

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 2009

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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, refrigeration and DIY. 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 also 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

The economic downturn that began in the second half of 2008 continued throughout 2009 and had an impact on the construction and industrial sectors' interest in investment in all the markets where Ahlsell operates. Ahlsell's sales have developed in line with the market and the company has retained its market position despite declining volumes. Ahlsell AB (publ) consolidated sales amounted to SEK 18,985 (21,979) million. EBITA before restructuring costs amounted to SEK 1,189 (1,472) million. The operating profit, to which restructuring costs of SEK 102 (187) million have been charged, totalled SEK 740 (907) million, which corresponds to an operating margin of 3.9% (4.1%). The Group's slightly lower operating

margin in 2009 is fully attributable to the market-related volume decline. Margin developments and cost reductions had a positive impact on consolidated results.

The Group's net financial items totalled SEK -780 (-1,646) million, equivalent to an average interest rate cost of just under 8% (9%). The decline in net financial items is primarily attributable to the lower interest rates and effects of exchange rate movements. Loss for the year totalled SEK -59 (-740) million and comprehensive income for the year totalled SEK 41 (-717) million.

Net sales from operations in Sweden totalled SEK 10,022 (11,578) million with EBITA of SEK 884 (1,095) million. The operating profit was SEK 661 (831) million. During the year, operations have focused on a reduction of costs, largely through downsizing of personnel to reflect lower sales volumes.

Net sales from operations in Norway totalled SEK 5,498 (6,350) million with EBITA of SEK 167 (70) million. The operating profit was SEK 112 (18) million. Restructuring costs of SEK 79 (89) million have been charged to EBITA and the operating profit. Pension agreements in Norway were renegotiated during the year and resulted in a move from defined benefit to defined contribution schemes. This had a favourable impact of SEK 117 million on results. Despite the recession and negative trend in sales, the Norwegian operations reported improved performance over the previous year. This has been achieved through margin improvements and cost savings.

Net sales from operations in Finland, which also includes the operations in Russia and Estonia, totalled SEK 3,059 (3,513) million with EBITA of SEK 94 (217) million. The operating profit was SEK 35 (164) million. The Finnish market has been hit the hardest by the economic downturn which has forced

down prices in the market. This has contributed to the negative development of Ahlsell's performance even if it has been compensated in part by reduced costs.

The business area Denmark, including operations in Poland, reported sales of SEK 591 (908) million with EBITA of SEK 0 (-52) million for the financial year. The operating profit was SEK -11 (-61) million. Restructuring costs of SEK 21 (62) million have been charged to EBITA and the operating profit for 2009. These costs are attributable to the closure of the Heating & Plumbing and Electrical product areas which had been operating at a loss. In the second quarter of 2009, Danish operations turned their focus to the profitable product areas of Refrigeration and DIY.

Market trends in 2009

As we entered 2009, the economy was still in the relatively deep recession that had begun in the second half of 2008. The Group reported negative growth of 17% in the first six months, which affected Ahlsell's operations in all markets. The Finnish market segment experienced the weakest development. The Swedish market has not suffered as badly from the economic downturn as Ahlsell's other market segments. There were some signs of stabilisation in the economy as the year progressed, particularly in the markets where the downturn has been most keenly felt.

Investments

In 2009, gross fixed investment in property, plant and equipment totalled SEK 83 (116) million. Of this total, SEK 35 (40) million was accounted for by financial leasing. The investment during the year was mainly in logistics and IT-related activities. In 2009, depreciation of property, plant and equipment was SEK 114 (123) million.

Financing

The Ahlsell Group's financing is primarily through three credit facilities managed by Nordea Bank AB (publ): a Senior Facility of SEK 8,581 million and a Mezzanine Credit Facility of SEK 2,050 million. Ahlsell also has an Acquisition Credit Facility and, on the balance sheet date, SEK 1,128 million had been drawn under this facility. The Group's financing also includes SEK 385 million in lines of credit.

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

Significant events during 2009

Personnel reductions

As a consequence of the recession, the Group made an early decision to align its costs to the new market conditions. As personnel costs account for the largest portion of expenditure, a process was initiated to reduce the number of employees in the organisation. On 31 December 2009, the Group had 4,264 employees. This is a reduction of 700 personnel or 15% less compared with the same date the previous year.

Closure of the Danish Electrical and Heating & Plumbing operations

Ahlsell established its position in the Danish Electrical and Heating & Plumbing market in 1999. Operations have been struggling with poor profitability from the outset. This was aggravated by the market recession that began in the last quarter of 2008. Ahlsell therefore decided to wind down its operations and close the eight stores in the Zealand region. The decision does not affect Ahlsell's Refrigeration and DIY operations in Denmark which continue to develop and show satisfactory profitability.

Renegotiation of the financial covenants

The economic downturn that had a serious impact on Ahlsell's business areas in early 2009 created great uncertainty about future market developments. Although the company had a strong position and satisfactory financial results at that time, it took the decision, given the uncertainty in the market, to initiate dialogues with the lending bank syndicate to renegotiate its financial covenants to secure the company's position in the event of a prolonged market slump. This process was successfully concluded in the summer of 2009 and resulted in greater financial scope for the company over the coming years.

Financial risks

In the course of its operations, the Ahlsell Group is exposed to different types of financial risks. Financial risk is the risk of fluctuations in earnings and cash flows as a result of changes in 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 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 the recalculation 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. 18 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 is 34 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 by about SEK 21 million. The fixed rate interest period for Ahlsell's three facilities was 17 months on 31 December 2009.

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 in 2009 went to the building sector. The trend for new construction projects reacts, with some delay, to the general economy and has been very negative throughout the year, while service and maintenance and the RMI sectors have been less affected by the economic downturn.

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 centralised warehouse and distribution system Astro. We also provide 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 periods of down-time in business-critical information systems can eventually cause goods delivery problems or limit our ability to receive orders or invoice customers. Ahlsell was not affected by any serious disruptions in availability in its Groupwide business-critical IT systems in 2009.

Warehousing and distribution

Ahlsell relies on a number of main warehouse facilities and distribution centres, including central warehouses in Hallsberg (Sweden) 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 2009 was 4,358 (5,055). The number of employees in the Group on 31 December 2009 was 4,264 (4,990).

Environment

Ahlsell's activities at its central warehouse in Sweden are subject to statutory reporting as it handles 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, chemical products and biotechnical organisms. 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 environ-

mental 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

A general decline in the economy during 2009 and a global financial crisis that further weakened market conditions resulted in low levels of activity in the construction and industrial sectors in all of Ahlsell's geographic markets throughout 2009.

There is still considerable uncertainty in the market and it is expected that activities in the industry and construction sectors, and the economy in general, will remain slow during the early part of 2010.

Events after the reporting period

Acquisition of complementary operations in Finland

In the fourth quarter of 2009, Ahlsell signed a Letter of Intent with the Danish listed Group of companies, Solar A/S, for the acquisition of Solar's Finnish operations. The operations have sales of just under SEK 200 million, operate in seven locations and employ about 50 workers. This acquisition strengthens Ahlsell's presence and competitive advantage by adding further volumes to its already existing operations in the electrical area in Finland. The deal was concluded with the take-over of the operations on 18 January 2010.

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 16.5 (9.5) million. At the year-end the company had eight employees.

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

Proposed appropriation of profit

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

Share premium reserve	3,507,415,965
Retained earnings	263,972,254
Profit for the year	479,187,894
Total	4,250,576,113

The Board of Directors and CEO propose that the available profits of SEK 4,250,576,113 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	2009	2008
Net sales	2	18,984.8	21,978.5
Cost of goods sold		-14,253.9	-16,560.7
Gross profit		4,730.9	5,417.8
Selling expenses		-3,487.5	-3,928.7
Administration expenses		-519.7	-612.7
Other operating income	4	17.9	36.5
Other operating costs	5	-1.4	-6.0
Operating profit	2,3,6,7,8,9	740.2	906.9
Finance income	10	424.3	830.0
Finance costs	11	-1,204.2	-2,476.4
Net finance income/expense		-779.9	-1,646.4
Profit before tax		-39.7	-739.5
Income tax	12	-25.7	267.8
Profit for the year from continuing operations		-65.4	-471.7
Net loss from discontinued operations after tax	2,3,6,13	6.9	-268.3
Profit for the year		-58.5	-740.0
Profit for the year attributable to Owners of the parent		-58.5	-740.0

Consolidated Statement of Comprehensive Income

SEK million	Note	2009	2008
Profit for the year		-58.5	-740.0
Changes in hedging reserve during the year	29	-	-33.1
Translation differences for the year	29	154.2	39.6
Tax attributable to items recognised in other comprehensive income	29	-54.6	16.6
Comprehensive income for the year		41.1	-716.9
Profit for the year attributable to owners of the parent		41.1	-716.9

Consolidated Statement of Cash Flows

SEK million	Note	2009	2008
OPERATING ACTIVITIES			
Profit before tax		-39.7	-739.5
Profit before tax from discontinued operations		6.9	-274.1
Adjustment for non-cash items	36	392.7	1,657.5
		359.9	643.9
Income tax paid		116.1	-30.8
Cash flow from operating activities before changes in working capital		476.0	613.1
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in inventories		478.6	144.0
Changes in operating receivables		450.7	496.7
Changes in operating liabilities		-259.3	-467.4
Cash flow from operating activities		1,146.0	786.4
INVESTING ACTIVITIES			
Acquisition of operations	37	-	-15.7
Sale of operations	38	-	29.6
Investment in intangible fixed assets		-179	-12.5
Investment in tangible fixed assets		-479	-75.7
Sale of property, plant and equipment		10.2	34.2
Investment in financial assets		-	-68.3
Sale of interest-bearing receivables		0.9	0.3
Cash flow from investing activities		-54.7	-108.1
FINANCING ACTIVITIES			
Disposal of derivatives		59.5	-
Proceeds from borrowings (and capitalised bank fees)		-91.6	-
Repayment of borrowings		-933.4	-276.5
Cash flow from financing activities		-965.5	-276.5
Cash flow for the year		125.8	401.8
Cash and cash equivalents recognised as assets held for sale		-	-9.8
Cash & cash equivalents at beginning of year		1,425.7	1,040.6
Exchange differences		33.9	-6.9
Cash & cash equivalents at end of year		1,585.4	1,425.7
Undrawn credit lines	33	385.0	373.9
Available cash and cash equivalents including undrawn credit lines at end of year		1,970.4	1,799.6

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	2009	2008
Operating profit		740.2	906.9
Adjustments for non-cash items	36	302.5	643.2
Operating cash flow before working capital changes		1,042.7	1,550.1
OPERATING CASH FLOW AFTER WORKING CAPITAL CHANGES			
Changes in inventories		478.6	144.0
Changes in operating receivables		450.7	496.7
Changes in operating liabilities		-259.3	-467.4
Operating cash flow before investments		1,712.7	1,723.4
Investment in intangible fixed assets		-17.9	-12.5
Investment in tangible fixed assets		-47.9	-75.7
Sale of property, plant and equipment		10.2	34.2
Cash flow from operating investments		-55.6	-54.0
Operating cash flow after investments		1,657.1	1,669.4

Cash flow reconciliation

The consolidated operating statement of cash flows 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 investing 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	2009	2008
Operating cash flow before investments	1,712.7	1,723.4
Financial income (according to Income Statement)	424.3	830.0
Financial expenses (according to Income Statement)	-1,204.2	-2,476.4
Loss before tax from discontinuing operations (from note 13)	6.9	-274.1
Paid tax (according to Cash Flow Statement)	116.1	-30.8
Difference in adjustment of non-cash flow items	90.2	1,014.3
Cash flow from the current operations	1,146.0	786.4
Cash flow from operating investments	-55.6	-54.0
Acquisition of operations and minority interests	-	-15.7
Divestment of operations	-	29.6
Investment in financial assets	-	-68.3
Sale of interest-bearing receivables	0.9	0.3
Cash flow from investment activities	-54.7	-108.1
Cash flow from financing activities	-965.5	-276.5
Cash flow for the year	125.8	401.8

