BE GROUP

Annual Report 2012

CONTENTS

Pages 33–86 have been reviewed by the Company's Auditors and comprise the formal Annual Report.

THE YEAR IN BRIEF

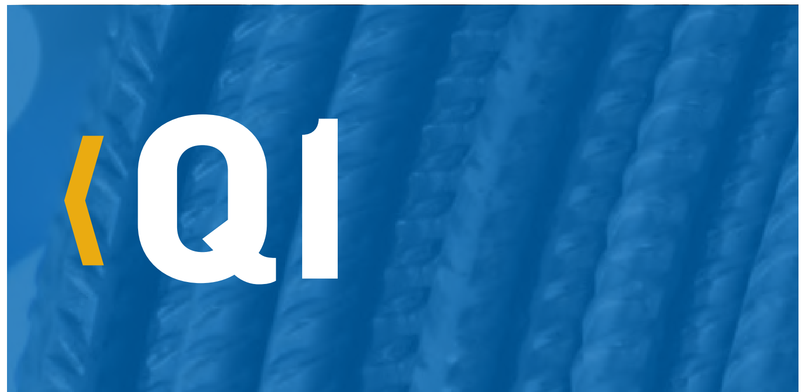
Net sales

SEK 1,343 M (-3 %)

Operating result

SEK 41 M (44)

- BE Group signs its largest production service order to date with Volvo Construction Equipment
- The extended production facility in Lapua and the facility in Trebaczew were brought into operations



Net sales

SEK 1,273 M (-12 %)

Operating result

SEK 21 M (70)

- Profitability improvement program was implemented
- Roger Johansson announced that he would be resigning as President and CEO

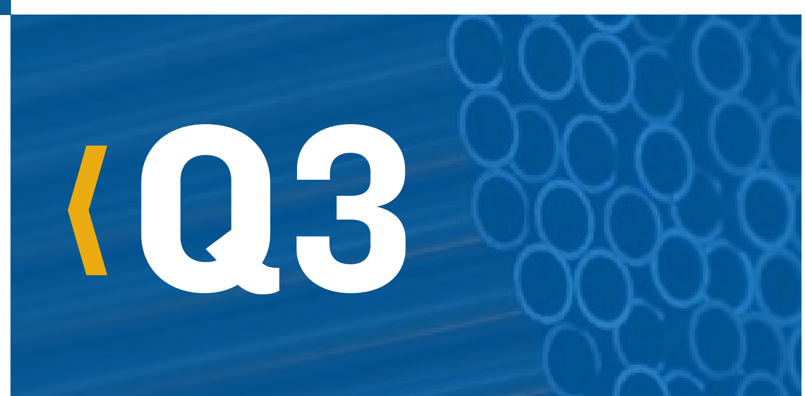
Net sales

SEK 1,020 M (-20 %)

Operating result

SEK 6 M (13)

- New, three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken
- Decision to divest the Group's operations in the Czech Republic
- Lasse Levola succeeds to position as Manager for Business Area Finland



Net sales

SEK 998 M (-22 %)

Operating result

SEK -42 M (1)

- Kimmo Väkiparta appointed new President and CEO
- Following the end of the year, a decision was made to initiate negotiations regarding personnel cutbacks

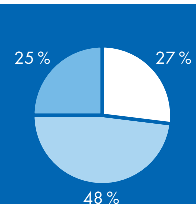
KEY DATA

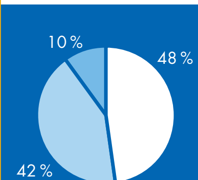
	2010	2011	2012
Net sales, SEK M	4,580	5,392	4,634
Tonnage, thousands of tonnes	411	469	438
Operating result, SEK M	101	128	26
Operating margin, %	2.2 %	2.4 %	0.6 %
Underlying operating result, SEK M	79	157	49
Result after tax, SEK M	29	20	-111
Result from continuing operations, SEK M	36	55	-12
Result from discontinued operations, SEK M	-7	-35	-99
Earnings per share, SEK	0.58	0.41	-2.25
Return on operating capital, %	6 %	8 %	2 %
Net debt/equity ratio, %	107 %	96 %	116 %
Cash flow from operating activities, SEK M	-57	184	59
Average number of employees	909	943	907

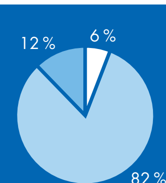
BUSINESS AREAS

	SWEDEN	FINLAND	CEE
Percentage of consolidated net sales	52 %	36 %	12 %
Operating result	31 SEK M	38 SEK M	-17 SEK M

Sales by channel







- Production service
- Inventory
- Direct

A SELF-EVIDENT PARTNER FOR THE ENGINEERING AND CONSTRUCTION SECTORS

With our in-depth knowledge of materials, efficient warehousing, optimized logistics solutions and competitive production services, we strengthen our customers' competitiveness.

OUR OFFERING

BE Group is a trading and service company, focusing on commercial steel, engineering steel, stainless steel and aluminium. Our offering consists of direct and inventory sales of a broad range of products and production services, meaning that we also assume responsibility for all or part of our customers' processing of materials. The precise co-operation format is determined by the individual customer.

OUR CUSTOMERS

BE Group's broad customer base is essential for the Group's sales and growth. Customers largely operate within the engineering and construction sectors and include OEM customers, project customers, pre-processing companies and retailers. We strive to a position as a long-term partner to customers, where we act as an integrated part of their operations and are able to contribute to development and expansion.

OUR STRENGTHS

BE Group has approximately 900 employees at 30 facilities in nine countries in the European steel market and it has a reputable brand name and a highly advanced position in the value chain. With our in-depth knowledge of materials, efficient warehousing, optimized logistics solutions and competitive production services, we strengthen our customers' competitiveness.

MESSAGE FROM THE PRESIDENT

GENERATING VALUE WITH THE CUSTOMER IN FOCUS

The year 2012 was tough for many in our sector. From customers, suppliers and competitors alike came gloomy signals of figures in the red and personnel lay-offs as a consequence of the recession.

I have previously been able to follow BE Group's development with great interest from the perspective of the supplier. Since the launch on the stock exchange in 2006, BE Group has advanced its position even further along the value chain and closer to the customer. It has been an exciting journey, full of challenges and, since November 2012, I have had the pleasure of playing an active role in the continuation of this journey as BE Group's President and CEO.

A WELL-FUNCTIONING BUSINESS MODEL

It is my firm conviction that BE Group has a well-functioning business model and that this is a tool with which we can achieve profitability even in a weak economy. The key lies in achieving a favorable balance between our different types of customer offering.

Our inventory business is, and will continue to be, the cornerstone of our operations, although we also want to increase sales of production services. For us, repeated production service business, as a complement to the inventory business, entails opportunities for higher margins. For our customers, it means opportunities for efficiency enhancement through outsourcing.

In my view, we also have a good starting point with regard to our geographical presence. In Sweden and Finland, we hold a leading position and have a very well established brand and I am convinced that we can become even stronger in our Nordic home markets. A cornerstone in our operations in CEE are customers from Sweden and Finland who have a local presence in areas where we are established and here I see potential to attract additional Nordic industrial customers with operations in Eastern and Central Europe. However, we have during the year decided to initiate a process to sell the Czech operations, since it has not generated the profitability that we have hoped.

SMALL AND LARGE-SCALE EFFICIENCY ENHANCEMENTS

To improve our earnings and strengthen competitiveness we must, in the current recession, reduce our costs.

The profitability improvement measures decided on by the Group in the autumn of 2011 was implemented in the first half of 2012. In January 2013, we initiated negotiations on additional personnel reductions due to the decreased delivery volumes in 2012. The measures are expected to reduce the number of employees in Sweden and Finland by about 140. The target is to generate an annual cost reduction of about SEK 65 M.

In 2012, we completed the implementation of the Group´s common ERP system in all countries, enhancing efficiency internally and further sharpening our customer service. In early 2013, we also changed our Group organization to further engage Business Area Sweden and Business Area Finland in the purchasing process. An efficient purchasing organization that is able to conduct purchasing competitively is a prerequisite to us being able to deliver value to customers and to achieve good results.

Another good example of enhanced cost efficiency is BE Online, in which we will be further investing over the next few years. This e-trading tool, which to date we only use in the Swedish market, has proven itself as a way of saving time, both for us and our customers and so far the service has been highly appreciated. I would also like to mention the progress we have made in the area of logistics and that will entail both reduced costs and environmental impact while, at the same time, we improve our service to customers.

UNDERSTANDING CUSTOMERS IS CRUCIAL

Understanding our customers is perhaps the most decisive factor behind BE Group's success. It is only by understanding the individual customer's operations that we can generate added value for our customers and help enhance their competitiveness. In 2013, we will therefore devote even more focus to issues regarding customer partnerships. We must also become better at quickly reacting to changes in the external environment – among customers, suppliers and competitors – continuously asking ourselves "what more can we do for this customer and how do we achieve that in such a way that both we and the customer benefit from it?".

Talking of customers, we also devote a whole section of this Annual Report, "BE was here" to provide specific examples of what our customer partnerships can look like in practice.

FINANCIAL POSITION

During the year, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility of SEK 1,400 M is

sufficient to cover the credit needs that the Group can be expected to have during the period of the agreement. The agreement applies until July 2015, with the possibility of a total extension of two years.

The net debt/equity ratio rose over the year since cash flow for the year has not been sufficient to offset the negative result. It is our ambition to reduce the net debt/equity ratio during 2013.

OUTLOOK

Following a difficult 2012, we now set our sights ahead. Demand improved in early 2013 compared with late 2012.

The main priorities for the year are intensified sales efforts, continued cost and capital control and returning loss making operations to profitability. The ongoing cost savings program that we initiated in the first quarter will help us strengthen our competitiveness.

Malmö, March 2013

Kimmo Väkiparta
President and CEO

THE YEAR IN BRIEF

RECESSION AND REDUCED VOLUMES

The year 2012 was pervaded by considerable uncertainty in the European steel market. The weak economic trend was reflected by weakening demand and lower steel prices in comparison with previous years. For BE Group, this entailed decreased sales and adjustments in operations. At the same time, the Group has continued to develop in important areas, such as production services, logistics and utilization of capacity.

MARKET DEVELOPMENT

Demand was weaker than in previous years. With minor variations, this was true of all markets where the Group has operations.

Initially, the decline in demand was modest, but as concerns about economic trends rose, customers adopted a more cautious stance. The decline in demand is also judged to have been strengthened in the second half of the year through inventory reductions among customers. Price trends were also affected by economic factors. An increase in the first half of the year was followed by falling prices in the latter half. Compared to the 2011 full year, the average sales price fell by 8 percent.

BE Group's investments in production services tailored to customers' needs continue to gain ground. In Finland, the proportion of production services is now almost 50 percent and the trend in the Swedish market is rising thanks to the conscious efforts undertaken in recent years.

The production service offering generates improved conditions for long-term customer relationships with repeated demand and thus more even utilization of capacity at higher margins.

Business Area Sweden

Sweden remains the Group's principal market, with the construction and engineering sectors being the most important customer segments.

Traditionally, inventory sales represent the most important sales channel, although strategic investments in customer-adapted production services have opened up important new customer partnerships.

As in other markets, demand weakened over the year.

In 2013, operations will focus on deepening and increasing the number of customer partnerships. In the Swedish market, BE Group holds a strong market position, not least in inventory sales.

Business Area Finland

The market in Finland is largely pervaded by demand from the country's important export industries. Here, BE Group holds a strong position, particularly against the background of investments in customer-adapted service solutions and early in the year demand remained satisfactory.

In the second half of the year, the economy weakened, resulting in lower demand and prices.

The business area's objective for 2013 is to strengthen its position in production services, while at the same time increasing the degree of utilization of the new facilities.

Business Area CEE

Operation in Business Area CEE consist of a number of markets, between which conditions vary to some extent. We have increased our deliveries in Slovakia during the year. In the Baltic states shipments were more or less unchanged compared with previous year while Poland has developed negatively.

In the first quarter, the business area as a whole showed increased sales and tonnage. The economy subsequently weakened with continued strong price pressure.

Over the year, the operations in Poland were restructured to become a streamlined production business.

PROFITABILITY IMPROVEMENT MEASURES

In the fourth quarter of 2011, a decision was made regarding program of improvement measures. The program was fully implemented during 2012, resulting in annual savings of approximately SEK 50 M. In addition, a prolonged weak earnings development in the Group's Czech operations caused the Board of Directors of BE Group to decide, in the third quarter of 2012 to initiate a sale of the operations.

Following the end of the reporting period, negotiations were initiated regarding personnel reductions within the Group's operations in Sweden and Finland. These measures are expected to decrease the number of employees within the Group by a total of approximately 140 full-time positions. The target is to generate an annual cost reduction of about SEK 65 M and the measures are expected to have a gradual impact as of the second quarter of 2013. Non-recurring costs for the program are calculated at SEK 30–35 M and will burden the result for the first quarter of 2013.

PRODUCT DEVELOPMENT

The proportion of net sales accounted for by the principal products is detailed in a separate diagram on the next page.

The displacement between the product groups has been relatively small in recent years.

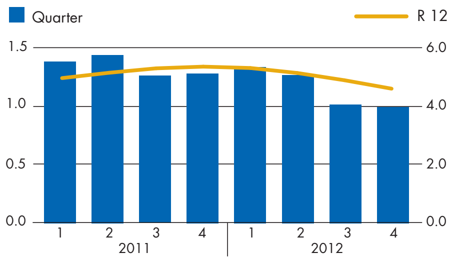
Commercial steel accounted for SEK 3,376 M in sales or 72 percent of the total (73), while stainless steel accounted for 17 percent (18), that is SEK 781 M.

SALES CHANNELS

Net sales by sales channel differ significantly between the business areas. What they have in common, however, is that the proportion of service sales is gradually rising as a consequence of conscious efforts and in 2012 accounted for 32 percent (31) of total net sales. Inventory sales remain the largest sales channel and accounted for 50 percent (49) of total net sales for the year.

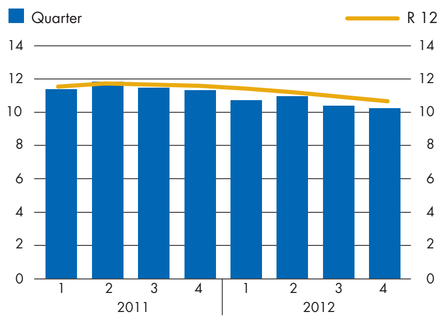
NET SALES, SEK BN

Quarterly and rolling 12-months



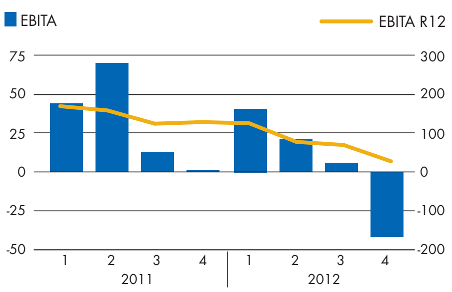
AVERAGE SALES PRICE, SEK/KG

Quarterly and rolling 12-months



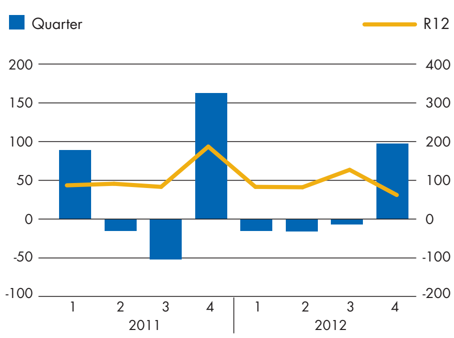
OPERATING RESULT (EBIT), SEK M

Quarterly and rolling 12-months



CASH FLOW FROM OPERATING ACTIVITIES, SEK M

Quarterly and rolling 12-months

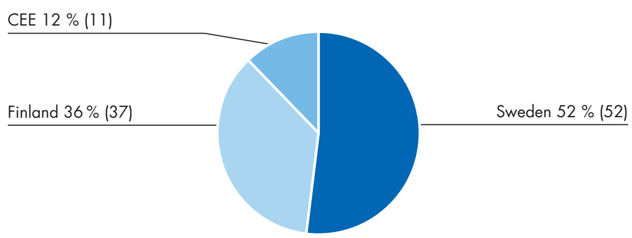


FINANCIAL DEVELOPMENT

- Net sales amounted to SEK 4,634 M (5,392), a decrease of 14 percent compared with the preceding year. Shipped tonnage decreased by 7 percent.
- The operating result decreased to SEK 26 M (128).
- The underlying operating result amounted to SEK 49 M (157) with an underlying EBITA margin of 1.1 percent (2.9).
- Cash flow from operating activities was SEK 59 M (184).
- The loss after tax for the continuing operations was SEK 12 M (55).
- The loss for the discontinued operations amounted to SEK 99 M (35) following an impairment of SEK 82 M in the Czech operations.
- Earnings per share amounted to a negative SEK 2.25 (positive 0.41).
- The Board of Directors proposes that no dividend (SEK 0.25) be paid for the 2012 financial year.

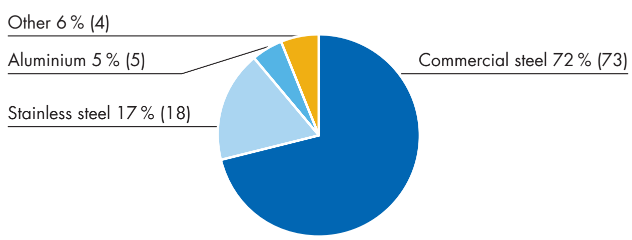
NET SALES BY BUSINESS AREA

% of net sales, preceding year in parentheses



MAIN PRODUCTS' SHARE OF NET SALES

% of net sales, preceding year in parentheses



NEWS OVER THE YEAR

In addition to issuing financial reports, we keep stakeholders updated on an ongoing basis on events inside and beyond BE Group. Here is a selection from the news flow during the year.

- **January 23** BE Group increases its production service capacity in Lapua, Finland
- **March 15** Major production service order from Volvo Construction Equipment
- **April 25** Annual General Meeting 2012
- **June 20** Gruppo Beltrame – Supplier of the Year 2011
- **July 1** Lasse Levola new Manager for Business Area Finland
- **July 18** Decision to sell operations in the Czech Republic
- **October 11** Kimmo Väkiparta new President and CEO of BE Group as of November 1

BE WAS HERE

Some examples of how we develop our customers' business

BE Group's products and services are of use in many different contexts. In everything from forklift trucks and forestry machines to bridges and shopping centers there is steel delivered by us. Sometimes it is our logistics solutions that are the key to our partnership with the customer, while, in other cases, we enhance efficiency in the customer's production by taking care of large parts of the material refinement.

On the next few pages, you will find examples of what our partnerships with, and solutions for, customers can look like in practice. In each of the examples, we have summarized BE Group's most important contributions under the headline "BE was here".

PURCHASING STRENGTH AND PRODUCTION EFFICIENCY IMPORTANT TO VOLVO CE

When Volvo Construction Equipment opted for a long-term production service agreement with BE Group, cost-efficient production and a logistics solution that ensured precise deliveries were important factors. The agreement between Volvo CE and BE Group entails repeated deliveries of major volumes of processed heavy plate and thus opportunities for better utilization of capacity and development of operations. To be able to meet the customer's requirements, we made new investments in, for example, gas and plasma cutting equipment, at our Norrköping facility in 2012.

BE WAS HERE

- Principal supplier of processed heavy plate
- Gas and plasma cutting, including post-processing
- Short lead times, forecast-based logistics flow

UNIQUE WROUGHT IRON DOMES FOR THE EMPORIA ROOF

93,000 square meters of shopping, dining, culture and entertainment alongside Hyllie Station and the Malmö Arena. Emporia is the latest in a series of major construction projects in the Malmö area where BE Group has been involved as a supplier. Together with company Smidmek, we have assembled two glass and wrought iron domes and a total of 11 skylights.The domes form part of Emporia's rooftop park of evergreen and drought-durable plants that cut noise and soak up rainwater. In a structural design with rigorous tolerances, BE Group's local presence and service were key factors.

BE WAS HERE

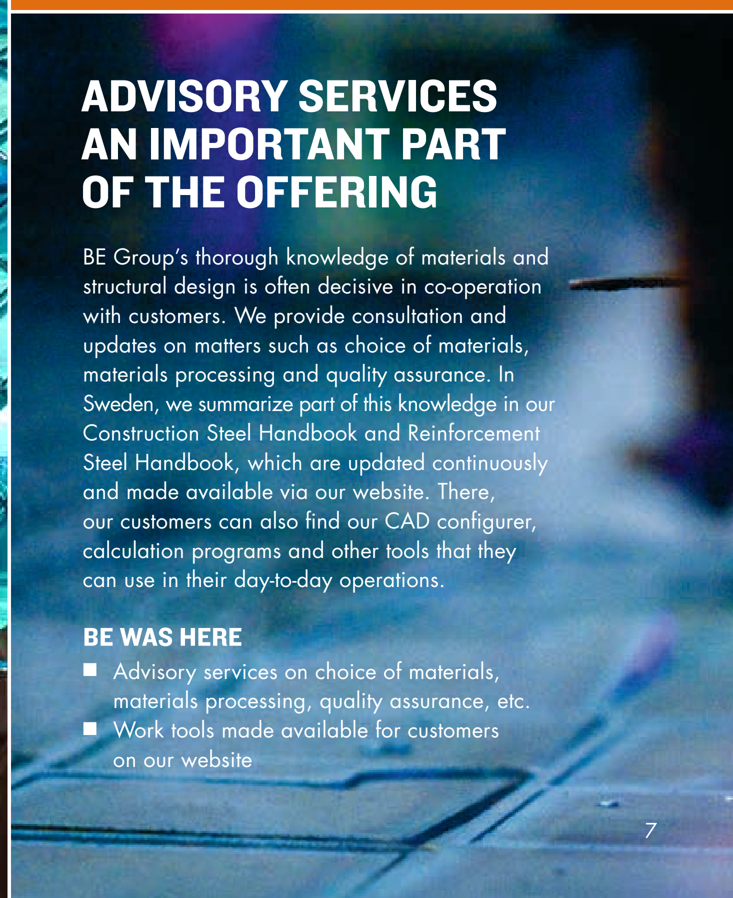
- Cut, blasted and painted construction steel
- Plate for laser cutting

98 PERCENT DELIVERY ACCURACY TO JOHN CRANE

Warehousing of frequently needed components, processing, minimal machine time and delivery within 24 hours. These are just a few examples from the list of requirements that John Crane, a world-leader in mechanical seals and couplings, presents for suppliers like BE Group. John Crane's largest European production unit is located in Lutin, in the Czech Republic and it is to this unit that BE Group makes deliveries with impressive results – with delivery accuracy of 98 percent.

BE WAS HERE

- Inventory sales of stainless steel, engineering steel and commercial steel of several grades
- Deliveries twice a day, with 24 hours' notice



ADVISORY SERVICES AN IMPORTANT PART OF THE OFFERING

BE Group's thorough knowledge of materials and structural design is often decisive in co-operation with customers. We provide consultation and updates on matters such as choice of materials, materials processing and quality assurance. In Sweden, we summarize part of this knowledge in our Construction Steel Handbook and Reinforcement Steel Handbook, which are updated continuously and made available via our website. There, our customers can also find our CAD configurer, calculation programs and other tools that they can use in their day-to-day operations.

BE WAS HERE

- Advisory services on choice of materials, materials processing, quality assurance, etc.
- Work tools made available for customers on our website

VIA ZTS STOJÁRNE NAMÉSTOVO TO JOHN DEERE

ZTS Stojárne Naméstovo of Slovakia specializes in the processing and welding of metal components. These are then used in the production of large vehicles and machines by well-known manufacturers such as John Deere, Caterpillar, Claas and Atlet. In this delivery chain, BE Group is a key player in securing the supply of hot-rolled plate, thick plate and engineering steel. With a unique supplier network, smart logistics solutions and a local presence, we have become an important partner.

BE WAS HERE

- Co-ordination of purchasing from several suppliers
- Inventory sales of hot-rolled plate, thick plate and engineering steel

DUPLEX STEEL PAYS IN THE LONG RUN

Lowest investment or lowest overall cost? This was a decisive question when the Municipality of Sölvesborg was planning the new Sölvesborg Bridge, which, with its 756 meters is one of Europe's longest bridges for pedestrians and cyclists. One requirement was that the bridge should stand for at least 100 years and BE Group played an active role in the Municipality's decision to switch from carbon steel to stainless duplex steel. The material does not need to be repainted, resulting in reduced maintenance costs. With the steel delivered in a tailored format, the number of working hours required to construct the bridge was also reduced.

BE WAS HERE

- 150 tonnes of duplex steel for minimal maintenance
- Tailored format to offload the customer

READY TO ASSEMBLE = SMART

Nokka of Finland is an export-focused manufacturer of forestry machines and snow-clearing equipment. Production guided by customer orders requires modular production with strict requirements on precise deliveries of materials. BE Group has been a supplier to Nokka for more than 30 years and over that time the partnership has entailed an increasing commitment in terms of production service. Today, BE Group provides about 40 set packages containing several pre-processed components that are delivered on pallets directly to the welding robot at Nokka. With shorter delivery times and minimized warehousing, the result is lower total cost for Nokka.

BE WAS HERE

- Production service comprising a number of different materials and processing actions
- Delivery of ready-to-assemble packages directly to the customer's production line

BE WAS HERE

FOSSIL-FUEL-FREE AT IGGESUNDS BRUK

The process industry is a major market segment for BE Group, with continuous upgrades and time-pressured service assignments imposing considerable demands on us as a supplier. Together with contractor YIT, BE Group helped pulp producer Iggesunds Bruk modernize its sulfate mill with a new soda recovery boiler, completely removing the mill's dependency on fossil fuels. The basis for the partnership with YIT is a broad range of stainless steel tubes and tube sections, delivered directly from our warehouse in Norrköping.

