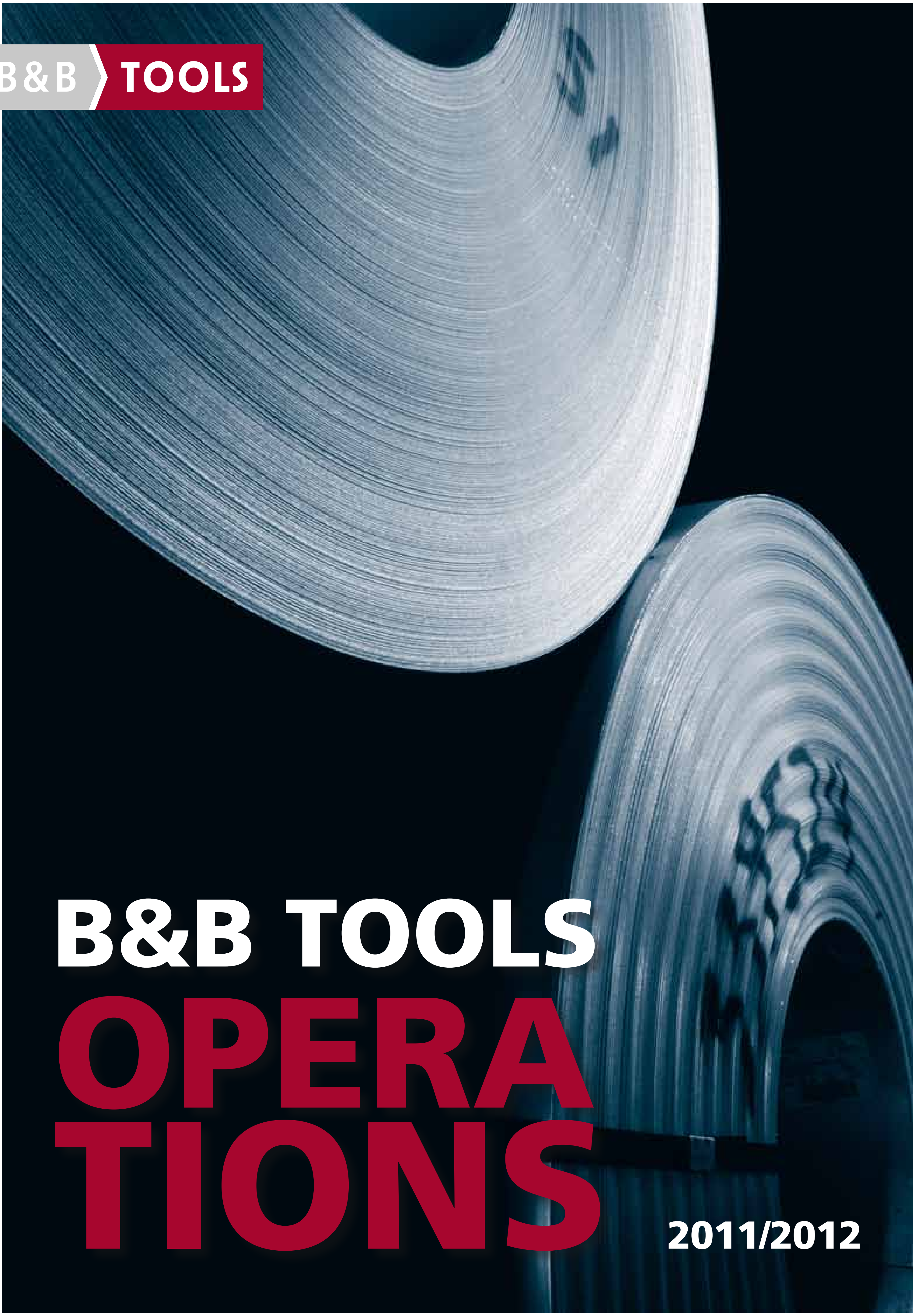


B&B TOOLS OPERATIONS

2011/2012

CONTENTS

Refer to B&B TOOLS Annual Report 2011/2012 for complete financial information. Read or order the report on www.bbtools.com.

IN BRIEF

Highlights 2011/2012

Revenue increased to
MSEK 8,201
(7,885).

Operating profit rose by
18 percent
to MSEK 409 (347).

Net profit for the year amounted to
MSEK 227
(194).

Earnings per share totalled
SEK 8.10
(6.90).

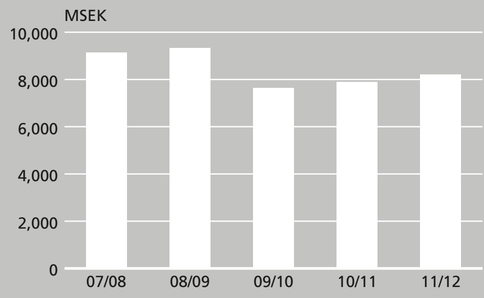
Read more in B&B TOOLS Annual Report 2011/2012 and on www.bbtools.com.

2011 2012

B&B TOOLS' volume and earnings performance was positive during the 2011/2012 operating year, despite continued concerns in the Group's markets. The earnings were generated through a substantial number of fruitful efforts during the year, resulting in increased sales, a slightly improved contribution ratio and the implementation of measures for efficiency enhancement and lower costs. The aim is to continue refining the Group's operations, whereby the implementation of new Group-wide solutions for business infrastructure will continue to be assigned high priority in the next two years.

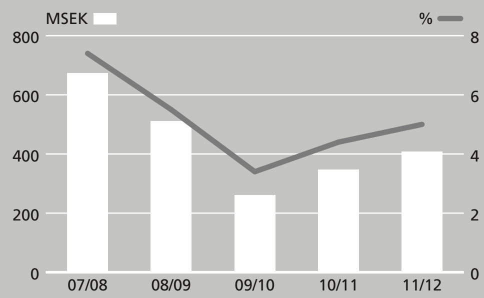
MULTI-YEAR SUMMARY

REVENUE



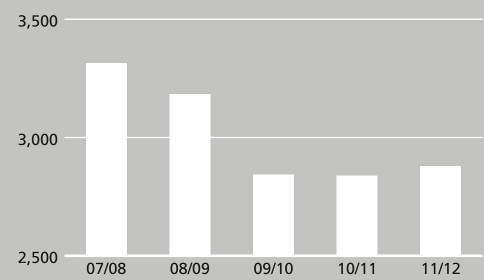
Between 2005 and 2008, B&B TOOLS grew substantially, both organically and through numerous acquisitions. However, starting in the autumn of 2008, the Group's sales trend was impacted negatively by the sharp economic decline experienced by the Nordic industrial sector. Sales developed positively in the 2011/2012 operating year and organic growth for comparable units, measured in local currency, was approximately 5 percent.

OPERATING PROFIT AND OPERATING MARGIN



The severe economic slowdown experienced in the Nordic industrial sector starting in the autumn of 2008 had an adverse effect on B&B TOOLS' operating profit and the Group implemented substantial cost-saving measures. Operating profit for the 2011/2012 operating year increased by 18 percent.

NUMBER OF EMPLOYEES AT THE END OF THE OPERATING YEAR



Through strong organic growth and acquisitions, the number of employees in B&B TOOLS grew substantially in the years until 2008. Cost-saving measures implemented after the autumn of 2008 resulted in a reduction in the number of employees in the Group by approximately 600 people. In 2011/2012, the number of employees increased slightly.

B&B TOOLS

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. Its main geographic markets are Sweden, Norway and Finland. The Group has approximately 2,900 employees and annual revenue of approximately MSEK 8,200.

COMPLETE OFFERINGS BOOST CUSTOMER PROFITABILITY

B&B TOOLS aims to meet its customers' needs for industrial consumables and industrial components by offering comprehensive solutions with a focus on customer profitability.

Read more on page 11

PROXIMITY PROVIDES THE BASIS FOR LONG-TERM CUSTOMER RELATIONS

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

Read more on page 15

"Protection so smooth you won't feel it"

In the spring of 2012, B&B TOOLS' Personal Protective Equipment Business Area launched its new generation of protective gloves, Guide CPN, which offer the market's best protection against cuts and puncture wounds.

STRONG PROPRIETARY PRODUCT BRANDS

B&B TOOLS' offerings include a portfolio of strong proprietary product and concept brands, which – along with products from leading suppliers – create comprehensive offerings in a large number of application areas.

CHANNELS TO THE MARKET

B&B TOOLS' offerings reach the market via TOOLS, TOOLS Momentum and other selected market channels in its principal markets (Sweden, Norway and Finland) and through its own sales operations and external distributors in other countries.

SATISFIED CUSTOMERS

B&B TOOLS' overriding ambition is for its customers to be satisfied and to gradually become even more satisfied.

Read more on page 17

CORPORATE SUSTAINABILITY BOOSTS COMPETITIVENESS

B&B TOOLS endeavours to combine financial, environmental, social and ethical responsibility, thereby contributing to long-term, profitable solutions for its customers and society.

Read more on page 19

PRESIDENT'S STATEMENT

2011/2012

The 2011/2012 operating year began with the introduction of a new management structure in the Group. A number of reporting levels were eliminated, a more clearly defined structure was established and new managers were appointed for all Business Areas, as well as for TOOLS in Sweden, Norway and Finland. All appointments were carried out through internal recruitment. While we normally prefer our development to be characterised by "evolution," these changes were powerful and more closely resembled a "revolution." With the support of their management groups and other employees, the newly appointed managers established the new structure in an exemplary fashion during the year. The Group's structure is now much stronger than it was a year ago and will provide a solid platform for future growth.

During the year, the Norwegian operations rebounded from their previous negative performance, reporting increased revenue, higher contribution ratios, lower costs and thus significantly improved earnings.

The introductory projects planned within the framework of the Group's new business infrastructure were also implemented during the year. Many employees have worked hard on these projects, in parallel with their normal operating activities.

In terms of negative occurrences, I would like to address two developments:

- TOOLS Sweden's earnings performance is problematic. This must change and is one of the Group's top priorities in 2012/2013.
- Several units reported an increase in funds tied up in working capital during the year, mainly due to high inventory values, which in turn absorbed cash flow in an undesirable manner. This must be corrected and all operating units have committed to this task in 2012/2013.

The Group's overriding priorities for 2012/2013 are:

- Focus on operating margin for all units, with various initiatives depending on individual starting points.
- Intense focus on TOOLS Sweden's earnings performance.
- Reduction in working capital in relation to sales for all units.
- Continued implementation of business infrastructure (with the aim of enabling increased coordination).

Revenue and profit

Revenue for the 2011/2012 operating year amounted to MSEK 8,201 (7,885), corresponding to 4 percent growth for the Group. During the year, the Group's Norwegian operations entered into a number of exciting customer contracts, the success of which was largely attributable to the collaboration between TOOLS Norway (with responsibility for customer contacts and coordination) and the Business Areas (with specialist expertise and responsibility for issues pertaining to the product range). TOOLS Sweden experienced success in its sales to major industrial customers during the year. TOOLS Momentum's concepts remained highly appreciated and its volume increased from approximately MSEK 900 to nearly MSEK 1,000. TOOLS Finland devoted considerable energy to product range coordination, logistics and IT during the year, while in parallel defending its market position. The Business Areas displayed a positive overall performance during the year, with their combined revenue increasing by approximately MSEK 200 to nearly MSEK 3,900.

Operating profit for 2011/2012 totalled MSEK 409 (347), corresponding to an increase of 18 percent. The contribution ratios for the year were slightly higher than 40 percent.

The Group had 2,840 employees (full-time equivalents) at the beginning of the year and 2,880 at year-end. The guideline for the year was for volume increases to be absorbed by the existing number of employees unless there was strong motivation to the contrary. Our aim is to gradually implement efficiency enhancements and thereby generate greater revenue per employee.

Continued positive trend for proprietary product brands

The joint efforts of the Business Areas to build a strong portfolio of proprietary product brands remained successful. For 2011/2012, the combined revenue of the Business Areas with regard to proprietary product brands amounted to more than MSEK 1,700.

Some product brands are approaching such a significant level in terms of size and concept that there exists potential for export to markets outside the Group's current target markets.

A number of notable product and concept launches took place during the year. *Guide* (protective gloves) launched a line of gloves made from a material offering uniquely effective protection against cuts and puncture wounds. This opened the door to new application areas and created attractive export potential. *Essve* (fastening elements) launched a new concept for storing and transporting fastening elements. *Zekler* (formerly protective goggles) broadened its product line to include ear protection. *TengTools*, which has gone from being a niche brand to holding a very strong position in hand tools, boosted its profile.

In order to streamline flows from Asia, a remote buffer warehouse is being established on site. This is expected to reduce the level of working capital and optimise container freights (a market where prices have risen sharply in recent years).

Extensive corporate social responsibility (CSR) initiatives are being carried out within the framework of the Group's proprietary product brands. One of the aims of this work is to ensure that the Group selects suppliers that are able to comply with the Group's requirements (for suppliers) from a social perspective and to provide these suppliers with an incentive to continuously improve their working environment and environmental impact. An IT tool was introduced during the year that will enable all suppliers to report their operations' compliance with all agreed requirements. These reports will then be followed up through on-site supplier inspections.

Stores

During the past year, the market positioning of TOOLS' stores was reviewed. This positioning involves the following attributes: TOOLS Store is to support the sales initiatives conducted by TOOLS' field sales representatives, while the field sales organisation is to provide similar support to TOOLS Store. TOOLS Store employees are to be knowledgeable about local customers and offer "that little extra" when it comes to service. TOOLS Store employees are expected to constantly strive to improve their know-how with regard to customers, products and applications. TOOLS' stores should always offer a standardised in-store product range and provide customers with access to the Group's full offering using the Group's efficient delivery system. In 2012/2013, the stores in TOOLS Sweden will begin applying this modified positioning, at the same time as the in-store product range is coordinated and improvements are made to the store interiors in selected locations.

Combination of impatience and patience

The previously announced goal remains firm: within three years, the Group's operations are to be coordinated from 100 acquired companies to *one* strong operation with *one* product range, *one* IT system, *one* product article database, *one* logistics system and *one* customer promise. We have now emerged from the first of the three years during which the new business infrastructure is to be implemented and the potential we see is so impressive that we are patiently maintaining our established objective. Concentration of responsibility is a key component of the Group's coordination goal. During the past year, a finance centre was established in Alingsås, which will gradually take over the operational finance work of all Swedish units. Similar solutions will be established in Norway and Finland. However, the controller function will continue to be organized within the framework of the commercial operations. Another dedicated unit was established during the year, which will gradually assume responsibility for all properties and leases in the Group.

At the same time as we patiently pursue our strategic objective, other circumstances have arisen that must be rectified quickly. Profitability must improve significantly in certain areas (particularly in TOOLS Sweden) and working capital must be reduced in relation to revenue throughout the Group. Our patience is limited when it comes to these improvements and several activities are being implemented to address the situation.

The 2012/2013 operating year

The turbulence affecting the global economy in general and Southern Europe in particular is also impacting demand in Nordic export companies, which in turn is affecting the level of demand for the Group's offering – both directly (since these export companies are important customers) and indirectly (since their subsuppliers are also customers of the Group). The planning work involved in the Group's prioritisation has taken into account the prevailing market uncertainty. Despite the economic forecasts, the Group has a strong commitment from its competent and motivated managers and employees, who support the established plans and will do everything in their power to ensure that 2012/2013 is a successful year for the Group.

Thank you!

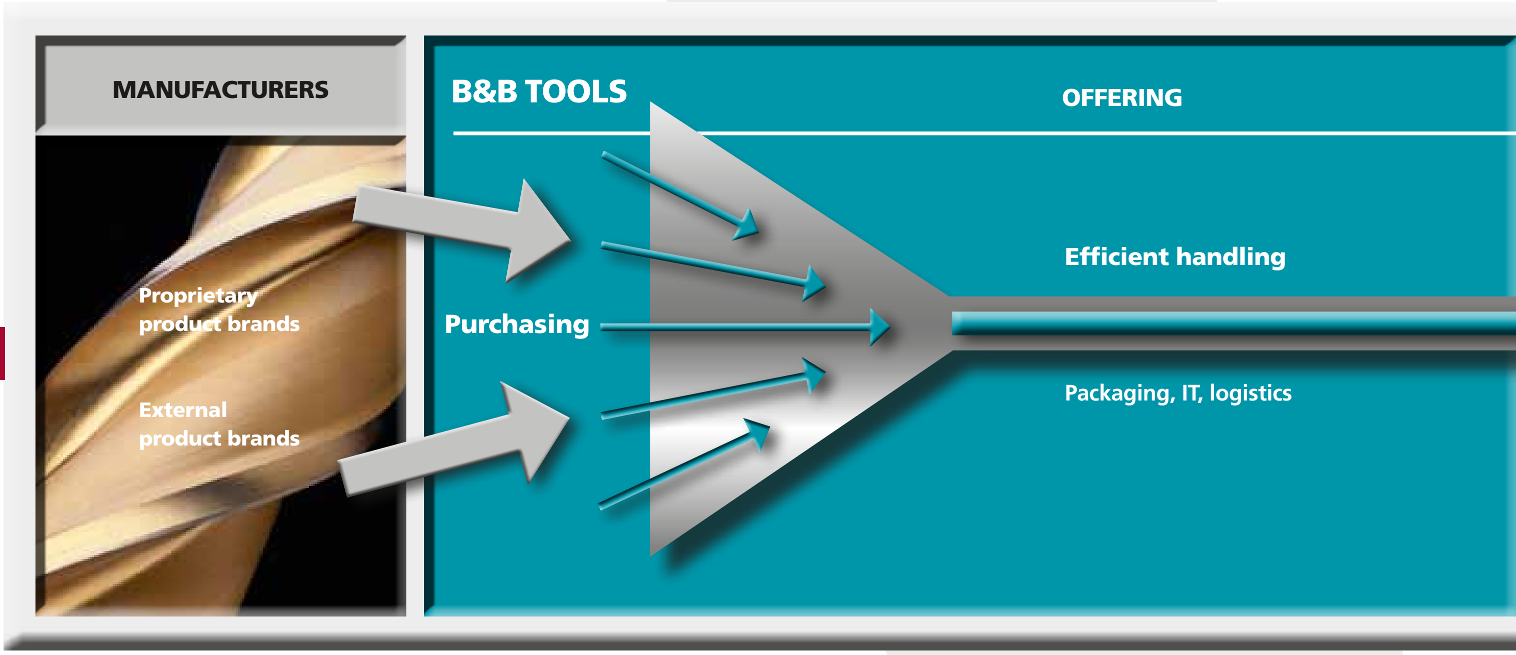
In conclusion, I would like to extend a warm thank you to all employees for your outstanding efforts during the year! We are gradually working toward our vision through the broad commitment in all areas of the Group! In 2011/2012, several key contracts were signed with significant customers and nearly all units delivered increased operating margins – all while we continued to implement our extensive change initiative. Thank you!

Stockholm, June 2012

Stefan Wigren
President & CEO

VISION &

TOGETHER WITH OUR CUSTOMERS, WE DEVELOP EFFICIENT,



Customer needs

All companies strive to continuously improve their efficiency and for companies in such areas as the industrial, construction or property management sectors, maintaining an efficient supply of consumables is a key component in creating efficiency. A large number of items are required to meet the various needs of B&B TOOLS' customer companies, and efficient processes – supported by the necessary expertise and information – are essential to ensuring that the right products are available at the right place at the right time. Inadequate know-how or processes 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 about *the market*

page 14

Comprehensive offering

All customer needs are unique, even though many similarities exist. Creating profitable, comprehensive solutions requires expertise and a broad range of products and related services (including efficient systems for logistics and information). B&B TOOLS aims to create comprehensive solutions for its customers.

Read more about *the offering*

page 11

Proximity to customers

A local presence with a high level of service and relevant expertise are important demands from the Group's customers. B&B TOOLS is active in more than 200 locations throughout the Nordic region and the Baltic area and, through its employees, maintains daily contact with most of the Nordic industrial companies, as well as various market channels in the construction market. These relationships provide the Group with extensive knowledge of its customers' needs.

Read more about *sales*

page 15

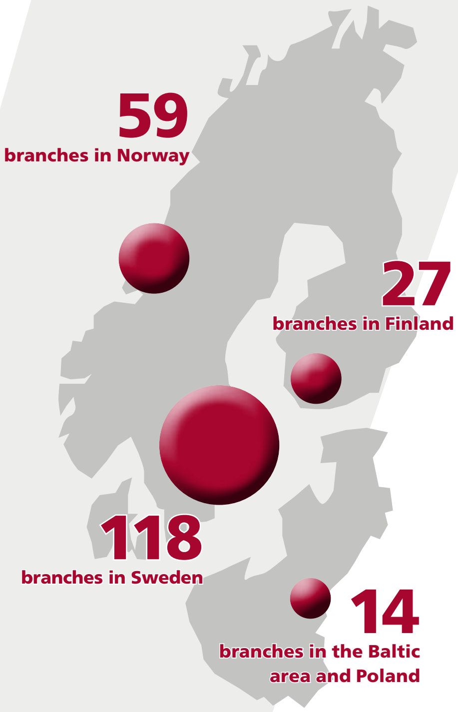
STRATEGY

COMPREHENSIVE SOLUTIONS THAT MEET THEIR NEEDS

Group vision First in MRO

MRO stands for "Maintenance, Repair and Operations." Effective MRO processes require an efficient supply of consumables.

"First in MRO" means that B&B TOOLS gradually develops and delivers an increasing number of comprehensive solutions to ensure that its customers have a reliable supply of industrial components and industrial consumables for their MRO processes.



Satisfied customers

A process based on a clear understanding of customer needs and the aim of creating comprehensive solutions provides a strong foundation for ensuring customer satisfaction. While customer value is defined differently by each customer, it often includes such concepts as fulfilled expectations, simplicity, reliability, lower total costs, rational administration, increased productivity, reliable supply, efficient logistics and optimised inventories.

