



BE GROUP

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ANNUAL GENERAL MEETING

The Annual General Meeting of BE Group will be held on Tuesday, April 27, 2010, at 4.00 p.m. CET at the Nöjesteatern Theater, Amiralsgatan 35, Malmö, Sweden. Notices concerning registration for the meeting and the agenda will be provided in press releases and published well in advance of the meeting on the BE Group website (www.begroup.com).

BE Group's audited annual accounts will be available on the website and at the head office on Spadegatan in Malmö after March 29, 2010. Shareholders whose holdings are nominee registered must temporarily register their shares under their own names ("direct registration") by April 21, 2010. Shareholders should request the custodian to temporarily change the registration well in advance of the meeting.

REGISTRATION

The company must receive notice of intent to attend the general meeting by April 21, 2010, preferably before 12:00 noon. Notice may be registered online at www.begroup.com or by phone on +46 (0)40 38 42 00. The notice must state the shareholder's name, personal or company registration number, address and telephone number, as well as the details concerning the shareholder's proxy, if any.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2009 financial year.



BE Group's offering

- One of Europe's leading independent trading and service company offering a broad range of steel, stainless steel and aluminium products.
- Experienced organization with knowledgeable employees who understand customers' materials needs and production processes. The Group has a well developed distribution network for just-in-time deliveries.
- Offers broad and qualified production service and a high level of delivery reliability to 10,000 customers in several sectors.



Thin plate steel is an important product category for BE Group. This material is used in household appliances, building facades and ventilation equipment.

BE Group is a Swedish public limited liability company. The company was formed and registered under Swedish law with the name BE Group AB (publ), company registration number 556578-4724. The registered office is in Malmö, Sweden.

BE Group's Annual Report is published in Swedish and English. The Swedish version is the official Annual Report. This Annual Report was published on the company's website (www.begroup.com) on March 29, 2010. Printed copies are distributed to shareholders and other stakeholders on demand.

BE Group's strengths

- The Group is well-established close to its customers in Northern, Eastern and Central Europe.
- Since the founding of the company in the late 19th century, its strong brand has been synonymous with a trading and service company that provides customers with the materials best suited to their needs.
- The Group's employees are highly competent in engineering and materials science.

BE Group's customers

- The Group has about 10,000 customers, primarily in the construction and engineering industries.
- The largest customer categories are the engineering sector (45%) and the construction sector (21%).
- In 2009, the Group's sales totaled SEK 4.3Bn.

REPORTING DATES

Interim Report January – March:	April 27, 2010
Interim Report January – April:	July 15, 2010
Interim Report January – September:	October 22, 2010
Year-End Report 2010:	February 2011

The Board of Directors' Report is presented on pages 16–27.

The financial statements are presented on pages 29–68 and have been prepared in accordance with IFRS. All figures are expressed in SEK millions unless otherwise stated. Figures in parentheses refer to 2008 unless otherwise stated. Market information is based on BE Group's assessment if no other source is specified. Assessments are based on the best available factual information.

This report contains forward-looking information. While BE Group's management believes this information is reasonable, no guarantees are given, whether express or implied, that these expectations will prove accurate. Actual future outcomes may vary from the statements in forward-looking information due to factors including changes in economic, market and competitive conditions, changes in legal requirements and other political measures, fluctuations in exchange rates and other factors.

Financial and operational definitions, page 90–92.

Cover photo:

At BE Group's facilities, steel and aluminium are processed according to customers' specifications.

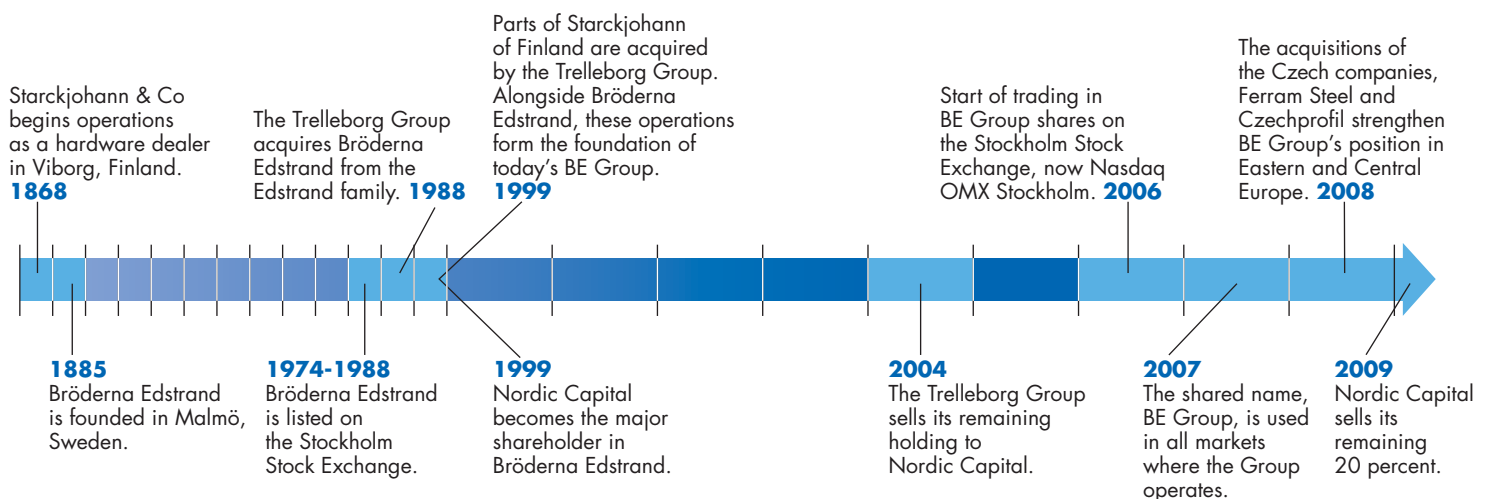
BE GROUP BUILDS VALUES

BE Group is the Nordic region's leading independent trading and service company in steel, stainless steel and aluminium. The Group operates in nine countries and customers mainly within the construction and engineering sectors.

As an independent player in a large market, BE Group enjoys a unique position to be able to generate value for both suppliers and customers. In today's challenging economic climate, success depends on flexibility and better solutions than ever for customers. Consequently, during 2009, the Group worked to adapt its organization to prevailing market conditions. At the same time, rigorous efforts were implemented to prepare all parts of the Group for the challenges of the future. Relations with customers and suppliers are decisive.

For a number of years now a process of consolidation has been in progress among the world's producers of steel and other metals. A smaller number of producers means increased standardization, large-scale production and increased lead times. For them, BE Group represents a knowledgeable and important customer whose experience and capacity to make it easier for steel producers to generate considerable volumes.

BE Group's customers are largely manufacturing companies who are constantly striving to improve their core operations. An important part of this process involves outsourcing purchasing to a partner who contributes a complete offering, including customer-oriented product ranges and a high level of service, delivery reliability and advice.



A YEAR OF LESSONS AND ADAPTATIONS

In many ways, the year we have just left behind us was one of the most challenging in decades. For BE Group, 2009 was a year that commenced with a sharp decline and that continued with fluctuations in demand and expectations for the future. This imposed considerable demands on operations and employees alike.



“For BE Group, 2009 was a year that commenced with a sharp decline and that continued with fluctuations in demand and expectations for the future.”

We have confronted this situation with a cost savings program, adjusting our costs and adapting inventory levels to the market situation. At the same time, we have been able to implement forward-looking measures, including developing our employees' competence and strengthening our offering in production service.

We are now approaching an improved market situation where our ongoing cost savings, inventory optimization and clear focus on production service make BE Group stronger and more flexible.

The past year

Compared with the preceding year, net sales declined by 44 percent to SEK 4,308 M (7,713). The price trend was negative throughout most of the year and, compared with 2008, the average sales price fell by 18 percent to SEK 10.35/kg (12.57).

EBITA weakened to a loss of SEK 259 M (537). Despite a sharp decline

in sales, we achieved an underlying EBITA of SEK 4M (459).

A year ago, I wrote that the start of 2009 would affect our development negatively and unfortunately this proved true of the year as a whole.

Our focus on working capital has been successful and average working capital was reduced by SEK 144M to SEK 751M (895), contributing to improved cash flow. Cash flow from current operations totaled SEK 282M (222).

The economic recession deepened early in the year and the end of 2009 was characterized by continued low global demand for steel and other metals. The trend for BE Group reflected the economic situation in general. It was not until the fourth quarter that we observed some stabilization, mostly in Central and Eastern Europe and in Sweden, while the Finnish market remained weak. Overall, the Group's shipped tonnage for the fourth quarter was at the same level as in the second quarter and 13 percent higher than in the third quarter.

Activities in a difficult market

Due to weakened demand at the end of 2008, we decided to adjust our operations to a situation of financial unease and extensive uncertainty for our customers. Initially, we intended to cut our cost level by about SEK 100 M. As the crisis deepened, we were forced to extend the cost savings program to approximately SEK 170M for the 2009 full-year.

The Group's cost savings program has entailed difficult decisions at all levels. Unfortunately, lower demand has forced us to reduce our labor force through terminations and temporary lay-offs. As a consequence of the weak market, an aggressive target was set to reduce our inventories and safeguard positive cash flow. Given continued low activity in the market, we have decided to implement further savings of SEK 25 M, which are expected to take full effect as of 2011.

To date, the savings program has been implemented in exemplary fashion and I would like to extend my gratitude to the Group's employees for their hard work during this difficult time.

“The overarching objective is to advance, clarify and strengthen BE Group’s offering in the value chain between steel producers and our customers.”

Knowledge and customer focus

As we look back over the decades, there have been several periods in which BE Group’s operations have been subject to rapid change. The ways in which our predecessors dealt with these helped take BE Group to the current strong position on which we are now able to build.

The lessons that we must take with us from what we are now experiencing are primarily that we must continuously adapt to meet changes, both in demand and prices for steel and in our relations with customers and suppliers.

Times of great uncertainty also offer opportunities. For this reason, we have, over the year, reviewed our strategic ambitions and clarified them. The overarching objective is to advance, clarify and strengthen BE Group’s offering in the value chain between steel producers and our customers. To succeed with this, it remains important that we enhance efficiency at all levels, optimize inventories and develop our production services.

Consequently, we have, over the year, carried out a broad training program, BEST, for all employees who have contacts with customers. This has provided a broad overview of the market and concrete training in a number of methods and tools to make our sales efforts more goal oriented and efficient.

Towards the end of 2009, we complemented BEST with a program called The BE Way. In brief, this involved our developing the organization by clarifying our strategy for each employee and implementing an approach that gives everyone the opportunity to contribute to the Group’s common goals through continuous improvement. A deep sense

of involvement makes the strategy more alive and more effective.

Strong market presence

Our ambition is for BE Group to grow more rapidly than the market. This will mainly involve organic growth in the markets where the Group is established. Today, we enjoy a leading position in Sweden and Finland, and have a strong presence in Central and Eastern Europe.

Our acquisitions in the Czech Republic have been integrated as planned and have strengthened our market position. Following the initial phase of integration, we have implemented the next step in developing Ostrava as a logistics center for the product area flat products. Developing the Polish market is of interest and we are considering opportunities to strengthen our presence there. Our favorable experiences from the acquisitions in the Czech Republic increase the attractiveness of considering other countries in the region more closely, for example Romania.

Part of the assessment of the conditions for growth through acquisitions is how these can broaden our offering, primarily in production services and logistics solutions for our customers. Our ambition is for the services proportion of our consolidated sales to reach 50 percent. Given the market trend we are currently facing, this represents a medium-term goal.

Our future role

A long-term condition for our ability to maintain a significant position is that BE Group is a trustworthy and competent partner, both for steel and metal producers and for our customers.

Consequently, we are working to create a clear Group with shared approaches to our work and our interface with various stakeholders. This is exemplified by our common product supply organization. The second example is our current investment in a Group-wide business system that will improve our inventory control. A third example is the fact that we organize ourselves according to our customers and are therefore better able to provide service to customers located in several countries. Concrete

evidence of this is our new logistics center in Ostrava, in the Czech Republic, which provides deliveries to customers in Central and Eastern Europe as well as Sweden and Finland.

Outlook 2010

The World Steel Association (WSA) expects a recovery in the global market in 2010, with forecast visible growth of more than 9 percent. In the EU, this increase is expected to exceed 12 percent.

“Our ambition is for BE Group to grow more rapidly than the market.”

For BE Group, the demand trend for the 2010 full-year is currently very difficult to assess. In early 2010, increased activity has been observed among several of BE Group’s customer groups, bringing an increased number of bid requests and these are expected to lead to improved demand over the next few months.

Purchase prices and therefore BE Group’s sales prices are expected to rise at the end of the first quarter, thereafter maintaining an upward trend. However, the price trend depends of on how production volumes among steel producers are adjusted to current demand levels.

Following a difficult year, BE Group now has a strong cost structure. This position offers opportunities that we must make use of to be able to shift our operations into a higher gear when demand returns.

Malmö, March 2010



Lars Bergström
President and CEO

STRONG CASH FLOW IN 2009

In 2009, BE Group's markets were affected by global financial unease and sharply weakened demand in all customer segments.

In Sweden, the slowdown had already begun in the third quarter of 2008 and, after a weak start to the year, it was noted that demand stabilized somewhat in the second half of 2009.

The Finnish market ended 2009 with demand still sharply down on the preceding year, mostly because of the more exposed export-focused industrial sector there.

The markets in Central and Eastern Europe began the year with weak demand although a certain recovery began in the summer.

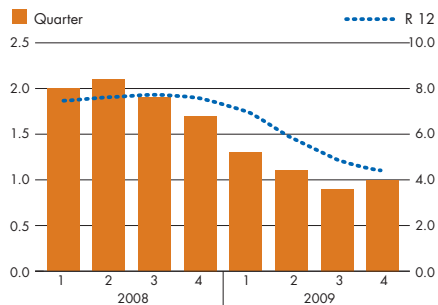
Financial trend

- Net sales amounted to SEK 4,308 million (7,713), a decline of 44 percent compared with the preceding year. Shipped tonnage decreased by 32 percent.
- The operating loss increased to SEK 266M (profit 532) and included incurred inventory losses of SEK 255M (gains 46).
- Underlying EBITA¹⁾ amounted to SEK 4M (profit 459), while the underlying EBITA margin declined to 0.1 percent (6.0).
- Rigorous measures decreased working capital by SEK 545M over the year.
- Earnings per share after dilution amounted to a loss of SEK 5.00 (profit 7.58), while underlying earnings per share after dilution declined to a loss of SEK 0.99 (profit 6.17).
- The Board of Directors proposes that no dividend (SEK 1.00) be paid to shareholders for the 2009 financial year. The proposal to not pay a dividend is motivated by the year's results.

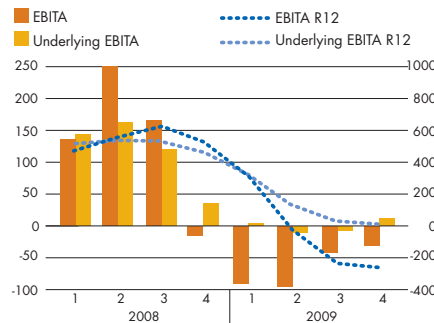
Commercial steel accounted for 75 percent (76) of the Group's total sales, equivalent to SEK 3,201 M (5,893). Product area Long products accounted for 33 percent (33) of net sales and flat products for 34 percent (36). Stainless steel accounted for 18 percent (17) of the Group's total sales, corresponding to SEK 768 M (1,290).

Combined, BE Group's average sales price was SEK 10.36/kg in 2009, 18 percent lower than in 2008.

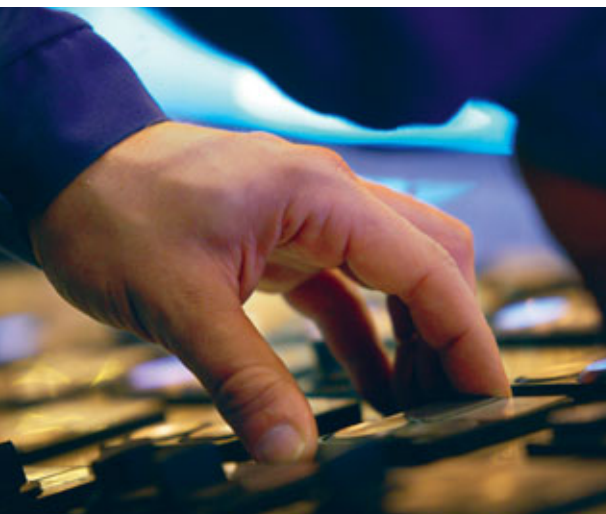
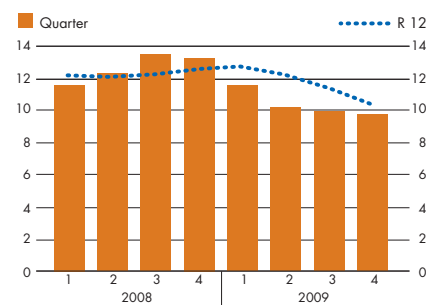
Net sales, SEKbn
Quarterly and rolling 12-months



EBITA, SEKM
Quarterly and rolling 12-months



Average sales prices (SEK/kg)
Quarterly and rolling 12-months





Significant events per quarter

First quarter

- Lars Bergström assumed the post of President and CEO in March.
- The initiated cost savings program progressed well, although continued weak demand necessitated that it be expanded from SEK 100M to SEK 150M annually.
- Rigorous measures to reduce inventory levels.

Second quarter

- Ongoing measures to adapt inventory levels to current demand.

Third quarter

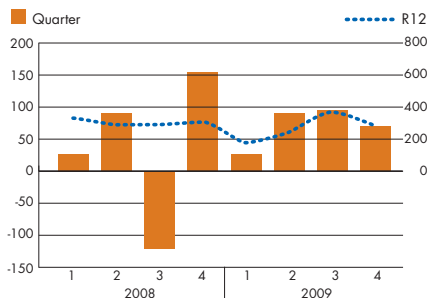
- Continued weak demand in most of BE Group's markets but with a certain degree of recovery, primarily in Central and Eastern Europe.

- The logistics center in Ostrava in the Czech Republic entered operation at the end of the first half of the year, allowing more efficient inventory management and distribution in the Group's markets.
- The cost savings program progressed well and was expanded. By the end of the third quarter, cost levels had been reduced by approximately SEK 120M, of which SEK 40M was achieved in the third quarter.

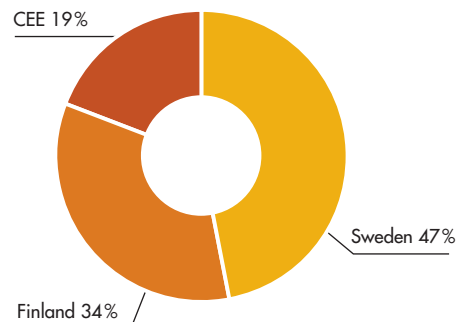
Fourth quarter

- The quarter saw the completion of the merger of two facilities in Lahti, Finland into a single facility.
- BE Group's cost-savings program continued as planned resulting in savings totaling SEK 170M in 2009, of which SEK 50M during the third quarter.
- A decision was made to implement further cost cuts to reduce the sustained cost level by an additional SEK 25M. The full effect of the savings is expected to be achieved as of 2011.

Cash flow for the period, SEK M Quarterly and rolling 12-months

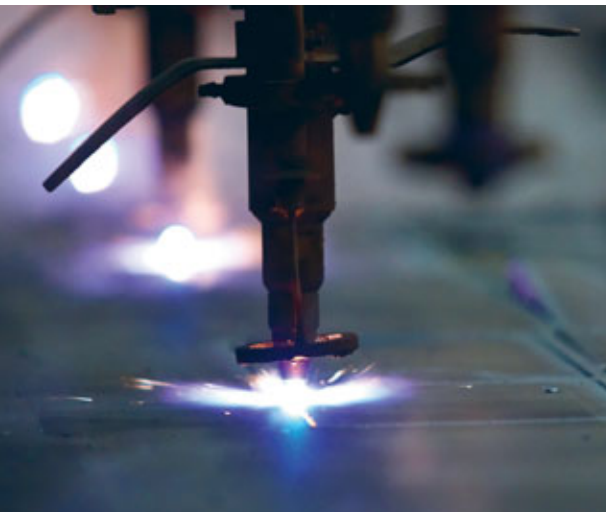


BE Group's sales per business area



Underlying EBITA refers to the result, excluding non-recurring items and adjusted for inventory gains/losses. The data on underlying earnings has not been reviewed by the company's auditors. For financial and operational definitions, see page 90-92.

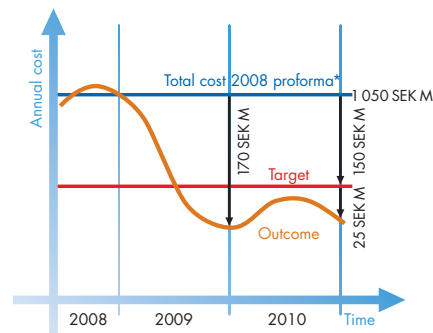
BE Group has three geographically determined business areas: Sweden, Finland and CEE (Central and Eastern Europe: Denmark, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia and Russia). The Group also maintains a presence in Asia through its representation office in Shanghai, China.



Rigorous cost reductions implemented over the year

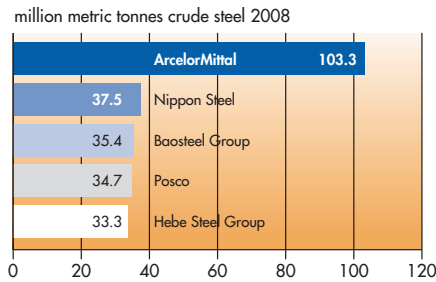
Implemented cost reductions have resulted in sustained savings of SEK 175M with the full effect being achieved as of 2011.

* Corresponds to the cost level at the end of 2008, recalculated as full-year figures for the current Group structure.



CONSIDERABLE DECLINE IN GLOBAL DEMAND

World's largest steel companies



Production figures for 2009 were not available at the time of printing. Source: World Steel Association.

The world market for steel was characterized by continued uncertainty in the wake of global financial unease and fluctuations in demand from key customers.



The substantial decline in the global economy in progress since the second half of 2008 continued to affect the 2009 full-year with continued low global demand for steel and other metals. Levels remain historically low with a strong element of volatility.

Over the year, the major steel producers have tried to adjust their production to current demand levels. As a result of low activity among end-users, this has led to considerable surplus capacity being built up in the global steel industry.

Worldwide, steel production declined in early 2009 but rose again in the second half of the year. Capacity utilization in global steel production increased in the autumn, amounting to 72 percent in December, which can be compared with 58 percent in December 2008. The increase in supply during the latter part of the year pressed prices down.

In Sweden, production of raw steel fell by 46 percent to 2.8 million tonnes. This represents the sharpest decline since 1921, according to the Swedish steel industry association Jernkontoret.

Inventory optimization

Throughout the year, efforts were implemented across the value chain, from steel producers to users, to bring inventory levels down. The future trend among distributors is dependent on the underlying demand trend.

Demand for steel in the EU member states has fallen back to levels equivalent

to those of the early 1990s. According to sector statistics, sales among distributors within the EU fell by 27 percent during the 2009 full-year. Prices are generally considered to have bottomed out at a level equivalent to that in 2005.

The trend among end-users of steel continues to be to focus increasingly on core operations. This increases demand for partners able to offer logistics solutions, specialized products and certain parts of the production chain. Customer companies seek to further shorten lead times in both the ordering processes and transport.

Steel market trends

The foremost source of data on steel market trends is the World Steel Association (WSA), the global forum for steel producers.

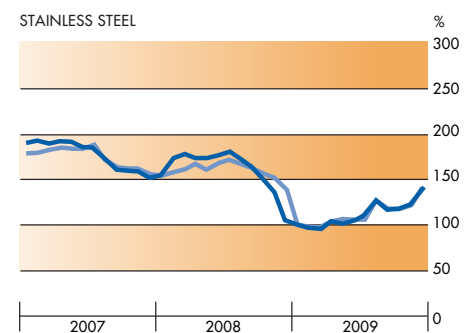
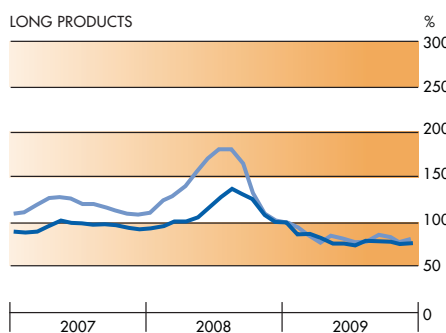
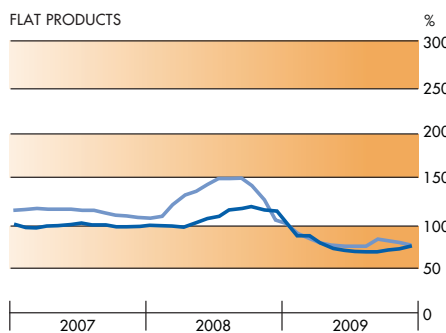
According to statistics from the World Steel Association, global steel production in 2009 amounted to 1,220 million tonnes, down 8 percent on 2008. The figure is affected strongly by China, which represents 47 percent of total production and which showed a 14 percent increase in production over the year. In the EU, production declined by 30 percent.

For 2010, the organization predicts a global upswing in steel consumption of 9 percent, with the increase in Europe being slightly above 12 percent.

In the global market, China holds a unique position as both a leading producer and consumer of steel. Develop-

Price trends for BE Group's various product areas, indexed as per January 1, 2009

■ BE Group's purchase price ■ Market spot price



ments in China affect other markets and to a large extent steer the expectations that determine prices for raw and processed materials.

The uncertainty regarding the true extent of the upswing in demand is triggering caution in the market. The consequence is turbulent pricing, with rumors being able to have a strong influence on trends.

Turbulent price trend

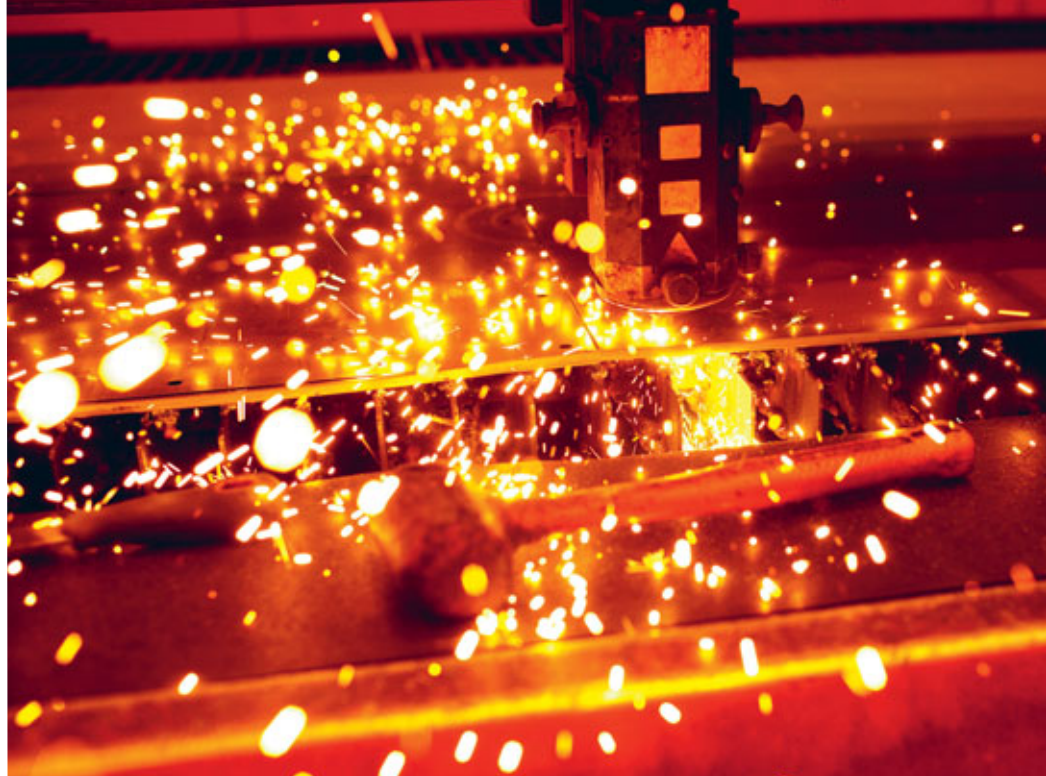
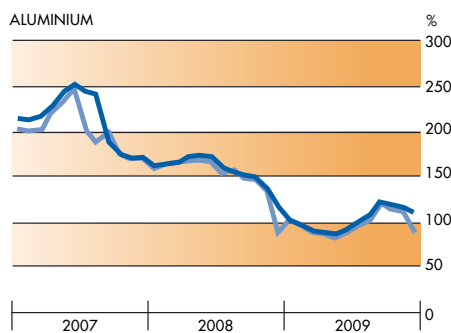
Normally, BE Group's purchasing prices are less volatile than market spot prices (see diagram). As planned, BE Group reduced its purchasing volumes throughout 2009 to better reflect demand.

Over 2009, the world market for steel was characterized by continued uncertainty in the wake of global financial unease and fluctuations in demand from key customers. Many of the steel industry's customers chose to wait and observe developments, which, combined with rigorous measures to reduce inventories at many levels, contributed to uncertainty regarding underlying demand and price trends.

BE GROUP'S MARKETS

BE Group operates in nine countries, with Sweden and Finland being the largest markets.

The remaining markets include Denmark and six countries in Central and Eastern Europe. The ongoing phase-out of operations in Russia is due to be completed in 2010.



The trend towards an increasing proportion of processed products with a higher service component also suggests that sales for trading and service operations sales may increase faster than steel consumption.

In most regards, the trend in BE Group's markets reflects the general economic situation. While weak through most of 2009, demand in Sweden stabilized in the fourth quarter and the recovery noted in Central and Eastern Europe in the third quarter continued. The market situation in Finland was characterized by weak demand in all customer segments.

The estimated worth of the service market in BE Group's geographical markets is SEK 100Bn, including customer production of standardized products that can potentially be performed by trading and service companies.

Average tonnage growth in BE Group's markets was approximately 5 percent per year for 2003-2008. As a consequence of the recession and the turbulent business environment, this trend was broken in 2009. Demand is being affected by the sizeable inventory reductions being implemented by BE Group's customers. Shipped tonnage is affected by prices, but also by developments in the sectors where BE Group's customers operate. Growth in these industries, such as engineering and construction, often co-varies with growth rates for GDP and industrial production.

The trend towards an increasing proportion of processed products with a higher service component also suggests that sales for trading and service operations sales may increase faster than steel consumption.

There are significant differences between BE Group's geographical

markets with respect to the factors that drive growth. The Eastern European economies, and thus demand, are in a long-term growth phase, while more mature economies are to a greater extent demanding services and more sophisticated products, such as aluminium and stainless steel.

Purchases of steel and other metals represent a major portion of the costs of trading and service companies and the price of steel has considerable impact on margins and earnings. Sales of production services typically generate higher margins than inventory sales, while creating the conditions for higher growth and profitability. BE Group's concentration on increasing the service component of sales is also aimed at reducing the Group's sensitivity to steel price variations while setting the stage for higher profitability through higher margins.

Purchase prices for alloyed metals, especially stainless steel, are dependent on the demand for nickel, chrome, molybdenum and other alloy metals, which can periodically exacerbate price fluctuations.

BE Group is affected seasonally by overall trends, primarily in the engineering and construction sectors, as well as calendar effects. Profitability is thus usually strongest in the second quarter, due to high construction activity and the high number of working days.

MARKET PLAYERS

Trading and service in the steel industry are characterized by significant economies of scale, primarily in purchasing but also in logistics and production services.

There are several major players in the European market, both trading and service operations, some of which are owned by steel producers and some of which are independent companies. Notable among the latter are Klöckner, IMS (International Metal Service) and BE Group, which are all listed, multinational companies.

A number of players of varying size operate in the Nordic market. Several of the largest trading and service operations are integrated with steel producers, while BE Group is the largest of the independent suppliers.

In Eastern Europe, the markets are more fragmented. Here, several local and regional firms compete alongside multinational trading and service companies and steel producers with their own distribution companies.

BE Group has long enjoyed a very strong and established position and

maintained stable market shares in its two main markets, Sweden and Finland. Market shares in CEE vary from country to country.

Significant customer to steel and metal producers

BE Group is one of the biggest buyers of steel, stainless steel and aluminium in the Nordic Region. The Group enjoys close and strong relationships with several of the world's leading steel producers but is not dependent on any of them.

Consequently, the company can achieve competitive prices and favorable purchase terms and conditions. A large portion of BE Group's purchases are made from steel producers in Western Europe, although the Group also buys from other regions, including Asia. BE Group works with some 200 suppliers, about 70 of them frequently. The ten largest account for 50 percent of shipments to BE Group. These include several world-leading steel producers, such as ArcelorMittal, Outokumpu, SSAB and Corus.

Balanced customer portfolio

BE Group has a large customer base with about 10,000 active customers. The ten largest customers generated about 10 percent (9) of sales during the year.

BE Group's customers are primarily industrial companies in a wide variety of sectors. The largest customer categories are the engineering sector at 45 percent, the construction sector at 21 percent and retailers, at 7 percent. Other customers are found primarily in the process industry, transport, energy and power, mining, telecommunications and the heating and ventilation sectors.

The market is developing towards increasingly complex customer needs, which is boosting demand for more highly processed products and sophisticated services. Aimed at focusing marketing towards specific needs, BE Group has carried out an extensive project to segment its markets.

The outcome was the identification of four customer groups in the Group's markets:



- *Project business* – Project-based customers in sectors including construction and civil engineering.
- *Original Equipment Manufacturers* – Customers with in-house production and their supplier partners (such as machinery and equipment suppliers and the heavy vehicle and process industries).
- *Retail* – Dealers.
- *Pre-processing companies* – Companies that process and refine metal products (contract manufacturers).

Specific value propositions and sales arguments have been developed for each customer group, along with targeted training modules for sales representatives and other employees.

The ambition is to initiate a follow-up according to the new segments during 2010.



VALUE GENERATING BUSINESS MODEL WITH GROWTH IN PRODUCTION SERVICES

Vision

BE Group shall be customers' partner of choice as supplier of efficient logistics solutions and production services.

BE Group shall strengthen its customers' competitiveness by providing excellent service – the best in the market at all levels.

Business concept

As an independent trading and services company, BE Group offers efficient distribution and value-generating production services in commercial steel, stainless steel and aluminium for industrial customers in Europe.

The service offering is encapsulated in the concept of Excellent Service, encompassing delivery reliability, accessibility and solutions tailored to customers' specific needs. In this way, BE Group saves time, expense and capital for its partners, allowing them to strengthen their competitiveness.

