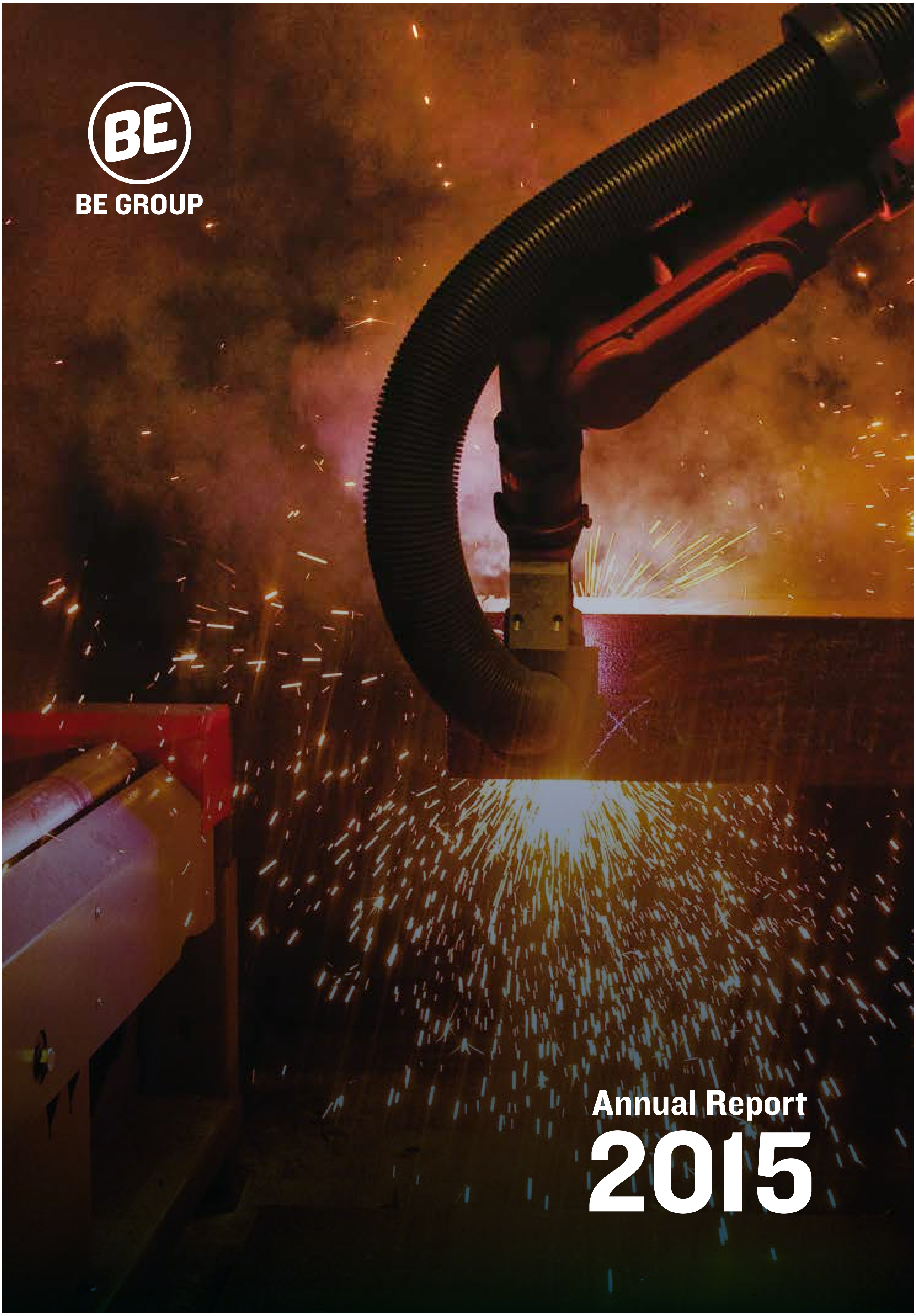


BE GROUP

Annual Report 2015

CONTENTS

Pages 5-90 have been reviewed by the Company’s Auditors and comprise the formal Annual Report.

BE Group is a trading and service company in steel, stainless steel and aluminium. Customers mainly operate in the engineering and construction sectors in Sweden, Finland and the Baltic States, where BE Group is one of the market’s leading actors.

Q1

NET SALES, SEK M

1,104 (1,083)

OPERATING RESULT, SEK M

10 (13)

IMPORTANT EVENTS

- Net sales improved by 2 percent.
- Shipped tonnage and net sales increased in both Business Area Sweden and Finland.
- Result after tax improved to SEK 0 M (-5).

Q2

NET SALES, SEK M

1,104 (1,112)

OPERATING RESULT, SEK M

10 (3)

IMPORTANT EVENTS

- Improved result due to better gross margin.
- An oversubscribed rights issue brought BE Group SEK 244 M.
- A new three-year credit agreement with a total facility of SEK 1,000 M was signed.

Q3

NET SALES, SEK M

966 (998)

OPERATING RESULT, SEK M[1)]

8 (-3)

IMPORTANT EVENTS

- Increased tonnage in Sweden and Finland despite challenging market.
- Write-down of assets of SEK 124 M.
- Anders Martinsson commenced the position as President and CEO.

[1)] Excluding write-down of assets of SEK -124 M. Operating result including write-down of assets amounts to SEK -117 M (-3).

Q4

NET SALES, SEK M

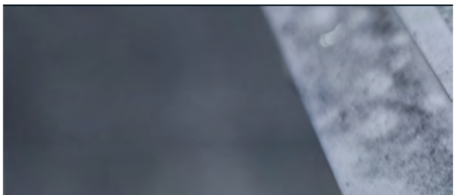
981 (1,009)

OPERATING RESULT, SEK M

-17 (-30)

IMPORTANT EVENTS

- Continous growth in Sweden.
- Weak end of the year in Finland.
- Decreasing prices for flat products.



BUSINESS AREA SWEDEN

Net Sales SEK 1,837 M (1,776)
Underlying operating result SEK 41 M (31)

Sales growth and improved underlying result.

BUSINESS AREA FINLAND

Net sales SEK 1,745 M (1,715)
Underlying operating result SEK 30 M (40)

Increased turnover despite a weak end of the year.

OTHER UNITS

Net sales SEK 648 M (776)
Underlying operating result SEK -26 M (-28)

Improved underlying operating profit despite reduced sales.

"BE Group's vision is to be the most professional, successful and respected actor in the industry."

We are building a stronger BE Group

Market development

It was another challenging year for the steel industry in 2015. Steel consumption remained on a level that the industry last saw at the beginning of the 2000s. The development of recent years with decreased domestic consumption in China and increased exports to Europe has challenged the European producers and the industry has experienced further price pressure. The risk to European producers of being forced out of business has increased markedly and increasingly stronger voices are being raised that European production of steel products needs to be protected by import duties and other trade barriers. Regardless of the outcome, it is my opinion that the industry will continue to change and that we will with high probability see more structural changes.

From structural changes, new opportunities always arise. As an independent partner to both producers and customers, BE Group has unique possibilities to act quickly and come stronger out of this change. After several years of negative development, it is pleasing to note that BE Group in a pressured market grew in our main markets Sweden and Finland. The structural changes that occurred on the market have opened opportunities, which together with active sales work, have yielded results. On the margin side, the initiatives taken contributed positively, but did not succeed in compensating for the negative price trend. Focus continues to be on the margins, which are extra important in a market with falling steel prices.

Financial position

In the second quarter, a rights issue was completed, which was oversubscribed and raised SEK 244 M for the Company. The proceeds were used to reduce the Company's debt and strengthen liquidity. In connection with the rights issue, a new three-year credit agreement was signed with terms that are more favorable than before, entailing a lower financial cost for the company. In summary, BE Group has a stronger balance sheet and financing that provide conditions to further develop the Company.

Way forward

BE Group's vision is to be the most professional, successful and respected actor in the industry. In order to achieve this, it is important to segment our business. During the year, we analyzed our business model and it is our conviction that our role as a strong, independent partner to both suppliers and customers is solid and creates unique customer value in the distribution of steel products. However, to be successful and reach an acceptable level of profitability, we need to further develop our distribution model, our production service offering and our purchasing processes.

The work now started has been gathered under the name BE Group 2.0. In the scope of this program, the organization will be changed to more clearly divide earnings responsibility between new business units for Distribution and Production Service. We are gathering the production units in Sweden and Poland into one business unit for better optimization between the units. Within BE Group 2.0, we have also started three projects in which we are working through our concept for Distribution, Production and Strategic Purchasing. These internal projects have the task of revising our current segmentation, our customer offering and our pricing criteria. With these initiatives, the work of building a successful BE Group has begun.

Market outlook

In our assessment, we will see a weak recovery in our main markets during the year, but in the work under way in BE Group 2.0, we assume that we will not get any help from the market. Consequently, we focus on the factors we can influence ourselves, such as expanding our customer base and taking market shares, as well as increasing the margins and becoming even more efficient.

Finally, I want to thank all of BE Group's employees for your efforts over the past year. 2016 will be a year filled by challenges and together, we will build a stronger BE Group.

Anders Martinsson

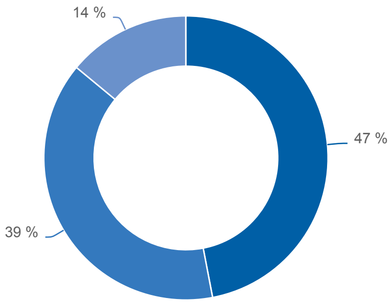
President and CEO

The year in brief

Key data	2013	2014	2015
Tonnage, thousands of tonnes	455	411	406
Net sales, SEK M	4,355	4,202	4,155
Operating result, SEK M	-8	-17	-114
Operating margin, %	-0.2	-0.4	-2.8
Underlying operating result, SEK M	36	18	22
Result after tax, SEK M	-51	-73	-169
Earnings per share, SEK	-1.02	-1.07	-0.97
Return on capital employed, %	-0.5	-1.1	-7.5
Net debt/equity ratio, %	136	105	78
Cash flow from operating activities, SEK M	-30	-25	-93
Average number of employees	853	782	768

SALES BY BUSINESS SOLUTION

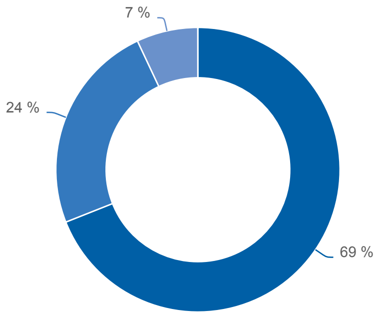
(previous year)



Inventory sales 47 % (49)
Production service sales 39 % (37)
Direct sales 14 % (14)

SALES BY CUSTOMER SEGMENT

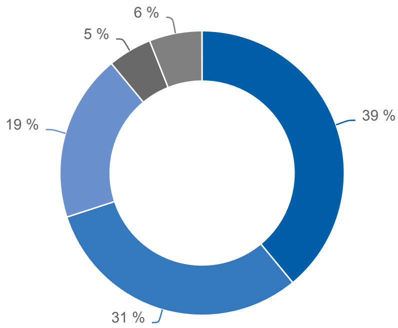
(previous year)



Manufacturing sector 69 % (68)
Construction sector 24 % (24)
Retailers 7 % (8)

SALES BY PRODUCT AREA

(previous year)



Flat steel products 39 % (39)
Long steel products 31 % (32)
Stainless steel 19 % (18)
Aluminium 5 % (5)
Other 6 % (7)

BOARD OF DIRECTORS' REPORT

Development over the year

Operations

BE Group is a trading and service company in steel, stainless steel and aluminum. Customers mainly operate in the engineering and construction sectors in Sweden and Finland, where BE Group is one of the leading actors in the market. Operations are maintained in eight countries, with Sweden and Finland being the largest markets. The Group has approximately 770 employees. The head office is located in Malmö, Sweden. BE Group's stock is listed on the Nasdaq Stockholm Exchange. Read more about BE Group at www.begroup.com.

Market and business environment

According to The European Steel Association (EUROFER), demand for steel in Europe is estimated to have increased around 2 percent in 2015 compared with the previous year. The improvement in demand is clearest in the automotive industry, to which a large part of the steel is delivered directly by the steel mills. This means that demand in the distributor sector was weaker than the steel market in general. For BE Group, demand in the Swedish, Finnish and Baltic markets is assessed to have been in line with the previous year, while demand in the Czech Republic and Slovakia was weaker. Steel prices had a downward trend during the year with a sharper drop in the fourth quarter.

Net sales and business performance

Net sales fell by 1 percent in 2015 compared with the previous year, amounting to SEK 4,155 M (4,202). The decline is due to a decrease in shipped tonnage of 1 percentage point and negative price and mix effects of 2 percentage points, which were offset by positive currency effects of 2 percentage points.

Consolidated gross profit amounted to SEK 524 M (527), with a gross margin of 12.6 percent (12.5). The operating result amounted to SEK -114 M (-17). Operating result for 2015 was impacted by non-recurring items of SEK -124 M (-29) related to write-down of assets made in the third quarter and by inventory losses of SEK -12 M (-6). Adjusted for this, the underlying operating result improved to SEK 22 M (18). A better underlying gross margin compensates for the lower sales. The operating margin amounted to -2.8 percent (-0.4) and the underlying operating margin was 0.5 percent (0.4).

Development by business solution

BE Group's sales are conducted via three business solutions: inventory sales, production service sales and direct sales. In all solutions, BE Group holds a central role as a strategic purchaser, meaning that the customers have access to the knowledge and relations with the major steel producers that BE Group has built up.

BE Group's offering in inventory sales complements the purchasing function with warehousing and distribution, securing the customer's material flows by ensuring that products are delivered at times suited to the customer's production processes. Inventory sales form the largest business solution and accounted for 47 percent (49) of total sales over the year.

Production service sales consist of material deliveries complemented by production services. BE Group refines the products through, for example, cutting to length, drilling and various types of cutting according to customer specifications. The proportion of production service sales rose to 39 percent (37).

Direct sales are an alternative mainly where orders involve large volumes or a limited number of simpler products that can be delivered directly from material producers to BE Group's customers. Direct sales accounted for 14 percent (14) of sales during the year.

Sales trend by product area

Net sales of commercial steel fell somewhat compared with the previous year and amounted to SEK 2,929 M (2,956). Shipped tonnage decreased by 1 percent. Overall, commercial steel accounted for 70 percent (71) of net sales. Sales of stainless steel rose by 2 percent and amounted to SEK 780 M (765). Shipped tonnage was unchanged. Overall, stainless steel accounted for 19 percent (18) of net sales. Sales of aluminum amounted to SEK 194 M (188) and other sales, which mainly comprises of sales from Lecor Stålteknik and BE Produktion, amounted to SEK 252 M (293).

Net financial items and tax

Consolidated net financial items amounted to SEK -48 M (-55), of which net interest accounted for SEK -26 M (-34). On an annual basis, consolidated net interest corresponded to 3.9 percent (4.4) of interest-bearing net debt.

Tax amounted to SEK -7 M (-1). Tax was impacted in an amount of SEK -12 M due to adjustments of previously capitalized loss carryforwards.

Cash flow

Cash flow after investments was SEK -109 M (-30). Cash flow from operating activities decreased to SEK -93 M (-25) mainly due to a larger increase in working capital, which in turn is due to abnormally low accounts payable at year-end. Cash flow from investing activities was SEK -16 M (-5).

Capital, investments and return

At the end of the period, consolidated working capital amounted to SEK 525 M (426) and average working capital tied-up was 12.2 percent (10.4).

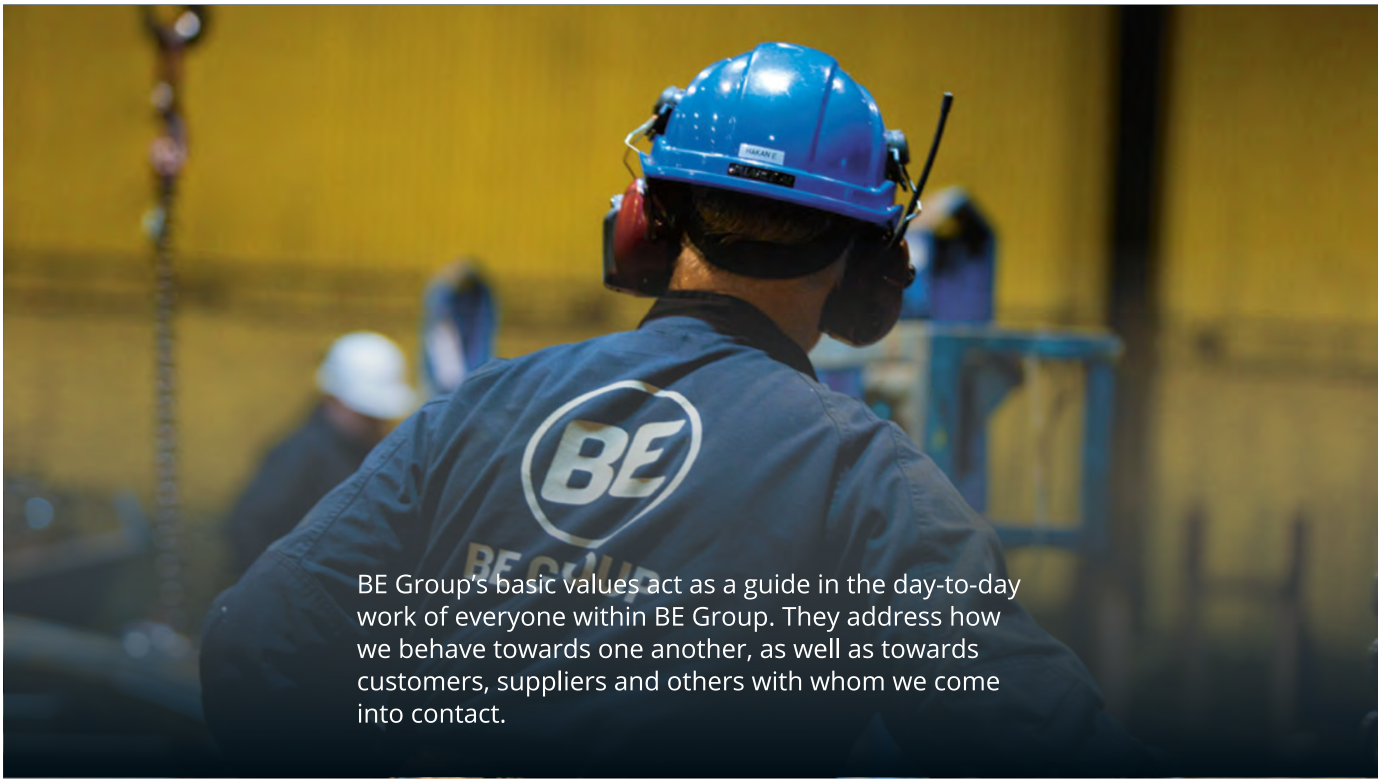
Of the year's investments, totaling SEK 16 M (7), investments in intangible assets accounted for SEK 0 M (0) and investments in tangible assets for SEK 16 M (7). The return on capital employed decreased in comparison with that in the previous year and amounted to -7.5 percent (-1.1).

Financial position and liquidity

In the second quarter of the year, a rights issue was implemented. The rights issue brought BE Group SEK 244 M after transaction costs. The rights issue was oversubscribed and it was not necessary to make use of the rights issue guarantee undertaken. Of the proceeds, SEK 150 M was used to reduce loans and the remainder to strengthen the Company's liquidity.

In the second quarter, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total facility amounts to SEK 1,000 M, including guarantee facilities, and matures in March 2018. The facility was first utilized at the end of June.

At the end of the period, consolidated cash and equivalents, including overdraft facilities, were SEK 133 M (173) and consolidated interest-bearing net debt amounted to SEK 609 M (754). At the end of the period, equity totaled SEK 785 M (715), while the net debt/equity ratio decreased to 78 percent (105).



Employees

BE Group considers the employees to be the Group’s most important resource. On many occasions, it is one or a few individual employees who are the outward face towards a specific customer or supplier and it is therefore important that everyone who works at BE Group should contribute to us being perceived as an economically, socially and ethically responsible company. It is the people at BE Group who make things happen and make it possible for the Company to keep its promises. The corporate culture is based, among other things, on what BE Group has defined as its basic values.

BE Group’s core values

These values act as a guide in the day-to-day work of everyone within BE Group. They address how we behave towards one another, as well as towards customers, suppliers and others with whom we come into contact.

Understanding customers – We understand our customers and contribute to their success.

Profit – We are cost-efficient and together we generate profit for our customers and ourselves.

Action – We try new solutions and encourage creativity and action.

Responsibility – We assume responsibility and keep our promises.

Openness – We are open, straightforward and clear.

The number of employees increased to 774 compared with 766 at the beginning of the year. The average number of employees during the year amounted to 768 (782).

Environmental policy and environmental work

For a long time, BE Group has been working with environmental issues as an integrated part of its operations. With its position between steel producers and customers, it is in the area of transport in particular that BE Group is able to help lessen the environmental impact. In addition, BE Group works continuously to improve its own facilities’ energy consumption, emissions and waste management.

