

ANNUAL REPORT



2009

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**HIGH-QUALITY GOODS
ARE ALWAYS AVAIL-
ABLE AT THE LOWEST
POSSIBLE PRICE AT
BYGGMAX DUE TO THE
LARGE VOLUMES OF
CAREFULLY SELECTED
PRODUCTS.**

BYGGMAX IN BRIEF

BYGGMAX IS POSITIONED AS A DISCOUNT PROVIDER OF BASIC BUILDING MATERIALS IN THE DIY MARKETS IN SWEDEN, NORWAY AND FINLAND. THE COMPANY AIMS TO OFFER HIGH-QUALITY PRODUCTS AT THE SAME LOW PRICE TO ALL OF ITS CUSTOMERS – PRIMARILY TO DIY CONSUMERS BUT ALSO FOR PROFESSIONAL TRADESMEN.

BUILDING MATERIALS FOR YOUR HOME – QUICK, SIMPLE AND INEXPENSIVE

Ever since the company was founded in 1993, Byggmax's operations have been characterized by the concept of selling a limited range of building materials at the lowest price – a concept that, combined with a strong corporate culture and intense cost focus, has been essential to the development of the business. In 1999, the company changed its name and logotype to Byggmax to further emphasize the low-price concept.

Since 2003, with the introduction of the current business model, Byggmax's store network has grown from 19 stores in Sweden to a total of 61 stores in the Nordic, of which 48 are located in Sweden, eleven in Norway and two in Finland at year-end. An expansion in to Norway started with the first store opening in 2007. The first of three stores opened in Finland in 2008.

GOALS AND STRATEGIES

With a strong business model and the attractive conditions in the Nordic DIY market, Byggmax is well-positioned for continued growth both in terms of the number of stores as well as boost its sales in like-for-like units. Byggmax's financial goals are as follows:

- organic growth to exceed 15 percent per year, and
- maintain an operating margin of above than 11 percent.

To achieve the financial targets, Byggmax has defined a strategy which, put concisely, focuses on expanding the store network in existing markets, enhancing operational excellence and pursuing continuous business development.

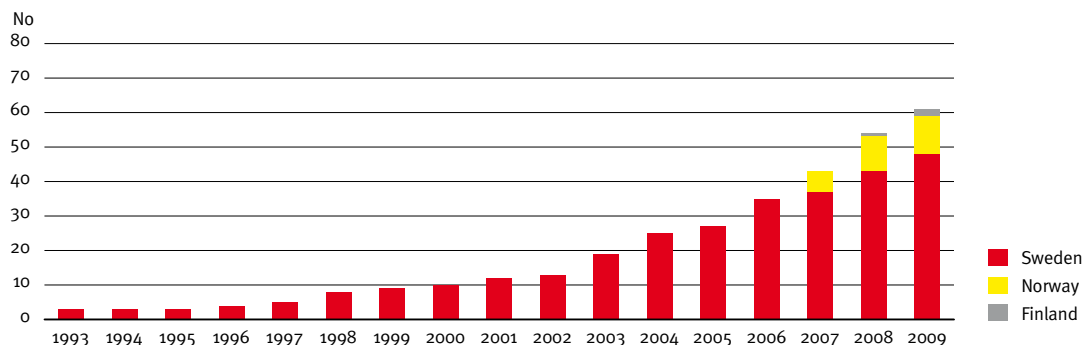


THE YEAR IN SUMMARY

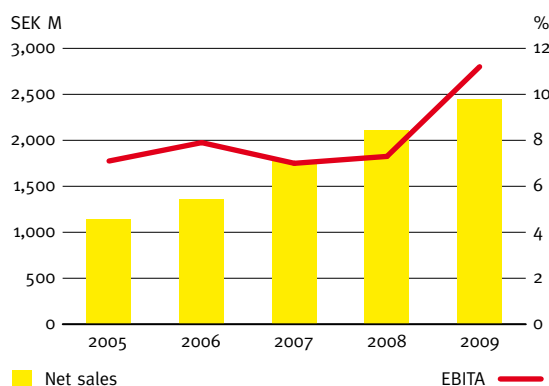
IN 2009, BYGGMAX GENERATED SALES OF APPROXIMATELY SEK 2.4 BILLION, UP 16 PERCENT COMPARED WITH 2008. THE OPERATING MARGIN AMOUNTED TO SLIGHTLY MORE THAN 11 PERCENT. THE COMPANY HAD 61 STORES AT YEAR-END AND AROUND 370 EMPLOYEES.

- Net sales amounted to SEK 2,444 M (2,107), +16 percent
- The gross margin was 29.8 percent (28.2)
- Operating profit amounted to SEK 272.7 M (153.0) and the operating margin to 11.1 percent (7.3)
- Profit after tax amounted to SEK 161.2 M (40.2)

NUMBER OF STORES



NET SALES AND EBITA MARGIN



	2007	2008	2009
Net sales, SEK M	1,771	2,107	2,444
Gross margin, %	27.0	28.2	29.8
EBITA, SEK M	123	153	273
EBITA margin, %	7.0	7.3	11.2
Profit/loss after tax, SEK M	-25	40	161
Number of stores	43	54	161
Stores opened during the last period	8	11	7


PRESIDENT'S COMMENTS

BYGGMAX'S CORPORATE CULTURE IS UNDERPINNED BY A GENUINE DRIVE TOWARD COST EFFICIENCY. WE COMPETE TO FIND THE LOWEST POSSIBLE PRICE – BE IT FOR A CUP OF COFFEE, TRAVEL OR A HOTEL ROOM.



A handwritten signature in black ink that reads "Magnus Agervall".

Solna, April 2010
Magnus Agervall



Fiscal 2009 was an eventful year. When we were planning for the year ahead, we realized that it was very difficult to predict what would happen in the markets given the global financial turbulence and the impact it could have on the Swedish economy and our company. For this reason, we decided to adopt a slightly more cautious approach to our expansion plans, but following a cautious start with continued healthy demand for our products, we reconsidered. Instead, we chose to look at the opportunities in front of us and advance our positions – and now in hindsight we can say that 2009 was a highly successful year. Bygghjälps opened seven stores, increased its sales by 16 percent and multiplied its profits, leveraging from our recently established markets in Norway and Finland.

Despite our successes, it was generally a difficult year in the market, which for example was manifested in Silvan closing all of its DIY stores and withdrawing from the Swedish market. At the same time, Coop decided to enter into a partnership with Bygghjälps at three locations to combine their strengths to develop these markets. In conjunction with this arrangement, Coop chose not to sell the products offered by Bygghjälps.

SUCCESSFUL MARKETING IN THE TRUE BYGGMAX SPIRIT

In 2009, Bygghjälps launched a new proprietary marketing concept based on the experiences and stories of our customers. We interviewed customers about what they had been building and renovating and what they thought of Bygghjälps. This material was then edited together to make commercials and a longer report that are available on the website and short stories that appear in our mailshots. These campaigns were both successful and attracted widespread attention, and it seems to me that we really caught the Bygghjälps spirit in this communication venture. “Do-it-yourself; quick, simple and inexpensive.”

During the year, we also won the Best Web Site at the EPiServer Awards for our special technology platform. The website is vital to Bygghjälps since it is here that we meet many of our customers every day, receive orders and respond to enquiries. It is also where customers can find the prices of all the products, stock availability, product information, instruction films and a wide range of other relevant information.

INSPIRED EMPLOYEES – OUR COMPETITIVE EDGE

Without our committed employees we would not be successful. It is as simple as that. Alongside our well-defined concept, employees are our most important growth drivers, and we endeavor to continue to develop them. Everyone who works at Bygghjälps stores is given basic store training. In 2009, all head office employees also went to work in a store to gain experience and strengthen the sense of “one for all and all for one” that characterizes our way of working. Our corporate culture is underpinned by a genuine drive toward cost efficiency. We compete to find the lowest possible price – be it for a cup of coffee, travel or a hotel room.

Over the past year, all Bygghjälps managers, from local managers to the President, underwent leadership training and these courses will continue in 2010. This training program is another way of strengthening the Bygghjälps spirit and ensuring that we are working from the same page in terms of the key points in being a leader. To maintain a resource-efficient organization, all employees must share the same values and feel involved in helping us achieve our goal.

GROWTH CONTINUES, YET WITH A MAJOR COST FOCUS

It is gratifying that we could continue to grow with enhanced profitability despite the difficult market climate. This achievement proves the strength of our concept and that more and more people are opting for the low-price alternative when they purchase building materials – regardless of the economic climate. Growth was generated by establishing new stores and also by existing stores increasing their sales. Many people dream of renovating their home themselves. We make it quick, simple and inexpensive to carry out large or small-scale construction projects. Naturally, we continue to see great potential in growing at a sensible rate in the three countries where we currently have operations, and in the long term also start looking further afield.

In conclusion, I would like to thank all of our employees who were involved in helping us achieve our positive performance and all of our customers who show their confidence in us every day.

I look forward to an exciting 2010.

BUSINESS CONCEPT, STRATEGY AND GOALS

BYGGMAX'S VISION IS TO BE THE LEADING LOW-PRICE PLAYER IN THE DIY MARKET IN SWEDEN, NORWAY AND FINLAND. READ MORE ABOUT HOW WE WILL ACHIEVE THIS GOAL.

BUSINESS CONCEPT

Byggmax's business concept is to sell high-quality building materials at the lowest possible price – in Sweden, Norway and Finland. The business concept is based on the five following cornerstones:

1. A limited range of high-quality products at the same low price for all customers set below competitors' levels, without making use of price campaigns or customer discounts.
2. Stores that are recognizable by their standardized design, which includes drive-in facilities, and are situated at carefully selected locations.
3. Stores that are designed to enable customers to make their purchases efficiently and to save time.
4. A resource-efficient organization focused on continuous improvements and low costs, and
5. An effective balance sheet (including property leases), high inventory turnover, efficient purchasing and logistics processes, and the rule that Byggmax never offers credit to its customers

SUCCESS FACTORS

- Limited, high-quality product range
- Resource-efficient organization
- Strong corporate culture
- Consistent pricing strategy
- Stores that make shopping quick, simple and inexpensive

GOALS AND STRATEGIES

Byggmax's financial targets are:

- organic growth to exceed 15 percent per year, and
- to maintain an operating margin of above 11 percent.

To achieve these financial goals, Byggmax has defined the following strategies to expand the store network, improve its operations and develop the business.

Store network expansion

Over time, Byggmax will increase presence in Sweden to about 60–70 stores, build up a national presence in Norway with about 30–35 stores and strengthen its position in Finland by establishing a total of 20–25 stores in economically attractive locations.



“QUICK, INEXPENSIVE AND SIMPLE”

Operational excellence

Bygghmax will improve the operations by further expanding its use of economies of scale at its purchasing function by handling larger product volumes and procurement from low-cost countries. The organization will enhance its resource-efficiency by implementing continuing business process improvements and reducing costs. Furthermore, Bygghmax will capitalize on newly opened stores becoming profitable once they reach maturity and on increasing sales in already well-established stores.

Business development

Bygghmax works continuously with internal business development and is currently evaluating the possibility of launching additional products that are to be sold online only with direct delivery to the customers from the suppliers. In addition, Bygghmax is evaluating the option of expanding the product offering in a bid to render the range even more attractive to professional tradesmen and to adjust the range to seasonal variations to boost sales in general and in sales figures in the first and fourth quarters in particular.

BÖRJE'S FARM



I work as a farmer and have my own dairy. I get up at 5 o'clock every morning to milk the cows and then go on my usual rounds sorting out the fodder. I don't really think that sitting in an office all day is for me – I enjoy physical labor.

The type of maintenance work that I need to do is everything from painting to replacing something that may be broken to small renovations and repairs. I always need to buy nails, paint, screws, planks, insulation, threaded rods and so on. Those of the types of things you need as a farmer. My profit is affected by the materials supplier that I choose and I believe that I've made the right choice by purchasing everything I need at Bygghmax. I used to spend a great deal of time ringing around and asking about prices, but I don't have to bother with that hassle anymore. I just go to Bygghmax.

Read more at www.bygghmax.se

BYGGmax

OPERATIONS

EVER SINCE THE COMPANY WAS FOUNDED IN 1993, THE “BYGGMAX CONCEPT” HAS BEEN ESSENTIAL TO THE DEVELOPMENT OF THE OPERATIONS. THE CONCEPT IS BASED ON A LIMITED PRODUCT RANGE, A RESOURCE-EFFICIENT ORGANIZATION, A STRONG CORPORATE CULTURE AND CONSISTENT PRICING STRATEGY. WITH THE COMBINATION OF LONG-TERM FAVORABLE MARKET CONDITIONS AND THE TRENDS IN THE DIY MARKET, BYGGMAX IS WELL-POSITIONED TO CONTINUE TO GROW.

BUSINESS MODEL – POSSIBLY THE SIMPLEST IN THE WORLD

Byggmax offers inexpensive high-quality products for the most common maintenance and DIY projects. The primary target group is consumers and the range of products encompasses basic building materials such as sawn timber, insulation, tools and paint – at the same low price regardless of whether the customer is a professional or a consumer. With its limited range, Byggmax handles large volumes and

can secure economies of scale in purchasing and logistics.

Ever since the company was founded in 1993, the operations have been conducted in accordance with the “Byggmax concept,” which has been essential to its development. The concept is based on a limited product range, a resource-efficient organization, a strong corporate culture and consistent pricing strategy, as well as the characteristic design of the stores. Today, Byggmax has a strong market position,

TOM BUILT HIS FIRST FENCE



I've learnt to build a fence by erecting this one. To be honest, I was thinking of getting someone else to do it for me. I simply felt that I couldn't manage it. Things such as concrete work and so on I've never done before. I'm no builder, I actually studied history. But once you get started, it's easier than you think.

I must admit that there is a certain satisfaction in doing it yourself. It was better than I'd expected and really easier than I thought. So, who knows, maybe I'm smarter than I thought!

Read more at www.byggmax.se

BYGGmax

“BYGGMAX WAS SELECTED AS THE WINNER IN DAGENS NYHETER’S MAJOR PRICE SURVEY AMONG BUILDING MATERIALS SUPPLIERS IN SWEDEN FOR SEVERAL YEARS,”



an extensive store network and a recognized brand. Bygghmax does not own its own factories and instead purchases goods from independent suppliers, primarily in the Nordic region, but also from other European countries and Asia. Bygghmax does not own its own stores either; it leases store premises from international and local landlords. All stores are controlled centrally and, accordingly, the company has no franchise stores.

All of the operations are managed from the office in Solna. The company's business model serves as a platform to continue to generate organic growth through both the expansion of the store network and increased comparable sales per store.

MARKET – POTENTIAL FOR CONTINUED ORGANIC GROWTH

Bygghmax conducts business activities in the Swedish, Norwegian and Finnish DIY market. The European DIY market generates sales totaling approximately EUR 92.9 billion according to Mintel*, and is expected to grow by about 2 percent per year over the next five years compared to an average annual growth between 2005 and 2009 of 0.9 percent. Sweden, Norway and Finland jointly represent almost a tenth of the European market, with Norway accounting for the highest DIY sales (Do-It-Yourself) per capita in Europe. Corresponding numbers for the same period for Sweden, Norway and Finland shows an average annual growth that has outperformed many other European markets since 2002.

Given Bygghmax's average annual growth rate of 21 percent between 2005 and 2009, it is deemed that the growth potential in Sweden, Norway and Finland remains high. The building products market is fragmented and the housing market has a high turnover rate. It is relatively expensive to use professional tradesmen and there is a long tradition of doing the work oneself. Interest in home renovation and interior design has grown markedly in the Nordic region since the mid-1990s, which can be seen in the large number of DIY/home decorating television programs and the range of interior design magazines, for example.

Bygghmax's competitors are other chain stores, purchasing organizations, independent stores and wholesalers.

THE OFFERING – SIMPLICITY AND LOW PRICES

The typical Bygghmax customer is aged between 25 and 60 and the owner of a detached house, who wants to repaint the house, build a terrace or put up a fence. Most customers are consumers, although about a fifth comprise professional tradesmen. Bygghmax's offering includes the materials needed for building a house and carrying out the most common repairs, maintenance or DIY projects.

Bygghmax's offering is based on simplicity and low prices – customers should focus less on their purchases and more on their DIY projects. Prices and stock availability are available from the website and stores have drive-in facilities, where customers

* Mintel International Group – provider of market knowledge and analysis within the DIY-sector.

“A FOCUSED PRODUCT LINE ALLOWS US TO OFFER THE LOWEST PRICES.”

do more themselves and the stores require fewer employees. By having a limited product range, Byggmax can maintain high volumes of sales for most of its products. In addition, the range primarily contains products that require a lower level of assistance and technical support, for example, sawn timber, insulation, doors and windows.

Practically all Byggmax stores have an identical range of products, which aids customers in their purchase planning. The range consists of the most in-demand building material and includes about 1,300 products, which is far fewer than the industry norm where large retailers may have up to 100,000 products. The range in the stores only changes marginally from year to year since demand for products for repairs, maintenance and DIY projects is relatively stable. Customer demands and requests for specific new products are followed up by store personnel and the purchasing department based on close and regular contact.

Pricing

Byggmax's pricing strategy is primarily based on setting prices lower than competitors' rather than making specific mark-ups on its own purchases. In addition, Byggmax continuously analyzes pricing and takes measures to secure competitiveness as well as profitability. The company also has a "lowest price guarantee," which means that a customer who finds an item at a lower price from a competitor will receive the lower price plus a discount of the difference. Another element of Byggmax's pricing strategy is to always offer low pricing instead of applying seasonal sales or campaign discounts.

Prices are set centrally to facilitate margin management throughout the product range and react rapidly to changes to market conditions. Byggmax endeavors to adjust prices once a year. However, the company is sometimes forced to alter its prices slightly more often due to external factors.