Read more about *the customers*

page 17

OFFERING

MANUFACTURERS

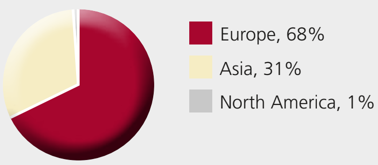
Proprietary product brands

B&B TOOLS is steadily building a stronger portfolio of proprietary product brands in selected product segments. The Group does not conduct its own industrial production. Instead, its products are manufactured by subsuppliers, mainly in Asia. Proprietary product brands account 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.

THE BUSINESS AREAS' PURCHASING BY GEOGRAPHIC AREA



PRODUCTS AND SERVICES

Business Areas

B&B TOOLS' Business Areas develop comprehensive solutions for a variety of needs. These solutions are mainly offered to industrial customers via TOOLS – the Group's own market channel. Other submarkets, such as construction customers, are offered solutions via other specialised reseller chains and independent resellers. Including partner companies, TOOLS – the Group's own market channel – accounts for approximately 45 percent of the Business Areas' total sales.

The Business Areas have long-standing relationships with world-leading manufacturers and are also responsible for developing and refining the Group's proprietary product brands. While the majority of purchasing occurs in Europe, an increasing proportion now takes place in Asia.

SALES BY BUSINESS AREA

Read more about manufacturing and brands on page 13

Read more about the Business Areas on page 11

SALES

MARKET CHANNELS

TOOLS

Direct
Stores
Online

The Group's TOOLS brand encompasses B&B TOOLS' promise to its industrial customers. TOOLS is currently established in 175 locations in Sweden, Norway and Finland. TOOLS is also the name of the Group's organisation responsible for sales and marketing of industrial consumables for the industrial sector.

TOOLS' stores support all customers with a professional need for such products as industrial consumables, work clothes and protective equipment. The store operations also meet industrial customers' need for local in-store support.

TOOLS On-line is TOOLS' web-based sales solution.

Construction material resellers and other resellers

Through partnerships with construction material dealers, such as Interpares and Byggmakker, and close cooperation with independent reseller operations, the Group's Business Areas offer parts of the product range to the construction and property sectors and the DIY market.

Export

B&B TOOLS currently has its own sales operations in ten countries and sells its proprietary product brands through external distributors in an additional 20 countries.

TOOLS Momentum

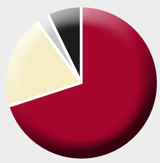
TOOLS Momentum is responsible for sales and marketing of industrial components to the industrial sector, primarily in Sweden, with operations in nearly 30 locations. TOOLS Momentum works closely with its key suppliers, the largest of which is SKF.

Read more about market channels on page 15

CUSTOMERS

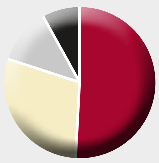
B&B TOOLS' customers are active in all industrial segments and in such areas as the offshore, construction, civil engineering, property maintenance, public administration and defence sectors.

SALES BY CUSTOMER SEGMENT



- Industrial sector, 70%
- Construction sector, 20%
- DIY (Do-It-Yourself)/Private market, 3%
- Other industries, 7%

SALES BY GEOGRAPHIC MARKET



- Sweden, 51%
- Norway, 29%
- Finland, 12%
- Other, 8%

Read more about customers on page 17

FFERIN

CUSTOMISED

carpenter cases with new ESSBOX

ESSBOX SYSTEM is a unique innovation poised to revolutionise the entire market for fastening elements.

ESSBOX SYSTEM is a new, module-based packaging and storage solution from ESSVE – part of B&B TOOLS' Fastening Elements Business Area. The system is designed to make it easy for craftsmen to organise their fastening materials and enable them to select the modules needed for each specific assignment.

The storage solution includes a sturdy case, known as the ESSBOX, and transparent product boxes made from rigid plastic. The boxes, which are fixed into place in the case using an ingenious system, are durable and offer significantly better resistance to moisture and subzero temperatures than normal paper packaging. The system thus enables users to save money and resources, while reducing their environmental impact.

Immediate success

The system was launched during the Nordbygg trade fair held in Stockholm in March 2012 and has already attracted considerable attention inside and outside the Nordic region. ESSBOX is currently available to professional users and DIY enthusiasts alike through TOOLS and several other resellers. The potential looks promising!

STRONG OFFERINGS through four Business Areas

B&B TOOLS aims to meet its customers' needs for industrial consumables by offering comprehensive solutions with a focus on customer profitability.

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
Over time, the Business Areas will assume greater responsibility for supplying the Group's product offering, brands, conceptualised services and specialist expertise regarding products and applications.

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.

Principal tasks

The Group's four Business Areas have three principal tasks:

1. Gradually assume responsibility for supplying an increasing share of the product range and services offered to industrial customers via TOOLS (the Group's own channel for the industrial market) and support TOOLS by providing specialist expertise in each product/application area.
   Gradually assume responsibility for supplying an increasing share of the product range offered (in-store) via TOOLS Store (the Group's own network of stores) and support TOOLS Store by providing specialist expertise.
2. Provide sales, marketing and expert support to leading chains and independent resellers in various market areas outside the industrial segment. Resellers in the construction area make up the largest segment in this area. As part of this work, the Business Areas determine the degree of collaboration with each individual customer, depending on the terms and conditions of the agreement, the customer's wishes regarding partnership and other relevant factors.
3. Conduct sales in markets outside Sweden, Norway and Finland. This occurs in two ways:
   i) The Business Areas have their own sales operations in ten countries, with the majority of revenue generated in the Baltic States and Poland.
   ii) In an additional 20 countries, agreements have been entered into with independent distributors, permitting them to sell one or more of the Business Areas' proprietary product brands in a defined market.

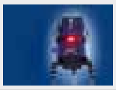
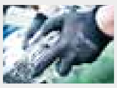
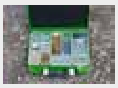
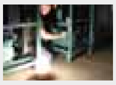
Comprehensive solutions

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 first-rate 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.

A key component in the development of the product and services offering is the ongoing product range coordination in collaboration with TOOLS. Larger volumes from fewer suppliers create the conditions for better purchasing terms, which in turn make it possible to create even stronger customer offerings.

The total range offered by the Business Areas meets the needs of demanding customers in the industrial sector, construction industry, administration and other similar segments.

BUSINESS AREA	Tools & Machinery	Personal Protective Equipment	Fastening Elements	Work Environment & Consumables
Revenue, MSEK (approximately)	1,100	1,100	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 environmental equipment *Consumables*: Fittings and security, electrical, environmental, cleaning and other industrial and construction consumables
Proprietary product brands	TengTools Luna Ferax Limit 	Guide L Brador Cresto Zekler 	ESSVE Fireseal 	Gigant Grunda Ferax 

FFERIN

ONE GROUP
12 PROPRIETARY BRANDS
ENDLESS POSSIBILITIES

ESSVE® Luna Limit

GUIDE® THE RIGHT GLOVES TENGTOOLS® Grunda

ZEKLER® PROTECT YOUR SENSES CRESTO® GIGANT®

L.BRADOR® DESIGNED TO WORK FireSeal® ferax™

GROUP OFFERINGS – many ingredients

B&B TOOLS' offerings include a portfolio of strong proprietary product and concept brands, which – along with products from leading suppliers – create comprehensive offerings in a large number of application areas.

Although the development of new offerings and products is based on the needs of B&B TOOLS' industrial customers, many items in the Group's product range are also suitable for other customer groups, such as the construction industry and craftsmen.

The development of new solutions in services and the product range places strict demands on expertise in a wide variety of areas. For this reason, collaboration is key when it comes to addressing such considerations as customer requirements, competitive solutions, logistics, supplier alternatives, whether to create a proprietary brand or not, purchasing, risk analysis, environmental considerations and profitability, etc.

Efficient purchasing

The aim of B&B TOOLS' purchasing process is to ensure the required supply of goods on favourable commercial terms.

It is important to understand the factors that determine cost and ensure that these components are included in the purchasing process. Accordingly, the Group's practical purchasing processes take many aspects into consideration, including product quality, function, the brand's image, requirement specifications, quality control in cooperation with suppliers and social responsibility issues.

Successful purchasing work is contingent on the perception of the Company as an attractive trade partner. Suppliers appreciate companies that represent large volumes, have long-term plans and relationships, are reliable when it comes to ordering and otherwise conduct themselves in a professional manner. These considerations and many more are among the challenges involved in purchasing work.

To further improve the Group's potential for establishing successful purchasing processes, work is carried out in various subareas. For example, the Group's strategy is partly based on coordinating the product range to create a volume concentration, thereby establishing further purchasing power.

Although most of the Business Areas' purchasing is conducted in Europe, an increasing proportion now takes place in Asia. The Group currently has approximately 50 employees in China (Shanghai) and Taiwan (Taichung), who are mainly engaged in purchasing work.

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 plans to steadily build a stronger portfolio of proprietary product brands.

The Group's efforts involving proprietary product brands have been successful and proprietary brands now account for approximately 45 percent of the Business Areas' combined sales.

INFRASTRUCTURE, LOGISTICS AND IT ARE INTEGRATED ASPECTS OF THE OFFERING

No infrastructure – no offerings!

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

IT and logistics activities are an integrated and vital component of the Group's daily operations and vision. The Group invests continuously in both IT and logistics and is currently conducting an extensive programme focused on implementing a new business infrastructure throughout the Group. The programme will extend for three years and includes new work processes, a new distribution of roles, new logistics solutions and new IT solutions. The objective is to enhance the efficiency of all processes and make information on a large number of products and processes available where and when it is required.

In the area of IT, the Group has extensive experience of integrated solutions involving major customers, and the Group's e-commerce portal, known as Toolstore, is one of the leading e-commerce portals in the Nordic region.

The Group's logistics and IT activities are becoming increasingly concentrated in order to achieve economies of scale. The Group's logistics operations are currently based in two hubs, located in Alingsås and Ulricehamn, and all inventory/logistics and IT services are coordinated from these locations.

SALES

"The main strengths of the sales organisations are their proximity to customers, exceptional expertise, wide range of products and services, and efficient supply solutions."

SWEDEN

Sweden is B&B TOOLS' largest market and accounts for approximately half of the Group's revenue. The market trend largely tracks the overall trend for industrial production and the number of employees in the industry and is linked to the trend for major Swedish export companies. In recent years, the Swedish market for industrial consumables has been adversely impacted by the declining economic situation and increased global financial turbulence.

Major competitors in Sweden include Ahlsell and Würth.

NORWAY

Industries such as offshore and the construction sector are highly significant in the Norwegian market for industrial consumables and industrial components. The market currently accounts for nearly 30 percent of the Group's total revenue. In ecent years, the Norwegian market has been positively impacted by continued investments in such areas as the offshore industry, as well as infrastructure programmes in Norway.

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

FINLAND

The Finnish market currently accounts for about 10 percent of the Group's revenue and the trend in the market tracks the industrial production volumes in Finland. Significant industries for B&B TOOLS include the pulp and paper industry, equipment for the mining industry and the construction sector. In recent years, the Finnish market for industrial consumables has been negatively affected by the declining economic situation in both Finland and the global market.

Major competitors in Finland include Würth, Etra and Ahlsell.

MARKET CHANNELS

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. B&B TOOLS is the leading supplier in this market.

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

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 the major export companies.

Flexible sales organisation with a strong local presence

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

TOOLS – the largest player in industrial consumables

The Group's TOOLS brand encompasses B&B TOOLS' promise to its industrial customers. TOOLS is currently established in Sweden, Norway and Finland.

TOOLS specialises in industrial consumables and is the largest industrial reseller chain in the Nordic region. TOOLS is organised into 11 regions, is active in 175 locations in Sweden, Norway and Finland and has approximately 2,000 employees. The single largest market is Sweden, where TOOLS has operations in approximately 100 locations.

Each region is divided into sales areas. Each sales area has its own sales team, which is responsible for establishing close relationships with all relevant industrial customers in that specific sales area. Each sales area also includes a number of TOOLS stores.

TOOLS Store supports all customers with a professional need for such products as industrial consumables, work clothes and protective equipment. The store operations also meet industrial customers' need for local in-store support. TOOLS Store's work is guided by the concepts of close customer relationships and professionalism.

In addition to the wholly owned TOOLS operations, TOOLS comprises a number of independent partner companies.

TOOLS also has a special group that is responsible for cultivating and coordinating customers with operations in several regions.

TOOLS continuously endeavours to build a more efficient sales organisation by using shared processes and methods to support its sales activities and customer contact. The development of store concepts, employee training programmes and various sales campaigns also continues.

TOOLS Momentum – focus on industrial components

TOOLS Momentum supplies industrial components and related services to the same target group as TOOLS' direct sales operation.

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 its 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 nearly 30 locations. With a total of approximately 300 employees, TOOLS Momentum also has operations in the rest of the Nordic region.

TOOLS	Sweden	Norway	Finland	Total
Revenue, MSEK (approx.)	2,700	2,400	850	5,950
of which wholly owned operations, %	85%	61%	100%	77%
Number of branches	90	58	27	175
of which wholly owned branches	69	29	27	125
Number of regions	5	3	3	11
Number of employees (approx.)	1,050	650	300	2,000
of which wholly owned operations, %	78%	61%	100%	75%

TOOLS momentum	Sweden	Norway	Denmark	Total
Revenue, MSEK (approx.)	850	100	50	1,000
Number of branches	28	1	1	30
Number of employees (approx.)	275	10	15	300

FEWER BEARINGS IN STOCK AT SÖDRA CELL

"The right items, in the right number, at the right time" is the mantra at TOOLS Momentum and has become one of the guiding principles of their customer Södra Cell in Mönsterås.

In many industries, unplanned production stoppages result in major costs. To avoid a lack of critical spare parts for a particular piece of equipment, industrial companies may therefore be tempted to maintain large internal inventories of spare parts. However, this costs money and results in an increased risk of components that are past their best-before date being used in production.

TOOLS Momentum's Trouble Free Supply ("TFS") service is designed to help customers phase out any spare parts that are unnecessary in emergency situations. The service is suitable for major consumers of industrial components with large amounts of capital tied up in inventory items. Using TFS, industrial customers are able to adapt their local inventories to suit their consumption level.

At the Södra Cell pulp mill in Mönsterås, more than 300 items have been removed from inventory after the completion of a TFS analysis and more than 50 percent of the remaining inventories have been reduced. Strictly following an established list of items and purchasing frequency also reduces the risk of using spare parts that are past their best-before date.

CUSTOMERS

One of B&B TOOLS' overriding goals is for its customers to be satisfied and to 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 into solutions are central to all development carried out by the Group.

B&B TOOLS' customers are mainly companies operating in such areas as the industrial and construction sector, offshore industry, property management, public administration and defence industry. The industrial sector accounts for 70 percent of the Group's sales – primarily through the Group's own market channel, TOOLS – and the construction sector for 20 percent – mainly through partners such as construction material dealers. Other industries, including the DIY market, account for 10 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.
- *A high level of 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 contact.
- *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 local presence.
- *Comprehensive solutions* are often the best way to address complex needs, thereby increasing the efficiency and profitability of customers' MRO processes.
- *Low costs.* All customers strive to manage their direct costs for industrial consumables and industrial components. This includes product price, as well as costs for shipping, logistics, inventory maintenance, administration and much more. There is also a growing recognition of the alternative costs that can arise if an incorrect or faulty solution is delivered.

"Consolidating transportation, driving the cleanest possible vehicles and ensuring that these vehicles optimise their capacity utilisation: these are some of the best things we can do for the environment – and for our own finances."

Henric Hasth, Head of B&B TOOLS' Infrastructure Unit

SUSTAINABLE LOGISTICS

B&B TOOLS' new business infrastructure, which is now being implemented throughout the Group, will also enable new, climate-smart logistics. The Group's goal is to significantly reduce its carbon emissions in the coming years.

Most of the B&B TOOLS Group's products are manufactured in Asia and transported from there to the Company's central warehouses in Sweden. Naturally, the goal is to fill the containers with an optimal load before they are shipped to Europe and continue their journey by truck. Consolidating deliveries to a minimal number of consolidation hubs and ports enables several shipments to be packaged together, resulting in fewer containers, shorter handling times at port, fewer trucks and a reduction in environmental impact.

Today, many initiatives are already being taken in the area of sustainability, including lighter cardboard pallets, standardised packaging measurements and environmentally classified vehicles. B&B TOOLS is also imposing stricter environmental requirements when procuring transportation services.

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.

B&B TOOLS sees corporate responsibility as a natural commitment and strives to participate in an open, objective and transparent dialogue regarding 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 transportation).
- *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 such areas as environmental responsibility, work environment, quality and social responsibility. The Group's units adapt their goals and action plans to these policies.

Several of the Group's operations are environmentally and quality certified. In the spring of 2012, the Group's Business Areas and Infrastructure Unit (Supply Chain and IT) introduced what is known as a multi-site certificate for environmental (ISO 14001), work environment (OHASA 18001) and quality (ISO 9001) issues, and TOOLS uses a shared quality and environmental management system for the chain's members. Most of TOOLS' units are certified in accordance with ISO 9001 and ISO 14001.

Focus on sustainability work

The Group's sustainability work is 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 Group management, with support from a network of environmental, quality and work environment managers in the Group. This network makes it easier to establish contact, transfer skills and share experiences. The first step in this process involves performing an inventory of the sustainability work being carried out in a decentralised manner within the Group's various entities. This inventory will then form the basis for changes aimed at achieving greater uniformity.

The Group continuously endeavours to raise the awareness and involvement of its employees with regard to sustainability issues.

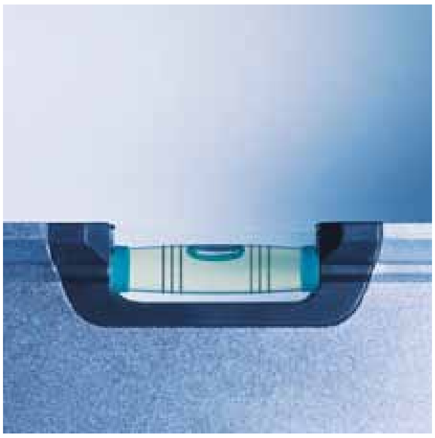
Environment

The Group's environmental impact primarily comprises transportation, energy consumption and packaging materials. This impact must be reduced insofar as this is technically feasible, economically viable and environmentally justified.

In terms of transportation, the Group aims to further reduce its environmental impact through better planning and coordination. One specific example is the establishment of so-called buffer warehouses in Asia. By consolidating shipments to the Group's various Business Areas, these buffer warehouses allow the containers being shipped to the central warehouses in Sweden from China and other Asian countries to be filled in a more optimal manner. This results in fewer containers and thus reduces the Group's 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 proof of compliance with the relevant laws in their particular country and the intentions of the Code of Conduct. Supplier requirements are set out in a separate Supplier Code of Conduct, which also includes the Group's guidelines for monitoring suppliers' compliance with the code. In the autumn of 2011, the Group also launched a web-based tool that allows suppliers to assess how well they have complied with requirements and guidelines for sustainability. The Group conducts regular factory audits, during which plants are inspected on site. These inspections, which are performed by both B&B TOOLS employees and external parties, focus on quality, the environment, social conditions, work environment and ethics. This work strengthens collaboration between B&B TOOLS and its suppliers.



Stakeholder model

By focusing on corporate responsibility, B&B TOOLS strives to create value for the Group's stakeholders 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 in terms of function, quality, safety, environmental impact and supply reliability. Follow-ups are performed regularly through customer surveys.

Employees
Work in the best interests of new and existing employees by offering attractive and competitive terms and conditions, a healthy work environment and opportunities for skills and performance development. The Group conducts annual employee surveys.

Manufacturers and suppliers
Achieve competitive purchasing terms and conditions based on the Group's strong market position and secure efficient purchasing and sales processes for 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
Conduct business as a responsible part of society, comply with relevant laws in the countries where B&B TOOLS currently operates, promote health and safety, respect human rights and take responsibility for improving the environment with the aim of achieving sustainable development.

EMPLOYEES

COMPETENCE AND LEADERSHIP

One of B&B TOOLS' main goals is to be perceived as an attractive employer that supports its employees and helps them develop in various roles and areas throughout the Group.

B&B TOOLS aims to be seen as an attractive employer by all current, potential and former employees. This means that all managers and employees must conduct themselves in a professional manner and be provided with clear guidelines for all HR activities.

Ensuring that employees are continuously given the opportunity to enhance their skills and performance is vital to the future development of the Group. In addition to training for sales and store personnel, a number of other programmes and initiatives have been implemented over the years to clarify and strengthen the Group's formal leadership in various situations. Examples of relevant areas include labour legislation, collective agreements, occupational health and safety, recruitment and performance development in line with the Group model known as "The Performance Wheel."

FOCUS AREAS

B&B TOOLS currently has four HR focus areas:

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

The Group's HR work is characterised by a higher level of coordination, with Group-wide goals, guidelines and development initiatives becoming increasingly significant. The Group conducts regular employee surveys designed to find out what employees think of B&B TOOLS as an employer, the work climate and leadership, and to determine how successful the Group has been in achieving its goal of a shared culture.

The surveys performed in the past have shown a predominantly positive view of B&B TOOLS' development and the Group companies as employers, and a large proportion of employees stated they would recommend the Group as an employer to their friends. The surveys have also identified a number of development areas in various parts of the Group, and several measures have been implemented in recent years in areas such as leadership development and communication.