Consolidated Balance Sheet

SEK million	Note	2009	2008
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible assets</i>			
Customer relations	14	3,760.7	4,036.9
Trademark	15	2,400.0	2,400.0
Other intangible assets	16	90.7	101.9
Goodwill	17	4,326.0	4,302.7
Total intangible assets		10,577.4	10,841.5
<i>Property, plant & equipment</i>			
Land and buildings	18	340.6	355.2
Machinery and other technical facilities	19	42.1	50.9
Equipment, tools, fixtures and fittings	20	220.0	251.0
Construction in progress and advances for property, plant and equipment		-	13.7
Total property, plant and equipment		602.7	670.8
<i>Financial assets</i>			
Financial investments	21	4.0	4.4
Derivative instruments	33	268.3	821.0
Other non-current receivables	25	95.3	36.3
Total financial assets		367.6	861.7
Deferred tax assets	24	4.2	2.8
Total non-current assets		11,551.9	12,376.8
CURRENT ASSETS			
<i>Inventories</i>			
Finished goods and goods for resale	26	2,749.3	3,149.3
Total inventories		2,749.3	3,149.3
<i>Current receivables</i>			
Trade receivables	27	2,071.9	2,238.9
Derivative instruments	33	318.7	1.1
Tax receivables		20.0	145.2
Other receivables		27.6	51.0
Prepaid expenses and accrued income	28	705.5	844.5
Total current receivables		3,143.7	3,280.7
Cash & cash equivalents		1,585.4	1,425.7
Assets held for sale	13	3.1	50.1
Total current assets		7,481.5	7,905.8
TOTAL ASSETS		19,033.4	20,282.6

SEK million	Note	2009	2008
EQUITY AND LIABILITIES			
EQUITY			
	29		
Share capital		547.4	547.4
Contributed equity		4,698.8	4,144.6
Reserves		235.5	135.9
Retained earnings, including profit for the year		-3,330.0	-2,863.0
Equity attributable to owners of parent company		2,151.7	1,964.9
Minority interests		-	-
Total equity		2,151.7	1,964.9
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	33	11,567.3	12,627.4
Pension provisions	30	69.8	138.4
Other non-current provisions	31	111.1	76.6
Deferred tax liabilities	24	1,155.7	1,225.8
Other non-interest-bearing liabilities		13.4	17.4
Derivative instruments	33	342.2	300.8
Total non-current liabilities		13,259.5	14,386.4
CURRENT LIABILITIES			
Liabilities to credit institutions	33	180.6	275.9
Advances from customers		6.4	6.3
Trade payables		2,656.1	2,745.5
Derivative instruments	33	-	1.6
Current tax liabilities		3.8	9.1
Other current provisions	31	59.3	126.1
Other current non-interest-bearing liabilities		154.1	181.2
Accrued expenses and prepaid income	32	561.1	535.5
Liabilities attributable to assets held for sale	13	0.8	50.1
Total current liabilities		3,622.2	3,931.3
TOTAL EQUITY AND LIABILITIES		19,033.4	20,282.6

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

Consolidated Statement of Changes in Shareholders' Equity

SEK million	Note	Equity attributable to shareholders						Total equity
		Share capital	Contributed equity	Reserves	Retained earnings including profit for the year	Total	Minority interests	
Opening balance on 1 January 2008		547.4	4,144.6	112.8	-2,123.0	2,681.8	-	2,681.8
Comprehensive income for the year	29	-	-	23.1	-740.0	-716.9	-	-716.9
Closing balance on 31 December 2008		547.4	4,144.6	135.9	-2,863.0	1,964.9	-	1,964.9
Opening balance on 1 January 2009		547.4	4,144.6	135.9	-2,863.0	1,964.9	-	1,964.9
Comprehensive income for the year	29	-	-	99.6	-58.5	41.1	-	41.1
Total recognised income and expenses		-	-	99.6	-58.5	41.1	-	41.1
Shareholder contributions		-	554.2	-	-	554.2	-	554.2
Group contributions received		-	-	-	-554.2	-554.2	-	-554.2
Shareholder transaction taxes		-	-	-	145.8	145.8	-	145.8
Total shareholder transactions		-	554.2	-	-408.4	145.8	-	145.8
Closing balance on 31 December 2009		547.4	4,698.8	235.5	-3,330.0	2,151.8	-	2,151.8

Parent Company Income Statement

SEK million	Note	2009	2008
Net sales		16.5	9.5
Gross profit		16.5	9.5
Administrative expenses	9	-42.0	-31.2
Operating profit		-25.5	-21.7
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest and similar income	10	749.6	645.2
Interest and similar expenses	11	-11.2	-23.4
Profit after financial items		712.9	600.1
Tax on profit for the year	12	-233.7	-168.2
Profit for the year		479.2	431.9

Parent Company Statement of Comprehensive Income

SEK million	Note	2009	2008
Profit for the year		479.2	431.9
Group contributions to subsidiaries		-714.5	-600.6
Tax attributable to items recognised in other comprehensive income		187.9	168.1
Comprehensive income for the year		-47.4	-0.6
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		-47.4	-0.6

Also see note 29, Equity.

Parent Company Cash Flow Statement

SEK million	Note	2009	2008
OPERATING ACTIVITIES			
Profit before tax		712.9	600.1
Adjustment for non-cash items	36	-749.5	-
		-36.6	600.1
Income tax paid			
		-	-3.3
Cash flow from operating activities before changes in working capital		-36.6	596.8
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in operating receivables		1.6	15.7
Changes in operating liabilities		9.3	-531.6
Cash flow from operating activities		-25.7	80.9
INVESTING ACTIVITIES			
Investments in interest-bearing receivables		-0.7	-81.8
Cash flow from investing activities		-0.7	-81.8
FINANCING ACTIVITIES			
Proceeds from borrowings		26.4	-
Repayment of borrowings		-	-1.5
Cash flow from financing activities		26.4	-1.5
Cash flow for the year		-	-2.4
Cash & cash equivalents at beginning of year			
		-	2.4
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	2009	2008
ASSETS			
NON-CURRENT ASSETS			
<i>Financial assets</i>			
Shares in subsidiaries	22	850.7	850.7
Financial investments		0.7	–
Receivables from Group companies	23	5,230.1	4,480.6
Total financial assets		6,081.5	5,331.3
Deferred tax asset	24	100.0	
Total non-current assets		6,181.5	5,331.3
CURRENT ASSETS			
<i>Current receivables</i>			
Receivables Group companies		0.6	3.1
Other receivables		0.9	1.0
Prepayments and accrued income	28	1.2	0.2
Total current receivables		2.7	4.3
Cash and bank balances		–	–
Total current assets		2.7	4.3
TOTAL ASSETS		6,184.2	5,335.6
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital (5,473,741 shares)	29	547.4	547.4
<i>Unrestricted equity</i>			
Share premium reserve		3,507.4	3,507.4
Retained earnings		264.0	212.9
Profit for the year		479.2	431.9
Total equity		4,798.0	4,699.6
NON-CURRENT LIABILITIES			
Liabilities to Group companies	23	652.5	–
Total non-current liabilities		652.5	–
CURRENT LIABILITIES			
Liabilities to Group companies		714.5	626.1
Other non-interest-bearing liabilities		10.2	1.4
Deferred income and accruals		9.0	8.5
Total current liabilities		733.7	636.0
TOTAL EQUITY AND LIABILITIES		6,184.2	5,335.6
PARENT COMPANY PLEDGED ASSETS AND CONTINGENT LIABILITIES			
PLEDGED ASSETS			
– Shares		850.7	850.7
– Intra-group receivables		5,230.1	4,480.6
Contingent liabilities		None	None

Parent Company Statement of Changes in Shareholders' Equity

SEK million	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings/ profit for the year		
Opening balance on 1 January 2008	547.4	3,507.4	645.4		4,700.2
Comprehensive income	–	–	–0.6		–0.6
Closing balance on 31 December 2008	547.4	3,507.4	644.8		4,699.6
Opening balance on 1 January 2009	547.4	3,507.4	644.8		4,699.6
Comprehensive income	–	–	–47.4		–47.4
Total recognised income and expenses	–	–	–47.4		–47.4
Shareholder contributions	–	–	554.2		554.2
Group contributions received	–	–	–554.2		–554.2
Shareholder transaction taxes	–	–	145.8		145.8
Total shareholder transactions	–	–	145.8		145.8
Closing balance on 31 December 2009	547.4	3,507.4	743.2		4,798.0

Also see note 29, Equity.

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 26 March 2010. 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 21 April 2010.

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 1.2 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. Accounting policies adopted 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.

Non-current assets and 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 2009:

IAS 1 Presentation of Financial Statements. This amendment requires income and expenses previously recognised directly in equity now to be recognised in other comprehensive income, disclosed in a separate Comprehensive Income Statement. As these amendments only affect the presentation, no amounts have been changed. Adopted on 1 January 2009.

IFRS 8 Operating segments. This replaces IAS 14 Segment reporting. IFRS 8 introduces a management approach to identifying operating segments and how their performance should be reported. The adoption of IFRS 8 by the Group did not result in any changes to the division of segments

as the segments identified in accordance with IAS 14 are in line with those being followed up by the Group management. The company will continue to adopt the same accounting policies in the operating segments as in the consolidated financial statements, i.e. IFRS.

Amendments to IFRS 7 Financial instruments: Disclosures adopted on 1 January 2009 is effective for the company's financial reporting periods beginning with the annual financial statements for 2009. The amendments primarily require enhanced disclosures about financial instruments measured at fair value in the balance sheet. The amendment to IFRS 7 also requires some changes in liquidity risk disclosure. The transition provisions of the amendments to IFRS 7 do not require an entity to provide comparative information for these new disclosures in the first year of application.

Amendments to IAS 23 Borrowing costs: requires borrowing costs which are directly attributable to purchase, construction or production of assets that take a long time before they are ready for use or sale to be capitalised. This amendment is effective as from 1 January 2009.

Information about IFRS standards or interpretations that are not yet effective.

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements: requires changes in consolidated financial statements and acquisition accounting. The revised standards are effective for accounting periods beginning on or after 1 January 2010. The changes will only have forward looking effects for 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 all the entities over which the Group has the right to decide on the financial and operating strategies in a manner that generally accompanies a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are included in assessments about whether the Group exercises a controlling influence over another company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is determined as the fair value of the assets given as consideration, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs incidental to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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.

(b) Transactions with minority interests

The Group reports changes in ownership after the controlling influence has been transferred (which does not mean it loses the controlling influence) as ownership transactions. This means that if a purchase price for the acquisition of minority interests exceeds or falls below the acquired share of the subsidiary's reported net assets, the difference in the amount is reported in other comprehensive income. If the purchase price for the sale of holdings to minority shareholders differs from the carrying value of the share of the net assets sold, the difference in the amount is reported directly in other comprehensive income.

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 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:

- assets and liabilities of each foreign operation are translated at the rates of exchange prevailing at the balance sheet;
- 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
- 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 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 of 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) Trademarks

Trademarks 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. Trademarks 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.

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 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.

Research costs are recognised as expenses as incurred.

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 classified as held for trading unless they are designated as hedges.

(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 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 exchange rate prevailing 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 to 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 2009 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.

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 outstand-

ing 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 Other paid-in capital 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 at 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 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 2.2 Accounting for Legal Entities. In addition, the Swedish Financial Reporting Board's statements concerning public limited liability companies also apply. RFR 2.2 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 of 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 less any impairment.

Financial instruments

Following amendments to rules in the Swedish Financial Reporting Board's recommendation RFR 2.2 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 obligation 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 recognises Group contributions and shareholder contributions in accordance with Statement UFR 2 issued by the Swedish Financial Reporting Board. Shareholder contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required. Group contributions are reported in accordance with financial substance. This means Group contributions aimed at minimising the Group's total tax are recognised directly in retained earnings, net of the current tax effect of the transaction.

