

ANNUAL REPORT

2014/15

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PROPOSED
DIVIDEND OF
SEK 4.00
PER SHARE

THE YEAR IN BRIEF

REVENUE AMOUNTED TO
MSEK 7,903

OPERATING PROFIT INCREASED BY
32% to MSEK 450

NET PROFIT FOR THE YEAR AFTER TAXES
TOTALLED
MSEK 306

EARNINGS PER SHARE AMOUNTED TO
SEK 10.90

RETURN ON WORKING CAPITAL
(P/WC) WAS
25%

GROUP IN FIGURES	2014/2015	2013/2014	CHANGE
Revenue, MSEK	7,903	7,648	+3%
Operating profit, MSEK	450	340	+32%
Profit before taxes, MSEK	408	286	+43%
Net profit for the year, MSEK	306	214	+43%
PER SHARE, SEK			
Net profit for the year	10.90	7.60	+43%
Cash flow from operating activities	11.75	7.45	+58%
Equity	82.80	78.40	+6%
Dividend	4.00 ¹⁾	3.50	+14%
Operating margin, %	5.7	4.4	
Return on working capital (P/WC), %	25	20	
Return on equity, %	14	10	
Equity/assets ratio, %	45	43	
Number of employees at year-end	2,682	2,655	+1%

¹⁾ As proposed by the Board of Directors.

B&B TOOLS AB's statutory Annual Report comprises pages 17–64. These pages have been reviewed by the Company's auditors in accordance with the Auditor's Report on page 65.

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, industrial components and related services for the industrial and construction sectors in the Nordic region. The Group's business concept is to make customers' everyday operations easier, safer and more profitable. Its main geographic markets are Sweden, Norway and Finland. The Group has approximately 2,700 employees in 12 countries and annual revenue of approximately SEK 7.9 billion.

OPERATIONS

B&B TOOLS comprises two operating segments – Business Areas (Product Companies) and TOOLS / Momentum – as well as shared functions for administration, logistics and IT. The operating segments currently include nine operating areas in total.

Business Areas (Product Companies) – sales via resellers

The Group's product companies – Luna (tools & machinery), Skydda (personal protective equipment), ESSVE (fastening technology), Grunda (industrial & construction consumables) and Gigant (workplace equipment) – develop competitive product and service solutions in various application areas. Industrial customers are reached through the Group's own market channel, TOOLS, which accounts for approximately 40 percent of the product companies' combined sales. Other submarkets, such as construction customers, are offered solutions via other specialised reseller chains and independent resellers.

TOOLS / Momentum – sales directly to end customers

TOOLS is the largest industrial reseller chain in the Nordic region specialising in industrial consumables, with branches in approximately 170 locations in Sweden, Norway and Finland. Momentum is responsible for sales and marketing of industrial components to the industrial sector, primarily in Sweden, with operations in some 30 locations.

Infrastructure, logistics and IT

The Group's supply chain (logistics) and IT functions form a unit known as Business Infrastructure. B&B TOOLS invests continu-

ously in both IT and logistics. TOOLS Online offers TOOLS' customers efficient and straightforward online shopping, and the product companies' Toolstore is one of the Nordic region's leading e-commerce portals. The Group's logistics operations are currently based in two hubs located in Alingsås and Ulricehamn, where all inventory/logistics and IT services are coordinated.

NORDIC MARKET FOR INDUSTRIAL CONSUMABLES AND COMPONENTS

The total market for industrial consumables and industrial components in Sweden, Norway and Finland is valued at approximately SEK 40 to 45 billion. Market growth is closely related to the development of overall industrial production and the number of employees in the industrial sector. Industrial production, in turn, is largely linked to the trends of major export companies.

Customers

The Group's customers are active in all industrial segments and in such areas as the offshore, construction, civil engineering, property maintenance, public administration and defence sectors. The industrial sector accounts for approximately 55 percent of the Group's total sales, the construction sector for 20 percent, the do-it-yourself (DIY)/private market for 5 percent and other sectors for approximately 20 percent.

Read more about the Group's operations on pages 8–16.

PRODUCT COMPANIES

Sales via resellers



TOOLS / MOMENTUM

Sales directly to end customers





"Our decentralised responsibility was the key to our success."

A YEAR OF POSITIVE TRANSITIONS

As we summarise the 2014/2015 operating year, we can look back at a year of positive transitions in the Group. It is gratifying to be able to highlight the improvement in operating profit reported by TOOLS Sweden (MSEK +59) and the fact that all of our product companies increased their operating profit during the year.

2014/2015 OPERATING YEAR

The market situation for our units varied considerably depending on geography and customer segment.

Most of our product companies (with sales primarily conducted via resellers) reported a positive trend – with strong demand in the construction material market and improved market positions for our proprietary brands (such as ESSVE, Teng Tools and Guide).

TOOLS Sweden and TOOLS Finland also performed well, while TOOLS Norway was impacted adversely by weaker demand in the offshore industry.

While Momentum faced a cautious industrial market in Sweden, with unchanged revenue for the year, our investments in service workshops in Sweden continued to develop favourably.

Overall, the Group delivered stronger operating profit than it has for many years. Cash flow from operating activities remained strong during the year and our profitability, defined as operating profit in relation to working capital (P/WC), increased to 25 percent (20). While this means that, as a Group, we still have more work to do before we will achieve our business objective of P/WC > 45 percent, a couple of our units have already exceeded this target. We now have a well-established decentralised organisation with clearly defined activities to enable us to continuously improve. We are continuing to

develop our operations – all with the aim of being *the best choice for customers*.

DECENTRALISED RESPONSIBILITY – THE KEY TO SUCCESS

B&B TOOLS has many “local heroes” whose daily contributions benefit our customers, our operations and our future development – not only in our stores, but also on site at our customers’ operations, at our central warehouses and in other areas of the Group.

The most important factors for our success are:

- **Decentralised responsibility** – with all operations and employees permitted to base their actions on their specific customers, offerings and conditions.
- **Coordination within the Group** – where and when it generates customer and/or cost advantages.

2015/2016 OPERATING YEAR

Our goal is to achieve growth by capturing market shares in our various customer segments and market channels during the year. With a focus on the customer – or perhaps, more accurately, *a focus on the customer's focus* – we can create value for our customers with adapted product and service offerings. We must continue to make our customers’ everyday operations easier, safer and more profitable – every day.

Through continued efficiency enhancement and our customer focus, our ambition is to continue improving the profitability and cash flow of the Group as a whole. All our development is intrinsically linked to our operations and we must focus on making continuous improvements – *to be better than yesterday*.

In conclusion, I would like to take this opportunity to extend my sincere thanks to all of our dedicated employees for your many outstanding efforts during the year. I would also like to thank our customers and business partners for continuing to believe in us. I look forward to an exciting new operating year together with you all.

Stockholm, May 2015

Ulf Liljus
PRESIDENT & CEO

VISION, BUSINESS CONCEPT, OBJECTIVES & STRATEGIES

B&B TOOLS' VISION:

"The best choice for customers"

B&B TOOLS focuses on understanding customer requirements and – based on the situation and special needs involved – offering an optimum solution for the customer. The Group also aims to be the best at what it does, a reflection that the units in B&B TOOLS are premium suppliers with a high level of expertise and the ability to differentiate themselves by offering various customer value advantages.

B&B TOOLS' STRATEGIES:

Value rather than price as a competitive advantage

To attain the Group's profitability target of P/WC > 45 percent, (refer to next page) all units in the Group must offer their customers an optimal total economy (minimum total cost) through their solutions backed by a high level of expertise (*customer value advantage*). To be able to offer this to customers while also maintaining their own profitability, the businesses must work on the basis of maximum efficiency and cost awareness – primarily through efficient distribution throughout the entire value chain, as well as by strengthening their competence and experience so that the Group can operate more efficiently than its competitors (*cost advantage*).

Another crucial strategy for B&B TOOLS is to limit costs in areas in which the Group is not a market leader – for example, by working with a limited offering, restricted marketing, specialised sales or operating solely with selected customers. By this means, B&B TOOLS can meet selected customer requirements using a lower cost structure than its competitors (*cost advantage*).

B&B TOOLS' BUSINESS CONCEPT:

"We aim to make our customers' everyday operations easier, safer and more profitable"

B&B TOOLS aims to offer customers solutions to make their operations easier and safer, and increase their profitability. The various businesses in the Group establish their offerings accordingly and gain a competitive advantage by differentiating themselves from the competition in a number of ways.

It is crucial that the Group's customers have highly profitable operations. B&B TOOLS sells quality products and related services that create customer value throughout their entire service life. For the Group's customers on the reseller level, the product companies assist them in boosting their sales and enhancing their customer service. By doing so, B&B TOOLS makes their everyday operations easier, while also making them safer and more profitable.

COMPETITIVE ADVANTAGE

CUSTOMER VALUE ADVANTAGE

ABILITY TO CREATE AND CHARGE FOR **HIGHER CUSTOMER VALUE** THAN THE COMPETITION.

- SUPERIOR CUSTOMER INSIGHT
- PRODUCT AND SERVICE QUALITY
- BREADTH AND DEPTH OF OFFERING
- AVAILABILITY
- SUPERIOR CUSTOMER SERVICE
- SUPERIOR CUSTOMER RELATIONS
- VALUE-BASED OFFERING (TCO)

COST ADVANTAGE

ABILITY TO DELIVER **AT A LOWER COST** THAN THE COMPETITION.

ECONOMIES OF SCALE:

- LOGISTICS
- PURCHASING
- IT

PROCESS EFFICIENCY:

- SALES
- OFFERING DEVELOPMENT
- SUPPORT PROCESSES

"Supported by customer value advantages and cost advantages, we aim to prove that B&B TOOLS is the best choice for customers and that we make their everyday operations easier, safer and more profitable."



B&B TOOLS' PROFITABILITY TARGET – "P/WC >45 PERCENT PER UNIT"

B&B TOOLS' THREE FUNDAMENTAL REQUIREMENTS ARE:

- **Growth** – the foundation for long-term profitability and the ability to develop the operations
- **Profitability** – to finance the ongoing development of the operations and generate a favourable return for the shareholders
- **Development** – robust companies and their employees must be willing to continuously develop and change over time

B&B TOOLS' overall objective is to create growth in combination with profitability. Accordingly, the Group aims to achieve profit growth of at least 15 percent annually over a business cycle.

B&B TOOLS' profitability target is for each operating unit in the Group to achieve profitability of at least 45 percent, measured as operating profit (P) in relation to utilised working capital (WC)*. This target encourages high operating profit and low tied-up capital, which – combined with the Group's growth target of 15 percent – enables a positive cash flow and provides the conditions for profitable growth. Having a P/WC of at least 45 percent helps finance the Group's future development, as well as the shareholders' return requirement.

P/WC IN PRACTICE

All activities that take place throughout the Group every day are linked to the P/WC target, with a specific focus on optimising six basic parameters:

(Revenue x Gross margin) – Costs

$$\frac{P}{WC}$$

Inventories + Accounts receivable – Accounts payable

All employees in the B&B TOOLS Group have the ability to impact at least one of these parameters – for example, by selling more, reducing purchasing costs, working in a cost-conscious manner and having less inventory in stock. Individually, but mainly in combination, these six parameters thus generate a solid source of leverage for each operating unit that can be deployed to bolster its profitability.

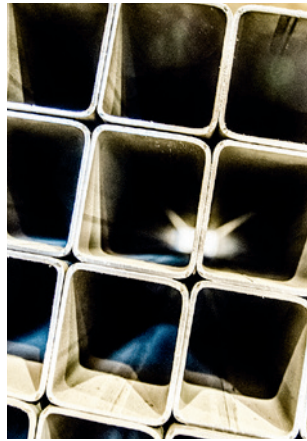
B&B TOOLS' FOCUS MODEL

Each unit is responsible for establishing its own business plans, which are then broken down into tangible action plans for the individual employee based on the profitability level achieved according to B&B TOOLS' focus model.



The Group's model specifies that profitable units are to prioritise growth while maintaining their profitability, whereas less profitable areas are to prioritise activities that help them achieve their profitability targets. For the B&B TOOLS Group as a whole, P/WC amounted to 25 percent (20) for the 2014/15 operating year.

* Calculated as inventories plus accounts receivable less accounts payable.



EMPLOYEES AND CORPORATE CULTURE

B&B TOOLS has adopted a decentralised organisation, wherein each individual unit in the Group is responsible for its own operating activities. This means that each business – based on its specific conditions – works to achieve profit growth, profitability and development.

This decentralisation of business responsibility places B&B TOOLS' 2,700 employees at the centre of the Group's operations and development. It is the ability and willpower of the employees that give B&B TOOLS its strength. Attracting, retaining and developing competent managers and employees is thus a top priority for the Group.

The ongoing skills and performance development of the Group's employees mainly occurs at the company level through various types of targeted training programmes in such areas as successful sales and performance development. B&B TOOLS' joint Business School provides employees with training in the Group's corporate culture and business acumen (see box to the right).

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. While these surveys have shown a predominantly positive view of B&B TOOLS' development and of the companies in the Group as employers, they have also identified a number of future development areas in various parts of the Group.

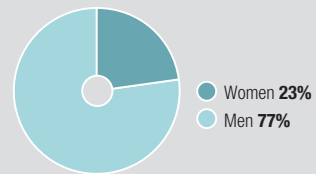
WILLINGNESS TO TAKE PERSONAL RESPONSIBILITY

B&B TOOLS has a clear vision and business concept, a strong culture, strong values and clear strategies based on a willingness to take personal responsibility and respect for the individual. We believe that freedom coupled with responsibility is the best way to operate a business as diverse as ours.

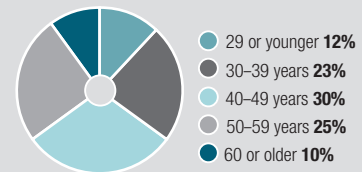
Ulf Liljus
President & CEO

EMPLOYEES IN THE B&B TOOLS GROUP

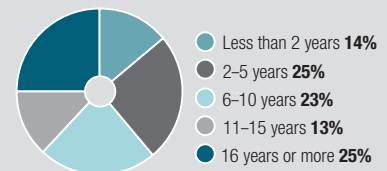
DISTRIBUTION BY GENDER



DISTRIBUTION BY AGE



LENGTH OF EMPLOYMENT



THE BUSINESS SCHOOL – STRENGTHENING THE GROUP'S DECENTRALISED RESPONSIBILITY

B&B TOOLS has initiated a range of long-term initiatives to further develop its employees and refine its corporate culture. An important tool for this work is the B&B TOOLS own Business School, which provides training for a couple of hundreds of employees every year in the Group's corporate culture, business acumen and various practical tools and work methods for boosting profitability. The aim is to help the Group's employees develop – both as individuals and in their professional roles – the training programmes also provide a good opportunity to sharing experiences and cooperation. This contributes to the success and progress of the Group as a whole, as well as the individual units.

CORPORATE SOCIAL RESPONSIBILITY INCREASES COMPETITIVENESS

STAKEHOLDER MODEL – "FOUR SATISFIED GROUPS"

By focusing on corporate social responsibility, B&B TOOLS strives to create value for all of the Group's 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 a healthy work environment, opportunities for skills and performance development, and attractive and competitive terms and conditions. The Group conducts employee surveys regularly.



SATISFIED BUSINESS PARTNERS

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, minimise major business risks through active and effective corporate governance, and provide accurate and relevant information to the stock market.



CORPORATE SOCIAL 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.

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. Combined, this contributes to increased competitiveness.

B&B TOOLS considers corporate social responsibility to be a natural commitment and strives to participate in an open, objective and transparent dialogue with all stakeholders regarding its operations. 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, life-cycle analysis and sustainable resource usage (for such purposes as packaging solutions and transportation).
- **Social responsibility** – satisfied employees, diversity and community involvement.
- **Ethical responsibility** – values, business ethics, Code of Conduct, human rights, production monitoring and product liability.

The Parent Company's Board of Directors establishes policies every year for such areas 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 businesses are environmentally and quality certified. Since spring 2012, the Group's product companies 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 (OHASA 18001) and quality management (ISO 9001). TOOLS uses a shared quality and environmental management system for the chain's members, most of which are certified in accordance with ISO 9001 and ISO 14001. Momentum also holds ISO 9001 and ISO 14001 certification.

The Group continuously endeavours to raise the awareness and involvement of its employees with regard to sustainability issues. 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 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 makes demands on suppliers, including proof of compliance with the relevant laws in their particular country and the intentions of the Code of Conduct. These supplier requirements are further clarified in a separate Supplier Code of Conduct and via a web-based tool that allows suppliers to perform a self-assessment of how well they have complied with requirements and guidelines for sustainability. The Group also conducts regular factory audits, 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 the 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.



THE CUSTOMER'S FOCUS IS MOMENTUM'S FOCUS – **SUSTAINABLE PRODUCTION**

Momentum offers its customers products and services for easier, safer and more profitable production – in other words, “sustainable production” over time. Through its unique service offering and availability, Momentum provides optimisation, as well as service and reliable operation. The savings achieved are documented together with the customers in order to demonstrate the customer value generated and how Momentum serves as a tool to help customers achieve their objectives.

Unplanned production downtime cost Nordic industry billions of kronor every year. Many of these stoppages cannot be predicted, but may be preventable in other cases through regular service and maintenance, combined with continuous reviews and optimisation. Are there investments that could be made today that would result in increased operational reliability and longer service lives for the machinery – instead of being forced to purchase a completely new machine in a few years? The industrial sector is increasingly focusing on the total cost of production maintenance rather than the price for an individual component or product, which is contributing to better investment decisions.

COMPREHENSIVE SOLUTION FOR MINIMUM TOTAL COST – FROM PROJECT ENGINEERING TO DESIGN AND INSTALLATION

Momentum has supplied industrial components to the world-leading minerals group LKAB for many years. In addition to such products as (rolling) bearings, V-belts, sealing products and transmission components, Momentum also delivers services

related to machine maintenance, logistics, training and inventory optimisation.

In spring 2015, Momentum assisted LKAB with the rebuilding of one of its oldest pellet plants in Kiruna in Sweden. In technical terms, two original operating stations were replaced by modern solutions in which an emergency operating function, for example, was integrated into the main gear box. The original design comprised a number of gear boxes and couplings that required a relatively high level of maintenance and each stoppage cost LKAB large amounts of money in loss of profit. Momentum assumed overall responsibility for the project, including everything from project engineering and design to component deliveries and on-site installation.

The goal was to increase the operational reliability of the facility and reduce the amount of idle time in connection with planned maintenance, while also reducing costs by introducing new solutions. For example, the time spent on alignment after major interferences has been more than halved. All with the aim of optimising production at a minimum total cost.

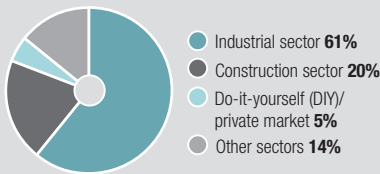
DOCUMENTED CUSTOMER SAVINGS BECOMING INCREASINGLY IMPORTANT

Through close cooperation with industrial companies in the Nordic region, Momentum helps its customers reduce the total cost for maintaining production and minimising the downtime. Momentum's focus is the customer's focus – sustainable production!

For Momentum, it is also important to be able to demonstrate that it is successful in its assignments with customers such as LKAB. Accordingly, upon the conclusion of a project, the company works together with the customer to document the problem at hand, the solution and the customer value generated. This also establishes a knowledge bank and enables experiences to be reused throughout the organisation – experiences that could be used on similar assignments with other customers. During the 2014/15 operating year, more than 200 such documentations and calculations were recorded, generating combined savings of several million kronor for customers.



CUSTOMER SEGMENTS (END CUSTOMERS)



	2014/2015	2013/2014
Revenue, MSEK	1,101	1,071
Average number of employees	224	235

PRODUCT AREAS/BRANDS: Tools and machinery – products and services in the categories of hand tools, torque technology, measurement technology, metal and woodworking machinery, cutting tools, chemistry and compressed air technology. The offering includes comprehensive concepts with products from leading external suppliers and proprietary brands, such as Teng Tools, Luna, Ferax and Limit.



Ulf Carlsson
CEO OF LUNA

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

Luna has a stable foundation to stand on when it comes to our organisation, infrastructure and market offering. We had a strong year and maintained both our revenue and profitability in our main markets. The organisation initiated several activities to cultivate the market. Teng Tools continued to perform well.

WHY SHOULD CUSTOMERS CHOOSE YOU?

Each product in our range is selected to meet the specific professional needs for tools and machinery. We have the breadth and mix to provide solutions that meet customer-specific requirements. Our high service level and well-established logistics solution are also important components in terms of our competitiveness.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

We need to devote more work to further clarifying our offering and making our presence known to end customers in close cooperation with our partners. Our focus is on making our expertise available to the market. We will also continue working to expand beyond our main markets.

LUNA meets unique customer requirements in the industrial, construction and public administration sectors. By offering the market's broadest range of strong brands and concepts for tools, machinery and related consulting and services, Luna makes its customers' everyday operations easier, safer and more profitable. Luna's offering reaches the company's knowledgeable customers via resellers in more than 20 countries.

