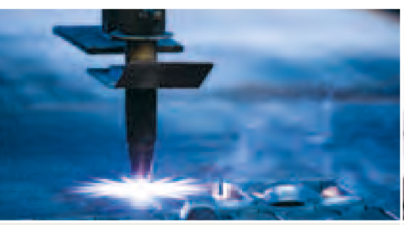
BE 2011

BE GROUP

Annual Report 2011

THE YEAR IN BRIEF

	2009	2010	2011
Net sales, SEK M	4,308	5,129	5,941
Tonnage, thousands of tonnes	416	489	546
Operating result, SEK M	-266	98	96
Operating margin, %	-6.2%	1.9%	1.6%
Underlying operating result, SEK M	-3	75	131
Result after tax, SEK M	-249	29	20
Earnings per share, SEK	-5.00	0.58	0.41
Return on operating capital, %	-14%	6%	6%
Net debt/equity ratio, %	97%	107%	96%
Cash flow from operating activities, SEK M	282	-57	184
Average number of employees	912	909	943



Q1

Net sales

SEK 1,519 M (+41%)

Operating result

SEK 45 M (-28)

- Acquisition of RTS, a metal processing company focusing on production services for the engineering sector
- Phase-out of operations in Denmark

Q2

Net sales

SEK 1,597 M (+14%)

Operating result

SEK 66 M (86)

- Decision to extend the production service facility in Lapua, Finland
- Establishment of a new production center in Trebaczew, Poland commenced

Q3

Net sales

SEK 1,420 M (+12%)

Operating result

SEK 4 M (48)

- The extended facility in Lahti, Finland was brought into operation
- Nikolai Makarov appointed new Business Area Manager for CEE

Q4

Net sales

SEK 1,405 M (+2%)

Operating result

SEK -19 M (-8)

- Decision regarding program of profitability improvement measures
- Lecor Stålteknik's new production facility in Kungälv commenced operation

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Pages 31-86 have been reviewed by the Company's Auditors and comprise the formal Annual Report.

It is hard to imagine a world without steel. It is a material that can be processed and refined in many ways and that can be used in numberless contexts.

During the journey that steel takes, from the basic ingredients – iron ore and coke – to its production in the steel mills and its final use, BE Group has its given place.

BE Group is a leading trading and service company in steel, stainless steel and aluminium, and is a knowledgeable, reliable and value-adding link between the steel producers and companies in the construction and engineering sectors.

BE GROUP

www.begroup.com

BE Group's website presents comprehensive information about the company and its operations. Contact details for the various units within the Group can also be found there.

A LEADING STEEL SERVICE COMPANY WITH OPERATIONS IN TEN COUNTRIES

Our offering

BE Group is a trading and service company, offering a broad range of steel, stainless steel and aluminium products. We offer direct deliveries, inventory sales and production service to customers primarily within the construction and engineering sectors, based on each customer's needs in terms of materials and production. With our thorough knowledge and well-established relations in purchasing, logistics and production, we develop solutions to strengthen our customers' competitiveness.

Our strengths

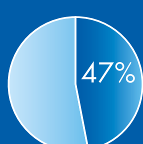
With slightly more than 900 employees at 30 facilities in 10 countries, we are a strong partner, particularly in the Swedish and Finnish markets. Our collective expertise in engineering and materials science, combined with advanced production facilities, makes us a modern and integrated steel service company with an advanced position in the value chain, close to the customer. Our history, stretching back more than 140 years, makes our brand one of the most respected in the industry.

Our customers

Our broad customer base is a strategic asset. It is our ambition to follow our customers, including when they expand internationally. Customers include retailers, processing and pre-processing companies, project customers and OEM customer, primarily in the construction and engineering sectors. We aspire to a position as a long-term partner, integrated into the customer's operations.

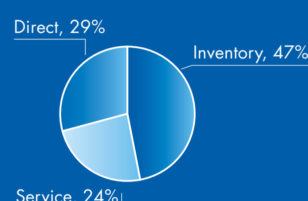
Business Area Sweden

Percentage of consolidated net sales



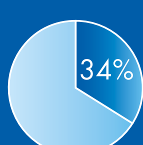
Operating result

Sales by channel



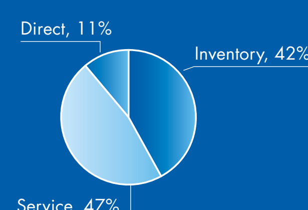
Business Area Finland

Percentage of consolidated net sales



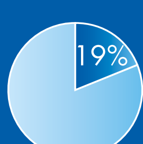
Operating result

Sales by channel



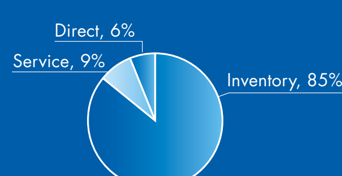
Business Area CEE

Percentage of consolidated net sales



Operating result

Sales by channel




FINLAND
LAPUA
LAHTI
TURKU
SWEDEN
TALLIN
NORRKÖPING
MALMÖ
CEE
TREBACZEW
SHANGHAI
OSTRAVA
Headquarters
Sales
Warehousing/Logistics
Steel service center/production center

IMPORTANT STEPS FORWARD

Difficult second half of the year for the sector

The year 2011 commenced with rising demand in all of BE Group's markets. The positive development during the first half of the year, weakened after the summer. The explanation lies in an increased caution among customers due to uncertainty regarding developments in steel prices and in the economy in general.

In terms of shipped tonnage, the trend over the year was positive. The challenge for us, as for many other actors in the market, lies more in being able to achieve favorable profitability in a market that imposes increasing requirements. The CEE business area did not perform in line with our expectations and we have consequently begun to restructure our operations in these markets.

Strategic ventures

Over the year, BE Group carried out a number of important investments.

In Poland, we ceased making pure inventory sales, to focus instead on sell-

By truly understanding the conditions and needs of the individual customer, we are able to fulfill our promise – to generate added value for our customers and thus help enhance their competitiveness."

ing pre-processed products from our Trebaczew facility. We are now focusing warehousing to our logistics center in Ostrava, in the Czech Republic, where we are also reducing the number of product areas and enhancing their focus.

In Sweden, we have begun a number of initiatives to strengthen our important inventory sales business. Smart warehousing takes a high priority and entails ensuring broad availability of the right products. In November, Lecor Stålteknik also inaugurated a state-of-the-art facility in Kungälv, further sharpening our offering to the construction sector and enabling us to handle large and complex infrastructure projects.

In Finland, we carried out considerable investments over the year in production service at our Lahti and Lapua facilities. We have traditionally observed strong business in production services here and these ventures serve to further reinforce that.

Improvements throughout the business

Later in the annual report, we present our business model, which builds on five stages. It is basically a relatively simple model, although we are continuously working to improve each stage.

BE Group will conduct the best possible purchasing, maintain fully optimized warehousing and provide competitive production services. Fundamental to all of this is our ambition to continuously develop our customer relations, which, at the end of the day are our most important asset.

I am pleased with how far we have already progressed in these efforts, although to meet a market embodying increasing speed, mobility and competition, we will have to continuously improve further.

Focus on understanding customers

Our understanding of customers shall form the starting point for everything we do at BE Group. It is by understanding the conditions and needs of the individual customer that we are able to fulfill our promise – to generate added value for them, thus helping enhance their competitiveness.

Production services represent the area in which we perceive the greatest potential growth, and by offering additional solutions developed uniquely for a specific customer, we are able to further strengthen our position in the value chain.

Another example of what we mean by understanding customers is how we benefit from our presence around Europe in our cooperation with key customers with international operations.

Further on in the annual report, we describe three current examples of what our partnerships with customers can look like in practice.

Financial position

BE Group has a secure financial position. The net debt/equity ratio improved over the year. In 2010, we entered a three-year credit agreement that gave us better terms and stability. The total credit facility amounts to SEK 1,300 M.

Outlook

In concluding my first year as CEO, I can affirm that we are well-positioned for profitable growth through the ventures we have undertaken and the measures we implemented over the year. Our main priorities during 2012 will be to increase the yield from made investments and acquisitions, to turn Central Europe into profitability and to strengthen our positions in the Nordic region.

In conclusion, I would like to thank my colleagues and our customers and partners for their contributions during 2011. It was a year in which we took important steps towards our vision of being the most professional, successful and respected steel services company.

Malmö, March 2012

ROGER JOHANSSON
President and CEO

RISING VOLUMES AND VOLATILE PRICE TREND

For BE Group, 2011 was a year of increased sales. At the same time, there was considerable uncertainty regarding the economic trend, causing caution among customers. Over the year, the Group has carried out a number of important ventures to ensure that we stand well prepared for the future.

Market development

All of BE Group's markets noted an increase in steel consumption compared with the preceding year.

The increase in demand was clearest during the first half of the year and began to decrease after the summer as uncertainty surrounding the continued economic trend began to have an impact.

Price development largely tracked the demand trend, resulting in increased volatility and shorter-term pricing. This trend has been noted since the start of the most recent economic downturn in 2008.

BE Group has developed its network by establishing a presence in China. With our own company in Shanghai, we will be able to improve the Group's purchasing in Asia, as well as our deliveries to European customers who maintain a presence in China.

Business Area Sweden

Sweden is the Group's main market. The start of the year was characterized by increased demand from customers in the principal construction and engineering sectors. The increase in demand persisted throughout the year, although the rate of increase gradually abated.

On average, sales prices were higher than in the preceding year, although a negative trend was seen in the latter half of the year.

The acquisitions of Lecor Stålteknik and RTS (today BE Group Produktion) strengthened the Group's position in production services.

The focus of the Swedish market in 2012 will be to continue developing BE Group's market position.

Business Area Finland

Finland is the market in which BE Group has made most progress with regard to production services.

Here, BE Group has continued to invest, both in customer solutions and advanced production capacity. Just as in Sweden, the market grew in early 2011 in terms of both volumes and prices. The engineering sector in particular was stable and it was also here that needs for advanced production services were greatest.

The market gradually grew more cautious and demand weakened somewhat in the second half of the year, particularly with regard to inventory sales.

Entering 2012, BE Group's sights are set on increasing sales of production services, primarily through the extended Lapua facility (taken into operation in the spring of 2012).

Business Area CEE

Demand from customers in BE Group's markets in Business Area CEE (Central and Eastern Europe) continued to increase in 2011. Demand was greatest in the engineering segment.

At the same time, the market was pervaded by price pressure due to the large number of competitors. The Group's focus has been on improving efficiency and transforming operations to include a greater proportion of production services.

The logistics center in Ostrava, in the Czech Republic, is already established and during the year, the establishment of a new production center in Trebaczew, Poland commenced.

In the Czech Republic and Estonia, BE Group is among the five largest players in each market.

Development by product

Commercial steel accounted for 73 percent (72) of the Group's total sales, equivalent to SEK 4,367 M (3,715). Long products accounted for 28 percent (29) of net sales and flat products for 36 percent (35). Stainless steel accounted for 17 percent (18) of the Group's total sales, corresponding to SEK 1,009 M (887). Price trends were volatile over the year. Nonetheless, the average sales price for all products rose by four percent.

Program of profitability improvement measures

In the fourth quarter, the Group adopted a program of profitability improvement measures. The program affects all business areas and entails personnel cutbacks in Sweden, Finland, Poland and the Czech Republic, inventory consolidation and streamlining of the product range in the Czech Republic and concentration of production services in Poland.

The personnel cutbacks affect some 100 employees. The cost for the program totals SEK 26 M and was charged against the fourth quarter. Fully implemented, these measures will lead to annual cost savings in the region of SEK 50 M. As an additional measure, the Danish operations were phased out in 2011.

A selection of press releases

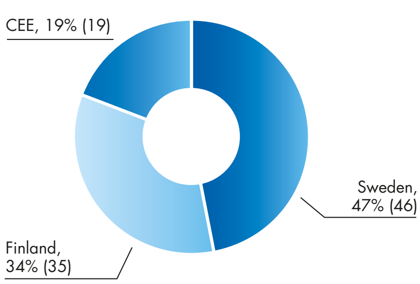
Besides publishing financial reports, we strive to keep stakeholder groups updated on events in BE Group and its business environment. Here is a selection from the news flow in 2011.

November 16	Lecor Stålteknik inaugurates new facility in Kungälv and commences production
October 27	BE Group Q3 2011 – decision regarding profitability improvement measures
August 18	BE Group appoints new Business Area Manager for Central and Eastern Europe
April 28	BE Group Annual General Meeting 2011
February 9	BE Group expands production services to engineering customers
February 9	Positive sales trend and stronger production service offering
January 31	BE Group Finland is extending its capacity in production services

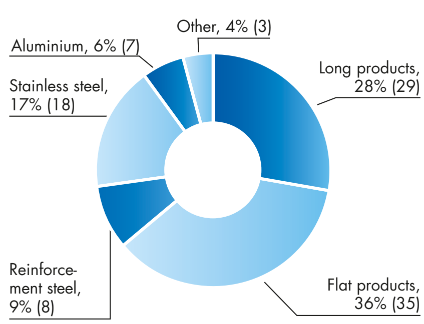
Financial development

- Net sales amounted to SEK 5,941 M (5,129), an increase of 16 percent compared with the preceding year. Shipped tonnage rose by 12 percent.
- The operating result weakened to SEK 96 M (98).
- The underlying operating result improved to SEK 131 M (75) with an underlying operating margin of 2.2 percent (1.5).
- Cash flow from operating activities improved considerably through reduced working capital and amounted to SEK 184 M (negative 57).
- The result after tax was SEK 20 M (29).
- Earnings per share amounted to SEK 0.41 (0.58).
- The Board of Directors proposes SEK 0.25 per share (-) be paid to shareholders.

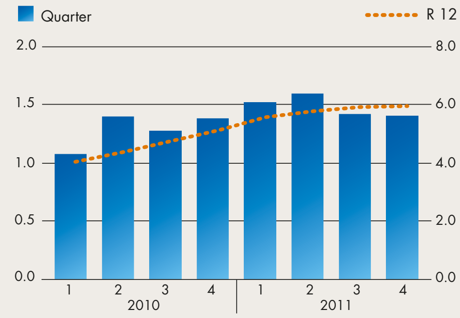
Sales by business area,
% of net sales, preceding year in parentheses



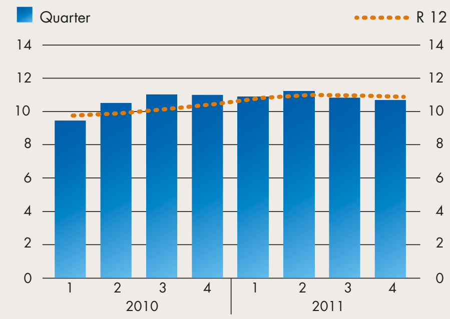
Sales percentages for main products
% of net sales, preceding year in parentheses



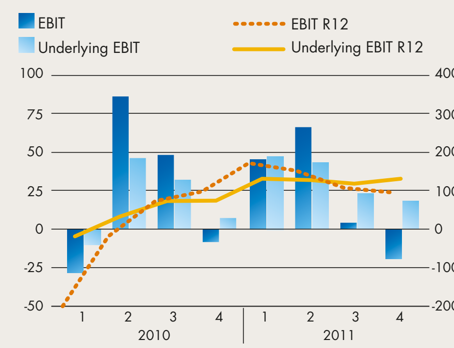
Net sales, SEK Bn.
Quarter and rolling 12-months



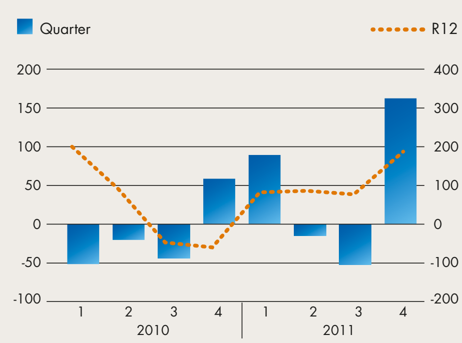
Average sales price, SEK/kg
Quarter and rolling 12-months



Operating result (EBIT) and underlying operating result (uEBIT), SEK M
Quarter and rolling 12-months



Cash flow from operating activities, SEK M
Quarter and rolling 12-months



A GROWING MARKET UNDERGOING CHANGE

Global steel consumption continues to rise with China as the largest market by a wide margin. Significant trends in the steel industry include increased demand for services and increasingly volatile pricing.

Consumption of steel continues to increase

Global steel consumption has risen slowly but steadily throughout history. In general, it can be said that per capita consumption in any particular country correlates strongly to that country's prosperity. Growth generates opportunities for investments in infrastructure where steel is used and increased wages lead to increased demand for products that contain steel.

According to statistics from the World Steel Association (WSA), global steel production in 2011 amounted to 1.5 billion tonnes (1.4), representing an increase of 7 percent compared to 2010.

China is the dominant market

China, which represented 46 percent (44) of total production in 2011, continues to be the country most strongly impacting the development of the global steel market. The country is by far the largest steel producer and is also responsible for a considerable share of the world's total steel consumption.

BE Group monitors global developments carefully, particularly regarding price trends, and during the year strengthened its presence in the Chinese market. However, developments in Europe and the Group's own markets continue to be the most important area to follow.

Sales in the steel distribution sector within the EU rose by 7 percent in 2011, albeit with considerable discrepancies between the different countries. In Sweden, steel production showed a smaller increase following a sizeable increase in 2010. Production in 2011 amounted to 4.9 million tonnes (4.8), an increase of 0.4 percent. This means that Swedish steel production is at a level equivalent to 86 percent of the level prior to the financial crisis of 2008/2009.

Focus on core operations

The unstable global economy of recent years has led many companies to review how and where capital is tied up in their operations and to identify where there are risks in their value chain. The result is often a focus on core operations, with an increasing proportion of production being outsourced.

The process of inventory optimization that begun by many steel users in previous years continued in 2011. This process has generated demand for fast and reliable deliveries that enable minimal warehousing by end customers.

For a player like BE Group, this presents a significant challenge to better learn and comprehend the driving forces of the customer's operations and major potential in being able to deliver the right products in the right way.

Volatile price trend

Prices in the steel market have a generally high level of volatility. Another trend is for the pricing of contracts between buyers and sellers to be valid for shorter and shorter periods. Normally, BE Group's purchasing prices are somewhat less volatile than market spot prices (see diagram on this spread) due to purchasing agreements with limited maturities and delays in the impact of fluctuations in spot prices.

Gradual price increases pervaded early 2011, although these later abated and prices fell back to the same levels as in 2010. The price increase in early 2011 was primarily the result of substantially raised prices for raw materials among steel producers and an assumed increase in demand that failed to materialize.

Growing market for services

BE Group operates in ten countries, with Sweden and Finland being its largest markets.

BE Group's operations largely track general economic trends and are affected to a considerable extent by developments in the industrial and construction sectors in which its largest customer groups operate. Shipped tonnage is affected by prices, but also by developments in the industrial and construction sectors.

Given the trend whereby customers are increasingly focusing on their core operations, the demand for highly preprocessed steel products is also increasing. For us, this enables the value of our sales to grow more than our sales in terms of volumes.

Geographical variations in demand

Market developments vary considerably between BE Group's different markets. Customers in Sweden and Finland increasingly demand pre-processed products. These customers also expect suppliers to be able to act as a strong partner in their transactions and processes and not simply as a supplier.

In Central and Eastern Europe, demand is often based on the straightforward supply of more or less standardized products. BE Group's long-term objective is to increase the proportion of refined products also in these markets. We will achieve this by offering production services to existing Nordic customers who establish operations in these countries.

BE Group's market strategy

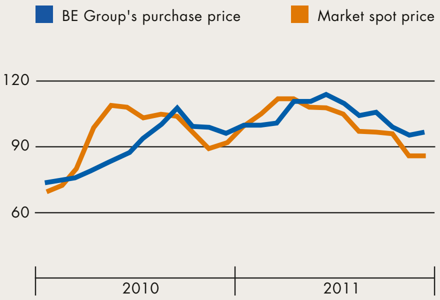
Purchases of steel and other metals represent a major portion of the cost base of a trading and services group such as BE Group. Consequently, the development of steel price has an extensive impact on the development of earnings.

Sales of production services typically entail higher margins than straightforward inventory sales, while creating the conditions for higher growth and profitability. In addition, it is easier to affect the pricing of more advanced service products than those that are largely standardized and on which steel prices have a greater impact.

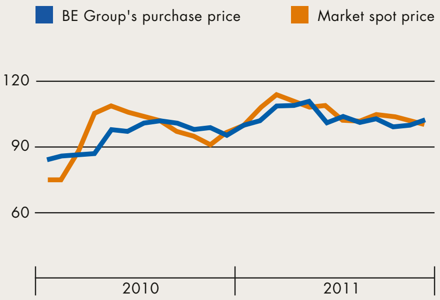
BE Group's strategy is to increase the service content of our customer offering in all markets, thereby reducing the sensitivity to steel price trends.

Price trends for BE Group's various product areas,
with an index of 100 as per January 1, 2011,

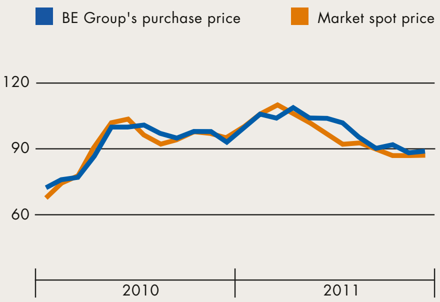
Flat products



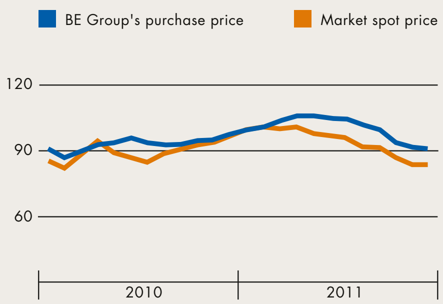
Long products



Stainless steel



Aluminium



BE GROUP AND MARKET PLAYERS

Customers

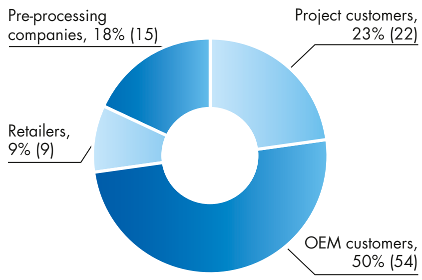
BE Group has a broad customer base in its European markets. The ten largest customers accounted for about 11 percent (10) of sales in 2011. Customers largely operate in the construction and engineering sectors.

In an international and often fiercely competitive market with increasingly demanding customers, it is important to adapt the offering to the prevailing market conditions. To be able to devise an attractive offering, BE Group has segmented its customers according to four categories. This segmentation clarifies the needs of the different customer categories and facilitates focused sales efforts.

- Project customers
- OEM customers, that is, customers with proprietary production operations and their supply partners
- Retailers
- Pre-processing companies

Project customers consist of companies in, for example, the construction and civil engineering sectors, such as Peab and Skanska. OEM customers are often companies in the machinery and equipment sector, such as Sandvik and Volvo. Retailers are generally construction supply chains focusing in corporate customers. Pre-processing companies are, for example sub-suppliers to the engineering sector.

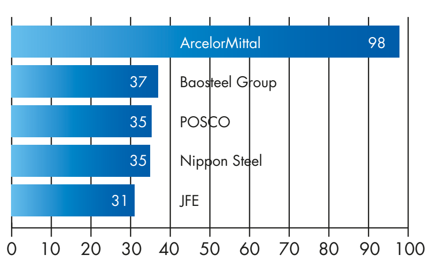
BE Group's sales by customer segment
Preceding year in parentheses



Producers

About 99 percent of BE Group's purchases are made from steel producers in Europe, with a growing proportion coming from Eastern Europe. BE Group works with a total of about 200 producers. About 70 of these are frequent suppliers with the ten largest accounting for most shipments to BE Group.

World's leading steel producers
crude steel, millions of tonnes, 2010



Competitors

BE Group's competition situation is both global and local and competitors include, somewhat simplified, two types of players. One group consists of steel service companies owned by a single steel producer and consequently mainly selling steel from that producer. These players normally prioritize the steel producer's home market with the purpose of maintaining large market shares. The other group consists of producer-independent steel service companies. Most of these are national companies, although there are a few that, like BE Group, have an international presence. Particularly notable among these are Jacquet Metal Service and Klöckner & Co.

In BE Group's largest markets, Sweden and Finland, the Group is a well-known and long-established player with strong and stable market shares. Here, BE Group is the largest of the independent players, with Stena Steel as a key competitor in Sweden, and Ruukki and Tibnor being significant players associated with specific steel producers.

In Central and Eastern Europe, the Group's position and market share vary considerably from country to country. Here, competition consists of multinational trading and service companies, steel producers with their own distribution operations, and small regional or local players.

BE Group and reference companies within trading and distribution

Company	Country	Sales	EBIT	Operating margin	Number of employees at the end of the year	Main market	Listed	Info
BE Group	Sweden	SEK 5,941 M	SEK 96 M	2%	924	Sweden, Finland, CEE	Listed	www.begroup.com
Jacquet Metal Service	France	EUR 1,241 M	EUR 47 M	4%	2,185	Europe	Listed	www.ims-group.com
Klöckner & Co	Germany	EUR 7,095 M	EUR 111 M	2%	11,381	Europe, North America	Listed	www.kloeckner.de
Tibnor*	Sweden	SEK 7,244 M	SEK 254 M	4%	798	Nordic region	Listed*	www.tibnor.se

Figures are for the 2011 year of operations and have been collected from each company's website.
** Forms part of listed steel producer SSAB.*

BE Group subsidiary, Lecor Stålteknik, provided the steel structure for the new Ski jump at Holmenkollen, Norway, which was ready for the 2011 World Ski Championship.

FIVE-STAGE BUSINESS MODEL

BE Group's business concept is to save time, cost and capital for customers, thereby strengthening their competitiveness.

It is therefore natural for the business concept to also take the partnership with the customer as its starting point.

1 Developing customer relations

Ultimately it is customer demand that determines the focus of BE Group's operations.

We work continuously to find new customers and to expand our partnerships with existing ones.

Partnerships should develop our business, as well as that of the customer. To achieve success, we must be able to both explain and live up to the added value that we promise.

What

- Develop business with new and existing customers and customer segments
- Explain and sell BE Group's value-generating offering

How

- Segmented sales organization
- Facilitating outsourcing for customers
- Presence in customers' markets

2 Best sourcing

Our job is to find the right product with the right quality and the right price on the customer's behalf.

We are able to achieve this because of our presence in the key producer markets, co-ordinated by a central purchasing organisation and a size, which makes us strong in our negotiations with producers.

What

- Find the right producers
- Find the best possible price

How

- Utilize our international presence
- Develop relations
- Develop alternatives

Direct sales

3

Optimized warehousing

By warehousing a broad range of products, we are able to offer customers a high level of service at competitive prices.

The key is an in-depth knowledge of demand fluctuations in the market and efficient inventory management and planning.

What

- Warehousing of the right products for rapid deliveries
- Combining the best possible service with the least possible capital tied up

How

- Centralized warehousing
- Accurate forecasts

Inventory sales

4

Competitive production service

With BE Group conducting some or all processing of materials, customers are able to focus on their core operations.

We offer competitive production services as well as associated services that free up customers' resources.

What

- Customization of the offering
- Becoming a strategic partner to customers

How

- Utilizing capacity in all of the Group's business areas
- Maximum efficiency in production

Production service sales

5

Strengthening the customer's competitiveness

By being sensitive to customers' needs and conditions, we are able to offer solutions that ultimately strengthen their competitiveness, regardless of whether the transaction involves direct, inventory or service sales.

What

- The right offering to the right customer
- Value-based pricing of products and services

How

- Continuous competence development
- Sensitivity to the development of customers and the market

HOW WE ADD VALUE

BE Group holds a central position in the value chain – between the market's steel producers, which are often large companies, and a large number of companies in different industries that buy steel.

The current trend is for steel producers to apply increasingly large minimum deliveries to end customers, meaning that fewer and fewer customers are able to purchase directly from the steel mills. Consequently, with its large purchasing volumes, BE Group is an attractive partner for producers and end customers alike.

For customers, BE Group also offers a flexible purchasing process and products adapted to their specific requirements.

BE GROUP

Added value

- Thorough knowledge of materials
- Competitive production service
- Efficient warehousing
- Optimized logistics solutions

Producers

BE Group is not bound to any individual steel producer but is free to choose the supplier offering the right quality on the most favorable terms. Through our size and international presence, we hold a strong position with the few but large-scale producers.

Customers

A large proportion of BE Group's customers are in the construction and engineering sectors. The total number of customers is considerable. The ten largest customers account for about 11 percent (10) of sales.

Sales in three channels

Depending on the customer's needs, BE Group is able to offer several kinds of tailored services. Inventory sales of a broad range of steel, stainless steel and aluminium products remain the foundation of the operations. At the same time, the tendency is for customers to focus increasingly on their core operations, with the result that the proportion of service sales is continuously increasing.

Direct sales
– Purchasing and distribution

Inventory sales
– Purchasing, warehousing, distribution

Service sales
– Purchasing, pre-processing, distribution

Products in three materials

BE Group offers a large number of products – a total of some 20,000 – in three principal categories and materials:

– **Commercial steel**
– **Stainless steel**
– **Aluminium**

The major hotel and conference facility, Stockholm Waterfront, features a distinctive facade consisting of 3,000 unique stainless steel profiles that were supplied by BE Group.

OUR PRODUCTS AND SERVICES

Our service offering

The service offering primarily entails production services. Through various production processes (see examples in fact box), we process steel and other metals to meet customers' specific requirements. With BE Group's access to materials and production capacity, we are able to offer fast and efficient processing. This allows customers to focus on their core operations instead.

BE Group also provides a broad range of services within logistics, customer-specific warehousing, advice and recycling. Among other things, BE Group deploys its own warehouse and distribution system to offer customers complete logistics solutions to ensure the highest possible level of operational efficiency and smooth production control. During the year, the BE Online e-trading service was re-launched in the Swedish market.