AREAS OF STRATEGIC FOCUS

In light of the changes in the market situation that took place in 2009, BE Group has reviewed its strategic ambitions. The overarching objective is to advance BE Group's position in the value chain. To achieve this, the Group has identified three key areas:

1. Growing faster than steel consumption

BE Group shall outperform the market by enhancing the efficiency of flows of goods, simplifying business contacts and offering a customer-oriented range of products and services with a high level of service. This will generate value for customers, the company and its shareholders alike.

This will mainly be achieved through:

- Organic growth in all markets.
- Sustained leading position in Sweden and Finland.
- Offering the best service in the market by continuously contributing to customers' development, helping them save time, expense and capital.

2. Extending the Group's offering of value-generating services

BE Group's role as a value-generating link between steel producers and industrial users imposes rigorous demands on know-how and relations. As an independent trading and services company, BE Group's knowledge affords it a strong position in a market with a large number of suppliers of steel, aluminium and other metals. This knowledge benefits BE Group's customers in that they receive materials from the right supplier, at the right time and in a manner suited to their production processes.

Growth in sales of production services will be achieved by:

- Understanding customers' production processes.
- Developing production services according to customer specifications.

3. Having the best processes in the market at all levels

BE Group continuously strives to have the best processes in a number of key areas. This is achieved through a process of Best Practice that involves assessing which solution works best and then applying it in additional parts of the Group.

Developing BE Group involves:

- Endeavoring to identify the best approaches, which may entail improved management and control of inventories and enhanced reliability in logistics.
- Maintaining a focus on cost-efficient solutions, such as efficient use of capital.
- Understanding the dynamics of the market and having a good overview of sector trends and fluctuations in prices for steel and other metals.
- Acting as a coordinated group, enabling cooperation that simplifies business for both suppliers and customers.

In addition, BE Group strives to offer the best processes in the market in areas that strengthen customers' competitiveness. By means of continuous in-service training, Group employees are able to provide assistance on matters such as choice of materials, design alternatives and financing solutions.



FINANCIAL GOALS

BE Group has five financial business targets that are measured over a 12-month rolling period. The outcomes for growth, profitability and return are measured over an economic cycle, while the capital structure targets relate to a normal situation.

For this reason, temporary discrepancies may arise, for example, in connection with acquisitions.

A review of BE Group's financial goals was initiated in early 2010. The updated goals will be presented during the year.

Objectives	Outcome	Explanation															
Underlying sales growth >5%	<table border="1"> <caption>Underlying sales growth (%)</caption> <thead> <tr> <th>Year</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Actual</td> <td>5</td> <td>-2</td> <td>-5</td> <td>-30</td> </tr> <tr> <td>Goal</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> </tr> </tbody> </table>	Year	2006	2007	2008	2009	Actual	5	-2	-5	-30	Goal	5	5	5	5	In 2009, BE Group's sales growth was negative due to the weak economic trend during the year.
Year	2006	2007	2008	2009													
Actual	5	-2	-5	-30													
Goal	5	5	5	5													
Underlying EBITA margin >6%	<table border="1"> <caption>Underlying EBITA margin (%)</caption> <thead> <tr> <th>Year</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Actual</td> <td>7</td> <td>7</td> <td>6</td> <td>0</td> </tr> <tr> <td>Goal</td> <td>6</td> <td>6</td> <td>6</td> <td>6</td> </tr> </tbody> </table>	Year	2006	2007	2008	2009	Actual	7	7	6	0	Goal	6	6	6	6	Due to the declining tonnage and prices in 2009, the Group's sales decreased substantially, impacting profitability negatively.
Year	2006	2007	2008	2009													
Actual	7	7	6	0													
Goal	6	6	6	6													
Underlying return on operating capital >40%	<table border="1"> <caption>Underlying return on operating capital (%)</caption> <thead> <tr> <th>Year</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Actual</td> <td>70</td> <td>65</td> <td>40</td> <td>0</td> </tr> <tr> <td>Goal</td> <td>40</td> <td>40</td> <td>40</td> <td>40</td> </tr> </tbody> </table>	Year	2006	2007	2008	2009	Actual	70	65	40	0	Goal	40	40	40	40	The considerable decline in business volumes and effects on profitability in 2009 caused the underlying return on working capital to weaken.
Year	2006	2007	2008	2009													
Actual	70	65	40	0													
Goal	40	40	40	40													
Net debt/total equity <150%	<table border="1"> <thead> <tr> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>83.8%</td> <td>69.8%</td> <td>91.2%</td> <td>97.4%</td> </tr> </tbody> </table>	2006	2007	2008	2009	83.8%	69.8%	91.2%	97.4%	This key figure weakened as a consequence of the year's negative earnings trend, which was not fully offset by lower net debt. Despite this, the key figure remains within the target range.							
2006	2007	2008	2009														
83.8%	69.8%	91.2%	97.4%														
Net debt/underlying EBITDA (multiple) <3	<table border="1"> <thead> <tr> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>1.1</td> <td>1.0</td> <td>2.0</td> <td>14.5</td> </tr> </tbody> </table>	2006	2007	2008	2009	1.1	1.0	2.0	14.5	The trend was negative due to the earnings trend over the year.							
2006	2007	2008	2009														
1.1	1.0	2.0	14.5														

The financial targets are based on underlying earnings and return measurements to clearly illustrate the performance of the operational business. Underlying earnings correspond to reported earnings after adjustment for exceptional items and inventory gains/losses. The calculation is based on BE Group's internal model and has not been subject to review.

BE GROUP'S VALUE PROPOSITION

BE Group supplies a wide range of commercial steel, stainless steel and aluminium, along with an extensive range of services and processed products made of those materials. As one of Europe's largest independent trading and services companies, BE Group is able to deliver the greatest possible value to its customers, enhancing their competitiveness through products and services that boost productivity and profitability.

Broad range of materials and products

BE Group has well established cooperation with several of the world's approximately 200 steel producers and thus has a strong position as a large and knowledgeable purchaser. For customers, the Group adds value by integrating materials know-how, production and customer needs as efficiently as possible.

The Group offers a range of about 20,000 standard items. Commercial steel is the largest product segment, with a wide selection of flat and long products. Flat products include hot-rolled plate and hot and cold-rolled thin plate. Long products include beams, profiles and steel bars. Other key steel products are steel tubes, reinforcement steel and engineering steel.

Stainless steel is another main product group, including plate, bars, profiles and beams as well as tubes and tube sections.

BE Group also supplies aluminium plate, tubes, profiles and bars.

Complete service

The large and sophisticated service proposition differentiates BE Group from more conventional wholesalers. Primarily, this involves expanded production service, meaning that BE Group processes materials in various production processes to meet specific customer requirements.

With access to materials and production capacity at its own sites, BE Group can provide fast, cost-effective processing that

allows customers to focus on their core business and thus reduce costs and capital tied-up. The Group also partners with other companies to offer additional forms of production service, such as welding and galvanizing.

The Group provides a range of services within logistics, customer-specific warehousing, advice, recycling and financing. Among other things, BE Group deploys its own warehouse and distribution system to offer customers complete logistics solutions.

BE Group also provides advisory services in the form of technical support related to materials, streamlining flows, support to the sales organization and training the customer's personnel. To facilitate communications and further shorten lead times, customers are offered cost-free CAD support. The program is used for various calculation and design assignments.

The Group's e-trading site, BE Online, is currently only available via the Swedish company's website. Customers can simply log in to view the entire product range and the current status of their account. Customers in Sweden are also offered collection and recycling of surplus and used materials. BE Group's Finnish operations offer financing of working capital via external partners.

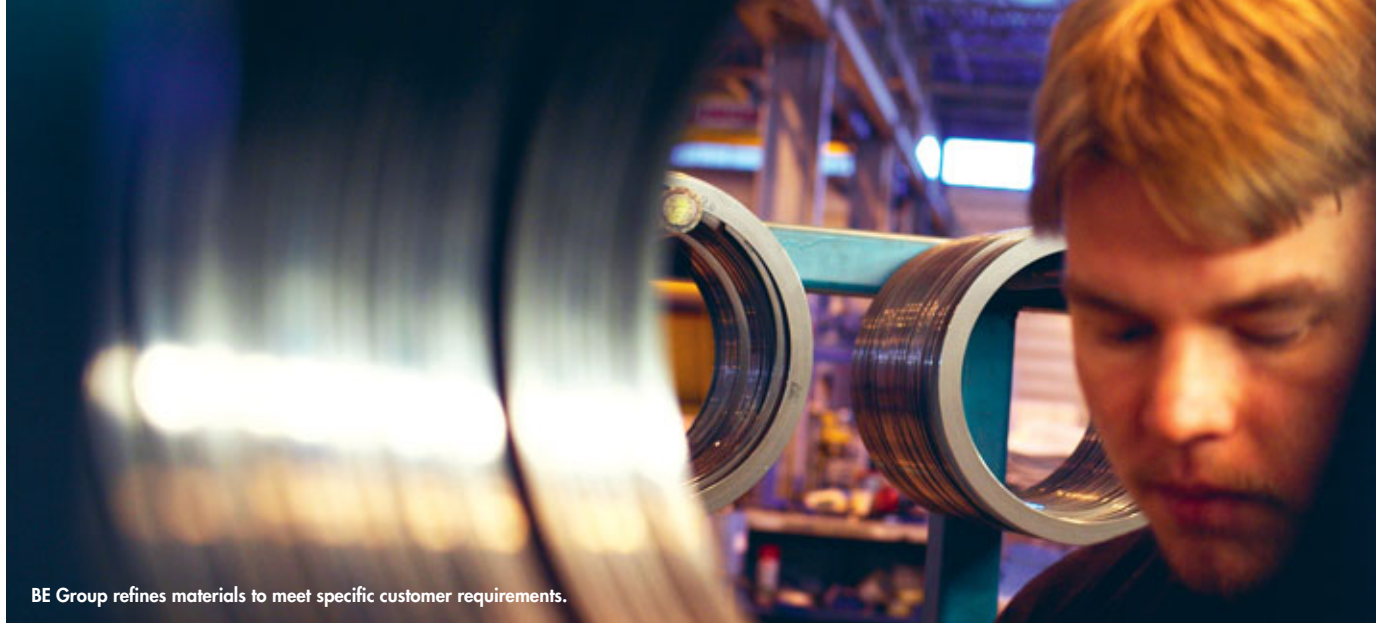
In the long term, BE Group seeks to increase the service component of its total sales by reinforcing its industrial competence and investing in facilities dedicated to a variety of production services. In 2009, service sales amounted to 29 percent (33) of total consolidated sales. The Finnish operations have maintained a higher proportion of production services at 47 percent (46), despite a sharp decline in the company's total sales.

Intelligent logistics solutions

BE Group has developed a cost-effective organization with high earnings per employee. The Group's high inventory turnover rate, compared to the industry in general, and efficient logistics contribute to efficient capital utilization.

BE Group has 30 sites for sales, production and warehousing. The Group maintains high product availability and precise deliveries.





BE Group refines materials to meet specific customer requirements.

The result is shorter lead-times, more reliable delivery and just-in-time delivery capacity, which reduces capital costs for customers. A large percentage of orders ship within 24 hours.

Efficient distribution channels

BE Group’s sales are made through three distribution channels: inventory sales, service sales and direct sales. Margins are generally highest in the more advanced segment of service sales and lowest in direct sales. The Group intends to increase the service component of sales to 50 percent over the next four to five years. Sales percentages by distribution channel are shown in the diagram to the right.

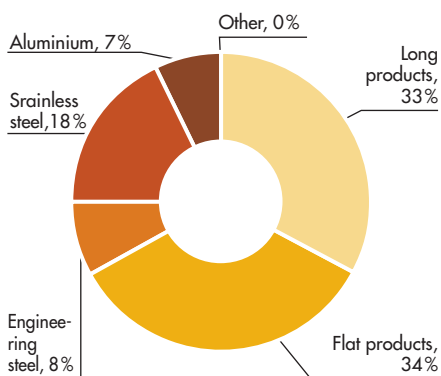
Strong brand

BE Group has been building a strong brand and close customer relationships for many years.

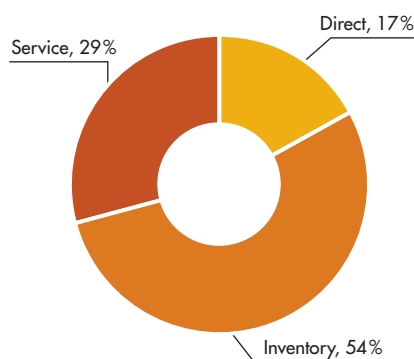
High quality at every stage

BE Group’s quality management system includes full-coverage procedures, high-precision processes, a structured organization and skilled employees. Operational quality involves both precision and production tolerance limits, as well as delivering the right product at the right time to the right place. BE Group applies a quality assurance system to manage both general and specific customer requirements, from order to delivery, and to maintain meticulous control over machine capacity and employee skills.

Sales percentages for main products



Sales per distribution channel



BE Group’s product and service offering

PRODUCT SEGMENTS	PRODUCTION SERVICE
Commercial steel Long products Long products Tubes Engineering steel Flat products Hot-rolled plate Thin plate Reinforcement steel	Cutting of long products Sawing of aluminium and other service Surface finishing (shot blasting, painting and hot galvanizing) Drilling/hole-punching and subsequent deburring and threading Gas, laser, plasma and water cutting Cutting-to-length and slitting of thin plate and hot-rolled steel Prefabricated reinforcing
Engineering steel Alloyed, micro-alloyed and general construction steel	Finishing (deburring, vibratory finishing, grinding, crating, etc.) Customer-specific and repeatedly shipped sets of processed products
Stainless steel Plate and strip Bars and beams Tubes and tube sections	
Aluminium Plate and strip Tubes	
Other	OTHER SERVICES Logistics Advisory service Recycling Customer-specific warehousing Financing of operating capital

BE GROUP'S POSITION IN THE VALUE CHAIN

By trading in commercial steel and metals and providing services, BE Group constitutes a value-adding link between producers and users of these materials. The Group also contributes to society in a broader sense by enhancing efficiency in business processes and minimizing impacts on the environment through well planned transport.

As an independent trading and services company, BE Group represents a decisive link between producers and customers. In this role, BE Group balances producers' ambitions to achieve cost-efficient production of standard products with customers' demands for a more flexible purchasing process and products tailored to their specific needs.

For producers, BE Group represents a professional contact that handles large volumes, which simplifies their planning and logistics. For its customer companies, BE Group provides a service package that includes knowledge regarding various suppliers' strengths, ordering procedures, production service and logistics solutions.



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CONSOLIDATION AMONG PRODUCERS

BE Group's suppliers are steel producers.

Steel production is capital-intensive, which has led to a global process of consolidation in the sector. The purpose of this is to improve profitability, a trend that has been reinforced by the severe recession that began with the financial crisis in the autumn of 2008. With a view to improving efficiency and creating greater price stability, the producers are growing in size, but shrinking in number. To reap maximum benefit from economies of scale, production runs are getting longer, which leaves less latitude to ship specialized products. The longer runs are also causing long lead-times and less delivery flexibility.

To achieve efficiency at all stages, the minimum levels required for direct deliveries to end-users are being raised, which may prevent them from purchasing directly from steel mills.

Fewer and larger producers offering standard products.

BE GROUP IS IMPORTANT TO STEEL PRODUCERS

BE Group represents an attractive partner to producers by providing:

- Producers with opportunities to achieve cost-effective production with long production runs and less downtime while making it possible for them to reach customers who demand fast delivery and customized products.
- Access to an extensive distribution system and a sales organization with established customer relationships and local market expertise. This improves access to customers, particularly low-volume users who would otherwise have been unprofitable.

Its internationally coordinated operations make BE Group a sufficiently large customer to be able to trade with the major steel producers.

BE GROUP HAS A BROAD OFFERING

BE Group offers its customers a customized one-stop-solution that can include brokering of steel products, production services whereby materials are processed according to the customer's requirements and services such as logistics, advice, recycling and customer-specific warehousing.

By offering sales through three distribution channels, BE Group makes it possible for customers to choose the particular solution most suited to their situation:

- Inventory sales entail BE Group purchasing, warehousing, selling and distributing products to customers. A high inventory turnover rate is key to profitability.
- Service sales advance BE Group further along the value chain. BE Group's proprietary materials processed by cutting, painting, etc. are supplied through this distribution channel. Having a higher refinement value, these products normally provide higher margins.

- Efficient logistics solutions
- High productivity
- Customer proximity
- Strong business culture



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BE GROUP STRENGTHENS CUSTOMERS' COMPETITIVENESS

- Direct sales entail BE Group brokering materials directly from producers to customers and generally offer lower margins than other sales.

BE Group seeks to develop long-term relations with its customers to be able to assist with everything from discussions regarding materials to delivery to the end-user. This imposes considerable demands on know-how and experience, as well as on accessibility and trustworthiness. To further improve accessibility, the Group's e-trading site, BE Online, has been developed with web-based tools that simplify life for customers by making an ordering function and inventory status available around the clock.

For customers, BE Group adds value by offering:

- More efficient supplier contacts by means of a uniform interface towards producers. BE Group's independent position in relation to producers makes it possible to select the best supplier for each transaction.
- Economies of scale in purchasing, enabling cost reductions.
- Greater flexibility in the production process by means of shorter, more flexible delivery times. This ensures that BE Group is able to deliver within 24 hours in most cases. This gives customers increased flexibility in their production processes.
- Considerably more reliable deliveries than most steel producers can offer.
- Complete handling of materials processing and logistics to save time, costs and capital for customers.
- Professional advice and coordination concerning product choice and other technical issues.

CUSTOMERS DEMAND FLEXIBILITY

A large proportion of BE Group's customers are in the construction and manufacturing sectors. Both are fiercely competitive industries and companies are working hard to keep costs under control. Optimal utilization of machinery and capital is crucial. For these reasons, companies are specializing more on their core business and are often outsourcing production phases they used to perform in-house.

Customers are working to meet shrinking delivery times and are increasingly seeking specialized solutions that include strict demands on reliable just-in-time deliveries.

A number of customers have chosen to outsource their metal purchasing process to BE Group. This gives them a total solution that covers everything from purchasing to delivery, allowing them to focus resources on developing their core business. This, in turn, provides them with cost advantages, flexibility and advisory services that strengthen their competitiveness.

End-customers are more specialized and seek customized materials and just-in-time deliveries.

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BOARD OF DIRECTORS' REPORT

The Board of Directors and the President and CEO of BE Group AB (publ), hereby present the annual accounts and consolidated annual accounts for the 2009 financial year.

OPERATIONS

BE Group AB (publ) is a leading European trading and service company in steel and other metals. BE Group has about 10,000 customers, primarily in the construction and engineering sectors. The Group offers a wide range of services related to the use of steel, stainless steel and aluminium.

BE Group operates in nine countries in Northern Europe, the Baltic countries and Central and Eastern Europe. The largest markets are Sweden and Finland. Headquartered in Malmö, Sweden, BE Group has a total workforce of about 900 people.

BE Group's shares are listed on the Nasdaq OMX Stockholm Exchange.

MARKET AND BUSINESS ENVIRONMENT

The sharp global recession in progress since the second half of 2008 also affected the fourth quarter of 2009 with continued low global demand for steel and other metals.

In the autumn, global steel production rose compared with the preceding year. According to statistics from the World Steel Association, global steel production in 2009 amounted to 1,220 million tonnes – 8 percent lower than in 2008. The figure is affected strongly by China, which represents 47 percent of total production and which showed a 14 percent increase in production over the year. In the EU, production declined by 30 percent.

Capacity utilization in global steel production rose during the autumn, amounting to 72 percent in December, which can be compared to 58 percent in December 2008. The increase in supply brought downward pressure on steel prices during the fourth quarter.

Ambitions to cut inventory levels throughout the value chain, from producers to users of steel, persisted in the fourth quarter. The future trend among distributors depends on the underlying demand trend. In the fourth quarter, inventory levels among European distributors rose in terms of inventory days, mainly due to the low level of demand.

Demand for steel in the EU has fallen back to a level equivalent to that of the early 1990s. Prices are generally considered to have bottomed out at a level comparable with 2005.

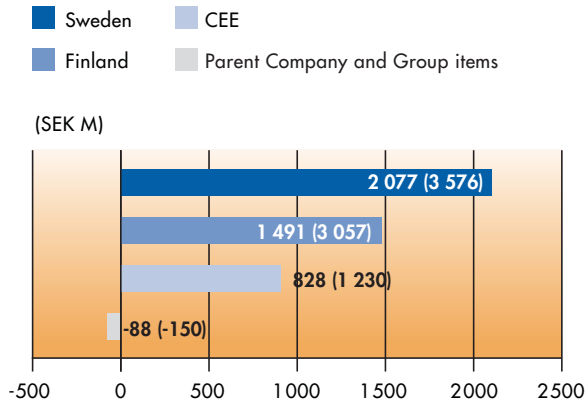
In most regards, the trend in BE Group's markets reflects the general economic situation. While weak through most of 2009, demand in Sweden stabilized in the fourth quarter and the recovery noted in Central and Eastern Europe in the third quarter continued. The market situation in Finland was characterized by weak demand in all customer segments.

SALES AND BUSINESS PERFORMANCE

BE Group's net sales in 2009 declined by 44 percent to SEK 4,308M (7,713). The decline in tonnage for comparable units accounted for 32 percentage points. A negative shift in prices and mix, as well as the deconsolidation of the Swedish thin plate operations in June 2008, affected net sales by 16 and 2 percentage points respectively. These effects were offset by acquired sales corresponding to 1 percentage point and positive currency effects of 5 percentage points. For comparable units, sales declined by 44 percent.

The price trend was negative throughout most of the year and, compared with 2008, the average sales price per kilo fell by 18 percent to SEK 10.36 (12.57).

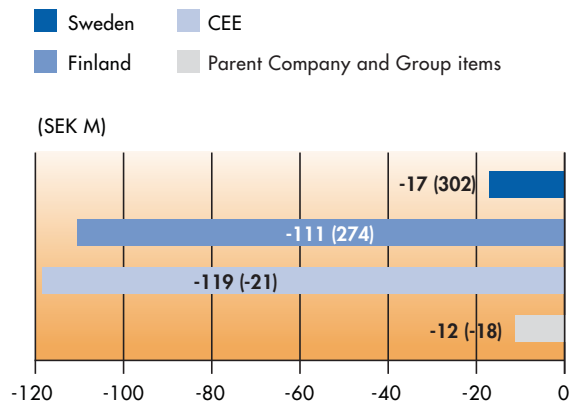
Sales per business area



Consolidated gross profit fell to SEK 367M (1,238), corresponding to a gross margin of 8.5 percent (16.1). Profits were impacted negatively by inventory losses of SEK 255M (46). The underlying gross margin was 14.1 percent (15.5).

EBITA weakened to loss of SEK 259M (profit 537) and underlying EBITA was a profit of SEK 4M (459). The decline in earnings is attributable to lower tonnage and sales prices. To some extent, the decline has been offset by lower overheads due to positive effects of the cost savings program. The EBITA margin weakened to a negative 6.0 percent (pos. 7.0), while the underlying EBITA margin was 0.1 percent (6.0).

EBITA per business area



COST SAVINGS PROGRAM

To counteract the strong recession, BE Group has been implementing a comprehensive cost savings program since the end of 2008. For the 2009 full-year, the effects of this program amounted to about SEK 170M. Non-recurring costs of SEK 26M for the savings program were charged

in their entirety against the fourth quarter of 2008. The long-term annual savings are expected to amount to about SEK 150M.

To further reduce cost levels, additional savings were initiated towards the end of 2009. The long-term annual savings from these measures are expected to be SEK 25M, taking full effect as of 2011. These savings involve personnel cutbacks in both Sweden and Finland. Non-recurring costs of SEK 8M for these additional savings were charged in their entirety against the fourth quarter of 2009. Negotiations are also underway to increase the scope of the current temporary layoffs in Finland, which will further reduce overheads during 2010.

DISTRIBUTION CHANNELS

BE Group's sales are made through three distribution channels: inventory sales, service sales and direct sales (sales of products shipped directly to BE Group's customers from materials producers). Margins are generally highest in the more advanced segment of service sales and lowest in direct sales.

The largest distribution channel is inventory sales, which accounted for 54 percent (50) of total sales. The share of direct sales remained unchanged at 17 percent (17). The share of service sales (including materials) declined compared with 2008 to 29 percent (33).

BE Group is striving to increase the service component of sales by improving industrial skills and investing in sites dedicated to a variety of production services. The Group intends to increase the service component of sales to 50 percent within the next few years.

COMMERCIAL STEEL TREND

Net sales of commercial steel declined by 45 percent compared to 2008 while tonnage declined by 32 percent. Over the year, long products remained at a 33 percent (33) share of net sales and flat products declined to 34 percent (36) of net sales.

STAINLESS STEEL AND ALUMINIUM TREND

For the 2009 full-year, stainless steel accounted for 18 percent (17) of the Group's total sales, corresponding to SEK 768M (1,290).

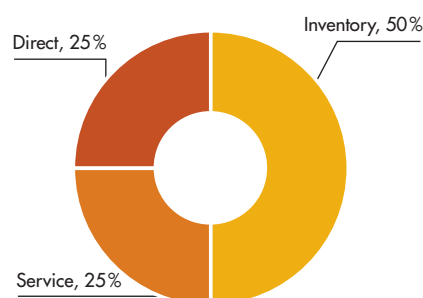
Aluminium sales for the year amounted to SEK 315M (473), corresponding to 7 percent (6) of net sales.

BUSINESS AREA **Sweden**



Stefan Eklund,
Business Area Manager

Sales percentages by distribution channel



The Swedish business area is BE Group's largest and accounts for 47 percent of total sales. In the first half of 2009, net sales were noticeably affected by lower demand, although some recovery could be noted after the summer and demand stabilized somewhat in the fourth quarter. Over the year, the business area implemented a cost savings program and an in-service training venture in its sales organization.

The Swedish operations consist of warehousing and production in Malmö and Norrköping, as well as sales offices in ten locations. There is also a nationwide network of retail dealers. The business area includes the joint venture ArcelorMittal BE Group SSC AB.

Stefan Eklund became the new Business Area Manager for Sweden effective from January 2010. At the end of the year, the business area had 305 employees (369).

Sales and business performance

BE Group's operations have been affected by the weak market trend, inventory cut-backs and cost savings programs. Cash flow over the year was satisfactory, primarily as a consequence of reduced inventory levels.

The Swedish business area reported sales of SEK 2,077M (3,576) – a decline of 42 percent that was mainly attributable to a 32 percent decline in tonnage and lower prices. For comparable units, the decline in net sales was 39 percent.

EBITA amounted to a loss of SEK 17M (profit 302) and underlying EBITA to a profit of SEK 55M (253). The decline is mainly explained by lower business volumes but is offset by lower overheads resulting from the cost savings program. Inventory losses incurred by the business area totaled SEK 64M (gain 4).

The joint venture ArcelorMittal BE Group SSC AB is reported in accordance with the equity method, with

BE Group's participation in 2009 amounting to a loss of SEK 5M (profit 9).

Market

Demand for commercial steel, stainless steel and aluminium clearly weakened between the end of 2008 and the summer of 2009. From the third quarter, the business area's order bookings improved, primarily from customers in the manufacturing sector.

Between 2003 and 2008, average tonnage growth for steel and other metals was about 4 percent per year. This positive trend was broken in late 2008 to be replaced by a sharp decline in tonnage.

Gross deliveries of steel to the Swedish market in 2009 are calculated to have been approximately 2.9 million tonnes (4.3), corresponding to a decline of 33 percent compared with 2008.

Customers

The business area has a broad customer structure reflecting that of the Swedish industrial sector.

Consequently, it includes a large proportion of customers in the manufacturing sector and construction and civil engineering companies. Another key group includes retail dealers of steel and other metals.

Surveys have shown that customers appreciate the competence, attitude and service that BE Group displays in its interaction with them. Areas for improvement mainly involve information regarding the Group's offerings in production services, deliveries and environmental efforts. These areas will be prioritized among follow-up measures.

Competition

BE Group is Sweden's leading independent trading and service company in steel and

KEY DATA	2009	2008
Net sales, SEK M	2,077	3,576
Change, %	-41.9	-12.2
EBITA, SEK M	-17	302
EBITA-margin, %	neg.	8.4
Underlying EBITA, SEK M	55	253
Underlying EBITA margin, %	2.6	7.1
Investments, SEK M	6	16
Average number of employees	319	386



aluminium. A relatively large number of companies compete in this market, the largest including Tibnor (part of steel production group SSAB), Ruukki and Stena Stål.

The business area strengthened its market position in 2009 despite the appearance in the market of certain single-product-line suppliers, resulting in some pressure on prices.

Key events

To counter the effects of the severe recession, BE Group introduced a comprehensive cost savings program in late 2008. During 2009, the Swedish operations' principal efforts involved adjusting inventory levels and costs to demand.

The business area also continued to develop its product services range through in-house development and cooperation with partners.

Stefan Eklund became the new Business Area Manager for the Swedish business area and the President of BE Group Sweden effective from January 2010. Before joining the Group, he was the President of Skanska Installation.

Continued development

BE Group continues to develop its production service offering and efforts to strengthen the business area's market position include seeking acquisitions of companies providing services to the construction, civil engineering and manufacturing sectors.

To enhance quality in customer relations and increase sales, the organization has been adapted to better meet the needs of the various customer segments.

Another area of improvement is the implementation of a group-wide business system in early 2010.

To develop its dialog with customers and provide them with improved accessibility, BE Group Sweden has developed a web-based tool with customer-specific information on inventory status, prices and materials.

Materials in focus for world's leading producer of forklift trucks

The "Toyota Way" has become a familiar concept throughout the world. It embodies the continuous search for perfection. Being a supplier to Toyota is a tough job but also represents a stamp of quality.

BE Group has been a supplier to Toyota Material Handling in Sweden for ten years. The cooperation began when Toyota acquired forklift manufacturer BT Industries in Mjölby in 2000. For several years prior to that, BE Group had supplied the Mjölby company, now named BT Products AB, with steel plate.

Consequently, Toyota has not found cause to discontinue the cooperation with BE Group – and when it comes to Toyota, you cannot rest on your laurels.

"Making our calculations for each new job, we always start with a clean slate. And BE Group has several tough competitors, both here at home and internationally. BE Group has no head start just because we've had business contacts for some time," says Magnus G Andersson, manager at BT Products' purchasing department.

Magnus purchases heavy plate and thin plate from BE Group. The trend is for suppliers to carry out an increasing share of pre-processing.

"We're happy to see BE Group offering to do more refinement. It's often a matter of simple processing. This can involve milling surfaces or drilling threaded holes – but it saves a lot of time for us if plate components are ready for assembly when they reach us," he explains.

But most important of all to Magnus is that the ordered materials arrive on time. And if anything should happen to go wrong, it is important that the supplier attempt to rectify the problem quickly.

"Each stage in the supply chain must add value – otherwise it risks being passed by. We are satisfied with BE Group, but it is important that the company continues to behave professionally and offer a high level of service," says Magnus G Andersson.



Facts about BT Products:

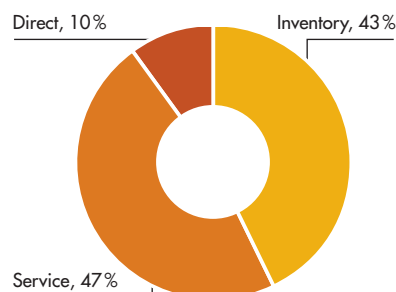
Over the past financial year, BT Products generated sales of just under SEK 4Bn and had slightly more than 1,400 employees.

BUSINESS AREA FINLAND



Matti Tiira,
Business Area Manager

Sales percentages by distribution channel



With 34 percent of BE Group's total sales, Finland is the Group's second-largest market. The 2009 financial year was characterized by sharply weakened demand throughout the Finnish economy as a consequence of the global financial crisis. Over the year, activity remained at a low level in all industrial sectors.

The business area now has four facilities providing warehousing and production, two of which are located in Lappo, one in Lahti and one in Turku. As part of the efficiency enhancement process the merger of operations in Lahti to a single production site was completed in late 2009. A high-bay storage unit has been constructed, representing an investment of EUR 1.8M in 2009. The company has been able to maintain a strong offering in production services, despite a year characterized by sharply decreased demand from all key customers.

The sales organization is geographically structured with one organization for southern and eastern Finland and one for western and northern Finland. There are sales offices in ten locations.

At the end of the year, the business area had 340 employees (387) of which approximately 100 had been temporarily laid off.

Sales and business performance

The Finnish business area reported sales of SEK 1,491M (3,057), down 51 percent. The total tonnage decline of 45 percent and lower sales prices had a considerable impact on EBITA, which fell to SEK 111M (274). To offset lower business volumes, cost levels have been cut through measures including extensive temporary lay-offs.

Underlying EBITA amounted to SEK

6M (238), while the underlying EBITA margin declined to 0.4 percent (7.8).

Rigorous measures were implemented over the year to reduce working capital and inventory values have been reduced by 63 percent. Expressed in tonnes, the decline amounted to 53 percent. The business area incurred inventory losses of SEK 117M (gain 38).

Market

Finnish industry is largely export-oriented and has therefore been impacted by financial unease. As early as in the fourth quarter of 2008, large areas of industry encountered weakened demand and this trend was reinforced in 2009. Not until the end of 2009 did the business area note a slight recovery in volumes.

Steel consumption in Finland in 2009 is estimated to have been about 1.5 million tonnes (2.4). This means that demand was 35-40 percent lower than in the preceding year and at its lowest level for a decade.

Between 2003 and 2008, average tonnage growth was about 3.0 percent per year.

Customers

Most of BE Group Finland's sales are made to companies operating in the construction and civil engineering sectors. Other important customer segments are companies in the electronics, electrotechnology and process industry sectors.

The structure of the Finnish industrial sector means that BE Group customers include a higher proportion of large companies in the Finnish market than in Sweden. Compared to other markets, Finnish customers have, to a greater

KEY DATA	2009	2008
Net sales, SEK M	1,491	3,057
Change, %	-51.2	1.9
EBITA, SEK M	-111	274
EBITA-margin, %	neg.	9
Underlying EBITA, SEK M	6	238
Underlying EBITA margin, %	0.4	7.8
Investments, SEK M	20	25
Average number of employees	351	392

extent, chosen to assign the refinement of materials to sub-suppliers and in 2009 BE Group Finland's production service sales remained at 47 percent, the same level as in 2008. Demand for production services is expected to continue rising in the years to come.

Competition

BE Group Finland maintained its market position during 2009. The largest player in the market is Ruukki. In terms of tonnage, Kontino is the third-largest player, albeit clearly smaller than BE Group with regard to sales. In terms of sales, Tibnor Finland is the third-largest player due to its higher share of stainless steel and aluminium.

BE Group and Kontino are independent suppliers in relation to the steel producers, while the principal owner of Tibnor is SSAB.

Key events

At the end of 2009, the operations in Lahti were concentrated to a single site.

The business area also invested in additional equipment for blasting and painting of materials to further strengthen its service offering. The services proportion of total sales, including materials, thus amounted to 47 percent (46). Inventory sales corresponded to 44 percent (43) and direct sales to 9 percent (10).

