



ANNUAL REPORT 2010



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WHY WE CAN SET A **BYGGmax** PRICE ON HIGH-QUALITY:

- **A FOCUSED RANGE**

A product range limited to 1,300 items simplifies administration and procurement.

- **ECONOMICAL STORE LOCATIONS**

Out of town stores that are easily accessible for customers in vehicles provide low rents.

- **DRIVE-IN AT ALL STORES**

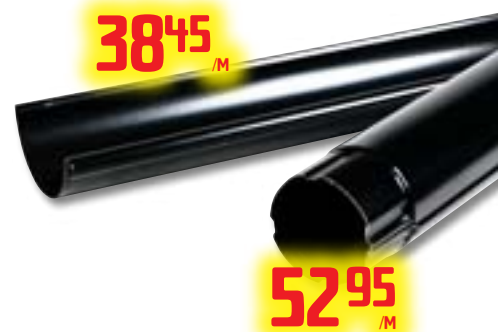
Staff costs can be kept low when customers load their vehicles themselves.

- **CONSTANT IMPROVEMENTS**

Each process and operation is made more efficient through IT and changes in procedures.

- **STRONG CORPORATE CULTURE**

The entrepreneurial qualities of store managers form the foundation of the entire company's will to succeed.



The cover was produced by Byggmax's advertising agency kitchen in Norway in 2008.

BYGGMAX IN BRIEF

Byggmax is positioned as a discount provider of building materials in the Nordic DIY market. The company's business concept is to sell high-quality building supplies at the lowest price possible. Consumers and builders use the Byggmax drive-in model to buy building supplies quickly, cheaply and simply.

EVERYTHING YOU NEED TO BUILD A HOUSE AT CONSISTENTLY LOW PRICES

- The business concept we have built on since our launch in 1993 is as follows: To sell high-quality building supplies at the lowest price possible. We keep the same low prices for all our customers, no rebates, sales or campaigns. The simplicity of the idea in combination with stringent focus on cost has proved decisive for the company's development. However, we don't just offer the customer low prices, the drive-in model combined with the focused range make the shopping quick and easy.
- In 1999, the company was renamed Byggmax to emphasize the low-price concept.
- In 2003, Byggmax left its franchise concept to own and operate all its stores and now has 53 stores in Sweden, 16 in Norway and four in Finland.
- Expansion into Norway was initiated in 2007 and into Finland in 2008. Minor adaptation of the product

range has been required but otherwise the stores function as in Sweden, with price guarantees, an online store and free trailer loan to all customers.

GOALS AND STRATEGIES

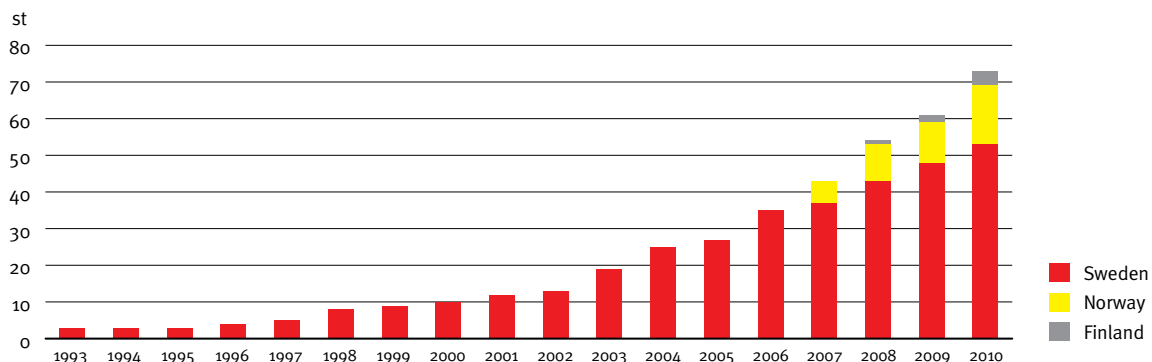
Byggmax's solid business model and the healthy conditions in the Nordic DIY market mean that Byggmax is well placed for continued growth, both organically through the establishment of new stores and through continued growth in sales in comparable stores.

The company's financial goals are as follows:

- organic growth to exceed 15% per year in net sales through expansion of the chain of stores and increased sales in comparable stores, and
- maintenance of an EBIT margin in relation to net sales that exceeds 11%.

Byggmax's strategy for achieving its financial goals is to expand the chain of stores in existing markets, to improve operating activities and to maintain continuous focus on business development.

NUMBER OF STORES



THE YEAR IN SUMMARY

In 2010, Bygghmax generated sales of approximately SEK 2.8 billion, up 13.5% compared with 2009. The EBIT margin amounted to just over 10.5% excluding listing costs. At year-end, the company had 73 stores and 447 employees (average number of full-time positions).

- Net sales amounted to SEK 2,773 M (2,444), up 13.5%.
- The gross margin was 29.7% (29.8).
- EBIT amounted to SEK 275 M (273) and the EBIT margin to 9.9% (11.2). EBIT excluding listing costs was

- SEK 292 M and the EBIT margin 10.5%.
- Profit after tax totaled SEK 172 M (161).
- Cash flow from operations per share was SEK 3.4 (2.9).

KEY EVENTS FIRST QUARTER

Two stores opened: Lahtis (Finland) and Haugesund (Norway).

Svea Distribution AB, buying agent and distributor for Bygghmax was acquired on January 2, 2010.

KEY EVENTS SECOND QUARTER

Five stores opened: Partille, Trollhättan, Karlshamn, Värnamo (Sweden) and Fredriksstad (Norway).

On June 2, 2010, the Bygghmax Group AB (publ) was listed on the NASDAQ OMX Stockholm and performed a share split (1:3) in conjunction with the listing.

During the second quarter half of the shareholder loan was superseded by an external bank loan and the remainder converted to equity through an offset issue. In connection with the issue, refinancing was also performed.

KEY EVENTS THIRD QUARTER

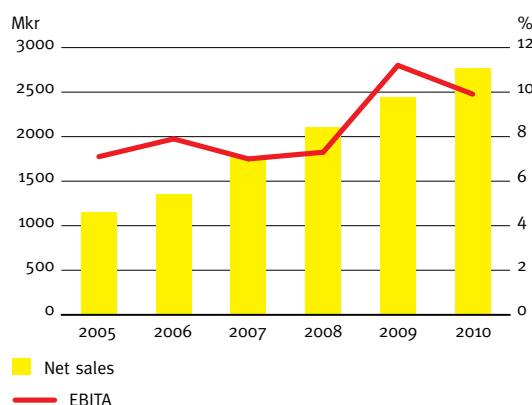
Five stores opened: Ystad (Sweden), Stavanger, Kristiansand, Ski (Norway) and Jyväskylä (Finland).

KEY EVENTS FOURTH QUARTER

The existing online store with home delivery from store to customer has been supplemented with online goods that can be ordered and which are sent directly from the supplier to the customer. The platform for online goods had its technical launch in the quarter but will be launched in the market in spring 2011.

During the fourth quarter, the store in Hisingsbacka (Sweden) was relocated to new premises in that area.

NET SALES / EBITAMARGIN



	2010	2009	2008
Net sales, SEK M	2,773	2,444	2,107
Gross margin, %	29.7	29.8	28.2
EBITA, SEK M	275	273	153
EBITA, SEK M, excl. listing costs	292	273	153
EBITA-margin, %	9.9	11.2	7.3
EBITA-margin, %, excl. listing costs	10.5	11.2	7.3
Profit after tax, SEK M	172	161	40
Cash flow from operations per share	3.4	2.9	3.3
Number of stores at year-end	73	61	54
Stores opened during the period	12	7	11

PRESIDENT'S COMMENTS

**BYGGMAX'S CORPORATE
CULTURE IS BUILT ON ENTRE-
PRENEURIAL SPIRIT AND PRIDE.**

**THIS KEEPS US ON
TOP OF COSTS AND
EARNINGS.**



INITIAL PUBLIC OFFERING IN JUNE 2010

The board decided to commence the IPO process in the beginning of the year, and since then a lot of time was spent preparing and implementing the listing process. Byggmax defied the early summer's difficult market and was listed on the NASDAQ OMX Stockholm in June 2, 2010. Before the listing, there were misgivings of endless bureaucracy and stringent reporting requirements and now, having completed our listing, we are able to state that Byggmax remains the same flexible organization, where people speak freely and have a strong desire to succeed. More than half of Sweden's do-it-yourselfers intend to buy materials from Byggmax according to the publication *Vi i Villas* "villa panel". We hope to be accorded the same level of trust by Sweden's small savers and to build the Byggmax share into a Swedish people's share.

STRATEGIC DECISIONS- CONTINUED EXPANSION OF STORES, MARKETING AND RANGE

From the end of 2008 through to the start of 2009, Byggmax kept a tight hold on spending to parry any possible effect of the financial crisis on the building supplies market. The past year has seen us invest in expansion with 12 new stores. In 2011, Byggmax intends to continue to expand with 11 to 15 new stores, increased focus on its online store and sales to the building trade.

