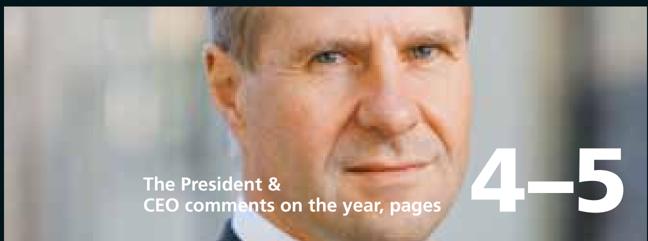
B&B TOOLS

ANNUAL REPORT 2010/2011

United for industrial efficiency

Contents



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.

Operating year 2010/2011

Performance during the four quarters of the year is summarized in the points below.

Q1

- Steadily improved demand for industrial consumables after a slow start for the quarter.
- Many of the Group's customers see a positive trend despite the large remaining macroeconomic uncertainties.
- Revenue for comparable units, measured in local currency, increased approximately 2 percent during the quarter.

Q2

- Positive sales trend for the Group's operations in Sweden and Finland, while demand in Norway was weak.
- Improved operating profit, in part due to increased coordination of the Group's product range.

Q3

- Strong sales trend primarily in Finland and Sweden and for TOOLS Momentum.
- The Norwegian market recovered and showed unchanged sales compared with the preceding year.
- Revenue for comparable units, measured in local currency, increased approximately 10 percent during the quarter.

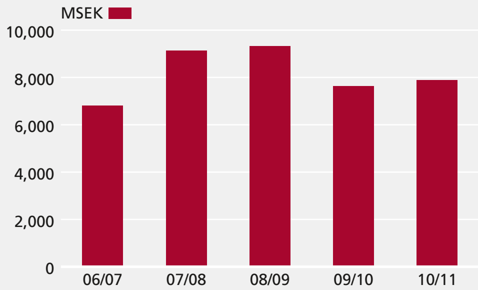
Q4

- The quarter began weak but closed on a high note for most of the Group's units.
- Strong earnings performance in Sweden and Finland and for TOOLS Momentum, while TOOLS in Norway and the Group's operations in Poland showed negative earnings.

Group in figures	2010/2011	2009/2010	Change
Revenue, MSEK	7,885	7,648	+3%
Operating profit, MSEK	347	261	+33%
Profit after net financial items, MSEK	280	193	+45%
Net profit for the year, MSEK	194	134	+45%
Per share, SEK			
Net profit for the year	6.90	4.80	+44%
Cash flow from operating activities	3.65	13.20	–72%
Equity	66.00	63.05	+5%
Dividend	3.00[1]	2.50	+20%
Operating margin, %	4.4	3.4	
Return on equity, %	11	8	
Equity/assets ratio, %	34	32	
Average number of employees	2,837	2,980	–5%

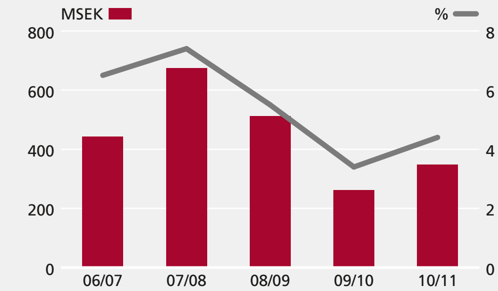
[1] As proposed by the Board of Directors.

REVENUE



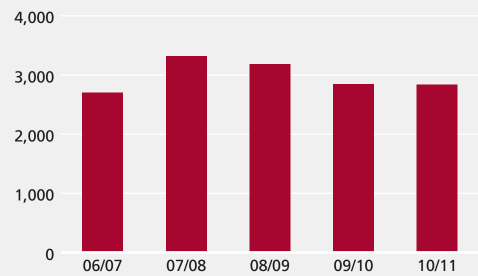
In recent years, the B&B TOOLS Group has grown both organically and through the acquisition of some 100 businesses with more than SEK 5 billion in revenue. In 2008/2009 and 2009/2010, the Group's sales trend was impacted negatively by the sharp economic decline experienced by the Nordic industrial sector. 2010/2011 showed some recovery and the organic growth for comparable units, measured in local currency, was approximately 6 percent.

OPERATING PROFIT AND OPERATING MARGIN



The B&B TOOLS Group's operating profit in 2008/2009 and 2009/2010 was adversely affected by the severe economic slowdown, forcing the Group to implement substantial cost-saving measures. For operating year 2010/2011, operating profit increased 33 percent.

NUMBER OF EMPLOYEES AT THE END OF THE OPERATING YEAR



Through strong organic growth and acquisitions, the number of employees in the B&B TOOLS Group grew substantially in the years until 2008. Cost-saving measures implemented since the fall of 2008 resulted in a reduction of the number of employees in the Group by approximately 600 persons. In 2010/2011, the number of employees has remained largely unchanged.

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. Its main geographic markets are Sweden, Norway and Finland. The Group has approximately 2,800 employees and reported revenue of approximately MSEK 7,900 in the 2010/2011 operating year.

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*

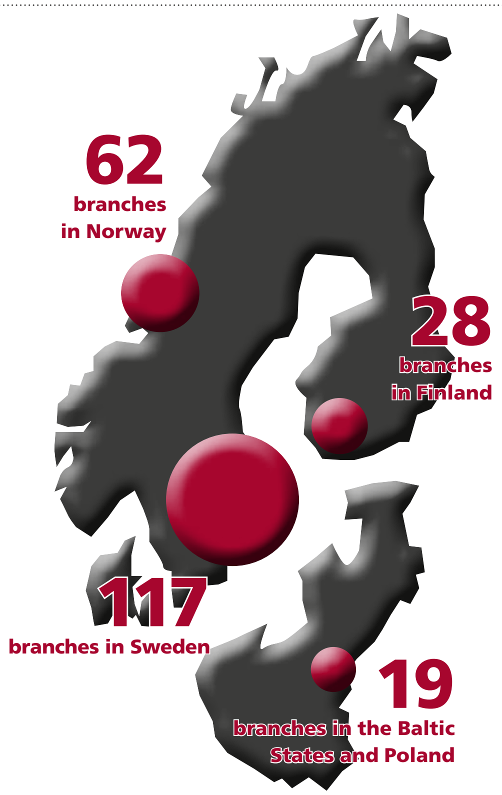
Proximity provides the basis for long-term customer relations

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 throughout the Nordic region and the Baltic area

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 customers' 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 also has a number of strong proprietary product brands.
Read more on page 10

Recovery and a more efficient organisation – the path towards our vision continues

Recovery

2010/2011 was a year of recovery for the B&B TOOLS Group. Demand improved steadily throughout during the year but the first half-year was more characterised by uncertainty than growth. While many customers spoke positively about the future at the beginning of the year, order bookings did not show a clear improvement until the latter part of the year. Operations in Sweden showed relatively strong growth figures in the second half of the year while Norway, which was late to experience the economic downturn, recovered much later. These circumstances meant that the Group's revenue trend was an average of both good and less favourable results.

Due to the uncertainty that characterised demand in the first half of the year, the Group's coordination work was postponed until the last quarter of the year. Priorities for 2011/2012 were established and implementation plans were defined in the fourth quarter of the year.

B&B TOOLS' two main priorities for 2011/2012 are:

– Organic volume growth in existing markets.
– Introduction of Group-wide infrastructure solutions for logistics, IT and other subareas (to enable greater coordination).

These priorities involve additional focus. All units have continuous, individual responsibility for margins, costs and earnings, and, naturally, this responsibility will continue to apply in the future.

Revenue and profit

In the 2010/2011 operating year, revenue was MSEK 7,885 (7,648). This represents growth of 3 percent for the Group (corresponding to approximately 6 percent in local currency). However, the Group's growth is the sum of several parts that showed relatively large differences during the year. The diagram on the opposite page shows the differences between the various countries. The diagram also shows that the Fastening Elements Business Area (Essve) experienced a challenging year in terms of revenue. Essve replaced its largest supplier in the electrical hand tools product area during the year. The project was completed in an excellent manner and the Business Area is now well positioned for the future, although 2010/2011 was an investment year with negative effects on revenue.

Operating profit for 2010/2011 was MSEK 347, compared with MSEK 261 for 2009/2010. Contribution ratios remained relatively unchanged during the year.

The largest overhead items for the Group are directly correlated to the number of employees, which is the reason why efficiency is so critical. The Group had 2,844 employees (full-time equivalents) when the year commenced, and 2,840 at year-end. The benchmark for the year was that volume increases will be handled by the existing number of employees unless the motivation for not doing so is (very) strong. There are two reasons for this: we want to utilise the leverage in the income statement resulting from cost cuts in the preceding year, and we want to gradually implement efficiency enhancements, thereby generating greater revenue per employee.

The vision applies!

The vision – First in MRO – applies to the utmost degree!* In the years leading up to the recession, the Group acquired some 100 businesses with similar activities in reseller operations. All of these businesses now constitute the Group's channel to the industry and are gathered under the TOOLS brand. The path toward the vision involves a comprehensive change effort that has largely been on hold over the past two years due to the economic situation. However, some things have occurred in the background.

Some development processes have taken place, entailing that the tight sector is now the *introduction* and subsequent *application* of developed objects rather than development. Another key process that is ongoing is "*regionalisation*". Most of the acquisitions have become part of TOOLS and these businesses have gradually been transformed from independent companies into a more homogenous operation that is organised into eleven regions. The vision is to leave no stone unturned and create an operation with a joint range, a joint IT system, a joint article database, a joint logistics system, a shared customer promise and so on. Many of these pieces have now fallen into place and will gradually be introduced into the operations.

Operating activities have one important similarity with society in general: the *infrastructure* must be in place before any real benefits can be realised. The infrastructure introduction that we have planned is comprehensive and expected to continue for three years. The introduction process entails that each region and Business Area will focus on one or a few introduction areas at any one time. As the introduction is completed in each area, the process will continue in another area. A program management will coordinate the overall plan. As soon as one introduction process is complete, the expected benefits can be realised.

*Read more about B&B TOOLS' vision on pages 8–9.

HIGHLIGHTS 2010/2011

Steadily increasing demand for industrial consumables. Growth in the Group's revenue was sluggish at the beginning of the year but increased steadily for most parts of the Group. In total, revenue for comparable units in the B&B TOOLS Group, measured in local currency, increased about 6 percent during the 2010/2011 operating year.

Positive earnings performance with greater coordination of the Group's product range. With increasing revenue, a slightly improved contribution ratio and an unchanged number of employees, operating profit increased 33 percent for the year. Measures to increase profitability were initiated in Norway, among other areas.

The growing number of employees in the industry affects demand positively. It is highly likely that a large proportion of the industry's production growth in recent years is due to efficiency enhancements and better capacity utilization. Continued increases in industrial activity should lead to a rise in the number of employees (in the industry) and have a positive impact on demand in several subareas of the B&B TOOLS Group.

However, the principal benefits (by definition) cannot be realised until the introduction process has been finalised and all subcomponents are in place. Planning is implemented in such a way that operating activities can continue at almost full pace in conjunction with the introduction projects. Since the introduction challenge is relatively extensive and most of that which is to be introduced has already been developed, the Group's development requirements have been lowered.

New organisational structure

A key component when working to improve the Group's efficiency is a gradual refinement of the organisation and its corporate structure. This process normally takes place in stages but a relatively large structural change was implemented during the final days of the preceding operational year.

The following changes were implemented in one developmental stage and became effective on 1 April 2011:

- The organisation became flatter and the uniting organisational units known as Markets and Solutions were removed.
- The Product Companies have gradually assumed greater responsibility for the Group's range and range development. The target scenario for this responsibility is now clear, and the term "Business Areas" will replace "Product Companies".
- Five Business Areas become four in order to increase the efficiency of internal communications and equate the Business Areas in terms of size.
- Supply Chain, IT and Master Data Management (MDM) build one joint unit called Infrastructure.
- The first steps were taken to coordinate existing parts of the Group's day-to-day financial work in a "Finance Centre".
- A number of high-performing employees have been assigned new and advanced responsibilities.
- Responsibility for the Group's operational management will be assigned to a newly established position called COO (Chief Operating Officer).
- The COO and the President & CEO will jointly comprise the operational Boards in all of the Group's Business Areas and Country Organisations.

The new corporate structure will be flatter with fewer reporting line structures. *Efficiency*, in the form of both speed and costs, has been the driving force when formulating these decisions. A key control parameter in all organisational processes is the Group's strong belief in *decentralised responsibilities*.

The new structure is one example of a *benefits realisation* within the framework of the vision and will generate annual overheads that are approximately MSEK 40 lower than the former structure – all things being equal.

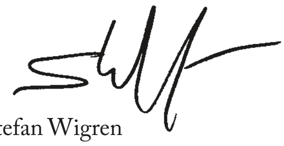
Operating year 2011/2012

We now see a continued positive trend in the industrial sector and stand well prepared for 2011/2012, with finalised plans for the introduction of infrastructure and a new operational-oriented organisation with very competent and motivated leaders and an organisation that has decided to grow. With that in place, I look forward with confidence to an exciting 2011/2012.

Thank you!

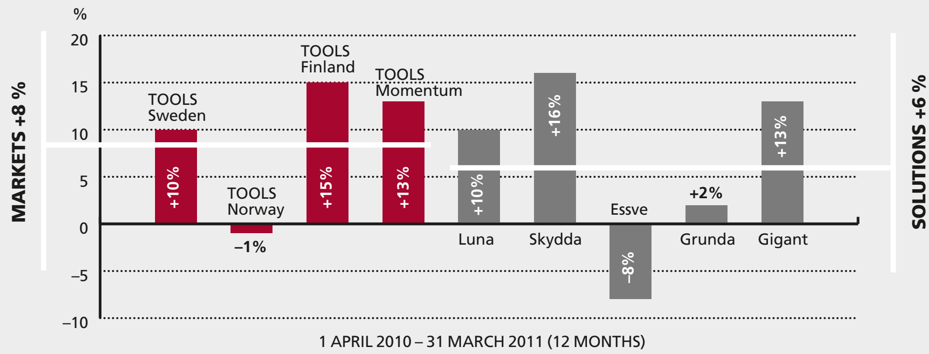
I would like to extend a warm thank you to all employees for your efforts during the year! The manner in which you all maintained and refined the operations despite the extensive cutbacks during the last two years is commendable! And doing it with such high spirits is even more commendable! We are now moving forward. We are entering an important phase of the Group's development. Expectations are high that we will now show gradual and increased profitability with continued growth.

Stockholm, June 2011



Stefan Wigren
President & CEO

REVENUE DEVELOPMENT
(for comparable units, in local currency)



The Group's total growth constitutes the sum of the operations' various parts, which showed relatively large differences during the year. Revenue for TOOLS in Sweden and Finland and for TOOLS Momentum developed positively, while sales for TOOLS in Norway remained relatively unchanged. The Business Areas developed positively, with the exception of Essve's sales, where the trend was negative due to replacing a supplier during the year.

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 aims to gradually provide increasingly comprehensive solutions in the MRO area based on customer needs and profitability. Examples of areas where B&B TOOLS helps its customers in relation to industrial consumables include:

- More efficient supply of consumables
- More efficient inventory management
- Optimisation of operating conditions
- Optimisation of maintenance of industrial plants

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

Efficient comprehensive solutions for customer needs

1

Industrial customer needs

Industrial customers strive to enhance their efficiency in the MRO area (Maintenance, Repair & Operations). The companies' different needs require a large number of items, and careful planning is essential to ensure that the right products of the right quality are available at the right place and right time. Inadequate planning or execution could result in downtime, 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 12.

2

Comprehensive offering

Customer needs are often complex, which is why comprehensive solutions offer the best profitability. B&B TOOLS offers a broad range of industrial consumables, industrial components and related services (efficient systems for logistics and information) to reduce customers' total costs.

Read more under *The Offering* on

page 20.

3

Proximity to customers

A local presence with high-quality service and the right expertise are important demands from the Group's customers. TOOLS is active in more than 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. These relations give the Group extensive knowledge of the customers' needs.

Read more under *Sales* 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 foremost player in the MRO area.
- We strive to be the first player to introduce new concepts and services in the MRO area.
- 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 comprehensive solutions in the MRO area, 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 long-term and profitable growth for 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 provides a strong foundation for ensuring customer satisfaction. Different customers experience the value in different ways, but often include concepts such as: lower total costs, more rational administration, increased productivity, reliable supply, more efficient logistics, and optimised inventories.

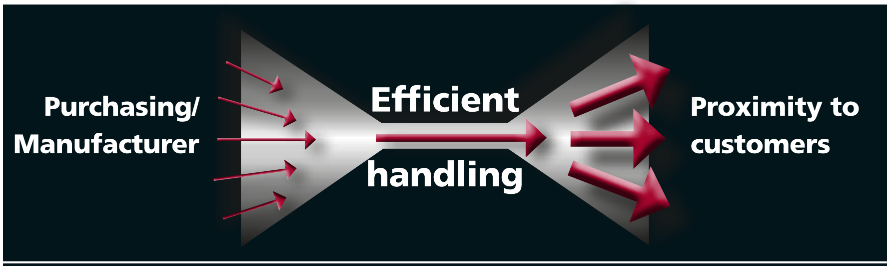
Read more under *Customers* on

page 24.

Standardised offerings and efficient processes generate substantial potential

B&B TOOLS holds a strong position in the Nordic market. The Group's ambition is to capitalise on this position by creating more standardised offerings and efficient processes that contribute to greater customer value and increased profitability.

A number of initiatives are ongoing in such areas as logistics, IT, product range coordination and organisational development. The aim of these initiatives is to create efficient supply chains with efficient IT support, competitive offerings of products and services and more efficient work processes. Overall, these development initiatives could lead to significant efficiency enhancements for B&B TOOLS.



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

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. TOOLS represents customer focus, proximity, a comprehensive approach, profitability and commitment. TOOLS also includes 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.

Marketing of TOOLS involves strengthening and promoting awareness of the brand among the customers – with attractive and competitive offerings.

Customer surveys show that the brand is well-known among Nordic industrial companies, despite the fact that TOOLS is a relatively young brand. These surveys are conducted regularly and form the basis of the Group's continued work to market and further boost the TOOLS brand.

B&B TOOLS own road show, *TOOLS on Tour*, visited 40 TOOLS stores throughout Sweden during the spring of 2011 with the aim of demonstrating the range and presenting new products for invited customers.

Group proprietary product brands

Over the years, the B&B TOOLS Group's Business Areas 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. The Business Areas' total sales of proprietary product brands in 2010/2011 amounted to approximately MSEK 1,600, corresponding to about 45 percent of the Business Areas' combined sales.

The Group's Business Areas also work with a number of strong "concept brands" in specific areas of expertise, such as Skydda in the area of Personal Protective Equipment.

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

Successful campaign with Citroën in Norway

The strong TOOLS brand laid the foundation for a project that was developed with Citroën Norway during the year. A collaboration that continued to build upon the general awareness of TOOLS in Norway.

Contact between the two companies was natural since they both had been sponsoring the Petter Solberg World Rally Team for a number of years. Petter Solberg is one of the most successful and best-known sportsmen in Norway. He won the World Rally Championship in 2003 and has been voted Norwegian Sportsman of the Year twice.

"We consider TOOLS a serious contender in all areas," says Øystein Hågenvik Johansen, Head of Marketing at Citroën Norge.

This, in combination with the fact that Citroën was more than willing to be associated with the TOOLS brand, led to Citroën offering anyone who bought one of their utility vehicles – Berlingo, Jumpy or Jumper – a free tool package from TOOLS. The package included a range of six electrical hand tools plus a set of spanners and screwdrivers. The products were from Essve and Luna.

The campaign included ads in a variety of newspapers and the distribution of one million brochures, complete with the TOOLS logotype and tools in a prominent position. All free of charge for TOOLS.

Citroën originally purchased 500 tool packages, but the 500 vehicles were sold in just three weeks and an additional 400 packages were ordered.

"The reactions we received from customers were solely positive," says Øystein Hågenvik Johansen.

Citroën Norge purchased tools for a total of MNOK 7.7 in connection with the campaign. Another result of the campaign is that it led to local collaboration between TOOLS and Citroën dealers in several locations.

Customers strive for efficiency enhancements in MRO

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. Industrial consumables comprise such products as tools, machinery, personal protective equipment, fastening elements and workplace equipment. Industrial components include bearings, sealing, transmission and automation. Related services refer to logistics solutions, inventory optimisation and more efficient maintenance planning.

B&B TOOLS is the leading supplier in this market. Market growth is closely related to the development of overall industrial production and the number of employees in the industrial sector. Industrial production, in turn, is primarily linked to trends for major export companies. In 2010/2011, demand in Sweden and Finland grew in pace with the recovering economy, while the Norwegian market developed more slowly during the year.

Market trends

The industrial sector continues to strive for greater efficiency in maintenance, repairs and operations. An increasing number of companies realise the potential of optimising the consumables supply in their MRO processes. Accordingly, industrial companies want to reduce the number of their suppliers and assign more responsibility to a few selected suppliers. This usually benefits larger suppliers who are able to make more extensive commitments. Many major companies also demand multi-location agreements, where one supplier commits to the needs of all plants in a country or region. The number of national agreements increased in Sweden, Norway and Finland during the year.

An increasing number of individual reseller businesses are also realising that they will not be able to make sufficient investment in infrastructure and competence to maintain their long-term competitiveness.

These trends are driving a consolidation of the previously fragmented Nordic market. B&B TOOLS is taking an active role in this consolidation. Although the long-term shift towards greater consolidation is clear, activity in this area was low during the 2010/2011 operating year.

The approximately 100 acquisitions made by the Group during recent years were aimed at taking a strong position in the fragmented market. The strategy for the Group's current phase is to capitalise on this position and gradually merge 100 operations into one. The potential in efficiency enhancements and development of the offering is great, but the challenges are also immense.

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 develop the services area with a strong link to the product-supply sector. New services combined with traditional products may enable profitable efficiency enhancements.

Customers

The Group's customers are mainly companies in the industrial and construction sectors. Of B&B TOOLS' total sales, the industrial sector accounts for 64 percent – primarily via TOOLS, the Group's own market channel – and the construction sector for 21 percent– mainly through partners such as construction material dealers. Other industries, including the DIY market, account for 15 percent.

Trends in new offerings and products are normally based on industrial customers' needs, but significant parts of the Group's product range are also suitable for other customer groups such as the construction industry and tradesmen.

Based on its high level of expertise and broad product range, B&B TOOLS can relatively easily produce competitive offerings for new customer groups.

Competitors

The Group faces competition from a variety of players in Sweden, Norway and Finland with various profiles:

- A few large companies with a broad range of products. These companies often have their own logistics and IT solutions.

KEY MARKETS

SWEDEN

After a relatively slow start, demand for industrial consumables and industrial components gained momentum in Sweden during the 2010/2011 operating year, particularly from major customers. Sales to major customers usually increase first in an economic upturn, with a certain lag for medium-sized and smaller customers.

Major competitors in Sweden are Ahlsell and Würth.

NORWAY

Industries such as offshore and fishing are highly significant for the Norwegian market for industrial consumables and industrial components. In the 2010/2011 operating year, the market remained at around the same level as the preceding year, with major variations between regions and industries. The trend was weak during the first half but picked up during the second half of the year.