The cost savings program initiated in December 2008 continued throughout 2009, with costs being sharply reduced by the end of 2009. The merger of the units in Lahti was an important part of the savings program. Due to continued low demand, the temporary lay-offs already implemented were extended at the start of 2010.

Continued development

Efforts to strengthen the production services offering remain a priority for 2010.

The adjustment of operations to current demand levels will continue in 2010.



Borderless logistics decisive for Sandvik

In Finland, international engineering group Sandvik and BE Group have begun a journey together that could lead a long way – both geographically and in terms of content. Together, the two companies have established a supply chain that can act as a model for both Europe and Asia.

It was last year that Sandvik and BE Group reached an agreement for steel and services.

"At Sandvik, we want to create a competitive supply chain based on openness and partnership with our sub-suppliers. This includes pricing. Consequently, the new pricing agreement with BE Group has been designed to also include our sub-suppliers," explains Ilkka Moisio, Regional Sourcing Manager for Steel in Europe.

Sandvik's sub-suppliers are often smaller companies with less opportunities to find competitive prices for raw materials. It is also more difficult for them to guard themselves against fluctuations in the steel market, meaning they often have to pay higher prices. However, the new agreement means that interested sub-suppliers can have the same terms with BE Group as Sandvik. To date, the cooperation involves only heavy plate, hot-rolled plate and certain cut and processed materials.

"This is a start. Hopefully, we will be able to extend our cooperation to include more products. We'd like to include for example steel bars and steel tubes in our price lists," says Ilkka Moisio.

It is Ilkka Moisio's responsibility to ensure that Sandvik's European production units for the mining and construction industry have sufficient materials covered with competitive agreements for their production processes. He is assisted by seven sourcing engineers around Europe.

Sandvik's customers for mining and construction machinery are major mining and construction companies around the world.

"BE Group understands what we want and has an established presence in Eastern Europe, which I also consider a highly exciting market for Sandvik. But we are also planning to take the new agreement model with us to China and other parts of Asia," says Ilkka Moisio.

About Sandvik: Sandvik is one of Sweden's largest engineering companies with 50,000 employees and sales of SEK 93 billion during the most recent year of operations. The Group is divided into three areas of operations: production of tools in cemented carbide and high-speed steel, machinery and tools for the mining and construction industry and products made of advanced stainless steel materials.

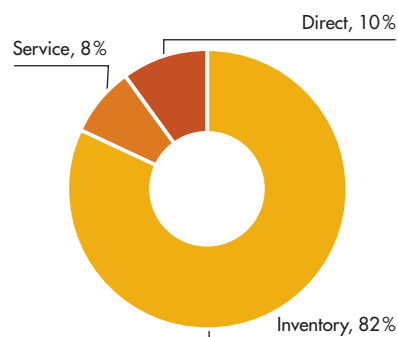


BUSINESS AREA CEE



Per Gullstrand,
Business Area Manager

Sales percentages by distribution channel



BE Group's Business Area CEE (Central and Eastern Europe) consists of operations in Central and Eastern Europe, as well as Denmark. In 2009, the business area worked actively to rationalize and consolidate its operations to achieve additional synergies.

The business area maintains warehousing and sales facilities in ten locations, as well as production facilities in the Czech Republic and Poland. At the end of the year, the business area had 220 employees (261).

Sales and business performance

The business area's markets were characterized by considerable competition and inventory cutbacks in early 2009. Demand began to recover a little in the third quarter, with both demand and prices rising somewhat.

Sales for the CEE business area declined by 33 percent to SEK 828M (1,230). Shipped tonnage fell 8 percent compared with the year-earlier period. For comparable units, the decline in sales was 42 percent and the decline in tonnage was 24 percent.

EBITA deteriorated to a loss of SEK 119M (21), while underlying EBITA deteriorated to a loss of SEK 45M (14). Inventory losses of SEK 74M (gain: 4) were charged against the business area's earnings for the year. The reduced sales and weakened earnings were due to the decline in tonnage and lower sales prices. Average sales prices decreased by 27 percent compared with the 2008 full year.

Market

A high level of steel consumption is typical of BE Group's markets in Central and Eastern Europe. The largest markets are Poland, the Czech Republic and Slovakia.

In 2009, steel consumption in Poland was 9.0 million tonnes, down 21 percent compared with 2008. In the Czech Republic, the decline over the year was 34 percent with consumption amounting to approximately 4.2 million tonnes. These three countries are also major steel producers and in 2009 their total steel production was 15.5 million tonnes.

Demand was weak during most of 2009, resulting in increased price competition.

Customers

The markets in Central and Eastern Europe consist of a large number of small local companies in the manufacturing, construction and process industry sectors.

A key customer group for BE Group consists of international companies with units in several of the countries where the Group maintains operations. These customers demand the same superior products and range of production services regardless of location, which is to the advantage of companies such as BE Group.

Competition

Characteristic of Central and Eastern Europe is the large number of trading and services companies, each with its own local circle of customers. Through the acquisitions of Ferram Steel and Czechprofil, BE Group is now among the four largest players in the Czech Republic. Companies with operations established in several countries in the region include Feron of the Czech Republic during 2008, Raven of Slovakia and Zlomrex of Poland. In addition to these, there are a number of distribution companies that are subsidiaries of major steel producers, such as Thyssen Krupp, Ruukki and Arcelor-Mittal, as well as trading companies such

KEY DATA	2009	2008
Net sales, SEK M	828	1,230
Change, %	-32.7	57.8
EBITA, SEK M	-119	-21
EBITA-margin, %	neg.	neg.
Underlying EBITA, SEK M	-45	-14
Underlying EBITA margin, %	neg.	neg.
Investments, SEK M	3	223
Average number of employees	224	224

as Klöckner and IMS. There are several competitors in the Danish market, with Sanistål and LMG Stål being the largest.

Key events

In the third quarter, a logistics center was opened in Ostrava in the Czech Republic. The facility enjoys direct access to the rail network and is located close to steel mills and other suppliers. The center forms part of the Group's strategy to enhance the efficiency of its logistics to its markets and to achieve economies of scale.

The operations in the Baltic States form a single region with shared management. In the Czech Republic, operations have also been concentrated, with the Prerov facility as the principal unit.

As a consequence of the weaker market situation, the closure of the Group's operations in St Petersburg, Russia has been initiated. The closure is due to be completed in 2010. However, the Russian market is still considered to be of long-term strategic importance for BE Group.

Continued development

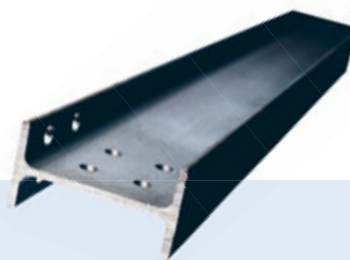
The establishment of the logistics center in Ostrava represents an important step in achieving economies of scale for BE Group's operations in Central Europe. The business area is striving to increase its volumes and to establish production service units close to the Group's customers in Sweden and Finland.

The business area's profitability is to be strengthened, supported by Group-wide ventures, such as a shared business system, coordinated purchasing, competence development and improved customer service.

To some extent, a process of conso-

John Crane has developed a new and highly reliable gas-lubricated mechanical seal that not only seals high-temperature process fluids on rotating equipment but also saves energy because it eliminates contact between surfaces. It has already been successfully deployed in many refineries around the world.

olidation is taking place in Central and Eastern Europe. To study opportunities to strengthen BE Group's market position, the Group is monitoring trends among trading and service companies.



Details are important to John Crane Sigma

Increased efficiency and improved focus on core operations – these are two of the positive effects that John Crane in the Czech Republic has achieved through its cooperation with BE Group.

John Crane's purchasing manager Daniel Matuscik now hopes that BE Group's product range can be extended with additional specialized steel products and that the cooperation can be further deepened.

"We are particularly keen ourselves to maintain a high level of reliability in our deliveries to customers. For that reason, I appreciate BE Group's guarantee to deliver within 24 hours. But of course I wouldn't mind if lead times were shortened even more," he says.

John Crane is part of Smiths Group of the UK, which has high-tech operations on several continents. During the past year of operations, Smiths Group achieved sales of SEK 30.8 billion, of which John Crane accounted for about a third or slightly more than SEK 9 billion. The Czech business, the full name of which is John Crane Sigma, contributed sales of SEK 325M and had 300 employees.

"Our cooperation with BE Group means that we don't have to tie up as much capital in large steel inventories. That has also allowed us to focus more on our core operations. We've quite simply grown more efficient," explains Daniel Matuscik.

With its acquisitions of Ferram Steel and Czechprofil in the Czech Republic, BE Group has clearly signaled that it seeks to become a contender in the restructuring process taking place in Eastern and Central Europe. Daniel Matuscik thinks this is a good thing.

"Increased competition between strong suppliers benefits purchasers like me. Hopefully, it should mean better prices and improved service," he says.



About John Crane:

John Crane is a part of the UK-based listed company Smiths Group plc. John Crane is present in more than 50 countries and has more than 6,600 employees. John Crane designs and manufactures seals and associated products mainly for the oil & gas, chemical, pharmaceutical, pulp & paper and mining sectors.

NET FINANCIAL ITEMS AND TAX

Consolidated net financial items for the year amounted to an expense of SEK 56M (30), of which the net interest expense accounted for SEK 40M (44). The net interest expense corresponds to 4.4 percent (5.6) of the net interest-bearing liabilities, which averaged SEK 908M (796). Net financial items were negatively impacted by exchange-rate differences in the amount of SEK 10 M (16).

Tax income for the year amounted to SEK 73M (expense: 124), corresponding to 23 percent (25) of earnings before tax.

CASH FLOW

During the year, cash flow was positive in the amount of SEK 240M (neg.: 36) before changes in net debt. Despite the sharp decline in earnings, cash flow from operating activities amounted to SEK 282M (222). The positive cash flow effect of the reduction in working capital amounted to SEK 545M.

Cash flow from investing activities was a negative SEK 42M (258, of which negative SEK 199M was attributable to acquisitions). Cash flow from financing activities was a negative SEK 177M (105) due to the amortization of financial liabilities and paid dividends.

CAPITAL, INVESTMENTS AND RETURN

Consolidated working capital amounted to SEK 461M (1,048) at year-end. Robust measures to reduce working capital were implemented, resulting in a reduction of SEK 545M over the financial year. Inventory was reduced by SEK 666M to SEK 604M, a decrease of 52 percent. Measured in tonnes, the reduction was 40 percent.

Of the year's investments, totaling SEK 58M (64, including acquisitions: 282), investments in tangible assets accounted for SEK 29M (44) and investments in intangible assets for SEK 29M (20). Investments mainly involved the ongoing development of the Group's IT platform and the restructuring of the operation in Lahti, Finland. As part of the Group's savings program, a number of previously approved investments were postponed.

Return on operating capital (excluding intangible assets) deteriorated and was negative for the period (46 percent). Average operating capital increased compared with the year-earlier period, primarily due to acquisitions made in 2008.

FINANCIAL POSITION AND LIQUIDITY

Consolidated cash and equivalents were SEK 197M (125) at year-end. At year-end, the Group had unutilized credit facilities totaling SEK 211M. Consolidated interest-bearing net debt amounted to SEK 777 million (1,006) at year-end. The decline was the result of successful efforts to reduce working capital. At current exchange rates, annual loan amortizations amount to SEK 28M. BE Group's total credit facilities amounted to SEK 1,168M. The maturity date for 95 percent of the credit facility is December 2011. At year-end, consolidated equity totaled SEK 798M (1,103), while the net debt/equity ratio amounted to 97 percent (91).

ORGANIZATION, STRUCTURE AND EMPLOYEES

Over the year, the cost-savings program mainly entailed reductions in the workforce in Sweden, Finland and the Czech Republic, wage cuts in several markets in CEE and extensive temporary lay-offs in Finland.

The number of employees has been reduced to 884 compared with 1,038 at the beginning of the year. The average number of employees during the year amounted to 912 (1,023).

OUTLOOK FOR 2010

The World Steel Association (WSA) expects a recovery in the global market in 2010, with forecast visible growth of more than 9 percent. In the EU, this increase is expected to exceed 12 percent.

For BE Group, the long-term demand trend for the 2010 full-year is currently difficult to assess. In early 2010, increased activity has been observed among several of BE Group's customer groups, bringing an increased number of bid requests, which are expected to lead to improved demand over the next few months.

BE Group expects purchase prices and, consequently, sales prices to experience a weak trend early in the year, to then begin rising in the first quarter and to subsequently maintain a rising trend. However, the price trend depends on how production volumes among steel producers are adjusted to current demand levels.

Adaptation and optimization of inventory levels will continue during the first quarter of 2010. The Group's cost-savings program was gradually expanded during 2009. Total cost reductions in 2009 amounted to approximately SEK 170M and additional savings were initiated at the end of 2009.

In accordance with BE Group's long-term strategy, efforts will continue to be made to increase the share of service sales. This will be accomplished through continued focus on production service and skills enhancement to create added value for both the Group and its customers. Combined with these forward looking initiatives, several activities are in progress aimed at enhancing BE Group's efficiency and competitiveness.

NON-FINANCIAL PERFORMANCE INDICATORS

Environment

In Sweden, BE Group is engaged in operations at two sites for which environmental permits are required. Operations in two locations in Finland require environmental permits. Group companies have obtained special permits to engage in operations in the countries where such permits are required.

BE Group Sweden and BE Group Finland are certified under the ISO 14001 environmental management system. During the year, operations in Latvia and Poland were also certified. Efforts are ongoing to certify the remaining units within CEE.

Quality

BE Group is certified under the ISO 9001 quality management system in Sweden, Finland, Poland, Latvia and Lithuania. In conjunction with the ongoing ISO 14001 process, efforts are in progress to certify the remaining units within CEE also to ISO 9001.

Equal opportunity, work environment and skills development

BE Group's initiatives during the year included a two-day training program for the Group's 50 highest-ranking executives. The main focus of training was skilled management through change processes, which was linked to the personal profiles of participants. In addition, all sales personnel in BE Group have undergone a training program called BEST (BE Sales Tools).

BE Group must be a safe and secure workplace. Continual investments are made in all three business areas to uphold high standards for safety, and the workplace environment.

The steel industry is traditionally male-dominated and currently only 20 percent (18) of the workforce are women. BE Group is working actively to change this through recruitment and other measures.

RISKS AND RISK MANAGEMENT IN BE GROUP

Given below is a summary of strategic and operational risks. For financial risks, see Note 38.

Strategic risks	Risk management	Exposure																								
<p>BE Group operates in several countries and is exposed to various risks as a consequence of differences in legislation, regulations and practices, as well as in the management structures of the companies.</p>	<p>Group Management bears the principal responsibility for the management of governance and policy risks. A number of Group-wide policies have been established. The reporting and review of Group companies' earnings and operational trends are conducted according to predetermined procedures.</p>	<p>For a more detailed description, see the Corporate Governance Report on page 77.</p>																								
Operational risks	Risk management	Exposure																								
Economic trend																										
<p>A weaker economic trend increases the risk for lower demand for BE Group's products. BE Group is exposed to the demand trend through the inventory levels it maintains and through lower sales volumes resulting in lower revenues.</p>	<p>BE Group's inventory strategy is to warehouse products based on estimated customer demand. This is combined with the objective for BE Group's various companies to maintain inventory turnover based on the local market circumstances of each company. The operational control of inventory levels is exerted by means of inventory turnover rate targets. In addition, BE Group works continuously to improve its inventory control by segmenting inventory items, etc.</p>	<p>Shipped tonnage v. inventory value by quarter</p> <table border="1"> <caption>Shipped tonnage v. inventory value by quarter</caption> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Shipped tonnage</th> <th>Inventory value</th> </tr> </thead> <tbody> <tr> <td rowspan="4">2008</td> <td>4</td> <td>~125</td> <td>~1050</td> </tr> <tr> <td>1</td> <td>~115</td> <td>~950</td> </tr> <tr> <td>2</td> <td>~105</td> <td>~850</td> </tr> <tr> <td>3</td> <td>~95</td> <td>~750</td> </tr> <tr> <td rowspan="2">2009</td> <td>3</td> <td>~95</td> <td>~750</td> </tr> <tr> <td>4</td> <td>~105</td> <td>~850</td> </tr> </tbody> </table>	Year	Quarter	Shipped tonnage	Inventory value	2008	4	~125	~1050	1	~115	~950	2	~105	~850	3	~95	~750	2009	3	~95	~750	4	~105	~850
Year	Quarter	Shipped tonnage	Inventory value																							
2008	4	~125	~1050																							
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	3	~95	~750																							
2009	3	~95	~750																							
	4	~105	~850																							
Steel price trend																										
<p>Price trends, primarily for steel, are crucial for the trading and services companies, since steel purchases represent a major portion of BE Group's costs.</p>	<p>Steel prices affect BE Group such that higher market prices provide a greater contribution towards covering the Group's costs given a gross margin that remains relatively constant over time. The steel price trend also affects final sales prices for products held in inventory meaning that BE Group is affected by inventory gains and losses that are realized at the time of sale. To limit these inventory effects, BE Group strives to achieve the highest possible inventory turnover rate while upholding its level of service towards customers. BE Group's policy is to not speculate on future price trends – instead, inventory levels shall reflect expected customer demand.</p>	<p>Average sales prices, SEK/kg per quarter</p> <table border="1"> <caption>Average sales prices, SEK/kg per quarter</caption> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Average sales prices</th> <th>R12</th> </tr> </thead> <tbody> <tr> <td rowspan="4">2008</td> <td>4</td> <td>~12</td> <td>~12</td> </tr> <tr> <td>1</td> <td>~11</td> <td>~11</td> </tr> <tr> <td>2</td> <td>~10</td> <td>~10</td> </tr> <tr> <td>3</td> <td>~9</td> <td>~9</td> </tr> <tr> <td rowspan="2">2009</td> <td>3</td> <td>~9</td> <td>~9</td> </tr> <tr> <td>4</td> <td>~10</td> <td>~10</td> </tr> </tbody> </table>	Year	Quarter	Average sales prices	R12	2008	4	~12	~12	1	~11	~11	2	~10	~10	3	~9	~9	2009	3	~9	~9	4	~10	~10
Year	Quarter	Average sales prices	R12																							
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	3	~9	~9																							
2009	3	~9	~9																							
	4	~10	~10																							
Supply risks																										
<p>BE Group is one of the leading producer-independent trading and services companies in Europe.</p>	<p>To minimize its dependency on individual suppliers, BE Group strives to have several suppliers in each product category. Before establishing new agreements, BE Group ascertains suppliers' capacity in terms of finance, quality, logistics, the environment and other aspects.</p>	<p>BE Group cooperates with as many as 200 suppliers.</p>																								
Customer risks																										
<p>BE Group is exposed to changes in the sectors it supplies with considerable products and services, such as the manufacturing and construction sectors.</p>	<p>BE Group has a very broad dispersion of customers in numerous sectors. In 2009, the ten largest customers generated about 10% of sales.</p>	<p>Share of sales per customer segment</p> <table border="1"> <caption>Share of sales per customer segment</caption> <thead> <tr> <th>Customer Segment</th> <th>Share of Sales</th> </tr> </thead> <tbody> <tr> <td>Engineering</td> <td>45%</td> </tr> <tr> <td>Construction</td> <td>21%</td> </tr> <tr> <td>Other</td> <td>27%</td> </tr> <tr> <td>Retailers</td> <td>7%</td> </tr> </tbody> </table>	Customer Segment	Share of Sales	Engineering	45%	Construction	21%	Other	27%	Retailers	7%														
Customer Segment	Share of Sales																									
Engineering	45%																									
Construction	21%																									
Other	27%																									
Retailers	7%																									
Supply of personnel and competence																										
<p>BE Group depends on competent employees for its continued success.</p>	<p>BE Group has compiled a number of values that reflect the spirit of the Group. These shall pervade the way in which the Group is managed and shall guide the actions of its employees. For a more detailed description of the Group's values, please see page 72. BE Group's commercial competence is continuously developed through training and recruitment. Training efforts include broad programs aimed at many employees, as well as specialized solutions for individuals.</p>	<p>Number of employees</p> <table border="1"> <caption>Number of employees</caption> <thead> <tr> <th>Year</th> <th>At the end of the year</th> <th>Average number of employees</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>~900</td> <td>~900</td> </tr> <tr> <td>2008</td> <td>~950</td> <td>~950</td> </tr> <tr> <td>2009</td> <td>~850</td> <td>~850</td> </tr> </tbody> </table>	Year	At the end of the year	Average number of employees	2007	~900	~900	2008	~950	~950	2009	~850	~850												
Year	At the end of the year	Average number of employees																								
2007	~900	~900																								
2008	~950	~950																								
2009	~850	~850																								
Agreements and rights																										
<p>In all commercial operations, disputes may arise as a consequence of differences of opinion on issues of responsibility, interpretations of contract terms and so forth.</p>	<p>BE Group endeavors to maintain a diversified customer and supplier structure, entering commercial agreements in accordance with established practice.</p>	<p>The Group's operations are not dependent on any single commercial or financial agreement or similar right.</p>																								

SHARE-RELATED INFORMATION

Ownership structure

The company was listed on the Stockholm Stock Exchange, now the Nasdaq OMX Stockholm, on November 24, 2006. BE Group had 10,624 shareholders at year-end. Swedbank Robur funds was the largest shareholder. BE Group held a total of 264,300 treasury shares at year-end. The ownership structure is described in greater detail on pages 85-87 of the Annual Report.

Share capital, shares outstanding and rights

Share capital in the company was SEK 102,040,816 (102,040,816) at December 31, 2009, allocated among 50,000,000 fully paid shares, each with a quotient value of SEK 2.04. Under the Articles of Association, minimum share capital is SEK 100,000,000 and maximum share capital SEK 400,000,000, with a minimum of 40,000,000 and a maximum of 160,000,000 shares. Share capital is determined in Swedish kronor. All shares convey equal rights to a percentage of the company's assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares. There is no limit to the number of votes a shareholder may cast at the Annual General Meeting or with respect to transfer of shares. The company is aware of no agreements between shareholders which may limit the right to transfer shares. Further information about the BE Group share is provided on pages 85-87 of the Annual Report.

Board authorizations

The 2009 AGM voted in favor of the Board's proposal on "Share Savings Scheme 2009" for members of Group management and business area executive teams. As part of the Share Savings Scheme 2009, the AGM resolved to authorize the Board to decide, on one or more occasions before the 2010 AGM, on the acquisition via the stock exchange of at most 625,000 treasury shares to use as matching shares for participants in the scheme and on the acquisition and transfer via the stock exchange of at most 125,000 treasury shares to cover social security contributions. The Board was also authorized to decide on the transfer of at most 625,000 treasury shares to participants in the Share Savings Scheme 2009 as matching shares. The AGM also resolved to authorize the Board to decide, on one or more occasions before the 2010 AGM, on the transfer of treasury shares as a consequence of the resolutions to cover social security contributions in connection with the Share Savings Schemes 2007 and 2008. The Board was further authorized to decide, on one or more occasions before the 2010 AGM, to acquire treasury shares to enable adjustment of the company's capital structure and financing of acquisitions. Including shares used and held within the framework of Share Savings Schemes 2007, 2008 and 2009, the total number of shares held by the company may not at any time exceed 10 percent of the total shares in BE Group, which corresponds to 5,000,000 shares. No shares were repurchased in 2009. BE Group held a total of 264,300 treasury shares at year-end.

CORPORATE GOVERNANCE

A report on corporate governance and the work of the Board of Directors in 2008 is provided on pages 77-83.

EXECUTIVE REMUNERATION POLICIES

The 2009 AGM adopted executive remuneration policies as follows.

1. Scope of the policies, etc.

The policies apply to remuneration and other terms of employment for the individuals who, while the policies are in effect, are members of

Group management for BE Group, collectively referred to hereinafter as "executives." Six individuals make up Group management: the President and Chief Executive Officer, Deputy President and CEO (also Chief Financial Officer), the Business Area Managers for Sweden, Finland and CEE and the Senior Vice President, Purchasing and Production.

The policies shall apply to agreements made according to AGM resolutions and to amendments to existing agreements made after this date. The Board of Directors shall have the right to depart from the policies if there is particular justification for doing so in individual cases. The policies shall be subject to annual review.

2. Fundamental principles and forms of remuneration

Access to skilled and enthusiastic employees is critical to ensuring the successful development of BE Group. The purpose of these policies is to secure access to these employees, so that the company can both hire and retain qualified employees. A remuneration structure with favorable, market-based terms is required to achieve these ends, as well as an attractive performance-based remuneration model that rewards whole-hearted efforts, both short and long term.

Executive remuneration shall consist of fixed base pay, bonus, pension benefits and other benefits. The total remuneration level shall be reviewed annually.

Each year, the Board shall consider whether or not a share or share-performance related incentive program shall be proposed to the Annual General Meeting.

3. Principles for various types of remuneration

Fixed pay

Fixed pay to BE Group executives shall be individual and differentiated based on the individual's responsibilities and performance and shall be set annually on market-based terms.

Variable pay

Variable pay may be paid in the form of bonuses related to the degree of attainment of annual, predefined targets. Bonuses shall be subject to a predefined ceiling. The maximum bonus for executives shall be 50 percent of base pay.

In addition to the above, remuneration may from time to time originate with adopted long-term incentive programs as explained in item 2 above.

Pension benefits

Pension payments for the President (and CEO) and Deputy Chief Executive Officer (and CFO) shall be made equal to a maximum of 35 percent of fixed annual salary plus a maximum of 20 percent of the average bonus over the past three years. In respect to other members of Group management resident in Sweden, pension payments shall essentially follow the collectively agreed ITP plan, but with consideration given to the maximum tax-deductible amount. Pensionable salary shall be comprised of the fixed annual salary plus average bonus over the past three years. Executives not resident in Sweden may be offered pension solutions that are competitive in their countries of residence.

Terms of notice

Where notice of termination is issued by BE Group, the President (and CEO) and Deputy Chief Executive Officer (and CFO) are entitled to a total period of notice and severance pay equivalent to at most 24 months' fixed pay with severance pay being reduced, where applicable, by an amount equivalent to the President or Deputy Chief Executive Officer's earnings from other employment or business activities.

Where notice of termination is issued by the employee, a period of notice of six months shall apply with no right to severance pay. However, in the event that the resignation of the President or Deputy Chief Executive Officer is the result of significant changes in ownership, severance pay equivalent to 12 months' fixed pay may be payable.

Other benefits

A company car and private health insurance may be provided to the extent deemed justified by market conditions for executives in equivalent positions in the labor market where the executive works. However, the total value of these benefits shall constitute a minor portion of total remuneration.

4. The Board of Directors' preparations and resolutions in business related to pay and other terms of employment for executives

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

The Board of Directors' proposal on new executive remuneration policies

The Board of Directors will propose to the 2010 AGM that the above policies on executive remuneration shall apply until the 2011 AGM.

PROVISIONS OF THE ARTICLES OF ASSOCIATION ON APPOINTMENT AND DISCHARGE OF DIRECTORS AND AMENDMENT OF THE ARTICLES OF ASSOCIATION

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

SIGNIFICANT AGREEMENTS

The company is not party to any significant agreements that will take effect, be altered, or become null if control over the company changes due to a public takeover bid. Nor are there any agreements between the company and directors or employees which require compensation if such persons resign, are terminated without reasonable cause, or their employment is terminated due to a public takeover bid in respect to shares in the company.

CONTINGENT LIABILITIES

BE Group has contingent liabilities of SEK 146M (362). The decrease is attributable to guarantees issued in connection with property sales in 2004, some of which were limited to a period of five years and expired during 2009.

SIGNIFICANT EVENTS AFTER YEAR-END

No significant event took place after year-end.

PARENT COMPANY

Sales for the Parent Company BE Group AB (publ) amounted to SEK 50M (54) during the period and derived from intra-Group services. An operating loss of SEK 16M (36) was reported (36).

Net financial items were positive and amounted to SEK 226M (263) as a result of exchange-rate gains and dividends received from subsidiaries. Profit before tax totaled SEK 210M (227) and profit after tax amounted to SEK 217M (253).

The Parent Company invested SEK 29M (18) in intangible assets during the year. At year-end, the Parent Company's cash and equivalents were SEK 140M (50).

ACCOUNTING PRINCIPLES

As of January 2005, BE Group applies International Financial Reporting Standards (IFRS) to the consolidated accounts, as adopted by the European Commission for application within the European Union. Please see pages 39-46 for a more detailed explanation of accounting principles.

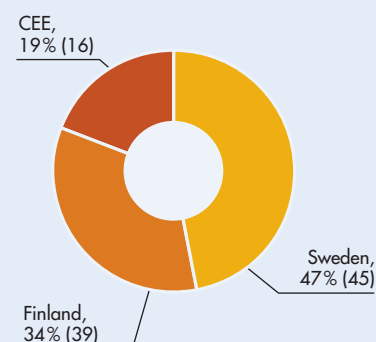


FINANCIAL STATEMENTS

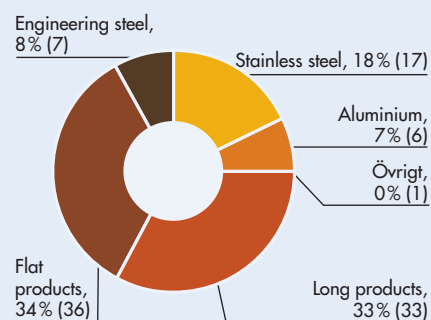
Consolidated Income Statement – Group

Amounts in SEK M	Note	2009	2008
Net sales	1	4,308	7,713
Cost of goods sold	2	-3,941	-6,475
Gross profit		367	1,238
Selling expenses	2	-497	-567
Administrative expenses	2	-132	-170
Participation in earnings of joint venture	23	-5	9
Other operating income	10	12	63
Other operating expenses	2, 11	-11	-41
Operating profit/loss	3, 4, 5, 6	-266	532
Financial income	8	9	28
Financial expenses	9	-65	-58
Profit before tax		-322	502
Tax	12	73	-124
Profit/loss for the year attributable to Parent Company shareholders	13	-249	378
Earnings per share before dilution	13	-5.00	7.58
Earnings per share after dilution	13	-5.00	7.58

Sales by segment



Sales percentages for main products



Consolidated Statement of Comprehensive Income

Amounts in SEK M	2009	2008
Profit/loss for the year	-249	378
Other comprehensive income		
Translation differences	-20	97
Hedging of net investments in foreign subsidiaries	20	-61
Tax attributable to items in other comprehensive income	-5	17
Total other comprehensive income	-5	53
Comprehensive income for the year attributable to Parent Company shareholders	-254	431

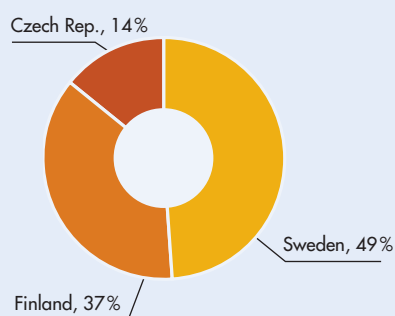
Non-recurring items

Amounts in SEK M	2009	2008
Capital gain referring to capital contributed in kind to joint venture ¹⁾	-	58
Non-recurring costs related to cost-savings programme ²⁾	-8	-26
Total non-recurring items	-8	32

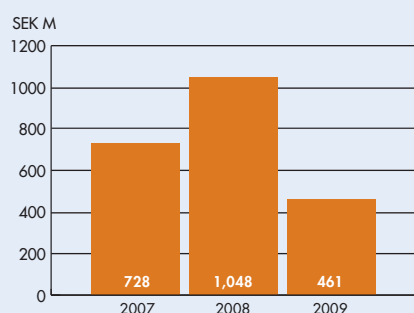
1) Recognized in other operating income

2) Recognized in other operating expenses

Goodwill by cash generating unit



Working capital trend

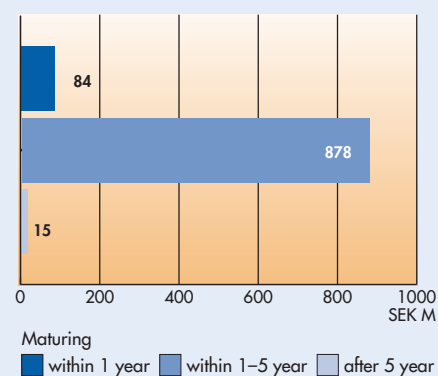


Consolidated Balance Sheet – Group

Amounts in SEK M	Note	2009	2008
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	14	647	651
Customer relations	15	22	26
Software and licenses	16	4	5
Advance payments for intangible assets	17	46	17
		719	699
<i>Tangible assets</i>			
Buildings and land	18	86	93
Plant and machinery	19	162	181
Equipment, tools, fixtures and fittings	20	73	70
New construction in progress and advance payments for tangible assets	21	0	12
		321	356
Participations in joint venture	23	119	138
		119	138
<i>Financial assets</i>			
Other securities held as non-current assets	24	2	2
Non-current receivables	25	0	1
		2	3
<i>Deferred tax assets</i>	32	46	7
		46	7
Total non-current assets		1,207	1,203
Current assets			
<i>Inventories, etc</i>			
Goods for resale	27	604	1 270
		604	1 270
<i>Current receivables</i>			
Accounts receivable		435	711
Tax receivables		3	27
Other receivables		25	10
Prepaid expenses and accrued income	28	40	63
		503	811
<i>Cash and equivalents</i>			
Current investments	36	0	0
Cash and bank balances		197	125
		197	125
Total current assets		1,304	2,206
TOTAL ASSETS		2,511	3,409

(continued.) Consolidated Balance Sheet – Group

<i>Amounts in SEK M</i>	Note	2009	2008
TOTAL EQUITY AND LIABILITIES			
Equity	29		
Share capital		102	102
Other capital contributions		11	11
Translation reserve		51	56
Retained earnings including profit for the year		634	934
Equity attributable to Parent Company shareholders		798	1,103
Non-current liabilities			
Other non-current interest-bearing liabilities	33, 38	892	1,041
Provisions for pensions	30	0	0
Other provisions	31	15	12
Deferred tax liability	32	53	85
		960	1,138
Current liabilities			
Current interest-bearing liabilities	33, 34, 38	84	93
Accounts payable, trade		512	781
Tax liabilities		0	13
Other liabilities		62	138
Accrued expenses and deferred income	35	72	100
Provisions	31	23	43
		753	1,168
TOTAL EQUITY AND LIABILITIES		2,511	3,409

Maturity structure, interest-bearing liabilities, at Dec 31, 2009**Pledged assets and contingent liabilities – Group**

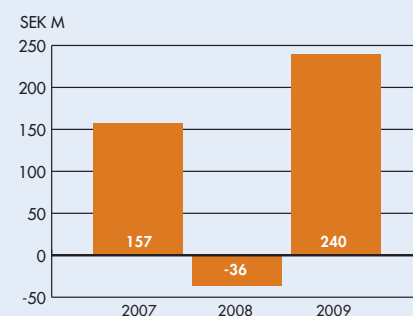
<i>Amounts in SEK M</i>	Note	2009	2008
Pledged assets	33	1,661	2,057
Contingent liabilities	33	146	362

