B&B TOOLS

ANNUAL REPORT 2009/2010

United for industrial efficiency

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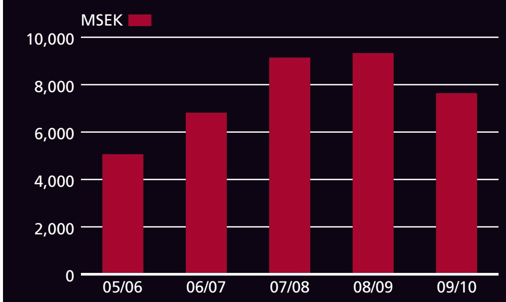
B&B TOOLS AB's statutory Annual Report comprises pages 34–86. These pages have been examined by the Company's auditors in accordance with the Audit Report on page 87.

This Annual Report 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.

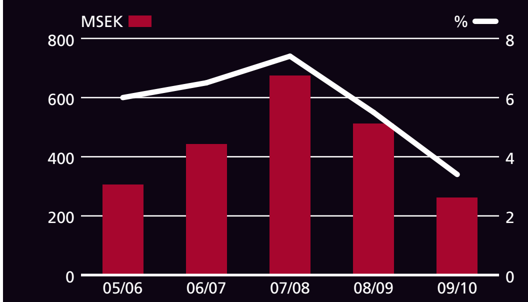
2009/2010 operating year

REVENUE



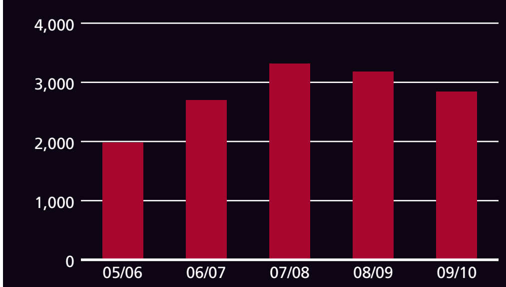
The B&B TOOLS Group has grown in the past five years through organic growth and through the acquisition of approximately 100 businesses with more than SEK 5 billion in revenue. In 2008/2009 and 2009/2010, the Group's sales trend was impacted negatively by the sharp economic decline experienced by Nordic industry.

OPERATING PROFIT AND OPERATING MARGIN



The B&B TOOLS Group's operating profit in 2008/2009 and 2009/2010 was affected adversely by the severe economic slowdown experienced by the Nordic industrial sector, forcing the Group to implement substantial 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. As of 31 March 2010, the number of employees in the Group had been reduced by more than 550, net, due to the cost-saving measures implemented since September 2008.

- **Weak demand for industrial consumables.** The 2009/2010 operating year was characterised by the recession in the Nordic industrial sector and continued concern in the financial market. In total, revenue for comparable units in the B&B TOOLS Group declined by approximately 19 percent during the operating year.

- **Economic and structural measures aimed at reducing the Group's expenses.** All of the Group's operations implemented measures during the operating year to adapt their expenses to the lower revenue level. Among other adjustments, approximately 340 employees left their positions with the B&B TOOLS Group during the year.

- **Measures to reduce working capital.** During the operating year, the B&B TOOLS Group placed particular focus on working capital in order to restore the ratio between working capital and revenue to approximately 20 percent, thus releasing capital. During the year, total Group inventories, plus accounts receivable and less accounts payable, declined by approximately MSEK 500.

- **Group priorities: Sales and customer service.** The B&B TOOLS Group continues to prioritise proximity to customers and sales, and displays a certain level of restraint with regard to implementing major operational changes relating to such areas as product range, logistics and IT. As soon as the Group's volume trend improves, this restrained approach will be reassessed and the Group will resume its strategic change work.

Group in figures	**2009/2010**	**2008/2009**	**Change**
Revenue, MSEK	7,648	9,325	–18%
Operating profit, MSEK	261	511	–49%
Profit before taxes, MSEK	193	403	–52%
Net profit for the year, MSEK	134	291	–54%
Per share, SEK			
Net profit for the year	4.80	10.20	–53%
Cash flow from operating activities	13.20	13.50	–2%
Equity	63.05	62.35	+1%
Dividend	2.50[1]	2.50	Unchanged
Operating margin, %	3.4	5.5	
Return on equity, %	8	17	
Equity/assets ratio, %	32	29	
Average number of employees	2,980	3,333	–11%

[1] As proposed by the Board of Directors.

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

B&B TOOLS is the largest supplier of industrial consumables, industrial components and related services for the industrial and construction sectors in the Nordic region. Since 2002, B&B TOOLS has played an active role in the consolidation of the industry through the acquisition of some 100 businesses. The Group's average growth rate since 2005/2006 has been approximately 13 percent per annum. Its main geographic markets are Sweden, Norway and Finland. The Group has approximately 2,800 employees and reported revenue of slightly more than MSEK 7,600 during the 2009/2010 operating year.

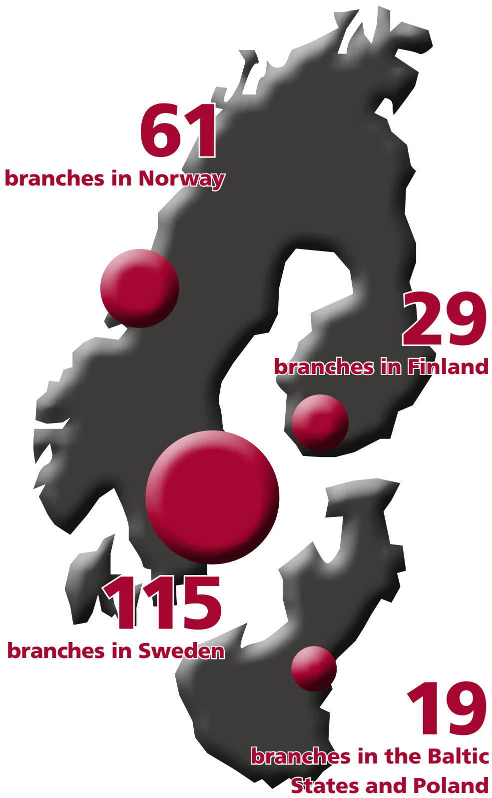
The industrial customer's best friend

B&B TOOLS holds a strong position in the Nordic region and works with many attractive and demanding companies.

Proximity provides the basis for long-term customer relations

With proprietary and partner branches in more than 200 locations in the Nordic region, TOOLS has achieved national coverage in Sweden, Norway and Finland. Proximity to customers is one of the Group's key competitive tools. Long-term customer relations have been established with a majority of the industrial companies in the Nordic region through the Group's numerous employees, who maintain daily customer contact.

Read more on page 22.



B&B TOOLS is active in more than 200 locations in the Nordic region and the Baltic area

Complete offerings boost customer profitability

B&B TOOLS aims to meet industrial customers' needs for industrial consumables and industrial components by offering comprehensive solutions, since these provide customers with maximum profitability. Such solutions are created by combining extensive expertise, a broad range of products and services, and efficient systems for logistics and information. *Read more on page 20.*

Customer satisfaction is the only benchmark

B&B TOOLS' overriding ambition is for its customers to be satisfied and to gradually become even more satisfied. Naturally, achieving this ambition requires extensive knowledge of the customer's situation and needs. Accordingly, proximity to customers, responsiveness and the ability to translate customer requirements into solutions are crucial to all forms of development carried out in the Group. *Read more on page 24.*

Young brand already well-known in the industrial sector

The TOOLS brand is one of the Group's most vital assets, and considerable importance is attached to further developing and strengthening the brand. TOOLS represents customer focus, proximity, a comprehensive approach, profitability and commitment. Although the brand is relatively young, it is well-known among Nordic industrial companies. The Group's Product Companies also have a number of strong proprietary product brands. *Read more on page 11.*

Short-term adaptation, with retained long-term potential

The B&B TOOLS Group reported respectable earnings during the 2009/2010 operating year under the nearly unbelievable force and speed of the market decline. The year was characterised by a focus on cost cuts and sales initiatives. Provided that the Group's volumes gradually will turn upward, the efforts to achieve increased coordination in the Group partially put on hold will be reinstated – in the aim of realising the potential in an increased market strength, higher profitability and enhanced efficiency.

Revenue and profit

The 2009/2010 operating year for the B&B TOOLS Group was characterised to a high degree by the economic downturn that beleaguered the entire global economy. Demand for the Group's products and services fell rapidly for a few months just prior to the beginning of the operating year and continued to decline throughout the year. Revenue in 2009/2010 amounted to MSEK 7,648, representing a 19-percent decline in organic volumes compared with the preceding year. However, toward year-end, the decline in demand levelled off and both external indicators and customers' views on the future gradually grew increasingly positive.

Operating profit for the 2009/2010 operating year was MSEK 261. The diagram below explains this year's profit on the basis of last year's profit and the effect that the volume decline and cost-cutting actions generated during the year.

Due to the volume decline, the Group's contribution margin declined by approximately MSEK 680. Since it became apparent that an extensive recession would affect the market, relatively forceful action plans were initiated throughout the Group at the end of the operating year 2008/2009. Work on cost adaptations subsequently also characterised the 2009/2010 operating year to a large degree. For the 2009/2010 operating year, the recognised cost reduction was approximately MSEK 430. The combined effect of the volume decline and the forceful actions resulted in an operating margin for the year of approximately 3.4 percent.

Continued economic adaptation

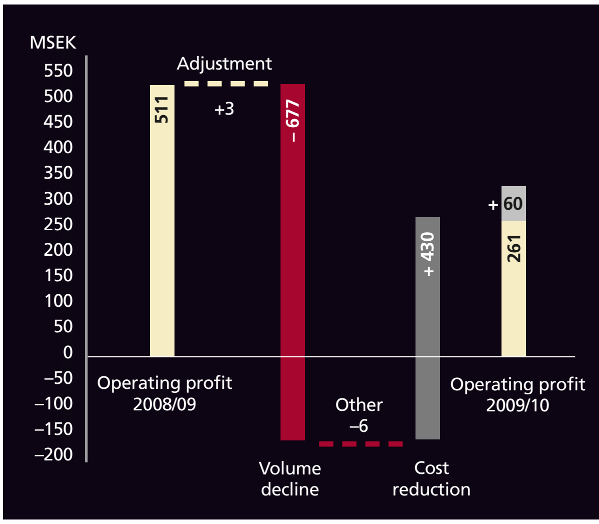
Accordingly, operations in 2009/2010 generated a profit with which on the one hand, I am anything other than pleased. On the other hand, I am proud of all of my colleagues' efforts, which quickly generated the intended effect. We created a respectable profit during a nearly unbelievably forceful and rapid volume decline! We shifted from full speed ahead to full braking capacity in a few weeks and the organisation showed strength despite laying off more than 550 employees since September 2008.

As soon as the cost-adaptation efforts took shape, the Group's working capital was also put into focus. During the 2008/2009 operating year, the equation *working capital in relation to sales volume* increased from 20 to 27 percent as a result of the sharp decline in volume. A target was established to reduce working capital by MSEK 500. As of 31 March 2010, we were able to state that total Group inventories, plus accounts receivable and less accounts payable, were approximately MSEK 500 lower than on the same date in March 2009. The ratio of working capital and sales volume was approximately 23 percent as of 31 March 2010.

The long-term ambition remains the same

Through a goal-oriented strategy and some 100 completed acquisitions, the Group has created a highly attractive market position with exciting potential for increased market strength and efficiency in a few short years. Much of the efficiency-enhancement potential can be summarised by the word *coordination*. Through numerous acquisitions, the Group has gotten some 100 companies that have been complete with regard to having all the necessary functions themselves. All acquired entities have also had their own product range. The product ranges have been similar but there has of course been no coordination of choice of suppliers or choice of articles, etc. Coordinating these individual units into a more homogenous offering,

PROFIT ANALYSIS



MSEK	
511	Operating profit 2008/2009
+3	Adjustments for currency, acquisitions and divestments
–677	Earnings effect of volume decline
–6	Earnings effect of contribution ratio decline
+430	Cost reductions with a direct impact on profit in 2009/2010
261	Operating profit 2009/2010
(+60	Cost reductions that would have impacted profit in 2009/2010 if all actions taken had been implemented as of 1 April 2009.)

> "We want to create a business that is coordinated and that capitalises on all economies of scale."

homogenous processes and homogenous working methods involves a great deal of exciting subsequent potentials. This work requires reflection, development and ultimately implementation throughout the Group.

During the past year, some development efforts have proceeded "under the radar," although the implementation of the developed solutions in the business has been kept to a minimum so as not to disrupt efforts to adapt to the economic decline or sales activities. However, we chose to coordinate the Group's Product Companies with the IT, Supply Chain and central purchasing functions into a new operating area called Solutions. The formation of Solutions enables us to take a collective grip on the Group's offerings of products and services.

Looking ahead

I now hope and believe that the worst has passed. Despite imbalances in the global economy, we have a positive view of the future. Many of the Group's customers have signalled increased order bookings and a rise in production volumes. We hope that they are right and we see our most important task as maintaining a continuously high level of service for all of the Group's customers. This will be particularly important when the economy turns upward since many customers have also aspired to keep working capital down. This makes them particularly susceptible to disruptions during volume increases if necessary industrial consumables are not in place. The Group's current cost level simultaneously entails "leverage potential" in our income statement and I believe that volumes can rise without costs necessarily increasing to the same degree.

Provided that the Group's volumes turn upward, we will also reinstate the efforts that were partially put on hold for increased coordination in the aim of gradually realising the potential for increased market strength, higher profitability and enhanced efficiency.

B&B TOOLS already currently holds a leading position in the market, but we want to create a business that is more coordinated than it has been in the past and that capitalises on the economies of scale that are within our reach.

Decentralised responsibility

The change efforts will take place within the framework of a deeply rooted belief in decentralised business responsibility and customer responsibility. Coordinating the product range, purchasing, logistics, IT, processes and culture is a comprehensive and exciting task with considerable potential. However, investments in the form of focus and staffing are required. The change programme will naturally affect operating activities, although the overriding ambition is, of course, for the changes to be conducted as smoothly as possible. This requires active and positive participation by all employees. Here, individual responsibility and initiatives will play a decisive role in our success. Accordingly, decentralised responsibility is a prerequisite for a successful coordination.

What an effort!

It is in times of adversity that we as individuals and as a company are put to the test! A number of fine efforts have been made in the Group during the trying times that are now behind us. Words of praise have partly gone unspoken in the past year. This may seem unfair, but the surrounding world evaluates us based on the results we achieve – not on the results in relation to the prerequisites. This is part of the game, but I would now like to take the opportunity to convey my sincere gratitude for all of the loyalty, all of the will and all of the initiatives that have been demonstrated throughout the Group. I now look forward to meeting the future with the same passion and commitment!

Stockholm, June 2010

Stefan Wigren
President & CEO

Vision, strategy and market

United for industrial efficiency

MRO – Maintenance, Repair & Operations – is an international concept that focuses on industrial companies' processes for the maintenance, repair and operation of their production facilities. B&B TOOLS provides a wide range of industrial consumables for a broad market. The Group's goal is to gradually provide an increasing number of complete solutions in the MRO area based on customer needs and profitability. Examples of the ways in which B&B TOOLS helps its customers when providing industrial consumables include:

- More efficient supply of consumables
- Streamlined inventory management
- Optimisation of operational situations
- Optimisation of maintenance of industrial plants

The Group's vision, strategy and market are presented on pages 8–13

B&B TOOLS fulfils customer needs with effective comprehensive solutions

1

Industrial customer needs

Industrial customers strive to enhance their efficiency in the MRO area (Maintenance, Repair & Operations). Companies require a large number of items, and careful planning is necessary to ensure that the right products of the right quality are available at the right place and at the right time. Inadequate planning or execution could result in disruptions in the production, which, in turn, could cause considerable costs. B&B TOOLS aims to meet its customers' needs based on a total cost perspective.

Read more under *Market* on

page 13.

2

Comprehensive offering

Customer needs are often complex, which is why comprehensive solutions offer the best profitability. When developing solutions, the key is to combine expertise with a broad range of industrial consumables, industrial components and related services to reduce customers' total costs, and efficient systems for logistics and information.

Read more under *Solutions* on

page 20.

3

Proximity to customers

Having a local presence with high-quality service and the right expertise is crucial. TOOLS is active in 200 locations throughout the Nordic region. Long-term customer relations are established with a majority of the Nordic industrial companies through the numerous employees who maintain daily customer contact. Offering competitive IT and logistics solutions enables TOOLS to meet its customers' needs.

Read more under *Markets* on

page 22.

Group 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 aim 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.

4

Satisfied customers

A process based on a clear understanding of customer needs and the ability to deliver comprehensive solutions in proximity to customers provides a strong foundation for ensuring customer satisfaction – and thus for establishing long-term relationships. The value this generates is reflected in several ways: lower total costs, more rational administration, increased productivity, reliable supply, more efficient logistics, a more coordinated product range and optimised inventories.

Read more under *Customers* on

page 24.

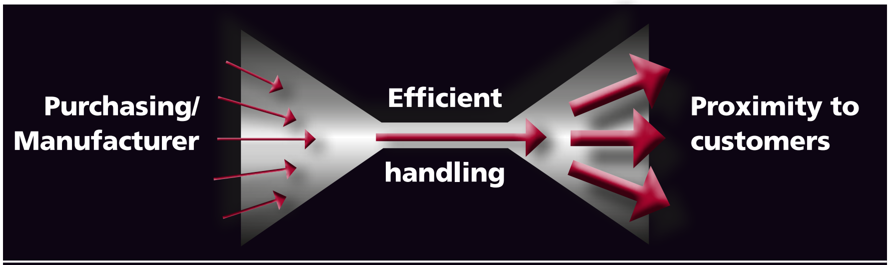
Standardised offerings and efficient processes generate substantial potential

Through its intensive acquisition activities, B&B TOOLS has established a strong market position. Now, the highest priority on the Group's development agenda is to create standardised offerings and efficient processes that fully capitalise on this position and contribute to increased customer value.

A number of projects are under way in such areas as logistics, IT, purchasing, product range coordination and organisational development. Among other objectives, these projects aim to establish:

- Increased coordination of Group purchasing.
- Efficient supply chains with solid IT support. The areas of Supply Chain and IT are continuously being developed. The numerous acquisitions conducted in recent years have created considerable scope for efficiency enhancement.
- Product range coordination with the aim of creating standardised offerings, while at the same time reducing the number of items by limiting the number of suppliers in each subarea. The core product range will be supplemented with local solutions to satisfy specific customer needs.
- More efficient processes, including a streamlining of responsibilities and concentration of expertise.

The overall goal of these development projects is to generate a significant boost in efficiency.



B&B TOOLS – purchasing power, efficiency and market strength

Long-term potential through increased coordination

We know what we need to do to enhance our efficiency and more fully capitalise on our strong market position. In short, we must adopt a more uniform working method, while still retaining decentralised responsibility. During the year, we focused on putting this strategy into practice.

Carl Johan Lundberg
Executive Vice President, B&B TOOLS

It is important to realise that this journey must be taken step by step, and that it will involve a large number of steps. The first step was to develop a shared language and to use the same names and terms, for example, when creating a joint database or shared financial system. Another key step during the year was to establish a category-based organisation that encompasses all of our various product areas.

In the area of MRO, there are currently about two million different items in total. We exceed at sifting through this enormous selection to uncover the items that our customers require, and we intend to continue to do so. At the same time, one of the central aspects of our development work involves creating a core product range with fewer product varieties and brands and that is shared by all of our sales channels. For example, during the year, we reduced the number of electric hand tool suppliers from some 15 to two to three suppliers.

Having a core product range offers a number of advantages. It increases customer value by enabling us to provide stronger offerings and gain more in-depth expertise about our core products. It increases supplier value by allowing us to better represent our suppliers. It is also more attractive for our employees to focus on an offering that they feel is strong and of which they have a clearer understanding.

With many of our major customers, we have seen that their various units purchase industrial consumables and industrial components without any real coordination, and the cost is consequently higher than it needs to be. Accordingly, we and our customers are eager to establish this shift toward greater standardisation.

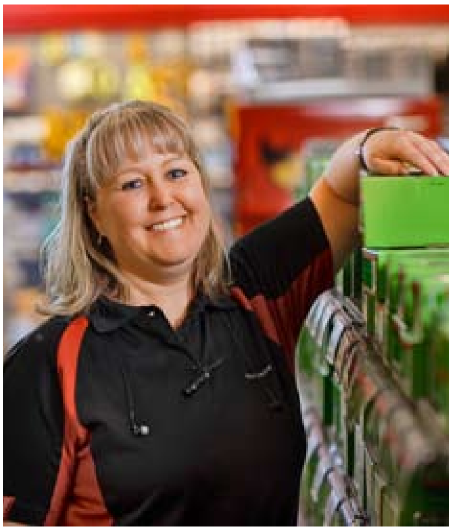
Having a core product range also gives a strong negotiating position with our suppliers.

Since we will be monitored closely by all suppliers, it is particularly important that we succeed in implementing the first product areas in an optimal manner.

Although we are making excellent progress in terms of services in many areas of the Group, we must become better at learning from one another and linking our services with products. I could list many examples of such links, including safety inspections connected to our personal protection products, inventory replenishment services for industrial consumables at the premises of our industrial customers and "TFS" (Trouble-Free Supply) of industrial components by TOOLS Momentum. In this final example, it is obviously extremely valuable for our customers if we are able to tell them what needs to be replaced and when, since planned shutdowns cost a fraction of the expenses associated with emergency operating interruptions."

Group brands and marketing

The TOOLS brand is one of the Group's most vital assets. TOOLS is the brand that industrial customers encounter and that conveys the Group's promise to them. TOOLS represents customer focus, proximity, a comprehensive approach, profitability and commitment. Concept chain, stores, advertisements and business transactions – all of the Group's comprehensive marketing activities targeted at the industrial sector are carried out under the TOOLS brand.



TOOLS is a relatively young brand. Nevertheless, customer surveys show that the brand is well-known among Nordic industrial companies. These surveys are conducted regularly and form the basis of the Group's continued work to market and further boosting the TOOLS brand. Marketing of TOOLS involves strengthening and promoting awareness of the brand as the leading cooperation partner for Nordic industry with regard to comprehensive solutions for MRO processes, with a focus on the customer's total cost. This marketing is rooted in the B&B TOOLS Group's in-depth collective expertise and broad offerings, and is often based on such activities as sponsorships and customer events. As a complement to these activities, individual products and offerings are regularly marketed through a variety of marketing campaigns at the local, regional, national and Nordic level. Working in a coordinated and systematic manner enables the Group's various marketing initiatives to gain strength from one another.

During the year, TOOLS also performed its first industry report based on interviews with economic decision-makers in the Nordic industrial sector. The survey revealed that competitiveness with other markets is the main challenge currently facing Nordic industry and that TOOLS, as an industrial cooperation partner, plays an important role in enhancing efficiency in the area of consumables.

Group proprietary product brands

Over the years, the B&B TOOLS Group's Product Companies have developed an increasingly strong portfolio of proprietary product brands in selected areas. Proprietary product brands are normally developed exclusively in areas with "available brand positions" in the market. In 2009/2010, proprietary product brands accounted for approximately 45 percent of the Product Companies' combined sales.