OPERATIONS

Luna's offering is targeted at quality-conscious customers operating primarily in the industrial and construction sectors, as well as the public administration sector, through local resellers in the Nordic region, the Baltic States and Poland. The company's offering also attracts customers in the offshore, automotive and DIY segments. Luna's operations are managed from Alingsås, Sweden, with sales offices in Norway, Denmark, Finland, Poland and the Baltic States. Through its Teng Tools brand, the company has an international network including some 20 distributors in, for example, the UK, the Benelux countries, Australia and New Zealand. The company's own purchasing offices in Shanghai and Taiwan are responsible for ensuring the continuous supply and delivery quality of products.

OFFERING

Luna has a broad offering of tools and machinery supplemented with various services. Training in function, handling, safety and product display, as well as services such as calibration and installation, are important components of the company's offering. In addition to brands from external suppliers, proprietary brands such as Luna, Limit and Ferax strengthen the product range. Luna's largest brand, Teng Tools, provides tool storage, organisational solutions and hand tools for demanding customers under a single, cohesive concept.

MARKET

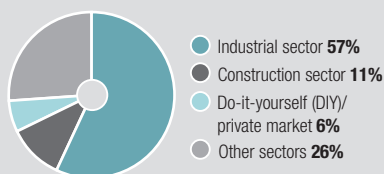
On the whole, the demand situation in Luna's markets is somewhat more positive than in recent years, particularly for the target groups pursued through specialist construction retailers, while the industrial sector has yet to show significant signs of increased demand. At the same time, the structure of the industry is changing and competition is intensifying as a result of consolidation, cross-segment merchandising and e-commerce. Luna has the prerequisites to capitalise on the business opportunities being created by these changes by utilising its in-depth understanding of customer needs and its extensive product and market expertise to package customised solutions.

2014/2015 OPERATING YEAR

Luna increased its revenue and earnings during the year, while strengthening its position in most of its markets. Demand in the industrial sector was cautious during the year and was impacted negatively by the trend in the offshore sector in Norway, where falling oil prices altered the purchasing behaviour of Luna's customers in the short term. The sales trend for proprietary brands such as Teng Tools was positive, for example through the distributors in the UK and other export markets.



CUSTOMER SEGMENTS (END CUSTOMERS)



	2014/2015	2013/2014
Revenue, MSEK	1,230	1,168
Average number of employees	169	167

PRODUCT AREAS/BRANDS: Personal protective equipment such as head, ear, eye and breathing protection, gloves, shoes, work clothes, fall protection, first aid equipment, signs and skin products. The offering includes services, products from external suppliers and the proprietary brands Guide, L.Brador, Cresto and Zekler.



Mikael Malmgren
CEO OF SKYDDA

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

We are continuing to move in the right direction. We reported positive sales and profitability trends in all of our core markets (Sweden, Norway, Finland and Denmark), and strong trends were also reported for exports and Cresto. Our strengths and weakness are becoming clearer in today's changing world and this is providing us with ongoing opportunities to make further improvements in order to achieve our vision of being the best choice for customers.

WHAT DOES THE MARKET LOOK LIKE AT THE MOMENT?

The market remains cautious. There are always opportunities for continued growth/increased sales, but we need to be even stricter when it comes to prioritising the customer segments, geographic areas and offerings in which we want to capture market shares. The market trend is being driven by both urbanisation and increased digitalisation.

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

Our overall concept. In-depth expertise of boosting sales and developing personal protective equipment (PPE) for improved profitability for our new and existing customer. The market's most attractive and innovative offering of products and services in PPE. Smart tools and exceptional customer service and technical support.

SKYDDA helps equip workplaces exposed to risks with the right personal protection solution and ensure that the equipment is used correctly. The company has extensive expertise and knowledge regarding legislation, regulations and work environment issues. Combined with the market's broadest range of products from leading suppliers, internationally recognised proprietary brands and services, this allows Skydda to meet the needs of its end customers.

OPERATIONS

Skydda is a leading supplier of personal protection solutions and equipment for professional customers in the Nordic industrial and construction sectors. The company's goal is to help create the safest and most efficient work environment possible. Sales are mainly conducted through resellers and the company's end customers include industrial and construction companies, public administrations and professional "do-it-yourselfers" (DIY).

OFFERING

Skydda has developed its offering based on solid know-how and practical experience of the needs and work environments of its users and the prevailing regulations in the area. The company's carefully selected range includes work clothes, work shoes, work gloves, technical protection and fall protection from leading suppliers and proprietary product development. Skydda also supplies various types of services for both resellers and end customers, including risk analysis, periodic safety inspections, technical support, training, product selection, product range optimisation, store concept development, logistics and IT solutions.

MARKET

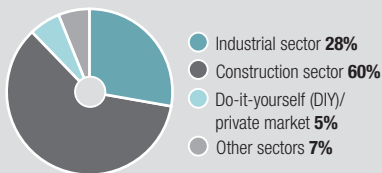
Greater awareness of the need for personal protective equipment and an increased focus on legislation and regulations – combined with continued higher demand for more professional and advanced equipment – are driving demand for Skydda's offering. At the same time, the weak economic situation in the industrial sector has had an adverse impact on sales in recent years. Thanks to a solid understanding of its customers' needs, an efficient sales channel, continuous product development and long-term collaboration with end customers, resellers and manufacturers, Skydda is an attractive business partner for the future.

2014/2015 OPERATING YEAR

Skydda reported favourable sales and profitability trends throughout the Nordic region and in its export markets during the year. Skydda's market cultivation – with focus on the end customer's needs together with its reseller partners – contributed to these positive trends, as did the company's cutting-edge expertise and brands, targeted training programmes and effective store concept solutions. Skydda's subsidiary Cresto, which develops and sells fall protection solutions, also contributed to the positive performance.



CUSTOMER SEGMENTS (END CUSTOMERS)



	2014/2015	2013/2014
Revenue, MSEK	802	767
Average number of employees	171	164

PRODUCT AREAS/BRANDS: ESSVE's product areas are fastening elements, screws, nails, adhesives, joint seals and fire seals. The company's brands are ESSVE and FireSeal (fire seals only).



Pontus Boman
CEO OF ESSVE

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

We performed very well during the year and our sales increased by approximately 20 percent in our core markets in the Nordic region, while our brand was further strengthened.

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

We have the market's broadest range of premium fastening elements, which we continuously develop by adding new, innovative products and services. At the same time, we also have the strongest brand on the market.

WHY SHOULD CUSTOMERS CHOOSE YOU?

We are dedicated and committed to finding innovative solutions that meet our customers' actual needs in practice.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

Further expansion of our international presence, innovation, certified solutions and an environmentally adapted offering. An important component of our continued growth is our focus on new markets, primarily Finland and Denmark.

ESSVE offers the market's most comprehensive professional range of fastening technology. The product range includes screws, fastening elements, nails, adhesives, joint seals and fire seals – all under proprietary brands. With innovative products launched regularly and a clear aim to always be perceived as the best choice for professional customers, ESSVE currently holds a leading position in the Nordic market.

OPERATIONS

ESSVE focuses exclusively on professional craftsmen, from product and service development to sales via the company's resellers. Since 1970, Nordic craftsmen have chosen ESSVE for its innovative fastening and installation solutions. Sales are conducted through resellers, mainly in Northern and Eastern Europe. The company's sales personnel possess cutting-edge expertise and provide continuous support to help craftsmen select the right fastening and installation solution, both through ESSVE's resellers and on-site at the end customer's construction site.

OFFERING

The company's broad product range includes everything from traditional nails to innovative system solutions for heavy duty wood, concrete and steel installations. ESSVE's products and packaging solutions lead the market when it comes to quality and functionality, and the ESSVE brand has achieved "top-of-mind awareness" in the company's main markets. ESSVE also offers services for professional customers that make fastening work easier, safer and more profitable, such as on-site container solutions, pull test support and designer support.

MARKET

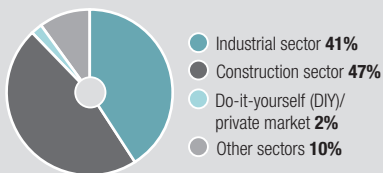
European resellers are imposing strict demands when it comes to finding innovative, skilled business partners, which makes ESSVE even more attractive as a principal supplier. In recent years, several reseller chains have expressed their interest in expanding their partnerships with ESSVE. Establishing joint action plans with resellers is a top priority in the company's efforts to be the best choice of supplier for end customers when it comes to fastening elements.

2014/2015 OPERATING YEAR

ESSVE continues along the established path and is capturing shares in its main markets in the Nordic region. The company established partnerships with some 100 additional resellers during the year, which will provide the conditions for continued favourable growth with increased market shares in 2015/2016. ESSVE strengthened its sales organisations in Sweden, Norway and Finland during the year and established a new operation in Denmark with local sales personnel – all with the aim of providing the best possible support for its reseller partners. In order to develop the market's most comprehensive professional range of fastening elements, ESSVE is continuing to invest in its product brands and a number of new products were launched during the year.



CUSTOMER SEGMENTS (END CUSTOMERS)



	2014/2015	2013/2014
Revenue, MSEK	501	484
Average number of employees	48	49



PRODUCT AREAS/BRANDS: Industrial and construction consumables in a number of areas: gardening, construction, water and sanitation, lifting and loading, kitchen fixtures, cleaning, electrical devices and lighting, locks and fittings.



Olof Nyberg
CEO OF GRUNDA

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

It is gratifying to note that we are seeing growth in all markets and that we are once again strengthening our earnings significantly. We are also pleased with the performance of our proprietary focus range, which we believe has excellent potential for growth coupled with favourable profitability.

WHAT ARE SOME KEY MARKET TRENDS AT THE MOMENT?

Low-price companies are advancing their positions and are also becoming relevant for professional customers in a growing number of areas. This is forcing us to improve our purchasing channels and help our resellers demonstrate the added value they provide compared with low-price suppliers.

HOW DO YOU PLAN TO CONTINUE STRENGTHENING YOUR MARKET POSITION?

We have three distinct focus areas. Firstly, we will continue to develop even better business support for our resellers, so that they can become more successful with our products. Secondly, we will devote significant efforts to the area of sourcing in order to help our resellers manage the pressure from low-price companies. Last but not least, we plan to maintain a high rate of development for our proprietary offering in the areas of electrical devices and lighting, locks and fittings.

GRUNDA supplies specialist construction and industrial retailers with a carefully selected range of strong brands in the areas of construction, gardening, water and sanitation, kitchen fixtures and cleaning. The company also offers cutting-edge expertise and leading products in its niche areas within electrical devices and lighting, locks and fittings. Grunda's broad offering, strong product concepts, high level of service and efficient logistics contribute to increased profitability for the company's customers.

OPERATIONS

Grunda supplies specialist construction retailers and the TOOLS chain with a comprehensive offering and strong brands in selected product areas, including construction, gardening, lifting, loading and more. The offering in the product areas of electrical devices and lighting, as well as locks and fittings, is supplemented by the company's own strong product concepts, which challenge the other suppliers in the market. Grunda's contact with end customers takes place exclusively through resellers, for whom the company aims to be a creative partner that generates profitable business opportunities in its various product areas.

OFFERING

"It is easy to be unexpectedly profitable" is at the core what Grunda offers to its resellers. While the company's range is not always the centre of focus among resellers, it is often profitable. Thanks to Grunda's strong understanding of its customers' preferences and purchasing behaviour, the company can help its resellers to grow their business for this range. This enables Grunda to contribute with new, profitable revenue to the reseller's business, allowing the reseller to utilise its retail platform in an even more efficient manner.

MARKET

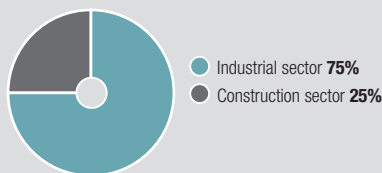
While the Nordic market for industrial and construction consumables has, on the whole, been relatively weak in recent years, a clear recovery has occurred among specialist construction retailers over the past two years. Grunda anticipates growth in the hardware and specialist construction retail sector to remain favourable in the coming years. On the industrial side, the trend for the oil industry is worrying, but Grunda believes there is significant potential to increase its share of its resellers' revenue.

2014/2015 OPERATING YEAR

Grunda can reflect back on a year of increased revenue and strong year-on-year profit growth. In the Swedish market, the hardware and specialist construction retail sector performed well, while demand in the industrial sector was more cautious. Growth in Norway was strong in both the hardware and industrial segments, and Grunda strengthened its market position.



CUSTOMER SEGMENTS (END CUSTOMERS)



	2014/2015	2013/2014
Revenue, MSEK	407	390
Average number of employees	79	89



PRODUCT AREAS/BRANDS: Workplace equipment, environmental assurance, lifting devices and devices for securing loads under proprietary brands and through strong business partners.



Olof Nyberg
CEO OF GIGANT

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

We had a strong year, during which we succeeded in strengthening our earnings significantly. We performed very well in Norway and also made considerable progress in the Swedish market. It felt particularly gratifying to re-establish our collaboration with a number of long-standing customers through our now-integrated subsidiaries. We also continued our efficiency-enhancement efforts during the year through the relocation of our production units to a single, shared location.

WHY SHOULD CUSTOMERS CHOOSE YOU?

For our ability to meet the needs of the individual customer and to offer a solution, rather than simply a number of products. We deliver attractive, efficient and safe workplaces.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

We will continue to improve our ability to meet customers' needs and focus on how we communicate this ability to our customers. It is important that our customers feel that we understand the challenges they are facing and are confident that we are the right partner to tackle them. We are working hard to ensure that this message reaches our customers.

GIGANT is an expert in industrial workplaces and delivers workplace equipment, lifting devices, devices for securing loads and environmental assurance services. The company has been active in the Nordic market for more than 20 years and is currently the leading Nordic supplier of workplace equipment for industrial operations, warehouses and engineering businesses. Gigant has the resources and expertise needed to create efficient, safe and, not least, attractive workplaces.

OPERATIONS

Gigant is characterised by its ability to meet customers' industrial workplace needs, solving each individual requirement in the most efficient manner possible. Most of the company's sales are conducted through industrial resellers, which is an effective way to distribute knowledge and products to meet customers' continuous needs. For more complex projects, Gigant's sales personnel are always on hand to create a comprehensive solution – often, but not always, in cooperation with a reseller partner.

OFFERING

Gigant's offering is designed to enhance the efficiency of Nordic industrial workplaces with the help of products and services. The company has a broad, in-depth offering that cannot be matched any other player in the market. A key component of this offering is the drawing and estimate programme Gigant3D, which visualises the proposed solutions for the end customer and provides a clear cost estimate.

MARKET

No other players in the market have chosen to focus on such a broad offering for industrial workplaces, which gives Gigant a unique position. The company's competitors include various catalogue companies, which focus on recurring sales of workplace equipment to offices and industrial customers, as well as niche companies in environmental assurance and lifting and load-securing devices. The industry has become more aware of the need for efficient and attractive workplaces, which will benefit Gigant going forward.

2014/2015 OPERATING YEAR

Gigant had a positive volume and earnings trend in its core markets in Sweden and Norway during the year. The company's cooperation with selected customers was strengthened and its efficiency-enhancement efforts continued. Among other activities, the company's two production units were relocated to a single, shared location.



MOMENTUM

CUSTOMER SEGMENTS (END CUSTOMERS)



- Industrial sector 92%
- Construction sector 3%
- Other sectors 5%

	2014/2015	2013/2014
Revenue, MSEK	952	951
Average number of employees	288	291

PRODUCT AREAS/BRANDS: High-quality industrial components in the areas of bearings, seals, transmission, pneumatics, electric motors, gears, pumps, industrial lubricants and chemical products. The range includes products from such companies as SKF, SMC and Optibelt.



Jimmy Norlinder
CEO OF MOMENTUM

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

Although the economy remains cautious, we continue to hold a stable position. We maintained our revenue level and reported favourable earnings, as well as strong growth in our new service areas. During the year, we increased our focus on documenting the savings we achieve on behalf of our customers, which also enables us to share good examples with other customers.

WHY SHOULD CUSTOMERS CHOOSE YOU?

Because we can guarantee a reduction in the customer's total costs and we offer the best availability on the market and the broadest, deepest offering. Our local presence makes us agile and flexible, and we work in close partnership with some of the market's best suppliers.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

Pumps, gears and engines – without a doubt. There is an enormous need for these product areas among customers. We also need to become better at providing a broad service offering that is linked to all of our products.

MOMENTUM is one of the Nordic region's leading suppliers of industrial components. The company maintains a local stock of inventories and conducts sales in some 30 locations in Sweden, and has operations in Norway and Denmark. Momentum's local workshops also offer repairs and maintenance of various products, such as pumps, gears and engines.

OPERATIONS

Momentum's business concept and offering are based on the idea of making industrial customers' everyday operations easier, safer and more profitable by offering them products and services at the lowest total cost. At the most basic level, the company aims to help Nordic industrial companies make their production operations more sustainable – in other words, make production more profitable and efficient. To achieve this goal, the company provides high-quality industrial components combined with a broad range of services.

OFFERING

Momentum aims to help its customers to produce their products at a lower cost or to produce more products at the same cost. Accordingly, the product range includes products from world-leading manufacturers and suppliers, such as SKF, SMC, Optibelt, Simrit, Renold, GA Lindberg, Klinger and Huhnseal, with whom the company engages in a close and highly rewarding collaboration. Momentum also offers services in such areas as logistics, administration, training, workshops and civil engineering.

As of 2008, Momentum also provides what is known as electromechanical component service, meaning repairs and maintenance of various products, such as pumps, gears and engines. This service area offers favourable growth opportunities and the company currently has its own workshops in a total of eight locations in southern and central Sweden.

MARKET

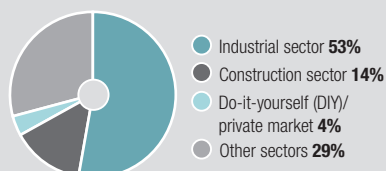
The company's customers primarily operate in the processing and manufacturing industry, including paper and pulp, sawmill, automotive, food, mining and engineering companies. In recent years, parts of the market, such as the paper and pulp industry, have been characterised by weak economic conditions, while others, such as the food industry, have experienced a relatively stable trend. Momentum's targeted focus on restoration and repairs of electromechanical components through proprietary workshops has had a positive impact on the company's earnings.

2014/2015 OPERATING YEAR

The economic situation in the industrial sector remained cautious and Momentum's revenue was essentially unchanged during the year. Momentum is continuing to invest in the expansion of its service offering, with a focus on offering its customers sustainable production with as few operational disturbance as possible. The company opened an additional electromechanical workshop during the year, which mainly specialises in pump restoration and repairs. During the year, investments were also made in employee training, workshop systems and logistics efficiency.

TOOLS

CUSTOMER SEGMENTS (END CUSTOMERS)



	2014/2015			2013/2014		
	Sweden	Norway	Finland	Sweden	Norway	Finland
Revenue, MSEK	1,903	1,562	755	1,878	1,611	701
Average number of employees	609	391	267	662	394	266
Number of branches	61	32	28	61	29	28
– INCLUDING TOOLS PARTNERS						
Total revenue, MSEK (approx.)	2,300	2,600	755	2,200	2,600	701
of which, wholly owned operations	83%	60%	100%	86%	62%	100%
Total number of branches	78	60	28	80	58	28
of which, wholly owned operations	78%	53%	100%	76%	50%	100%

PRODUCT AREAS/BRANDS: High-quality industrial consumables – tools, machinery, personal protective equipment and industrial consumables. The range includes products from world-leading manufacturers and suppliers, with approximately 50 percent attributable to the Group's product companies.

TOOLS is the largest industrial reseller chain in the Nordic region specialising in tools, machinery, personal protective equipment and industrial consumables for the professional market. The chain, which is currently active in Sweden, Norway and Finland, comprises both wholly owned TOOLS businesses and a number of independent partner companies. TOOLS works with the market's leading suppliers.

OPERATIONS

Good advice and quick deliveries can make the difference between a good day and a bad day. Craftsmen and industrial workers may not give a lot of thought to the tools and equipment they use in their everyday work. They are focused on the job at hand – that is, until their tools begin to break or they do not have the equipment needed. When this happens, it is crucial that the right product is available in stock or delivered as quickly as possible. That is why TOOLS offers a broad product range with a high level of service, combined with a number of value-added services. With 170 locations in Sweden, Norway and Finland, the chain's 1,700 dedicated employees deliver the right solutions every day to help customers get the job done – safely and efficiently.

OFFERING

The company's broad product range was developed and expanded based on a genuine interest in customers' everyday operations. This also allows the chain to offer services and training that can contribute to increased profitability and quality for the customer, as well as improvements in the area of occupational health and safety. TOOLS offers everything from training in the use of personal protective equipment to customised, efficient supply solutions.

MARKET

Growth in the Nordic market for industrial consumables is closely related to the overall production trend and the number of employees in the industrial sector. Industrial production, in turn, is strongly linked to economic situation in the industrial sector and the performance of major export companies in the Nordic region. Other market areas for TOOLS are the construction and public administration sectors, where demand has been relatively stable.

