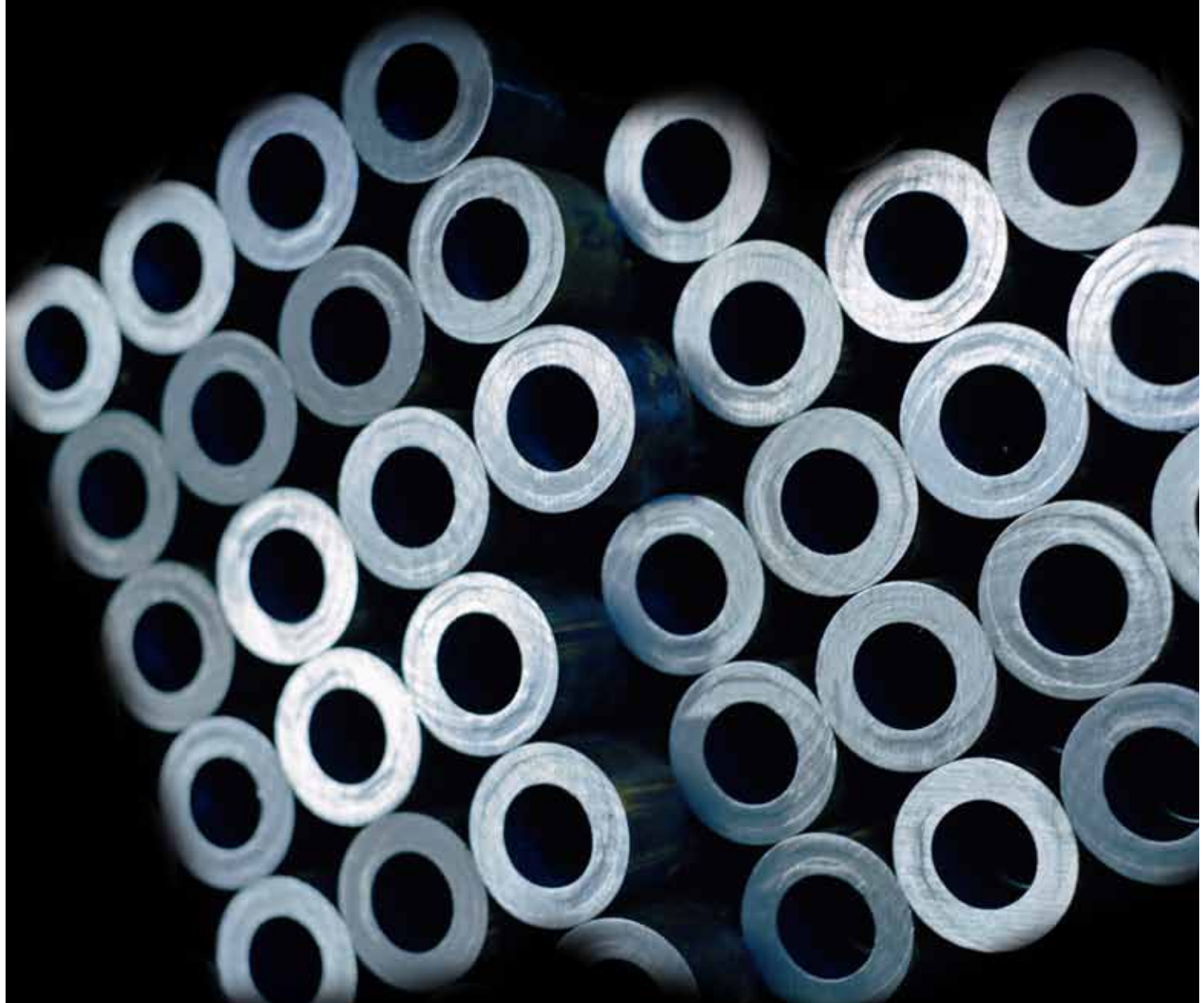


B&B **TOOLS**



B&B TOOLS **ANNUAL** **REPORT**

2012/2013

B&B TOOLS is the Nordic region's largest supplier of industrial consumables and industrial components

B&B TOOLS was founded in 1906 and is today the largest supplier of industrial consumables and industrial components, and related services for the industrial and construction sectors in the Nordic region. The main geographic markets are Sweden, Norway and Finland.

The Group has approximately 2,800 employees in 12 countries and annual revenue of approximately MSEK 7,700.

Local advisors

Proximity to customers is one of B&B TOOLS' principal competitive tools. The Group is active in more than 200 locations throughout the Nordic region and the Baltic area.

114 branches in Sweden
62 branches in Norway
27 branches in Finland
14 branches in the Baltic States and Poland

Satisfied customers

Long-term relationships are forged by the many employees who have day-to-day customer contact. B&B TOOLS is to be the customers' best choice.

Solid offerings

B&B TOOLS offers a portfolio of strong proprietary product and concept brands, along with products from other leading manufacturers.

"Meet our strengths, opportunities and challenges."

Welcome to B&B TOOLS' presentation of operations in 2012/2013. Since this is my first year as President and CEO, I would like to take the opportunity to make some specific comments in the following pages regarding several items related to the Group's objectives, priorities and development – as I see them!

ULF LILIUS,
PRESIDENT & CEO



The year in brief

Revenue amounted to

MSEK 7,666

Operating profit was

MSEK 289

Net profit for the year totalled

MSEK 222

Earnings per share was

SEK 7.90

The Group has

2,780 employees

The proposed dividend is

SEK 3.00 per share



Read more about B&B TOOLS
on www.bbtools.com

"B&B TOOLS aims to make the everyday lives of our customers easier, safer and more profitable."

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B&B TOOLS AB's statutory Annual Report comprises pages 14–64. These pages have been examined by the Company's auditors in accordance with the Audit Report on page 65. This Annual Report is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

Corporate responsibility boosts competitiveness

B&B TOOLS strives to combine economic, environmental, social and ethical responsibility, and thus contribute to solutions that are sustainably profitable for customers and society.

An eventful year With new conditions in place for the future

The 2012/2013 operating year was an eventful year for the B&B TOOLS Group. We were delighted by the many new business deals with both new and existing customers, and a number of production launches that attracted major attention and appreciation among our customers. At the same time, we noted that the general demand remained weak in most of the markets.

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During the year, we completed our implementation of a new IT platform, a new finance centre and new logistics solutions for TOOLS Sweden. Alongside these efforts, we also integrated all the units in TOOLS Finland and TOOLS Norway into their respective IT systems. To date, the experiences from this undertaking have been positive and the new solutions in each country are now creating conditions conducive to our continued development and the further streamlining of TOOLS' operations.

"We are establishing an operation that is focused on customers and which has clearly defined responsibilities for earnings and profitability."

TOOLS Momentum's market position was further strengthened during the year and their offerings and concepts are highly appreciated by industrial customers. Our Business Areas continued their efforts to create and deliver competitive offerings of products and services to the industrial and construction sectors through the Group's various market channels. These efforts are mainly conducted under our strong proprietary concepts and product brands.

By divesting our major logistics properties in Sweden in December 2012, we freed up capital with the aim of reducing the Group's indebtedness and enabling continued investments in our operations. We also introduced a new, flatter management structure to the Group – with fewer organisational levels.

Based on these conditions, we are now moving on to establish an operation that is sharply focused on customers, has a high awareness of costs and clearly defined

responsibilities for earnings and profitability.

REVENUE AND PROFIT 2012/2013

The revenue trend was weak during the operating year and amounted to MSEK 7,666, corresponding to a decline of –6 percent for comparable units (in local currency) compared with the preceding year. The operating year comprised a total of six fewer trading days than 2011/2012, which, translated to volume, corresponds to more than a 2-percent decrease in annual revenue.

During the year, the industrial and construction sectors both reduced the pace of production and cut the number of employees due to falling demand. To a greater extent than in previous years, a number of industrial enterprises also reduced their production during major holidays.

The lower number of trading days and the market's cautious demand had a negative impact on the Group's earnings performance. Operating profit for the operating year totalled MSEK 238 (excluding non-recurring items), down 43 percent compared with the preceding year. The Group's operations gradually adopted measures during the year to enhance efficiency and reduce costs.

"Working close to current and potential customers continues to generate favourable business opportunities."

However, there were relatively large differences in the demand and earnings trends of our various geographic markets and customer segments. Norway continued to develop positively, while the demand and

earnings trends for Sweden, Finland and the Group's Business Areas were negative during the year. At the same time, despite the weaker economic climate, continuously working close to current and potential customers continues to generate favourable business opportunities.

Measures taken to enhance efficiency and reduce capital requirement

Based on the implementation of the new IT and logistics solutions, we, at TOOLS, have succeeded in reducing costs by consolidating a number of local warehouses, overhauling expenses for stores and premises and reducing the number of employees, primarily in logistics and support functions. We have also undertaken major steps to reduce costs in other parts of the Group. The objective has been to reduce the Group's costs by approximately MSEK 140 (net) annually, all other things being equal.

The sale of the Group's large logistics properties in December 2012 freed up approximately MSEK 375 in capital. The actions taken to tighten up the Group's working capital also contributed an additional MSEK 106 through reduced capital requirements (compared with an increase of MSEK 164 in working capital in the preceding year). The proceeds from the property divestments have primarily been used to reduce the Group's indebtedness, which led to an improvement in net financial items by approximately MSEK 20 on an annualised basis.

PROFITABILITY BASED ON CUSTOMER NEEDS

At B&B TOOLS, we measure profitability as our operating profit in relation to our working capital. We call this P/WC and it is a vital feature of our success. Our objective is for profit in relation to work-

ing capital to always be at a minimum of 45 percent for each individual profit centre, which encourages both high operating profit and a low level of tied-up capital.

We have now arrived at a stage where we can gain from synergies. We can achieve this by generating **cost advantages** and/or **customer-value advantages** where the customers will save money in their income statement and balance sheet by using us as their supplier. We can only succeed in this regard if we proceed from the needs of the customer – while collaborating internally in a structured and logical manner.

“The most successful company will be those that understand the customers’ actual needs and package the best solutions on this basis.”

There are several players in the market selling industrial consumables and industrial components, but the most successful company will be those that understand the customers’ actual needs and package the best solutions on this basis. By combining B&B TOOLS’ products (under proprietary and other brands) with related services, we provide an excellent offering that enables our customers to reduce their overall costs for procurement, storage and usage throughout the product’s service life.

“Our local heroes go the extra mile for our customers and our own operations – each day.”

“LOCAL HEROES” – A SUCCESS FACTOR

Since assuming the position of CEO of B&B TOOLS on 1 November 2012, I have had the privilege of meeting a large number of customers and employees from every corner of the Group. As a leader, I have always worked close to the day-to-day operations and these meetings have confirmed my own view of B&B TOOLS’ strengths and future opportunities. We have many “local heroes” who go the extra mile every day for our customers, our own operations and our future development – both out at our stores and on location with customers, at the central warehouses and throughout the Group. The commitment, know-how and experience that I encounter out in our operations makes me really proud and pleased. Our shared ambition is

to make the everyday lives of our customers easier, safer and more profitable – every day!

Now that we can leave behind a long period of major internal restructurings, we are able, to an even greater extent than before, to let these “heroes” focus on their customers, competitive customer solutions and the streamlining of their day-to-day work. One of the key success factors for the future is thus the decentralisation of responsibilities for customer transactions and profitability. In this regard, I would like to thank all my colleagues in the Group for all their excellent efforts during the year!

“One of the key success factors is the decentralisation of responsibilities.”

THE 2013/2014 OPERATING YEAR

The uncertainty and caution shown by the market in the past year will probably remain for some time to come. With the present market climate, our focus is on capturing market share in our various customer segments and market channels. We also foresee growth opportunities in new channels and segments.

On the whole, our ambition is to improve both profitability and cash flow for B&B TOOLS through a sharpened focus on growth and efficiency in all parts of our operations, and through the interaction between various parts of the Group. All our development will take place close to the operations with a focus on continuous improvements – to always be better than yesterday.

“Our focus is on continuous improvements.”

I believe that we at B&B TOOLS have a positive view of the future and I look forward to an exciting new operating year of 2013/2014!

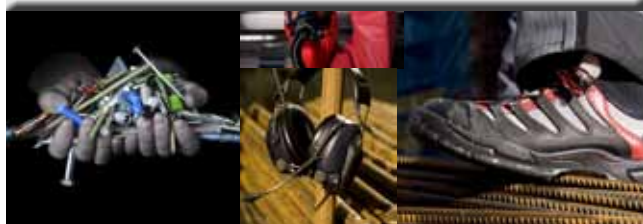
Stockholm, June 2013

Ulf Lilius
President & CEO



GROUP OVERVIEW

MANUFACTURERS



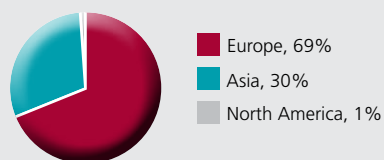
INDUSTRIAL CONSUMABLES

Proprietary product brands

Proprietary product brands account for nearly 50 percent of the Business Areas' combined sales.

Other product brands

THE BUSINESS AREAS' PROCUREMENT BY GEOGRAPHICAL AREA



INDUSTRIAL COMPONENTS

Read more about procurement and product brands on page 7

OFFERING

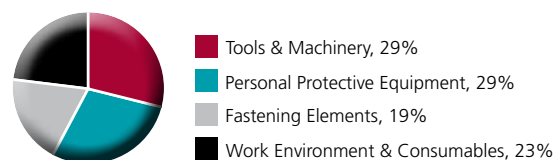


PRODUCTS AND SERVICES

B&B TOOLS' Business Areas

Including partner companies, TOOLS accounts for more than 40 percent of the Business Areas' total sales. Other sales are conducted through construction material resellers and other resellers, and outside the Nordic region.

SALES BY BUSINESS AREA



Read more about the Business Areas on page 6

Objectives and strategies for the future

B&B TOOLS' role in the future market will involve satisfying its customers' needs and how successfully we package our solutions (products and services) for them. Our ambition is to offer products and services that make our customers' everyday life easier and safer.

We aim to help the customers attain increased efficiency, better total-cost calculations and more profitable operations. The right product, at the right time and at the right cost (in terms of price, handling, stock-keeping, quality and alternative costs) will be decisive.

"We must focus on the customer in everything we do – and always focus on smart, profitable, sustainable and recurring business."
Ulf Liljus President & CEO

SALES



CUSTOMERS



MARKET CHANNELS

TOOLS

Direct sales (on location with customers) account for approximately 70 percent of TOOLS' total sales.

Direct
Stores
Online

Construction material resellers
Other resellers

Export

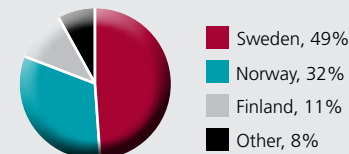
TOOLS Momentum

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

SALES BY CUSTOMER SEGMENT



SALES BY GEOGRAPHICAL MARKET



Read more about the market channels on page 8

Read more about the customers on page 10

B&B TOOLS' main properties in the years ahead will be:

- **Focus on customers and profitable customer solutions** – based on our customers, needs.
- **Increased logistics efficiency** – improve our availability/level of service and thus make our total stock-keeping and freight activities more cost-effective.

- **Responsibility for profit and profitability** – develop the knowledge and skills of all employees in terms of business acumen and sales to increase P/WC (Operating profit/Working capital).
- **Corporate culture and job satisfaction** – decentralised responsibility and simplicity in order to increase job satisfaction.

Business Areas

Solid offerings of products and services

B&B TOOLS strives to meet its customers' needs for industrial consumables by providing advanced expertise, high-quality products and services – with the customers' profitability in focus.

B&B TOOLS has four Business Areas with specialist expertise in various product and application areas:

- Tools & Machinery (Luna)
- Personal protective equipment (Skydda)
- Fastening Elements (Essve)
- Work Environment & Consumables (Gigant & Grunda)

The total range of products & services offered by the Business Areas meets the needs of industrial customers, construction industry, maintenance and other similar segments. 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. The majority of procurement is performed in Europe, but an increasing share comes from Asia.

Industrial customers are mainly reached through the Group's own market channel, TOOLS. Other submarkets, such as construction customers, are also offered solu-

tions via other specialised reseller chains and independent resellers.

COMPETITIVE OFFERINGS

The Business Areas develop and offer solutions that satisfy needs in various areas, for both end users and resellers. The operations strive 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 rigorous demands on IT solutions and data structure,
- *on competitive terms*, which requires an understanding of profitability and efficiency.

Development of offerings

Although the development of new offerings and products is based on the needs of the 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, product range and services places strict demands on expertise in a wide variety of areas. For this reason, collaboration is key when it comes to addressing considerations such as customer requirements, suppliers, risk analysis, quality and the environment, IT and logistics solutions.