Other examples of services provided include Swedish customers being offered collection and recycling of surplus or used materials and Finnish customers being offered financing of working capital through external partners. An obvious ambition is to extend services that have achieved success in one market to additional ones.

Efficient logistics

For many of our customers, fast and reliable deliveries play a commercially decisive role. Consequently logistics management is a decisive success factor in BE Group's markets. The key lies in being able to offer high product availability and to deliver with precision.

BE Group maintains a high turnover rate in its own inventories and, with 30 units located strategically in the Group's markets, we are able to offer short lead time, high delivery reliability and just-in-time deliveries. A large percentage of deliveries to customers are made within 24 hours of the order being placed.

Clear quality policy

BE Group has worked actively with quality assurance since the early 1990s. Today, the Group's quality management system is SP certified in accordance with the latest issue of the SS-EN ISO 9001:2008 standards.

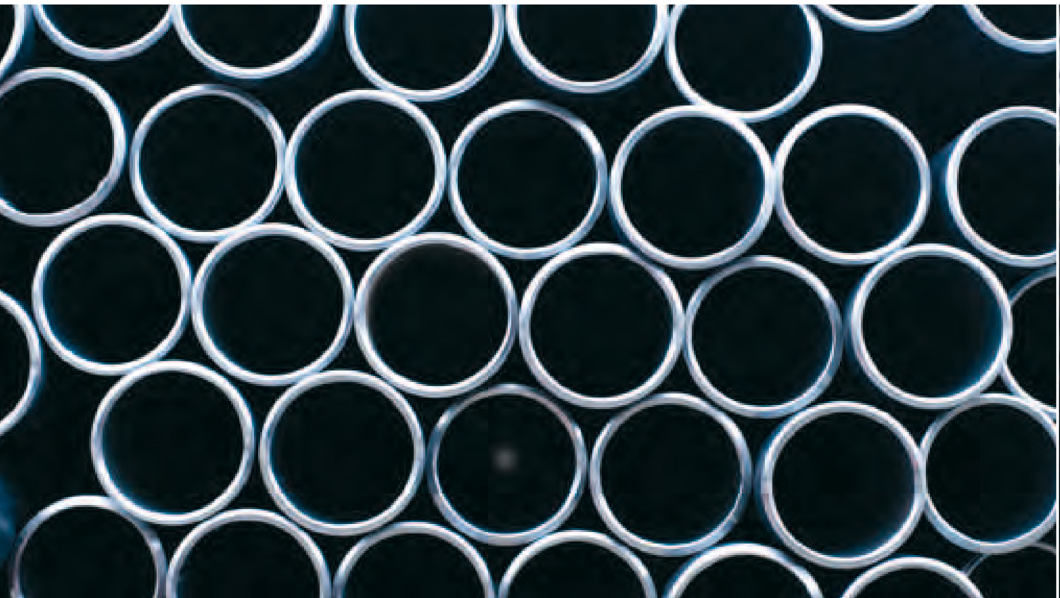
In our day-to-day work, we also apply an internal quality policy to ensure that the customer receives what we call "the right quality" and we promise each BE Group customer that:

- We will be a long-term reliable partner.
- Products shall correspond well to our customers' requirements and expectations.
- Our personnel will always meet customers' demands and expectations, by acting correctly from the start.
- All employees are to be involved in quality efforts.
- The quality system will be developed on an ongoing basis.

The BE Group brand

In the steel industry, BE Group is a well known brand and today it is under this brand that most of the Group's products and services are marketed. The history of the brand began as early as in 1868 with the founding of Starckjohann & Co in Finland and with the founding of Bröderna Edstrand in Malmö in 1885. Since then, the Group has grown and the brand has strengthened in pace with organic growth and strategic company acquisitions.

Among our customers, the BE Group brand is associated with competence and reliability, adding extra value beyond the products and services we provide.



PRODUCT AREAS

Commercial steel

Commercial steel is structural alloy or low-alloy steel. This material is used extensively in the engineering and construction sectors in, for example bridge structures, wind power plants, transport containers and various kinds of heavy equipment. BE Group's product range includes: beams, hollow profiles, bars, plate and tubes. Commercial steel also comprises reinforcement steel and reinforcement accessories used to strengthen concrete.

Engineering steel

This is the collective name for alloyed or micro-alloyed steel. BE Group offers structural and machine steel with various alloys and in various finishes.

Stainless steel

Stainless steel is resistant to corrosion because the steel has been alloyed with other metals such as nickel. BE Group offers a wide range including plate, strip, bars, beams, tubes and flanges.

Aluminium

BE Group's range includes plate, strip, tread plate, profiles, bars and tubes.

Production service

- Cutting and sawing
- 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
- Finishing (deburring, vibratory finishing, grinding, crating, etc.)
- Customerspecific and repeatedly shipped sets of processed products
- Prefabricated steel structures and frameworks from Lecor Stålteknik

Other services

- Logistics
- Advisory services
- Customer-specific warehousing
- Financing of operating capital

OUR STRATEGIES FOR PROFITABLE GROWTH

OUR BUSINESS CONCEPT

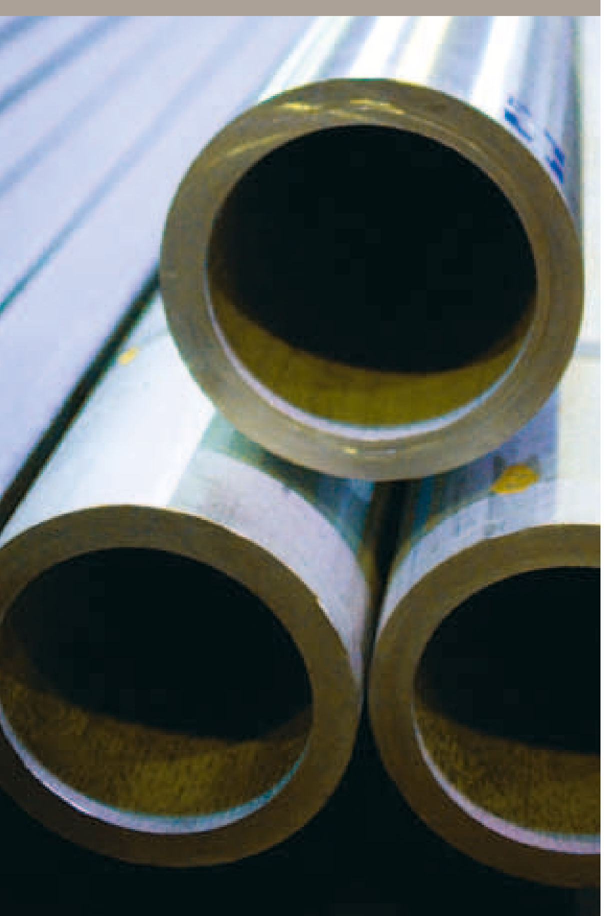
BE Group is a trading and service company that offers efficient distribution and value-adding production services in steel, stainless steel and aluminium for industrial customers in Europe. By saving time, cost and capital for our customers, we help them improve their competitiveness.

OUR MISSION

BE Group shall improve its customers' competitiveness.

OUR VISION

BE Group shall be the most professional, successful and respected steel service company.



Our focus areas

BE Group works in a dedicated manner with four strategic focus areas intended to safeguard and reinforce the Group's market position.

1. Increase market share

Both in the Nordic region and in BE Group's other markets, total steel consumption continues to increase. Our objective is to grow faster than steel consumption. We shall achieve this 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.

Growth shall be achieved by growing organically in existing markets, by following customers who are expanding into new markets and through acquisitions of operations that complement BE Group's offering.

2. Increase service sales

BE Group's value-adding link between steel producers and industrial customers imposes rigorous demands on know-how and relations. BE Group's strong position is based on our ability to deliver the right materials, at the right time and in a manner suited to customers' processes.

Our long-term objective is to increase the service content of our offering to customers. This will be achieved by continuously improving and developing our knowledge of customers' processes and products and by developing our production services in accordance with customers' needs.

3. Expand with customers

For customers with or planning operations in several countries, BE Group's organization, with a presence in several European countries, offers a clear competitive advantage. We offer the same reliable deliveries, high level of service and qualified advice in all of our markets. This provides security for customers who are expanding internationally, while also generating new business opportunities for our Group.

BE Group's presence in different parts of Europe also enables us to provide tailored total solutions, with our various units contributing to the process in different ways to achieve the optimally attractive offering for the customer.

4. Best service in the market

Service is a concept that is deeply rooted in BE Group's corporate culture, incorporating multiple aspects, from delivering the right products at the right time to giving a warm reception.

To further raise our level of service, we work continuously to develop our processes and customer offerings. By means of continuous, individually adapted in-service training, our employees are able to assist customers on questions surrounding anything from material selection and design alternatives to financing solutions.

The objective is for customers to perceive our service as the best in the business.

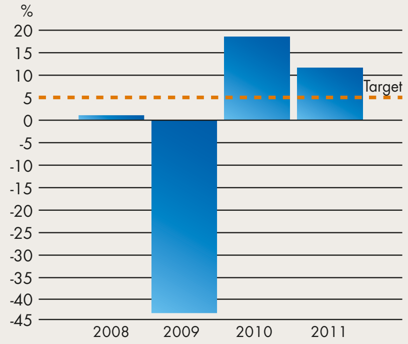
Financial targets

BE Group applies four financial business targets. As evident from the graphs alongside, these address growth, profitability, return and capital structure. The targets for growth, profitability and return are measured over an economic cycle, while the capital structure target relates to a normal situation.

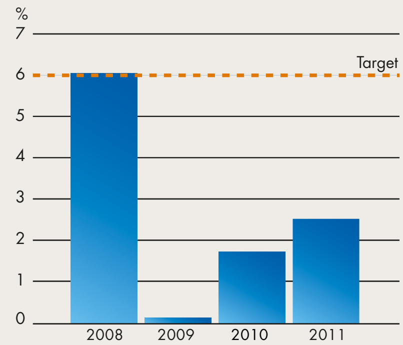
Development over the year led to the growth target being exceeded and the net debt/equity ratio being within the target range. As in 2010, profitability and return figures improved but remained below target.

Financial targets

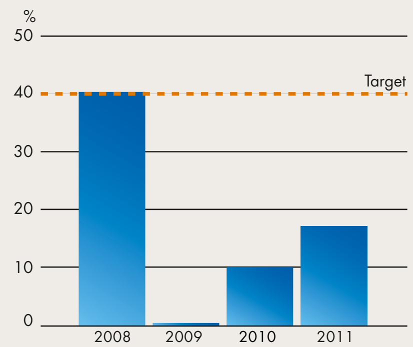
Underlying sales growth >5%



Underlying EBITA margin >6%



Underlying return on operating capital >40%



Net debt/equity ratio <125%

2008	2009	2010	2011
91%	97%	107%	96%

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. For definitions, see pages 100-101.

FOCUS ON EMPLOYEES

BE Group has a strong business culture that is pervaded by sound principles and business ethics. These build on the five basic principles that act as a guide in the day-to-day work of everyone within BE Group. The values address how we behave towards one another, as well as towards customers, suppliers and others we come into contact with.

Understanding 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

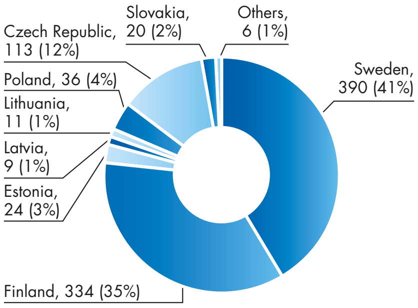
Responsibility – We assume responsibility and keep our promises

Openness – We are open, straightforward and clear

Equal terms for all

For BE Group, good treatment of all employees is a matter of course. The Group's ethical guidelines state that all employees shall be treated equally, fairly and with respect, regardless of race, gender, age, national origin, disability, religion, sexual orientation, trade union membership or political affiliation. Among other things, these guidelines are based on the UN Declaration on Human Rights, the UN Global Compact initiative and the ILO declaration on basic principles and rights at work.

Average number of employees by country



BE Group has a low proportion of female employees, 16 percent, but is working to achieve a more even gender distribution. For example, we are making efforts to ensure that women with the right qualifications are among the applicants in each recruitment process.

A safe workplace

Operating in the steel industry, it is unavoidable that BE Group's operations include tasks that can entail risks if not performed correctly. Consequently, besides adhering to applicable workplace environment legislation at all of our facilities as a matter of course, we are also continuously investing to further increase safety. All visitors to our production facilities must wear a safety helmet and must be 18 years of age or older. In 2011, all managers in Sweden underwent extensive workplace environment training.

An attractive workplace

BE Group's objective is to always have the right employees with the right expertise, knowledge and motivation. Ultimately, they are our foremost tool in strengthening the competitiveness both of the Group and our customers.

Fierce competition for labor prevails in certain professions and BE Group therefore invests continuously to market itself as an employer. One example is our participation in labor market days for engineering students at universities and welcoming visits by classes from the upper-secondary schools' vocational programs. In Sweden and Finland, we are also working actively to offer various types of internships to engineering students.

Development and careers

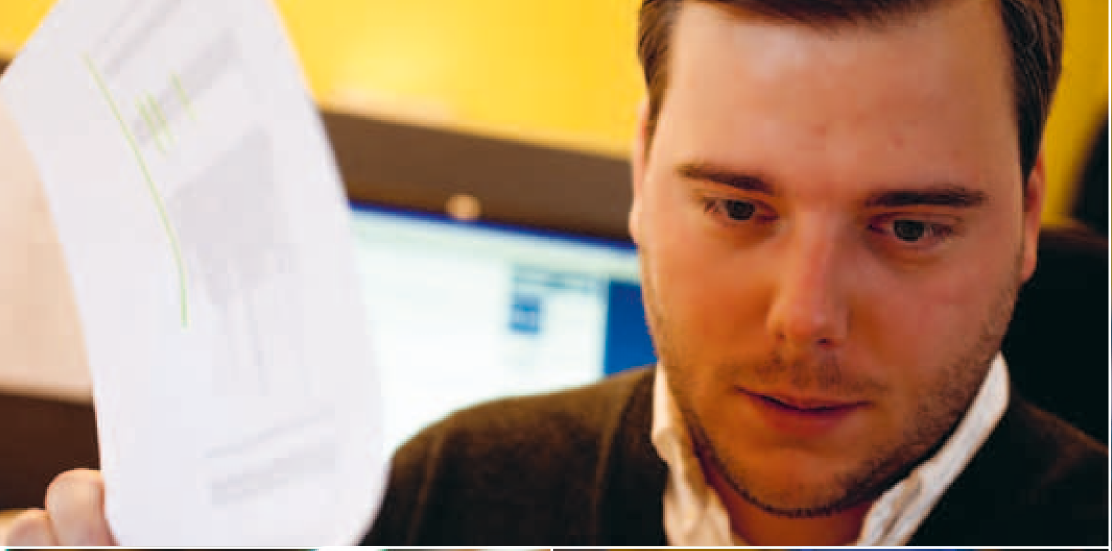
The extensive range of materials offered by BE Group and its increasingly advanced offering of services impose rigorous demands on employees.

There is a continuous process of competence exchange within Group. This involves employees being encouraged to apply for new positions within the company to develop in their professional role within the organization. To ensure that we provide our customers the best possible service, both now and in the future, employees in Sweden have access to the BE School. The BE School provides courses and training for all employees in areas including IT, product awareness, communications, sales and personal development. The scope ranges from short courses in areas of day-to-day operations to longer leadership programs.

As a stage in BE Group's strategy to increase its service sales, we have developed a tool that we call BEST – BE Group Sales Toolbox. This is basically a working method used to learn each customer's specific conditions and needs to be able to offer them one of our tailored solutions.

Key leadership roles

Leadership development plays a central role in BE Group's employment philosophy. In a competitive and economically sensitive industry, well trained and competent managers are needed in all positions. The Group has a number of clearly defined leadership values that are



applied by all managers in their daily efforts to lead and inspire their colleagues. The Group arranges a regular internal management conference where participants exchange experiences from different markets and countries.

BE Group has run its BE Executive development program since 2007. The purpose of the program is to identify talented individuals within the organization and to help them assume new positions and challenges within the Group. On the program, participants are trained by external experts and receive ongoing support from the BE Group Management team. The objective is to make optimum use of the competencies that exist within the Group.

Continued efforts

During 2011, all employees within Business Area Sweden were offered the opportunity to participate in a health and lifestyle survey. The objective was to gain an understanding of how employees perceive their tasks and workplace environment and to identify what improvements can be made in problem areas. The results of the survey and proposed measures will be presented during 2012.

One process that began in 2011 and that will continue in 2012 is that of integrating the Group's personnel policies in all of its different markets and companies. This involves a dialog between representatives of the Group's different business areas, as well as the acquired companies Lecor Stålteknik and BE Group Produktion to benefit from experiences in different contexts and environments.

LESSENING OUR ENVIRONMENTAL IMPACT

With a market position between steel producers and customers, it is in the area of transport in particular that BE Group is able to help lessen the environmental impact. In addition, the Group works continuously to improve its own facilities' energy consumption, emissions and waste management.

Overarching environmental policy

A Group-wide environmental policy forms the basis of our environmental work. This is updated on an ongoing basis and has also been developed to make it simple for all employees to understand how they can reduce our environmental impact in their day-to-day tasks. Among other things, the environmental policy states that BE Group shall:

- As a minimum comply with current environmental legislation and requirements from local authorities.
- Be economical in our use of energy and natural resources.
- Work towards continuous improvement and to prevent negative environmental impacts. The environmental status is assessed on an ongoing basis through measurements and audits.
- Work to decrease the amount of waste and emissions from our facilities.
- Identify and foster opportunities to make adjustments benefiting the environment when making investments and changes in processes and facilities.
- Maintain a high level of awareness on environmental issues through ongoing training.
- Document and communicate our environmental work to our employees and to provide open and objective information to external stakeholders.
- Maintain adequate preparedness for dealing with environmental incidents and unintentional environmental emissions.

Clear environmental targets

One objective is for each employee to feel actively committed to improving the environment. This requires continuous information and training, although it is equally important that the set environmental targets are broken down and made relevant to the individual employee. For this reason, we are working with environmental key figures in areas such as purchasing, sales and transports, energy consumption, emissions and handling of residual materials.

Clear, locally adapted targets are set based on identified environmental aspects, legislative requirements and available technology. Based on the specific needs and opportunities of each unit, concrete plans of action are then set up, enabling regular review and the quantification of results.

Cooperation with producers

In the environmental area, the reduction of carbon dioxide emissions is an increasingly important issue. In the refinement chain in which BE Group is part, the absolute majority of emissions are generated by the steel producers. Consequently, a continuous dialog with suppliers regarding their environmental work is decisive in being able to meet the increasingly rigorous requirements imposed by end customers.

In several instances, increased cooperation on these issues has resulted in suppliers scheduling or commencing projects to introduce ISO 14001 in their operations. Today, 81 percent of BE Group's purchasing is sourced from producers who are certified in accordance with this standard.

Environmental certifications

In recent years, BE Group has certified the facilities within Business Area CEE. All units in Finland, Latvia, Poland, the Czech Republic and Slovakia have now been certified in accordance with the ISO 14001 standard. The same applies to Sweden, with the exception of one facility where the ambition is to achieve certification within the next few years. Consequently, 94 percent (93) of our total sales are now delivered from environmentally certified units, and the longer-term ambition is to raise this to 95 percent.

Approval for Swedbank Robur's responsible investments

Following an analysis of companies in the technical trading sector, Swedish fund management company Swedbank Robur approved BE Group as responsible investment in 2010.

Robur's motivation reads: "Compared to other companies in the analysis, BE Group has a low supplier risk. BE Group's suppliers are the major steel producers within the EU. The Company's largest suppliers, SSAB, Outokumpu, Arcelor Mittal and Tata account for the vast majority of purchases. All of these companies have well developed sustainability processes. BE Group conducts its own internal environmental work, all of its operations are ISO 14001 certified and the Company requires its suppliers to have equivalent environmental management systems. In our view, BE Group addresses its risks in this way and can be approved for our responsible investments."

OUR PRIORITY ENVIRONMENTAL AREAS

Transports

BE Group's objective is to continuously increase the proportion of material deliveries made by rail and sea. Where this is not possible, deliveries are made by truck. The transports that the Group is most able to affect are its outbound deliveries to customers. Currently 63 percent of all outbound deliveries from the Group are made using ISO 14001 certified transport companies. The Swedish operations have progressed furthest, with 84 percent of outbound deliveries being made in accordance with the standard. In Sweden, all of the Group's own transport vehicles used environmental grade diesel.

Energy consumption

An ongoing process is underway within BE Group to reduce energy consumption at all units. The process of readjustment to decrease the use of oil and gas to instead favor district heating, which reduces greenhouse gas emissions, has been completed as planned. Combined with the consolidation of operations in Finland and the environmental certification of operations in Slovakia, this resulted in reduced energy consumption in 2011. The Group's total energy consumption per tonne sold amounted to 47 kWh/tonne (55) in 2011.

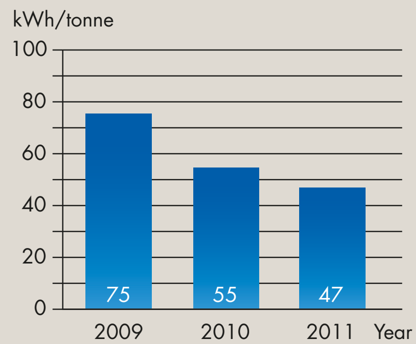
Emissions

BE Group's own operations cause only limited emissions. Emissions originate primarily from the production units in Malmö and Norrköping in Sweden and in Lahti and Turku in Finland where operations such as painting and blasting are carried out. All production units have the necessary environmental permits. The filtration of solvents (VOCs) from painting facilities and dust from blasting and cutting equipment is highly efficient.

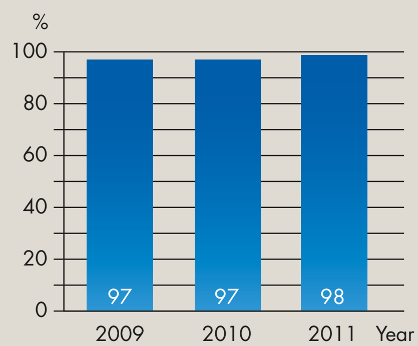
Waste management

Residual materials in BE Group's operations are principally metals, wood and cardboard. These are sorted and recycled to the greatest possible extent. The Group also carefully follows up the work of its recycling suppliers. In 2011, the average amount of residual materials per tonne sold amounted to 35 kg (31), with 98 percent (97) being sent for recycling.

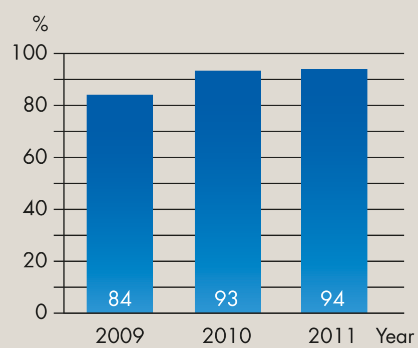
Energy consumption per tonne sold

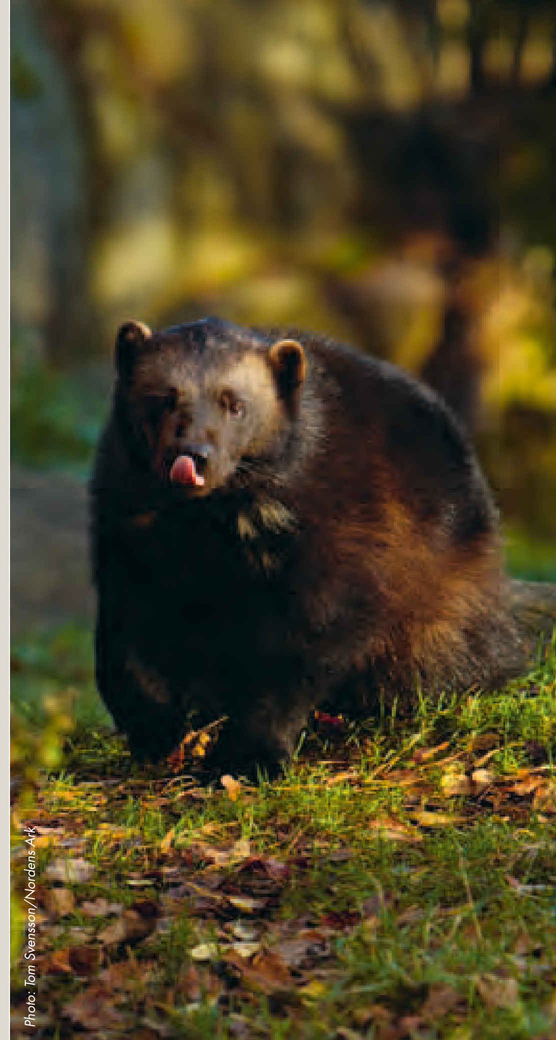


Proportion of waste that is recycled, %



Share of sales made by ISO 14001-certified units





HELPING ENDANGERED SPECIES

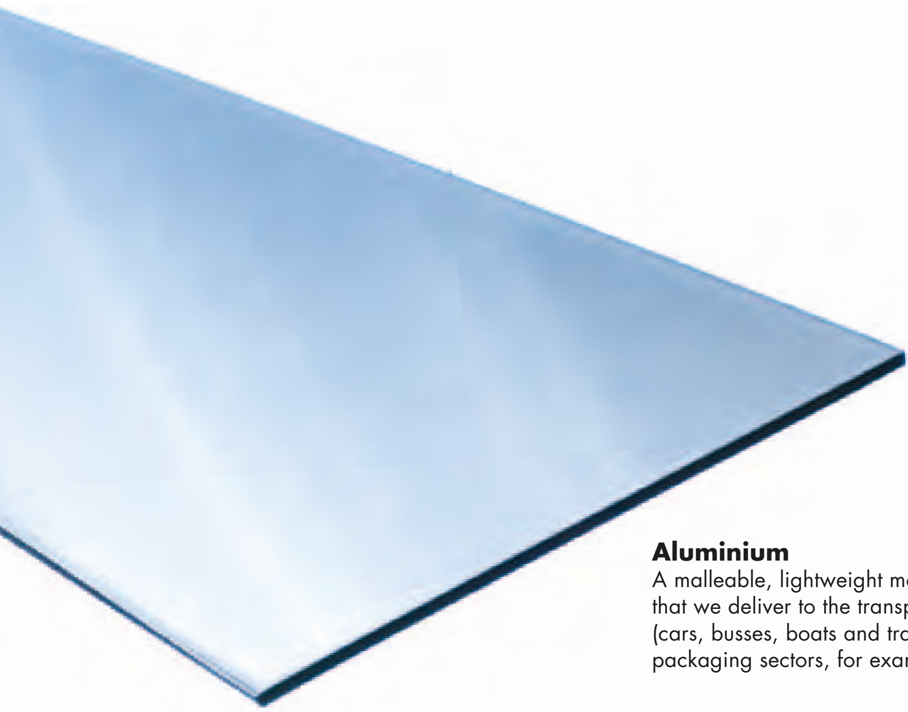
Nordens Ark is a non-profit foundation that has worked for the past 20 years to rescue and protect animals threatened with extinction both in the Nordic region and beyond. At its facility in Bohuslän, Sweden, visitors can observe more than 100 different species and breeds from climates similar to that of the Nordic region, as well as exotic wild mammals, birds and amphibians.

BE Group has been cooperating with Nordens Ark for many years and has, among other contributions, provided steel for animal enclosures and reinforcement steel for the facility's farmhouse.

Read more at www.nordensark.se

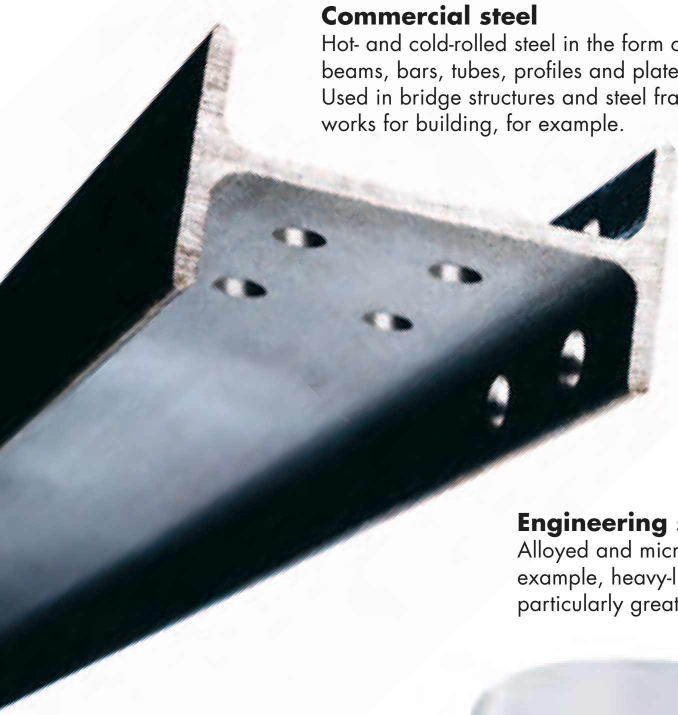
FROM COMPONENT TO END PRODUCT

In our modern society, we are surrounded by steel and aluminium in various forms. BE Group sells steel, stainless steel and aluminium products to companies in a number of different sectors. The steel is then used in end-products encompassing everything from design details to large forestry machines. Here are a few examples.

