The Board of Directors and CEO of

Ahlsell AB (publ)

Corp ID 556715-7820

hereby present the

Annual Report and Consolidated Financial Statements

for the period 1 January to 31 December 2011

Directors' Report

THE GROUP

Operations

The Group, which is one of the leading commercial companies in the Nordic region, offers professional users a wide range of goods and associated services in the areas of heating and plumbing, electrical, tools and machinery and refrigeration. The Group has business operations in Sweden, Norway, Finland, Denmark, Estonia, Russia and Poland. Group operations are conducted primarily under the Ahlsell trademark.

The company operates locally and the organisational model of the Ahlsell Group is designed to support this. The organisational structure focuses on the local marketplace where it has a large number of sales offices and stores. The Group has a strong foundation with clearly defined areas of responsibility and multiple local entities in each country. This structure allows Ahlsell to maintain a high level of flexibility and proximity to its customers. Coordination of purchasing, logistics, administration and IT results in economies of scale in its operations.

Sales and earnings

2011 was an extremely good year for Ahlsell. Despite activities in the building sector being somewhat limited in early 2011 due to severe winter conditions with copious snowfalls in the Nordic countries, the company made good progress during the first half as a whole. Sales increased even more in the third quarter when the company received a boost from its Norwegian business when the re-organisation of logistics was completed. Although growth levels from the historic perspective remain high, growth in the last quarter flagged in the wake of the unrest affecting the financial markets throughout Europe. Profit creation and operating margin for the year were the best in the company's history.

Ahlsell Group sales amounted to SEK 20,435 million (19,256), an increase of 6.1% compared with the previous year. Organic growth was 8.2%. EBITA was SEK 1,626 million (1,250), an increase of almost 30 percent compared with the previous year and equivalent to a margin of 8.0% (6.5%). Operating profit was SEK 1,295 million (871), which corresponds to an operating margin of 6.3% (4.5%). The Group's improved operating margin in 2011 is largely attributable to the market-related increase in volumes, but the growth of margin also had a positive impact on consolidated results.

The Group's net financial items totalled SEK -927 million (-216), equivalent to an average interest cost of 8% (8%). The deterioration in net financial items was mainly attributable to considerably reduced exchange rate effects compared with the previous year. Profit for the year amounted to SEK 265 (492) million and comprehensive income for the year amounted to SEK 260 (309) million.

External sales for Sweden amounted to SEK 12,040 million (10,715) with EBITA of SEK 1,379 million (1,101), equivalent to a margin of 11.5% (10.3). Operating profit was SEK 1,150 million (875). During the year, the Swedish business grew strongly, and work that had already begun in 2010 on extending facilities at the central warehouse in Hallsberg to facilitate the handling of future increases in volumes was commissioned in early 2011. Moreover, in the autumn of 2011 planning work started on the next major investment in the logistics centre, a new facility for the storage of small products, which is expected to be commissioned in autumn 2012 and which is assessed to correspond to some 30 percent of the logistic facility's capacity. The most important event of the year was the acquisition of NEA Elmateriel AB, an important acquisition which assures Ahlsell of a leading market position in the Swedish electrical wholesale market. Moreover, several minor acquisitions were made during the year within priority areas to strengthen the product range or market presence within geographic areas.

External sales for Norway amounted to SEK 4,699 million (5,029) with EBITA of SEK 73 million (18), equivalent to a margin of 1.6% (0.4%). Operating profit was SEK 29 million (-74). Much of the company's decline in volume was attributable to the divestment of the oil and gas business, which was sold in February 2011. In 2010, Ahlsell Oil & Gas AS had sales of SEK 341 million and EBITA of SEK 14 million. During the year the Norwegian business was much affected by the re-organisation of logistics which involved the closing of the previous regional structure and its replacement by the new central warehouse at Gardemoen outside Oslo. Re-organisation was completed in August and is expected to make a positive contribution to the company's delivery service for customers and the company's profitability. During the year, Morten Harsem was recruited as the new CEO of the company. He will take over the post on 1 March 2012. Morten previously headed Elektroskandia (Rexel), Norway's leading electrical wholesaler, where he worked for 15 years in a number of posts including that of CEO for the last four years.

Net sales from operations in Finland, which also includes the operations in Russia and Estonia, amounted to SEK 3,259 million (3,068) with EBITA of SEK 210 million (157), equivalent to a margin of 6.4%(5.1%). Operating profit was SEK 161 million (105). The Finnish market performed strongly during the year with high growth figures as a result. Ahlsell also enjoyed favourable sales growth during the year and that above all within the electrical business area driven by an expansive growth strategy. To prepare for continued increases in volumes, the central warehouse at Hyvinge was extended, and work was completed in December 2011.

During the year, Denmark, including activities in Poland, had external sales of SEK 437 million (443) with EBITA of SEK 32 million (37), equivalent to a margin of 7.4% (8.5%). Operating profit was SEK 24 million (28).

Market trends in 2011

In 2011, the market performed positively in all the Nordic countries with positive growth figures within the majority of Ahlsell's product areas. The start of the year was to some extent affected by copious snowfalls in the Nordic region, which contributed to reducing activities in the building sector below what are normal levels. Despite this, first half sales grew by 3% in the first half of 2011. The second half was influenced by some uncertainty as a result of developments within the European economies, although activities in the building and construction sector remained high. Consolidated sales grew by approx 9% in the second half.

Investments

In 2011, gross fixed investment in property, plant and equipment amounted to SEK 236* (163) million, of which SEK 129 (47) million consisted of financial leasing. Investments during the year were mainly made in logistics and IT-related activities. Annual depreciation of property, plant and equipment amounted to SEK 108 million (102). The annual increase in gross investment was primarily attributable to the building of a new central warehouse in Norway (and the extension of the central warehouse in Finland).

Financing

The Ahlsell Group's financing primarily consists of four credit facilities managed by Nordea Bank AB (publ): a Senior Facility of SEK 6,803 million and a Mezzanine Credit Facility of SEK 2,329 million. Ahlsell also has an Acquisition Credit Facility with an outstanding amount of SEK 685 million on the balance sheet date and a revolving facility of SEK 500 million.

The Group companies have pledged considerable collateral to guarantee repayment of amounts borrowed under the facilities.

Significant events in 2011

Divestment of the Oil and Gas business

In February, Ahlsell divested its entire shareholding in Oil & Gas AS following the signing of an agreement with the Norwegian Stream AS company. The company, which is a key player in its product area of valves and pipes for the Norwegian offshore oil industry, has an annual turnover of approximately SEK 350 million, corresponding to about 7% of Ahlsell's operations in Norway. For some time the activity had been defined as a non-core activity for Ahlsell and after several players showing great interest in the company, in autumn 2010 the company decided to embark on a structured divestment process.

Acquisition of CentoKullager

In March, Ahlsell acquired Cento Kullager i Norrköping AB with activities in Norrköping and Linköping. Cento is a dealer in ball bearings, transmission equipment and industrial necessities. The company sells for a little more than SEK 10 million with good profitability and has six employees. Ball bearings and transmission equipment are assortments for which Ahlsell sees good growth potential and the central stock of these has been increased.

Central warehouse in Norway

The construction of a central warehouse in Norway, Gardemoen outside of Oslo, was completed in the last quarter of 2010. The warehouse will gradually come into operation in 2011 as the regional warehouses are phased out. The re-organisation of logistics concluded with the closure of the last regional warehouse in August. The implementation of the new logistics system is expected to eventually lead to an enhanced delivery service for the company's customers and a streamlining of the Norwegian operations, which will result in greater profits.

Acquisition of NEA Elmateriel AB

Ahlsell NEA Elmateriel AB was acquired in September. NEA Elmateriel AB is an electrical wholesaler with an annual turnover of about SEK 850 million with outlets at some 40 locations throughout Sweden. Its customers are mainly industrial companies. The acquisition consolidates Ahlsell's presence and position in the range of electrical materials in Sweden. The businesses complement each other well and the combined unit will be a strong platform for continued expansion.

Acquisition of Elgross´n i Norr AB

In October, Ahlsell acquired Elgross´n i Norr AB with operations in Umeå. Elgross´n i Norr AB is a local electrical wholesaler which sells a broad range of electrical articles within automation, lighting and installation. The company has sales of approx SEK 20 million. The electrical wholesale market is an area of major commitment for Ahlsell. The organisation has been strengthened to better meet customer requirements within installation, industry and infrastructure. The acquisition of Elgross´n i Norr AB reinforces the company's position and profile in Västerbotten and

* Investment of SEK 58 million in Hyvinge (Finland) has been excluded, as this was sold on to the landlord during the year.

supplements the acquisition of Nea Elmateriel AB made in September.

Acquisition of Trions AB
In December, Ahlsell acquired Trions AB in Varberg. Trions AB is a local wholesaler which sells a broad range of mainly water and wastewater and plumbing articles. The company has sales of approx SEK 35 million. The acquisition of Trions strengthens Ahlsell's position and profile in the region, giving it a good base from which the organisation and assortment of Plumbing, Tools and Electricity products can expand and grow stronger.

Of the above all acquisitions except for that of Trions, have been integrated into Ahlsell's central warehouse structure. Integration work for Trions is in progress.

New head of Norwegian operations
Morten Harsem has been appointed as new CEO of Ahlsell AS. Morten is a former head of Elektroskandia (Rexel), Norway's largest electrical wholesaler, where for 15 years he held a variety of posts, of which the last four years as CEO. Morten will take up his post on 1 March 2012.

Investment in automatic warehouse facilities
Ahlsell has decided to invest in a new facility for the handling of so-called light goods at its central warehouse facility in Hallsberg. The investment, which is the largest undertaken by Ahlsell in Sweden in the 2000s, will be the first of its kind in the world with more than 100,000 storage places where the efficiency of product handling will be tangibly enhanced. The facility will replace present less efficient solutions and will account for some 30 percent of the capacity of logistics facilities.

Financial risks
In the course of its operations, the Ahlsell Group is exposed to different types of financial risks. Financial risks refer to the risk of fluctuations in earnings and cash flows as a result of changes in foreign exchange rates, interest rates, customers' ability to pay and business refinancing options. Ahlsell's finance policy comprises a number of guidelines and rules that define a risk period for its financing activities. The general objective is to optimise the ratio between a risk level and the return to the shareholder within the framework of this period.

The currency risk is concentrated on the import of goods (transaction exposure), lending and borrowing between the companies in the Ahlsell Group, financing in foreign currencies, and currency risk due to restatement of investments in foreign subsidiaries (translation exposure).

The impact of translation exposure is limited by matching foreign net assets with loans in the same currencies. 16 percent of the Group's loans are in Swedish kronor (SEK) and the rest in foreign currencies. The percentage in SEK after exchange rate swaps and forwards is 74 percent. The key individual currencies are SEK against the Euro and NOK.

Fluctuations in interest rate levels have a direct impact on Ahlsell's net interest income/expense. The company uses interest rate derivatives, interest rate ceilings and interest rate swaps to limit exposure to fluctuations in interest rates. These instruments are not used for speculative purposes but to reduce the underlying risks. A one-percent change in the market rate affects the Group's profit through increased interest expense by about SEK 46 million. The fixed rate interest period for Ahlsell's four facilities was 15 months on 31.12.11.

The company has a defined credit policy for managing credit risk associated with trade receivables. This requires a credit check for all customers.

Other risks and uncertainties
The economy
Activity in the building sector, comprising new construction projects, service and repairs, and renovation, maintenance and improvement (RMI), is the single most important driving force for Ahlsell's sales development. More than half of Ahlsell's total sales were in the building sector. The trend for new construction projects reacts, with some delay, to the general economy and has been towards positive growth during the year, above all within housing, while service and maintenance and the RMI sectors are less cyclical.

Acquisitions and integration work
Acquisitions play a key role in the fulfilment of Ahlsell's growth strategy and goal of becoming the leading player in all operational product segments in each market. The company therefore has a policy of regularly identifying and evaluating potential acquisitions. Ahlsell's growth opportunities can be constrained if it encounters difficulties in identifying and implementing acquisitions.

Ahlsell gives priority to acquisitions with evident cost synergies. To realise the value of these synergies, Ahlsell aims to integrate the acquired entity into its system and structures as quickly as possible. This involves the coordination of IT systems, logistics, purchasing, administration and sales. These measures normally result in a significant improvement in profitability. Ahlsell considers there to be minimal risk of declining profitability in conjunction with the integration of acquired entities as the synergies mainly relate to activities that contribute to cost reductions and are confined to areas over which Ahlsell has control. If difficulties are encountered during the integration process in spite of this, then there is a risk that expected synergies may not be brought to fruition.

IT systems
Ahlsell is dependant on technical systems for collecting, processing and communicating information securely and efficiently. This applies to our customised order/warehouse management system, IMI Order, which also incorporates Web/Internet/mobile access and the Astro centralised warehouse system and the Centiro transport management system. We also offer larger customers and suppliers with EDI services for the integration of their order and warehouse management systems with IMI Order. External partners are responsible for the administration and maintenance of all of Ahlsell's central IT systems. Serious errors or longer peri-

ods of down-time in business-critical information systems can eventually cause goods delivery problems or limit our ability to receive orders or invoice customers. In 2011, Ahlsell was affected by a number of brief stoppages (three to four hours each) in availability in its Groupwide business-critical IT systems. Together with the supplier Ahlsell has prepared a remedial action plan.

Warehousing and distribution
Ahlsell relies on a number of main warehouse facilities and distribution centres, including central warehouses in Hallsberg (Sweden), Gardemoen (Norway) and Hyvinge (Finland). In addition, Ahlsell depends on a small number of transport operators to provide daily delivery of products to stores and end-customers. Ahlsell's ability to deliver goods would be seriously affected if the warehouses or distribution facilities suffered damage or the contracted transport companies were unable to provide sufficient capacity.

Personnel
The average number of employees in the Group in the period January - December 2011 was 4,301 (4,206). The number of employees in the Group on 31 December 2011 was 4,567 (4,344).

Environment
Ahlsell's activities at its Logistics centre in Sweden are subject to statutory reporting relating to the intermediate storage of used coolants. These activities have also been licensed by the county administration board. The grant of this licence is conditional upon the submission of an annual environmental report to Hallsberg Local Authorities. Ahlsell also has licences for the handling of products that pose fire or explosion hazards and the assignment of particularly hazardous chemical products and biotech organisms (relating to pesticides and fungicides). It also has some 70 stores that have licences for the storage of flammable liquids >100 litres or indoor gas. Ten stores also have licences for having gas depots.

Ahlsell endeavours to be one of the leading companies in the industry with regard to environmental protection. The company has clear guidelines for the areas of its business that are considered to have the greatest impact on the environment. This includes an environmental policy on how Ahlsell shall work to reduce the environmental impacts of its operations within the framework of efficient commercial activities. Ahlsell's purchasing system, its stores and logistics centres in Sweden and related distribution operations are accredited to ISO 14001.

The main focus of Ahlsell's operations is trading and distribution. The environmental impacts of the Group's activities therefore relate primarily to transport, waste, chemical-technical products and energy use.

Outlook
There are reasons for taking an optimistic view of Ahlsell's profits in the future. Despite the general economic unrest, growth continues to be good in the Nordic countries. At the same time this uncertainty means we are in a state of high alert aimed at countering the flagging of economies in our geographical markets. Most of Ahlsell's business depends on basic and mechanical industries and on growth the building and construction industry. Large parts of these sectors fall late in the business cycle and are characterised by long project times, and thus any weakening can be expected to occur gradually. Although we assess that growth will not remain at the same high levels as in 2011, restrained business growth should not affect consolidated sales and profits to any major extent in the short term.

The predictions for 2012 are somewhat uncertain, but suggest continued positive growth for the Nordic construction industry. The strongest growth is forecast in Norway and Sweden, while it is assessed that growth in the Finnish and Danish building markets will fall off in 2012.

There is still a good acquisition market and in line with the company's growth strategy we also continue to evaluate a number of acquisition objects within priority market segments and product areas.

PARENT COMPANY

Ahlsell AB (publ) is owned by Nybrojarl New 1 AB and senior executives of the Ahlsell Group (4.15%). Nybrojarl New 1 AB is owned by the Luxembourg-based company Alchemy Holding S.á.r.l, which in turn is owned by Goldman Sachs Capital Partners and Cinven.

The Parent Company's operations for the financial year consisted of ownership of shares in subsidiaries and the provision of intra-Group services corresponding to SEK 28.8 (22.1) million. At the year-end the company had 12 (seven) employees.

The company's business is expected to continue to consist of ownership of shares in Group companies and the provision of intra-Group services.

Proposed distribution of profit
The following funds (SEK) are at the disposal of the Annual General Meeting:

Share premium reserve	3,507,415,965
Retained earnings	3,069,132,426
Profit for the year	838,818,628
Total	**7,415,367,019**

The Board of Directors and CEO propose that the available profits of SEK 7,415,367,019 be carried forward.

For information on the company's earnings and financial status in general, please refer to the following income statements, balance sheets,

cash flow statements and notes to the accounts.

Consolidated Income Statement

SEK million	Note	2011	2010
Net sales	2	20,434.1	19,256.3
Cost of goods sold		–15,129.0	–14,333.1
Gross profit		**5,305.1**	**4,923.2**
Selling expenses		–3,699.2	–3,691.8[1]
Administration expenses		–329.3	–378.6[1]
Other operating income	4	22.3	19.5
Other operating expenses	5	–4.0	–1.6
Operating profit	2,3,6,7,8,9	**1,294.9**	**870.7**
Finance income	10	79.1	1,073.6
Finance costs	11	–1,006.5	–1,289.9
Net finance income/expense		*–927.4*	*–216.3*
Profit before tax		**367.5**	**654.4**
Income tax	12	–102.2	–142.9
Profit for the year from continuing operations		**265.3**	**511.5**
Net loss from discontinued operations after tax	2,3,13	–	–20.0
Profit for the year		**265.3**	**491.5**
Profit for the year attributable to owners of the parent		265.3	491.5

[1] Adjusted due to change in definition of administration expenses in the Norway segment.