Changes in consolidated shareholders' equity – Group

<i>Amounts in SEK M</i>	Share capital	Other capital contributions	Translation reserve	Accumulated profit/loss	Total equity
2008					
Equity, opening balance, January 1, 2008	102	11	3	733	849
Profit/loss for the year	–	–	–	378	378
Other comprehensive income	–	–	53	–	53
Total changes in net wealth, excluding transactions with the Company's owners	–	–	53	378	431
Dividend	–	–	–	-175	-175
Acquisition of treasury shares	–	–	–	-4	-4
Share Savings Scheme	–	–	–	2	2
Equity, closing balance, December 31, 2008	102	11	56	934	1,103
2009					
Equity, opening balance, January 1, 2009	102	11	56	934	1,103
Profit/loss for the year	–	–	–	-249	-249
Other comprehensive income	–	–	-5	–	-5
Total changes in net wealth, excluding transactions with the Company's owners	–	–	-5	-249	-254
Dividend	–	–	–	-50	-50
Share Savings Scheme	–	–	–	-1	-1
Equity, closing balance, December 31, 2009	102	11	51	634	798

Consolidated Cash Flow Statement – Group

<i>Amounts in SEK M</i>	Note	2009	2008
Continuing operations	36		
Profit before tax		-322	502
Adjustment for non-cash items, etc.		49	-17
		-273	485
Income tax paid		10	-202
Cash flow from continuing operations before changes in working capital		-262	283
<i>Cash flow from changes in working capital</i>			
Increase(-)/decrease(+) in inventories		647	-92
Increase(-)/decrease(+) in operating receivables		248	134
Increase(+)/decrease(-) in operating liabilities		-350	-103
Cash flow from continuing operations		282	222
Investing activities			
Acquisitions of subsidiaries		0	-183
Acquisition of participations (-)/dividend received from joint venture (+)		14	-16
Acquisitions of intangible assets		-29	-20
Acquisitions of tangible assets		-29	-45
Divestments of tangible assets		1	7
Investments in financial assets		-	-1
Divestments/decrease of financial assets		1	-
Cash flow from investing activities		-42	-258
Cash flow before change in net debt		240	-36
Financing activities			
Acquisition of treasury shares		-	-4
Loans raised		8	156
Amortization of loan liabilities		-135	-82
Dividends paid		-50	-175
Cash flow from financing activities		-177	-105
Cash flow for the year		63	-141
Cash and equivalents at January 1		125	259
Exchange-rate difference in cash and equivalents		9	7
Cash and equivalents at December 31		197	125

Cash flow before change in net debt

Income Statement – Parent Company			
<i>Amounts in SEK M</i>	Note	2009	2008
Net sales	1	50	54
		50	54
Administrative expenses		-68	-80
Other operating income		2	–
Other operating expenses	11	–	-10
Operating profit/loss	3, 4, 5, 6	-16	-36
Profit/loss from participations in group companies	7	235	333
Other interest income and similar profit/loss items	8	42	29
Interest expense and similar profit/loss items	9	-51	-99
Profit/loss before tax		210	227
Tax	12	7	26
Profit/loss for the year		217	253

Balance Sheet – Parent Company

<i>Amounts in SEK M</i>	Note	2009	2008
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Advance payments for intangible non-current assets	17	46	18
		46	18
<i>Tangible assets</i>			
Equipment, tools, fixtures and fittings	20	1	1
		1	1
<i>Financial assets</i>			
Participations in Group companies	22	1,333	1,259
Interest-bearing receivables from Group companies	26	84	30
		1,417	1,289
Total non-current assets		1,464	1,308
Current assets			
<i>Current receivables</i>			
Current interest-bearing receivables from Group companies		323	389
Receivables from Group companies		64	126
Tax receivables		2	1
Other receivables		8	1
Prepaid expenses and accrued income	28	26	46
		423	563
Cash and bank balances	36	140	50
Total current assets		563	613
TOTAL ASSETS		2,027	1,921

(continued.) Balance Sheet – Parent Company

<i>Amounts in SEK M</i>	Note	2009	2008
EQUITY AND LIABILITIES			
Equity	29		
<i>Restricted equity</i>			
Share capital		102	102
Statutory reserve		31	31
<i>Non-restricted equity</i>			
Profit brought forward		567	346
Profit/loss for the year		217	253
		917	732
Non-current liabilities			
Non-current interest-bearing liabilities	33, 38	877	1,017
Provisions		0	0
		877	1,017
Current liabilities			
Current interest-bearing liabilities	33, 38	28	29
Current interest-bearing liabilities to Group companies	38	159	76
Accounts payable, trade		9	6
Liabilities to Group companies		24	45
Other liabilities		1	3
Accrued expenses and deferred income	35	12	13
		233	172
TOTAL EQUITY AND LIABILITIES		2,027	1,921

Pledged assets and contingent liabilities – Parent Company

<i>Amounts in SEK M</i>	Note	2009	2008
Pledged assets	33	1,250	1,264
Contingent liabilities	33	34	12

Statement of Changes in Equity – Parent Company

<i>Amounts in SEK M</i>	Share capital	Statutory reserve	Profit brought forward	Profit/loss for the year	Total equity
2008					
Equity, opening balance, January 1, 2008	102	31	336	115	584
Group contributions	–	–	100	–	100
Tax effect from Group contributions	–	–	-28	–	-28
Profit loss brought forward from preceeding year	–	–	115	-115	–
Total transactions reported directly in equity	–	–	187	-115	72
Profit/loss for the year	–	–	–	253	253
Total changes in net wealth, excluding transactions with the Company's owners	–	–	–	253	253
Dividend	–	–	-175	–	-175
Acquisition of treasury shares	–	–	-4	–	-4
Share Savings Scheme	–	–	2	–	2
Equity, closing balance, December 31, 2008	102	31	346	253	732
2009					
Equity, opening balance, January 1, 2009	102	31	346	253	732
Group contributions	–	–	28	–	28
Tax effect from Group contributions	–	–	-7	–	-7
Profit/loss brought forward from preceding year	–	–	253	-253	–
Total transactions reported directly in equity	–	–	274	-253	21
Profit/loss for the year	–	–	–	217	217
Total changes in net wealth, excluding transactions with the Company's owners	–	–	–	217	217
Dividend	–	–	-50	–	-50
Share Savings Scheme	–	–	-1	–	-1
Equity, closing balance, December 31, 2009	102	31	567	217	917

Cash Flow Statement – Parent Company

<i>Amounts in SEK M</i>	Note	2009	2008
Continuing operations			
Profit /loss after financial items	36	210	227
Adjustment for non-cash items, etc.		-14	-112
		196	115
Income tax paid		-2	-3
Cash flow from continuing operations before changes in working capital		194	112
<i>Cash flow from changes in working capital</i>			
Increase(-)/decrease(+) in operating receivables		108	250
Increase(+)/decrease(-) in operating liabilities		-23	47
Cash flow from continuing operations		279	409
Investing activities			
Capital contributions/acquisitions of subsidiaries		-4	-214
Acquisitions of intangible assets		-29	-18
Acquisitions of tangible assets		0	0
Investments in financial assets		-77	-175
Cash flow from investing activities		-110	-407
Acquisition of treasury shares		-	-4
Loans raised		84	159
Amortization of loan liabilities		-113	-132
Dividends paid		-50	-175
Cash flow from financing activities		-79	-152
Cash flow for the year		90	-150
Cash and equivalents at January 1		50	200
Cash and equivalents at December 31		140	50

ACCOUNTING PRINCIPLES AND NOTES TO THE FINANCIAL STATEMENTS

Amounts stated in SEK million unless specified otherwise.

BE Group AB (publ), company registration number 556578-4724, is a Swedish limited liability company. The registered office is in Malmö, where the address of the head office is Spadegatan 1.

CONSOLIDATED ACCOUNTING PRINCIPLES

Compliance with legislation and standards

The consolidated financial statements were prepared in accordance with IFRS (International Financial Reporting Standards) issued by IASB (the International Accounting Standards Board) and interpretations from IFRIC (International Financial Reporting Interpretations Committee), as adopted by the European Commission for application within the European Union. BE Group also applies the Swedish Financial Accounting Standards Council's recommendation RFR 1.2 Supplementary accounting rules for groups, as well as other statements by the Council.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section Parent Company accounting principles. The deviations arising between the principles applied by the Parent Company and the Group are caused by limitations to the opportunities to apply IFRS in the Parent Company as a consequence of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and, in certain cases, tax considerations.

Significant accounting principles applied

Other than the exceptions explained in detail, the accounting principles set out below have been applied consistently to all periods presented in BE Group's financial statements. The consolidated accounting principles have also been consistently applied by Group companies, with regard to associated companies through harmonization with Group principles where required.

Changed accounting principles effective 2008

Detailed below are the new and revised standards and statements adopted by the IASB and approved by the EU that came into effect in 2009 and that had a significant impact on the Group's financial statements. The remaining new and revised standards have not had any significant impact on the Group's financial statements.

An addition to IFRS 2 Share-based payment provides clarification regarding certain vesting terms and which of these require or do not require disclosure. The reporting of BE Group's Share Savings Scheme is not affected by these changes.

The revision to IFRS 7, Financial instruments: Disclosures primarily requires additional disclosures on financial instruments reported at fair value and liquidity risks. These revisions have mainly affected Note 38 Financial risk management.

The introduction of IFRS 8 Operating segments requires that segments are reported from a management perspective, that is, corresponding to the division and financial information used by company management. The introduction of IFRS 8 has not affected the Group's segment reporting to any major extent since, in practice, only the terminology has changed. The same division and reporting of segments is applied as previously. However, the wording of Note 1 Operating segments has been affected.

The revision of IAS 1 Presentation of financial statements has affected the Group's wording of its financial reports through the addition of the

Statement of Comprehensive Income and resulting changes to the Statement of Changes in Equity. However, BE Group has elected to retain the established names for other statements. Because only the wording has changed, comparison figures have not been recalculated.

The revision of IAS 23 Borrowing costs entails that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be included in the cost of that asset. Although this is a change of principle compared with the previous approach, it has had no effect on the Group's financial statements, since the Group has not acquired any assets meeting the definition of a qualifying asset during the period at hand.

New IFRS and interpretations yet to be applied

Certain new or revised standards and new interpretations will not take effect until the 2010 financial year (see the specification below of amendments approved by the EU and that are expected to have a material impact on the Group's financial statements). None of these have been applied early when preparing these financial statements. Remaining new or revised standards and statements coming into effect as of the 2010 financial year and that have been approved by the EU are not expected to have any material effect on the Group's accounts.

- The redrafted IFRS 3 Business Combinations and the changed IAS 27 Consolidated and Separate Financial Statements entail changes in the conditions for possible new acquisitions. Among other things, the changes require transaction costs to be expensed, conditional purchase sums to be valued at fair value at the time of acquisition and reassessments of the liability to be reported against profit or loss for the year. In addition, it will be possible to report minority shareholdings and goodwill in two different ways; at fair value or as a proportional share of net assets. The choice between these two methods will be made individually for each acquisition. However, this will not be applied retroactively for earlier acquisitions.
- IFRIC 16 Hedges of a net investment in a foreign operation entails that only the risk vis-à-vis the Parent Company's functional currency may be hedged. The interpretation also defines a hedged asset as representing an amount not exceeding the value reported in the consolidated accounts for net assets in foreign units. Furthermore, the hedging instrument may be held by any entity other than the hedged entity. The hedging instruments held and used by BE Group meet these requirements and IFRIC 16 consequently has no effect on the Group's financial statements.

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Parent Company and the Group.

Consequently, the financial accounts are presented in SEK. All amounts are rounded off to the nearest million unless otherwise stated.

Valuation principles

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities measured at fair value consist of derivatives and financial assets classified as financial assets at fair value through profit or loss for the period or financial assets held for sale. Fixed assets and disposal groups held for sale are reported at their carrying amount or fair value less sales costs, whichever is lowest.

Assessments and estimates

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

Management's assessments in connection with the application of IFRS that have a significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail below in Note 40, Key estimates and assessments.

Basis for consolidation

Subsidiaries

IFRS 3 applies to acquisitions of operations taking place as of January 1, 2004. The standard conforms with IFRS 1 and is therefore exempt from the principal rule regarding retroactive application.

Subsidiaries are companies over which the Parent Company has a controlling influence. Controlling influence entails a direct or indirect right to determine a company's financial and operational strategies with the purpose of benefitting financially. The assessment of whether a controlling influence prevails takes into account potential voting shares that can be exercised or converted without delay.

Subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. Consolidated cost is determined by means of an acquisition analysis in connection with the transaction. This analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. The cost of the holding in the subsidiary or of the operations consists of the total fair value on the acquisition date of the assets paid, liabilities incurred or assumed, and issued equity instruments submitted as payment for the acquired net assets, as well as transaction fees directly attributable to the acquisition.

In business combinations where cost exceeds the fair value of the acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. Where the difference is negative, it is reported directly against the profit or loss for the period. Subsidiaries' financial accounts are included in the consolidated accounts from the point of acquisition and until the Group no longer has a controlling influence.

Joint ventures

For purposes of accounting, joint ventures are companies for which the Group has joint control over operational and financial management through a contractual arrangement with one or more parties. Interests in joint ventures are consolidated using the equity method of accounting. The equity method entails the value of holdings in joint ventures reported in the consolidated accounts being equivalent to the Group's share of the joint ventures' equity, as well as consolidated goodwill and any other consolidated surplus or deficit. In the consolidated Income Statement, participations in the earnings of associated companies states the Group's share of joint ventures' net earnings after tax and minority interests and adjusted for any impairment, amortization or reversals of acquired surpluses or deficits. These shares in earnings less any dividends received from joint ventures comprise the main change in the carrying amount of interests in joint ventures. Where the Group's share of losses reported by the joint venture exceeds the reported value of the Group's holdings, the value of the holdings is reduced to zero. Losses are also offset against non-current balances without security, the financial significance of which forms part of the owning company's net investment in the joint venture. Continued losses are not recognized unless the Group has given guarantees to cover losses arising in the joint venture. The equity method is applied until the time the significant influence ceases.

Transactions eliminated on consolidation

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

Foreign currency

Transactions in foreign currencies

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

Foreign businesses' financial statements

Assets and liabilities in foreign businesses, including goodwill and other group-wise surplus or deficit values, are translated from the foreign operation's functional currency into the Group's reporting currency, SEK, at the exchange rate applicable on the balance sheet date. Income and expenses in a foreign operation are translated into SEK at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of a foreign net investment and accompanying effects of hedges of the net investments are recognized under other comprehensive income and are accumulated in an equity

component entitled separate translation reserve. Non-current internal loans are considered to form part of the net investment in the foreign operation. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are recognized, less any currency hedging against profit or loss for the period. Accumulated exchange differences are classified in a separate component of equity and include exchange differences accumulated as of January 1, 2004. Accumulated exchange differences arising prior to January 1, 2004 are allocated among other components of equity and are not disclosed separately.

Classification

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

BALANCE SHEET ITEMS

Intangible assets

Goodwill

Consolidated goodwill consists of acquired goodwill and goodwill arising in connection with investments in subsidiaries. Goodwill represents the difference between the cost of the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities. After the acquisition, goodwill is reported at cost less any impairment losses.

Goodwill is distributed to cash generating units and is tested at least once annually to determine possible impairment needs; see Note 14 Goodwill.

With regard to goodwill in acquisitions prior to January 1, 2004, the Group did not apply IFRS retroactively in connection with the transition to IFRS; as of that date, the carrying amount corresponds to the Group's cost, after impairment testing.

Customer relations

Customer relations consist of acquired assets arising primarily in connection with acquisitions of shares in subsidiaries. Customer relations are measured at fair value as of acquisition date, which is regarded as equal to cost and reduces the goodwill item in a business acquisition. After the acquisition, goodwill is recognized at cost less accumulated amortization and impairment losses.

Other intangible assets

Other intangible assets acquired by the Group comprise software and licenses and are recognized at cost less accumulated amortization (see below) and impairment losses.

Costs incurred for internally generated goodwill and internally generated brands are recognized against the profit or loss for the period when the cost is incurred.

Additional expenditures

Additional expenditures for capitalized intangible assets are recognized as assets in the Balance Sheet only when they increase the future economic benefit associated with the specific asset. All other expenditures are expensed as they are incurred.

Amortization rates for customer relations and other intangible assets

Amortization is recognized in the Income Statement on a straight-line basis over the estimated useful life of the asset. Intangible assets which are amortized are amortized from the date they are available for use. The estimated life of assets is tested regularly. The estimated useful lives are:

	Useful life	
	Group	Parent Company
<i>Acquired intangible assets</i>		
Licenses	3–10 years	3–10 years
Software	3–10 years	3–10 years
Customer relations	6–10 years	–

Tangible fixed assets

Tangible fixed assets are stated in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price and expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Examples of directly related costs included in the cost of an asset are costs for shipping and handling, installation, legal title, consultant services and legal services.

The cost for qualifying fixed assets produced in-house includes loan costs while these are not included for non-qualifying assets but are instead expensed on an ongoing basis in the period in which they are incurred.

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

Depreciation rates for tangible fixed assets

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. Leased assets are also depreciated over their estimated useful life or over the agreed lease term, whichever is shorter.

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

Impairment losses

The carrying amounts for the Group's assets are reviewed at each balance sheet date to test whether there is any indication of impairment. IAS 36 is applied to identify impairments for assets other than financial instruments reported according to IAS 39, deferred tax assets reported according to IAS 12 and inventories reported according to IAS 2. Fixed assets held for sale and disposal groups are tested in accordance with IFRS 5. The carrying amounts for the exempted assets are measured according to the respective standards.

Impairment testing for tangible and intangible assets and shares in subsidiaries

If there is an indication of impairment, the recoverable amount of the asset is measured according to IAS 36 as the higher of value in use and fair value less costs to sell. In measuring value in use, future cash flows are discounted at the pre-tax rate that shall reflect current market assessments

of risk-free interest and the risks specific to the asset. Impairments are charged against profit or loss for the period.

The recoverable amounts are measured yearly for goodwill and other intangible assets with an indefinite useful life, whether or not there is any indication that the asset may be impaired.

When testing for impairment, if it is not possible to connect significant independent cash flows to an individual asset, the assets must be grouped at the smallest identifiable group of assets where cash inflows that are largely independent from the cash inflows of other assets or groups of assets can be identified, which is known as a "cash-generating unit." An impairment loss is recognized in the Income Statement when the carrying amount of the asset or the cash generating unit exceeds the recoverable amount.

Impairments of assets attributable to a cash generating unit or group of cash generating units are allocated primarily to goodwill.

Further impairment of the impairment loss is made pro rata to the other assets in the unit or group of units.

Impairment tests for financial assets

At each balance sheet date, the company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence is made up of two components: observable events that impair the capacity to recover the cost of the asset and significant or prolonged decline in fair value below cost, where fair value remains substantially below cost for financial investments classified as available-for-sale financial assets. For unlisted equities and investments classified as financial assets available for sale, the impairment is measured as the difference between the carrying amount of the financial asset and the present value of estimated future inflows discounted by the current market return for a comparable financial asset. Any impairment is charged against profit or loss for the period. Please see the relevant note for disclosures concerning impairments of other financial assets.

The recoverable amounts for loans and receivables reported at amortized cost are measured as the present value of estimated future cash inflows discounted at the financial asset's original effective interest rate. Assets with short time to maturity are not discounted. Impairments are recognized as an expense in profit or loss for the period.

Reversal of impairment

Impairment losses on assets within the scope of IAS 36 are reversed if there is both indication that the impairment no longer exists and there has been a change in the assumptions on which the recoverable amount was measured. However, impairments of goodwill are never reversed. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognized, less depreciation where applicable, if no impairment was recognized.

Impairment losses on accounts receivable reported at accrued cost are reversed if the former grounds for impairment no longer apply and full payment from the customer is expected.

Impairment losses on equity instruments classed as financial assets held for sale that were previously reported in profit or loss for the year are not reversed through profit or loss for the year but in other comprehensive income. The impaired value is the value upon which subsequent revaluations are made, which is recognized directly in other comprehensive income.

Impairments of interest-bearing instruments classified as financial assets held for sale are reversed via the Income Statement if the fair value increases and the increase can be objectively related to an event that occurred after the impairment loss was recognized.

Other securities held as non-current assets and short-term placements

Financial investments are either financial fixed assets reported as other securities held as non-current assets or as short-term placements, depending on the purpose of the investment. If the maturity or expected duration of the holding is longer than one year, they are financial fixed assets and if shorter than one year, they are short-term placements. Financial placements consisting of shares are classified as financial assets held for sale. Holdings of unlisted interest-bearing securities are classified as loan receivables. Changes in value, including impairment losses, are reported in net financial income except for changes in value that, as above, must be recognized directly in other comprehensive income.

Inventories

Inventories are measured at the lower of cost and net sales value. The cost of inventories includes costs incurred to acquire inventory assets and transport them to their current site and condition. The cost figure is based on weighted average prices. The cost of manufactured goods and work in progress includes a reasonable share of indirect costs based on normal capacity.

Net sales value is the estimated selling price in current operations less the estimated costs to make the asset ready for sale and to effect a sale. Net sales value is estimated based on estimates of the current market price.

Accounts receivable and other financial receivables

Accounts receivable and other current receivables are recognized at the amounts expected to be recovered after deductions for doubtful receivables, which are individually assessed. Accounts receivable have a short expected maturity and are accordingly measured at nominal value and not discounted. Impairment losses on accounts receivable are recognized in operating expenses. Non-current loan receivables are measured at amortized cost and any impairment losses are reported as financial items.

Cash and equivalents

Cash and equivalents consist of cash and immediately available balances in accounts with banks and comparable institutions, as well as short-term liquid placements with a maturity of less than three months from acquisition that are exposed to only insignificant risk of fluctuations in value.

Accounts payable and other financial liabilities

Accounts payable and other financial liabilities are classified as other financial liabilities, which are initially recognized at the amount recovered minus transaction costs. After the date of acquisition, loans are measured at amortized cost using the effective interest method. Noncurrent liabilities have an expected maturity longer than one year, while current liabilities have an expected maturity of less than one year. Accounts payable have a short expected maturity and are accordingly measured at nominal value and not discounted.

Provisions

Provisions differ from other liabilities in the uncertainty that prevails regarding the time of payment or the amount required to settle the provision. A provision is recognized on the Balance Sheet if the Group has a present obligation (legal or constructive) based on a past event, probable settlement is expected to result in an outflow of resources (payment) and the amount can be estimated reliably. Provisions are made in the amount corresponding to the best estimate of that required to settle present obligations on the balance sheet date. When the effect

of the timing of payments is material, provisions are measures at the present discounted value of expected future outflows using a pre-tax discount rate that reflects the current market assessments of the time value of money and, if applicable, risks specific to the liability.

Warranties

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

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

Restructuring

Restructuring provisions are recognized when the Group has adopted a detailed formal restructuring plan and the restructuring has been commenced or publicly announced. No provisions are made for future operating costs.

Onerous (loss-making) contracts

Provisions for onerous contracts are recognized when the benefit the Group expects to obtain from a contract is lower than the unavoidable costs of meeting obligations under the contract.

MEASUREMENT CATEGORIES

Financial instruments

Financial instruments recognized as assets in the Balance Sheet include cash and equivalents, loan receivables, accounts receivable and financial investments. Accounts payable, loan debts and derivatives are recognized in liabilities.

A financial asset or financial liability is recognized in the Balance Sheet when the company becomes a party according to the contractual terms of the instrument. Accounts receivable are recognized in the Balance Sheet when invoiced. Liabilities are recognized once the counterparty has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. Accounts payable are recognized when invoices are received. A financial asset or part thereof is derecognized when the contractual rights are realized, mature or are no longer under the company's control. This also applies for parts of a financial asset. A financial liability or part thereof is derecognized when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability. Purchases and sales of financial assets are recognized using trade date accounting. The trade date is the date the company enters into a contractual obligation to buy or sell the asset. A financial asset and a financial liability are offset and the net amount recognized in the Balance Sheet only when the company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At initial recognition, financial instruments are classified based on the purpose for which the instrument was acquired, which affects subsequent measurement. Financial instruments which are not derivatives are initially recognized at a cost corresponding to the instrument's fair value plus transaction expenses. Exceptions are those categorized as financial assets recognized at fair value through the Income Statement, which are initially recognized at fair value excluding

transaction expenses. Financial instruments are subsequently measured depending on how the financial instruments were classified. The measurement categories BE Group uses are as follows:

Valuation

The fair value of publicly traded financial assets corresponds to the quoted market price for the asset on balance sheet date. The fair value of financial assets for which there is no active market is determined using discounted cash flow analysis. Amortized cost is calculated using the effective interest rate calculated when the receivable or liability arose. Accordingly, gains and losses as well as direct transaction costs are amortized over the maturity of the receivable or liability.

Financial assets measured at fair value in profit or loss for the period

This category consists of financial assets held for trading, i.e., derivatives with positive fair value. These assets are measured, on an ongoing basis, at fair value, with changes in value recognized in profit or loss for the period. Derivatives and embedded derivatives are classified as held for trading except when used for hedge accounting.

Changes in loans and accounts receivable

Loans and receivables are non-derivative financial assets with determined or determinable payments that are not quoted in an active market. Assets in this category are measured at amortized cost. Amortized cost is determined based on the effective interest rate calculated as of date of acquisition. Accounts receivable are recognized at the amounts expected to be recovered, that is, after deductions for doubtful receivables.

Financial assets available for sale

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

Financial liabilities valued at fair value via profit or loss for the period

This category consists of financial liabilities held for trading, i.e., derivatives with negative fair value except derivatives that have been determined as effective hedging instruments. Fair value changes are recognized in profit or loss for the period.

Other financial liabilities

Financial liabilities are classified as other financial liabilities and measured at amortized cost. Loans and other financial liabilities, such as accounts payable, are included in this category. The categories to which BE Group's financial assets and liabilities have been assigned are specified in Note 38 Financial risk management. Recognition of financial income and expense is explained below under Income Statement items in the section Financial income and expense.

Derivatives and hedge accounting

The Group's derivative instruments have been acquired to financially hedge its interest and exchange rate exposures. An embedded derivative is disclosed unless closely related to the host contract. Derivative instruments are initially recognized at fair value, which means that any transaction expenses are charged against profit or loss for the period.

After the initial recognition, derivative instruments are valued at fair value and their changes in value are reported as described below.

In order to fulfill the requirements on hedge accounting in accordance with IAS 39, there must be a clear link to the hedged item. Moreover, the hedging must effectively protect the hedged item, the hedging documentation must be drawn up and the effectiveness must be quantifiable. Profits and losses regarding hedge instruments are recognized in profit or loss for the year at the same time as profits and losses for the hedged items.

Currency forwards are used to hedge assets or liabilities against exchange rate risks. Hedge accounting is not used for protection against currency risk since financial hedging is reflected in the statements with both the underlying asset or liability and the hedge instrument being reported at the closing rate and exchange rate fluctuations being reported in the profit or loss for the year.

Exchange differences referring to operating assets and liabilities are recognized in operating profit, while exchange rate fluctuations referring to financial assets and liabilities are recognized in net financial income.

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

Net gain/loss

The net gain/loss on financial assets and liabilities consists of realized and unrealized fair value changes.

INCOME STATEMENT ITEMS

Income

The company measures revenue at the fair value of consideration received or receivable. Accordingly, the company measures revenue at nominal value (invoice amount) if the company receives consideration in cash or equivalents upon delivery on customary credit terms. Discounts provided are deducted. Revenue arising from the sale of goods by the company is recognized when all the following criteria have been satisfied: the company has transferred to the buyer the significant risks and rewards of ownership; the company retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefit associated with the transaction will flow to the company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages and salaries, including bonuses when the underlying parameters can be reliably estimated, paid leave, sick leave, etc., and social security benefits are recognized in the period in which the employee has performed services in exchange for the benefit.

Share-related remunerations

Share Savings Scheme

For the purposes of the Share Savings Scheme, employee benefits are recognized during vesting period for matching shares, based on the fair value of the shares as of allotment date. Fair value is based on the share

price on allotment date adjusted for the non-payment of dividends prior to matching. An amount corresponding to Share Savings Scheme costs is recognized in equity in the Balance Sheet. The vesting conditions are not based on the equity market and do not affect the number of shares that BE Group may allot to the employee upon matching. In respect to shares allotted in performance-based schemes, BE Group estimates the likelihood that performance targets will be met when calculating the personnel costs for the shares. Costs are calculated based on the estimated number of matching shares at the end of the vesting period. When shares are matched in certain countries, social insurance contributions must be paid in proportion to the value of the employee benefit. This value is generally based on the market value of the shares on matching date. Provisions are made for these estimated social insurance contributions during the vesting period.

Pensions

The Group's pension agreements are mainly defined contribution plans. Defined benefit plans refer primarily to the Swedish ITP pension secured through insurance provided by Alecta, a Swedish insurer, which is reported as a defined contribution plan, as below. However, there are other types of defined benefit pension plans, which are reported as defined benefit plans.

Defined contribution plans

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

Defined benefit plans

The Group's net commitment in respect to defined benefit plans other than those secured through insurance provided by Alecta is calculated separately for each plan by estimating the future compensation earned by the employees through their employment in the current and earlier periods. The compensation is discounted to present value. The discount rate is the interest rate as of balance day for an investment grade corporate bond with a maturity corresponding to the Group's pension commitments. If there is no active market for such corporate bonds, the market rate for government bonds with a corresponding maturity is used instead. The calculation is performed by a qualified actuary using the Projected Unit Credit Method. The fair value of any assets under management is also calculated as of reporting date.

All components of the period's costs for a defined benefit plan are recognized in operating profit.

Pension obligations for retirement pensions and survivors' pensions for white-collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The company has not had access to information that would permit recognition of the plan as a defined benefit plan. The ITP pension plan secured through insurance provided by Alecta is accordingly reported as a defined contribution plan.

Termination benefits

When the company terminates employment, benefits to the employee are recognized as an ongoing expense for as long as the employee performs work for the company. When the employee is immediately discharged from duty, the entire benefit amount is immediately recognized as an expense. Provisions are recognized in connection with terminations only if the company is demonstrably obligated to terminate employment prior to the

normal date or when compensation is offered to encourage voluntary departure and it is likely that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and fixed income securities, interest expense on loans, dividend income, exchange differences and unrealized and realized gains on financial investments.

Interest income on receivables and interest expense on liabilities is measured using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The interest component in financial lease payments is recognized in the Income Statement using the effective rate method. Interest income includes accrual of transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount received upon maturity.

Interest expenses are charged against the profit or loss for the period in which they are incurred regardless of how borrowed funds were used. The Group does not capitalize interest on the cost of assets.

Transaction costs for raised loans and credits are accrued over the life of the loans and credits.

Gains or losses on sales of financial investments are recognized when the risks and rewards associated with ownership of the instruments have been transferred in all material respects to the buyer and the Group no longer has control over the instrument.

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

Tax

The company and the Group apply the full tax method. Total tax is made up of current and deferred tax.

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

Temporary differences are not observed in consolidated goodwill or differences attributable to investments in subsidiaries that are not expected to be taxed within the foreseeable future. Untaxed reserves in legal entities are recognized including deferred tax liability. Untaxed reserves are apportioned in the consolidated accounts between deferred tax liability and equity.

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

Underlying earnings

BE Group's financial targets are based on underlying earnings and return measurements in order to clearly illustrate the operational trend. Underlying earnings correspond to reported profit or loss after adjustment for non-recurring items and inventory gains/losses. These constitute the difference between the cost of goods sold at cost and the cost of goods sold where the goods have been measured at replacement price.

BE Group applies an internal calculation model. The model has not been reviewed by the company's auditors.

OTHER

Leases – lessee

Leases are classified in the consolidated accounts as finance leases or operating leases.

Operating leasing agreements

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

Financial leasing agreements

Leases of assets where the financial risks and rewards normally associated with ownership of the asset are transferred to BE Group are classified as finance leases. The lease asset is recognized as a tangible asset, with the same depreciation rates applied as for tangible fixed assets owned by the company, and the future obligation to the lessor is recognized as a liability in the Balance Sheet. Future obligations to lessors have been apportioned between non-current and current liabilities. Minimum lease payments are apportioned between the finance charge and amortization of the outstanding liability. The finance charge is allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Variable payments are recognized as an expense in the period they arise.

Segment reporting

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

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

Earnings per share

Basic earnings per share (before dilution) are calculated by dividing consolidated profit or loss for the year attributable to equity holders in the Parent Company by the weighted average number of ordinary shares outstanding during the year. Earnings per share after dilution are calculated by adjusting the earnings and average number of shares for the consequences of dilutive potential ordinary shares, which during the reported periods arise from options issued to employees.

Cash flow analysis

The cash flow statement is prepared using the indirect method. Reported cash flow covers only transactions that result in incoming and outgoing payments Cash and bank balances as well as short-term placements with maturity of less than three months are classified as cash and equivalents.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company's financial statements are prepared in compliance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2, Accounting for Legal Entities and the SIC and IFRIC included in that recommendation, as well as statements from the Swedish Financial Reporting Board.

Changed accounting principles effective from 2009

The effects on the Parent Company of the new and revised standards and interpretations adopted by the IASB and approved by the EU to enter into force in 2009 do not differ from their effects on the consolidated financial statements. These have been outlined above.

Classification and presentation

The Parent Company Income Statement and Balance Sheet are presented as provided under the Swedish Annual Accounts Act. The main difference compared to IAS 1 refers to equity reporting and the appearance of provisions as an independent item in the Balance Sheet.

Tangible fixed assets

In the Parent Company, tangible fixed assets are stated at cost less accumulated depreciation and possible impairment. Unlike the consolidated accounts, borrowing costs are not included in the cost for qualifying fixed assets produced in-house. These costs are recognized in the profit or loss for the period in which they arise in accordance with the exception to IAS 23 Borrowing costs detailed in RFR 2.2 Accounting for legal entities.

Participations in Group companies

Subsidiaries are reported using the acquisition cost method. Anticipated dividends from subsidiaries are recognized when the Parent Company has the sole right to decide the amount of the distribution and the Parent Company has decided on the size of the distribution before the subsidiary published its financial statements. Dividends received from Group companies are recognized in their entirety as income in the Income Statement.

Group and shareholder contributions

BE Group reports Group and shareholder contributions in accordance with statement UFR 2 from the Swedish Financial Reporting Board.

Shareholder contributions are recognized directly in equity by the recipient and capitalized as shares and participations in the contributor to the extent impairment is not required. Group contributions are reported according to their financial substance. This means that Group contributions provided with a view to minimizing the Group's total tax are recognized directly in retained earnings after deductions for current tax consequences. Contributions comparable to shareholder contributions are recognized by the recipient directly in retained earnings, adjusted for current tax consequences. The provider recognizes the contribution after deductions for its current tax consequence as an investment in Group companies, to the extent impairment is not required.