BE WAS HERE

- Customer-adapted inventory range of stainless steel tubes and tube sections
- 300 tonnes of deliveries from BE Group's warehouse in Norrköping

BE ONLINE ENHANCES EFFICIENCY IN THE ORDER FLOW

Increasingly rigorous demands for precise deliveries and control of the delivery flow are the driving forces behind BE Group Sweden's investment in an e-trading platform for problem-free ordering of materials. BE Online provides our customers opportunities to search for, count and order products directly from BE Group's inventory range. The system is open 24 hours a day, all year and means that the customer is not dependent on direct contact with a salesperson. For BE Group, BE Online relieves the pressure on the sales department and, in the next stage, we plan to extend the service with the option to order production services such as cutting, blasting and painting.

BE WAS HERE

- Time savings and improved accessibility for customers
- Successful launch opens up for continued development of the service

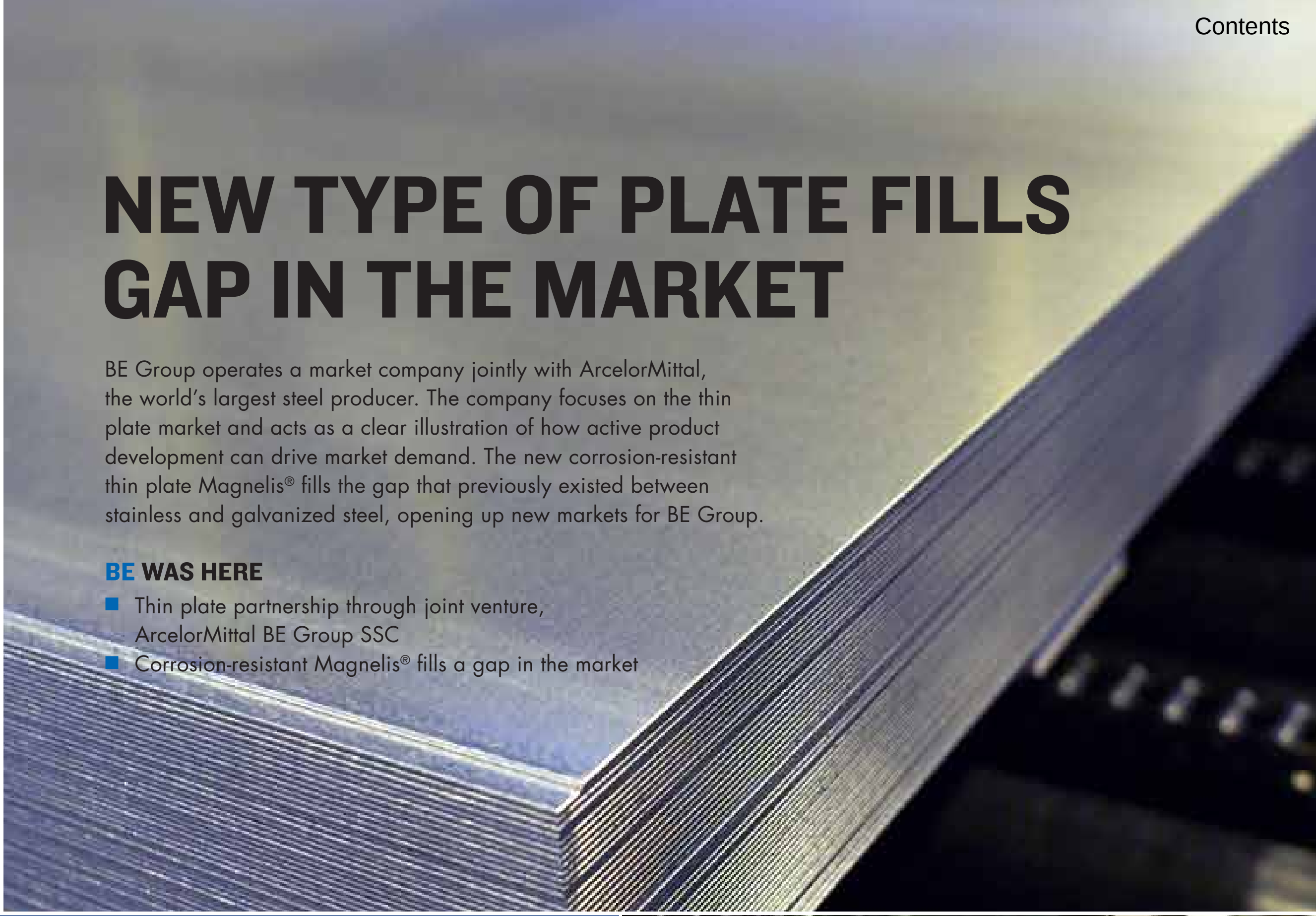
POLAND GROWS WITH PRODUCTION SERVICE

Poland is a central market for BE Group. Several international companies with origins in Sweden and Finland have production units in Poland, where they benefit from cost levels and market presence and BE Group has become an obvious partner here. An example of this is the company Komas, which we provide with production-ready solutions for, among other things, welding. This production service is concentrated at the facility in Trebaczew.

BE WAS HERE

- Production service from the Group's own facility in Trebaczew makes BE Group a strong partner for customers

BE WAS HERE

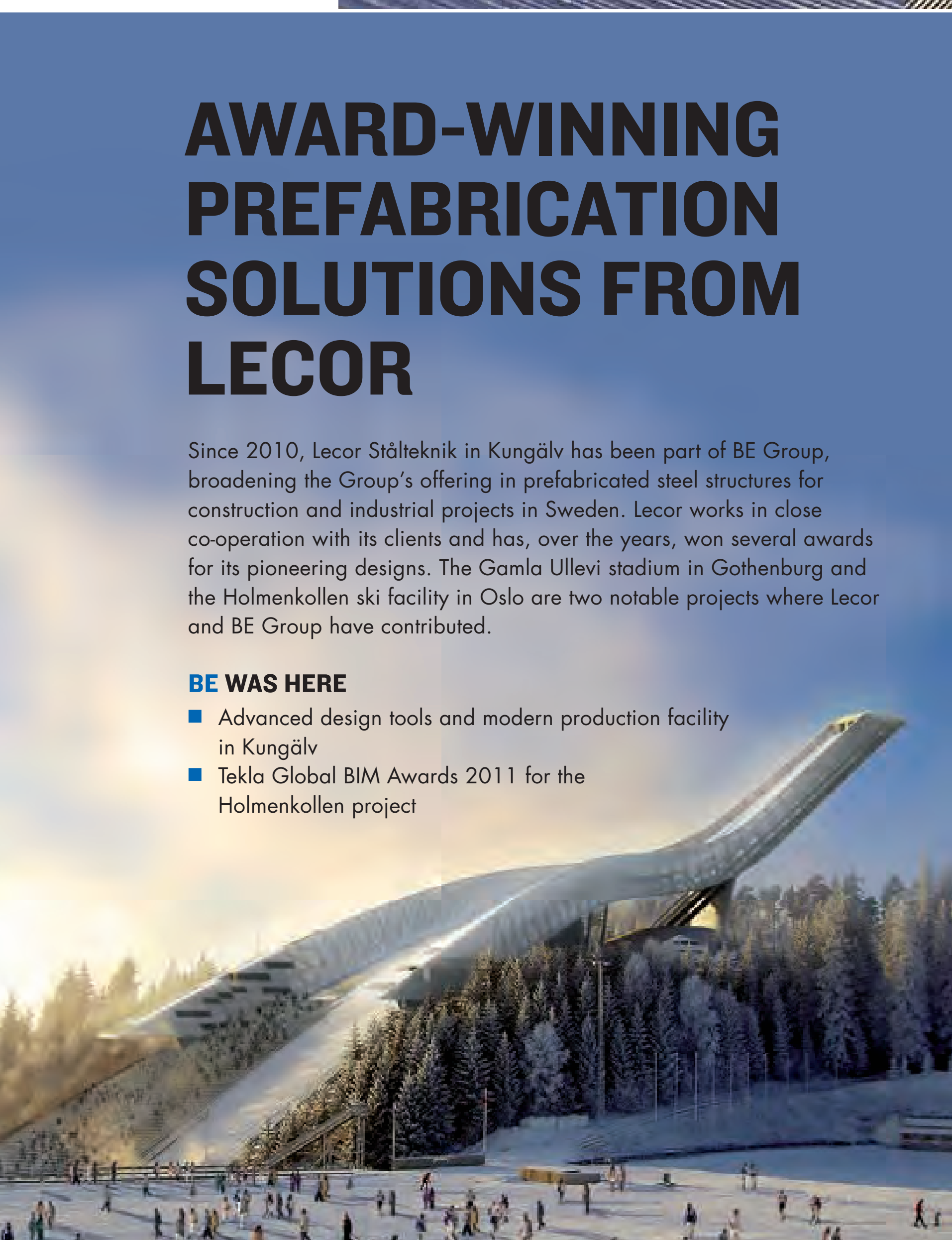


NEW TYPE OF PLATE FILLS GAP IN THE MARKET

BE Group operates a market company jointly with ArcelorMittal, the world's largest steel producer. The company focuses on the thin plate market and acts as a clear illustration of how active product development can drive market demand. The new corrosion-resistant thin plate Magnelis® fills the gap that previously existed between stainless and galvanized steel, opening up new markets for BE Group.

BE WAS HERE

- Thin plate partnership through joint venture, ArcelorMittal BE Group SSC
- Corrosion-resistant Magnelis® fills a gap in the market



AWARD-WINNING PREFABRICATION SOLUTIONS FROM LECOR

Since 2010, Lecor Stålteknik in Kungälv has been part of BE Group, broadening the Group's offering in prefabricated steel structures for construction and industrial projects in Sweden. Lecor works in close co-operation with its clients and has, over the years, won several awards for its pioneering designs. The Gamla Ullevi stadium in Gothenburg and the Holmenkollen ski facility in Oslo are two notable projects where Lecor and BE Group have contributed.

BE WAS HERE

- Advanced design tools and modern production facility in Kungälv
- Tekla Global BIM Awards 2011 for the Holmenkollen project

LATVIA GROWS WITH LOGISTICS

Latvia is a growing economy that, with a strong willingness to invest and advantageous terms of production, attracts many international companies. One such company is Bucher-Schoerling of Switzerland, which is a world-leader in the production of waste management machinery. The company applies extremely high demands in terms of materials and deliveries and has chosen to replace its warehouse function with a complete logistics solution from BE Group.

BE WAS HERE

- Inventory sales of steel, stainless steel and aluminium
- Complete logistics service replaces the customer's warehousing

OPTIMUM MATERIAL UTILIZATION

The fact that BE Group is expanding in advanced production service is connected, among other things, to our opportunities to maximize the utilization of the material. Materials often represent a major share of the cost of the final product and by using the same material and process optimally, the price per unit can be reduced. Where individuals customers previously experienced a high degree of waste in their production, we now optimize the process by carrying out cutting work for several customers at the same time, for example. This is part of BEOS, BE Group Operating System, our own approach to what is known as lean production.

BE WAS HERE

- Increased material utilization gives lower per-unit cost
- Co-ordination of production work gives advantages for customers

METAL THAT ASSISTS METAL EXTRACTION

Outotec is a global leader in process technology for metal and mineral extraction. The company also provides innovative solutions for industrial water treatment, the utilization of alternative energy sources and the chemical industry.

BE Group collaborates with Outotec Turula and Outotec Filters, two plants that manufacture everything from components to complete production lines for customer-specific orders. We supply structural and stainless steel to the customer's production line several times a week. By cutting the materials for Outotec, we also reduce the number of operations in its production process. Orders are made by means of an e-commerce tool that automatically transfers Outotec's drawings to BE Group's production.

BE WAS HERE

- Shape-cut steel and stainless steel
- Production service enhances efficiency for the customer

INTERNATIONAL PRESENCE PROVIDES CUSTOMER BENEFIT

What connects BE Group's geographical markets? What are the synergies for us and our customers? Our partnership with Avemet of Estonia provides answers to these questions. Avemet is a sub-supplier to manufacturers of mining machines for which BE Group supplies ready-to-assemble packages of components. The materials come from Finland (with purchasing strength that gives advantages in terms of price), production service takes place in Poland (with competitive production costs) and final packaging and delivery is performed by BE Group in Estonia (with its close contacts with the customer). An example of a total solution and coordination of resources that few others can match!

BE WAS HERE

- Responsibility from materials purchasing to complete packages of components to the customer
- Co-ordination of resources and competencies throughout the Group generates customer benefit

OUR ROLE IN THE VALUE CHAIN

In the value chain, BE Group holds a position between the steel producer and the steel customer. This means that we must always add value, primarily for the customer, but also for the producer, to be able to motivate our existence in the market. This is the basis for all of our operations and this is reflected in how we have formulated our business concept: By saving time, expense and capital for customers, we help them strengthen their competitiveness.

PRODUCERS

VALUE FOR STEEL PRODUCERS

Steel producers traditionally apply large minimum deliveries to end customers. Consequently, with its large purchasing volumes, BE Group is an attractive partner for producers and end customers alike.

BE Group is not bound to any individual steel producer but chooses the supplier offering the right material on the most favorable terms. Most purchases are made from about ten of the leading European steel producers.

BE GROUP

ADDED VALUE

THROUGH KNOWLEDGE OF MATERIALS

EFFICIENT WAREHOUSING

OPTIMIZED LOGISTICS SOLUTIONS

COMPETITIVE PRODUCTION SERVICE

CUSTOMERS

VALUE FOR THE END CUSTOMER

A partnership with BE Group shall provide strong and clearly evident added value for the customer compared with buying materials directly from a producer.

With our three offerings: production service sales, inventory sales and direct sales, we are able to deliver added value to customers who´s needs, in terms of materials and production, vary considerably.

For one customer, the foremost added value may lie in our capacity to quickly access the right product at the right price, while, for another it may involve our ability to provide warehousing and distribution that matches the customer's operations. For a third, the added value may lie in our ability to provide a number of different material processing services in a cost-efficient way.

OUR CUSTOMER SEGMENTS

The majority of BE Group's customers are in the construction and engineering sectors. The total number of customers is considerable and, during the year, the ten largest accounted for 12 percent of sales.

To be able to formulate offerings and partnership formats that are as attractive as possible, we divide our customers into four categories. This segmentation also forms the basis of our internal organization, whereby working groups and employees are able to gain in-depth knowledge of individual customers' special needs and conditions.

OEM CUSTOMERS

OEM customers (Original Equipment Manufacturers) are customers with proprietary manufacture of products and often operate within the machinery and equipment sectors – these include, for example, Sandvik and Volvo Construction Equipment. In many cases, BE Group also sells to OEM customers' sub-suppliers.

PROJECT CUSTOMERS

Project customers are primarily companies in the construction and civil engineering sectors, such as Peab and Skanska.

PRE-PROCESSING COMPANIES

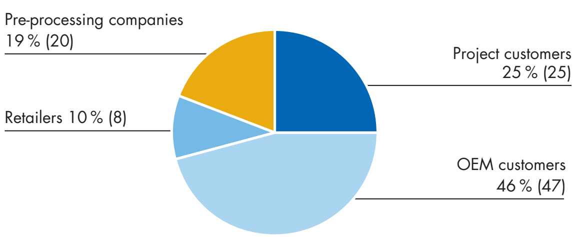
Pre-processing companies are often smaller companies that are sub-suppliers in the engineering sector.

RETAILERS

This customer category consists primarily of construction supply chains focusing on corporate customers, such as Beijer Byggmaterial.

BE GROUP'S SALES BY CUSTOMER SEGMENT

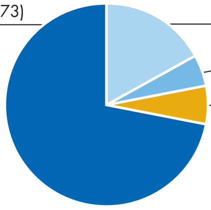
Preceding year in parentheses



OUR PRODUCTS AND SERVICES

BE Group's product offering encompasses a range of a total of about 20,000 products in the categories commercial steel, engineering steel, stainless steel and aluminium. Our service offering primarily involves different types of production services, but also associated services, such as logistics solutions and advice on materials.

BE GROUP'S NET SALES BY PRODUCT AREA
Preceding year in parentheses



PRODUCT SEGMENTS

COMMERCIAL STEEL

Commercial steel is used in a number of different contexts in the engineering and construction sectors. Examples include, machine construction, containers, bridge structures and wind power plants. BE Group's range includes beams, hollow profiles, bars, plate and tubes.

ENGINEERING STEEL

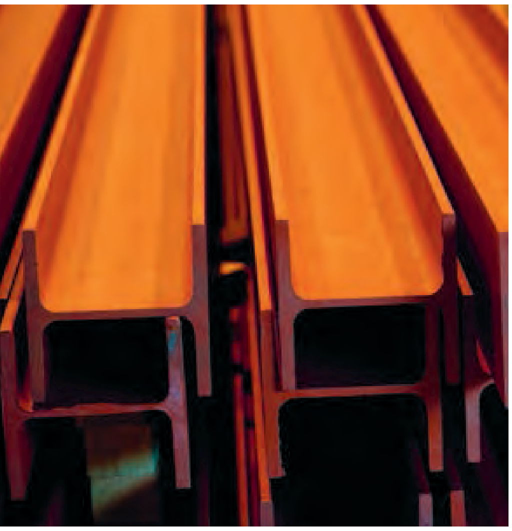
Engineering steel, which is included in the category commercial steel, is used in for example machine parts for heavy-lift and forest machinery where particularly great strength is a requirement of the material. In the area of engineering steel, BE Group offers structural and machine steel in a number of different alloys and various finishes.

STAINLESS STEEL

Stainless steel is used in everything from demanding construction projects to kitchen fittings, knives, scissors and razor blades. BE Group's range includes plate, strip, bars, beams, tubes and flanges.

ALUMINIUM

BE Group delivers aluminium to the vehicle and packaging industries. The range includes plate, strip, tread plate, profiles, bars and tubes.



Commercial steel comprises of alloy or low-alloy steel, reinforcement steel and reinforcement accessories.

Engineering steel is a collective name for several types of alloy and micro-alloy steel.

Stainless steel is resistant to corrosion because the steel has been alloyed with, for example, nickel.

The element aluminium is a soft, lightweight and non-magnetic metal.

PRODUCTION SERVICE

In a broad range of production processes, BE Group refines materials to meet specific customer requirements. These processes can involve anything from simpler refinements, such as cutting and sawing of materials, to a combination of several different processes that result in a component that can be used directly in a specific customer's production process.

With our production capacity, in-depth knowledge of materials and extensive producer network, our production services allow us to offer cost-efficient solutions that enable customers to focus on their core operations.

- Cutting and sawing
- Surface finishing (shot blasting, painting and hot galvanizing)
- Drilling/hole-punching and subsequent deburring and threading
- Cutting (gas, laser, plasma and water cutting)
- Cutting-to-length and slitting of thin plate and band steel
- Prefabricated reinforcements
- Finishing (deburring, vibratory finishing, grinding, packing, etc.)
- Customer-specific and repeatedly shipped sets of processed products
- Prefabricated steel structures and frameworks

OTHER SERVICES

In addition to production services, BE Group offers a number of other services that in different ways help strengthen customers' competitiveness. For many of our customers, fast and reliable deliveries, for example, are decisive and, with our 30 strategically placed units, we are able to offer short lead times and a high level of reliability of delivery. A large percentage of deliveries are made within 24 hours of the order being placed.

- Logistics solutions
- Advice on materials
- Customer-specific warehousing
- Financing of operating capital together with a partner in Finland
- Recycling of materials together with a partner in Sweden

OUR MARKET

BE Group is divided into the business areas Sweden, Finland and CEE (Central and Eastern Europe). Our roots are in Sweden and Finland where Bröderna Edstrand and Starckjohann & Co. were founded and to this day, it is these two countries that are the hub of the operations.

Operations in

SWEDEN

Sweden is BE Group's largest business area. Production and warehouse units are located in Malmö and Norrköping. The Swedish operations also include the production units BE Group Produktion in Eskilstuna, Lecor Stålteknik in Kungälv and the joint venture ArcelorMittal BE Group SSC in Karlstad. BE Group's Headquarters are located in the same building on Spadegatan in Malmö that Bröderna Edstrand moved to in 1937. In Sweden, inventory sales form a strong base, while the proportion of service sales continues to grow.

PERCENTAGE OF CONSOLIDATED NET SALES

52 % (52)

Operations in

FINLAND

Finland is BE Group's second-largest business area with production and warehousing in Lapua, Lahti and Turku. The Finnish operations stand out with the Group's highest proportion of production service sales and customers are largely in the engineering sector. Several major customers make use of set packages, meaning that they take delivery of several preprocessed components packaged together in individual deliveries from BE Group.

PERCENTAGE OF CONSOLIDATED NET SALES

36 % (37)

Operations in

CEE

Business area CEE encompasses BE Group's operations in, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Slovakia. Production facilities are located in Trebaczew, Poland and Prerov, Czech Republic and a logistics center is located in Ostrava, Czech Republic. In addition, there are warehouse and sales units at six sites in the region. BE Group's presence in CEE is an asset for customers from the Swedish and Finnish markets that choose to establish operations In Central Europe.

PERCENTAGE OF CONSOLIDATED NET SALES

12 % (11)

% of net sales, preceding year in parentheses
CEE's share is excluding the Czech operations which are reported as a disposal group.

Read more about BE Group's business areas on pages 34–39.


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

BUSINESS MODEL AND SALES CHANNELS

BE Group's business model takes the partnership with the customer as its starting point and is built up according to five stages. By being skilled and continuously updated on each of these stages, we are able to fulfill our mission: to improve the customer's competitiveness. The business model is also strongly linked to our three sales channels: production service sales, inventory sales and direct sales. A specific customer may make use of one or more of these channels, depending on its particular needs.

NET SALES BY CHANNEL
Preceding year in parentheses

PRODUCTION SERVICE
32 % (31)

INVENTORY
50 % (49)

DIRECT
18 % (20)

1 DEVELOPING RELATIONS WITH CUSTOMERS

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-adding offering

HOW?

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

2 BEST PURCHASING

Our job is to find the right product with the right quality and at the right price on the customer's behalf. We are able to live up to this by virtue of our presence in key producer markets, an efficient purchasing organization and a size that gives us strength in negotiations with producers.

WHAT?

- Find the right producers
- Find the best possible price

HOW?

- Utilize our international presence
- Develop relations
- Develop alternatives

DIRECT SALES

On the customer's behalf, BE Group seeks out the producer that is able to deliver a particular product at the best price and on the best terms. The product is then delivered from the producer directly to the customer.

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 lies in efficient inventory management and planning.

WHAT?

- Inventories of the right products to enable fast delivery
- Combining the best possible service with the least possible capital tied-up

HOW?

- Centralized warehousing
- Accurate forecasts

INVENTORY SALES

The customer buys a product held in inventory at one of BE Group's warehouse units and has it delivered to the relevant production unit, construction site or warehouse.

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

The customer buys a solution whereby BE Groups is responsible for everything from the purchasing of unprocessed goods to customer-tailored refinement of the product and logistics optimized according to the customer's operations.

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 production service, inventory or direct sales.

WHAT?

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

HOW?

- Continuous competence development
- Sensitivity to customers' needs and the market's signals

STRATEGIES FOR PROFITABILITY

BE Group's vision is to be the most professional and respected player in our sector in the markets in which we operate. To achieve this vision, we are working in a dedicated manner with four strategic focus areas intended to safeguard and reinforce the Group's market position.

INCREASE MARKET SHARE

Our objective is to grow faster than steel consumption. We can achieve this by enhancing the efficiency of flows of goods, simplifying business contacts and offering a customer-oriented range of products and services.

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.

INCREASE PRODUCTION SERVICE SALES

The production service offering entails opportunities for enhanced efficiency and savings for customers and good potential for earnings for us. As production service agreements often apply for longer periods, they also enable forward planning for the Group's finances.

BE Group will generate more and larger production service assignments by continuously improving and developing our knowledge of customers' processes and products and by developing our service offering in accordance with customers' needs.

EXPAND WITH CUSTOMERS

For customers with operations in several countries, BE Group's international presence is a strong competitive advantage. The fact that we offer the same reliable deliveries, high level of service and qualified advice in all of our markets creates security for customers while creating business opportunities for us.

Our operations around Europe also enable us to tailor total solutions, with our various units contributing to the process in different ways to achieve an optimally attractive offering for the customer in different markets.

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 and 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's earnings shall be used to develop operations and generate return for shareholders.

BE Group's management leads operations based on the guidelines set out by the Board of Directors and four financial business targets. These targets 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. The targets were established in preparation for the stock market listing in 2006.

As a consequence of the Czech operations being classified as discontinued operations, the target figures for 2010 and 2011 were recalculated and the targets for growth, profitability and return were therefore adjusted.

The achievement of the targets may vary over time due to different phases in the company's development and the current economic situation. The recession and the weak profit trend in 2012 meant that BE Group did not achieve the set targets.

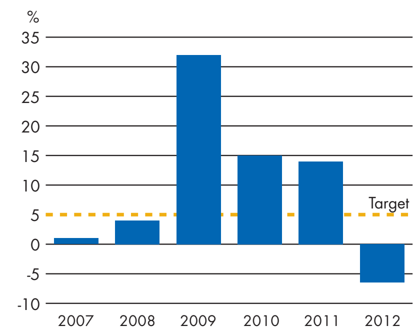
The financial targets are based on underlying earnings and return measurements to clearly illustrate the performance of the operational business. Underlying earnings correspond to reported earnings after adjustment for exceptional items and inventory gains/losses. The calculation is based on BE Group's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

For definitions, see pages 100–101.

TARGETS AND TARGET ACHIEVEMENT

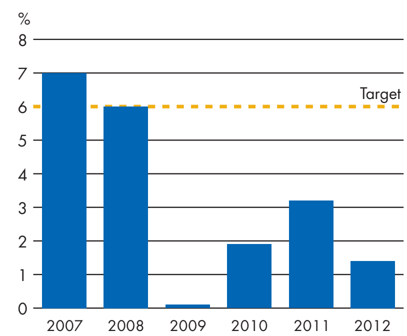
UNDERLYING SALES GROWTH >5%[1]

A trend of above-target growth in both 2010 and 2011 was broken due to the recession in 2012 and shipped tonnage decreased by 6 percent.