Major competitors in Norway are Tess, Würth, Proffpartner and Albert E Olsen.

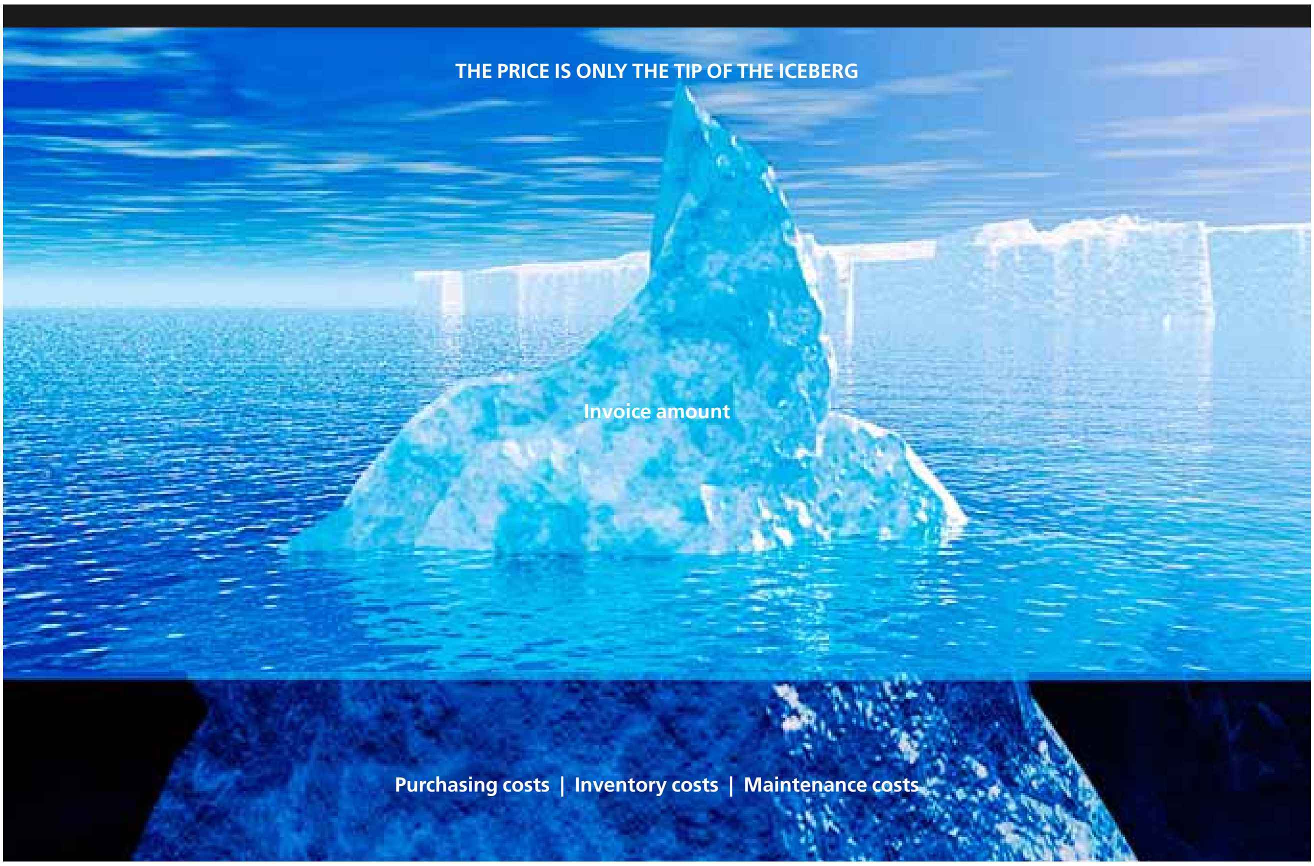
FINLAND

Demand in the Finnish market for industrial consumables and industrial components gained significant momentum during the 2010/2011 operating year due to a greater production volume in the Finnish industrial sector. The customer structure varies between individual locations and regions, with major sales to the construction sector in the northern part of the country.

Major competitors in Finland are Würth, Etra and Ahlsell.

Some also have a local presence through their own 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 narrower product areas and that market their products in a larger region or a specific country. Their primary competitive tool is their expertise in the product and application area.
- Major international companies are also represented in certain areas of technology. These companies work primarily with selected products, where competitiveness builds on strong brands and high levels of niche expertise.
- Local resellers that focus on the industrial sector in their own local area. Their key competitive tools are proximity to customers and accessibility.



The industrial sector can save billions

The invoice amount for consumables and components is often the "tip of the iceberg." If companies want to reduce their costs, they must consider the overall picture in their search for cost-driving factors. When peripheral costs are taken into account – the cost of supplier contacts, orders, handling, invoicing and so on – the cost scenario becomes more complete.

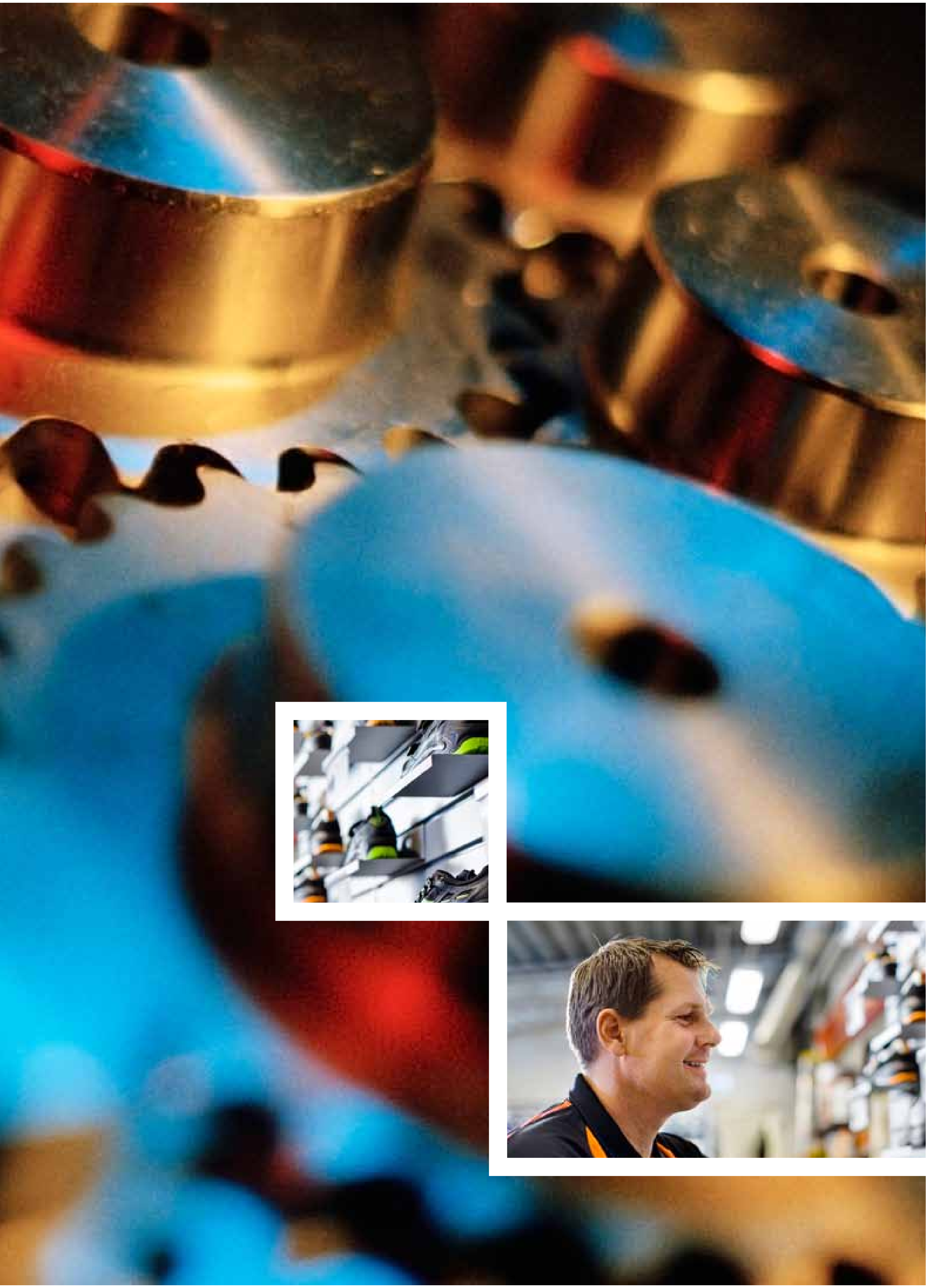
The B&B TOOLS Group's vision is to help customers focus on *total costs* in relation to their MRO processes. A key component in this scenario is the costs incurred by downtime. Such costs can only be minimised with comprehensive solutions, otherwise they may quickly take the upper hand. The total cost is often referred to as TCO (Total Cost of Ownership). TCO optimisation requires comprehensive solutions and can generate substantial savings. The Nordic industrial sector can save billions.

Operations

Comprehensive offerings that strengthen industrial customers

B&B TOOLS is the largest supplier of industrial consumables, industrial components and related services to Nordic industry. Based on customer needs, the Group develops comprehensive solutions with 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



The B&B TOOLS Group

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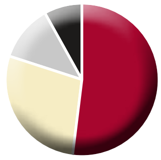
SALES BY GEOGRAPHIC MARKET



Sweden, 52%
Norway, 28%
Finland, 12%
Other, 8%

The Offering

Manufacturers

Proprietary product brands

In selected product segments, where brand positions are available, B&B TOOLS is steadily building a stronger portfolio with proprietary product brands (PPB). The Group does not have any own industrial production, and the products are manufactured by sub-suppliers, mainly in Asia. PPB accounts for approximately 45 percent of the Business Areas' combined sales.

External product brands

In market niches dominated by world-leading suppliers, B&B TOOLS seeks partnerships with the most prominent players. These external product brands account for approximately 55 percent of the Business Areas' combined sales.

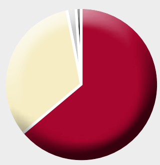
Products and services

BUSINESS AREAS

B&B TOOLS' Business Areas develop comprehensive solutions for a variety of needs, which are mainly offered to industrial and construction customers via TOOLS and other selected market channels. Including partner companies, TOOLS, the Group's own market channel, accounts for approximately 40 percent of the Business Areas' total sales.

The Business Areas have long-standing relations with world-leading manufacturers and are also responsible for developing and refining the Group's proprietary product brands. Most of the purchasing takes place in Europe, but an increasing proportion comes from Asia.

PURCHASING BY GEOGRAPHIC AREA



Europe, 64%
Asia, 33%
North America, 2%
Other, 1%

Business Areas: Tools & Machinery, Personal Protective Equipment, Fastening Elements and Work Environment & Consumables.

BUSINESS AREA	Tools & Machinery	Personal Protective Equipment	Fastening Elements	Work Environment & Consumables
Revenue, MSEK (approximately)	1,100	1,050	700	900
Product areas	Hand and measuring tools, compressed air tools, cutting tools, sheet metal and woodworking 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	*Workplace Equipment:* Furnishings, storage, transportation, lifting and environment *Consumables:* Fittings and security, electricity, environment, cleaning and other industrial and construction consumables
Proprietary product brands	TengTools Luna Ferax Limit	Guide L Brador Cresto Zekler	ESSVE Fireseal	Gigant Grunda Ferax

Sales

Market channels

TOOLS

Direct

Stores

Online

B&B TOOLS' sales and marketing of industrial consumables to the industrial sector in Sweden, Norway and Finland are conducted through TOOLS. Sales take place through three channels: direct sales, store sales and online sales. TOOLS is the largest industrial reseller chain in the Nordic region with a presence in approximately 180 locations.

Sales and marketing of industrial components takes place through TOOLS Momentum, with a presence in nearly 30 locations.

CONSTRUCTION MATERIAL RESELLERS

Through partnerships with construction material dealers such as Interpares, Optimera and Byggmakker, B&B TOOLS offers some of its product range to the construction and property sectors and the DIY market.

EXPORT

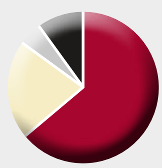
B&B TOOLS has own operations in 12 countries, and sales of proprietary product brands through external distributors in an additional 20 countries.

Customers

B&B TOOLS' offering focuses primarily on industrial customers, but many of the products and services are also suitable for other customer segments.

The most important competitive tools are customer proximity, competence, responsiveness, flexibility, supply reliability and efficient logistics and information systems.

SALES BY CUSTOMER SEGMENT



Industrial sector, 64%

Construction sector, 21%

DIY (Do-It-Yourself)/private market, 5%

Other industries, 10%

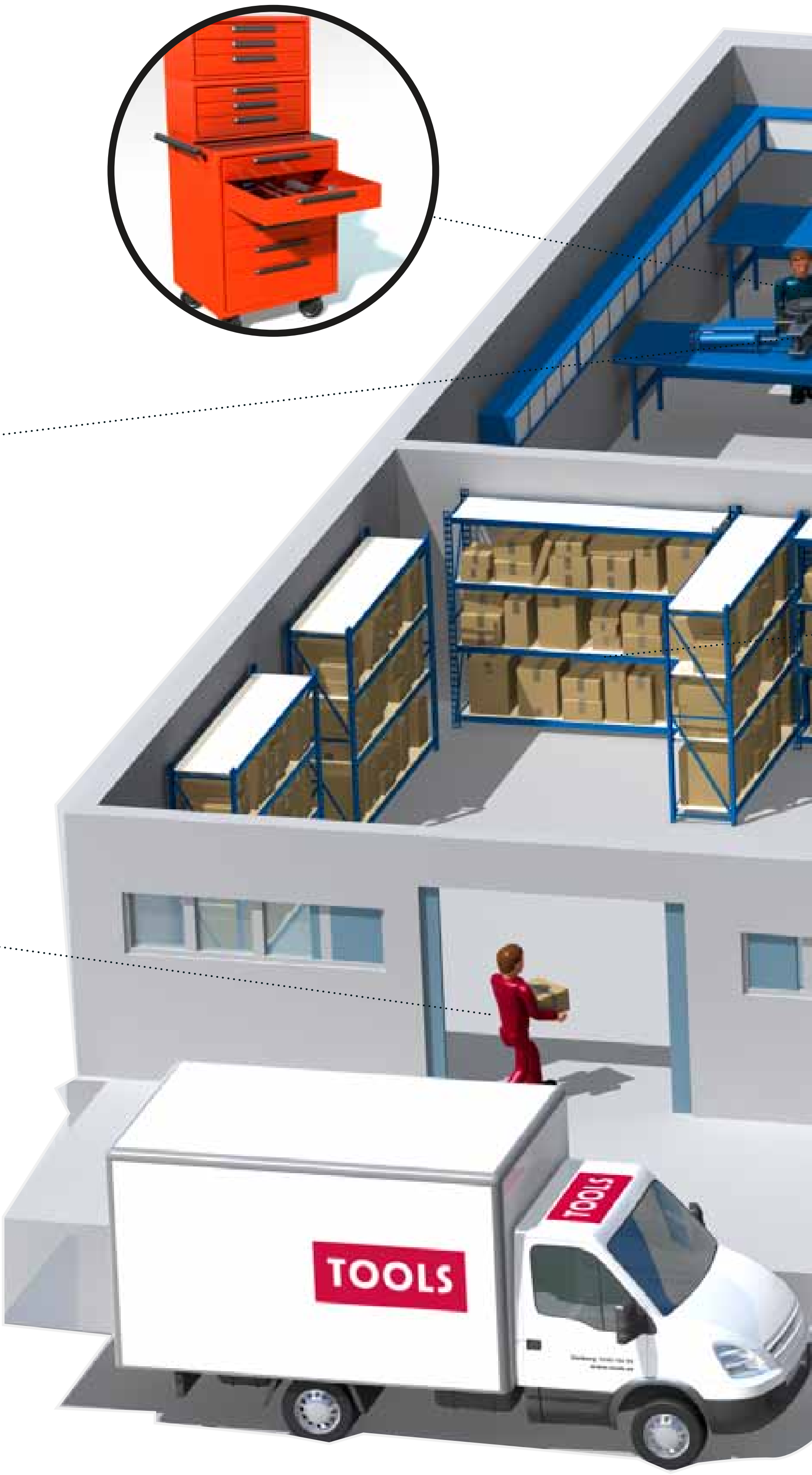
TOOLS	Sweden	Norway	Finland	Total
Revenue, MSEK (approx.)	2,600	2,200	800	5,600
of which Market Companies, %	86%	64%	100%	80%
Number of branches	90	61	28	179
of which Market Companies	69	31	28	128
Number of regions	5	3	3	11
Number of employees (approx.)	1,050	650	300	2,000
of which Market Companies, %	77%	59%	100%	74%

TOOLS momentum	Sweden	Norway	Denmark	Total
Revenue, MSEK	812	64	33	909
Number of branches	27	1	1	29
Number of employees	247	11	14	272

Welcome to

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 and TOOLS Momentum conduct sales and service at more than 200 locations throughout the Nordic region. Through a large number of service-oriented employees, the Group offers rapid access to products and extensive know-how from leading manufacturers and brands. By providing efficient logistics solutions, TOOLS and TOOLS Momentum endeavour 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, Trouble Free Supply (TFS). TFS is based on a careful analysis of the customer's need for items, which is then coordinated with TOOLS Momentum's inventory management services. Through TFS, the customer obtains the right lead times for items, resulting in increased machinery availability and optimised inventory management of industrial components.

The illustration below shows some of the products and services that the B&B TOOLS Group offers industrial customers in the Nordic region. For more information about the Group's offering to the Nordic industrial sector, go to www.tools.se or www.toolsmomentum.com.

TOOLS offers a number of services, normally in collaboration with the Group's Business Areas, 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 Momentum supplies customers with components, spare parts and related services that contribute to a high utilisation rate in their production. 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

TOOLS supplies industrial workers with a complete range of tools and consumables. TOOLS works continuously to ensure that access to articles is adapted to the industrial worker's needs by, for example, replenishing local storage solutions. TOOLS' product offerings include:

- Personal protective equipment
- Electrical and compressed air tools and other assembly tools
- Lifting and transport solutions

TOOLS offers the following products for the maintenance of industrial properties:

- Cleaning products
- Cleaning equipment and air cleaners
- Paper towels and rags
- Fittings, security solutions and other consumables

TOOLS strives to lower the total cost for its customers by offering comprehensive solutions that aim to optimise logistics solutions and minimise the administration of suppliers.

the world of TOOLS

Strong offerings, efficient purchasing and cutting-edge IT and logistics

B&B TOOLS' four Business Areas provide the Group's own market channels with industrial consumables and related services. The Business Areas also deliver products and services to external, non-competitive channels and businesses. The services include efficient logistics and information systems.

B&B TOOLS has four Business Areas with specialist expertise in various product and application areas:
- Tools & Machinery
- Personal Protective Equipment
- Fastening Elements
- Work Environment & Consumables

The Business Areas have long-standing relations with world-leading manufacturers, and are also responsible for developing and refining the Group's proprietary product brands.

Comprehensive solutions for the industrial sector

The four Business Areas develop and offer comprehensive solutions for a variety of industrial needs. The Business Areas aim to provide:

- *The right products and services*, which requires knowledge of the market, suppliers, products and applications
- *at the right time*, which requires cutting-edge IT and logistics systems
- *with the right application instructions*, which requires insight into the customer's situation
- *and with the right product information*, which places high demands on IT solutions and data structure
- *on competitive terms*, which requires an understanding of profitability and efficiency.

The offering focuses primarily on industrial customers, but many of the products and services are also suitable for other customer segments. Through partnerships with construction material dealers such as Interpares, Optimera and Byggmakker – as well as other external market channels – the Business Areas can also offer their product ranges to the construction and property sectors and the DIY market. TOOLS, the Group's own market channel, accounts for approximately 40 percent of the Business Areas' total sales.

A key component in the development of the product and services offering is the ongoing product range co-ordination. One example of this process is the electrical hand tools product group where the number of suppliers to TOOLS had decreased from approximately 15 to three (see also the next page). Similar changes were also introduced during the year in personal protective equipment, paper and industrial fastening elements (bolts). Corresponding processes will gradually be implemented in all product segments. Larger volumes from fewer suppliers create better purchasing terms, lower handling costs, lower IT costs, less tied-up capital and homogenous offerings, which in turn make it possible to create even better customer offerings.

Efficient purchasing

Most of the Business Areas' purchasing is conducted in Europe, but an increasing proportion takes place in Asia. The Group currently has more than 40 employees in China (Shanghai) and Taiwan (Taichung), who are mainly engaged in purchasing.

The practical purchasing processes include aspects such as product quality, function, the brand's image and price, as well as requirement specifications and quality control in collaboration with suppliers, including social responsibility issues.

Proprietary product brands

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

- *in market niches* dominated by world-leading suppliers, B&B TOOLS seeks partnerships with the most prominent players.
- *in selected product segments*, where brand positions are available, the Group will steadily build an increasingly stronger portfolio with proprietary product brands (PPB). These efforts have been successful and in 2010/2011 PPB accounted for approximately 45 percent of the Business Areas' combined sales.

Export

Sweden is the largest market for the Business Areas, followed by Norway and Finland. Sales outside the Nordic region are primarily concentrated to the Baltic countries and Poland. The Business Areas have their own operations in twelve countries, and sales of proprietary product brands through external distributors in an additional 20 countries.

EFFECTIVE INFRASTRUCTURE WITH LOGISTICS AND IT

The Group's functions for Supply Chain (logistics), IT and handling of product information form a unit called Infrastructure.

IT and logistics activities are an integral and vital component of the Group's vision. The Group invests continuously in both IT and logistics. The objective is to enhance the efficiency of all processes and make information about a large number of products and processes available where and when it is needed. Toolstore, the Group's e-commerce portal, is one of the leading e-commerce portals in the Nordic region.

A new business system is gradually being introduced throughout the organisation. A solution for automated store replenishment is also being deployed in stages throughout the TOOLS chain.

The Group's logistics and IT activities are becoming increasingly concentrated to achieve economies of scale and facilitate the development of new solutions. Logistics operations are currently based at two hubs, in Alingsås and Ulricehamn, and inventory/logistics and IT services are coordinated from here.

Successful product range change for electrical hand tools

An extensive product-range coordination was implemented at the beginning of operating year 2010/2011, entailing a reduction from approximately 15 to three electrical hand-tool suppliers for TOOLS in Sweden. The result was a stronger and more profitable customer offering.

At the beginning of the year, the B&B TOOLS Group's ambition to review and reduce its product range to a few strong suppliers in each product area coincided with the Group's previous and foremost supplier of electrical hand tools, Makita, choosing to distribute its products in Sweden themselves. TOOLS and the Fastening Elements Business Area then made a joint decision to not only replace their main supplier but also to replace all of TOOLS Sweden's approximately 15 electrical hand-tool brands, and only offer tools from Metabo, Milwaukee and Bosch.

The change was carried out in close collaboration between the Business Area and TOOLS. The process took approximately two weeks to implement in stores but was preceded by about six months of preparations and subsequent training. In the initial phase, the Business Area's own sales staff were trained to become specialists in the new product range, and were then tasked with training store staff.