The Group's Product Companies also work with a number of strong "concept brands" in specific areas of expertise, such as Skydda in the area of personal protection.

ESSVE® Luna LIMIT GUIDE® The right gloves TENGTOOLS® Grunda
CRESTO® Fall Protection Solutions ZEKLER® PROTECTIVE EYEWEAR GIGANT® L.Brador WORKWEAR DESIGNED TO WORK FireSeal® ferax™

Increased opportunities when services are linked with products

B&B TOOLS is active in the market for industrial consumables, industrial components and related services, with most of its operations conducted in Sweden, Norway and Finland.

The total market for industrial consumables and industrial components in Sweden, Norway and Finland is valued at approximately SEK 40 to 45 billion. The term industrial consumables encompasses such products as tools, machines, protection equipment, fastening elements and workplace equipment. Industrial components include the areas of bearings, sealing, transmission and automation. Related services pertain to logistics solutions, inventory optimisation and more efficient maintenance planning.

B&B TOOLS is the leading supplier in this market. Growth of the market is closely related to trends in industrial production and the number of employees in the industry. Industrial production, in turn, is largely linked to the performance of major export companies. Accordingly, demand declined in 2009/2010 as a result of the prevailing recession. In the long term, there exists considerable potential to develop the market by linking existing and new services with the products offered.

Market consolidation

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 and B&B TOOLS is taking an active role in this consolidation. The approximately 100 acquisitions conducted by the Group in recent years were intended to establish a clear position in this fragmented market. In its current phase, the Group is focusing on capitalising on the positions it has captured and gradually bringing together these 100 operations into one. While the potential to enhance efficiency and develop the offering is vast, the challenges involved are also extensive.

Market trends

The industrial sector continues to strive to enhance efficiency in all subareas, including maintenance, repairs and operations. An increasing number of companies are realising the potential generated by optimising their consumables supply in their MRO processes. The market survey of economic decision-makers in the Nordic industrial sector conducted by TOOLS in 2009/2010 clearly showed that the recession is a driving force for changes in purchasing behaviour as companies aim to cut their costs for consumables.

As a consequence of this, industrial companies are seeking to reduce their number of suppliers and transfer greater responsibility to a few selected suppliers. Such a change normally benefits larger suppliers, which are able to provide a broader commitments.

Many major 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.

The industry for suppliers of industrial consumables and industrial components is mature and governed by tradition. Relatively speaking, however, the product-supply sector is more developed than the services area. This means that there is considerable potential for customers and suppliers to expand the services area, while maintaining a strong link to the product-supply sector. The combination of new services and traditional products could enable extensive efficiency enhancements.

Customers

The Group's customers mainly include companies in the industrial and construction sectors. Of B&B TOOLS' total sales approximately 65 percent is to the industrial sector – primarily via TOOLS, the Group's own market channel – and approximately 20 percent to the construction sector – mainly through cooperation partners such as construction materials reseller chains. Other industries, including the do-it-youself market, account for approximately 15 percent.

While the development of new offerings and products normally aims at fulfilling the needs of the industrial sector, much of the Group's product range is also suitable for other customer groups, such as the construction industry and craftsmen. These customer groups are cultivated through the Group's own market channels and different cooperation partnerships, for example, with various construction materials reseller chains, which represent a key sales channel for B&B TOOLS. Thanks to the Group's high level of expertise and broad product range, it is usually relatively easy for B&B TOOLS to develop competitive offerings for new customer groups.

Competition

The Group faces competition from a variety of players in Sweden, Norway and Finland 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 proprietary reseller businesses in a specific country or region. 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.
- Niche players that specialise in smaller product areas and that 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.
- 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.
- Local resellers that focus on the industrial sector in their local area. Their key competitive tools are their proximity to customers and their accessibility.

The industrial sector has the potential to earn billions

Companies are striving to reduce their costs for industrial consumables and industrial components. This trend has become more prevalent as a result of the recession. When searching for savings, it is important to look at the overall picture to identify any factors that may result in costs. After all, 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 – all at the same time! This makes it possible for the industrial sector in the Nordic region to earn billions."

Operations

B&B TOOLS is the largest supplier of industrial consumables, industrial components and related services to Nordic industry. Based on customer needs, the Group develops comprehensive solutions involving customised products and services and efficient logistics and information systems. The Group currently supplies consumables to a majority of the industrial companies in the Nordic region.

The Group’s operations are presented on pages 16–25

Comprehensive offerings that strengthen industrial customers

The B&B TOOLS Group

Group in figures	2009/2010	2008/2009
Revenue, MSEK	7,648	9,325
Operating profit, MSEK	261	511
Profit before taxes, MSEK	193	403
Net profit for the year, MSEK	134	291
Average number of employees	2,980	3,333

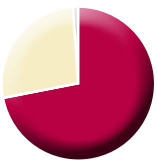
SALES BY CUSTOMER SEGMENT

- Industrial sector, 64%
- Construction sector, 21%
- DIY (Do-it-yourself)/Private market, 5%
- Other industries, 10%

SALES BY GEOGRAPHIC MARKET

- Sweden, 49%
- Norway, 30%
- Finland, 12%
- Other, 9%

THE PRODUCT COMPANIES' PURCHASING BY GEOGRAPHIC AREA



- Europe, 72%
- Asia, 27%
- USA, 1%

Solutions

Solutions' share of the Group

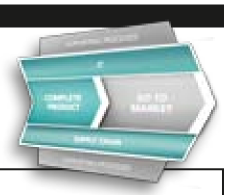
Solutions in figures	2009/2010	2008/2009
Revenue, MSEK	3,630	4,298
Operating profit, MSEK	179	314
Operating margin, %	4.9	7.3
Average number of employees	1,099	1,258

Markets

Markets' share of the Group

Markets in figures	2009/2010	2008/2009
Revenue, MSEK	5,111	6,254
Operating profit, MSEK	80	214
Operating margin, %	1.6	3.4
Average number of employees	1,844	2,039

For more information about Solutions, refer to pages 20–21



Solutions comprises the Group's Product Companies and the Group-wide IT, Supply Chain, Complete Product and Central purchasing functions.

Product Companies	Luna (A B&B TOOLS COMPANY)	SKYDDA (A B&B TOOLS COMPANY)	ESSVE (A B&B TOOLS COMPANY)	Grunda (A B&B TOOLS COMPANY)	GIGANT (A B&B TOOLS COMPANY)
Revenue, MSEK	1,000	955	777	513	333
Average number of employees	266	137	147	40	83
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 products 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

For more information about Markets, refer to pages 22–23

TOOLS (including TOOLS Momentum) is the Group's market channel for industrial consumables and industrial components for Nordic industry.

TOOLS	Sweden	Norway	Finland	Total
Revenue, MSEK (approx.)	2,500	2,200	800	5,500
of which, Market Companies, %	78%	68%	100%	77%
Number of branches	89	61	29	179
of which, Market Companies, No	74	31	29	134
Number of regions	5	4	4	13
Average number of employees (approx.)	950	650	250	1,850
of which, Market Companies, %	79%	59%	100%	75%

TOOLS momentum	Sweden	Norway	Finland	Total
Revenue, MSEK	707	68	32	807
Number of branches	26	1	1	28
Average number of employees	246	12	12	270

Products and services to meet industrial customers' needs

TOOLS offers a complete range of consumables for service and maintenance, including: • Tools • Machinery • Grinding, cutting and welding equipment • Screws, bolts and other fastening elements • Storage solutions and ergonomic workplace solutions • Cutting fluids, adhesives, joint seals and other chemicals

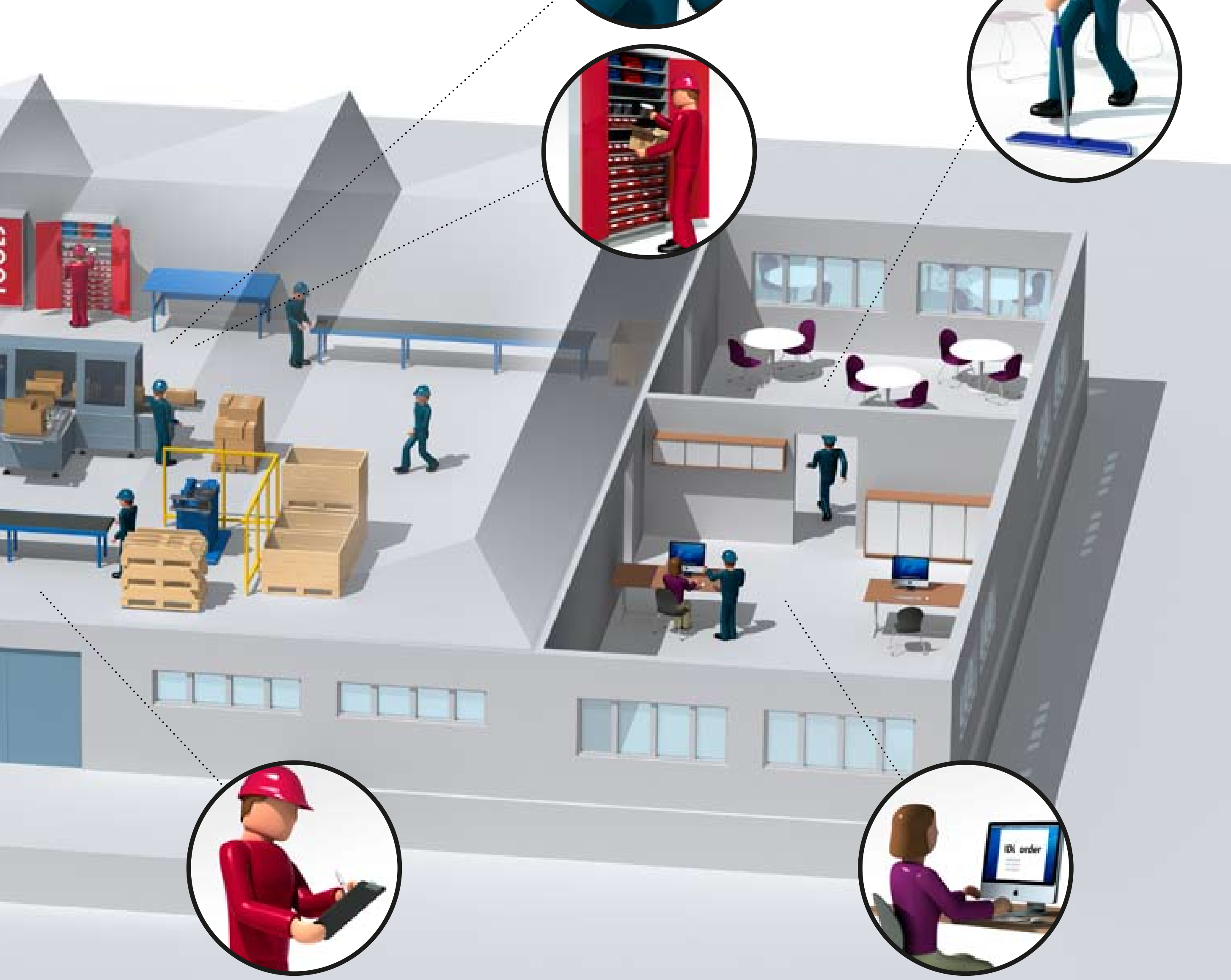
TOOLS Momentum supplies customers with components, spare parts and related services that contribute to a high utilisation rate in their production operations. The offering includes: • Bearings • Automation • Transmission • Seals • Lubricants and lubrication equipment • Electromechanical service of engines and gears • Related services in the areas of: product range, logistics, plants, administration and competence

With sales and service operations in approximately 200 locations in the Nordic region, TOOLS and TOOLS Momentum offer customers assistance from a large number of service-minded employees, rapid access to products and extensive know-how from leading manufacturers and brands. By providing efficient logistics solutions, TOOLS and TOOLS Momentum seek to ensure that the right products are available at the right time and in the right place. For example, TOOLS Momentum offers a unique logistics concept for industrial components known as Trouble-Free Supply (TFS). TFS is based on a thorough analysis of the customer's requirements for articles, which are then coordinated with TOOLS Momentum's inventory management services. TFS enables the customer to obtain the right lead time for its articles, resulting in increased machinery availability and optimised inventory management of industrial components.

The following illustration shows examples of products and services that the B&B TOOLS Group currently offers to its industrial customers in the Nordic region. For more information about the Group's offering to the Nordic industrial sector, please visit www.tools.se and www.toolsmomentum.se.

TOOLS supplies industrial workers with a complete range of tools and consumables. TOOLS works continuously to ensure that access to articles is adapted to workers' needs by, for example, replenishing local storage solutions. TOOLS' product offerings include: • Personal protection equipment (hand/eye/ear/head/body) • Electrical and compressed air tools and other assembly tools • Lifting and transport solutions

TOOLS ensures that the customer is able to maintain its industrial properties by providing: • Cleaning products • Cleaning equipment and air cleaners • Paper towels and rags • Fittings, security solutions and other consumables



TOOLS offers a number of services, often in cooperation with the Group's Product Companies, including safety inspections to prevent work-related injuries, ergonomic and efficiency reviews of the workplace, evaluations of logistics solutions and various types of training.

TOOLS aims to reduce the customer's total cost by adopting a comprehensive approach, thereby cutting down on unnecessary administrative work with respect to managing suppliers, identifying optimal logistics solutions and the efficient sourcing of expertise and know-how.

Solutions creates comprehensive solutions through strong offerings, efficient purchasing and cutting-edge IT and logistics

The Solutions operating area is responsible for gradually and increasingly providing the Group's proprietary sales channels with industrial consumables and related services. Solutions also supplies external, non-competing channels and businesses with selected products and services in Solutions' total offering. Solutions' services include efficient systems for logistics and information.

Solutions comprises the Group's Product Companies and separate functions for Purchasing, Supply Chain, IT and conceptual development. The Product Companies offer specialist expertise in various product and application areas. The companies have established long-standing relationships with world-leading manufacturers, whose products represent an important component in the Group's offering. The Product Companies are also responsible for gradually developing and refining the Group's proprietary product brands.

Complete solutions for the industrial sector

The five Product Companies focus on developing and offering complete solutions for a variety of industrial needs. The Product Companies aim to provide:

- *The right products and services*, which requires knowledge about markets, suppliers, products and applications,
- *at the right time*, which requires first-rate IT and logistics systems,
- *with the right application instructions*, which requires an understanding of the customer's situation,
- *and with the right product information*, which places significant requirements on IT solutions and data structures,
- *on competitive terms*, which demands an understanding of profitability and efficiency.

The product range is primarily targeted toward industrial customers, but many of the Group's products and services are also suitable for 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 reseller chains as Interpares, Optimera and Byggmakker, as well as with other external market channels. The Group's own TOOLS market channel accounts for approximately 40 percent of Solutions' total sales.

Coordinated purchasing

To increase the purchasing strength and efficiency, the Group's purchasing operations are gradually being coordinated. Most of the Group's purchasing is conducted in Europe, but a growing share is being carried out in Asia. Solutions currently has approximately 40 employees in China (Shanghai) and Taiwan (Taichung), whose work mainly 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 carrying out quality control in cooperation with suppliers, which also involves dealing with social responsibility issues and other matters.

Proprietary product brands

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

- In market niches with world-leading suppliers, B&B TOOLS seeks to cooperate with the top players.
- In selected product areas with "available brand positions", the Group gradually builds an increasingly stronger portfolio of proprietary product brands. B&B TOOLS' work with proprietary brands is successful and accounted for approximately 45 percent of Solutions' total sales in 2009/2010.

Growing exports

Solutions' largest market is Sweden, followed by Norway and Finland. The percentage of sales conducted outside the Nordic region continues to grow slightly, primarily in the markets in the Baltic States and Poland. Sales to other countries are increasingly being coordinated. Solutions currently conducts own operations in 12 countries and offer sales of proprietary product brands through external distributors in some additional 20 countries.

Logistics and IT

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 even more efficient solutions in the areas of logistics and IT. Accordingly, the Group is making continuous investments in both areas. The overall goal is to enhance the efficiency of all processes and to ensure that information on a large number of products and processes is available where and when it is needed. The Group's e-commerce portal, Toolstore, is one of the leading e-commerce portals in the Nordic region.

The Group's logistics and IT operations are being increasingly concentrated to generate economies of scale, while creating the right conditions for the next generation of solutions. The IT and logistics operations are an integrated and pivotal part of the Group's vision.

Logistics work is currently based in two hubs in Alingsås and Ulricehamn, where the Group's services in the areas of inventories/logistics, personnel, salary administration and IT are coordinated.

Efficient solutions create profitability

Peter Gustafsson
President, B&B TOOLS Solutions

We are in the middle of a journey from a fragmented grouping to a significantly more homogeneous and integrated Group with shared logistics and IT infrastructure and a uniform and standardised offering of products and services. Although the journey has only just begun in many areas, we took several important steps during the year.

In the area of IT, we introduced the new ERP-system in TOOLS Region South Sweden that will gradually be rolled out throughout the whole organisation. We also launched a Group-wide intranet to facilitate communication within the Group.

With regard to the supply chain, our future solution for automated store replenishment was deployed in TOOLS Region Central Sweden. This system will also be introduced gradually throughout the Group. We also introduced a Group-wide suborder function for incoming deliveries, which will enable us to better ensure that the deliveries we receive correspond with the volumes listed in our own order bookings.

The transition we began during the year – from a fragmented and unit-driven offering to a Group-wide approach – is a vital part of the development of our product and service offering. The first step was taken in the area of electric hand tools, where we have gone from some 15 different suppliers to two Group-wide suppliers, plus one supplier selected by TOOLS in each country based on the operation's specific needs. We will maintain roughly the same number of product varieties in our offering, but we will now increasingly offer the same brands and articles at all of our various sales sites, which will strengthen us as a whole.

Responsibility for work relating to our offerings in various product areas is divided among the Product Companies, which lead this work in cooperation with our colleagues in Markets. Changes similar to those being implemented in the area of electric hand tools now continue and will be applied for all product areas.

Accumulating larger volumes through fewer suppliers will establish the necessary conditions to completely change our purchasing terms, while providing us with greater opportunities to cooperate with our suppliers. This, in turn, will make it possible to present our customers with better offerings and give us a better chance to create more efficient logistics solutions.

During the current operating year, our focus will be on continuing to implement efficient joint solutions, but with increased strength and at a faster rate. I am confident that we will succeed in doing so given the employees and extensive expertise we have in Solutions' various areas of responsibility."

Markets establishes long-term customer relations through its local presence in the Nordic region

The Markets operating area is responsible for sales and marketing to the industrial sector. Markets is based on 13 regions, each of which is responsible for organising all of the customer sales activities and services in that particular region. The operating area's market cultivation is carried out through direct sales representatives with clearly defined customer responsibility and through the Group's 200 branches in various industrial locations throughout the Nordic region. The TOOLS and TOOLS Momentum brands are used in all of Markets' market communications.

The operations of the B&B TOOLS Group are based on highly decentralised business responsibility, which should always be executed in close proximity to customers and the market. Markets' operations are divided into 13 regions, each of which provides certain internal regional-level services for the region in question. There are also a number of joint central functions at both the national and operating area level, which handle matters pertaining to management and coordination.

COMPETENCE AND CUSTOMER KNOWLEDGE

Markets' main strengths are its proximity to customers, strong customer knowledge, expertise in providing solutions to meet customer needs, broad range of products and services and efficient supply solutions.

Markets is responsible for strengthening the Group's market position and organising its proprietary reseller operations (Market Companies). The reseller operations comprise two parts: TOOLS and TOOLS Momentum.

TOOLS – the largest player in industrial consumables

TOOLS specialises in industrial consumables and is currently the largest industrial reseller chain in the Nordic region. TOOLS is active in approximately 200 locations in Sweden, Norway and Finland and has approximately 1,900 employees. Its single largest market is Sweden, where TOOLS has a presence in some 100 locations.

TOOLS comprises both proprietary branches (Market Companies) and independent partner companies. All Market Companies and partner companies follow the TOOLS concept and work to secure a leading position in the MRO market.

One of the key challenges that Markets faces is coordinating the product range, which entails gradually introducing a joint core product range for all sales channels. This core range has been supplemented in the past with local solutions to meet specific customer needs, and this practice will continue in the future.

Proximity to customers – the key to prompt service

Number of branches in TOOLS and TOOLS Momentum

PROXIMITY IS CRUCIAL

Proximity to customers is a key competitive factor. Having a local presence enables relationships to be established and provides an in-depth understanding of customers' unique situations. The entire business is based on a local presence supported by central processes.

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
- Preventive maintenance of industrial plants

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

Johan Falk
President, B&B TOOLS Markets

Focus on increased sales

TOOLS distinguishes itself from most retail companies through the vast breadth and depth of its product range. We have considerable scope in terms of the number of items we offer, and many products require extensive expertise.

This means that proximity to customers is extremely important. We must be close to our customers geographically, but also in the sense that we understand the needs of the local industrial sector. If, for example, a customer is planning to clean out a soda recovery boiler in a paper mill, we must know what protection equipment will be required. Together with the specialist know-how of our colleagues in the Group's Product Companies, our employees at TOOLS' 200 branches have all the expertise required. In practice, the focus is often placed on coordination and putting the customer in contact with the right competence, regardless of where in the organisation this expertise lies.

By transitioning from 200 separate companies to a single company with greater uniformity and efficiency, we will become better equipped to meet the needs of our major customers, who conduct operations in multiple locations. Only a few other companies can compete with us on this point.

During the year, we closed a number of major transactions that would not have been possible as small, individual companies, including deals with Lantmännen, Moelven, Midroc and Color Line. In total, approximately SEK 1.4 billion of our revenue comes from agreements spanning large geographic areas.

As certain functions, such as IT and logistics, are transferred to Group-wide units, the local units will have greater opportunities to fully focus on sales. While certain areas of the product range will be scaled down, we will nevertheless retain our breadth and comprehensive approach for the sake of our customers.

The 2010/2011 operating year will largely be characterised by continued efforts to create a more efficient sales force with joint processes and methods in order to fulfill the customers' MRO needs."

Customer satisfaction – the only benchmark for the goal of being the best supplier of industrial consumables

The overall goal of B&B TOOLS' strategic ambitions is for its customers to be satisfied and to gradually become even more satisfied. Naturally, achieving this ambition requires extensive knowledge of the customer's situation and needs. Accordingly, proximity to customers, responsiveness, know-how and the ability to translate customer needs into solutions are crucial to all forms of development carried out in the Group.

The B&B TOOLS Group's customers are mainly industrial and construction companies. Of the Group's sales approximately 65 percent is to the industrial sector – primarily via TOOLS, the Group's own market channel – and approximately 20 percent to the construction sector – mainly through cooperation partners such as construction materials reseller chains. Other industries, including the do-it-yourself market, account for approximately 15 percent.