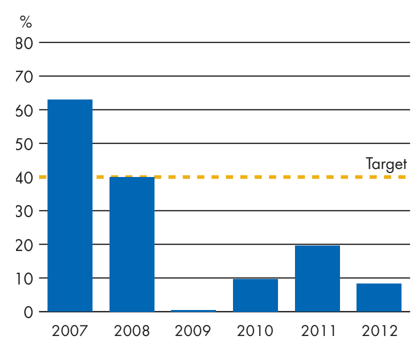
UNDERLYING EBITA-MARGIN >6%[1]

The underlying margin weakened during the year due to the lower sales and amounted to 1.4 percent.



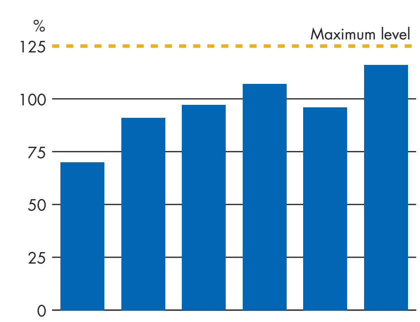
UNDERLYING RETURN ON OPERATING CAPITAL >40%[1]

The decline in the operating result has also entailed the underlying return on operating capital falling to 8.3 percent. The underlying operating capital decreased by SEK 100 M over the year, although this decline does not offset the lower operating result.



NET DEBT/EQUITY RATIO <125%[1]

The weaker results affected cash flow negatively, with the effect that the net debt/equity ratio rose to 116 percent.



[1] Figures for 2010–2012 are reported excluding the Czech operations.

SUSTAINABLE DEVELOPMENT

BE Group's sustainability work is about our desire to generate long-term sustainable development of our operations. On the next few pages, we outline what BE Group has achieved and is working to achieve in these areas.

In 2012, BE Group took inventory of its operations based on ISO 26000 and identified a number of priority focus areas that we deem to be of particular importance for the Group. Each focus area also includes measures for implementation over the coming years. Several of these measures have already commenced.

ISO 26000 is an international standard that defines what areas are included in the sustainability concept of CSR (Corporate Social Responsibility), which provides recommendations regarding what, beyond applicable legislation, can be done in these areas.

FOCUS AREAS AND MEASURES

- *Limiting climate impact and carbon dioxide emissions*
  Detailed charting of the company's own carbon dioxide emissions in accordance with a common measurement standard. Overview charting of carbon dioxide emissions throughout the value chain from steel producers to end customers.

- *Setting of requirements and follow-up among suppliers*
  Extending the Group's existing purchasing policy, which currently focuses on quality and the environment, to also address social and labor law aspects among suppliers. Development of assessment systems for suppliers.

- *Integration of CSR work throughout the Group*
  Training of employees in BE Group's CSR work (targets, activities, documentation, process, etc.) Establishment of a Group-wide team in which all business areas are represented to carry out this work.

- *Increased dialog with key stakeholders*
  Sustainability reporting in accordance with GRI (Global Reporting Index). Increased information on BE Group's website and training of salespeople.

APPROVAL FOR SWEDBANK ROBUR'S RESPONSIBLE INVESTMENTS

Swedish mutual fund management company Swedbank Robur analyzes companies in the technical trading sector and in 2012 renewed its approval of BE Group for its "responsible investments".

Excerpt from Robur's motivation:

"Relative to its sector, BE Group has low sustainability risks with nearly all of its sales and purchasing in the Nordic region and Western Europe, as well as raw materials in the form of steel products. The company's work with the supply chain is primarily focused on raising suppliers' environmental performance, with suppliers consisting of Nordic and European steel companies. Most of BE Group is environmentally certified and conducts adequate environmental work in which co-operation with suppliers of raw materials in particular is prioritized to reduce the environmental impact of products, although internal environmental targets concerning transports and proprietary production are also applied."

CONTRIBUTIONS TO CHARITABLE CAUSES

In 2012, BE Group made minor donations to charitable causes by means of Christmas gifts to BRIS (Children's Rights in Society) in Sweden, the Mannerheim League for Child Welfare in Finland and Doctors without Borders.

INTERACTION WITH KEY STAKEHOLDERS

CUSTOMERS

BE Group shall add value for all customer segments in accordance with its business model and act with sensitivity to customer needs and in a manner that encourages trust, strengthening relations with existing customers and attracting new ones.

SUPPLIERS

BE Group shall add value by providing distribution, warehousing and pre-processing services. The Group strives to strengthen sustainability work among suppliers through dialogue and by setting requirements.

EMPLOYEES

BE Group shall act responsibly internally and externally to attract, develop and retain competent employees. Our basic values guide us in how we behave towards one another in our day-to-day work.

SOCIETY

BE Group seeks to contribute to positive social development by generating job opportunities in our own operations and among our partners. We shall be an open and easily accessible actor that communicates with the greatest possible transparency within the regulatory framework regarding market-sensitive information.

SHAREHOLDERS

BE Group is to generate value for its shareholders through responsible and profitable enterprise based on the company's business model and strategies for profitability.

ENVIRONMENTAL POLICY AND WORK

For a long time, BE Group has been working with environmental issues as an integrated part of its operations. With our position between steel producers and customers, it is in the area of transport in particular that we are 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 comprehensive environmental policy forms the basis of BE Group's environmental work. 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 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.

CARBON DIOXIDE FOOTPRINT

The reduction of carbon dioxide emissions is one the major global challenges of our age. In the refinement chain from the steel producer to the end customer, it is at the producer level that the absolute majority of carbon dioxide emissions take place. Nonetheless, it is important for us at BE Group to do what we can to reduce emissions in our part of the chain.

In 2012, we conducted a summary calculation of the Group's total carbon dioxide emissions for 2011. This carbon dioxide footprint was 27 kg per tonne of steel sold, of which 62 percent derived from transports to customers and 32 percent from energy consumption at Group facilities. The remaining 6 percent derives from employee travel when visiting customers and suppliers. Emissions from suppliers' transports to BE Group were about 1.5 times greater than these emissions.

Effective from the autumn of 2012, BE Group transitioned to calculating emissions according to the leading international measurement standard GHC (Greenhouse Gas Protocol) and this will be reported in 2013.

INTERNAL ENVIRONMENTAL OBJECTIVES

BE Group wants 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 relevant to the individual employee. For this reason, we work 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.

ENVIRONMENTAL AND QUALITY CERTIFICATIONS

BE Group is working to have all of its production facilities certified in accordance with the ISO 14001 standard and has come a long way in this process. Following the certification of the facilities in Business Area CEE in recent years, 94 percent (94) of the Group's total sales are now made from environmentally certified units. The long-term target is a 95 percent share. The production facilities are also quality certified in accordance with ISO 9001. Environmental certifications are also an area where we have progressed far in our co-operation with suppliers. In several instances close dialog with suppliers have resulted in them also commencing projects to environmentally certify their operations. Today, 83 percent (81) of BE Group's purchasing is sourced from producers who are certified in accordance with ISO 14001. The long-term target is an 85 percent share.

PRIORITY ENVIRONMENTAL AREAS

Transports

BE Group's objective is to continuously increase the proportion of 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 71 percent of all outbound deliveries from the Group are made using ISO 14001 certified transport companies. The figures are significantly higher for Sweden and Finland (83 and 80 percent respectively), while transport companies in CEE are in the early stages of this development. In 2012, BE Group in Sweden began to use the vegetable fuel additive EuroAd, which makes the combustion of fuels in engines more complete and thus leads to more energy being generated from the fuel.

Energy consumption

Thanks to reduced use of oil and gas in favor of district heating, the trend has for some time been for BE Group's energy consumption to decline at its own facilities. However, 2012 brought a shift in this trend with an overall increase in energy consumption, which is explained by, among other things, growing ventures in production services in Sweden, Finland and Poland.

The Group's total energy consumption per tonne sold amounted to 54 kWh/tonne (47) in 2012.

Emissions from production

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 2012, the average amount of residual materials per tonne sold amounted to 34 kg (35), with 98 percent (98) being sent for recycling.

ENERGY CONSUMPTION PER TONNE SOLD, KWH/TONNE

2012
54

2011 **47** | 2010 **55**

PROPORTION OF WASTE THAT IS RECYCLED

2012
98

2011 **98** | 2010 **97**

PROPORTION OF SALES MADE BY ISO 14001-CERTIFIED UNITS %

2012
94 Target 95

2011 **94** | 2010 **93**

PROPORTION OF PURCHASING FROM ISO 14001-CERTIFIED UNITS, %

2012
83 Target 85

2011 **81** | 2010 **78**

CORPORATE CULTURE AND VALUES

At BE Group, we consider our employees to be our most important resource. On many occasions, it is one or a few individual employees who are our outward face towards a specific customer and we therefore take care that everyone who works at BE Group should contribute to our being perceived as an economically, socially and ethically responsible player. Our corporate culture is based, among other things, on what we have defined as our basic values.

BASIC VALUES

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

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

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

Action – We test new solutions and encourage creativity and action

Responsibility – We assume responsibility and keep our promises

Openness – We are open, straightforward and clear

CODE OF CONDUCT

BE Group's Code of Conduct details our responsibilities towards our business partners, owners, employees and society. The ethical guidelines encompass all employees within BE Group and all managers within the Group are responsible for ensuring that employees adhere to the Code of Conduct and act as an example of its application.

Responsibilities towards our business partners and owners

- Bribes are prohibited. All forms of compensation to agents, suppliers and partners shall be consistently based on relevant products and services.
- Gifts and other hospitality gestures neither may nor shall exceed local practice and legislation.

Responsibility towards employees

- All employees shall be treated equally, fairly and with respect, regardless of ethnic background, gender, age, national origin, disability, religion, sexual orientation, trade union membership or political affiliation.
- Wages and other benefits shall correspond to or exceed the minimum wage stipulated by law and in accordance with agreements in each country where the Group operates.
- All employees shall be afforded a fair chance to compete for vacant positions within the company, with professional skill and competence being the only decisive factors in recruitment.

Responsibility towards society

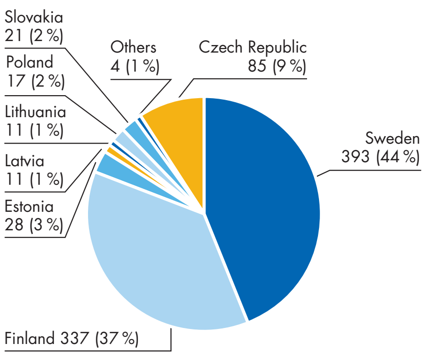
- BE Group shall provide objective and continuous information on products, services and development. Information of importance to the company's business partners shall always be communicated as quickly as possible.
- The company has a permanent commitment to contribute to ecologically sustainable development.

During 2012, the Board of Directors adopted a whistle-blower policy that entails that all employees have the opportunity to report anonymously any digressions from the Group's Code of Conduct.

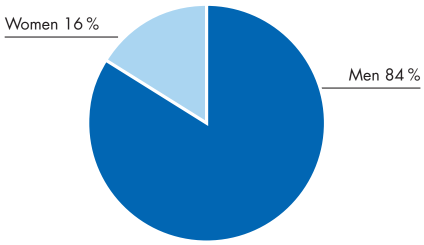
COMPETENCE DEVELOPMENT

BEOS (BE Operating System) is what we call the new working principles that are to create more efficient workflows at our warehouse and production units in accordance with the

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY



GENDER DISTRIBUTION, TOTAL



concept of lean production. The units have achieved different degrees of progress in this development and training in this area will continue in 2013.

The "BE School" is the collective name used for BE Group Sweden's ongoing internal training for warehouse and production personnel, among others. This may, for example, involve in-depth knowledge on products or equipment, or study visits to customers and suppliers with the purpose of developing the service provided to these. During the autumn of 2012, courses for salespeople and sales managers were also initiated.

"BE a leader" is a leadership program that has existed within BE Group's Swedish operations since 2004. A large number of those in leading positions completed the program in 2012 and the venture will continue in 2013. The objective of "BE a leader" is for the Group's managers to grow in their capacity as leaders and role models and to thus be able to establish a foundation for a culture of success that develops creativity and action. In parallel with "BE a leader", the Group's managers are also trained in areas such as workplace environment, labor law and ethics on an ongoing basis.

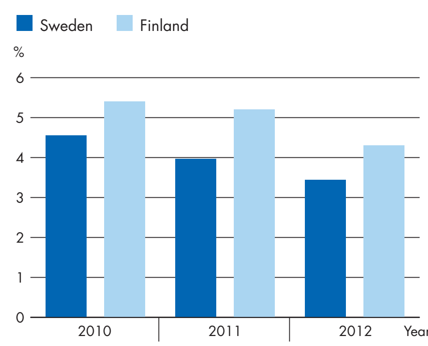
IMPROVEMENTS FOLLOWING EMPLOYEE SURVEY

In 2011, a health and lifestyle survey was carried out within BE Group Sweden, the results of which were communicated internally in early 2012. The results of the survey have resulted in improvement measures at the facilities concerned. Some examples are improvements in office ergonomics and support for supervisors in raising motivation among their employees. Efforts in stress management have also been intensified.

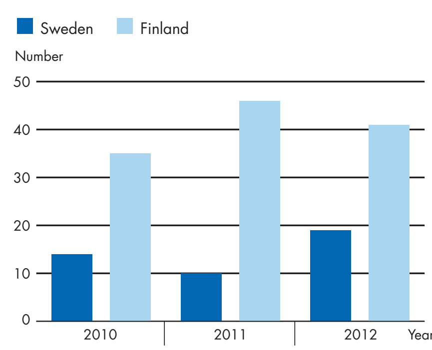
PREVENTION OF WORKPLACE ACCIDENTS

Besides adhering to applicable workplace environment legislation at all of our facilities, BE Group focuses on safety issues in day-to-day operations. All visitors to production facilities in Sweden must wear a safety helmet and must be 18 years of age or older. Since operations include an increasing proportion of production service, continuous training of personnel in general safety awareness, safe handling of materials and safe handling of the growing amount of equipment.

ABSENCE DUE TO SICKNESS – 2010-2012



INJURY RATE PER BUSINESS AREA – 2010-2012



ACTORS AND DEVELOPMENT IN THE STEEL MARKET

The international steel market is complex and includes several stages in the value chain. BE Group is clearly delineated, both geographically and in terms of our role in this value chain. By offering materials and value-adding services to customers, combined with an efficient organization, we will become less sensitive to steel price trends.

The chain, from production of the steel to its final use by the customer can, put simply, take three different forms.

Part of total steel sales goes straight from the steel producer to the end customer.

Other steel purchasing is, in principle, made by two types of steel service companies. One group consists of steel service companies owned by one 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 that includes BE Group consists of producer-independent steel service companies that purchase from several different producers. The majority of these are national players, while Jacquet Metal Service and Klöckner are two examples of competitors who, like BE Group, have an international presence.

DEVELOPMENT AMONG PRODUCERS

In 2012, the global steel market was affected to a large extent by the general economic trend. In general, steel consumption around the world increased. The trend differed between the different markets. The increase occurred mainly in the US and China, while steel consumption in Europe decreased by as much as 10 percent. To counter declining prices resulting from lower demand, steel producers have tried to adjust their production capacity.

BE Group is monitoring the global developments carefully, particularly with regard to price trends. Developments in Europe and the Group's own markets, where its customers are located, remains the most important area to monitor and more or less all of BE Group's procurement is made with European steel producers.

Following a small increase early in the year, the price trend for steel in 2012 was characterized by a falling price trend. The price increase among producers early in the year was attributable to an assumed increase in demand that failed to materialize. Towards the end of 2012, spot prices for Commercial steel strengthened, which brought an increase in prices in early 2013. Another trend in recent years 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 due to purchasing agreements with limited maturities and delays in the impact of fluctuations in spot prices, as well as delivery times.

DEVELOPMENT IN BE GROUP'S MARKETS

Sales by the steel distribution sector within the EU are estimated to have decreased by 8 percent compared with 2011. The decline has been affected by a general slump in steel consumption and by inventory adjustments among customers. The decrease in BE Group's volumes is considered to have followed the general decline in the market. Steel consumption in BE Group's markets generally decreased in 2012. Gross deliveries of steel to the Swedish market in 2012 fell by 10 percent compared with the preceding year. Also in the Finnish market considerable declines in steel consumption were experienced in 2012. In Business Area CEE, Poland, the Czech Republic and Slovakia are the leading steel consumption markets.

BE GROUP'S COMPETITORS

In Sweden and Finland, BE Group is a well-known and long-established player with strong and stable market shares. BE Group is one of the largest actors among steel service companies when looking at the Swedish and Finnish markets combined. Important competitors in Sweden are Tibnor, which is part of the SSAB Group and Stena Steel. In addition to these, there are a number of smaller niche players offering limited product ranges. Ruukki is the largest actor in Finland, where BE Group is the second-largest actor. In addition, Kontino and Flinkenberg are major actors in the Finnish market.

The markets of Central and Eastern Europe are fragmented, with a large number of players. Alongside a large number of small and medium-sized steel service companies that operate in regional and local markets, a number of leading international players are also represented. Overall, BE Group holds a low market share in Business Area CEE, although in the Czech Republic, Estonia and Slovakia we are among the largest players in the local distribution markets.

DEVELOPMENT AMONG CUSTOMERS

The unstable global economy of recent years has led many companies to review how and where capital is tied up and to identify where there are risks in the value chain. The result is often a focus on core operations, with an increasing proportion of production being outsourced. For BE Group, a trend like this entails increased demand for highly processed products and thus the potential to increase production service sales.

Compared with the standardized steel products where current prices for commercial steel have a considerable impact, we have greater opportunities to affect pricing on more advanced service products. Consequently, it is natural that we continue our drive in deliveries from our own facilities. The production service business also has the advantage that it often involves repeated demand from the customer and thus more even capacity utilization in our production.

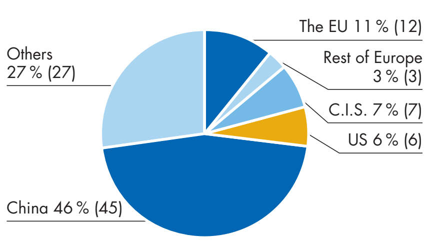
BE GROUP'S COMPETITORS

Company	Country	Sales	Change 2011–2012	Operating result	Operating margin
BE Group	Sweden	SEK 4,634 M	-14 %	SEK 26 M	1 %
Jacquet Metal Service	France	1,105 MEUR	-11 %	20 MEUR	2 %
Klöckner & Co	Germany	7,388 MEUR	4 %	-103 MEUR	-1 %
Tibnor	Sweden	SEK 5,961 M	-18 %	SEK 104 M	2 %
Stena Stål*	Sweden	SEK 1,978 M	2 %	SEK 12 M	1 %
Ruukki	Finland	EUR 2,789 M	0 %	EUR -65 M	-2 %

* Data pertain to the financial year September 2011-August 2012. Other data pertain to the 2012 calendar year.

WORLD'S LEADING STEEL PRODUCERS 2012

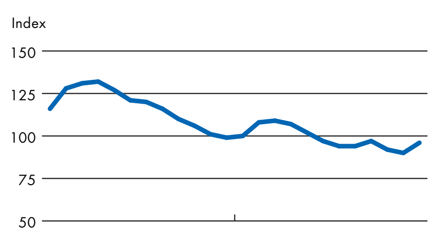
Preceding year in parentheses



Source: World Steel Association.

PRICE TRENDS FOR COMMERCIAL STEEL

Base 100 for January 2012



Further information about the steel market can be found on websites including www.worldsteel.org, www.eurofer.org, www.jernkontoret.se and www.dismet.org.

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 2012 was 26.1 million shares for a combined value of SEK 544.8 Bn, representing an average turnover of 104,275 shares or SEK 2.2 M per trading day. Turnover represented 0.02 percent of total turnover on the NASDAQ OMX Stockholm Exchange in 2012.

On the year's last trading day, December 31, 2012, the market price for the BE Group share was SEK 16.60 (20.00). The highest trading price in 2012 was quoted on February 9 at SEK 30.20 (49.00). The year's lowest share price was quoted on October 24, 2012 at SEK 14.50 (17.80). At the end of the year, BE Group's total market capitalization was SEK 830 M (1,000).

SHARE CAPITAL AND VOTING RIGHTS

At December 31, 2012, 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 2012, BE Group had 8,651 shareholders, compared with 9,570 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 31. As per December 31, 2012, the proportion of Swedish institutional ownership (legal entities) totaled 58 percent. As per December 31, 2012, foreign ownership of BE Group amounted to 12 percent.

At the end of the year, the five members of Group Management together held 701,939 shares in BE Group. At the end of the year, the Company's directors together held 113,900 shares.

BE Group AB held 590,727 treasury shares at the close of 2012.

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 judgment 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 account in determining the payment of dividends.

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2012 financial year (SEK 0.25). The proposal to not pay a dividend is motivated by the year's negative result.

PUBLICATION OF FINANCIAL INFORMATION

BE Group applies a clear strategy for communications with stakeholders in the financial markets. The Group observes a so-called silent period from the close of the period being reported on and until the publication of the interim report.

In line with this strategy, BE Group held several meetings during 2012 with representatives of the capital market and the media in connection with the interim reports. Company 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.

In addition, BE Group held a capital markets day on June 8 for shareholders and analysts. The entire Group Management team participated in the presentation, explaining the company's market conditions, strategies and development up to and including the first quarter of 2012.

SHAREHOLDER CONTACTS

Executive Vice President and CFO 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.

SHAREHOLDER STRUCTURE AS PER DECEMBER 31, 2012

Holding	Number of share-holders	Number of shares	Capital and votes (%)
1 – 500	5,014	1,151,515	2.3
501 – 1,000	1,544	1,356,401	2.7
1,001 – 2,000	882	1,504,438	3.0
2,001 – 5,000	700	2,468,748	4.9
5,001 – 10,000	265	2,052,564	4.1
10,001 – 20,000	115	1,663,763	3.3
20,001 – 50,000	57	1,876,239	3.8
50,001 – 100,000	28	2,028,750	4.1
100,001 – 500,000	28	6,020,353	12.0
500,001 – 1,000,000	10	6,357,299	12.7
1,000,001 – 5,000,000	7	15,374,854	30.8
5,000,001 – 10,000,000	1	8,145,076	16.3
Total number	**8,651**	**50,000,000**	**100.0**

Analysts monitoring BE Group

ABG Sundal Collier Robert Redin, tel.: +46 (0)8 566 28 600

Carnegie Alexander Vilval, tel.: +46 (0)8 676 87 23

Handelsbanken Fredrik Agardh, tel.: +46 (0)8 701 25 97

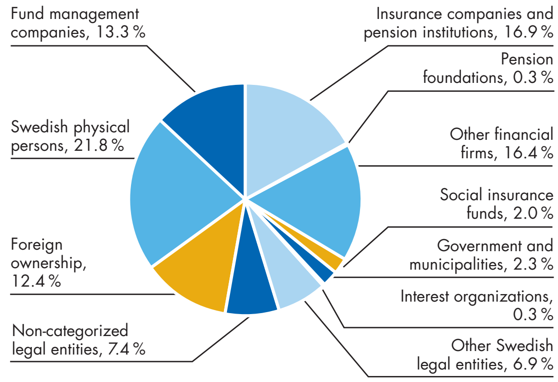
Swedbank Ola Södermark, tel.: +46 (0)8 58 59 23 74

SEB Enskilda Julian Beer, tel.: +46 (0)8 52 22 96 52

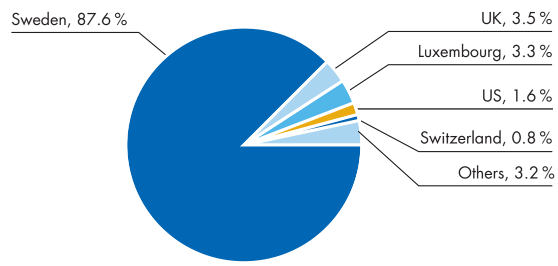
BE GROUP'S LARGEST SHAREHOLDERS AS PER DECEMBER 31, 2012

Shareholders	Number of shares	Capital and votes (%)
AB Traction	8,145,076	16.3
Swedbank Robur funds	4,099,625	8.2
IF Skadeförsäkring	3,774,669	7.6
Odin Funds	2,686,658	5.4
Avanza Pension	1,305,498	2.6
Skandinaviska Enskilda Banken	1,280,331	2.6
Foundation for Baltic and East European Studies	1,151,165	2.3
JPM CHASE NA	1,076,908	2.2
Fourth Swedish Nat'l Pension Fund	903,479	1.8
Nordnet Pensionsförsäkring	716,785	1.4
Total 10 largest shareholders (grouped by owner)	25,140,194	50.3
Other shareholders	24,859,806	49.7
Total number	**50,000,000**	**100.0**

SHAREHOLDERS BY CATEGORY DECEMBER 31, 2012



SHAREHOLDINGS BY COUNTRY DECEMBER 31, 2012

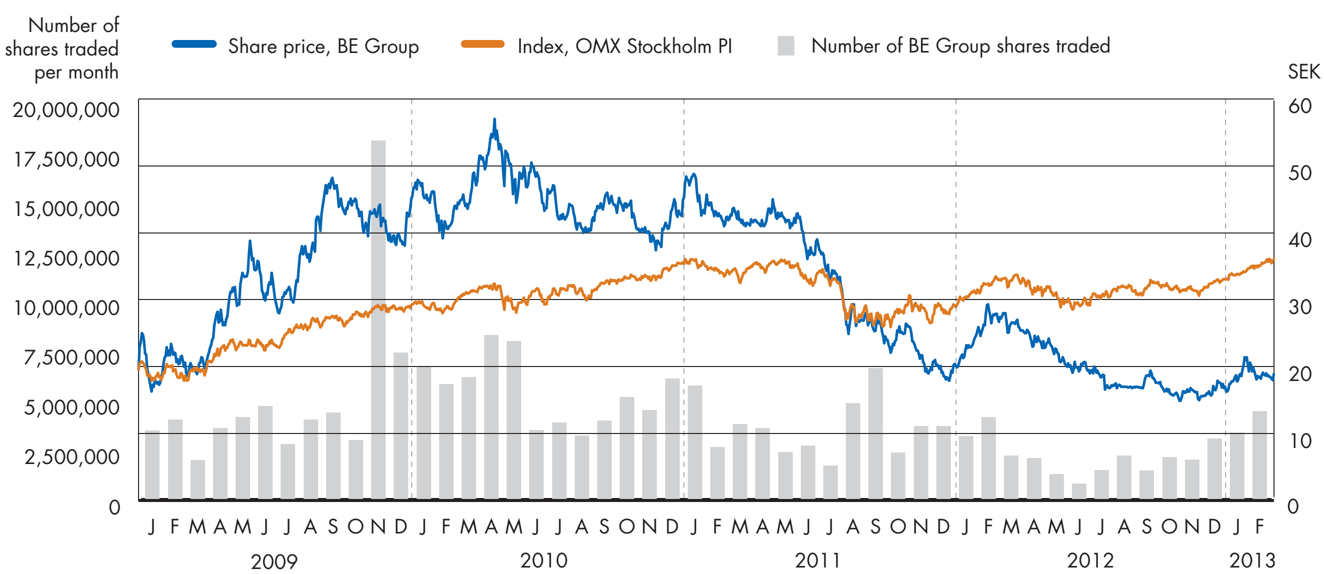


Source: Euroclear Sweden

PER SHARE DATA

	2012	2011
SEK unless otherwise stated		
Earnings per share	-2.25	0.41
Underlying earnings per share	0.12	0.89
Earnings per share after dilution	-2.25	0.41
Underlying earnings per share after dilution	0.12	0.89
Equity per share	13.63	16.31
Proposed dividend per share	-	0.25
Dividend yield, %	-	1.25
P/E ratio, multiple	neg	48.8
Share price, December 31, latest price paid	16.60	20.00
Market capitalization December 31, SEK M	830	1,000

SHARE PRICE DEVELOPMENT, JANUARY 2009 – FEBRUARY 2013



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

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, 2012.