2014/2015 OPERATING YEAR

The weak demand in the Swedish market continued to impact revenue for *TOOLS Sweden* during the year. At the same time, improvements in process efficiency and the implementation of cost-cutting measures yielded significant results, establishing an important turning point for the business.

During the year, *TOOLS Norway* reported a positive trend in construction and civil engineering, as well as traditional industry. However, the oil and gas industry, which has historically accounted for a large portion of the business's earnings, declined significantly, particularly toward the end of the year, which had a negative impact on earnings.

The economic climate in Finland remained weak. Nevertheless, *TOOLS Finland* increased both its sales and earnings

during the year – with a strong market position and positive developments in its customer and product mix.

Efficiency enhancement and logistics are top priorities for TOOLS in all three countries. Digitalisation and e-commerce are also becoming increasingly important focus areas in which investments are made. TOOLS aims to increase its market shares in each country – and to remain the best choice for customers – by leveraging its proximity to customers and geographic coverage, its comprehensive range and the high level of expertise in the organisation.



Torbjörn Eriksson
CEO OF TOOLS Sweden

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

This year was an important turning point for us – we implemented several measures that yielded results and were thus able to deliver positive earnings in all four quarters.

WHAT DOES THE MARKET LOOK LIKE AT THE MOMENT?

The markets of our focus customers are relatively stable – no major ups or downs during the year. Although, naturally, differences were noted in certain customer segments.

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

Our local presence and high level of expertise, combined with efficient central processes and our broad, deep offering of market-leading brands.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

Further increasing efficiency in the supply process is a top priority, as is the packaging of our products and services in application areas related to occupational health and safety.



Jens Henriksen
CEO OF TOOLS Norway

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

The trend for construction and civil engineering was positive during the year, as was the trend for traditional industry, while demand in the oil and gas segment declined. This had a negative impact on the business' earnings trend.

WHAT ARE SOME KEY MARKET TRENDS AT THE MOMENT?

Digitalisation is becoming increasingly important. As the need for electronic solutions grows, so do customers' expectations of efficiency and content.

WHY SHOULD CUSTOMERS CHOOSE YOU?

TOOLS is a full-service supplier that helps its customers achieve a healthier work environment, lower emissions and fewer work-related injuries. TOOLS is the best choice for customers!

HOW DO YOU PLAN TO CONTINUE STRENGTHENING YOUR MARKET POSITION?

To remain number one in the market going forward, we need to further increase our focus on sales. The focus in 2015/16 will be on structured training of our sales personnel and our local presence.



Mika Kärki
CEO OF TOOLS Finland

HOW WOULD YOU DESCRIBE YOUR PROGRESS OVER THE PAST YEAR?

The economic climate in Finland remained highly challenging. Nevertheless, TOOLS Finland succeeded in increasing its sales and earnings slightly. This means that we are capturing market shares by working closely with our customers and understanding their needs.

WHAT DOES THE MARKET LOOK LIKE AT THE MOMENT?

The economic forecasts in Finland at the moment are very cautious and our sales and earnings could vary from month to month.

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

Our understanding of customers' needs, our flexibility and our high level of technical expertise. We are focusing on finding new solutions to meet our customers' needs.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

We are currently enhancing our logistics solutions together with the Group's product companies and other main suppliers. One factor that will play an important role in determining our future success is our close cooperation with our customers and business partners. Together we are strong!

*The customer's focus is TOOLS' focus:
Noise – more dangerous than it sounds*



Everyone who is exposed to noise is in the risk zone. The higher the noise level and the more time a person is exposed to noise, the greater the risk of injury. A total of 40 percent of employees in the construction, manufacturing and mining industries are exposed to high noise levels during more than half of their working hours. According to the law, hearing protection is to be offered for work starting at relatively low noise levels.

Sandvik in Svedala manufactures stone crushers for the mining and civil engineering industry. The company hired TOOLS to reduce the noise level at its production facility. The solution, developed together with TOOLS' business partner Gigant, involved the installation of a noise-reduction wall to partition off the noisy operations. The company also installed sound-absorbing cloth on movable arms, which enabled the welders to adapt their own workplaces.

TOOLS offers several of the market's best products and services for eliminating, preventing and protecting against noise. Reducing noise makes the workplace safer.

REVENUE AND OPERATING PROFIT¹⁾

MSEK	Revenue		Operating profit / loss	
	2014/2015	2013/2014	2014/2015	2013/2014
TOOLS / Momentum	5,120	5,098	187	145
Business Areas (Product Companies)	4,025	3,871	291	223
Group-wide	618	662	-26	-14
Eliminations	-1,860	-1,983	-2	-14
Total	7,903	7,648	450	340

Revenue – quarterly data, MSEK	2014/2015				2013/2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
TOOLS / Momentum	1,281	1,332	1,194	1,313	1,277	1,315	1,172	1,334
Business Areas (Product Companies)	1,028	1,008	960	1,029	1,021	980	903	967
Group-wide	145	153	154	166	164	167	163	168
Eliminations	-460	-466	-457	-477	-502	-508	-469	-504
Total	1,994	2,027	1,851	2,031	1,960	1,954	1,769	1,965

Operating profit / loss – quarterly data, MSEK	2014/2015				2013/2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
TOOLS / Momentum	41	41	58	47	36	40	36	33
Business Areas (Product Companies)	78	59	80	74	78	53	51	41
Group-wide	-8	0	-5	-13	-9	-4	5	-6
Eliminations	0	4	-3	-3	-2	-4	-5	-3
Total	111	104	130	105	103	85	87	65

1) Refer also to Note 4 Segment reporting.

ADMINISTRATION REPORT

WITH CORPORATE GOVERNANCE REPORT

1 APRIL 2014 – 31 MARCH 2015

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 2014 – 31 March 2015 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

The B&B TOOLS Group's operating profit for the financial year rose by 32 percent to MSEK 450 (340). Operating profit was charged with depreciation and impairment losses of MSEK -25 (-40) on tangible non-current assets and amortisation and impairment losses of MSEK -3 (-5) on intangible non-current assets. Exchange-rate translation effects had a net impact of MSEK +7 (-8) on recognised operating profit for the year. The operating margin for the year increased to 5.7 percent (4.4).

Profit after net financial items rose by 43 percent to MSEK 408 (286). Net financial items amounted to MSEK -42 (-54). The profit margin was 5.2 percent (3.7).

Profit after taxes totalled MSEK 306 (214). Earnings per share amounted to SEK 10.90 (7.60).

Revenue

Revenue amounted to MSEK 7,903 (7,648). Exchange-rate translation effects had an impact of MSEK +82 (-128) on revenue.

Revenue for comparable units, measured in local currency and adjusted for the number of trading days, rose by approximately 4 percent during the financial year.

OPERATIONS

The 2014/2015 financial year was a year of positive transitions in the B&B TOOLS Group. Among other accomplishments, it is gratifying to highlight the earnings improvement reported by TOOLS Sweden, which increased its profit by approximately MSEK 60, as well as the fact that all of the Group's business areas increased their operating profit during the year. The market situation for the Group's units varied during the year depending on geography and customer segment.

B&B TOOLS' profitability, defined as operating profit in relation to working capi-

tal (P/WC), increased to 25 percent (20) during the year. While this means that, as a Group, there is still more work to be done before the business objective of P/WC > 45 percent can be achieved, a couple units have already exceeded this target. The Group now has a well-established decentralised organisation with clearly defined activities to enable continuous improvement.

Overall, the B&B TOOLS Group delivered significantly improved earnings for the year as a result of growth in a large portion of its operations, efficiency enhancement and reduced costs.

TOOLS / Momentum – sales directly to end customers

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

Revenue for comparable units in TOOLS / Momentum, measured in local currency and adjusted for the number of trading days, was largely unchanged during the financial year.

Revenue for *TOOLS Sweden* grew by approximately 3 percent during the year (measured in local currency and adjusted for the number of trading days). At the same time, activities implemented to increase efficiency continued to yield results and the unit reported an earnings improvement for the year of MSEK +59 – from an operating loss of MSEK -45 to an operating profit of MSEK +14.

The demand trend in Norway was negative during the year, particularly in the off-shore industry, and revenue for *TOOLS Norway* declined by a total of -4 percent for the financial year (measured in local currency and adjusted for the number of trading days). The operating margin for *TOOLS Norway* was 3.7 percent.

The continued weak economic situation experienced by Finnish industry had a negative impact on *TOOLS Finland's* operations. Despite this, revenue increased by a total of approximately 2 percent (measured in local currency and adjusted for the number of trading days) due to a stronger performance attributable to certain major customers. At the same time, operating profit for the year rose to MSEK 3.

Momentum also faced a sluggish industrial market, particularly in Sweden. Revenue for the year (measured in local currency and adjusted for the number of trading days) increased by approximately 2 percent and the operating margin was 11.7 percent. Momentum's investments in such areas as service workshops in Sweden continued to develop favourably.

Business Areas* – sales via resellers

The Group's business areas – Luna, Skydda, ESSVE, Gigant and Grunda – supply TOOLS and other market channels with industrial consumables and related services.

Revenue for comparable units, measured in local currency and adjusted for the number of trading days, for the Group's business areas increased by a total of approximately 7 percent during the financial year.

Revenue for *ESSVE* and *Skydda* increased by 5 percent and 6 percent, respectively, during the year (measured in local currency and adjusted for the number of trading days) – with continued strong growth attributable to a number of key customers, particularly in the area of construction materials. At the same time, operating profit for *ESSVE* and *Skydda* increased to MSEK 63 (+47 percent compared with the preceding year) and MSEK 101 (+17 percent), respectively.

* The term "Business Areas" will be changed to "Product Companies" in B&B TOOLS' financial statements as of 1 June 2015.

Luna also continued to report a favourable earnings trend, with an operating margin of 9.3 percent for the year and a particularly strong trend for proprietary product brands such as *Teng Tools*.

Grunda increased its revenue by approximately 5 percent during the year (measured in local currency and adjusted for the number of trading days), a change primarily attributable to the area of construction materials in Norway and Sweden. Operating profit rose by MSEK 5 to MSEK 15.

Despite a cautious industrial market in the Nordic region, *Gigant's* revenue increased during the year (+6 percent measured in local currency and adjusted for the number of trading days). At the same time, profit rose from MSEK 1 to MSEK 10.

Group-wide and eliminations

An operating loss of MSEK -26 (-14) was reported for "Group-wide" for the financial year. Capital gains and losses from the sale of properties during the year had a positive effect of approximately MSEK 0.5, net, on operating profit.

Eliminations for intra-Group inventory gains had an impact of MSEK -2 (-14) on earnings during the year.

Parent Company

The Parent Company's revenue amounted to MSEK 39 (35) and profit after net financial items to MSEK 237 (486). These results include Group contributions, intra-Group dividends and corresponding items totalling MSEK 311 (417).

Following a resolution passed by the Annual General Meeting in August 2014, 13 members of senior management were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. When fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The redemption price for the call options is SEK 176.50 and the redemption period is from 11 September 2017 until 8 June 2018.

CORPORATE ACQUISITIONS

No corporate acquisitions were implemented during the financial year.

PROFITABILITY

The Group's profitability, measured as the return on working capital, P/WC (operating profit in relation to working capital*), increased to 25 percent (20) for the financial year. The return on capital employed was 13 percent (10) and the return on equity was 14 percent (10).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year amounted to MSEK 384 (170). Funds tied up in working capital rose by MSEK 54. Inventories increased by MSEK 84 during the year, while operating receivables decreased by MSEK 21. Operating liabilities increased by MSEK 9. Accordingly, cash flow from operating activities for the year amounted to MSEK 330 (210).

Cash flow for the financial year was also impacted in a net amount of MSEK -40 (-47) pertaining to the acquisition and sale of tangible non-current assets, and a net amount of MSEK +99 (+42) pertaining to the acquisition and sale of subsidiaries and other business units. A total of 24 Group properties in Sweden and Finland were disposed of during the financial year, which generated approximately MSEK 100 in cash flow and had a marginally positive impact on earnings per share.

The Group's operational net loan liability at the end of the financial year amounted to MSEK 530 (819). Interest-bearing liabilities totalled MSEK 590 (875), excluding expensed pension obligations of MSEK 628 (451). Liabilities to credit institutions amounted to MSEK 533 (822), net. Combined cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 667 (489). Maturity periods and interest rates are presented in Note 26 Financial risk management on pages 55–60.

The equity/assets ratio at the end of the financial year was 45 percent, compared with 43 percent at the beginning of the year.

Equity per share totalled SEK 82.80 at the end of the financial year, compared with SEK 78.40 at the beginning of the year. Equity per share after dilution totalled SEK 82.65 at the end of the financial year, compared with SEK 78.40 at the beginning of the year.

The Swedish tax rate, which also applies to the Parent Company, was 22 percent during the financial year. The Group's normalised tax rate, with its current geographic mix, is approximately 24 percent.

EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 2,682, compared with 2,655 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. No Group companies are involved in any environmentally related disputes.

A summary of B&B TOOLS' commitment to environmental and social responsibility is presented on pages 6.

DEVELOPMENT OF PRODUCTS AND SERVICES

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 the continued development of proprietary product brands. Activities implemented during 2014/2015 included the development of various 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 CFO, as well as the presidents and financial officers of the subsidiaries. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. For a detailed account of financial and business risks and the B&B TOOLS Group's management thereof, refer to page 29 and Note 26 Financial risk management on pages 55–60.

FUTURE DEVELOPMENT

Market trends in 2015/2016 will be carefully monitored by the Group's businesses. During the year, the focus will remain on organic volume growth in existing markets, continued efficiency enhancement and a reduction in funds tied up in working capital in the Group.

In line with B&B TOOLS' long-term goals, the Group intends to continue strengthening its market position over time as the best choice for customers – in both existing and new markets. The Group companies will continue developing services and proprietary product brands, which have accounted for an increased portion of the Group's total sales in recent years. Economies of scale continue to be generated through collaboration between various areas of the Group,

* Working capital = Inventories + Accounts receivable – Accounts payable.

including shared logistics and IT solutions and product range coordination.

DIVIDEND

The Board proposes a dividend of SEK 4.00 (3.50) per share. The proposed dividend corresponds to 37 percent of the Group's earnings per share for the 2014/2015 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 112 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease 2.2 percentage points as of 31 March 2015. After payment of the proposed dividend and taking into consideration the prevailing market conditions, the Company's and the Group's equity/assets ratio is deemed to 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.

As of 1 June 2015, the term "Business Areas" will be changed to "Product Companies" in B&B TOOLS' financial statements.

CORPORATE GOVERNANCE REPORT 2014/2015

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 2014/2015 financial year was prepared in accordance with the recommendations of the Code. The report also contains an account of the work of the Election Com-

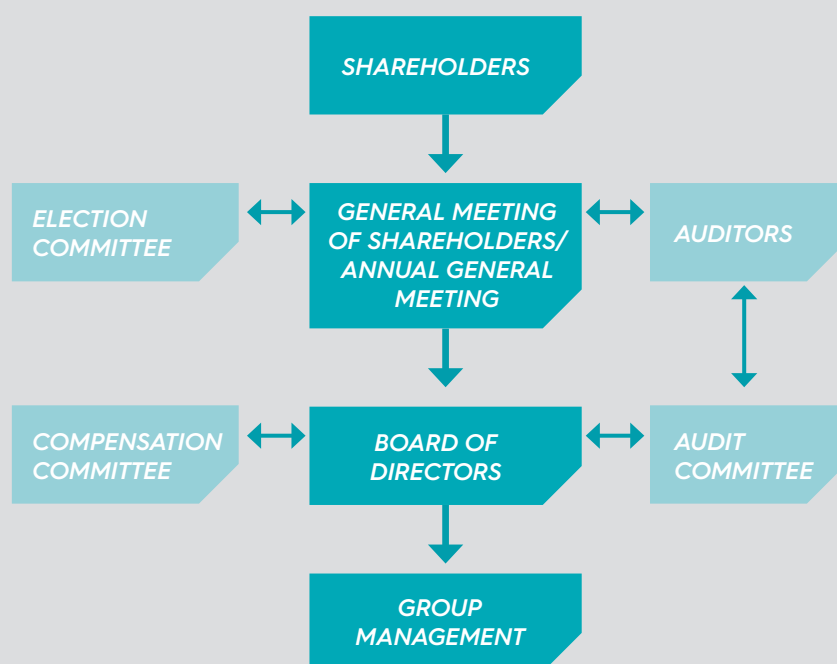
mittee in preparation for the 2015 Annual General Meeting. B&B TOOLS deviates from the recommendations of the Code in three areas: the composition of the Election Committee, the Chairman of the Election Committee and the auditors' review of the Company's six-month or nine-month interim reports. These deviations from the Code are reported in further detail in the relevant 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 Stockholm ("Stockholm

CORPORATE GOVERNANCE STRUCTURE IN B&B TOOLS



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

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

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

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

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

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

The President & CEO and other members of **Group management** are responsible for the day-to-day management of B&B TOOLS.

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 Shareholders, Board of Directors, President & CEO, and auditors. Refer to the illustration on page 19.

SHARE STRUCTURE, SHAREHOLDERS AND REPURCHASE OF OWN SHARES

As of 31 March 2015, B&B TOOLS AB had approximately 5,400 shareholders. The share capital amounted to approximately MSEK 57. The distribution by class of share is as follows:

Class of share	As of 31 March 2015
Class A shares	1,063,780
Class B shares	27,372,636
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 the Stockholm Stock Exchange 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 be affected, change, expire or stipulate the payment of financial remuneration should control of the Company change as a result of a public takeover bid for the shares in the Company.

As of 31 March 2015, Anders Börjesson and Tom Hedelius each held 12.9 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 68–69.

Repurchase of own shares

As of 31 March 2014, the number of Class B shares held in treasury totalled 340,000. There were no changes to the holding of treasury shares during the financial year. Accordingly, the number of Class B shares held in treasury as of 31 March 2015 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 2015.

Of the total number of Class B shares held in treasury, 169,000 are reserved to cover the Company’s obligations in the call option programme issued by B&B TOOLS AB in September 2013, which extends through 9

June 2017, inclusive. The redemption price for the call options in this programme is SEK 101.90.

Of the total number of Class B shares held in treasury, 169,000 shares are also reserved to cover the Company’s obligations in the call option programme issued by B&B TOOLS AB in September 2014, which extends through 8 June 2018, inclusive. The redemption price for the call options in this programme is SEK 176.50.

ANNUAL GENERAL MEETING 2014

The Annual General Meeting of B&B TOOLS AB was held in Stockholm on 21 August 2014. 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 169 shareholders participated in the Meeting, representing a combined total of 61.2 percent of the votes in the Company. All 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 are also available in English.

ELECTION COMMITTEE

The Annual General Meeting in August 2014 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2015 and request that they appoint four members who, together with the Chairman of the Board, will constitute an Election Committee to prepare motions to the Annual General Meeting 2015 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 2015 comprises Chairman of the Board Anders Börjesson,

SUMMARY OF BOARD COMPOSITION, ATTENDANCE, FEES AND DEPENDENCY CONDITIONS FOR 2014/2015

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	All	All	500,000		X
Tom Hedelius	1982	Vice Chairman	X	X	All	All	380,000		X
Roger Bergqvist	2012	Director	X		All	All	250,000		
Charlotte Hansson	2012	Director	X		All	All	250,000		
Joakim Rubin	2011	Director	X		All	All	250,000		
Gunilla Spongh	2014	Director	X		4 (5)	–	250,000		

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

2) The following changes were made to the composition of the Board of Directors during the 2014/2015 financial year:

Gunilla Spongh was appointed as a Director in conjunction with the Annual General Meeting in August 2014.

Former Director Per Axelsson stepped down from the Board in conjunction with the Annual General Meeting in August 2014.

Tom Hedelius, Conny Karlsson (representing CapMan Public Market Investment), Marianne Nilsson (representing Swedbank Robur funds) and Per Trygg (representing SEB Funds). The other members appointed Anders Börjesson as Chairman of the Election Committee. Marianne Nilsson 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 directors 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.

The Election Committee's motions regarding the Board of Directors and auditors will be presented in the notice of the 2015 Annual General Meeting. The Election Committee will present and motivate its motions 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 remuneration was paid for work in the Election Committee during the year.

THE BOARD OF DIRECTORS 2014/2015

The Board of Directors of B&B TOOLS AB currently comprises six regular directors elected by the Annual General Meeting on 21 August 2014, and two employee representatives.

Directors

Detailed information on the current Board of Directors, including information on other assignments, is presented on page 66.

The dependency conditions for the Board of Directors are presented in the table on page 20.

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 investments, corporate acquisitions and sales, as well as financing issues.
- Strategy plan.
- Acquisition and sale of companies or businesses in excess of established amounts.
- Major investments.
- Repurchase of own shares.

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on four occasions each year (scheduled meetings). Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which together with supporting documentation, is distributed to the directors prior to each Board meeting.

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

In addition to the statutory meeting, the Board of Directors convened on eight occasions during the 2014/2015 financial year, four of which were regular meetings and four extraordinary meetings.

Refer to the table on page 20 for information regarding attendance at 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 motions for decisions by the Board (see below). Mats Karlqvist, Head of Investor Relations at 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 supervision of the Chairman of the Board in connection with the regular meeting in February each year.