The level of customer satisfaction is determined by several different factors. Some key factors include:

- *Delivery reliability*. Receiving the right products at the right place and the right time is a basic customer requirement. High delivery reliability minimises disruptions to the customer's production processes.
- *A broad product range* provides the customer with greater options, while at the same time reducing the need to rely on several different suppliers.
- *Supplier competence* increases the likelihood that the customer will always be offered optimal solutions.
- *Proximity* is important both in terms of physical closeness and in the sense of having a sound understanding of a customer's operations. B&B TOOLS has sales sites in slightly more than 200 locations in the Nordic region and a large number of employees who maintain daily customer contacts.
- *Flexibility* is crucial, since unexpected situations occasionally arise and can require quick solutions. Maintaining a flexible approach is often made easier thanks to the physical proximity afforded by the Group's large network of stores.
- *Comprehensive solutions* are often the best way to meet complex needs, thereby enhancing the efficiency and profitability of customers' MRO processes.
- *Low costs*. Companies naturally strive to reduce their costs for industrial consumables and industrial components whenever possible. However, they are also increasingly realising that it is important to consider the total cost and to factor in such peripheral expenses as supplier contacts, orders, goods handling and invoicing, but above all to have a solid grasp of the alternative costs that arise if they select the wrong solution or a fault occurs in the solution delivered.

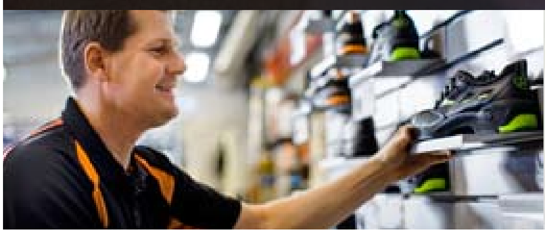
United for industrial efficiency

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 customers – please feel free to contact us to learn more about the solutions implemented for each customer to help them become more efficient.

Sustainable development and employees

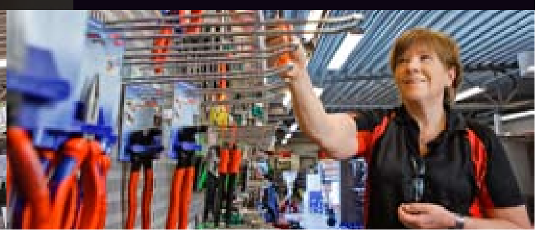
Sustainable development at the B&B TOOLS Group is focused on four principal areas – financial, environmental, social and ethical responsibility – and based on a long-term and extensive commitment in terms of the social impact rising from the Group's operations. Overall, this contributes to increased competitiveness with a focus on industrial customers' MRO needs.

The Group's sustainability and employee efforts are presented on pages 28–31



Corporate responsibility

Images from TOOLS Region Central Sweden in the spring of 2010, including images after the reopening of TOOLS' store in Hallsberg.



Corporate responsibility – an extensive commitment

B&B TOOLS operates, as are other companies, in a world that expects companies to be aware of their impact on society. The Group views corporate responsibility as natural, and participates in an open, objective and clear dialogue concerning its operations with all of its stakeholders.

The Group's responsibility is expansive and extends across four different areas:

- *Financial responsibility* – an orderly approach, accurate reporting and accounting, as well as internal and external auditing.
- *Environmental responsibility* – environmental awareness, lifecycle analysis, and sustainable resource usage (for such purposes as packaging solutions and transports).
- *Social responsibility* – satisfied employees, diversity and community involvement.
- *Ethical responsibility* – values, business ethics, Code of Conduct, human rights, follow-ups of production and product liability.

Every year, the Parent Company's Board of Directors establishes policies in such areas as the environment and social responsibility. Based on these policies, the Group's various entities prepare objectives and, when necessary, action plans. In the aim of controlling and following up operations, TOOLS' maintains a joint quality and environmental management system for the chain's members, where the majority of the entities are certified in accordance with ISO 9001 and ISO 14001. The Product Companies are also environment and quality certified.

Sustainability efforts in focus

The Group's sustainability efforts are characterised by the ongoing process where B&B TOOLS' operations are shifting from a fragmented structure resulting from a substantial number of acquisitions, to a more uniform and cohesive Group.

During the year, a working team, which includes a representative from Group management, was formed to head and systematise the sustainability efforts in the Group. In addition, a network of environmental, quality and workplace environment managers was created to facilitate contacts, skills transfers and experience exchanges.

As a first step, a review is being conducted of the sustainability work that is carried out in a decentralised manner in the various entities of the Group. This review will subsequently serve as the basis for changes geared toward more uniformity.

The Group also endeavours to increase awareness and involvement among employees concerning sustainability matters.

Stakeholder model

B&B TOOLS strives to create value for the Group's stakeholders through corporate responsibility and to conduct an open, objective and clear dialogue with these stakeholders.

Customers and resellers
Pursuing the best interests of new and existing customers by continuously developing and offering products and services that meet customers' expectations for function, quality, safety, environmental requirements and supply reliability.

Employees
Working in the best interests of new and existing employees by offering attractive and competitive terms and conditions, a healthy workplace environment and opportunities for skills and performance enhancement.

Manufacturers and suppliers
Achieving competitive purchasing terms and conditions based on the Group's strong market position, and ensuring effective purchasing and sales processes in the aim of creating close and long-term partnerships. Acting in a professional, honest and ethically correct manner in all of these pursuits on the basis of the Group's Code of Conduct.

Owners
Creating shareholder value by focusing on growth and strong and long-term profitability in the business, minimising major business risks through active and pertinent corporate governance and providing correct and pertinent information to the stock market.

Society and the environment
Conducting business as a responsible member of society, acting in accordance with the applicable laws in the countries in which B&B TOOLS maintains a presence, safeguarding health and safety, respecting human rights and taking responsibility for improving the environment in the aim of achieving sustainable development.

Environment

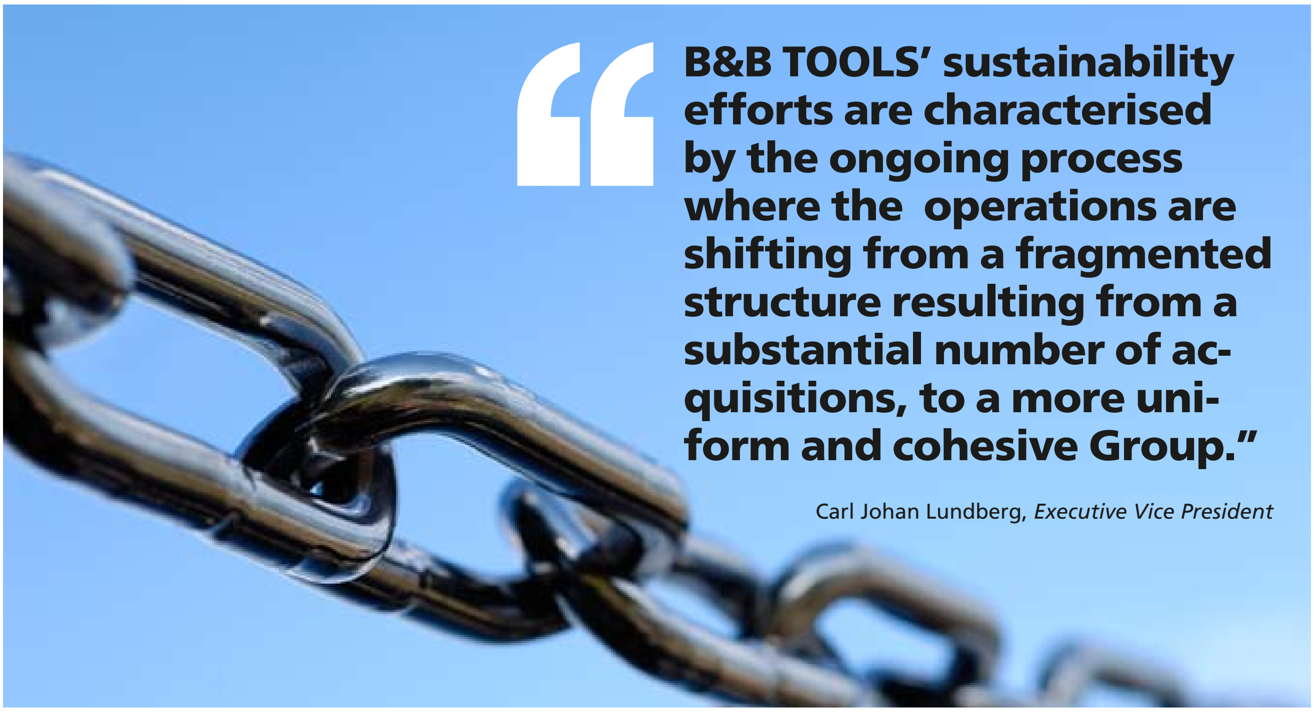
The Group's environmental impact primarily comprises transports, energy consumption and packaging material. The environmental impact shall be reduced to the extent technically possible, reasonable in terms of business economics and environmentally motivated.

In transports, the Group aims to further reduce its environmental impact through better planning and coordination. A specific example of this is the planned establishment of consolidation hubs in a number of harbours in Asia. The consolidation hubs will enable the containers being sent from China and other Asian countries to the central warehouses in Sweden to be more optimally filled, which will result in fewer containers being sent and thus reducing the environmental impact.

Value base and ethics code

B&B TOOLS' Code of Conduct pertains to all employees and emphasises the importance of acting in an ethically correct manner and respecting human rights. The Group's Code of Conduct also imposes such requirements on suppliers as demonstrating that they are operating within the framework of the laws of each individual country and that they fulfil the intentions of the Code of Conduct.

At the end of 2009/2010, a majority of the suppliers, primarily in Asia, had confirmed in writing that they are in compliance with the Group's Code of Conduct. The Group also conducts "factory audits," where plants are inspected on site. The inspections focus on the areas of quality, the environment, social standards, workplace environment and ethics. This work simultaneously reinforces B&B TOOLS' partnerships with its suppliers.



"B&B TOOLS' sustainability efforts are characterised by the ongoing process where the operations are shifting from a fragmented structure resulting from a substantial number of acquisitions, to a more uniform and cohesive Group."

Carl Johan Lundberg, *Executive Vice President*

Competence and leadership in focus

The basis for the development of the Group's employees and managers is in part internal challenges, such as the development of the business operations and the Group's ambitions as an employer, and in part external challenges such as the general trend in the business community as a whole. One primary objective is for B&B TOOLS to be perceived as an attractive employer that supports and promotes the development of its employees in accordance with its vision – First in MRO.

B&B TOOLS currently works with four principal areas in Human Resources (HR): Attractive terms and conditions; Effective staffing: Performance and competence and Shared culture. Practical work is characterised by increased coordination, where Group-wide objectives, guidelines and development initiatives are gaining in significance in the aim of strengthening the Group's strategic development.

Attractive terms and conditions – ensure competitiveness

The goal is to be an employer that can retain and recruit the best employees in the industry, which entails offering attractive and competitive terms and conditions. In early 2010, a survey was conducted of employees' perception of B&B TOOLS as an employer, which indicated that a significant percentage of employees would recommend the Group as an employer to their friends. An extensive program was also implemented to further strengthen the workplace-environment process.

Efficient staffing – joint concepts

Staffing involves ensuring that new employees quickly find their place in the organisation, as well as facilitating internal mobility. Among other measures, a joint introduction package was developed to improve the orientation provided to new employees when they join B&B TOOLS. Staffing processes are currently to a large extent common for the Group and conducted in a professional manner. During the operating year, internal mobility increased as result of new working methods to promote the right person in the right place and increased opportunities for career development.

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. In this area, the implementation of the Group's model for performance development, "The Performance wheel," was the subject of focus during the operating year. Management training has been given to some 100 managers in the areas of establishing goals, providing feedback and recognition and improving performance and competence. In addition to these training courses, various information initiatives have been geared toward employees.

Shared culture – clarifying the strategy: Act One Company

The shift toward MRO requires a joint corporate culture, in which the organisation and employees share a common approach to such considerations as values. These values are part of the employee development talks between managers and employees. A natural element of corporate culture is the Group's joint intranet, InSight, which was launched in the spring of 2009. The intranet contributes to expanding cooperation, developing skills and strengthening the "we feeling" throughout the Group.

In early 2010, a survey was conducted among all of the Group's employees in Sweden, Norway and Finland in the aim of measuring how far B&B TOOLS had progressed in the Group's transition to a shared culture. A significant percentage of employees responded to the survey, which in and of itself confirms the major commitment to the matter. The survey shows a predominantly positive view of B&B TOOLS' performance and the Group's companies as employers, but also indicates a number of development areas. Based on the survey, a number of actions in such areas as communications and HR will be implemented in 2010/2011.

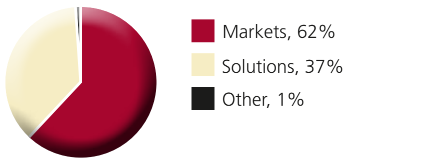
INCREASED REQUIREMENTS ON LEADERSHIP

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. Information, support and training initiatives were implemented in the past few years to clarify and strengthen formal leadership in various situations, such as labour rights and collective agreements in the event of staff layoffs and workplace environment matters.

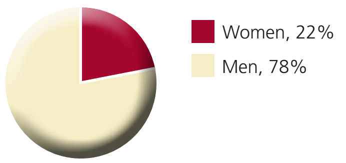
Due to the considerable decline in demand for industrial consumables in the Nordic industrial sector in the past years, a total of more than 550 employees net have been laid off or left the Group through natural attrition since September 2008. This corresponds to approximately 16 percent of the total number of employees in the B&B TOOLS Group. The goal has always been to implement personnel reductions in a manner that ensures that the individuals who have left the Group and the other employees maintain a positive perception of B&B TOOLS as an employer. Clear communication, rapid action and quality have been the guiding principles during this work.

EMPLOYEES IN THE B&B TOOLS GROUP

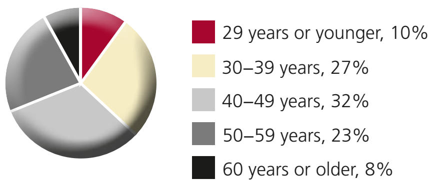
Share of Group's employees



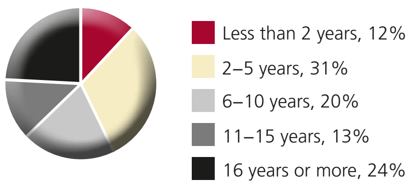
Distribution by gender



Distribution by age



Length of employment



All change comes from within

Also in Human Resources we focus on shifting from a fragmented structure that resulted from the significant number of acquisitions to a coordinated entity with a shared culture. This involves such measures as treating employees in a more similar way, ensuring that our managers work in a more uniform manner and promoting change and skills development.

Karin Beijer
Vice President – Human Resources, B&B TOOLS

The major initiative of the year was the performance advancement in which some 100 managers received training in how to achieve well-functioning employee development talks, pursuant to The Performance Wheel model, which is based on establishing goals, measuring and providing feedback, giving recognition and making improvements.

A key step during the year was also the launch of a joint intranet for the entire Group. An element of this is a managers' portal with assistance and information regarding all HR processes, under the headers: "Starting at B&B TOOLS," which includes recruitment, introduction and employment agreements; "Working at B&B TOOLS," which includes all aspects regulated by collective agreements, performance and skills development, workplace environment, equality and salaries and benefits; as well as "Leaving B&B TOOLS," which involves terminating employment and retirement.

For a number of years, we have employed a long-term approach in the workplace environment area, in the products that we deliver to customer and in our own operations. During the year, we took another step in this area and improved our process for workplace environment efforts.

One of the Group's largest assets by far is employee know-how. Accordingly, it is naturally important for us to continuously maintain and strengthen this competence. Our skills development primarily consists of two components. It involves sales expertise, meaning customer relations, follow-ups and having a systematic approach. The second component is the offering expertise, or knowledge of our products and services.

During sales training, we often employ the assistance of external instructors, while training pertaining to the offering is mainly managed internally, through such measures as having Product Company employees train colleagues at the reseller level. We place a great deal of emphasis in ensuring that the considerable competence in various areas that is available in different parts of the Group is transferred to other parts. Learning from colleagues in practical situations is often a highly effective teaching method that enables us to minimise the time required for classroom training.

During the year, we conducted an employee survey that generated a considerable number of positive results. Among other indications, it showed that employees are proud of their own work and are more than willing to recommend B&B TOOLS as an employer to their friends and acquaintances. The goal is for the employee survey to be an annual process allowing us to regularly capture views from employees and to be able to identify areas in which improvements are needed."

Financial statements and Corporate Governance Report

Highlights 2009/2010

- The year was characterised by weak demand for industrial consumables.
- Powerful measures taken to reduce costs in the Group.
- Work to reduce funds tied up in working capital yielded results.
- Revenue declined to MSEK 7,648 (9,325).
- Operating profit amounted to MSEK 261 (511).
- Profit after net financial items totalled MSEK 193 (403).
- Profit after taxes amounted to MSEK 134 (291).
- Earnings per share totalled SEK 4.80 (10.20).
- The return on equity was 8 percent.
- The proposed dividend is unchanged at SEK 2.50 per share.
- Sales and customer service remain top priorities.

Financial statements and Corporate Governance Report on pages 34–86

Administration Report – with Corporate Governance Report

1 April 2009 – 31 March 2010

The Board of Directors and President & CEO of B&B TOOLS AB (publ), corporate registration number 550634-8590, hereby submit the Annual Report and consolidated financial statements for the 1 April 2009 – 31 March 2010 financial year. The following corporate governance report, income statements and balance sheets, statement of comprehensive income, statement of changes in equity, cash-flow statements and notes constitute an integrated part of the Annual Report and have been reviewed by the Company's auditors.

PROFIT AND REVENUE

Profit

Operating profit amounted to MSEK 261 (511) and was charged with depreciation and impairment losses of tangible non-current assets amounting to MSEK –57 (–57) and amortisation and impairment losses of intangible non-current assets amounting to MSEK –12 (–7).

The operating margin for the year declined by 2.1 percentage points to 3.4 percent (5.5).

Profit after net financial items amounted to MSEK 193 (403). Net financial items amounted to MSEK –68 (–108). The profit margin declined by 1.8 percentage points to 2.5 percent (4.3).

Exchange-rate translation effects had a net impact of MSEK +6 (+14) on recognised operating profit for the year.

Profit after taxes totalled MSEK 134 (291). Earnings per share amounted to SEK 4.80 (10.20).

Revenue

Revenue declined 18 percent to MSEK 7,648 (9,325). Acquisitions where the underlying transaction closed during the 2008/2009 financial year had a positive impact on revenue of MSEK +66 during the 2009/2010 financial year. Exchange-rate translation effects had a positive impact of MSEK +81 (+165) on revenue. Comparable figures for the preceding year include revenue pertaining to businesses sold amounting to MSEK 78.

Revenue for comparable units declined by 19 percent during the financial year. During the fourth quarter (January-March), revenue for comparable units declined by 8 percent.

OPERATIONS

The 2009/2010 financial year was characterised by the recession in the Nordic industrial sector and continued concern in the financial market. Demand for industrial consumables remained weak during the year, although it stabilised somewhat toward year-end. During the year, the Group's businesses worked intensely on actions aimed at adapting costs in relation to the decline in revenue. The cost-reduction programme was implemented according to plan in all material respects.

During the financial year, the Group maintained an extra focus on working capital in the aim of restoring the ratio of working capital and revenue to approximately 20 percent and thus reducing capital. During the year, working capital declined by MSEK 341.

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 a decline in demand during the year in all geographic markets. Markets' revenue for comparable units, measured in local currency, declined a total of 20 percent during the financial year and 9 percent during the fourth quarter. The rate of decline in revenue continued to slow down in Sweden and Finland, as well as for TOOLS Momentum, while the demand trend in Norway continued to deteriorate.

Activities were implemented according to plan to adjust expenses during the financial year. In certain businesses, work continues to adapt expenses to the lower revenue level.

B&B TOOLS Solutions

Solutions coordinates the functions that work with the operation and development of the Group's solutions in the MRO area. Solutions comprises the Group's Product Companies and the Group-wide IT, Supply Chain, Complete Product and central purchasing functions.

During the year, Solutions was adversely impacted by the continued weak demand for industrial consumables from the Group's own market channels and external channels. Solutions' revenue, measured in local currency, declined by 17 percent during the financial year and by 6 percent during the fourth quarter.

Work on implementing cost-adjustment measures in Solutions have been implemented according to plan during the year and, for the most part, is now completed.

Group-wide and eliminations

Parent Company

The Parent Company's revenue amounted to MSEK 57 (56) and profit after net financial items to MSEK 142 (364). This profit includes intra-Group dividends and similar items totalling MSEK 142 (351).

Eliminations

Eliminations for intra-Group inventory gains had an adverse effect of MSEK –4 (–19) on profit during the year.

CORPORATE ACQUISITIONS

During the financial year, no new corporate acquisitions were made.

In March 2010, the minority participation of the shares (49 percent) in the subsidiary BBIH Nord Norge AS was acquired, thus making it a wholly owned subsidiary.

PROFITABILITY

The return on consolidated capital employed for the financial year was 7 percent and the return on equity was 8 percent. For the preceding year, the return on capital employed was 14 percent and the return on equity was 17 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 14 percent (23) for the financial year.

CASH FLOW, CAPITAL EXPENDITURES AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year amounted to MSEK 27 and includes non-recurring items totalling MSEK 52 that were charged against the reserve for resolved non-recurring costs established on 31 March 2009. Funds tied up in working capital decreased by MSEK 341. During the year, the Group's inventories were reduced by MSEK 282. Accordingly, cash flow from operating activities for the year totalled MSEK 368. Cash flow was affected in a net amount of MSEK –37 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 –43, net, on cash flow (pertaining to the settlement of purchase considerations in accordance with acquisition agreements concluded at an earlier date).

The Group's financial net loan liability at year-end totalled MSEK 1,734 (1,959). Interest-bearing liabilities at year-end amounted to MSEK 1,952, including pension commitments totalling MSEK 370. Liabilities to credit institutions totalled MSEK 1,582. Maturity periods and interest rates are presented in Note 23 and Note 24 on pages 72–73.

The equity/assets ratio at financial year-end was 32 percent, compared with 29 percent at the beginning of the year.

Equity per share amounted to SEK 63.05 at the end of the financial year, compared with SEK 62.35 at the beginning of the year. Calculated on the basis of the number of shares after dilution, equity per share totalled SEK 63.00 at financial year-end, compared with SEK 62.10 at the beginning of the year.

The Swedish tax rate, which also applies to the Parent Company, is 26.3 percent. The Group's normalised tax rate given the current geographic mix is approximately 28 percent.

EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 2,844, compared with 3,183 at the beginning of the year.

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 pages 28–29.

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 and construction sectors 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 2009/2010 included 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, 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 49–50 and Note 31 on pages 80–82.

FUTURE DEVELOPMENT

The progress of the market in 2010/2011 will be closely monitored by the Group's businesses. During the year, focus will remain on sales and customer service. The Group will continue to practice moderation in terms of implementing major operational changes.

In line with B&B TOOLS' long-term development goals, the Group intends to continue generating economies of scale with regard to market cultivation, 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. 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.

DIVIDEND

The Board proposes a dividend of SEK 2.50 (2.50) per share. The proposed dividend corresponds to 52 percent of the Group's earnings per share for the 2009/2010 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 1.3 percentage points as of 31 March 2010. 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.

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 2010.

Corporate Governance Report 2009/2010

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 2009/2010 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 2010 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 and nine-month interim reports. These deviations from the Code are reported in further detail in each of the sections below. The Corporate Governance Report constitutes a part of the formal annual accounts and has been 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 ("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 appointment of directors and amendments to the Articles of Association occur in accordance with the Swedish Companies Act. 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.