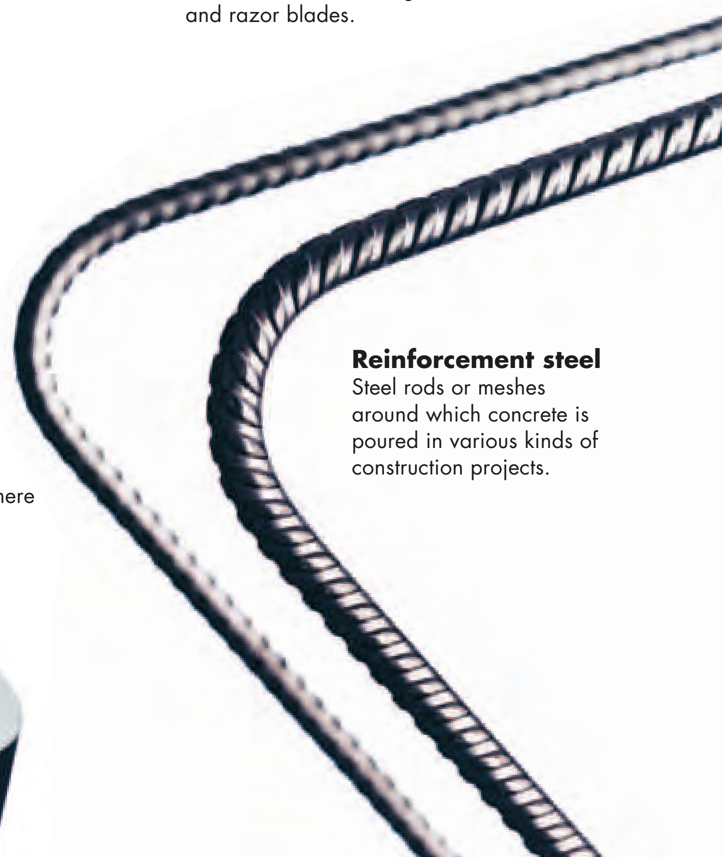


Aluminium
A malleable, lightweight material that we deliver to the transport (cars, busses, boats and trains) and packaging sectors, for example.

Commercial steel
Hot- and cold-rolled steel in the form of beams, bars, tubes, profiles and plate. Used in bridge structures and steel frameworks for building, for example.



Stainless steel
Used in demanding construction projects but also in kitchen fittings, knives, scissors and razor blades.



Reinforcement steel
Steel rods or meshes around which concrete is poured in various kinds of construction projects.

Engineering steel
Alloyed and micro-alloyed steel used in, for example, heavy-lift and forest machinery where particularly great strength is a requirement.






MAX IV

Large volumes and rapid deliveries to new research center

In 2010, construction began on MAX IV, a laboratory for research using synchrotron light. The facility, which is being built in the northern campus area of Lund University, will pave the way for scientific advances in areas including medicine, biomedicine, materials science, nanotechnology and environmental science.

Together with the ESS research center that is to be constructed immediately alongside, MAX IV will generate numerous new employment opportunities and considerable expansion for the City of Lund. Financiers include the Swedish Research Council and Lund University.

BE Group will be delivering 3,600 tonnes of reinforcement steel to Peab, the contractor for the project. To achieve short lead times, heavy-duty reinforcement steel is being delivered directly from BE Group's Malmö warehouse. By delivering cut and bent reinforcement steel that is ready for use at the site, BE Group eases the load on Peab's personnel on the project.

"We have chosen BE Group to ensure secure and rapid deliveries and to have a knowledgeable partner close by," says Ted Flanagan, foreman at Peab.

MESERA

International presence key for leading crane manufacturer

Mesera Corporation is Europe's leading manufacturer of cranes for forestry operations. Having previously conducted all manufacturing in Finland, the company decided in 2010 to expand to Central and Eastern Europe to meet growing demand in those markets. Production has been in progress at the new facility in Poznan, Poland since May 2011.

BE Group was involved right from the planning of the new facility and has been delivering steel components to Mesera from its facility in Trebaczew since the end of the year. The manufacture of the cranes requires several different kinds of steel products and BE Group contributes with a wide range of components that have been processed so that they are ready for welding and mounting by Mesera.

"We have been working with BE Group in Finland for many years, so for us, being able to continue this collaboration in the Central European market is a secure and smooth option. BE Group's ability to offer us tailored production services on-site in Poland is a very important piece of the puzzle in our expansion process," says Ireneusz Bobrowski, Managing Director of Mesera Poland.

MANTSINEN

Faster production with ready-made components

The Mantsinen Group is a family owned business with some 500 employees and operations in Finland, the Baltic States and Russia. The Group has two business areas: logistics solutions and material handling equipment. The machines that Mantsinen delivers are used for loading of timber, wood pulp and paper at industrial facilities and ports.

These large machines are made to order and optimized for a specific area of use. Once the design process has been completed, production can take as little as ten weeks. This is an important competitive factor for Mantsinen and it is here that BE Group comes into the picture.

"Shortening lead times has been our principal objective," says Jaakko Junninen, production manager at Mantsinen.

Each year, BE Group delivers about 1,000 tonnes of steel to Mantsinen from the Lahti facility. The steel undergoes several stages of processing, including plasma and laser cutting, bending and pressing, before being sent on to the customer. This saves Mantsinen both time and resources. Together, Mantsinen and BE Group have also designed automated order procedures that minimize the risk of errors.

FROM LOCAL TRADER TO EUROPEAN PARTNER

BE Group has its origins in both Sweden and Finland. The name BE Group derives from the company Bröderna Edstrand, which was founded in Malmö in 1885, although the Group's history began in Finland in 1868. Today, BE Group is present in ten countries.

1868 Starckjohann & Co is founded by Peter Starckjohann in Viborg, Finland.1885 Bröderna Edstrand is founded by Hans and Jöns Edstrand in Malmö, Sweden. Both companies are trading firms operating in their respective national markets. Initially, Bröderns Edstrand also sells other goods, such as brick, paper and technical oils, but as the years pass, operations focus increasingly on steel and other metals.

In the 1900th century the two companies expand independently. In 1937, Bröderna Edstrand inaugurates its offices on Spadegatan in Malmö – to this day, these remain the Group's headquarters. In the early 1960s, Bröderna Edstrand is a Group with some 2,500 employees and in 1974, the company is launched on the Stockholm Stock Exchange. In 1976, Starckjohann takes its first steps into what we today call production services. In 1979, Bröderna Edstrand achieves sales of more than SEK 1 billion for the first time.

1988 Bröderna Edstrand is acquired by Trelleborg AB and the Edstrand family leaves the company after four generations of ownership. In the 1990s, the company establishes units in Denmark, Poland, Latvia and Lithuania. Starckjohann Steel expands in parallel through, for example, the acquisition of the company Mercantile and by establishing operations in Estonia.

1999 Nordic Capital becomes the major shareholder in Bröderna Edstrand and Starckjohann Steel. The two companies, including their various subsidiaries in the countries surrounding the Baltic sea, now merge to form BE Group. In 2004 Trelleborg sells its remaining shareholding in the Group and in 2006 shares are re-listed on the Stockholm Stock Exchange. The Group's European expansion continues with operations being established in the Czech Republic and Slovakia in the first decade of the new millennium and, since 2007, BE Group has also been represented in Shanghai, China.

More on BE Group's history can be found in the anniversary books "Bröderna Edstrand 1960" by Georg Oddner (1960) and "Bröderna Edstrand – a Concept" by Rickard Bergh (1985).

THE BE GROUP SHARE

BE Group AB has been listed on the NASDAQ OMX Stockholm Exchange since the end of 2006. The Company trades under the ticker BEGR and is included in the Basic Resources sector. Total turnover of BE Group shares in 2011 was 43.8 million shares for a total value of SEK 1.5 Bn, representing an average turnover of 173,097 shares or SEK 5.8 M per trading day. Turnover represented 0.04 percent of total turnover on the NASDAQ OMX Stockholm Exchange in 2011.

On the year's last trading day, December 30, 2011, the market price for the BE Group share was SEK 20.00 (45.30). The highest trading price in 2011 was quoted on January 4 at SEK 49.00 (57.00). The year's lowest share price was quoted on December 19, 2011 at SEK 17.80 (37.40). At the end of the year, BE Group's total market capitalization was SEK 1,000 M (2,265).

Share capital and voting rights

At December 31, 2011, the share capital in BE Group was SEK 102.0 M (102.0) allocated among 50,000,000 shares, each with a quotient value of SEK 2.0. 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 2011, BE Group had 9,570 shareholders, compared with 11,129 at the end of the preceding year. AB Traction and Swedbank Robur were the two largest owners. Other major owners are listed in the table on page 29. As per December 31, 2011, the proportion of Swedish institutional ownership (legal entities) totaled 57 percent. As per December 31, 2011, foreign ownership of BE Group amounted to 13 percent.

At the end of the year, the six members of Group Management together held 973,994 shares in BE Group. At the same time, the Company's directors together held 113,900 shares.

BE Group AB held 624,000 treasury shares at the close of 2011.

Incentive programs and authorization

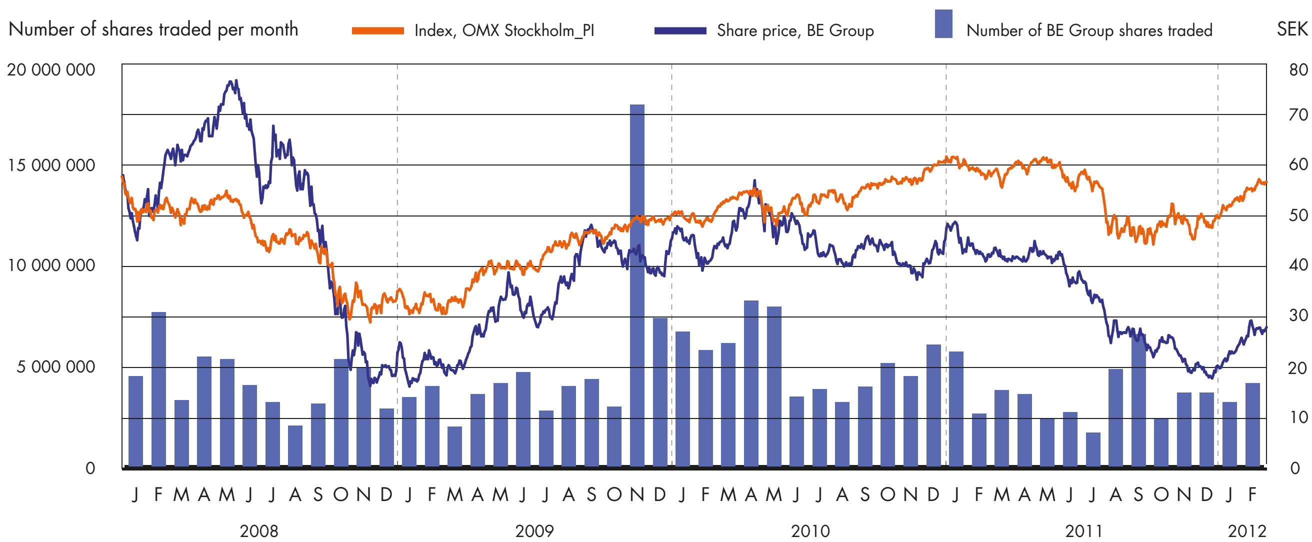
In accordance with the proposal by the Board of Directors, the 2011 Annual General Meeting (AGM) resolved to introduce a new share savings scheme (Share Savings Scheme 2011). To enable BE Group's provision of shares in accordance with the Share Savings Scheme, the AGM also authorized the Board to decide on one or more occasions prior to the 2012 AGM on the transfer of at most 600,000 shares in BE Group.

Dividend policy and dividends

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

BE Group's financial position and future prospects shall be taken into

Share price development, Jan. 2008 – Feb. 2012



ISIN code: SE0001852211 Ticker on NASDAQ OMX: BEGR Source: SIX Telekurs

Shareholder structure as per Dec 31, 2011

Holding	Number of shareholders	Number of shares	Capital and votes (%)
1 – 500	5,666	1,308,349	2.6%
501 – 1,000	1,736	1,525,057	3.1%
1,001 – 5,000	1,643	4,085,304	8.2%
5,001 – 10,000	266	2,043,046	4.1%
10,001 – 15,000	78	1,000,844	2.0%
15,001 – 20,000	42	761,214	1.6%
20,001 – 50,000	61	1,968,262	3.9%
50,001 – 100,000	22	1,504,029	3.0%
100,001 – 500,000	41	9,372,069	18.7%
500,001 – 1,000,000	7	4,360,860	8.7%
1,000,0001 –	8	22,070,966	44.1%
Total number	**9,570**	**50,000,000**	**100.0%**

account in determining the payment of dividends.

The Board of Directors proposes to the Annual General Meeting that a cash dividend of SEK 0.25 per share be paid to shareholders, corresponding to 61 percent of profit after tax.

Publication of financial information

BE Group applies a clear strategy for communications with stakeholders in the financial markets. The Group observes a silent period from the close of each reporting period until the publication of the report.

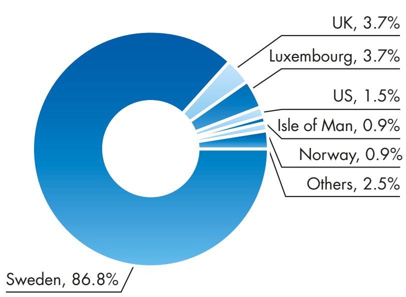
In line with this strategy, BE Group held several meetings during 2011 with representatives of the capital market and the media. Group Management commented on the interim reports in presentations broadcast via the Internet as well as at meetings with investors and analysts in Sweden and abroad.

Shareholder contacts

CFO and Deputy CEO Torbjörn Clementz is responsible for shareholder contacts. Press releases issued by BE Group are distributed via Cision and are made available on the Group's website at www.begroup.com in connection with publication.

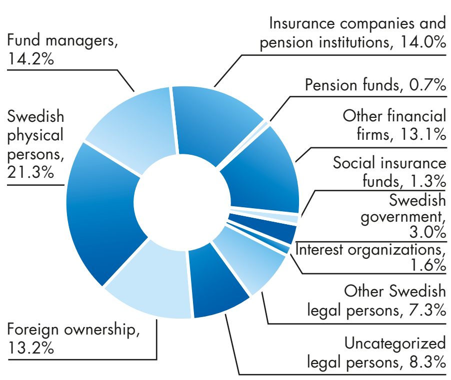
Information on the BE Group share is updated continuously on the Group's website.

Shareholdings by country
December 31, 2011



Källa: Euroclear Sweden

Shareholders by category
December 31, 2011



Per share data

Per share data	2011	2010
SEK unless otherwise stated		
Earnings per share	0.41	0.58
Underlying earnings per share	1.02	0.24
Earnings per share after dilution	0.41	0.58
Underlying earnings per share after dilution	1.02	0.24
Equity per share	16.31	15.90
Proposed dividend per share	0.25	–
Dividend yield, %	1.25	–
P/E ratio, multiple	48.8	77.5
Market price on Dec 31, latest price paid	20.00	45.30
Market capitalization Dec 31, SEK M	1,000	2,265

BE Group's largest shareholders as per Dec 31, 2011

Shareholders	Number of shares	Capital and votes (%)
AB Traction	6,370,201	12.7
Swedbank Robur funds	4,611,999	9.2
IF Skadeförsäkring	3,774,669	7.6
Odin funds	2,686,658	5.4
Skandinaviska Enskilda Banken	1,421,177	2.8
Foundation for Baltic and East European Studies	1,097,958	2.2
Avanza Pension	1,067,205	2.1
JPM CHASE NA	1,041,099	2.1
Handelsbanken funds	728,343	1.5
Nordnet Pensionsförsäkring	696,431	1.4
Total, 10 largest shareholders (by group of owners)	23,495,740	47.0
Other shareholders	26,504,260	53.0
Total number	**50,000,000**	**100.0**

Analysts monitoring BE Group

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BOARD OF DIRECTORS' REPORT

The Board of Directors and the President and CEO of BE Group AB (publ), corporate identity number 556578-4724, hereby present the annual accounts and consolidated annual accounts for the financial year January 1 – December 31, 2011.

Operations

BE Group AB is a trading and service company in steel and other metals. BE Group has an extensive customer base in the construction and engineering sectors. The Group offers a wide range of services related to the use of steel, stainless steel and aluminium.

Operations are maintained in ten countries, with Sweden and Finland being the largest markets. The Group has slightly more than 900 employees and is headquartered in Malmö, Sweden.

BE Group's stock is listed on the NASDAQ OMX Stockholm Exchange. Read more about BE Group at www.begroup.com.

Market and business environment

During 2011, global production of steel rose by 7 percent in comparison with 2010. China, which accounted for 46 percent of total production, showed a 9 percent increase. In the EU, production rose by 3 percent over the preceding year.

BE Group's market position was characterized by growth and a positive earnings trend in the first six months of the year. After the summer, the market situation was pervaded by uncertainty regarding the economic trend. This is reflected both among steel producers, resulting in cutbacks in production capacity, and among customers. Overall, demand measured in tonnes developed positively in relation to the preceding year and shipped tonnage rose in all markets. Compared with the situation a few years ago, the general market climate is pervaded by increased short-sightedness in the pricing of steel at all levels in the value chain.

Net sales and business performance

Over 2011, BE Group's net sales rose by 16 percent to SEK 5,941 M (5,129). The improvement is due to an increase in tonnage of 12 percentage points, positive price and mix effects amounting to 5 percentage points and an acquisition effect of 2 percentage points. Currency effects impacted net sales negatively by 3 percentage points. Price trends were volatile over the year although, compared to the 2010 full year, the average sales price rose by 4 percent.

The operating result amounted to SEK 96 M (98). Adjusted for inventory losses of SEK 20 M (23) and non-recurring items of a negative net SEK 15 M (-), the underlying operating result improved[1] to SEK 131 M (75). The improvement in profit is primarily a consequence of increased sales. Non-recurring items consist of the reversal of a provision of SEK 15 M for a guarantee to a property owner, costs of SEK 4 M for the closure of the Danish operations, and costs of SEK 26 M for the ongoing profitability improvement program. The operating margin amounted to 1.6 percent (1.9) and the underlying operating margin improved to 2.2 percent (1.5).

To adjust the Group's cost level, a decision was made during the fourth quarter to implement a number of profitability enhancing measures. The program involves personnel cutbacks in Sweden, Finland, Poland and the Czech Republic, inventory consolidation and streamlining of the product range in the Czech Republic and the centralization of production services in Poland. In Finland, negotiations have taken place that enable temporary lay-offs in the event of further weakened demand. The total reduction in personnel amounts to approximately 100 employees. These measures will entail annual cost savings in the region of SEK 50 M. The savings have been achieved gradually up to and including the first quarter of 2012.

Development by sales channel

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

Direct sales are alternative mainly where orders involve major volumes or a limited number of simpler products that can be delivered directly from material producers to BE Group's customers.

BE Group's offering in inventory sales complements the purchasing function with warehousing and distribution, securing the customer's material flows by ensuring that products are delivered at times suited to the customer's production processes.

The Group's third sales channel consists of material deliveries complemented by production services. BE Group processes its own materials and refines them according to customer specifications. Margins are generally highest in the more advanced segment of service sales and lowest in direct sales.

The largest sales channel is inventory sales, which accounted for 53 percent (53) of total sales. The share of direct sales declined to 18 percent (20). The proportion of service sales rose to 29 percent (27).

Over the long term, BE Group strives to increase the service content in its sales by improving industrial skills and investing in facilities dedicated service content of production services.

Development in commercial steel

Net sales of commercial steel rose by 18 percent compared with the preceding year, amounting to SEK 4,367 M (3,715). Shipped tonnage rose by 13 percent and the average sales price rose by 4 percent.

Development in stainless steel

BE Group's sales of stainless steel rose 14 percent over the year and amounted to SEK 1,009 M (887).

This is equivalent to 17 percent (18) of consolidated net sales. Shipped tonnage rose by 6 percent and the average sales price by 7 percent.

Business areas

The Group's three business areas are described on the following pages.

[1] Operating result (EBIT) adjusted for inventory gains and losses and for non-recurring items. Inventory gains and losses represent the differences between the cost of goods sold at historical cost and the cost of goods sold valued at replacement cost. Inventory gains and losses are calculated using the Company's own model and have not been subject to review by the Company's auditor.

IMPROVED DEMAND AND INVESTMENTS IN PRODUCTION SERVICE

Roger Johansson, Business Area Manager as of January 2012

SWEDEN

FOCUS FOR 2012

- Strengthen our position in the warehousing business
- Increase service sales, particularly to key customers
- Strengthen the synergies derived from the Group's international presence

Sweden is BE Group's largest business area, accounting for 47 percent of sales. Operations developed favorably over the year. Inventory sales form the foundation of the operations, while the proportion of service sales continues to rise. In November, Lecor Stålteknik's new production facility in Kungälv was inaugurated, further sharpening the Company's offering to the construction sector.

Business area Sweden consists of warehousing and production in Malmö and Norrköping, as well as sales offices in ten locations around the country. In addition, there is a nationwide network of retail dealers.

The business area also includes subsidiaries Lecor Stålteknik and BE Group Produktion (formerly RTS) which were acquired in 2010-2011 and the joint venture company ArcelorMittal BE Group SSC.

At the end of the year, the business area had 375 employees (351).

Sales and business performance

The business area reported sales of SEK 2,843 M (2,425) – an increase of 17 percent. The operating result amounted to SEK 83 M (73) and the underlying operating result to SEK 91 M (56). Inventory losses totaling SEK 5 M (gains 17) were realized.

The general market climate is pervaded by greater volatility today than it was a few years ago. Demand from both the construction and engineering sectors have improved over the year. Shipped tonnage and sales prices have both increased. The participation in the of ArcelorMittal BE Group SSC amounted to SEK 6 M (10).

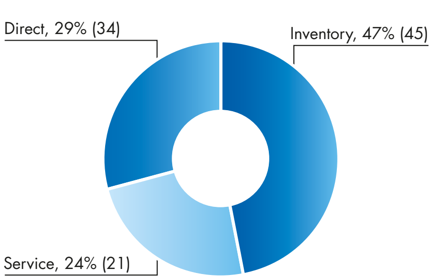
Market

Gross deliveries of steel to the Swedish market in 2011 are calculated to have been 3.8 million tonnes (3.6), corresponding to an increase of 6 percent compared with the preceding year.

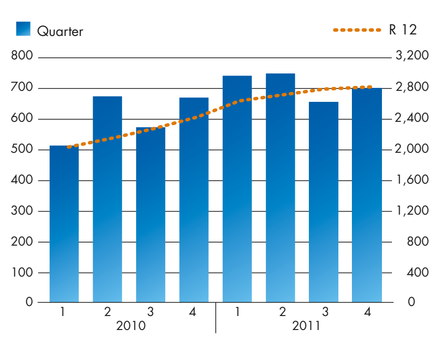
Over the year, BE Group continued to supply products to a number of the country's largest construction and infrastructure projects. Examples include the construction of the Norra Länken system of highways and road tunnels in Stockholm, the new national soccer stadium in nearby Solna and the Citytunneln rail tunnel in Malmö.

Recently begun major projects to which BE Group is supplying materials include the MAX IV and ESS research facilities in Lund.

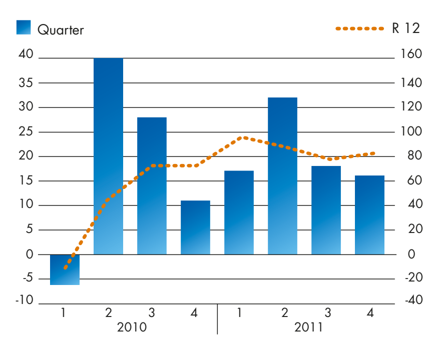
Sales by channel, %
Preceding year in parentheses



Sales, SEK M
Quarter and rolling 12-months



Operating result (EBIT), SEK M
Quarter and rolling 12-months



Customers

A large proportion of BE Group's customers in Sweden are in the construction, engineering and processing sectors. These companies vary widely in size – reflecting the structure of Swedish industry in general. BE Group's largest customers in Sweden are Peab, Volvo Construction Equipment and Sandvik. The total number of customers remains very large, although there was a tendency over the year for the larger customers' share of overall sales to increase.

During the year, to meet increasing demand for production services, BE Group established a sales unit devoted entirely to assignments of this kind. The proportion of service sales is greatest among customers in the engineering sector.

In general, customers are imposing increasing demands on reliability of delivery, requiring optimized warehousing and BE Group's logistics chains play a decisive role in an increasing number of transactions.

Competitors

The number of players in the Swedish market is relatively large with Tibnor (part of SSAB) and Stena Stål being BE Group's largest competitors. Companies specializing in individual product categories, such as Damstahl which offers stainless steel, continue to play a certain role in the market.

Another change in the competition situation involves customers choosing to purchase steel directly from low-cost foreign producers.

An important competitive advantage for BE Group is its long-term local presence combined with its international range, allowing it to source materials from a large number of suppliers in Sweden, other parts of Europe and in Asia. In addition, BE Group's knowledge of its customers' operations represents a significant strength compared with direct supplies from steel producers.

Key events

In February 2011, BE Group acquired the plate processing company RTS, based in Eskilstuna, Sweden. The company, which has changed name to BE Group Produktion, is a full-service company in plate processing and welding and offers leading expertise in cutting, bending, welding, blasting and painting.

Following an investment of approximately SEK 40 M, Lecor Stålteknik's new production facility in Kungälv was also inaugurated in November. With Stålteknik tested know-how in design, project management and technology, Lecor Stålteknik is a leading producer of prefabricated steel structures.

The integration of BE Group Produktion and Lecor Stålteknik into the operations broadens BE Group's offering in production service to the engineering and construction sectors. This provides a basis for extended partnership with existing customers, as well as opportunities to reach new categories of customers.

The Group's measures to enhance profitability entailed a reduction in personnel in the business area in the fourth quarter of 2011.

Continued development

Over the foreseeable future, inventory sales will continue to form the basis of the Swedish operations. An important process in the upcoming months will be the continued integration of the acquired companies in order to transfer knowledge between the business area's various units and to translate the enhanced customer offering into increased market shares.

The venture to increase production service sales will continue through further reinforcement of the sales functions for these services. To meet increasingly stringent demands on reliability of delivery, inventory control systems will be further developed over the next few years.

Demand from the business area's customers for internationally coordinated deliveries is increasing. Here, BE Group is able to benefit from its presence in several European markets.

Key data	**2009**	**2010**	**2011**
Net sales, SEK M	**2,120**	**2,425**	**2,843**
Change, %	*-41*	*14*	*17*
Operating result (EBIT), SEK M	**-24**	**73**	**83**
Operating margin, %	*neg*	*3.0*	*2.9*
Underlying operating result (uEBIT), SEK M	**48**	**56**	**91**
Underlying operating margin, %	*2.3*	*2.3*	*3.2*
Investments, SEK M	**6**	**76**	**52**
Average number of employees	**327**	**342**	**378**

INVESTMENTS IN DEVELOPED PRODUCTION SERVICE

Matti Tiira, Business Area Manager

FINLAND

FOCUS FOR 2012

- Further increase service sales
- Derive benefits of investments in Lahti and Lapua
- Strengthen the synergies derived from the Group's international presence

Finland is BE Group's second-largest business area, accounting for 34 percent of sales and a considerable proportion of service sales. Operations developed strongly early in the year but were later impacted by decreased demand and falling prices. In February 2012, production commenced at the new unit in Lapua.

Business area Finland currently comprises three facilities with production and warehousing in Lapua, Lahti and Turku. The sales organization consists of one part for southern and eastern Finland and one part for western and northern Finland. There are sales offices in ten locations, providing good geographical coverage and proximity to key customers. At the end of the year, the business area had 339 employees (351).

Sales and business performance

The business area reported sales of SEK 2,055 M (1,846) – an increase of 11 percent. The operating result amounted to SEK 87 M (81) and the underlying operating result to SEK 93 M (78). Inventory losses totaling SEK 5 M (gains 4) were realized.

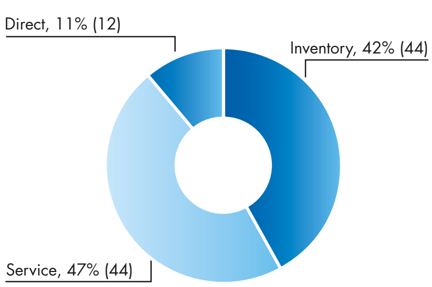
The 2010 year of operations was characterized by recovery following weakening demand in 2009. In early 2011, demand rose again but then decreased during the latter half of the year. The development is largely due to general caution among customers. Decreasing demand has been seen primarily in inventory sales, while service sales have remained at a relatively stable level.

Market

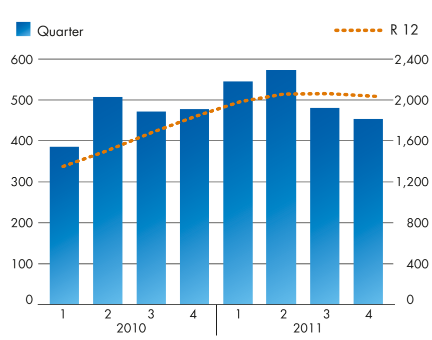
Demand for steel in the Finnish market continues to rise, albeit at a somewhat slower pace than previously. Visible consumption, that is, including inventory changes, is expected to have increased by 9 percent in 2011 and is calculated at 1.7 million tonnes (1.6). Growth primarily occurred in the second half of the year.

The limited size of the Finnish market means that many technology companies, not least those in the heavy engineering sector, are dependent on exports. The financial uncertainty in the world market and particularly in several European countries has thus been clearly reflected in the growth of the Finnish economy, which after a strong recovery in the first half of 2011, has weakened again.

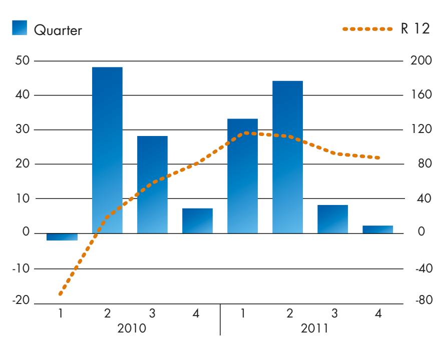
Sales by channel, %
Preceding year in parentheses



Sales, SEK M
Quarter and rolling 12-months



Operating result (EBIT), SEK M
Quarter and rolling 12-months



Customers

A large proportion of BE Group's customers in Finland are in the engineering sector. Other customer segments are companies in the construction and civil engineering, electrotechnology and process industries.

Compared with the Group's other business areas, customers in Finland demand more production services. The proportion of service sales here is 47 percent.