Consolidated Statement of Comprehensive Income

SEK million	Note	2011	2010
Profit for the year		**265.3**	**491.5**
Translation differences for the year	29	–5.0	–196.3
Tax attributable to items recognised in other comprehensive income	29	–0.3	13.4
Other comprehensive income for the year		**–5.3**	**–182.9**
Comprehensive income for the year		**260.0**	**308.6**
Profit for the year attributable to owners of the parent		260.0	308.6

Consolidated Cash Flow Statement

SEK million	Note	2011	2010
OPERATING ACTIVITIES			
Profit before tax		367.5	654.4
Profit before tax from discontinued operations		–	–20.0
Adjustment for non-cash items	36	773.5	186.7
		1,141.0	**821.1**
Income tax paid		5.6	–3.7
Cash flow from operating activities before changes in working capital		**1,146.6**	**817.4**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in inventories		96.0	–280.6
Changes in operating receivables		–263.9	–368.4
Changes in operating liabilities		–70.2	721.9
Cash flow from operating activities		**908.5**	**890.3**
INVESTMENT ACTIVITIES			
Acquisition of operations	37	–277.7	–40.0
Sale of operations	38	112.6	–
Acquisition of intangible assets		–14.2	–11.1
Acquisition of property, plant & equipment		–165.3	–116.2
Sale of property, plant and equipment		79.9	11.2
Acquisition of financial assets		–	–1.3
Sale of interest-bearing receivables		23.7	–
Cash flow from investment activities		**–241.0**	**–157.4**
FINANCING ACTIVITIES			
Disposal of derivatives		–	250.9
Amortisation of borrowings		–698.8	–587.4
Cash flow from financing activities		**–698.8**	**–336.5**
Cash flow for the year		**–31.3**	**396.4**
Annual change in cash and cash equivalents recognised as assets held for sale		3.6	–1.9
Cash & cash equivalents at beginning of year		1,940.9	1,585.4
Exchange rate differences in cash and cash equivalents		–1.4	–39.0
Cash & cash equivalents at end of year	33	**1,911.8**	**1,940.9**
Undrawn credit lines	33	288.0	330.0
Available cash and cash equivalents including undrawn credit lines at end of year		2,199.8	2,270.9

Operating Cash Flow

Supplementary information
In addition to the cash flow statement which has been prepared in accordance with IAS 7, Ahlsell has prepared a cash flow which is based on operations excluding financial transactions and taxes, and acquisitions and divestment of operations. This cash flow is used by management to monitor business performance.

SEK million	Note	2011	2010
Operating profit		**1,294.9**	**870.7**
Adjustments for non-cash items	36	289.3	468.0
Operating cash flow before working capital changes		**1,584.2**	**1,338.7**
OPERATING CASH FLOW AFTER WORKING CAPITAL CHANGES			
Changes in inventories		96.0	–280.6
Changes in operating receivables		–263.9	–368.4
Changes in operating liabilities		–70.2	721.9
Operating cash flow before investments		**1,346.1**	**1,411.6**
Acquisition of intangible assets		–14.2	–11.1
Acquisition of property, plant & equipment		–165.3	–116.2
Sale of property, plant and equipment		79.9	11.2
Cash flow from operating investments		**–99.6**	**–116.1**
Operating cash flow after investments		**1,246.5**	**1,295.5**

Cash Flow Reconciliation

The consolidated operating cash flow statement is based on the operating profit, which means there are no tax payments or incoming and outgoing financial payments in the operating cash flow before investments. These receipts and payments must be taken into account in order to report cash flows from the operating activities according to IAS 7 Cash Flow Statement. The table below shows reconciliation between operating cash flows before investments and cash flows from the operating activities according to IAS 7.

Cash flow from operating investments includes the type of investments and sales which are attributable to the ongoing operations, while the cash flow from investment activities in the cash flow statement according to IAS 7 also includes investments and divestment of operations and financial assets. The table below shows reconciliation between cash flows from operating investments and cash flows from investing activities.

The cash flow from financing activities must also be taken into account in order to see cash flows for the year according to IAS 7 Cash Flow Statement, as shown in the table below. This cash flow is not included in the Group's operating cash flow.

SEK million	2011	2010
Operating cash flow before investments	**1,346.1**	**1,411.6**
Finance income (according to the income statement)	79.1	1,073.6
Finance costs (according to the income statement)	–1,006.5	–1,289.9
Profit before tax from discontinued operations (from Note 13)	–	–20.0
Income tax paid (according to statement of cash flows)	5.6	–3.7
Difference in adjustment for non-cash items	484.2	–281.3
Cash flow from operating activities	**908.5**	**890.3**
Cash flow from operating investments	**–99.6**	**–116.1**
Acquisition of operations	–277.7	–40.0
Sale of operations	112.6	–
Acquisition of financial assets	–	–1.3
Sale of interest-bearing receivables	23.7	–
Cash flow from investment activities	**–241.0**	**–157.4**
Cash flow from financing activities	**–698.8**	**–336.5**
Cash flow for the year	**–31.3**	**396.4**

Consolidated Balance Sheet

SEK million	Note	2011	2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Customer relationships	14	3,032.7	3,278.7
Trademark	15	2,400.0	2,400.0
Other intangible assets	16	47.4	65.8
Goodwill	17	4,331.3	4,132.7
Total intangible assets		9,811.4	9,877.2
Property, plant & equipment			
Land and buildings	18	356.1	283.1
Machinery and other technical facilities	19	97.2	76.8
Equipment, tools, fixtures and fittings	20	253.8	220.1
Construction in progress and advances for property, plant and equipment		6.0	15.4
Total property, plant and equipment		713.1	595.4
Financial assets			
Financial investments	21	3.4	3.6
Derivative instruments	33	86.2	69.6
Other non-current receivables	25	29.9	54.3
Total financial assets		119.5	127.5
Deferred tax asset	24	4.7	4.0
Total non-current assets		**10,648.7**	**10,604.1**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	26	2,745.5	2,742.9
Total inventories		2,745.5	2,742.9
Current receivables			
Trade receivables	27	2,527.3	2,112.1
Derivative instruments	33	0.7	0.7
Tax receivables		1.7	17.1
Other receivables		31.5	126.6
Prepaid expenses and accrued income	28	816.7	753.4
Total current receivables		3,377.9	3,009.9
Cash & cash equivalents	33	1,911.8	1,940.9
Assets held for sale	13	–	239.5
Total current assets		**8,035.2**	**7,933.2**
TOTAL ASSETS		**18,683.9**	**18,537.3**

SEK million	Note	2011	2010
EQUITY AND LIABILITIES			
EQUITY	29		
Share capital		547.4	547.4
Contributed equity		6,099.5	5,345.4
Reserves		47.3	52.6
Retained earnings, including profit for the year		–3,605.5	–3,315.0
Equity attributable to owners of parent company		3,088.7	2,630.4
Total equity		**3,088.7**	**2,630.4**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	33	9,444.4	9,816.3
Pension provisions	30	71.5	64.2
Other non-current provisions	31	14.8	83.0
Deferred tax liabilities	24	941.1	1,091.7
Other non-interest-bearing liabilities		2.9	6.6
Derivative instruments	33	240.7	281.4
Total non-current liabilities		**10,715.4**	**11,343.2**
CURRENT LIABILITIES			
Liabilities to credit institutions	33	563.9	481.4
Advances from customers		13.9	10.5
Trade payables		3,189.2	3,190.0
Derivative instruments	33	151.6	23.6
Current tax liabilities		59.7	3.1
Other current provisions	31	43.5	67.7
Other current non-interest-bearing liabilities		185.0	132.7
Accrued expenses and prepaid income	32	673.0	608.7
Liabilities attributable to assets held for sale	13	–	46.0
Total current liabilities		**4,879.8**	**4,563.7**
TOTAL EQUITY AND LIABILITIES		**18,683.9**	**18,537.3**

For information about the Group's pledged assets and contingent liabilities, see Note 34.

Consolidated Statement of Changes in Shareholders' Equity

		Equity attributable to shareholders						
SEK million	Note	Share capital	Contri-buted equity	Reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total equity
Opening balance on 1 January 2010		**547.4**	**4,698.8**	**235.5**	**–3,330.0**	**2,151.8**	**–**	**2,151.8**
Comprehensive income for the year								
Profit for the year	29	–	–	–	491.5	491.5	–	491.5
Other comprehensive income for the year		–	–	–182.9	–	–182.9	–	–182.9
Comprehensive income for the year		–	–	–182.9	491.5	308.6	–	308.6
Shareholder contributions		–	646.6	–	–	646.6	–	646.6
Group contributions made		–	–	–	–646.6	–646.6	–	–646.6
Shareholder transaction taxes		–	–	–	170.1	170.1	–	170.1
Total shareholder transactions		–	646.6	–	–476.5	170.1	–	170.1
Closing balance as at 31 December 2010		**547.4**	**5 345.4**	**52.6**	**–3 315.0**	**2 630.4**	**–**	**2 630.4**
Opening balance as at 1 January 2011		**547.4**	**5 345.4**	**52.6**	**–3 315.0**	**2 630.4**	**–**	**2 630.4**
Comprehensive income for the year								
Profit for the year	29	–	–	–	265.3	265.3	–	265.3
Other comprehensive income for the year		–	–	–5.3	–	–5.3	–	–5.3
Comprehensive income for the year		–	–	–5.3	265.3	260.0	–	260.0
Shareholder contributions		–	754.1	–	–	754.1	–	754.1
Group contributions made		–	–	–	–754.1	–754.1	–	–754.1
Shareholder transaction taxes		–	–	–	198.3	198.3	–	198.3
Total shareholder transactions		–	754.1	–	–555.8	198.3	–	198.3
Closing balance as at 31 December 2011		**547.4**	**6 099.5**	**47.3**	**–3 605.5**	**3 088.7**	**–**	**3 088.7**

Parent Company Income Statement

SEK million	Note	2011	2010
Net sales		28.8	22.1
Gross profit		**28.8**	**22.1**
Administrative expenses	9	–61.5	–50.2
Operating profit		**–32.7**	**–28.1**
PROFIT/LOSS FROM FINANCIAL ITEMS			
Group contribution received is recognised as dividends		212.9	–
Interest and similar income	10	1,021.3	874.9
Interest expense and similar charges	11	–64.4	–34.4
Profit after financial items		**1,137.1**	**812.4**
Tax on profit for the year	12	–298.3	–170.0
Profit for the year		**838.8**	**642.4**

Parent Company Statement of Comprehensive Income

SEK million	2011	2010
Profit for the year	**838.8**	**642.4**
Group contributions to subsidiaries	–	–
Tax attributable to items recognised in other comprehensive income	–	–
Comprehensive income for the year	**838.8**	**642.4**
Profit for the year attributable to owners of the parent	838.8	642.4

Also see Note 29, Equity.

Parent Company Cash Flow Statement

SEK million	Note	2011	2010
OPERATING ACTIVITIES			
Profit before tax		1,137.1	812.4
Adjustment for non-cash items	36	–1,022.0	–875.0
		115.1	**–62.6**
Income tax paid		–1.0	–0.6
Cash flow from operating activities before changes in working capital		**114.1**	**–63.2**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in operating receivables		–205.0	–6.0
Changes in operating liabilities		6.2	5.5
Cash flow from operating activities		**–84.7**	**–63.7**
INVESTMENT ACTIVITIES			
Investments in interest-bearing receivables		–	–
Cash flow from investment activities		**–**	**–**
FINANCING ACTIVITIES			
Proceeds from borrowings		84.7	63.7
Cash flow from financing activities		**84.7**	**63.7**
Cash flow for the year		**–**	**–**
Cash & cash equivalents at beginning of year		–	–
Cash & cash equivalents at end of year		**–**	**–**
Undrawn credit lines		–	–
Available cash & cash equivalents including undrawn credit lines at end of year		–	–

Parent Company Balance Sheet

SEK million	Note	2011	2010	2010-01-01
ASSETS				
NON-CURRENT ASSETS				
Financial assets				
Shares in subsidiaries	22	2,166.0	2,166.0	2,166.0
Financial investments		0.7	0.7	0.7
Receivables from Group companies	23	7,126.4	6,105.1	5,230.1
Total financial assets		9,293.1	8,271.8	7,396.8
Deferred tax asset	24	–	100.0	100.0
Total non-current assets		**9,293.1**	**8,371.8**	**7,496.8**
CURRENT ASSETS				
Current receivables				
Receivables from Group companies		213.8	7.9	0.6
Tax receivables		1.6	0.6	–
Other receivables			0.4	0.9
Prepaid expenses and accrued income	28	0.6	0.4	1.2
Total current receivables		216.0	9.3	2.7
Cash and bank balances			–	–
Total current assets		**216.0**	**9.3**	**2.7**
TOTAL ASSETS		**9,509.1**	**8,381.1**	**7,499.5**
EQUITY AND LIABILITIES				
EQUITY	29			
Restricted equity				
Share capital (5,473,741 shares)		547.4	547.4	547.4
Unrestricted equity				
Share premium reserve		3,507.4	3,507.4	3,507.4
Retained earnings		3,069.2	2,228.5	1,579.3
Profit for the year		838.8	642.4	479.2
Total equity		**7,962.8**	**6,925.7**	**6,113.3**
NON-CURRENT LIABILITIES				
Liabilities to Group companies	23	1,515.4	1,430.7	652.5
Total non-current liabilities		**1,515.4**	**1,430.7**	**652.5**
CURRENT LIABILITIES				
Liabilities to Group companies		–	–	714.5
Other non-interest-bearing liabilities		4.2	2.8	10.2
Prepaid income and accrued expenses		26.7	21.9	9.0
Total current liabilities		**30.9**	**24.7**	**733.7**
TOTAL EQUITY AND LIABILITIES		**9,509.1**	**8,381.1**	**7,499.5**
PARENT COMPANY PLEDGED ASSETS AND CONTINGENT LIABILITIES				
PLEDGED ASSETS				
– Shares		2,166.0	2,166.0	2,166.0
– Intra-group receivables		7,126.4	6,105.1	5,230.1
Contingent liabilities		None	None	None

Parent Company Statement of Changes in Shareholders' Equity

SEK million	Restricted equity Share capital	Unrestricted equity Share premium reserve	Unrestricted equity Retained earnings/ profit for the year	Total equity
Opening balance on 1 January 2010	**547.4**	**3,507.4**	**743.2**	**4,798.0**
Changed accounting principle, group contribution*	-	-	1,315.3	1,315.3
New opening balance as at 1 January 2010	**547.4**	**3,507.4**	**2,058.5**	**6,113.3**
Profit for the year	–	–	642.4	642.4
Comprehensive income for the year	–	–	642.4	642.4
Shareholder contributions	–	–	646.6	646.6
Group contributions made	–	–	-646.6	-646.6
Shareholder transaction taxes	–	–	170.1	170.1
Total shareholder transactions	–	–	170.1	170.1
Closing balance as at 31 December 2010	**547.4**	**3,507.4**	**2,870.9**	**6,925.7**
Opening balance as at 1 January 2011	**547.4**	**3,507.4**	**2,870.9**	**6,925.7**
Profit for the year	–	–	838.8	838.8
Comprehensive income for the year	–	–	838.8	838.8
Shareholder contributions	–	–	754.1	754.1
Group contributions made	–	–	-754.1	-754.1
Shareholder transaction taxes	–	–	198.3	198.3
Total shareholder transactions	–	–	198.3	198.3
Closing balance as at 31 December 2011	**547.4**	**3,507.4**	**3,908.0**	**7,962.8**

Also see Note 29, Equity.

* Paid group contributions are reported as shareholder contribution. Adjustment refers to previous years' paid group contribution.

Notes

Note 1 General information and basis of accounting

GENERAL INFORMATION

Ahlsell AB (publ) (the Parent company) and its subsidiaries (together referred to as the Group) is a leading Nordic company in the areas of installation products, tools and machinery. The Group offers professional users a wide range of goods and associated services in the product areas of Heating & Plumbing, Electrical, Tools & Machinery, and Refrigeration. Sales to retail companies in the DIY area account for a smaller share of its sales.

The Parent company is a limited liability company registered in Stockholm. The address of the Head Office is Liljeholmsvägen 30, Stockholm, Sweden.

The annual accounts and consolidated financial statements have been approved for issue by the Board on 21.02.2012. The consolidated income statement and balance sheet and the Parent company's income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 15.03.2012.

SUMMARY OF THE PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies used in the preparation of this year's annual accounts and consolidated financial statements are set out below. The following policies have been consistently applied for all the years presented unless otherwise stated.

BASIS OF PREPARATION

The consolidated accounts for Ahlsell AB (publ) have been prepared on the basis of International Financial Reporting Standards (IFRS) as they have been adopted by the European Union. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. Assets and liabilities are measured at historical cost or at cost of acquisition. Financial assets classified as held for sale and financial assets and liabilities (including derivative financial instruments) measured at fair value through profit or loss are measured at fair value. The accounting policies applied by the Parent company are set out below.

Preparation of financial statements in compliance with IFRS requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas that involve a significant degree of estimation, that are complex, or are areas where assumptions and estimates are of considerable importance to the consolidated financial statements are set out in Note 40.

Fixed assets and long-term liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

INFORMATION ABOUT IFRS STANDARDS OR INTERPRETATIONS THAT BECAME EFFECTIVE IN 2011:

IFRS standards and interpretations which entered into force in 2011 had no effect on the consolidated accounts.

INFORMATION ABOUT IFRS STANDARDS OR INTERPRETATIONS THAT ARE NOT YET EFFECTIVE.

IFRS 9 Financial Instruments will replace IAS 39 Financial instruments: Recognition and measurement at the latest from the beginning of 2015. The IASB has published the two first of at least three parts which will together constitute IFRS 9. The first part concerns classification and evaluation of financial assets. Under IAS 39, the financial asset categories have been replaced by two categories, where financial assets and liabilities are measured either at fair value or amortised cost. The financial asset can be measured at amortised cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms must give rise, on specified dates, to cash flows that are solely payments of capital and interest on the capital amount outstanding. Any other financial asset is measured at fair value and the possibility of using the fair value option as specified in IAS 39 is maintained. The IASB has also published parts of IFRS 9 which affect classification and evaluation of financial liabilities. Most accord with the previous rules in IAS 39 except the parts which apply to financial liabilities, which are voluntarily assessed at fair value according to the fair value option. The assessment of these liabilities must be divided into changes attributable to self credit rating and changes in the reference rate. The company has not decided whether the new principles will start being applied early or from the beginning of 2015. It has not yet been assessed how this will affect the group.

Changes in IAS 19 Employee Benefits. The change involves the so-called corridor method being discontinued. Actuarial gains and losses will be recognised in other comprehensive income. Returns calculated on plan assets will be based on the discount rate applied to the calculation of pension liabilities. The difference between actual and calculated performance of plan assets will be recognised in other comprehensive income. In addition, taxes associated with pension benefits will be included in the actuarial assumptions. The company is still examining how this will be done. The changes must be applied from the financial year which starts on 1 January 2013 or later with retroactive effect. This has been assessed as having a limited effect only on the group.