SHARE STRUCTURE, SHAREHOLDERS AND THE REPURCHASE OF OWN SHARES

As of 31 March 2010, B&B TOOLS AB had approximately 4,450 shareholders. The share capital amounted to approximately MSEK 57. The distribution by classes of shares was as follows:

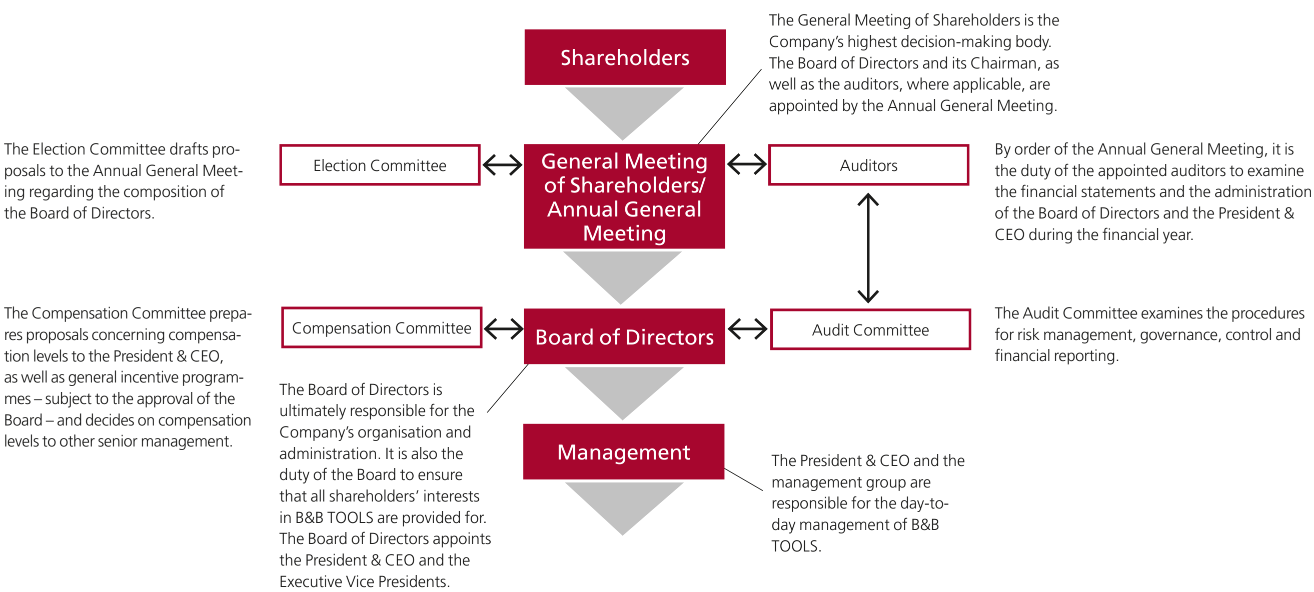
Classes of shares	As of 31 March 2010
Class A shares	1,082,124
Class B shares	27,354,292
Total number of shares before repurchasing	**28,436,416**
Less: Repurchased class B shares	–380,500
Total number of shares after repurchasing	**28,055,916**

All shares carry equal rights to B&B TOOLS AB's assets and earnings. The Company's class A shares entitle the holder to ten votes and each class B share entitles the holder to one vote. The Articles of Association contain no limitations concerning how many votes each shareholder may cast at the General Meeting of Shareholders. For repurchased shares held in treasury, all rights are waived until such time as the shares are 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, listed companies are required to submit information concerning certain circumstances that may affect the opportunity 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.

On 31 March 2010, Tom Hedelius and Anders Börjesson each held 12.7 percent of the total number of votes in the Company. Further information regarding B&B TOOLS' share and ownership structure is presented in the section on the B&B TOOLS' share on pages 90–91.

CORPORATE GOVERNANCE STRUCTURE AT B&B TOOLS



Repurchase of own shares

The Annual General Meeting of B&B TOOLS AB held on 27 August 2009 resolved to authorise the Board of Directors during the period until the Annual General Meeting to be held on 25 August 2010 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 the 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. No shares were repurchased during the 2009/2010 financial year.

As of 31 March 2009, the number of class B shares held in treasury totalled 538,500. During the year, a total of 158,000 class B treasury shares were conveyed in conjunction with the redemption of personnel options. Accordingly, at the end of the year on 31 March 2010, the holding of class B treasury shares amounted to 380,500, corresponding to 1.3 percent of the total number of shares and 1.0 percent of the total number of votes. The quotient value of this holding amounted to SEK 761,000 on 31 March 2010.

After the end of the financial year, in April, May and June 2010, an additional 37,500 class B treasury shares were conveyed in conjunction with the redemption of personnel options, after which the holding of class B treasury shares amounts to 343,000.

Of the repurchased class B shares, 3,000 are reserved to secure the Company's obligations under the personnel options programme issued by B&B TOOLS AB in April 2002, which is valid until 30 June 2010. The Company's acquisition cost per share to secure this personnel options programme was 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, which is valid until 30 September 2011. The Company's acquisition cost per share to secure this call options programme was 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, which is valid until 30 September 2012. The Company's acquisition cost per share to secure this call options programme was SEK 206.30. The redemption price per call option in this programme is SEK 228.00.

Proposal regarding the renewed authorisation for the repurchase of own shares

The Board of Directors of B&B TOOLS AB has decided to propose that the Annual General Meeting to be held on 25 August 2010 renew the Board's authorisation to repurchase own shares in accordance with the terms and conditions established at the Annual General Meeting in August 2009.

ANNUAL GENERAL MEETING 2009

B&B TOOLS AB's Annual General Meeting was held in Stockholm on 27 August 2009. 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 137 shareholders participated in the Meeting, representing a combined total of 57.5 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 AB and on the Company's website two weeks after the meeting. The minutes are also available in English.

ELECTION COMMITTEE

The Annual General Meeting in August 2009 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2010 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 2010 Annual General Meeting regarding the 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 2010 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 Per Trygg (representative of SEB Funds). The other members of the Committee appointed Tom Hedelius to serve as Chairman of the Election Committee. Per Trygg 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 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 2010 Annual General Meeting. The Election Committee will present and motivate its proposal for 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 2009/2010

The Board of Directors of B&B TOOLS AB currently comprises five regular directors elected by the Annual General Meeting on 27 August 2009, including the President & CEO, and two employee representatives.

Directors of the Board

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 on page 38.

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 include 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 include 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 seven occasions during the 2009/2010 operating year, four of which were regular meetings and three extraordinary meetings. The major issues considered by the Board during the year included the planning and monitoring of various economic measures taken within the Group's operations.

Refer to the table below 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 2009 (refer to Note 5 on page 61).

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 one occasion during the 2009/2010 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 2009/2010 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.

SUMMARY OF BOARD COMPOSITION, ATTENDENCE, FEES AND DEPENDENCY CONDITIONS 2009/2010

					Number of meetings attended			Dependent relative to[1]	
Regular directors	Year of election	Position	Audit Committee	Compensation Committee	Board of Directors	Committees	Fee, SEK	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		All	All	225,000		
Anita Pineus	2004	Director	X		7 (8)	All	225,000		
Stefan Wigren	2000	Director		X	All	All		X	

[1] According to the definitions in the Swedish Code of Corporate Governance.

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 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 2009/2010 operating year and a description of the Company's incentive programmes are presented in Note 5 on pages 60–63.

AUDITORS

At the Annual General Meeting held in August 2007, KPMG AB was re-elected 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, who also serves as Chief Auditor in such listed companies as Holmen AB, Hufvudstaden AB, L E Lundbergföretagen AB, Modern Times Group MTG 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 28–31. B&B TOOLS' Code of Conduct is available in its entirety on the Company's website at www.bb.se.

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 25 August 2010 pass a resolution concerning the 2010/2011 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 2009 (refer to Note 5 on page 61). An evaluation of the current long-term incentive programme for Group management that expires in 2010/2011 will be conducted prior to a decision on a new programme.

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.

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 financial control documents are gathered on its intranet 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 are conducted designed to ensure the uniform implementation and application of the rules and regulations. 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 corporate 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 reconciliations 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 internal control. Corporate Assurance also continuously conducts internal audits to assess the efficiency of internal controls in various parts of the Group, and to follow up the implementation of the Group's policies and guidelines.

Quarterly review by the auditors

Neither B&B TOOLS' six-month report nor nine-month report for the 2009/2010 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.

Revenue and operating profit/loss

MSEK	Revenue 2009/ 2010	Revenue 2008/ 2009	Operating profit/loss 2009/ 2010	Operating profit/loss 2008/ 2009
Markets	5,111	6,254	80	214
Solutions	3,630	4,298	179	314
Group-wide	72	71	6	2
Eliminations	–1,165	–1,298	–4	–19
Total	**7,648**	**9,325**	**261**	**511**

Revenue – quarterly data	2009/2010				2008/2009			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Markets	1,243	1,345	1,184	1,339	1,379	1,599	1,511	1,765
Solutions	893	924	888	925	938	1,072	1,085	1,203
Group-wide	18	18	18	18	16	18	19	18
Eliminations	–312	–302	–260	–291	–291	–342	–332	–333
Total	**1,842**	**1,985**	**1,830**	**1,991**	**2,042**	**2,347**	**2,283**	**2,653**

Operating profit/loss – quarterly data	2009/2010				2008/2009			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Markets	2	30	25	23	–30	51	77	116
Solutions	54	47	50	28	56	60	95	103
Group-wide	9	0	–1	–2	0	2	–1	1
Eliminations	–3	3	–3	–1	–5	–3	–4	–7
Total	**62**	**80**	**71**	**48**	**21**	**110**	**167**	**213**

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

Income statement

MSEK	Note	2009/2010	2008/2009
Revenue	2, 4	7,648	9,325
Shares in profit/loss of associated companies	14	1	1
Other operating income	3	5	39
Total operating revenue		**7,654**	**9,365**
Goods for resale		–4,694	–5,744
Personnel costs		–1,667	–1,859
Depreciation, amortisation, impairment losses and reversal of impairment losses		–69	–64
Other operating expense		–963	–1,187
Total operating expense	4, 5, 6, 7, 8	**–7,393**	**–8,854**
Operating profit		**261**	**511**
Financial income		3	21
Financial expense		–71	–129
Net financial items	9	**–68**	**–108**
Profit after net financial items		**193**	**403**
Taxes	11	–59	–112
Net profit for the year		**134**	**291**
Of which attributable to:			
Parent Company shareholders		134	285
Minority interest		0	6
Earnings per share, SEK			
– before dilution	22	4.80	10.20
– after dilution	22	4.80	10.20
Proposed/resolved dividend per share, SEK		2.50	2.50

Statement of comprehensive income

MSEK	2009/2010	2008/2009
Net profit for the year	**134**	**291**
Other comprehensive income		
Translation differences	–59	89
Translation differences in minority interest	0	1
Effect of hedge accounting	11	–40
Taxes attributable to other comprehensive income	6	–7
Comprehensive income for the year	**92**	**334**
Of which attributable to:		
Parent Company shareholders	92	327
Minority interest	0	7

Balance sheet

MSEK	Note	31 March 2010	31 March 2009
ASSETS			
Non-current assets			
Intangible non-current assets	12	1,857	1,913
Tangible non-current assets	13	505	545
Participations in associated companies	14	9	8
Financial investments	16	3	4
Other long-term receivables	17	6	8
Deferred tax assets	11	106	126
Total non-current assets		**2,486**	**2,604**
Current assets			
Inventories	18	1,458	1,768
Tax assets		52	53
Accounts receivable	19	1,111	1,210
Prepaid expenses and accrued income	20	106	112
Other receivables	17	71	64
Cash and cash equivalents		209	209
Total current assets		**3,007**	**3,416**
Total assets	4, 29, 30, 31, 34	**5,493**	**6,020**
EQUITY AND LIABILITIES			
Equity	21		
Share capital		57	57
Other contributed capital		71	71
Reserves		10	52
Retained earnings, including net profit for the year		1,631	1,559
Equity attributable to Parent Company shareholders		**1,769**	**1,739**
Minority interest		**0**	**18**
Total equity		**1,769**	**1,757**
Non-current liabilities			
Non-current interest-bearing liabilities	23	1,368	1,374
Other non-current liabilities	27	3	57
Provisions for pensions	25	370	363
Other non-current provisions	26	14	23
Deferred tax liabilities	11	163	176
Total non-current liabilities		**1,918**	**1,993**
Current liabilities			
Current interest-bearing liabilities	23	214	442
Accounts payable		840	775
Tax liabilities		64	213
Other liabilities	27	210	255
Accrued expenses and deferred income	28	478	585
Total current liabilities		**1,806**	**2,270**
Total liabilities	4, 29, 30, 31, 34	**3,724**	**4,263**
Total equity and liabilities		**5,493**	**6,020**

Statement of changes in equity

	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the year	Total	Minority interest	Equity
Closing equity, 31 March 2008	**57**	**71**	**10**	**1,413**	**1,551**	**20**	**1,571**
Acquisition of minority interest						–9	**–9**
Comprehensive income for the year			42	285	**327**	7	**334**
Dividend				–139	**–139**		**–139**
Closing equity, 31 March 2009	**57**	**71**	**52**	**1,559**	**1,739**	**18**	**1,757**
Acquisition of minority interest						–18	**–18**
Comprehensive income for the year			–42	134	**92**	0	**92**
Dividend				–70	**–70**		**–70**
Sale of treasury shares upon redemption of personnel options				8	**8**		**8**
Closing equity, 31 March 2010	**57**	**71**	**10**	**1,631**	**1,769**	**0**	**1,769**

Cash-flow statement

MSEK	Note	2009/2010	2008/2009
Operating activities			
Profit after net financial items		193	403
Adjustments for non-cash items	38	38	184
Income taxes paid		–204	–125
Cash flow from operating activities before changes in working capital		**27**	**462**
Cash flow from changes in working capital			
Change in inventories		282	–30
Change in operating receivables		63	202
Change in operating liabilities		–4	–257
Changes in working capital		**341**	**–85**
Cash flow from operating activities		**368**	**377**
Investing activities			
Acquisition of intangible and tangible non-current assets		–42	–60
Sales of intangible and tangible non-current assets		5	12
Acquisition of subsidiaries/operating segments, net effect on liquidity	38	–46	–336
Sales of subsidiaries/operating segments, net effect on liquidity	38	3	48
Cash flow from investing activities		**–80**	**–336**
Cash flow before financing		**288**	**41**
Financing activities			
Conveyance of treasury shares upon redemption of personnel options		8	–
Borrowing		6	267
Repayment of loans		–227	–201
Dividend paid to Parent Company shareholders		–70	–139
Dividend paid to minority interest		0	0
Cash flow from financing activities		**–283**	**–73**
Cash flow for the year		**5**	**–32**
Cash and cash equivalents at the beginning of the year		209	226
Exchange-rate difference in cash and cash equivalents		–5	15
Cash and cash equivalents at year-end	38	**209**	**209**

Income statement

MSEK	Note	2009/2010	2008/2009
Revenue	2	57	56
Total operating revenue		**57**	**56**
Personnel costs		–41	–41
Depreciation, amortisation, impairment losses and reversal of impairment losses		–2	–1
Other operating expense		–22	–20
Total operating expense	5, 6, 8	**–65**	**–62**
Operating loss		**–8**	**–6**
Profit from net financial items:			
Profit from participations in Group companies	9	142	351
Profit from other securities and receivables recognised as non-current assets	9	56	161
Interest expense and similar profit/loss items	9	–48	–142
Profit after net financial items		**142**	**364**
Appropriations	10	8	–37
Profit before taxes		**150**	**327**
Taxes	11	–18	–53
Net profit for the year		**132**	**274**

Balance sheet

MSEK	Note	31 March 2010	31 March 2009
ASSETS			
Non-current assets			
Intangible non-current assets	12	3	3
Tangible non-current assets	13	4	4
Financial non-current assets			
Participations in Group companies	36	238	233
Receivables from Group companies	15	3,455	3,514
Other long-term receivables	17	0	1
Deferred tax assets	11	17	18
Total financial non-current assets		3,710	3,766
Total non-current assets		**3,717**	**3,773**
Current assets			
Current receivables			
Receivables from Group companies		84	237
Tax assets		8	–
Other receivables		1	2
Prepaid expenses and accrued income	20	3	3
Total current receivables		96	242
Cash and bank		117	51
Total current assets		**213**	**293**
Total assets	30	**3,930**	**4,066**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	21		
Restricted equity			
Share capital		57	57
Statutory reserve		86	86
Non-restricted equity			
Retained earnings		782	595
Net profit for the year		132	274
Total equity		**1,057**	**1,012**
Untaxed reserves	37	**206**	**214**
Provisions			
Provisions for pensions and similar commitments	25	53	54
Total provisions		**53**	**54**
Non-current liabilities			
Liabilities to credit institutions	24	1,300	1,300
Liabilities to Group companies		97	64
Other liabilities	27	28	31
Total non-current liabilities		**1,425**	**1,395**
Current liabilities			
Liabilities to credit institutions	24	194	419
Accounts payable		1	–
Liabilities to Group companies		978	902
Tax liabilities		–	50
Other liabilities		6	4
Accrued expenses and deferred income	28	10	16
Total current liabilities		**1,189**	**1,391**
Total equity, provisions and liabilities	30	**3,930**	**4,066**
Pledged assets and contingent liabilities			
Pledged assets	34	None	None
Contingent liabilities	34	274	258

Statement of recognised income and expenses

MSEK	2009/2010	2008/2009
Financial assets measured at fair value:		
Revaluations recognised directly against equity	3	–33
Group contributions paid	–39	–39
Taxes attributable to items recognised directly against equity	9	19
Change in net asset values recognised directly against equity, excluding transactions with the Company's owners	**–27**	**–53**
Net profit for the year	132	274
Total change in net asset values, excluding transactions with the Company's owners	**105**	**221**

See also Note 21

Cash-flow statement

MSEK	Note	2009/2010	2008/2009
Operating activities			
Profit after net financial items		142	364
Adjustments for non-cash items	38	–38	–176
Income taxes paid		–75	–42
Cash flow from operating activities before changes in working capital		**29**	**146**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		67	151
Change in operating receivables		0	0
Change in operating liabilities		–3	–4
Changes in working capital		**64**	**147**
Cash flow from operating activities		**93**	**293**
Investing activities			
Acquisition of intangible and tangible non-current assets		–2	–6
Sales of intangible and tangible non-current assets		0	–
Investments in/sales of subsidiaries		0	–
Cash flow from investing activities		**–2**	**–6**
Cash flow before financing		**91**	**287**
Financing activities			
Conveyance of treasury shares upon redemption of personnel options		6	–
Change in long-term receivables and liabilities to Group companies		69	–411
Borrowing		–	200
Repayment of loans		–204	–64
Dividend paid		–70	–139
Group contributions paid and received		174	178
Cash flow from financing activities		**–25**	**–236**
Cash flow for the year		**66**	**51**
Cash and cash equivalents at the beginning of the year		51	0
Cash and cash equivalents at year-end	38	**117**	**51**

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, whereby 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.

B&B TOOLS describes its risks from three perspectives: strategic risks associated with the industry/market in which the Group operates, operational risks related to how the Group conducts its business and financial risks linked to the types of financial 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 (for example, for 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 with a focus on internal efficiency throughout the value chain, which will be crucial success factors in the future.

Consolidation among customers

In the area of industrial consumables, the Group's customers comprise end users and resellers in the industrial and construction sectors, and to a certain extent, the do-it-yourself (DIY) sector/private market. Restructuring is in progress among resellers, during which 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

Dependency 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 penetrate 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, B&B TOOLS 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 of changes in raw-material prices.

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 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 a significant portion 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 operational management.

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 M&A 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, NOK and PLZ.

In an effort to reduce the Group's exposure to exchange-rate fluctuations, foreign exchange forward contracts are concluded for parts of the expected outflows and inflows for 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 are managed on market terms. Derivative 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 80–82.

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 during 2011 and 2012.

AMOUNTS IN MSEK UNLESS OTHERWISE SPECIFICALLY STATED

Revenue is recognised 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 recognised with a positive sign where the amount is a receivable and with a negative sign where it is a liability.

Accumulated depreciation and amortisation and accumulated impairment losses are recognised with a negative sign. The following applies to the Annual Report: 2004/2005 to 2009/2010 are prepared in accordance with International Financial Reporting Standards (IFRS) and 2001/2002 to 2003/2004 in accordance with previous Swedish Generally Accepted Accounting Policies (Swedish 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 interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application in the EU. Recommendation RFR 1.2 *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 34-86. The Annual Report and consolidated financial statements were approved for publication by the Board of Directors on 17 June 2010. 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 25 August 2010.

BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

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 statements 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 of financial assets available for sale.

Preparing the financial statements in accordance with IFRS requires that management make judgements and estimates, and make assumptions that affect the application of the 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.

Judgements made by the management when applying IFRS that have a significant effect on the financial statements and estimates made that can lead to substantial adjustments in the following year's financial statements are described in more detail in Note 40.

Events after the balance-sheet date refer to favourable and unfavourable events that occur between the balance-sheet date and the date in the beginning of the following financial year, when the financial statements are signed by the members of the Board of Directors and the President & CEO. 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 of the Group and the Parent Company 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 selling expenses.

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

AMENDED ACCOUNTING POLICIES

Below is a description of the amended accounting policies applied by the Group as of 1 April 2009. Other amendments to IFRS applicable as of 2009 have not had a material impact on the Group's financial reporting.

Presentation of financial statements

The Group has applied amended IAS 1 *Presentation of Financial Statements* since 1 April 2009. The amendment to this standard stipulates that revenue and expenses previously recognised directly in equity are now instead to be recognised in other comprehensive income, which is presented in a separate income statement report entitled "Statement of comprehensive income" and presented directly after the income statement. The Group has opted to use some new titles for the reports introduced in IAS 1: Statement of comprehensive income and Statement of changes in equity.

Comparative periods have been changed throughout the Annual Report to comply with the new presentation format. Since this amendment only affects the presentation format, no amounts pertaining to earnings per share or other items in the financial statements have been changed.

Information regarding operating segments

The Group has applied the new IFRS 8 *Operating Segments*, which replaces IAS 14 *Segment Reporting*, since 1 April 2009. IFRS 8 specifies that operating segments are to be divided and presented from a management perspective. The new policy is described among the accounting policies presented later in this note. In accordance with the stipulated transitional regulations, the standard has been applied by adjusting the data for the comparative year to the requirements specified in IFRS 8. Application of IFRS 8 has not resulted in any changes to the Group's division of segments, since the segments identified in accordance with IAS 14 match those followed up by Group management and the Board of Directors. The Group applies the same accounting policies for its operating segments as for its consolidated financial statements, meaning IFRS. Accordingly, none of the recognised amounts have been changed compared with previously recognised amounts.

Information regarding financial instruments

The amendments to IFRS 7 *Financial Instruments: Disclosures*, applicable as of 1 January 2009, will impact the Group's financial reporting starting with the 2009/2010 Annual Report. These amendments primarily stipulate new disclosure requirements pertaining to financial instruments measured at fair value in the statement of financial position. The amendments to IFRS 7 also entail changes to disclosures regarding liquidity risk.