Operations

BE Group is a trading and service company in steel and other metals and provides various forms of service for steel, stainless steel and aluminium applications to customers primarily in the construction and engineering sectors.

Operations are maintained in nine countries, with Sweden and Finland being the largest markets. The Group employs approximately 900 people. The head office is located 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 2012, global production of steel rose by 1 percent in comparison with 2011. China, which accounted for 46 percent of total production, showed a 3 percent increase. In the EU, production fell by 5 percent compared with the preceding year.

The market situation for BE Group was characterized by a downturn in the business cycle with decreased demand for steel compared to the preceding year. A decrease in demand during the second half-year intensified partially due to inventory cutbacks in the customer chain as well as a stronger than normal seasonal downturn at the end of the year.

Lower demand has also been reflected among steel producers with a cutback in production capacity as a result. The price level of steel, which during the beginning of the year was rising, gradually weakened during the second half of the year. The pricing of steel continues to be characterized by a short-term view at all levels in the value chain.

Net sales and business performance

As a consequence of the prolonged weak performance in the Czech Republic, the Board of Directors resolved during the year to initiate a sale of the operations. The process is underway and, effective from 1 August, the Czech operations have therefore been reclassified as a disposal group in the consolidated accounts and are presented separately as a discontinued operations in the consolidated income statement and outside of Business Area CEE. In connection with the reclassification to disposal group in the consolidated balance sheet, an impairment of SEK 82 M was recognized in the value of the Czech operations. Where applicable, the financial statistics for the past two years have been recalculated to reflect this change

Over 2012, BE Group's net sales fell by 14 percent to SEK 4,634 M (5,392). The weakening is due to a decrease in shipped tonnage by 6 percentage points, negative price and mix effects amounting to 6 percentage points and negative currency effects of 2 percentage points.

The operating result amounted to SEK 26 M (128). Adjusted for inventory losses of SEK 23 M (20) as well as non-recurring items of net 0 (-9), the underlying operating result[1] decreased to SEK 49 M (157). The weakening in the result is primarily a consequence of the decreased sales. The decline is offset to a certain extent by strengthened gross margins in the Swedish and Finnish operations. Operating margin amounted to 0.6 percent (2.4) and the underlying operating margin decreased to 1.1 percent (2.9).

Following the end of the period, a decision was made to initiate negotiations regarding personnel reductions within the Group's operations in Sweden and Finland. The background to this lies in the decreased delivery volumes during 2012. These measures are expected to decrease the number of employees within the Group by a total of approximately 140 full-time positions, of which an estimated 75 will be in Sweden and 60 in Finland. In the Group's other markets, the proposal entails only limited reductions. The proposed measures will generate an annual cost reduction of about SEK 65 M and are expected to have a gradual impact as of the second quarter of 2013. Non-recurring costs are expected to amount to SEK 30-35 M and will burden the results for the first quarter of 2013, while cash flow will mainly be affected in the second and third quarters.

Development by sales channel

BE Group's sales are divided between three sales channels: production service, inventory 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.

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.

Production service sales consist of material deliveries complemented by production services. BE Group processes its own materials and refines them according to customer specifications.

Direct sales are mainly an alternative 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. 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 50 percent (49) of total sales during the year. The share of direct sales declined to 18 percent (20). The proportion of service sales rose to 32 percent (31).

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.

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 Group's own model and have not been subject to review by the Group's auditor.

BUSINESS AREA SWEDEN

Kimmo Väkiparta, Business Area Manager since November 2012

SWEDEN

FOCUS FOR 2013

- Continued development and improvement of the inventory business
- Improve profitability in Lecor Stålteknik and BE Group Produktion
- Ensure the highest possible delivery accuracy to customers

Sweden is BE Group's largest business area, with 52 (52) percent of the Group's sales. The business area consists of warehousing and production in Malmö and Norrköping, as well as ten sales offices 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 to broaden the Group's offering in production services and the joint venture company ArcelorMittal BE Group SSC. The number of employees within the business area at year-end totaled 397 (375).

Customer structure

BE Group Sweden, has a broad customer base with considerable variation in the size of the customer companies. Compared with the Group's other business areas, a larger proportion of customers (about 30 percent) are in the construction sector, while the proportion of production service customers is greatest among those in the engineering sector. The ten largest customers account for about 20 percent of sales. The largest individual customers in 2012 was Peab, Volvo Construction Equipment and Sandvik.

During 2012, an extensive customer survey was conducted among BE Group's customers in Sweden – the last time this was done was in 2009. In terms of customer satisfaction, the results were largely unchanged from the previous survey, although a clear improvement could be affirmed in customers' willingness to recommend BE Group as a supplier.

Development over the year

As a consequence of the general economic situation and uncertainty regarding steel price trends, 2012 was pervaded by decreased demand among customers. For BE Group Sweden, which experienced favorable development in 2011, this was reflected in decreased volumes in 2012. This decline is in line with the industry in general and our market shares are more or less unchanged. On the positive side, both inventory and service sales increased as a proportion of total sales in 2012.

Customers' requirements for accurate deliveries are becoming sharper and to meet

Key data	2010	2011	2012
Shipped tonnage, thousands of tonnes	**209**	**224**	**202**
Net sales, SEK M	**2,425**	**2,843**	**2,449**
Change, %	*14*	*17*	*-14*
Operating result (EBIT), SEK M	**73**	**83**	**31**
Operating margin, %	*3.0*	*2.9*	*1.3*
Underlying operating result (uEBIT), SEK M	**56**	**91**	**37**
Underlying operating margin, %	*2.3*	*3.2*	*1.5*
Investments, SEK M	**76**	**52**	**22**
Average number of employees	**342**	**378**	**386**

this trend, an optimized flow is necessary throughout the logistics chain – from the producer to the final delivery to the customer. This is an aspect where BE Group is working continuously to achieve improvement and in 2012, among other things, an improved inventory optimization tool was introduced in the Swedish operations.

Sales and business performance

The business area reported sales of SEK 2,449 M (2,843) for 2012, a decrease of 14 percent compared with the preceding year. Shipped tonnage fell by 10 percent. The operating result was SEK 31 M (83) and, adjusted for inventory losses of SEK 6 M (5; the comparison figure was also affected by non-recurring expenses of SEK 3 M), the underlying operating result amounted to SEK 37 M (91). The weakening in the underlying operating result is primarily attributable to the lower tonnage.

Development and earnings in Lecor Stålteknik and BE Group Produktion were not satisfactory in 2012. Combined, these companies affected the operating result negatively by SEK 20 M (positive 6). In Lecor Stålteknik's case, this is explained by a weak economic trend in the construction sector and in the case of BE Group Produktion by low capacity utilization as a consequence of lower volumes to a major customer. The joint venture ArcelorMittal BE Group SSC AB is reported in accordance with the equity method, with the participation in earnings for the year amounting to SEK 1 M (6).

Key events

In 2012, a new production service agreement was signed with Volvo Construction Equipment for processed heavy plate for wheel-loaders and excavators. In order to be able to meet the increased delivery volumes, the business area invested in production capacity at the Norrköping facility during the year. For BE Group this transaction is important in terms of volumes and serves as a typical example of repeated production service assignments, which form part of the Group's strategic areas of focus.

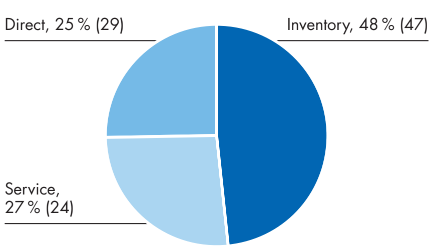
The program of profitability improvement measures decided on by the Group in the autumn of 2011 was implemented in the first half of 2012. In January 2013, negotiations on additional personnel reductions were initiated due to the decreased delivery volumes in 2012. The measures are expected to reduce the number of employees in Sweden by about 75.

Continued development

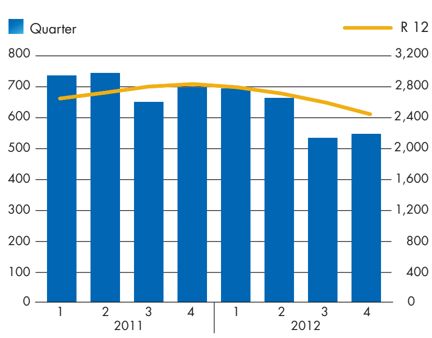
Even in the future, inventory sales will continue to be the most important sales channel in the Swedish operations. With continued focus and purposeful effort sales of production services will also be developed further in 2013.

By improving delivery accuracy and information regarding deliveries, the ambition is to further enhance customer satisfaction. Clearer customer segmentation focusing on the procurement, orders and delivery structure of each individual customer will be implemented in 2013 to ensure satisfactory profitability in each transaction.

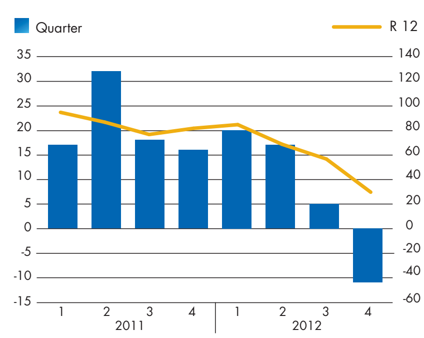
SALES BY CHANNEL, %
Preceding year in parentheses



SALES, SEK M
Quarterly and rolling 12-months



OPERATING RESULT (EBIT), SEK M
Quarterly and rolling 12-months



BUSINESS AREA FINLAND

Finland is BE Group's second-largest business area, accounting for 36 percent (37) of sales. The business area comprises of 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 in Finland. At the end of the year, the business area had 340 employees (339).

Lasse Levola, Business Area Manager since July 2012

FINLAND

FOCUS FOR 2013

- Capitalize on investments in production service
- Increase inventory sales to strengthen the market position
- Improve internal efficiency and customer service

Customer structure

Finland is the BE Group business area with the largest proportion of production services as a percentage of total sales – 48 percent (47) compared with 27 percent in Sweden and 6 percent in CEE. To a large extent, this is attributable to a large proportion of customers being within the engineering sector. The Finnish market also stands out in that many customers demand deliveries of products that are ready to be mounted. In such cases, BE Group delivers several pre-processed components packaged within an individual delivery, directly to the customer's production line, making it possible for the customer to reduce the number of man hours it invests.

In addition to the engineering sector, BE Group Finland's customers operate in sectors including construction and civil engineering, electrotechnology and production services. The ten largest customers account for about 11 percent of sales in the business area and the largest individual customers in 2012 were Sandvik, John Deere and Outotec (including deliveries to these companies' sub-suppliers).

Development over the year

Total demand in the Finnish market decreased over the year and in the second half of the year, the decline was strengthened in virtually all customer segments as a consequence of the economic climate and general caution among customers, which led to pressured sales prices.

The decreased demand among customers resulted in decreased delivery volumes for BE Group Finland compared with the preceding year. In our assessment, market shares nonetheless remain unchanged or have even been strengthened thanks to the investments in production capacity made in 2011.

Key data	2010	2011	2012
Shipped tonnage, thousands of tonnes	**165**	**178**	**156**
Net sales, SEK M	**1,846**	**2,055**	**1,672**
Change, %	*24*	*11*	*-19*
Operating result (EBIT), SEK M	**81**	**87**	**38**
Operating margin, %	*4.4*	*4.2*	*2.3*
Underlying operating result (uEBIT), SEK M	**78**	**93**	**53**
Underlying operating margin, %	*4.2*	*4.5*	*3.2*
Investments, SEK M	**7**	**24**	**18**
Average number of employees	**328**	**331**	**337**

Sales and business performance

The business area reported sales of SEK 1,672 M (2,055) for 2012, a decrease of 19 percent compared with the preceding year. Shipped tonnage decreased by 12 percent. The operating result weakened to SEK 38 M (87) and adjusted for inventory losses of SEK 15 M (5), the underlying operating result decreased to SEK 53 M (93). The weakened result was due to the lower sales.

Key events

In 2011, considerable investments were made in production service at the Lahti and Lapua facilities. While the results of the investment in Lahti exceeded the set sales target for 2012, the investment in Lapua, involving the merger of two smaller units into a single, larger one, is a more long-term venture where we expect to see results in the coming years.

In 2012, the Microsoft AX Dynamics ERP system was implemented throughout the business area's organization.

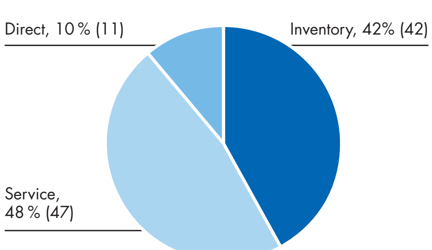
The program of profitability improvement measures decided on by the Group in the autumn of 2011 was implemented in the first half of 2012. In January 2013, negotiations on additional personnel reductions were initiated due to the decreased delivery volumes in 2012. The measures are expected to reduce the number of employees in Finland by about 60.

Continued development

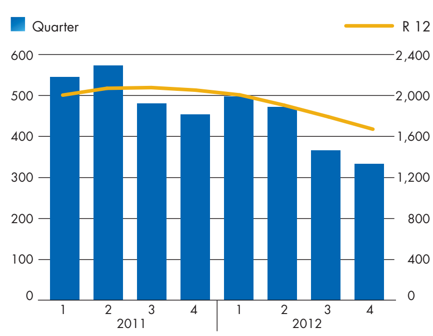
Several of BE Group's customers in Finland are export-based engineering companies that are among the world-leaders in their individual segments. We seek to act as a strategic partner to these companies and to help strengthen the role of the Finnish engineering sector in the global market. For this to be possible, we must understand our customers' business at a deeper level and we are now working in a goal-oriented manner to achieve this with our lean management concept, which includes more efficient coordination between different functions in our organization.

In 2013, we plan to carry out an upgrading of the facility in Turku to be able to increase delivery volumes in production services.

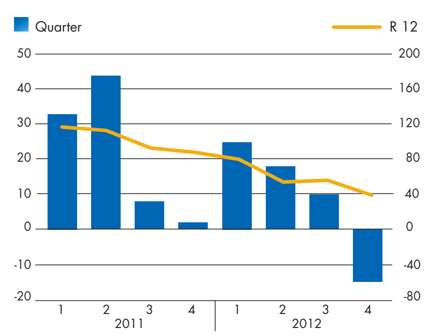
SALES BY CHANNEL, %
Preceding year in parentheses



SALES, SEK M
Quarterly and rolling 12-months



OPERATING RESULT (EBIT), SEK M
Quarterly and rolling 12-months



BUSINESS AREA CEE

Nikolai Makarov, Business Area Manager

CEE

FOCUS FOR 2013

- Clearer customer segmentation
- Continued comprehensive cost control and efficiency enhancement
- Secure market position in Estonia and Latvia

Business Area CEE accounts for 12 percent (11) of sales within BE Group and consists of operations in Poland, Slovakia, Estonia, Latvia and Lithuania. There are warehouse and sales units at six strategically selected sites in the region and there is a production facility at Trebaczew in Poland. At the end of the year, the business area had 74 employees (92).

Czech Republic
The operations in the Czech Republic are included in the operational activities of the business area, but since these operations have reported poor earnings over an extended period of time, the Board of Directors resolved in the third quarter to initiate a sale of the operations. The process is still underway and, effective from August 1, the Czech operations have therefore been reclassified as a disposal group in the consolidated balance sheet and are presented separately as discontinued operations in the consolidated income statement and outside of Business Area CEE. The financial statistics have been recalculated to reflect this change, meaning that consolidated financial data for the business area is reported excluding the Czech operations.

The operations involve a sales and logistics center in Ostrava and a production facility in Prerov. Despite the decrease in sales, the operations' results improved due to implemented profitability improvement measures, such as reductions in personnel and warehouse units. In connection with the reclassification to disposal group, an impairment of SEK 82 M was recognized.

Key data	2010	2011	2012
Shipped tonnage, thousands of tonnes	**48**	**75**	**85**
Net sales, SEK M	**408**	**581**	**561**
Change, %	*-1*	*42*	*-3*
Operating result (EBIT), SEK M	**-24**	**-10**	**-17**
Operating margin, %	*-5.9*	*-1.7*	*-3.0*
Underlying operating result (uEBIT), SEK M	**-26**	**2**	**-15**
Underlying operating margin, %	*-6.4*	*0.3*	*-2.7*
Investments, SEK M	**0**	**13**	**3**
Average number of employees	**105**	**95**	**82**

Key data, Czech operations	2010	2011	2012
Shipped tonnage, thousands of tonnes	**140**	**153**	**106**
Net sales, SEK M	**667**	**761**	**458**
Change, %	*66*	*14*	*-36*
Operating result (EBIT), SEK M	**1**	**-26**	**-19**
Operating margin, %	*0.2*	*-3.4*	*-3.9*
Underlying operating result (uEBIT), SEK M	**1**	**-19**	**-22**
Underlying operating margin, %	*0.1*	*-2.5*	*-4.5*
Investments, SEK M	**1**	**2**	**4**
Average number of employees	**117**	**113**	**85**

Customer structure

Compared with Sweden and Finland, BE Group's customers in Business Area CEE consist to a greater extent of smaller, local players and this is also true of the competitive situation in the business area. For smaller customers, operating in both the construction and process industries, BE Group's operations mainly involve inventory sales.

An important and growing customer group consists of major companies that are based in the Nordic countries but want to benefit from the lower production costs in the CEE area. In the OEM segment in particular, many companies are now reassessing their production costs, including where they locate their production units and how they select sub-suppliers. Here, BE Group is able to be an attractive partner by virtue of its strong presence in Eastern and Central Europe.

In 2012, the ten largest customers accounted for about 32 percent of sales in Business Area CEE and the largest individual customers were Extra Machinery steel, RB, Velke Kapusany and Centinder, all of which are located in Slovakia.

Development over the year

The year 2012 began with a brief increase in steel prices. This increase was initiated among producers as a consequence of excess capacity and failed to win any particular respect among customers. Following the first quarter, sales prices then fell back continuously over the year as a consequence of the general economic situation and uncertainty regarding the public finances of several countries.

For Business Area CEE, the economic situation brought decreased delivery volumes, although there were also positive signs in the form of Swedish and Finnish companies that placed orders with BE Group's CEE units.

Sales and business performance

Sales for Business Area CEE fell by 3 percent over the year to SEK 561 M (581). Shipped tonnage rose by 13 percent. The operating loss amounted to SEK 17 M (10) and the underlying operating loss, adjusted for inventory losses of SEK 2 M (10), weakened to SEK 15 M (2; including non-recurring costs of SEK 2 M). The operations in Poland have not managed to capitalize on the investments made and the negative operating result reflects mainly to these operations. Continued measures have been taken to improve profitability in Poland. The result was also affected negatively by weakened margins caused by price pressure and an unfavorable development in the product mix.

Key events

In the first quarter of 2012, BE Group completed its investments in the production facility in Trebaczew.

By the end of 2012, the implementation of AX Dynamics EPR system had been completed in all of the business area's operations.

The program of profitability improvement measures decided on by the Group in the autumn of 2011 was implemented in the first half of 2012.

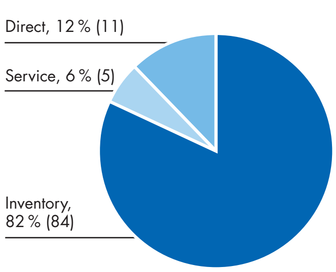
Continued development

Measures to improve efficiency and profitability will continue throughout the business area in 2013.

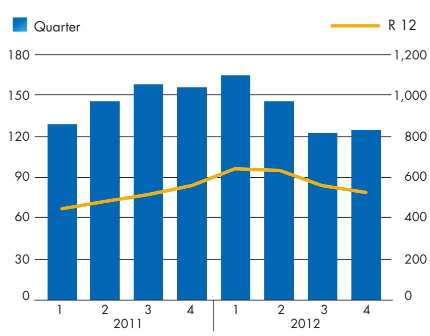
An obvious strategy is to continue to benefit from the investments made in the Trebaczew facility. Here we have opportunities to offer major existing and new customers, particularly in the OEM segment, advanced production services on competitive terms, enabling customers to strengthen their own competitiveness.

In 2013, BE Group CEE will continue to implement the working methods for "lean production" and "lean management" that have been successful in the Swedish and Finnish operations.

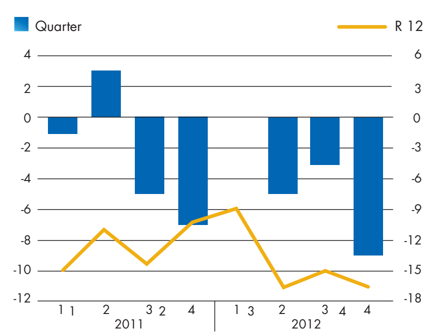
SALES BY CHANNEL, %
Preceding year in parentheses



SALES, SEK M
Quarterly and rolling 12-months



OPERATING RESULT (EBIT), SEK M
Quarterly and rolling 12-months



Development in commercial steel

Net sales of commercial steel fell by 14 percent and totaled SEK 3,376 M (3,910). Shipped tonnage decreased by 6 percent. Overall, commercial steel accounted for 72 percent (73) of BE Group's net sales. The sales price for commercial steel (excluding currency effects) decreased by 6 percent compared with the year-earlier period.

Development in stainless steel

BE Group's sales of stainless steel decreased by 19 percent and amounted to SEK 781 M (958). The decline is explained by lower sales prices (down 11 percent, excluding currency effects) and decreased tonnage (down 7 percent) as well as currency effects (1 percent) compared with the preceding year. The proportion of stainless steel amounted to 17 percent (18) of total net sales.

Net financial items and tax

Consolidated net financial items for the year amounted to an expense of SEK 39 M (44), of which the net interest expense accounted for SEK 32 M (35). Net financial items were impacted by currency exchange differences of SEK 1 M (negative 2) and other financial expenses of SEK 9 M (7). On an annual basis, total net interest corresponded to 4.3 percent (4.6) of interest-bearing net debt.

Tax income for the year amounted to SEK 1 M (expense 29). The low tax level was mainly due to losses incurred by the Group and changed tax rates in Sweden and Slovakia.

Cash flow (including disposal group)

Cash flow after investments was SEK 0 M (76). Cash flow from operating activities was SEK 59 M (184). The cash flow effect of the decrease in working capital amounted to SEK 37 M (100). Cash flow from investing activities was a negative SEK 59 M (108), of which investments in tangible assets accounted for SEK 45 M (78). Cash flow from financing activities was a negative SEK 37 M (7), of which dividends paid to shareholders accounted for SEK 12 M (-).

Capital, investments and return

Consolidated working capital amounted to SEK 325 M (430) at the end of the year. Working capital tied-up improved to 9 percent (10) of net sales despite decreased sales.

Of the year's investments, totaling SEK 58 M (110), investments in intangible assets accounted for SEK 17 M (24) and investments in tangible assets for SEK 41 M (76). The investments mainly involve production equipment in the Finnish operations at the facility in Lapua and the Swedish operations for facilities at Norrköping and Eskilstuna as well as the ongoing investments in the Group's IT platform.

Return on capital employed decreased in comparison with that in the preceding year and amounted to 2 percent (8).

Financial position and liquidity

During the third quarter, BE Group signed a new three-year credit agreement with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,400 M, including scope for guarantees and matures in July 2015, with the opportunity for a total extension of two years.

At the end of the year, consolidated cash and equivalents amounted to SEK 89 M (146). Consolidated interest-bearing net debt, including the Czech Republic, amounted to SEK 779 M (773) at the end of the year. At the end of the year, equity amounted to SEK 673 M (805) and the net debt/equity ratio was 116 percent (96).

Organization, structure and employees

The number of employees decreased to 904 compared with 924 at the beginning of the year. The average number of employees during the year amounted to 907 (943). The decrease is primarily due to the reduction of personnel in the Czech operations.

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, 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 for the operations of BE Group Sverige AB and the operations in Finland, Latvia, Lithuania, the Czech Republic and Slovakia.

Certification regarding both the environment and quality in the operation in Poland was not renewed in 2012 but actions have been taken to resume certification in 2013. In 2012, activities to establish the new production service operation have been prioritized in the Polish operation.