Overarching environmental policy

A comprehensive environmental policy forms the basis of BE Group’s environmental work. The policy states that BE Group shall

- As a minimum comply with current environmental legislation and requirements from local authorities.
- Be economical in our use of energy and natural resources.
- Work to decrease the amount of waste and emissions from our facilities.
- Identify opportunities to make adjustments benefiting the environment when making investments and changes in processes and facilities.
- Maintain a high level of awareness on environmental issues through ongoing training.
- Document and communicate environmental work to employees and provide open and objective information to external stakeholders.

BE Group is engaged in operations at two sites in Sweden for which environmental permits are required. In Finland, operations in one location require environmental permits. Group companies have obtained special permits to engage in operations in the countries where such permits are required. The operations in Sweden, with the exception of Lecor Stålteknik, and the operations in Finland, Latvia, Poland, the Czech Republic and Slovakia are certified under the ISO 14001 environmental management system.

Risks and risk management in BE Group

BE Group's profits and financial position are affected by a large number of factors. Several of these are beyond the Company's own control. The Group operates in several countries and is therefore exposed to various risks as a consequence of differences in legislation, regulations and guidelines. Risk management within the Group is guided by established policies and procedures that are revised by the Board of Directors and/or Group Management on an ongoing basis. The most important risks and factors of uncertainty for BE Group can be divided between:

- Market risks (economic and steel price trend)
- Operational risks (suppliers, customers, contractual relationships, personnel, product liability, legal and environmental liability)
- Financial risks (currency risk, interest risk, refinancing risk and credit risk)

Market risks

Economic trend

BE Group has a large number of customers in different industries and is therefore affected by the general economic climate. A weak economic trend increases the risk of lower demand for the Group's products, resulting in lower sales revenues. In addition, a weaker economy can lead to low inventory turnover, falling prices and inventory losses on existing inventories. BE Group's strategy regarding inventory levels is to warehouse products based on estimated customer demand. The various companies in BE Group strive to maintain a level of inventory turnover suited to the market and local conditions of each company. The operational control of inventory levels is exerted by means of targets for the number of inventory days.

Steel price trend

The steel industry is strongly influenced by economic developments. As a consequence, steel price trends are volatile and are affected by the balance between the production offering and demand for steel at the different points along the value chain.

Steel prices affect BE Group such that higher market prices provide a greater contribution towards covering the Group's costs given a constant gross margin. The steel price trend also affects final sales prices for products held in inventory, which for BE Group entails a financial impact in the form of inventory gains and losses. Operating profit/loss for 2015 was charged with inventory losses of SEK -12 M (-6). To limit these inventory effects, BE Group is working actively to reduce the number of inventory days while maintaining its level of service towards customers. Consequently, falling steel prices have a negative impact on BE Group's operations and earnings.

The table below shows the estimated effect on underlying operating result of changes in steel prices and sold tonnage. The sensitivity analysis is based on the outcome for 2015 and assumes a constant underlying gross margin.

	Change	Operating result effect
Steelprice	+/-5 %	+/-22 MSEK
Tonnage	+/-5 %	+/-22 MSEK

Operational risks

Insufficient deliveries

BE Group's product range consists of materials from several different suppliers. The Group strives to establish relations with the best steel producers and to maintain sustainable, long-term cooperation. To safeguard access to materials on each individual occasion, the Group seeks to always maintain relations with several suppliers in each product group. Over the year, BE Group has cooperated with more than 300 suppliers. Before establishing new business relationships and entering into agreements, suppliers' capacity to meet BE Group's demands in terms of finance, quality, logistics, the environment and other aspects is ascertained.

In BE Group's assessment, it is not dependent on any single supplier and all major suppliers are considered fully interchangeable, so disruption to deliveries by any one of them does therefore not entail long-term consequences for operations. In 2015, the largest single supplier accounted for 12 percent (10) of the Group's purchases. Combined, the ten largest suppliers accounted for 49 percent (52) of the Group's total purchasing. BE Group is also exposed to the risk that deliveries from suppliers could be substantially delayed in the event of interrupted production, capacity shortage or transport issues, thereby making the Group's processes more expensive.

Customers

BE Group's operations are conducted in several different markets and to numerous customer categories. The ten largest customers accounted for about 12 percent (11) of total sales in 2015. BE Group has a large number of customers in different industries and consequently, a good risk diversification. The Company actively works to manage credit risks (see Note 31 for further information) by setting credit limits and focusing on collecting overdue debts. As in the previous year, the credit losses for the year amounted to approximately 0.1% of sales.

Increased direct deliveries from steel producers

Users of steel have mainly two sources of purchases: directly from steel producers or from trading and service companies. Traditionally, many large-scale users have bought directly from producers, while small and medium-sized users have often made use of trading and service companies. There is, however, a risk that producers will try to extend their direct sales, reducing the use of trading and service companies as agents.

Contractual relations

In accordance with current market practices, the majority of BE Group's customers and its suppliers are not tied to the Group through long-term binding contracts. Instead, it is the Group's custom to rely primarily on its good and often long-term relations with customers and suppliers, and on the normal practices that have been established between the parties. As a consequence, the implications of existing agreements may be difficult to clarify if the parties were to have differing opinions. There are specific agreements with some of BE Group's larger customers.

Human Resources

BE Group depends on competent employees for its future development and success. The ability to recruit, retain and develop qualified employees and to be an attractive employer is important. The effect on the operations would be negative if key individuals were to quit and without it being possible to recruit suitable replacements. BE Group has compiled a number of values that reflect the spirit of the Group and pervade its management. BE Group's commercial competence is continuously developed through training and recruitment. Training efforts include broad programs aimed at many employees, as well as specialized solutions for individuals.

Product liability

In the event of defect products, some of the products that BE Group sells could cause personal injury or other harm, thereby incurring a risk of claims for damages in accordance with the product liability laws of the country concerned. BE Group has taken out the conventional liability insurance policies on its operations.

Legal

Since BE Group maintains operations in several countries, the Group is exposed to different laws, regulations, agreements and guidelines, as well as to changes in the stipulations within these. Among other things, regulations include trade restrictions, such as customs duties and tariffs, requirements for import and export licenses, restrictions on movements of capital and tax regulations. In all commercial operations, disputes may arise as a consequence of differences of opinion on issues of responsibility and interpretations of contract terms. From a risk perspective, BE Group is not dependent on any individual commercial agreement that could significantly limit the Group's operations.

Environmental legislation and responsibility for the environment

BE Group's operations are subject to legislation pertaining to the environment, as well as regulations on emissions to the atmosphere and water, waste management and the workplace environment. BE Group could become liable for environmental damage caused by operations conducted, or that have previously been conducted by the Company. According to Swedish law, certain environmental liability is not subject to limitations of time. It cannot be ruled out that operations such as those that are conducted, or have been conducted, by BE Group could lead to liability for environmental impacts that do not appear until much later.

Financial risks

For an account of financial risks, see Note 31.

Share-related information

Ownership structure

The BE Group share has been listed on the Nasdaq Stockholm Exchange since the end of 2006. At the end of the financial year, BE Group had 7,143 shareholders, compared with 6,949 at the end of the previous year. AB Traction and Swedbank Robur were the two largest owners with 18.7 percent and 7.2 percent of the shares, respectively. Information on other major owners is available on the website www.begroup.com/investerare. At the end of the year, the proportion of Swedish institutional ownership (legal entities) totaled 60 percent and foreign ownership was 10 percent.

At the end of the year, the five members of Group Management together held 1,901,320 shares in BE Group. At the same time, the Company's directors together held 115,625 shares. BE Group held 538,381 treasury shares at the close of 2015.

Share capital, shares outstanding and rights

In 2015, the Company completed a rights issue. As a result of the rights issue, share capital in the Company increased to SEK 260,202,495 (152,506,384) as of December 31, 2015 and the number of shares increased by 185,474,367 fully paid-up shares to 260,202,495 (74,728,128), each share with a quotient value of SEK 1.00. Under the Articles of Association, minimum share capital in the Company is SEK 150,000,000 and maximum share capital SEK 600,000,000, with a minimum of 150,000,000 and a maximum of 600,000,000 shares. Share capital is determined in Swedish kronor.

All shares convey equal rights to a percentage of the Company's net assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares. There is no limit to the number of votes a shareholder may cast at the Annual General Meeting or with respect to transfer of shares. The Company is aware of no agreements between shareholders which may limit the right to transfer shares.

Further information about the BE Group share is provided on www.begroup.com.

Authorization to the Board of Directors

The Annual General Meeting resolved to authorize the Board of Directors, on one or several occasions and not later than the 2016 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions. Transfers of at most 538,381 shares, corresponding to the company's existing holding of treasury shares, may deviate from shareholders' preferential rights. Transfers may be applied as payment of all or part of the purchase consideration in the acquisition of companies or operations or parts of companies or operations, in which case the payment shall correspond to the assessed market value of the shares. Alongside share transfers, payment may be effectuated through capital contributed in kind or by setting off claims against BE Group. Transfers may also be made on cash payment through sales on the Nasdaq Stockholm Exchange at a price within the price interval registered at any given time – that being the interval between the highest bid price and lowest asking price at the time of sale. The Board of Directors shall have the right to decide on other conditions for the transfer. However, the conditions shall be market-based.

During the year, no treasury shares were transferred and BE Group held 538,381 treasury shares, corresponding to 0.2 percent of the share capital, which was acquired for a total amount of SEK 21 M.

Rights issue 2015

In the first half of 2015, a rights issue was completed. The rights issue amounted to SEK 260 M before transaction costs. Each existing share conveyed the right to one subscription right and two subscription rights conveyed the right to subscribe for five new shares. The Annual General Meeting approval of the rights issue was preceded by a resolution to reduce the Company's share capital by SEK 77,778,256.68, from SEK 152,506,383.68 to SEK 74,728,128.00, without the withdrawal of shares, for allocation to non-restricted equity. Through the reduction of share capital, the shares' quotient value is reduced from SEK 2.04 to SEK 1.00. The share capital was then restored through the rights issue. Through the issue, 185,474,367 new shares were issued and share capital increased by SEK 185,474,367.

Dividend and dividend policy

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. BE Groups financial positions and future outlook shall be taken into account in determining the payment of dividends.

Corporate governance

The Corporate Governance Report, which, among other things includes an account of the Group's governance and the work of the Board of Directors over the year, is presented on the website www.begroup.com.

Remuneration principles for senior executives

The 2015 Annual General Meeting adopted guidelines for executive remuneration. The policies apply to remuneration and other terms of employment for the individuals who, while the policies are in effect, are members of Group management for BE Group.

During the year, Group management consisted of five people: the President and CEO, the CFO, Business Area Managers for Sweden and Finland and the head of the Group function Operations Development.

The policies apply for agreements entered in accordance with Annual General Meeting resolutions and to amendments to existing agreements made after this date. The guidelines are reviewed annually.

The guidelines mainly state that remuneration for senior executives shall consist of fixed base pay, variable remuneration, pension benefits and other benefits. Total remuneration shall be market-based. Fixed pay shall be individual and differentiated based on the individual's responsibilities and performance and set annually. Variable remuneration shall be related to the degree of meeting the annual predetermined, well-defined goals and shall amount to a maximum of 50 percent of fixed salary.

Pension is to be defined-contribution-based and correspond to a maximum of 30 percent of fixed annual salary.

Where notice of termination is issued by BE Group, fixed salary and severance pay shall not exceed an amount equivalent to 12 months' fixed pay.

The actual remunerations agreed during the year are detailed in Note 3.

The Board of Directors' preparation and resolutions in business related to salaries and other terms of employment for senior executives

The Remuneration Committee appointed by the Board of Directors shall prepare matters related to salaries and other terms of employment for executives. Decisions on remuneration to the President and CEO shall be taken by the Board of Directors in its entirety. In respect to other senior executives, decisions on salaries shall be taken by the Remuneration Committee based on proposals by the President and CEO.

Provisions of the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association

There are no provisions in the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association. In accordance with the provisions in the Companies Act, directors are elected by the Annual General Meeting for the period extending until the close of the first Annual General Meeting after that at which they were elected, and amendments to the Articles of Association are determined by the Annual General Meeting in accordance with the regulations set out in the Companies Act.

Contingent liabilities

Consolidated contingent liabilities amounted to SEK 21 M (33).

Significant events after the end of the financial year

After the end of the financial year the Board of Directors of BE Group has made a decision to restructure the businesses in Czech Republic and Slovakia. The market in Czech Republic and Slovakia has for a number of years developed negatively and the company has continued to be lossmaking despite several measures taken to reach profitability. The turnover in these markets were SEK 382 M during 2015 and the operating result amounted to SEK -32 M including non-recurring items of SEK -20 M.

Against this background and the prevailing weak market outlook BE Group has decided to close down the business in Slovakia and stop selling flat carbon steel and aluminum on the Czech market. The one-time cost is estimated at SEK 45 M of which SEK 10 M affects the cash-flow. The cost will impact the result for 2016. An updated assessment will be given when the result for the first quarter 2016 is published.

The profitable business in Prerov, Czech Republic, who successfully provides the market with cutted round bar is not affected by the decision.

No other significant events have taken place after the end of the period.

Parent Company

Sales for the Parent Company, BE Group AB (publ), amounted to SEK 34 M (43) during the period and derived from intra-Group services. The operating result amounted to SEK -23 M (-32). Net financial items, which were negatively impacted in both years by impairment of shares in subsidiaries and intra-Group receivables, amounted to SEK -219 M (-104). The result before tax was SEK -230 M (-154) and the result after tax was SEK -224 M (-131). At the end of the period, Parent Company equity amounted to SEK 615 M (595). As in the previous year, the Parent Company made no investments in intangible assets during the year. At the end of the year, cash and equivalents in the Parent Company amounted to SEK 13 M (31).

Accounting principles

As of January 2005, the consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Commission for application within the European Union. A more detailed explanation of accounting principles is available under “Accounting principles”.

Outlook for 2016

No significant change in demand is expected in 2016.

Appropriation of earnings

The Board of Directors’ proposal for the appropriation of earnings is detailed under Appropriation of Earnings.

BUSINESS AREA SWEDEN

Kalle Björklund

Business Area Manager Sweden

Key data	2013	2014	2015
Shipped tonnage, thousands of tonnes	169	160	167
Net sales, SEK M	1,889	1,776	1,837
Change, %	-18	-6	3
Operating result (EBIT), SEK M[1)]	19	31	-12
Operating margin, %	1.0	1.7	-0.6
Underlying operating result (uEBIT), SEK M	37	31	41
Underlying operating margin, %	2.0	1.7	2.2
Investments, SEK M	6	1	4
Average number of employees	287	265	256

[1)] The operating resultat for 2015 has been impacted negatively by write-down of assets of -50 SEK M.

Business Area Sweden accounted for 43 percent (41) of BE Group's net sales in 2015. The roughly 2,000 customers in the engineering and construction industry receive deliveries from warehouse and production facilities in Malmö and Norrköping and are served from local sales offices in a total of nine cities. The size and needs of the customers vary widely; the ten largest customers account for about 21 percent of the business area's sales. Local presence, a high level of service and good understanding of customers are prerequisites for serving the market.

BE Group owns 50 percent of the company ArcelorMittal BE Group SSC AB, a steel service center where metal coils is cut and slit. The competitors in the market include SSAB-owned Tibnor and Stena Stål, which is a part of the Stena Group.

Sales and business performance

The business area reported sales of SEK 1,837 M (1,776), an increase of 3 percent compared with the previous year, depending on an increase of 4 percent in shipped tonnage. The information the Company has regarding the size of the distribution market indicates that demand, measured in tonnage, has been more or less unchanged compared with the previous year. The prices have had a downward trend, but the effect was smaller in Business Area Sweden than in the Group's other markets due to a weaker SEK and less exposure to flat products, where the price drop was the sharpest.

Operating result, which amounted to SEK -12 M (31), was impacted by write-down of participations in the joint venture ArcelorMittal BE Group SSC, owned by the business area, in an amount of SEK -50 M. The joint venture is recognized according to the equity method and the participation in earnings for the year amounted to SEK 2 M (1).

The underlying operating result, adjusted for inventory losses and non-recurring items, improved to SEK 41 M (31) as a consequence of higher sales and lower overhead costs.

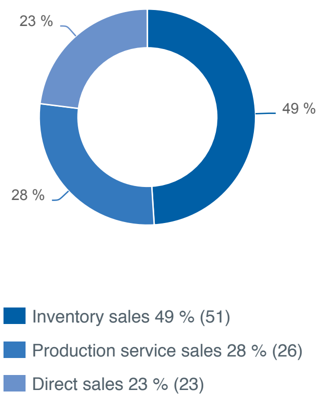
Continued development

In 2015, considerable focus was placed on more active sales work. The growth generated during the year is seen as a result of this work, which is set to continue in 2016. In the second half of the year in 2015, the Company invested in two processing machines at the plant in Norrköping. The Company will thereby have the opportunity to supplement and broaden its customer offering to the customers that buy processed products.

The price drop on steel of recent years has entailed a weakening in the Company's earnings. In the coming year, further focus will be placed on increasing the margins to ensure that the Company's transactions are sustainable and generate value for both the customer and the Company.

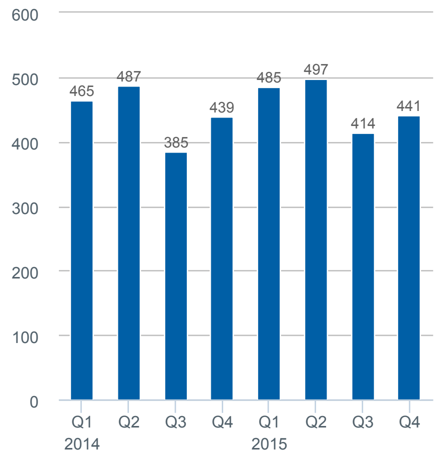
SALES BY BUSINESS SOLUTION

(previous year)



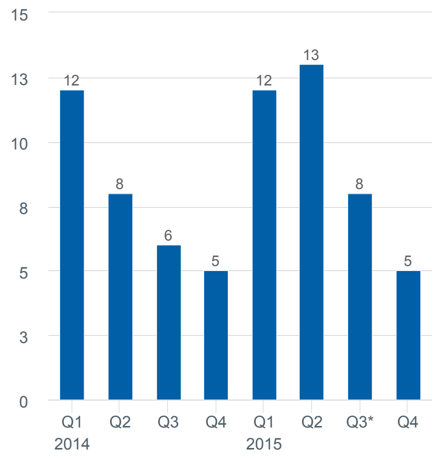
SALES

SEK M

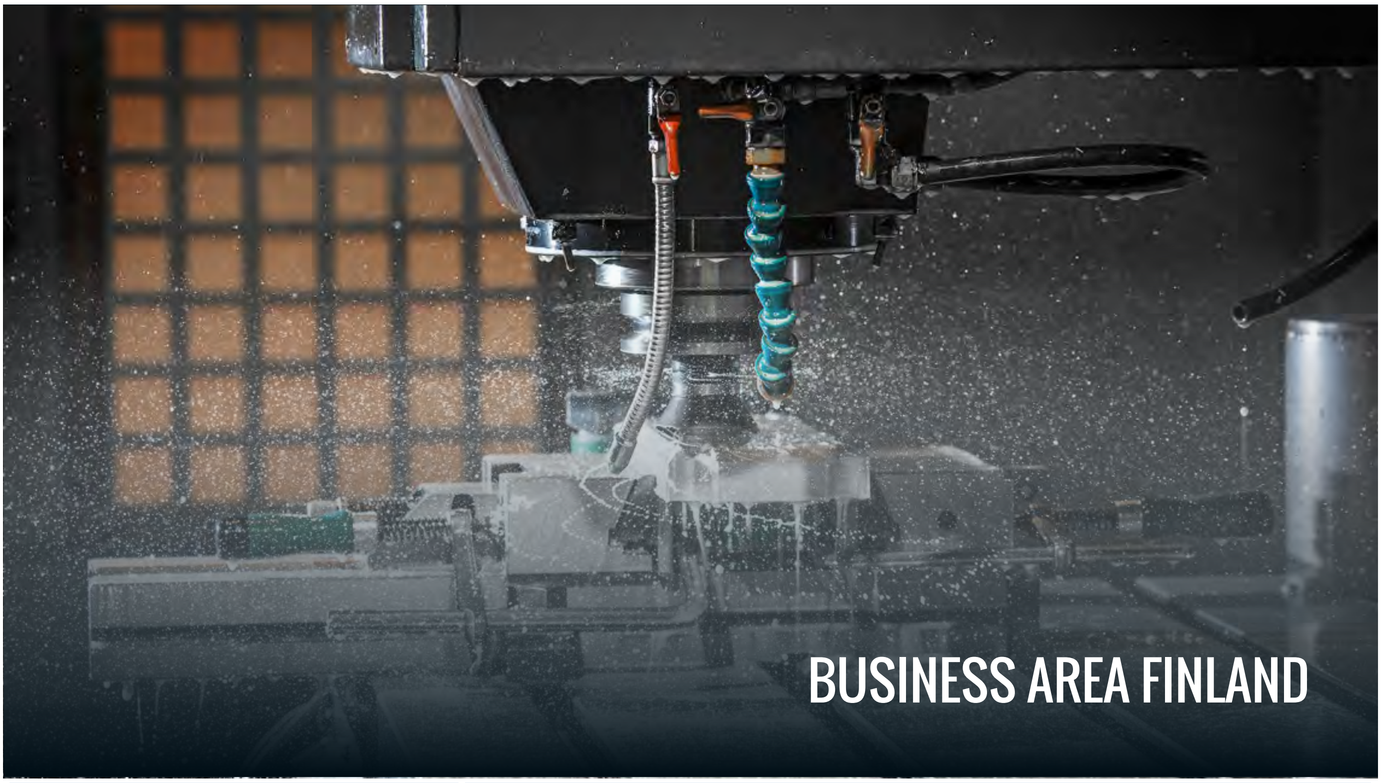


OPERATING RESULT (EBIT)

SEK M



*The operating result for Q3 2015 is cleared from write-down of assets of SEK -50 M. The operating result including write-down of assets amounts to SEK -42 M.