Borrowing costs

The Group has applied amended IAS 23 *Borrowing Costs* since 1 April 2009. The amendment to this standard stipulates that the Group shall capitalise its borrowing costs as part of the cost of its qualified assets with a starting date of 1 April 2009 or later. In the past, borrowing costs were charged against earnings for the period to which they were attributable, rather than being capitalised. Although the amendment is to be applied prospectively, in accordance with the transitional regulations specified in IAS 23, it did not have any material impact on the Group's earnings or position during the year.

Customer loyalty programmes

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 discounts through earlier purchases. The interpretive statement has been applied since 1 April 2009 and stipulates that customer loyalty programmes are to be recognised as a reduction of income. The statement did not have any material effect on the Group's earnings or position during the year.

Other statements by the IFRIC that took effect in 2009/2010 have been observed in the preparation of the consolidated financial statements for 2009/2010. However, none of these statements had a material impact on the Group's earnings or position.

No new IFRS or interpretive statements were applied in advance.

NEW OR REVISED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new standards, amendments to standards and interpretive statements will come into effect as of the 2010/2011 financial year or later and have not been applied in the preparation of these financial statements.

Revised IFRS 3 *Business Combinations* and amended IAS 27 *Consolidated and Separate Financial Statements* include the following changes: the definition of a business has been changed, transaction expenses for business combinations are to be expensed, conditional purchase considerations are to be set at fair value on the acquisition date and the effects of the revaluation of liabilities relating to conditional purchase considerations are to be recognised as a revenue or cost in earnings for the year. Another change is that there will be two _ alternative methods for recognising minority interests and goodwill: 1) at fair value, meaning that goodwill is to be included in the minority interest, or 2) the minority interest is to comprise participations in the net assets. The choice between these two methods is to be made on an individual basis for each acquisition. Moreover, further business combinations conducted after a controlling influence has been obtained are to be considered owner transactions and are to be recognised directly in equity, which constitutes a change to the Group's current policy of recognising excess amounts as goodwill. The revised and amended standards will be applied as of the next financial year, meaning from 1 April 2010. These changes will have only a prospective impact on the Group.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also followed up by the Company's highest executive decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 4 for a more detailed description of the Group's division and a presentation of operating segments.

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 entities over which the Parent Company has a controlling influence. A controlling influence means a direct or indirect right to formulate the company's financial and operational strategies with the aim of obtaining financial benefits. Subsidiaries are recognised in accordance with the purchase method of accounting. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its debt and contingent liabilities. The cost to the Group is determined through an acquisition analysis conducted in conjunction with the acquisition of the business. In this analysis, the cost of the shares or the business, as well as the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities, are determined. In the case of business combinations where the cost exceeds the fair value of the acquired assets and assumed debt and contingent liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, it is recognised directly in net profit for the year. Acquisitions of outstanding shares from minority interests are recognised in accordance with the purchase method. If the cost exceeds the net value of the acquired minority interest, the difference is recognised as an additional asset, following the completion of an acquisition analysis, and excess amounts are recognised as goodwill.

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

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 and minority interest is reported as "Shares in profit/loss of associated companies", adjusted for any amortisation and impairment losses or reversals of acquired surplus or deficit values. Dividends received from associated companies reduce the carrying amount of the investment.

Any 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 financial statements. Unrealised gains that arise in transactions with associated companies are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment requirement exists.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in earnings for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Financial statements of foreign entities

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated to SEK at the exchange rate prevailing on the balance-sheet date. Revenue and expenses in foreign entities are translated to SEK at the average exchange rate. Translation differences arising as a result of the translation of a foreign net investment are recognised directly in other comprehensive income and are accumulated in a separate equity component, referred to as the translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, provided that they are reclassified from the translation reserve in equity to earnings for the year.

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 earnings for the year when the material risks and benefits associated with ownership of the goods have been transferred to the buyer, typically in connection with delivery. Revenue is recognised if it is probable that the financial 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 consolidated earnings.

Rental income

Rental income from real estate is recognised in earnings for the year 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 recognised on the day of taking possession.

OPERATING EXPENSE AND FINANCIAL INCOME AND EXPENSE

Operational leases

Costs related to operational leases are recognised in earnings for the year on a straight-line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in earnings for the year as a portion of the total leasing cost. Variable fees are expensed in the periods in which 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 in which they arise.

Financial income and expense

Financial income and expense consist of interest income on bank funds and receivables, and of interest-bearing securities, interest expense on loans, dividend income, exchange-rate differences and unrealised and realised gains on financial investments. Refer also to the section below under "Financial assets available for sale."

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the expected fixed-interest period to the recognised net value of the receivable or the liability.

Interest expense includes the accrued amount of issuance costs and similar direct transaction costs in connection with borrowing.

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

Borrowing costs are recognised in earnings applying the effective interest method, except to the extent that they are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale. Borrowing costs that are attributable to the development of qualified assets are capitalised as part of the qualified asset's cost. A qualified asset is an asset that necessarily takes a substantial period of time to prepare for its intended use or sale.

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 and derivatives. Liabilities include accounts payable, loan liabilities and derivatives.

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the balance sheet when the Group 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 contractual rights are realised, fall due or the Group 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 ceases to apply in some other way.

Financial assets and financial liabilities are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the item in 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

All financial instruments that are not derivatives are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs, with the exception of those items classified as financial assets recognised at fair value in earnings, which are recognised at fair value, excluding transaction costs. A financial asset's classification determines how it is measured after the initial reporting occasion. The Group classifies its financial instruments based on the purpose for which the instrument was acquired. Management determines the classification on the initial 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 recognised in other comprehensive income and the accumulated changes in value recognised as a separate component under equity, although this does not include changes in value due to impairment losses or interest on receivable instruments and dividend income, or exchange-rate differences on monetary items in earnings for the year. At a sale of the asset, accumulated gains/loss, which has been recognised previously in other comprehensive income, is recognised in earnings for the year. If there is objective evidence of a need for an impairment charge, accumulated gains or losses previously recognised as equity under other comprehensive income are transferred to earnings for the year. Impairment losses on equity instruments classified as financial assets available for sale, which were previously recognised in earnings for the year, are reversed in other comprehensive income, rather than in earnings for the year. 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 recognised at accrued cost using the effective interest method, less any provisions for loss of value. Accounts receivable are recognised at the amount expected to be received, meaning after deductions for doubtful accounts receivable. Any impairment requirement for the receivables is determined based on individual testing, taking into consideration earlier experience of loan losses on similar receivables.

Financial liabilities

Financial liabilities are initially recognised at fair value after deductions for transaction costs. Borrowing is then recognised at accrued cost and any differences between the loan amount (net after transaction costs) and the repayable amount are recognised in earnings for the year 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 earnings, 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. After the acquisition date, derivative instruments that are not identified as hedges are recognised at fair value, with changes in value recognised in earnings for the year, which complies with the rules for financial instruments held for trading.

After the acquisition date, derivative instruments held for hedging purposes, meaning interest swap agreements, interest caps and foreign-exchange forward contracts, are measured at fair value. To fulfil the requirements for hedge accounting in accordance with IAS 39 , 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 earnings for the year 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 other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve). Any gains or losses attributable to the ineffective portion are recognised immediately in earnings. Accumulated amounts in equity are reversed to earnings for the year in the periods in which the hedged item affects earnings (for example, when the forecast sale that is hedged takes place). If 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 initial carrying amount of the asset or liability.

Investments in foreign subsidiaries (net assets including goodwill) have been protected to a certain extent through financial hedging in the form of borrowing in the corresponding currency. Such investments are recognised 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 financial benefits will accrue to the Group 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 expenses for shipping and handling, installation, legal ratification, consulting services and legal services. Borrowing costs that are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale are included in the cost.

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

The carrying amount of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no future financial 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 for leased assets. Leases are classified in the consolidated financial statements as either financial or operational leases. Leases where essentially all of the financial 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.

Assets that are leased in accordance with financial leases are recognised as non-current assets in the balance sheet and are initially measured at the lower of the leased asset's fair value and the present value of the minimum leasing fees at the time the contract is entered into. Obligations to pay future leasing fees are recognised as non-current and current liabilities. The leased assets are depreciated over the useful life of the asset in question, while the leasing fees are recognised as interest and amortisation of the liabilities.

Assets that are leased in accordance with operational leases are generally not recognised as an asset in the balance sheet. Nor do operational leases result in a liability.

Additional expenditures

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

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 periods of use vary. The periods of use of these components have been deemed to vary between five 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 depreciation methods applied and the residual value and periods of use of assets is carried out at the end of each year.

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 applied IFRS retroactively from 1 June 2002 to goodwill arising from acquisitions completed before 1 April 2004. The classification and accounting procedures for 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 any corporate acquisitions for which the cost is less than the net value of the acquired assets and assumed debt and contingent liabilities, the difference is recognised directly in earnings for the year.

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 earnings for the year when the cost is incurred.

Additional expenditures

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only to the extent that they increase the future financial benefits of the specific asset to which they are attributable. All other expenditures are expensed as incurred.

Amortisation

Amortisation is recognised in earnings for the year 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 an impairment requirement, 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.

Estimated periods of use:	
Brands, supplier contracts, customer relations	3–10 years
Software, IT investments	3–5 years

An assessment of the amortisation methods and periods of use applied is carried out at the end of each year.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated by applying the "first-in, first-out" (FIFO) method and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state.

Net realisable value is the estimated selling price in the operating activities, after deduction of the estimated costs for completion and for accomplishing a sale.

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 an impairment requirement. 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 compliance with each standard.

The recoverable amount of goodwill, other intangible assets with undefined period of use 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 (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 earnings for the year.

Impairment losses on 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 loan receivables and accounts receivable recognised at accrued cost is calculated as the present value of future cash flows discounted using the effective interest rate prevailing when the asset was initially 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 loan receivables and accounts receivable recognised at accrued cost are reversed if a later increase in 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 of the asset had no impairment loss 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 treasury shares 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 earnings for the year 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 for future salary increases. The discount rate used is the interest rate on the balance-sheet date for 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 unrecognized 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 Group has not had access to the information necessary to recognise 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 2009, Alecta's surplus in the form of its collective solvency margin was 141 percent (2008: 112 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 an expense in earnings for the year, 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 directly in earnings for the year.

The Group applies the "corridor rule," 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 earnings 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 employment, a provision is recognised only in cases when the Company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary employment 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 issued 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 options' fair value at the time of reporting. Fair value is calculated on the basis of the same measurement model used when the options were issued.

The 2006 and 2007 Annual General Meetings resolved that call option programmes would be offered to employees of the Group. Since a market premium was paid for the options, 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 employer, 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 resulting from a transpired event and when it is probable that an outflow of financial 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 a discount of 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.

Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a total assessment of the 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 obligations in accordance with the contract.

TAXES
Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in earnings for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in 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. Current taxes also include 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 from the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The measurement of deferred taxes is based on how the carrying amount of assets or liabilities is 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 is no longer 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 an undertaking is 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 in 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 a discontinued operation, provided that it fulfils the size criteria outlined above.

CASH-FLOW STATEMENT
Receipts and disbursements have been divided into the following categories: operating activities, investing activities and financing activities. The indirect method is applied for flows from operating activities.

The changes in operating assets and operating liabilities for the year have been adjusted for effects of changes in exchange rates. 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 2.2 *Accounting for Legal Entities* issued by the Swedish Financial Reporting Board. RFR 2.2 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 given 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.

Tangible non-current assets
Leased assets

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

Borrowing costs

Borrowing costs in the Parent Company are charged against earnings in the period to which they are attributable. No borrowing costs are capitalised on assets.

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 earnings for the year as they arise.

Taxes
In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, 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 (UFR 2). Shareholder contributions are carried directly to the recipient's equity and are capitalised in the form of shares and participations with the contributor, 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 recognised directly against 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 contributor recognises 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 2.2, the Parent Company has elected not to apply the provisions in IAS 39 concerning financial guarantee agreements on behalf of subsidiaries.

NOTES

NOTE 2

DISTRIBUTION OF REVENUE

	Group		Parent Company	
	2009/2010	2008/2009	2009/2010	2008/2009
Revenue				
Sale of goods	7,454	9,102	–	–
Service assignments	159	165	57	56
Rental income	11	8	–	–
Commission, bonuses and similar income	24	50	–	–
Total	**7,648**	**9,325**	**57**	**56**

Income in the Parent Company pertains to intra-Group services totalling MESK 57 (56).

NOTE 3

OTHER OPERATING INCOME

	Group		Parent Company	
	2009/2010	2008/2009	2009/2010	2008/2009
Exchange-rate gains on operating receivables/liabilities	–	31	–	–
Grants from EU, central and local government	1	1	–	–
Other grants	0	0	–	–
Insurance indemnification	0	1	–	–
Capital gain, sale of tangible non-current assets	2	4	–	–
Capital gain, sale of financial non-current assets	–	0	–	–
Other	2	2	–	–
Total	**5**	**39**	**–**	**–**

NOTE 4

SEGMENT REPORTING

The Group's operating segments comprise its operating areas: B&B TOOLS Markets and B&B TOOLS Solutions. These operating areas match B&B TOOLS' operational organisation as it is followed up by Group management and the Board of Directors.

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

The B&B TOOLS Solutions operating area comprises the Group's Product Companies, which conduct operations in various product areas and provide TOOLS and other selected market channels with industrial consumables and related services, as well as the Group-wide functions for IT, Supply Chain, Complete Product and central purchasing.

Group-wide operations include the Parent Company and the Group's properties in Alingsås and Ulricehamn, to which the Group's service, logistics and IT operations are concentrated. The Parent Company comprises Group management and central finance, information, legal and HR functions.

Internal pricing between the operating segments occurs on market terms.

No single customer accounts for more than 3 percent of the Group's revenue.

The accounting policies comply with the Group's accounting policies, which are described in Note 1.

For more information on the distribution of revenue, refer to Note 2.

	2009/2010			2008/2009		
Revenue	External	Internal	Total	External	Internal	Total
Markets	5,060	51	**5,111**	6,194	60	**6,254**
Solutions	2,588	1,042	**3,630**	3,131	1,167	**4,298**
Group-wide	–	72	**72**	–	71	**71**
Eliminations	–	–1,165	**–1,165**	–	–1,298	**–1,298**
Group total	**7,648**	**0**	**7,648**	**9,325**	**0**	**9,325**

	2009/2010			2008/2009		
Operating profit, assets and liabilities	Operating profit	Assets	Liabilities	Operating profit	Assets	Liabilities
Markets	80	3,188	3,973	214	3,533	4,321
Solutions	179	3,363	1,694	314	3,541	1,981
Group-wide	6	4,066	2,888	2	4,221	2,953
Eliminations	–4	–5,124	–4,831	–19	–5,275	–4,992
Group total	**261**	**5,493**	**3,724**	**511**	**6,020**	**4,263**

	2009/2010			2008/2009		
Profit after net financial items	Operating profit	Net financial items	Profit after net financial items	Operating profit	Net financial items	Profit after net financial items
Markets	80	–	**80**	214	–	**214**
Solutions	179	–	**179**	314	–	**314**
Group-wide	6	–68	**–62**	2	–108	**–106**
Eliminations	–4	–	**–4**	–19	–	**–19**
Group total	**261**	**–68**	**193**	**511**	**–108**	**403**

NOTE 4, CONTINUED

Investments in non-current assets	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total	2008/2009 Intangible	2008/2009 Tangible	2008/2009 Total
Markets	–20	19	**–1**	33	56	**89**
Solutions	1	16	**17**	132	20	**152**
Group-wide	1	1	**2**	3	4	**7**
Eliminations	–	–	**–**	–	–	**–**
Group total[1)]	**–18**	**36**	**18**	**168**	**80**	**248**

Depreciation and amortisation of non-current assets	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total	2008/2009 Intangible	2008/2009 Tangible	2008/2009 Total
Markets	–1	–34	**–35**	–1	–34	**–35**
Solutions	–10	–18	**–28**	–6	–18	**–24**
Group-wide	–1	–5	**–6**	0	–5	**–5**
Eliminations	–	–	**–**	–	–	**–**
Group total	**–12**	**–57**	**–69**	**–7**	**–57**	**–64**

Impairment losses on non-current assets	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total	2008/2009 Intangible	2008/2009 Tangible	2008/2009 Total
Markets	–	0	**0**	–	0	**0**
Solutions	–	–	**–**	0	–	**0**
Group-wide	–	–	**–**	–	–	**–**
Eliminations	–	–	**–**	–	–	**–**
Group total	**–**	**0**	**0**	**0**	**0**	**0**

Other non-cash items	2009/2010 Pensions	2009/2010 Other	2008/2009 Pensions	2008/2009 Other
Markets	0	31	–2	–71
Solutions	–21	30	–20	–23
Group-wide	–3	0	–2	0
Eliminations	–	–	–	–
Group total	**–24**	**61**	**–24**	**–94**

[1)] Including a reduction in carrying amount when determining purchase considerations. Refer also to Note 7.

INFORMATION ON GEOGRAPHIC AREA

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 operations.

	2009/2010 External revenue	2009/2010 Non-current assets	2008/2009 External revenue	2008/2009 Non-current assets
Sweden	3,778	2,032	4,684	2,088
Finland	951	216	1,265	250
Norway	2,309	88	2,631	83
Other countries	610	26	745	37
Group total	**7,648**	**2,362**	**9,325**	**2,458**

Investments in non-current assets	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total	2008/2009 Intangible	2008/2009 Tangible	2008/2009 Total
Sweden	–23	20	**–3**	164	55	**219**
Finland	–1	3	**2**	1	2	**3**
Norway	5	11	**16**	1	19	**20**
Other countries	1	2	**3**	2	4	**6**
Group total[1)]	**–18**	**36**	**18**	**168**	**80**	**248**

[1)] Including a reduction in carrying amount when determining purchase considerations. Refer also to Note 7.

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

	2009/2010			2008/2009		
Average number of employees by country	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden, Parent Company	6	11	**17**	5	11	**16**
Sweden, other Swedish companies	426	1,442	**1,868**	484	1,560	**2,044**
Denmark	6	22	**28**	7	22	**29**
Finland	64	262	**326**	79	312	**391**
Norway	87	407	**494**	90	421	**511**
Estonia	17	63	**80**	16	37	**53**
Poland	17	68	**85**	34	147	**181**
Germany	0	1	**1**	1	1	**2**
Other countries	25	56	**81**	27	79	**106**
Group total	**648**	**2,332**	**2,980**	**743**	**2,590**	**3,333**

	2009/2010			2008/2009		
Salaries and compensation by country	**Board of Directors and President**	**Of which, bonuses**	**Other**	**Board of Directors and President**	**Of which, bonuses**	**Other**
Sweden	48	3	727	62	8	717
Denmark	1	–	14	1	–	14
Finland	17	1	114	22	2	128
Norway	32	3	238	41	5	250
Estonia	2	–	10	1	–	7
Poland	2	–	8	3	–	15
Germany	–	–	–	1	–	0
Other countries	3	0	10	4	1	12
Group total	**105**	**7**	**1,121**	**135**	**16**	**1,143**

	2009/2010			2008/2009		
Parent Company	**Salaries and compensation**	**Of which, bonuses**	**Pension costs**	**Salaries and compensation**	**Of which, bonuses**	**Pension costs**
Board of Directors and President & CEO	11	0	6	14	3	6
Other employees	11	0	2	11	2	4
Parent Company total[1)]	**22**	**0**	**8**	**25**	**5**	**10**

[1)] Social security costs, including pension costs, amounted to MSEK 22 (16).

	2009/2010			2008/2009		
Group	**Salaries and compensation**	**Social security costs**	**Pension costs**	**Salaries and compensation**	**Social security costs**	**Pension costs**
Group total	**1,226**	**427**	**112**	**1,277**	**428**	**121**

The category "Board of Directors and President" in the table above includes the current directors, presidents and executive vice presidents in the Group.

Of the Group's pension costs, SEK 18,220 thousand (20,004) pertains to the category "Board of Directors and President."

Of the Parent Company's pension costs, SEK 5,853 thousand (5,505) pertains to the category "Board of Directors and President." The Company's outstanding pension obligations to this category amount to SEK 983 thousand (908), of which SEK 131 thousand pertains to the President and SEK 721 thousand to the Board of Directors.

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 2009/2010 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 2009/2010

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 of 20 percent of the initial investment in B&B TOOLS shares 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 enable 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 2009. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2009/2010.)

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 the 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 36–39.

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 2009/2010 FINANCIAL YEAR

Board of Directors

In accordance with the resolution passed by the Annual General Meeting in August 2009, the Board of Directors received a total of SEK 1,250 thousand (1,250) in directors' fees during the 2009/2010 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 the other directors who are not employees of the Parent Company received SEK 225 thousand (225) each. No fees were paid for committee work.

No director received any compensation in addition to directors' fees during the 2009/2010 operating year.

President & CEO

The President & CEO received a salary of SEK 3,040 thousand (2,947), plus taxable benefits totalling SEK 1,292 thousand (140) for the year. The taxable benefits mainly derived from personnel options redeemed during 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 2009/2010 operating year, pension premiums were paid in the amount of SEK 3,399 thousand (3,000), including premiums for health insurance.

The President & CEO participates in a long-term incentive (LTI) programme, which is described in more detail below. No LTI payments were made during the 2009/2010 operating year.

During the operating year, the President & CEO redeemed 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), who are all employees of the Parent Company, were paid SEK 8,269 thousand (7,658) 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 3,894 thousand (529) were paid during the year. The taxable benefits mainly derived from personnel options redeemed 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 2009/2010 operating year, pension premiums were paid in the amount of SEK 2,756 thousand (2 706), including premiums for health insurance.

Variable compensation, based on the Group's earnings, is payable in a maximum amount of 30 percent of the fixed portion of compensation. In

NOTE 5, CONTINUED

addition, a premium of 20 percent of the variable compensation can be paid as a consideration for the entire variable portion being used to acquire shares in B&B TOOLS AB. No variable compensation was paid for the 2009/2010 operating year.

No variable compensation based on the long-term incentive (LTI) programme, which is described in more detail below, was paid for the 2009/2010 operating year.

The other members of Group management jointly redeemed a total of 80,000 personnel options during the operating year, 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 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 not achieved for the 2009/2010 operating year and a total of SEK 0 thousand (3,225) was charged against earnings for the year.

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 not achieved for the 2009/2010 operating year and a total of SEK 0 thousand (7,398) was charged against earnings for the year.

OPTION PROGRAMMES

Personnel option programme 2002/2010

In February 2002, the Board of Directors of B&B TOOLS AB decided to award approximately 60 members of senior management of the B&B TOOLS Group a total of 850,000 personnel options free of charge. In accordance with a resolution passed by a General Meeting of Shareholders in April 2002, repurchased treasury 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 of SEK 41.60 per share for the repurchased shares earmarked for this purpose in connection with the implementation of the personnel option programme. 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 treasury shares at an average acquisition cost of SEK 155.00 per share.