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

Business Areas – competitive solutions – added value for the customer

Tools & Machinery (Luna)

Revenue, MSEK	1,100 (approximate)
Product areas	Hand and measuring tools, compressed air tools, cutting tools, sheet metal and woodworking machinery, and welding and soldering equipment
Proprietary product brands	TengTools, Luna, Ferax, Limit



Personal Protective Equipment (Skydda)

Revenue, MSEK	1,100 (approximate)
Product areas	Head, ear, eye and breathing protection, gloves, shoes, work clothes, fall protection, first aid equipment, signs and hygiene products
Proprietary product brands	Guide, L Brador, Cresto, Zekler



Proprietary product brands

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

- *Within 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 is steadily building a stronger portfolio of proprietary product brands.

Efforts aimed at selling proprietary product brands have been successful and proprietary brands currently account for nearly 50 percent of the Business Areas' combined sales. B&B TOOLS does not conduct its own industrial production; instead, products are manufactured by sub-suppliers primarily based in Asia. For the Group's offering of fall protection and work equipment, assembly and quality assurance take place in own operations in Sweden.

EFFICIENT PURCHASING

The aim of B&B TOOLS' purchasing process is to ensure the required supply of goods on favourable commercial terms. It is therefore important to understand the factors that determine cost and ensure that these components are included in the purchasing process. Accordingly, the practical purchasing processes in the Business Areas take many aspects into consideration, including product quality, function, brand image, requirement specifications, quality control in cooperation with suppliers and social responsibility issues.

A prerequisite for successful purchasing work is the perception of B&B TOOLS 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 professionally. The challenges involved in purchasing work, and dealing with them within the framework of each Business Area, encompass all of these considerations and many more.

Although most of the Business Areas' procurement is performed in Europe, an increasing share originates from Asia. The Group currently has approximately 50 employees in China (Shanghai) and Taiwan (Taichung), who are mainly engaged in purchasing work.

MARKET CHANNELS

The Business Areas have three main market channels for reaching end users. Including partner companies, TOOLS accounts for more than 40 percent of the operations' total sales.

1. TOOLS.

The Business Areas' sales, marketing and expert support is provided through TOOLS for end users in the industrial and other customer segments.

2. Construction material resellers/ Other resellers.

The Business Areas' sales, marketing and expert support to leading chains and independent resellers in various market areas outside the industrial segment.

3. Exports.

The Business Areas' sales in markets outside Sweden, Norway and Finland.

- i) The Business Areas have some sales operations of their own ten countries, with most of the revenue generated in the Baltic States and Poland.

- ii) In some twenty additional countries, independent distributors sell one or more of the Business Areas' proprietary product brands in the respectively defined market.

LOGISTICS AND IT – INTEGRATED COMPONENTS OF THE OFFERING

IT and logistics activities are an integrated and vital component of the Group's day-to-day operations. The Group invests continuously in both IT and logistics and during the 2012/2013 operating year, completed the implementation of new IT and logistics solutions in TOOLS Sweden.

In the area of IT, the Group has extensive experience of integrated solutions together with its customers. With *TOOLS Online*, TOOLS' customers are offered efficient and straightforward e-Commerce, and the Business Areas' *Toolstore* is one of the Nordic region's leading e-commerce portals.

The Group's logistics and IT activities are becoming increasingly concentrated in order to achieve economies of scale. The 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.

"Our Business Areas' main task is to develop and deliver competitive offerings for our various market channels – through TOOLS and for our partners in the construction materials trade."

Ulf Lilius
President & CEO

Fastening Elements (Essve)

Revenue, MSEK	700 (approximate)
Product areas	Fastening technology (fastening elements, screws, construction fittings, industrial fastening elements, etc.), chemical engineering (adhesives, joint seals, fire seals, etc.) and electrical hand tools
Proprietary product brands	ESSVE, Fireseal



Work Environment & Consumables (Gigant & Grunda)

Revenue, MSEK	900 (approximate)
Product areas	<i>Workplace equipment:</i> Furnishings, storage, transportation, lifting and environmental equipment <i>Consumables:</i> Fittings and security, electrical, environmental, cleaning and other industrial and construction consumables
Proprietary product brands	Gigant, Grunda, Ferax



Market channels

With a strong local presence

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.

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The total market for industrial consumables and industrial components in Sweden, Norway and Finland is valued at approximately SEK 40 to 45 billion. Industrial consumables comprise such products as tools, machinery, personal protective equipment, fastening elements and workplace equipment. Industrial components include areas such as bearings, seals, transmission and automation. Related services refer to logistics solutions, inventory optimisation and more efficient maintenance planning. TOOLS also has service workshops in various parts of the Nordic Region for the service of electric motors, gears, soldering equipment, electric hand tools etc.

Market growth is closely related to the trend in overall industrial output and the number of employees in the industrial sector. Industrial output, in turn, is extensively and strongly linked to the trends of major export companies. B&B TOOLS is the leading supplier in this market.

FLEXIBLE SALES ORGANISATION WITH A STRONG LOCAL PRESENCE

B&B TOOLS' operations are based on decentralised business responsibility based

close to customers and the market. The principal strengths of the sales organisations are their proximity to customers and their excellent knowledge of them, 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.

Read more about the reseller operations on the next page.

"The foremost strengths in our sales channel are proximity to our customers, a high level of expertise, the right offering of products and services and efficient supply solutions. Our advice can make the difference between a good and a bad day for our customers."

Ulf Lilius, President & CEO



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 output 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 the offshore and construction sectors are highly significant in the Norwegian market for industrial consumables and industrial components. The market currently accounts for more than 30 percent of the Group's total revenue. In recent years, the Norwegian market has been positively impacted by continued investments in areas including 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 just over 10 percent of the Group's revenue and the trend in the market tracks 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 impacted by the declining economic situation in both Finland and the global market.

Major competitors in Finland include Würth, Etra and Ahlsell.

TOOLS

	Sweden	Norway	Finland	Total
Revenue, MSEK (approximate)	2,300	2,100	750	5,150
of which wholly owned operations, %	86%	70%	100%	81%
Number of branches, no.	83	61	27	171
of which wholly owned branches, no.	65	33	27	125
Number of employees (approximate)	900	650	250	1,800
of which wholly owned operations, %	77%	59%	100%	74%

TOOLS – the largest player in industrial consumables

The Group's TOOLS brand encompasses B&B TOOLS' promise to its industrial customers and is currently established in Sweden, Norway and Finland. In addition to the wholly owned TOOLS operations, TOOLS comprises a number of independent partner companies.

TOOLS specialises in industrial consumables and is the largest industrial reseller chain in the Nordic region. TOOLS is active in 171 locations in Sweden, Norway and Finland and has approximately 1,800 employees. The single largest market is Sweden, where TOOLS has operations in just over 80 locations.

The operations are divided into sales areas. Each sales area has its own sales force, which is responsible for establishing close relationships with all target customers in that specific sales area. Each sales area also includes a number of TOOLS stores and many locations also offer service units for inner-tube vulcanizers and the servicing of electric-powered hand tools, compressors, high-pressure washers and so

forth. Of TOOLS' overall sales, direct sales (when visiting customers on location) account for approximately 70 percent.

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.

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

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 efficient store concepts, employee training programmes and various sales campaigns also continues. Since spring 2013, TOOLS' operations in each country (Sweden, Norway and Finland) have been integrated into their respective IT and logistics solutions – to enhance efficiency and profitability.

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 industrial 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

TOOLS Momentum also offers service workshops in seven locations.

The main market is Sweden, with inventory and sales operations in more than 30 locations. TOOLS Momentum – with a total of approximately 300 employees – also has operations in other locations in the Nordic region in partnership with TOOLS.

TOOLS momentum

	Sweden	Norway	Denmark	Total
Revenue, MSEK (approximate)	850	50	50	950
Number of branches, no.	31	1	1	33
Number of employees (approximate)	270	15	15	300

Customers

Satisfied customers are the only yardstick

One of B&B TOOLS' overriding ambitions is for its customers to be satisfied and to steadily become even more satisfied. Consequently, customer proximity, responsiveness, knowledge and the ability to translate customer needs into solutions are central to all development in the Group.

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B&B TOOLS' customers are mainly companies operating in areas such as the industrial and construction sector, offshore industry, property management, public administration and defence industry. The industrial sector accounts for approximately 70 percent of the Group's sales – primarily through the Group's own market channel, TOOLS – and the construction sector for some 20 percent – mainly through partners such as construction material dealers. Other industries, including the DIY market, account for approximately 10 percent of sales.

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 competency* with the supplier 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 points of sale 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 large network of stores.

- *Sustainability.* B&B TOOLS' service workshops extend the useful lives of the products and thus reduce the customers' costs and environmental impact (for replacement products).
- *Low costs.* Companies strive to manage their direct costs for industrial consum-

ables 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.

"We must be able to deliver the right product at the right time to our customers to meet their requirements – regardless of whether it is through a store or direct to their workplace. Our logistics and IT solutions are thus entirely decisive for us as a trading company and must adapt in line with our customers' varying requirements."

Ulf Lilius, President & CEO



Corporate responsibility Increases competitiveness

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 regards 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 widespread 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). The Group's service workshops extend the useful lives of the products by providing regular servicing and maintenance.
- *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 areas such as environmental responsibility, occupational health and safety, 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. Since spring 2012, the Group's Business Areas and Business Infrastructure Unit (Supply Chain and IT) have held what is known as a multisite certificate for environmental (ISO 14001), occupational health and safety (OHSAS) and quality issues (ISO 9001). TOOLS uses a shared quality and

environmental-management system for the chain's members, most of whom 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 whereby B&B TOOLS' operations are moving from a fragmented structure, resulting from a large number of acquisitions, towards a more uniform and cohesive Group.

The 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 the employees with regard to sustainability issues.

The Group's ethical guidelines

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 imposes demands for 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.

The Group also has an online tool that allows suppliers to perform a self-assessment of how well they have complied with the requirements and guidelines for sustainability. Regular factory audits are also conducted, during which the factories are inspected on site. These inspections are performed by B&B TOOLS' staff as well as third parties and focus on quality, the environment, social conditions, occupational health and safety, and ethics. This work strengthens collaboration between B&B TOOLS and its suppliers.

Environment

The Group's environmental impact primarily arises from 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 the environmental impact through better planning and coordination.

“There is no ‘I’ in ‘team’ – the key to success is a corporate culture that highlights opportunities and challenges, and that has a leadership that recognizes individuals who are willing to take responsibility for addressing these opportunities and challenges in an optimal way.”

Ulf Liljus,
President
& CEO



Decentralized responsibility requires us to select the right aspects to focus on, and enables us to look into the horizon and always prioritise and make decisions based on the best interests of our customers and B&B TOOLS. A fundamental prerequisite for achieving this is that we have motivated, creative and decisive employees. This requires having an open and positive approach to people, which enables us to capitalise on the full potential of the company and our employees – regardless of position and level of responsibility. This is based in turn on offering a corporate climate that is based on the customer and that encourages the exchange of ideas and the transfer of knowledge throughout B&B TOOLS.

B&B TOOLS has a strong culture, strong values and distinct priorities that are based on the willingness to take personal responsibility and on respect for individuals. We realise that freedom based on responsibility is the best way to operate a company that is as diverse as ours.

Stakeholder model – four satisfied groups

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.



Satisfied customers

Work in the best interests of new and existing customers by continuously developing and offering products and services that meet customer expectations in terms of function, quality, safety, environmental impact and supply reliability. A conscientious focus on service and maintenance extends the useful lives of the products and thereby reduces the customers' total costs. Follow-ups are performed on a regular basis through customer surveys.



Satisfied 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 employee surveys annually.



Satisfied business partners (resellers, manufacturers and suppliers)

To develop strong offerings for all of the Group's market channels. Achieve competitive purchasing terms 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.



Satisfied owners

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



Community responsibility

Conduct business as a responsible member 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

Competency 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 regarded as an attractive employer by all current, potential and former employees. This means that all managers and employees must maintain a professional attitude to all HR activities and work in accordance with clear guidelines.

Ensuring that employees are continuously given opportunities 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 areas, including 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-based terms and conditions
- Efficient staffing
- Performance and competence
- Shared culture

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.

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 have stated that 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.

Market-based 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. Current staffing processes are largely shared throughout the Group. Internal mobility has increased in recent years due to "open" appointments to vacancies within the Group, which have 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 competency, develop their spheres of responsibility and enhance their 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 responsibility, performance,

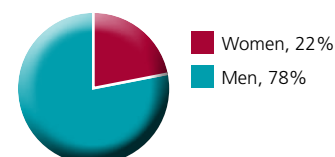
approach and competence according to "The Performance Wheel."

Shared culture

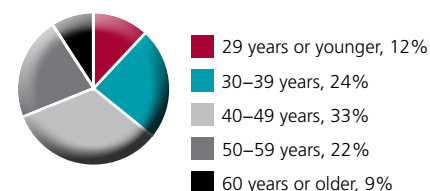
In order to develop its operations, the Group must achieve a joint corporate culture in which the organisation and employees share the same values. These values are included in the development talks held between the managers and employees. A natural part of the corporate culture is the Group's intranet, InSight, which contributes to broadening collaboration, developing competence and strengthening the team spirit within the Group.

EMPLOYEES IN THE B&B TOOLS GROUP

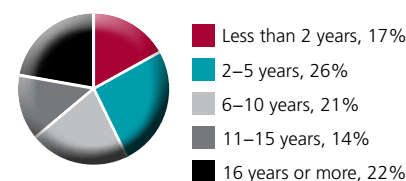
Distribution by gender



Distribution by age



Length of employment



Administration Report

with Corporate Governance Report

1 April 2012 – 31 March 2013

14

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 2012 – 31 March 2013 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 for the B&B TOOLS Group during the financial year amounted to MSEK 289 (409). Profit was impacted by non-recurring items in the net amount of MSEK +51 (–8) pertaining to capital gains from property sales totalling MSEK 245 and costs for restructuring measures totalling MSEK –194. Operating profit was charged with depreciation and impairment losses of MSEK –42 (–46) on tangible non-current assets and amortisation and impairment losses of MSEK –24 (–21) on intangible non-current assets.

The operating margin for the year declined by 1.2 percentage points to 3.8 percent (5.0). Excluding non-recurring items, the operating margin was 3.1 percent (5.1).

Profit after net financial items totalled MSEK 216 (318). Net financial items totalled MSEK –73 (–91). The profit margin amounted to 2.8 percent (3.9).

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

Profit after taxes amounted to MSEK 222 (227). Earnings per share totalled SEK 7.90 (8.10).

Revenue

Revenue amounted to MSEK 7,666 (8,201). Exchange-rate translation effects had a negative impact of MSEK –67 (–52) on revenue.

Revenue for comparable units, measured in local currency, decreased by

–6 percent during the year. The financial year contained a total of six fewer trading days than in 2011/2012, which, converted to volume, corresponds to a decline of just over 2 percent in annual revenue.

OPERATIONS

The 2012/2013 financial year was distinguished by continued weak overall demand. B&B TOOLS' various geographical markets and customer segments displayed relatively large differences in sales and earnings trends.

The internal work during the year on the introduction of a new IT platform, a shared finance centre and new logistics solutions for TOOLS Sweden was concluded. In parallel with these efforts, all units in TOOLS Finland and TOOLS Norway were integrated into their respective IT systems. The new solutions in the various countries provide the Group with a solid platform to further develop and streamline the business.

Restructuring measures in TOOLS Sweden and other parts of the Group proceeded according to plan during the year, with the goal of reducing the Group's costs by approximately MSEK 140 (net) on an annual basis (all other things being equal). The remaining measures mainly pertain to an overhaul of the Group's rented spaces for stores and office premises. By divesting the Group's logistics properties in Sweden in December 2012, B&B TOOLS freed up capital with the primary aim of reducing the Group's indebtedness and enabling continued investments in operations.

In November 2012, Ulf Lilius took office as the new President & CEO of B&B TOOLS. Ulf Lilius has worked in the Group since 2004 and most recently served as President of TOOLS Momentum. In connection with this a flatter management structure in the Group was also introduced, with fewer organisational levels.

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. Revenue for comparable units within TOOLS, measured in local currency, decreased by a total of –6 percent during

the financial year. Demand was largely unchanged for TOOLS Norway and TOOLS Momentum, while sales for TOOLS Sweden and TOOLS Finland declined by –12 percent and –10 percent, respectively.

TOOLS Norway's earnings trend remained strong during the year while the loss for TOOLS Sweden amounted to MSEK –52 (excluding non-recurring items). TOOLS Momentum's earnings trend remained strong with an operating margin of 12 percent. Despite a sharp fall in sales during the year, TOOLS Finland reported positive earnings (excluding non-recurring items).

During the financial year, TOOLS Sweden completed the introduction of new IT and logistics solutions in addition to a shared finance centre. The experiences from this undertaking have been positive to date and during the year, TOOLS succeeded in reducing costs by consolidating a number of local warehouses, reviewing expenses for stores and premises and by reducing the number of employees, primarily in logistics and support functions. With a period of major internal changes behind them, TOOLS Sweden can, to a much greater extent than previously, focus on profitability, customers, customer solutions and efficiency improvements in day-to-day activities in 2013/2014.