Byggmax has been voted the winner for many consecutive years in Swedish daily Dagens Nyheter's extensive price comparison between different companies in the construction sector. In early 2010, Byggmax was again named the chain with the lowest prices for a selection of comparable goods.

PURCHASING, DISTRIBUTION AND LOGISTICS – EFFICIENCY AT EVERY STAGE

Byggmax purchases its products from some 170 carefully selected suppliers, of which three quarters are



located in the Nordic countries. The company avoids being dependent on a single supplier by having at least two suppliers per product category. With its product strategy, Byggmax is one of the largest purchasers in its geographic market and can negotiate attractive contractual terms and discounts. Byggmax has no central warehouse, instead most of the products are delivered by the supplier in full truckloads directly to the stores. Byggmax imposes strict requirements on its suppliers in such areas as delivery conditions, product quality, price, order confirmation and invoicing procedures, which are monitored using the company's integrated IT system (ERP - Enterprise Resource Planning system).

The high inventory turnover places major demands on efficient distribution and logistics. More than half of the orders from suppliers are currently handled automatically in the ERP system and the company is striving to further automate its supply chain. Using the system, the purchasing department can identify inventory shortages in all of the stores at any one time and place an order. Furthermore, the purchasing department communicates closely and regularly with store personnel to pinpoint sales trends and activities not identified by the ERP system.

SALES – WINNING STORE CONCEPT AND SUCCESSFUL ONLINE SHOPPING

The store network has expanded from 19 stores to a total of 61 stores since 2003, of which 48 are located in Sweden, 11 in Norway and two in Finland. By managing the individual stores itself, Byggmax can control every aspect of the daily operations and ensure that the concept is fully applied throughout the store network, which facilitates the opening of new stores and reinforces the brand. At the same time, active information exchange take place between the stores

so as to spread knowledge and apply know-how to different areas. Alongside store sales, Bygghmax successfully launched an online shopping service during the year.

Stores

Bygghmax's stores are specially designed so that all stores are easily recognizable as a Bygghmax store, making it quick to find them and contributing to strengthening the brand. The stores are usually located next to retail areas in suburbs and in shopping centers, where the per square meter rental costs are significantly lower than in the actual shopping center.

The design of the stores makes it easier for customers to make their purchase efficiently and save time during the entire process. Customers should spend more time doing their DIY projects than shopping for materials. The design of the stores also enhances the visibility and availability of the products since customers pass a large part of the range as they go or drive through the store premises.

All of the stores have drive-in facilities, which makes it easier for customers to load, purchase and transport the products, particularly heavy items. Bygghmax customers also have the option of borrowing trailers free of charge – a service that is highly appreciated and provides added exposure to the Bygghmax brand.

The number of personnel at the stores is modest and the main task of store employees is to provide service, assist customers in finding the right product, manage payment transactions and organize the store's inventory. Bygghmax attaches great importance to having well-managed stores, avoiding product shortages and ensuring that employees have a customer-friendly attitude and are service-minded.

New store openings

Bygghmax continuously evaluates its store network and seeks new locations in which to establish outlets. There is now a well-tested method for identifying attractive store sites. Demographics and disposable income in an area are among key criteria in determining the location of a new store, in addition to access to the store. Bygghmax also offers rewards to people who assist the company in identifying suitable, available sites or properties. The method has proven effective and popular. As recently as the store inauguration in Trondheim in September 2009, a finder's reward check of SEK 100,000 was presented to the person who informed Bygghmax of the available site.

The costs of opening a new store are limited and a new outlet is expected to contribute to profitability after one , and reach full sales maturity within two to three years. After a new rental lease is signed, it normally takes Bygghmax four to six weeks to open the store. The aim is to open new outlets immediately before or in conjunction with the hectic summer season. During the past four years, Bygghmax has opened an average of nine stores annually. To date, the company has not closed any of its stores, indicating that both the underlying analysis and expansion model function.



E-trading

During 2009, Byggmax launched an e-trading site to broaden its sales channels and capitalize on Internet diversity. The website includes an interactive catalog with descriptions and three-dimensional images of Byggmax's complete product range. The website consistently updates prices and inventory levels for each Byggmax outlet. This permits customers to check if the product they are seeking is available ahead of any visit to a store. Customers can also, via Byggmax's e-trading site, opt to order the full range of Byggmax's products for home delivery directly. Byggmax is continually evaluating e-trading to increase service by further broadening the online offer.

In early 2010, Byggmax launched the Byggla.se site – a Swedish Internet community for DIY projects – in a bid to add to the exposure of its e-trading operations. In addition, work is continuing on the development and fine-tuning of internal and external logistics by way of support for the store network and web-based sales.

MARKETING – CONSISTENT BRAND STRATEGY

The brand has been steadily strengthened as a result of Byggmax consistently applying its concept and continuously expanding the store network. Byggmax has now managed to attain nation-wide brand recognition in Sweden and high brand recognition in Norway, where the chain was launched in 2007. The brand is strengthened by the company's distinct

business concept and the characteristic and effective store design.

Byggmax has invested substantial time and effort in developing its brand and attaining economies of scale in its marketing concept. Advertising uses a consistent form of expression, with realistic situations and real customer projects. This adds a documentary feeling to activities, all in line with the strategy of making things easy for DIY enthusiasts. This concept is used in a similar fashion with local adjustments to suit Sweden, Norway and Finland.

Byggmax pursues a number of consumer-targeted market activities, including printed advertising, a website and TV commercials. In line with its consistent cost focus, Byggmax – in cooperation with production agencies – produces its own commercials, using genuine, unrehearsed customers. In addition, the company produces "Byggmax News", a DM brochure that is distributed regularly to most households in the catchment area around each store.



EMPLOYEES

BYGGMAX'S BUSINESS MODEL IS BASED ON A SOLID CORPORATE CULTURE, WITH THE FOCUS ON FREEDOM OF ACTION AND CLEARLY DEFINED AREAS OF RESPONSIBILITY FOR EMPLOYEES, IN ADDITION TO A FLAT AND COMMUNICATIVE ORGANIZATION, COST CONSCIOUSNESS, SUPERIOR BUSINESS PROCESSES AND EFFICIENCY IN DAY-TO-DAY OPERATIONS.

SOLID CORPORATE CULTURE – THE BYGGMAX SPIRIT

Byggmax's solid corporate culture – the Byggmax spirit – is a prerequisite for the successful application and development of the company's business model. The corporate culture highlights freedom of action and clearly defined areas of responsibility for employees, in addition to a flat and communicative organization, cost consciousness, continuously improved business processes and a distinct entrepreneurial spirit.

Consultants are seldom used, and regional managers are normally recruited internally – notably through the promotion of store managers. As a result, the organization is characterized by efficient decision-making processes and a distinct entrepreneurial spirit.

The corporate culture is maintained by means of robust and integrated business methods, continuous internal communication and through the presence of corporate culture bearers in all areas of operations.

ORGANIZATION – FUNCTION-CONTROLLED MANAGEMENT

Byggmax has a resource-efficient organization in which most business activities are managed centrally. In addition to the sales force, which is based in Byggmax stores, most business processes are managed function-wide across all stores from the head office in Solna, near Stockholm. Thus, there are no local offices - a feature that contributes to the efficiency and econ-

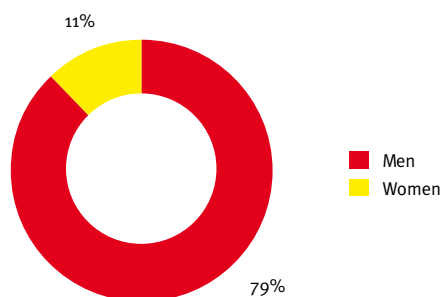
omies of scale that characterize the Byggmax concept. Store operations are organized around two main areas of responsibility, namely, regional and store management. Regional managers are responsible for the management, operations and financial performance of a number of stores in a certain region and for identifying suitable locations for additional outlets. Currently, there are seven regional managers in Sweden, Norway and Finland. The regional manager is responsible for a number of store managers in the region, who in turn manage the day-to-day operations.

WORKFORCE – 370 "BYGGMAXERS"

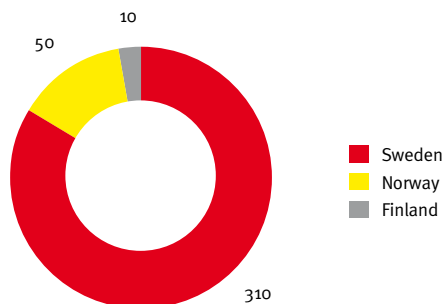
Over the course of 2009, Byggmax had an average of 370 full-time employees, with store personnel accounting for most of the workforce. Due to large seasonal variations, the operations require flexible store manning, which is achieved by means of a large share of part-time employees. The relatively high degree of personal freedom of action for employees and clearly defined areas of responsibility have created a highly motivated organization with a low turnover in personnel. Work attendance vis-à-vis normal working hours was 96 percent during the year.

Byggmax's policy is to give priority to in-house recruitment. Investments in store personnel are conducted continuously by means of regular in-house training in product awareness, sales and customer service. In addition, the company uses "mystery shoppers" each month to evaluate stores in terms of customer service, appearance, work environment and safety.

WORKFORCE, BY GENDER IN %



WORKFORCE, EMPLOYEES BY COUNTRY





THE BYGGMAX SPIRIT

Focus on the customer

The objective is that all customers are satisfied when they leave the store. A satisfied customer is the best merit available.

One for all, all for one

We at Byggmax support each other. Our most important task is to satisfy customers.

Cost focus

Byggmax sells building materials at the lowest price by seeking the minimum cost for purchases and activities.

Participation

A "Byggmaxer" is committed to and involved in the company. All employees are offered responsibility, authority and performance-monitoring.

In-house recruiting

Byggmax seeks people that fit into the company and it prefers to recruit in-house as part of efforts to get the right person for the right job.

BYGGMAX ORGANIZATION

Purchases

Responsible for strategic purchases, supplies, pricing, product line and logistics.

Marketing and IT

Responsible for market strategy, production of advertising materials, website, and operation and development of the IT environment.

Stores

Responsibility for store operations, customer service, establishment of new stores and training.

Accounting and finance

Responsible for accounting, controlling, HR & payroll, as well as other administrative tasks on behalf of the entire organization.

BYGGMAX'S RESPONSIBILITY

BYGGMAX'S POLICY FOR SOCIAL RESPONSIBILITY COMPRISES A CODE OF CONDUCT FOR SUPPLIERS, ETHICAL GUIDELINES, WORK ENVIRONMENT POLICY AND EQUALITY POLICY. ALL POLICY DOCUMENTS ARE AVAILABLE IN THEIR ENTIRETY AT BYGGMAX'S WEBSITE.

CODE OF CONDUCT FOR SUPPLIERS

Byggmax does not conduct manufacturing operations but instead buys its products from some 170 carefully selected suppliers. The company's purchasing programs seek to find products that are reliable and valuable, and which do not compromise the company's principles governing quality, function, work conditions or the environment.

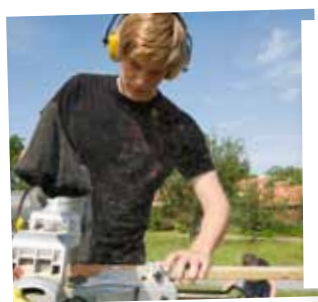
The company has guidelines that cover work conditions and social responsibility in its own operations as well as in relations with suppliers of products and services. The code of conduct complies with the

UN's Global Compact and the OECD's guidelines for multinational companies. Suppliers are personally responsible for ensuring that their operations are pursued in line with the code of conduct and, when requested, must provide Byggmax with information concerning their sub-suppliers.

ETHICAL GUIDELINES

Byggmax's employees must fulfill their undertakings in a manner that does not abuse the company's confidence.

JOHAN'S AND ERIK'S FLOATING JETTY



We got the idea of building jetties two years ago. Those available were very expensive, so we built one ourselves. After this, we had to do a project for school during the summer vacation, so we thought: Why not build another jetty and see if we can sell it! The market was larger than we expected – quite a few people wanted a jetty for their summer house. This type of floating jetty has the advantage that it is not affected by the water level. We've been kept busy since school ended.

What makes our jetty so good is that it's long lasting. It's high quality. The jetty here in the river has just been oiled for the first time in three summers, but nevertheless it stayed intact, thanks to the pressure-impregnated timber.

When we began to buy materials at Byggmax, we cut our costs by a third and all we had to do was walk right in and pick out what we wanted. The duckboards are sawn in finished lengths, which are perfect for making these jetties. It's simple, so simple!

Read more at www.byggmax.se

BYGGmax

This means, for example, that employees must not abuse corporate information, act in matters in which they are partial, or permit their personal undertakings to take precedence over their duty and responsibility to Byggmax.

In their capacity as employees at Byggmax, personnel must not offer, request or accept inappropriate gifts, payments or travel for themselves or for relatives. Under no circumstances are employees at Byggmax to participate in collaboration or act in a manner that improperly curtails free competition.

ENVIRONMENTAL POLICY

Using active environmental programs, Byggmax will promote sustainable social development. Byggmax primarily impacts on the environment through product transport, and via the products themselves, along with the environmentally hazardous content of packaging, printing and distribution of brochures, and through energy consumption in operations. The company shall take the environment into account in all decisions and at all levels of operations and shall endeavor to apply legislation and other environmental requirements.

Environmental programs are based on a life cycle perspective and, thus, take into account the environmental impact throughout the entire value chain. The company pursues continuous dialog with suppliers and entrepreneurs and imposes relevant demands. It also seeks to raise employee awareness of environmental issues and stimulates participation in environmental work. In addition, the share of environmentally compatible products will increase, supplemented by an improvement of environmentally related information for priority areas. Environmental programs are based on an environmental policy with concrete objectives and measures for priority areas. The programs are assessed each year in an environ-

mental report that gauges the status and development in each area. The goal is achieve improvement in priority areas from year to year.

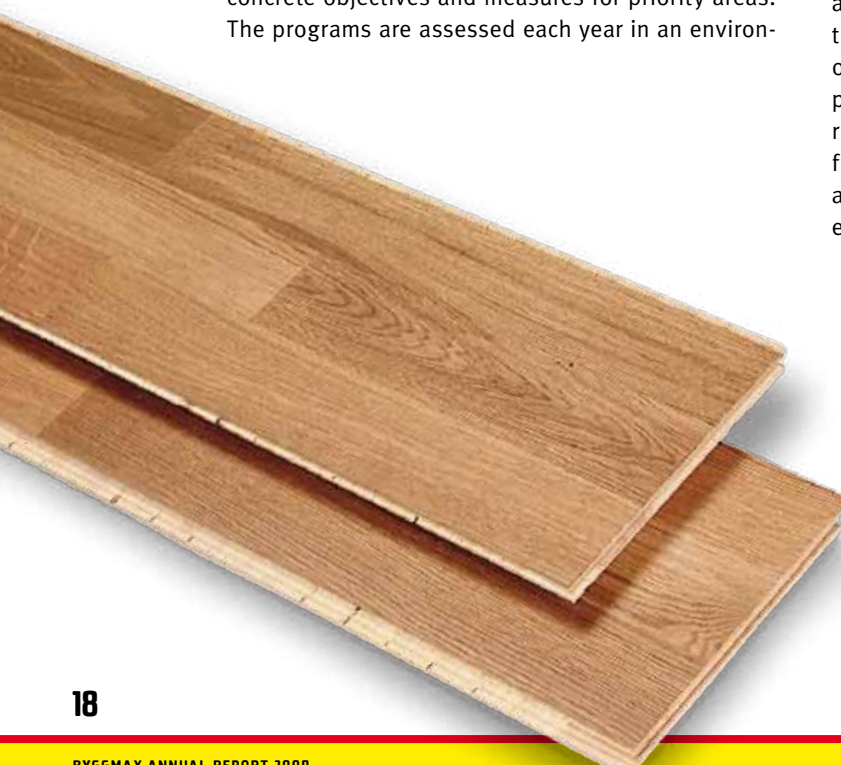
WORK ENVIRONMENT POLICY

The goals of Byggmax's systematic work environment programs are to prevent occupationally related illnesses and promote a good physical and psychosocial work environment. These efforts encompass the study of working conditions, risk assessment, implementation of preventive measures and the monitoring of activities. To facilitate these programs, considerable efforts are made to ensure that all the company's executives undergo training in work environment-related programs and fire safety.

The company is seeking to handle work environment issues in line operations and make them a natural part of day-to-day activities. The CEO has primary responsibility for work environment programs and fire safety in the organization. The regional managers are responsible for ensuring that site managers in their region have undergone training and that the established procedures are followed. Each site manager is responsible for safety, fire safety and the work environment at his/her facility and must ensure that all employees have received basic training in these issues, as well as access to current legislation and regulations, in addition to the opportunity to participate in work environment programs.

EQUALITY POLICY

Byggmax seeks to create an environment in which women and men - both as groups and individuals - jointly and equally create range and totality in operations. The company endeavors to create an awareness of gender and equality that permeates the entire organization and exists as a natural part of internal and external recruitment, pay setting and pay negotiations. Women and men shall have equal rights, obligations and opportunities within the framework of their employment at Byggmax. This applies both to the physical and psychosocial work environment.