The marketing consultancy, Indikat, has selected Byggmax marketing as the most effective among Swedish DIY retailers. According to the publication, *Market*, Byggmax is the brand that stands out among brands in Sweden as having had the strongest trend of all companies in retail and Byggmax was therefore selected as "the Hottest Brand in retail" in 2010. In addition, Jacob Notlöv was chosen by the publication *Resumé* as Sweden's best marketing manager in the DIY segment. Customers have the leading role in Byggmax's marketing concept, in television commercials, direct mail, advertisements and on the website, and in addition, all advertising is produced internally.

We perceive our website as an extension of our stores and customer service. It should comprise an efficient, fun and inspiring tool for finding information about building and building supplies. The website enables Byggmax to provide customers with a degree of service that is often not possible in the hectic working day of a store. We are now entering the third year for Byggmax with online shopping from every store and are supplementing the range with online goods. This comprises an increase in the range with products shipped directly to customers from the supplier. In 2011, it will become possible to purchase completely new types of building supplies at Byggmax prices via the online store.

SUSTAINABILITY AT BYGGMAX

Since 2009, an annual environmental report has been produced on Byggmax's environmental impact. This year's report shows a reduction in carbon emissions per ton of materials sold; the single most important explanation for this is the increase in the proportion of goods using rail and sea freight. See the entire report on page 21.

In 2010, all personnel in managerial positions completed a leadership training program. We wish to create leadership that is strongly focused on targets and key ratios, but, which also has a strong vision of all employees flourishing and succeeding in their personal development.

One of Byggmax's catchphrases is "One for all and all for one". It is easy for everyone to feel pleased by a joint success when everyone helps out. Therefore, all head office employees work in a store at least once per year. If we understand each other's work situation, we increase our understanding of the challenges we are facing.

FUTURE PROSPECTS - GROWTH CONTINUES WITH NEW INVESTMENTS

It is gratifying to have continued our growth and maintained healthy profitability. It shows the strength inherent in the concept and the increasing trend of choosing the low-price alternative when purchasing building supplies - irrespective of the situation in the economy. Growth has been created through new stores and through increase in existing stores.

When we look at 2011, we see a number of initiatives ahead of us. These initiatives include opening new stores, a larger marketing initiative in Finland and the introduction of online goods via the online store. Byggmax has a sound financial situation, which enables us to invest in several initiatives in parallel.

Many people dream of renovating their home themselves. We make it quick, simple and inexpensive to carry out large or small-scale construction projects. Naturally, we continue to see great potential in growing in the three countries where we currently have operations, and in the long term to also start looking further afield.

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



Solna, February 2011
Magnus Agervall

CONCEPT, STRATEGY, GOALS

Bygghmax's vision is to be the leading low-price player in the DIY market. Read more about how we will achieve this goal.

BUSINESS CONCEPT

The business concept is to sell high-quality building materials at the lowest possible price.

- **Low prices and a focused range:** Bygghmax sells high-quality building supplies at consistently low prices. We have no sales, discounts, campaigns or seconds. All customers receive the same low price. A limited range of 1,300 products simplifies administration and procurement.
- **Drive-in and inexpensive store locations:** In our drive-in facilities, customers pack their goods directly into their vehicles thus lowering our costs. The stores are located on the edge of suburbs, in locations with easy access for customers with vehicles.
- **Constant improvement:** We challenge every process to enhance efficiency and to improve operating profits in all our areas of operation.
- **Strong corporate culture and cost focus:** The foundation of Bygghmax's corporate culture is a genuine entrepreneurial spirit. The store managers and all employees feel pride in their own areas of responsibility. This entails staying on top of costs and maintaining focus on key ratios to perform well. One of Bygghmax's catchphrases is "One for all and all for one". As part of strengthening ties within the business, every member of staff works in one of the stores at least one day per year.

VALUE DRIVERS

Value drivers are factors that affect the development of Bygghmax in the short- and the long-term. The following constitute those that the management assesses as having most relevance. Many factors have an impact in both the long- and the short-term and as such are listed under the category where they are considered to exert most influence.

Short-term factors

- **Weather** – Bygghmax sells a substantial amount of products for outdoor use, and sales are seasonal with most sales in the spring, summer and early autumn. The onset and end of winter, and the weather during the peak season have an impact on sales.
- **Trends in purchasing prices** – purchasing prices

affect Bygghmax's margins. Historically, the market has passed on adjustments in purchasing prices to the market.

- **Competitors' pricing** – Bygghmax pricing strategy is based on underpricing the competition with the aim of being the cheapest. Therefore the competition's pricing affects margins.
- **Short-term trends in the DIY market** – Bygghmax operates in the DIY market and is thus affected by trends in the DIY market.
- **The availability of attractive store locations** – the establishment of new stores forms a key portion of Bygghmax's strategy both in the short- and the long-term, and therefore the availability of new store locations is important.

Long-term factors

- **The ability to maintain the strong corporate culture** – the Bygghmax culture has played an important role in the company's success, and retaining this culture is a key factor.
- **The ability to execute the company's strategy and business concept** – maintaining stringency throughout the range and pricing, as well as continuously tuning the organization through constant improvement are a few of the keys to success.
- **The ability to renew concepts and strategies when needed** – the Bygghmax concept has remained true to the original from 1993. However, the concept has developed over time and new ideas have been tested and incorporated or discarded.
- **The ability and daring to develop the concept and strategy is important to become successful in the long-term.**
- **Long-term development of the DIY market** - Bygghmax operates in the DIY market and thus long-term trends in the DIY market are important.
- **Trends in the attractiveness of the low-price segment of the building supplies market** – Bygghmax's strategy is to become the largest operator in the low-price segment in the Nordic region. Trends in the long-term development of this sector are therefore important.

- The strategies of the competition and their execution thereof – Byggmax operates in a competitive market and the actions of the competition affect the company.

GOALS AND STRATEGIES

Byggmax's financial targets are:

- to achieve organic growth in excess of 15% of net sales per year through expanding the chain of stores and increasing sales in comparable stores, and
- to maintain an EBIT margin in relation to net sales over 11%.

Follow-up of goals

During the 2010 fiscal year, Byggmax achieved a growth in sales of 13.5%. Sales were negatively affected by the late spring and early onset of winter.

The EBIT margin excluding listing costs amounted to 10.5% in 2010. The aforementioned trend in sales has had a negative knock-on effect on the EBIT margin.

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

Store network expansion

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

Operational excellence

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

Business development

Byggmax works continuously with internal business development. IT support and in particular, the website, are developed every year in the majority of projects with the customer in focus. Procurement, sales procedures and marketing undergo ongoing development in respect of private and trade customers. The online store was launched in 2008, delivering from the store to the customer and substantial focus has been placed on developing this service. In 2011, the online store was expanded with the addition of online goods with direct delivery to the customers from the suppliers. In addition, Byggmax is adjusting the range to seasonal variations to boost sales in the first and fourth quarters.

STRATEGY

Expansion of the chain of stores
Operational optimization
Business development

GOALS

- to achieve organic growth in excess of 15% of net sales per year through expanding the chain of stores and increasing sales in comparable stores, and
- to maintain an EBIT margin in relation to net sales exceeding 11%.



“
QUICK, INEXPENSIVE
AND SIMPLE

OPERATIONS

Ever since the company was founded in 1993, the Bygghmax concept has been essential to the development of operations. The concept is based on a focused product range, a resource-efficient organization, a strong corporate culture and consistent pricing strategy. With the combination of long-term favorable trends in the DIY market, Bygghmax is well-positioned to continue to grow.

BUSINESS MODEL – POSSIBLY THE SIMPLEST IN THE WORLD

Bygghmax offers inexpensive high-quality products for the most common maintenance and DIY projects. The primary target group is consumers and the range of products encompasses basic building supplies such as sawn timber, insulation, tools and paint – at the same low price regardless of whether the customer is a professional or a private consumer. With its focused range, Bygghmax handles large volumes and can secure economies of scale in purchasing and logistics.

Ever since the company was founded in 1993, the operations have been conducted in accordance with the Bygghmax concept, which has been essential to the company's development. The concept is based on a focused product range, a resource-efficient organization, a strong corporate culture and consistent pricing strategy, as well as the characteristic design of the stores. Today, Bygghmax has a strong market position, an extensive store network and a recognized brand.

SPONGE CAKE BECAME SALMON

Bjarne: My father and I built a boat together. We didn't actually need one, but in any case we built one, and it was fun. It was incredibly easy, we just knuckled down and got going.

Lars-Åke: Yes, it was my idea to build a classic but simple boat. So we looked around on the Internet and found a very simple, old drawing.

Bjarne: But we didn't use any of the material in the description, it was like having a recipe for sponge cake and frying salmon instead!

Lars-Åke: Yes, we chose to mainly use tongued and grooved board.

