's remaining net assets. For shares held in treasury (see section "Repurchased shares"), all rights are rescinded until these shares have been reissued.

OTHER CONTRIBUTED CAPITAL

Other contributed capital refers to equity contributed by the owners. This includes premiums paid in conjunction with share issues.

RESERVES**TRANSLATION RESERVE**

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

HEDGING RESERVE

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

RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE YEAR

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

REPURCHASED SHARES

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2009, the Group held 538,500 (538,500) shares in treasury.

CAPITAL MANAGEMENT**B&B TOOLS' LONG-TERM TARGETS**

B&B TOOLS has an internal profitability target for the Group as a whole and all of its profit units. The measure that is used is called P/WC, which refers to operating profit in relation to utilised working capital for the profit unit being measured. The Group's goal is for P/WC to amount to at least 45 percent per year for the Group as a whole and for each individual operating area. In other words, the working capital that is utilised for each individual operating unit should generate a return of at least 45 percent annually. The working capital that is required for the Group's various units is simplified into inventories plus accounts receivable less accounts payable.

Each Group company develops its own activity plans and priorities based on its performance in relation to a P/WC of at least 45 percent.

DIVIDEND

After the balance-sheet date, the Board of Directors proposed the following dividend. The dividend is subject to approval by the Annual General Meeting to be held on 27 August 2009.

	31 March 2009	31 March 2008
MSEK		
SEK 2.50 (5.00) per share	70	139

During the past five years, the ordinary dividend has amounted to approximately 35 percent of earnings per share. This means that approximately one third of earnings per share have been paid out in the form of ordinary dividends.

No changes were made to the Group's capital management during the year.

Year	Earnings per share	Dividend	Percentage
2008/2009	10.20	2.50 ¹⁾	25%
2007/2008	15.10	5.00	33%
2006/2007	10.35	4.00	39%
2005/2006	7.45	3.50	47%
2004/2005	7.25	2.75	38%
Total	50.35	17.75	35%

¹⁾ As proposed by the Board of Directors.

NOTE 21, CONTINUED

	Restricted equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Repurchase of own shares	Hedging reserve	Retained earnings	Net profit/loss for the year	
Parent Company							
Closing equity as of 31 March 2007	57	86	-60	2	632	197	914
Transfer of profit/loss					197	-197	
Group contributions paid					-44		-44
Hedge accounting of financial instruments				-1			-1
Taxes attributable to items recognised directly against equity					13		13
Total change in net asset values recognised directly against equity, excluding transactions with the Company's owners				-1	166	-197	-32
Net profit for the year						150	150
Total change in net asset values, excluding transactions with the Company's owners				-1	166	-47	118
Dividend					-112		-112
Repurchase of own shares			-19				-19
Sale of treasury shares upon redemption of personnel options			11		15		26
Sale of call options					3		3
Total transactions with the Company's owners			-8		-94		-102
Closing equity as of 31 March 2008	57	86	-68	1	704	150	930
Transfer of profit/loss					150	-150	
Group contributions paid					-39		-39
Hedge accounting of financial instruments				-33			-33
Taxes attributable to items recognised directly against equity				8	11		19
Total change in net asset values recognised directly against equity, excluding transactions with the Company's owners				-25	122	-150	-53
Net profit for the year						274	274
Total change in net asset values, excluding transactions with the Company's owners				-25	122	124	221
Dividend					-139		-139
Total transactions with the Company's owners					-139		-139
Closing equity as of 31 March 2009	57	86	-68	-24	687	274	1 012

NOTE 22

EARNINGS PER SHARE

Earnings per share for the whole Group

	Before dilution		After dilution	
	2008/2009	2007/2008	2008/2009	2007/2008
Earnings per share	10.20	15.10	10.20	15.00

Calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

Earnings per share before dilution

The calculation of earnings per share for 2008/2009 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 285 (421) and a weighted average number of shares outstanding during 2008/2009 amounting to 27,898,000 (27,888,000). The two components have been calculated in the following manner:

Net profit for the year attributable to Parent Company shareholders, before dilution

	2008/2009	2007/2008
Net profit for the year attributable to Parent Company shareholders	285	421
Profit attributable to Parent Company shareholders, before dilution	285	421

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2008/2009	2007/2008
Total number of shares, 1 April	28 436	28 436
Effect of holding of treasury shares	-538	-548
Number of shares for calculation of earnings per share	27 898	27 888

Earnings per share after dilution

The calculation of earnings per share after dilution for 2008/2009 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 285 (421) and a weighted average number of shares outstanding during 2008/2009 amounting to 28,002,000 (28,093,000). The two components have been calculated in the following manner:

Net profit for the year attributable to Parent Company shareholders, after dilution

	2008/2009	2007/2008
Net profit for the year attributable to Parent Company shareholders	285	421
Profit attributable to Parent Company shareholders, after dilution	285	421

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2008/2009	2007/2008
Total number of shares, 1 April	28 436	28 436
Effect of holding of treasury shares	-538	-548
Effect of option programmes	104	205
Number of shares for calculation of earnings per share	28 002	28 093

NOTE 23

INTEREST-BEARING LIABILITIES

This note contains information about the Company's contractual terms and conditions pertaining to interest-bearing liabilities. For more information about the Company's exposure to interest risk and risk of foreign exchange-rate changes, refer to Note 31.

As of 31 March 2009, loans from credit institutions are divided among the following currencies:

exposure to interest risk and risk of foreign exchange-rate changes, refer to Note 31.

Group	31 March 2009	31 March 2008
Non-current liabilities		
Bank loans	1 343	1 355
Other non-current interest-bearing liabilities	31	1
Total non-current liabilities	1 374	1 356
Current liabilities		
Committed credit facility	0	84
Short-term portion of bank loans	432	209
Other current interest-bearing liabilities	10	10
Total current liabilities	442	303
Total interest-bearing liabilities	1 816	1 659

	Local currency	MSEK
EUR	20	219
DKK	4	6
NOK	34	41
SEK	1 505	1 505
Other		4
Total		1 775

NOTE 23, CONTINUED

Bank loans	Currency	Nominal interest	Maturity	Nominal value	31 March 2009	31 March 2008
					Carrying amount	Carrying amount
Non-current						
Interest-only bank loan	SEK	2.97%	30 September 2011	300	300	
Interest-only bank loan	SEK	2.97%	31 March 2012	250	250	
Interest-only bank loan	SEK	2.97%	30 September 2012	250	250	
Interest-only bank loan	SEK	2.97%	31 December 2012	500	500	
Other					43	
					1 343	
Current						
Bank loan	EUR	4.22%	30 November 2009	20	219	
Interest-only bank loan	SEK	3.73%	30 November 2009	200	200	
Other					13	
					432	
Committed credit facility						
Approved credit limit					507	566
Unutilised portion					-507	-482
Utilised credit amount					0	84

NOTE 24

LIABILITIES TO CREDIT INSTITUTIONS

Parent Company	31 March 2009	31 March 2008
Non-current liabilities		
Bank loans	1 300	1 300
Total non-current liabilities	1 300	1 300
Current liabilities		
Committed credit facility	–	60
Bank loans	419	188
Total current liabilities	419	248

Bank loans	Currency	Nominal interest	Maturity	Nominal value	31 March 2009	31 March 2008
					Carrying amount	Carrying amount
Long-term						
Interest-only bank loan	SEK	2.97%	30 September 2011	300	300	
Interest-only bank loan	SEK	2.97%	31 March 2012	250	250	
Interest-only bank loan	SEK	2.97%	30 September 2012	250	250	
Interest-only bank loan	SEK	2.97%	31 December 2012	500	500	
					1 300	
Current						
Bank loan	EUR	4.22%	30 November 2009	20	219	
Interest-only bank loan	SEK	3.73%	30 November 2009	200	200	
					419	
Committed credit facility						
Approved credit limit					500	500
Unutilised portion					-500	-440
Utilised credit amount					–	60

NOTE 25

PROVISIONS FOR PENSIONS

B&B TOOLS has defined-benefit pension plans in Sweden, Norway and Taiwan. Pensions in these countries are based mainly on final 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 primarily have defined-contribution pension plans.

Defined-contribution pension plans

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

Defined-benefit pension plans

These plans mainly cover retirement pensions. 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 in pension obligations.

Commitments for employee benefits, defined-benefit plans

The following provisions for pension obligations have been made in the balance sheet:

Group	31 March 2009	31 March 2008
Pension obligations unfunded plans, present value	400	366
Pension obligations funded plans, present value	74	75
Plan assets, fair value	-54	-63
Net pension obligations	420	378
Unrecognised actuarial gains (+), losses (-)	-59	-32
Net liabilities in the balance sheet	361	346

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. Accordingly, obligations are reported in the balance sheet in the following net amounts:

	31 March 2009	31 March 2008
Plan assets for pension obligations	2	3
Provisions for pensions and similar commitments	-363	-349
Net liabilities according to the balance sheet	-361	-346

Of which credit insured through FPG/PRI

Pension obligations, plan assets and provisions for pension obligations, as well as actuarial gains/losses for defined-benefit pension plans developed as follows:

Pension obligations unfunded plans	31 March 2009	31 March 2008
Opening balance	366	362
Benefits earned during the year	11	10
Interest expense	15	14
Benefits paid	-12	-12
Acquired/divested businesses, net	-	-4
Unrecognised actuarial gains (-), losses (+)	17	-3
Reclassification	3	-1
Exchange-rate differences	0	0
Pension obligations unfunded plans, present value	400	366

Pension obligations funded plans	31 March 2009	31 March 2008
Opening balance	75	62
Benefits earned during the year	4	2
Interest expense	3	3
Benefits paid	-3	-4
Redemption of pension obligations	-6	-2
Acquired/divested businesses, net	-	8
Unrecognised actuarial gains (-), losses (+)	-3	4
Reclassification	-	1
Exchange-rate differences	4	1
Pension obligations funded plans, present value	74	75

Plan assets	31 March 2009	31 March 2008
Opening balance	63	51
Expected return on plan assets	3	3
Funds contributed by employers	4	4
Funds paid to employers	-3	-4
Redemption of pension obligations	-6	-1
Acquired/divested businesses, net	-	6
Unrecognised actuarial gains (+), losses (-)	-10	3
Exchange-rate differences	3	1
Plan assets, fair value	54	63

Plan assets comprise funds paid to and managed by insurance companies.