Other changes in accounting policies with prospective application are not expected to have an effect on the Group's accounts.

CONSOLIDATED FINANCIAL STATEMENTS

(a) Subsidiaries

Subsidiaries are companies over which Ahlsell AB (publ) has a controlling interest. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and impact of potential voting rights relating to shares which may be immediately exercised or converted is taken into consideration when assessing whether a company has a controlling interest.

Subsidiaries are accounted for by applying the acquisition method. The acquisition method involves acquisitions being treated as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities, and any non-controlling interests. Transaction costs, with the exception of transaction costs relating to the issue of equity or liability instruments, that arise are recognised directly in the income statement for that year.

If as a result of a business combination the sum of the fair value of the consideration transferred, any non-controlling interest and fair value of any previously held equity (in a step acquisition) exceeds the fair value of identifiable acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. If the difference is negative, a so-called low price acquisition, this is recognised immediately in the income statement for the year.

The consideration transferred in connection with the business combination does not include payments for the settlement of previous business affairs. Such settlement amounts are recognised in the income statement.

Contingent considerations are assessed at fair value at the date of acquisition. If the contingent consideration is classified as an equity instrument, then it is not remeasured and any settlement is accounted for within equity. The fair value of other contingent considerations is measured at each reporting date and the change in fair value is recognised in the income statement for the year.

(b) Non-controlling interests

"A non-controlling interest account is added if the company acquires a subsidiary but does not hold 100% of the interests in the subsidiary. There is a choice of two options for measuring a non-controlling interest. It can either be measured at the non-controlling interest's proportionate share of the fair value of the identifiable net assets of the subsidiary acquired, or at its fair value, which means a non-controlling interest includes a share of goodwill. The alternative used for measuring a non-controlling interest is chosen on a transaction-by-transaction basis.

When business combinations are achieved in stages (step acquisition), goodwill is measured on the date that control is obtained, the acquirer must remeasure its previously held equity interest based on the fair values of the acquired entity's assets and liabilities and any resulting adjustments are recognised in the income statement.

If the Group should sell its controlling interest in a subsidiary but continue to hold an interest, the retained interest is remeasured to fair value and any gain or loss is recognised in the income statement for the year."

(c) Transactions eliminated on consolidation

Inter-company transactions and balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Unrealised gains and losses are also eliminated unless the transaction provides evidence of an impairment loss for the transferred asset. The subsidiaries' accounting policies have been changed where necessary to ensure consistency with Group policies.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and about which separate financial information is available. The performance of an operating segment is assessed regularly by the chief operating decision maker to evaluate segment performance and to decide how to allocate resources to the operating segment. The highest decision making CEO is the Group Chief Executive. The Ahlsell AB (publ) Group's operating segments are primarily determined by geographical areas, which comprise individual countries and groups of comparable countries. See Note 2 for further information about determination and presentation of operating segments.

FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The consolidated financial statements are presented in SEK (Swedish kronor), which is the Parent company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency rate prevailing at the date of the transaction. Any gain or loss arising from the payment of such transactions and in the restatement of monetary assets and liabilities in foreign currencies at the balance sheet date is included in the income statement. The exception to this is when transactions are designated as hedges that qualify for hedge accounting of the cash flows or net investments. Such transaction gains or losses are included in other comprehensive income.

(c) Group companies

The results and financial position of all Group companies (none of which has a high-inflation currency as its functional currency) whose functional currency is different to its presentation currency are translated into the Group's presentation currency as follows:

a) assets and liabilities of each foreign operation are translated at the closing rate on the balance sheet date,
b) income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and
c) all resulting exchange differences are recognised in a separate section in other comprehensive income.

Upon consolidation, exchange differences arising from the restatement of net investments in foreign operations and of borrowing and other currency instruments identified as hedges of such investments, are transferred to other comprehensive income. When a foreign operation is disposed, either fully or in part, the exchange differences that are recognised in other comprehensive income are transferred to the income statement and reported as part of the gain or loss on sale.

Goodwill and adjustments to fair value arising on the acquisition of a foreign entity are treated as assets and liabilities in this entity's functional currency.

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and any impairment losses. The cost of property, plant and equipment includes directly attributable costs incurred in their acquisition. Borrowing costs directly attributable to purchase, construction or production of assets that take a long time before they are ready for use or sale are included in the cost of acquisition.

Assets can consist of different parts and as each part has an acquisition cost significant in relation to the combined acquisition cost of the asset, each part is depreciated separately.

Subsequent costs are added to the asset's carrying amount or are recognised as a separate asset, depending on which is appropriate, only when it is probable that any future economic benefits associated with the asset will flow to the Group and the asset has a cost value that can be measured with reliability. In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. The carrying amount (residual value) of a replaced component or part thereof is derecognised and expensed at the time of replacement. Repairs are recognised as an expense in the financial period in which they are incurred.

Land is not depreciated. Other assets are depreciated at rates calculated to write down to estimated residual value on a straight-line basis over their estimated useful lives as follows:

– Buildings	20–50 years
– Machinery	3–10 years
– Equipment, fixtures & fittings	3–10 years

The residual values and useful lives of assets are assessed at each reporting date and adjusted if necessary.

If the assets' carrying amount exceeds its estimated recoverable amount, the asset's carrying amount is immediately written down to its recoverable amount calculated under IAS 36.

Any gain or loss on the disposal of equipment, fixtures or fittings is determined as the difference between the proceeds of disposal and carrying amount and is recognised in the income statement as Other operating income or Other operating expenses.

INTANGIBLE ASSETS

(a) Goodwill

Goodwill is the excess of the cost of an acquisition over the fair value of the Group's interest in the acquired subsidiary's identifiable net assets at the date of acquisition. Goodwill arising from the acquisition of subsidiaries is reported as intangible assets. Goodwill is tested annually for impairment and is recognised at cost less accumulated impairment losses. Any gain or loss on the disposal an entity includes the remaining carrying amount of the goodwill relating to the entity sold.

If negative goodwill arises (the acquisition cost falls below the net value of the acquired assets and assumed liabilities and contingent liabilities), the whole amount is immediately reported in the income statement under Other operating income.

Goodwill is allocated to cash-generating units when testing for impairment.

(b) Customer relations, licences, lease contracts and similar rights
Customer relations and other intangible assets (mainly licences, software and lease contracts) are recognised at cost of acquisition. The assets have a limited useful life and are recognised at cost of acquisition less accumulated depreciation. Depreciation is charged on a straight-line basis to distribute costs over the estimated useful lives, which is 3-20 years.

(c) Brands
Brands are recognised at cost of acquisition.
The useful life is considered to be indeterminable as it is a question of a well-established trademark that the Group intends to retain and develop. Brands are tested annually for impairment and are recognised at cost of acquisition less accumulated impairment losses.

(d) Capitalised development expenses
Capitalised development expenses are reported as intangible assets in the balance sheet if they are directly associated with the development of identifiable products controlled by the Group, have probable economic benefits for more than one year and exceed the expenses. Development expenses include employee expenses during the development period.

Capitalised development expenses have a limited useful life and are recognised at cost of acquisition less accumulated depreciation. Depreciation is charged on a straight-line basis to distribute costs for capitalised development expenses over the estimated useful lives of 3-7 years.

Any gain or loss on the disposal of equipment, fixtures or fittings is determined as the difference between the proceeds of disposal and carrying amount and is recognised in the income statement as Other operating income or Other operating expenses.

Research costs are recognised as expenses as incurred.

IMPAIRMENT

Tangible and intangible assets are estimated on each reporting date to determine any indications for the need for impairment. If there is an indication that an asset is impaired, the asset's recoverable amount is measured. The recovery value of goodwill, other intangible assets of indeterminate utility time and intangible assets which are not yet ready for use is also calculated annually. If it is not possible to determine essential independent cash inflows for a particular asset and its fair value minus selling expenses cannot be used, the assets are grouped by testing impairment needs to the lowest level where it is possible to identify essential independent cash flows - a so-called cash generating unit.

An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. Impairments are recognised as costs in profit for the year. Impairment losses recognised for a cash-generating unit (group of units) are initially allocated to goodwill. They are then allocated to the other assets of the unit (group of units) pro rata on the basis of each asset's carrying amount. The recoverable amount of other assets is the higher of the asset's fair value less selling expenses and its utility value. In measuring utility value, future cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset.

Any impairment of assets contained in the application area of IAS 36 is reversed if there are both indications that there is no longer a need for impairment and the assumptions upon which the recovery value is based have changed. However, impairment of goodwill is never reversed. Reversals are only made to the extent the recognised value after reversal does not exceed the recognised value that would have been entered minus deduction for impairment wherever relevant if no impairment had been made.

ENTRY AND REMOVAL OF FINANCIAL INSTRUMENTS FROM THE BALANCE SHEET

A financial asset or liability is recognised in the balance statement when the company becomes a party to the instrument's contractual terms. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Liabilities are recognised when invoices are received.

Financial assets are derecognised in the balance sheet when the rights under the contract have been realised, have expired or the company loses control over them. The same applies to a part of a financial asset. Financial liabilities are derecognised in the balance sheet when the contractual obligation has been discharged or extinguished in some other way. The same applies to a part of a financial liability.

A financial asset and a financial liability may be offset and the net amount recognised in the balance sheet only when the company has a legally enforceable right to set off the recognised amounts; and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL INSTRUMENTS

Financial assets
The Group classifies its financial assets in the following three categories: financial assets measured at fair value via the income statement, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the instrument was acquired. Management determines the classification of the instrument the first time each instrument is reported. The Group has divided its financial instruments into the following categories:

(a) Financial assets at fair value via the income statement
Financial assets measured at fair value via the income statement are financial assets that are held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are always classified as if they were held for trading.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a customer with no intention of trading with the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Trade and other receivables have been classified as Loans and receivables.

(c) Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Purchases and sales of financial asset are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial instruments are initially recognised at fair value and transaction costs. This applies for all financial assets that are not recognised at fair value via the income statement. Financial assets measured at fair value via the income statement are initially recognised at fair value, while attributable transaction costs are recognised in the income statement. Financial assets are derecognised from the balance sheet when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value via the income statement are carried at fair value subsequent to initial recognition. Loans and receivables are measured at amortised cost using the effective interest method.

Any gains or losses arising from changes in fair value of financial assets measured at fair value via the income statement are recognised in the period in which they arise in the income statement as Finance income or costs. Dividend income from securities in the category financial assets measured at fair value via the income statement is recognised in the income statement as Finance income when the Group's right to receive payment is established.

When securities classified as available-for-sale financial assets are sold, the accumulated adjustments in fair value are transferred from Other comprehensive income to the income statement as gains and losses from financial instruments.

Interest on available-for-sale securities measured using the effective interest method is recognised in the income statement as Finance income. Dividends on available-for-sale shares are recognised in the income statement as Finance income when the Group's right to receive payment is established.

If the market for a financial instrument is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques including the use of information about recent arm's length transactions, reference to fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. This must make maximum use of market information and as little use of company-specific information as possible.

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of shares classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses of equity instruments, which have been recognised in the income statement, are not written back to the income statement. Impairment of trade receivables is described below.

Financial liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative instruments and hedging activities

Derivative instruments are recognised in the balance sheet on the contract date and are valued at fair value both initially and in connection with subsequent revaluations. The method of recognising resulting gains or losses depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, on the nature of the item being hedged. The Group identifies certain derivatives as either: (i) hedges of fair value of a recognised liability (fair value hedge); ii) hedges of a cash flow risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or iii) hedges of a net investment in foreign operations (hedge of net investment).

Information about fair value for different derivative instruments used for hedging purposes is given in Note 33. Changes in the hedging reserves in Other comprehensive income are stated in Note 29. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months. This applies regardless of whether or not hedge accounting is used. Derivatives held for trading are always classified as current assets or liabilities.

Cash flow hedges

The effective portion of the changes in the fair value of a derivative that is designated as a cash flow hedge and which qualifies for cash flow hedge accounting is recognised in Other comprehensive income. Any gains or losses attributable to the ineffective portion are recognised directly in the income statement as Finance income or costs.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. Any gains or losses attributable to the effective portion of an interest rate swap that hedges variable interest rate borrowings are recognised in the income statement as Finance costs. Any gains or losses attributable to the ineffective portion are recognised as Finance income or costs.

When a hedging instrument expires or is sold or no longer qualifies for hedge accounting and any cumulative gain or loss on the hedging instrument is recognised in equity, the gain/loss is retained in equity until the forecasted transaction occurs and is finally recognised in the income statement. If a forecasted hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred directly to the income statement as Finance income or costs.

Derivatives at fair value through profit or loss

Changes in the fair value of derivative instruments that do not use hedge accounting are recognised directly in the income statement as Finance income or costs.

Hedges of net investments in foreign operations

The Group has operations in several countries. In the consolidated balance sheet, investments in foreign operations are recognised as net assets in subsidiaries. Some measures have been taken to reduce the currency risks associated with these investments. This was done by taking loans in the same currency as the net investments. These loans are translated at the closing rate on the balance sheet date. The effective part of the period's exchange rate fluctuations from hedging instruments is reported in Other comprehensive income to meet and fully or partially match the translation differences that are reported for the net assets in the foreign operations which are currency-hedged. The cumulative changes are recognised in a separate component in equity (translation reserve). The exchange differences from net investments and hedging instruments are reversed and reported in the income statement when a foreign operation is sold. When hedging is ineffective, the ineffective part is recognised directly in the income statement.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the basis of weighted average prices. Borrowing costs are not included. Net realisable value is the estimated selling price in operating activities less the estimated costs necessary to make the sale.

TRADE RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently at the amounts expected to be paid, i.e. cost of acquisition less any provision for depreciation determined on an individual basis. Trade receivables are considered to be of short duration and are not discounted and are stated at their nominal value. Impairment of trade receivables is reported in operating expenses.

CASH & CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held with banks and other short-term investments with maturities of less than three months from the date of purchase. Overdraft facilities are also available. Overdraft facilities are reported in the balance sheet as borrowing under Current liabilities.

SHARE CAPITAL

Ordinary shares and preference shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognised net after tax in equity as a deduction from the proceeds of the issue.

TRADE PAYABLES

Trade payables are initially recognised at fair value. Trade payables are considered to be of short duration and are not discounted and are stated at their nominal value.

INCOME TAX

Income tax consists of current tax and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised directly in Other comprehensive income, in which case the related tax effect is also recognised in Other comprehensive income. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates enacted or substantially enacted by the reporting date, and any adjustments relating to prior periods.

Deferred tax is recognised in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets in deductible temporary differences and in loss carryforwards are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFIT COSTS

(a) Pension obligations

Group companies operate various pension schemes. The schemes are normally financed through payments to insurance companies or funds managed by asset managers in accordance with periodic actuarial calculations. The Group has both defined-benefit and defined-contribution pension schemes.

The liability recognised in the balance sheet in respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds that are denominated in the same currency in which the benefits will be paid, and that have terms of maturity approximating the terms in the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions exceeding the greater of 10 percent of the value of the plan assets and 10 percent of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time. In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

When there is a difference in how the pension cost is determined for a legal entity and the Group, a provision or receivable for the special employer's contribution arises based on this difference. The present value of the provision or receivable is not determined.

Obligations relating to retirement for civil servants in Sweden are secured by an insurance policy provided by Alecta. In accordance with Statement UFR 3 issued by the Swedish Financial Reporting Board, this is a multi-employer defined benefit pension plan. For the 2011 financial year, the Company did not have access to sufficient information to enable it to report this plan as a defined benefit plan. The pension obligation is therefore reported as a defined contribution plan. The same conditions apply to the new AFP plan in Norway, which is thus also reported as defined contribution.

For the defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as staff costs in the period that the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments will flow to the Group.

(b) Share based compensation

The Group has a share-based compensation plan where payment is made with shares. A market-based premium has been received for the outstanding options and shares which means that their fair value on the grant date is in line with the received premium and no cost has been charged to the income statement.

Payments received net of any directly attributable transaction costs are credited to Contributed equity when the premium is paid in.

(c) Termination benefits

Employees receive termination benefits before normal retirement age or when they voluntarily accept termination in exchange for such benefits. The Group recognises severance payments where it is under a manifest obligation either to give notice to employees following a detailed, formal plan without right to rescission or to provide compensation in the event of notice being given as a result of an offer made as an incentive for voluntary resignation. When compensation is offered as an incentive for voluntary resignation, a cost is recognised if it is probable that the offer will be accepted and it is possible to reliably estimate the number of employees that will accept the offer. Termination benefits that fall due more than 12 months after the balance sheet date are discounted to present value.

(d) Profit share and bonus plans

The Group reports a liability and a cost for bonuses and profit share plans, based on a formula that takes into account the gains that are related to the Parent Company's shareholders after certain adjustments. A provision is reported for the expected cost of the profit-share and bonus payments when the Group has a present obligation (legal or constructive) to make such payments for services received from employees and the obligations can be reliably estimated.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes with their associated probabilities.

Provisions for restructuring costs and legal claims are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is more probable that an outflow of resources will be required to settle the obligation, and when the amount has been measured with reliability. Provision for restructuring includes costs for termination of leasing agreements and severance pay. There are no provisions for future operating losses.

If there are a number of similar obligations, an assessment is made of the probability that an outflow of resources will be required for an overall regulation of the entire group of obligations. A provision is recognised even if the probability that an outflow for a special item in this group of obligations is low.

Provisions are valued at the present value of the amount expected to be required to clear the existing commitment. In this case, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the provision. The increase in provisions resulting from the passage of time is reported as interest cost.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The significance of a non-current asset (or a disposal group) classified as held for sale is that its carrying amount will be recovered principally through a sale and not through use.

Immediately before classification as held-for-sale, the carrying amount of the assets (and all assets and liabilities in a disposal group) is measured according to applicable standards. At the initial classification of the asset as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less selling costs. The measurement provisions do not apply to the following assets, either as individual assets or as part of a disposal group:

- Deferred tax assets
- Assets arising from employee benefits
- Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement

A gain is recognised for each increase in the fair value less selling costs. This gain is limited to an amount equivalent to all previous impairment losses. Losses arising from a decline in value at initial classification as held for sale are recognised in the income statement. Subsequent value changes, both gains and losses, are also reported in the income statement.

A discontinued operation is a component of an entity's business that represents a separate line of business or a significant operation in a geographical area or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Profit/loss from discontinued operations after tax is shown as a single line in the income statement . When an operation is classified as discontinued, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year. The presentation of the balance sheet for current and previous years is not re-presented in the equivalent manner.

Also see Note 13.