Non-recurring items, mainly pertaining to costs for restructuring measures, had a negative net effect of MSEK –97 on TOOLS' profit for the year (preceding year: net MSEK +9).

Business Areas

The Group's four 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 negatively during the year. The Business Areas' combined revenue, measured in local currency, declined by –4 percent during the financial year.

The combined earnings of the Group's Business Areas remained stable during the year but was negatively impacted but the weak performance of TOOLS and other market channels in Sweden and Finland. Operations in Norway continued to perform positively. The Business Areas also implemented adaptations of costs with the aim of bolstering profitability for the future.

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 47 percent of the Business Areas' combined revenue.

The Business Areas' earnings for the year were adversely impacted by non-recurring items of MSEK -7 net, mainly pertaining to costs for restructuring measures (preceding year: net MSEK -13).

Group-wide and eliminations

The operating profit for "Group-wide" amounted to MSEK 116 (-30) for the financial year. The profit was impacted by non-recurring items in the net amount of MSEK +155 pertaining to capital gains from property sales totalling MSEK +245 and costs for restructuring measures totalling MSEK -90 (preceding year: net MSEK -4).

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

Parent Company

The Parent Company's revenue amounted to MSEK 48 (61) and profit after net financial items to MSEK 32 (226). These results include intra-Group contributions, dividends and similar items totalling MSEK 38 (234).

During the year, the Group's treasury operations were initiated in the Parent Company. Refer to Note 27 Financial risk management on pages 56-59 for further information.

In conjunction with the sale of the logistics properties in Alingsås and Ulricehamn in December 2012, one of the Group's companies entered into leases that expire at the end of 2027. The Parent Company, B&B TOOLS AB, has entered into an agreement guaranteeing the Group company's fulfilment of these leases with a total annual leasing cost of approximately MSEK 35.

CORPORATE ACQUISITIONS

No corporate acquisitions took place during the financial year.

PROFITABILITY

The return on consolidated capital employed for the financial year was 8 percent and the return on equity was 11 percent. In the preceding year, the return on consolidated capital employed was 11 percent and the return on equity was 12 percent. Calculated based on profit excluding non-recurring items for the financial year, the return on consolidated capital employed and the return on equity was 6 percent and 6 percent, respectively.

For the Group as a whole, B&B TOOLS' internal profitability measure, P/WC (operating profit in relation to working capital used), was 15 percent (21) 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 156 (278). Funds tied up in working capital decreased by MSEK 106 (preceding year: an increase by MSEK 164). During the year, inventories and operating receivables declined by MSEK 175 and MSEK 18, respectively. Operating liabilities declined by MSEK 87. Accordingly, cash flow from operating activities for the year amounted to MSEK 262 (114). Cash flow was positively impacted in an amount of MSEK 375 by the sales of the Group's major logistics properties during the third quarter.

The Group's financial net loan liability at the end of the financial year totalled MSEK 1,295 (1,787). Interest-bearing liabilities amounted to MSEK 1,519 (1,882), including expensed pension commitments totalling MSEK 387 (377). Liabilities to credit institutions amounted to MSEK 918 (1,420), net. Combined cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 514. In addition to these available funds of MSEK 514, there are credit facilities agreements with banks for an additional MSEK 200. Maturity periods and interest rates are presented in Note 27 Financial risk management on pages 56-59.

The equity/assets ratio at the end of the financial year was 40 percent, compared with 36 percent at the beginning of the year.

Equity per share totalled SEK 75.05 at the end of the financial year, compared with SEK 71.50 at the beginning of the year.

The Swedish tax rate, which also applies to the Parent Company, was 26.3 percent during the financial year. The Group's normalised tax rate, with its current geographic mix, is approximately 28 percent. The recognised tax expense for the year was impacted by tax-exempt capital gains from the sale of properties totalling MSEK 64 and a reduction of MSEK 8 in deferred tax liabilities due to the lowering of the corporate tax rate in Sweden from 26.3 percent to 22 percent as of 2013.

Amendments to the calculation of net debt/equity ratio as of 2013/2014

As per 1 April 2013, amendments were made to the international accounting policies for pensions, IAS 19 *Employee Benefits*. The amendments have an impact on

companies' recognition of pension provisions and equity, and lead to increased volatility for these items. Consequently, as of the first quarter of the current financial year of 2013/2014, B&B TOOLS will report what is referred to as the operational net debt/equity ratio, through which the financial net loan liability is calculated exclusive of the pension provisions. The operational net debt/equity ratio amounted to 0.44 on 31 March 2013 (compared with 0.61, in accordance with the previously applied definitions of net debt/equity ratio).

EMPLOYEES

The number of employees in the Group amounted to 2,780 at the end of the financial year, compared with 2,880 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 on pages 11-12.

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 the Nordic region, the Group primarily invests its resources in the development of various concepts and service solutions for its customers and partners and in building proprietary product brands. Activities implemented during 2012/2013 included the development of service concepts and customer solutions, 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 cus-

tomers 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 page 28 and Note 27 Financial risk management on pages 56–59.

FUTURE DEVELOPMENT

Market trends in 2013/2014 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 and reduced working capital.

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 38 percent of the Group's earnings per share for the 2012/2013 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 –0.9 percentage points as of 31 March 2013. 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 continue to meet the demands placed on the operations conducted by the Group.

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

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events affecting the Group have occurred after the end of the financial year.

Corporate Governance Report 2012/2013

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 2012/2013 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 2013 Annual General Meeting. B&B TOOLS deviates from the recommendations of the Code in three areas: the composition of the Election Committee, the Chairman of the Election 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.

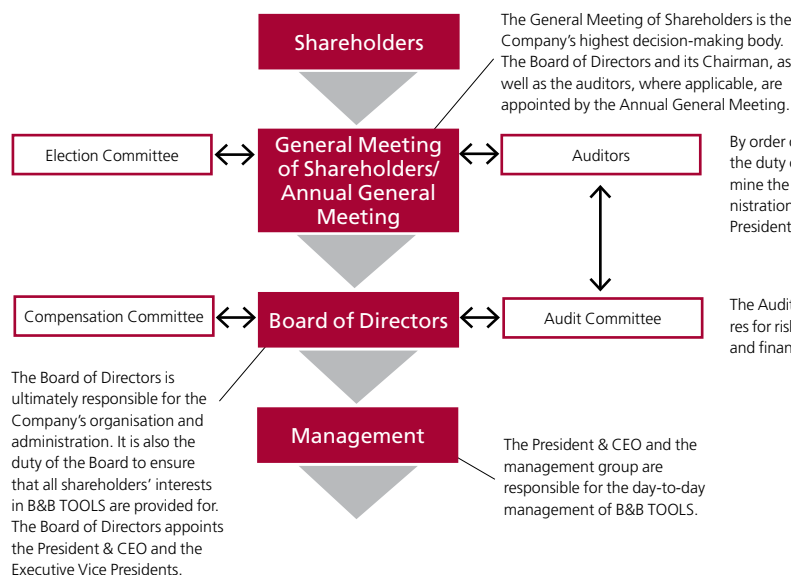
CORPORATE GOVERNANCE STRUCTURE

B&B TOOLS AB's corporate bodies comprise the Company's General Meeting of

CORPORATE GOVERNANCE STRUCTURE IN B&B TOOLS

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

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.



Shareholders, Board of Directors, President & CEO, and auditors. Refer to the illustration on page 16.

SHARE STRUCTURE, SHAREHOLDERS AND THE REPURCHASE OF OWN SHARES

As of 31 March 2013, B&B TOOLS AB had approximately 4,200 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 2013
Class A shares	1,070,936
Class B shares	27,365,480
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. The Company's lenders are entitled to cancel approved committed credit facilities if the Company's shares are delisted from NASDAQ OMX Stockholm or in connection with public takeover bids if the bidder secures a shareholding of more than 50 percent of the number of shares in the Company or controls at least 50 percent of

the votes in the Company. Otherwise 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 2013, Anders Börjesson and Tom Hedelius 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 70–71.

Repurchase of own shares

As of 31 March 2012, 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 2013 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 2013.

ANNUAL GENERAL MEETING 2012

The Annual General Meeting of B&B TOOLS AB was held in Stockholm on 23 August 2012. 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 115 shareholders participated in the Meeting, representing a combined total of 59.7 percent of the votes in the Company. Five of the six 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 2012 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2013 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 2013 regarding the election of the Board of Directors and auditors, fees and any changes to the procedures for the next Election Committee.

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2013 comprises Chairman of the Board Anders Börjesson, Björn Franzon (representing Swedbank Robur funds), Tom Hedelius, Per Trygg (representing SEB Funds) and Karl Åberg (representing CapMan Public Market Investment). The other members appointed Anders Börjesson as Chairman of the Election Committee. Björn Franzon 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 and can clearly identify any need for complementary skills.

SUMMARY OF BOARD COMPOSITION, ATTENDANCE, FEES AND DEPENDENCY CONDITIONS 2012/2013

Regular directors ²⁾	Year of election	Position	Audit Committee	Compensation Committee	Number of meetings attended		Fee, SEK	Dependent relative to ¹⁾	
					Board of Directors	Committees		B&B TOOLS	Major shareholders
Anders Börjesson	1990	Chairman	X	X	10 (11)	All	450,000		X
Tom Hedelius	1982	Vice Chairman	X	X	10 (11)	All	350,000		X
Per Axelsson	2001	Director	X		11 (11)	All	225,000		
Roger Bergqvist	2012	Director	X		6 (6)	–	225,000		
Charlotte Hansson	2012	Director	X		5 (6)	–	225,000		
Joakim Rubin	2011	Director	X		11 (11)	All	225,000		

¹⁾ According to the definitions in the Swedish Corporate Governance Code.

²⁾ The following changes to the Board of the Directors occurred during the 2012/2013 financial year:

Directors Roger Bergqvist and Charlotte Hansson were elected to the Board in conjunction with the Annual General Meeting in August 2012. Former Director Anita Pineus resigned in conjunction with the Annual General Meeting. Former President and Director Stefan Wigren resigned from the Board of Directors in November 2012.

The Election Committee's proposals regarding the Board of Directors and auditors will be presented in the notice of the 2013 Annual General Meeting. The Election Committee will present and motivate its proposal regarding the Board of Directors and auditors 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 2012/2013

The Board of Directors of B&B TOOLS AB currently comprises six regular directors elected by the Annual General Meeting on 23 August 2012, and two employee representatives. In conjunction with the Annual General Meeting, Roger Bergqvist and Charlotte Hansson were elected Directors. Former Director Anita Pineus resigned from the Board. Former President Stefan Wigren resigned from the Board in November 2012.

Directors of the Board

A detailed presentation of the current Board of Directors, including information on other assignments, is found on pages 66–67.

The dependency conditions for the Board of Directors are presented in the table on page 17.

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 occa-

sions 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 ten occasions during the 2012/2013 financial year, four of which were regular meetings and six extraordinary meetings.

Refer to the table on page 17 for information regarding attendance at various Board and committee meetings.

The decisions of the Board, which are based on detailed 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 Karlqvist, Head of Investor Relations 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 the management group 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 the management group were adopted by the Annual General Meeting in August 2012 (refer to Note 5 Employees and personnel costs on page 40).

The Compensation Committee consists of Chairman of the Board Anders Börjesson (Chairman of the Compensation Committee) and Vice Chairman of the Board Tom Hedelius¹⁾. The President & CEO Ulf Lilius reports to the Committee.

The Compensation Committee convened on one occasion during the 2012/2013 financial year, during which minutes were taken.

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. The Chairman of the Board also serves as the Chairman of the Audit Committee. The Audit Committee held one meeting during the 2012/2013 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

Since 1 January 2013, B&B TOOLS' management team comprises ten individuals. For a more detailed presentation, refer to pages 68–69.

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

On 1 November 2012, Ulf Lilius took office as new President & CEO of B&B TOOLS. Ulf Lilius served as President of TOOLS Momentum between 2010 and 2012. Ulf Lilius' previous positions include Marketing and Sales Director and Execu-

¹⁾ During the period 1 April – 31 October, the Compensation Committee also included the President and CEO at that time Stefan Wigren. During this period, this constituted a deviation from the Code's requirement stipulating independence of committee members in relation to the Company and company management. For further information, refer to Corporate Governance Reports of previous years.

tive Vice President of TOOLS Momentum (2002–2010), as well as sales manager of SKF Multitec (1996–2002).

As of 1 January 2013, the other members of the B&B TOOLS management team comprise nine individuals: the Managers of the Group's Business Areas (four individuals), the Country Managers for TOOLS (three individuals), the President of TOOLS Momentum and the Group's Chief Financial Officer.

For information regarding the management's holdings of financial instruments in B&B TOOLS, refer to pages 68–69. Compensation for the 2012/2013 financial year to current management and former Group management and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 38–41.

AUDITORS

At the Annual General Meeting held in August 2012, KPMG AB was re-elected to serve as the Company's auditors until the adjournment of the 2013 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 Holmen AB, Hufvudstaden AB, L E Lundberg-företagen 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 2013, the Election Committee will propose the election of auditors for the period until the 2014 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 pages 11–12. B&B TOOLS' Code of Conduct is available in its 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 members of the Group's

senior 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 22 August 2013 pass a resolution concerning the 2013/2014 guidelines for determining compensation and other terms of employment for the President & CEO and other members of Group management that corresponds with the guidelines for compensation adopted by the Annual General Meeting held in August 2012 (refer to Note 5 Employees and personnel costs on page 40).

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, a description of accounting policies 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 imple-

mentation 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 the most recent forecast as well as 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 Group'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 2012/2013 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.

OPERATING AREAS

Revenue and operating profit¹⁾

MSEK	Revenue		Operating profit		Adjusted operating profit/loss excluding non-recurring items	
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
TOOLS	5,205	5,595	27	181	124	172
Business Areas	3,698	3,874	152	266	159	279
Group-wide	611	610	116	-30	-39	-26
Eliminations	-1,848	-1,878	-6	-8	-6	-8
Total	7,666	8,201	289	409	238	417

Revenue – quarterly data, MSEK	2012/2013				2011/2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
TOOLS	1,264	1,356	1,221	1,364	1,384	1,488	1,298	1,425
Business Areas	898	971	876	953	960	995	925	994
Group-wide	144	163	155	149	157	157	147	149
Eliminations	-455	-502	-434	-457	-473	-491	-443	-471
Total	1,851	1,988	1,818	2,009	2,028	2,149	1,927	2,097

Operating profit/loss – quarterly data, MSEK	2012/2013				2011/2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
TOOLS	32	-67	40	22	52	44	55	30
Business Areas	55	37	30	30	71	67	69	59
Group-wide	-19	161	-3	-23	-20	2	-2	-10
Eliminations	0	-3	0	-3	-1	-8	-1	2
Total	68	128	67	26	102	105	121	81

Operating profit/loss – quarterly data, excluding non-recurring items, MSEK	2012/2013				2011/2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
TOOLS	29	33	40	22	38	42	55	37
Business Areas	52	47	30	30	73	71	72	63
Group-wide	-13	0	-3	-23	-16	2	-2	-10
Eliminations	0	-3	0	-3	-1	-8	-1	2
Total	68	77	67	26	94	107	124	92

¹⁾ Refer also to Note 4 Segment reporting.