Market terms and conditions

To ensure its ability to attract, recruit, develop and retain the best employees in the industry, B&B TOOLS must be able to offer exciting assignments and positions, as well as competitive employment terms and a well-functioning work environment. The Group conducts regular harmonisations and adaptations to the prevailing market terms. In order to further improve the work environment, the Group conducts training for managers in both formal and practical tasks with the aim of ensuring 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. Among other initiatives, a joint introduction package has been developed for new employees. The same staffing processes are mainly applied throughout the Group. Internal mobility has increased in recent years 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

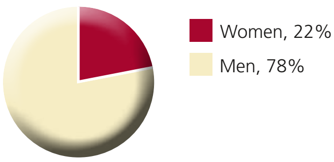
While employees are expected to satisfy the requirements of their professional role, they also have the opportunity to receive active support in order to continuously improve their competence and performance. The Group applies a performance development model known as "The Performance Wheel." Managers 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

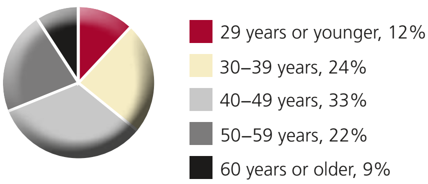
In order to achieve its vision, the Group must establish a joint corporate culture where the organisation and employees share the same values, etc. These values are included in the employee development talks held between the managers and employees. A natural part of the corporate culture is the Group's employee magazine, *Inside*, and its joint intranet, *InSight*. The intranet contributes to broadening collaboration, developing competence and strengthening the team spirit within the Group. Employee surveys show continuous movement towards a shared culture.

EMPLOYEES IN THE B&B TOOLS GROUP

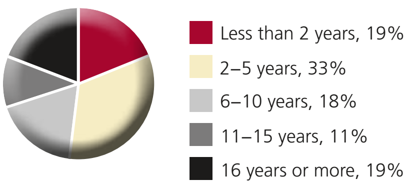
Distribution by gender



Distribution by age



Length of employment



How would you describe B&B TOOLS as an employer?

Timo Harjuniemi, Store Manager, TOOLS Finland

"B&B TOOLS is a company with a strong focus on the future – and one that offers a superior product range and high level of expertise. The work ethic of the Company is exceptional and the level of commitment is exemplary. Add to this the advantages of working for a large group and I would confidently say that B&B TOOLS is an excellent employer that truly takes care of its employees."

David Sweetman, Warehouse Worker, Central Warehouse in Alingsås

"I enjoy working at B&B TOOLS very much. The Company offers ample opportunities for development and the atmosphere among the employees is fantastic."

Sofia Palmqvist, Category Manager, Work Environment & Consumables Business Area

"B&B TOOLS has an exciting vision and strategy that ensure a high level of activity, an open atmosphere and considerable potential for growth. I feel the Group offers me challenging and stimulating assignments, which give me the opportunity to develop both personally and professionally."

Micael Rosén, Salesperson, TOOLS Sweden

"B&B TOOLS is not content to simply show it is strong in the market. The Company also strives to strengthen its position. We are doing this by focusing on change processes designed to promote growth, which will result in sound finances."

FINANCIAL OVERVIEW

MULTI-YEAR SUMMARY

	2011/12	2010/11	2009/10	2008/09	2007/08
EARNINGS INFORMATION					
Revenue, MSEK	8,201	7,885	7,648	9,325	9,133
Operating profit, MSEK	409	347	261	511	674
Profit after net financial items, MSEK	318	280	193	403	600
Net profit for the period, MSEK	227	194	134	291	432
Cash flow from operating activities, MSEK	114	103	368	377	360
Operating margin	5.0%	4.4%	3.4%	5.5%	7.4%
Profit margin	3.9%	3.6%	2.5%	4.3%	6.6%
BALANCE INFORMATION					
Balance-sheet total, MSEK	5,599	5,432	5,493	6,020	5,857
Equity, MSEK	2,009	1,855	1,769	1,757	1,571
Capital employed, MSEK	3,891	3,745	3,721	3,936	3,579
Financial net loan liability, MSEK	1,787	1,785	1,734	1,959	1,769
Equity/assets ratio	36%	34%	32%	29%	27%
Net debt/equity ratio	0.89	0.96	0.98	1.11	1.13
PROFITABILITY					
Return on equity	12%	11%	8%	17%	31%
Return on capital employed	11%	9%	7%	14%	23%
P/WC (operating profit/working capital)[1]	21%	19%	14%	23%	37%
KEY PER-SHARE DATA					
Earnings, SEK	8.10	6.90	4.80	10.20	15.10
Cash flow, SEK	4.05	3.65	13.20	13.50	12.90
Equity, SEK	71.50	66.00	63.05	62.35	55.60
EMPLOYEES					
Number of employees at year-end	2,880	2,840	2,844	3,183	3,315

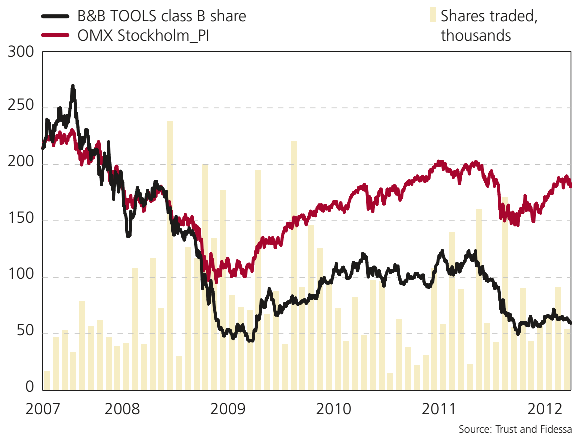
[1] Working capital = Inventories + Accounts receivable – Accounts payable.

Definitions:
Refer to B&B TOOLS Annual Report 2011/2012 for definitions of financial key figures.

Read more in B&B TOOLS Annual Report 2011/2012 and on www.bbtools.com.

THE B&B TOOLS SHARE

SHARE PRICE DEVELOPMENT 2007–2012



The B&B TOOLS share

The class B share of B&B TOOLS was floated on the Stockholm Stock Exchange in 1976 and listed on the A list in 1984. The share is currently listed on the Mid Cap list of the NASDAQ OMX Stockholm Exchange in the Industrials sector. The share is traded under the symbol BBTO-B.

MAJOR SHAREHOLDERS AS OF 31 MARCH 2012[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		3,007,970	10.7%	8.0%
SEB Asset Management		2,523,048	9.0%	6.7%
CapMan Public Market Investment		2,380,000	8.5%	6.3%
Odin Funds		1,883,192	6.7%	5.0%
Fourth AP Fund		1,715,812	6.1%	4.5%
Svenska Handelsbanken CEA		1,050,000	3.7%	2.8%
Svolder Aktiebolag		864,000	3.1%	2.3%
SEB Funds		772,855	2.8%	2.0%
Sandrew Aktiebolag		600,000	2.1%	1.6%
The Foundation for Baltic and East European Studies		527,578	1.9%	1.4%
SHB Pension Fund Insurance Association		450,000	1.6%	1.2%
Other	106,632	11,245,464	40.4%	32.6%
	1,075,404	**27,021,012**	**100.0%**	**100.0%**
Additional: Repurchased class B shares		340,000		
Total	**1,075,404**	**27,361,012**	**100.0%**	**100.0%**

1) Source: Euroclear Sweden

SHARE DATA

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Share price as of 31 March, SEK	59.25	113.50	105.75	44.20	173.50
Market capitalisation as of 31 March, MSEK	1,685	3,228	3,007	1,257	4,934
Dividend, SEK	3.00[1)]	3.00	2.50	2.50	5.00
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,705	4,263	4,434	4,418	4,091
Highest share price during the operating year, SEK	123.50	123.75	113.25	185.00	270.00
Lowest share price during the operating year, SEK	49.30	91.00	43.60	43.50	136.00
Dividend yield[2)], %	5.1[1)]	2.6	2.4	5.7	2.9

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

Visit www.bbtools.com for up-to-date share price developments and share data.

BOARD OF DIRECTORS

TOM HEDELIUS, Stockholm, born 1939. Chairman since 1993. Director since 1982.

ANDERS BÖRJESSON, Stockholm, born 1948. Vice Chairman since 2001. Director since 1990.

PER AXELSSON, Eksjö, born 1950. Director since 2001.

ANITA PINEUS, Gothenburg, born 1942. Director since 2004.

JOAKIM RUBIN, Saltsjöbaden, born 1960. Director since 2011.

LILLEMOR SVENSSON, Vårgårda, born 1954. Director since 2006. Employee representative.

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

STEFAN WIGREN, Bromma, born 1957. President and Chief Executive Officer of B&B TOOLS. Director since 2000.

GROUP MANAGEMENT

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

MATS BJÖRKMAN, born 1958. Executive Vice President and Chief Financial Officer. Secretary to the Board of Directors. Employee since 2001.

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

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

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

Refer to B&B TOOLS Annual Report 2011/2012 and www.bbtools.com for a more detailed presentation of the Board of Directors and Group Management.

FINANCIAL INFORMATION

B&B TOOLS' reports for the 2012/2013 operating year will be published as follows:

Interim Report 1 April–30 June 2012	18 July 2012
Interim Report 1 April–30 September 2012	8 November 2012
Interim Report 1 April–31 December 2012	14 February 2013
Financial Report 2012/2013	16 May 2013
Annual Report 2012/2013	July 2013

Interim reports, financial reports, annual reports and press releases can be ordered digitally using the subscription function on www.bbtools.com. The printed version of this Annual Report will be sent to shareholders who request a copy.

ANNUAL GENERAL MEETING 2012

B&B TOOLS AB's Annual General Meeting will be held on Thursday, 23 August 2012, at 4:30 p.m. at Näringslivets Hus, Storgatan 19, Stockholm.

Refer to B&B TOOLS Annual Report 2011/2012 and www.bbtools.com for more information regarding notification of participation and further details.

GLOSSARY

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

Go To Market – The process that brings the Group's offering to customers.

MRO – Maintenance, Repair and Operations.

PPB – Acronym for proprietary product brands.

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

DEFINITIONS

Refer to B&B TOOLS Annual Report 2011/2012.

ADDRESS

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www.bbtools.com

Refer to B&B TOOLS Annual Report 2011/2012 and www.bbtools.com to subscribe for financial reports and for more information about the 2012 Annual General Meeting.

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

B&B TOOLS

B&B TOOLS ANNUAL REPORT

2011/2012

CONTENTS

Refer to the report on B&B TOOLS Operations 2011/2012 for more information on the Group's operations. Read or order the report on www.bbtools.com.

THE YEAR IN BRIEF

Highlights 2011/2012

- **Revenue increased to MSEK 8,201 (7,885).**
- **Operating profit rose by 18 percent to MSEK 409 (347).**
- **Net profit for the year amounted to MSEK 227 (194).**
- **Earnings per share totalled SEK 8.10 (6.90).**
- **Return on equity increased to 12 percent (11).**
- **The proposed dividend is SEK 3.00 (3.00) per share.**

Group in figures	2011/2012	2010/2011	Change
Revenue, MSEK	8,201	7,885	+4%
Operating profit, MSEK	409	347	+18%
Profit before taxes, MSEK	318	280	+14%
Net profit for the year, MSEK	227	194	+17%
Per share, SEK			
Net profit for the year	8.10	6.90	+17%
Cash flow from operating activities	4.05	3.65	+11%
Equity	71.50	66.00	+8%
Dividend	3.00[1)]	3.00	+/–0
Operating margin, %	5.0	4.4	
Return on equity, %	12	11	
Equity/assets ratio, %	36	34	
Average number of employees	2,861	2,837	+1%

1) As proposed by the Board of Directors.

B&B TOOLS IS THE LARGEST SUPPLIER OF INDUSTRIAL CONSUMABLES IN THE NORDIC REGION

B&B TOOLS is the largest supplier of industrial consumables, industrial components and related services for the industrial and construction sectors in the Nordic region. Its main geographic markets are Sweden, Norway and Finland. The Group has approximately 2,900 employees and reported revenue of approximately MSEK 8,200 in the 2011/2012 financial year.

Read more on www.bbtools.com.

PRESIDENT'S STATEMENT

The 2011/2012 operating year began with the introduction of a new management structure in the Group. A number of reporting levels were eliminated, a more clearly defined structure was established and new managers were appointed for all Business Areas, as well as for TOOLS in Sweden, Norway and Finland. All appointments were carried out through internal recruitment. While we normally prefer our development to be characterised by "evolution," these changes were powerful and more closely resembled a "revolution." With the support of their management groups and other employees, the newly appointed managers established the new structure in an exemplary fashion during the year. The Group's structure is now much stronger than it was a year ago and will provide a solid platform for future growth.

During the year, the Norwegian operations rebounded from their previous negative performance, reporting increased revenue, higher contribution ratios, lower costs and thus significantly improved earnings.

The introductory projects planned within the framework of the Group's new business infrastructure were also implemented during the year. Many employees have worked hard on these projects, in parallel with their normal operating activities.

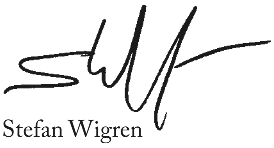
In terms of negative occurrences, I would like to address two developments:

- TOOLS Sweden's earnings performance is problematic. This must change and is one of the Group's top priorities in 2012/2013.
- Several units reported an increase in funds tied up in working capital during the year, mainly due to high inventory values, which in turn absorbed cash flow in an undesirable manner. This must be corrected and all operating units have committed to this task in 2012/2013.

The Group's overriding priorities for 2012/2013 are:

- Focus on operating margin for all units, with various initiatives depending on individual starting points.
- Intense focus on TOOLS Sweden's earnings performance.
- Reduction in working capital in relation to sales for all units.
- Continued implementation of business infrastructure (with the aim of enabling increased coordination).

Stockholm, June 2012

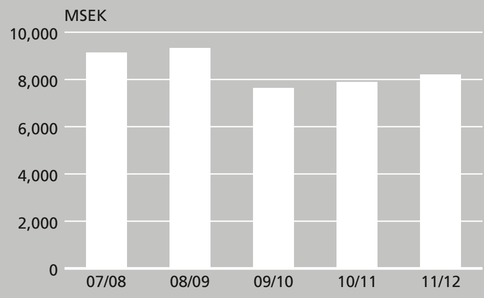


Stefan Wigren
President & CEO

This is an excerpt from the President's statement in the report entitled B&B TOOLS Operations 2011/2012. Read the full President's statement on www.bbtools.com.

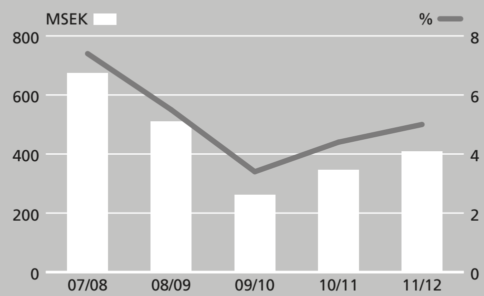
MULTI-YEAR SUMMARY

REVENUE



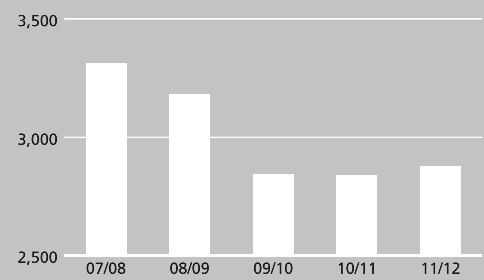
Between 2005 and 2008, B&B TOOLS grew substantially, both organically and through numerous acquisitions. However, starting in the autumn of 2008, the Group's sales trend was impacted negatively by the sharp economic decline experienced by the Nordic industrial sector. Sales developed positively in the 2011/2012 operating year and organic growth for comparable units, measured in local currency, was approximately 5 percent.

OPERATING PROFIT AND OPERATING MARGIN



The severe economic slowdown experienced in the Nordic industrial sector starting in the autumn of 2008 had an adverse effect on B&B TOOLS' operating profit and the Group implemented substantial cost-saving measures. Operating profit for the 2011/2012 operating year increased by 18 percent.

NUMBER OF EMPLOYEES AT THE END OF THE OPERATING YEAR



Through strong organic growth and acquisitions, the number of employees in B&B TOOLS grew substantially in the years until 2008. Cost-saving measures implemented after the autumn of 2008 resulted in a reduction in the number of employees in the Group by approximately 600 people. In 2011/2012, the number of employees increased slightly.

ADMINISTRATION REPORT

WITH CORPORATE GOVERNANCE REPORT 1 APRIL 2011 – 31 MARCH 2012

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 2011 – 31 March 2012 financial year. The following Corporate Governance Report, income statements, 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 409 (347) and was charged with depreciation and impairment losses of tangible non-current assets amounting to MSEK –46 (–51) and amortisation and impairment losses of intangible non-current assets amounting to MSEK –21 (–14). Non-recurring items had a negative net impact of MSEK –8 (0) on profit for the financial year and pertained to restructuring expenses and other non-recurring costs totalling MSEK –39 and capital gains of MSEK +31, mainly from property sales.

The operating margin for the year increased 0.6 percentage points to 5.0 percent (4.4).

Profit after net financial items amounted to MSEK 318 (280). Net financial items totalled MSEK –91 (–67). The profit margin rose by 0.3 percentage points to 3.9 percent (3.6).

Exchange-rate translation effects had a net adverse impact of MSEK –1 (–5) on recognised operating profit for the year.

Profit after taxes amounted to MSEK 227 (194). Earnings per share totalled SEK 8.10 (6.90).

Revenue

Revenue increased 4 percent to MSEK 8,201 (7,885). Exchange-rate translation effects had a negative impact of MSEK –52 (–222) on revenue. The net effect of acquisitions and disposals of businesses did not have any material effect on revenue.

Revenue for comparable units, measured in local currency, increased approximately 5 percent during the financial year.

OPERATIONS

B&B TOOLS' volume and earnings performance was positive during the 2011/2012 financial year, despite continued turbulence in the Group's markets. The profit was achieved through a substantial number of fruitful efforts during the year, resulting in increased sales, a slightly improved contribution ratio and the implementation of measures to enhance efficiency and to lower costs. The aim is to continue refining the Company's operations, whereby the introduction of new Group-wide business infrastructure solutions will continue to be assigned high priority over the next two years.

The new organisation and management structure established in the Group at the beginning of the financial year performed very well during the year, and the Group's management group is now stronger than ever before. The cost adjustments resulting from these organisational changes were realised gradually throughout the financial year.

TOOLS

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

TOOLS experienced increased demand in Norway and Finland during the year, as well as for TOOLS Momentum, while sales in Sweden remained relatively unchanged. TOOLS' revenue for comparable units, measured in local currency, rose a total of 5 percent during the financial year.

TOOLS in Norway displayed a strong earnings performance for the year, with increased demand in the market and several new agreements with major customers. Earnings for TOOLS in Finland were largely unchanged, while TOOLS Momentum continued to report increased profit, with an operating margin of slightly more than 13 percent for the financial year. During the year, TOOLS in Sweden made extensive efforts in the implementation of business infrastructure solutions and the operations reported a negative earnings trend. Restoring a positive profitability trend is the top priority of the Group.

Non-recurring items, mainly pertaining to capital gains generated by property sales and restructuring expenses, had a positive net effect of MSEK +10 on TOOLS' profit for the year.

Business Areas

The Group's Business Areas – Tools & Machinery, Personal Protective Equipment, Fastening Elements and Work Environment & Consumables – supply TOOLS and other market channels with industrial consumables and related services.

Demand for industrial consumables from both the Group's own and external market channels developed positively during the year. The Business Areas' combined revenue, measured in local currency, rose by 5 percent during the financial year. Demand for the Group's proprietary product brands developed positively during the year and a number of new products were launched. The Group's 12 proprietary product brands currently account for approximately 45 percent of the Business Areas' combined revenue.

The Tools & Machinery and Personal Protective Equipment Business Areas displayed a robust earnings performance during the year, with customers remaining highly appreciative of their offerings. The Fastening Elements Business Area experienced a mix of increased and decreased demand in its various product areas and a number of cost adjustments were consequently implemented. The earnings trend for Work Environment & Consumables was positive, despite the extensive changes made to the Business Area's organisation during the year.

The Business Areas' combined earnings for the year were adversely impacted by non-recurring items of MSEK –14, net, mainly pertaining to restructuring expenses and capital gains from property sales.

Group-wide and eliminations

An operating loss of MSEK –30 (–31) was reported for "Group-wide" during the financial year. Earnings were negatively affected by non-recurring costs of MSEK –4 during the year.

The Parent Company's revenue amounted to MSEK 61 (56) and profit after net financial items to MSEK 226 (238). This profit includes Group contributions, intra-Group dividends and similar items totalling MSEK 234 (222).

Eliminations for intra-Group inventory gains had an adverse impact of MSEK –8 (–6) on profit during the year.

CORPORATE ACQUISITIONS

In January 2012, TOOLS Momentum acquired all shares in Sjuntorp Industrisupport AB and its subsidiary Jodu Lindareverkstad AB ("Sjuntorp"). Sjuntorp is a comprehensive service company specialising in electromechanical services and sales for the industrial and public administration sectors in Trollhättan, Uddevalla, Örebro, Malmö and the surrounding areas. Sjuntorp generates annual revenue of approximately MSEK 25 and has 16 employees. The acquisition is expected to have a marginally positive effect on B&B TOOLS' earnings per share.

PROFITABILITY

The return on consolidated capital employed for the financial year was 11 percent (9) and the return on equity was 12 percent (11).

For the Group as a whole, B&B TOOLS' internal profitability measure, P/WC (operating profit in relation to working capital used), amounted to 21 percent (19) for the financial year.

CASH FLOW, CAPITAL EXPENDITURES AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year amounted to MSEK 278. Funds tied up in working capital increased by MSEK 164. During the year, the Group's inventories increased MSEK 163 and operating receivables rose MSEK 57. Operating liabilities increased MSEK 56. Accordingly, cash flow from operating activities amounted to MSEK 114 for the year. Six properties were divested during the year, including five that were divested through the sale of shares in the subsidiaries that owned the properties. These divestments had a positive impact of MSEK 56 on cash flow.