Compensation Committee

The Board of Directors has appointed a Compensation Committee to prepare motions concerning remuneration to the President & CEO for approval by the Board, to decide on remuneration to other members of Group management and to draft motions for any incentive programmes. Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management were adopted by the Annual General Meeting in August 2014 (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 Hedelius. The President & CEO Ulf Lilius reports to the Committee.

The Compensation Committee convened on one occasion during the 2014/2015 financial year, during which minutes were taken.

No separate remuneration 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 focus 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 2014/2015 financial year, during which minutes were taken.

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

OPERATIONS OF THE GROUP

During 2014/2015, B&B TOOLS' Group management comprised 11 individuals. For more detailed information, refer to page 67.

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

President & CEO and Group management

Ulf Lilius took office as President & CEO of B&B TOOLS on 1 November 2012. Ulf Lilius has been employed by the Group since 2004 and served as CEO of Momentum between 2010 and 2012. Ulf Lilius' previous positions include Marketing and Sales Director and Executive Vice President of Momentum (2002-2010) and SKF Multitec (1996-2002).

B&B TOOLS' Group management includes ten other individuals: the CEOs of the Group's operating areas (eight individuals), the Group's Executive Vice President and the Group's Chief Financial Officer.

For information regarding Group management's holdings of financial instruments in B&B TOOLS, refer to page 67. Remuneration to Group management for the 2014/2015 financial year and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 38–40.

AUDITORS

At the Annual General Meeting held in August 2014, KPMG AB was re-elected to serve as the Company's auditor until the adjournment of the 2015 Annual General Meeting. The Auditor in Charge is Authorised Public Accountant Fredrik Westin, who also serves as Auditor in Charge for Gant and TPPG The Perimeter Protection Group. Authorised Public Accountant Matilda Axlin also serves as the Company's auditor. Matilda Axlin serves as Auditor in Charge for a number of the B&B TOOLS Group's subsidiaries.

Prior to the Annual General Meeting in August 2015, the Election Committee will propose the election of auditors for the period until the adjournment of the 2016 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 page 6. B&B TOOLS' Code of Conduct is available in its entirety on the Company's website at www.bbtools.com.

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

The Board aims to ensure that the remuneration 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 20 August 2015 pass a resolution concerning the 2015/2016 guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management that corresponds with the guidelines for remuneration adopted by the Annual General Meeting held in August 2014 (refer to Note 5 Employees and personnel costs on page 40).

INTERNAL CONTROL OF 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 an 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 implementation and application of the rules and regulations. On a more general level, all operations in the B&B TOOLS Group are to 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 investments, 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 earnings 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 the Group in various ways. The internal audit function works proactively through its participation in various projects aimed at developing internal control. The internal audit 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 2014/2015 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.

INCOME STATEMENT

MSEK	Note	2014/2015	2013/2014
Revenue	2, 4	7,903	7,648
Shares in profit of associated companies	13	0	0
Other operating income	3	48	15
Total operating income		7,951	7,663
Goods for resale		-4,660	-4,545
Personnel costs		-1,675	-1,633
Depreciation, amortisation, impairment losses and reversal of impairment losses		-28	-45
Other operating expenses		-1,138	-1,100
Total operating expenses	4, 5, 6, 7	-7,501	-7,323
Operating profit		450	340
Financial income		7	8
Financial expenses		-49	-62
Net financial items	8	-42	-54
Profit after net financial items		408	286
Taxes	10	-102	-72
Net profit for the year		306	214
Of which, attributable to:			
Parent Company shareholders		306	214
Earnings per share, SEK			
– before dilution	19	10.90	7.60
– after dilution	19	10.85	7.60
Proposed/resolved dividend per share, SEK		4.00	3.50

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2014/2015	2013/2014
Net profit for the year		306	214
Other comprehensive income			
<i>Components that will not be reclassified to net profit for the year</i>			
Remeasurement of defined-benefit pension plans		-170	6
Tax attributable to components that will not be reclassified	10	37	-1
		-133	5
<i>Components that will be reclassified to net profit for the year</i>			
Translation differences		35	2
Effects of hedge accounting		14	0
Tax attributable to components that will be reclassified	10	-3	-1
		46	1
Other comprehensive income for the year		-87	6
Comprehensive income for the year		219	220
Of which, attributable to:			
Parent Company shareholders		219	220

BALANCE SHEET

MSEK	Note	31 March 2015	31 March 2014
ASSETS			
Non-current assets			
Intangible non-current assets	11	1,803	1,792
Tangible non-current assets	12	113	208
Participations in associated companies	13	11	11
Financial investments	26	1	1
Other long-term receivables	15	4	4
Deferred tax assets	10	122	102
Total non-current assets		2,054	2,118
Current assets			
Inventories	16	1,525	1,414
Tax assets		37	43
Accounts receivable	26	1,296	1,299
Prepaid expenses and accrued income	17	110	122
Other receivables	15	50	45
Cash and cash equivalents		57	53
Total current assets		3,075	2,976
Total assets	4, 24, 25, 26, 29	5,129	5,094
EQUITY AND LIABILITIES			
Equity			
Share capital	18	57	57
Other contributed capital		71	71
Reserves		-11	-57
Retained earnings, including net profit for the year		2,209	2,132
Equity attributable to Parent Company shareholders		2,326	2,203
Non-current liabilities			
Non-current interest-bearing liabilities	26	365	400
Provisions for pensions	20	628	451
Other non-current provisions	21	4	3
Deferred tax liabilities	10	69	79
Total non-current liabilities		1,066	933
Current liabilities			
Current interest-bearing liabilities	26	225	475
Accounts payable		859	885
Tax liabilities		81	47
Other liabilities	22	128	107
Accrued expenses and deferred income	23	444	444
Total current liabilities		1,737	1,958
Total liabilities	4, 24, 25, 26, 29	2,803	2,891
Total equity and liabilities		5,129	5,094

STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the year	Total equity
Closing equity, 31 March 2013	57	71	-58	1,995	2,065
Net profit for the year				214	214
Other comprehensive income			1	5	6
Dividend				-84	-84
Sale of call options				2	2
Closing equity, 31 March 2014	57	71	-57	2,132	2,203
Net profit for the year				306	306
Other comprehensive income			46	-133	-87
Dividend				-98	-98
Sale of call options				2	2
Closing equity, 31 March 2015	57	71	-11	2,209	2,326

CASH-FLOW STATEMENT

MSEK	Note	2014/2015	2013/2014
Operating activities			
Profit after net financial items		408	286
Adjustments for non-cash items	33	32	-41
Income taxes paid		-56	-75
Cash flow from operating activities before changes in working capital		384	170
Cash flow from changes in working capital			
Change in inventories		-84	69
Change in operating receivables		21	-96
Change in operating liabilities		9	67
Changes in working capital		-54	40
Cash flow from operating activities		330	210
Investing activities			
Acquisition of intangible and tangible non-current assets		-41	-48
Sales of intangible and tangible non-current assets		1	1
Acquisition of subsidiaries/operating segments, net effect on liquidity	33	-3	-
Sales of subsidiaries/operating segments, net effect on liquidity	33	102	42
Cash flow from investing activities		59	-5
Cash flow before financing		389	205
Financing activities			
Sale of call options		2	2
Borrowings		200	685
Repayment of loans		-499	-970
Dividend paid to Parent Company shareholders		-98	-84
Cash flow from financing activities		-395	-367
Cash flow for the year		-6	-162
Cash and cash equivalents at the beginning of the year		53	214
Exchange-rate differences in cash and cash equivalents		10	1
Cash and cash equivalents at year-end	33	57	53

INCOME STATEMENT

MSEK	Note	2014/2015	2013/2014
Revenue	2	39	35
Other operating income		–	0
Total operating income		39	35
Personnel costs		-26	-22
Depreciation, amortisation, impairment losses and reversal of impairment losses		-1	-2
Other operating expenses		-20	-13
Total operating expenses	5, 6	-47	-37
Operating profit		-8	-2
Profit from net financial items:			
Profit from participations in Group companies	8	172	390
Profit from other securities and receivables recognised as non-current assets	8	105	148
Other interest income and similar profit/loss items	8	6	6
Interest expense and similar profit/loss items	8	-38	-56
Profit after net financial items		237	486
Appropriations	9	125	36
Profit before taxes		362	522
Taxes	10	-42	-30
Net profit for the year		320	492

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2014/2015	2013/2014
Net profit for the year		320	492
Other comprehensive income			
Effects of hedge accounting		14	1
Taxes attributable to other comprehensive income	10	-3	-1
Other comprehensive income for the year		11	0
Comprehensive income for the year		331	492

BALANCE SHEET

MSEK	Note	31 March 2015	31 March 2014
ASSETS			
Non-current assets			
Intangible non-current assets	11	0	0
Tangible non-current assets	12	1	2
<i>Financial non-current assets</i>			
Participations in Group companies	31	104	104
Receivables from Group companies	14	3,543	3,743
Deferred tax assets	10	6	9
Total financial non-current assets		3,653	3,856
Total non-current assets		3,654	3,858
Current assets			
<i>Current receivables</i>			
Accounts receivable	26	1	1
Receivables from Group companies		378	260
Tax asset		–	2
Other receivables		8	1
Prepaid expenses and accrued income	17	3	3
Total current receivables		390	267
Cash and bank		0	–
Total current assets		390	267
Total assets	25	4,044	4,125
EQUITY, PROVISIONS AND LIABILITIES			
Equity	18		
<i>Restricted equity</i>			
Share capital		57	57
Statutory reserve		86	86
<i>Non-restricted equity</i>			
Retained earnings		1,443	1,036
Net profit for the year		320	492
Total equity		1,906	1,671
Untaxed reserves	32	206	192
Provisions			
Provisions for pensions and similar commitments	20	46	48
Deferred tax liability	10	1	–
Total provisions		47	48
Non-current liabilities			
Liabilities to credit institutions	26	365	400
Liabilities to Group companies		91	200
Total non-current liabilities		456	600
Current liabilities			
Liabilities to credit institutions	26	224	464
Accounts payable		1	0
Liabilities to Group companies		1,164	1,117
Tax liabilities		17	–
Other liabilities		5	9
Accrued expenses and deferred income	23	18	24
Total current liabilities		1,429	1,614
Total equity, provisions and liabilities	25	4,044	4,125
<i>Pledged assets and contingent liabilities</i>			
Pledged assets		None	None
Contingent liabilities		See Note 29	See Note 29

STATEMENT OF CHANGES IN EQUITY

MSEK	Restricted equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Treasury shares	Hedging reserve	Retained earnings	Net profit for the year	
Closing equity, 31 March 2013	57	86	-57	-7	1,107	75	1,261
Reversal of earnings					75	-75	0
Net profit for the year						492	492
Other comprehensive income				0			0
Dividend					-84		-84
Sale of call options					2		2
Closing equity, 31 March 2014	57	86	-57	-7	1,100	492	1,671
Reversal of earnings					492	-492	0
Net profit for the year						320	320
Other comprehensive income				11			11
Dividend					-98		-98
Sale of call options					2		2
Closing equity, 31 March 2015	57	86	-57	4	1,496	320	1,906

CASH-FLOW STATEMENT

MSEK	Note	2014/2015	2013/2014
Operating activities			
Profit after net financial items		237	486
Adjustments for non-cash items	33	-6	-38
Income taxes paid		-22	-27
Cash flow from operating activities before changes in working capital		209	421
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		42	-2
Change in operating receivables		-7	5
Change in operating liabilities		13	-5
Changes in working capital		48	-2
Cash flow from operating activities		257	419
Investing activities			
Sales of intangible and tangible non-current assets		-	0
Cash flow from investing activities		-	0
Cash flow before financing		257	419
Financing activities			
Sale of call options		2	2
Changes in long-term receivables and liabilities to Group companies		91	-158
Borrowings		200	685
Repayment of loans		-479	-954
Dividend paid		-98	-84
Group contributions paid and received		27	-52
Cash flow from financing activities		-257	-561
Cash flow for the year		0	-142
Cash and cash equivalents at the beginning of the year		0	142
Cash and cash equivalents at year-end	33	0	0

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 material 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 the industry 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. These 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 been 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 contingent liabilities 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 26 Financial risk management and the section "Foreign-exchange risks" on pages 55–56.

Interest-rate fluctuations

For a description of the manner in which the Group is exposed to interest-rate fluctuations in relation to external borrowing and lending and the way this is managed to minimise risks, refer to Note 26 Financial risk management and the section "Interest-rate risks" on page 56.

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 26 Financial risk management and the section "Liquidity and refinancing risks" on pages 56–60.

NOTES

AMOUNTS IN MILLION SEK (MSEK) UNLESS SPECIFICALLY STATED OTHERWISE

Income 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.

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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 17–64. The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 29 May 2015. 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 20 August 2015.

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, income and expenses. 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 35.

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 income 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

The following amendments to existing standards and new and amended standards come into force in 2014 and were adopted by the EU.

As of 1 April 2014, the Group applies IFRS 10 *Consolidated Financial Statements*. This has entailed that the principle for determining whether a controlling influence exists in an investee has been amended. The IFRS model for determining when a controlling influence exists is based on (i) the power over the investee, (ii) the exposure to variable returns from its involvement with the investee and (iii) the ability to use power over the investee to affect the amount of the investor's returns. This standard did not have any impact on the Group.

IFRS 11 *Joint Arrangements* has been applied as of 1 April 2014. This standard entails that joint arrangements are to be classified as either a joint venture or a joint operation, depending on whether or not the Group has direct rights to assets and obligations for liabilities. Classification is based on the structure of the investment, the legal form, contractual arrangements and other facts and circumstances. Under the former rules, classification was based solely on structure.

IFRS 11 also entails that the proportional method may not be applied to joint ventures, and only the equity method is permitted. This standard did not have any impact on the Group.

IFRS 12 *Disclosure of Interests in Other Entities* entails expanded disclosure requirements. This standard did not have any impact on the Group.

NOTE 1, CONT.

Other amendments to IFRS applicable as of 1 April 2014 have not had a material impact on the Group's financial reporting.

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.

IFRS 9 *Financial instruments* is intended to replace IAS 39 *Financial instruments: Recognition and Measurement* from 1 January 2018. The EU has not yet adopted this standard. B&B TOOLS has not yet evaluated the effects of these amendments.

IFRS 15 *Revenue from Contracts with Customers*. This standard will probably come into effect on 1 January 2018 and is expected to be adopted by the EU during the third quarter of 2015. The standard is not expected to have any material impact on B&B TOOLS' financial reporting, but expands disclosure requirements.

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 income 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 B&B TOOLS has a controlling influence.

A controlling influence exists if the Parent Company has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. When assessing whether or not a controlling influence exists, consideration is given to potential voting shares and whether any de facto control exists.

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 measured at fair value on the date of acquisition. If the contingent consideration is classified as an equity instrument, no remeasurement is performed and the adjustment is made to equity. Other contingent considerations are remeasured 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, a non-controlling interest arises. 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 measured 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 measured 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, 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 at the time of 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. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are included in cost. 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, income or expenses, 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. Income and expenses in foreign entities are translated to SEK at the average exchange rate, which constitutes an approximation of the foreign-exchange 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.

NOTE 1, CONT.**INCOME**

The Group's primary income comprises the sale of goods and services.

Sale of goods

Income from the sale of goods is recognised in net profit 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. Income is recognised if it is probable that the financial benefits will accrue to the Group.

Service assignments

Income from service assignments is normally recognised when the service is performed. Income 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 net profit 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 net profit 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 net profit for the year as a straight-line 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 recognised 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/losses 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. However, no such assets are normally recognised by B&B TOOLS, which is why no interest has been capitalised.

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 measured at fair value in profit or loss, which are measured at fair value, excluding transaction costs. A financial instrument's classification determines how it is measured after the initial reporting occasion. The Group classifies its financial instruments based on the purpose for which the instrument was acquired. Management determines the classification on the initial reporting occasion. The Group's holdings of financial instruments are classified as follows:

Financial assets available for sale

The category "Financial assets available for sale" includes financial assets that are not classified in any other category, or financial assets that the Company initially opted to classify in this category. Shares and participations among financial non-current assets not recognised as subsidiaries, associated companies or joint ventures are recognised in this category. According to the main rule, these assets are measured at fair value after the acquisition date, with changes in value recognised in other comprehensive income and the accumulated changes in value recognised as a separate component under equity, although this does not include changes in value due to impairment losses or interest on receivable instruments and dividend income, or exchange-rate differences on monetary items which are recognised 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 measured 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 net profit 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 measured 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).

NOTE 1, CONT.

Any gains or losses attributable to the ineffective portion are recognised immediately in profit or loss. Accumulated amounts in equity are reversed to net profit for the year in the periods in which the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). If the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories or a tangible non-current asset), or a non-financial liability, the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

Investments in foreign subsidiaries (net assets including goodwill) can to a certain extent be protected 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 useful lives 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 policies

Assets are depreciated on a straight-line basis over their estimated useful lives. Land is not depreciated. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of individual components.

Estimated useful lives:

Buildings, property used in operations	5–100 years
Land improvements	20 years
Leasehold improvements	3–15 years
Machinery	3–10 years
Equipment	3–5 years

Property used in operations consists of a number of components with varying useful lives. The main classification is buildings and land. The land component is not depreciated since its useful life is considered to be unlimited. Buildings, however, consist of a number of components for which the useful life varies. The useful lives 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 useful life 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 net profit for the year on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinable. Goodwill and intangible assets with an indefinable useful life, 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 useful lives:

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

An assessment of the amortisation methods and useful lives 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 requirement. IAS 36 is applied for impairment testing of assets other than financial assets, which are tested in accordance with IAS 39, assets available for sale and disposal groups recognised in accordance with IFRS 5, inventories, plan assets used for financing remuneration to employees and deferred tax assets. If there is any indication of impairment, the recoverable amount of the asset is calculated. The carrying amount of exempted assets in accordance with the above is tested in compliance with each standard.

NOTE 1, CONT.

The recoverable amount of goodwill, other intangible assets with an indefinable useful life 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 carrying amount 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 the 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 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 net profit 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 remuneration 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 housing bond with a term equivalent to the Group's pension obligations. In the case of funded plans, the fair value of the plan assets reduces the calculated value.

When the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the lowest of the surplus on the plan and the asset limitation calculated utilising the discount rate. The asset limitation comprises the present value of the future financial benefits in the form of lower future contributions or cash repayment. Any minimum funding requirements are taken into consideration when calculating the present value of future repayments or payments.

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 2014, Alecta's surplus in the form of its collective solvency margin was 143 percent (2013: 148 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 employees' service during prior periods is recognised as an expense in net profit for the year. The carrying amount for pensions and similar commitments in the balance sheet corresponds to the present value of the commitments at year-end, less the fair value of the plan assets.

Interest expense/income net on the defined-benefit commitment/asset is recognised in net profit for the year under net financial items. Net interest income is based on the interest rate arising on the discounting of the net obligation, meaning the interest on the obligation, plan assets and the interest on the effect of any asset limitations. Other components are recognised in operating profit/loss. Remeasurement effects comprise actuarial gains and losses, the difference between actual returns on plan assets and the total included in net interest income, and any changes to the effects of asset limitations (excluding interest included in net financial items). Remeasurement effects are recognised in other comprehensive income. The special payroll tax comprises a portion of the actuarial assumptions and, accordingly, is recognised as a portion of the net obligation/net asset. The portion of the special payroll tax calculated based on the Swedish Pension Obligations Vesting Act in legal entities is recognised, for reasons of simplification, as accrued expenses instead of as a portion of the net obligation.

Yield tax is recognised continuously in profit or loss for the period to which the tax pertains and thus is not included in the liability calculation. For funded plans, the tax is charged to the return on plan assets and is recognised in other comprehensive income. For unfunded or partly unfunded plans, tax is charged to net profit for the year.

Benefits in the case of termination

In connection with the termination of employment, a provision is recognised only in cases when the company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary employment termination. In the latter case, a liability and expense are recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based benefits

The 2014 and 2013 Annual General Meetings resolved that call option programmes would be offered to members of senior management of the Group. Since a market premium was paid for the options, no personnel costs were incurred at the time of issuance. However, the terms stipulate that the employee may receive a certain subsidy for the premiums paid to the employee, provided that certain terms and conditions are fulfilled. The cost for this subsidy is distributed over the vesting period.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a current 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.

NOTE 1, CONT.**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 measured 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.

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 net profit 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 the income statement.

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 recognised directly in equity of the recipient and capitalised in shares and participations of the donor. Group contributions, both received and paid, are recognised in the income statement as appropriations.

NOTE 2

DISTRIBUTION OF REVENUE

	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Revenue				
Sale of goods	7,732	7,447	–	–
Service assignments	146	157	36	33
Rental income	8	10	3	2
Commissions, bonuses and similar income	17	34	–	–
Total	7,903	7,648	39	35

Income in the Parent Company pertains to intra-Group services totalling MSEK 36 (33).