Coordination of the product range has several benefits. As volumes increase, the purchasing terms from the suppliers improve. At the same time, opportunities to strengthen the know-how on these suppliers' products are improved. Both of these factors help to improve the customer offering. Greater harmonisation is often requested by major customers with many plants, where the coordination of purchasing has previously been limited. Opportunities to create more efficient logistics solutions also increase.

In addition to the offering being concentrated to three brands, another significant difference for customers in TOOLS stores is that electrical hand tools are now sorted according to their function, in other words that all compass saws hang in the same place regardless of their brand, as do circular saws, pneumatic screw drivers, angle grinders and other items. These products used to be hung so that all items from one producer were kept together.

After the first year, the experience from this product range coordination is very positive and the total volume for the selected suppliers is constantly growing. Similar changes are also taking place in Norway and Finland, and the intention is to gradually coordinate TOOLS' other product segments in the same fashion. New product ranges for personal protective equipment and industrial fastening elements are currently being introduced.

A flexible sales organisation with strong local presence

B&B TOOLS' sales and marketing of industrial consumables to the industrial sectors in Sweden, Norway and Finland is conducted through TOOLS. TOOLS Momentum handles the sales and marketing of industrial components.

The operations of B&B TOOLS are based on a decentralised business responsibility in close proximity to both customers and the market. The main strengths of the sales organisations are proximity to customers, good customer knowledge, expertise that combines customer needs with solutions, a wide range of products and services and efficient supply solutions.

TOOLS – the largest player in industrial consumables

TOOLS is specialised in industrial consumables and is the largest industrial reseller chain in the Nordic region. TOOLS is organised into eleven regions, operates in approximately 200 locations throughout Sweden, Norway and Finland and has approximately 2,000 employees. The largest single market is Sweden, where TOOLS has operations in approximately 100 locations.

TOOLS comprises both wholly owned branches and independent partner companies. All branches follow the TOOLS concept and work to establish and secure a leading position in the MRO market. TOOLS also has a special group that cultivates and coordinates customers with operations in several regions (National Accounts Group).

Sales to larger companies increased during the 2010/2011 operating year, which was reflected in the number of multi-location agreements that were signed, where one supplier covers the needs generated by all the customer's plants in a country or region. Some examples were Volvo, Hydro, E.ON and the City of Stockholm.

Efforts also continued during the 2010/2011 operating year to build a more efficient sales organisation by using joint processes and methods to support sales activities and customer contact. The development of efficient store concepts and various sales campaigns also continues.

Proximity to customers – the key to prompt service

Number of branches in TOOLS and TOOLS Momentum

B&B TOOLS in Finland

28 branches

B&B TOOLS in Norway

62 branches

B&B TOOLS in Sweden

117 branches

PROXIMITY IS CRUCIAL

Proximity to customers is a key competitive factor. Having a local presence enables close relationships and detailed knowledge of a customer's unique situation. The entire business is based on a local presence supported by central processes.

Partnership provides lowered costs

An agreement with TOOLS helps Outokumpu lower costs for industrial consumables at the Torneå steel mill.

In 2010, TOOLS signed an agreement with the Outokumpu steel mill in Torneå, Finland. The delivery concerns personal protective equipment, primarily gloves, for which Outokumpu has a considerable need.

Outokumpu is one of the world leaders in stainless steel and its vision is to become the absolute leader. The Group has approximately 8,000 employees in more than 30 countries and a Head Office in Espoo, Finland.

There is a distinct trend of increased competition in the international steel industry, especially from China. This leads to increased cost pressures in all areas. Therefore, Outokumpu places considerable importance on the TCO (Total Cost of Ownership) for industrial consumables.

"A successful partnership favours both parties and is built on trust, transparency, a long-term approach, innovation, open dialogue and cost reductions," says Hannu Siltanen, purchasing manager at Outokumpu.

TOOLS offers comprehensive solutions with stock-keeping, support and a broad range of products to cover all customer requirements. TOOLS has also participated in work-safety audits to map the requirements for personal protective equipment.

"The cooperation works very well. We have regular meetings with open discussions about glove models, deliveries and future development. Thanks to the experience and know-how of TOOLS employees, we now have a good range of gloves. The main benefits for Outokumpu are cost reductions and development activities regarding work safety," says Seija Yliniemi, purchaser at Outokumpu.

The cooperation is facilitated by geographical proximity, since TOOLS' plant in Kemi is located only approximately 20 kilometres from the steel mill. Hopefully the cooperation in Torneå will be extended gradually.

"We will look into possibilities for expanding the cooperation to include other plants and product areas, always with the goal of reducing the total cost," says Hannu Siltanen at Outokumpu.

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 operating conditions
- Preventive maintenance of industrial plants

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

Customer satisfaction – the only benchmark

An overall goal for B&B TOOLS is that customers will be satisfied and gradually become even more satisfied. The starting point for living up to this ambition is the customer's situation and needs. Accordingly, customer proximity, responsiveness, knowledge and the ability to translate customer needs to solutions are central to all development that is carried out by the Group.

B&B TOOLS' customers are mainly industrial and construction companies. Of the Group's sales, the industrial sector accounts for 64 percent – primarily through the Group's own market channel, TOOLS – and the construction sector accounts for 21 percent – mainly through partners such as construction material dealers. Other industries, including the DIY market, account for 15 percent.

Several factors have a bearing on customer satisfaction. Some of the key factors are:

- *Delivery reliability*. Receiving the right products at the right time and place is a basic customer requirement. High delivery precision minimises disruptions in the customer's production processes.
- *A wide product range* increases the customer's options, and reduces the need to use multiple suppliers.

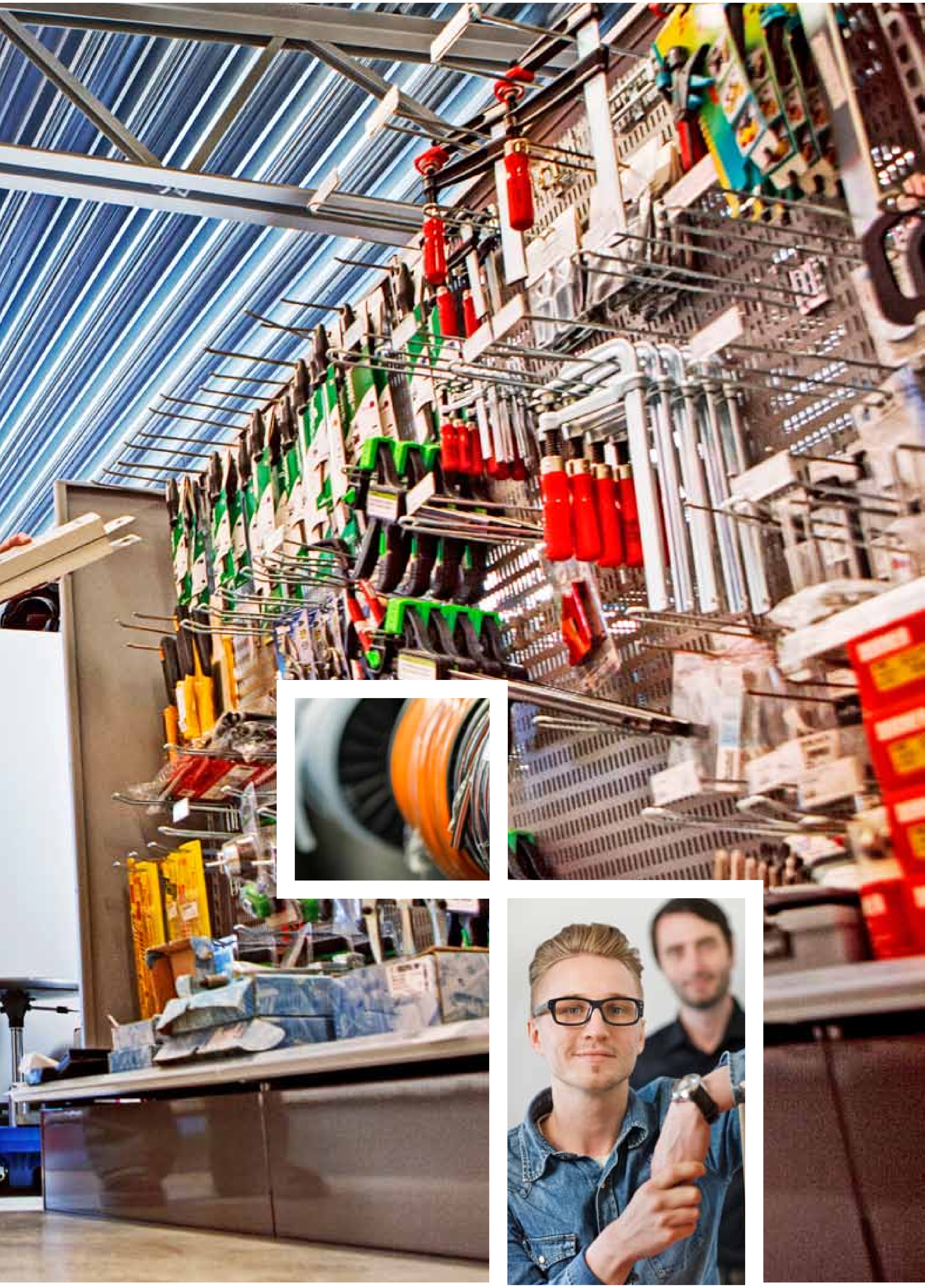
- *Supplier competence* increases the likelihood that customers will always be offered optimal solutions.
- *Proximity* is important in terms of both physical closeness and having a detailed understanding of a customer's operations. B&B TOOLS has sales outlets in more than 200 locations throughout the Nordic region and a large number of employees who maintain daily customer contacts.
- *Flexibility* is crucial, since unexpected situations that require quick solutions can always arise. Flexibility is often facilitated by the physical closeness enabled by the Group's large network of stores.
- *Comprehensive solutions* are often the best way to address complex needs, thereby increasing the efficiency and profitability of customers' MRO processes.
- *Low costs*. Companies strive to reduce their costs for industrial consumables and industrial components. However, there is a growing recognition that total costs must be considered as well as peripheral expenses such as supplier contacts, orders, handling and invoicing, but above all having a solid grasp of the alternative costs that can arise if an incorrect or faulty solution is delivered.

Sustainable development and employees

Corporate responsibility

Sustainable development in the B&B TOOLS Group focuses on four main areas – financial, environmental, social and ethical responsibility – and is based on a long-term and broad commitment to the social impact of the Group’s operations. This contributes to increased competitiveness.

The Group’s sustainability work and employee activities are described on pages 28–31



Corporate responsibility – a broad and natural commitment

B&B TOOLS sees corporate responsibility as a natural commitment and strives to participate in an open, objective and transparent dialogue about its operations with all stakeholders.

The Group's responsibility is expansive and spans 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 transport).
- *Social responsibility* – satisfied employees, diversity and community involvement.
- *Ethical responsibility* – values, business ethics, Code of Conduct, human rights, monitoring production and product liability.

The Parent Company's Board of Directors establishes policies every year for environmental and social responsibility. The Group's units adapt their goals action plans to these policies.

Several of the Group's operations are environmentally and quality-certified. With the purpose of being able to implement Group-wide practices and greater consistency when monitoring, a harmonisation of certifications is currently ongoing when the Group's processes in Supply Chain and IT together with the Business Areas transfer to a joint "multisite certificate". TOOLS maintains a joint quality and environmental management system for the chain's members, where a majority of the units are certified in accordance with ISO 9001 and ISO 14001.

Sustainability efforts in focus

The Group's sustainability efforts are characterised by an ongoing process where B&B TOOLS' operations are moving from a fragmented structure resulting from a large number of acquisitions towards a more uniform and cohesive Group.

Sustainability activities are led by a working group, which includes representation from Group management. The Group also has a network with environmental, quality and safety managers to facilitate contacts and the transfer of skills and experience.

The first step is an inventory of the sustainability work that is carried out in a decentralised manner within the Group's entities. This inventory will then form the basis for changes aimed at achieving greater uniformity. At present, efforts are under way to further structure and systemise the Group's work with regular audits of its suppliers' compliance with the Group's Code of Conduct. See also the presentation of the Group's purchasing activities in China on page 30.

The Group endeavours to raise the awareness and involvement of employees in relation to sustainability issues.

Stakeholder model

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

Customers and resellers
Work in 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 impact and supply reliability.

Employees
Work 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 development

Manufacturers and suppliers
Achieve competitive purchasing terms and conditions based on the Group's strong market position, and secure efficient purchasing and sales processes with the purpose of creating close and long-term partnerships. Act professionally, honestly and ethically correct in all of these pursuits, based on the Group's Code of Conduct.

Owners
Create shareholder value by focusing on growth and stable, long-term profitability, minimise major business risks through active and effective corporate governance and provide accurate and relevant information to the stock market.

Society and the environment
Pursue business responsibly, comply with relevant laws in the countries where B&B TOOLS currently operate, ensure health and safety, respect human rights and take responsibility for improving the environment with the aim of achieving sustainable development.

Environment

The Group's environmental impact primarily comprises transportation, energy consumption and packaging materials. This impact must be reduced to the extent it is technically feasible, economically viable and environmentally justified.

In the transportation area, the Group aims to further reduce its environmental impact through better planning and coordination. One specific example is the establishment of consolidation hubs in a number of ports in Asia. The consolidation hubs will enable more optimised filling of the containers that are shipped from China and other Asian countries to the central warehouses in Sweden, resulting in fewer containers and thus reducing the environmental impact.

Value base and code of conduct

B&B TOOLS' Code of Conduct pertains to all employees in the Group and underlines the importance of ethically correct behaviour and respect for human rights. The Code of Conduct also makes demands on suppliers, including that they must show that they comply with the relevant laws in each country and live up to the intentions of the Code of Conduct. Demands on suppliers are set out in a separate Supplier Code of Conduct, which also includes the Group's guidelines for monitoring suppliers' compliance with the code.

By the end of 2010/2011, a majority of suppliers – primarily in Asia – had confirmed in writing that they comply with the Group's Supplier Code of Conduct. The Group conducts regular factory audits, where plants are inspected on site. The inspections focus on quality, the environment, social conditions, work environment and ethics. This work strengthens collaboration between B&B TOOLS and its suppliers.

"Suppliers that do not live up to our demands are rejected in the early stages," says Thomas Sörensson, Head of B&B TOOLS Shanghai.

Continuous evaluation of the suppliers' sustainability

B&B TOOLS imports products from more than 300 Chinese suppliers. These companies are continuously evaluated with regard to their sustainability and social responsibility. The audits have led to improvements in the work environment and quality.

The Group imports a wide array of products from in total more than 300 suppliers in China. They range from nails and rivets to large metal-turning lathes. These products are mainly produced manually, but this is changing fast in pace with developments in China.

"The products range from items where low price is critical to world-class quality products. All product segments in the Group now purchase considerable volumes from China," says Thomas Sörensson, Head of B&B TOOLS Shanghai.

In the dynamic Chinese economy, suppliers are highly motivated and flexible. The fast-moving changes entail that a supplier who proves unsuitable for some reason on one occasion, may deliver excellent quality some months later. These exciting conditions make it important for B&B TOOLS to monitor the situation on site.

"A key component in our Chinese operations is to continuously evaluate our suppliers in the areas of financial control, quality, work environment, the environment and other criteria related to sustainability and social responsibilities," says Thomas Sörensson.

Together with his employees, he maintains close contact with several suppliers with the goal of performing annual evaluations. The focus for this work lies on the largest companies, for obvious reasons. Control processes are continuously evaluated and improved.

The audits have led to the identification of improvement potential in work environments, working conditions and quality. The greatest improvements in these areas are achieved when several international customers make similar demands.

"Suppliers that fail to meet the requirements and show no interest or potential for improvement are rejected in the early stages of the procurement processes," says Thomas Sörensson.

The Group had 26 employees in China at the end of the operating year. In addition to importing from China, activities also include sales to Nordic customers established in China and to local Chinese customers.

Greater coordination with competence and leadership at the centre

A main goal for B&B TOOLS is to be an attractive employer that supports and develops employees in line with its vision – First in MRO.

B&B TOOLS has four focus areas in Human Resources (HR):
- Attractive terms and conditions
- Efficient staffing
- Performance and competence
- Shared culture

The work is characterised by increasing coordination, where Group-wide goals, guidelines and development initiatives gain increasing significance. The Group conducts regular employee surveys aimed at finding out what employees think of B&B TOOLS as an employer, the work climate and leadership, and measuring how far the Group has moved towards its goal of a shared culture.

The 2010/2011 employee survey presented a predominantly positive view of the Group's development and the Group's companies as employers, and a large proportion of employees claimed they could recommend the Group as an employer to their friends. The survey also identified a number of development areas in various parts of the Group, and a number of measures in areas such as leadership development and communication have subsequently been implemented.

Attractive terms and conditions

The goal is to be an employer that can retain and recruit the best people in the industry which, among other things, requires attractive and competitive terms. The Group conducts regular harmonisations and adaptations to existing market terms. With the purpose of further improving the work environment during the year, the Group conducted training for a large number of managers in both formal and practical tasks, to ensure that the Group's businesses offer a healthy and functional work environment.

Efficient staffing

Efficient staffing ensures that new employees can quickly find their place in the organisation, and facilitates internal mobility. A joint introduction package was developed for new employees. The same staffing processes are mainly applied throughout the Group and they are conducted in a professional manner. Internal mobility has increased in the 2010/2011 operating year due to "open" appointments to vacancies within the Group, which helped put the right person in the right place and increased opportunities for career development.

Performance and competence

Employees are expected to satisfy the requirements for each professional role, but can also receive active support to constantly develop their competence and performance. The Group applies the "The Performance Wheel" development model. Managers in the Group have undergone leadership training in setting goals, giving feedback and recognising and improving performance and competence according to "The Performance Wheel."

Shared culture

The development towards the vision requires a joint corporate culture where the organisation and employees share the same values, etc. These values are included in the employee development talks between managers and employees. A natural part of the corporate culture is the Group's joint intranet, InSight. The intranet contributes to broadening collaboration, developing competence and strengthens team spirit within the Group.

Employee surveys show continuous movement towards a shared culture in the Group.

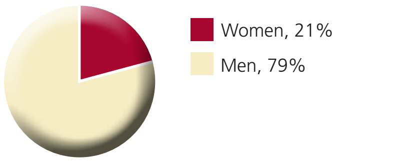
INCREASED REQUIREMENTS ON LEADERSHIP

B&B TOOLS aims to be considered an attractive employer of current, potential and former employees. This means that all measures in the HR area must be characterised by professionalism and clear guidelines.

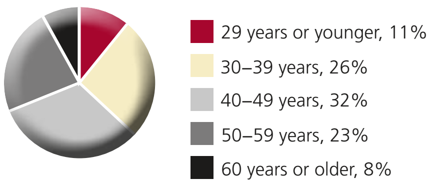
Communication, support and training initiatives have been carried out during past years to clarify and secure formal leadership in various situations, including labour legislation, collective agreements and occupational health and safety, and recruitment and performance development according to the "The Performance Wheel."

EMPLOYEES IN THE B&B TOOLS GROUP

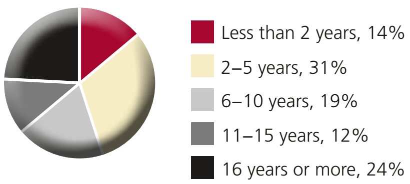
Distribution by gender



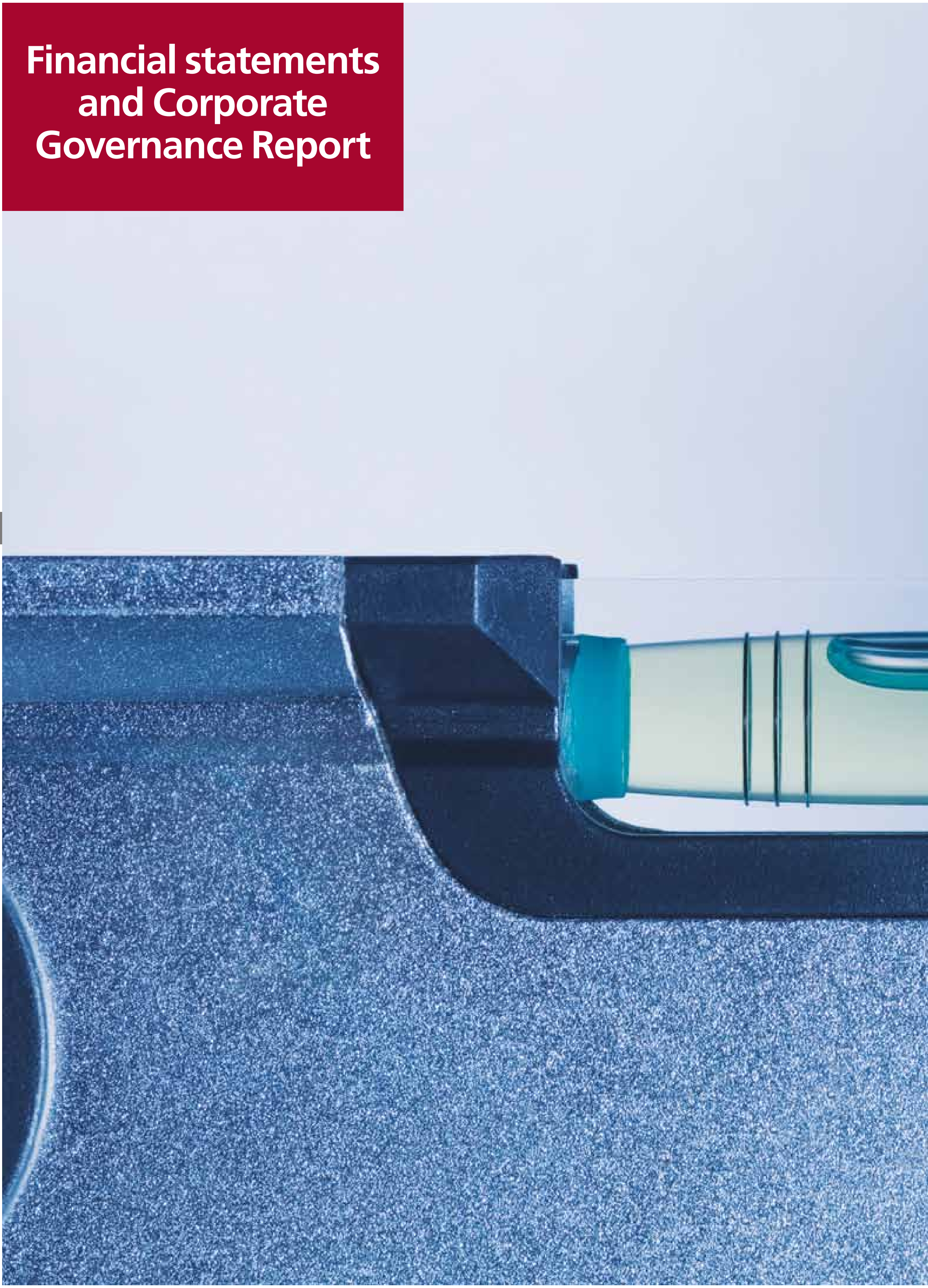
Distribution by age

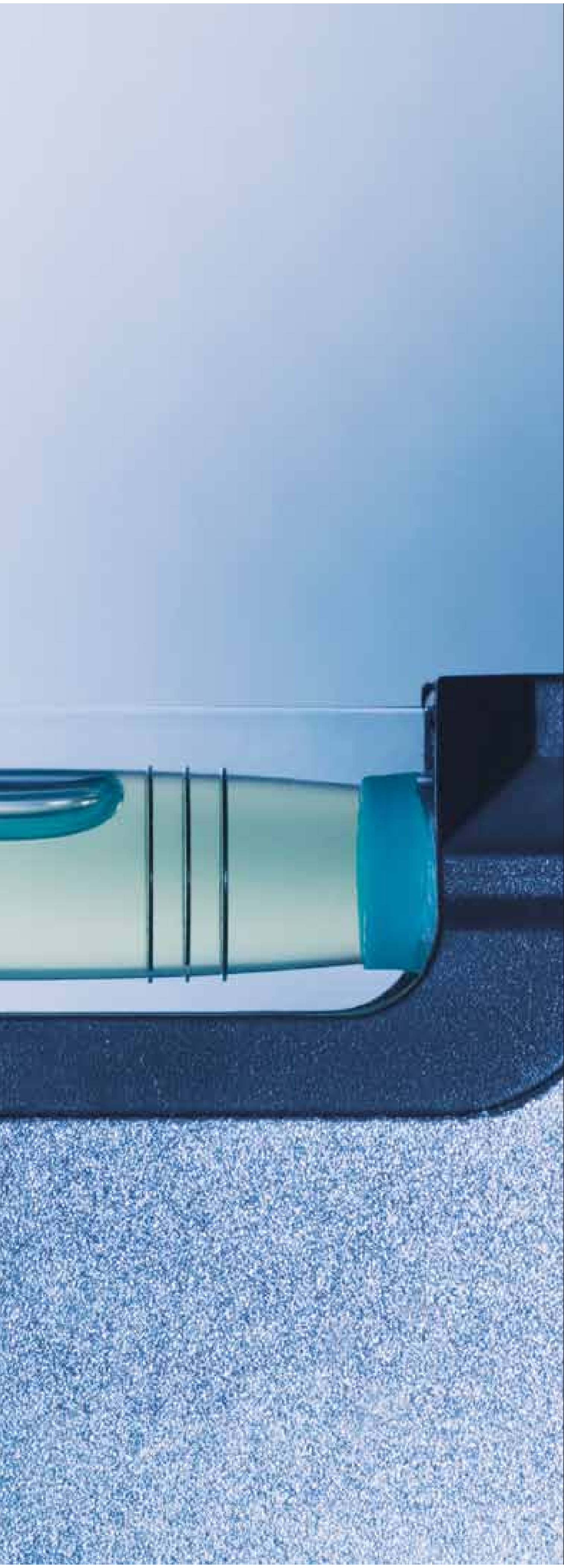


Length of employment



Financial statements and Corporate Governance Report





Highlights 2010/2011

- Steadily increasing demand for industrial consumables.
- Positive earnings performance in most parts of the Group.
- Revenue rose to MSEK 7,885 (7,648).
- Operating profit rose 33 percent to MSEK 347 (261).
- Profit after net financial items amounted to MSEK 280 (193).
- Profit after taxes rose 45 percent to MSEK 194 (134).
- Earnings per share amounted to SEK 6.90 (4.80).
- Return on equity rose to 11 percent (8).
- The proposed dividend is SEK 3.00 (2.50) per share.
- New organisational structure from 1 April 2011.
- Focus on organic volume growth and the implementation of infrastructure solutions in logistics and IT for 2011/2012.