Bjarne: And even some 2 x 6, glue and screws. We built the boat by gluing together a sheet of tongue and groove which we then cut the shape of the boat out of and put in braces to get a rounded shape to the hull. When building a boat it's important to choose tongue and groove with very few knots, otherwise it could leak.

It is important to keep on top of prices; costs can really run away with you on a large project. That Bygghmax publishes prices and stock balances on the Internet is fantastic, one can sit at home and work out approximately what a project will cost. For this project, the mooring was the most expensive item.

*Lars-Åke and Bjarne tell
the full story on byggmax.se*

Bygghmax advertising circular in Sweden, July



OPERATIONS CONT.

FOR SEVERAL YEARS, BYGGMAX HAS BEEN NAMED THE WINNER IN PRICE SURVEYS OF BUILDERS' MERCHANTS IN SWEDEN

Byggmax does not own its own factories and instead purchases goods from independent suppliers, primarily in the Nordic region, but also from other European countries and Asia. Byggmax does not own its own stores either; it leases store premises from international and local landlords.

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

MARKET – POTENTIAL FOR CONTINUED ORGANIC GROWTH

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

Given Byggmax's average annual growth rate of 20% between 2006 and 2010, the growth potential in Sweden, Norway and Finland is assessed as remaining high. The building supplies market is fragmented and the housing market has a high turnover rate. It is relatively expensive to use professional tradespeople and there is a long tradition of doing the work oneself. Interest in home renovation and interior design has grown markedly in the Nordic region since the mid-1990s, which can be seen in the large number of DIY/home decorating television programs and the range of interior design publications.

Byggmax's competitors are other store chains, purchasing organizations, independent stores and wholesalers.

OFFERING SIMPLICITY AND LOW PRICES

The typical Byggmax customer is aged between 25 and 60 and the owner of a detached house, who

wants to repaint the house, build a terrace or put up a fence. Most customers are consumers, although about a fifth comprises professional tradespeople. Byggmax's offering includes the materials needed for building a house and carrying out the most common repairs, maintenance or DIY projects

Byggmax's offering is based on simplicity and low prices – customers should focus less on their purchases and more on their DIY projects. Prices and stock availability are available from the website and stores have drive-in facilities, where customers do more themselves and the stores require fewer employees. By having a focused product range, Byggmax can maintain high volumes of sales for most of its products. In addition, the range primarily contains products that require a lower level of assistance and technical support, for example, sawn timber, insulation, doors and windows.

Practically all Byggmax stores have an identical range of products, which aids customers in their purchase planning. The range consists of the most in-demand building supplies and includes about 1,300 products, which is far fewer than the industry norm where large retailers may have up to 100,000 products. The range in the stores only changes marginally from year to year since demand for products for repairs, maintenance and DIY projects is relatively stable. Customer demands and requests for specific new products are followed up by store personnel and the purchasing department based on close and regular contact. In 2011, the range will be expanded with online goods that will be delivered directly from the supplier to the customer.



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

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

Pricing

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

Prices are set centrally, which enables rapid reaction to changes in market conditions. Bygghmax endeavors to adjust prices once a year. However, the company is sometimes forced to alter its prices slightly more often due to external factors.

For several consecutive years, Bygghmax has been named the winner in price comparisons of various players in the building sector. According to the publication Vi i Villa's "villa panel", Bygghmax continues to have a strong position among Sweden's house owners. Some 53% of men and 41% of women planned to shop at Bygghmax according to the report.

PURCHASING, DISTRIBUTION AND LOGISTICS – EFFICIENCY AT EVERY STAGE

Bygghmax purchases its products from approximately 150 carefully selected suppliers, of which three quarters are located in the Nordic countries. The company avoids being dependent on a single supplier by having at least two suppliers per product category. With its product strategy, Bygghmax is one of the largest purchasers in its geographic market and can negotiate attractive contractual terms and discounts. Bygghmax has a smaller distribution center and the majority of products are delivered by the supplier directly to the stores, in full truckloads. Bygghmax imposes strict requirements on its suppliers in such areas as delivery conditions, product quality, price, order confirmation and invoicing procedures, which are monitored using the company's integrated IT system (ERP – Enterprise Resource Planning system).

The high inventory turnover places major demands on efficient distribution and logistics. Currently, two-thirds of the orders from suppliers are currently handled automatically in the ERP system and the company is striving to further automate its supply chain. Using the system, the purchasing department can identify

inventory shortages in all of the stores at any one time and place an order. Furthermore, the purchasing department communicates closely and regularly with store personnel to pinpoint sales trends and activities not identified by the ERP system.

SALES – WINNING STORE CONCEPT AND SUCCESSFUL ONLINE SHOPPING

Since 2003, the store network has expanded from 19 stores to a total of 73 stores, of which 53 are located in Sweden, 16 in Norway and four in Finland. By owning and operating the individual stores itself, Bygghmax can control every aspect of the daily operations and ensure that the concept is fully applied throughout the store network. The performance of store managers is measured by a few key ratios that the managers, themselves, are able to directly affect. The managers compare their performance with stores with comparable sales and share experience to meet their key performance ratios. Since 2009, part of the stores' day is to process the online store orders that are sent from store to customer. In 2011, store personnel will provide information about and sell the new range of online goods that are remitted directly to the customer from the supplier.

Stores

Bygghmax's stores have a standardized design for store communication, interior fittings and display of merchandise. Even if stores can vary in size and design, one always recognizes a Bygghmax store. In principle, all stock is located in the area or directly adjacent to the area where sales are made. The stores are designed to enable customers to drive into and around the site, and to enable customers



to quickly load goods into their vehicles. All stores have a number of trailers that customers can borrow free of charge. All products are clearly labeled with prices and this facilitates driving between open storage and storage racks used outside for displaying merchandise. Inside, in the heated area of the store, products are located according to product category. As an inventory is regularly made of the entire stock and all stock is procured centrally by head office, the shelves are rarely bare in the stores or warehouses. The stores are sparsely manned and the main task of store employees is to organize the store's inventory, receive deliveries, assist customers and manage payment transactions.

New store openings

Byggmax continuously evaluates its store network and seeks new locations in which to establish outlets. A well-proven method for identifying attractive store sites exists with access to the store, and the demographics and disposable income in an area among the key criteria in determining the location of a new store. Byggmax also offers rewards to people who assist the company in identifying suitable sites or properties

that are available. The method has proven effective and popular. As recently as the store inauguration in Partille in April 2010, a finder's reward check of SEK 100,000 was presented to the person who notified Byggmax about the site.

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

Online store

During 2009, Byggmax launched an online store to broaden its sales channels and capitalize on Internet diversity. The online store includes an interactive catalog with descriptions and three-dimensional



images of Bygghmax's complete product range. The website consistently updates prices and inventory levels for each Bygghmax outlet. This enables customers to check from the comfort of their home if the product they are seeking is available ahead of any visit to a store. Via Bygghmax's online store, customers can also opt to order the full range of Bygghmax's products for delivery direct to their home. At the end of 2010, Bygghmax launched online goods, which means more products are available via the online store than are available from the physical stores.

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

MARKETING – CONSISTENT BRAND STRATEGY

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

Bygghmax has invested substantial time and

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

Bygghmax has utilized the concepts "Sweden builds" and "Norway builds" in these countries in 2010. Bygghmax's customers are the main characters in television commercials, advertisements, direct mail and on the website. Customers are interviewed while carrying out their building project over a summer and comment, without being directed, on Bygghmax and its products. The concept demonstrates the geographical spread of Bygghmax by using customers from all over Sweden. In particular, according to independent trade publications and surveys it has strengthened Bygghmax's price profile and brand. All Bygghmax advertising is produced in-house.



EMPLOYEES

Byggmax's business model is based on a solid corporate culture, with the focus on freedom of action and clearly defined areas of responsibility for employees.

SOLID CORPORATE CULTURE – THE BYGGMAX SPIRIT

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

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

The corporate culture is maintained by means of robust and integrated business methods, continuous internal communication and through the presence of corporate culture bearers in all areas of operations. All head office personnel work at least one day per year out in the stores to maintain their links to store operations.

ORGANIZATION – FUNCTION CONTROLLED MANAGEMENT

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

economies of scale that characterize the Byggmax concept.

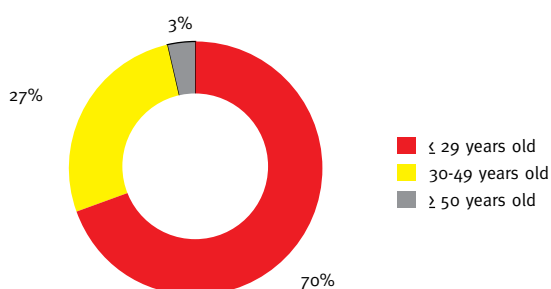
Store operations are organized around two main areas of responsibility, namely, regional and store management. Regional managers are responsible for the management, operation and financial performance of a number of stores in a specific region and for identifying appropriate new locations for additional outlets. Currently, there are seven regional managers in Sweden, Norway and Finland. The regional managers are responsible for a number of store managers in their respective region, who in turn manage the day-to-day operations.

