Ahlsell AB (publ)

former Norrmalm 1.1. AB

Annual Report and Consolidated Financial Statements

for the period 1 January to 31 December 2014

ahlsell

The Board of Directors of

Norrmalm 1.1 AB

Corp. ID 556882-8916

hereby presents the

Annual Report and Consolidated Financial Statements

for the period 1 January to 31 December 2014

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Directors' report

THE GROUP

Operations

Norrmalm 1.1 AB is the Swedish top company in the Ahlsell Group. The Ahlsell Group generates annual sales of approximately SEK 22 billion. It is one of the leading companies in its field in the Nordic region, offering professional users an extensive range of products and related services in the areas of HVAC, Electrical, and Tools & Machinery. The Group has business operations in Sweden, Norway, Finland, Denmark, Estonia, Russia and Poland. Group operations are conducted primarily under the Ahlsell trademark.

The company operates locally and the organisational model of the Ahlsell Group is designed to support this. The organisational structure focuses on the local marketplace where it has a large number of sales offices and stores. The Group has a strong foundation with clearly defined areas of responsibility and multiple local entities in each country. This structure allows Ahlsell to maintain a high level of flexibility and proximity to its customers. Coordination of purchasing, logistics, administration and IT results in economies of scale in its operations.

Sales and earnings

2014 began on a relatively strong note with positive sales growth for the Group during the first quarter. A contributing factor was the favourable weather conditions with a relatively mild and snow-free winter, which allowed Ahlsell's customers to maintain a good pace of work. The fact that Easter was later than the previous year also benefited first-quarter growth and led to greater activity in March. Growth slowed somewhat in the second quarter and since then the year has, with some geographic differences, been marked by a slow recovery and weak growth, particularly in industrial areas where a weak demand in key markets has affected exports.

Consolidated sales amounted to SEK 21,779 million (20,435). EBITA was SEK 1,757 million (1,782), representing a margin of 8.1% (8.7%). Operating profit was SEK 1,428 million (1,467), representing an operating margin of 6.6% (7.2%).

The Group's net financial items totalled SEK -1,504 million (-1,445) and the average external interest expense was 7% (8%). Profit/loss for the year amounted to SEK -180 million (-95) and comprehensive income for the year amounted to SEK -22 million (-115).

External sales for Sweden's area of operations totalled SEK 13,210 million (12,398) with EBITA of SEK 1,479 million (1,388), representing a margin of 11.2% (11.2%). Operating profit was SEK 1,255 million (1,161). The year got off to a robust start but the rate of growth declined to a lower level during the latter part of the year. The continuing strong performance of the construction industry has been the driving force behind the growth of the Swedish market, while the industry has been weakened by low demand in the neighbouring export markets. Throughout the year, the Swedish operations have been implementing and integrating a number of smaller acquisitions of more strategic importance, with the aim of broadening the product offering and entering construction projects as a supplier at an earlier stage. The opening of new stores and investment in the construction area are initiatives that the company has taken to drive growth.

External sales for Norway's area of operations totalled SEK 5,050 million (4,498) with EBITA of SEK 193 million (277), representing a margin of 3.8% (6.2%). Operating profit was SEK 141 million (236). As in the Swedish market, the year began on a relatively strong note, but growth gradually declined as the year progressed and decelerated significantly in the last quarter. The drop in demand in the latter part of the year is linked in part to falling oil prices, which have created uncertainty and reduced investment spending in both the oil sector and mainland industries. During the year, Ahlsell's Norwegian operations focused on integrating ProffPartner, which was acquired in the autumn of 2013. The acquisition was significant because of its size and it represents a strategic establishment in the Tools & Machinery product area in the Norwegian market. During the latter part of the year, the operations have also begun their process of adaptation to enable them to respond better to the prevailing market situation.

External sales for Finland's area of operations totalled SEK 2,719 million (2,705) with EBITA of SEK 120 million (153), representing a margin of 4.4% (5.7%). Operating profit was SEK 77 million (112). During the year, the market with the weakest growth among the Nordic countries was Finland. The low level of investment and demand in the domestic market, along with a weak export market, led to a slowdown in the economy and consequently a low level of activity in the industry and the construction sector. The slump in the market has also had adverse consequences for Ahlsell's sales, resulting in a reduction in volumes. The investments to stimulate growth in the Electrical product area are proceeding.

External sales for Denmark's area of operations during the year totalled SEK 339 million (312) with EBITA of SEK 37 million (27), equivalent to a margin of 10.8% (8.5%). Operating profit was SEK 31 million (21). Ahlsell's Danish operations have developed well during the year with an increase in both sales and earnings.

External sales in other market segments, comprising Russia, Estonia and Poland, during the financial year totalled SEK 462 million (523) with EBITA of SEK 8 million (16), equivalent to a margin of 1.7% (3.0%). Operating profit was SEK 8 million (15). Most of the decrease in sales is attributable to the Russian operations, where the number of stores has been reduced according to plan.

Market trends in 2014

Markets around the world experienced weak growth in 2014 and, although the economy is starting to pick up in countries such as the USA and the UK, economic recovery has been slow. In the market where the Group operates, which is directly linked to developments in the construction sector and industry, and where the macroeconomic development is a fundamental driving force, development has been strongly affected by the weak economy. However, the picture differs somewhat across the Nordic countries. Sweden's development enjoyed relatively good momentum while Finland, with its shrinking economy, had a more subdued year. Developments in Norway in the last months of the year were strongly marked by declining oil prices and a fall in investment spending.

Cash flows and investments

The operating cash flow was SEK 1,708 million (2,122). The amount of cash tied up in working capital decreased by SEK 57 million (a decrease of SEK 439 million). In 2014, acquisitions of subsidiaries, along with disposals, had a SEK 231 million (-703) adverse impact on the cash flow. The cash flow from investing activities was SEK -414 million (-858), while the cash flow from financing activities was SEK -595 million (-166). Cash flows for the year amounted to SEK 232 million (557).

The year's gross fixed investment in property, plant and equipment totalled SEK 189.7 million. Finance leases accounted for SEK 53.3 million of this amount. The year's gross fixed investment in intangible assets totalled SEK 47.8 million. Most of the investments during the year focused on logistics, stores and IT. Depreciation of property, plant and equipment was SEK 135.7 million and amortisation of intangible assets was SEK 328.6 million for the year.

Financing

The Group's financing is primarily through three credit facilities managed by Nordea Bank AB (publ): SEK 10,809 million in senior loans, a SEK 1,500 million acquisition facility, SEK 130 million of which had been drawn at the balance sheet date, and a SEK 500 million revolving facility, SEK 25 million of which had been used for bank guarantees and letters of credit at the balance sheet date. There are also shareholder loans amounting to SEK 5,783 million. The increase of the external financing since last year is mainly due to refinancing that was carried out in June with a view to repaying, via external borrowing, some of the shareholder loans that exist in the Group. The refinancing increased the Group's total used external borrowings by approximately SEK 1.8 billion and, in connection therewith, approximately SEK 2.5 billion of consolidated shareholder loans were repaid.

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

Significant events in 2014

Acquisition of Hjelmbergs AB

Ahlsell acquired Hjelmbergs AB in February. Hjelmbergs AB is a local wholesaler based in Karlshamn. The company sells a wide range of tools, machinery, personal protection equipment, industrial supplies and steel. Ahlsell already has business operations in Karlshamn and the acquisition of Hjelmbergs strengthens Ahlsell's position and image in the region and offers excellent opportunities for it to expand its offering to new and existing customers. The company reports annual sales of approximately SEK 55 million.

Disposal of PP Security AS

In May, Ahlsell divested PP Security AS, a company that was included in the acquisition of ProffPartner in September 2013. The company is active in the Nordic locks and security market and generates annual sales in excess of SEK 50 million. The buyer was ASSA ABLOY Norway.

Acquisition of Rob. Holmquist AB

In May, Ahlsell acquired Rob. Holmquist AB with business establishments in the towns of Borås and Falkenberg. The company sells a wide range of HVAC products, mainly to local installation firms. It generates sales of approximately SEK 90 million.

Acquisition of HauCon Sverige AB

In September, Ahlsell acquired HauCon Sverige AB. HauCon is a leading distributor of products in the areas of concrete, reinforcement and formwork. Its customers are mainly construction companies. As an early-stage supplier in construction projects, HauCon operates in an area that Ahlsell considers strategically important and in which it has been keen to expand its presence in recent years. The company reports annual sales of approximately SEK 130 million.

Acquisition of Skandinaviska Byggprodukter Väst AB

In conjunction with the acquisition of HauCon, Ahlsell also acquired Skandinaviska Byggprodukter Väst AB, based in Gothenburg. SKB mainly serves the construction industry with a wide range of reinforcement and formwork products. The company generates sales in excess of SEK 100 million. Together with the acquisition of HauCon, Ahlsell is establishing a new platform that will enable it to become an even more prominent player in early-stage construction projects.

Acquisition of Almén Special Fastener AB

In November, Ahlsell acquired Almén Special Fastener AB. Almén specialises in bespoke fastening products for environments with specific quality requirements. Its customers mainly operate in the engineering industry. The company's operations are based in Vänersborg and it generates annual sales of SEK 45 million. This acquisition enables Ahlsell to expand its portfolio of fastening products and target interesting customer segments in the industrial sector.

The companies that were acquired during the year have combined annual sales of approximately SEK 400 million. The total consideration for the year's acquisitions was SEK 305 million.

Financial risks

In the course of its operations, the Group is exposed to different types of financial risks. Financial risks refer to the risk of fluctuations in earnings and cash flows as a result of changes in foreign exchange rates, interest rates, customers' ability to pay and business refinancing options. The finance policy comprises a number of guidelines and rules that define a risk period for its financing activities. The general objective is to optimise the ratio between a risk level and the return to the shareholders within the framework of this period.

The currency risk is concentrated on the import of goods (transaction exposure), lending and borrowing between the companies in the Group, financing in foreign currencies, and currency risk due to restatement of investments in foreign subsidiaries (translation exposure).

The impact of translation exposure is limited by matching foreign net assets in EUR with loans in the same currency. 31 percent of the Group's loans are in Swedish kronor (SEK), 48 percent in Euro and 21 percent in Norwegian kronor (NOK). The percentage in SEK after exchange rate swaps is 71 percent. The key individual currencies are SEK against the Euro and NOK.

Fluctuations in interest rate levels have a direct impact on the Group's net interest income/expense. The company uses interest rate derivatives such as interest rate swaps to limit exposure to fluctuations in interest rates. These instruments are not used for speculative purposes but to reduce the underlying risks. A one-percent change in the market rate affects the Group's profit (interest expense) by about SEK 57 million. At 31 December 2014, the fixed rate interest period for the Group's senior loan facility and acquisition facility was 39 days. The fixed rate interest period for interest rate swaps was 380 days.

The company has a defined credit policy for managing credit risk associated with trade receivables. This requires a credit check for all customers.

Other risks and uncertainties

The economy

Activity in the building sector, comprising new construction projects, service and repairs, and renovation, maintenance and improvement (RMI), is the single most important driving force for Ahlsell's sales development. More than half of Ahlsell's total sales were in the building sector. The trend for new construction projects reacts, with some delay, to the general economy. However, service and maintenance and the RMI sectors are less affected by fluctuations in the economy.

Acquisitions and integration

Acquisitions play a key role in the fulfilment of Ahlsell's growth strategy and goal of becoming the leading player in all the product areas in each market. The company therefore has a policy of regularly identifying and evaluating potential acquisitions. Ahlsell's growth opportunities can be constrained if it encounters difficulties in identifying and implementing acquisitions.

Ahlsell gives priority to acquisitions with evident cost synergies. To realise the value of these synergies, Ahlsell aims to integrate the acquired entity into its system and structures as quickly as possible. This involves the coordination of IT systems, logistics, purchasing, administration and sales. These measures normally result in a significant improvement in profitability. If difficulties are encountered during the integration process, then there is a risk that expected synergies may not be brought to fruition.

IT systems

Ahlsell is dependant on technical systems for collecting, processing and communicating information securely and efficiently. This applies to our customised order/store management system IMI Order, which also includes Web/Internet/mobile access, the Astro centralised warehouse system, the CRM system Ahead and the Centiro transport management system. We also offer EDI services to larger customers and suppliers. This enables their order and warehouse management systems to be integrated with IMI Order. External partners are responsible for the administration and maintenance of all of Ahlsell's central IT systems. Serious errors or longer periods of down-time in business-critical information systems can eventually cause goods delivery problems or limit our ability to receive orders or invoice customers. Ahlsell was affected by three serious complete disruptions in availability in its Group-wide business-critical IT systems in 2014, amounting to a total of four hours.

Warehousing and distribution

Ahlsell relies on a number of main warehouse facilities and distribution centres, including central warehouses in Hallsberg (Sweden), Gardermoen (Norway) and Hyvinge (Finland). In addition, Ahlsell depends on a small number of transport operators to provide daily delivery of products to stores and end-customers. Ahlsell's ability to deliver goods would be seriously affected if the warehouses or distribution facilities suffered damage or the contracted transport companies were unable to provide sufficient capacity.

Employees

The average number of employees in the Group in 2014 was 4,586 (4,256). The number of employees in the Group on 31 December 2014 was 4,837 (4,754).

Sustainability information

Ahlsell endeavours to be one of the leading companies in the industry with regard to environmental protection. The company has clear guidelines for the areas of its business that are considered to have the greatest impact on the environment. This includes an environmental policy on how Ahlsell shall work to reduce the environmental impacts of its operations within the framework of efficient commercial activities.

The main focus of Ahlsell's operations is trading and distribution. The Group's main environmental impacts come from the products that the company supplies, and from transportation, energy and waste.

Most of Ahlsell's warehouses and stores handle flammable goods, chemicals or other products covered by specific legislation relating to the handing and management of these types of products. The responsible parties are notified of the requirement to obtain a licence, comply with reporting obligations or other regulatory requirements in connection with the handling of this type of product to ensure that legal requirements are always met. Local control processes are in place and external and internal ISO audits are also performed to ensure compliance.

Environmental action – an increasingly important competitive advantage

As part of its endeavours to be one of the leading companies in the industry with regard to environmental protection and sustainability, Ahlsell has taken several major steps during the year. In addition to regular supplier assessments carried out on behalf of Ahlsell's customers, some 70 or so internal environmental audits have also been conducted during 2014. The results will be used as the basis for ongoing improvement initiatives. The Swedish Chemicals Agency has also conducted an audit of procedures and systems to ascertain their compliance with chemical management legislation. Furthermore, Ahlsell has ordered an external audit of the company's purchasing processes to be carried out.

Ahlsell requires all its suppliers, both within and outside the EU, to comply with the Code of Conduct in order to be a supplier and it works actively to ensure that this requirement is met. This drives greater synergies but primarily ensures a long-term value for the company's customers. It creates positive effects for employees, suppliers and shareholders too and ultimately for the community in general. The process of performing audits at the company's contractual suppliers will continue throughout 2015. The number of spot checks carried out will also be increased to improve control and increase leverage with the company's suppliers.

Ahlsell has an established set of guidelines on how the company achieves efficient operations with minimal risk to the environment. This is regulated in the company's environmental policy and is maintained by ISO certification. The effects of the programme of strategic initiatives implemented in 2013 and in early 2014 are starting to appear, both environmentally and economically.

One place where environmental protection practices are becoming increasingly widespread is the company's logistics centre which has implemented a systematic approach to continuous improvements. Small improvements in the day-to-day activities will make a big difference in the long run. Many of the measures to drive improvement come from the employees themselves and their enthusiasm and commitment produce a constant flow of ideas and create a positive atmosphere in the workplace.

In 2014, the company has also developed procedures to enable it to better understand and become aware of what our stakeholders think is important. A key insight in this process has been that our customers appreciate Ahlsell's expertise in the field of environmental protection. They also emphasise the importance of strategic sustainability initiatives as a whole and of Ahlsell having set itself measurable environmental targets. All in all, this is an important competitive tool both for Ahlsell and the company's customers.

Key achievements during the year

Demands for access to environmentally approved products are growing rapidly and Ahlsell is increasingly being called upon, as a contract provider, to offer a wide range. The main reason for this is that more and more property owners want green certification for their properties in order to increase their value. To meet this demand, Ahlsell made major efforts in 2014 to offer a full range of environmentally approved products.

The majority of the range is made up of Ahlsell's own brands, but is always complemented by established brand products. There are numerous legislative requirements and strict rules and regulations for chemical products. These are continuously being tightened in Sweden and across Europe. The requirements also generate a demand for knowledge about how customers can make smarter choices for their health and the environment. Ahlsell meets this demand with attractive business offerings and clear product range guides that we develop together with progressive partners and far-sighted customers.

Another key step that Ahlsell took in 2014 was to strengthen the company's transport contracts concerning sustainable transport. The contracts cover traffic safety, occupational health and safety, environmental standards and other requirements. This has numerous effects; benefits in the procurement process, greater confidence among customers, lower transport costs, reduced damage in transit and safer workplace environments. Another aspect of our programme to improve transport efficiency is an increased focus on box optimisation.

Outlook

There are a number of indicators to suggest that the global economy will continue to recover in 2015, albeit at a slow pace. There are positive signs in both the United States and the United Kingdom, where economic growth has started to accelerate. Despite this, the greatest risk to the Nordic countries is the global pace of growth, with countries in the immediate region not yet having managed to recover from the crisis. This is having a negative impact on demand particularly in the Nordic export industry.

Sweden has weathered the crisis relatively well, but the industry is still experiencing sluggish global demand and consumer purchasing power is expected to decline somewhat due to tax hikes and repayment requirements. GDP growth is expected to remain at current levels. However, it is difficult to anticipate its impact on construction investment since the authorities are also seeking to reduce household debt.