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Administration report – with Corporate Governance Report

1 April 2010 – 31 March 2011

The Board of Directors and President & CEO of B&B TOOLS AB (publ), corporate registration number 556034-8590, hereby submit the Annual Report and consolidated financial statements for the 1 April 2010 – 31 March 2011 financial year. The following Corporate Governance Report, income statements and balance sheets, statements of comprehensive income, statements 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 347 (261) and was charged with depreciation and impairment losses of tangible non-current assets amounting to MSEK –51 (–57) and depreciation and impairment losses of intangible non-current assets amounting to MSEK –14 (–12).

The operating margin for the year rose 1.0 percentage point to 4.4 percent (3.4).

Profit after net financial items amounted to MSEK 280 (193). Net financial items amounted to MSEK –67 (–68). The profit margin rose 1.1 percentage point to 3.6 percent (2.5).

Exchange-rate translation effects had a net adverse impact of MSEK –5 (+6) on recognised operating profit for the year.

Profit after taxes totalled MSEK 194 (134). Earnings per share amounted to SEK 6.90 (4.80).

Revenue

Revenue rose 3 percent to MSEK 7,885 (7,648). Exchange-rate translation effects had a negative impact of MSEK –222 (+81) on revenue.

Revenue for comparable units rose approximately 6 percent in the financial year, measured in local currency. In the fourth quarter (January – March), revenue for comparable units rose approximately 10 percent, measured in local currency.

OPERATIONS

The 2010/2011 financial year commenced with hopes for growth in both the market and demand. The final outcome was a year where expectations lay slightly ahead of the actual results. Revenue growth for the Group was sluggish at the beginning of the year but increased steadily for most parts of the Group. The year also offered challenges such as sharp fluctuations in foreign-exchange rates and a number of dramatic scenarios with headlines including natural disasters, political events and economic imbalances.

The Group's operating activities in this business environment delivered growing revenue figures with a slightly improved contribution ratio and an unchanged number of employees. Norway was late in and out of the economic downturn, which had a restraining effect on the Group's sales and earnings performance for the year.

B&B TOOLS Markets ("TOOLS") [1)]

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

Markets experienced increased demand in Sweden, Finland and for TOOLS Momentum during the year, while sales in Norway remained relatively unchanged during the year. Markets' revenue for comparable units, measured in local currency, rose a total of 8 percent during the financial year. Revenue rose 13 percent in the fourth quarter.

TOOLS in Sweden and Finland and TOOLS Momentum showed a strong earnings performance for the year, while earnings for TOOLS Norway were negative. Measures have been initiated in Norway aimed at increasing profitability.

B&B TOOLS Solutions [1)]

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 functions for IT, Supply Chain, Complete Product and central purchasing.

Demand for industrial consumables from both the Group's own and external market channels developed positively during the year. Solutions' revenue, measured in local currency, rose 6 percent in the financial year and 8 percent in the fourth quarter. During the financial year, the Essve Product Company changed suppliers in the electrical hand-tools product area, which had an adverse impact of approximately MSEK 88 on revenue during the year (corresponding to approximately 2 percent of Solutions' total revenue).

The earnings performance for the Product Companies was positive during the year.

Group-wide and eliminations

Parent Company

The Parent Company's revenue amounted to MSEK 56 (57) and profit after net financial items was MSEK 441 (142). This profit includes intra-Group dividends and similar items totalling MSEK 425 (142).

Eliminations

Eliminations for intra-Group inventory gains had an adverse impact of MSEK –6 (–4) on profit during the year.

CORPORATE ACQUISITIONS

No new corporate acquisitions were made during the financial year.

PROFITABILITY

The return on consolidated capital employed for the financial year was 9 percent and the return on equity was 11 percent. For the preceding year, the return on capital employed was 7 percent and the return on equity was 8 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 19 percent (14) for the financial year.

[1)] As of 1 April 2011, B&B TOOLS has a new Group structure which means that the former operating areas Markets and Solutions no longer exist as consolidating units. Read more about the new organisational structure on pages 5 and 35.

CASH FLOW, CAPITAL EXPENDITURES AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year amounted to MSEK 265 and includes non-recurring cost items totalling MSEK 39 that were charged against the reserve for resolved non-recurring cost established on 31 March 2009. Funds tied up in working capital rose MSEK 162. During the year, the Group's inventories increased MSEK 105 and operating receivables rose MSEK 108. Operating liabilities increased MSEK 51. Accordingly, cash flow from operating activities amounted to MSEK 103 for the year. Acquisitions and sales of intangible and tangible non-current assets had a negative impact of MSEK –32 on cash flow, net. Purchase considerations in accordance with acquisition agreements concluded at an earlier date had a negative effect of MSEK –58 on cash flow. After the cash settlements that took place during the year, there are no historic agreements for future (not yet regulated) purchase considerations of material significance.

The Group's net loan liability amounted to MSEK 1,785 (1,734) at year-end. Interest-bearing liabilities at year-end amounted to MSEK 1,890, including expensed pension commitments totalling MSEK 384. Liabilities to credit institutions totalled MSEK 1,414, net. Cash and cash equivalents, including unutilised approved committed credit facility, totalled MSEK 592. Maturity periods and interest rates are presented in Note 27 on pages 78–81.

The equity/assets ratio at the end of the financial year amounted to 34 percent compared with 32 percent at the beginning of the year.

Equity per share amounted to SEK 66.00 at the end of the financial year, compared with SEK 63.05 at the beginning of the year. Calculated on the basis of the number of shares after dilution, equity per share amounted to SEK 66.00 at year-end, compared with SEK 63.00 at the beginning of the financial 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. The recognised tax rate for the financial year amounts to 30.7 percent. The difference between the recognised tax rate and the normalised tax rate is partly attributable to non-recurring effects due to reassessment of preceding years' taxation assessments. These reassessments had a negative effect of approximately MSEK –6 on the year's tax expense.

EMPLOYEES

The number of employees in the Group at the end of the financial year amounted to 2,840, compared with 2,844 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 is 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 developing 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 partners and in building proprietary brands. Activities implemented during 2010/2011 included the continued 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 for end users.

FINANCIAL AND BUSINESS RISKS

Efficient and systematic risk assessment of financial and business risks is important for the B&B TOOLS Group. The Group's Financial Policy establishes guidelines and goals for managing financial risks in the Group and regulates the distribution of responsibility between the Board of Directors of B&B TOOLS AB, the President & CEO and the Chief Financial Officer, as well as the presidents and financial officers 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 27 on pages 78–81.

FUTURE DEVELOPMENT

Market trends in 2011/2012 will be carefully monitored by the Group's businesses. During the year, the focus will remain on organic volume growth in existing markets and the introduction of Group-wide infrastructure solutions in logistics, IT and other subareas.

In line with B&B TOOLS' long-term 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-range coordination and marketing.

DIVIDEND

The Board of Directors proposes a dividend of SEK 3.00 (2.50) per share. The proposed dividend corresponds to 43 percent of the Group's earnings per share for the 2010/2011 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 84 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease by 1.5 percentage points as of 31 March 2011. 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 considered 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

New Group structure from 1 April 2011

From 1 April 2011, the B&B TOOLS Group is organised into:

- three country organisations for TOOLS (Sweden, Norway and Finland) and TOOLS Momentum, which are jointly responsible for sales and customer cultivation.
- four Business Areas (formerly five Product Companies) with responsibility for developing the Group's collective offering of products and services.
- a separate function for the Group's infrastructure solutions (Supply Chain, IT and product information).

The new Group structure entails that the former operating areas of Markets and Solutions no longer exist as consolidating units with their former responsibilities. The new organisation will be reflected in the Group's external reporting as of the Interim Report for the period 1 April – 30 June 2011.

Corporate Governance Report 2010/2011

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 2010/2011 financial 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 2011 Annual General Meeting. B&B TOOLS deviates from the recommendations of the Code in four areas: the composition of the Election Committee, the Chairman of the Election Committee, the composition of the Compensation Committee and the auditors' review of the Company's six-month or nine-month interim reports. These deviations from the Code are reported in further detail in 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 General Meeting of Shareholders, 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 2011, B&B TOOLS AB had approximately 4,250 shareholders. The share capital amounts to approximately MSEK 57. The distribution by classes of shares was as follows:

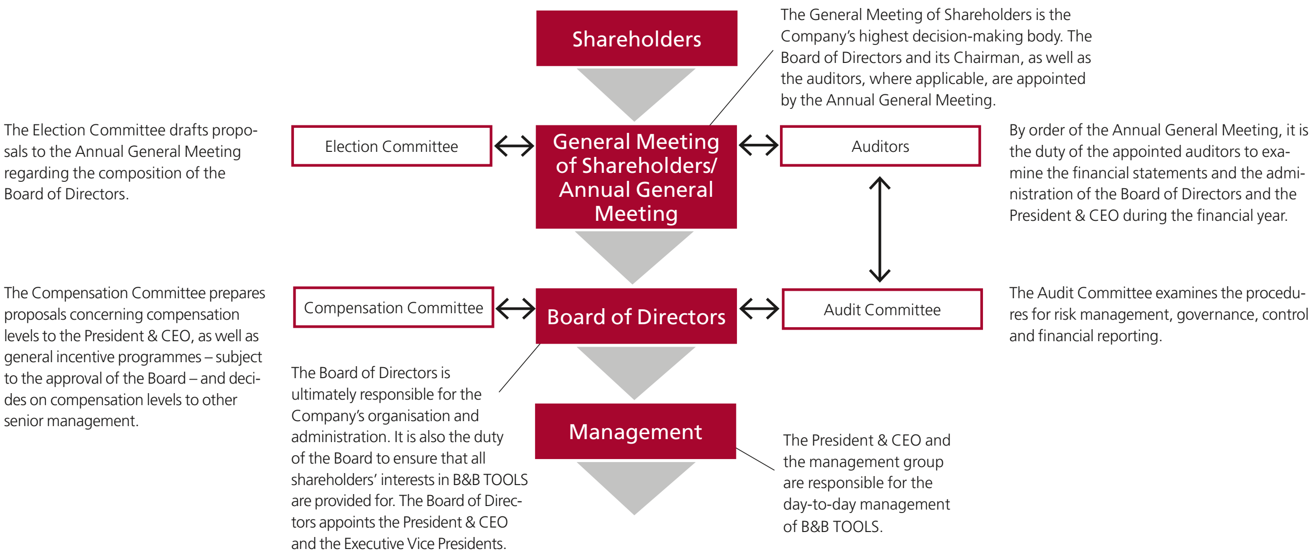
Classes of shares	As of 31 March 2011
Class A shares	1,076,748
Class B shares	27,359,668
Total number of shares before repurchasing	**28,436,416**
Less: Repurchased class B shares	–340,000
Total number of shares after repurchasing	**28,096,416**

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 each 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 2011, Tom Hedelius and Anders Börjesson each held 12.8 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 IN B&B TOOLS



Repurchase of own shares

The Annual General Meeting of B&B TOOLS AB held on 25 August 2010 authorised the Board of Directors during the period until the Annual General Meeting to be held on 25 August 2011, 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. No shares were repurchased during the 2010/2011 financial year.

As of 31 March 2010 the number of class B shares held in treasury amounted to 380,500. During the year, a total of 40,500 class B treasury shares were conveyed in conjunction with the redemption of personnel options. Thus, the personnel options programme issued in April 2002 was concluded. Accordingly, at the end of the year on 31 March 2011, the holding of class B treasury shares amounted to 340,000, corresponding to 1.2 percent of the total number of shares and 0.9 percent of the total number of votes. The quotient value of this holding amounted to SEK 680,000 as of 31 March 2011.

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 amounted to SEK 155.00. The redemption price per call option in this programme is SEK 159.00.

The remaining 90,000 repurchased class B shares are reserved to secure the Company's obligations under the call options programme issued by B&B TOOLS AB in September 2007, which is valid until 30 September 2012. The Company's acquisition cost per share to secure this call options programme amounted to SEK 206.30. The redemption price per call option in this programme is SEK 228.00.

ANNUAL GENERAL MEETING 2010

The Annual General Meeting of B&B TOOLS AB was held in Stockholm on 25 August 2010. 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 117 shareholders participated in the Meeting, representing a combined total of 55.1 percent of the votes in the Company. All regular directors and the Company's auditors attended the Meeting.

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

ELECTION COMMITTEE

The Annual General Meeting in August 2010 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2011 and request that they appoint four members who, together with the Chairman of the Board, will constitute an Election Committee to prepare proposals to the Annual General Meeting 2011 regarding the election of the Board of Directors and auditors, fees and procedures for the next Election Committee.

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2011 comprises Chairman of the Board Tom Hedelius, Anders Börjesson, Björn Franzon (representing Swedbank Robur funds), Tomas Ramsälv (representing Odin Funds) and Per Trygg (representing SEB Funds). The other members appointed Tom Hedelius as Chairman of the Election Committee. Per Trygg was appointed spokesperson for the Election Committee at the next Annual General Meeting.

The composition of the Election Committees 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's proposals for Board of Directors and auditors will be presented in the notice of the Annual General Meeting 2011. 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 Meeting and at the Annual General Meeting itself.

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

THE BOARD OF DIRECTORS 2010/2011

The Board of Directors of B&B TOOLS AB currently comprises five regular directors elected by the Annual General Meeting on 25 August 2010, 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 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 2010/2011 financial year, four of which were regular meetings and three extraordinary meetings.

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 2010 (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 2010/2011 financial 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 financial year, during which minutes were taken.

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

OPERATIONS OF THE GROUP

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

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

President & CEO and Group management

President & CEO Stefan Wigren has been employed by B&B TOOLS AB since 2001. Stefan Wigren's prior assignments include President and CEO of Front Capital Systems AB (1989–1999) and work in Corporate Finance at Handelsbanken Markets. The other members of Group management are Executive Vice Presidents Mats Björkman, Peter Gustafsson and Carl Johan Lundberg and Vice President Karin Beijer (as of 1 April 2011).

SUMMARY OF BOARD COMPOSITION, ATTENDENCE, FEES AND DEPENDENCY CONDITIONS 2010/2011

					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		All	All	225,000		
Stefan Wigren	2000	Director		X	All	All		X	

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

During April-December of the financial year, former Executive Vice President Johan Falk was a member of Group management.

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 2010/2011 financial 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 Authorized Public Accountant George Pettersson, who also serves as Chief Auditor in such listed companies as CDON Group AB, Holmen AB, Hufvudstaden AB, L E Lundbergföretagen AB, Modern Times Group MTG AB, Sandvik AB and Skanska AB.

Prior to the Annual General Meeting of August 2011, the Election Committee will propose the election of auditors for the period until the Annual General Meeting in 2012.

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 28–29. 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 2011 pass a resolution concerning the 2011/2012 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 2010 (refer to Note 5 on page 61).

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 financial 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 2010/2011 financial 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 [1)]

	Revenue		Operating profit	
MSEK	**2010/2011**	**2009/ 2010**	**2010/2011**	**2009/ 2010**
Markets	5,363	5,111	156	80
Solutions	3,769	3,624	197	176
Group-wide	82	95	0	9
Eliminations	–1,329	–1,182	–6	–4
Total	**7,885**	**7,648**	**347**	**261**

Revenue – quarterly data	2010/2011				2009/2010			
MSEK	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Markets	1,351	1,441	1,222	1,349	1,243	1,345	1,184	1,339
Solutions	933	1,002	897	937	891	923	887	923
Group-wide	18	22	21	21	30	21	22	22
Eliminations	–344	–360	–303	–322	–322	–304	–263	–293
Total	**1,958**	**2,105**	**1,837**	**1,985**	**1,842**	**1,985**	**1,830**	**1,991**

Operating profit/loss – quarterly data	2010/2011				2009/2010			
MSEK	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Markets	17	60	37	42	2	30	25	23
Solutions	58	52	47	40	51	47	50	28
Group-wide	–1	3	4	–6	12	0	–1	–2
Eliminations	0	–2	–3	–1	–3	3	–3	–1
Total	**74**	**113**	**85**	**75**	**62**	**80**	**71**	**48**

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

Income statement

MSEK	Note	2010/2011	2009/2010
Revenue	2, 4	7,885	7,648
Shares in profit/loss of associated companies	14	1	1
Other operating income	3	8	5
Total operating revenue		**7,894**	**7,654**
Goods for resale		–4,714	–4,619
Personnel costs		–1,677	–1,667
Depreciation, amortisation, impairment losses and reversal of impairment losses		–65	–69
Other operating expense		–1,091	–1,038
Total operating expense	4, 5, 6, 7, 8	**–7,547**	**–7,393**
Operating profit		**347**	**261**
Financial income		4	8
Financial expense		–71	–76
Net financial items	9	**–67**	**–68**
Profit after net financial items		**280**	**193**
Taxes	11	–86	–59
Net profit for the year		**194**	**134**
Of which attributable to:			
Parent Company shareholders		194	134
Non-controlling interest		0	0
Earnings per share, SEK			
– before dilution	20	6.90	4.80
– after dilution	20	6.90	4.80
Proposed/resolved dividend per share, SEK		3.00	2.50

Statement of comprehensive income

MSEK	2010/2011	2009/2010
Net profit for the year	**194**	**134**
Other comprehensive income		
Translation differences	–59	–59
Translation differences in non-controlling interest	0	0
Effects of hedge accounting	10	11
Taxes attributable to other comprehensive income	9	6
Comprehensive income for the year	**154**	**92**
Of which attributable to:		
Parent Company shareholders	154	92
Non-controlling interest	0	0

CONSOLIDATED

Balance sheet

MSEK	Note	31 March 2011	31 March 2010
ASSETS			
Non-current assets			
Intangible non-current assets	12	1,813	1,857
Tangible non-current assets	13	472	505
Participations in associated companies	14	10	9
Financial investments	27	2	3
Other long-term receivables	16	10	6
Deferred tax assets	11	121	106
Total non-current assets		**2,428**	**2,486**
Current assets			
Inventories	17	1,523	1,458
Tax assets		35	52
Accounts receivable	27	1,187	1,111
Prepaid expenses and accrued income	18	111	106
Other receivables	16	56	71
Cash and cash equivalents		92	209
Total current assets		**3,004**	**3,007**
Total assets	4, 25, 26, 27, 30	**5,432**	**5,493**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		57	57
Other contributed capital		71	71
Reserves		–30	10
Retained earnings, including net profit for the year		1,757	1,631
Equity attributable to Parent Company shareholders		**1,855**	**1,769**
Non-controlling interest		**0**	**0**
Total equity		**1,855**	**1,769**
Non-current liabilities			
Non-current interest-bearing liabilities	27	1,314	1,368
Other non-current liabilities	23	0	3
Provisions for pensions	21	384	370
Other non-current provisions	22	16	14
Deferred tax liabilities	11	162	163
Total non-current liabilities		**1,876**	**1,918**
Current liabilities			
Current interest-bearing liabilities	27	192	214
Accounts payable		822	840
Tax liabilities		70	64
Other liabilities	23	148	210
Accrued expenses and deferred income	24	469	478
Total current liabilities		**1,701**	**1,806**
Total liabilities	4, 25, 26, 27, 30	**3,577**	**3,724**
Total equity and liabilities		**5,432**	**5,493**

Statement of changes in equity

	Share capital	Other contributed capital	Reserves	Retained earnings, incl. net profit for the year	Total	Non-controlling interest	Total equity
Opening equity, 31 March 2009	**57**	**71**	**52**	**1,559**	**1,739**	**18**	**1,757**
Acquisition of non-controlling interest						–18	**–18**
Net profit for the year				134	**134**	0	**134**
Other comprehensive income			–42		**–42**		**–42**
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**
Net profit for the year				194	**194**	0	**194**
Other comprehensive income			–40		**–40**		**–40**
Dividend				–70	**–70**		**–70**
Sale of treasury shares upon redemption of personnel options				2	**2**		**2**
Closing equity, 31 March 2011	**57**	**71**	**–30**	**1,757**	**1,855**	**0**	**1,855**