Income statement

MSEK	Note	2012/2013	2011/2012
Revenue	2, 4	7,666	8,201
Shares in profit/loss of associated companies	14	0	1
Other operating income	3	253	37
Total operating revenue		7,919	8,239
Goods for resale		-4,621	-4,884
Personnel costs		-1,727	-1,711
Depreciation, amortisation, impairment losses and reversal of impairment losses		-66	-67
Other operating expense		-1,216	-1,168
Total operating expense	4, 5, 6, 7, 8	-7,630	-7,830
Operating profit		289	409
Financial income		9	4
Financial expense		-82	-95
Net financial items	9	-73	-91
Profit after net financial items		216	318
Taxes	11	6	-91
Net profit for the year		222	227
Of which attributable to:			
Parent Company shareholders		222	227
Non-controlling interest		-	0
Earnings per share, SEK			
– before dilution	20	7.90	8.10
– after dilution	20	7.90	8.10
Proposed/resolved dividend per share, SEK		3.00	3.00

Statement of comprehensive income

MSEK	2012/2013	2011/2012
Net profit for the year	222	227
Other comprehensive income		
Translation differences	-37	5
Translation differences in non-controlling interest	-	0
Effects of hedge accounting	0	10
Taxes attributable to other comprehensive income	-2	-4
Comprehensive income for the year	183	238
Of which attributable to:		
Parent Company shareholders	183	238
Non-controlling interest	-	0

Balance sheet

MSEK	Note	31 March 2013	31 March 2012
ASSETS			
Non-current assets			
Intangible non-current assets	12	1,781	1,815
Tangible non-current assets	13	252	407
Participations in associated companies	14	11	11
Financial investments	27	2	3
Other long-term receivables	16	8	7
Deferred tax assets	11	106	116
Total non-current assets		2,160	2,359
Current assets			
Inventories	17	1,443	1,684
Tax assets		39	49
Accounts receivable	27	1,192	1,233
Prepaid expenses and accrued income	18	114	125
Other receivables	16	65	64
Cash and cash equivalents		214	85
Total current assets		3,067	3,240
Total assets	4, 25, 26, 27, 30	5,227	5,599
EQUITY AND LIABILITIES			
Equity			
Share capital	19	57	57
Other contributed capital		71	71
Reserves		-58	-19
Retained earnings, including net profit for the year		2,038	1,900
Equity attributable to Parent Company shareholders		2,108	2,009
Non-controlling interest		-	0
Total equity		2,108	2,009
Non-current liabilities			
Non-current interest-bearing liabilities	27	1,129	743
Provisions for pensions	21	387	377
Other non-current provisions	22	14	9
Deferred tax liabilities	11	104	174
Total non-current liabilities		1,634	1,303
Current liabilities			
Current interest-bearing liabilities	27	3	762
Accounts payable		823	831
Tax liabilities		37	73
Other liabilities	23	105	134
Accrued expenses and deferred income	24	517	487
Total current liabilities		1,485	2,287
Total liabilities	4, 25, 26, 27, 30	3,119	3,590
Total equity and liabilities		5,227	5,599

Statement of changes in equity

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings, incl. net profit for the year	Total	Non-controlling interest	Total equity
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
Acquisition of non-controlling interest						-	-
Net profit for the year				222	222	-	222
Other comprehensive income			-39		-39		-39
Dividend				-84	-84		-84
Closing equity, 31 March 2013	57	71	-58	2,038	2,108	-	2,108

Cash-flow statement

MSEK	Note	2012/2013	2011/2012
Operating activities			
Profit after net financial items		216	318
Adjustments for non-cash items	34	5	49
Income taxes paid		-65	-89
Cash flow from operating activities before changes in working capital		156	278
Cash flow from changes in working capital			
Change in inventories		175	-163
Change in operating receivables		18	-57
Change in operating liabilities		-87	56
Changes in working capital		106	-164
Cash flow from operating activities		262	114
Investing activities			
Acquisition of intangible and tangible non-current assets		-48	-42
Sales of intangible and tangible non-current assets		7	10
Acquisition of subsidiaries/operating segments, net effect on liquidity	34	-	-22
Sales of subsidiaries/operating segments, net effect on liquidity	34	375	57
Cash flow from investing activities		334	3
Cash flow before financing		596	117
Financing activities			
Repayment of loans		-380	-42
Dividend paid to Parent Company shareholders		-84	-84
Cash flow from financing activities		-464	-126
Cash flow for the year		132	-9
Cash and cash equivalents at the beginning of the year		85	92
Exchange-rate differences in cash and cash equivalents		-3	2
Cash and cash equivalents at year-end	34	214	85

Income statement

MSEK	Note	2012/2013	2011/2012
Revenue	2	48	61
Personnel costs		-65	-47
Depreciation, amortisation, impairment losses and reversal of impairment losses		-4	-2
Other operating expense		-35	-30
Total operating expense	5, 6, 8	-104	-79
Operating loss		-56	-18
Profit from net financial items:			
Profit from participations in Group companies	9	38	225
Profit from other securities and receivables recognised as non-current assets	9	124	107
Other interest income and similar profit/loss items	9	3	-4
Interest expense and similar profit/loss items	9	-77	-84
Profit after net financial items		32	226
Appropriations	10	46	-27
Profit before taxes		78	199
Taxes	11	-3	-38
Net profit for the year		75	161

Statement of comprehensive income

MSEK	2012/2013	2011/2012
Net profit for the year	75	161
Other comprehensive income		
Effects of hedge accounting	4	-3
Taxes attributable to hedge accounting	-1	1
Comprehensive income for the year	78	159

Balance sheet

MSEK	Note	31 March 2013	31 March 2012
ASSETS			
Non-current assets			
Intangible non-current assets	12	1	2
Tangible non-current assets	13	3	6
<i>Financial non-current assets</i>			
Participations in Group companies	32	104	104
Receivables from Group companies	15	3,670	3,675
Other long-term receivables	16	0	0
Deferred tax assets	11	10	15
Total financial non-current assets		3,784	3,794
Total non-current assets		3,788	3,802
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		265	357
Tax asset		5	–
Other receivables		4	3
Prepaid expenses and accrued income	18	6	9
Total current receivables		280	369
Cash and bank		142	24
Total current assets		422	393
Total assets	26	4,210	4,195
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		57	57
Statutory reserve		86	86
<i>Non-restricted equity</i>			
Retained earnings		1,043	963
Net profit for the year		75	161
Total equity		1,261	1,267
Untaxed reserves	33	201	247
Provisions			
Provisions for pensions and similar commitments	21	50	51
Total provisions		50	51
Non-current liabilities			
Liabilities to credit institutions	27	1,117	727
Liabilities to Group companies		297	111
Other liabilities	27	12	13
Total non-current liabilities		1,426	851
Current liabilities			
Liabilities to credit institutions	27	–	750
Accounts payable		4	3
Liabilities to Group companies		1,201	982
Tax liabilities		–	30
Other liabilities		1	1
Accrued expenses and deferred income	24	66	13
Total current liabilities		1,272	1,779
Total equity, provisions and liabilities	26	4,210	4,195
<i>Pledged assets and contingent liabilities</i>			
Pledged assets		None	None
Contingent liabilities		See Note 30	See Note 30

Statement of changes in equity

MSEK	Restricted equity		Unrestricted equity				Total equity
	Share capital	Statutory reserve	Treasury shares	Hedging reserve	Retained earnings	Net profit for the year	
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
Reversal of earnings					161	-161	0
Net profit for the year						75	75
Other comprehensive income				3			3
Dividend					-84		-84
Closing equity, 31 March 2013	57	86	-57	-7	1,107	75	1,261

Cash-flow statement

MSEK	Note	2012/2013	2011/2012
Operating activities			
Profit after net financial items		32	226
Adjustments for non-cash items	34	112	-144
Income taxes paid		-34	-32
Cash flow from operating activities before changes in working capital		110	50
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		98	82
Change in operating receivables		1	-7
Change in operating liabilities		2	1
Change in working capital		101	76
Cash flow from operating activities		211	126
Investing activities			
Acquisition of intangible and tangible non-current assets		0	-5
Cash flow from investing activities		0	-5
Cash flow before financing		211	121
Financing activities			
Changes in non-current receivables and liabilities to Group companies		182	-153
Repayment of loans		-354	-3
Dividend paid		-84	-84
Group contributions paid and received		163	111
Cash flow from financing activities		-93	-129
Cash flow for the year		118	-8
Cash and cash equivalents at the beginning of the year		24	32
Cash and cash equivalents at year-end	34	142	24

The Group's risks and opportunities

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

The Group is convinced that a decentralised approach creates an entrepreneurial spirit, whereby risk is always a natural component in the decision-making process. To ensure support and a unified approach to how the businesses should deal with risks and opportunities, the work involved in identifying and responding to the most significant risks is integrated into B&B TOOLS' strategic and operative planning process. Work related to developing the Group's risk management is carried out continuously.

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

STRATEGIC RISKS ASSOCIATED WITH MARKET AND INDUSTRY

Market development/Economic situation

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

Competitive situation

As the structural transformation and consolidation of the industry progresses, the competitive situation also changes. Customers are increasingly striving to limit their number of suppliers and instead initiate closer 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 crucial success factors in the future.

Consolidation among resellers

In the area of industrial consumables, the Group's customers primarily comprise end users in the industrial sector and resellers in the construction sector, 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.

Proprietary product brands and sub-suppliers

The Group builds strong proprietary product brands in selected product areas. B&B TOOLS' strategy is not to own its own manufacturing capacity, but to work actively to evaluate and select sub-suppliers, 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

The Group's focus is to offer customers products and services that make everyday operations easier, safer and more profitable. Its customers also increasingly demand an advisor and partner with the high level of competence and creative ability necessary to develop 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 has and continues to be growth 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 commitments will not be identified during due diligence. The Group works specifically on the due diligence process, and responsibility for the integration of new companies rests with the acquiring operating area.

FINANCIAL RISKS

Exchange-rate fluctuations

A major portion of the Group's purchases are made in foreign currency, while sales are normally conducted in local currency in the countries in which the Group conducts its operations. For a description of the Group's exposure to various currencies and the financial instruments used to minimise risks, refer to Note 27 Financial risk management and the section Foreign-exchange risks on pages 56–57.

Interest-rate fluctuations

For a description of the manner in which the Group is exposed to interest-rate fluctuations in relation to borrowing and lending and the way this is managed to minimise risks, refer to Note 27 Financial risk management and the section Interest-rate risks on page 57.

Financing risk

Financing risk refers to the risk that meeting the Group's requirements for external capital could become more difficult or more expensive. For a description of the Group's financing and the manner in which the financing risk is managed, refer to Note 27 Financial risk management and the sections Liquidity and refinancing risks and Borrowing and maturity structure on pages 57–59.

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 2012/2013 are prepared in accordance with the International Financial Reporting Standards (IFRS) and 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 14–64. The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 14 June 2013. 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 22 August 2013.

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 2012 have not had a material impact on the Group's financial reporting.

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.

These amendments to IAS 19 are expected to have an impact on the consolidated financial statements. If these new rules had been applied to 2012/2013, the Group's pension provisions would have totalled approximately MSEK 450 (compared with MSEK 387 according to current accounting policies). Equity would have been reduced by approximately MSEK 40 (including special payroll tax but after deduction for a deferred tax asset).

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 noncurrent 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 nonfinancial asset (for example, inventories or a tangible non-current asset), or a nonfinancial 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.

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 policies

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 indefinite. Goodwill and intangible assets with an indefinite 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 at least each balance-sheet date to determine whether there are any indications of an impairment require-

ment. 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 indefinite period of use and intangible assets not yet ready for use is calculated at least 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 or housing bonds 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 2012, Alecta's surplus in the form of its collective solvency margin was 129 percent (2011: 113 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 bene-

fits 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 while the other expired 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

Unless otherwise stated below, the same changes as detailed above for the Group applied to the Parent Company's accounting policies during the financial year.

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.

Group contributions and shareholders' contributions

Shareholders' contributions are recognized directly in equity of the recipient and capitalised in shares and participations of the donor. Group contributions, both received and paid, are recognized in profit or loss as a dividend when received and as a financial expense when paid.

NOTE 2**DISTRIBUTION OF REVENUE**

	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Revenue				
Sale of goods	7,452	7,910	–	–
Service assignments	175	254	48	61
Rental income	7	9	–	–
Commissions, bonuses and similar income	32	28	–	–
Total	7,666	8,201	48	61

Income in the Parent Company pertains to intra-Group services totalling MSEK 48 (61).

NOTE 3**OTHER OPERATING INCOME**

	Group	
	2012/2013	2011/2012
Grants from EU, central and local government	3	3
Other grants	0	0
Insurance indemnification	1	0
Capital gain, sale of tangible non-current assets	3	3
Capital gain, sale of financial non-current assets	1	0
Capital gain, sale of subsidiaries and other business units	245	30
Other	0	1
Total	253	37

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 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 management, accounting, support functions, infrastructure operations and property management. The support functions include marketing, HR, internal communications, IR, legal and business development.

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 3 percent of the Group's revenue.

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

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

Revenue	2012/2013			2011/2012		
	External	Internal	Total	External	Internal	Total
TOOLS	5,154	51	5,205	5,510	85	5,595
Business Areas	2,502	1,196	3,698	2,676	1,198	3,874
Group-wide	10	601	611	15	595	610
Eliminations	–	–1,848	–1,848	–	–1,878	–1,878
Group total	7,666	0	7,666	8,201	0	8,201

Operating profit/loss, assets and liabilities	2012/2013			2011/2012		
	Operating profit/loss	Assets	Liabilities	Operating profit/loss	Assets	Liabilities
TOOLS	27	3,019	2,016	181	3,218	3,614
Business Areas	152	3,407	1,608	266	3,379	1,332
Group-wide	116	2,066	2,695	–30	3,340	2,923
Eliminations	–6	–3,265	–3,200	–8	–4,338	–4,279
Group total	289	5,227	3,119	409	5,599	3,590

Profit/loss after net financial items	2012/2013			2011/2012		
	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	27	–	27	181	–	181
Business Areas	152	–	152	266	–	266
Group-wide	116	–73	43	–30	–91	–121
Eliminations	–6	–	–6	–8	–	–8
Group total	289	–73	216	409	–91	318

NOTE 4, CONT.

Investments in non-current assets	2012/2013			2011/2012		
	Intangible	Tangible	Total	Intangible	Tangible	Total
TOOLS	0	25	25	25	13	38
Business Areas	1	6	7	3	5	8
Group-wide	–	19	19	–	22	22
Eliminations	–	–	–	–	–	–
Group total	1	50	51	28	40	68

Depreciation and amortisation of non-current assets	2012/2013			2011/2012		
	Intangible	Tangible	Total	Intangible	Tangible	Total
TOOLS	–2	–23	–25	–2	–26	–28
Business Areas	–5	–5	–10	–7	–6	–13
Group-wide	–17	–13	–30	–12	–14	–26
Eliminations	–	–	–	–	–	–
Group total	–24	–41	–65	–21	–46	–67

Impairment losses on non-current assets	2012/2013			2011/2012		
	Intangible	Tangible	Total	Intangible	Tangible	Total
TOOLS	–	–	–	–	–	–
Business Areas	–	–	–	–	–	–
Group-wide	–	–1	–1	–	–	–
Eliminations	–	–	–	–	–	–
Group total	–	–1	–1	–	–	–

Other non-cash items	2012/2013		2011/2012	
	Pensions	Other	Pensions	Other
TOOLS	–1	–79	–2	3
Business Areas	–22	–8	–22	5
Group-wide	–7	–50	–6	1
Eliminations	–	–	–	–
Group total	–30	–137	–30	9

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.

	2012/2013		2011/2012	
	External revenue	Non-current assets	External revenue	Non-current assets
Sweden	3,740	1,832	4,144	2,000
Finland	860	177	1,002	191
Norway	2,451	21	2,394	26
Other countries	615	3	661	5
Group total	7,666	2,033	8,201	2,222

Investments in non-current assets	2012/2013			2011/2012		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Sweden	1	41	42	25	32	57
Finland	0	2	2	3	3	6
Norway	–	6	6	0	3	3
Other countries	0	1	1	0	2	2
Group total	1	50	51	28	40	68

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

Average number of employees by country	2012/2013			2011/2012		
	Women	Men	Total	Women	Men	Total
Sweden, Parent Company	5	8	13	7	10	17
Sweden, other Swedish companies	420	1,341	1,761	411	1,358	1,769
Denmark	5	22	27	4	22	26
Finland	54	265	319	59	268	327
Norway	80	398	478	83	400	483
Estonia	12	36	48	11	34	45
Poland	16	72	88	17	88	105
Other countries	35	58	93	32	57	89
Group total	627	2,200	2,827	624	2,237	2,861

Salaries and compensation by country	2012/2013			2011/2012		
	Board of Directors and President	Of which, variable remuneration	Other	Board of Directors and President	Of which, variable remuneration	Other
Sweden	52	1	727	41	3	727
Denmark	1	0	15	1	0	16
Finland	2	0	120	5	0	124
Norway	3	1	305	11	1	280
Estonia	1	0	7	1	0	6
Poland	2	0	10	1	0	12
Other countries	4	0	13	4	0	11
Group total	65	2	1,197	64	4	1,176

Group	2012/2013			2011/2012		
	Salaries and compensation	Social security fees	Of which, pension costs	Salaries and compensation	Social security fees	Of which, pension costs
Group total	1,262	443	132	1,240	434	122

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

Parent Company	2012/2013			2011/2012		
	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Salaries and other compensation	28	8	36	12	11	23
(of which, variable remuneration)	1	0	1	1	1	2
Social security costs	23	6	29	13	11	24
(of which, pension costs) ¹⁾	12	2	14	7	6	13

¹⁾ The pension costs for 2011/2012 were negatively impacted in an amount of MSEK -4 due to PRI's changed life-expectancy assumption.

The category "Board of Directors and President" in the table above includes directors, presidents and executive vice presidents in the Group in 2012/2013.

Of the Group's pension costs, SEK 18,424 thousand (13,881) pertains to the category "Board of Directors and President."

Of the Parent Company's pension costs, SEK 12,102 thousand (7,022) pertains to the category "Board of Directors and President." The Company's outstanding pension obligations to this category amount to SEK 1,116 thousand (987), of which SEK 65 thousand (0) pertains to the President and SEK 883 thousand (846) to the Board of Directors.

PREPARATION AND DECISION-MAKING PROCESS CONCERNING COMPENSATION TO THE BOARD OF DIRECTORS, THE PRESIDENT & CEO AND OTHER MEMBERS OF SENIOR 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.