The low oil prices are expected to result in a weakening of the economy in Norway. The extent of the effects on the mainland economy is uncertain, but it is thought that lower levels of investment, coupled with increased efficiency requirements from the oil sector, will also affect the rest of the industry. However, the housing industry is benefiting from low interest rates and the growing willingness of banks to lend together with rising house prices. It is believed that the pace of new housing construction will pick up in 2015, although investment levels in industrial properties and the RMI sectors are expected to be low. Overall, investment in construction and infrastructure is forecast to increase slightly in 2015.

In Finland, the economy is predicted to shrink for the fourth consecutive year. A weak export industry and a gloomy outlook for household consumption have caused some forecasters to lower the expectations for 2015. However, there are some bright spots and the export industry is projected to pick up again in the second half of 2015 alongside the recovery in the rest of Europe.

The turnaround in the economies of the rest of Europe allows for a gradual improvement of market conditions. Thanks to the investments that Ahlsell has made in recent years, it is well positioned to perform strongly, whether the economy recovers at a slower pace or with a powerful upswing. There will be a focus on creating conditions for continued profitable growth, by adapting the organisation to prevailing market conditions, ensuring successful integration of acquisitions that have been made and continuing to work within the purchasing and sales organisations with greater focus on private labels, etc.

PARENT COMPANY

Norrmalm 1.1 AB is owned by Keravel S.A. in Luxembourg and by senior executives in the Ahlsell Group. Keravel S.A. is controlled by limited partnerships that are advised and managed by the CVC European Equity Fund V and CVC European Equity Tandem Fund, which are the generic names for a number of subsidiaries of CVC Capital Partners SICAV FIS-S.A.

The Parent Company does not conduct any business activities. Its purpose is the administration of shares in the subsidiary Norgemalm AS, and receivables with Group companies. The subsidiary Norgemalm AS is wholly-owned.

The company is financed via shareholder loans in SEK from the Parent Company Keravel S.A.

Proposed distribution of profit

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

Share premium account	718,917,648
Retained earnings	-595,864,294
Profit/loss for the year	-107,659,146
Total	**15,394,208**

The Board of Directors proposes that the available profits of SEK 15,394,208 be carried forward.

A Group contribution has been made to Nybrojarl Holding AB, amounting to SEK 524,650,000.

For information on the company's earnings and financial status in general, please refer to the following income statements, balance sheets, cash flow statements and notes to the accounts.

Consolidated income statement

SEK million	Note	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
Net sales	2	21,779.4	20,435.3
Cost of goods sold		-15,786.9	-14,802.4
Gross profit		**5,992.5**	**5,632.9**
Selling expenses		-4,257.8	-3,870.2[1]
Administration expenses		-335.4	-328.0[1]
Other operating income	4	29.9	33.1
Other operating expenses	5	-0.9	-1.1
Operating profit	2,3,6,7,8,9	**1,428.3**	**1,466.7**
Finance income	10	173.1	275.2
Finance expense	11	-1,676.9	-1,720.4
Net finance income/expense		-1,503.8	-1,445.2
Profit/loss before tax		**-75.5**	**21.5**
Income tax	12	-104.8	-116.1
Profit/loss for the year		**-180.3**	**-94.6**
Profit/loss for the year attributable to equity holders of the Parent		-180.7	-95.2
Non-controlling interests		0.4	0.6

[1] Adjusted due to change in definition of administration expenses in the Norway segment. In total, SEK 31.1 million has reduced the administration expenses and the corresponding amount has increased the selling costs.

Consolidated statement of income and other comprehensive income

SEK million	Note	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
Profit/loss for the year		**-180.3**	**-94.6**
Other comprehensive income			
Items that will be recycled to profit or loss			
Translation differences for the year	29	162.6	-52.3
Tax attributable to translation differences for the year	29	-1.8	27.3
Items that will not be recycled to profit or loss			
Actuarial gains and losses		-2.3	4.9
Payroll tax on actuarial gains and losses		-0.3	1.4
Tax attributable to actuarial gains and losses		0.3	-1.6
Other comprehensive income for the year		**158.5**	**-20.3**
Comprehensive income for the year		**-21.8**	**-114.9**
Profit/loss for the year attributable to equity holders of the Parent		-22.2	-115.5
Non-controlling interests		0.4	0.6

Consolidated cash flow statement

SEK million	Note	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
OPERATING ACTIVITIES			
Profit/loss before tax		-75.5	21.5
Adjustment for non-cash items	36	1,270.1	1,181.9
		1,194.6	**1,203.4**
Tax paid		-10.7	-62.5
Cash flows from operating activities before changes in working capital		**1,183.9**	**1,140.9**
CASH FLOWS FROM CHANGES IN WORKING CAPITAL			
Changes in inventories		29.2	46.1
Changes in operating receivables		-11.8	-47.6
Changes in operating liabilities		39.9	440.9
Cash flows from operating activities		**1,241.2**	**1,580.3**
INVESTING ACTIVITIES			
Acquisition of operations	37	-254.7	-702.7
Sale of operations	38	24.0	-25.4
Acquisition of intangible assets		-47.8	-130.0
Acquisition of property, plant and equipment		-136.4	0.5
Sale of property, plant and equipment		0.6	-
Changes in financial assets		0.6	-857.6
Cash flows from investing activities		**-413.7**	**-857.6**
FINANCING ACTIVITIES			
New issue of shares and shareholder contribution received		-	11.6
Proceeds from borrowings		2,925.7	694.9
Amortisation of borrowings		-3,520.9	-872.4
Cash flows from financing activities		**-595.2**	**-165.9**
Cash flows for the year		**232.3**	**556.8**
Cash and cash equivalents at beginning of year		1,525.5	971.4
Exchange rate differences in cash and cash equivalents		2.6	-2.7
Cash and cash equivalents at end of year	33	**1,760.4**	**1,525.5**
Undrawn credit lines	33	475.1	477.7
Available cash and cash equivalents including undrawn credit lines at end of year		2,235.5	2,003.2

Consolidated balance sheet

SEK million	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Customer relationships	14	3,725.2	3,972.0
Trademarks	15	3,767.0	3,767.0
Other intangible assets	16	101.8	66.9
Goodwill	17	6,747.6	6,476.8
Total intangible assets		14,341.6	14,282.7
Property, plant and equipment			
Land and buildings	18	317.7	342.7
Machinery and other technical facilities	19	161.1	170.6
Equipment, tools, fixtures and fittings	20	310.9	284.2
Construction in progress and advances for property, plant and equipment		31.0	–
Total property, plant and equipment		820.7	797.5
Financial assets			
Financial investments	21	3.3	3.4
Derivative instruments	33	21.6	-
Other non-current receivables	25	3.1	5.5
Total financial assets		28.0	8.9
Deferred tax assets	24	7.5	3.6
Total non-current assets		**15,197.8**	**15,092.7**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	26	2,741.0	2,745.2
Total inventories		2,741.0	2,745.2
Current receivables			
Trade receivables	27	2,426.2	2,255.8
Tax receivables		2.8	9.2
Other receivables		36.2	19.9
Prepaid expenses and accrued income	28	833.5	928.3
Total current receivables		3,298.7	3,213.2
Cash and cash equivalents	33	1,760.4	1,525.5
Total current assets		**7,800.1**	**7,483.9**
TOTAL ASSETS		**22,997.9**	**22,576.6**

SEK million	Note	2014	2013
EQUITY AND LIABILITIES			
EQUITY	29		
Share capital		79.4	79.4
Contributed equity		719.4	719.4
Reserves		89.1	-71.7
Retained earnings, including profit/loss for the year		-112.8	70.2
Equity attributable to owners of the Parent		775.0	797.2
Non-controlling interests		1.7	3.3
Total equity		**776.7**	**800.5**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	33	10,664.4	8,379.9
Shareholder loans	33	5,783.3	7,602.9
Pension provisions	30	80.2	77.0
Other non-current provisions	31	0.9	2.1
Deferred tax liabilities	24	1,246.7	1,142.6
Derivative instruments	33	50.2	180.8
Total non-current liabilities		**17,825.7**	**17,385.3**
CURRENT LIABILITIES			
Liabilities to credit institutions	33	157.6	248.9
Advances from customers		16.7	8.9
Trade payables		3,367.0	3,315.1
Current tax liabilities		15.6	11.2
Other current provisions	31	6.1	7.3
Other current non-interest-bearing liabilities		247.5	212.2
Accrued expenses and deferred income	32	585.1	587.2
Total current liabilities		**4,395.5**	**4,390.8**
TOTAL EQUITY AND LIABILITIES		**22,997.9**	**22,576.6**

Information on the Group's pledged assets and contingent liabilities can be found under Note 34.

Consolidated statement of changes in shareholders' equity

		Equity attributable to shareholders						
SEK million	Note	Share capital	Contrib-uted equity	Re-serves	Retained earnings including profit/loss for the year	Total	Non-controlling interests	Total equity
Opening balance on 1 January 2013		78.7	708.5	-46.7	160.7	901.1	-	901.1
Comprehensive income for the year								
Profit/loss for the year		-	-	-	-95.2	-95.2	0.6	-94.6
Other comprehensive income for the year	29	-	-	-25.0	4.7	-20.3	-	-20.3
Comprehensive income for the year		-	-	-25.0	-90.5	-115.5	0.6	-114.9
New issue of shares		0.7	10.9	-	-	11.6		11.6
Other non-controlling interests[1]		-	-	-	-	-	2.7	2.7
Total shareholder transactions		0.7	10.9	-	-	11.6	2.7	14.3
Closing balance on 31 December 2013		**79.4**	**719.4**	**-71.7**	**70.2**	**797.2**	**3.3**	**800.5**
Opening balance on 1 January 2014		**79.4**	**719.4**	**-71.7**	**70.2**	**797.2**	**3.3**	**800.5**
Comprehensive income for the year								
Profit/loss for the year		-	-	-	-180.7	-180.7	0.4	-180.3
Other comprehensive income for the year	29	-	-	160.8	-2.3	158.5	-	158.5
Comprehensive income for the year		-	-	160.8	-183.0	-22.2	0.4	-21.8
Sale of non-controlling interests[2]		-	-	-	-	-	-2.0	-2.0
Total shareholder transactions		-	-	-	-	-	-2.0	-2.0
Closing balance on 31 December 2014		**79.4**	**719.4**	**89.1**	**-112.8**	**775.0**	**1.7**	**776.7**

Also see Note 29, Equity.

[1] Relates to non-controlling interests in ProffPartner Security AS and Profilklær i Haugesund AS. Both of these companies were included in the acquisition of ProffPartner AS in 2013.
[2] Divestment of ProffPartner Security AS

Parent Company income statement

SEK million	Note	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
Administration expenses		–	-0.4
Operating profit		**–**	**-0.4**
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest and similar income	10	528.9	590.5
Interest expense and similar charges	11	-636.6	-596.3
Profit/loss after financial items		**-107.7**	**-6.2**
Tax on profit/loss for the year	12	–	-129.2
Profit/loss for the year		**-107.7**	**-135.4**

Parent Company statement of income and other comprehensive income

SEK million	Note	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
Profit/loss for the year		**-107.7**	**-135.4**
Comprehensive income for the year		**-107.7**	**-135.4**
Profit/loss for the year attributable to equity holders of the Parent		-107.7	-135.4

Also see Note 29, Equity.

Parent Company cash flow statement

SEK million	Note	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
OPERATING ACTIVITIES			
Profit/loss before tax		-107.7	-6.2
Adjustment for non-cash items	36	107.7	5.8
		–	**-0.4**
Tax paid		–	
Cash flows from operating activities before changes in working capital		**–**	**-0.4**
CASH FLOWS FROM CHANGES IN WORKING CAPITAL			
Changes in operating receivables		–	–
Changes in operating liabilities		–	–
Cash flows from operating activities		**–**	**-0.4**
INVESTING ACTIVITIES			
Changes interest-bearing liabilities		2,469.4	-8.6
Cash flows from investing activities		**2,469.4**	**-8.6**
FINANCING ACTIVITIES			
New issue of shares			11.6
Shareholder contributions received		–	–
Repayment of shareholder loans		-2,472.0	–
Cash flows from financing activities		**-2,472.0**	**11.6**
Cash flows for the year		**-2.6**	**2.6**
Cash and cash equivalents at beginning of year		2.6	–
Cash and cash equivalents at end of year		**–**	**2.6**
Undrawn credit lines		–	–
Available cash and cash equivalents including undrawn credit lines at end of year		–	–

Parent Company balance sheet

SEK million	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Financial assets			
Shares in subsidiaries	22	2,489.3	787.2
Receivables from Group companies	23	4,607.9	6,559.6
Total financial assets		7,097.2	7,346.8
Total non-current assets		**7,097.2**	**7,346.8**
CURRENT ASSETS			
Cash and bank balances		–	2.6
Total current assets		**–**	**2.6**
TOTAL ASSETS		**7,097.2**	**7,349.4**

SEK million	Note	2014	2013
EQUITY AND LIABILITIES			
EQUITY	29		
Restricted equity			
Share capital (79,380,546 shares)		79.4	79.4
Unrestricted equity			
Share premium account		718.9	718.9
Retained earnings		-595.9	-460.4
Profit/loss for the year		-107.7	-135.4
Total equity		**94.7**	**202.5**
NON-CURRENT LIABILITIES			
Shareholder loans	33	5,897.2	6,559.4
Liabilities to Group companies	33	580.6	–
Total non-current liabilities		**6,477.8**	**6,559.4**
CURRENT LIABILITIES			
Liabilities to Group companies		524.7	587.5
Total current liabilities		**524.7**	**587.5**
TOTAL EQUITY AND LIABILITIES		**7,097.2**	**7,349.4**

Parent Company pledged assets and contingent liabilities

SEK million	Note	2014	2013
Pledged assets	34	None	None
Contingent liabilities	34	None	None

Parent Company statement of changes in shareholders' equity

SEK million	Restricted equity	Unrestricted equity		
	Share capital	Share premium account	Retained earnings/ profit/ loss for the year	Total equity
Opening balance on 1 January December 2013	**78.7**	**708.0**	**-2.1**	**784.6**
Profit/loss for the year	-	-	-135.4	-135.4
Comprehensive income for the year	-	-	-135.4	-135.4
New issue of shares	0.7	10.9	-	11.6
Group contributions paid	-	-	-587.5	-587.5
Shareholder transaction taxes	-	-	129.3	129.3
Total shareholder transactions	0.7	10.9	-458.3	-446.7
Closing balance on 31 December 2013	**79.4**	**718.9**	**-595.9**	**202.5**
Opening balance on 1 January December 2014	**79.4**	**718.9**	**-595.9**	**202.5**
Profit/loss for the year	-	-	-107.7	-107.7
Comprehensive income for the year	-	-	-107.7	-107.7
Closing balance on 31 December 2014	**79.4**	**718.9**	**-703.6**	**94.7**

Also see Note 29, Equity.

Notes

Note 1 General information and accounting policies

GENERAL INFORMATION

Norrmalm 1.1 AB (the Parent Company) and its subsidiaries (together referred to as the Group) is a leading Nordic company in the areas of installation products, tools and machinery. The Group offers professional users an extensive range of products and related services in the areas of HVAC, Electrical and Tools & Machinery.

The Parent Company is a limited liability company registered in Stockholm. The address of the Head Office is Rosterigränd 12, Stockholm, Sweden.

The Annual Report and the consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 April 2015. The consolidated and Parent Company income statements and balance sheets will be presented for approval at the Annual General Meeting on 11 May 2015.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this year's annual accounts and consolidated financial statements are set out below.

BASIS OF PREPARATION

The consolidated financial statements for the Norrmalm 1.1 AB Group have been prepared in conformity with the International Financial Reporting Standards (IFRS) as they have been adopted by the European Union. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. Assets and liabilities are measured at historical cost or at cost of acquisition. Financial assets classified as held for sale and financial assets and liabilities (including derivative financial instruments) measured at fair value through the income statement are measured at fair value. Accounting policies adopted by the Parent Company are presented below.

Preparation of financial statements in conformity with the IFRS requires the use of certain estimates for accounting purposes. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas that involve a significant degree of estimation, that are complex, or are areas where assumptions and estimates are of considerable importance to the consolidated financial statements are set out in Note 40.

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

INFORMATION ABOUT IFRS STANDARDS OR INTERPRETATIONS THAT BECAME EFFECTIVE IN 2014:

The Group adopted *IFRS 10 Consolidated Financial Statements*, effective for accounting periods beginning on or after 1 January 2014. This has meant that the principle for determining whether control exists with respect to investments has changed. The model under IFRS to determine when control exists is based on; (i) power over the investee, (ii) exposure to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements was adopted on 1 January 2014. This has meant that joint arrangements must be classified as either a joint venture or a joint operation, depending on whether or not the Group has direct rights to assets and obligations for liabilities. The type of joint arrangement is determined by considering the structure of the investment, the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances.

IFRS 12 Disclosure of Interests in Other Entities has entailed additional disclosure requirements.

The IFRS standards that became effective in 2014 have not had any effect on the consolidated statements.

INFORMATION ABOUT IFRS STANDARDS OR INTERPRETATIONS THAT ARE NOT YET EFFECTIVE.

