B&B TOOLS

ANNUAL REPORT 2013/14

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B&B TOOLS IS THE NORDIC REGION'S LARGEST SUPPLIER OF INDUSTRIAL CONSUMABLES AND INDUSTRIAL COMPONENTS

B&B TOOLS was founded in 1906 and is today the largest supplier of industrial consumables, industrial components and related services for the industrial and construction sectors in the Nordic region. The Group's business concept is to make customers' everyday operations *easier, safer* and *more profitable*. Its main geographic markets are Sweden, Norway and Finland.

The Group has approximately 2,700 employees in 12 countries and annual revenue of approximately MSEK 7,600.

B&B TOOLS AB's statutory Annual Report comprises pages 16–64. These pages have been reviewed by the Company's auditors in accordance with the Auditor's Report on page 65.

THE YEAR IN BRIEF

REVENUE AMOUNTED TO

MSEK 7,648

OPERATING PROFIT INCREASED BY

18% to MSEK 340

NET PROFIT FOR THE YEAR AFTER TAXES TOTALLED

MSEK 214

EARNINGS PER SHARE AMOUNTED TO

SEK 7.60

RETURN ON WORKING CAPITAL (P/WC) WAS

20%

PROPOSED DIVIDEND OF

SEK 3.50

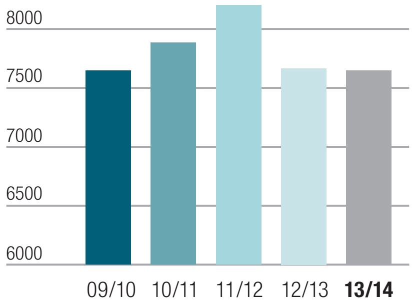
PER SHARE

GROUP IN FIGURES	2013/2014	2012/2013	CHANGE
Revenue, MSEK	7,648	7,666	0%
Operating profit, MSEK	340	289	+18%
of which, non-recurring items	–	*+51*	
Profit before taxes, MSEK	286	216	+32%
Net profit for the year, MSEK	214	222	-4%
PER SHARE, SEK			
Net profit for the year	7.60	7.90	-4%
Cash flow from operating activities	7.45	9.30	-20%
Equity	78.40	73.50	+7%
Dividend	3.50[1)]	3.00	+17%
Operating margin, %	4.4	3.8	
Return on working capital (P/WC), %	20	15	
Return on equity, %	10	11	
Equity/assets ratio, %	43	39	
Number of employees at year-end	2,655	2,780	-4%

1) As proposed by the Board of Directors.

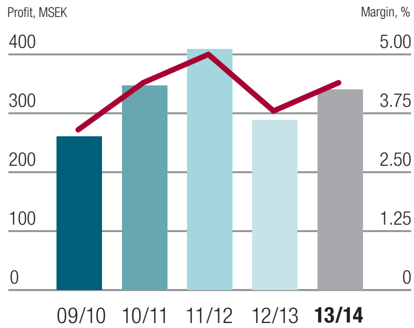
MULTI-YEAR SUMMARY

REVENUE, MSEK



Between 2005 and 2008, B&B TOOLS grew substantially, both organically and through numerous acquisitions (with more than SEK 5 billion in revenue). However, starting in autumn 2008, the Group's sales trend was impacted negatively by the sharp economic decline experienced by the Nordic industrial sector. During the 2013/2014 operating year, demand remained cautious and revenue for comparable units, measured in local currency, was largely unchanged.

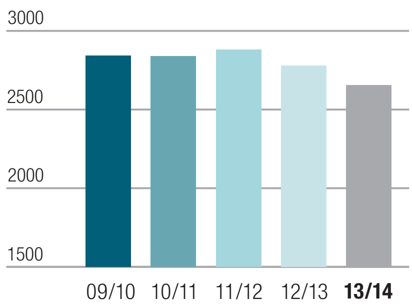
OPERATING PROFIT AND OPERATING MARGIN*



The severe economic slowdown experienced in the Nordic industrial sector starting in autumn 2008 had an adverse effect on B&B TOOLS' operating profit. The Group implemented cost-saving measures, focusing on streamlining the operations by introducing new shared IT and logistics solutions, reducing the number of employees and reducing costs. Operating profit for the 2013/2014 operating year increased 18 percent.

* Including non-recurring items.

NUMBER OF EMPLOYEES AT THE END OF THE OPERATING YEAR



Through strong organic growth and acquisitions, the number of employees in the B&B TOOLS Group grew substantially in the years until 2008. Cost-saving measures implemented after autumn 2008 resulted in a reduction in the number of employees in the Group by approximately 600 people. The number of employees during the 2013/2014 operating year declined by 125.

OUR FUNDAMENTAL REQUIREMENTS FOR GROWTH, PROFITABILITY AND DEVELOPMENT CREATE OPPORTUNITIES FOR THE FUTURE

The 2013/2014 operating year was an eventful and important year for the B&B TOOLS Group. During the year, we had the opportunity to focus even more intently on our customers, as well as on our future growth, profitability and development.

2013/2014 OPERATING YEAR

The market situation for our units varied depending on geography and customer segment. Most of our business areas (with sales primarily conducted via resellers) reported a positive trend – partly due to strong demand in the construction material market. Momentum and TOOLS Norway also performed well, while demand for TOOLS Finland and TOOLS Sweden remained cautious. Our brands, which include ESSVE (fastening elements), Teng Tools (hand tools) and Guide (gloves), strengthened their market positions.

Our efforts to reduce the Group's working capital continued through a reduction in inventories. In addition, property sales freed up capital to reduce the Group's debt and enabled continued investments in the operations.

Overall, the Group delivered stronger profits as a result of growth in certain areas of the operations, as well as through efficiency enhancement and reduced costs.

Cash flow from operating activities remained strong during the year and our profitability, defined as operating profit in relation to working capital (P/WC), increased to 20 percent (15). The long-term objective is to achieve a P/WC of at least 45 percent.

"One of the most important keys to our future success is the decentralisation of responsibility"

OUR FUTURE GROWTH, PROFITABILITY AND DEVELOPMENT

During the year, we established clear guidelines for the future, which together serve as a framework for all of our businesses and their decentralised responsibility for achieving our business objective of P/WC > 45 percent. Based on these guidelines, we have jointly determined who will be responsible for what.

The aim is for each unit to use this framework to meet our three fundamental requirements of *growth, profitability and development* in its own daily operations, with a focus on simplicity and freedom coupled with responsibility.

- **Growth** – new business, customers and products
- **Profitability** – financing our continuing development
- **Development** – better than yesterday!

The focus of the individual business depends on its profitability (P/WC) in relation to the Group's so-called focus model (which is presented in more detail on page 5). In brief, the model specifies that profitable units are to prioritise growth while maintaining their profitability, while less profitable areas are to prioritise activities that help them achieve the profitability targets. Development is a top priority for everyone in the Group at all times.

Our "local heroes" make the difference

B&B TOOLS has many "local heroes" whose daily contributions benefit our customers, our operations and our future development – not only in our stores, but also on site at our customers' operations, at our central warehouses and in other areas of the Group. The commitment, know-how and experience that I encounter in our businesses makes me really proud and happy. One of the most important keys to our future success is therefore the *decentralisation of responsibility* for customer transactions and profitability. With our new shared framework, we have created an even better tool that can be used by our "local heroes" in their daily work and in turn will be reflected in our future profitability and growth.

On that note, I would like to thank all of our employees in the Group – all of our "local heroes" – for your outstanding efforts during the year!

2014/2015 OPERATING YEAR

I look forward to a new, exciting operating year in 2014/2015 – together with our customers, suppliers, colleagues and shareholders.

Our main focus during the year will be on achieving growth through the capturing of market shares in our various customer segments and market channels. We also see growth opportunities for new products and service offerings.

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

Stockholm, June 2014

Ulf Lilius
PRESIDENT & CEO

VISION, BUSINESS CONCEPT, OBJECTIVES & STRATEGIES

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

B&B TOOLS IN BRIEF

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

The Group comprises two operating segments – Business Areas and TOOLS / Momentum – as well as shared functions for administration, logistics and IT. Each operating segment currently includes nine operating areas.

Business Areas – sales via resellers

The Group's Business Areas – Luna (tools & machinery), Skydda (personal protective equipment), ESSVE (fastening elements), Grunda (industrial and construction consumables) and Gigant (workplace equipment) – develop competitive product and service solutions in various application areas. Industrial customers are reached through the Group's own market channel, TOOLS, which accounts for approximately 50 percent of the business areas' combined sales. Other submarkets, such as construction customers, are offered solutions via other specialised reseller chains and independent resellers.

TOOLS / Momentum – sales directly to end customers

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

Infrastructure, logistics and IT

The Group's supply chain (logistics), IT and product information functions form a unit known as Business infrastructure. B&B TOOLS invests continuously in both IT and logistics and aims to continue streamlining all processes and ensuring that the products and information are available where and when necessary. TOOLS Online offers TOOLS' customers efficient and straightforward online shopping and the business areas' Toolstore is one of the Nordic region's leading e-commerce portals. The Group's logistics operations are currently based in two hubs located in Alingsås and Ulricehamn, from which all inventory/logistics and IT services are coordinated.

NORDIC MARKET FOR INDUSTRIAL CONSUMANBLES AND COMPONENTS

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

Customers

The Group's customers are active in all industrial segments and in such areas as the offshore, construction, civil engineering, property maintenance, public administration and defence sectors. The Industrial sector accounts for approximately 65 percent of the Group's total sales, the Construction sector for 20 percent, the Do-it-yourself (DIY)/private market for 5 percent and Other sectors for approximately 10 percent.

Competitors

B&B TOOLS' main competitors in the Nordic region are Ahlsell and Würth, as well as Tess and Albert E. Olsen in Norway and Etra in Finland.

Read more about the Group's operating areas on pages 8–15.

B&B TOOLS VISION: *"The best choice for customers"*

The B&B TOOLS Group established a shared vision in autumn 2013 – a vision designed to guide the Group's operations in both the short and long term. The phrase "best choice" is an indication that B&B TOOLS always focuses on understanding customer requirements and – based on the situation and specific needs involved – offering an optimum solution for the customer. The Group also aims to be the best at what it does, a reflection that the units in B&B TOOLS are premium suppliers with a high level of expertise and the ability to differentiate themselves by offering various customer value advantages.

B&B TOOLS BUSINESS CONCEPT: *"We aim to make our customers' everyday operations easier, safer and more profitable"*

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

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

B&B TOOLS BUSINESS OBJECTIVE:
"P/WC > 45% per unit"

B&B TOOLS' internal profitability target, measured as P/WC, applies to the Group as a whole, as well as all of the Group's operating units. P/WC refers to operating profit in relation to utilised working capital* and the goal is for P/WC to amount to at least 45 percent per year for each individual unit. Having a P/WC of at least 45 percent helps finance the Group's future development, as well as the shareholders' return requirement.

All activities that take place throughout the Group are linked to this objective, with a specific focus on optimising six basic parameters:

PROFIT:
1. Revenue
2. Contribution ratio
3. Cost

WORKING CAPITAL:
4. Inventories
5. Accounts receivable
6. Accounts payable

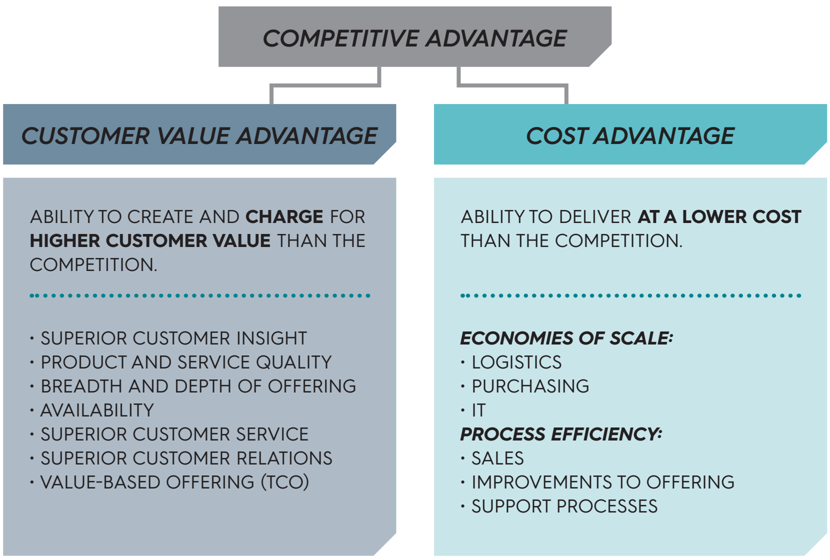
All employees in the B&B TOOLS Group have the ability to impact at least one of these parameters – for example, by selling more, reducing purchasing costs, working in a cost conscious manner and having less inventory in stock. Individually, but mainly in combination, these six parameters thus generate a solid source of leverage for each operating unit that can be deployed to bolster their profitability. Each unit is also responsible for establishing its own business plans, which are then broken down into tangible action plans for the individual employee based on the profitability level achieved according to B&B TOOLS' focus model.

** Calculated as inventories plus accounts receivable less accounts payable.*

B&B TOOLS' FOCUS MODEL

The Group's model specifies that profitable units are to prioritise growth while maintaining their profitability, whereas less profitable areas are to prioritise activities that help them achieve the profitability targets.

B&B TOOLS' STRATEGIES:
Value rather than price as a competitive advantage



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

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

EMPLOYEES – ATTITUDE, PERFORMANCE AND RESPONSIBILITY

B&B TOOLS aims to be seen as an attractive employer by all current, potential and former employees. This means that all managers and employees must maintain a professional attitude to all HR activities and work in accordance with clear guidelines.

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

FOCUS AREAS

B&B TOOLS currently has four HR focus areas:

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

The Group conducts regular employee surveys designed to find out what employees think of B&B TOOLS as an employer, the work climate and leadership.

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

Market-based terms and conditions

To ensure its ability to attract, recruit, develop and retain the best employees in the industry, B&B TOOLS must be able to offer exciting work duties and positions, as well as competitive employment terms and a well-functioning work environment. The Group conducts regular harmonisations and adaptations to the prevailing market terms. In order to further improve the work environment, the Group offers training for managers in both formal and practical areas with the aim of ensuring that the Group's businesses offer a healthy and functional work environment.

Efficient staffing

Efficient staffing ensures that new employees can quickly find their place in the organisation and facilitates internal mobility in the Group. Among other initiatives, a joint introduction package has been developed for new employees. Current staffing processes are largely shared throughout the Group. Internal mobility has increased in recent years due to "open" appointments of vacancies within the Group, which has helped put the right person in the right place and increased opportunities for career development.

Performance and competence

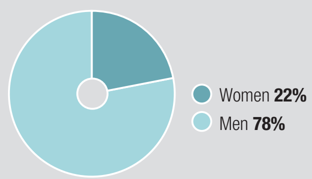
While employees are expected to satisfy the requirements of their professional role, they also have the opportunity to receive active support in order to continuously improve their competence and performance. Managers in the Group have undergone leadership training in setting goals, giving feedback, and recognising and improving performance and competence.

Shared culture

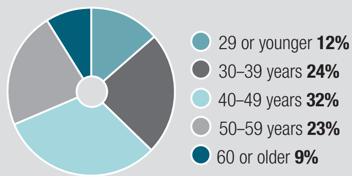
In order to develop its operations, the Group must achieve a joint corporate culture in which the organisation and employees share the same values. These values are included in the development talks held between the managers and employees. The Group's intranet, InSight, is a natural part of the corporate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

GROUP EMPLOYEES:

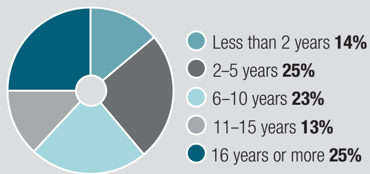
DISTRIBUTION BY GENDER



DISTRIBUTION BY AGE



LENGTH OF EMPLOYMENT



WILLINGNESS TO TAKE PERSONAL REPSONSIBILITY

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

Ulf Lilius
President & CEO

CORPORATE RESPONSIBILITY INCREASES COMPETITIVENESS

STAKEHOLDER MODEL – FOUR SATISFIED GROUPS

By focusing on corporate responsibility, B&B TOOLS strives to create value for all of the Group's stakeholders.

+

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

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

+

SATISFIED BUSINESS PARTNERS
Develop strong offerings for all of the Group's market channels. Achieve competitive purchasing terms based on the Group's strong market position and secure efficient purchasing and sales processes for the purpose of creating close and long-term partnerships. Act professionally, honestly and ethically correct in all of these pursuits, based on the Group's Code of Conduct.

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

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SOCIAL RESPONSIBILITY
Conduct business as a responsible member of society, comply with relevant laws in the countries where B&B TOOLS currently operates, promote health and safety, respect human rights, and take responsibility for improving the environment with the aim of achieving sustainable development.

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

B&B TOOLS considers corporate responsibility to be a natural commitment and strives to participate in an open, objective and transparent dialogue with all stakeholders regarding its operations. The Group's responsibility is widespread and spans four different areas:

- **Financial responsibility** – an orderly approach, accurate reporting and accounting, as well as internal and external auditing.
- **Environmental responsibility** – environmental awareness, lifecycle analysis and sustainable resource usage (for such purposes as packaging solutions and transportation).
- **Social responsibility** – satisfied employees, diversity and community involvement.
- **Ethical responsibility** – values, business ethics, Code of Conduct, human rights, production monitoring and product liability.

The Parent Company's Board of Directors establishes policies every year for such areas as environmental responsibility, occupational health and safety, quality and social responsibility. The Group's units adapt their goals and action plans to these policies.

Several of the Group's businesses are environmentally and quality certified. Since spring 2012, the Group's business areas and business infrastructure unit (supply chain and IT) have held what is known as a multisite certificate for environmental (ISO 14001), occupational health and safety (OHASA 18001) and quality (ISO 9001) management. TOOLS uses a shared quality and environmental management system for the chain's members, most of which are certified in accordance with ISO 9001 and ISO 14001, as is Momentum.

The Group continuously endeavours to raise the awareness and involvement of its employees with regard to sustainability issues. Sustainability activities are led by Group management, with support from a network of environmental, quality and work environment managers in the Group. This network makes it easier to establish contact, transfer skills and share experiences.

THE GROUP'S ETHICAL GUIDELINES

B&B TOOLS' Code of Conduct pertains to all employees in the Group and underlines the importance of ethically correct behaviour and respect for human rights. The Code of Conduct also makes demands on suppliers, including proof of compliance with the relevant laws in their particular country and the intentions of the Code of Conduct. These supplier requirements are further clarified in a separate Supplier Code of Conduct and via an online tool that allows suppliers to perform a self-assessment of how well they have complied with requirements and guidelines for sustainability. The Group also conducts regular factory audits, during which the factories are inspected on site. These inspections are performed by B&B TOOLS' staff, as well as third parties and focus on quality, the environment, social conditions, occupational health and safety, and ethics. This work strengthens the collaboration between B&B TOOLS and its suppliers.

ENVIRONMENT

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

Luna

	2013/2014	2012/2013
Revenue, MSEK	1,071	1,057
Average number of employees	235	238

CUSTOMER SEGMENTS (END CUSTOMERS)

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

Stefan Lind
CEO OF LUNA

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

By combining well-packaged, clear category concepts comprising strong brands and a market-leading product breadth, we are able to offer adapted offerings to meet most needs. By providing added value in the form of expertise, we help make our customers' operations easier and more profitable.

HOW DO YOU PLAN TO STRENGTHEN YOUR MARKET POSITION?

The single most important factor is having the presence and relationships needed to increase our volumes. Geographically speaking, we continue to focus on strengthening our position in our main markets. For Teng Tools, we have also identified additional international expansion opportunities.

HOW WOULD YOU DESCRIBE THE PAST YEAR?

The fact that revenue and earnings increased in the majority of our markets is very positive. I am also pleased with our progress in our efforts to clarify and develop our offering. The continued development of Teng Tools development will also be important for our future performance.

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

OPERATIONS

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

OFFERING

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

MARKET

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

2013/2014 OPERATING YEAR

Luna reported favourable volumes and earnings trend in most of its markets, although a full effect was not achieved due to a decline of the Norwegian krone (NOK). Sales through construction chains in Sweden and Norway experienced a positive trend as a result of stronger demand and increased market shares. Teng Tools reported strong sales through its international network of distributors. The company's performance during the year was also impacted by the adjustments and investments made to boost its future competitiveness.

SKYDDA
PROTECTING PEOPLE

CUSTOMER SEGMENTS (END CUSTOMERS)

- Industrial sector **59%**
- Construction sector **11%**
- Do-it-yourself (DIY)/ private market **6%**
- Other sectors **24%**

	2013/2014	2012/2013
Revenue, MSEK	1,168	1,079
Average number of employees	167	170

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

Mikael Malmgren
CEO OF SKYDDA

WHAT DOES "THE BEST CHOICE FOR CUSTOMERS" MEAN TO YOU?

A long-term, committed partner that focuses on the needs of the user. This creates the conditions for a safer workplace, easier use of personal protective equipment and increased profitability through improved productivity and a reduction in total costs.

WHAT ARE YOUR MAIN FUTURE DEVELOPMENT AREAS?

We are continuously broadening our distribution network to include more resellers and end customers and implementing various skills development activities for us and our customers. We also continue to improve our brands. In 2014, Cresto, Guide and Zekler were awarded the Red Dot Design Award for best product design – a major recognition from the global community for first-class quality and design!

HOW WOULD YOU DESCRIBE THE PAST YEAR?

It was an eventful year, with varying conditions in each market and customer segment. Despite a cautious market, we successfully managed to maintain our growth rate over the full year.

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

OPERATIONS

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

OFFERING

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

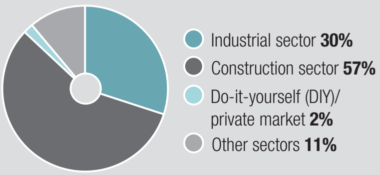
MARKET

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

2013/2014 OPERATING YEAR

Skydda increased its volumes and earnings during the year, strengthening its position throughout the Nordic region. Skydda's approach to attracting end customers – focusing on the customer's needs together with its reseller partners – as well as the company's cutting-edge expertise and brands, targeted training programmes and effective store concept solutions, contributed to this positive trend. The past year also marked an increase in sales to the DIY segment through the company's strong business partners in both the Nordic region and Germany.

CUSTOMER SEGMENTS (END CUSTOMERS)



	2013/2014	2012/2013
Revenue, MSEK	767	708
Average number of employees	164	175

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

Pontus Boman
CEO OF ESSVE

WHAT ARE YOU FOCUING ON IN ORDER TO ACHIEVE P/WC > 45%?

We plan to continue focusing on strengthening our position in our main markets. We aim to grow by adding new product offerings. During the year, for example, we launch a range of nail guns under our proprietary brand and broaden our offering of adhesives and joint seals. We also aim to expand our geographic spread throughout Europe.

WHAT ARE SOME KEY MARKET TRENDS AT THE MOMENT?

We have seen an ongoing and increasing consolidation among our customer base, as well as positive market growth in the company's main markets. Demand for documented premium products that meet a harmonised standard, such as CE, is on the rise.

HOW WOULD YOU DESCRIBE THE PAST YEAR?

A very eventful year during which a number of prioritised projects were introduced. A year in which our product and sales organisations both delivered results that were well beyond our expectations.

ESSVE supplies solutions for attaching components made from various materials, with the most comprehensive offering on the market. The company offers a full professional range of screws, fastening elements, nails, adhesives, joint seals and fire seals – all under proprietary brands. With innovative products launched regularly and a clear aim to always be perceived as the best choice for customers, ESSVE holds a leading position in the Nordic market.

OPERATIONS

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

OFFERING

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

MARKET

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

2013/2014 OPERATING YEAR

ESSVE is the market's fastest growing brand in the category of professional fastening elements. The company established partnerships with some 100 new Nordic resellers during the year, which gives the potential to continue capturing market shares in 2014/2015. Given ESSVE's strong market position, the company decided to streamline its product portfolio during the year by eliminating external brands and instead focusing exclusively on its proprietary brands FireSeal and ESSVE. A number of new products were launched during the year in order to ensure a comprehensive offering, including a new range of nuts and bolts, as well as nails. During the year, ESSVE also completed the process of CE marking its screw range in compliance with the EU directive on construction products.