WORKFORCE – 447 "BYGGMAXERS"

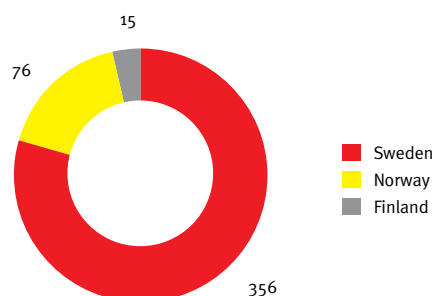
During 2010, Byggmax had an average of 447 full-time employees, with store personnel accounting for the majority of the workforce. Due to large seasonal variations, the operations require flexible store manning, which is achieved by having a substantial proportion of part-time employees. The relatively high degree of personal freedom of action for employees and clearly defined areas of responsibility have created a highly motivated organization with a low personnel turnover. Work attendance vis-à-vis normal working hours was 97% during the year.

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

WORKFORCE, AGE DISTRIBUTION



WORKFORCE, EMPLOYEES BY COUNTRY





THE BYGGMAX SPIRIT

Focus on the customer

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

One for all, all for one

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

Cost focus

Byggmax sells building supplies at the lowest possible price by striving to minimize the cost for purchases and activities.

Participation

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

In-house recruitment

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

BYGGMAX ORGANIZATION

Purchasing

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

Marketing and IT

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

Stores

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

Accounting and finance

Responsible for accounting, financial controlling, HR & payroll.

A STORE MANAGER'S WORKINGDAY

Mattias “Walle” Wallgren can truly be called a company veteran. The first time he put on his Byggmax uniform was in autumn 1995 when he was employed in Täby. Now, Walle is Store Manager in Åkersberga and in his 15 years with the company he has experienced a dramatic expansion.

“When I started in 1995, there were three stores. It is fantastic to have been part of the development to where we are today, from a small company to one of the largest builders merchants chains in Sweden.”

Despite Walle’s managerial title, office work is not the order of the day, other work is prioritized at the outlet in Åkersberga.

“My job is to run the facility as if it was my own. In addition to my responsibilities for staff and payroll, I do everything my staff do, stand at the checkout, measure goods, unload trucks and keep the store clean. Everyone helps out and ensures the store is well stocked and displayed. Rank makes no difference. I spend perhaps one hour per day in the office; sometimes I’m not even there at all.”

Walle’s journey from trainee to store manager in a company highly focused on results has provided him with a good eye for finding areas for improvement, and not least for which core values that should be nurtured.

“We continue developing every year. We see the problems we had during the peak season and solve them for the next year. The Drive-in system has developed tremendously. When I started we wrote a paper note that was taken to the checkout for the cashier to interpret. Now we have a till system with handheld terminals and a finely tuned Drive-in that enables customers to easily find their goods and shop quickly. Though the core idea has always been the same, high quality at a low price.”



Running a well-functioning facility does not need to be particularly complicated. Walle knows his Byggmax customers well, and knows that a positive atmosphere goes a long way towards creating a happy store.

If the work had not been so much fun I wouldn’t have stayed, I have freedom to plan my own work and I meet a lot of interesting people. The typical Byggmax customer is a do it yourselfer of around 40 to 45 who at the beginning of spring comes to buy lumber to build a deck. For the customers to feel welcome it is important that they and staff have fun. Keeping the store orderly and clean is a given but nothing is as infectious as a positive atmosphere. Customers notice it immediately.”

“QUITE OFTEN IN FACT, CUSTOMERS ACTUALLY COME IN WITH CAKES AND BISCUITS FOR THE COFFEE BREAKS.”

As regards wastage, staff costs and sales, the figures clearly speak for themselves. Both Walle’s store in Åkersberga and Byggmax as a Group improve their key ratios year after year. However, some things cannot be read in reports. Walle gets the most relevant response on the shop floor.

“The majority of customers I meet in the store are positive, they perceive shopping here as easy and quick. As there are so few of us on site in comparison with a traditional builders merchants, customers do not expect us to help them load boards and other items, though we do it anyway. And we always ensure they have everything they need before they leave, if they have bought a door we check that they haven’t forgotten to buy jamb anchor screws and keys. The majority of people appreciate this service. Quite often in fact, customers actually come in with cakes and biscuits for the coffee breaks.”

Developing the online store and attracting more professional trades people are key points on Byggmax’s agenda. The veteran, Walle, is full of expectations for the future.

“Last year, sales increased from the online store. You can see how it suits our customers. Many of them want to get out to their holiday homes and do some work on the weekends, so it is very convenient being able to have the materials delivered. This area is very promising for our future. I have also noticed an increase in the number of professional tradespeople using us, primarily due to the Byggmax card. Trades people do not want to run around carrying cash, so they can now get a specified invoice sent to them on which they can clearly see what was bought and by whom. Another factor is that they are starting to notice that we have the same quality but at lower prices. We don’t differentiate between trades people and consumers, there are no trade discounts or anything like that. Just the same low price for everyone.”

The explanation for Byggmax’s stable growth is quite simple according to Walle. He quickly explains the recipe for success while he continues unpacking angle brackets and joist hangers.

“At the core of everything, is that we enjoy what we do, we are a motivated team that likes to work, quite simply.”

REGIONAL MANAGER ON THE BALL

The gentleman walking into Bygghmax in Åkersberga is a lively spark. After just a few minutes he has flown up a ladder to fix one of the signs. Johan Sperling, who went from being a regular Bygghmax customer to store manager in Täby is now Regional Manager for Greater Stockholm, Uppsala and Nyköping. A job he enjoys.

"Primarily, my job is coaching the store managers to ensure their success. Providing them with help and support as well as corrections so that we reach the goal together. It is incredibly important to be a good, safe support and to ensure that everybody knows what they need to do to reach their goals, but most important of all, one must be consistently cheerful. You have to love your job and if I didn't do that, I wouldn't put in so much time and commitment as I do each week. Bygghmax is way of life, a way of life I like a lot."

Sometimes the spreader of good cheer becomes the store hunter. Aside from working with staff, Johan Sperling is to a high degree occupied with the search for suitable plots or premises where a new Bygghmax can open.

"A number of us in the company have searched every industrial area in Sweden, Norway and Finland. This requires a fair bit of footwork. Being located in the most attractive locations is not really our concept, but being visible from large vehicle arteries is important as the majority of our customers drive. We work hard on this point, high visibility at a low price. At present we have relatively good coverage of the whole of Sweden apart from in a few locations and we plan to expand our coverage in 2011."

Johan's motivation seems to be paying off, his region has increased sales and improved its key ratios more than any other thus far. However, there are no numbers that don't have people behind them.

"We have a fantastic staff, they are just a few but work hard and are extremely pleasant. These things show and make it fun and pleasant to come to us. Then of course, we are very cost conscious. No meeting with our store managers takes place that doesn't have waste and staffing costs at the top of the agenda. This is to keep costs down. We have put in place sound fundamental procedures that we work by and develop continuously."



Mattias Wallgren, Store Manager in Åkersberga, and Johan Sperling, Regional Manager for Stockholm and the surrounding area.

Maintaining his own motivation is no problem for Johan, but as Regional Manager, he also has to spread this motivation. His region contains a substantial number of stores that all need to keep motivation high.

"Every month, I have a meeting with my store managers where we go through the figures and spread good ideas. We also have a popular competition where we select various product groups and then measure their sales. We have wanted to have such competitions for a long time now but lacked the right tools to implement them, now, however, we have developed sound methods and can perform these competitions in a measurable manner. The personnel think it is fun, they can see their store's position and it is not unusual that they call and urge each other on when someone takes over the lead."

How much more potential exists for Bygghmax? Can it be further improved?

"Absolutely, we are far from ready. The day we say we're ready, it's over. We must continue to develop our business while retaining our unique concept that has made us so successful. We should never forget that the majority of our customers are consumers who come to us for our low prices, high quality and pleasant personnel. I was there myself once, building a deck after just having bought a house. These are the types of customers we stand or fall with."

OUR RESPONSIBILITY

Byggmax's policy for social responsibility comprises a code of conduct for suppliers, ethical guidelines, work environment policy and equality policy. All policy documents are available in their entirety at Byggmax's website.

CODE OF CONDUCT FOR SUPPLIERS

Byggmax does not conduct manufacturing operations but instead buys its products from some 150 carefully selected suppliers. The company's purchasing strives to find products that hold high quality and which follow relevant standards.

The company has guidelines that cover work conditions and social responsibility in its own operations as well as in relations with suppliers of products and services. The code of conduct complies with the UN's Global Compact and the OECD's guidelines for multinational companies. Suppliers are personally responsible for ensuring that their operations are pursued in line with the code of conduct and, when requested, must provide Byggmax with information concerning their suppliers.