The Group's net loan liability amounted to MSEK 1,787 (1,785) at year-end. Interest-bearing liabilities totalled MSEK 1,882 (1,890), including expensed pension commitments of MSEK 377 (384). Liabilities to credit institutions amounted to MSEK 1,420 (1,414), net. Combined cash and cash equivalents, including an unutilised approved committed credit facility, totalled MSEK 385. In addition to these available funds of MSEK 385, the Group holds loan commitments from banks for another MSEK 200. Maturity periods and interest rates are presented in Note 27 on pages 46–49.

The equity/assets ratio at the end of the financial year amounted to 36 percent, compared with 34 percent at the beginning of the year.

Equity per share at the end of the financial year totalled SEK 71.50, compared with SEK 66.00 at the beginning of the year.

The Swedish tax rate, which also applies to the Parent Company, is 26.3 percent. The Group's normalised tax rate given the current geographic mix is approximately 28 percent. The recognised tax rate for the financial year amounts to 28.6 percent.

EMPLOYEES

The number of employees in the Group at the end of the financial year amounted to 2,880, compared with 2,840 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' commitment to environmental and social responsibility is presented in a separate operating report – B&B TOOLS Operations 2011/2012. Read the report on www.bbtools.com.

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 2011/2012 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 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 17–18 and Note 27 on pages 46–49.

FUTURE DEVELOPMENT

Market trends in 2012/2013 will be carefully monitored by the Group's businesses. During the year, the focus will remain on organic volume growth in existing markets, positive earnings performances, reduced working capital 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 product 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 from major customers, joint IT solutions, product range coordination and marketing.

DIVIDEND

The Board of Directors proposes a dividend of SEK 3.00 (3.00) per share. The proposed dividend corresponds to 37 percent of the Group's earnings per share for the 2011/2012 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 approximately 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 1.5 percentage points as of 31 March 2012. 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

After the end of the financial year, the Group's short-term loan amounting to MSEK 500, which matures on 31 December 2012, was refinanced with new loans that mature between 2014 and 2017 (total of MSEK 500).

No other events of significance to the Group have occurred since the end of the financial year.

CORPORATE GOVERNANCE REPORT 2011/2012

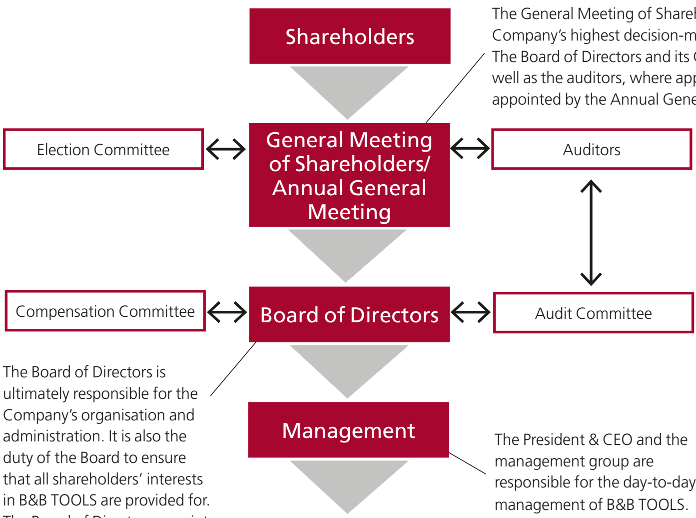
THE SWEDISH CORPORATE GOVERNANCE CODE AND B&B TOOLS' CORPORATE GOVERNANCE REPORT

B&B TOOLS applies the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report for the 2011/2012 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 2012 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 ("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.bbtools.com.

CORPORATE GOVERNANCE STRUCTURE IN B&B TOOLS



The General Meeting of Shareholders is the Company's highest decision-making body. The Board of Directors and its Chairman, as well as the auditors, where applicable, are appointed by the Annual General Meeting.

The Election Committee drafts proposals to the Annual General Meeting regarding the composition of the Board of Directors.

By order of the Annual General Meeting, it is the duty of the appointed auditors to examine the financial statements and the administration of the Board of Directors and the President & CEO during the financial year.

The Compensation Committee prepares proposals concerning compensation levels for the President & CEO, as well as general incentive programmes – subject to the approval of the Board – and decides on compensation levels for other senior management.

The Audit Committee examines the procedures for risk management, governance, control and financial reporting.

The Board of Directors is ultimately responsible for the Company's organisation and administration. It is also the duty of the Board to ensure that all shareholders' interests in B&B TOOLS are provided for. The Board of Directors appoints the President & CEO and the Executive Vice Presidents.

The President & CEO and the management group are responsible for the day-to-day management of B&B TOOLS.

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 on page 4.

SHARE STRUCTURE, SHAREHOLDERS AND THE REPURCHASE OF OWN SHARES

As of 31 March 2012, B&B TOOLS AB had approximately 4,700 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 2012
Class A shares	1,075,404
Class B shares	27,361,012
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 opportunities to take over the company through a public takeover bid for the shares in the company. No such circumstances exist for B&B TOOLS AB, which means that the Company has not entered into any significant agreements with suppliers or employees that would affect, change, expire or stipulate the payment of financial compensation should control of the Company change as a result of a public takeover bid for the shares in the Company.

On 31 March 2012, 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 58–59.

Repurchase of own shares

As of 31 March 2011, the number of class B shares held in treasury amounted to 340,000. No changes occurred in the holding of treasury shares during the financial year. Accordingly, the number of class B shares held in treasury as of 31 March 2012 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 2012.

Of the repurchased class B shares, 90,000 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 redemption price per call option in this programme is SEK 228.00.

ANNUAL GENERAL MEETING 2011

The Annual General Meeting of B&B TOOLS AB was held in Stockholm on 25 August 2011. The notice of the Annual General Meeting and the supporting documentation for the meeting 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 125 shareholders participated in the Meeting, representing a combined total of 57.7 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 were also available in English.

ELECTION COMMITTEE

The Annual General Meeting in August 2011 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2012 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 2012 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 2012 comprises Chairman of the Board Tom Hedelius, Anders Börjesson, Björn Franzon (representing Swedbank Robur funds), Conny Karlsson (representing CapMan Public Market Investment) and Per Trygg (representing SEB Funds). The other members appointed Anders Börjesson 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 Committee deviates from the rules of the Code, which stipulate that only one of the Board members on the Election Committee may be considered dependent in relation to the Company's largest shareholders. The reason for this deviation is that it would not otherwise be possible for private individuals to combine their role as a shareholder with an active 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

5

SUMMARY OF BOARD COMPOSITION, ATTENDENCE, FEES AND DEPENDENCY CONDITIONS 2011/2012

					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		
Joakim Rubin	2011	Director	X		All	All	225,000		
Stefan Wigren	2000	Director		X	All	All	–	X	

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

and can clearly identify any need for complementary skills.

The Election Committee's proposals regarding the Board of Directors and auditors will be presented in the notice of the 2012 Annual General Meeting. The Election Committee will present and motivate its proposal regarding 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 was paid for work in the Election Committee during the year.

THE BOARD OF DIRECTORS 2011/2012

The Board of Directors of B&B TOOLS AB currently comprises six regular directors elected by the Annual General Meeting on 25 August 2011, 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 56.

The dependency conditions for the Board of Directors are presented in the table on page 5.

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 Board meeting.

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

In addition to the statutory meeting, the Board of Directors convened on eight occasions during the 2011/2012 financial year, four of which were regular meetings and four extraordinary meetings.

Refer to the table on page 5 for information regarding attendance at various Board and committee meetings.

The decisions of the Board, which are based on 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 2011 (refer to Note 5 on page 29).

The Compensation Committee consists of Chairman of the Board Tom Hedelius (Chairman of the Compensation Committee), Vice Chairman of the Board Anders Börjesson and President & CEO Stefan Wigren. The President & CEO does not participate in decisions regarding his own compensation. The Compensation Committee convened on two occasions during the 2011/2012 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 during the year.

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 2011/2012 financial year, during which minutes were taken.

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

OPERATIONS OF THE GROUP

B&B TOOLS' Group management comprises five individuals. For a more detailed presentation, refer to page 57.

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 or 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.

For information regarding the current Board assignments of Group management and their holdings of financial instruments in B&B TOOLS, refer to page 57. Compensation to Group management for the 2011/2012 financial year and a description of the Company's incentive programmes are presented in Note 5 on pages 28–31.

AUDITORS

At the Annual General Meeting held in August 2011, KPMG AB was re-elected to serve as the Company's auditors until the adjournment of the 2012 Annual General Meeting. The Company's Auditor in Charge is Authorised Public Accountant George Pettersson, who also serves as Auditor in Charge 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. Authorised Public Accountant Matilda Schwartzman Berg also serves as the Company's auditor. Matilda Schwartzman Berg serves as Auditor in Charge for a number of the B&B TOOLS Group's subsidiaries.

Prior to the Annual General Meeting in August 2012, the Election Committee will propose the election of auditors for the period until the 2013 Annual General Meeting.

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 separate operating report entitled B&B TOOLS Operations 2011/2012. This report as well as B&B TOOLS' Code of Conduct are available in their entirety on the Company's website at www.bbtools.com.

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 23 August 2012 pass a resolution concerning the 2012/2013 guidelines for determining compensation and other terms of employment for the President & CEO and other members of Group management that corresponds, in all material respects, with the guidelines for compensation adopted by the Annual General Meeting held in August 2011 (refer to Note 5 on page 29).

INTERNAL CONTROL REGARDING FINANCIAL REPORTING

According to the Swedish Companies Act and the Swedish Corporate Governance Code, 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 training programmes are offered during the financial year 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 another important overall control activity. The earnings follow-up includes reconciliations with previously set goals 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-ups to assure the quality of the Company's internal control are performed within B&B TOOLS in various ways. The internal review function works proactively through its participation in various projects aimed at developing internal control. The internal review function also continuously conducts audits to assess the efficiency of internal controls in various parts of the Group and follows up the implementation of the Group's policies and guidelines.

Auditors' review of the six-month or nine-month reports

Neither B&B TOOLS' six-month report nor its nine-month report for the 2011/2012 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 review of the six-month report or nine-month report by the Company's auditors is not warranted at this point in time.

REVENUE AND OPERATING PROFIT[1)]

	Revenue		Operating profit	
MSEK	2011/2012	2010/2011	2011/2012	2010/2011
TOOLS	5,595	5,363	181	166
Business Areas	3,874	3,698	266	218
Group-wide	610	587	–30	–31
Eliminations	–1,878	–1,763	–8	–6
Total	**8,201**	**7,885**	**409**	**347**

	2011/2012				2010/2011			
Revenue – quarterly data, MSEK	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
TOOLS	1,384	1,488	1,298	1,425	1,351	1,442	1,219	1,351
Business Areas	960	995	925	994	914	983	881	920
Group-wide	157	157	147	149	143	155	148	141
Eliminations	–473	–491	–443	–471	–450	–475	–411	–427
Total	**2,028**	**2,149**	**1,927**	**2,097**	**1,958**	**2,105**	**1,837**	**1,985**

	2011/2012				2010/2011			
Operating profit/loss – quarterly data, MSEK	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
TOOLS	52	44	55	30	24	58	39	45
Business Areas	71	67	69	59	68	53	49	48
Group-wide	–20	2	–2	–10	–18	4	0	–17
Eliminations	–1	–8	–1	2	0	–2	–3	–1
Total	**102**	**105**	**121**	**81**	**74**	**113**	**85**	**75**

[1)] Comparative data has been adjusted as a result of changes to the Group structure as of 1 April 2011. Refer also to Note 4 Segment reporting.

INCOME STATEMENT

MSEK	Note	2011/2012	2010/ 2011
Revenue	2, 4	8,201	7,885
Shares in profit/loss of associated companies	14	1	1
Other operating income	3	37	8
Total operating revenue		**8,239**	**7,894**
Goods for resale		–4,884	–4,714
Personnel costs		–1,711	–1,677
Depreciation, amortisation, impairment losses and reversal of impairment losses		–67	–65
Other operating expense		–1,168	–1,091
Total operating expense	4, 5, 6, 7, 8	**–7,830**	**–7,547**
Operating profit		**409**	**347**
Financial income		4	4
Financial expense		–95	–71
Net financial items	9	**–91**	**–67**
Profit after net financial items		**318**	**280**
Taxes	11	–91	–86
Net profit for the year		**227**	**194**
Of which attributable to:			
Parent Company shareholders		227	194
Non-controlling interest		0	0
Earnings per share, SEK			
– before dilution	20	8.10	6.90
– after dilution	20	8.10	6.90
Proposed/resolved dividend per share, SEK		3.00	3.00

STATEMENT OF COMPREHENSIVE INCOME

MSEK	2011/2012	2010/2011
Net profit for the year	**227**	**194**
Other comprehensive income		
Translation differences	5	–59
Translation differences in non-controlling interest	0	0
Effects of hedge accounting	10	10
Taxes attributable to other comprehensive income	–4	9
Comprehensive income for the year	**238**	**154**
Of which attributable to:		
Parent Company shareholders	238	154
Non-controlling interest	0	0

BALANCE SHEET

MSEK	Note	31 March 2012	31 March 2011
ASSETS			
Non-current assets			
Intangible non-current assets	12	1,815	1,813
Tangible non-current assets	13	407	472
Participations in associated companies	14	11	10
Financial investments	27	3	2
Other long-term receivables	16	7	10
Deferred tax assets	11	116	121
Total non-current assets		**2,359**	**2,428**
Current assets			
Inventories	17	1,684	1,523
Tax assets		49	35
Accounts receivable	27	1,233	1,187
Prepaid expenses and accrued income	18	125	111
Other receivables	16	64	56
Cash and cash equivalents		85	92
Total current assets		**3,240**	**3,004**
Total assets	4, 25, 26, 27, 30	**5,599**	**5,432**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		57	57
Other contributed capital		71	71
Reserves		–19	–30
Retained earnings, including net profit for the year		1,900	1,757
Equity attributable to Parent Company shareholders		**2,009**	**1,855**
Non-controlling interest		**0**	**0**
Total equity		**2,009**	**1,855**
Non-current liabilities			
Non-current interest-bearing liabilities	27	743	1,314
Provisions for pensions	21	377	384
Other non-current provisions	22	9	16
Deferred tax liabilities	11	174	162
Total non-current liabilities		**1,303**	**1,876**
Current liabilities			
Current interest-bearing liabilities	27	762	192
Accounts payable		831	822
Tax liabilities		73	70
Other liabilities	23	134	148
Accrued expenses and deferred income	24	487	469
Total current liabilities		**2,287**	**1,701**
Total liabilities	4, 25, 26, 27, 30	**3,590**	**3,577**
Total equity and liabilities		**5,599**	**5,432**

STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other contri-buted capital	Reserves	Retained earn-ings, incl. net profit for the year	Total	Non-control-ling interest	Total equity
Closing equity, 31 March 2010	**57**	**71**	**10**	**1,631**	**1,769**	**0**	**1,769**
Acquisition of non-controlling interest						0	**0**
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**
Acquisition of non-controlling interest						0	**0**
Net profit for the year				227	**227**	0	**227**
Other comprehensive income			11		**11**		**11**
Dividend				–84	**–84**		**–84**
Closing equity, 31 March 2012	**57**	**71**	**–19**	**1,900**	**2,009**	**0**	**2,009**

CASH-FLOW STATEMENT

MSEK	Note	2011/2012	2010/2011
Operating activities			
Profit after net financial items		318	280
Adjustments for non-cash items	34	49	56
Income taxes paid		–89	–71
Cash flow from operating activities before changes in working capital		**278**	**265**
Cash flow from changes in working capital			
Change in inventories		–163	–105
Change in operating receivables		–57	–108
Change in operating liabilities		56	51
Changes in working capital		**–164**	**–162**
Cash flow from operating activities		**114**	**103**
Investing activities			
Acquisition of intangible and tangible non-current assets		–42	–42
Sales of intangible and tangible non-current assets		10	10
Acquisition of subsidiaries/operating segments, net effect on liquidity	34	–22	–58
Sales of subsidiaries/operating segments, net effect on liquidity	34	57	–
Cash flow from investing activities		**3**	**–90**
Cash flow before financing		**117**	**13**
Financing activities			
Conveyance of treasury shares upon redemption of personnel options		–	2
Borrowing		–	4
Repayment of loans		–42	–62
Dividend paid to Parent Company shareholders		–84	–70
Cash flow from financing activities		**–126**	**–126**
Cash flow for the year		**–9**	**–113**
Cash and cash equivalents at the beginning of the year		92	209
Exchange-rate differences in cash and cash equivalents		2	–4
Cash and cash equivalents at year-end	34	**85**	**92**

183.946

INCOME STATEMENT

MSEK	Note	2011/2012	2010/ 2011
Revenue	2	61	56
Other operating income		–	1
Total operating revenue		**61**	**57**
Personnel costs		–47	–39
Depreciation, amortisation, impairment losses and reversal of impairment losses		–2	–2
Other operating expense		–30	–24
Total operating expense	5, 6, 8	**–79**	**–65**
Operating loss		**–18**	**–8**
Profit from net financial items:			
Profit from participations in Group companies	9	225	214
Profit from other securities and receivables recognised as non-current assets	9	107	72
Other interest income and similar profit/loss items	9	–4	13
Interest expense and similar profit/loss items	9	–84	–53
Profit after net financial items		**226**	**238**
Appropriations	10	–27	–14
Profit before taxes		**199**	**224**
Taxes	11	–38	–34
Net profit for the year		**161**	**190**

STATEMENT OF COMPREHENSIVE INCOME

MSEK	2011/2012	2010/2011
Net profit for the year	**161**	**190**
Other comprehensive income		
Effects of hedge accounting	–3	17
Taxes attributable to other comprehensive income	1	–4
Comprehensive income for the year	**159**	**203**

BALANCE SHEET

MSEK	Note	31 March 2012	31 March 2011
ASSETS			
Non-current assets			
Intangible non-current assets	12	2	2
Tangible non-current assets	13	6	4
Financial non-current assets			
Participations in Group companies	32	104	231
Receivables from Group companies	15	3,675	3,396
Other long-term receivables	16	0	0
Deferred tax assets	11	15	13
Total financial non-current assets		3,794	3,640
Total non-current assets		**3,802**	**3,646**
Current assets			
Current receivables			
Receivables from Group companies		357	353
Other receivables		3	3
Prepaid expenses and accrued income	18	9	2
Total current receivables		369	358
Cash and bank		24	32
Total current assets		**393**	**390**
Total assets	26	**4,195**	**4,036**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		57	57
Statutory reserve		86	86
Non-restricted equity			
Retained earnings		963	859
Net profit for the year		161	190
Total equity		**1,267**	**1,192**
Untaxed reserves	33	**247**	**220**
Provisions			
Provisions for pensions and similar commitments	21	51	48
Total provisions		**51**	**48**
Non-current liabilities			
Liabilities to credit institutions	27	727	1,300
Liabilities to Group companies		111	100
Other liabilities	27	13	11
Total non-current liabilities		**851**	**1,411**
Current liabilities			
Liabilities to credit institutions	27	750	179
Accounts payable		3	2
Liabilities to Group companies		982	947
Tax liabilities		30	23
Other liabilities		1	1
Accrued expenses and deferred income	24	13	13
Total current liabilities		**1,779**	**1,165**
Total equity, provisions and liabilities	26	**4,195**	**4,036**
Pledged assets and contingent liabilities			
Pledged assets	30	None	None
Contingent liabilities	30	295	283

STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Unrestricted equity				
MSEK	Share capital	Statutory reserve	Treasury shares	Hedging reserve	Retained earnings	Net profit for the year	Total equity
Closing equity, 31 March 2010	**57**	**86**	**–59**	**–21**	**861**	**132**	**1,056**
Effect of change in accounting policies[1]					29	–29	**0**
Adjusted opening balance, 1 April 2010	**57**	**86**	**–59**	**–21**	**890**	**103**	**1,056**
Reversal of earnings					103	–103	**0**
Net profit for the year						190	**190**
Other comprehensive income				13			**13**
Dividend					–70		**–70**
Sale of treasury shares upon redemption of personnel options			2		1		**3**
Closing equity, 31 March 2011	**57**	**86**	**–57**	**–8**	**924**	**190**	**1,192**
Reversal of earnings					190	–190	**0**
Net profit for the year						161	**161**
Other comprehensive income				–2			**–2**
Dividend					–84		**–84**
Closing equity, 31 March 2012	**57**	**86**	**–57**	**–10**	**1,030**	**161**	**1,267**

[1] As of the 2011/2012 financial year, Group contributions received are recognised as a dividend and Group contributions paid as a financial cost in profit or loss for the Parent Company. The comparative figures for 2009/2010 and 2010/2011 have been restated in accordance with the new policies. Group contributions were previously recognised in accordance with UFR 2 *Group Contributions and Shareholders' Contributions*.

CASH-FLOW STATEMENT

MSEK	Note	2011/2012	2010/2011
Operating activities			
Profit after net financial items		226	238
Adjustments for non-cash items	34	–144	–102
Income taxes paid		–32	–4
Cash flow from operating activities before changes in working capital		**50**	**132**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		82	–230
Change in operating receivables		–7	–1
Change in operating liabilities		1	–1
Change in working capital		**76**	**–232**
Cash flow from operating activities		**126**	**–100**
Investing activities			
Acquisition of intangible and tangible non-current assets		–5	–1
Sales of intangible and tangible non-current assets		–	0
Cash flow from investing activities		**–5**	**–1**
Cash flow before financing		**121**	**–101**
Financing activities			
Conveyance of treasury shares upon redemption of personnel options		–	1
Changes in non-current receivables and liabilities to Group companies		–153	46
Repayment of loans		–3	–3
Dividend paid		–84	–70
Group contributions paid and received		111	42
Cash flow from financing activities		**–129**	**16**
Cash flow for the year		**–8**	**–85**
Cash and cash equivalents at the beginning of the year		32	117
Cash and cash equivalents at year-end	34	**24**	**32**

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 these 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 collaboration 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 is focusing on internal efficiency throughout the value chain, which will be a crucial success factor in the future.