Financial instruments

In accordance with the rules in the Swedish Financial Reporting Board's recommendation RR 2.2 and the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity. In the future, IAS 39 will continue to be applied only to the consolidated accounts.

Financial assets in the Parent Company are measured at cost less impairment losses, if any, and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at amortized cost. Contingent derivative assets are measured at the lower of cost and fair value, while contingent derivative liabilities are measured at the higher of cost and fair value.

Taxes

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

Leasing

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

Financial guarantees

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

Note 1 Segment reporting

Operating segments – Geographical areas

	Sweden	Finland	CEE	Parent Company/ Elimination	Group
2009					
External sales	2,037	1,465	806	–	4,308
Internal sales	40	26	22	-88	–
Net sales	2,077	1,491	828	-88	4,308
Participations in earnings of joint venture	-5	–	–	–	-5
EBITA	-17	-111	-119	-12	-259
Operating profit/loss	-18	-112	-124	-12	-266
Net financial income (+)/loss (-)					-56
Profit/loss before tax					-322
Tax					73
Profit/loss for the year					-249
Working capital	86	133	226	16	461
Operating assets	994	692	558	68	2,312
Other assets					199
Total assets					2,511
Operating liabilities	417	196	151	-28	736
Other liabilities					977
Total liabilities					1,713
Investments	6	20	3	29	58
Amortization of intangible assets	1	1	5	–	7
Depreciation, tangible assets	18	23	9	0	50
Non-cash revenues	-20	-13	-1	-8	-42
Non-cash expenses	5	2	27	0	34
Total non-cash items	4	13	40	-8	49
2008					
External sales	3,497	3,008	1,208	–	7,713
Internal sales	79	49	22	-150	–
Net sales	3,576	3,057	1,230	-150	7,713
Participations in earnings of joint venture	9	–	–	–	9
EBITA	302	274	-21	-18	537
Operating profit/loss	301	273	-24	-18	532
Net financial income (+)/loss (-)					-30
Profit/loss before tax					502
Tax					-124
Profit/loss for the year					378
Working capital	239	391	380	38	1 048
Operating assets	1,279	1,179	787	35	3,280
Other assets					129
Total assets					3,409
Operating liabilities	495	396	211	70	1,172
Other liabilities					1,134
Total liabilities					2,306
Investments	16	25	223	18	282
Amortization of intangible assets	1	1	3	–	5
Depreciation, tangible assets	18	21	7	0	46
Non-cash revenues	-73	-2	-20	0	-95
Non-cash expenses	11	5	10	1	27
Total non-cash items	-43	25	0	1	-17

BE Group offers sales, distribution and production services in steel, stainless steel and aluminium independently of the companies that produce those materials. The Group's strategy is to process and refine materials at its own facilities through various types of production services. The Group's products are of a similar nature, regardless of the customers or markets to which they are distributed. Customers are primarily in the construction and engineering sectors. However, the Group's risks and opportunities to generate returns vary between the different geographical markets to which its products are distributed. For that reason, the Group has chosen geographical areas as its operating segments. The operating structure and internal reporting to Group Management and the Board of Directors are based primarily on reporting of geographical business areas.

Segment profits, assets and liabilities include operating items attributable to the ongoing activities of the segment. The allocation of assets and liabilities per segment is based on the location of the business and includes directly attributable items and items that can be allocated by segment in a reasonably reliable manner. The assets and liabilities allocated by segment are intangible and tangible fixed assets, participations in joint ventures, operating receivables, operating liabilities and provisions attributable to operations. Current and deferred tax liabilities have not been divided between the business areas but are instead reported as a Group elimination. Nor have financial assets and liabilities been divided by segment but are reported as other assets/liabilities. Capital expenditures for the segment include investments in intangible and tangible assets, including assets included in acquisitions. The financial information per segment presented above is based on the same accounting principles as those that apply for the Group.

Internal prices between the Group's segments are set according to the arm's length principle, i.e. between mutually independent parties. Prices of goods are based on current purchase prices plus an internal markup margin.

Geographical segments

BE Group operates in three business areas: Sweden, Finland and CEE.

Sweden

BE Group's operations in Sweden are conducted under name BE Group Sverige AB. Sales and distribution of the Group's products, such as commercial steel, aluminium and stainless steel, are offered in Sweden. The company also provides production services in the form of various production processes that process and refine materials to meet specific customer requirements. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. The company provides additional services including sophisticated logistics solutions, advisory services and recycling.

Finland

BE Group's operations in Finland are conducted under name BE Group Oy Ab. Sales and distribution of the Group's products, such as commercial steel, aluminium and stainless steel, are offered in Finland. The company also provides production services. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. In addition, BE Group offers its customers sophisticated logistics solutions, advisory services and financial services.

CEE

Business Area CEE encompasses BE Group's operations in, Estonia, Latvia, Lithuania, Poland, Russia, Slovakia, the Czech Republic and Denmark. At present, BE Group offers a selection of the product range in the commercial steel, aluminium and stainless steel segments in the CEE market. BE Group also provides production services. In addition, BE Group offers advisory services and logistics solutions. BE Group's product and service proposition varies from country to country in CEE. In 2009, a Group-internal logistics center was established within the framework of the operations in Ostrava in the Czech Republic. Its purpose is to supply all other Group companies, primarily within Business Area CEE but also to some extent in Sweden and Finland, with a range of flat products.

Sales percentages for main products	2009	2008
Long products	1,404	2,545
Flat products	1,441	2,791
Engineering steel	355	523
Stainless steel	768	1,290
Aluminium	315	473
Other	25	91
Total	4,308	7,713

Parent Company	2009	2008
<i>Sales by geographical market:</i>		
Sweden	16	24
Finland	17	19
Other countries	17	11
Total	50	54

Note 2 Significant expenses

Group	2009	2008
Material costs	-3,678	-6,139
Employee expenses	-398	-475
Other external costs	-442	-559
Amortization according to plan	-57	-52
Other	-6	-28
Total	-4,581	-7,253

The specification of significant expenses by their nature refers to items included in the Income Statement under cost of goods sold, selling expenses, administrative expenses and other operating expenses.

Note 3 Employees, personnel costs and executive remuneration

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

Average number of employees	2009	of which men	2008	of which men
Parent Company				
Sweden	18	67%	21	76%
Total in the Parent Company	18	67%	21	76%
Subsidiaries				
Sweden	319	81%	386	81%
Finland	351	87%	392	88%
Estonia	16	75%	18	72%
Latvia	11	82%	20	85%
Lithuania	11	82%	13	85%
Poland	52	69%	59	67%
Denmark	8	88%	8	71%
Slovakia	18	38%	13	45%
Czech Republic	97	74%	81	75%
Russia	11	91%	12	92%
Total for subsidiaries	894	81%	1,002	82%
Total, Group	912	81%	1,023	82%

Specification of gender distribution of executive management

Gender distribution, Group Management	2009	2008
	Percentage women	Percentage women
Parent Company		
Board	14%	17%
Other executives	0%	0%
Group total		
Board	14%	17%
Other executives	0%	0%

The average number of employees in the Company over the financial year was 18 (21). The Company does not disclose sickness absence rates because the information may be attributed to individuals.

Salaries, other remuneration and social security expenses

Group	2009	2008
Salaries and remuneration	295,581	350,588
Share Savings Scheme costs	-1,476	1,972
Pension expense, defined-benefit plans	-234	327
Pension expense, defined-contribution plans	36,407	39,691
Social security contributions	64,992	80,334
	395,270	472,912

Parent Company	2009		2008	
	Salaries, other remunerations and security	Social expenses	Salaries, other remunerations and security	Social expenses
Parent Company	19,668	12,018	21,554	14,028
(of which, pension expense) ¹⁾		(4,671)		(5,285)

¹⁾ Of the Parent Company's pension expenses, SEK 2,554,000 (2,425,000) refers to executives. The Company's outstanding pension commitments to these individuals amount to – (-).

Salaries and other remuneration distributed between the Parent Company and its subsidiaries and between executives and other employees¹⁾

	2009		2008	
	Senior executives ¹⁾	Other employees	Senior executives	Other employees
Parent Company, Sweden	9,197	10,471	10,787	10,767
(of which, bonuses, etc.)	(463)	(764)	(669)	(410)
Subsidiaries	10,841	253,530	12,491	307,596
(of which, bonuses, etc.)	(699)	(5,793)	(1,570)	(9,808)
Total, Group	20,038	264,001	23,278	318,363
(of which, bonuses, etc.)	(1,162)	(6,557)	(2,239)	(10,218)

¹⁾ Senior executives include directors, members of Group Management and company presidents.

The presentation complies with the Annual Accounts Act 5:19-20 and Swedish Accounting Standards Board recommendation BFN R4. The difference compared to the preceding table showing salaries and remuneration for the Group, which was prepared in compliance with IAS 1, p 93, comprises employee benefits. According to BFN R 4, benefits must not be included in salaries and remuneration but are classified as such according to IAS 1 p93.

Note 3 continued

Executive remuneration

Total remuneration to the President and CEO and other members of Group Management consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the executive remuneration policy that was adopted by the 2009 Annual General Meeting and which is detailed in the Board of Directors' Report on page 26.

The note below details the actual agreed remunerations and terms for senior executives.

The following tables provide details of remuneration and other benefits paid in the 2009 and 2008 financial years to directors, the CEO, the Deputy CEO and other executives, who are defined as other members of Group Management.

Remuneration and benefits 2009	Base pay/ directors' fees	Variable pay	Other benefits	Pension expense	Share Savings Scheme	Other remuneration	Total	Pension commitments
<i>Chairman of the Board</i>								
Carl-Erik Ridderstråle	280	–	–	–	–	1	281	–
<i>Directors</i>								
Roger Bergqvist	133	–	–	–	–	2	135	–
Lars Olof Nilsson	160	–	–	–	–	1	161	–
Cecilia Edström	147	–	–	–	–	–	147	–
Lars Spongberg	147	–	–	–	–	–	147	–
Joakim Karlsson	147	–	–	–	–	–	147	–
Roger Johansson	133	–	–	–	–	–	133	–
<i>CEO ¹⁾</i>								
Lars Bergström	2,746	188	111	864	48	1	3,958	–
Håkan Jeppsson ²⁾	435	–	15	194	–	–	644	–
<i>Deputy CEO</i>								
Torbjörn Clementz	2,342	126	84	644	-124	4	3,076	–
<i>Other executives (4 individuals)</i>	5,057	349	324	1,548	-347	12	6,943	32
Total	11,727	663	534	3,250	-423	21	15,772	32
Recognized as an expense in the Parent Company	8,987	463	368	2,448	-265	12	12,013	–

Other executives in 2009 were two individuals employed by the Parent Company (Per Horstmann and Per Gullstrand) and the sitting presidents of the Swedish and Finnish subsidiaries (Henrik Fries (11 months) and Matti Tiira), who were employees of the respective subsidiaries.

¹⁾ Håkan Jeppsson served as CEO until February 15, 2009. Torbjörn Clementz subsequently took over as acting CEO until Lars Bergström assumed the post of CEO on March 11, 2009.

²⁾ In connection with Håkan Jeppsson concluding his employment, he received vacation allowances amounting to SEK 814,000 corresponding to vacation earned but not utilized.

Remuneration and benefits 2008	Base pay/ directors' fees	Variable pay	Other benefits	Pension expense	Share Savings Scheme	Other remuneration	Total	Pension commitments
<i>Chairman of the Board</i>								
Carl-Erik Ridderstråle	420	–	–	–	–	5	425	–
<i>Directors</i>								
Roger Bergqvist	200	–	–	–	–	2	202	–
Lars Olof Nilsson	220	–	–	–	–	–	220	–
Cecilia Edström	220	–	–	–	–	–	220	–
Lars Spongberg	220	–	–	–	–	–	220	–
Joakim Karlsson	240	–	–	–	–	–	240	–
<i>CEO</i>								
Håkan Jeppsson	3,294	324	91	1,203	-224	–	4,688	–
<i>Deputy CEO</i>								
Torbjörn Clementz ¹⁾	1,800	135	93	415	220	3	2,666	–
<i>Other executives (5 individuals)</i>	7,230	818	408	2,306	385	–	11,147	295
Total	13,844	1,277	592	3,924	381	10	20,028	295
Recognized as an expense in the Parent Company	9,889	669	440	2,569	219	10	13,796	–

In 2008, other executives consisted of three individuals employed by the Parent Company (Per Horstmann, Ylva Berg and Per Gullstrand) and the sitting presidents of the Swedish and Finnish subsidiaries (Matti Tiira, Bo Söderqvist [3 months], Magnus Rosén [1 month] and Henrik Fries [5 months]), who were employees of the relevant subsidiaries.

¹⁾ Appointed Deputy CEO effective from September 1. Served in another executive position for the portion of the year preceding that date. All remunerations and benefits for 2008 are recognized here.

Share Savings Scheme

The 2007 Annual General Meeting approved a share savings scheme (Share Savings Scheme 2007) for members of Group Management, business area executive teams and other key individuals within the company. The 2008 and 2009 Annual General Meetings resolved to introduce similar programs (Share Savings Scheme 2008 and Share Savings Scheme 2009). All three programs are similarly organized and run over a period of three years. Each participant in the scheme is eligible for a maximum of 2.5 matching shares. The matching shares are allotted at no cost if the following conditions are met:

- One half share if the individual remains in his or her employment or equivalent employment within the Group during the vesting period.
- One additional share if BE Group's underlying earnings per share for the financial years of 2007-2009 (Share Savings Scheme 2007) or 2008-2010 (Share Savings Scheme 2008) or 2009-2011 (Share Savings Scheme 2009), compared with the respective preceding financial year, have increased on average by at least 5 percent per year; or two additional shares if BE Group's underlying earnings per share for the financial years 2007-2009 (Share Savings Scheme 2007) or 2008-2010 (Share Savings Scheme 2008) or 2009-2011 (Share Savings Scheme 2009), compared to the respective preceding financial year, have increased on average by at least 15 percent per year.

	Share Savings Scheme			Total
	2007	2008	2009	
Allotment date	June 2007	May 2008	June 2009	
Vesting period	32 months	33 months	32 months	
Allotment of matching shares	February 2010	February 2011	February 2012	
Number of participants ¹⁾	18	26	23	
Number of savings shares ¹⁾	22,070	42,656	78,643	
Maximum number of matching shares ¹⁾	55,175	106,640	196,608	358,423
Number of matching shares used in the accounts ²⁾	11,035	21,328	39,322	71,685
Estimated cost of matching shares ³⁾	1,015	1,499	1,275	3,790
– Of which, charged against earnings for 2009	-897	-838	259	-1,476
<i>Recognized as an expense in the Parent Company</i>	-321	-316	156	-481
<i>Recognized as an expense in the subsidiary</i>	-576	-522	103	-995
Provision for social security expenses ⁴⁾	100	107	86	293
– Of which, charged against earnings for 2009	17	11	86	114

¹⁾ Adjustments have been made for individuals who have left the company or who had, as of the balance sheet date, confirmed that they will end their employment before the scheme expires.

²⁾ Management does not judge it likely that the maximum distribution of 2.5 matching shares per savings share will occur, based on the earnings trend in the company. In the accounts, the costs of the scheme have been based on an expected distribution of 0.5 matching shares.

³⁾ The calculations are based on the market price per share of the company's stock as of valuation date. That price is SEK 92 for matching shares in Share Savings Scheme 2007, SEK 70.30 for Share Savings Scheme 2008 and SEK 32.43 for Share Savings Scheme 2009.

⁴⁾ The provision for social security expenses was made based on the market price per share as of the balance sheet date, which was SEK 43.60. Final social security expenses will be calculated based on the market price per share when matching shares are allotted.

The Company holds a total of 264,300 treasury shares at December 31, 2009 to financially hedge its commitment to provide matching shares in accordance with the Share Savings Schemes. This hedging measure shall also cover social security expenses. The matching shares for the Share Savings Scheme 2007 were distributed at the signing of this Annual Report. In addition shares have been sold to cover social security expenses. After these transactions, the Company holds 251,348 shares.

Under current assumptions, CEO Lars Bergström has earned 1,495 (0) matching shares, while Håkan Jeppsson has earned 0 (0) shares as his employment terminated in February 2009. Deputy CEO Torbjörn Clementz had earned 3,123 (4,102) shares and other executives had earned a total of 5,675 (11,088) shares as of the balance sheet date.

Detailed below are the agreed terms for remuneration to the Board, the CEO and other senior executives. For details of the guidelines adopted by the Annual General Meeting, see page 26.

Board remuneration

"The Chairman and other directors are paid directors' fees as resolved by the Annual General Meeting. As resolved by the AGM in 2009 (2008), directors' fees totalling SEK 1,720,000 (1,520,000) will be distributed among the directors as follows: SEK 400,000 (400,000) to the Chairman and SEK 200,000 (200,000) to each of the other non-executive directors elected by the AGM as a director's fee. As remuneration for committee service, SEK 40,000 (40,000) will be paid to the Chairman of the Audit Committee, SEK 20,000 (20,000) to the other members of the Audit Committee, and SEK 20,000 (20,000) each to members of the Remuneration Committee. Other remuneration has been paid in the form of taxable travel expense reimbursements. No directors' fees are paid to BE Group employees who sit on subsidiary boards of directors.

Remuneration to the President and CEO

Remuneration

Total remuneration to the President and CEO consists of base pay, bonuses, pension and other benefits. Remuneration to the President and CEO for 2009 (2008) was set by the Chairman of the Board at SEK 4,708,000 (4,688,000). Maximum variable remuneration payable to the President and CEO is 40 percent of base pay. Whether or not bonuses are to be distributed and the amounts payable are determined based on BE Group's growth, return on operating capital and personal performance. For 2009 (2008) the President and CEO was paid a bonus of SEK 188,000 (324,000).

Period of notice and severance pay

The President and CEO is entitled to 12 months' notice of termination by the company and is required to give six months' notice if he resigns. If the President and CEO resigns due to significant change of ownership in the company, he is required to give 12 months' notice with no obligation to work during the term of notice. During the term of notice, the President and CEO is entitled to full pay and other benefits of employment, regardless of whether or not he is obligated to work. The President and CEO is entitled to severance pay corresponding to 12 months' base pay.

Pension benefits

The President and CEO is entitled to retire at age 65. In addition to benefits in accordance with the National Income Replacement Pension Act, pension contributions are made corresponding to 30 percent (35) of fixed annual salary and vacation allowances, which constitutes pensionable pay. The ITP plan according to collective agreement must be utilized first, with the remainder allocated among other pension insurance plans. Total premiums in 2009 (2008) were SEK 1,058,000 (1,203,000). BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment.

Remuneration to other senior executives**Remuneration**

Members of Group Management who are employed by the Company or its subsidiaries are paid by the respective Group company. Remuneration is set by the CEO after consultation with the Remuneration Committee. Remuneration consisted of base pay, bonuses in certain cases, pensions and other benefits. The maximum bonus payable to members of Group Management is 40 percent of base pay. Whether or not bonuses are distributed and bonus amounts are determined by the CEO based on attainment of financial targets (60 percent of total bonus) and individual targets (40 percent of total bonus). Financial goals are linked to growth and return on operating capital for BE Group and the relevant subsidiary/business area, and personal performance. Bonuses paid to other members of Group Management in 2009 (2008) amounted to SEK 475,000 (953,000).

Period of notice and severance pay

Other members of Group Management are entitled to 12 months' notice of termination by BE Group (with the exception of Torbjörn Clementz who is entitled to 15 months) and are required to give six months' notice if resigning. During the term of notice, members of Group Management are entitled to full pay and other benefits of employment. Members of Group Management are not entitled to severance pay.

Pension benefits

Other members of Group Management are entitled to retire at age 65, except for Matti Tiiras who is entitled to retire at 60. Pension benefits for Swedish members of Group Management are in accordance with the Group ITP plan, with consideration given to the maximum tax-deductible amount. An exception is made for the Deputy CEO and pension contributions are made at 25 percent of pensionable salary. The ITP plan according to collective agreement must be utilized first, with the remainder allocated among other pension insurance plans. BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years. For Finnish members of Group Management, pension contributions are made equal to 18 percent of pensionable pay. For all members of Group Management other than the CEO, pension premiums for 2009 (2008) amounted to SEK 2,192,000 (2,721,000).

Remuneration Committee

Please see the Corporate Governance Report on pages 77-83 for more information about BE Group's preparation and decision process regarding executive remuneration.

Note 4 Fees and reimbursement to auditors

Group	2009	2008
<i>KPMG</i>		
Audit assignments	2	3
Other assignments	1	2
	3	5
Parent Company		
<i>KPMG</i>		
Audit assignments	1	1
Other assignments	0	1
	1	2

Note 5 Operating lease payments

Consolidated operational leasing costs for the year amounted to SEK 91M (86), of which SEK 1M (1) is attributable to the Parent Company. Operational lease liabilities fall due for payment as follows:

	Group		Parent Company	
	2009 Minimum lease payments	2008 Minimum lease payments	2009 Minimum lease payments	2008 Minimum lease payments
<i>(SEKM)</i>				
Within one year	87	81	0	1
One to five years	292	258	-	-
Later than five years	676	640	-	-
	1,055	979	0	1

	Group		Parent Company	
	2009 Minimum lease payments	Variable payments	2009 Minimum lease payments	Variable payments
<i>(SEKM)</i>				
Land and buildings	81	-	-	-
Other	10	-	1	-
Total leasing fees	91	-	1	-

Significant leases

Most Group operating leases refer to leases of operating sites. The leases have no variable portion of rent other than the index adjustment according to the CPI trend. The variable portion is reported above as variable payments.

Note 6 Depreciation/amortization of tangible/intangible assets

Group	2009	2008
<i>Scheduled depreciation/amortization by asset</i>		
Customer relations	-5	-3
Software and licenses	-2	-2
Buildings and land	-3	-2
Plant and machinery	-31	-28
Equipment, tools, fixtures and fittings	-16	-16
	-57	-51
<i>Scheduled depreciation/amortization by function</i>		
Cost of goods sold	-29	-26
Selling expenses	-20	-18
Administrative expenses	-8	-7
	-57	-51
Parent Company		
<i>Scheduled depreciation/amortization by asset</i>		
Equipment, tools, fixtures and fittings	0	0
	0	0
<i>Scheduled depreciation/amortization by function</i>		
Administrative expenses	0	0
	0	0

Note 7 Profit/loss from participations in Group companies

Parent Company	2009	2008
Dividend	235	173
Anticipated dividends	-	160
	235	333

Note 8 Financial income

Group	2009	2008
Interest income from credit institutions	1	4
Other interest income	3	7
Dividends received	0	-
Net movements in exchange rates	-	17
Change in value of financial instruments	5	-
Other income	0	-
	9	28
Parent Company		
Interest income, Group companies	30	26
Other interest income	0	3
Net movements in exchange rates	12	-
	42	29

Note 9 Financial expenses

Group	2009	2008
Interest expense to credit institutions	-40	-51
Other interest expense	-2	-4
Net movements in exchange rates	-15	-
Other expenses	-8	-3
	-65	-58
Parent Company		
Interest expense to credit institutions	-38	-48
Interest income, Group companies	-10	-14
Net movements in exchange rates	-	-36
Other expenses	-3	-1
	-51	-99

Note 10 Other operating income

Group	2009	2008
Capital gain on sale of capital contributed in kind to joint venture	-	58
Capital gains on sales of assets	1	2
Change in guarantee reserve	8	-
Other	3	3
	12	63
Parent Company		
Exchange gains	2	-
	2	-

Note 11 Other operating expenses

Group	2009	2008
Net movements in exchange rates on receivables/liabilities of an operating nature	0	-12
Capital loss on sales of assets	-1	-1
Non-recurring expenses related to cost-savings programme	-8	-16
Closure of operations in St Petersburg	-	-10
Other	-2	-2
	-11	-41
Parent Company		
Impairment of shares in BE Group O.O.O.	-	-10
	-	-10

Note 12 Tax

Group	2009	2008
<i>Current tax expense (-)/tax asset (+)</i>		
Tax expense for the period	12	-134
Adjustment of tax attributable to prior years	0	0
	12	-134
<i>Deferred tax expense (-)/tax asset (+)</i>		
Deferred tax related to temporary differences	15	7
Deferred tax arising from changes to tax rates	-	2
Deferred tax asset in tax value of loss carryforwards capitalized over the year	46	3
Deferred tax expense consequent upon revaluation of the carrying amount of deferred tax receivables	-	-2
	61	10
Total consolidated tax recognized	73	-124
Parent Company		
<i>Current tax expense (-)/tax asset (+)</i>		
Tax expense/tax asset for the period	7	26
Adjustment of tax attributable to prior years	0	0
	7	26
<i>Deferred tax expense (-)/tax asset (+)</i>		
Deferred tax related to temporary differences	0	0
	0	0
Total reported tax expense in the Parent Company	7	26

Note 12 continued

Reconciliation of effective tax

Group	2009		2008	
	Percent	Amount	Percent	Amount
Profit before tax		-322		502
Tax at prevailing rate for the Parent Company	26.3%	85	28.0%	-141
Effect of different tax rates for foreign subsidiaries	-3.1%	-10	-0.8%	4
Non-deductible expenses	-0.7%	-2	1.8%	-9
Non-taxable revenues	0.7%	2	-3.8%	19
Increase in loss carryforwards with no equivalent capitalization of deferred tax	0.4%	1	1.1%	-6
Tax loss carryforwards previously not capitalized	0.0%	-	-0.6%	3
Tax attributable to previous years	0.0%	-	0.1%	-
Effect of changed tax rates and tax regulations	0.0%	-	-0.4%	2
Participation in earnings of joint venture	-0.4%	-1	-0.5%	3
Other	-0.6%	-2	-0.3%	1
Recognized effective tax	22.5%	73	24.6%	-124

Parent Company	2009		2008	
	Percent	Amount	Percent	Amount
Profit before tax		210		227
Tax at prevailing rate for the Parent Company	26.3%	-55	28.0%	-63
Non-deductible expenses	-0.1%	0	1.3%	-3
Non-taxable revenues	-29.5%	62	-41.1%	93
Taxes attributable to previous years	0.0%	-	0.0%	-
Recognized effective tax	-3.2%	7	-11.8%	26

Tax items recognized in other comprehensive income

Group	2009	2008
Current tax, currency risk hedging in foreign operations	5	-17
	5	-17

Tax items recognized directly in equity

Group	2009	2008
Current tax, Group contributions	-7	-
Deferred tax, Group contributions	7	-
Deferred tax, Share Savings Scheme	0	-1
	0	-1

Parent Company	2009	2008
Current tax, Group contribution received	-7	-28
	-7	-28

Note 13 Earnings per share

Group	2009	2008
Earnings per share before dilution (SEK)	-5.00	7.58
Earnings per share after dilution (SEK)	-5.00	7.58

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

Profit/loss for the year

Profit/loss for the year (SEKM)	-249	378
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Weighted average outstanding ordinary shares, before dilution

Total ordinary shares at January 1	50,000,000	50,000,000
Effect of treasury share transactions	-264,300	-146,855
Weighted ordinary shares outstanding during the year, before dilution	49,735,700	49,853,145

Weighted average outstanding ordinary shares, after dilution

Weighted average outstanding ordinary shares, before dilution	49,735,700	49,853,145
Effect of Share Savings Scheme	12,874	3,441
Weighted ordinary shares outstanding during the year, after dilution	49,748,574	49,856,586

Note 14 Goodwill

Cash-generating units with significant goodwill

Goodwill	Sweden	Finland	Czech Republic	Total, Group
<i>Accumulated acquisition value</i>				
Opening balance, January 1, 2008	314	230	-	544
Exchange difference	-	15	-	15
Acquisitions	-	-	92	92
Closing balance December 31, 2008	314	245	92	651
Opening balance, January 1, 2009	314	245	92	651
Exchange difference	-	-5	1	-4
Closing balance, December 31, 2009	314	240	93	647

Consolidated goodwill consists of strategic business value arising in connection with acquisitions of businesses and assets/liabilities.

Impairment testing for cash generating units containing goodwill

The cash generating unit BE Group Sverige AB constitutes the primary segment of Sweden and the cash generating unit BE Group Oy Ab constitutes the primary segment of Finland. The cash generating unit Czech Republic consists of BE Group s.r.o. and Ferram Steel s.r.o., which are included in the primary segment of CEE.

The recovery value for cash generating units is based on their value in use. In the calculation of value in use, a discount factor of 9.52 percent before tax has been applied for Sweden, 9.84 percent for Finland and 9.75 percent for the Czech Republic. The estimates on which measurement of value in use were based on management's cash flow forecasts for a period of five years. Cash flow for the ensuing years has been extrapolated using an assumed initial annual growth rate of 2 percent that subsequently declines by 10 percent per year for Sweden and Finland. Initial annual growth was assumed for the Czech Republic at 3 percent, subsequently declining by 10 percent per year.

Growth for BE Group is based on growth in sales volumes and purchase price development for the company's products. BE Group offsets changes in its purchase prices through annual adjustments in its sales prices, generating a relatively stable gross margin over time. Assessed

market growth, extrapolated using assumed annual growth of 2 percent for Sweden and Finland and 3 percent for the Czech Republic. The applied rate of market growth is assessed to follow general growth in each country. BE Group's financial targets are based on annual future underlying sales growth (adjusted for market price changes) of more than 5 percent per year over a business cycle. Organic growth will be generated primarily through increased processing of the company's products and continued growth outside Sweden and Finland, which are currently the largest markets. This is generating higher growth than the general growth rate in the distribution channel in the company's market. Forecast market shares, margins and expenses for employee benefits are consistent with prior experience.

Management believes that no reasonably possible changes to key assumptions used for impairment testing of the cash generating units would result in recovery value below the carrying amount. With respect to the acquired operations in the Czech Republic, further deterioration of the market situation may entail risk of future impairment losses. Reported values do not include depreciation or impairment.

Note 15 Customer relationships

Group	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	29	–
Acquisitions of subsidiaries	–	29
Exchange differences for the year	1	0
At year-end	30	29
<i>Accumulated scheduled amortization</i>		
At January 1	-3	–
Scheduled amortization for the year ¹⁾	-5	-3
Exchange differences for the year	0	0
At year-end	-8	-3
Carrying amount at end of period	22	26

¹⁾ Amortization for the year is recognized as a selling expense in the Income Statement.

Note 16 Software and licenses

Group	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	35	28
Purchases	0	2
Acquisitions of subsidiaries	–	1
Exchange differences for the year	-1	4
At year-end	34	35
<i>Accumulated scheduled amortization</i>		
At January 1	-30	-23
Acquisitions of subsidiaries	–	-1
Scheduled amortization for the year ¹⁾	-2	-2
Exchange differences for the year	2	-4
At year-end	-30	-30
Carrying amount at end of period	4	5

¹⁾ Amortization for the year is reported on the following lines in the Income Statement:

Cost of goods sold	0	0
Selling expenses	0	0
Administrative expenses	-2	-2
	-2	-2

Note 17 Advance payments for intangible assets

Group	2009-12-31	2008-12-31
At January 1	17	–
Investments	29	17
Carrying amount at end of period	46	17
Parent Company	2009-12-31	2008-12-31
Advance payments at January 1	18	–
Investments	29	18
Carrying amount at end of period	46	18

Advance payments refer to investments in a new corporate business system. The asset will be owned by the Parent Company and will be brought into use in 2010.

Note 18 Buildings and land

Group	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	100	17
Acquisitions of subsidiaries	–	79
Reclassification	–	3
Exchange differences for the year	-4	1
	96	100
<i>Accumulated scheduled amortization</i>		
At January 1	-7	-4
Acquisitions of subsidiaries	–	-1
Scheduled amortization for the year	-3	-2
Exchange differences for the year	0	0
	-10	-7
<i>Accumulated impairment</i>		
At January 1	0	–
Acquisitions of subsidiaries	–	0
Exchange differences for the year	0	0
	0	0
Carrying amount at end of period	86	93
Tax assessment value, buildings (in Sweden)	12,456	12,456
Tax assessment value, land (in Sweden)	–	–

Leases

Group	2009-12-31	2008-12-31
Properties held under finance leases included at a carrying amount of	9	10

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

Group	2009-12-31	2008-12-31
Within one year	2	2
One to five years	8	8
Later than five years	11	13
	21	23

See Note 38 for disclosures concerning lease liabilities.

Note 19 Plant and machinery

Group	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	386	338
Purchases	23	18
Acquisitions of subsidiaries	-	6
Disposals and scrappings	-13	-15
Reclassification	8	3
Exchange differences for the year	-15	36
	389	386
<i>Accumulated scheduled amortization</i>		
At January 1	-204	-167
Acquisitions of subsidiaries	-	-1
Disposals and scrappings	12	13
Reclassification	-12	-1
Scheduled amortization for the year	-31	-28
Exchange differences for the year	9	-20
	-226	-204
<i>Accumulated impairment</i>		
At January 1	-1	-
Impairment losses for the year	-	-1
	-1	-1
Carrying amount at end of period	162	181

Note 20 Equipment, tools, fixtures and fittings

Group	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	185	175
Purchases	6	15
Acquisitions of subsidiaries	-	12
Disposals and scrappings	-6	-22
Reclassification	3	-
Exchange differences for the year	-3	5
	185	185
<i>Accumulated scheduled amortization</i>		
At January 1	-114	-110
Acquisitions of subsidiaries	-	-2
Disposals and scrappings	6	17
Reclassification	12	1
Scheduled amortization for the year	-16	-16
Exchange differences for the year	1	-4
	-111	-114
<i>Accumulated write-downs</i>		
At January 1	-1	-
Impairment losses for the year	0	-1
Exchange differences for the year	0	-
	-1	-1
Carrying amount at end of period	73	70

Note 20 continued

Parent Company	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	1	1
Purchases	0	-
	1	1
<i>Accumulated scheduled amortization</i>		
At January 1	0	0
Scheduled amortization of cost for the year	0	0
	0	0
Carrying amount at end of period	1	1

Note 21 Construction in progress and advances for non-current assets

Group	2009-12-31	2008-12-31
At January 1	12	2
Acquisitions of subsidiaries	-	4
Reclassification	-12	-6
Investments	-	12
Exchange differences for the year	0	0
Carrying amount at end of period	0	12

Note 22 Participations in Group companies

Parent Company	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	1,259	1,054
Carrying amount at end of period	74	205
Carrying amount at end of period	1,333	1,259

Specification of Parent Company and Group holdings of investments in Group companies

2009-12-31 Subsidiaries/Reg. No./Domicile	Participating interests	Interests in % ¹⁾	Carrying amount
BE Group Sverige AB, 556106-2174, Malmö, Sweden	20,000	100.0	866
Bröderna Edstrand Transporter AB, 556283-3763, Malmö, Sweden	1,000	100.0	
BE Group Oy Ab, 1544976-7, Finland	204,000	100.0	148
BE Group AS, 10024510, Estonia	40	100.0	0
BE Group SIA, 000341-313, Latvia	100	100.0	0
UAB BE Group, V2.3, Lithuania	100	100.0	0
BE Group sp.z.o.o RHB131-30, Poland	20,216	100.0	8
BE Group A/S, 6771-9514, Denmark	73	100.0	4
Bröderna Edstrand Fastighets AB, 556659-7877, Malmö, Sweden	10,000	100.0	1
BE Group s.r.o., 269 16 347, Czech Republic		100.0	102
Ferram Steel s.r.o., 282 43 781, Czech Republic		100.0	168
BE Group Slovakia s.r.o., 36595659, Slovakia		100.0	35
BE Group O.O.O., Russia	1	100.0	-
			1,333

¹⁾ Percentage of equity ownership, which is equal to percentage of voting rights in relation to the total number of shares.