IFRS 9 Financial Instruments is expected to replace *IAS 39 Financial Instruments: Recognition and Measurement*. The International Accounting Standards Board (IASB) has now introduced a complete package of changes relating to financial instrument reporting. The package includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model, and a substantially-reformed approach to hedge accounting. IFRS 9 will come into effect on 1 January 2018 with early application permitted, provided that the standard is approved by the EU. There is currently no estimated date for when such a decision might be made. Under IAS 39, the financial asset categories have been replaced by two categories, where financial assets and liabilities are measured either at fair value or amortised cost. The financial asset can be measured at amortised cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms must give rise, on specified dates, to cash flows that are solely payments of capital and interest on the capital amount outstanding. Any other financial asset is measured at fair value and the possibility of using the Fair Value Option as specified in IAS 39 is maintained. Changes in fair value should be recognised in the income statement, with the exception of changes in value of equity instruments that are not held for trading and for which an initial choice is made to recognise changes in value in other comprehensive income. With regard to the parts relating to financial liability, most of them accord with the previous rules in IAS 39, except the parts which apply to financial liabilities that are voluntarily assessed at fair value according to the Fair Value Option. The change in value of these liabilities must be divided into changes attributable to self credit rating and changes in the reference rate. The new model will require expected credit losses to be written down on a more regular basis and recognised from initial recognition of the asset. The new hedge accounting requirements include simplified effectiveness testing and a broader range of what qualify as hedging instruments and hedged items. The company has not decided whether it will early adopt the new policies or adopt them on the effective date. The Group has not yet evaluated the impact of the introduction of the standard.

IFRS 15 Revenue from Contracts with Customers sets out the requirements for recognising revenue. IFRS 15 establishes principles for providing users of financial statements with more useful information about the company's revenue. Entities reporting under the standard are required to make additional disclosures to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Under IFRS 15, revenue is recognised when the customer gains control of the goods or service and the customer is able to directly use or obtain benefits from the goods or service. IFRS 15 replaces IAS 18 Revenue and *IAS 11 Construction contracts* and related interpretations (SIC/IFRIC). IFRS 15 is effective for reporting periods starting from 1 January 2017 onwards. Earlier application is permitted. The Group has not yet evaluated the impact of the introduction of the standard.

No other published amendments to accounting standards for application in the future are expected to have any significant effect on the Group's financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

(a) Subsidiaries

Subsidiaries are companies over which Norrmalm 1.1 AB has a controlling interest. If Norrmalm 1.1 AB has control over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, then it is said to have a controlling interest. When assessing whether a controlling interest exists, consideration is given to potential voting rights and whether de facto control exists.

Subsidiaries are accounted for by applying the acquisition method. The acquisition method involves acquisitions being treated as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities, and any non-controlling interests. Transaction costs that arise, with the exception of transaction costs relating to the issue of equity or liability instruments, are recognised directly in the income statement for the year as administration expenses.

If as a result of a business combination the sum of the fair value of the consideration transferred, any non-controlling interest and fair value of any previously held equity (in a step acquisition) exceeds the fair value of identifiable acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. If the difference is negative, so-called low price acquisition, this is recognised immediately in the income statement for the year.

The consideration transferred in connection with the business combination does not include payments for the settlement of previous business affairs. Such settlement amounts are recognised in the income statement.

Contingent considerations are assessed at fair value at the date of acquisition. If the contingent consideration is classified as an equity instrument, then it is not remeasured and any settlement is accounted for within equity. The fair value of other contingent considerations is measured at each reporting date and the change in fair value is recognised in the income statement for the year.

(b) Non-controlling interests

Non-controlling interest arises in cases where the acquisition does not include 100% of the subsidiary. There are two options for recognising non-controlling interest. Either recognise the non-controlling interest's share of proportional net assets, or recognise non-controlling interest at fair value, which means that non-controlling interest is part of goodwill. The choice of option for measuring a non-controlling interest can be made individually for each acquisition.

When business combinations are achieved in stages (step acquisition), goodwill is measured on the date that control is obtained, the acquirer must remeasure its previously held equity interest based on the fair values of the acquired entity's assets and liabilities and any resulting adjustments are recognised in the income statement.

If the Group should sell its controlling interest in a subsidiary but continue to hold an interest, the retained interest is remeasured to fair value and any gain or loss is recognised in the income statement for the year.

(c) Transactions eliminated on consolidation

Intra-group transactions and balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss for the transferred asset. The subsidiaries' accounting policies have been changed where necessary to ensure consistency with Group policies.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and about which separate financial information is available. The performance of an operating segment is assessed regularly by the chief operating decision maker to evaluate segment performance and to decide how to allocate resources to the operating segment. The chief operating decision maker is the Group President. The Norrmalm 1.1 AB Group's operating segments are primarily determined by geographic areas, which comprise individual countries and groups of comparable countries. See Note 2 for further information about determination and presentation of operating segments.

FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The consolidated financial statements are presented in SEK (Swedish kronor), which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency rate prevailing at the date of the transaction. Any gain or loss arising from the payment of such transactions and in the restatement of monetary assets and liabilities in foreign currencies at the balance sheet date is included in the income statement. The exception to this is when transactions are designated as hedges that qualify for hedge accounting of the cash flows or net investments. Such transaction gains or losses are included in other comprehensive income.

(c) Group companies

The results and financial position of all Group companies (none of which has a high-inflation currency as its functional currency) whose functional currency is different to its presentation currency are translated into the Group's presentation currency as follows:

a) assets and liabilities of each foreign operation are translated at the closing rate at the balance sheet date,
b) income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and
c) all resulting exchange differences are recognised in a separate section in other comprehensive income.

Upon consolidation, exchange differences arising from the restatement of net investments in foreign operations and of borrowing and other currency instruments identified as hedges of such investments, are transferred to other comprehensive income. When a foreign operation is disposed, either fully or in part, the exchange differences that are recognised in other comprehensive income are transferred to the income statement and reported as part of the gain or loss on sale.

Goodwill and adjustments to fair value arising on the acquisition of a foreign entity are treated as assets and liabilities in this entity's functional currency.

INTANGIBLE ASSETS

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from the acquisition of subsidiaries is reported as intangible assets. Goodwill is tested annually for any indicators of impairment and is carried at cost less accumulated impairment losses. Any gain or loss on the disposal of an entity includes the remaining carrying amount of the goodwill relating to the entity sold.

If negative goodwill arises (the acquisition cost falls below the net value of the acquired assets and assumed liabilities and contingent liabilities), the whole amount is immediately reported in the income statement under Other operating income.

Goodwill is allocated to cash-generating units when testing for impairment.

(b) Customer relationships, licences, lease contracts and similar rights

Customer relationships and other intangible assets (mainly licences, software and lease contracts) are recognised at cost of acquisition. The assets have a limited useful life and are recognised at cost of acquisition less accumulated amortisation. The straight-line method of amortisation is used to allocate the expense evenly over their expected useful lives, which is 3-20 years.

(c) Brands and trademarks

Brands and trademarks are measured at cost.

The useful life is considered to be indeterminable as it is a question of a well-established trademark that the Group intends to retain and develop. Trademarks are tested annually for impairment and are recognised at cost of acquisition less accumulated impairment losses.

(d) Capitalised development expenses

Capitalised development expenses are reported as intangible assets in the balance sheet if they are directly associated with the development of identifiable products controlled by the Group, have probable economic benefits for more than one year and exceed the expenses.

Capitalised development expenses have a limited useful life and are recognised at cost of acquisition less accumulated amortisation. Amortisation is charged on a straight-line basis to distribute costs for capitalised development expenses over the estimated useful lives of 3-7 years.

Any gain or loss on the disposal of equipment, fixtures or fittings is determined as the difference between the proceeds of disposal and carrying amount and is recognised in the income statement as Other operating income or Other operating expenses.

Research costs are recognised as expenses as incurred.

In the case of acquisitions, assets are transferred at gross value for administrative reasons. However, an estimate of value and economic useful life is performed.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and any impairment losses. The cost of property, plant and equipment includes directly attributable costs incurred in their acquisition. Borrowing costs directly attributable to purchase, construction or production of assets that take a long time before they are ready for use or sale are included in the cost of acquisition.

Assets can consist of different parts and as each part has an acquisition cost significant in relation to the combined acquisition cost of the asset, each part is depreciated separately.

Subsequent costs are added to the asset's carrying amount or are recognised as a separate asset, depending on which is appropriate, only when it is probable that any future economic benefits associated with the asset will flow to the Group and the asset has a cost value that can be measured with reliability. In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. The carrying amount (residual value) of a replaced component or part thereof is derecognised and expensed at the time of replacement. Repairs are recognised as an expense in the financial period in which they are incurred.

Land is not depreciated. Other assets are depreciated at rates calculated to write down to estimated residual value on a straight-line basis over their estimated useful lives as follows:

- Buildings	20-50 years
- Machinery	3-10 years
- Equipment, fixtures & fittings	3-10 years

The residual values and useful lives of assets are assessed at each reporting date and adjusted if necessary.If the assets' carrying amount exceeds its estimated recoverable amount, the asset's carrying amount is immediately written down to its recoverable amount calculated under IAS 36.

Any gain or loss on the disposal of equipment, fixtures or fittings is determined as the difference between the proceeds of disposal and carrying amount and is recognised in the income statement as Other operating income or Other operating expenses.

In the case of acquisitions, assets are transferred at gross value for administrative reasons. However, an estimate of value and economic useful life is performed.

IMPAIRMENT

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of goodwill, other intangible assets with an indefinite useful life and intangible assets that are not yet available for use is also estimated on an annual basis. If it is not possible to determine cash inflows for an individual asset that are largely independent from those of other assets, and its fair value minus selling expenses cannot be used, the assets are grouped by testing impairment needs at the lowest level where it is possible to identify cash flows that are largely independent – a so-called cash generating unit.

An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. An impairment loss is recognised as an expense in the income statement for the year. Impairment losses recognised for a cash-generating unit (group of units) are initially allocated to goodwill. They are then allocated to the other assets of the unit (group of units) pro rata on the basis of each asset's carrying amount. The recoverable amount of other assets is the higher of the asset's fair value less selling expenses and its utility value. In measuring utility value, future cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset.

Under IAS 36, an impairment loss for assets is reversed if there is an indication that impairment no longer exists and if there has been a change in the estimates used to determine the asset's recoverable amount. However, impairment losses for goodwill are never reversed. Reversals are only made to the extent that the asset's carrying amount, after reversal, does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised.

FINANCIAL INSTRUMENTS

Financial assets

The financial assets of the Group are classified in the following categories: financial assets measured at fair value through the income statement; loans and receivables; and available-for-sale financial assets. The classification depends on the purpose for which the instrument was acquired. Management determines the classification of the instrument the first time each instrument is reported. The Group has divided its financial instruments into the following categories:

(a) Financial assets measured at fair value through the income statement

Financial assets are measured at fair value through the income statement when they are held for trading. A financial asset is classified in this category if it is acquired mainly to be sold in the short term. Derivatives are always classified as if they are held for trading.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a customer with no intention of trading with the receivables. They are included in current assets, except for those with maturities of more than 12 months after the balance sheet date, which are classified as non-current assets. Trade and other receivables have been classified as Loans and receivables.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that have been classified as available for sale or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs. This applies for all financial assets that are not recognised at fair value through the income statement. Financial assets measured at fair value through the income statement are initially recognised at fair value, while attributable transaction costs are recognised in the income statement. Financial assets are derecognised from the balance sheet when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through the income statement are measured at fair value subsequent to initial recognition. Loans and receivables are measured at amortised cost using the effective interest rate method.

Any gains or losses that have arisen from changes in fair value in the category of financial assets measured at fair value through the income statement are recognised in the period in which they occur in the income statement as Finance income or Finance expense. Dividend income from securities in the category financial assets measured at fair value through the income statement is recognised in the income statement as part of Finance income when the Group's right to receive payment has been established.

When securities classified as available-for-sale financial assets are sold, the accumulated adjustments in fair value are transferred from Other comprehensive income to the income statement as gains and losses from financial instruments.

Interest on available-for-sale securities measured using the effective interest rate method is recognised in the income statement as finance income. Dividends on available-for-sale shares are recognised in the income statement as finance income when the Group's right to receive payment is established.

If the market for a financial instrument is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques including the use of information about recent arm's length transactions, reference to fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. This makes as much use of market information and as little use of company-specific information as possible.

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of shares classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses of equity instruments, which have been recognised in the income statement, are not written back to the income statement. Impairment of trade receivables is described below.

Financial liabilities

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ENTRY AND REMOVAL OF FINANCIAL INSTRUMENTS FROM THE BALANCE SHEET

A financial asset or liability is recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Liabilities are recognised when invoices are received.

Financial assets are derecognised in the balance sheet when the rights under the contract have been realised, have expired or the company loses control over them. The same applies to a part of a financial asset. Financial liabilities are derecognised in the balance sheet when the contractual obligation has been discharged or extinguished in some other way. The same applies to a part of a financial liability.

A financial asset and a financial liability may be offset and the net amount recognised in the balance sheet only when the company has a legally enforceable right to set off the recognised amounts; and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative instruments and hedging activities

Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value both initially and in connection with subsequent revaluations. The method of recognising resulting gains or losses depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, on the nature of the item being hedged. The Group identifies certain derivatives as either: (i) hedges of fair value of a recognised liability (fair value hedge); ii) hedges of a cash flow risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or iii) hedges of a net investment in foreign operations (hedge of net investment).

Information about fair value for different derivative instruments used for hedging purposes is given in Note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months. This applies regardless of whether or not hedge accounting is used.

Derivatives held for trading are always classified as current assets or liabilities.

Cash flow hedges

The effective portion of the changes in the fair value of a derivative that is designated as a cash flow hedge and which qualifies for cash flow hedge accounting is recognised in Other comprehensive income. Any gains or losses attributable to the ineffective portion are recognised directly in the income statement as finance income or expense.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. Any gains or losses attributable to the effective portion of an interest rate swap that hedges variable interest rate borrowings are recognised in the income statement as finance expense. Any gains or losses attributable to the ineffective portion are recognised as finance income or expense.

When a hedging instrument expires or is sold or no longer qualifies for hedge accounting and any cumulative gain or loss on the hedging instrument is recognised in equity, the gain/loss is retained in equity until the forecasted transaction occurs and is finally recognised in the income statement. If a forecasted hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred directly to the income statement as finance income or expense.

Derivatives at fair value through the income statement

Changes in the fair value of derivative instruments that do not use hedge accounting are recognised directly in the income statement as finance income or expense.

Hedges of net investments in foreign operations

The Group has operations in several countries. In the consolidated balance sheet, investments in foreign operations are recognised as net assets in subsidiaries. Some measures have been taken to reduce the currency risks associated with these investments. This was done through borrowings in the same currency as the net investments. These loans are translated at the closing rate at the balance sheet date. The effective part of the period's exchange rate fluctuations from hedging instruments is reported in Other comprehensive income to meet and fully or partially match the translation differences that are reported for the net assets in the foreign operations which are currency-hedged. The cumulative changes are recognised in a separate component in equity (translation reserve). The exchange differences from net investments and hedging instruments are reversed and reported in the income statement when a foreign operation is sold. When hedging is ineffective, the ineffective part is recognised directly in the income statement.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the basis of weighted average prices including take-home costs. Borrowing costs are not included. Net realisable value is the estimated selling price in operating activities less the estimated costs necessary to make the sale.

TRADE RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently at the amounts expected to be paid, i.e. cost of acquisition less any provision for depreciation determined on an individual basis. Trade receivables are considered to be of short duration and are not discounted and are stated at their nominal value. Impairment of trade receivables is reported in operating expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held with banks and other short-term investments with maturities of less than three months from the date of purchase. Overdraft facilities are also available. Overdraft facilities are reported in the balance sheet as borrowing under Current liabilities.

EQUITY

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised net after tax in equity as a deduction from the proceeds of the issue.

Preference shares
Issued preference shares are classified as equity in accordance with IAS 32 Financial Instruments, as there is no obligation for Norrmalm either to pay dividends or to repurchase/redeem the preference shares. Dividends paid are recognised as a shareholder transaction directly in equity when the General Meeting has decided on such dividends.

TRADE PAYABLES

Trade payables are initially recognised at fair value. Trade payables are considered to be of short duration and are not discounted and are stated at their nominal value.

INCOME TAX

Income tax consists of current tax and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised directly in Other comprehensive income, in which case the related tax effect is also recognised in Other comprehensive income. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates enacted or substantially enacted by the reporting date, and any adjustments relating to prior periods.

Deferred tax is recognised in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or announced by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets in deductible temporary differences and in loss carryforwards are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFITS

(a) Pension obligations
Group companies operate various pension schemes. The schemes are normally financed through payments to insurance companies or funds managed by asset managers in accordance with periodic actuarial calculations. The Group has both defined-benefit and defined-contribution pension schemes.

The liability recognised in the balance sheet in respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, including mortgage bonds, or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income, including payroll tax and related deferred tax.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time. In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

When there is a difference in how the pension cost is determined for a legal entity and the Group, a provision or receivable for the special employer's contribution arises based on this difference. The present value of the provision or receivable is not determined.

The pension obligations for some white-collar employees are secured by an insurance policy provided by Alecta. In accordance with Statement UFR 3 issued by the Swedish Financial Reporting Board, this is a multi-employer defined benefit pension scheme. For the 2014 financial year, the company did not have access to sufficient information to enable it to report this scheme as a defined benefit scheme. The pension obligation is therefore recognised as a defined contribution scheme. The same conditions apply to the new AFP scheme in Norway, which is thus also recognised as a defined contribution scheme.

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as staff costs in the period that the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments will flow to the Group.

(b) Termination benefits
Employees receive termination benefits before normal retirement age or when they voluntarily accept termination in exchange for such benefits. The Group recognises severance payments where it is under a manifest obligation either to give notice to employees following a detailed, formal plan without right to rescission or to provide compensation in the event of notice being given as a result of an offer made as an incentive for voluntary resignation. When compensation is offered as an incentive for voluntary resignation, a cost is recognised if it is probable that the offer will be accepted and it is possible to reliably estimate the number of employees that will accept the offer. Termination benefits that fall due more than 12 months after the balance sheet date are discounted at present value.