Cash-flow statement

MSEK	Note	2010/2011	2009/2010
Operating activities			
Profit after net financial items		280	193
Adjustments for non-cash items	34	56	38
Income taxes paid		–71	–204
Cash flow from operating activities before changes in working capital		**265**	**27**
Cash flow from changes in working capital			
Change in inventories		–105	282
Change in operating receivables		–108	63
Change in operating liabilities		51	–4
Changes in working capital		**–162**	**341**
Cash flow from operating activities		**103**	**368**
Investing activities			
Acquisition of intangible and tangible non-current assets		–42	–42
Sales of intangible and tangible non-current assets		10	5
Acquisition of subsidiaries/operating segments, net effect on liquidity	34	–58	–46
Sales of subsidiaries/operating segments, net effect on liquidity	34	–	3
Cash flow from investing activities		**–90**	**–80**
Cash flow before financing		**13**	**288**
Financing activities			
Conveyance of treasury shares upon redemption of personnel options		2	8
Borrowing		4	6
Repayment of loans		–62	–227
Dividend paid to Parent Company shareholders		–70	–70
Dividend paid to non-controlling interest		–	0
Cash flow from financing activities		**–126**	**–283**
Cash flow for the year		**–113**	**5**
Cash and cash equivalents at the beginning of the year		209	209
Exchange-rate difference in cash and cash equivalents		–4	–5
Cash and cash equivalents at year-end	34	**92**	**209**

Income statement

MSEK	Note	2010/2011	2009/2010
Revenue	2	56	57
Other operating income		1	–
Total operating revenue		**57**	**57**
Personnel costs		–39	–41
Depreciation, amortisation, impairment losses and reversal of impairment losses		–2	–2
Other operating expense		–24	–22
Total operating expense	5, 6, 8	**–65**	**–65**
Operating loss		**–8**	**–8**
Profit from net financial items:			
Profit from participations in Group companies	9	417	142
Profit from other securities and receivables recognised as non-current assets	9	72	56
Other interest income and similar profit/loss items	9	13	0
Interest expense and similar profit/loss items	9	–53	–48
Profit after net financial items		**441**	**142**
Appropriations	10	–14	8
Profit before taxes		**427**	**150**
Taxes	11	–88	–18
Net profit for the year		**339**	**132**

Statement of comprehensive income

MSEK	2010/2011	2009/2010
Net profit for the year	**339**	**132**
Other comprehensive income		
Effects of hedge accounting	17	3
Taxes attributable to other comprehensive income	–4	–1
Comprehensive income for the year	**352**	**134**

Balance sheet

MSEK	Note	31 March 2011	31 March 2010
ASSETS			
Non-current assets			
Intangible non-current assets	12	2	3
Tangible non-current assets	13	4	4
Financial non-current assets			
Participations in Group companies	32	231	238
Receivables from Group companies	15	3,396	3,455
Other long-term receivables	16	0	0
Deferred tax assets	11	13	17
Total financial non-current assets		3,640	3,710
Total non-current assets		**3,646**	**3,717**
Current assets			
Current receivables			
Receivables from Group companies		353	84
Tax assets		–	8
Other receivables		3	1
Prepaid expenses and accrued income	18	2	3
Total current receivables		358	96
Cash and bank		32	117
Total current assets		**390**	**213**
Total assets	26	**4,036**	**3,930**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		57	57
Statutory reserve		86	86
Non-restricted equity			
Retained earnings		710	782
Net profit for the year		339	132
Total equity		**1,192**	**1,057**
Untaxed reserves	33	**220**	**206**
Provisions			
Provisions for pensions and similar commitments	21	48	53
Total provisions		**48**	**53**
Non-current liabilities			
Liabilities to credit institutions	27	1,300	1,300
Liabilities to Group companies		100	97
Other liabilities	27	11	28
Total non-current liabilities		**1,411**	**1,425**
Current liabilities			
Liabilities to credit institutions	27	179	194
Accounts payable		2	1
Liabilities to Group companies		947	978
Tax liabilities		23	–
Other liabilities		1	6
Accrued expenses and deferred income	24	13	10
Total current liabilities		**1,165**	**1,189**
Total equity, provisions and liabilities	26	**4,036**	**3,930**
Pledged assets and contingent liabilities			
Pledged assets	30	None	None
Contingent liabilities	30	283	274

Statement of changes in equity

	Restricted equity		Unrestricted equity				
	Share capital	Statutory reserve	Treasury shares	Hedging reserve	Retained earnings	Net profit for the year	Total equity
Closing equity, 31 March 2009	**57**	**86**	**–68**	**–24**	**687**	**274**	**1,012**
Reversal of earnings					274	–274	**0**
Net profit for the year						132	**132**
Other comprehensive income				2			**2**
Dividend					–70		**–70**
Group contributions paid					–39		**–39**
Taxes on Group contributions					10		**10**
Sale of treasury shares upon redemption of personnel options			9		1		**10**
Closing equity, 31 March 2010	**57**	**86**	**–59**	**–22**	**863**	**132**	**1,057**
Reversal of earnings					132	–132	**0**
Net profit for the year						339	**339**
Other comprehensive income				13			**13**
Dividend					–70		**–70**
Group contributions paid					–203		**–203**
Tax effect on Group contributions					53		**53**
Sale of treasury shares upon redemption of personnel options			2		1		**3**
Closing equity, 31 March 2011	**57**	**86**	**–57**	**–9**	**776**	**339**	**1,192**

Cash-flow statement

MSEK	Note	2010/2011	2009/2010
Operating activities			
Profit after net financial items		441	142
Adjustments for non-cash items	34	–305	–38
Income taxes paid		–4	–75
Cash flow from operating activities before changes in working capital		**132**	**29**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		–27	67
Change in operating receivables		–1	0
Change in operating liabilities		–1	–3
Changes in working capital		**–29**	**64**
Cash flow from operating activities		**103**	**93**
Investing activities			
Acquisition of intangible and tangible non-current assets		–1	–2
Sales of intangible and tangible non-current assets		0	0
Investments in/sales of subsidiaries		–	0
Cash flow from investing activities		**–1**	**–2**
Cash flow before financing		**102**	**91**
Financing activities			
Conveyance of treasury shares upon redemption of personnel options		1	6
Changes in non-current receivables and liabilities to Group companies		46	69
Repayment of loans		–3	–204
Dividend paid		–70	–70
Group contributions paid and received		–161	174
Cash flow from financing activities		**–187**	**–25**
Cash flow for the year		**–85**	**66**
Cash and cash equivalents at the beginning of the year		117	51
Cash and cash equivalents at year-end	34	**32**	**117**

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 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, 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 tools and consumables, the Group's customers comprise resellers and end users in the industrial and construction sectors, and to a certain extent, the 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 to 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. The Group also builds strong proprietary products brands in selected product areas.

Subsuppliers

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

Raw-material prices

Steel is an important component in many of the products sold by B&B TOOLS. Accordingly, rapid and sharp raw-material price fluctuations can have a short-term impact on the Group's earnings. In the long term, the Group's companies can make 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.

RISKS AND OPPORTUNITIES

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. For a description of the Group's exposure to various currencies and the financial instruments used to minimise risks, see Note 27 Financial risk management and the section on Foreign-currency risks on page 78.

Interest-rate fluctuations
For a description of how the Group is exposed to interest-rate changes relating to external borrowing and lending and how this is managed to minimise risks, refer to Note 27 Financial risk management and the section on Interest-rate risks on page 79.

Financing risk
Financing risk refers to the risk that meeting the Group's requirements for external capital could become more difficult or more expensive. For a description of the structure of the Group's financing and how financing risk is managed, refer to Note 27 Financial risk management and the sections entitled Financing and liquidity risks and Borrowing and maturity structure on pages 79–81.

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 2010/2011 are prepared in accordance with 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 IFRS Interpretations Committee as approved by the EU. Recommendation RFR 1 *Supplementary Accounting Rules for Groups* issued by the Swedish Financial Reporting Board has also been applied.

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

The financial statements encompass pages 34-86. The Annual Report and consolidated financial statements were approved for publication by the Board of Directors on 16 June 2011. 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 2011.

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 and 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 which can lead to substantial adjustments in the following year's financial statements are described in more detail in Note 36.

Events after the balance-sheet date refer to both 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 is not accounted for when the financial statements were adopted. 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 recognised carrying amount at the times of classification and their 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 of 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 2010. Other amendments to IFRS applicable as of 2010 have not had a material impact on the Group's financial reporting.

Business combinations and consolidated financial statements

As of 1 April 2010, the Group applies the revised IFRS 3 *Business Combinations* and the amended IAS 27 *Consolidated and Separate Financial Statements*. The amended accounting policies entail the following: the definition of operation has been amended, transaction fees during business acquisitions are to be expensed, contingent considerations are set at fair value on the date of acquisition and effects from the revaluation of liabilities related to contingent considerations are recognised as an income or expense in net profit for the year.

Other new features include two alternative methods for recognising non-controlling interests and goodwill, either at fair value (meaning that goodwill is included in non-controlling interest) or that non-controlling interests comprises a share of the net assets. The choice between these two methods is made individually for each acquisition. Also, additional acquisitions that are conducted after securing controlling interest are considered owner transactions and are recognised directly in equity, which constitutes a modification of the Group's previous policy of recognising excess amounts as goodwill.

The amended policies have not had retroactive impact on the consolidated financial statements, which thus means that no figures in the financial statements have been adjusted.

Other statements by the IFRS Interpretations Committee that took effect in 2010/2011 have been applied in the preparation of the consolidated financial statements for 2010/2011. However, none of these statements has had a material impact on the Group's earnings or position.

No new IFRS or interpretive statements were applied in advance.

A review of applied accounting methods was carried out in preparation for the 2010/2011 financial year. This review led to the reclassification of certain expense items. The reclassification meant that from 1 April 2010 onward, a number of expense items are recognised under the cost category of "Other operating expenses" and not under the earlier "Goods for resale." For further information and recalculated comparative figures for the preceding year, refer to the separate press release dated 12 August 2010.

NEW OR REVISED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new standards, amendments to standards and interpretive statements that will come into effect as of the 2011/2011 financial year or later have not been applied in the preparation of these financial statements. These are deemed not to have any material impact on the consolidated financial statements.

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 a business segment are also monitored by the Company's highest executive decision-maker to enable them to be assessed and to allow resources to be allocated to the business 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 Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid later than 12 months from the balance-sheet date. Current assets and current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid within 12 months from 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. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transactions fees that arise are recognized directly in net profit for the year.

In the case of business acquisitions where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceeds the fair value of the acquired assets and assumed debt that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known a bargain purchase, it is recognised directly in net profit for the year.

Contingent considerations are recognised at fair value on the date of acquisition. If the contingent consideration is classified as an equity instrument, no revaluation is performed and the adjustment is made to equity. Other contingent considerations are re-valued for each financial statement and the difference is recognised in net profit for the year.

If the acquisition does not pertain to 100 percent of the subsidiary, it is deemed a non-controlling interest. There are two methods for recognising non-controlling interests: (i) either by recognising the non-controlling interest's share of the proportional net assets or (i) by recognising the non-controlling interest at fair value, meaning that the non-controlling interest is part of goodwill. Which of these two alternatives is to be applied can be determined on a case by case basis.

For step acquisitions, goodwill is determined on the date on which controlling influence is reached. Previous holdings are valued at fair value and the change in value is recognised in net profit for the year.

Divestments that lead to a loss of controlling influence but where a holding remains, the holding is valued at fair value and the change in value is recognised in net profit for the year.

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 attributable to Parent Company shareholders, adjusted for any amortisation and impairment losses or reversals of acquired surplus or deficit values, is reported as "Shares in profit/loss of associated companies". Dividends received from associated companies reduce the carrying amount of the investment. The Group's portion of other comprehensive income in associated companies is recognised in a separate line in the Group's other comprehensive income.

Any differences during the acquisition between the cost of the holding and the holding company's portion of the net fair value of the associated company's identifiable assets, liabilities and debts are recognised in accordance with the same principles as in the acquisition of a subsidiary. 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. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. 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 the translations 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 from the foreign entity's functional currency to the Group's reporting currency, 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, which constitutes an approximation of the currency rates prevailing at each transaction date. 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, by which they are reclassified from the translation reserve in equity to net profit for the year.

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 linear reduction in leasing fees over the course of the lease. 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 financial instrument's expected term to the recognised net value of the financial 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 profit and loss 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 qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying 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 balance sheet

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party under 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 Company loses control over them. A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or 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 items 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 profit and loss, 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

The category Financial assets available for sale includes financial assets that are not classified in any other category, or financial assets that the company initially opted to classify in this category. 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. If the asset is sold, the accumulated gain/loss, that was previously recognised in other comprehensive income, is recognised 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 and other receivables 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 amortised 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 customer losses on similar receivables.

Financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities are initially recognised at fair value after deductions for transaction costs. Borrowing is then recognised at amortised 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 by 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 profit and loss, 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 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 according to 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 a highly probable anticipated interest income (cash-flow hedging), or 2) a hedge of a highly probable forecast transaction in foreign currency (cash-flow hedging).

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 for the year. Accumulated amounts in equity are reversed to earnings for the year in the periods in which the hedged item affects profit and loss (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 other comprehensive income 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

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	5–100 years
Land improvements	20 years
Leasehold improvements	3–5 years
Machinery	3–10 years
Equipment	3–5 years

Property used in operations consists of a number of components with varying periods of use. The main classification is buildings and land. The land component is not depreciated since its period of use is considered to be unlimited. Buildings, however, consist of a number of components for which the period of use varies. The periods of use of these components have been deemed to vary between 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 period of use of assets is carried out on an annual basis.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between the consideration transferred for a corporate acquisition and the fair value of the acquired assets and assumed debt.

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 corporate acquisitions for which the consideration transferred is less than the fair value of the acquired assets and assumed debt, known as bargain purchase, the difference is recognised directly in net profit for the year.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost, less accumulated amortisation and impairment losses. This includes for example brands, 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 on an annual basis.

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, 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 an indefinable 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, net 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 value exceeds the recoverable amount. An impairment loss is recognised as a cost in net profit for the year. When impairment losses are identified for a cash-generating unit the impairment loss is 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 amortised 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 amortised 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 if no impairment loss had been charged, taking into account the amortisation that would then have been made.

EQUITY

The Group's equity can be divided into share capital, other contributed capital, reserves, retained earnings including net profit for the year and non-controlling 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 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 corporate bonds or housing 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 2010, Alecta's surplus in the form of its collective solvency margin was 146 percent (2009: 141 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 profit and loss over the expected average remaining service period of the employees covered by the plan. No other actuarial gains and losses are taken into account.

The net value of interest on pension liabilities and expected returns on associated plan assets are recognised in net financial items. Other components are recognised in operating profit/loss. 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 in issue during the financial year. However, the programme expired on 30 June 2010. The fair value of the options awarded was 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 was calculated using the Black & Scholes model and due consideration was given to the terms and circumstances prevailing at the time when the options were awarded. B&B TOOLS' personnel option programme was subject to no other significant terms and conditions than that the recipient must have been an employee at the end of the vesting period.

Social security contributions attributable to share-based instruments issued to employees as compensation for services are expensed and distributed to the periods during which the services were performed. The provision for social security contributions is based on the fair value at the time of recognition. Fair value is calculated 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 employee, provided that certain terms and conditions are fulfilled. The cost for this subsidy is distributed over the vesting period.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or informal obligation 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 analysis 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 *Accounting for Legal Entities* issued by the Swedish Financial Reporting Board. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS and statements adopted 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.

Classification and presentation methods

Compared with the 2009/2010 Annual Report, the Parent Company presents five financial statements, in accordance with IAS 1 *Presentation of Financial Statements* and RFR 2 *Accounting for legal entities*. Additional financial statements comprise the Statement of comprehensive income and the Statement of changes to equity.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction fees are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction fees are recognised directly in earnings when incurred.

Contingent considerations are valued on the basis of the probability that a consideration will be paid. Any changes to provisions/receivables are added to/deducted from the cost. In the consolidated financial statements Contingent considerations are recognised at fair value, including changes in value, in earnings.

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

NOTE 2

DISTRIBUTION OF REVENUE

	Group		Parent Company	
	2010/2011	2009/2010	2010/2011	2009/2010
Revenue				
Sale of goods	7,671	7,454	–	–
Service assignments	179	159	56	57
Rental income	9	11	–	–
Commissions, bonuses and similar income	26	24	–	–
Total	**7,885**	**7,648**	**56**	**57**

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

NOTE 3

OTHER OPERATING INCOME

	Group		Parent Company	
	2010/2011	2009/2010	2010/2011	2009/2010
Grants from EU, central and local government	0	1	–	–
Other grants	1	0	–	–
Insurance indemnification	1	0	–	–
Capital gain, sale of tangible non-current assets	5	2	0	–
Capital gain, sale of financial non-current assets	0	–	–	–
Other	1	2	1	–
Total	**8**	**5**	**1**	**–**

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 monitored 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 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 joint salary centre and 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 in the Group accounts for more than 3 percent of the Group's revenue.

These 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.

	2010/2011			2009/2010		
Revenue	**External**	**Internal**	**Total**	**External**	**Internal**	**Total**
Markets	5,279	84	**5,363**	5,060	51	**5,111**
Solutions	2,606	1,163	**3,769**	2,588	1,036	**3,624**
Group-wide	0	82	**82**	–	95	**95**
Eliminations	–	–1,329	**–1,329**	–	–1,182	**–1,182**
Group total	**7,885**	**0**	**7,885**	**7,648**	**0**	**7,648**

	2010/2011			2009/2010		
Operating profit, assets and liabilities	**Operating profit**	**Assets**	**Liabilities**	**Operating profit**	**Assets**	**Liabilities**
Markets	156	3,151	3,938	80	3,188	3,973
Solutions	197	3,307	1,749	176	3,363	1,694
Group-wide	0	3,811	2,675	9	4,066	2,888
Eliminations	–6	–4,837	–4,785	–4	–5,124	–4,831
Group total	**347**	**5,432**	**3,577**	**261**	**5,493**	**3,724**

	2010/2011			2009/2010		
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	156	–	**156**	80	–	**80**
Solutions	197	–	**197**	176	–	**176**
Group-wide	0	–67	**–67**	9	–68	**–59**
Eliminations	–6	–	**–6**	–4	–	**–4**
Group total	**347**	**–67**	**280**	**261**	**–68**	**193**

NOTE 4, CONTINUED

Investments in non-current assets	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total
Markets	–8	21	**13**	–20	19	**–1**
Solutions	–2	10	**8**	1	16	**17**
Group-wide	–	4	**4**	1	1	**2**
Eliminations	–	–	**–**	–	–	**–**
Group total [1)]	**–10**	**35**	**25**	**–18**	**36**	**18**

Depreciation and amortisation of non-current assets	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total
Markets	–1	–30	**–31**	–1	–34	**–35**
Solutions	–12	–16	**–28**	–10	–18	**–28**
Group-wide	–1	–5	**–6**	–1	–5	**–6**
Eliminations	–	–	**–**	–	–	**–**
Group total	**–14**	**–51**	**–65**	**–12**	**–57**	**–69**

Impairment losses on non-current assets	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total
Markets	–	0	**0**	–	0	**0**
Solutions	–	–	**–**	–	–	**–**
Group-wide	–	–	**–**	–	–	**–**
Eliminations	–	–	**–**	–	–	**–**
Group total	**–**	**0**	**0**	**–**	**0**	**0**

Other non-cash items	2010/2011 Pensions	2010/2011 Other	2009/2010 Pensions	2009/2010 Other
Markets	–2	22	0	31
Solutions	–21	16	–21	30
Group-wide	–6	–1	–3	0
Eliminations	–	–	–	–
Group total	**–29**	**37**	**–24**	**61**

1) Including a reduction in carrying amounts 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.

	2010/2011 External revenue	2010/2011 Non-current assets	2009/2010 External revenue	2009/2010 Non-current assets
Sweden	4,090	2,014	3,778	2,032
Finland	969	194	951	216
Norway	2,185	58	2,309	88
Other countries	641	19	610	26
Group total	**7,885**	**2,285**	**7,648**	**2,362**

Investments in non-current assets	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total	2009/2010 Intangible	2009/2010 Tangible	2009/2010 Total
Sweden	–8	20	**12**	–23	20	**–3**
Finland	–3	2	**–1**	–1	3	**2**
Norway	0	11	**11**	5	11	**16**
Other countries	0	3	**3**	1	2	**3**
Group total [1)]	**–11**	**36**	**25**	**–18**	**36**	**18**

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

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

	2010/2011			2009/2010		
Average number of employees by country	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden, Parent Company	7	11	**18**	6	11	**17**
Sweden, other Swedish companies	386	1,388	**1,774**	426	1,442	**1,868**
Denmark	4	23	**27**	6	22	**28**
Finland	53	254	**307**	64	262	**326**
Norway	77	399	**476**	87	407	**494**
Estonia	11	31	**42**	17	63	**80**
Poland	21	92	**113**	17	68	**85**
Other countries	26	54	**80**	25	57	**82**
Group total	**585**	**2,252**	**2,837**	**648**	**2,332**	**2,980**

	2010/2011			2009/2010		
Salaries and compensation by country	**Board of Directors and President**	**Of which, variable remuneration**	**Other**	**Board of Directors and President**	**Of which, variable remuneration**	**Other**
Sweden	48	5	734	48	3	727
Denmark	1	0	14	1	–	14
Finland	9	0	116	17	1	114
Norway	16	1	264	32	3	238
Estonia	1	0	6	2	–	10
Poland	1	0	15	2	–	8
Other countries	4	0	10	3	0	10
Group total	**80**	**6**	**1,159**	**105**	**7**	**1,121**

	2010/2011			2009/2010		
Group	**Salaries and compensation**	**Social security fees**	**Of which, pension costs**	**Salaries and compensation**	**Social security fees**	**Of which, pension costs**
Group total	**1,239**	**427**	**123**	**1,226**	**427**	**119**

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

	2010/2011			2009/2010		
Parent Company	**Board of Directors and President**	**Other employees**	**Total**	**Board of Directors and President**	**Other employees**	**Total**
Salaries and other compensation	11	14	**25**	11	11	**22**
(of which, variable remuneration)	1	1	**2**	0	0	**0**
Social security costs	11	4	**15**	11	9	**20**
(of which, pension costs) [1]	6	–1	**5**	6	2	**8**

[1] Pension costs for the category Other employees includes a refund of MSEK 4.

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 18,025 thousand (18,220) pertains to the category "Board of Directors and President."

Of the Parent Company's pension costs, SEK 6,392 thousand (5,853) pertains to the category "Board of Directors and President." The Company's outstanding pension obligations to this category amount to SEK 916 thousand (983), of which SEK 0 thousand (131) pertains to the President and SEK 763 thousand (721) 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 2010/2011 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 and CEO and other members of Group management in 2010/2011

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").
- 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 years.
- 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 25 August 2010. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2010/2011.)

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 2010/2011 FINANCIAL YEAR

Board of Directors

In accordance with the resolution passed by the Annual General Meeting in August 2010, the Board of Directors received a total of SEK 1,250 thousand (1,250) in directors' fees during the 2010/2011 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 2010/2011 operating year.