NOTE 3

OTHER OPERATING INCOME

	Group	
	2014/2015	2013/2014
Exchange-rate gains on operating receivables/liabilities	13	6
Grants from EU, central and local government	4	4
Other grants	0	0
Insurance indemnification	24	1
Capital gain, sale of tangible non-current assets	1	1
Capital gain, sale of subsidiaries and other business units	–	3
Other	6	0
Total	48	15

NOTE 4

SEGMENT REPORTING

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

TOOLS / Momentum comprises the Group's reseller operations in Sweden, Norway and Finland (which operate within the framework of TOOLS) and Momentum, which together form the Group's market channels for industrial consumables and industrial components for Nordic industry. The Group's **Business Areas** conduct operations in various product and application areas (tools and machinery, personal protective equipment, fastening technology, consumables and work environ-

ment) and provide TOOLS and other market channels with industrial consumables and related services. **Group-wide** includes the Group's management, accounting, support functions, infrastructure operations and property management. The support functions include HR, internal communications, IR and legal affairs. The infrastructure operations comprise IT and supply chain.

Intra-Group pricing between the operating segments occurs on market terms. There are no assets in the operating segments that are affected by material changes compared with the most recent Annual Report. 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	2014/2015			2013/2014		
	External	Internal	Total	External	Internal	Total
TOOLS / Momentum	5,113	7	5,120	5,045	53	5,098
Business Areas	2,776	1,249	4,025	2,592	1,279	3,871
Group-wide	14	604	618	11	651	662
Eliminations	–	-1,860	-1,860	–	-1,983	-1,983
Group total	7,903	0	7,903	7,648	0	7,648

Operating profit/loss, assets and liabilities	2014/2015			2013/2014		
	Operating profit/loss	Assets	Liabilities	Operating profit/loss	Assets	Liabilities
TOOLS / Momentum	187	2,537	1,609	145	2,900	1,748
Business Areas	291	3,603	2,242	223	3,426	1,674
Group-wide	-26	1,934	1,818	-14	1,596	2,219
Eliminations	-2	-2,945	-2,866	-14	-2,828	-2,750
Group total	450	5,129	2,803	340	5,094	2,891

Profit/loss after net financial items	2014/2015			2013/2014		
	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 / Momentum	187	–	187	145	–	145
Business Areas	291	–	291	223	–	223
Group-wide	-26	-42	-68	-14	-54	-68
Eliminations	-2	–	-2	-14	–	-14
Group total	450	-42	408	340	-54	286

NOTE 4, CONT.

Investments in non-current assets	2014/2015			2013/2014		
	Intangible	Tangible	Total	Intangible	Tangible	Total
TOOLS / Momentum	4	15	19	1	22	23
Business Areas	1	8	9	2	4	6
Group-wide	1	12	13	–	7	7
Group total	6	35	41	3	33	36

Depreciation and amortisation of non-current assets	2014/2015			2013/2014		
	Intangible	Tangible	Total	Intangible	Tangible	Total
TOOLS / Momentum	-1	-15	-16	-1	-24	-25
Business Areas	-2	-4	-6	-3	-5	-8
Group-wide	0	-6	-6	-1	-8	-9
Group total	-3	-25	-28	-5	-37	-42

Impairment losses on non-current assets	2014/2015			2013/2014		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Group-wide	–	–	–	–	-3	-3
Group total	–	–	–	–	-3	-3

Other non-cash items	2014/2015		2013/2014	
	Pensions	Other	Pensions	Other
TOOLS / Momentum	-1	14	0	56
Business Areas	-20	1	-18	4
Group-wide	-6	5	-5	43
Group total	-27	20	-23	103

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 investments are based on the geographic location of the operations.

	2014/2015		2013/2014	
	External revenue	Non-current assets	External revenue	Non-current assets
Sweden	3,841	1,725	3,802	1,785
Finland	913	160	845	189
Norway	2,365	24	2,311	21
Other countries	784	7	690	5
Group total	7,903	1,916	7,648	2,000

Investments in non-current assets	2014/2015			2013/2014		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Sweden	5	21	26	3	20	23
Finland	0	1	1	0	3	3
Norway	1	9	10	–	9	9
Other countries	0	4	4	0	1	1
Group total	6	35	41	3	33	36

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

Average number of employees by country	2014/2015			2013/2014		
	Women	Men	Total	Women	Men	Total
Sweden, Parent Company	1	6	7	3	8	11
Sweden, other Swedish companies	396	1,245	1,641	403	1,268	1,671
Denmark	6	18	24	6	20	26
Finland	46	260	306	50	256	306
Norway	90	401	491	85	410	495
Estonia	13	36	49	13	35	48
Poland	14	42	56	15	60	75
Other countries	35	58	93	36	56	92
Group total	601	2,066	2,667	611	2,113	2,724

Salaries and remuneration by country	2014/2015			2013/2014		
	Board of Directors and President	Of which, variable remuneration	Other	Board of Directors and President	Of which, variable remuneration	Other
Sweden	24	5	725	32	3	714
Denmark	1	–	13	2	–	14
Finland	4	1	126	4	0	116
Norway	4	0	304	3	0	301
Estonia	1	0	7	1	0	6
Poland	2	0	9	1	–	10
Other countries	1	0	18	4	1	14
Group total	37	6	1,202	47	4	1,175

Group	2014/2015			2013/2014		
	Salaries and remuneration	Social security fees	Of which, pension costs	Salaries and remuneration	Social security fees	Of which, pension costs
Group total	1,239	409	106	1,222	409	106

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

Of the Group's pension costs, SEK 6,511 thousand (7,990) pertains to directors, presidents and executive vice presidents in the Group in 2014/2015.

Parent Company	2014/2015			2013/2014		
	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Salaries and other remuneration	8	8	16	6	5	11
(of which, variable remuneration)	2	2	4	1	0	1
Social security fees	5	6	11	4	6	10
(of which, pension costs)	2	0	2	2	2	4

Of the Parent Company's pension costs, SEK 1,736 thousand (1,607) pertains to the category "Board of Directors and President," and the costs in their entirety pertain to the President & CEO and the Executive Vice President. The Parent Company's outstanding PRI pension obligations to the President & CEO and the Chairman of the Board amount to SEK 1,211 thousand (1,122), of which SEK 400 thousand (235) pertains to the President and SEK 818 thousand (887) to the Chairman of the Board.

PREPARATION AND DECISION-MAKING PROCESS CONCERNING REMUNERATION 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 remuneration to the B&B TOOLS Group's President & CEO and other members of 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 2014/2015 financial year are presented below.

The Compensation Committee prepares and submits proposals to the Board of Directors concerning the formulation of a remuneration structure for Group's senior management in line with the guidelines of the Annual General Meeting and prepare proposals regarding any share-based incentive programmes. The Compensation Committee also submits proposals to the Board regarding

remuneration and other terms of employment for the President & CEO. Decisions concerning remuneration to other senior management are made by the Compensation Committee.

More detailed information on the composition and work of the Compensation Committee is presented in the Corporate Governance Report on page 21.

REMUNERATION DURING THE 2014/2015 FINANCIAL YEAR

The Board of Directors

In accordance with the resolution passed by the Annual General Meeting in August 2014, the Board of Directors received a total of SEK 1,880 thousand (1,880) in Directors' fees during the 2014/2015 financial year. Pursuant to the resolution of the Annual General Meeting, the Chairman of the Board received SEK 500 thousand (500), the Vice Chairman received SEK 380 thousand (380) and the other Directors received SEK 250 thousand (250) each. No fees were paid for committee work. No Director received any remuneration in addition to Directors' fees during the 2014/2015 financial year. Refer also to the summary of Board composition and fees in 2014/2015 in the Corporate Governance Report on page 20.

Provided that the necessary tax prerequisites for invoicing exist and that doing so would not entail a cost for B&B TOOLS AB, Directors are to be offered the opportunity to invoice their Directors' fees through a wholly owned Swedish 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

NOTE 5, CONT.

law. Of the Board's six Directors elected by the Annual General Meeting, four Directors invoiced their Directors' fees through a wholly owned company in 2014/2015.

President & CEO

Remuneration to the current President & CEO of B&B TOOLS AB comprises fixed salary, variable salary, participation in the long-term incentive programmes (LTI 2008 and LTI 2012) and the call option programmes 2013/2017 and 2014/2018 (see below for a more detailed description), other benefits and pension. For the Company's President & CEO, variable salary 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 salary can be paid as a consideration for the entire variable portion being used to acquire shares in B&B TOOLS AB. On 31 March 2015, the President & CEO held 26,300 call options according to the programmes described below.

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.

Other members of senior management

In this Note, "Other members of senior management" relates to Group management *excluding* the President & CEO (ten individuals) for the period 1 April 2014-31 March 2015.

Other members of senior management 2014/2015

Carl Johan Lundberg	Eva Hemb	Pontus Boman	
Ulf Carlsson*	Torbjörn Eriksson	Jens Henriksen	
Mika Kärki	Mikael Malmgren	Jimmy Norlinder	Olof Nyberg

* Appointed in spring 2015.

Remuneration to other members of senior management consists of fixed salary, variable salary, any participation in the long-term incentive programme (LTI 2008), as well as the call option programmes 2013/2017 and 2014/2018 (see below for a more detailed description), other benefits and pension. Members of senior management employed in subsidiaries receive their remuneration from the respective companies. For the other members of senior management, variable salary, based on the Group's and – in certain cases – the respective operating area's earnings – may constitute a maximum of 25-30 percent of the fixed salary. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in B&B TOOLS AB. As of 31 March 2015, these other members of senior management held 244,700 call options according to the programme described below. Refer to page 67 for a detailed 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 according to the ITP plan total SEK 7,904 thousand (3,848).

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.

REMUNERATION AND OTHER BENEFITS 2014/2015

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Total remuneration	Pension costs	Call options outstanding (no.)
Ulf Lilius, President & CEO	2,943	760	686	89	4,478	900	26,300
Other members of senior management (10 individuals)	15,855	2,984	886	826	20,551	4,229	244,700
Total	18,798	3,744	1,572	915	25,029	5,129	271,000

REMUNERATION AND OTHER BENEFITS 2013/2014

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Total remuneration	Pension costs	Call options outstanding (no.)
Ulf Lilius, President & CEO	2,698	333	600	90	3,721	801	13,300
Other members of senior management (9 individuals)	13,676	1,447	–	897	16,020	4,008	116,100
Total	16,374	1,780	600	987	19,741	4,809	129,400

NOTE 5, CONT.

Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of senior management in 2014/2015

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 remuneration levels and remuneration structure for senior management is to be in line with market conditions. The total remuneration package for the individuals in question should comprise a balanced combination of fixed salary, variable salary, long-term incentive programmes, pension benefits and other benefits. Variable salary and long-term incentive programmes should primarily be linked to the Group's earnings and value performance.

- Fixed salary is to 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 salary is to be determined in relation to fixed salary and is set as a function of the Group's earnings.
- Members of Group management are to be included in a long-term incentive programme ("LTI programme").
- Pension benefits are to comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable salary and age. Certain individual adjustments occur. The retirement age for Group management is currently 65.
- Other benefits are to 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 on 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 21 August 2014. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2014/2015.

LONG-TERM INCENTIVE (LTI) PROGRAMMES

During the 2008/2009 financial year, the Board of Directors of B&B TOOLS AB resolved to introduce a long-term incentive programme (LTI 2008) 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 LTI programme initially had a term of five years and under its structure, the individuals concerned 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 20 percent. Accordingly, no dilution effect arose as a function of the LTI programme. In 2010/2011, the programme was extended to a total term of seven years until 2015. The goal of the LTI programme was achieved for the 2014/2015 financial year and a total of SEK 2,135 thousand (0) was expensed in 2014/2015 and will be paid in 2015/2016.

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 remuneration amount of SEK 600 thousand over a three-year period. Payment of the cash-based gross remuneration 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 2014/2015 financial year, gross remuneration of SEK 600 thousand (600) was paid. Remuneration under this LTI programme was expensed and paid in 2014/2015.

CALL OPTION PROGRAMME 2013/2017

In August 2013, the Annual General Meeting of B&B TOOLS AB resolved to offer a number of members of senior executives in the B&B TOOLS Group the opportunity to purchase call options for shares in B&B TOOLS AB on market terms. The price per call option was SEK 10.00, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. The following main assumptions were applied to the valuation in August-September 2013: current share price SEK 84.27 per share; term up to and including 9 June 2017; redemption price SEK 101.90 per share; risk-free interest rate (based on government bonds) 1.70 percent and expected volatility 30 percent.

The programme includes the issuance of a maximum of 169,000 call options for repurchased shares in the Company and the conveyance of not more than 169,000 Class B shares in the Company in connection with any redemption of the call options. Each option entitles its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 101.90. The programme was secured in its entirety through repurchase of treasury shares. A subsidy is associated with this offering corresponding to the paid option price. This means that an amount of SEK 10.00 per acquired call option is paid to the holder. The subsidiary is paid by the holder's employer in September 2015 on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the B&B TOOLS Group.

CALL OPTION PROGRAMME 2014/2018

In August 2014, the Annual General Meeting of B&B TOOLS AB resolved to offer a number of members of senior executives in the B&B TOOLS Group the opportunity to purchase call options for shares in B&B TOOLS AB on market terms. The price per call option was SEK 14.30, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. The following main assumptions were applied to the valuation in August-September 2014: current share price SEK 143.87 per share; term up to and including 8 June 2018; redemption price SEK 176.50 per share; risk-free interest rate (based on government bonds) 0.44 percent and expected volatility 28 percent.

The programme includes the issuance of a maximum of 169,000 call options for repurchased shares in the Company and the conveyance of not more than 169,000 Class B shares in the Company in connection with any redemption of the call options. Each option entitles its holder to purchase one class B share in B&B TOOLS AB at a redemption price of SEK 176.50. The programme was secured in its entirety through repurchase of treasury shares. A subsidy is associated with this offering corresponding to the paid option price. This means that an amount of SEK 14.30 per acquired call option is paid to the holder. The subsidiary is paid by the holder's employer in September 2016 on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the B&B TOOLS Group.

The table below shows the options issued and options outstanding as of 31 March 2015:

	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Group						
Call option programme 2013/2017	September 2013	12 September 2016 – 9 June 2017	101.90	169,000	169,000	Physical delivery
Call option programme 2014/2018	September 2014	11 September 2017 – 8 June 2018	176.50	169,000	169,000	Physical delivery
Parent Company						
Call option programme 2013/2017	September 2013	12 September 2016 – 9 June 2017	101.90	52,900	52,900	Physical delivery
Call option programme 2014/2018	September 2014	11 September 2017 – 8 June 2018	176.50	60,800	60,800	Physical delivery

No call options were redeemed in 2014/2015.

NOTE 5, CONT.

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

Percentage of women	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Directors	15%	14%	33%	17%
Senior management	13%	10%	9%	10%

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	
	2014/2015	2013/2014	2014/2015	2013/2014
Audit assignment				
KPMG	5	5	1	1
Other auditors	0	1	–	–
Fees for audit assignment	5	6	1	1
Audit activities in addition to audit assignment				
KPMG	0	0	–	0
Other auditors	–	–	–	–
Fees for audit activities in addition to audit assignment	0	0	–	0
Tax advisory services				
KPMG	1	0	0	0
Other auditors	–	0	–	–
Fees for tax advisory services	1	0	0	0
Other assignments				
KPMG	1	1	0	0
Fees for other assignments	1	1	0	0
Total fees to auditors	7	7	1	1

"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 SUBSIDIARIES AND OTHER BUSINESS UNITS

A minor acquisition of assets and liabilities took place in Sweden during the 2014/2015 financial year, with details provided in Note 33 Cash-flow statement and the table Acquisition of subsidiaries and other business units.

No corporate acquisitions were carried out during the 2013/2014 financial year. Nor were any corrections made to estimated additional purchase considerations.

NOTE 8

NET FINANCIAL ITEMS

Group	2014/2015	2013/2014
Interest income	7	5
Dividends	0	0
Net exchange-rate changes	0	3
Other financial income	0	0
Financial income	7	8
Interest expense	-32	-47
Net interest income on defined-benefit pensions	-16	-15
Impairment losses on financial assets available for sale	–	0
Other financial expense	-1	0
Financial expense	-49	-62
Net financial items	-42	-54

Parent Company	Profit from participations in Group companies	
	2014/2015	2013/2014
Dividend	172	390
Total	172	390

Parent Company	Interest income and similar profit/loss items	
	2014/2015	2013/2014
Interest income, Group companies	105	148
Interest income, other	4	2
Net exchange-rate changes	2	4
Total	111	154

Parent Company	Interest expense and similar profit/loss items	
	2014/2015	2013/2014
Interest expense, Group companies	-5	-8
Interest expense, other	-33	-48
Other financial expense	0	0
Total	-38	-56

NOTE 9

APPROPRIATIONS

	Parent Company	
	2014/2015	2013/2014
Difference between recognised depreciation and depreciation according to plan		
Equipment	0	1
Tax allocation reserve, provision for the year	-63	-45
Tax allocation reserve, reversal for the year	49	53
Group contributions received	284	250
Group contributions paid	-145	-223
Total	125	36

NOTE 10

TAXES

RECOGNISED TAX IN THE INCOME STATEMENT

	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Current tax				
Tax expense for the period	-99	-79	-42	-30
Deduction of foreign taxes	—	0	—	—
Adjustment of taxes attributable to earlier years	2	-3	1	0
Total	-97	-82	-41	-30
Deferred tax				
Deferred tax attributable to temporary differences	5	8	-1	0
Deferred tax due to changes in tax rates and/or changed tax legislation	—	0	—	—
Deferred tax on the remeasurement of the carrying amounts of deferred tax assets	-4	—	—	—
Deferred tax income in tax value of tax loss carryforwards capitalised during the year	—	3	—	—
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carryforwards	-6	-1	—	—
Deferred tax	-5	10	-1	0
Total tax	-102	-72	-42	-30

RECONCILIATION OF EFFECTIVE TAXES

Group

The Group's average tax rate is estimated at 24 percent (25). 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	2014/2015	2013/2014
Profit before taxes	408	286
Taxes at the average tax rate of 24 percent (25)	-98	-71
Tax effect of:		
Changed tax rate	—	0
Fictitious interest on tax allocation reserves	0	-1
Non-deductible capital gain on sale of subsidiaries	0	3
Additional/reduced tax, previous years	2	-3
Utilisation of previously non-capitalised tax loss carryforwards	0	3
Remeasurement of carrying amount of deferred tax assets	-4	0
Other non-deductible expenses	-3	-2
Other items	1	-1
Total tax	-102	-72

Parent Company

The relationship between the Swedish tax rate of 22 percent (22) and recognised taxes for the Parent Company is illustrated in the following table:

Reconciliation of effective taxes	2014/2015	2013/2014
Profit after net financial items and Group contributions	376	513
Tax at the average tax rate of 22 percent (22)	-83	-113
Tax effect of:		
Appropriations	3	-2
Dividends from subsidiaries	38	86
Fictitious interest on tax allocation reserves	0	-1
Additional/reduced tax, previous years	0	0
Other non-taxable income	0	0
Other non-deductible expenses	0	0
Total tax	-42	-30

TAX RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME AND DIRECTLY AGAINST EQUITY

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

	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Deferred tax on defined-benefit pension plans	37	-1	—	—
Deferred tax on hedge accounting of financial instruments	-3	-1	-3	-1
Total	34	-2	-3	-1

NOTE 10, 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 2015			31 March 2014		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	0	-11	-11	0	-11	-11
Land and buildings	–	-1	-1	–	-6	-6
Machinery and equipment	2	–	2	3	–	3
Financial non-current assets	–	0	0	3	–	3
Inventories	42	–	42	43	–	43
Accounts receivable	5	–	5	7	–	7
Untaxed reserves	–	-47	-47	–	-45	-45
Pension provisions	66	-4	62	28	-3	25
Other provisions	3	0	3	3	–	3
Interest-bearing liabilities	–	–	–	–	-2	-2
Other	2	-6	-4	3	-12	-9
Tax loss carryforwards	2	–	2	12	–	12
Total	122	-69	53	102	-79	23

Parent Company	31 March 2015			31 March 2014		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Financial non-current assets	–	-1	-1	2	–	2
Pension provisions	6	–	6	7	–	7
Total	6	-1	5	9	–	9

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 2015	31 March 2014
Opening balance at the beginning of the year, net	23	14
Disposal of subsidiaries	0	1
Taxes charged against net profit for the year	-5	10
Taxes on items recognised in the consolidated comprehensive income	34	-2
Translation differences	1	0
Closing balance at year-end, net	53	23

Parent Company	31 March 2015	31 March 2014
Opening balance at the beginning of the year, net	9	10
Taxes charged against net profit for the year	-1	0
Taxes on items recognised in the Parent Company's comprehensive income	-3	-1
Closing balance at year-end, net	5	9

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

Group	2014/2015	2013/2014
Intangible assets	0	0
Land and buildings	5	5
Machinery and equipment	-1	1
Financial non-current assets	0	9
Inventories	-1	5
Accounts receivable	-2	1
Untaxed reserves	-2	2
Pension provisions	0	-1
Other provisions	0	0
Interest-bearing liabilities	2	-4
Other	5	-8
Tax loss carryforwards	-11	0
Total	-5	10

Parent Company	2014/2015	2013/2014
Financial non-current assets	0	0
Pension provisions	-1	0
Total	-1	0

NOTE 11

INTANGIBLE NON-CURRENT ASSETS

Group	Goodwill	Brands	Supplier contracts	Customer relations	Software	Other	Total
Carrying amount at the beginning of the year	1,736	50	0	1	0	5	1,792
Accumulated cost							
At the beginning of the year	1,736	58	32	72	58	21	1,977
Investments	2	–	–	0	–	4	6
Sales and disposals	–	–	-1	0	0	-3	-4
Reclassifications	–	–	–	–	–	1	1
Translation differences	7	–	0	0	0	0	7
At year-end	1,745	58	31	72	58	23	1,987
Accumulated amortisation							
At the beginning of the year	–	-8	-32	-71	-58	-16	-185
Amortisation for the year	–	0	–	0	0	-3	-3
Sales and disposals	–	–	1	0	0	3	4
Translation differences	–	–	0	0	0	0	0
At year-end	–	-8	-31	-71	-58	-16	-184
Impairment losses on cost							
At the beginning of the year	–	0	–	0	–	–	0
At year-end	–	0	–	0	–	–	0
Carrying amount at year-end	1,745	50	0	1	0	7	1,803

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

IMPAIRMENT TESTING OF GOODWILL

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2015, using the balance sheet on 31 December 2014 as a base. The Group's recognised goodwill value of MSEK 1,745 (1,736) has been allocated by operating segment according to the table below:

	31 March 2015	31 March 2014
Business Areas	1,338	1,337
TOOLS / Momentum	407	399
Group total	1,745	1,736

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 of each operating segment 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 / Momentum have been allocated to the Group's Product Companies, which are part of the Business Areas. Goodwill values are tested at the operating segment level. The basis of this testing and the assessment of future cash flows is the "target scenario" for each operating segment for the forthcoming financial year, with forecasts of earnings and cash flows for subsequent years.