REVENUE RECOGNITION

Revenue is the fair value arising from the sale of goods and services, excluding VAT and discounts, and after elimination of intra-group sales. Revenue is recognised as follows:

(a) Sale of goods

Revenue arising from the sale of goods is recognised when a Group company has supplied products to a customer and the significant risks and rewards associated with the product have been transferred to the customer and it is reasonable to assume that the equivalent charge will be paid.

The products are often sold with volume discounts and the customers are entitled to return faulty products. The sale is based on specified prices in the sales agreements after deductions for calculated volume discounts and returns. Accumulated experience is used for assessing and making provisions for such returns at the time of sale. The volume discounts are assessed on the basis of expected annual volumes.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

LEASES

Leases, where the lessor substantially retains the risks and rewards of ownership, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

Leased non-current assets, where the Group has substantially all the financial risks and rewards of ownership, are classified as finance leases. Finance leases are recognised at the inception of the lease at the lower of fair value and the present value of the minimum lease payments.

Finance lease payments are apportioned between the repayment of the liability and the finance costs for the liability. Corresponding payment obligations, net of finance costs, are included in Other non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Non-current assets held under finance lease agreements are depreciated over the shorter of the useful life of the asset or lease period.

BORROWING COSTS

Borrowing costs attributable to the production of qualifying assets are capitalised as part of the acquisition cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognised as a liability in the Group's financial statements for the period in which the dividend was established at the general shareholders' meeting/annual general meeting by the Parent Company's shareholders.

STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared in accordance with IAS 7, using the indirect method. In addition to the statement of cash flows in accordance with IAS 7, an operating statement shows the cash flows from the operating activities, i.e. cash flows generated by the operations and investments made in existing activities. This statement of cash flows therefore excludes financial transactions for incoming and outgoing interest payments and the borrowing and repayment of loans, payments attributable to investments in and divestment of operations and tax payments.

ACCOUNTING POLICIES – PARENT COMPANY

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. In addition, the Swedish Financial Reporting Board's statements concerning public limited liability companies also apply. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations endorsed by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations, and taking into account the relationship between tax expense (income) and accounting profit. The recommendation also specifies exceptions from and additions to the standards issued by the IFRS.

Differences between the Group's and the Parent Company's accounting policies

Differences between the Group's and the Parent Company's accounting policies are described below.

Presentation

The Parent Company's income statement and balance sheet have been prepared in accordance with the format described in the Swedish Annual Accounts Act.

Subsidiaries

Investments in subsidiaries are recognised in the Parent Company using the cost method, including transactions costs, less any impairment.

Financial instruments

Following amendments to rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the relationship between tax expense and accounting profit, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent company as a legal entity.

The Parent company's non-current financial assets are carried at cost less impairment losses, while its current financial assets are measured using the "lower value" principle.

Employee benefit costs

The Parent company calculates defined-benefit pension plans on a different basis to that required by IAS 19. The Parent company complies with the provisions of the Act on Safeguarding Pension Obligations and the regulations of the Swedish Financial Supervisory Authority, which is the requirement for making tax deductions. The significant differences from the rules in IAS 19 relate to how the discount rates are defined, that the measurement of defined-benefit obligations is based on present salary levels without assumptions about future salary increases, and that all actuarial gains and losses are recognised in the income statement as they arise.

Taxes

Untaxed reserves are recognised inclusive of deferred tax liability in the Parent company. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

Group contribution

The company reports group contributions and shareholder contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Received shareholder contributions and group contributions from the parent company are entered directly to equity. Paid-in shareholder and group contributions are capitalised in shares and participating interests to the extent impairment is not required. Group contributions received which are comparable with dividends are recognised as dividends. This means that group contribution received and its current tax effect are recognised in the income statement. Should the parent company both pay and receive group contributions, figures are netted, i.e. only the net amount is reported as dividend and shareholder contribution.

The Parent Company has changed previously applied accounting policies and paid group contributions are recognised directly in equity. The change in accounting policy has had no effect on the parent company's income statement. See the effect on the parent company balance sheet below.

SEK million	2010-01-01	Change	2009-12-31
ASSETS			
NON-CURRENT ASSETS			
Financial assets			
Shares in subsidiaries	2,166.0	1,315.3	850.7
Financial investments	0.7	–	0.7
Receivables from Group companies	5,230.1	–	5,230.1
Total financial assets	**7,396.8**	**1,315.3**	**6,081.5**
Deferred tax asset	100.0	–	100.0
Total non-current assets	**7,496.8**	**1,315.3**	**6,181.5**
Total current assets	2.7	–	2,7
TOTAL ASSETS	**7,499.5**	**1,315.3**	**6,184.2**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital (5,473,741 shares)	547.4	–	547.4
Unrestricted equity			
Share premium reserve	3,507.4	–	3,507.4
Retained earnings	1,579.3	1,315.3	264.0
Profit for the year	479.2	–	479.2
Total equity	**6,113.3**	**1,315.3**	**4,798.0**
Total non-current liabilities	**652.5**	**–**	**652.5**
Total current liabilities	**733.7**	**–**	**733.7**
TOTAL EQUITY AND LIABILITIES	**7,499.5**	**1,315.3**	**6,184.2**

The change in accounting policy led to no adjustments in 2010.

Note 2 Segment reporting

Ahlsell manages its business on a geographical basis corresponding to the countries in which it has operations. The Ahlsell Group geographical segmentation is s follows: Sweden, Norway, Finland (including Estonia and Russia), Denmark (including Poland), Central and Eliminations. This is a natural grouping of segments as business is conducted locally and Ahlsell's organisation is structured to provide the best support for local sales. Segment results are reported as EBITA and operating profit/loss. Finance income and costs are not distributed by segment. As a result of this, financial assets and liabilities are not distributed by segment. Goods and services are priced at market rates across the various segments. The trademark has not been distributed by country but is reported as a central asset.

SWEDEN

Ahlsell's history began on 1 March 1877, when partners John Bernström and Jakob Tornblad registered John Bernström & Co to sell machinery, pumps, oil and agricultural equipment. The foundation of today's Group was laid in 1922 when Bernström & Co merged with R Ahlsell & Co, to form Ahlsell and Bernström with a stronger focus on heating and plumbing. The company has been in business for more than 130 years and is Sweden's leading commercial company in the areas of installation products, tools and machinery. The operations in Sweden include the Group's product areas: Heating & Plumbing, Electrical, Tools & Machinery, Refrigeration and DIY. The Swedish market accounted for 59 (56) percent of the Group's external net sales in 2011. Sales in Sweden totalled SEK 12,178 million (10,838). At year-end, Ahlsell had about 80 sales units in Sweden.

NORWAY

Ahlsell established its operations in Norway in 1990 through acquisitions in the Refrigeration product area. They have since expanded and now encompass the product areas of Heating & Plumbing, Electrical, Refrigeration and DIY. In 2011, Norwegian operations accounted for 23 (26) percent of the Group's external net sales. Sales in Norway amounted to a total of SEK 4,701 million (5,033). At year-end, Ahlsell had about 50 sales units in Norway.

FINLAND

Ahlsell established its operations in Finland in 1990 through acquisitions in the Refrigeration segment. These were expanded in 1999 by acquisitions in Heating & Plumbing products. Ahlsell established a DIY presence in Finland by acquiring leading DIY wholesaler Malk in 2005. The Tools & Machinery product area was introduced in Finland in 2006 through the acquisition of Kojaltek. The operations today cover Heating & Plumbing, Tools & Machinery, Refrigeration and DIY. The Finland segment incorporates the operations in Estonia and Russia. At year-end, Ahlsell had about 50 sales units in the Finland segment. The Finnish market accounted for 16 (16) percent of the Group's external sales. Sales in Finland totalled SEK 3,260 million (3,070).

DENMARK

Ahlsell has had a presence in Denmark since 1990 when the refrigeration operation was acquired. Since then, the number of product areas has expanded to include DIY in 1998 and Heating & Plumbing and Electrical in 2000. At the end of 2008, it was decided to wind down the Electrical and Heating & Plumbing operations. The operations today cover Refrigeration and DIY. The segment Denmark also includes Ahlsell's operations in Poland. In 2011, the segment accounted for 2 (2) percent of the Group's external sales. Sales in Denmark totalled SEK 468 million (467). At year-end, Ahlsell had 7 sales units in the Denmark segment.

CENTRAL AND ELIMINATIONS

Comprises costs for Parent company personnel (12 persons), finance income and costs, and tax not distributed by segment.
The eliminations contain eliminations of internal sales.

2011	Sweden	Norway	Finland[1]	Denmark[2]	Central and Eliminations	Total
Revenue						
Revenue from external customers[4]	12,039.7	4,698.6	3,258.6	437.2	–	20,434.1
Revenue from internal customers	137.9	2.8	1.8	31.0	–173.5	–
Total sales	**12,177.6**	**4,701.4**	**3,260.4**	**468.2**	**–173.5**	**20,434.1**
Gross profit	**3,426.4**	**1,077.6**	**636.0**	**165.1**	**–**	**5,305.1**
EBITA[3]	1,379.5	73.1	209.7	32.5	–68.8	1,626.0
Operating profit	1,150.3	28.6	161.2	23.6	–68.8	1,294.9
Finance income	–	–	–	–	79.1	79.1
Finance costs	–	–	–	–	–1,006.5	–1,006.5
Income tax	–	–	–	–	–102.2	–102.2
Profit for the year						**265.3**
Other comprehensive income	–	–	–	–	–	–5.3
Comprehensive income for the year						**260.0**

2010	Sweden	Norway	Finland[1]	Denmark[2]	Central and Eliminations	Total
Revenue						
Revenue from external customers[4]	10,714.9	5,029.4	3,068.5	443.5	–	19,256.3
Revenue from internal customers	123.0	3.5	1.7	23.3	–151.5	–
Total sales	**10,837.9**	**5,032.9**	**3,070.2**	**466.8**	**–151.5**	**19,256.3**
Gross profit	**2,939.9**	**1,233.7**	**572.8**	**176.8**	**–**	**4,923.2**
EBITA[3]	1,101.3	17.6	156.6	37.5	–62.9	1,250.1
Operating profit	874.8	–74.4	105.1	28.1	–62.9	870.7
Finance income	–	–	–	–	1,073.6	1,073.6
Finance costs	–	–	–	–	–1,289.9	–1,289.9
Income tax	–	–	–	–	–142.9	–142.9
Net loss from discontinued operations after tax	–	–	–	–	–20.0	–20.0
Profit for the year						**491.5**
Other comprehensive income						–182.9
Comprehensive income for the year						**308.6**

[1] Including Russia and Estonia.
[2] Including Poland.
[3] EBITA = Operating profit/loss excluding amortisation and impairment of intangible assets.
[4] No one single customer accounts for more than 10% of the segment's total revenue from external customers.

2011	Sweden	Norway	Finland[1]	Denmark[2]	Central and Eliminations	Total
Other disclosures						
Assets	8,653.5	2,863.3	2,429.4	327.8	2,370.6	16,644.6
Undistributed assets	–	–	–	–	2,039.3	2,039.3
Total assets	**8,653.5**	**2,863.3**	**2,429.4**	**327.8**	**4,409.9**	**18,683.9**
Liabilities	2,216.1	1,071.4	547.5	70.6	285.3	4,190.9
Undistributed liabilities and equity	–	–	–	–	14,493.0	14,493.0
Total liabilities and equity	**2,216.1**	**1,071.4**	**547.5**	**70.6**	**14,778.3**	**18,683.9**
Investments in property, plant & equipment and intangible assets	76.6	27.3	72.6	3.0	–	179.5
Depreciation and impairment	–282.5	–67.2	–73.3	–16.1	–	–439.1
Amortisation of intangible assets	–229.2	–44.5	–48.5	–8.9	–	–331.1
Impairment of intangible assets	–	–	–	–	–	–
Depreciation of property, plant & equipment	–53.3	–22.7	–24.8	–7.2	–	–108.0
Significant costs and revenues not corresponding to payments	–21.5	–128.3	–13.1	–4.1	472.5	305.5

2010	Sweden	Norway	Finland[1]	Denmark[2]	Central and Eliminations	Total
Other disclosures						
Assets	7,886.1	3,410.7	2,399.3	368.1	2,382.8	16,447.0
Undistributed assets	–	–	–	–	2,090.3	2,090.3
Total assets	**7,886.1**	**3,410.7**	**2,399.3**	**368.1**	**4,473.1**	**18,537.3**
Liabilities	1,954.8	1,474.2	502.0	73.6	198.7	4,203.3
Undistributed liabilities and equity	–	–	–	–	14,334.0	14,334.0
Total liabilities and equity	**1,954.8**	**1,474.2**	**502.0**	**73.6**	**14,532.7**	**18,537.3**
Investments in property, plant & equipment and intangible assets	34.8	67.1	22.9	2.5	–	127.3
Depreciation and impairment	–274.2	–110.9	–78.8	–17.7	–	–481.6
Amortisation of intangible assets	–226.5	–53.9	–51.5	–9.4	–	–341.3
Impairment of intangible assets	–	–38.1	–	–	–	–38.1
Depreciation of property, plant & equipment	–47.7	–18.9	–27.3	–8.3	–	–102.2
Significant costs and revenues not corresponding to payments	–4.5	46.6	–3.3	–10.2	–323.5	–294.9

External sales per product area

External sales, SEK million	2011	2010
Heating & Plumbing	10,775.4	10,663.9
Electrical	5,011.8	4,248.7
Tools & Machinery	3,409.7	3,061.8
Refrigeration	628.8	682.9
DIY	608.4	599.0
Total external sales	**20,434.1**	**19,256.3**

Ahlsell's operations are based on our product areas being supplied in all essentials through jointly-controlled distribution and sales channels in each geographic area. This means that the assets used in each product area are in all essentials the same for all product groups in each geographical area (such as storage facilities and distribution equipment). It is therefore not possible to define the use of the assets and related investments in a meaningful way for each product area.

[1] Including Russia and Estonia.

[2] Including Poland.

Note 3 Employees

Average number of employees

	2011		2010	
	Number	of which men	Number	of which men
Parent Company	12	75%	7	71%
Group				
Sweden	2,438	80%	2,260	80%
Norway	872	85%	995	82%
Finland	558	73%	532	79%
Denmark	114	68%	124	64%
Estonia	136	87%	132	88%
Russia	122	50%	104	54%
Poland	61	82%	59	83%
Total in the Group*	**4,301**	**79%**	**4,206**	**79%**

* Total excluding 8 (6) persons employed at Ahlsell's representative office in China.

Gender distribution in Group management at end of year

	Women, %	
The Parent company	2011	2010
The Board	11	25
Other senior executives (3 people)	0	0

	Women, %	
Total, Group	2011	2010
The Board	3	8
Other senior executives (6 people)	0	0

Salaries, employee benefits and social security contributions

	2011		2010	
SEK million	Salaries and benefits	Social costs	Salaries and benefits	Social costs
The Parent company	27.9	19.1	23.7	13.8
(of which pension costs)		*7.7*		*5.3*
Subsidiaries	1,748.8	588.3	1,654.8	597.5
(of which pension costs)		*134.4*		*129.3*
Total, Group	1,776.7	607.4	1,678.5	611.3
(of which pension costs)		*142.1*		*134.6*
(of which defined benefit schemes)		*5.1*		*12.0*
(of which defined contribution schemes)		*137.0*		*122.6*

Salaries and benefits in the Parent company relate to Sweden only.

Salaries and other employee benefits for Board/Senior Executives and other employees

	2011		2010	
SEK million	Board/Senior Executives	Other employees	Board/Senior Executives	Other employees
Parent company total	22.8	5.1	20.6	3.2
(of which bonus)	*3.6*	–	*7.3*	–
Total, subsidiaries	9.3	1,739.5	18.6	1,636.1
(of which bonus)	*3.0*	*29.1*	*3.6*	*18.2*
Total, Group	32.1	1,744.6	39.2	1,639.3
(of which bonus)	*6.6*	*29.1*	*10.9*	*18.2*

REMUNERATION OF SENIOR GROUP EXECUTIVES

The Board Chairman and board members receive fees in accordance with the decision of the Annual General Meeting. Employer and employee representatives do not receive Board fees. Remuneration of CEO (Göran Näsholm) and other senior executives consists of basic salary, variable remuneration, other benefits and pension, etc. Other senior executives refers to the 5 people who along with the CEO constitute the Group management.

Basic salary and variable remuneration must be in proportion to the responsibility and authority of the executive concerned. The maximum variable remuneration of the CEO is 70 percent of basic salary. The maximum variable remuneration of the other senior executives is 25-70% of basic salary. Variable remuneration is based on performance in relation to individual targets. Pensions and other benefits of the CEO and other senior executives are paid as part of the total remuneration package.

Planning and decision process

The Group implements a process whereby recommendations for salaries, remuneration, benefits and other employment terms and conditions for the CEO and other senior executives, who report directly to the CEO, are presented to the Board Chairman for acceptance and approval.

Remuneration and other benefits

2011	Basic salary/ board fees	Variable remuneration	Other benefits	Pension costs	Total
Rolf Börjesson, Chairman of the Board	1.0	–	–	–	1.0
Caroline Sundewall, Board Member	0.4	–	–	–	0.4
Göran Näsholm, President and CEO	9.4	1.6	0.0	4.1	15.1
Gunnar Haglund, Vice President and CFO	4.5	0.8	–	1.9	7.2
Other senior executives (4 people)	10.2	4.1	0.4	2.9	17.6
Total	**25.5**	**6.5**	**0.4**	**8.9**	**41.3**

For the financial year 2011, variable remuneration refers to a bonus charged as a cost and paid out in 2012. Other benefits refers to company cars.

2010	Basic salary/ board fees	Variable remuneration	Other benefits	Pension costs	Total
Rolf Börjesson, Chairman of the Board	1.1	–	–	–	1.1
Caroline Sundewall, Board Member	0.4	–	–	–	0.4
Göran Näsholm, President and CEO	7.4	4.9	0.1	3.4	15.7
Gunnar Haglund, Vice President and CFO	3.7	2.4	0.0	0.8	6.9
Other senior executives (4 people)	15.6	3.6	0.5	2.3	22.2
Total	**28.2**	**10.9**	**0.6**	**6.5**	**46.3**

For the financial year 2011, variable remuneration refers to a bonus charged as a cost and paid out in 2012. Other benefits refers to company cars.

BONUS

The CEO's bonus is determined by the Board of Directors. Other bonuses are determined by the CEO.