Note 22 continued

Acquisitions and capital contributions during the year

	2009	2008
BE Group s.r.o., 269 16 347, Czech Republic ¹⁾	40	46
BE Group Logistics s.r.o., 282 43 781 Czech Republic ²⁾	–	168
BE Group O.O.O., Russia ³⁾	–	-10
BE Group Slovakia s.r.o., 36595659, Slovakia ⁴⁾	31	–
BE Stål & Metal AS, 6771-9514, Denmark ⁵⁾	4	–
Share Savings Scheme	-1	1
	74	205

¹⁾ Pertains to the acquisition of Czechprofil s.r.o. in 2008, which was subsequently merged with BE Group s.r.o., and capital contributions through conversion of internal loans in 2009.

²⁾ Pertains to the acquisition of Ferram Steel a.s. 282 76 175, which was merged with Izante Estates s.r.o. 282 43 781 on December 31, 2008, whereupon Izante Estates s.r.o. changed name to Ferram Steel s.r.o. and subsequently to BE Group Logistics s.r.o. in 2009.

³⁾ Pertains to impairment of shares in 2008. This also corresponds to the total accumulated write-down of shares in subsidiaries.

⁴⁾ Pertains to capital contribution in through conversion of internal loan in 2009.

⁵⁾ Pertains to capital contributions in 2009.

Acquisitions in 2008

BE Group acquired all shares in Czechprofil s.r.o. in the Czech Republic on January 23, 2008 and the company was consolidated in the Group as of this date. On October 1, the company was merged with BE Group's previously established Company in the Czech Republic, BE Group s.r.o., and the operations are thus fully integrated.

BE Group has also acquired all shares in the Czech company Ferram Steel a.s. Ownership was transferred on July 15, 2008 and the company was consolidated in the Group as of that date.

In conjunction with the acquisition of Ferram Steel, BE Group also acquired a "readymade" company, Izante Estates s.r.o., with which Ferram Steel was merged effective December 31, 2008. Izante Estates is included in the figures for Ferram stated below.

Acquisitions	Czechprofil			Ferram		
Purchase consideration	40			156		
Direct costs upon acquisition	6			12		
Fair value of acquired net assets	8			114		
Goodwill	38			54		
	Carrying amount before acquisition	Fair value adjustment	Fair value, Group	Carrying amount before acquisition	Fair value adjustment	Fair value, Group
Acquired assets and liabilities						
Intangible assets	0	20	20	0	9	9
Tangible assets	9	–	9	88	–	88
Deferred tax	1	–	1	–	–	–
Operating assets	57	–	57	183	–	183
Cash and equivalents	7	–	7	23	–	23
Interest-bearing liabilities	-42	–	-42	-101	–	-101
Operating liabilities	-40	–	-40	-78	–	-78
Deferred tax liability	–	-4	-4	-8	-2	-10
Total	-8	16	8	107	7	114
Of which cash and equivalents in acquired units			-7			-23
			0			91
Profit after tax during period of ownership 2008 ¹⁾			0			-2
Resultat efter skatt i förvärvade enheter januari-december 2008 ¹⁾						8

¹⁾ Czechprofil was merged with BE Group s.r.o. effective October 1, 2008. It is therefore not practical to specify profit and loss for the entire period. The information disclosed includes Czechprofil's profit and loss only through September 2008.

The acquisition balance for Czechprofil above was finalized in December 2008. Compared to the preliminary analysis, this has been adjusted for additional acquisition costs and business assets in the opening balance. Recognized goodwill has increased by SEK 7M and adjustment of the opening balance enhanced earnings by SEK 0.4M. This was reported in full in the fourth quarter of 2008. The main reason for the adjustment was that Czechprofil had recognized prepaid expenses that do not meet IFRS standards for capitalization.

The acquisition balance for Ferram was finalized in June 2009. Compared to the preliminary analysis, this has been adjusted for additional acquisition costs of SEK 0M. Recognized goodwill has increased by the equivalent amount.

Note 23 Participations in joint venture

During 2008, BE Group acquired a 50 percent interest in ArcelorMittal SSC AB. The interest in the joint venture company will be reported in the consolidated accounts as of June 2, 2008, using the equity method, by which 50 percent of profit after tax for the joint venture company will be reported as a share in earnings included in BE Group's consolidated operating profit.

Earnings in joint venture		
ArcelorMittal BE Group SSC AB	2009	2008
Profit before tax	-13	40
Tax	3	-11
Profit after tax	-10	29
Dividends received	14	-

Company	Corp. reg. no	Domicile	Equity share
<i>Indirectly owned</i>			
ArcelorMittal BE Group SSC AB	556192-8770	Karlstad	50%

Overview of Income Statement and Balance Sheet for the joint venture	2009	2008
Net sales	526	621
Operating profit/loss	-13	40
Net financial income/loss	0	0
Tax	3	-11
Profit/loss for the year	-10	29

	2009-12-31	2008-12-31
Non-current assets	174	179
Current assets	174	275
Total assets	348	454
Equity	252	291
Provisions	-	5
Interest-bearing liabilities	15	53
Other non-interest-bearing liabilities	81	105
Total equity and liabilities	348	454

Participations in joint venture	2009	2008
Opening balance, cost	138	-
Acquisitions	-	129
Dividends received	-14	-
Share in earnings of joint venture	-5	9
Carrying amount at year-end	119	138

Acquisition of investment in joint venture	2009	2008
Fair value of capital contributed in kind	-	187
Carrying amount, capital contributed in kind	-	-39
Gross capital gain	-	148
50% of gross capital gain	-	74
Less transaction expenses	-	-1
Less warranty provisions	-	-14
Recognized capital gain	-	59

Fair value of capital contributed in kind	-	187
50% of gross capital gain	-	-74
Purchase consideration for 3.8% of equity in the company	-	15
Acquisition costs	-	1
Total acquisition of investment in joint venture	-	129

Transactions with the joint venture are conducted at market prices and terms. These are detailed in the following table.

Transactions with joint venture	2009	2008
ArcelorMittal BE Group SSC AB		
Receivables due from joint venture	-	1
Liabilities to joint venture	14	19
Sales to joint venture	2	1
Purchases from joint venture	95	71
Dividends received	14	-

The Group has issued guarantees on behalf of ArcelorMittal BE Group SSC AB in connection with the sale of capital contributed in kind to the joint venture. The provision for these guarantees amounted to SEK OM (12) on the balance sheet date.

Note 24 Interest-bearing receivables from Group companies

Parent Company	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	2	2
Exchange differences for the year	0	0
	2	2

Note 25 Other non-current receivables

Group	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	1	-
Additional receivables	-	1
Settled receivables	-1	-
Exchange differences for the year	0	0
	0	1

Note 26 Interest-bearing receivables from Group companies

Parent Company	2009-12-31	2008-12-31
<i>Accumulated cost</i>		
At January 1	30	9
Additional receivables	88	20
Settled receivables	-30	-
Exchange differences for the year	-4	1
	84	30

Note 27 Inventory

Group	2009-12-31	2008-12-31
<i>Obsolescence reserve, inventory</i>		
Carrying amount at January 1	-37	-24
Translation difference	1	-1
Acquisitions, subsidiaries	-	-1
Change for the year	14	-11
	-22	-37

Note 28 Prepaid expenses and deferred income

Group	2009-12-31	2008-12-31
Rent for premises	9	9
Supplier bonuses	14	37
Other items	17	17
	40	63

Parent Company	2009-12-31	2008-12-31
Supplier bonuses	14	37
Other items	12	9
	26	46

Note 29 Equity

Share capital and shares outstanding

Group	2009-12-31	2008-12-31
Issued capital at January 1	50,000,000	50,000,000
Change	–	–
Issued capital at December 31	50,000,000	50,000,000

At December 31, 2009, registered share capital amounted to 50,000,000 (50,000,000) ordinary shares. The quotient value of shares is approximately SEK (2.04).

Holders of ordinary shares are entitled to dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

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

Reserves

Translation reserve

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

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

Group	2009-12-31	2008-12-31
Carrying amount at January 1	56	3
Exchange difference for the year	-20	97
Hedging of net investment in foreign subsidiary after tax	15	-44
Carrying amount at end of period	51	56

Retained earnings including profit/loss for the year

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

Treasury shares

Group	2009		2008	
	Participating	Amount	Participating	Amount
Balance at January 1	264,300	13	120,000	9
Acquisitions for the year	–	–	144,300	4
Closing balance at end of period	264,300	13	264,300	13

The acquisition of treasury shares was recognized directly in retained earnings. The shares are intended for use within the framework of the Share Savings Schemes.

Dividend

During the financial year, BE Group distributed total dividends of SEK 49,736,000 to shareholders at the Annual General Meeting held in May 2009, corresponding to SEK 1.00 per share. The Board's proposal to the 2009 AGM is that no dividend be paid.

Capital management

The Group has set five financial business targets that are measured over a 12-month rolling period. The financial targets are based on underlying earnings and return measurements to clearly illustrate the performance of the operational business. Underlying earnings comprise recognized profit/loss adjusted for non-recurring items and inventory gains/losses (see definitions on page 91). BE Group applies an internal calculation model. The model has not been reviewed by the Company's auditors. The outcomes for growth, profitability and return are measured over an economic cycle, while the capital structure targets relate to a normal situation. In 2009, only the net debt/equity ratio target was achieved due to the severe recession.

Financial goals	Objectives	Outcome 2009	Outcome 2008
Underlying sales growth	>5%	neg	neg
Underlying EBITA margin	>6%	0.1%	6.0%
Underlying return on operating capital	>40%	0.3%	39.5%
Net debt as a percentage of total equity	<150%	97.4%	91.2%
Net debt/underlying EBITDA, multiple	<3	14.5	2.0

The Group's bank loan agreements stipulates financial covenants, which are reported in Note 38, Financial risk management.

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. BE Group's financial position and future prospects shall be taken into account.

Parent Company

Restricted reserves

Dividends that reduce restricted reserves are prohibited.

Statutory reserve

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

Non-restricted equity

Retained earnings

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

Share premium reserve

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

Note 30 Provisions for pensions

Group	2009-12-31	2008-12-31
Provisions for pensions	0	0
	0	0
Pledged assets for pension commitments	None	None

Description of pension plans in Finland and Sweden**Defined benefit plans**

Pension obligations for retirement pensions and survivors' pensions for white-collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit plan. The ITP pension plan secured through insurance provided by Alecta is accordingly recognized as a defined contribution plan. The year's premium for pension insurance with Alecta is SEK 6.6M (6.8). Alecta's surplus may be allocated to policyholders and/or the insured persons. At year-end 2009, Alecta's surplus expressed as the collective funding ratio was 141 percent (112). The collective funding ratio is comprised of the fair value of Alecta's assets as a percentage of insurance obligations computed according to Alecta's actuarial assumptions, which do not accord with IAS 19.

A very limited portion of the Company's pensions are defined benefit plans. Provisions to these plans amount to SEK 0.1M (0.3). Outstanding pension commitments as of the balance sheet date refer to a supplementary pension solution for executives in Finland, which provides benefits from the contractually agreed age of retirement until the individuals are eligible for government pension disbursements. Costs for this pension solution are recognized in their entirety as administrative expenses.

Pension plans in Finland are treated as defined contribution plans. Under defined contribution plans, pension contributions are paid to a pension insurance company. Contributions to defined contribution plans are recognized as an expense in profit and loss for the accounting period in which they occur.

Paid contributions in 2009 are expected to amount to approximately SEK 0.0M.

Defined contribution pension plans

The Group has defined contribution pension plans for workers in Sweden for which expenses are fully paid by the companies. There are defined contribution plans abroad for which the expenses are paid partially by the subsidiaries and partially by employee contributions. Payments are made regularly to these plans according to plan rules.

	2009	2008
Expenses for defined contribution plans	36	40
Inclusive expenses related to the ITP plan financed through Alecta	7	7

Note 31 Other provisions

Group	2009-12-31	2008-12-31
Restructuring costs	22	26
Guarantee commitments	15	27
Other	1	2
	38	55
<i>Of which:</i>		
Non-current	15	12
Current	23	43
	38	55

2009-12-31	Restructuring costs	Guarantee commitments	Other
Carrying amount at January 1	26	27	2
Translation difference	-	-	0
New provisions	8	-	-
Amount used during the period	-12	-12	-1
Carrying amount at end of period	22	15	1

Expected date of outflow of resources:

	Restructuring costs	Guarantee commitments	Other
2010	22	-	1
2011 – 2013	-	15	-
2014 and later	-	-	-
	22	15	1

The provision for guarantee commitments refers partly to compensation to be paid to the landlord for the impairment in value and loss of rental income upon demolition of the property designated Malmö Värmet 3. In 2008, this also involved guarantees provided to the joint venture with ArcelorMittal.

Parent Company

The Parent Company's provision of SEK 194,000 (107,000) refers to social security expenses related to Share Savings Schemes which have an expected outflow of resources in 2012, 2011 and 2012.

Note 32 Deferred tax receivables and liabilities recognized

2009-12-31	Deferred tax assets	Deferred tax liability	Net
Group			
Intangible assets	-	31	-31
Buildings and land	2	6	-4
Machinery and equipment	1	29	-28
Inventory	1	-	1
Accounts receivable	2	-	2
Other provisions	8	-	8
Other	2	15	-13
Loss carryforwards	58	-	58
	74	81	-7
Offset	-28	-28	-
Net deferred tax liabilities	46	53	-7

2008-12-31 Group	Deferred tax assets	Deferred tax liability	Net
Intangible assets	-	35	-35
Buildings and land	2	8	-6
Machinery and equipment	-	16	-16
Inventory	1	-	1
Other provisions	9	-	9
Tax allocation reserves	-	21	-21
Other	1	16	-15
Loss carryforwards	5	-	5
	18	96	-78
Offset	-11	-11	-
Net deferred tax liabilities	7	85	-78

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in profit and loss or the Balance Sheet for tax loss carryforwards in the amount of SEK 20M (15). The tax loss carryforwards pertain to the subsidiary in Russia. BE Group has decided to close its operations in St Petersburg. As a result, there will be no opportunity to utilize the loss carryforwards in the Russian company.

Deferred tax assets have been recognized for loss carryforwards in all countries, except Russia, as the Company has judged it probable that the Group will be able to offset them against taxable profits in the near term.

Change of deferred tax in temporary differences and loss carryforwards

2009-12-31	Carrying amount at beginning of period	Recognized in Income Statement	Acquisitions, subsidiaries	Recognized in equity ¹⁾	Carrying amount at end of period
Intangible assets	-35	2	-	2	-31
Buildings and land	-6	0	-	2	-4
Machinery and equipment	-16	-12	-	0	-28
Inventory	1	0	-	0	1
Accounts receivable	-	2	-	0	2
Other provisions	9	-2	-	1	8
Tax allocation reserves	-21	21	-	-	-
Other	-15	-	-	2	-13
Utilization of loss carryforwards	5	50	-	3	58
	-78	61	-	10	-7

2008-12-31	Carrying amount at beginning of period	Recognized in Income Statement	Acquisitions, subsidiaries	Recognized in equity ¹⁾	Carrying amount at end of period
Intangible assets	-25	-	-6	-4	-35
Buildings and land	-	2	-8	-	-6
Machinery and equipment	-12	-4	-	-	-16
Inventory	-	1	-	-	1
Other provisions	5	4	-	-	9
Tax allocation reserves	-28	9	-	-2	-21
Other	-10	-4	1	-2	-15
Utilization of loss carryforwards	3	2	-	-	5
	-67	10	13	-8	-78

¹⁾ Including translation differences of deferred tax.

Note 33 Pledged assets and contingent liabilities

Pledged assets to credit institutions

Group	2009-12-31	2008-12-31
Liens on assets	661	576
Accounts receivable	52	-
Shares in subsidiaries	948	1,481
	1,661	2,057

Parent Company	2009-12-31	2008-12-31
Promissory notes receivable	236	249
Shares in subsidiaries	1,014	1,015
	1,250	1,264

Financial assets pledged as collateral

The Parent Company has a promissory note receivable from BE Group Oy Ab pledged as collateral for external loan agreements. The carrying amount is equal to the amount reported as pledged collateral. Please see Note 38 Financial risk management with regard to significant terms and conditions of external loan agreements.

Note 33 continued**Contingent liabilities**

Group	2009-12-31	2008-12-31
Warranties upon sale of real estate	146	362
	146	362

BE Group provided customary seller's warranties to the buyer in connection with the sale of real estate owned by the Group. The original warranties are limited under the contracts to SEK 363M. During 2009, certain warranties expired and a maximum of SEK 146M in warranties remained as per the balance sheet date. In the best judgment of the Board of Directors and Group management, it is unlikely the Group will be required to pay compensation under the warranties.

Parent Company	2009-12-31	2008-12-31
Guarantee obligations for the benefit of subsidiaries	34	12
	34	12

The Parent Company has provided payment guarantees on behalf of subsidiaries, primarily in Business Area CEE, for accounts payable owned to materials suppliers. In addition to these reported commitments, the Parent Company has also provided customary guarantees for subsidiaries' obligations to pay rent to property owners.

Note 34 Current interest-bearing liabilities

Group	2009-12-31	2008-12-31
<i>Overdraft facility</i>		
Credit limit	200	208
Unutilized component	-200	-202
Utilized credit amount	-	6
Other current interest-bearing liabilities	84	87
	84	93

Collateral is disclosed in Note 33 Pledged assets and contingent liabilities.

Note 35 Accrued expenses and deferred income

Group	2009-12-31	2008-12-31
Accrued salaries	36	47
Accrued social security expenses	11	15
Bonuses to customers	7	9
Other items	18	29
	72	100
Parent Company	2009-12-31	2008-12-31
Accrued salaries	4	4
Accrued social security expenses	3	2
Accrued consultant expenses	3	2
Other items	2	5
	12	13

Note 36 Supplementary disclosures to Cash Flow Statement

Group	2009	2008
Interest paid and dividends received		
Dividends received	14	-
Interest received	4	11
Interest paid	-42	-55
Adjustment for non-cash items		
Depreciation and impairment of assets	57	53
Unrealized exchange differences	5	-17
Capital gain/loss on sale of fixed assets	0	0
Capital gain/loss on sale of capital contributed in kind to joint venture	-	-58
Share in earnings of joint venture	5	-9
Provisions for pensions	0	0
Other provisions and other income items not affecting liquidity	-18	14
	49	-17

Cash and equivalents

Cash and equivalents comprise the following components:

Cash and bank balances	197	125
Short-term placements comparable to cash and equivalents	0	0
	197	125

Parent Company	2009	2008
Interest paid and dividends received		
Dividends received	235	341
Interest received	30	29
Interest paid	48	62

Adjustment for non-cash items

Anticipated dividends from subsidiaries	-	-160
Depreciation and impairment of assets	0	10
Unrealized exchange differences	-14	37
Other provisions and other income items not affecting liquidity	0	1
	-14	-112

Cash and equivalents

Cash and equivalents comprise the following components:

Cash and bank balances	140	50
	140	50

See Note 22 for supplementary disclosures pertaining to companies acquired in 2008.

Note 37 Related party transactions

Group

Through Trenor Holding Ltd, Jersey, and Trenor Holding Ltd (Rev), Jersey, Nordic Capital Funds held the equivalent of 20.6 percent of shares in BE Group AB (publ) in 2008 and up until November 19, 2009 when it divested all of its holdings.

Pricing for transactions with related parties are at market prices, terms and conditions.

The Group has had the following related party transactions:

Nordic Capital Funds

As of December 31, 2009 (2008) there were no transactions between the Group and Nordic Capital Funds and there were no transactions with the Company during the financial year other than the dividend of SEK 1.00 (3.50) per share resolved by the Annual General Meeting.

Parent Company

The Parent Company has control over its subsidiaries, see Note 22, and has had the following related party transactions:

Parent Company	Subsidiaries	
	2009	2008
Sales of services	50	54
Purchases of services	-18	-14
Interest income	30	26
Interest expense	-10	-14
Dividend Received (+)/ or paid (-)	235	333
Claims on related parties on balance day	470	545
Debt to related parties on balance day	183	121

There have been no transactions with Nordic Capital Funds except dividends approved by the AGM. No director or key management personnel has or has had any direct or indirect participation in any business transactions between the individual and the Company that is or was unusual in nature with regard to terms and conditions in the current or preceding financial year. The Group has not extended loans, provided warranties, or provided financial guarantees for any director or key management personnel.

See Note 3 for disclosures on remuneration and benefits paid to executives and directors.

Note 38 Financial risk management

BE Group is exposed to several financial risks, mainly arising from the fact that the Group is a net borrower and buys and sells products in foreign currencies. Fluctuations in steel prices, exchange rates and interest rates affect the Group's earnings and cash flows. BE Group is also exposed to refinancing and liquidity risk, as well as credit and counterparty risk.

The Board of Directors adopts risk management policies. The main task of the Corporate Finance Department at BE Group is to manage financial risk. Corporate Finance is responsible for identifying and effectively limiting the Group's financial risks. Corporate Finance reports to the CEO, who reports to the Board.

Currency risk

By reason of its international operations, BE Group is exposed to currency risk in that exchange rate fluctuations affect the consolidated financial statements. BE Group's currency risk comprises both transaction exposure and translation exposure.

BE Group's objective is to minimize the short-term and long-term impact of movements in foreign exchange rates on the company's profit and equity. Primarily, BE Group attempts to manage currency risk through efforts to modify operational conditions in order to achieve a match between revenues and expenses in currencies other than SEK. When this matching cannot be achieved, BE Group sometimes utilizes forward contracts for currency hedging. All currency hedging is performed by the Corporate Treasury Department in the Parent Company. On the balance sheet date, there was only a small number of futures contracts outstanding for the hedging of receivables in EUR.

Transaction exposure

Transaction exposure arises when the Group buys in one currency and sells in another. BE Group's purchases are denominated mainly in SEK and EUR, while sales are denominated in local currency. Exposure arises primarily in Sweden, Poland and the Czech Republic. Translation exposure for other countries has been judged immaterial since these are either EUR countries or countries where the local currency is pegged to the EUR, with the exception of Russia.

BE Group had translation exposure against the euro of EUR 56M (148) in 2009, while translation exposure against other currencies was insignificant. It is difficult to quantify the potential effect of transaction exposure on earnings. This is because, in certain markets, the Group sets its prices to customers in EUR at the time of delivery and translates these at the exchange rate applicable at that time.

The Group has utilized forward contracts for currency hedging corresponding to approximately 34 percent (39) of transaction exposure in 2009. However, at year-end, there were no outstanding forward contracts relating to transaction exposure.

Translation exposure

When the net assets of foreign Group companies are restated in SEK, translation differences arise in connection with exchange rate fluctuations that affect consolidated equity.

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

Amounts in SEK M

SEK	89	11%
EUR	460	58%
CZK	189	24%
Other	61	8%
	798	100%

The Parent Company, BE Group AB, has loans in EUR and CZK to reduce translation exposure arising from the Finnish and Czech operations, respectively. Hedge accounting is applied in the consolidated accounts according to principles for hedging net investments in foreign currencies for the aforementioned loans, but hedge accounting was not applied in the Parent Company. Loans of EUR 30M have been used to currency hedge net assets of an equivalent amount and loans of CZK 367M have been used to currency hedge net assets of CZK 481M. An exchange rate gain of SEK 18M after tax has been recognized in equity for 2009, while an exchange rate loss of SEK 44M after tax was reported for 2008. The carrying amount constitutes a good approximation of the fair value, as the loans have a short fixed-rate term.

Translation exposure for other countries has been judged immaterial and accordingly not hedged.

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

The Group's earnings are affected by the currencies used in the translation of the results of its foreign units. Based on conditions in 2009, the effect on underlying EBITA of fluctuations in the SEK/EUR exchange rate would be only marginal.

Steel-price and demand risk

The Group's operations consist largely of purchasing, processing, reselling and distributing steel products. The price of steel has considerable impact on the Group's earnings. The table below shows the estimated effect on underlying EBITA of changes in the Group's sales prices and sold tonnage. The changes are based on the outcome for 2009 and assuming a constant underlying sales margin. Changes in sales prices relate only to the portion involving materials.

Change in underlying EBITA

(SEKM)		Sold tonnage		
		-5%	±0%	+5%
Sale price	-5%	-61	-29	+2
	±0%	-33	0	+33
	+5%	-5	+29	+64

Changes in prices for materials affect the Group's earnings partly through underlying earnings (as described above) and partly through inventory gains and losses. These are realized at the time of sale and arise due to changes in steel prices affecting inventory stocks between the time of purchase and the time of sale. Inventory losses incurred in 2009 were SEK 255M (gain 46). According to corporate policy, inventory risk must be reduced through active efforts to improve the inventory turnover rate. Speculation on the steel price trend is not permitted. The carrying amount for inventory was SEK 604M (1,270) as of the balance sheet date.

Interest risk

Interest risk consists of price risk and cash flow risk affecting consolidated earnings and cash flow. Price risk is the risk that the fair value of financial instrument will vary in connection with fluctuations in market interest rates. The Group's price risk is insignificant because the Group's interest-bearing financial assets mainly consist of receivables and liabilities subject to variable rates or with short fixed-rate terms.

Cash flow risk is the risk that future cash flows on a financial instrument will vary in size. BE Group is exposed to interest risk in the form of cash flow risk through its net debt. BE Group's objective is to maintain the average fixed-rate term of one to twelve months. BE Group has elected to borrow at variable rates or with short fixed rate terms, and to not hedge cash flow risk associated with interest payments. The fixed rate term was kept short during the year and was approximately 3 months (3) as of the balance sheet date.

A change in interest rates of 1 percent would affect consolidated net financial items by approximately SEK 8M and consolidated equity by approximately SEK 6M.

The table on page 65 shows the carrying amounts for consolidated interest-bearing liabilities.

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

2009 (SEKM)		Nominal amount in original currency	Carrying amount (SEK M)	Effective rate %	Fixed rate term, days	Maturity
Financial lease, SEK	MSEK	16	16	6.28%	–	2019
Financial lease, EUR	MEUR	0	0	2.20%	–	2014
Financial lease CZK	MCZK	6	2	7.33% ¹⁾	–	2010
<i>accrued interest</i>			–			
			18			
<i>Of which, current liability</i>			3			
Factoring CZK	MCZK	4	1	2.79%	–	2010
<i>accrued interest</i>			–			
			1			
<i>Of which, current liability</i>			1			
Bank loan, CZK	MCZK	133	52	2.89%	31	2010
<i>accrued interest</i>			–			
			52			
<i>Of which, current liability</i>			52			
Parent Company						
Bank loan, SEK	MSEK	397	397	3.98%	90	2011
Bank loan, EUR	MEUR	37	387	4.21%	90	2011
Bank loan, CZK	MCZK	308	121	5.38%	14	2011
<i>accrued interest</i>			–			
Total interest-bearing liabilities, Parent Company			905		80	
<i>Of which, current liability</i>			28			
Total interest-bearing liabilities, Group			976			
<i>Of which, current liability</i>			84			

¹⁾ Weighted average interest.

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

2008 (SEKM)		Nominal amount in original currency	Carrying amount (SEK M)	Effective rate %	Fixed rate term, days	Maturity
Financial lease, SEK	MSEK	17	17	6.28%	–	2019
Financial lease CZK	MCZK	13	5	6.96% ¹⁾	–	2011
<i>accrued interest</i>			–			
			22			
<i>Of which, current liability</i>			4			
Factoring CZK	MCZK	11	5	5.54%	–	2010
<i>accrued interest</i>			–			
			5			
<i>Of which, current liability</i>			5			
Bank loan, CZK	MCZK	151	62	4.72% ¹⁾	0-90	2009-2013
<i>accrued interest</i>			–			
			62			
<i>Of which, current liability</i>			56			
Parent Company *)						
Bank loan, SEK		407	407	2.88%	90	2011
Bank loan, EUR		44	480	4.57%	90	2011
Bank loan, CZK		385	158	4.43%	104	2011
<i>accrued interest</i>			–			
Total interest-bearing liabilities, Parent Company			1,045			
<i>Of which, current liability</i>			28			
Total interest-bearing liabilities, Group			1,134			
<i>Of which, current liability</i>			93			

¹⁾ Weighted average interest.

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

^{*} In addition to its external interest-bearing liabilities, the Group has internal liabilities amounting to EUR 3M (3) and DKK 2M (1). The recognized amount totals SEK 36M (30). Accrued interest as of the balance sheet date amounted to EUR 0M (0) and the debt matures at December 31, 2010. In addition this liability, the Parent Company has interest-bearing liabilities related to the intragroup cash pool. Liabilities to subsidiaries totalled SEK 1.59M (46) on the balance sheet date. The liabilities accrue interest within an interval of 0.43-4.6% and there was no accrued interest on the balance sheet date.

Refinancing and liquidity risks

The company's interest-bearing liabilities at year-end amounted to SEK 976M (1,134). The maturity structure for loan debt is presented in the table above. The maturity structure for all financial liabilities is shown on the table below.

BE Group has an overdraft facility of SEK 200M, of which SEK 31M had been utilized as of December 31, 2009, see Note 34.

According to the Treasury Policy, the objective of BE Group's financing is to secure confirmed loan commitments for the Group at a competitive cost in order to meet the estimated financial requirements of the Group. BE Group performs liquidity forecasting on the basis of three time horizons: weekly, monthly and yearly.

As a consequence of bank discussions over the year, an agreement was reached to cancel an acquisition facility of SEK 339M. The Group's loan agreements will mature in the future. A lack of available financing in connection with the refinancing of the Group would represent a risk.

Maturity structure, financial liabilities

The maturity structure for all financial liabilities is shown on the table below.

Financial liabilities	Dec 31, 2009	Dec 31, 2008
Maturity within 90 days	525	827
Maturity within 91-180 days	0	0
Maturity within 181-365 days	84	93
Maturity within 1-5 years	878	1 025
Maturity later than 5 years	15	16
Total	1,502	1,961

BE Group has no financial liabilities in the form of derivatives.

Significant terms and conditions of loan agreements

The Group's bank loan agreements, which are valid until December 2011, include four financial covenants. The four key figures that are monitored are interest coverage ratio, net liabilities in relation to EBITDA, cash flow in relation to interest rates and amortization and net liabilities in relation to equity. All results parameters are measured at the underlying profit/loss level. The covenants are monitored quarterly, based on rolling 12-month periods. At December 31, 2009, the Group complied with all applicable covenant terms.

Credit risks

Credit risks associated with accounts receivable

Customer credit risk is the risk that the Group's customers will default, that is, the risk that the Company might not be paid for accounts receivable. BE Group applies credit policies to manage this risk by limiting the outstanding credit extended and terms for various customers. Short credit terms and the absence of risk concentrations towards individual customers, sectors and geographical segments contribute to reducing the average credit period in Business Area Sweden and Business Area Finland.

Credit and payment terms are significantly longer in Business Area CEE than in other markets. BE Group is carrying out intensive efforts in CEE to ensure payment, which involve assessments of creditworthiness and negotiations about payment plans when payment is not timely. Credit insurance has been purchased to reduce the risk in this segment in Business Area CEE.

No single customer accounted for more than 3 percent (3) of sales in 2009. The ten largest customers combined generated about 10 percent (9) of sales. Accordingly, the spread of risk must be considered very good.

BE Group's sales are divided among the following customer segments:

Sales, SEK M	2009	%	2008	%
Construction sector	923	21.4	1,767	22.9
Engineering sector	1,944	45.1	3,416	44.3
Retailers	303	7.0	528	6.8
Other ¹⁾	1,139	26.5	2,002	26.0
Total	4,309	100.0	7,713	100.0

¹⁾ The "Other" group includes the automotive, process, mining and telecommunications sectors.

Provisions for customer credit losses are assessed individually. December 31, 2009, provisions for customer credit losses were SEK 35M (19), corresponding to 7.4 percent (2.6) of the gross of total accounts receivable.

The year's expense for customer losses amounted to SEK 20M (15).

Time analysis of portfolio assets:

	2009		2008	
	Gross	Impairment	Gross	Impairment
Accounts receivable not yet due	347	-15	518	0
Unimpaired, past due accounts receivable				
< 30 days	51		135	
30-90 days	17		42	
>90 days	6		10	
	75		187	
Impaired, past due accounts receivable				
< 30 days	1	-1	5	0
30-90 days	1	-1	1	-1
>90 days	46	-19	19	-18
	48	-20	25	-19
Gross accounts receivable	470		730	
Impairment losses on accounts receivable	-35		-19	
Net accounts receivable	435		711	

Provisions for doubtful receivables	2009	2008
Provision at January 1	-19	-5
Reserve for anticipated losses	-7	-9
Acquisitions of subsidiaries	0	-6
Confirmed losses/reversed losses	1	1
Exchange rate differences	1	0
Reversal of provision	-10	0
Other	0	0
Provision at December 31	-35	-19

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

In all material respects, the Group's credit exposure coincides with the carrying amount of each class of financial instrument. However, credit insurance is used to a limited extent to reduce credit risk in CEE.

Fair value and carrying amount

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

Asset class / Measurement category	Financial assets measured at fair value in profit or loss for the period	Investments held to maturity	Loans and accounts receivable	Financial assets available for sale	Financial liabilities measured at amortized cost	Other liabilities and accounts payable	Total carrying amount	Fair value
2009								
Other securities held as non-current assets	-	-	-	2	-	-	2	N/A
Non-current receivables	-	0	-	-	-	-	0	0
Accounts receivable	-	-	435	-	-	-	435	435
Other receivables	5	-	18	-	-	-	23	23
Interest-bearing liabilities	-	-	-	-	-976	-	-976	-976
Accounts payable, trade	-	-	-	-	-	-512	-512	-512
Other liabilities	-	-	-	-	-	-13	-13	-13
Total	5	0	453	2	-976	-525	-1,041	-1,043
2008								
Other securities held as non-current assets	-	-	-	2	-	-	2	N/A
Non-current receivables	-	1	-	-	-	-	1	1
Accounts receivable	-	-	711	-	-	-	711	711
Other receivables	-	-	5	-	-	-	5	5
Interest-bearing liabilities	-	-	-	-	-1,134	-	-1,134	-1,134
Accounts payable, trade	-	-	-	-	-	-781	-781	-781
Other liabilities	-	-	-	-	-	-46	-46	-46
Total	-	1	716	2	-1,134	-827	-1,242	-1,244

For assets in the valuation category Financial assets valued at fair value via profit/loss for the period, fair value has been determined in accordance with level 2 as defined by IFRS 7.27B.