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 as 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 52 (51) percent of the Group's external net sales in 2009. Sales in Sweden totalled SEK 10,022 million (11,578). At year-end, Ahlsell had about 90 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 Heating & Plumbing, Electrical, Refrigeration and DIY product areas. In 2009, Norwegian operations accounted for 29 (29) percent of the Group's external net sales. Sales in Norway totalled SEK 5,498 million (6,350). At year-end, Ahlsell had about 80 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. The operations in Latvia are reported as "Loss from discontinued operations" and are not included in net sales for Finland. At year-end, Ahlsell had about 40 sales units in Finland. The Finnish market accounted for 16 (16) percent of the Group's external net sales. Sales in Finland totalled SEK 3,059 million (3,512).

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 2009, the segment accounted for 3 (4) percent of the Group's external net sales. Sales in Denmark totalled SEK 591 million (908). At year-end, Ahlsell had 7 sales units in Denmark.

Central and Eliminations

Comprises costs for Parent company personnel (8 persons), finance income and costs, and tax not distributed by segment.

Primary segments

2009	Sweden	Norway	Finland ¹	Denmark ²	Central and Eliminations	Total
Revenue						
Revenue from external customers ⁴	9,875.3	5,494.3	3,057.7	557.5	–	18,984.8
Revenue from internal customers	146.6	3.8	1.1	33.9	–185.4	–
Total sales	10,021.9	5,498.1	3,058.8	591.4	–185.4	18,984.8
Gross profit						
	2,658.9	1,317.0	557.3	197.7	–	4,730.9
EBITA ³	884.4	166.6	93.7	–0.2	–57.4	1,087.1
Operating profit	661.0	111.8	35.4	–10.6	–57.4	740.2
Finance income	–	–	–	–	424.3	424.3
Finance costs	–	–	–	–	–1,204.2	–1,204.2
Income tax	–	–	–	–	–25.7	–25.7
Net loss from discontinued operations after tax	–	–	6.9	–	–	6.9
Profit for the year						–58.5
Other comprehensive income	–	–	–	–	–	99.6
Comprehensive income for the year						41.1
<hr/>						
2008	Sweden	Norway	Finland ¹	Denmark ²	Central and Eliminations	Total
Revenue						
Revenue from external customers ⁴	11,245.5	6,347.6	3,511.5	873.9	–	21,978.5
Revenue from internal customers	332.1	2.0	1.1	33.9	–369.1	–
Total sales	11,577.6	6,349.6	3,512.6	907.8	–369.1	21,978.5
Gross profit						
	2,961.7	1,465.3	690.0	292.8	8.0	5,417.8
EBITA ³	1,094.5	70.3	216.5	–51.7	–44.9	1,284.7
Operating profit	831.4	17.6	163.9	–61.1	–44.9	906.9
Finance income	–	–	–	–	830.0	830.0
Finance costs	–	–	–	–	–2,476.4	–2,476.4
Income tax	–	–	–	–	267.8	267.8
Net loss from discontinued operations after tax	–	–	–268.3	–	–	–268.3
Profit for the year						–740.0
Other comprehensive income	–	–	–	–	–	23.1
Comprehensive income for the year						–716.9

1 Including Russia, Estonia and Latvia (Loss from discontinued operations)

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

2009	Sweden	Norway	Finland ¹	Denmark ²	Central and Eliminations	Total
Other disclosures						
Assets	7,849.5	3,402.8	2,684.8	430.4	2,370.0	16,737.5
Undistributed assets	–	–	–	–	2,295.9	2,295.9
Total assets	7,849.5	3,402.8	2,684.8	430.4	4,665.9	19,033.4
Liabilities	1,640.7	1,260.7	476.0	91.6	149.8	3,618.8
Undistributed liabilities	–	–	–	–	15,414.6	15,414.6
Total liabilities	1,640.7	1,260.7	476.0	91.6	15,564.4	19,033.4
Investments in property, plant & equipment and intangible assets	30.4	11.5	20.9	3.0	–	65.8
Depreciation and impairment	–273.6	–74.7	–92.1	–20.3	–	–460.7
Amortisation of intangible assets	–223.5	–54.8	–58.2	–10.4	–	–346.9
Impairment of intangible assets	–	–	–	–	–	–
Depreciation of property, plant & equipment	–50.1	–19.9	–33.9	–9.9	–	–113.8
Significant costs and revenues not corresponding to payments	–20.0	–92.6	–4.4	–43.6	92.6	–68.0

2008	Sweden	Norway	Finland ¹	Denmark ²	Central and Eliminations	Total
Other disclosures						
Assets	8,354.2	3,346.1	3,063.2	678.3	2,354.2	17,796.0
Undistributed assets	–	–	–	–	2,486.6	2,486.6
Total assets	8,354.2	3,346.1	3,063.2	678.3	4,840.8	20,282.6
Liabilities	1,697.6	1,235.3	561.3	245.4	70.0	3,809.6
Undistributed liabilities	–	–	–	–	14,508.1	14,508.1
Total liabilities	1,697.6	1,235.3	561.3	245.4	14,578.1	18,317.7
Investments in property, plant & equipment and intangible assets	28.7	19.1	26.2	14.2	–	88.2
Depreciation and impairment	–320.5	–76.1	–236.4	–19.9	–	–652.9
Amortisation of intangible assets	–221.3	–52.7	–55.6	–9.4	–	–339.0
Impairment of intangible assets	–41.8	–	–149.1	–	–	–190.9
Depreciation of property, plant & equipment	–57.3	–23.4	–31.9	–10.5	–	–123.1
Significant costs and revenues not corresponding to payments	–0.1	67.6	43.7	66.9	826.5	1,004.6

1 Including Russia, Estonia and Latvia (Loss from discontinued operations)

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

External sales per product area

External sales, SEK million	2009	2008
Heating & Plumbing	11 016,4	12 579,3
Electrical	3 904,4	4 574,6
Tools & Machinery	2 736,0	3 362,2
Refrigeration	756,6	853,2
DIY	571,4	609,2
Total external sales	18 984,8	21 978,5

Ahlsell's operations are based on our product areas being supplied in all essentials through common distribution and sales channels in each geographical 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.

Note 3 Employees

Average number of employees

	2009		2008	
	Number	of which men	Number	of which men
Parent Company	8	75%	2	100%
<i>Group</i>				
Sweden	2,309	80%	2,542	80%
Norway	1,022	82%	1,176	81%
Finland	557	80%	615	79%
Denmark	165	73%	224	68%
Estonia	132	86%	158	84%
Russia	98	55%	119	61%
Latvia	17	59%	158	62%
Poland	58	86%	63	87%
Total in the Group	4,358	80%	5,055	79%

Gender distribution in Group management at end of year

Gender distribution in Group management	Female %	
	2009	2008
Parent Company		
The Board	14%	14%
Other senior executives (3 people)	0%	0%
<i>Total, Group</i>		
The Board	8%	6%
Other senior executives (6 people)	0%	0%

Sick-leave

	Women		Men		Total	
	2009	2008	2009	2008	2009	2008
Sick leave in respect of all Swedish operations						
Total sick days as a percentage of hours worked	4.0%	5.0%	2.6%	2.7%	2.9%	3.2%
Proportion of total sick leave comprising 60 or more consecutive days	34.0%	34.4%	24.7%	23.5%	27.4%	27.1%
<i>Sick-leave by age</i>						
Age 29 or younger	4.7%	5.3%	3.2%	3.5%	3.7%	4.1%
30–49 years	4.6%	5.4%	2.4%	2.4%	2.9%	3.0%
Age 50 or older	2.5%	4.0%	2.8%	3.0%	2.7%	3.2%

Salaries, employee benefits and social security contributions

SEK million	2009		2008	
	Salaries and benefits	Social costs	Salaries and benefits	Social costs
Parent Company	15.1	10.1	11.0	6.9
<i>(of which pension costs)</i>		4.6		2.0
Subsidiaries	1,752.0	474.6	1,885.0	621.7
<i>(of which pension costs)</i>		36.1		152.1
Total, Group	1,767.1	484.7	1,896.0	628.6
<i>(of which pension costs)¹⁾</i>		40.7		154.1
<i>(of which defined benefit schemes)</i>		-36.4		51.9
<i>(of which defined contribution schemes)</i>		77.1		102.2

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

¹⁾ The significant difference between the years can be attributed to the renegotiation of pension agreements in Norway in 2009, which resulted in a favourable impact on results. See Note 30.

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

SEK million	2009		2008	
	Board/Senior Executives	Other employees	Board/Senior Executives	Other employees
Parent Company	11.1	4.0	11.0	-
<i>(of which bonus)</i>	2.1	-	2.9	-
Total, Parent Company	11.1	4.0	11.0	-
<i>(of which bonus)</i>	2.1	-	2.9	-
Total, subsidiaries	12.2	1,739.8	12.0	1,873.0
<i>(of which bonus)</i>	1.0	13.3	1.4	14.1
Total, Group	23.3	1,743.8	23.0	1,873.0
<i>(of which bonus)</i>	3.1	13.3	4.3	14.1

Remuneration of Senior 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 one year's salary. The maximum variable

remuneration of the other senior executives is 30-100% 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

2009	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	4.5	1.4	0.1	2.9	8.9
Gunnar Haglund, Vice-President and CFO	2.2	0.7	0.0	0.7	3.6
Other senior executives (4 people)	12.2	0.9	1.0	1.7	15.8
Total	20.4	3.0	1.2	5.3	29.8

For the financial year 2009, variable remuneration refers to a bonus charged as a cost and paid out in 2010. Other benefits refers to company cars.

2008	Basic salary/ board fees	Variable remuneration	Other benefits	Pension costs	Total
Rolf Börjesson, Board Chairman	1.1	–	–	–	1.1
Caroline Sundewall, Board Member	0.4	–	–	–	0.4
Göran Näsholm, President and CEO	4.5	2.0	0.2	1.4	8.1
Gunnar Haglund, Vice-President and CFO	2.1	0.9	0.1	0.6	3.7
Other senior executives (7 people)	10.6	1.4	0.5	1.6	14.1
Total	18.7	4.3	0.8	3.6	27.4

For the financial year 2008, variable remuneration refers to a bonus charged as a cost and paid out in 2009. 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. After the age of 65, the pension is paid according to agreement.

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 19.0 million (15.8) at year-end.

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

Termination benefits

The CEO has a termination period of 24 months plus an additional 24 months' severance pay if employment is terminated by the company. Severance pay is not deducted from other incomes. If employment is terminated by the CEO, the termination period is 6 months and there is no severance pay. 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 have a termination period of 3-18 months if employment is terminated by the company and between 2-6 months if employment is terminated by the executive. Two of the other senior executives have a severance pay amounting to 15 and 18 monthly salaries respectively. 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:

Programme in Ahlsell AB (publ)	2009				2008			
	Issue price, SEK/share		No. of warrants		Issue price, SEK/share		No. of warrants	
	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

Note 4 Other operating income

Group, SEK million	2009	2008
Capital gain or loss from sales of business operations	–	29,6
Sales of non-current assets	1,0	0,5
Income from leases	4,5	1,8
Gas provisions	3,4	–
Other	9,0	4,6
Total other operating income	17,9	36,5

Note 5 Other operating expenses

Group, SEK million	2009	2008
Lease and rental costs	–	–1,9
Other	–1,4	–4,1
Total other operating expenses	–1,4	–6,0

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

By type of asset

Group, SEK million	2009	2008
Customer relations	–315,9	–346,5
Other intangible assets	–31,0	–70,0
Goodwill	–	–113,3
Sub-total intangible assets	–346,9	–529,8
Land and buildings	–20,3	–18,4
Machinery and other technical facilities	–17,6	–20,9
Equipment, tools, fixtures and fittings	–75,9	–83,8
Sub-total property, plant and equipment	–113,8	–123,1
Total depreciation, amortisation and impairment	–460,7	–625,9

There were no impairment charges in 2009.

Impairment charges in 2008 related to the customer relations and the goodwill that had been allocated to the Latvian operations.

This results in a total impairment charge of SEK 149.1 million. The impairment was due to the winding down of the operations.

Also see Note 16 Goodwill.