Grunda

CUSTOMER SEGMENTS (END CUSTOMERS)

- Industrial sector **42%**
- Construction sector **45%**
- Do-it-yourself (DIY)/ private market **2%**
- Other sectors **11%**

	2013/2014	2012/2013
Revenue, MSEK	507	489
Average number of employees	49	51

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

Olof Nyberg
CEO OF GRUNDA

WHAT DOES "THE BEST CHOICE FOR CUSTOMERS" MEAN TO YOU?
Helping our customers and resellers understand one another and do business. Our offering needs to be attractive to our end customers, with clear information that makes it easy to choose the right product. Our offering must also be easy for resellers to sell, with effective support when it comes to product range, campaigns, seasons and exposure.

WHAT ARE YOU FOCUING ON IN ORDER TO ACHIEVE P/WC > 45 PERCENT?
For Grunda, the key to increased profitability lies in more efficient logistics that offer greater customer value and lower costs – two equally important factors.

HOW WOULD YOU DESCRIBE THE PAST YEAR?
A strong year during which we captured market shares in both Norway and Sweden. We continued developing our product concepts, which were met with a good response in the market. At the same time, our relatively new national sales organisations began to truly establish themselves in the market and build strong relationships with our resellers.

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

OPERATIONS

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

OFFERING

In addition to a competitive product range, Grunda focuses on creating an offering that provides resellers with various tools for ensuring favourable profitability. A solid understanding of the local business climate, store solutions that promote and optimise sales, customer-oriented sales support and joint profitability analyses are a few examples of key activities conducted by the company.

MARKET

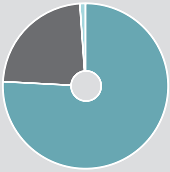
While the Nordic market for industrial and construction consumables has, on the whole, been relatively weak in recent years, demand has gradually increased, particularly among specialist construction retailers. The company's competitors include both wholesalers with broad product ranges and niche players competing with Grunda's proprietary product concepts.

2013/2014 OPERATING YEAR

Grunda increased its revenue and strengthened its earnings significantly compared with the preceding year. The Swedish market remained cautious until the fourth quarter of the year, at which point demand improved. Growth in Norway was favourable thanks to a successful establishment in the construction market during the year.

GIGANT

CUSTOMER SEGMENTS (END CUSTOMERS)



Industrial sector **76%**
Construction sector **23%**
Other sectors **1%**

	2013/2014	2012/2013
Revenue, MSEK	366	375
Average number of employees	89	93

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

GIGANT

Olof Nyberg
CEO OF GIGANT

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

We don't simply sell equipment – we create attractive, efficient and safe workplaces and meet customers' needs by providing knowledge and solutions, always supplied by us or our expert resellers.

WHAT ARE SOME KEY MARKET TRENDS AT THE MOMENT?

In short term, things look optimistic and we expect a marginal increase in demand in the coming years. In the long term, we anticipate a higher degree of automation with an increased focus on human-machine integration when designing workplaces and stricter demands on safety and work environment. As the leading expert in tomorrow's industrial workplaces, we see this as an exciting trend!

HOW WOULD YOU DESCRIBE THE PAST YEAR?

The past year was both challenging and eventful, with some difficult decisions and rationalisation measures. During the second half of the year, demand increased in all markets and the measures we had taken began to yield results. Overall, this means that we are entering the new operating year with a strong trend and a clear sense of confidence.

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

OPERATIONS

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

OFFERING

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

MARKET

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

2013/2014 OPERATING YEAR

Gigant's overall revenue declined slightly, with a weak start to the year followed by a strong year-end with increased demand and a higher rate of activity. The company implemented extensive efficiency enhancement measures during the year, which has created a strong platform for the future.

MOMENTUM

CUSTOMER SEGMENTS (END CUSTOMERS)

Industrial sector **93%**
Construction sector **2%**
Other sectors **5%**

	2013/2014	2012/2013
Revenue, MSEK	951	957
Average number of employees	291	297

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

Jimmy Norlinder
CEO OF MOMENTUM

WHAT DOES "THE BEST CHOICE FOR CUSTOMERS" MEAN TO YOU?

We aim to be the best at understanding our customers' needs and suggesting the best solutions when it comes to improving the service life and energy efficiency of a product and to sustainable development in general. Our local presence makes us agile and flexible, and we work in close partnership with some of the market's best suppliers.

WHAT ARE SOME KEY MARKET TRENDS AT THE MOMENT?

Today, customers are imposing increasingly strict demands on documented added value, which means we must be able to provide proven savings for the customer based on our products and services. We are also seeing greater demand for services – with an increasing focus on sustainability. Going forward, we must continue to demonstrate expertise and a proactive approach in both our core operations and our growth areas.

HOW WOULD YOU DESCRIBE THE PAST YEAR?

Despite a weak economic climate, our development remained stable. We maintained our revenue and reported a positive operating trend. I would say we had a very strong year.

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

OPERATIONS

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

OFFERING

Momentum aims to contribute to increased profitability for its customers. Accordingly, the product range includes products from world-leading manufacturers and suppliers, such as SKF, SMC, Optibelt, Simrit, Renold, GA Lindberg, Klinger and Huhnseal, with whom the company engages in a close and highly rewarding collaboration. Momentum also offers services in such areas as logistics, administration, training, workshops and civil engineering.

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

MARKET

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

2013/2014 OPERATING YEAR

Although the economic situation in the industrial sector remained cautious, Momentum's revenue remained largely unchanged and the company reported a positive earnings trend. Momentum continued to streamline its processes and reduce its costs. Another reason for the company's favourable earnings was its continued focus on service and electromechanical maintenance at its proprietary workshops.

TOOLS

	2013/2014			2012/2013		
	Sweden	Norway	Finland	Sweden	Norway	Finland
Revenue, MSEK	1,878	1,611	701	1,983	1,578	725
Average number of employees	662	394	266	750	384	278
Number of branches	61	29	28	65	29	27
– INCLUDING TOOLS PARTNERS						
Total revenue, MSEK (approx.)	2,200	2,600	701	2,300	2,400	725
of which, wholly owned operations	86%	62%	100%	86%	61%	100%
Total number of branches	80	58	28	83	58	27
of which, wholly owned operations	76%	50%	100%	78%	50%	100%

CUSTOMER SEGMENTS (END CUSTOMERS)

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

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

OPERATIONS

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

OFFERING

TOOLS' well-stocked warehouse is no coincidence. The company's broad product range was developed and expanded based on a genuine interest in customers' everyday operations. This allows the chain to also offer services and training that can contribute to increased profitability and quality for the customer, as well as improvements in the area of occupational health and safety. TOOLS offers everything from training in the use of personal protective equipment to customised, efficient supply solutions.

MARKET

Growth in the Nordic market for industrial consumables is closely related to the overall production trend and the number of employees in the industrial sector. Industrial production, in turn, is strongly linked to the performance of major export companies in the Nordic region. In recent years, the weak economic situation in the industrial sector – primarily in Finland and Sweden – has had an adverse impact on TOOLS' operations in these countries, while the trend in Norway has remained strong. Other key market areas for TOOLS are the construction and public administration sectors, where demand has been relatively stable.

2013/2014 OPERATING YEAR

TOOLS Norway reported positive revenue and earnings during the year, particularly for customers in the oil and gas sector.

Sales and earnings for *TOOLS Sweden* were impacted by continued cautious demand in the Swedish market, combined with temporary negative effects of the transition to centralised logistics and a shared business system. The new processes in the Swedish operations began functioning better and better toward the end of the operating year.

Although the market remained very weak, *TOOLS Finland* reported positive earnings for the year, having implemented cost-saving measures and positive changes to the customer and product mix.

During the year, TOOLS completed its extensive work to coordinate the three countries' operations under the shared business systems used in the individual countries. This will enable continued streamlining and cost savings – and create an excellent market platform, for customers and suppliers alike. With a strong customer focus, a product range adapted to meet customer needs and improved efficiency in all processes, the aim is to increase TOOLS' share in each market.

Torbjörn Eriksson
CEO OF TOOLS Sweden

WHY SHOULD CUSTOMERS CHOOSE YOU?

We free up our customers' time and provide them with a sense of security. Our customers can focus on their operations while we deliver industrial consumables and related services. We offer an efficient solution that provides a sound overall economy for the customer.

HOW DO YOU PLAN TO STRENGTHEN YOUR MARKET POSITION?

We plan to continue strengthening our position in the areas where we hold extensive expertise and also to work with a clearer product offering for which our level of availability will be even higher than today.

HOW WOULD YOU DESCRIBE THE PAST YEAR?

This has been an intense year, during which we faced significant challenges in the market and worked hard to improve our earnings performance – partly through a major transition to centralised finance and logistics functions and a shared business system. At the same time, we also worked extensively on creating our basic platform for future growth and for providing customers with a higher level of service – now and in the future.

Jens Henriksen
CEO OF TOOLS Norway

WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

Our most important competitive advantages are that we have the broadest product range in the market, a local presence and solid access to expertise and information.

WHY SHOULD CUSTOMERS CHOOSE YOU?

TOOLS is a comprehensive supplier of products and services that help customers achieve a healthier workplace, reduce contamination and avoid injuries.

WHAT ARE SOME KEY MARKET TRENDS AT THE MOMENT?

Customers are increasingly expecting customised solutions – preferably with an e-commerce connection – and consolidation among market players is ongoing.

HOW WOULD YOU DESCRIBE THE PAST YEAR?

Overall, we had a good year – with strong trends in the oil and gas sector, as well as the construction and civil engineering sector. It was also gratifying to complete the coordination of all of our operations under a shared business system – which create a strong platform for our continued development.

Mika Kärki
CEO OF TOOLS Finland

WHAT DOES "THE BEST CHOICE FOR CUSTOMERS" MEAN TO YOU?

Truly understanding our customers' needs and looking for the best solution to meet those needs.

WHY SHOULD CUSTOMERS CHOOSE YOU?

Because of our extensive technical expertise and outstanding service. As a partner, we are able to improve our customers' profitability.

HOW DO YOU PLAN TO STRENGTHEN YOUR MARKET POSITION?

By working even more closely with the customer and enlisting the support of leading suppliers and brands to continuously find new solutions that meet the customer's needs.

HOW WOULD YOU DESCRIBE THE PAST YEAR?

In a challenging market situation, our "local heroes" throughout the operations succeeded in increasing our market share and improving our customer and product mix. Overall, this allowed us to maintain our earnings for the year, despite a reduction in revenue.

"Our main strengths are our proximity to customers, our extensive expertise, the right range of products and services, and our efficient supply solutions."

ADMINISTRATION REPORT
WITH CORPORATE GOVERNANCE REPORT 1 APRIL 2013 – 31 MARCH 2014

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 2013 – 31 March 2014 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 increased by 18 percent to MSEK 340 (289). Non-recurring items had an impact of MSEK 0 (+51) on profit. Operating profit was charged with depreciation and impairment losses of MSEK -40 (-42) on tangible non-current assets and amortisation and impairment losses of MSEK -5 (-24) on intangible non-current assets. Exchange-rate translation effects had a net impact of MSEK -8 (+1) on recognised operating profit for the year.

The operating margin for the year increased to 4.4 percent (3.8). Excluding non-recurring items, the operating margin was 4.4 percent (3.1).

Profit after net financial items totalled MSEK 286 (216). Net financial items amounted to MSEK -54 (-73). The profit margin was 3.7 percent (2.8).

Profit after taxes amounted to MSEK 214 (222). Earnings per share totalled SEK 7.60 (7.90).

Revenue

Revenue amounted to MSEK 7,648 (7,666). Exchange-rate translation effects had a negative impact of MSEK -128 (-67) on revenue.

Revenue for comparable units, measured in local currency, increased by approximately 1 percent during the financial year. Revenue for comparable units for the fourth quarter (January to March), measured in local currency, increased by approximately 7 percent. Adjusted for both currency effects and the number of trading days, revenue was largely unchanged during the financial year.

OPERATIONS

It was an eventful and important year for B&B TOOLS that ended on 31 March 2014. The past financial year provided the Company with an opportunity to focus more intently on its customers, as well as on growth, profitability and development. During the year, Group management established clear guidelines for the future, which together serve as a framework for all of B&B TOOLS' operations and their decentralised responsibility for achieving the business objective of a P/WC of at least 45 percent.

The market situation for the Group's units varied depending on geography and customer segment. Overall, the Group delivered improved earnings as a result of growth in certain areas of operation, efficiency enhancement and reduced costs.

TOOLS / Momentum – sales directly to end customers

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

Revenue for comparable units in TOOLS, measured in local currency, was unchanged during the financial year. The earnings trend for Momentum remained positive with a strong operating margin for the year and largely unchanged revenue.

Revenue for TOOLS Norway, measured in local currency, increased by approximately 8 percent during the financial year. The operating margin for TOOLS Norway increased to 4.2 percent for the year. The weak economic situation experienced by Finnish industry during the financial year had a negative impact on TOOLS Finland's sales and earnings performance, and revenue, measured in local currency, declined by -5 percent during the year. At the same time, improvements to the customer and product mix combined with previously implemented cost-saving measures impacted the unit's earnings performance, and operating profit remained unchanged compared with the preceding year at MSEK 2.

Revenue for TOOLS Sweden decreased by -5 percent during the financial year. The unit's ongoing efforts to increase its efficiency and reduce its costs using its new joint IT and logistics solutions had a positive impact on the earnings trend, and the operating loss, excluding non-recurring items, improved to MSEK -45 (-52).

Business Areas – sales via resellers

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

Revenue for comparable units, measured in local currency, for the Group's business areas increased by a total of 6 percent during the financial year.

Revenue for ESSVE and Skydda, measured in local currency, increased by 10 percent and 9 percent, respectively, during the year – with strong growth attributable to a number of key customers, particularly in the area construction materials. At the same time, operating profit for ESSVE and Skydda increased sharply to MSEK 43 (+760 percent compared with the preceding year) and MSEK 86 (+34 percent), respectively. Luna continued to report stable earnings, with an operating margin of 7.8 percent for the year and a particularly strong trend for proprietary product brands such as Teng Tools. Gigant & Grunda reported favourable sales and earnings trends and operating profit for the full financial year increased by 175 percent to MSEK 11 (4). Efforts to reduce the business areas' inventories (working capital) yielded positive results during the year.

On 1 April 2014, the former business area Gigant & Grunda was divided into two units, which in the future will be reported as two separate operating areas.

Group-wide and eliminations

An operating loss of MSEK -14 (116) was reported for "Group-wide" for the financial year, of which non-recurring items had an impact of MSEK 0 (+155) on profit.

Eliminations for intra-Group inventory gains had an impact of MSEK –14 (–6) on earnings during the year.

Parent Company

The Parent Company's revenue amounted to MSEK 35 (48) and profit after net financial items to MSEK 513 (32). These results include Group contributions, intra-Group dividends and other corresponding items totalling MSEK 417 (38).

Following a resolution passed by the Annual General Meeting in August 2013, 13 members of senior management were offer ed an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. When fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The redemption price for the call options is SEK 101.90 and the redemption period is from 12 September 2016 until 9 June 2017, inclusive.

CORPORATE ACQUISITIONS

No corporate acquisitions were implemented during the financial year.

PROFITABILITY

The Group's profitability, measured as the return on working capital, P/WC (operating profit in relation to working capital*), increased to 20 percent (15) for the financial year. The return on capital employed was 10 percent (8) and the return on equity 10 percent (11).

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

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year amounted to MSEK 170 (156). Funds tied up in working capital decreased by MSEK 40 (106). During the year, the Group's inventories decreased by MSEK 69 (175), while operating receivables increased by MSEK 96 (-18). Operating liabilities increased by MSEK 67 (-87). Accordingly, cash flow from operating activities for the year amounted to MSEK 210 (262).

Cash flow for the financial year was also adversely impacted in a net amount of MSEK -47 (-41) by the acquisition and sale of tangible non-current assets. Eight Group properties in Sweden and Finland were disposed of during the year through a conveyance of shares in the subsidiaries that in turn owned the properties. These property sales had a marginal impact on earnings per share and the disposals had a positive impact of MSEK 42 (375) on cash flow.

The Group's operational net loan liability at the end of the financial year amounted to MSEK 819 (914). Interest-bearing liabilities totalled MSEK 875 (1,132), excluding expensed pension commitments of MSEK 451 (465). Liabilities to credit institutions amounted to MSEK 822 (918), net. Combined cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 489 (514). Maturity periods and interest rates are presented in Note 27 Financial risk management on pages 55–60.

The equity/assets ratio at the end of the financial year was 43 percent, compared with 39 percent at the beginning of the year.

Equity per share totalled SEK 78.40 at the end of the financial year, compared with SEK 73.50 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 25 percent.

EMPLOYEES

The number of employees in the Group at the end of the financial year amounted to 2,655, compared with 2,780 at the beginning of the year.

ENVIRONMENTAL IMPACT

During the financial year, the Group conducted operations subject to permit and reporting requirements in one of its Swedish subsidiaries. None of the Group's companies is involved in any environmentally related disputes.

A summary of B&B TOOLS' commitment to environmental and social responsibility is presented on page 7.

DEVELOPMENT OF PRODUCTS AND SERVICES

With the aim of strengthening and developing B&B TOOLS' position as one of the leading suppliers of industrial consumables and industrial components to the industrial and construction sectors in the Nordic region, the Group primarily invests its resources in the development of various concepts and service solutions for its customers and partners and in building proprietary product brands. Activities implemented during 2013/2014 included the continued development of various service concepts and customer solutions, product development within the framework of proprietary brands, the development of logistics and e-commerce solutions for resellers and end customers, and training for end users.

FINANCIAL AND BUSINESS RISKS

Efficient and systematic risk assessment of financial and business risks is important for the B&B TOOLS Group. The Group's Financial Policy establishes guidelines and goals for managing financial risks in the Group and regulates the distribution of responsibility between the Board of Directors of B&B TOOLS AB, the President & CEO and the Chief Financial Officer, as well as the presidents and financial officers of the subsidiaries. All foreign currency management and granting of credit to customers are handled within the framework of the established policy. For a detailed account of financial and business risks and the B&B TOOLS Group's management thereof, refer to page 29 and Note 27 Financial risk management on pages 55–60.

FUTURE DEVELOPMENT

Market trends in 2014/2015 will be carefully monitored by the Group's businesses. 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.

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

DIVIDEND

The Board of Directors proposes a dividend of SEK 3.50 (3.00) per share. The proposed dividend corresponds to 46 percent of the Group's earnings per share for the 2013/2014 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 98 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease 1.9 percentage points as of 31 March 2014. 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 continue to meet the demands placed on the operations conducted by the Group.

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

EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the financial year, another 15 Group properties in Sweden and Finland were disposed of between April and mid-June. These property sales had a marginal impact on earnings per share and the disposals had a positive impact of approximately MSEK 75 on cash flow.

On 1 April 2014, the former business area Work Environment & Consumables was divided into two units – Gigant and Grunda, which in the future will be reported as two separate operating areas.

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

CORPORATE GOVERNANCE REPORT 2013/14

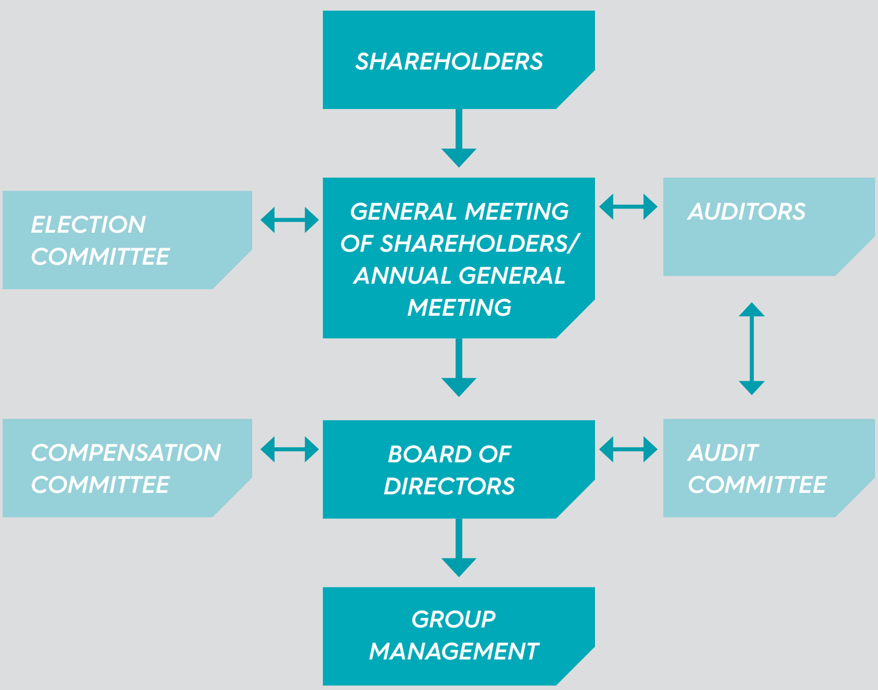
THE SWEDISH CORPORATE GOVERNANCE CODE AND B&B TOOLS' CORPORATE GOVERNANCE REPORT

B&B TOOLS applies the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report for the 2013/2014 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 2014 Annual General Meeting. B&B TOOLS deviates from the recommendations of the Code in three areas: the composition of the Election Committee, the Chairman of the Election Committee and the auditors' review of the Company's six-month or nine-month interim reports. These deviations from the Code are reported in further detail in the relevant sections below. The Corporate Governance Report constitutes a part of the formal annual accounts and has been reviewed by the Company's auditors.

LEGISLATION AND ARTICLES OF ASSOCIATION

B&B TOOLS AB primarily applies the Swedish Companies Act and the rules that apply since the Company's Class B share is listed on NASDAQ OMX Stockholm ("Stockholm Stock Exchange"), as well as best practice in the stock market. The Code is part of the regulations of the Stockholm Stock Exchange. In the course of its operations, B&B TOOLS also complies with the regulations stipulated in B&B TOOLS'

CORPORATE GOVERNANCE STRUCTURE IN B&B TOOLS



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

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

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

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

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

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

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

Articles of Association. The appointment of directors and amendments to the Articles of Association occur in accordance with the Swedish Companies Act. The Company's Articles of Association are available in full on the Company's website at www.bbtools.com.

CORPORATE GOVERNANCE STRUCTURE

B&B TOOLS AB's corporate bodies comprise the Company's General Meeting of Shareholders, Board of Directors, President & CEO, and auditors. Refer to the illustration on page 18.

SHARE STRUCTURE, SHAREHOLDERS AND REPURCHASE OF OWN SHARES

As of 31 March 2014, B&B TOOLS AB had approximately 4,100 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 2014
Class A shares	1,067,812
Class B shares	27,368,604
Total number of shares before repurchasing	**28,436,416**
Less: Repurchased Class B shares	-340,000
Total number of shares after repurchasing	**28,096,416**

All shares carry equal rights to B&B TOOLS AB's assets and earnings. The Company's Class A shares entitle the holder to ten votes each and each Class B share entitles the holder to one vote. The Articles of Association contain no limitations concerning how many votes each shareholder may cast at the General Meeting of Shareholders. For repurchased shares held in treasury, all rights are waived until such time as the shares are reissued. The Board of Directors is not authorised to make decisions regarding new share issues.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to submit information concerning certain circumstances that may affect opportunities to take over the company through a public takeover bid for the shares in the company. The Company's lenders are entitled to cancel approved committed credit facilities if the Company's shares are delisted from NASDAQ OMX Stockholm or in connection with public takeover bids if the bidder secures a shareholding of more than 50 percent of the number of shares in the Company or controls at least 50 percent of the votes in the Company. Otherwise the Company has not entered into any significant agreements with suppliers or employees that would be affected, change, expire or stipulate the payment of financial compensation should control of the Company change as a result of a public takeover bid for the shares in the Company.

On 31 March 2014, Anders Börjesson and Tom Hedelius each held 12.8 percent of the total number of votes in the Company. Further information regarding B&B TOOLS' share and ownership structure is presented in the section on the B&B TOOLS share on pages 68–69.

Repurchase of own shares

As of 31 March 2013, the number of Class B shares held in treasury totalled 340,000. No changes occurred in the holding of treasury shares during the financial year. Accordingly, the number of Class B shares held in treasury as of 31 March 2014 amounted to 340,000, corresponding to 1.2 percent of the total number of shares and 0.9 percent of the total number of votes. The quotient value of this holding amounted to SEK 680,000 as of 31 March 2014.