The Company owns shares/investments in unlisted companies, which are included in the category of Financial assets available for sale. As it is difficult to reliably measure the fair value of these assets, they are recognized at cost.

Otherwise refer to Financial instruments under Accounting principles regarding measurement of financial assets and liabilities at fair value.

Impairment losses

The Company has recognized impairment losses on accounts receivable, which are disclosed above under Credit risks associated with accounts receivable. The Company has otherwise recognized no impairment losses on financial assets.

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

Risk management and insurance

The objective of Corporate Risk Management at BE Group is to minimize the total cost of Group loss risks. This is accomplished by continually improving loss prevention and loss limitation in operations and through corporate insurance solutions.

Note 39 Investment commitments

As of the balance sheet date, December 31, 2009, the Company had only one investment commitment for the ensuing financial year. This pertains to the Group IT platform that is to be developed by 2011 through the implementation of a Group-wide business system.

Note 40 Key estimates and assessments

Certain assumptions about the future and certain estimates and assessments as of the balance sheet date are particularly significant to measurement of assets and liabilities in the Balance Sheet.

According to management assessment, none of the asset and liability amounts reported are associated with risk that material adjustment will be required in the next year.

Impairment of goodwill

The value of recognized goodwill is tested at least once a year to determine whether the asset may be impaired. The test requires assessment of the value in use of the cash generating unit, or groups of cash generating units, to which the goodwill has been allocated. The expected future cash inflows from the cash generating units must be estimated and a relevant discount rate determined to calculate the present value of cash inflows. See Note 14 for a description of impairment testing and assumptions used in the process. Management's assessment is that no reasonably possible changes in key assumptions used for impairment testing of the cash generating units Sweden and Finland would cause the carrying amount to exceed the recoverable amount. With respect to the acquired operations in the Czech Republic, further deterioration of the market situation may entail risk of future impairment losses.

Financial and operational leasing agreements

The largest and most important portion of the Group's signed lease agreements involves properties. Consequently, in its classification, the Group has assessed whether the leasing agreements are financial or operational in nature. The leasing agreements contain no clauses to the effect that the ownership of the properties will transfer to the Company on the expiration of the agreements. Since the lease fees the Group pays to the lessor are index-adjusted on a regular basis to correspond to market rent levels and since the Group assumes no risk for the residual value of the properties, it is deemed that largely all financial risks and advantages associated with the properties accrue to the lessor. Based on these qualitative aspects, the agreements have been classified as operational leasing agreements. However, one agreement classified as a financial leasing agreement had a reported value of SEK 9M as per the balance sheet date.

Inventory

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

Note 41 Events after the balance sheet date

No significant events have occurred after year-end.

APPROPRIATION OF EARNINGS

Board of Directors' proposal for the disposition of the Company's earnings

The Board of Directors and CEO propose to the Annual General Meeting that no dividend (SEK 1.00) be paid for the 2009 financial year. The proposal to not pay a dividend is motivated by the year's results.

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. In BE Group's judgment, this is a balanced level based on the Group's net debt/equity ratio, operating risks associated with the business, consolidated cash flow and the acquisitions strategy.

Distributable funds

Profit brought forward	SEK 567,171,681
Profit for the year	SEK 217,177,327
Total	SEK 784,349,008

The Board of Directors and Chief Executive Officer propose that the following dividend be paid to shareholders


Carried over to nnew account	SEK 784,349,008
Total	SEK 784,349,008

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

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

The Annual Report and consolidated financial statements were approved for release by the Board of Directors on March 17, 2010 and will be presented for adoption by the Annual General Meeting on April 27, 2010.

Malmö, March 17, 2010


Carl-Erik Ridderstråle
Chairman of the Board


Roger Bergqvist
Director


Cecilia Edström
Director


Roger Johansson
Director


Joakim Karlsson
Director


Lars Olof Nilsson
Director


Lars Spongberg
Director


Thomas Berg
Employee Representative


Kerry Johansson
Employee Representative


Lars Bergström
President

Our Audit Report was submitted on March 28, 2010
KPMG AB


Alf Svensson
Authorized Public Accountant

The information in the Annual Report is such that BE Group AB (publ) is required to publish pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on March 29, 2010 at 8 a.m. CET.

AUDIT REPORT

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

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of BE Group AB (publ) for the year 2009. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 16–69. The Board of Directors and the Chief Executive Officer are responsible for these accounts and the administration of the company as well as for the application of the Swedish Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Swedish Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer and significant estimates made by the Board of Directors and the Chief Executive Officer when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the Chief Executive Officer. We also examined whether any board member or the Chief Executive Officer has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Swedish Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Malmö, March 28, 2010
KPMG AB



Alf Svensson
Authorized Public Accountant



SUSTAINABLE DEVELOPMENT = SUSTAINABLE BUSINESS



BE Group's operations shall be conducted in a responsible manner to achieve sustainable business in a financial, social and environmental perspective. The Group's commitment to sustainable development and responsible enterprise forms the basis for its organization and products.

FINANCIAL PERSPECTIVE

Fundamental to BE Group's ambition to maintain sustainable business operations is its objective of achieving its long-term financial targets by generating value for customers, investing in its operations and employees, and applying sound business ethics, which combined shall generate good returns for shareholders. This requires operations to be profitable and competitive.

BE Group expects a high level of integrity and ethical business methods, not only from its own employees but also from its business partners.

SOCIAL PERSPECTIVE

A large proportion of BE Group's success and future development depends on its success in recruiting and retaining competent employees. The Group sets great stock in recruiting experienced employees who understand customers' business concepts and production processes. Internal projects are also carried out to raise competence. The overarching objective is for BE Group to have the right employees with the right expertise,

knowledge and motivation, who are in the right place at the right time to help strengthen the competitiveness of the Group and its customers.

BE Group's values

BE Group has compiled a number of values that reflect the spirit of the Group and with which all employees can identify. These values are:

Understanding of customers

– We understand our customers and contribute to their success.

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

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

Responsibility – We assume responsibility and keep our promises.

Openness – We are open, straightforward and clear.

In accordance with BE Group's ethical guidelines, all employees shall be treated equally, fairly and with respect, regardless of race, gender, age, national origin, disability, cast, religion, sexual orientation, trade union membership or political affiliation. Furthermore, the Group shall ensure that all employees have equal opportunities to develop and advance within the company. The tools by which this is achieved include internal advertising of vacant positions, performance and



leadership surveys, and individual development plans.

Strong leadership is a success factor

Clear, goal-oriented leadership is necessary if BE Group is to be able to develop its operations and strengthen its market position.

BE Group imposes rigorous demands on its managers and has defined leadership values that all managers are expected to meet. For example, managers are expected to set clear targets, make decisions and live up to them. They should also be open, accessible and empathetic while still pushing their employees and expecting them to achieve.

Each business area manager is responsible for the development of his/her employees and for informing them of their career opportunities. At the individual level, the objective is to give each employee the opportunity to reach his/her full potential within the Group. The achievement of these objectives is measured by means of a leadership index, the results of which are followed up individually each year. The results have continuously improved in all business areas and show that BE Group's systematic efforts to improve leadership and management within the Group are paying off.

BE Group has been running its group-wide BE Executive program since 2007. The purpose of the program is to identify talented individuals and prepare

them to take on more demanding projects and senior company management positions. Participants are trained with the help of external consultants and receive ongoing support from members of Group Management who are also actively involved in each training event. The contents of the program focus on areas such as communications, inter-cultural management and change management.

Educational methods include business games and group project work. With its numerous get-togethers, the program also builds key networks between the various countries in which the Group operates.

The Group's managers at all levels are developed and trained on an ongoing basis. In 2009, a two-day training program was carried out for the Group's 50 highest-ranking executives. The main focus of training was skilled management through change processes, which was linked to the personal profiles of participants. Each year the Group arranges an internal management conference where employees can exchange experience between different markets and countries.

Ongoing competence development

BE Group is traditionally a highly commerce-oriented company. Its commercial competence is continuously developed through training and recruitment. At the same time, the



BEST day-to-day

BEST has provided nearly all BE Group employees with training to support their contacts with customers. A key individual in strengthening customer relations is Peter Skoog, sales manager for BE Group in Sweden. Since starting at his current job a year ago, he has gained valuable insight into the training program.

"It's an extensive training package, but divided into smaller portions of about 10 sessions a year," Peter says. "We want to get better at perceiving customers' needs so that we can find solutions. For those of us who work with customers, BEST acts as a toolbox, providing what we need for each customer. It's a systematic way of developing solutions."

With BEST and an organization centered on a customer manager, BE Group gains much closer contact with its customers' everyday lives. "That's where we can make a difference with how we ask customers what they want and then present solutions," says Peter.

competence of the sales organization is being enhanced through increased recruitment of salespeople with a background and training in engineering.

Over the year, BE Group strengthened service sales competence throughout the Group. The BE Sales Tools (BEST) program gives salespeople the tools they need to provide better support for customers. BEST provides customer examples and templates that calculate and illustrate the financial effects of including BE Group's various service alternatives in customers' production services.

To disseminate awareness of BEST and the Group's competence in service sales, 50-60 of the Group's sales managers have been trained as BEST instructors. These sales managers will then train their own employees. The implementation of BEST began in 2008 and continued in 2009. In the future, it will remain as an ongoing process.

A safe and secure workplace

BE Group must be a safe and secure workplace pervaded by respect for equal rights. Investments are being made to ensure a high standard in safety and the working environment. The steel industry

is traditionally male-dominated and currently only 20 percent (18) of the Group's workforce are women. BE Group is working actively to change this through recruitment and other measures. In Sweden, for example, a job assessment system is in place to safeguard equality in pay levels.

BE Group is also working purposefully to be an attractive employer and to increase the diversity of its workforce. For example, its Swedish companies participate in the MINE diversity project in Malmö and were involved in several activities for lower and upper-secondary school pupils in 2009.

ENVIRONMENTAL PERSPECTIVE

BE Group's operations consist mainly of warehousing and trading, along with the growing segment of production service. As a result, environmental impact from the company's own operations is relatively minor. In addition to continuous efforts to alleviate the local impact on the environment at the Group's facilities, it is also important to influence suppliers to decrease the environmental impacts of steel production.

From an environmental perspective, a key component in BE Group's sustainable

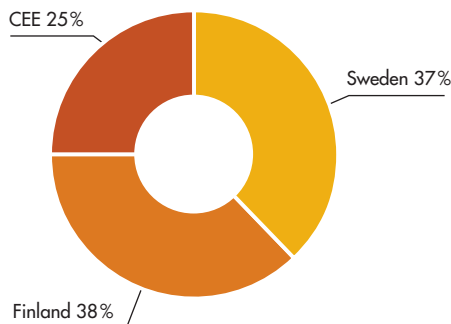
business efforts is the Group-wide environmental policy that was established in 2009. In accordance with this, each company within the Group is responsible for all local environmental activities. The Group's Chief Environmental Officer is responsible for coordinating and reviewing environmental efforts by the business areas and their units and for reporting to Group Management.

ISO 14001 sets the standard

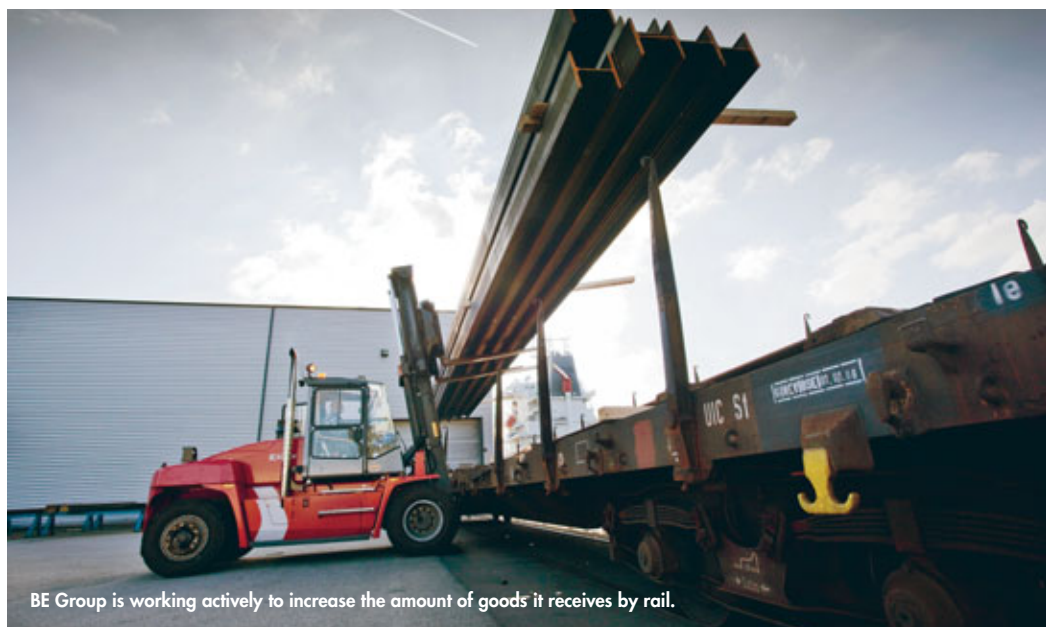
The foundation for BE Group's environmental work is its ISO 14001 certification, the international standard for environmental management systems. Clear targets are set locally based on identified environmental aspects, legislative requirements and available technology. Plans of action are then established allowing development in each unit to be continuously measured and reviewed.

In addition, all employees are trained in environmental thinking to ensure that they are aware of how they can contribute in their day-to-day activities. To facilitate review, key figures are being developed for areas such as the proportion of purchasing, sales and transport conducted in accordance with ISO 14001, as well as

Number of employees



BE Group had a total of 884 (1,038) employees at the end of 2009. The number of employees has declined as a consequence of the ongoing cost savings program.



BE Group is working actively to increase the amount of goods it receives by rail.

the Group's energy consumption and its emissions and waste.

BE Group also imposes stringent standards on suppliers to maintain long-term sustainable operations. Sustainability plays a key role in the company's purchasing processes, primarily through requiring supplier certification according to ISO 14001 and ISO 9001, which is followed up twice a year. The quality of suppliers' work is also a key consideration – on-time deliveries of the correct products with the right quality require less transport and reduce consumption of materials.

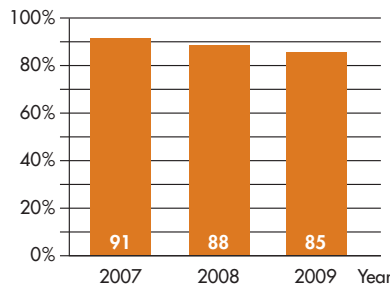
Environmental work in 2009

BE Group Sweden and BE Group Finland have been certified under the ISO 14001 environmental management system for some years. Operations in Latvia and Poland were also certified in 2008. In 2009, extensive efforts were made to align the acquired units in the Czech Republic with the requirements for ISO 14001. The facility at Prerov in the Czech Republic has been certified since 2009 and the project to certify the facility in Ostrava is expected to be completed during the first quarter of 2010. Progress has also been made among suppliers in increasing the proportion of steel that will, in the future, be supplied by ISO 14001-certified producers.

BE Group's operations are already certified under the ISO 9001 quality management system in Sweden, Finland, Poland, Latvia and Lithuania. In connection with the environmental certification projects in the Czech Republic, efforts are also being made to secure quality certification for the relevant companies.

BE Group offers its customers a well established distribution network and transport therefore represents a prioritized part of environmental efforts. Each year, the Group transports about 0.8 million tonnes of materials from steel suppliers by rail, road and sea. Most transports to customers are made by road. To alleviate its environmental impact, BE Group encourages all suppliers to secure ISO 14001 certification and/or to maintain truck fleets with a high ECO factor.

Share of sales made by ISO 14001-certified units.



In Sweden and Finland, all sales are made by ISO 14001-certified units. The proportion of the Group's units that are certified in accordance with ISO 14001 has decreased due to the acquisitions made in the Czech Republic. Efforts to secure such certification for those units are in progress and expected to be completed in 2010.

FOUR PRIORITY AREAS

BE Group's relatively limited environmental impact can be categorized into four areas; transport, energy consumption, process emissions and waste management. These areas represent priorities in limiting the Group's impact on the environment.

Transport

The objective is to use rail for inbound shipments to the greatest extent possible. Logistics efficiency has been enhanced with the opening of the logistics center in Ostrava and this has also reduced transport distances for the operations in Central Europe. As the rail network is very good in the region, rail can be used for most transports.

In Sweden, all transport vehicles run on biodiesel and serious efforts are made to optimize load capacity for outbound shipments of products with a view to reducing the total number of vehicles used and mileage driven. The company's heavy goods drivers are also trained in eco-driving, a technique that reduces fuel consumption. BE Group requires contracted carriers to comply with ISO 14001 environmental standards.

In Finland, Mytjäinen, one of two facilities in Lahti, was closed and its operations divided between existing facilities in Lotila (Lahti), Turku and Lapua. This consolidation to three facilities is expected to enhance the efficiency of transports in and to Finland.

Energy consumption

Since the production and consumption of energy is a major cause of greenhouse gas emissions, it is crucial that consumption be curtailed. BE Group's operations mainly use oil, gas and district heating to heat premises. Production equipment consumes electricity and, in certain cases, propane gas. Energy consumption is monitored continuously and measures are undertaken to limit it. Efforts are in progress to install district heating at additional facilities.

The Norrköping site in Sweden switched from oil and electricity to district heating during the year, eliminating heating-related emissions from the site. For instance, emissions of carbon dioxide have been reduced by 440 tonnes a year, nitrous oxide by 300 kg a year and sulfur dioxide by 150 kg a year.

The consolidation to three facilities in Finland has reduced floor space there from 65,000 square meters to 55,000 square meters. This represents a 15 percent reduction, which will have a positive effect on energy consumption.

The Group's total energy consumption per tonne produced amounted to 81 kWh/tonne in 2009.

Process emissions

In Sweden, BE Group is engaged in operations at two sites for which environmental permits are required. Operations in two locations in Finland require environmental permits. Group companies have obtained special permits to engage in operations in the countries where such permits are required. The emissions caused by BE Group's operations arise mainly in production operations that perform painting and shot blasting. These sites are in Lahti, Turku, Malmö and Norrköping. The older painting facility in Lahti has been closed and painting operations transferred to the modern facility in Turku. This will have a significant effect on solvents emissions (VOC).

Solvents (VOC) from painting facilities are purified in a special process system and particle filters are used to eliminate particulate emissions from shot blasting and cutting machinery. The purification system is efficient and further improvements are made on a continuous basis.

Waste management

Most residual products are reused or sorted and recycled. BE Group continually monitors its recycling contractors to ensure efficient performance. Purposeful and sustained efforts to enhance efficiency in waste management have resulted in a sharp decline in the amount of waste deposited at landfills. Scrap is sorted into several categories for more efficient recycling; easily recyclable packaging materials are used for outbound shipments; and investments in new painting equipment have reduced paint consumption and waste in the painting process.



CORPORATE GOVERNANCE REPORT

OPERATIONS

Corporate governance within BE Group is based on Swedish law, primarily the Swedish Companies Act, the rules and regulations for issuers applied by the Nasdaq OMX Nordic Exchange Stockholm, including the Swedish Code of Corporate Governance (“the Code”), and rules and recommendations issued by relevant organizations. The Board of Directors of BE Group has prepared this corporate governance report in compliance with the Code.

SHAREHOLDERS

Ownership and share capital

At the end of 2009, BE Group had 10,624 shareholders. Following the Nordic Capital funds’ (through Trenor Holding Ltd) divestment of its entire holding in the Company in November 2009, the principal owners in the Company are Swedbank Robur (8.7 percent of share capital) and IF Skadeförsäkring AB (6.0 percent of share capital). At the end of 2009, foreign investors owned 14.9 percent of share capital.

The ten largest shareholders had a total shareholding equal to 36.4 percent of share capital. Please refer to page 87 of the Annual Report for further details concerning shareholders as of December 31, 2009.

BE Group’s share capital on December 31 amounted to SEK 102,040,816 allocated among 50,000,000 shares. All shares in the Company convey equal rights in every respect. Please refer to page 85 of the Annual Report for disclosures concerning the Company’s holdings of treasury shares as of December 31, 2009.

Annual General Meeting

The shareholders’ rights to take decisions regarding the affairs of BE Group are exercised at the Annual General Meeting. Shareholders who are listed in the share register on the record date and have registered to attend by the deadline stated on the notice of meeting are entitled to participate in the AGM, in person or by proxy.

Resolutions at the AGM are normally passed by simple majority. The Swedish Companies Act requires a specific attendance to achieve a quorum or a qualified voting majority concerning certain business.

The AGM must be held within six months of the end of the financial year. The AGM considers business including dividends; adoption of the Income Statement and Balance Sheet; discharge of liability for directors and the CEO; election of directors and, when applicable, appointment of auditors; approval of fees to the members of the Board and auditors; adoption of executive remuneration guidelines; and, when applicable, adoption of principles for appointing the Nominating Committee.

Shareholders are given the opportunity at the AGM to ask questions about the Company and business performance for the relevant year. All directors, management and the auditors are normally present at the meeting to answer such questions.

2009 Annual General Meeting

The 2009 AGM was held on May 13, 2009. The secretary of the Board, attorney Hans Petersson, was elected Chairman of the meeting. The AGM approved the Income Statement and

Balance Sheet, as well as the Consolidated Income Statement and Balance Sheet as presented and resolved that profit brought forward and the profit for 2008 be distributed such that a dividend of SEK 1.00 per share be paid to shareholders. The meeting discharged the members of the Board and the CEO from responsibility and approved the fees to be paid to the members of the Board and the auditor.

As proposed by the Nominating Committee, the following persons were elected to the Board for the period concluding with the next AGM: Chairman Carl-Erik Ridderstråle (re-elected) and directors Cecilia Edström (re-elected), Joakim Karlsson (re-elected), Lars Olof Nilsson (re-elected), Lars Spongberg (re-elected) and Roger Johansson (newly elected). It was noted in the record that the local trade unions had appointed Thomas Berg and Kerry Johansson as employee representatives to the Board of Directors, and Susanne Olsson and Tord Bengtsson as the alternates, for a term to end at the close of the next AGM.

The AGM also resolved to adopt executive remuneration policies. Please refer to pages 26–27 of the Annual Report for a more detailed presentation. The AGM also voted to implement Share Savings Scheme 2009 for key Group personnel, and in that connection resolved to authorize the Board to acquire and transfer treasury shares in the open market and transfer acquired treasury shares to participants in Share Savings Scheme 2009. Further disclosures about Share Savings Scheme 2009 are provided on page 51 of the Annual Report.

The AGM also resolved to authorize the Board of Directors to decide to transfer treasury shares by reason of the resolution on Share Savings Schemes for 2007 and 2008 and to authorize the Board of Directors to decide on the acquisition and transfer of treasury shares to allow BE Group to adjust the Company’s capital structure and enable financing of acquisitions.

Finally, the AGM resolved to change the manner in which the AGM is called through an amendment to the Articles of Association with the reservation that a change to the Companies Act enter force to the effect that the new wording of the Articles of Association is consistent with the Companies Act. It can be noted that a change to the Companies Act regarding simplified procedures for the calling of the AGM had not come into effect by the time at which this Corporate Governance Report was published and that the earlier Articles of Association, as adopted on September 26, 2006, are therefore still in force.

Nominating Committee

As resolved by the 2007 AGM, the Nominating Committee must consist of five members: the Chairman of the Board and one representative each of the four largest shareholders in the Company in terms of voting rights, as of August 31 each year. The names of the four shareholder representatives and the shareholders they represent shall be announced as soon as the Nominating Committee has been appointed and at least six months before the AGM. Unless the members agree otherwise, the member who represents the largest shareholder in terms of voting rights shall be Chairman of the Nominating Committee.

If a member of the Nominating Committee resigns before the process is complete, a substitute nominated by the same

shareholder may take that member's place. If there is a significant change in the ownership structure of the Company after August 31, but before the date that falls two months prior to the next AGM, and a shareholder who thus became one of the four largest shareholders in terms of voting rights requests a seat on the Nominating Committee, the Nominating Committee shall provide a seat to the shareholder, either by resolving that the shareholder shall replace the shareholder with the least percentage of voting rights after the change in ownership or by resolving to increase the Nominating Committee by one additional member, on the condition that the Committee shall consist of no more than six members.

The members of the Nominating Committee prior to the 2009AGM are: Chairman KG Lindvall (representing Swedbank Robur Fonder), Frank Larsson (representing Handelsbanken Fonder), Torbjörn Callvik (representing Livförsäkringsaktiebolaget Skandia), Peter Lindell (representing AMF Pension and replacing Ulf Rosberg, the representative of the former principal owner, Nordic Capital following the divestment of its holding) and Carl-Erik Ridderstråle (Chairman of BE Group). The Nominating Committee is tasked with submitting to the AGM its nominations for Chairman of the Board and other directors accompanied by a justified statement regarding the proposal; proposing fees and other remuneration for Board assignments for each director, including any remuneration for committee service; proposing nominations for independent auditors and their fees (if applicable); and nominating an individual to serve as the chairman of the AGM. The Nominating Committee is also charged with assessing the independence of directors in relation to the Company and major shareholders and with certain other tasks pursuant to the Code.

The Nominating Committee has met four times between its formation and publication of the notice of the 2010 AGM. As a basis for its proposals to the 2010 AGM, the Nominating Committee assessed whether the current Board is suitable for its purpose and meets the requirements on the Board of Directors that follow on the Company's position and future direction. The assessment was based on material including relevant sections of the evaluation of Board activities performed under the Chairman's guidance. New recruitments to the Board are based on a list of qualifications adopted by the Nominating Committee.

THE BOARD AND ITS WORK

Composition

Under the Articles of Association, the Board of Directors of BE Group must consist of at least three and no more than ten directors elected by the AGM for a term that lasts until the first AGM held after the year the director was appointed. The Articles of Association do not allow election of alternate directors.

BE Group's current Board is made up of seven directors elected by the AGM held May 13, 2009: Carl-Erik Ridderstråle (Chairman), Roger Bergqvist, Cecilia Edström, Roger Johansson, Joakim Karlsson, Lars Olof Nilsson and Lars Spongberg, along with two employee representatives, Thomas Berg and Kerry Johansson and their alternates, Tord Bengtsson and Susanne Olsson. Please refer to pages 82-83 of the Annual Report for

a more detailed presentation of the directors.

All seven directors elected by the AGM are independent in relation to BE Group and executive management according to the terms of the Code. At the close of 2009, all directors elected by the AGM were considered independent in relation to BE Group's principal shareholders, and for Roger Bergqvist, Cecilia Edström, Roger Johansson and Carl-Erik Ridderstråle, this was also the case throughout the current term of office, while the equivalent position of independence did not apply for Joakim Karlsson, Lars Olof Nilsson and Lars Spongberg until Nordic Capital divested its entire holding.

Rules of procedure of the Board

Each year, the Board adopts written rules of procedure that clarify its responsibilities and regulate the division of labour within the Board and its committees including the role of the Chairman, decision-making procedures, meeting schedules, procedures for calling Board meetings, agendas and minutes, as well as the Board's work in connection with accounting, auditing and financial reporting. The rules of procedure also governs how the Board will obtain information and documentation as a basis for exercising its responsibilities and so that it will be able to make well-founded decisions. The Board has also adopted sets of instructions for the CEO and for financial reporting to the Board and has adopted other special policies.

The Board's responsibilities include monitoring the CEO's work by means of regular follow-up of operations during the year, checking that the organization, management and guidelines for managing BE Group's affairs are appropriate and ensuring the existence of adequate internal control.

The Board's responsibilities also involve setting strategies and targets, developing special policies, making decisions regarding large-scale acquisitions and divestments of operations, making decisions on other major investments, determining investments and loans in accordance with the Group's finance policy, issuing financial reports, evaluating operational management and planning succession.

The Board safeguards the quality of financial reporting, in part through adopted guideline documents such as the instructions to the CEO, the instructions for financial reporting to the Board and the information and insider policy and in part by dealing with reports from the Audit Committee in the form of formal minutes and observations, recommendations and proposals for resolutions and measures. The Board also safeguards the quality of financial reporting through the careful examination of interim reports, the annual accounts and the year-end report at Board meetings. The Board has delegated to management responsibility for assuring the quality of press releases with financial content and presentation material used at meetings with the media, shareholders and financial institutions.

The Chairman of the Board, Carl-Erik Ridderstråle, organizes and presides over the activities of the Board to ensure compliance with the Swedish Companies Act, other laws and regulations, regulations applicable to publicly traded companies (including the Code) and the Board's internal guidelines. The Chairman monitors operations through ongoing contacts with the CEO

and is responsible for ensuring that the other members of the Board receive satisfactory information and data on which to make decisions. The Chairman ensures that directors regularly update and deepen their understanding of BE Group and otherwise are given the training required for the efficient exercise of Board responsibilities. The Chairman also ensures that Board performance is evaluated annually and that relevant sections of the assessments are provided to the Nominating Committee. The Chairman represents BE Group in matters of ownership.

The Board has a Remuneration Committee and an Audit Committee. The purpose of Board committees is to ensure in-depth and efficient Board performance and to prepare items of business in their respective areas. The committees have no authority to make decisions. The members of the committees are appointed annually by the Board at its statutory meeting following its election/re-election by the AGM. Instructions to the Audit Committee are included in the agenda of the Board.

Work of the Board in 2009

According to the current rules of procedure, the Board shall meet on six occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary.

The Board held a total of 12 meetings in 2009, of which four were held over the telephone and two per capsulam.

Over the year, the work of the Board focused in particular on strategy discussions regarding the development of the Company over the next three years, issues relating the general economic situation and related matters involving cost savings, acquisitions, investments, financial issues and market communications.

The CEO and CFO were present at all Board meetings and reported on the development of the Group. Apart from the members of the Board, other officers of the BE Group participated in Board meetings to present reports on particular issues and when otherwise deemed appropriate. Attorney Hans Petersson acted as secretary at the Board meetings.

The following table provides a report of attendance by elected directors at the six meetings prior to the AGM and the six meetings after the AGM. As shown, attendance at Board meetings during the year was excellent.

MEMBER	NUMBER OF MEETINGS
Carl-Erik Ridderstråle	11/12
Roger Bergqvist	12/12
Cecilia Edström	11/12
Roger Johansson ¹⁾	6/12
Joakim Karlsson	11/12
Lars Olof Nilsson	12/12
Lars Spongberg	12/12

¹⁾ Elected to the Board by the AGM in May 2009.

Audit Committee

The Audit Committee is tasked with supervising accounting, financial reporting and internal control procedures. Each year,

the Company's auditors, in consultation with the Company's CFO, formulate a proposed audit policy and present this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board. Committee activities are oriented towards assuring the quality and accuracy of financial accounting and reporting, internal financial control efforts, Group compliance with applicable regulations and, where applicable, transactions between the Group and related parties.

The Committee also works to comprehend and optimize the management of the Company's financial and operational risks. The Audit Committee also maintains regular contact with BE Group AB and the Group's auditor to generate a continual exchange of opinions and information between the Board and the auditor concerning audit issues, assessing audit performance and adopting guidelines for services other than audits that BE Group is permitted to procure from BE Group's auditor.

The Audit Committee consists of Lars Olof Nilsson (Chairman) and Cecilia Edström. The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The Audit Committee held six meetings in 2009 and one in 2010, which were attended by all members. The meetings of the Audit Committee are minuted and reported orally at Board meetings.

Remuneration Committee

In 2009, the duties of the Remuneration Committee mainly dealt with matters related to salaries and other terms of employment, pension benefits and the bonus system for the CEO and the managers reporting directly to him, as well as remuneration issues of a policy nature. In addition, the Committee prepared decision input in certain other remuneration issues that are of a policy nature or otherwise of material significance, such as incentive schemes and profit sharing schemes. The Remuneration Committee was also tasked with drafting executive remuneration policies the Board will present to the AGM for resolution.

In 2010, the assignment of the Remuneration Committee will be adjusted to meet the revised regulations in the Code effective from July 1, 2010 at the latest in accordance with applicable rules of transition. The Remuneration Committee consists of Carl-Erik Ridderstråle (Chairman) and Lars Spongberg. The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its agenda.

The Remuneration Committee met five times in 2009 and three times in 2010 with both members present at all meetings. Committee members have also been in regular communication concerning new hires and other salary issues. Meetings of the Remuneration Committee are minuted and reported orally at Board meetings.

Board remuneration

The fees for the directors elected by the AGM are determined by the AGM on the basis of the Nominating Committee's proposal. Employee representatives to the Board of Directors do not receive directors' fees.

A fee of SEK 400,000 was paid to the Chairman of the

Board for the period from the 2009 AGM until the 2010 AGM. The other directors were each paid a fee of SEK 200,000 for the same term of office. Members of the Remuneration Committee were paid a fee of SEK 20,000 each (40,000 total) for committee service.

Members of the Audit Committee were paid fees totaling SEK 80,000 total, including SEK 40,000 to the Chairman and SEK 20,000 to each of the other members. Directors' fees were paid as resolved by the 2009 AGM.

No directors' fees are paid to BE Group employees who sit on subsidiary Boards of directors.

GROUP MANAGEMENT

For the majority of 2009, Group Management consisted of six individuals: Lars Bergström, President and CEO, Torbjörn Clementz, CFO and Deputy CEO, Per Horstmann, Vice President, Purchasing and Production, Per Gullstrand, Business Area Manager CEE, Matti Tiira, Business Area Manager Finland and President of BE Group Oy Ab and Henrik Fries, Business Area Manager Sweden and President of BE Group Sverige AB until October.

Lars Bergström took over as President and CEO effective from March 11, 2009, after the position had been vacated on February 15, 2009 by Håkan Jeppsson. During the period February 15 – March 11, 2009, Torbjörn Clementz was the acting President.

A more detailed presentation of the CEO and other members of Group Management is given on page 84 of the Annual Report.

The CEO leads operations in accordance with the Companies Act and within the parameters set by the Board. In consultation with the Chairman of the Board, the CEO prepares the data and materials the Board requires to make its decisions, presents matters and explains proposed decisions. The CEO is also responsible for BE Group's commercial, strategic and financial development, leading and coordinating daily operations in line with the Board's guidelines and decisions.

The CEO also appoints the members of Group Management in consultation with the Chairman of the Board. BE Group Management reviews operations at monthly meetings presided over by the CEO. The Group Management team also holds weekly conference calls to discuss operations.

INTERNAL AUDIT

BE Group has a simple legal and operational structure and an established governance and internal control system. The Board and the Audit Committee follow up BE Group's assessment of internal control by means including discussions with BE Group's auditors. Given the above, the Board has elected not to maintain a special internal audit unit.

AUDITORS

At the 2007 AGM, the KPMG AB firm of auditors was elected auditor for BE Group for a period of four years. Alf Svensson, authorized public accountant, is the principal auditor. The auditor maintains regular contact with the Chairman of the Board, the Audit Committee and Group Management.