MULTI-YEAR OVERVIEW

SEKm	2009 IFRS	2008 IFRS	2008 BFN	2007 BFN	2006 BFN ¹⁾
Total revenues	2,443.5	2,107.0	2,107.0	1,771.1	1,354.1
EBITA	272.7	153.0	148.3	123.2	106.4
Operating profit	272.7	153.0	86.3	61.2	44.2
Profit before tax	203.9	51.8	1.6	-11.8	-42.2
Income tax	-42.7	-11.6	-15.5	-12.9	-17.6
Profit / loss for the year	161.2	40.2	-13.9	-24.7	-59.8
Assets					
Non-current assets	1,181.6	1,186.4	1,064.8	1,138.7	1,143.9
Inventories	295.0	232.7	232.7	193.7	135.9
Other current assets	98.0	55.8	57.0	49.3	45.6
Cash and cash equivalents	31.6	124.6	124.6	19.4	38.4
Total asset	1,606.3	1,599.5	1,479.0	1,401.1	1,363.7
Shareholders' equity and liabilities					
Shareholders' equity	337.8	174.5	86.9	97.4	121.8
Long-term interest bearing liabilities	765.3	926.5	1,009.7	1,034.6	1,082.7
Long-term non-interest bearing liabilities	58.4	41.0	21.9	18.1	14.1
Current interest bearing liabilities	71.3	106.8	0	23.3	1.1
Accounts payable	285.6	302.2	302.2	172.6	106.0
Other current non-interest bearing liabilities	88.0	48.5	58.4	55.0	38.0
Total shareholders' equity and liabilities	1,606.3	1,599.5	1,479.0	1,401.1	1,363.7
Net sales growth, %	16.0	19.0	19.0	30.8	18.1
Like-for-like (LFL) sales growth, %	6.0	1.3	1.3	9.4	2.9
Gross margin, %	29.8	28.2	28.2	27.0	26.0
EBITDA margin, %	12.5	8.6	7.7	7.6	8.5
EBITA margin, %	11.2	7.3	7.0	7.0	7.9
Operating (EBIT) margin, %	11.2	7.3	4.1	3.5	3.3
Operating capital, TSEK	1,143	1,083	972	1,136	1,167
Operating capital less Goodwill, TSEK	98	39	-10	91	60
Net debt, TSEK	805	909	885	1,039	1,045
Return on operating capital, %	24.3	-	14.1	10.7	16
Return on operating capital less Goodwill, %	347.2	-	366.8	162.7	168
Net debt / EBITDA, multiple	2.6	5.0	5.4	7.7	9.0
Average Net Working Capital, % of Net sales	-2.8	-2.4	-2.4	-2.0	1.7

1) The figures for 2006 are a combination of the Bygghem Group AB Annual Reports for the fiscal years May 2005–April 2006 and May 2006–December 2006.

BOARD OF DIRECTORS' REPORT

Operations in general

The Byggmax Group conducts sales of building materials. The business concept is to be the least expensive and best alternative in Sweden, Norway and Finland for customers wishing to purchase building materials of high quality. Operations are conducted in Sweden, Norway and Finland. On December 31, 2009, there were 61 stores, of which 48 in Sweden, eleven in Norway and two in Finland.

Ownership structure

Byggmax Group AB is majority-owned (72 percent) by Altor's 2003 Fund.

Branches

The Byggmax Group's retail sales in Norway are conducted by the branch BYGGmax Norge and in Finland by the branch BYGGmax AB Finland.

Significant events during the fiscal year

During the year, seven new stores were opened, of which five in the Swedish market (Bromma, Borlänge, Falkenberg, Kungsängen and Piteå), one in the Norwegian market (Trondheim) and one in the Finnish market (Vaasa).

Significant events after the balance-sheet date

In January 2010, BYGGmax Group AB acquired Svea Distribution AB, which is an purchasing agent for the Byggmax Group.

Net sales and profit

The Byggmax Group, four-year summary, SEK 000s

	2009*	2008*	2008**	2007	2006
Net sales	2,443,516	2,107,012	2,107,012	1,771,083	1,354,056
Operating profit before depreciation	306,655	181,628	163,526	134,677	115,644
Operating profit before goodwill amortization	306,655	181,628	148,540	123,417	106,442
Equity/assets ratio ⁽¹⁾	49.5%	37.1%	36.5%	36.6%	37.1%
Indebtedness, multiple ⁽²⁾	1.1	2.7	2.9	4.7	5.7

1) (Adjusted shareholders' equity + subordinated shareholder loans) / Total assets

2) Interest-bearing debt excluding shareholder loan and cash / operating profit before depreciation

*) Prepared according to IFRS

**) Prepared according to previous accounting policies

Sales amounted to SEK 2,444 M, compared with SEK 2,107 M in the corresponding period of the preceding year, which was an increase of 16 per cent.

The gross margin amounted to 29.8 percent, compared with 28.2 percent for the corresponding period of the preceding year. The margin was positively influenced by the effects of better purchasing prices due to increased volumes and favorable exchange-rate effects. Other external costs declined by 2.6 percentage points as a result of rationalization projects conducted both at the head office and in stores. This included producing advertising in-house, which resulted in substantial cost savings. Personnel costs were affected by the newly opened stores, although this was offset by increased productivity in existing stores. Over the past two fiscal years, the Group established operations in the Norwegian and Finnish markets, which impacted earnings for 2007 and 2008.

Profit before depreciation amounted to SEK 307 M (182), an improvement of 69 percent, compared with the corresponding period in the preceding year. Sale of the company Anso Eiendom Hylkje AS resulted in a non-recurring charge of

SEK 4.8 M against earnings. The operating margin (excluding depreciation) amounted to 12.5 (8.6) percent.

Cash flow from operations amounted to SEK 162 M (199). On December 31, 2009, inventory amounted to SEK 295 M (233). Compared with the same month in the preceding year, seven new stores were added, and inventory in the new stores amounted to SEK 35 M. Inventory turnover was 6.5 (7.1) during the fiscal year. Investments during the year totaled SEK 33.5 M (67.3).

Consolidated shareholders' equity amounted to SEK 338 M (174) on December 31, 2009. The equity/assets ratio as defined above amounted to 49.5 (37.1) percent. Indebtedness amounted to a multiple of 1.1 (2.7) and decreased sharply, compared with the preceding year, as a result of the positive earnings trend and improvements with respect to working capital that enabled the Group to amortize external debt substantially.

During the year, the Group began to apply the International Financial Reporting Standards (IFRS), which had effects on both earnings and the financial position. The main effects

are that goodwill amortization was reversed as of the transition date on January 1, 2008, that the major share of the Group's leasing contracts was reclassified as financial leasing and that interest on the existing shareholder loans was discounted. For a more detailed description of the financial effects, refer to Note 35 in the supplementary information.

Financial risk management

Practical risk management is handled by Bygghmax's central finance department according to the financial policy established each year by the Board of Directors. For a more detailed description of the Group's risk management, refer to the section Financial risk management, Note 3, in the supplementary information.

Number of employees

The average number of employees totaled 370 (341) persons. Further information about employees can be found in Note 9 of the annual report.

Expectations regarding future development

Operations will continue to expand through establishment of new facilities in Sweden, Norway and Finland and through refinement and enhancement of existing facilities.

The Board of Directors expects a continued positive sales trend.

Environmental information

Bygghmax mainly affects the environment through transports of products from manufacturers to stores or warehouses and from stores to customers, through products containing substances that impact the environment and through product packaging. Bygghmax works to minimize its impact on the environment, comply with environmental requirements according to Swedish legislation and through a continuous dialogue on environmental issues with our suppliers and contractors in which relevant demands are made. Bygghmax works to increase the proportion of environmentally friendly products and to improve environmentally oriented information to customers.

Guidelines for compensation to senior executives

At the 2010 Annual General Meeting, the following will be proposed regarding compensation to senior executives. The overriding principles for compensation to leading executives will be based on position, individual performance and the Group's earnings. Compensation must be competitive in the country of employment. Total compensation to senior executives shall consist of fixed salary, variable salary in the form of a short-term incentives based on annual performance targets, long-term incentives based on performance over several years, pension and other benefits. In addition, there are conditions relating to termination and severance pay.

Fixed salary

Fixed salary shall be the basis for total compensation. The salary must be related to the relevant market and reflect the scope of responsibility that the work entails. Fixed salary shall be reviewed annually to ensure that it is based on

market and competitive terms. In comparisons, consideration shall be taken to position, the company's size, salary and the person's experience.

Variable salary/short-term incentive programs

In addition to fixed salary, senior executives shall be able to receive variable salary for results that exceed one or more pre-defined performance levels during a calendar year. Variable salary is determined by both qualitative and quantitative measures.

Long-term incentives

The Board of Directors will evaluate each year whether or not a long-term incentives program (e.g. share- or share-price-based) shall be proposed to the Annual General Meeting.

Pension

Agreements regarding pensions shall, where possible, be based on fixed premiums and formulated in accordance with levels and practice applying in the country where the senior executive is employed.

Other benefits

Other benefits may be provided in accordance with the conditions that apply in the country where the senior executive is employed. However, such benefits must be as limited as much as possible and may not comprise a major portion of the total compensation.

Notice period and severance pay

Senior executives shall be offered terms of employment according to legislation and practice applying in the country in which the senior executive is employed.

Parent Company

Bygghmax Group AB is a holding company. Operations are conducted in the subsidiary BYGGmax AB (corp. reg. no. 556645-6215), in the subsidiary BYGGmax Fastighetsutveckling AB (corp. reg. no. 556726-8593) and in a subsidiary to that company BYGGmax Fastighetsholding AB (corp. reg. no. 556726-8601). The company did not have any employees during the year.

PROPOSED DISTRIBUTION OF EARNINGS

Proposal by the Board of Directors and the President regarding distribution of disposable earnings:

Premium reserve	167,527,469
Earnings brought forward	51,739,110
Loss for the year	-30,091,088
	189,175,490

The Board of Directors proposes that these earnings be distributed such that SEK 189,175,490 be carried forward.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK oos	Notes	2009	2008	2007
Net sales	5	2,443,516	2,107,012	1,771,083
Other operating income	6, 12, 17	7,264	18,407	4,629
Total operating income		2,450,780	2,125,419	1,775,712
Operating expenses				
Goods for resale	33	-1,715,670	-1,512,587	-1,292,865
Other external costs	8, 32, 33	-238,949	-261,107	-201,345
Personnel costs	9, 28	-180,281	-164,826	-145,990
Depreciation, amortization and impairment of tangible and intangible fixed assets	13, 14	-33,934	-28,655	-73,476
Other operating expenses	7, 12, 17	-9,226	-5,271	-835
Total operating expenses		-2,178,059	-1,972,446	-1,714,511
Operating profit		272,722	152,973	61,201
Financial income	12	18,577	8,670	8,041
Financial expenses	12	-87,422	-109,794	-81,075
Loss from financial items	10	-68,845	-101,124	-73,034
Profit/loss before tax		203,877	51,849	-11,833
Income tax	11	-42,682	-11,641	-12,882
Profit/loss for the year		161,194	40,208	-24,715
Other comprehensive income for the year				
Translation differences		1,490	-190	0
Total other comprehensive income/loss for the year		1,490	-190	0
Total comprehensive income/loss for the year		162,684	40,018	-24,715

The profit and the total comprehensive income for the year are attributable in their entirety to Parent Company shareholders. The notes on pages 32 and 64 comprise an integrated component of the consolidated accounts.

CONSOLIDATED BALANCE SHEET

Amounts in SEK 000s	Notes	2009-12-31	2008-12-31	2008-01-01
TILLGÅNGAR				
ASSETS				
Fixed assets	5, 13	10,908	11,719	6,881
Capitalized expenses for development work	5, 13	1,044,585	1,044,585	1,044,585
Goodwill	5, 14	7,485	19,893	20,225
Buildings and land	5, 14	4,359	4,076	3,605
Land improvements on another party's property	5, 14	99,999	98,451	74,877
Equipment, tools and installations		0	4,860	29,307
Work in progress on new facilities	27	14,231	2,801	511
Deferred tax assets		65	41	21
Other long-term receivables		1,181,632	1,186,426	1,180,012
Total fixed assets				
Current assets	20	295,016	232,657	193,746
Inventories	20	0	19	0
Work in progress on behalf of another party	20	1,607	1,088	2,829
Advances to suppliers	19, 33	76	289	220
Accounts receivable	18	853	467	710
Derivatives	21	75,769	37,076	29,048
Other receivables	22	19,703	16,896	16,438
Prepaid expenses and accrued income	23	31,648	124,572	19,372
Cash and cash equivalents		424,672	413,064	262,363
Total current assets		1,606,304	1,599,490	1,442,375
TOTAL ASSETS				

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

CONSOLIDATED BALANCE SHEET (CONT.)

Amounts in SEK 000s	Notes	Dec. 31, 2009	Dec. 31, 2008	Jan. 1, 2008
SHAREHOLDERS' EQUITY				
Capital and reserves that can be attributed to the Parent Company's owners				
Share capital	24	18,405	18,368	18,159
Other capital contributions	24	208,378	207,822	204,140
Reserves	25	1,178	-312	-122
Earnings brought forward including loss for the year		109,795	-51,399	-91,545
Total shareholders' equity		337,756	174,479	130,632
LIABILITIES				
Long-term liabilities				
Borrowing from credit institutions	26	307,288	507,144	571,671
Loans from related parties	26	458,006	419,349	379,358
Derivative instruments	18, 26	11,043	7,655	0
Deferred tax liabilities	27	47,314	33,310	31,051
Total long-term liabilities		823,651	967,458	982,080
Current liabilities				
Borrowing from credit institutions	26	71,327	106,839	87,996
Overdraft facility	26	0	0	23,340
Accounts payable	33	285,574	302,210	172,633
Deferred tax liabilities		31,733	1,628	8,206
Derivative instruments	18	2,903	0	0
Other liabilities	29	8,198	12,736	5,601
Accrued expenses and prepaid income	30	45,162	34,140	31,887
Total current liabilities		444,897	457,553	329,663
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,606,304	1,599,490	1,442,375

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK 000s	Notes 24, 25	Attributable to the Parent Company's shareholders				
		Share capital	Other capital contri- butions	Reserves	Earnings brought forward	Total share- holders' equity
Opening balance on January 1, 2008		18,159	204,140	-122		
Comprehensive income						
Profit for the year					40,208	40,208
Other comprehensive income						
Exchange-rate differences				-190		-190
Total comprehensive income		0	0	-190	40,208	40,018
Transactions with shareholders						
New issue		209	3,444			3,653
Loans raised from related parties, equity portion			238		-62	176
Total transactions with shareholders		209	3,682	0	-62	3,829
Closing balance on December 31, 2008		18,368	207,822	-312	-51,399	174,479
Opening balance on January 1, 2009		18,368	207,822	-312	-51,399	174,479
Comprehensive income						
Profit for the year					161,194	161,194
Other comprehensive income						
Exchange-rate differences				1,490		1,490
Total comprehensive income		0	0	1,490	161,194	162,684
Transactions with shareholders						
New issue		37	555	0		593
Loans raised from related parties, equity portion						0
Total transactions with shareholders		37	555	0	0	593
Closing balance on December 31, 2009		18,405	208,377	1,178	109,795	337,756

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

CONSOLIDATED CASH-FLOW STATEMENT

Amounts in SEK 000s	Notes	2009	2008
Cash flow from operating activities			
Operating profit		272,722	152,973
Non-cash items			
- Depreciation, amortization and impairment of tangible and intangible fixed assets		33,934	28,654
- Capital gain/loss from divestment of subsidiaries		4,475	-15,687
- Other non-cash items		668	1,270
Interest received		22,935	3,540
Interest paid		-37,950	-47,253
Tax paid		-10,029	-18,354
Cash flow from operating activities before changes in working capital		286,755	105,143
Changes in working capital			
Increase/decrease in inventories and work in progress	20	-62,859	-37,189
Increase/decrease in other current receivables	21	-40,205	-8,248
Increase/decrease in other current liabilities	29	-21,200	139,491
Cash flow from operating activities		162,492	199,197
Cash flow from investing activities			
Divestment of subsidiaries	17	6,248	15,688
Investments in intangible fixed assets		-3,172	-7,719
Investments in tangible fixed assets		-11,598	-107,447
Sale of tangible fixed assets		5,186	110,367
Purchase of financial fixed assets		-926	152
Sale of financial fixed assets		0	-23,340
Cash flow from investing activities		-4,263	-12,299
Cash flow from financing activities			
New issue	24	593	3,653
Loans raised		0	3,373
Amortization of loans		-252,673	-88,572
Cash flow from financing activities		-252,080	-81,546
Cash flow for the period		-93,850	105,352
Cash and cash equivalents on the opening date	23	122,086	16,735
Cash and cash equivalents on the balance-sheet date	23	28,236	122,086

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

PARENT COMPANY INCOME STATEMENT

Amounts in SEK 000s	Notes	2009	2008
Operating revenues			
Net sales		0	0
Other operating revenues		75	0
Total operating revenues		75	0
Operating expenses			
Goods for resale			
Other external costs	8, 9	-2,029	-940
Personnel costs	9	-230	-196
Total operating expenses		-2,259	-1,136
Operating loss		-2,184	-1,136
Income from participations in Group companies			
Interest income and similar items		16	174
Interest expenses and similar items		-38,658	-37,061
Loss from financial items	10	-38,642	-36,887
Loss before tax		-40,826	-38,023
Tax on loss for the year	11	10,735	11,209
Loss for the year		-30,091	-26,814

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

PARENT COMPANY BALANCE SHEET

Amounts in SEK 000s	Notes	Dec. 31, 2009	Dec. 31, 2008	Jan. 1, 2008
ASSETS				
Fixed assets				
Financial fixed assets				
Participations in Group companies	15	307,062	235,392	178,104
Receivables from Group companies		354,008	354,008	354,008
		661,070	589,400	532,112
Total fixed assets		661,070	589,400	532,112
Current assets				
Current receivables				
Receivables from Group companies		0	34,870	54,288
Other receivables		83	0	0
Prepaid expenses and accrued income		0	15	15
		83	34,885	54,303
Cash and bank		4,700	6,130	5,410
Total current assets		4,783	41,015	59,713
TOTAL ASSETS		665,852	630,415	591,825

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

PARENT COMPANY BALANCE SHEET (CONT.)