Of the total number of Class B shares held in treasury, 169,000 are reserved to secure the Company's obligations in the call option programme issued by B&B TOOLS AB in September 2013, which extends until 9 June 2017, inclusive. The redemption price for the call options is SEK 101.90.

ANNUAL GENERAL MEETING 2013

The Annual General Meeting of B&B TOOLS AB was held in Stockholm on 22 August 2013. The notice of the Annual General Meeting and the supporting documentation for the Meeting were published in accordance with the Company's Articles of Association. The Meeting was held in Swedish. The notice of the Meeting and other materials were also available in English. A total of 147 shareholders participated in the Meeting, representing a combined total of 62.9 percent of the votes in the Company. All six regular directors and the Company's auditors attended the Meeting.

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

ELECTION COMMITTEE

The Annual General Meeting in August 2013 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2014 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 2014 regarding the election of the Board of Directors and auditors, fees and any changes to the procedures for the next Election Committee.

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2014 comprises Chairman of the Board Anders Börjesson, Björn Franzon (representing Swedbank Robur funds), Tom Hedelius, Conny Karlsson (representing CapMan Public Market Investment) and Per Trygg (representing SEB Funds). The other members appointed Anders Börjesson as Chairman of the Election Committee. Per Trygg was appointed spokesperson for the Election Committee at the next Annual General Meeting.

The composition of the Election Committee deviates from the rules of the Code, which stipulate that only one of the Board members on the Election Committee may be considered dependent in relation to the Company's largest shareholders. The reason for this deviation is that it would not otherwise be possible for private individuals to

SUMMARY OF BOARD COMPOSITION, ATTENDANCE, FEES AND DEPENDENCY CONDITIONS FOR 2013/2014

					Number of meetings attended			Dependent relative to[1]	
Regular directors	Year of election	Position	Audit Committee	Compensation Committee	Board of Directors	Committees	Fee, SEK	B&B TOOLS	Major shareholders
Anders Börjesson	1990	Chairman	X	X	All	All	500,000		X
Tom Hedelius	1982	Vice Chairman	X	X	All	All	380,000		X
Per Axelsson	2001	Director	X		All	All	250,000		
Roger Bergqvist	2012	Director	X		All	All	250,000		
Charlotte Hansson	2012	Director	X		All	All	250,000		
Joakim Rubin	2011	Director	X		All	All	250,000		

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

combine their role as a shareholder with an active role as member of the Board of Directors and the Election Committee. The election of the Chairman of the Election Committee also deviates from the rules of the Code, which state that the Chairman of the Election Committee should not be a director of the company. The reason for this deviation is that the other members of the Election Committee feel that it is important that the Chairman of the Election Committee has a solid understanding of the work and composition of the present Board of Directors and can clearly identify any need for complementary skills.

The Election Committee's motions regarding the Board of Directors and auditors will be presented in the notice of the 2014 Annual General Meeting. 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 compensation was paid for work in the Election Committee during the year.

THE BOARD OF DIRECTORS 2013/2014

The Board of Directors of B&B TOOLS AB currently comprises six regular directors elected by the Annual General Meeting on 22 August 2013, and two employee representatives.

Directors

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

The dependency conditions for the Board of Directors are presented in the table on page 19.

Duties and work of the Board of Directors

The Board of Directors is ultimately responsible for the Company's organisation and administration. Based on its analysis of the Company's operating environment, the Board is also responsible for deciding on strategic matters. In general, the Board of Directors addresses issues of significant importance, such as:

- Adoption of rules of procedure, which include instructions for the President & CEO. These instructions include the authority to make decisions regarding investments, corporate acquisitions and sales, as well as financing issues.
- Strategy plan.
- Acquisition and sale of companies or businesses in excess of established amounts.
- Major capital expenditures.
- Repurchase of own shares.

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

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

In addition to the statutory meeting, the Board of Directors convened on nine occasions during the 2013/2014 financial year, four of which were regular meetings and five extraordinary meetings.

Refer to the table on page 19 for information regarding attendance at Board and committee meetings.

The decisions of the Board, which are based on detailed supporting information, are made after discussions led by the Chairman of the Board. The task of the committees appointed by the Board is to draft motions for decisions by the Board (see also below). Mats Karlqvist, Head of Investor Relations at B&B TOOLS AB, serves as the secretary to the Board.

The Board of Directors evaluates its own work and that of the President & CEO on an ongoing basis. A structured evaluation is also performed under the management of the Chairman of the Board in connection with the regular Board meeting in February each year.

Compensation Committee

The Board of Directors has appointed a Compensation Committee to prepare motions concerning remuneration to the President & CEO for approval by the Board, to decide on remuneration to other members of Group management and to draft motions for any incentive programmes. Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management were adopted by the Annual General Meeting in August 2013 (refer to Note 5 Employees and personnel costs on page 40).

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

The Compensation Committee convened on one occasion during the 2013/2014 financial year, during which minutes were taken.

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

Audit Committee

The Audit Committee appointed by the Board of Directors is responsible for analysing and discussing the Company's risk management, governance, internal control and financial reporting. The Committee has contact with the Company's auditors to discuss such aspects as the focus and scope of the audit work. In connection with the adoption of the year-end financial statements, the Company's external and internal auditors report on their observations over the course of their audit and their assessment of the Company's internal control. The Committee includes all members of the Board. The Chairman of the Board also serves as the Chairman of the Audit Committee. The Audit Committee held one meeting during the 2013/2014 financial year, during which minutes were taken.

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

OPERATIONS OF THE GROUP

During 2013/2014, B&B TOOLS' Group management comprised ten individuals. As of 1 April 2014, Mika Kärki, CEO of TOOLS Finland, is also a member of Group management. For more detailed information, refer to page 67.

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

President & CEO and Group management

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 TOOLS Momentum between 2010 and 2012. Ulf Lilius' previous positions include Marketing and Sales Director and Executive Vice.

As of 1 April 2014, B&B TOOLS' Group management included ten other individuals: the CEOs of the Group's operating areas (eight individuals), the Group's Executive Vice President and the Group's Chief Financial Officer.

For information regarding Group management's holdings of financial instruments in B&B TOOLS, refer to page 67. Remuneration to Group management for the 2013/2014 financial year and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 38–40.

AUDITORS

At the Annual General Meeting held in August 2013, KPMG AB was re-elected to serve as the Company's auditor until the adjournment of the 2014 Annual General Meeting. The Company's Auditor in Charge is Authorised Public Accountant George Pettersson, who also serves as Auditor in Charge for such listed companies as Addtech AB, Holmen AB, Hufvudstaden AB, Kungsleden AB, Nobia AB, Sandvik AB and Skanska AB. Authorised Public Accountant Matilda Schwartzman Berg also serves as the Company's auditor. Matilda Schwartzman Berg serves as Auditor in Charge for a number of the B&B TOOLS Group's subsidiaries.

Prior to the Annual General Meeting in August 2014, the Election Committee will propose the election of auditors for the period until the adjournment of the 2015 Annual General Meeting.

ETHICAL GUIDELINES

B&B TOOLS strives to conduct its business with high requirements imposed on integrity and ethics. The Board of Directors adopts a Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines. For further details, refer to the page 7. 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 21 August 2014 pass a resolution concerning the 2014/2015 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 2013 (refer to Note 5 Employees and personnel costs on page 40).

INTERNAL CONTROL OF FINANCIAL REPORTING

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for the Company's internal control. This responsibility includes an annual evaluation of the financial reporting received by the Board of Directors and specifying requirements for its content and presentation so as to ensure the quality of the reporting. These requirements stipulate that the financial reporting must be suited to its purpose, with the application of the accounting rules in force and other requirements that apply to listed companies. The following description is limited to the internal control of B&B TOOLS with respect to financial reporting.

The basis of the internal control of the Company's financial reporting comprises the control environment, including the organisation, decision paths, lines of authority and responsibilities documented and communicated in various control documents, such as policies established by the Board, and Group-wide guidelines and manuals.

B&B TOOLS bases and organises its operations on decentralised accountability for profitability, with its operating areas taking the form of companies. Accordingly, central control documents are used to provide formal work plans for internal Board work and instructions for the division of responsibility between the Board and the President & CEO.

The Group's most important financial control documents are gathered on its intranet and include a comprehensive Financial Policy, a reporting manual, a manual for the Group's internal bank, a description of accounting policies and expanded instructions preceding every closing of the books. These financial rules and regulations are updated regularly and training programmes are offered during the financial year to ensure the uniform implementation and application of the rules and regulations. On a more general level, all operations in the B&B TOOLS Group are to be conducted in accordance with the Group's Code of Conduct.

B&B TOOLS has established control structures to manage the risks that the Board of Directors and corporate management consider to be significant to the Company's internal control with respect to financial reporting. Examples include transaction-related controls, such as regulations concerning attestation and capital expenditures, as well as clear payment procedures and analytical controls performed by the Group's controller organisation. Controllers at all levels in the Group play a key role in terms of integrity, competence and the ability to create an environment that is conducive to achieving transparency and true and fair financial reporting. The monthly earnings follow-up conducted via the internal reporting system is another important overall control activity. The earnings follow-up includes reconciliations with previously set goals and the most recent forecast, as well as follow-up of adopted key financial ratios. This follow-up of earnings also functions as an important complement to the controls and reconciliations performed in the actual financial processes.

Follow-ups to assure the quality of the Group's internal control are performed within the Group in various ways. The internal audit function works proactively through its participation in various projects aimed at developing internal control. The internal audit function also continuously conducts audits to assess the efficiency of internal controls in various parts of the Group and follows up the implementation of the Group's policies and guidelines.

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

Neither B&B TOOLS' six-month report nor its nine-month report for the 2013/2014 financial year were examined by the Company's external auditors, which is a deviation from the rules of the Code. After consulting with the Company's external auditors and other parties, the Board of Directors has determined that the additional expense that would be incurred by the Company for an expanded review of the six-month report or nine-month report by the Company's auditors is not warranted at this point in time.

REVENUE AND OPERATING PROFIT[1)]

	Revenue		Operating profit/loss		Adjusted operating profit/loss *excluding* non-recurring items	
MSEK	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**
TOOLS / Momentum	5 ,098	5, 205	145	27	145	124
Business Areas	3 ,871	3, 698	223	152	223	159
Group-wide	662	611	-14	116	-14	-39
Eliminations	-1 ,983	-1 ,848	-14	-6	-14	-6
Total	**7 ,648**	**7, 666**	**340**	**289**	**340**	**238**

	2013/2014				2012/2013			
Revenue – quarterly data, MSEK	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
TOOLS / Momentum	1,277	1,315	1,172	1,334	1,264	1,356	1,221	1,364
Business Areas	1,021	980	903	967	898	971	876	953
Group-wide	164	167	163	168	144	163	155	149
Eliminations	-502	-508	-469	-504	-455	-502	-434	-457
Total	**1,960**	**1,954**	**1,769**	**1,965**	**1,851**	**1,988**	**1,818**	**2,009**

	2013/2014				2012/2013			
Operating profit/loss – quarterly data, MSEK	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
TOOLS / Momentum	36	40	36	33	32	-67	40	22
Business Areas	78	53	51	41	55	37	30	30
Group-wide	-9	-4	5	-6	-19	161	-3	-23
Eliminations	-2	-4	-5	-3	0	-3	0	-3
Total	**103**	**85**	**87**	**65**	**68**	**128**	**67**	**26**

	2013/2014				2012/2013			
Operating profit/loss – quarterly data *excluding* non-recurring items, MSEK	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
TOOLS / Momentum	36	40	36	33	29	33	40	22
Business Areas	78	53	51	41	52	47	30	30
Group-wide	-9	-4	5	-6	-13	0	-3	-23
Eliminations	-2	-4	-5	-3	0	-3	0	-3
Total	**103**	**85**	**87**	**65**	**68**	**77**	**67**	**26**

1) Refer also to Note 4 Segment reporting.

INCOME STATEMENT

MSEK	Note	2013/2014	2012/2013
Revenue	2, 4	7,648	7,666
Shares in profit of associated companies	14	0	0
Other operating income	3	15	253
Total operating revenue		**7,663**	**7,919**
Goods for resale		-4,545	-4,621
Personnel costs		-1,633	-1,727
Depreciation, amortisation, impairment losses and reversal of impairment losses		-45	-66
Other operating expenses		-1,100	-1,216
Total operating expenses	4, 5, 6, 7, 8	**-7,323**	**-7,630**
Operating profit		**340**	**289**
Financial income		8	9
Financial expenses		-62	-82
Net financial items	9	**-54**	**-73**
Profit after net financial items		**286**	**216**
Taxes	11	-72	6
Net profit for the year		**214**	**222**
Of which, attributable to:			
Parent Company shareholders		214	222
Earnings per share, SEK			
– before dilution	20	7.60	7.90
– after dilution	20	7.60	7.90
Proposed/resolved dividend per share, SEK		3.50	3.00

STATEMENT OF COMPREHENSIVE INCOME

MSEK	2013/2014	2012/2013
Net profit for the year	**214**	**222**
Other comprehensive income		
Components that will not be reclassified to profit for the year		
Remeasurement of defined-benefit pension plans	6	25
Tax attributable to components that will not be reclassified	-1	-9
	5	**16**
Components that will be reclassified to profit for the year		
Translation differences	2	-37
Effects of hedge accounting	0	0
Tax attributable to components that may be reclassified	-1	-2
	1	**-39**
Other comprehensive income for the year	**6**	**-23**
Comprehensive income for the year	**220**	**199**
Of which, attributable to:		
Parent Company shareholders	220	199

BALANCE SHEET

MSEK	Note	31 March 2014	31 March 2013
ASSETS			
Non-current assets			
Intangible non-current assets	12	1,792	1,781
Tangible non-current assets	13	208	252
Shares in associated companies	14	11	11
Financial investments	27	1	2
Other long-term receivables	16	4	8
Deferred tax assets	11	102	118
Total non-current assets		**2,118**	**2,172**
Current assets			
Inventories	17	1,414	1,443
Tax assets		43	39
Accounts receivable	27	1,299	1,192
Prepaid expenses and accrued income	18	122	114
Other receivables	16	45	65
Cash and cash equivalents		53	214
Total current assets		**2,976**	**3,067**
Total assets	4, 25, 26, 27, 30	**5,094**	**5,239**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		57	57
Other contributed capital		71	71
Reserves		-57	-58
Retained earnings, including net profit for the year		2,132	1,995
Equity attributable to Parent Company shareholders		**2,203**	**2,065**
Non-current liabilities			
Non-current interest-bearing liabilities	27	400	1,129
Provisions for pensions	21	451	465
Other non-current provisions	22	3	2
Deferred tax liabilities	11	79	104
Total non-current liabilities		**933**	**1,700**
Current liabilities			
Current interest-bearing liabilities	27	475	3
Accounts payable		885	823
Tax liabilities		47	37
Other liabilities	23	107	105
Accrued expenses and deferred income	24	444	506
Total current liabilities		**1,958**	**1,474**
Total liabilities	4, 25, 26, 27, 30	**2,891**	**3,174**
Total equity and liabilities		**5,094**	**5,239**

STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the year	Total equity
Closing equity, 31 March 2012	**57**	**71**	**-19**	**1,900**	**2,009**
Adjustment for amended accounting policies				-59	**-59**
Adjusted opening equity, 1 April 2012	**57**	**71**	**-19**	**1,841**	**1,950**
Net profit for the year				222	**222**
Other comprehensive income			-39	16	**-23**
Dividend				-84	**-84**
Closing equity, 31 March 2013	**57**	**71**	**-58**	**1,995**	**2,065**
Net profit for the year				214	**214**
Other comprehensive income			1	5	**6**
Dividend				-84	**-84**
Sale of call options				2	**2**
Closing equity, 31 March 2014	**57**	**71**	**-57**	**2,132**	**2,203**

CASH-FLOW STATEMENT

MSEK	Note	2013/2014	2012/2013
Operating activities			
Profit after net financial items		286	216
Adjustments for non-cash items	34	-41	5
Income taxes paid		-75	-65
Cash flow from operating activities before changes in working capital		**170**	**156**
Cash flow from changes in working capital			
Change in inventories		69	175
Change in operating receivables		-96	18
Change in operating liabilities		67	-87
Changes in working capital		**40**	**106**
Cash flow from operating activities		**210**	**262**
Investing activities			
Acquisition of intangible and tangible non-current assets		-48	-48
Sales of intangible and tangible non-current assets		1	7
Sales of subsidiaries/operating segments, net effect on liquidity	34	42	375
Cash flow from investing activities		**-5**	**334**
Cash flow before financing		**205**	**596**
Financing activities			
Sale of call options		2	–
Borrowings		685	–
Repayment of loans		-970	-380
Dividend paid to Parent Company shareholders		-84	-84
Cash flow from financing activities		**-367**	**-464**
Cash flow for the year		**-162**	**132**
Cash and cash equivalents at the beginning of the year		214	85
Exchange-rate differences in cash and cash equivalents		1	-3
Cash and cash equivalents at year-end	34	**53**	**214**

INCOME STATEMENT

MSEK	Note	2013/2014	2012/2013
Revenue	2	35	48
Other operating income		0	–
Total operating revenue		**35**	**48**
Personnel costs		-22	-65
Depreciation, amortisation, impairment losses and reversal of impairment losses		-2	-4
Other operating expenses		-13	-35
Total operating expenses	5, 6, 8	**-37**	**-104**
Operating loss		**-2**	**-56**
Profit from net financial items:			
Profit from shares in Group companies	9	390	90
Profit from other securities and receivables recognised as non-current assets	9	148	124
Other interest income and similar profit/loss items	9	6	3
Interest expense and similar profit/loss items	9	-56	-77
Profit after net financial items		**486**	**84**
Appropriations	10	36	-6
Profit before taxes		**522**	**78**
Taxes	11	-30	-3
Net profit for the year		**492**	**75**

STATEMENT OF COMPREHENSIVE INCOME

MSEK	2013/2014	2012/2013
Net profit for the year	**492**	**75**
Other comprehensive income		
Effects of hedge accounting	1	4
Tax attributable to other comprehensive income	-1	-1
Other comprehensive income for the year	**0**	**3**
Comprehensive income for the year	**492**	**78**

BALANCE SHEET

MSEK	Note	31 March 2014	31 March 2013
ASSETS			
Non-current assets			
Intangible non-current assets	12	0	1
Tangible non-current assets	13	2	3
Financial non-current assets			
Shares in Group companies	32	104	104
Receivables from Group companies	15	3,743	3,670
Other long-term receivables	16	–	0
Deferred tax assets	11	9	10
Total financial non-current assets		3,856	3,784
Total non-current assets		**3,858**	**3,788**
Current assets			
Current receivables			
Accounts receivable		1	–
Receivables from Group companies		260	265
Tax asset		2	5
Other receivables		1	4
Prepaid expenses and accrued income	18	3	6
Total current receivables		267	280
Cash and bank		–	142
Total current assets		**267**	**422**
Total assets	26	**4,125**	**4,210**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		57	57
Statutory reserve		86	86
Non-restricted equity			
Retained earnings		1,036	1,043
Net profit for the year		492	75
Total equity		**1,671**	**1,261**
Untaxed reserves	33	**192**	**201**
Provisions			
Provisions for pensions and similar commitments	21	48	50
Total provisions		**48**	**50**
Non-current liabilities			
Liabilities to credit institutions	27	400	1,117
Liabilities to Group companies		200	297
Other liabilities	27	0	12
Total non-current liabilities		**600**	**1,426**
Current liabilities			
Liabilities to credit institutions	27	464	–
Accounts payable		0	4
Liabilities to Group companies		1,117	1,201
Tax liabilities		0	–
Other liabilities		9	1
Accrued expenses and deferred income	24	24	66
Total current liabilities		**1,614**	**1,272**
Total equity, provisions and liabilities	26	**4,125**	**4,210**
Pledged assets and contingent liabilities			
Pledged assets		None	None
Contingent liabilities		See Note 30	See Note 30

STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Non-restricted equity				
MSEK	Share capital	Statutory reserve	Treasury shares	Hedging reserve	Retained earnings	Net profit for the year	Total equity
Closing equity, 31 March 2012	**57**	**86**	**-57**	**-10**	**1,030**	**161**	**1,267**
Reversal of earnings					161	-161	**0**
Net profit for the year						75	**75**
Other comprehensive income				3			**3**
Dividend					-84		**-84**
Closing equity, 31 March 2013	**57**	**86**	**-57**	**-7**	**1,107**	**75**	**1,261**
Reversal of earnings					75	-75	**0**
Net profit for the year						492	**492**
Other comprehensive income				0			**0**
Dividend					-84		**-84**
Sale of call options					2		**2**
Closing equity, 31 March 2014	**57**	**86**	**-57**	**-7**	**1,100**	**492**	**1,671**

CASH-FLOW STATEMENT

MSEK	Note	2013/2014	2012/2013
Operating activities			
Profit after net financial items		513	32
Adjustments for non-cash items	34	-65	112
Income taxes paid		-27	-34
Cash flow from operating activities before changes in working capital		**421**	**110**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		-2	98
Change in operating receivables		5	1
Change in operating liabilities		-5	2
Change in working capital		**-2**	**101**
Cash flow from operating activities		**419**	**211**
Investing activities			
Sales of intangible and tangible non-current assets		0	–
Cash flow from investing activities		**0**	**0**
Cash flow before financing		**419**	**211**
Financing activities			
Sale of call options		2	–
Changes in long-term receivables and liabilities to Group companies		-158	182
Borrowings		685	–
Repayment of loans		-954	-354
Dividend paid		-84	-84
Group contributions paid and received		-52	163
Cash flow from financing activities		**-561**	**-93**
Cash flow for the year		**-142**	**118**
Cash and cash equivalents at the beginning of the year		142	24
Cash and cash equivalents at year-end	34	**0**	**142**

THE GROUP'S RISKS AND OPPORTUNITIES

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

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

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

STRATEGIC RISKS ASSOCIATED WITH MARKET AND INDUSTRY

Market development/Economic situation

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

Competitive situation

As the structural transformation and consolidation of the industry progresses, the competitive situation also changes. Customers are increasingly striving to limit their number of suppliers and instead initiate closer collaboration with these suppliers in order to jointly develop the value chain, thereby reducing the total cost (for purchasing, stocking, administration and tied-up capital). There is a risk that new players with financial strength could grow stronger during the ongoing consolidation process. B&B TOOLS has chosen to take a leading role in this consolidation and is focusing on internal efficiency throughout the value chain, which will be crucial success factors in the future.

Consolidation among resellers

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

OPERATIONAL RISKS

Dependency on strong global brands

It is becoming increasingly common for foreign manufacturers to use several distributors in a local market. This so-called multi-distribution often leads to price pressure and declining profitability among distributors. Accordingly, it is critical that distributors gain control over the brands in demand by end customers in different product niches and foster close collaboration with manufacturers with strong, well-established brands. B&B TOOLS' presence throughout the value chain provides the Group with strength in terms of meeting the actual needs of customers and as an attractive partner for global brands attempting to penetrate the Nordic market.

Proprietary product brands and 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 their everyday operations easier, safer and more profitable. These customers also increasingly demand an advisor and partner with the high level of competence and creative ability necessary to develop solutions that meet their defined needs. Accordingly, it is crucial that B&B TOOLS is able to recruit and develop the most competent employees. Responsibility for this rests with the operational management.

Corporate acquisitions

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

FINANCIAL RISKS

Exchange-rate fluctuations

A major portion of the Group's purchases are made in foreign currency, while sales are normally conducted in local currency in the countries in which the Group conducts its operations. For a description of the Group's exposure to various currencies and the financial instruments used to minimise risks, refer to Note 27 Financial risk management and the section Foreign-exchange risks on pages 55–56.

Interest-rate fluctuations

For a description of the manner in which the Group is exposed to interest-rate fluctuations in relation to external borrowing and lending and the way this is managed to minimise risks, refer to Note 27 Financial risk management and the section Interest-rate risks on page 56.

Financing risk

Financing risk refers to the risk that meeting the Group's requirements for external capital could become more difficult or more expensive. For a description of the Group's financing and the manner in which the financing risk is managed, refer to Note 27 Financial risk management and the section Liquidity and refinancing risks on pages 56–60.