ETHICAL GUIDELINES

Byggmax's employees must fulfill their undertakings in a manner that does not abuse the company's confidence. This means, for example, that employees must not abuse corporate information, act in matters in which they are partial, or permit their personal undertakings to take precedence over their duty and responsibility to Byggmax.

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

Byggmax advertising circular in Sweden, July 2010

ICE-CREAM & TREASURE

We are building a beach stall inspired by our voyage in the Pacific, we thought we could sell ice-cream, sandwiches, lunches and such like there. We got the idea for the design from Fiji where they had huts made of bamboo, reeds and things. It is much more fun than having a shed like on a standard Swedish beach.

We chose to build it here at Oxviken beach in Sundsvall as we have always spent our summer holidays here. It is probably the best beach in Sweden.

It won't just be a stall because we will organize a few events around it so that people will come here to hang out. These seven square meters should explode with creativity. Now that we are running our own company, we can give ourselves any title we like so we have chosen to call ourselves stall manager and key account manager.

All the material comes from Byggmax. We didn't actually have a budget for this project so we had to look for lumber that was available at the right price and found it at Byggmax. It is so easy, you just drive in and pick up what you need.

I don't think we had any drawings for the build either. We had to use our eyes to measure and say it should be about this long and this wide, approximately. We haven't been particularly precise but we are very pleased with the result. The next step will probably be to get some ice-cream.

The future is a little uncertain but if we make a couple of million doing this we have said we will travel to the Caribbean and dive for treasure.

Get kalle's and Pelle's full story on byggmax.se



OUR RESPONSIBILITY CONT.

ENVIRONMENTAL POLICY

Using active environmental programs, Byggmax promotes sustainable social development. Byggmax primarily impacts the environment through product transports, the environmentally hazardous content of packaging and products, printing and distribution of brochures, and through the energy consumption of business activities. The company takes environment considerations into account in all decisions and at all levels of operations and endeavors to comply with applicable legislation and other environmental requirements.

Environmental programs are based on a life-cycle perspective and thus take into account the environmental impact throughout the product's entire value chain. The company pursues continuous dialog with suppliers and entrepreneurs and imposes relevant requirements. It also seeks to raise employee awareness of environmental issues and stimulates participation in environmental work. In addition, the share of green products will increase, supplemented by improvements in environmental information for customers. Environmental programs are based on an environmental policy with concrete objectives and measures for priority areas. The programs are assessed each year in an environmental report that measures the status and development in each area. The goal is to achieve improvement in priority areas from year to year.

WORK ENVIRONMENT POLICY

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

The company endeavors to handle work environment issues locally in the organization and make them a natural part of day-to-day activities. The CEO has primary responsibility for work environment programs and fire safety in the organization. The regional managers are responsible for ensuring that store managers in their region have undergone training and that the established procedures are complied with. All store managers are responsible for safety, fire safety and the work environment at their facilities and must ensure that all employees have received basic training in these issues, as well as access to current legislation and regulations in addition to the opportunity to participate in work environment programs.

EQUALITY POLICY

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



BYGGMAX ENVIRONMENTAL REPORT 2010

Introduction

During 2009, Byggmax initiated its environmental program through creation of an environmental policy with environmental goals. As a consequence of this policy, an environmental report has been produced and efforts to continuously achieve improvements commenced to reduce Byggmax's negative impact on the environment.

Byggmax's main impact on the environment is defined in the environmental policy as follows

- transports of products from manufacturer to store or warehouse and from store to customer
- the products' contents of environmentally hazardous substances and the products' packaging
- printing and distribution of brochures
- energy consumption in business activities.

Byggmax's environmental policy stipulates yearly measurement of the status and trends in the aforementioned items, in the form of measures implemented and quantitative measurement. The aim is to achieve improvement in the above specified areas every year.

The calculation methods utilized and the format of the report is checked by an external environmental and logistics consultant.

Transports

In 2010, the supply line was shortened in a number of categories, which led to shorter transports and greater consolidation of goods delivered. Purchasing

was moved to geographically advantageous loading areas, local suppliers used to a greater extent in Norway and marine freight increased and used more, even in the Nordic region.

Between 2009 and 2010, the total tonnage of goods transported by suppliers to the stores increased by 18.7%. During the same period, transports increased by 19%. Transports per ton of freight increased slightly, due to Byggmax opening the majority of new stores in areas with no existing stores – for example Vestlandet in Norway and central Finland. Carbon emissions per ton of goods carried declined by 11.4%.

The relative reduction in carbon emissions is primarily due to marine transports doubling from 2009 to 2010. Tests of rail freight have commenced and accounted for 1% of all transports in 2010. Evaluation of rail freight will be performed in 2011. Road freight comprises the majority of Byggmax's goods transports, but the number of ton-kilometers of road freight has only increased marginally and not in pace with the company's expansion.

	2010	2009	Difference (%)
Transported goods (thousand tons)	470.0	396.0	18.7%
Transports (million ton-kilometers)	323.7	271.9	19.0%
Of which marine (million ton-kilometers)	93.5	47.0	98.9%
Share marine	29%	17%	67.1%
Of which rail (million ton-kilometers)	2.9	0	NM*
Share rail	1%	0%	NM*
Of which road (million ton-kilometers)	227.3	224.9	1.1%
Share road	70%	83%	-15.1%
Transports per ton (ton-kilometers/ton)	689	687	0.3%
Carbon emissions per ton of goods transported (kg)	31	35	-11.4%

* Not measurable

Table 1, compilation of key transport ratios. Other calculation methods have been used in the 2010 report and are thus impossible to compare with the preceding year's report. The outcome for 2009 has been recalculated using the new calculation method.





Emission of other greenhouse gases and environmentally hazardous substances was reduced per ton transported according to Table 2 below. Levels of particles, hydrocarbons and nitrogen oxides were not reduced to the same extent as carbon as marine vessels are not subject to the same cleaning requirements as trucks.

Emissions of other greenhouse gases and environmentally hazardous substances have been reduced per ton transported according to Table 2 below.

	2010	2009	Difference (%)
Nitrogen oxides per ton of goods transported (g/ton)	275	297	-7.3%
Carbon per ton of goods transported (g/ton)	66	76	-13.3%
Hydrocarbons per ton of goods transported (g/ton)	12	13	-7.1%
Particles per ton of goods transported (g/ton)	7	7	-0.1%

Table 2, emissions of greenhouse gases and environmentally hazardous substances per ton of goods transported.

The emissions calculations did not include transports of online goods and home deliveries. At present, these transports comprise a relatively small portion of the company's total goods transports. An increasing element of online goods and home deliveries reduces transports and emissions, in part through optimizing freight to end customers, and in part through customers ordering online and not utilizing their vehicles to go shopping.

Products and packaging

Products and packaging affect the environment directly and indirectly, through the raw materials they contain, the energy they consumed in their manufacture and in use, and to the extent to which they are recycled or reused at the end of their service life.

With regard to the problems arising from the spread of chemicals, Byggmax has changed to water-based paints in compliance with the EU directive in this area and to insulation with natural bonding agents.

All parquet flooring sold is labeled FSC, Forest Stewardship Council, the international environmental labeling that aims to promote sustainable forestry. Waste from the manufacture of parquet flooring is used as fuel in district heating plants for heating dwellings in the vicinity.

Byggmax works actively to promote the use of wood and thus reduce the use of less environmentally friendly material including concrete, cement and hard plastic. Byggmax only retails NTR labeled pressure-treated wood that complies with the environmental goals set by the Swedish Wood Preserving Association and the Nordic Wood Preservation Council¹. Lumber is procured from local suppliers and full loads directly from sawmills to minimize environmental impact.

Through membership in REPA, the producer part of the Packaging and Newspaper Collection Service, FTI, which is tasked with ensuring that packaging and newspapers in Sweden are collected and recycled, Byggmax shoulders its responsibility as a producer for packaging on all brought-in and imported goods.

¹www.traskydd.com

Bygghmax handles goods with a small percentage of packaging. Only 10% of the number of articles sold come in consumer packaging. In other respects the products have various types of packaging for transport to protect the goods. Transport packaging is recycled in collaboration with recycling centers and pallets reused in the pallet transfer system with the large freight companies and in the building pallet system.

In Sweden, Bygghmax has a broad collaboration with Ragn-Sells in respect of energy and material recovery of as much of the stores' waste as possible. The aim is to minimize the amount of waste that goes to dumps and achieve a zero degree of mixed waste. No improvement was made in these areas between 2009 and 2010. In 2010, work was initiated to increase waste sorting and bale presses for plastics and corrugated cardboard were installed on an ongoing basis at all Bygghmax facilities.

Waste type	2010	2009	Difference (%-point)
Mixed waste	10.9%	11.3%	-0.4%
Dump unsorted	6.2%	5.9%	0.4%
Sorted	82.8%	82.8%	0.0%
Total	100.0%	100.0%	

Table 3, division of waste by type 2010 and 2009

Printed matter

An important and often ignored part of our environmental impact is the printed matter we produce and distribute.