Amounts in SEK 000s	Notes	Dec. 31, 2009	Dec. 31, 2008	Jan. 1, 2008
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Restricted equity				
Share capital	24	18,405	18,368	18,159
Total restricted equity		18,405	18,368	18,159
Unrestricted equity				
Premium reserve		167,527	166,973	163,528
Earnings brought forward		51,739	51,430	51,459
Loss for the year		-30,091	-26,813	-25,311
Total unrestricted equity		189,175	191,590	189,676
Total shareholders' equity		207,581	209,958	207,835
Provisions				
Deferred tax liability		7,727	8,783	10,169
		7,727	8,783	10,169
Long-term liabilities				
Liabilities to related parties		449,477	410,820	370,830
Total long-term liabilities		449,477	410,820	370,830
Current liabilities				
Accounts payable		36	0	0
Liabilities to Group companies		0	0	2,239
Current tax liabilities		2	2	0
Other liabilities	29	1,030	852	752
Total current liabilities		1,068	854	2,991
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		665,852	630,415	591,825
Pledged assets	31	307,062	235,292	178,004
Contingent liabilities	31	None	None	None

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

PARENT COMPANY CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK 000s	Notes 24,25	Share capital	New issue in pro-gress	Premium reserve	Earnings brought forward	Loss for the year	Total share- holders' equity
Shareholders' equity on December 31, 2007		18,159		163,528	23,349	-23,349	181,687
Effect of changed accounting policies							
Discounting of loans from related parties					36,317		36,317
Tax effect of above adjustment					-10,169		-10,169
Adjusted shareholders' equity on January 1, 2008		18,159	0	163,528	49,497	-23,349	207,835
Carried forward					-23,349	23,349	0
New issue		209		3,444	0		3,653
Group contributions granted					34,871		34,871
Tax effect of Group contributions granted					-9,764		-9,764
Loss for the period						-26,813	-26,813
Shareholders' equity on December 31, 2008		18,368	0	166,972	51,431	-26,813	209,958
Shareholders' equity on January 1, 2009		18,368	0	166,972	51,431	-26,813	209,958
Carried forward					-26,814	26,814	0
New issue		37		555			592
Group contributions granted					36,800		36,800
Tax effect of Group contributions granted					-9,678		-9,678
Loss for the period						-30,091	-30,091
Shareholders' equity on December 31, 2009		18,405	0	167,527	51,739	-30,090	207,581

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

PARENT COMPANY CASH FLOW STATEMENT

	Note	2009	2008
Cash flow from operating activities			
Operating loss		-2,184	-1,136
Adjustment for non-cash items			
–Group contributions received/granted and write-up of shares in subsidiaries		0	0
–Other non-cash items		-84	0
Interest received		16	174
Tax paid		0	0
Cash flow from operating activities before changes in working capital		-2,251	-962
Change in working capital			
Operating receivables		15	-3,000
Operating liabilities		214	-2,139
Cash flow from operating activities		-2,023	-6,101
Cash flow from investing activities		0	0
Cash flow from financing activities			
New issue		593	3,653
Raised loans		0	3,169
Cash flow from financing activities		593	6,822
Cash flow for the period		-1,431	720
Cash and cash equivalents on the opening date		6,130	5,410
Cash and cash equivalents on the balance-sheet date		4,700	6,130

The notes on pages 32 and 64 comprise an integrated part of the consolidated accounts.

ACCOUNTING POLICIES AND NOTES

All amounts in SEK 000s, unless otherwise specified.

1 GENERAL INFORMATION

The Bygghmax Group conducts sales of building materials. The business concept is to be the least expensive and best alternative in Sweden, Norway and Finland for customers wishing to purchase building materials of high quality.

The Parent Company is a limited-liability company registered in Sweden with its registered office in Solna. The address of the head office is Armégatan 40, SE-17 171 Solna.

On April 11, 2010, these consolidated accounts and the annual report were approved by the Board of Directors for publication.

2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

2.1 Basis for preparing reports

The consolidated accounts of Bygghmax Group AB were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, recommendation RFR 1.2 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board and the Annual Accounts Act.

This financial report is the Bygghmax Group's first financial report prepared in accordance with IFRS. Bygghmax has restated historical financial information from January 1, 2008, which was the date for transition to accounting according to IFRS. Explanations of the transition from previously applied accounting policies to IFRS and the effects of restatement on the income statement and balance sheet for 2008 are provided in Note 35.

The consolidated accounts were prepared according to the acquisition method with the exception of derivative instruments, which are recognized at fair value in profit and loss.

The most important accounting policies applied in preparing the consolidated accounts are described below. These policies were applied consistently for all years presented, unless otherwise specified.

The Parent Company's accounts were prepared in accordance with recommendation RFR 2.2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board and the Annual Accounts Act.

In cases where the Parent Company applies other accounting policies than the Group, this is specified separately at the end of this note.

Preparing reports in accordance with IFRS requires the application of some significant estimates for accounting purposes. Furthermore, it requires management to make certain assessments in the application of the Group's accounting policies. The areas that include a high degree of assessment, that are complex or that are areas in which assumptions and estimates are of material importance for the consolidated accounts are presented in Note 4.

Standards, amendments and interpretation of existing standards that have not yet taken effect and which were not applied prematurely by the Bygghmax Group

When the consolidated accounts per December 31, 2009 were prepared, a number of standards and interpretation had been published that had not yet taken effect but which are applicable to the Group. A preliminary assessment is presented below of the effect that introduction of these standards and interpretations may have on the Bygghmax Group's financial reports.

- IAS 27 (amendment), Consolidated and Separate Financial Statements (effective as of July 1, 2009). The change means in part that earnings attributable to minority owners must always be recognized, even if the minority share is negative, that transactions with minority shareholders must always be recognized in shareholders' equity and that in cases where a parent company loses controlling influence, any remaining share must be revalued at fair value. Amendment of this standard will affect reporting of future transactions.
- IFRS 3 (amendment), Business Combinations (effective as of July 1, 2009). The amendment will mean a change in how future acquisitions are recognized, in part with respect to recognition of transaction costs, possible conditional purchase payments and incremental acquisitions. Amendment of this standard will affect reporting of future transactions.
- IFRS 9 Financial Instruments must be applied for fiscal years starting January 1, 2013 or later. The standard may affect the Group, but at present, our analysis of potential effects is not complete, meaning that we cannot provide information regarding the scope of the effect.

None of the above standards are expected to result in any effects for the Bygghmax Group.

2.2 Consolidated accounts

Subsidiaries

Subsidiaries are all the companies in which the Group has the right to formulate financial and operative strategies in a manner that normally results from a shareholding exceeding 50 percent of the voting rights of the shares or participations or in which the Group through an agreement is the sole party exercising a controlling influence. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence was transferred to the Group. They are eliminated from the consolidated accounts as of the date the controlling influence ceases.

The acquisition method is applied in recognizing the Group's acquisitions of subsidiaries. The cost of an acquisition corresponds to the fair value of the assets received as compensation, issued own equity instruments, liabilities arising or assumed on the acquisition date and expenses directly attributable to the acquisition. Identifiable acquired assets and assumed liabilities and contingent liabilities in an acquisition of an operation are initially valued at fair value on the acquisition date, regardless of any minority interest. The surplus that corresponds to the difference between the cost and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is recognized as goodwill. If the cost is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognized directly in profit and loss.

Group-internal transactions and balance-sheet items, as well as unrealized gains on transactions between Group, companies are eliminated. Unrealized losses are also eliminated, although any losses are considered as an indication that a need for impairment may pertain. The accounting policies for subsidiaries were changed as appropriate to guarantee consistent application of the Group's policies.

2.3 Segment reporting

Operating segments are reported in a manner that corresponds to the internal reporting submitted to the highest executive officer. The highest executive officer is the function that is responsible for allocation of resources and assessment of the operating segments' results. In the Group, this function was identified as the Board of Directors. Bygghem has only one identified operating segment, which is the Nordic segment.

2.4 Translation of foreign currency

Functional currency and reporting currency

Items included in the financial reports for the various units in the Group are valued in the currency used in the economic environment in which each company is primarily active (functional currency). In the consolidated accounts, Swedish kronor (SEK) are used, which is the Parent Company's functional currency and reporting currency.

Transactions and balance-sheet items

Transactions in foreign currency are translated to the functional currency according to the exchange rate prevailing on the transaction date. Exchange-rate gains and losses arising in payment of such transactions and in translation of monetary assets and liabilities in foreign currencies at the closing-date rate are recognized in profit and loss. Exchange-rate differences in borrowing and lending are recognized among financial items, while other exchange-rate differences are included in operating earnings.

Consolidation of foreign subsidiaries and branches

The assets and liabilities of foreign subsidiaries and branches are translated at the closing-date rate, while all items in profit and loss are translated monthly at the month's average rate.

2.5 Intangible assets

Capitalized expenses for development and similar work

Capitalized expenses for development and similar work, primarily capitalized investments in the Group's business system and website, are recognized at cost reduced by accumulated amortization and any impairment. Amortization is linear over the estimated economic lifetime, which is five years.

Costs for maintenance of own development work are expensed as they arise. Development costs attributable to development and testing of identifiable products and systems are recognized as an intangible asset when the criteria for recognizing an intangible asset are satisfied.

Goodwill

Goodwill corresponds to the amount by which the cost exceeds the fair value of the Group's share of an acquired subsidiary's identifiable net assets on the acquisition date. Goodwill from the acquisition of subsidiaries is recognized as an intangible asset.

Goodwill, which is reported separately, is tested each year to identify possible impairment needs and is recognized at cost less accumulated impairments. Impairment of goodwill is not reversed. Gains or losses from the divestment of a unit include the remaining recognized value of the goodwill attributable to the divested unit.

Goodwill is distributed among cash-generating units when assessing possible impairment needs. The distribution is based on the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition of operations that resulted in the goodwill item. The Bygghem Group distributes the original goodwill to the operating segments existing on the date when the original goodwill arose. Additional goodwill is distributed to the units deemed to benefit from the acquisition of operations.

2.6 Tangible fixed assets

All tangible fixed assets are recognized at cost reduced by depreciation. The cost includes fees that can be directly attributed to acquisition of the asset.

Additional fees are added to the asset's recognized value or recognized as a separate asset, depending on what is most appropriate, only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the asset's cost can be measured in a reliable manner. The recognized value for the replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are recognized as costs in profit and loss during the period in which they arise.

There is no depreciation on land. Depreciation of other assets to reduce their cost to the estimated residual value over the estimated useful lifetime is linear according to the following:

Renovations and land maintenance	20 years
Fittings, tools and installations	5 years
Computers and IT-related equipment	5 years

Gains and losses from divestments are established by comparing the sale proceeds with the recognized value and are recognized under other operating income or other operating expenses in profit and loss.

Properties that the Group owns are sold when the building is ready for use. Depreciation thus does not arise on Bygghem's properties, which are sold directly after construction. All properties are classified as operating properties.

As of January 1, 2009, the revised standard IAS 23 Borrowing Costs is applied, meaning that the Group as of January 1, 2009 capitalizes borrowing costs that are directly attributable to purchase, construction or production of an asset that takes significant time to complete for use or for sale as part of the cost of the asset. For periods prior to January 1, 2009, the principle was to immediately expense all borrowing costs. During 2009, the Group did not capitalize borrowing costs, since there were no assets during the period that required significant time for completion for use or for sale.

2.7 Impairment of non-financial fixed assets

Assets that have an indeterminate economic lifetime, such as goodwill, are not depreciated but instead tested annually for the need for impairment. Tangible fixed assets that are depreciated and such intangible fixed assets that are amortized are assessed with respect to decline in value whenever events or changes in circumstances indicate that the asset's recognized value exceeds its recovery value. Impairment is recognized in an amount corresponding to the amount by which the asset's recognized value exceeds the recovery value. The recovery value is the higher of the asset's fair value reduced by sales costs and its useful value. In assessing impairment needs, assets are grouped at the lowest level for which separate cash flows can be identified (cash-generating units). For tangible and intangible assets that have been depreciated or amortized, an assessment is made on each balance-sheet date as to whether a reversal should take place. Amortization of goodwill is not reversed.

2.8 Financial instruments

The Group classifies its financial assets in the following categories: financial assets and liabilities valued at fair value in profit and loss, loan receivables and accounts receivable, financial assets held until maturity, financial assets available for sale and other financial assets. This classification depends on the purpose for which the financial asset was acquired. Management establishes the classification of the financial assets on the first reporting date and reassesses this decision on every reporting date. At present, the Group has no financial assets that are not classed as financial assets held until maturity or financial assets available for sale.

Financial assets and liabilities valued at fair value in profit and loss

Financial assets and liabilities valued at fair value in profit and loss are financial instruments held for sale. A financial asset or a financial liability is classified in this category if it was primarily acquired to be sold within a short period. Derivatives are classified as held for sale unless they are identified as hedges. The Group holds derivative instruments in the form of interest swaps and currency forwards. The Bygghem Group does not apply hedge accounting according to IAS 39, meaning that all derivative instruments are valued at fair value in profit and loss. Changes in value of derivative instruments attributable to borrowing are recognized under financial expenses. Other changes in value of derivative instruments are recognized under other operating income and other operating expenses.

Loan receivables, accounts receivable and other receivables

Loan receivables, accounts receivable and other receivables are financial assets which are not derivatives, which have payments that are established or can be established and which are not listed on an active market. They are included in current assets with the exception of items with maturity dates greater than 12 months from the balance-sheet date, which classifies them as fixed assets. Loan receivables, accounts receivable and other receivables are recognized as accounts receivable, other receivables and long-term receivables in the balance sheet. Cash and cash equivalents are also included in this category. An impairment of accounts receivable and other receivables is recognized in profit and loss under other external costs.

Other financial liabilities

The Group's borrowing (which includes borrowing from credit institutions, borrowing from related parties and other long-term borrowing in the balance sheet) and accounts payable are classified as other financial liabilities. See the description of accounting policies 2.14 and 2.15 below.

General policies

Purchases and sales of financial assets are recognized on the transaction date, which is the date on which the Group pledged to purchase or sell the asset or liability. Financial assets and liabilities are initially recognized at fair value plus transaction costs, which applies to all financial assets and liabilities not valued at fair value in profit and loss. Financial assets and liabilities valued at fair value in profit

and loss are initially recognized at fair value, while the associated transaction costs are recognized in profit and loss. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership rights. Financial liabilities are removed from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished.

Financial assets and liabilities valued at fair value in profit and loss and financial assets available for sale are recognized after the acquisition date at fair value. Loan receivables, accounts receivable and other receivables and financial assets held until maturity and other financial liabilities are recognized after the acquisition date at accrued cost with application of the effective-interest method.

The fair value of currency forward contracts is established using listed prices for currency forwards on the balance-sheet date. Fair value for interest swaps is calculated as the current value of estimated cash flows. Fair value for borrowing is calculated for information purposes by discounting future contracted cash flow at the current market interest rate available to the Group for similar financial liabilities.

On each balance-sheet date, the Group considers whether there is objective evidence that a need for impairment exists for a financial asset or a group of financial assets, such as the closure of an active market or the probability that a debtor will not be able to meet its obligations. Impairments of equity instruments, which are recognized in profit and loss, are not reversed in profit and loss. Impairment assessment of accounts receivable is described in Note 2.10 below.

2.9 Inventory

Inventory is recognized at the lower of cost and net sales value. The cost is established using the weighted-average method, since it provides a reasonable approximation of FIFO (first in, first out). The cost of goods for resale corresponds to the purchasing cost for the goods. Borrowing costs are not included. Inventory consists of building materials sold in Bygghuset stores. The net sales value is the estimated sales price in ongoing operations reduced by applicable variable sales costs. Provisions required for obsolescence were made.

2.10 Accounts receivable

Accounts receivable are initially recognized at fair value and thereafter at accrued cost with application of the effective-interest method reduced by any reserves for decline in value. The recognized value for accounts receivable, after any impairments, is assumed to correspond to the actual value, since this item is short-term by nature. Reserves for a decline in value are made when there is objective evidence that the Group will not be able to receive all amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, probability that the debtor will be declared bankrupt or undergo financial reconstruction and missing or late payments (due

for more than 90 days) are considered indicators that a need for impairment of an account receivable may pertain. Both losses relating to accounts receivable and recovered and previously impaired accounts receivable are recognized under the item Sales costs in profit and loss.

2.11 Other receivables

Other receivables are initially recognized at fair value and thereafter at accrued cost with application of the effective-interest method reduced by any reserves for decline in value. The recognized value for other receivables, after any impairments, is assumed to correspond to the fair value, since this item is short-term by nature. Reserves for a decline in value are made when there is objective evidence that the Group will not be able to receive all amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, probability that the debtor will be declared bankrupt or undergo financial reconstruction and missing or late payments (due for more than 90 days) are considered indicators that a need for impairment of other receivables may pertain. Both losses relating to other receivables and recovered and previously impaired other receivables are recognized under the item Sales costs in profit and loss.

2.12 Cash and cash equivalents

In the Group's report on financial position, cash and cash equivalents correspond to cash, bank balances, other short-term investments with maturity dates within three months from the acquisition date and blocked bank accounts that are expected to be settled within 12 months after the balance-sheet date. The overdraft facility is recognized as borrowing among current liabilities.

Cash and cash equivalents in the cash-flow statement do not agree with the definition of cash and cash equivalents in the balance sheet. In the cash-flow statement, we have excluded blocked accounts, since they are expected to be settled later than three months from the acquisition date.

2.13 Share capital

Common shares are classified as shareholders' equity. Transaction costs that can be directly attributed to new share issues are recognized in net amounts after tax in shareholders' equity as a deduction from the issue proceeds.

2.14 Accounts payable

Accounts payable are initially recognized in the balance sheet at fair value and then at accrued acquisition cost with application of the effective-interest principle. The recognized value of accounts payable is assumed to correspond to their fair value, since this item is short-term by nature.