For several key customers in the business area, so-called set package solutions represent the core of BE Group's offering. A set package solution involves several pre-processed components being packaged within an individual delivery from BE Group, reducing the number of production stages needed within the customer's operations.

Competitors

The Finnish market is dominated by a small number of large-scale players. BE Group holds the second-largest market share of the distribution market behind steel producer Ruukki, which is the clear market leader. Other major players are Kontino and Tibnor, which is owned by steel producer SSAB. As a steel producer, Ruukki has considerably broader operations than the other players.

Key events

In 2011, BE Group made considerable investments in machinery at the Group's Finnish facilities to meet growing customer demand for production services and set package solutions.

At the Lahti facility, the upgrade began in 2009 with the merger of two facilities into one. In 2011, an investment of SEK 14 M in production equipment was completed. The equipment has been operational since the autumn of 2011.

In Lapua too, the former two units have been merged into one, modern unit with updated machinery. The investments totaled SEK 20 M and were completed in February 2012.

The Group's measures to enhance profitability entailed a reduction in personnel in the business area in the fourth quarter of 2011.

Continued development

Over the next few years, an important process will be to translate the investments at the Lahti and Lapua facilities into increased production service sales.

A process that will continue is the venture to transfer knowledge between production, technical support and sales to further develop advanced production service solutions. Similarly, considerably effort will be invested into further optimizing inventory control and distribution.

Enhanced cost efficiency is high on the agenda and, as part of this, a Group-wide business system will be implemented in 2012.

Demand from the business area's customers for internationally coordinated deliveries is increasing. Here, BE Group is able to benefit from its presence in several European markets.

Key data	**2009**	**2010**	**2011**
Net sales, SEK M	**1,491**	**1,846**	**2,055**
Change, %	*-51*	*24*	*11*
Operating result (EBIT), SEK M	**-112**	**81**	**87**
Operating margin, %	*neg*	*4.4*	*4.2*
Underlying operating result (uEBIT), SEK M	**5**	**78**	**93**
Underlying operating margin, %	*0.3*	*4.2*	*4.5*
Investments, SEK M	**20**	**7**	**24**
Average number of employees	**351**	**328**	**331**

RESTRUCTURING FOR PROFITABILITY

Nikolai Makarov, Business Area Manager

CEE

FOCUS FOR 2012

- Reposition operations in Poland and the Czech Republic
- Derive benefits of the investments in Trebaczew and Ostrava
- Strengthen the synergies derived from the Group's international presence

Business Area CEE accounts for 19 percent of sales within BE Group. During 2011, the business area was restructured to enhance its profitability. Ventures include a new production facility in Trebaczew, Poland and the consolidation of warehousing and streamlining of the product range in the Czech Republic.

Business Area CEE consists of operations in Poland, the Czech Republic, Slovakia, Estonia, Latvia and Lithuania. Production facilities are located in Trebaczew in Poland and Prerov in the Czech Republic; a logistics center is located in Ostrava in the Czech Republic and a further six sites within the business area offer warehousing and sales. At the end of the year, Business Area CEE had 191 employees (215).

Sales and business performance

The business area reported sales of SEK 1,167 M (981) – an increase of 19 percent. Shipped tonnage rose 22 percent, while the average sales price was 2 percent lower than in 2010. The operating result amounted to a loss of SEK 35 M (22) and the underlying operating result to a loss of SEK 17 M (25). Inventory losses totaling SEK 10 M (gains 2) were realized.

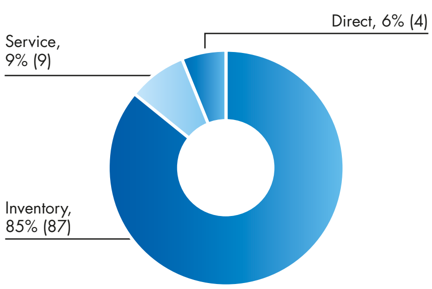
In early 2011, all countries in the business area experienced strong demand. Beginning in the late spring, this was followed by increased caution among customers and falling steel prices and this is reflected in the business area's results.

Market

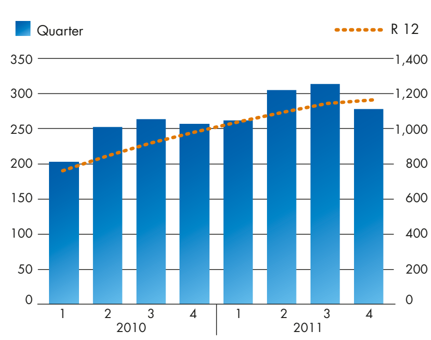
The largest CEE markets are characterized by a high level of steel consumption, with Poland, the Czech Republic and Slovakia as the leading markets in this regard. The total market for steel within the business area grew in 2011. Demand increased primarily in the first half of the year to then decline as a consequence of the weaker trend in the general economy, which also led to declining steel prices in the latter part of 2011. Seen in a longer-term perspective, the steel market is pervaded by increasingly volatile pricing.

In BE Group's largest markets in CEE,

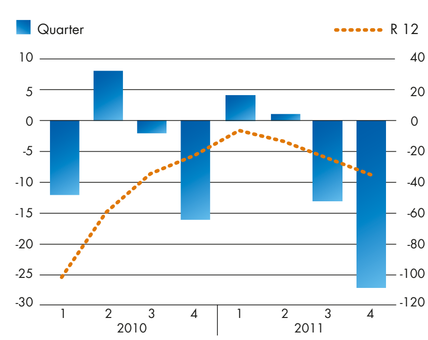
Sales by channel, %
Preceding year in parentheses



Sales, SEK M
Quarter and rolling 12-months



Operating result (EBIT), SEK M
Quarter and rolling 12-months



the Czech Republic and Slovakia, sales in the market purely for steel distribution rose by 16 percent in 2011.

Customers

Compared with the Nordic region, the customer structure in Central and Eastern Europe is still pervaded by numerous small, local companies in the engineering, construction and process industries. For these customers, BE Group's operations mainly involve pure inventory sales.

An important and growing customer group for the business area are major companies, primarily within the engineering sector, who, from their origins in the Nordic countries, seek to expand into the CEE area. These customers are attracted by the proposition of having BE Group as a strong and reliable supplier in several markets and it is focusing on these customers that the Group restructured its operations in the business area over the year.

Competitors

The markets of Central and Eastern Europe are fragmented, with a large number of players. The individual markets include trading and service companies with relatively local customer circles and there are rather few players with the capacity to operate in several markets like BE Group.

In the Czech Republic, Estonia and Slovakia, BE Group is one of the largest players in the distribution market.

Primarily in the Czech Republic and Slovakia, there are, in addition to the more national players, a number of distribution companies that are linked to major steel producers.

Key events

Within the framework of the Group's program of measures to enhance its results, BE Group initiated an extensive restructuring of the business area during the year.

In Poland, the Group ceased making pure inventory sales, to focus instead on selling pre-processed products from the new facility in Trebaczew in southern Poland. The facility represents the business area's largest single investment to date and the increased production service capacity will mainly be used to meet demand from international customers. Production has been in progress in Trebaczew since the start of 2012.

The business area's warehousing is now being concentrated to BE Group's logistics center, which is located in Ostrava, in the eastern Czech Republic, close to the Polish border. Here, we are consolidating our inventories and warehousing operations, and streamlining the product range, with fewer and more focused product areas.

In addition to the ventures in Poland and the Czech Republic, the Group's profitability enhancement measures also entailed personnel cutbacks in the business area during the fourth quarter.

Continued development

The focus for the future will be on establishing and developing Group-wide customer offerings that utilize the capacity of the business area's facilities. Through BE Group's acquisition of BE Group Produktion, which has operations in Estonia, we will also work to strengthen service sales to customers in the Baltic States.

Key data	2009	2010	2011
Net sales, SEK M	**782**	**981**	**1,167**
Change, %	*-36*	*25*	*19*
Operating result (EBIT), SEK M	**-118**	**-22**	**-35**
Operating margin, %	*neg*	*neg*	*neg*
Underlying operating result (uEBIT), SEK M	**-44**	**-25**	**-17**
Underlying operating margin, %	*neg*	*neg*	*neg*
Investments, SEK M	**3**	**1**	**15**
Average number of employees	**216**	**222**	**208**

Net financial items and tax

Consolidated net financial items for the year amounted to an expense of SEK 48 M (56), of which the net interest expense accounted for SEK 38 M (34). Net interest corresponds to 4.6 percent (4.1) of net interest-bearing liabilities, which averaged SEK 835 M (828). Net financial items were negatively impacted by exchange-rate differences in the amount of SEK 3 M (5). Net financial items were also impacted by other financial expenses of SEK 7 M (16).

The tax expense for the year amounted to SEK 28 M (13), equivalent to 58 percent (31) of earnings before tax. The high tax percentage was mainly due to the adjustment of deferred tax receivables related to loss making operations.

Cash flow

During the year, cash flow after investments improved to SEK 76 M (negative 110). Cash flow from operating activities was SEK 184 M (negative 57). The improvement was mainly due to working capital freed up during the year. The cash flow effect of the decrease in working capital amounted to SEK 100 M (negative 126).

Cash flow from investing activities was a negative SEK 108 M (53), of which investments in tangible assets accounted for SEK 78 M (15).

Capital, investments and return

Consolidated working capital amounted to SEK 430 M (519) at the end of the year. Working capital tied-up improved to 9 percent (10) of net sales due to lower average working capital and higher sales over the year.

Of the year's investments, totaling SEK 112 M (108), investments in intangible assets accounted for SEK 25 M (24), investments in tangible assets accounted for SEK 78 M (17), and investments in acquired companies for SEK 9 M (68). The investments mainly involve Lecor Stålteknik's new production facility, production equipment in the Finnish operations at the facilities in Lahti and Lapua, the establishment of a new production center in Trebaczew, Poland and investments in connection with the ongoing development of the Group's IT platform.

The return on operating capital was on a level comparable with that in the preceding year and amounted to 6 percent (6).

Financial position and liquidity

Consolidated cash and equivalents were SEK 146 M (80) at year-end. At year-end, the Group had unutilized credit facilities totaling SEK 371 M.

Consolidated interest-bearing net debt amounted to SEK 773 M (842) at year-end. BE Group's total credit facilities amounted to SEK 1,273 M. The maturity date for 94 percent of the credit facility is May 2013. At year-end, consolidated equity totaled SEK 805 M (787), while the net debt/equity ratio amounted to 96 percent (107).

Organization, structure and employees

The number of employees rose to 924 compared with 910 at the beginning of the year. The average number of employees during the year amounted to 943 (909). The increase is attributable to acquired units.

Environment

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

The operations in Sweden, with the exception of Lecor Stålteknik, and the operations in Finland, Latvia and Poland, the Czech Republic and Slovakia are certified under the ISO 14001 environmental management system.

Quality

BE Group is certified under the ISO 9001 quality management system in for the operations of BE Group Sverige AB and the operations in Finland, Poland, Latvia, Lithuania, the Czech Republic and Slovakia.

Equal opportunity, work environment and skills development

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

BE Group aims to achieve a more balanced gender distribution. Over the year, an average of 16 percent (19) of the Group's employees were women.

Risks and risk management in BE Group

BE Group's profits and financial position are affected by a large number of factors. Several of these are beyond the Company's own control. The Group operates in several countries and is therefore exposed to various risks of differences in legislation, regulations and guidelines. Risk management within the Group is guided by established policies and procedures that are revised by the Board or Group Management on an ongoing basis. The Board of BE Group AB (publ) bears an overarching responsibility for identifying, following up and managing risks.

The most important risks and factors of uncertainty for BE Group can be divided between:

- sector and market risks (economy and steel price trend),
- strategic and operational risks (suppliers, customers, personnel and legal), and
- financial risks (currency risk, interest risk, refinancing risk and credit risk).

Sector and market risks

The development in the global financial markets that began in the autumn of 2008 and that was followed by a steep recession entailed increased general uncertainty, which also implies risks and uncertainty in operations. For BE Group, this has entailed increased short-term pricing among producers. This continued over the year, against the backdrop of global financial unease and uncertainty regarding future economic trends.

Economic trend

As for nearly all other businesses, the general economic trend affects BE Group and its customers. A weak economic trend increases the risk of lower demand for the Group's products, resulting in lower sales revenues. In addition, a weaker economy can lead to low inventory turnover, which could in turn cause falling prices and inventory losses on existing inventories.

BE Group's strategy regarding inventory levels is to warehouse products based on estimated customer demand. This demands good customer contacts and accurate forecasting. The various companies in BE Group strive to maintain a level of inventory turnover suited to the market and local conditions of each company. The operational control of inventory levels is exerted by means of targets for the number of inventory days.

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

The price trend for steel is of great significance to a trading and service company such as BE Group, since purchasing prices for steel represent a considerable proportion of the cost base.

Steel prices affect BE Group such that higher market prices provide a greater contribution towards covering the Group's costs given constant a gross margin. The steel price trend also affects final sales prices for products held in inventory, which for BE Group entails a financial impact in the form of inventory gains and losses. The operating result for 2011 was burdened with inventory losses of SEK 20 M. This should be compared with inventory gains of SEK 23 M in 2010. To limit these inventory effects, BE Group is working actively to reduce the number of inventory days while maintaining its level of service towards customers.

Since the Group's operations primarily consist of purchasing, processing, onward sales and distribution of steel products, the price of steel and demand for the material have a considerable influence on the Group's earnings. The table below shows the estimated effect on underlying operating result of changes in steel prices and sold tonnage. The sensitivity analysis is based on the outcome for 2011 and assumes a constant underlying gross margin.

	Change	Effect on operating result
Steel price	+/- 5%	SEK +/- 34 M
Tonnage	+/- 5%	SEK +/- 33 M

Strategic and operational risks
BE Group's operations are influenced by a number of factors in various areas that can each affect development over the year.

Suppliers
BE Group's products consist of materials from several different suppliers. The Group strives to establish relations with the world's best steel producers and to maintain sustainable, long-term cooperation. To safeguard access to materials, the Group seeks to always maintain relations with several suppliers in each product group. In total, BE Group cooperates with as many as 200 suppliers. Before establishing new business relationships and entering agreements, suppliers' capacity to meet BE Group's demands in terms of finance, quality, logistics, the environment and other aspects is ascertained.

In BE Group's assessment, it is not dependent on any single supplier and disruption to deliveries by any one of them need not therefore entail long-term consequences for operations. All major suppliers are considered fully interchangeable. In 2011, the largest single supplier accounted for 9 percent (6) of the Group's purchases. Combined, the ten largest suppliers accounted for 53 percent (56) of total purchasing.

Customers
BE Group's operations are conducted in several different markets and to numerous customer categories. In 2011, the ten largest customers accounted for about 11 percent (10) of total sales. BE Group is not dependent on any individual customer and therefore has a good spread of risk in this regard.

Human Resources
BE Group depends on competent employees for its future development and success. The ability to recruit, retain and develop qualified employees is an important prerequisite for success. Consequently, a key success factor involves being an attractive employer. The effect on the Group's operations would be negative if key individuals were to quit and without it being possible to recruit suitable replacements.

BE Group has compiled a number of values that reflect the spirit of the Group. Among other areas, these values shall pervade the Group's management. BE Group's commercial competence is continuously developed through training and recruitment. Training efforts include broad programs aimed at many employees, as well as specialized solutions for individuals.

Legal
Since BE Group maintains operations in several countries, it is exposed to different laws, regulations, agreements and guidelines. In all commercial operations, disputes may arise as a consequence of differences of opinion on issues of responsibility and interpretations of contract terms. From a risk perspective, BE Group is not dependent on any individual commercial agreement that could significantly limit the Group's operations.

Financial risks
For an account of financial risks, see Note 30.

Share-related information

Ownership structure
The Company's shares have been listed on NASDAQ OMX Stockholm since 2006. BE Group had 9,570 shareholders at the end of the financial year. AB Traction was the largest shareholder with a holding of 12.7 percent. The ownership structure is described in greater detail on pages 28-29.

Share capital, shares outstanding and rights
No new share issues, bonus issues or similar were implemented during the year. Consequently, the number of shares outstanding is still 50,000,000.

Share capital in the Company was SEK 102,040,817 at December 31, 2011 (102,040,817), 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 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. Share capital is determined in Swedish kronor.

All shares convey equal rights to a percentage of the Company's net assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares. There is no limit to the number of votes a shareholder may cast at the Annual General Meeting or with respect to transfer of shares. The Company is aware of no agreements between shareholders which may limit the right to transfer shares. Further information about the BE Group share is provided on pages 28–29 of this Annual Report.

Board authorizations
The Annual General Meeting in April approved the Board's proposal for the introduction of Share Savings Scheme 2011 for about 35-40 members of Group Management Team and the management teams of the business areas, encompassing at most 600,000 BE Group shares, corresponding to 1.20 percent of the total number of shares and votes in the Company.

This gave the participants in Share Savings Plan 2011 the opportunity to acquire, with personal funds, shares in BE Group (savings shares) at market rates via the NASDAQ OMX Stockholm exchange for a sum equivalent to at most 16 percent of each participant's gross annual fixed salary for 2011. On the condition that the savings shares are kept for three years and that the participant continue his/her employment within the Group over this period, each savings share will then entitle to holder to receive, without payment, half a share in BE Group (matching shares).

Participants in the plan will be able to receive free of charge up to two additional shares in BE Group (performance shares) for each savings share held, depending on the profit trend in BE Group and with the proviso that at most 500,000 shares be transferred.

As part of Share Savings Plan 2011, the AGM resolved to authorize the Board to decide on one or more occasions prior to the 2012 AGM on the acquisition and transfer of at most 600,000 treasury shares via the stock exchange. To provide the above-mentioned matching and performance shares, the Annual General Meeting approved the transfer of at most 500,000 shares in BE Group. A detailed account is provided in Note 3.

The Annual General Meeting also resolved to authorize the Board to decide, on one or more occasions before the 2012 Annual General Meeting, on the transfer of at most 50,000 treasury shares via the stock exchange to cover social security contributions resulting from resolutions by earlier Annual General Meetings regarding Share Savings Plan 2009 and 2010.

The Annual General Meeting also resolved to authorize the Board to decide, up until the 2012 Annual General Meeting, on the transfer of shares with the purpose of facilitating corporate acquisitions. Such transfer may diverge from shareholders' preferential rights to the extent this does not exceed the number of treasury shares held by BE Group at the time of the Board's decision and that are not needed as matching or performance shares or to cover social security contributions in accordance with current share savings plans. Transfers may be applied as payment of all or part of the purchase consideration in the acquisition of companies or operations or parts of companies or operations, in which case the payment shall correspond to the assessed market value of the shares. Alongside share transfers, payment may be effectuated through capital contributed in kind or by setting off claims against BE Group. Transfers may also be made through trading on the NASDAQ OMX Stockholm exchange for financing acquisitions of companies or operations, or parts of companies or operations, or for other transactions.

Finally, the Meeting resolved, in accordance with the Board's proposal, to authorize the Board to decide, on one or more occasions prior to the next Annual General Meeting, on the issue of new shares in the Company for settlement in cash, offset, or in kind, and with or without preferential rights for shareholders. The authorization is limited to at most five million shares, corresponding to 10 percent of the share capital in the Company.

Over the year, 214,138 share were repurchased, corresponding to 0.43 percent of the total share capital, for a total amount of SEK 5.2 M. In connection with Share Savings Plan 2008, 24,744 shares were transferred without payment. In connection with corporate acquisitions, 60,842 shares were transferred for a total compensation of SEK 2.6 M. The total number of shares transferred over the financial year thus amounts to 85,586, corresponding to 0.17 percent of the share capital. In total, BE Group held 624,000 treasury shares at the end of the financial year, corresponding to 1.25 percent of the share capital, acquired for a total amount of SEK 24.0 M.

Corporate governance

The Corporate Governance Report, which, among other things includes an account of the Group's governance and the work of the Board of Directors over the year, is presented on pages 88–92.

Remuneration principles for senior executives

The 2011 Annual General Meeting adopted executive remuneration policies as follows. The actual remunerations agreed during the year are detailed in Note 3.

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.

During the year, Group management consisted of six individuals: the President (who is also the Chief Executive Officer), the Deputy Chief Executive Officer (who is also the Chief Financial Officer), the Business Area Managers for Sweden, Finland and CEE and the Senior Vice President, Purchasing and Production.

The policies apply for agreements entered in accordance with Annual General Meeting 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 are subject to annual review.

The policies entail, in principle, that salaries and other remunerations for executives shall be in line with the market. Remuneration shall consist of fixed base pay, bonus, pension benefits and other benefits. The total remuneration level shall be reviewed annually. Fixed pay shall be individual and differentiated based on the individual's responsibilities and performance and set annually on market-based terms. Variable pay may be paid in the form of bonuses related to the degree of attainment of annual, predefined targets. Bonuses are subject to a predetermined ceiling and may not exceed 50 percent of base pay. In addition to the variable remuneration in the form of bonuses, long-term incentive programs may also be added from time to time.

Pension payments for the President (and CEO) and Deputy Chief Executive Officer (and CFO) may 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 follow the collectively agreed ITP plan, but with consideration given to the maximum tax-deductible amount. Pensionable pay consists of fixed annual salary plus average bonus for the past three years.

Where notice of termination is issued by BE Group, the President (and CEO) and Deputy Chief Executive Officer (and CFO) are entitled to a period of notice and severance pay that combined shall not exceed an amount equivalent to 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. Other executives are entitled to a period of notice of at most 12 months when notice of termination is issued by BE Group.

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. The Board of Directors have the right to depart from the policies if there is particular justification for doing so in individual cases.

The Board of Directors' proposal on new executive remuneration policies

The Board of Directors will propose to the 2012 Annual General Meeting that the above policies on executive remuneration essentially shall also apply until the 2013 Annual General Meeting, except that a new share saving scheme will not be proposed.

The Board of Directors' preparations and resolutions in business related to pay and other terms of employment for senior 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 Remuneration Committee based on proposals by the President.

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

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

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

Consolidated contingent liabilities amounted to SEK 112 M (146).

Significant events after the end of the financial year.

Significant events after year-end are described in Note 33.

Parent Company

Net sales by the Parent Company, BE Group AB (publ), amounted to SEK 55 M (45) for the year and derived from intra-Group services. The increase in sales is attributable to higher administration costs for intra-Group services. The operating loss amounted to SEK 38 M (39).

Net financial items amounted to SEK 13 million (negative 19). The improvement is primarily attributable to higher Group contributions received and dividends from subsidiaries, which, to a certain extent were offset by currency effects. The loss before tax amounted to SEK 25 M (58) and the loss after tax was SEK 25 M (60).

Over the year, the Parent Company invested SEK 21 M (24) in intangible assets involving the development of the Group's IT platform. At the end of the year, the Parent Company's cash and equivalents were SEK 73 M (25). The proposed distribution of earnings is presented on page 86.

Accounting principles

As of January 2005, the consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Commission for application within the European Union. Please see pages 53-61 for a more detailed explanation of accounting principles.

Outlook for 2012

Based on signals from customers, we expect stable demand in the first half of 2012, primarily in Business Areas Sweden and CEE. Higher prices among producers are expected to lead to gradually rising sales prices for BE Group's products.

Appropriation of earnings

The Board of Directors' proposal for the appropriation of earnings is detailed on page 86.

FINANCIAL STATEMENTS

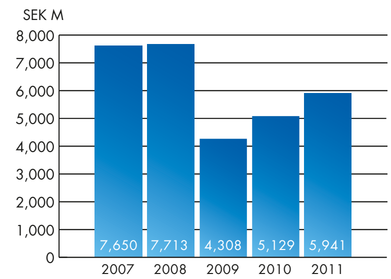
Consolidated Income Statement

Amounts in SEK M	**Note**	**2011**	**2010**
Net sales	*1*	5,941	5,129
Cost of goods sold	*2*	-5,173	-4,396
Gross profit/loss		**768**	**733**
Selling expenses	*2*	-504	-495
Administrative expenses	*2*	-160	-155
Participation in earnings of joint venture	*17*	6	10
Other operating income	*7*	24	9
Other operating expenses	*2, 8*	-38	-4
Operating result	*3, 4, 5, 14, 15*	**96**	**98**
Financial income	*9*	4	2
Financial expenses	*10*	-52	-58
Profit/loss before tax		**48**	**42**
Tax	*11*	-28	-13
Profit/loss for the year attributable to Parent Company shareholders	*12*	**20**	**29**
Earnings per share before dilution	*12*	0.41	0.58
Earnings per share after dilution	*12*	0.41	0.58

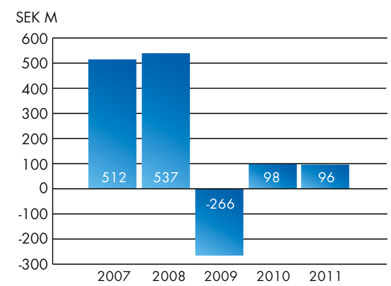
Consolidated Statement of Comprehensive Income

Amounts in SEK M	**2011**	**2010**
Profit/loss for the year	**20**	**29**
Other comprehensive income		
Translation differences	-4	-73
Hedging of net investments in foreign subsidiaries	3	54
Tax attributable to items in other comprehensive income	-1	-14
Total other comprehensive income	**-2**	**-33**
Comprehensive income for the year attributable to Parent Company shareholders	**18**	**-4**

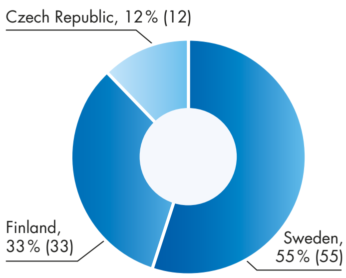
Net sales, Group



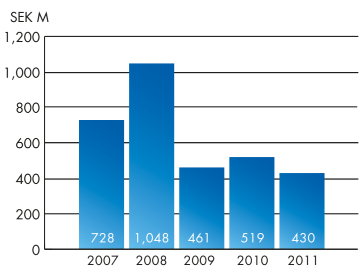
Operating profit/loss, Group



Goodwill by cash generating unit



Working capital trend



Consolidated Balance Sheet

Amounts in SEK M	**Note**	**2011**	**2010**
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	*13*	693	692
Other intangible assets	*14*	87	81
		780	**773**
Tangible assets	*15*	300	267
		300	**267**
Participations in joint ventures	*17*	124	129
		124	**129**
Financial assets			
Other securities held as non-current assets	*18*	2	2
Non-current receivables		0	0
		2	**2**
Deferred tax assets	*24*	19	34
		19	**34**
Total non-current assets		**1,225**	**1,205**
Current assets			
Inventories			
Goods for resale	*20*	605	683
		605	**683**
Current receivables			
Accounts receivable		529	575
Tax receivables		28	26
Other receivables		33	28
Prepaid expenses and accrued income	*21*	39	33
		629	**662**
Cash and equivalents			
Current investments		–	0
Cash and bank balances		146	80
		146	**80**
Assets held for sale		2	2
		2	**2**
Total current assets		**1,382**	**1,427**
TOTAL ASSETS		**2,607**	**2,632**

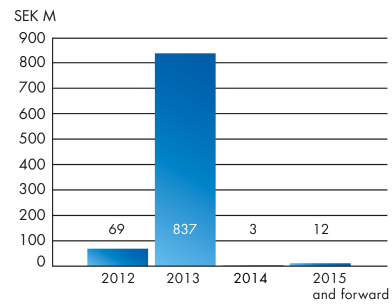
Consolidated Balance Sheet

Amounts in SEK M	Note	2011	2010
EQUITY AND LIABILITIES			
Equity	*22*		
Share capital		102	102
Other capital contributions		11	11
Translation reserve		16	18
Retained earnings including profit/loss for the year		676	656
Equity attributable to Parent Company shareholders		**805**	**787**
Non-current liabilities			
Non-current interest-bearing liabilities	*25, 30*	852	854
Provisions	*23*	1	16
Deferred tax liability	*24*	58	62
Total long-term liabilities		**911**	**932**
Current liabilities			
Current interest-bearing liabilities	*25, 26, 30*	69	71
Accounts payable		637	598
Tax liabilities		0	1
Other liabilities		92	151
Accrued expenses and deferred income	*27*	75	75
Provisions	*23*	18	17
Total current liabilities		**891**	**913**
TOTAL EQUITY AND LIABILITIES		**2,607**	**2,632**

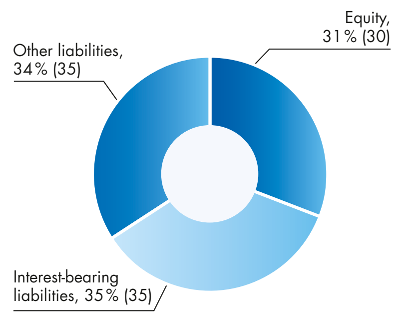
Pledged Assets and Contingent Liabilities – Group

Amounts in SEK M	Note	2011	2010
Pledged assets	*25*	**1,861**	**1,751**
Contingent liabilities	*25*	**112**	**146**

Maturity structure, interest-bearing liabilities, at Dec 31, 2011, SEK M



Equity and liabilities



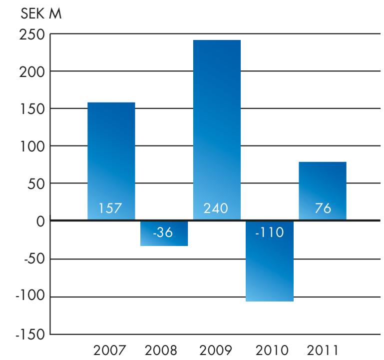
Changes in Consolidated Equity

Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Accumulated profit/loss	Total equity
2010					
Equity, opening balance, January 1, 2010	**102**	**11**	**51**	**634**	**798**
Profit/loss for the year	–	–	–	29	29
Other comprehensive income	–	–	-33	–	-33
Comprehensive income for the year	**–**	**–**	**-33**	**29**	**-4**
Change, treasury shares	–	–	–	-10	-10
Share Savings Scheme	–	–	–	3	3
Equity, closing balance, December 31, 2010	**102**	**11**	**18**	**656**	**787**
2011					
Equity, opening balance, January 1, 2011	**102**	**11**	**18**	**656**	**787**
Profit/loss for the year	–	–	–	20	20
Other comprehensive income	–	–	-2	-	-2
Comprehensive income for the year	**–**	**–**	**-2**	**20**	**18**
Change, treasury shares	–	–	–	-3	-3
Share Savings Scheme	–	–	–	3	3
Equity, closing balance, December 31, 2011	**102**	**11**	**16**	**676**	**805**