President & CEO

The President & CEO received a salary of SEK 3,131 thousand (3,040), plus taxable benefits totalling SEK 139 thousand (1,292) for the year. From the age of 65, the President & CEO is covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. During the 2010/2011 operating year, pension premiums were paid in the amount of SEK 3,801 thousand (3,399), including premiums for health insurance.

The President & CEO participates in a long-term incentive (LTI) programme, which is described in more detail 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 8,059 thousand (8,269) in salary.

Other members of Group management	Position
Mats Björkman	Executive Vice President
Carl Johan Lundberg	Executive Vice President
Johan Falk (until December 2010)	Executive Vice President
Peter Gustafsson	Vice President
Karin Beijer (as of April 2011)	Vice President

SUMMARY OF GROUP MANAGEMENT COMPENSATION AND PENSION COSTS FOR 2010/2011

SEK thousand	Fixed salary	Variable salary	Long-term incentive	Other benefits	Total fixed and variable compensation	Pension costs
President & CEO	3,131	0	0	139	**3,270**	3,801
Other Group management (4 persons)	8,059	1,213	0	499	**9,771**	2,907
Total	**11,190**	**1,213**	**0**	**638**	**13,041**	**6,708**

NOTE 5, CONTINUED

In addition to salary, taxable benefits totalling SEK 499 thousand (3,894) were paid during the year. From the age of 65, all other members of Group management are covered by defined-contribution pensions, whose size depends on the outcome of the pension insurance policies taken out. During the 2010/2011 operating year, pension premiums were paid in the amount of SEK 2,907 thousand (2,756), including premiums for health insurance.

Variable compensation, based on the Group's earnings, is payable in a maximum amount of 30 percent of the fixed portion of compensation. In addition, 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. Variable compensation for the 2010/2011 operating year amounted to SEK 1,213 thousand (0) for these other members of Group management. Variable compensation was expensed for the 2010/2011 operating year and disbursed during 2011/2012.

No variable compensation based on the long-term incentive (LTI) programme, which is described in more detail below, was paid for the 2010/2011 operating year.

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 initially had 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 programme was extended during the operating year to have a total term of seven year until 2013.

The goal of the LTI programme was not achieved for the 2010/2011 operating year and a total of SEK 0 thousand (0) 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 is designed to be equivalent to Group management's LTI programme. Provided that a number of terms are fulfilled, an annual payment is made corresponding to 20 percent of the initial investment. During the operating year, the programme was extended to have a total term of seven years until 2015. The goal of the LTI programme was not achieved for the 2010/2011 operating year and a total of SEK 0 thousand (0) 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.

Each personnel option entitled 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 reserved for this purpose in connection with the implementation of the personnel option programme. The personnel options could be utilised to purchase shares until 30 June 2010. Personnel options could not be conveyed to a third party. Any benefit value that arose due to the personnel options was 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 repurchase of 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 repurchase of treasury shares at an average acquisition cost of SEK 206.30 per share.

SPECIFICATION OF OPTION PROGRAMMES

The table below shows the options issued and options outstanding as of 31 March 2011:

	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Group						
Personnel option programme 2002/2010	April 2002 and Nov. 2004	1 Dec. 2004–30 Jun. 2010	52.00	850,000	0	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 Nov. 2004	1 Dec. 2004–30 Jun. 2010	52.00	439,000	0	Physical delivery
Call option programme 2006/2011	October 2006	1 Oct. 2006–30 Sep. 2011	159.00	36,000	36,000	Physical delivery
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228.00	13,200	13,200	Physical delivery

NOTE 5, CONTINUED

NUMBER AND REDEMPTION PRICES OF OPTIONS

Personnel option programme (2002/2010)

	Redemption price 2010/2011	Number of options 2010/2011	Redemption price 2009/2010	Number of options 2009/2010
Group				
Outstanding at the beginning of the year	52.00	40,500	52.00	198,500
Issued during the year	–	–	–	–
Redeemed during the year	52.00	–40,500	52.00	–158,000
Outstanding at the end of the year	**52.00**	**0**	**52.00**	**40,500**
Parent Company				
Outstanding at the beginning of the year	52.00	22,000	52.00	131,000
Issued during the year	–	–	–	–
Redeemed during the year	52.00	–22,000	52.00	–109,000
Outstanding at the end of the year	**52.00**	**0**	**52.00**	**22,000**

A total of 40,500 personnel options were redeemed in 2010/2011. For personnel options redeemed in 2010/2011, the weighted average share price was SEK 108.50. Accordingly, the personnel option programme that was issued in April 2002 has been concluded.

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

No call options were redeemed in 2010/2011.

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

	Group		Parent Company	
Percentage women	**2010/2011**	**2009/2010**	**2010/2011**	**2009/2010**
Directors	9%	7%	20%	20%
Senior management	13%	11%	13%	11%

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. During 2010/2011, all members of Group management were men.

NOTE 6

FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2010/2011	**2009/2010**	**2010/2011**	**2009/2010**
Audit assignments				
KPMG	8	8	1	1
Other auditors	1	1	–	–
Total fees for audit assignments	**9**	**9**	**1**	**1**
Tax advisory services				
KPMG	2	1	0	0
Total fees for tax advisory services	**2**	**1**	**0**	**0**
Other assignments				
KPMG	1	1	1	0
Other auditors	0	0	–	–
Total fees for other assignments	**1**	**1**	**1**	**0**
Total fees to auditors	**12**	**11**	**2**	**1**

"Audit assignments" refers to statutory auditing of the Annual Report and accounting as well as the administration of the Board of Directors and the President & CEO, and auditing and other reviews carried out in accordance with the law, agreements or contracts. This includes other work assignments that are incumbent upon the company's auditors to carry out, as well as advisory services or other assistance that are occasioned through the findings of such reviews or the performance of such other work assignments.

"Other assignments" comprise advisory services concerning accounting issues.

NOTE 7

ACQUISITION OF BUSINESSES

ACQUISITION OF GROUP COMPANIES

During the financial year, the Group did not conduct any new corporate acquisitions. During the year, corrections to estimated additional purchase considerations were made in six existing acquisitions. After the cash adjustments that were made during the year, there are no historical agreements concerning future (as yet unsettled) additional purchase considerations of material significance.

Corporate acquisitions 2010/2011	Country	Date of acquisition	Ownership stake [1]
Corrections to estimated additional purchase considerations			
Cresto AS	Denmark	June 2010	100
BBIH Nord Norge AS	Norway	July 2010	100
Nillson & Luthman AB	Sweden	September 2010	100
Mertek Group Oy	Finland	September 2010	100
Suomen Kumicenter Oy	Finland	September 2010	100
G&P Lidén Weighing AB	Sweden	September 2010	100

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

Distribution of corporate acquisitions by operating area	Corrected purchase consideration	Investment
B&B TOOLS Solutions	–9	–9
B&B TOOLS Markets	–8	–8
Total	**–17**	**–17**

Paid purchase considerations	**58**

Goodwill 2010/2011	
At the beginning of the year	1,749
Adjustments of additional purchase considerations	–15
Sales and disposals	–2
Translation differences	–17
At the end of the year	**1,715**

NOTE 8

OTHER OPERATING EXPENSE

Of the Group's total other expenses of MSEK –1,091 (–1,038), the following applies:

	Group		Parent Company	
	2010/2011	2009/2010	2010/2011	2009/2010
Exchange-rate losses on operating receivables/liabilities	–11	–4	–	–
Loss on the disposal of tangible non-current assets	–1	–2	–	–
Other	–	–1	–	–
Total	**–12**	**–7**	**–**	**–**

NOTE 9

NET FINANCIAL ITEMS

Group	2010/2011	2009/2010
Interest income	4	7
Dividends	–	0
Other investments		
Net gain on the disposal of financial assets available for sale	–	0
Other financial income	0	1
Financial income	**4**	**8**
Interest expense	–49	–55
Net interest on benefit-based pensions	–15	–14
Impairment losses on financial assets available for sale	–	0
Other financial expense	–1	–2
Net exchange-rate changes	–6	–5
Financial expense	**–71**	**–76**
Net financial items	**–67**	**–68**

	Profit from participations in Group companies	
Parent Company	**2010/2011**	**2009/2010**
Group contributions	314	42
Dividends	111	100
Impairment losses	–8	–
Total	**417**	**142**

	Interest income and similar profit items	
Parent Company	**2010/2011**	**2009/2010**
Interest income, Group companies	72	56
Interest income, other	0	0
Net exchange-rate changes	13	0
Total	**85**	**56**

	Interest expense and similar loss items	
Parent Company	**2010/2011**	**2009/2010**
Interest expense, Group companies	–7	–5
Interest expense, other	–45	–43
Other financial expenses	–1	0
Total	**–53**	**–48**

NOTE 10

APPROPRIATIONS

	Parent Company	
	2010/2011	2009/2010
Difference between recognised depreciation and depreciation according to plan		
Equipment	0	0
Tax allocation reserve, provision for the year	–44	–5
Tax allocation reserve, reversal for the year	30	13
Total	**–14**	**8**

NOTE 11

TAXES

RECOGNISED IN THE INCOME STATEMENT

	Group		Parent Company	
	2010/2011	2009/2010	2010/2011	2009/2010
Current tax expense				
Tax expense for the period	–88	–50	–88	–14
Deduction of foreign taxes	0	–	–	–
Adjustment of taxes attributable to earlier years	–6	–5	0	–4
Total	**–94**	**–55**	**–88**	**–18**
Deferred tax expense				
Deferred taxes attributable to temporary differences	0	–1	0	0
Deferred tax income in tax value of tax loss carryforwards capitalised during the year	10	–	–	–
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carryforwards	–2	–3	–	–
Deferred tax expense	**8**	**–4**	**0**	**0**
Total tax expense	**–86**	**–59**	**–88**	**–18**

RECONCILIATION OF EFFECTIVE TAXES

Group

The Group's average tax rate is estimated at 28 percent (28). 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	2010/2011	2009/2010
Profit before taxes	280	193
Taxes at the average tax rate of 28 percent (28)	–78	–54
Tax effect of:		
Fictitious interest on tax allocation reserves	–1	–1
Additional tax, previous years	–6	–5
Losses for which deferred tax assets were not taken into consideration	0	3
Other non-deductible expenses	–3	–3
Other items	2	1
Total tax expense	**–86**	**–59**

Parent Company

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

Reconciliation of effective taxes	2010/2011	2009/2010
Profit after net financial items	441	142
Taxes at the tax rate of 26.3 percent (26.3)	–116	–37
Tax effect of:		
Appropriations	4	–2
Dividends from subsidiaries	29	26
Impairment losses on shares in subsidiaries	–2	–
Fictitious interest on tax allocation reserves	–1	–1
Additional tax, previous years	0	–4
Other non-deductible income	1	2
Other non-deductible expenses	–3	–2
Total tax expense	**–88**	**–18**

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	
	2010/2011	2009/2010	2010/2011	2009/2010
Current tax on translation differences	12	7	–	–
Current tax on Group contributions paid/received	–	–	53	10
Deferred tax on hedge accounting of financial instruments	–3	–1	–4	–1
Total	**9**	**6**	**49**	**9**

NOTE 11, CONTINUED

RECOGNISED IN BALANCE SHEET

Deferred tax assets and liabilities

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

	31 March 2011			31 March 2010		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Intangible assets	5	–22	**–17**	7	–21	**–14**
Land buildings	0	–20	**–20**	0	–11	**–11**
Machinery and equipment	1	–	**1**	1	–1	**0**
Financial non-current assets	21	–22	**–1**	9	–18	**–9**
Inventories	47	–3	**44**	55	–2	**53**
Accounts receivable	3	0	**3**	1	0	**1**
Untaxed reserves	–	–85	**–85**	–	–98	**–98**
Pension provisions	28	–8	**20**	26	–9	**17**
Other provisions	3	–	**3**	1	–	**1**
Interest-bearing liabilities	–	–1	**–1**	–	–	**–**
Other	0	–1	**–1**	1	–3	**–2**
Tax loss carryforwards	13	–	**13**	5	–	**5**
Total	**121**	**–162**	**–41**	**106**	**–163**	**–57**

	31 March 2011			31 March 2010		
Parent Company	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Financial non-current assets	4	–	**4**	9	–	**9**
Pension provisions	9	–	**9**	8	–	**8**
Other provisions	0	–	**0**	–	–	**–**
Total	**13**	**–**	**13**	**17**	**–**	**17**

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

Group	**31 March 2011**	**31 March 2010**
Opening balance at the beginning of the year, net	–57	–50
Acquisition of subsidiaries	–	0
Disposal of subsidiaries	–	1
Taxes charged against net profit for the year	8	–4
Taxes on items recognised directly against consolidated comprehensive income	9	6
Translation differences	–1	–10
Closing balance at year-end, net	**–41**	**–57**

Parent Company	**31 March 2011**	**31 March 2010**
Opening balance at the beginning of the year, net	17	18
Taxes charged against net profit for the year	0	0
Taxes on items recognised in the Parent Company's comprehensive income	–4	–1
Closing balance at year-end, net	**13**	**17**

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

Group	**2010/2011**	**2009/2010**
Intangible assets	–3	0
Land and buildings	0	2
Machinery and equipment	0	0
Financial non-current assets	0	0
Inventories	–6	0
Accounts receivable	3	0
Untaxed reserves	2	11
Pension provisions	3	–4
Other provisions	1	1
Other	0	–4
Tax loss carryforwards	8	–10
Total	**8**	**–4**

Parent Company	**2010/2011**	**2009/2010**
Financial non-current assets	0	0
Pension provisions	0	0
Other provisions	0	–
Total	**0**	**0**

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	**1,749**	**62**	**1**	**1**	**41**	**3**	**1,857**
Accumulated cost							
At the beginning of the year	1,749	66	32	75	61	14	**1,997**
Capital expenditure	–	0	–	1	1	2	**4**
Adjustment of additional purchase considerations	–15	–	–	–	–	–	**–15**
Sales and disposals	–2	–	–	–	–	0	**–2**
Reclassifications	–	–	–	–	–	0	**0**
Exchange-rate difference for the year	–17	–1	0	0	0	0	**–18**
At year-end	**1,715**	**65**	**32**	**76**	**62**	**16**	**1,966**
Accumulated amortisation							
At the beginning of the year	–	–4	–31	–74	–20	–11	**–140**
Amortisation for the year	–	0	–1	0	–12	0	**–13**
Sales and disposals	–	–	–	–	–	0	**0**
Exchange-rate difference for the year	–	–	0	0	0	0	**0**
At year-end	**–**	**–4**	**–32**	**–74**	**–32**	**–11**	**–153**
Impairment losses on cost							
At the beginning of the year	–	0	–	0	–	–	**0**
At year-end	**–**	**0**	**–**	**0**	**–**	**–**	**0**
Carrying amount at year-end	**1,715**	**61**	**0**	**2**	**30**	**5**	**1,813**

Parent Company	Software
Carrying amount at the beginning of the year	**3**
Accumulated cost	
At the beginning of the year	4
Capital expenditure	0
At year-end	**4**
Accumulated amortisation	
At the beginning of the year	–1
Amortisation for the year	–1
At year-end	**–2**
Carrying amount at year-end	**2**

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

IMPAIRMENT TESTING OF GOODWILL

The Group's total goodwill value of approximately MSEK 1,715 (1,749) is allocated by operating area according to the table below (rounded to the nearest MSEK):

	31 March 2011	31 March 2010
Solutions	1,337	1,330
Markets	378	419
Total Group	**1,715**	**1,749**

Goodwill is tested for impairment annually based on future forecast cash flows. Recognised goodwill values were tested prior to year-end on 31 March 2011 based on the balance sheet as of 31 December 2010.

Impairment tests were 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 in Markets are allocated to the Group's Product Companies that are part of Solutions.

The recovery value was calculated on the basis of useful value and is based on the assessment of cash flows for the coming five-year period. Assumptions have been made concerning future revenues, contribution ratio, cost level, working capital requirements and investment requirements. Normally, parameters are set to correspond to forecast earnings for the forthcoming operating year. During the remainder of the five-year period, growth of 2 percent per annum has been assumed. Adjustments have been made where major changes are expected to better reflect these changes. For cash flows beyond the five-year period, growth has been assumed to correspond to growth during the fifth year. Cash flows have been discounted by a weighted capital cost (for borrowed capital and equity – known as WACC) corresponding to 10 percent (8) before taxes. The calculation shows that the useful value exceeds the carrying amount. Accordingly, the goodwill test did not result in any impairment need. The sensitivity of the calculation means that the goodwill value remains warranted even if the discount rate would be raised by 1 percentage point or if the long-term growth rate was reduced by 1 percentage point.

BRANDS

The Group's carrying amount for brands amounted to MSEK 61 (62), of which MSEK 54 (54) pertains to the Teng Tools brand, with an unlimited lifetime.

Each year, a test is conducted on the impairment need for brands under the same principle and using the same assumptions and discounting factors as in the determination of goodwill. The recovery value was calculated on the basis of useful value.

The calculation shows that the useful value exceeds the carrying amount. Accordingly, the goodwill test did not result in any impairment need. The sensitivity of the calculation means that the goodwill value remains warranted even if the discount rate would be raised by 1 percentage point or if the long-term growth rate was reduced by 1 percentage point.

NOTE 13

TANGIBLE NON-CURRENT ASSETS

Group	Land and buildings	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Carrying amount at the beginning of the year	**373**	**7**	**5**	**118**	**2**	**505**
Accumulated cost						
At the beginning of the year	603	13	26	520	2	**1,164**
Capital expenditure	5	3	1	24	3	**36**
Sales and disposals	0	–4	0	–87	0	**–91**
Reclassifications	1	0	–8	8	–1	**0**
Exchange-rate difference for the year	–11	–1	–1	–12	0	**–25**
At year-end	**598**	**11**	**18**	**453**	**4**	**1,084**
Accumulated depreciation						
At the beginning of the year	–230	–6	–21	–402		**–659**
Depreciation for the year	–12	–2	–1	–37		**–52**
Sales and disposals	0	3	0	79		**82**
Reclassifications	0	0	5	–5		**0**
Exchange-rate difference for the year	5	0	1	11		**17**
At year-end	**–237**	**–5**	**–16**	**–354**	**–**	**–612**
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	**361**	**6**	**2**	**99**	**4**	**472**

Parent Company	Equipment
Carrying amount at the beginning of the year	**4**
Accumulated cost	
At the beginning of the year	10
Capital expenditure	1
Sales and disposals	0
At year-end	**11**
Accumulated depreciation according to plan	
At the beginning of the year	–6
Depreciation for the year according to plan	–1
Sales and disposals	0
At year-end	**–7**
Carrying amount at year-end	**4**

NOTE 14

PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
Carrying amounts	**2010/2011**	**2009/2010**
At the beginning of the year	9	8
Share of profit	1	1
At year-end	**10**	**9**

SPECIFICATION OF PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Number of shares	Share of equity, %	Share of votes, %	Carrying amount in Group 31 March 2011	Carrying amount in Group 31 March 2010
Group holding					
Workshop Flexible Industri WFI AB	2,667	40%	40%	5	4
AB Knut Sehlins Industrivaruhus	3,000	30%	30%	5	5
Total				**10**	**9**

SPECIFICATION OF GROUP VALUE PERTAINING TO PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Country	Revenue	Profit	Assets	Liabilities	Equity
2010/2011						
Workshop Flexible Industri WFI AB	Sweden	19	1	8	4	4
AB Knut Sehlins Industrivaruhus	Sweden	14	0	7	4	3
Total		**33**	**1**	**15**	**8**	**7**
2009/2010						
Workshop Flexible Industri WFI AB	Sweden	14	1	7	4	3
AB Knut Sehlins Industrivaruhus	Sweden	13	0	7	4	3
Total		**27**	**1**	**14**	**8**	**6**

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 2011	31 March 2010
Carrying amount at the beginning of the year	**3,455**	**3,514**
Accumulated cost		
At the beginning of the year	3,455	3,514
Additional assets	582	1,525
Deducted assets	–641	–1,584
Carrying amount at year-end	**3,396**	**3,455**

NOTE 16

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent Company	
	31 March 2011	**31 March 2010**	**31 March 2011**	**31 March 2010**
Long-term receivables classified as non-current assets				
Pension funds	6	3	–	–
Other receivables	4	3	–	–
Derivatives held for hedging	0	0	0	0
Total	**10**	**6**	**0**	**0**

	Group	
	31 March 2011	**31 March 2010**
Other receivables classified as current assets		
Advance payments	14	2
Derivatives held for hedging	1	3
VAT receivable	30	33
Receivable from pension foundations	4	4
Other receivables	7	29
Total	**56**	**71**

NOTE 17

INVENTORIES

Group	31 March 2011	31 March 2010
Finished goods and goods for resale	1,523	1,458
Total	**1,523**	**1,458**

The net change for the year to the obsolescence reserve pertaining to inventories amounted to MSEK –51 (–22).

NOTE 18

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Prepaid expenses				
Rent	23	22	1	1
Insurance premiums	4	4	0	0
Marketing costs	7	7	–	–
Leasing	4	4	0	0
Computer costs	8	7	–	–
Packaging	3	3	–	–
Other prepaid expenses	10	15	1	2
Accrued income				
Delivery of goods	32	20	–	–
Interest income	0	0	–	–
Commission and bonus income	12	10	–	–
Marketing income	5	3	–	–
Other accrued income	3	11	–	–
Total	**111**	**106**	**2**	**3**

NOTE 19

RESERVES AND EQUITY

Group	31 March 2011	31 March 2010
Translation reserve		
Opening translation reserve	28	80
Translation differences for the year	–59	–59
Tax attributable to change for the year	12	7
Closing translation reserve	**–19**	**28**
Hedging reserve		
Opening hedging reserve	–18	–28
Cash-flow hedges recognised in other comprehensive income in equity		
Hedging for the year	12	6
Transferred to the income statement	–2	5
Tax attributable to hedges for the year	–3	–1
Closing hedging reserve	**–11**	**–18**
Total reserves		
Opening reserves	10	52
Change in reserves for the year:		
Translation reserve	–59	–59
Hedging reserve	10	11
Tax attributable to changes in reserves for the year	9	6
Closing reserves	**–30**	**10**

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

	31 March 2011	31 March 2010
Opening repurchased shares	380,500	538,500
Purchases for the year	–	–
Disposals for the year	–40,500	–158,000
Closing repurchased own shares	**340,000**	**380,500**

SHARE CAPITAL

Stated in thousands of shares	31 March 2011	31 March 2010
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 2011, the registered share capital comprised 1,076,784 class A shares and 27,359,668 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.

NOTE 19, CONTINUED

Hedging reserve

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

RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE YEAR

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

REPURCHASED SHARES

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2011, the Group held 340,000 shares (380,500) 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 2011.

MSEK	31 March 2011	31 March 2010
SEK 3.00 (2.50) per share	84	70

During the past seven years, the ordinary dividend has amounted to approximately 37 percent of earnings per share. This means that approximately one third of earnings per share have been paid out in the form of ordinary dividends.