Provision for pension obligations	31 March 2009	31 March 2008
Opening balance	346	336
Pension costs, defined-benefit plans	26	28
Benefits paid	-14	-16
Funds contributed by employers	-4	-4
Funds paid to employers	3	4
Acquired/divested businesses, net	-	-2
Redemption of pension liability	-	0
Reclassification	3	-
Exchange-rate differences	1	0
Closing balance	361	346

Net actuarial gains/losses	31 March 2009	31 March 2008	31 March 2007
Opening balance actuarial gains (+)/ losses (-)	-32	-38	-29
Effect of changed assumptions	-17	-1	6
Actuarial gains (-)/ losses (+), to be recognised	1	1	1
Actuarial gains (-)/ losses (+), redeemed pension liability	-2	-	1
Actuarial gains (-)/ losses (+), acquired/divested businesses	-	-	0
Unrecognised actuarial gains (-)/ losses (+), change for the period	-9	6	-17
Closing balance, actuarial gains (+)/ losses (-)	-59	-32	-38

NOTE 25, CONTINUED

Total pension costs	2008/2009	2007/2008
Pensions earned during the period	14	12
Interest on obligations	18	17
Expected return on plan assets	-3	-3
Depreciation of actuarial gains (-), losses (+)	-2	1
Pension costs, defined-benefit plans	27	27
Pension costs, defined-contribution plans	70	52
Social security costs, defined-benefit and defined-contribution plans	24	19
Total pension costs	121	98
Acquired businesses		
Increase in pension obligations	-	8
Increase in plan assets	-	-6
Net	-	2
Divested businesses		
Decrease in pension obligations	-	-4
Net	-	-4

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2008/2009			
Discount rate, 1 April, %	4.25	4.50	2.50
Discount rate, 31 March, %	3.75	3.80	1.55
Expected return on plan assets, %	N/A	5.80	1.55
– of which interest-bearing securities	N/A	N/A	1.55
– of which "other" (insurance contracts)	N/A	5.80	N/A
Expected salary increase, %	3.25	3.50	N/A
Expected inflation, % *)	1.75	1.50	N/A
Expected remaining period of service, years	13.90	6.00	N/A

Group	Sweden	Norway	Taiwan
2007/2008			
Discount rate, 1 April, %	4.00	4.50	2.00
Discount rate, 31 March, %	4.25	4.50	2.50
Expected return on plan assets, %	N/A	5.75	2.50
– of which interest-bearing securities	N/A	N/A	2.50
– of which "other" (insurance contracts)	N/A	5.75	N/A
Expected salary increase, %	3.50	4.00	N/A
Expected inflation, % *)	2.00	2.00	N/A
Expected remaining period of service, years	11.70	12.50	N/A

*) Inflation assumption is equivalent to pension indexation, which applies in both Sweden and Norway.

	31 March 2009	31 March 2008
Parent Company		
Pension obligations unfunded plans, present value as of 31 March	54	56
Pension obligations funded plans, present value as of 31 March	-	0
Plan assets, fair value as of 31 March	-	0
Net pension obligations	54	56
Net liabilities in the balance sheet	54	56

The Parent Company has two defined-benefit plans that are managed individually. These obligations are reported in the balance sheet in the following amounts:

	31 March 2009	31 March 2008
Provisions for pensions and similar commitments	54	56
Net liabilities according to the balance sheet	54	56
Of which credit insured through FPG/PRI	53	53

Pension obligations, plan assets and provisions for pension obligations, as well as actuarial gains/losses for defined-benefit pension plans developed as follows:

Pension obligations unfunded plans	31 March 2009	31 March 2008
Opening balance	56	56
Benefits earned during the year	0	1
Interest expense	3	3
Benefits paid	-4	-3
Actuarial gains (-)/ losses (+), to be recognised	-1	-1
Pension obligations unfunded plans, present value	54	56

Pension obligations funded plans	31 March 2009	31 March 2008
Opening balance	0	2
Interest expense	-	0
Benefits paid	0	-2
Redemption of pension obligations	-	-
Pension obligations funded plans, present value	-	0

Plan assets	31 March 2009	31 March 2008
Opening balance	0	2
Expected return on plan assets	-	0
Funds paid to employers	0	-2
Plan assets, fair value	-	0

Provision for pension obligations	31 March 2009	31 March 2008
Opening balance	56	56
Pension costs, defined-benefit plans	2	3
Benefits paid	-4	-5
Funds paid to employers	0	2
Closing balance	54	56

Total pension costs	2008/2009	2007/2008
Pensions earned during the period	0	1
Actuarial gains (-)/ losses (+), to be recognised	-1	-1
Interest on obligations	3	3
Expected return on plan assets	-	0
Pension costs, defined-benefit plans	2	3
Pension costs, defined-contribution plans	6	4
Social security costs, defined-benefit and defined-contribution plans	2	2
Total pension costs	10	9

NOTE 26**OTHER PROVISIONS**

Group	31 March 2009	31 March 2008
Provisions classified as non-current liabilities		
Guarantee commitments	11	12
Estimated social security contributions based on IAS corrections	12	12
Other	0	–
Total	23	24

Specification	Estimated social security contributions IAS	Other provisions	Total
Carrying amount at the beginning of the period	12	12	24
Provisions made during the period	1	0	1
Amount utilised during the period	–1	–1	–2
Carrying amount at the end of the period	12	11	23

NOTE 27**OTHER LIABILITIES**

Group	31 March 2009	31 March 2008
Other non-current liabilities		
Estimated additional purchase prices	16	91
Other	41	61
Total other non-current liabilities	57	152
Other current liabilities		
Derivatives held for hedging	11	5
Advance payments from customers	1	5
Estimated additional purchase prices	111	95
Other operating liabilities	132	162
Total other current liabilities	255	267
Total other liabilities	312	419

Parent Company	31 March 2009	31 March 2008
Other non-current liabilities		
Other ^{*)}	31	–
Total other liabilities	31	–

^{*)} This item is included in Note 23 Non-current interest-bearing liabilities in the consolidated balance sheet..

NOTE 28**ACCRUED EXPENSES AND DEFERRED INCOME**

	Group		Parent Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Accrued expenses				
Salaries and compensation to employees	254	223	6	7
Pension costs	18	22	1	1
Social security contributions	96	97	8	11
Bonuses, refunds to customers/suppliers	51	39	–	–
Car and travel expenses	3	4	–	–
Directors' and auditors' fees	6	5	1	0
Other consulting fees	16	10	0	–
Marketing costs	15	37	–	–
Warranty costs	0	4	–	–
Shipping costs	6	5	–	–
Operating costs	27	12	–	–
Other accrued expenses	55	76	0	1
Deferred income				
Rent	1	1	–	–
Marketing income	6	6	–	–
Other deferred income	31	4	–	–
	585	545	16	20

NOTE 29**SPECIFICATION OF INTEREST-BEARING NET LOAN LIABILITIES BY ASSET AND LIABILITY**

Group	31 March 2009			31 March 2008		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
Assets						
Non-current assets						
Intangible non-current assets	–	1 913	1 913	–	1 755	1 755
Tangible non-current assets	–	545	545	–	529	529
Financial non-current assets	11	9	20	13	7	20
Deferred tax assets	–	126	126	–	90	90
Total non-current assets	11	2 593	2 604	13	2 381	2 394
Current assets						
Inventories	–	1 768	1 768	–	1 667	1 667
Tax assets	–	53	53	–	48	48
Accounts receivable	–	1 210	1 210	–	1 334	1 334
Prepaid expenses and accrued income	–	112	112	–	98	98
Other receivables	–	64	64	–	90	90
Cash and bank	209	–	209	226	–	226
Total current assets	209	3 207	3 416	226	3 237	3 463
Total assets	220	5 800	6 020	239	5 618	5 857
Liabilities						
Non-current liabilities						
Non-current interest-bearing liabilities	1 374	–	1 374	1 356	–	1 356
Other non-current liabilities	–	57	57	–	152	152
Provisions for pensions	363	–	363	349	–	349
Other provisions	–	23	23	–	24	24
Deferred tax liabilities	–	176	176	–	167	167
Total non-current liabilities	1 737	256	1 993	1 705	343	2 048
Current liabilities						
Current interest-bearing liabilities	442	–	442	303	–	303
Accounts payable	–	768	768	–	915	915
Bills payable	–	7	7	–	14	14
Tax liabilities	–	213	213	–	194	194
Other liabilities	–	255	255	–	267	267
Accrued expenses and deferred income	–	585	585	–	545	545
Total current liabilities	442	1 828	2 270	303	1 935	2 238
Total liabilities	2 179	2 084	4 263	2 008	2 278	4 286
Interest-bearing net liabilities	–1 959			–1 769		

NOTE 30**EXPECTED RECOVERY PERIODS FOR ASSETS, PROVISIONS AND LIABILITIES**

Group	Within 12 months	After 12 months	Total
Amounts expected to be recovered			
Assets			
Intangible non-current assets ¹⁾	7	1 906	1 913
Tangible non-current assets ¹⁾	52	493	545
Financial non-current assets			
Participations in associated companies	–	8	8
Other securities held as non-current assets	–	4	4
Other long-term receivables	0	8	8
Deferred tax assets	–	126	126
Total non-current assets	59	2 545	2 604
Current assets			
Inventories	1 768		1 768
Tax assets	53		53
Accounts receivable	1 210		1 210
Prepaid expenses and accrued income	112		112
Other receivables	64		64
Cash and bank	209		209
Total current assets	3 416		3 416
Total assets	3 475	2 545	6 020

Group	Within 12 months	After 12 months, within 5 years	After 5 years	Total
Amounts expected to be paid				
Liabilities				
Non-current liabilities				
Non-current interest-bearing liabilities	–	1 355	19	1 374
Other non-current liabilities	–	25	32	57
Provisions for pensions	12	49	302	363
Other provisions	–	11	12	23
Deferred tax liabilities	28	85	63	176
Total non-current liabilities	40	1 525	428	1 993
Current liabilities				
Current interest-bearing liabilities	442			442
Accounts payable	768			768
Bills payable	7			7
Tax liabilities	213			213
Other liabilities	255			255
Accrued expenses and deferred income	585			585
Total current liabilities	2 270			2 270
Total liabilities	2 310	1 525	428	4 263

¹⁾ Expected annual depreciation and amortisation is recognised in the amounts expected to be recovered within 12 months..