(c) Profit share and bonus plans
The Group reports a liability and a cost for bonuses and profit share plans, based on a formula that takes into account the gains that are related to the Parent Company's shareholders after certain adjustments. A provision is reported for the expected cost of the profit-share and bonus payments when the Group has a present obligation (legal or constructive) to make such payments for services received from employees and the obligations can be reliably estimated.

Selected senior executives in the Group are part of an incentive scheme created in February 2012. The incentive scheme gave selected senior executives in the Ahlsell AB (publ) Group the option to invest in Norrmalm 1.1 AB indirectly by acquiring shares and preference shares in Norrmalm 1.1 AB. Because the shares were acquired at calculated market value, no expenses have been charged to the consolidated income statement. Under the terms of the incentive scheme, if the employee terminates employment within 30 months of the acquisition date, the shares must be sold to the principal shareholder (Keravel S.A.) at the lower of market value and the original investment.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes with their associated probabilities.

Provisions for restructuring costs and legal claims are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is more probable than not that an outflow of resources will be required to settle the obligation, and when the amount has been measured with reliability. Provision for restructuring includes costs for termination of leasing agreements and severance pay. There are no provisions for future operating losses.

If there are a number of similar obligations, an assessment is made of the probability that an outflow of resources will be required for an overall regulation of the entire group of obligations. A provision is recognised even if the probability of an outflow for a special item in this group of obligations is low.

Provisions are valued at the present value of the amount expected to be required to clear the existing commitment. In this case, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the provision. The increase in provisions resulting from the passage of time is recognised as interest expense.

REVENUE RECOGNITION

Revenue is the fair value arising from the sale of goods and services, excluding VAT and discounts, and after elimination of intra-group sales. Revenue is recognised as follows:

(a) Sale of goods
Revenue arising from the sale of goods is recognised when a Group company has supplied products to a customer and the significant risks and rewards associated with the product have been transferred to the customer and it is reasonable to assume that the equivalent charge will be paid.

The products are often sold with volume discounts and the customers are entitled to return faulty products. The sale is based on specified prices in the sales agreements after deductions for calculated volume discounts and returns. Accumulated experience is used for assessing and making provisions for such returns at the time of sale. The volume discounts are assessed on the basis of expected annual volumes.

(b) Interest income
Interest income is recognised on a time proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

(c) Dividend income
Dividend income is recognised when the right to receive payment is established.

LEASES

Leases, where the lessor substantially retains the risks and rewards of ownership, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

Leased non-current assets, where the Group has substantially all the financial risks and rewards of ownership, are classified as finance leases. Finance leases are recognised at the inception of the lease at the lower of fair value and the present value of the minimum lease payments.

Finance lease payments are apportioned between the repayment of the liability and the finance costs for the liability. Corresponding payment obligations, net of finance expense, are included in Other non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Non-current assets held under finance lease agreements are depreciated over the shorter of the useful life of the asset or lease period.

BORROWING COSTS

Borrowing costs attributable to the production of qualifying assets are capitalised as part of the acquisition cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognised as a liability in the Group's financial statements for the period in which the dividend was established at the general shareholders' meeting/annual general meeting by the Parent Company's shareholders.

STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared in accordance with IAS 7, using the indirect method. In addition to the statement of cash flows in accordance with IAS 7, an operating statement shows the cash flows from the operating activities, i.e. cash flows generated by the operations and investments made in existing activities. This statement of cash flows therefore excludes financial transactions for incoming and outgoing interest payments and the borrowing and repayment of loans, payments attributable to investments in and divestment of operations and tax payments.

ACCOUNTING POLICIES – PARENT COMPANY

The Parent Company has prepared its Annual Report in conformity with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. In addition, the Swedish Financial Reporting Board's statements concerning public limited liability companies also apply. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations endorsed by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Act on Safeguarding of Pension Obligations, and taking into account the relationship between tax expense (income) and accounting profit. The recommendation also specifies exceptions from and additions to the IFRSs.

Differences between the Group's and the Parent Company's accounting policies
Differences between the Group's and the Parent Company's accounting policies are presented below.

Presentation
The Parent Company's income statement and balance sheet have been prepared in accordance with the format described in the Swedish Annual Accounts Act.

Subsidiaries
Investments in subsidiaries are recognised in the Parent Company using the cost method, including transactions costs, less any impairment.

Financial instruments
Following amendments to rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the relationship between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity.

The Parent Company's non-current financial assets are carried at cost less impairment losses, while its current financial assets are measured using the "lower value" principle.

Taxes
Untaxed reserves are recognised inclusive of deferred tax liability in the Parent Company. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

Group contribution
The company reports group contributions and shareholder contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Received shareholder contributions from the Parent Company are entered directly in equity. Paid-in shareholder and group contributions are capitalised in shares and participating interests to the extent impairment is not required. Group contributions received which are comparable with dividends are recognised as dividend. This means that the group contribution received and its current tax effect are recognised in the income statement. Should the Parent Company both pay and receive group contributions, figures are netted, i.e. only the net amount is reported as dividend and shareholder contribution.

Note 2 Segment reporting

The Group manages its business on a geographic basis corresponding to the countries in which it has operations. The Group uses the following segments: Sweden, Norway, Finland, Denmark, Other (Estonia, Russia, Poland) and Central and Eliminations. The grouping of segments has changed from previous years since Estonia and Russia are no longer included in the Finland segment and Poland is no longer included in the Denmark segment. The comparative year in the tables below have been adjusted according to the new grouping of segments. This is a natural grouping of segments as business is conducted locally and the Group's organisation is structured to provide the best support for local sales. Segment results are reported as EBITA and operating profit/loss. Finance income and finance expense are not broken down by segment. Consequently, the financial assets and liabilities are not broken down by segment. Goods and services are priced at market rates across the various segments. The Ahlsell trademark has not been broken down by country but is reported as a central asset.

SWEDEN

Ahlsell's history began on 1 March 1877, when partners John Bernström and Jakob Tornblad registered John Bernström & Co to sell machinery, pumps, oil and agricultural equipment. The foundation of today's Group was laid in 1922 when Bernström & Co merged with R Ahlsell & Co to form Ahlsell and Bernström with a stronger focus on heating and plumbing. The company has been in business for more than 130 years and is Sweden's leading commercial company in the areas of installation products, tools and machinery. The operations in Sweden include the Group's product areas: HVAC, Electrical, Tools & Machinery. The Swedish market accounted for 61 (61) percent of the Group's external net sales in 2014. Sales in Sweden totalled SEK 13,441 million (12,551). At year-end, Ahlsell had about 100 business units in Sweden.

NORWAY

Ahlsell established its operations in Norway in 1990 through acquisitions in the HVAC product area. The operations have since expanded through more acquisitions and today cover the products areas of HVAC, Electrical and Tools & Machinery. In 2013, Norwegian operations accounted for 23 (22) percent of the Group's external net sales. Sales in Norway amounted to a total of SEK 5,057 million (4,504). At year-end, Ahlsell had about 60 business units in Norway.

FINLAND

Ahlsell established its operations in Finland in 1990 through acquisitions in the HVAC (cooling products) product area. They expanded in 1999 through more acquisitions in the HVAC segment. The Tools & Machinery product area was introduced in Finland in 2006 through the acquisition of Kojaltek. The Electrical product area was introduced in 2007 through the acquisition of Sähkötarvike Oy. The operations today cover HVAC, Tools & Machinery and Electrical. At year-end, Ahlsell had about 35 business units in the Finland segment. The Finnish market accounted for 12 (13) percent of the Group's external net sales. Sales in Finland totalled SEK 2,724 million (2,709).

DENMARK

Ahlsell has had a presence in Denmark since 1990 when an HVAC business (refrigeration) was acquired. It has since acquired further businesses in the HVAC sector. Today's operations in Denmark only deal with HVAC. In 2014, the segment accounted for 2 (2) percent of the Group's external net sales. Sales in Denmark totalled SEK 350 million (324). At year-end, Ahlsell had 4 business units in the Denmark segment.

OTHER MARKETS

Other markets comprise the operations in Estonia, Russia and Poland. The operations are primarily HVAC, but also Electrical and Tools & Machinery. In 2014, the segment accounted for 2 (3) percent of the Group's external net sales. Sales for the segment totalled SEK 463 million (523). At year-end, Ahlsell had 15 business units in the segment.

CENTRAL

Central comprises costs for personnel in Ahlsell AB (18 employees), plus finance income, finance expense, and tax that is not broken down by segment.

ELIMINATIONS

The eliminations comprise eliminations of internal sales and operational transactions.

1 Jan 2014 - 31 Dec 2014	Sweden	Norway	Finland	Denmark	Other[1]	Central	Eliminations	Total
Revenue								
Revenue from external customers[3]	13,209.6	5,049.7	2,718.6	339.1	462.4	-	-	21,779.4
Revenue from internal customers	231.6	7.2	5.4	10.5	0.1	-	-254.8	-
Total sales	**13,441.2**	**5,056.9**	**2,724.0**	**349.5**	**462.6**	**-**	**-254.8**	**21,779.4**
Gross profit	**3,818.6**	**1,421.8**	**531.8**	**138.1**	**82.2**	**-**	**-**	**5,992.5**
EBITA[2]	1,478.9	192.8	120.3	36.6	8.0	-79.7	-	1,756.9
Operating profit	1,254.5	141.1	77.0	31.0	7.6	-82.9	-	1,428.3
Finance income	-	-	-	-	-	173.1	-	173.1
Finance expense	-	-	-	-	-	-1,676.9	-	-1,676.9
Income tax	-	-	-	-	-	-104.8	-	-104.8
Profit/loss for the year								
Other comprehensive income	-	-	-	-	-	-	-	158.5
Comprehensive income for the year								**-21.8**

1 Jan 2013 - 31 Dec 2013	Sweden	Norway	Finland	Denmark	Other[1]	Central	Eliminations	Total
Revenue								
Revenue from external customers[3]	12,398.0	4,497.5	2,704.8	312.1	523.0	-	-	20,435.3
Revenue from internal customers	153.0	6.3	4.5	12.1	-	-	-175.9	-
Total sales	**12,551.0**	**4,503.8**	**2,709.3**	**324.2**	**523.0**	**-**	**-175.9**	**20,435.3**
Gross profit	**3,571.5**	**1,306.5**	**536.4**	**125.8**	**92.8**	**-**	**-**	**5,632.9**
EBITA[2]	1,387.9	276.7	153.2	26.6	15.6	-78.4	-	1,781.5
Operating profit	1,161.3	236.1	112.2	21.3	15.1	-79.2	-	1,466.7
Finance income	-	-	-	-	-	275.2	-	275.2
Finance expense	-	-	-	-	-	-1,720.4	-	-1,720.4
Income tax	-	-	-	-	-	-116.1	-	-116.1
Profit/loss for the year								**-94.6**
Other comprehensive income	-	-	-	-	-	-	-	-20.3
Comprehensive income for the year								**-114.9**

31 Dec 2014	Sweden	Norway	Finland	Denmark	Other[1]	Central	Elimina-tions	Total
Other disclosures								
Assets	11,000.4	3,328.1	2,512.4	362.1	250.9	3,785.0	-39.7	21,199.2
Undistributed assets	-	-	-	-	-	1,798.7	-	1,798.7
Total assets	**11,000.4**	**3,328.1**	**2,512.4**	**362.1**	**250.9**	**5,583.7**	**-39.7**	**22,997.9**
Liabilities	2,589.4	927.3	509.9	54.1	72.0	190.6	-39.7	4,303.6
Undistributed liabilities and equity	-	-	-	-	-	18,694.3	-	18,694.3
Total liabilities and equity	**2,589.4**	**927.3**	**509.9**	**54.1**	**72.0**	**18,884.9**	**-39.7**	**22,997.9**
Investments in property, plant and equipment and intangible assets	111.5	23.9	20.2	4.0	24.5	0.1	-	184.2
Depreciation and impairment	-299.8	-75.0	-74.4	-8.2	-3.5	-3.4	-	-464.3
Amortisation of intangible assets	-224.4	-51.7	-43.3	-5.6	-0.4	-3.2	-	-328.6
Impairment of intangible assets	-	-	-	-	-	-	-	-
Depreciation of property, plant and equipment	-75.4	-23.3	-31.1	-2.6	-3.1	-0.2	-	-135.7
Significant costs and revenues not corresponding to payments	-30.6	-1.5	-22.5	-3.6	0.1	874.1	-	816.0

31 December 2013	Sweden	Norway	Finland	Denmark	Other[1]	Central	Elimina-tions	Total
Other disclosures								
Assets	10,793.0	3,456.5	2,490.1	323.9	243.5	3,783.8	-58.8	21,032.0
Undistributed assets	-	-	-	-	-	1,544.6	-	1,544.6
Total assets	**10,793.0**	**3,456.5**	**2,490.1**	**323.9**	**243.5**	**5,328.4**	**-58.8**	**22,576.6**
Liabilities	2,360.5	1,052.5	511.1	44.6	88.1	211.8	-58.8	4,209.8
Undistributed liabilities and equity	-	-	-	-	-	18,366.8	-	18,366.8
Total liabilities and equity	**2,360.5**	**1,052.5**	**511.1**	**44.6**	**88.1**	**18,578.6**	**-58.8**	**22,576.6**
Investments in property, plant and equipment and intangible assets	85.1	13.3	42.7	2.0	2.8	9.6	-	155.5
Depreciation and impairment	-291.0	-63.0	-65.9	-8.3	-3.8	-0.8	-	-432.9
Amortisation of intangible assets	-226.6	-40.6	-41.0	-5.3	-0.5	-0.8	-	-314.8
Impairment of intangible assets	-	-	-	-	-	-	-	-
Depreciation of property, plant and equipment	-64.4	-22.4	-25.0	-3.0	-3.3	-	-	-118.1
Significant costs and revenues not corresponding to payments	-27.5	-11.4	-21.6	-2.2	0.2	584.7	-	522.2

External sales per product area

External sales, SEK million	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
HVAC[5]	11,093.4	10,854.8
Electrical	6,206.7	5,855.5
Tools & Machinery	4,479.3	3,725.0
Total external sales	**21,779.4**	**20,435.3**

Ahlsell's operations are based on our product areas being supplied, in all essentials, through jointly-controlled distribution and sales channels in each geographic area. This means that the assets used in each product area are the same, in all essentials, for all product groups in each geographic area (such as storage facilities and distribution equipment). It is therefore not possible to define the use of the assets and related investments in a meaningful way for each product area.

[1] Russia, Estonia and Poland

[2] EBITA = Operating profit/loss excluding amortisation and impairment of intangible assets

[3] No one single customer accounts for more than 10% of total revenue

[4] No one single customer accounts for more than 10% of total revenue

[5] Heating, ventilation, and air conditioning

Note 3 Employees

Average number of employees

	1 Jan 2014-31 Dec 2014		1 Jan 2013-31 Dec 2013	
	Number	of which men	Number	of which men
Parent Company	-	-	-	-
Group				
Sweden	2,556	80%	2,410	80%
Norway	1,050	83%	845	79%
Finland	604	82%	582	81%
Denmark	99	69%	100	69%
Estonia	138	87%	140	88%
Russia	68	47%	106	50%
Poland	59	80%	62	79%
China	12	67%	11	73%
Total in the Group	**4,586**	**80%**	**4,256**	**79%**

Gender profile in Group management at year-end

Gender profile in Group management	Women %	
The Parent Company	2014	2013
The Board	-	-
Other senior executives (0 people)	-	-

	Women %	
Total, Group	2014	2013
Boards	8%	8%
Other senior executives (7 people)	0%	0%

Salaries, employee benefits and social security contributions

	2014		2013	
SEK million	Salaries and benefits	Social costs	Salaries and benefits	Social costs
The Parent Company	–	–	–	–
(of which pension costs)	–	–	–	–
Subsidiaries	2,009.7	661.0	1,766.2	605.1
(of which pension costs)	-	182.0	-	155.7
Total, Group	2,009.7	661.0	1,766.2	605.1
(of which pension costs)	-	182.0	-	155.7
(of which defined benefit schemes)		5.7		7.1
(of which defined contribution schemes)		176.3		148.6

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

	2014		2013	
SEK million	Board/Senior executives	Other employees	Board/Senior executives	Other employees
Parent Company total	-	-	-	-
(of which bonus)	-	-	-	-
Total, subsidiaries	28.3	1,981.4	35.7	1,730.5
(of which bonus)	2.6	13.6	7.2	17.8
Total, Group	28.3	1,981.4	35.7	1,730.5
(of which bonus)	2.6	13.6	7.2	17.8

REMUNERATION OF SENIOR GROUP EXECUTIVES

The Board Chairman and board members of Ahlsell AB (publ) receive fees in accordance with the decision of the Annual General Meeting. Employer and employee representatives do not receive Board fees. Remuneration of the Group President (Göran Näsholm) and other senior executives consists of basic salary, variable remuneration, other benefits and pensions, etc. Other senior executives are the 7 people who, along with the Group President, constitute the Group management and one board member who is paid a fee.

Basic salary and variable remuneration must be in proportion to the responsibility and authority of the executive concerned. The maximum variable remuneration of the Group President is 80% (90% for 2014) of basic salary. The maximum variable remuneration of the other senior executives is 25-60% of basic salary. Variable remuneration is based on performance in relation to individual targets. Pensions and other benefits of the Group President and other senior executives are paid as part of the total remuneration package.

Planning and decision process

The Group implements a process whereby recommendations for salaries, remuneration, benefits and other employment terms and conditions for the Group President and other senior executives, who report directly to the Group President, are accepted and approved by the Board Chairman of Ahlsell AB (publ).