NOTES

AMOUNTS IN MILLION SEK (MSEK) UNLESS SPECIFICALLY STATED OTHERWISE

Revenue is recognised with a positive sign and costs with a negative sign. Both assets and liabilities are recognised with a positive sign. Interest-bearing net receivables/liabilities are recognised with a positive sign where the amount is a receivable and with a negative sign where it is a liability. Accumulated depreciation and amortisation and accumulated impairment losses are recognised with a negative sign.

NOTE 1

ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretive statements from the IFRS Interpretations Committee as approved by the EU. Recommendation RFR 1 *Supplementary Accounting Rules for Groups* issued by the Swedish Financial Reporting Board has also been applied.

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

The financial statements encompass pages 16–64. The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 13 June 2014. 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 21 August 2014.

BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless specifically stated otherwise, are rounded to the nearest million.

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and financial assets available for sale.

Preparing the financial statements in accordance with IFRS requires that management makes judgements and estimates and makes assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, revenue and costs. The actual outcome may differ from these estimates and judgements.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

Judgements made by management when applying IFRS that have a significant effect on the financial statements and estimates made which can lead to substantial adjustments in the following year's financial statements are described in more detail in Note 36.

Events after the balance-sheet date refer to both favourable and unfavourable events that occur between the balance-sheet date and the date at the beginning of the following financial year when the financial statements are signed by the members of the Board of Directors and the President & CEO. Information is provided in the Annual Report about any significant events after the balance-sheet date that were not accounted for when the financial statements were adopted. Such events that confirm the circumstances prevailing at the balance-sheet date are taken into account at the time of adoption of the financial statements.

Non-current assets and disposal groups held for sale are recognised at the lower of their recognised carrying amount at the time of reclassification and their fair value after a deduction for selling expenses.

Offsetting of receivables and liabilities and of revenue and costs occurs only when required or when expressly permitted in an accounting recommendation.

The stated accounting policies for the Group have been applied consistently for all periods presented in the Group's financial statements, unless specifically stated otherwise. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company and subsidiaries.

AMENDED ACCOUNTING POLICIES

The following amendments to existing standards and new and amended standards come into force in 2013 and have been adopted by the EU. No new IFRS or interpretive statements were applied in advance.

Amended IAS 19 *Employee Benefits*. The amendment entails that the use of the corridor method is no longer permitted. Actuarial gains and losses are to be recognised in other comprehensive income. Any return calculated on plan assets is based on the discount rate used in the calculation of the pension commitment. This means that the net interest on the net pension liabilities/assets now comprises the interest expense of the pension liabilities and interest income on the plan assets. The difference between the actual return and the total included in net interest income regarding the plan assets is recognised in other comprehensive income.

As of 1 April 2013, B&B TOOLS applies the updated IAS 19 standard, with full retrospective application. For B&B TOOLS, this entails an immediate increase in net pension commitments (classified as a financial liability) and an equivalent decrease – taking tax effects into account – of retained earnings. The updated standard also includes new rules regarding the recognition of a special payroll tax. The new standard means that the net pension commitments increased

NOTE 1, CONT.

by MSEK 55, including special payroll tax of MSEK 10 as of 31 March 2013. Taking into account deferred tax, the updated standard had an impact on retained earnings that was MSEK 43 less than the amount that was recognised as of 31 March 2013. Except for other comprehensive income, the impact on the consolidated income statement was immaterial and has thus not been recognised separately. As a result of the changes in the recognition of pensions as described above and the increased volatility it causes, as of 1 April 2013, B&B TOOLS recognises the so-called operational net debt/equity ratio, whereby the net loan liability is calculated excluding pension provisions.

As of 2013, the Group applies the new IFRS 13 *Fair Value Measurement* standard and amendments to IFRS 7 *Financial Instruments: Disclosures.* B&B TOOLS measures financial instruments at fair value or cost in the balance sheet depending on their classification. In addition to items in the financial net debt, financial instruments also include accounts receivable and accounts payable. According to IFRS 7, financial instruments measured at fair value in the balance sheet are included in level 2 of the fair value hierarchy. The carrying amounts for financial assets and liabilities correspond to fair value in all material respects.

The format of the statement of comprehensive income has been changed to reflect the amended IAS 1 *Presentation of financial statements*. The amendment entails that the items under “Other comprehensive income” are divided into two categories: items that have been or can be reclassified to net profit for the year and items that can not be reclassified to net profit for the year. Items that have been or can be reclassified are, for example, translation differences and gains/losses on cash-flow hedges. Items that will not be reclassified are revaluations of defined-benefit pension plans and revaluations of intangible and tangible assets according to the revaluation method.

The amendment to IAS 36 *Impairment of Assets* regarding disclosures on recoverable amounts for non-financial assets entails that the elimination of disclosure requirements for estimated recoverable amounts per (group of) cash-generating units with significant goodwill. This amendment, which is to be applied not later than 2014, is applied in advance to this Annual Report. In practice, this entails that no additions are made to the disclosures of the aforementioned recoverable amount, if no impairment losses are recognised, that arose in IAS 36 in conjunction with IFRS 13 starting to be applied in 2013.

NEW OR REVISED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new or amended IFRS and interpretive statements will come into effect first in coming financial years and have not been applied in advance in the preparation of these financial statements. B&B TOOLS does not plan advance application of any new standards or amendments to be applied in the future.

IFRS 10 *Consolidated Financial Statements.* A new standard for consolidated financial statements that is to replace IAS 27 and SIC 12. The standard is not expected to have any material impact on the Group’s financial reporting. Other new or amended IFRS are not expected to have any material impact on the Group’s financial statements.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the Company’s chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 4 for a more detailed description of the Group’s division and a presentation of operating segments.

CLASSIFICATION, ETC.

Non-current assets and non-current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid later than 12 months from the balance-sheet date. Current assets and current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid within 12 months from the balance-sheet date.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which the Parent Company has a controlling influence.

A controlling influence means a direct or indirect right to formulate a company’s financial and operational strategies with the aim of obtaining financial benefits. When assessing whether or not the Parent Company holds a controlling interest, consideration is given to potential voting shares that can be utilised or converted without delay.

Subsidiaries are recognised in accordance with the purchase method of accounting. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the aquired identifiable assets, assumed debts and any non-controlling interests. Transaction fees that arise are recognised directly in net profit for the year.

In the case of business acquisitions where the transferred remuneration, any non-controlling interests and the fair value of previously held shares (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known as a bargain purchase, it is recognised directly in net profit for the year. Contingent considerations are recognised at fair value on the date of acquisition. If the contingent consideration is classified as an equity instrument, no revaluation is performed and the adjustment is made to equity. Other contingent considerations are revalued for each financial statement and the difference is recognised in net profit for the year.

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

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

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

The financial statements of subsidiaries are consolidated from the date of acquisition until the date when the controlling influence ceases.

Associated Companies

Associated companies are companies over which the Group has a significant, but not controlling influence in terms of operational and financial control, usually through a holding of between 20 and 50 percent of the total number of votes. From the time at which significant control is achieved, shares in associated companies are recognised in the consolidated financial statements using the equity method. According to the equity method, the value 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 attributable to Parent Company shareholders, adjusted for any amortisation and impairment losses or reversals of acquired surplus or deficit values, is reported as “Shares in profit/loss of associated companies.” Dividends received from associated companies reduce the carrying amount of the investment. The Group’s portion of other comprehensive income in associated companies is recognised in a separate line in the Group’s other comprehensive income.

Any differences during the acquisition between the cost of the holding and the holding company’s portion of the net fair value of the associated company’s identifiable assets and liabilities are recognised in accordance with the same principles as in the acquisition of a subsidiary. 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, revenue or costs, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised gains that arise in transactions with associated companies are eliminated to an extent corresponding to the Group’s participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment requirement exists.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in net profit for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

NOTE 1, CONT.

Financial statements of foreign entities

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Revenue and expenses in foreign entities are translated to SEK at the average exchange rate, which constitutes an approximation of the currency rates prevailing at each transaction date. Translation differences arising as a result of the translation of a foreign net investment are recognised in other comprehensive income and are accumulated in a separate equity component, referred to as the translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, by which they are reclassified from the translation reserve in equity to net profit for the year.

REVENUE

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

Sale of goods

Revenue from the sale of goods is recognised in net profit for the year when the material risks and benefits associated with ownership of the goods have been transferred to the buyer, typically in connection with delivery. Revenue is recognised if it is probable that the financial benefits will accrue to the Group.

Service assignments

Revenue from service assignments is normally recognised when the service is performed. Revenue from service assignments is recognised in accordance with the principles of the percentage-of-completion method. The degree of completion is normally determined based on the relationship between accrued expenditure on the balance-sheet date and the estimated total expenditure. Probable losses are recognised immediately in consolidated earnings.

Rental income

Rental income from real estate is recognised in net profit for the year on a straight-line basis based on the terms of the lease. The aggregate cost of benefits provided is recognised as a reduction of rental income on a straight-line basis over the term of the lease.

Income from property sales

Income from property sales is recognised on the day of taking possession.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSE

Operational leases

Costs related to operational leases are recognised in net profit for the year on a straight-line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in net profit for the year as a linear reduction in leasing fees over the course of the lease. Variable fees are expensed in the periods in which they arise.

Financial leases

Minimum leasing fees are allocated to interest expense and repayment of the outstanding liability. The interest expense is allocated over the leasing period in such a way that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported for each period. Variable fees are expensed in the periods in which they arise.

Financial income and expense

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

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the recognised net value of the financial receivable or the liability.

Interest expense includes the accrued amount of issuance costs and similar direct transaction costs in connection with borrowing.

Dividend income is recognised when the right to receive payment has been determined.

Borrowing costs are recognised in profit or loss applying the effective interest method, except to the extent that they are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale. Borrowing costs that are attributable to the development of qualified assets are capitalised as part of the qualified asset's cost. A qualified asset is an asset that necessarily takes a substantial period of time to prepare for its intended use or sale.

FINANCIAL INSTRUMENTS

Financial instruments are measured and recognised in the Group in accordance with the rules of IAS 39. Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable, financial investments and derivatives. Liabilities include accounts payable, loan liabilities and derivatives.

Recognition in and derecognition from the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party under the contractual terms of the instrument in question. A financial asset, or a portion of a financial asset, is derecognised from the balance sheet when the contractual rights are realised, fall due or the Group loses control over them. A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or ceases to apply in some other way.

Financial assets and financial liabilities are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the items in a net amount or to realise the asset and settle the liability simultaneously.

Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or dispose of assets.

Classification and measurement

All financial instruments that are not derivatives are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs, with the exception of those items classified as financial assets recognised at fair value in profit or loss, which are recognised at fair value excluding transaction costs. A financial instrument's classification determines how it is measured after the initial reporting occasion. The Group classifies its financial instruments based on the purpose for which the instrument was acquired. Management determines the classification on the initial reporting occasion. The Group's holdings of financial instruments are classified as follows:

Financial assets available for sale

The category "Financial assets available for sale" includes financial assets that are not classified in any other category, or financial assets that the Company initially opted to classify in this category. Shares and participations among financial non-current assets not recognised as subsidiaries, associated companies or joint ventures are recognised in this category. According to the main rule, these assets are measured at fair value after the acquisition date, with changes in value recognised in other comprehensive income and the accumulated changes in value recognised as a separate component under equity, although this does not include changes in value due to impairment losses or interest on receivable instruments and dividend income, and exchange-rate differences on monetary items which are recognised in net profit for the year. If the asset is sold, the accumulated gain/loss that was previously recognised in other comprehensive income is recognised in net profit for the year. Holdings that are not listed, and whose fair value cannot be calculated in a reliable manner, are recognised at cost, but with a possible adjustment if an impairment charge is warranted.

Loan receivables and accounts receivable

Long-term receivables among non-current assets and accounts receivable and other receivables among current assets that are non-derivative financial assets with fixed payments, or payments that can be determined and that are not listed on an active market. After the acquisition date, such assets are recognised at amortised cost using the effective interest method, less any provisions for loss of value. Accounts receivable are recognised at the amount expected to be received, meaning after deductions for doubtful accounts receivable. Any impairment requirement for the receivables is determined based on individual testing, taking into consideration earlier experience of customer losses on similar receivables.

Financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities are initially recognised at fair value after deductions for transaction costs. Borrowing is then recognised at amortised cost and any differences between the loan amount (net after transaction costs) and the repayable amount are recognised in net profit for the year distributed over the term of the loan and by applying the effective interest method. Borrowing is classified as a current liability if the Company does not hold an unconditional right to defer payment for a minimum of 12 months after the balance-sheet date.

Other categories

The Group has not initially classified any assets or liabilities as financial assets or liabilities measured at fair value in profit or loss, and does not have any financial assets or liabilities held for trading. Nor did the Group have any financial held-to-maturity investments during the financial year.

NOTE 1, CONT.

Derivatives and hedge accounting

Derivative instruments are initially recognised at fair value.

After the acquisition date, derivative instruments held for hedging purposes, meaning interest swap agreements, interest caps and foreign-exchange forward contracts, are measured at fair value. To fulfil the requirements for hedge accounting according to IAS 39, there must be a clear link to the hedged item, the hedge must effectively protect the hedged item, hedging documentation must have been drawn up and the effectiveness must be measurable.

After the initial recognition, derivative instruments are measured at fair value and the method of recognising a change in value depends on the character of the hedged item. The Group identifies certain derivatives as either (1) a hedge of a highly probable anticipated interest income (cash-flow hedging), or (2) a hedge of a highly probable forecast transaction in foreign currency (cash-flow hedging).

The effective portion of changes in the fair value of derivative instruments identified as cash-flow hedges are recognised in other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve).

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

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

TANGIBLE NON-CURRENT ASSETS

Owned assets

Tangible non-current assets are recognised as assets in the balance sheet if it is probable that future financial benefits will accrue to the Group and the cost of the asset can be calculated in a reliable manner.

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

Tangible non-current assets that consist of parts with different periods of use are treated as separate components of tangible non-current assets.

The carrying amount of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no future financial benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expense.

Leased assets

Leases are classified in the consolidated financial statements as either financial or operational leases. Leases where essentially all of the financial risks and benefits associated with ownership have been transferred to the lessee are classified as financial leases. Where this is not the case, the lease is an operational lease.

Assets that are leased in accordance with financial lease agreements are recognised as non-current assets in the balance sheet and are initially measured at the lower of the leased asset's fair value and the present value of the minimum leasing fees at the time the contract is entered into. Obligations to pay future leasing fees are recognised as non-current and current liabilities. The leased assets are depreciated over the useful life of the asset in question, while the leasing fees are recognised as interest and amortisation of the liabilities.

Assets that are leased in accordance with operational leases are generally not recognised as an asset in the balance sheet. Nor do operational leases result in a liability.

Additional expenditures

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

Amortisation 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 period of use of individual components.

Estimated periods of use:

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

Property used in operations consists of a number of components with varying periods of use. The main classification is buildings and land. The land component is not depreciated since its period of use is considered to be unlimited. Buildings, however, consist of a number of components for which the period of use varies. The periods of use of these components have been deemed to vary between five and 100 years.

The following main groups of components have been identified and constitute the basis for the depreciation of buildings:

Core	100 years
Core improvements, inner walls, etc.	50 years
Installations: heating, electricity, water, and sanitation, ventilation, etc.	10–50 years
Outer surfaces: facing, roofing, etc.	10–50 years
Inner surfaces: machinery equipment, etc.	10–15 years
Building equipment	5–10 years

An assessment of the depreciation methods applied and the residual value and period of use of assets is carried out on an annual basis.

INTANGIBLE ASSETS

Goodwill

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

Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is not amortised continuously. Instead, impairment testing is conducted on an annual basis.

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

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost, less accumulated amortisation and impairment losses. This includes, for example, brands, capitalised IT expenditure for development and purchases of software. Accrued expenses for internally generated goodwill and internally generated brands are recognised in net profit for the year when the cost is incurred.

Additional expenditures

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only to the extent that they increase the future financial benefits of the specific asset to which they are attributable. All other expenditures are expensed as incurred.

Amortisation policies

Amortisation is recognised in net profit for the year over the estimated period of use of the intangible asset, unless the period of use is indefinable. Goodwill and intangible assets with an indefinable period of use, such as certain brands, are tested on an annual basis for any indications of an impairment requirement, or as soon as there are indications that the asset in question has declined in value. Intangible assets that are subject to amortisation are amortised from the date on which they are available for use.

Estimated periods of use:

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

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

NOTE 1, CONT.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated by applying the "first-in, first-out" (FIFO) method or using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state.

Net realisable value is the estimated selling price in the operating activities, after deduction of the estimated costs for completion and for accomplishing a sale.

IMPAIRMENT LOSSES

The carrying amount of the Group's assets is tested on at least each balance-sheet date to determine whether there are any indications of an impairment requirement. IAS 36 is applied for impairment testing of assets other than financial assets, which are tested in accordance with IAS 39, assets available for sale and disposal groups recognised in accordance with IFRS 5, inventories, assets under management used for financing compensation to employees and deferred tax assets. If there is any indication of impairment, the recoverable amount of the asset is calculated. The measurement of exempted assets in accordance with the above is tested in compliance with each standard.

The recoverable amount of goodwill, other intangible assets with an indefinable period of use and intangible assets not yet ready for use is calculated 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 (a so called cash-generating unit).

An impairment loss is recognised when an asset's or a cash-generating unit's recognised value exceeds the recoverable amount. An impairment loss is recognised as a cost in net profit for the year. When impairment losses are identified for a cash-generating unit, the impairment loss is primarily allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

Calculation of recoverable amount

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

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

Reversal of impairment losses

Impairment losses on loan receivables and accounts receivable recognised at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment loss was charged.

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based.

An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset if no impairment loss had been charged, taking into account the amortisation that would then have been made.

EQUITY

The Group's equity can be divided into share capital, other contributed capital, reserves, retained earnings including net profit for the year and non-controlling interest.

Repurchase of own shares

Holdings of treasury shares and other equity instruments are recognised as a reduction of equity. Acquisitions of such instruments are recognised as a deduction item against equity. Proceeds from the disposal of equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly against equity.

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

EARNINGS PER SHARE

The calculation of earnings per share is based on consolidated net profit for the year attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share on a fully diluted basis, the average number of shares outstanding is adjusted by taking into account the theoretical dilution of the number of shares outstanding, which during reported periods is attributable to personnel options and call options issued to employees.

EMPLOYEE BENEFITS

Defined-contribution pension plans

Obligations pertaining to fees for defined-contribution pension plans are recognised as an expense in net profit for the year when they arise.

Defined-benefit pension plans

The Group's net obligations pertaining to defined-benefit pension plans are calculated separately for each plan in the form of an estimate of the future compensation that the employee has earned as a result of his/her employment in both the current and prior periods. These calculations are performed by a qualified actuary using the projected unit credit method. The obligations are measured at the present value of expected future payments, with due consideration for future salary increases. The discount rate used is the interest rate on the balance-sheet date for an investment grade corporate bond or housing bonds with a term equivalent to the Group's pension obligations. In the case of funded plans, the fair value of the plan assets reduces the calculated value.

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

Obligations for retirement pensions to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. However, obligations for family pensions are secured by insurance with Alecta. These obligations are also defined-benefit obligations, although the Group has not had access to the information necessary to recognise these obligations as a defined-benefit plan. Therefore, these pensions secured by insurance with Alecta are recognised as a defined-contribution plan. As of 31 December 2013, Alecta's surplus in the form of its collective solvency margin was 148 percent (2012: 129 percent). The collective solvency margin is defined as the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond with IAS 19. Alecta's surplus can be distributed to the policy holders and/or the insured.

When the benefits under a plan are improved, the proportion of the increase in benefits pertaining to the employees' service during prior periods is recognised as an expense in net profit for the year. The carrying amount for pensions and similar commitments in the balance sheet corresponds to the present value of the commitments at year-end, less the fair value of the plan assets.

Interest expense/income net on the defined-benefit commitment/asset is recognised in net profit for the year under net financial items. Net interest income is based on the interest rate arising on the discounting of the net obligation, meaning the interest on the obligation, plan assets and the interest on the effect of any asset limitations. Other components are recognised in operating profit/loss. The special payroll tax comprises a portion of the actuarial assumptions and, accordingly, is recognised as a portion of the net obligation/net asset. The portion of the special payroll tax calculated based on the Swedish Pension Obligations Vesting Act in legal entities is recognised, for reasons of simplification, as accrued expenses instead of as a portion of the net obligation.

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

Benefits in the case of termination

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

Share-based benefits

The 2013 Annual General Meetings resolved that a call option programme would be offered to members of senior management of the Group. A similar programme was resolved at the 2007 Annual General Meeting. The latter programme expired during the 2012/2013 financial year. 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, which will be paid to the employee provided that certain terms and conditions are fulfilled. The cost for this subsidy is distributed over the vesting period.

NOTE 1, CONT.

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 for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is 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 shares 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. In addition to this, the accounting policy regarding Group contributions have changed, which has entailed only reclassification in the income statement.

Subsidiaries

Shares 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 profit or loss when incurred.

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

Tangible non-current assets

Leased assets

All leasing agreements in the Parent Company are recognised in accordance with the rules for operational leasing.

Borrowing costs

Borrowing costs in the Parent Company are charged against earnings in the period to which they are attributable. No borrowing costs are capitalised on assets.

Employee benefits

Other bases for the calculation of defined-benefit pension plans are used in the Parent Company than those set out in IAS 19. The Parent Company complies with the provisions of the Swedish Pension Obligations Vesting Act and the directives of the Swedish Financial Supervisory Authority, since this is a condition for tax deductibility. The most important differences compared with the rules in IAS 19 are how the discount interest rate is determined, that the calculation of the defined-benefit obligation takes place based on the current salary level without assumption of future salary increases, and that all actuarial gains and losses are recognised in net profit for the year as they arise.

Taxes

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. Correspondingly, in 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	
	2013/2014	2012/2013	2013/2014	2012/2013
Revenue				
Sale of goods	7,447	7,452	–	–
Service assignments	157	175	33	48
Rental income	10	7	2	–
Commission, bonuses and similar income	34	32	–	–
Total	**7,648**	**7,666**	**35**	**48**

Income in the Parent Company pertains to intra-Group services totalling MSEK 33 (48).

NOTE 3

OTHER OPERATING INCOME

	Group	
	2013/2014	2012/2013
Exchange-rate gains on operating receivables/liabilities	6	–
Grants from EU, central and local government	4	3
Other grants	0	0
Insurance indemnification	1	1
Capital gain, sale of tangible non-current assets	1	3
Capital gain, sale of financial non-current assets	–	1
Capital gain, sale of subsidiaries and other business units	3	245
Other	0	0
Total	**15**	**253**

NOTE 4

SEGMENT REPORTING

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

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

During the past financial year, the Business Areas operating segment comprised four operating areas that conduct operations in various product and application areas (Tools & Machinery, Personal Protective Equipment, Fastening Elements and Work Environment & Consumables) and provide TOOLS and other market channels with industrial consumables and related services.

After the division of the Work Environment & Consumables business area, the operating segment comprises five operating areas from 1 April 2014.

Group-wide includes management, accounting, support functions, infrastructure operations and property management.

The support functions include HR, internal communications, IR and legal affairs.

Infrastructure operations comprise IT, supply chain and master data management (MDM).

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

No single customer in the Group accounts for more than 3 percent of the Group's revenue.

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

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

	2013/2014			2012/2013		
Revenue	External	Internal	Total	External	Internal	Total
TOOLS / Momentum	5,045	53	**5,098**	5,154	51	**5,205**
Business Areas	2,592	1,279	**3,871**	2,502	1,196	**3,698**
Group-wide	11	651	**662**	10	601	**611**
Eliminations	–	-1,983	**-1,983**	–	-1,848	**-1,848**
Group total	**7,648**	**0**	**7,648**	**7,666**	**0**	**7,666**

	2013/2014			2012/2013		
Operating profit/loss, assets and liabilities	Operating profit/loss	Assets	Liabilities	Operating profit/loss	Assets	Liabilities
TOOLS / Momentum	145	2,900	1,748	27	3,019	2,016
Business Areas	223	3,426	1,674	152	3,415	1,647
Group-wide	-14	1,596	2,219	116	2,070	2,711
Eliminations	-14	-2,828	-2,750	-6	-3,265	-3,200
Group total	**340**	**5,094**	**2,891**	**289**	**5,239**	**3,174**

	2013/2014			2012/2013		
Profit/loss after net financial items	Operating profit/loss	Net financial items	Profit/loss after net financial items	Operating profit/loss	Net financial items	Profit/loss after net financial items
TOOLS / Momentum	145	–	**145**	27	–	**27**
Business Areas	223	–	**223**	152	–	**152**
Group-wide	-14	-54	**-68**	116	-73	**43**
Eliminations	-14	–	**-14**	-6	–	**-6**
Group total	**340**	**-54**	**286**	**289**	**-73**	**216**

NOTE 4, CONT.

