B&B TOOLS

ANNUAL REPORT 2016/17

ANNUAL REPORT

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

2016/17

ADMINISTRATION REPORT
WITH CORPORATE GOVERNANCE REPORT
1 APRIL 2016 – 31 MARCH 2017

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 2016 – 31 March 2017 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 amounted to MSEK 323 (486). Adjusted operating profit (excluding items affecting comparability) totalled MSEK 471 (471). Items affecting comparability amounted to approximately MSEK -148 for the year and pertained to the restructuring reserve of MSEK -94 recognised in the annual accounts for 2016/2017, which was mainly intended for the previously announced structural measures in TOOLS and will enable these measures to be accelerated, as well as costs of approximately MSEK -54 associated with the establishment of two independent operating segments ahead of the potential spin-off and separate listing of the Momentum Group segment. Operating profit was charged with depreciation and impairment losses of MSEK -27 (-24) on tangible non-current assets and amortisation and impairment losses of MSEK -12 (-4) on intangible non-current assets. Exchange-rate translation effects had a net impact of MSEK 3 (2) on operating profit. The operating margin was 3.9 percent (6.2). The adjusted operating margin was 5.7 percent (6.0).

Profit after financial items totalled MSEK 308 (468). Net financial items amounted to MSEK -15 (-18). The profit margin was 3.7 percent (6.0).

Net profit totalled MSEK 237 (362). Earnings per share amounted to SEK 8.40 (12.90).

Revenue

Revenue rose by 6 percent to MSEK 8,272 (7,821). Exchange-rate translation effects had an impact of MSEK +54 (-117) on revenue. Revenue for comparable units was essentially unchanged[1] during the financial year.

OPERATIONS[2]

The 2016/2017 financial year marked another year of improvements in the B&B TOOLS Group, which has created the right conditions for continued development. It is particularly gratifying to highlight Momentum Industrial, Teng Tools and ESSVE, all of which achieved operating margins of more than 10 percent. As reported in the Group's interim reports for the year, TOOLS has implemented and will continue to implement measures to improve profitability and growth – including a well-customised store network, strengthened digital sales channels, improved product range coordination and the establishment of its own central warehouse. In order to accelerate these structural measures, earnings in the 2016/2017 annual accounts were charged with a restructuring reserve of MSEK -94. These measures will contribute to an increased margin in the current year and upcoming operating years.

As part of the Group's focus on its future development, efforts have been implemented during the year to create the conditions to split the Group into two separate listed companies. The past year included numerous measures in the operations focused on separating the Group's joint functions, mainly in logistics, IT and finance, which have been utilised by both of the B&B TOOLS Group's two operating segments. The purpose of the split and separate listing of the Momentum Group operating segment is to increase the Group's earnings growth through an even clearer focus on the development of leading brands and attractive market channels in profitable niches.

In recent years, the basic prerequisites for growth and development have improved substantially. With the Group's strong balance sheet and low debt, B&B TOOLS was able to carry out a number of interesting corporate acquisitions during the year, including Astrup Industrivarer, IQ Supplies and AAK Safety. After the end of the financial year in April, the Bergman & Beving segment also acquired Arbesko, the leading Nordic brand of safety and work footwear. These acquisitions have strengthened B&B TOOLS's focus and the planned split of the Group could potentially create new business and acquisition opportunities.

Bergman & Beving

Premium brands that offer innovation and quality to professional users in construction and industry.

Revenue for comparable units in the Bergman & Beving operating segment was unchanged[1] during the year, mainly due to TOOLS' direct purchases from other suppliers. Sales to other customers continued to grow favourably and were boosted by higher market shares for several of the operations in the segment. Price adjustments and increased sales of proprietary product brands during the year had an overall positive impact. The businesses in Bergman & Beving are making continuous investments in long-term product and brand development.

Revenue for *ESSVE* rose by 12 percent[1] during the year, with continued favourable growth in sales to chain customers in the area of construction materials in all geographic markets. Operating profit continued to increase and the operating margin was more than 10 percent.

Skydda's revenue decreased by 2 percent[1] during the year, with a continued increase in demand from customers in the area of construction materials, while sales were impacted nega-

1) Comparable units, measured in local currency and adjusted for the number of trading days this year compared with the preceding year.
2) The B&B TOOLS Group's current operating segments, Bergman & Beving and Momentum Group, were implemented on 1 April 2016.

tively by TOOLS' direct purchases from other suppliers. At the same time, the market position for Skydda's proprietary product brands was strengthened. The acquisition of AAK Safety during the year had a positive impact on the performance of *Cresto*, which also captured market shares.

Luna's revenue decreased by 1 percent[1)] during the year and its operating margin improved, with a continued increase in demand from the area of construction materials, while sales were negatively impacted by TOOLS' direct purchases from other suppliers.

Revenue for *Grunda* decreased by 4 percent[1)] during the year, mainly due to a decline in sales to TOOLS and other industrial resellers. On 1 April 2017, Luna and Grunda were coordinated into a single product and sales operation. *Teng Tools* continued to display a strong operating margin, despite weaker sales during the year.

Momentum Group

Leading market channels for industrial consumables, industrial components, services and maintenance for professional end users.

Revenue for comparable units in Momentum Group was unchanged[1)] during the financial year. The Group's investment in the establishment of their own functions for purchasing, warehousing and logistics within TOOLS and Gigant contributed to the positive development of the operating area during the year. At the same time, costs associated with measures to improve long-term profitability, primarily in TOOLS Sweden, and the implementation of a new business system in TOOLS Norway had a negative impact on earnings. A restructuring reserve of MSEK -73, mainly pertaining to the previously announced structural measures in TOOLS, was recognised in the earnings for 2016/2017 and will allow these measures to be accelerated.

Revenue for *TOOLS Sweden* was largely unchanged[1)] during the year. Combined with continued investments in digital sales channels and a stronger market position as a leading occupational health and safety (OHS) supplier, the implementation of measures with an increased focus on selected product areas, cost control and a reduction in the number of local units had a positive impact on underlying earnings during the year. Thanks to the aforementioned restructuring reserve charged to earnings for 2016/2017, the Group will be able to accelerate this work and achieve earnings effects earlier than previously anticipated.

Revenue for *TOOLS Norway* decreased by 1 percent[1)] during the year and the business continued to adapt its cost levels to lower volumes. The acquisition of Astrup Industrivarer during the year had a positive impact on the business' performance.

TOOLS Finland increased its revenue by 5 percent[1)] during the year with a continued favourable sales trend towards large customers. The unit's reduction in costs, systematic pricing and focus on its core range had a positive impact on the earnings trend. TOOLS Norway and TOOLS Finland will also be able to accelerate their improvement efforts as a result of the restructuring reserve, which had an impact on earnings for 2016/2017.

Revenue for *Mercus Yrkeskläder* increased by 7 percent[1)] during the year, with continued favourable demand from customers in the construction sector at all stores.

Momentum Industrial's revenue declined by 3 percent[1)] during the year, which was deemed to reflect the underlying demand in the industrial market, particularly in Sweden. The business continued to report a favourable earnings trend, with increased sales of service and maintenance.

Gigant's total revenue decreased by 4 percent[1)] during the year. Measures to improve long-term profitability continued, with a focus on and increased demand in the area of direct sales to the industrial and construction sectors.

Group-wide and eliminations

An operating loss of MSEK -91 (-3) was reported for "Group-wide" for the financial year, of which items affecting comparability accounted for MSEK -75 (+15). Of the items affecting comparability in "Group-wide," approximately MSEK -53 pertains to costs for the relocation of logistics and division of IT systems in conjunction with the establishment of two independent operating segments ahead of a potential spin-off and separate listing of the Momentum Group segment and approximately MSEK -22 is included in the total restructuring reserve of MSEK -94, which was recognised in the annual accounts for 2016/2017, mainly intended for the previously approved and announced structural measures in TOOLS.

Eliminations for intra-Group inventory gains had an impact of MSEK 1 (22) on earnings during the year.

Parent Company

The Parent Company's revenue amounted to MSEK 40 (36) and profit after financial items to MSEK 95 (318). These results include Group contributions, intra-Group dividends and corresponding items totalling MSEK 96 (472).

The Parent Company's balance-sheet total amounted to MSEK 3,636 (3,918), with equity accounting for 61 percent (56) of total assets. At year-end, cash and cash equivalents amounted to MSEK 1 (0) and interest-bearing liabilities excluding pension liabilities to MSEK 382 (342), of which MSEK 60 (60) comprised intra-Group loans.

CORPORATE ACQUISITIONS

In mid-September, the subsidiary Teng Tools UK entered into an agreement to acquire the operations of the sales company IQ Supplies. IQ Supplies is an exclusive distributor of Teng Tools' proprietary products in the areas of hand tools and smart storage solutions for professional users. IQ Supplies generates annual revenue of just over MSEK 100 and has approximately 40 employees. The acquisition was carried out as a conveyance of assets and liabilities and closing took place in October 2016.

In mid-October, TOOLS Norway entered into an agreement to acquire all shares in Astrup Industrivarer AS, one of Norway's leading industrial resellers, with five local sales branches. The company, which was already part of the TOOLS chain, offers industrial components, industrial consumables and related services for companies operating primarily in the maritime industry and energy area. Astrup Industrivarer generates annual revenue of approximately MNOK 240 and has some 50 employees. Closing took place in November 2016.

In December, the subsidiary Cresto AB entered into an agreement to acquire all of the shares in AAK Safety AS. AAK Safety is the leading fall protection specialist in Norway, with annual revenue of approximately MSEK 70 and some 30 employees. Together, Cresto and AAK Safety form the leading fall protection specialist in the Nordic region, with combined annual revenue of just over MSEK 150 and approximately 70 employees. Closing took place in early February 2017.

In early March, the subsidiary Rörick Elektriska Verkstad acquired all shares in Arboga Machine Tool AB. With a workshop in Arboga, Sweden, Arboga Machine Tool is a service company offering sales and repairs of ball screws and machine guarding systems as well as spindle repairs. Arboga Machine Tool generates annual revenue of approximately MSEK 10 and has five employees. Closing took place in early March 2017.

PROFITABILITY

The Group's profitability, measured as the return on working capital, P/WC (operating profit in relation to working capital), declined to 17 percent (26) for the financial year. The return on capital employed was 9 percent (14) and the return on equity was 9 percent (15).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year amounted to MSEK 354 (416). Funds tied up in working capital decreased by MSEK 52. During the year, the Group's inventories increased by MSEK 23 and operating receivables by MSEK 111. Operating liabilities rose by MSEK 186. Accordingly, cash flow from operating activities for the year amounted to MSEK 406 (493).

1) Comparable units, measured in local currency and adjusted for the number of trading days this year compared with the preceding year.

Cash flow for the financial year was also impacted in a net amount of MSEK -84 (-55) pertaining to investments and divestments of non-current assets, and a net amount of MSEK -213 (+19) pertaining to the acquisition and divestment of subsidiaries and other business units.

The Group's operational net loan liability at the end of the financial year amounted to MSEK 260 (217). Interest-bearing liabilities totalled MSEK 323 (282), excluding expensed pension obligations of MSEK 582 (536). Liabilities to credit institutions amounted to MSEK 260 (220), net. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 841 (880). Maturity periods and interest rates are presented in Note 25 Financial risk management on pages 40-43.

The equity/assets ratio at the end of the financial year was 49 percent, compared with 51 percent at the beginning of the year.

Equity per share totalled SEK 96.80 at the end of the financial year, compared with SEK 92.20 at the beginning of the year. Equity per share after dilution totalled SEK 96.80 at the end of the financial year, compared with SEK 92.25 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 23 percent.

EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 2,638, compared with 2,623 at the beginning of the year. The average number of employees during the year was 2,641 (2,674).

ENVIRONMENTAL IMPACT

During the financial year, the Group conducted operations subject to permit and reporting requirements in one of its Swedish subsidiaries related to trading in certain chemical products. No Group companies are involved in any environmentally related disputes.

Employees	2016/17	2015/16	2014/15
Average no. of employees	2,641	2,674	2,667
Percentage women	23%	23%	23%
Percentage men	77%	77%	77%
Distribution by age			
29 years or younger	9%	9%	12%
30-39 years	23%	23%	23%
40-49 years	30%	30%	30%
50-59 years	27%	27%	25%
60 years or older	11%	11%	10%
Length of employment			
Less than 2 years	16%	15%	14%
2-5 years	27%	29%	25%
6-10 years	21%	21%	23%
11-15 years	12%	12%	13%
16 years or more	24%	23%	25%

RESEARCH AND DEVELOPMENT

With the aim of strengthening and developing B&B TOOLS' position as one of the leading suppliers of industrial consumables and industrial components to the industrial and construction sectors in the Nordic region, the Group primarily invests its resources in the continued development of proprietary product brands and various concepts and service solutions for its customers and partners. Activities implemented during 2016/2017 included continued product development within the framework of the Company's proprietary brands, the development of various service concepts and customer solutions, 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 Group's management thereof, refer to page 15 and Note 25 Financial risk management on pages 40-43.

FUTURE DEVELOPMENT

Market trends in 2017/2018 will be carefully monitored by the Group's businesses.
B&B TOOLS has good potential to continue improving its profitability in many areas. During the year, the focus will remain on organic volume growth in existing markets, a continued reduction in costs through increased efficiency and a reduction in funds tied up in working capital in the Group. 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.

The Group's basic prerequisites for growth and development have improved in recent years, and the Group's strong balance sheet and lower debt have created the right conditions for interesting corporate acquisitions.

In accordance with the decision of the Board of Directors of B&B TOOLS to prepare for a possible split of the Group's operating segments into two separate companies and the separate listing of Momentum Group in 2017, a number of measures were taken in 2016 in order to divide up the Group's shared functions within logistics, IT and finance. Preparations for the separate listing of Momentum Group will continue in 2017.

The Group's goal is for its earnings growth over a business cycle to amount to at least 15 percent annually, combined with profitability.

DIVIDEND

The Board proposes a dividend of SEK 5.00 (5.00) per share. The proposed dividend corresponds to 60 percent of the Group's earnings per share for the 2016/2017 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 141 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease 2.5 percentage points as of 31 March 2017. 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.

Proposed appropriation of profit

The Board's and the CEO's proposed appropriation of profit is presented on page 48.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Acquisition of Arbesko

The Bergman & Beving operating segment acquired all shares in Arbesko Gruppen AB in early April. With its own product development and production operations in Sweden, Arbesko is one of the strongest brands of safety and work footwear in the Nordic region. Arbesko generates annual revenue of approximately MSEK 200 and has approximately 120 employees. Closing took place on 3 April 2017. The acquisition is expected to have a marginally positive effect on B&B TOOLS' earnings per share during the 2017/18 financial year.

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

CORPORATE GOVERNANCE REPORT 2016/2017

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

B&B TOOLS applies the Swedish Corporate Governance Code (the "Code"). The Code is part of the self-regulation system of Swedish trade and industry, and is based on the "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules, but is required to provide an explanation for each deviation.

This Corporate Governance Report for the 2016/2017 financial year was prepared in accordance with the recommendations of the Code. The report also contains an account of the work of the Election Committee in preparation for the 2017 Annual General Meeting. B&B TOOLS deviates from the recommendations of the Code in two areas: 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.

DISTRIBUTION OF RESPONSIBILITY AND ARTICLES OF ASSOCIATION

The purpose of the Company's corporate governance structure is to establish a clear distribution of roles and responsibilities between the owners, Board of Directors, Board committees and executive management. 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 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.

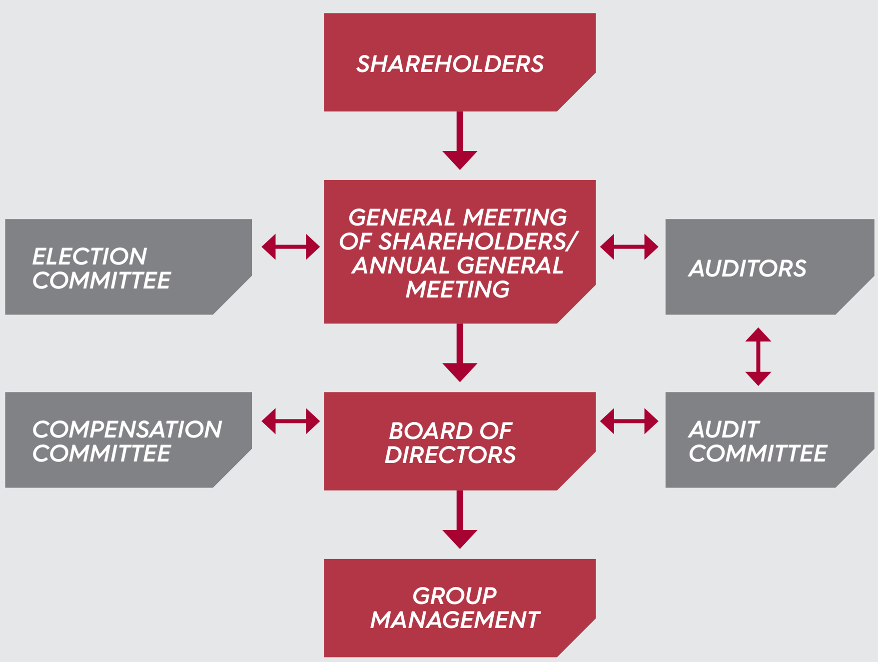
According to the Articles of Association, the registered name of the Company is B&B TOOLS Aktiebolag. The Company is a public limited liability company and the financial year is from 1 April to 31 March. The appointment of directors and amendments to the Articles of Association occur in accordance with the Swedish Companies Act. The Articles of Association are available in full on the Company's website at www.bbtools.com.

SHARE STRUCTURE, SHAREHOLDERS AND REPURCHASE OF OWN SHARES

As of 31 March 2017, B&B TOOLS AB had approximately 5,500 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 2017
Class A shares	1,063,780
Class B shares	27,372,636
Total no. of shares before repurchasing	**28,436,416**
Less: Repurchased Class B shares	-184,300
Total number of shares after repurchasing	**28,252,116**

B&B TOOLS' CORPORATE GOVERNANCE STRUCTURE



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.

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 2017, Anders Börjesson (with companies) held 14.6 percent and Tom Hedelius held 12.7 percent of the total number of votes in the Company. No other shareholders had direct or indirect shareholdings in the Company representing more than one-tenth of the total number of votes.

Further information regarding B&B TOOLS' share and ownership structure is presented in the section on the B&B TOOLS share on pages 54-55.

Repurchase of own shares and incentive programmes

As of 31 March 2016, the number of Class B shares held in treasury totalled 340,000. During the financial year, a total of 155,700 treasury shares were conveyed in connection with the exercise of call options. Accordingly, the number of Class B shares held in treasury as of 31 March 2017 amounted to 184,300, corresponding to 0.6 percent of the total number of shares and 0.5 percent of the total number of votes. The quotient value of this holding amounted to SEK 368,600 as of 31 March 2017.

Of the total number of shares held in treasury, 13,300 Class B shares were 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. The redemption price for the call options in this programme was SEK 101.90. After the end of the financial year in April 2017, this programme was concluded through the redemption of the remaining 13,300 call options.