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 treasury 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 was paid by the holder's employer on 30 September 2009, provided that all originally acquired call options in this programme remained and that the person was still employed within the B&B TOOLS Group. The cost of the subsidy (SEK 25.00 per option plus social security contributions) is recognised over the vesting period from 1 October 2007 to 30 September 2009. For the 2009/2010 operating year, the subsidy was charged against consolidated earnings in the amount of SEK 739 thousand, including social security contributions.

SUMMARY OF GROUP MANAGEMENT COMPENSATION AND PENSION COSTS FOR 2009/2010 AND PERSONNEL OPTION PROGRAMME FROM 2002

SEK thousand	Fixed salary	Variable salary	Long-term incentive	Other benefits	Total fixed and variable compensation	Benefit value of redeemed personnel options	Total compensation	Pension costs	Outstanding personnel options
President & CEO	3,040	0	0	130	**3,170**	1,162	**4,332**	3,399	0
Other Group management	8,269	0	0	488	**8,757**	3,406	**12,163**	2,756	0
Total	**11,309**	**0**	**0**	**618**	**11,927**	**4,568**	**16,495**	**6,155**	**0**

NOTE 5, CONTINUED

SPECIFICATION OF OPTION PROGRAMMES

The table below shows the options issued and options outstanding as of 31 March 2010:

	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Group						
Personnel option programme 2002/2010	April 2002 and November 2004	1 Dec. 2004–30 Jun. 2010	52,00	850,000	40,500	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	439,000	22,000	Physical delivery
Call option programme 2006/2011	October 2006	1 Oct. 2006–30 Sep. 2011	159,00	44,000	44,000	Physical delivery
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228,00	17,200	17,200	Physical delivery

NUMBER AND REDEMPTION PRICES OF OPTIONS

Personnel option programme (2002/2010)

	Redemption price 2009/2010	Number of options 2009/2010	Redemption price 2008/2009	Number of options 2008/2009
Group				
Outstanding at the beginning of the year	52,00	198,500	52,00	198,500
Issued during the year	–	–	–	–
Redeemed during the year	52,00	–158,000	52,00	0
Outstanding at the end of the year	**52,00**	**40,500**	**52,00**	**198,500**
Parent Company				
Outstanding at the beginning of the year[1)]	52,00	131,000	52,00	131,000
Issued during the year	–	–	–	–
Redeemed during the year	52,00	–109,000	52,00	0
Outstanding at the end of the year	**52,00**	**22,000**	**52,00**	**131,000**

[1)] The difference compared with the 2008/2009 Annual Report is attributable to the transfer of personnel in the Group.

A total of 158,000 personnel options were redeemed in 2009/2010. For personnel options redeemed in 2009/2010, the weighted average share price was SEK 94.50. All outstanding personnel options in the 2002/2010 programme are redeemable as of 31 March 2010.

Call option programmes (2006/2011 and 2007/2012)

No call options were redeemed in 2009/2010.

REPORTING OF SICKNESS ABSENCE

During the 2009/2010 operating year, the Parent Company had an average of 17 employees (16), of whom five were members of Group management. Total reported sickness absence as a percentage of regular working hours for other employees was 0.1 percent (0.2) during the period from 1 April 2009 to 31 March 2010, of which zero percentage points (zero) pertained to long-term sickness absence (meaning sickness absence of more than 60 consecutive days).

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

For all Swedish Group companies, total reported sickness absence as a percentage of regular working hours during the period from 1 April 2009 to 31 March 2010 was 2.7 percent (3.8), of which one percentage point (1.5) pertained to long-term sickness absence (meaning sickness absence of more than 60 consecutive days).

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

	Group		Parent Company	
Percentage women	**2009/2010**	**2008/2009**	**2009/2010**	**2008/2009**
Directors	7%	4%	20%	20%
Senior management	11%	11%	11%	14%

The category 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	
	2009/2010	2008/2009	2009/2010	2008/2009
Audit assignments				
KPMG	9	11	1	1
Other auditors	1	1	–	–
Total fees for audit assignments	**10**	**12**	**1**	**1**
Other assignments				
KPMG	1	2	0	1
Other auditors	0	0	–	–
Total fees for other assignments	**1**	**2**	**0**	**1**
Total fees to auditors	**11**	**14**	**1**	**2**

"Audit assignments" refers 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, the Group increased its ownership stake in five existing acquisitions and corrections to estimated additional purchase considerations were made in six existing acquisitions.

Corporate acquisitions 2009/2010	Country	Date of acquisition	Ownership stake[1]
Increase in ownership stake in earlier acquisitions			
TOOLS Sydost AB	Sweden	April 2009	100
B&B TOOLS Services AS	Norway	October 2009	100
Järncarl AB	Sweden	November 2009	100
Gigant Työpisteet Oy	Finland	November 2009	100
BBIH Nord Norge AS	Norway	March 2010	100
Corrections to estimated additional purchase considerations			
Bö-Ka Industrivarer AS	Norway	September 2009	100
STT Teollisuustavike Oy	Finland	September 2009	100
Mertek-Group Oy	Finland	March 2010	100
Arvid Svensson Eksandh Pro AB	Sweden	March 2010	100
Byens Byggcenter AS	Norway	March 2010	100
Högsveen Maskin AS	Norway	March 2010	100

[1] Pertains to share of votes as well as capital.

Distribution of corporate acquisitions by operating area	Purchase consideration	Acquired cash	Investment
B&B TOOLS Solutions	4	–	4
B&B TOOLS Markets	–4	–	–4
Total	**0**	**–**	**0**
Paid purchase considerations			46
Total			**46**

Goodwill 2009/2010	
At the beginning of the year	1,796
Increase in ownership stake in earlier acquisitions	9
Corrections to estimated additional purchase considerations	–31
Translation differences	–25
At the end of the year	**1,749**

NOTE 8

OTHER OPERATING EXPENSE

Of the Group's total other expenses of MSEK –963 (–1,187), the following applies:

	Group		Parent Company	
	2009/2010	2008/2009	2009/2010	2008/2009
Exchange-rate losses on operating receivables/liabilities	–4	–	–	–
Loss on the disposal of tangible non-current assets	–2	0	–	–
Other	–1	–1	–	–
Total	**–7**	**–1**	**–**	**–**

NOTE 9

NET FINANCIAL ITEMS

Group	2009/2010	2008/2009
Interest income	7	19
Dividends	0	0
Other investments		
Net gain on the disposal of financial assets available for sale	0	0
Net exchange-rate changes	–5	2
Other financial income	1	–
Financial income	**3**	**21**
Interest expense	–69	–126
Impairment losses on financial assets available for sale	0	–
Other financial expense	–2	–3
Financial expense	**–71**	**–129**
Net financial items	**–68**	**–108**

	Profit from participations in Group companies	
Parent Company	**2009/2010**	**2008/2009**
Group contributions	42	203
Dividends	100	171
Impairment losses	–	–23
Total	**142**	**351**

NOTE 9, CONTINUED

Parent Company	Interest income and similar profit items 2009/2010	2008/2009
Interest income, Group companies	56	159
Interest income, other	0	2
Total	**56**	**161**

Parent Company	Interest expense and similar loss items 2009/2010	2008/2009
Interest expense, Group companies	–5	–30
Interest expense, other	–43	–92
Other financial expense	0	–2
Net exchange-rate changes	0	–18
Total	**–48**	**–142**

NOTE 10

APPROPRIATIONS

	Parent Company 2009/2010	2008/2009
Difference between recognised depreciation and depreciation according to plan		
Equipment	0	–1
Tax allocation reserve, provision for the year	–5	–49
Tax allocation reserve, reversal for the year	13	13
Total	**8**	**–37**

NOTE 11

TAXES

RECOGNISED TAX IN THE INCOME STATEMENT

	Group		Parent Company	
	2009/2010	2008/2009	2009/2010	2008/2009
Current tax expense				
Tax expense for the period	–50	–140	–14	–52
Adjustment of taxes attributable to earlier years	–5	2	–4	–
Total	**–55**	**–138**	**–18**	**–52**
Deferred tax expense				
Deferred taxes attributable to changes in tax rates and/or changed tax regulations	–	5	–	–1
Deferred taxes attributable to temporary differences	–1	21	0	0
Deferred tax income in tax value of tax loss carryforwards capitalised during the year	–	0	–	–
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carryforwards	–3	–	–	–
Deferred tax expense	**–4**	**26**	**0**	**–1**
Total tax expense	**–59**	**–112**	**–18**	**–53**

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	2009/2010	2008/2009
Profit before taxes	193	403
Taxes at the average tax rate of 28 percent (28)	–54	–113
Tax effect of:		
Changed tax rate	–	5
Fictitious interest on tax allocation reserves	–1	–1
Additional tax, previous years	–5	2
Losses for which deferred tax assets were not taken into consideration	3	–
Other non-deductible expenses	–3	–5
Other items	1	0
Total tax expense	**–59**	**–112**

Parent Company

The relationship between the Swedish tax rate of 26.3 percent (28) and recognised taxes for the Parent Company is illustrated in the following table:

Reconciliation of effective taxes	2009/2010	2008/2009
Profit after net financial items	142	364
Taxes at the tax rate of 26.3 percent (28)	–37	–102
Tax effect of:		
Changed tax rate	–	–1
Appropriations	–2	10
Dividends from subsidiaries	26	48
Impairment losses on shares in subsidiaries	–	–6
Fictitious interest on tax allocation reserves	–1	–1
Additional tax, previous years	–4	–
Other non-taxable income	2	0
Other non-deductible expenses	–2	–1
Total tax expense	**–18**	**–53**

TAX RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME AND DIRECTLY AGAINST EQUITY

Tax items recognised in consolidated comprehensive income or directly against equity in the Parent Company

	Group		Parent Company	
	2009/2010	2008/2009	2009/2010	2008/2009
Current tax on translation differences	7	–17	–	–
Current tax on Group contributions paid/received	–	–	10	11
Deferred tax on hedge accounting of financial instruments	–1	10	–1	8
Total	**6**	**–7**	**9**	**19**

NOTE 11, CONTINUED

RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and liabilities

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

	31 March 2010			31 March 2009		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Intangible assets	7	–21	**–14**	10	–22	**–12**
Land and buildings	0	–11	**–11**	0	–13	**–13**
Machinery and equipment	1	–1	**0**	1	–	**1**
Financial non-current assets	9	–18	**–9**	9	–17	**–8**
Inventories	55	–2	**53**	54	–1	**53**
Accounts receivable	1	0	**1**	3	0	**3**
Untaxed reserves	–	–98	**–98**	–	–109	**–109**
Pension provisions	26	–9	**17**	28	–7	**21**
Other provisions	1	–	**1**	0	–	**0**
Other	1	–3	**–2**	6	–7	**–1**
Tax loss carryforwards	5	–	**5**	15	–	**15**
Total	**106**	**–163**	**–57**	**126**	**–176**	**–50**

	31 March 2010			31 March 2009		
Parent Company	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Financial non-current assets	9	–	**9**	10	–	**10**
Pension provisions	8	–	**8**	8	–	**8**
Total	**17**	**–**	**17**	**18**	**–**	**18**

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

Group	**31 March 2010**	**31 March 2009**
Opening balance at the beginning of the year, net	–50	–77
Acquisition of subsidiaries	0	1
Disposal of subsidiaries	1	0
Taxes charged against net profit for the year	–4	26
Taxes on items recognised directly against consolidated comprehensive income	–1	10
Translation differences	–3	–10
Closing balance at year-end, net	**–57**	**–50**

Parent Company	**31 March 2010**	**31 March 2009**
Opening balance at the beginning of the year, net	18	10
Taxes charged against net profit for the year	0	–1
Taxes on items recognised directly against equity	–1	9
Closing balance at year-end, net	**17**	**18**

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

Group	**2009/2010**	**2008/2009**
Intangible assets	0	0
Land and buildings	2	1
Machinery and equipment	0	0
Financial non-current assets	0	0
Inventories	0	10
Accounts receivable	0	0
Untaxed reserves	11	6
Pension provisions	–4	–1
Other provisions	1	0
Other	–4	11
Tax loss carryforwards	–10	–1
Total	**–4**	**26**

Parent Company	**2009/2010**	**2008/2009**
Financial non-current assets	0	0
Pension provisions	0	–1
Total	**0**	**–1**

NOTE 12

INTANGIBLE NON-CURRENT ASSETS

Group	Goodwill[1]	Brands	Supplier contracts	Customer relations	Software	Other	Total
Carrying amount at the beginning of the year	**1,796**	**62**	**1**	**2**	**48**	**4**	**1,913**
Accumulated cost							
At the beginning of the year	1,796	66	32	87	58	14	**2,053**
Capital expenditure	–	1	–	–	1	2	**4**
Acquisition of subsidiaries	–22	–	–	–	–	–	**–22**
Sales and disposals	–	–	–	–11	–	0	**–11**
Reclassifications	–	–	–	–	2	–2	**–**
Exchange-rate difference for the year	–25	–1	0	–1	0	0	**–27**
At year-end	**1,749**	**66**	**32**	**75**	**61**	**14**	**1,997**
Accumulated amortisation							
At the beginning of the year	–	–4	–31	–85	–10	–10	**–140**
Amortisation for the year	–	0	0	–1	–10	–1	**–12**
Sales and disposals	–	–	–	11	–	0	**11**
Reclassifications	–	–	–	0	0	0	**–**
Exchange-rate difference for the year	–	–	0	1	0	0	**1**
At year-end	**–**	**–4**	**–31**	**–74**	**–20**	**–11**	**–140**
Impairment losses on cost							
At the beginning of the year	–	0	–	0	–	–	**0**
At year-end	**–**	**0**	**–**	**0**	**–**	**–**	**0**
Carrying amount at year-end	**1,749**	**62**	**1**	**1**	**41**	**3**	**1,857**

Parent Company	Software
Carrying amount at the beginning of the year	**3**
Accumulated cost	
At the beginning of the year	3
Capital expenditure	1
At year-end	**4**
Accumulated amortisation	
At the beginning of the year	0
Amortisation for the year	–1
At year-end	**–1**
Carrying amount at year-end	**3**

[1] Refer also to Note 7 Acquisition of businesses.

All intangible non-current assets have been acquired.

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 2010 based on rolling 12-month earnings as of 31 December 2009 and the balance sheet as of 31 December 2009.

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 that are part of Solutions.

The Group's total goodwill value of approximately MSEK 1,749 as of 31 March 2010 is allocated by operating area according to the following table (rounded to the nearest MSEK):

	31 March 2010	31 March 2009
Solutions	1,330	1,335
Markets	419	461
Group total	**1,749**	**1,796**

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. No impairment requirement for goodwill has been identified in this test. Instead, the value in use exceeds the carrying amount of the goodwill for all operating areas.

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 (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 on progress	Total
Carrying amount at the beginning of the year	**394**	**8**	**5**	**138**	**0**	**545**
Accumulated cost						
At the beginning of the year	619	13	25	549	0	**1,206**
Capital expenditure	3	0	1	30	2	**36**
Sales and disposals	–5	0	0	–50	–	**–55**
Reclassifications	0	0	–	0	0	**–**
Exchange-rate difference for the year	–14	0	0	–9	–	**–23**
At year-end	**603**	**13**	**26**	**520**	**2**	**1,164**
Accumulated depreciation						
At the beginning of the year	–225	–5	–20	–411		**–661**
Depreciation for the year	–13	–1	–1	–42		**–57**
Sales and disposals	2	0	0	43		**45**
Reclassifications	–	0	–	0		**–**
Exchange-rate difference for the year	6	0	0	8		**14**
At year-end	**–230**	**–6**	**–21**	**–402**	**–**	**–659**
Impairment losses on cost						
At the beginning of the year	0	–	–	0		**0**
Impairment losses for the year	–	–	–	0		**0**
Exchange-rate differences for the year	–	–	–	0		**0**
At year-end	**0**	**–**	**–**	**0**	**–**	**0**
Carrying amount at year-end	**373**	**7**	**5**	**118**	**2**	**505**

Tax assessment values, Swedish properties	
Buildings	228
Land	42
Total	**270**

Parent Company	Equipment
Carrying amount at the beginning of the year	**4**
Accumulated cost	
At the beginning of the year	9
Capital expenditure	1
Sales and disposals	0
At year-end	**10**
Accumulated depreciation according to plan	
At the beginning of the year	–5
Depreciation for the year according to plan	–1
Sales and disposals	0
At year-end	**–6**
Carrying amount at year-end	**4**

NOTE 14

PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
Carrying amount	**2009/2010**	**2008/2009**
At the beginning of the year	8	7
Share of profit	1	1
	9	**8**

SPECIFICATION OF PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Number of shares	Share of equity, %	Share of votes, %	Carrying amount in the Group 2009/2010	Carrying amount in the Group 2008/2009
Group holding					
Workshop Flexible Industri WFI AB	2,667	40%	40%	4	3
AB Knut Sehlins Industrivaruhus	3,000	30%	30%	5	5
				9	**8**

SPECIFICATION OF GROUP VALUE PERTAINING TO PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Country	Revenue	Profit	Assets	Liabilities	Equity
2009/2010						
Workshop Flexible Industri WFI AB	Sweden	14	1	7	4	3
AB Knut Sehlins Industrivaruhus	Sweden	13	0	7	4	3
		27	**1**	**14**	**8**	**6**
2008/2009						
Workshop Flexible Industri WFI AB	Sweden	17	1	7	5	2
AB Knut Sehlins Industrivaruhus	Sweden	13	0	8	5	3
		30	**1**	**15**	**10**	**5**

Associated companies' corporate registration numbers and registered offices	Corp. Reg. No.	Registered office
Workshop Flexible Industri WFI AB	556663-2567	Gnosjö
AB Knut Sehlins Industrivaruhus	556588-5158	Örnsköldsvik

NOTE 15

RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 March 2010	31 March 2009
Carrying amount at the beginning of the year	**3,514**	**3,164**
Accumulated cost		
At the beginning of the year	3,514	3,164
Additional assets	1,525	1,106
Deducted assets	–1,584	–756
Carrying amount at year-end	**3,455**	**3,514**

NOTE 16

FINANCIAL INVESTMENTS

Group	31 March 2010	31 March 2009
Financial investments classified as non-current assets		
Financial assets available for sale		
Shares and participations	3	4
Total	**3**	**4**

NOTE 17

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent Company	
	31 March 2010	**31 March 2009**	**31 March 2010**	**31 March 2009**
Long-term receivables classified as non-current assets				
Pension funds	3	2	–	–
Other receivables	3	5	–	–
Derivatives held for hedging	0	1	0	1
Total	**6**	**8**	**0**	**1**

	Group	
	31 March 2010	**31 March 2009**
Other receivables classified as current assets		
Advance payments	2	2
Derivatives held for hedging	3	7
VAT receivable	33	40
Receivable from pension foundation	4	4
Other receivables	29	11
Total	**71**	**64**

NOTE 18

INVENTORIES

Group	31 March 2010	31 March 2009
Finished goods and goods for resale	1,458	1,768
Total	**1,458**	**1,768**

The net change for the year to the obsolescence reserve pertaining to inventories amounted to MSEK –22 (–18).

NOTE 19

ACCOUNTS RECEIVABLE

	Group		Parent Company	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Accounts receivable	1,152	1,240	–	–
Accumulated reserve for doubtful accounts receivable	–41	–30	–	–
Accounts receivable, net	**1,111**	**1,210**	**–**	**–**
A maturity analysis is presented below				
Maturity analysis:				
– not past due	993	1,009	–	–
– receivables past due by 1–30 days	95	153	–	–
– receivables past due by 31–60 days	17	31	–	–
– receivables past due by 61–90 days	11	13	–	–
– receivables past due by > 90 days	36	34	–	–
Total receivables	**1,152**	**1,240**	**–**	**–**

Refer also to Note 31 on page 82.

NOTE 20

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Prepaid expenses				
Rent	22	21	1	1
Insurance premiums	4	4	0	0
Marketing costs	7	9	–	–
Leasing	4	5	0	0
Computer costs	7	9	–	–
Packaging	3	3	–	–
Other prepaid expenses	15	19	2	2
Accrued income				
Delivery of goods	20	6	–	–
Interest income	0	0	–	–
Commission and bonus income	10	13	–	–
Marketing income	3	11	–	–
Other accrued income	11	12	–	–
Total	**106**	**112**	**3**	**3**

NOTE 21

RESERVES AND EQUITY

Group	31 March 2010	31 March 2009
Translation reserve		
Opening translation reserve	80	8
Translation differences for the year	–59	89
Tax attributable to change for the year	7	–17
Closing translation reserve	**28**	**80**
Hedging reserve		
Opening hedging reserve	–28	2
Cash-flow hedges		
Recognised in other comprehensive income in equity	11	–40
Tax attributable to change for the year	–1	10
Closing hedging reserve	**–18**	**–28**
Total reserves		
Opening reserves	52	10
Change in reserves for the year:		
Translation reserve	–59	89
Hedging reserve	11	–40
Tax attributable to change in reserves for the year	6	–7
Closing reserves	**10**	**52**

REPURCHASED TREASURY SHARES INCLUDED IN THE EQUITY ITEM "RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE YEAR"

	31 March 2010	31 March 2009
Opening repurchased shares	538,500	538,500
Purchases for the year	–	–
Disposals for the year	–158,000	–
Closing repurchased treasury shares	**380,500**	**538,500**

SHARE CAPITAL AND PREMIUM

Stated in thousands of shares	31 March 2010	31 March 2009
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 2010, the registered share capital comprised 1,082,124 class A shares and 27,354,292 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 premium reserves transferred to the statutory reserve on 31 March 2006. Provisions to the share premium reserve from 1 April 2006 and onwards are recognised as contributed capital.

RESERVES

Translation reserve

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

NOTE 21, CONTINUED

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 2010, the Group held 380,500 (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 25 August 2010.

MSEK	31 March 2010	31 March 2009
SEK 2.50 (2.50) per share	70	70

During the past six years, the ordinary dividend has amounted to approximately 35 percent of earnings per share. This means that approximately one third of the 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
2009/2010	4.80	2.50[1)]	52%
2008/2009	10.20	2.50	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	**55.15**	**20.25**	**37%**

1) As proposed by the Board of Directors.