Remuneration and other benefits

1 Jan 2014-31 Dec 2014	Base salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Total
Kenneth Bengtsson, Chairman of the Board for Ahlsell AB (publ)	0.8	-	-	-	0.8
Göran Näsholm, CEO of Ahlsell AB (publ), Group President	7.5	1.0	0.0	7.9	16.4
Other senior executives (7 people)	18.0	1.6	0.8	4.9	25.3
Total	**26.3**	**2.6**	**0.8**	**12.8**	**42.5**

For the financial year 2014, variable remuneration refers to a bonus charged as a cost and paid out in 2015. Other benefits refers to company cars.

1 Jan 2013-31 Dec 2013	Base salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Total
Kenneth Bengtsson, Chairman of the Board for Ahlsell AB (publ)	0.6	-	-	-	0.6
Göran Näsholm, CEO of Ahlsell AB (publ), Group President	9.8	2.8	0.0	6.8	19.4
Gunnar Haglund, deputy CEO of Ahlsell AB (publ), CFO	4.8	1.5	-	2.0	8.3
Other senior executives (5 people)	13.4	2.9	0.7	3.1	20.1
Total	**28.6**	**7.2**	**0.7**	**11.9**	**48.4**

For the financial year 2013, variable remuneration refers to a bonus charged as a cost and paid out in 2014. Other benefits refers to company cars.

BONUS

The Group President's bonus is determined by the Board of Directors. Other bonuses are determined by the Group President.

PENSION BENEFITS

The Group President has a defined premium-based pension scheme whereby the company pays a premium of 30% of pensionable salary. The Group President is entitled to retire at the age of 60. 60% of the full-time basic salary is paid out upon retirement between the ages of 60 and 65. Pension benefits are paid according to agreement after the age of 65. The retirement age for other senior executives varies between 60 and 67.

Pension obligations to the CEO amounted to SEK 34.7 million (32.9) at year-end.

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

TERMINATION BENEFITS

The Group President has a termination period of 24 months if employment is terminated by the company. If employment is terminated by the Group President, the termination period is 12 months. Other senior executives who are in office at the balance sheet date have a period of notice of 12-18 months if employment is terminated by the company and 6 months if employment is terminated by the executive. One of the other senior executives has a severance pay equivalent to 18 monthly salaries. The other executives receive no severance pay.

INCENTIVE PROGRAMMES

An incentive scheme, initiated in the spring of 2012, gave selected senior executives in the Ahlsell AB (publ) Group the option to invest in Ahlsell AB (publ) indirectly by acquiring ordinary shares and preference shares in the Swedish Parent Company Norrmalm 1.1 AB. Ordinary shares and preference shares were acquired at calculated market value, which was SEK 10 per share. The market value is based on the acquisition of Nybrojarl New 1 AB (Ahlsell Group), which was a transaction that took place between two independent parties at market value. The incentive scheme was extended in 2014 to include a number of other senior executives. They have acquired ordinary shares and preference shares at their market value calculated on the day of entering the scheme. On 31 December 2014, the incentive scheme participants had a holding of 5,900,151 ordinary shares. This represents 8.4% of the total number of ordinary shares in Norrmalm 1.1 AB. The participants in the incentive scheme also had a holding of 6,248,159 preference shares. Their holding represents 1.85% of the voting rights. The incentive scheme rules allow senior executives to make new investments in certain circumstances.

Note 4 Other operating income

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Capital gains or losses from sales of business operations	4.0	-
Sales of non-current assets	0.2	0.5
Income from leases	2.6	4.3
Gas provisions	3.4	3.2
Compensation for loss of income during renovation	-	13.0
Other	19.7	12.1
Total other operating income	**29.9**	**33.1**

Note 5 Other operating expenses

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Other	-0.9	-1.1
Total other operating expenses	**-0.9**	**-1.1**

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

By type of asset

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Customer relationships	-306.1	-293.0
Other intangible assets	-22.5	-21.8
Sub-total intangible assets	**-328.6**	**-314.8**
Land and buildings	-17.7	-18.0
Machinery and other technical facilities	-28.1	-20.0
Equipment, tools, fixtures and fittings	-89.9	-80.1
Sub-total property, plant and equipment	**-135.7**	**-118.1**
Total depreciation, amortisation and impairment	**-464.3**	**-432.9**

There were no impairment charges in either 2013 or 2014.

Depreciation and amortisation are based on the cost and estimated useful lives of the assets.

These are stated under Accounting Policies.

Total depreciation, amortisation and impairment per function

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Cost of goods sold	-38.4	-25.3
Selling expenses	-354.1	-363.1
Administration expenses	-71.8	-44.5
	-464.3	**-432.9**

Amortisation and impairment of intangible assets are attributable to selling costs of SEK 323.8 million (310.1), and cost of goods sold of SEK 4.8 million (4.7).

Note 7 Operating leases

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Lease payments for the financial year	-441.1	-399.0
Future minimum lease payments for non-cancellable agreements fall due as follows:		
Within one year	-499.0	-439.0
Two to five years	-1,372.9	-1,131.0
After five years	-1,031.6	-873.5
Total operating leases	**-2,903.5**	**-2,443.5**

The above lease payments include lease costs for central storage facilities in Sweden and Norway, with contracts through 2028 and 2030 respectively.

Lease objects include numerous items, such as storage premises, offices, other buildings and equipment, IT hardware, office equipment, etc.

Note 8 Auditors' fees and remuneration

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
KPMG		
Audit services	-5.9	-5.7
Fiscal advice	-2.4	-4.6
Other services	-2.0	-4.2
Total fees	**-10.3**	**-14.5**

Other auditing services purchased by the Group cost SEK 0.5 million (0.4).

Audit services comprise the statutory examination of the annual financial statements and accounting records, administration of the business by the Board of Directors and the CEO and audits carried out under agreement or contract. This includes other procedures required to be carried out by the company's auditors and advice or other assistance relating to observations made during the audit or performance of such other procedures.

Other services comprise advice on accounting related matters, on sales and acquisitions of operations and advice on processes and internal audits.

Note 9 Breakdown of costs by type

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Finished goods and goods for resale	-15,011.9	-14,110.8
Employee benefit costs	-2,670.7	-2,371.3
Depreciation/amortisation	-464.3	-432.9
Transport costs	-799.5	-758.8
Costs for premises	-649.7	-594.2
Other expenses	-784.9	-733.7
Total operating expenses	**-20,381.0**	**-19,001.7**

Note 10 Finance income

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Interest income	21.9	28.6
Fair value changes due to revaluation of derivatives	151.2	246.6
Total finance income	**173.1**	**275.2**
Changes in fair value by measurement category		
Loans and receivables	21.9	28.6
Financial assets held for trading are measured at fair value	151.2	246.6
Total finance income	**173.1**	**275.2**

Parent, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Interest income, Group companies	528.9	590.5
Total finance income	**528.9**	**590.5**

Note 11 Finance expense

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Interest expense, shareholder loans	-649.1	-701.0
Interest expense, other	-746.7	-717.4
Interest expense, pension obligations	-1.7	-2.4
Exchange differences	-252.3	-258.3
Other bank costs	-27.1	-41.3
Total finance expense	**-1,676.9**	**-1,720.4**
Changes in fair value by measurement category		
Financial assets held for trading are measured at fair value		-
Other financial liabilities	-1,395.8	-1,418.4
Total finance expense for financial instruments	**-1,395.8**	**-1,418.4**

Parent, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Interest expense, shareholder loans	-632.3	-596.3
Interest expense, Group companies	-4.3	-
Total finance expense	**-636.6**	**-596.3**

Note 12 Income tax

Group, SEK million	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
Current tax	-17.6	-25.1
Deferred tax	-87.2	-91.0
Total income tax	**-104.8**	**-116.1**

Reconciliation of effective tax

The Group	2014 %	2014 Amount	2013 %	2013 Amount
Profit/loss before tax		-75.5		21.5
Tax according to Parent's applicable tax rate	-22.0%	16.6	-22.0%	-4.7
Effect of different tax rates for foreign subsidiaries		9.6		13.7
Non-deductible interest expense		-139.1		-131.3
Other non-deductible expenses		-16.5		-12.3
Tax-free income		45.4		22.5
Tax adjustments attributable to previous year		-23.0		-25.9
Increase in tax losses for which no deferred tax was recognised		-		-1.2
Adjusted tax rate Norway (2013), Finland (2013), Denmark (2013 & 2014)		1.9		24.2
Other		0.3		-1.1
Recognised effective tax	**138.8%**	**-104.8**	**-540.8%**	**-116.1**
Current income tax rate in Sweden		-22.0%		-22.0%
Effective tax rate		138.8%		-540.8%

Deferred and current tax have not been taken into account for the profit/loss in Estonia as the tax consequences do not arise until dividends have been paid to the shareholders (Ahlsell Sverige AB).

The Finnish Tax Authority is currently investigating whether the Group's Finnish companies are entitled to deduct the full amount of tax for interest on loans from Swedish Group companies. This is not expected to have any significant impact on the tax expense for the Group as a whole since equivalent adjustments for taxable interest income ought to be permitted in Sweden.

Parent, SEK million	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
Current tax	-	-129.2
Deferred tax	-	-
Total income tax	**-**	**-129.2**

Reconciliation of effective tax

Parent	2014 %	2014 Amount	2013 %	2013 Amount
Profit/loss before tax		-107.7		-6.2
Tax according to Parent's applicable tax rate	-22.0%	23.7	-22.0%	1.4
Non-deductible interest expense		-139.1		-131.3
Group contribution paid recognised as shares in subsidiaries		115.4		-
Capitalisation of non-capital loss carryforwards from previous periods		-		0.7
Recognised effective tax	**-**	**-**	**2084.2%**	**-129.2**
Current income tax rate in Sweden		-22.0%		-22.0%
Effective tax rate		-		2084.2%

Note 13 Operating cash flow

In addition to the cash flow statement that is prepared in accordance with IAS 7, the Group prepares a cash flow that is based on the business activities, excluding financial transactions and taxes, and acquisition and divestment of operations. This cash flow is used by the management team to monitor business performance.

SEK million	Note	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Operating profit		1,428.3	1,466.7
Adjustments for non-cash items	36	406.2	370.4
Operating cash flow before working capital changes		**1,834.5**	**1,837.1**
Operating cash flow after working capital changes			
Changes in inventories		29.2	46.1
Changes in operating receivables		-11.8	-47.6
Changes in operating liabilities		39.9	440.9
Operating cash flow before investments		**1,891.8**	**2,276.5**
Acquisition of intangible assets		-47.8	-25.4
Acquisition of property, plant and equipment		-136.4	-130.0
Sale of property, plant and equipment		0.6	0.5
Cash flow from operating investments		**-183.6**	**-154.9**
Operating cash flow after investments		**1,708.2**	**2,121.6**

CASH FLOW RECONCILIATION

The consolidated operating cash flow statement is based on the operating profit, which means there are no tax payments or incoming and outgoing financial payments in the operating cash flow before investments. These receipts and payments must be taken into account in order to report cash flows from the operating activities according to IAS 7 Cash Flow Statement. The table below shows the reconciliation between operating cash flows before investments and cash flows from operating activities according to IAS 7.

Cash flow from operating investments includes the type of investments and sales which are attributable to the ongoing operations, while the cash flow from investing activities in the cash flow statement according to IAS 7 also includes investments and divestment of operations and financial assets. The table below shows the reconciliation between cash flows from operating investments and cash flows from investing activities.

The cash flow from financing activities must also be taken into account in order to see cash flows for the year according to IAS 7 Cash Flow Statement, as shown in the table below. This cash flow is not included in the Group's operating cash flow.

SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Operating cash flow after investments	1,708.2	2,121.6
Finance income (according to the income statement)	173.1	275.2
Finance expense (according to the income statement)	-1,676.9	-1,720.4
Income tax paid (according to statement of cash flows)	-10.7	811.5
Difference in adjustment for non-cash items	863.9	1,425.4
Cash flows from operating activities	**1,057.6**	**2,850.8**
Cash flow from operating investments		
Acquisition of operations	-254.7	-702.7
Sale of operations	24.0	-
Changes in financial assets	0.6	-
Cash flows from investing activities	**-230.1**	**-702.7**
Cash flows from financing activities	**-595.2**	**-165.9**
Cash flows for the year	**232.3**	**556.8**

Note 14 Customer relationships

Group, SEK million	2014	2013
Accumulated cost		
Opening cost	4,456.3	4,249.2
Acquisition of subsidiaries	25.7	239.6
Translation differences for the year	38.5	-32.5
Closing accumulated cost	**4,520.5**	**4,456.3**
Accumulated amortisation		
Opening amortisation	-484.3	-192.8
Amortisation for the year	-306.1	-293.0
Translation differences for the year	-4.9	1.5
Closing accumulated amortisation	**-795.3**	**-484.3**
Carrying amount at end of period	**3,725.2**	**3,972.0**

The entire carrying amount relates to assets acquired.

About SEK 2.4 billion of the carrying amount of customer relationships has a remaining amortisation period of 17 years. The rest of the amount attributable to customer relationships has a remaining amortisation period of 7 years.

Note 15 Trademark

Group, SEK million	2014	2013
Accumulated cost		
Opening cost	3,767.0	3,767.0
Acquisition of subsidiaries	-	-
Carrying amount at end of period	**3,767.0**	**3,767.0**

The entire carrying amount relates to assets acquired.

IMPAIRMENT TESTING - TRADEMARK

Ahlsell's trademark is considered to have an indefinite life. The useful life is considered to be indeterminable as it is a question of a well-established trademark that the Group intends to retain and develop. At the time of acquisition (9 May 2012) the cost of the Ahlsell trademark was determined under the relief-from-royalty method and at the end of the year its carrying amount was SEK 3,767 million.

Impairment testing is carried out annually in the fourth quarter. The assessment is performed using the 1.5 percent royalty rate set at the time of acquisition and estimated future sales growth. A 2 percent growth rate has been used to extrapolate sales growth beyond the budget period. This amount is discounted using a 12.2 percent (12.2) current cost of capital before tax for the Group. The results of the impairment test performed in 2014 show that no impairment is necessary at this time.

Note 16 Other intangible assets

2014

Group, SEK million	Capitalised expenditure	Licences	Lease contracts and similar rights	Total
Accumulated cost				
Opening cost	135.4	88.0	22.9	246.3
Additions	38.1	5.1	4.5	47.7
Sales and disposals	-21.7	-	-0.3	-22.0
Reclassifications	9.4	-	-	9.4
Translation differences for the year	-	-1.5	1.7	0.2
Closing accumulated cost	**161.2**	**91.6**	**28.8**	**281.6**
Accumulated amortisation				
Opening amortisation	-111.4	-50.2	-17.8	-179.4
Sales and disposals	21.7	-	0.3	22.0
Amortisation for the year	-11.8	-8.7	-2.0	-22.5
Translation differences for the year	-	1.3	-1.2	0.1
Closing accumulated amortisation	**-101.5**	**-57.6**	**-20.7**	**-179.8**
Carrying amount at end of period	**59.7**	**34.0**	**8.1**	**101.8**

2013

Group, SEK million	Capitalised expenditure	Licences	Lease contracts and similar rights	Total
Accumulated cost				
Opening cost	114.6	84.9	22.0	221.5
Acquisition of subsidiaries	-	1.2	-	1.2
Additions	20.9	2.8	1.6	25.3
Sales and disposals	-0.1	-0.3	-1.5	-1.9
Translation differences for the year	-	-0.6	0.8	0.2
Closing accumulated cost	**135.4**	**88.0**	**22.9**	**246.3**
Accumulated amortisation				
Opening amortisation	-102.4	-39.8	-16.9	-159.1
Acquisition of subsidiaries	-	-0.1	-	-0.1
Sales and disposals	0.1	0.3	1.5	1.9
Amortisation for the year	-9.1	-10.9	-1.8	-21.8
Translation differences for the year	-	0.3	-0.6	-0.3
Closing accumulated amortisation	**-111.4**	**-50.2**	**-17.8**	**-179.4**
Carrying amount at end of period	**24.0**	**37.8**	**5.1**	**66.9**

Capitalised expenditure and licences relate to Ahlsell's order, warehouse and purchasing systems.

The entire carrying amount relates to assets acquired. Capitalised expenditure relates to external consultancy fees.

Note 17 Goodwill

Group, SEK million	2014	2013
Accumulated cost		
Opening cost	6,476.8	6,063.6
Acquisition of subsidiaries	218.1	462.3
Translation differences for the year	52.7	-49.1
Closing accumulated cost	**6,747.6**	**6,476.8**
Carrying amount at end of period	**6,747.6**	**6,476.8**

GOODWILL IMPAIRMENT TESTING

Goodwill is allocated to the Group's cash-generating units (CGU) designated by country of operation.

Goodwill by geographic area is summarised below:

	2014	2013
Sweden	4,584.0	4,413.2
Norway	1,153.9	1,114.9
Finland	888.6	835.1
Denmark	121.1	113.6
	6,747.6	**6,476.8**

The recoverable amount of the CGU has been determined based on value-in-use calculations. Value-in-use is calculated using pre-tax cash flow projections based on the business plans of the geographic regions covering a three-year period and which have been approved by corporate management.

Cash flows beyond the three-year period are extrapolated using the estimated growth rate stated below. The rate of growth does not exceed the long-term growth rate of the industry in which the CGUs operate. The discounted cash flows are compared with capital employed in each geographic area.

Key assumptions used for value-in-use measurements:
- Budgeted operating margin
- Growth rate used to extrapolate cash flows beyond the budget period
- Discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU in each geographic area.

Management has determined the budgeted operating margin based on past performance and expected future market growth. A 2 percent growth rate has been used to extrapolate the cash flows beyond the budget period. Furthermore, an average pre-tax discount rate in local currency has been used for these calculations. The discount rate has been adjusted to reflect specific risks. Overall, the pre-tax discount rate used is in the range of 11.9 to 13.0 percent (11.6 to 12.4).

Management believes that, for all the geographic areas, no reasonable possible changes in any of the key assumptions applied would have such significant effects as to individually cause the carrying amount to exceed the recoverable amount.