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, gross margin, cost level, working capital requirements and investment requirements.

Normally, parameters are set to correspond to forecast earnings for the forthcoming financial year. During the remainder of the five-year period, growth of 2 percent (2) per annum has been assumed. Adjustments have been made where major changes are expected in order to better reflect these changes. For cash flows beyond the five-year period, growth has been assumed to correspond to growth during the fifth year. Cash flows have been discounted by a weighted capital cost for borrowed capital and equity corresponding to 8 percent (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 (50), with MSEK 50 (50) pertaining to the Teng Tools brand, of which MSEK 50 (50) had an unlimited lifetime. No brands were amortised during the year.

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 12

TANGIBLE NON-CURRENT ASSETS

Group	Land and buildings	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Carrying amount at the beginning of the year	128	17	5	51	7	208
Accumulated cost						
At the beginning of the year	228	32	22	315	7	604
Investments	2	4	1	18	10	35
Sales and disposals ¹⁾	-61	-1	0	-9	0	-71
Divested businesses	-114	–	–	–	–	-114
Reclassifications	0	10	0	1	-12	-1
Translation differences	4	0	0	3	0	7
At year-end	59	45	23	328	5	460
Accumulated depreciation						
At the beginning of the year	-97	-14	-17	-264		-392
Depreciation for the year	-2	-4	-1	-18		-25
Sales and disposals ¹⁾	29	1	0	6		36
Divested businesses	40	–	–	–		40
Translation differences	-2	0	0	-3		-5
At year-end	-32	-17	-18	-279	–	-346
Impairment losses on cost						
At the beginning of the year	-3	-1	–	0		-4
Impairment losses for the year	3	–	–	–		3
Translation differences	–	–	–	0		0
At year-end	0	-1	–	0	–	-1
Carrying amount at year-end	27	27	5	49	5	113

Parent Company	Leasehold improvements	Equipment	Total
Carrying amount at the beginning of the year	1	1	2
Accumulated cost			
At the beginning of the year	3	5	8
At year-end	3	5	8
Accumulated depreciation according to plan			
At the beginning of the year	-1	-4	-5
Depreciation for the year according to plan	-1	0	-1
At year-end	-2	-4	-6
Impairment losses on cost			
At the beginning of the year	-1	–	-1
At year-end	-1	–	-1
Carrying amount at year-end	0	1	1

1) Loss on the disposal of tangible non-current assets amounted to MSEK -2 (-1).

NOTE 13

PARTICIPATIONS IN ASSOCIATED COMPANIES

Carrying amount	Group	
	31 March 2015	31 March 2014
At the beginning of the year	11	11
Share of profit	0	0
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 2015	Carrying amount in Group 31 March 2014
Group holding					
Workplaces for Industries WFI AB	2,667	40%	40%	6	7
AB Knut Sehlin's Industrivaruhus	3,000	30%	30%	5	4
Total				11	11

SPECIFICATION OF GROUP VALUE PERTAINING TO PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated companies	Country	Income	Profit/loss	Assets	Liabilities	Equity
2014/2015						
Workplaces for Industries WFI AB	Sweden	26	0	11	5	6
AB Knut Sehlin's Industrivaruhus	Sweden	13	0	5	2	3
Total		39	0	16	7	9
2013/2014						
Workplaces for Industries WFI AB	Sweden	23	1	11	5	6
AB Knut Sehlin's Industrivaruhus	Sweden	14	-1	4	2	2
Total		37	0	15	7	8

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

NOTE 14

RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 March 2015	31 March 2014
Carrying amount at the beginning of the year	3,743	3,670
Additional assets	101	845
Deducted assets	-301	-772
Carrying amount at year-end	3,543	3,743

NOTE 15

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group	
	31 March 2015	31 March 2014
Long-term receivables classified as non-current assets		
Pension funds	2	2
Other receivables	2	2
Total	4	4

	Group	
	31 March 2015	31 March 2014
Other receivables classified as current assets		
Advance payments	3	2
Derivatives	1	-1
VAT receivable	11	18
Receivable from pension foundations	5	5
Other receivables	30	21
Total	50	45

NOTE 16

INVENTORIES

Group	31 March 2015	31 March 2014
Finished goods and goods for resale	1,525	1,414
Total	1,525	1,414

The cost of goods sold includes impairment of inventories in the amount of MSEK -33 (-19) and the reversal of previous impairment of MSEK +12 (+54), yielding a net amount of MSEK -21 (+35).

NOTE 17

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Prepaid expenses				
Rent	30	33	2	2
Insurance premiums	6	4	—	—
Marketing costs	1	2	—	—
Leasing	5	5	—	0
Computer costs	6	9	—	—
Packaging	3	4	—	—
Other prepaid expenses	10	12	1	1
Accrued income				
Delivery of goods	18	24	—	—
Commission and bonus income	23	19	—	—
Marketing income	3	4	—	—
Other accrued income	5	6	—	0
Total	110	122	3	3

NOTE 18

RESERVES AND EQUITY

Group	31 March 2015	31 March 2014
Translation reserve		
Opening translation reserve	-51	-53
Translation differences	35	2
Tax attributable to change for the year	—	—
Closing translation reserve	-16	-51
Hedging reserve		
Opening hedging reserve	-6	-5
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	13	4
Transferred to profit or loss	1	-4
Tax attributable to hedges for the year	-3	-1
Closing hedging reserve	5	-6
Total reserves		
Opening reserves	-57	-58
Change in reserves for the year:		
Translation reserve	35	2
Hedging reserve	14	0
Tax attributable to changes in reserves for the year	-3	-1
Closing reserves	-11	-57

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

	31 March 2015	31 March 2014
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 2015	31 March 2014
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 2015, the registered share capital comprised 1,063,780 Class A shares and 27,372,636 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 share premium reserves transferred to the statutory reserve on 31 March 2006. Provisions to the share premium reserve from 1 April 2006 and onwards are also 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.

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 share premium reserves, are included in this capital item.

NOTE 18, CONT.**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 2015, the Group held 340,000 own shares (340,000) in treasury.

CALL OPTION PROGRAMME 2013/2017

Following a resolution passed by the Annual General Meeting in August 2013, 13 senior executives were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. The programme was fully subscribed. When fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The call options have been conveyed at a price of SEK 10.00 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 101.90 and the redemption period is from 12 September 2016 until 9 June 2017.

CALL OPTION PROGRAMME 2014/2018

Following a resolution passed by the Annual General Meeting in August 2014, 13 senior executives were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. The programme was fully subscribed. When fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The call options have been conveyed at a price of SEK 14.30 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 176.50 and the redemption period is from 11 September 2017 until 8 June 2018.

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 business 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 20 August 2015.

MSEK	31 March 2015	31 March 2014
SEK 4.00 (3.50) per share	112	98

During the past ten years, the ordinary dividend has amounted to approximately 38 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	Dividend	Pay-out ratio, %
2014/2015	10.90	4.00	37%
2013/2014	7.60	3.50	46%
2012/2013	7.90	3.00	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%
Total	89.30	34.00	38%

NOTE 19**EARNINGS PER SHARE****EARNINGS PER SHARE FOR THE GROUP AS A WHOLE**

	Before dilution		After dilution	
	2014/2015	2013/2014	2014/2015	2013/2014
Earnings per share, SEK	10.90	7.60	10.85	7.60

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 2014/2015 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 306 (214) and a weighted average number of shares outstanding during 2014/2015 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

	2014/2015	2013/2014
Net profit for the year attributable to Parent Company shareholders	306	214
Profit attributable to Parent Company shareholders, before dilution	306	214

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2014/2015	2013/2014
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 2014/2015 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 306 (214) and a weighted average number of shares outstanding during 2014/2015 amounting to 28,144,000 (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

	2014/2015	2013/2014
Net profit for the year attributable to Parent Company shareholders	306	214
Profit attributable to Parent Company shareholders, after dilution	306	214

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2014/2015	2013/2014
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-340	-340
Effects of share-option programme	48	—
Number of shares for calculation of earnings per share	28,144	28,096

As of 31 March 2015, B&B TOOLS AB had two outstanding call option programmes for which the share price for one of them exceeded the redemption price for the programme. Details about these call option programmes are provided in Note 5 Employees and personnel costs.

NOTE 20

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 switched 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.

The defined-benefit plans are exposed to actuarial risks, such as length of life, currency, interest-rate and investment risks. Approximately 91 percent of the pension obligations' gross present value pertains to Swedish PRI pensions, which is an unfunded pension plan.

Commitments for employee benefits, defined-benefit plans

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

Group	31 March 2015	31 March 2014
Pension obligations unfunded plans, present value	622	446
Pension obligations funded plans, present value	53	52
Plan assets, fair value	-49	-49
Net pension obligations	626	449

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 2015	31 March 2014
Plan assets for pension obligations	2	2
Provisions for pensions and similar commitments	-628	-451
Net liabilities according to the balance sheet	-626	-449
Of which, credit insured through PRI Pensionsgaranti	354	354

Performance of pension obligations and plan assets

Pension obligations, plan assets and provisions for pension obligations for the defined-benefit pension plans have developed as follows:

Pension obligations unfunded plans	31 March 2015	31 March 2014
Opening balance	446	458
Benefits earned during the year	11	6
Interest expense	15	15
Benefits paid	-19	-19
Remeasurement recognised in other comprehensive income, see separate specification	169	-11
Redemption of pension obligations	0	-
Reclassifications	0	-3
Translation differences	0	0
Pension obligations unfunded plans, present value	622	446

Pension obligations funded plans	31 March 2015	31 March 2014
Opening balance	52	51
Benefits earned during the year	1	0
Interest expense	2	2
Benefits paid	-3	-4
Remeasurement recognised in other comprehensive income, see separate specification	2	6
Redemption of pension obligations	0	-2
Translation differences	-1	-1
Pension obligations funded plans, present value	53	52

Present value of pension obligations specified by category (%)	31 March 2015	31 March 2014
Active	14	21
Paid-up policy holders	41	35
Pensioners	45	44
Total	100	100

Plan assets	31 March 2015	31 March 2014
Opening balance	49	50
Interest income recognised in profit or loss	1	2
Funds contributed by employers	2	1
Funds paid to employers	-3	-3
Remeasurement recognised in other comprehensive income, see separate specification	1	1
Redemption of pension obligations	-1	-1
Other	0	-
Translation differences	0	-1
Plan assets, fair value	49	49

Plan assets comprise funds paid to and managed by insurance companies. The plan assets are distributed among various classes of assets:

Plan assets	31 March 2015	31 March 2014
Cash and cash equivalents	1	3
Equity instruments	6	5
Debt instruments	33	32
Properties	7	7
Other assets	2	2
Plan assets, fair value	49	49

No plan assets have a listed price on an active market

Provision for pension obligations	31 March 2015	31 March 2014
Opening balance	449	459
Pension costs, defined-benefit plans	28	21
Benefits paid	-22	-23
Funds contributed by employers	-2	-1
Funds paid to employers	3	3
Remeasurement recognised in other comprehensive income, see separate specification	170	-6
Redemption of pension obligations	0	-1
Reclassifications	0	-3
Other	1	-
Translation differences	-1	0
Closing balance	626	449

NOTE 20, CONT.

Pension costs

Costs recognised in net profit for the year	2014/2015	2013/2014
Pensions earned during the period	12	6
Net interest expense	16	15
Pension costs, defined-benefit plans in net profit for the year	28	21
Pension costs, defined-contribution plans	94	100
Pension costs in net profit for the year	122	121

Pension costs are distributed in the income statement between "Personnel costs" and "Net financial items," with the latter comprising the net amount of interest on the obligations and interest on the plan assets. Of the total pension costs of MSEK 122 (121), MSEK 16 (15) is included in "Net financial items."

Remeasurement recognised in other comprehensive income	2014/2015	2013/2014
Actuarial gains and losses on changes in demographic assumptions	-1	-4
Actuarial gains and losses on changes in financial assumptions	-174	19
Effect of experience-based assessments	4	-8
Other	0	-2
Total remeasurement, pension obligations	-171	5
Difference between actual return and return according to discount rate on plan assets	1	1
Total remeasurement, plan assets	1	1
Total remeasurement in other comprehensive income	-170	6

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2014/2015			
Discount rate, 1 April, %	3.75	3.50	1.88
Discount rate, 31 March, %	1.80	2.30	2.00
Expected salary increase, %	2.75	2.50	2.75
Expected inflation, % ¹⁾	1.50	0.00	0.00
Expected remaining period of service, years	12.40	3.70	18.00
	Sweden	Norway	Taiwan
2013/2014			
Discount rate, 1 April, %	3.50	3.80	1.63
Discount rate, 31 March, %	3.75	3.50	1.88
Expected salary increase, %	2.75	3.50	2.75
Expected inflation, % ¹⁾	1.75	0.10	N/A
Expected remaining period of service, years	11.30	5.50	18.00

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

Length of life assumptions

Length of life assumptions are based on published statistics and mortality figures. Remaining lengths of lives are presented in the table below.

	Sweden	Norway
Length of life assumptions at 65 years of age – retired members:		
Men	20.6	21.3
Women	23.2	24.5
Length of life assumptions at 65 years of age for members who are 40 years of age		
Men	23.4	22.5
Women	25.2	26.0

Sensitivity analysis

The discount rate is the parameter that is of the greatest significance to the calculation of the present value of outstanding pension obligations. A 0.50-percent increase in the discount rate would reduce the total pension obligation by approximately MSEK 48, while a 0.50-percent decrease in the discount rate would increase the total pension obligation by approximately MSEK 55.

Financing

As of 31 March 2015, the average weighted term of the total pension obligation was 17.1 years (16.2), of which unfunded PRI pensions in Sweden had an average weighted term of 17.7 years (16.7).

B&B TOOLS estimates that approximately MSEK 22 (24) will be paid in 2015/2016 to existing defined-benefit pension plans.

Parent Company

A discount rate of 3.84 percent (3.84) was applied to the calculation of the amount of the pension obligation for the Parent Company.

Parent Company	31 March 2015	31 March 2014
Pension obligations unfunded plans, present value as of 31 March	46	48
Net pension obligations	46	48
Net liabilities in the balance sheet	46	48

As of 31 March 2015, the Parent Company has one defined-benefit plan pertaining to PRI pensions. These obligations are recognised in the balance sheet in the following amounts:

	31 March 2015	31 March 2014
Provisions for pensions and similar commitments	46	48
Net liabilities according to the balance sheet	46	48
Of which, credit insured through PRI Pensionsgaranti	46	48

Pension obligations for the defined-benefit pension plans have developed as follows:

Pension obligations unfunded plans	31 March 2015	31 March 2014
Opening balance	48	50
Benefits earned during the year	0	0
Interest expense	2	2
Benefits paid	-4	-4
Pension obligations unfunded plans, present value	46	48

Provision for pension obligations	31 March 2015	31 March 2014
Opening balance	48	50
Pension costs, defined-benefit plans	2	2
Benefits paid	-4	-4
Closing balance	46	48

Pension costs	2014/2015	2013/2014
Pensions earned during the period, personnel costs	0	0
Interest on obligation, interest expense	2	2
Pension costs, defined-benefit plans	2	2
Pension costs, defined-contribution plans	2	4
Pension costs	4	6

NOTE 21**OTHER PROVISIONS**

Group	31 March 2015	31 March 2014
Provisions classified as non-current liabilities		
Guarantee commitments	1	—
Other	3	3
Total	4	3

Specification	31 March 2015	31 March 2014
Carrying amount at the beginning of the period	3	2
Provisions made during the period	1	0
Divested businesses	0	-2
Reclassifications	0	3
Carrying amount at the end of the period	4	3

NOTE 22**OTHER LIABILITIES**

Group	31 March 2015	31 March 2014
Other current liabilities		
Derivatives	1	2
Advance payments from customers	1	0
Employee withholding taxes	31	31
VAT liability	92	70
Other operating liabilities	3	4
Total other current liabilities	128	107

NOTE 23**ACCRUED EXPENSES AND DEFERRED INCOME**

	Group		Parent Company	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Accrued expenses				
Salaries and remuneration to employees	222	214	6	4
Pension costs	1	3	0	2
Social security contributions	102	102	7	7
Bonuses, refunds to customers/suppliers	51	43	—	—
Car and travel expenses	3	2	—	0
Directors' and auditors' fees	4	3	0	0
Other consulting fees	3	2	—	—
Marketing costs	5	6	—	—
Guarantee costs	0	1	—	—
Shipping costs	8	12	—	—
Operating and leasing costs	36	38	2	4
Interest expense	2	6	2	6
Other accrued expenses	3	6	—	0
Deferred income				
Rent	1	1	1	1
Marketing income	1	3	—	—
Other deferred income	2	2	—	—
	444	444	18	24

NOTE 24

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

Group	31 March 2015			31 March 2014		
	Interest-bearing	Non-interest bearing	Total	Interest-bearing	Non-interest bearing	Total
ASSETS						
Intangible non-current assets	–	1,803	1,803	–	1,792	1,792
Tangible non-current assets	–	113	113	–	208	208
Financial non-current assets	5	11	16	5	11	16
Deferred tax assets	–	122	122	–	102	102
Total non-current assets	5	2,049	2,054	5	2,113	2,118
Current assets						
Inventories	–	1,525	1,525	–	1,414	1,414
Tax assets	–	37	37	–	43	43
Accounts receivable	–	1,296	1,296	–	1,299	1,299
Prepaid expenses and accrued income	–	110	110	–	122	122
Other receivables	–	50	50	–	45	45
Cash and bank	57	–	57	53	–	53
Total current assets	57	3,018	3,075	53	2,923	2,976
Total assets	62	5,067	5,129	58	5,036	5,094
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	365	–	365	400	–	400
Provisions for pensions	628	–	628	451	–	451
Other provisions	–	4	4	–	3	3
Deferred tax liabilities	–	69	69	–	79	79
Total non-current liabilities	993	73	1,066	851	82	933
Current liabilities						
Current interest-bearing liabilities	225	–	225	475	–	475
Accounts payable	–	859	859	–	885	885
Tax liabilities	–	81	81	–	47	47
Other liabilities	–	128	128	–	107	107
Accrued expenses and deferred income	–	444	444	–	444	444
Total current liabilities	225	1,512	1,737	475	1,483	1,958
Total liabilities	1,218	1,585	2,803	1,326	1,565	2,891
Interest-bearing net liabilities	-1,156			-1,268		

NOTE 25

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⁾	3	1,800		1,803
Tangible non-current assets ¹⁾	34	79		113
Financial non-current assets				
Participations in associated companies	–	11		11
Other securities held as non-current assets	–	1		1
Other long-term receivables	0	4		4
Deferred tax assets	–	122		122
Total non-current assets	37	2,017		2,054
Current assets				
Inventories	1,525			1,525
Tax assets	37			37
Accounts receivable	1,296			1,296
Prepaid expenses and accrued income	110			110
Other receivables	50			50
Cash and bank	57			57
Total current assets	3,075			3,075
Total assets	3,112	2,017		5,129
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	–	365	–	365
Provisions for pensions	20	81	527	628
Other provisions	–	4	–	4
Deferred tax liabilities	3	53	13	69
Total non-current liabilities	23	503	540	1,066
Current liabilities				
Current interest-bearing liabilities	225			225
Accounts payable	859			859
Tax liabilities	81			81
Other liabilities	128			128
Accrued expenses and deferred income	444			444
Total current liabilities	1,737			1,737
Total liabilities	1,760	503	540	2,803

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

NOTE 25, CONT.