BE Group's auditor is tasked with auditing the Annual Report and accounting records as well as the management of the Company by the CEO and the Board of Directors. The auditor works according to an audit plan, into which the opinions of the Board have been incorporated, and has reported its observations to the Board. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2009 Year-end Report on February 4, 2010.

The auditor also participates in the AGM, where he outlines the audit process and his observations in an audit report.

Over the year, the auditor has also performed certain consulting assignments outside the scope of the audit - these have mainly involved advice on accounting matters.

The external audit is conducted in accordance with the generally accepted accounting principles in Sweden. The auditing of documentation for the Annual Report for legal units outside Sweden is conducted in accordance with legal requirements and other applicable regulations in the relevant countries, in accordance with generally accepted accounting principles and accompanied by audit reports where so required by local legislation.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING THE FINANCIAL STATEMENTS FOR THE 2009 FINANCIAL YEAR

BE Group's Board of Directors complies with the Code and accordingly provides a description of the key elements of the Company's system for internal control and risk management with regard to financial reporting.

The Board and its Audit Committee monitor the quality of the financial reports and BE Group's internal control systems and review BE Group's risk scenario. This is achieved by issuing instructions to the CEO, setting requirements for the contents of regular reports on financial conditions to the Board, and through reviews conducted together with the Board and auditors. The Board and Audit Committee review and assure the quality of financial reports, including year-end and annual reports and have delegated responsibility for assuring the quality of press releases of a financial nature and presentation materials used in meetings with the media, shareholders and financial institutions.

Aimed at giving the Board a basis for establishing the appropriate level of internal governance and control, BE Group carried out in 2007 an audit of internal control in a number of focus areas. External consultant services were used to perform the audit, which has been followed up at the Group and local levels, resulting in a number of improvements to the internal control environment. In 2008 and 2009, follow-ups were conducted in these areas as part of the external audit.

To further strengthen the internal audit environment, the Board resolved, towards the end of 2009, to appoint an Internal Audit Council that will systematically identify areas for review and monitor and control the Group's internal audit efforts. The Internal Audit Council will be headed by the Group CFO and will report to the Board's Audit Committee. This has been done to strengthen the internal control function at both the Group and local level for the future.

BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communications and follow-up.

Control environment

BE Group has a simple legal and operational structure and an established governance and internal control system, enabling the organization to react quickly to market changes. Operational decisions are taken at the Group or business area level, while decisions on strategy, business direction, acquisitions and general financial issues are taken by the Board of Directors and Group Management of BE Group. Internal control of financial reporting at BE Group is designed to work within this organization.

Clear regulations on delegation of authority and responsibilities are followed within BE Group, which follow Group structure. The foundations for internal control of financial reporting are the control environment and its organization, decision paths, documented and communicated authority and responsibilities and the culture that is the basis for the communications and activities of the Board and Group Management.

There is an established set of instructions for the Board, which includes the allocation of responsibilities within the Board as well as the responsibilities of the Chairman of the Board. There are also instructions for the CEO, outlining his duties and areas of authority. Rules of procedure have also been prepared for all business area managers and the presidents of all subsidiaries. Managers at various levels in the Company are responsible for continual internal control within their areas of responsibility.

Risk assessment

Risk assessment is based on a comprehensive risk analysis performed in connection with preparations for applying for listing on the Stockholm Stock Exchange (now Nasdaq OMX, Stockholm). The general financial risks are defined and observed when the Group's financial targets are set.

Control activities

The risks identified with regard to financial reporting are managed through the Company's control activities, such as authorization controls in IT systems and signature authentication.

Detailed economic analysis of business performance including follow-up against business plans and forecasts supplements operations-specific controls and provides an overall assessment of reporting quality.

Information and communication

The Group maintains channels of information and communication that serve to safeguard completeness and accuracy in financial reporting. Policies, manuals and job descriptions are available on the Company intranet and/or in printed form.

Follow-up

The CEO is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board. Financial control is exercised by the Corporate Finance

Department. Financial reporting is analyzed monthly at the detailed level. The Board has followed up financial reporting at Board meetings and BE Group's auditor has reported its observations to the Board. The Board has received monthly financial reports and the Company's financial situation was discussed at every Board meeting.

The CEO is responsible for ensuring that independent and objective reviews are conducted with the aim of systematically assessing and proposing improvements to the Group's processes for governance, internal control and risk management.

ARTICLES OF ASSOCIATION

The Articles of Association establish matters including the object of BE Group's business, the number of directors and auditors, how notice to attend the AGM must be provided, how the agenda will be dealt with during the AGM and where meetings will be held. The current Articles of Association were adopted by the extraordinary meeting of shareholders held September 26, 2006 and are available on BE Group's website at www.begroup.com.

POLICY DOCUMENTS

The Board has adopted several guidelines and policies aimed at assuring internal control within BE Group, including the Information and Insider Trading Policy, Executive Remuneration Policy, Ethical Guidelines, Internet and IT Policy and the Treasury Policy.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Code is based on the "comply or explain" principle, which means a company may depart from the provisions of the Code provided that such departures can be explained in a satisfactory manner. BE Group fully applied the Code during the 2009 financial year and has not departed from Code rules in any respect.

REVIEW

This corporate governance report has not been reviewed by BE Group's auditors.

BOARD OF DIRECTORS

ELECTED AT THE ANNUAL GENERAL MEETING

Carl-Erik Ridderstråle Chairman

Born: 1942.

Director since: 2002
(Chairman since 2002).

Other directorships: Seco Tools AB, Sectra AB, DIAB International AB and Hultdins System AB.

Previous experience: President and CEO of BT Industries AB, Business Area Manager within ABB Business Area Manager and CEO of Kanthal AB.

Education: MSc Engineering, Swedish Royal Institute of Technology, Stockholm.

Shares held: 520,603.

Roger Bergqvist Director

Born: 1948.

Director since: 2007.

Other directorships: Tricorona AB, Proact IT Group AB and Stillfront AB.

Employer: Addtech AB.

Previous experience: President and CEO of Addtech AB, Bergman and Beving AB Business Area Manager.

Education:

Diploma, Marketing and Communications.

Shares held: 1,000.

Cecilia Edström Director

DirectorBorn: 1966.

Director since: 2006.

Employer: TeliaSonera AB, Senior Vice President, Head of Group Communications.

Previous experience: Former Head of Strategy, Business and Brand Development for the Scania Group and several positions within SEB.

Education: MSc Business Administration and Economics, Stockholm School of Economics.

Shares held: 400.

Roger Johansson Director

Born: 1965.

Director since: 2009.

Employer: Trelleborg AB Group, Business Area Manager for Trelleborg Automotive.

Previous experience: Vice President General Motors Powertrain Europe, Vice President General Motors Purchasing Europe.

Education: Master of Business and Economic science, University of Gothenburg.

Shares held: 5,000.

Joakim Karlsson Director

Born: 1971.

Director since: 2004.

Other directorships: Luvata Oy and Motiv Stockholm AB.

Employer: NC Advisory AB.

Previous experience: Directorships within the Ahlsell AB Group, Marioff Oy Group, C Moore Group AB, etc.

Education: MSc Economics, Stockholm School of Economics. Courses at the Darden Graduate Business School in Virginia, USA, and the Swedish Armed Forces Language Institute in Uppsala, Sweden.

Shares held: 0.

Lars Olof Nilsson Director

Born: 1962.

Director since: 2006.

Other directorships: Chairman of Kaptensbacken AB (own company), Director in PA Resources, International Gold Exploration IGE AB, IGE Nordic AB, Lapland Goldminers AB, AGL Treasury Support AB and AGL Transaction Services AB.

Employer: Consultant in Kaptensbacken AB, advisor for Nordic Capital and Evli Bank, among others.

Previous experience: Positions with the Trelleborg AB Group, including SVP and Head of Corporate Treasury and Head of Corporate Business Development.

Education: BSc Economics, Umeå University.

Shares held: 12,500.

Lars Spongberg Director

Born: 1945.

Director since: 2000.

Other directorships: Skyways Holding AB, Cobolt AB, Cobolt Finans AB, Addtech AB, Intervallor AB, Elos AB and Bikuben AB.

Employer: NC Advisory AB.

Previous experience: Positions with Spectra Physics AB, Autoliv AB, Svenska Handelsbanken AB, AB Electrolux and Swedish Match AB.

Education: LL.M., Stockholm University, BSc Business Administration and Economics, Stockholm School of Economics.

Shares held: 0.



Carl-Erik Ridderstråle
Chairman



Roger Bergqvist
Director



Cecilia Edström
Director

Roger Johansson
Director



Lars Spongberg
Director



Joakim Karlsson
Director



Thomas Berg
Employee Representative



Lars Olof Nilsson
Director



Kerry Johansson
Employee Representative



EMPLOYEE REPRESENTATIVES

Thomas Berg Employee Representative

Born: 1956.

Director since: 2000.

Education: Internal training courses in business and commercial law.

Shares held: 0.

Kerry Johansson Employee Representative

Born: 1949.

Director since: 2000.

Education: Issues in Business Management, Swedish Trade Union Confederation College, Runarö.

Shares held: 0.

Tord Bengtsson Employee Representative, Alternate

Born: 1971.

Director since: 2007.

Other directorships: Chairman, The Commercial Employees' Union, branch 25, Norrköping. Member of Söderköping Municipal Council.

Shares held: 0.

Susanne Olsson Employee Representative, Alternate

Born: 1954.

Director since: 2004.

Other directorships: Union branch board.

Education: Business Administration, Vocational School, Göteborg.

Shares held: 0.

Auditors **KPMG AB** **Alf Svensson** Authorized Public Accountant, Auditor in Charge

Born: 1949.

Other significant assignments Auditor in Charge in Höganäs, Midelfart Sonesson, Nedermans, Nolato and Peab.

GROUP MANAGEMENT

Lars Bergström
President and
Chief Executive Officer

Born: 1958.
Employed since: 2009.
Previous experience: CEO of KMT, CEO of HTC Group samt several position with ABB Group.
Other significant assignments: Deputy Chairman Mälardalen University and Director at Arcam AB and SWEREA AB.
Education: MSc Engineering, Swedish Royal Institute of Technology and an MBA from Uppsala University.
Shares held: 85,000.



Torbjörn Clementz
Chief Financial Officer,
Deputy President and CEO

Born: 1961.
Employed since: 2003.
Previous experience: Several positions within the Peab Group (1993-1996, 2001-2003) and Perstorp Group (1997-2001).
Other significant assignments: Director of Precise Biometrics AB.
Education: BSc Business Administration and Economics, Växjö University.
Shares held: 314,476.



Per Horstmann
Vice President Purchasing
and Production

Born: 1956.
Employed since: 2003.
Previous experience: Positions including Vice President Purchasing and Logistics at Peab AB (2001-2003) and Alfa Laval Flow AB (1999-2001).
Education: MSc Engineering, Faculty of Engineering at Lund University.
Shares held: 369,788.



Stefan Eklund
Business Area Management
and President, Sweden

Born: 1957.
Employed since: 2010.
Previous experience: President of Skanska Installation (2003-2009), Deputy President of ABB Building Systems (2000-2003) and President of ABB Fläkt Industri AB (2000).
Education: BSc Business Administration and Economics.
Shares held: 900.



Matti Tiira
Business Area Management
and President, Finland

Born: 1952.
Employed since: 1975.
Previous experience: Various positions within BE Group.
Education: Degree from the Commercial College in Lahti, Finland and completion of the Management in European Finland programme at the Finnish Institute of Management (LIFIM).
Shares held: 267,560.



Per Gullstrand
Business Area Management, CEE

Born: 1967.
Employed since: 2006.
Previous experience: Sandvik Rock Processing AB, responsible for the business segment's sales operations in Asia and the Middle East (2001-2005) and Regional Manager Asia at Svedala International AB (1995-2001).
Education: MBA from Henley Management College, United Kingdom.
Shares held: 218,903.

CHANGES IN GROUP MANAGEMENT

Lars Bergström became the new President and CEO of BE Group effective from 11 March 2009. He succeeds Håkan Jeppsson in this role. Stefan Eklund was appointed the new Business Area Manager for Sweden in September 2009 but assumed this post effective from January 1, 2009.

Details of shareholdings in BE Group include direct holdings, holdings through companies and/or related parties as per December 31, 2009. For updated details of Group Management's shareholdings, please refer to www.begroup.com > About BE Group > Organization.

THE BE GROUP SHARE

BE Group AB has been listed on the Nasdaq OMX Stockholm Exchange since November 24, 2006.

A trading block consists of one share.

same time, the Company's directors together held 539,503 shares. BE Group AB held 264,300 treasury shares at the close of 2009.

Key figures

	2009	2008
(Amounts in SEK unless otherwise stated)		
Earnings per share	-5.00	7.58
Underlying earnings per share	0.08	6.17
Earnings per share after dilution	-5.00	7.58
Underlying earnings per share after dilution	0.08	6.17
Equity per share	16.05	22.17
Proposed dividend per share	-	1.00
Dividend yield, %	-	5.1
Market price on Dec 30, latest price paid	43.60	19.60
P/E ratio, multiple	neg.	2.6
Market capitalization, SEKM	2,180	980

SHARE CAPITAL

At December 31, 2009, the share capital in BE Group was SEK 102.0M (102.0) allocated among 50,000,000 shares, each with a quotient value of SEK 2.04. Under the Articles of Association, minimum share capital in the Company is SEK 100,000,000 and maximum share capital SEK 400,000,000, with a minimum of 40,000,000 and a maximum of 160,000,000 shares.

Each share carries one vote and there is only one class of shares.

OWNERSHIP

At the end of 2009, BE Group had 10,624 shareholders, compared with 10,218 at the end of the preceding year. Swedbank Robur was the largest owner. The former largest owner, Nordic Capital through Trenor Holding Ltd, divested its holding in November 2009. Other major owners are listed in the table on the next page. As per December 31, 2009, the proportion of Swedish institutional ownership (legal entities) totaled 61.0 percent. Foreign ownership of BE Group as per December 31, 2009 amounted to 15.0 percent.

At the close of the year, the six members of Group Management together held 1,256,627 shares in BE Group. At the

SHARE PRICE TREND

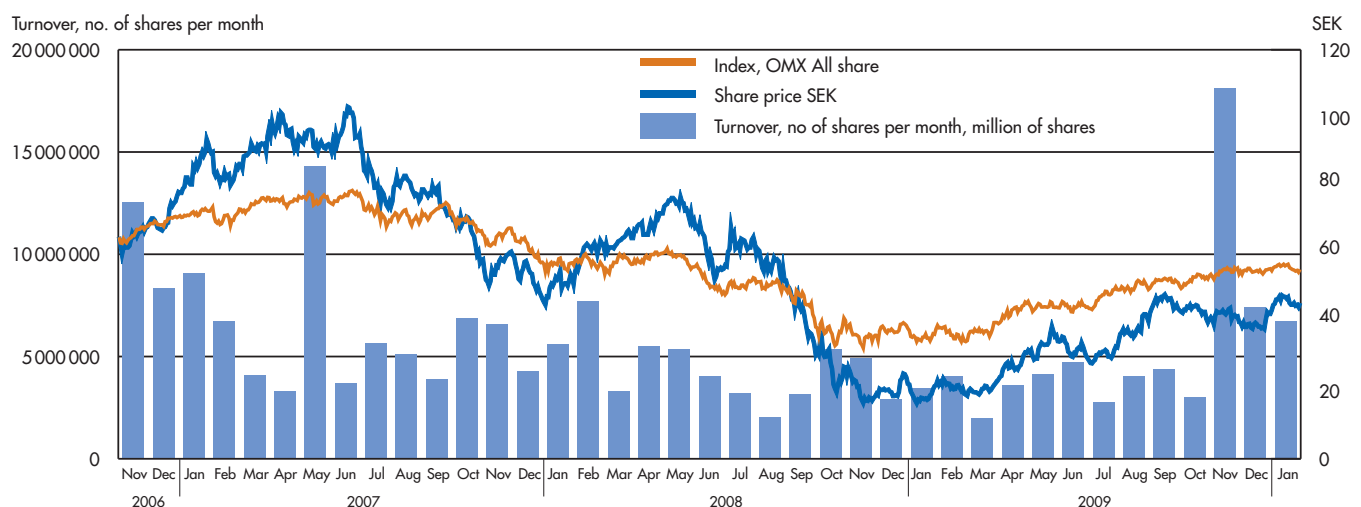
On the year's last trading day, December 30, 2009, the market price for the BE Group share was SEK 43.60 (19.60). The highest trading price in 2009 was quoted on September 17 at SEK 48.20 (76.75). The year's lowest share price was quoted on January 20 at SEK 16.30 (16.40). During 2009, BE Group shares were traded 2,186 million times on the Nasdaq OMX Stockholm Exchange. Average daily turnover was 8,745,299 shares or SEK 287M based on the average daily price.

INCENTIVE PROGRAMS

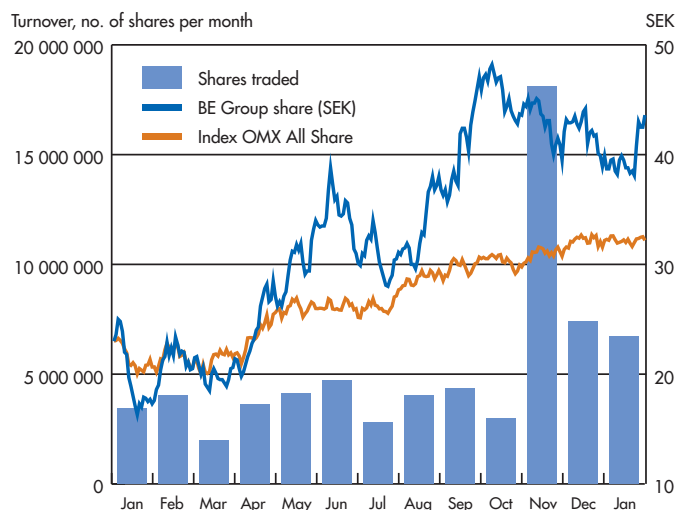
The 2009 AGM voted in favor of the Board's proposal to renew the Share Savings Scheme ("Share Savings Scheme 2009") for members of Group Management and some 35 senior executives. To enable BE Group's matching of shares in accordance with the Share Savings Scheme, the AGM also authorized the Board to decide on one or more occasions prior to the 2010 AGM on the acquisition and transfer of at most 625,000 treasury shares.

Share performance, Nov 2006 – Jan 2010

Turnover, no. of shares per month



Share performance



PRESS RELEASES 2009

- Dec 21 Change in composition of the Nomination Committee of BE Group AB (publ)
- Nov 20 BE Group Sverige AB is to deliver approx. 15,000 tons of reinforcing steel to Peab for the construction of the new project Arenastaden in Stockholm
- Oct 22 BE Group's cash flow remains strong (Interim Report January-September 2009)
- Oct 22 BE Group AB (publ) Nomination Committee and Annual General Meeting 2010
- Sep 14 Stefan Eklund new head of BE Group Sweden
- Jul 16 Strong cash flow for BE Group (Interim Report January-July 2009)
- Apr 24 BE Group is reporting lower earnings but notes stabilization (Interim Report January-March 2009)
- Apr 9 Publication of BE Group's Annual Report for 2008
- Apr 8 Notice of Annual General Meeting
- Feb 5 BE Group improves full-year earnings despite profitability dip in the fourth quarter (Year-end Report 2008)
- Feb 2 BE Group appoints new president and CEO

DIVIDEND POLICY

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. In BE Group's judgment, this is a balanced level based on the Group's net debt/equity ratio, operating risks associated with the business, consolidated cash flow and the acquisitions strategy. BE Group's financial position and future prospects shall be taken into account in determining the payment of dividends.

The Board of Directors and CEO propose to the Annual General Meeting that no dividend (SEK 1.00) be paid for the 2009 financial year. The proposal to not pay a dividend is motivated by the year's results.

ANALYSTS MONITORING BE GROUP

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Handelsbanken, Stefan Wård,
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Swedbank, Ola Södermark,
Tel.: +46 (0)8 58 59 23 74

SEB Enskilda, Julian Beer,
Tel.: +46 (0)8 52 22 96 52

Öhman Fondkommission,
Johannes Grunselius,
Tel.: +46 (0)8 402 50 00



PRINCIPAL SHAREHOLDERS on Dec. 2009

NAME	NO. OF SHARES	PERCENTAGE OF SHARES
Swedbank Robur Funds	4,342,148	8.7
IF Skadeförsäkring	2,998,600	6.0
Livförsäkringsaktiebolaget Skandia	2,233,562	4.5
AMF - Insurance and Funds	2,010,563	4.0
Handelsbanken Funds	1,728,980	3.5
Östersjöstiftelsen	1,322,958	2.6
JP Morgan Chase Bank	1,165,851	2.3
Avanza Pension	875,055	1.8
Odin Funds	785,575	1.6
JP Morgan Chase N.A	760,000	1.5
TOTAL, 10 principal shareholders (grouped by shareholder)	18,223,292	36.5
TOTAL, other shareholders	31,776,708	63.6
TOTAL ISSUED CAPITAL	50,000,000	100.0

SHARE DISTRIBUTION on Dec. 2009

SHAREHOLDING	NO. OF SHAREHOLDERS	SHARES	SHARES AND VOTES
1 – 500	6,123	1,474,667	2.9%
501 – 1 000	2,002	1,754,676	3.5%
1 001 – 5 000	1,871	4,668,495	9.3%
5 001 – 10 000	302	2,381,372	4.8%
10 001 – 15 000	79	993,062	2.0%
15 001 – 20 000	53	1,007,722	2.0%
20 001 –	194	37,720,006	75.4%
TOTAL	10,624	50,000,000	100.0%

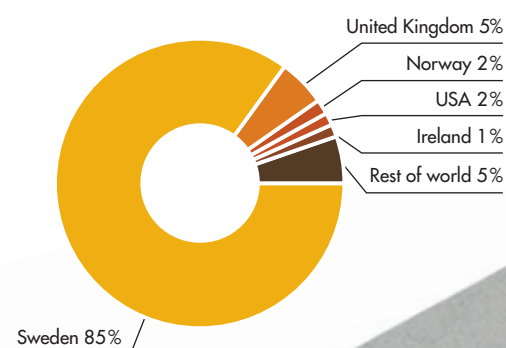
INVESTOR RELATIONS

CFO and Deputy CEO Torbjörn Clementz is responsible for investor relations. The Company's press releases are disseminated through Cision and are made available on the Company website, www.begroup.com in connection with publication.

BE Group share data is updated continuously at www.begroup.com > Investors.

SHAREHOLDERS BY CATEGORY on Dec. 2009

CATEGORY	NO. OF SHARES	PERCENTAGE OF SHARES
Financial firms	21,096,015	42.2
Banks	177,275	0.4
Securities firms and fund brokers	183	0.0
Fund managers	12,106,174	24.2
Insurance companies and pension institutions	7,568,859	15.1
Pension funds	1,243,524	2.5
Other financial firms	182,500	0.4
Social insurance funds	1,116,739	2.2
Swedish government	1,600,608	3.2
Local government sector	59,849	0.1
Local governments	56,849	0.1
Swedish county councils	3,000	0.0
Interest organizations	633,883	1.3
Humanitarian and trade union organizations	604,633	1.2
Religious communities	29,250	0.1
Other Swedish legal persons	3,956,047	7.9
Non-categorized legal persons	1,849,309	3.7
Shareholders domiciled abroad	7,495,930	15.0
Swedish physical persons	12,009,120	24.0
SUMMA	50,000,000	100.0

Shareholding per country

MULTI-YEAR SUMMARY

(SEK M unless otherwise stated)	2009	2008	2007	2006	2005	2004
Earnings measurements						
Sales	4,308	7,713	7,650	6,681	5,790	5,318
Gross profit	367	1,238	1,167	1,173	926	994
EBITA	-259	537	512	552	267	308
Profit/loss for the year	-249	378	353	395	170	185
Margin measurements						
Gross margin (%)	8.5	16.1	15.3	17.6	16.0	18.7
EBITA margin (%)	-6.0	7.0	6.7	8.3	4.6	5.8
Operating margin (%)	-6.2	6.9	6.7	8.2	4.6	5.7
Cash flow						
Cash flow from continuing operations	282	222	215	236	354	363
Cash flow before change in net debt	240	-36	157	220	314	382
Cash flow for the year	63	-141	-39	92	-107	277
Capital structure						
Equity	798	1,103	849	664	971	788
Total assets	2,511	3,409	2,850	2,876	2,342	2,546
Net debt	777	1,006	593	556	91	402
Net debt/equity ratio (%)	97.4	91.2	69.8	83.8	9.3	51.1
Working capital (average)	751	895	735	547	576	555
Operating capital (average)	1,834	1,789	1,421	1,200	1,271	1,658
Operating capital (excluding intangible assets), average	1,125	1,162	874	654	726	1,113
Working capital tied-up (%)	17.4	11.6	9.6	8.2	9.9	10.4
Return						
Return on operating capital (%)	-14.5	29.7	35.9	45.9	20.9	18.4
Return on operating capital (excluding intangible assets) (%)	-23.0	46.2	58.6	84.4	36.8	27.6
Return on equity (%)	-26.9	38.1	46.1	45.6	18.6	25.8
Per share data						
Net worth per share (SEK)	-5.00	7.58	7.06	7.90	3.41	3.76
Earnings per share after dilution (SEK)	-5.00	7.58	7.06	7.60	3.24	3.70
Equity per share (SEK)	16.05	22.17	17.02	13.28	19.45	15.78
Cash flow from operating activities per share (SEK)	5.67	4.46	4.31	4.72	7.10	7.39
Average number of shares outstanding (thousands)	49,736	49,853	49,967	49,946	49,926	49,154
Average number of shares outstanding after dilution (thousands)	49,749	49,857	49,967	51,912	52,464	49,880
Dividend paid (SEK)	1.00	3.50	3.50	13.60*	-	-
Other						
Average number of employees	912	1,023	940	926	900	890

* The split implemented in 2006 has been taken into account.

SUPPLEMENTARY DISCLOSURES

(SEK M unless otherwise stated)	2009	2008	2007	2006	2005	2004
Growth						
Sales growth (%)	-44.1	0.8	14.5	15.4	8.9	27.6
of which, organic volume growth (%)	-32.3	-4.0	1.1	8.5	-10.4	2.2
of which, price and mix changes (%)	-15.9	0.6	13.3	7.0	16.8	21.6
of which, currency effects (%)	4.8	2.3	0.1	-0.1	1.1	0.2
of which, acquisitions (%)	1.5	4.3	-	-	1.4	3.6
of which, divested operations (%)	-2.2	-2.4	-	-	-	-
Adjusted earnings measurements						
Underlying EBITA	4	459	552	474	396	303
Adjusted margin measurements						
Underlying gross margin (%)	14.1	15.5	15.8	16.7	16.5	16.4
Underlying EBITA margin (%)	0.1	6.0	7.2	7.1	6.8	5.7
Adjusted return						
Underlying return on operating capital (excluding intangible assets) (%)	0.3	39.5	63.2	72.5	54.5	27.3
Adjusted capital structure						
Net debt/underlying operating profit/loss EBITDA (multiple)	14.5	2.0	1.0	1.1	0.2	1.1
Adjusted per share data						
Underlying earnings per share (SEK)	-0.99	6.17	7.58	6.72	5.27	3.67
Underlying earnings per share after dilution (SEK)	-0.99	6.17	7.58	6.46	5.01	3.61
Other						
Inventory gains and losses	-255	46	-40	57	-28	120
Shipped tonnage (thousands of tonnes)	416	613	617	610	563	612
Average sales prices (SEK/kg)	10.36	12.57	12.40	10.95	10.29	8.69

FINANCIAL DEFINITIONS

Earnings measurements

EBITA	Operating profit/loss before amortization of intangible assets.
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Margin measurements

Gross margin	Gross profit/loss as a percentage of net sales.
EBITA margin	Operating profit/loss before amortization of intangible assets (EBITA) as a percentage of net sales.
Operating margin	Operating profit as a percentage of net sales

Capital structure

Net debt	Interest-bearing liabilities less cash and equivalents and financial assets.
Net debt/equity ratio	Net debt divided by equity.
Working capital	Inventories, accounts receivable and other operating receivables less accounts payable and other current liabilities. This measure represents an average for each period based on quarterly data.
Operating capital	Tangible assets, goodwill and other intangible assets, deferred tax assets, participations in joint venture and working capital less deferred tax liabilities, provisions (current and non-current) and other non-current liabilities. This measure represents an average for each period based on quarterly data.
Operating capital (excluding intangible assets)	Operating capital less goodwill and other intangible assets. This measure represents an average for each period based on quarterly data.
Working capital tied-up	Average working capital, as a percentage of annually adjusted net sales.

Return

Return on operating capital	Annually adjusted operating profit/loss, as a percentage of average operating capital.
Return on operating capital (excluding intangible assets), %	Annually adjusted EBITA, in of (average) operating capital (excluding intangible assets).
Return on shareholders' equity	Annually adjusted net profit/loss as a percentage of equity.

Per share data

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

Other

Average number of employees	Average number of employees in the Group during the reporting period. Newly recruited employees, part-time employees and paid overtime are recalculated in terms of full-time jobs. The number of employees denotes an average for the period.
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SUPPLEMENTARY DISCLOSURES

Growth

Sales growth	Change from the preceding period as a percentage of net sales.
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Adjusted growth

Underlying sales growth	Change in percent in net sales by operations from the comparison period, adjusted for fluctuations in market prices and currency effects.
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Adjusted earnings measurements

Underlying EBITA	EBITA before non-recurring items, adjusted for inventory gains and losses (deductions for gains and additions for losses).
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Adjusted margin measurements

Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit/loss is the reported gross profit/loss adjusted for inventory gains and losses (deductions for gains and additions for losses).
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Underlying EBITA margin	Underlying EBITA as a percentage of net sales. Underlying EBITA is EBITA before non-recurring items and adjusted for inventory gains and losses (deductions for gains and additions for losses).
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Adjusted return

Underlying return on operating capital (excluding intangible assets)	Annualized underlying EBITA as a percentage of average operating capital excluding goodwill and other intangible assets. Underlying EBITA is EBITA before non-recurring items and adjusted for inventory gains and losses (deductions for gains and additions for losses). EBITA is operating profit/loss before amortization of intangible assets.
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Adjusted capital structure

Net liabilities/underlying EBITDA	Net liabilities divided by annually adjusted underlying EBITDA. Underlying EBITDA is EBITDA before non-recurring items and adjusted for inventory gains and losses (deductions for gains and additions for losses). EBITDA is operating profit before amortization.
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Adjusted per share data

Underlying earnings per share	Profit/loss for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares outstanding during the period.
-------------------------------	--

Underlying earnings per share after dilution	Profit/loss for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares outstanding during the period.
--	--

Other

Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold where the goods have been valued at replacement price.
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Shipped volumes	Volume of BE Group products sold during the period in thousands of tonnes.
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Average sales prices	Net sales divided by shipped volumes.
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OPERATIONAL DEFINITIONS

Commercial steel

Commercial steel is unalloyed or low-alloy structural steel in the form of plate, bars, beams and profiles.

Its composition means that this type of steel is used extensively in the construction sector to form the structural framework of buildings. Other areas of use include bridge structures, construction machinery, wind power applications, transport containers and various kinds of heavy equipment.

BE Group maintains inventories of an extensive range of commercial steel products and is able to offer customers various services for the further refinement of these products.

BE Group's steel and tubing product range includes:

- Beams
- Hollow profiles
- Bars and profiles
- Heavy plate, hot-rolled steel and thin plate
- Welded and seamless steel tubes
- Precision steel tubes

Stainless steel

Stainless steel is resistant to corrosion because the steel has been alloyed with other metals. BE Group offers a wide range of stainless steel products that can be adapted to customer requirements by cutting bars, hollow cast blanks, construction tubes and round tubes.

BE Group's stainless steel product range includes:

- Plate and strip
- Bars and beams
- Tubes
- Tube sections
- Flanges

Aluminium

BE Group offers aluminium plate, bars, tubes and profiles, as well as production services such as cutting and plate processing.

BE Group's aluminium product range includes:

- Plate and strip
- Traed plate
- Profiles and bars
- Tubes

Engineering steel

This is the collective name for alloyed (particularly high-alloy) steel containing more than five percent alloying materials or more than one percent carbon. In the area of engineering steel, BE Group offers structural and machine steel with various alloys and in various finishes.

Reinforcement

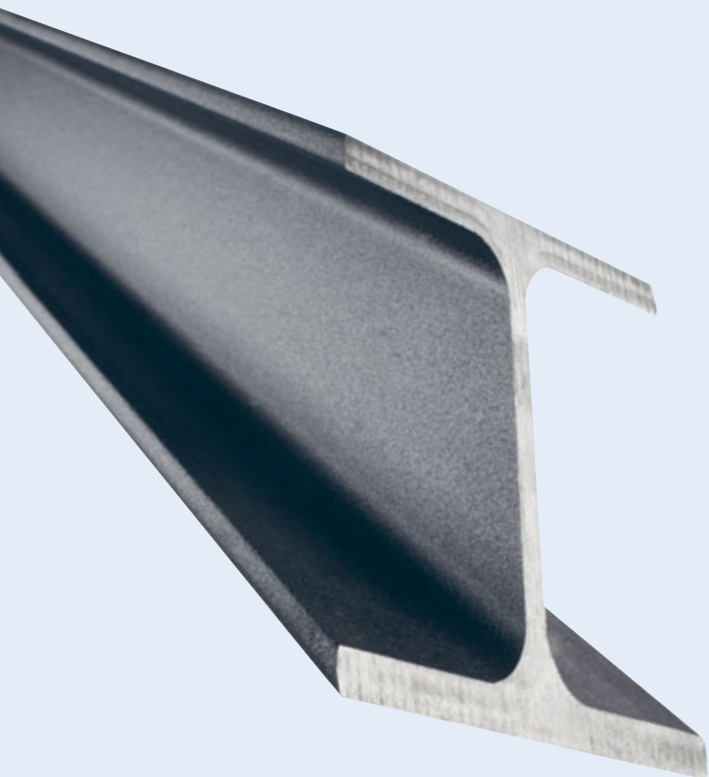
Ribbed steel bars for reinforcement of concrete. These can also be welded into meshes, which are more cost efficient for construction projects. Meshes are generally made from profiled steel. BE Group is a complete supplier of reinforcement and reinforcement accessories.

Production service

The products that BE Group delivers can be pre-processed to meet specific customer needs. Rather than ordering raw materials, customers can take delivery of products ready for their production processes.

Examples of production services:

- Cutting of steel, stainless steel and aluminium
- Surface treatment (shot blasting, painting, coating and hot galvanizing)
- Drilling/hole-punching and subsequent deburring and threading
- Gas, plasma, laser and water cutting of plate
- Bending of plate
- Cutting-to-length and slitting of thin plate and hot-rolled steel
- Sawing of aluminium plate
- Prefabricated reinforcing
- Finishing (deburring, vibratory finishing, grinding, crating)



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