Note 18 Land and buildings

Group, SEK million	2014	2013
Accumulated cost		
At beginning of year	508.8	497.7
Acquisition of subsidiaries	-	0.1
Additions	5.2	1.3
Reclassifications	-0.2	-
Sales and disposals	-28.6	-1.8
Translation differences for the year	21.7	11.5
Closing accumulated cost	**506.9**	**508.8**
Accumulated depreciation		
At beginning of year	-166.1	-146.1
Sales and disposals	2.7	1.8
Depreciation for the year	-17.7	-18.0
Translation differences for the year	-8.1	-3.8
Closing accumulated depreciation	**-189.2**	**-166.1**
Carrying amount at end of period	**317.7**	**342.7**
Buildings held under finance lease agreements are included at the following amounts:		
Cost	235.5	221.3
Accumulated depreciation	-86.4	-73.0
Carrying amount	**149.1**	**148.3**

The central storage facility in Finland (Hyvinge) is held under a finance lease agreement. The agreement is valid through 2023.

Total minimum lease payments and their present value		
Total minimum lease payments	329.5	327.9
Present value of minimum lease payments	188.3	182.8
Total minimum lease payments		
Within one year	19.4	18.2
Between 2-5 years	77.5	72.9
After 5 years	232.6	236.8
	329.5	**327.9**
Present value of minimum lease payments		
Within one year	6.6	5.8
Between 2-5 years	30.6	27.1
After 5 years	151.1	149.9
	188.3	**182.8**

Finance leased asset payments for the year totalled SEK 16.9 million (16.1). During the year, SEK 11.0 million (10.8) was recognised as interest expense and SEK 5.9 million (5.3) as amortised liabilities. Depreciation of finance leased assets amounted to SEK 8.4 million (8.0). The total amount for finance leased assets charged as costs was SEK 19.4 million (18.8).

Note 19 Machinery and other technical facilities

Group, SEK million	2014	2013
Accumulated cost		
At beginning of year	411.2	358.9
Acquisition of subsidiaries	0.4	2.1
Additions	15.2	65.7
Sales and disposals	-21.9	-8.2
Reclassifications	-0.1	0.1
Translation differences for the year	5.9	-7.4
Closing accumulated cost	**410.7**	**411.2**
Accumulated depreciation		
At beginning of year	-240.6	-233.0
Acquisition of subsidiaries	-	-0.5
Sales and disposals	21.8	7.8
Depreciation for the year	-28.1	-20.0
Translation differences for the year	-2.7	5.1
Closing accumulated depreciation	**-249.6**	**-240.6**
Carrying amount at end of period	**161.1**	**170.6**

Note 20 Equipment, tools, fixtures and fittings

Group, SEK million	2014	2013
Accumulated cost		
At beginning of year	971.5	890.3
Acquisition of subsidiaries	4.5	22.2
Additions	139.3	110.8
Sales and disposals	-50.0	-41.7
Reclassifications	-9.6	-0.1
Translation differences for the year	9.6	-10.0
Closing accumulated cost	**1,065.3**	**971.5**
Accumulated depreciation		
At beginning of year	-687.3	-630.9
Acquisition of subsidiaries	-1.6	-9.2
Sales and disposals	31.5	26.9
Depreciation for the year	-89.9	-80.1
Translation differences for the year	-7.1	6.0
Closing accumulated depreciation	**-754.4**	**-687.3**
Carrying amount at end of period	**310.9**	**284.2**
Equipment held under finance lease agreements is included at the following amounts:		
Cost	407.6	368.6
Accumulated depreciation	-281.9	-248.4
Carrying amount at end of period	**125.7**	**120.2**

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

Group, SEK million	2014	2013
Total minimum lease payments and their present value		
Total minimum lease payments	110.8	121.5
Present value of minimum lease payments	105.5	113.7
Total minimum lease payments		
Within one year	34.1	31.3
Between 2-5 years	88.7	90.1
After 5 years	-	0.1
	122.8	**121.5**
Present value of minimum lease payments		
Within one year	32.9	29.5
Between 2-5 years	85.8	84.2
After 5 years	-	-
	118.7	**113.7**

Finance leased asset payments for the year totalled SEK 34.7 million (35.3). During the year, SEK 3.8 million (3.2) was recognised as interest expense and SEK 30.9 million (32.1) as amortised liabilities. Depreciation of finance leased assets amounted to SEK 30.6 million (31.8). The total amount for finance leased equipment charged as costs was SEK 34.4 million (35.0).

Note 21 Financial investments

Shares and participating interests classified as non-current assets

Group, SEK million	2014	2013
Opening carrying amount	3.4	3.3
Acquisition of subsidiaries	-	0.1
Disposals	-0.2	-
Exchange differences	0.1	0.0
Closing carrying amount	**3.3**	**3.4**

The above financial investments are included in the category "Available-for-sale financial assets".

It has not been possible to reliably determine the fair value of the above shares and participating interests, which are unlisted, and they have therefore been measured at cost less impairment.

Note 22 Shares in subsidiaries

Parent, SEK million	2014	2013
Accumulated cost		
At beginning of year	787.2	787.2
Shareholder contributions	1,177.4	–
Group contributions paid	524.7	–
Carrying amount at end of period	**2,489.3**	**787.2**

The above shares in subsidiaries refer to shareholdings in Norgemalm AS (corp. ID 998159628). Totalling 30 shares. Norgemalm is wholly owned by Norrmalm 1.1 AB and its registered office is in Oslo.

Investment in Group companies (indirect ownership)

Companies at 31 Dec 2014	Corp. ID	Head office/Country	Share of capital[1]
Normalm 2 AB	556882-5326	Stockholm	100
Ahlsell AB (publ)	556882-5391	Stockholm	100
Nybrojarl New 3 AB	556715-7861	Stockholm	100
Nybrojarl Holding AB	556687-9200	Stockholm	100
Ahlsell Investco AB	556680-8704	Stockholm	100
Ahlsell Finance Sarl	B178.565	Luxembourg	100
Ahlsell Sverige AB	556012-9206	Stockholm	100
Flex Scandinavia AB	556209-4085	Hammarö	100
Ahlsell Maskin AB	556044-1767	Örebro	100
CA Invest AB	556246-2662	Stockholm	100
JOISAB Svets & Maskin AB	556471-4482	Karlstad	100
Kela AB	556701-2306	Strömstad	100
IC i Sundsvall AB	556935-7899	Sundsvall	100
Net Access Sweden AB	556646-6214	Stockholm	100
Hjelmbergs Järn AB	556536-1473	Karlshamn	100
AB Rob. Holmquist	556023-8643	Borås	100
HauCon Sverige AB	556549-7939	Hallsberg	100
Skandinaviska Byggprodukter Väst AB	556107-0391	Stenkullen	100
Almén Special Fastener AB	556774-6507	Vänersborg	100
Ahlsell Norge Holding AS	988918962	Stavanger (N)	100
Ahlsell Norge AS	910,478,656	Stavanger (N)	100
Bergens Rørhandel AS	988,454,214	Stavanger (N)	100
Stavanger Rørhandel AS	888,454,152	Stavanger (N)	100
ProffPartner AS	995 511 215	Sofiemyr (N)	100
Lexow AS	994 571 737	Sofiemyr (N)	100
Proffklær Haugesund AS	991 248 722	Haugesund (N)	70
Yrkes & Profilklær AS	981 519 345	Tønsberg (N)	100
Ahlsell Oy	1819153-8	Helsinki (SF)	100
Aninkaisten Tapetti ja Väri Oy	0197404-2	Helsinki (SF)	100
Ahlsell Åland Ab	2080009-9	Jomala (SF)	100
Ahlsell Danmark ApS	19541142	Brøndby (DK)	100
TP-Tempcold Ltd	0000094018	Warsaw (PL)	100
ZAO Ahlsell Spb	7813090758	St Petersburg (RU)	100
AS FEB	10109270	Tallinn (EST)	100

[1] Refers to share of capital, which also corresponds with the share of votes for the total number of shares.

Note 23 Receivables and liabilities - Group companies

Receivables from Group companies

Parent, SEK million	2014	2013
Accumulated cost		
At beginning of year	6,559.6	5,960.5
Settled receivables	-2,472.0	-
Subsequent receivables	520.3	599.1
Carrying amount at end of period	**4,607.9**	**6,559.6**

SEK 580.6 million (-) of the above relates to liabilities to subsidiaries.

Liabilities to Group companies

Parent, SEK million	2014	2013
At beginning of year	-	-
Subsequent liabilities	580.6	-
Carrying amount at end of year	**580.6**	**-**
Maturity date, 1-5 years after the balance sheet date	-	-
Maturity date, more than five years after the balance sheet date	580.6	-

SEK 580.6 million (-) of the above relates to liabilities to subsidiaries.

Note 24 Deferred income tax

GROUP

Recognised deferred tax assets and liabilities

	2014			2013		
Group, SEK million	Assets	Liabilities	Net	Assets	Liabilities	Net
Loss carryforwards	402.6	-	402.6	477.0	-	477.0
Intangible assets		-1,607.6	-1,607.6	-	-1,599.7	-1,599.7
Provisions/amortised	13.2	-	13.2	6.6	-	6.6
Financial assets and liabilities	-	-14.9	-14.9	6.9	-	6.9
Current receivables and inventories	20.8	-	20.8	14.2	-	14.2
Machinery and equipment	21.5	-27.4	-5.9	20.8	-24.2	-3.4
Land and buildings		-17.1	-17.1	-	-18.8	-18.8
Untaxed reserves		-32.4	-32.4	-	-22.9	-22.9
Other	2.1	-	2.1	1.1	-	1.1
Total	**460.3**	**-1,699.4**	**-1,239.2**	**526.6**	**-1,665.6**	**-1,139.0**
Offset of assets/liabilities	-452.7	452.7	-	-523.0	523.0	-
Balance sheet total	**7.5**	**-1,246.7**	**-1,239.2**	**3.6**	**-1,142.6**	**-1,139.0**

The loss carryforwards are primarily attributable to Ahlsell's operations in Sweden and Norway. In these countries, future profits are expected to be sufficient to enable the tax loss carryforwards to be used within the next few years. The Group does not have a defined maturity structure for its loss carryforwards. The Group's non-capitalised loss carryforwards total SEK 12.0 million (10.1). These are attributable to operations acquired in Sweden in 2013, but for which the carryforwards have been suspended until 2018.

Changes in deferred tax asset for temporary differences and loss carryforwards

2014

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Loss carryforwards	477.0	-	-71.0	-3.4	402.6
Intangible assets	-1,599.7	-5.6	6.6	-9.0	-1,607.6
Provisions/amortised	6.6	-	5.9	0.7	13.2
Financial assets and liabilities	6.9	-	-22.2	0.5	-14.9
Current receivables and inventories	14.2	10.2	-3.1	-0.5	20.8
Machinery and equipment	-3.4	-	-2.3	-0.3	-5.9
Land and buildings	-18.8	-	3.2	-1.5	-17.1
Untaxed reserves	-22.9	-4.4	-5.1	-	-32.4
Other	1.1	-	0.8	0.2	2.1
Total changes	**-1,139.0**	**0.2**	**-87.2**	**-13.3**	**-1,239.2**

2013

SEK million	At beginning of year	Acquired/sold companies	Recognised in income statement	Recognised in Other comprehensive income	Balance at end of year
Loss carryforwards	639.8	-	-158.6	-4.2	477.0
Intangible assets	-1,736.4	47.6	86.9	2.2	-1,599.7
Provisions/amortised	22.9	-	-19.0	2.7	6.6
Financial assets	7.5	-	-0.9	0.3	6.9
Current receivables and inventories	15.6	2.1	-3.9	0.4	14.2
Machinery and equipment	-6.4	-	3.2	-0.2	-3.4
Land and buildings	-21.9	-	4.5	-1.4	-18.8
Untaxed reserves	-19.2	-	-3.7	-	-22.9
Other	0.7	-	0.5	-0.1	1.1
Total changes	**-1,097.4**	**49.7**	**-91.0**	**-0.3**	**-1,139.0**

Ahlsell Sverige AB has a subsidiary in Estonia. In Estonia, income tax is not paid on earnings until they are paid to the shareholders. If any earned but as-yet-unpaid gains are allocated to the Parent Company, the Estonian government can claim up to 21% tax, the equivalent of SEK 34.7 million (29.5) on 31 December 2014.

Note 25 Other non-current receivables

Group, SEK million	2014	2013
Accumulated cost		
At beginning of year	5.5	3.0
Settled receivables	-	-0.2
Reclassification	-2.8	-
Acquisitions for the year	0.3	2.5
Translation differences for the year	0.1	0.2
Closing accumulated cost	**3.1**	**5.5**
Carrying amount at end of period	**3.1**	**5.5**
of which interest-bearing	*2.8*	*4.3*

Note 26 Inventories

There is no significant difference between the carrying amount and fair value of inventories. No adjustment has been made to any items of inventory as a result of an increase in the value of net sales.

The cost of inventories recognised as expense is included in Cost of goods sold and amounts to SEK -15,011.9 million (-14,110.1).

During this period, stocks of finished goods have been written down by SEK -110.5 million (-79.6).

Note 27 Trade receivables

Group, SEK million	2014	2013
Trade receivables, gross	2,458.7	2,285.9
Provisions for doubtful receivables	-32.5	-30.1
Total trade receivables	**2,426.2**	**2,255.8**

Provisions for and reversal of provision for doubtful trade receivables are accounted for on the Income statement under Selling Expenses. This provision is based on customer creditworthiness.

Provisions for doubtful receivables

Group, SEK million	2014	2013
Provisions at beginning of year	-30.1	-31.0
Provisions for anticipated losses	-32.3	-22.6
Actual losses	29.3	23.1
Exchange differences	0.6	0.4
Provisions at end of year	**-32.5**	**-30.1**

Actual bad debt expenses and recovered bad debt expenses during the year came to a net total of SEK 27.7 million (21.1).

CONCENTRATIONS OF CREDIT RISK

The credit risk for trade receivables is not concentrated within any particular geographic region since the Group has a wide spread of customers in the Nordic countries, the Baltic States and Poland. The concentration of credit risk remains the same as in previous years.

Credit risk exposure

Group	Percent of total number of customers	Percent of portfolio
At 31 Dec 2014		
Exposure < SEK 1.5 million	99.8%	67.5%
Exposure SEK 1.5 - 10.0 million	0.2%	23.6%
Exposure > SEK 10.0 million	0.0%	8.9%
Total	**100%**	**100%**

Group	Percent of total number of customers	Percent of portfolio
At 31 Dec 2013		
Exposure < SEK 1.5 million	99.8%	67.8%
Exposure SEK 1.5 - 10.0 million	0.2%	22.1%
Exposure > SEK 10.0 million	0.0%	10.1%
Total	**100%**	**100%**

Time analysis for trade receivables

Group, SEK million	2014	2013
Not overdue	2,089.5	1,853.7
0 - 30 days	279.5	340.1
31 - 60 days	36.6	37.0
61 - 90 days	4.4	12.9
> 91 days	16.2	12.1
Total	**2,426.2**	**2,255.8**

Note 28 Prepaid expenses and accrued income

Group, SEK million	2014	2013
Prepaid rent	65.7	60.5
Accrued suppliers' bonuses	562.7	617.8
Accrued income for delivered but non-invoiced goods	140.3	180.4
Other items	64.8	69.6
Total prepaid expenses and accrued income	**833.5**	**928.3**

Note 29 Equity

GROUP

On 31 December, equity amounted to SEK 766.5 million (800.5). SEK 1.7 million (3.3) of this is non-controlling interests.

Reserves

SEK million	Translation reserve
Opening balance on 1 January 2013	**-46.7**
Translation differences for the year	-15.6
Hedging of currency risk in foreign operations	-36.7
Transaction taxes recognised directly in equity	27.3
Closing balance on 31 December 2013	**-71.7**
Opening balance on 1 January 2014	**-71.7**
Translation differences for the year	248.3
Hedging of currency risk in foreign operations	-85.7
Transaction taxes recognised directly in equity	-1.8
Closing balance on 31 December 2014	**89.1**

The translation reserve comprises all exchange rate differences arising on translation of foreign operations reported in a currency other than the Group's presentation currency. Hedging of currency risk in foreign operations includes hedging of net assets in local currency in Finland.

PARENT

RESTRICTED AND UNRESTRICTED EQUITY

Restricted reserves

Restricted reserves may not be reduced by distribution of dividends.

Unrestricted equity

Share premium account

Where shares are issued at a premium, i.e. for an amount in excess of their nominal value, an amount equivalent to the premium must be credited to the share premium account.

Retained earnings

The sum of the previous year's earnings after any dividend payout. Retained earnings, net profit for the year and the share premium account together constitute total unrestricted equity, in other words the amount available for distribution to shareholders.

Total equity in Norrmalm 1.1 AB was SEK 94.7 million (84.6) at the balance sheet date. Of this amount, SEK 79.4 million (79.4) was restricted equity.

Number of shares

The number of shares at the beginning of the year was 79,380,546. The number of shares at the end of the year was 79,380,546 with a nominal value of SEK 1. During the year, the average number of shares was 79,380,546.

The shares are issued in accordance with the Swedish Companies Act (2005:551) and shareholders' rights associated with the shares may only be amended according to the procedures prescribed in the Act.

The shares in the company carry a voting right as shown below and the number of shares that can be issued is limited within the Articles of Association.