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 (16) 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 Group´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 Directors in BE Group AB 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 recession we are now experiencing has entailed increased general uncertainty, which also implies risks and uncertainty in operations. For BE Group, this has entailed increased short-term pricing among producers.

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 cause falling prices and inventory losses on existing inventories.

BE Group's strategy regarding inventory levels is primarily 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 a constant gross margin. The steel price trend also affects final sales prices for products held in inventory, which for BE Group entails a financial impact in the form of inventory gains and losses. Operating profit/loss for 2012 was charged with inventory losses of SEK 23 M (20). 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 2012 and assumes a constant underlying gross margin.

	Change	Operating result effect
Steel price	+/- 5%	+/- 28 SEK M
Tonnage	+/- 5%	+/- 28 SEK 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. Over the year, BE Group has cooperated with close to 800 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 2012, the largest single supplier accounted for 9 percent (9) of the Group's purchases measured in EUR. Combined, the ten largest suppliers accounted for 48 percent (55) of the Group's total purchasing.

Customers

BE Group's operations are conducted in several different markets and to numerous customer categories. The ten largest customers accounted for about 12 (12) percent of total sales in 2012. 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. The commercial competence at BE Group 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 31.

Share-related information

Ownership structure

The Company's shares have been listed on NASDAQ OMX Stockholm since 2006. BE Group had 8,651 shareholders at the end of the financial year. AB Traction was the largest shareholder with a holding of 16.3 percent. The ownership structure is described in greater detail in the Annual Report on pages 30–31.

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, 2012 (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 not aware of any agreements between shareholders which may limit the right to transfer shares. Further information about the BE Group share is provided on pages 30–31.

Board authorizations

The Annual General Meeting also resolved to authorize the Board to decide, on one or more occasions before the 2013 Annual General Meeting, on the transfer of at most 80,000 treasury shares via the stock exchange to cover social security contributions resulting from the resolutions regarding Share Savings Plan 2010 and 2011. A detailed account of the Share Savings Plan for 2010 and 2011 can be found in Note 3.

The Annual General Meeting decided, to enable BE Group's financing of smaller corporate acquisitions, to authorize the Board to decide on one or more occasions prior to the 2013 Annual General Meeting on the transfer of treasury shares. 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. The Board of Directors shall have the right to decide on other conditions for the transfer. However, the conditions shall be market-based.

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. The reason for the deviation from preferential rights is so that the Company will be able to issue shares as liquidity in connection with agreements regarding acquisitions of companies or operations or parts of companies or operations, or alternatively, raise capital for such acquisitions. The issue price shall, in the event of deviation from shareholders' preferential rights, be based on the applicable market value for the share.

During the year, 27,363 shares, for which no compensation has been obtained, were transferred in connection with the Share Savings Scheme 2009. In addition, 5,910 were transferred through the exchange, in connection to the same Share Savings Scheme, for compensation equivalent to SEK 0.2 M. The total number of shares transferred over the financial year thus amounts to 33,273, corresponding to 0.07 percent of the share capital. In total, BE Group held 590,727 treasury shares at the end of the financial year, corresponding to 1.18 percent of the share capital, for a total amount of SEK 18.3 M.

Corporate governance

The Corporate Governance Report, which, among other things includes an account of the Group's governance and the work of Board of Directors over the year, is presented on pages 88–91.

Remuneration principles for senior executives

The 2012 Annual General Meeting adopted guidelines for executive remuneration policies as follows. 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 senior executives.

During the year, Group management has consisted of five people: the President (and Chief Executive Officer who is also the Business Area Manager for Sweden), the Executive Vice President (who is also the Chief Financial Officer), the Business Area Managers for 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 guidelines mainly state that remuneration for senior executives shall consist of fixed base pay, variable remuneration, pension benefits and other benefits. Total remuneration shall be market-based. Fixed pay shall be individual and differentiated based on the individual's responsibilities and performance and set annually. Variable remuneration shall be related to the degree of meeting the annual pre-determined, well-defined goals and shall be able to be comprised of a maximum of 50 percent of fixed salary.

Pension payments for the CEO and CFO shall be made equal to a maximum of 35 percent of fixed annual salary plus a maximum of 20 percent of the average bonus over the past three years. In respect to other members of Group management, pension payments shall essentially follow the collectively agreed plan, but with consideration given to the maximum tax-deductible amount. Pensionable salary shall be comprised of the fixed annual salary plus average bonus over the past three years.

Where notice of termination is issued by BE Group, the CEO and CFO are entitled to a total period of notice and severance pay equivalent to at most 18 months' fixed pay with severance pay being reduced, where applicable, by an amount equivalent to the CEO or CFO earnings from other employment or business activities. Other members of group management shall have no more than 12 months notification of termination when notice of termination is issued by the BE Group. Where notice of termination is issued by the employee, for all senior executives, a period of notice of six months shall apply with no right to severance pay.

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

The Board of Directors' proposal on new executive remuneration policies to senior executives

The Board of Directors will propose to the 2013 Annual General Meeting that the above policies on executive remuneration shall also apply until the 2014 Annual General Meeting.

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 senior executives. Decisions on remuneration to the CEO shall be taken by the Board in its entirety. In respect to other senior executives, decisions on pay shall be taken by the Remuneration Committee based on proposals by the CEO.

Provisions of the articles of association on appointment and discharge of directors and amendment of the articles of association

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

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 24 M (146).

Significant events after the end of the financial year.

Significant events after year-end are described in Note 34.

Parent Company

Net sales by the Parent Company, BE Group AB (publ), amounted to SEK 58 M (55) for the year and derived from intra-Group services. The Operating loss amounted to SEK 33 M (38).

Net financial items were negative in the amount of SEK 181 M (positive 13). The deterioration is primarily the result of the impairment of holdings in subsidiaries and Group-internal receivables. The loss before tax amounted to SEK 214 M (25) and the loss after tax was SEK 214 M (25).

Over the year, the Parent Company invested SEK 15 M (21) in intangible assets involving the development of the Group's IT platform. At the end of the period, the Parent Company's cash and equivalents were SEK 52 M (73). 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 55–61 for a more detailed explanation of accounting principles.

Outlook for 2013

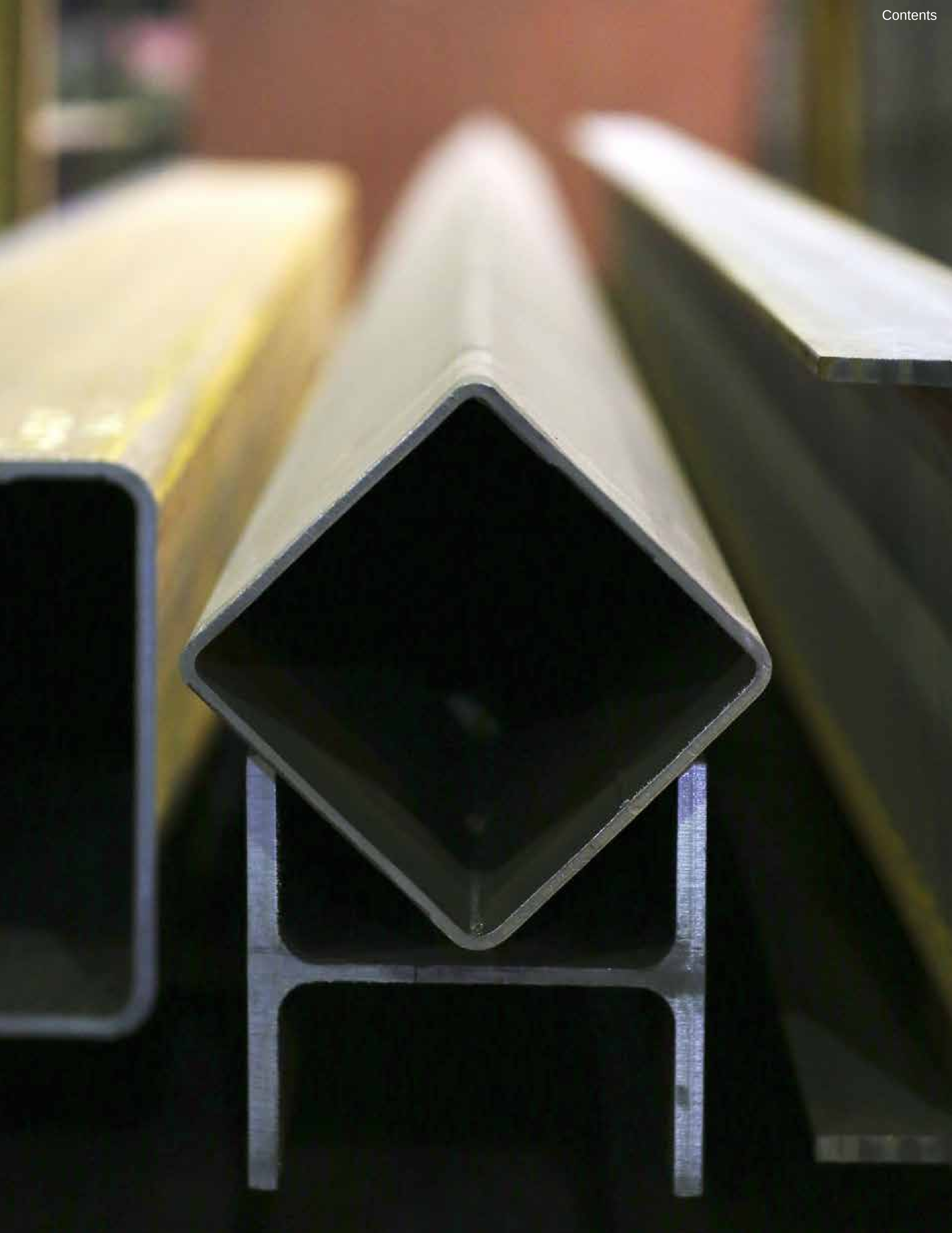
In early 2013, demand has improved in all of the Group's markets compared with the final quarter of 2012. In a longer-term perspective, signals from customers have been more positive since the start of the year.

Average sales prices for the Group's products are expected to be higher in the first part of the year compared with the fourth quarter of 2012.

The cost-savings program that has been initiated will strengthen the Group's competitiveness and the measures are expected to take full effect as of the fourth quarter of 2013.

Appropriation of earnings

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



FINANCIAL STATEMENTS

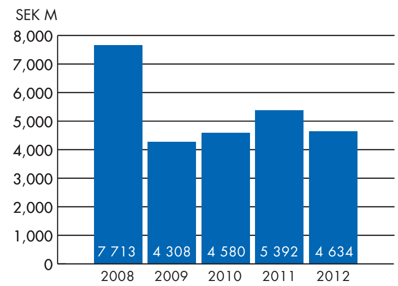
Consolidated Income Statement

Amounts in SEK M	**Note**	**2012**	**2011**
Net sales	*1*	4,364	5,392
Cost of goods sold	*2*	-4,037	-4,668
Gross profit/loss		**597**	**724**
Selling expenses	*2*	-433	-449
Administrative expenses	*2*	-139	-146
Participation in earnings of joint venture	*18*	1	6
Other operating income	*7*	5	23
Other operating expenses	*2, 8*	-5	-30
Operating result	*3, 4, 5, 15, 16*	**26**	**128**
Financial income	*9*	5	4
Financial expenses	*10*	-44	-48
Profit/loss before tax		**-13**	**84**
Tax	*11*	1	-29
Profit/loss for the year from continuing operations		**-12**	**55**
Profit/loss for the year from discontinued operations	*12*	**-99**	**-35**
Profit/loss for the year attributable to Parent Company shareholders	*13*	**-111**	**20**
Earnings per share before dilution	*13*	-2.25	0.41
Earnings per share after dilution	*13*	-2.25	0.41
Earnings per share in continuing operations before dilution		-0.24	1.11
Earnings per share in continuing operations after dilution		-0.24	1.11

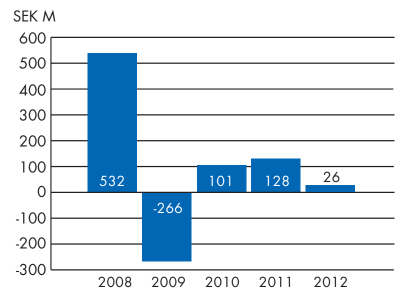
Consolidated Statement of Comprehensive Income

Amounts in SEK M	**2012**	**2011**
Profit/loss for the year	**-111**	**20**
Other comprehensive income		
Translation differences	-17	-4
Hedging of net investments in foreign subsidiaries	13	3
Tax attributable to items in other comprehensive income	-3	-1
Total other comprehensive income	**-7**	**-2**
Comprehensive income for the year attributable to Parent Company shareholders	**-118**	**18**

Net sales, Group[1]

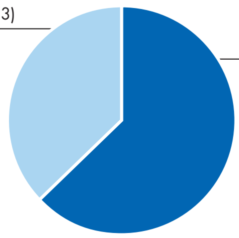


Operating result, Group[1]

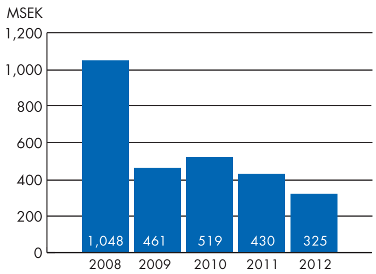


[1] As of August 1, 2012, the Czech operations have been reported as discontinued operations in accordance with IFRS 5. As a consequence of this, comparison figures from 2010 and 2011 have been recalculated.

Goodwill by cash generating unit



Working capital development



Consolidated Balance Sheet

Amounts in SEK M	**Note**	**2012**	**2011**
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	*14*	607	693
Other intangible assets	*15*	76	87
		683	**780**
Tangible assets	*16*	222	300
		222	**300**
Participations in joint ventures	*18*	126	124
		126	**124**
Financial assets			
Other securities held as non-current assets	*19*	2	2
Non-current receivables		0	0
		2	**2**
Deferred tax assets	*25*	14	19
		14	**19**
Total non-current assets		**1,047**	**1,225**
Current assets			
Inventories			
Goods for resale	*21*	509	605
		509	**605**
Current receivables			
Accounts receivable		382	529
Tax receivables		14	28
Other receivables		15	33
Prepaid expenses and accrued income	*22*	30	39
		441	**629**
Cash and equivalents			
Cash and equivalents		89	146
		89	**146**
Assets attributable to disposal group	*12*	205	2
		205	**2**
Total current assets		**1,244**	**1,382**
TOTAL ASSETS		**2,291**	**2,607**

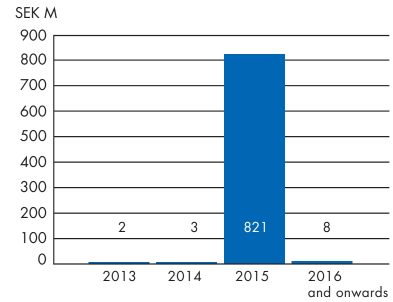
Consolidated Balance Sheet

Amounts in SEK M	Note	2012	2011
EQUITY AND LIABILITIES			
Equity	*23*		
Share capital		102	102
Other capital contributions		11	11
Translation reserve		9	16
Retained earnings including profit/loss for the year		551	676
Equity attributable to Parent Company shareholders		**673**	**805**
Non-current liabilities			
Non-current interest-bearing liabilities	*26, 31*	832	852
Provisions	*24*	1	1
Deferred tax liability	*25*	49	58
Total long-term liabilities		**882**	**911**
Current liabilities			
Current interest-bearing liabilities	*26, 27, 31*	2	69
Accounts payable		493	637
Tax liabilities		0	0
Other liabilities		49	92
Accrued expenses and deferred income	*28*	83	75
Provisions	*24*	4	18
Liabilities attributable to disposal group	*12*	105	-
Total current liabilities		**736**	**891**
TOTAL EQUITY AND LIABILITIES		**2,291**	**2,607**

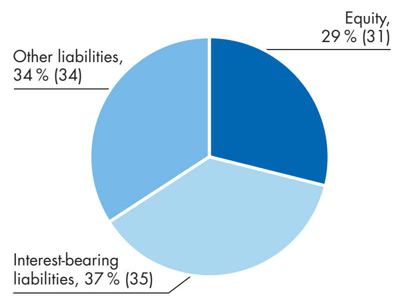
Pledged assets and contingent liabilities – Group

Amounts in SEK M	Note	2012	2011
Pledged assets	*26*	**1,752**	**1,861**
Contingent liabilities	*26*	**24**	**112**

Maturity structure, interest-bearing liabilities, at December 31, 2012, SEK M



Equity and liabilities



Changes in consolidated equity

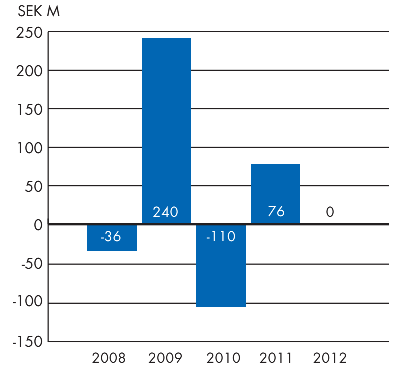
Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Accumulated profit/loss	Total equity
2011					
Equity, opening balance, January 1, 2011	**102**	**11**	**18**	**656**	**787**
Profit/loss for the year	–	–	–	20	20
Other comprehensive income	–	–	-2	–	-2
Comprehensive income 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**
2012					
Equity, opening balance, January 1, 2012	**102**	**11**	**16**	**676**	**805**
Profit/loss for the year	–	–	–	-111	-111
Other comprehensive income	–	–	-7	–	-7
Comprehensive income for the year	**–**	**–**	**-7**	**-111**	**-118**
Dividend	–	–	–	-12	-12
Change, treasury shares	–	–	–	0	0
Share Savings Scheme	–	–	–	-2	-2
Equity, closing balance, December 31, 2012	**102**	**11**	**9**	**551**	**673**

Consolidated Cash Flow Statement

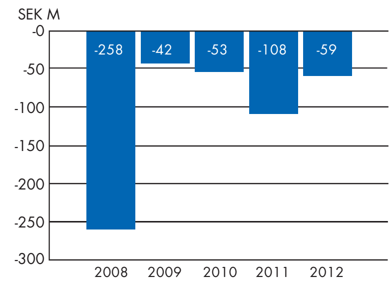
Amounts in SEK M	**Note**	**2012**	**2011**
Operating activities			
Profit/loss before tax[1]		-117	48
Adjustment for non-cash items	*29*	135	57
		18	**105**
Income tax paid/received		4	-21
Cash flow from operating activities before changes in working capital		**22**	**84**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		20	81
Increase(-)/decrease(+) in operating receivables		138	34
Increase(-)/decrease(+) in operating liabilities		-121	-15
Cash flow from operating activities		**59**	**184**
Investing activities			
Acquisitions of subsidiaries		–	-7
Acquisitions of intangible assets		-17	-25
Acquisitions of tangible assets		-45	-78
Divestments of tangible assets		3	2
Investments in financial assets		–	0
Cash flow from investing activities		**-59**	**-108**
Cash flow after investments		**0**	**76**
Financing activities			
Acquisition/divestment of treasury shares		0	-5
Loans raised		–	9
Amortization of loan liabilities		-25	-11
Dividends paid		-12	–
Cash flow from financing activities		**-37**	**-7**
Cash flow for the year		**-37**	**69**
Cash and equivalents at January 1		**146**	**80**
Exchange rate differences in liquid assets		**-1**	**-3**
Change in liquid assets included in the disposal group	*12*	**-19**	**–**
Cash and equivalents at December 31		**89**	**146**

[1] Profit/loss before tax from both continuing and discontinued operations.

Cash flow after investments



Cash flow from investing activities



Income Statement – Parent Company

Amounts in SEK M	Note	2012	2011
Net sales	*1*	58	55
		58	**55**
Administrative expenses		-90	-92
Other operating revenue and expenses	*7, 8*	-1	-1
Operating result	*3, 4, 5, 15, 16*	**-33**	**-38**
Profit/loss from participations in Group companies	*6*	-163	40
Other interest income and similar profit/loss items	*9*	36	29
Interest expense and similar profit/loss items	*10*	-54	-56
Profit/loss before tax		**-214**	**-25**
Tax	*11*	0	0
Profit/loss for the year		**-214**	**-25**

Statement of Comprehensive Income – Parent Company

Amounts in SEK M	2012	2011
Profit/loss for the year	**-214**	**-25**
Other comprehensive income	**–**	**–**
Comprehensive income for the year	**-214**	**-25**

Balance Sheet – Parent Company

Amounts in SEK M	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	*15*		
Capitalized expenditure for development work and similar		71	71
		71	**71**
Tangible assets			
Equipment, tools, fixtures and fittings	*16*	0	0
		0	**0**
Financial assets			
Participations in Group companies	*17*	1,166	1,354
Interest-bearing receivables from Group companies	*20*	25	53
		1,191	**1,407**
Total non-current assets		**1,262**	**1,478**
Current assets			
Current receivables			
Current interest-bearing receivables from Group companies	*20*	276	225
Receivables from Group companies		104	98
Tax receivables		2	2
Other receivables		2	3
Prepaid expenses and accrued income	*22*	12	16
		396	**344**
Cash and equivalents		52	73
		52	**73**
Total current assets		**448**	**417**
TOTAL ASSETS		**1,710**	**1,895**

cont. Balance Sheet – Parent Company

Amounts in SEK M	Note	2012	2011
EQUITY AND LIABILITIES			
Equity	*23*		
Restricted equity			
Share capital		102	102
Statutory reserve		31	31
		133	**133**
Non-restricted equity			
Profit brought forward		679	718
Profit/loss for the year		-214	-25
		465	**693**
Total equity		**598**	**826**
Non-current liabilities			
Non-current interest-bearing liabilities	*26, 31*	818	835
Provisions		0	1
		818	**836**
Current liabilities			
Current interest-bearing liabilities to Group companies	*31*	246	193
Accounts payable		3	6
Liabilities to Group companies		26	19
Other liabilities		1	1
Accrued expenses and deferred income	*28*	18	14
		294	**233**
TOTAL EQUITY AND LIABILITIES		**1,710**	**1,895**

Pledged assets and contingent liabilities – Parent Company

Amounts in SEK M	Note	2012	2011
Pledged assets	*26*	**1,301**	**1,309**
Contingent liabilities	*26*	**36**	**80**

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
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**
2012					
Equity, opening balance, January 1, 2012	**102**	**31**	**718**	**-25**	**826**
Profit/loss brought forward from preceding year	–	–	-25	25	–
Total transactions reported directly in equity	**–**	**–**	**-25**	**25**	**–**
Profit/loss for the year	–	–	–	-214	-214
Other comprehensive income	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**-214**	**-214**
Dividend	–	–	-12	–	-12
Change, treasury shares	–	–	0	–	0
Share Savings Scheme	–	–	-2	–	-2
Equity, closing balance, December 31, 2012	**102**	**31**	**679**	**-214**	**598**

Cash Flow Statement – Parent Company

Amounts in SEK M	**Note**	**2012**	**2011**
Operating activities			
Profit/loss after financial items		-214	-25
Adjustment for non-cash items	29	256	70
		42	45
Income tax paid		0	-2
Cash flow from operating activities before changes in working capital		**42**	**43**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in operating receivables		-1	-45
Increase(-)/decrease(+) in operating liabilities		8	3
Cash flow from operating activities		**49**	**1**
Investing activities			
Capital contributions/acquisitions of subsidiaries		–	-73
Acquisitions of intangible assets		-15	-17
Acquisitions of tangible assets		0	0
Lending to subsidiaries		-90	-27
Amortization from subsidiaries		11	54
Cash flow from investing activities		**-94**	**-63**
Financing activities			
Acquisition of treasury shares		0	-5
Dividend		-12	–
Net change in borrowing/lending in cash pool		42	115
Loans from subsidiaries		3	–
Amortization of loan liabilities		-9	–
Cash flow from financing activities		**24**	**110**
Cash flow for the year		**-21**	**48**
Cash and equivalents at January 1		**73**	**25**
Cash and equivalents at December 31		**52**	**73**

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."

Significant accounting principles applied

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

Changes to accounting principles necessitated by new or amended IFRS

Those changes in standards and interpretations that have taken effect for application as of January 1, 2012 have not had any significant effect on the consolidated accounts.

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
- IFRIC 20 Stripping costs in the production phase of a surface mine
- Annual Improvements to IFRSs (2009-2011)
- UFR 9 Reporting of yield tax

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

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

Valuation principles

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

Assessments and estimates

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

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

Basis for consolidation

Subsidiaries

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

In the consolidated accounts, subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. Consolidated cost is determined by means of an acquisition analysis in connection with the transaction. The acquisition analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. Possible transaction fees due to the acquisition of a subsidiary are reported directly in the profit/loss for the period, except for transaction fees that arose prior to January 1, 2010. The latter has been included in the cost.

Subsidiaries' financial accounts are included in the consolidated accounts from the point of acquisition and until the Group no longer has a controlling influence.

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

The classification and accounting of business acquisitions that took place before January 1, 2004 has not been reassessed in accordance with IFRS 3 in connection with the determination of the consolidated opening balance sheet on January 1, 2004 in accordance with IFRS.

Joint venture

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

Transactions eliminated on consolidation

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

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency corresponding to the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in 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 the operating result, while exchange rate movements referring to financial assets and liabilities are recognized in net financial income.

Foreign businesses' financial statements

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

Classification

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

Intangible assets

Goodwill

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

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

Other intangible assets

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

Computer programs and licenses are reported at cost less accumulated amortization and impairment.

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

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

Amortization principles for customer relations and other intangible assets

Amortization is recognized in profit/loss for the period on a straight-line basis over the estimated useful life of the asset. Intangible assets which can be amortized are amortized from the date on which they are available for use. The useful lives of assets are reassessed on an ongoing basis 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 cost includes the purchase price plus expenses directly attributable to the asset in order to put it in place and make it appropriate for use in accordance with the purpose of the acquisition. Examples of directly related costs included in the cost of an asset are costs for shipping and handling, installation, legal title, consultant services and legal services.