PENSION BENEFITS

The CEO has a defined premium-based scheme whereby the company pays a premium of 30% of pensionable salary. The CEO is entitled to retire at the age of 60. 60% of the full-time basic salary is paid out upon retirement between the ages of 60 and 65. Pension benefits are paid according to agreement after the age of 65.

60% of the full-time basic salary is paid out to the Vice President/CFO at the age of 62. After the age of 65, the pension is paid according to agreement.

The retirement age for other senior executives varies between 60 and 67.

Pension obligations to the CEO and Vice President amounted to SEK 26.8 million (22.1) at year-end.

All retirement benefits are vested, i.e. not conditional on future employment.

TERMINATION BENEFITS

The CEO has a period of notice of 24 months if employment is terminated by the company. If employment is terminated by the CEO, the termination period is 12 months. The Vice-President/CFO has a termination period of 12 months plus severance pay of 12 monthly salaries if employment is terminated by the company. If employment is terminated by the Vice-President/CFO, the termination period is 6 months and there is no severance pay. Other senior executives who are in office on the balance sheet date have a period of notice of 12-18 months if employment is terminated by the company and 6 months if employment is terminated by the executive. One of the other senior executives has a severance pay equivalent to 18 monthly salaries. The other executives receive no severance pay.

INCENTIVE PROGRAMMES

Senior executives and other key employees in the Ahlsell Group, a total of 90 at the end of the year, are part of an incentive programme that comprises ownership of shares and warrants in Ahlsell AB (publ).

The programme in Ahlsell AB (publ) includes 168,974 class B preference shares, 58,137 ordinary class B shares, 246,617 A warrants and 528,787 B warrants. The warrants mature on 31 January 2016 at an issue price of SEK 879.18 for A warrants and SEK 1,786.29 for B warrants. The shares in Ahlsell AB (publ)'s incentive programme are equivalent to about 4% of the company's shares and voting rights and, when the warrants are fully exercised, the programme corresponds to approximately 16% of the company's shares and voting rights. The incentive programme is governed by an agreement between the parties in the programme, Ahlsell AB (publ) and Nybrojarl New 1 AB.

The premiums in the programme were paid at market rate. The market rate was determined by applying a multiple of the Group's EBITA and deducting the net debt from that amount. The EBITA multiple was based on the official figures of similar listed companies.

Changes in the number of outstanding warrants and their weighted combined redemption price are as follows:

Changes in the number of outstanding warrants and their weighted combined redemption price are as follows:

	2011				2010			
	Issue price, SEK/share		No. of warrants		Issue price, SEK/share		No. of warrants	
Programme in Ahlsell AB (publ)	A	B	A	B	A	B	A	B
OB	879.2	1,786.3	246,617	528,787	879.2	1,786.3	246,617	528,787
Allocation new programme	–	–	–	–	–	–	–	–
CB	**879.2**	**1,786.3**	**246,617**	**528,787**	**879.2**	**1,786.3**	**246,617**	**528,787**

Cash settled call options issued by Nybrojarl New 1 AB
Under an incentive scheme in 2010, the Parent Company Nybrojarl New 1 AB issued cash-settled call options for shares in Ahlsell AB (publ) to certain senior executives and key personnel in the Ahlsell Group. At year-end, Nybrojarl New 1 AB had issued 289,995 call options to 18 persons.

Each call option carries a right, under certain terms and on certain conditions, to receive a cash payment equivalent to the difference between the market value of a share in Ahlsell AB (publ) when the call option is exercised and SEK 386. The call options do not therefore carry any right to receive shares in Ahlsell AB (publ). The call options are regulated by an agreement entered into by those participating in the scheme and Nybrojarl New 1 AB.

The premiums for the acquisition of the call options were paid at the market rate. The market rate was determined by applying a multiple of the Group's EBITA and deducting the net debt from that amount. The EBITA multiple has been based on the official figures of similar listed companies.

Note 4 Other operating income

Group, SEK million	2011	2010
Capital gains or losses from sales of business operations	4.2	-
Sales of non-current assets	3.2	0.6
Income from leases	3.9	4.0
Gas provisions	4.6	4.1
Other	6.4	10.8
Total other operating income	**22.3**	**19.5**

Note 5 Other operating costs

Group, SEK million	2011	2010
Other	–4.0	–1.6
Total other operating expenses	**–4.0**	**–1.6**

Note 6 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

By type of asset

Group. SEK million	2011	2010
Customer relationships	–297.9	–308.3
Other intangible assets	–33.2	–33.0
Goodwill	–	–38.1
Sub-total intangible assets	**–331.1**	**–379.4**
Land and buildings	–17.9	–19.6
Machinery and other technical facilities	–18.9	–14.9
Equipment, tools, fixtures and fittings	–71.2	–67.7
Sub-total property, plant and equipment	**–108.0**	**–102.2**
Total depreciation, amortisation and impairment	**–439.1**	**–481.6**

No impairments were made in 2011. In 2010, goodwill attributable to Ahlsell Oil & Gas in Norway was impaired by SEK 38.1 million, see also note 13.

Depreciation is based on the cost of the assets and estimated useful lives. These are stated in the section on accounting policies.

Total depreciation. amortisation and impairment per function

Group. SEK million	2011	2010
Cost of goods sold	–24.7	–20.1
Selling expenses	–397.7	–436.2
Administration expenses	–16.7	–25.3
	–439.1	**–481.6**

Amortisation and impairment of intangible assets is attributable to selling costs of SEK -325.6 million (-373.8), and cost of goods sold of SEK -5.5 million (-5.6).

Note 7 Operating leases

Group, SEK million	2011	2010
Lease payments for the financial year	–447.3	–428.6
Future minimum lease payments for non-cancellable agreements fall due as follows:		
Within one year	–391.6	–404.0
Two to five years	–1,118.3	–969.4
After five years	–1,130.8	–1,152.1
Total operating leases	**–2,640.7**	**–2,525.5**

The above lease payments include lease costs for central storage facilities in Sweden and Norway, with contracts through 2028 and 2030 respectively.

Lease objects include numerous items, such as storage premises, offices, other buildings and equipment, IT hardware, office equipment, etc.

Note 8 Auditors' fees and remuneration

Group, SEK million	2011	2010
KPMG		
Audit services	–5.8	–5.0
Fiscal advice	–0.6	–1.2
Other services	–1.3	–0.4
Total fees	**–7.7**	**–6.6**

Other auditing services purchased by the Group cost SEK 0.1 million (0.1).

Audit services comprise the statutory examination of the annual financial statements and accounting records, administration of the business by the Board of Directors and the CEO and audits carried out under agreement or contract.

This includes other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the audit or performance of such other procedures.

Other services comprise advice on accounting related matters, on sales and acquisitions of operations and advice on processes and internal audits.

Note 9 Breakdown of costs by type

Group. SEK million	2011	2010
Finished goods and goods for resale	–14,326.9	–13,689.0
Employee benefit costs	–2,384.1	–2,289.8
Depreciation	–439.1	–443.5
Impairment	–	–38.1
Transport costs	–770.3	–714.0
Costs for premises	–607.4	–579.0
Other expenses	–633.7	–651.7
Total operating expenses	**–19,161.5**	**–18,405.1**

Parent Company, SEK million	2011	2010
Employee benefit costs	–47.0	–37.5
Other expenses	–14.5	–12.7
Total operating expenses	**–61.5**	**–50.2**

Note 10 Financial income

Group, SEK million	2011	2010
Interest income	48.4	28.7
Fair value changes due to remeasurement of interest rate derivatives	–	148.7
Exchange differences	30.7	896.2
Total finance income	**79.1**	**1,073.6**
Changes in fair value by measurement category		
Financial assets held for trading are measured at fair value	–	–1.0
Financial liabilities held for trading are measured at fair value	–	149.7
Loans and receivables	48.4	28.7
Other financial liabilities	30.7	896.2
Total finance income	**79.1**	**1,073.6**

Parent, SEK million	2011	2010
Interest income, Group companies	1,021.3	874.9
Total finance income	**1,021.3**	**874.9**

Note 11 Finance costs

Group, SEK million	2011	2010
Interest expense, other	–925.2	–956.0
Interest cost, pension obligations	–2.3	–1.7
Fair value changes due to remeasurement of interest rate derivatives	–2.2	–
Fair value changes due to revaluation of exchange rate derivatives	–68.4	–324.5
Other bank costs	–8.4	–7.7
Total finance costs	**–1,006.5**	**–1,289.9**
Changes in fair value by measurement category		
Financial liabilities held for trading are measured at fair value	–87.3	–
Financial assets held for trading are measured at fair value	16.7	–324.5
Other financial liabilities	–925.2	–956.0
Total finance costs for financial instruments	**–995.8**	**–1,280.5**

Parent Company, SEK million	2011	2010
Interest expense, Group companies	–64.4	–34.4
Other	0.0	0.0
Total finance costs	**–64.4**	**–34.4**

Note 12 Income tax

Group, SEK million	2011	2010
Current tax	–262.6	–188.5
Deferred tax	160.4	45.6
Total income tax	**–102.2**	**–142.9**

Reconciliation of effective tax

	2011		2010	
The Group, SEK million	%	Amount	%	Amount
Profit before tax		367.5		654.4
Tax according to parent's applicable tax rate	–26.3	–96.7	–26.3	–172.1
Effect of different tax rates for foreign subsidiaries	1.7	6.1	0.3	2.2
Tax-free income	0.6	2.1	0.0	0.1
Non-deductible impairment of goodwill	–	–	–1.6	–10.7
Other non-deductible expenses	–3.8	–14.1	–1.3	–8.7
Tax adjustments attributable to previous year	–0.7	–2.5	0.1	0.4
Increase in tax losses for which no deferred tax was recognised	–	–	–0.5	–3.2
Capitalisation of non-capital loss carryforwards from previous periods	–	–	10.1	66.4
Altered tax rates in Finland	1.3	4.8	–	–
Impact of translation of foreign branches (non-deductible expense)*	–0.1	–0.4	–2.5	–16.3
Other	–0.4	–1.5	–0.2	–1.0
Recognised effective tax	**–27.8**	**–102.2**	**–21.8**	**–142.9**
Current income tax rate in Sweden		–26.3%		–26.3%
Effective tax rate		–27.8%		–21.8%

Deferred and current tax have not been taken into account for the surplus and profit/loss in Estonia as the tax consequences do not arise until dividends have been paid to shareholders (Ahlsell Sverige AB).

In 2010, the Supreme Administrative Court of Finland denied the Group's Finnish company the right to deduct part of the interest expense on intercompany loans. A similar process is being conducted in Norway. This is not expected to have any significant impact on the tax expense for the Group as a whole.

Parent Company, SEK million	2011	2010
Current tax	–198.3	–170.0
Deferred tax	–100.0	–
Total income tax	**–298.3**	**–170.0**

* Relates to Ahlsell Sweden's Finnish branch.

Reconciliation of effective tax

Parent Company	2011 %	2011 Amount	2010 %	2010 Amount
Profit before tax	1,137.1		812.4	712.9
Tax according to parent's applicable tax rate	–26.3	–299.1	–26.3	–213.7
Non-deductible expenses	–0.1	–0.9	–0.1	–0.5
Increase in tax losses for which no deferred tax was recognised	–	–	–0.2	–1.7
Capitalisation of non-capital loss carryforwards from previous periods	0.1	1.7	5.6	45.9
Recognised effective tax	–26.2	**–298.3**	–20.9	**–170.0**
Current income tax rate in Sweden		–26.3		–26.3
Effective tax rate		–26.2		–20.9

Note 13 Profit/loss from discontinued operations and assets held for sale

In 2010, the operations of Ahlsell Oil & Gas in Norway were reclassified under IFRS 5 as "Assets held for sale". The reason for reclassification was the ongoing sale of the company. The company was divested in 2011, see also note 38.

See the items declassified in 2010 below. Besides equity, the items not reclassified were intra-group receivables and liabilities. As a result of the reclassification, goodwill has been written down by SEK 38.1 million, as the value of the intangible assets was not equivalent to the estimated market value of the group.

SEK million	2010-12-31	Reclassification	Net
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Other intangible assets	38.8	–38.8	–
Goodwill	4.6	–4.6	–
Total intangible assets	43.4	–43.4	–
Property, plant & equipment			
Equipment, tools, fixtures and fittings	0.5	–0.5	–
Total property, plant and equipment	0.5	–0.5	–
Deferred tax asset	5.6	–5.6	–
Total non-current assets	**49.5**	**–49.5**	**–**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	143.4	–143.4	–
Total inventories	143.4	–143.4	–
Current receivables			
Trade receivables	43.6	–43.6	–
Other receivables	28.0	–0.6	27.4
Prepaid expenses and accrued income	0.5	–0.5	–
Total current receivables	72.1	–44.7	27.4
Cash & cash equivalents	**1.9**	**–1.9**	**–**
Assets held for sale	**–**	**239.5**	**239.5**
Total current assets	**217.4**	**49.5**	**266.9**
TOTAL ASSETS	**266.9**	**–**	**266.9**

SEK million	2010-12-31	Reclassification	Net
EQUITY AND LIABILITIES			
EQUITY	105.7	–	105.7
NON-CURRENT LIABILITIES			
Liabilities to Group companies	115.2	–	115.2
Pension provisions	3.6	–3.6	–
Deferred tax liabilities	10.9	–10.9	–
Total non-current liabilities	**129.7**	**–14.5**	**115.2**
CURRENT LIABILITIES			
Trade payables	23.0	–23.0	–
Other current non-interest-bearing liabilities	1.9	–1.9	–
Accrued expenses and prepaid income	6.6	–6.6	–
Liabilities attributable to assets held for sale	–	46.0	46.0
Total current liabilities	**31.5**	**14.5**	**46.0**
TOTAL EQUITY AND LIABILITIES	**266.9**	**–**	**266.9**

Ahlsell's operations in Latvia were reclassified as discontinued operations in 2008. The liquidation of the operations was completed in 2010.

Under IFRS 5, the profit/loss from the Latvian operations is reported in "Net loss from discontinued operations after tax".

The following income statement items were moved to the line "Net loss from discontinued operations":

SEK million	2011	2010
Net sales	–	–
Cost of goods sold	–	–
Gross profit	**–**	**–**
Selling expenses	–	–
Administration expenses	–	–2.6
Other operating income	–	0.1
Other operating expenses	–	–7.6
Operating profit	**–**	**–10.1**
Finance income	–	–
Finance costs	–	–
Net finance income/expense	–	–
Profit before tax	**–**	**–10.1**
Income tax	–	–
Profit for the year	**–**	**–10.1**
Profit/loss after remeasurement to fair value less selling costs	–2.4	7.9
Cumulative translation adjustment account	–	–17.8
Purchase price adjustment	4.5	–
Total net loss from discontinued operations after tax	**–6.9**	**–20.0**

Net cash flow from discontinued operations

SEK million	2011	2010
Cash flow from operating activities	–	–2.0
Cash flow from investment activities	–	–
Cash flow from financing activities	–	–
Net cash flow from discontinued operations	**–**	**–2.0**

Note 14 Customer relations

Group, SEK million	2011	2010
Accumulated cost		
Opening cost	4,714.4	5,019.4
Acquisition of subsidiaries	55.0	–
Reclassification to held-for-sale	–	–79.0
Sales and disposals	–	–39.4
Translation differences for the year	–5.6	–186.6
Closing accumulated cost	**4,763.8**	**4,714.4**
Accumulated amortisation		
Opening amortisation	–1,435.7	–1,220.5
Reclassification to held-for-sale	–	38.8
Amortisation for the year	–297.9	–308.3
Sales and disposals	–	4.3
Translation differences for the year	2.5	50.0
Closing accumulated amortisation	**–1,731.1**	**–1,435.7**
Accumulated impairment		
Opening impairment	–	–38.2
Sales and disposals	–	35.1
Translation differences for the year	–	3.1
Closing accumulated impairment	**–**	**–**
Carrying amount at end of period	**3,032.7**	**3,278.7**

The entire carrying amount relates to assets acquired.

About SEK 2.5 million of the recognised value of customer relations has a remaining amortisation period of 14 years.

The remaining value attributable to customer relations has a remaining amortisation period of 4 years.

Note 15 Brands

Group, SEK million	2011	2010
Accumulated cost		
Opening cost	2,400.0	2,400.0
Carrying amount at end of period	**2,400.0**	**2,400.0**

The entire carrying amount relates to assets acquired.

IMPAIRMENT TESTING - BRANDS

Ahlsell's trademark is considered to have an indefinite life. The useful life is considered to be indeterminable as it is a question of a well-established trademark that the Group intends to retain and develop. At the time of acquisition (1 February 2006) the cost of the Ahlsell trademark was determined under the relief-from-royalty method and at the end of the year its recognised value was SEK 2,400 million.

Impairment testing is carried out annually in the fourth quarter. The assessment is performed using the 1 percent royalty rate set at the time of acquisition and estimated future sales growth. A 2 (2) percent growth rate has been used to extrapolate the sales trends beyond the budget period. This amount is discounted using a current cost of capital before tax for the Group of 9.5 (9.5) percent. The results of the impairment test performed in 2011 show there is currently no impairment need.

Note 16 Other intangible assets

2011

Group, SEK million	Capitalised expenditure	Licences	Lease contracts and similar rights	Total
Accumulated cost				
Opening cost	102.4	85.3	20.6	208.3
Additions	7.7	5.0	1.5	14.2
Sales and disposals	–0.2	–	–1.7	–1.9
Reclassifications	0.7	–	–	0.7
Translation differences for the year	–	–0.1	–0.1	–0.2
Closing accumulated cost	**110.6**	**90.2**	**20.3**	**221.1**
Accumulated amortisation				
Opening amortisation	–76.4	–50.2	–15.9	–142.5
Sales and disposals	0.2	–	1.6	1.8
Amortisation for the year	–19.4	–12.1	–1.7	–33.2
Translation differences for the year	–	0.1	0.1	0.2
Closing accumulated amortisation	**–95.6**	**–62.2**	**–15.9**	**–173.7**
Carrying amount at end of period	**15.0**	**28.0**	**4.4**	**47.4**

2010

Group, SEK million	Capitalised expenditure	Licences	Lease contracts and similar rights	Total
Accumulated cost				
Opening cost	93.2	86.6	24.5	204.3
Additions	9.4	0.9	0.7	11.0
Sales and disposals	–0.7	–	–	–0.7
Reclassifications	0.5	–	–1.3	–0.8
Translation differences for the year	–	–2.2	–3.3	–5.5
Closing accumulated cost	**102.4**	**85.3**	**20.6**	**208.3**
Accumulated amortisation				
Opening amortisation	–57.6	–39.8	–16.2	–113.6
Sales and disposals	0.7	–	–	0.7
Amortisation for the year	–19.5	–11.6	–1.9	–33.0
Translation differences for the year	–	1.2	2.2	3.4
Closing accumulated amortisation	**–76.4**	**–50.2**	**–15.9**	**–142.5**
Carrying amount at end of period	**26.0**	**35.1**	**4.7**	**65.8**

Capitalised expenditure and licences relate to Ahlsell's order, storage and purchasing systems.