2.15 Borrowing

Borrowing is recognized initially at fair value net after transaction costs. Borrowing is subsequently recognized at accrued acquisition cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognized in profit and loss distributed over the term of the loan with application of the effective-interest method.

Loans from related parties, which deviate from market terms, are initially valued at fair value by applying an estimated market rate for an equivalent loan. This amount is recognized as a liability at the accrued cost in following periods. The remainder of the received amount is recognized as a capital contribution net after tax in shareholders' equity.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance-sheet date.

2.16 Current and deferred tax

The current tax cost is calculated based on the tax regulations that are in effect or on practice approved in the countries in which the Parent Company's subsidiaries are active and generate taxable income. Management actively evaluates the claims that are made in tax returns regarding situations where tax regulations are subject to interpretation and allocates reserves where appropriate for amounts that are likely to be paid to tax authorities.

Deferred tax is recognized in its entirety according to the balance-sheet method on all temporary differences arising between the value for tax purposes of assets and liabilities and their carrying amounts in the consolidated accounts. The deferred taxes are not recognized, however, if they arise as a result of a transaction for an asset or liability being reported for the first time that is not an operating acquisition and which on the acquisition date does not affect recognized or taxable earnings. Deferred income tax is calculated by applying tax rates and laws that have been approved or announced on the balance-sheet date and are expected to apply when the deferred tax asset is realized or when the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future surpluses for tax purposes will be available to offset temporary differences.

Deferred tax is calculated on the basis of temporary differences arising in participations in subsidiaries except in cases where reversal of the temporary differences can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.17 Compensation to employees

Pension obligations

The Group companies only have defined-contribution pension plans with the exception of Alecta, which is a defined-benefit plan that for the time being can be treated as a defined-contribution plan.

For defined-contribution plans, Bygghmax pays a fee to a publicly or privately administered pension insurance plan on a contractual or voluntary basis. The Group has no further payment obligations when the fees have been paid. The fees are recognized as personnel costs in profit and loss at the rate in which they are earned by employees performing services for the company during a period.

Prepaid fees are recognized as an asset to the extent that cash payment or a reduction of future payments will accrue to the Group.

Compensation on termination of employment

Compensation on termination of employment is paid when employment is terminated by Bygghmax prior to the normal pension age or when the employee accepts a voluntary termination in exchange for such compensation. The Group recognizes severance pay when the Group is demonstrably obligated either to terminate employment according to a detailed formal plan without any option for recall or to provide compensation in a case of termination of employment as a result of an offer made to encourage voluntary resignation. Benefits that are due more than 12 months after the balance-sheet date are discounted to current value.

Bonus plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision when there is a legal obligation or an informal obligation due to previous practice.

2.18 Provisions

Provisions are recognized when the Group has a legal or an informal obligation due to previous events, it is probable that an outflow of resources will be required to regulate the obligation and the amount has been calculated in a reliable manner. Management regularly estimates the need for provisions for future guarantee requirements. No reserves for guarantees were made, since Bygghmax is not deemed to be charged with significant amounts with respect for guarantee undertakings. No reserves were made for future operating losses.

Provisions are valued at the current value of the amount that is expected to be required to settle the obligation. In so doing, a discounted interest rate before tax is applied that reflects the current market assessment of the value of money over time and the risks associated with the provision. The increase in provisions due to the passing of time is recognized as an interest expense.

2.19 Revenue recognition

Sale of goods

The Group's revenues are generated from the sale of goods that are included in the Bygghmax product assortment. Sales are primarily to private customers, although there are some sales to companies. There is no production or development of products within the Group.

Revenues include the fair value of what has been received or will be received for goods sold in the Group's ongoing operations. Revenues are recognized in net amounts with deductions for VAT, returns and discounts. The Group recognizes revenue when its amount can be measured in a reliable manner and it is probable that future economic benefits will accrue to the company. This date coincides with delivery of the goods to the customer. The Group's revenues show seasonal variations. During the fiscal year, the second and third quarters are usually the strongest.

Interest income

Interest income is recognized at the rate in which it is earned.

Sale of properties

The Group builds properties which after completion are sold to a leasing company (see also 2.20 Leasing below with respect to Sale-and-leaseback transactions). Income from the sale of the property is recognized when risks and benefits associated with ownership are transferred to the leasing company, which normally coincides with the transfer date. Prior to the transition to IFRS, the Swedish Accounting Standards Board's general guideline, BFNAR 2000:4 Accounting of leasing agreements, was applied. All leasing contracts were recognised as operational in accordance with these rules.

2.20 Leasing

Leasing in which a significant portion of the risks and benefits of ownership are retained by the lessee is classified as operational leasing. Payments made during the leasing period are expensed in profit and loss linearly over the leasing period.

Leasing of fixed assets in which Bygghem in all significant respects has the economic risks and benefits associated with ownership is classified as financial leasing. At the beginning of the leasing period, financial leasing is recognized in the balance sheet at the lower of the leasing object's fair value and the current value of the minimum leasing fees. Each leasing payment is distributed between amortization of the debt and financial expenses to achieve a fixed interest rate for the recognized liability. The corresponding payment obligations, after deduction of financial expenses, are included in the balance sheet under borrowing from credit institutions. The interest portion of financial expenses is recognized in profit and loss and distributed over the leasing period so that an amount is recognized in every reporting period that corresponds to a fixed interest rate for the recognized liability during the respective period. Fixed assets held according to financial leasing contracts are amortized over the shorter of the periods for the asset's useful life and the leasing period.

Sale-and-leaseback transactions

A sale-and-leaseback transaction comprises sale of an asset and subsequent leasing of the same asset according to a leasing contract. When Bygghem builds a property, it is sold after completion to an external party, whereby the property is leased back to Bygghem for its operations. In assessing the terms of the sales transaction and the leasing contract, we consider if the sale price is on market terms and if the leasing fee that we pay is based on market levels.

All sale-and-leaseback transactions are considered to be operational leasing contracts, and the sale is considered to be based on market terms, meaning that the leasing rent was not subject to adjustments. The leasing rent is expensed linearly over the period of the leasing contract and in accordance with the contract.

2.21 Dividends

Dividends to the Parent Company's shareholders are recognized as a liability in the consolidated financial account in the period in which the dividend is approved by the Parent Company's shareholders.

2.22 Parent Company accounting policies

In conjunction with the transition to accounting according to IFRS in the consolidated accounts, the Parent Company began applying RFR 2.1 Reporting for Legal Entities. The effects of this transition are described in the report Parent Company changes in shareholders' equity and in Note 35. All comparison figures were adjusted for the change in policies.

The Parent Company applies different accounting policies than the Group in the cases noted below.

Presentation form for the income statement and the balance sheet

The Parent Company applies the presentation forms specified in the Annual Accounts Act, which means in part that another presentation of shareholders' equity is applied and that provisions are recognized under a separate heading in the balance sheet.

Shares in subsidiaries

Shares in subsidiaries are recognized at cost after deduction of any impairment. Received dividends are recognized as income, whereupon an assessment is made of the possible need for an impairment of shares in subsidiaries.

When there is an indication that shares and participations in subsidiaries have declined in value, a calculation of the recovery value is performed. If that value is lower than the carrying amount, impairment is recognized. Impairments are recognized under income from participations in Group companies.

Group contributions and shareholder contributions

The Parent Company applies the statement URA 7 Group Contributions and Shareholder Contributions by the Urgent Issues Committee of the Swedish Financial Accounting Standards Council. Granted shareholder contributions are recognized as an increase in the value of shares and participation. An assessment is then made of the possible need for an impairment of the value of the shares and participations in question.

Group contributions are recognized in accordance with their financial content. This means that a Group contribution granted in order to reduce the Group's total tax is recognized directly in earnings brought forward after reduction for the effect of current tax. Received Group contributions that correspond to dividends are recognized as a dividend from Group companies in profit and loss. Received Group contributions that correspond to shareholder contributions are recognized according to the policy described above for shareholder contributions after consideration of current tax effects.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Through its operations, the Group is exposed to various financial risks, market risk (including currency and interest risk), credit risk and liquidity risk.

The Group's overriding financial policy is intended to identify and minimize the effects of financial risk. Practical risk management is handled by Byggmax's central finance department according to the financial policy established each year by the Board of Directors. The financial hedging relations established by the Group as part of its risk management do not qualify for hedge accounting according to the rules in IAS 39.

The Parent Company BYGGmax Group AB is deemed to have limited risk exposure, meaning that the descriptions below primarily relate to the Group as a whole. The described risks can thus affect the Parent Company indirectly in that the asset item participations in Group companies may be positively or negatively affected by how the risks described below are handled.

a) Market risk

(i) Currency risk

Although Byggmax's consolidated accounts are stated in SEK, the Group has operations in Sweden, Norway and Finland and purchases some goods in other currencies than SEK. This means that the Group is exposed to currency risks in that unfavorable changes in exchange rates can have a negative effect on earnings and shareholders' equity.

Transaction exposure in commercial flows

Payment flows in the form of accounts receivable and accounts payable in foreign currency result in currency exposure for the Group. Byggmax has currency exposure in NOK, some exposure resulting from the purchase of goods in USD and in EUR (for which there is a natural hedge in sales in EUR in the Finnish market).

Byggmax hedges currency positions greater than SEK 10 M on an annual basis each quarter by hedging 50 percent for the coming 12 months and 25 percent for the coming quarter, meaning that 75 percent is hedged.

Transaction exposure in consolidation of units outside Sweden

The Group's earnings are also affected by currency effects arising due to exchange-rate trends in the local currencies of the various foreign subsidiaries and branches against SEK. Translation effects also arise for the Group's net assets in consolidation of the balance sheets of foreign companies and branches. This risk is not hedged.

(ii) Interest risk

The Group's interest risk arises primarily through long-term borrowing. The Group's borrowing carries variable interest, thus resulting in exposure. Borrowing that is subject to variable interest exposes the Group to interest risk with respect to cash flow. To reduce the interest risk, the Group has as its policy that interest shall be fixed for 50 percent of the remaining bank loans for at least two years. BYGGmax uses interest derivatives for interest hedging, and there is an exposure for changes in fair value.

If interest on the Group's borrowing in SEK had been 1.0 percentage point higher/lower during 2009 with all other variables constant and consideration taken to interest swaps, the consolidated profit after tax for the fiscal year would have been 650 lower, primarily as an effect of higher interest costs for borrowing with variable interest.

b) Credit risk

Byggmax has very low credit risk in relation to the Group's customers in that the majority of sales are in cash and since the Group does not invoice external customers.

c) Liquidity risk

The Group's liquidity risk is the risk that the Group would lack cash and cash equivalents for payment of its obligations. This risk is managed by the finance department ensuring that cash and cash equivalents are sufficient by regular follow-ups and forecasts of liquidity.

On December 31, 2009, the Group had cash and cash equivalents totaling 31,648 (124,572) and an unutilized credit facility of 100,000 (100,000).

The table below shows the non-discounted cash flows that arise from the Group's liabilities in the form of financial instruments based on the contracted remaining periods on the balance-sheet date. The amounts that are due within 12 months agree with carrying amounts, since the discounting effect is insignificant. Amounts in foreign currencies and amounts to be paid are based on variable interest and were estimated by using the exchange and interest rates prevailing on the balance-sheet date.

Group (SEK 000s)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
On December 31, 2009				
Borrowing	63,502	111,880	288,046	
Liabilities relating to financial leasing	23,075	15,524	11,135	
Net regulated derivative instruments (interest swaps)	263	7,591		
Gross regulated derivative instruments (currency forwards)	2,050			
Accounts payable	285,574			
Total	374,463	134,995	299,181	0
On December 31, 2008				
Borrowing	81,629	175,157	416,548	0
Liabilities relating to financial leasing	21,164	10,410	20,784	0
Net regulated derivative instruments (interest swaps)	0	7,188	0	0
Accounts payable	302,210	0	0	0
Total	405,003	192,755	437,332	0
Parent Company (SEK 000s)				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
December 31, 2009				
Borrowing	0	0	449,477	0
Total	0	0	449,477	0
December 31, 2008				
Borrowing	0	0	410,820	0
Total	0	0	410,820	0

3.2 Handling of financing/capital risk

The Bygghmax Group works to reduce its capital/financing risk by establishing sufficient credit facilities well in advance of the needs that can be foreseen, monitoring due dates for the total debt in order to match amortization to anticipated cash flow, satisfying key ratio according to financing contracts and optimizing working capital within the Group.

4 IMPORTANT ESTIMATES AND ASSUMPTIONS

Important estimates and assumptions for accounting purposes

The Group makes estimates and assumptions regarding the future to be able to prepare the accounts in accordance with accepted accounting practices. Estimates and assumptions are evaluated regularly and are based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances. The actual outcome may differ from the estimates and assumptions made. The estimates and assumptions made in the final accounts on December 31, 2009 are not considered to be able to significantly affect the Group's earnings and financial position for the coming fiscal year.

Assumption of need for impairment of goodwill

The Group determines each year if there is any need to recognize an impairment of goodwill, in accordance with the accounting policy described in Note 2.7 Impairment of non-financial fixed assets. The estimates and assumptions made in final accounts on December 31, 2009, are not considered to be able to significantly affect the Group's earnings and financial position for the coming financial year.

Group management does not consider that the book value can be affected by any reasonably possible change in the assumptions on which the cash flow generating units' recovery value is based on so that this value exceeds the recovery value.

5 SEGMENT INFORMATION

Information on geographic areas	2009	2008
Sales Sweden	2,007,308	1,796,220
Sales other countries	436,208	310,792
Total sales	2,443,516	2,107,012
 Tangible fixed assets and intangible assets	 2009	 2008
Assets in Sweden	1,121,218	1,119,727
Assets in other countries	46,118	63,857
Total tangible and intangible assets	1,167,336	1,183,584

Byggmax has only identified one operating segment, which is the Nordic segment as described in Note 2.3.

6 OTHER OPERATING INCOME

Group	2009	2008
Exchange-rate differences	4,250	983
Gain from divestment of equipment	71	0
Profit from participations in Group companies	0	15,688
Other	2,943	1,736
Total other operating income	7,264	18,407

Profit from participations in Group companies has been reclassified to other operating income.

7 OTHER OPERATING EXPENSES

Group	2009	2008
Exchange-rate differences	-4,355	-4,199
Loss from sale of equipment	-395	-1,071
Loss from participation in Group companies	-4,475	0
Total other operating expenses	-9,226	-5,271

8 COMPENSATION TO AUDITORS

Auditing assignments include reviews of the annual report and accounting, as well as administration by the Board of Directors and the President, other work assignments that are the responsibility of the company's auditors, and guid-

ance and assistance occasioned by observations in conjunction with such reviews or the completion of such other work assignments. Everything else is other assignments.

Group	2009	2008
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	839	737
Other assignments	240	321
	1,079	1,058
Other		
Auditing assignments	0	0
Other assignments	0	0
	0	0
Total compensation to auditors	1,079	1,058
Parent Company	2009	2008
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	315	62
Other assignments	84	10
	399	72
Other		
Auditing assignments	0	0
Other assignments	0	0
	0	0
Total compensation to auditors	399	72

9 COMPENSATION TO EMPLOYEES

Group	2009	2008
Salaries and other compensation	139,918	125,041
Social costs	32,022	32,878
Pension costs	5,247	4,066
Other personnel costs	3,094	2,841
Total compensation to employees	180,281	164,826

9 COMPENSATION TO EMPLOYEES CONT.

Salaries and other compensation plus social costs (SEK 000s)	2009			2008		
	Salaries and other compensation (of which bonus)	Pension costs	Number	Salaries and other compensation (of which bonus)	Pension costs	Number
Group						
Board members, presidents and other senior executives	6,638	726	10	4 337	398	10
Other employees	133,280	4,521	360	120,704	3,668	346
Total	139,918	5,247	370	125,041	4,066	356
Parent Company						
Board members, President and other senior executives	750	0	6	604	0	6
Other employees	0	0	0	0	0	0
Total	750	0	6	604	0	6

	2009		2008	
	Average no. of employees	Of whom men	Average no. of employees	Of whom men
Subsidiaries				
Sweden	310	79%	288	80%
Norway	50	85%	48	81%
Finland	10	77%	5	60%
Total in subsidiaries	370	79%	341	79%
Group total	370	79%	341	79%

	2009		2008	
	No. on the balance- sheet date	Of whom men	No. on the balance- sheet date	Of whom men
Group (including subsidiaries)				
Board members	7	86%	7	86%
Presidents and other senior executives	5	80%	5	80%
Group total	12	90%	12	90%
Parent Company				
Board members	5	100%	5	100%
President and other senior executives	1	100%	1	100%
Parent Company total	6	100%	6	100%

Compensation to senior executives (SEK 000s)	Base salary/ Board fee	Variable compen- sation	Other benefits	Pension costs	Other compen- sation	Total
2009						
Chairman of the Board – Fredrik Cappelen	500					500
Board member – Anders Moberg	250					250
Board member – Stig Notlöv	0					0
Board member – Stefan Linder	0					0
Board member – Johannes Lien	0					0
President	1,629	1,360	1	261		3,251
Other senior executives (4 persons)	2,413	487	2	465		3,367
Total						7,368
2008						
Chairman of the Board – Fredrik Cappelen	229					229
Board member – Fredrik Cappelen	125					125
Board member – Anders Moberg	250					250
Board member – Stig Notlöv	0					0
Board member – Stefan Linder	0					0
Board member – Johannes Lien	0					0
President	1,498	220		166		1,884
Other senior executives (four persons)	1,938	77	44	232		2,290
Total						4,778

Variable compensation refers to expensed bonus payments.