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

Depreciation principles for tangible assets

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The useful 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 of tangible and intangible assets as well as holdings in a joint venture

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

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

Impairment testing of goodwill is carried out annually, regardless of whether an indication of an impairment requirement exists or not.

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

Inventories

Inventories are measured at the lower of cost and net sales value. The cost of inventories includes 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 sale value is estimated based on estimates of the current market price.

Provisions

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

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

A financial asset or financial liability is recognized in the Balance Sheet when the Company becomes party to the instrument's contractual terms. Receivables are recognized in the Balance Sheet once the invoice has been sent, which normally occurs in connection with delivery 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 are no longer under the Company's control. The same also applies for parts of a financial asset. A financial liability or part thereof is derecognized in the balance sheet when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability. Purchases and sales of financial assets are recognized using trade date accounting. The trade date is the date the Company enters into a contractual obligation to buy or sell the asset. A financial asset and a financial liability are offset and the net amount recognized in the Balance Sheet only when the Company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At initial recognition, financial instruments are classified based on the purpose for which the instrument was acquired, which affects subsequent measurement. The measurement categories BE Group uses are as follows.

The valuation category, Financial assets measured at fair value in profit or loss for the period
This category consists of financial assets held for trade, that is, 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. The fair value of listed financial instruments corresponds to their listed market price 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.

Valuation category, loans and accounts receivable
Loans and receivables are non-derivative financial assets with determined or determinable payments that are not quoted in an active market. These assets are measured at amortized cost in accordance with the effective interest method. Accrued historical cost is determined from the effective interest rate 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. Trade receivables have a short expected maturity and are accordingly measured at nominal value and not discounted.

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

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

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

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

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

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

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

Warranties

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

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

Restructuring

A provision for restructuring is reported once the Group has prepared a detailed and formal 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.

Income

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

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

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

Employee benefits

Short-term employee benefits

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

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

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

Termination benefits

When the Company terminates employment, benefits to the employee are recognized as an ongoing expense for as long as the employee performs work for the Company. When the employee is immediately discharged from duty, the entire benefit amount is immediately recognized as an expense. Provisions are recognized in connection with terminations only if the Company is demonstrably obligated to terminate employment prior to the normal date or when compensation is offered to encourage voluntary departure and it is likely that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

Financial income and expenses

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

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

Tax

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

Temporary differences are not taken into consideration for consolidated goodwill.

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

Leases

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

Operating leasing agreements

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

Financial leasing agreements

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

Segment reporting

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

The Group's primary basis for identifying segments is geographical areas. The internal management is based primarily on reporting and follow-up of returns from the Group's geographical areas. The geographical areas are grouped by country or group of countries, based on similarities with regard to risks and returns.

For additional information on operating segments, please see Note 1 Operating segments.

Earnings per share

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

Cash Flow Statement

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

Parent Company accounting principles

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

Classification and presentation

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

Balance Sheet of the Parent Company compared with the consolidated accounts mainly involve the reporting of financial revenues and costs, assets and equity.

Participations in subsidiaries

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

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

Shareholder contributions

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

Financial instruments

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

Financial assets in the Parent Company are measured at cost less impairment losses, if any and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at the accrued cost. Possible derivative assets are measured in accordance with the lower of cost and fair value, while contingent derivative liabilities are measured according to the highest value principle.

Taxes

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

Leasing

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

Financial guarantees

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

Group contributions in the Parent Company

Group contributions received from subsidiaries are recognized as financial income and the tax effect as a tax expense in the Income Statement. Group contributions paid to subsidiaries are recognized as a financial expense and the tax effect as a reduced tax expense in the Income Statement.

Note 1 Operating segments[1]

2012	Sweden	Finland	CEE	Parent Company/ Eliminations	Group
External sales	2,424	1,647	553	10	4,634
Internal sales	25	25	8	-58	–
Net sales	**2,449**	**1,672**	**561**	**-48**	**4,634**
Participation in earnings of joint venture	1	–	–	–	1
Underlying operating result	**37**	**53**	**-15**	**-26**	**49**
Inventory gains/losses	-6	-15	-2	–	-23
Non-recurring items	–	–	–	–	–
Operating result	**31**	**38**	**-17**	**-26**	**26**
Net financial items					-39
Profit/loss before tax					**-13**
Taxes					1
Profit/loss for the year from continuing operations					**-12**
Underlying operating margin	**1.5%**	**3.2%**	**-2.7%**	**–**	**1.1%**
Operating margin	**1.3%**	**2.3%**	**-3.0%**	**–**	**0.6%**
Shipped tonnage (thousands of tonnes)	**202**	**156**	**85**	**-5**	**438**
Operating capital	**720**	**392**	**128**	**76**	**1,316**
Investments	**22**	**18**	**3**	**15**	**58**
Depreciation/amortization of tangible and intangible assets	22	17	3	15	57
Other non-cash flow items	-12	-1	1	4	-8
Total non-cash flow items	**10**	**16**	**4**	**19**	**49**

2011	Sweden	Finland	CEE	Parent Company/ Eliminations	Group
External sales	2,806	2,007	577	2	5,392
Internal sales	37	48	4	-89	–
Net sales	**2,843**	**2,055**	**581**	**-87**	**5,392**
Participation in earnings of joint venture	6	–	–	–	6
Underlying operating result	**91**	**93**	**2**	**-29**	**157**
Inventory gains/losses	-5	-5	-10	–	-20
Non-recurring items	-3	-1	-2	-3	-9
Operating result	**83**	**87**	**-10**	**-32**	**128**
Net financial items					-44
Profit/loss before tax					**84**
Taxes					-29
Profit/loss for the year from continuing operations					**55**
Underlying operating margin	**3.2%**	**4.5%**	**0.3%**	**–**	**2.9%**
Operating margin	**2.9%**	**4.2%**	**-1.7%**	**–**	**2.4%**
Shipped tonnage (thousands of tonnes)	**224**	**178**	**75**	**-8**	**469**
Operating capital	**683**	**446**	**287**	**160**	**1,576**
Investments	**52**	**24**	**13**	**21**	**110**
Depreciation/amortization of tangible and intangible assets	18	21	3	14	56
Other non-cash flow items	-10	-1	-3	8	-6
Total non-cash items	**8**	**20**	**0**	**22**	**50**

1) Excluding disposal group.

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 non-recurring 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. 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 logistics solutions, advisory services and financing of working capital.

CEE

The Business area CEE encompasses BE Group's operations in, Estonia, Latvia, Lithuania, Poland and Slovakia. The Czech Republic operation has previously also been included, but has since August 1, 2012 been reported as discontinued operations in accordance with IFRS 5. Therefore, comparable figures have been recalculated. For more information, see Note 12.

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.

GROUP

Sales per product group	**2012**	**2011**
Long products	1,300	1,603
Flat products	1,551	1,777
Reinforcement steel	525	530
Stainless steel	781	958
Aluminium	223	293
Other	254	231
Total	**4,634**	**5,392**

Sales by country based on the customer's domicile	**2012**	**2011**
Sweden	2,410	2,787
Finland	1,647	1,999
Other countries	577	606
Total	**4,634**	**5,392**

Tangible and intangible assets by country	**2012**	**2011**
Sweden	702	700
Finland	311	319
Other countries	17	185
Total	**1,030**	**1,204**

PARENT COMPANY

Sales of internal services by country based on domicile of subsidiary	**2012**	**2011**
Sweden	22	22
Finland	19	18
Other countries	17	15
Total	**58**	**55**

Note 2 Significant costs

Group	2012	2011
Material costs	-3,621	-4,289
Employee expenses	-422	-422
Other external costs	-509	-496
Depreciation and amortization	-57	-56
Other operating expenses	-5	-30
Total	**-4,614**	**-5,293**

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	2012	of whom men	2011	of whom men
Parent Company				
Sweden	15	59%	16	69%
Total in the Parent Company	**15**	**59%**	**16**	**69%**
Subsidiaries				
Sweden	378	86%	374	88%
Finland	337	91%	334	89%
Estonia	28	85%	24	83%
Latvia	11	65%	9	78%
Lithuania	11	83%	11	82%
Poland	17	64%	36	64%
Czech Republic	85	61%	113	71%
Slovakia	21	62%	20	70%
Denmark	–	–	3	67%
Other	4	50%	3	33%
Total for subsidiaries	**892**	**84%**	**927**	**85%**
Total, Group	**907**	**84%**	**943**	**84%**

Specification of gender distribution in Group management

Gender distribution in Group management	2012 Percentage women	2011 Percentage women
Parent Company		
Board	33%	33%
Other senior executives	0%	0%
Group		
Board	33%	33%
Other senior executives	0%	0%

Salaries, other remuneration and social security expenses

Group	2012	2011
Salaries and remuneration	313,964	308,894
Share Savings Scheme costs	-1,577	4,139
Pension expense, defined-benefit plans	844	-90
Pension expense, defined-contribution plans	38,866	35,342
Social security contributions	69,502	73,251
	421,599	**421,536**

Parent Company	**2012**		**2011**	
	Salaries and remunera-tions	Social security costs	Salaries and remunera-tion	Social security costs
Parent Company	19,249	12,053	22,214	15,475
(of which, pension expense)[1]		4,798		(4,440)

[1] Of the Parent Company's pension expenses, SEK 2,284 (2,206) refers to senior executives. There are no outstanding pension commitments.

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

	2012		**2011**	
	Senior executives[1]	Other employees	Senior executives[1]	Other employees
Parent Company	**10,029**	**9,220**	**11,487**	**10,727**
(of which, bonuses, etc.)	–	*(81)*	*(110)*	*(394)*
Subsidiaries	**7,309**	**294,012**	**14,016**	**289,820**
(of which, bonuses, etc.)	*(157)*	*(5,637)*	*(888)*	*(10,283)*
Total, Group	**17,338**	**303,232**	**25,503**	**300,547**
(of which, bonuses, etc.)	*(157)*	*(5,718)*	*(998)*	*(10,677)*

[1] Senior 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 7.0 M (6.9). Alecta's surplus can be distributed to the policyholders and/or the insured persons. At the end of 2012, Alecta's surplus expressed as the collective funding ratio amounted preliminarily to 130 percent (113). 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 in other countries for which the expenses are paid partially by the subsidiaries and partially by employee contributions. Payments are made regularly to these plans according to plan rules.

	2012	**2011**
Expenses for defined contribution plans	39	35
Inclusive expenses related to the ITP plan financed through Alecta	*7*	*7*

Note 3 cont.

Executive remuneration

Total remuneration to the President and CEO and other Senior executives consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the guidelines for executive remuneration adopted by the 2012 Annual General Meeting, which are detailed in the Board of Directors' Report on page 42–43.

Shown in the table below is the actual cost for remunerations and other benefits paid in the 2012 and 2011 financial years to the Board of Directors, President and CEO, Executive Vice President and CFO and other senior executives. The latter are those individuals who, alongside the CEO and CFO are members of the Group management team.

Remunerations and benefits 2012	Basic salary/ Board fee	Variable remunera-tion	Other benefits	Pension costs	Share Savings Plan	Other remunera-tion	Total	Pension commitments
Chairman of the Board								
Anders Ullberg	437	–	–	–	–	1	438	–
Directors								
Roger Bergqvist	200	–	–	–	–	3	203	–
Cecilia Edström	237	–	–	–	–	–	237	–
Marita Jaatinen	200	–	–	–	–	–	200	–
Lars Olof Nilsson	267	–	–	–	–	–	267	–
Petter Stillström[1]	133	–	–	–	–	–	133	–
Lars Spongberg[2]	67	–	–	–	–	1	68	–
President and CEO [3]								
Roger Johansson	3,956	–	113	1,142	-386	–	4,825	–
Kimmo Väkiparta	736	–	111	102	–	–	949	–
Executive Vice President and CFO								
Torbjörn Clementz	2,440	–	212	639	12	3	3,306	–
Other senior executives [4]	4,368	–	324	1,306	-3	18	6,013	–
Total	**13,041**	**–**	**760**	**3,189**	**-377**	**26**	**16,639**	**–**
Recognized as an expense in the Parent Company	9,925	–	436	2,284	-377	9	12,277	–

[1] Petter Stillström took on a post on the Board of Directors in connection with the 2012 Annual General Meeting.
[2] Lars Spongberg withdrew from the Board of Directors effective from the 2012 Annual General Meeting.
[3] Kimmo Väkiparta replaced Roger Johansson as President and CEO on November 1.
[4] Other senior executives consist of 3 individuals.

Remunerations and benefits 2011	Basic salary/ Board fee	Variable remunera-tion	Other benefits	Pension costs	Share Savings Plan	Other remunera-tion	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 and CEO								
Roger Johansson	4,000	–	124	1,202	386	1	5,713	–
Executive Vice President and CFO								
Torbjörn Clementz	2,363	44	166	629	571	3	3,776	–
Other senior 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 senior executives consist of 4 individuals.

Share Savings Schemes

At the end of the financial year, two share savings schemes were in progress, the Share Savings Schemes 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 2009 was concluded. Over the year, an adjustment was made to Share Savings Scheme 2010, whereby the expected number of performance shares was lowered from 2 to 0. 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 terms of the Share Savings Schemes 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 Scheme 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 2009–2011, 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 or 2009–2011, 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 Schemes			
	2009	**2010**	**2011**	**Total**
Allotment date	June 2009	May 2010	May 2011	
Vesting period	32 months	33 months	33 months	
Allocation of matching and performance shares	February 2012	February 2013	February 2014	
Number of participants [1]	21	20	20	
Number of savings shares	54,726	45,716	48,524	
Maximum number of matching and performance shares	136,815	114,290	121,310	372,415
Number of matching and performance shares used in the accounts [2]	27,363	22,858	121,310	171,531
Estimated expense for matching and performance shares [3]	887	1,120	5,034	7,041
– of which, charged against earnings for 2012 (+)negative/(-) positive	7	-2,787	1,502	-1,278
of which, expensed in the Parent Company	20	-1,410	869	-521
of which, expensed in subsidiaries	-13	-1,377	633	-757
Provision for social security fees [4]	–	89	326	415
– of which, charged against earnings for 2012 (+)negative/(-) positive	43	-319	122	-154

[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 2011 have been based on the maximum allocation, that is, 0.5 matching shares and 2 performance share per savings share. For the 2009 and 2010 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 Group's stock as of the valuation date. For matching and performance shares in Share Savings Scheme 2009, this entailed SEK 32.43, for Share Savings Scheme 2010, SEK 49.00 and for Share Savings Scheme 2011, SEK 41.50.

[4] The provision for social security expenses was made based on the market price per share as of balance sheet date, which was SEK 16.60. Final social security expenses will be calculated based on the market price per share for allocation of matching and performance shares.

Note 3 cont.

At December 31, 2012, the Company held a total of 590,727 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 2010 have been delivered. Furthermore, in the latter half of March, 5,887 shares will be sold to cover social security contributions. The Company will subsequently hold 561,982 shares.

CFO Torbjörn Clementz had earned 16,208 (19,141) shares and other senior executives have earned a total of 1,744 (9,084) shares as of the balance sheet date.

Detailed below are the agreed terms for remuneration to the Board, the CEO and other senior executives. For details of the guidelines adopted by the Annual General Meeting, see the Board of Directors' Report on page 42-43.

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 (1,400,000) 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 Group. In addition, remuneration of SEK 70,000 (60,000) will be paid to the Chairman for his work in the Audit Committee and SEK 40,000 (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 CEO

Remuneration

Total remuneration to the CEO consists of base pay, bonuses, pension and other benefits. Base salary payable to the CEO amount to SEK 3,300,000 (4,000,000). Maximum variable remuneration to the CEO is 50 percent of base pay. Possible bonus payments and size of these is related to the degree of meeting the annual, previously defined goals.

Term of notice and severance pay

The 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 CEO is entitled to full pay and other benefits of employment, regardless of whether or not he is obligated to work. There is no right to severance pay.

Pension benefits

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

Remunerations for other senior executives of the Parent Company and Group

Remuneration

Remuneration consists of base pay, variable remuneration, pensions and other benefits. The variable remuneration payable to other senior executives is 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 goals are connected to the BE Group's relevant subsidiary/business areas' return on operating capital. The individual targets are based on personal performance.

Term of notice and severance pay

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

Pension benefits

For other senior executives, contribution-defined pension solutions are applied. For the CFO pension contributions are made at 25 percent of pension-based salary. BE Group's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years.

Remuneration Committee

Please see the Corporate Governance Report on pages 88–91 for more information about BE Group's preparation and decision process regarding executive remuneration.

Note 4 Auditors' fees and reimbursements

Group	**2012**	**2011**
KPMG		
Audit assignments	3	3
Audit activities in addition to the audit assignment	0	0
Consultation on taxation	0	0
Other services	0	0
Total fees and cost compensation	**3**	**3**

Parent Company	**2012**	**2011**
KPMG		
Audit assignments	1	1
Audit activities in addition to the audit assignment	–	0
Consultation on taxation	0	–
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 93 M (86), of which SEK 1 M (1) refers to the Parent Company.

	Group		Parent Company	
	2012		2012	
Operational lease fees	Minimum lease fees	Variable fees	Minimum lease fees	Variable fees
Buildings and land	80	0	–	–
Other	13	0	1	–
Total lease fees	**93**	**0**	**1**	**–**

Operational lease liabilities fall due for payment as follows:

	Group		Parent Company	
Future maturities of minimum lease fees	2012	2011	2012	2011
Within one year	91	90	1	1
One to five years	307	329	0	0
Later than five years	491	533	–	–
Total	**889**	**952**	**1**	**1**

Significant leases

Most Group operating leases refer to leases of operating sites.

Note 6 Profit/loss from participations in Group companies

Parent Company	2012	2011
Dividend	35	27
Group contributions received	62	64
Group contributions paid	-11	–
Impairment of shares in subsidiaries	-187	-52
Impairment of interest-bearing receivables from Group companies	-58	–
Capital gain/loss due to divestment/liquidation of group companies	-4	–
Other	–	1
Total	**-163**	**40**

Note 7 Other operating income

Group	2012	2011
Capital gains on sales of fixed assets	0	2
Net movements in exchange rates on receivables/liabilities of an operating nature	1	–
Reversal of provision. property restructuring	–	15
Other	4	6
Total	**5**	**23**

Parent Company	2012	2011
Net movements in exchange rates on receivables/liabilities of an operating nature	–	–
Total	**–**	**–**

Note 8 Other operating expenses

Group	2012	2011
Net movements in exchange rates on receivables/liabilities of an operating nature	–	-4
Capital loss on sales of fixed assets	0	-1
Costs for profitability improvement measures	–	-20
Closure of operations in Denmark	–	-4
Other	-5	-1
Total	**-5**	**-30**

Parent Company	2012	2011
Net movements in exchange rates on receivables/liabilities of an operating nature	-1	-1
Total	**-1**	**-1**

Note 9 Financial income

Group	2012	2011
Interest income from credit institutions	0	0
Other interest income	3	4
Net movements in exchange rates	1	–
Dividends received	0	0
Other	1	0
Total	**5**	**4**

Parent Company	2012	2011
Interest income, Group companies	24	26
Other interest income	0	0
Net movements in exchange rates	12	3
Total	**36**	**29**

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

Note 10 Financial expenses

Group	2012	2011
Interest expense to credit institutions	-33	-36
Other interest expense	-1	-2
Net movements in exchange rates	–	-3
Change in value of financial instruments	0	0
Other expenses	-10	-7
Total	**-44**	**-48**

Parent Company	2012	2011
Interest expense to credit institutions	-33	-36
Interest expense, Group companies	-12	-13
Other expenses	-9	-7
Total	**-54**	**-56**

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

Note 11 Taxes

Group	2012	2011
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	-6	-18
Adjustment of tax attributable to prior years	0	0
Total	**-6**	**-18**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	6	-3
Deferred tax asset attributable to tax loss carryforwards capitalized during the year	4	5
Deferred tax expense attributable to utilization of previously capitalized tax value in tax-loss carryforwards	-1	-5
Deferred tax attributable to change in tax rate	1	2
Deferred tax expense attributable to impairment of capitalized tax value attributable to tax-loss carryforwards	-2	-9
Adjustment of tax attributable to prior years	-1	-1
Total	**7**	**-11**
Total consolidated reported tax expense	**1**	**-29**

Parent Company	2012	2011
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	0	0
Adjustment of tax attributable to prior years	–	–
Total	**0**	**0**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	0	0
Total	**0**	**0**
Total reported tax expense Parent Company	**0**	**0**

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	**2012**		**2011**	
Group	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-13		84
Tax at prevailing rate for the Parent Company	26.3%	3	26.3%	-22
Effect of different tax rates for foreign subsidiaries	-2.9%	0	0.7%	-1
Non-deductible expenses	-7.3%	-1	2.2%	-2
Non-taxable revenues	0.9%	0	-0.5%	0
Increase in tax-loss carryforwards without corresponding capitalization of deferred tax	-17.4%	-2	9.4%	-8
Taxes attributable to changed tax rate	12.3%	2	-2.3%	2
Taxes attributable to previous years	1.2%	0	-1.5%	1
Share in earnings of joint venture	2.3%	0	-1.8%	2
Other	-4.2%	-1	1.9%	-1
Recognized effective tax	**11.2%**	**1**	**34.4%**	**-29**

Reconciliation of effective tax	**2012**		**2011**	
Parent Company	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-214		-25
Tax at prevailing rate for the Parent Company	26.3%	56	26.3%	7
Non-deductible expenses	-30.6%	-65	-54.8%	-14
Non-taxable revenues	4.3%	9	28.5%	7
Other	0.0%	0	-1.7%	0
Recognized effective tax	**0.0%**	**0**	**-1.7%**	**0**

Tax items recognized in other comprehensive income

Group	2012	2011
Current tax for currency risk hedging in foreign operations	-3	-1
Total tax in other comprehensive income	**-3**	**-1**

Tax items recognized directly in equity

Group	2012	2011
Deferred tax, Share Savings Scheme	0	0
Tax items recognized directly in equity	**0**	**0**

Note 12 Disposal group and discontinued operations

As a consequence of the poor earnings trend in the Czech Republic over an extended period of time, the Board of Directors resolved in the third quarter of 2012 to initiate a sale of the operations. This process is underway and the operations in the Czech Republic are therefore reported separately in the consolidated income statement and balance sheet. In connection with the reclassification to disposal group in the consolidated balance sheet, the value of the Czech operations was written down by SEK 82 M in accordance with IFRS 5. As before, one of the properties owned by the Slovakian subsidiary is reported as an asset held for sale. As opposed to the operation in the Czech Republic, this property is not clearly discernible from the rest of the Slovakian subsidiary and is not reported separately as a discontinued operation in the consolidated income statement.

Specification of assets and liabilities belonging to the disposal group

Group	2012	2011
Goodwill and other intangible assets	9	-
Tangible assets[1]	74	2
Deferred tax receivable	10	-
Operating assets	93	-
Cash and equivalents	19	-
Total assets attributable to disposal group	**205**	**2**
Provisions	1	-
Interest-bearing liabilities	55	-
Operating liabilities	49	-
Total liabilities attributable to disposal group	**105**	**-**
[1] Of which booked value of the property in Slovakia	2	2
Accumulated translation reserve in other comprehensive income attributable to the disposal group	-9	-

Specification of profit/loss attributable to discontinued operations

Group	2012	2011
Net sales	349	548
Operating expenses	-371	-584
Profit/loss before tax	**-22**	**-36**
Taxes attributable to ordinary operations in discontinued operations	5	1
Loss in the valuation to fair value with deduction for selling expenses	-82	-
Profit/loss from discontinued operations	**-99**	**-35**

Specification of cash flow attributable to discontinued operations:

Group	2012	2011
Cash flow from current operations	2	28
Cash flow from investing activities	-1	0
Cash flow from financing activities	-11	-3
Cash flow attributable to discontinued operations	**-10**	**25**

Note 13 Earnings per share

Group	2012	2011
Earnings per share before dilution (SEK)	-2.25	0.41
Earnings per share after dilution (SEK)	-2.25	0.41

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)	-111	20

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	-596,069	-453,640
Weighted common shares outstanding during the year, before dilution	**49,403,931**	**49,546,360**

Weighted average number of common shares outstanding, before dilution (individual shares)

Weighted average common shares outstanding, before dilution	49,403,931	49,546,360
Effect of Share Savings Scheme	24,856	17,619
Weighted common shares outstanding during the year, after dilution	**49,428,787**	**49,563,979**

Note 14 Goodwill

Cash-generating units with goodwill

Goodwill	Sweden	Finland	CEE	Group total
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**
Opening balance, January 01, 2012	385	225	83	693
Exchange difference	–	-3	-1	-4
Reclassification in accordance with IFRS 5	–	–	-82	-82
Closing balance, December 31, 2012	**385**	**222**	**–**	**607**

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 cash generating unit Sweden consists of the segment Sweden, which corresponds to the companies BE Group Sverige AB, Lecor Stålteknik AB and BE Group Produktion Eskilstuna AB.

Finland

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

CEE

Within the segment CEE, all goodwill attributable to historic acquisitions have been allocated to the cash-generating unit Czech Republic, which has consisted of the companies BE Group s.r.o. and BE Group Logistics CZ s.r.o. In connection with the initiation of the sales process of the Czech operations in 2012, all goodwill attributable to the cash-generating unit such as a disposal group was reclassified and revalued together with other assets and liabilities attributable to this disposal group in accordance with the regulations in IFRS 5.

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 10.19 percent (10.81) before tax has been applied for Sweden and 10.59 percent (11.00) for Finland.
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 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 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 market shares, which are adjusted on an ongoing basis as such adjustments are indicated to be appropriate.

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. BE 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 sufficient gaps between the recoverable amount and the carrying amount.