NOTE 30, CONTINUED

Parent Company	Within	After	
Amounts expected to be recovered	12 months	12 months	Total
Assets			
Intangible non-current assets ¹⁾	1	2	3
Tangible non-current assets ¹⁾	1	3	4
Financial non-current assets			
Participations in Group companies	–	233	233
Receivables from Group companies	–	3,514	3,514
Other long-term receivables	–	1	1
Deferred tax assets	–	18	18
Total non-current assets	2	3,771	3,773
Current assets			
Receivables from Group companies	237		237
Other receivables	2		2
Prepaid expenses and accrued income	3		3
Cash and bank	51		51
Total current assets	293		293
Total assets	295	3,771	4,066
Parent Company	Within	After 12 months,	
Amounts expected to be paid	12 months	within 5 years	Total
Provisions			
Provisions for pensions and similar commitments	3	15	36
Total provisions	3	15	36
Liabilities			
Non-current liabilities			
Liabilities to credit institutions		1,300	1,300
Liabilities to Group companies		64	64
Other liabilities		31	31
Total non-current liabilities		1,395	1,395
Current liabilities			
Liabilities to credit institutions	419		419
Liabilities to Group companies	902		902
Current tax liabilities	50		50
Other liabilities	4		4
Accrued expenses and deferred income	16		16
Total current liabilities	1,391		1,391
Total provisions and liabilities	1,394	1,410	2,840

¹⁾ Expected annual depreciation and amortisation is recognised in the amounts expected to be recovered within 12 months.

NOTE 31

FINANCIAL RISK MANAGEMENT

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

GROUP FINANCIAL OPERATIONS

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

The Financial Policy is determined each year by the Board of Directors of B&B TOOLS AB. The Financial Policy governs the distribution of responsibility among the Board of Directors, the President & CEO, and the Chief Financial Officer, as well as subsidiary presidents and CFOs.

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

FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses financial derivative instruments to manage foreign-exchange risks and interest risks that arise during operations. Derivative instruments held for hedging comprise interest swap agreements, interest caps and foreign-exchange forward contracts.

NOTE 31, CONTINUED

The Group identifies certain derivatives as either (1) a hedge of fair value of an identified asset or liability or a binding undertaking (real hedging), or (2) a hedge of a highly probable forecast transaction (cash-flow hedging). These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any change in value of the foreign-exchange forward contracts is recognised in equity until its underlying cash flow is reflected in the income statement.

FOREIGN-EXCHANGE RISKS

Exchange-rate changes affect the Group's earnings and equity in various ways:

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

TRANSACTION EXPOSURE

This risk exposure is limited since most of the Group's sales comprise 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 B&B TOOLS' Financial Policy, Group companies hedge parts of their future currency outflows in foreign currencies using foreign-exchange forward contracts, according to which 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. A small portion of the forward contracts have a maturity period of up to 12 months and are based on forecasts.

Foreign-exchange forward hedging occurs in the same manner when sales are conducted in a foreign currency, but costs are in local currency.

The nominal amount of outstanding foreign-exchange forward contracts amounted to approximately MSEK 315 (293) as of 31 March 2009 according to the following distribution:

Foreign exchange contract	Outstanding value as of 31 March 2009	Outstanding value as of 31 March 2008
NOK/SEK*	182	195
USD/SEK	30	62
EUR/SEK	0	6
USD/NTD*	103	30
Total	315	293

* Foreign-exchange forward contracts for sale of currency

TRANSLATION EXPOSURE OF EARNINGS

The Group's earnings are affected by the translation of the income statements of foreign subsidiaries, for which translation is carried out at the average exchange rate for the financial year. In cases when the local currency of the foreign subsidiary changes in relation to SEK, the Group's recognised revenue and earnings that were translated to SEK are changed. Foreign-exchange translation of the income statements of foreign subsidiaries for the 2008/2009 financial year affected operating profit for the year compared with the preceding year's average exchange rates totalling approximately MSEK 14 (2).

The net foreign-currency flow is calculated as the Group's inflows in the form of sales, less the cost of goods purchased and overheads in each currency. The amounts for key currencies are shown in the table below.

Annual net flow by currency (MSEK)

Currency	2008/2009	2007/2008
NOK	980	1,120
EUR	-440	-500
USD	-310	-300
NTD	-120	-150
SEK	280	230

The Group has its primary customer markets in Sweden, Norway and Finland, with sales in SEK, NOK and EUR, respectively. A large portion of purchasing takes place outside the Nordic region and is mainly paid in EUR, USD and NTD.

TRANSLATION EXPOSURE OF EQUITY

The value of the net assets of foreign subsidiaries is translated to SEK at year-end at the exchange rate in effect on the balance-sheet date. The exchange-rate difference between the years is carried against equity without affecting net profit for the year. Whenever possible, loans in the corresponding currency are used to hedge the Group against the foreign-exchange risk that arises when equity in subsidiaries is translated. Translation of the balance sheets of foreign subsidiaries caused equity to increase by approximately MSEK 73 (7) during the year.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2009	31 March 2008
NOK	-152	-173
EUR	163	103
NTD	50	36
PLZ	22	34
EEK	9	13
DKK	18	12

MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As of the balance-sheet date, the Group's net loan liabilities amounted to MSEK 1,959 (1,769), comprising interest-bearing liabilities and provisions in the amount of MSEK 2,179 (2,008), less interest-bearing assets totalling MSEK 220 (239).

For the fair value of the Group's financial assets and financial liabilities, refer to the table below.

	31 March 2009		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Derivatives for hedge accounting	5	5	8	8
Total	5	5	8	8
Loan receivables and accounts receivable				
Long-term receivables	5	5	4	4
Accounts receivable and other receivables	1,269	1,269	1,419	1,419
Cash and bank	209	209	226	226
Total	1,483	1,483	1,649	1,649
Financial assets available for sale				
Financial investments	4	5	3	5
Total	4	5	3	5
Financial liabilities measured at fair value				
Derivatives for hedge accounting	44	44	2	2
Total	44	44	2	2
Other financial liabilities				
Non-current interest-bearing liabilities	1,343	1,343	1,356	1,356
Other non-current liabilities	57	57	152	152
Current interest-bearing liabilities	442	442	303	303
Accounts payable and other liabilities	1,016	1,016	1,194	1,194
Total	2,858	2,858	3,005	3,005

NOTE 31, CONTINUED**INTEREST-RATE RISK AND FINANCING RISK**

Interest-rate risk refers to the risk that changes in the market interest rate will have a negative impact on the Group since the cost of the Company's borrowing increases. The speed at which an interest-rate change has an effect depends on the length of the period of fixed interest on the loans and the type of hedging instruments used. For information about the composition of the Group's liabilities, refer to Notes 23 and 24.

The Group uses different forms of interest derivatives for the purpose of managing the risk of higher market interest rates in the future. Using various interest derivative instruments, the Group converts its borrowing to the desired maturity structure. Refer to the table below.

Derivative instrument	Hedged item	Guaranteed interest rate ¹⁾	Starting date	Expiration date
Interest swap agreement	MEUR 10	3.72%	26 May 2006	26 May 2011
Interest swap agreement	MEUR 10	3.86%	26 May 2006	26 May 2013
Interest swap agreement	MSEK 200	4.50%	31 March 2008	31 March 2015
Interest cap	MSEK 300	5.50%	30 March 2007	30 March 2012
Interest cap	MSEK 500	6.00%	28 September 2007	30 September 2012

¹⁾ Excluding bank margin

Changes in the fair value of the hedging instruments during the year amounted to MSEK -45 (-1).

Borrowing and trading in financial instruments is conducted 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, which was unutilised.

Current investments of any surplus liquidity are made on terms of one to three months at current market interest rates. The counterparty for deposits is always one of the large Swedish commercial banks.

Pension liabilities within the framework of the PRI system constitute a portion of the Group's total non-current interest-bearing borrowing. Pension liabilities are calculated by PRI based on the employees' benefit plan for retirement pension and survivors' pension under the ITP plan and are recognised in the consolidated balance sheet as a provision. The interest expense for the PRI liability is calculated based on the data provided by PRI. The interest rate for the 2008 calendar year was estimated at 5.7 percent and the current estimated interest rate for the 2009 calendar year is 3.9 percent.

CREDIT RISK

In its customer relations, the Group is exposed to normal credit risk. This risk is limited since the Group conducts trading operations whereby total revenue is built up through several business transactions throughout the financial year. The scope of the Group's total credit risk is also limited by the fact that none of the Group's customers accounts for more than three percent of the Group's revenue. To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers.