The entire carrying amount relates to assets acquired. Capitalised expenditure relates to external consultancy fees.

Note 17 Goodwill

Group, SEK million	2011	2010
Accumulated cost		
Opening cost	4,235.0	4,564.9
Acquisition of subsidiaries	204.4	15.0
Reclassification to held-for-sale	–	–42.9
Sales and disposals	–	–111.6
Translation differences for the year	–6.1	–190.4
Closing accumulated cost	**4,433.3**	**4,235.0**
Accumulated impairment		
Opening impairment	–102.3	–238.9
Impairment for the year	–	–38.1
Reclassification to held-for-sale	–	38.1
Sales and disposals	–	111.6
Translation differences for the year	0.3	25.0
Closing accumulated impairment	**–102.0**	**–102.3**
Carrying amount at end of period	**4,331.3**	**4,132.7**

In 2010, goodwill attributable to Ahlsell Oil & Gas in Norway was reclassified as "assets held for sale". In 2010, goodwill attributable to Ahlsell Oil & Gas was impaired by SEK 38.1 million.

GOODWILL IMPAIRMENT TESTING

Goodwill is allocated to the Group's cash-generating units (CGU) designated by country of operation.

Goodwill by geographical area is summarised below:

	2011	2010
Sweden	2,975.0	2,770.4
Norway	569.9	570.7
Finland	695.1	699.2
Estonia	66.0	66.9
Denmark	25.3	25.5
	4,331.3	**4,132.7**

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based pre-tax cash flows based on the business plans of the geographical regions approved by the management and cover a three-year period.

Cash flows beyond the four-year period have been extrapolated using an estimated growth rate. The rate of growth does not exceed the long-term growth rate of the industry in which the CGUs operate. The discounted cash flows are compared with capital employed in each geographical area.

Key assumptions used for value-in-use measurements:
– Budgeted operating margin
– Growth rate used to extrapolate cash flows beyond the budget period
– Discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU in each geographical area.

Management determined the budgeted operating margin based on past performance and its expectations of market development. A 2 (2) percent growth rate has been used to extrapolate the cash flows beyond the budget period. Furthermore, an average after-tax discount rate in local currency has been used for these calculations. The discount rate has been adjusted to reflect specific risks. Overall, a 9.5 (9.0) percent discount rate has been used.

Corporate management considers, for all the geographical areas, that effects arising from reasonably possible changes in applied variables would not be so considerable as to individually reduce the recoverable amount to an amount less than the carrying amount.

Note 18 Land and buildings

Group, SEK million	2011	2010
Accumulated cost		
At beginning of year	405.4	456.0
Acquisition of subsidiaries	28.1	–
Additions	72.4	0.4
Sales and disposals	–9.2	–4.5
Translation differences for the year	–2.1	–46.5
Closing accumulated cost	**494.6**	**405.4**
Accumulated amortisation		
At beginning of year	–122.3	–115.4
Sales and disposals	1.6	0.6
Depreciation for the year	–17.9	–19.6
Translation differences for the year	0.1	12.1
Closing accumulated depreciation	**–138.5**	**–122.3**
Carrying amount at end of period	**356.1**	**283.1**
Buildings held under finance lease agreements are included at the following amounts:		
Cost	221.4	151.1
Accumulated amortisation	–56.5	–48.3
Carrying amount	**164.9**	**102.8**

The central storage facility in Finland (Hyvinge) is held under a finance lease agreement.

The agreement is valid through 2023.

Total minimum lease payments and their present value		
Total minimum lease payments	332.6	189.9
Present value of minimum lease payments	193.4	128.5
Total minimum lease payments		
Within one year	16.6	13.7
Between 2–5 years	66.5	58.0
After 5 years	249.5	118.2
	332.6	**189.9**
Present value of minimum lease payments		
Within one year	5.2	5.5
Between 2–5 years	24.0	29.3
After 5 years	164.2	93.7
	193.4	**128.5**

Finance leased asset payments for the year totalled SEK 13.7 million (14.2). During the year, SEK 8.2 million (9.0) was recognised as interest expense and SEK 5.5 million (5.2) as amortised liabilities. Depreciation of finance leased assets amounted to SEK 8.6 million (9.3). The total amount for finance leased assets charged as costs was SEK 16.9 million (18.3).

Note 19 Machinery and other technical facilities

Group, SEK million	2011	2010
Accumulated cost		
At beginning of year	319.7	306.4
Additions	27.1	48.0
Sales and disposals	–18.9	–12.1
Reclassification to held-for-sale	–	–12.2
Reclassifications	14.5	6.3
Translation differences for the year	–0.9	–16.7
Closing accumulated cost	**341.5**	**319.7**
Accumulated amortisation		
At beginning of year	–242.9	–264.3
Sales and disposals	17.0	11.8
Reclassification to held-for-sale	–	12.2
Depreciation for the year	–18.9	–14.9
Translation differences for the year	0.5	12.3
Closing accumulated amortisation	**–244.3**	**–242.9**
Carrying amount at end of period	**97.2**	**76.8**

Note 20 Equipment, tools, fixtures and fittings

Group, SEK million	2011	2010
Accumulated cost		
At beginning of year	809.5	802.2
Acquisitions	5.0	0.3
Additions	135.8	97.5
Sales and disposals	–51.9	–45.6
Reclassification to held-for-sale	–	–1.3
Reclassifications	–14.8	–5.0
Translation differences for the year	–1.5	–38.6
Closing accumulated cost	**882.1**	**809.5**
Accumulated amortisation		
At beginning of year	–589.4	–582.2
Sales and disposals	31.1	31.0
Reclassification to held-for-sale	–	0.8
Reclassifications	0.1	–
Depreciation for the year	–71.2	–67.7
Translation differences for the year	1.1	28.7
Closing accumulated amortisation	**–628.3**	**–589.4**
Carrying amount at end of period	**253.8**	**220.1**
Equipment held under finance lease agreements are included at the following amounts.		
Cost	296.9	252.2
Accumulated amortisation	–185.0	–155.9
Carrying amount at end of period	**111.9**	**96.3**

Equipment held under finance lease agreements consists primarily of cars leased in Sweden and Finland.

Group, SEK million	2011	2010
Total minimum lease payments and their present value		
Total minimum lease payments	111.1	101.5
Present value of minimum lease payments	106.0	90.6
Total minimum lease payments		
Within one year	27.5	26.7
Between 2–5 years	83.6	74.8
After 5 years	–	–
	111.1	**101.5**
Present value of minimum lease payments		
Within one year	26.1	23.4
Between 2–5 years	79.9	67.2
After 5 years	–	–
	106.0	**90.6**

Finance leased asset payments for the year totalled SEK 33.3 million (27.9). During the year, SEK 3.7 million (1.6) was recognised as interest expense and SEK 29.6 million (26.3) as amortised liabilities. Depreciation of finance leased assets amounted to SEK 29.5 million (26.5). The total amount for finance leased equipment charged as costs was SEK 33.2 million (28.1).

Note 21 Financial investments

Shares and participating interests classified as non-current assets

Group, SEK million	2011	2010
Opening carrying amount	3.6	4.0
Disposals	–0.2	0.0
Exchange differences	0.0	–0.4
Closing carrying amount	**3.4**	**3.6**

The above financial investments are included in the category "Available-for-sale financial assets".

It has not been possible to reliably determine the fair value of the above shares and participating interests, which are unlisted, which means they are measured at cost.

Note 22 Shares in subsidiaries

Parent Company, SEK million	2011	2010	2010-01-01
Accumulated cost			
At beginning of year	2,166.0	2,166.0	850.7
Changed accounting principle, group contribution	–	–	1,315.3
Carrying amount at end of period	**2,166.0**	**2,166.0**	**2,166.0**

The above shares in subsidiaries refer to shareholdings in Nybrojarl New 3 AB, totalling 1,139,016 shares.

Investments in Group companies

Companies at 31 Dec 2011	Corp ID	Head office/ Country	Share of capital[1]
Nybrojarl New 3 AB	556715-7861	Stockholm	100
Nybrojarl Holding AB	556687-9200	Stockholm	100
Nybrojarl Invest AB	556687-9184	Stockholm	100
Ahlsell Group AB	556678-2842	Stockholm	100
Ahlsell Norden AB	556661-3534	Stockholm	100
Ahlsell Investco AB	556680-8704	Stockholm	100
Ahlsell Holding AB	556578-4732	Stockholm	100
Ahlsell Sverige AB	556012-9206	Stockholm	100
Flex Scandinavia AB	556209-4085	Hammarö	100
Ahlsell Maskin AB	556044-1767	Örebro	100
CA Invest AB	556246-2662	Stockholm	100
NEA Elmaterial AB	556779-5280	Örebro	100
Ahlsell El i Umeå AB	556705-1569	Umeå	100
Trions AB	556051-7012	Varberg	100
Ahlsell Norge Holding AS	988918962	Stavanger (N)	100
Ahlsell Norge AS	910 478 656	Stavanger (N)	100
Bergens Rørhandel AS	988 454 214	Stavanger (N)	100
Stavanger Rørhandel AS	888 454 152	Stavanger (N)	100
Vakka-Suomen Vesijohliike	0213071-4	Turku (SF)	100
Ahlsell Oy	1819153-8	Helsinki (SF)	100
Aninkaisten Tapetti ja Väri Oy	0197404-2	Helsinki (SF)	100
Ahlsell Åland Ab	2080009-9	Jomala (SF)	100
Ahlsell Danmark ApS	19541142	Brøndby (DK)	100
TP-Tempcold Ltd	0000094018	Warsaw (PL)	100
ZAO Ahlsell Spb	7813090758	St Petersburg (RU)	100
AS FEB	10109270	Tallinn (EST)	100

[1] Refers to share of capital, which also corresponds to the share of votes for the total number of shares.

Note 23 Receivables and liabilities – Group companies

Receivables from Group companies

Parent, SEK million	2011	2010
Accumulated cost		
At beginning of year	6,105.1	5,230.1
Subsequent receivables	1,021.3	875.0
Carrying amount at end of period	**7,126.4**	**6,105.1**

SEK 7,126.4 million (6,105.1) of the above relates to receivables from subsidiaries.

Liabilities to Group companies

Parent, SEK million	2011	2010
At beginning of year	1,430.7	652.5
Subsequent liabilities	84.7	778.2
Carrying amount at end of year	**1,515.4**	**1,430.7**
Maturity date, 1–5 years after the balance sheet date	–	–
Maturity date, more than five years after the balance sheet date	1,515.4	1,430.7

SEK 1,515.4 million (1,430.7) of the above relates to liabilities to subsidiaries.

Note 24 Deferred income tax

GROUP

Recognised deferred tax assets and liabilities

Group, SEK million	2011 Receivables	2011 Liabilities	2011 Net	2010 Receivables	2010 Liabilities	2010 Net
Loss carryforwards	419.0	–	419.0	340.0	–	340.0
Intangible assets	–	–1,361.8	–1,361.8	–	–1,461.4	–1,461.4
Provisions/amortised	23.2	–	23.2	27.4	–5.1	22.3
Financial assets	7.0	–	7.0	6.7	–	6.7
Current receivables and inventories	4.8	–	4.8	8.5	–	8.5
Non-current liabilities	21.8	–	21.8	23.7	–	23.7
Machinery and equipment	23.8	–26.5	–2.7	21.0	–25.6	–4.6
Land and buildings	–	–13.1	–13.1	–	–13.5	–13.5
Untaxed reserves	–	–38.1	–38.1	–	–12.9	–12.9
Other	3.5	–	3.5	3.5	–	3.5
Total	**503.1**	**–1,439.5**	**–936.4**	**430.8**	**–1,518.5**	**–1,087.7**
Offset of receivables/liabilities	–498.4	498.4	–	–426.8	426.8	–
Balance sheet total	**4.7**	**–941.1**	**–936.4**	**4.0**	**–1,091.7**	**–1,087.7**

The loss carryforwards are primarily attributable to Ahlsell's operations in Sweden and Norway. In these countries, future profits are expected to be sufficient to enable the tax loss carryforwards to be used. Uncapitalised loss carryforwards for the year amount to SEK 45.8 million (3.2). The Group does not have a defined maturity period for loss carryforwards. The Group's non-capitalised loss carryforwards amount to - SEK (3.2) million.

Changes in deferred tax asset for temporary differences and loss carryforwards

2011

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Loss carryforwards	340.0	–	79.2	–0.2	419.0
Intangible assets	–1,461.4	–14.5	114.0	0.1	–1,361.8
Provisions/amortised	22.3	2.0	–1.0	–0.1	23.2
Financial assets	6.7	–	0.4	–0.1	7.0
Current receivables and inventories	8.5	7.4	–10.0	–1.1	4.8
Non-current liabilities	23.7	–	–1.8	–0.1	21.8
Machinery and equipment	–4.6	–	1.9	0.0	–2.7
Land and buildings	–13.5	–	–1.1	1.5	–13.1
Untaxed reserves	–12.9	–4.1	–21.1	–	–38.1
Other	3.5	–	–0.1	0.1	3.5
Total changes	**–1,087.7**	**–9.2**	**160.4**	**0.1**	**–936.4**

2010

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Loss carryforwards	378.6	–	–24.9	–13.7	340.0
Intangible assets	–1,570.2	–	74.4	34.4	–1,461.4
Provisions/amortised	14.1	–	9.0	–0.8	22.3
Financial assets	6.6	–	1.1	–1.0	6.7
Current receivables and inventories	13.5	0.7	–4.0	–1.7	8.5
Non-current liabilities	30.8	–	–5.3	–1.8	23.7
Machinery and equipment	–4.7	–	–0.1	0.2	–4.6
Land and buildings	–11.5	–	–4.6	2.6	–13.5
Untaxed reserves	–10.3	–	–2.6	–	–12.9
Other	1.6	–	2.6	–0.7	3.5
Total changes	**–1,151.5**	**0.7**	**45.6**	**17.5**	**–1,087.7**

Ahlsell Sverige AB has a subsidiary in Estonia. In Estonia, income tax is not paid on earnings until they are paid to the shareholders. If earned but as-yet-unpaid gains are allocated to the Parent company, the Estonian government can claim up to 21% tax, the equivalent of SEK 24 million (23) on 31 December 2011. No deferred tax has been taken into account for the surplus values from acquisitions of companies in Estonia.

PARENT

Recognised deferred tax assets and liabilities

	2011			2010		
Parent company, SEK million	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Loss carryforwards	–	–	–	100.0	–	100.0
Total	**–**	**–**	**–**	**100.0**	**–**	**100.0**

Change in deferred tax asset regarding temporary differences and loss carry-forward

2011

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other compre–hensive income	Balance at end of year
Loss carryforwards	100.0	–	–100.0	–	–
Total changes	**100.0**	**–**			

2010

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other compre–hensive income	Balance at end of year
Loss carryforwards	100,0	–	–	–	100,0
Total changes	**100,0**	**–**	**–**	**–**	**100,0**

Note 25 Other non-current receivables

Group, SEK million	2011	2010
Accumulated cost		
At beginning of year	54.3	95.3
Settled receivables	–29.0	–38.5
Acquisitions for the year	4.5	3.6
Translation differences for the year	0.1	–6.1
Closing accumulated cost	29.9	54.3
Closing accumulated cost	**54.3**	**95.3**
Carrying amount at end of period	**29.9**	**54.3**

SEK 29.9 million (54.3) of the above relates to interest-bearing receivables.

Most of the long-term receivables refer to a receivable from the parent company, Nybrojarl New 1 AB (SEK 27.0 million).

Note 26 Stocks

There are no significant differences between the carrying amounts of inventories and the fair value. No adjustments were made to stocks as a result of an increase in the value of net sales.

The cost of stocks recognised as expense is included in Cost of goods sold and amounted to SEK -14,326.9 million (-13,689.0).

During this period, stocks of finished goods were impaired by SEK -64.5 million (-65.9).

Note 27 Trade receivables

Group, SEK million	2011	2010
Trade receivables, gross	2,558.6	2,149.1
Provisions for doubtful receivables	–31.3	–37.0
Total trade receivables	**2,527.3**	**2,112.1**

Provisions for and reversal of provisions for doubtful trade receivables are accounted for on the Income statement under Selling Expenses. This provision is based on customer creditworthiness.

Provision for doubtful receivables

Group, SEK million	2011	2010
Provisions at beginning of year	–37.0	–27.4
Provisions for anticipated losses	–30.0	–50.0
Actual losses	35.5	37.9
Exchange differences	0.2	2.5
Provisions at end of year	**–31.3**	**–37.0**

Actual bad debt expenses and recovered bad debt expenses during the year amounted to a net total of SEK 29.1 million (34.5).

CONCENTRATIONS OF CREDIT RISK

The credit risk for trade receivables is not concentrated within any particular geographic region since the Group has a wide spread of customers in the Nordic countries, the Baltic States and Poland. The concentration of credit risk remains the same as in previous years.

Credit risk exposure

Group, SEK million	Number of customers	Percentage of total customers	Percentage of portfolio
At 31 Dec 2011			
Exposure < SEK 1.5 million	99,814	99.8	67.6
Exposure SEK 1.5–10.0 million	172	0.2	20.1
Exposure > SEK 10.0 million	14	0.0	12.3
Total	**100,000**	**100**	**100**

Group, SEK million	Number of customers	Percentage of total customers	Percentage of portfolio
At 31 Dec 2010			
Exposure < SEK 1.5 million	95,829	99.8	65.5
Exposure SEK 1.5–10.0 million	161	0.2	24.0
Exposure > SEK 10.0 million	10	0.0	10.4
Total	**96,000**	**100**	**100**

Time analysis trade receivables

Group, SEK million	2011	2010
Not overdue	2,330.7	1,840.1
0–30 days	150.4	252.0
31–60 days	31.4	11.7
61–90 days	7.3	6.5
> 91 days	7.5	1.8
Total	**2,527.3**	**2,112.1**

Note 28 Prepaid expenses and accrued income

Group, SEK million	2011	2010
Prepaid rent	81.0	82.4
Accrued suppliers' bonuses	540.2	509.8
Prepaid IT expenses	6.7	3.9
Accrued income for delivered but non-invoiced goods	150.6	126.7
Other items	38.2	30.6
Total prepaid expenses and accrued income	**816.7**	**753.4**

Parent, SEK million	2011	2010
Other items	0.6	0.4
Total prepaid expenses and accrued income	**0.6**	**0.4**

Note 29 Equity

GROUP

As at 31 December, equity amounted to SEK 3,088.7 million (2,630.4).