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	2009	2008
Cost of sales	–29,1	–78,4
Selling expenses	–400,3	–386,7
Administration expenses	–31,3	–34,4
Profit from discontinued operations	–	–153,4
	–460,7	–625,9

All amortisation and impairment of intangible assets is attributable to selling costs of SEK -341.2 million (-328.1), cost of goods sold of SEK -5.7 million (-49.6) and profit/loss from discontinued operations of SEK – million (-152.1).

Note 7 Operating leases

Group, SEK million	2009	2008
Lease payments for the financial year	–427,5	–422,5
<i>Future minimum lease payments for non-cancellable agreements fall due as follows:</i>		
Within one year	–389,0	–372,1
Two to five years	–939,3	–1,019,8
After five years	–594,2	–652,6
Total operating leases	–1,922,5	–2,044,5

The above lease payments include lease costs for central storage facilities in Sweden with a contract through 2028.

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	2009	2008
KPMG		
Audit services	–5,6	–8,1
Other services	–1,2	–2,6
Total fees	–6,8	–10,7

Other auditing services purchased by the Group cost SEK 0.3 million (0.3).

Auditing refers to the examination of the Annual Report and the administration of the Board of Directors and President. Anything else is classified as other services.

Note 9 Breakdown of costs by type

Group, SEK million	2009	2008
Finished goods and goods for resale	–13,634,4	–15,773,8
Employee benefit costs	–2,251,8	–2,495,4
Depreciation and amortisation	–460,7	–457,7
Impairment	–	–41,8
Transport costs	–673,4	–776,1
Costs for premises	–588,2	–582,2
Other expenses	–654,0	–981,1
Total operating expenses	–18,262,5	–21,108,1

Parent Company, SEK million	2009	2008
Employee benefit costs	–25,2	–16,5
Other expenses	–16,8	–14,7
Total operating expenses	–42,0	–31,2

Note 10 Financial income

Group, SEK million	2009	2008
Interest income	27.7	76.3
Fair value changes due to revaluation of exchange rate derivatives	–	753.7
Exchange differences	396.6	–
Other	–	–
Total finance income	424.3	830.0

Changes in fair value by measurement category

Financial assets held for trading are measured at fair value	–	753.7
Loans and receivables	27.7	76.3
Other financial liabilities	396.6	–
Total finance income	424.3	830.0

Parent Company, SEK million	2009	2008
Interest income, Group companies	749.6	645.2
Total finance income	749.6	645.2

Note 12 Income tax

Group, SEK million	2009	2008
Current tax	–95.1	–40.2
Deferred tax	69.4	380.0
Total income tax	–25.7	267.8

Reconciliation of effective tax

The Group, SEK million	2009		2008	
	%	Amount	%	Amount
Profit before tax		–39.7		–739.5
Tax according to parent's applicable tax rate	–26.3%	10.4	–28.0%	207.1
Effect of different tax rates for foreign subsidiaries	–18.6%	–7.4	–0.2%	1.3
Tax-free income	–1.0%	0.4	–1.3%	9.3
Other non-deductible expenses	24.7%	–9.8	1.5%	–11.3
Tax adjustments attributable to previous year	–1.8%	0.7	–0.3%	2.0
Increase in tax losses for which no deferred tax was recognised	115.4%	–45.8	1.6%	–11.9
Recognition of previously unrecognised tax losses	–69.8%	27.7	–0.5%	3.9
Adjusted tax rate in Sweden	–	–	–9.0%	66.3
Other	4.8%	–1.9	–0.1%	1.1
Recognised effective tax	–64.6%	–25.7	–36.2%	267.8
Current income tax rate in Sweden		–26.3%		–28.0%
Effective tax rate		–64.6%		–36.2%

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 (Ahsell Sverige AB).

Parent Company, SEK million	2009	2008
Current tax	–333.7	–168.2
Deferred tax	100.0	–
Total income tax	–233.7	–168.2

Note 11 Finance costs

Group, SEK million	2009	2008
Interest expense, other	–974.8	–1,054.3
Interest expense, pension obligations	–4.5	–8.3
Fair value changes due to remeasurement of interest rate derivatives	–41.3	–340.6
Fair value changes due to revaluation of exchange rate derivatives	–174.0	–
Other bank costs	–9.6	–9.0
Exchange differences	–	–1,064.2
Total finance costs	–1,204.2	–2,476.4

Changes in fair value by measurement category

Financial liabilities held for trading are measured at fair value	–175.4	–340.6
Financial assets held for trading are measured at fair value	–39.9	–
Other financial liabilities	–974.8	–2,118.5
Total finance costs for financial instruments	–1,190.1	–2,459.1

Parent Company, SEK million	2009	2008
Interest expense, Group companies	–11.2	–23.3
Other	0.0	–0.1
Total financial expenses	–11.2	–23.4

Reconciliation of effective tax

Parent Company	2009		2008	
	%	Amount	%	Amount
Profit before tax		712.9		600.1
Tax according to parent's applicable tax rate	-26.3%	-187.5	-28.0%	-168.0
Non-deductible expenses	0.1%	-0.4	0.0%	-0.1
Increase in tax losses for which no deferred tax was recognised	6.4%	-45.8	-	-
Recognised effective tax	-32.8%	-233.7	-28.0%	-168.1
Current income tax rate in Sweden		-26.3%		-28.0%
Effective tax rate		-32.8%		-28.0%

Note 13 Loss from discontinued operations

Ahlsell's operations in Latvia were reclassified as discontinued operations in 2008. The winding up of operations continued throughout 2009.

The liquidation process is expected to be 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 have been moved to the line "Net loss from discontinued operations":

SEK million	2009	2008
Net sales	-	209.1
Cost of sales	-	-186.2
Gross profit	-	22.9
Selling expenses	-	-235.8
Administration expenses	-	-7.1
Other operating income	-	1.4
Other operating expenses	-	-9.5
Operating profit	-	-228.1
Finance income	-	-
Finance costs	-	-10.3
Net finance income/expense	-	-10.3
Profit before tax	-	-238.4
Income tax	-	5.8
Profit for the year	-	-232.6
Profit/loss after remeasurement to fair value less selling costs	-2.4	-35.7
Tax attributable to the above remeasurement	-	-
Purchase price adjustment	4.5	-
Total net loss from discontinued operations after tax	-6.9	-268.3

Amortisation of intangible assets totalling SEK 3.0 million and impairment of intangible assets totalling SEK 149.1 million have been charged to the operating profit for 2008.

Net cash flow from discontinued operations

SEK million	2009	2008
Cash flow from operating activities	-7.3	-73.4
Cash flow from investing activities	-	-0.9
Cash flow from financing activities	-	81.8
Net cash flow from discontinued operations	-7.3	7.5

Assets held for sale in the balance sheet amounted to SEK 3.1 million at the end of the year and consist primarily of trade receivables.

The following balance sheet items were reclassified under IFRS 5 in 2008.

SEK million	2008-12-31	Revaluation	Net
ASSETS			
<i>Non-current assets</i>			
Intangible assets			
Other intangible assets	2,6	-2,6	-
Total intangible assets	2,6	-2,6	-
<i>Property, plant & equipment</i>			
Equipment, tools, fixtures and fittings	6,1	-4,9	1,2
Total property, plant and equipment	6,1	-4,9	1,2
Total non-current assets	8,7	-7,5	1,2
<i>Current assets</i>			
Inventories			
Merchandise	46,6	-30,3	16,3
Total inventories	46,6	-30,3	16,3
<i>Current receivables</i>			
Trade receivables	18,6	-	18,6
Tax receivables	1,6	-	1,6
Other receivables	5,2	-2,6	2,6
Total current receivables	25,4	-2,6	22,8
Cash & cash equivalents	9,8	-	9,8
Total current assets	81,8	-32,9	48,9
TOTAL ASSETS	90,5	-40,4	50,1

SEK million	2008-12-31	Revaluation	Net
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	11,2	–	11,2
Other paid-in-capital	144,0	–	144,0
Reserves	6,8	–4,7	2,1
Retained earnings, including profit for the year	–121,6	–35,7	–157,3
Total equity	40,4	–40,4	–
<i>Current liabilities</i>			
Liabilities to credit institutions	2,7	–	2,7
Advances from customers	1,0	–	1,0
	35,1	–	35,1
<i>Other current non-interest-bearing liabilities</i>			
Other current non-interest-bearing liabilities	6,6	–	6,6
Accruals and deferred income	4,7	–	4,7
Total current liabilities	50,1	–	50,1
TOTAL EQUITY AND LIABILITIES	90,5	–40,4	50,1

Note 14 Customer relations

Group, SEK million	2009	2008
Accumulated cost		
Opening cost	4,974.1	4,898.0
Acquisition of subsidiaries	–	–
Translation differences for the year	45.3	76.1
Closing accumulated cost	5,019.4	4,974.1
Accumulated amortisation		
Opening amortisation	–896.7	–572.5
Amortisation for the year	–315.9	–310.7
Translation differences for the year	–7.9	–13.5
Closing accumulated amortisation	–1,220.5	–896.7
Accumulated impairment		
Opening impairment	–40.5	–
Impairment for the year	–	–35.8
Translation differences for the year	–2.3	–4.7
Closing accumulated impairment	–38.2	–40.5
Carrying amount at end of period	3,760.79	4,036.9

The entire carrying amount relates to assets acquired.

About SEK 2.9 million of the recognised value of customer relations has a remaining amortisation period of 16 years.

The remaining value attributable to customer relations has a remaining amortisation period of 6 years.

Note 15 Trademark

Group, SEK million	2009	2008
Accumulated cost		
Opening cost	2,400.0	2,400.0
Acquisition of subsidiaries	–	–
Carrying amount at end of period	2,400.0	2 400.0

The entire carrying amount relates to assets acquired.

Impairment testing – Trademark

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 8.5 (9.5) percent. The results of the impairment test performed in 2009 show there is currently no impairment need.

Note 16 Other intangible assets

2009

Group, SEK million	Capitalised expenditure	Licences	Lease contracts and similar rights	Lease contract for central storage	Advances on intangible assets	TOTAL
Accumulated cost						
Opening cost	80.1	84.1	22.8	–	–	187.0
Additions	12.1	2.7	3.1	–	–	17.9
Disposals	–1.2	–	–	–	–	–1.2
Transfers	2.2	–	–	–	–	2.2
Translation differences for the year	–	–0.2	–1.4	–	–	–1.6
Closing accumulated cost	93.2	86.6	24.5	–	–	204.3
Accumulated amortisation						
Opening amortisation	–42.3	–27.7	–15.1	–	–	–85.1
Disposals	1.2	–	–	–	–	1.2
Amortisation for the year	–16.5	12.4	–2.1	–	–	1.3
Translation differences for the year	–	0.3	1.0	–	–	1.3
Carrying amount at end of period	35.6	46.8	8.3	–	–	90.7

2008

Group, SEK million	Capitalised expenditure	Licences	Lease contracts and similar rights	Lease contract for central storage	Advances on intangible assets	TOTAL
Accumulated cost						
Opening cost	73.0	81.5	18.5	50.0	2.5	225.5
Additions	9.1	2.0	1.4	–	–	12.5
Disposals	–3.9	–	–0.1	–50.0	–	–54.0
Reclassification to held-for-sale	–	–	–2.4	–	–	–2.4
Transfers	1.9	–	2.4	–	–2.5	1.8
Translation differences for the year	–	0.6	3.0	–	0.0	3.6
Closing accumulated cost	80.0	84.1	22.8	–	–	187.0
Accumulated amortisation						
Opening amortisation	–33.1	–16.0	–11.3	–6.0	–	–67.0
Disposals	3.9	–	–	8.2	–	12.1
Reclassification to held-for-sale	–	–	0.1	–	–	0.1
Transfers	–	–	–	–	–	–
Amortisation for the year	–12.5	–11.6	–1.9	–2.2	–	–28.2
Translation differences for the year	–	–0.1	–2.0	–	–	–2.1
Closing accumulated amortisation	–42.3	–27.7	–15.1	–	–	–85.1
Accumulated impairment						
Opening impairment	–	–	–	–	–	–
Disposals	–	–	–	41.8	–	41.8
Impairment for the year	–	–	–	41.8	–	41.8
Translation differences for the year	–	–	–	–	–	–
Closing accumulated impairment	–	–	–	–	–	–
Carrying amount at end of period	37.8	56.4	7.7	–	–	101.9

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	2009	2008
Accumulated cost		
Opening cost	4,555.4	4,424.7
Acquisition of subsidiaries	–	15.7
Translation differences for the year	9.5	115.0
Closing accumulated cost	4,564.9	4,555.4
Accumulated impairment		
Opening impairment	–252.7	–107.7
Impairment for the year	–	–113.3
Translation differences for the year	–13.8	–31.7
Closing accumulated impairment	–238.9	–252.7
Carrying amount at end of period	4,326.0	4,302.7

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:

	2009	2008
Sweden	2,761.0	2,761.0
Norway	660.2	586.2
Finland	799.1	844.1
Estonia	76.4	80.6
Denmark	29.3	30.8
	4,326.0	4,302.7

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management and cover a five-year period.