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

Year	Earnings per share	Dividend	Percentage
2010/2011	6.90	3.00	43%
2009/2010	4.80	2.50	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	**62.05**	**23.25**	**37%**

NOTE 20

EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE WHOLE GROUP

	Before dilution		After dilution	
	2010/2011	2009/2010	2010/2011	2009/2010
Earnings per share	6.90	4.80	6.90	4.80

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 2010/2011 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 194 (134) and a weighted average number of shares outstanding during 2010/2011 amounting to 28,090,000 (27,949,000). The two components have been calculated in the following manner:

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

	2010/2011	2009/2010
Net profit for the year attributable to Parent Company shareholders	194	134
Profit attributable to Parent Company shareholders, before dilution	**194**	**134**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2010/2011	2009/2010
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	–346	–487
Number of shares for calculation of earnings per share	**28,090**	**27,949**

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2010/2011 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 194 (134) and a weighted average number of shares outstanding during 2010/2011 amounting to 28,090,000 (27,965,000). The two components have been calculated in the following manner:

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

	2010/2011	2009/2010
Net profit for the year attributable to Parent Company shareholders	194	134
Profit attributable to Parent Company shareholders, after dilution	**194**	**134**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2010/2011	2009/2010
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	–346	–487
Effect of option programmes	0	16
Number of shares for calculation of earnings per share	**28,090**	**27,965**

Instruments that could result in future dilution

As of 31 March 2011, 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 21

PROVISIONS FOR PENSIONS

B&B TOOLS offers pension solutions through a number of defined-benefit and defined-contribution plans. The plans are structured in accordance with local regulations and local practices. In recent years, the Group has attempted to switch to pension solutions that are defined contribution and the cost of such plans comprises an increasingly significant portion of the total pension cost. The plans cover essentially all Group employees. Defined-benefit plans are only available in Sweden, Norway and Taiwan. In other countries in which the Group is active, defined-contribution plans are offered.

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 2011	31 March 2010
Pension obligations unfunded plans, present value	393	437
Pension obligations funded plans, present value	54	62
Plan assets, fair value	–52	–55
Net pension obligations	**395**	**444**
Unrecognised actuarial gains (+), losses (–)	–17	–77
Net liabilities in the balance sheet	**378**	**367**

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 2011	31 March 2010
Plan assets for pension obligations	6	3
Provisions for pensions and similar commitments	–384	–370
Net liabilities according to the balance sheet	**–378**	**–367**
Of which credit insured through PRI Pensionsgaranti	331	325

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

Pension obligations unfunded plans	31 March 2011	31 March 2010
Opening balance	437	400
Benefits earned during the year	11	13
Interest expense	16	14
Benefits paid	–15	–13
Unrecognised actuarial gains (–), losses (+)	–56	23
Reclassification	–	0
Exchange-rate differences	0	0
Pension obligations unfunded plans, present value	**393**	**437**

Pension obligations funded plans	31 March 2011	31 March 2010
Opening balance	62	74
Benefits earned during the year	2	3
Interest expense	2	3
Benefits paid	–3	–3
Redemption of pension obligations	–1	–10
Unrecognised actuarial gains (–), losses (+)	–5	–4
Reclassification	–	0
Exchange-rate differences	–3	–1
Pension obligations funded plans, present value	**54**	**62**

Plan assets	31 March 2011	31 March 2010
Opening balance	55	54
Expected return on plan assets	3	3
Funds contributed by employers	2	5
Funds paid to employers	–3	–3
Redemption of pension obligations	–1	–3
Unrecognised actuarial gains (+), losses (–)	–1	–1
Exchange-rate differences	–3	0
Plan assets, fair value	**52**	**55**

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 2011	31 March 2010
Equity instruments	6	5
Debt instruments	23	25
Properties	9	10
Other assets	14	15
Plan assets, fair value	**52**	**55**

Provision for pension obligations	31 March 2011	31 March 2010
Opening balance	367	361
Pension costs, defined-benefit plans	29	31
Benefits paid	–17	–16
Funds contributed by employers	–2	–5
Funds paid to employers	2	3
Redemption of pension liability	0	–7
Exchange-rate differences	–1	0
Closing balance	**378**	**367**

	31 March				
Net actuarial gains/losses	**2011**	**2010**	**2009**	**2008**	**2007**
Opening balance actuarial gains (+)/ losses (–)	–77	–59	–32	–38	–29
Effect of changed assumptions	46	–11	–17	–1	6
Actuarial gains (–)/ losses (+), to be recognised	3	2	1	1	1
Actuarial gains (–)/ losses (+), redeemed pension liability	0	–1	–2	–	1
Actuarial gains (–)/ losses (+), acquired/divested businesses	–	–	–	–	0
Unrecognised actuarial gains (–)/ losses (+), change for the period	11	–8	–9	6	–17
Closing balance, actuarial gains (+)/ losses (–)	**–17**	**–77**	**–59**	**–32**	**–38**

NOTE 21, CONTINUED

Pension costs	2010/2011	2009/2010
Pensions earned during the period	13	15
Interest on obligations	18	17
Expected return on plan assets	–3	–3
Depreciation of actuarial gains (–), losses (+)	1	3
Pension costs, defined-benefit plans	**29**	**32**
Pension costs, defined-contribution plans	109	101
Pension costs	**138**	**133**

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 138 (133), MSEK 15 (14) is included in "Net financial items."

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2010/11			
Discount rate, 1 April, %	3.75	4.00	1.55
Discount rate, 31 March, %	4.50	4.00	1.60
Expected return on plan assets, %	N/A	5.80	1.60
– of which, interest-bearing securities	N/A	N/A	1.60
– 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	1.00	N/A
Expected remaining period of service, years	12.50	3.90	N/A

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

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

Parent Company	31 March 2011	31 March 2010
Pension obligations unfunded plans, present value as of 31 March	48	53
Net pension obligations	**48**	**53**
Net liabilities in the balance sheet	**48**	**53**

As of 31 March 2011, the Parent Company has one defined-benefit plan pertaining to PRI. These obligations are recognised in the balance sheet in the following amounts:

	31 March 2011	31 March 2010
Provisions for pensions and similar commitments	48	53
Net liabilities according to the balance sheet	**48**	**53**
Of which, credit insured through PRI Pensionsgaranti	48	52

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

Pension obligations unfunded plans	31 March 2011	31 March 2010
Opening balance	53	54
Benefits earned during the year	–4	0
Interest expense	2	2
Benefits paid	–3	–3
Pension obligations unfunded plans, present value	**48**	**53**

Provision for pension obligations	31 March 2011	31 March 2010
Opening balance	53	54
Pension costs, defined-benefit plans	–2	2
Benefits paid	–3	–3
Closing balance	**48**	**53**

Pension costs	2010/2011	2009/2010
Pensions earned during the period [1]	–4	0
Interest on obligations	2	2
Pension costs, defined-benefit plans	**–2**	**2**
Pension costs, defined-contribution plans	8	8
Pension costs	**6**	**10**

[1] Pensions vested during the period include refunds of MSEK 4.

NOTE 22

OTHER PROVISIONS

Group	31 March 2011	31 March 2010
Provisions classified as non-current liabilities		
Guarantee commitments	2	3
Estimated social security contributions pertaining to pensions	14	11
Other	0	0
Total	**16**	**14**

Specification	Estim. social security contributions	Other provisions	Total
Carrying amount at the beginning of the period	**11**	**3**	**14**
Provisions made during the period	3	0	3
Amount utilised during the period	–	–1	–1
Carrying amount at the end of the period	**14**	**2**	**16**

NOTE 23

OTHER LIABILITIES

Group	31 March 2011	31 March 2010
Other non-current liabilities		
Other	0	3
Total other non-current liabilities	**0**	**3**
Other current liabilities		
Derivatives held for hedging	7	1
Advance payments from customers	2	1
Estimated additional purchase considerations	–	82
Employee withholding taxes	34	36
VAT liability	94	73
Other operating liabilities	11	17
Total other current liabilities	**148**	**210**
Total other liabilities	**148**	**213**

NOTE 24

ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Accrued expenses				
Salaries and compensation to employees	239	214	3	1
Pension costs	17	17	0	1
Social security contributions	81	79	6	6
Bonuses, refunds to customers/suppliers	43	43	–	–
Car and travel expenses	3	3	0	–
Directors' and auditors' fees	5	5	1	1
Other consulting fees	4	12	0	–
Marketing costs	15	18	–	–
Guarantee costs	1	0	–	–
Shipping costs	4	9	–	–
Operating costs	19	24	2	–
Other accrued expenses	31	44	1	1
Deferred income				
Rent	2	2	–	–
Marketing income	3	5	–	–
Other deferred income	2	3	–	–
	469	**478**	**13**	**10**

NOTE 25

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

	31 March 2011			31 March 2010		
Group	**Interest-bearing**	**Non-interest-bearing**	**Total**	**Interest-bearing**	**Non-interest-bearing**	**Total**
ASSETS						
Intangible non-current assets	–	1,813	**1,813**	–	1,857	**1,857**
Tangible non-current assets	–	472	**472**	–	505	**505**
Financial non-current assets	13	9	**22**	9	9	**18**
Deferred tax assets	–	121	**121**	–	106	**106**
Total non-current assets	**13**	**2,415**	**2,428**	**9**	**2,477**	**2,486**
Current assets						
Inventories	–	1,523	**1,523**	–	1,458	**1,458**
Tax assets	–	35	**35**	–	52	**52**
Accounts receivable	–	1,187	**1,187**	–	1,111	**1,111**
Prepaid expenses and accrued income	–	111	**111**	–	106	**106**
Other receivables	–	56	**56**	–	71	**71**
Cash and bank	92	–	**92**	209	–	**209**
Total current assets	**92**	**2,912**	**3,004**	**209**	**2,798**	**3,007**
Total assets	**105**	**5,327**	**5,432**	**218**	**5,275**	**5,493**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	1,314	–	**1,314**	1,368	–	**1,368**
Other non-current liabilities	–	0	**0**	–	3	**3**
Provisions for pensions	384	–	**384**	370	–	**370**
Other provisions	–	16	**16**	–	14	**14**
Deferred tax liabilities	–	162	**162**	–	163	**163**
Total non-current liabilities	**1,698**	**178**	**1,876**	**1,738**	**180**	**1,918**
Current liabilities						
Current interest-bearing liabilities	192	–	**192**	214	–	**214**
Accounts payable	–	822	**822**	–	840	**840**
Tax liabilities	–	70	**70**	–	64	**64**
Other liabilities	–	148	**148**	–	210	**210**
Accrued expenses and deferred income	–	469	**469**	–	478	**478**
Total current liabilities	**192**	**1,509**	**1,701**	**214**	**1,592**	**1,806**
Total liabilities	**1,890**	**1,687**	**3,577**	**1,952**	**1,772**	**3,724**
Interest-bearing net liabilities	**–1,785**			**–1,734**		

NOTE 26

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]	**26**	**1,787**	**1,813**
Tangible non-current assets[1]	**45**	**427**	**472**
Financial non-current assets			
Participations in associated companies	–	10	**10**
Other securities held as non-current assets	–	2	**2**
Other long-term receivables	1	9	**10**
Deferred tax assets	–	121	**121**
Total non-current assets	**72**	**2,356**	**2,428**
Current assets			
Inventories	1,523		**1,523**
Tax assets	35		**35**
Accounts receivable	1,187		**1,187**
Prepaid expenses and accrued income	111		**111**
Other receivables	56		**56**
Cash and bank	92		**92**
Total current assets	**3,004**		**3,004**
Total assets	**3,076**	**2,356**	**5,432**

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	–	1,039	275	**1,314**
Other non-current liabilities	–	0	–	**0**
Provisions for pensions	15	62	307	**384**
Other provisions	–	2	14	**16**
Deferred tax liabilities	26	78	58	**162**
Total non-current liabilities	**41**	**1,181**	**654**	**1,876**
Current liabilities				
Current interest-bearing liabilities	192			**192**
Accounts payable	822			**822**
Tax liabilities	70			**70**
Other liabilities	148			**148**
Accrued expenses and deferred income	469			**469**
Total current liabilities	**1,701**			**1,701**
Total liabilities	**1,742**	**1,181**	**654**	**3,577**

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

NOTE 26, CONTINUED

Parent Company Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1]	**1**	**1**	**2**
Tangible non-current assets[1]	**1**	**3**	**4**
Financial non-current assets			
Participations in Group companies	–	231	**231**
Receivables from Group companies	–	3,396	**3,396**
Other long-term receivables	–	0	**0**
Deferred tax assets	–	13	**13**
Total non-current assets	**2**	**3,644**	**3,646**
Current assets			
Receivables from Group companies	353		**353**
Other receivables	3		**3**
Prepaid expenses and accrued income	2		**2**
Cash and bank	32		**32**
Total current assets	**390**		**390**
Total assets	**392**	**3,644**	**4,036**

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	15	29	**48**
Total provisions	**4**	**15**	**29**	**48**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		1,025	275	**1,300**
Liabilities to Group companies		100		**100**
Other liabilities		11		**11**
Total non-current liabilities		**1,136**	**275**	**1,411**
Current liabilities				
Liabilities to credit institutions	179			**179**
Accounts payable	2			**2**
Liabilities to Group companies	947			**947**
Tax liabilities	23			**23**
Other liabilities	1			**1**
Accrued expenses and deferred income	13			**13**
Total current liabilities	**1,165**			**1,165**
Total provisions and liabilities	**1,169**	**1,151**	**304**	**2,624**

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

NOTE 27

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 a hedge on 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 these instruments is recognised as equity in other comprehensive income until its underlying cash flow is reflected in profit and loss. Also refer to Note 1 Accounting policies.

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 as of 31 March 2010 was as follows:

Foreign exchange contract	Nominal value as of 31 March 2011	Nominal value as of 31 March 2010
NOK/SEK[1]	80	119
USD/SEK	76	14
EUR/SEK[1]	17	0
USD/TWD[1]	15	14

[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	2010/2011	2009/2010
NOK	700	790
EUR	–170	–220
USD	–130	–180
TWD	–120	–90
PLN	10	70

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 TWD.

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 changed.

Currency translation for the financial year has generated an adverse impact on operating profit/loss of approximately MSEK –5 (6) compared to the previous year´s average rates.

The table below shows how much the currency translation has impacted the Group's revenue (MSEK).

Group	Revenue
Revenue in 2010/2011 translated to the average rate for 2009/2010	8,107
Currency translation	
NOK	–79
EUR	–124
Other currencies	–19
Total currency translation	**–222**
Revenue in 2010/2011	**7,885**

Exchange rate sensitivity analysis below, based on income statement for 2010/2011.

MSEK	Sensitivity analysis: a +/–5% difference in the exchange rate generates the following impact on the income statement
Revenue	175
Operating profit/loss	6

The following rates were applied in the year-end accounts:

	Average rate		Balance-sheet rate	
Currency	2010/2011	2009/2010	31 Mar. 2011	31 Mar. 2010
DKK	1.244	1.392	1.201	1.305
EUR	9.271	10.360	8.953	9.715
NOK	1.167	1.214	1.141	1.212
PLN	2.320	2.456	2.222	2.515
TWD	0.227	0.227	0.215	0.227
USD	7.010	7.373	6.316	7.204

NOTE 27, CONTINUED

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 –47 (–52) during the year.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2011	31 March 2010
NOK	231	265
EUR	251	268
TWD	52	41
PLN	2	11
DKK	10	18

INTEREST-RATE RISKS

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.

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 Sep. 2007	30 Sep. 2012

[1] Excluding bank margin.

Changes in the fair value of the hedging instruments during the year amounted to MSEK 9 (14).

An interest-rate increase of 1 percent would raise the Group's annual interest expenses by MSEK 12, taking derivatives into account.

FINANCING AND LIQUIDITY RISKS

Financing risk pertains to the risk that the Group cannot fulfil its credit requirements or that they will become more expensive. The Group reduces this risk through contractual credit facilities and a healthy spread of the due date of liabilities.

Liquidity risk pertains to the risk that the Group will be unable to fulfil its payment obligations due to a lack of liquidity.

Borrowing and trading in financial instruments is conducted with one of the large Swedish commercial banks. At financial year-end, the Parent Company had access to a committed credit facility of MSEK 500, which was unutilised. The credit facility is renewed on an annual basis with a maturity date of 30 November.

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.

The Group's net loan liability was MSEK 1,785 (1,734) on the balance-sheet date, comprising interest-bearing liabilities and provisions in the amount of MSEK 1,890 (1,952), less MSEK 105 (218) for interest-bearing assets.

Measurement of financial assets, liabilities and categorisation

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 either directly (such as price) or indirectly (derived from prices) on observable market inputs. For the carrying amount of the Group's financial assets and financial liabilities, refer to the table below.

Group (MSEK)	31 March 2011 Carrying amount	31 March 2010 Carrying amount
Derivatives that are hedge accounted, assets		
Derivatives	0	3
Total	**0**	**3**
Loan receivables and accounts receivable		
Non-current receivables	5	2
Accounts receivable and other receivables	1,230	1,178
Cash and bank	92	209
Total	**1,327**	**1,389**
Financial assets available for sale		
Financial investments, equities and participations	2	3
Total	**2**	**3**
Derivatives that are hedge accounted, liabilities		
Derivatives	16	28
Total	**16**	**28**
Other financial liabilities		
Non-current interest-bearing liabilities	1,303	1,340
Other non-current liabilities	0	3
Current interest-bearing liabilities	192	214
Accounts payable and other liabilities	965	1,049
Total	**2,460**	**2,606**

The carrying amounts for financial assets and financial liabilities above are equivalent to fair value in all material respects.

Borrowing and maturity structure

The Group's non-current borrowing, which amounts to MSEK 1,300, was renegotiated to a certain extent by the balance-sheet date. A loan of MSEK 300, that matures on 30 September 2011 and another loan totalling MSEK 250 that matures on 31 March 2012 were repaid in advance on 31 March 2011. These two loans were instead replaced with a loan of MSEK 275 that matures on 30 June 2015, and a loan totalling MSEK 275 that matures on 30 June 2016. In addition to these, there is a previous loan of MSEK 250 that matures on 30 September 2012 and a loan of MSEK 500 that matures on 31 December 2012. Combined, this means that the average remaining term for the Group's interest-bearing financial liabilities has been extended to 2.7 years (2.1). Se the tables below.

NOTE 27, CONTINUED

Maturity structure (MSEK)	31 March 2011 Carrying amount	Future payment amount	Matures within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing financial liabilities	1,495	1,636	12	227	1,119	278
Derivatives, forward contracts and swap contracts	16	27	6	6	15	
Accounts payable and other non-interest-bearing financial liabilities	965	965	965		0	
Total financial liabilities	**2,476**	**2,628**	**983**	**233**	**1,134**	**278**

The contractual terms and conditions for interest-bearing liabilities are presented in the tables below.

Group	31 March 2011	31 March 2010
Non-current liabilities		
Bank loans including derivatives	1,314	1,368
Total non-current liabilities	**1,314**	**1,368**
Current liabilities		
Current portion of bank loans	191	207
Other current interest-bearing liabilities	1	7
Total current liabilities	**192**	**214**
Total interest-bearing liabilities	**1,506**	**1,582**

Group Bank loan	Currency	Nom. interest	Maturity	Nom. value	31 March 2011 Carrying amount	31 March 2010 Carrying amount
Non-current						
Interest-only bank loans	SEK	–	–	300	–	300
Interest-only bank loans	SEK	–	–	250	–	250
Interest-only bank loans	SEK	2.47%	30 Sep. 2012	250	250	250
Interest-only bank loans	SEK	2.47%	31 Dec. 2012	500	500	500
Interest-only bank loans	SEK	3.80%	30 June 2015	275	275	–
Interest-only bank loans	SEK	4.00%	30 June 2016	275	275	–
Other					3	40
					1,303	**1,340**
Current						
Bank loan	EUR	2.84%	30 Nov. 2011	20	179	194
Other					12	13
					191	**207**
Committed credit facility						
Approved credit limit					500	500
Unutilised portion					–500	–500
Utilised credit amount					**–**	**–**

As of 31 March 2011, loans from credit institutions were divided among the following currencies:

	Local currency	MSEK
EUR	20	179
DKK	4	5
NOK	4	5
SEK	1,300	1,300
Other		5
Total		**1,494**

NOTE 27, CONTINUED

Parent Company					31 March 2011	31 March 2010
Liabilities to credit institutions	**Currency**	**Nom. interest**	**Maturity**	**Nom. value**	**Carrying amount**	**Carrying amount**
Non-current						
Interest-only bank loans	SEK	–	–	300	–	300
Interest-only bank loans	SEK	–	–	250	–	250
Interest-only bank loans	SEK	2.47%	30 Sep. 2012	250	250	250
Interest-only bank loans	SEK	2.47%	31 Dec. 2012	500	500	500
Interest-only bank loans	SEK	3.80%	30 June 2015	275	275	–
Interest-only bank loans	SEK	4.00%	30 June 2016	275	275	–
					1,300	**1,300**
Current						
Bank loan	EUR	2.84%	30 Nov. 2011	20	179	194
					179	**194**
Committed credit facility						
Approved credit limit					500	500
Unutilised portion					–500	–500
Utilised credit amount					**–**	**–**

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.

CREDIT RISKS

In its customer relations, the Group is exposed to normal credit risks. This risk is limited since the Group conducts trading operations whereby total revenue is built up through several business transactions throughout the financial year. The 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 3 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 latest weak economic trend generally caused companies' financial situations to deteriorate, and the risk of credit losses has increased. Historically, the B&B TOOLS' credit losses have been low.

The credit quality of the receivables that have neither matured for payment or been impaired is deemed favourable.

Reserves for doubtful accounts receivable and maturity structure are presented in the table below.

Accounts receivable

	Group		Parent Company	
	31 March 2011	**31 March 2010**	**31 March 2011**	**31 March 2010**
Accounts receivable	1,233	1,152	–	–
Accumulated reserve for doubtful accounts receivable	–46	–41	–	–
Accounts receivable, net	**1,187**	**1,111**	**–**	**–**
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	1,064	993	–	–
– receivables past due by 1–30 days	98	95	–	–
– receivables past due by 31–60 days	22	17	–	–
– receivables past due by 61–90 days	10	11	–	–
– receivables past due by > 90 days	39	36	–	–
Total receivables	**1,233**	**1,152**	**–**	**–**

NOTE 28

OPERATIONAL LEASING

	Group		Parent Company	
	2010/2011	2009/2010	2010/2011	2009/2010
Leasing agreements in which the Group/the Company is the lessee				
Non-terminable leasing fees amount to:				
Within 1 year	195	164	7	3
Between 1 and 5 years	417	273	34	1
Later than 5 years	22	32	3	–
Total	**634**	**469**	**44**	**4**
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees	207	193	4	3
Total leasing costs	**207**	**193**	**4**	**3**

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

NOTE 29

INVESTMENT COMMITMENTS

No significant investment commitments existed at financial year-end.