The process of preparing and passing resolutions concerning compensation to the B&B TOOLS Group's President & CEO and other senior management is based on the guidelines proposed by the Board of Directors and adopted by the Annual General Meeting. The guidelines in effect during the 2012/2013 financial year are presented below. In this note, "Other members of senior management" relates to the former Group management excluding the previous President & CEO (four individuals) for the period 1 April – 31 December 2012 and the current manage-

NOTE 5, CONT.

ment for the Group excluding the President & CEO (nine individuals) for the period 1 January – 31 March 2013.

The Compensation Committee prepares and submits proposals to the Board of Directors concerning the formulation of a compensation structure for Group's senior 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 senior management are made by the Compensation Committee.

A more detailed presentation of the composition and work of the Compensation Committee is found in the Corporate Governance Report on pages 16–19.

COMPENSATION DURING THE 2012/2013 FINANCIAL YEAR

Board of Directors

In accordance with the resolution passed by the Annual General Meeting in August 2012, the Board of Directors received a total of SEK 1,700 thousand (1,475) in Directors' fees during the 2012/2013 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 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 2012/2013 financial year. Refer also to the summary of Board composition and fees in 2012/2013 in the Corporate Governance Report on page 17.

Provided that the necessary tax prerequisites for invoicing exist and that doing so would not entail a cost for B&B TOOLS AB, Directors shall be offered the opportunity to invoice their Directors' fees through a wholly owned company or private business. If a Director invoices his/her Directors' fee through a wholly owned company or private business, the fee is to be increased by an amount corresponding to the social security contributions and value added tax stipulated by law. Of the Board's six Directors elected by the Annual General Meeting, five Directors invoiced their Directors' fees through a wholly owned company in 2012/2013.

President & CEO

Stefan Wigren served as President & CEO of B&B TOOLS AB from 1 April – 31 October 2012, and was thereafter at the disposal of the Company on a full-time basis until 31 December 2012. On 1 November 2012, Ulf Lilius took office as President & CEO.

Compensation to the current President & CEO of B&B TOOLS AB comprises fixed salary, variable compensation, participation in the Long-Term Incentive programmes "LTI 2008" and "LTI 2012" (see below for a more detailed description), other benefits and pension. For the Company's President & CEO, variable compensation can amount to a maximum of 30 percent of the fixed salary, based on the Group's earnings.

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.

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. Pension premiums paid include premiums for health insurance. In the event of termination of employment at the initiative of the Company, the period of notice is 12 months. Aside from salary and other benefits during the period of notice, no severance pay will be issued to the President & CEO in the event of termination of employment at the initiative of the Company. In accordance with the employment contract with the previous President & CEO, a severance payment of 12 months' salary was issued during the 2012/2013 financial year.

Other members of senior management

In this note, "Other members of senior management" relates to the former Group management excluding the previous President & CEO (four individuals) for the period 1 April – 31 December 2012 and the current management of the Group excluding the President & CEO (nine individuals) for the period 1 January – 31 March 2013. Of the four individuals in the former Group management, two resigned during the 2012/2013 financial year while one person resigned at the beginning of the 2013/2014 financial year.

Compensation to other members of senior management consists of fixed salary, variable compensation, possible participation in Long-Term Incentive programme "LTI 2008" (see below for a more detailed description), other benefits and pension. Members of senior management employed in subsidiaries receive their compensation from the respective companies. For the other members of senior management, variable compensation, based on the Group's and – in certain cases – the respective operating segment's earnings – may constitute a maximum of 25–30 percent of the fixed salary. 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. Refer to pages 68–69 for a presentation of the Group's current management.

From the age of 65, the other members of senior 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. Pension premiums paid include premiums for health insurance. The respective Group companies' outstanding defined-benefit pension obligations amount to SEK 4,524 thousand (967). In the event of termination of employment at the initiative of the respective company, the period of notice is a maximum of 6–12 months. In addition to salary and other benefits during the notice period, a severance payment of not more than 3–12 months' salary is payable by the respective company.

COMPENSATION AND OTHER BENEFITS 2012/2013

SEK thousand	Fixed salary ¹⁾	Variable compensation	Long-term incentive	Other benefits	Total fixed and variable compensation	Pension costs
Stefan Wigren, President & CEO (1 April–31 October 2012)	8,653	0	0	226	8,879	7,000
Ulf Lilius, President & CEO (1 November 2012–31 March 2013)	1,100	0	600	24	1,724	333
Other members of senior management (definition and period of time as stated above)	20,019	0	0	679	20,698	5,823
Total	29,772	0	600	929	31,301	13,156

¹⁾ Including expensed severance payment according to applicable contract.

COMPENSATION AND OTHER BENEFITS 2011/2012

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

NOTE 5, CONT.

Guidelines for determining compensation and other terms of employment for the President & CEO and other members of senior management in 2012/2013

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 senior management is to 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 23 August 2012. These guidelines have been applied to all agreements entered into with the President & CEO, other members of the former Group management and the current Group management during 2012/2013 ("other members of senior management").

LONG-TERM INCENTIVE (LTI) PROGRAMMES

In December 2006, the Board of Directors of B&B TOOLS AB decided to introduce a long-term incentive programme (LTI 2006) for the President & CEO and the other members of Group management at that time. The LTI programme initially had a term of five years and under its structure, the individuals concerned in Group management initially invested 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 was 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 arose as a function of the LTI programme. The programme was extended in 2010/2011 to a total term of seven years until the 2012/2013 financial year. The goal of the LTI programme was not achieved for the 2012/2013 financial year and a total of SEK 0 thousand (0) was charged against net profit for the year. LTI 2006 was concluded on 31 March 2013.

During the 2008/2009 financial year, an equivalent long-term incentive programme (LTI 2008) was introduced for senior management and other key individuals in the Group, excluding Group management of the time, with the intention of establishing long-term participation in the Group and its value performance. The design of LTI 2008 is equivalent to the above LTI programme from 2006. 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 2012/2013 financial year and a total of SEK 0 thousand (0) was charged against net profit for the year.

In October 2012, the Board of Directors of B&B TOOLS AB resolved to offer a long-term incentive programme ("LTI 2012") to the new President & CEO involving an annual cash-based gross compensation amount of SEK 600 thousand over a three-year period. Payment of the cash-based gross compensation amount is conditional upon an initial investment in B&B TOOLS shares by the President & CEO of approximately MSEK 5 and that he remains an employee of the Company. For the 2012/2013 financial year, gross compensation of SEK 600 thousand was paid. Compensation under this LTI programme was expensed in 2012/2013 and paid in 2013/2014.

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 expired on 30 September 2012. Each option entitled its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 228.00. The programme was secured in its entirety through repurchase of treasury shares at an average acquisition cost of SEK 206.30 per share.

NOTE 5, CONT.

The table below shows the options issued and options outstanding as of 31 March 2013:

	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Group						
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228.00	90,000	0	Physical delivery
Parent Company						
Call option programme 2007/2012	October 2007	1 Oct. 2007–30 Sep. 2012	228.00	13,200	0	Physical delivery

No call options were redeemed in 2012/2013. The call option programme was concluded in September 2012.

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

Percentage of women	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Directors	10%	10%	17%	17%
Senior management	9%	10%	10%	20%

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	
	2012/2013	2011/2012	2012/2013	2011/2012
Audit assignment				
KPMG	6	7	1	1
Other auditors	1	1	–	–
Fees for audit assignment	7	8	1	1
Audit activities in addition to audit assignment				
KPMG	0	0	0	–
Other auditors	0	0	–	–
Fees for audit activities in addition to audit assignment	0	0	0	–
Tax advisory services				
KPMG	1	1	0	1
Fees for tax advisory services	1	1	0	1
Other assignments				
KPMG	0	1	0	–
Other auditors	0	0	–	–
Fees for other assignments	0	1	0	–
Total fees to auditors	8	10	1	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**

No corporate acquisitions were carried out during the year. Nor were any corrections made to additional purchase considerations.

NOTE 8**OTHER OPERATING EXPENSE**

Of the Group's total other expenses of MSEK -1,216 (-1,168), the following applies:

	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Exchange-rate losses on operating receivables/liabilities	-1	-2	-1	-
Loss on the disposal of tangible non-current assets	-3	-1	-	-
Other	0	-1	-	-
Total	-4	-4	-1	-

NOTE 9**NET FINANCIAL ITEMS**

Group	2012/2013	2011/2012
Interest income	6	4
Dividends	-	0
Net exchange-rate changes	3	-
Other financial income	0	0
Financial income	9	4
Interest expense	-67	-74
Net interest on defined-benefit pensions	-15	-16
Impairment losses on financial assets available for sale	-	0
Other financial expense	-	-3
Net exchange-rate changes	-	-2
Financial expense	-82	-95
Net financial items	-73	-91

Parent Company	Profit from participations in Group companies	
	2012/2013	2011/2012
Group contributions received	243	341
Group contributions paid	-295	-178
Dividends	90	71
Impairment losses	-	-9
Total	38	225

Parent Company	Interest income and similar profit items	
	2012/2013	2011/2012
Interest income, Group companies	124	107
Interest income, other	1	0
Net exchange-rate changes	2	-
Total	127	107

Parent Company	Interest expense and similar loss items	
	2012/2013	2011/2012
Interest expense, Group companies	-11	-12
Interest expense, other	-66	-69
Other financial expense	-	-3
Net exchange-rate changes	-	-4
Total	-77	-88

NOTE 10

APPROPRIATIONS

	Parent Company	
	2012/2013	2011/2012
Difference between recognised depreciation and depreciation according to plan		
Equipment	0	0
Tax allocation reserve, provision for the year	0	-49
Tax allocation reserve, reversal for the year	46	22
Total	46	-27

NOTE 11

TAXES

RECOGNISED IN PROFIT OR LOSS

	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Current tax				
Tax expense for the period	-33	-79	0	-39
Deduction of foreign taxes	-1	0	-	-
Adjustment of taxes attributable to earlier years	1	2	1	0
Total	-33	-77	1	-39
Deferred tax				
Deferred tax attributable to temporary differences	28	-1	-2	1
Deferred tax due to changes in tax rates and/or changed tax legislation	8	-	-2	-
Deferred tax on the remeasurement of the carrying amounts of deferred tax assets	-	-9	-	-
Deferred tax income in tax value of tax loss carry-forwards capitalised during the year	6	3	-	-
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carry-forwards	-3	-7	-	-
Deferred tax	39	-14	-4	1
Total tax	6	-91	-3	-38

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	2012/2013	2011/2012
Profit before taxes	216	318
Taxes at the average tax rate of 28 percent (28)	-60	-89
Tax effect of:		
Changed tax rate	8	-
Fictitious interest on tax allocation reserves	-1	-1
Non-deductible capital gain on sale of subsidiaries	64	10
Additional/reduced tax, previous years	1	2
Utilisation of previously non-capitalised tax loss carryforwards	0	2
Remeasurement of carrying amount of deferred tax assets	0	-9
Other non-deductible expenses	-7	-3
Other items	1	-3
Total tax	6	-91

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	2012/2013	2011/2012
Profit after net financial items	32	226
Taxes at the tax rate of 26.3 percent (26.3)	-9	-59
Tax effect of:		
Changed tax rate	-2	-
Appropriations	-12	7
Dividends from subsidiaries	24	19
Impairment losses on shares in subsidiaries	-	-2
Fictitious interest on tax allocation reserves	-1	-1
Additional/reduced tax, previous years	1	0
Other non-taxable income	0	0
Other non-deductible expenses	-4	-2
Total tax	-3	-38

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	
	2012/2013	2011/2012	2012/2013	2011/2012
Current tax on translation differences	0	-2	-	-
Deferred tax on hedge accounting of financial instruments	-2	-2	-1	1
Total	-2	-4	-1	1

NOTE 11, CONT.

RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and liabilities

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

Group	31 March 2013			31 March 2012		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	0	-11	-11	3	-21	-18
Land and buildings	-	-10	-10	0	-15	-15
Machinery and equipment	2	-	2	1	-	1
Financial non-current assets	21	-26	-5	19	-22	-3
Inventories	41	-	41	48	-	48
Accounts receivable	4	-1	3	3	-2	1
Untaxed reserves	-	-48	-48	-	-87	-87
Pension provisions	17	-4	13	27	-13	14
Other provisions	3	-	3	4	-	4
Interest-bearing liabilities	-	-1	-1	-	-2	-2
Other	7	-3	4	2	-12	-10
Tax loss carryforwards	11	-	11	9	-	9
Total	106	-104	2	116	-174	-58

Parent Company	31 March 2013			31 March 2012		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Financial non-current assets	3	-	3	6	-	6
Pension provisions	7	-	7	8	-	8
Other provisions	-	-	-	1	-	1
Total	10	-	10	15	-	15

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

Group	31 March 2013	31 March 2012
Opening balance at the beginning of the year, net	-58	-41
Disposal of subsidiaries	16	-
Reclassifications within the balance sheet	9	-
Taxes charged against net profit for the year	39	-14
Taxes on items recognised directly against consolidated comprehensive income	-2	-4
Translation differences	-2	1
Closing balance at year-end, net	2	-58

Parent Company	31 March 2013	31 March 2012
Opening balance at the beginning of the year, net	15	13
Taxes charged against net profit for the year	-4	1
Taxes on items recognised in the Parent Company's comprehensive income	-1	1
Closing balance at year-end, net	10	15

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

Group	2012/2013	2011/2012
Intangible assets	7	0
Land and buildings	5	4
Machinery and equipment	0	0
Financial non-current assets	-2	1
Inventories	-6	2
Accounts receivable	3	0
Untaxed reserves	24	-1
Pension provisions	0	-7
Other provisions	0	1
Other	5	-10
Tax loss carryforwards	3	-4
Total	39	-14

Parent Company	2012/2013	2011/2012
Financial non-current assets	-2	1
Pension provisions	-1	0
Other provisions	-1	0
Total	-4	1

NOTE 12

INTANGIBLE NON-CURRENT ASSETS

Group	Goodwill ¹⁾	Brands	Supplier contracts	Customer relations	Software	Other	Total
Carrying amount at the beginning of the year	1,735	53	0	2	18	7	1,815
Accumulated cost							
At the beginning of the year	1,735	66	32	74	62	23	1,992
Capital expenditure	–	–	–	–	–	1	1
Sales and disposals	–	–7	–	–1	–3	–7	–18
Reclassifications	–	–	–	–	–	0	0
Exchange-rate difference for the year	–11	–1	0	0	0	0	–12
At year-end	1,724	58	32	73	59	17	1,963
Accumulated amortisation							
At the beginning of the year	–	–13	–32	–72	–44	–16	–177
Amortisation for the year	–	–3	–	–1	–16	–4	–24
Sales and disposals	–	7	–	1	3	7	18
Reclassifications	–	–	–	–	–	0	0
Exchange-rate difference for the year	–	1	0	0	–1	1	1
At year-end	–	–8	–32	–72	–58	–12	–182
Impairment losses on cost							
At the beginning of the year	–	0	–	0	–	–	0
At year-end	–	0	–	0	–	–	0
Carrying amount at year-end	1,724	50	0	1	1	5	1,781
Parent Company	Software						
Carrying amount at the beginning of the year	2						
Accumulated cost							
At the beginning of the year	4						
At year-end	4						
Accumulated amortisation							
At the beginning of the year	–2						
Amortisation for the year	–1						
At year-end	–3						
Carrying amount at year-end	1						

¹⁾ Refer also to Note 7.

IMPAIRMENT TESTING OF GOODWILL

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2013, using the balance sheet on 31 December 2012 as a base. The Group's total goodwill value of MSEK 1,724 (1,735) has been allocated by operating area according to the table below (rounded to the nearest MSEK):

	31 March 2013	31 March 2012
Business Areas	1,334	1,338
TOOLS	390	397
Total Group	1,724	1,735

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, work-

ing 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 (8) 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 50 (53), with MSEK 50 (53) pertaining to the Teng Tools brand, of which MSEK 50 (50) had an unlimited lifetime. Amortisation during the year amounted to MSEK 3.