	Restricted equity		Non-restricted equity				
Parent Company	**Share capital**	**Statutory reserve**	**Repurchase of treasury shares**	**Hedging reserve**	**Retained earnings**	**Net profit/loss for the year**	**Total equity**
Closing equity as 31 March 2008	**57**	**86**	**–68**	**1**	**704**	**150**	**930**
Transfer of profit/loss					150	–150	
Group contributions paid					–39		**–39**
Hedge accounting of interest derivatives				–33			**–33**
Tax attributable to items recognised directly against equity				8	11		**19**
Net profit for the year						274	**274**
Dividend					–139		**–139**
Closing equity as of 31 March 2009	**57**	**86**	**–68**	**–24**	**687**	**274**	**1,012**
Transfer of profit/loss					274	–274	
Group contributions paid					–39		**–39**
Hedge accounting of interest derivatives				3			**3**
Tax attributable to items recognised directly against equity				–1	10		**9**
Net profit for the year						132	**132**
Dividend					–70		**–70**
Sale of treasury shares upon redemption of personnel options			9		1		**10**
Closing equity as of 31 March 2010	**57**	**86**	**–59**	**–22**	**863**	**132**	**1,057**

NOTE 22
EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE WHOLE GROUP

	Before dilution		After dilution	
	2009/2010	2008/2009	2009/2010	2008/2009
Earnings per share	4.80	10.20	4.80	10.20

The 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 2009/2010 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 134 (285) and a weighted average number of shares outstanding during 2009/2010 amounting to 27,949,000 (27,898,000). The two components have been calculated in the following manner:

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

	2009/2010	2008/2009
Net profit for the year attributable to Parent Company shareholders	134	285
Profit attributable to Parent Company shareholders, before dilution	**134**	**285**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2009/2010	2008/2009
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-487	-538
Number of shares for calculation of earnings per share	**27,949**	**27,898**

EARNINGS PER SHARE AFTER DILUTION
The calculation of earnings per share after dilution for 2009/2010 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 134 (285) and a weighted average number of shares outstanding during 2009/2010 amounting to 27,965,000 (28,002,000). The two components have been calculated in the following manner:

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

	2009/2010	2008/2009
Net profit for the year attributable to Parent Company shareholders	134	285
Profit attributable to Parent Company shareholders, after dilution	**134**	**285**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2009/2010	2008/2009
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	–487	–538
Effect of option programmes	16	104
Number of shares for calculation of earnings per share	**27,965**	**28,002**

Instruments that could result in future dilution
As of 31 March 2010, B&B TOOLS AB had two outstanding call option programmes with redemption prices that exceeded the average price of the class B share. Accordingly, these options do not give rise to dilution and have been excluded from the calculation of earnings per share after dilution.

If in the future, the share price increases to a level that exceeds the redemption prices of the programmes, these options will result in dilution.

Further details on these call option programmes are available in Note 5 Employees and personnel costs.

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.

Group	31 March 2010	31 March 2009
Non-current liabilities		
Bank loans, including derivatives	1,368	1,374
Total non-current liabilities	**1,368**	**1,374**
Current liabilities		
Short-term portion of bank loans	207	432
Other current interest-bearing liabilities	7	10
Total current liabilities	**214**	**442**
Total interest-bearing liabilities	**1,582**	**1,816**

As of 31 March 2010, loans from credit institutions were divided among the following currencies:

	Local currency	MSEK
EUR	20	195
DKK	4	5
NOK	35	43
SEK	1,301	1,301
Other		3
Total		**1,547**

NOTE 23, CONTINUED

Bank loans

	Currency	Nominal interest	Maturity	Nominal value	31 March 2010 Carrying amount	31 March 2009 Carrying amount
Non-current						
Interest-only bank loans	SEK	0.99%	30 September 2011	300	300	300
Interest-only bank loans	SEK	0.99%	31 March 2012	250	250	250
Interest-only bank loans	SEK	0.99%	30 September 2012	250	250	250
Interest-only bank loans	SEK	0.99%	31 December 2012	500	500	500
Other					40	43
					1,340	**1,343**
Current						
Bank loan	EUR	2.56%	30 November 2010	20	194	219
Interest-only bank loan					–	200
Other					13	13
					207	**432**
Committed credit facility						
Approved credit limit					500	507
Unutilised portion					–500	–507
Utilised credit amount					**–**	**–**

NOTE 24

LIABILITIES TO CREDIT INSTITUTIONS

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.

Parent Company	31 March 2010	31 March 2009
Non-current liabilities		
Bank loans	1,300	1,300
Total non-current liabilities	**1,300**	**1,300**
Current liabilities		
Committed credit facility	–	–
Bank loans	194	419
Total current liabilities	**194**	**419**

Bank loans

	Currency	Nominal interest	Maturity	Nominal value	31 March 2010 Carrying amount	31 March 2009 Carrying amount
Non-current						
Interest-only bank loans	SEK	0.99%	30 September 2011	300	300	300
Interest-only bank loans	SEK	0.99%	31 March 2012	250	250	250
Interest-only bank loans	SEK	0.99%	30 September 2012	250	250	250
Interest-only bank loans	SEK	0.99%	31 December 2012	500	500	500
					1,300	**1,300**
Current						
Bank loans	EUR	2.56%	30 November 2010	20	194	219
Interest-only bank loans					–	200
					194	**419**
Committed credit facility						
Approved credit limit					500	500
Unutilised portion					–500	–500
Utilised credit amount					**–**	**–**

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 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 2010	31 March 2009
Pension obligations unfunded plans, present value	437	400
Pension obligations funded plans, present value	62	74
Plan assets, fair value	–55	–54
Net pension obligations	**444**	**420**
Unrecognised actuarial gains (+), losses (–)	–77	–59
Net liabilities in the balance sheet	**367**	**361**

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 recognised in the balance sheet in the following net amounts:

	31 March 2010	31 March 2009
Plan assets for pension obligations	3	2
Provisions for pensions and similar commitments	–370	–363
Net liabilities according to the balance sheet	**–367**	**–361**
Of which credit insured through FPG/PRI	332	310

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 2010	31 March 2009
Opening balance	400	366
Benefits earned during the year	13	11
Interest expense	14	15
Benefits paid	–13	–12
Unrecognised actuarial gains (–), losses (+)	23	17
Reclassification	0	3
Exchange-rate differences	0	0
Pension obligations unfunded plans, present value	**437**	**400**

Pension obligations funded plans	31 March 2010	31 March 2009
Opening balance	74	75
Benefits earned during the year	3	4
Interest expense	3	3
Benefits paid	–3	–3
Redemption of pension obligations	–10	–6
Unrecognised actuarial gains (–), losses (+)	–4	–3
Reclassification	0	–
Exchange-rate differences	–1	4
Pension obligations funded plans, present value	**62**	**74**

Plan assets	31 March 2010	31 March 2009
Opening balance	54	63
Expected return on plan assets	3	3
Funds contributed by employers	5	4
Funds paid to employers	–3	–3
Redemption of pension obligations	–3	–6
Unrecognised actuarial gains (+), losses (–)	–1	–10
Exchange-rate differences	0	3
Plan assets, fair value	**55**	**54**

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

The plan assets are distributed among various classes of assets as follows:

Plan assets	31 March 2010	31 March 2009
Equity instruments	5	3
Debt instruments	25	23
Properties	10	10
Other assets	15	18
Plan assets, fair value	**55**	**54**

Provision for pension obligations	31 March 2010	31 March 2009
Opening balance	361	346
Pension costs, defined-benefit plans	31	26
Benefits paid	–16	–14
Funds contributed by employers	–5	–4
Funds paid to employers	3	3
Redemption of pension liability	–7	–
Reclassification	–	3
Exchange-rate differences	0	1
Closing balance	**367**	**361**

Net actuarial gains/ losses	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Opening balance actuarial gains (+)/ losses (–)	–59	–32	–38	–29
Effect of changed assumptions	–11	–17	–1	6
Actuarial gains (–)/ losses (+), to be recognised	2	1	1	1
Actuarial gains (–)/ losses (+), redeemed pension liability	–1	–2	–	1
Actuarial gains (–)/ losses (+), acquired/divested businesses	–	–	–	0
Unrecognised actuarial gains (–)/losses (+), change for the period	–8	–9	6	–17
Closing balance, actuarial gains (+)/ losses (–)	**–77**	**–59**	**–32**	**–38**

NOTE 25, CONTINUED

Pension costs	2009/2010	2008/2009
Pensions earned during the period	15	14
Interest on obligations	17	18
Expected return on plan assets	–3	–3
Depreciation of actuarial gains (–), losses (+)	3	–2
Pension costs, defined-benefit plans	**32**	**27**
Pension costs, defined-contribution plans	94	105
Pension costs	**126**	**132**

Pension costs are distributed in the income statement between "Personnel costs" and "Net financial items," with the latter comprising the net amount of interest on the obligations and the expected return on the plan assets.

Of the total pension costs of MSEK 126 (132), MSEK 14 (15) is included in "Net financial items."

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2009/10			
Discount rate, 1 April, %	3.75	3.80	1.55
Discount rate, 31 March, %	3.75	4.00	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, %	3.50	3.50	N/A
Expected inflation, %[1]	2.00	1.50	N/A
Expected remaining period of service, years	12.50	4.50	N/A

Group	Sweden	Norway	Taiwan
2008/09			
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]	1.75	1.50	N/A
Expected remaining period of service, years	13.90	6.00	N/A

[1] Inflation assumption is equivalent to pension indexation, which applies in both Sweden and Norway.

Parent Company	31 March 2010	31 March 2009
Pension obligations unfunded plans, present value as of 31 March	53	54
Pension obligations funded plans, present value as of 31 March	–	–
Plan assets, fair value as of 31 March	–	–
Net pension obligations	**53**	**54**
Net liabilities in the balance sheet	**53**	**54**

The Parent Company has two defined-benefit plans, of which the main portion pertains to PRI. These obligations are recognised in the balance sheet in the following amounts:

	31 March 2010	31 March 2009
Provisions for pensions and similar commitments	53	54
Net liabilities according to the balance sheet	**53**	**54**
Of which, credit insured through FPG/PRI	52	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 2010	31 March 2009
Opening balance	54	56
Benefits earned during the year	0	0
Interest expense	2	3
Benefits paid	–3	–4
Actuarial gains (–)/ losses (+), to be recognised	–	–1
Pension obligations unfunded plans, present value	**53**	**54**

Pension obligations funded plans	31 March 2010	31 March 2009
Opening balance	–	0
Interest expense	–	–
Benefits paid	–	0
Redemption of pension obligations	–	–
Pension obligations funded plans, present value	**–**	**–**

Plan assets	31 March 2010	31 March 2009
Opening balance	–	0
Expected return on plan assets	–	–
Funds paid to employers	–	0
Plan assets, fair value	**–**	**–**

Provision for pension obligations	31 March 2010	31 March 2009
Opening balance	54	56
Pension costs, defined-benefit plans	2	2
Benefits paid	–3	–4
Funds paid to employers	–	0
Closing balance	**53**	**54**

Pension costs	2009/2010	2008/2009
Pensions earned during the period	0	0
Actuarial gains (–)/ losses (+), to be recognised	–	–1
Interest on obligations	2	3
Expected return on plan assets	–	–
Pension costs, defined-benefit plans	**2**	**2**
Pension costs, defined-contribution plans	8	8
Pension costs	**10**	**10**

NOTE 26

OTHER PROVISIONS

Group	31 March 2010	31 March 2009
Provisions classified as non-current liabilities		
Guarantee commitments	3	11
Estimated social security contributions pertaining to pensions	11	12
Other	0	0
Total	**14**	**23**

Specification	Estimated social security contributions	Other provisions	Total
Carrying amount at the beginning of the period	**12**	**11**	**23**
Provisions made during the period	0	0	0
Amount utilised during the period	–1	–8	–9
Carrying amount at the end of the period	**11**	**3**	**14**

NOTE 27

OTHER LIABILITIES

Group	31 March 2010	31 March 2009
Other non-current liabilities		
Estimated additional purchase considerations	–	16
Other	3	41
Total other non-current liabilities	**3**	**57**
Other current liabilities		
Derivatives held for hedging	1	11
Advance payments from customers	1	1
Estimated additional purchase considerations	82	111
Employee withholding taxes	23	25
VAT liability	73	79
Other operating liabilities	30	28
Total other current liabilities	**210**	**255**
Total other liabilities	**213**	**312**

Parent Company	31 March 2010	31 March 2009
Other non-current liabilities		
Derivatives held for hedging[1)]	28	31
Total other liabilities	**28**	**31**

[1)] 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 2010	31 March 2009	31 March 2010	31 March 2009
Accrued expenses				
Salaries and compensation to employees	214	254	1	6
Pension costs	17	18	1	1
Social security contributions	79	96	6	8
Bonuses, refunds to customers/suppliers	43	51	–	–
Car and travel expenses	3	3	–	–
Directors' and auditors' fees	5	6	1	1
Other consulting fees	12	16	–	0
Marketing costs	18	15	–	–
Guarantee costs	0	0	–	–
Shipping costs	9	6	–	–
Operating costs	24	27	–	–
Other accrued expenses	44	55	1	0
Deferred income				
Rent	2	1	–	–
Marketing income	5	6	–	–
Other deferred income	3	31	–	–
	478	**585**	**10**	**16**

NOTE 29

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

	31 March 2010			31 March 2009		
Group	**Interest-bearing**	**Non-interest-bearing**	**Total**	**Interest-bearing**	**Non-interest-bearing**	**Total**
ASSETS						
Intangible non-current assets	–	1,857	**1,857**	–	1,913	**1,913**
Tangible non-current assets	–	505	**505**	–	545	**545**
Financial non-current assets	9	9	**18**	11	9	**20**
Deferred tax assets	–	106	**106**	–	126	**126**
Total non-current assets	**9**	**2,477**	**2,486**	**11**	**2,593**	**2,604**
Current assets						
Inventories	–	1,458	**1,458**	–	1,768	**1,768**
Tax assets	–	52	**52**	–	53	**53**
Accounts receivable	–	1,111	**1,111**	–	1,210	**1,210**
Prepaid expenses and accrued income	–	106	**106**	–	112	**112**
Other receivables	–	71	**71**	–	64	**64**
Cash and bank	209	–	**209**	209	–	**209**
Total current assets	**209**	**2,798**	**3,007**	**209**	**3,207**	**3,416**
Total assets	**218**	**5,275**	**5,493**	**220**	**5,800**	**6,020**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	1,368	–	**1,368**	1,374	–	**1,374**
Other non-current liabilities	–	3	**3**	–	57	**57**
Provisions for pensions	370	–	**370**	363	–	**363**
Other provisions	–	14	**14**	–	23	**23**
Deferred tax liabilities	–	163	**163**	–	176	**176**
Total non-current liabilities	**1,738**	**180**	**1,918**	**1,737**	**256**	**1,993**
Current liabilities						
Current interest-bearing liabilities	214	–	**214**	442	–	**442**
Accounts payable	–	840	**840**	–	775	**775**
Tax liabilities	–	64	**64**	–	213	**213**
Other liabilities	–	210	**210**	–	255	**255**
Accrued expenses and deferred income	–	478	**478**	–	585	**585**
Total current liabilities	**214**	**1,592**	**1,806**	**442**	**1,828**	**2,270**
Total liabilities	**1,952**	**1,772**	**3,724**	**2,179**	**2,084**	**4,263**
Interest-bearing net liabilities	**–1,734**			**–1,959**		

NOTE 30

EXPECTED RECOVERY PERIODS FOR ASSETS, PROVISIONS AND LIABILITIES

Group Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1)]	**30**	**1,827**	**1,857**
Tangible non-current assets[1)]	**48**	**457**	**505**
Financial non-current assets			
Participations in associated companies	–	9	**9**
Other securities held as non-current assets	–	3	**3**
Other long-term receivables	0	6	**6**
Deferred tax assets	–	106	**106**
Total non-current assets	**78**	**2,408**	**2,486**
Current assets			
Inventories	1,458		**1,458**
Tax assets	52		**52**
Accounts receivable	1,111		**1,111**
Prepaid expenses and accrued income	106		**106**
Other receivables	71		**71**
Cash and bank	209		**209**
Total current assets	**3,007**		**3,007**
Total assets	**3,085**	**2,408**	**5,493**

Group Amounts expected to be paid	Within 12 months	After 12 months, within 5 years	After 5 years	Total
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	–	1,355	13	**1,368**
Other non-current liabilities	–	3	–	**3**
Provisions for pensions	13	56	301	**370**
Other provisions	–	3	11	**14**
Deferred tax liabilities	26	78	59	**163**
Total non-current liabilities	**39**	**1,495**	**384**	**1,918**
Current liabilities				
Current interest-bearing liabilities	214			**214**
Accounts payable	840			**840**
Tax liabilities	64			**64**
Other liabilities	210			**210**
Accrued expenses and deferred income	478			**478**
Total current liabilities	**1,806**			**1,806**
Total liabilities	**1,845**	**1,495**	**384**	**3,724**

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

NOTE 30, CONTINUED

Parent Company Amounts expected to be recovered	Within 12 months	After 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	–	238	**238**
Receivables from Group companies	–	3,455	**3,455**
Other long-term receivables	–	0	**0**
Deferred tax assets	–	17	**17**
Total non-current assets	**2**	**3,715**	**3,717**
Current assets			
Receivables from Group companies	84		**84**
Tax assets	8		**8**
Other receivables	1		**1**
Prepaid expenses and accrued income	3		**3**
Cash and bank	117		**117**
Total current assets	**213**		**213**
Total assets	**215**	**3,715**	**3,930**

Parent Company Amounts expected to be paid	Within 12 months	After 12 months, within 5 years	After 5 years	Total
Provisions				
Provisions for pensions and similar commitments	4	16	33	**53**
Total provisions	**4**	**16**	**33**	**53**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		1,300		**1,300**
Liabilities to Group companies		97		**97**
Other liabilities		28		**28**
Total non-current liabilities		**1,425**		**1,425**
Current liabilities				
Liabilities to credit institutions	194			**194**
Accounts payable	1			**1**
Liabilities to Group companies	978			**978**
Other liabilities	6			**6**
Accrued expenses and deferred income	10			**10**
Total current liabilities	**1,189**			**1,189**
Total provisions and liabilities	**1,193**	**1,441**	**33**	**2,667**

[1)] Expected annual depreciation and amortisation are 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 in the 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.

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 as equity in other comprehensive income until its underlying cash flow is reflected in the income statement.

FOREIGN-EXCHANGE RISKS

Changes in exchange rates affect the Group's earnings and equity in various ways:

i) *Transaction exposure*: Arises when sales and purchases are conducted in different currencies.
ii) *Translation exposure of earnings*: Arises when the earnings of foreign subsidiaries are translated to SEK.
iii) *Translation exposure of equity*: Arises when the net assets of foreign subsidiaries are translated to SEK.
iv) *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 147 (315) as of 31 March 2010 according to the following distribution:

Foreign exchange contract	Nominal value as of 31 March 2010	Nominal value as of 31 March 2009
NOK/SEK[1)]	119	182
USD/SEK	14	30
EUR/SEK	0	0
USD/NTD[1)]	14	103
Total	**147**	**315**

[1)] Foreign-exchange forward contracts for sale of currency

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	2009/2010	2008/2009
NOK	440	980
EUR	–220	–440
USD	–180	–310
NTD	–90	–120
PLZ	70	110
SEK	80	280

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 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 also change. Foreign-exchange translation of the income statements of foreign subsidiaries for the 2009/2010 financial year affected operating profit for the year by approximately MSEK 6 (14) compared with the preceding year's average exchange rates.

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 recognised against equity under other comprehensive income. 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 decrease by approximately MSEK 52 (+73) during the year.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2010	31 March 2009
NOK	270	296
EUR	397	428
NTD	41	50
PLZ	11	22
EEK	6	9
DKK	18	18

NOTE 31, CONTINUED

Measurement of financial assets and financial liabilities

As of the balance-sheet date, the Group's net loan liabilities amounted to MSEK 1,734 (1,959), comprising interest-bearing liabilities and provisions in the amount of MSEK 1,952 (2,179), less interest-bearing assets totalling MSEK 218 (220).

B&B TOOLS' financial instruments measured at fair value comprise derivatives, and measurement is carried out in accordance with Level 2, which entails that fair value is determined based on either directly (such as price) or indirectly (derived from prices) observable market inputs.

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

	31 March 2010		31 March 2009	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at fair value				
Derivatives for hedge accounting	3	3	5	5
Total	**3**	**3**	**5**	**5**
Loan receivables and accounts receivable				
Long-term receivables	2	3	5	5
Accounts receivable and other receivables	1,178	1,178	1,269	1,269
Cash and bank	209	209	209	209
Total	**1,389**	**1,389**	**1,483**	**1,483**
Financial assets available for sale				
Financial investments	3	3	4	4
Total	**3**	**3**	**4**	**4**
Financial liabilities measured at fair value				
Derivatives for hedge accounting	28	28	44	44
Total	**28**	**28**	**44**	**44**
Other financial liabilities				
Non-current interest-bearing liabilities	1,340	1,340	1,343	1,343
Other non-current liabilities	3	3	57	57
Current interest-bearing liabilities	214	214	442	442
Accounts payable and other liabilities	1,049	1,049	1,016	1,016
Total	**2,606**	**2,606**	**2,858**	**2,858**

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.

	31 March 2010		Matures		
Maturity structure financial liabilities	**Carrying amount**	**Future payment amount**	**within 3 months**	**after 3 months within 1 year**	**after 1 year within 5 years**
Interest-bearing financial liabilities	1,554	1,587	5	226	1,356
Derivatives, forward contracts and swap contracts	28	53	4	10	39
Accounts payable and other non-interest-bearing liabilities	1,052	1,052	1,049	–	3
Total financial liabilities	**2,634**	**2,692**	**1,058**	**236**	**1,398**

The average remaining maturity period for interest-bearing financial liabilities is 2.1 years (2.6).

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 fixed-interest 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 +14 (–45).

Borrowing and trading in financial instruments is conducted with one of the major Swedish commercial bank. 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 significant 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, with an addition for adjustments in accordance with IAS 19. The interest expense for the PRI liability is calculated based on the data provided by PRI. The interest rate for the 2009 calendar year was estimated at 3.9 percent and the current estimated interest rate for the 2010 calendar year is 5.0 percent.

NOTE 31, CONTINUED

CREDIT RISKS

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 operating year. The Group has a favourable risk spread of sales to various industries and companies. 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. The size of the individual customer's credit is assessed individually. A credit rating is performed for all new customers. The intention is for the credit limits to reflect the customer's payment capacity. The weak economic trend has generally caused companies' financial situations to deteriorate, and the risk of credit losses has increased. Historically, the Group's credit losses have been low.

NOTE 32

OPERATIONAL LEASING

	Group		Parent Company	
	2009/2010	2008/2009	2009/2010	2008/2009
Leasing agreements in which the Group/the Company is the lessee				
Non-terminable leasing fees amount to:				
Within 1 year	164	181	3	3
Between 1 and 5 years	273	358	1	2
Later than 5 years	32	50	–	–
Total	**469**	**589**	**4**	**5**
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees	193	205	3	3
Total leasing costs	**193**	**205**	**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 2010	31 March 2009	31 March 2010	31 March 2009
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Real-estate mortgages	4	43	–	–
Leasehold mortgages	0	1	–	–
Corporate mortgages	23	51	–	–
Pledged capital insurance	1	1	–	–
Pledged accounts receivable	4	8	–	–
Total pledged assets	**32**	**104**	**–**	**–**
Contingent liabilities				
Guarantees for subsidiaries[1)]			273	257
Guarantees, other	14	15	1	1
Total contingent liabilities	**14**	**15**	**274**	**258**

[1)] Parent Company guarantees for subsidiaries essentially pertain to PRI obligations.

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 60–63.