NOTE 32**OPERATIONAL LEASING**

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Leasing agreements in which the Group/the Company is the lessee				
Non-terminable leasing fees amount to:				
Within 1 year	181	157	3	3
Between 1 and 5 years	358	318	2	1
Later than 5 years	50	48	–	–
Total	589	523	5	4
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees	205	144	3	3
Total leasing costs	205	144	3	3

Refers to costs for assets held through operational leasing agreements, such as rented premises, vehicles, other machinery and equipment.

NOTE 33**INVESTMENT COMMITMENTS**

No significant investment commitments existed at financial year-end.

NOTE 34**PLEDGED ASSETS AND CONTINGENT LIABILITIES**

	Group		Parent Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Pledged assets				
<i>In the form of pledged assets for own liabilities and provisions</i>				
Real-estate mortgages	43	41	–	–
Leasehold mortgages	1	1	–	–
Corporate mortgages	51	125	–	–
Pledged capital insurance	1	1	–	1
Pledged accounts receivable	8	27	–	–
Total pledged assets	104	195	–	1
Contingent liabilities				
Guarantees for subsidiaries			257	245
Guarantees, other	15	14	1	1
Total contingent liabilities	15	14	258	246

NOTE 35**RELATED PARTIES**

The B&B TOOLS Group's related parties are primarily members of senior management. Disclosures concerning the Group's transactions with these related parties are available in Note 5 Employees and personnel costs on pages 52–55.

NOTE 36**GROUP COMPANIES****Parent Company holding of shares in Group companies**

	Corporate Registration Number	Registered office	Number of shares	Holding, %	Carrying amount as of 31 March 2009	Carrying amount as of 31 March 2008
B&B Development AB	556092-2410	Stockholm	1,500	100	12	35
B&B TOOLS Markets AB	556088-8264	Stockholm	1,000	100	100	100
B&B TOOLS International AB	556616-0353	Stockholm	1,000	100	1	1
B&B TOOLS Products AB	556706-2699	Stockholm	1,000	100	87	87
B&B TOOLS Services AB	556086-1766	Stockholm	8,000	100	33	33
B&B TOOLS Corporate Development AB	556008-7545	Stockholm	1,250	100	0	–
Total					233	256

NOTE 37**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. Refer to Note 1 Accounting policies. Of the Parent Company's total untaxed reserves amounting to MSEK 214 (177), MSEK 56 (50) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2009	31 March 2008
Accumulated accelerated depreciation		
<i>Equipment</i>		
Opening balance 1 April	–	–
Change in accelerated depreciation for the year	1	–
Closing balance 31 March	1	–
Tax allocation reserves		
Allocation to tax 2004	–	13
Allocation to tax 2005	13	13
Allocation to tax 2006	30	30
Allocation to tax 2007	22	22
Allocation to tax 2008	46	46
Allocation to tax 2009	53	53
Allocation to tax 2010	49	–
Closing balance 31 March	213	177

NOTE 38**CASH-FLOW STATEMENT**

	Group		Parent Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Cash and cash equivalents				
Cash and bank	209	226	51	0
Total according to the balance sheet	209	226	51	0
Total according to the cash-flow statement	209	226	51	0

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Interest paid and dividends received				
Dividends/Group contribution received			377	218
Interest received	19	19	162	128
Interest paid	-121	-87	-123	-93
Total	-102	-68	416	253

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Adjustments for non-cash items				
Depreciation and amortisation	64	71	1	1
Impairment losses/Reversal of impairment losses	0	-4	23	35
Profit/loss from the sale of companies and facilities	5	-1	-	0
Change in reserve for non-recurring costs	95	-	-	-
Change in other provisions	-1	-7	-	-
Change in pension obligations	24	23	2	3
Adjustment for Group contributions/dividends paid	-	-	3	-18
Hedge accounting	-1	2	1	2
Adjustment for interest paid/received	-3	1	0	-2
Other	1	2	-	-
Total	184	87	30	21

	Group		Parent Company	
	2008/2009	2007/2008	2008/2009	2007/2008
Transactions not resulting in payments				
Acquisition of assets whereby a liability directly related to the asset has been taken over or purchase prices not paid have been recorded	-87	87	-	-
Shareholders' contribution through non-cash issue	-	-	-	11
Total	-87	87	-	11

	Group	
	2008/2009	2007/2008
Acquisition of subsidiaries and other business units		
Acquired assets:		
Intangible non-current assets	159	733
Tangible non-current assets	31	36
Participations in associated companies	-	6
Financial non-current assets	2	12
Inventories	49	256
Operating receivables	72	253
Cash and cash equivalents	13	67
Total assets	326	1,363
Acquired minority interest, provisions and liabilities:		
Minority interest	9	2
Non-current provisions	-4	-11
Non-current liabilities	-13	-155
Current operating liabilities	-56	-277
Total minority interest, provisions and liabilities	-64	-441
Purchase price	-262	-922
Less/Additional: Settlement of purchase prices	-87	87
Purchase price paid	-349	-835
Less: Cash and cash equivalents in acquired businesses	13	67
Effect on cash and cash equivalents	-336	-768

NOTE 38, CONTINUED

	Group	
Disposal of subsidiaries and other business units	2008/2009	2007/2008
Divested assets:		
Intangible non-current assets	32	1
Tangible non-current assets	13	11
Financial non-current assets	–	1
Inventories	35	20
Operating receivables	54	30
Cash and cash equivalents	12	1
Total assets	146	64
Divested provisions and liabilities:		
Non-current provisions	–	–6
Non-current liabilities	–1	–1
Current liabilities	–78	–43
Total provisions and liabilities	–79	–50
Capital gain/loss	–7	3
Total	60	17
Sales price	60	17
Less: Cash and cash equivalents in divested businesses	–12	–1
Effect on cash and cash equivalents	48	16

NOTE 39**EVENTS AFTER THE BALANCE-SHEET DATE**

No significant events occurred in the Group after the end of the balance-sheet date on 31 March 2009.

NOTE 40

KEY ESTIMATES AND JUDGEMENTS

Estimates and judgements have been made based on the information available at the time this report was submitted. These estimates and judgements may be subject to change at a later date, partly due to changes in factors in the operating environment.

Below is an account of the most significant judgements, which is subject to a risk that future events and new information may change the basis for current estimates and judgements.

Impairment testing of goodwill and other non-current assets

In accordance with IFRS, goodwill is not 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 deemed to generate revenue. All intangible and tangible non-current assets are subject to annual testing for indications of impairment. Impairment tests are based on a review of historic and forecast future cash flows. The assumptions used when conducting impairment testing are described in Note 12.

Inventory obsolescence

Since B&B TOOLS conducts trading operations, inventories constitute a large asset item in the consolidated balance sheet. In order to make accurate valuations of its inventories, B&B TOOLS' ambition is for all business units to have modern enterprise systems, through which the cost and age of all articles can be determined based on ongoing business transactions. The Group values inventories at the lower of cost, 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, and handling costs and other selling expenses are taken into consideration. If general demand for the Group's product range changes significantly and assumptions of the net realisable value of articles differ from the 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 financial 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 continuous basis to determine the need to set aside provisions in the financial reports. During these reviews, all cases are taken into consideration using the Group's internal legal competence and, when necessary, external legal counsel is also consulted. Insofar as the judgements concerning 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 may change the amount of recognised tax liabilities and tax assets. Interpretations of current tax legislation may 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, partly due to changes in business climate, changed tax legislation and the outcome of not yet completed examinations of tax returns by tax courts.

Pension obligations

In determining B&B TOOLS' pension obligations under defined-benefit pension plans, certain assumptions have been made with respect to discount rates, inflation, salary increases, long-term returns on plan assets, mortality rates, retirement rates and other factors that may be of importance. These actuarial assumptions are reviewed on an annual basis and are changed when appropriate. Should these actuarial assumptions differ significantly from the 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." This would mean that a portion would have to be recognised in the balance sheets and income statements in coming years.

NOTE 41

INFORMATION ABOUT THE PARENT COMPANY

B&B TOOLS AB, Corporate Registration Number 556034-8590, is a Swedish limited liability company with its registered office in Stockholm. The Parent Company's shares are registered on the Mid Cap list of NASDAQ OMX Stockholm. The address of the head office is: Po Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated accounts for 2008/2009 comprise the Parent Company and its subsidiaries, together termed the Group.

Proposed allocation of profit

According to the consolidated balance sheet, retained earnings including net profit for the year amounted to MSEK 1,559 as of 31 March 2009, of which MSEK 285 comprised net profit 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 594,679 thousand
Net profit for the year	SEK 274,097 thousand
	SEK 868,776 thousand

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

Dividend to the shareholders, SEK 2.50 per share	SEK 69,745 thousand ¹⁾
To be brought forward	SEK 799,031 thousand
	SEK 868,776 thousand

The income statements and balance sheets of the Group and the Parent Company are subject to adoption by the Annual General Meeting to be held on 27 August 2009.

BOARD'S ASSURANCE

The Board of Directors and President & CEO regard the Annual Report to be prepared in accordance with generally accepted accounting principles and the consolidated accounts to be prepared in accordance with the international accounting standards referred to in regulation (EC) number 1606/2002 issued by the European Parliament and the European Council on 19 July 2002 concerning the application of international accounting standards, that they are regarded to provide a true and fair view of the Company's and the Group's position and earnings, that the Administration Report provides a true and fair overview of the performance of the Company's and the Group's operations, position and earnings and describes the significant risks and uncertainty factors that the Company and the companies in the Group face.

Stockholm, 17 June 2009

Tom Hedelius
Chairman

Anders Börjesson
Vice Chairman

Per Axelsson

Conny Kjellberg

Anita Pineus

Lillemor Svensson

Stefan Wigren
President & CEO

Our audit report was submitted on 17 June 2009

KPMG AB

George Pettersson
Authorised Public Accountant

¹⁾ Calculated based on the number of shares as of 31 March 2009 and with due consideration to the 538,500 repurchased class B shares held in treasury. The total amount paid will change due to the conveyance of repurchased class B shares in connection with redemptions of personnel options.