10 LOSS FROM FINANCIAL ITEMS

Koncernen	2009	2008
Financial income		
Exchange-rate differences	17,704	5,130
Interest income, Group companies	66	0
Interest income	772	3,540
Other financial income	35	0
Total	18,577	8,670
Financial expenses		
Exchange-rate losses	-5,192	-9,424
Changes in fair value – interest swaps	-2,716	-7,898
–interest expenses, bank loans	-37,498	-52,729
–interest expenses, loans from related parties	-34,641	-33,900
–interest expenses, reversal of discounting effect on loans from related parties	-4,017	-3,160
–financial leasing, reversal of discounting effect	-2,590	-2,496
Other financial expenses	-768	-186
Total	-87,422	-109,794
Loss from financial items	-68,845	-101,124
Parent Company	2009	2008
Interest income and similar items		
Interest income	16	174
Total	16	174
Interest expenses and similar items		
Interest expenses	-34,641	-33,901
Interest expenses, reversal of discounting effect on loans from related parties	-4,017	-3,160
Total	-38,658	-37,061
Loss from financial items	-38,642	-36,887

11 INCOME TAX

Group	2009	2008
Current tax for the year	-53,163	-12,771
Current tax attributable to previous years	2,191	-107
Losses for tax purposes for which no deferred tax asset is recognized	10,838	0
Revaluation of deferred tax due to changed tax rate in Sweden	0	1,102
Deferred tax expense relating to temporary differences	-15,795	-5,691
Deferred tax income relating to temporary differences	13,246	5,826
Total	-42,683	-11,641

Parent Company	2009	2008
Current tax for the year	10,735	11,209
Total	10,735	11,209

The difference between recognized tax expense and the estimated tax expense based on prevailing tax rates was as follows:

Group	2009	2008
Profit before tax	203,872	51,850
Income tax calculated according to the Group's prevailing tax rate	-53,618	-14,518
Non-taxable income	8	4,679
Non-deductible costs	-1,719	-127
Revaluation of deferred tax due to changed tax rate in Sweden	0	1,102
Deficits for tax purposes for which no deferred tax asset is recognized	10,838	-36
Effect of foreign tax rates	0	9
Adjustment of current tax relating to previous years	2,191	-107
Other	-382	-2,644
Tax expense	-42,682	-11,641

Parent Company	2009	2008
Loss before tax	-40,826	-38,022
Income tax calculated according to prevailing tax rate 26% (28%)	10,737	11,209
Tax expense	10,737	11,209

Weighted average tax rate within the Group:	20,94%	22,45%
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The prevailing tax rate for income tax within the Group and the Parent Company is 26.3 (28) percent.

12 EXCHANGE-RATE DIFFERENCES

Exchange-rate differences were recognized in profit and loss according to the following:

Group	2009	2008
Other operating income	4,250	983
Other operating expenses	-4,355	-4,199
Financial income	12,597	5,130
Financial expenses	-85	-9,424
Total	12,408	-7,510

As of 2009, exchange-rate differences on Group-internal transactions are recognized in net amounts. This was not done in 2008, since they comprised a limited portion of financial income and expenses.

13 INTANGIBLE ASSETS

Capitalized expenses for development work

Group	2009	2008
Cost on the opening date	17,653	10,151
Increase through acquisition of operations	3,172	7,719
Exchange-rate differences	-99	-217
Accumulated cost on the balance-sheet date	20,726	17,653
Amortization on the opening date	-5,934	-3,270
Amortization for the year	-3,862	-2,669
Exchange-rate differences	-22	5
Accumulated amortization on the balance-sheet date	-9,818	-5,934
Carrying amount on the balance-sheet date	10,908	11,719

Capitalized development costs relate to development of business systems and websites.

Goodwill	2009	2008
Cost on the opening date	1,044,585	1,044,585
Accumulated cost on the balance-sheet date	1,044,585	1,044,585
Carrying amount on the balance-sheet date	1,044,585	1,044,585

Assessment of impairment needs for goodwill

The goodwill recognized by BYGGmax is attributable in its entirety to the Swedish portion of operations, which we have deemed to be a cash-generating unit (CGU). Other CGUs within the Group have not been allocated any goodwill.

The recovery amount for a CGU is established based on calculations of value in use. These calculations take as their starting point estimated future cash flows before tax based on business plans approved by the Board of Directors and covering a five-year period. Management has established the budgeted gross margin based on previous earnings and its expectations regarding market trends. Cash flows beyond a five-year period are extrapolated using assessed growth rates according to the assumptions presented below. The growth rate does not exceed the long-term growth rate for the Swedish market in which the CGU in question is active.

Significant assumption for calculations of value in use:

Growth rate 1)	2,0%	(2,0%)
Discount rate 2)	9,2%	(8,1%)

- 1) Weighted average growth rate used to extrapolate cash flows beyond the forecast period
- 2) Discount rate before tax used in present-value calculation of estimated future cash flows.

The average capital cost was calculated based on ten-year government bonds, a market-risk premium, a beta value and a small-cap company premium.

No impairment of goodwill values in the Group as of December 31, 2009 was required by this assessment.

Company management does not consider that the carrying amount may be affected by any reasonable possible change in the assumptions on which the cash-generating units' recovery value was based such that this would exceed the recovery value.

14 TANGIBLE FIXED ASSETS

Equipment, tools and installations

Group	2009	2008
Cost on the opening date	161,659	113,672
Purchases	29,922	50,718
Sales and scrapping	-3,869	-3,296
Increase through acquisition or operations	0	0
Reclassifications	0	0
Exchange-rate differences	2,262	565
Accumulated cost on the balance-sheet date	189,974	161,659
Depreciation on the opening date	-63,208	-39,037
Sales and scrapping	3,445	1,482
Increase through acquisition of operations	0	0
Depreciation for the year	-29,948	-25,785
Reclassifications	0	0
Exchange-rate differences	-264	133
Accumulated depreciation on the balance-sheet date	-89,975	-63,208
Carrying amount on the balance-sheet date	100,000	98,451

14 TANGIBLE FIXED ASSETS CONT.

The item equipment, tools and installations includes leasing objects that the Group holds according to financial leasing contracts in the following amounts:

Group	2009	2008
Cost – capitalized financial leasing	103,003	84,253
Accumulated depreciation	-46,034	-27,174
Carrying amount	56,969	57,079

Bygghmax leases a large portion of the Group's equipment, and there is a relatively large number of financial leasing contracts relating to such equipment as store fittings and

fork-lift trucks. Bygghmax signs leasing contracts for three to five years, and there is an option to purchase the contract after the contract period.

Buildings and land

Group	2009	2008
Cost on the opening date	19,925	20,225
Purchases	0	7,913
Sales and scrapping	-12,313	-7,912
Exchange-rate differences	300	-301
Accumulated cost on the balance-sheet date	7,912	19,925
Depreciation on the opening date	-32	0
Sales and scrapping	0	0
Depreciation for the year	-395	-32
Exchange-rate differences	0	0
Accumulated depreciation on the balance-sheet date	-427	-32
Carrying amount on the balance-sheet date	7,485	19,893

Land improvements on another party's property

Group	2009	2008
Cost on the opening date	4,701	4,151
Purchases	426	906
Sales and scrapping	0	-312
Exchange-rate differences	246	-44
Accumulated cost on the balance-sheet date	5,373	4,701
Depreciation on the opening date	-625	-546
Sales and scrapping	0	61
Depreciation for the year	-372	-178
Exchange-rate differences	-17	38
Accumulated depreciation on the balance-sheet date	-1,014	-625
Carrying amount on the balance-sheet date	4,359	4,076

15 PARTICIPATIONS IN GROUP COMPANIES

Moderföretaget	2009	2008
Parent Company	235,392	178,104
Cost on the opening date		–
Investments	71,670	57,288
Capital contributions		–
Carrying amount on the balance-sheet date	307,062	235,392

The Parent Company has participations in the following Group companies

The Parent Company has participations in the following Group companies					Carrying amount	
Name	Corporate registration number	Registered office	Capital share	Number of shares	2009	2008
Companies owned by BYGGmax Group AB						
BYGGmax AB	556645-6215	Halmstad	100%	100,000	306,962	235,292
BYGGmax Fastighetsutveckling AB	556726-8593	Stockholm	100%	1,000	100	100
					307,062	235,392

Other Group company holdings

BYGGmax i Karlstad AB	556616-8141	Halmstad	100%
BYGGmax Fastighet Upplands-Väsby AB	556757-2473	Stockholm	100%
BYGGmax Fastighets Holding AB	556726-8601	Stockholm	100%
BYGGmax Fastighetsutveckling 5 AB	556735-9137	Stockholm	100%
BYGGmax Fastighetsutveckling 6 AB	556751-4442	Stockholm	100%
BYGGmax Fastighetsutveckling 7 AB	556757-3133	Stockholm	100%
BYGGmax Fastighet 2 AS	991 127 895	Oslo	100%
BYGGmax Fastighet 3 AS	991 127 917	Oslo	100%
BYGGmax Finland Fastighetsholding	2186417-4	Helsingfors	100%
BYGGmax Finland Fastighet 1	2186407-8	Helsingfors	100%
BYGGmax Finland Fastighetsholding 2	2186507-0	Helsingfors	100%

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial assets and liabilities are valued at accrued cost with the exception of derivative instruments, which are valued at fair value in profit and loss. Derivative instruments are recognized separately in a separate item in the balance sheet. For a more detailed description of BYGGmax's derivative instruments, refer to Note 18.

As of January 1, 2009, the Group applies an amendment of IFRS 7 for financial instruments valued at fair value in profit and loss. Information is thus required on valuation at fair value per level in the following fair-value hierarchy:

- Listed prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability than listed prices included in level 1, either direct (i.e. price quotations) or indirect (i.e. derived from price quotations) (level 2)
- Data for the asset or liability that is not based on observable market data (i.e. non-observable data) (level 3)

Byggmax only holds derivative instruments valued at fair value in its financial reports. These instruments are valued at fair value in profit and loss. The value is based on observable data for the asset or liability, i.e. level 2. No reclassifications between the various levels took place.

17 DIVESTMENT OF SUBSIDIARIES

During 2008, the subsidiaries BYGGmax Fastighetsutveckling 2 AB, BYGGmax Fastighetsutveckling 3 AB, BYGGmax Fastighetsutveckling 4 AB and BYGGmax Fastighet 1 AS were divested. The purchase price was paid in cash and

resulted in a capital gain of 15,688. During 2009, the subsidiary Anso Eiendom Hylkes was divested. The purchase price was paid in cash and resulted in a capital loss of 4,775.

18 DERIVATIVE INSTRUMENTS

Group December 31, 2009	Assets	Liabilities
Current derivative instruments		
Interest swaps – held for sale	0	11,043
Currency forwards - held for sale	853	2,903
Total	853	13,946
Group December 31, 2008	Assets	Liabilities
Current derivative instruments		
Interest swaps – held for sale	467	7,655
Total	467	7,655
Group January 1, 2008	Assets	Liabilities
Current derivative instruments		
Interest swaps – held for sale	710	0
Total	710	0

Derivative instruments held for sale are classified as current assets or current liabilities. The nominal amount for outstanding currency forwards was 139,064 (0) on the balance-sheet date. The nominal amount for outstanding interest swaps was 476,500 (555,200) on the balance-sheet date.

The maximum exposure to credit risks on the balance-sheet date was the fair value of the derivative instruments recognized as assets in the balance sheet.

19 ACCOUNTS RECEIVABLE

	2009	2008	Jan. 1, 2008
Accounts receivable	246	669	254
Less: reserves for doubtful receivables	-170	-380	-34
Accounts receivable, net	76	289	220

The fair value of the Group's accounts receivable corresponds with the carrying amount.

20 INVENTORIES

Group	2009	2008	Jan. 1, 2008
Completed goods and goods for resale	295,016	232,657	193,746
Work in progress on behalf of another party	0	19	0
Advances to suppliers	1,607	1,088	2,829
Total inventories	296,622	233,764	196,575

Inventories consist in their entirety of goods for resale.

21 OTHER RECEIVABLES

	2009	2008	Jan. 1, 2008
Bonus receivables from suppliers	70,244	29,077	22,462
Other receivables	5,525	7,999	6,586
Total other receivables	75,769	37,076	29,048

The major portion of the bonus receivable is in SEK. As of December 31, 2009, no other receivables were considered doubtful.

22 PREPAID EXPENSES AND ACCRUED INCOME

Group	2009	2008	Jan. 1, 2008
Prepaid rent	17,146	13,453	12,691
Prepaid leasing fees	-414	450	313
Accrued interest income	0	0	620
Other items	2,971	2,993	2,814
Total prepaid expenses and accrued income	19,703	16,896	16,438

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet and the cash-flow statement include the following:

Group	2009	2008	Jan. 1, 2008
Balance sheet			
Cash and bank balances	28,235	122,086	16,735
Blocked funds	3,412	2,486	2,638
Total	31,648	124,572	19,372
Cash-flow statement			
Cash and bank balances	28,235	122,086	16,735
Short-term investments	0	0	0
Total	28,235	122,086	16,735

Blocked funds refer to rent deposits.

24 SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

The specification of changes in shareholders' equity is presented in the report Changes in shareholders' equity directly after the Balance sheet.

	No. of shares (000s)	Share capital	Other capi- tal contri- butions	Total
On December 31, 2007	18,159	18,159	204,140	222,299
Raised loans from related parties, equity portion	0	0	238	238
New issue	209	209	3,444	3,653
On December 31, 2008	18,368	18,368	207,822	226,190
New issue	37	37	555	592
On December 31, 2009	18,405	18,405	208,378	226,783

The shares have a par value of SEK 1 per share (1).
Each share corresponds to one vote. All shares registered on the balance-sheet date were fully paid.

25 RESERVES

The category Reserves within shareholders' equity consists in its entirety of translation differences arising in the translation of foreign subsidiaries.

26 BORROWING

Group	2009	2008	Jan. 1, 2008
Long-term			
Liabilities to credit institutions	280,629	475,950	546,767
Loans from related parties	458,006	419,349	379,358
Derivative instruments	11,043	7,655	0
Liabilities related to financial leasing	26,659	31,194	24,904
Total	776,337	934,148	951,029
Current			
Liabilities to credit institutions	48,252	85,675	73,477
Overdraft facilities	0	0	23,340
Liabilities related to financial leasing	23,075	21,164	14,519
Total	71,327	106,839	111,336
Total borrowing	847,664	1,040,987	1,062,365

All borrowing within the Group is in SEK.

All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value. Loans from related parties carry fixed interest that is lower than market interest. Fair value of these loans was thus established by application of market interest for

similar loans. Before discounting, the share owner loan amounted to SEK 487 M on the balance-sheet date.

There are pledged assets for these loans. See Note 31.

The Group's borrowing will be amortized during the years 2010 to 2013.

The Group has the following unutilized credit facilities

Group	2009	2008	Jan. 1, 2008
Overdraft facilities	100,000	100,000	112,285
Total	100,000	100,000	112,285

Of the above available overdraft facilities, SEK 5 M is a customs credit. There is also a property/construction credit of SEK 140 M that had not been utilized on December 31, 2009 (o).

Financial leasing

Gross debt relating to financial leasing

Group	2009	2008
Within one year	24,744	23,601
Later than one year but within five years	27,816	33,467
Later than five years	0	0
Total	52,560	57,068

Future financial expenses for financial leasing	-2,826	-4,710
Present value of liabilities relating to financial leasing	49,734	52,358

In the balance sheet item borrowing from credit institutions, financial leasing is included as follows:

Group	2009	2008
Within one year	23,075	21,164
Later than one year but within five years	26,659	31,194
Later than five years	0	0
Total	49,734	52,358

27 DEFERRED TAX

Group	2009	2008	Jan. 1, 2008
Deferred tax liabilities			
Derivative instruments	-128	123	199
Untaxed reserves	36,875	21,896	18,143
Arrangement fees, loans	718	1,228	2,107
Leasing	2,122	1,280	433
Loans from related parties	7,727	8,783	10,169
Total deferred tax liabilities	47,314	33,310	31,051
Deferred tax assets			
Derivatives	2,605	2,013	0
Valuation of loss-carryforwards	11,318	480	511
Other	308	308	0
Total deferred tax assets	14,231	2,801	511
Deferred tax liabilities, net	33,084	30,509	30,540

27 DEFERRED TAX CONT.

Gross changes relating to deferred taxes are as follows:

Group	2009	2008
On the opening date	30,509	30,540
Raising of loans from related parties	0	63
Recognition in profit and loss	2,548	-135
Exchange-rate differences	27	41
On the balance-sheet date	33,084	30,509

Deferred tax assets are recognized for loss-carryforwards for tax purposes to the extent that it is probable that they can be offset by future taxable profits. The Group recognized deferred tax assets of 11,318 (480) relating to losses amounting to 43,352 (1,714) that can be offset against

future taxable profits, since there are no convincing factors that can indicate that the loss-carryforwards cannot be used to offset future profits. The loss deduction is attributable to BYGGmax i Karlstad AB and BYGGmax AB (established via merger).

28 PENSIONS

Pension insurance in Alecta

Obligations for retirement and family pensions for salaried employees in Sweden are secured via insurance with Alecta. According to statement UFR 6 from the Swedish Financial Reporting Board, this is a defined-benefit plan that includes several employers. For the 2009 fiscal year, the Group did not have access to information that would enable it to be recognized as a defined-benefit plan. The pension plan according to ITP that is secured through insurance in Alecta is therefore recognized as a defined-contribution

plan. The year's fees for pension insurance issued by Alecta amounted to 1,625 (1,100). Alecta's surplus can be distributed to policy holders and/or insured persons. On December 31, 2009, Alecta's surplus in the form of the collective consolidation level amounted to 141 percent (112 percent). The collective consolidation level corresponds to the market value of Alecta's assets as a percentage of pension obligations as calculated according to Alecta's actuarial assumptions, which are not in agreement with IAS 19.