The total amount of printed advertising has gone from 1,100 tons in 2009 to 1,212 tons in 2010, an increase of 10.18%. During the same period of time, the number of stores increased 20% resulting in a relative reduction of 8% in printed advertising per store. In many cases, the new stores established are located in existing distribution areas and work is ongoing with optimizing distribution.

The printers that Bygghmax uses for direct mail have been awarded the Nordic ecolabel, which means their printing process uses low amounts of environmentally hazardous and health impairing chemicals in paper and printing ink.

Energy consumption

Bygghmax endeavors to achieve energy efficiency and the new stores that are constructed surpass building regulations. Sandwich elements in facades and thermopane glass in the buildings' windows contribute to high levels of insulation. Newly built stores have heat recycling in the ventilation system and do not just rely on direct heating. Additionally, some older stores have changed to a combination of heating systems.

All new fork-lift trucks that are procured are of environmental class III in accordance with the European Parliament directive 97/68/EU and electric/diesel hybrids. The possibility of changing to biodiesel has been examined but the volumes of diesel that Bygghmax buys are too small for such a change to be financially viable at present.



THE BYGGMAX SHARE

The Byggmax share was listed on June 2, 2010 on NASDAQ OMX Stockholm on the Mid Cap list.

TRADING IN THE SHARE AND SHARE PRICE TRENDS, 2010

The shareholder base was widened through the sale of 28,899,809 shares (including the over-allotment option¹). The offer was aimed at the general public in Sweden and institutional investors in Sweden and abroad. The issue price was set at SEK 46 per share and the offer was oversubscribed. This measure gained the company 4,000 new shareholders.

The last price paid on December 31, 2010 was SEK 57.75, which gave a market valuation of Byggmax of SEK 3,508 million. The price increased by 25.5% from the issue price by the end of the fiscal year. The highest price noted for the share during this period was SEK 63.75 and the lowest notation was SEK 44.00.

SHARE CAPITAL

The share capital in Byggmax Group AB (publ) amounted to SEK 20,245,682 divided between 60,737,045 shares with a quotient value of SEK 0.33 per share. Only one class of share exists and all shares have the same rights.

SHAREHOLDERS

At December 31, 2010, the number of shareholders in Byggmax was 4,279 according to Euroclear. The ten major shareholders owned shares amounting to 64% of the votes and capital in the company. The percentage of non-Swedish ownership amounted to 78%.

¹ An over-allotment option enables the issuer to issue more shares than originally specified when there is substantial demand for the stock. Over-allotment is normally performed through borrowing stock from major shareholders.

Byggmax President, Magnus Agervald, rings in the stock exchange listing together with Byggmax Board Member Stefan Linder from Altor Equity Partners AB, at NASDAQ OMX Stockholm on June 2, 2010

STOCK MARKET INFORMATION

Byggmax endeavors to furnish the stock market with clear and current information. Financial information is provided primarily in the annual report, the year-end report and in three interim reports. Before publication of the reports Byggmax maintains a quiet period of 30 days. Byggmax's annual report is only distributed via the Group's website, where it is possible to subscribe to the company's financial reports.

INCENTIVE SCHEME

Byggmax has no share-based incentive scheme at present.

DIVIDEND POLICY

Byggmax policy is for dividends to amount to at least 50% of Byggmax's net profits for the preceding fiscal year, subject to Byggmax's need for capital, its operating profit, financial position, capital requirements and economic conditions.

PROPOSED DIVIDEND

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 1.5 per share for 2010, equivalent to 53 % of the company's net operating profit.



SHARE PERFORMANCE

	2010	2009
Earnings per share, SEK	2.8	2.9
Equity per share, SEK	12.3	6.1
Dividend per share, SEK	1.5	–
Cash flow from operating activities per share, SEK	3.4	2.9
Number of outstanding shares , thousands	60,737	55,216
Average number of shares, thousands	58,457	54,456

TEN MAJOR SHAREHOLDERS

Name/Address	Number of shares	Holding (%)
Altor 2003 Sarl	21,720,908	35.76%
Zamgate Investments (Stig Notlöv)	3,078,042	5.07%
Schroder	2,563,786	4.22%
Jarrton Management (Göran Peterson)	2,381,296	3.92%
Lannebo	2,170,227	3.57%
Swedbank Robur funds	1,717,266	2.83%
Livförsäkrings AB Skandia (publ)	1,571,015	2.59%
Ulslane Holdings (Lars Lindberg)	1,363,910	2.25%
Threadneedle	1,303,858	2.15%
Nordica Life (Fredrik Cappelen)	981,816	1.62%
Total of the ten major shareholders in no. of shares	38,852,084	63.97%
Total other shareholders	21,884,961	36.03%
Total at December 31, 2010	60,737,045	100.00%

Source: Euroclear

For non-Swedish shareholders, the above information is based on available information (for example, regarding the shareholdings of Schroder and Threadneedle, the information dates from October 31, 2010 and November 30, 2010 respectively).

MULTI-YEAR OVERVIEW

SEK M	2010 IFRS	2009 IFRS	2008 IFRS	2008 BFN	2007 BFN	2006 BFN ¹⁾
Performance						
Net sales	2,773.0	2,443.5	2,107.0	2,107.0	1,771.1	1,354.1
EBITA	274.8	272.7	153.0	148.3	123.2	106.4
Operating profit	274.8	272.7	153.0	86.3	61.2	44.2
Profit/loss before tax	237.4	203.9	51.8	1.6	-11.8	-42.2
Income tax	-65.2	-42.7	-11.6	-15.5	-12.9	-17.6
Profit/loss for the period	172.2	161.2	40.2	-13.9	-24.7	-59.8
Net sales growth, %	13.5	16.0	19.0	19.0	30.8	18.1
Like for like (LFL) sales growth, %	2.7	6.0	1.3	1.3	9.4	2.9
Gross margin, %	29.7	29.8	28.2	28.2	27.0	26.0
EBITDA margin, %	11.3	12.5	8.6	7.7	7.6	8.5
EBITA margin, %	9.9	11.2	7.3	7.0	7.0	7.9
Operating (EBIT) margin, %	9.9	11.2	7.3	4.1	3.5	3.3
Interest coverage ratio, %	13.3	8.2	–	–	–	–
Balance sheet						
Assets						
Fixed assets	1,207.4	1,181.6	1,186.4	1,064.8	1,138.7	1,143.9
Inventories	350.5	295.0	232.7	232.7	193.7	135.9
Other current assets	70.0	98.0	55.8	57.0	49.3	45.6
Cash and cash equivalents	34.1	31.6	124.6	124.6	19.4	38.4
Total assets	1,662.0	1,606.3	1,599.5	1,479.0	1,401.1	1,363.7
Shareholders' equity and liabilities						
Shareholders' equity	748.5	337.8	174.5	86.9	97.4	121.8
Long-term interest bearing liabilities	239.3	765.3	926.5	1,009.7	1,034.6	1,082.7
Long-term non-interest bearing liabilities	53.6	58.4	41.0	21.9	18.1	14.1
Current interest bearing liabilities	240.0	71.3	106.8	0.0	23.3	1.1
Accounts payable	268.9	285.6	302.2	302.2	172.6	106.0
Other current interest bearing liabilities	111.7	88.0	48.5	58.4	55.0	38.0
Total shareholders' equity and liabilities	1,662.0	1,606.3	1,599.5	1,479.0	1,401.1	1,363.7
Operating capital	1,193.7	1,143	1,083	972	1,136	1,167
operating capital less goodwill	142.7	98	39	-10	91	60
Net debt	445.1	805	909	885	1,039	1,045
Return on operating capital, %	23.5	24.3	–	14.1	10.7	16
Return on operating capital less goodwill, %	228.2	347.2	–	366.8	162.7	168
Return on equity, %	31.7	62.9	29.6	-15.1	-22.6	–
Net debt/EBITDA, debt/equity ratio/ multiple	1.4	2.6	5.0	5.4	7.7	9.0
Average net working capital, % of net sales	-3.0	-2.8	-2.4	-2.4	-2.0	1.7
Equity/assets ratio/risk-bearing capital, %	45.0	49.5	37.1	36.5	36.6	37.1
Per share data						
Equity per share	12.3	6.1	3.2	1.6	1.8	2.3
Dividend per share	1.5	–	–	–	–	–
Cash flow from operating activities per share	3.4	2.9	3.6	2.6	1.7	–

¹⁾ The figures for 2006 are a combination of the Bygghmax Group AB Annual Reports for the fiscal years May 1, 2005–April 30, 2006 and May 1, 2006–December 31, 2006.

SHEET-METAL & GUTTERS

Black painted Sheet-metal, 0.4mm,
Pipes and Guttering: 90/125mm



74⁹⁵
/M²

**ROOFING SHEET,
TR20**

38⁴⁵
/M

GUTTERING, 4M

52⁹⁵
/M

DOWNPIPES, 2,5/4M

Behind here we are turning a small boat shed in to a sauna. For us planning is everything. If one just gets going, costs can also just get going. You need to know where you can buy quality materials at reasonable prices.