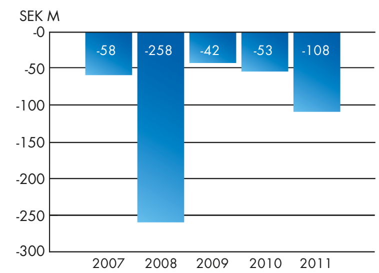
Consolidated Cash Flow Statement

Amounts in SEK M	Note	2011	2010
Operating activities			
Profit/loss before tax		48	42
Adjustment for non-cash items	*28*	57	53
		105	**95**
Income tax paid		-21	-26
Cash flow from operating activities before changes in working capital		**84**	**69**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		81	-121
Increase(-)/decrease(+) in operating receivables		34	-147
Increase(-)/decrease(+) in operating liabilities		-15	142
Cash flow from operating activities		**184**	**-57**
Investing activities			
Acquisitions of subsidiaries		-7	-16
Acquisitions of intangible assets		-25	-24
Acquisitions of tangible assets		-78	-15
Divestments of tangible assets		2	2
Investments in financial assets		0	0
Divestments/decrease of financial assets		–	0
Cash flow from investing activities		**-108**	**-53**
Cash flow after investments		**76**	**-110**
Financing activities			
Acquisition/divestment of treasury shares		-5	-10
Loans raised		9	899
Amortization of loan liabilities		-11	-885
Cash flow from financing activities		**-7**	**4**
Cash flow for the year		**69**	**-106**
Cash and equivalents at January 1		**80**	**197**
Exchange-rate difference in cash and equivalents		**-3**	**-11**
Cash and equivalents at December 31	*28*	**146**	**80**

Cash flow after investments



Cash flow from investing activities



Income Statement – Parent Company

Amounts in SEK M	Note	2011	2010
Net sales	*1*	55	45
		55	**45**
Administrative expenses		-92	-84
Other operating revenue and expenses	*7, 8*	-1	0
Operating result	*3, 4, 5*	**-38**	**-39**
Profit/loss from participations in Group companies	*6*	40	-15
Other interest income and similar profit/loss items	*9*	29	71
Interest expense and similar profit/loss items	*10*	-56	-75
Profit/loss before tax		**-25**	**-58**
Tax	*11*	0	-2
Profit/loss for the year		**-25**	**-60**

Statement of Comprehensive Income – Parent Company

Amounts in SEK M	2011	2010
Profit/loss for the year	**-25**	**-60**
Other comprehensive income	**–**	**–**
Comprehensive income for the year	**-25**	**-60**

Balance Sheet – Parent Company

Amounts in SEK M	**Note**	**2011**	**2010**
ASSETS			
Non-current assets			
Intangible assets	*14*		
Capitalized expenditure for development work and similar		71	59
Advance payments for intangible assets		–	5
		71	**64**
Tangible assets			
Equipment, tools, fixtures and fittings	*15*	0	0
		0	**0**
Financial assets			
Participations in Group companies	*16*	1,354	1,381
Interest-bearing receivables from Group companies	*19*	53	54
		1,407	**1,435**
Total non-current assets		**1,478**	**1,499**
Current assets			
Current receivables			
Current interest-bearing receivables from Group companies	*19*	225	251
Receivables from Group companies		98	55
Tax receivables		2	3
Other receivables		3	2
Prepaid expenses and accrued income	*21*	16	15
		344	**326**
Cash and bank balances		73	25
		73	**25**
Total current assets		**417**	**351**
TOTAL ASSETS		**1,895**	**1,850**

cont. Balance Sheet – Parent Company

Amounts in SEK M	Note	2011	2010
EQUITY AND LIABILITIES			
Equity	*22*		
Restricted equity			
Share capital		102	102
Statutory reserve		31	31
		133	**133**
Non-restricted equity			
Profit brought forward		718	777
Profit/loss for the year		-25	-60
		693	**717**
Total equity		**826**	**850**
Non-current liabilities			
Non-current interest-bearing liabilities	*25, 30*	835	837
Provisions		1	1
		836	**838**
Current liabilities			
Current interest-bearing liabilities to Group companies	*30*	193	69
Accounts payable		6	9
Liabilities to Group companies		19	19
Other liabilities		1	56
Accrued expenses and deferred income	*27*	14	9
		233	**162**
TOTAL EQUITY AND LIABILITIES		**1,895**	**1,850**

Pledged assets and contingent liabilities – Parent Company

Amounts in SEK M	Note	2011	2010
Pledged assets	*25*	**1,309**	**1,310**
Contingent liabilities	*25*	**80**	**95**

Statement of Changes in Equity – Parent Company

Amounts in SEK M	Share capital	Statutory reserve	Profit brought forward	Profit/loss for the year	Total equity
2010					
Equity, opening balance, January 1, 2010	**102**	**31**	**567**	**217**	**917**
Profit/loss brought forward from preceding year	–	–	217	-217	–
Total transactions reported directly in equity	**–**	**–**	**217**	**-217**	**–**
Profit/loss for the year	–	–	–	-60	-60
Other comprehensive income	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**-60**	**-60**
Change, treasury shares	–	–	-10	–	-10
Share Savings Scheme	–	–	3	–	3
Equity, closing balance, December 31, 2010	**102**	**31**	**777**	**-60**	**850**
2011					
Equity, opening balance, January 1, 2011	**102**	**31**	**777**	**-60**	**850**
Profit/loss brought forward from preceding year	–	–	-60	60	–
Total transactions reported directly in equity	**–**	**–**	**-60**	**60**	**–**
Profit/loss for the year	–	–	–	-25	-25
Other comprehensive income	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**-25**	**-25**
Change, treasury shares	–	–	-3	–	-3
Share Savings Scheme	–	–	4	–	4
Equity, closing balance, December 31, 2011	**102**	**31**	**718**	**-25**	**826**

Cash Flow Statement – Parent Company

Amounts in SEK M	Note	2011	2010
Operating activities			
Profit/loss after financial items		-25	-58
Adjustment for non-cash items	*28*	70	23
		45	-35
Income tax paid		-2	-2
Cash flow from operating activities before changes in working capital		**43**	**-37**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in operating receivables		-45	26
Increase(-)/decrease(+) in operating liabilities		3	-9
Cash flow from operating activities		**1**	**-20**
Investing activities			
Capital contributions/acquisitions of subsidiaries	*28*	-73	-34
Acquisitions of intangible assets		-17	-24
Acquisitions of tangible assets		0	–
Lending to subsidiaries		-27	-2
Amortization from subsidiaries		54	79
Cash flow from investing activities		**-63**	**19**
Financing activities			
Acquisition of treasury shares		-5	-10
Net change in borrowing/lending in cash pool		115	-97
Loans raised		–	866
Amortization of loan liabilities		–	-873
Cash flow from financing activities		**110**	**-114**
Cash flow for the year		**48**	**-115**
Cash and equivalents at January 1		**25**	**140**
Cash and equivalents at December 31	*28*	**73**	**25**

ACCOUNTING PRINCIPLES AND NOTES TO THE FINANCIAL STATEMENTS

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

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

Consolidated Accounting Principles

Compliance with legislation and standards

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

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles." 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 accounting principles applied in the consolidated accounts have also been applied consistently by the individual companies within the Group. Regarding associated companies, adjustments have been made to the consolidated accounting principles where necessary.

Changes to accounting principles necessitated by new or amended IFRS

Detailed below is the Group's application of the new and revised standards and statements adopted by the IASB and approved by the EU that are in effect for financial years commenced as of January 1, 2011. None of these new and revised standards and statements has had any significant impact on the Group's financial reporting.

Standards/statements	Comment regarding why no material effect
Amendments to IAS 1 and the requirement for reconciliation of equity can be effectuated by means of a note or directly in the Statement of Changes in Equity	BE Group already specifies the reconciliation in a note.
Amendments to IAS 24 pertaining to disclosures for government-related companies and changes in the definition of related parties	The changes are not relevant to BE Group with regard to government-related companies and the change in the definition of related parties has no effect.
Amendments to IAS 32 Financial instruments, classification of subscription rights	BE Group has no subscription rights of the kind referred to by the change.
Changes to IFRIC 14 and IAS 19, related to regulations regarding lowest funding requirements and advance payments	BE Group has no pension commitments that are affected by the change.
IFRIC 19 Extinguishing financial liabilities with equity instruments	BE Group has no transactions of this kind.
Changes necessitated by the Annual Improvements published in May 2010 and that have come into effect.	In BE Group's assessment, the changes have no material effect on the financial statements.

New IFRS and interpretations yet to be applied

The following changes in accounting principles for future application are not currently expected to have any material effect on the consolidated accounts:

- Changes to IAS 1 Presentation of Financial Statements
- Changes to IAS 12 Income taxes (in respect of tax assessment for investment properties)
- Changes to IAS 19 Employee benefits
- Changes to IAS 27 Consolidated and Separate Financial Statements
- Changes to IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 7 Financial instruments: Disclosures regarding new disclosure requirements for transferred financial assets
- IFRS 9 Financial instruments: Recognition and measurement
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair value measurement

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

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

Valuation principles

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities recognized at fair value consist of derivative instruments and 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, revenues and expenses. The estimates and assumptions are based on historical experience and other factors that seem reasonable under current conditions. The results of these estimates and assumptions are then used to assess the carrying amount of assets and liabilities not otherwise evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods.

Management's assessments in connection with application of IFRS that have significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail below in Note 32, Significant estimates and assessments.

Basis for consolidation

Subsidiaries

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 benefiting financially. The assessment of whether a controlling influence prevails takes into account potential voting shares that can be exercised or converted without delay.

Acquisitions made after January 1, 2010

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 Purchase Price Allocation (PPA) in connection with the transaction. The PPA 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 transferred, liabilities incurred or assumed, and issued equity instruments submitted as payment for the acquired net assets. With the exception of transaction expenses attributable to issues of equity or debt instruments, incurred transaction expenses are charged directly against profit/loss for the period.

In business combinations where the consideration transferred together with the fair value of the former holding (in the case of gradual combinations) exceed the fair value of acquired assets, assumed liabilities and contingent liabilities, the difference is reported as goodwill. Where the difference is negative, it is reported directly against profit/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.

Payment in connection with the acquisitions does not include payments settling prior business transactions. Settlements of this type are made against profit/loss for the period.

Acquisitions made between January 1, 2004 and December 31, 2009.

For acquisitions made between January 1, 2004 and December 31, 2009, where the cost exceeds the fair value of the acquired assets, liabilities and contingent liabilities that are reported separately, the difference is reported as goodwill. Where the difference is negative, it is reported directly against profit/loss for the year. Transaction fees incurred have been included in the cost.

Acquisitions made before January 1, 2004

Following impairment testing, goodwill on acquisitions made before January 1, 2004 has been reported at an acquisition value corresponding to the carrying amount in accordance with the earlier accounting principles. The classification and accounting of business acquisitions that took place before January 1, 2004 has not been reassessed in accordance with IFRS 3 in connection with the determination of the consolidated opening balance sheet on January 1, 2004 in accordance with IFRS.

Joint 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' shareholders' equity, as well as consolidated goodwill and any other consolidated surplus or deficit (fair value adjustment). In consolidated profit/loss for the period, "Participations in earnings of joint venture" 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 carrying amount of the Group's holdings, the value of the participation is reduced to zero. Where applicable, losses are also offset against long-term balances without security, where the economical substance is 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 Group's participation in the other comprehensive income of the joint venture is reported as a separate item under other comprehensive income in the consolidated accounts. Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the identifiable assets and liabilities of the joint venture is reported in accordance with the same principles that apply for acquisitions of subsidiaries.

With the exception of transaction expenses attributable to issues of equity or debt instruments, incurred transaction expenses are included in the acquisition cost. 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 corresponding to the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in force at the balance sheet date. Exchange differences arising from translation are recognized against profit/loss for the period. Non-monetary assets and liabilities recognized at their historical costs are translated at the exchange rate applicable at the time of the transaction. Exchange differences referring to operating assets and liabilities are recognized in 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 operations, including goodwill and other Group surplus and deficit values, are translated from the foreign operations' functional currency to the Group's reporting currency. Translation is applied at the exchange rate in effect on the balance sheet date. Income and expenses in a foreign operation are translated at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of a foreign net investment and accompanying effects of hedges of net investments are recognized under other comprehensive income and are accumulated in an equity component entitled translation reserve. Non-current internal loans are considered to form part of the net investment in the foreign operation. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are recognized, less any currency hedging, against profit/loss for the period. In those cases where a divestment is made but a decisive influence is retained, a proportional share of accumulated translation differences is transferred from other comprehensive income to holdings without controlling influence. Accumulated translations differences are classified in a separate component of equity and include exchange differences accumulated as of January 1, 2004. Accumulated translation differences before January 1, 2004 are distributed among other categories of equity and are not reported separately.

Classification

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months after 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 consideration transferred in 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 13 Goodwill.

With regard to goodwill attributable to 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 relationships

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

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

Additional expenditures

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

Amortization principles for customer relations and other intangible assets

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

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

Tangible assets

Tangible assets are recognized in the Group at cost less accumulated depreciation and any impairment. The acquisition value includes the purchase price plus expenses directly attributable to the asset in order to put it in place and make it appropriate for use in accordance with the purpose of the acquisition. Examples of directly related 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 non-current assets produced in-house include interest expenses, 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. BE Group does not have any qualifying non-current assets produced in-house.

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

Depreciation rates for tangible assets

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The useful life and residual value of assets are reviewed at the end of each financial year.

	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 of 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. 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 of tangible and intangible assets, shares in subsidiaries and participations in joint ventures.

If there is an indication of impairment, the recoverable amount of the asset is measured according to IAS 36 as the higher of the 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/loss for the period.

Furthermore, 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 profit/loss for the period 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. Subsequent impairment is applied pro rata to the other assets in the unit or group of units.

Impairment testing of 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 financial assets available for sale. 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/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/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 not 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 amortization and depreciation where applicable, if no impairment was recognized.

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

Impairments of interest-bearing instruments classified as financial assets held for sale are reversed via profit/loss for the period 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 assets reported as "Other securities held as non-current assets" or as "Current investments", depending on the purpose of the investment. If the maturity or expected duration of the holding is longer than one year, they are financial assets and if shorter than one year, they are current investments. 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.

Trade receivables and other financial receivables

Trade receivables and other financial receivables are recognized at the amounts expected to be recovered after deductions for doubtful receivables, which are individually assessed. Trade receivables have a short expected maturity and are accordingly measured at nominal value and not discounted. Impairment losses on trade receivables 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 at banks and comparable institutions, as well as short-term liquid placements with maturity of less than three months, counted from the acquisition date, that are exposed to only insignificant risk of fluctuations in value.

Trade payables and other financial liabilities

Trade payables 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. Non-current liabilities have an expected maturity longer than one year, while current liabilities have an expected maturity of less than one year. Trade payables 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 obligation. Provisions are recorded in the Balance Sheet when the Group has an existing legal or informal obligation as a result of an event occurring, and when it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made in the amount corresponding to the best estimate of the amount required to settle present obligations on the balance sheet date. If the payment date has a significant effect, provisions are calculated through discounting of the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Warranties

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

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

Restructuring

A provision for restructuring is reported once the Group has prepared a detailed and informal restructuring plan, and the restructuring has either commenced or been publicly announced. No provisions are made for future operating costs.

Onerous 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.

Financial Instruments – Classification Categories

Financial instruments recognized as assets in the Balance Sheet include cash and cash equivalents, loan receivables, trade receivables and financial investments. Loan debts and accounts payable are recognized in liabilities. Where applicable, derivative instruments are recognized on the asset or liability side depending on the fair value of the derivative instrument on the balance sheet date.

A financial asset or financial liability is recognized in the Balance Sheet when the Company becomes party to the instrument's contractual terms. Accounts receivable are recognized in the Balance Sheet once the invoice has been sent, which normally occurs in connection with delivery and the transfer of risk. 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. A financial asset or part thereof is derecognized when the contractual rights are realized, mature or 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 that are not derivatives are initially recognized at cost, equivalent to the instrument's fair value plus transaction expenses. This applies to all financial instruments except those in the category financial assets, which are recognized at fair value through profit or loss and which are recognized at fair less transaction expenses. Financial instruments are subsequently measured depending on how the financial instruments were classified. The measurement categories BE Group uses are as follows.

The fair value of publicly traded financial instruments corresponds to the quoted market price for the asset or liability on the 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 asset or liability arose. Accordingly, gains and losses as well is measured transaction costs are amortized over the maturity of the asset or liability.

Financial assets measured at fair value in profit/loss for the period
This category consists of financial assets held for trade, 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/loss for the period. Derivatives and embedded derivatives are classified as held for trading except when used for hedge accounting.

Loans and receivables
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. Accrued historical cost is determined from interest rate interest that is calculated at the date of acquisition. Trade receivables are recognized at the amounts expected to be recovered, that is, after deductions for doubtful receivables.

Financial assets available for sale
This category covers financial assets not classified in any other category or financial assets designated on initial recognition as available for sale. In accordance with the main principle, assets belonging to this category are continuously recognized at fair value with changes in value recognized in other comprehensive income. When the assets are derecognized from the Balance Sheet, the cumulative gain or loss previously recognized in equity is transferred to profit/loss for the period. However, the 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/loss for the period.

Other financial liabilities
Other financial liabilities are measured at amortized cost. Loans and other financial liabilities, such as trade payables, are included in this category.

The categories to which BE Group's financial assets and liabilities have been assigned are specified in Note 30 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 exchange 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/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/loss for the period at the same time as profits and losses for the hedged items.

Currency forwards are used to hedge assets or liabilities against currency risk. 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 profit/loss for the period.

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. At the close of the period, these currency loans are entered at the rate applicable on the balance sheet date and the effective portion of the period's exchange rate differences are recognized in other comprehensive income. The accumulated changes are classified as translation reserve in equity. When hedging is ineffective, the ineffective portion is recognized in profit/loss for the period.

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

Income Statement Items

Income
Income from the sale of goods is recognized in profit/loss for the period 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.

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

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

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

Share-related remunerations
BE Group has share-related remunerations in the form of share savings schemes. Expenses for these are recognized in profit/loss for the period during the vesting period, based on the fair value of the shares as of allotment date. Fair value is based on the share price at

the time of allocation. 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, but on company-specific performance targets, and do not thus affect the number of shares that BE Group may finally allot to the employee upon matching. The costs for this performance-based program are calculated based on the estimated number of matching shares at the end of the vesting period, based on a probability assessment. 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.

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. 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 recognized as 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 expenses on liabilities are calculated using the effective interest rate 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 agreements is recognized in the Income Statement applying the effective rate method. Interest income includes accrued amounts of transaction expenses 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 profit/loss for the period in which they are incurred with the exception of interest expenses activated in qualifying non-current 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 Group applies the full tax method. Total tax is made up of current and deferred tax.

Income taxes are recognized in profit/loss for the period except where an underlying transaction is recognized directly in other comprehensive income, whereupon the related tax effect is likewise recognized in other comprehensive income. Current tax is tax to be paid or refunded in the current year, which includes adjustment of current tax attributable to previous periods. Deferred tax assets are measured using the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax 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. However, in the consolidated financial statement untaxed reserves are divided into deferred tax liabilities 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 earnings after adjustment for exceptional items and inventory gains/losses. Inventory gains and losses represent the differences between the cost of goods sold at historical cost and the cost of goods sold valued at replacement cost. 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 financial 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/loss for the period on a straight line basis over the lease term. Variable payments are recognized as an expense in the periods in which they arise.

Financial leasing agreements

Leases of assets where the financial risks and rewards normally associated with ownership of the asset are transferred to BE Group are classified as finance leases. The lease asset is recognized as a tangible asset, with the same depreciation rates applied as for tangible assets, while the future obligation to pay lease fees to the lessor is recognized as a liability in the Balance Sheet. Leased assets are depreciated over their estimated useful life or over the agreed lease term if that is shorter than the useful life. Future lease obligations are apportioned between non-current and current liabilities. Minimum lease payments are apportioned between the finance charge and amortization of the outstanding liability. The 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 periods in which they arise.

Segment reporting

An operating segment is a component of the Group that conducts business operations from which it can derive revenues and incur 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 Operating segments.

Earnings per share

The calculation of earnings per share is based on the profit for the period within the Group which is attributable to the Parent Company's shareholders and on the weighted average number of outstanding shares during the year. 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 Statement

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 cash 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, Accounting for Legal Entities and the SIC and IFRIC included in that recommendation, as well as statements from the Swedish Financial Reporting Board regarding listed companies.

Changed accounting principles effective from 2011.

Unless otherwise stated below, the accounting principles applied for the Parent Company were changed in 2011 in accordance with the changes detailed above regarding the consolidated accounts.

Effective as of 2011, Group contributions received are reported as dividends and Group contributions paid as a financial expense in Profit/loss for the period. The comparison figures for 2010 have been adjusted in accordance with the new principles. Previously, Group contributions were reported directly in equity in accordance with statement UFR 2 of the Swedish Financial Reporting Board; Group and shareholder contributions.

Classification and presentation

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

Tangible assets

In the Parent Company, tangible 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 non-current assets produced in-house. These costs are recognized in profit/loss for the period in which they arise in accordance with the exception to IAS 23 Borrowing costs detailed in RFR 2 Accounting for legal entities.

Participations in subsidiaries

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction expenses are charged directly against profit/loss when they are incurred.

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

Shareholder contributions
Shareholders' contributions are taken directly to the equity of the recipient and are capitalized as shares and participations by the payer, insofar as impairment losses are not required.

Financial instruments
In accordance with the rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity. In the future, IAS 39 will continue to be applied only to the consolidated accounts.

Financial assets in the Parent Company are measured at cost less impairment losses, if any, and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at 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 it has an obligation for which payment will probably be required to achieve settlement.

Note 1 Operating segments

2011	Sweden	Finland	CEE	Parent Company/ Eliminations	Group
External sales	2,806	2,007	1,125	3	5,941
Internal sales	37	48	42	-127	–
Net sales	**2,843**	**2,055**	**1,167**	**-124**	**5,941**
Participation in earnings of joint venture	6	–	–	–	6
Underlying operating result	**91**	**93**	**-17**	**-36**	**131**
Inventory gains/losses	-5	-5	-10	–	-20
Non-recurring items	-3	-1	-8	-3	-15
Operating result	**83**	**87**	**-35**	**-39**	**96**
Net financial items					-48
Profit/loss before tax					**48**
Taxes					-28
Profit/loss for the year					**20**
Underlying operating margin	**3.2%**	**4.5%**	**-1.5%**	**–**	**2.2%**
Operating margin	**2.9%**	**4.2%**	**-3.0%**	**–**	**1.6%**
Shipped tonnage (thousands of tonnes)	**224**	**178**	**158**	**-14**	**546**
Operating capital	**683**	**446**	**287**	**160**	**1,576**
Investments	**52**	**24**	**15**	**21**	**112**
Depreciation/amortization of tangible/intangible assets	18	21	11	14	64
Other non-cash flow items	-10	-1	-4	8	-7
Total non-cash items	**8**	**20**	**7**	**22**	**57**

2010	Sweden	Finland	CEE	Parent Company/ Eliminations	Group
External sales	2,378	1,796	955	–	5,129
Internal sales	47	50	26	-123	–
Net sales	**2,425**	**1,846**	**981**	**-123**	**5,129**
Participation in earnings of joint venture	10	–	–	–	10
Underlying operating result	**56**	**78**	**-25**	**-34**	**75**
Inventory gains/losses	17	3	3	–	23
Operating result	**73**	**81**	**-22**	**-34**	**98**
Net financial items					-56
Profit/loss before tax					**42**
Taxes					-13
Profit/loss for the year					**29**
Underlying operating margin	**2.3%**	**4.2%**	**-2.5%**	**–**	**1.5%**
Operating margin	**3.0%**	**4.4%**	**-2.3%**	**–**	**1.9%**
Shipped tonnage (thousands of tonnes)	**209**	**165**	**130**	**-15**	**489**
Operating capital	**767**	**452**	**359**	**51**	**1,629**
Investments	**76**	**7**	**1**	**24**	**108**
Depreciation/amortization of tangible/intangible assets	18	22	12	7	59
Other non-cash flow items	-15	4	0	5	-6
Total non-cash items	**3**	**26**	**12**	**12**	**53**

BE Group is a producer-independent trading and service company in steel, stainless steel and aluminium products. Part of the Group's strategy is to process and refine materials at its own facilities through various types of production services. The Group's basic 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 returns vary between the different geographical markets to which its products are distributed. For that reason, the Group has chosen geographical areas as its primary 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 operating capital 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. Operating capital allocated by segment comprises tangible assets, goodwill and other intangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. Financial assets and liabilities have not been divided by segment but are reported as other assets/liabilities.

Capital expenditures for the segment include investments in intangible and tangible assets, including assets included in acquisitions. The financial information per segment presented above is based on the same accounting principles as those that apply for the Group, with the exception of the underlying earnings and return measures. Underlying earnings correspond to reported earnings after adjustment for exceptional items and inventory gains/losses. These represent the difference between the cost of goods sold at cost and the cost of goods sold at replacement price. BE Group applies an internal calculation model. The model has not been reviewed by the Company's auditors.

Internal prices between Group segments are based on the principle of "arm's-length transactions," that is, transactions between parties that are mutually independent, thoroughly informed and have a utilitarian interest in the transactions. Prices of goods are based on current purchase prices plus an internal markup margin.

Data on products, services and geographical regions

The Group comprises three business areas:
Sweden, Finland and CEE.

Sweden

BE Group's operations in Sweden are conducted under the names BE Group Sverige AB, Lecor Stålteknik AB and BE Group Produktion Eskilstuna AB (formerly RTS Produktion AB). In addition, the operations in Denmark have been included in the business area but are now being phased out. BE Group Sverige AB offers sales and distribution of the Group's products, including commercial steel, aluminium and stainless steel. 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. In addition, BE Group Sverige AB owns 50 percent of the thin plate processing company ArcelorMittal BE Group SSC AB. Lecor Stålteknik AB provides steel construction solutions to customers in the Swedish construction sector. BE Group Produktion Eskilstuna AB is a full-service company in the area of plate processing and welding.

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, stainless steel and aluminium, are offered in Finland. The Finnish company also provides production services to a large extent. 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 financing of working capital.

CEE

The Business area CEE encompasses BE Group's operations in, Estonia, Latvia, Lithuania, Poland, Slovakia and the Czech Republic. Previously, the segment also included the Russian operations for which a process of liquidation was begun in 2010 and completed in its entirety in 2011.

At present, BE Group offers a selection of the Group's product range in commercial steel, stainless steel and aluminium in the CEE market. BE Group also provides production services. In addition, BE Group offers advisory services and logistics solutions. The products and services offered vary from country to country. Since 2009, a Group-internal logistics center has been in place in the Czech Republic with the purpose of supplying all other Group companies, primarily within Business Area CEE but also to some extent in Sweden and Finland, with a range of flat products.

GROUP

Sales per product group	2011	2010
Long products	1,685	1,478
Flat products	2,123	1,829
Reinforcement steel	559	408
Stainless steel	1,009	887
Aluminium	329	352
Other	236	175
Total	**5,941**	**5,129**

Sales by country based on customer's domicile	2011	2010
Sweden	2,787	2,367
Finland	1,999	1,737
Czech Republic	621	545
Other countries	534	480
Total	**5,941**	**5,129**

Assets by country	2011	2010
Sweden	700	666
Finland	319	317
Czech Republic	166	178
Other countries	19	8
Total	**1,204**	**1,169**

PARENT COMPANY

Sales of internal services by country based on domicile of subsidiary	2011	2010
Sweden	22	19
Finland	18	14
Other countries	15	12
Total	**55**	**45**

Note 2 Significant costs

Group	**2011**	**2010**
Material costs	-4,787	-4,106
Employee expenses	-451	-416
Other external costs	-535	-465
Depreciation and amortization	-64	-59
Other operating expenses	-38	-4
Total	**-5,875**	**-5,049**

The specification of significant cost categories 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	**2011**	**of which men**	**2010**	**of which men**
Parent Company				
Sweden	16	69%	17	65%
Total in the Parent Company	**16**	**69%**	**17**	**65%**
Subsidiaries				
Sweden	374	88%	334	81%
Finland	334	89%	328	88%
Estonia	24	83%	17	76%
Latvia	9	78%	8	75%
Lithuania	11	82%	11	82%
Poland	36	64%	41	68%
Czech Republic	113	71%	117	73%
Slovakia	20	70%	20	65%
Denmark	3	67%	8	75%
Other	3	33%	8	88%
Total for subsidiaries	**927**	**85%**	**892**	**82%**
Total, Group	**943**	**84%**	**909**	**81%**

Specification of gender distribution in Group management

Gender distribution, Group management	**2011** Percentage women	**2010** Percentage women
Parent Company		
Board	33%	29%
Other executives	0%	0%
Group total		
Board	33%	29%
Other executives	0%	0%

Salaries, other remuneration and social security expenses

Group	2011	2010
Salaries and remuneration	331,485	310,059
Share Savings Scheme costs	4,193	2,467
Pension expense, defined-benefit plans	-90	-181
Pension expense, defined-contribution plans	35,342	34,495
Social security contributions	80,466	69,003
	451,396	**415,843**

Parent Company	2011		2010	
	Salaries and remunerations	Social security costs	Salaries and remunerations	Social security costs
Parent Company	22,214	15,475	21,009	12,655
(of which pension expenses)[1]		(4,440)		(4,817)

[1] Of the Parent Company's pension expenses, SEK 2,206 thousands (2,624) refers to executives. There are no outstanding pension commitments.