Investments in non-current assets	2013/2014 Intangible	2013/2014 Tangible	2013/2014 Total	2012/2013 Intangible	2012/2013 Tangible	2012/2013 Total
TOOLS / Momentum	1	22	**23**	0	25	**25**
Business Areas	2	4	**6**	1	6	**7**
Group-wide	–	7	**7**	–	19	**19**
Group total	**3**	**33**	**36**	**1**	**50**	**51**

Depreciation and amortisation of non-current assets	2013/2014 Intangible	2013/2014 Tangible	2013/2014 Total	2012/2013 Intangible	2012/2013 Tangible	2012/2013 Total
TOOLS / Momentum	-1	-24	**-25**	-2	-23	**-25**
Business Areas	-3	-5	**-8**	-5	-5	**-10**
Group-wide	-1	-8	**-9**	-17	-13	**-30**
Group total	**-5**	**-37**	**-42**	**-24**	**-41**	**-65**

Impairment losses on non-current assets	2013/2014 Intangible	2013/2014 Tangible	2013/2014 Total	2012/2013 Intangible	2012/2013 Tangible	2012/2013 Total
Group-wide	–	-3	**-3**	–	-1	**-1**
Group total	**–**	**-3**	**-3**	**–**	**-1**	**-1**

Other non-cash items	2013/2014 Pensions	2013/2014 Other	2012/2013 Pensions	2012/2013 Other
TOOLS / Momentum	0	56	-1	-79
Business Areas	-18	4	-25	-6
Group-wide	-5	43	-6	-50
Group total	**-23**	**103**	**-32**	**-135**

INFORMATION ON GEOGRAPHIC AREA

The Group primarily conducts operations in Sweden, Norway and Finland. Revenue presented for the geographic markets is based on the domicile of the customers, while assets and investments are based on the geographic location of the operations.

	2013/2014 External revenue	2013/2014 Non-current assets	2012/2013 External revenue	2012/2013 Non-current assets
Sweden	3,802	1,785	3,740	1,832
Finland	845	189	860	177
Norway	2,311	21	2,451	21
Other countries	690	5	615	3
Group total	**7,648**	**2,000**	**7,666**	**2,033**

Investments in non-current assets	2013/2014 Intangible	2013/2014 Tangible	2013/2014 Total	2012/2013 Intangible	2012/2013 Tangible	2012/2013 Total
Sweden	3	20	**23**	1	41	**42**
Finland	0	3	**3**	0	2	**2**
Norway	–	9	**9**	–	6	**6**
Other countries	0	1	**1**	0	1	**1**
Group total	**3**	**33**	**36**	**1**	**50**	**51**

NOTE 5

EMPLOYEES AND PERSONNEL COSTS

	2013/2014			2012/2013		
Average number of employees by country	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden, Parent Company	3	8	**11**	5	8	**13**
Sweden, other Swedish companies	403	1,268	**1,671**	420	1,341	**1,761**
Denmark	6	20	**26**	5	22	**27**
Finland	50	256	**306**	54	265	**319**
Norway	85	410	**495**	80	398	**478**
Estonia	13	35	**48**	12	36	**48**
Poland	15	60	**75**	16	72	**88**
Other countries	36	56	**92**	35	58	**93**
Group total	**611**	**2,113**	**2,724**	**627**	**2,200**	**2,827**

	2013/2014			2012/2013		
Salaries and remuneration by country	**Board of Directors and President**	**Of which, variable remuneration**	**Other**	**Board of Directors and President**	**Of which, variable remuneration**	**Other**
Sweden	32	3	714	52	1	727
Denmark	2	–	14	1	0	15
Finland	4	0	116	2	0	120
Norway	3	0	301	3	1	305
Estonia	1	0	6	1	0	7
Poland	1	–	10	2	0	10
Other countries	4	1	14	4	0	13
Group total	**47**	**4**	**1,175**	**65**	**2**	**1,197**

	2013/2014			2012/2013		
Group	**Salaries and remuneration**	**Social security fees**	**Of which, pension costs**	**Salaries and remuneration**	**Social security fees**	**Of which, pension costs**
Group total	1,222	409	106	1,262	443	132

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

	2013/2014			2012/2013		
Parent Company	**Board of Directors and President**	**Other employees**	**Total**	**Board of Directors and President**	**Other employees**	**Total**
Salaries and other remuneration	6	5	**11**	28	8	**36**
(of which, variable remuneration)	1	0	**1**	1	0	**1**
Social security fees	4	6	**10**	23	6	**29**
(of which, pension costs)	2	2	**4**	12	2	**14**

The category "Board of Directors and President" in the table above includes directors, presidents and executive vice presidents in the Group in 2013/2014.

Of the Group's pension costs, SEK 7,990 thousand (18,424) pertains to the category "Board of Directors and President."

Of the Parent Company's pension costs, SEK 1,607 thousand (12,102) pertains to the category "Board of Directors and President," and the costs in their entirety pertain to the President and the Executive Vice President. The Company's outstanding pension obligations to the category "Board of Directors and President" amount to SEK 1,122 thousand (1,116), of which SEK 235 thousand (65) pertains to the President and SEK 887 thousand (883) 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 the B&B TOOLS Group's President & CEO and other senior management is based on the guidelines proposed by the Board of Directors and adopted by the Annual General Meeting. The guidelines in effect during the 2013/2014 financial year are presented below.

The Compensation Committee prepares and submits motions to the Board of Directors concerning the formulation of a remuneration structure for the Group's senior management in line with the guidelines of the Annual General Meeting and prepares 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. Decisions concerning remuneration to other senior management are made by the Compensation Committee.

A more detailed presentation of the composition and work of the Compensation Committee is found in the Corporate Governance Report on page 20.

REMUNERATION DURING THE 2013/2014 FINANCIAL YEAR

The Board of Directors

In accordance with the resolution passed by the Annual General Meeting in August 2013, the Board of Directors received a total of SEK 1,880 thousand (1,700) in directors' fees during the 2013/2014 financial year. Pursuant to the resolution of the Annual General Meeting, the Chairman of the Board received SEK 500 thousand (450), the Vice Chairman received SEK 380 thousand (350) and the other directors received SEK 250 thousand (225) each. No fees were paid for committee work. No director received any remuneration in addition to directors' fees during the 2013/2014 financial year. Refer also to the summary of the Board's composition and fees in 2013/2014 in the Corporate Governance Report on page 19.

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 Board's six directors elected by the Annual General Meeting, five directors invoiced their directors' fees through a wholly owned company in 2013/2014.

NOTE 5, CONT.

President & CEO

Remuneration to the President & CEO of B&B TOOLS AB comprises fixed salary, variable salary, participation in the long-term incentive programmes ("LTI 2008" and "LTI 2012") and the call option programme 2013/2017 (see below for a more detailed description), other benefits and pension. For the Company's President & CEO, variable salary can amount to a maximum of 30 percent of the fixed salary, based on the Group's earnings. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in B&B TOOLS AB. On 31 March 2014, the President & CEO held 13,300 call options according to the programme described below.

From the age of 65, the President & CEO is covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance.

In the event of termination of employment at the initiative of the Company, the period of notice is 12 months. Aside from salary and other benefits during the period of notice, no severance pay will be issued to the President & CEO in the event of termination of employment at the initiative of the Company.

Other members of senior management

In this Note, "Other members of senior management" refers to the current Group management excluding the President & CEO (nine individuals) for the period 1 April 2013 – 31 March 2014.

Other members of senior management 2013/2014

Carl Johan Lundberg	Eva Hemb	Jens Henriksen	Jimmy Norlinder
Mikael Malmgren	Olof Nyberg	Pontus Boman	Stefan Lind
Torbjörn Eriksson			

As of 1 April 2014, Group management was expanded with the addition of:
Mika Kärki

Remuneration to other members of senior management consists of fixed salary, variable salary, possible participation in the long-term incentive programme ("LTI 2008") and the call option programme 2013/2017 (see below for a more detailed description), other benefits and pension. Members of senior management employed in subsidiaries receive their remuneration from the respective companies. For the other members of senior management, variable remuneration, based on the Group's and – in certain cases – the respective operating area's earnings – may constitute a maximum of 25-30 percent of the fixed salary. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in B&B TOOLS AB. On 31 March 2014, these other members of senior management held 116,100 call options according to the programme described below. Refer to page 67 for a detailed presentation of the current Group management.

From the age of 65, the other members of senior management are covered by pension entitlements based on individual agreements. The existing pension solutions are mainly defined-contribution pensions, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance. The respective Group companies' outstanding defined-benefit pension obligations amount to SEK 3,848 thousand (4,524).

In the event of termination of employment at the initiative of the respective company, the period of notice is a maximum of 6–12 months. In addition to salary and other benefits during the notice period, a severance payment of not more than 3–12 months' salary is payable by the respective company.

REMUNERATION AND OTHER BENEFITS 2013/2014

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

REMUNERATION AND OTHER BENEFITS 2012/2013

SEK thousand	Fixed salary[1)]	Variable salary	Long-term incentive (LTI)	Other benefits	Total remuneration	Pension costs
Stefan Wigren, President & CEO (1 April–31 October 2012)	8,653	0	–	226	**8,879**	7,000
Ulf Lilius, President & CEO (1 November 2012–31 March 2013)	1,100	0	600	24	**1,724**	333
Other members of senior management[2)]	20,019	0	–	679	**20,698**	5,823
Total	**29,772**	**0**	**600**	**929**	**31,301**	**13,156**

1) Including expensed severance payment according to applicable contract.
2) For definition and time periods, refer to B&B TOOLS' Annual Report 2012/2013.

NOTE 5, CONT.

Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of senior management in 2013/2014

For the Board of Directors, it is crucial that the Company is able to recruit, provide long-term motivation for and retain competent employees who create long and short-term shareholder value. To achieve this goal, it is important that the Company is able to offer competitive terms. The Company's remuneration levels and remuneration structure for senior management is to be in line with market conditions. The total remuneration package for the individuals in question should comprise a balanced combination of fixed salary, variable salary, long-term incentive programmes, pension benefits and other benefits. Variable salary and long-term incentive programmes should primarily be linked to the Group's earnings and value performance.

- Fixed salary is to be adjusted to market conditions and be based on responsibility, competence and performance. Fixed salary is determined based on market principles and is reviewed annually.
- Variable salary is to be determined in relation to fixed salary and is set as a function of the Group's earnings.
- Members of Group management are to be included in a long-term incentive programme ("LTI programme").
- Pension benefits are to comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable salary and age. Certain individual adjustments occur. The retirement age for Group management is currently 65.
- Other benefits are to be in line with market conditions and enable the members of Group management to perform their duties.
- In the event of termination of employment on 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 22 August 2013. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2013/2014.

LONG-TERM INCENTIVE (LTI) PROGRAMMES

During the 2008/2009 financial year, the Board of B&B TOOLS AB decided to introduce a long-term incentive programme ("LTI 2008") for senior management and other key individuals in the Group, excluding the Group management of the time, with the intention of establishing long-term participation in the Group and its value performance. The LTI programme initially had a term of five years and under its structure, the individuals concerned initially invested in B&B TOOLS shares up to a level determined in advance. The basic prerequisite for an annual cash disbursement within the framework of the programme was that the Group's profit before taxes was to exceed the average of the corresponding earnings in the past three years by at least 20 percent. Accordingly, no dilution effect arose as a function of the LTI programme. In 2010/2011, the programme was extended to a total term of seven years until 2015. The goal of the LTI programme was not achieved for the 2013/2014 financial year and a total of SEK 0 thousand (0) was charged against net profit for the year.

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

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 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 was SEK 10.00, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. The following main assumptions were applied to the valuation in August-September 2013: current share price SEK 84.27 per share; term up to and including 9 June 2017; redemption price SEK 101.90 per share; risk-free interest rate (based on government bonds) 1.70 percent and expected volatility 30 percent.

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

The table below shows the options issued and options outstanding as of 31 March 2014:

	Date of issue	Redemption period	Redemption price, SEK	Options issued	Options outstanding	Settlement method
Group						
Call option programme 2013/2017	September 2013	12 September 2016 – 9 June 2017	101.90	169,000	169,000	Physical delivery
Parent Company						
Call option programme 2013/2017	September 2013	12 September 2016 – 9 June 2017	101.90	39,900	39,900	Physical delivery

No call options were redeemed in 2013/2014.

In August 2007, the Annual General Meeting of B&B TOOLS AB decided to offer a number of executives in the B&B TOOLS Group the opportunity to purchase a total of 90,000 call options for shares in B&B TOOLS AB on market terms. The call options expired on 30 September 2012. No call options were redeemed during the programme's term of 2007–2012.

GENDER DISTRIBUTION AMONG SENIOR MANAGEMENT

	Group		Parent Company	
Percentage of women	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**
Directors	14%	10%	17%	17%
Senior management	10%	9%	10%	10%

The category designated above as "Senior management" includes the presidents, executive vice presidents and other senior management in the management groups of the Parent Company and other Group companies.

NOTE 6

FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2013/2014	2012/2013	2013/2014	2012/2013
Audit assignment				
KPMG	5	6	1	1
Other auditors	1	1	–	–
Fees for audit assignment	**6**	**7**	**1**	**1**
Audit activities in addition to audit assignment				
KPMG	0	0	0	0
Other auditors	–	0	–	–
Fees for audit activities in addition to audit assignment	**0**	**0**	**0**	**0**
Tax advisory services				
KPMG	0	1	0	0
Other auditors	0	–	–	–
Fees for tax advisory services	**0**	**1**	**0**	**0**
Other assignments				
KPMG	1	0	0	0
Fees for other assignments	**1**	**0**	**0**	**0**
Total fees to auditors	**7**	**8**	**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 legislation, agreements or contracts. This includes other work assignments that are incumbent upon the Company's auditors, as well as advisory services or other assistance occasioned through the findings of such reviews or the performance of such other work assignments. "Other assignments" comprise advisory services concerning accounting issues.

NOTE 7

ACQUISITION OF BUSINESSES

ACQUISITION OF GROUP COMPANIES

No corporate acquisitions were carried out during the 2013/2014 or 2012/2013 financial years. Nor were any corrections made to additional purchase considerations.

NOTE 8

MEASURES FOR ENHANCING EFFICIENCY AND REDUCING COSTS

2013/2014

There were no non-recurring items in the 2013/2014 financial year.

2012/2013

For the 2012/2013 financial year, non-recurring costs of MSEK 194 were recognised, primarily regarding restructuring and adjustment measures. These costs were distributed between the income items of Goods for resale, Personnel costs, Depreciation/amortisation and Other operating expenses.

Capital gains of MSEK 245 pertaining to property sales also contributed to the net of non-recurring items amounting to MSEK 51 during the year.

NOTE 9

NET FINANCIAL ITEMS

Group	2013/2014	2012/2013
Interest income	5	6
Dividends	0	–
Net exchange-rate changes	3	3
Other financial income	0	0
Financial income	**8**	**9**
Interest expense	-47	-67
Net interest income on defined-benefit pensions	-15	-15
Impairment losses on financial assets available for sale	0	–
Other financial expense	0	–
Financial expense	**-62**	**-82**
Net financial items	**-54**	**-73**

	Profit from shares in Group companies	
Parent Company	**2013/2014**	**2012/2013**
Dividend	390	90
Total	**390**	**90**

	Interest income and similar profit/loss items	
Parent Company	**2013/2014**	**2012/2013**
Interest income, Group companies	148	124
Interest income, other	2	1
Net exchange-rate changes	4	2
Total	**154**	**127**

	Interest expense and similar profit/loss items	
Parent Company	**2013/2014**	**2012/2013**
Interest expense, Group companies	-8	-11
Interest expense, other	-48	-66
Other financial expense	0	–
Total	**-56**	**-77**

NOTE 10

APPROPRIATIONS

	Parent Company	
	2013/2014	2012/2013
Difference between recognised depreciation and depreciation according to plan		
Equipment	1	0
Tax allocation reserve, provision for the year	-45	0
Tax allocation reserve, reversal for the year	53	46
Group contributions received	250	243
Group contributions paid	-223	-295
Total	**36**	**-6**

NOTE 11

TAXES

RECOGNISED IN PROFIT OR LOSS

	Group		Parent Company	
	2013/2014	2012/2013	2013/2014	2012/2013
Current tax				
Tax expense for the period	-79	-33	-30	0
Deduction of foreign taxes	0	-1	–	–
Adjustment of taxes attributable to earlier years	-3	1	0	1
Total	**-82**	**-33**	**-30**	**1**
Deferred tax				
Deferred tax attributable to temporary differences	8	28	0	-2
Deferred tax due to changes in tax rates and/or changed tax legislation	0	8	–	-2
Deferred tax income in tax value of tax loss carryforwards capitalised during the year	3	6	–	–
Deferred tax expense due to utilisation of previously capitalised tax value of tax loss carryforwards	-1	-3	–	–
Deferred tax	**10**	**39**	**0**	**-4**
Total tax	**-72**	**6**	**-30**	**-3**

RECONCILIATION OF EFFECTIVE TAXES

Group

The Group's average tax rate is estimated at 25 percent (28). The relationship between taxes at the average tax rate and recognised taxes for the Group is illustrated in the following table:

Reconciliation of effective taxes	2013/2014	2012/2013
Profit before taxes	286	216
Taxes at the average tax rate of 25 percent (28)	-71	-60
Tax effect of:		
Changed tax rate	0	8
Fictitious interest on tax allocation reserves	-1	-1
Non-deductible capital gain on sale of subsidiaries	3	64
Additional/reduced tax, previous years	-3	1
Utilisation of previously non-capitalised tax loss carryforwards	3	0
Remeasurement of carrying amount of deferred tax assets	0	0
Other non-deductible expenses	-2	-7
Other items	-1	1
Total tax	**-72**	**6**

Parent Company

The relationship between the Swedish tax rate of 22 percent (26.3) and recognised taxes for the Parent Company is illustrated in the following table:

Reconciliation of effective taxes	2013/2014	2012/2013
Profit after net financial items	513	32
Tax at the tax rate of 22 percent (26.3)	-113	-9
Tax effect of:		
Changed tax rate	–	-2
Appropriations	-2	-12
Dividends from subsidiaries	86	24
Fictitious interest on tax allocation reserves	-1	-1
Additional/reduced tax, previous years	0	1
Other non-taxable income	0	0
Other non-deductible expenses	0	-4
Total tax	**-30**	**-3**

TAX RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME AND DIRECTLY AGAINST EQUITY

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

	Group		Parent Company	
	2013/2014	2012/2013	2013/2014	2012/2013
Current tax on translation differences	0	0	–	–
Deferred tax on hedge accounting of financial instruments	-1	-2	-1	-1
Total	**-1**	**-2**	**-1**	**-1**

NOTE 11, CONT.

RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and liabilities

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

	31 March 2014			31 March 2013		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Intangible assets	0	-11	**-11**	0	-11	**-11**
Land and buildings	–	-6	**-6**	–	-10	**-10**
Machinery and equipment	3	–	**3**	2	–	**2**
Financial non-current assets	3	–	**3**	21	-26	**-5**
Inventories	43	–	**43**	41	–	**41**
Accounts receivable	7	–	**7**	4	-1	**3**
Untaxed reserves	–	-45	**-45**	–	-48	**-48**
Pension provisions	28	-3	**25**	29	-4	**25**
Other provisions	3	–	**3**	3	–	**3**
Interest-bearing liabilities	–	-2	**-2**	–	-1	**-1**
Other	3	-12	**-9**	7	-3	**4**
Tax loss carryforwards	12	–	**12**	11	–	**11**
Total	**102**	**-79**	**23**	**118**	**-104**	**14**

	31 March 2014			31 March 2013		
Parent Company	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Financial non-current assets	2	–	**2**	3	–	**3**
Pension provisions	7	–	**7**	7	–	**7**
Total	**9**	**–**	**9**	**10**	**–**	**10**

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

Group	**31 March 2014**	**31 March 2013**
Opening balance at the beginning of the year, net	14	-36
Disposal of subsidiaries	1	16
Reclassifications within the balance sheet	–	9
Taxes charged against net profit for the year	10	39
Taxes on items recognised in the consolidated comprehensive income	-2	-11
Translation differences	0	-3
Closing balance at year-end, net	**23**	**14**

Parent Company	**31 March 2014**	**31 March 2013**
Opening balance at the beginning of the year, net	10	15
Taxes charged against net profit for the year	0	-4
Taxes on items recognised in the Parent Company's comprehensive income	-1	-1
Closing balance at year-end, net	**9**	**10**

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

Group	**2013/2014**	**2012/2013**
Intangible assets	0	7
Land and buildings	5	5
Machinery and equipment	1	0
Financial non-current assets	9	-2
Inventories	5	-6
Accounts receivable	1	3
Untaxed reserves	2	24
Pension provisions	-1	0
Other provisions	0	0
Interest-bearing liabilities	-4	–
Other	-8	5
Tax loss carryforwards	0	3
Total	**10**	**39**

Parent Company	**2013/2014**	**2012/2013**
Financial non-current assets	0	-2
Pension provisions	0	-1
Other provisions	–	-1
Total	**0**	**-4**

NOTE 12

INTANGIBLE NON-CURRENT ASSETS

Group	Goodwill	Brands	Supplier contracts	Customer relations	Software	Other	Total
Carrying amount at the beginning of the year	**1,724**	**50**	**0**	**1**	**1**	**5**	**1,781**
Accumulated cost							
At the beginning of the year	1,724	58	32	73	59	17	**1,963**
Investments	–	–	–	–	–	3	**3**
Sales and disposals	0	–	–	-1	-1	0	**-2**
Reclassifications	–	–	–	–	–	0	**0**
Exchange-rate difference for the year	12	–	0	0	0	1	**13**
At year-end	**1,736**	**58**	**32**	**72**	**58**	**21**	**1,977**
Accumulated amortisation							
At the beginning of the year	–	-8	-32	-72	-58	-12	**-182**
Amortisation for the year	–	0	–	0	-1	-4	**-5**
Sales and disposals	–	–	–	1	1	0	**2**
Reclassifications	–	–	–	–	–	0	**0**
Exchange-rate difference for the year	–	–	0	0	0	0	**0**
At year-end	**–**	**-8**	**-32**	**-71**	**-58**	**-16**	**-185**
Impairment losses on cost							
At the beginning of the year	–	0	–	0	–	–	**0**
At year-end	**–**	**0**	**–**	**0**	**–**	**–**	**0**
Carrying amount at year-end	**1,736**	**50**	**0**	**1**	**0**	**5**	**1,792**

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

IMPAIRMENT TESTING OF GOODWILL

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2014, using the balance sheet on 31 December 2013 as a base. The Group's total goodwill value of MSEK 1,736 (1,724) has been allocated by operating segment according to the table below (rounded to the nearest MSEK):

	31 March 2014	31 March 2013
Business Areas	1,337	1,334
TOOLS / Momentum	399	390
Group total	**1,736**	**1,724**

The Group's goodwill has been allocated to the above cash-generating units. Given that acquired businesses constitute an integrated part of the value chain that the Group provides to end customers, acquired goodwill is allocated to the operating areas of each operating segment that receive synergies and economic benefits as a result of the acquisitions. Accordingly, portions of goodwill that arise in connection with the acquisition of reseller businesses in TOOLS / Momentum have been allocated to the Group's Product Companies, which are part of the Business Areas. Goodwill values are tested at the operating segment level. The basis of this testing and the assessment of future cash flows is the "target scenario" for each operating segment for the forthcoming financial year, with forecasts of earnings and cash flows for subsequent years.

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

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

BRANDS

The Group's carrying amount for brands amounted to MSEK 50 (50), with MSEK 50 (50) pertaining to the Teng Tools brand with an unlimited lifetime. No brands were amortised during the year.