In this project we started by driving to Byggmax and buying material. We bought roofing-felt, insulation, lumber for studwork and boarding, and since then it has just sauntered on and on.

It is very satisfying to see what you can achieve on your own. When the sauna is ready and you can sit inside and look out at the beautiful scenery, that really will be a pleasing experience.



**TURN UP THE HEAT AND
GET READY FOR SAUNA**

*Gudrun and Bror
say more on byggmax.se*

DECKING LUMBER

Preservative treated wood NTR/AB



7⁴⁵
/M

22x95

17⁶⁵
/M

45x95

12⁷⁵
/M

28x120

15⁹⁵
/M

28x120, BROWN

25⁸⁵
/M

45x145



84⁹⁵

**STAINLESS STEEL
DECKING SCREWS**
4.2x42MM, 250ST



71⁹⁵

CONCRETE PLINTH
500MM, 2", 35KG

PAVERS

Landscaping stone. Walling



29⁹⁵

300x150x150MM

42⁹⁵

390x190x140MM

149⁰⁰
/M²

200x140x50MM,

94⁹⁵
/M²

210x140x40MM

DRAINAGE & SEWERS



119⁰⁰

4M, 110MM

229⁰⁰

6M, 110MM, SN8

ADMINISTRATION REPORT

Bygghmax Group AB (publ), corporate identity number 556656-3531. The Board of Directors and President of Bygghmax Group AB (publ) with Stockholm as the registered office of the Parent Company and its head office in Solna, hereby submits its Annual Report for the fiscal year January 1, 2010 to December 31, 2010. Unless stated otherwise, all information applies to the Group. Information in brackets refers to the preceding year. All amounts are given in SEK millions unless specified otherwise.

Operations in general

The Bygghmax Group conducts sales of building supplies. The business concept is to retail high-quality building supplies at the lowest possible price. Business activities are conducted in Sweden, Norway and Finland. On December 31, 2010, there were 73 stores, of which 53 in Sweden, 16 in Norway and four in Finland.

The share and ownership structure

Bygghmax Group AB's (publ) share is listed on NASDAQ OMX Stockholm. The major shareholder in the company is Altor's 2003 Sarl that owns 35.8% of the shares and capital. A list of the ten major shareholders is available on page 25.

Bygghmax Group AB's (publ) share capital was SEK 20,245,682 and consists of 60,737,045 shares with a quotient value of SEK 0.33 per share. All shares have equal voting rights. The Articles of Association contain no pre-emption rights or other limitations on the share's assignability. No circumstances exist of the type the company has an obligation to report in accordance with the provisions in the Annual Accounts Act, chapter 6, section 2a paragraphs 4-11.

Branches

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

Significant event during the fiscal year

During the year, 12 new stores were opened, of which five were in Sweden: Partille, Trollhättan, Karlshamn, Värnamo and Ystad, five in Norway: Haugesund, Fredrikstad, Stavanger, Kristiansand and Ski, and two in Finland: Lahti and Jyväskylä. The store in Hisingsbacka (Sweden) has moved to new premises in that area.

In January, 2010, the Bygghmax Group AB (publ) acquired the purchasing agent and distributor to Bygghmax, Svea Distribution AB.

On June 2, 2010, Bygghmax was listed on NASDAQ OMX Stockholm and in conjunction with the listing a 3:1 share split was performed.

During the second quarter, half of the company's shareholder loan was replaced by an external bank loan and the remainder was converted to shareholders' equity through an offset issue. In connection with the issue, refinancing was also performed.

Net sales and profit

The Bygghmax Group, five-year summary, SEK M	2010*	2009*	2008*	2008**	2007**	2006**
Net sales	2,773.0	2,443.5	2,107.0	2,107.0	1,771.1	1,354.1
Operating profit before depreciation	314.0	306.7	181.6	163.5	134.7	115.6
Operating profit before goodwill amortization	314.0	306.7	181.6	148.5	123.4	106.4
Equity/assets ratio ¹⁾	45.0%	49.5%	37.1%	36.5%	36.6%	37.1%
Indebtedness, multiple ²⁾	1.4	1.1	2.7	2.9	4.7	5.7

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

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

*) Prepared according to IFRS

**) Prepared according to earlier accounting policies

Net sales amounted to SEK 2,773.0 M, compared with SEK 2,443.5 M in the corresponding period of the preceding year, which was an increase of 13.5%. The increase in net sales in like-for-like stores was 2.7% and currency effects on sales was a negative 0.7%.

The gross profit margin amounted to 29.7 percent, compared with 29.8 percent for the preceding year. Personnel and operating expenses increased by SEK 85.4 M. This was primarily due to costs incurred for stores opened after the fourth quarter in 2009, in total SEK 71.5 M, and the Group's listing costs which amounted to 16.7 M. In addition, the cold weather caused additional expenses of SEK 3.6 M for snow clearing and heating. During the second quarter 2009, the subsidiary Anso Eiendom AS was sold generating a loss of SEK 4.8 M, which was recorded as an expense under "other expenses".

Operating profit before depreciation amounted to SEK 314.0 M (306.7), an improvement of 2.4% compared with the preceding year. Operating profit was negatively affected by a nonrecurring cost for the share listing of SEK 16.7 M. The operating margin (excluding depreciation) was 11.3% (12.5).

Cash flow and financial position

Cash flow from operations amounted to SEK 208.4 M (162.5). On December 31, 2010, inventory amounted to SEK 350.5 M (295). Compared with the same month in the preceding year, 12 new stores were added, and inventory in the new stores amounted to SEK 51.7 M. Inventory turnover was 6.0 (6.5) during the fiscal year. Investments during the year (including financial leasing) totaled SEK 46.7 M (33.5).

Consolidated shareholders' equity amounted to SEK 748.5 M (337.8) on December 31, 2010. During the second quarter, equity was strengthened by SEK 251.5 M through an offset issue in respect of the Group's shareholder loan. The net debt of the Group was SEK 445.1 M (347.0) and increased SEK 98.1 M compared with the preceding year. Indebtedness amounted to a multiple of 1.4 (1.1). The increase in the net debt resulted from the replacement of half of the Group's shareholder loan with an external bank loan in 2010. The equity/assets ratio amounted to 45.0% (49.5).

Risk factors and risk management

Just as in any other business, Bygghem's business activities are connected with risks. The management of risks is of fundamental significance for the Group's success. Some of the risk factors and significant relationships that are assessed as being of significance for Bygghem's business activities, financial position and performance are shown below.

Market

- Changes in sales levels in the housing market
- Changes in households' disposable income
- Consumer demand for building supplies. The Group's business is very seasonal. (see below)
- Changes in prices of raw materials
- The competitors' pricing
- The development of the low-price segment in the DIY market

Operations

- Expansion of the chain of stores is greatly dependant on the ability to locate plots and properties that are suitable for Bygghem
- Interference or faults in the IT-system
- Changes in the rental market and in the terms and conditions of existing lease agreements for stores
- The ability to identify and develop relations with qualified suppliers
- The ability to renew and develop the concept

Sensitivity analysis operational risks

	Change (percentage point), all other factors unchanged	Effect on profit (SEK M) after tax 2010
Cost price	+1%	-14.4
Personnel costs	+1%	-14.4

Financial risks

- Meeting the need for working capital
- Obligations in credit agreements
- Currency risk
- Interest risk

Risk management is performed by the finance department in accordance with the finance policy set annually by the Board of Directors. A more detailed description of the Group's financial risks and risk management is available in Note 3 among supplementary disclosures.

Seasonal variations

Consumer demand for fundamental building supplies and the Group's business activities is strongly affected by seasonal variations. In direct consequence of the weather's effect, Bygghem sales and cash flow are normally higher during the second and third quarters when approximately two thirds of

Byggmax's sales are generated and then decline in the fourth and first quarters. Even if seasonal variations do not normally affect Byggmax's operating profits and cash flow from year-to-year, they can be affected in a year with abnormally harsh or mild weather conditions, or with abnormal amounts of precipitation. Byggmax strives to even out the seasonal effects through the launch of new products throughout the year that are not as susceptible to seasonal variations.

Number of employees

The average number of employees, (full-time employees) totaled 447 (370). Further information about employees can be found in Note 9.

Expectations regarding future development

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

The Board of Directors expects a continued positive sales trend. Byggmax does not provide forecasts for competitive reasons.

Environmental information

Byggmax mainly affects the environment through transports of products from manufacturers to stores or warehouses and from stores to customers, through products containing substances that impact the environment and through product packaging. Byggmax strives to minimize its impact on the environment, comply with environmental requirements according to Swedish legislation and through a continuous dialogue on environmental issues with our suppliers and contractors in which relevant demands are made. Byggmax works to increase the proportion of environmentally friendly products and to improve environmentally oriented information to customers. Byggmax's environmental report is included in the Annual Report (see page 21).