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	307	8	2	82	8	407
Accumulated cost						
At the beginning of the year	519	14	19	426	8	986
Capital expenditure	1	4	4	20	21	50
Acquisition of subsidiaries	–	–	–	–	–	0
Sales and disposals	–13	–	–2	–64	0	–79
Divested businesses	–225	–	–	–11	–14	–250
Reclassifications	12	4	0	–4	–12	0
Exchange-rate difference for the year	–6	0	0	–9	–	–15
At year-end	288	22	21	358	3	692
Accumulated depreciation						
At the beginning of the year	–212	–6	–17	–344	–	–579
Depreciation for the year	–9	–3	–1	–28	–	–41
Sales and disposals	5	–	2	62	–	69
Divested businesses	95	–	–	7	–	102
Reclassifications	0	–2	0	2	–	0
Exchange-rate difference for the year	3	0	0	7	–	10
At year-end	–118	–11	–16	–294	–	–439
Impairment losses on cost						
At the beginning of the year	0	–	–	0	–	0
Impairment losses for the year	–	–1	–	–	–	–1
At year-end	–	–1	–	0	–	–1
Carrying amount at year-end	170	11	5	64	3	252

Parent Company	Leasehold improvements	Equipment	Total
Carrying amount at the beginning of the year	2	4	6
Accumulated cost			
At the beginning of the year	3	6	9
At year-end	3	6	9
Accumulated depreciation according to plan			
At the beginning of the year	–1	–2	–3
Depreciation for the year according to plan	0	–2	–2
At year-end	–1	–4	–5
Impairment losses on cost			
Impairment losses for the year	–1	–	–1
At year-end	–1	–	–1
Carrying amount at year-end	1	2	3

NOTE 14

PARTICIPATIONS IN ASSOCIATED COMPANIES

Carrying amount	Group	
	31 March 2013	31 March 2012
At the beginning of the year	11	10
Share of profit	0	1
At year-end	11	11

SPECIFICATION OF PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Number of shares	Share of equity, %	Share of votes, %	Carrying amount in Group 31 March 2013	Carrying amount in Group 31 March 2012
Group holding					
Workshop Flexible Industri WFI AB	2,667	40%	40%	6	6
AB Knut Sehlin's Industrivaruhus	3,000	30%	30%	5	5
Total				11	11

SPECIFICATION OF GROUP VALUE PERTAINING TO PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated company	Country	Revenue	Profit	Assets	Liabilities	Equity
2012/2013						
Workshop Flexible Industri WFI AB	Sweden	24	0	8	3	5
AB Knut Sehlin's Industrivaruhus	Sweden	14	0	8	5	3
Total		38	0	16	8	8
2011/2012						
Workshop Flexible Industri WFI AB	Sweden	22	1	9	5	5
AB Knut Sehlin's Industrivaruhus	Sweden	14	0	7	3	3
Total		36	1	16	8	8

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

NOTE 15

RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 March 2013	31 March 2012
Carrying amount at the beginning of the year	3,675	3,396
Accumulated cost		
At the beginning of the year	3,675	3,396
Additional assets	6,446	1,637
Deducted assets	-6,451	-1,358
Carrying amount at year-end	3,670	3,675

NOTE 16

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Long-term receivables classified as non-current assets				
Pension funds	6	4	–	–
Other receivables	2	3	–	–
Derivatives held for hedging	0	0	0	0
Total	8	7	0	0

	Group	
	31 March 2013	31 March 2012
Other receivables classified as current assets		
Advance payments	2	3
Derivatives	9	10
VAT receivable	20	20
Receivable from pension foundations	4	4
Other receivables	30	27
Total	65	64

NOTE 17**INVENTORIES**

Group	31 March 2013	31 March 2012
Finished goods and goods for resale	1,443	1,684
Total	1,443	1,684

The cost of goods sold includes impairment of inventories in the amount of MSEK –55 (–8) and the reversal of previous impairment of MSEK +36 (0), yielding a net amount of MSEK –19 (–8).

NOTE 18**PREPAID EXPENSES AND ACCRUED INCOME**

	Group		Parent Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Prepaid expenses				
Rent	33	23	3	3
Insurance premiums	6	7	0	0
Marketing costs	5	5	–	–
Leasing	5	5	0	0
Computer costs	7	9	–	0
Packaging	3	3	–	–
Other prepaid expenses	9	12	3	6
Accrued income				
Delivery of goods	19	28	–	–
Commission and bonus income	16	24	–	–
Marketing income	3	5	–	–
Other accrued income	8	4	–	–
Total	114	125	6	9

NOTE 19**RESERVES AND EQUITY**

Group	31 March 2013	31 March 2012
Translation reserve		
Opening translation reserve	–16	–19
Translation differences for the year	–37	5
Tax attributable to change for the year	0	–2
Closing translation reserve	–53	–16
Hedging reserve		
Opening hedging reserve	–3	–11
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	6	6
Transferred to profit or loss	–6	4
Tax attributable to hedges for the year	–2	–2
Closing hedging reserve	–5	–3
Total reserves		
Opening reserves	–19	–30
Change in reserves for the year:		
Translation reserve	–37	5
Hedging reserve	0	10
Tax attributable to changes in reserves for the year	–2	–4
Closing reserves	–58	–19

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

	31 March 2013	31 March 2012
Opening repurchased class B shares	340,000	340,000
Closing repurchased own shares	340,000	340,000

SHARE CAPITAL

Stated in thousands of shares	31 March 2013	31 March 2012
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 2013, the registered share capital comprised 1,070,936 class A shares and 27,365,480 class B shares. All shares have a quotient value of SEK 2.00. All shares entitle their holders to the same rights to the Company's remaining net assets. For shares held in treasury (see below), 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, CONT.

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 2013, the Group held 340,000 class B 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 22 August 2013.

MSEK	31 March 2013	31 March 2012
SEK 3.00 (3.00) per share	84	84

During the past nine 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, %
2012/2013	7.90	3.00 ¹⁾	38%
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	78.05	29.25	37%

¹⁾ As proposed by the Board of Directors.

NOTE 20

EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE WHOLE GROUP

	Before dilution		After dilution	
	2012/2013	2011/2012	2012/2013	2011/2012
Earnings per share, SEK	7.90	8.10	7.90	8.10

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 2012/2013 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 222 (227) and a weighted average number of shares outstanding during 2012/2013 amounting to 28,096,000 (28,096,000). The two components have been calculated in the following manner:

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

	2012/2013	2011/2012
Net profit for the year attributable to Parent Company shareholders	222	227
Profit attributable to Parent Company shareholders, before dilution	222	227

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2012/2013	2011/2012
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-340	-340
Number of shares for calculation of earnings per share	28,096	28,096

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2012/2013 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 222 (227) and a weighted average number of shares outstanding during 2012/2013 amounting to 28,096,000 (28,096,000). The two components have been calculated in the following manner:

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

	2012/2013	2011/2012
Net profit for the year attributable to Parent Company shareholders	222	227
Profit attributable to Parent Company shareholders, after dilution	222	227

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2012/2013	2011/2012
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-340	-340
Number of shares for calculation of earnings per share	28,096	28,096

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 2013	31 March 2012
Pension obligations unfunded plans, present value	426	435
Pension obligations funded plans, present value	50	57
Plan assets, fair value	-50	-54
Net pension obligations	426	438
Unrecognised actuarial gains (+), losses (-)	-45	-65
Net liabilities in the balance sheet	381	373

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 2013	31 March 2012
Plan assets for pension obligations	6	4
Provisions for pensions and similar commitments	-387	-377
Net liabilities according to the balance sheet	-381	-373
Of which credit insured through PRI Pensionsgaranti	347	345

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.

	31 March 2013	31 March 2012
Pension obligations unfunded plans		
Opening balance	435	393
Benefits earned during the year	10	14
Interest expense	16	17
Benefits paid	-19	-17
Redemption of pension obligations	-	-18
Unrecognised actuarial gains (-), losses (+)	-16	46
Exchange-rate differences	0	0
Pension obligations unfunded plans, present value	426	435

	31 March 2013	31 March 2012
Pension obligations funded plans		
Opening balance	57	54
Benefits earned during the year	1	1
Interest expense	1	2
Benefits paid	-3	-4
Redemption of pension obligations	-	0
Unrecognised actuarial gains (-), losses (+)	-3	3
Exchange-rate differences	-3	1
Pension obligations funded plans, present value	50	57

	31 March 2013	31 March 2012
Plan assets		
Opening balance	54	52
Expected return on plan assets	2	3
Funds contributed by employers	3	2
Funds paid to employers	-3	-4
Redemption of pension obligations	-	-
Unrecognised actuarial gains (+), losses (-)	-3	0
Exchange-rate differences	-3	1
Plan assets, fair value	50	54

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

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

	31 March 2013	31 March 2012
Plan assets		
Equity instruments	4	4
Debt instruments	35	35
Properties	8	9
Other assets	3	6
Plan assets, fair value	50	54

	31 March 2013	31 March 2012
Provision for pension obligations		
Opening balance	373	378
Pension costs, defined-benefit plans	30	31
Benefits paid	-22	-20
Funds contributed by employers	-3	-2
Funds paid to employers	3	4
Redemption of pension liability	-	-18
Exchange-rate differences	0	0
Closing balance	381	373

	31 March				
Net actuarial gains/losses	2013	2012	2011	2010	2009
Opening balance actuarial gains (+)/ losses (-)	-65	-17	-77	-59	-32
Effect of changed assumptions	15	-60	46	-11	-17
Actuarial gains (-)/ losses (+), to be recognised	4	2	3	2	1
Actuarial gains (-)/ losses (+), redeemed pension liability	-	-1	0	-1	-2
Unrecognised actuarial gains (-)/ losses (+), change for the period	1	11	11	-8	-9
Closing balance, actuarial gains (+)/ losses (-)	-45	-65	-17	-77	-59

NOTE 21, CONT.

Pension costs	2012/2013	2011/2012
Pensions earned during the period	15	13
Interest on obligations	17	19
Expected return on plan assets	-2	-3
Depreciation of actuarial gains (-), losses (+)	4	2
Pension costs, defined-benefit plans	34	31
Pension costs, defined-contribution plans	113	107
Pension costs	147	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 147 (138), MSEK 15 (16) is included in "Net financial items."

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2012/2013			
Discount rate, 1 April, %	3.75	2.60	1.55
Discount rate, 31 March, %	3.50	3.80	1.63
Expected return on plan assets, %	N/A	3.80	1.63
– of which, interest-bearing securities	N/A	N/A	1.63
– of which, "other" (insurance contracts)	N/A	3.80	N/A
Expected salary increase, %	2.75	3.25	2.75
Expected inflation, % ¹⁾	1.75	0.10	N/A
Expected remaining period of service, years	10.90	2.80	19.00

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

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

	31 March 2013	31 March 2012
Parent Company		
Pension obligations unfunded plans, present value as of 31 March	50	51
Net pension obligations	50	51
Net liabilities in the balance sheet	50	51

As of 31 March 2013, 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 2013	31 March 2012
Provisions for pensions and similar commitments	50	51
Net liabilities according to the balance sheet	50	51
Of which, credit insured through PRI Pensionsgaranti	50	51

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:

	31 March 2013	31 March 2012
Pension obligations unfunded plans		
Opening balance	51	48
Benefits earned during the year	0	4
Interest expense	2	2
Benefits paid	-3	-3
Pension obligations unfunded plans, present value	50	51

	31 March 2013	31 March 2012
Provision for pension obligations		
Opening balance	51	48
Pension costs, defined-benefit plans	2	6
Benefits paid	-3	-3
Closing balance	50	51

	2012/2013	2011/2012
Pension costs		
Pensions earned during the period ¹⁾	0	4
Interest on obligations	2	2
Pension costs, defined-benefit plans	2	6
Pension costs, defined-contribution plans	14	7
Pension costs	16	13

¹⁾ The pension costs for 2011/2012 were affected in the amount of MSEK -4 due to PRI's changed life-expectancy assumption.

NOTE 22**OTHER PROVISIONS**

Group	31 March 2013	31 March 2012
Provisions classified as non-current liabilities		
Estimated social security contributions pertaining to pensions	12	9
Other	2	0
Total	14	9

Specification	Estim. social security contributions	Other provisions	Total
Carrying amount at the beginning of the period	9	0	9
Provisions made during the period	3	0	3
Other	–	2	2
Carrying amount at the end of the period	12	2	14

NOTE 23**OTHER LIABILITIES**

Group	31 March 2013	31 March 2012
Other current liabilities		
Derivatives	0	1
Advance payments from customers	1	2
Employee withholding taxes	34	36
VAT liability	67	84
Other operating liabilities	3	11
Total other current liabilities	105	134
Total other liabilities	105	134

NOTE 24**ACCRUED EXPENSES AND DEFERRED INCOME**

	Group		Parent Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Accrued expenses				
Salaries and compensation to employees	227	234	17 ¹⁾	2
Pension costs	9	17	5 ¹⁾	0
Social security contributions	118	101	14 ¹⁾	7
Bonuses, refunds to customers/suppliers	34	43	–	–
Car and travel expenses	4	4	0	–
Directors' and auditors' fees	4	5	0	1
Other consulting fees	4	5	0	1
Marketing costs	5	11	–	–
Guarantee costs	2	2	–	–
Shipping costs	24	8	–	–
Operating and leasing costs	53	25	14 ²⁾	–
Interest expense	18	4	16	2
Other accrued expenses	9	21	0	–
Deferred income				
Rent	0	0	–	–
Marketing income	3	2	–	–
Other deferred income	3	5	–	–
	517	487	66	13

¹⁾ See Note 5 Employees and personnel costs.

²⁾ See Note 28 Operational leasing.

NOTE 25

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

Group	31 March 2013			31 March 2012		
	Interest-bearing	Non-interest bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Intangible non-current assets	–	1,781	1,781	–	1,815	1,815
Tangible non-current assets	–	252	252	–	407	407
Financial non-current assets	10	11	21	10	11	21
Deferred tax assets	–	106	106	–	116	116
Total non-current assets	10	2,150	2,160	10	2,349	2,359
Current assets						
Inventories	–	1,443	1,443	–	1,684	1,684
Tax assets	–	39	39	–	49	49
Accounts receivable	–	1,192	1,192	–	1,233	1,233
Prepaid expenses and accrued income	–	114	114	–	125	125
Other receivables	–	65	65	–	64	64
Cash and bank	214	–	214	85	–	85
Total current assets	214	2,853	3,067	85	3,155	3,240
Total assets	224	5,003	5,227	95	5,504	5,599
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	1,129	–	1,129	743	–	743
Provisions for pensions	387	–	387	377	–	377
Other provisions	–	14	14	–	9	9
Deferred tax liabilities	–	104	104	–	174	174
Total non-current liabilities	1,516	118	1,634	1,120	183	1,303
Current liabilities						
Current interest-bearing liabilities	3	–	3	762	–	762
Accounts payable	–	823	823	–	831	831
Tax liabilities	–	37	37	–	73	73
Other liabilities	–	105	105	–	134	134
Accrued expenses and deferred income	–	517	517	–	487	487
Total current liabilities	3	1,482	1,485	762	1,525	2,287
Total liabilities	1,519	1,600	3,119	1,882	1,708	3,590
Interest-bearing net liabilities	–1,295			–1,787		

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⁾	5	1,776		1,781
Tangible non-current assets ¹⁾	33	219		252
Financial non-current assets				
Participations in associated companies	–	11		11
Other securities held as non-current assets	–	2		2
Other long-term receivables	1	7		8
Deferred tax assets	–	106		106
Total non-current assets	39	2,121		2,160
Current assets				
Inventories	1,443			1,443
Tax assets	39			39
Accounts receivable	1,192			1,192
Prepaid expenses and accrued income	114			114
Other receivables	65			65
Cash and bank	214			214
Total current assets	3,067			3,067
Total assets	3,106	2,121		5,227
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	–	1,129	0	1,129
Provisions for pensions	18	75	294	387
Other provisions	–	2	12	14
Deferred tax liabilities	17	50	37	104
Total non-current liabilities	35	1,256	343	1,634
Current liabilities				
Current interest-bearing liabilities	3			3
Accounts payable	823			823
Tax liabilities	37			37
Other liabilities	105			105
Accrued expenses and deferred income	517			517
Total current liabilities	1,485			1,485
Total liabilities	1,520	1,256	343	3,119

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

NOTE 26, CONT.

Parent Company Amounts expected to be recovered	Within 12 months	After 12 months		Total
ASSETS				
Intangible non-current assets ¹⁾	1	0		1
Tangible non-current assets ¹⁾	2	1		3
Financial non-current assets				
Participations in Group companies	–	104		104
Receivables from Group companies	–	3,670		3,670
Deferred tax assets	–	10		10
Total non-current assets	3	3,785		3,788
Current assets				
Receivables from Group companies	265			265
Tax assets	5			5
Other receivables	4			4
Prepaid expenses and accrued income	6			6
Cash and bank	142			142
Total current assets	422			422
Total assets	425	3,785		4,210
Parent Company Amounts expected to be paid				
	Within 12 months	After 12 months	After 5 years	Total
PROVISIONS				
Provisions for pensions and similar obligations	4	15	31	50
Total provisions	4	15	31	50
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		1,117		1,117
Liabilities to Group companies		297		297
Other liabilities		12		12
Total non-current liabilities		1,426		1,426
Current liabilities				
Accounts payable	4			4
Liabilities to Group companies	1,201			1,201
Other liabilities	1			1
Accrued expenses and deferred income	66			66
Total current liabilities	1,272			1,272
Total provisions and liabilities	1,276	1,441	31	2,748

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.

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 within the framework of the established policy.

The Parent Company has a central financial operation whose task is to manage the Group's external borrowing, investments of surplus liquidity, agreement and conditions governing cash pooling, pledging of the Group's assets and issuance of contingent liabilities.