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 2010	Carrying amount as of 31 March 2009
B&B Development AB	556092-2410	Stockholm	1,500	100	12	12
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 Solutions AB	556706-2699	Stockholm	1,000	100	92	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	0
B&B TOOLS Fastigheter AB	556787-7559	Stockholm	1,000	100	0	–
Total					**238**	**233**
Opening carrying amount					**233**	**256**
Accumulated cost						
At the beginning of the year					340	340
Shareholder contribution paid					5	–
Acquisition					0	–
At year-end					345	340
Impairment losses on cost						
At the beginning of the year					–107	–84
Impairment losses for the year					–	–23
At year-end					–107	–107
Closing carrying amount					**238**	**233**

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 205 (214), MSEK 54 (56) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2010	31 March 2009
Accumulated accelerated depreciation		
Non-current assets		
Opening balance 1 April	1	–
Change in accelerated depreciation for the year	0	1
Closing balance 31 March	**1**	**1**
Tax allocation reserve		
Allocation to tax 2005	–	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	49
Allocation to tax 2011	5	–
Closing balance 31 March	**205**	**213**

NOTE 38

CASH-FLOW STATEMENT

	Group		Parent Company	
Cash and cash equivalents	**31 March 2010**	**31 March 2009**	**31 March 2010**	**31 March 2009**
The following sub-components are included in cash and cash equivalents:				
Cash and bank	209	209	117	51
Total according to the balance sheet	209	209	117	51
Total according to the cash-flow statement	**209**	**209**	**117**	**51**

	Group		Parent Company	
Interest paid and dividends received	**2009/2010**	**2008/2009**	**2009/2010**	**2008/2009**
Dividends/Group contribution received	–	–	303	377
Interest received	3	19	56	162
Interest paid	–71	–121	–47	–123
Total	**–68**	**–102**	**312**	**416**

NOTE 38, CONTINUED

Adjustments for non-cash items	Group 2009/2010	Group 2008/2009	Parent Company 2009/2010	Parent Company 2008/2009
Depreciation and amortisation	69	64	2	1
Impairment losses/Reversal of impairment losses	0	0	–	23
Profit/loss from the sale of companies and facilities	1	5	–	–
Change in reserve for non-recurring costs	–52	95	–	–
Change in other provisions	–8	–1	–	–
Change in pension obligations	24	24	2	2
Adjustment for Group contributions paid	–	–	–42	–203
Hedge accounting	–1	–1	0	1
Adjustment for interest paid/received	1	–3	–	0
Other	4	1	–	–
Total	**38**	**184**	**–38**	**–176**

Transactions not resulting in payments	Group 2009/2010	Group 2008/2009	Parent Company 2009/2010	Parent Company 2008/2009
Acquisition of assets whereby a liability directly related to the asset has been taken over or a vendor promissory note has been issued	–	–87	–	–
Shareholders' contribution	–	–	4	–
	–	**–87**	**4**	**–**

Acquisition of subsidiaries and other business units	Group 2009/2010	Group 2008/2009
Acquired assets:		
Intangible non-current assets	–22	159
Tangible non-current assets	–	31
Participations in associated companies	–	–
Financial non-current assets	–	2
Inventories	–	49
Operating receivables	–	72
Cash and cash equivalents	–	13
Total assets	**–22**	**326**
Acquired minority interest, provisions and liabilities:		
Minority interest	18	9
Non-current provisions	–	–4
Non-current liabilities	–	–13
Current operating liabilities	–	–56
Total minority interest, provisions and liabilities	**18**	**–64**
Purchase consideration	4	–262
Less/Additional: Settlement of purchase considerations	–50	–87
Purchase consideration paid	**–46**	**–349**
Less: Cash and cash equivalents in acquired businesses	–	13
Effect on cash and cash equivalents	**–46**	**–336**

Also refer to Note 7 Acquisition of businesses.

Disposal of subsidiaries and other business units	Group 2009/2010	Group 2008/2009
Divested assets:		
Intangible non-current assets	–	32
Tangible non-current assets	3	13
Financial non-current assets	–	–
Inventories	–	35
Operating receivables	0	54
Cash and cash equivalents	0	12
Total assets	**3**	**146**
Divested provisions and liabilities:		
Non-current provisions	–	–
Non-current liabilities	–1	–1
Current liabilities	0	–78
Total provisions and liabilities	**–1**	**–79**
Capital gain/loss	1	–7
Total	**3**	**60**
Sales price	3	60
Less: Cash and cash equivalents in divested businesses	0	–12
Effect on cash and cash equivalents	**3**	**48**

NOTE 39

EVENTS AFTER THE BALANCE-SHEET DATE

No significant events have occurred in the Group after the end of the balance-sheet date on 31 March 2010.

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 statements may be affected.

LEGAL PROCEEDINGS AND DISPUTES

The Group recognises 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 statements. 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 statements 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 class B shares are registered on the Mid Cap list of NASDAQ OMX Stockholm, Sweden. The address of the head office is: PO Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for 2009/2010 financial year 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 1,631 as of 31 March 2010, of which MSEK 134 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 782,291 thousand
Net profit for the year	SEK 131,852 thousand
	SEK 914,143 thousand

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

Dividends to shareholders, SEK 2.50 per share	SEK 70,140 thousand[1)]
To be brought forward	SEK 844,003 thousand
	SEK 914,143 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 25 August 2010.

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 financial statements 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 2010

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 2010

KPMG AB

George Pettersson
Authorized Public Accountant

1) Calculated based on the number of shares as of 31 March 2010 and with due consideration for the 380,500 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.

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 President & Chief Executive Officer of B&B TOOLS AB (publ) for the financial year 1 April 2009 to 31 March 2010. The annual accounts and the consolidated accounts of the Company are included in the printed version of this document on pages 34–86. The Board of Directors and the President & Chief Executive Officer 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 President & Chief Executive Officer and significant estimates made by the Board of Directors and the President & Chief Executive Officer 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 President & Chief Executive Officer. We also examined whether any Board member or the President & Chief Executive Officer 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 corporate governance report has been prepared in accordance with the Annual Accounts Act. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and the consolidated accounts.

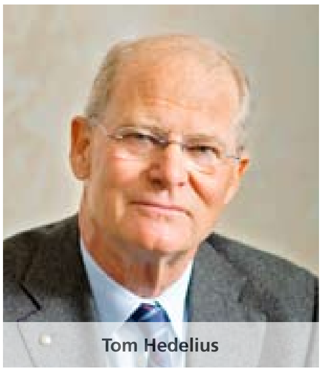
We recommend to the Annual General Meeting of Shareholders that the income statement and balance sheet of the Parent Company and of the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President & Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 17 June 2010

KPMG AB

George Pettersson
Authorized Public Accountant

BOARD OF DIRECTORS AND AUDITORS


Tom Hedelius


Anders Börjesson


Per Axelsson


Conny Kjellberg


Anita Pineus


Lillemor Svensson


Stefan Wigren

BOARD OF DIRECTORS

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 the Anders Sandrew Foundation and the Jan Wallander and Tom Hedelius Foundation.
Vice Chairman of Addtech AB and Lagercrantz Group AB.
In addition, Tom Hedelius was Chairman of AB Industrivärden and Director of L E Lundbergföretagen AB and SCA AB, among other assignments, during the 2009/2010 financial year.
Shares owned: 484,386 class A shares.

ANDERS BÖRJESSON
Stockholm, born 1948.
Vice Chairman since 2001.
Director since 1990.
M.Sc. Econ.
Chairman of Addtech AB, Cibenon AB, Lagercrantz Group AB and Stockholms Byggplåt AB.
Director of Boomerang AB, Bostad Direkt AB, Futuraskolan AB and Inomec AB.
Shares owned: 484,386 class A shares and 1,093 class B shares.

PER AXELSSON
Eksjö, born 1950.
Director since 2001.
M.Sc. Econ.
Director of AB Julius Ekboms.
Shares owned: 2,688 class A shares and 25,000 class B shares (company). 3,000 class B shares.

CONNY KJELLBERG
Limmared, born 1945.
Director since 1996.
Employee Representative
Shares owned (family): 652 class B shares.

ANITA PINEUS
Gothenburg, born 1942.
Director since 2004.
CEO and Director of Stockhome AB.
Shares owned: 1,000 class B shares.

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

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

HONORARY DIRECTOR
PÄR STENBERG
Stockholm, born 1931.
Former President and Vice Chairman of Bergman & Beving AB.
Shares owned: 849,522 class B shares.

AUDITORS

KPMG AB
Chief Auditor:
GEORGE PETTERSSON, Authorised Public Accountant.
Stockholm, born 1964.

George Pettersson serves as the Chief Auditor in such listed companies as Holmen AB, Hufvudstaden AB, L E Lundbergföretagen AB, Modern Times Group MTG AB and Skanska AB. George Pettersson has been B&B TOOLS AB's Chief Auditor since 2007.

During 2009/2010, KPMG AB conducted audit assignments for approximately 25 percent of the companies listed on NASDAQ OMX Stockholm.

GROUP MANAGEMENT

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

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): 35,300 class B shares.

CARL JOHAN LUNDBERG
Born 1951.
Executive Vice President.
Employee of the Group since 1987.
M.Sc. Eng.
Shares owned: 30,221 class B shares.

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.

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

OTHER SENIOR MANAGEMENT

STAFFAN ANDERSSON
Executive Vice President of B&B TOOLS Markets AB.
Employee of the Group since 2008.

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

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

PONTUS BOMAN
Executive Vice President of B&B TOOLS Solutions AB.
Employee of the Group since 2007.

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

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

MATS KARLQVIST
Vice President – Corporate Communications.
Employee of the Group since 2001.

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

LENNART SVEDMAN
Executive Vice President of B&B TOOLS Solutions AB.
Employee of the Group since 2006.

NB: Information on the Board of Directors' and Group management's holdings of shares and call options stated above pertains to circumstances as of 17 June 2010.

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 increased by 139 percent during the operating year. The trading volume was MSEK 1,024. At the end of the operating year, B&B TOOLS had a market capitalisation of MSEK 3,007.

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 the Stockholm Stock Exchange in the Industrials sector. The share is traded under the symbol BBTO-B.

Performance of the B&B TOOLS share during 2009/2010
During the period from 1 April 2009 to 31 March 2010, the market price of the B&B TOOLS share increased by 139 percent to SEK 105.75, which was the final paid price on 31 March 2010. During the same period, Affärsvärlden's Composite Index rose 63 percent. The highest and lowest prices paid during the operating year were SEK 113.25 and SEK 43.60, respectively. The share price on 17 June 2010 was SEK 103.00.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to 147 percent during 2009/2010. The SIX Return Index of the Stockholm Stock Exchange rose 69 percent during the same period. Since 2004/2005, the total return on the B&B TOOLS share has amounted to 52 percent, compared with 63 percent for the SIX Return Index.

As of 31 March 2010, B&B TOOLS' total market capitalisation amounted to MSEK 3,007 (1,257). A total of 12.4 million shares in B&B TOOLS AB were traded at a value of MSEK 1,024 during the year, corresponding to 44 percent of the total number of shares outstanding in the Company.

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

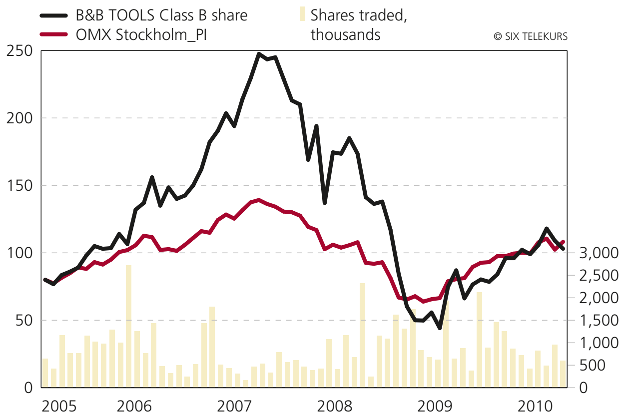
Share capital
As of 31 March 2010, the Company's share capital amounted to MSEK 57. The total number of shares outstanding was 28,436,416. Of the total number of shares outstanding, 1,082,124 were class A shares carrying ten votes each and 27,354,292 were class B shares carrying one vote each. All shares 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 2009/2010 operating year, there were no changes in the total number of shares. A total of 2,688 class A shares were converted to class B shares during the year.

Of the total number of shares as of 31 March 2010, the Company had repurchased 380,500 class B shares, corresponding to 1.3 percent of the total number of shares and 1.0 percent of the total number of votes. All of the repurchased class B shares held in treasury are reserved for securing the Company's obligations 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 2010 totalled a net amount of 28,055,916. The Board of Directors of B&B TOOLS AB has resolved to propose that the Annual General Meeting to be held on 25 August 2010 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 27,949,291 for the 2009/2010 operating year.

SHARE-PRICE DEVELOPMENT



CLASSES OF SHARES AS OF 31 MARCH 2010[1)]

	Number of shares	Proportion of capital	Proportion of votes
Class A	1,082,124	3.9%	28.6%
Class B	26,973,792	96.1%	71.4%
	28,055,916	**100.0%**	**100.0%**
Repurchased class B shares	380,500		
Total number of shares outstanding	**28,436,416**		

1) Source: Euroclear Sweden

HISTORY OF THE B&B TOOLS SHARE

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Share price as of 31 March, SEK	105.75	44.20	173.50	214.00	137.00
Market capitalisation as of 31 March, MSEK	3,007	1,257	4,934	6,085	3,896
Dividend, SEK	2.50[1)]	2.50	5.00	4.00	3.50
Number of shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,434	4,418	4,091	4,086	4,316
Highest share price during the operating year, SEK	113.25	185.00	270.00	220.00	137.50
Lowest share price during the operating year, SEK	43.60	43.50	136.00	128.00	76.75
Dividend yield[2)], %	2.4[1)]	5.7	2.9	1.9	2.6

1) As proposed by the Board of Directors.
2) Dividend per share divided by the closing share price on 31 March for each operating year.

Dividend
The dividend proposed by the Board of Directors for the 2009/2010 operating year is SEK 2.50 (2.50) per share, corresponding to a total of MSEK 70 (70). The pay-out ratio is 52 percent (25) of earnings per share.

Shareholder structure
As of 31 March 2010, B&B TOOLS AB had 4,434 shareholders (4,418). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 75 percent (75) of the total number of shares. The proportion of foreign ownership is approximately 20 percent (20) of the total number of shares. The table below shows the ownership structure on 31 March 2010.

Employee ownership of B&B TOOLS
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 60–63.

OWNERSHIP STRUCTURE AS OF 31 MARCH 2010[1)]

	Owners		Shares	
Size class. number of shares	Number	% of total	Number	% of total
1 – 500	2,803	63.1%	494,066	1.8%
501 – 1,000	731	16.5%	604,319	2.2%
1,001 – 5,000	615	13.9%	1,420,696	5.1%
5,001 – 10,000	109	2.5%	814,391	2.9%
10,001 – 50,000	101	2.3%	1,890,755	6.7%
50,001 – 100,000	21	0.5%	1,518,501	5.4%
100,001 –	54	1.2%	21,313,188	75.9%
Total	**4,434**	**100.0%**	**28,055,916**	**100.0%**

[1)] Source: Euroclear Sweden

MAJOR SHAREHOLDERS AS OF 31 MARCH 2010[1)]

	Number of		Percentage of	
	Class A shares	Class B shares	Capital	Votes
Anders Börjesson	484,386	1,093	1.7%	12.8%
Tom Hedelius	484,386		1.7%	12.8%
Swedbank Robur fonder		3,116,501	11.1%	8.2%
SEB Fonder		1,648,028	5.9%	4.4%
SEB Asset Management S A		1,551,322	5.5%	4.1%
Fourth AP Fund		1,415,430	5.0%	3.7%
Odin Fonder		1,368,077	4.9%	3.6%
Svenska Handelsbanken CEA		1,050,000	3.7%	2.8%
Svolder AB		1,010,000	3.6%	2.7%
Pär Stenberg		849,522	3.0%	2.2%
US Residents Omnibus Lending A/C		777,799	2.8%	2.1%
Garanti Placeringsfond Nordea		742,766	2.6%	2.0%
Sandrew Aktiebolag		600,000	2.1%	1.6%
Other shareholders	113,352	12,843,254	46.2%	37.0%
	1,082,124	**26,973,792**	**100.0%**	**100.0%**
Additional: Repurchased class B shares		380,500		
Total	**1,082,124**	**27,354,292**	**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 is not authorised to make decisions regarding new share issues.

FINANCIAL INFORMATION 2010/2011

Financial Calendar 2010/2011
For the 2010/2011 operating year, reports will be published as follows:

Interim Report 1 April–30 June 2010	19 August 2010
Interim Report 1 April–30 September 2010	12 November 2010
Interim Report 1 April–31 December 2010	16 February 2011
Financial Report 2010/2011	12 May 2011
Annual Report 2010/2011	July 2011

The 2010 Annual General Meeting will be held in Stockholm on 25 August 2010.

The printed Annual Report is distributed to all shareholders unless they have instructed Euroclear Sweden 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 markets 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 descriptions 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 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.

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

WELCOME TO THE 2010 ANNUAL GENERAL MEETING

Time and location
B&B TOOLS AB's Annual General Meeting will be held at 4:30 p.m. on Wednesday, 25 August 2010 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 not later than Thursday, 19 August 2010, and
(b) notify the Company of their intention to attend not later than 3:00 p.m. on Thursday, 19 August 2010.

Notices should be submitted to 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 share register
Shares are registered in the share 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. To be able 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 19 August 2010. Accordingly, the nominee should be contacted in ample time prior to 19 August 2010.

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 2009/2010. 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 Monday, 30 August 2010 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 Thursday, 2 September 2010 to the shareholders recorded in the share register as of the record date.

MULTI-YEAR SUMMARY

MSEK	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Earnings information									
Revenue	7,648	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	1	–	–	–	–	–	–
Other operating income	5	39	12	6	18	6	–	–	–
Total operating revenue	**7,654**	**9,365**	**9,146**	**6,829**	**5,076**	**3,869**	**3,881**	**3,975**	**3,956**
Operating expense, excluding non-recurring items	–7,393	–8,743	–8,472	–6,386	–4,774	–3,667	–3,718	–3,815	–3,810
of which depreciation, amortisation and impairment losses	–69	–63	–67	–66	–74	–92	–80	–79	–68
Operating profit, excluding non-recurring items	261	622	674	443	302	202	163	160	146
Non-recurring items	–	–111	–	–	4	–4	–34	–6	–
Operating profit, including non-recurring items	261	511	674	443	306	198	129	154	146
Financial income and expense	–68	–108	–74	–36	–15	–13	–13	–13	–6
Profit after net financial items	193	403	600	407	291	185	116	141	140
Taxes	–59	–112	–168	–117	–81	–49	–37	–46	–49
Profit after taxes, but before profit from discontinued operations	134	291	432	290	210	136	79	95	91
Profit/loss from discontinued operations, net after taxes	–	–	–	–	–1	64	–	–	–
Net profit for the year	**134**	**291**	**432**	**290**	**209**	**200**	**79**	**95**	**91**
Of which attributable to:									
Parent Company shareholders	134	285	421	288	207	198	79	95	91
Minority interest	0	6	11	2	2	2	–	–	–
Balance information									
Intangible non-current assets	1,857	1,913	1,755	1,033	504	312	270	180	100
Tangible non-current assets	505	545	529	500	419	350	347	346	356
Financial non-current assets	124	146	110	81	60	51	78	54	37
Inventories	1,458	1,768	1,667	1,268	868	731	634	519	551
Current receivables	1,340	1,439	1,570	1,369	927	738	679	601	591
Cash and cash equivalents	209	209	226	170	276	152	297	374	333
Total assets	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**	**2,305**	**2,074**	**1,968**
Equity attributable to Parent Company shareholders	1,769	1,739	1,551	1,239	1,085	935	814	831	790
Minority interest	0	18	20	12	13	22	–	–	–
Total equity	**1,769**	**1,757**	**1,571**	**1,251**	**1,098**	**957**	**814**	**831**	**790**
Convertible debenture loan	–	–	–	–	–	–	63	82	82
Interest-bearing liabilities and provisions	1,952	2,179	2,008	1,202	671	381	454	323	329
Non-interest-bearing liabilities and provisions	1,772	2,084	2,278	1,968	1,285	996	974	838	767
Total equity and liabilities	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**	**2,305**	**2,074**	**1,968**
Capital employed	3,721	3,936	3,579	2,453	1,769	1,338	1,331	1,236	1,201
Financial net loan liability	–1,734	–1,959	–1,769	–1,018	–389	–224	–213	–20	–65

KEY FINANCIAL RATIOS

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Operating margin, %	3.4	5.5	7.4	6.5	6.0	5.1	3.3	3.9	3.7
Profit margin, %	2.5	4.3	6.6	6.0	5.8	4.8	3.0	3.5	3.5
Return on total capital, %	5	9	14	12	12	9	6	9	8
Return on capital employed, %	7	14	23	22	20	16	11	14	13
Return on equity, %	8	17	31	25	20	23	9	12	11
Ditto, excluding non-recurring items, %	8	22	31	25	20	17	12	13	11
Return on equity after dilution, %	8	17	31	25	20	22	9	11	11
Equity/assets ratio, %	32	29	27	28	36	41	35	40	40
Equity/assets ratio after dilution, %	32	29	27	28	36	41	38	44	44
Other data									
Number of employees at the end of the period	2,844	3,183	3,315	2,697	1,978	1,630	1,602	1,380	1,378
Average number of employees	2,980	3,333	2,987	2,289	1,817	1,696	1,378	1,382	1,361
Cash flow from operating activities, MSEK	368	377	360	420	292	257	240	215	207
Per-share data									
Earnings, SEK	4.80	10.20	15.10	10.35	7.45	7.25	2.85	3.45	3.30
Earnings after dilution, SEK	4.80	10.20	15.00	10.25	7.35	7.10	2.75	3.30	3.20
Cash flow from operating activities, SEK	13.20	13.50	12.90	15.10	10.50	9.45	8.70	7.85	7.55
Ditto, after dilution, SEK	13.15	13.45	12.80	15.00	10.40	9.20	8.20	7.35	7.00
Equity, SEK	63.05	62.35	55.60	44.60	38.95	33.75	30.15	30.10	27.70
Equity after dilution, %	63.00	62.10	55.20	44.15	38.50	33.50	30.90	31.05	28.85
Share price at 31 March, SEK	105.75	44.20	173.50	214.00	137.00	80.00	52.00	39.70	46.50
Dividend, SEK	2.50[1)]	2.50	5.00	4.00	3.50	2.75	2.25	2.00	1.75
Other share-related data									
Share price/equity, %	168	71	312	480	352	237	173	132	168
Share price/equity after dilution, %	168	71	314	485	356	239	168	128	161
Price/earnings ratio, multiple	22	4	11	21	18	11	18	11	14
Price/earnings ratio after dilution, multiple	22	4	12	21	19	11	19	12	14
Dividend yield, %	2.4[1)]	5.7	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 2009/2010 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 2009/2010.

DEFINITIONS

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.

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

Cash flow per share
Cash flow for the year from operating activities divided by the weighted number of shares.

Dividend yield
Dividend per share relative to share price at 31 March.

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

Equity/assets ratio
Equity as a percentage of the balance-sheet total.

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

Financial net loan liability
Interest-bearing liabilities and provisions less cash and cash equivalents and interest-bearing financial non-current assets.

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.

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.

Operating margin
Operating profit/loss relative to revenue.

Price/earnings ratio
The share price at 31 March divided by earnings per share.

Profit margin
Profit/loss after net financial items relative to revenue.

Profit/Working capital
Operating profit in relation to working capital used.

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.

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

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

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

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

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 & Operations

PPB – Acronym for proprietary product brand.

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

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