29 OTHER LIABILITIES

Group	2009	2008	Jan. 1, 2008
VAT liabilities	1,973	8,427	-3,591
Personnel-related liabilities	3,799	2,578	2,408
Other	2,425	1,731	6,784
Total	8,197	12,736	5,601
Parent Company			
Other	1,030	852	752
Total	1,030	852	752

30 ACCRUED EXPENSES AND PREPAID INCOME

Group	2009	2008	Jan. 1, 2008
Accrued salaries	11,696	8,727	8,535
Accrued vacation pay	17,367	14,662	11,926
Accrued social fees	4,340	3,457	3,114
Other	11,758	7,294	8,312
Total	45,161	34,140	31,887

31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

Group	2009	2008	Jan. 1, 2008
For own debts and provisions			
Shares in subsidiaries	437,237	199,813	100,801
Chattel mortgages	45,500	45,500	45,500
Total	482,737	245,313	146,301

Parent Company

Shares in subsidiaries	307,062	235,292	178,004
Total	307,062	235,292	178,004

Contingent liabilities

Group	2009	2008	Jan. 1, 2008
Capital coverage guarantee on behalf of Group companies	None	None	36,300

32 OBLIGATIONS

Obligations relating to operational leasing

The Group leases rental premises, as well as miscellaneous small equipment, according to terminable operational leasing contracts.

Future leasing fees for non-terminable operational leasing contracts fall due for payment according to the following:

Group	2009	2008
Within one year	82,410	72,392
Later than one year but within five years	291,783	279,235
Later than five years	235,539	216,453
Total	609,732	568,080

The major share of the above amounts relate to premises rent. In other respects, the major share of the Group's leasing contracts are classified as financial leasing. Information on financial leasing is presented in Note 26.

33 TRANSACTIONS WITH RELATED PARTIES

The Byggmax Group is 72 percent owned by the Altor 2003 Fund, which thus has a controlling influence over the Group. Altor also includes Svea Distribution AB, which has been identified as a related party to BYGGmax due to a common owner with a controlling influence. Furthermore, Altor has a controlling influence over Lindorff Customer Services AB (owned by Altor 2003 Fund and Altor Fund II) and Dustin Financial Services AB (owned by Altor Fund II).

Purchases of goods and services

During the year, Byggmax purchased goods from Svea Distribution AB in an amount of 70,490 (70,111). This company

is owned by a company, which is in turn, owned by the principal owner Altor.

During the year, BYGGmax purchased call-center services from Lindorff Customer Services. Total costs during 2009 amounted to 1,720 (2,124).

During the year, BYGGmax purchased IT equipment from Dustin Financial Services. Total costs during the year amounted to 322 (617).

Receivables and liabilities on Dec. 31, 2009 as a result of sales and purchases of goods and services

Liabilities to related parties	2009	2008	Jan. 1, 2008
–Svea Distribution AB	1,920	7,088	5,578
–Lindorff Kundtjänst (Sweden and Norway)	0	96	33
Total	1,920	7,184	5,611

Receivables from related parties	2009	2008	Jan. 1, 2008
–Svea Distribution AB	8	960	16
Total	8	960	16

Receivables from related parties are primarily the result of sales transactions and fall due for payment two months after the sale date. The Group has no collateral for these receivables. No interest is charged.

Liabilities to related parties are primarily the result of sales transactions and fall due for payment two months after the sale date. These liabilities carry no interest.

Loans from related parties

The Group has raised loans from related parties that are described in Note 26.

34 EVENTS AFTER THE BALANCE-SHEET DATE

At the beginning of 2010, Byggmax Group AB acquired Svea Distribution in its entirety. Svea Distribution AB is an purchasing agent for Byggmax. The acquisition calculation

is not yet complete but will be included in the 2010 Annual Report.

35 CHANGED ACCOUNTING POLICIES IN THE PARENT COMPANY AS A RESULT OF THE CHANGE TO IFRS

Since Bygghmax applies IFRS in its consolidated accounts, recommendation RFR 2.2 Accounting for Legal Entities is applied. The intent of this standard is that IFRS shall also be applied in the Parent Company's accounts as far as possible with consideration taken to the relationship between accounting and taxation. RFR 2.2 specifies the exceptions from full IFRS to be applied.

The quantitative effects of the transition to RFR 2.2 that were identified relate to borrowing from related parties. The result is that the loans are discounted on the date raised based on an estimated market interest rate. A deferred tax liability is recognized relating to the difference between the nominal amount and the discounted amount.

The total effect on shareholders' equity on January 1, 2008 amounted to a net of 26,148 after tax. The income statement was affected in that interest expenses were higher in an amount of 3,160, and the change in deferred tax liabilities generated tax income of 1,448. The change in tax liabilities includes a change of the included deferred tax as of January 1, 2008 due to a change in the tax rate from 28 percent to 26.3 percent.

Apart from the quantitative differences described above, a cash-flow statement and a statement of changes in shareholders' equity is provided for the Parent Company as for the Group.

36 EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As of January 1, 2008, Bygghmax prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The date for the Bygghmax Group's transition to IFRS was January 1, 2008. Up to and including the 2008 fiscal year, the Group prepared the consolidated accounts in accordance with the Annual Accounts Act and statements and general recommendations issued by the Swedish Accounting Standards Board. The transition to IFRS is presented in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The effect of the change in accounting policies is recognized directly in shareholders' equity. Previously published financial information for the fiscal year 2008 prepared in accordance with the Annual Accounts Act and statements and general recommendation issued by the Swedish Accounting Standards Board was recalculated according to IFRS. Financial information for fiscal years prior to 2008 was not recalculated.

The general rule is that all applicable IFRS and IAS standards that have taken effect and been adopted by the EU up until December 31, 2009 must be applied retroactively. However, IFRS 1 contains transition regulations that provide companies with some options for deviating from this general rule.

The following tables present the changes in accounting policies resulting from the introduction of IFRS and the transition effects on the Bygghmax Group's income statement and balance sheet for the 2008 fiscal year. Each section also contains a description of the exceptions from full retroactive application that Bygghmax chose to take. The letters a-g in each section refer to notes in the tables that summarize the effects of the transition to IFRS.

36 EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) CONT.

Consolidated statement of comprehensive income, fiscal year 2008

Amounts in SEK ooos	Previously applied account- ing policies	Total effect in transition To IFRS	Notes	IFRS
Operating income				
Net sales	2,107,012	0		2,107,012
Other operating income	18,407	0		18,407
Operating expenses				
Goods for resale	-1,512,587	0		-1,512,587
Other external costs	-279,210	18,102	c), d)	-261,108
Personnel costs	-164,826	0		-164,826
Depreciation, amortization and impairment of tangible and intangible fixed assets	-77,203	48,548	a), c)	-28,655
Other operating expenses	-5,271	0		-5,271
Operating profit	86,323	66,650		152,973
Loss from financial items				
Financial income	8,670	0		8,670
Financial expenses	-93,385	-16,409	b)	-109,794
Loss from financial items, net	-84,715	-16,409		-101,124
Profit before tax	1,608	50,241		51,849
Income tax	-15,529	3,888	f)	-11,641
Profit/loss for the year	-13,921	54,129		40,208
Other comprehensive income				
Exchange-rate differences	-219	29	c)	-190
Other comprehensive income for the year	-219	29		-190
Total comprehensive income for the year	-14,140	54,158		40,018

Consolidated balance sheet per January 1, 2008

Amounts in SEK ooos	Previously applied accounting policies	Total effect in transition To IFRS	Notes	IFRS
ASSETS				
Capitalized expenses brought forward for development work	6,881	0		6,881
Goodwill	1,044,585	0		1,044,585
Buildings and land	20,225	0		20,225
Land improvements on another party's property	3,605	0		3,605
Equipment, tools and installations	33,565	41,312	c)	74,877
Tangible fixed assets	29,307	0		29,307
Deferred tax assets	511	0		511
Other long-term receivables	21	0		21
Total fixed assets	1,138,700	41,312		1,180,012
Inventories	193,746	0		193,746
Advances to suppliers	2,829	0		2,829
Accounts receivable	220	0		220
Derivatives	0	710	b)	710
Other receivables	29,048	0		29,048
Prepaid expenses and accrued income	17,197	-759	d)	16,438
Cash and cash equivalents	19,372	0		19,372
Total current assets	262,412	-49		262,363
TOTAL ASSETS	1,401,112	41,263		1,442,375
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital	18,159	0		18,159
Other capital contributions		204,140		204,140
Reserves		-122		-122
Accrued earnings, including profit/loss for the year	79,208	-170,753		-91,545
Total shareholders' equity	97,367	33,265	e)	130,632
Borrowing from credit institutions	618,935	-47,264	b)	571,671
Borrowing from related parties	415,675	-36,317	b)	379,358
Deferred tax liabilities	18,143	12,908	f)	31,051
Total long-term liabilities	1,052,753	-70,673		982,080
Overdraft facility	23,340	0		23,340
Accounts payable	172,633	0		172,633
Current tax liabilities	8,206	0		8,206
Borrowing from credit institutions		87,996	b)	87,996
Other liabilities	5,601	0		5,601
Accrued expenses and prepaid income	41,212	-9,325	c)	31,887
Total current liabilities	250,992	78,671		329,663
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,401,112	41,263		1,442,375

36 EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) CONT.

Consolidated balance sheet per December 31, 2008

Amounts in SEK ooos	Previously applied accounting policies	Total effect in transition To IFRS	Notes	IFRS
ASSETS				
Intangible fixed assets	11,719	0		11,719
Goodwill	982,369	62,216	a)	1,044,585
Buildings and land	19,893	0		19,893
Land improvement on another party's property	4,076	0		4,076
Equipment, tools and installations	41,372	57,079	c)	98,451
Tangible fixed assets	4,860	0		4,860
Deferred tax assets	480	2,321	f)	2,801
Other long-term receivables	41	0		41
Total fixed assets	1,064,811	121,616		1,186,427
Inventories	232,657	0		232,657
Work in progress	19	0		19
Advances to suppliers	1,088	0		1,088
Accounts receivable	289	0		289
Derivatives	0	467	b)	467
Other receivables	37,076	0		37,076
Prepaid expenses and accrued income	18,520	-1,624	c), d)	16,896
Cash and cash equivalents	124,572	0		124,572
Total current assets	414,221	-1,157		413,064
TOTAL ASSETS	1,479,031	120,459		1,599,490
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital	18,368	0		18,368
Other capital contributions	0	207,822		207,822
Reserves	0	-312		-312
Accrued earnings including profit/loss for the year	68,513	-119,912		-51,399
Total shareholders' equity	86,881	87,598	e)	174,479
Borrowing from credit institutions	556,945	-49,801	b)	507,144
Borrowing from related parties	452,744	-33,395	b)	419,349
Derivative instruments	0	7,655	b)	7,655
Deferred tax liabilities	21,896	11,414	f)	33,310
Total long-term liabilities	1,031,585	-64,127		967,458
Accounts payable	302,210	0		302,210
Current tax liabilities	1,628	0		1,628
Borrowing from credit institutions	0	106,839	b)	106,839
Other liabilities	12,736	0		12,736
Accrued expenses and prepaid income	43,991	-9,851	c)	34,140
Total current liabilities	360,565	96,988		457,553
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,479,031	120,459		1,599,490

Changes in consolidated shareholders' equity	Notes	Jan. 1, 2008	Dec. 31, 2008
Shareholders' equity according to previously applied policies		97,367	86,881
Assets expensed according to IFRS	d)	–	–1,172
Market valuation of derivatives	b)	710	–7,188
Recognition of financial leasing contracts	c)	1,621	4,772
Recognition of arrangement fees	b)	7,525	4,668
Reversal of goodwill amortization	a)	–	62,216
Discounting of loans from related parties		36,317	33,395
Total adjustments		46,173	96,691
Tax effects of the above adjustments	f)	–12,908	–9,093
Total adjustment of shareholders' equity		33,265	87,598
Shareholders' equity according to IFRS		130,632	174,479

a) Goodwill

IFRS 3 Business Combinations requires that goodwill and other intangible assets with an indeterminate useful life are no longer amortized but instead tested for impairment, in part in conjunction with the transition to IFRS on January 1, 2008 and in part each year or more frequently, if there are indications of a decline in value. Such an asset is impaired if the carrying amount exceeds the recovery value. BYGGmax performed impairment testing on January 1 and on December 31, 2008. According to these tests, there was no need for impairment.

According to Swedish accounting policies, all intangible assets, including goodwill, shall be amortized over an estimated useful life. This change did not affect shareholders' equity in conjunction with the transition, since goodwill amortization prior to January 1, 2008 may not be reversed. As a consequence of the transition to IFRS, goodwill amortization that was amortized in an amount of 62,216 during the 2008 fiscal year was reversed. This resulted in an increase in shareholders' equity of 62,216 for 2008.

b) Financial instruments

IAS 39 Financial instruments: Recognition and measurement has been applied from January 1, 2008. Restatement and remeasurement of the assets and liabilities recognized in accordance with IAS 39 were implemented as of January 1, 2008. The items affected by the transition to IAS 39 are outlined below.

Derivative instruments

BYGGmax has derivative instruments, interest swaps, that are held to maintain the desired interest-fixation period on borrowing. These derivative instruments were not previously recognized at fair value in the balance sheet, which is now mandatory, according to IAS 39. The effect on shareholders' equity of derivative instruments being valued at fair value in the balance sheet as of December 31, 2008 was a liability of 5,298 after consideration of taxes and an asset of 511 on January 1, 2008.

As of January 1, 2008 (the transition date to IFRS) 710 in positive fair value adjustment was recognized with regard to interest derivatives. The tax effect of these instruments amounted to 199. Shareholders' equity was thus positively affected by the net of these two items in a total amount of 511.

During 2008, additional derivative instruments were added and included in the balance sheet in amounts of 7,655 (liability) and 467 (asset), which were recognized over the income statement as an adjustment of fair value. In addition, an adjustment was made of the derivative instrument included in the opening accounts in an amount of 710 that resulted in an increased cost in 2008. The net effect in profit and loss was an expense of 7,898 recognized under financial expenses. The tax effect of the above adjustments amounted to income of 2,089, which was recognized under income tax. The effect on shareholders' equity as of December 31, 2008 was negative in an amount of 5,298.

BYGGmax does not satisfy the criteria for hedge accounting according to IAS 39, meaning that changes in fair value for all derivative instruments are recognized in profit and loss. Changes in value of derivatives intended to hedge components attributable to borrowing are reported as a financial expense.

Borrowing from credit institutions

IAS 39 also affects the valuation of the Group's borrowing. According to previous accounting policies, borrowing was valued in the balance sheet at nominal value, and transaction costs attributable to the borrowing were expensed on the date the loan was taken. According to IAS 39, borrowing must initially be recognized at net fair value after transaction costs. Thereafter, borrowing is recognized at accrued cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognized in profit and loss distributed over the loan period with application of the effective-interest method. The transition effect on shareholders' equity that arose by valuing borrowing at accrued acquisition cost amounted to 5,418 on January 1, 2008 and to 3,440 on December 31, 2008 after taking tax into consideration.

The effect on 2008 profits was an increase in financial expenses in an amount of 2,857. The tax effect of the adjustment in 2008 was deferred tax income of 751. In addition, there was an adjustment of the opening balance for deferred tax due to a change in the tax rate from 28 percent to 26.3 percent. The effect of the change in tax rate recognized in profit and loss for 2008 amounted to deferred tax income of 128.

Valuation of accrued cost also means that capitalized financing costs, in cases where they were capitalized and not expensed, were reclassified from interim receivables and recognized in net amounts against the relevant loans in "long-term liabilities" and "current liabilities."

With the transition to IFRS, accrued interest expenses are classified as part of the debt to credit institutions, meaning that the balance-sheet item accrued expenses and prepaid income was reduced by 9,349 (8,834 on the transition date January 1, 2008).

Borrowing from related parties

Borrowing from related parties carries interest that is lower than market interest rates. The fair value of these loans was established by applying market interest for similar loans. This amount was recognized in the balance sheet as a liability that was valued at accrued cost with application of the effective-rate method in subsequent periods. The remaining portion of the received amount corresponds to a capital contribution from a related party that is recognized in shareholders' equity as a net amount after tax. The transition effect on shareholders' equity arising through the Group's other loans from related parties being divided into a liability portion and an equity portion amounted to 26,148 on January 1, 2008 and 24,612 on December 31, 2008 after taking tax into consideration (increase in equity). The effect on earnings after tax was an expense of 1,712 (increased loss) for 2008 and an expense of 19,489 (increased loss) for 2007.

c) Leasing

The BYGGmax Group leases equipment to a great extent, which according to previously applied accounting policies was handled as operational leasing. In conjunction with the transition to IFRS, these leasing contracts were treated as financial leasing contracts, meaning that a fixed asset must be recognized in the balance sheet, along with a liability to the leasing company classified either as long-term borrowing from a credit institution or short-term borrowing from a credit institution, if payment is expected to take place within 12 months from the balance-sheet date.

According to previous policies, payments to the leasing company were expensed linearly and classified as other external costs. According to IFRS, the cost must be divided into a depreciation component (depreciation of the fixed asset) and a financial expense (interest on the borrowing as recognized in the balance sheet).

The effect on shareholders' equity amounted to 1,621 (of which tax 433) on January 1, 2008 and 4,772 (of which tax 1280) on December 31, 2008. The effect on the 2008 income statement was that 19,274 was reversed with respect to other external costs (positive profit adjustment) and that depreciation amounting to 13,668 was recognized (negative profit adjustment). In addition to depreciation, interest expenses of 2,496 (negative profit adjustment) were recognized.