Key data	2013	2014	2015
Shipped tonnage, thousands of tone	168	172	178
Net sales, SEK M	1,619	1,715	1,745
Change, %	-14	6	2
Operating result (EBIT), SEK M	14	32	21
Operating margin, %	0.9	1.9	1.2
Underlying operating result (uEBIT), SEK M	29	40	30
Underlying operating margin, %	1.8	2.3	1.7
Investments, SEK M	21	4	9
Average number of employees	360	340	332

In 2015, the business area accounted for a total of 42 percent (41) of BE Group's net sales. The organization in Finland consists of production and warehousing facilities in Lapua, Lahti and Turku and sales offices in nine locations. Business Area Finland also includes the operations in the Baltic States, comprising warehousing and sales units in Tallinn, Riga and Kaunas.

In the Finnish market, the Company has around 2,800 customers and the ten largest customers account for about 11 percent of the Company's sales. Focus is on providing value-creating services mainly to the engineering industry and the market position is strong. This combined with BE Group Finland running its own steel service center for cutting and slitting of thin sheets and coils means that there is a higher proportion of production service than for Business Area Sweden. The primary competitors are Tibnor, Kontino and Flinkenberg.

In the Baltic countries, the market is more diversified and conditions vary substantially between Estonia, Latvia and Lithuania, but BE Group generally has a strong and growing position in the area.

Sales and business performance

Business Area Finland's sales rose 2 percent compared with the previous year, amounting to SEK 1,745 M (1,715). This increase is mainly attributable to a 3-percent increase in shipped tonnage, as well as positive currency effects of about 3 percent, which is offset by lower prices. The distribution market in Finland decreased by between one to two percent compared with the previous year. In the Baltic States, our assessment is that demand is in line or somewhat higher than the previous year.

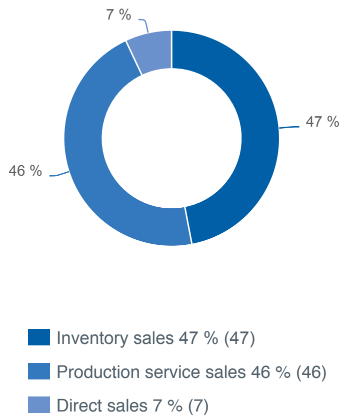
The operating result decreased to SEK 21 M (32) and the underlying operating result, adjusted for inventory losses and non-recurring items, to SEK 30 M (40). The lower earnings is a result of lower prices and a lower gross margin.

Continued development

Focus is on continued growth in 2016. The Company will continue building on its strong position in processing of flat products, where it is an important partner to the Finnish engineering industry. In addition, the Company is working on developing its offering and strengthening its position in stainless steel and aluminum. As in the Swedish market, there is reason to work on margin-improvement measures.

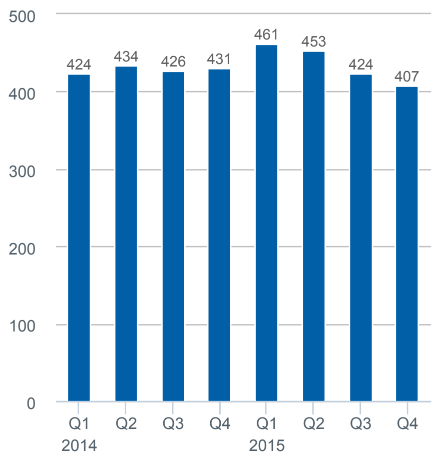
SALES BY BUSINESS SOLUTION

(previous year)



SALES

SEK M



OPERATING RESULT (EBIT)

SEK M

OTHER UNITS

Key data	2013	2014	2015
Shipped tonnage, thousands of tonnes	126	86	69
Net sales, SEK M	947	776	648
Change, %	5	-18	-16
Operating result (EBIT), SEK M[1)]	-26	-49	-100
Operating margin, %	-2,7	-6,4	-15,4
Underlying operating result (uEBIT), SEK M	-25	-28	-26
Underlying operating margin, %	-2,6	-3,6	-3,9
Investments, SEK M	15	2	3
Average number of employees	190	168	171

[1)] The operating result for 2014 has been impacted negatively by non-recurring costs of SEK -21 M mainly related to write-down of assets of SEK -20 M. The operating result for 2015 has been impacted negatively by write-down of assets of SEK -74 M.

Other Units consists of BE Group's operations in Poland, the Czech Republic and Slovakia, as well as the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna. The operations in the Czech Republic and Slovakia primarily conduct distribution operations, while the other operations are production units. Other Units accounted for 15 percent (18) of BE Group's net sales in 2015.

Development over the year

Net sales for the business area fell by 16 percent to SEK 648 M (776). The decrease is mainly attributable to the Czech and Slovakian markets where demand is weak and the companies are also very cautious in terms of credit risk. The operating result decreased to SEK -100 M (-49). The change is attributable to write-down of goodwill of SEK -50 M in Lecor Stålteknik and SEK -4 M in BE Group Produktion Eskilstuna, and SEK -20 M in the Czech Republic attributable to tangible assets. After the write-down, goodwill remains in an amount of SEK 17 M in Lecor Stålteknik and SEK 0 M in BE Group Produktion. The impairment loss in the Czech Republic is linked to the building in Ostrava where the greatest part of the Company's operations are conducted. The book value after the write-down is SEK 38 M, which corresponds to assessed market value. Adjusted for non-recurring items and inventory losses, the underlying operating result amounted to SEK -26 M (-28).

Czech Republic and Slovakia

BE Group's operations in the Czech Republic consists of a warehouse facility in Ostrava and a production plant in Prerov. The operations in Slovakia consist of two warehouse facilities located in Michalovce and Martin. In 2015, the operations in these two countries were integrated with for example joint management. The production site in Prerov specializes in cutting bars to length, primarily stainless steel and other alloy steels. The business otherwise consists mainly of inventory sales of plates to the engineering industry. During the year, an effort was made to develop the product range towards more high-quality plates, which is a niche where there is less competition and the possibility of higher margins is deemed to be greater. The market trend has been weak and the companies have observed extensive caution regarding credit risk. Altogether, this led to sales decreasing by one fourth. Overhead costs have decreased, but have not fully compensated for the lower sales, which has entailed worse earnings than the previous year.

Poland

BE Group's operations in Poland consist of a production plant in Trebaczew in southern Poland. The facility conducts cutting, bending and simpler processing of plates. Over the year, work continued on developing a local customer base as a complement to the production performed for the Swedish and Finnish markets, as well as on reducing costs. The activities have been successful and it has been possible to shift some business and thereby improve the margin. Sales decreased somewhat compared with the previous year, but the gross profit is higher due to better margins and lower overhead costs.

BE Group Produktion Eskilstuna

BE Group Produktion Eskilstuna specializes in advanced processing of plates for customers in the engineering sector. During the year, a number of new deals were won and considerable focus has been placed on preparing serial production of new products. Although serial production of the new products had not yet begun during the year, the company's sales and earnings increased.

Lecor Stålteknik

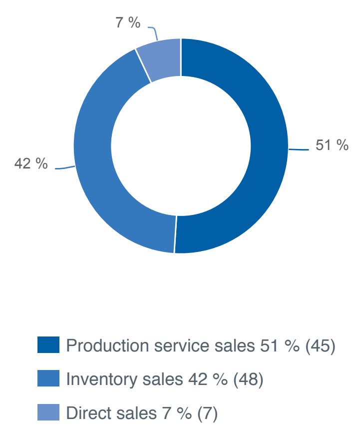
Lecor Stålteknik, whose operations are located in Kungälv, Sweden, broadens the Group's offering by providing prefabricated steel structures for construction and industrial projects. The year had a weak start due to a small order backlog at the beginning of the year. During the year, resources were added to the sales and project manager side as a part of improving the company's opportunities to win new deals. This has had an impact and the second half of the year was significantly better in terms of sales and earnings. Altogether, sales ended up below the previous year.

Continued development

Despite reduced sales, the underlying result improved somewhat, but losses remained high. All companies except those in the Czech Republic and Slovakia show better results compared with the previous year, which indicates that we are on the right track. The work of developing a local customer portfolio will continue in the Polish market and for Lecor Stålteknik, higher sales are in focus. For BE Group Produktion, serial production of new products will begin and at the same time new business should be won and put into production. In the Czech Republic and Slovakia, the year was devoted to reducing risk exposure and in the upcoming year, focus will be on increasing margins and results.

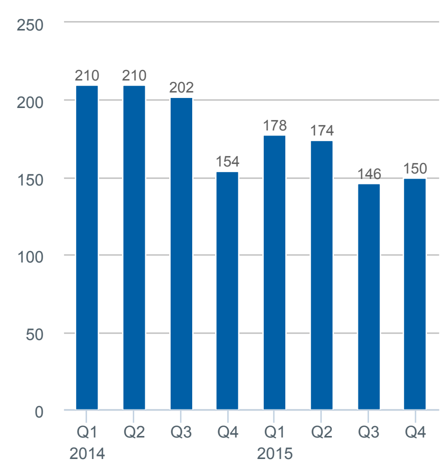
SALES BY BUSINESS SOLUTION

(previous year)



SALES

SEK M



OPERATING RESULT (EBIT)

SEK M

*The operating result for Q4 2014 is cleared from write-down of assets of SEK -20 M. The operating result including write-down of assets amounts to SEK -26 M.

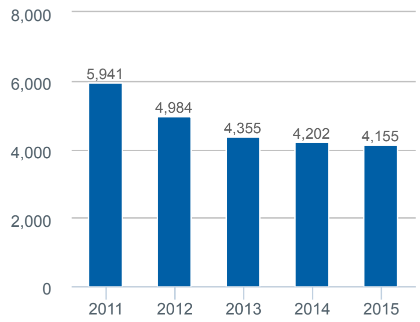
**The operating result for Q3 2015 is cleared from write-down of assets of SEK -74 M. The operating result including write-down of assets amounts to SEK -81 M.

Consolidated Income Statement

Amounts in SEK M	Note	2015	2014
Net sales	1	4,155	4,202
Cost of goods sold	2	-3,631	-3,675
Gross profit/loss		**524**	**527**
Selling expenses	2	-415	-419
Administrative expenses	2	-102	-99
Participation in earnings of joint venture	18	2	1
Other operating income	7	5	8
Other operating expenses	2, 8	-128	-35
Operating result	**3, 4, 5, 15, 16**	**-114**	**-17**
Financial income	9	3	5
Financial expenses	10	-51	-60
Result before tax		**-162**	**-72**
Tax	11	-7	-1
Result for the year attributable to Parent Company shareholders	**13**	**-169**	**-73**
Earnings per share before dilution	13	-0,97	-1.07
Earnings per share after dilution	13	-0,97	-1.07

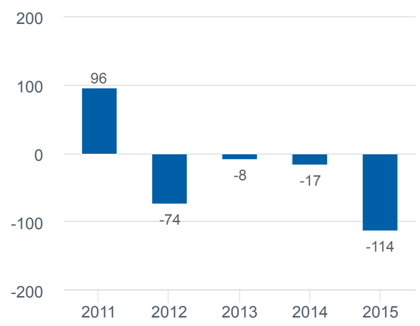
NET SALES, GROUP

SEK M



OPERATING PROFIT/LOSS, GROUP

SEK M



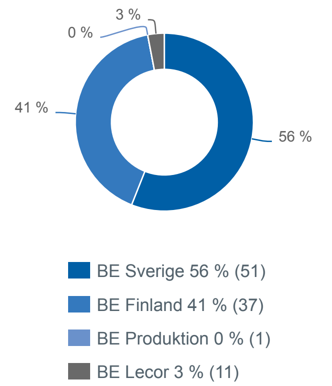
Consolidated Statement of Comprehensive Income

Amounts in SEK M	**2015**	**2014**
Profit/loss for the year	**-169**	**-73**
Other comprehensive income		
Translation difference	-17	26
Hedging of net investments in foreign subsidiaries	15	-24
Tax attributable to items in other comprehensive income	-3	5
Items that will not be reclassified to profit/loss for the period	**–**	**–**
Total other comprehensive income	**-5**	**7**
Comprehensive income for the year attributable to Parent Company shareholders	**-174**	**-66**

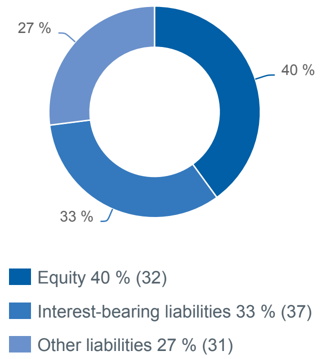
Consolidated Balance Sheet

Amounts in SEK M	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	14	558	616
Other intangible assets	15	29	47
		587	**663**
Tangible assets	16	199	253
		199	**253**
Participations in joint ventures	18	79	127
		79	**127**
Financial assets			
Other securities held as non-current assets	19	0	0
Non-current receivables		0	0
		0	**0**
Deferred tax receivable	25	42	48
		42	**48**
Total non-current assets		**907**	**1,091**
Current assets			
Inventories			
Goods for resale	21	546	565
		546	**565**
Current receivables			
Accounts receivable		409	407
Tax receivables		5	4
Other receivables		32	31
Prepaid expenses and accrued income	22	27	43
		473	**485**
Cash and equivalents			
Cash and equivalents		33	73
		33	**73**
Assets held for sale		2	2
		2	**2**
Total current assets		**1,054**	**1,125**
TOTAL ASSETS		**1,961**	**2,216**

GOODWILL BY CASH GENERATING UNIT



EQUITY AND LIABILITIES



Amounts in SEK M	Note	2015	2014
EQUITY AND LIABILITIES			
Equity	23		
Share capital		260	153
Other capital contributions		251	114
Translation reserve		18	23
Retained earnings including profit/loss for the year		256	425
Equity attributable to Parent Company shareholders		**785**	**715**
Non-current liabilities			
Non-current interest-bearing liabilities	26, 31	565	723
Provisions	24	0	0
Deferred tax liability	25	41	44
Total long-term liabilities		**606**	**767**
Current liabilities			
Current interest-bearing liabilities	26, 27, 31	77	104
Accounts payable		353	498
Tax liabilities		0	2
Other liabilities		67	58
Accrued expenses and deferred income	28	73	67
Provisions	24	0	5
Total current liabilities		**570**	**734**
TOTAL EQUITY AND LIABILITIES		**1,961**	**2,216**

Pledged assets and contingent liabilities - Group

Amounts in SEK M	Note	2015	2014
Pledged assets	26	**1,592**	**1,742**
Contingent liabilities	26	**21**	**33**

Changes in consolidated equity

Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
2014					
Equity, opening balance, January 1, 2014	**102**	**11**	**16**	**498**	**627**
Profit/loss for the year	–	–	–	-73	-73
Other comprehensive income	–	–	7	–	7
Comprehensive income for the year	**–**	**–**	**7**	**-73**	**-66**
Rights issue	51	103	–	–	154
Change, treasury shares	–	–	–	0	0
Share Savings Scheme	–	–	–	0	0
Equity, closing balance, December 31, 2014	**153**	**114**	**23**	**425**	**715**
2015					
Equity, opening balance, January 1, 2015	**153**	**114**	**23**	**425**	**715**
Profit/loss for the year	–	–	–	-169	-169
Other comprehensive income	–	–	-5	–	-5
Comprehensive income for the year	**–**	**–**	**-5**	**-169**	**-174**
Rights issue	107	137	–	–	244
Change, treasury shares	–	–	–	–	–
Share Savings Scheme	–	–	–	–	–
Equity, closing balance, December 31, 2015	**260**	**251**	**18**	**256**	**785**

Rights issue 2015

In the first half of 2015, a rights issue was completed. The rights issue amounted to SEK 260 M before transaction costs. Each existing share conveyed the right to one subscription right and two subscription rights conveyed the right to subscribe for five new shares. The Annual General Meeting approval of the rights issue was preceded by a resolution to reduce the Company's share capital by SEK 77,778,256.68, from SEK 152,506,383.68 to SEK 74,728,128.00, without the withdrawal of shares, for allocation to non-restricted equity. Through the reduction of share capital, the shares' quotient value is reduced from SEK 2.04 to SEK 1.00. The share capital was then restored through the rights issue. Through the issue, 185,474,367 new shares were issued and share capital increased by SEK 185,474,367.

Consolidated Cash Flow Statement

Amounts in SEK M	Note	2015	2014
Operating activities			
Profit/loss before tax		-162	-72
Adjustment for non-cash items	29	186	84
		24	**12**
Income tax paid/received		-7	8
Cash flow from operating activities before changes in working capital		**17**	**20**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		7	-24
Increase (-)/decrease (+) in operating receivables		4	-26
Increase (+)/decrease (-) in operating liabilities		-121	5
Cash flow from operating activities		**-93**	**-25**
Investing activities			
Acquisitions of intangible assets		0	0
Acquisitions of tangible assets		-16	-6
Divestments of tangible assets		0	–
Investments in financial assets		0	1
Cash flow from investing activities		**-16**	**-5**
Cash flow after investments		**-109**	**-30**
Financing activities			
Rights issue		244	154
Acquisition/divestment of treasury shares		0	0
Loans raised		586	778
Amortization of loan liabilities		-759	-887
Cash flow from financing activities		**71**	**45**
Cash flow for the year		**-38**	**15**
Cash and equivalents at January 1		**73**	**57**
Exchange rate differences in liquid assets		**-2**	**1**
Cash and equivalents at December 31		**33**	**73**

Income Statement - Parent Company

Amounts in SEK M	Note	2015	2014
Net sales	1	34	43
		34	**43**
Administrative expenses		-57	-71
Other operating income and expenses	7, 8	0	-4
Operating profit/loss	**3, 4, 5, 15, 16**	**-23**	**-32**
Profit/loss from participations in Group companies	6	-202	-47
Other interest income and similar profit/loss items	9	37	27
Interest expense and similar profit/loss items	10	-54	-84
Profit/loss after financial items		**-242**	**-136**
Appropriations		12	-18
Profit/loss before tax		**-230**	**-154**
Tax	11	6	23
Profit/loss for the year		**-224**	**-131**

Statement of Comprehensive Income - Parent Company

Amounts in SEK M	2015	2014
Profit/loss for the year	**-224**	**-131**
Other comprehensive income	**–**	**–**
Comprehensive income for the year	**-224**	**-131**

Balance Sheet - Parent Company

Amounts in SEK M	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work and similar	15	21	36
		21	**36**
Tangible assets			
Equipment, tools, fixtures and fittings	16	0	0
		0	**0**
Financial assets			
Participations in Group companies	17	982	1,157
Interest-bearing receivables from Group companies	20	93	6
		1,075	**1,163**
Deferred tax receivable	25	34	28
Total non-current assets		**1,130**	**1,227**
Current assets			
Current receivables			
Current interest-bearing receivables from Group companies	20	115	232
Receivables from Group companies		57	39
Tax receivables		2	2
Other receivables		3	3
Prepaid expenses and accrued income	22	4	17
		181	**293**
Cash and equivalents		13	31
		13	**31**
Total current assets		**194**	**324**
TOTAL ASSETS		**1,324**	**1,551**

Amounts in SEK M	Note	2015	2014
EQUITY AND LIABILITIES			
Equity	23		
Restricted equity			
Share capital		260	153
Statutory reserve		31	31
		291	**184**
Non-restricted equity			
Share premium reserve		240	103
Profit brought forward		308	439
Profit/loss for the year		-224	-131
		324	**411**
Total equity		**615**	**595**
Non-current liabilities			
Non-current interest-bearing liabilities	26, 31	546	699
Provisions		–	–
		546	**699**
Current liabilities			
Current interest-bearing liabilities	31	34	–
Current interest-bearing liabilities to Group companies		111	225
Accounts payable		3	2
Liabilities to Group companies		4	13
Other liabilities		1	1
Accrued expenses and deferred income	28	10	12
Provisions		–	4
		163	**257**
TOTAL EQUITY AND LIABILITIES		**1,324**	**1,551**

Pledged assets and contingent liabilities - Parent Company

Amount SEK M	Note	2015	2014
Pledged assets	26	**1,156**	**1,322**
Contingent liabilities	26	**46**	**75**

Changes in Equity - Parent Company

Amounts in SEK M	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit/loss for the year	Total equity
2014						
Equity, opening balance, January 1, 2014	**102**	**31**	**–**	**463**	**-24**	**572**
Profit/loss brought forward from previous year	–	–	–	-24	24	–
Total transactions reported directly in equity	**–**	**–**	**–**	**-24**	**24**	**–**
Profit/loss for the year	–	–	–	–	-131	-131
Other comprehensive income	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**-131**	**-131**
Rights issue	51	–	103	–	–	154
Change, treasury shares	–	–	–	0	–	0
Share Savings Scheme	–	–	–	0	–	0
Equity, closing balance, December 31, 2014	**153**	**31**	**103**	**439**	**-131**	**595**
2015						
Equity, opening balance, January 1, 2015	153	31	103	439	-131	595
Profit/loss brought forward from previous year	–	–	–	-131	131	–
Total transactions reported directly in equity	**–**	**–**	**–**	**-131**	**131**	**–**
Profit/loss for the year	–	–	–	–	-224	-224
Other comprehensive income	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**-224**	**-224**
Rights issue	107	–	137	–	–	244
Change, treasury shares	–	–	–	–	–	–
Share Savings Scheme	–	–	–	–	–	–
Equity, closing balance, December 31, 2015	**260**	**31**	**240**	**308**	**-224**	**615**

Rights issue 2015

In the first half of 2015, a rights issue was completed. The rights issue amounted to SEK 260 M before transaction costs. Each existing share conveyed the right to one subscription right and two subscription rights conveyed the right to subscribe for five new shares. The Annual General Meeting approval of the rights issue was preceded by a resolution to reduce the Company's share capital by SEK 77,778,256.68, from SEK 152,506,383.68 to SEK 74,728,128.00, without the withdrawal of shares, for allocation to non-restricted equity. Through the reduction of share capital, the shares' quotient value is reduced from SEK 2.04 to SEK 1.00. The share capital was then restored through the rights issue. Through the issue, 185,474,367 new shares were issued and share capital increased by SEK 185,474,367.