Cash flows beyond the five-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 two 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, an 8.5 percent discount rate has been used.

Corporate management considers, for all the geographical areas except for Estonia, 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 Buildings and land

Group, SEK million	2009	2008
Accumulated cost		
At beginning of year	451.1	406.7
Additions	0.5	2.3
Transfers	21.9	34.0
Disposals	–1.2	–35.5
Translation differences for the year	–16.3	43.6
Closing accumulated cost	456.0	451.1
Accumulated depreciation		
At beginning of year	–95.9	–72.6
Transfers	–1.9	–
Disposals	0.0	2.9
Depreciation for the year	–20.3	–18.4
Translation differences for the year	2.7	–7.8
Closing accumulated depreciation	–115.4	–95.9
Carrying amount at end of period	340.6	355.2
Group		
Taxable value, buildings (in Sweden)	28.5	28.5
<i>Corresponding carrying amount</i>	<i>56.1</i>	<i>59.2</i>
Taxable value, land (in Sweden)	10.2	10.2
<i>Corresponding carrying amount</i>	<i>8.6</i>	<i>8.6</i>
Buildings held under finance lease agreements are included at the following amounts:		
Cost	173.8	183.6
Accumulated depreciation	–45.5	–37.9
Carrying amount	128.3	145.7

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	233.9	236.0
Present value of minimum lease payments	153.4	168.7
Total minimum lease payments		
Within one year	15.4	16.0
Between 2–5 years	82.5	81.3
After 5 years	136.0	165.7
	233.9	263.0
Present value of minimum lease payments		
Within one year	5.6	5.2
Between 2–5 years	30.0	37.1
After 5 years	117.8	126.4
	153.4	168.7

Finance leased asset payments for the year totalled SEK 15.1 million (14.9). During the year, SEK 10.2 million (9.0) was recognised as interest cost and SEK 4.9 million (5.9) as amortised liabilities. Depreciation of finance leased assets amounted to SEK 9.9 million (8.0). The total amount for finance leased assets charged as costs was SEK 20.1 million (17.0).

Note 19 Machinery and other technical facilities

Group, SEK million	2009	2008
Accumulated cost		
At beginning of year	296.7	294.3
Additions	8.5	9.3
Disposals	-7.1	-8.5
Transfers	1.6	-0.6
Translation differences for the year	6.7	2.2
Closing accumulated cost	306.4	296.7
Accumulated depreciation		
At beginning of year	-245.8	-232.5
Disposals	5.7	7.7
Depreciation for the year	-17.6	-20.9
Translation differences for the year	-6.6	-0.1
Closing accumulated depreciation	-264.3	-245.8
Carrying amount at end of period	42.1	50.9

Note 20 Equipment, tools, fixtures and fittings

Group, SEK million	2009	2008
Accumulated cost		
At beginning of year	787.9	759.4
Additions	66.5	79.2
Disposals	-58.2	-66.9
Reclassification to held-for-sale	-	-7.0
Transfers	-5.3	11.0
Translation differences for the year	11.3	12.2
Closing accumulated cost	802.2	787.9
Accumulated depreciation		
At beginning of year	-536.9	-483.7
Disposals	34.3	39.2
Reclassification to held-for-sale	-	1.7
Transfers	2.1	-
Depreciation for the year	-75.9	-83.8
Translation differences for the year	-5.8	-10.3
Closing accumulated depreciation	-582.2	-536.9
Carrying amount at end of period	220.0	251.0
Equipment held under finance lease agreements are included at the following amounts:		
Cost	222.2	204.8
Accumulated depreciation	-132.8	-108.9
Carrying amount at end of period	89.4	95.9

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

Group, SEK million	2009	2008
Total minimum lease payments and their present value		
Total minimum lease payments	85.4	95.3
Present value of minimum lease payments	83.7	90.7
Total minimum lease payments		
Within one year	22.8	24.5
Between 2-5 years	62.6	70.8
After 5 years	-	-
	85.4	95.3
Present value of minimum lease payments		
Within one year	22.4	22.2
Between 2-5 years	61.3	68.4
After 5 years	-	0.1
	83.7	90.7

Finance leased asset payments for the year totalled SEK 27.6 million (30.0). During the year, SEK 1.8 million (4.9) was recognised as interest cost and SEK 25.8 million (25.1) as amortised liabilities. Depreciation of finance leased assets amounted to SEK 25.3 million (21.6). The total amount for finance leased equipment charged as costs was SEK 27.1 million (26.5).

Note 21 Financial investments

Shares and participating interests classified as non-current assets

Group, SEK million	2009	2008
Opening carrying amount	4.4	4.8
Disposals	-0.3	-0.7
Exchange differences	-0.1	0.3
Closing carrying amount	4.0	4.4

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	2009	2008
Accumulated cost		
At beginning of year	850.7	850.7
Carrying amount at end of period	850.7	850.7

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 2009	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
Ahlsell Norge Holding AS	988918962	Stavanger (N)	100
Ahlsell Oil & Gas AS	991527885	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
TKP-tools Oy	0160876-3	Joensuu (SF)	100
Ameronic Oy	1044930-3	Turku (SF)	100
Oy Pohjolan Sähkötarvike AB	0970164-7	Helsinki (SF)	100
Oy Kokkolan Sähkötarvike AB	0603469-0	Kokkolan (SF)	100
Karjalan Sähkötarvike Oy	1975242-1	Joensuu (SF)	100
Pohjan Laakeri Oy	088662-6	Raahe (SF)	100
Savon Hitsauskeskus Oy	1046821-3	Iisalmi (SF)	100
Työkalupari Oy	0953426-0	Tornio (SF)	100
Pohjan Tarvike Oy	0954494-4	Raahe (SF)	100
Tarvikeykköset Oy	1542117-4	Tampere (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	Warszawa (PL)	100
ZAO Ahlsell Spb	7813090758	St Petersburg (RU)	100
AS FEB	10109270	Tallin (EST)	100
SIA Profs Latvija	000355221	Riga (LAT)	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	2009	2008
Accumulated cost		
At beginning of year	4,480.6	4,397.1
Subsequent receivables	749.5	645.2
Settled receivables	–	–561.7
Carrying amount at end of period	5,230.1	4,480.6

SEK 5,230.1 million (4,480.6) of the above relates to receivables from subsidiaries.

Liabilities to Group companies

Parent, SEK million	2009	2008
At beginning of year	–	–
Subsequent liabilities	652.5	–
Carrying amount at end of year	652.5	–
Maturity date, 1–5 years after the balance sheet date	–	–
Maturity date, more than five years after the balance sheet date	652.5	–

SEK 652.5 million (–) of the above relates to liabilities to subsidiaries.

Note 24 Deferred income tax

Recognised deferred tax assets and liabilities

Group, SEK million	2009			2008		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Tax losses	378.6	–	378.6	251.7	–	251.7
Intangible assets	–	–1,570.2	–1,570.2	–	–1,613.3	–1,613.3
Provisions/amortised	19.2	–5.1	14.1	39.6	–5.1	34.5
Financial assets	6.6	–	6.6	86.9	–	86.9
Current receivables and inventories	13.5	–	13.5	12.8	–	12.8
Non-current liabilities	30.8	–	30.8	29.1	–	29.1
Machinery and equipment	20.0	–24.7	–4.7	21.4	–28.3	–6.9
Land and buildings	–	–11.5	–11.5	–	–11.3	–11.3
Untaxed reserves	–	–10.3	–10.3	–	–9.8	–9.8
Other	1.6	–	1.6	3.3	–	3.3
Total	470.3	–1,621.8	–1,151.5	444.8	–1,667.8	–1,223.0
Offset of receivables/liabilities	–466.1	466.1	–	–442.0	442.0	–
Balance sheet total	42	–1,155.7	–1,151.5	2.8	–1,225.8	–1,223.0

The loss carryforwards are primarily attributable to Ahlsell's operations in Sweden, Norway and Finland. In these countries, future profits are expected to be sufficient to enable the tax loss carryforwards to be used. Some of the losses that Ahlsell AB (publ) has received via Group contributions to Nybrojarl New1 AB have not been recorded in the Group. Unrecognised loss carryforwards arising during the year amount to SEK 45.8 million (11.9). The Group does not have a defined maturity period for its loss carryforwards. The Group's unrecognised loss carryforwards total SEK 45.8 million (32.0), excluding operations in Latvia, which have been discontinued.

Changes in deferred tax asset for temporary differences and loss carryforwards

2009

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Tax losses	251.7	–	122.1	4.8	378.6
Intangible assets	1,613.3	–	45.3	–2.2	1,570.2
Provisions/amortised	34.5	–	20.3	–0.1	14.1
Financial assets	86.9	–	79.9	–0.4	6.6
Current receivables and inventories	12.8	–	1.3	2.0	13.5
Non-current liabilities	29.1	–	1.3	0.4	30.8
Machinery and equipment	6.9	–	2.5	–0.3	4.7
Land and buildings	11.3	–	1.9	–2.1	11.5
Untaxed reserves	9.8	–	0.5	–	10.3
Other	3.3	–	1.7	–	1.6
Total changes	1,223.0	–	69.4	2.1	1,151.5

2008

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Tax losses	286.2	–	28.7	–5.8	251.7
Intangible assets	–1,824.2	–	223.3	–12.4	1,613.3
Provisions/amortised	1.2	–	33.5	–0.2	34.5
Financial assets	10.3	–	65.6	11.0	86.9
Current receivables and inventories	21.8	–	8.2	–0.8	12.8
Non-current liabilities	36.5	–	5.2	–2.2	29.1
Machinery and equipment	–1.1	–	6.0	0.2	6.9
Land and buildings	18.7	–	7.7	–0.3	11.3
Untaxed reserves	35.8	–	26.0	–	9.8
Other	3.1	–	0.0	0.2	3.3
Total changes	1,520.7	–	308.0	10.3	1,223.0

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 27 million (29) on 31 December 2009. No deferred tax has been taken into account for the surplus values from acquisitions of companies in Estonia.

Recognised deferred tax assets and liabilities

Group, SEK million	2009			2008		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Tax losses	100.0	–	100.0	–	–	–
Total	100.0	–	100.0	–	–	–

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

2009

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Tax losses	–	–	100.0	–	100.0
Total changes	–	–	100.0	–	100.0

Note 25 Other non-current receivables

Group, SEK million	2009	2008
Accumulated cost		
At beginning of year	36.3	17.8
Settled receivables	0.9	0.3
Transfers	22.0	–
Acquisitions for the year	38.9	14.4
Translation differences for the year	1.0	4.4
Closing accumulated cost	95.3	36.3
Accumulated write-downs		
Opening write-downs	–	–
Reversed write-downs	–	–
Closing accumulated write-downs	–	–
Carrying amount at end of period	95.3	36.3

SEK 95.3 million (36.3) of the above relates to interest-bearing receivables.

The majority of the non-current receivables relate to a deposit (interest-bearing) attributable to the central warehouse in Finland (Hyvinge) and a premium fund in Norway that was introduced with the changes brought about by renegotiation of pension agreements in 2009. The above amount also includes a receivable amounting to SEK 22.0 million from the parent company, Nybrojarl New1 AB.

Note 26 Inventories

There are no significant differences between the carrying amount of inventories and their fair value. No part of the inventories has been adjusted as a result of any increase in the net sales value.