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

	2011		2010	
	Executives [1]	Other employees	Executives [1]	Other employees
Parent Company	**11,487**	**10,727**	**10,867**	**10,142**
(of which bonuses etc.)	*(110)*	*(394)*	*(506)*	*(808)*
Subsidiaries	**14,016**	**289,820**	**11,739**	**268,688**
(of which bonuses etc.)	*(888)*	*(10,283)*	*(1,084)*	*(3,096)*
Total, Group	**25,503**	**300,547**	**22,606**	**278,830**
(of which bonuses etc.)	*(998)*	*(10,677)*	*(1,590)*	*(3,904)*

[1] Executives include directors, members of Group Management and company presidents.

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 6.9 M (6.7). Alecta's surplus can be distributed to the policyholders and/or the insured persons. At the end of 2011, Alecta's surplus expressed as the collective funding ratio was 113 percent (146). 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.

Defined contribution pension plans

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

	2011	2010
Expenses for defined contribution plans	35	34
Inclusive expenses related to the ITP plan financed through Alecta	*7*	*7*

Note 3 cont.

Executive remuneration

Total remuneration to the President and other Executives consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the guidelines cost executive remuneration adopted by the 2011 Annual General Meeting the IASB is detailed in the Board of Directors' Report on page 40.

The following tables provide details of actual remunerations and other benefits paid in the 2011 and 2010 financial years to directors, the President (who is also the CEO), the Executive Vice President and other executives. The latter are those individuals who, alongside the President and Executive Vice President are members of the Group management team.

Remunerations and benefits 2011	**Basic salary/ Board fee**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Share Savings Plan**	**Other remuneration**	**Total**	**Pension commitments**
Chairman of the Board [1]								
Carl-Erik Ridderstråle	133	–	–	–	–	1	134	–
Anders Ullberg	287	–	–	–	–	0	287	–
Directors								
Roger Bergqvist	200	–	–	–	–	2	202	–
Cecilia Edström	230	–	–	–	–	–	230	–
Marita Jaatinen	200	–	–	–	–	–	200	–
Joakim Karlsson [2]	77	–	–	–	–	–	77	–
Lars Olof Nilsson	260	–	–	–	–	–	260	–
Lars Spongberg	200	–	–	–	–	0	200	–
President								
Roger Johansson	4,000	–	124	1,202	386	1	5,713	–
Executive Vice President								
Torbjörn Clementz	2,363	44	166	629	571	3	3,776	–
Other executives [3]	5,431	177	400	1,259	393	8	7,668	-233
Total	**13,381**	**221**	**690**	**3,090**	**1,350**	**15**	**18,747**	**-233**
Recognized as an expense in the Parent Company	9,917	110	531	2,206	1,080	9	13,853	–

[1] Carl-Erik Ridderstråle served as Chairman of the Board until the 2011 Annual General Meeting. Anders Ullberg was subsequently appointed Chairman of the Board.
[2] Joakim Karlsson withdrew from the Board of Directors effective from the 2011 Annual General Meeting.
[3] Other executives consists of 4 persons.

Remunerations and benefits 2010	**Basic salary/ Board fee**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Share Savings Plan**	**Other remuneration**	**Total**	**Pension commitments**
Chairman of the Board								
Carl-Erik Ridderstråle	407	–	–	–	–	–	407	–
Directors								
Roger Bergqvist	200	–	–	–	–	2	202	–
Cecilia Edström	227	–	–	–	–	–	227	–
Marita Jaatinen	133	–	–	–	–	–	133	–
Roger Johansson	200	–	–	–	–	–	200	–
Joakim Karlsson	227	–	–	–	–	–	227	–
Lars Olof Nilsson [1]	253	–	–	–	–	–	253	–
Lars Spongberg	207	–	–	–	–	–	207	–
President								
Lars Bergström	3,552	150	136	1,216	-48	4	5,010	–
Executive Vice President								
Torbjörn Clementz	2,012	170	88	619	288	5	3,182	–
Other executives [2]	5,631	453	275	1,174	501	6	8,040	-144
Total	**13,048**	**773**	**499**	**3,009**	**741**	**18**	**18,088**	**-144**
Recognized as an expense in the Parent Company	9,807	506	375	2,624	540	14	13,866	–

[1] In addition to the remunerations detailed in the table above, a consultancy fee of SEK 165,000 was paid in 2010 to a company owned by Lars Olof Nilsson for work in connection with refinancing.
[2] Other executives consists of 4 persons.

Share Savings Plan

At the end of the financial year, three share savings schemes were in progress, the Share Savings Schemes 2009, 2010 and 2011 respectively. The programs are classified in accordance with IFRS as equity-related programs and include service-based and non-market-based performance terms. In accordance with IFRS 2, such terms are not included in the initial assessment of the programs but are treated as an adjustment of the expected number of instruments expected to be earned within the programs – this is known as a true-up adjustment. Consequently, neither is there any adjustment to fair value during the maturity of the programs. During the year, Share Savings Scheme 2008 was concluded. The introduction of each Share Savings Scheme has been approved by the Annual General Meeting for each relevant year. The offer to participate in the schemes has been extended to members of Group management, business area executive teams and other key individuals within the Group. All of the programs run for a period of three years. The structure and terms of the Share Savings Schemes 2008 and 2009 were identical. The terms of the Share Savings Schemes 2010 and 2011 differ somewhat – (see below). Each participant in the scheme is eligible for a maximum of 0.5 matching shares and 2 performance shares. The matching and performance shares are allotted against no consideration if the following conditions are met:

Terms of Share Savings Schemes 2008 and 2009

- Half a share ("matching share") if the individual remains in his or her employment or equivalent employment within the Group during the vesting period.
- One additional share ("performance share") if BE Group's underlying earnings per share for the financial years of 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 ("performance shares") if BE Group's underlying earnings per share for the financial years 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.

Terms of Share Savings Scheme 2010

- Half a share ("matching share") if the individual remains in his or her employment or equivalent employment within the Group during the vesting period.
- One additional share ("performance share") if BE Group's underlying earnings per share for the 2012 financial year increase by SEK 1.50 compared with earnings per share of SEK 1.00, or two additional shares ("performance shares") if BE Group's underlying earnings per share for the 2012 financial year increase by SEK 4.50.

Terms of Share Savings Scheme 2011

- Half a share ("matching share") if the individual remains in his or her employment or equivalent employment within the Group during the vesting period.
- One additional share ("performance share") if BE Group's earnings per share for the 2013 financial year amount to SEK 3.50 or two additional shares ("performance shares") if BE Group's underlying earnings per share for the 2013 financial year amount to SEK 7.50.

	Share Savings Plan				
	2008	**2009**	**2010**	**2011**	**Total**
Allotment date	May 2008	June 2009	May 2010	May 2011	
Vesting period	33 months	32 months	33 months	33 months	
Allocation of matching and performance shares	February 2011	February 2012	February 2013	February 2014	
Number of participants [1]	25	21	25	21	
Number of savings shares [1]	40,942	54,726	60,208	65,524	
Maximum number of matching and performance shares [1]	102,355	154,813	150,520	163,810	571,498
Number of matching and performance shares used in the accounts [2]	20,471	27,363	150,520	163,810	365,764
Estimated expense for matching and performance shares [3]	1,439	923	6,641	6,798	15,801
– of which, charged against earnings for 2011 (+)negative/(-) positive	*77*	299	2,330	1,487	4,193
of which, expensed in the Parent Company	*31*	*115*	*1,217*	*1,118*	2,481
of which, expensed in subsidiaries	*46*	*184*	*1,113*	*369*	1,712
Provision for social security fees [4]	–	119	408	204	731
– of which, charged against earnings for 2011 (+)negative/(-) positive	–	-65	5	204	144

[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] In the accounts, the expenses for the Share Savings Schemes 2010 and 2011 have been based on the maximum allocation, i.e. 0.5 matching shares and 2 performance share per savings share. For the 2008 and 2009 schemes, the cost has been based on 0.5 matching shares per savings share.

[3] The calculations are based on the market price per share of the Company's stock as of the valuation date. That price is SEK 70.30 for matching and performance shares in Share Savings Scheme 2008, SEK 32.43 for Share Savings Scheme 2009, SEK 49.00 for Share Savings Scheme 2010 and SEK 41.50 for Share Savings Scheme 2011.

[4] The provision for social security expenses was made based on the market price per share as of balance sheet date, which was SEK 20.00. Final social security expenses will be calculated based on the market price per share when matching and performance shares are allotted.

Note 3 cont.

At December 31, 2011, the Company held a total of 624,000 treasury shares to financially hedge its commitment to provide matching and performance shares in accordance with the Share Savings Schemes. This hedging measure shall also cover social security expenses. At the time of publication of this Annual Report, matching shares for the Share Savings Scheme 2009 have been delivered. Furthermore, in the latter half of March, 5,910 shares will be sold to cover social security contributions. The Company will subsequently hold 590,727 shares.

President and CEO Roger Johansson has earned 8,455 shares (0). Deputy CEO Torbjörn Clementz had earned 19,141 (8,025) shares and other executives had earned a total of 9,084 (12,994) shares as of the balance sheet date.

Detailed below are the agreed terms for remuneration to the Board, the President and other executives. For details of the guidelines adopted by the Annual General Meeting, see the Board of Directors' Report on page 40.

Board remuneration

The Chairman and other directors are paid directors' fees as resolved by the Annual General Meeting. The Annual General Meeting resolved that directors' fees totaling SEK 1,400,000 (1,800,000) will be distributed among the directors as follows: SEK 400,000 (400,000) to the Chairman of the Board and SEK 200,000 (200,000) to each of the remaining directors who are not employees of the Company. In addition, remuneration of SEK 60,000 (60,000) will be paid to the Chairman for his work in the Audit Committee and SEK 30,000 (30,000) for each of the other members of the Audit Committee. No fees are paid to members of the Remunerations Committee. Other remuneration has been paid in the form of taxable travel expense reimbursements.

Remuneration to the President

Remuneration

Total remuneration to the President consists of base pay, bonuses, pension and other benefits. Basic salary to the President and CEO amounted to SEK 4,000,000 (3,552,000). Maximum variable remuneration payable to the President is 50 percent of base pay. Whether or not bonuses are to be distributed and the amounts payable are determined based on BE Group's return on operating capital and personal performance.

Term 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. During the term of notice, the President is entitled to full pay and other benefits of employment, regardless of whether or not he is obligated to work.

Pension benefits

In addition to benefits in accordance with the National Income Replacement Pension Act, pension contributions are made corresponding to 30 percent (30) of fixed annual salary plus vacation pay, which constitutes pensionable pay. The ITP plan according to collective agreement must be utilized first, with the remainder then being allocated among other pension insurance plans. Total premiums were SEK 1,202,000 (1,216,000). BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment.

Executive remuneration

Remuneration

Remuneration consists of base pay, variable remuneration, pensions and other benefits. The maximum variable remuneration payable to other executives is between 30 to 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 and individual targets. Financial targets are linked to growth and return on operating capital for BE Group and the relevant subsidiary/business areas' return on operating capital. The individual targets are based on personal performance. Variable remuneration to other executives amounted to SEK 221,000 (623,000).

Term of notice and severance pay

Other executives are entitled to 12 months' notice of termination by BE Group, with the exception of the Executive Vice President, who is entitled to 15 months. The executives are required to give six months' notice when resigning. During the term of notice, the other executives are entitled to full pay and other benefits of employment. Members of Group management are not entitled to severance pay.

Pension benefits

Pension benefits for members of executives employed in Sweden are in accordance with the Group ITP plan, with consideration given to the maximum tax-deductible amount. An exception is made for the Executive Vice President 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 then being allocated among other pension insurance plans. BE Group's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years. For other executives employed in Finland, pension contributions are made equal to 18 percent of pensionable pay. For all other executives, pension premiums amounted to SEK 1,888,000 (1,793,000).

Remuneration Committee

Please see the Corporate Governance Report on pages 88-92 for more information about BE Group's preparation and decision process regarding executive remuneration.

Note 4 Auditors' fees and reimbursements

Group	**2011**	**2010**
KPMG		
Audit assignments	3	2
Audit activities in addition to the audit assignment	0	0
Consultation on taxation	0	0
Other Services	0	1
Total fees and cost compensation	**3**	**3**

Parent Company	**2011**	**2010**
KPMG		
Audit assignments	1	1
Audit activities in addition to the audit assignment	0	0
Consultation on taxation	–	–
Other Services	0	0
Total fees and cost compensation	**1**	**1**

Note 5 Lease fees for operational leasing

The Group's operating lease expenses for the year were SEK 87 M (83), of which SEK 1 M (0) refers to the Parent Company.

	Group		Parent Company	
	2011		2011	
Operational lease fees	Minimum lease fees	Variable fees	Minimum lease fees	Variable fees
Buildings and land	73	1	–	–
Other	13	–	1	–
Total lease fees	**86**	**1**	**1**	**–**

Operational lease liabilities fall due for payment as follows:

	Group		Parent Company	
Future maturities of minimum lease fees	2011	2010	2011	2010
Within one year	91	84	1	0
One to five years	331	228	0	0
Later than five years	533	666	–	–
Total	**955**	**978**	**1**	**0**

Significant leases

Most Group operating leases refer to leases of operating sites.

Note 6 Profit/loss from participations in Group companies

Parent Company	2011	2010
Dividend	27	–
Group contributions received	64	25
Impairment of shares in subsidiaries	-52	-40
Other	1	–
Total	**40**	**-15**

Note 7 Other operating income

Group	2011	2010
Capital gains on sales of assets	2	1
Net movements in exchange rates on receivables/liabilities of an operating nature	–	5
Reversal of property restructuring provision	15	–
Other	7	3
Total	**24**	**9**

Parent Company	2011	2010
Net movements in exchange rates on receivables/liabilities of an operating nature	–	0
Total	**–**	**0**

Note 8 Other operating expenses

Group	2011	2010
Net movements in exchange rates on receivables/liabilities of an operating nature	-5	–
Capital loss on sales of assets	-1	0
Costs for profitability enhancement measures	-26	–
Closure of operations in Denmark	-4	–
Other	-2	-4
Total	**-38**	**-4**

Parent Company	2011	2010
Net movements in exchange rates on receivables/liabilities of an operating nature	-1	–
Total	**-1**	**–**

Note 9 Financial income

Group	2011	2010
Interest income from credit institutions	0	0
Other interest income	4	2
Dividends received	0	0
Other	0	–
Total	**4**	**2**

Parent Company	2011	2010
Interest income, Group companies	26	25
Other interest income	0	0
Net movements in exchange rates	3	46
Total	**29**	**71**

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

Note 10 Financial expenses

Group	2011	2010
Interest expense to credit institutions	-40	-32
Other interest expense	-2	-3
Net movements in exchange rates	-3	-5
Change in value of financial instruments	0	-1
Other expenses	-7	-16
Total	**-52**	**-58**

Parent Company	2011	2010
Interest expense to credit institutions	-36	-31
Interest income, Group companies	-13	-9
Impairment of receivables from Group companies	–	-21
Other expenses	-7	-14
Total	**-56**	**-75**

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

Note 11 Taxes

Group	2011	2010
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	-18	11
Adjustment of tax attributable to prior years	0	0
Total	**-18**	**11**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	-1	1
Deferred tax asset attributable to tax loss carryforwards capitalized during the year	9	5
Deferred tax expense attributable to utilization of previously capitalized tax value in tax-loss carryforwards	-5	-29
Deferred tax attributable to change in tax rate	2	–
Deferred tax expense attributable to impairment of capitalized tax value attributable to tax-loss carryforwards	-14	–
Adjustment of tax attributable to prior years	-1	-1
Total	**-10**	**-24**
Total consolidated reported tax expense	**-28**	**-13**

Parent Company	2011	2010
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	0	-2
Adjustment of tax attributable to prior years	–	0
Total	**0**	**-2**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	0	0
Total	**0**	**0**
Total reported tax expense in the Parent Company	**0**	**-2**

Reconciliation of effective tax	2011		2010	
Group	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		48		42
Tax at prevailing rate for the Parent Company	26.3%	-13	26.3%	-11
Effect of different tax rates for foreign subsidiaries	6.6%	-3	3.1%	-1
Non-deductible expenses	6.4%	-3	17.3%	-7
Non-taxable revenues	-0.6%	0	-13.2%	5
Increase of loss carryforward without corresponding capitalization of deferred tax	28.1%	-14	7.0%	-3
Taxes attributable to changed tax rate	-3.9%	2	0.0%	–
Taxes attributable to previous years	-2.6%	1	1.4%	-1
Share in earnings of joint venture	-3.2%	2	-6.1%	3
Other	0.9%	0	-4.7%	2
Recognized effective tax	**58.0%**	**-28**	**31.0%**	**-13**

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

Reconciliation of effective tax	2011		2010	
Parent Company	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-25		-58
Tax at prevailing rate for the Parent Company	26.3%	7	26.3%	22
Non-deductible expenses	-54.8%	-14	-29.4%	-17
Non-taxable revenues	28.5%	7	0.0%	–
Other	-1.7%	0	0.0%	–
Recognized effective tax	**-1.7%**	**0**	**-3.1%**	**5**

Tax items recognized in other comprehensive income

Group	2011	2010
Current tax for currency risk hedging in foreign operations	1	14
Total tax in other comprehensive income	**1**	**14**

Tax items recognized directly in equity

Group	2011	2010
Deferred tax, Share Savings Scheme	0	0
Tax items recognized directly in equity	**0**	**0**

Note 12 Earnings per share

Group	2011	2010
Earnings per share before dilution (SEK)	0.41	0.58
Earnings per share after dilution (SEK)	0.41	0.58

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 (SEK M)	20	29

Weighted average number of common shares outstanding before dilution (individual shares)		
Total ordinary shares at January 1	50,000,000	50,000,000
Effect of treasury share transactions	-453,640	-343,743
Weighted ordinary shares outstanding during the year, before dilution	**49,546,360**	**49,656,257**

Weighted average number of common shares outstanding after dilution (individual shares)		
Weighted average ordinary shares outstanding, before dilution	49,546,360	49,656,257
Effect of Share Savings Scheme	17,619	47,647
Weighted ordinary shares outstanding during the year, after dilution	**49,563,979**	**49,703,904**

Note 13 Goodwill

Cash-generating units with goodwill

Goodwill	Sweden	Finland	CEE	Group total
Opening balance, January 1, 2010	314	240	93	647
Acquisitions	67	–	–	67
Exchange difference	–	-14	-8	-22
Closing balance, December 31, 2010	**381**	**226**	**85**	**692**
Opening balance, January 1, 2011	381	226	85	692
Acquisitions	4	–	–	4
Exchange difference	–	-1	-2	-3
Closing balance, December 31, 2011	**385**	**225**	**83**	**693**

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

Cash generating units

Sweden

The goodwill that arose in connection with the acquisitions of Lecor Stålteknik AB and BE Group Produktion AB has been tested for impairment at the segment level in accordance with IAS 36.

Finland

The Finnish cash generating unit consists of the Finland segment, which is equivalent to BE Group Oy Ab.

CEE

Within the CEE segment the entire goodwill related to historical acquisitions has been allocated to the cash generating unit Czech Republic, consisting of the companies BE Group s.r.o. and BE Group Logistics CZ s.r.o.

Impairment testing

In impairment testing, the recoverable amount consists of the cash-generating units' estimated value in use. In the calculation of value in use, a discount factor of 10.81 percent (10.71) before tax has been applied for Sweden, 11.00 percent (10.68) for Finland and 9.21 percent (9.73) for the CEE. The estimates on which measurement of value in use were based on management's established and updated cash flow forecasts for a period of five years, which have been elaborated within the framework of the Group's five-year forecast process. Cash flow for the ensuing years has been extrapolated using an assumed initial annual growth rate of 2 percent that declines by 10 percent per year.

Key variables in the cash flow forecasts

Growth rate

Growth for BE Group is based on growth in sales volumes and sale price development for the the Group's products. The applied rate of market growth is assessed to follow general growth in each country. Organic growth will be generated primarily through increased processing of the the Group's products and continued growth in the Group's markets. Forecast market shares, margins and expenses based on business plans and knowledge of the local markets, which are adjusted on an ongoing basis as such adjustments are indicated to be appropriate. Greater general uncertainty prevails regarding future market conditions in CEE than in Sweden and Finland.

Steel prices

BE Group offsets changes in its purchase prices by adjusting its sales prices, which normally generates a relatively channel in gross margin over time. The Group has not included any changes in steel prices beyond the initial forecast year in its calculations.

Sensitivity analysis

The annual impairment testing carried out as per the balance sheet date did not indicate the need for any impairment. For Sweden and Finland, the tests show considerable gaps between the recoverable amount and the carrying amount while the gap is much smaller for CEE.

Based on amounts used in the calculations for CEE, the value in use would be equal to the carrying amount if either the long-term market growth is changed from 2 percent to 0 percent or the operating margin decreases from 2.6 percent to 1.7 percent. The same would apply if the pre-tax discount rate increases from 9.21 percent to 11 percent.

Note 14 Other intangible assets

Group	Customer relations 2011	Customer relations 2010	Software and licenses 2011	Software and licenses 2010	Advance payments for intangible assets 2011	Advance payments for intangible assets 2010	Total 2011	Total 2010
Accumulated cost								
At January 1	27	30	96	34	4	46	127	110
Purchases	–	–	25	20	–	4	25	24
Disposals and scrappings	–	–	0	0	–	–	0	0
Reclassification	–	–	4	46	-4	-46	–	–
Exchange differences for the year	0	-3	0	-4	–	–	0	-7
Total accumulated cost	**27**	**27**	**125**	**96**	**–**	**4**	**152**	**127**
Accumulated scheduled amortization								
At January 1	-11	-8	-35	-30	–	–	-46	-38
Disposals and scrappings	–	–	–	0	–	–	–	0
Scheduled amortization for the year	-4	-4	-15	-8	–	–	-19	-12
Exchange differences for the year	0	1	0	3	–	–	0	4
Total accumulated amortization	**-15**	**-11**	**-50**	**-35**	**–**	**–**	**-65**	**-46**
Accumulated impairment								
At January 1	–	–	–	–	–	–	–	–
Impairment losses for the year	–	–	–	–	–	–	–	–
Total accumulated impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount at end of period	**12**	**16**	**75**	**61**	**–**	**4**	**87**	**81**
Amortization for the year is reported on the following lines in the Income Statement								
Selling expenses	-4	-4	0	-1	–	–	-4	-5
Administrative expenses	–	–	-15	-7	–	–	-15	-7
Total	**-4**	**-4**	**-15**	**-8**	**–**	**–**	**-19**	**-12**

Parent Company	Customer relations 2011	Customer relations 2010	Software and licenses 2011	Software and licenses 2010	Advance payments for intangible assets 2011	Advance payments for intangible assets 2010	Total 2011	Total 2010
Accumulated cost								
At January 1	–	–	66	–	4	46	70	46
Purchases	–	–	21	20	–	4	21	24
Reclassification	–	–	4	46	-4	-46	–	–
Total accumulated cost	**–**	**–**	**91**	**66**	**–**	**4**	**91**	**70**
Accumulated scheduled amortization								
At January 1	–	–	-7	–	–	–	-7	–
Scheduled amortization for the year	–	–	-13	-7	–	–	-13	-7
Total accumulated amortization	**–**	**–**	**-20**	**-7**	**–**	**–**	**-20**	**-7**
Carrying amount at end of period	**–**	**–**	**71**	**59**	**–**	**4**	**71**	**63**
Amortization for the year is reported on the following lines in the Income Statement								
Administrative expenses	–	–	-13	-7	–	–	-13	-7
Total	**–**	**–**	**-13**	**-7**	**–**	**–**	**-13**	**-7**

Note 15 Tangible assets

Group	Buildings and land 2011	Buildings and land 2010	Plant and machinery 2011	Plant and machinery 2010	Equipment, tools, fixtures and fittings 2011	Equipment, tools, fixtures and fittings 2010	New construction in progress and advance payments for tangible assets 2011	New construction in progress and advance payments for tangible assets 2010	Total 2011	Total 2010
Accumulated cost										
At January 1	91	96	361	389	178	185	1	0	631	670
Purchases	–	2	58	11	6	3	14	1	78	17
Acquisitions of subsidiaries	–	–	5	1	0	–	–	–	5	1
Disposals and scrappings	–	–	-11	-4	-9	-4	–	–	-20	-8
Reclassification	–	–	10	–	–	–	-10	0	–	0
Exchange differences for the year	-2	-7	-2	-36	-1	-6	0	0	-5	-49
Total accumulated cost	**89**	**91**	**421**	**361**	**174**	**178**	**5**	**1**	**689**	**631**
Accumulated scheduled amortization										
At January 1	-13	-10	-230	-226	-119	-111	–	–	-362	-347
Acquisitions of subsidiaries	–	–	0	0	0	–	–	–	0	0
Disposals and scrappings	–	–	9	4	9	3	–	–	18	7
Reclassification	–	–	–	–	–	–	–	–	–	–
Scheduled amortization for the year	-3	-3	-29	-29	-12	-15	–	–	-44	-47
Exchange differences for the year	0	0	2	21	0	4	–	–	2	25
Total accumulated amortization	**-16**	**-13**	**-248**	**-230**	**-122**	**-119**	**–**	**–**	**-386**	**-362**
Accumulated impairment										
At January 1	0	0	-1	-1	-1	-1	–	–	-2	-2
Impairment losses for the year	0	–	-1	–	0	–	–	–	-1	–
Exchange differences for the year	0	0	0	0	0	0	–	–	0	0
Total accumulated impairment	**0**	**0**	**-2**	**-1**	**-1**	**-1**	**–**	**–**	**-3**	**-2**
Carrying amount at end of period	**73**	**78**	**171**	**130**	**51**	**58**	**5**	**1**	**300**	**267**

Finance leasing

Group	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Assets held under financial leases are included at a carrying amount of	**8**	**11**	**–**	**–**	**3**	**1**	**–**	**–**	**11**	**12**

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

Group	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Within one year	2	2	–	–	1	2	–	–	3	4
One to five years	8	8	–	–	3	1	–	–	11	9
Later than five years	7	9	–	–	–	–	–	–	7	9
Total future minimum lease fees	**17**	**19**	**–**	**–**	**4**	**3**	**–**	**–**	**21**	**22**
Amount representing interest	-3	-4	–	–	-1	0	–	–	-4	-4
Total carrying value of lease liability	**14**	**15**	**–**	**–**	**3**	**3**	**–**	**–**	**17**	**18**

See Note 30, Financial risk management, and Note 32, Significant estimates and assessments, for additional disclosures concerning lease liabilities.

Note 15 cont.

	Equipment, tools, fixtures and fittings	
Parent Company	**2011**	**2010**
Accumulated cost		
At January 1	1	1
Purchases	0	–
Total accumulated cost	**1**	**1**
Accumulated scheduled amortization		
At January 1	-1	0
Scheduled amortization for the year	0	-1
Total accumulated amortization	**-1**	**-1**
Carrying amount at end of period	**0**	**0**

Note 16 Participations in Group companies

Parent Company	**2011**	**2010**
Accumulated cost		
At January 1	1,431	1,343
Acquisitions and capital contributions	25	88
Total accumulated closing balance	**1,456**	**1,431**
Accumulated impairment		
At January 1	-50	-10
Impairment losses for the year	-52	-40
Total accumulated impairment	**-102**	**-50**
Carrying amount at end of period	**1,354**	**1,381**

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

Subsidiaries/Reg. No./Domicile	Partici-pating interests	Interest in %	Carrying amount
BE Group Sverige AB, 556106-2174, Malmö, Sweden	20,000	100	866
Bröderna Edstrand Transporter AB, in liquidation, 556283-3763, Malmö, Sweden		*100*	
BE Group Oy Ab, 1544976-7, Finland	204,000	100	147
BE Group AS,10024510, Estonia	40	100	0
BE Group SIA, 000341-313, Latvia	100	100	0
UAB BE Group, V2.3, Lithuania	100	100	0
BE Group sp.z.o.o, RHB131-30, Poland	20,216	100	8
BE Group A/S, in liquidation, 6771-9514, Denmark	73	100	–
Bröderna Edstrand Fastighets AB, 556659-7877, Malmö, Sweden	10,000	100	1
BE Group s.r.o., 269 16 347, Czech Republic		100	52
BE Group Logistics CZ s.r.o, 282 43 781, Czech Republic		100	168
BE Group Slovakia s.r.o., 36595659, Slovakia		100	7
BE (Shanghai) Steel Trading Co, Ltd, 310000400640248, China		100	10
Lecor Stålteknik AB, 556584-6382, Kungälv, Sweden	1,000	100	85
BE Group Produktion Eskilstuna AB, 556788-2344, Eskilstuna, Sweden	5,000	100	10
RTS Eesti OÜ, 11657766, Estonia		*100*	
RTS Welded Structures S.R.L., 27022272, Romania		*100*	
			1,354

Acquisitions, capital contributions and impairments during the year	**2011**	**2010**
BE Group Slovakia s.r.o.	5	-33
BE Group s.r.o.	-50	–
BE Group A/S	-2	-2
Lecor Stålteknik AB	–	85
BE Group (ShangHai) Steel Trading Co, Ltd	10	–
BE Group Produktion Eskilstuna AB	10	–
Share Savings Plan	–	-1
	-27	**48**

Acquisitions 2011

In February 2011, BE Group acquired all shares and votes in metal processing group RTS (the name of which has been changed to BE Group Produktion) with 35 Swedish metal processing, Sweden and Rapla, Estonia, as well as a smaller-scale trading operation in Romania. The acquisition marks a further stage in BE Group's strategy to advance along the value chain. RTS complements BE Group's production capacity and opens up for a new category of assignments in heavy engineering. The purchase consideration for the combined asset and stock purchase transaction amounted to approximately SEK 9 M, of which slightly less than SEK 7 M was paid in cash, while the remainder of approximately SEK 2 M was paid with treasury shares. The acquisition costs amount to slightly less than SEK 1 M and have been reported as an administrative cost in the consolidated accounts. In the Parent Company's accounts, they have been included in the cost of the shares.