Of the total number of shares held in treasury, 169,000 Class B 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. The redemption price for the call options in this programme is SEK 176.50.

The Board also will propose that the Annual General Meeting in August 2017 resolve to authorise a repurchase of own shares. In brief, this motion entails that the Annual General Meeting would authorise the Board, during the period until the next Annual General Meeting, to repurchase a maximum number of own shares through Nasdaq Stockholm so that the Company's holding of treasury shares at no time exceeds 10 percent of the total number of shares in the Company. This authorisation would enable the Board to use repurchased shares to pay for acquisitions or to sell the shares in a manner other than through Nasdaq Stockholm in order to finance acquisitions and to fulfil the Company's obligations in connection with its share-based incentive programmes for senior management.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest decision-making body where shareholders exercise their voting rights. At the Annual General Meeting, decisions are made concerning the Annual Report, dividends, the election of the directors and auditors, directors' and auditors' fees, and other matters in accordance with the Swedish Companies Act and the Articles of Association. The Company does not apply any special arrangements with respect to the function of the General Meeting of Shareholders due to the provisions of the Articles of Association or due to any shareholders' agreement known to the Company.

Annual General Meeting 2016

The Annual General Meeting of B&B TOOLS AB was held in Stockholm on 25 August 2016. 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 and, based on the composition of the shareholder base, interpreters to other languages were deemed unnecessary. The notice of the Meeting and other materials were available in Swedish and English. A total of 223 shareholders participated in the Meeting, representing a combined total of 63.0 percent of the votes in the Company. All six regular directors and the Company's auditors attended the Meeting.

Among other decisions, the Annual General Meeting resolved to pay a dividend of SEK 5.00 per share. The Company's President & CEO, Ulf Lilius, commented on the Group's operations, the 2015/2016 financial year, the Group's performance in the first quarter of the new financial year and the Group's future prospects. Anders Börjesson, Roger Bergqvist, Fredrik Börjesson, Charlotte Hansson, Henrik Hedelius and Gunilla Spongh were re-elected to the Board of Directors. Anders Börjesson was re-elected Chairman of the Board.

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 available in Swedish and English.

ELECTION COMMITTEE

The Annual General Meeting in August 2016 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2017 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 2017. The Election Committee is to prepare motions regarding the Chairman of the Annual General Meeting, the number of directors, the election of directors, the Chairman of the Board and auditors, fees to be paid to each director and the auditors, and any changes to the selection criteria and principles for appointing the next Election Committee (in accordance with a resolution passed by the 2012 Annual General Meeting).

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2017 comprises Chairman of the Board Anders Börjesson, Marianne Flink (representing Swedbank Robur funds), Tom Hedelius, Håkan Sandberg (representing SHB Pension Fund Insurance Association) and Per Trygg (representing SEB Funds). The other members appointed Anders Börjesson as Chairman of the Election Committee. Per Trygg was appointed spokesperson for the Election Committee at the upcoming Annual General Meeting. The composition of the Election Committee was presented in conjunction with the publication of the Interim Report on 8 February 2017.

The election of the Chairman of the Election Committee 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 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 has also deemed it appropriate that the Chairman of the Election Committee is the member representing the largest group of shareholders.

The Election Committee's motions regarding the Board of Directors and auditors will be presented in the notice of the 2017 Annual General Meeting and on the Company's website. The Election Committee will present and motivate its motion 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 on the Election Committee during the year.

THE BOARD OF DIRECTORS 2016/2017

In accordance with B&B TOOLS' Articles of Association, the Board of Directors is to comprise not fewer than five and not more than eight regular directors.

Directors

The Board of Directors of B&B TOOLS AB currently comprises six regular directors elected by the Annual General Meeting on 25 August 2016: Anders Börjesson (Chairman), Roger Bergqvist, Fredrik Börjesson, Charlotte Hansson, Henrik Hedelius and Gunilla Spongh. A detailed presentation of these directors, including information on other assignments and work experience, is available on page 52 and on the Company's website. All directors are independent in relation to the Company and senior management. Three directors are dependent in relation to the Company's major shareholders. Accordingly, the Board of Directors meets the requirement that at least two of the directors who are independent in relation to the Company also be independent in relation to major shareholders.

According to the resolution of the Annual General Meeting, each director elected by the Annual General Meeting is to receive a fee of SEK 260,000. The Chairman of the Board is to receive a fee of SEK 520,000. Accordingly, the total fee to be paid in accordance with the resolution of the Annual General Meeting amounts to SEK 1,820,000. In addition to the directors' fees established by the Annual General Meeting, directors Fredrik Börjesson, Charlotte Hansson and Gunilla Spongh each received an additional fee of SEK 130,000 during the year for their work related to the planned split and separate listing of Momentum Group.

Refer to the table below for a summary of the members of the Board, their participation in committees, attendance at Board meetings, dependency and fees.

The Board also includes two employee representatives: Lillemor Svensson and Anette Swanemar.

Chairman of the Board

The Chairman of the Board is responsible for ensuring that the work of the Board is well organised and conducted efficiently and that the Board performs its duties. In particular, the Chairman is responsible for organising and leading the work of the Board in a manner that creates the best possible conditions for the Board to conduct its work. It is the Chairman's task to ensure that a new director receives the required introductory training and any other training deemed appropriate by the Chairman and the director, to ensure that the Board continuously updates and deepens its knowledge about the Company, to ensure that the Board holds meetings as required and receives sufficient information and supporting data for its work, to propose an agenda for Board meetings in consultation with the President & CEO, to ensure that the decisions of the Board are carried out and to ensure that the work of the Board is evaluated annually. The Chairman is responsible for all contact with the owners regarding ownership matters and for conveying feedback from the owners to the Board.

Duties of the Board

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.

Each year, the Board adopts written rules of procedure that regulate the work of the Board and its internal distribution of responsibility, including its committees, the procedure for resolutions within the Board, the agendas of Board meetings and the duties of the Chairman. The Board also issues instructions to the President & CEO, which grant the authority to make decisions regarding investments, corporate acquisitions and sales as well as financing issues. The Board has also adopted a number of policies for the Group's operations, including a Financial Policy, Environmental Policy and Code of Conduct.

The Board of Directors oversees the work of the President & CEO through continuous monitoring of the operations during the year and is responsible for ensuring that the organisation and management as well as the guidelines for administration of the Company are appropriate and that the Company has adequate internal control and effective systems in place for monitoring and controlling the Company's operations and compliance with legislation and regulations applicable to the Company's operations. The Board is also responsible for establishing, developing and monitoring the Company's goals and strategies, decisions regarding acquisitions and divestments of operations, major investments, repurchases of own shares, and appointment and remuneration of Group management.The Board and the President & CEO present the annual accounts to the Annual General Meeting.

The work of the Board is evaluated annually under the supervision of the Chairman of the Board. The Election Committee is informed of the results of this evaluation. The Board evaluates the work of the President & CEO on an ongoing basis. This issue is also specifically addressed each year at a Board meeting, without the presence of any member of Group management. The Board also evaluates and comments on any significant assignments, if any, performed by the President & CEO outside the Company.

Work of the Board

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting, which is held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on four occasions each year

BOARD COMPOSITION, ATTENDANCE, DEPENDENCY CONDITIONS AND FEES FOR 2016/2017

			No. of meetings attended			Dependent in relation to 1)		
Regular directors	Year of election	Position	Board of Directors	Audit Committee	Compensation Committee	B&B TOOLS	Major shareholders	Fee, SEK
No. of meetings			11	1	1			
Anders Börjesson	1990	Chairman	11	1	1	No	Yes	520,000
Roger Bergqvist	2012	Director	11	1	1	No	No	260,000
Fredrik Börjesson	2015	Director	11	1		No	Yes	390,000 2)
Charlotte Hansson	2012	Director	11	1		No	No	390,000 2)
Henrik Hedelius	2015	Director	11	1		No	Yes	260,000
Gunilla Spongh	2014	Director	6	1		No	No	390,000 2)

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

2) Of which, SEK 260,000 per director pertains to the directors' fees established by the Annual General Meeting. In addition to these directors' fees, these individuals received an additional fee of SEK 130,000 during the year for their work as directors in Momentum Group AB related to the planned split and separate listing of Momentum Group on Nasdaq Stockholm in 2017.

(scheduled meetings) in connection with the publication of the Interim Reports and holds an annual strategy meeting. Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which is distributed to the directors prior to each Board meeting along with supporting documentation. The decisions of the Board 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 resolutions by the Board (see below).

The agenda for the statutory meeting of the Board includes 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 scheduled meeting in May include the year-end financial statements, the proposed appropriation 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 scheduled meeting also includes a number of fixed agenda items, including reports on the current financial outcome of the Company's operations.

In addition to the statutory meeting, the Board of Directors convened on ten occasions during the 2016/2017 financial year. The Board's work during the year focused on issues pertaining to the Group's strategic development and future organisation, ongoing business operations, the planned spin-off and separate listing of Momentum Group, earnings and profitability trends, corporate acquisitions and the Group's financial position.

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

The President & CEO presents reports at the Board meetings. The Group's CFO and other salaried employees in the Group participate in Board meetings to report on specific issues or whenever deemed appropriate. Mats Karlqvist, Head of Investor Relations at B&B TOOLS AB, serves as the secretary to the Board as well as to the Election Committee.

Compensation Committee

The Compensation Committee appointed by the Board prepares the Board's motion regarding "Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management." The proposed guidelines are addressed by the Board and then presented to the Annual General Meeting for resolution. Based on the resolution of the Annual General Meeting, the Compensation Committee submits a motion concerning remuneration of the President & CEO to the Board for approval, decides on remuneration to the other members of Group management and draft motions for any incentive programmes. The Compensation Committee informs the Board of its decisions. The Committee is then responsible for monitoring and evaluating the application of the guidelines for determining remuneration and other terms of employment for the Group management as adopted by the Annual General Meeting (refer to Note 5 Employees and personnel costs on pages 23-25). The Compensation Committee also monitors and evaluates any ongoing programmes for variable remuneration for Group management as well as any programmes concluded during the year.

The Compensation Committee consists of Chairman of the Board Anders Börjesson (Chairman of the Compensation Committee) and Director Roger Bergqvist. President & CEO Ulf Lilius presents reports to the Committee. The President & CEO does not report on his own remuneration. The Compensation Committee convened on one occasion during the 2016/2017 financial year, during which minutes were taken.

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

Audit Committee

The Board has appointed an Audit Committee, which – without influencing the work and duties of the Board in any other respect – is responsible for monitoring the Company's financial reporting, monitoring the efficiency of the Company's internal control and risk management with respect to its financial reporting, remaining informed about the audit of the Annual Report and consolidated financial statements, reviewing and monitoring the impartiality and independence of the auditors and whether the auditors have provided the Company with services other than auditing services, and assisting in the preparation of motions regarding the election of auditors for resolution by the General Meeting of Shareholders.

The work of the Audit Committee has been carried out as part of the Board's work at scheduled Board meetings. In conjunction with the adoption of the annual accounts, the Board meets with and receives a report from the Company's external auditors. At the same time, the Board also meets with the auditors without the presence of the President & CEO or other members of Group management.

The Audit Committee includes all regular directors and the Chairman of the Board also serves as the Chairman of the Committee. The Chairman possesses accounting and audit expertise. Directors Roger Bergqvist, Charlotte Hansson and Gunilla Spongh are independent in relation to the Company's major shareholders and possess accounting expertise. The Audit Committee held one meeting during the 2016/2017 financial year, during which minutes were taken.

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

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 Industrial between 2010 and 2012. His previous positions include Marketing and Sales Director and Executive Vice President of Momentum Industrial (2002-2010) and for SKF Multitec (1996-2002).

The President & CEO manages the operations in accordance with the Swedish Companies Act and the framework established by the Board. With respect to the authority of the President & CEO to make decisions regarding investments, corporate acquisitions, corporate sales and financing issues, the rules approved by the Board of Directors apply. In consultation with the Chairman of the Board, the President & CEO prepares the necessary information and supporting data for Board meetings, reports on various matters and explains the motivation for motions presented for resolution. The President & CEO leads the work of Group management and makes decisions in consultation with the other members of management.

In 2016/2017, B&B TOOLS' Group management also included Executive Vice President Pontus Boman and Executive Vice President & CFO Eva Hemb. Remuneration to Group management for the 2016/2017 financial year and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 23-25.

Peter Schön assumed his position as the new CFO of the B&B TOOLS Group on 1 March 2017. In conjunction with this, Eva Hemb stepped down as Executive Vice President and CFO in the Group. For more detailed information about Group management, refer to page 53.

AUDITORS

According to the Articles of Association, a registered accounting firm (or, alternatively, one or two authorised public accountants) is to be elected as auditor. KPMG was elected as the Company's auditor at the 2016 Annual General Meeting for the period until the end of the 2017 Annual General Meeting. The Auditor in Charge is Matilda Axlind. KPMG performs the audit of B&B TOOLS AB and most of its subsidiaries.

The Company's auditors follow an audit plan, which includes feedback from the Board and the Audit Committee, and reports its findings to management at the Company and operating area level as well as to Group management and the Board and Audit Committee of B&B TOOLS AB during the course of the audit and in conjunction with the adoption of the annual accounts. The Company's auditor also participates in the Annual General Meeting, presenting and commenting on the audit work.

The independence of the external auditors is regulated through special instructions established by the Board, which state the areas which may be addressed by the external auditors in addition to the normal audit work. KPMG continuously assesses its independence in relation to the Company and provides the Board with written assurance of the auditing firm's independence in relation to B&B TOOLS each year. During the past year, the auditors were mainly consulted on issues regarding the Group's split. The total fee for KPMG's services in addition to the audit assignment amounted to MSEK 2 (0) during the 2016/2017 financial year.

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. 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 24 August 2017 pass a resolution concerning the 2017/2018 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 2016 (refer to Note 5 Employees and personnel costs on pages 23-25).

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 central finance function works proactively through its participation in various projects aimed at developing internal control. The 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.

B&B TOOLS strives to achieve an open corporate climate and high business ethics. The success of the Group is based on a number of ethical guidelines, which are described in the Code of Conduct. The Group's internal and external stakeholders play a key role in helping to identify any deviations from established values and ethical guidelines. To make it easier to identify such deviations, B&B TOOLS has introduced a whistleblowing system. The whistleblowing system allows any suspicions of misconduct to be reported anonymously. It is an important tool for reducing risks and fostering high business ethics and thereby maintaining customer and public confidence in the Group's operations.

Internal audit

The Board has decided not to establish a special internal audit function. This decision was made based on the size and operations of the Group as well as the existing internal control processes as described above. When necessary, the Audit Committee commissions external advisors to assist on projects relating to internal control.

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

Neither B&B TOOLS' six-month report nor its nine-month report for the 2016/2017 financial year were reviewed 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.

NON-COMPLIANCE

The Company has not breached the rulebook of the stock exchange on which its shares are listed for trading or best practice in the stock market.

INCOME STATEMENT

MSEK	Note	2016/2017	2015/2016
Revenue	2, 4	8,272	7,821
Shares of profit in associated companies	12	-2	0
Other operating income	3	8	34
Total operating income		**8,278**	**7,855**
Cost of goods sold		-4,875	-4,598
Personnel costs		-1,797	-1,682
Depreciation, amortisation, impairment losses and reversal of impairment losses		-39	-28
Other operating expenses		-1,244	-1,061
Total operating expenses		**-7,955**	**-7,369**
Operating profit	4, 5, 6	**323**	**486**
Financial income		10	7
Financial expenses		-25	-25
Net financial items	7	**-15**	**-18**
Profit after financial items		**308**	**468**
Taxes	9	-71	-106
Net profit		**237**	**362**
Of which, attributable to:			
Parent Company shareholders		237	362
Earnings per share, SEK			
– before dilution	18	8.40	12.90
– after dilution	18	8.40	12.85
Proposed/resolved dividend per share, SEK		5.00	5.00

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2016/2017	2015/2016
Net profit		237	362
Other comprehensive income			
Components that will not be reclassified to net profit			
Remeasurement of defined-benefit pension plans		-36	94
Tax attributable to components that will not be reclassified	9	8	-21
Total		**-28**	**73**
Components that will be reclassified to net profit			
Translation differences		43	-51
Fair value changes for the year in cash-flow hedges		6	-8
Tax attributable to components that will be reclassified	9	-1	1
Total		**48**	**-58**
Other comprehensive income		**20**	**15**
Comprehensive income		**257**	**377**
Of which, attributable to:			
Parent Company shareholders		257	377

BALANCE SHEET

MSEK	Note	31 Mar 2017	31 Mar 2016
ASSETS			
Non-current assets			
Intangible non-current assets	10	2,023	1,821
Tangible non-current assets	11	112	100
Shares in associated companies	12	9	11
Financial investments	25	1	1
Other long-term receivables	14	7	4
Deferred tax assets	9	104	88
Total non-current assets		**2,256**	**2,025**
Current assets			
Inventories	15	1,595	1,505
Tax assets		47	45
Accounts receivable	25	1,451	1,232
Prepaid expenses and accrued income	16	110	122
Other receivables	14	48	49
Cash and cash equivalents		63	62
Total current assets	4, 23, 24, 25	**3,314**	**3,015**
Total assets		**5,570**	**5,040**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		57	57
Other contributed capital		71	71
Reserves		-21	-69
Retained earnings, including net profit		2,617	2,532
Equity attributable to Parent Company shareholders		**2,724**	**2,591**
Non-current liabilities			
Non-current interest-bearing liabilities	25	200	150
Provisions for pensions	19	582	536
Other non-current provisions	20	29	4
Deferred tax liabilities	9	100	84
Total non-current liabilities		**911**	**774**
Current liabilities			
Current interest-bearing liabilities	25	123	132
Accounts payable		1,046	896
Tax liabilities		35	68
Other liabilities	21	190	126
Accrued expenses and deferred income	22	541	453
Total current liabilities		**1,935**	**1,675**
Total liabilities	4, 23, 24, 25	**2,846**	**2,449**
Total equity and liabilities		**5,570**	**5,040**

For information regarding the Group's pledged assets and contingent liabilities, refer to Note 27.

STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit	Total equity
Closing equity, 31 March 2015	**57**	**71**	**-11**	**2,209**	**2,326**
Net profit				362	**362**
Other comprehensive income			-58	73	**15**
Dividend				-112	**-112**
Closing equity, 31 March 2016	**57**	**71**	**-69**	**2,532**	**2,591**
Net profit				237	**237**
Other comprehensive income			48	-28	**20**
Dividend				-140	**-140**
Sale of treasury shares in connection with redemption of share options				16	**16**
Closing equity, 31 March 2017	**57**	**71**	**-21**	**2,617**	**2,724**

CASH-FLOW STATEMENT

MSEK	Note	2016/2017	2015/2016
Operating activities			
Profit after financial items		308	468
Adjustments for non-cash items	31	162	43
Income taxes paid		-116	-95
Cash flow from operating activities before changes in working capital		**354**	**416**
Cash flow from changes in working capital			
Change in inventories		-23	-3
Change in operating receivables		-111	15
Change in operating liabilities		186	65
Changes in working capital		**52**	**77**
Cash flow from operating activities		**406**	**493**
Investing activities			
Investments in intangible and tangible non-current assets		-84	-57
Proceeds from sale of intangible and tangible non-current assets		0	2
Acquisition of subsidiaries/operating segments, net effect on liquidity	32	-213	-11
Proceeds from sale of subsidiaries/operating segments, net effect on liquidity		–	30
Cash flow from investing activities		**-297**	**-36**
Cash flow before financing		**109**	**457**
Financing activities			
Sale of call options		16	–
Borrowings		51	8
Repayment of loans		-36	-341
Dividend paid to Parent Company shareholders		-140	-112
Cash flow from financing activities		**-109**	**-445**
Cash flow for the year		**0**	**12**
Cash and cash equivalents at the beginning of the year		**62**	**57**
Exchange-rate differences in cash and cash equivalents		**1**	**-7**
Cash and cash equivalents at year-end	31	**63**	**62**

INCOME STATEMENT

MSEK	Note	2016/2017	2015/2016
Revenue	2	40	36
Other operating income		–	0
Total operating income		**40**	**36**
Personnel costs		-27	-14
Depreciation, amortisation, impairment losses and reversal of impairment losses		0	-1
Other operating expenses		-25	-19
Total operating expenses	5, 6	**-52**	**-34**
Operating profit/loss		**-12**	**2**
Profit from financial items:			
Profit from participations in Group companies	7	38	254
Profit from other securities and receivables recognised as non-current assets	7	76	75
Other interest income and similar profit/loss items	7	8	5
Interest expense and similar profit/loss items	7	-15	-18
Profit after financial items		**95**	**318**
Appropriations	8	62	157
Profit before taxes		**157**	**475**
Taxes	9	-27	-50
Net profit		**130**	**425**

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2016/2017	2015/2016
Net profit		**130**	**425**
Other comprehensive income			
Components that will not be reclassified to net profit		–	–
Components that will be reclassified to net profit			
Fair value changes for the year in cash-flow hedges		6	-8
Taxes attributable to other comprehensive income	9	-1	1
Other comprehensive income		**5**	**-7**
Comprehensive income		**135**	**418**

BALANCE SHEET

MSEK	Note	31 Mar 2017	31 Mar 2016
ASSETS			
Non-current assets			
Intangible non-current assets	10	0	0
Tangible non-current assets	11	0	0
Financial non-current assets			
Participations in Group companies	29	704	104
Receivables from Group companies	13	2,285	3,303
Deferred tax asset	9	–	1
Total financial non-current assets		2,989	3,408
Total non-current assets		**2,989**	**3,408**
Current assets			
Current receivables			
Accounts receivable	25	–	1
Receivables from Group companies		633	501
Other receivables		10	5
Prepaid expenses and accrued income	16	3	3
Total current receivables		646	510
Cash and bank		1	0
Total current assets		**647**	**510**
Total assets	24	**3,636**	**3,918**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		57	57
Statutory reserve		86	86
Non-restricted equity			
Fair value reserve		2	-3
Retained earnings		1,948	1,647
Net profit		130	425
Total equity		**2,223**	**2,212**
Untaxed reserves	30	**264**	**268**
Provisions			
Provisions for pensions and similar commitments	19	45	45
Deferred tax liability	9	0	–
Total provisions		**45**	**45**
Non-current liabilities			
Liabilities to credit institutions	25	200	150
Liabilities to Group companies		60	60
Total non-current liabilities		**260**	**210**
Current liabilities			
Liabilities to credit institutions	25	122	132
Accounts payable		2	1
Liabilities to Group companies		696	996
Tax liabilities		–	27
Other liabilities		2	4
Accrued expenses and deferred income	22	22	23
Total current liabilities		**844**	**1,183**
Total equity, provisions and liabilities	24	**3,636**	**3,918**
Pledged assets and contingent liabilities			
Pledged assets		None	None
Contingent liabilities		See Note 27	See Note 27

STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Non-restricted equity				
MSEK	Share capital	Statutory reserve	Treasury shares	Fair value reserve	Retained earnings	Net profit	Total equity
Closing equity, 31 March 2015	**57**	**86**	**-57**	**4**	**1,496**	**320**	**1,906**
Reversal of earnings					320	-320	**–**
Net profit						425	**425**
Other comprehensive income				-7			**-7**
Dividend					-112		**-112**
Closing equity, 31 March 2016	**57**	**86**	**-57**	**-3**	**1,704**	**425**	**2,212**
Reversal of earnings					425	-425	**–**
Net profit						130	**130**
Other comprehensive income				5			**5**
Dividend					-140		**-140**
Sale of treasury shares in connection with redemption of share options			26		-10		**16**
Closing equity, 31 March 2017	**57**	**86**	**-31**	**2**	**1,979**	**130**	**2,223**

CASH-FLOW STATEMENT

MSEK	Note	2016/2017	2015/2016
Operating activities			
Profit after financial items		95	318
Adjustments for non-cash items	31	1	0
Income taxes paid		-58	-34
Cash flow from operating activities before changes in working capital		**38**	**284**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		-593	-211
Change in operating receivables		2	4
Change in operating liabilities		6	-2
Changes in working capital		**-585**	**-209**
Cash flow from operating activities		**-547**	**75**
Investing activities			
Shareholders' contribution paid		-600	–
Cash flow from investing activities		**-600**	**–**
Cash flow before financing		**-1,147**	**75**
Financing activities			
Sale of call options		16	–
Changes in long-term receivables and liabilities to Group companies		1,017	209
Borrowings		50	8
Repayment of loans		-14	-319
Dividend paid		-140	-112
Group contributions paid and received		219	139
Cash flow from financing activities		**1,148**	**-75**
Cash flow for the year		1	0
Cash and cash equivalents at the beginning of the year		0	0
Cash and cash equivalents at year-end	31	**1**	**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 this consolidation and is focusing on internal efficiency throughout the value chain, which will be crucial success factors in the future.

Consolidation among resellers

In the area of industrial consumables, the Group's customers primarily comprise end users in the industrial sector as well as 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 entry 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 subsuppliers

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

Raw-material prices

Steel is an important component in many of the products sold by B&B TOOLS. Accordingly, rapid and sharp raw-material price fluctuations can have a short-term impact on the Group's earnings. In the long term, the Group's companies can make the same adjustments as other players in the market, which limits the risk of changes in raw-material prices.

Disasters at logistics centres

The Group's logistics and IT function is primarily located in two major units in Alingsås and Ulricehamn. A fire at one of these locations would have serious repercussions on the Group's capacity to make deliveries to customers. Preventive actions are being taken to avoid disasters in the form of fire and destruction. Insurance coverage has been obtained for property damage and loss of income due to disruption (consequential losses).

Product liability risk

The Group conducts operations that give rise to normal product liability exposure. The Group has insurance coverage for product liability.

Credit risk

The Group is exposed to normal credit risks in its customer relationships. To minimise the risk of credit losses, the Group companies apply credit policies that limit the outstanding amounts and credit periods for each individual customer. The fact that none of the Group's customers accounts for a significant portion of the Group's revenue limits the extent of the risk.

Competency risk

The Group's focus is to offer customers products and services that make everyday operations easier, safer and more profitable. Its customers are also increasingly demanding an advisor and partner with the high level of competence and creative ability necessary to develop solutions that meet their defined needs. Accordingly, it is crucial that B&B TOOLS is able to recruit and develop the most competent employees. Responsibility for this rests with operational management.

Corporate acquisitions

Part of B&B TOOLS' strategy has and continues to be growth through acquisitions. The risks involved in acquisitions include the risk that the Group will not successfully achieve the anticipated gains associated with an acquisition and the risk that unknown 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 25 Financial risk management and the section Foreign-exchange risks.

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 25 Financial risk management and the section Interest-rate risks.

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 25 Financial risk management and the sections Liquidity and refinancing risks and Borrowing and maturity structure.

NOTES

Notes table of contents

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 Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 9 May 2017. 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 24 August 2017.

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 34 Key estimates and judgements.

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 new and amended standards that came into effect for the financial year starting 1 April 2016: Amendments to IAS 1: Disclosure Initiative; Annual Improvements to IFRS 2012-2014 Cycle; Amendments to IAS 27: Equity Method in Separate Financial Statements; Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation; and Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations.

None of these clarifications, amendments or interpretive statements have had any material impact on the Group's financial statements.

NEW OR AMENDED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new and amended IFRS have not yet come into effect and have not been applied in advance in the preparation of these financial statements. Listed below are the IFRS that may have an impact on the consolidated financial statements. Other than the IFRS described below, no other new or amended standards approved by the IASB as of 31 March 2017 are expected to have a material impact on the consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments, which will come into effect on 1 January 2018 and has been approved by the EU, covers the recognition of financial assets and liabilities and replaces IAS 39

NOTE 1, CONT.

Financial instruments: Recognition and Measurement. The standard contains rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments, and hedge accounting. A difference compared with IAS 39 is that the impairment of financial assets through a provision for expected credit losses is to be carried out at the time of initial recognition of financial assets that are recognised at amortised cost and at fair value in other comprehensive income, and certain additional assets and receivables. Financial assets include accounts receivable and cash and cash equivalents. B&B TOOLS's accounts receivable generally relate to customers with a good payment capacity, which is taken into account in the provision for expected credit losses. The option to apply hedge accounting is facilitated in general under IFRS 9. Since B&B TOOLS already applies hedge accounting under the current rules of IAS 39, the introduction of IFRS 9 is not expected to have any impact in this regard. Nor is the classification of financial instruments in accordance with IFRS 9 expected to impact the financial instruments.

IFRS 15 Revenue from Contracts with Customers

From 1 April 2018, IFRS 15 Revenue from Contracts with Customers replaces the existing IFRS related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. B&B TOOLS does not plan to apply IFRS 15 in advance. IFRS 15 is based on revenue being recognised once control of the goods or services has been transferred to the customer, which differs from the existing basis of the transfer of risks and benefits.

B&B TOOLS is in the process of evaluating the effects of IFRS 15. B&B TOOLS has analysed a selection of standard contracts from its various operating areas and so far this assessment has not identified any material impact on Momentum Group's financial statements. However, it is noted that IFRS 15 contains expanded disclosure requirements in respect of revenue, which will expand the contents of the explanatory notes.

IFRS 16 Leases

From 1 January 2019, IFRS 16 Leases will replace the existing IFRS related to how leases are recognised, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. B&B TOOLS has not yet decided whether IFRS 16 will be applied in advance from 2018/2019, at the same time as IFRS 9 and IFRS 15 result in changes in recognition, or if its application will apply from 2019/2020.

IFRS 16 mainly affects the lessee and the principal effect is that leases which are currently reported as operational leases will be recognised for in a manner similar to the current recognition of financial leases. This means that even for operational leases, assets and liabilities must be recognised, along with the recognition of costs for depreciation, amortisation and interest — unlike today when no recognition of leased assets and related liabilities is required, and where leasing fees are accrued linearly as a lease expense.

As an operational lessee, B&B TOOLS will be affected by the introduction of IFRS 16. Monetary calculations of the effect of IFRS 16 and the choice of transitional methods have not yet been carried out. The information provided in Note 26 concerning operational leases gives an indication of the nature and extent of the leases that exist at present.

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 AB 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, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are recognised directly in net profit.

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. 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.

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

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

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.

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, shares in associated companies are recognised in the consolidated financial statements using the equity method. According to the equity method, the carrying amount of the shares 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 profit, adjusted for any depreciation, amortisation, impairment losses or reversals of acquired surplus or deficit values, is recognised as "Shares of profit in associated companies." Dividends received from associated companies reduce the carrying amount of the investment. The Group's portion of other comprehensive income in associated companies is recognised in a separate line in the Group's other comprehensive income.

Any differences during the acquisition between the cost of the holding and the holding company's portion of the net fair value of the associated company's identifiable assets and liabilities are recognised in accordance with the same principles as in the acquisition of a subsidiary. 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. 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

NOTE 1, CONT.

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.

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 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 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 EXPENSES AND FINANCIAL INCOME AND EXPENSES

Operational leases

Costs related to operational leases are recognised in net profit 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 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 expenses

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

Interest income on receivables and interest expenses 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.

Exchange gains and losses are recognised in a net amount.

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 in net profit. If the asset is sold, the accumulated gain/loss that was previously recognised in other comprehensive income is recognised in net profit. 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 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 cer-

NOTE 1, CONT.

tain derivatives as either (1) a hedge of a highly probable anticipated interest income (cash-flow hedging), or (2) a hedge of a highly probable forecast transaction in foreign currency (cash-flow hedging).

The effective portion of changes in the fair value of derivative instruments identified as cash-flow hedges are recognised in other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve). Any gains or losses attributable to the ineffective portion are recognised immediately in profit or loss. Accumulated amounts in equity are reversed to net profit in the periods in which the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). If the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories or a tangible non-current asset), or a non-financial liability, the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

Investments in foreign subsidiaries (net assets including goodwill) have been protected to a certain extent through financial hedging in the form of borrowing in the corresponding currency. Such investments are recognised at the exchange rate prevailing on the balance-sheet date.

TANGIBLE NON-CURRENT ASSETS

Owned assets

Tangible non-current assets are recognised as assets in the balance sheet if it is probable that future financial benefits will accrue to the Group and the cost of the asset can be calculated in a reliable manner. Tangible non-current assets are recognised in the Group at cost, less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable for the purpose intended with its procurement. Examples of directly attributable costs included in the cost are expenses for shipping and handling, installation, legal ratification, consulting services and legal services. Borrowing costs that are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale are included in the cost.

Tangible non-current assets that consist of parts with different 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/expenses.

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.

Recognition of sale and leaseback transactions

A sale and leaseback transaction (SLB) comprises the sale of an asset according to a purchase agreement and a subsequent lease of the same asset with the original owner as the lessee. Recognition of such transactions depends on the classification of the leasing transaction, which is assessed based on customary principles for classifying leases (also refer to the section Leased assets above). In the event that an SLB transaction results in a financial lease, the amount by which the sale amount exceeds the carrying amount (capital gain) is not recognised directly in the profit or loss of the seller, but rather is allocated on a straight-basis over the term of the lease.

In the event that an SLB transaction results in an operational lease, the amount by which the sale amount exceeds the carrying amount (capital gain) is recognised in the period when sale occurs, provided the transaction is based on the fair value. According to the Group's assessment, all SLB transactions have been or will be conducted as arm's length transactions at a price that corresponds to fair value. Income attributable to SLB transactions that fulfil the requirements for income recognition are recognised according to the prevailing principles for income recognition (refer to the section Income). In the case of SLB transactions pertaining to property, income is normally recognised on the date on which possession is taken, unless the risks and benefits have been transferred to the buyer on an earlier date. Control of the asset may have been transferred prior to the date on which possession is taken and, in such cases, the sale of the property is recognised as income from this earlier date.

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 period of use. 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 and comprise 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 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 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	3-10 years

An assessment of the amortisation methods and useful lives applied is carried out on an annual basis.

NOTE 1, CONT.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated 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 or by applying the "first-in, first-out" (FIFO) method. 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.

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. When impairment losses are identified for a cash-generating unit, the impairment loss is primarily allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

Calculation of recoverable amount

The recoverable amount of assets belonging to the categories of loan receivables and accounts receivable recognised at amortised cost is calculated as the present value of future cash flows discounted using the effective interest rate prevailing when the asset was initially recognised. Assets with short remaining terms are not discounted.

The recoverable amount of other assets is the higher of fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows and is essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses on loan receivables and accounts receivable recognised at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment loss was charged. Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset if no impairment loss had been charged, taking into account the amortisation that would then have been made.

EQUITY

The Group's equity can be divided into share capital, other contributed capital, reserves, retained earnings including net profit 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 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 at the rate they are accrued as the employees perform services for the Company during a specific period.

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 corporate bond or housing bonds with a term equivalent to the Group's pension obligations. When there is no functioning market for such bonds, the market rate for government bonds with an equivalent term is used. In the case of funded plans, the fair value of the plan assets reduces the calculated value.

When the calculation 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.

Other significant assumptions and judgments, in addition to the discount rate for the purpose of calculating the Group's defined-benefit plans, comprise future salary increases, inflation and expected length of life. Expected salary increases are based on a combined assessment of the Group's own history, market expectations and forecasts from market surveys. Inflation assumptions are based on a combined assessment of such factors as the inflation targets of central banks, implicit market expectations and long-term analyst forecasts. Length of life assumptions are based on mortality tables that apply a Swedish study known as DUS14 from 31 March 2016.

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 2016, Alecta's surplus in the form of its collective solvency margin was 148 percent (2015: 153 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. 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 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.

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.

NOTE 1, CONT.

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.

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, 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 as they arise.

Taxes

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. Correspondingly, the Parent Company, appropriations are not distributed to deferred tax expense in profit or loss.

Financial guarantee agreements

In accordance with RFR 2, the Parent Company has elected not to apply the provisions in IAS 39 concerning financial guarantee agreements on behalf of subsidiaries.

Group contributions and shareholders' contributions

Shareholders' contributions are 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 profit or loss as appropriations.

NOTE 2

DISTRIBUTION OF REVENUE

	Group		Parent Company	
	2016/2017	2015/2016	2016/2017	2015/2016
Revenue				
Sale of goods	8,116	7,655	–	–
Service assignments	139	143	38	33
Rental income	3	8	2	3
Commissions, bonuses and similar income	14	15	–	–
Total	**8,272**	**7,821**	**40**	**36**

Income in the Parent Company pertains to intra-Group services totalling MSEK 38 (33).

NOTE 3

OTHER OPERATING INCOME

	Group	
	2016/2017	2015/2016
Exchange-rate gains on operating receivables/liabilities	0	22
Grants from EU, central and local government	3	3
Insurance indemnification	0	7
Capital gain, sale of tangible non-current assets	0	0
Capital gain, sale of subsidiaries and other business units	0	2
Capitalised work for own account	5	–
Other	0	0
Total	**8**	**34**

NOTE 4

SEGMENT REPORTING

In February 2016, B&B TOOLS announced an organisational change involving a split of the segments into Bergman & Beving and Momentum Group. The new segment structure has been in effect since 1 April 2016. The change compared with the previous segment structure of Product Companies and TOOLS / Momentum meant that the Gigant operating area was transferred from Product Companies to the new Momentum Group segment. This restructuring means that the operations, assets and liabilities belonging to Gigant have been transferred from the former Product Companies segment to Momentum Group. Comparative figures in the table below have been restated taking into account the transfer of Gigant between the segments. The Group's operating segments, Bergman & Beving and Momentum Group, are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations.

Bergman & Beving specialises in premium brands that offer innovation and quality for professional users in the construction and industrial sectors, and suppliers Momentum Group and other market channels with industrial consumables and related services Momentum Group is a leading market channel for industrial consumables and industrial components, service and maintenance for professional end users. Group-wide includes Group's management, finance, support functions, infrastructure operations and property management. The support functions include internal communications, IR and legal affairs. The infrastructure operations comprise IT and supply chain.