Audit Report

To the Annual General Meeting of the Shareholders of B&B TOOLS AB (publ)

Corporate identity number 556034-8590

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of B&B TOOLS AB (publ) for the financial year 1 April 2008 to 31 March 2009. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 28–82. The Board of Directors and the Managing Director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

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

We recommend to the Annual General Meeting of Shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 17 June 2009

KPMG AB

George Pettersson
Authorized Public Accountant

Corporate Governance Report 2008/2009

Corporate governance at B&B TOOLS

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 2008/2009 operating year was prepared in accordance with the recommendations of the Code. The report also contains an account of the work of the Election Committee in preparation for the 2009 Annual General Meeting. B&B TOOLS deviates from the recommendations of the Code in four areas: the composition of the Election Committee, the Chairman of the Election Committee, the composition of the Compensation Committee and the auditors' review of the Company's six-month or nine-month interim reports. These deviations from the Code are reported in further detail in the respective sections below. The Corporate Governance Report does not constitute part of the formal annual accounts and was not reviewed by the Company's auditors.

LEGISLATION AND ARTICLES OF ASSOCIATION

B&B TOOLS AB primarily applies the Swedish Companies Act and the rules that apply, since the Company's class B share is listed on NASDAQ OMX Stockholm AB (the Stockholm Stock Exchange), as well as best practice in the stock market. The Code is part of the regulations of the Stockholm Stock Exchange. In the course of its operations, B&B TOOLS also complies with the regulations stipulated in B&B TOOLS' Articles of Association. The Company's Articles of Association are available in full on the Company's website at www.bb.se.

CORPORATE GOVERNANCE STRUCTURE

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

SHARES AND SHAREHOLDERS

As of 31 March 2009, B&B TOOLS AB had approximately 4,400 shareholders. Information regarding B&B TOOLS' shares and shareholders is included in the section "The B&B TOOLS share" on pages 90–91.

ANNUAL GENERAL MEETING 2008

B&B TOOLS AB's Annual General Meeting was held in Stockholm on 27 August 2008. The notice of the Annual General Meeting and the materials on which the meeting was based were published in accordance with the Company's Articles of Association. The Meeting was held in Swedish. The notice of the meeting and other materials were also available in English. A total of 135 shareholders participated in the Meeting, representing a combined total of 54.5 percent of the votes in the Company. All regular directors and the Company's auditors attended the Meeting.

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

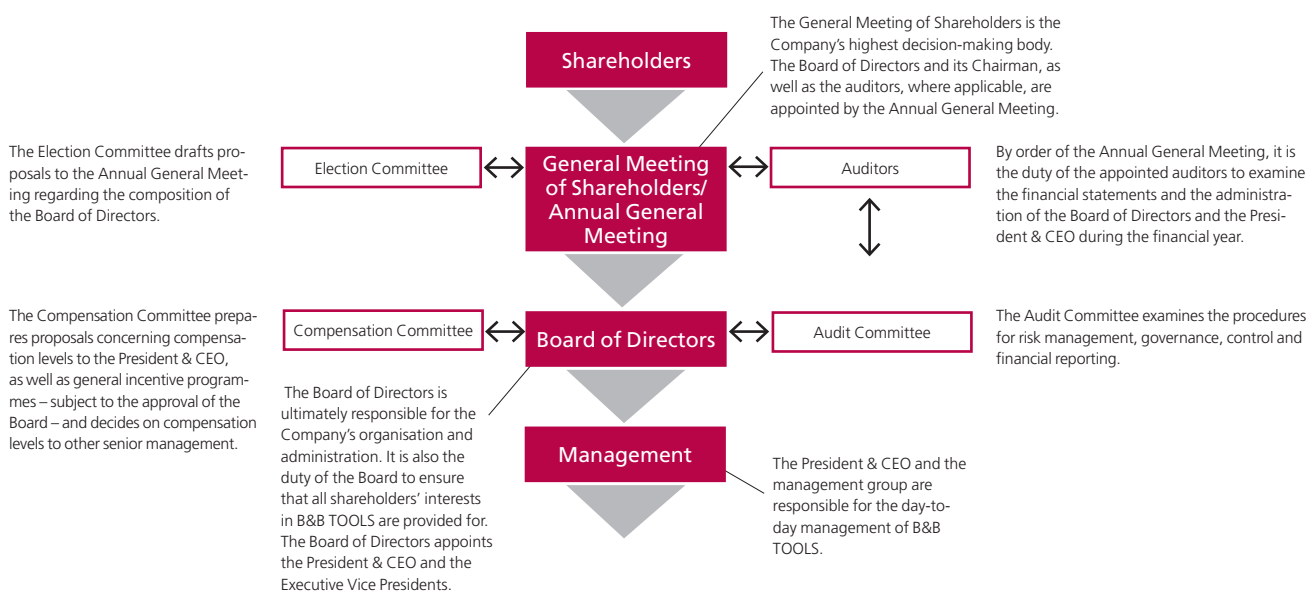
BOARD OF DIRECTORS 2008/2009

The Board of Directors of B&B TOOLS AB currently comprises five regular directors elected by the Annual General Meeting, including the President & CEO, and two employee representatives.

Election Committee

The Annual General Meeting in August 2008 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2009 and to request that they appoint four members, who together with the Chairman of the Board, will constitute an Election Committee to prepare proposals to the 2009 Annual General Meeting regarding the

CORPORATE GOVERNANCE STRUCTURE AT B&B TOOLS



election of the Board of Directors, fees and procedures for the next Election Committee.

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2009 comprises Chairman of the Board Tom Hedelius, Anders Börjesson, Arne Lööw (representative of the Fourth AP Fund), Kerstin Stenberg (representative of Swedbank Robur Funds) and Pär Stenberg. The other members of the Committee appointed Tom Hedelius to serve as Chairman of the Election Committee. Kerstin Stenberg was appointed to serve as the spokesperson for the Election Committee at the upcoming Annual General Meeting.

The composition of the Election Committee deviates from the rules of the Code, which stipulate that only one of the Board members on the Election Committee may be considered dependent in relation to the Company's largest shareholders. The reason for this deviation is that it would not otherwise be possible for private individuals to combine their role as a shareholder with their role as a member of the Board of Directors and the Election Committee. The election of the Chairman of the Election Committee also deviates from the rules of the Code, which state that the Chairman of the Election Committee should not be a director of the Company. The reason for this deviation 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 of the work and composition of the present Board of Directors and can clearly identify any need for complementary skills.

The Election Committee intends to propose the re-election of all directors at the 2009 Annual General Meeting. The Election Committee will present and motivate its proposal to the Board of Directors on the Company's website in conjunction with the publication of the notice of the Annual General Meeting and at the Annual General Meeting itself.

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

Board of Directors

A detailed presentation of the Board of Directors, including information on other assignments, is found on page 88.

The dependency conditions for the Board of Directors are presented in the table below.

Duties and work of the Board of Directors

The Board of Directors is ultimately responsible for the Company's organisation and administration. Based on its analysis of the Company's operating environment, the Board is also responsible for deciding on strategic matters. In general, the Board of Directors addresses issues of significant importance, such as:

- Adoption of rules of procedure, which includes instructions for the President & CEO. These instructions include the 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 in excess of established amounts.
- Major capital expenditures.
- Repurchase of own shares.

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 each year (regular meetings). Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which together with supporting documentation, is distributed to the directors prior to each meeting.

The agenda for the statutory meeting of the Board includes the election of the Vice Chairman, the adoption of the rules of procedure for the Board of Directors, decisions regarding signatory powers and the approval of the minutes. The items addressed at the regular Board meeting in May included the year-end financial statements, the proposed allocation of profit and the financial report. In conjunction with this meeting, the Company's auditors report to the Audit Committee on their observations and assessments based on the audit performed. Each regular meeting also includes a number of fixed agenda items, including reports on the current financial outcome of the Company's operations.

In addition to the statutory meeting, the Board of Directors convened on nine occasions during the 2008/2009 operating year, four of which were regular meetings and five extraordinary meetings. The major issues considered by the Board during the year included the planning and monitoring of various economic measures taken

Regular directors	Year of election	Position	Audit Committee	Compensation Committee	Number of meetings attended		Fee, SEK	Dependent relative to ¹⁾	
					Board of Directors	Committees		B&B TOOLS	Major shareholders
Tom Hedelius	1982	Chairman	X	X	All	All	450,000		X
Anders Börjesson	1990	Vice Chairman	X	X	All	All	350,000		X
Per Axelsson	2001	Director	X		9 (10)	All	225,000		
Anita Pineus	2004	Director	X		8 (10)	All	225,000		
Stefan Wigren	2000	Director		X	All	All		X	

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

within the Group's operations. For further information, refer to the Administration Report on pages 28–32.

Refer to the table on page 85 for information regarding attendance at various Board and committee meetings.

The decisions of the Board, which are based on comprehensive supporting information, are made after discussions led by the Chairman of the Board. The task of the committees appointed by the Board is to draft proposals for decisions by the Board (see also below). Mats Björkman, Executive Vice President of B&B TOOLS AB, serves as the secretary to the Board.

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

Compensation Committee

The Board of Directors has appointed a Compensation Committee to prepare proposals concerning compensation to the President & CEO for approval by the Board, to decide on compensation to other members of Group management and to draft proposals for any incentive programmes. Guidelines for determining compensation and other terms of employment for the President & CEO and other members of Group management were adopted by the Annual General Meeting in August 2008 (refer to Note 5 on page 53).