Parent Company

Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets ¹⁾	0	0	0
Tangible non-current assets ¹⁾	1	0	1
Financial non-current assets			
Participations in Group companies	–	104	104
Receivables from Group companies	–	3,543	3,543
Deferred tax assets	–	6	6
Total non-current assets	1	3,653	3,654
Current assets			
Accounts receivable	1		1
Receivables from Group companies	378		378
Other receivables	8		8
Prepaid expenses and accrued income	3		3
Cash and bank	0		0
Total current assets	390		390
Total assets	391	3,653	4,044

Parent Company

Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
PROVISIONS				
Provisions for pensions and similar commitments	4	15	28	47
Total provisions	4	15	28	47
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		365		365
Liabilities to Group companies		91		91
Total non-current liabilities		456		456
Current liabilities				
Liabilities to credit institutions	224			224
Accounts payable	1			1
Liabilities to Group companies	1,164			1,164
Tax liabilities	17			17
Other liabilities	5			5
Accrued expenses and deferred income	18			18
Total current liabilities	1,429			1,429
Total provisions and liabilities	1,433	471	28	1,932

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

NOTE 26

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, the Chief Financial Officer, the Treasury function as well as subsidiary presidents and CFOs.

The Group's central financial operations comprise securing the Group's long-term supply of liquidity for investments 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 Treasury function whose task is to manage the Group's external borrowing, investments of surplus liquidity, agreements 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-rate 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 through other comprehensive income within equity until its underlying cash flow is reflected in the income statement. Also refer to Note 1 Accounting policies.

FOREIGN-EXCHANGE RISKS

For B&B TOOLS, foreign-exchange risk arises in the subsidiaries as follows: as a result of future payment flows in foreign currencies, referred to as a transaction exposure, through portions of the Group's equity comprising net assets of foreign subsidiaries and through the Group's profit comprising profit from foreign subsidiaries, referred to as a translation exposure.

Transaction exposure

Transaction exposure comprises future contracted and forecasted receipts and disbursements in foreign currencies for subsidiaries, which, in the Group's case, mainly involves purchases and sales of goods.

The total transaction exposure for key currencies is shown in the table below.

Annual net flow by currency (MSEK)

Currency	2014/2015	2013/2014
NOK	893	812
EUR	-5	66
USD	-359	-204
TWD	-134	-88
DKK	43	36
PLN	36	22
CNY	-60	-20
GBP	-15	-20
JPY	-18	-17

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.

The effects of exchange-rate changes are reduced on the basis of purchases and sales in the same currency, currency clauses and foreign-exchange forward contracts.

Risk exposure is limited by the Group's sales largely comprising products that are sold at a fixed price in the local currency according to a price list valid over a period of approximately six months.

Group companies hedge parts of their future currency outflows in foreign currency using foreign-exchange forward contracts, in accordance with the Financial Policy. Most of the hedging of exchange-rate changes is conducted for the period deemed necessary to allow sales prices to be adjusted to the new foreign-exchange rates. A smaller proportion of foreign-exchange forward contracts have terms of six to 12 months and are based on forecasts.

The nominal amounts of outstanding foreign-exchange forward contracts as of 31 March 2015 were as follows:

Foreign exchange contract (MSEK)	Nominal value as of 31 March 2015	Nominal value as of 31 March 2014
NOK/SEK ¹⁾	426	213
USD/SEK	88	54
EUR/SEK ¹⁾	21	57
TWD/USD	22	0
DKK/SEK	1	4
USD/CNY ¹⁾	2	10
JPY/SEK	1	2
PLN/SEK ¹⁾	0	3

1) Foreign-exchange forward contracts for sale of currency.

Translation exposure of earnings

The Group's earnings are affected by the translation of the income statements of foreign subsidiaries, for which translation is carried out at the average exchange rate for the financial year. In cases when the local currency of the foreign subsidiary changes in relation to SEK, the Group's recognised revenue and earnings that were translated to SEK also change.

Currency translation for the financial year generated an impact on operating profit of approximately MSEK 7 (-8) 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 2014/2015 translated to the average rate for 2013/2014	7,821
Currency translation	
NOK	7
EUR	57
Other currencies	18
Total currency translation	82
Revenue in 2014/2015	7,903

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies changed by 5 percent based on the 2014/2015 income statement, the effect on revenue would amount to approximately MSEK 184 (188) and on operating profit to approximately MSEK 11 (8) over a 12-month period, all other things being equal.

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

Currency	Average rate		Balance-sheet rate	
	2014/2015	2013/2014	31 March 2015	31 March 2014
DKK	1.238	1.172	1.247	1.199
EUR	9.226	8.742	9.312	8.948
GBP	11.783	10.377	12.764	10.810
NOK	1.091	1.087	1.072	1.083
PLN	2.205	2.076	2.276	2.145
TWD	0.239	0.218	0.275	0.214
USD	7.344	6.531	8.639	6.500

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. Translation of the balance sheets of foreign subsidiaries caused equity to increase by approximately MSEK 35 (2) during the year.

NOTE 26, CONT.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2015	31 March 2016
NOK	420	410
EUR	62	126
TWD	51	54
CNY	41	23
PLN	12	19
DKK	-5	-5

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's net interest income. 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. As of 31 March 2015, the interest swap signed in 2008 expired. Remaining derivative instruments are shown in the table below.

Remaining derivative instrument	Hedged item	Guaranteed interest rate ¹⁾	Starting date	Expiration date
Interest cap	MSEK 300	6.00%	30 March 2012	30 June 2015
Interest cap	MSEK 300	6.00%	28 September 2012	30 June 2015

¹⁾ Excluding bank margin.

If market interest rates increased by 1 percent, the impact on net interest income on an annual basis would be MSEK 10, taking into consideration interest derivatives and on the basis of the loan structure on 1 April 2015.

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 Treasury function. At financial year-end, the Parent Company had access to a committed credit facility of MSEK 400 (400), of which MSEK 276 was unutilised. The credit facility is renewed on an annual basis with a maturity date of 31 December. In addition to this committed credit facility, the Group has an unutilised loan commitment totalling MSEK 335. 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 24.

Classification of financial instruments

Group (MSEK)	Carrying amount as of 31 March 2015				Total
	Hedging instruments	Financial assets available for sale	Loan receivables and accounts receivable	Other liabilities	
Financial assets measured at fair value					
Equities and participations		1			1
Financial assets not measured at fair value					
Long-term receivables			2		2
Accounts receivable			1,296		1,296
Other receivables			37		37
Cash and cash equivalents			57		57
Total financial assets		1	1,392		1,393
Financial liabilities not measured at fair value					
Bank loans				590	590
Accounts payable				859	859
Other liabilities				128	128
Total financial liabilities		0		1,577	1,577

Parent Company (MSEK)	Carrying amount as of 31 March 2015				Total
	Hedging instruments	Loan receivables and accounts receivable	Other liabilities		
Financial assets not measured at fair value					
Receivables from Group companies		3,921			3,921
Accounts receivable		1			1
Other receivables		8			8
Total financial assets		3,930			3,930
Financial liabilities not measured at fair value					
Bank loans			589		589
Liabilities to Group companies			1,255		1,255
Accounts payable			1		1
Other liabilities			5		5
Total financial liabilities		0	1,850		1,850

NOTE 26, CONT.

Group (MSEK)	Carrying amount as of 31 March 2014				Total
	Hedging instruments	Financial assets available for sale	Loan receivables and accounts receivable	Other liabilities	
Financial assets measured at fair value					
Equities and participations		1			1
Financial assets not measured at fair value					
Long-term receivables			2		2
Accounts receivable			1,299		1,299
Other receivables			43		43
Cash and cash equivalents			53		53
Total financial assets		1	1,397		1,398
Financial liabilities measured at fair value					
Derivatives	7				7
Financial liabilities not measured at fair value					
Bank loans				868	868
Accounts payable				885	885
Other liabilities				107	107
Total financial liabilities	7			1,860	1,867

Parent Company (MSEK)	Carrying amount as of 31 March 2014				Total
	Hedging instruments		Loan receivables and accounts receivable	Other liabilities	
Financial assets not measured at fair value					
Receivables from Group companies			4,003		4,003
Accounts receivable			1		1
Other receivables			1		1
Total financial assets			4,005		4,005
Financial liabilities measured at fair value					
Derivatives	7				7
Financial liabilities not measured at fair value					
Bank loans				864	864
Liabilities to Group companies				1,317	1,317
Accounts payable				0	0
Other liabilities				2	2
Total financial liabilities	7			2,183	2,190

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

Calculation of fair value

Derivatives

Derivatives belong to Level 2 of the valuation hierarchy. The fair value of derivatives comprising foreign-exchange forward contracts and interest swap agreements is based on listings with banks. Similar contracts are traded on an active market and the prices reflect the actual transactions of comparable instruments. Other than derivatives, there are essentially no financial instruments that are continuously measured at fair value in the balance sheet and no assets or liabilities that are classified according to Levels 1 or 3 in the valuation hierarchy.

Accounts receivable, bank loans, accounts payable and other items

The Group has no bank loans that are measured at fair value in profit or loss. For accounts receivables, accounts payable and other items the carrying amount has been stated as the fair value, which is deemed to favourably reflect the fair value.

Borrowing and maturity structure

The Group's borrowing amounted to MSEK 590 (868). Overall, the average remaining maturity for both the Group's and the Parent Company's interest-bearing financial liabilities is 2.0 years (2.2 years). See the tables below.

NOTE 26, CONT.

Group	31 March 2015		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Maturity structure					
Interest-bearing financial liabilities	590	614	3	232	379
Accounts payable and other non-interest-bearing financial liabilities	986	986	986	–	–
Total financial liabilities	1,576	1,600	989	232	379

Parent Company	31 March 2015		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Maturity structure					
Interest-bearing financial liabilities	589	613	3	231	379
Liabilities to Group companies (excluding interest) ¹⁾	1,255	1,255	1,164	0	91
Accounts payable and other non-interest-bearing financial liabilities	6	6	6	–	–
Total financial liabilities	1,850	1,874	1,173	231	470

Group	31 March 2014		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Maturity structure					
Interest-bearing financial liabilities	868	897	4	478	415
Derivatives, forward contracts and swap contracts	7	14	2	12	–
Accounts payable and other non-interest-bearing financial liabilities	992	992	992	–	–
Total financial liabilities	1,867	1,903	998	490	415

Parent Company	31 March 2014		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Maturity structure					
Interest-bearing financial liabilities	864	893	4	474	415
Derivatives, forward contracts and swap contracts	7	14	2	12	–
Liabilities to Group companies (excluding interest) ¹⁾	1,317	1,317	1,117	–	200
Accounts payable and other non-interest-bearing financial liabilities	2	2	2	–	–
Total financial liabilities	2,190	2,226	1,125	486	615

1) Interest on liabilities to Group companies is not capitalised, but is instead regulated every quarter via the Parent Company's Group account structure.

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

Group	31 March 2015	31 March 2014
Non-current liabilities		
Bank loans	365	400
Total non-current liabilities	365	400
Current liabilities		
Committed credit facility	125	185
Current portion of bank loans	100	283
Other current interest-bearing liabilities	0	7
Total current liabilities	225	475
Total interest-bearing liabilities	590	875

NOTE 26, CONT.

Bank loans	Currency	Nom. interest	Maturity	Nom. value	Group		Parent Company	
					31 March 2015	31 March 2014	31 March 2015	31 March 2014
					Carrying amount	Carrying amount	Carrying amount	Carrying amount
Non-current								
Interest-only bank loan	SEK	2.67%	31 December 2015	100	–	100	–	100
Interest-only bank loan	SEK	2.42%	31 December 2016	300	–	300	–	300
Interest-only bank loan	SEK	1.35%	20 December 2017	165	165	–	165	–
Interest-only bank loan	SEK	2.27%	20 December 2017	200	200	–	200	–
					365	400	365	400
Current								
Bank loans	EUR	3.70%	30 April 2014	20	–	179	–	179
Interest-only bank loan	SEK	2.42%	31 December 2014	100	–	100	–	100
Interest-only bank loan	SEK	1.77%	18 December 2015	100	100	–	100	–
Other					–	4	–	–
					100	283	100	279
Committed credit facility								
Approved credit limit					402	400	400	400
Unutilised portion					-277	-215	-276	-215
Utilised credit amount		0.87%			125	185	124	185
Total, loans from credit institutions								
					590	867	589	864

As of 31 March 2015, loans from credit institutions were divided among the following currencies:

	Local currency	MSEK
SEK	589	589
Other		1
Total		590

NOTE 26, CONT.

Pension liabilities within the framework of the PRI system constitute a significant portion of the Group's total non-current interest-bearing liabilities. 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 operations.

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.

	Group		Parent Company	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Accounts receivable	1,335	1,346	1	1
Accumulated reserve for doubtful accounts receivable	-39	-47	–	–
Accounts receivable, net	1,296	1,299	1	1
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	1,165	1,179	1	1
– receivables past due by 1–30 days	125	96	–	0
– receivables past due by 31–60 days	8	17	–	–
– receivables past due by 61–90 days	3	5	–	–
– receivables past due by >90 days	34	49	–	–
Total receivables	1,335	1,346	1	1

NOTE 27

OPERATIONAL LEASING

	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Leasing agreements in which the Group/the Company is the lessee¹⁾				
Non-terminable leasing fees amount to:				
Within 1 year	277	264	9	5
Between 1 and 5 years	700	558	4	7
Later than 5 years	249	327	–	–
Total	1,226	1,149	13	12
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees ²⁾	268	263	9	7
Total leasing costs	268	263	9	7

1) Refer to Note 29 Pledged assets and contingent liabilities.

2) New leases were signed in conjunction with the property sales in 2013/2014 and 2014/2015. Commitments under signed leases and leasing costs are included in the table above since after testing they were classified as operational leasing agreements.

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

NOTE 28

INVESTMENT COMMITMENTS

No significant investment commitments existed at financial year-end.

NOTE 29

PLEGDED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Pledged assets				
<i>In the form of pledged assets for own liabilities and provisions</i>				
Corporate mortgages	–	1	–	–
Total pledged assets	–	1	–	–
Contingent liabilities				
Guarantees for subsidiaries ¹⁾			308	306
Guarantees, other	15	16	1	1
Total contingent liabilities	15	16	309	307

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 30

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 38-40. The Parent Company also has transactions with subsidiaries that are priced based on market terms.

NOTE 31

GROUP COMPANIES

PARENT COMPANY HOLDING OF PARTICIPATIONS IN GROUP COMPANIES

	Corp. Reg. No.	Reg. office	No. of participations	Holding %	Carrying amount as of 31 March 2015	Carrying amount as of 31 March 2014
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
Carrying amount at the beginning of the year					104	104
Accumulated cost						
At the beginning of the year					104	104
Carrying amount at year-end					104	104

NOTE 32

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 Accounting Policies in Note 1.

Of the Parent Company's total untaxed reserves amounting to MSEK 206 (192), MSEK 45 (42) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2015	31 March 2014
Accumulated accelerated depreciation		
<i>Non-current assets</i>		
Opening balance 1 April	0	1
Change in accelerated depreciation for the year	0	-1
Closing balance 31 March	–	0
Tax allocation reserve		
Allocation 2008/2009	–	49
Allocation 2009/2010	5	5
Allocation 2010/2011	44	44
Allocation 2011/2012	49	49
Allocation 2012/2013	0	0
Allocation 2013/2014	45	45
Allocation 2014/2015	63	–
Closing balance 31 March	206	192

NOTE 33

CASH-FLOW STATEMENT

Cash and cash equivalents	Group		Parent Company	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	57	53	0	0
Total according to the balance sheet	57	53	0	0
Total according to the cash-flow statement	57	53	0	0

Interest paid and dividends received	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Dividends/Group contributions received	–	–	199	338
Interest received	7	5	109	151
Interest paid	-37	-59	-35	-56
Total	-30	-54	273	433

Adjustments for non-cash items	Group		Parent Company	
	2014/2015	2013/2014	2014/2015	2013/2014
Depreciation and amortisation	28	42	1	2
Impairment losses/Reversal of impairment losses	0	3	0	0
Profit from the sale of companies and facilities	1	6	–	–
Change in reserve for non-recurring costs	-21	-103	-5	-33
Change in other provisions	2	0	–	–
Change in pension obligations	27	23	2	3
Hedge accounting	0	0	0	0
Adjustment for interest paid/received	-4	-12	-4	-10
Other	-1	0	–	–
Total	32	-41	-6	-38

Acquisition of subsidiaries and other business units	Group	
	2014/2015	2013/2014
Acquired assets:		
Intangible non-current assets	2	–
Inventories	1	–
Total assets	3	–
Acquired non-controlling interest, provisions and liabilities:		
Current operating liabilities	0	–
Total non-controlling interest, provisions and liabilities	0	–
Purchase consideration	-3	–
Purchase consideration paid	-3	–
Less: Cash and cash equivalents in acquired businesses	–	–
Effect on cash and cash equivalents	-3	–

Also refer to Note 7 Acquisition of businesses.

Disposal of subsidiaries and other business units	Group	
	2014/2015	2013/2014
Divested assets:		
Tangible non-current assets	103	39
Operating receivables	1	2
Total assets	104	41
Divested provisions and liabilities:		
Non-current liabilities	-1	-1
Current liabilities	-2	-1
Total provisions and liabilities	-3	-2
Capital gain	1	3
Total	102	42
Purchase consideration received	102	42
Effect on cash and cash equivalents	102	42

NOTE 34

EVENTS AFTER THE BALANCE-SHEET DATE

No significant events affecting the Group have occurred after the balance-sheet date on 31 March 2015.

NOTE 35

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 income. 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 11.

INVENTORY OBSOLESCENCE

Since B&B TOOLS conducts trading operations, inventories constitute a large asset item in the consolidated balance sheet. The Group measures inventories 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. When calculating net realisable value, articles with redundancy and a low turnover rate, 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 36

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 Stockholm, Sweden. The address of the head office is: Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for the 2014/2015 financial year comprise the Parent Company and its subsidiaries, together termed the Group.

PROPOSED APPROPRIATION OF PROFIT

According to the consolidated balance sheet, retained earnings including net profit for the year amounted to MSEK 2,209 at 31 March 2015, of which MSEK 306 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 1,443,062 thousand
Net profit for the year	SEK 319,893 thousand
	SEK 1,762,955 thousand

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

Dividends to shareholders, SEK 4.00 per share	SEK 112,386 thousand ¹⁾
To be brought forward	SEK 1,650,569 thousand
	SEK 1,762,955 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 20 August 2015.

BOARD'S ASSURANCE

The Board of Directors and President & CEO regard this Annual Report to be prepared in accordance with generally accepted accounting policies and the consolidated financial statements to be prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 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 material risks and uncertainty factors that the Company and the companies in the Group face.

Stockholm, 29 May 2015

Anders Börjesson
Chairman

Tom Hedelius
Vice Chairman

Roger Bergqvist
Director

Charlotte Hansson
Director

Joakim Rubin
Director

Gunilla Spongh
Director

Lillemor Svensson
Director – employee representative

Anette Swanemar
Director – employee representative

Ulf Lilius
President & CEO

Our audit report was submitted on 1 June 2015

KPMG AB

Fredrik Westin
Authorised Public Accountant
Auditor in Charge

Matilda Axlin
Authorised Public Accountant

¹⁾ Calculated based on the number of shares as of 31 March 2015, and with due consideration for the 340,000 repurchased Class B shares held in treasury.

Auditor's report

Translation of Swedish original

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of B&B TOOLS AB (publ) for the financial year 1 April 2014 – 31 March 2015. The annual accounts and consolidated accounts of the Company are included in the printed version of this document on pages 17–64.

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 2015 and of their financial performance and 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 2015 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 in accordance with 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 General 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 1 April 2014 – 31 March 2015.

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 General 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 1 June 2015
KPMG AB

Fredrik Westin
Authorized Public Accountant
Auditor in Charge

Matilda Axlin
Authorized Public Accountant

BOARD OF DIRECTORS AND GROUP MANAGEMENT



Anders Börjesson,
Chairman of the Board



Tom Hedelius,
Vice Chairman of the Board



Roger Bergqvist,
Director



Charlotte Hansson,
Director



Joakim Rubin,
Director



Gunilla Spongh,
Director



Lillemor Svensson,
Director – employee
representative



Anette Swanemar,
Director – employee
representative

BOARD OF DIRECTORS:

Anders Börjesson

Stockholm, born 1948. Chairman of the Board since 2012. Director since 1990. M.Sc. Econ. Chairman of Addtech AB, Lagercrantz Group AB and Tisenhult-gruppen 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 of the Board 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 & Tom Hedelius Foundation. Vice Chairman of Addtech AB and Lagercrantz Group AB.
Shares owned: 484,386 Class A shares.

Roger Bergqvist

Järfälla, born 1948. Director since 2012. Director of BE Group AB, Corroventa AB, Lagercrantz Group AB and Proact IT Group AB.
Shares owned: 30,000 Class B shares.