The inventories cost that has been recorded is included in the item Costs of goods sold, amounting to SEK -13,634.4 million (-15,773.8).

During the period, the inventory of manufactured products has been written down by SEK -83.2 million (-95.1).

Note 27 Trade receivables

Group, SEK million	2009	2008
Gross Trade Receivables	2 099,3	2 271,7
Reserves recorded for doubtful receivables	27,4	32,8
Total accounts receivable	2 071,9	2 238,9

Provisions for respective reversals of reserves for doubtful trade receivables are included in the item Sales costs in the Income Statement. Provisions based on customers' creditworthiness.

Provision for uncertain receivables

Group, SEK million	2009	2008
Provision at start of year	32.8	32.3
Förvärv av dotterföretag	–	–
Reserve for anticipated losses	23.5	43.1
Actual losses	29.6	43.1
Restatement differences	0.7	0.5
Provision at year-end	27.4	32.8

The year's cost for actual and recovered trade receivables amounted to a net figure of SEK 26.8 million (38.2).

Concentration of credit risk

There is no geographical concentration of credit risk for trade receivables as the Group has a large volume of customers spread across the Nordic region, the Baltic States and Poland. The concentration of credit risk has not changed, compared with previous years.

Credit risk exposure

Group, SEK million	Percentage of total customers	Percentage of portfolio
As at 31 Dec. 2009		
Exposure < 1.5 SEK million	99.8%	63.7%
Exposure 1.5 – 10.0 SEK million	0.2%	23.8%
Exposure > 10.0 SEK million	0.0%	12.5%
Total	100%	100%

Time analysis trade receivables

Group, SEK million	2009	2008
Not matured	1,631.1	1,801.5
0 – 30 days	370.2	316.7
31 – 60 days	21.9	51.4
61 – 90 days	10.5	24.5
> 91 days	38.2	44.8
Total	2,071.9	2,238.9

Note 28 Prepaid expenses and accrued income

Group, SEK million	2009	2008
Prepaid rental	82.9	59.4
Supplier bonuses accrued	466.7	614.3
Pre-paid IT costs	5.9	8.1
Income accrued for delivered, non-invoiced goods	109.9	120.0
Other items	40.1	42.7
Total prepaid expenses and accrued income	705.5	844.5

Parent, SEK million	2009	2008
Other items	1.2	0.2
Total prepaid expenses and accrued income	1.2	0.2

Note 29 Equity

GROUP As at 31 December equity amounted to SEK 2,151.8 million (1,964.9).

Reserves

	Contingency reserve	Restatement reserve	Total
Opening balance as at 1 January 2008	23.7	89.1	112.8
Restatement difference for the year	–	58.7	58.7
Exchange rate hedge for foreign companies	–	–19.2	–19.2
Cash flow contingency posted directly against equity	–32.9	–	–32.9
Tax on transactions posted directly against equity	9.2	7.3	16.5
Closing balance as at 31 December 2008	–	135.9	135.9
Opening balance as at 1 January 2009	–	135.9	135.9
Restatement difference for the year	–	168.5	168.5
Exchange rate hedge for foreign companies	–	–14.3	–14.3
Cash flow contingency posted directly against equity	–	–	–
Tax on transactions posted directly against equity	–	–54.6	–54.6
Closing balance as at 31 December 2009	–	235.5	235.5

The restatement reserve includes all exchange rate differences that occur when translating financial reports from foreign companies that have prepared their financial reports in a currency other than the currency in which the Group's financial reports are prepared. Hedging of currency risk in foreign companies includes hedging of net assets in local currency in Norway and Finland.

PARENT COMPANY

RESTRICTED AND UNRESTRICTED CAPITAL

Restricted funds

Restricted funds may not be decreased by profit sharing.

Reserves

The purpose of reserves has been to save part of the net profit which is not employed to cover the Balance Sheet loss.

Unrestricted equity

Share premium reserve

When shares are issued at a premium, i.e., more than the shares' nominal value is paid for them, an amount equivalent to the price received over the nominal value of the shares is transferred to the share premium reserve.

Retained earnings

Made up of previous years' earnings after any profit sharing has taken place. Comprises, along with the result for the year and the share premium reserve, the total unrestricted equity, i.e., the amount that is available for distribution to shareholders.

At Balance Sheet date the total equity of Ahlsell AB (publ) amounted to SEK 4,798.0 million (4,699.7).

NUMBER OF SHARES

At the beginning of the year shares issued amounted to 5,473,741. At year-end the number of shares issued amounted to 5,473,741, with a nominal value of SEK 100. The average number of shares during the year was 5,473,741.

Shares may, under the articles of association adopted by an extraordinary general meeting on 31 January 2007, be issued in four classes, series A and B ordinary shares, and A and B preferred shares. In total, there are 3,902,812 series A preferred shares, 168,974 series B preferred shares, 1,343,818 series A ordinary shares and 58,137 series B ordinary shares in the company.

The shares have been issued in accordance with the Companies Act (2005:551) and ownership rights associated with the shares can only be changed in accordance with the procedures laid out in the Companies Act.

Shares of all types in the company have a voting value of one vote per share, and can be issued to a number equivalent to the highest number of shares that can be issued under the Articles of Association. In the case of new share issues, holders of existing shares have preferential rights to subscribe to shares of the same kind.

The Board of the company can decide that series A preferred shares can be converted to series A ordinary shares and series B preferred shares can be converted to series B ordinary shares. In addition, the Board of the

company can decide to reduce share capital by redeeming series A and B preferred shares.

In the case of dividends from the company, series A and B preferred shares have preference to dividends before series A and B ordinary shares, with an amount that is equivalent to 16.5 percent annual cumulative interest, calculated in accordance with Section 7 of the Articles of Association. Apart from this, preferred shares do not involve any right to dividend. Equivalent distribution will apply in the case of dissolution of the company.

Series B preferred shares and series B ordinary shares are included in the provisions of the articles of association governing approval and right of first refusal.

See note 3 for outstanding options.

Note 30 Pension provisions

The Group has defined-benefit pension schemes in Sweden, Norway and Finland. The pensions in these schemes mean that employees are guaranteed a pension equivalent to a specific percentage share of their final salary. At Ahlsell there are also defined-contribution schemes in these countries, as in Denmark, Estonia, Russia and Poland. The defined-contribution schemes make up a percentage share of the employee's salary and are included in the Income Statement.

During the year, the pension agreement in Norway has been renegotiated from a defined-benefit scheme to a defined-contribution scheme. This has resulted in a positive effect in the Income Statement and a major reduction of the Group's pension allocations.

The list below shows how the current value of the defined-benefit commitments and the fair value of the plan assets has changed over the year, showing the one-off effect in the row "Reductions and regulations".

Group, SEK million	2009	2008
Current value of fund commitments	64.5	729.9
Fair value of the plan assets	-8.6	-381.3
Total wholly or partly funded commitments	55.9	348.6
Current value of unfunded commitments	19.3	22.4
Unposted actuarial gains (+) and losses (-)	-5.4	-232.6
Net liability in the Balance Sheet	69.8	138.4
Amount posted in the Balance Sheet – liabilities	69.8	138.4

The Balance Sheet figures are distributed over the various geographical areas as follows:

	Sweden	Norway	Finland
Current value of fund commitments	20.7	24.7	19.1
Fair value of the plan assets	-8.6	-	-
Current value of unfunded commitments	19.3	-	-
Unposted actuarial gains (+) and losses (-)	-4.0	-3.6	2.2
Net liability in the Balance Sheet	27.4	21.1	21.3

Group, SEK million	2009	2008
Costs for pensions earned during the year	55.4	63.8
Reductions and regulations	-117.3	-22.6
Interest costs	29.7	32.1
Expected return on plan assets	-24.4	-23.9
Amortisation of actuarial gains/losses	15.7	10.7
Other	2.5	-0.6
Costs of defined-benefit schemes	-38.4	59.5
Costs of defined-contribution schemes	77.1	102.2
Payroll tax	24.8	23.7
Total costs of benefits after employment ceases	63.5	185.4

Costs of defined-benefit pension schemes posted in the following rows in the Income Statement

Group, SEK million	2009	2008
Cost of goods sold	-8.0	9.0
Sales costs	-15.2	27.4
Administration costs	-13.2	14.9
Financial costs	-2.0	8.2
	-38.4	59.5

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

Group, SEK million	2009	2008
Current value of defined-benefit schemes at start of year	752.3	744.0
The year's servicing costs	55.4	63.8
Interest costs	29.7	32.1
Payment of benefits	-2.1	-15.6
Reclassifications	-	40.8
Actuarial gains (+) and losses (-)	-24.2	21.1
Reductions and regulations	-789.8	-85.3
Other	-7.7	-
Exchange rate differences on foreign schemes	70.1	-48.6
Current value of defined-benefit schemes at year-end	83.7	752.3

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

Group, SEK million	2009	2008
Fair value of the plan assets at start of year	381.3	389.4
Expected return on plan assets	24.4	23.9
Funds contributed by employer	39.6	66.9
Compensation	-14.4	-14.3
Actuarial gains (+) and losses (-)	-16.3	0.0
Reductions and regulations	-445.3	-61.5
Other	1.0	5.2
Exchange rate differences on foreign schemes	38.3	-28.3
Fair value of the plan assets at year-end	8.6	381.3

SEK 38.9 million has been transferred to a premium fund in connection with the renegotiation of the pension scheme in Norway, and has generated an equivalent positive effect on the profit for the year. See also note 25. The actual return on the plan assets amounted to SEK 8.2 million (23.8).

Group	2009	2008
The plan assets are distributed over the following categories as percentages of the total plan assets:		
Shares, %	41.6	5.0
Interest-bearing securities, %	44.0	78.0
Property, %	9.8	17.0
Other, %	4.6	0.0

Group, SEK million	2009	2008	2007	2006
Historical information				
Current value of defined-benefit commitments	83.7	752.3	744.0	455.1
Fair value of plan assets	-8.6	-381.3	-389.4	-312.7
Surplus (-)/Deficit (+)	75.1	371.0	354.6	142.4
Experience-based adjustments regarding plan assets	0.0	0.0	-7.5	-7.9

Experience-based adjustments for the defined-benefit commitments amounted to the SEK 42.6 million (14.6).

Calculation assumptions

2009	Sweden	Norway	Finland
Discount rate, %	3.2	4.4	5.0
Expected return on plan assets, %	3.5	5.6	–
Annual regulation of pensions being paid, %	2.0	1.5	2.1
Annual wage increase, %	5.0	4.3	2.0
Mortality table	DUS06	K2005	

2008	Sweden	Norway	Finland
Discount rate, %	3.2	3.8	4.5
Expected return on plan assets, %	3.5	5.8	–
Annual regulation of pensions being paid, %	–	2.8	–
Annual wage increase, %	4.0	4.0	3.0
Mortality table	DUS06	K2005	

The assets' expected return is based on what applies to interest-bearing assets at risk-free market interest rates, and what applies to other assets, assuming a risk premium exceeding the risk-free interest.

The Group expects to make payments during 2010 for benefit-based schemes amounting to SEK 5 million (46).

The undertakings for retirement pensions and family pensions for employees in Sweden are secured by an insurance policy with Alecta. According to a statement from the Council for Financial Reporting, UFR3, this is a defined-benefit scheme that includes multiple employers. For financial years for which the company has not had access to information that makes it possible to report this scheme as a defined-benefit plan, a pension scheme according to ITP that is secured by an insurance policy with Alecta is reported as a defined-contribution scheme. The year's costs for pension insurances according to ITP that have been subscribed to with Alecta amounts to SEK 45.6 million (35.4). Alecta's surplus can be distributed to the insurance holders and/or the insured. At the end of 2009, Alecta's surplus in the form of the collective consolidation level amounted to 141 (112) percent. The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance undertakings, calculated according to Alecta's specialised insurance calculation assumptions, which do not comply with IAS 19.