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 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:

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

Transaction exposure

The predominant share of the Group's sales are conducted at a fixed price in the local currency of the market in question according to a price list valid over a period of six months. The resulting transaction exposure is caused by goods being purchased in a currency that differs from the currency in which the goods are sold and because handling and selling expenses sometimes arise in a currency other than the sales currency. The majority of the Group's sales are conducted in SEK, NOK and EUR, given that the Group's principal markets are Sweden, Norway and Finland. In addition to SEK, which is also the largest currency in terms of costs and purchases, material purchases are carried out in EUR, USD and TWD. To reduce the currency risk, the Group companies hedge portions of their future currency flows using foreign-exchange forward contracts. Hedging is conducted for the period deemed necessary to allow sales prices to be adjusted to the new foreign-

exchange rates. Foreign-exchange forward contracts have maturity periods of up to six months and are based on known and forecast flows.

The nominal amounts of outstanding foreign-exchange forward contracts as of 31 March 2013 were as follows:

Foreign exchange contract (MSEK)	Nominal value as of 31 March 2013	Nominal value as of 31 March 2012
NOK/SEK ¹⁾	106	396
USD/SEK	75	53
EUR/SEK ¹⁾	20	37
DKK/SEK ¹⁾	6	0
USD/CNY ¹⁾	3	2
JPY/SEK	0	4
PLN/SEK ¹⁾	0	2
USD/TWD ¹⁾	0	34

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	2012/2013	2011/2012
NOK	627	556
EUR	-74	-20
USD	-189	-270
TWD	-101	-113
DKK	29	30
PLN	28	-15
CNY	-23	0
LTL	14	0
LVL	15	0
GBP	-35	-29
JPY	-15	-16

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 change.

Currency translation for the financial year generated an impact on operating profit/loss of approximately MSEK +1 (-1) compared with the preceding year's average rates.

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

Group	Revenue
Revenue in 2012/2013 translated to the average rate for 2011/2012	7,733
Currency translation	
NOK	-18
EUR	-43
Other currencies	-6
Total currency translation	-67
Revenue in 2012/2013	7,666

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies changed by 5 percent based on the 2012/2013 income statement, the effect on revenue would amount to approximately MSEK 183 (191), and on operating profit to approximately MSEK 6 (9) over a 12-month period, all other things being equal.

NOTE 27, CONT.

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

Currency	Average rate		Balance-sheet rate	
	2012/2013	2011/2012	31 Mar. 2013	31 Mar. 2012
DKK	1,156	1,208	1,119	1,188
EUR	8,612	8,996	8,342	8,835
GBP	10,544	10,394	9,857	10,606
NOK	1,156	1,165	1,112	1,163
PLN	2,065	2,159	1,994	2,125
TWD	0,226	0,220	0,218	0,225
USD	6,677	6,487	6,516	6,625

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 decline by approximately MSEK –37 (3) during the year.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2013	31 March 2012
NOK	221	207
EUR	196	199
TWD	66	62
CNY	24	33

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. These are managed by the Parent Company. 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 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.

If market interest rates increased by one percentage point across all maturity periods on 1 April 2013, 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 8, after 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 and the management of loans is handled by the Parent Company's finance function. At financial year-end, the Parent Company had access to a committed credit facility of MSEK 300 (300), which was unutilised. The credit facility is renewed on an annual basis with a maturity date of 30 December 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	31 March 2013 Carrying amount	31 March 2012 Carrying amount
Derivatives to which hedge accounting is applied, assets		
Derivatives	3	9
Total	3	9
Loan receivables and accounts receivable		
Non-current receivables	2	3
Accounts receivable and other receivables	1,253	1,285
Cash and bank	214	85
Total	1,469	1,373
Financial assets available for sale		
Financial investments, equities and participations	2	3
Total	2	3
Derivatives to which hedge accounting is applied, liabilities		
Derivatives	12	14
Total	12	14
Other financial liabilities		
Non-current interest-bearing liabilities	1,117	729
Other non-current liabilities	1	0
Current interest-bearing liabilities	3	762
Accounts payable and other liabilities	927	962
Total	2,048	2,453

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

The change in the fair value of hedging instruments was MSEK –5 (12) during the year.

Borrowing and maturity structure

The Group's non-current borrowing amounted to MSEK 1,117 (727). During the financial year, MSEK 350 of short-term loans was repaid and MSEK 400 was refinanced. No loan matures after five years. Overall, this means that the average remaining maturity for the Group's interest-bearing financial liabilities has been extended to 2.8 years (2.0 years). See the tables below.

NOTE 27, CONT.

Maturity structure	31 March 2013		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	1,120	1,238	10	34	1,194
Derivatives, forward contracts and swap contracts	12	13	2	5	6
Accounts payable and other non-interest-bearing financial liabilities	928	929	927	0	2
Total financial liabilities	2,060	2,180	939	39	1,202

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

Group	31 March 2013	31 March 2012
Non-current liabilities		
Bank loans including derivatives	1,129	743
Total non-current liabilities	1,129	743
Current liabilities		
Current portion of bank loans	3	762
Other current interest-bearing liabilities	–	0
Total current liabilities	3	762
Total interest-bearing liabilities	1,132	1,505

Bank loan					31 March 2013	31 March 2012
	Currency	Nom. interest	Maturity	Nom. value	Carrying amount	Carrying amount
Non-current						
Interest-only bank loan	SEK	3.00%	30 June 2015	275	275	275
Interest-only bank loan	SEK	3.20%	30 June 2016	275	275	275
Interest-only bank loan	SEK	4.28%	30 June 2015	100	100	–
Interest-only bank loan	SEK	4.61%	30 June 2016	100	100	–
Interest-only bank loan	SEK	4.59%	30 June 2017	200	200	–
Bank loan	EUR	3.70%	30 April 2014	20	167	177
Other					–	2
					1,117	729
Current						
Interest-only bank loan	SEK	3.17%	30 Sep. 2012	250	–	250
Interest-only bank loan	SEK	3.17%	31 Dec. 2012	500	–	500
Other					3	12
					3	762
Committed credit facility						
Approved credit limit					300	300
Unutilised portion					–300	–300
Utilised credit amount					–	–

As of 31 March 2013, loans from credit institutions were divided among the following currencies:

	Local currency	MSEK
EUR	20	167
SEK	950	950
Other		3
Total		1,120

NOTE 27, CONT.

Parent Company					31 March 2013	31 March 2012
Liabilities to credit institutions	Currency	Nom. interest	Maturity	Nom. value	Carrying amount	Carrying amount
Non-current						
Interest-only bank loan	SEK	3.00%	30 June 2015	275	275	275
Interest-only bank loan	SEK	3.20%	30 June 2016	275	275	275
Interest-only bank loan	SEK	4.28%	30 June 2015	100	100	–
Interest-only bank loan	SEK	4.61%	30 June 2016	100	100	–
Interest-only bank loan	SEK	4.59%	30 June 2017	200	200	–
Bank loan	EUR	3.70%	30 April 2014	20	167	177
					1,117	727
Current						
Interest-only bank loan	SEK	3.17%	30 Sep. 2012	250	–	250
Interest-only bank loan	SEK	3.17%	31 Dec. 2012	500	–	500
					–	750
Committed credit facility						
Approved credit limit					300	300
Unutilised portion					–300	–300
Utilised credit amount					–	

Pension liabilities within the framework of the PRI system constitute a significant portion of the Group's total non-current interest-bearing borrowing. Pension liabilities are calculated by PRI based on the employees' benefit plan for retirement pension and survivors' pension under the ITP plan and are recognised in the consolidated balance sheet as a provision, with an addition for adjustments in accordance with IAS 19.

Credit risks

In its 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 3 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 2013	31 March 2012	31 March 2013	31 March 2012
Accounts receivable	1,241	1,283	–	–
Accumulated reserve for doubtful accounts receivable	–49	–50	–	–
Accounts receivable, net	1,192	1,233	–	–
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	994	1,074	–	–
– receivables past due by 1–30 days	178	126	–	–
– receivables past due by 31–60 days	14	24	–	–
– receivables past due by 61–90 days	13	14	–	–
– receivables past due by >90 days	42	45	–	–
Total receivables	1,241	1,283	–	–

NOTE 28**OPERATIONAL LEASING**

	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Leasing agreements in which the Group/the Company is the lessee¹⁾				
Non-terminable leasing fees amount to:				
Within 1 year	233	208	6	11
Between 1 and 5 years	556	436	12	31
Later than 5 years	365	18	–	–
Total	1,154	662	18	42
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees ²⁾	250	236	18	5
Total leasing costs	250	236	18	5

¹⁾ Refer to Note 30 Pledged assets and contingent liabilities.

²⁾ The cost for the remaining time on the applicable lease for a number of unutilised premises was charged to 2012/2013.

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 2013	31 March 2012	31 March 2013	31 March 2012
Pledged assets				
<i>In the form of pledged assets for own liabilities and provisions</i>				
Real-estate mortgages	–	1	–	–
Corporate mortgages	1	16	–	–
Pledged accounts receivable	–	8	–	–
Total pledged assets	1	25	–	–
Contingent liabilities				
Guarantees for subsidiaries ¹⁾			297	294
Guarantees, other	18	18	1	1
Total contingent liabilities	18	18	298	295

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

In conjunction with the sale of the logistics properties in Alingsås and Ulricehamn in December 2012, one of the Group's companies entered into leases that expire at the end of 2027. The Parent Company, B&B TOOLS AB, has entered into an agreement guaranteeing the Group company's fulfilment of these leases with a total annual leasing cost of approximately MSEK 35.

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 38–41.

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 2013	Carrying amount as of 31 March 2012
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 Fastigheter AB	556787-7559	Stockholm	1,000	100	10	10
Total					104	104
Opening carrying amount					104	231
Accumulated cost						
At the beginning of the year					104	346
Shareholder contribution paid					–	10
Disposal ¹⁾					–	–252
At year-end					104	104
Impairment losses on cost						
At the beginning of the year					–	–115
Impairment losses for the year					–	–9
Reversal of impairment losses					–	124
At year-end					–	–
Closing carrying amount					104	104

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.
Of the Parent Company's total untaxed reserves amounting to MSEK 201 (247), MSEK 44 (65) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2013	31 March 2012
Accumulated accelerated depreciation		
<i>Non-current assets</i>		
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 2008	–	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	49
Allocation in connection with taxation 2012/2013	0	–
Closing balance 31 March	200	246

NOTE 34

CASH-FLOW STATEMENT

	Group		Parent Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Cash and cash equivalents				
The following sub-components are included in cash and cash equivalents:				
Cash and bank	214	85	142	24
Total according to the balance sheet	214	85	142	24
Total according to the cash-flow statement	214	85	142	24
	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Interest paid and dividends received				
Dividends/Group contribution received	–	–	253	182
Interest received	6	4	125	107
Interest paid	–52	–70	–49	–67
Total	–46	–66	329	222

NOTE 34, CONT.

Adjustments for non-cash items	Group		Parent Company	
	2012/2013	2011/2012	2012/2013	2011/2012
Depreciation and amortisation	65	67	3	2
Impairment losses/Reversal of impairment losses	1	–	1	9
Profit/loss from the sale of companies and facilities	–243	–32	–	–
Change in reserve for non-recurring costs	136	–3	39	–
Change in other provisions	2	–7	–	–
Change in pension obligations	30	30	2	6
Adjustment for Group contributions not received	–	–	52	–163
Hedge accounting	0	0	0	0
Adjustment for interest paid/received	15	–3	15	1
Other	–1	–3	–	1
Total	5	49	112	–144

Acquisition of subsidiaries and other business units	Group	
	2012/2013	2011/2012
Acquired assets:		
Intangible non-current assets	–	22
Tangible non-current assets	–	0
Inventories	–	1
Operating receivables	–	6
Cash and cash equivalents	–	2
Total assets	–	31
Acquired non-controlling interest, provisions and liabilities:		
Non-controlling interest	–	0
Current operating receivables	–	–7
Total non-controlling interest, provisions and liabilities	–	–7
Purchase consideration/Corrected additional purchase consideration	–	–24
Purchase consideration paid	–	–24
Less: Cash and cash equivalents in acquired businesses	–	2
Effect on cash and cash equivalents	–	–22

Also refer to Note 7 Acquisition of businesses.

Disposal of subsidiaries and other business units	Group	
	2012/2013	2011/2012
Divested assets:		
Intangible non-current assets	–	3
Tangible non-current assets	149	48
Inventories	–	5
Operating receivables	3	2
Total assets	152	58
Divested provisions and liabilities:		
Non-current liabilities	–16	–
Current liabilities	–6	–31
Total provisions and liabilities	–22	–31
Capital gain	245	30
Total	375	57
Purchase consideration received	375	57
Effect on cash and cash equivalents	375	57

NOTE 35

EVENTS AFTER THE BALANCE-SHEET DATE

No events of significance to the Group have occurred since the balance-sheet date on 31 March 2013.

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. 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 including expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state – 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 impact other comprehensive income.

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 2012/2013 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 2,038 as of 31 March 2013, of which MSEK 222 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 1,041,954 thousand
Net profit for the year	SEK 75,278 thousand
	SEK 1,117,232 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 1,032,943 thousand
	SEK 1,117,232 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 22 August 2013.

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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, 14 June 2013

Anders Börjesson
Chairman

Tom Hedelius
Vice Chairman

Per Axelsson
Director

Roger Bergqvist
Director

Charlotte Hansson
Director

Joakim Rubin
Director

Lillemor Svensson
Director – employee representative

Anette Swanemar
Director – employee representative

Ulf Lilius
President & CEO

Our audit report was submitted on 14 June 2013

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 2013 and with due consideration for the 340,000 repurchased class B shares held in treasury.

Auditor's report

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 ACCOUNTS

We have audited the annual accounts and consolidated accounts of B&B TOOLS AB (publ) for the financial year 2012-04-01–2013-03-31. The annual accounts and consolidated accounts of the Company are included in the printed version of this document on pages 14–64.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts 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 accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, 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 Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

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 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 March 2013 and of their financial performance and cash flows for the year then ended

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 the Corporate Governance Report are consistent with the other parts of the annual accounts and consolidated accounts.

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 accounts, we have also audited the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of B&B TOOLS AB (publ) for the financial year 2012-04-01–2013-03-31.

Responsibilities of the Board of Directors and the Chief Executive Officer

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

Auditor's 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 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 is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, 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 Chief Executive Officer is liable to the Company. We also examined whether any member of the Board of Directors or the 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 opinions.

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 Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 14 June 2013

KPMG AB

George Pettersson
Authorized Public Accountant
Auditor in Charge

Matilda Schwartzman Berg
Authorized Public Accountant

Board of Directors and auditors



ANDERS BÖRJESSON, Stockholm, born 1948.
Chairman since 2012.
Director since 1990.
M.Sc. Econ.

Chairman of Addtech AB, Cibenon AB and Lagercrantz Group AB.
Director of Bostad Direkt AB, Futuraskolan AB, Inomec AB and Ventilationsgrossisten Nordic AB.
Shares owned: 484,386 class A shares and 1,443 class B shares.



TOM HEDELIUS, Stockholm, born 1939.
Vice Chairman since 2012.
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 and AB Karl Hedin Bygghandel.
Shares owned: 2,688 class A shares and 70,000 class B shares (company). 3,000 class B shares.



ROGER BERGQVIST, Järfälla, born 1948.
Director since 2012.

Director of BE Group AB, Corroventa AB, Lagercrantz Group AB, Proact IT Group AB and Ventilationsgrossisten Nordic AB.
Shares owned: 30,000 class B shares.

NB: Information on the Board of Directors' holdings of shares pertains to circumstances as of 14 June 2013.

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

Employee representative.
Shares owned: –



CHARLOTTE HANSSON, Nacka, born 1962.
Director since 2012.
M.Sc.

Owner of Scandinavian Insight Consulting AB.
Director of Saab Automobile Parts AB, Oxeon AB
and Deltaco AB.
Shares owned: 2,001 class B shares.



JOAKIM RUBIN, Saltsjöbaden, born 1960.
Director since 2011.
M.Sc. Eng.

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



ANETTE SWANEMAR,
Ulricehamn, born 1959.
Director since 2010

Employee representative.
Shares owned: –

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
Holmen AB, Hufvudstaden AB, L E Lundbergföretagen 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 2012/2013, KPMG AB conducted audit assignments for approximately
21 percent of the companies listed on NASDAQ OMX Stockholm.

Group management

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ULF LILIUS,
Born 1972.
President and Chief
Executive Officer.
Employee of the Group
since 2002.
B.Sc. Econ.

Shares owned (family):
116,827 class B shares.

CARL JOHAN LUNDBERG,
Born 1951.
Executive Vice President,
Country Manager Finland
and head of the Business
Infrastructure unit.
Employee of the Group
since 1987.
M.Sc. Eng.

Shares owned: 34,771 class
B shares.

EVA HEMB,
Born 1966.
Chief Financial Officer.
Employee of the Group
since 2010.
M.Sc. Econ.

Shares owned: 5,808 class
B shares.

PONTUS BOMAN,
Born 1971.
Business Area Manager
Fastening Elements and CEO
of ESSVE Produkter AB.
Employee of the Group
since 2007.
M.Sc. Eng.

Shares owned: 8,073 class
B shares.

STEFAN LIND,
Born 1963.
Business Area Manager Tools
& Machinery and CEO of
Luna Verktyg & Maskin AB.
Employee of the Group
since 2005.
M.Sc. Econ.