Industrial consolidation

In the area of industrial 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, as a result of which chain constellations are growing stronger in relation to end customers, manufacturers and distributors. Competition among resellers has increased due to the entrance of international players into the Swedish market, especially in the DIY sector. This trend indicates continued consolidation among resellers in all sectors (DIY/construction/industrial). B&B TOOLS is actively participating in the consolidation process among industrial resellers through the TOOLS chain and is cultivating the construction and DIY markets mainly through partnerships.

OPERATIONAL RISKS

Dependency on strong global brands

It is becoming increasingly common for foreign manufacturers to use several distributors in a local market. This so-called multi-distribution often leads to price pressure and declining profitability among distributors. Accordingly, it is critical that distributors gain control over the brands in demand by end customers in different product niches and foster close collaboration 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 product 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.

Competency risk

As the Group progresses toward its vision of First in MRO, customers will increasingly demand a partner with the high level of competence and creative ability necessary to develop comprehensive solutions that meet their defined needs. Accordingly, it is crucial that B&B TOOLS is able to recruit and develop the most competent employees. Responsibility for this rests with operational management.

Corporate acquisitions

Part of B&B TOOLS' strategy is to grow through acquisitions. The risks involved in acquisitions include the risk that the Group will not successfully achieve the anticipated gains associated with an acquisition and the risk that unknown contingent liabilities will not be identified during due diligence. The Group's M&A organisation works specifically on the due diligence process, and responsibility for the integration of new companies rests with the acquiring operating area.

FINANCIAL RISKS

Exchange-rate fluctuations

A major portion of the Group's purchases are made in foreign currency, while sales are normally conducted in local currency in the countries in which the Group conducts its operations. The Group's main net outflow currencies are EUR, TWD (Taiwan dollar) and USD, while net inflows comprise SEK and NOK. To reduce the Group's exposure to exchange-rate fluctuations, foreign-exchange forward contracts are entered into for part of the anticipated outflows and inflows during a period corresponding to the period during which the current price list applies. Accordingly, major exchange-rate fluctuations in key currencies may have short-term effects on the Group's earnings.

Interest-rate fluctuations

Borrowing and lending are carried out on market terms. Derivative instruments are used to hedge future interest levels on the Group's borrowing. Some of the Group's liabilities pertain to defined-benefit pensions financed through the PRI system. The interest rate for PRI liabilities constitutes a source of uncertainty.

For more detailed information regarding financial risks and risk management, refer to Note 27 on pages 46–49.

Financing risk

Financing risk refers to the risk that meeting the Group's requirements for external capital could become more difficult or more expensive. To minimise this risk, the Group must have a strong financial position and take active measures to ensure access to external credits. The Group's existing long-term financing through bank loans matures between 2014 and 2017.

AMOUNTS IN MSEK UNLESS SPECIFICALLY STATED OTHERWISE

Revenue is recognised with a positive sign and costs with a negative sign. Both assets and liabilities are recognised 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: the years 2004/2005 to 2011/2012 are prepared in accordance with the International Financial Reporting Standards (IFRS) and 2002/2003 to 2003/2004 in accordance with previous Swedish Generally Accepted Accounting Policies.

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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 2–54. The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 15 June 2012. 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 23 August 2012.

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 specifically stated otherwise, 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 makes judgements and estimates and makes 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 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 at 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 were 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 time 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 specifically stated otherwise. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company and subsidiaries.

AMENDED ACCOUNTING POLICIES

Amendments to IFRS applicable as of 2011 have not had a material impact on the Group's financial reporting.

The statements by the IFRS Interpretations Committee that took effect in 2011/2012 have been applied in the preparation of the consolidated financial statements for 2011/2012. However, none of these statements had a material impact on the Group's earnings or position.

No new IFRS or interpretive statements were applied in advance.

NEW OR REVISED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new or amended IFRS and interpretive statements will come into effect in coming financial years and have not been applied in advance in the preparation of these financial statements. B&B TOOLS does not plan advance application of any new standards or amendments to be applied in the future. Of the new standards, interpretive statements, amended statements and amended interpretive statements, IAS 19 *Employee Benefits* is expected to have the most significant impact on B&B TOOLS' financial statements.

The amendments to IAS 19 *Employee Benefits* eliminate the use of the corridor method. Actuarial gains and losses are to be recognised in other comprehensive income. Any return calculated on plan assets is to be based on the discount rate used in the calculation of the pension commitment. The difference between the actual return and the calculated return on the plan assets is to be recognised in other comprehensive income. These amendments are to be applied retroactively for financial years starting on or after 1 April 2013. The amendments are expected to be approved by the EU in 2012.

Other new or amended IFRS are not expected to have any material impact on the Group's 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 an operating segment are also monitored by the Company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 4 for a more detailed description of the Group's division and a presentation of operating segments.

CLASSIFICATION, ETC.

Non-current assets and non-current liabilities in the 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 a company's financial and operational strategies with the aim of obtaining financial benefits. When assessing whether or not the Parent Company holds a controlling interest, consideration is given to potential voting shares that can be utilised or converted without delay.

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 liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees that arise are recognised 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) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known as 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) by recognising the non-controlling interest's share of the proportional net assets or (ii) 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.

For 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 and liabilities 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 translation are recognised in net profit 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 or 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 Group loses control over them. A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or ceases to apply in some other way.

Financial assets and financial liabilities are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the 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 or loss, which are recognised at fair value, excluding transaction costs. A financial instrument'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 not recognised as subsidiaries, associated companies or joint ventures are recognised in this category. 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 net profit for the year. If the asset is sold, the accumulated gain/loss that was previously recognised in other comprehensive income is recognised in net profit 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 or 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 net profit for the year. Accumulated amounts in equity are reversed to net profit for the year in the periods in which the hedged item affects profit or 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 has applied IFRS retroactively since 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 a 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 development and purchases of software. Accrued expenses for internally generated goodwill and internally generated brands are recognised in net profit 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 profit 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 or using a method based on a weighted average 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 case of funded plans, the fair value of the plan assets reduces the calculated value.

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

Obligations for retirement pensions to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. However, obligations for family pensions are secured by insurance with Alecta. These obligations are also defined-benefit obligations, although the 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 2011, Alecta's surplus in the form of its collective solvency margin was 113 percent (2010: 146 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 net profit 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 net profit 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 or 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

The 2006 and 2007 Annual General Meetings resolved that call option programmes would be offered to employees of the Group. One of these programmes expired during the 2011/2012 financial year and the other will expire in 2012/2013. 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.

A personnel option programme enabling employees to acquire shares in the Parent Company previously existed. However, the programme expired during the preceding financial year. 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 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.

The social security contributions attributable to share-based instruments issued to employees as compensation for services were distributed to the periods during which the services were performed. The provision for social security contributions is based on the fair value of the options at the time of recognition. Fair value is calculated on the basis of the same measurement model used when the options were issued.

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 net profit 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. The Swedish Financial Reporting Board's statements concerning listed companies have also been applied. 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, the Swedish Pension Obligations Vesting 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.

Amended accounting policies

As of the 2011/2012 financial year Group contributions received are recognised as a dividend and Group contributions paid as a financial cost in profit or loss. The comparative figures for 2010/2011 have been restated in accordance with the new policies. Group contributions were previously recognised in accordance with UFR 2 *Group Contributions and Shareholders' Contributions*.

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 profit or loss.

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 Pension Obligations Vesting Act 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. Correspondingly, the Parent Company, appropriations are not distributed to deferred tax expense in profit or loss.

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	
	2011/2012	2010/2011	2011/2012	2010/2011
Revenue				
Sale of goods	7,910	7,671	–	–
Service assignments	254	179	61	56
Rental income	9	9	–	–
Commissions, bonuses and similar income	28	26	–	–
Total	**8,201**	**7,885**	**61**	**56**

Income in the Parent Company pertains to intra-Group services totalling MSEK 61 (56).

NOTE 3

OTHER OPERATING INCOME

	Group		Parent Company	
	2011/2012	2010/2011	2011/2012	2010/2011
Grants from EU, central and local government	3	0	–	–
Other grants	0	1	–	–
Insurance indemnification	0	1	–	–
Capital gain, sale of tangible non-current assets	3	5	–	0
Capital gain, sale of financial non-current assets	0	0	–	–
Capital gain, sale of subsidiaries and other business units	30	–	–	–
Other	1	1	–	1
Total	**37**	**8**	**–**	**1**

NOTE 4

SEGMENT REPORTING

The Group's operating segments comprise TOOLS and the Group's four Business Areas. The operating segments are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations.

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

The Group's four Business Areas conduct operations in various product and application areas (Tools & Machinery, Personal Protective Equipment, Fastening Elements and Work Environment & Consumables) and provide TOOLS and other market channels with industrial consumables and related services.

Group-wide includes the Group's management, accounting, support functions, infrastructure operations and the logistics properties in Alingsås and Ulricehamn. The support functions include marketing, HR, internal communications, IR, legal, change management, sales processes, store concepts, business development and strategic pricing. Infrastructure operations comprise IT, supply chain and master data management (MDM).

Intra-Group pricing between the operating segments occurs on market terms.

No single customer in the Group accounts for more than 4 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.

	2011/2012			2010/2011		
Revenue	**External**	**Internal**	**Total**	**External**	**Internal**	**Total**
TOOLS	5,510	85	5,595	5,279	84	5,363
Business Areas	2,676	1,198	3,874	2,593	1,105	3,698
Group-wide	15	595	610	13	574	587
Eliminations	–	–1,878	–1,878	–	–1,763	–1,763
Group total[1]	**8,201**	**0**	**8,201**	**7,885**	**0**	**7,885**

	2011/2012			2010/2011		
Operating profit/loss, assets and liabilities	**Operating profit/loss**	**Assets**	**Liabilities**	**Operating profit/loss**	**Assets**	**Liabilities**
TOOLS	181	3,218	3,614	166	3,052	3,637
Business Areas	266	3,379	1,332	218	3,205	1,350
Group-wide	–30	3,340	2,923	–31	3,364	2,727
Eliminations	–8	–4,338	–4,279	–6	–4,189	–4 137
Group total[1]	**409**	**5,599**	**3,590**	**347**	**5,432**	**3,577**

	2011/2012			2010/2011		
Profit/loss after net financial items	**Operating profit/loss**	**Net financial items**	**Profit/loss after net financial items**	**Operating profit/loss**	**Net financial items**	**Profit/loss after net financial items**
TOOLS	181	–	181	166	–	166
Business Areas	266	–	266	218	–	218
Group-wide	–30	–91	–121	–31	–67	–98
Eliminations	–8	–	–8	–6	–	–6
Group total[1]	**409**	**–91**	**318**	**347**	**–67**	**280**

[1] Segment reporting in accordance with the new Group structure in effect from 1 April 2011. The comparative figures for 2010/2011 have been restated in accordance with the new Group structure. Refer to the description of the individual operating areas at the beginning of this note.

NOTE 4, CONTINUED

Investments in non-current assets	2011/2012 Intangible	2011/2012 Tangible	2011/2012 Total	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total
TOOLS	25	13	38	–8	21	13
Business Areas	3	5	8	–2	5	3
Group-wide	–	22	22	0	9	9
Eliminations	–	–	–	–	–	–
Group total 1)	**28**	**40**	**68**	**–10** 2)	**35**	**25**

Depreciation and amortisation of non-current assets	2011/2012 Intangible	2011/2012 Tangible	2011/2012 Total	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total
TOOLS	–2	–26	–28	–1	–28	–29
Business Areas	–7	–6	–13	–1	–7	–8
Group-wide	–12	–14	–26	–12	–16	–28
Eliminations	–	–	–	–	–	–
Group total 1)	**–21**	**–46**	**–67**	**–14**	**–51**	**–65**

Impairment losses on non-current assets	2011/2012 Intangible	2011/2012 Tangible	2011/2012 Total	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total
TOOLS	–	–	–	–	0	0
Business Areas	–	–	–	–	–	–
Group-wide	–	–	–	–	–	–
Eliminations	–	–	–	–	–	–
Group total 1)	**–**	**–**	**–**	**–**	**0**	**0**

Other non-cash items	2011/2012 Pensions	2011/2012 Other	2010/2011 Pensions	2010/2011 Other
TOOLS	–2	3	–2	22
Business Areas	–22	5	–21	16
Group-wide	–6	1	–6	–1
Eliminations	–	–	–	–
Group total 1)	**–30**	**9**	**–29**	**37**

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.

	2011/2012 External revenue	2011/2012 Non-current assets	2010/2011 External revenue	2010/2011 Non-current assets
Sweden	4,144	2,000	4,090	2,014
Finland	1,002	191	969	194
Norway	2,394	26	2,185	58
Other countries	661	5	641	19
Group total	**8,201**	**2,222**	**7,885**	**2,285**

Investments in non-current assets	2011/2012 Intangible	2011/2012 Tangible	2011/2012 Total	2010/2011 Intangible	2010/2011 Tangible	2010/2011 Total
Sweden	25	32	57	–7	19	12
Finland	3	3	6	–3	2	–1
Norway	0	3	3	0	11	11
Other countries	0	2	2	0	3	3
Group total	**28**	**40**	**68**	**–10** 2)	**35**	**25**

1) Segment reporting in accordance with the new Group structure in effect from 1 April 2011. The comparative figures for 2010/2011 have been restated in accordance with the new Group structure. Refer to the description of the individual operating areas at the beginning of this note.

2) Including a reduction in carrying amounts when determining purchase considerations.

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

	2011/2012			2010/2011		
Average number of employees by country	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden, Parent Company	7	10	17	7	11	18
Sweden, other Swedish companies	411	1,358	1,769	386	1,388	1,774
Denmark	4	22	26	4	23	27
Finland	59	268	327	53	254	307
Norway	83	400	483	77	399	476
Estonia	11	34	45	11	31	42
Poland	17	88	105	21	92	113
Other countries	32	57	89	26	54	80
Group total	**624**	**2,237**	**2,861**	**585**	**2,252**	**2,837**

	2011/2012			2010/2011		
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	41	3	727	48	5	734
Denmark	1	0	16	1	0	14
Finland	5	0	124	9	0	116
Norway	11	1	280	16	1	264
Estonia	1	0	6	1	0	6
Poland	1	0	12	1	0	15
Other countries	4	0	11	4	0	10
Group total	**64**	**4**	**1,176**	**80**	**6**	**1,159**

	2011/2012			2010/2011		
Group	**Salaries and compensation**	**Social security fees**	**Of which, pension costs**	**Salaries and compensation**	**Social security fees**	**Of which, pension costs**
Group total	1,240	434	122	1,239	427	123

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

	2011/2012			2010/2011		
Parent Company	**Board of Directors and President**	**Other employees**	**Total**	**Board of Directors and President**	**Other employees**	**Total**
Salaries and other compensation	12	11	23	11	14	25
(of which, variable remuneration)	1	1	2	1	1	2
Social security costs	13	11	24	11	4	15
(of which, pension costs)[1)]	7	6	13	6	–1	5

[1)] The pension costs for 2011/2012 were negatively impacted in an amount of MSEK –4 due to PRI's changed life-expectancy assumption. Pension costs for the category "Other employees" includes a refund of MSEK 4 for 2010/2011.

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 13,881 thousand (18,025) pertains to the category "Board of Directors and President."

Of the Parent Company's pension costs, SEK 7,022 thousand (6,392) pertains to the category "Board of Directors and President." The Company's outstanding pension obligations to this category amount to SEK 987 thousand (916), of which SEK 0 thousand (0) pertains to the President and SEK 846 thousand (763) 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 2011/2012 financial year are presented below.

For information on the composition of the Board of Directors and Group management, refer to page 56–57.

Guidelines for determining compensation and other terms of employment for the President and CEO and other members of Group management in 2011/2012

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 is 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 2011. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2011/2012.)

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.

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 4–7.

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 page 56–57.

COMPENSATION DURING THE 2011/2012 FINANCIAL YEAR

Board of Directors

In accordance with the resolution passed by the Annual General Meeting in August 2011, the Board of Directors received a total of SEK 1,475 thousand (1,250) in directors' fees during the 2011/2012 financial 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 2011/2012 financial year.

President & CEO

The President & CEO received a salary of SEK 3,193 thousand (3,131), plus taxable benefits totalling SEK 142 thousand (139) 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 2011/2012 financial year, pension premiums were paid in the amount of SEK 4,000 thousand (3,801), 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 emloyees of the Parent Company, were paid SEK 8,131 thousand (8,059) in salary.

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

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SUMMARY OF GROUP MANAGEMENT COMPENSATION AND PENSION COSTS FOR 2011/2012

SEK thousand	Fixed salary	Variable salary	Long-term incentive	Other benefits	Total fixed and variable compensation	Pension costs
President & CEO	3,193	0	0	142	3,335	4,000
Other Group management (4 persons)	8,131	767	0	418	9,316	3,277
Total	**11,324**	**767**	**0**	**560**	**12,651**	**7,277**

NOTE 5, CONTINUED

In addition to salary, taxable benefits totalling SEK 418 thousand (499) were paid during the year. From the age of 65, other members of Group management are covered by pension entitlements based on individual agreements. The existing pension solutions are mainly defined-contribution pensions, whose size depends on the outcome of the pension insurance policies taken out. The Company's outstanding defined-benefit pension obligations amount to SEK 967 thousand. During the 2011/2012 financial year, pension premiums were paid in the amount of SEK 3,277 thousand (2,907) for other members of Group management, 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 2011/2012 financial year amounted to SEK 767 thousand (1,213) for these other members of Group management. Variable compensation was expensed for the 2011/2012 financial year and disbursed during 2012/2013.

No variable compensation based on the long-term incentive (LTI) programme, which is described in more detail below, was paid for the 2011/2012 financial 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 in 2010/2011 to a total term of seven years until 2013.

The goal of the LTI programme was not achieved for the 2011/2012 financial year and a total of SEK 0 thousand (0) was charged against net profit for the year.

During the 2008/2009 financial 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. In 2010/2011, the programme was extended to a total term of seven years until 2015. The goal of the LTI programme was not achieved for the 2011/2012 financial year and a total of SEK 0 thousand (0) was charged against net profit for the year.

OPTION PROGRAMMES

– 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 individuals in the B&B TOOLS Group in the Nordic region the opportunity to purchase call options for shares in B&B TOOLS AB on market terms. The programme did not include the Board of Directors, the President & CEO or the then 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 expired on 30 September 2011. Each option entitled its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 159.00. The programme was secured in its entirety through the 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 individuals in the B&B TOOLS Group in Sweden the opportunity to purchase call options for shares in B&B TOOLS AB on market terms. The programme does not include the Board of Directors, the President & CEO or the then 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.

NOTE 5, CONTINUED

SPECIFICATION OF OPTION PROGRAMMES

The table below shows the options issued and options outstanding as of 31 March 2012:

	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Group						
Call option programme 2006/2011	October 2006	1 Oct. 2006–30 Sep. 2011	159.00	250,000	0	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						
Call option programme 2006/2011	October 2006	1 Oct. 2006–30 Sep. 2011	159.00	36,000	0	Physical delivery
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228.00	13,200	13,200	Physical delivery

– Call option programmes (2006/2011 and 2007/2012)
No call options were redeemed in 2011/2012. The call option programme 2006/2011 was concluded in 2011/2012.

– Personnel option programme (2002/2010)
The remaining 40,500 personnel options were redeemed in 2010/2011, of which 22,000 in the Parent Company. This concluded the personnel option programme issued in April 2002.

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

	Group		Parent Company	
Percentage of women	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**
Directors	10%	9%	17%	20%
Senior management	10%	13%	20%	13%

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.

NOTE 6

FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2011/2012	**2010/2011**	**2011/2012**	**2010/2011**
Audit assignment				
KPMG	7	8	1	1
Other auditors	1	1	–	–
Fees for audit assignment	**8**	**9**	**1**	**1**
Audit activities in addition to audit assignment				
KPMG	0	–	–	–
Fees for audit activities in addition to audit assignment	**0**	**–**	**–**	**–**
Tax advisory services				
KPMG	1	2	1	1
Fees for tax advisory services	**1**	**2**	**1**	**1**
Other assignments				
KPMG	1	1	–	–
Other auditors	0	0	–	–
Fees for other assignments	**1**	**1**	**–**	**–**
Total fees to auditors	**10**	**12**	**2**	**2**

"Audit assignment" 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, as well as advisory services or other assistance 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, ownership was transferred of one acquired business and the Group's participating interest in another business increased (from 60 percent to 100 percent). The total purchase consideration for the year's acquisitions was MSEK 24, of which MSEK 21 pertained to a new acquisition. Of the total purchase consideration, MSEK 22 was paid in cash after a deduction for acquired cash of MSEK 2.

The acquisition that was closed during the year had an impact of approximately MSEK 8 on consolidated revenue, and annual revenue in the acquired business amounted to about MSEK 25. The operations of the acquired company are in line with those of the operating area in which the business was subsequently included.

Of the total purchase consideration of MSEK 24, MSEK 22 pertained to intangible surplus values. These surplus values have been classified as goodwill since all surplus values have been attributed to synergy gains from the Group's existing operations.