During the year, B&B TOOLS worked to create the necessary conditions to split the Group into two separate listed companies in order to respond to future developments. To enable a split, several measures have been take to divide up the previous share functions, particularly within logistics, IT and finance, which resulted in expenses affecting comparability amounting to MSEK 54. Momentum Group has also taken robust measures to improve profitability and growth, and expenses for a restructuring reserve of MSEK 94 were charged to earnings for 2016/2017 related to the implementation of a customised store network, improved strengthened digital sales channels, improved product range coordination and the establishment of a central warehouse. The preceding year included items affecting comparability of MSEK 15, of which MSEK 12 pertained to the conveyance of a pension obligation and a capital gain of MSEK 3 from the divestment of properties.

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.

	2016/2017					2015/2016				
Revenue	Bergman & Beving	Momentum Group	Group-wide	Eliminations	Group total	Bergman & Beving	Momentum Group	Group-wide	Eliminations	Group total
From external customers	2,865	5,401	6	–	**8,272**	2,643	5,169	9	–	**7,821**
From other segments	968	10	606	-1,584	**–**	1,004	7	535	-1,546	**–**
Total revenue	**3,833**	**5,411**	**612**	**-1,584**	**8,272**	**3,647**	**5,176**	**544**	**-1,546**	**7,821**
Adjusted operating profit/loss	291	196	-16	0	**471**	274	193	-18	22	**471**
Items affecting comparability	–	-73	-75	–	**-148**	–	–	15	–	**15**
Operating profit/loss	**291**	**123**	**-91**	**0**	**323**	**274**	**193**	**-3**	**22**	**486**
Net financial items	**–**	–	-15	–	**-15**	–	–	-18	–	**-18**
Profit/loss after net financial items	**291**	**123**	**-106**	**0**	**308**	**274**	**193**	**-21**	**22**	**468**
Goodwill	1,388	449	–	–	**1,837**	1,334	416	–	–	**1,750**
Other assets	2,400	2,115	1,910	-2,692	**3,733**	2,040	2,236	1,886	-2,872	**3,290**
Total assets	**3,788**	**2,564**	**1,910**	**-2,692**	**5,570**	**3,374**	**2,652**	**1,886**	**-2,872**	**5,040**
Liabilities	2,421	1,558	1,501	- 2,634	**2,846**	2,084	1,747	1,431	-2,813	**2,449**
Other disclosures										
Investments	12	55	17	–	84	8	23	26	–	**57**
Depreciation and amortisation	-9	-22	-8	–	-39	-5	-16	-7	–	**-28**
Impairment losses	–	–	–	–	**–**	–	–	–	–	**–**

In addition to depreciation, amortisation and impairment losses, other non-cash items included in operating profit/loss pertain to changes to pension obligations totalling MSEK -36 (-27), of which MSEK -27 (-20) in Bergman & Beving, MSEK -3 (-1) in Momentum Group and MSEK -6 (-6) in Group-wide.

NOTE 4, CONT.

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 non-current assets are based on the geographic location of the operations.

	2016/2017		2015/2016	
	External revenue	Non-current assets	External revenue	Non-current assets
Sweden	4,074	1,758	3,980	1,730
Norway	2,253	156	2,076	27
Finland	1,075	168	946	157
Other countries	870	53	819	7
Group total	**8,272**	**2,135**	**7,821**	**1,921**

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

	2016/2017		2015/2016	
Average no. of employees by country	**No.**	**Of whom, women %**	**No.**	**Of which, women %**
Sweden, Parent Company	6	33%	7	28%
Sweden, other Swedish companies	1,605	25%	1,650	25%
Norway	481	17%	488	18%
Finland	304	15%	305	15%
Denmark	30	27%	26	23%
Estonia	53	26%	50	28%
Poland	47	28%	51	27%
Other countries	116	31%	97	35%
Group total	**2,642**	**23%**	**2,674**	**23%**

The number of full-time employees at year-end was 2,638 (2,623).

Women on B&B TOOLS' Board of Directors and senior management

Parent Company	**2016/2017**	**2015/2016**
Board of Directors	33%	33%
Group management	0%	9%
Group		
Boards of Directors	10%	17%
Senior management	15%	13%

The category Senior management includes individuals in the management groups of other Group companies, totalling 150 individuals (137).

	Group	
Remuneration and other benefits	**2016/2017**	**2015/2016**
Salaries and other remuneration	1,258	1,257
Share-based benefits, call option programmes	2	2
Pension costs, defined-benefit plans	18	13
Pension costs, defined-contribution plans	107	90
Social security contributions	325	314
Total	**1,710**	**1,676**

	2016/2017			2015/2016		
Parent Company Remuneration and other benefits	**Senior management**	**Other employees**	**Total**	**Senior management**	**Other employees**	**Total**
Salaries and other remuneration	10	7	**17**	10	8	**18**
of which, variable remuneration	1	1	**2**	2	2	**4**
Social security contributions	6	5	**11**	6	-7	**-1**
of which, pension costs	2	2	**4**	3	-11	**-8**

The category Senior management includes members of Group management employed by the Parent Company.

The Parent Company's PRI pension obligations to President & CEO and Chairman of the Board amount to SEK 1,528 thousand (1,374), of which SEK 780 thousand (593) pertains to the President & CEO and SEK 748 thousand (781) pertains 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 motions 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 B&B TOOLS' President & CEO and other members of Group management is based on the guidelines proposed by the Board of Directors and adopted by the Annual General Meeting.

The Compensation Committee prepares and submits motions to the Board of Directors concerning the formulation of a remuneration structure for the Group management in line with the guidelines of the Annual General Meeting and prepare motions regarding any share-based incentive programmes. The Compensation Committee also submits motions to the Board regarding remuneration and other terms of employment for the President & CEO and resolves on remuneration for other members of Group management. A more detailed presentation of the composition and work of the Compensation Committee is found in the Corporate Governance Report.

NOTE 5, CONT.

Remuneration to directors, SEK thousand	Group 2016/2017	2015/2016
Chairman of the Board	520	520
Vice Chairman of the Board	–	390
Other directors	1,690	1,040
Total	**2,210**	**1,950**

Fees to the Board

In accordance with the resolution passed by the Annual General Meeting in August 2016, the directors received a total of SEK 1,820 thousand (1,950) in directors' fees for their work on B&B TOOLS AB's Board of Directors during the 2016/2017 operating year. In addition to the directors' fees established by the Annual General Meeting, directors Fredrik Börjesson, Charlotte Hansson and Gunilla Spongh each received an additional fee of SEK 130,000 during the year for their work related to the planned split and separate listing of Momentum Group. 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 law. Of the six directors elected by the Annual General Meeting, six directors invoiced their directors' fees through a wholly owned company in 2016/2017.

REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT IN 2016/2017

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Ulf Lilius, President & CEO.	3,924	871	–	77	1,152	**6,024**	13,000
Other members of Group management (2 positions)	4,319	660	300	166	1,218	**6,663**	23,300
Total	**8,243**	**1,531**	**300**	**243**	**2,370**	**12,687**	**36,300**

REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT IN 2015/2016

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Ulf Lilius, President & CEO.	3,679	767	–	78	1,080	**5,604**	26,300
Other members of Group management (10 positions)	16,192	2,679	–	857	4,652	**24,380**	221,700
Total	**19,871**	**3,446**	**–**	**935**	**5,732**	**29,984**	**248,000**

PRESIDENT & CEO

Ulf Lilius is the President & CEO of B&B TOOLS AB, with overall responsibility for the Momentum Group operating segment. Remuneration to the current President & CEO of B&B TOOLS AB comprises fixed salary, variable salary, participation in 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 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 2017, the President & CEO held 13,000 call options, pertaining to the call option programme 2014/2018.

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 GROUP MANAGEMENT

The other members of Group management during the period from 1 April 2016 to 31 March 2017 were: Pontus Boman, Executive Vice President, with overall responsibility for the Bergman & Beving operating segment and Peter Schön, CFO of B&B TOOLS AB from 1 March 2017. Eva Hemb was Executive Vice President and CFO during the period from 1 April 2016 to 28 February 2017.

Remuneration to other members of Group management comprises fixed salary, variable salary, possible participation in the call option programmes 2013/2017 and 2014/2018 (see below for a more detailed description), other benefits and pension. Members of Group management employed by subsidiaries receive their remuneration from their respective companies. The variable salary amounts to a maximum of 25 percent of 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 2017, other members of Group management held 23,300 call options according to the programmes described below. From the age of 65, the other members of Group management are covered by pension entitlements based on individual agreements. The existing pension solutions are mainly defined-contribution pensions, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance.

Outstanding defined-benefit pension obligations according to the ITP plan total SEK 1,053 thousand (10,402). 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.

Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management

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 Group management are to be in line with market conditions. The total remuneration package for the individuals in question is to 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 remuneration and age. Certain individual adjustments occur. The retirement age for Group management 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 25 August 2016. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2016/2017.

NOTE 5, CONT.

LONG-TERM INCENTIVE (LTI) PROGRAMMES

In 2016, the Board of B&B TOOLS AB decided to offer a long-term incentive programme to the new Executive Vice President, Pontus Boman, involving an annual cash-based gross remuneration amount of SEK 300 thousand over a three-year period. Payment of the cash-based gross remuneration amount was conditional on an initial investment in B&B TOOLS shares by the Executive Vice President of approximately MSEK 2.5 and on his continued employment by the Company. Gross compensation for the 2016/2017 financial year amounted to SEK 300 thousand, which was expensed and paid in 2016/2017.

CALL OPTION PROGRAMME 2013/2017

In August 2013, the Annual General Meeting of B&B TOOLS AB decided to offer a number of members of 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 is 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 included 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. This offering was linked to a subsidy corresponding to the paid option price, which meant that an amount of SEK 10.00 per acquired call option could be paid by the holder's employer in September 2015 on the condition that all originally acquired call options in this programme remained and that the individual was still an employee of the B&B TOOLS Group. A total subsidy of SEK 1,690 thousand was paid in accordance with this programme in September 2015. During the year, 155,700 call options were redeemed and equity increased by MSEK 15.9 as a result of the proceeds of the sale of treasury shares.

CALL OPTION PROGRAMME 2014/2018

In August 2014, the Annual General Meeting of B&B TOOLS AB decided to offer a number of members of senior management 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 is 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 included 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. This offering is linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 14.30 per acquired call option can be paid to the holder. The subsidy is to be 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.

A total subsidy of SEK 2,298 thousand was paid in accordance with this programme in September 2016.

The table below shows the options issued and options outstanding as of 31 March 2017:

	Date of issue	Redemption period	Redemption price, SEK	No. of options issued	No. of options outstanding	Settlement method
Group						
Call option programme 2013/2017	September 2013	12 September 2016 – 9 June 2017	101.90	169,000	13,300	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	66,200	13,300	Physical delivery
Call option programme 2014/2018	September 2014	11 September 2017 – 8 June 2018	176.50	70,800	70,800	Physical delivery

NOTE 6

FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2016/2017	2015/2016	2016/2017	2015/2016
Audit assignment				
KPMG	5	5	1	1
Other auditors	0	0	–	–
Fees for audit assignment	**5**	**5**	**1**	**1**
Audit activities in addition to audit assignment				
KPMG	1	0	–	–
Other auditors	–	–	–	–
Fees for audit activities in addition to audit assignment	**1**	**0**	**–**	**–**
Tax advisory services				
KPMG	0	0	0	0
Other auditors	–	–	–	–
Fees for tax advisory services	**0**	**0**	**0**	**0**
Other assignments				
KPMG	2	0	0	0
Fees for other assignments	**2**	**0**	**0**	**0**
Total fees to auditors	**8**	**5**	**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 mainly comprise advisory services in conjunction with the split.

NOTE 7

NET FINANCIAL ITEMS

Group	2016/2017	2015/2016
Interest income	7	7
Dividends	0	0
Net exchange-rate changes	3	–
Other financial income	0	0
Financial income	10	7
Interest expense	-12	-14
Net interest income on defined-benefit pensions	-13	-11
Net exchange-rate changes	–	0
Other financial expenses	0	0
Financial expenses	**-25**	**-25**
Net financial items	**-15**	**-18**

	Profit from participations in Group companies	
Parent Company	**2016/2017**	**2015/2016**
Dividend	38	254
Total	**38**	**254**

	Interest income and similar profit/loss items	
Parent Company	**2016/2017**	**2015/2016**
Interest income, Group companies	76	75
Interest income, other	5	5
Net exchange-rate changes	3	–
Total	**84**	**80**

	Interest expenses and similar profit/loss items	
Parent Company	**2016/2017**	**2015/2016**
Interest expenses, Group companies	-2	-2
Interest expenses, other	-13	-16
Net exchange-rate changes	–	0
Other financial expenses	–	0
Total	**-15**	**-18**

NOTE 8

APPROPRIATIONS

	Parent Company	
	2016/2017	**2015/2016**
Tax allocation reserve, provision for the year	-40	-67
Tax allocation reserve, reversal for the year	44	5
Group contributions received	193	334
Group contributions paid	-135	-115
Total	**62**	**157**

NOTE 9

TAXES

TAXES RECOGNISED IN PROFIT OR LOSS

	Group		Parent Company	
	2016/2017	**2015/2016**	**2016/2017**	**2015/2016**
Current tax				
Tax expense for the period	-76	-77	-27	-45
Deduction of foreign taxes	-2	1	–	–
Adjustment of taxes attributable to earlier years	0	-1	0	0
Total current tax	**-78**	**-77**	**-27**	**-45**
Deferred tax				
Deferred tax attributable to temporary differences	7	-23	0	1
Effect of other tax rates and changed tax legislation	0	-1	–	–
Remeasurement of deferred tax assets	1	-6	–	-6
Remeasurement of deferred tax liabilities	0	1	–	–
Utilisation of previously capitalised tax loss carryforwards	-1	0	–	–
Total deferred tax	**7**	**-29**	**0**	**-5**
Total tax	**-71**	**-106**	**-27**	**-50**

NOTE 9, CONT.

RECONCILIATION OF EFFECTIVE TAXES

Group

The Group's average tax rate is estimated at 23 percent (23). 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	2016/2017	2015/2016
Profit before taxes	308	468
Taxes at an average tax rate of 23 percent (23)	-71	-108
Tax effect of:		
Changed tax rate	0	-1
Standard rate on tax allocation reserve	0	0
Taxes attributable to earlier years	0	-1
Remeasurement of the carrying amount of deferred tax liabilities	0	1
Remeasurement of the carrying amount of deferred tax assets	0	-6
Non-deductible expenses	-3	-3
Non-taxable income	1	6
Other items	2	6
Total tax	**-71**	**-106**

Parent Company

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

Reconciliation of effective taxes	2016/2017	2015/2016
Profit after financial items and Group contributions	154	537
Tax at a tax rate of 22 percent (22)	-34	-118
Tax effect of:		
Appropriations	-1	14
Dividends from subsidiaries	8	56
Standard rate on tax allocation reserve	0	0
Taxes attributable to earlier years	0	0
Remeasurement of the carrying amount of deferred tax assets	0	-6
Non-deductible expenses	0	-2
Non-taxable income	0	6
Total tax	**-27**	**-50**

TAXES RECOGNISED IN THE 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	
	2016/2017	2015/2016	2016/2017	2015/2016
Deferred tax on defined-benefit pension plans	8	-21	–	–
Deferred tax on hedge accounting of financial instruments	-1	1	-1	1
Total	**7**	**-20**	**-1**	**1**

DEFERRED TAX RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and liabilities

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

	31 Mar 2017			31 Mar 2016		
Group	Receivables	Liabilities	**Net**	Receivables	Liabilities	**Net**
Intangible assets	0	-26	**-26**	0	-11	**-11**
Land and buildings	–	-1	**-1**	–	-1	**-1**
Machinery and equipment	1	–	**1**	1	–	**1**
Financial non-current assets	–	-1	**-1**	1	–	**1**
Inventories	37	–	**37**	36	–	**36**
Accounts receivable	5	–	**5**	4	–	**4**
Untaxed reserves	–	-61	**-61**	–	-62	**-62**
Pension provisions	51	-5	**46**	42	-4	**38**
Other provisions	6	0	**6**	2	0	**2**
Other	3	-6	**-3**	–	-6	**-6**
Tax loss carryforwards	1	–	**1**	2	–	**2**
Total	**104**	**-100**	**4**	**88**	**-84**	**4**

	31 Mar 2017			31 Mar 2016		
Parent Company	Receivables	Liabilities	**Net**	Receivables	Liabilities	**Net**
Financial non-current assets	–	0	**0**	1	–	**1**
Pension provisions	–	–	**–**	–	–	**–**
Total	**–**	**0**	**0**	**1**	**–**	**1**

NOTE 9, CONT.

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 Mar 2017	31 Mar 2016
Opening balance at the beginning of the year, net	4	53
Disposal of subsidiaries	–	0
Acquisition of subsidiaries and other business units	-15	–
Taxes charged against net profit	7	-29
Taxes on items recognised in consolidated comprehensive income	7	-20
Translation differences	1	0
Closing balance at year-end, net	**4**	**4**

Parent Company	31 Mar 2017	31 Mar 2016
Opening balance at the beginning of the year, net	1	5
Taxes charged against net profit	0	-5
Taxes on items recognised in the Parent Company's comprehensive income	-1	1
Closing balance at year-end, net	**0**	**1**

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

Group	31 Mar 2017	31 Mar 2016
Intangible assets	0	0
Land and buildings	0	0
Machinery and equipment	0	-1
Financial non-current assets	-2	-1
Inventories	1	-5
Accounts receivable	1	-1
Untaxed reserves	1	-15
Pension provisions	7	-4
Other provisions	4	0
Interest-bearing liabilities	0	0
Other	3	-2
Tax loss carryforwards	-1	0
Total	**14**	**-29**

Parent Company	31 Mar 2017	31 Mar 2016
Financial non-current assets	-1	1
Pension provisions	–	-6
Total	**-1**	**-5**

NOTE 10

INTANGIBLE NON-CURRENT ASSETS

	2016/2017					
	Internally generated	Acquired intangible assets				
Group	**Software**	**Goodwill**	**Brands**	**Customer relations**	**Other**	**Total**
Accumulated cost						
At the beginning of the year	2	1,750	58	68	124	**2,002**
Investments	24	–	–	–	31	**55**
Acquisition of subsidiaries	–	83	–	72	0	**156**
Sales and disposals	–	–	–	-1	0	**-1**
Reclassifications	–	–	–	–	0	**0**
Translation differences	–	4	–	0	1	**4**
At year-end	**26**	**1,837**	**58**	**139**	**156**	**2,216**
Accumulated amortisation						
At the beginning of the year	–	–	-8	-67	-106	**-181**
Amortisation for the year	0	–	–	-4	-8	**-12**
Sales and disposals	–	–	–	–	–	**0**
Translation differences	–	–	–	0	0	**0**
At year-end	**–**	**–**	**-8**	**-71**	**-114**	**-193**
Impairment losses on cost						
At the beginning of the year	–	–	0	–	0	**0**
Impairment losses for the year	–	–	–	–	–	**–**
Sales and disposals	–	–	–	–	0	**0**
At year-end	**–**	**–**	**0**	**–**	**0**	**0**
Carrying amount at the beginning of the year	**2**	**1,750**	**50**	**1**	**18**	**1,821**
Carrying amount at year-end	**26**	**1,837**	**50**	**68**	**42**	**2,023**

NOTE 10, CONT.