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

NOTE 13

TANGIBLE NON-CURRENT ASSETS

Group	Land and buildings	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Carrying amount at the beginning of the year	**170**	**10**	**5**	**64**	**3**	**252**
Accumulated cost						
At the beginning of the year	288	22	21	358	3	**692**
Investments	1	10	1	15	6	**33**
Sales and disposals[1)]	-2	–	0	-61	–	**-63**
Divested businesses	-63	–	–	–	0	**-63**
Reclassifications	-2	0	0	0	-2	**-4**
Exchange-rate differences for the year	6	0	0	3	0	**9**
At year-end	**228**	**32**	**22**	**315**	**7**	**604**
Accumulated depreciation						
At the beginning of the year	-118	-11	-16	-294		**-439**
Depreciation for the year	-6	-3	-1	-27		**-37**
Sales and disposals[1)]	2	–	0	60		**62**
Divested businesses	24	–	–	–		**24**
Reclassifications	4	–	–	0		**4**
Exchange-rate differences for the year	-3	0	0	-3		**-6**
At year-end	**-97**	**-14**	**-17**	**-264**	**–**	**-392**
Impairment losses on cost						
At the beginning of the year	–	-1	–	0		**-1**
Impairment losses for the year	-3	–	–	–		**-3**
At year-end	**-3**	**-1**	**–**	**0**	**–**	**-4**
Carrying amount at year-end	**128**	**17**	**5**	**51**	**7**	**208**

Parent Company	Leasehold improvements	Equipment	Total
Carrying amount at the beginning of the year	**1**	**2**	**3**
Accumulated cost			
At the beginning of the year	3	6	**9**
Sales and disposals	0	-1	**-1**
At year-end	**3**	**5**	**8**
Accumulated depreciation according to plan			
At the beginning of the year	-1	-4	**-5**
Depreciation for the year according to plan	0	-1	**-1**
Sales and disposals	0	1	**1**
At year-end	**-1**	**-4**	**-5**
Impairment losses on cost			
At the beginning of the year	-1	–	**-1**
At year-end	**-1**	**–**	**-1**
Carrying amount at year-end	**1**	**1**	**2**

1) Loss on the disposal of tangible non-current assets amounted to MSEK -1 (-3).

NOTE 14

SHARES IN ASSOCIATED COMPANIES

	Group	
Carrying amount	**31 March 2014**	**31 March 2013**
At the beginning of the year	11	11
Share of profit	0	0
At year-end	**11**	**11**

SPECIFICATION OF SHARES IN ASSOCIATED COMPANIES

Associated companies	Number of shares	Share of equity, %	Share of votes, %	Carrying amount in Group 31 March 2014	Carrying amount in Group 31 March 2013
Group holding					
Workplaces for Industries WFI AB	2,667	40%	40%	7	6
AB Knut Sehlins Industrivaruhus	3,000	30%	30%	4	5
Total				**11**	**11**

SPECIFICATION OF GROUP VALUE PERTAINING TO SHARES OWNED IN ASSOCIATED COMPANIES

Associated companies	Country	Revenue	Profit/loss	Assets	Liabilities	Equity
2013/2014						
Workplaces for Industries WFI AB	Sweden	23	1	11	5	6
AB Knut Sehlins Industrivaruhus	Sweden	14	-1	4	2	2
Total		**37**	**0**	**15**	**7**	**8**
2012/2013						
Workplaces for Industries WFI AB	Sweden	24	0	8	3	5
AB Knut Sehlins Industrivaruhus	Sweden	14	0	8	5	3
Total		**38**	**0**	**16**	**8**	**8**

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

NOTE 15

RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 March 2014	31 March 2013
Carrying amount at the beginning of the year	**3,670**	**3,675**
Additional assets	845	6,446
Deducted assets	-772	-6,451
Carrying amount at year-end	**3,743**	**3,670**

NOTE 16

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Long-term receivables classified as non-current assets				
Pension funds	2	6	–	–
Other receivables	2	2	–	–
Derivatives held for hedging	–	0	–	0
Total	**4**	**8**	–	**0**

	Group	
	31 March 2014	31 March 2013
Other receivables classified as current assets		
Advance payments	2	2
Derivatives	-1	9
VAT receivable	18	20
Receivable from pension foundations	5	4
Other receivables	21	30
Total	**45**	**65**

NOTE 17

INVENTORIES

Group	31 March 2014	31 March 2013
Finished goods and goods for resale	1,414	1,443
Total	**1,414**	**1,443**

The cost of goods sold includes impairment of inventories in the amount of MSEK-19 (-55) and the reversal of previous impairment of MSEK +54 (+36), yielding a net amount of MSEK +35 (-19).

NOTE 18

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Prepaid expenses				
Rent	33	33	2	3
Insurance premiums	4	6	–	0
Marketing costs	2	5	–	–
Leasing	5	5	0	0
Computer costs	9	7	–	–
Packaging	4	3	–	–
Other prepaid expenses	12	9	1	3
Accrued income				
Deliveries of goods	24	19	–	–
Commission and bonus income	19	16	–	–
Marketing income	4	3	–	–
Other accrued income	6	8	0	–
Total	**122**	**114**	**3**	**6**

NOTE 19

RESERVES AND EQUITY

Group	31 March 2014	31 March 2013
Translation reserve		
Opening translation reserve	-53	-16
Translation differences for the year	2	-37
Tax attributable to change for the year	–	0
Closing translation reserve	**-51**	**-53**
Hedging reserve		
Opening hedging reserve	-5	-3
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	4	6
Transferred to profit or loss	-4	-6
Tax attributable to hedges for the year	-1	-2
Closing hedging reserve	**-6**	**-5**
Total reserves		
Opening reserves	-58	-19
Change in reserves for the year:		
Translation reserve	2	-37
Hedging reserve	0	0
Tax attributable to changes in reserves for the year	-1	-2
Closing reserves	**-57**	**-58**

REPURCHASED OWN SHARES INCLUDED IN THE CAPITAL ITEM “RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE YEAR”

	31 March 2014	31 March 2013
Opening repurchased Class B shares	340,000	340,000
Closing repurchased own shares	**340,000**	**340,000**

SHARE CAPITAL

Stated in thousands of shares	31 March 2014	31 March 2013
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 2014, the registered share capital comprised 1,067,812 Class A shares and 27,368,604 Class B shares. All shares have a quotient value of SEK 2.00. All shares entitle their holders to the same rights to the Company’s remaining net assets. For shares held in treasury (see below), all rights are rescinded until these shares have been reissued.

OTHER CONTRIBUTED CAPITAL

Other contributed capital refers to equity contributed by the owners. This includes premium reserves transferred to the statutory reserve on 31 March 2006. Provisions to the share premium reserve from 1 April 2006 and onwards are recognised as contributed capital.

RESERVES

Translation reserve

The translation reserve includes all exchange-rate differences arising from the translation of financial statements from foreign businesses that have prepared their financial statements in a currency other than the currency in which the Group’s financial statements are presented. The Parent Company and the Group present their financial statements in SEK. The translation reserve also comprises exchange-rate differences that arise as a result of the remeasurement of liabilities recognised as hedging instruments for net investments in a foreign business.

Hedging reserve

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

RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE YEAR

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

NOTE 19, CONT.

REPURCHASED SHARES

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2014, the Group held 340,000 own shares (340,000) in treasury.

CAPITAL MANAGEMENT

B&B TOOLS' long-term targets

B&B TOOLS has an internal profitability target for the Group as a whole and all of its profit units. The measure that is used is called P/WC, which refers to operating profit in relation to utilised working capital for the profit unit being measured. The Group's goal is for P/WC to amount to at least 45 percent per year for the Group as a whole and for each individual operating area. In other words, the working capital that is utilised for each individual operating unit should generate a return of at least 45 percent annually. The working capital that is required for the Group's various units is simplified into inventories plus accounts receivable less accounts payable.

Each Group company develops its own business plans and priorities based on its performance in relation to a P/WC of at least 45 percent.

Dividend

After the balance-sheet date, the Board of Directors proposed the following dividend. The dividend is subject to approval by the Annual General Meeting to be held on 21 August 2014.

MSEK	31 March 2014	31 March 2013
SEK 3.50 (3.00) per share	98	84

During the past nine years, the ordinary dividend has amounted to approximately 38 percent of earnings per share. This means that over one-third of earnings per share have been paid out in the form of ordinary dividends.

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

Year	Earnings per share, SEK	Dividend per share, SEK	Pay-out ratio, %
2013/2014	7.60	3.50[1)]	46%
2012/2013	7.90	3.00	38%
2011/2012	8.10	3.00	37%
2010/2011	6.90	3.00	43%
2009/2010	4.80	2.50	52%
2008/2009	10.20	2.50	25%
2007/2008	15.10	5.00	33%
2006/2007	10.35	4.00	39%
2005/2006	7.45	3.50	47%
2004/2005	7.25	2.75	38%
Total	**85.65**	**32.75**	**38%**

1) As proposed by the Board of Directors.

NOTE 20

EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE GROUP AS A WHOLE

	Before dilution		After dilution	
	2013/2014	2012/2013	2013/2014	2012/2013
Earnings per share, SEK	7,60	7,90	7,60	7,90

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2013/2014 was based on net profit for the year attributable to the ordinary shareholders in the Parent Company amounting to MSEK 214 (222) and a weighted average number of shares outstanding during 2013/2014 amounting to 28,096,000 (28,096,000). The two components have been calculated in the following manner:

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

	2013/2014	2012/2013
Net profit for the year attributable to Parent Company shareholders	214	222
Profit attributable to Parent Company shareholders, before dilution	**214**	**222**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2013/2014	2012/2013
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-340	-340
Number of shares for calculation of earnings per share	**28,096**	**28,096**

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2013/2014 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 214 (222) and a weighted average number of shares outstanding during 2013/2014 amounting to 28,096,000 (28,096,000). The two components have been calculated in the following manner:

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

	2013/2014	2012/2013
Net profit for the year attributable to Parent Company shareholders	214	222
Profit attributable to Parent Company shareholders, after dilution	**214**	**222**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2013/2014	2012/2013
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-340	-340
Number of shares for calculation of earnings per share	**28,096**	**28,096**

As of 31 March 2014, B&B TOOLS AB had an outstanding call option programme for which the share price exceeded the redemption price for the programme. The dilution effect that arose during the final quarter of the year had an insignificant effect on the full-year. Details about this call option programme are provided in Note 5 Employees and personnel costs.

NOTE 21

PROVISIONS FOR PENSIONS

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

DEFINED-CONTRIBUTION PENSION PLANS

These plans mainly cover retirement pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies. The size of the premiums is based on salary. The pension cost for the period is included in profit or loss.

DEFINED-BENEFIT PENSION PLANS

These plans mainly cover retirement pensions. Vesting is based on the number of years of service. For each year of service, the employee earns an increased right to pension, which is recognised as benefits earned during the year and as an increase in pension obligations. The defined-benefit plans are exposed to actuarial risks, such as length of life, currency, interest-rate and investment risks. Approximately 89 percent of the pension obligations' gross present value pertains to Swedish PRI pensions, which is an unfunded pension plan.

Changed accounting policies regarding IAS 19 impacted the comparative figures for 2012/2013 in the Note. Also refer to Note 1 Accounting policies on pages 30–35.

Commitments for employee benefits, defined-benefit plans

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

Group	31 March 2014	31 March 2013
Pension obligations unfunded plans, present value	446	458
Pension obligations funded plans, present value	52	51
Plan assets, fair value	-49	-50
Net pension obligations	**449**	**459**

The Group has a number of defined-benefit pension plans that are all managed individually. Funded plans are recognised on a net basis in the balance sheet. Accordingly, obligations are recognised in the balance sheet in the following net amounts:

	31 March 2014	31 March 2013
Plan assets for pension obligations	2	6
Provisions for pensions and similar commitments	-451	-465
Net liabilities according to the balance sheet	**-449**	**-459**
Of which, credit insured through PRI Pensionsgaranti	354	347

Performance of pension obligations and plan assets

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

Pension obligations unfunded plans	31 March 2014	31 March 2013
Opening balance	458	469
Benefits earned during the year	6	15
Interest expense	15	16
Benefits paid	-19	-18
Remeasurement recognised in other comprehensive income, see separate specification	-11	-24
Reclassifications	-3	-
Exchange-rate differences	0	0
Pension obligations unfunded plans, present value	**446**	**458**

Pension obligations funded plans	31 March 2014	31 March 2013
Opening balance	51	58
Benefits earned during the year	0	2
Interest expense	2	1
Benefits paid	-4	-3
Remeasurement recognised in other comprehensive income, see separate specification	6	-4
Redemption of pension obligations	-2	–
Exchange-rate differences	-1	-3
Pension obligations funded plans, present value	**52**	**51**

Present value of pension obligations specified by category (%)	31 March 2014	31 March 2013
Active	21	22
Paid-up policy holders	35	37
Pensioners	44	41
Total	**100**	**100**

Plan assets	31 March 2014	31 March 2013
Opening balance	50	54
Interest income recognised in profit or loss	2	2
Funds contributed by employers	1	3
Funds paid to employers	-3	-3
Remeasurement recognised in other comprehensive income, see separate specification	1	-3
Redemption of pension obligations	-1	–
Exchange-rate differences	-1	-3
Plan assets, fair value	**49**	**50**

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

Plan assets	31 March 2014	31 March 2013
Cash and cash equivalents	3	–
Equity instruments	5	4
Debt instruments	32	35
Properties	7	8
Other assets	2	3
Plan assets, fair value	**49**	**50**

No plan assets have a listed price on an active market.

Provision for pension obligations	31 March 2014	31 March 2013
Opening balance	459	473
Pension costs, defined-benefit plans	21	32
Benefits paid	-23	-21
Funds contributed by employers	-1	-3
Funds paid to employers	3	3
Remeasurement recognised in other comprehensive income, see separate specification	-6	-25
Redemption of pension obligations	-1	–
Reclassifications	-3	–
Exchange-rate differences	0	0
Closing balance	**449**	**459**

NOTE 21, CONT.

Pension costs

Cost recognised in net profit for the year	2013/2014	2012/2013
Pensions earned during the period	6	17
Net interest expense	15	15
Pension costs, defined-benefit plans in net profit for the year	**21**	**32**
Pension costs, defined-contribution plans	100	115
Pension costs in net profit for the year	**121**	**147**

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. Of the total pension costs of MSEK 121 (147), MSEK 15 (15) is included in "Net financial items."

Remeasurement recognised in other comprehensive income	2013/2014	2012/2013
Actuarial gains and losses on changes in demographic assumptions	-4	–
Actuarial gains and losses on changes in financial assumptions	19	16
Effect of experience-based assessments	-8	8
Other	-2	3
Total remeasurement, pension obligations	*5*	*27*
Difference between actual return and return according to discount rate on plan assets	1	-2
Total remeasurement, plan assets	*1*	*-2*
Total remeasurement in other comprehensive income	**6**	**25**

Actuarial assumptions

Group	Sweden	Norway	Taiwan
2013/2014			
Discount rate, 1 April, %	3.50	3.80	1.63
Discount rate, 31 March, %	3.75	3.50	1.88
Expected salary increase, %	2.75	3.50	2.75
Expected inflation, %[1)]	1.75	0.10	N/A
Expected remaining period of service, years	11.30	5.50	18.00

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

Length of life assumptions

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

	Sweden	Norway
Length of life assumptions at 65 years of age – retired members:		
Men	20.4	21.3
Women	23.7	24.6
Length of life assumptions at 65 years of age for members who are 40 years of age:		
Men	23.5	23.7
Women	25.4	27.1

Sensitivity analysis

The discount rate is the parameter that is of the greatest significance to the calculation of the present value of outstanding pension obligations. A 0.50-percentage point increase in the discount rate would reduce the total pension obligation by approximately MSEK 37, while a 0.50-percentage point decrease in the discount rate would increase the total pension obligation by approximately MSEK 41.

Financing

As of 31 March 2014, the average weighted term of the total pension obligation was 16.2 years, of which unfunded PRI pensions in Sweden had an average weighted term of 16.7 years.

B&B TOOLS estimates that approximately MSEK 24 (23) will be paid in 2014/2015 to existing defined-benefit pension plans.

Group	Sweden	Norway	Taiwan
2012/2013			
Discount rate, 1 April, %	3.75	2.60	1.55
Discount rate, 31 March, %	3.50	3.80	1.63
Expected salary increase, %	2.75	3.25	2.75
Expected inflation, %[1)]	1.75	0.10	N/A
Expected remaining period of service, years	10.90	2.80	19.00

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

Parent Company

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

Parent Company	31 March 2014	31 March 2013
Pension obligations unfunded plans, present value as of 31 March	48	50
Net pension obligations	**48**	**50**
Net liabilities in the balance sheet	**48**	**50**

As of 31 March 2014, the Parent Company has one defined-benefit plan pertaining to PRI. These obligations are recognised in the balance sheet in the following amounts:

	31 March 2014	31 March 2013
Provisions for pensions and similar commitments	48	50
Net liabilities according to the balance sheet	**48**	**50**
Of which, credit insured through PRI Pensionsgaranti	48	50

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

Pension obligations unfunded plans	31 March 2014	31 March 2013
Opening balance	50	51
Benefits earned during the year	0	0
Interest expense	2	2
Benefits paid	-4	-3
Pension obligations unfunded plans, present value	**48**	**50**

Provision for pension obligations	31 March 2014	31 March 2013
Opening balance	50	51
Pension costs, defined-benefit plans	2	2
Benefits paid	-4	-3
Closing balance	**48**	**50**

Pension costs	2013/2014	2012/2013
Pensions earned during the period, personnel costs	0	0
Interest on obligation, interest expense	2	2
Pension costs, defined-benefit plans	**2**	**2**
Pension costs, defined-contribution plans	4	14
Pension costs	**6**	**16**

NOTE 22

OTHER PROVISIONS

Group	31 March 2014	31 March 2013
Provisions classified as non-current liabilities		
Other	3	2
Total	**3**	**2**

Specification	31 March 2014	31 March 2013
Carrying amount at the beginning of the period	**2**	**0**
Divested businesses	-2	–
Reclassifications	3	–
Other	–	2
Carrying amount at the end of the period	**3**	**2**

NOTE 23

OTHER LIABILITIES

Group	31 March 2014	31 March 2013
Other current liabilities		
Derivatives	2	0
Advance payments from customers	0	1
Employee withholding taxes	31	34
VAT liability	70	67
Other operating liabilities	4	3
Total other current liabilities	**107**	**105**
Total other liabilities	**107**	**105**

NOTE 24

ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Accrued expenses				
Salaries and remuneration to employees	214	227	4	17[1]
Pension costs	3	9	2	5[1]
Social security contributions	102	107	7	14[1]
Bonuses, refunds to customers/ suppliers	43	34	–	–
Car and travel expenses	2	4	0	0
Directors' and auditors' fees	3	4	0	0
Other consulting fees	2	4	–	0
Marketing costs	6	5	–	–
Guarantee costs	1	2	–	–
Shipping costs	12	24	–	–
Operating and leasing costs	38	53	4	14[2]
Interest expense	6	18	6	16
Other accrued expenses	6	9	0	0
Deferred income				
Rent	1	0	1	–
Marketing income	3	3	–	–
Other deferred income	2	3	–	–
	444	**506**	**24**	**66**

1) See Note 5 Employees and personnel costs.
2) See Note 28 Operational leasing.

NOTE 25

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

Group	31 March 2014 Interest-bearing	31 March 2014 Non-interest-bearing	31 March 2014 Total	31 March 2013 Interest-bearing	31 March 2013 Non-interest-bearing	31 March 2013 Total
ASSETS						
Intangible non-current assets	–	1,792	**1,792**	–	1,781	**1,781**
Tangible non-current assets	–	208	**208**	–	252	**252**
Financial non-current assets	5	11	**16**	10	11	**21**
Deferred tax assets	–	102	**102**	–	118	**118**
Total non-current assets	**5**	**2,113**	**2,118**	**10**	**2,162**	**2,172**
Current assets						
Inventories	–	1,414	**1,414**	–	1,443	**1,443**
Tax assets	–	43	**43**	–	39	**39**
Accounts receivable	–	1,299	**1,299**	–	1,192	**1,192**
Prepaid expenses and accrued income	–	122	**122**	–	114	**114**
Other receivables	–	45	**45**	–	65	**65**
Cash and bank	53	–	**53**	214	–	**214**
Total current assets	**53**	**2,923**	**2,976**	**214**	**2,853**	**3,067**
Total assets	**58**	**5,036**	**5,094**	**224**	**5,015**	**5,239**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	400	–	**400**	1,129	–	**1,129**
Provisions for pensions	451	–	**451**	465	–	**465**
Other provisions	–	3	**3**	–	2	**2**
Deferred tax liabilities	–	79	**79**	–	104	**104**
Total non-current liabilities	**851**	**82**	**933**	**1,594**	**106**	**1,700**
Current liabilities						
Current interest-bearing liabilities	475	–	**475**	3	–	**3**
Accounts payable	–	885	**885**	–	823	**823**
Tax liabilities	–	47	**47**	–	37	**37**
Other liabilities	–	107	**107**	–	105	**105**
Accrued expenses and deferred income	–	444	**444**	–	506	**506**
Total current liabilities	**475**	**1,483**	**1,958**	**3**	**1,471**	**1,474**
Total liabilities	**1,326**	**1,565**	**2,891**	**1,597**	**1,577**	**3,174**
Interest-bearing net liabilities	**-1,268**			**-1,373**		

As of 1 April 2013, B&B TOOLS primarily recognises the operational net loan liability, which is calculated excluding provisions for pensions. The operational net loan liability on 31 March 2014 amounted to MSEK 819 (914).

NOTE 26

EXPECTED RECOVERY PERIODS FOR ASSETS, PROVISIONS AND LIABILITIES

Group

Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1]	**3**	**1,789**	**1,792**
Tangible non-current assets[1]	**35**	**173**	**208**
Financial non-current assets			
Shares in associated companies	–	11	**11**
Other securities held as non-current assets	–	1	**1**
Other long-term receivables	0	4	**4**
Deferred tax assets	–	102	**102**
Total non-current assets	**38**	**2,080**	**2,118**
Current assets			
Inventories	1,414		**1,414**
Tax assets	43		**43**
Accounts receivable	1,299		**1,299**
Prepaid expenses and accrued income	122		**122**
Other receivables	45		**45**
Cash and bank	53		**53**
Total current assets	**2,976**		**2,976**
Total assets	**3,014**	**2,080**	**5,094**

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	–	400	–	**400**
Provisions for pensions	18	80	353	**451**
Other provisions	–	3	0	**3**
Deferred tax liabilities	13	38	28	**79**
Total non-current liabilities	**31**	**521**	**381**	**933**
Current liabilities				
Current interest-bearing liabilities[2]	475			**475**
Accounts payable	885			**885**
Tax liabilities	47			**47**
Other liabilities	107			**107**
Accrued expenses and deferred income	444			**444**
Total current liabilities	**1,958**			**1,958**
Total liabilities	**1,989**	**521**	**381**	**2,891**

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.
2) After the end of the financial year, a short-term bank loan in EUR of MSEK 179 was replaced by a long-term bank loan of MSEK 200 maturing on 31 December 2017.

NOTE 26, CONT.

Parent Company

Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1]	**0**	**0**	**0**
Tangible non-current assets[1]	**1**	**1**	**2**
Financial non-current assets			
Shares in Group companies	–	104	**104**
Receivables from Group companies	–	3,743	**3,743**
Deferred tax assets	–	9	**9**
Total non-current assets	**1**	**3,857**	**3,858**
Current assets			
Accounts receivable	1		**1**
Receivables from Group companies	260		**260**
Tax assets	2		**2**
Other receivables	1		**1**
Prepaid expenses and accrued income	3		**3**
Total current assets	**267**		**267**
Total assets	**268**	**3,857**	**4,125**

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	29	**48**
Total provisions	**4**	**15**	**29**	**48**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		400		**400**
Liabilities to Group companies		200		**200**
Other liabilities		0		**0**
Total non-current liabilities		**600**		**600**
Current liabilities				
Liabilities to credit institutions[2]	464			**464**
Liabilities to Group companies	1,117			**1,117**
Other liabilities	9			**9**
Accrued expenses and deferred income	24			**24**
Total current liabilities	**1,614**			**1,614**
Total provisions and liabilities	**1,618**	**615**	**29**	**2,262**

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.
2) After the end of the financial year, a short-term bank loan in EUR of MSEK 179 was replaced by a long-term bank loan of MSEK 200 maturing on 31 December 2017.