Acquisition of RTS

Fair value of acquired net assets	5
Goodwill	4
Purchase consideration, consolidated cost	**9**
Acquisition costs	1
Parent Company's cost	**10**

Acquired assets and liabilities	Carrying amount before acquisition	Fair value adjustment	Identifiable assets and liabilities
Tangible assets	5	0	5
Deferred tax assets	–	0	0
Operating assets	3	-1	2
Cash and equivalents	0	–	0
Interest-bearing liabilities	-1	–	-1
Operating liabilities	-1	–	-1
Deferred tax liability	–	–	–
Total	**6**	**-1**	**5**

RTS during period of ownership in 2011

Sales	40
Profit after tax	-4

Sales for the full financial year 2011 amounted to SEK 40 M while earnings after tax amounted to a loss of SEK 4 M.

The acquisition balance sheet was finalized at the end of 2011. No material differences arose in comparison with the preliminary acquisition calculation. The goodwill item of SEK 4 M is attributable to the Company's market position according to the description above and the synergies expected to be generated within the Group's existing operations and is not tax deductible.

Acquisitions 2010

In October 2010, BE Group acquired all of the shares and votes in steel construction company Lecor Stålteknik AB, with 26 employees in Kungälv, Sweden. The acquisition is in line with BE Group's strategy to strengthen and broaden its production service offering. Lecor Stålteknik's vision is to develop as Sweden's leading producer of prefabricated steel structures and it is well-known for its quality and capacity to deliver. Lecor Stålteknik's know-how in design, production, project management and technology strengthens BE Group's market position and the acquisition will create new opportunities for competitive deliveries of advances steel structures. The purchase consideration for the shares totaled SEK 84 M, of which SEK 28 M was paid in cash in connection with the transfer of operations, with the remainder being divided equally and paid in the first and third quarters of 2011. The acquisition was financed within BE Group's existing credit facilities. The acquisition costs amounted to SEK 1 M and have been reported as an administrative cost in the consolidated accounts. In the Parent Company's accounts, they have been included in the cost of the shares.

Acquisition of Lecor Stålteknik AB

Fair value of acquired net assets	17
Goodwill	67
Purchase consideration, consolidated cost	**84**
Acquisition costs	1
Parent Company's cost	**85**

Acquired assets and liabilities	Carrying amount before acquisition	Fair value adjustment	Identifiable assets and liabilities
Tangible assets	1	0	1
Deferred tax assets	0	2	2
Operating assets	31	-1	30
Cash and equivalents	12	0	12
Interest-bearing liabilities	0	0	0
Operating liabilities	-20	-6	-26
Deferred tax liability	-2	0	-2
Total	**22**	**-5**	**17**

Lecor Stålteknik AB during period of ownership in 2010

Sales	36
Profit after tax	4

Sales and profits after tax for the complete 2010 financial year were not available as Lecor Stålteknik applied a split financial year ending on June 30. The closing accounts as per that date were prepared in accordance with the Annual Accounts Act and the general advice of the Swedish Accounting Standards Board and does not, consequently, provide figures comparable with IFRS.

The acquisition balance sheet was finalized in 2011. No material differences arose in comparison with the preliminary acquisition calculation. The goodwill item of SEK 67 M is attributable to the company's market position and the synergies expected to be generated within the Group's existing operations and is not tax deductible.

Note 17 Participations in joint ventures

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

Earnings in joint venture ArcelorMittal BE Group SSC AB	**2011**	**2010**
Profit/loss before tax	16	26
Tax	-4	-7
Profit after tax	**12**	**19**
Dividends received	10	–

Overview of income statements and balance sheets for the joint venture	**2011**	**2010**
Net sales	616	577
Operating result	16	26
Net financial items	0	0
Tax	-4	-7
Profit/loss for the year	12	19

	2011	**2010**
Non-current assets	173	171
Current assets	191	175
Total assets	**364**	**346**

	2011	**2010**
Equity	243	251
Provisions	8	8
Interest-bearing liabilities	31	28
Other non-interest-bearing liabilities	82	59
Total equity and liabilities	**364**	**346**

Participations in joint ventures	**2011**	**2010**
Opening balance, cost	129	119
Dividends received	-10	–
Share in earnings of joint venture	6	10
Other	-1	–
Carrying amount at year-end	**124**	**129**

Transactions with joint venture ArcelorMittal BE Group SSC AB	**2011**	**2010**
Receivables due from joint venture	–	–
Debts owed to joint venture	16	11
Sales to joint venture	–	–
Purchases from joint venture	113	114
Dividends received	10	–

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

Note 18 Other securities held as non-current assets

Group	**2011**	**2010**
Accumulated cost		
At January 1	2	2
Exchange differences for the year	0	0
Carrying amount at end of period	**2**	**2**

Note 19 Interest-bearing receivables, Group companies

Parent Company	**2011**	**2010**
Accumulated cost		
At January 1	305	407
New receivables	36	8
Settled receivables	-59	-97
Exchange differences for the year	-4	-13
Carrying amount at end of period	**278**	**305**
Of which recognized as non-current	*53*	*54*
Of which recognized as current	*225*	*251*

Note 20 Inventories

Group	**2011**	**2010**
Obsolescence reserve, inventories		
Carrying amount at January 1	-17	-22
Translation difference	1	2
Acquisitions, subsidiaries	0	–
Change for the year	3	3
Total obsolescence reserve, inventory	**-13**	**-17**

Note 21 Prepaid expenses and deferred income

Group	**2011**	**2010**
Rent for premises	10	9
Supplier bonuses	12	12
Other items	17	12
Total prepaid expenses and accrued income	**39**	**33**

Parent Company	**2011**	**2010**
Supplier bonuses	12	12
Other items	4	3
Total prepaid expenses and accrued income	**16**	**15**

Note 22 Equity

Share capital and shares outstanding

Group	2011	2010
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, 2011, registered share capital amounted to 50,000,000 (50,000,000) ordinary shares. The quotient value of shares is approximately SEK 2.04 (2.04). Holders of ordinary shares annual general dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

Pertains to capital contributions from shareholders Includes share premium reserves transferred to the statutory reserve at December 31, 2005. 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	2011	2010
Carrying amount at January 1	18	51
Exchange difference for the year	-4	-73
Hedging of net investments in foreign subsidiaries	3	54
Tax attributable to hedging of net investment in foreign subsidiary	-1	-14
Carrying amount at end of period	**16**	**18**

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

	2011		2010	
Group	**Number**	**Amount**	**Number**	**Amount**
Balance at January 1	495,448	23	264,300	13
Divestments for the year	-85,586	-2	-12,952	0
Acquisitions for the year	214,138	5	244,100	10
Closing balance at end of period	**624,000**	**26**	**495,448**	**23**

Acquisitions of treasury shares were recognized directly in retained earnings. The shares are intended for use within the framework of the Share Savings Plans.

Dividend

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. In accordance with the decision by the Annual General Meeting in April 2011, the Company did not pay any dividends to shareholders for the 2010 financial year. The Board's proposal to the 2012 Annual General Meeting is that a dividend of SEK 0.25 per share be paid for the 2011 financial year. The proposed dividend is equivalent to 61 percent of profit after tax.

Capital management

The Group has set four 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 nonrecurring items and inventory gains/losses (see definitions on on pages 100-101). 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 target relates to a normal situation.

Financial targets	Targets	Outcome 2011	Outcome 2010
Underlying sales growth	>5%	11.5%	17.3%
Underlying EBITA margin	>6%	2.5%	1.7%
Underlying return on operating capital	>40%	17.1%	9.8%
Net debt/equity ratio	<125%	95.9%	107.0%

The Group's bank loan agreements include financial covenants in Note 30 Financial risk management.

Parent Company

Restricted equity

Restricted reserves

Dividends that reduce restricted reserves are prohibited.

Statutory reserve

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

Non-restricted equity

Retained earnings

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

Share premium reserve

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

Note 23 Provisions

Group	2011	2010
Restructuring costs	17	9
Guarantee commitments	0	19
Other	2	5
Total, other provisions	**19**	**33**
Of which:		
Non-current	1	16
Current	18	17
	19	**33**

2011	Restructuring costs	Guarantee commitments	Other
Carrying amount at January 1	9	19	5
Translation difference	0	–	0
New provisions	18	–	3
Amount used during the period	-10	-4	-6
Reversed provisions	–	-15	–
Carrying amount at end of period	**17**	**0**	**2**
Expected date of outflow of resources:			
2012	17	0	1
2013 - 2015	–	–	1
	17	**0**	**2**

Parent Company

The Parent Company's provision of SEK 1 M (1) refers to social security expenses related to Share Savings Schemes which have an expected outflow of resources in 2012, 2013 and 2014.

Note 24 Deferred tax assets and tax liabilities

2011 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	7	33	-26
Buildings and land	2	5	-3
Machinery and equipment	1	23	-22
Inventory	2	0	2
Accounts receivable	3	–	3
Other provisions	3	–	3
Tax allocation reserves	–	2	-2
Other	0	15	-15
Loss carryforwards	21	–	21
	39	**78**	**-39**
Offset	-20	-20	–
Net deferred tax liability	**19**	**58**	**-39**

2010 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	–	26	-26
Buildings and land	2	6	-4
Machinery and equipment	1	26	-25
Inventory	1	0	1
Accounts receivable	3	–	3
Other provisions	7	–	7
Tax allocation reserves	–	2	-2
Other	2	15	-13
Loss carryforwards	31	–	31
	47	**75**	**-28**
Offset	-13	-13	–
Net deferred tax liability	**34**	**62**	**-28**

Of the Group's capitalized deferred tax assets on tax loss carryforwards, assets of SEK 19 M (22) are limited to a period of five to eight years. These assets pertain to Poland, the Czech Republic, Slovakia, Lithuania and China.

Unrecognized deferred tax assets

In the Balance Sheet, deferred tax assets have not been recognized for tax loss carryforwards for a deferred tax value of SEK 14 M (30). Unrecognized tax-loss carryforwards are attributable to the loss making companies in Business Area CEE and in Denmark, which are currently in liquidation. The unrecognized amounts are equivalent to the portion of such carryforwards considered unlikely to be utilizable against taxable results in the near future. For the preceding year these were primarily attributable to the Russian subsidiary that was wound up in 2011.

Change of deferred tax in temporary differences and loss carryforwards

Group 2011	Carrying amount at beginning of period	Recognized in profit or loss	Acquisitions of subsidiaries	Recognized in equity[1]	Carrying amount at end of period
Intangible assets	-26	–	–	0	-26
Buildings and land	-4	1	–	0	-3
Machinery and equipment	-25	3	0	0	-22
Inventory	1	1	–	0	2
Accounts receivable	3	0	0	0	3
Other provisions	7	-4	–	0	3
Tax allocation reserves	-2	0	–	–	-2
Loss carryforwards	31	-10	–	0	21
Other	-13	-1	0	-1	-15
	-28	**-10**	**0**	**-1**	**-39**

2010	Carrying amount at beginning of period	Recognized in profit or loss	Acquisitions of subsidiaries	Recognized in equity[1]	Carrying amount at end of period
Intangible assets	-31	1	–	4	-26
Buildings and land	-4	0	–	–	-4
Machinery and equipment	-28	1	–	2	-25
Inventory	1	0	–	–	1
Accounts receivable	2	1	–	–	3
Other provisions	8	-2	2	-1	7
Tax allocation reserves	–	–	-2	–	-2
Loss carryforwards	58	-24	–	-3	31
Other	-13	-1	–	1	-13
	-7	**-24**	**0**	**3**	**-28**

[1] Includes translation differences on deferred tax.

Note 25 Pledged assets and contingent liabilities

Pledged assets to credit institutions

Group	2011	2010
Liens on assets	626	627
Property mortgages	62	65
Accounts receivable	132	64
Shares in subsidiaries	1,041	995
	1,861	**1,751**

Parent Company	2011	2010
Promissory notes receivable	296	297
Shares in subsidiaries	1,013	1,013
	1,309	**1,310**

Financial assets pledged as collateral

The Parent Company has promissory notes receivable from BE Group Sverige AB and BE Group Oy Ab pledged as collateral for external loan agreements. The carrying amount is equal to the amount reported as pledged collateral. Please see Note 30 Financial risk management with regard to significant terms and conditions of external loan agreements.

Contingent liabilities

Group	2011	2010
Warranties upon sale of real estate	87	146
Other guarantees	14	–
Other items	11	–
	112	**146**

In connection with the sale of real estate owned by the Group, BE Group provided the customary warranties to the buyer. The original warranties are limited under the contracts to SEK 362 M, although a maximum of SEK 87 M remained outstanding 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.

Parent Company	2011	2010
Guarantee obligations for the benefit of subsidiaries	80	95
	80	**95**

The Parent Company has provided payment guarantees on behalf of subsidiaries, primarily in the Business area CEE, for trade payables 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 26 Current interest-bearing liabilities

Group	2011	2010
Overdraft facility		
Credit limit	200	200
Unutilized component	-200	-200
Utilized credit amount	**–**	**–**
Other current interest-bearing liabilities	69	71
Total current interest-bearing liabilities	**69**	**71**

Disclosures concerning collateral are provided in Note 25 Pledged assets and contingent liabilities.

Note 27 Accrued expenses and deferred income

Group	2011	2010
Accrued salaries	38	40
Accrued social security expenses	10	12
Bonuses to customers	10	8
Other items	17	15
Total accrued expenses and deferred income	**75**	**75**

Parent Company	2011	2010
Accrued salaries	3	3
Accrued social security expenses	2	2
Other accrued expenses	9	4
Total accrued expenses and deferred income	**14**	**9**

Note 28 Supplementary disclosures to cash flow statement

Group	2011	2010
Interest paid and dividends received		
Dividends received	–	–
Interest received	4	2
Interest paid	-42	-35
Adjustment for non-cash items		
Depreciation and impairment of assets	58	58
Unrealized exchange differences	1	16
Capital gain/loss on sale of fixed assets	0	-1
Difference between participation in joint venture for the period and dividends received	4	-10
Provisions and other income items not affecting liquidity	-6	-10
Total	**57**	**53**
Cash and equivalents		
Cash and equivalents comprise the following components:		
Cash and bank balances	146	80
Current placements comparable to cash and equivalents	–	0
Total cash and equivalents	**146**	**80**

Parent Company	2011	2010
Interest paid and dividends received		
Dividends received	27	–
Interest received	26	20
Interest paid	-49	-37
Adjustment for non-cash items		
Depreciation and impairment of assets	65	68
Unrealized exchange differences	-2	-46
Provisions and other income items not affecting liquidity	7	1
Total	**70**	**23**
Cash and equivalents		
Cash and equivalents comprise the following components:		
Cash and bank balances	73	25
Total cash and equivalents	**73**	**25**

Capital contributions/acquisitions of subsidiaries in 2011 include payment of remaining consideration for the acquisition of Lecor Stålteknik AB. See Note 16 for further supplementary disclosures pertaining to acquired companies.

Note 29 Related-party transactions

Group

The Group has not conducted any transactions with related parties apart from with the joint venture company ArcelorMittal BE Group SSC AB. See Note 17 for further details.

No director or key management personnel has or has had any direct or indirect participation in any business transactions between the individual and the Group that is or was unusual in nature with regard to terms and conditions and that took place 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.

Parent Company

The Parent Company has decisive control over its subsidiaries (see Note 16) and has had the following transactions with related parties.

Parent Company's transactions with subsidiaries	2011	2010
Sales of services	55	45
Purchases of services	-17	-17
Interest income	26	25
Interest expense	-13	-9
Dividend Received (+)/ or paid (-)	27	–
Group contributions received (+)/paid (-)	64	25
Claims on related parties on balance day	376	360
Debt to related parties on balance day	212	88

Note 30 Financial risk management

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

BE Group's ongoing operations give rise to a number of financial risks. These consist of market risk (currency and interest risk), refinancing risk (liquidity risk) and credit risk.

Market risk

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

Currency risk

By reason of its international operations, BE Group is exposed to currency risk through exchange rate fluctuations. BE Group's currency 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. This is mainly achieved by matching revenues and expenses in business transactions with currencies other than SEK. When matching cannot be achieved, the Group sometimes utilizes forward contracts for currency hedging. All currency hedging is performed by the Group's central finance function in the Parent Company. At year-end, there were no outstanding forward contracts relating to transaction exposure.

Transaction exposure arises when the Group conducts purchasing in one currency and sales in another, meaning that the transaction exposure is attributable to accounts receivable and payable. BE Group's purchases are denominated mainly in SEK and EUR, while sales are denominated in local currency. Exposure arises primarily in Sweden, Poland and the Czech Republic. In other countries, the exposure is not significant, either because the EUR is used as the local currency or the local currency is pegged to the EUR.

In 2011, BE Group's transaction exposure in EUR amounted to EUR 91 M (91), consisting of the difference between actual purchasing and sales in EUR. The real effect of the transaction exposure affected operating result negatively by SEK 5 M (positive 5). Based on income and expenses in foreign currency for 2011, it is estimated that a change of +/- 5 percent in the SEK or CZK against the EUR would entail an effect of about SEK +/- 4 M or SEK +/- 1 M on operating profit respectively.

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

Amounts in SEK M		
SEK	249	31%
EUR	421	52%
CZK	133	16%
Other	2	1%
Total	**805**	**100%**

When the net assets of foreign Group companies are restated in SEK, translation differences arise in connection with exchange rate fluctuations that affect consolidated equity. The Group's earnings are affected by the currencies used in the translation of the results of its foreign units. Based on conditions in 2011, it is estimated that a 5 percent strengthening of the SEK against the EUR would entail a negative effect of SEK 4 M on operating profit in the translation of the earnings of foreign units.

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 totaling EUR 38 M have been used to currency hedge net assets of a corresponding amount and loans of CZK 310 M have been used to currency hedge net assets of CZK 383 M. An exchange rate loss after tax of SEK 4 M (gain 45) has been recognized in other comprehensive income attributable to the above hedge accounting. 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.

Note 30 cont.

Interest risk

Interest risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. The fair value of financial instruments varies as market interest rates fluctuate. The risk of changes in fair value is insignificant for BE Group since its consolidated interest-bearing receivables and liabilities are subject to variable interest or only short terms of fixed interest. BE Group's objective is to maintain the average fixed rate term of one to twelve months. The fixed rate term was kept short during the year and was approximately three months (3) as of the balance sheet date.

At the end of the year, the total interest-bearing loan debt was SEK 921 M. Interest-bearing assets in the form of cash and bank balances amounted to SEK 146 M.

In the event of a change in interest rates of 1 percent consolidated net financial items would be affected by approximately SEK +/- 8 M and consolidated equity by approximately SEK +/- 6 M. The sensitivity analysis has been conducted on the basis of current net debt at the end of the period.

The table below details the consolidated interest-bearing liabilities outstanding at December 31, 2010 and December 31, 2011.

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

		Nominal amount in original currency		Carrying amount (SEK M)		Effective rate %		Fixed interest terms number of days		Maturity	
		2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Financial lease, SEK	SEK M	13	15	13	15	6.28%	6.28%	–	–	2019	2019
Financial lease, EUR	EUR M	0	0	4	2	2.50%	2.50%	–	–	2013 -2017	2013 -2016
Financial lease CZK	CZK M	–	1	–	1	–	6.8% -10.0%	–	–	–	2011
accrued interest				–	–						
Total financial leasing liability				**17**	**18**						
Of which, current liability				*1*	*2*						
Factoring CZK	*CZK M*	*14*	*15*	*5*	*5*	*2.56%*	*3.05%*	*–*	*–*	*2012*	*2011*
accrued interest				–	–						
Total factoring liability				**5**	**5**						
Of which, current liability				*5*	*5*						
Bank loan, CZK	*CZK M*	*180*	*180*	*63*	*64*	*2.76%*	*3.15%*	*30*	*30*	*2012*	*2011*
accrued interest				–	–						
Total external bank loans in subsidiaries				**63**	**64**						
Of which, current liability				*63*	*64*						
Parent Company*)											
Bank loan, SEK	SEK M	397	397	392	389	4.89%	4.20%	90	90	2013	2013
Bank loan, EUR	EUR M	38	38	336	338	3.64%	3.27%	90	90	2013	2013
Bank loan, CZK	CZK M	310	310	107	110	3.42%	3.47%	90	90	2013	2013
accrued interest				–	–						
Total interest-bearing liabilities, Parent Company				**835**	**837**						
Of which, current liability				–	–						
Total interest-bearing liabilities, Group				**921**	**925**						
Of which, current liability				*69*	*71*						

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

*) In addition to its external interest-bearing liabilities, the Parent Company has Group-internal liabilities amounting to EUR 4 M (4) and DKK 6 M (6). The recognized amount totals SEK 40 M (41). The liabilities mature on December 31, 2012 with interest rates based on three-month EURIBOR and three-month CIBOR. There is no accrued interest on the balance sheet date. In addition to these liabilities, the Parent Company has interest-bearing liabilities related to the intragroup cash pool and that amount to SEK 152 M (28) as per the balance sheet date. The interest applied in the cash pool is based on STIBOR T/N.

Refinancing risk (liquidity risk)

BE Group is a net borrower and a refinancing risk arises in connection with the extension of existing loans and the raising of new loans. The borrowing strategy focuses on securing the Group's borrowing needs, both with regard to long-term financing needs and day-to-day payment commitments. BE Group works actively to maintain satisfactory payment capacity by means of unutilized credit facilities and through active control of its working capital.

BE Group was refinanced most recently in 2010. The total credit facility amounts to SEK 1,300 M and matures in its entirety in May 2013.

Significant terms and conditions of loan agreements

The Group's financing agreements, which are valid until May 2013, include three financial covenants. The key figures measured are net debt/equity ratio, the minimum equity level and interest coverage ratio. These covenants are assessed quarterly. The interest coverage ratio is based on underlying EBITDA and the trend over the preceding 12-month period. At December 31, 2011, the Group complied with all applicable covenant terms.

The table below details the maturity structure for all financial liabilities and shows the undiscounted future cash disbursements. BE Group has an overdraft facility of SEK 200 M, which was unutilized as of December 31, 2011 (see Note 26).

Maturity structure, financial liabilities

	Derivative liabilities		Other financial liabilities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Maturity within 90 days	–	0	780	799	780	799
Maturity within 91-180 days	–	1	10	8	10	9
Maturity within 181-365 days	–	–	19	17	19	17
Maturity within 1-5 years	–	–	861	892	861	892
Maturity later than 5 years	–	–	6	8	6	8
Total	**–**	**1**	**1,676**	**1,724**	**1,676**	**1,725**

Credit risk

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

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

The spread of risk among the customer base is satisfactory as no individual customer accounted for more than 4 percent (3) of sales in 2011. The ten largest customers combined generated about 11 percent (10) of sales.

Provisions for credit losses have been assessed on an individual basis. The total cost of customer losses in 2011 was SEK 7 M and at December 31, 2011 provisions for credit losses amounted to SEK 35 M (38), corresponding to 6.2 percent (6.2) of the gross of total accounts receivable.

Credit exposure arises in conjunction with placements of cash and cash equivalents and derivatives trading. BE Group manages the risk that a counterparty will default by selecting creditworthy counterparties and limiting the commitment per counterparty.
In all material respects, the Group’s credit exposure coincides with the carrying amount of each class of financial instrument.

Accounts receivable	Gross Impairment		Impairment		Net	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Not yet due	**451**	**475**	**-19**	**-19**	**432**	**456**
Unimpaired, past due						
< 30 days	61	71	–	–	61	71
30-90 days	8	17	–	–	8	17
>90 days	6	5	–	–	6	5
Total	**75**	**93**	**–**	**–**	**75**	**93**
Impaired past-due accounts receivable						
< 30 days	1	2	0	-2	1	0
30-90 days	1	0	-1	0	0	0
>90 days	36	43	-15	-17	21	26
Total	**38**	**45**	**-16**	**-19**	**22**	**26**
Total	**564**	**613**	**-35**	**-38**	**529**	**575**

Provisions for doubtful receivables	**2011**	**2010**
Provision at January 1	-38	-35
Reserve for anticipated losses	-9	-10
Confirmed losses/reversed losses	9	3
Exchange rate differences	1	4
Reversal of provision	2	0
Provision at December 31	**-35**	**-38**

Note 30 cont.

Valuation of financial assets and liabilities

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

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

2011	**Carrying value according to Balance Sheet**	**Of which, financial instruments covered by the disclosure requirements in IFRS 7**	**Group A**	**B**	**C**	**D**	**E**	**Total carrying value**	**Fair value**
Other securities held as non-current assets	2	2	–	–	–	2	–	**2**	N/A
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	529	529	–	–	529	–	–	**529**	529
Other receivables	33	29	–	–	29	–	–	**29**	29
Prepaid expenses and accrued income	39	20	–	–	20	–	–	**20**	20
Current investments	–	–	–	–	–	–	–	**–**	–
Cash and bank balances	146	146	–	–	–	146	–	**146**	146
Non-current interest-bearing liabilities	-852	-852	–	–	–	–	-852	**-852**	-852
Current interest-bearing liabilities	-69	-69	–	–	–	–	-69	**-69**	-69
Accounts payable	-637	-637	–	–	–	–	-637	**-637**	-637
Other liabilities	-92	-2	–	–	–	–	-2	**-2**	-2
Accrued expenses and deferred income	-75	-64	–	–	–	–	-64	**-64**	-64

2010									
Other securities held as non-current assets	2	2	–	–	–	2	–	**2**	N/A
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	575	575	–	–	575	–	–	**575**	575
Other receivables	28	24	1	–	23	–	–	**24**	24
Prepaid expenses and accrued income	33	16	–	–	16	–	–	**16**	16
Current investments	0	0	–	–	–	0	–	**0**	0
Cash and bank balances	80	80	–	–	–	80	–	**80**	80
Non-current interest-bearing liabilities	-854	-854	–	–	–	–	-854	**-854**	-855
Current interest-bearing liabilities	-71	-71	–	–	–	–	-71	**-71**	-71
Accounts payable	-598	-598	–	–	–	–	-598	**-598**	-598
Other liabilities	-151	-60	-1	–	–	–	-59	**-60**	-60
Accrued expenses and deferred income	-75	-62	–	–	–	–	-62	**-62**	-62

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

Impairment losses

The Group has recognized impairment losses on accounts receivable as disclosed above under "Credit risks". No other impairments have been applied for financial assets within the Group.

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 carrying amount of the asset and significant or prolonged decline in fair value for financial investments classified as financial assets available for sale. A decline in value of 20 percent is classified as significant, and a decline in value is classified as prolonged when it lasts for more than 9 months.

Risk management and insurance

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

Note 31 Investment commitments

The Group has a number of investment commitments in tangible assets for future financial years. These pertain to the extension of the production service facility in Lapua, Finland. The investment is expected to amount to SEK 20 M, of which SEK 4 M was paid in 2011. A decision has also been made to adapt the Ostrava facility for an additional product group. Here, the investment of SEK 3 M will be expensed fully during 2012.

Note 32 Key estimates and assessments

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

Impairment of goodwill

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

See Note 13 for a description of impairment testing and assumptions used in the process.

Financial and operational leasing agreements

The largest and most important portion of the Group's signed lease agreements involves properties. Consequently, in its classification, the Group has assessed whether the leasing agreements are financial or operational in nature. The leasing agreements contain no clauses to the effect that the ownership of the properties will transfer to the Company on the expiration of the agreements. Since the lease fees that the Group pays to the lessor are index-adjusted on a regular basis to correspond to market rent levels and since the Group assumes no risk for the residual value of the properties, it is deemed that largely all financial risks and advantages associated with the properties accrue to the lessor. Based on these qualitative factors, the agreements have been classified as operational leasing agreements. However, there is one agreement that has been classified as financial and its recognized amount amounted to SEK 8 M on the balance sheet date.

In addition to the above, the Group has a number of financial leasing agreements associated with leases of machinery and equipment, whose carrying value amounted to SEK 3 M as per the balance sheet date.

For additional information on the Group's leasing agreements, please see Notes 5, 15 and 30.

Inventories

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

Note 33 Events after balance sheet date

No significant events affecting the results and position of the Group and Parent Company have occurred following the balance sheet date.

APPROPRIATION OF EARNINGS

The Board of Directors' proposal for the appropriation of earnings

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.

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.25 per share be paid to shareholders, corresponding to 61 percent of profit after tax.

Funds available		
Profit brought forward from the preceding year	718,777,420	SEK
Profit/loss for the year	25,481,061	SEK
Total	**693,296 ,359**	**SEK**
The Board of Directors proposes that the following amount be distributed to shareholders	12,352,318	SEK
Balance carried forward	680,944,041	SEK
Total	**693,296,359**	**SEK**

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

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

The annual and consolidated accounts are subject to approval by the Annual General Meeting on April 25, 2012.

Malmö, March 15, 2012

Anders Ullberg
Chairman of the Board

Lars Spongberg
Director

Lars Olof Nilsson
Director

Roger Bergqvist
Director

Cecilia Edström
Director

Marita Jaatinen
Director

Thomas Berg
Employee Representative

Kerry Johansson
Employee Representative

Roger Johansson
President and CEO

Our Audit Report was submitted on March 26, 2012
KPMG AB

Eva Melzig Henriksson
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 27, 2012 at 8.00 a.m.

AUDIT REPORT

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

Report on the annual and consolidated accounts

We have audited the annual and consolidated accounts for BE Group AB (publ) for 2011. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 31-86.

Responsibility of the Board of Directors and the President for the annual and consolidated accounts.

The Board of Directors and the Chief Executive Officer are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with international financial reporting standards as adopted by the EU and the Annual Accounts Act, as well as for the internal controls deemed necessary by the Board of Directors and President as necessary in preparing annual and consolidated accounts that do not contain material misstatements, whether these are due to irregularities or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

It is our opinion that the annual accounts have been prepared in accordance with the Annual Accounts Act and give in all material regards an accurate view of the Company's financial position as per December 31, 2011 and its financial results and cash flow over the year in accordance with the Annual Accounts Act, and that the consolidated accounts have been prepared in accordance with the Annual Accounts Act and provide in all material regards an accurate view of the Group's financial position as per December 31, 2011 and its financial results and cash flow over the year in accordance with International Standards on Auditing as adopted by the EU and the Annual Accounts Act. The statutory administration report (Board of Directors' Report) is consistent with the other parts of the annual and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

Report on other legal and regulatory requirements

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriation of the Company's profit or loss and the administration of BE Group AB (publ) by the Board of Directors and the President in 2011.