	2015/2016					
	Internally generated	Acquired intangible assets				
Group	**Software**	**Goodwill**	**Brands**	**Customer relations**	**Other**	**Total**
Accumulated cost						
At the beginning of the year	–	1,745	58	72	112	**1,987**
Investments	2	–	–	–	15	**17**
Acquisition of subsidiaries	–	6	–	–	–	**6**
Sales and disposals	–	–	0	-4	-3	**-7**
Reclassifications	–	–	–	–	1	**1**
Translation differences	–	-1	–	0	-1	**-2**
At year-end	**2**	**1,750**	**58**	**68**	**124**	**2,002**
Accumulated amortisation						
At the beginning of the year	–	–	-8	-71	-105	**-184**
Amortisation for the year	–	–	–	0	-4	**-4**
Sales and disposals	–	–	0	4	3	**7**
Translation differences	–	–	–	0	0	**0**
At year-end	**–**	**–**	**-8**	**-67**	**-106**	**-181**
Impairment losses on cost						
At the beginning of the year	–	–	0	0	0	**0**
Impairment losses for the year	–	–	–	–	–	**–**
Sales and disposals	–	–	–	0	0	**0**
At year-end	–	**–**	**0**	**–**	**0**	**0**
Carrying amount at the beginning of the year	–	**1,745**	**50**	**1**	**7**	**1,803**
Carrying amount at year-end	**2**	**1,750**	**50**	**1**	**18**	**1,821**

	2016/2017	2015/2016
Parent Company	**Software**	**Software**
Accumulated cost		
At the beginning of the year	4	4
At year-end	**4**	**4**
Accumulated amortisation		
At the beginning of the year	-4	-4
Amortisation for the year	–	0
At year-end	**-4**	**-4**
Carrying amount at the beginning of the year	**0**	**0**
Carrying amount at year-end	**0**	**0**

IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH AN INDEFINABLE USEFUL LIFE

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2017, using the balance sheet on 31 December 2016 as a base. In February 2016, B&B TOOLS announced an organisational change involving a split of the segments into Bergman & Beving and Momentum Group. The new segment structure has been in effect since 1 April 2016. The change compared with the previous segment structure of Product Companies and TOOLS / Momentum meant that the Gigant operating area was transferred from Product Companies to the new Momentum Group segment. The change in segments entails that goodwill of MSEK 4 attributable to Gigant was transferred from the previous Product Companies to Momentum Group. The comparative year in the table below was restated taking into consideration the transfer of Gigant from one segment to another.

The Group's total goodwill value of MSEK 1,837 (1,750) has been allocated by operating segment according to the table below:

	31 Mar 2017	31 Mar 2016
Bergman & Beving	1,388	1,334
Momentum Group	449	416
Total goodwill	**1,837**	**1,750**

Current goodwill is monitored by Group management at the segment level in Bergman & Beving and Momentum Group, which constitute cash-generating units. Thus, goodwill values are tested at the corresponding operating segment level.

Historically, a large proportion of acquired units have been assessed to constitute an integrated part of the value chain that the Group supplies to its end customers and acquired goodwill has thus been allocated to the operating segments 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 Momentum Group have been allocated to the Group's product companies, which currently are part of the Bergman & Beving operating segment. Acquisitions conducted during the year have been allocated to the segment that carried out the acquisition.

The recoverable amount of the cash-generating segments was calculated on the basis of value in use and is based on an assessment of cash flows for the coming three-year period. All assumptions have been made on an individual basis for each segment based on its market position and the development of the individual market. These forecasts represent management's judgment and are based on both external and internal sources. Assumptions have been made concerning future revenue, contribution ratios, cost level, working capital requirements and investment requirements. Adjustments have been made where major changes are expected in order to better reflect these changes. For the period after three years, annual growth is estimated at 2 percent.

Cash flows have been discounted by a weighted average capital cost (WACC) for borrowed capital and equity corresponding to an average rate of 10 percent (10) before taxes for the B&B TOOLS Group, with a WACC of approximately 10 percent before tax for Bergman & Beving and a WASS of approximately 11 percent before tax for Momentum Group.

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

TengTools represents a strong brand that is well known on the market. The carrying amount of the TengTools brand is MSEK 50 (50) and has an unlimited service life. 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 11

TANGIBLE NON-CURRENT ASSETS

Group	2016/2017 Land and buildings	2016/2017 Leasehold improve-ments	2016/2017 Machinery and equipment	2016/2017 Construction in progress	2016/2017 Total	2015/2016 Land and buildings	2015/2016 Leasehold improve-ments	2015/2016 Machinery and equipment	2015/2016 Construction in progress	2015/2016 Total
Accumulated cost										
At the beginning of the year	34	49	364	7	**454**	59	45	351	5	**460**
Investments	–	4	21	5	**30**	0	3	25	12	**40**
Acquisition of subsidiaries	–	2	11	–	**13**	–	–	2	–	**2**
Sales and disposals[1)]	–	-1	-4	–	**-5**	-4	-1	-6	-1	**-12**
Divested businesses	–	–	–	–	**0**	-21	–	–	-4	**-25**
Reclassifications	–	6	0	-6	**0**	0	4	0	-5	**-1**
Translation differences	1	2	7	0	**10**	0	-2	-8	0	**-10**
At year-end	**35**	**62**	**399**	**6**	**502**	**34**	**49**	**364**	**7**	454
Accumulated depreciation										
At the beginning of the year	-27	-20	-306		**-353**	-32	-17	-297		**-346**
Depreciation for the year	0	-5	-21		**-26**	-1	-4	-19		**-24**
Acquisition of subsidiaries	–	-1	-4		**-5**	–	–	-2		**-2**
Sales and disposals[1)]	–	0	3		**3**	1	–	5		**6**
Divested businesses	–	–	–		**0**	5	–	–		**5**
Translation differences	-1	-1	-6		**-8**	0	1	7		**8**
At year-end	**-28**	**-27**	**-334**	**–**	**-389**	**-27**	**-20**	**-306**	**–**	**-353**
Impairment losses on cost										
At the beginning of the year	–	-1	0		**-1**	–	-1	0		**-1**
Impairment losses for the year	–	–	–		**–**	–	–	–		**–**
Translation differences	–	–	–		**–**	–	–	–		**–**
At year-end	**–**	**-1**	**0**	**–**	**-1**	**–**	**-1**	**0**	**–**	**-1**
Carrying amount at the beginning of the year	**7**	**28**	**58**	**7**	**100**	**27**	**27**	**54**	**5**	**113**
Carrying amount at year-end	**7**	**34**	**65**	**6**	**112**	**7**	**28**	**58**	**7**	**100**

Parent Company	2016/2017 Leasehold improvements	2016/2017 Equipment	2016/2017 Total	2015/2016 Leasehold improvements	2015/2016 Equipment	2015/2016 Total
Accumulated cost						
At the beginning of the year	3	5	8	3	5	**8**
At year-end	**3**	**5**	**8**	**3**	**5**	**8**
Accumulated depreciation according to plan						
At the beginning of the year	-2	-5	-7	-2	-4	-6
Depreciation for the year according to plan	0	0	0	0	-1	-1
At year-end	**-2**	**-5**	**-7**	**-2**	**-5**	**-7**
Impairment losses on cost						
At the beginning of the year	-1	–	-1	-1	–	-1
At year-end	**-1**	**–**	**-1**	**-1**	**–**	**-1**
Carrying amount at the beginning of the year	**0**	**0**	**0**	**0**	**1**	**1**
Carrying amount at year-end	**0**	**0**	**0**	**0**	**0**	**0**

NOTE 12

SHARES IN ASSOCIATED COMPANIES

	Group	
Carrying amount	**31 Mar 2017**	**31 Mar 2016**
At the beginning of the year	11	11
Impairment of AB Knut Sehlins Industrivaruhus	-2	–
Share of profit	0	0
At year-end	**9**	**11**

SPECIFICATION OF SHARES IN ASSOCIATED COMPANIES

Associated companies	No. of shares	Share of equity, %	Share of votes, %	Carrying amount in Group 31 March 2017	Carrying amount in Group 31 March 2016
Group holding					
Workplaces for Industries WFI AB	2,667	40%	40%	6	6
AB Knut Sehlins Industrivaruhus	3,000	30%	30%	3	5
Total				**9**	**11**

SPECIFICATION OF GROUP VALUE PERTAINING TO SHARES IN ASSOCIATED COMPANIES

Associated companies	Country	Income	Profit	Assets	Liabilities	Equity
2016/2017						
Workplaces for Industries WFI AB	Sweden	31	0	14	7	7
AB Knut Sehlins Industrivaruhus	Sweden	11	0	5	2	3
Total		**42**	**0**	**19**	**9**	**10**
2015/2016						
Workplaces for Industries WFI AB	Sweden	26	0	12	6	6
AB Knut Sehlins Industrivaruhus	Sweden	12	0	4	1	3
Total		**38**	**0**	**16**	**7**	**9**

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

NOTE 13

RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 Mar 2017	31 Mar 2016
Carrying amount at the beginning of the year	**3,303**	**3,543**
Additional assets	0	0
Deducted assets	-1,018	-240
Carrying amount at year-end	**2,285**	**3,303**

NOTE 14

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group	
	31 Mar 2017	**31 Mar 2016**
Long-term receivables classified as non-current assets		
Pension funds	5	2
Other receivables	2	2
Total	**7**	**4**

	Group	
	31 Mar 2017	**31 Mar 2016**
Other receivables classified as current assets		
Advance payments	3	3
Derivatives	4	3
VAT receivable	19	22
Receivable from pension foundations	5	5
Other receivables	17	16
Total	**48**	**49**

NOTE 15

INVENTORIES

Group	31 Mar 2017	31 Mar 2016
Finished goods and goods for resale	1,595	1,505
Total	**1,595**	**1,505**

The cost of goods sold includes impairment of inventories in the amount of MSEK -45 (-13) and the reversal of previous impairment of MSEK +22 (+39), yielding a net amount of MSEK -23 (+26).

NOTE 16

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Mar 2017	**31 Mar 2016**	**31 Mar 2017**	**31 Mar 2016**
Prepaid expenses				
Rent	34	33	1	2
Insurance premiums	6	7	–	–
Marketing costs	0	0	–	–
Leasing	4	5	–	–
Computer costs	4	7	–	–
Packaging	4	3	–	–
Other prepaid expenses	16	12	2	1
Accrued income				
Delivery of goods	14	25	–	–
Commission and bonus income	20	22	–	–
Marketing income	6	3	–	–
Other accrued income	2	5	–	–
Total	**110**	**122**	**3**	**3**

NOTE 17

RESERVES AND EQUITY

Group	31 Mar 2017	31 Mar 2016
Translation reserve		
Opening translation reserve	-67	-16
Translation differences for the year	43	-51
Tax attributable to change for the year	–	–
Closing translation reserve	**-24**	**-67**
Hedging reserve		
Opening hedging reserve	-2	5
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	-3	-3
Transferred to profit or loss	9	-5
Tax attributable to hedges for the year	-1	1
Closing hedging reserve	**3**	**-2**
Total reserves		
Opening reserves	-69	-11
Change in reserves for the year:		
Translation reserve	43	-51
Hedging reserve	6	-8
Tax attributable to changes in reserves for the year	-1	1
Closing reserves	**-21**	**-69**

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

	31 Mar 2017	31 Mar 2016
Opening repurchased Class B shares	**340,000**	**340,000**
Sale of treasury shares in connection with redemption of share options	-155,700	–
Closing repurchased own shares	**184,300**	**340,000**

SHARE CAPITAL

Stated in thousands of shares	**31 Mar 2017**	**31 Mar 2016**
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 2017, 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 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.

Fair value reserve

The fair value 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

Retained earnings, including net profit, 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.

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 2017, the Group held 184,300 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, inclusive.

During the year, 155,700 call options were redeemed and equity increased by MSEK 15.9 as a result of the proceeds of the sale of treasury shares.

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, inclusive.

APPROPRIATION OF PROFIT

The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share, totalling SEK 141,261 thousand calculated based on the number of shares as of 31 March 2017, and with due consideration for the 184,300 repurchased shares held in treasury.

SEK thousand	
Retained earnings	1,948,652
Net profit	130,489
	2,079,141
The Board of Directors proposes that the available funds be allocated as follows:	
Dividend to shareholders, SEK 5.00 per share	141,261
To be brought forward	1,937,880
Total	**2,079,141**

During the past ten years, the ordinary dividend has amounted to approximately 39 percent of earnings per share.

Year	Earnings per share	Dividend	Pay-out ratio, %
2016/2017	8.40	5.00	60%
2015/2016	12.90	5.00	39%
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%
Total	**92.80**	**36.50**	**39%**

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 segment. The working capital that is required for the Group's various units is simplified into inventories plus accounts receivable less

NOTE 17, CONT.

accounts payable. Each segment develops its own business plans and priorities based on its performance in relation to a P/WC of at least 45 percent. No changes were made to the Group's capital management during the year.

NOTE 18

EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE GROUP AS A WHOLE

	Before dilution		After dilution	
	2016/2017	**2015/2016**	**2016/2017**	**2015/2016**
Earnings per share, SEK	8.40	12.90	8.40	12.85

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 2016/2017 was based on net profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 237 (362) and a weighted average number of shares outstanding during 2016/2017 amounting to 28,143,000 (28,096,000). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, before dilution

	2016/2017	**2015/2016**
Net profit attributable to Parent Company shareholders	237	362
Profit attributable to Parent Company shareholders, before dilution	**237**	**362**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	**2016/2017**	**2015/2016**
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-293	-340
Number of shares for calculation of earnings per share	**28,143**	**28,096**

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2016/2017 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 237 (362) and a weighted average number of shares outstanding during 2016/2017 amounting to 28,208,000 (28,127,000). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, after dilution

	2016/2017	**2015/2016**
Net profit attributable to Parent Company shareholders	237	362
Profit attributable to Parent Company shareholders, after dilution	**237**	**362**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	**2016/2017**	**2015/2016**
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-293	-340
Effect of share-option programmes	65	31
Number of shares for calculation of earnings per share	**28,208**	**28,127**

As of 31 March 2017, B&B TOOLS AB had two outstanding call option programmes, for both of which the share price exceeded the redemption price for the call option programmes. Details about these call option programmes are provided in Note 5 Employees and personnel costs.

NOTE 19

PROVISIONS FOR PENSIONS

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

DEFINED-CONTRIBUTION PENSION PLANS

These plans mainly cover retirement pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies, with the premium level 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 92 percent of the pension obligations' gross present value pertains to Swedish PRI pensions, which are unfunded pension plans.

Commitments for employee benefits, defined-benefit plans

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

Group	31 Mar 2017	31 Mar 2016
Pension obligations unfunded plans, present value	577	533
Pension obligations funded plans, present value	48	44
Plan assets, fair value	-48	-43
Net pension obligations	**577**	**534**

The Group has a number of defined-benefit pension plans that are all managed individually. Most of the funded plans are recognised in the balance sheet in a net amount and the obligations are recognised in the balance sheet in the following amounts:

	31 Mar 2017	31 Mar 2016
Plan assets for pension obligations	-5	-2
Provisions for pensions and similar commitments	582	536
Net liabilities according to the balance sheet	**577**	**534**
Of which, credit insured through PRI Pensionsgaranti	356	353

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 Mar 2017	31 Mar 2016
Opening balance	533	622
Benefits earned during the year	17	12
Interest expense recognised in profit or loss	13	11
Benefits paid	-21	-18
Other	-1	–
Remeasurement recognised in other comprehensive income see separate specification	36	-94
Translation differences	0	0
Pension obligations unfunded plans, present value	**577**	**533**

Pension obligations funded plans	31 Mar 2017	31 Mar 2016
Opening balance	44	53
Benefits earned during the year	1	1
Interest expense recognised in profit or loss	1	1
Benefits paid	-3	-3
Remeasurement recognised in other comprehensive income, see separate specification	0	0
Redemption of pension obligations	–	-4
Other	2	–
Translation differences	3	-4
Pension obligations funded plans, present value	**48**	**44**

Present value of pension obligation specified by category (%)	31 Mar 2017	31 Mar 2016
Active	14	14
Paid-up policy holders	42	44
Pensioners	44	42
Total	**100**	**100**

Plan assets	31 Mar 2017	31 Mar 2016
Opening balance	43	49
Interest income recognised in profit or loss	1	1
Funds contributed by employers	2	2
Funds paid to employers	-3	-3
Remeasurement recognised in other comprehensive income, see separate specification	0	0
Redemption of pension obligations	–	-3
Other	2	–
Translation differences	3	-3
Plan assets, fair value	**48**	**43**

Plan assets comprise funds paid to and managed by insurance companies and are distributed between the following classes of assets:

Plan assets	31 Mar 2017	31 Mar 2016
Cash and cash equivalents	2	2
Equity instruments	5	4
Debt instruments	33	30
Properties	5	5
Other assets	3	2
Plan assets, fair value	**48**	**43**

All plan assets are managed by an insurance company and are included in the insurance company's asset portfolio. The assets are thus not considered to be traded on an active market from B&B TOOLS' perspective. Estimated pension payments from funded pension obligations over the next ten-year period are calculated at approximately MSEK 27 and the liquidity risk is thus clearly limited with respect to the correlation between plan assets and obligations.

Net change in defined-benefit obligations during the year	31 Mar 2017	31 Mar 2016
Opening balance	534	626
Pension costs, defined-benefit plans	32	24
Benefits paid	-24	-21
Funds contributed by employer	-2	-2
Funds paid to employer	3	3
Remeasurement recognised in other comprehensive income, see separate specification	36	-94
Redemption of pension obligations	–	-1
Other	-2	0
Translation differences	0	-1
Closing balance	**577**	**534**

NOTE 19, CONT.

Pension costs

Costs recognised in net profit	2016/2017	2015/2016
Pensions earned during the period	18	13
Net interest expense	13	11
Pension costs, defined-benefit plans	**31**	**24**
Pension costs, defined-contribution plans	107	90
Pension costs in net profit	**138**	**114**

Pension costs are distributed in profit or loss between Personnel costs and Net financial items, with the latter comprising the net amount of interest on the obligations and interest on the plan assets.