Corporate acquisitions 2011/2012	Country	Date of acquisition	Ownership stake[1)]
New acquisition			
Sjuntorps Industrisupport AB	Sweden	January 2012	100
Increase in participating interest in previous acquisition			
TOOLS Trondheim AS	Norway	March 2012	100

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

Distribution of corporate acquisitions by operating area	Purchase consideration	Acquired cash	Investment
Business Areas	–		–
TOOLS	24	2	22
Total	**24**	**2**	**22**
Paid purchase considerations			**22**

Net assets of acquired companies on the date of acquisition

2011/2012	Carrying amounts in acquired companies before acquisition	Fair value adjustment	Fair value recognised in the Group
Tangible assets	0	–	0
Inventories	1	–	1
Accounts receivable	6	–	6
Other operating receivables	0	–	0
Cash and cash equivalents	2	–	2
Accounts payable	–3	–	–3
Other operating liabilities	–4	–	–4
Net identifiable assets and liabilities	**2**	**–**	**2**
Group goodwill			22
Purchase consideration paid			**24**
Less: Cash and cash equivalents in acquired businesses			–2
Impact on consolidated cash and cash equivalents, investment			**22**

Goodwill 2011/2012	
At the beginning of the year	1,715
Acquisitions	22
Disposals	–3
Reclassification	4
Translation differences	–3
At year-end	**1,735**

NOTE 8

OTHER OPERATING EXPENSE

Of the Group's total other expenses of MSEK –1,168 (–1,091), the following applies:

	Group		Parent Company	
	2011/2012	2010/2011	2011/2012	2010/2011
Exchange-rate losses on operating receivables/liabilities	–2	–11	–	–
Loss on the disposal of tangible non-current assets	–1	–1	–	–
Other	–1	–	–	–
Total	**–4**	**–12**	**–**	**–**

NOTE 9

NET FINANCIAL ITEMS

Group	2011/2012	2010/2011
Interest income	4	4
Dividends	0	–
Other financial income	0	0
Financial income	**4**	**4**
Interest expense	–74	–49
Net interest on defined-benefit pensions	–16	–15
Impairment losses on financial assets available for sale	0	–
Other financial expense	–3	–1
Net exchange-rate changes	–2	–6
Financial expense	**–95**	**–71**
Net financial items	**–91**	**–67**

	Profit from participations in Group companies	
Parent Company	2011/2012	2010/2011
Group contributions received	341	314
Group contributions paid	–178	–203
Dividends	71	111
Impairment losses	–9	–8
Total	**225**	**214**

	Interest income and similar profit items	
Parent Company	2011/2012	2010/2011
Interest income, Group companies	107	72
Interest income, other	0	0
Net exchange-rate changes	–	13
Total	**107**	**85**

	Interest expense and similar loss items	
Parent Company	2011/2012	2010/2011
Interest expense, Group companies	–12	–7
Interest expense, other	–69	–45
Other financial expense	–3	–1
Net exchange-rate changes	–4	–
Total	**–88**	**–53**

NOTE 10

APPROPRIATIONS

	Parent Company	
	2011/2012	2010/2011
Difference between recognised depreciation and depreciation according to plan		
Equipment	0	0
Tax allocation reserve, provision for the year	–49	–44
Tax allocation reserve, reversal for the year	22	30
Total	**–27**	**–14**

NOTE 11

TAXES

RECOGNISED IN THE INCOME STATEMENT

	Group		Parent Company	
	2011/2012	2010/2011	2011/2012	2010/2011
Current tax expense				
Tax expense for the period	–79	–88	–39	–34
Deduction of foreign taxes	0	0	–	–
Adjustment of taxes attributable to earlier years	2	–6	0	0
Total	**–77**	**–94**	**–39**	**–34**
Deferred tax expense				
Deferred taxes attributable to temporary differences	–1	0	1	0
Deferred tax on the remeasurement of the carrying amounts of deferred tax assests	–9	–	–	–
Deferred tax income in tax value of tax loss carry-forwards capitalised during the year	3	10	–	–
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carryforwards	–7	–2	–	–
Deferred tax expense	**–14**	**8**	**1**	**0**
Total tax expense	**–91**	**–86**	**–38**	**–34**

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	2011/2012	2010/2011
Profit before taxes	318	280
Taxes at the average tax rate of 28 percent (28)	–89	–78
Tax effect of:		
Fictitious interest on tax allocation reserves	–1	–1
Non-deductible capital gain on sale of subsidiaries	10	–
Additional/reduced tax, previous years	2	–6
Utilisation of previously non-capitalised tax loss carryforwards	2	–
Remeasurement of carrying amount of deferred tax assets	–9	–
Other non-deductible expenses	–3	–3
Other items	–3	2
Total tax expense	**–91**	**–86**

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	2011/2012	2010/2011
Profit after net financial items	226	238
Taxes at the tax rate of 26.3 percent (26.3)	–59	–63
Tax effect of:		
Appropriations	7	4
Dividends from subsidiaries	19	29
Impairment losses on shares in subsidiaries	–2	–2
Fictitious interest on tax allocation reserves	–1	–1
Additional tax, previous years	0	0
Other non-taxable income	0	1
Other non-deductible expenses	–2	–2
Total tax expense	**–38**	**–34**

TAX RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME AND DIRECTLY AGAINST EQUITY

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

	Group		Parent Company	
	2011/2012	2010/2011	2011/2012	2010/2011
Current tax on translation differences	–2	12	–	–
Deferred tax on hedge accounting of financial instruments	–2	–3	1	–4
Total	**–4**	**9**	**1**	**–4**

NOTE 11, CONTINUED

RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and liabilities

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

	31 March 2012			31 March 2011		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Intangible assets	3	–21	**–18**	5	–22	**–17**
Land and buildings	0	–15	**–15**	0	–20	**–20**
Machinery and equipment	1	–	**1**	1	–	**1**
Financial non-current assets	19	–22	**–3**	21	–22	**–1**
Inventories	48	–	**48**	47	–3	**44**
Accounts receivable	3	–2	**1**	3	0	**3**
Untaxed reserves	–	–87	**–87**	–	–85	**–85**
Pension provisions	27	–13	**14**	28	–8	**20**
Other provisions	4	–	**4**	3	–	**3**
Interest-bearing liabilities	–	–2	**–2**	–	–1	**–1**
Other	2	–12	**–10**	0	–1	**–1**
Tax loss carryforwards	9	–	**9**	13	–	**13**
Total	**116**	**–174**	**–58**	**121**	**–162**	**–41**

	31 March 2012			31 March 2011		
Parent Company	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Financial non-current assets	6	–	**6**	4	–	**4**
Pension provisions	8	–	**8**	9	–	**9**
Other provisions	1	–	**1**	0	–	**–**
Total	**15**	**–**	**15**	**13**	**–**	**13**

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

Group	**31 March 2012**	**31 March 2011**
Opening balance at the beginning of the year, net	–41	–57
Taxes charged against net profit for the year	–14	8
Taxes on items recognised directly against consolidated comprehensive income	–4	9
Translation differences	1	–1
Closing balance at year-end, net	**–58**	**–41**

Parent Company	**31 March 2012**	**31 March 2011**
Opening balance at the beginning of the year, net	13	17
Taxes charged against net profit for the year	1	0
Taxes on items recognised in the Parent Company's comprehensive income	1	–4
Closing balance at year-end, net	**15**	**13**

Changes in temporary differences during the year recognised in profit or loss are attributable as follows:

Group	**2011/2012**	**2010/2011**
Intangible assets	0	–3
Land and buildings	4	0
Machinery and equipment	0	0
Financial non-current assets	1	0
Inventories	2	–6
Accounts receivable	0	3
Untaxed reserves	–1	2
Pension provisions	–7	3
Other provisions	1	1
Other	–10	0
Tax loss carryforwards	–4	8
Total	**–14**	**8**

Parent Company	**2011/2012**	**2010/2011**
Financial non-current assets	1	0
Pension provisions	0	0
Other provisions	0	0
Total	**1**	**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	**1,715**	**61**	**0**	**2**	**30**	**5**	**1,813**
Accumulated cost							
At the beginning of the year	1,715	65	32	76	62	16	1,966
Capital expenditure	22	0	–	0	–	6	28
Sales and disposals	–3	–	–	–2	–	0	–5
Reclassifications	4	1	–	–	–	1	6
Exchange-rate difference for the year	–3	0	0	0	0	0	–3
At year-end	**1,735**	**66**	**32**	**74**	**62**	**23**	**1,992**
Accumulated amortisation							
At the beginning of the year	–	–4	–32	–74	–32	–11	–153
Amortisation for the year	–	–5	0	0	–12	–4	–21
Sales and disposals	–	–	–	2	–	0	2
Reclassifications	–	–4	–	–	–	–1	–5
Exchange-rate difference for the year	–	0	0	0	0	0	0
At year-end	**–**	**–13**	**–32**	**–72**	**–44**	**–16**	**–177**
Impairment losses on cost							
At the beginning of the year	–	0	–	0	–	–	0
At year-end	**–**	**0**	**–**	**0**	**–**	**–**	**0**
Carrying amount at year-end	**1,735**	**53**	**0**	**2**	**18**	**7**	**1,815**

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

[1] Refer also to Note 7.

IMPAIRMENT TESTING OF GOODWILL

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2012, using the balance sheet on 31 December 2011 as a base. The Group's total goodwill value of approximately MSEK 1,735 (1,715) has been allocated by operating area according to the table below (rounded to the nearest MSEK):

	31 March 2012	31 March 2011
Business Areas	1,338	1,337
TOOLS	397	378
Total Group	**1,735**	**1,715**

The Group's goodwill has been allocated to the above cash-generating units. Given that acquired businesses constitute an integrated part of the value chain that the Group provides to end customers, acquired goodwill is 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 TOOLS have been allocated to the Group's Product Companies, which are part of the Business Areas. Goodwill values are tested at the operating area level.

The recoverable amount was calculated on the basis of value in use and is based on the assessment of cash flows for the coming five-year period. Assumptions have been made concerning future revenue, contribution ratios, cost level, working capital requirements and investment requirements. Normally, parameters are set to correspond to forecast earnings for the forthcoming financial year. During the remainder of the five-year period, growth of 2 percent (2) per annum has been assumed. Adjustments have been made where major changes are expected in order 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 corresponding to 8 percent (10) before taxes. The aforementioned assumptions apply for both cash-generating units.

The testing of goodwill values did not indicate any impairment requirement. The sensitivity of the calculation means that the goodwill value would remain warranted even if the discount rate were to be raised by 1 percentage point or if the long-term growth rate were to be reduced by 1 percentage point.

BRANDS

The Group's carrying amount for brands amounted to MSEK 53 (61), with MSEK 53 (54) pertaining to the Teng Tools brand, of which MSEK 50 (50) had an unlimited lifetime. Amortisation during the year amounted to MSEK 5 and a net amount of MSEK 3 was reclassified.

Each year, a test is conducted to determine the impairment requirement for brands based on the same principles as in the determination of goodwill. The testing of brands did not indicate any impairment requirement. No other events or changed circumstances were identified that would warrant an impairment loss on brands.

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	**361**	**6**	**2**	**99**	**4**	**472**
Accumulated cost						
At the beginning of the year	598	11	18	453	4	1,084
Capital expenditure	4	4	1	19	12	40
Acquisition of subsidiaries	–	–	–	1	–	1
Sales and disposals	–12	0	0	–41	–4	–57
Divested businesses	–75	–	–	–7	–	–82
Reclassifications	4	–1	0	0	–4	–1
Exchange-rate difference for the year	0	0	0	1	–	1
At year-end	**519**	**14**	**19**	**426**	**8**	**986**
Accumulated depreciation						
At the beginning of the year	–237	–5	–16	–354		–612
Depreciation for the year	–12	–1	–1	–32		–46
Sales and disposals	8	0	0	39		47
Divested businesses	29	–	–	4		33
Reclassifications	0	0	0	0		0
Exchange-rate difference for the year	0	0	0	–1		–1
At year-end	**–212**	**–6**	**–17**	**–344**	**–**	**–579**
Impairment losses on cost						
At the beginning of the year	0	–	–	0		0
Impairment losses for the year	–	–	–	0		0
Disposal of impairment losses	0	–	–	–		0
Reclassifications	0	–	–	–		0
Exchange-rate difference for the year	–	–	–	0		0
At year-end	**0**	**–**	**–**	**0**	**–**	**0**
Carrying amount at year-end	**307**	**8**	**2**	**82**	**8**	**407**

Parent Company	Leasehold improvements	Equipment	Total
Carrying amount at the beginning of the year	**–**	**4**	**4**
Accumulated cost			
At the beginning of the year	–	11	11
Capital expenditure	3	2	5
Sales and disposals	–	–7	–7
At year-end	**3**	**6**	**9**
Accumulated depreciation according to plan			
At the beginning of the year	–	–7	–7
Depreciation for the year according to plan	–1	–1	–2
Sales and disposals	–	6	6
At year-end	**–1**	**–2**	**–3**
Carrying amount at year-end	**2**	**4**	**6**

NOTE 14

PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
Carrying amount	**31 March 2012**	**31 March 2011**
At the beginning of the year	10	9
Share of profit	1	1
At year-end	**11**	**10**

SPECIFICATION OF PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Number of shares	Share of equity, %	Share of votes, %	Carrying amount in Group 31 March 2012	Carrying amount in Group 31 March 2011
Group holding					
Workshop Flexible Industri WFI AB	2,667	40%	40%	6	5
AB Knut Sehlins Industrivaruhus	3,000	30%	30%	5	5
Total				**11**	**10**

SPECIFICATION OF GROUP VALUE PERTAINING TO PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated company	Country	Revenue	Profit	Assets	Liabilities	Equity
2011/2012						
Workshop Flexible Industri WFI AB	Sweden	22	1	9	5	5
AB Knut Sehlins Industrivaruhus	Sweden	14	0	7	3	3
Total		**36**	**1**	**16**	**8**	**8**
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**

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 2012	31 March 2011
Carrying amount at the beginning of the year	**3,396**	**3,455**
Accumulated cost		
At the beginning of the year	3,396	3,455
Additional assets	1,637	582
Deducted assets	–1,358	–641
Carrying amount at year-end	**3,675**	**3,396**

NOTE 16

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent Company	
	31 March 2012	**31 March 2011**	**31 March 2012**	**31 March 2011**
Long-term receivables classified as non-current assets				
Pension funds	4	6	–	–
Other receivables	3	4	–	–
Derivatives held for hedging	0	0	0	0
Total	**7**	**10**	**0**	**0**

	Group	
	31 March 2012	**31 March 2011**
Other receivables classified as current assets		
Advance payments	3	14
Derivatives	10	1
VAT receivable	20	30
Receivable from pension foundations	4	4
Other receivables	27	7
Total	**64**	**56**

NOTE 17

INVENTORIES

Group	31 March 2012	31 March 2011
Finished goods and goods for resale	1,684	1,523
Total	**1,684**	**1,523**

The net change for the year to the obsolescence reserve pertaining to inventories amounted to MSEK –24 (–51).

NOTE 18

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Prepaid expenses				
Rent	23	23	3	1
Insurance premiums	7	4	0	0
Marketing costs	5	7	–	–
Leasing	5	4	0	0
Computer costs	9	8	0	–
Packaging	3	3	–	–
Other prepaid expenses	12	10	6	1
Accrued income				
Delivery of goods	28	32	–	–
Commission and bonus income	24	12	–	–
Marketing income	5	5	–	–
Other accrued income	4	3	–	–
Total	**125**	**111**	**9**	**2**

NOTE 19

RESERVES AND EQUITY

Group	31 March 2012	31 March 2011
Translation reserve		
Opening translation reserve	–19	28
Translation differences for the year	5	–59
Tax attributable to change for the year	–2	12
Closing translation reserve	**–16**	**–19**
Hedging reserve		
Opening hedging reserve	–11	–18
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	6	12
Transferred to profit or loss	4	–2
Tax attributable to hedges for the year	–2	–3
Closing hedging reserve	**–3**	**–11**
Total reserves		
Opening reserves	–30	10
Change in reserves for the year:		
Translation reserve	5	–59
Hedging reserve	10	10
Tax attributable to changes in reserves for the year	–4	9
Closing reserves	**–19**	**–30**

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

	31 March 2012	31 March 2011
Opening repurchased shares	340,000	380,500
Disposals for the year	–	–40,500
Closing repurchased own shares	**340,000**	**340,000**

SHARE CAPITAL

Stated in thousands of shares	31 March 2012	31 March 2011
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 2012, the registered share capital comprised 1,075,404 class A shares and 27,361,012 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, 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 remeasurement of liabilities recognised as hedging instruments for net investments in a foreign business.

Hedging reserve

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

NOTE 19, CONTINUED

RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE YEAR

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

REPURCHASED SHARES

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2012, the Group held 340,000 shares (340,000) 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 23 August 2012.

MSEK	31 March 2012	31 March 2011
SEK 3.00 (3.00) per share	84	84

During the past eight years, the ordinary dividend has amounted to approximately 37 percent of earnings per share. This means that just over 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, SEK	Dividend, SEK	Pay-out ratio, %
2011/2012	8.10	3.00	37%
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	**70.15**	**26.25**	**37%**

NOTE 20

EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE WHOLE GROUP

	Before dilution		After dilution	
	2011/2012	2010/2011	2011/2012	2010/2011
Earnings per share, SEK	8.10	6.90	8.10	6.90

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 2011/2012 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 227 (194) and a weighted average number of shares outstanding during 2011/2012 amounting to 28,096,000 (28,090,000). The two components have been calculated in the following manner:

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

	2011/2012	2010/2011
Net profit for the year attributable to Parent Company shareholders	227	194
Profit attributable to Parent Company shareholders, before dilution	**227**	**194**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2011/2012	2010/2011
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	–340	–346
Number of shares for calculation of earnings per share	**28,096**	**28,090**

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2011/2012 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 227 (194) and a weighted average number of shares outstanding during 2011/2012 amounting to 28,096,000 (28,090,000). The two components have been calculated in the following manner:

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

	2011/2012	2010/2011
Net profit for the year attributable to Parent Company shareholders	227	194
Profit attributable to Parent Company shareholders, after dilution	**227**	**194**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2011/2012	2010/2011
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	–340	–346
Effect of option programmes	0	0
Number of shares for calculation of earnings per share	**28,096**	**28,090**

Instruments that could result in future dilution

As of 31 March 2012, B&B TOOLS AB had one outstanding call option programme with a redemption price 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 future, the share price increases to a level that exceeds the redemption price of the programme, these options will result in dilution.

Further details on this call option programme 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 profit or loss.

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 2012	31 March 2011
Pension obligations unfunded plans, present value	435	393
Pension obligations funded plans, present value	57	54
Plan assets, fair value	–54	–52
Net pension obligations	**438**	**395**
Unrecognised actuarial gains (+), losses (–)	–65	–17
Net liabilities in the balance sheet	**373**	**378**

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 2012	31 March 2011
Plan assets for pension obligations	4	6
Provisions for pensions and similar commitments	–377	–384
Net liabilities according to the balance sheet	**–373**	**–378**
Of which credit insured through PRI Pensionsgaranti	345	331

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 2012	31 March 2011
Opening balance	393	437
Benefits earned during the year	14	11
Interest expense	17	16
Benefits paid	–17	–15
Redemption of pension obligations	–18	–
Unrecognised actuarial gains (–), losses (+)	46	–56
Exchange-rate differences	0	0
Pension obligations unfunded plans, present value	**435**	**393**

Pension obligations funded plans	31 March 2012	31 March 2011
Opening balance	54	62
Benefits earned during the year	1	2
Interest expense	2	2
Benefits paid	–4	–3
Redemption of pension obligations	0	–1
Unrecognised actuarial gains (–), losses (+)	3	–5
Exchange-rate differences	1	–3
Pension obligations funded plans, present value	**57**	**54**

Plan assets	31 March 2012	31 March 2011
Opening balance	52	55
Expected return on plan assets	3	3
Funds contributed by employers	2	2
Funds paid to employers	–4	–3
Redemption of pension obligations	–	–1
Unrecognised actuarial gains (+), losses (–)	0	–1
Exchange-rate differences	1	–3
Plan assets, fair value	**54**	**52**

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 2012	31 March 2011
Equity instruments	4	6
Debt instruments	35	23
Properties	9	9
Other assets	6	14
Plan assets, fair value	**54**	**52**

Provision for pension obligations	31 March 2012	31 March 2011
Opening balance	378	367
Pension costs, defined-benefit plans	31	29
Benefits paid	–20	–17
Funds contributed by employers	–2	–2
Funds paid to employers	4	2
Redemption of pension liability	–18	0
Exchange-rate differences	0	–1
Closing balance	**373**	**378**

	31 March				
Net actuarial gains/losses	**2012**	**2011**	**2010**	**2009**	**2008**
Opening balance actuarial gains (+)/ losses (–)	–17	–77	–59	–32	–38
Effect of changed assumptions	–60	46	–11	–17	–1
Actuarial gains (–)/ losses (+), to be recognised	2	3	2	1	1
Actuarial gains (–)/ losses (+), redeemed pension liability	–1	0	–1	–2	–
Unrecognised actuarial gains (–)/losses (+), change for the period	11	11	–8	–9	6
Closing balance, actuarial gains (+)/ losses (–)	**–65**	**–17**	**–77**	**–59**	**–32**

NOTE 21, CONTINUED

Pension costs	2011/2012	2010/2011
Pensions earned during the period	13	13
Interest on obligations	19	18
Expected return on plan assets	–3	–3
Depreciation of actuarial gains (–), losses (+)	2	1
Pension costs, defined-benefit plans	**31**	**29**
Pension costs, defined-contribution plans	107	109
Pension costs	**138**	**138**

Pension costs are distributed in profit or loss 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 (138), MSEK 16 (15) is included in "Net financial items."