Responsibility of the Board of Directors and the President

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

Auditors' responsibility

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the Company's profit or loss and the administration of the Company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement regarding the proposed appropriation of the Company's profit or loss, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the Company to ascertain whether any director or the President is liable for compensation to the Company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

We recommend that the Annual General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the directors and the President be discharged from liability for the financial year.

Malmö, March 26, 2012
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report has been prepared as an independent document in relation to the Annual Report.

Operations

Corporate governance within BE Group is based on Swedish law, primarily the Swedish Companies Act, the Swedish Annual Accounts 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 has prepared this corporate governance report in compliance with the Annual Accounts Act and the rules stipulated by the Code. For information regarding right to vote limitations and regulations in the Articles of Association regarding appointment of Board Members or about changes to the Articles of Association, please refer to pages 39-41 in the Board of Directors' Report.

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 2011 financial year and has not departed from Code rules in any respect.

Shareholders

Ownership and share capital

At the end of 2011, BE Group had 9,570 shareholders. The principal owners of the Company were AB Traction (12.7 percent of share capital), Swedbank Robur Funds (9.2 percent), IF Skadeförsäkring AB (7.6 percent) and Odin Funds (5.4 percent). At the end of 2011, foreign investors owned 13.2 percent. The ten largest shareholders had a total shareholding equal to 47.0 percent. On December 31, 2011, the Company held 624,000 treasury shares (1.2 percent of share capital). Please refer to pages 28-29 of the Annual Report for further details concerning shareholders.

The Company's share capital on December 31 amounted to SEK 102,040,817 allocated among 50,000,000 shares. All shares in the Company convey equal rights in every respect.

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 in the Annual General Meeting notice are entitled to participate in the Annual General Meeting, in person or by proxy. Resolutions at the Annual General Meeting 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 Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting considers business including dividends; adoption of the Income Statement and Balance Sheet; discharge of liability for directors and the CEO; election of directors and 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. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company. All directors, management and the auditors are normally present at the meeting to answer such questions.

2011 Annual General Meeting

The 2011 Annual General Meeting was held on April 28. The Chairman of the Board Carl-Erik Ridderstråle was elected Chairman of the Annual General Meeting. The Annual General Meeting resolved to adopt the Income Statement and Balance Sheet and the Consolidated Income Statement and Balance Sheet as presented, that no dividend would be paid to shareholders and that the Company's retained profits, along with the profits for 2010, be carried forward. 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 Annual General Meeting: Chairman Anders Ullberg (newly elected) and directors Roger Bergqvist (re-elected), Cecilia Edström (re-elected), Marita Jaatinen (re-elected), Lars Olof Nilsson (re-elected) and Lars Spongberg (re-elected).

The 2011 Annual General Meeting also resolved to adopt executive remuneration policies. Please refer to page 40 of the Annual Report for a more detailed presentation. The Annual General Meeting also voted to implement Share Savings Scheme 2011 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 2011. Further disclosures about Share Savings Scheme 2011 are provided on pages 39-40 of the Annual Report. The Annual General Meeting also resolved to authorize the Board to decide on the transfer of treasury shares as a consequence of the resolutions regarding Share Savings Schemes 2009 and 2010. Furthermore, a decision was also made to authorize the Board to decide on the transfer of treasury shares not needed to cover the ongoing Share Savings Schemes, and to decide on new share issues to enable the financing of corporate acquisitions. The authorization is limited to at most five million shares, corresponding to 10 percent of the share capital in the Company.

Nominating Committee

As resolved by the 2007 Annual General Meeting, the Nominating Committee shall 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 Annual General Meeting. 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 a significant change takes place in the Company's ownership struc-

[1] Following Nordea Fund's divestment of its holdings in the Company after the inaugural meeting of the Nominating Committee, Nordeas Funds' representative Thomas Ehlin has vacated his place in the Nominating Committee.

ture after August 31, rules are in place regarding how the composition of the Nominating Committe can be changed.

Ahead of the 2012 Annual General Meeting, the Nominating Committee consists of Petter Stillström (AB Traction), Chairman, Anders Ullberg, (Chairman of the Board of BE Group), Jan Andersson (Swedbank Robur Funds) and Tomas Ramsälv (Odin Funds)[2]. The Nominating Committee is tasked with submitting to the Annual General Meeting its nominations for Chairman of the Board and other directors accompanied by a justified statement regarding the proposal; proposing fees for the Board and the auditors and any remuneration for committee work, proposing auditors and nominating an individual to serve as the chairman of the Annual General Meeting. The Nominating Committee is also charged with assessing the independence of directors in relation to the Company and major shareholders.

Name	Representing	Shareholding in BE Group, %
Petter Stillström	AB Traction	12.7
Jan Andersson	Swedbank Robur Funds	9.2
Tomas Ramsälv	Odin Funds	5.4
Anders Ullberg	Chairman of the Board	0.2
Total:		**27.5**

The Nominating Committee held 2 meetings. As a basis for its proposals to the 2012 Annual General Meeting, the Nominating Committee assessed whether the current Board is suitable for its purpose and meets the requirements on the Board of Directors imposed by the Company's operations, position and conditions in other regards. The assessment was based on material including relevant sections of the evaluation of Board activities performed under the Chairman's guidance.

The Board and its work

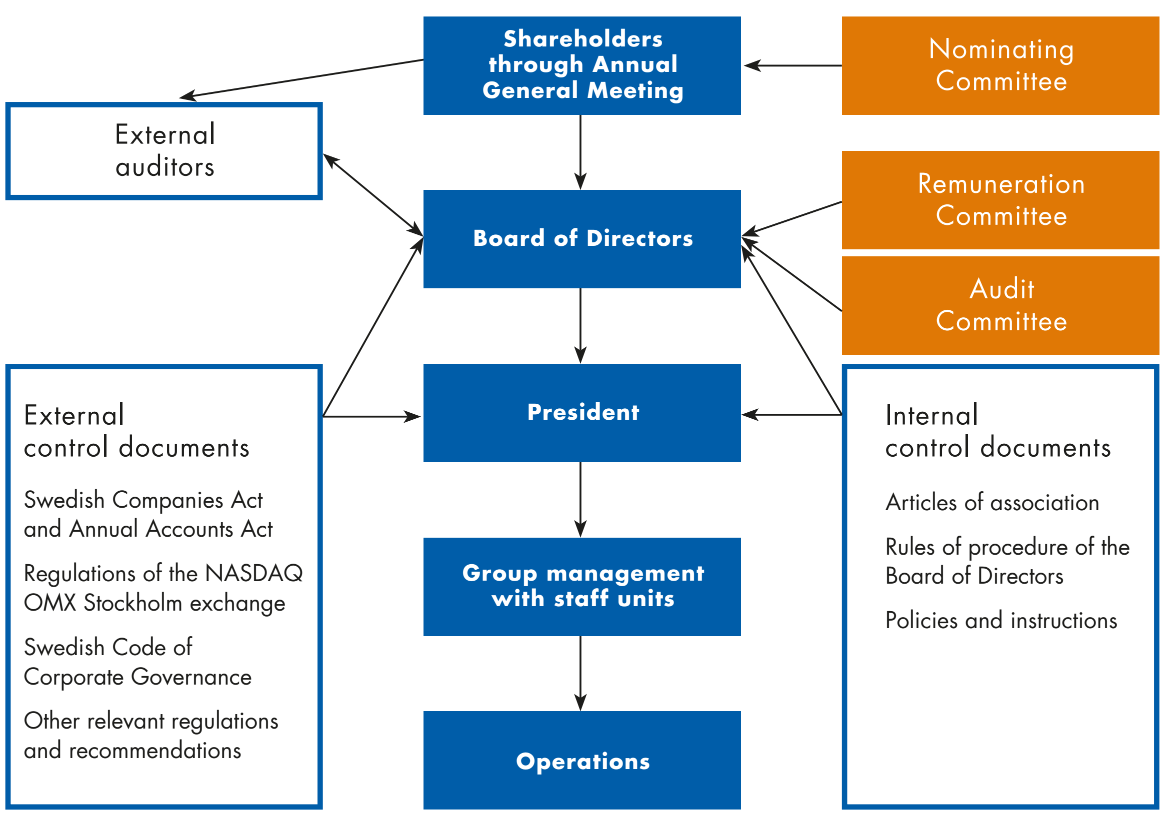
Composition

Under the Articles of Association, the Board of Directors of BE Group shall consist of at least three and no more than ten directors elected by the Annual General Meeting for a term that lasts until the end of the next Annual General Meeting. The Board of the Company consisted of six members elected by the 2011 Annual General Meeting: Anders Ullberg (Chairman), Roger Bergkvist, Cecilia Edström, Marita Jaatinen, 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 94-95 of the Annual Report for a more detailed presentation of the directors. All six directors elected by the Annual General Meeting are independent in relation to BE Group and executive management. All members re-elected by the Annual General Meeting are considered independent in relation to BE Group's principal owners.

Rules of procedure of the Board

Each year, the Board of Directors sets a written agenda that clarifies, among other matters, the responsibilities of the Board and that regulates the mutual division of labor between the Board and its committees, as well as the role of the President. The rules of procedure also govern how the Board will obtain information and documentation as a basis for exercising its responsibilities and to enable it to make informed 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 assessing the CEO's work by means of regular follow-up of operations during the year, checking that the organization, management and guidelines for managing the Company'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 observations, recommendations and proposals for resolutions and measures. The Board also safeguards the quality of financial reporting through the examination of interim reports, the year-end report and the annual accounts 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, Anders Ullberg, organizes and presides over the activities of the Board to ensure these are conducted efficiently and in compliance with current regulations 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 the operations 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 members of the committees are appointed annually by the Board at its statutory meeting following its election/re-election by the Annual General Meeting. Instructions to the Audit Committee are included in the rules of procedure of the Board of Directors.

Work of the Board in 2011

According to the 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 14 meetings in 2011, of which five were held over the telephone and two per capsulam. Over the year, the work of the Board of Directors has focused specifically on strategy discussions, organization and development, issues of cost saving, investment matters and financial issues. The Board of Directors has adopted several guidelines and policies to safeguard internal control within the Group. These include an Information and Insider Policy, an Executive Remuneration Policy, Ethical Guidelines, an Environmental Policy, an Internet and IT Policy and a Treasury Policy. The CEO and the Company's CFO attend Board meetings and have reported on the development of the Group. Apart from the members of the Board, other officers of BE Group participated in Board meetings to present reports on particular issues. Attorney Hans Petersson acted as secretary at the Board meetings. The following table provides a report of attendance by directors at the seven meetings prior to the Annual General Meeting and the seven meetings after the Annual General Meeting. As shown, attendance at Board meetings during the year was excellent.

Member	Board of Directors	Audit Committee	Remunerations Committee
Anders Ullberg[1)]	7	4/6	
Roger Bergqvist	14		
Cecilia Edström	14	6/6	
Marita Jaatinen	13		
Lars Olof Nilsson	14	6/6	
Lars Spongberg	14		2/2
Carl-Erik Ridderstråle[2)]	7		2/2
Joakim Karlsson[2)]	4	2/6	
Thomas Berg[3)]	13		
Kerry Johansson[3)]	11		

1) Elected to the Board by the Annual General Meeting in April 2011.
2) Departed from the Board at the Annual General Meeting in April 2011.
3) Deputies for employee representatives Thomas Berg and Kerry Johansson have not attended the meetings.

Audit Committee

The Audit Committee is tasked with supervising accounting, financial reporting and internal control procedures. Each year, the Company's auditors formulate a proposed audit policy and presents 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, as well as the Group's compliance with applicable regulations. In addition, the Audit Committee has repeated contact with the Company's auditor with the purpose of generating an ongoing exchange of information and to assess the auditor's efforts. The Committee is establishing guidelines concerning what services, other than auditing services, that BE Group may procure from the auditor. The Audit Committee consists of Lars Olof Nilsson (Chairman), Anders Ullberg and Cecilia Edström and meets the requirements imposed in terms of expertise in accounting or auditing. 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 2011, at which all members were present. The meetings of the Audit Committee are minuted and reported orally at Board meetings.

Remuneration Committee

The assignment of the Remuneration Committee is to address 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. The Committee makes decisions regarding remunerations to senior executives other than the President, based on proposals by the President. In addition, the Committee prepared decision input in certain other remuneration issues, such as incentive and profit sharing schemes. The Remuneration Committee was also tasked with drafting executive remuneration policies the Board will present to the Annual General Meeting for resolution. The Remuneration Committee has also been tasked with monitoring and assessing variable remuneration programs for senior executives that were ongoing or terminated during the year and with monitoring and assessing the application of the guidelines for remunerations for senior executives that shall, by law, be adopted by the Annual General Meeting. The members of the Remuneration Committee are the Chairman of the Board 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 twice in 2011, both members being present at both meetings. In addition, members maintain contact with one another. Meetings of the Remuneration Committee are minuted and reported orally at Board meetings.

Board remuneration

The fees for the directors elected by the Annual General Meeting are determined by the Annual General Meeting on the basis of the Nominating Committee's proposal. Employee representatives to the Board of Directors do not receive directors' fees. In accordance with a resolution by the 2011 Annual General Meeting, a fee of SEK 400,000 was paid to the Chairman of the Board for the period extending from the 2011 Annual General Meeting until the 2012 Annual General Meeting. The other directors were each paid SEK 200,000 for the same term of office. In addition, the members of the Audit Committee were paid fees totaling SEK 120,000, of which SEK 60,000 was paid to the Chairman of the Committee and SEK 30,000 each to the other two members. No fees were paid to the members of the Remuneration Committee.

Member	Board of Directors	Audit Committee	Remunerations Committee
Anders Ullberg	400,000	30,000	–
Roger Bergqvist	200,000	–	–
Cecilia Edström	200,000	30,000	–
Marita Jaatinen	200,000	–	–
Lars Olof Nilsson	200,000	60,000	–
Lars Spongberg	200,000	–	–
Total:	**1,400,000**	**120,000**	**–**

Group management

For most of 2011, BE Group's management consisted of six individuals: Roger Johansson, President and CEO; Torbjörn Clementz, CFO and Deputy CEO; Per Horstmann, Vice President, Purchasing and Production; Per Gullstrand (until July 1, 2011) and Nikolai Makarov (from September 5, 2011), Business Area Manager CEE; Matti Tiira, Business Area Manager Finland and President of BE Group Oy Ab; and Stefan Eklund, Business Area Manager Sweden and President of BE Group Sverige AB. In January 2012, CEO Roger Johansson also took on the role of Business Area Manager for Business Area Sweden. A more detailed presentation of the CEO and other members of Group Management is given on page 96 of the Annual Report. The CEO leads operations 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.

Auditors

At the 2011 Annual General Meeting, the KPMG AB firm of auditors was elected auditor for a period of one year. Eva Melzig Henriksson, authorized public accountant, is the principal auditor. The auditor maintains regular contact with the Audit Committee and Group Management. The auditor reviews 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 2011 Year-end Report on February 6, 2012. The auditor also participates in the Annual General Meeting, where she outlines the audit process and his observations in an audit report.

Internal control and risk management regarding the financial statements for the 2011 financial year

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 interim 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.

To strengthen the internal audit environment, an Internal Control Council exists to systematically identify areas for review and to monitor and review the Group's internal control. The Internal Control Council is headed by the Group's CFO and reports to the Board's Audit Committee. This has been done to strengthen internal control at both the Group and local level.

Over the year, the Internal Audit Council focused its efforts on reviewing the purchasing process, paying particular attention to authorizations and authority to sign on behalf of the Company in the major companies within the Group. In addition, a survey has been conducted in all Group companies to ascertain how the internal control environment is perceived and adhered to within Group companies.

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. This allows the organization to react quickly to external 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 are established rules of procedure for the Board, which includes the distribution of duties within the Board as well as the tasks of the Chairman. There is, in addition, a set of instructions regulating the duties and authority of the President. Instructions 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

The risk assessment is based on a risk review that is updated annually. 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 President 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 President 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.

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' STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of BE Group AB (publ)
Company registration number 556578-4724

The Board of Directors is responsible for the Corporate Governance Report for 2011 presented on pages 88-92 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

As a basis for our statement that the Corporate Governance Report has been prepared in accordance with, and agrees with, the annual and consolidated accounts, we have read the Corporate Governance Report and assessed its statutory contents based on our knowledge of the Company.

It is our opinion that the Corporate Governance Report has been prepared in accordance with the annual and consolidated accounts and that the statutory contents of the report agree with those accounts.

Malmö, March 26, 2012
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

BOARD OF DIRECTORS AND AUDITORS

ELECTED BY THE ANNUAL GENERAL MEETING

Anders Ullberg
Chairman

Born: 1946
Member of the Board since: 2011 (Chairman since 2011)
Other board assignments: Chairman of Boliden, Eneqvist Consulting, Natur & Kultur and Studsvik. Member of the Boards of Atlas Copco, Beijer Alma, Sapa, Valedo Partners and Åkers. Chairman of the Swedish Financial Reporting Board, and member of the Board of the Swedish Corporate Governance Board
Previous experience: CFO, Svenska Varv (Celsius Group); Executive Vice President and CFO, SSAB; and President and CEO SSAB
Education: Graduate Business Administrator, Stockholm School of Economics
Number of shares: 100,000

Lars Spongberg
Member

Born: 1945
Member of the Board since: 2000
Other board assignments: Cobolt, Addtech, Intervalor, Elos and Bikuben
Previous experience: Positions at Spectra Physics, Autoliv, Svenska Handelsbanken, Electrolux and Swedish Match
Education: Master of Laws, Stockholm University; Graduate Business Administrator, Stockholm School of Economics
Number of shares: 0

Lars Olof Nilsson
Member

Born: 1962
Member of the Board since: 2006
Employment: Advisor to Evli Bank and Nordic Capital
Other board assignments: Chairman of Lappland Goldminers, AGL Treasury Support, AGL Transaction Services and Kaptensbacken (own company), Member of the Boards of PA Resources
Previous experience: Positions within the Trelleborg Group, including as CFO and Head of Group Finance and Head of Group Business Development
Education: Graduate Business Administrator, Umeå University
Number of shares: 12,500

EMPLOYEE REPRESENTATIVES

Thomas Berg
Employee Representative

Born: 1956
Member of the Board since: 2000
Education: Internal business and business-law training
Number of shares: 0

Kerry Johansson
Employee Representative

Born: 1949
Member of the Board since: 2000
Education: Company management issues, Swedish Trade Union Confederation School at Runö
Number of shares: 0

Susanne Olsson
Employee Representative/Deputy

Born: 1954
Member of the Board since: 2004
Other board assignments: Board of local chapter of the Unionen trade union
Education: Business administration, Vocational Training School in Gothenburg
Number of shares: 0

Tord Bengtsson
Employee Representative/Deputy

Born: 1971
Member of the Board since: 2007
Other board assignments: Chairman of Chapter 16 of the Swedish Commercial Employees' Union, Linköping, Linköping, member of the Söderköping municipal executive board
Number of shares: 0

Roger Bergqvist
Member

Born: 1948
Member of the Board since: 2007
Other board assignments: Proact IT Group, Cybercom Group, StockholmBygg-plåt, Stillfront, Lagercrantz Group and Corroventa
Previous experience: President and CEO of Addtech, Business Area Manager at Bergman and Beving
Education: Degree in Market Economics
Number of shares: 1,000

Cecilia Edström
Member

Born: 1966
Member of the Board since: 2006
Employment: TeliaSonera as Senior Vice President, Head of Group Communications
Previous experience: Member of Group Management and Head of Corporate Relations; Head of Strategy, Business and Brand Development at the Scania Group and various positions at SEB
Education: Graduate Business Administrator, Stockholm School of Economics
Number of shares: 400

Marita Jaatinen
Member

Born: 1961
Member of the Board since: 2010
Employment: President of Paccor Finland
Other board assignments: Paccor Finland
Previous experience: Senior positions within the Metso Group, the Valmet Group and the Huhtamäki Group
Education: Graduate Engineer
Number of shares: 0

AUDITORS KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant, Auditor in Charge for the Company since 2011

Born: 1961

GROUP MANAGEMENT

Roger Johansson, President, CEO and Business Area Manager, Sweden

Born: 1965
Employed since: 2011
Previous experience: Business Area Manager, Automotive within the Trelleborg Group (2007-2010); Head of Powertrain operations, GM Europe, Head of Purchasing, GM Europe
Education: Graduate Business Administrator, School of Business, Economics and Law, Gothenburg University
Number of shares: 57,000
Roger Johansson succeeded Stefan Eklund as the head of Business Area Sweden in January 2012.

Torbjörn Clementz
Executive Vice President and CFO

Born: 1961
Employed since: 2003
Previous experience: Several positions within the Peab Group (1993-1996), (2001-2003) and the Perstorp Group (1997-2001)
Board assignments: Precise Biometrics
Education: Graduate Business Administrator, Växjö University
Number of shares: 317,501

Per Horstmann Senior Vice President Purchasing and Production

Born: 1956
Employed since: 2003
Previous experience: Positions including Vice President Purchasing and Logistics at Peab (2001-2003) and Alfa Laval Flow (1999-2001)
Education: Graduate Engineer, Lund Institute of Technology
Number of shares: 329,383

Matti Tiira
Business Area Manager, Finland

Born: 1952
Employed since: 1975
Previous experience: Various positions within BE Group
Education: Degree from Commercial College in Lahti, Finland and has taken part in the "Management in European Finland" program at the Finnish Institute of Management (LIFIM)
Number of shares: 270,110

Nikolai Makarov
Business Area Manager, CEE

Born: 1969
Employed since: 2011
Previous experience: Senior Technical Officer Ruukki Construction (2010-2011), various positions within Rautaruukki (2006-2010), and various positions within Konecranes and PPTH Norden
Education: Degree in Construction Engineering, Finland
Number of shares: 0

The disclosures regarding shareholdings in BE Group for the Board of Directors and Group Management refer to shares held directly, through companies and/or closely related parties as per December 31, 2011. For updated shareholdings, please see our website, www.begroup.com.

MULTI-YEAR SUMMARY

(SEK M unless otherwise stated)	2006	2007	2008	2009	2010	2011
Earnings measurements						
Sales	6,681	7,650	7,713	4,308	5,129	5,941
Gross profit/loss	1,173	1,167	1,238	367	733	768
Operating result (EBIT)	550	510	532	-266	98	96
Profit/loss for the year	395	353	378	-249	29	20
Margin measurements						
Gross margin (%)	17.6	15.3	16.1	8.5	14.3	12.9
Operating margin (%)	8.2	6.7	6.9	-6.2	1.9	1.6
Cash flow						
Cash flow from operating activities	236	215	222	282	-57	184
Cash flow before change in net debt	220	157	-36	240	-110	76
Cash flow for the year	92	-39	-141	63	-106	69
Capital structure						
Equity	664	849	1,103	798	787	805
Total assets	2,876	2,850	3,409	2,511	2,632	2 607
Net debt	556	593	1,006	777	842	773
Net debt/equity ratio (%)	83.8	69.8	91.2	97.4	107.0	95.9
Working capital (average)	547	735	895	751	528	525
Operating capital (average)	1,200	1,421	1,789	1,834	1,619	1,659
Operating capital (excluding intangible assets), average	654	874	1,162	1,125	893	879
Working capital tied-up (%)	8.2	9.6	11.6	17.4	10.3	8.8
Return						
Return on operating capital (%)	45.9	35.9	29.7	-14.5	6.0	5.8
Return on operating capital (excluding intangible assets) (%)	84.4	58.6	46.2	-23.0	12.4	13.2
Return on equity (%)	45.6	46.1	38.1	-26.9	3.7	2.5
Per share data						
Net worth per share (SEK)	7.90	7.06	7.58	-5.00	0.58	0.41
Earnings per share after dilution (SEK)	7.60	7.06	7.58	-5.00	0.58	0.41
Equity per share (SEK)	13.28	17.02	22.17	16.05	15.90	16.31
Cash flow from operating activities per share (SEK)	4.72	4.31	4.46	5.67	-1.15	3.72
Average number of shares outstanding (thousands)	49,946	49,967	49,853	49,736	49,656	49,546
Average number of shares outstanding after dilution (thousands)	51,912	49,967	49,857	49,749	49,704	49,564
Dividend paid (SEK)	13.60*	3.50	3.50	1.00	–	–
Other						
Average number of employees	926	940	1,023	912	909	943

*The split implemented in 2006 has been taken into account.

(SEK M unless otherwise stated)	2006	2007	2008	2009	2010	2011
Growth						
Sales growth (%)	15	14	1	-44	19	16
of which, organic tonnage growth (%)	8	1	-4	-32	17	12
of which, price and mix changes (%)	7	13	1	-16	6	5
of which, currency effects (%)	0	0	2	5	-5	-3
of which, acquisitions (%)	–	–	4	1	1	2
of which, divested operations (%)	–	–	-2	-2	0	–
Adjusted earnings measurements						
Underlying operating result (uEBIT)	472	550	454	-3	75	131
Underlying EBITA	474	552	459	4	87	151
Adjusted margin measurements						
Underlying gross margin (%)	16.7	15.8	15.5	14.1	13.9	13.3
Underlying operating margin (%)	7.1	7.2	5.9	-0.1	1.5	2.2
Underlying EBITA margin (%)	7.1	7.2	6.0	0.1	1.7	2.5
Adjusted return						
Underlying return on operating capital (excl. intangible assets) (%)	72.5	63.2	39.5	0.3	9.8	17.1
Adjusted capital structure						
Net debt/underlying EBITDA (multiple)	1.1	1.0	2.0	14.5	6.3	4.0
Adjusted per share data						
Underlying earnings per share (SEK)	6.72	7.58	6.17	-0.99	0.24	1.02
Underlying earnings per share after dilution (SEK)	6.46	7.58	6.17	-0.99	0.24	1.02
Other						
Inventory gains and losses	57	-40	46	-255	23	-20
Shipped tonnage (thousands of tonnes)	610	617	613	416	489	546
Average sales prices (SEK/kg)	10.95	12.40	12.57	10.36	10.48	10.89

FINANCIAL DEFINITIONS

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

Margin measurements	
Gross margin	Gross profit/loss 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 and current receivables less current liabilities, excluding provisions and interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Operating capital	Tangible assets, goodwill and other intangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. 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 (excl. intangible assets), %	Annually adjusted EBITA as a percentage of average operating capital (excl. intangible assets).
Return on shareholders' equity	Annually adjusted net profit/loss for the period as a percentage of equity.

Per share data	
Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Earnings per share after dilution	Profit/loss for the period divided by the average number of shares outstanding during the period after dilution.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Equity per share after dilution	Equity divided by the number of shares outstanding at the end of the period 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	The number of employees recalculated as full-time positions and as an average for the reporting period.

SUPPLEMENTARY DISCLOSURES

Growth

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

Adjusted earnings measurements

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

Adjusted margin measurements

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

Adjusted return

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

Adjusted capital structure

Net debt/underlying EBITDA	Annually adjusted net debt divided by 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 and depreciation.

Adjusted per share data

Underlying earnings per share	Profit 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 during the period.
Underlying earnings per share after dilution (SEK)	Profit 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 after dilution 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 at replacement cost.
Shipped volumes	BE Group products sold during the period in thousands of tonnes.
Average sales prices	Net sales divided by shipped volumes.

INFORMATION FOR SHAREHOLDERS

2012 Annual General Meeting

The Annual General Meeting of BE Group will be held on Wednesday, April 25, 2012, at 4.00 p.m. at the Hipp restaurant, Kalendegatan 12, Malmö, Sweden. Shareholders are welcome from 2.30 p.m.

The notification to attend the Annual General Meeting will be posted as an announcement in the Post- och Inrikes Tidningar (Official Swedish Gazette) and on the Company's website at the latest four weeks prior to the meeting. An advertisement stating that the notification has been published will be posted in the Svenska Dagbladet and Sydsvenska Dagbladet newspapers.

Notification of intention to participate in the Annual General Meeting

Shareholders wishing to participate in the Annual General Meeting shall be entered in the share register maintained by Euroclear AB by Thursday, April 19, 2012 at the latest and shall notify BE Group AB of their intention to participate by Thursday, April 19, 2012 at the latest, preferably before 12.00 noon.

Shareholders may notify the Company of their intention to participate by calling +46 (0)40 38 40 40 or at www.begroup.com. The notification 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.

To be entitled to participate in the Annual General Meeting, shareholders with nominee-registered shares via a bank or other trustee must temporarily register their shares under their own names in the share register maintained by Euroclear Sweden AB by Thursday, April 19, 2012 at the latest. Shareholders should request the custodian to temporarily change the registration well in advance of the meeting.

If participating via an agent or deputy, power of attorney must be issued for that agent. A power of attorney form is available from the Company's website. If the power of attorney is issued by a legal entity, a copy of the registration certificate for that legal entity shall be enclosed. To facilitate registration, the original of the power of attorney and other legitimizing documentation should be received by the Company by Tuesday, April 24, 2012, at the latest and should be sent to BE Group AB, c/o Computershare AB, Box 2012, SE-610, 182 16 Danderyd, Sweden.

Dividend

The Board of Directors proposes that a dividend of SEK 0.25 be paid to shareholders. The proposed record date for the dividend is April 30, 2012. If the decision of the Annual General Meeting is in line with the proposal, the dividend will be distributed on May 4, 2012.

Financial information

Reports, annual reports and press releases are available from the Company's website, www.begroup.com, from where they can also be printed immediately upon publication. The website also provides the opportunity to order printed copies of annual reports. The website also includes a news archive, current share price data, and a description of BE Group's operations. All financial information is published in Swedish and English.

Subscription service

Via the website, it is possible to sign up for BE Group's subscription service. Printed copies of annual reports are distributed only to those shareholders and others who specifically request to receive copies by mail and to new shareholders together with a letter of wlecome and information about the subscription service.

Contacts and information

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Financial reports 2012

Interim Report January-March	April 25, 2012
Interim Report January-June	July 18, 2012
Interim report January-September	October 24, 2012
Year-end report 2012	February 2013

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