Cash Flow Statement - Parent Company

Amounts in SEK M	Note	2015	2014
Operating activities			
Profit/loss after financial items		-242	-154
Adjustment for non-cash items	29	229	119
		-13	**-35**
Income tax paid		–	-2
Cash flow from operating activities before changes in working capital		**-13**	**-37**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		-4	41
Increase (+)/decrease (-) in operating liabilities		5	-4
Cash flow from operating activities		**-12**	**0**
Investing activities			
Acquisitions of intangible assets		0	0
Acquisitions of tangible assets		0	0
Lending to subsidiaries		-9	-55
Cash flow from investing activities		**-9**	**-55**
Financing activities			
Rights issue		244	154
Acquisition of treasury shares		–	0
Net change in borrowing/lending in cash pool		-68	22
Loans from subsidiaries		–	–
Amortization of loan liabilities		-173	-109
Cash flow from financing activities		**3**	**67**
Cash flow for the year		**-18**	**12**
Cash and equivalents at January 1		**31**	**19**
Cash and equivalents at December 31		**13**	**31**

Accounting principles

Amounts stated in millions of SEK (SEK M) unless specified otherwise.

BE Group AB (publ), company registration number 556578-4724, is a Swedish limited liability company. The registered office is in Malmö, Sweden.

Consolidated accounting principles

Compliance with legislation and standards

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Commission of the European Communities for application in the European Union. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles."

Significant accounting principles applied

Other than the exceptions explained in detail, the accounting principles set out below have been applied consistently to all periods presented in BE Group's financial statements. The accounting principles applied in the consolidated accounts have also been applied consistently by the individual companies within the Group.

Changes in accounting principles

Changes to accounting principles necessitated by new or amended IFRS-rules

Amendments to IFRS applicable effective from January 1, 2015 have had no material effect on the consolidated accounts.

New IFRS-rules that have not yet begun to be applied

A number of new standards and interpretations will not enter into effect until future financial years and have not been applied in advance in the preparation of these financial statements. These new standards and interpretations are expected to affect the consolidated financial statements in the following manner:

IFRS 9 – Financial Instruments – addresses the classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2014. It replaces the parts that handle the classification and measurement of financial instruments and introduces a new impairment model. The Group does not expect any material impact on the classification, measurement or recognition of the Group's financial assets and liabilities based on the new rules in IFRS 9. The Group has not yet evaluated how the Group's hedge accounting and reservations for credit losses will be affected by the new rules. The standard shall be applied to financial years that begin on 1 January 2018. Early application is permitted.

IFRS 15 – Revenue from Contracts with Customers – is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is based on the principle that revenue shall be recognized when the customer receives control over the product or service sold – a principle that replaces the previous principle that revenue is recognized when risks and benefits have been transferred to the buyer. At present, the Group cannot estimate the impact of the new rules on the financial statements. The Group will conduct a detailed evaluation in the upcoming years. The standard shall be applied to financial years that begin on 1 January 2018.

IFRS 16 – Leases – is a new standard on leases published by IASB in January 2016 that will replace IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15, and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognized in the balance sheet. This recognition is based on the view that the lessee has a right to use an asset during a specific time period and at the same time an obligation to pay for this right. The recognition for the lessor will essentially remain unchanged. The standard is applicable to financial years that begin on or after 1 January 2019. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet evaluated the effects of IFRS 16.

None of the other IFRS or IFRIC interpretations that have not yet entered into effect are expected to have any material impact on the Group.

There are no plans to apply any new standards or amendments in advance.

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Parent Company and the Group. Consequently, the financial accounts are presented in SEK. All amounts are rounded off to the nearest million unless otherwise stated.

Valuation principles

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities recognized at fair value consist of derivative instruments. Fixed assets and disposal groups held for sale are reported at their carrying amount or fair value less sales expenses, whichever is lowest.

Assessments and estimates

Preparation of the financial statements in accordance with IFRS requires management making assessments, estimations and assumptions that affect the application of the accounting principles and the figures reported for assets, liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and other factors that seem reasonable under current conditions. The results of these estimates and assumptions are then used to assess the carrying amount of assets and liabilities not otherwise evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods.

Management's assessments in connection with application of IFRS that have significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail below in Note 33, Significant estimates and assessments.

Basis for consolidation

Subsidiaries

The Parent Company BE Group AB (publ) directly or indirectly owns all shares and votes in its subsidiaries and therefore has a controlling influence over these.

In the consolidated accounts, subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. Consolidated cost is determined by means of an acquisition analysis in connection with the transaction. The acquisition analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. Possible transaction fees due to the acquisition of a subsidiary are reported directly in the profit/loss for the period, except for transaction fees that arose prior to January 1, 2010. The latter has been included in the cost. Subsidiaries' financial accounts are included in the consolidated accounts from the point of acquisition and until the Group no longer has a controlling influence.

Payment in connection with the acquisitions does not include payments settling prior business transactions. Settlements of this type are made against profit/loss for the period. The classification and accounting of business acquisitions that took place before January 1, 2004 has not been reassessed in accordance with IFRS 3 in connection with the determination of the consolidated opening balance sheet on January 1, 2004 in accordance with IFRS.

Joint venture

For purposes of accounting, joint ventures are companies for which the Group has joint control over operational and financial management through a contractual arrangement with one or more parties. Interests in joint ventures are consolidated using the equity method of accounting. The equity method entails the value of holdings in joint ventures reported in the consolidated accounts being equivalent to the Group's share of the joint ventures' shareholders' equity, as well as consolidated goodwill and any other consolidated surplus or deficit. In consolidated profit/loss for the period, "Participations in earnings of joint venture" is reported as the Group's share of a company's earnings adjusted for any impairment, amortization or reversals of acquired surpluses or deficits. These shares in earnings less any dividends received from joint ventures comprise the main change in the carrying amount of interests in joint ventures. Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the identifiable assets and liabilities of the joint venture is reported in accordance with the same principles that apply for acquisitions of subsidiaries.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated accounts. Unrealized gains and losses arising from transactions with joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies, however, unrealized losses are eliminated only to the extent that there is no indication that any impairment should be recognized.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency corresponding to the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect on the balance sheet date. Exchange differences arising from translation are recognized against profit/loss for the period. Non-monetary assets and liabilities recognized at their historical costs are translated at the exchange rate applicable at the time of the transaction. Exchange differences referring to operating assets and liabilities are recognized in the operating result, while exchange rate movements referring to financial assets and liabilities are recognized in net financial income.

Foreign businesses' financial statements

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the foreign operations' functional currency to the Group's reporting currency. Translation is applied at the exchange rate in effect on the balance sheet date. Income and expenses in a foreign operation are translated at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of a foreign net investment and accompanying effects of hedges of net investments are recognized under other comprehensive income and are accumulated in an equity component entitled separate translation reserve. Non-current internal loans are considered to form part of the net investment in the foreign operation. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are recognized, less any currency hedging against profit/loss for the period.

Classification

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Intangible assets

Goodwill

Consolidated goodwill consists of acquired goodwill and goodwill arising in connection with investments in subsidiaries. Goodwill represents the difference between the cost of the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities. After the acquisition, goodwill is reported at cost less any impairment losses. Goodwill is distributed to cash generating units and is tested at least once annually to determine possible impairment needs; see Note 14 Goodwill.

Other intangible assets

Customer relations consist of acquired assets that have been identified in the acquisition analysis in connection with the acquisition of shares in subsidiaries. At the time of acquisition, customer relations are valued at fair value, which is considered to be equivalent to the cost. After the acquisition, customer relations are recognized at cost less accumulated amortization and impairment losses.

Computer programs and licenses are reported at cost less accumulated amortization and impairment. Costs incurred for internally generated goodwill and internally generated brands are recognized against profit/loss for the period when the cost is incurred. Additional expenditures for capitalized intangible assets are recognized as assets on the Balance Sheet only when they increase the future economic benefit associated with the specific asset. All other expenditures are expensed as they are incurred.

Amortization principles for customer relations and other intangible assets

Amortization is recognized in profit/loss for the period on a straight-line basis over the estimated useful life of the asset. Intangible assets which can be amortized are amortized from the date on which they are available for use. The useful lives of assets are reassessed on an ongoing basis, although at least once per year.

The estimated useful lives are:

	Useful life	
	Group	**Parent Company**
Licenses	3–10 years	3–10 years
Software	3–10 years	3–10 years
Customer relationships	6–10 years	–
Other intangible assets	3–10 years	–

Tangible assets

Tangible assets are recognized in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price plus expenses directly attributable to the asset in order to put it in place and make it appropriate for use in accordance with the purpose of the acquisition. Examples of directly related expenses included in the cost of an asset are expenses for shipping and handling, installation, legal title, consultant services and legal services.

Additional expenditures are only added to the cost if it is probable that the future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. All other subsequent expenses are expensed in the period they arise.

Depreciation principles for tangible assets

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The useful lives and residual values of assets on an annual basis at the least.

	Useful life	
	Group	**Parent Company**
Buildings	15–50 years	–
Plant and machinery	3–15 years	–
Equipment, tools, fixtures and fittings	3–10 years	3–10 years

Impairment of tangible and intangible assets as well as holdings in a joint venture

IAS 36 is applied to identify impairments for assets other than financial instruments reported according to IAS 39, deferred tax assets reported according to IAS 12 and inventories reported according to IAS 2. Assets held for sale and disposal groups are tested in accordance with IFRS 5. The carrying amounts for the exempted assets are measured according to the respective standards.

If there is any indication of impairment, the asset's recoverable amount is estimated. The asset's recoverable amount is the highest of the value in use and fair value minus selling expenses. In measuring value in use, future cash flows are discounted at the pre-tax rate that shall reflect current market assessments of risk-free interest and the risks specific to the asset. In the event that the asset's carrying amount exceeds the recoverable amount, the carrying amount is impaired down to the recoverable amount. Impairments are charged against profit/loss for the period.

Impairment testing of goodwill is carried out annually, regardless of whether an indication of an impairment requirement exists or not. Impairment losses on assets within the scope of IAS 36 are reversed if there is both indication that the impairment no longer exists and there has been a change in the assumptions on which the recoverable amount was measured. However, impairments of goodwill are not reversed. A reversal is only made to the extent that the asset's carrying amount does not exceed the carrying amount that would have been reported if no impairment had taken place.

Inventories

Inventories are measured at the lower of cost and net sales value. The cost of inventories includes expenses incurred to acquire inventory assets and transport them to their current site and condition. The cost figure is based on weighted average prices. The cost of manufactured goods and work in progress includes a reasonable share of indirect expenses based on normal capacity. Net sales value is the estimated selling price in current operations less the estimated expenses to make the asset ready for sale and to effect a sale. Net sale value is estimated based on estimates of the current market price.

Provisions

Provisions differ from other liabilities in the uncertainty that prevails regarding the time of payment or the amount required to settle the obligation. Provisions are recorded in the Balance Sheet when the Group has an existing legal or informal obligation as a result of an event occurring and when 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. Provisions are made in the amount corresponding to the best estimate of that required to settle present obligations on the balance sheet date. If the payment date has a significant effect, provisions are calculated through discounting of the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Financial instruments

Financial instruments that are reported in the balance sheet include receivables, liquid funds and accounts payable.

A financial asset or financial liability is recognized in the Balance Sheet when the Company becomes party to the instrument's contractual terms. Receivables are recognized in the Balance Sheet once the invoice has been sent, which normally occurs in connection with delivery of the Group's goods and services and the associated transfer of risk. Liabilities are recognized once the counter party has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. A financial asset or part thereof is derecognized when the contractual rights are realized, mature or are no longer under the Company's control. The same also applies for parts of a financial asset. A financial liability or part thereof is derecognized in the balance sheet when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability. Purchases and sales of financial assets are recognized using trade date accounting. The trade date is the date the Company enters into a contractual obligation to buy or sell the asset. A financial asset and a financial liability are offset and the net amount recognized in the Balance Sheet only when the Company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At initial recognition, financial instruments are classified based on the purpose for which the instrument was acquired, which affects subsequent measurement. The measurement categories BE Group uses are as follows.

Valuation category, loans and accounts receivable

Loans and receivables are non-derivative financial assets with determined or determinable payments that are not quoted in an active market. These assets are measured at amortized cost in accordance with the effective interest method. Accrued historical cost is determined from the effective interest rate that is calculated at the date of acquisition.

Trade receivables are recognized at the amounts expected to be recovered, that is, after deductions for doubtful receivables. Trade receivables have a short expected maturity and are accordingly measured at nominal value and not discounted.

Liquid assets include cash and cash equivalents as well as immediately available balances with banks and similar institutions as well as short-term liquid placements with maturity of less than three months, counted from the acquisition date, and that are exposed to only insignificant risk of fluctuations in value.

Valuation category financial assets available for sale

This category covers financial assets not classified in any other category or financial assets designated on initial recognition as available for sale. In accordance with the main principle, assets belonging to this category are continuously recognized at fair value with changes in value recognized in other comprehensive income. When the assets are derecognized from the Balance Sheet, the cumulative gain or loss previously recognized in equity is transferred to profit/loss for the period. However, the Other securities held as that BE Group reports in this valuation category have been valued at cost since their type, nature and insubstantial amounts make it impractical in terms of benefit to calculate their fair value.

The valuation category, Financial liabilities measured at fair value in profit/loss for the period

This category consists of financial assets held for trading, that is, derivatives with negative fair value. The fair value of listed financial instruments corresponds to their listed market price on the balance sheet date. The fair value of financial liabilities for which there is no active market is determined using discounted cash flow analysis. Fair value changes are recognized in profit/loss for the period.

The valuation category, financial liabilities, measured at the accrued cost

Other financial liabilities are measured at amortized cost in accordance with the effective interest method. They are initially recognized at the obtained amount with deductions for transactions expenses. Loans and other financial liabilities, such as account payables, are included in this category. Accounts payables have a short expected maturity and are accordingly measured at nominal value and not discounted.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of assets needs to be impaired. The recoverable amount is calculated as the current value of future cash flows discounted by the effective interest that applied when the asset was initially recognized. Impairment is recognized as an expense in profit/loss for the period. Impairment is reversed if the previous reason for impairment no longer exists and the asset is expected to be recovered in its entirety.

Hedge accounting

In order to fulfill the requirements on hedge accounting in accordance with IAS 39, there must be a clear link to the hedged item. Moreover, the hedging must effectively protect the hedged item, the hedging documentation must be drawn up and the effectiveness must be quantifiable.

Investments in foreign subsidiaries (net assets including goodwill) have been hedged for currency risk to a certain extent through borrowing in the same currency as the investments. At the close of the period, these currency loans are entered at the rate applicable on the balance sheet date and the effective portion of the period’s exchange rate differences are recognized in other comprehensive income. The accumulated changes are classified as translation reserve in equity. When hedging is ineffective, the ineffective portion is recognized in profit/loss for the period.

Warranties

A warranty provision is recognized when an agreement has been made including stipulations of future commitments that are deemed likely to materialize.

A warranty provision may also be recognized when the underlying products or services are sold. The provision is based on historical data concerning warranties and consideration of possible outcomes in relation to the probabilities associated with the outcomes. However, such warranty commitments do not represent a significant item in the Group’s financial statements.

Onerous contracts

A provision for an onerous contract is recognized when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable expenses to fulfill the obligations as set out in the contract.

Income

Income from the sale of goods is reported in the period’s profit/loss when the goods are delivered and the inherent risk has been transferred to the customer. In normal cases, the following conditions are considered to be fulfilled; the company has transferred to the buyer the significant risks and rewards of ownership; the Company retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; and the expenses incurred or to be incurred in respect of the transaction can be measured in a reliable way.

The Company measures revenue at the fair value of consideration received or receivable. Accordingly, the Company measures revenue at nominal value (invoice amount) if the Company receives consideration in cash or cash equivalents upon delivery on customary credit terms. Discounts provided are deducted.

Income from service assignments is recognized in profit/loss for the period based on the degree of completion on the balance sheet date. The degree of completion is determined on the basis of the expenses hitherto incurred in relation to the total calculated expenses for the assignment.

Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages and salaries, including bonuses, paid leave, sick leave and social security benefits are recognized in the period in which the employee has performed services in exchange for the benefit.

Pensions

The Group’s pension agreements are mainly defined contribution plans. The defined benefit plan for retirement pensions and survivors’ pensions for white collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit which is why the pension plan in accordance with ITP is secured through insurance with Alecta such as a defined contribution plan.

Under a defined contribution plan, the enterprise pays fixed contributions into a fund (a separate legal entity) and has no further legal or constructive obligation to make further payments. The pension expense to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

Termination benefits

When the Company terminates employment, benefits to the employee are recognized as an ongoing expense for as long as the employee performs work for the Company. When the employee is immediately discharged from duty, the entire benefit amount is immediately recognized as an expense.

Provisions are recognized in connection with terminations only if the Company is demonstrably obligated to terminate employment prior to the normal date or when compensation is offered to encourage voluntary departure and it is likely that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and fixed income securities, interest expense on loans, exchange differences and allocated transaction expenses for raised loans.

Transaction expenses for raised loans and credits are accrued over the life of the loans and credits by applying the effective interest method.

Tax

Income taxes are recognized in profit/loss for the period except where an underlying transaction is recognized directly in other comprehensive income, whereupon the related tax effect is likewise recognized in other comprehensive income. Current tax is tax to be paid or refunded in the current year, which includes adjustment of current tax attributable to previous periods. Deferred tax assets are measured using the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax value on assets and liabilities. Deferred tax assets are measured based on how temporary differences are expected to even out and applying the tax rates and regulations that have been enacted or announced at the balance sheet date.

Temporary differences are not taken into consideration for consolidated goodwill.

Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognized only if it is considered probable they will result in lower tax payments in the future.

Leases

Leases are classified in the consolidated accounts as financial or operating leases. BE Group is the lessee in all leases.

Operating leasing agreements

Leases of assets where the lessor retains the financial risks and rewards normally associated with ownership of the asset are classified as operating leases. Lease payments related to operating leases are recognized as an expense in the Income Statement on a straight line basis over the lease term. Incentives received in connection with the signing of a new agreement are recognized in profit/loss for the period on a straight line basis over the lease term. Variable payments are recognized as an expense in the periods in which they arise.

Financial leasing agreements

Leases of assets where the financial risks and rewards normally associated with ownership of the asset are transferred to BE Group are classified as finance leases. The lease asset is recognized as a tangible asset, with the same depreciation rates applied as for tangible assets, while the future obligation to pay lease fees to the lessor is recognized as a liability in the Balance Sheet. Leased assets are depreciated according to the same principles that apply to other assets of the same type. Future lease obligations are apportioned between non-current and current liabilities. Minimum lease payments are apportioned between the finance charge and amortization of the outstanding liability. The interest expense is allocated over the leasing period so that every reporting period is charged with an amount corresponding to a constant periodic rate of interest on the remaining balance of the liability. Variable payments are recognized as an expense in the periods in which they arise.