NOTE 30

PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Real-estate mortgages	4	4	–	–
Corporate mortgages	17	23	–	–
Pledged capital insurance	–	1	–	–
Pledged accounts receivable	4	4	–	–
Total pledged assets	**25**	**32**	**–**	**–**
Contingent liabilities				
Guarantees for subsidiaries[1)]			282	273
Guarantees, other	17	14	1	1
Total contingent liabilities	**17**	**14**	**283**	**274**

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

NOTE 31

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 32

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 2011	Carrying amount as of 31 March 2010
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	93	92
B&B TOOLS Services AB	556086-1766	Stockholm	8,000	100	25	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	0
Total					**231**	**238**

Opening carrying amount	**238**	**233**
Accumulated cost		
At the beginning of the year	345	340
Shareholder contribution paid	1	5
Acquisition	–	0
At year-end	346	345
Impairment losses on cost		
At the beginning of the year	–107	–107
Impairment losses for the year	–8	–
At year-end	–115	–107
Closing carrying amount	**231**	**238**

NOTE 33

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 220 (206), MSEK 58 (54) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2011	31 March 2010
Accumulated accelerated depreciation		
Non-current assets		
Opening balance 1 April	1	1
Change in accelerated depreciation for the year	0	0
Closing balance 31 March	**1**	**1**
Tax allocation reserve		
Allocation to tax 2006	–	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	5
Allocation to tax 2012	44	–
Closing balance 31 March	**219**	**205**

NOTE 34

CASH-FLOW STATEMENT

	Group		Parent Company	
Cash and cash equivalents	**31 March 2011**	**31 March 2010**	**31 March 2011**	**31 March 2010**
The following sub-components are included in cash and cash equivalents:				
Cash and bank	92	209	32	117
Total according to the balance sheet	92	209	32	117
Total according to the cash-flow statement	**92**	**209**	**32**	**117**

	Group		Parent Company	
Interest paid and dividends received	**2010/2011**	**2009/2010**	**2010/2011**	**2009/2010**
Dividends/Group contribution received	–	–	153	303
Interest received	4	7	72	56
Interest paid	–49	–55	–49	–44
Total	**–45**	**–48**	**176**	**315**

NOTE 34, CONTINUED

Adjustments for non-cash items	Group 2010/2011	Group 2009/2010	Parent Company 2010/2011	Parent Company 2009/2010
Depreciation and amortisation	65	69	2	2
Impairment losses/Reversal of impairment losses	0	0	8	–
Profit/loss from the sale of companies and facilities	–4	1	0	–
Change in reserve for non-recurring costs	–39	–52	–	–
Change in other provisions	2	–8	–	–
Change in pension obligations	29	24	–1	2
Adjustment for Group contributions/dividends not received	–	–	–314	–42
Hedge accounting	0	–1	0	0
Adjustment for interest paid/received	1	1	0	–
Other	2	4	–	–
Total	**56**	**38**	**–305**	**–38**

Transactions not resulting in payments	Group 2010/2011	Group 2009/2010	Parent Company 2010/2011	Parent Company 2009/2010
Shareholders' contribution	–	–	2	4
Total	**–**	**–**	**2**	**4**

Acquisition of subsidiaries and other business units	Group 2010/2011	Group 2009/2010
Acquired assets:		
Intangible non-current assets	–15	–22
Inventories	–2	–
Total assets	**–17**	**–22**
Acquired non-controlling interest, provisions and liabilities:		
Non-controlling interest	–	18
Total non-controlling interest, provisions and liabilities	**–**	**18**
Corrected additional purchase consideration/purchase consideration	17	4
Additional purchase consideration paid	**–58**	**–46**
Effect on cash and cash equivalents	**–58**	**–46**

Also refer to Note 7 Acquisition of businesses.

Disposal of subsidiaries and other business units	Group 2010/2011	Group 2009/2010
Divested assets:		
Tangible non-current assets	–	3
Operating receivables	–	0
Cash and cash equivalents	–	0
Total assets	**–**	**3**
Divested provisions and liabilities:		
Non-current provisions	–	–1
Current liabilities	–	0
Total provisions and liabilities	**–**	**–1**
Capital gain/loss	–	1
Total	**–**	**3**
Sales price	–	3
Less: Cash and cash equivalents in divested businesses	–	0
Effect on cash and cash equivalents	**–**	**3**

NOTE 35

EVENTS AFTER THE BALANCE-SHEET DATE

NEW GROUP STRUCTURE AS OF 1 APRIL 2011

From 1 April 2011, the B&B TOOLS Group is organised into:

– three country organisations for TOOLS (Sweden, Norway and Finland) and TOOLS Momentum, which are jointly responsible for sales and customer cultivation.
– four Business Areas (previously five Product companies) with responsibility for developing the Group's collective offering of products and services.
– a separate function for the Group's infrastructure solutions (Supply Chain, IT and product information).

The new Group structure entails that the former operating areas of Markets and Solutions no longer exist as consolidating units with their former responsibilities. The new organisation will be reflected in the Group's external reporting as of the Interim Report for the period 1 April – 30 June 2011.

NOTE 36

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 and certain brands are 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 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 37

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 the 2010/2011 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 1,757 as of 31 March 2011, of which MSEK 194 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 709,856 thousand
Net profit for the year	SEK 339,177 thousand
	SEK 1,049,033 thousand

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

Dividends to shareholders, SEK 3.00 per share	SEK 84,289 thousand[1)]
To be brought forward	SEK 964,744 thousand
	SEK 1,049,033 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 2011.

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 deemed 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, 16 June 2011

Tom Hedelius
Chairman

Anders Börjesson
Vice Chairman

Per Axelsson

Lillemor Svensson

Anita Pineus

Anette Swanemar

Stefan Wigren
President & CEO

Our audit report was submitted on 16 June 2011

KPMG AB

George Pettersson
Authorized Public Accountant

1) Calculated based on the number of shares as of 31 March 2011 and with due consideration for the 340,000 repurchased class B shares held in treasury.

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 from 1 April 2010 to 31 March 2011. 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 principles 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. A corporate governance report has been prepared. 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, 16 June 2011

KPMG AB

George Pettersson
Authorized Public Accountant

BOARD OF DIRECTORS

TOM HEDELIUS, Stockholm,
born 1939.
Chairman since 1993.
Director since 1982.
M.Sc. Econ., Honorary Doctor of Econ.

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.
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 and Lagercrantz Group AB.
Director of Boomerang AB, Bostad Direkt AB, Futuraskolan AB, Inomec AB and Ventilationsgrossisten Stockholms Byggplåt 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 35,000 class B shares (company). 3,000 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, Vårgårda,
born 1954.
Director since 2006.

Employee Representative.
Shares owned: –

HONARARY DIRECTOR, PÄR STENBERG

In August 2010, Honorary Director Pär Stenberg passed away (1931–2010). Pär was the President of Bergman & Beving AB from 1980–1990 and Director from 1963–2001 (Vice Chairman 1990–2001).

ANETTE SWANEMAR, Ulricehamn,
born 1959.
Director since 2010.

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 and Priveq Advisory AB.
Shares owned (family): 64,000 class B shares.

GROUP MANAGEMENT

STEFAN WIGREN, born 1957.
President and Chief Executive Officer.
Employee since 2001.
M.Sc. Econ.

Chairman of Svenska Handelsbanken Region Stockholm and Priveq Advisory 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.

PETER GUSTAFSSON, born 1972.
Executive Vice President and Chief Operating Officer.
Employee of the Group since 2004.
M.Sc. Eng.

Shares owned: 18,000 class B shares.
Call options: 27,000.

CARL JOHAN LUNDBERG, born 1951.
Executive Vice President and Country Manager Finland.
Employee of the Group since 1987.
M.Sc. Eng.

Shares owned: 30,221 class B shares.

KARIN BEIJER, born 1966.
Member of Group Management and Chief Administrative Officer.
Employee since 2007.
B.A.

Shares owned: 890 class B shares.
Call options: 1,000.

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 CDON Group AB, Holmen AB, Hufvudstaden AB, L E Lundbergföretagen AB, Modern Times Group MTG AB, Sandvik AB and Skanska AB. George Pettersson has been B&B TOOLS AB's Chief Auditor since 2007. During 2010/2011, KPMG AB conducted audit assignments for approximately 20 percent of the companies listed on NASDAQ OMX Stockholm.

NB: Information on the Board of Directors' and Group management's holdings of shares and call options stated above pertains to circumstances as of 16 June 2011.

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 7 percent during the operating year. The trading volume was MSEK 853. At the end of the operating year, B&B TOOLS had a market capitalisation of MSEK 3,228.

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 2010/2011

During the period from 1 April 2010 to 31 March 2011, the market price of the B&B TOOLS share increased 7 percent to SEK 113.50, which was the final paid price on 31 March 2011. During the same period, OMX Stockholm rose 12 percent. The highest and lowest prices paid during the operating year were SEK 123.75 and SEK 91.00, respectively. The share price on 16 June 2011 was SEK 102.50.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to 10 percent during 2010/2011. The SIX Return Index of the Stockholm Stock Exchange (SIXRX) rose 16 percent during the same period.

As of 31 March 2011, B&B TOOLS' total market capitalisation amounted to MSEK 3,228 (3,007). A total of 8.1 million shares in B&B TOOLS AB were traded at a value of MSEK 853 during the year, corresponding to 29 percent of the total number of shares outstanding in the Company. On the Stockholm Stock Exchange, 7.6 million shares were traded at a value of MSEK 800 and on other marketplaces 0.5 million shares were traded at a value of MSEK 53. The portion of sales in marketplaces outside the Stockholm Stock Exchange rose from 3 to 6 percent during the year.

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

Share capital

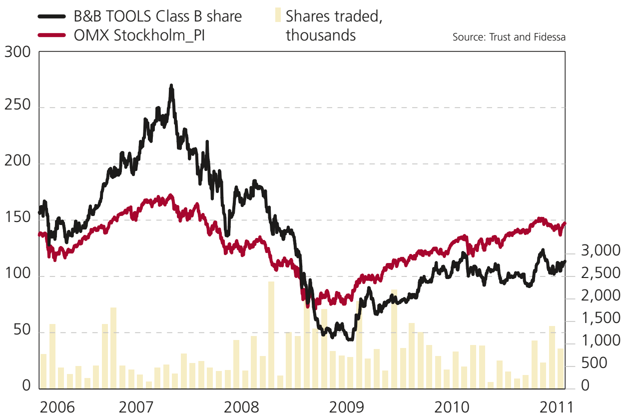
As of 31 March 2011, the share capital amounted to MSEK 57. The total number of shares outstanding was 28,436,416. Of the total number of shares outstanding, 1,076,748 were class A shares carrying ten votes each and 27,359,668 were class B shares carrying one vote each. All shares carry equal rights 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 2010/2011 operating year, there were no changes in the total number of shares. A total of 5,376 class A shares were converted to class B shares during the year.

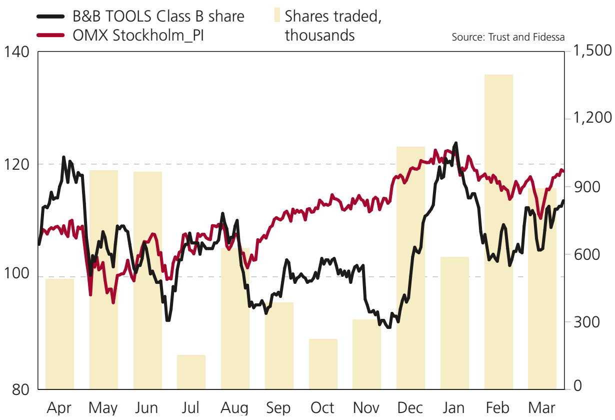
Of the total number of shares as of 31 March 2011, the Company had repurchased 340,000 class B shares, corresponding to 1.2 percent of the total number of shares and 0.9 percent of the total number of votes. All of the repurchased shares are reserved for securing the Company's obligations under its share-based incentive programmes. After a deduction for the shares repurchased by the Company, the number of shares outstanding as of 31 March 2011 totalled a net amount of 28,096,416.

The weighted number of shares, less the shares repurchased by the Company, amounted to 28,090,458 for the 2010/2011 operating year.

SHARE PRICE DEVELOPMENT 2006–2011



SHARE PRICE DEVELOPMENT 2010/2011



HISTORY OF THE B&B TOOLS SHARE

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Share price as of 31 March, SEK	113.50	105.75	44.20	173.50	214.00
Market capitalisation as of 31 March, MSEK	3,228	3,007	1,257	4,934	6,085
Dividend, SEK	3.00[1)]	2.50	2.50	5.00	4.00
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,263	4,434	4,418	4,091	4,086
Highest share price during the operating year, SEK	123.75	113.25	185.00	270.00	220.00
Lowest share price during the operating year, SEK	91.00	43.60	43.50	136.00	128.00
Dividend yield[2)], %	2.6[1)]	2.4	5.7	2.9	1.9

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

Dividend

The dividend proposed by the Board of Directors for the 2010/2011 operating year is SEK 3.00 (2.50) per share, corresponding to a total of MSEK 84 (70). The pay-out ratio is 43 percent (52) of earnings per share.

Shareholder structure

As of 31 March 2011, B&B TOOLS AB had 4,263 shareholders (4,434). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 76 percent (75) of the total number of shares. The proportion of foreign ownership is approximately 21 percent (20) of the total number of shares. The table below shows the ownership structure on 31 March 2011.

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 share-based incentive programmes, refer to Note 5 on pages 60–63.

CLASSES OF SHARES AS OF 31 MARCH 2011[1)]

		Proportion of	
	Number of shares	Capital	Votes
Class A shares	1,076,748	3.8%	28.5%
Class B shares	27,019,668	96.2%	71.5%
	28,096,416	**100.0%**	**100.0%**
Repurchased class B shares	340,000		
Total number of shares outstanding	**28,436,416**		

1) Source: Euroclear Sweden

OWNERSHIP STRUCTURE AS OF 31 MARCH 2011[1)]

	Owners		Shares	
Size class, number of shares	Number	% of total	Number	% of total
1 – 500	2,763	64.8%	486,254	1.7%
501 – 1,000	671	15.7%	552,208	2.0%
1,001 – 5,000	570	13.4%	1,322,051	4.7%
5,001 – 10,000	110	2.6%	798,796	2.8%
10,001 – 50,000	80	1.9%	1,634,662	5.8%
50,001 – 100,000	20	0.5%	1,445,389	5.1%
100,001 –	49	1.1%	21,857,056	77.9%
Total	**4,263**	**100.0%**	**28,096,416**	**100.0%**

1) Source: Euroclear Sweden

MAJOR SHAREHOLDERS AS OF 31 MARCH 2011[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 funds		3,083,525	11.0%	8.2%
SEB Asset Management		2,974,870	10.6%	7.9%
Odin Funds		1,905,609	6.8%	5.0%
SEB Funds		1,539,685	5.5%	4.1%
Fourth AP Fund		1,395,812	5.0%	3.7%
Svenska Handelsbanken CEA		1,050,000	3.7%	2.8%
Svolder AB		907,353	3.2%	2.4%
JPM Chase NA		868,149	3.1%	2.3%
Pär Stenberg Estate		849,522	3.0%	2.2%
Sandrew Aktiebolag		600,000	2.1%	1.6%
Fondita Nordic Micro Cap SR		575,000	2.0%	1.5%
Others	107,976	11,269,050	40.6%	32.7%
	1,076,748	**27,019,668**	**100.0%**	**100.0%**
Additional: Repurchased class B shares		340,000		
Total	**1,076,748**	**27,359,668**	**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 2011/2012

Financial calendar 2011/2012

The Group's financial year is from 1 April – 31 March. For the 2011/2012 operating year, reports will be published as follows:

Interim Report 1 April – 30 June 2011	18 August 2011
Interim Report 1 April- 30 September 2011	10 November 2011
Interim Report 1 April – 31 December 2011	7 February 2012
Financial Report 2011/2012	10 May 2012
Annual Report 2011/2012	July 2012

The 2011 Annual General Meeting will be held in Stockholm on Thursday, 25 August 2011.

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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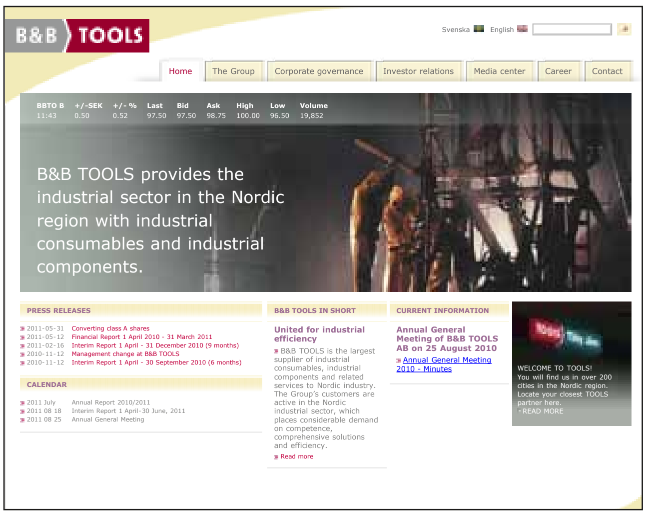

B&B TOOLS' website www.bb.se

WELCOME TO THE 2011 ANNUAL GENERAL MEETING

Time and location
B&B TOOLS AB's Annual General Meeting will be held at 4:30 p.m. on Thursday, 25 August 2011 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 Friday, 19 August 2011, and
b) notify the Company of their intention to attend not later than 3:00 p.m. on Friday, 19 August 2011.

Notices should be submitted to B&B TOOLS AB, PO 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 who have not registered their nominees in the share register are themselves registered in the share register. 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 2011. Accordingly, the nominee should be contacted in ample time prior to 19 August 2011.

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 3.00 per share for 2010/2011. The resolution of the Annual General Meeting regarding the dividend will include the date by which shareholders must be recorded in the share register maintained by Euroclear Sweden AB in order to be entitled to receive a dividend. The Board of Directors has proposed Tuesday, 30 August 2011 as the record date. On condition that the Annual General Meeting adopts this proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Friday, 2 September 2011 to the shareholders recorded in the share register as of the record date.

TEN-YEAR SUMMARY

MSEK	2010/2011	09/10	08/09	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Earnings information										
Revenue	7,885	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	1	–	–	–	–	–	–
Other operating income	8	5	39	12	6	18	6	–	–	–
Total operating revenue	**7,894**	**7,654**	**9,365**	**9,146**	**6,829**	**5,076**	**3,869**	**3,881**	**3,975**	**3,956**
Operating expense, excluding non-recurring items	–7,547	–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	–65	–69	–63	–67	–66	–74	–92	–80	–79	–68
Operating profit, excluding non-recurring items	347	261	622	674	443	302	202	163	160	146
Non-recurring items	–	–	–111	–	–	4	–4	–34	–6	–
Operating profit, including non-recurring items	347	261	511	674	443	306	198	129	154	146
Financial income and expense	–67	–68	–108	–74	–36	–15	–13	–13	–13	–6
Profit after net financial items	280	193	403	600	407	291	185	116	141	140
Taxes	–86	–59	–112	–168	–117	–81	–49	–37	–46	–49
Profit after taxes, but before profit from discontinued operations	194	134	291	432	290	210	136	79	95	91
Profit/loss from discontinued operations, net after taxes	–	–	–	–	–	–1	64	–	–	–
Net profit for the year	**194**	**134**	**291**	**432**	**290**	**209**	**200**	**79**	**95**	**91**
Of which attributable to:										
Parent Company shareholders	194	134	285	421	288	207	198	79	95	91
Non-controlling interest	0	0	6	11	2	2	2	–	–	–
Balance information										
Intangible non-current assets	1,813	1,857	1,913	1,755	1,033	504	312	270	180	100
Tangible non-current assets	472	505	545	529	500	419	350	347	346	356
Financial non-current assets	143	124	146	110	81	60	51	78	54	37
Inventories	1,523	1,458	1,768	1,667	1,268	868	731	634	519	551
Current receivables	1,389	1,340	1,439	1,570	1,369	927	738	679	601	591
Cash and cash equivalents	92	209	209	226	170	276	152	297	374	333
Total assets	**5,432**	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**	**2,305**	**2,074**	**1,968**
Equity attributable to Parent Company shareholders	1,855	1,769	1,739	1,551	1,239	1,085	935	814	831	790
Non-controlling interest	0	0	18	20	12	13	22	–	–	–
Total equity	**1,855**	**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	1,890	1,952	2,179	2,008	1,202	671	381	454	323	329
Non-interest-bearing liabilities and provisions	1,687	1,772	2,084	2,278	1,968	1,285	996	974	838	767
Total equity and liabilities	**5,432**	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**	**2,305**	**2,074**	**1,968**
Capital employed	3,745	3,721	3,936	3,579	2,453	1,769	1,338	1,331	1,236	1,201
Financial net loan liability	–1,785	–1,734	–1,959	–1,769	–1,018	–389	–224	–213	–20	–65

KEY FINANCIAL RATIOS

	2010/2011	09/10	08/09	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Operating margin, %	4.4	3.4	5.5	7.4	6.5	6.0	5.1	3.3	3.9	3.7
Profit margin, %	3.6	2.5	4.3	6.6	6.0	5.8	4.8	3.0	3.5	3.5
Return on total capital, %	6	5	9	14	12	12	9	6	9	8
Return on capital employed, %	9	7	14	23	22	20	16	11	14	13
Return on equity, %	11	8	17	31	25	20	23	9	12	11
Ditto, excluding non-recurring items, %	11	8	22	31	25	20	17	12	13	11
Return on equity after dilution, %	11	8	17	31	25	20	22	9	11	11
Equity/assets ratio, %	34	32	29	27	28	36	41	35	40	40
Equity/assets ratio after dilution, %	34	32	29	27	28	36	41	38	44	44
Other data										
Number of employees at the end of the period	2,840	2,844	3,183	3,315	2,697	1,978	1,630	1,602	1,380	1,378
Average number of employees	2,837	2,980	3,333	2,987	2,289	1,817	1,696	1,378	1,382	1,361
Cash flow from operating activities, MSEK	103	368	377	360	420	292	257	240	215	207
Per-share data										
Earnings, SEK	6.90	4.80	10.20	15.10	10.35	7.45	7.25	2.85	3.45	3.30
Earnings after dilution, SEK	6.90	4.80	10.20	15.00	10.25	7.35	7.10	2.75	3.30	3.20
Cash flow from operating activities, SEK	3.65	13.20	13.50	12.90	15.10	10.50	9.45	8.70	7.85	7.55
Ditto, after dilution, SEK	3.65	13.15	13.45	12.80	15.00	10.40	9.20	8.20	7.35	7.00
Equity, SEK	66.00	63.05	62.35	55.60	44.60	38.95	33.75	30.15	30.10	27.70
Equity after dilution, %	66.00	63.00	62.10	55.20	44.15	38.50	33.50	30.90	31.05	28.85
Share price at 31 March, SEK	113.50	105.75	44.20	173.50	214.00	137.00	80.00	52.00	39.70	46.50
Dividend, SEK	3.00[1]	2.50	2.50	5.00	4.00	3.50	2.75	2.25	2.00	1.75
Other share-related data										
Share price/equity, %	172	168	71	312	480	352	237	173	132	168
Share price/equity after dilution, %	172	168	71	314	485	356	239	168	128	161
Price/earnings ratio, multiple	16	22	4	11	21	18	11	18	11	14
Price/earnings ratio after dilution, multiple	16	22	4	12	21	19	11	19	12	14
Dividend yield, %	2.6[1]	2.4	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 2010/2011 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 include 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 2010/2011.

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.

P/WC
Operating profit in relation to average working capital.

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.

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 brands.

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

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Production: Hallvarsson & Halvarsson in cooperation with B&B TOOLS. Translation: The Bugli Company.
Printing: Elanders i Falköping. Photo: Jann Lipka.
Illustration on pages 18-19: Svante Segelson.

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