The Compensation Committee consists of Chairman of the Board Tom Hedelius (Chairman of the Compensation Committee), Vice Chairman of the Board Anders Börjesson and President & CEO Stefan Wigren. The President & CEO does not participate in decisions regarding his own compensation. The Compensation Committee convened on two occasions during the 2008/2009 operating year, during which minutes were taken.

The composition of the Compensation Committee deviates from the requirements of the Code with respect to the independence of the members of the Committee in relation to the Company and management. The reason is that the Board of Directors feels that it is important that the members of the Compensation Committee have the best possible understanding of how present and future requirements with regard to expertise and experience in B&B TOOLS' operations and continued development should be reflected in the compensation paid to Group management.

No separate compensation was paid for work on the Compensation Committee.

Audit Committee

The Audit Committee appointed by the Board of Directors is responsible for analysing and discussing the Company's risk management, governance, internal control and financial reporting. The Committee has contact with the Company's auditors to discuss such aspects as the emphasis and scope of the audit work. In connection with the adoption of the year-end financial statements,

the Company's external and internal auditors report on their observations over the course of their audit and their assessment of the Company's internal control. The Committee includes all members of the Board, with the exception of the President & CEO. The Chairman of the Board also serves as the Chairman of the Audit Committee. The Audit Committee held one meeting during the 2008/2009 operating year, during which minutes were taken.

No separate compensation was paid for work on the Audit Committee.

OPERATIONS OF THE GROUP

B&B TOOLS' Group management comprises five individuals. For a more detailed presentation, refer to page 89.

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

President & CEO and Group management

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

The other members of Group management are the Executive Vice Presidents Mats Björkman, Carl Johan Lundberg and Johan Falk, and Vice President Peter Gustafsson.

For information regarding the current board assignments of Group management and their holdings of financial instruments in B&B TOOLS, refer to page 89. Compensation to Group management for the 2008/2009 operating year and a description of the Company's incentive programmes are presented in Note 5 on pages 52–55.

AUDITORS

At the Annual General Meeting held in August 2007, KPMG AB was appointed to serve as the Company's auditors until the adjournment of the 2011 Annual General Meeting. The Company's Chief Auditor is Authorised Public Accountant George Pettersson. He also serves as Chief Auditor in such listed companies as Holmen AB, Hufvudstaden AB, L E Lundberg-företagen AB, Seco Tools AB and Skanska AB.

ETHICAL GUIDELINES

B&B TOOLS strives to conduct its business with high requirements imposed on integrity and ethics. The Board of Directors adopts a Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines. For further details, refer to the section on "Sustainable development" on pages 22–26.

INTERNAL CONTROL REGARDING THE FINANCIAL REPORTING

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the Company's internal control. This responsibility includes the annual evaluation of the financial reporting received by the Board of Directors and specifying requirements for its content and presentation so as to ensure the quality of the reporting. These requirements stipulate that the financial reporting must 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 the internal control of B&B TOOLS with respect to financial reporting and has not been examined by the Company's auditors.

The basis of the internal control of the Company's financial reporting comprises the control environment, including the organisation, decision paths, lines of authority and responsibilities documented and communicated in various control documents, such as policies established by the Board, and Group-wide guidelines and manuals.

B&B TOOLS bases and organises its operations on decentralised accountability for profitability, with its operating areas taking the form of companies. Accordingly, central control documents are used to provide formal work plans for internal Board work and instructions for the division of responsibility between the Board and the President & CEO.

The Group's most important control documents are gathered on the intranet of the financial function and 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. These financial rules and regulations are updated regularly and during the operating year training programmes designed to ensure the uniform implementation and application of the rules and regulations were conducted. On a more general level, all operations in the B&B TOOLS Group shall be conducted in accordance with the Group's Code of Conduct.

B&B TOOLS has established control structures to manage the risks that the Board of Directors and Group management consider to be significant to the Company's internal control with respect to financial reporting. Examples include transaction-related controls, such as regulations concerning attestation and capital expenditures, as well as clear payment procedures and analytical controls performed by the Group's controller organisation. Controllers at all levels in the Group play a key role in terms of integrity, competence and the ability to create an environment that is conducive to achieving transparency and true and fair financial reporting.

The monthly earnings follow-up conducted via the internal reporting system is an important overall control activity and is analysed and commented on during the course of the Board's internal work. The earnings follow-up includes reconciliation with previously set goals, the most recent forecast and follow-up of adopted key financial ratios. This follow-up of results also functions as an important complement to the controls and reconciliations performed in the actual financial processes.

Follow-up to assure the quality of the Company's internal control is performed within B&B TOOLS in various ways. Corporate Assurance, the Group's internal review function, works proactively through its participation in various projects aimed at developing the internal control. Examples of this work include the development of efficient processes for authorisation management in new business systems and training programmes offered at various financial conferences. Corporate Assurance also conducts follow-ups to ensure compliance with all adopted policies and guidelines. These follow-ups are performed through internal corporate audits carried out at the businesses' premises or by conducting an analysis based on various information sources. An annual risk analysis forms the basis for determining which activities are to be prioritised. During the 2008/2009 operating year, internal audits were performed in companies in all of the Group's operating areas.

Follow-up to assure the quality of the Company's internal control is performed within B&B TOOLS in various ways. Corporate Assurance, the Group's internal review function, works proactively through its participation in various projects aimed at developing the internal control. Examples of this work include the development of efficient processes for authorisation management in new business systems and training programmes offered at various financial conferences. Corporate Assurance also conducts follow-ups to ensure compliance with all adopted policies and guidelines. These follow-ups are performed through internal corporate audits carried out at the businesses' premises or by conducting an analysis based on various information sources. An annual risk analysis forms the basis for determining which activities are to be prioritised. During the 2008/2009 operating year, internal audits were performed in companies in all of the Group's operating areas.

Quarterly review by the auditors

Neither B&B TOOLS' six-month report nor nine-month report for the 2008/2009 operating year were examined by the Company's external auditors, which is a deviation from the rules of the Code. After consulting with the Company's external auditors and other parties, the Board of Directors has determined that the additional expense that would be incurred by the Company for an expanded quarterly review by the Company's auditors is not warranted at this point in time.

Board of Directors



STYRELSE

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, the Anders Sandrew Foundation and the Jan Wallander and Tom Hedelius Foundation.
Vice Chairman of Addtech AB and Lagercrantz Group AB.
Director of L E Lundbergföretagen AB and SCA AB, among 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, Cibenon AB and Lagercrantz Group AB.
Director of Bostad Direkt AB, Futuraskolan AB and Inomec 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 at Optimera Sverige AB and Director of AB Julius Ekbooms.
Shares owned: 2,688 class A shares and 25,000 class B shares (company). 3 000 class B shares.

4. CONNY KJELLBERG

Limmared, born 1945.
Director since 1996.
Employee Representative
Shares owned (family): 652 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 and TriOptima AB.
Shares owned (family): 64,000 class B shares.
Personnel options: 25,000.

HONORARY DIRECTOR PÅR STENBERG

Stockholm, born 1931.
Former President and Vice Chairman of Bergman & Beving AB.
Shares owned: 154,152 class A shares. 849,522 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 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): 35,100 class B shares.
Personnel options: 20,000.

10. CARL JOHAN LUNDBERG

Born 1951.
Executive Vice President.
Employee of the Group since 1987.
M.Sc. Eng.
Shares owned: 30,221 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: 21,000 class B shares.
Personnel options: –

12. PETER GUSTAFSSON

Born 1972.
Member of Group management and President of B&B TOOLS Corporate Development AB.
Employee of the Group since 2004.
M.Sc. Eng.
Shares owned: 18,000 class B shares.
Call options: 27,000.

OTHER SENIOR MANAGEMENT

LENNART SVEDMAN

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

HENRIC HASTH

Vice President – Supply Chain.
Employee of the Group since 2007.

MATTIAS FORSBERG

Vice President – IT.
Employee of the Group since 2008.

NIKLAS STENBERG

General Counsel and Head of Mergers and Acquisitions.
Employee of the Group since 2005.

KARIN BEIJER

Vice President – Human Resources.
Employee of the Group since 2007.

MATS KARLQVIST

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

MAGNUS BILLFALK

Vice President – Corporate Assurance.
Employee of the Group since 2007.

AUDITORS

KPMG AB

Chief Auditor:
GEORGE PETTERSSON, Authorised Public Accountant.
Bålsta, born 1964.

George Pettersson also serves as Chief Auditor in such listed companies as Holmen AB, Hufvudstaden AB, L E Lundbergföretagen AB, Seco Tools AB and Skanska AB. George Pettersson has been B&B TOOLS AB's Chief Auditor since 2007.

During 2008/2009, KPMG AB conducted audit assignments for approximately 25 percent of the companies listed on NASDAQ OMX Stockholm.

NB: Information on the Board of Directors' and Group management's holdings of shares and personnel options stated above pertains to circumstances as of 17 June 2009.

The B&B TOOLS share

The class B share of B&B TOOLS is listed on NASDAQ OMX Stockholm (Stockholm Stock Exchange). The share price declined by 75 percent during the operating year. The trading volume was MSEK 1,504. At the end of the operating year, B&B TOOLS had a market capitalisation of MSEK 1,257.

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 currently listed on the Mid Cap list of NASDAQ OMX Stockholm in the Industrials sector. The share is traded under the symbol BBTO-B.

PERFORMANCE OF THE B&B TOOLS SHARE DURING 2008/2009

During the period from 1 April 2008 to 31 March 2009, the market price of the B&B TOOLS share declined by 75 percent to SEK 44.20, which was the final paid price on 31 March 2009. During the same period, Affärsvärlden's Composite Index fell 36 percent. The highest and lowest paid prices during the operating year were SEK 185.00 and SEK 43.50, respectively. The share price on 17 June 2009 was SEK 74.50.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to -74 percent during 2008/2009. The SIX Return Index of the Stockholm Stock Exchange

declined by 33 percent during the same period. Since 2003/2004, the total return on the B&B TOOLS share has amounted to 34 percent, compared with 78 percent for the SIX Return Index.