Segment reporting

An operating segment is a component of the Group that conducts business operations from which it can derive revenues and incur expenses, including intra-group transactions and whose operating result is reviewed regularly by the Group’s senior executives as a basis for the allocation of resources to the segment and the assessment of its results. Independent financial information shall also be available for components of the Group defined as segments. BE Group has defined the concept of “senior executives” as Group Management.

The Group’s primary basis for identifying segments is geographical areas. The Internal management is based primarily on reporting and follow-up of returns from the Group’s geographical areas. The geographical areas are grouped by country or group of countries, based on similarities with regard to risks and returns. For additional information on operating segments, please see Note 1 Operating segments.

Earnings per share

The calculation of earnings per share is based on the profit for the period within the Group which is attributable to the Parent Company’s shareholders and on the weighted average number of outstanding shares during the year. In calculating earnings per share before and after dilution, the average number of shares is adjusted to take into consideration the effects of the Share Savings program.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. Reported cash flow covers only transactions that result in incoming and outgoing payments.

Parent Company accounting principles

The Parent Company has prepared its Annual Report in accordance with the annual accounts act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities (Sept. 2012). Published statements by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as this is possible within the framework of the Swedish law on the safeguarding of pension commitments and taking the connection into account between reporting and taxation. The recommendation specifies exemptions and additions to IFRS that shall be made.

Classification and presentation

The Parent Company's Income Statement and Balance Sheet are prepared in accordance with the model detailed in the Annual Accounts Act, while the report on comprehensive profit/loss, Statement of Changes in Equity and the Statement of Cash Flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences in the Income Statement and Balance Sheet of the Parent Company compared with the consolidated accounts mainly involve the reporting of financial revenues and expenses, assets and equity.

Participations in subsidiaries

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction expenses are charged directly against profit/loss when they are incurred. Anticipated dividends from subsidiaries are recognized when the Parent Company has the sole right to decide the amount of the distribution and the Parent Company has decided on the size of the distribution before the subsidiary published its financial statements. Dividends received from Group companies are recognized in their entirety as income in the Income Statement.

Shareholder contributions

Shareholders' contributions paid are reported as an increase in shares and participations in Group companies, to the extent that impairment is not required. In the receiving Company, shareholder contributions are reported directly in equity.

Financial instruments

In accordance with the rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity. In the future, IAS 39 will continue to be applied only to the consolidated accounts. Financial assets in the Parent Company are measured at cost less impairment losses, if any and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at the accrued cost. Possible derivative assets are measured in accordance with the lower of cost and fair value, while contingent derivative liabilities are measured according to the highest value principle.

Taxes

Untaxed reserves in the Parent Company are recognized including deferred tax liability. Untaxed reserves are apportioned in the consolidated accounts between deferred tax liability and equity.

Leasing

In the Parent Company, all leases are recognized as operating leases.

Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees on behalf of subsidiaries. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment as contractually agreed. The Parent Company applies RFR 2 p. 72, which is an easing of regulations compared to the rules in IAS 39 with regard to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognizes financial guarantee contracts as provisions in the Balance Sheet when it has an obligation for which payment will probably be required to achieve settlement.

Group contributions in the Parent Company

Group contributions paid or received are reported as appropriations.

Financial liabilities

Financial liabilities primarily comprise liabilities to credit institutions. Liabilities to credit institutions are initially valued at amounts received, less any setup fees, and are then valued at the accrued acquisition value. Interest expenses are reported on a rolling basis in the Income Statement. Capitalised set-up fees are reported directly against the loan liability to the extent that the loan agreement's underlying loan guarantee has been utilised, and are periodised in the Income Statement (under Other financial expenses) over the contractual term of the loan. If a loan agreement is terminated or otherwise ceases to obtain at a point in time prior to the end of the original contractual term, capitalised set-up fees are taken up as income. If a current agreement is renegotiated during the contractual term, any additional fees in connection with the renegotiation are periodised over the remaining contractual term of the loans.

Notes

Note 1 - Operating segments

2015	Sweden	Finland	Other Units	Parent Company/ Elimination	Group
External sales	1,786	1,741	628	0	4,155
Internal sales	51	4	20	-75	–
Net sales	**1,837**	**1,745**	**648**	**-75**	**4,155**
Participation in earnings of joint venture	2	–	–	–	2
Underlying operating result	**41**	**30**	**-26**	**-23**	**22**
Inventory gains/losses	-3	-9	0	0	-12
Non-recurring items[1)]	-50	0	-74	0	-124
Operating result	**-12**	**21**	**-100**	**-23**	**-114**
Net financial items					-48
Profit/loss before tax					**-162**
Taxes					-7
Profit/loss for the year					**-169**
Underlying operating margin	**2.2 %**	**1.7 %**	**-3.9 %**	**–**	**0.5 %**
Operating margin	**-0.6 %**	**1.2 %**	**-15.4 %**	**–**	**-2.8 %**
Shipped tonnage (thousands of tonnes)	**167**	**178**	**69**	**-8**	**406**
Operating capital	**653**	**478**	**210**	**50**	**1,391**
Investments	**4**	**9**	**3**	**0**	**16**
Depreciation/amortization of tangible/intangible assets	13	20	15	14	62
Other non-cash flow items	48	1	68	7	124
Total non-cash flow items	**61**	**21**	**83**	**21**	**186**

[1)] During the year, write-down of assets totaling SEK 124 million have been made.

2014	Sweden	Finland	Other Units	Parent Company/ Elimination	Group
External sales	1,734	1,713	755	0	4,202
Internal sales	42	2	21	-65	–
Net sales	**1,776**	**1,715**	**776**	**-65**	**4,202**
Participation in earnings of joint venture	1	–	–	–	1
Underlying operating result	**31**	**40**	**-28**	**-25**	**18**
Inventory gains/losses	0	-6	0	0	-6
Non-recurring items	0	-2	-21	-6	-29
Operating result	**31**	**32**	**-49**	**-31**	**-17**
Net financial items					-55
Profit/loss before tax					**-72**
Taxes					-1
Profit/loss for the year					**-73**
Underlying operating margin	**1.7 %**	**2.3 %**	**-3.6 %**	**–**	**0.4 %**
Operating margin	**1.7 %**	**1.9 %**	**-6.4 %**	**–**	**-0.4 %**
Shipped tonnage (thousands of tonnes)	**160**	**172**	**86**	**-7**	**411**
Operating capital	**641**	**455**	**306**	**66**	**1,467**
Investments	**1**	**4**	**2**	**0**	**7**
Depreciation/amortization of tangible/intangible assets	13	19	11	22	65
Other non-cash flow items	-5	1	22	1	19
Total non-cash flow items	**8**	**20**	**33**	**23**	**84**

BE Group is a trading and service company in steel, stainless steel and aluminium. Customers are primarily in the construction and engineering sectors. Since customers' needs vary widely, BE Group offers different sales solutions: inventory sales, production service sales, and direct sales. The cooperation between BE Group and a particular customer can comprise one or more of these sales solutions.

BE Group's basic products are of a similar nature, regardless of the customers or markets to which they are distributed. Part of BE Group's strategy is also to further process materials at its own production facilities through various types of production services, which in some cases result in completed components being delivered straight into customers' production lines.

BE Group's risks and opportunities differ between the different geographical markets to which its products are distributed. For that reason, BE Group has chosen geographical areas as its primary segments. Operations that support the Swedish and Finnish operations or that are geographically situated outside these core areas are gathered in a separate segment.

The operating structure and internal reporting to Group management and the Board of Directors are therefore based primarily on reporting of geographical business areas. Each segment´s result, assets and liabilities include operating items attributable to the on-going activities of the segment.

The allocation of operating capital per segment is based on the location of the business and includes items directly attributable and items that can be allocated by segment in a reasonably reliable manner. Operating capital allocated by segment comprises tangible assets, goodwill and other intangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. Financial assets and liabilities have not been divided by segment but are reported as other assets/liabilities. Capital expenditures for the segment include investments in intangible and tangible assets, including assets included in acquisitions.

The financial information per segment is based on the same accounting principles as those that apply for BE Group, with the exception of the underlying earnings and return measures. Underlying earnings correspond to reported earnings after adjustment for non-recurring items and inventory gains and losses. These represent the difference between the cost of goods sold at acquisition cost and the cost of goods sold at replacement value. BE Group applies an internal calculation model. The model has not been reviewed by the Company's auditors. Internal prices between BE Group's segments are based on the principle of "arm's-length transactions," that is, transactions between parties that are mutually independent, thoroughly informed and have an interest in the transactions. Prices of goods are based on current purchase prices plus an internal markup margin.

Data on products, services and geographical regions

BE Group consists of two business areas – Sweden and Finland. BE Group's other operations are gathered within Other Units.

Sweden

BE Group's operations in Sweden are conducted under the name BE Group Sverige AB. The Company offers sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium. In addition to distribution of materials, production service is also provided, whereby the Company processes materials in various ways to meet specific customer requirements. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. The Company provides additional services including advanced logistics solutions and material advisory services. In addition, BE Group Sverige AB owns 50 percent of the thin plate processing company ArcelorMittal BE Group SSC AB.

Finland

Business Area Finland includes BE Group's operations in Finland, which are conducted under the name BE Group Oy Ab, and the operations in the Baltic States under the names BE Group AS, Estonia, BE Group SIA, Latvia and UAB BE Group, Lithuania. Sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium, are offered in all operations.

In Finland, production services are also provided on a large scale. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. In addition, the company in Finland offers its customers logistics solutions, advisory services and financing of working capital.

Other Units

BE Group's operations in Poland, the Czech Republic and Slovakia, as well as the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna are gathered within Other Units. Other Units is a collective concept encompassing the units outside Business Areas Sweden and Finland.

In Poland, operations are conducted under the name BE Group Sp.z o.o., and are providing production services to Polish and Nordic customers. BE Group offers parts of its product range in commercial steel, stainless steel and aluminium in Slovakia, under the name BE Group Slovakia s.r.o. and in the Czech Republic, under the name BE Group CZ s.r.o. In the Czech Republic, production services such as cutting to length and drilling are also offered.

Lecor Stålteknik AB provides steel construction solutions to customers in the Swedish construction sector and BE Group Produktion Eskilstuna AB is a service company in the area of plate processing and welding.

Group

Sales per product group	**2015**	**2014**
Long steel Products	1,284	1,334
Flat steel Products	1,645	1,622
Stainless steel	780	765
Aluminium	194	188
Other	252	293
Total	**4,155**	**4,202**

Sales by country based on customer's domicile	**2015**	**2014**
Sweden	1,994	1,946
Finland	1,466	1,454
Other countries	695	802
Total	**4,155**	**4,202**

Tangible, intangible and financial assets by country	**2015**	**2014**
Sweden	511	639
Finland	300	317
Other countries	54	86
Total	**865**	**1,042**

Parent company

Sales of internal services by country based on domicile of subsidiary	**2015**	**2014**
Sweden	14	17
Finland	13	16
Other countries	7	10
Total	**34**	**43**

Note 2 - Costs divided by type of expence

Group	2015	2014
Material costs	-3,230	-3,261
Salaries, other remuneration and social security expenses	-400	-403
Other external costs	-456	-464
Depreciation and amortization	-186	-85
Other operating expenses	-4	-15
Total	**-4,276**	**-4,228**

The specification of costs divided by type of expense refers to items included in the Income Statement under cost of goods sold, selling expenses, administrative expenses and other operating expenses.

Note 3 - Employees, personnel costs and executive remuneration

In this note, amounts are given in SEK thousands unless otherwise stated.

Average number of employees	2015	of whom men	2014	of whom men
Parent Company				
Sweden	9	56 %	9	56 %
Total in the Parent Company	**9**	**56 %**	**9**	**56 %**
Subsidiaries				
Sweden	338	85 %	346	87 %
Finland	292	92 %	293	90 %
Estonia	26	77 %	27	77 %
Latvia	10	83 %	9	78 %
Lithuania	10	70 %	10	78 %
Poland	22	93 %	19	81 %
Czech Republic	42	67 %	50	65 %
Slovakia	19	47 %	19	47 %
Total for subsidiaries	**759**	**87 %**	**773**	**85 %**
Group total	**768**	**87 %**	**782**	**85 %**

Specification of gender distribution in Group management

	2015	2014
Gender distribution, Group management	**Percentage Women**	**Percentage Women**
Parent Company		
Board	20 %	17 %
Other senior executives	0 %	0 %
Group		
Board	20 %	17 %
Other senior executives	0 %	0 %

Salaries, other remuneration and social security expenses

Group	2015	2014
Salaries and remunerations	299,678	303,633
Share Savings Scheme cost	–	24
Pension expense, defined-contribution plans	32,758	32,186
Social security contributions	67,897	67,508
	400,333	**403,351**

Parent Company	**2015**		**2014**	
	Salaries and remunerations	Social security expenses	Salaries and remunerations	Social security expenses
Parent Company	12,068	6,240	17,422	9,182
(of which, pension expenses)[1)]		*(2,548)*		*(4,056)*

[1)] Of the Parent Company's pension expenses, 1,226 (1,644) refers to senior executives. There are no outstanding pension commitments.

Salaries and other remunerations distributed between the Parent Company and its subsidiaries and between senior executives and other employees[1)]

	2015		2014	
	Senior executives [2)]	Other employees	Senior executives [2)]	Other employees
Parent Company	**6,682**	**5,386**	**10,775**[3)]	**6,647**
(of which, bonuses, etc.)	(–)	(–)	(–)	(–)
Subsidiaries	**9,037**	**271,759**	**10,118**	**268,650**
(of which, bonuses, etc.)	(–)	(940)	(8)	(776)
Group total	**15,719**	**277,145**	**20,893**	**275,297**
(of which, bonuses, etc.)	(–)	(940)	(8)	(776)

1) Salaries and other remuneration include base salary and supplementary vacation pay.
2) Senior executives include Board members, members of Group Management and company presidents.
3) Salary of SEK 3.3 M was allocated to the severance pay for Kimmo Väkiparta.

Defined benefit plans

Pension obligations for retirement pensions and family pensions for white-collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 10) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of its proportional share of the plan's commitments, plan assets and costs that meant that the plan could not be recognized as a defined-benefit plan. The ITP pension plan secured through insurance provided by Alecta is accordingly recognized as a defined contribution plan. The premium for the defined-benefit retirement pension and family pension is calculated individually, depending on salary, already earned pension and anticipated remaining period of service. Anticipated fees for the next reporting period for ITP 2 insurance subscribed with Alecta amounts to SEK 5.5 M (5.5).

The collective funding ratio is comprised of the fair value of Alecta's assets as a percentage of insurance obligations computed according to Alecta's actuarial assumptions, which do not accord with IAS 19. The collective consolidation level shall normally be allowed to vary between 125 and 155 percent. If Alecta's collective consolidation level is below 125 percent or exceeds 155 percent, action should be taken with the aim of creating conditions for the consolidation level to return to the normal interval. In the event of low consolidation, one action may be to raise the agreed price for new subscription and expansion of existing benefits. In the event of high consolidation, one action may be to introduce premium reductions. At the end of 2015, Alecta's surplus expressed as the collective funding ratio amounted to 153 percent (143).

Defined contribution pension plans

The Group has defined contribution pension plans for employees in Sweden for which expenses are fully paid by the companies. Pension plans in Finland and other countries are treated as defined contribution plans. For defined contribution plans, pension contributions are paid to a pension insurance company and recognized as an expense in profit and loss for the accounting period in which they occur. There are defined contribution plans in other countries for which the expenses are paid partially by the subsidiaries and partially by employee contributions. Payments are made regularly to these plans according to plan rules.

Executive remuneration

Total remuneration to the President and CEO and other senior executives consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the guidelines for executive remuneration adopted by the 2015 Annual General Meeting, which are detailed in the Board of Directors' Report.

The following tables provide details of actual remunerations and other benefits paid in financial years 2015 and 2014 to Board members, the President (who is also the CEO), the Executive Vice President and other senior executives. The latter are those individuals who, alongside the President and CEO and Executive Vice President and CFO are members of Group Management.

Remunerations and benefits 2015	Basic salary/Board fee	Variable remuneration	Others benefits[6]	Pension expenses	Share Savings Scheme	Other remuneration	Total	Pension commitments
Chairman of the Board								
Anders Ullberg[1]	153	–	–	–	–	0	153	–
Petter Stillström[2]	377	–	–	–	–	–	377	–
Directors								
Roger Bergqvist	210	–	–	–	–	–	210	–
Charlotte Hansson	210	–	–	–	–	–	210	–
Lars Olof Nilsson	280	–	–	–	–	–	280	–
Jörgen Zahlin	250	–	–	–	–	–	250	–
Acting President and CEO								
Lars Engström[3]	1,925	–	26	495	–	0	2,446	–
President and CEO								
Anders Martinsson[4]	900	–	151	224	–	1	1,276	–
Other senior executives[5]	5,336	–	525	1,312	–	9	7,182	–
Total	**9,641**	**–**	**702**	**2,031**	**–**	**10**	**12,384**	**–**
Recognized as an expense in the Parent Company	6,611	–	406	1,226	–	5	8,248	–

[1] Anders Ullberg withdrew from the Board of Directors in connection with the 2015 Annual General Meeting.
[2] Petter Stillström began as the Chairman of the Board of Directors in connection with the 2015 Annual General Meeting.
[3] Lars Engström served as interim CEO until July 31, 2015.
[4] Anders Martinsson began as the CEO on August 1, 2015.
[5] Other senior executives consist of four people.
[6] Other benefits include supplementary vacation pay.

Remunerations and benefits 2014	Basic salary/Board fee	Variable remuneration	Others benefits[7]	Pension expenses	Share Savings Scheme	Other remuneration	Total	Pension commitments
Chairman of the Board								
Anders Ullberg	460	–	–	–	–	2	462	–
Directors								
Roger Bergqvist	210	–	–	–	–	–	210	–
Marita Jaatinen[1]	70	–	–	–	–	–	70	–
Charlotte Hansson[2]	140	–	–	–	–	–	140	–
Lars Olof Nilsson	280	–	–	–	–	–	280	–
Petter Stillström	210	–	–	–	–	–	210	–
Jörgen Zahlin	250	–	–	–	–	1	251	–
President and CEO								
Kimmo Väkiparta[3]	2,147	–	249	695	–	–	3,091	–
Acting President and CEO								
Lars Engström[4]	1,162	–	164	330	–	2	1,658	–
Executive Vice President and CFO								
Torbjörn Clementz[5]	812	–	136	214	6	1	1,169	–
Other senior executives[6]	4,922	–	738	1,101	3	5	6,769	–
Total	**10,663**	**–**	**1,287**	**2,340**	**9**	**11**	**14,310**	**–**
Recognized as an expense in the Parent Company	7,664	–	880	1,644	8	5	10,201	–

[1] Marita Jaatinen withdrew from the Board of Directors in connection with the 2014 Annual General Meeting.
[2] Charlotte Hansson became a Board member in connection with the 2014 Annual General Meeting.
[3] Kimmo Väkiparta served as President until August 25, 2014. Under the agreement, Kimmo Väkiparta is entitled to compensation until August 25, 2015. This compensation amounts to SEK 4.4 M and, in addition to salary, primarily includes pension provisions. This amount is not included in the table above.
[4] Lars Engström took over as interim CEO on August 25, 2014.
[5] Torbjörn Clementz ended his appointment as CFO and Executive Vice President on April 30, 2014.
[6] Other senior executives consist of three individuals up until April 30, 2014. After that the other senior executives consist of four individuals.
[7] Other benefits include supplementary vacation pay.

Detailed below are the agreed terms for remuneration to the Board, the President and CEO and other senior executives. For an account of guidelines approved by the Annual General Meeting, see the Board of Directors' Report.

Board remuneration

The Chairman and other Board members are paid Board member fees as resolved by the Annual General Meeting. The Annual General Meeting resolved that Board member fees totaling SEK 1,470,000 (1,470,000) will be distributed among the Board members as follows: SEK 420,000 (420,000) to the Chairman of the Board and SEK 210,000 (210,000) to each of the remaining Board members who are not employees of the Company. In addition, remuneration of SEK 70,000 (70,000) will be paid to the Chairman for his work in the Audit Committee and SEK 40,000 (40,000) for each of the other members of the Audit Committee. No fees are paid to members of the Remunerations Committee. Other remuneration has been paid in the form of taxable travel expense reimbursements.

Remuneration to the President and CEO

Remuneration

In accordance with a decision by the Board of Directors, remuneration to the President and CEO normally takes the form of base salary, variable remuneration, pension and other benefits. The base pay of the President and CEO amounted to SEK 2,160 M (3,300). For the President and CEO, maximum variable remuneration payable is 40 percent of base pay. Potential bonus payments and the size of them are related to targets defined in advance and set by the Board.