Reserves

	Translation reserve	Total
Opening balance on 1 January 2010	**235.5**	**235.5**
Translation differences for the year	–354.7	–354.7
Hedging of currency risk in foreign operations	158.4	158.4
Transaction taxes recognised directly in equity	13.4	13.4
Closing balance as at 31 December 2010	**52.6**	**52.6**
Opening balance as at 1 January 2011	**52.6**	**52.6**
Translation differences for the year	–10.9	–10.9
Hedging of currency risk in foreign operations	5.9	5.9
Transaction taxes recognised directly in equity	–0.3	–0.3
Closing balance as at 31 December 2011	**47.3**	**47.3**

The translation reserve comprises all exchange differences arising on translation of foreign operations reported in a currency other than the Group's presentation currency. Hedging of currency risk in foreign operations includes hedging of net assets in local currencies in Norway and Finland.

PARENT

RESTRICTED AND UNRESTRICTED EQUITY

Restricted reserves

Restricted reserves may not be reduced by distribution of dividends.

Statutory reserve

The purpose of the statutory reserve has been to save a proportion of the net profit, rather than using it to cover losses carried forward.

Unrestricted equity

Share premium reserve

Where shares are issued at a premium, i.e. for an amount in excess of their nominal value, an amount equivalent to the premium must be credited to the share premium account.

Retained earnings

Consist of the previous year's accumulated earnings after any dividend distribution. Retained earnings, net profit for the year and the share premium account together constitute total unrestricted equity, in other words the amount available for distribution to shareholders.

Total equity in Ahlsell AB (publ) was SEK 7,962.8 million (6,925.7) on the balance sheet date.

NUMBER OF SHARES

The number of shares at the beginning of the year was 5,473,741. The number of shares at the end of the year was 5,473,741 with a nominal value of SEK 100. During the year, the average number of shares was 5,473,741.

Under the Articles of Association adopted at the Extraordinary General Meeting on 31 January 2007, shares can be issued in four classes; ordinary class A and B shares and class A and B preference shares. There are a total of 3,902,812 class A preference shares, 168,974 class B preference shares, 1,343,818 class A ordinary shares and 58,137 class B ordinary shares in the company.

The shares are issued in accordance with the Swedish Companies Act (2005:551) and shareholders' rights associated with the shares may only be amended according to the procedures prescribed in the Act.

All classes of shares in the Company carry a voting right of one vote per share and the number of shares that can be issued is limited within the Articles of Association. When new shares are issued, current shareholders are given priority in subscribing to new shares of the same class.

Class A preference shares can be converted into class A ordinary shares and class B preference shares can be converted into class B ordinary shares by decision of the Board. Furthermore, the share capital may be reduced through the redemption of class A and B preference shares by decision of the Board.

Where dividends are paid out by the Company, class A and B preference shares take priority over class A and B ordinary shares to a dividend payout equivalent to 16.5% of the annual cumulative interest, calculated according to the agreed principal in § 7 of the Articles of Association. The preference shares do not give entitlement to any other dividends than this. The equivalent distribution is made upon liquidation of the Company.

Class B preference shares and class B ordinary shares are covered by the pre-emption clause included in the Articles of Association.

See Note 3 for information on outstanding options.

Note 30 Pension provisions

The Group has defined-benefit pension plans for Sweden, Norway and Finland. This type of pension guarantees the employee a pension equal to a certain percentage of final salary. Ahlsell also has defined-contribution pension plans in these countries and in Denmark, Estonia, Russia and Poland. Defined-contribution plans represent a percentage of the employees' salaries and are included in the income statement.

Group, SEK million	2011	2010
Present value of funded obligations	59.1	66.7
Fair value of plan assets	–14.1	–10.6
Total of wholly or partly funded obligations	**45.0**	**56.1**
Present value of unfunded obligations	31.3	20.2
Unrecognised actuarial gains (plus) and losses (minus)	–4.8	–8.5
Reclassification to liabilities attributable to assets held for sale*	–	–3.6
Net debt in the balance sheet	**71.5**	**64.2**
Amount reported in the Balance Sheet – liabilities	71.5	64.2

The amounts in the balance sheet are distributed across the various geographical areas as follows:

	Sweden	Norway	Finland
Present value of funded obligations	31.8	11.4	15.9
Fair value of plan assets	–14.1	–	–
Present value of unfunded obligations	31.3	–	–
Unrecognised actuarial gains (plus) and losses (minus)	–5.6	–0.7	1.5
Net debt in the balance sheet	**43.4**	**10.7**	**17.4**

* Relates to Ahlsell Oil & Gas. See Note 13.

Group, SEK million	2011	2010
Cost of pensions earned during the year	3.6	3.6
Reductions and settlements	–0.6	–0.4
Interest expense	2.7	3.0
Expected return on plan assets	–0.4	–0.3
Amortisation of actuarial gains/losses	2.1	8.1
Costs of defined benefit plans	**7.4**	**14.0**
Costs for defined-contribution plans	137.0	122.6
Payroll tax	21.7	20.8
Total cost for post-employment benefits	**166.1**	**157.4**

The cost of defined-benefit pension plans is recognised in the following lines of the Income Statement:		
Cost of goods sold	0.2	1.3
Selling expenses	4.6	7.8
Administration expenses	0.3	2.2
Finance costs	2.3	2.7
	7.4	**14.0**

The current value of the defined-benefit obligation has changed as follows during the year:

Group, SEK million	2011	2010
Current value of defined-benefit obligations at beginning of year	**86.9**	**83.7**
Costs relating to service during the current year	3.6	3.6
Interest expense	2.7	3.0
Payment of benefits	–9.2	–9.6
Actuarial gains (minus) and losses (plus)	–0.1	10.8
New pension obligations	11.6	–
Reductions and settlements	–0.6	–0.4
Disposals	–4.5	–
Exchange differences on foreign plans	0.0	–4.2
Current value of defined-benefit obligations at end of year	**90.4**	**86.9**

The fair value of the plan assets has changed as following during the year:

Group, SEK million	2011	2010
Fair value of plan assets at beginning of year	**10.6**	**8.6**
Expected return on plan assets	0.4	0.3
Employer contributions	2.5	2.2
Actuarial gains (plus) and losses (minus)	0.6	–0.5
Fair value of plan assets at end of year	**14.1**	**10.6**

The actual return on plan assets amounted to SEK 1.0 million (-0.1).

The plan assets are classified in the following categories as a percentage of the total plan assets:

Group	2011	2010
Shares, %	26.7	42.1
Interest-bearing securities, %	63.4	49.5
Real estate, %	3.9	2.7
Other, %	6.0	5.7

Group, SEK million	2011	2010	2009	2008	2007
Historical information					
Present value of defined-benefit obligations	90.4	86.9	83.7	752.3	744.0
Fair value of plan assets	14.1	10.6	–8.6	–381.3	–389.4
Surplus (minus)/Deficit (plus)	76.3	76.3	75.1	371.0	354.6
Experience adjustments on plan assets	0.6	–0.5	–	–	–7.5

Experience-based adjustments to the predetermined obligations amounted to SEK -1.7 million (-5.3).

Assumptions used for valuations

2011	Sweden	Norway	Finland
Discount rate %	3,8	3,3	4,5
Expected return on plan assets %	3,5		
Annual adjustment of pensions under payment		0,7	2,1
Annual salary increase %	4.0–6.0	4,0	
Mortality table	DUS06	K2005	

2010	Sweden	Norway	Finland
Discount rate %	4,0	3,2	4,0
Expected return on plan assets %	3,5		
Annual adjustment of pensions under payment		0,8	2,1
Annual salary increase %	4.0–6.0	4,0	
Mortality table	DUS06	K2005	

With regard to interest-bearing assets on risk-free interest rates and other assets, the expected return on assets is based on assumptions about risk premiums over and above the risk-free rate of interest.

The Group expects to make SEK 8 million (12) in payments in 2012 relating to defined-benefit plans.

The retirement benefit and family pension obligation for employees in Sweden is covered by insurance with Alecta. In accordance with Statement UFR 3 issued by the Swedish Financial Reporting Board, this is a multi-employer defined-benefit pension plan. As the Company did not have access to sufficient information to enable it to report this plan as a defined-benefit plan for this financial year, an ITP pension plan, insured through Alecta, will be reported as a defined-contribution plan. The same conditions apply to the new AFP plan in Norway, which is thus also reported as defined contribution.

The year's ITP pension insurance contributions through Alecta amount to SEK 49.7 million (48.3). Alecta's surplus may be distributed to the policyholders and/or the insured parties. At the end of 2011, Alecta's surplus, in the form of a collective consolidation level, was 111 (146) percent. The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance obligations calculated by reference to Alecta's actuarial assumptions. This is not consistent with IAS 19.

Note 31 Other provisions

Group, SEK million	2011	2010
Balance at beginning of year	150.7	170.4
New/extended provisions	12.2	31.6
Provisions used	–100.5	–38.9
Reversal of unused provisions	–4.3	–
Exchange differences	0.2	–12.4
Balance at end of year	**58.3**	**150.7**

Other provisions

	2011	2010
Restructuring	55.2	146.6
Guarantee obligations	3.0	4.1
Total other provisions	**58.2**	**150.7**
Other provisions consist of:		
Long-term provisions	14.8	83.0
Short-term provisions	43.5	67.7
Total provisions	**58.3**	**150.7**

The additional provisions in 2011 refer mainly to provisions arising in connection with the acquisition of NEA. These provisions relate to dismissed salaried staff.

Provisions used mainly relate to the dissolution of provisions relating to the new centralised warehouse in Norway.

Note 32 Accruals and deferred income

Group, SEK million	2011	2010
Accrued interest	229.2	151.3
Accrued holiday pay	238.7	221.6
Accrued bonus salaries	45.7	42.5
Other personnel expenses	4.2	13.2
Accrued social security contributions	59.4	67.5
Other items	95.8	112.6
Total accrued expenses and prepaid income	**673.0**	**608.7**

Parent, SEK million	2011	2010
Accrued holiday pay	3.7	3.2
Accrued bonus salaries	12.0	11.0
Accrued social security contributions	8.7	6.2
Other items	2.3	1.5
Total accrued expenses and prepaid income	**26.7**	**21.9**

Note 33 Financial instruments and financial risk management

GROUP

Ahlsell's financial assets consist of derivative instruments, non-current receivables, trade receivables, shares and cash and cash equivalents.

Ahlsell's financial liabilities consist mainly of loans taken to finance operations and trade payables.

Financial assets and liabilities give rise to different types of risks, which are primarily managed using various derivative instruments.

Ahlsell makes use of derivatives for the following purposes:
– Converting variable rate loans to a fixed rate.
– Limiting interest rate risks in variable rate loans.
– Reducing the Group's exposure to foreign currency risk.

No derivatives are the object of hedge accounting. However, these instruments are always used to hedge an underlying exposure and not for speculative purposes.

FINANCIAL RISK MANAGEMENT

Ahlsell's financial policy for financial risk management was formulated by Ahlsell's Board and provides a framework of guidelines and rules in the form of a risk mandate for financial activities. The overall aim of Ahlsell's finance function is to ensure that the financial risks are optimised to a risk level that gives the shareholders a good return, within the framework of the risk mandate provided by the Board.

Risk management is handled by a central finance department in accordance with policies approved by the Board. The Group's finance department evaluates and hedges financial risks in close collaboration with the Group's operating units. The Board provides written principles for overall risk management, as well as for policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

International business activities involve different types of risks on a daily basis. The risks fall into two main categories: financial and commercial risks. The financial risks can be further divided into five main areas:

Refinancing risk: refers to the risk that maturing loans cannot be refinanced at maturity, or that existing loans are terminated.

*Interest rate risk:*refers to the risk that Group earnings will be adversely affected by changes in the interest rate level.

Currency risk: Risk is divided into transaction exposure and translation exposure.

Transaction exposure: refers to the risk that Group earnings will be adversely affected as a result of negative exchange rate fluctuations.

Translation exposure in foreign net assets: refers to the risk of negative equity effects when the assets and liabilities in foreign subsidiary companies are translated to Swedish kronor.

Credit risk: refers to the risk of financial loss to the Group as a result of a counterparty failing to meet its contractual obligations.

*Liquidity risk:*refers to the risk that the Group will have insufficient funds to meet its financial obligations as they fall due.

REFINANCING RISK

Ahlsell's refinancing risk is related to the financial obligations the Group has agreed with banks. The financing agreements that Ahlsell has entered into include acquisition loans, lines of credit and other loan facilities.

As at 31 December 2011, acquisition loans amounted to SEK 685 million. Other loan facilities include senior loans and a mezzanine loan. The acquisition loan and the senior loans have variable interest rates in EUR, SEK and NOK. The mezzanine loan is in EUR with a fixed interest rate. See also under Interest rate risk. The Group is obliged to maintain certain quarterly financial obligations, so-called covenants, which are linked to this financing.

The covenants by which Ahlsell must abide are:

– Consolidated EBITDA compared with net financial expenses
– Consolidated EBITDA compared with net liabilities
– Operating cash flow compared with amortisation and interest rate payments

There are specific definitions for each component and some non-recurring items are excluded from EBITDA.

Covenants as per 31/12 were complied with. Ahlsell's financing risk also depends on the Group's ability to refinance maturing loans, or pay maturing loans from its existing financial resources. The chart below shows the maturity analysis for Ahlsell's bank facilities.

At year-end, Ahlsell's borrowings, with any associated statutory limits, were as follows:follows:

Borrowing

	2011		2010	
	Total borrowing	Statutory limit	Total borrowing	Statutory limit
Acquisition loans[1]	685.0	–	1,012.6	–
Senior loan[1]	6,695.1	–	7,021.7	–
Revolving[2]	–	500.0	–	500.0
Mezzanine loan[3]	2,328.8	–	2,044.1	–
Total	**9,708.9**		**10,078.4**	

[1] Have variable interest rates and are in EUR, SEK and NOK.
[2] The revolving credit can be used for lines of credit in SEK, NOK, DKK and EUR with variable interest rates, for warranties, etc.
[3] Fixed interest loan in EUR.

The Ahlsell Group's loan maturity structure, liabilities to credit institutions, SEK millions

Maturity

	Group	
	2011	2010
2011		452.8
2012	530.8	659.9
2013	488.8	529.4
2014	2,768.2	2,781.6
2015	2,799.5	2,813.4
>2015	3,121.6	2,841.4
Total	**9,708.9**	**10,078.4**

Debts for which collateral has been pledged amount to SEK 9,834 million* (10,266). The Group's chattel mortgages, certain trade receivables and some shares of subsidiary companies serve as collateral for bank loans (Note 34).

The specification of lease assets and the current values of finance leases are presented in Note 20 Equipment, tools, fixtures and fittings and Note 18 Land and buildings.

Maturity analysis of lease payments

	Group	
SEK million	2011	2010
Within 1 year	31.3	28.6
Maturity date, 1–5 years after the balance sheet date	103.9	96.7
Maturity date, later than five years	164.2	94.0
Total	**299.4**	**219.3**

Total maturity analysis

SEK million	2011	2010
Within one year	562.1	481.4
Maturity date, 1–5 years after the balance sheet date	9,281.9	6,880.9
Maturity date, later than five years	164.2	2,935.4
Total	**10,008.3**	**10,297.7**

* The difference in amount reported in the balance sheet relates to capitalised borrowing.

INTEREST RATE RISK

Ahlsell's interest rate risk relates to the possibility of change in the interest rate level having a negative impact on Ahlsell's earnings by increasing the cost of borrowing. Interest rate risk can be offset by tying up loans and using various kinds of financial derivatives, e.g.fixed interest swaps, rate ceilings and interest rate floors.

A SEK 3,000 million fixed interest rate swap matures on 30 December 2013. This is a step-up swap which means that the rate of interest it receives gradually increases. The interest rate at the balance sheet date was 4.6%. The Group's mezzanine facility in EUR (equivalent to SEK 2,329 million) is currently at a fixed interest rate of 14%. The loan matures on 31 December 2016. Interest rate risk is managed at the Group level by Ahlsell's Finance Department based on the instruments and the standard for fixed interest rate terms adopted by the Board. The main floating rates are EURIBOR, STIBOR and NIBOR.

The impact this year on the net financial result in respect of interest rate derivatives is SEK -2.2 million (148.7). The interest floor fell due in 2011, which had a positive influence on the change in value of interest rate derivatives while fixed interest swaps had a negative impact, as market rates declined.

Given the same borrowings, hedges, short-term investments, cash and cash equivalents and the same fixed rate interest periods as at the end of the year, a change in the market rate by 100 basis points (1 percentage point) would change the interest expense by about SEK 46 million (24) and the interest income by approx SEK 19 million (19). Without hedges, a change in the market rate of 100 basis points (1 percentage point) would change the interest expense by approx SEK 76 million (82). With regard to financial investments, there is no hedging in place.

Liabilities to credit institutions and interest rate fixes, breakdown by currency before swap, SEK million

	2011			2010		
Group Currency	Liabilities to credit institutions	Holding, %	Fixed interest period, days	Liabilities to credit institutions	Holding, %	Fixed interest period, days
SEK	1,548.0	16	13	1,884.9	19	91
EUR	7,780.0	80	550	7,696.3	76	649
NOK	380.9	4	11	497.2	5	91
DKK	–	–	–	–	–	–
LVL	–	–	–	–	–	–
EEK	–	–	–	–	–	–
Total	**9,708.9**	**100**	**443**	**10,078.4**	**100**	**517**

Effective interest on the reporting date was:

	2011				2010			
	SEK	NOK	EUR	Other	SEK	NOK	EUR	Other
Bank loans	5.54	6.03	7.85	–	5.42	6.06	7.35	–
Lease liabilities	3.99	–	4.01	–	2.75	–	3.82	–

CURRENCY RISK

Ahlsell's transaction exposure is concentrated on the import of goods and lending and borrowing in foreign currencies. The financial policy specifies that future cash flows can be hedged up to twelve (12) months in advance. Transaction exposure from imports is limited. There was no hedging activity on 31 December 2011 with regard to the import of goods. As a rule, cash flow hedging activities are limited. The fact that the Group has loans in foreign currencies means it has an exposure, see above, liabilities to credit institutions broken down by currency. The Group has engaged in foreign exchange swaps to reduce exposure. Exposure in EUR has been reduced by SEK 5,810 million and has increased in SEK by the same amount, which reduces the exposure compared with the table above to SEK 74% (62), EUR 22% (33) and NOK 4% (5). These instruments are not accounted for as hedges.