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2011/2012			
Discount rate, 1 April, %	4.50	4.00	1.60
Discount rate, 31 March, %	3.75	2.60	1.55
Expected return on plan assets, %	N/A	4.10	1.55
– of which, interest-bearing securities	N/A	N/A	1.55
– of which, "other" (insurance contracts)	N/A	4.10	N/A
Expected salary increase, %	3.50	3.25	2.75
Expected inflation, %[1]	2.00	0.10	N/A
Expected remaining period of service, years	12.10	3.30	20.00

Group	Sweden	Sweden	Taiwan
2010/2011			
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

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

Parent Company	31 March 2012	31 March 2011
Pension obligations unfunded plans, present value as of 31 March	51	48
Net pension obligations	**51**	**48**
Net liabilities in the balance sheet	**51**	**48**

As of 31 March 2012, 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 2012	31 March 2011
Provisions for pensions and similar commitments	51	48
Net liabilities according to the balance sheet	**51**	**48**
Of which, credit insured through PRI Pensionsgaranti	51	48

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 2012	31 March 2011
Opening balance	48	53
Benefits earned during the year	4	–4
Interest expense	2	2
Benefits paid	–3	–3
Pension obligations unfunded plans, present value	**51**	**48**

Provision for pension obligations	31 March 2012	31 March 2011
Opening balance	48	53
Pension costs, defined-benefit plans	6	–2
Benefits paid	–3	–3
Closing balance	**51**	**48**

Pension costs	31 March 2012	31 March 2011
Pensions earned during the period[1]	4	–4
Interest on obligations	2	2
Pension costs, defined-benefit plans	**6**	**–2**
Pension costs, defined-contribution plans	7	8
Pension costs	**13**	**6**

[1] The pension costs for 2011/2012 were affected in the amount of MSEK –4 due to PRI's changed life-expectancy assumption. The preceding year's pension costs include refunds of MSEK 4.

NOTE 22

OTHER PROVISIONS

Group	31 March 2012	31 March 2011
Provisions classified as non-current liabilities		
Guarantee commitments	–	2
Estimated social security contributions pertaining to pensions	9	14
Other	0	0
Total	**9**	**16**

Specification	Estim. social security contributions	Other provisions	Total
Carrying amount at the beginning of the period	**14**	**2**	**16**
Provisions made during the period	–	0	0
Amount utilised during the period	–5	–2	–7
Carrying amount at the end of the period	**9**	**0**	**9**

NOTE 23

OTHER LIABILITIES

Group	31 March 2012	31 March 2011
Other current liabilities		
Derivatives	1	7
Advance payments from customers	2	2
Employee withholding taxes	36	34
VAT liability	84	94
Other operating liabilities	11	11
Total other current liabilities	**134**	**148**
Total other liabilities	**134**	**148**

NOTE 24

ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Accrued expenses				
Salaries and compensation to employees	234	239	2	3
Pension costs	17	17	0	0
Social security contributions	101	81	7	6
Bonuses, refunds to customers/suppliers	43	43	–	–
Car and travel expenses	4	3	–	0
Directors' and auditors' fees	5	5	1	1
Other consulting fees	5	4	1	0
Marketing costs	11	15	–	–
Guarantee costs	2	1	–	–
Shipping costs	8	4	–	–
Operating costs	25	19	–	2
Other accrued expenses	25	31	2	1
Deferred income				
Rent	0	2	–	–
Marketing income	2	3	–	–
Other deferred income	5	2	–	–
	487	**469**	**13**	**13**

NOTE 25

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

Group	31 March 2012 Interest-bearing	31 March 2012 Non-interest-bearing	31 March 2012 Total	31 March 2011 Interest-bearing	31 March 2011 Non-interest-bearing	31 March 2011 Total
ASSETS						
Intangible non-current assets	–	1,815	1,815	–	1,813	1,813
Tangible non-current assets	–	407	407	–	472	472
Financial non-current assets	10	11	21	13	9	22
Deferred tax assets	–	116	116	–	121	121
Total non-current assets	**10**	**2,349**	**2,359**	**13**	**2,415**	**2,428**
Current assets						
Inventories	–	1,684	1,684	–	1,523	1,523
Tax assets	–	49	49	–	35	35
Accounts receivable	–	1,233	1,233	–	1,187	1,187
Prepaid expenses and accrued income	–	125	125	–	111	111
Other receivables	–	64	64	–	56	56
Cash and bank	85	–	85	92	–	92
Total current assets	**85**	**3,155**	**3,240**	**92**	**2,912**	**3,004**
Total assets	**95**	**5,504**	**5,599**	**105**	**5,327**	**5,432**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	743	–	743	1,314	–	1,314
Provisions for pensions	377	–	377	384	–	384
Other provisions	–	9	9	–	16	16
Deferred tax liabilities	–	174	174	–	162	162
Total non-current liabilities	**1,120**	**183**	**1,303**	**1,698**	**178**	**1,876**
Current liabilities						
Current interest-bearing liabilities	762	–	762	192	–	192
Accounts payable	–	831	831	–	822	822
Tax liabilities	–	73	73	–	70	70
Other liabilities	–	134	134	–	148	148
Accrued expenses and deferred income	–	487	487	–	469	469
Total current liabilities	**762**	**1,525**	**2,287**	**192**	**1,509**	**1,701**
Total liabilities	**1,882**	**1,708**	**3,590**	**1,890**	**1,687**	**3,577**
Interest-bearing net liabilities	**–1,787**			**–1,785**		

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)]	**25**	**1,790**	**1,815**
Tangible non-current assets[1)]	**41**	**366**	**407**
Financial non-current assets			
Participations in associated companies	–	11	11
Other securities held as non-current assets	–	3	3
Other long-term receivables	0	7	7
Deferred tax assets	–	116	116
Total non-current assets	**66**	**2,293**	**2,359**
Current assets			
Inventories	1,684		1,684
Tax assets	49		49
Accounts receivable	1,233		1,233
Prepaid expenses and accrued income	125		125
Other receivables	64		64
Cash and bank	85		85
Total current assets	**3,240**		**3,240**
Total assets	**3,306**	**2,293**	**5,599**

Group Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	–	743	0	743
Other non-current liabilities	–	0	–	0
Provisions for pensions	17	70	290	377
Other provisions	–	0	9	9
Deferred tax liabilities	28	83	63	174
Total non-current liabilities	**45**	**896**	**362**	**1,303**
Current liabilities				
Current interest-bearing liabilities	762			762
Accounts payable	831			831
Tax liabilities	73			73
Other liabilities	134			134
Accrued expenses and deferred income	487			487
Total current liabilities	**2,287**			**2,287**
Total liabilities	**2,332**	**896**	**362**	**3,590**

[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)]	**2**	**4**	**6**
Financial non-current assets			
Participations in Group companies	–	104	104
Receivables from Group companies	–	3,675	3,675
Other long-term receivables	–	0	0
Deferred tax assets	–	15	15
Total non-current assets	**3**	**3,799**	**3,802**
Current assets			
Receivables from Group companies	357		357
Other receivables	3		3
Prepaid expenses and accrued income	9		9
Cash and bank	24		24
Total current assets	**393**		**393**
Total assets	**396**	**3,799**	**4,195**

Parent Company Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
PROVISIONS				
Provisions for pensions and similar obligations	3	15	33	51
Total provisions	**3**	**15**	**33**	**51**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		727		727
Liabilities to Group companies		111		111
Other liabilities		13		13
Total non-current liabilities		**851**		**851**
Current liabilities				
Liabilities to credit institutions	750			750
Accounts payable	3			3
Liabilities to Group companies	982			982
Tax liabilities	30			30
Other liabilities	1			1
Accrued expenses and deferred income	13			13
Total current liabilities	**1,779**			**1,779**
Total provisions and liabilities	**1,782**	**866**	**33**	**2,681**

[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.

The Board of Directors of B&B TOOLS AB determines the Financial Policy each year, including the guidelines, goals and framework for treasury management and for managing the financial risks in the Group. The Financial Policy defines and identifies the financial risks that can arise, and regulates the distribution of responsibility between 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

Foreign-exchange risks refer to changes in exchange rates that affect the Group's net profit for the year and equity in various ways:

i) Net profit for the year is affected when sales and purchasing are conducting in different currencies, referred to as a *transaction exposure.*
ii) Net profit for the year is affected when the earnings of foreign subsidiaries are translated to SEK, referred to as a *translation exposure.*
iii) Equity is affected when the net assets of foreign subsidiaries are translated to SEK, referred to as a *translation exposure.*
iv) Net profit for the year is affected when assets and liabilities are in different currencies, referred to as a *translation exposure.*

Transaction exposure

This risk exposure is limited since a large portion 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 amounts of outstanding foreign-exchange forward contracts as of 31 March 2012 were as follows:

Foreign exchange contract (MSEK)	Nominal value as of 31 March 2012	Nominal value as of 31 March 2011
NOK/SEK[1)]	396	117
USD/SEK	53	89
EUR/SEK[1)]	37	18
JPY/SEK	4	1
PLN/SEK[1)]	2	1
USD/TWD[1)]	34	15
USD/CNY[1)]	2	0

[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	2011/2012	2010/2011
NOK	556	700
EUR	–20	–170
USD	–270	–130
TWD	–113	–120
DKK	30	2
PLN	–15	10
GBP	–29	–17
JPY	–16	–14

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 –1 (–5) 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 2011/2012 translated to the average rate for 2010/2011	8,253
Currency translation	
NOK	–5
EUR	–34
Other currencies	–13
Total currency translation	**–52**
Revenue in 2011/2012	**8,201**

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies changed by 5 percent based on the 2011/2012 income statement, the effect on revenue would amount to approximately MSEK 191 (175), and on operating profit to approximately MSEK 9 (6) over a 12 month period, all other things being equal.

NOTE 27, CONTINUED

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

	Average rate		Balance-sheet rate	
Currency	**2011/2012**	**2010/2011**	**31 Mar. 2012**	**31 Mar. 2011**
DKK	1.208	1.244	1.188	1.201
EUR	8.996	9.271	8.835	8.953
GBP	10.394	10.872	10.606	10.119
NOK	1.165	1.167	1.163	1.141
PLN	2.159	2.320	2.125	2.222
TWD	0.220	0.227	0.225	0.215
USD	6.487	7.010	6.625	6.316

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 increase by approximately MSEK 3 (–47) during the year.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2012	31 March 2011
NOK	249	231
EUR	273	263
TWD	62	52
PLN	11	2

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	MSEK 200	4.50%	31 March 2008	31 March 2015
Interest cap	MSEK 500	6.00%	28 Sep. 2007	28 Sep. 2012
Interest cap	MSEK 300	6.00%	30 March 2012	30 June 2015
Interest cap	MSEK 300	6.00%	28 Sep. 2012	30 June 2015

1) Excluding bank margin.

Changes in the fair value of the hedging instruments during the year amounted to MSEK 12 (9).

If market interest rates increased by one percentage point across all maturity periods on 1 April 2012, with consideration for loans on which the interest rates are due for rescheduling during the coming year, the impact on net interest income and expense for the year would be MSEK 11, taking interest derivatives into account.

LIQUIDITY AND REFINANCING RISKS

Liquidity and refinancing risk pertains to the risk that the Group is unable to fulfil its payment obligation due to insufficient liquidity and that the possibility of financing is limited when loans are due for rescheduling.

Borrowing and trading in financial instruments is conducted with one of the large Nordic commercial banks. At financial year-end, the Parent Company had access to a committed credit facility of MSEK 300 (500), which was unutilised. The credit facility is renewed on an annual basis with a maturity date of 28 February 2013. In addition to this committed credit facility, the Group has loan commitment agreements with a bank for a further MSEK 200.

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 Nordic commercial banks.

The Group's net loan liability, comprising interest-bearing liabilities and provisions less interest-bearing assets, is presented in Note 25.

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 2012 Carrying amount	31 March 2011 Carrying amount
Derivatives to which hedge accounting is applied, assets		
Derivatives	9	0
Total	**9**	**0**
Loan receivables and accounts receivable		
Non-current receivables	3	5
Accounts receivable and other receivables	1,285	1,230
Cash and bank	85	92
Total	**1,373**	**1,327**
Financial assets available for sale		
Financial investments, equities and participations	3	2
Total	**3**	**2**
Derivatives to which hedge accounting is applied, liabilities		
Derivatives	14	16
Total	**14**	**16**
Other financial liabilities		
Non-current interest-bearing liabilities	729	1,303
Other non-current liabilities	0	0
Current interest-bearing liabilities	762	192
Accounts payable and other liabilities	962	965
Total	**2,453**	**2,460**

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 amounted to MSEK 727 (1,300) as of 31 March 2012, was renegotiated to a certain extent during the financial year. A loan of MEUR 20, which matured on 30 November 2011, was repaid and replaced by a new loan totalling MEUR 20 that matures on 30 April 2014. In addition, the Group holds a previous loan of MSEK 275 that matures on 30 June 2015 and a loan of MSEK 275 that matures on 30 June 2016.

After the end of the financial year, the short-term loan amounting to MSEK 500, which matures on 31 December 2012, was refinanced with new loans that mature between 2014 and 2017 (total of MSEK 500).

NOTE 27, CONTINUED

Maturity structure (MSEK)	31 March 2012 Carrying amount	31 March 2012 Future payment amount	Matures within 3 months	Matures after 3 months within 1 year	Matures after 1 year within 5 years
Interest-bearing financial liabilities	1,491	1,606	13	793	800
Derivatives, forward contracts and swap contracts	14	13	1	3	9
Accounts payable and other non-interest-bearing financial liabilities	962	962	962	0	0
Total financial liabilities	**2,467**	**2,581**	**976**	**796**	**809**

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

Group (MSEK)	31 March 2012	31 March 2011
Non-current liabilities		
Bank loans including derivatives	743	1,314
Total non-current liabilities	**743**	**1,314**
Current liabilities		
Current portion of bank loans	762	191
Other current interest-bearing liabilities	0	1
Total current liabilities	**762**	**192**
Total interest-bearing liabilities	**1,505**	**1,506**

Bank loan	Currency	Nom. interest	Maturity	Nom. value	31 March 2012 Carrying amount	31 March 2011 Carrying amount
Non-current						
Interest-only bank loan	SEK	–	–	250	–	250
Interest-only bank loan	SEK	–	–	500	–	500
Interest-only bank loan	SEK	4.38%	30 June 2015	275	275	275
Interest-only bank loan	SEK	4.26%	30 June 2016	275	275	275
Bank loan	EUR	3.70%	30 April 2014	20	177	–
Other					2	3
					729	**1,303**
Current						
Interest-only bank loan	SEK	3.17%	30 Sep. 2012	250	250	–
Interest-only bank loan[1)]	SEK	3.17%	31 Dec. 2012	500	500	–
Bank loan	EUR	–	–	20	–	179
Other					12	12
					762	**191**
Committed credit facility						
Approved credit limit					300	500
Unutilised portion					–300	–500
Utilised credit amount					**–**	**–**

1) After the end of the financial year, the short-term loan amounting to MSEK 500, which matures on 31 December 2012, was refinanced with new loans that mature between 2014 and 2017 (total of MSEK 500).

As of 31 March 2012, loans from credit institutions were divided among the following currencies:

	Local currency	MSEK
EUR	20	177
DKK	5	6
NOK	5	6
SEK	1,300	1,300
Other		2
Total		**1,491**

NOTE 27, CONTINUED

Parent Company (MSEK)					31 March 2012	31 March 2011
Liabilities to credit institutions	**Currency**	**Nom. interest**	**Maturity**	**Nom. value**	**Carrying amount**	**Carrying amount**
Non-current						
Interest-only bank loan	SEK	–	–	250	–	250
Interest-only bank loan	SEK	–	–	500	–	500
Interest-only bank loan	SEK	4.38%	30 June 2015	275	275	275
Interest-only bank loan	SEK	4.26%	30 June 2016	275	275	275
Bank loan	EUR	3.70%	30 April 2014	20	177	–
					727	**1,300**
Current						
Interest-only bank loan	SEK	3.17%	30 Sep. 2012	250	250	–
Interest-only bank loan[1)]	SEK	3.17%	31 Dec. 2012	500	500	–
Bank loan	EUR	–	–	20	–	179
					750	**179**
Committed credit facility						
Approved credit limit					300	500
Unutilised portion					–300	–500
Utilised credit amount					**–**	**–**

[1)] After the end of the financial year, the short-term loan amounting to MSEK 500, which matures on 31 December 2012, was refinanced with new loans that mature between 2014 and 2017 (total of MSEK 500).

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 commercial and financial transactions, the Group is exposed to counterparty credit risk. Credit risk or counterparty risk pertains to the risk of loss if the counterparty does not fulfil its obligations. The Group is exposed to credit risk through its financial transactions, through the investment of surplus liquidity and implementation of foreign-exchange forward contracts and in connection with accounts receivable and advance payments to suppliers in the commercial operation.

The Financial Policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign-exchange forward contract subscriptions.

In order to capitalise on the operating activities' knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is spread over a wide range of customers and is a good reflection of the Group's trading where the total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies. No individual customer accounts for more than 4 percent of the total credit exposure over a one-year period. 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 each customer's credit is assessed individually. A credit rating is performed for all new customers. The intention is that credit limits will reflect the customer's payment capacity. Historically, B&B TOOLS' credit losses have been low.

The credit quality of the receivables that have neither matured for payment nor 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 2012	**31 March 2011**	**31 March 2012**	**31 March 2011**
Accounts receivable	1,283	1,233	–	–
Accumulated reserve for doubtful accounts receivable	–50	–46	–	–
Accounts receivable, net	**1,233**	**1,187**	**–**	**–**
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	1,074	1,064	–	–
– receivables past due by 1–30 days	126	98	–	–
– receivables past due by 31–60 days	24	22	–	–
– receivables past due by 61–90 days	14	10	–	–
– receivables past due by > 90 days	45	39	–	–
Total receivables	**1,283**	**1,233**	**–**	**–**

NOTE 28

OPERATIONAL LEASING

	Group		Parent Company	
	2011/2012	2010/2011	2011/2012	2010/2011
Leasing agreements in which the Group/the Company is the lessee				
Non-terminable leasing fees amount to:				
Within 1 year	208	195	11	7
Between 1 and 5 years	436	417	31	34
Later than 5 years	18	22	–	3
Total	**662**	**634**	**42**	**44**
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees	236	207	5	4
Total leasing costs	**236**	**207**	**5**	**4**

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 2012	31 March 2011	31 March 2012	31 March 2011
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Real-estate mortgages	1	4	–	–
Corporate mortgages	16	17	–	–
Pledged accounts receivable	8	4	–	–
Total pledged assets	**25**	**25**	**–**	**–**
Contingent liabilities				
Guarantees for subsidiaries[1)]			294	282
Guarantees, other	18	17	1	1
Total contingent liabilities	**18**	**17**	**295**	**283**

[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 28–31.

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 2012	Carrying amount as of 31 March 2011
B&B TOOLS Development AB	556092-2410	Stockholm	0	0	–	12
B&B TOOLS Markets AB	556088-8264	Stockholm	0	0	–	100
B&B TOOLS International AB	556616-0353	Stockholm	1,000	100	1	1
B&B TOOLS Invest AB	556706-2699	Stockholm	1,000	100	93	93
B&B TOOLS Services AB	556086-1766	Stockholm	0	0	–	25
B&B TOOLS Corporate Development AB	556008-7545	Stockholm	0	0	–	0
B&B TOOLS Fastigheter AB	556787-7559	Stockholm	1,000	100	10	0
Total					**104**	**231**
Opening carrying amount					**231**	**238**
Accumulated cost						
At the beginning of the year					346	345
Shareholder contribution paid					10	1
Acquisition					–	–
Disposal[1)]					–252	–
At year-end					104	346
Impairment losses on cost						
At the beginning of the year					–115	–107
Impairment losses for the year					–9	–8
Reversal of impairment losses					124	0
At year-end					–	–115
Closing carrying amount					**104**	**231**

[1)] All disposals refer to intra-Group restructuring.

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 247 (220), MSEK 65 (58) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2012	31 March 2011
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 2007	–	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	44
Allocation to tax 2013	49	–
Closing balance 31 March	**246**	**219**

NOTE 34

CASH-FLOW STATEMENT

	Group		Parent Company	
Cash and cash equivalents	**31 March 2012**	**31 March 2011**	**31 March 2012**	**31 March 2011**
The following sub-components are included in cash and cash equivalents:				
Cash and bank	85	92	24	32
Total according to the balance sheet	85	92	24	32
Total according to the cash-flow statement	**85**	**92**	**24**	**32**

	Group		Parent Company	
Interest paid and dividends received	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**
Dividends/Group contribution received	–	–	182	153
Interest received	4	4	107	72
Interest paid	–70	–49	–67	–49
Total	**–66**	**–45**	**222**	**176**

NOTE 34, CONTINUED

Adjustments for non-cash items	Group 2011/2012	Group 2010/2011	Parent Company 2011/2012	Parent Company 2010/2011
Depreciation and amortisation	67	65	2	2
Impairment losses/Reversal of impairment losses	–	0	9	8
Profit/loss from the sale of companies and facilities	–32	–4	–	0
Change in reserve for non-recurring costs	–3	–39	–	–
Change in other provisions	–7	2	–	–
Change in pension obligations	30	29	6	–1
Adjustment for Group contributions not received	–	–	–163	–111
Hedge accounting	0	0	0	0
Adjustment for interest paid/received	–3	1	1	–
Other	–3	2	1	–
Total	**49**	**56**	**–144**	**–102**

Transactions not resulting in payments	Group 2011/2012	Group 2010/2011	Parent Company 2011/2012	Parent Company 2010/2011
Shareholders' contribution	–	–	–	2
Total	**–**	**–**	**–**	**2**

Acquisition of subsidiaries and other business units	Group 2011/2012	Group 2010/2011
Acquired assets:		
Intangible non-current assets	22	–15
Tangible non-current assets	0	–
Inventories	1	–2
Operating receivables	6	–
Cash and cash equivalents	2	–
Total assets	**31**	**–17**
Acquired non-controlling interest, provisions and liabilities:		
Non-controlling interest	0	–
Current operating receivables	–7	–
Total non-controlling interest, provisions and liabilities	**–7**	**–**
Corrected additional purchase consideration/purchase consideration	–24	17
Purchase consideration paid	**–24**	**–58**
Less: Cash and cash equivalents in acquired businesses	2	–
Effect on cash and cash equivalents	**–22**	**–58**

Also refer to Note 7 Acquisition of businesses.