Term of notice and severance pay

The President and CEO has a 12-month period of notice in the event of termination by the company and six months upon resignation. During the term of notice, the President and CEO is entitled to full pay and other benefits of employment, regardless of whether there is a duty to work or not. Members of Group management are not entitled to severance pay.

Pension benefits

In addition to benefits in accordance with the National Income Replacement Pension Act, pension contributions are made corresponding to 30 percent (30) of fixed annual salary plus vacation pay, which constitutes pensionable pay. BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment.

Remunerations for other senior executives of the Parent Company and Group

Remuneration

Remuneration consists of base pay, variable remuneration, pensions and other benefits. The maximum variable remuneration payable to other senior executives is 30 percent of base pay. Whether or not bonuses are distributed and bonus amounts are determined by the CEO based on attainment of financial targets and individual targets.

Term of notice and severance pay

Other senior executives have a period of notice of up to 12 months when notice of termination is issued by BE Group. The senior executives are required to give six months' notice when resigning. During the term of notice, the senior executives are entitled to full pay and other benefits of employment. Members of Group management are not entitled to severance pay.

Pension benefits

For other senior executives, contribution-defined pension solutions are applied. BE Group's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years.

Remuneration Committee

Please see the Corporate Governance Report for more information about BE Group's preparation and decision process regarding executive remuneration.

Note 4 - Auditors' fees and reimbursements

Group	2015	2014
PwC[1]		
Audit assignments	2	2
Audit activities in addition to the audit assignment	–	–
Consultation on taxation	–	–
Other services	–	0
Total fees and compensation for expenses	**2**	**2**

Parent Company	2015	2014
PwC[1]		
Audit assignments	1	1
Audit activities in addition to the audit assignment	–	–
Consultation on taxation	–	–
Other services	–	–
Total fees and compensation for expenses	**1**	**1**

[1] The Group changed auditor during 2015 to PwC. Earlier the Group was audited by KPMG.

Note 5 - Lease fees for operational leasing

The Group's operating lease expenses for the year were SEK 99 M (99), of which SEK 0 M (0) refers to the Parent Company.

	Group		Parent Company	
	2015		2015	
Lease fees, operational leasing	**Minimum lease fees**	**Variable fees**	**Minimum lease fees**	**Variable fees**
Buildings and land	86	0	–	–
Other	13	0	–	–
Total lease fees	**99**	**0**	**–**	**–**

Operational lease liabilities fall due for payment as follows:

	Group		Parent Company	
Future maturities of minimum lease fees	**2015**	**2014**	**2015**	**2014**
Within one year	92	111	0	0
One to five years	313	321	0	0
Later than five years	391	442	–	–
Total	**796**	**874**	**0**	**0**

Significant leases

Most Group operating leases refer to leases of operating sites.

Note 6 - Profit/loss from participations in Group companies

Parent Company	2015	2014
Dividend	24	27
Write-down of shares in subsidiaries	-224	-46
Write-down of interest-bearing receivables from Group companies	-2	-28
Capital gain/loss due to divestment/liquidation of group companies	–	–
Total	**-202**	**-47**

Note 7 - Other operating income

Group	**2015**	**2014**
Net movements in exchange rates on receivables/liabilities of an operating nature	0	–
Capital gains on sales of fixed assets	0	–
Rental income	2	3
Income Joint venture	2	1
Other	1	4
Total	**5**	**8**

Parent Company	**2015**	**2014**
Net movements in exchange rates on receivables/liabilities of an operating nature	–	2
Total	**–**	**2**

Note 8 - Other operating expenses

Group	2015	2014
Net movements in exchange rates on receivables/liabilities of an operating nature	–	2
Capital loss on sales of fixed assets	0	–
Costs for profitability improvement measures	–	3
Write-down of assets	124	20
Severance pay, CEO	–	6
Other	4	4
Total	**128**	**35**

Parent Company	2015	2014
Net movements in exchange rates on receivables/liabilities of an operating nature	0	–
Severance pay, CEO	–	6
Total	**0**	**6**

Note 9 - Financial income

Group	2015	2014
Interest income from credit institutions	0	0
Other interest income	0	3
Net movements in exchange rates	0	2
Other	3	0
Total	**3**	**5**

Parent Company	2015	2014
Interest income, Group companies	23	26
Other interest income	0	1
Net movements in exchange rates	14	–
Total	**37**	**27**

All interest income is attributable to financial assets measured at the amortized cost.

Note 10 - Financial expenses

Group	2015	2014
Interest expense to credit institutions	26	34
Other interest expense	0	1
Other expenses	25	25
Total	**51**	**60**

Parent Company	2015	2014
Interest expense to credit institutions	25	33
Interest expense, Group companies	11	12
Net movements in exchange rates	–	24
Other expenses	18	15
Total	**54**	**84**

All interest expense is attributable to financial liabilities measured at amortized cost.

Note 11 - Taxes

Group	**2015**	**2014**
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	-3	-12
Adjustment of tax attributable to prior years	0	0
Total	**-3**	**-12**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	0	2
Deferred tax asset attributable to tax loss carryforwards capitalized during the year	6	25
Deferred tax expense attributable to utilization of previously capitalized tax value in tax-loss carryforwards	0	-3
Deferred tax attributable to change in tax rate	–	–
Deferred tax expense attributable to impairment of capitalized tax value attributable to tax-loss carryforwards	-11	-12
Others	1	-1
Total	**-4**	**11**
Total consolidated reported tax expense (-)/tax asset (+)	**-7**	**-1**

Parent Company	**2015**	**2014**
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	–	0
Adjustment of tax attributable to prior years	–	–
Total	**–**	**0**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	6	23
Total	**6**	**23**
Total reported tax expense (-)/ tax asset (+) Parent Company	**6**	**23**

Reconciliation of effective tax	2015		2014	
Group	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-162		-72
Tax at prevailing rate for the Parent Company	22.0 %	36	22.0 %	16
Effect of different tax rates for foreign subsidiaries	-0.4 %	-1	0.2 %	0
Non-deductible expenses	-17.3 %	-28	-1.9 %	-1
Non-taxable Revenues	0.1 %	0	-0.4 %	0
Increase of loss carryforward without corresponding capitalization of deferred tax	-7.2 %	-12	-21.6 %	-16
Taxes attributable to changed tax rate	0.0 %	–	0.0 %	–
Taxes attributable to previous years	0.0 %	–	0.0 %	–
Share in earnings of joint venture	0.2 %	0	0.2 %	0
Other	-2.0 %	-3	-0.5 %	0
Recognized effective tax	**-4.6 %**	**-7**	**-2.0 %**	**-1**

Reconciliation of the effective tax rate for the Group is based on a weighted average of the nominal tax rates that apply to each of the companies within the Group included in continuing operations.

Reconciliation of effective tax	2015		2014	
Parent Company	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-230		-154
Tax at prevailing rate for the Parent Company	22.0 %	51	22.0 %	34
Non-deductible expenses	-22.7 %	-52	-17.9 %	-28
Non-taxable Revenues	3.3 %	7	10.9 %	17
Other	0.0 %	0	0.0 %	0
Recognized effective tax	**2.6 %**	**6**	**15.0 %**	**23**

Tax items recognized in other comprehensive income

Group	2015	2014
Current tax for currency risk hedging in foreign operations	-3	5
Total tax in other comprehensive income	**-3**	**5**

Tax items recognized directly in equity

Group	2015	2014
Deferred tax, Share Savings Scheme	–	0
Tax items recognized directly in equity	**–**	**0**

Note 12 - Operations for sale and divested operations

Reclassification of the operations in the Czech Republic

The Czech operations, which have been reported as operations for sale since 2012, were during 2014 reinstated as ordinary operations in the Group´s accounts. As a result, the Income statements and Balance sheets for 2012 and onwards have been recalculated. In connection with the reversal, the company's assets were tested for impairment, resulting in an impairment loss of SEK 14 M being charged against operating profit during 2014.

Note 13 - Earnings per share

Group	2015	2014
Earnings per share before dilution (SEK)	-0.97	-1.07
Earnings per share after dilution (SEK)	-0.97	-1.07

The calculation of the numerator and denominator used in the calculation of earnings per share is detailed below.

Profit/loss for the year		
Profit/loss for the year (SEK M)	-169	-73

Weighted average number of common shares outstanding before dilution (individual shares)		
Total ordinary shares at January 1	68,546,096	50,000,000
Rights issue	105,616,901	18,546,096
Effect of treasury share transactions	-538,381	-541,546
Weighted common shares outstanding during the year, before dilution	**173,624,616**	**68,004,550**

Weighted average number of common shares outstanding after dilution (individual shares)		
Weighted average ordinary shares outstanding, before dilution	173,624,616	68,004,550
Effect of Share Savings Scheme	–	11,195
Weighted common shares outstanding during the year, after dilution	**173,624,616**	**68,015,745**

Note 14 - Goodwill

Cash-generating units with goodwill

Goodwill	Sverige	BE Produktion	Lecor	Finland	Group total
Opening balance, January 1, 2014	314	4	67	225	610
Exchange difference	–	–	–	6	6
Closing balance, December 31, 2014	**314**	**4**	**67**	**231**	**616**
Opening balance, January 1, 2015	314	4	67	231	616
Write-down	–	-4	-50	–	-54
Exchange difference	–	–	–	-4	-4
Closing balance, December 31, 2015	**314**	**–**	**17**	**227**	**558**
Recoverable amount	752	43	67	658	–
Carrying amount	574	40	52	426	–
Difference	**178**	**3**	**15**	**232**	**–**

Impairment testing

Cash generating units

The cash generating unit Sweden consists of the company BE Group Sverige AB. The cash generating unit BE Produktion consists of the company BE Group Produktion Eskilstuna AB and Lecor Stålteknik consists of Lecor Stålteknik AB. Both of these companies are included in Other Units. The cash generating unit Finland consists of the company BE Group Oy Ab.

Recoverable amounts

Goodwill is tested for impairment at least once annually. This testing compares the recoverable amount with the carrying amount. In the third quarter, it was noted that the operations would not achieve the set targets for the year. In light of this, a new assessment was done of the development for the upcoming years. The overall conclusion was that impairment requirements existed. Goodwill in Lecor Stålteknik was therefore written-down by SEK 50 M, from SEK 67 M to SEK 17 M. Goodwill in BE Produktion was written-down in its entirety by SEK 4 M.

Impairment testing was updated on December 31. No further impairment requirement has been identified.

The table above shows the difference between recoverable amount and carrying amount per cash flow generating unit. The recoverable amount of the cash generating units is determined by calculating their value in use. In calculating the value in use, a model is applied including a forecast of cash flow for the next five years. Following the forecast period, cash flow is assumed to grow at 2 percent annually. The forecasts for 2016 for each business area are based on established business plans and, for the next four years, on a forecast approved by Group management. The carrying amount is equal to the respective company's working capital at December 31. The carrying amount for Sweden was adjusted for the value of participations in joint ventures as this holding is subject to separate measurement (see Note 18).

For the calculation of value in use, estimated cash flows are discounted by a factor of 9.6 percent (9.4) before tax. The discount factor was determined using a model where the capital cost of the Company's equity is weighed together with the cost of the Company's interest bearing liability based on the debt/equity ratio. The cost of equity is assessed based on the risk-free interest rate, market and company-specific risk premium, and the Company's assessed Beta value, which is a measurement of how the Company's risk correlates to market risk.

The Company has deemed that the same discount factor is applicable to all units in the Group.

Sensitivity analysis

A sensitivity analysis has been done where the variables included in the value-in-use model were changed and the effect on the recoverable amount was analyzed. For the units with remaining goodwill items, the discount factor and the growth at the end of the forecast period were tested and a negative change of 1 percent entails no further impairment requirements. Cash flow forecasts for the respective unit presuppose no major improvements in underlying profitability or working capital tied up. BE Produktion was not included in the sensitivity analysis as goodwill is fully impaired.

Note 15 - Other intangible assets

	Other intangible assets		Customer relations		Software and licenses		Total	
Group	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Accumulated cost								
At January 1	9	–	30	29	141	139	180	168
Purchases	–	–	0	–	–	0	0	0
Disposals and scrappings	-1	–	–	–	0	0	-1	0
Reclassification	–	9	–	–	0	–	0	9
Transferred to disposal Group	–	–	–	–	–	–	–	–
Exchange differences for the year	–	–	0	1	-1	2	-1	3
Total accumulated closing balance	**8**	**9**	**30**	**30**	**140**	**141**	**178**	**180**
Accumulated scheduled depreciation								
At January 1	-4	–	-20	-19	-103	-79	-127	-98
Disposals and scrappings	1	–	–	–	–	0	1	0
Reclassification	–	-2	–	–	–	–	–	-2
Scheduled amortization for the year	-2	-2	-1	0	-15	-22	-18	-24
Transferred to disposal Group	–	–	–	–	–	–	–	–
Exchange differences for the year	–	–	0	-1	1	-2	1	-3
Total accumulated depreciation	**-5**	**-4**	**-21**	**-20**	**-117**	**-103**	**-143**	**-127**
Accumulated impairment								
At January 1	–	–	-6	–	–	–	-6	–
Impairment losses for the year	–	–	–	-6	–	–	–	-6
Total accumulated impairment	**–**	**–**	**-6**	**-6**	**–**	**–**	**-6**	**-6**
Carrying amount at end of period	**3**	**5**	**3**	**4**	**23**	**38**	**29**	**47**
Amortization for the year is reported on the following lines in the income statement								
Selling expenses	0	0	0	0	0	0	–	–
Administrative expenses	-2	-2	-1	0	-15	-22	-18	-24
Total	**-2**	**-2**	**-1**	**0**	**-15**	**-22**	**-18**	**-24**
Parent Company								
Accumulated cost								
At January 1	–	–	–	–	107	107	107	107
Purchases	–	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–	–	–
Total accumulated closing balance	**–**	**–**	**–**	**–**	**107**	**107**	**107**	**107**
Accumulated scheduled depreciation								
At January 1	–	–	–	–	-71	-49	-71	-49
Scheduled amortization for the year	–	–	–	–	-15	-22	-15	-22
Total accumulated depreciation	**–**	**–**	**–**	**–**	**-86**	**-71**	**-86**	**-71**
Carrying amount at end of period	**–**	**–**	**–**	**–**	**21**	**36**	**21**	**36**
Amortization for the year is reported on the following lines in the income statement								
Administrative expenses	–	–	–	–	-15	-22	-15	-22
Total	**–**	**–**	**–**	**–**	**-15**	**-22**	**-15**	**-22**

Note 16 - Tangible assets

	Buildings and land		Plant and machinery		Equipment, tools, fixtures and fittings		New constructionin progress and advance payments for tangible assets		Total	
Group	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Accumulated cost										
At January 1	91	87	510	479	160	175	2	0	763	741
Purchases	0	–	9	3	3	2	4	2	16	7
Disposals and scrappings	–	0	-3	0	-7	-1	–	0	-10	-1
Reclassification	–	–	1	9	0	-18	-2	0	-1	-9
Exchange differences for the year	-1	4	-13	19	-1	2	–	0	-15	25
Total accumulated closing balance	**90**	**91**	**504**	**510**	**155**	**160**	**4**	**2**	**753**	**763**
Accumulated scheduled depreciation										
At January 1	-18	-17	-347	-305	-135	-125	–	–	-500	-447
Disposals and scrappings	–	–	2	0	7	1	–	–	9	1
Reclassification	–	–	–	2	–	0	–	–	–	2
Scheduled depreciation for the year	-3	-1	-32	-31	-9	-9	–	–	-44	-41
Exchange differences for the year	–	0	10	-13	1	-2	–	–	11	-15
Total accumulated depreciation	**-21**	**-18**	**-367**	**-347**	**-136**	**-135**	**–**	**–**	**-524**	**-500**
Accumulated impairment										
At January 1	-8	0	-1	-1	-1	-1	–	–	-10	-2
Impairment losses for the year	-20	-8	–	0	–	0	–	–	-20	-8
Exchange differences for the year	0	0	0	0	0	0	–	–	0	0
Total accumulated impairment	**-28**	**-8**	**-1**	**-1**	**-1**	**-1**	**–**	**–**	**-30**	**-10**
Carrying amount at end of period	**41**	**65**	**136**	**162**	**18**	**24**	**4**	**2**	**199**	**253**
Finance leasing										
Group										
Properties held under financial leases are included at a carrying amount of	4	5	20	23	1	0	–	–	25	28

Future minimum lease payments attributable to financial lease agreements maturing for payment as follows:

Group	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Within one year	2	2	6	6	–	–	–	–	8	8
One to five years	6	9	14	15	–	–	–	–	20	24
Later than five years	–	0	–	2	–	–	–	–	–	2
Total future minimum lease fees	**8**	**11**	**20**	**23**	**–**	**–**	**–**	**–**	**28**	**34**
Amount representing interest	0	-1	-2	-2	–	–	–	–	-2	-3
Total carrying value of lease liability	**8**	**10**	**18**	**21**	**–**	**–**	**–**	**–**	**26**	**31**

At the end of 2015 the carrying amount of leased assets was SEK 26 million. Variable fees in the result of SEK 0 million. See Note 31, Financial risk management and Note 33, Key estimates and assessments, for additional disclosures and assessments concerning lease liabilities.

Valuation - Czech building

During the year, an external valution of the Czech building has been carried out. The building which is located in Ostrava and is the base for our operations in Czech republic was considered to have a market value lower than the book value. Therefore the value of the building has been written down by SEK 20 million to SEK 38 million, which is the assessed market value.

	Equipment, tools, fixtures and fittings	
Parent Company	**2015**	**2014**
Accumulated cost		
At January 1	1	1
Purchases	0	0
Total accumulated closing balance	**1**	**1**
Accumulated scheduled depreciation		
At January 1	-1	-1
Scheduled depreciation for the year	0	0
Total accumulated depreciation	**-1**	**-1**
Carrying amount at end of period	**0**	**0**

Note 17 - Participations in Group companies

Parent Company	2015	2014
Accumulated cost		
At January 1	1,534	1,474
Acquisitions and capital contributions	49	60
Divestment and liquidation	–	–
Total accumulated cost	**1,583**	**1,534**
Accumulated impairment		
At January 1	-377	-281
Divestment and liquidation	–	–
Impairment losses for the year	-224	-96
Total accumulated impairment	**-601**	**-377**
Carrying amount at end of period	**982**	**1,157**

Specification of the Parent Company and Group's holdings of investments in Group companies

Subsidiaries/Reg. No./Domicile	Participating interests	Carrying amount
BE Group Sverige AB, 556106-2174, Malmö, Sweden	20,000	709
BE Group Oy Ab, 1544976-7, Finland	204,000	147
BE Group AS,10024510, Estonia	40	0
BE Group SIA, 40003413138, Latvia	100	0
UAB BE Group, 211685290, Lithuania	100	3
BE Group Sp. z o.o, 0000006520, Poland	20,216	4
BE Group CZ s.r.o., 282 43 781, Czech Republic		32
BE Group Slovakia s.r.o., 36595659, Slovakia		8
Lecor Stålteknik AB, 556584-6382, Kungälv, Sweden	1,000	67
BE Group Produktion Eskilstuna AB, 556788-2344, Eskilstuna, Sweden	5,000	10
RTS Eesti OÜ, 11657766, Estonia		2
		982

Acquisitions, capital contributions and impairments during the year	2015	2014
BE Group Slovakia s.r.o.	–	–
BE Group Sverige AB	-157	
BE Group Sp. z o.o	–	-4
UAB BE Group	0	1
BE Group CZ s.r.o.	–	-35
RTS Eesti OÜ	–	2
Lecor Stålteknik AB	-18	–
	-175	**-36**

The write-downs during the year is mainly related to participations in Group companies, which partly relates to write-down of goodwill and participations in the joint venture. See note 14 and 18.

Note 18 - Participations in joint ventures

BE Group owns 50 percent of ArcelorMittal BE Group SSC AB (company registration number 556192-8770, domiciled in Karlstad, Sweden). The interest in the joint venture company is reported in the consolidated accounts using the equity method, by which 50 percent of profit after tax for the joint venture company will be reported as a share in earnings included in the consolidated operating result of BE Group.

Earnings in joint venture ArcelorMittal BE Group SSC AB	**2015**	**2014**
Profit/loss before tax	4	2
Tax	-1	-1
Profit after tax	**3**	**1**
Dividends received	–	–

Overview of income statements and balance sheets for the joint venture	**2015**	**2014**
Net sales	550	501
Operating result	4	2
Net financial items	0	0
Tax	-1	-1
Profit/loss for the year	3	1

	2015	**2014**
Non-current assets	165	165
Current assets	168	174
Total assets	**333**	**339**

	2015	**2014**
Equity	252	248
Provisions	20	20
Interest-bearing liabilities	28	32
Other non-interest-bearing liabilities	33	39
Total equity and liabilities	**333**	**339**

Participations in joint ventures	**2015**	**2014**
Opening balance, cost	127	127
Dividends received	–	–
Share in earnings of joint venture	2	1
Other	-50	-1
Carrying amount at year-end	**79**	**127**

Transactions with joint venture ArcelorMittal BE Group SSC AB	**2015**	**2014**
Receivables due from joint venture	–	–
Debts owed to joint venture	3	10
Sales to joint venture	0	–
Purchases from joint venture	57	57
Dividends received	–	–

Transactions with the joint venture are conducted at market prices and terms.