NOTE 27

FINANCIAL RISK MANAGEMENT

The operations of the B&B TOOLS Group entail exposure to a number of financial risks. Changes, particularly in foreign-exchange rates and interest-rate levels, affect the Group's earnings and cash flow. Financing risks also arise and are managed within the framework of the Group's adopted policies.

FINANCIAL OPERATIONS

The goal of the Group's financial operations is to ensure a high level of efficiency in the areas of investments, liquidity flows, borrowing, foreign-currency management and granting of credit.

The Board of Directors determines the Group's 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 may arise, and regulates the distribution of responsibility between the Board of Directors, the President & CEO, the Chief Financial Officer, the Treasury function as well as subsidiary presidents and CFOs.

The Group's central financial operations comprise securing the Group's long-term supply of liquidity for investments and working capital in an efficient manner, as well as ensuring that systems are available for efficient cash management in the Group companies. All foreign-currency management is handled within the framework of the established policy.

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

FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses financial derivative instruments to manage foreign-exchange risks and interest-rate risks that arise during operations. Derivative instruments held for hedging comprise interest swap agreements, interest caps and foreign-exchange forward contracts.

The Group identifies certain derivatives as a hedge on a highly probable forecast transaction (cash-flow hedging). These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any change in the 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, and 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	2013/2014	2012/2013
NOK	812	627
EUR	66	-74
USD	-204	-189
TWD	-88	-101
DKK	36	29
PLN	22	28
CNY	-20	-23
GBP	-20	-35
JPY	-17	-15

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 since the Group's sales largely comprise products that are sold at a fixed price in the local currency according to a price list valid over a period of about six months.

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

The nominal amounts of outstanding foreign-exchange forward contracts as of 31 March 2014 were as follows:

Foreign exchange contract (MSEK)	Nominal value as of 31 March 2014	Nominal value as of 31 March 2013
NOK/SEK[1)]	213	106
USD/SEK	54	75
EUR/SEK[1)]	57	20
DKK/SEK[1)]	4	6
USD/CNY[1)]	10	3
JPY/SEK	2	0
PLN/SEK[1)]	3	0

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

Translation exposure of earnings

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

Currency translation for the financial year generated an impact on operating profit of approximately MSEK -8 (+1) compared with the preceding year's average rates.

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

Group	Revenue
Revenue in 2013/2014 translated to the average rate for 2012/2013	7,776
Currency translation	
NOK	-143
EUR	14
Other currencies	1
Total currency translation	**-128**
Revenue in 2013/2014	**7, 648**

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies changed by 5 percent based on the 2013/2014 income statement, the effect on revenue would amount to approximately MSEK 188 (183) and the effect on operating profit to approximately MSEK 8 (6) 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	2013/2014	2012/2013	31 March 2014	31 March 2013
DKK	1.172	1.156	1.199	1.119
EUR	8.742	8.612	8.948	8.342
GBP	10.377	10.544	10.810	9.857
NOK	1.087	1.156	1.083	1.112
PLN	2.076	2.065	2.145	1.994
TWD	0.218	0.226	0.214	0.218
USD	6.531	6.677	6.500	6.516

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. To a certain degree, loans in the corresponding currency are used to hedge the Group against the foreign-exchange risk that arises when equity in subsidiaries is translated. Translation of the balance sheets of foreign subsidiaries caused equity to increase by approximately MSEK 2 (-37) during the year.

NOTE 27, CONT.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 March 2014	31 March 2013
NOK	410	380
EUR	126	16
TWD	54	66
CNY	23	25
PLN	19	14
DKK	-5	-21

INTEREST-RATE RISKS

Interest-rate risk refers to the risk that changes in the market interest rate will have a negative impact on the Group's net interest income. The speed at which an interest-rate change has an effect depends on the length of the period of fixed interest on the loans and the type of hedging instruments used.

The Group uses different forms of interest derivatives for the purpose of managing the risk of higher market interest rates in the future. These are managed by the Parent Company. Using various interest derivative instruments, the Group converts its borrowing to the desired fixed-interest structure. Refer to the table below.

Remaining derivative instrument	Hedged item	Guaranteed interest rate[1]	Starting date	Expiration date
Interest swap agreement	MSEK 200	4.50%	31 March 2008	31 March 2015
Interest cap	MSEK 300	6.00%	30 March 2012	30 June 2015
Interest cap	MSEK 300	6.00%	28 September 2012	30 June 2015

1) Excluding bank margin.

If market interest rates increased by 1 percentage point, the impact on net interest income on an annual basis would be MSEK 9, taking into consideration interest derivatives and on the basis of the loan structure on 1 April 2014.

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 (300), of which MSEK 215 was unutilised. The credit facility is renewed on an annual basis with a maturity date of 31 December 2014. In addition to this committed credit facility, the Group has an unutilised loan commitment totalling MSEK 221. Current investments of any surplus liquidity are made on terms of one to three months at current market interest rates. The counterparty for deposits is always one of the large Nordic commercial banks.

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

Classification of financial instruments

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

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

NOTE 27, CONT.

Group (MSEK)	Hedging instruments	Financial assets available for sale	Loan receivables and accounts receivable	Other liabilities	Total
	Carrying amount as of 31 March 2013				
Financial assets measured at fair value					
Derivatives	3				**3**
Equities and participations		2			**2**
Financial assets not measured at fair value					
Long-term receivables			2		**2**
Accounts receivable			1,192		**1,192**
Other receivables			61		**61**
Cash and cash equivalents			214		**214**
Total financial assets	**3**	**2**	**1,469**		**1,474**
Financial liabilities measured at fair value					
Derivatives	12				**12**
Financial liabilities not measured at fair value					
Bank loans				1,120	**1,120**
Accounts payable				823	**823**
Other liabilities				105	**105**
Total financial liabilities	**12**			**2,048**	**2,060**

Parent Company (MSEK)	Hedging instruments	Loan receivables and accounts receivable	Other liabilities	Total
	Carrying amount as of 31 March 2013			
Financial assets not measured at fair value				
Receivables from Group companies		3,935		**3,935**
Other receivables		4		**4**
Cash and cash equivalents		142		**142**
Total financial assets		**4,081**		**4,081**
Financial liabilities measured at fair value				
Derivatives	12			**12**
Financial liabilities not measured at fair value				
Bank loans			1,117	**1,117**
Liabilities to Group companies			1,498	**1,498**
Accounts payable			4	**4**
Other liabilities			1	**1**
Total financial liabilities	**12**		**2,620**	**2,632**

The carrying amounts for financial assets and financial liabilities not measured at fair value above are, however, equivalent to fair value in all material respects.

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 there are 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, accounts payable and other items whose fair value is stated as their carrying amount, which is deemed to accurately reflect the fair value.

Borrowing and maturity structure

The Group's borrowing amount to MSEK 868 (1,120). During the financial year, the Group's financing was restructured and previous loans were amortised in their entirety and new loans were raised. Overall, the average remaining maturity for both the Group's and the Parent Company's interest-bearing financial liabilities is 2.2 years (2.8 years). See the tables below.

NOTE 27, CONT.

Group	31 March 2014		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	868	897	4	478	415
Derivatives, forward contracts and swap contracts	7	14	2	12	–
Accounts payable and other non-interest-bearing financial liabilities	992	992	992	–	–
Total financial liabilities	**1,867**	**1,903**	**998**	**490**	**415**

Parent Company	31 March 2014		Matures		
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	864	893	4	474	415
Derivatives, forward contracts and swap contracts	7	14	2	12	–
Liabilities to Group companies (excluding interest) 1)	1,317	1,317	1,117	–	200
Accounts payable and other non-interest-bearing financial liabilities	2	2	2	–	–
Total financial liabilities	**2,190**	**2,226**	**1,125**	**486**	**615**

Group	31 March 2013		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	1,120	1,238	10	34	1,194
Derivatives, forward contracts and swap contracts	12	13	2	5	6
Accounts payable and other non-interest-bearing financial liabilities	928	929	927	–	2
Total financial liabilities	**2,060**	**2,180**	**939**	**39**	**1,202**

Parent Company	31 March 2013		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	1,117	1,235	10	31	1,194
Derivatives, forward contracts and swap contracts	12	13	2	5	6
Liabilities to Group companies (excluding interest) 1)	1,498	1,498	1,201	–	297
Accounts payable and other non-interest-bearing financial liabilities	5	5	5	–	–
Total financial liabilities	**2,632**	**2,751**	**1,218**	**36**	**1,497**

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

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

Group	31 March 2014	31 March 2013
Non-current liabilities		
Bank loans including derivatives	400	1,129
Total non-current liabilities	**400**	**1,129**
Current liabilities		
Committed credit facility	185	–
Current portion of bank loans 2)	283	3
Other current interest-bearing liabilities including derivatives	7	–
Total current liabilities	**475**	**3**
Total interest-bearing liabilities	**875**	**1,132**

2) After the end of the financial year, a short-term bank loan in EUR of MSEK 179 was replaced by a long-term bank loan of MSEK 200 maturing on 31 December 2017.

NOTE 27, CONT.

Bank loans	Currency	Nom. interest	Maturity	Nom. value	31 March 2014 Carrying amount	31 March 2013 Carrying amount
Non-current						
Interest-only bank loan	SEK	3.00%	30 June 2015	275	–	275
Interest-only bank loan	SEK	3.20%	30 June 2016	275	–	275
Interest-only bank loan	SEK	4.28%	30 June 2015	100	–	100
Interest-only bank loan	SEK	4.61%	30 June 2016	100	–	100
Interest-only bank loan	SEK	4.59%	30 June 2017	200	–	200
Bank loan	EUR	3.70%	30 April 2014	20	–	167
Interest-only bank loan	SEK	2.67%	31 December 2015	100	100	–
Interest-only bank loan	SEK	2.4%	31 December 2016	300	300	–
					400	**1 117**
Current						
Bank loan 1)	EUR	3.70%	30 April 2014	20	179	–
Interest-only bank loan	SEK	2.42%	31 December 2014	100	100	–
Other					4	3
					283	**3**
Committed credit facility						
Approved credit limit					400	300
Unutilised portion					-215	-300
Utilised credit amount		1.72%			**185**	**0**

As of 31 March 2014, loans from credit institutions were divided among the following currencies:	Local currency	MSEK
EUR	20	179
SEK	685	685
Other		4
Total		**868**

1) After the end of the financial year, the short-term bank loan was replaced by a long-term bank loan of MSEK 200 maturing on 31 December 2017.

Parent Company Liabilities to credit institutions	Currency	Nom. interest	Maturity	Nom. value	31 March 2014 Carrying amount	31 March 2013 Carrying amount
Non-current						
Interest-only bank loan	SEK	3.00%	30 June 2015	275	–	275
Interest-only bank loan	SEK	3.20%	30 June 2016	275	–	275
Interest-only bank loan	SEK	4.28%	30 June 2015	100	–	100
Interest-only bank loan	SEK	4.61%	30 June 2016	100	–	100
Interest-only bank loan	SEK	4.59%	30 June 2017	200	–	200
Bank loan	EUR	3.70%	30 April 2014	20	–	167
Interest-only bank loan	SEK	2.67%	31 December 2015	100	100	–
Interest-only bank loan	SEK	2.42%	31 December 2016	300	300	–
					400	**1,117**
Current						
Bank loan 1)	EUR	3.70%	30 April 2014	20	179	–
Interest-only bank loan	SEK	2.42%	31 December 2014	100	100	–
					279	**–**
Committed credit facility						
Approved credit limit					400	300
Unutilised portion					-215	-300
Utilised credit amount		1.72%			**185**	**0**

1) After the end of the financial year, the short-term bank loan was replaced by a long-term bank loan of MSEK 200 maturing on 31 December 2017.

NOTE 27, 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 benefit plan the employees have for retirement pension and survivors' pension under the ITP plan and are recognised in the consolidated balance sheet as a provision, with an addition for adjustments in accordance with IAS 19.

Credit risks

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

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

In order to capitalise on the operation's knowledge of customers and suppliers, credit risk assessments in commercial transactions are managed 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 three percent of the total credit exposure over a one-year period. To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers. The size of each customer's credit is assessed individually. A credit rating is performed for all new customers. The intention is that credit limits will reflect the customer's payment capacity. Historically, B&B TOOLS' credit losses have been low.

The credit quality of the receivables that have neither matured for payment nor been impaired is deemed favourable.

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

	Group		Parent Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Accounts receivable	1,346	1,241	1	–
Accumulated reserve for doubtful accounts receivable	-47	-49	–	–
Accounts receivable, net	**1,299**	**1,192**	**1**	**–**
A maturity analysis is presented below:				
Maturity analysis:				
– not past due	1,179	994	1	–
– receivables past due by 1–30 days	96	178	0	–
– receivables past due by 31–60 days	17	14	–	–
– receivables past due by 61–90 days	5	13	–	–
– receivables past due by >90 days	49	42	–	–
Total receivables	**1,346**	**1,241**	**1**	**–**

NOTE 28

OPERATIONAL LEASING

	Group		Parent Company	
	2013/2014	2012/2013	2013/2014	2012/2013
Leasing agreements in which the Group/the Company is the lessee[1]				
Non-terminable leasing fees amount to:				
Within 1 year	264	233	5	6
Between 1 and 5 years	558	556	7	12
Later than 5 years	327	365	–	–
Total	**1,149**	**1,154**	**12**	**18**
Expensed leasing fees for the period				
Assets held through operational leasing agreements				
Minimum leasing fees[2)3)]	263	250	7	18
Total leasing costs	**263**	**250**	**7**	**18**

1) Refer to Note 30 Pledged assets and contingent liabilities.
2) The cost for the remaining time on the applicable lease for a number of unutilised premises was charged in 2012/2013.
3) New leases were signed in conjunction with the property sales in 2012/2013 and 2013/2014. Commitments under signed leases and leasing costs are included in the table above since after testing they were classified as operational leasing agreements.

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

NOTE 29

INVESTMENT COMMITMENTS

No significant investment commitments existed at financial year-end.

NOTE 30

PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Corporate mortgages	1	1	–	–
Total pledged assets	**1**	**1**	**–**	**–**
Contingent liabilities				
Guarantees for subsidiaries[1)]			306	297
Guarantees, other	16	18	1	1
Total contingent liabilities	**16**	**18**	**307**	**298**

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

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

NOTE 31

RELATED PARTIES

The B&B TOOLS Group's related parties are primarily members of senior management. Disclosures concerning the Group's transactions with these related parties are available in Note 5 Employees and personnel costs on pages 38–40. The Parent Company also has transactions with subsidiaries that are priced based on market terms.

NOTE 32

GROUP COMPANIES

PARENT COMPANY HOLDING OF SHARES IN GROUP COMPANIES

	Corp. Reg. No.	Reg. office	Number of shares	Holding, %	Carrying amount as of 31 March 2014	Carrying amount as of 31 March 2013
B&B TOOLS International AB	556616-0353	Stockholm	1,000	100	1	1
B&B TOOLS Invest AB	556706-2699	Stockholm	1,000	100	93	93
B&B TOOLS Fastigheter AB	556787-7559	Stockholm	1,000	100	10	10
Total					**104**	**104**
Carrying amount at the beginning of the year					**104**	**104**
Accumulated cost						
At the beginning of the year					104	104
Carrying amount at year-end					**104**	**104**

NOTE 33

UNTAXED RESERVES

The distribution of untaxed reserves recognised in the Parent Company's balance sheet is shown below.

For the Group, these reserves are eliminated in their entirety. Refer to Accounting policies in Note 1.

Of the Parent Company's total untaxed reserves amounting to MSEK 192 (201), MSEK 42 (44) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 March 2014	31 March 2013
Accumulated accelerated depreciation		
Non-current assets		
Opening balance 1 April	1	1
Change in accelerated depreciation for the year	-1	0
Closing balance 31 March	**0**	**1**
Tax allocation reserve		
Allocation to tax 2009	–	53
Allocation to tax 2010	49	49
Allocation to tax 2011	5	5
Allocation to tax 2012	44	44
Allocation to tax 2013	49	49
Allocation 2012/2013	0	0
Allocation 2013/2014	45	–
Closing balance 31 March	**192**	**200**

NOTE 34

CASH-FLOW STATEMENT

	Group		Parent Company	
Cash and cash equivalents	**31 March 2014**	**31 March 2013**	**31 March 2014**	**31 March 2013**
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	53	214	0	142
Total according to the balance sheet	53	214	0	142
Total according to the cash-flow statement	**53**	**214**	**0**	**142**

	Group		Parent Company	
Interest paid and dividends received	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**
Dividends/Group contributions received	–	–	338	253
Interest received	5	6	151	125
Interest paid	-59	-52	-56	-49
Total	**-54**	**-46**	**433**	**329**

	Group		Parent Company	
Adjustments for non-cash items	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**
Depreciation and amortisation	42	65	2	3
Impairment losses/Reversal of impairment losses	3	1	0	1
Profit/loss from the sale of companies and facilities	6	-243	–	–
Change in reserve for non-recurring costs	-103	136	-33	39
Change in other provisions	0	0	–	–
Change in pension obligations	23	32	3	2
Adjustment for Group contributions not received	–	–	-27	52
Hedge accounting	0	0	0	0
Adjustment for interest paid/received	-12	15	-10	15
Other	0	-1	–	–
Total	**-41**	**5**	**-65**	**112**

	Group	
Disposal of subsidiaries and other business units	**2013/2014**	**2012/2013**
Divested assets:		
Tangible non-current assets	39	149
Operating receivables	2	3
Total assets	**41**	**152**
Divested provisions and liabilities:		
Non-current liabilities	-1	-16
Current liabilities	-1	-6
Total provisions and liabilities	**-2**	**-22**
Capital gain	3	245
Total	**42**	**375**
Purchase consideration received	42	375
Effect on cash and cash equivalents	**42**	**375**

NOTE 35

EVENTS AFTER THE BALANCE-SHEET DATE

After the balance-sheet date on 31 March 2014, another 15 Group properties in Sweden and Finland were disposed of between April and mid-June. These property sales had a marginal impact on earnings per share and the disposals had a positive impact of approximately MSEK 75 on cash flow.

On 1 April 2014, the former business area Work Environment & Consumables was divided into two units – Gigant and Grunda, which in the future will be reported as two separate operating areas.

No other significant events affecting the Group have occurred after the balance-sheet date.

NOTE 36

KEY ESTIMATES AND JUDGEMENTS

Estimates and judgements have been made based on the information available at the time this report was submitted. These estimates and judgements may be subject to change at a later date, partly due to changes in factors in the operating environment.

Below is an account of the most significant judgements, which is subject to a risk that future events and new information may change the basis for current estimates and judgements applied.

IMPAIRMENT TESTING OF GOODWILL AND OTHER NON-CURRENT ASSETS

In accordance with IFRS, goodwill and certain brands are not amortised. Instead, annual tests for indications of impairment are performed. Other intangible and tangible non-current assets are amortised and depreciated, respectively, over the period the asset is deemed to generate 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 12.

INVENTORY OBSOLESCENCE

Since B&B TOOLS conducts trading operations, inventories constitute a large asset item in the consolidated balance sheet. The Group measures inventories at the lower of cost and net realisable value. The cost of inventories is calculated by applying the "first-in, first-out" (FIFO) method or using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state. When calculating net realisable value, articles with redundancy and a low rate of turnover, discontinued and damaged articles, and handling costs and other selling expenses are taken into consideration. If general demand for the Group's product range changes significantly and assumptions of the net realisable value of articles differ from the actual outcome, earnings in the financial statements may be affected.

LEGAL PROCEEDINGS AND DISPUTES

The Group recognises a liability when a legal obligation exists and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Outstanding legal issues are reviewed on a continuous basis to determine the need to set aside provisions in the financial statements. During these reviews, all cases are taken into consideration using the Group's internal legal competence and, when necessary, external legal counsel is also consulted. Insofar as the judgements concerning the factors considered do not correspond to the actual outcome, the financial statements may be affected.

TAXES

Changes in tax legislation in Sweden and other countries where B&B TOOLS conducts business may change the amount of recognised tax liabilities and tax assets. Interpretations of current tax legislation may also affect the recognised tax liability/tax asset.

Judgements are made to determine both current and deferred tax liabilities/tax assets, particularly with respect to the value of deferred tax assets. Judgements are made as to whether the deferred tax assets will be utilised to offset future taxable income. The actual result may differ from these judgements, partly due to changes in business climate, changed tax legislation and the outcome of not yet completed examinations of tax returns by tax courts.

PENSION OBLIGATIONS

In determining B&B TOOLS' pension obligations under defined-benefit pension plans, certain assumptions have been made with respect to discount rates, inflation, salary increases, long-term returns on plan assets, mortality rates, retirement rates and other factors that may be of importance. These actuarial assumptions are reviewed on an annual basis and are changed when appropriate. Should these actuarial assumptions differ significantly from the actual future outcome, the Group's actuarial gains or losses will change, which may impact other comprehensive income.

NOTE 37

INFORMATION ABOUT THE PARENT COMPANY

B&B TOOLS AB, Corporate Registration Number 556034-8590, is a Swedish limited liability company with its registered office in Stockholm, Sweden. The Parent Company's Class B shares are registered on the Mid Cap list of NASDAQ OMX Stockholm, Sweden. The address of the head office is: Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for the 2013/2014 financial year comprise the Parent Company and its subsidiaries, together termed the Group.

PROPOSED ALLOCATION OF PROFIT

According to the consolidated balance sheet, retained earnings including net profit for the year amounted to MSEK 2,132 as of 31 March 2014, of which MSEK 214 comprised net profit for the year.

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

Retained earnings	SEK 1,035,448 thousand
Net profit for the year	SEK 492,103 thousand
	SEK 1,527,551 thousand

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

Dividends to shareholders, SEK 3.50 per share	SEK 98,337 thousand[1)]
To be brought forward	SEK 1,429,214 thousand
	SEK 1,527,551 thousand

The income statements and balance sheets of the Group and the Parent Company are subject to adoption by the Annual General Meeting to be held on 21 August 2014.

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 to be prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and the European Council issued on 19 July 2002 on the application of international accounting standards, that they are deemed to provide a true and fair view of the Company's and the Group's position and earnings, and that the Administration Report provides a true and fair overview of the performance of the Company's and the Group's operations, position and earnings and describes the significant risks and uncertainty factors that the Company and the companies in the Group face.

Stockholm, 13 June 2014

Anders Börjesson
Chairman

Tom Hedelius
Vice Chairman

Per Axelsson
Director

Roger Bergqvist
Director

Charlotte Hansson
Director

Joakim Rubin
Director

Lillemor Svensson
Director – employee representative

Anette Swanemar
Director – employee representative

Ulf Lilius
President & CEO

Our audit report was submitted on 13 June 2014

KPMG AB

George Pettersson
Authorised Public Accountant
Auditor in Charge

Matilda Schwartzman Berg
Authorised Public Accountant

1) Calculated based on the number of shares as of 31 March 2014, and with due consideration for the 340,000 repurchased Class B shares held in treasury.

Translation of Swedish original

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of B&B TOOLS AB (publ) for the financial year 1 April 2013 – 31 March 2014. The annual accounts and consolidated accounts of the Company are included in the printed version of this document on pages 16–64.

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

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 March 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance Report has been prepared. The statutory Administration Report and the Corporate Governance Report are consistent with the other parts of the annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of B&B TOOLS AB (publ) for the financial year 1 April 2013 – 31 March 2014.

Responsibilities of the Board of Directors and the Chief Executive Officer

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

Auditor's responsibility

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

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

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the Company. We also examined whether any member of the Board of Directors or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the Annual Meeting of Shareholders that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 13 June 2014

KPMG AB

George Pettersson	***Matilda Schwartzman Berg***
Authorised Public Accountant Auditor in Charge	Authorised Public Accountant

BOARD OF DIRECTORS AND GROUP MANAGEMENT

Anders Börjesson, Chairman of the Board

Tom Hedelius, Vice Chairman of the Board

Per Axelsson, Director

Roger Bergqvist, Director

Charlotte Hansson, Director

Joakim Rubin, Director

Lillemor Svensson, Director – employee representative

Anette Swanemar, Director – employee representative

BOARD OF DIRECTORS:

Anders Börjesson

Stockholm, born 1948. Chairman of the Board since 2012. Director since 1990. M.Sc. Econ. Chairman of Addtech AB, Cibenon AB and Lagercrantz Group AB. Director of Bostad Direkt AB, Futuraskolan AB, Inomec AB and Ventilationsgrossisten Nordic AB.
Shares owned: 484,386 Class A shares and 1,443 Class B shares.