Remeasurement recognised in other comprehensive income	2016/2017	2015/2016
Actuarial gains and losses attributable to demographic assumptions	0	0
Actuarial gains and losses attributable to financial assumptions	43	102
Actuarial gains and losses attributable to experience-based adjustments	-7	-8
Other	–	–
Total remeasurement, pension obligations	**36**	**94**
Difference between actual return and return according to discount rate on plan assets	0	0
Total remeasurement included in other comprehensive income	**36**	**94**

Actuarial assumptions

2016/2017	Sweden	Norway	Taiwan
Discount rate, 31 March, %	2.30	2.40	1.40
Expected salary increase, %	2.75	2.25	2.75
Expected inflation, %[1]	1.50	0.00	0.00
Expected remaining period of service, years	12.1	2.5	16.0

2015/2016	Sweden	Norway	Taiwan
Discount rate, 31 March, %	2.75	2.25	1.25
Expected salary increase, %	2.75	2.25	2.75
Expected inflation, %[1]	1.50	0.00	0.00
Expected remaining period of service, years	12.2	3.6	18.3

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	Taiwan
Length of life assumptions at 65 years of age – retired members:			
Men	21.7	21.4	18.3
Women	24.2	23.6	21.5
Length of life assumptions at 65 years of age for members who are 40 years of age:			
Men	23.4	24.6	18.3
Women	25.2	27.0	21.5

Sensitivity analysis

The most significant assumptions and judgments when calculating the Group's pension obligations comprise discount rate, future salary increases, inflation and expected length of life. The principles for establishing these factors are described in Note 1 Accounting policies. The table below shows how the total pension liability would be affected by changes in each assumption.

Changes in pension obligations due to changed assumptions (MSEK):	Liability (increase/	decrease)
Discount rate, -0.50%/+0.50%	49	-43
Salary increases, +0.50%/-0.50%	17	-14
Inflation, +0.50%/-0.50%	38	-34
Length of life, +1 year/-1 year	22	-22

The above sensitivity analysis is based on a change in one assumption while the others remain constant.

Financing

As of 31 March 2017, the average weighted term of the total pension obligation was 16.8 years (16.2), of which unfunded PRI pensions in Sweden had an average weighted term of 17.1 years (16.3).

B&B TOOLS estimates that approximately MSEK 21 (20) will be paid in 2017/2018 to funded and unfunded defined-benefit pension plans recognised as defined-benefit plans and approximately MSEK 41 will be paid in 2017/2018 to defined-benefit plans recognised as defined-contribution plans. The latter pertains exclusively to ITP2 in Swedish companies.

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. As of 31 March 2017, the Parent Company has one defined-benefit plan pertaining to PRI. These obligations are recognised in the balance sheet in the following amounts:

	31 Mar 2017	31 Mar 2016
Pension obligations unfunded plan, present value	45	45
Net pension obligations and net liability according to the balance sheet	**45**	**45**
Of which, credit insured through PRI Pensionsgaranti	45	45

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

Pension obligations unfunded plans	31 Mar 2017	31 Mar 2016
Opening balance	46	46
Benefits earned during the year	1	1
Interest expense recognised in profit or loss	2	2
Benefits paid	-4	-4
Closing balance	**45**	**45**

Pension costs	2016/2017	2015/2016
Benefits earned during the year, personnel costs	1	1
Interest expense	2	2
Pension costs, defined-benefit plans	**3**	**3**
Pension costs, defined-contribution plans	3	-9
Pension costs in net profit	**6**	**-6**

During the first quarter of 2015/2016, a previously concluded pension obligation for the benefit of a former CEO, who is now Chairman of the Board of B&B TOOLS AB, was conveyed to one of the Chairman's related companies. The conveyance was made on market terms and has reduced the pension cost for defined-contribution plans by approximately MSEK 12 in the Group and in the Parent Company.

NOTE 20

OTHER PROVISIONS

Group	31 Mar 2017	31 Mar 2016
Provisions classified as non-current liabilities		
Guarantee commitments	2	2
Restructuring	27	–
Other	–	2
Total	**29**	**4**

Specification – non-current liabilities	31 Mar 2017	31 Mar 2016
Carrying amount at the beginning of the period	**4**	**4**
Provisions made during the period	25	0
Divested businesses	–	0
Translation differences	0	0
Carrying amount at the end of the period	**29**	**4**

NOTE 21

OTHER LIABILITIES

Group	31 Mar 2017	31 Mar 2016
Other current liabilities		
Derivatives	0	3
Advance payments from customers	1	1
Employee withholding taxes	33	30
VAT liability	151	89
Other operating liabilities	5	3
Total	**190**	**126**

NOTE 22

ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
Accrued expenses				
Salaries and remuneration to employees	234	219	4	5
Pension costs	0	0	–	–
Social security contributions	112	113	15	16
Bonuses, refunds to customers/suppliers	78	64	–	–
Car and travel expenses	4	3	–	–
Directors' and auditors' fees	4	3	1	0
Other consulting fees	8	1	1	–
Marketing costs	5	5	–	–
Guarantee costs	0	0	–	–
Shipping costs	14	18	–	–
Operating and leasing costs	35	16	–	1
Interest expense	0	0	0	0
Restructuring	34	–	–	–
Other accrued expenses	5	7	1	–
Deferred income				
Rent	–	1	–	1
Marketing income	3	1	–	–
Other deferred income	5	2	–	–
Total	**541**	**453**	**22**	**23**

NOTE 23

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

	31 Mar 2017			31 Mar 2016		
Group	**Interest-bearing**	**Non-interest bearing**	**Total**	**Interest-bearing**	**Non-interest bearing**	**Total**
ASSETS						
Intangible non-current assets	–	2,023	**2,023**	–	1,821	**1,821**
Tangible non-current assets	–	112	**112**	–	100	**100**
Financial non-current assets	8	9	**17**	5	11	**16**
Deferred tax assets	–	104	**104**	–	88	**88**
Total non-current assets	**8**	**2,248**	**2,256**	**5**	**2,020**	**2,025**
Current assets						
Inventories	–	1,595	**1,595**	–	1,505	**1,505**
Tax assets	–	47	**47**	–	45	**45**
Accounts receivable	–	1,451	**1,451**	–	1,232	**1,232**
Prepaid expenses and accrued income	–	110	**110**	–	122	**122**
Other receivables	–	48	**48**	–	49	**49**
Cash and bank	63	–	**63**	62	–	**62**
Total current assets	**63**	**3,251**	**3,314**	**62**	**2,953**	**3,015**
Total assets	**71**	**5,499**	**5,570**	**67**	**4,973**	**5,040**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	200	–	**200**	150	–	**150**
Provisions for pensions	582	–	**582**	536	–	**536**
Other provisions	–	29	**29**	–	4	**4**
Deferred tax liabilities	–	100	**100**	–	84	**84**
Total non-current liabilities	**782**	**129**	**911**	**686**	**88**	**774**
Current liabilities						
Current interest-bearing liabilities	123	–	**123**	132	–	**132**
Accounts payable	–	1,046	**1,046**	–	896	**896**
Tax liabilities	–	35	**35**	–	68	**68**
Other liabilities	–	190	**190**	–	126	**126**
Accrued expenses and deferred income	–	541	**541**	–	453	**453**
Total current liabilities	**123**	**1,812**	**1,935**	**132**	**1,543**	**1,675**
Total liabilities	**905**	**1,941**	**2,846**	**818**	**1,631**	**2,449**
Interest-bearing net liabilities	**-834**			**-751**		

NOTE 24

EXPECTED RECOVERY PERIODS FOR ASSETS AND LIABILITIES

Group Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1)]	**27**	**1,996**	**2,023**
Tangible non-current assets[1)]	**23**	**89**	**112**
Financial non-current assets			
Shares in associated companies	–	9	**9**
Other securities held as non-current assets	–	1	**1**
Other long-term receivables	0	7	**7**
Deferred tax assets	–	104	**104**
Total non-current assets	**50**	**2,206**	**2,256**
Current assets			
Inventories	1,595		**1,595**
Tax assets	47		**47**
Accounts receivable	1,451		**1,451**
Prepaid expenses and accrued income	110		**110**
Other receivables	48		**48**
Cash and bank	63		**63**
Total current assets	**3,314**		**3,314**
Total assets	**3,364**	**2,206**	**5,570**

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	–	200	–	**200**
Provisions for pensions	21	89	472	**582**
Other provisions	–	29	–	**29**
Deferred tax liabilities	17	69	14	**100**
Total non-current liabilities	**38**	**387**	**486**	**911**
Current liabilities				
Current interest-bearing liabilities	123			**123**
Accounts payable	1,046			**1,046**
Tax liabilities	35			**35**
Other liabilities	190			**190**
Accrued expenses and deferred income	541			**541**
Total current liabilities	**1,935**			**1,935**
Total liabilities	**1,973**	**387**	**486**	**2,846**

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

NOTE 24, CONT.

Parent Company Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets1)	**0**	**0**	**0**
Tangible non-current assets1)	**0**	**0**	**0**
Financial non-current assets			
Participations in Group companies	–	704	**704**
Receivables from Group companies	–	2,285	**2,285**
Deferred tax assets	–	–	–
Total non-current assets	**0**	**2,989**	**2,989**
Current assets			
Accounts receivable	–		–
Receivables from Group companies	633		**633**
Other receivables	10		**10**
Prepaid expenses and accrued income	3		**3**
Cash and bank	1		**1**
Total current assets	**647**		**647**
Total assets	**647**	**2,989**	**3,636**

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	26	**45**
Deferred tax liabilities	–	0	–	**0**
Total provisions	**4**	**15**	**26**	**45**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		200		**200**
Liabilities to Group companies		60		**60**
Total non-current liabilities		**260**		**260**
Current liabilities				
Liabilities to credit institutions	122			**122**
Accounts payable	2			**2**
Liabilities to Group companies	696			**696**
Tax liabilities	–			–
Other liabilities	2			**2**
Accrued expenses and deferred income	22			**22**
Total current liabilities	**844**			**844**
Total provisions and liabilities	**848**	**275**	**26**	**1,149**

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

NOTE 25

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 CFO, 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, agreement and conditions governing cash pooling, pledging of the Group's assets and issuance of contingent liabilities.

FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

When needed, the Group uses financial derivative instruments to manage foreign-exchange risks and interest-rate risks that arise during operations. Derivative instruments held for hedging during the operating year comprise foreign-exchange forward contracts.

The Group identifies certain derivatives as a hedge on a highly probable forecast transaction (cash-flow hedging). These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any change in value of these instruments is recognised as equity in other comprehensive income until its underlying cash flow is reflected in profit or loss. 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 forecast 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	2016/2017	2015/2016
NOK	829	878
EUR	-27	-61
USD	-202	-260
TWD	-103	-117
DKK	70	64
PLN	38	35
CNY	-26	-31
GBP	-18	-23
JPY	-13	-5

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. Corresponding foreign-exchange forward hedging takes place for sales in foreign currencies when the costs are in local currency. The nominal amounts of outstanding foreign-exchange forward contracts as of 31 March 2017 were as follows:

MSEK Foreign-exchange contract	Nominal value as of 31 Mar 2017	Nominal value as of 31 March 2016
NOK/SEK	223	189
USD/SEK[1)]	96	163
EUR/SEK	–	6

1) Foreign-exchange forward contracts for purchase 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 3 (2) compared with the preceding year's average rates. The table below shows how much the currency translation impacted the Group's revenue.

Group	Revenue
Revenue in 2016/2017 translated to the average rate for 2015/2016	8,218
Currency translation	
NOK	32
EUR	26
Other currencies	-4
Total currency translation	**54**
Revenue in 2016/2017	**8,272**

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies were to change by 5 percent based on the 2016/2017 income statement, the effect on revenue would amount to approximately MSEK 190 (172) and on operating profit to approximately MSEK 8 (7) over a 12-month period, all other things being equal.

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

	Average rate		Balance-sheet rate	
Currency	**2016/2017**	**2015/2016**	**31 Mar 2017**	**31 Mar 2016**
DKK	1.277	1.248	1.295	1.239
EUR	9.501	9.310	9.536	9.233
GBP	11.349	12.709	11.135	11.636
NOK	1.037	1.022	1.040	0.976
PLN	2.185	2.207	2.259	2.170
TWD	0.274	0.265	0.294	0.253
USD	8.667	8.471	8.922	8.101

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 43 (-51) during the year.

NOTE 25, CONT.

Net assets in foreign subsidiaries by currency, MSEK

Currency	31 Mar 2017	31 Mar 2016
NOK	454	362
EUR	343	315
TWD	54	60
CNY	43	30
PLN	16	13
DKK	16	14

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.

At times, the Group uses different forms of interest derivatives for the purpose of managing the risk of higher market interest rates in the future.

If market interest rates were to increase by 1 percent, the impact on net interest income on an annual basis would be MSEK 3, based on the loan structure as of 1 April 2017.

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 278 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 500. 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 23.

CALCULATION OF FAIR VALUE

Derivatives

Derivatives belong to Level 2 of the fair value 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 fair value 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, the carrying amount of accounts payable and other items 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 323 (282). Overall, the average remaining maturity for both the Group's and the Parent Company's interest-bearing financial liabilities is 2.2 years (1.3 years).

Classification of financial instruments

Group	31 Mar 2017	31 Mar 2016
Financial assets		
Financial assets measured at fair value		
Shares and participations available for sale	1	1
Derivative hedging instruments	4	–
Financial assets not measured at fair value		
Loan receivables and accounts receivable		
Long-term receivables	2	2
Accounts receivable	1,451	1,232
Other receivables	44	46
Cash and cash equivalents	63	62
Total financial assets	**1,565**	**1,343**
Financial liabilities measured at fair value		
Derivative hedging instruments	–	0
Financial liabilities not measured at fair value		
Other liabilities		
Bank loans	323	282
Accounts payable	1,046	896
Other liabilities	190	125
Total financial liabilities	**1,559**	**1,303**

Parent Company	31 Mar 2017	31 Mar 2016
Financial assets		
Financial assets measured at fair value		
Derivative hedging instruments	4	–
Financial assets not measured at fair value		
Loan receivables and accounts receivable		
Receivables from Group companies	2,916	3,804
Accounts receivable	–	1
Other receivables	1	2
Total financial assets	**2,917**	**3,807**
Financial liabilities measured at fair value		
Derivative hedging instruments	–	0
Financial liabilities not measured at fair value		
Other liabilities		
Bank loans	322	282
Liabilities to Group companies	756	1,057
Accounts payable	2	1
Other liabilities	2	1
Total financial liabilities	**1,082**	**1,341**

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

NOTE 25, CONT.

Group	31 Mar 2017		Matures		
Maturity structure	**Carrying amount**	**Future payment amount**	**within 3 months**	**after 3 months within 1 year**	**after 1 year within 5 years**
Interest-bearing financial liabilities	323	335	2	326	7
Accounts payable and other non-interest-bearing financial liabilities	1,235	1,235	1,235		
Financial liabilities	**1,558**	**1,570**	**1,237**	**326**	**7**

	31 Mar 2016		Matures		
Maturity structure	**Carrying amount**	**Future payment amount**	**within 3 months**	**after 3 months within 1 year**	**after 1 year within 5 years**
Interest-bearing financial liabilities	282	292	1	135	156
Accounts payable and other non-interest-bearing financial liabilities	1,021	1,021	1,021		
Financial liabilities	**1,303**	**1,313**	**1,022**	**135**	**156**

Parent Company	31 Mar 2017		Matures		
Maturity structure	**Carrying amount**	**Future payment amount**	**within 3 months**	**after 3 months within 1 year**	**after 1 year within 5 years**
Interest-bearing financial liabilities	322	334	2	325	7
Liabilities to Group companies (excluding interest) [1]	755	755	695		60
Accounts payable and other non-interest-bearing financial liabilities	4	4	4		
Financial liabilities	**1,081**	**1,093**	**701**	**325**	**67**

	31 Mar 2016		Matures		
Maturity structure	**Carrying amount**	**Future payment amount**	**within 3 months**	**after 3 months within 1 year**	**after 1 year within 5 years**
Interest-bearing financial liabilities	282	292	1	135	156
Liabilities to Group companies (excluding interest) [1]	1,057	1,057	997		60
Accounts payable and other non-interest-bearing financial liabilities	4	4	4		
Financial liabilities	**1,343**	**1,353**	**1,002**	**135**	**216**

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	2016/2017	2015/2016
Non-current liabilities		
Bank loans	200	150
Total non-current liabilities	**200**	**150**
Current liabilities		
Committed credit facility	123	132
Current portion of bank loans	–	–
Other current interest-bearing liabilities	–	–
Total current liabilities	**123**	**132**
Total interest-bearing liabilities	**323**	**282**

					Group		Parent Company	
Bank loans					**2016/2017**	**2015/2016**	**2016/2017**	**2015/2016**
	Currency	**Nominal interest**	**Maturity**	**Nominal value**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**
Non-current liabilities								
Interest-only bank loan	SEK	1.00%	8 May 2020	200	200	150	200	150
Total non-current liabilities					**200**	**150**	**200**	**150**
Current liabilities								
Interest-only bank loan	SEK			–	–	–	–	–
Committed credit facility								
Approved credit limit					400	400	400	400
Unutilised portion					-277	-268	-278	-268
Utilised credit amount		0.48%			**123**	**132**	**122**	**132**
Total, loans from credit institutions					**323**	**282**	**322**	**282**

Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 841 (880).

NOTE 25, 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 risk

In its commercial and financial transactions, the Group is exposed to credit risks in relation to B&B TOOLS' counterparties. Credit risk or counterparty risk pertains to the risk of loss if the counterparty does not fulfil its obligations. The Group is exposed to credit risk through its financial transactions, through the investment of surplus liquidity and implementation of foreign-exchange forward contracts and in connection with accounts receivable and advance payments to suppliers in the commercial operation. The Financial Policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign-exchange forward contract subscriptions. In order to capitalise on the operating activities' knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is spread over a wide range of customers and is a good reflection of the Group's trading where the total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies. No individual customer accounts for more than 3 percent of the total credit exposure over a one-year period. To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers. The size of each customer's credit is assessed individually. A credit rating is performed for all new customers. The intention is that credit limits will reflect the customer's payment capacity. Historically, B&B TOOLS' credit losses have been low. The credit quality of the receivables that have neither matured for payment nor been impaired is deemed favourable.

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

ACCOUNTS RECEIVABLE	**Group**		**Parent Company**	
	31 Mar 2017	**31 Mar 2016**	**31 Mar 2017**	**31 Mar 2016**
Accounts receivable	1,483	1,266	–	1
Accumulated reserve for doubtful accounts receivable	-32	-34	–	–
Accounts receivable, net	**1,451**	**1,232**	**–**	**1**
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	1,349	1,122	–	1
– receivables past due by 1-30 days	83	100	–	–
– receivables past due by 31-60 days	12	14	–	–
– receivables past due by 61-90 days	8	6	–	–
– receivables past due by >90 days	31	24	–	–
Total receivables	**1,483**	**1,266**	**–**	**1**

NOTE 26

OPERATIONAL LEASING

	Group		**Parent Company**	
	2016/2017	**2015/2016**	**2016/2017**	**2015/2016**
Leases in which the Group/the Company is the lessee1)				
Non-terminable leasing fees amount to:				
Within 1 year	268	256	5	6
Between 1 and 5 years	547	635	6	8
Later than 5 years	175	205	–	–
Total	**990**	**1,096**	**11**	**14**
Expensed leasing fees for the period				
Assets held through operational leases				
Minimum leasing fees2)	291	284	6	9
Total leasing costs	**291**	**284**	**6**	**9**

1) Refer to Note 27 Pledged assets and contingent liabilities.
2) New leases were signed in conjunction with the property sales in 2013/2014 and 2016/2017.
Commitments under signed leases and leasing costs are included in the table above since after testing they were classified as operational leases.