Note 31 Other provisions

Group, SEK million	2009	2008
Value at start of year	202.7	23.6
New/increased provisions	101.9	186.3
Provisions used	134.3	8.9
Reversal of unused provisions	10.9	–
Restatement differences	11.0	1.7
Value at year-end	170.4	202.7

Other provisions

	2009	2008
Restructuring	166.6	189.6
Guarantee undertakings	2.6	2.1
Social charges allocated to pensions	–	9.9
Other items	1.2	1.1
Total other provisions	170.4	202.7

The provisions consist of:

Long-term portion	111.1	76.6
Short-term portion	59.3	126.1
Total provisions	170.4	202.7

During the year, provisions have been made for, among other things, restructuring costs in Norway related to relocation to a new distribution centre. Reversal of provisions primarily consists of reversal of provisions made in 2008 for redundant employees still receiving salary and costs of premises that will no longer be used.

Note 32 Accrued expenses and prepaid income

Group, SEK million	2009	2008
Interest accrued	126.2	110.4
Holiday pay accrued	244.1	249.3
Bonus salary accrued	33.2	37.4
Other staff costs	3.1	2.5
Social costs accrued	64.8	63.9
Other items	89.7	72.0
Total accrued expenses and prepaid income	561.1	535.5

Parent, SEK million	2009	2008
Holiday pay accrued	3.3	2.3
Bonus salary accrued	2.1	2.9
Social costs accrued	2.5	1.8
Other items	1.1	1.5
Total accrued expenses and prepaid income	9.0	8.5

Note 33 Financial instruments and financial risk management

Group

Ahlsell's financial assets consist of derivatives, long-term receivables, trade receivables and shares, as well as liquid assets.

Ahlsell's financial liabilities primarily consist of loans that have been entered into to finance the company, as well as accounts payable.

Financial assets and liabilities involve risk of various types, which are mainly handled by various derivatives. Ahlsell uses derivatives mainly to:

- Convert variable interest rate loans to fixed interest rate loans.
- Limit interest rate risk in loans with variable interest rates.
- Reduce the Group's exposure to foreign currency.

No instruments are subject to hedge accounting. These instruments are, however, always employed to protect an underlying exposure and not to speculate.

Financial risk management

Ahlsell's financial policy for handling financial risk has been drawn up by the Board of Ahlsell and forms a framework of guidelines and regulations in the form of a risk mandate for the financial activities. The overall goal for Ahlsell's financial function is for the financial risks to be optimised at a risk level that gives the owners a good return, within the framework for the risk mandate imposed by the Board.

Risk management is handled by a central finance department according to the policies adopted by the Board. The Group finance department identifies, assesses and protects against financial risks in close cooperation with the Group's operational units. The Board has drawn up written principles both for general risk management and for specific areas, such as currency exposure, interest rate exposure, credit risk, use of derivatives and placement of surplus liquidity.

International commerce leads to various types of daily risk. The risks can be split into two main categories: financial and commercial risks. The financial risks can, in turn, be split into five main areas:

- Refinancing risk: i.e., the risk that mature loans cannot be refinanced at maturity, or that existing loans are terminated.
- Interest rate risk: i.e., the risk that changes in interest rates have a negative impact on the Group's results.
- Currency risk: This risk is split into transaction exposure and exchange rate exposure.
 - Transaction exposure: i.e., the risk that negative changes in exchange rates decrease the Group's results.
 - Exchange rate exposure for foreign net assets: i.e., the risk of negative equity effects when translating foreign subsidiaries' assets and liabilities into SEK.
- Credit risk: i.e., the risk that a counterparty does not meet its payment commitments as agreed.
- Liquidity risk: i.e., the risk of finding it difficult to apply liquid assets in order to meet undertakings associated with financial instruments.

Refinancing risk

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

At 31 December 2009, acquisition credit amounted to SEK 1,128 million. The other loan facilities include so-called senior loans, and a mezzanine loan. Acquisition credit, and the senior loans, have variable interest rates in the currencies EUR, SEK and NOK. The mezzanine loan is in EUR and is fixed rate. See also under Interest rate risk. There are financial undertakings associated with this financing, so-called covenants, that the

Group must comply with every quarter. The covenants Ahlsell is measured by are:

- Consolidated EBITDA in relation to net financial costs
- Consolidated EBITDA in relation to total net liabilities
- Operational cash flow in relation to principal and interest payments

There are specific definitions for the respective components, among them, certain items of a one-off nature are excluded from EBITDA.

As at 31 December, the covenants had been met. Ahlsell's financing risk is also dependent on the Group's possibility of refinancing mature loans, or paying mature loans from existing financial funds. The maturity structure of Ahlsell's bank facilities is shown in the table below.

At year-end, Ahlsell had liabilities with any associated upper limit amounts as follows:

Loans

	2009		2008	
	Total liabilities	Upper limit amounts	Total liabilities	Upper limit amounts
Acquisition credits ¹	1,128.1	–	1,381.0	1,500.0
Senior loans ¹	8,332.3	–	9,364.0	–
Credit lines ²	–	385.0	–	373.9
Mezzanine loans ³	2,050.4	–	1,897.2	–
Other	–	–	1.6	–
Total	11,510.8		12,643.8	

¹ Loans with variable interest rates and currencies EUR, SEK and NOK.

² Credit with variable interest rates and pre-defined margins, and in the currencies SEK, EUR, NOK and DKK.

³ Fixed interest rate in EUR.

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

Matures

	Group	
	2009	2008
2009		250.3
2010	152.7	495.2
2011	633.7	692.5
2012	704.9	741.9
2013	571.9	589.8
2014	3,221.7	3,484.8
>2014	6,225.9	6,389.3
Total	11,510.8	12,643.8

Liabilities for which securities have been posted amount to SEK 11,759 million (12,848). Securities for bank loans are made up of the Group's company income, certain trade receivables as well certain shares in subsidiaries (note 34).

Specification of leasing assets and current value of financial leasing can be found in note 20, Equipment, tools, fixtures and fittings, and in note 18, Land and buildings.

Maturity structure for leasing

SEK million	Group	
	2009	2008
Within 1 year	28.0	25.6
Maturity time, 1–5 years from Balance Sheet date	91.3	107.4
Maturity time later than 5 years	117.8	126.5
Total	237.1	259.5

Total maturity structure

SEK million	2009	2008
Within 1 year	180.7	275.9
Maturity time, 1–5 years from Balance Sheet date	5,223.5	2,626.8
Maturity time later than 5 years	6,343.7	10,000.6
Total	11,747.9	12,903.3

* the difference with figures in the Balance Sheet is due to capitalised loan costs.

Interest rate risk

Ahlsell's interest rate risk consists of the risk that changes in interest rates have a negative impact on Ahlsell's result due to loan costs increasing. Interest rate risk can be counteracted partly by fixing loan rates, partly by using various types of financial derivatives, e.g., so-called interest rates ceilings and floors.

The Group has interest rate ceilings of SEK 3,000 million until 30 March 2011 at 5.5% and an interest rate floor of 4.5% with the same life and amount. A fixed rate swap of SEK 3,000 million runs until 30 December 2013. The swap is of the step-up type, which means that the interest rate increases over time. At the Balance Sheet date the interest rate amounted to 2.84%. The Group's mezzanine facility in EUR, equivalent to SEK 2,050 million, has a term with a fixed rate of 14%. The loan matures on 31 December 2016. The interest rate risk is handled by Ahlsell's finance department, based on the instruments and the fixed interest periods that have been decided by the Board. The most important variable interest rates are EURIBOR, STIBOR and NIBOR.

The year's impact on net finance for interest derivatives amounts to SEK –41.3 million (–340.6). The negative effect for the year is because the value of the interest rate floor has been reduced over the year because of falling market interest rates.

Given the same loan liabilities, hedges, short-term placements, liquid assets and same fixed interest periods as at year-end, a change in the market rate of 100 interest points (1 percentage unit) changes interest costs by around SEK 37 million (50) and interest income by around SEK 16 million (14). Without hedging, a change in the market rate of 100 interest points (1 percentage unit) would change the interest costs by around SEK 97 million (110). There is no hedging for financial placements.

Liabilities to credit institutions and interest rate fixes, divided by currency before currency swaps, SEK million

Group Currency	2009			2008		
	Liabilities to credit institutions	Share as, %	Interest rate fix, days	Liabilities to credit institutions	Share as, %	Interest rate fix, days
SEK	2,113.6	18	91	2,634.1	21	91
EUR	8,737.8	76	669	9,266.9	73	670
NOK	659.2	6	91	741.2	6	91
DKK	–	–	–	–	–	–
LVL	–	–	–	–	–	–
EEK	–	–	–	1.6	0	30
Total	11,510.6	100	530	12,643.8	100	508

Effective interest rate at the Balance Sheet date was:

	2009				2008			
	SEK	NOK	EUR	Other	SEK	NOK	EUR	Other
Bank loans	3.93	5.59	6.82	–	4.90	6.55	7.37	4.50
Leasing liabilities	1.28	–	3.51	–	3.04	–	5.69	–

Currency risk

Ahlsell's transaction exposure is concentrated on import of goods and on loans in foreign currencies. The finance policy concerning the future payment flow can be hedged for up to twelve months in advance. Transaction exposure from imports is limited. No hedges for imports were in place as at 31 December 2009. As a rule, the payment flow hedging activities are limited. As the Group has loans in foreign currencies, there is exposure; see above for liabilities to credit institutions divided by currency type. In order to reduce its exposure, the Group has entered into currency interest rate swaps. The exposure in EUR has been reduced by SEK 1,615 million and increased in SEK by the equivalent amount, which reduces the exposure compared with the above table to SEK 34% (59), EUR 60%

(31) and NOK 6% (10). These instruments do not use hedge accounting.

Based on the income and costs in foreign currencies for 2009, a five percentage unit change in SEK's value against other currencies, excluding hedges, leads to an impact on operating profit on an annual basis of approx. SEK 7 million. The impact on net finance, including the hedges that were in place at year-end, would in the case of a five percentage unit change, amount to approx. SEK 356 million (228).

The year's impact on net finance for currency derivatives amounts to SEK –174.0 million (753.7). The negative effect for the year is due to SEK's strengthening against the EUR. The year's exchange rate difference on the loan amounts to SEK 396.6 million (–1,064.2). The impact of exchange rate effects on net finance amounts in total to SEK 222.6 million (–310.5).

The Group has a number of holdings in foreign companies whose net assets are liable to translation exposure. See the table below.

Exposed foreign net assets per country, SEK million

Group Currency (country)	2009			2008		
	Net assets	Hedged	Net	Net assets	Hedged	Net
EUR (Finland)	955.4	–711.9	243.5	751.9	–439.7	312.3
DKK (Denmark)	255.7	–	255.7	293.9	–	293.9
NOK (Norway)	1,632.3	–484.0	1,148.3	1,580.1	–520.4	1,059.7
EEK (Estonia)	262.8	–	262.8	291.0	–	291.0
PLN (Poland)	23.7	–	23.7	21.8	–	21.8
RUB (Russia)	–34.6	–	–34.6	–22.1	–	–22.1
Total	3,095.3	–1,195.9	1,899.5	2,916.6	–960.1	1,956.6

Ahlsell's net assets in foreign currency are hedged if the exposure is significant. Ahlsell has chosen to hedge net assets in Norway and Finland. No hedge accounting is applied in other countries.

Fair value
Calculation of fair value

The fair value of financial instruments that are not traded in active markets is set using valuation techniques. The Group uses a number of different methods and makes undertakings that are based on the market conditions that apply on Balance Sheet date. The listed market prices or broker notes for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flow, are used to set the fair value of the remaining financial instruments. The fair value for interest rate swaps, interest currency swaps and interest rate ceilings is based on the relevant credit institution's assessment, whose creditability is tested by discounting the calculated future cash flow according to the conditions of the contract and due dates and based on the market rate for similar instruments on Balance Sheet date.

The nominal value, reduced by any assessed credits, for trade receivables and supplier liabilities is assumed to be equivalent to their fair value. The fair value of financial liabilities is calculated, for the information in the notes, by discounting the future contracted cash flow to the specific market interest rate that is available to the Group for similar financial instruments.