Type of share	Voting weight	Number
Ordinary A1	10	64,050,000
Ordinary A2	1	6,101,554
Preference shares Series B	1	8,804,250
Preference shares Series C	1	147,122
Preference shares Series D	1	277,620
		79,380,546

Preference share owners are given priority over ordinary share owners with respect to annual dividend payments of the company's divisible profits corresponding to 10 percent of the average price of preference shares. Prior to calculating the annual dividends, any unpaid accumulations of dividends must be added to the average price. If such dividends have remained unpaid for one or more years, holders of the preferred stock shall be entitled to receive the outstanding amount from the subsequent year's divisible profits before any ordinary dividends are paid. The preference shares do not otherwise entitle the holders to any right to dividend.

An incentive scheme, initiated in the spring of 2012, gave selected senior executives in the Ahlsell AB (publ) Group the option to acquire ordinary shares and preference shares in the company. Ordinary shares and preference shares were acquired at calculated market value, which was SEK 10 per share. The market value is based on the acquisition of Nybrojarl New 1 AB (Ahlsell Group), which was a transaction that took place between two independent parties at market value. The incentive scheme was extended in 2014 to include a number of other senior executives. They have acquired ordinary shares and preference shares at their market value calculated on the day of entering the scheme. On 31 December 2014, the incentive scheme participants had a holding of 5,900,151 ordinary shares. This represents 8.4% of the total number of ordinary shares in Norrmalm 1.1 AB. The participants in the incentive scheme also had a holding of 6,248,159 preference shares. Their holding represents 1.85% of the voting rights. The incentive scheme rules allow senior executives to make new investments in certain circumstances.

Note 30 Pension provisions

The Group has defined-benefit pension plans for Sweden, Norway and Finland. This type of pension guarantees the employee a pension equal to a certain percentage of final salary. The Group also provides defined-contribution pension plans in these countries and in Denmark, Estonia, Russia and Poland. Defined-contribution plans represent a percentage of the employee's salary and are included in the income statement.

Group, SEK million	2014	2013
Present value of funded obligations	75.5	73.4
Fair value of plan assets	-24.0	-20.6
Total of wholly or partly funded obligations	**51.5**	**52.8**
Present value of unfunded obligations	28.7	24.2
Net debt in the balance sheet	**80.2**	**77.0**
Amounts reported in the balance sheet - liabilities	80.2	77.0

The amounts in the balance sheet are distributed across the various geographic areas as follows:

	Sweden	Norway	Finland
Present value of funded obligations	55.1	0.8	19.6
Fair value of plan assets	-24.0	-	-
Present value of unfunded obligations	28.7	-	-
Net debt in the balance sheet	**59.8**	**0.8**	**19.6**

Group, SEK million	2014	2013
Cost of pensions earned during the year	5.7	3.9
Reductions and settlements	-1.8	-
Interest expense	2.7	3.1
Interest income	-0.9	-0.6
Costs for defined benefit plans	**5.7**	**6.4**
Costs for defined contribution plans	176.3	148.6
Payroll tax	26.5	21.5
Total cost for post-employment benefits	**208.5**	**176.5**
The cost of defined benefit pension plans is recognised in the following lines of the Income Statement		
Selling expenses	3.9	3.9
Finance expense	1.8	2.5
	5.7	**6.4**
Cost recognised in Other comprehensive income		
Revaluations:		
- Actuarial gains/losses	3.6	-4.5
- Difference between actual and calculated return on the plan assets	-1.0	-0.4
	2.6	**-4.9**

The current value of the defined benefit obligation has changed as follows during the year

Group, SEK million	2014	2013
Current value of defined benefit obligations at beginning of year	**97.6**	**102.8**
Costs relating to service during the current year	5.7	3.9
Interest expense	2.7	3.1
Payment of benefits	-4.9	-7.8
Actuarial gains (minus) and losses (plus)	3.6	-4.5
Reductions and settlements	-1.8	-
Reclassification	-	0.1
Exchange differences on foreign plans	1.3	0.0
Current value of defined benefit obligations at end of year	**104.2**	**97.6**

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

Group, SEK million	2014	2013
Fair value of plan assets at beginning of year	**20.6**	**17.3**
Interest income	0.9	0.6
Difference between actual and calculated return	1.0	0.4
Employer contributions	1.5	2.3
Fair value of plan assets at end of year	**24.0**	**20.6**

The actual return on plan assets was SEK 1.8 million (1.0).

Group	2014	2013
The plan assets are classified in the following categories as a percentage of the total plan assets:		
Shares	51%	33%
Interest-bearing securities	39%	50%
Real estate	10%	9%
Other	0%	8%

Group, SEK million	2014	2013
Historical information		
Present value of defined benefit obligations (including special employer's contribution)	104.2	97.6
Fair value of plan assets	-24.0	-20.6
Surplus (minus)/Deficit (plus)	80.2	77.0
Experience-based adjustments to plan assets	1.1	0.0

Experience adjustments on defined benefit obligations amount to SEK -4.2 million (-1.4).

Assumptions used for valuations

2014	Sweden	Norway	Finland
Discount rate %	3.3%	4.1%	1.7%
Annual adjustment of pensions currently being paid		3.5%	
Annual salary increase %	6.0%	3.8%	2.1%
Mortality table	DUS14	K2013	

2013	Sweden	Norway	Finland
Discount rate %	4.0%	2.2%	2.8%
Annual adjustment of pensions currently being paid		0.0%	
Annual salary increase %	6.0%	3.3%	2.1%
Mortality table	DUS06	K2005	

With regard to interest-bearing assets on risk-free interest rates and other assets, the expected return on assets is based on assumptions about risk premiums above the risk-free rate of interest.

The Group expects to make SEK 4.6 million (5.5) in payments in 2015 relating to defined benefit plans.

The retirement benefit and family pension obligation for employees in Sweden is covered by an insurance policy with Alecta. In accordance with Statement UFR 3 issued by the Swedish Financial Reporting Board, this is a multi-employer defined benefit pension scheme. As the company did not have access to sufficient information to enable it to report this plan as a defined benefit plan for this financial year, an ITP pension plan, insured through Alecta, will be reported as a defined contribution plan. The same conditions apply to the new AFP scheme in Norway, which is thus also recognised as a defined contribution scheme.

The year's ITP pension insurance contributions through Alecta amount to SEK 66.3 million (57.9). Alecta's surplus may be distributed to the policyholders and/or the insured parties. At the end of 2014, Alecta's surplus, in the form of the collective consolidation level, was 143% (148%). The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance obligations calculated by reference to Alecta's actuarial assumptions. This is not consistent with IAS 19. Information about the collective consolidation level for the new AFP scheme in Norway is not available.

Note 31 Other provisions

Group, SEK million	2014	2013
Balance at beginning of year	9.4	20.3
New/extended provisions	10.6	7.5
Provisions used	-13.0	-17.7
Exchange differences	0.0	-0.7
Balance at end of year	**7.0**	**9.4**
Other provisions		
Restructuring	5.7	7.9
Guarantee obligations	1.3	1.5
Total other provisions	**7.0**	**9.4**
Other provisions consist of:		
Long-term provisions	0.9	2.1
Short-term provisions	6.1	7.3
Total provisions	**7.0**	**9.4**

The additional provisions in 2014 relate primarily to restructuring in the Swedish and Russian operations.

Provisions used mainly relate to the dissolution of provisions relating to dismissed salaried staff in the Swedish operations and a reduction of the number of stores in Russia.

Note 32 Accrued expenses and deferred income

Group, SEK million	2014	2013
Accrued interests	101.4	118.9
Accrued holiday pay	275.9	246.2
Accrued salary bonuses	20.8	42.7
Accrued social security contributions	71.0	73.6
Other items	116.0	105.8
Total accrued expenses and deferred income	**585.1**	**587.2**

Note 33 Financial instruments and financial risk management

GROUP

The Group's financial assets consist of derivative instruments, non-current receivables, trade receivables, shares and cash and cash equivalents.

The Group's financial liabilities consist mainly of loans taken to finance operations, and trade payables.

Financial assets and liabilities give rise to different types of risks, which are primarily managed using various derivative instruments.
The Group uses derivative instruments mainly for the purpose of:
- Converting variable rate loans to a fixed rate.
- Limiting the interest rate risk associated with variable rate borrowings.
- Reducing the Group's exposure to foreign currency risk.

Hedge accounting has not been applied for any derivative instruments as at 31 December 2014. However, these instruments are always used to hedge an underlying exposure and not for speculative purposes.

FINANCIAL RISK MANAGEMENT

The Group's financial policy for financial risk management was formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate for financial activities. The overall aim of the finance function is to ensure that the financial risks are optimised to a risk level that gives the shareholders a good return, within the framework of the risk mandate provided by the Board.

Risk management is handled by a central finance department in accordance with policies approved by the Board. The Group's finance department works closely with the Group's operating units to identify, evaluate and hedge financial risks. The Board develops and draws up policies for overall risk management, as well as for policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

International business activities involve different types of risks on a daily basis. The risks fall into two main categories: financial and commercial risks. The financial risks can be further divided into five main areas:
Refinansieringsrisk: Avser risken att förfallande lån inte kan refinansieras vid förfall, alternativt att befintliga lån sägs upp.
Refinancing risk: Is the risk that maturing loans cannot be refinanced at maturity, or that existing loans are terminated.
Interest rate risk: Is the risk that Group earnings will be adversely affected by changes in the interest rate level.
Currency risk: Is divided into transaction exposure and translation exposure.
Transaction exposure: Is the risk that Group earnings will be adversely affected as a result of negative exchange rate fluctuations.
Translation exposure in foreign net assets: Is the risk of negative equity effects when the assets and liabilities in foreign subsidiary companies are translated into Swedish kronor (SEK).
Credit risk: Is the risk of financial loss to the Group as a result of a counterpart failing to meet its contractual obligations.
Liquidity risk: Is the risk that the Group does not have enough funds to meet day-to-day expenses and commitments.

Refinancing risk

Ahlsell's refinancing risk is related to the financial obligations the Group has agreed with banks. The financing agreements into which Ahlsell entered are senior loan facilities, an acquisition facility and a revolving facility.

The senior loan facilities have been drawn and on 31 December 2014 amounted to SEK 10,809 million (8,290)*. At the balance sheet date, SEK 25 million (22) of the SEK 500 million revolving facility had been used for bank guarantees and SEK 130 million (476) of the SEK 1,500 million acquisition facility had been used. The senior loan facilities are at variable rates in EUR, NOK and SEK respectively. Further information is given under Interest rate risk. The Group is obliged to maintain certain quarterly financial obligations, so-called covenants, which are linked to this financing. The covenants by which Ahlsell must abide are:
- *Consolidated EBITDA* in relation to *interest payments*
- *Consolidated EBITDA* in relation to *total net liability*
- *Operating cash flow* in relation to *amortisations per schedule and interest payments*

There are specific definitions for each component and some non-recurring items are excluded from EBITDA.

At 31 December, all covenants had been met. Ahlsell's financing risk also depends on the Group's ability to refinance maturing loans, or pay maturing loans from its existing financial resources. The chart below shows the maturity analysis for Ahlsell's bank facilities.

At year-end, the Group's borrowings, with any associated statutory limits, were as follows:

Borrowing

	2014		2013	
SEK million	Total borrowing	Statutory limit	Total borrowing	Statutory limit
Acquisition facility [1]	130.0	1,500.0	476.1	1,000.0
Senior loans [1]	10,383.3	-	7,853.1	-
Revolving [2]	-	500.0	-	500.0
Shareholder loans [3]	5,783.3	-	7,602.9	-
Other	1.6	-	3.1	-
Total	**16,298.3**	**2,000.0**	**15,935.2**	**1,500.0**

[1] Have variable interest rates and are in EUR, SEK and NOK.

[2] The revolving facility can be used for lines of credit in SEK, NOK, DKK and EUR with variable interest rates, for guarantees, etc. At year-end, SEK 24.9 million (22.3) had been used.

[3] The shareholder loan is subordinated and has a fixed interest rate of 10%. The entire loan is in SEK.

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

Maturity

SEK million	2014	2013
2014	-	213.6
2015	118.1	414.3
2016	298.7	652.8
2017	516.0	852.8
2018	948.5	1,477.4
>2018	8,633.7	4,721.3
Total	**10,515.0**	**8,332.3**

Debts for which collateral has been pledged total 10,939 (8,766)*. The Group's chattel mortgages, certain trade receivables and some shares of subsidiary companies serve as collateral for bank loans (Note 34).

* The difference in amount reported in the balance sheet relates to capitalised borrowing costs.

The specification of lease assets and the current values of finance leases are presented in Note 20 Equipment, tools, fixtures and fittings and Note 18 Land and buildings.

Maturity analysis of lease payments

SEK million	2014	2013
Within 1 year	39.5	35.3
Maturity date, 1-5 years after the balance sheet date	116.4	111.3
Maturity date, later than five years	151.1	149.9
Total	**307.0**	**296.5**

Total maturity analysis

SEK million	2014	2013
Within one year	157.6	248.9
Maturity date, 1-5 years after the balance sheet date	3,368.9	3,508.7
Maturity date, later than five years	13,078.8	12,474.1
Total	**16,605.3**	**16,231.7**

INTEREST RATE RISK

Interest rate risk for Ahlsell is the risk that adverse movement in the interest rate would result in an increase in the cost of borrowing for Ahlsell. Interest rate risk can be offset by tying up loans and using various kinds of financial derivatives, e.g. fixed interest swaps, rate ceilings and interest rate floors. Two fixed interest swaps totalling SEK 1,016 million (1,016) mature on 9 May 2017. Ahlsell also has six exchange rate swaps for which fixed interest is paid. These exchange rate swaps total SEK 3,949 million (3,949) and mature on 9 May 2017. Interest rate risk is managed at Group level by Ahlsell's Finance Department based on the instruments and the standard for fixed interest rate terms decided by the Board. The main floating rates are STIBOR, EURIBOR and NIBOR.

Given the same borrowings, hedges, short-term investments, cash and cash equivalents and the same fixed rate interest periods as at the end of the year, a change in the market rate by 100 basis points (1 percentage point) would change the interest expense by about SEK 57 million (38) and the interest income by about SEK 18 million (15). Without hedges, a change in the market rate by 100 basis points (1 percentage point) would change the interest expense by about SEK 106 million (87). With regard to financial investments, there is no hedging in place.

Liabilities to credit institutions and interest rate fixes, breakdown by currency before exchange rate swaps and fixed interest swaps, SEK million

	2014			2013		
Currency	Liabilities to credit institutions	Holding, %	Fixed interest period, days	Liabilities to credit institutions	Holding, %	Fixed interest period, days
SEK	3,248.1	31%	62	3,113.3	37%	66
EUR	5,043.2	48%	1	4,739.8	57%	1
NOK	2,223.7	21%	90	479.2	6%	1
Total	**10,515.0**	**100%**	**39**	**8,332.3**	**100%**	**25**

Effective interest on the reporting date was

	2014			2013		
	SEK	EUR	NOK	SEK	EUR	NOK
Bank loans	4.47%	4.08%	5.50%	5.47%	4.97%	5.94%
Lease liabilities	1.98%	5.71%	-	2.79%	5.74%	-

Liabilities to credit institutions and interest rate fixes, breakdown by currency after exchange rate swaps and fixed interest swaps, SEK million

	2014			2013		
Currency	Liabilities to credit institutions after currency hedging	Holding, %	Fixed interest period, days	Liabilities to credit institutions after currency hedging	Holding, %	Fixed interest period, days
SEK	7,197.3	70%	512	7,062.5	85%	731
EUR	789.8	8%	1	742.3	9%	1
NOK	2,223.7	22%	90	479.2	6%	1
Total*	**10,210.8**	**100%**	**380**	**8,284.0**	**100%**	**623**

Effective interest on the reporting date was

	2014			2013		
	SEK	EUR	NOK	SEK	EUR	NOK
Bank loans, including derivatives	6.26%	4.08%	5.50%	6.95%	4.97%	5.94%
Lease liabilities	1.98%	5.71%	-	2.79%	5.74%	-

* The difference to amounts reported in the balance sheet is due to the difference between the hedging rate and closing rate at the balance sheet date.

CURRENCY RISK

Ahlsell's transaction exposure is concentrated on the import of goods and lending and borrowing in foreign currencies. The financial policy specifies that future cash flows can be hedged up to twelve (12) months in advance. Transaction exposure from imports is limited. There was no hedging activity on 31 December 2014 with regard to the import of goods. As a rule, cash flow hedging activities are limited. The fact that the Group has loans in foreign currencies means it has an exposure, see above liabilities to credit institutions broken down by currency. The Group has engaged in foreign exchange swaps to reduce exposure. Exposure in EUR has been reduced by SEK 3,949 million (3,949), and increased in SEK by the same amount, which reduces exposure in EUR. These instruments are not accounted for as hedges.

Based on income and expenses in foreign currencies for 2014, a five percentage point change in the Swedish krona against other currencies, excluding currency hedges, impacts operating income by about SEK 13 million annually. The impact on the net financial results, including the currency hedges which were outstanding at the year-end, of a five percentage point change would be about SEK 87 million.

The Group has a number of holdings in overseas operations, whose net assets are exposed to translation risk. See the chart below.

Exposed foreign net assets by country, SEK million

The Group	2014			2013		
Currency (country)	Net assets	Hedged	Net	Net assets	Hedged	Net
EUR (Finland and Estonia)	1,585.3	-1,424.5	160.8	1,481.9	-1,006.1	475.8
DKK (Denmark)	391.0	-	391.0	346.8	-	346.8
NOK (Norway and Luxembourg)	4,357.5	-	4,357.5	2,746.2	-	2,746.2
PLN (Poland)	24.3	-	24.3	27.6	-	27.6
RUB (Russia)	-3.4	-	-3.4	13.3	-	13.3
Total	**6,354.6**	**-1,424.5**	**4,930.1**	**4,615.6**	**-1,006.1**	**3,609.5**

Ahlsell hedges net assets in Finland. Hedge accounting is not used for other countries.