Some of the Group's leasing contracts are held by our foreign subsidiaries. The translation differences attributable to leasing contracts in foreign currency amounted to an expense of 3 on January 1, 2008 and an expense of 26 on December 31, 2008. These effects, which are recognized among other comprehensive income, amounted to an expense of 29.

d) Assets that do not meet the criteria for capitalization

According to previously applied policies, BYGGmax capitalized an asset of 1,172 as of December 31, 2008, which according to IFRS does not satisfy the criteria for capitalization. During 2008, this item was expensed, affecting other external costs in an amount of 1,172. The deferred tax income on this adjustment amounted to 308. The effect on shareholders' equity was thus a liability of 864. The balance sheet item interim receivables was negatively affected in an amount of 1,172 on December 31, 2008, and deferred tax assets were affected in an amount of 308.

e) Presentation and statements

Certain changes in classification and nomenclature took place in the balance sheets and income statements. These changes primarily related to the following.

According to IAS 1 Presentation of Financial Statements, provisions must be recognized as liabilities and not under a separate heading in the balance sheet. Furthermore, provisions must be divided up and recognized as current or long-term liabilities. BYGGmax reclassified all provisions as long-term or current liabilities based on when payment is expected. Provisions for deferred tax were classified as long-term liabilities.

Shareholders' equity is no longer divided into restricted and unrestricted equity. Certain reclassifications were also made within shareholders equity. According to a statement from the Swedish Financial Reporting Board (UFR 8), shareholders' equity is now divided into share capital, other capital contributions, other reserves, earnings brought forward, including profit/loss for the period, and minority interest.

In addition, certain terms were adjusted such that "Cash and bank balances" is called "Cash and cash equivalents," "Interest income and similar items" and "Interest expenses and similar items" are called "Financial income and Financial expenses." Furthermore, "Tax on profit for the year" is now called "Income tax."

f) Deferred taxes

The above adjustments in the balance sheet increased deferred tax as follows:

	Not	2008-01-01	2008-12-31
Assets expensed according to IFRS	d)	0	-308
Market valuation of derivatives	b)	199	-1,890
Recognition of financial leasing contracts	c)	433	1,280
Recognition of arrangement fees	b)	2,107	1,228
Discounting of loans from related parties	b)	10,169	8,783
Increase/decrease of deferred tax liability		12,908	9,093

The above tax adjustments are recognized in net amounts. In cases where the amount is specified with a minus sign (-), this indicates a deferred tax asset. Otherwise, a deferred tax liability is specified.

g) Applied exceptions

BYGGmax elected to apply the following exceptions to the general rule of applying all standards with full retroactivity in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards.

Operating acquisitions made before January 1, 2008 were not recalculated in accordance with IFRS. No operating acquisitions took place during 2008 and 2009, meaning that no adjustments of acquisition calculations were needed.

BYGGmax constructs building on purchased land for which specific loans (construction loans) are raised. In accordance with IAS 32 Borrowing Costs, borrowing expenses that are directly attributable to purchase, construction or production of qualified assets comprise a portion of the asset's cost. IFRS 1 allows exceptions in accordance with the

transition rules in IAS 23 meaning that this rule shall be applied as of January 1, 2009. BYGGmax elected to apply this exception entailing capitalization of borrowing costs in the cost of qualified assets, which in this case comprise construction of buildings and land improvements starting on January 1, 2009. Previous borrowing costs were expensed in the period in which they arose.

h) Effects on cash flow

The cash-flow statement was adjusted for blocked funds, which were previously included in cash and bank balances in both the balance sheet and the cash-flow statement. According to IAS 7, only cash and cash equivalents that on the acquisition date had a remaining maturity period not exceeding three months may be recognized as cash and cash equivalents. This meant that cash and cash equivalents in the cash-flow statement declined by 2,486 on December 31, 2008.

Financial leasing affects cash flow in that payments are classified as paid interest and amortization of debt. Previously, payments to leasing companies were charged against operating earnings.

The consolidated income statements and balance sheets for the Parent Company and the Group will be presented to the Annual General Meeting on April 22, 2010 for approval.

Stockholm, April 11, 2010

FREDRIK CAPPELEN
CHAIRMAN OF THE BOARD

JOHANNES LIEN
Board member

STEFAN LINDER
Board member

ANDERS MOBERG
Board member

STIG NOTLÖV
Board member

MAGNUS AGERVALD
President

Our Auditor's report was submitted on April 11, 2010
Öhrlings PricewaterhouseCoopers AB

ANNA-CARIN BJELKEBY
Authorized Public Accountant

AUDITORS' REPORT

**To the annual meeting of the shareholders of
Bygghem AB
Corporate identity number 556656-3531**

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Bygghem AB for the year 2009. The company's annual accounts and the consolidated accounts are included in the printed version on pages 20-64. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member

or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

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

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 11 April 2010
Öhrlings PricewaterhouseCoopers AB

Anna-Carin Bjelkeby
Auktoriserad revisor

BYGGMAX MANAGEMENT TEAM



Jacob Notlöv, Pernilla Walfridsson, Pär Petersson, Magnus Agervald and Mikael Bengtsson.

MAGNUS AGERVALD

President since 2008 (employed since 2006). Born 1975. **Education:** B. Sc. Stockholm School of Economics and graduate engineer KTH Royal Institute of Technology. **Background:** Formerly worked as a consultant at McKinsey & Company and analyst at IDI AB and founder Icomera. **Other assignments:** Board member of Icomera AB. **Shareholding:** 200,000 shares.

MIKAEL BENGTSOON

Commercial managers since 2008 (employed since 1999). Born 1966. **Education:** Social educationist Jönköping University. **Background:** Formerly department head of Obs Byggmarknad. No other assignments. **Shareholding:** 40,000 shares.

JACOB NOTLÖV

IT manager since 2004 (employed since 2001). Born 1980. **Other assignments:** Partner and Board member of Adtraction Marketing AB and Board member of LLJ Property AB. **Shareholding:** 25,000 shares.

PÄR PETERSSON

Purchasing Manager since 2007 (employed since 1999). Born 1961. **Education:** Technology studies in the sales field. **Background:** Formerly sales representative and district manager of Pååls Bagerier. No other assignments. **Shareholding:** 30,000 shares.

PERNILLA WALFRIDSSON

CFO since 2005. Born 1973. **Education:** Master of Science in Business and Economics, Växjö University. **Background:** Formerly CFO of consumer electronics chain Power, Business Controller of IKEA Russia and Controller at IKEA AB. **Other assignments:** Deputy board member of Ingårps Tryckimpregnering AB. **Shareholding:** 80,000 shares.

AUDITORS

Byggmax's auditor is Öhrlings PricewaterhouseCoopers AB, with Anna-Carin Bjelkeby as auditor in charge since 2006. Anna-Carin Bjelkeby is an authorized public accountant and a member of FAR SRS. The address of Öhrlings PricewaterhouseCoopers AB's offices is Torsgatan 21, SE-113 97 Stockholm, Sweden.

BYGGMAX BOARD OF DIRECTORS



Fredrik Cappelen



Johannes Lien



Stefan Linder



Anders Moberg



Stig Notlöv

FREDRIK CAPPELEN

Chairman of the Board since 2008. Born 1957. **Education:** B. Sc. and studies at Uppsala University. **Background:** Formerly President and CEO, as well as Board member, of Nobia AB and Board member of Danske Træløst. **Other assignments:** Active as an advisor in industrial matters in the Nordic private equity segment. Chairman of the Board of Munksjö AB and Cappelen Invest AB, Board member of Securitas AB, Sanitec OY, Cramo OYJ, Carnegie Investment Bank AB, GG Holding AB and Granngården AB. **Shareholding:** Owns no shares, but is exposed to 327,272 shares in Byggmax through his endowment insurance.

JOHANNES LIEN

Board member since 2009, deputy Board member since 2007. Born 1977. **Education:** M. Sc. **Background:** Formerly Board member of SPT Group AS and deputy Board member of SiteTel Sweden AB. **Other assignments:** Johannes is also a director at Altor Equity Partners AB, Board member of Navico Holding AS, Ocivan Invest AS and Helly Invest AS, and deputy Board member of N Holding AB. He is also a partner and Board member of Cretum Invest AB. **Shareholding:** 0 shares.

STEFAN LINDER

Board member since 2006. Born 1968. **Education:** B. Sc. Stockholm School of Economics. **Background:** Board member of Industri Kapital and works in the field of Investment banking at Morgan Stanley in London. **Other assignments:** Stefan is partner and Board member of Altor Equity Partners AB, Chairman of the Board of EuroCater A/S, Board member of Dustin Group AB, ApoPharm AB and Meny Food Processing Technology B.V. **Shareholding:** 0 shares.

ANDERS MOBERG

Board member since 2006. Born 1950. **Background:** Formerly Board member of Velux A/S and ICA AB and CEO of the IKEA Group, Royal Ahold N.V. and Majid Al Futtaim Group LLC. **Other assignments:** Anders is Chairman of the Board of Clas Ohlson AB and Biva A/S and Board member of DFDS A/S, Husqvarna AB, ZetaDisplay AB, Hema B.V. and Ahlstrom OY. **Shareholding:** 233,333 shares.

STIG NOTLÖV

Board member of the current company since 2006, Board member of former Parent Company since 1993. Born 1947 **Education:** **Background:** Formerly President of Byggmax. **Other assignments:** No other assignments. **Shareholding:** 1,858,796 shares through companies.

CORPORATE GOVERNANCE

Corporate governance at Byggmax is based on Swedish law, internal regulations and ordinances and is in compliance with NASDAQ OMX Stockholm's rules and regulations for issuers. Commencing in 2009, Byggmax has elected to comply with the Swedish Code of Corporate Governance (the Code). All deviations from the code will be recorded in a corporate governance report, which will be prepared in full for the first time of the fiscal year 2010.

ANNUAL GENERAL MEETING (AGM)

In accordance with the Swedish Companies Act, the AGM is Byggmax's highest decision-making body and at the AGM, shareholders exercise their voting rights in key issues, such as the adoption of the income statement and balance sheets, appropriation of Byggmax's profits, the discharge of the Board and President and CEO from liability, the election of Board members and auditors, and remuneration of the Board and auditors.

An extraordinary general meeting may be called in addition to an AGM. Pursuant to the articles of association, notification of the AGM and extraordinary general meeting is published in Post- och Inrikes Tidningar and Dagens Industri.

Entitlement to be present at Annual General Meeting

All shareholders that are directly entered in the shareholders' register maintained by Euroclear Sweden AB five working days prior to the AGM and have notified Byggmax of their intention to participate (in addition to any advisors) in the AGM not later than the date and time specified in the notification of the AGM are entitled to participate in the AGM and vote for the number of shares held. Shareholders may participate in the AGM in person or by proxy and may be accompanied by not more than two persons. Under normal circumstances, shareholders can register their intention to participate in the AGM in several different ways, which are normally specified in the notification of the AGM.

Initiatives from shareholders

Shareholders who wish to have a matter addressed at the AGM must submit a written request to the Board of Directors. Requests must normally be received by the Board not later than seven weeks prior to the AGM.

BOARD OF DIRECTORS

The Board of Directors is the second highest decision-making body after the AGM. According to the Swedish Companies Act, the Board is responsible for the company's administration and organization, which means that it is the duty of the Board to approve goals and strategies, ensure that procedures and systems are in place to evaluate established goals, continuously evaluate Byggmax's financial position and profits, and assess the performance of operational management. It is also the responsibility of the Board to ensure that the annual report, the consolidated financial statements and interim reports are prepared at the appropriate times. The Board of Directors also appoints the President and CEO.

Board members are elected each year at the AGM for the period extending until the end of the following AGM. Pursuant to Byggmax's articles of association, Board members elected by the AGM shall comprise not less than three and not more than eight members with no deputies.

The Chairman of the Board is elected by the AGM and has the specific responsibility to lead the work of the Board and for ensuring that the Board's work is well organized and is carried out in an effective manner. The Chairman of the Board does not participate in the operational management of Byggmax.

The Board adheres to a written formal work plan that is revised annually and adopted at the statutory Board meeting each year. Among other aspects, the formal work plan Board practices, functions and the division of work between the Board members and the President and CEO. In conjunction with the first Board meeting, the Board also adopts instructions for financial reporting and terms of references for the President and CEO.

The Board is convened in accordance with an annual schedule that is approved in advance. In addition to these meetings, additional meetings may be arranged to address matters that cannot be referred to scheduled meetings. Aside from Board meetings, the Chairman of the Board and the President and CEO hold continuous dialog relating to the management of Byggmax.

At present, Byggmax's Board comprises five members, who are presented in more detail in the section "Board of Directors, senior executives and auditors,"

Committees and committee work

The Board currently has no remuneration committee, audit committee or any other committee. Instead, it is the Board belief that the tasks that would otherwise be performed by committees can be carried out more effectively by the Board in its entirety.

PRESIDENT AND OTHER SENIOR EXECUTIVES

The President is subordinate to the Board and is primarily responsible for Bygghmax's continuous administration and daily operation. The division of work between the Board and the President is described in the work order for the Board and the instruction for the President. The President is also responsible for preparing reports and compiling information from the management prior to Board meetings and presents the material at Board meetings. According to the instructions for financial reporting, the President is responsible for financial reporting in Bygghmax and, consequently, must ensure that the Board obtains sufficient information so that the Board is able to continuously evaluate the company's financial position.

The President shall continuously keep the Board informed regarding the development of Bygghmax's operations, the volume of sales, the company's profit and financial position, the liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the company's shareholders (for example, significant disputes, termination of contracts that are important to Bygghmax and significant circumstances that affect Bygghmax's facilities).

The President and other senior executives are presented in more detail in "Board of Directors, senior executives and auditors."

REMUNERATION TO BOARD MEMBERS AND SENIOR EXECUTIVES

Remuneration to Board members

Fees and other remuneration to Board members, including the Chairman, are determined by the Annual General Meeting. At the Annual General Meeting on April 22, 2010, it was resolved that remuneration to independent members shall amount to SEK 250,000 kronor and SEK 500,000 for the Board's Chairman, which makes total fees of SEK 1 M.

Bygghmax's Board members are not entitled to any benefits after they have resigned as Board members.

Remuneration to senior executives

Guidelines for remuneration to the President and senior executives

According to a decision by the Annual General Meeting on April 22, 2010, the following guidelines for remuneration and other terms and conditions of employment for the President and senior executives apply.

Remuneration to the President and other senior executives comprises basic salary, variable remuneration, other benefits and pension. Basic salary forms the basis of the total remuneration and must be in proportion to the executive's responsibility and authority. The President's variable remuneration must not exceed 100 percent of the

basic annual salary, while other senior executives' variable remuneration must not exceed 20 percent of annual basic salary for each manager. Variable remuneration is based on earnings in relation to individually defined quality and quantity measurements. In addition, each year, the Board will evaluate whether a long-term incentive program (for example, a share or share-price based program) will be proposed to the Annual General Meeting. Bygghmax currently has no long-term incentive program.

Current employment contracts for President and senior executives

The Board resolves on remuneration policies for the President and senior executives. Such remuneration policies correspond with the guidelines for remuneration to the President and senior executives, as approved by the Annual General Meeting. Individual remuneration to the President is approved by the Board and individual remuneration to other senior executives is determined by the President following approval by the Chairman of the Board. All decisions on individual remuneration to senior executives lie within the approved remuneration policy approved by the Board of Directors.

Agreements pertaining to pensions shall be based wherever possible on fixed premiums and be formulated in accordance with the levels and practice that applies in the country where the senior executive is employed.

Other benefits are restricted and are offered in accordance with the market standard.

Senior executives shall be offered terms of employment that comply with the legislation and practice that applies in the country where the senior executive is employed.

Senior executives are not entitled to any benefits following completion of their service in Group management.

AUDIT

The auditor shall review Bygghmax's annual report and financial statements, and the administration by the Board of Directors and the President. After each fiscal year, the auditor shall submit an auditor's report and a consolidated audit report to the Annual General Meeting.

According to the company's Articles of Association, Bygghmax shall have not fewer than one and not more than two auditors and not more than two deputy auditors. Bygghmax's auditor is Öhrlings PricewaterhouseCoopers AB, with Anna-Carin Bjelkeby as auditor-in-charge. The company's auditor is presented in more detail in "Board of Directors, senior executives and auditors."

In 2009, total remuneration to Bygghmax's auditor was SEK 1,079,000.

DEFINITIONS

Return on capital employed: EBITA divided by average capital employed.

Return on equity: Earnings for the period divided by average equity.

EBITA: Operating profit before amortization of goodwill. See “Operational and financial overview – Key data not calculated in accordance with IFRS” for a reconciliation of EBITA with earnings for the period.

EBITDA: Operating profit before amortization of goodwill and impairment. See “Operational and financial overview – Key data not calculated in accordance with IFRS” for a reconciliation of EBITDA with earnings for the period.

Average net operating capital: Each year’s monthly net operating capital has been weighted in the same manner to calculate and average.

Average capital employed: Capital employed for the past two years divided by two.

Net operating capital: Balance-sheet data from the principal ledger (not amended), measured as the total of inventory, accounts receivable, receivables on bonus from suppliers, other receivables and prepaid expenses / accrued liabilities less the total of accounts payable, tax liabilities, other current liabilities and accrued expenses/ deferred income.

Net debt: Interest-bearing liabilities less cash and cash equivalents.

Net debt-equity ratio: Net debt divided by equity.

Interest-coverage ratio: EBITA plus financial income divided by financial expenses.

Operating margin (EBIT margin): Operating profit (EBIT) divided by net sales.

Equity/assets ratio: Equity divided by total assets.

Capital employed: Equity plus net debt.

Growth in like-for-like sales: A comparable unit (like-for-like unit) is regarded as comparable from the second year-end after the store opened. For example, this means that a store that opened in 2005 is classified as a comparable unit from 2007. Stores relocated to new premises in an existing location are handled in the same manner.



Byggmax
Box 6063
171 06 Solna
www.byggmax.se