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

NOTE 27

PLEDGED ASSETS AND CONTINGENT LIABILITIES	Group		Parent Company	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Corporate mortgages	–	–	–	–
Total pledged assets	**–**	**–**	**–**	**–**
Contingent liabilities				
Guarantees for subsidiaries[1)]			311	307
Guarantees, other	29	18	1	1
Total contingent liabilities	**29**	**18**	**312**	**308**

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 28

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

During the comparative period and the first quarter of 2015/2016, a previously concluded pension obligation for the benefit of a former CEO, who is now Chairman of the Board of B&B TOOLS AB, was conveyed to one of the Chairman's related companies. The conveyance was made on market terms. The conveyance had a positive impact of approximately MSEK 12 on the Group and the Parent Company's profit and approximately MSEK 8 on profit after taxes.

NOTE 29

GROUP COMPANIES

SPECIFICATION OF THE PARENT COMPANY'S DIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

	Corp. Reg. No.	Reg. office	No. of participations	Holding %	Carrying amount as of 31 March 2017	Carrying amount as of 31 March 2016
Tengtools AB	556616-0353	Stockholm	1,000	100	1	1
Bergman & Beving Invest AB	556706-2699	Stockholm	1,000	100	693	93
B&B TOOLS Fastigheter AB	556787-7559	Stockholm	1,000	100	10	10
Total					**704**	**104**
Carrying amount at the beginning of the year					**104**	**104**
Accumulated cost						
At the beginning of the year					104	104
Capital increase through shareholders' contributions					600	–
Carrying amount at year-end					**704**	**104**

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

	Reg. office, country	Holding % 31 Mar 2017	Holding % 31 Mar 2016
Tengtools AB	Sweden	100	100
Bergman & Beving Invest AB	Sweden	100	100
B&B TOOLS Fastigheter AB	Sweden	100	100
B&B TOOLS Business Infrastructure AB	Sweden	100	100
Bergman & Beving Operations AB	Sweden	100	100
Bergman & Beving Leo AB[1)]	Sweden	100	–
Momentum Group AB[1)]	Sweden	100	–
Momentum Group Holding AB[1)]	Sweden	100	–
Momentum Group Services AB[1)]	Sweden	100	–
ESSVE Produkter AB	Sweden	100	100
ESSVE Sverige AB	Sweden	100	100
Fireseal Products AB[1)]	Sweden	100	–
Gigant AB	Sweden	100	100
Gigant Sverige AB	Sweden	100	100
Gigant Produktion AB	Sweden	100	100
Grunda AB	Sweden	100	100
Grunda Sverige AB	Sweden	100	100
Luna AB	Sweden	100	100
Luna Sverige AB	Sweden	100	100
Tengtools International Sweden AB	Sweden	100	100
Luna International AB	Sweden	100	100
G & P Lidén Weighing AB	Sweden	100	100
Skydda Protecting People Europe AB	Sweden	100	100
Cresto AB	Sweden	100	100
Skydda i Sverige AB	Sweden	100	100
TOOLS Sverige AB	Sweden	100	100
Momentum Industrial AB	Sweden	100	100
Rörick Elektriska Verkstad AB	Sweden	100	100
Arboga Machine Tool AB[2)]	Sweden	100	–
Mercus Yrkeskläder AB	Sweden	100	100

NOTE 29, CONT.

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES, CONT.

		Holding %	
	Reg. office, country	31 Mar 2017	31 Mar 2016
Bergman & Beving Holding AB	Sweden	100	100
Bergman & Beving Development AB	Sweden	100	100
Bergman & Beving Carolix AB	Sweden	100	100
AB Carl A. Nilssons Elektriska Reparationsverkstad	Sweden	100	100
Luna Norge AS	Norway	100	100
ESSVE Norge AS	Norway	100	100
TOOLS AS	Norway	100	100
SKYDDA Norge AS	Norway	100	100
Gigant AS1)	Norway	100	–
AAK Safety AS2)	Norway	100	–
B&B Products Oy	Finland	100	100
Essve Tech Oy	Finland	100	100
Gigant Työpisteet OY	Finland	100	100
B&B TOOLS Holding FI Oy	Finland	100	100
TOOLS Finland Oy	Finland	100	100
B&B TOOLS Fastigheter Holding Oy	Finland	100	100
B&B TOOLS Fastigheter Oy	Finland	100	100
JNF Momentum Køge A/S	Denmark	100	100
Skydda Danmark AS	Denmark	100	100
ESSVE Poland Sp.z o.o.	Poland	100	100
Luna Polska Sp.z o.o.	Poland	100	100
B&B TOOLS Estonia AS	Estonia	100	100
B&B TOOLS Latvia SIA	Latvia	100	100
B&B Tools Lietuva, UAB	Lithuania	100	100
TengTools UK Limited3)	UK	100	–
TengTools Ireland Limited3)	Ireland	100	–
ESSVE Ukraine Ltd	Ukraine	100	100
B&B TOOLS (Shanghai) Co., Ltd	China	100	100

1) Company formed in 2016/2017.
2) Company acquired in 2016/2017.
3) Company formed in 2016/2017 in conjunction with the conveyance of assets and liabilities.

NOTE 30

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 264 (268), MSEK 58 (59) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 Mar 2017	31 Mar 2016
Tax allocation reserve		
Allocation 2010/2011	–	44
Allocation 2011/2012	49	49
Allocation 2012/2013	0	0
Allocation 2013/2014	45	45
Allocation 2014/2015	63	63
Allocation 2015/2016	67	67
Allocation 2016/2017	40	–
Total	**264**	**268**

NOTE 31

CASH-FLOW STATEMENT

Cash and cash equivalents	Group 31 Mar 2017	Group 31 Mar 2016	Parent Company 31 Mar 2017	Parent Company 31 Mar 2016
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	63	62	1	0
Total according to the balance sheet	63	62	1	0
Total according to the cash-flow statement	**63**	**62**	**1**	**0**

Interest paid and dividends received	Group 2016/2017	Group 2015/2016	Parent Company 2016/2017	Parent Company 2015/2016
Dividends/Group contributions received	–	–	257	393
Interest received	10	7	84	81
Interest paid	-12	-16	-15	-18
Total	**-2**	**-9**	**326**	**456**

Adjustments for non-cash items	Group 2016/2017	Group 2015/2016	Parent Company 2016/2017	Parent Company 2015/2016
Depreciation and amortisation	39	28	0	1
Impairment losses/Reversal of impairment losses	2	–	–	–
Profit from the sale of companies and facilities	0	-1	–	–
Change in reserve for items affecting comparability	62	-7	0	-1
Change in other provisions	25	0	–	–
Change in pension obligations	34	27	3	2
Hedge accounting	0	0	0	0
Adjustment for interest paid/received	0	-2	-2	-2
Other	0	-2	–	–
Total	**162**	**43**	**1**	**0**

NOTE 32

ACQUISITION OF BUSINESSES

ACQUISITIONS

In mid-March 2016, an agreement was entered into to acquire all shares in Tønsberg Maskinforretning AS ("TM"). TM is a reseller of industrial components and consumables to the industrial and construction sectors in southern Norway. TM generates annual revenue of approximately MNOK 20 and had ten employees at the time of the acquisition. Closing took place on 4 April 2016.

In mid-September 2016, an agreement was entered into to acquire the operations of IQ Supplies, one of Teng Tools' largest business partners with sales in the UK and Ireland. IQ Supplies generates annual revenue of just over MSEK 100 and has approximately 40 employees. The acquisition was carried out as a conveyance of assets and liabilities and closing took place on 3 October 2016.

In mid-October 2016, an agreement was entered into to acquire all shares in Astrup Industrivarer AS ("Astrup"). The acquisition is part of the Group's efforts to strengthen TOOLS' position as a leading supplier to Norwegian industry. Astrup generates annual revenue of approximately MNOK 240 and has some 50 employees. Closing took place on 30 November 2016.

In late December 2016, an agreement was entered into to acquire all shares in AAK Safety AS ("AAK"). AAK is the leading fall protection specialist in Norway, with annual revenue of approximately MSEK 70 and some 30 employees. Closing took place on 1 February 2017.

In late February 2017, an agreement was entered into to acquire all shares in Arboga Machine Tool AB ("AMT"). With workshops in Arboga, Sweden, AMT is a service company offering sales and repairs of ball screws and machine guarding systems as well as spindle repairs. AMT generates annual revenue of approximately MSEK 10 and has five employees. Closing took place on 1 March 2017.

During the 2015/2016 financial year, all shares in Carl A Nilsson AB were acquired and a minor acquisition of assets and liabilities took place in Norway.

Group Acquisition of subsidiaries and other business units	Astrup	Other	2016/2017 Total	2015/2016 Total
Acquired assets				
Intangible non-current assets	35	37	**72**	**6**
Other non-current assets	3	6	**9**	**–**
Inventories	41	23	**64**	**5**
Other current assets	43	17	**60**	**–**
Cash and cash equivalents	1	1	**2**	**–**
Total assets	**123**	**84**	**207**	**11**

NOTE 32, CONT.

Group Acquisition of subsidiaries and other business units	Astrup	Other	2016/2017 Total	2015/2016 Total
Acquired provisions and liabilities				
Deferred tax liability	-9	-8	-17	–
Non-current liabilities	–	-5	-5	–
Current operating liabilities	-29	-18	-47	-3
Total provisions and liabilities	**-38**	-31	**-69**	**-3**
Acquired net assets	**85**	53	**138**	**8**
Goodwill	**25**	58	**83**	**3**
Total acquired	**110**	111	**221**	**11**
Purchase consideration paid	-110	-105	**-215**	**-11**
Estimated additional purchase consideration	–	-6	**-6**	–
Total purchase consideration	**-110**	**-111**	**-221**	**-11**
Purchase consideration paid	-110	-105	**-215**	**-11**
Less: Cash and cash equivalents in acquired companies	1	1	**2**	–
Changes in cash and cash equivalents, net	**-109**	**-104**	**-213**	**-11**

NOTE 33

EVENTS AFTER THE BALANCE-SHEET DATE

The Bergman & Beving operating segment acquired all shares in Arbesko Gruppen AB in early April. With its own product development and production operations in Sweden, Arbesko is one of the strongest brands of safety and work footwear in the Nordic region. Arbesko generates annual revenue of approximately MSEK 200 and has approximately 120 employees. Closing took place on 3 April 2017. The acquisition is expected to have a marginally positive effect on B&B TOOLS' earnings per share during the 2017/18 financial year.

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

NOTE 34

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 10 Intangible non-current assets.

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 primarily calculated 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 or by applying the "first-in, first-out" (FIFO) method. 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 35

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 2016/2017 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 amounted to MSEK 2,617 at 31 March 2017, of which MSEK 237 comprised net profit.

The following amounts are at the disposal of the Annual General Meeting of the Parent Company B&B TOOLS AB:

Retained earnings	SEK 1,948,652 thousand
Net profit	SEK 130,489 thousand
	SEK 2,079,141 thousand

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

Dividend to shareholders, SEK 5.00 per share	SEK 141,261 thousand[1)]
To be brought forward	SEK 1,937,880 thousand
	SEK 2,079,141 thousand

According to the Board's assessment, the proposed dividend is justifiable in relation to the demands placed on the Group's equity due to the Group's operations, scope and risks, and in relation to the Group's consolidation requirements, liquidity and position in other respects.

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 24 August 2017.

BOARD'S ASSURANCE

The Board of Directors and the President & CEO regard this Annual Report to be prepared in accordance with generally accepted accounting policies and the consolidated financial statements in accordance with IFRS as adopted by the EU, and deem them to provide a true and fair view of the Company's and the Group's position and earnings. The Administration Report for the Parent Company and the Group gives a true and fair overview of the Company's and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group. The earnings and position of the Parent Company and the Group are presented in the income statements, balance sheets, cash-flow statements and notes included in the Annual Report.

Stockholm, 9 May 2017

Anders Börjesson
Chairman

Roger Bergqvist
Director

Fredrik Börjesson
Director

Charlotte Hansson
Director

Henrik Hedelius
Director

Gunilla Spongh
Director

Lillemor Svensson
Director – employee representative

Anette Swanemar
Director – employee representative

Ulf Lilius
President & CEO

Our auditor's report was submitted on 9 May 2017

KPMG AB

Matilda Axlind
Authorised Public Accountant

1) Calculated based on the number of shares as of 31 March 2017, and with due consideration for the 184,300 repurchased Class B shares held in treasury.

Translation of Swedish original

Auditor's report

To the General Meeting of Shareholders of B&B TOOLS AB (publ), corp. id 556034-8590

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of B&B TOOLS AB (publ) for the financial year 2016-04-01—2017-03-31. The annual accounts and consolidated accounts of the company are included on pages 1-48 and 52-53 in this document.

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 2017 and its financial performance and cash flow 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 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A Corporate Governance Report has been prepared. The statutory Administration Report and the Corporate Governance Report are consistent with the other parts of the annual accounts and consolidated accounts, and the Corporate Governance Report is in accordance with the Annual Accounts Act.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill

See disclosure 10 and 34 and accounting principles on pages 19-20 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill is MSEK 1,837 as at 31 March 2017, which represents approximately 33 percent of total assets. Annually, or if certain indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgment.

The impairment test as required by IFRS is to be performed taking into account both forecasted internal and external assumptions and plans. Examples of such judgments are future cash flows and the discount rate to be used considering that estimated future payments are subject to risk.

Response in the audit

We have obtained and assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed by IFRS.

In addition, we have assessed the reasonableness of future cash flows and discount rate by obtaining and evaluating the Group's written documentation and plans. We have also performed retrospective review over prior period estimates. An important part of our work has been to look at the Group's sensitivity analysis of their own assessment to evaluate how changes in assumptions may affect the valuation.

We have reviewed the Annual Report disclosures and assessed whether the disclosures are in line with the assumptions used by management in their valuation and that they are, in all material respects, in accordance with disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 54-59. The Board of Directors and the President & CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President & CEO

The Board of Directors and the President & CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the President & CEO are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the President & CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President & CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of the company's internal control relevant to our audit 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.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President & CEO.

– Conclude on the appropriateness of the Board of Directors' and the President & CEO's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the President & CEO of B&B TOOLS AB (publ) for the financial year 2016-04-01—2017-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the 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 President & CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the President & CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The President & CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President & CEO in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm, 9 May 2017

KPMG AB

Matilda Axlind
Authorized Public Accountant

BOARD OF DIRECTORS

Anders Börjesson

Chairman of the Board since 2012. Director since 1990. **Born:** 1948.
Education: M.Sc. Econ.
Other board assignments: Chairman of Addtech AB, Lagercrantz Group AB, Tisenhult Förvaltning AB and Tisenhult-gruppen AB. Director of Bostad Direkt Stockholm AB, Expando Electronics AB, Futuraskolan AB, Inomec AB, Northpower Stålhallar AB, Swedish Cable Trolleys AB, Tisenhult Skogar AB and Ventilationsgrossisten Nordic AB.
Work experience: President & CEO of Bergman & Beving AB.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned: 484,386 Class A shares and 6,843 Class B shares (with family) and 700,000 Class B shares (through companies).

Roger Bergqvist

Director since 2012. **Born:** 1948.
Education: Degree in market economy.
Other board assignments: Director of Corroventa AB, Lagercrantz Group AB and Ventilationsgrossisten Nordic AB.
Work experience: President & CEO of Addtech AB. Senior positions in the Bergman & Beving Group.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 30,000 Class B shares (own holding) and 10,000 Class B shares (through companies).

Fredrik Börjesson

Director since 2015. **Born:** 1978.
Education: M.Sc. Econ.
President and Director of Tisenhult-gruppen AB and Tisenhult Förvaltning AB.
Other board assignments: Chairman of Bostad Direkt Stockholm AB, Inomec AB, Kvarnängen Invest AB, Northpower Stålhallar AB, Swedish Cable Trolleys AB, Tisenhult Skogar AB and Ventilationsgrossisten Nordic AB. Director of AddLife AB, Expando Electronics AB, Futuraskolan AB, Lagercrantz Group AB and Momentum Group AB.
Work experience: Senior positions at Tisenhult-gruppen AB.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned: 14,600 Class B shares (with family) and 703,500 Class B shares (through companies).

Charlotte Hansson

Director since 2012. **Born:** 1962.
Education: M.Sc.
President of MTD KB.
Other board assignments: Chairman of Orio AB. Director of BE Group AB, DistIT AB, Momentum Group AB, PROBI AB and RenoNorden ASA.
Work experience: CEO of Jetpak Sweden. Senior positions at Jetpak, ASG/Danzas, Carl Zeiss and Beckman Coulter.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 3,800 Class B shares (own holding) and 1,200 Class B shares (through companies).

Henrik Hedelius

Director since 2015. **Born:** 1966.
Education: M.Sc. Econ.
Head of Strategy at Remium Nordic AB.
Other board assignments: Director of Mannerheim Invest Holding AB and Mind Industrial Group AB.
Work experience: Senior positions at ABN Amro, Kaupthing Bank, Storebrand Asset Management, Swedbank and other companies.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned: 7,790 Class B shares (with family).

Gunilla Spongh

Director since 2014. **Born:** 1966.
Education: M.Sc. Eng.
CFO of Preem AB.
Other board assignments: Director of AQ Group AB, Infranord AB and Momentum Group AB.
Work experience: International Business Director and CFO of Mekonomen Group. Senior positions at Cashguard, Enea and Electrolux.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 1,350 Class B shares (own holding).

Lillemor Svensson

Director since 2006. Employee representative.
Born: 1954.
Receptionist, B&B TOOLS Infrastructure AB.
Shares owned: –

Anette Swanemar

Director since 2010. Employee representative.
Born: 1959.
Production Planner, Skydda PPE AB.
Shares owned: –

Note: Information on the Board of Directors' holdings of shares pertains to circumstances as of 9 May 2017.

GROUP MANAGEMENT

Ulf Lilius

President & CEO, with overall responsibility for the Momentum Group operating segment. Employee of the Group since 2002.
Born: 1972. **Education:** B.Sc. Econ.
Work experience: President of Momentum Industrial. Senior positions at Momentum Industrial and SKF.
Shares owned: 1,344 Class A shares and 171,527 Class B shares (with family).
Call options: 13,000.

Pontus Boman

Executive Vice President, with overall responsibility for the Bergman & Beving operating segment. Employee of the Group since 2007. **Born:** 1971. **Education:** M.Sc. Eng.
Work experience: President of ESSVE Produkter. Senior positions at B&B TOOLS, Accenture and Boston Consulting Group (BCG).
Shares owned: 38,145 Class B shares (own holding).
Call options: 10,000.