Impairment testing

In the third quarter, it was noted that the Group's joint venture ArcelorMittal BE Group SSC AB would not achieve the targets for the year. In light of this, an assessment was done of the development for the upcoming years. It was concluded that an impairment requirement existed. Through BE Group Sverige AB, the Group is the owner of 50 percent of the shares in ArcelorMittal BE Group SSC AB and the value of the company's proportion was tested by the recoverable amount being compared with the carrying amount. The carrying amount consists of the book value.

The recoverable amount has been estimated using a value in use based on cash flow forecasts for five years forward and an end value based on an annual rate of growth of 2 percent. Cash flows have been present value calculated with a discount rate of 14.5 percent before tax. The discount rate was determined based on the same methodology as in the testing of Goodwill (see Note 14) with the difference that the capital structure in joint ventures was used to weight together capital and interest expenses. The comparison between the carrying amount and the recoverable amount has entailed a write-down of the Group's participations in the joint venture ArcelorMittal BE Group SSC with an amount of SEK 50 M. After write-down the remaining value is SEK 79 M.

Note 19 - Other securities held as non-current assets

Group	2015	2014
Accumulated cost		
At January 1	0	1
Divestments for the year	–	-1
Exchange differences for the year	0	0
Carrying amount at end of period	**0**	**0**

Note 20 - Interest-bearing receivables, group companies

Parent Company	2015	2014
Accumulated cost		
At January 1	238	197
New receivables	39	112
Settled receivables	-18	-42
Impairment of receivables	-51	-34
Exchange differences for the year	0	5
Carrying amount at end of period	**208**	**238**
Of which recognized as non-current	*93*	*6*
Of which recognized as current	*115*	*232*

Note 21 - Inventories

Group	**2015**	**2014**
Obsolescence reserve, inventories		
Carrying amount at January 1	-10	-11
Translation difference	0	0
Change for the year	0	1
Total obsolescence reserve, inventory	**-10**	**-10**

Note 22 - Prepaid expenses and deferred income

Group	**2015**	**2014**
Rent for premises	10	10
Supplier bonuses	–	9
Other items	17	24
Total prepaid expenses and accrued income	**27**	**43**

Parent Company	**2015**	**2014**
Supplier bonuses	–	8
Other items	4	9
Total prepaid expenses and accrued income	**4**	**17**

Note 23 - Equity

Share capital and shares outstanding

Group	2015	2014
Issued capital at January 1	74,728,128	50,000,000
Change	185,474,367	24,728,128
Issued capital at December 31	**260,202,495**	**74,728,128**

At December 31, 2015, registered share capital amounted to 260,202,495 (74,728,128) common shares. The increase in the number of common shares during the year was due to a rights issue conducted in the second quarter of 2015. The quotient value of shares is SEK 1.00 (2.04). Holders of common shares are entitled to annual general dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

Pertains to capital contributions from shareholders. Includes share premium reserves transferred to the statutory reserve at December 31, 2005. Share premium reserve provisions are also reported as capital contributions as of January 1, 2006.

Reserves

Translation reserve

The translation reserve comprises of exchange differences arising from translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK).

Hedging of net investments in foreign subsidiaries is also recognized in the translation reserve. This is comprised of exchange rate differences arising from the revaluation of liabilities recognized as hedging instruments of a net investment in a foreign operation. The amount is based on tax consequences.

Group	2015	2014
Carrying amount at January 1	23	16
Exchange rate difference for the year	-17	26
Hedging of net investments in foreign subsidiaries	15	-24
Tax attributable to hedging of net investment in foreign subsidiary	-3	5
Carrying amount at end of period	**18**	**23**

Retained earnings including profit/loss for the year

Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. This equity item includes prior provisions to the statutory reserve, excluding transferred share premium reserves.

Treasury shares

	2015		2014	
Group	**Number**	**Amount**	**Number**	**Amount**
Balance at January 1	538,381	21	561,982	22
Divestments for the year	–	–	-23,601	-1
Closing balance at end of period	**538,381**	**21**	**538,381**	**21**

Parent Company

Restricted equity

Restricted reserves

Dividends that reduce restricted reserves are prohibited.

Statutory reserve

The purpose of the statutory reserve has been to save a portion of net profits not used to cover retained losses. The statutory reserve also includes the amount transferred to the share premium reserve prior to January 1, 2006.

Non-restricted equity

Retained earnings

Comprises of prior years' non-restricted equity after distribution of profits, if any. Combined with profit for the year, the total makes up non-restricted equity, which is the amount available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, when more must be paid for the shares than their quotient value, an amount equal to the amount received in excess of the quotient value of the shares must be transferred to the share premium reserve. The amount transferred to the share premium reserve from January 1, 2006 is included in non-restricted equity.

Note 24 - Provisions

Group	2015	2014
Restructuring costs	–	0
Severance pay, CEO	–	4
Other	0	1
Total, other provisions	**0**	**5**
Of which:		
Non-current	–	0
Current	0	5
	0	**5**

2015	Restructuring costs	Severance pay, CEO	Other
Carrying amount at January 1	–	4	1
New provisions	–	–	0
Amount used during the period	–	-4	0
Carrying amount at end of period	**–**	**0**	**0**
Expected date of outflow of resources:			
2016	–	–	0
2017–2020	–	–	0
	–	**–**	**0**

Parent Company

The Parent Company currently holds no provisions SEK 0 M (4).

Note 25 - Deferred tax assets and tax liabilities

2015

Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	0	-19	-19
Buildings and land	0	-1	-1
Machinery and Equipment	2	-5	-3
Inventory	1	0	1
Accounts receivable	1	–	1
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Loss carryforwards	38	–	38
Other[1)]	0	-18	-18
	43	**-42**	**1**
Offset	-1	1	–
Net deferred tax liability	**42**	**-41**	**1**

2014

Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	0	-20	-20
Buildings and land	–	-5	-5
Machinery and equipment	1	-6	-5
Inventory	1	0	1
Accounts receivable	3	–	3
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Loss carryforwards	44	–	44
Other[1)]	2	-18	-16
	53	**-49**	**4**
Offset	-5	5	–
Net deferred tax liability	**48**	**-44**	**4**

[1)] Mostly related to a deferred tax liability in Estonia. In Estonia, the tax is paid first when the dividend is paid to the parent company.

2015

Parent Company	Deferred tax receivable	Deferred tax liabilities	Net
Loss carryforwards	34	–	34
	34	**–**	**34**
Offset	–	–	–
Net deferred tax asset	**34**	**–**	**34**

2014

Parent Company	Deferred tax receivable	Deferred tax liabilities	Net
Loss carryforwards	28	–	28
	28	**–**	**28**
Offset	–	–	–
Net deferred tax asset	**28**	**–**	**28**

Change of deferred tax in temporary differences and loss carryforwards

Group

2015	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity[1)]**	**Carrying amount at end of period**
Intangible assets	-20	0	1	-19
Buildings and land	-5	4	0	-1
Machinery and Equipment	-5	1	1	-3
Inventory	1	0	0	1
Accounts receivable	3	-2	0	1
Other provisions	0	0	0	0
Interest-bearing liabilities	2	0	0	2
Loss carryforwards	44	-6	0	38
Other	-16	-2	0	-18
	4	**-5**	**2**	**1**

2014	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity[1)]**	**Carrying amount at end of period**
Intangible assets	-20	1	-1	-20
Buildings and land	-5	0	0	-5
Machinery and equipment	-6	1	0	-5
Inventory	1	0	0	1
Accounts receivable	3	0	0	3
Other provisions	0	0	0	0
Interest-bearing liabilities	2	0	0	2
Loss carryforwards	35	10	-1	44
Other	-15	-1	0	-16
	-5	**11**	**-2**	**4**

[1)] Includes translation differences on deferred tax.

Change of deferred tax in temporary differences and loss carryforwards

Parent Company

2015	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity**	**Carrying amount at end of period**
Loss carryforwards	28	6	–	34
	28	**6**	**–**	**34**

2014	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity**	**Carrying amount at end of period**
Loss carryforwards	4	24	–	28
	4	**24**	**–**	**28**

Of the Group's capitalized deferred tax assets on tax loss carryforwards, assets of SEK 2 M (14) are limited to a period of five to seven years. These assets pertain to Poland and Slovakia.

Unrecognized deferred tax assets

In the Balance Sheet, deferred tax assets have not been recognized for tax loss carryforwards for a deferred tax value of SEK 32 M (27). Unrecognized tax-loss carryforwards for the year are attributable to the loss making companies in Other Units. The unrecognized amounts are equivalent to the portion of such carryforwards considered unlikely to be utilizable against future taxable results.

Note 26 - Pledged assets and contingent liabilities

Pledged assets to credit institutions

Group	2015	2014
Liens on assets	1,087	640
Property mortgages	38	59
Accounts receivable	–	38
Shares in subsidiaries	924	1,005
	2,049	**1,742**

Parent Company	2015	2014
Promissory notes receivable	300	309
Shares in subsidiaries	856	1,013
	1,156	**1,322**

Financial assets pledged as collateral

The Parent Company has promissory notes receivable from BE Group Sverige AB and BE Group Oy Ab pledged as collateral for external loan agreements. The carrying amount is equal to the amount reported as pledged collateral. Please see Note 31 Financial risk management with regard to significant terms and conditions of external loan agreements.

Contingent liabilities

Group	2015	2014
Guarantees	13	24
Other items	8	9
	21	**33**

Parent Company	2015	2014
Guarantee obligations for the benefit of subsidiaries	46	75
	46	**75**

The Parent Company provides a joint and several guarantee covering subsidiaries' payment of receivables to materials suppliers. In addition to these reported commitments, the Parent Company has also provided customary guarantees for subsidiaries' obligations to pay rent to property owners.

Note 27 - Current interest-bearing liabilities

Group	**2015**	**2014**
Overdraft facility		
Credit limit	100	100
Unutilized Component	-100	-60
Utilized credit amount	**–**	**40**
Other current interest-bearing liabilities	77	104
Total current interest-bearing liabilities	**77**	**144**

Disclosures concerning collateral are provided in Note 26 Pledged assets and contingent liabilities

Note 28 - Accrued expenses and deferred income

Group	2015	2014
Accrued salaries	37	36
Accrued social security expenses	9	7
Bonuses to customers	4	3
Other items	23	21
Total accrued expenses and deferred income	**73**	**67**

Parent Company	2015	2014
Accrued salaries	1	2
Accrued social security expenses	1	1
Other accrued expenses	8	9
Total accrued expenses and deferred income	**10**	**12**

Note 29 - Supplementary disclosures to cash flow statement

Group	2015	2014
Interest paid and dividends received		
Dividends received	–	–
Interest received	0	3
Interest paid	-26	-35
Adjustment for non-cash items		
Depreciation and write-down of assets	180	86
Unrealized exchange rate differences	0	0
Capital gain/loss on sale of fixed assets	1	0
Difference between participation in joint venture and dividends received	-2	-1
Provisions and other income items not affecting liquidity	7	-1
Total	**186**	**84**

Parent Company	2015	2014
Interest paid and dividends received		
Dividends received	24	27
Interest received	23	26
Interest paid	-36	-45
Adjustment for non-cash items		
Depreciation and write-down of assets	240	95
Unrealized exchange rate differences	-2	24
Dividend	-24	-27
Appropriation	–	18
Other income statement items not affecting liquidity	15	9
Total	**229**	**119**

Note 30 - Related-party transactions

Group

During the year, the Group had transactions with joint venture company ArcelorMittal BE Group SSC AB. See Note 18 for further details.

In connection with the rights issue implemented during the year, guarantor compensation of SEK 7 Million has been paid to AB Traction, Petter Stillström and the company´s former Chairman of the Board Anders Ullberg.

In other regards, no transactions have taken place between BE Group and related parties that have had a material impact on the Company's position and results.

See Note 3 for disclosures on remuneration and benefits paid to senior executives and Board members.

Parent Company

The Parent Company has decisive control over its subsidiaries (see note 17) and has had the following transactions with related parties:

Parent Company´s transactions with subsidiaries	**2015**	**2014**
Sales of services	34	43
Purchases of services	-9	-10
Interest income	23	26
Interest expense	-11	-12
Dividend Received (+)/paid (-)	24	27
Group contributions received(+)/paid (-)	12	-18
Claims on related parties on balance day	322	277
Debt to related parties on balance day	-133	-190

Note 31 - Financial risk management

In its operations, BE Group is exposed to a number of financial risks. The management of these risks is regulated through the Group's finance policy. The finance policy is established by the Board and provides a framework for BE Group's management of the financial risks in its operations. BE Group maintains a centralized finance function that is responsible for identifying and managing the financial risks in accordance with the established policy.

The finance function reports to the President and CEO of BE Group.

BE Group's ongoing operations give rise to a number of financial risks. These consist of market risk (currency and interest risk), refinancing risk (liquidity risk) and credit risk. The goals that have been established in the finance policy are stated under the respective heading below.

Market risk

Market risk is the risk that fluctuations in market rates, such as interest and exchange rates, will impact the Group's profits or financial position.

Currency risk

By reason of its international operations, BE Group is exposed to currency risk through exchange rate fluctuations. BE Group's currency exposure comprises both transaction exposure and translation exposure.

Transaction exposure

Transaction exposure arises when the Group conducts purchasing in one currency and sales in another, meaning that the transaction exposure is attributable to accounts receivable and payable. BE Group's purchases are denominated mainly in SEK and EUR, while sales are denominated in local currency, which means that the Group's purchases in EUR exceed sales. BE Group's objective is to minimize the short-term and long-term impact of movements in foreign exchange rates on the Company's profit and equity. This is mainly achieved by matching revenues and expenses in business transactions with currencies other than SEK. When matching cannot be achieved, the Group sometimes utilizes forward contracts for currency hedging. All currency hedging is performed by the Group's central finance function in the Parent Company. At year-end, BE Group had no out-standing forward contracts relating to transaction exposure.

During 2015, BE Group's transaction exposure in EUR amounted to EUR 33 M (55), consisting of the difference between actual purchasing and sales in EUR. The real effect of the transaction exposure affected operating profit/loss positively by SEK 1 M (-2). Based on income and expenses in foreign currency for 2015, it is estimated that a change of +/- 5 percent in the SEK against the EUR would entail an effect of about +/- SEK 2 M in the operating result. On the balance sheet date, the Group had operating liabilities of EUR 2 M net and financial liabilities of EUR 44 M.

As of the balance sheet date, net assets are allocated among the following currencies:

Amount	SEK M	
SEK	346	44 %
EUR	416	53 %
Others	22	3 %
Total	**785**	**100 %**

Translation exposure

When the net assets of foreign Group companies are restated in SEK, translation differences arise in connection with exchange rate fluctuations that affect consolidated Equity. The Parent Company, BE Group AB, has loans in EUR to reduce translation exposure arising from the Finnish and Estonian operations, respectively. In the consolidated financial statements, hedge accounting is applied in accordance with the principles for hedging net investments in foreign currency. No hedge accounting has been applied in the Parent Company. Translation exposure for other countries has been judged immaterial and accordingly not hedged.

The Group's earnings are affected by the currency rates used in the translation of the results of its foreign units. Based on conditions in 2015, it is estimated that a 5 percent strengthening of the SEK against the EUR would entail an effect of SEK -1 M on operating result in the translation of the earnings of foreign units.

See also "Accounting principles" concerning management of hedge accounting for net investments.

Interest risk

Interest risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. Consolidated interest-bearing liabilities are mainly subject to variable interest or short terms of fixed interest.

In accordance with the finance policy, BE Group works to minimize the effect on the Group's profit/loss before tax due to fluctuations in market interest rates. BE Group's objective is to maintain the average fixed rate term of one to 12 months. The fixed rate term was kept short during the year and was approximately three months (3) as of the balance sheet date.

At the end of the year, the total interest-bearing debt was SEK 642 M (827). Interest-bearing assets in the form of cash and bank balances amounted to SEK 33 M (73).

A change in interest rates of 1 percent would affect consolidated net financial items by approximately SEK +/- 6 M and consolidated equity by approximately SEK +/- 5 M. The sensitivity analysis has been conducted on the basis of current net debt at the end of the period.

The table below details the consolidated interest-bearing liabilities outstanding at December 31, 2014 and December 31, 2015.

Loan terms, maturity structure/fixed rate terms and fair value

		Nominal amount in original currency		Carrying amount (SEK M)		Fixed interest terms number of days		Maturity	
		2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Financial lease, SEK	SEK M	13	16	13	16	–	–	2016-2019	2015-2019
Financial lease, EUR	EUR M	1	2	13	15	–	–	2016-2017	2015-2017
accrued interest				–	–				
Total financial leasing liability				**26**	**31**				
Of which, current liability				*7*	*7*				
Factoring CZK	CZK M	–	5	–	1	–	–	2016	2015
Factoring PLN	PLN M	1	1	2	3	–	–	2016	2015
accrued interest				–	–				
Total factoring liability				**2**	**4**				
Of which, current liability				*2*	*4*				
Bank loan, CZK	CZK M	100	125	34	43	–	30	2016	2015
accrued interest				–	–				
Total external bank loans in subsidiaries				**34**	**43**				
Of which, current liability				*34*	*43*				
Parent Company[1)]									
Bank loan, SEK	SEK M	190	290	187	284	90	90	2018	2017
Bank loan, EUR	EUR M	43	38	393	362	90	90	2018	2017
Bank loan, CZK	CZK M	–	300	–	103	–	90	–	2017
accrued interest				–	–				
Total interest-bearing liabilities, Parent Company				**580**	**749**				
Of which, current liability				*34*	*50*				
Total interest-bearing liabilities, Group				**642**	**827**				
Of which, current liability				*77*	*104*				

[1)]In addition to its external interest-bearing liabilities, the Parent Company has Group-internal liabilities amounting to EUR 5 M (7) and SEK – M (7). The recognized amount totals SEK 50 M (71). The liabilities mature on December 31, 2016 with interest rates based on three-month EURIBOR. There is no accrued interest on the balance sheet date. In addition to these liabilities, the Parent Company has interest-bearing liabilities related to the intra-group cash pool and that amount to SEK 43 M (102) as per the balance sheet date. The interest applied in the cash pool is based on STIBOR T/N.

The recognized amount for interest-bearing liabilities constitutes a good approximation of the fair value.

Refinancing risk (liquidity risk)

BE Group is a net borrower and a refinancing risk arises in connection with the extension of existing loans and the raising of new loans. Access to external financing, which is affected by factors such as the general trend in the capital and credit markets, as well as the borrower's creditworthiness and credit capacity, may be limited and there may be unforeseen events and costs associated with this. The borrowing strategy focuses on securing the Group's borrowing needs, both with regard to long-term financing needs and day-to-day payment commitments. BE Group works to maintain satisfactory payment capacity by means of unutilized credit facilities and through active control of its working capital, which is the main item affecting the Group's liquidity.

Maturity structure, financial liabilities

	Other financial liabilities		Total	
	2015	**2014**	**2015**	**2014**
Maturity within 90 Days	442	582	442	582
Maturity within 91–180 Days	8	37	8	37
Maturity within 181–365 Days	31	46	31	46
Maturity within 1–5 years	648	753	648	753
Maturity later than 5 years	0	0	0	0
Total	**1,129**	**1,418**	**1,129**	**1,418**

The table above details the maturity structure for financial liabilities and shows the undiscounted future cash flows. BE Group has an overdraft facility of SEK 100 M, of which SEK 0 M had been utilized as of December 31, 2015, see Note 27. Of the financial liabilities that fall due for payment within one to five years, the largest part relate to the Parent Company's credit facility maturing in 2018.

New credit agreement

In April 2015, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,000 M, including guarantee facilities. The new credit agreement was utilized at the end of June. The proceeds of the completed rights issue have been used to repay bank loans and to strengthen the company's liquidity. The new credit agreement includes commitments in line with previous financing agreements. The key figures measured are net debt/equity ratio and interest coverage ratio. The covenants are measured quarterly, and the interest coverage ratio is based on the trend over the past 12-month period. In addition, the Group is subject to limitations with regard to investments during the duration of the agreement. On the balance sheet date, the Group has unutilized credit facilities in an amount of SEK 317 M (including overdraft facilities).

Credit risk

When entering into new business relations and extending existing ones, BE Group makes a commercial assessment.

The risk that payment will not be received on accounts receivable represents a customer credit risk. BE Group applies credit policies to manage this risk by limiting the outstanding credit extended and terms for various customers. Short credit terms and the absence of risk concentrations towards individual customers and specific sectors contribute to reducing credit risk in business area Sweden and business area Finland. In certain countries within Other Units, credit and payment terms are normally longer than in other markets. Intensive efforts are being made here to ensure payment, which involve assessments of creditworthiness and negotiations about payment plans when payment has not been timely. In these countries, BE Group also applies extensive factoring solutions, reducing the credit time and risk.