Note 15 Other intangible assets

Group	Customer relations 2012	Customer relations 2011	Software and licenses 2012	Software and licenses 2011	Advance payments for intangible assets 2012	Advance payments for intangible assets 2011	Total 2012	Total 2011
Accumulated cost								
At January 1	27	27	125	96	–	4	152	127
Purchases	1	–	16	25	–	–	17	25
Disposals and scrappings	–	–	–	0	–	–	–	0
Reclassification	–	–	–	4	–	-4	–	–
Transferred to disposal group	-25	–	-5	–	–	–	-30	–
Exchange rate differences for the year	0	0	-1	0	–	–	-1	0
Total accumulated cost	**3**	**27**	**135**	**125**	**–**	**–**	**138**	**152**
Accumulated scheduled amortization								
At January 1	-15	-11	-50	-35	–	–	-65	-46
Disposals and scrappings	–	–	–	–	–	–	–	–
Scheduled amortization for the year	0	-4	-16	-15	–	–	-16	-19
Transferred to disposal group	13	–	7	–	–	–	20	–
Exchange rate differences for the year	0	0	-1	0	–	–	-1	0
Total accumulated amortization	**-2**	**-15**	**-60**	**-50**	**–**	**–**	**-62**	**-65**
Accumulated impairment								
At January 1	–	–	–	–	–	–	–	–
Impairment losses for the year	–	–	–	–	–	–	–	–
Total accumulated impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount at end of period	**1**	**12**	**75**	**75**	**–**	**–**	**76**	**87**
Amortization for the year is reported on the following lines in the Income Statement								
Selling expenses	0	-4	0	0	–	–	0	-4
Administrative expenses	–	–	-16	-15	–	–	-16	-15
Total	**0**	**-4**	**-16**	**-15**	**–**	**–**	**-16**	**-19**

Parent Company	Customer relations 2012	Customer relations 2011	Software and licenses 2012	Software and licenses 2011	Advance payments for intangible assets 2012	Advance payments for intangible assets 2011	Total 2012	Total 2011
Accumulated cost								
At January 1	–	–	91	66	–	4	91	70
Purchases	–	–	15	21	–	–	15	21
Reclassification	–	–	–	4	–	-4	–	–
Total accumulated cost	**–**	**–**	**106**	**91**	**–**	**–**	**106**	**91**
Accumulated scheduled amortization								
At January 1	–	–	-20	-7	–	–	-20	-7
Scheduled amortization for the year	–	–	-15	-13	–	–	-15	-13
Total accumulated amortization	**–**	**–**	**-35**	**-20**	**–**	**–**	**-35**	**-20**
Carrying amount at end of period	**–**	**–**	**71**	**71**	**–**	**–**	**71**	**71**
Amortization for the year is reported on the following lines in the Income Statement								
Administrative expenses	–	–	-15	-13	–	–	-15	-13
Total	**–**	**–**	**-15**	**-13**	**–**	**–**	**-15**	**-13**

Note 16 Tangible assets

	Buildings and land		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments for tangible assets		Total	
Group	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Accumulated cost										
At January 1	89	91	421	361	174	178	5	1	689	631
Purchases	–	–	31	58	5	6	5	14	41	78
Acquisitions of subsidiaries	–	–	–	5	–	0	–	–	–	5
Disposals and scrappings	–	–	-1	-11	-3	-9	-2	–	-6	-20
Reclassification	–	–	2	10	2	–	-4	-10	–	–
Transferred to disposal group	-71	–	-6	–	-14	–	0	–	-91	–
Exchange differences for the year	0	-2	-8	-2	-1	-1	-1	0	-10	-5
Total accumulated cost	**18**	**89**	**439**	**421**	**163**	**174**	**3**	**5**	**623**	**689**
Accumulated scheduled depreciation										
At January 1	-16	-13	-248	-230	-122	-119	–	–	-386	-362
Acquisitions of subsidiaries	–	–	–	0	–	0	–	–	–	0
Disposals and scrappings	–	–	1	9	3	9	–	–	4	18
Reclassification	–	–	–	–	–	–	–	–	–	–
Scheduled depreciation for the year	-1	-3	-30	-29	-10	-12	–	–	-41	-44
Transferred to disposal group	7	–	3	–	7	–	–	–	17	–
Exchange differences for the year	0	0	6	2	0	0	–	–	6	2
Total accumulated depreciation	**-10**	**-16**	**-268**	**-248**	**-122**	**-122**	**–**	**–**	**-400**	**-386**
Accumulated impairment										
At January 1	0	0	-2	-1	-1	-1	–	–	-3	-2
Impairment losses for the year	–	0	–	-1	–	0	–	–	–	-1
Transferred to disposal group	0	–	2	–	0	–	–	–	2	–
Exchange differences for the year	0	0	0	0	0	0	–	–	0	0
Total accumulated impairment	**–**	**0**	**0**	**-2**	**-1**	**-1**	**–**	**–**	**-1**	**-3**
Carrying amount at end of period	**8**	**73**	**171**	**171**	**40**	**51**	**3**	**5**	**222**	**300**

Finance leasing

Group	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Properties held under finance leases included at a carrying amount of	**7**	**8**	**3**	**3**	**–**	**–**	**–**	**–**	**10**	**11**

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

Group	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Within one year	2	2	1	1	–	–	–	–	3	3
One to five years	9	8	3	3	–	–	–	–	12	11
Later than five years	4	7	–	–	–	–	–	–	4	7
Total future minimum lease fees	**15**	**17**	**4**	**4**	**–**	**–**	**–**	**–**	**19**	**21**
Amount representing interest	-3	-3	0	-1	–	–	–	–	-3	-4
Total carrying value of lease liability	**12**	**14**	**4**	**3**	**–**	**–**	**–**	**–**	**16**	**17**

See Note 31, Financial risk management and Note 33, Key estimates and assessments, for additional disclosures concerning lease liabilities.

Note 16 cont.

Parent Company	Equipment, tools, fixtures and fittings 2012	2011
Accumulated cost		
At January 1	1	1
Purchases	0	0
Total accumulated cost	**1**	**1**
Accumulated scheduled depreciation		
At January 1	-1	-1
Scheduled depreciation for the year	0	0
Total accumulated depreciation	**-1**	**-1**
Carrying amount at end of period	**0**	**0**

Note 17 Participations in Group companies

Parent Company	2012	2011
Accumulated cost		
At January 1	1,456	1,431
Acquisitions and capital contributions	1	25
Divestment and liquidation	-20	–
Total accumulated closing balance	**1,437**	**1,456**
Accumulated impairment		
At January 1	-102	-50
Divestment and liquidation	18	–
Impairment losses for the year	-187	-52
Total accumulated impairment	**-271**	**-102**
Carrying amount at end of period	**1,166**	**1,354**

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

Subsidiaries/Reg. No./Domicile	Participating interests	Interests in %	Carrying amount
BE Group Sverige AB, 556106-2174, Malmö, Sweden	20,000	100	866
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	1
BE Group sp.z.o.o, RHB131-30, Poland	20,216	100	8
BE Group s.r.o., 269 16 347, Czech Republic		100	–
BE Group Logistics CZ s.r.o, 282 43 781, Czech Republic		100	32
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*	
			1,166

Acquisitions, capital contributions and impairments during the year	2012	2011
BE Group Slovakia s.r.o.	–	5
BE Group s.r.o.	-52	-50
BE Group Logistics CZ s.r.o	-135	–
BE Group A/S, Denmark	–	-2
UAB BE Group	1	–
BE Group (ShangHai) Steel Trading Co, Ltd	–	10
BE Group Produktion Eskilstuna AB	–	10
	-186	**-27**

Acquisitions 2012

No acquisitions of operations occurred in 2012.

Acquisitions 2011

In February 2011, BE Group acquired all shares and votes in metal processing group BE Group Produktion (formerly RTS) with 35 employees in Eskilstuna, 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. BE Group Produktion 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 BE Group Produktion	
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 the 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**

BE Group Produktion 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.

Note 18 Participations in joint ventures

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

Earnings in joint venture ArcelorMittal BE Group SSC AB	**2012**	**2011**
Profit/loss before tax	3	16
Tax	-1	-4
Profit after tax	**2**	**12**
Dividends received	–	10

Summary of income statements and balance sheets for the joint venture	**2012**	**2011**
Net sales	532	616
Operating result	3	16
Net financial items	0	0
Tax	-1	-4
Profit/loss for the year	2	12

	2012	**2011**
Non-current assets	171	173
Current assets	168	191
Total assets	**339**	**364**

	2012	**2011**
Equity	245	243
Provisions	21	8
Interest-bearing liabilities	35	31
Other non-interest-bearing liabilities	38	82
Total equity and liabilities	**339**	**364**

Participations in joint ventures	**2012**	**2011**
Opening balance, cost	124	129
Dividends received	–	-10
Share in earnings of joint venture	1	6
Other	1	-1
Carrying amount at year-end	**126**	**124**

Transactions with joint venture ArcelorMittal BE Group SSC AB	**2012**	**2011**
Receivables due from joint venture	–	–
Debts owed to joint venture	12	16
Sales to joint venture	–	–
Purchases from joint venture	89	113
Dividends received	–	10

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

Note 19 Other securities held as non-current assets

Group	**2012**	**2011**
Accumulated cost		
At January 1	2	2
Exchange differences for the year	0	0
Carrying amount at end of period	**2**	**2**

Note 20 Interest-bearing receivables, group companies

Parent Company	**2012**	**2011**
Accumulated cost		
At January 1	278	305
New receivables	90	36
Settled receivables	-12	-59
Impairment of receivables	-58	–
Exchange differences for the year	3	-4
Carrying amount at end of period	**301**	**278**
Of which recognized as non-current	*25*	*53*
Of which recognized as current	*276*	*225*

Note 21 Inventories

Group	**2012**	**2011**
Obsolescence reserve, inventories		
Carrying amount at January 1	-13	-17
Translation difference	0	1
Acquisitions, subsidiaries	–	0
Change for the year	-1	3
Total obsolescence reserve, inventory	**-14**	**-13**

Note 22 Prepaid expenses and deferred income

Group	**2012**	**2011**
Rent for premises	11	10
Supplier bonuses	10	12
Other items	9	17
Total prepaid expenses and accrued income	**30**	**39**

Parent Company	**2012**	**2011**
Supplier bonuses	10	12
Other items	2	4
Total prepaid expenses and accrued income	**12**	**16**

Note 23 Equity

Share capital and shares outstanding

Group	2012	2011
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, 2012, registered share capital amounted to 50,000,000 (50,000,000) common shares. The quotient value of shares is approximately SEK 2.04 (2.04). Holders of common shares are entitled to annual general dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

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

Reserves

Translation reserve

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

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

Group	2012	2011
Carrying amount at January 1	16	18
Exchange rate difference for the year	-17	-4
Hedging of net investments in foreign subsidiaries	13	3
Tax attributable to hedging of net investment in foreign subsidiary	-3	-1
Carrying amount at end of period	**9**	**16**

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

	2012		2011	
Group	**Number of**	**Amount**	**Number of**	**Amount**
Balance at January 1	624,000	26	495,448	23
Divestments for the year	-33,273	0	-85,586	-2
Acquisitions for the year	-	-	214,138	5
Closing balance at end of period	**590,727**	**26**	**624,000**	**26**

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 a decision at the Annual General Meeting in April 2012, the Company granted a dividend of SEK 0.25 per share to be paid to shareholders, which corresponded to 61 percent of profit after tax for the financial year 2011. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2012 financial year (SEK 0.25). The proposal to not pay a dividend is motivated by the year's negative result.

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 of recognized profit/loss adjusted for non-recurring items and inventory gains/losses (see definitions on pages 100–101). BE Group applies an internal calculation model. The model has not been reviewed by the Group'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 2012	Outcome 2011
Underlying sales growth	>5%	-6.5%	13.9%
Underlying EBITA margin	>6%	1.4%	3.2%
Underlying return on operating capital	>40%	8.3%	19.6%
Net debt/equity ratio	<125%	115.8%	95.9%

The Group's bank loan agreements include financial covenants, which are reported in Note 31 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 of prior years' non-restricted equity after distribution of profits, if any. Combined with profit for the year, the total makes up non-restricted equity, which is the amount available for distribution to shareholders.

Share premium reserve

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

Note 24 Provisions

Group	2012	2011
Restructuring costs	3	17
Guarantee commitments	–	0
Other	2	2
Total, other provisions	**5**	**19**
Of which:		
Non-current	1	1
Current	4	18
	5	**19**

2012	Restructuring costs	Guarantee commit-ments	Other
Carrying amount at January 1	17	0	2
New provisions	–	–	0
Amount used during the period	-13	0	0
Reversed provisions	–	0	0
Transferred to disposal group	-1	–	0
Translation difference	0	–	0
Carrying amount at end of period	**3**	**–**	**2**
Expected date of outflow of resources:			
2013	3	–	1
2014–2016	–	–	1
	3	**–**	**2**

Parent Company

The Parent Company's provision of SEK 0 M (1) refers to social security expenses related to Share Savings Schemes, which have an expected outflow of resources in 2013 and 2014.

Note 25 Deferred tax assets and tax liabilities

2012 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	–	21	-21
Buildings and land	0	1	-1
Machinery and equipment	–	16	-16
Inventory	1	0	1
Accounts receivable	3	–	3
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Tax allocation reserves	–	–	–
Loss carryforwards	12	–	12
Other	0	15	-15
	18	**53**	**-35**
Offset	-4	-4	–
Net deferred tax liability	**14**	**49**	**-35**

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
Interest-bearing liabilities	–	–	–
Tax allocation reserves	–	2	-2
Loss carryforwards	21	–	21
Other	0	15	-15
	39	**78**	**-39**
Offset	-20	-20	–
Net deferred tax liability	**19**	**58**	**-39**

Of the Group's capitalized deferred tax assets on tax loss carry-forwards, assets of SEK 10 M (19) are limited to a period of five to eight years. These assets pertain to Poland, 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 7 M (14). Unrecognized tax-loss carryforwards for the year are mainly attributable to the loss making companies in Business Area CEE. The unrecognized amounts are equivalent to the portion of such carry-forwards considered unlikely to be utilizable against taxable results in the near future. For the preceding year these were primarily attributable to the subsidiary in the Czech Republic that was reported as a disposal group in 2012.

Change of deferred tax in temporary differences and loss carryforwards

Group 2012	Carrying amount at beginning of period	Recognized in profit or loss	Reclassification in accordance with IFRS 5	Recognized in equity [1]	Carrying amount at end of period
Intangible assets	-26	1	2	2	-21
Buildings and land	-3	-3	5	0	-1
Machinery and equipment	-22	8	-2	0	-16
Inventory	2	0	-1	0	1
Accounts receivable	3	1	-1	0	3
Other provisions	3	-3	0	0	0
Interest-bearing liabilities	–	2	–	0	2
Tax allocation reserves	-2	2	–	–	0
Loss carryforwards	21	1	-10	0	12
Other	-15	-2	1	1	-15
	-39	**7**	**-6**	**3**	**-35**

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
Interest-bearing liabilities	–	–	–	–	–
Tax allocation reserves	-2	0	–	–	-2
Loss carryforwards	31	-10	–	0	21
Other	-13	-1	0	-1	-15
	-28	**-10**	**0**	**-1**	**-39**

[1] Primarily refers to translation differences.

Note 26 Pledged assets and contingent liabilities

Pledged assets to credit institutions

Group	2012	2011
Liens on assets	617	626
Property mortgages	62	62
Accounts receivable	59	132
Shares in subsidiaries	1,014	1,041
	1,752	**1,861**

Parent Company	2012	2011
Promissory notes receivable	288	296
Shares in subsidiaries	1,013	1,013
	1,301	**1,309**

Financial assets pledged as collateral

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

Contingent liabilities

Group	2012	2011
Warranties upon sale of real estate	–	87
Other guarantees	13	14
Other items	11	11
	24	**112**

Parent Company	2012	2011
Guarantee obligations for the benefit of subsidiaries	36	80
	36	**80**

The Parent Company has provided payment guarantees on behalf of subsidiaries, primarily within Business area CEE, for trade payables owed to materials suppliers. In addition to these reported commitments, the Parent Company has also provided customary guarantees for subsidiaries' obligations to pay rent to property owners.

Note 27 Current interest-bearing liabilities

Group	2012	2011
Overdraft facility		
Credit limit	200	200
Unutilized component	-200	-200
Utilized credit amount	**–**	**–**
Other current interest-bearing liabilities	2	69
Total current interest-bearing liabilities	**2**	**69**

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

Note 28 Accrued expenses and deferred income

Group	2012	2011
Accrued salaries	39	38
Accrued social security expenses	11	10
Bonuses to customers	8	10
Other items	25	17
Total accrued expenses and deferred income	**83**	**75**

Parent Company	2012	2011
Accrued salaries	3	3
Accrued social security expenses	2	2
Other accrued expenses	13	9
Total accrued expenses and deferred income	**18**	**14**

Note 29 Supplementary disclosures to cash flow statement

Group	2012	2011
Interest paid and dividends received		
Dividends received	–	–
Interest received	3	4
Interest paid	-34	-38
Adjustment for non-cash items		
Depreciation and impairment of assets	145	58
Unrealized exchange rate differences	-1	1
Capital gain/loss on sale of fixed assets	0	0
Difference between participation in joint venture and dividends received	-1	4
Provisions and other income items not affecting liquidity	-8	-6
Total	**135**	**57**

Parent Company	2012	2011
Interest paid and dividends received		
Dividends received	35	27
Interest received	24	26
Interest paid	-45	-49
Adjustment for non-cash items		
Depreciation and impairment of assets	259	65
Unrealized exchange rate differences	-11	-2
Other income statement items not affecting liquidity	8	7
Total	**256**	**70**

Note 30 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 18 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 senior executives and directors.

Parent Company

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

Parent Company's transactions with subsidiaries	2012	2011
Sales of services	58	55
Purchases of services	-18	-17
Interest income	24	26
Interest expense	-12	-13
Dividend Received (+)/ or paid (-)	35	27
Group contributions received (+)/paid (-)	51	64
Claims on related parties on balance day	405	376
Debt to related parties on balance day	272	212

Note 31 Financial risk management

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

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

Market risk

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

Currency risk

By reason of its international operations, BE Group is exposed to currency risk through exchange rate fluctuations. BE Group's currency risk comprises of 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 Group'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 2012, BE Group's transaction exposure in EUR amounted to EUR 83 M (91), consisting of the difference between actual purchasing and sales in EUR. The real effect of the transaction exposure affected the operating result negatively by a net SEK 1 M (5). Based on income and expenses in foreign currency for 2012, it is estimated that a change of +/- 5 percent in the SEK against the EUR would entail an annual effect on the operating result of about +/- SEK 4 M.

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

Amounts in SEK M		
SEK	173	26%
EUR	405	60%
Other	95	14%
Total	**673**	**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 exchange rates used in the translation of the results of its foreign units. Based on conditions in 2012, it is estimated that a 5 percent strengthening of the SEK against the EUR would entail a negative effect of SEK 2 M on operating result 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. In the consolidated financial statements, hedge accounting is applied in accordance with the principles for hedging net investments in foreign currency. No hedge accounting has been applied in the Parent Company.

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

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

Note 31 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. In accordance with the finance policy, the BE Group actively works to minimize the effect on the Group's profit/loss before tax due to fluctuations in market interest rates. BE Group's objective is to maintain the average fixed rate term of one to 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 889 M (of which the portion included in the disposal group amounted to SEK 55 M.) Interest-bearing assets in the form of cash and bank balances amounted to SEK 108 M (of which the portion included in the disposal group amounted to 19).

In the event of a change in interest rates of 1 percent consolidated net financial items would be affected by approximately SEK +/- 8 M annually and consolidated equity by approximately SEK +/- 6 M. The sensitivity analysis has been conducted including the disposal group and 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, 2011 and December 31, 2012.

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

		Nominal amount in original currency		Carrying amount (SEK M)		Fixed interest terms number of days		Maturity	
		2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Financial lease, SEK	SEK M	12	14	12	14	–	–	2019	2019
Financial lease, EUR	EUR M	0	0	4	3	–	–	2013 –2017	2013 –2017
Financial lease LTL	LTL M	0	–	0	–	–	–	2014	–
accrued interest				–	–				
Total financial leasing liability				**16**	**17**				
Of which, current liability				*2*	*1*				
Factoring CZK	*CZK M*	*12*	*14*	*4*	*5*	–	–	*2013*	*2012*
accrued interest				–	–				
Total factoring liability				**4**	**5**				
Of which, current liability				*4*	*5*				
Bank loan, CZK	*CZK M*	*150*	*180*	*51*	*63*	*30*	*30*	*2013*	*2012*
accrued interest				–	–				
Total external bank loans in subsidiaries				**51**	**63**				
Of which, current liability				*51*	*63*				
Parent Company[1]									
Bank loan, SEK	SEK M	397	397	389	392	90	90	2015	2013
Bank loan, EUR	EUR M	38	38	323	336	90	90	2015	2013
Bank loan, CZK	CZK M	310	310	106	107	90	90	2015	2013
accrued interest				–	–				
Total interest-bearing liabilities, Parent Company				**818**	**835**				
Of which, current liability				–	–				
Total interest-bearing liabilities, Group				**889**	**921**				
Of which, current liability				*57*	*69*				

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

[1] In addition to its external interest-bearing liabilities, the Parent Company has Group-internal liabilities amounting to EUR 4 M (4). The recognized amount totals SEK 34 M (36). The liabilities mature on December 31, 2013 with interest rates based on three-month EURIBOR. There is no accrued interest on the balance sheet date.
In addition to these liabilities, the Parent Company has interest-bearing liabilities related to the intra-group cash pool and that amount to SEK 212 M (152) 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. According to the finance policy 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.

Current financing agreements
In July 2012, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,400 M, including guarantee facilities and matures in July 2015, with the opportunity for a total extension of two years.

The Group's financing agreements include two financial covenants. The key figures measured are net debt/equity ratio 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, 2012, the Group complied with all applicable covenant terms.

Maturity structure, financial liabilities
For financial liabilities (excluding the portion that is included in the disposal group) the table below details the maturity structure and shows the undiscounted future cash disbursements. BE Group has an overdraft facility of SEK 200 M, which was unutilized as of December 31, 2012 (see Note 27).

	Derivative liabilities		Other financial liabilities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Maturity within 90 days	–	–	538	780	538	780
Maturity within 91–180 days	–	–	9	10	9	10
Maturity within 181–365 days	–	–	16	19	16	19
Maturity within 1–5 years	–	–	874	861	874	861
Maturity later than 5 years	–	–	4	6	4	6
Total	**–**	**–**	**1,441**	**1,676**	**1,441**	**1,676**

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 5 percent (5) of sales in 2012. The ten largest customers combined generated about 12 percent (12) of sales

Provisions for credit losses have been assessed on an individual basis. The total cost of customer losses in 2012 was SEK 4 M and at December 31, 2012 provisions for credit losses amounted to SEK 26 M (35), corresponding to 6.4 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		Net	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Not yet due	**308**	**451**	**-21**	**-19**	**287**	**432**
Unimpaired, past due						
< 30 days	61	61	–	–	61	61
30–90 days	7	8	–	–	7	8
>90 days	6	6	–	–	6	6
Total	**74**	**75**	**–**	**–**	**74**	**75**
Impaired past-due accounts receivable						
< 30 days	0	1	0	0	0	1
30–90 days	1	1	-1	-1	0	0
>90 days	25	36	-4	-15	21	21
Total	**26**	**38**	**-5**	**-16**	**21**	**22**
Total	**408**	**564**	**-26**	**-35**	**382**	**529**

Provisions for doubtful receivables	**2012**	**2011**
Provision at January 1	-35	-38
Reserve for anticipated losses	-5	-9
Reversal of reserves	1	2
Realized losses	2	9
Transferred to disposal group	10	–
Exchange rate differences	1	1
Provision at December 31	**-26**	**-35**

Note 31 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 via 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 accrued cost

2012	**Carrying value according to Balance Sheet**	**Of which, financial instruments covered by the disclosure require-ments in IFRS 7-**	**Group**					**Total carrying value**	**Fair value**
			A	**B**	**C**	**D**	**E**		
Other securities held as non-current assets	2	2	–	–	–	2	–	**2**	N/A
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	382	382	–	–	382	–	–	**382**	382
Other receivables	15	12	–	–	12	–	–	**12**	12
Prepaid expenses and accrued income	30	14	–	–	14	–	–	**14**	14
Cash and equivalents	89	89	–	–	–	89	–	**89**	89
Non-current interest-bearing liabilities	-832	-832	–	–	–	–	-832	**-832**	-833
Current interest-bearing liabilities	-2	-2	–	–	–	–	-2	**-2**	-2
Accounts payable	-493	-493	–	–	–	–	-493	**-493**	-493
Other liabilities	-49	-1	–	–	–	–	-1	**-1**	-1
Accrued expenses and deferred income	-83	-38	–	–	–	–	-38	**-38**	-38

2011									
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
Cash and equivalents	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

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.

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 32 Investment commitments

The Group has a number of investment commitments in tangible assets for future financial years. These pertain to the extension of production service capacity at the facilities in Norrköping and Eskilstuna. The investments are expected to total SEK 25 M, of which SEK 12 M was disbursed in 2012. The investments will be completed during 2013.

Note 33 Key estimates and assessments

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

Impairment of goodwill

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

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

Financial and operational leasing agreements

The largest and most important portion of the Group's signed lease agreements involves properties. Consequently, in its classification, the Group has assessed whether the leasing agreements are financial or operational in nature. The leasing agreements contain no clauses to the effect that the ownership of the properties will transfer to the Company on the expiration of the agreements. Since the lease fees that the Group pays to the lessor are index-adjusted on a regular basis to correspond to market rent levels and since the Group assumes no risk for the residual value of the properties, it is deemed that largely all financial risks and advantages associated with the properties accrue to the lessor. Based on these qualitative factors, the agreements have been classified as operational leasing agreements. However, there is one agreement that has been classified as financial and its recognized amount amounted to SEK 7 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, 16 and 31.

Inventories

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

Valuation of discontinued operations in accordance with IFRS 5

As a consequence of the prolonged poor earnings trend in the Czech Republic, a decision was made during the year to initiate a sale of the operations.

In connection with this, the operations were reclassified as a disposal group in the consolidated balance sheet, in accordance with IFRS 5 and an impairment of SEK 82 M was recognized in the value of the Czech operations. The valuation was based on the current sales forecast and current valuation multiples for listed steel distribution companies. See Note 12 for further details.