As far as loans are concerned, there are no material discrepancies between the carrying amount and the fair value, as the Group's loans are mainly contracted with variable interest rates. The abovementioned Mezzanine facility is, however, a fixed rate loan, with a fair value that is SEK 99.8 million higher than the carrying amount. The Group does not have any other financial assets or liabilities that are off-Balance Sheet.

Fair value of financial instruments

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Financial assets – held for trading valued at fair value</i>				
Currency interest rate swaps	584.9	584.9	821.0	821.0
Interest rate ceiling	1.0	1.0	0.8	0.8
Currency swaps	2.1	2.1	1.1	1.1
Total	588.0	588.0	822.9	822.9
<i>Financial assets – held for hedging valued at fair value</i>				
Interest rate swaps concerning cash flow hedging	–	–	–	–
Total	–	–	–	–
<i>Loan receivables and trade receivables</i>				
Other long-term receivables	95.3	95.3	36.3	36.3
Trade receivables	2,071.9	2,071.9	2,238.9	2,238.9
Liquid assets	1,585.4	1,585.4	1,425.7	1,425.7
Total	3,752.6	3,752.6	3,700.9	3,700.9
<i>Financial assets – available for sale</i>				
Financial placements	4.0	4.0	4.4	4.4
Total	4.0	4.0	4.4	4.4
Financial liabilities				
<i>Financial liabilities – held for trading, valued at fair value</i>				
Currency swaps	–	–	1.6	1.6
Interest ceiling	343.1	343.1	301.6	301.6
Total	343.1	343.1	303.2	303.2
<i>Other financial liabilities</i>				
Liabilities to credit institutions	11,747.9	11,847.7	12,903.3	12,813.2
Accounts payable	2,656.1	2,656.1	2,745.5	2,745.5
Other short-term interest-bearing liabilities	–	–	–	–
Total	14,404.0	14,503.8	15,648.8	15,558.7

For financial instruments accounted at their fair value in the Income Statement, Level 2 inputs have been used to set the fair value.

Liquid assets

SEK million	2009	2008
The following sub-components are included in liquid assets		
Cash and cash equivalents	1,085.8	1,425.7
Short-term placements, equivalent to liquid assets	499.6	–
Total liquid assets	1,585.4	1,425.7

Short-term placements have been classified as liquid assets, based on the fact that:

- They have an insignificant risk of value fluctuation
- They can easily be converted into cash
- They have a short life

Credit risk

Credit risk is handled at the Group level. Credit risk is incurred through liquid assets, derivatives and holdings in banks and financial instruments and credit exposure from customers, including outstanding receivables. Only banks and financial institutions that have been independently assessed, at a minimum, as having a credit rating "A" are accepted. Ahlsell's credit policy sets guidelines so that all sales made to customers have a suitable credit background check, and credit decisions are made by persons with the appropriate authority. The credit assessment of all of Ahlsell's customers is carried out by credit departments at a national level. The credit policy's compliance is followed up by the respective countries' credit departments. This takes place using the integral system support in Ahlsell's trading system, in respect of who has the right to allow what, partly through ongoing checks of certificates and grants.

Individual risk limits are fixed, based on internal or external credit assessment in accordance with the limits set by the Board. Application of credit limits is followed up on a regular basis. Ahlsell's maximum exposure to credit risk is made up of the carrying amount of the company's financial assets. Ahlsell's total credit risk is also followed up by a dedicated database application, which permits analysis of the total sub-ledger value down to the lowest level. See also note 27 Trade receivables.

Liquidity risk

Caution in handling liquidity risk means possessing sufficient liquid assets and saleable securities, available financing through sufficient agreed credit facilities and the opportunity to close market positions. Because of the dynamic nature of the underlying activity, Group finance attempts to maintain flexibility in its financing by creating agreements concerning increasable credits. See the table below concerning the maturity structure of the Groups accounts payable.

Maturity structure, accounts payable

Group	2009	2008
Not due	2,092.7	2,003.2
Within one month	545.6	705.6
Longer than one month, maximum three months	14.1	17.2
Longer than three months	3.7	19.5
Total	2,656.1	2,745.5

Parent Company

Ahlsell AB (publ) has financial receivables and financial liabilities to Group companies, see also note 23, and note 39 Information about associated companies. Ahlsell AB (publ) also has financial placements amounting to SEK 0.7 million (-).

Exchange rates used when closing the accounts

Currency	2009		2008	
	Average rate	Closing rate	Average rate	Closing rate
EUR	10,621	10,353	10,936	9,474
NOK	1,216	1,243	1,104	1,188
DKK	1,426	1,392	1,468	1,271
EEK	0,679	0,663	0,699	0,606
PLN	2,457	2,500	2,620	2,630
LVL	15,052	14,600	15,480	13,600
RUB	0,241	0,239	0,263	0,264

Note 34 Other commitments and securities pledged

Group, SEK million	2009	2008
Other commitments	None	None
Securities pledged		
Company mortgages	5,976.1	6,178.4
Property mortgages	6.6	7.0
Shares in subsidiaries	neg	neg
Trade receivables	918.8	906.8
Total securities pledged	6,901.6	7,092.2

Shares in Nybrojarl New 3 AB (co. reg. no. 556715-7861), and shares in underlying subsidiaries, have been pledged as security for external loans. The consolidated value of the Nybrojarl New 3 Group is negative.

Note 35 Interest earned/paid

Group, SEK million	2009	2008
Interest earned	25.4	75.4
Interest paid	-637.8	-777.0

Note 36 Adjustment for items that are not included in the cash flow, etc.

Group, SEK million	2009	2008
Writedowns and depreciation of assets	460.7	652.9
Capitalised and incurred interest	273.7	219.8
Unrealised exchange rate differences	-396.4	1 019.8
Value change when revaluing interest and currency derivatives	215.3	-413.1
Gain/loss realised on sales of fixed assets	0.9	11.5
Results from sales of operations / subsidiaries	-	-29.6
Pension provisions	-116.7	-16.9
Result from revaluing of discontinued companies	-2.4	35.7
Other provisions	-42.4	177.4
Total	392.7	1 657.5

Parent, SEK million	2009	2008
Writedowns and depreciation of assets	460.7	652.9
Total	392.7	1 657.5

Items not included in the operational cash flow

Group, SEK million	2009	2008
Writedowns and depreciation of assets	460.7	500.8
Gain/loss realised on sales of fixed assets	0.9	11.5
Results from sales of operations / subsidiaries	-	-29.6
Pension provisions	-116.7	-16.9
Other provisions	-42.4	177.4
Total	302.5	643.2

Note 37 Acquisition of operations

Acquisitions after Balance Sheet date

In January 2010 Ahlsell acquired Solar's Finnish company from the Danish listed company Solar A/S.

Acquisitions during 2009

No acquisitions were made in 2009.

Previous years' company acquisitions

During 2008, the supplementary purchase price for Tarvikeykköset Oy was regulated. The payment amounted to SEK 15.7 million. Consolidated goodwill has increased by the equivalent amount.

Note 38 Disposal of assets and companies

Disposals 2009

No disposals took place in 2009.

Disposals 2008

In September 2008, Ahlsell availed itself of an option to purchase the building in Hallsberg that is the Swedish distribution centre. The building was purchased by the subsidiary Ahlsell Fastighets AB. Ahlsell Fastighets AB then resold it to Wilfast i Hallsberg AB. The transaction realised a gain of SEK 29.6 million.

Note 39 Information about associates companies

Group

Ahlsell AB (publ), co. reg. no. 556715-7820, with registered office in Stockholm, is 95.85% owned by New 1 AB (co. reg. no 556715-7812) with registered office in Stockholm, which prepares the consolidated accounts for the most senior Swedish group. The remaining 4.15% is owned by senior management in the Ahlsell Group. Nybrojarl New 1 AB is owned by the Luxembourg-based company Alchemy Holding S.á.r.l, which is in turn owned by Goldman Sachs Capital Partners and Cinven.

During 2009, the Ahlsell AB (publ) Group invoiced management fees from Goldman Sachs Capital Partners and Cinven amounting to SEK 6.1 million (5.3).

Information about staffing costs and remuneration for senior management is shown in Note 3 Personnel.

The Group has receivables from Nybrojarl New1 AB amounting to SEK 22.0 million.

Parent company

Ahlsell AB (publ) has long-term receivables from other Group companies amounting to SEK 5 230.1 million (4,480.6), see note 23. Apart from this the company has short-term receivables from Group companies amounting to SEK 0.6 million (3.1). The company has a long-term liability to the subsidiary Ahlsell Sverige AB amounting to SEK 652.5 million (-) and a short-term liability amounting to – SEK (626.1). Apart from this, the company has a short-term liability with the subsidiary Nybrojarl Invest AB of SEK 714.5 million (-).

The company is closely associated with its subsidiaries, see note 22.

Note 40 Important accounting estimates and assumptions

Estimates and assumptions are carried out continually and are based on historical experience and other factors, including expectations about future events regarded as reasonable under the prevailing conditions.

Important estimates and assumptions for accounting purposes

The Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes will, therefore, by definition, rarely equal the actual result. The estimates and assumptions that involve a significant risk of considerable adjustment in the carrying amount for assets and liabilities during the subsequent accounting year are discussed below.

Customer relations

When setting the value of customer relations, a number of parameters are used such as WACC, growth assumptions, tapping of existing customers and the discount rate. Changes in these parameters would impact on the size of customer relations.

Testing the need to write down goodwill and the brand

The Group investigates every year if there is any need to write down goodwill and the brand, in accordance with the above accounting principles. The recovery value for cash-generating units has been set by calculating their value in use. The recovery value of the brand has been set according to the relief-from-royalty method. Certain estimates must be made for these calculations (note 15 and note 17).

In the case of goodwill, the Group has carried out the assessment that a reasonable possible change in the most important assumptions used when calculating the recovery value of goodwill, e.g., gross margin and discount rate, must not mean that the total carrying amount of goodwill, in relation to the respective geographical area, exceeds the goodwill's recovery value for the respective geographical areas.

For brands with undefinable value in use (the Ahlsell brand), the Group considers that a reasonable possible change in the most important assumptions used when calculating the recovery value, e.g., future sales trends, royalty rates and discount rate, should not mean that the carrying amount of the Ahlsell brand exceeds the recovery value.

Income taxes

The Group is liable for tax in all of the countries. Comprehensive assessments are required to set the total liability for income tax. There are many transactions and calculations in which the final tax is uncertain at the time of the transaction and the calculations are carried out. The Group records a liability for expected tax audit questions, based on assessments of whether further tax liability will occur. In cases where the tax owed in these matters differs from the figures initially recorded, these differences will impact actual tax and deferred tax during the period that these costs are set.

Deferred tax is calculated on the temporary differences between the accounting and tax value of assets and liabilities. There are primarily two types of assumptions and assessments that impact the accounting for deferred tax. This regards assumptions and assessments used to set the carrying amount of assets and liabilities, and future taxable gains. At year-end SEK 379 million (252) is accounted for as the deferred tax benefit, based on assumptions of future taxable gains. Significant assessments and assumptions are also made for accounting for provisions and potential obligations related to tax risk.

Note 41 Information about the company

Ahlsell AB (publ), co. reg. no 556715-7820, registered in Sweden, with its registered office in Stockholm, is 95.85% owned by Nybrojarl New 1 AB (co. reg. no 556715-7812) with its registered office in Stockholm; the remaining 4.15% is owned by the senior management of the Ahlsell Group. Ahlsell AB (publ)'s registered address is Liljeholmsvägen 30, SE-117 98 Stockholm.

Ahlsell offers professional users a wide range of products and associated services within the product sectors heating and plumbing, electrical, tools and machinery, refrigeration and DIY (Do It Yourself). Ahlsell has companies in Sweden, Norway, Finland, Denmark, Estonia, Russia and Poland.

Stockholm, 26 March 2010

Rolf Börjesson
Chairman of the Board

Göran Näsholm
CEO

Guy Davison

Caroline Sundewall

Magnus Hildingsson

Mattias Hieber

Steven Sher

Glenn Edlund
Employee representative

Fredrik Nilsson
Employee representative

Our auditor's report was submitted on 2010

KPMG AB

Thomas Thiel
Authorised Public Accountant