Based on income and expenses in foreign currencies for 2011, a five percentage point change in the Swedish krona against other currencies, excluding currency hedges, would affect operating income by about SEK 11 million (3). The impact on net financial items, including the currency hedges which were outstanding at the year-end, of a five percentage point change would be about SEK 66 million (150).

The impact this year on the net financial result in respect of currency derivatives is SEK -68.4 million (-324.5). The negative impact during the year can be attributed to the strengthening of the Swedish krona against the euro. Exchange rate differences on loans for the year amount to SEK 30.7 million (896.2).

The impact of exchange rate effects on the net financial result amounts to SEK -37.7 million (571.7).

The Group has a number of holdings in overseas operations, whose net assets are exposed to translation risk. See table below.

The Group has a number of holdings in overseas operations, whose net assets are exposed to translation risk. See the chart below.

Exposed foreign net assets by country, SEK million

Group Currency (country)	2011			2010		
	Net assets	Hedged	Net	Net assets	Hedged	Net
EUR (Finland and Estonia)	1,120.7	–846.2	274.5	1,072.5	–830.7	241.8
DKK (Denmark)	243.8	–	243.8	226.8	–	226.8
NOK (Norway)	1,275.9	–398.8	877.1	1,337.6	–427.3	910.3
PLN (Poland)	23.6	–	23.6	24.9	–	24.9
RUB (Russia)	0.3	–	0.3	10.0	–	10.0
Total	**2,664.3**	**–1,245.0**	**1,419.3**	**2,671.8**	**–1,258.0**	**1,413.8**

Ahlsell's net assets in foreign currencies are hedged where this exposure is significant. Ahlsell hedges net assets in Norway and Finland.

As for other countries, hedge accounting is not applied.

FAIR VALUE

Calculation of fair value

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Listed market prices or dealer price quotations for similar instruments are used for non-current liabilities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps, currency swaps and interest rate caps is based on a valuation of the intermediary credit institution, the fairness of which is tested by discounting the expected cash flows under the terms of each specific contract and maturity dates and based on market rates for similar instruments on the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables is assumed to approximate to their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current

market interest rate that is available to the Group for similar financial instruments.

With regard to borrowing, there is no material difference between the carrying value and fair value, as the Group's borrowings are, for the most part, at a variable rate of interest. However, the abovementioned mezzanine facility is at a fixed interest rate and has a fair value that is SEK 422 million than the carrying amount. Nor does the Group have any other financial assets or liabilities off the balance sheet.

Fair value of financial instruments

Financial assets	2011 Carrying amount	2011 Fair amount	2010 Carrying amount	2010 Fair amount
Financial assets held for trading are measured at fair value				
Exchange rate swaps	86.2	86.2	69.6	69.6
Interest rate caps	–	–	–	–
Currency swaps	0.7	0.7	0.7	0.7
Total	**86.9**	**86.9**	**70.3**	**70.3**
Loans and receivables				
Other non-current receivables	29.9	29.9	54.3	54.3
Trade receivables	2,527.3	2,527.3	2,112.1	2,112.1
Cash & cash equivalents	1,911.8	1,911.8	1,940.9	1,940.9
Total	**4,469.0**	**4,469.0**	**4,107.3**	**4,107.3**
Available-for-sale financial assets				
Financial investments	3.4	3.4	3.6	3.6
Total	**3.4**	**3.4**	**3.6**	**3.6**

Financial liabilities	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Financial liabilities held for trading are measured at fair value				
Exchange rate swaps	47.2	47.2	60.9	60.9
Currency swaps	149.5	149.5	50.6	50.6
Interest floor and fixed interest swaps	195.7	195.7	193.4	193.4
Total	**392.4**	**392.4**	**304.9**	**304.9**
Other financial liabilities				
Liabilities to credit institutions	10,008.3	10,430.3	10,297.7	10,674.7
Trade payables	3,189.2	3,189.2	3,190.0	3,190.0
Total	**13,197.5**	**13,619.5**	**13,487.7**	**13,864.7**

Level 2 according to IFRS 7 has been used to determine the fair value of financial instruments whose fair value is recognised in the Income Statement.

Cash & cash equivalents

SEK million	2011	2010
The following components are included in cash & cash equivalents		
Cash on hand and deposits held with banks	780.1	867.8
Short-term investments, comparable with cash and cash equivalents	1,131.7	1,073.2
Total cash and cash equivalents	**1,911.8**	**1,940.9**

Short-term investments have been classified as cash and cash equivalents based on the fact that:

– They are subject to an insignificant risk of changes in value
—They can easily be converted into cash
—They have a short maturity

CREDIT RISK

Credit risk is managed at group level. Credit risk arises through cash and cash equivalents, derivative instruments and deposits with banks and financial institutions and through credit exposures to customers, including outstanding receivables. Only banks and financial institutions that have been given credit rating "A", the lowest rating, by independent valuers are accepted. Ahlsell's credit policy stipulates guidelines for sales to be made to customers with appropriate credit backgrounds and that credit-related decisions are taken by people with the right authority. Credit assessments of all of Ahlsell's clients are conducted by credit departments at country level. Compliance with the credit policy is monitored by each country's credit department. Ahlsell's commerce system incorporates support functions that help them to keep track of who has the right to grant what, by constantly monitoring authorisations and approvals.

Individual risk limits are determined on the basis of internal or external credit assessments in compliance with the limits set by the Board. Credit limit utilisation is reviewed at regular intervals. Ahlsell's maximum credit risk exposure is the carrying value of the Company's financial assets. Ahlsell's total credit risk is also monitored by a special database application that enables the analysis of the total accounts receivable balance down to the lowest level.

Also see Note 27 Trade receivables.

LIQUIDITY RISK

The sound management of liquidity risk involves maintaining sufficient cash and cash equivalents and saleable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close market positions. Due to the dynamic nature of the underlying business, the Group's finance department aims to maintain flexibility in funding by keeping committed cancellable credits.

The table below summarises maturity of the Group's trade payables.

Maturity profile trade payables

Group	2011	2010
Not overdue	2,517.5	2,612.7
Within one month	633.2	573.3
Longer than one month but no longer than three months	23.3	14.4
Longer than three months	15.2	-10.4
Total	**3,189.2**	**3,190.0**

PARENT COMPANY

Ahlsell AB (publ) has financial assets and financial liabilities to Group companies. See Note 23 and Note 39 Related Party Disclosures. Ahlsell AB (publ) also has SEK 0.7 million (0.7) in financial investments.

Foreign exchange rates used in the financial reporting

Currency	2011 Average rate	2011 Closing rate	2010 Average rate	2010 Closing rate
EUR	9.034	8.945	9.541	9.002
NOK	1.159	1.150	1.192	1.152
DKK	1.213	1.203	1.281	1.208
EEK	–	–	0.610	0.576
PLN	2.197	2.031	2.391	2.270
LVL	12.791	12.789	13.464	12.680
RUB	0.221	0.215	0.237	0.223

Note 34 Contingent liabilities and pledged assets

Group, SEK million	2011	2010
Contingent liabilities	None	None
Pledged assets		
Chattel mortgages	5,571.1	5,724.9
Real estate mortgages	5.7	5.8
Shares in subsidiaries	neg	neg
Trade receivables	1,453.0	1,124.2
Total pledged assets	**7,029.8**	**6,854.9**

The shares in Nybrojarl New 3 AB (corp. ID 556715-7861) and shares in subsidiary companies have been pledged as security for external borrowing. The consolidated value of the Nybrojarl New 3 Group is negative.

Note 35 Interest received/paid

Group, SEK million	2011	2010
Interest received	45.0	25.3
Interest paid	–471.6	–572.4

Note 36 Adjustments for non-cash items, etc.

Group, SEK million	2011	2010
Depreciation and impairment of assets	439.1	481.6
Capitalised and accrued interests	377.2	310.5
Unrealised exchange differences	–37.3	–880.7
Fair value changes due to revaluation of interest rate and exchange rate derivatives	70.6	228.6
Proceeds from sale of non-current assets	6.6	–4.3
Proceeds from sale of subsidiaries/ business	–12.6	–
Provisions for pensions	–4.1	40.1
Profit/loss from discontinued operations	–	0.1
Other provisions	–92.7	–7.3
Other items with no effect on liquidity	26.7	18.1
Total	**773.5**	**186.7**

Parent, SEK million	2011	2010
Capitalised interest	–1,022.0	–875.0
Total	**–1,022.0**	**–875.0**

Non-operating cash flow items

Group, SEK million	2011	2010
Depreciation and impairment of assets	439.1	481.6
Proceeds from sale of non-current assets	6.6	–4.3
Proceeds from sale of subsidiaries/ business	–12.6	–
Provisions for pensions	–4.1	40.1
Other provisions	–92.7	–7.3
Financial leasing*	–47.0	–42.1
Total	**289.3**	**468.0**

* Included in Other items with no effect on liquidity above. Comparison year adjusted.

Note 37 Acquisition of business

ACQUISITION 2011

In March, Ahlsell Sverige AB acquired Cento Kullager i Norrköping AB with activities in Norrköping and Linköping. Cento is a dealer in ball bearings, transmission equipment and industrial necessities. The company has annual sales of just over SEK 10 million.

NEA Elmateriel AB was acquired in early September. NEA Elmateriel AB is an electrical wholesaler with annual sales of about SEK 850 million with outlets at some 40 locations throughout Sweden. Its customers are mainly industrial companies.

In October the company acquired Elgross´n i Norr AB. Elgross´n i Norr AB is a local electrical wholesaler which sells a broad range of electrical articles within automation, lighting and installation. Annual sales amount to approx SEK 20 million.

Trions AB was acquired at the beginning of December. Trions is a local wholesaler which sells a broad range of mainly water and wastewater and plumbing articles. The company's annual sales amount to approx SEK 35 million.

Two minor acquisitions were also made during the year: RWS Maskin & elektronik AB in Sävsjö and Maskin & Gummibolaget i Katrineholm AB.

Group, SEK million Company	Country	Date of acquisition	Share of capital, %
Cento Kullager i Norrköping AB	Sweden	2011-03-01	100
RWS Maskin & elektronik AB (acquisition of assets)	Sweden	2011-08-01	100
Maskin & Gummibolaget i Katrineholm AB (acquisition of assets)	Sweden	2011-09-01	100
NEA Elmaterial AB	Sweden	2011-09-07	100
Elgross`n i Norr AB	Sweden	2011-10-03	100
Trions AB	Sweden	2011-12-01	100
Total acquisitions			
Purchase price per segment			
Sweden			280.1
Norway			–
Finland			–
Denmark			–
Total purchase price			**280.1**

The following is information on acquired net assets and goodwill: Goodwill is attributable to key synergies that are expected to arise after the Group has acquired the operations.

The assets and liabilities that were included in the acquisitions are:	Carrying amount before the acquisition	Fair value adjustment	Carrying amount reported in the consolidated statement
Cash & cash equivalents	2.4	–	2.4
Property, plant & equipment	33.2	–	33.2
Customer relationships	–	55.0	55.0
Inventories	131.8	–28.0	103.8
Receivables	126.2	–	126.2
Liabilities	–232.3	–12.6	–244.9
Net assets	**61.3**	**14.4**	**75.7**
Acquired net assets			**75.7**
Consolidated goodwill			204.4
Consideration given			–280.1
Less cash and cash equivalents in companies acquired			2.4
Effect on the Group's cash and cash equivalents			**–277.7**

Since the acquired operations were integrated into Ahlsell's existing operations immediately after the acquisition, it is not possible to make disclosures about how much the acquired companies have contributed to consolidated turnover and earnings.

If all acquisitions during 2011 had been made on 1 January, turnover would have been approximately SEK 585 million higher and EBITA would have been approximately SEK 15 million lower.

Business combinations in the previous year

Group, SEK million Company	Country	Date of acquisition	Share of capital, %
Solar Suomi Oy (acquisition of assets)	Finland	2010-01-18	100
Wallgren & Eriksson Bygg & Industri AB	Sweden	2010-05-10	100
Total acquisitions			

Purchase price per segment	
Sweden	20.8
Norway	–
Finland	28.3
Denmark	–
Total purchase price	**49.1**

The following is information on acquired net assets and goodwill: Goodwill is attributable to key synergies that are expected to arise after the Group has acquired the operations.

The assets and liabilities that were included in the acquisitions are:	Carrying amount before the acquisition	Fair value adjustment	Carrying amount reported in the consolidated statement
Cash & cash equivalents	9.1	–	9.1
Property, plant & equipment	0.3	–	0.3
Inventories	27.9	–2.0	25.9
Receivables	3.3	–	3.3
Liabilities	–2.9	–	–2.9
Deferred tax liabilities, net	–2.1	0.5	–1.6
Net assets	**35.6**	**–1.5**	**34.1**
Acquired net assets			**34.1**
Consolidated goodwill			15.0
Consideration given			–49.1
Less cash and cash equivalents in companies acquired			9.1
Effect on the Group's cash and cash equivalents			**–40.0**

Since the acquired operations were integrated into Ahlsell's existing operations immediately after the acquisition, it is not possible to make disclosures about how much the acquired companies have contributed to consolidated turnover and earnings.

If all acquisitions during 2010 had been made on 1 January, turnover would have been approximately SEK 11 million higher and EBITA would have been approximately SEK 2 million lower.

Note 38 Disposal of assets and business

DISPOSALS IN 2011

Group, SEK million	
Assets and liabilities divested:	
Intangible assets	42.8
Property, plant & equipment	0.5
Inventories	136.8
Current receivables	54.9
Trade payables	–27.5
Deferred tax liabilities, net	–5.2
Other liabilities	–102.3
Cash and cash equivalents in divested operations	**3.6**
Purchase price received	**116.2**
Effect on cash and cash equivalents	**112.6**

Refers to the sale of the Norwegian subsidiary Ahlsell Oil & Gas AS.

DISPOSALS IN 2010

No divestments were made in 2010

Note 39 Disclosures about Related Parties

GROUP

Ahlsell AB (publ), corp. ID 556715-7820, with registered office in Stockholm, is 95.85% owned by Nybrojarl New 1 AB corp. ID 556715-7812, with registered office in Stockholm, which prepares consolidated financial statements for the highest Group in Sweden. The remaining 4.15% is owned by senior executives of the Ahlsell Group. Nybrojarl New 1 AB is owned by the Luxembourg-based company Alchemy Holding S.á.r.l, which in turn is owned by Goldman Sachs Capital Partners and Cinven.

In 2011, the Ahlsell AB (publ) Group was invoiced a total of SEK 4.8 million (5.0) in management fees by Goldman Sachs Capital Partners and Cinven.

Information about personnel expenses and remuneration of senior executives can be found in Note 3 Personnel.

The Group has a receivable of SEK 27.9 million (23.7) from Nybrojarl New 1 AB.

PARENT

Ahlsell AB (publ) has non-current receivables with other Group companies amounting to SEK 7,126.4 million (6,105.1).

See Note 23. In addition, the Company has current receivables with Group companies amounting to 0.9 SEK million (7.9).

The Company has a non-current liability to its subsidiary Ahlsell Sverige AB of SEK 1,515.4 million (1,430.7).

The Company has a related party relationship with its subsidiaries. See Note 22.

Note 40 Important accounting estimates and assumptions

The Group's estimates and assumptions are reviewed periodically and are based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing circumstances.

Significant accounting estimates and judgements
The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Customer relationships
A number of parameters have been used to determine the value of customer relationships. These include WACC, assumptions about growth, loss of existing customers and discount rates. Changes to these parameters would have an impact on the size of the customer relationships.

Goodwill and trademark impairment testing
Each year, the Group assesses whether or not a potential impairment exists for goodwill and trademarks, according to the accounting principles described above. The recoverable amount for cash-generating units has been determined by calculating their value-in-use. Recoverable amounts for trademarks have been determined under the relief-from-royalty method. Certain estimates have to be made for these calculations. See Note 15 and Note 17).

With regards to goodwill, the Group believes that a reasonable change in the key assumptions used in the calculation of recoverable amounts for goodwill, for example, gross margins and discount rates, would not cause the total carrying amount of goodwill attributable to each geographic area to exceed the goodwill's recoverable amount for each geographic area.

With regards to trademarks with an indefinite useful life (the Ahlsell trademark), the Group believes that a reasonable change in the key assumptions used in the calculation of the recoverable amount, for example, future sales growth, royalty rates and discount rates, would not cause the carrying amount for the Ahlsell trademark to exceed its recoverable amount.

Income taxes
The Group is required to pay tax in each country. Significant judgement is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises the liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provisions in the period to which such determination is made.

Deferred income tax is calculated on the basis of the temporary differences between the carrying amount of assets and liabilities and their taxable amount. There are mainly two types of assumptions and judgements that affect the recognised deferred tax. These are assumptions and judgements that are used to establish the carrying amounts of assets and liabilities, as well as those relating to future taxable profits. At 31 December 2011, deferred tax assets amounted to SEK 419 million (340), based on the assumptions of future taxable profits. Significant assessments and assumptions are also undertaken in respect of the reporting of provisions and contingent liabilities relating to tax risks.

Note 41 Disclosures about the company

Ahlsell AB (publ), corp. ID 556715-7820 (registered in Sweden with registered office in Stockholm) is 95.85% owned by Nybrojarl New 1 AB, corp. ID 556715-7812 (registered office in Stockholm). The remaining 4.15% is owned by senior executives of the Ahlsell Group. The Group Ahlsell AB (publ)'s address is Liljeholmsvägen 30, 117 98 Stockholm, Sweden. Ahlsell offers professional users a a wide range of goods and peripheral services within the product areas of Heating and Plumbing, Electrical, Tools and Machinery, Refrigeration and DIY. Ahlsell has business operations in Sweden, Finland, Norway, Denmark, Estonia, Russia and Poland.

Stockholm, 21 February 2012

Rolf Börjesson *Chairman*	Göran Näsholm *CEO*
Guy Davison *Member of the Board*	Caroline Sundewall *Member of the Board*
Steven Sher *Member of the Board*	Matthias Hieber *Member of the Board*
Supraj Rajagopalan *Member of the Board*	Glenn Edlund *Employee representative*
Fredrik Nilsson *Employee representative*	

Our auditors' report was submitted on 28 February 2012.

KPMG AB

Thomas Thiel
Authorised Public Accountant