Disposal of subsidiaries and other business units	Group 2011/2012	Group 2010/2011
Divested assets:		
Intangible non-current assets	3	–
Tangible non-current assets	48	–
Inventories	5	–
Operating receivables	2	–
Total assets	**58**	**–**
Divested provisions and liabilities:		
Current liabilities	–31	–
Total provisions and liabilities	**–31**	**–**
Capital gain	30	–
Total	**57**	**–**
Sales price	57	–
Effect on cash and cash equivalents	**57**	**–**

NOTE 35

EVENTS AFTER THE BALANCE-SHEET DATE

After the end of the financial year, the Group's short-term loan amounting to MSEK 500, which matures on 31 December 2012, was refinanced with new loans that mature between 2014 and 2017 (total of MSEK 500).

No other events of significance to the Group have occurred since the balance-sheet date on 31 March 2012.

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 applied.

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" or using a method based on a weighted average – 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, Sweden. 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: P.O. Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for the 2011/2012 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 1,900 as of 31 March 2012, of which MSEK 227 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 962,990 thousand
Net profit for the year	SEK 160,869 thousand
	SEK 1,123,859 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 1,039,570 thousand
	SEK 1,123,859 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 23 August 2012.

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, 15 June 2012

Tom Hedelius
Chairman

Anders Börjesson
Vice Chairman

Per Axelsson

Anita Pineus

Joakim Rubin

Lillemor Svensson

Anette Swanemar

Stefan Wigren
President & CEO

Our audit report was submitted on 15 June 2012

KPMG AB

George Pettersson
Authorised Public Accountant
Auditor in charge

Matilda Schwartzman Berg
Authorised Public Accountant

1) Calculated based on the number of shares as of 31 March 2012 and with due consideration for the 340,000 repurchased class B shares held in treasury.

AUDITOR'S REPORT

Translation of Swedish original

To the Annual General Meeting of the Shareholders of B&B TOOLS AB (publ), Corporate Identity Number 556034-8590.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annual accounts and the consolidated financial statements of B&B TOOLS AB (publ) for the financial year from 1 April 2011 to 31 March 2012. The annual accounts and the consolidated accounts of the Company are included in the printed version of this document on pages 2–54.

Responsibilities of the Board of Directors and the President & Chief Executive Officer for the annual accounts and consolidated financial statements

The Board of Directors and the President & Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for the internal control deemed necessary by the Board of Directors and the President & Chief Executive Officer for the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether such misstatement is due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor chooses such procedures based on such assessments as the risk of material misstatement in the annual accounts and consolidated financial statements, whether such misstatement is due to fraud or error. In making these risk assessments, the auditor considers internal control measures relevant to the Company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate taking the circumstances into account, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President & Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 March 2012 and its financial performance and cash flows for the year in accordance with the Annual Accounts Act, and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group and its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance Report has been prepared. The statutory administration report and corporate governance report are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated financial statements, we have also examined the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the President & Chief Executive Officer of B&B TOOLS AB for the financial year from 1 April 2011 to 31 March 2012

Responsibilities of the Board of Directors and the President & Chief Executive Officer

The Board of Directors is responsible for the proposal concerning the appropriation of the Company's profit or loss, and the Board of Directors and the President & Chief Executive Officer are responsible for administration under the Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal complies with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the President & Chief Executive Officer is liable to the Company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated 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, 15 June 2012

KPMG AB

George Pettersson
Authorised Public Accountant
Auditor in charge

Matilda Schwartzman Berg
Authorised Public Accountant

BOARD OF DIRECTORS

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 1,443 class B shares.

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 AB.
Shares owned: 484,386 class A 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 70,000 class B shares (company). 3,000 class B shares.

ANITA PINEUS, Gothenburg, born 1942.
Director since 2004.

Shares owned: 1,000 class B shares.

JOAKIM RUBIN, Saltsjöbaden, born 1960.
Director since 2011.

Senior partner in CapMan Public Market Fund and Director of Intrum Justitia AB and ÅF AB.
Shares owned: –

STEFAN WIGREN, Bromma, born 1957.
President & 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.

LILLEMOR SVENSSON, Vårgårda, born 1954.
Director since 2006.

Employee representative.
Shares owned: –

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

Employee representative.
Shares owned: –

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: 7,000.

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

Shares owned: 34,771 class B shares.

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

Shares owned: 1,820 class B shares.
Call options: 1,000.

AUDITORS

KPMG AB
Auditor in Charge: **GEORGE PETTERSSON**, Authorised Public Accountant.
Stockholm, born 1964.

George Pettersson serves as the Auditor in Charge 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 Auditor in Charge since 2007.

Auditor: **MATILDA SCHWARTZMAN BERG**, Authorised Public Accountant.
Stockholm, born 1976.
Matilda Schwartzman Berg has been B&B TOOLS AB's auditor since 2011.

During 2011/2012, 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 15 June 2012.

THE B&B TOOLS SHARE

The class B share of B&B TOOLS is listed on NASDAQ OMX Stockholm ("Stockholm Stock Exchange"). In 2011/2012 financial year, the total trading volume was MSEK 703. The share price declined 48 percent during the year, and at the end of the financial year, B&B TOOLS had a market capitalisation of MSEK 1,685.

MARKET LISTING

The class B share of B&B TOOLS was floated on the Stockholm Stock Exchange in 1976, and listed on the A-list in 1984. The share is currently listed on the Mid Cap list of the NASDAQ OMX Stockholm in the Industrials sector. The share is traded under the symbol BBTO-B.

PERFORMANCE OF THE B&B TOOLS SHARE DURING 2011/2012

During the period from 1 April 2011 to 31 March 2012, the market price of the B&B TOOLS share declined 48 percent to SEK 59.25, which was the final paid price on 31 March 2012. During the same period, OMX Stockholm declined 7 percent. The highest and lowest prices paid during the financial year were SEK 123.50 (quoted on 15 April and 11 May) and SEK 49.30 (4 October), respectively. The share price on 15 June 2012 was SEK 58.50.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to –45 percent during 2011/2012. The SIX Return Index of the Stockholm Stock Exchange (SIXRX) was –3 percent during the same period.

As of 31 March 2012, B&B TOOLS' total market capitalisation amounted to MSEK 1,685 (3,228). A total of 9.1 million (8.1) shares in B&B TOOLS AB were traded at a value of MSEK 703 (853) during the year, corresponding to 32 percent (29) of the total number of shares outstanding in the Company. On the Stockholm Stock Exchange, 7.4 million (7.6) shares were traded at a value of MSEK 577 (800) and on other marketplaces, 1.7 million (0.5) shares were traded at a value of MSEK 126 (53). The portion of sales in marketplaces outside the Stockholm Stock Exchange rose significantly during the year and accounted for 19 percent of the total turnover, compared with 6 percent in the preceding year.

The financial analysts who monitor B&B TOOLS are presented on page 63.

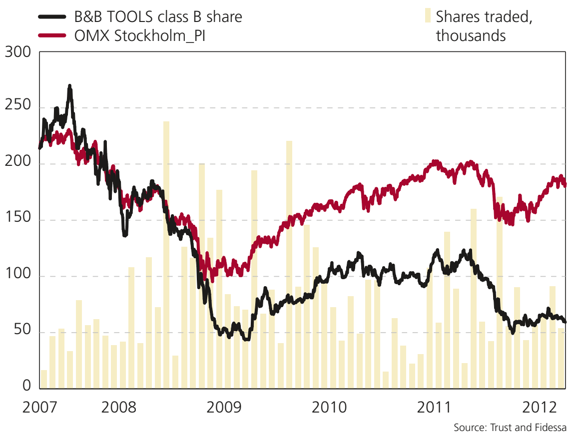
SHARE CAPITAL

As of 31 March 2012, the share capital amounted to MSEK 57. The total number of shares was 28,436,416. Of the total number of shares, 1,075,404 were class A shares carrying ten votes each and 27,361,012 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.

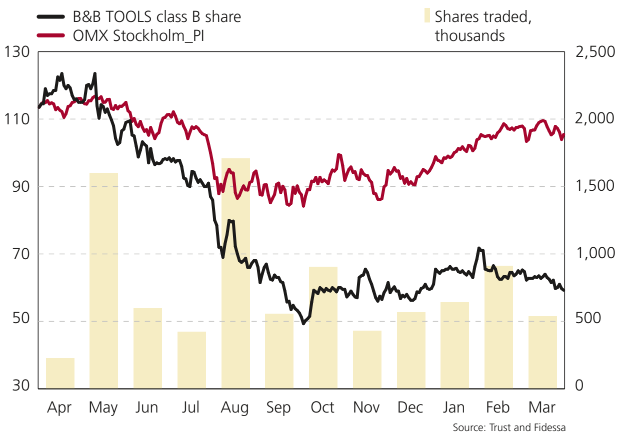
During the 2011/2012 financial year, there were no changes in the total number of shares. A total of 1,344 class A shares were converted to class B shares during the year.

Of the total number of shares as of 31 March 2012, 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. Of the repurchased shares, 90,000 shares are reserved for securing the Company's obligations under its call-option programme, which was issued to senior executives in the Group in September 2007. After a deduction for the shares repurchased by the Company, the number of shares as of 31 March 2012 totalled a net amount of 28,096,416.

SHARE PRICE DEVELOPMENT 2007–2012



SHARE PRICE DEVELOPMENT 2011/2012



SHARE DATA

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Share price as of 31 March, SEK	59.25	113.50	105.75	44.20	173.50
Market capitalisation as of 31 March, MSEK	1,685	3,228	3,007	1,257	4,934
Dividend, SEK	3.00[1]	3.00	2.50	2.50	5.00
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,705	4,263	4,434	4,418	4,091
Highest share price during the operating year, SEK	123.50	123.75	113.25	185.00	270.00
Lowest share price during the operating year, SEK	49.30	91.00	43.60	43.50	136.00
Dividend yield[2], %	5.1[1]	2.6	2.4	5.7	2.9

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

The weighted number of shares, with deductions for the shares repurchased by the Company, amounted to 28,096,416 for the 2011/2012 financial year.

DIVIDEND

The dividend proposed by the Board of Directors for the 2011/2012 financial year is SEK 3.00 (3.00) per share, corresponding to a total of MSEK 84 (84). The pay-out ratio is 37 percent (43) of earnings per share.

SHAREHOLDER STRUCTURE

As of 31 March 2012, B&B TOOLS AB had 4,705 shareholders (4,263). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 77 percent (76) of the total number of shares. The proportion of foreign ownership is approximately 24 percent (21) of the total number of shares. The table below shows the ownership structure on 31 March 2012.

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 56–57. For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 28–31.

CLASSES OF SHARES AS OF 31 MARCH 2012[1)]

		Proportion of	
	Number of shares	Capital	Votes
Class A shares	1,075,404	3.8%	28.5%
Class B shares	27,021,012	96.2%	71.5%
	28,096,416	**100.0%**	**100.0%**
Repurchased class B shares	340,000		
Total number of shares	**28,436,416**		

[1)] Source: Euroclear Sweden.

OWNERSHIP STRUCTURE AS OF 31 MARCH 2012[1)]

	Owners		Shares	
Size class, number of shares	Number	% of total	Number	% of total
1–500	3,043	64.7%	546,187	1.9%
501–1,000	741	15.7%	613,601	2.2%
1,001–5,000	652	13.9%	1,511,000	5.4%
5,001–10,000	103	2.2%	762,138	2.7%
10,001–50,000	99	2.1%	1,990,974	7.1%
50,001–100,000	18	0.4%	1,360,739	4.8%
100,001–	49	1.0%	21,311,777	75.9%
Total	**4,705**	**100.0%**	**28,096,416**	**100.0%**

[1)] Source: Euroclear Sweden.

MAJOR SHAREHOLDERS AS OF 31 MARCH 2012[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		3,007,970	10.7%	8.0%
SEB Asset Management		2,523,048	9.0%	6.7%
CapMan Public Market Investment		2,380,000	8.5%	6.3%
Odin Funds		1,883,192	6.7%	5.0%
Fourth AP Fund		1,715,812	6.1%	4.5%
Svenska Handelsbanken CEA		1,050,000	3.7%	2.8%
Svolder Aktiebolag		864,000	3.1%	2.3%
SEB Funds		772,855	2.8%	2.0%
Sandrew Aktiebolag		600,000	2.1%	1.6%
The Foundation for Baltic and East European Studies		527,578	1.9%	1.4%
SHB Pension Fund Insurance Association		450,000	1.6%	1.2%
Other	106,632	11,245,464	40.4%	32.6%
	1,075,404	**27,021,012**	**100.0%**	**100.0%**
Additional: Repurchased class B shares		340,000		
Total	**1,075,404**	**27,361,012**	**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.

TEN-YEAR SUMMARY

MSEK	2011/2012	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03/04	02/03
EARNINGS INFORMATION										
Revenue	8,201	7,885	7,648	9,325	9,133	6,823	5,058	3,863	3,881	3,975
Shares in profit/loss of associated companies	1	1	1	1	1	–	–	–	–	–
Other operating income	37[1)]	8	5	39	12	6	18	6	–	–
Total operating revenue	**8,239**	**7,894**	**7,654**	**9,365**	**9,146**	**6,829**	**5,076**	**3,869**	**3,881**	**3,975**
Operating expense, excluding non-recurring costs	–7,791	–7,547	–7,393	–8,743	–8,472	–6,386	–4,774	–3,667	–3,718	–3,815
of which depreciation, amortisation and impairment losses	–67	–65	–69	–63	–67	–66	–74	–92	–80	–79
Operating profit, excluding non-recurring costs	448	347	261	622	674	443	302	202	163	160
Non-recurring costs	–39	–	–	–111	–	–	4	–4	–34	–6
Operating profit, including non-recurring costs	409	347	261	511	674	443	306	198	129	154
Financial income and expense	–91	–67	–68	–108	–74	–36	–15	–13	–13	–13
Profit after net financial items	318	280	193	403	600	407	291	185	116	141
Taxes	–91	–86	–59	–112	–168	–117	–81	–49	–37	–46
Profit after taxes, but before profit from discontinued operations	227	194	134	291	432	290	210	136	79	95
Profit/loss from discontinued operations, net after taxes	–	–	–	–	–	–	–1	64	–	–
Net profit for the year	**227**	**194**	**134**	**291**	**432**	**290**	**209**	**200**	**79**	**95**
Of which attributable to:										
Parent Company shareholders	227	194	134	285	421	288	207	198	79	95
Non-controlling interest	0	0	0	6	11	2	2	2	–	–
BALANCE INFORMATION										
Intangible non-current assets	1,815	1,813	1,857	1,913	1,755	1,033	504	312	270	180
Tangible non-current assets	407	472	505	545	529	500	419	350	347	346
Financial non-current assets	137	143	124	146	110	81	60	51	78	54
Inventories	1,684	1,523	1,458	1,768	1,667	1,268	868	731	634	519
Current receivables	1,471	1,389	1,340	1,439	1,570	1,369	927	738	679	601
Cash and cash equivalents	85	92	209	209	226	170	276	152	297	374
Total assets	**5,599**	**5,432**	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**	**2,305**	**2,074**
Equity attributable to Parent Company shareholders	2,009	1,855	1,769	1,739	1,551	1,239	1,085	935	814	831
Non-controlling interest	0	0	0	18	20	12	13	22	–	–
Total equity	**2,009**	**1,855**	**1,769**	**1,757**	**1,571**	**1,251**	**1,098**	**957**	**814**	**831**
Convertible debenture loan	–	–	–	–	–	–	–	–	63	82
Interest-bearing liabilities and provisions	1,882	1,890	1,952	2,179	2,008	1,202	671	381	454	323
Non-interest-bearing liabilities and provisions	1,708	1,687	1,772	2,084	2,278	1,968	1,285	996	974	838
Total equity and liabilities	**5,599**	**5,432**	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**	**2,305**	**2,074**
Capital employed	3,891	3,745	3,721	3,936	3,579	2,453	1,769	1,338	1,331	1,236
Financial net loan liability	–1,787	–1,785	–1,734	–1,959	–1,769	–1,018	–389	–224	–213	–20

[1)] Of "Other operating income," MSEK 31 pertains to non-recurring income.

	2011/2012	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03/04	02/03
KEY FINANCIAL RATIOS										
Operating margin, %	5.0	4.4	3.4	5.5	7.4	6.5	6.0	5.1	3.3	3.9
Profit margin, %	3.9	3.6	2.5	4.3	6.6	6.0	5.8	4.8	3.0	3.5
Return on total capital, %	7	6	5	9	14	12	12	9	6	9
Return on capital employed, %	11	9	7	14	23	22	20	16	11	14
Return on equity, %	12	11	8	17	31	25	20	23	9	12
Ditto, excluding non-recurring items, net, %	12	11	8	22	31	25	20	17	12	13
Return on equity after dilution, %	12	11	8	17	31	25	20	22	9	11
Equity/assets ratio, %	36	34	32	29	27	28	36	41	35	40
Equity/assets ratio after dilution, %	36	34	32	29	27	28	36	41	38	44
Other data										
Number of employees at the end of the period	2,880	2,840	2,844	3,183	3,315	2,697	1,978	1,630	1,602	1,380
Average number of employees	2,861	2,837	2,980	3,333	2,987	2,289	1,817	1,696	1,378	1,382
Cash flow from operating activities, MSEK	114	103	368	377	360	420	292	257	240	215
Per-share data										
Earnings, SEK	8.10	6.90	4.80	10.20	15.10	10.35	7.45	7.25	2.85	3.45
Earnings after dilution, SEK	8.10	6.90	4.80	10.20	15.00	10.25	7.35	7.10	2.75	3.30
Cash flow from operating activities, SEK	4.05	3.65	13.20	13.50	12.90	15.10	10.50	9.45	8.70	7.85
Ditto, after dilution, SEK	4.05	3.65	13.15	13.45	12.80	15.00	10.40	9.20	8.20	7.35
Equity, SEK	71.50	66.00	63.05	62.35	55.60	44.60	38.95	33.75	30.15	30.10
Equity after dilution, SEK	71.50	66.00	63.00	62.10	55.20	44.15	38.50	33.50	30.90	31.05
Share price at 31 March, SEK	59.25	113.50	105.75	44.20	173.50	214.00	137.00	80.00	52.00	39.70
Dividend, SEK	3.00[1)]	3.00	2.50	2.50	5.00	4.00	3.50	2.75	2.25	2.00
Other share-related data										
Share price/equity, %	83	172	168	71	312	480	352	237	173	132
Share price/equity after dilution, %	83	172	168	71	314	485	356	239	168	128
Price/earnings ratio, multiple	7	16	22	4	11	21	18	11	18	11
Price/earnings ratio after dilution, multiple	7	16	22	4	12	21	19	11	19	12
Dividend yield, %	5.1[1)]	2.6	2.4	5.7	2.9	1.9	2.6	3.4	4.3	5.0

[1)] As proposed by the Board of Directors.

The financial years from 2004/2005–2011/2012 were prepared in accordance with IFRS. The financial years from 2002/2003–2003/2004 were prepared in accordance with previously applied Swedish accounting practice (SW GAAP).

All data for the financial years from 2002/2003 to 2003/2004 includes the businesses sold and/or discontinued during the 2004/2005 financial year: ANA Ädelmetall, ANA Kalto, Jaktia, Kaltoplast and Bergman & Beving MediTech (excluding the former subsidiary Nordiska Dental). These businesses are not included in the data reported for the financial years from 2004/2005 to 2011/2012.

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, defined as inventories plus accounts receivable less accounts payable.

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 specifically stated otherwise.

FINANCIAL INFORMATION 2012/2013

FINANCIAL CALENDAR 2012/2013

For the 2012/2013 operating year, reports will be published as follows:

Interim Report 1 April – 30 June 2012	18 July 2012
Interim Report 1 April – 30 September 2012	8 November 2012
Interim Report 1 April – 31 December 2012	14 February 2013
Financial Report 2012/2013	16 May 2013
Annual Report 2012/2013	July 2013

The 2012 Annual General Meeting will be held in Stockholm on Thursday, 23 August 2012.

Interim reports, financial reports, annual reports and press information can be ordered digitally through the subscription service on B&B TOOLS' website at www.bbtools.com. The printed Annual Report is distributed to all shareholders who have requested a copy.

All reports are published in Swedish and English.

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ANNUAL GENERAL MEETING 2012

TIME AND LOCATION

B&B TOOLS AB's Annual General Meeting will be held at 4:30 p.m. on Thursday, 23 August 2012 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, 17 August 2012, and

b) notify the Company of their intention to attend not later than 3:00 p.m. on Friday, 17 August 2012.

Notices should be submitted by mail to "Annual General Meeting 2012", B&B TOOLS AB, P.O. Box 10024, SE-100 55 Stockholm, Sweden, by telephone at +46-10-454 79 60, or by e-mail to arsstamma2012@bbtools.com.

Notices must contain information about the shareholders' name, personal or corporate registration number, telephone number (day-time), 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 17 August 2012. Accordingly, the nominee should be contacted in ample time prior to 17 August 2012.

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 must 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 2011/2012. 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, 28 August 2012 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, 31 August 2012 to the shareholders recorded in the share register as of the record date.

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In the event of any differences between this translation and the Swedish original, the latter shall prevail.

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