FAIR VALUE

Calculation of fair value

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer price quotes for similar instruments are used to estimate the fair value of non-current liabilities. Other techniques, such as estimated discounted cash flows, are used to determine the fair value of remaining financial instruments. The fair values of interest rate swaps and foreign exchange swaps are based on a valuation of the intermediary credit institution, the fairness of which is tested by discounting the expected cash flows under the terms of each specific contract and maturity dates and based on market rates for similar instruments at the balance sheet date. The nominal value less estimated credit adjustments of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

With regard to borrowing, there is no material difference between the carrying amount and fair value, as the Group's borrowings have variable interest rates. Nor does the Group have any other financial assets or liabilities off the balance sheet.

Fair value of financial instruments

	2014	2013
Financial assets	Carrying amount	
Financial assets held for trading are measured at fair value		
Fixed interest swaps	21.6	-
Total	**21.6**	**-**
Loans and receivables		
Other non-current receivables	3.1	5.5
Trade receivables	2,426.2	2,255.8
Cash and cash equivalents	1,760.4	1,522.9
Total	**4,189.7**	**4,655.5**
Available-for-sale financial assets		
Financial investments	3.3	3.4
Total	**3.3**	**3.4**

	2014	2013
Financial liabilities	Carrying amount	
Financial liabilities held for trading are measured at fair value		
Exchange rate swaps	-	156.8
Fixed interest swaps	50.2	24.0
Total	**50.2**	**180.8**
Other financial liabilities		
Liabilities to credit institutions	10,822.0	8,628.8
Shareholder loans	5,783.3	7,602.9
Trade payables	3,367.0	3,315.1
Total	**19,972.3**	**19,657.3**

Level 2 has been used to determine the fair values of financial instruments whose fair values are recognised in the Income Statement.

The differences between the fair value and carrying amount for financial assets and liabilities are marginal, except for the shareholder loan where the fair value is approximately SEK 600 million more than the carrying amount.

Cash and cash equivalents

SEK million	2014	2013
The following components are included in cash & cash equivalents		
Cash on hand and deposits held at call with banks	1,593.4	1,192.5
Short-term investments, comparable with cash and cash equivalents	167.0	333.0
Total cash and cash equivalents	**1,760.4**	**1,525.5**

Short-term investments have been classified as cash and cash equivalents based on the fact that:
- They are subject to an insignificant risk of changes in value
- They can easily be converted into cash
- They have a short maturity

CREDIT RISK

Credit risk is managed at Group level. Credit risk arises through cash and cash equivalents, derivative instruments and deposits with banks and financial institutions and through credit exposures to customers, including outstanding receivables. Only banks and financial institutions that have been given at least an A credit rating by independent valuers are accepted. Ahlsell's credit policy stipulates guidelines for sales to be made to customers with appropriate credit backgrounds and that credit-related decisions are taken by people with the right authority. Credit assessments of all of Ahlsell's customers are conducted by credit departments at country level. Each country's credit department reviews and assesses compliance with credit policies. Ahlsell's commerce system incorporates support functions that help them to keep track of who has the right to grant what, by carrying out a continuous review of authorisations and approvals. Individual risk limits are determined on the basis of internal or external credit assessments in compliance with the limits that have been set by the Board. Credit limit utilisation is reviewed at regular intervals. Ahlsell's maximum credit risk exposure is the carrying amount of the company's financial assets. Ahlsell's total credit risk is also monitored through a database application that enables the analysis of the total accounts receivable balance down to the lowest level. Also see Note 27 Trade receivables.

LIQUIDITY RISK

The sound management of liquidity risk involves maintaining sufficient cash and cash equivalents and saleable securities, the availability of funding through an adequate amount of committed credit facility and the ability to close market positions. Due to the dynamic nature of the underlying business, Group Finance aims to maintain flexibility in funding by keeping committed credit lines available. The chart below summarises maturity of the Group's trade payables.

Maturity profile trade payables

The Group, SEK million	2014	2013
Not overdue	2,578.7	2,529.6
Within one month	757.2	722.6
Longer than one month but no longer than three months	15.3	31.9
Longer than three months	15.8	31.0
Total	**3,367.0**	**3,315.1**

PARENT COMPANY

Norrmalm 1.1 AB has financial assets and financial liabilities to Group companies. See Note 23 and Note 39 Related Party Disclosures.

Foreign exchange rates used in the financial reporting

	2014		2013	
Currency	Average exchange rate	Closing rate	Average exchange rate	Closing rate
EUR	9.097	9.516	8.649	8.943
NOK	1.089	1.052	1.109	1.058
DKK	1.220	1.278	1.160	1.199
PLN	2.175	2.212	2.062	2.155
RUB	0.181	0.137	0.205	0.199

Note 34 Contingent liabilities and pledged assets

Group, SEK million	2014	2013
Contingent liabilities	None	None
Pledged assets		
Chattel mortgages	5,464.9	5,382.5
Real estate mortgages	4.6	4.3
Shares in subsidiaries	neg	neg
Trade receivables	1,387.2	1,285.9
Total pledged assets	**6,856.7**	**6,672.7**

The shares in Nybrojarl New 1 AB (corp. ID 556715-7812) and shares in subsidiary companies serve as security for the external borrowing and there are therefore restrictions with regard to disposal of holdings. The consolidated value of the Nybrojarl New 1 Group is negative.

The Group's derivative has been pledged as security against the external loan. At year-end, the value of the derivative was negative.

Note 35 Interest received/paid

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Interest received	21.2	28.4
Interest paid	-651.6	-622.4

Note 36 Adjustments for non-cash items, etc.

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Depreciation and impairment of assets	464.3	432.9
Capitalised and accrued interests	613.8	697.3
Unrealised exchange differences	265.0	245.8
Fair value changes due to revaluation of interest rate and exchange rate derivatives	-151.2	-246.6
Proceeds from sale of non-current assets	0.3	1.3
Proceeds from sale of business/subsidiaries	-4.0	-
Provisions for pensions	-0.5	-1.5
Other provisions	-2.3	-10.9
Other items with no effect on liquidity	84.7	63.6
Total	**1,270.1**	**1,181.9**

Parent, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Capitalised interest	107.7	5.8
Total	**107.7**	**5.8**

Non-operating cash flow items

Group, SEK million	1 Jan 2014-31 Dec 2014	1 Jan 2013-31 Dec 2013
Depreciation and impairment of assets	464.3	432.9
Proceeds from sale of non-current assets	0.3	1.3
Proceeds from sale of business/subsidiaries	-4.0	-
Provisions for pensions	-0.5	-1.5
Other provisions	-2.3	-10.9
Financial leasing*	-51.6	-51.4
Total	**406.2**	**370.4**

* Included in Other items with no effect on liquidity above

Note 37 Business Combinations

ACQUISITIONS IN 2014

In February, Ahlsell acquired Hjelmbergs Järn AB. The company is a local wholesaler based in Karlshamn. The company sells a wide range of tools, machinery, personal protection equipment, supplies and steel. The company generates sales of approximately SEK 55 million.

In May, Ahlsell acquired AB Rob. Holmquist. The company is a partnership company based in Borås and Falkenberg. The company sells a wide range of heating and plumbing products, mainly to local installation firms. The company generates sales of approximately SEK 90 million.

In September, Ahlsell acquired HauCon Sverige AB, which is based in Hallsberg. HauCon Sverige AB is a leading distributor of products in the areas of concrete, reinforcement and formwork. Its customers are mainly construction companies. The company generates sales of approximately SEK 130 million.

In September, Ahlsell also acquired the Gothenburg-based company, SKB Väst AB. The company mainly serves the construction industry with a wide range of reinforcement and formwork products. The company generates sales of more than SEK 100 million.

In October, Ahlsell acquired the operations of Bushido Machines in Södertälje. The acquired business generates sales of almost SEK 10 million.

In November, Ahlsell acquired Almén Special Fastener AB with operations in Vänersborg. Almén specialises in bespoke fastening products for environments with specific quality requirements. Its customers mainly operate in the engineering industry. The company generates sales of approximately SEK 45 million.

Group, SEK million Company	Country	Date of acquisition	Share of capital
Hjelmbergs Järn AB	Sweden	2014/02/03	100%
AB Rob. Holmquist	Sweden	2014/05/05	100%
HauCon Sverige AB	Sweden	2014/09/01	100%
Skandinaviska Byggprodukter Väst AB	Sweden	2014/09/02	100%
Bushido Machine AB (assets & liabilities)	Sweden	2014/10/15	100%
Almén Special Fastener AB	Sweden	2014/11/03	100%

Purchase price per segment	
Sweden	305.1
Norway	-
Finland	-
Denmark	-
Total purchase price	**305.1**

The following is information on acquired net assets and goodwill:

The assets and liabilities that were included in the acquisitions are:	Carrying amount before the acquisition	Fair value adjustment	Carrying amount reported in the consolidated statement
Cash and cash equivalents	50.4	-	50.4
Property, plant and equipment	4.8	-	4.8
Customer relationships	-	25.7	25.7
Inventories	57.3	-39.4	17.9
Assets	77.3	-3.8	73.5
Liabilities	-53.6	-	-53.6
Borrowing	-10.9	-	-10.9
Deferred tax assets, net	5.6	-5.4	0.2
Net assets			**108.0**
Acquired net assets			**108.0**

Consolidated goodwill	218.1
Consideration paid	-305.1
Less cash and cash equivalents in companies acquired	50.4
Effect on the Group's cash and cash equivalents	**-254.7**

The acquisition analysis for ProffPartner AS was adjusted during the year, leading to a SEK 52 million increase in goodwill and a reduction of net assets by the same amount.

The acquisition analysis for ProffPartner is now definitive.

Since the acquired operations are integrated into Ahlsell's existing operations immediately after the acquisition date, it is not possible to make disclosures about how much the acquired companies have contributed to consolidated turnover and earnings.

If all acquisitions during 2014 had been made on 1 January, turnover would have been approximately SEK 220 million higher and EBITA would have been about SEK 25 million higher.

All due diligence performed on acquisitions made in 2014 is preliminary. Ahlsell regards the calculations as preliminary during the period while uncertainties exist, for example, about the outcome of guarantees in the acquisition agreements with regard to inventories and trade receivables.

Business combinations in the previous year

Group, SEK million Company	Country	Date of acquisition	Share of capital
JABAC-TVM AB	Sweden	2013/03/11	100%
JABAC Maskin AB	Sweden	2013/06/18	100%
JOISAB Svets & Maskin AB	Sweden	2013/06/24	100%
ProffPartner AS	Norway/Sweden	2013/09/02	100%
ProffPartner Bergen AS	Norway	2013/09/02	100%
IC i Sundsvall AB	Sweden	2013/09/03	100%
Net Access Sweden AB	Sweden	2013/10/01	100%

Purchase price per segment	
Sweden	36.4
Norway	704.8
Finland	-
Denmark	-
Total purchase price	**741.3**

The following is information on acquired net assets and goodwill:

The assets and liabilities that were included in the acquisitions are:	ProffPartner AS			Other			Total
	Carrying amount before the acquisition	Fair value adjustment	Carrying amount reported in the consolidated statement	Carrying amount before the acquisition	Fair value adjustment	Carrying amount reported in the consolidated statement	
Cash and cash equivalents	36.8	-	36.8	1.8	-	1.8	
Property, plant and equipment	13.4	-	13.4	1.3	-	1.3	
Financial assets	0.1	-	0.1	-	-	-	
Customer relationships	-	239.6	239.6	-	-	-	
Other intangible assets	1.1	-	1.1	-	-	-	
Inventories	215.3	-7.4	207.8	32.1	-	32.1	
Assets	149.7	-	149.7	42.8	-	42.8	
Liabilities	-137.9	-	-137.9	-35.4	-	-35.4	
Borrowing	-313.2	-	-313.2	-13.0	-	-13.0	
Deferred tax liabilities, net	**4.3**	**49.7**	**54.0**	**-0.5**	**-**	**-0.5**	
Net assets	**-30.5**	**281.9**	**251.4**	**29.1**		**29.1**	
Non-controlling interests			-1.5			-	
Acquired net assets			249.9			29.1	
Consolidated goodwill			429.4			32.9	
Consideration paid			-679.3			-62.0	-741.3
Less cash and cash equivalents in companies acquired			36.8			1.8	38.6
Effect on the Group's cash and cash equivalents			**-642.5**			**-60.1**	**-702.7**

Since the acquired operations are integrated into Ahlsell's existing operations immediately after the acquisition date, it is not possible to make disclosures about how much the acquired companies have contributed to consolidated turnover and earnings.

If all acquisitions during 2013 had been made on 1 January, turnover would have been approximately SEK 850 million higher and EBITA would have been about SEK 65 million higher.

Note 38 Disposal of assets, liabilities and operations

DISPOSALS IN 2014

The Swedish subsidiary Trions AB and the Norwegian subsidiary Proff-Partner Security AS were divested during the year.

Assets and liabilities divested

Group, SEK million	
Property, plant and equipment	27.3
Inventories	3.9
Current receivables	1.0
Trade payables	-3.1
Deferred tax liabilities, net	-2.8
Other liabilities	-6.4
Cash and cash equivalents in divested operations	4.1
Purchase price received	28.1
Effect on cash and cash equivalents	**24.0**

DISPOSALS IN 2013

No disposals were made in 2013

Note 39 Related Party Disclosures

GROUP

The Luxembourg-based company, Keravel S.A. owns 84.7% of Norrmalm 1.1 AB (corp. ID 556882-8916, registered in Sweden with registered office in Stockholm). The remaining 15.3% is owned by senior executives of the Ahlsell Group. Keravel S.A. is owned by CVC Capital Partners.

The Norrmalm 1.1 AB Group has SEK 5,793.5 million (7,602.9) in shareholder loans to the Parent Company Keravel S.A.

In 2014, the Norrmalm 1.1 AB Group was invoiced SEK 4.6 million (4.3) in management fees by CVC Capital Partners.

Information about personnel expenses and remuneration of senior executives can be found in Note 3 Personnel.

PARENT

Norrmalm 1.1 AB has non-current receivables with other Group companies amounting to SEK 4,607.9 million (6,559.6). See Note 23. Norrmalm 1.1 AB has SEK 5,897.2 million (6,559.4) in shareholder loans to the Parent Company. See Note 33. The company has non-current liabilities to subsidiaries amounting to SEK 580.6 million (-). In addition, the company has current liabilities to subsidiaries amounting to SEK 524.7 million (587.5).

The company has a related party relationship with its subsidiaries. See Note 22.

Note 40 Significant accounting estimates and judgements

The Group's estimates and judgements are reviewed periodically and are based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing circumstances.

Significant accounting estimates and assumptions
The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

Customer relationships
A number of parameters have been used to determine the value of customer relationships. These include WACC, assumptions about growth, loss of existing customers and discount rates. Changes to these parameters would have an impact on the size of the customer relationships.

Goodwill and trademark impairment testing
Each year, the Group assesses whether or not a potential impairment exists for goodwill and trademarks, in accordance with the accounting policies above. The recoverable amount for cash-generating units has been determined by calculating their value-in-use. Recoverable amounts for trademarks have been determined under the relief-from-royalty method. Certain estimates have to be made for these calculations. See Note 15 and Note 17).

With regards to goodwill, the Group believes that a reasonable change in the key assumptions used in the calculation of recoverable amounts for goodwill, for example, gross margins and discount rates, would not cause the total carrying amount of goodwill attributable to each geographic area to exceed the goodwill's recoverable amount for each geographic area.

With regards to trademarks with an indefinite useful life (the Ahlsell trademark), the Group believes that a reasonable change in the key assumptions used in the calculation of the recoverable amount, for example, future sales growth, royalty rates and discount rates, would not cause the carrying amount for the Ahlsell trademark to exceed its recoverable amount.

Income tax
The Group is required to pay tax in each country. Significant judgement is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises the liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provisions in the period to which such determination is made.

Deferred income tax is calculated on the basis of the temporary differences between the carrying amount of assets and liabilities and their taxable amount and on loss carryforwards. There are mainly two types of assumptions and estimates that affect the recognised deferred tax. These are assumptions and estimates that are used to establish the carrying amounts of assets and liabilities, as well as those relating to future taxable profits. At year-end, SEK 402.6 million (477.0) was recognised as deferred tax assets attributable to estimated loss carryforwards, based on the assumptions of future taxable profits. A final decision on the losses claimed by the Group companies is required from the Swedish Tax Agency for the recognised loss carryforwards. Critical estimates and assumptions are also undertaken in respect of the reporting of provisions and contingent liabilities relating to tax risks.

Note 41 Company Information and Disclosures

Keravel S.A. in Luxembourg and senior executives of the Ahlsell Group own Norrmalm 1.1 AB (corp. ID 556882-8916, registered in Sweden with registered office in Stockholm). Keravel S.A. is controlled by limited partnerships that are advised and managed by the CVC European Equity Fund V and CVC European Equity Tandem Fund, which are the generic names for a number of subsidiaries of CVC Capital Partners SICAV FIS-S.A.

Norrmalm 1.1 AB's address is Rosterigränd 12, SE-117 98 Stockholm, Sweden. Ahlsell offers professional users an extensive range of products and related services in the areas of HVAC, Electrical and Tools & Machinery. Ahlsell has business operations in Sweden, Finland, Norway, Denmark, Estonia, Russia and Poland.

Stockholm, 27 April 2015

Peter Törnquist *Chairman*	Gustaf Martin-Löf *Member of the Board*
Jakob Eliasson *Member of the Board*	

Our auditors' report was submitted on X 2015

KPMG AB

Thomas Thiel
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Norrmalm 1.1 AB, corp. id 556882-8916

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Norrmalm 1.1 AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appro-priateness of accounting policies used and the reasonable-ness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Norrmalm 1.1 AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 11th of May 2015

KPMG AB

Thomas Thiel
Authorized Public Accountant