Shares owned: 5,550 class
B shares.



MIKAEL MALMGREN,
Born 1978.
Business Area Manager
Personal Protective
Equipment and CEO of
Skydda Protecting People
Europe AB.
Employee of the Group
since 2009.
B.A.

*Shares owned: 1,700 class
B shares.*

JENS HENRIKSEN,
Born 1969.
Country Manager Norway
and CEO of TOOLS AS.
Employee of the Group
since 2009.
M.Sc. Eng.

*Shares owned: 11,824 class
B shares.*

TORBJÖRN ERIKSSON,
Born 1967.
Country Manager Sweden
and CEO of TOOLS Sverige
AB.
Employee of the Group
since 1998.

*Shares owned: 300 class B
shares.*

JIMMY NORLINDER,
Born 1971.
CEO of TOOLS
Momentum AB.
Employee of the Group
since 1995.
Eng. (Hydraulics and
automatic control)

*Shares owned: 4,187 class
B shares.*

OLOF NYBERG,
Born 1975
Business Area Manager
Work Environment &
Consumables and CEO of
Gigant Arbetsplats AB and
Grunda AB.
Employee of the Group
since 2009.
M.Sc. Eng.

*Shares owned: 10,668 class
B shares.*

NB: Information on the Group management's holdings of shares pertains to circumstances as of 14 June 2013.

The B&B TOOLS share

The class B share of B&B TOOLS is listed on NASDAQ OMX Stockholm ("Stockholm Stock Exchange"). In the 2012/2013 financial year, the total trading volume was MSEK 528. The share price rose 43 percent during the year, and at the end of the financial year, B&B TOOLS had a market capitalisation of MSEK 2,417.

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 2012/2013

During the period from 1 April 2012 to 31 March 2013, the market price of the B&B TOOLS share increased 43 percent to SEK 85.00, which was the final paid price on 31 March 2013. During the same period, OMX Stockholm rose 11 percent. The highest and lowest prices paid during the financial year were SEK 93.00 (quoted on 15 March 2013) and SEK 43.90 (25 October 2012), respectively. The share price on 14 June 2013 was SEK 79.75.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to 52 percent during 2012/2013. The SIX Return Index of the Stockholm Stock Exchange (SIXRX) was 15 percent during the same period.

As of 31 March 2013, B&B TOOLS' total market capitalisation amounted to MSEK 2,417 (1,685). A total of 8.5 million (9.1) shares in B&B TOOLS AB were traded at a value of MSEK 528

(703) during the year, corresponding to 30 percent (32) of the total number of shares outstanding in the Company. On the Stockholm Stock Exchange, 7.6 million (7.4) shares were traded at a value of MSEK 473 (577) and on other marketplaces, 0.9 million (1.7) shares were traded at a value of MSEK 55 (126). The portion of sales in marketplaces outside the Stockholm Stock Exchange declined from 19 percent to 11 percent during the year.

The financial analysts who monitor B&B TOOLS are presented on page 75.

SHARE CAPITAL

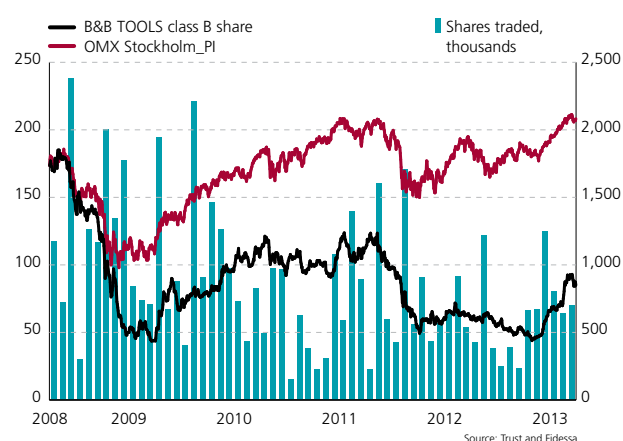
As of 31 March 2013, the share capital amounted to MSEK 57. The total number of shares was 28,436,416. Of the total number of shares outstanding, 1,070,936 were class A shares carrying ten votes each and 27,365,480 were class B shares carrying one vote each. All shares carry equal rights to the Company's assets and earnings. A conversion provision in the Articles of Association allows for conversion of class A shares into class B shares.

During the 2012/2013 financial year, there were no changes in the total number of shares. A total of 4,468 class A shares were converted to class B shares during the year.

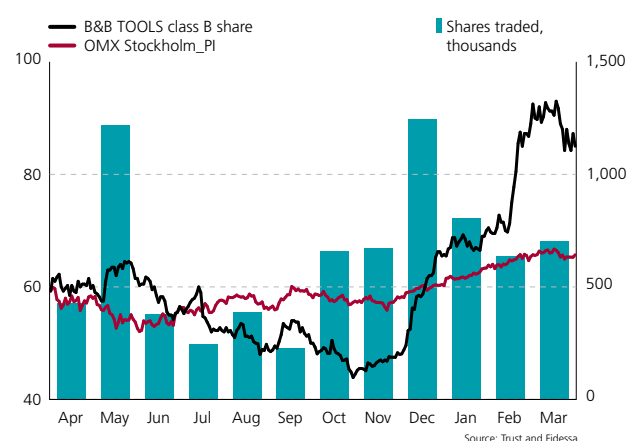
Of the total number of shares as of 31 March 2013, the Company had repurchased 340,000 class B shares, corresponding to 1.2 percent of the total number of shares and 0.9 percent of the total number of votes. After a deduction for the shares repurchased by the Company, the number of shares outstanding as of 31 March 2013 totalled a net amount of 28,096,416.

The weighted number of shares, with deductions for the shares repurchased by the Company, amounted to 28,096,416 for the 2012/2013 financial year.

SHARE PRICE DEVELOPMENT 2008–2013



SHARE PRICE DEVELOPMENT 2012/2013



THE B&B TOOLS SHARE

	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009
Share price as of 31 March, SEK	85.00	59.25	113.50	105.75	44.20
Market capitalisation as of 31 March, MSEK	2,417	1,685	3,228	3,007	1,257
Dividend, SEK	3.00 ¹⁾	3.00	3.00	2.50	2.50
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,161	4,705	4,263	4,434	4,418
Highest share price during the operating year, SEK	93.00	123.50	123.75	113.25	185.00
Lowest share price during the operating year, SEK	43.90	49.30	91.00	43.60	43.50
Dividend yield ²⁾ , %	3.5 ¹⁾	5.1	2.6	2.4	5.7

¹⁾ As proposed by the Board of Directors.

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

DIVIDEND

The dividend proposed by the Board of Directors for the 2012/2013 financial year is SEK 3.00 (3.00) per share, corresponding to a total of MSEK 84 (84). The pay-out ratio is 38 percent (37) of earnings per share.

SHAREHOLDER STRUCTURE

As of 31 March 2013, B&B TOOLS AB had 4,161 shareholders (4,705). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 78 percent (77) of the total number of shares. The proportion of foreign ownership is approximately 27 percent (24) of the total number of shares. The table below shows the ownership structure on 31 March 2013.

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 66–69. For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 38–41.

MAJOR SHAREHOLDERS AS OF 31 MARCH 2013¹⁾

	Number of		Percentage of	
	Class A shares	Class B shares	Capital	Votes
Anders Börjesson	484,386	1,443	1.7%	12.8%
Tom Hedelius	484,386		1.7%	12.8%
Swedbank Robur funds		3,074,738	10.9%	8.1%
CapMan Public Market Investment		2,380,000	8.5%	6.3%
SEB Asset Management		2,312,824	8.2%	6.1%
Fourth AP Fund		1,712,185	6.1%	4.5%
Odin Funds		1,687,656	6.0%	4.5%
Svenska Handelsbanken CEA		1,050,000	3.7%	2.8%
SEB Funds		1,016,877	3.6%	2.7%
Sandrew Aktiebolag		600,000	2.1%	1.6%
The Foundation for Baltic and East European Studies		526,378	1.9%	1.4%
Skandia Leben (FL) AG		500,000	1.8%	1.3%
SHB Pension Fund Insurance Association		450,000	1.6%	1.2%
Christina Mörner	10,000	346,411	1.3%	1.2%
Other	92,164	11,366,968	40.9%	32.7%
	1,070,936	27,025,480	100.0%	100.0%
Additional: Repurchased class B shares		340,000		
Total	1,070,936	27,365,480	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.

CLASSES OF SHARES AS OF 31 MARCH 2013¹⁾

	Number of shares	Proportion of	
		Capital	Votes
Class A shares	1,070,936	3.8%	28.4%
Class B shares	27,025,480	96.2%	71.6%
	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 2013¹⁾

Size class, number of shares	Owners		Shares	
	Number	% of total	Number	% of total
1–500	2,717	65.3%	479,232	1.7%
501–1,000	594	14.3%	483,634	1.7%
1,001–5,000	579	13.9%	1,323,620	4.7%
5,001–10,000	105	2.5%	777,583	2.8%
10,001–50,000	100	2.4%	2,100,287	7.5%
50,001–100,000	22	0.5%	1,733,588	6.2%
100,001–	44	1.1%	21,198,472	75.4%
Total	4,161	100.0%	28,096,416	100.0%

¹⁾ Source: Euroclear Sweden.

Ten-year summary

MSEK	2012/2013	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03/04
EARNINGS INFORMATION										
Revenue	7,666	8,201	7,885	7,648	9,325	9,133	6,823	5,058	3,863	3,881
Shares in profit/loss of associated companies	0	1	1	1	1	1	–	–	–	–
Other operating income	8 ¹⁾	6 ²⁾	8	5	39	12	6	18	6	–
Total operating revenue	7,674	8,208	7,894	7,654	9,365	9,146	6,829	5,076	3,869	3,881
Operating expense, excluding non-recurring items	–7,436	–7,791	–7,547	–7,393	–8,743	–8,472	–6,386	–4,774	–3,667	–3,718
of which depreciation, amortisation and impairment losses	–66	–67	–65	–69	–63	–67	–66	–74	–92	–80
Operating profit, excluding non-recurring items	238	417	347	261	622	674	443	302	202	163
Non-recurring items	51 ¹⁾	–8 ²⁾	–	–	–111	–	–	4	–4	–34
Operating profit, including non-recurring items	289	409	347	261	511	674	443	306	198	129
Financial income and expense	–73	–91	–67	–68	–108	–74	–36	–15	–13	–13
Profit after net financial items	216	318	280	193	403	600	407	291	185	116
Taxes	6	–91	–86	–59	–112	–168	–117	–81	–49	–37
Profit after taxes, but before profit from discontinued operations	222	227	194	134	291	432	290	210	136	79
Profit/loss from discontinued operations, net after taxes	–	–	–	–	–	–	–	–1	64	–
Net profit for the year	222	227	194	134	291	432	290	209	200	79
Of which attributable to:										
Parent Company shareholders	222	227	194	134	285	421	288	207	198	79
Non-controlling interest	0	0	0	0	6	11	2	2	2	–
BALANCE INFORMATION										
Intangible non-current assets	1,781	1,815	1,813	1,857	1,913	1,755	1,033	504	312	270
Tangible non-current assets	252	407	472	505	545	529	500	419	350	347
Financial non-current assets	127	137	143	124	146	110	81	60	51	78
Inventories	1,443	1,684	1,523	1,458	1,768	1,667	1,268	868	731	634
Current receivables	1,410	1,471	1,389	1,340	1,439	1,570	1,369	927	738	679
Cash and cash equivalents	214	85	92	209	209	226	170	276	152	297
Total assets	5,227	5,599	5,432	5,493	6,020	5,857	4,421	3,054	2,334	2,305
Equity attributable to Parent Company shareholders	2,108	2,009	1,855	1,769	1,739	1,551	1,239	1,085	935	814
Non-controlling interest	–	0	0	0	18	20	12	13	22	–
Total equity	2,108	2,009	1,855	1,769	1,757	1,571	1,251	1,098	957	814
Convertible debenture loan	–	–	–	–	–	–	–	–	–	63
Interest-bearing liabilities and provisions	1,519	1,882	1,890	1,952	2,179	2,008	1,202	671	381	454
Non-interest-bearing liabilities and provisions	1,600	1,708	1,687	1,772	2,084	2,278	1,968	1,285	996	974
Total equity and liabilities	5,227	5,599	5,432	5,493	6,020	5,857	4,421	3,054	2,334	2,305
Capital employed	3,627	3,891	3,745	3,721	3,936	3,579	2,453	1,769	1,338	1,331
Financial net loan liability	–1,295	–1,787	–1,785	–1,734	–1,959	–1,769	–1,018	–389	–224	–213

¹⁾ Non-recurring items include MSEK 245 relating to capital gains from property sales, which are recognized in "Other operating income" in the consolidated income statement.

²⁾ Non-recurring items include MSEK 31 relating to capital gains from property sales, which are recognized in "Other operating income" in the consolidated income statement.

	2012/2013	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03/04
KEY FINANCIAL RATIOS										
Operating margin, %	3.8	5.0	4.4	3.4	5.5	7.4	6.5	6.0	5.1	3.3
Profit margin, %	2.8	3.9	3.6	2.5	4.3	6.6	6.0	5.8	4.8	3.0
Return on total capital, %	6	7	6	5	9	14	12	12	9	6
Return on capital employed, %	8	11	9	7	14	23	22	20	16	11
Return on equity, %	11	12	11	8	17	31	25	20	23	9
Ditto, excluding non-recurring items, %	6	12	11	8	22	31	25	20	17	12
Return on equity after dilution, %	11	12	11	8	17	31	25	20	22	9
Equity/assets ratio, %	40	36	34	32	29	27	28	36	41	35
Equity/assets ratio after dilution, %	40	36	34	32	29	27	28	36	41	38
Other data										
Number of employees at the end of the period	2,780	2,880	2,840	2,844	3,183	3,315	2,697	1,978	1,630	1,602
Average number of employees	2,827	2,861	2,837	2,980	3,333	2,987	2,289	1,817	1,696	1,378
Cash flow from operating activities, MSEK	262	114	103	368	377	360	420	292	257	240
Per-share data										
Earnings, SEK	7.90	8.10	6.90	4.80	10.20	15.10	10.35	7.45	7.25	2.85
Earnings after dilution, SEK	7.90	8.10	6.90	4.80	10.20	15.00	10.25	7.35	7.10	2.75
Cash flow from operating activities, SEK	9.30	4.05	3.65	13.20	13.50	12.90	15.10	10.50	9.45	8.70
Ditto, after dilution, SEK	9.30	4.05	3.65	13.15	13.45	12.80	15.00	10.40	9.20	8.20
Equity, SEK	75.05	71.50	66.00	63.05	62.35	55.60	44.60	38.95	33.75	30.15
Equity after dilution, SEK	75.05	71.50	66.00	63.00	62.10	55.20	44.15	38.50	33.50	30.90
Share price at 31 March, SEK	85.00	59.25	113.50	105.75	44.20	173.50	214.00	137.00	80.00	52.00
Dividend, SEK	3.00 ¹⁾	3.00	3.00	2.50	2.50	5.00	4.00	3.50	2.75	2.25
Other share-related data										
Share price/equity, %	113	83	172	168	71	312	480	352	237	173
Share price/equity after dilution, %	113	83	172	168	71	314	485	356	239	168
Price/earnings ratio, multiple	11	7	16	22	4	11	21	18	11	18
Price/earnings ratio after dilution, multiple	11	7	16	22	4	12	21	19	11	19
Dividend yield, %	3.5 ¹⁾	5.1	2.6	2.4	5.7	2.9	1.9	2.6	3.4	4.3

¹⁾ As proposed by the Board of Directors.

The financial years from 2004/2005–2012/2013 were prepared in accordance with IFRS. The financial year 2003/2004 was prepared in accordance with previously applied Swedish accounting practice (SW GAAP).

All data for the 2003/2004 financial year 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 2012/2013.

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

2013/2014

FINANCIAL CALENDAR 2013/2014

For the 2013/2014 operating year, reports will be published as follows:

Interim Report 1 April – 30 June 2013	17 July 2013
Interim Report 1 April – 30 September 2013	7 November 2013
Interim Report 1 April – 31 December 2013	12 February 2014
Financial Report 2013/2014	15 May 2014
Annual Report 2013/2014	July 2014

The 2013 Annual General Meeting will be held in Stockholm on Thursday, 22 August 2013.

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 2013

TIME AND LOCATION

B&B TOOLS AB's Annual General Meeting will be held at 4:30 p.m. on Thursday, 22 August 2013 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, 16 August 2013, and
- b) notify the Company of their intention to attend not later than 3:00 p.m. on Friday, 16 August 2013.

Notices should be submitted by mail to "Annual General Meeting 2013", 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: arsstamma2013@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 16 August 2013. Accordingly, the nominee should be contacted in ample time prior to 16 August 2013.

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 2012/2013. 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, 27 August 2013 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, 30 August 2013 to the shareholders recorded in the share register as of the record date.

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