As of 31 March 2009, B&B TOOLS' total market capitalisation amounted to MSEK 1,257 (4,934). A total of 13.4 million shares in B&B TOOLS AB were traded at a value of MSEK 1,504 during the year, corresponding to 47 percent of the total number of shares outstanding in the Company.

The financial analysts who monitor B&B TOOLS are presented on page 92.

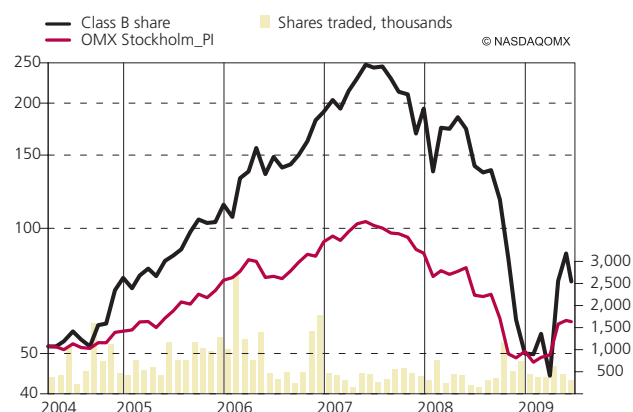
SHARE CAPITAL

As of 31 March 2009, the Company's share capital amounted to MSEK 57. The total number of shares outstanding was 28,436,416. Of the total number of shares outstanding, 1,084,812 were class A shares carrying ten votes each and 27,351,604 were class B shares carrying one vote each. All shares carry equal 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 2008/2009 operating year, there were no changes in the total number of shares. A total of 5,376 class A shares were converted to class B shares during the year.

Of the total number of shares as of 31 March 2009, the Company had repurchased 538,500 class B shares, corresponding to 1.9 percent of the total number of shares and 1.4 percent of the total number of

SHARE PRICE DEVELOPMENT



OWNERSHIP STRUCTURE, 31 MARCH 2009¹⁾

Size class, number of shares	Owners		Shares	
	Number	% of total	Number	% of total
1 – 500	2,777	62.8%	499,747	1.8%
501 – 1,000	705	16.0%	583,229	2.1%
1,001 – 5,000	630	14.3%	1,433,472	5.1%
5,001 – 10,000	121	2.7%	914,838	3.3%
10,001 – 50,000	105	2.4%	2,037,543	7.3%
50,001 – 100,000	25	0.6%	1,851,710	6.6%
100,001 –	55	1.2%	20,577,377	73.8%
Total	4,418	100.0%	27,897,916	100.0%

¹⁾ Source: Euroclear Sweden

HISTORY OF THE B&B TOOLS SHARE

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Share price as of 31 March, SEK	44.20	173.50	214.00	137.00	80.00
Market capitalisation as of 31 March, SEK	1,257	4,934	6,085	3,896	2,275
Dividend, SEK	2.50 ¹⁾	5.00	4.00	3.50	2.75
Number of shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,418	4,091	4,086	4,316	4,516
Highest share price during the operating year, SEK	185.00	270.00	220.00	137.50	84.50
Lowest share price during the operating year, SEK	43.50	136.00	128.00	76.75	50.50
Dividend yield ²⁾ , %	5.7 ¹⁾	2.9	1.9	2.6	3.4

¹⁾ As proposed by the Board of Directors.

²⁾ Dividend per share divided by the closing share price on 31 March for each respective operating year.

votes. All of the repurchased class B shares held in treasury are reserved for securing the Company's obligations under its share-based incentive programmes. After a deduction for the repurchased shares held in treasury by the Company, the number of shares outstanding as of 31 March 2009 totalled a net amount of 27,897,916. The Board of Directors of B&B TOOLS AB has resolved to propose that the Annual General Meeting to be held on 27 August 2009 renew the authorisation for the repurchase of own shares.

The weighted number of shares, less the repurchased shares held in treasury by the Company, amounted to 27,897,916 for the 2008/2009 operating year.

DIVIDEND

The dividend proposed by the Board of Directors for the 2008/2009 operating year is SEK 2.50 (5.00) per share, corresponding to a total of MSEK 70 (139). The pay-out ratio is 25 percent (33) of earnings per share.

SHAREHOLDER STRUCTURE

As of 31 March 2009, B&B TOOLS AB had 4,418 shareholders (4,091). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own

approximately 75 percent (77) of the total number of shares. The proportion of foreign ownership is approximately 20 percent (32) of the total number of shares. The table below shows the ownership structure on 31 March 2009.

EMPLOYEE OWNERSHIP OF B&B TOOLS AB

Information concerning shareholdings and share-based incentive programmes for the Board of Directors and Group management is presented on pages 88–89. For further information regarding the terms of the Company's share-based incentive programmes, refer to Note 5 on pages 52–55.

CLASSES OF SHARES AS OF 31 MARCH 2009¹⁾

	Number of shares	Proportion	
		of capital	of votes
Class A	1,084,812	3.9%	28.8%
Class B	26,813,104	96.1%	71.2%
	27,897,916	100.0%	100.0%
Repurchased class B shares	538,500		
Total number of shares outstanding	28,436,416		

¹⁾ Source: Euroclear Sweden

MAJOR SHAREHOLDERS AS OF 31 MARCH 2009¹⁾

	Number of		Percentage of	
	Class A shares	Class B shares	Capital	Votes
Anders Börjesson	407,310	1,093	1.5%	10.8%
Tom Hedelius	407,310		1.5%	10.8%
Swedbank Robur Funds		2,893,022	10.4%	7.7%
Pär Stenberg	154,152	849,522	3.6%	6.3%
Fourth AP Fund		2,035,195	7.3%	5.4%
SEB Funds		1,602,468	5.7%	4.3%
Lannebo Funds		1,396,412	5.0%	3.7%
Brita Sæve Estate	30,000	973,983	3.6%	3.4%
Svenska Handelsbanken CEA		1,050,000	3.8%	2.8%
SEB Asset Management S A		794,700	2.8%	2.1%
Nordea Bank Finland ABP		726,437	2.6%	1.9%
US Residents Omnibus Lending A/C		626,408	2.2%	1.7%
Sandrew Aktieföretag		600,000	2.2%	1.6%
Other shareholders	86,040	13,263,864	47.8%	37.5%
	1,084,812	26,813,104	100.0%	100.0%
Additional: Repurchased class B shares		538,500		
Total	1,084,812	27,351,604	100.0%	100.0%

¹⁾ Source: Euroclear Sweden

SHARE CAPITAL DEVELOPMENT

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 statutory reserve	143,151,800	286,303,600	28,630,360
2002/03	Reduction of the par 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.

Financial information 2009/2010

FINANCIAL CALENDAR 2009/2010

The Group's financial year is from 1 April to 31 March. For the 2009/2010 operating year, reports will be published as follows:

Interim Report 1 April–30 June 2009	19 August 2009
Interim Report 1 April–30 September 2009	12 November 2009
Interim Report 1 April–31 December 2009	18 February 2010
Financial Report 2009/2010	18 May 2010
Annual Report 2009/2010	July 2010

The 2009 Annual General Meeting will be held in Stockholm on 27 August 2009.

The printed Annual Report is distributed to all shareholders unless they have instructed Euroclear Sweden AB (formerly VPC AB) of their wish not to receive a printed copy. 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 aims to achieve a high standard in its communications with its owners and the financial market in general. All information to the market shall be correct, relevant and reliable and shall promptly be made available to all stakeholders. B&B TOOLS strives to constantly develop and improve its communications through an active and close dialogue with market representatives and the media.

Requests for Interim Reports, Financial Reports, Annual Reports and press information can be submitted on B&B TOOLS' website at www.bb.se, by telephone at +46-8-660 10 30, or by e-mail at info@bb.se.

Current information about the Group, such as press information, Interim Reports and Financial Reports, as well as the latest share price, can be accessed at www.bb.se.

The website also contains description of the Group's operating areas and a section on corporate governance. All stakeholders can request and/or subscribe for 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 press information or the report in question at the same time as the information is published.

B&B TOOLS participates regularly in various investor meetings and trade shows to provide information about the Company and the share. Requests for presentations of the Company are always welcome.

FINANCIAL ANALYSTS WHO MONITOR B&B TOOLS

Carnegie Investment Bank
Mikael Löfdahl, +46-8-676 88 00

Enskilda Securities
Stefan Matsson, +46-8-522 295 00

Erik Penser Bankaktiebolag
Christian Hellman, +46-8-463 80 00

Handelsbanken Capital Markets
Lars Hallström, +46-8-701 10 00

INVESTOR RELATIONS

Mats Karlqvist, Vice President – Investor Relations, mk@bb.se, telephone +46-8-442 59 04 or +46-70-660 31 32.



In June 2009, B&B TOOLS launched a new website at www.bb.se.

Welcome to the 2009 Annual General Meeting

TIME AND LOCATION

B&B TOOLS AB's Annual General Meeting will be held at 4:30 p.m. on Thursday, 27 August 2009 at Näringslivets Hus, Storgatan 19, Stockholm.

RIGHT OF PARTICIPATION AND HOW TO PROVIDE NOTICE OF ATTENDANCE

Shareholders who wish to participate in the proceedings of the Annual General Meeting must:

- (a) be recorded in the share register maintained by Euroclear Sweden AB (formerly VPC AB) not later than Friday, 21 August 2009, and
- (b) file notice with the Company of their intention to attend not later than 3:00 p.m. on Friday, 21 August 2009

Notices should be filed with B&B TOOLS AB, Box 10024, SE-100 55 Stockholm, Sweden, telephone +46-8-660 10 30, fax +46-8-660 58 70, info@bb.se or via B&B TOOLS' website at www.bb.se.