Peter Schön

Chief Financial Officer. Employee of the Group since 2017.
Born: 1969. **Education:** M.Sc. Econ.
Work experience: Senior positions at Netonnet Group, ProfilGruppen, Brio, Alstom and other companies.
Shares owned: –

AUDITORS KPMG AB

Matilda Axlind

Authorised Public Accountant. Stockholm, born 1976. Matilda Axlind has been B&B TOOLS AB's auditor since 2011 and Auditor in Charge since 2016.

During 2016/2017, KPMG AB conducted audit assignments for approximately 20 percent of the companies listed on Nasdaq Stockholm.

Note: Information on Group management's holdings of shares pertains to circumstances as of 9 May 2017.

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 1,480. The share price rose 28 percent during the year, and at the end of the operating year, B&B TOOLS had a market capitalisation of MSEK 5,460.

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 2016/2017

During the period from 1 April 2016 to 31 March 2017, the market price of the B&B TOOLS share increased 28 percent to SEK 192.00, which was the final paid price on 31 March 2017. During the same period, OMX Stockholm rose 16 percent. The highest and lowest prices paid during the operating year were SEK 212.00 (quoted on 7 February 2017) and SEK 146.75 (quoted on 12 April 2016), respectively.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to 32 percent during 2016/2017. The SIX Return Index of the Stockholm Stock Exchange (SIXRX) was 21 percent during the same period.

As of 31 March 2017, B&B TOOLS' total market capitalisation amounted to MSEK 5,460 (4,251). During the year, 8.1 million shares (11.3) in B&B TOOLS were traded, at a total value of MSEK 1,480 (1,407). Calculated on the total number of Class B shares outstanding, this corresponds to a turnover rate of 30 percent (42). Broken down by trading day, an average of approximately 31,700 (45,400) B&B TOOLS shares were traded each day, at an average value of MSEK 5.8 (5.6).

SHARE CAPITAL

As of 31 March 2017, the share capital amounted to MSEK 57. The total number of shares was 28,436,416, of which 1,063,780 were Class A shares and 27,372,636 were Class B shares. The quotient value is SEK 2.00 per share. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares carry equal rights to the Company's assets, earnings and dividends. Only the Class B share is listed on the Stockholm Stock Exchange. A conversion provision in the Articles of Association allows for conversion of class A shares into class B shares.

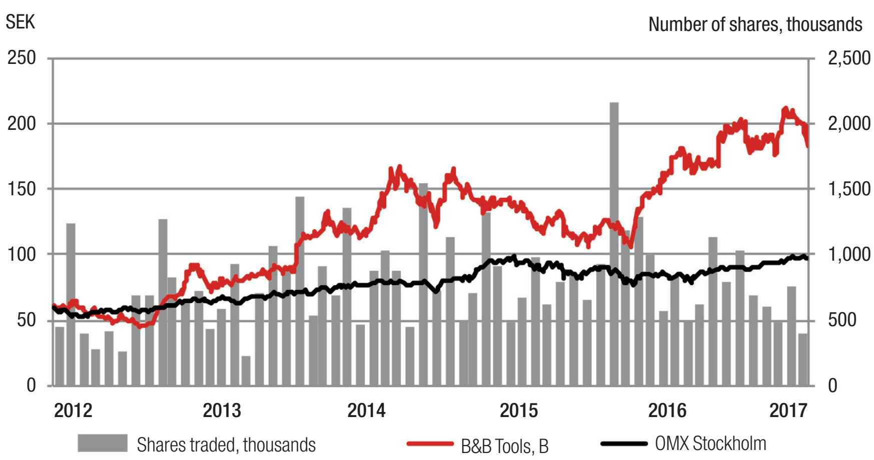
During the 2016/2017 operating year, there were no changes in the total number of shares.

REPURCHASE OF OWN SHARES

Accordingly, the number of Class B shares held in treasury as of 31 March 2017 amounted to 184,300 (340,000), corresponding to 0.6 percent of the total number of shares and 0.5 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 2017 totalled a net amount of 28,252,116.

Of the total number of shares held in treasury, 182,300 Class B shares were reserved to cover the Company's obligations to the holders of B&B TOOLS' call options for repurchased Class B shares.

SHARE PRICE DEVELOPMENT 2012-2017



HISTORICAL DATA FOR THE B&B TOOLS SHARE

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Share price as of 31 March, SEK	192.00	149.50	141.00	119.00	85.00
Market capitalisation as of 31 March, MSEK	5,460	4,251	4,010	3,384	2,417
Dividend, SEK	5.00[1]	5.00	4.00	3.50	3.00
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	5,452	5,372	5,386	4,118	4,161
Highest share price during the operating year, SEK	212.00	150.50	168.00	133.00	93.00
Lowest share price during the operating year, SEK	146.75	106.00	110.75	71.50	43.90
Dividend yield[2], %	2.6[1]	3.3	2.8	2.9	3.5

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

As of 31 March 2017, B&B TOOLS AB had two outstanding call option programmes totalling 182,300 Class B shares. The programmes were targeted at some 15 senior managers in the Group. The redemption price for call options issued in connection with the share-based incentive programme for 2013 was SEK 101.90 and the redemption period was from 12 September 2016 until 9 June 2017, inclusive. The redemption price for call options issued in connection with the share-based incentive programme for 2014 is SEK 176.50 and the redemption period is from 11 September 2017 until 8 June 2018, inclusive. After the end of the financial year in April 2017, the 2013 share-based incentive programme was concluded through the redemption of the remaining 13,300 call options in the programme.

For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 23-25.

DIVIDEND

The dividend proposed by the Board of Directors for the 2016/2017 operating year is SEK 5.00 (5.00) per share, corresponding to a total of MSEK 141 (140). The pay-out ratio is 60 percent (39) of earnings per share.

Over the past ten years (since 2007/2008), the average pay-out ratio, including the proposed dividend for the year, amounted to approximately 39 percent of earnings per share.

SHAREHOLDER STRUCTURE

As of 31 March 2017, B&B TOOLS AB had 5,452 shareholders (5,372). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 79 percent (78) of the total number of shares. The proportion of foreign ownership is approximately 31 percent (31) of the total number of shares. The table below shows the ownership structure on 31 March 2017.

ADDITIONAL INFORMATION

B&B TOOLS' website (www.bbtools.com) is regularly updated with information concerning the share price, ownership changes and the shareholdings and participation in share-based incentive programmes of the Board and Group management. The website also provides information about the analysts covering B&B TOOLS.

CLASSES OF SHARES AS OF 31 MARCH 2017[1)]

		Proportion of	
	No. of shares	capital	votes
Class A shares	1,063,780	3.8%	28.1%
Class B shares	27,188,336	96.2%	71.9%
	28,252,116	**100.0%**	**100.0%**
Repurchased Class B shares	184,300		
Total number of shares outstanding	**28,436,416**		

1) Source: Euroclear Sweden.

OWNERSHIP STRUCTURE AS OF 31 MARCH 2017[1)]

	Owners		Shares	
Size class no. of shares	Number	% of total	Number	% of total
1–500	3,991	73.2%	533,564	1.9%
501–1,000	595	10.9%	487,118	1.7%
1,001–5,000	529	9.7%	1,238,511	4.4%
5,001–10,000	113	2.1%	839,007	3.0%
10,001–50,000	143	2.6%	2,948,959	10.4%
50,001–100,000	31	0.6%	2,244,692	7.9%
100,001–	50	0.9%	19,960,265	70.7%
Total	**5,452**	**100.0%**	**28,252,116**	**100.0%**

1) Source: Euroclear Sweden.

MAJOR SHAREHOLDERS AS OF 31 MARCH 2017[1)]

	No. of		% of	
	Class A shares	Class B shares	Capital	Votes
Anders Börjesson (with family and companies)	484,386	706,843	4.2%	14.7%
Tom Hedelius	484,386		1.7%	12.8%
Swedbank Robur funds		2,854,159	10.1%	7.5%
SEB Funds		2,841,504	10.1%	7.5%
SHB Pension Fund Insurance Association		1,390,000	4.9%	3.7%
Fourth AP Fund		1,141,290	4.0%	3.0%
Sandrew Aktiebolag		800,000	2.8%	2.1%
Handelsbanken Funds		725,000	2.6%	1.9%
Nordea Funds		648,778	2.3%	1.7%
MSIL IPB Client Account		567,902	2.0%	1.5%
Fidelity Puritan Trust		525,000	1.9%	1.4%
Fondita Nordic Micro Cap SR		455,000	1.6%	1.2%
CBNY-DFA International Small Cap		438,504	1.6%	1.2%
Försäkringsaktiebolaget Avanza Pension		390,071	1.4%	1.0%
Other	95,008	13,704,285	48.8%	38.8%
	1,063,780	**27,188,336**	**100.0%**	**100.0%**
Additional: Repurchased Class B shares		184,300		
Total	**1,063,780**	**27,372,636**	**100.0%**	**100.0%**

1) Source: Euroclear Sweden.

TEN-YEAR SUMMARY

MSEK	2016/2017	15/16	14/15	13/14	12/13 1)	11/12 1)	10/11 1)	09/10	08/09	07/08
Earnings information										
Revenue	8,272	7,821	7,903	7,648	7,666	8,201	7,885	7,648	9,325	9,133
Shares of profit in associated companies	-2	0	0	0	0	1	1	1	1	1
Other operating income	8	34	48	15	8 3)	6 4)	8	5	39	12
Total operating income	**8,278**	**7,855**	**7,951**	**7,663**	**7,674**	**8,208**	**7,894**	**7,654**	**9,365**	**9,146**
Operating expenses, excluding items affecting comparability	-7,807	-7,384	-7,501	-7,323	-7,436	-7,791	-7,547	-7,393	-8,743	-8,472
of which, depreciation/amortisation and impairment losses	-39	-28	-28	-45	-66	-67	-65	-69	-63	-67
Operating profit, excluding items affecting comparability	471	471	450	340	238	417	347	261	622	674
Items affecting comparability	-148	15	–	–	51 3)	-8 4)	–	–	-111	–
Operating profit, including items affecting comparability	323	486	450	340	289	409	347	261	511	674
Financial income and expenses	-15	-18	-42	-54	-73	-91	-67	-68	-108	-74
Profit after financial items	308	468	408	286	216	318	280	193	403	600
Taxes	-71	-106	-102	-72	6	-91	-86	-59	-112	-168
Net profit	**237**	**362**	**306**	**214**	**222**	**227**	**194**	**134**	**291**	**432**
Of which, attributable to:										
Parent Company shareholders	237	362	306	214	222	227	194	134	285	421
Non-controlling interest	–	–	–	–	–	0	0	0	6	11
Balance information										
Intangible non-current assets	2,023	1,821	1,803	1,792	1,781	1,815	1,813	1,857	1,913	1,755
Tangible non-current assets	112	100	113	208	252	407	472	505	545	529
Financial non-current assets	121	104	138	118	139	158	149	124	146	110
Inventories	1,595	1,505	1,525	1,414	1,443	1,684	1,523	1,458	1,768	1,667
Current receivables	1,656	1,448	1,493	1,509	1,410	1,471	1,389	1,340	1,439	1,570
Cash and cash equivalents	63	62	57	53	214	85	92	209	209	226
Total assets	**5,570**	**5,040**	**5,129**	**5,094**	**5,239**	**5,620**	**5,438**	**5,493**	**6,020**	**5,857**
Equity attributable to Parent Company shareholders	2,724	2,591	2,326	2,203	2,065	1,950	1,840	1,769	1,739	1,551
Non-controlling interest	–	–	–	–	–	0	0	0	18	20
Total equity	**2,724**	**2,591**	**2,326**	**2,203**	**2,065**	**1,950**	**1,840**	**1,769**	**1,757**	**1,571**
Interest-bearing liabilities	905	818	1,218	1,326	1,597	1,962	1,911	1,952	2,179	2,008
Non-interest-bearing liabilities and provisions	1,941	1,631	1,585	1,565	1,577	1,708	1,687	1,772	2,084	2,278
Total equity and liabilities	**5,570**	**5,040**	**5,129**	**5,094**	**5,239**	**5,620**	**5,438**	**5,493**	**6,020**	**5,857**
Capital employed	3,629	3,409	3,544	3,529	3,662	3,912	3,751	3,721	3,936	3,579
Operational net loan liability 2)	-260	-217	-530	-819	-914	-1,414	-1,407	-1,734	-1,959	-1,769

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) Items affecting comparability include MSEK +245 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.
4) Items affecting comparability include MSEK +31 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.

	2016/2017	15/16	14/15	13/14	12/13	11/12	10/11	09/10	08/09	07/08
Key financial ratios										
Operating margin, %	3.9	6.2	5.7	4.4	3.8	5.0	4.4	3.4	5.5	7.4
Profit margin, %	3.7	6.0	5.2	3.7	2.8	3.9	3.6	2.5	4.3	6.6
Return on total capital, %	6	10	9	7	5	7	6	5	9	14
Return on capital employed, %	9	14	13	10	8	11	9	7	14	23
Return on equity, %	9	15	14	10	11	12	11	8	17	31
Ditto, excluding items affecting comparability, %	14	14	14	10	6	12	11	8	22	31
Return on equity after dilution, %	9	15	14	10	11	12	11	8	17	31
Equity/assets ratio, %	49	51	45	43	39	35	34	32	29	27
Other data										
Number of employees at the end of the period	2,638	2,623	2,682	2,655	2,780	2,880	2,840	2,844	3,183	3,315
Average no. of employees	2,641	2,673	2,667	2,724	2,827	2,861	2,837	2,980	3,333	2,987
Cash flow from operating activities, MSEK	406	493	330	210	262	114	103	368	377	360
Per-share data										
Earnings, SEK	8.40	12.90	10.90	7.60	7.90	8.10	6.90	4.80	10.20	15.10
Earnings after dilution, SEK	8.40	12.85	10.85	7.60	7.90	8.10	6.90	4.80	10.20	15.00
Cash flow from operating activities, SEK	14.45	17.55	11.75	7.45	9.30	4.05	3.65	13.20	13.50	12.90
Ditto, after dilution, SEK	14.40	17.55	11.75	7.45	9.30	4.05	3.65	13.15	13.45	12.80
Equity, SEK	96.80	92.20	82.80	78.40	73.50	69.40	65.50	63.05	62.35	55.60
Equity after dilution, SEK	96.80	92.25	82.65	78.40	73.50	69.40	65.50	63.00	62.10	55.20
Share price at 31 March, SEK	192.0	149.50	141.00	119.00	85.00	59.25	113.50	105.75	44.20	173.50
Dividend, SEK	5.00[5)]	5.00	4.00	3.50	3.00	3.00	3.00	2.50	2.50	5.00
Other share-related data										
Share price/equity, %	198	162	170	152	116	85	173	168	71	312
Share price/equity after dilution, %	198	162	171	152	116	85	173	168	71	314
Price/earnings ratio, multiple	23	12	13	16	11	7	16	22	4	11
Price/earnings ratio after dilution, multiple	23	12	13	16	11	7	16	22	4	12
Dividend yield, %	2.6[5)]	3.3	2.8	2.9	3.5	5.1	2.6	2.4	5.7	2.9

5) As proposed by the Board of Directors.

CALCULATION OF PERFORMANCE MEASURES AND DEFINITIONS

B&B TOOLS AB uses certain financial performance measures in its analysis of the operations and their performance that are not calculated in accordance with IFRS. The Company believes that these performance measures provide valuable information for investors, since they enable a more accurate assessment of current trends when combined with other key financial ratios calculated in accordance with IFRS. Since listed companies do not always calculate these performance measures ratios in the same way, there is no guarantee that the information is comparable with other companies' performance measures of the same name.

CHANGE IN REVENUE

Comparable units refer to sales in local currency from units that were part of the Group during the current period and the entire corresponding period in the preceding year. Trading days refer to sales in local currency depending on the difference the number of trading days compared with the comparative period. Other units refer to the acquisition or divestment of units during the corresponding period.

Change in revenue for	2016/2017	2015/2016
Comparable units in local currency	0.5%	0.1%
Currency effects	0.7%	- 1.4%
Number of trading days	2.6%	0.2%
Other units	2.0%	0.1%
Total – change	**5.8%**	**- 1.0%**

ADJUSTED OPERATING PROFIT

Operating profit for the period adjusted for items affecting comparability. Items affecting comparability include revenue and expenses that do not arise regularly in the operating activities. Items affecting comparability for the period include a reserve for structural measures and costs for establishing two independent operating segments; and items affecting comparability for the comparative period include revenue from the sale of properties and conveyance of a pension obligation.

MSEK	2016/2017	2015/2016
Adjusted operating profit	**471**	**471**
Restructuring programme	-94	–
Costs for establishment of two independent operating segments	-54	–
Other items affecting comparability	–	15
Operating profit	**323**	**486**

RETURN ON WORKING CAPITAL (P/WC)

B&B TOOLS's profitability target is for each unit in the Group to achieve profitability of at least 45 percent, measured as EBITA (P) for the rolling 12-month period as a percentage of average 12 months' working capital (WC), defined as inventories plus accounts receivable less accounts payable.

	2016/2017	2015/2016
EBITA (P), MSEK	**327**	**486**
Average working capital (WC)		
Inventories, MSEK	1,550	1,514
Accounts receivable, MSEK	1,304	1,200
Accounts payable, MSEK	- 956	- 841
Total – average WC	**1,898**	**1,873**
P/WC	**17%**	**26%**

OTHER DEFINITIONS

Adjusted operating margin
Operating profit for the period excluding items affecting comparability as a percentage of revenue.

Cash flow per share
Cash flow for the rolling 12-month period from operating activities divided by the weighted number of shares.

Earnings per share
Net profit attributable to the Parent Company shareholders divided by the weighted number of shares.

EBITA
Operating profit for the period before impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

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 period.

Operating margin
Operating profit for the period as a percentage of revenue.

Operational net loan liability
Interest-bearing liabilities excluding provisions for pensions less cash and cash equivalents.

Profit margin
Profit after financial items as a percentage of revenue.

Return on capital employed
Profit after financial items plus financial expenses for the rolling 12-month period divided by the average balance-sheet total less non-interest-bearing liabilities.

Return on equity
Net profit for the rolling 12-month period divided by average equity.

Weighted number of shares
Average number of shares outstanding before or after dilution. Shares held by B&B TOOLS are not included in the number of shares outstanding. Dilution effects arise due to call options that can be settled using shares in share-based incentive programmes. The call options have a dilution effect when the average share price during the period is higher than the redemption price of the call options.

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

PRODUCTION: BYN KOMMUNIKATIONSBYRÅ IN COLLABORATION WITH B&B TOOLS.
TRANSLATION: THE BUGLI COMPANY.

B&B TOOLS AB (publ)

Address: Box 10024, Linnégatan 18, SE-100 55 Stockholm, Sweden
Telephone: +46 10 454 77 00 **Fax:** +46 10 454 77 01
E-mail: info@bbtools.com **Corp. Reg. No.** 556034-8590

www.bbtools.com