Tom Hedelius

Stockholm, born 1939. Vice Chairman of the Board since 2012. Director since 1982. M.Sc. Econ., Honorary Doctor of Econ. Honorary Chairman of Svenska Handelsbanken. Chairman of the Anders Sandrew Foundation and the Jan Wallander & Tom Hedelius Foundation. Vice Chairman of Addtech AB and Lagercrantz Group AB.
Shares owned: 484,386 Class A shares.

Per Axelsson

Eksjö, born 1950. Director since 2001. M.Sc. Econ. Director of AB Julius Ekboms and AB Karl Hedin Bygghandel.
Shares owned: 2,688 Class A shares and 70,000 Class B shares (company). 3,000 Class B shares.

Roger Bergqvist

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

Charlotte Hansson

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

Joakim Rubin

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

Lillemor Svensson

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

Anette Swanemar

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

AUDITORS KPMG AB

George Pettersson

Authorised Public Accountant. Stockholm, born 1964. George Pettersson serves as the Auditor in Charge for such listed companies as Addtech AB, Holmen AB, Hufvudstaden AB, Kungsleden AB, Nobia AB, Sandvik AB and Skanska AB. George Pettersson has been B&B TOOLS AB's Auditor in Charge since 2007.

Matilda Schwartzman Berg

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

During 2013/2014, KPMG AB conducted audit assignments for approximately 20 percent of the companies listed on NASDAQ OMX Stockholm.

NB: Information on the Board of Directors' holdings of shares pertains to circumstances as of 13 June 2014.


Ulf Lilius, President & CEO


Carl Johan Lundberg, Executive Vice President


Eva Hemb, Chief Financial Officer


Pontus Boman, CEO of ESSVE


Stefan Lind, CEO of Luna


Mikael Malmgren, CEO of Skydda


Jens Henriksen, CEO of TOOLS Norway


Torbjörn Eriksson, CEO of TOOLS Sweden


Jimmy Norlinder, CEO of Momentum


Olof Nyberg, CEO of Gigant Arbetsplats and Grunda


Mika Kärki, CEO of TOOLS Finland

GROUP MANAGEMENT:

Ulf Lilius
Born 1972. President & CEO. Employee of the Group since 2002. B.Sc. Econ.
Shares owned: 1,344 Class A shares and 128,227 Class B shares (family). 35,000 Class B shares (company).
Call options: 13,300.

Carl Johan Lundberg
Born 1951. Executive Vice President and head of the Business Infrastructure unit. Employee of the Group since 1987. M.Sc. Eng.
Shares owned: 34,771 Class B shares.
Call options: 13,300.

Eva Hemb
Born 1966. Chief Financial Officer. Employee of the Group since 2010. M.Sc. Econ.
Shares owned: 5,808 Class B shares.
Call options: 13,000.

Pontus Boman
Born 1971. CEO of ESSVE Produkter AB. Employee of the Group since 2007. M.Sc. Eng.
Shares owned: 8,073 Class B shares.
Call options: 13,300.

Stefan Lind
Born 1963. CEO of Luna Verktyg & Maskin AB. Employee of the Group since 2005. M.Sc. Econ.
Shares owned: 5,550 Class B shares.
Call options: 10,000.

Mikael Malmgren
Born 1978. CEO of Skydda Protecting People Europe AB. Employee of the Group since 2009. B.A.
Shares owned: 1,700 Class B shares.
Call options: 13,000.

Jens Henriksen
Born 1969. CEO of TOOLS AS. Employee of the Group since 2009. M.Sc. Eng.
Shares owned: 11,824 Class B shares.
Call options: 13,300.

Torbjörn Eriksson
Born 1967. CEO of TOOLS Sverige AB. Employee of the Group since 1998.
Shares owned: 500 Class B shares.
Call options: 13,300.

Jimmy Norlinder
Born 1971. CEO of TOOLS Momentum AB. Employee of the Group since 1995. Eng. (Hydraulics and automatic control).
Shares owned: 4,787 Class B shares.
Call options: 13,300.

Olof Nyberg
Born 1975. CEO of Gigant Arbetsplats AB and Grunda AB. Employee of the Group since 2009. M.Sc. Eng.
Shares owned: 10,668 Class B shares.
Call options: 13,300.

Mika Kärki
Born 1966. CEO of B&B TOOLS Holding Fi Oy. Employee of the Group since 2008. Member of Group management as of 1 April 2014. M.Sc. Eng.
Shares owned: –
Call options: 13,300.

NB: Information on the Group management's holdings of shares pertains to circumstances as of 13 June 2014.

THE B&B TOOLS SHARE

The Class B share of B&B TOOLS is listed on NASDAQ OMX Stockholm ("Stockholm Stock Exchange"). During the operating year, the total trading volume was MSEK 951. The share price rose 40 percent during the year, and at the end of the operating year, B&B TOOLS had a market capitalisation of MSEK 3,384.

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

PERFORMANCE OF THE B&B TOOLS SHARE DURING 2013/2014

During the period from 1 April 2013 to 31 March 2014, the market price of the B&B TOOLS share increased 40 percent to SEK 119.00, which was the final price paid on 31 March 2014. During the same period, OMX Stockholm rose 17 percent. The highest and lowest prices paid during the operating year were SEK 133.00 (quoted on 30 January 2014) and SEK 71.50 (19 April 2013), respectively.

The total return on the B&B TOOLS share, including reinvested dividends, amounted to 45 percent during 2013/2014. The SIX Return Index of the Stockholm Stock Exchange (SIXRX) was 21 percent during the same period.

As of 31 March 2014, B&B TOOLS' total market capitalisation amounted to MSEK 3,384 (2,417). During the year, 9.5 million shares (9.1) in B&B TOOLS AB were traded, at a total value of MSEK 951 (547), corresponding to 34 percent (32) of the total number of shares outstanding in the Company.

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

SHARE CAPITAL

As of 31 March 2014, the share capital amounted to MSEK 57. The total number of shares was 28,436,416. Of the shares outstanding, 1,067,812 were Class A shares carrying ten votes each and 27,368,604 were Class B shares carrying one vote each. All shares carry equal rights to the Company's assets and earnings. A conversion provision in the Articles of Association allows for conversion of Class A shares to Class B shares.

During the 2013/2014 operating year, there were no changes in the total number of shares. During the year, 3,124 Class A shares were converted to Class B shares.

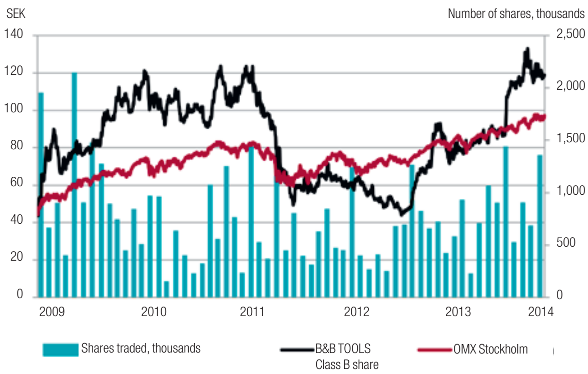
Of the total number of shares as of 31 March 2014, the Company had repurchased 340,000 Class B shares, corresponding to 1.2 percent of the total number of shares and 0.9 percent of the total number of votes. After a deduction for the shares repurchased by the Company, the number of shares outstanding as of 31 March 2014 totalled a net amount of 28,096,416.

The weighted number of shares, with deductions for the shares repurchased by the Company, amounted to 28,096,416 for the 2013/2014 operating year.

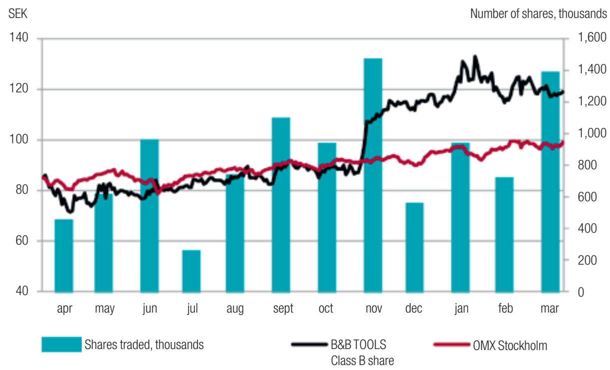
DIVIDEND

The dividend proposed by the Board of Directors for the 2013/2014 operating year is SEK 3.50 (3.00) per share, corresponding to a total of MSEK 98 (84). The pay-out ratio is 46 percent (38) of earnings per share.

SHARE PRICE DEVELOPMENT 2009-2014



SHARE PRICE DEVELOPMENT 2013/2014



HISTORICAL DATA FOR THE B&B TOOLS SHARE

	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Share price as of 31 March, SEK	119.00	85.00	59.25	113.50	105.75
Market capitalisation as of 31 March, MSEK	3,384	2,417	1,685	3,228	3,007
Dividend, SEK	3.50[1)]	3.00	3.00	3.00	2.50
Shares outstanding, thousands	28,436	28,436	28,436	28,436	28,436
Number of shareholders as of 31 March	4,118	4,161	4,705	4,263	4,434
Highest share price during the operating year, SEK	133.00	93.00	123.50	123.75	113.25
Lowest share price during the operating year, SEK	71.50	43.90	49.30	91.00	43.60
Dividend yield[2)], %	2.9[1)]	3.5	5.1	2.6	2.4

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

SHAREHOLDER STRUCTURE

As of 31 March 2014, B&B TOOLS AB had 4,118 shareholders (4,161). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 78 percent (78) of the total number of shares. The proportion of foreign ownership is approximately 29 percent (27) of the total number of shares. The table below shows the ownership structure on 31 March 2014.

EMPLOYEE OWNERSHIP OF B&B TOOLS

Information concerning shareholdings and share-based incentive programmes for the Board of Directors and Group management is presented on pages 66–67. For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 38–40.

CLASSES OF SHARES AS OF 31 MARCH 2014[1)]

	Number of shares	Proportion of Capital	Votes
Class A shares	1,067,812	3.8%	28.3%
Class B shares	27,028,604	96.2%	71.7%
	28,096,416	**100.0%**	**100.0%**
Repurchased Class B shares	340,000		
Total number of shares outstanding	**28,436,416**		

1) Source: Euroclear Sweden.

OWNERSHIP STRUCTURE AS OF 31 MARCH 2014[1)]

	Owners		Shares	
Size class, number of shares	**Number**	**% of total**	**Number**	**% of total**
1–500	2,680	65.1%	468,067	1.7%
501–1,000	593	14.4%	488,228	1.7%
1,001–5,000	557	13.5%	1,261,507	4.5%
5,001–10,000	122	3.0%	902,588	3.2%
10,001–50,000	96	2.3%	2,068,247	7.4%
50,001–100,000	27	0.7%	2,184,241	7.8%
100,001–	43	1.0%	20,723,538	73.7%
Total	**4,118**	**100.0%**	**28,096,416**	**100.0%**

1) Source: Euroclear Sweden.

MAJOR SHAREHOLDERS AS OF 31 MARCH 2014[1)]

	Number of		Percentage of	
	Class A shares	**Class B shares**	**Capital**	**Votes**
Anders Börjesson	484,386	1,443	1.7%	12.8%
Tom Hedelius	484,386		1.7%	12.8%
Swedbank Robur funds		2,994,787	10.7%	7.9%
CapMan Public Market Investment		2,380,000	8.5%	6.3%
SEB Asset Management		1,915,010	6.8%	5.1%
SEB Funds		1,738,089	6.2%	4.6%
Fourth AP Fund		1,455,185	5.2%	3.9%
SHB Pension Fund Insurance Association		1,390,000	4.9%	3.7%
Sandrew Aktiebolag		600,000	2.1%	1.6%
Handelsbanken Funds		531,505	1.9%	1.4%
Fidelity Puritan Trust		525,000	1.9%	1.4%
The Foundation for Baltic and East European Studies		517,578	1.8%	1.4%
Third AP Fund		509,143	1.8%	1.4%
Skandia Leben (FL) AG		500,000	1.8%	1.3%
Other	99,040	11,970,864	43.0%	34.4%
	1,067,812	**27,028,604**	**100.0%**	**100.0%**
Additional: Repurchased Class B shares		340,000		
Total	**1,067,812**	**27,368,604**	**100.0%**	**100.0%**

1) Source: Euroclear Sweden.

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Change, SEK	Share capital, SEK	Number of shares
1988/89			76,356,060	7,635,606
1989/90	Conversion	140,000	76,496,060	7,649,606
1990/91	Conversion	86,000	76,582,060	7,658,206
1993/94	Stock dividend against retained earnings	38,291,030	114,873,090	11,487,309
1993/94	Non-cash issue to shareholders of Engros AB Ferro	28,278,710	143,151,800	14,315,180
1997/98	Stock dividend against statutory reserve	143,151,800	286,303,600	28,630,360
2002/03	Reduction of the share's nominal value against non-restricted equity	-229,042,880	57,260,720	28,630,360
2002/03	Conversion	13,992	57,274,712	28,637,356
2003/04	Conversion	829,186	58,103,898	29,051,949
2004/05	Cancellation of repurchased Class B shares	-3,652,400	54,451,498	27,225,749
2004/05	Conversion	2,421,334	56,872,832	28,436,416

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

TEN-YEAR SUMMARY

MSEK	2013/2014	12/13 1)	11/12 1)	10/11 1)	09/10	08/09	07/08	06/07	05/06	04/05
Earnings information										
Revenue	7,648	7,666	8,201	7,885	7,648	9,325	9,133	6,823	5,058	3,863
Shares in profit of associated companies	0	0	1	1	1	1	1	–	–	–
Other operating income	15	8 3)	6 4)	8	5	39	12	6	18	6
Total operating revenue	**7,663**	**7,674**	**8,208**	**7,894**	**7,654**	**9,365**	**9,146**	**6,829**	**5,076**	**3,869**
Operating expenses, excluding non-recurring items	-7,323	-7,436	-7,791	-7,547	-7,393	-8,743	-8,472	-6,386	-4,774	-3,667
of which, depreciation, amortisation and impairment losses	-45	-66	–67	-65	-69	-63	-67	-66	-74	-92
Operating profit, excluding non-recurring items	340	238	417	347	261	622	674	443	302	202
Non-recurring items	–	51 3)	-8 4)	–	–	-111	–	–	4	-4
Operating profit, including non-recurring items	340	289	409	347	261	511	674	443	306	198
Financial income and expense	-54	-73	-91	-67	-68	-108	-74	-36	-15	-13
Profit after net financial items	286	216	318	280	193	403	600	407	291	185
Taxes	-72	6	-91	-86	-59	-112	-168	-117	-81	-49
Profit after taxes, but before profit/loss from discontinued operations	214	222	227	194	134	291	432	290	210	136
Profit/loss from discontinued operations, net after taxes	–	–	–	–	–	–	–	–	-1	64
Net profit for the year	**214**	**222**	**227**	**194**	**134**	**291**	**432**	**290**	**209**	**200**
Of which, attributable to:										
Parent Company shareholders	214	222	227	194	134	285	421	288	207	198
Non-controlling interest	–	0	0	0	0	6	11	2	2	2
Balance information										
Intangible non-current assets	1,792	1,781	1,815	1,813	1,857	1,913	1,755	1,033	504	312
Tangible non-current assets	208	252	407	472	505	545	529	500	419	350
Financial non-current assets	118	139	158	149	124	146	110	81	60	51
Inventories	1,414	1,443	1,684	1,523	1,458	1,768	1,667	1,268	868	731
Current receivables	1,509	1,410	1,471	1,389	1,340	1,439	1,570	1,369	927	738
Cash and cash equivalents	53	214	85	92	209	209	226	170	276	152
Total assets	**5,094**	**5,239**	**5,620**	**5,438**	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**
Equity attributable to Parent Company shareholders	2,203	2,065	1,950	1,840	1,769	1,739	1,551	1,239	1,085	935
Non-controlling interest	–	–	0	0	0	18	20	12	13	22
Total equity	**2,203**	**2,065**	**1,950**	**1,840**	**1,769**	**1,757**	**1,571**	**1,251**	**1,098**	**957**
Interest-bearing liabilities and provisions	1,326	1,597	1,962	1,911	1,952	2,179	2,008	1,202	671	381
Non-interest-bearing liabilities and provisions	1,565	1,577	1,708	1,687	1,772	2,084	2,278	1,968	1,285	996
Total equity and liabilities	**5,094**	**5,239**	**5,620**	**5,438**	**5,493**	**6,020**	**5,857**	**4,421**	**3,054**	**2,334**
Capital employed	3,529	3,662	3,912	3,751	3,721	3,936	3,579	2,453	1,769	1,338
Operational net loan liability 2)	-819	-914	-1,414	-1,407	-1,734	-1,959	-1,769	-1,018	-389	-224

1) As of 2010/2011, comparative figures were adjusted due to changes in accounting policies. Refer also to Note 1.
2) As of 2010/2011, comparative figures were adjusted due to a changed definition (previously, financial net loan liability).
3) Non-recurring items include MSEK 245 relating to capital gains from property sales, which are recognised as "Other operating income" in the consolidated income statement.
4) Non-recurring items include MSEK 31 relating to capital gains from property sales, which are recognised as "Other operating income" in the consolidated income statement.

	2013/2014	12/13	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05
Key financial ratios										
Operating margin, %	4.4	3.8	5.0	4.4	3.4	5.5	7.4	6.5	6.0	5.1
Profit margin, %	3.7	2.8	3.9	3.6	2.5	4.3	6.6	6.0	5.8	4.8
Return on total capital, %	7	5	7	6	5	9	14	12	12	9
Return on capital employed, %	10	8	11	9	7	14	23	22	20	16
Return on equity, %	10	11	12	11	8	17	31	25	20	23
Ditto, excluding non-recurring items, %	10	6	12	11	8	22	31	25	20	17
Return on equity after dilution, %	10	11	12	11	8	17	31	25	20	22
Equity/assets ratio, %	43	39	35	34	32	29	27	28	36	41
Equity/assets ratio after dilution, %	43	39	35	34	32	29	27	28	36	41
Other data										
Number of employees at the end of the period	2,655	2,780	2,880	2,840	2,844	3,183	3,315	2,697	1,978	1,630
Average number of employees	2,724	2,827	2,861	2,837	2,980	3,333	2,987	2,289	1,817	1,696
Cash flow from operating activities, MSEK	210	262	114	103	368	377	360	420	292	257
Per-share data										
Earnings, SEK	7.60	7.90	8.10	6.90	4.80	10.20	15.10	10.35	7.45	7.25
Earnings after dilution, SEK	7.60	7.90	8.10	6.90	4.80	10.20	15.00	10.25	7.35	7.10
Cash flow from operating activities, SEK	7.45	9.30	4.05	3.65	13.20	13.50	12.90	15.10	10.50	9.45
Ditto, after dilution, SEK	7.45	9.30	4.05	3.65	13.15	13.45	12.80	15.00	10.40	9.20
Equity, SEK	78.40	73.50	69.40	65.50	63.05	62.35	55.60	44.60	38.95	33.75
Equity after dilution, SEK	78.40	73.50	69.40	65.50	63.00	62.10	55.20	44.15	38.50	33.50
Share price at 31 March, SEK	119.00	85.00	59.25	113.50	105.75	44.20	173.50	214.00	137.00	80.00
Dividend, SEK	3.50[1)]	3.00	3.00	3.00	2.50	2.50	5.00	4.00	3.50	2.75
Other share-related data										
Share price/equity, %	152	116	85	173	168	71	312	480	352	237
Share price/equity after dilution, %	152	116	85	173	168	71	314	485	356	239
Price/earnings ratio, multiple	16	11	7	16	22	4	11	21	18	11
Price/earnings ratio after dilution, multiple	16	11	7	16	22	4	12	21	19	11
Dividend yield, %	2.9[1)]	3.5	5.1	2.6	2.4	5.7	2.9	1.9	2.6	3.4

1) As proposed by the Board of Directors.

DEFINITIONS

Calculation of key financial ratios after dilution
Key ratios after dilution are calculated in accordance with IAS 33. The number of shares after dilution has been calculated as the weighted average during the financial year for the earnings and cash-flow-based key ratios.

Capital employed
Balance-sheet total less non-interest-bearing liabilities.

Cash flow per share
Cash flow for the year from operating activities divided by the weighted number of shares.

Dividend yield
Dividend per share relative to share price at 31 March.

Earnings per share
Net profit/loss for the year attributable to the Parent Company's shareholders divided by the weighted number of shares.

Equity/assets ratio
Equity as a percentage of the balance-sheet total.

Equity per share
Equity attributable to Parent Company shareholders divided by the number of shares at the end of the financial year.

Non-recurring items
Significant earnings items attributable to capital gains or losses on the sale of businesses or significant non-current assets, impairment losses and restructuring expenses.

Number of shares at the end of the financial year
Number of shares as of 31 March, net, after deduction for shares repurchased by the Company.

Operating margin
Operating profit/loss relative to revenue.

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

Price/earnings ratio
The share price at 31 March divided by earnings per share.

Profit margin
Profit/loss after net financial items relative to revenue.

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

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

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

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

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

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

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

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

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

FINANCIAL CALENDAR 2014/15

For the 2014/2015 operating year, reports will be published as follows:

Interim Report (3 months)
1 April – 30 June 2014
Published: 17 July 2014

Interim Report (6 months)
1 April – 30 September 2014
Published: 6 November 2014

Interim Report (9 months)
1 April – 31 December 2014
Published: 10 February 2015

Financial report 2014/15
1 April 2014 – 31 March 2015
Published: 12 May 2015

Annual Report 2014/15
1 April 2014 – 31 March 2015
Published: July 2015

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

All reports are published in Swedish and English.

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WELCOME TO THE 2014 ANNUAL GENERAL MEETING!

TIME AND LOCATION

B&B TOOLS AB's Annual General Meeting will be held on Thursday, 21 August 2014, at 4:30 p.m. at IVAs Konferenscenter, Grev Turegatan 16, Stockholm, Sweden.

RIGHT OF PARTICIPATION AND HOW TO PROVIDE NOTICE OF ATTENDANCE

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

a) be recorded in the share register maintained by Euroclear Sweden AB not later than Friday, 15 August 2014, and

b) notify the Company of their intention to attend not later than 3:00 p.m. on Friday, 15 August 2014.

Notices should be submitted by mail to **"Annual General Meeting 2014", B&B TOOLS AB, Box 10024, SE-100 55 Stockholm, Sweden**, by telephone at **+46-10-454 79 60** or by e-mail to **arsstamma2014@bbtools.com**.

Notices must contain information about the shareholders' name, personal or corporate registration number, telephone number (daytime), registered shareholding and the names of any assisting counsel.

HOW TO BECOME REGISTERED IN THE SHARE REGISTER

Shares are registered in the share register maintained by Euroclear Sweden AB in the name of either the owner or the owner's nominee. Shareholders who have not registered their nominees in the share register are themselves registered in the share register. Shareholders whose shares are managed by a third party may have chosen to have their shares registered in the name of a nominee. To be able to participate in the Meeting, shareholders who own nominee-registered shares must request in advance that their shares be temporarily registered in their own names as of 15 August 2014. Accordingly, the nominee should be contacted in ample time prior to 15 August 2014.

PROXIES

The rights of shareholders at the Annual General Meeting may be exercised by proxy. A power of attorney for legal entities must be signed by an authorised signatory and a copy of a current certificate of incorporation naming the authorised signatories must be attached. A copy of the power of attorney must be submitted together with the notice and shall be presented in its original prior to the start of the Meeting

PAYMENT OF DIVIDEND

The Board of Directors has proposed a dividend of SEK 3.50 per share for 2013/2014. The resolution of the Annual General Meeting regarding the dividend will include the date by which shareholders must be recorded in the share register maintained by Euroclear Sweden AB in order to be entitled to receive a dividend. The Board of Directors has proposed Tuesday, 26 August 2014 as the record date. On condition that the Annual General Meeting adopts this proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Friday, 29 August 2014 to the shareholders recorded in the share register as of the record date.

B&B TOOLS

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