Charlotte Hansson

Nacka, born 1962. Director since 2012. M.Sc. Chief Executive Officer of MTD. Director of BE Group AB, DistIT AB, Formpipe Software AB, Orio AB and RenoNorden ASA.
Shares owned: 3,800 Class B shares.

Joakim Rubin

Saltsjöbaden, born 1960. Director since 2011. M.Sc. Eng. Funding partner Zeres Capital, Senior partner of CapMan Public Market Fund and Director of Intrum Justitia AB and ÄF AB.
Shares owned: –

Gunilla Spongh

Stockholm, born 1966. Director since 2014. M.Sc. Eng. International Business Director at Mekonomen Group. Director of Infranord AB and AQ Group AB.
Shares owned: 350 Class B shares.

Lillemor Svensson

Alingsås, born 1954. Director since 2006. Employee representative.
Shares owned: –

Anette Swanemar

Ulricehamn, born 1959. Director since 2010. Employee representative.
Shares owned: –

AUDITORS KPMG AB

Auditor in Charge:

Fredrik Westin

Authorised Public Accountant. Gävle, born 1972. Fredrik Westin has been B&B TOOLS AB's Auditor in Charge since 2014. Fredrik Westin also serves as the Auditor in Charge for Gant and TPPG The Perimeter Protection Group.

Auditor:

Matilda Axlind

Authorised Public Accountant. Stockholm, born 1976. Matilda Axlind has been B&B TOOLS AB's auditor since 2011.

During 2014/2015, KPMG AB conducted audit assignments for approximately 20 percent of the companies listed on Nasdaq Stockholm.

NB: Information on the Board of Directors' holdings of shares pertains to circumstances as of 29 May 2015.



Ulf Lilius, President & CEO



Carl Johan Lundberg, Executive Vice President



Eva Hemb, Chief Financial Officer



Pontus Boman, CEO of ESSVE



Ulf Carlsson, CEO of Luna



Torbjörn Eriksson, CEO of TOOLS Sweden



Jens Henriksen, CEO of TOOLS Norway



Mika Kärki, CEO of TOOLS Finland



Mikael Malmgren, CEO of Skydda



Jimmy Norlinder, CEO of Momentum



Olof Nyberg, CEO of Gigant Arbetsplats and Grunda

GROUP MANAGEMENT:

Ulf Lilius

Born 1972. President & CEO. Employee of the Group since 2002. B.Sc. Econ.
Shares owned: 1,344 Class A shares and 128,227 Class B shares (family). 35,000 Class B shares (company).
Call options: 26,300.

Carl Johan Lundberg

Born 1951. Executive Vice President and head of the Business Infrastructure unit. Employee of the Group since 1987. M.Sc. Eng.
Shares owned: 35,655 Class B shares.
Call options: 30,700.

Eva Hemb

Born 1966. Chief Financial Officer. Employee of the Group since 2010. M.Sc. Econ.
Shares owned: 5,808 Class B shares.
Call options: 26,000.

Pontus Boman

Born 1971. CEO of ESSVE Produkter AB. Employee of the Group since 2007. M.Sc. Eng.
Shares owned: 8,773 Class B shares.
Call options: 23,300.

Ulf Carlsson

Born 1957. CEO of Luna Verktyg & Maskin AB. Employee of the Group since 1997. Member of Group management since spring of 2015. M.Sc. Econ.
Shares owned: 7,206 Class B shares.

Torbjörn Eriksson

Born 1967. CEO of TOOLS Sverige AB. Employee of the Group since 1998.
Shares owned: 500 Class B shares.
Call options: 26,300.

Jens Henriksen

Born 1969. CEO of TOOLS AS. Employee of the Group since 2009. M.Sc. Eng.
Shares owned: 11,824 Class B shares.
Call options: 30,700.

Mika Kärki

Born 1966. CEO of B&B TOOLS Holding Fi Oy. Employee of the Group since 2008. M.Sc. Eng.
Shares owned: –
Call options: 30,700.

Mikael Malmgren

Born 1978. CEO of Skydda Protecting People Europe AB. Employee of the Group since 2009. B.A.
Shares owned: 2,250 Class B shares.
Call options: 23,000.

Jimmy Norlinder

Born 1971. CEO of Momentum Industrial AB. Employee of the Group since 1995. Eng. (Hydraulics and automatic control)
Shares owned: 5,637 Class B shares.
Call options: 30,700.

Olof Nyberg

Born 1975. CEO of Gigant Arbetsplats AB and Grunda AB. Employee of the Group since 2009. M.Sc. Eng.
Shares owned: 10,668 Class B shares.
Call options: 23,300.

NB: Information on Group management's holdings of shares pertains to circumstances as of 29 May 2015.

THE B&B TOOLS SHARE

The Class B share of B&B TOOLS is listed on Nasdaq Stockholm ("Stockholm Stock Exchange"). During the operating year, the total trading volume was MSEK 1,447. The share price rose 18 percent during the year, and at the end of the operating year, B&B TOOLS had a market capitalisation of MSEK 4,010.

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

PERFORMANCE OF THE B&B TOOLS SHARE DURING 2014/2015

During the period from 1 April 2014 to 31 March 2015, the market price of the B&B TOOLS share increased 18 percent to SEK 141.00, which was the final price paid on 31 March 2015. During the same period, OMX Stockholm rose 23 percent. The highest and lowest prices paid during the operating year were SEK 168.00 (quoted on 23 July 2014) and SEK 110.75 (17 April 2014), respectively.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to 21 percent during 2014/2015. The SIX Return Index of the Stockholm Stock Exchange (SIXRX) was 28 percent during the same period.

As of 31 March 2015, B&B TOOLS' total market capitalisation amounted to MSEK 4,010 (3,384). During the year, 10.2 million shares (9.5) in B&B TOOLS AB were traded, at a total value of MSEK 1,447 (951), corresponding to 36 percent (34) of the total number of shares outstanding in the Company.

The financial analysts who monitor B&B TOOLS are presented on page 73.

SHARE CAPITAL

As of 31 March 2015, the share capital amounted to MSEK 57. The total number of shares was 28,436,416. Of the total number of shares outstanding, 1,063,780 were Class A shares carrying ten votes each and 27,372,636 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 2014/2015 operating year, there were no changes in the total number of shares. During the year, 4,032 Class A shares were converted to Class B shares.

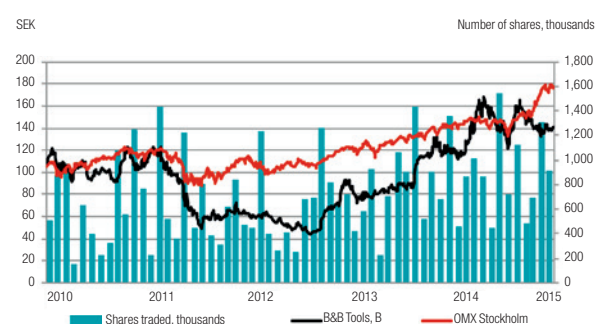
Of the total number of shares as of 31 March 2015, the Company had repurchased 340,000 Class B shares, corresponding to 1.2 percent of the total number of shares and 0.9 percent of the total number of votes. After a deduction for the shares repurchased by the Company, the number of shares outstanding as of 31 March 2015 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 2014/2015 operating year.

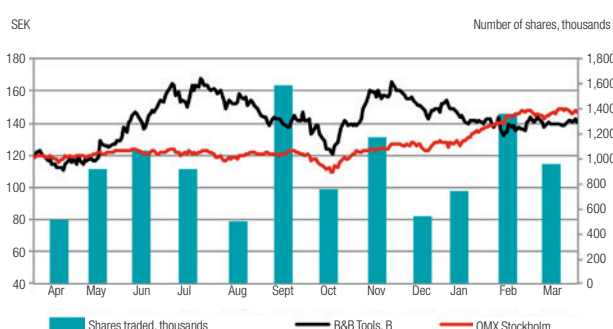
DIVIDEND

The dividend proposed by the Board of Directors for the 2014/2015 operating year is SEK 4.00 (3.50) per share, corresponding to a total of MSEK 112 (98). The pay-out ratio is 37 percent (46) of earnings per share.

SHARE PRICE DEVELOPMENT 2010-2015



SHARE PRICE DEVELOPMENT 2014/2015



HISTORICAL DATA FOR THE B&B TOOLS SHARE

	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Share price as of 31 March, SEK	141.00	119.00	85.00	59.25	113.50
Market capitalisation as of 31 March, MSEK	4,010	3,384	2,417	1,685	3,228
Dividend, SEK	4.00 ¹⁾	3.50	3.00	3.00	3.00
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	5,386	4,118	4,161	4,705	4,263
Highest share price during the operating year, SEK	168.00	133.00	93.00	123.50	123.75
Lowest share price during the operating year, SEK	110.75	71.50	43.90	49.30	91.00
Dividend yield ²⁾ , %	2.8 ¹⁾	2.9	3.5	5.1	2.6

¹⁾ As proposed by the Board of Directors.

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

SHAREHOLDER STRUCTURE

As of 31 March 2015, B&B TOOLS AB had 5,386 shareholders (4,118). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 78 percent (78) of the total number of shares. The proportion of foreign ownership is approximately 31 percent (29) of the total number of shares. The table below shows the ownership structure on 31 March 2015.

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 66–67. For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 38–40.

CLASSES OF SHARES AS OF 31 MARCH 2015¹⁾

	Number of shares	Proportion of	
		capital	votes
Class A shares	1,063,780	3.8%	28.2%
Class B shares	27,032,636	96.2%	71.8%
	28,096,416	100.0%	100.0%
Repurchased Class B shares	340,000		
Total number of shares outstanding	28,436,416		

1) Source: Euroclear Sweden.

OWNERSHIP STRUCTURE AS OF 31 MARCH 2015¹⁾

Size class, number of shares	Owners		Shares	
	Number	% of total	Number	% of total
1–500	3,813	70.8%	608,048	2.2%
501–1,000	691	12.8%	566,958	2.0%
1,001–5,000	594	11.0%	1,366,792	4.9%
5,001–10,000	114	2.1%	842,668	3.0%
10,001–50,000	106	2.0%	2,232,513	7.9%
50,001–100,000	26	0.5%	2,059,281	7.3%
100,001–	42	0.8%	20,420,156	72.7%
Total	5,386	100.0%	28,096,416	100.0%

1) Source: Euroclear Sweden.

MAJOR SHAREHOLDERS AS OF 31 MARCH 2015¹⁾

	Number of		Percentage of	
	Class A shares	Class B shares	capital	votes
Anders Börjesson	484,386	1,443	1.7%	12.9%
Tom Hedelius	484,386		1.7%	12.9%
Swedbank Robur funds		2,993,205	10.7%	7.9%
CapMan Public Market Investment		1,622,222	5.8%	4.3%
SEB Funds		1,589,982	5.7%	4.2%
SHB Pension Fund Insurance Association		1,390,000	4.9%	3.7%
Handelsbanken Funds		1,339,206	4.8%	3.6%
Fourth AP Fund		1,311,567	4.7%	3.5%
SEB Asset Management		1,154,132	4.1%	3.1%
Norden Placeringsfond Småbolagsfond		928,361	3.3%	2.5%
Sandrew Aktiefond		800,000	2.8%	2.1%
Fidelity Puritan Trust		525,000	1.9%	1.4%
Skandia Leben (FL) AG		500,000	1.8%	1.3%
Third AP Fund		489,629	1.7%	1.3%
Other	95,008	12,387,889	44.4%	35.4%
	1,063,780	27,032,636	100.0%	100.0%
<i>Additional: Repurchased Class B shares</i>		340,000		
Total	1,063,780	27,372,636	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 non-restricted equity	-229,042,880	57,260,720	28,630,360
2002/03	Conversion	13,992	57,274,712	28,637,356
2003/04	Conversion	829,186	58,103,898	29,051,949
2004/05	Cancellation of repurchased Class B shares	-3,652,400	54,451,498	27,225,749
2004/05	Conversion	2,421,334	56,872,832	28,436,416

The Board of Directors is not authorised to make decisions regarding new share issues.

TEN-YEAR SUMMARY

MSEK	2014/2015	13/14	12/13 ¹⁾	11/12 ¹⁾	10/11 ¹⁾	09/10	08/09	07/08	06/07	05/06
Earnings information										
Revenue	7,903	7,648	7,666	8,201	7,885	7,648	9,325	9,133	6,823	5,058
Shares in profit of associated companies	0	0	0	1	1	1	1	1	–	–
Other operating income	48	15	8 ³⁾	6 ⁴⁾	8	5	39	12	6	18
Total operating income	7,951	7,663	7,674	8,208	7,894	7,654	9,365	9,146	6,829	5,076
Operating expenses, excluding non-recurring items	-7,501	-7,323	-7,436	-7,791	-7,547	-7,393	-8,743	-8,472	-6,386	-4,774
of which depreciation/amortisation and impairment losses	-28	-45	-66	-67	-65	-69	-63	-67	-66	-74
Operating profit, excluding non-recurring items	450	340	238	417	347	261	622	674	443	302
Non-recurring items	–	–	51 ³⁾	-8 ⁴⁾	–	–	-111	–	–	4
Operating profit, including non-recurring items	450	340	289	409	347	261	511	674	443	306
Financial income and expenses	-42	-54	-73	-91	-67	-68	-108	-74	-36	-15
Profit after net financial items	408	286	216	318	280	193	403	600	407	291
Taxes	-102	-72	6	-91	-86	-59	-112	-168	-117	-81
Profit after taxes, but before profit from discontinued operations	306	214	222	227	194	134	291	432	290	210
Loss from discontinued operations, net after taxes	–	–	–	–	–	–	–	–	–	-1
Net profit for the year	306	214	222	227	194	134	291	432	290	209
Of which, attributable to:										
Parent Company shareholders	306	214	222	227	194	134	285	421	288	207
Non-controlling interest	–	–	–	0	0	0	6	11	2	2
Balance information										
Intangible non-current assets	1,803	1,792	1,781	1,815	1,813	1,857	1,913	1,755	1,033	504
Tangible non-current assets	113	208	252	407	472	505	545	529	500	419
Financial non-current assets	138	118	139	158	149	124	146	110	81	60
Inventories	1,525	1,414	1,443	1,684	1,523	1,458	1,768	1,667	1,268	868
Current receivables	1,493	1,509	1,410	1,471	1,389	1,340	1,439	1,570	1,369	927
Cash and cash equivalents	57	53	214	85	92	209	209	226	170	276
Total assets	5,129	5,094	5,239	5,620	5,438	5,493	6,020	5,857	4,421	3,054
Equity attributable to Parent Company shareholders	2,326	2,203	2,065	1,950	1,840	1,769	1,739	1,551	1,239	1,085
Non-controlling interest	–	–	–	0	0	0	18	20	12	13
Total equity	2,326	2,203	2,065	1,950	1,840	1,769	1,757	1,571	1,251	1,098
Interest-bearing liabilities and provisions	1,218	1,326	1,597	1,962	1,911	1,952	2,179	2,008	1,202	671
Non-interest-bearing liabilities and provisions	1,585	1,565	1,577	1,708	1,687	1,772	2,084	2,278	1,968	1,285
Total equity and liabilities	5,129	5,094	5,239	5,620	5,438	5,493	6,020	5,857	4,421	3,054
Capital employed	3,544	3,529	3,662	3,912	3,751	3,721	3,936	3,579	2,453	1,769
Operational net loan liability ²⁾	-530	-819	-914	-1,414	-1,407	-1,734	-1,959	-1,769	-1,018	-389

1) As of 2010/2011, comparative figures were adjusted due to changes in accounting policies.

2) As of 2010/2011, comparative figures were adjusted due to a changed definition (previously, financial net loan liability).

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

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

	2014/2015	13/14	12/13	11/12	10/11	09/10	08/09	07/08	06/07	05/06
Key financial ratios										
Operating margin, %	5.7	4.4	3.8	5.0	4.4	3.4	5.5	7.4	6.5	6.0
Profit margin, %	5.2	3.7	2.8	3.9	3.6	2.5	4.3	6.6	6.0	5.8
Return on total capital, %	9	7	5	7	6	5	9	14	12	12
Return on capital employed, %	13	10	8	11	9	7	14	23	22	20
Return on equity, %	14	10	11	12	11	8	17	31	25	20
Ditto, excluding non-recurring items, %	14	10	6	12	11	8	22	31	25	20
Return on equity after dilution, %	14	10	11	12	11	8	17	31	25	20
Equity/assets ratio, %	45	43	39	35	34	32	29	27	28	36
Other data										
Number of employees at the end of the period	2,682	2,655	2,780	2,880	2,840	2,844	3,183	3,315	2,697	1,978
Average number of employees	2,667	2,724	2,827	2,861	2,837	2,980	3,333	2,987	2,289	1,817
Cash flow from operating activities, MSEK	330	210	262	114	103	368	377	360	420	292
Per-share data										
Earnings, SEK	10.90	7.60	7.90	8.10	6.90	4.80	10.20	15.10	10.35	7.45
Earnings after dilution, SEK	10.85	7.60	7.90	8.10	6.90	4.80	10.20	15.00	10.25	7.35
Cash flow from operating activities, SEK	11.75	7.45	9.30	4.05	3.65	13.20	13.50	12.90	15.10	10.50
Ditto, after dilution, SEK	11.75	7.45	9.30	4.05	3.65	13.15	13.45	12.80	15.00	10.40
Equity, SEK	82.80	78.40	73.50	69.40	65.50	63.05	62.35	55.60	44.60	38.95
Equity after dilution, SEK	82.65	78.40	73.50	69.40	65.50	63.00	62.10	55.20	44.15	38.50
Share price at 31 March, SEK	141.00	119.00	85.00	59.25	113.50	105.75	44.20	173.50	214.00	137.00
Dividend, SEK	4.00 ¹⁾	3.50	3.00	3.00	3.00	2.50	2.50	5.00	4.00	3.50
Other share-related data										
Share price/equity, %	170	152	116	85	173	168	71	312	480	352
Share price/equity after dilution, %	171	152	116	85	173	168	71	314	485	356
Price/earnings ratio, multiple	13	16	11	7	16	22	4	11	21	18
Price/earnings ratio after dilution, multiple	13	16	11	7	16	22	4	12	21	19
Dividend yield, %	2.8 ¹⁾	2.9	3.5	5.1	2.6	2.4	5.7	2.9	1.9	2.6

1) As proposed by the Board of Directors.

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 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 Parent Company shareholders divided by the number of shares at the end of the financial year.

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.

Operational net loan liability

Interest-bearing liabilities and provisions excluding provisions for pensions less cash and cash equivalents and interest-bearing financial non-current assets excluding pension funds.

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.

P/WC

Operating profit relative to average working capital defined as inventories plus accounts receivable less accounts payable.

Return on capital employed

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

Return on equity

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

Return on total capital

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

Revenue

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

Share price/equity

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

Weighted number of shares

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

Amounts

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

**FINANCIAL CALENDAR
2015/2016**

For the 2015/2016 financial year, reports will be published as follows:

Interim Report (3 months)

1 April-30 June 2015

Published: 15 July 2015

Interim Report (6 months)

1 April-30 September 2015

Published: 6 November 2015

Interim Report (9 months)

1 April-31 December 2015

Published: 8 February 2016

Financial Report 2015/2016

1 April 2015-31 March 2016

Published: 11 May 2016

Annual Report 2015/2016

1 April 2015-31 March 2016

Published: July 2016

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 those shareholders who have requested a copy.

All reports are published in Swedish and English.

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WELCOME TO THE 2015 ANNUAL GENERAL MEETING!

TIME AND LOCATION

B&B TOOLS AB's Annual General Meeting will be held on Thursday, 20 August 2015, at 4:30 p.m. at IVA's Conference Centre, Grev Turegatan 16, Stockholm, Sweden.

RIGHT OF PARTICIPATION AND HOW TO PROVIDE NOTICE OF ATTENDANCE

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

- be recorded in the share register maintained by Euroclear Sweden AB not later than Friday, 14 August 2015, and
- notify the Company of their intention to attend not later than 3:00 p.m. on Friday, 14 August 2015.

Notices should be submitted by mail to "Annual General Meeting 2015", B&B TOOLS AB, Box 10024, SE-100 55 Stockholm, Sweden, by telephone at +46-10-454 79 60, or by e-mail to: arsstamma2015@bbtools.com. Notices must contain information about the shareholders' name, personal or corporate registration number, telephone number (daytime), registered shareholding and the names of any assisting counsel.

HOW TO BECOME REGISTERED IN THE SHARE REGISTER

Shares are registered in the share register maintained by Euroclear Sweden AB in the name of either the owner or the owner's nominee. Shareholders who have not registered their nominees in the share register are themselves registered in the share register. Shareholders whose shares are managed by a third party may have chosen to have their shares registered in the name of a nominee. To be able to participate in the Meeting, shareholders who own nominee-registered shares must request in advance that their shares be temporarily registered in their own names as of 14 August 2015. Accordingly, the nominee should be contacted in ample time prior to 14 August 2015.

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. 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 4.00 per share for 2014/2015. 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 Monday, 24 August 2015 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 Thursday, 27 August 2015 to the shareholders recorded in the share register as of the record date.

B&B TOOLS AB (publ)

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