The spread of risk among the customer base is satisfactory as no individual customer accounted for more than 5 percent (4) of sales in 2015. The ten largest customers combined accounted for about 12 percent (11) of sales.

Provisions for credit losses have been assessed on an individual basis. The total cost of doubtful receivables in 2015 was SEK 3 M, and at December 31, 2015, provisions for doubtful receivables amounted to SEK 23 M (28), corresponding to 6 percent (6) of the gross of total accounts receivable.

Credit exposure arises in conjunction with placements of cash and cash equivalents and derivatives trading. BE Group manages the risk that a counterparty will default by selecting creditworthy counterparties and limiting the commitment per counterparty.

In all material respects, the Group's credit exposure coincides with the carrying amount of each class of financial instrument.

Accounts receivable

	Gross		Impairment		Net	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Not yet due	**336**	**326**	**–**	**–**	**336**	**326**
Unimpaired, past due						
< 30 Days	52	57	–	–	52	57
30–90 Days	8	14	–	–	8	14
>90 Days	12	8	–	–	12	8
Total	**72**	**79**	**–**	**–**	**72**	**79**
Impaired, past due						
< 30 days	0	0	0	0	0	0
30–90 Days	1	0	0	0	1	0
>90 days	23	30	-23	-28	0	2
Total	**24**	**30**	**-23**	**-28**	**1**	**2**
Total	**432**	**435**	**-23**	**-28**	**409**	**407**

Provisions for doubtful receivables	**2015**	**2014**
Provision at January 1	28	28
Reserve for anticipated losses	1	1
Reversal of reserves	-1	2
Realized losses	-4	-4
Exchange rate differences	-1	1
Provision at December 31	**23**	**28**

Valuation of financial assets and liabilities

In all material respects, fair value coincides with the carrying amount in the Balance Sheet for financial assets and liabilities. The total carrying amounts and fair value as per asset class are shown in the table below:

Group	**Measurement category**
A	Financial assets and liabilities valued at fair value via profit and loss for the period
B	Investments held to maturity
C	Loans and receivables
D	Financial assets available for sale
E	Financial liabilities measured at accrue cost

	Carrying value according to balance sheet	Of which, financial instruments covered by the disclosure requirements in IFRS 7	Group					Total carrying value	Fair value
2015			**A**	**B**	**C**	**D**	**E**		
Assets									
Other securities held as non-current assets	0	0	–	–	–	0	–	**0**	E/T
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	409	409	–	–	409	–	–	**409**	409
Other receivables	32	27	–	–	27	–	–	**27**	27
Prepaid expenses and accrued income	27	2	–	–	2	–	–	**2**	2
Cash and equivalents	33	33	–	–	–	33	–	**33**	33
Liabilities									
Non-current interest-bearing liabilities	565	565	–	–	–	–	565	**565**	566
Current interest-bearing liabilities	77	77	–	–	–	–	77	**77**	77
Accounts payable	353	353	–	–	–	–	353	**353**	353
Other liabilities	67	1	–	–	–	–	1	**1**	1
Accrued expenses and deferred income	73	28	–	–	–	–	28	**28**	28

2014			**A**	**B**	**C**	**D**	**E**		
Assets									
Other securities held as non-current assets	0	0	–	–	–	0	–	**0**	E/T
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	407	407	–	–	407	–	–	**407**	407
Other receivables	31	28	–	–	28	–	–	**28**	28
Prepaid expenses and accrued income	43	21	–	–	21	–	–	**21**	21
Cash and equivalents	73	73	–	–	–	73	–	**73**	73
Liabilities									
Non-current interest-bearing liabilities	723	723	–	–	–	–	723	**723**	725
Current interest-bearing liabilities	104	104	–	–	–	–	104	**104**	105
Accounts payable	498	498	–	–	–	–	498	**498**	498
Other liabilities	58	2	–	–	–	–	2	**2**	2
Accrued expenses and deferred income	67	25	–	–	–	–	25	**25**	25

The assessment of the fair value of the financial assets and liabilities has been carried out in accordance with level 2 as defined by IFRS 7.27 A, with the exception of cash and cash equivalents, which are valued in accordance with level 1. The Group also holds shares/participations in unlisted companies, which are included in the assessment category of “Financial assets available for sale”. As it is difficult to reliably measure the fair value of these assets, they are recognized at cost.

Impairment losses

During the year, the Group recognized impairment losses on accounts receivable as disclosed above under “Credit risks”.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence is made up of two components: observable circumstances that impair the capacity to recover the carrying amount of the asset and significant or prolonged decline in fair value for financial investments classified as financial assets available for sale. A decline in value of 20 percent is classified as significant and a decline in value is classified as prolonged when it lasts for more than 9 months.

Risk management and insurance

The responsibility for risk management within BE Group lies with the Group’s central finance function. The objective of these efforts is to minimize the total cost of the Group’s loss risks. This is accomplished by continually improving loss prevention and loss limitation in operations and through a Group-wide insurance solution.

Note 32 - Investment commitments

BE Group has no principal investments in progress, nor future investments regarding which the Board of Directors has made a clear commitment.

Note 33 - Key estimates and assessments

Certain assumptions about the future and certain estimates and assessments as of the balance sheet date are particularly significant to measurement of assets and liabilities in the balance sheet. According to management assessment, none of the asset and liability amounts reported are associated with risk that material adjustment will be required in the next year.

Impairment of goodwill

The value of recognized goodwill is tested at least once a year to determine whether the asset may be impaired. The test requires assessment of the value in use of the cash generating unit, or groups of cash generating units, to which the goodwill has been allocated. This in turn requires that the expected future cash inflows from the cash generating units must be estimated and a relevant discount rate determined to calculate the present value of cash inflows.

See note 14 for a description of impairment testing and assumptions used in the process.

Financial and operational leasing agreements

The largest and most important portion of the Group's signed lease agreements involves properties. Consequently, in its classification, the Group has assessed whether the leasing agreements are financial or operational in nature. The leasing agreements contain no clauses to the effect that the ownership of the properties will transfer to the Company on the expiration of the agreements. Since the lease fees that the Group pays to the lessor are index-adjusted on a regular basis to correspond to market rent levels and since the Group assumes no risk for the residual value of the properties, it is deemed that largely all financial risks and advantages associated with the properties accrue to the lessor. Based on these qualitative factors, the agreements have been classified as operational leasing agreements. However, there is one agreement that has been classified as financial and its recognized amount amounted to SEK 4 M on the balance sheet date.

In addition to the above, the Group has a number of financial leasing agreements associated with leases of machinery and equipment, whose carrying value amounted to SEK 20 M as per the balance sheet date.

For additional information on the Group's leasing agreements, please see Notes 5, 16 and 31.

Inventories

The cost of inventory is tested upon each close of books against estimated and assessed future selling prices. In the judgment of BE Group's management, necessary impairments have been recognized based on the information available when the closing accounts were prepared.

Note 34 - Significant events after balance sheet date

After the end of the financial year the Board of Directors of BE Group has made a decision to restructure the businesses in Czech Republic and Slovakia. The market in Czech Republic and Slovakia has for a number of years developed negatively and the company has continued to be lossmaking despite several measures taken to reach profitability. The turnover in these markets were SEK 382 M during 2015 and the operating result amounted to SEK -32 M including non-recurring items of SEK -20 M.

Against this background and the prevailing weak market outlook BE Group has decided to close down the business in Slovakia and stop selling flat carbon steel and aluminum on the Czech market. The one-time cost is estimated at SEK 45 M of which SEK 10 M affects the cash-flow. The cost will impact the result for 2016. An updated assessment will be given when the result for the first quarter 2016 is published.

The profitable business in Prerov, Czech Republic, who successfully provides the market with cutted round bar is not affected by the decision.

No other significant events have taken place after the end of the period.

Appropriation of earnings

The Board of Directors' proposal for the appropriation of earnings

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2015 (-).

Funds available		
Retained earnings	547,873,789	SEK
Loss for the year	-224,342,971	SEK
Total	**323,530,818**	**SEK**
Balance carried forward	323,530,818	SEK
Total	**323,530,818**	**SEK**

The consolidated financial statements and the annual report were prepared in compliance with the International Financial Reporting Standards defined in Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002 concerning application of International Financial Reporting Standards and generally accepted accounting principles and give a true and fair view of the financial position and performance of the Group and the Parent Company.

The Board of Directors' Report provides a true and fair view of the Parent Company and the Group's operations, financial position and performance and describes the significant risks and uncertainty factors relevant to the Parent Company and other BE Group companies.

The annual and consolidated accounts are subject to approval by the Annual General Meeting on April 28, 2016.

Malmö, March 24, 2016

Petter Stillström
Chairman of the Board

Roger Bergqvist
Director

Charlotte Hansson
Director

Lars Olof Nilsson
Director

Jörgen Zahlin
Director

Thomas Berg
Employee Representative

Christian Andersson
Employee Representative

Anders Martinsson
Acting President and CEO

Our Audit Report was submitted on March 24, 2016
Öhrlings PriceWaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant

Tomas Hilmarsson
Authorized Public Accountant

The information in the Annual Report is such that BE Group AB (publ) is required to publish pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on April 7, 2016 at 9.00 a.m.

Board of directors and auditors

Petter Stillström

Chairman
Born 1972
Member of the Board since 2012
(Chairman since 2015)

Other assignments

President in AB Traction. Chairman of the Board of Nilörngruppen and Softronic and board member in OEM International besides AB Traction. Also board member in a number of unlisted companies in AB Traction´s sphere of interest and private holding companies

Previous experience

Active within corporate finance, AB Traction since 1999 and its President since 2001

Education

Master´s degree in Economics, Stockholm University

Number of shares

0

Roger Bergqvist

Member
Born 1948
Member of the Board since 2007

Other assignments

Co-chairman of the Board of B&B Tools and member in Proact IT Group, Lagercrantz Group, Ventilationsgrossisten and Corroventa

Previous experience

President and CEO of Addtech, Business Area Manager of Bergman och Beving

Education

Degree in Market Economics

Number of shares

20 000

Charlotte Hansson

Member
Born 1962
Member of the Board since 2014

Other assignments

CEO of MTD KB. Board member of B&B Tools, DistIT, Orio, Formpipe Software and RenoNorden

Previous experience

Positions within the transportation industry. CEO of Jetpak in Sweden, Denmark and Finland

Education

B.Sc. Biochemistry, University of Copenhagen, IHM Diploma in Business Administration

Number of shares

30 000

Lars Olof Nilsson

Member
Born 1962
Member of the Board since 2006

Other assignments

Partner Evli Corporate Finance AB. Chairman of the Board of Kaptensbacken (own company), board member of AGL Treasury Support AB and AGL Transaction Services AB

Previous experience

Positions within the Trelleborg Group, including as CFO and Head of Group Finance and Head of Group Business Development

Education

B.Sc. Economics, Umeå university

Number of shares

65 625

Jörgen Zahlin

Member
Born 1964
Member of the Board since 2013

Other assignments

President and CEO in OEM International. Chairman and board member in a number of companies within the OEM Group

Previous experience

Active in the OEM Group since 1985. President since 2000 and CEO since 2002

Education

Engineer

Number of shares

0

Thomas Berg

Employee Representative
Born 1956
Member of the Board since 2000

Education

Internal business and businesslaw training

Number of shares

0

Christian Andersson

Employee Representative
Born 1981
Member of the Board since 2015

Education

The Swedish Academy of Board Directors course: The right focus in the board work

Number of shares

0

AUDITORS
Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant,
Öhrlings PricewaterhouseCoopers AB
Born 1968

Auditor in Charge for the Company since 2015

Group Management

Anders Martinsson

President and CEO
Born 1968
Employed since 2015

Previous experience

Area Manager and Managing Director, within WILO Group (2008-2015), Director Business Development Indutrade AB (2006-2008), Director Sales and Marketing NAF AB (2000-2006)

Education

B.Sc. Engineering Lund Institute of Technology, Diploma in Strategy and Innovation at Oxford University, Management training

Number of shares[1)]

1,200,000

Andreas Karlsson

CFO
Born 1972
Employed since 2007

Previous experience

CFO of BE Group Sverige AB (2012 – 2014), Group Controller of BE Group AB (2007 – 2012), Director of Finance Polyclad Europe (2004-2006)

Education

M.Sc. Economics, Lund university and B.Sc. Mechanical engineering

Number of shares[1)]

669,035

Kalle Björklund

Business Area Manager Sweden
Born 1971
Employed since 2008

Previous experience

Several posts within BE Group, both on purchase- and market side (2008–2013), various management positions within Albany International in Sweden, the UK and Finland (1996–2008)

Education

M.Sc. (Eng), KTH in Stockholm

Number of shares

32,285

Lasse Levola

Business Area Manager Finland
Born 1959
Employed since 2005

Previous experience

Sales Director in BE Group Finland (2005–2012), Sales Director in Hollming Works Oy (2003–2005), General Manager Materials Management & Distribution in Wärtsilä (1995–2003).

Education

B.Sc. (Eng), Finland

Number of shares

0

Nikolai Makarov

Director Operations Development
Born 1969
Employed since 2011

Previous experience

Technical Director Ruukki Construction (2010–2011), different positions within Rautaruukki (2006–2010), and various positions within Konecranes and at PPTH Norden

Education

B.Sc. (Eng), Finland

Number of shares

0

[1)] AB Traction has issued 1,200,000 put options to Anders Martinsson and 600,000 put options to Andreas Karlsson.

The disclosures regarding shareholdings in BE Group for the Board of Directors and Group Management refer to shares held directly, through companies and/or family and fully owned companies as per December 31, 2015. For updating shareholdings, please see our website, www.begroup.com.

Auditor’s report

To the annual meeting of the shareholders of BE Group AB (publ), corporate identity number 556578-4724

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of BE Group AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the PDF document pages 5 – 90.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director, 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 December 2015 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 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Other matters

The audit of the annual accounts for 2014 was performed by another auditor who submitted an auditor ´s report dated 23 March 2015, with unmodified opinions in the Report on the annual accounts.

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 Managing Director of BE Group AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

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

As a 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 Managing Director be discharged from liability for the financial year

Malmö 24 March 2016

ÖhrlingsPricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant
Accountant Chief Auditor

Tomas Hilmarsson

Authorized Public

Multi-year summary

(SEK M unless otherwise stated)	2010	2011	2012	2013	2014	2015
Earnings measurements						
Sales	5,129	5,941	4,984	4,355	4,202	4,155
Gross profit/loss	733	768	622	547	527	524
Operating result (EBIT)	98	96	-74	-8	-17	-114
Loss for the year	29	20	-111	-51	-73	-169
Margin measurements						
Gross margin (%)	14.3	12.9	12.5	12.6	12.5	12.6
Operating margin (%)	1.9	1.6	-1.5	-0.2	-0.4	-2.8
Cash flow						
Cash flow from operating activities	-57	184	59	-30	-25	-93
Cash flow after investments	-110	76	0	-65	-30	-109
Cash flow for the year	-106	69	-37	-51	15	-38
Capital structure						
Equity	787	805	673	627	715	785
Total assets	2,632	2,607	2,291	2,178	2,216	1,961
Net debt	842	773	779	851	754	609
Net debt/equity ratio (%)	107	96	116	136	105	78
Working capital (average)	528	525	451	404	439	505
Capital employed (average)	1,736	1,759	1,666	1,542	1,581	1,523
Operating capital (excluding intangible assets), average	893	879	829	793	835	844
Working capital tied-up (%)	10.3	8.8	9.0	9.3	10.4	12.2
Return						
Return on capital employed (%)	6.0	5.8	-4.3	-0.5	-1.1	-7.5
Return on operating capital (excluding intangible assets) (%)	12.4	13.2	-6.8	1.1	0.8	-11.4
Return on equity (%)	3.7	2.5	-14.5	-7.9	-10.0	-21.3
Per share data						
Earnings per share (SEK)	0.58	0.41	-2.25	-1.02	-1.07	-0.97
Earnings per share after dilution (SEK)	0.58	0.41	-2.25	-1.02	-1.07	-0.97
Equity per share (SEK)	15.90	16.31	13.63	12.68	9.64	3.02
Cash flow from operating activities per share (SEK)	-1.15	3.72	1.19	-0.61	-0.37	-0.36
Average number of shares outstanding (thousands)	49,656	49,546	49,404	49,433	68,005	173,625
Average number of shares outstanding after dilution (thousands)	49,704	49,564	49,429	49,450	68,016	173,625
Dividend paid (SEK)	–	–	0.25	–	–	–
Other						
Average number of employees	909	943	907	853	782	768
Growth						
Sales growth (%)	19	16	-16	-13	-4	-1
of which, organic tonnage growth (%)	17	12	-11	-6	-10	-1
of which, price and mix changes (%)	6	5	-3	-6	4	-2
of which, currency effects (%)	-5	-3	-2	-1	2	2
of which, acquisitions (%)	1	2	–	–	–	–
of which, divested operations (%)	0	–	–	–	–	–
Adjusted earnings measurements						
Underlying operating result (uEBIT)	75	131	28	36	18	22
Underlying EBITA	87	151	46	52	42	40
Adjusted margin measurements						
Underlying gross margin (%)	13.9	13.3	12.8	12.9	12.7	12.9
Underlying operating margin (%)	1.5	2.2	0.6	0.8	0.4	0.5
Underlying EBITA margin (%)	1.7	2.5	0.9	1.2	1.0	1.0
Adjusted return						
Underlying return on operating capital (excluding intangible assets) (%)	9.8	17.1	5.5	6.6	5.0	4.8
Adjusted capital structure						
Net debt/underlying EBITDA (multiple)	6.3	4.0	8.8	9.1	9.1	7.3
Other						
Inventory gains and losses	23	-20	-20	-14	-6	-12
Shipped tonnage (thousands of tonnes)	489	546	485	455	411	406
Average sales prices (SEK/kg)	10.48	10.89	10.27	9.58	10.24	10.23

Financial definitions

Earnings measurements	
Operating result (EBIT)	Operating result before financial items.
EBITA	Operating result before amortization of intangible assets.

Margin measurements	
Gross margin	Gross profit/loss as a percentage of net sales.
Operating margin	Operating result as a percentage of net sales

Capital structure	
Net debt	Interest-bearing liabilities less cash and equivalents and financial assets.
Net debt/equity ratio	Net debt divided by equity.
Working capital	Inventories are current receivables less current liabilities, excluding provisions and interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Capital employed	Equity plus interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Operating capital (excluding intangible assets)	Tangible assets, participations in joint ventures, deferred tax assetsand working capital less deferred tax liability and provisions. This measure represents an average for each period based on quarterly data.
Working capital tied-up	Average working capital, as a percentage of annually adjusted net sales.

Return	
Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
Return on operating capital (excl. intangible assets), %	Annually adjusted EBITA, as a percentage of average operating capital (excluding intangible assets).
Return on shareholders' equity	Annually adjusted net profit/loss for the period as a percentage of equity.

Per share data	
Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Earnings per share after dilution	Profit/loss for the period divided by the average number of shares outstanding during the period after dilution.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Equity per share after dilution	Equity divided by the number of shares outstanding at the end of the period.
Cash flow per share from operating activities	Cash flow from operating activities divided by the average number of shares for the period.
Shares outstanding at the end of the period	Shares outstanding at the end of the period adjusted for rights issues and share splits.
Shares outstanding at the end of the period after dilution	Number of shares at the end of the period adjusted for rights issues and share splits. Any dilution has been taken into account.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issues and share splits.
Average number of shares after dilution	Weighted average number of shares outstanding during the period, adjusted for rights issues and share splits. Any dilution has been taken into account.

Other	
Average number of employees	The number of employees recalculated as full-time positions and as an average for reporting period.

Supplementary disclosures

Growth	
Sales growth	Change in the net sales of the business compared with the previous period, in percent.

Adjusted earnings measurements	
Underlying operating result (uEBIT)	The operating result (EBIT) before non-recurring items, adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying EBITA	EBITA before non-recurring items, adjusted for inventory losses and inventory gains (deductions for gains and additions for losses).

Adjusted margin measurements	
Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit/loss is the reported gross profit/loss adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.
Underlying EBITA margin	Underlying EBITA as a percentage of net sales.

Adjusted return	
Underlying return on operating capital (excluding intangible assets)	Annualized underlying EBITA as a percentage of average operating capital excluding goodwill and other intangible assets.

Adjusted capital structure	
Net debt/underlying EBITDA	Annualized net debt divided by underlying EBITDA. Underlying EBITDA is EBITDA before non-recurring items and inventory gains and losses (deductions for gains and additions for losses). EBITDA is the operating result before amortization.

Other	
Inventory gains and losses	The difference between the cost of goods sold at cost and the cost of goods sold at replacement price.
Shipped volumes	BE Group products sold during the period in thousands of tonnes.
Average sales prices	Net sales divided by shipped volumes.

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