Notices must contain information about the shareholders' name, personal or corporate registration number, telephone number (daytime), registered shareholding and the names of any assisting counsel.

HOW TO BECOME REGISTERED IN THE SHAREHOLDER REGISTER

Shares are registered in the shareholder register maintained by Euroclear Sweden AB in the name of either the owner or the owner's nominee. Shareholders whose shares are managed by a

third party may have chosen to have their shares registered in the name of a nominee. In order to participate in the Meeting, shareholders who own nominee-registered shares must request in advance that their shares be temporarily registered in their own names as of 21 August 2009. Accordingly, the nominee should be contacted in ample time prior to 21 August 2009.

PROXIES

The rights of shareholders at the Annual General Meeting may be exercised by proxy. A power of attorney for legal entities must be signed by an authorised signatory and a copy of a current certificate of incorporation naming the authorised signatories must be attached. The power of attorney may not be more than one year old. A copy of the power of attorney must be submitted together with the notice and shall be presented in its original prior to the start of the Meeting.

PAYMENT OF DIVIDEND

The Board of Directors has proposed a dividend of SEK 2.50 per share for 2008/2009. The resolution of the Annual General Meeting regarding dividend will include the date by which shareholders must be recorded in the share register maintained by Euroclear Sweden AB in order to be entitled to receive a dividend. The Board of Directors has proposed Tuesday, 1 September 2009 as the record date. On the condition that the Annual General Meeting adopts this proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Friday, 4 September 2009 to the shareholders recorded in the share register as of the record date.

Multi-year summary

MSEK	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Earnings information								
Revenue	9,325	9,133	6,823	5,058	3,863	3,881	3,975	3,956
Shares in profit/loss of associated companies	1	1	–	–	–	–	–	–
Other operating income	39	12	6	18	6	–	–	–
Total operating revenue	9,365	9,146	6,829	5,076	3,869	3,881	3,975	3,956
Operating expense, <i>excluding</i> non-recurring items	–8,743	–8,472	–6,386	–4,774	–3,667	–3,718	–3,815	–3,810
of which depreciation, amortisation and impairment losses	–63	–67	–66	–74	–92	–80	–79	–68
Operating profit, <i>excluding</i> non-recurring items	622	674	443	302	202	163	160	146
Non-recurring items	–111	–	–	4	–4	–34	–6	–
Operating profit, <i>including</i> non-recurring items	511	674	443	306	198	129	154	146
Financial income and expense	–108	–74	–36	–15	–13	–13	–13	–6
Profit after net financial items	403	600	407	291	185	116	141	140
Taxes	–112	–168	–117	–81	–49	–37	–46	–49
Profit after taxes, but before profit from discontinued operations	291	432	290	210	136	79	95	91
Profit/loss from discontinued operations, net after taxes	–	–	–	–1	64	–	–	–
Net profit for the year	291	432	290	209	200	79	95	91
Of which attributable to:								
Parent Company shareholders	285	421	288	207	198	79	95	91
Minority interest	6	11	2	2	2	–	–	–
Balance information								
Intangible non-current assets	1,913	1,755	1,033	504	312	270	180	100
Tangible non-current assets	545	529	500	419	350	347	346	356
Financial non-current assets	146	110	81	60	51	78	54	37
Inventories	1,768	1,667	1,268	868	731	634	519	551
Current receivables	1,439	1,570	1,369	927	738	679	601	591
Cash and cash equivalents	209	226	170	276	152	297	374	333
Total assets	6,020	5,857	4,421	3,054	2,334	2,305	2,074	1,968
Equity attributable to Parent Company shareholders	1,739	1,551	1,239	1,085	935	814	831	790
Minority interest	18	20	12	13	22	–	–	–
Total equity	1,757	1,571	1,251	1,098	957	814	831	790
Convertible debenture loan	–	–	–	–	–	63	82	82
Interest-bearing liabilities and provisions	2,179	2,008	1,202	671	381	454	323	329
Non-interest-bearing liabilities and provisions	2,084	2,278	1,968	1,285	996	974	838	767
Total equity and liabilities	6,020	5,857	4,421	3,054	2,334	2,305	2,074	1,968
Capital employed	3,936	3,579	2,453	1,769	1,338	1,331	1,236	1,201
Financial net loan liability	–1,959	–1,769	–1,018	–389	–224	–213	–20	–65

KEY FINANCIAL RATIOS

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Operating margin, %	5.5	7.4	6.5	6.0	5.1	3.3	3.9	3.7
Profit margin, %	4.3	6.6	6.0	5.8	4.8	3.0	3.5	3.5
Return on total capital, %	9	14	12	12	9	6	9	8
Return on capital employed, %	14	23	22	20	16	11	14	13
Return on equity, %	17	31	25	20	23	9	12	11
Ditto, <i>excluding</i> non-recurring items, %	22	31	25	20	17	12	13	11
Return on equity after dilution, %	17	31	25	20	22	9	11	11
Equity/assets ratio, %	29	27	28	36	41	35	40	40
Equity/assets ratio after dilution, %	29	27	28	36	41	38	44	44
Other data								
Number of employees at the end of the period	3,183	3,315	2,697	1,978	1,630	1,602	1,380	1,378
Average number of employees	3,333	2,987	2,289	1,817	1,696	1,378	1,382	1,361
Cash flow from operating activities, MSEK	377	360	420	292	257	240	215	207
Per-share data								
Earnings, SEK	10.20	15.10	10.35	7.45	7.25	2.85	3.45	3.30
Earnings after dilution, SEK	10.20	15.00	10.25	7.35	7.10	2.75	3.30	3.20
Cash flow from operating activities, SEK	13.50	12.90	15.10	10.50	9.45	8.70	7.85	7.55
Ditto, after dilution, SEK	13.45	12.80	15.00	10.40	9.20	8.20	7.35	7.00
Equity, SEK	62.35	55.60	44.60	38.95	33.75	30.15	30.10	27.70
Equity after dilution, %	62.10	55.20	44.15	38.50	33.50	30.90	31.05	28.85
Share price at 31 March, SEK	44.20	173.50	214.00	137.00	80.00	52.00	39.70	46.50
Dividend, SEK	2.50 ¹⁾	5.00	4.00	3.50	2.75	2.25	2.00	1.75
Other share-related data								
Share price/equity, %	71	312	480	352	237	173	132	168
Share price/equity after dilution, %	71	314	485	356	239	168	128	161
Price/earnings ratio, multiple	4	11	21	18	11	18	11	14
Price/earnings ratio after dilution, multiple	4	12	21	19	11	19	12	14
Dividend yield, %	5.7 ¹⁾	2.9	1.9	2.6	3.4	4.3	5.0	3.8

¹⁾ As proposed by the Board of Directors.

The financial years from 2004/2005 to 2008/2009 were prepared in accordance with IFRS. The financial years from 2001/2002 to 2003/2004 were prepared in accordance with previously applied Swedish accounting practice (SW GAAP).

All data for the 2001/2002 financial year pertains to B&B TOOLS pro forma, excluding the former subsidiaries Addtech AB and Lagercrantz Group AB, which were distributed to the shareholders in August 2001.

All data for the financial years from 2001/2002 to 2003/2004 includes the businesses sold and/or discontinued during the 2004/2005 financial year: ANA Ädelmetall, ANA Kalto, Jaktia, Kaltoplast and Bergman & Beving MediTech (excluding the former subsidiary Nordiska Dental). These businesses are not included in the data reported for the financial years from 2004/2005 to 2008/2009.

Definitions

Revenue

Own invoicing, commission income from commission sales and side revenues.

Capital employed

Balance-sheet total less non-interest-bearing liabilities.

Financial net loan liability

Interest-bearing liabilities and provisions less cash and cash equivalents and interest-bearing financial non-current assets.

Profit margin

Profit/loss after net financial items relative to revenue.

Operating margin

Operating profit/loss relative to revenue.

Return on total capital

Profit/loss after net financial items, including reversed financial expenses, relative to average total capital (balance-sheet total).

Return on capital employed

Profit/loss after net financial items, including reversed financial expenses, relative to average capital employed.

Return on equity

Net profit/loss for the period relative to average equity.

Equity/assets ratio

Equity as a percentage of the balance-sheet total.

Earnings per share

Net profit/loss for the year attributable to the Parent Company's shareholders divided by the weighted number of shares.

Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares at the end of the financial year.

Share price/equity

The share price relative to equity per share at the end of the financial year.

Price/earnings ratio

The share price at 31 March divided by earnings per share.

Dividend yield

Dividend per share relative to share price at 31 March.

Number of shares at the end of the financial year

Number of shares as of 31 March, net, after deduction for shares repurchased by the Company.

Weighted number of shares

Average number of shares during the financial year, adjusted for repurchased shares.

Calculation of key financial ratios after dilution

Key ratios after dilution are calculated in accordance with IAS 33. The number of shares after dilution has been calculated as the weighted average during the financial year for the earnings and cash-flow-based key ratios.

Non-recurring items

Significant earnings items attributable to capital gains or losses on the sale of businesses or significant non-current assets, impairment losses and restructuring expenses.

Amounts

The amounts stated in the Notes refer to MSEK (SEK million) unless otherwise specifically stated.

Glossary

Complete product

Complete solutions that aim to fully satisfy customers' real needs within the MRO area.

Go To Market

The process that brings the Group's offering to customers.

MRO

Maintenance, Repair and Operations.

TCO

Total Cost of Ownership (the total cost for the purchasing and handling of industrial consumables and industrial components)

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“MrO is an animated figure that provides a visual image of the B&B TOOLS Group’s vision and represents all of the positive characteristics shared by the Group’s employees.”



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