Note 34 Events after balance sheet date

Following the end of the quarter, a decision was made to initiate negotiations regarding personnel reductions within the Group's operations in Sweden and Finland. The background to this is decreased delivery volumes in 2012 combined with market prospects that remain difficult to assess. These measures are expected to decrease the number of employees within the Group by a total of approximately 140 full-time positions, of which an estimated 75 will be in Sweden and 60 in Finland. In the Group's other markets, the proposal entails only limited reductions. The proposed measures will generate an annual cost reduction of about SEK 65 M and are expected to have a gradual impact as of the second quarter of 2013. Non-recurring costs are expected to amount to SEK 30–35 M and will burden the results for the first quarter of 2013, while cash flow will mainly be affected in the second and third quarters.

APPROPRIATION OF EARNINGS

The Board of Directors' proposal for the appropriation of earnings

The Group's dividend policy states that BE 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 no dividend be paid for the 2012 financial year (SEK 0.25). The proposal to not pay a dividend is motivated by the year's negative result.

Funds available		
Retained earnings	679,753,294	SEK
Profit/loss for the year	-214,370,335	SEK
Total	**465,382,959**	**SEK**
Balance carried forward	465,382,959	SEK
Total	**465,382,959**	**SEK**

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

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

The annual and consolidated accounts are subject to approval by the Annual General Meeting on April 26, 2013.

Malmö, March 13, 2013

Anders Ullberg *Chairman of the Board*	Petter Stillström *Director*	Lars Olof Nilsson *Director*	Roger Bergqvist *Director*	Cecilia Edström *Director*
Marita Jaatinen *Director*	Thomas Berg *Employee Representative*	Kerry Johansson *Employee Representative*	Kimmo Väkiparta *President and CEO*	

Our Audit Report was submitted on March 25, 2013
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 26, 2013 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 report and consolidated accounts

We have audited the annual report and consolidated accounts for BE Group AB (publ) for 2012. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 33–86.

Responsibility of the Board of Directors and the President for the annual report 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, 2012 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, 2012 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 2012.

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 25, 2013

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. Information in accordance with Chapter 6, Section 6 in the Annual Accounts Act can be found in the Board of Directors' report on pages 42–43 in the Annual Report.

Operations and governance of BE Group

BE Group AB (publ) is a Swedish limited liability company listed on the NASDAQ OMX Stockholm. Governance of BE Group is based on the Swedish corporation and Annual Accounts Act, NASDAQ OMX Stockholm regulation, Swedish code for corporate governance ("Code"), BE Group's Articles of association and other relevant regulations.

Shareholders exercise their decision-making rights at the Annual General Meeting (and also at possible extraordinary meetings), which are the Company's highest decision-making authority. The Board of Directors and the Chairman of the Board are appointed by the Annual General Meeting while the CEO is appointed by the Board. The Company's accounts as well as the administration of the Board of Directors and the CEO are reviewed by auditors appointed by the Annual General Meeting. The Annual General Meeting adopts principles for the appointment of the Nomination Committee, which formulates proposals to the Annual General Meeting prior to the election and setting of fees for the Company and auditors. In addition to laws, regulations and the Code, BE Group applies internal governance instruments such as a code of conduct and information policy.

BE Group's application of the Code

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 2012 financial year and has not departed from Code rules in any respect.

Shareholders

Ownership and share capital

The Company's share capital amounted to SEK 102,040,817 allocated among 50,000,000 shares. All shares in the Company convey equal rights in every respect. At the end of 2012, BE Group had 8,651 shareholders. The Company's largest shareholders were AB Traction, Swedbank Robur fonder, IF Skadeförsäkring AB and Odin fonder. The proportion of foreign ownership totaled around 12 percent. On December 31, the Company held 590,727 treasury shares (1.1 percent of share capital). You can find more information about the ownership structure in BE Group on pages 30–31 in the Annual Report.

Annual General Meeting

The shareholders' rights to take decisions regarding the affairs of BE Group are exercised at the Annual General Meeting. 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 Nomination 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.

The 2012 Annual General Meeting was held on April 25 in Malmö. At the Annual General Meeting 16,841,237 shares were represented, divided among 89 shareholders that participated personally or through a proxy. The represented shares corresponded to 34 percent of the total number of shares in BE Group AB. The Annual General Meeting also decided on the re-election of Anders Ullberg, who was also elected as Chairman of the Board and the re-election of Board members Roger Bergqvist, Cecilia Edström, Marita Jaatinen, Lars Olof Nilsson and a new election of Petter Stillström. Board member Lars Spongberg had declined re-election. The accounting firm KPMG AB was re-appointed as auditor for the Group.

Some of the Annual General Meeting's other decisions were to:

- in accordance with the Board's proposal, approve a dividend of SEK 0.25 per share;
- Board fees shall be paid in the unchanged total amount of SEK 1,400,000, of which SEK 400,000 to the Chairman of the Board and SEK 200,000 each to the other Board members elected by the Annual General Meeting. The Annual General Meeting decided that remuneration for work in the audit committee shall be paid in the amount of SEK 150,000 and that no remuneration will be paid for work on the remuneration committee;
- carry out a smaller revision of the principles for setting up the Nomination Committee, primarily meaning that the number of members will be lowered from five to four;
- adopt guidelines for remuneration to senior executives, which primarily means that salaries and other remuneration conditions for management shall be market-based and that variable remuneration shall have a pre-determined ceiling and total a maximum of 50 percent of fixed salary. Compared with the guidelines from 2011, the new guidelines mean a reduction of the maximum total amount from fixed salary during the notification of termination period and for severance pay that can be paid to the CEO and CFO in the event of termination by the BE Group from the equivalent of 24 months to 18 months fixed salary;
- authorize the Board, for the purpose of ensuring coverage of social security costs attributable to the Share Savings Plan 2010 and the Share Savings Plan 2011, on one or several occasions, however, not later than the Annual General Meeting 2013, to make decisions regarding the transfer of no more than 80,000 treasury shares through a listed exchange;
- authorize the Board, on one or several occasions and not later than the Annual General Meeting 2013, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions;
- authorize the Board, in connection with agreements regarding corporate acquisitions, on one or several occasions, with or without deviation from shareholders' preferential rights, for cash payment, through offset or non-cash issue, make a decision regarding a new share issue of up to five million shares in the Company, equivalent to 10 percent of the Company's share capital.

Nomination Committee

As resolved by the 2012 Annual General Meeting, the Nomination Committee must consist of four members, which, in addition to the Chairman of the Board, shall be made up of representatives for each of the three largest shareholders in the Company in terms of voting rights, as of August 31 each year. The names of the three shareholder representatives and the shareholders they represent shall be announced as soon as the Nomination 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 Nomination Committee. If a member of the Nomination 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 structure after August 31, rules are in place regarding how the composition of the Nomination Committee can be changed. Prior to the 2013 Annual General Meeting, the Nomination Committee consists of Bengt Stillström (AB Traction), Chairman, Anders Ullberg, (Chairman of the Board of BE Group), Jan Andersson (Swedbank Robur Funds) and Tomas Ramsälv (Odin Funds).

The Nomination 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 Nomination Committee is also charged with assessing the independence of directors in relation to the Company and major shareholders.

The Nomination Committee held 4 meetings. As a basis for its proposals to the 2013 Annual General Meeting, the Nomination 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 must 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 2012 Annual General Meeting: Anders Ullberg (Chairman), Roger Bergqvist, Cecilia Edström, Marita Jaatinen, Lars Olof Nilsson and Petter Stillström, along with two employee representatives, Thomas Berg and Kerry Johansson. 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 the Company's executive management. All members re-elected by the Annual General Meeting, with the exception of Petter Stillström, are considered independent in relation to BE Group's principal owners.

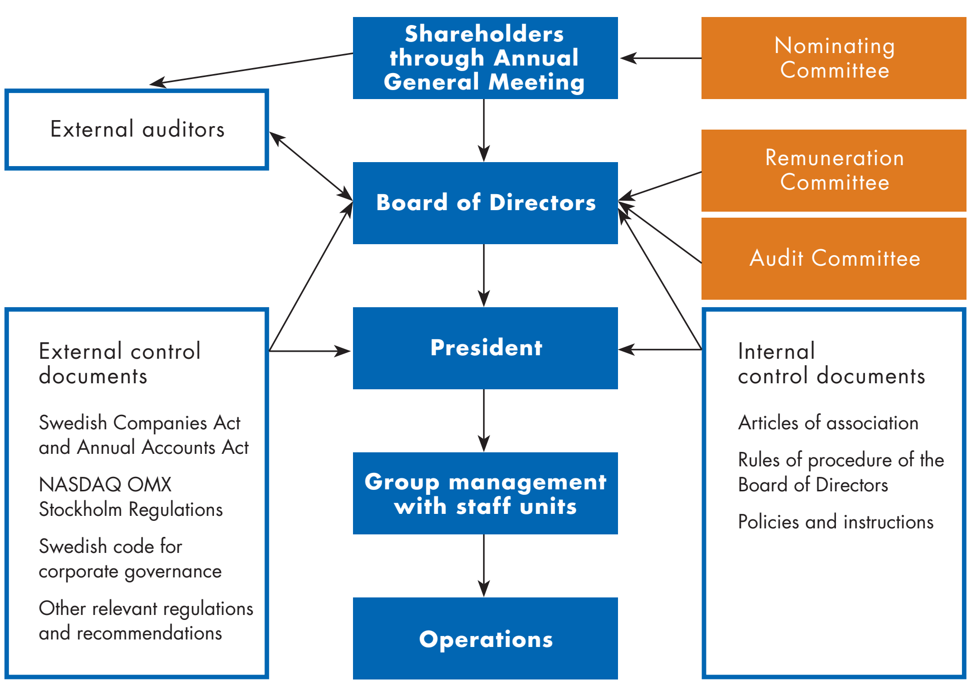
The CEO (Chief Executive Officer) and CFO (Chief Financial Officer) attend Board meetings and have reported on the development of the Group. Apart from the members of the Board, other officers of BE Group participated in Board meetings to present reports on particular issues. Attorney Hans Petersson acted as secretary at the Board meetings.

Rules of procedure of the Board

The Board of Directors is appointed by BE Group's shareholders to have ultimate responsibility for the Group's organization and administration of the Group's interests. At the statutory Board meeting directly following the Annual General Meeting, the Board adopted rules of procedure that closely regulates its work and responsibility as well as the special work tasks that are the responsibility of the Chairman of the Board.

The Chairman of the Board, Anders Ullberg, leads the Board's work and monitors the operation through a continuous dialogue with the CEO. Through monthly reports and Board meetings, the Board of Directors obtains information about BE Group's economic and financial status. Prior to every Board meeting, the Chairman and the CEO review those issues that shall be addressed at the meeting. Documentation for the Board's handling of the issues is sent to the Board members approximately one week before every Board meeting. 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 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 2012

The Board held 11 meetings in 2012, of which 4 were held over the telephone and 1 per capsulam. According to the rules of procedure, the Board shall meet on 6 occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary. One of the meetings during the year is regularly held at one of BE Group's operative units. During the year, the Board visited Lecor Stålteknik in Kungälv, Sweden as well as the operation in Turku, Finland. The following table provides a report of attendance by directors at the 4 meetings prior to the Annual General Meeting and the 7 meetings after the Annual General Meeting. As shown, attendance at Board meetings during the year was excellent.

At the year's Board meetings, the Board, in addition to overviews and development of the current operation, also discussed:

- February: year-end report, auditors' report, adoption of the whistle blower policy, remuneration issues and other matters prior to the Annual General Meeting;
- March: approval of the annual report for 2011;
- April: interim report for the first quarter, follow-up of operations within CEE and in China;
- June: strategy discussion, follow-up of the operation in Lecor Stålteknik and overview of financing procurement;
- July: interim report for the second quarter and auditor's report, decision regarding initiating a sales process of the Czech operation;
- October: interim report for the third quarter, investment follow-up regarding BE Group Produktion, discussions regarding the Group's CSR work;
- December: overview of the Finnish operation including development plans, follow-up of implemented investment in Lahti, adoption of a code of conduct for the Group as well as an overview of the business plan for 2013.

Evaluation of the Board's work

The Chairman ensures that the Board and its work are evaluated annually and that the result of the evaluation is passed on to the Nomination Committee. The evaluation is made by the Board itself under the management of the Chairman and forms the base for a discussion within the Board regarding the development of the Board's work.

Audit Committee

The Audit Committee meets prior to every reporting date and where there is a need for additional meetings. The Committee prepares a number of questions for the Board's decision and supports the Board in its work to carry out its responsibility within the areas, auditing and internal control as well as to quality-assure BE Group's financial reporting, which requires that the Group have a satisfactory organization and appropriate processes.

Each year, the Group's auditors formulate a proposed audit policy and present this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board. The work is focused on 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 Group's auditor with the purpose of generating an ongoing exchange of information and to assess the auditor's efforts. The Committee may establish guidelines concerning what services, other than auditing services, which 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 met 6 times in 2012. 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 CEO, based on proposals by the CEO. 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. The members of the Remuneration Committee are the Chairman of the Board and, through the Annual General Meeting 2012, Lars Spongberg. After the Annual General Meeting, Lars Spongberg was replaced by Petter Stillström. The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its instructions. The Remuneration Committee held 1 meeting, in 2012, at which both members were present. In addition, members maintain contact with one another. The meetings of the Remuneration Committee are minuted and reported orally at Board.

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 Nomination Committee's proposal. Employee representatives on the Board of Directors do not receive directors' fees. In accordance with a resolution by the 2012 Annual General Meeting, a fee of SEK 400,000 was paid to the Chairman of the Board for the period extending from the 2012 Annual General Meeting until the 2013 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 150,000, of which SEK 70,000 was paid to the Chairman of the Committee and SEK 40,000 each to the other two members. No fees were paid to the members of the Remuneration Committee.

Group management

In 2012, BE Group management consisted of the President and CEO, Executive Vice President and CFO, business area managers and the Group's Head of Purchasing and Production. The CEO leads operations within the parameters set by the Board. BE Group's corporate management has monthly meetings under the leadership of the CEO in order to follow-up the operation and discuss comprehensive group issues and also to formulate proposals for a strategic plan, business plan and investment documentation that the CEO thereafter presents to the Board of Directors for a decision. The Group Management team also holds weekly conference calls to discuss operations. A more detailed presentation of Group Management is given on page 96.

Auditors

At the 2012 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 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 2012 Year-end Report. The auditor also participates in the Annual General Meeting, where she outlines the audit process and her observations in an audit report. Remuneration to auditors is paid based on calculations in accordance with agreements that have been made. Information about remuneration in 2012 can be found in Note 4 on page 68.

Board of Directors' report regarding internal control

The purpose of internal control of financial reporting is to provide reasonable assurance regarding quality and reliability in the external financial reporting and to ensure that the reports are prepared in accordance with accepted accounting standards, applicable laws and provisions and other requirements for listed companies.

Internal control function

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. 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 regulations. The Internal Control Council is headed by the Group's CFO and reports to the Board's Audit Committee. During the year, Internal Control Council has focused its work on existing certification authorization and instructions and an overview of adherence to these in the majority of the Group's companies. BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communication 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. Instructions have been prepared for all business area managers and the president of each subsidiary. Managers at various levels in the Group are responsible for continual internal control within their areas of responsibility.

In 2012, the Board adopted a so-called whistle blower policy, which means that all employees have the possibility to anonymously report if they discover improprieties or illegal actions that affect vital interests for BE Group or the life and health of individual persons. The policy applies for improprieties committed by people in executive positions or other key personnel within the Group.

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 Group'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 Group intranet and/or in printed form.

Follow-up

The CEO is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board. Financial control is exercised by the Group Finance Department. Financial reporting is analyzed monthly at a 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 Group´s financial situation was discussed at every Board meeting.

	Elected	Attendance 2012	Committee work	Attendance 2012	Board-fee	Fee audit-committee	Fee remuneration-committee	Independent from the company and company-management	Independent of larger owner
Anders Ullberg, Chairman	2011	11 of 11	Audit Committee Remuneration Committee	6 of 6 1 of 1	400,000	36,667	-	Yes	Yes
Roger Bergqvist	2007	11 of 11			200,000			Yes	Yes
Cecilia Edström	2006	10 of 11	Audit Committee	5 of 6	200,000	36,667		Yes	Yes
Marita Jaatinen	2010	10 of 11			200,000			Yes	Yes
Lars Olof Nilsson	2006	11 of 11	Audit committee	6 of 6	200,000	66,666		Yes	Yes
Petter Stillström[1)]	2012	7 of 11			133,333		-	Yes	No
Lars Spongberg[2)]	2,000	3 of 4	Remuneration Committee	1 of 1	66,667				
Thomas Berg (E)	2,000	11 of 11							
Kerry Johansson (E)	2,000	10 of 11							
					1,400,000	**140,000**			

[1)] Elected to the Board by the Annual General Meeting in April 2012.
[2)] Departed from the Board at the Annual General Meeting in April 2012.

AUDITORS' STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

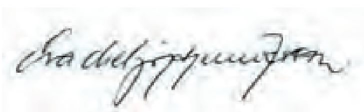
To the Annual General Meeting of BE Group AB (publ)
Company registration number 556578-4724

The Board of Directors is responsible for the Corporate Governance Report for 2012 presented on pages 88–91 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 25, 2013
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 the Board in Boliden, Diamorph, 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

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

Roger Bergqvist
Member

Born:
1948

Member of the Board since:
2007

Other board assignments:
Proact IT Group, Lagercrantz Group, B&B Tools, Ventilations-grossisten, Stillfront 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

Employed by:
TeliaSonera as Senior Vice President, Head of Group Communications

Other board assignments:
Rysk Megafon

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

Employed by:
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

EMPLOYEE REPRESENTATIVES

Lars Olof Nilsson
Member

Born:
1962

Member of the Board since:
2006

Employed by:
Advisor to Evli Bank

Other board assignments:
Chairman of Lappland Goldminers, AGL Treasury Support, AGL Transaction Services and Kaptensbacken (own company) and member of the board in 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

Petter Stillström
Member

Born:
1972

Member of the Board since:
2012

Other board assignments:
Chairman of the Board in Softronic and Nilörngruppen and board member in OEM International, Partnertech and a number of unlisted companies in AB Traction's sphere of interest

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

Education:
Master's degree in Economics, Stockholm University

Number of shares:
0

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, Trade Union Confederation's School at Runö

Number of shares:
0

AUDITORS KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant, KPMG AB
Auditor in Charge for the Company since 2011
Born: 1961

GROUP MANAGEMENT

Kimmo Väkiparta
President, Chief Executive Officer and Business Area Manager, Sweden

Born:
1965

Employed since:
2012

Previous experience:
President for Ovako Bar (2005–2010), President for Fundia Special Bar (2000–2005)

Education:
Civil Engineer education from Helsinki University of Technology, Doctor of Engineering

Number of shares:
100,000

Torbjörn Clementz
Executive Vice President and Chief Financial Officer

Born:
1961

Employed since:
2003

Previous experience:
Several posts 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:
322,001

Lasse Levola
Business Area Manager Finland

Born:
1959

Employed since:
2006

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

Education:
B.Sc. (Eng), Finland

Number of shares:
0

Nikolai Makarov
Business Area Manager CEE

Born:
1969

Employed since:
2011

Previous experience:
Technical Director Ruukki Construction (2010-2011), various positions within Rautaruukki (2006-2010), and various positions within Konecranes and at PPTH Norden

Education:
Degree in Construction Engineering, Finland

Number of shares:
0

Per Horstmann, former Senior Vice President Purchasing and Production Director within BE Group was a member of Group management in 2012.

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, 2012. For updated shareholdings, please see our website, www.begroup.com.


BE GROUP

MULTI-YEAR SUMMARY

(SEK M unless otherwise stated)	2007	2008	2009	2010[1]	2011[1]	2012
Earnings measurements						
Sales	7,650	7,713	4,308	4,580	5,392	4,634
Gross profit/loss	1,167	1,238	367	673	724	597
Operating result (EBIT)	510	532	-266	101	128	26
Profit/loss for the year	353	378	-249	29	20	-111
Margin measurements						
Gross margin (%)	15.3	16.1	8.5	14.7	13.4	12.9
Operating margin (%)	6.7	6.9	-6.2	2.2	2.4	0.6
Cash flow						
Cash flow from operating activities	215	222	282	-57	184	59
Cash flow after investments	157	-36	240	-110	76	0
Cash flow for the year	-39	-141	63	-106	69	-37
Capital structure						
Equity	849	1,103	798	787	805	673
Total assets	2,850	3,409	2,511	2,632	2 607	2,291
Net debt	593	1,006	777	842	773	779
Net debt/equity ratio (%)	69.8	91.2	97.4	107.0	95.9	115.8
Working capital (average)	735	895	751	528	525	433
Operating capital (average)	1,323	1,963	1,967	1,736	1,759	1,675
Operating capital (excluding intangible assets), average	874	1,162	1,125	893	879	779
Working capital tied-up (%)	9.6	11.6	17.4	11.5	9.7	9.4
Return						
Return on capital employed (%)	39.2	27.7	-13.3	6.0	7.5	1.8
Return on operating capital (excluding intangible assets) (%)	58.6	46.2	-23.0	12.2	16.3	5.4
Return on equity (%)	46.1	38.1	-26.9	4.5	6.7	-1.5
Per share data						
Net worth per share (SEK)	7.06	7.58	-5.00	0.58	0.41	-2.25
Earnings per share after dilution (SEK)	7.06	7.58	-5.00	0.58	0.41	-2.25
Equity per share (SEK)	17.02	22.17	16.05	15.90	16.31	13.63
Cash flow from operating activities per share (SEK)	4.31	4.46	5.67	-1.15	3.72	1.19
Average number of shares outstanding (thousands)	49,967	49,853	49,736	49,656	49,546	49,404
Average number of shares outstanding after dilution (thousands)	49,967	49,857	49,749	49,704	49,564	49,429
Dividend paid (SEK)[2]	3.50	3.50	1.00	–	–	0.25
Other						
Average number of employees	940	1,023	912	909	943	907

1) As of August 1, 2012, the Czech operations have been reported as discontinued operations in accordance with IFRS 5. As a consequence of this, comparison figures from 2010 and 2011 have been recalculated.

2) Pertains to dividends paid during the year.

(SEK M unless otherwise stated)	2007	2008	2009	2010[1]	2011[1]	2012
Growth						
Sales growth (%)	14	1	-44	16	18	-14
of which, organic tonnage growth (%)	1	-4	-32	15	14	-6
of which, price and mix changes (%)	13	1	-16	5	4	-6
of which, currency effects (%)	0	2	5	-5	-3	-2
of which, acquisitions (%)	–	4	1	1	3	–
of which, divested operations (%)	–	-2	-2	0	–	–
Adjusted earnings measurements						
Underlying operating result (uEBIT)	550	454	-3	79	157	49
Underlying EBITA	552	459	4	87	173	65
Adjusted margin measurements						
Underlying gross margin (%)	15.8	15.5	14.1	14.2	13.8	13.3
Underlying operating margin (%)	7.2	5.9	-0.1	1.7	2.9	1.1
Underlying EBITA margin (%)	7.2	6.0	0.1	1.9	3.2	1.4
Adjusted return						
Underlying return on operating capital (excl. intangible assets) (%)	63.2	39.5	0.3	9.7	19.6	8.3
Adjusted capital structure						
Net debt/underlying EBITDA (multiple)	1.0	2.0	14.5	6.5	3.6	7.3
Adjusted per share data						
Underlying earnings per share (SEK)	7.58	6.17	-0.99	0.25	0.89	0.12
Underlying earnings per share after dilution (SEK)	7.58	6.17	-0.99	0.25	0.89	0.12
Other						
Inventory gains and losses	-40	46	-255	22	-20	-23
Shipped tonnage (thousands of tonnes)	617	613	416	411	469	438
Average sales prices (SEK/kg)	12.40	12.57	10.36	11.13	11.50	10.59

[1] As of August 1, 2012, the Czech operations have been reported as discontinued operations in accordance with IFRS 5. As a consequence of this, comparison figures from 2010 and 2011 have been recalculated.

FINANCIAL DEFINITIONS

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

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

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

Return	
Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
Return on operating capital (excl. intangible assets), %	Annually adjusted EBITA as a percentage of average operating capital (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 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)	The operating result (EBIT) before non-recurring items, adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying EBITA	EBITA before non-recurring items, adjusted for inventory losses and inventory gains (deductions for gains and additions for losses).

Adjusted margin measurements

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

Adjusted return

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

Adjusted capital structure

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

Adjusted per share data

Underlying earnings per share	Profit for the period before non-recurring items adjusted for inventory gains and inventory losses (deductions for gains and additions for losses) and including 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 cost and the cost of goods sold at replacement price.
Shipped volumes	BE Group products sold during the period in thousands of tonnes.
Average sales prices	Net sales divided by shipped volumes.

INFORMATION FOR SHAREHOLDERS

2013 Annual General Meeting

The Annual General Meeting of BE Group will be held on Friday, April 26, 2013, at 3:00 p.m. at the Hipp restaurant, Kalendegatan 12, Malmö, Sweden. Shareholders are welcome from 1:30 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 Group'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 Sweden AB by Saturday, April 20, 2013 at the latest and shall notify BE Group AB of their intention to participate by Monday, April 22, 2013 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 by sending an e-mail to www.begroup.com. The notification must state the shareholder's name, personal or company registration number, address 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 Friday, April 19, 2013 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 Group'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 Thursday, April 25, at the latest and should be sent to BE Group AB, c/o Computershare AB, Box 2013, SE-610, 182 16 Danderyd, Sweden,

Dividend

The Board of Directors proposes that no dividend (SEK 0.25) be paid for the financial year 2012.

Financial information

Reports, annual reports and press releases are available on the Group'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 welcome and information about the subscription service.

Contacts and information

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Financial reports 2013	
Interim Report January-March	April 26, 2013
Interim Report January-June	July 17, 2013
Interim report January-September	October 22, 2013
Year-end report 2013	February 2014

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