Guidelines for compensation to senior executives

Guidelines

The overriding principles for compensation to leading executives will be based on position, individual performance and the Group's operating profit. Compensation must be competitive in the country of employment. Total compensation to senior executives consists of fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives based on performance over several years, pension and other benefits. In addition, there are conditions relating to termination and severance pay. Fixed salaries should be set below market averages but in combination with Short-Term Incentives and Long-Term Incentives, total compensation should exceed the average.

Fixed salaries

Fixed salaries form the basis for total compensation. Salaries must be related to the relevant market and reflect the scope of responsibility that the work entails. Fixed salaries are reviewed annually to ensure they are based on market and competitive

terms. In comparisons, consideration is taken to the position, the company's size, salary and the person's experience.

Variable salary, Short-Term Incentives (STIs)

In addition to fixed salary, senior executives are able to receive variable salary for results that exceed one or more pre-defined performance levels during a calendar year. Compensation from the STI program can amount to a maximum of 100% of the fixed salary for the President and 30% of fixed salaries for the remaining management, thus enabling Byggmax to calculate maximum levels of remuneration. Variable salary is determined by both qualitative and quantitative measures.

Long-Term Incentives, (LTIs)

Each year, the Board of Directors evaluates whether or not an LTI program (for example a share- or share price-based incentive program) will be proposed to the Annual General Meeting.

Pension

Where possible, pension agreements should be defined contributions based and formulated in accordance with the levels and practice applicable in the country where the senior executive is employed.

Other benefits

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

Notice period and severance pay

Senior executives are to be offered terms of employment according to applicable legislation and practice in the country in which the senior executive is employed. Currently, the longest notice period in the Byggmax Group is 12 months and no contract includes severance pay.

Corporate governance report

In compliance with the Swedish Annual Accounts Act, chapter 6, section 8, Byggmax prepares a separate corporate governance report.

Significant events after the balance-sheet date

No significant events occurred after the balance-sheet date.

Parent company

Byggmax Group AB is a holding company. Operations are conducted in the subsidiary Byggmax AB (corp. reg. no. 556645-6215), in the subsidiary Byggmax Fastighetsutveckling AB (corp. reg. no. 556726-8593), in a subsidiary to that company Byggmax Fastighetsholding AB (corp. reg. no. 556726-8601) and in Svea Distribution AB (corp. reg. no. 556602-5895). The company did not have any employees during the year.

PROPOSED DISTRIBUTION OF EARNINGS

Bygghmax's dividend policy is given in greater detail in the Bygghmax share on page 24.

Earnings brought forward	457,070,088
Loss for the period	-29,403,728
Total	427 666 360
The Board of Directors and the President propose that these earnings be distributed such that:	
Dividend to shareholders (SEK 1,5 per share)	91,105,568
To be carried forward	336,560,792
TOTAL	427 666 360

Statement by the Board of Directors pursuant to the Swedish Companies Act, Chapter 18, Section 4

Bygghmax Group AB's (publ) aim is that dividends to shareholders comprise a minimum of 50% of the net Profit for the period, subject to Bygghmax's need for capital, its operating profit, financial position, capital requirements and economic conditions.

The Board has examined the Parent Company's and the Group's financial positions and finds, after close consideration, that a dividend in accordance with the Board's proposal is justifiable in respect of the prudence concept in chapter 17, section 3, second and third paragraphs of the Swedish Companies Act (2005:551). The opinion of the Board is that the character, scope and risks of the business are currently of such an extent that the proposed

dividend does not affect the above assessment.

After payment of the proposed dividend, the Parent Company and the Group will still retain a healthy equity/assets ratio, which in the opinion of the Board corresponds with those requirements that can be set at present for the industry in which the Group operates. After payment of the proposed dividend, the liquidity of the Parent Company and Group is assessed as satisfactory and their consolidation need as met.

The Board of Directors is of the opinion that the proposed distribution of profits will not lead to any material limitation of the Company's or Group's ability to make any necessary investments or to meet their obligations in the short and long term. In addition, the assessment is the same in respect of the effect of the proposed transfer of value on the company's ability to make any necessary investments.

On overall assessment of the Parent Company's and the Group's financial positions, the Board finds no hindrances to the proposed distribution of profits, in accordance with the Board's proposal.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK millions (SEK M)	Note	2010	2009
Net sales	5	2,773.0	2,443.5
Other operating income	6, 12, 18	3.1	7.3
Total operating income		2,776.1	2,450.8
Operating expenses			
Goods for resale	34	-1,948.2	-1,715.7
Other external costs	7, 8, 12, 18, 33, 34	-299.1	-248.2
Personnel costs	9, 29	-214.7	-180.3
Depreciation, amortization and impairment of tangible and intangible fixed assets	13, 14	-39.2	-33.9
Total operating expenses		-2,501.3	-2,178.1
Operating profit		274.8	272.7
Financial income	12	13.0	18.6
Financial expenses	12	-50.4	-87.4
Loss from financial items	10	-37.4	-68.8
Profit/loss before tax		237.4	203.9
Income tax	11	-65.2	-42.7
Profit/loss for the period		172.2	161.2
Other comprehensive income for the year			
Translation differences		-3.2	1.5
Total other comprehensive income/loss for the year		-3.2	1.5
Total comprehensive income/loss for the year		169.0	162.7

The profit and the total comprehensive income for the year are attributable in their entirety to Parent Company shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK millions (SEK M)	Note	Dec. 31, 2010	Dec. 31, 2009
ASSETS			
Fixed assets			
Capitalized expenses for development work	5, 13	13.2	10.9
Goodwill	5, 13	1,051.0	1,044.6
Buildings and land	5, 14	11.5	7.5
Land improvements on another party's property	5, 14	3.9	4.4
Equipment, tools and installations	5, 14	110.6	100.0
Work in progress on new facilities		0.0	0.0
Deferred tax assets	28	16.1	14.2
Other long-term receivables		1.1	0.1
Total fixed assets		1,207.4	1,181.6
Current assets			
Inventories	21	350.5	295.0
Work in progress on behalf of another party	21	0.2	0.0
Advances to suppliers	21	0.0	1.6
Accounts receivable	20, 34	1.5	0.1
Derivatives	19	3.5	0.9
Other receivables	22	40.6	75.8
Prepaid expenses and accrued income	23	24.1	19.7
Cash and cash equivalents	24	34.1	31.6
Total current assets		454.6	424.7
TOTAL ASSETS		1,662.0	1,606.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, (CONT.)

Amounts in SEK millions (SEK M)	Note	Dec. 31, 2010	Dec. 31, 2009
SHAREHOLDERS' EQUITY			
Capital and reserves that can be attributed to the Parent Company's owners			
Share capital	25	20.2	18.4
Other capital contributions	25	441.0	208.4
Reserves	26	-2.0	1.2
Earnings brought forward including profit for the year		289.2	109.8
Total shareholders' equity		748.5	337.8
LIABILITIES			
Long-term liabilities			
Borrowing from credit institutions	27	239.3	307.3
Loans from related parties	27	0.0	458.0
Derivative instruments	19,27	0.0	11.0
Deferred tax liabilities	28	53.6	47.3
Total long-term liabilities		292.9	823.7
Current liabilities			
Borrowing from credit institutions	27	240.0	71.3
Overdraft facility	27	0.0	0.0
Accounts payable	34	268.9	285.6
Deferred tax liabilities		42.4	31.7
Derivative instruments	19	4.9	2.9
Other liabilities	30	8.3	8.2
Accrued expenses and prepaid income	31	56.1	45.2
Total current liabilities		620.6	444.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,662.0	1,606.3
Pledged assets - shares in subsidiaries		658.7	437.2
Pledged assets - chattel mortgages		120.0	45.5
Contingent liabilities		None	None

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK millions (SEK M)	Attributable to shareholders in Parent Company					
	Note 25, 26	Share capital	Other capital con- tributions	Reservs	Earnings brought forward	Total Share- holders' equity
<hr/>						
Opening balance at January 1, 2009		18.4	207.8	-0.3	-51.4	174.5
<hr/>						
Comprehensive income						
Profit for the period					161.2	161.2
Other comprehensive income						
Exchange-rate differences				1.5		1.5
Total comprehensive income		0.0	0.0	1.5	161.2	162.7
<hr/>						
Transactions with shareholders						
New issue		0.0	0.6	0.0		0.6
Loans raised from related parties, equity portion						0.0
Total transactions with shareholders		0.0	0.6	0.0	0.0	0.6
<hr/>						
Closing balance on December 31, 2009		18.4	208.4	1.2	109.8	337.8
<hr/>						
Opening balance at January 1, 2010		18.4	208.4	1.2	109.8	337.8
<hr/>						
Comprehensive income						
Profit for the period					172.2	172.2
Other comprehensive income						
Exchange-rate differences				-3.2		-3.2
Total comprehensive income		0.0	0.0	-3.2	172.2	169.0
<hr/>						
Transactions with shareholders						
New issue		0.0	1.5	0.0		1.5
Non-cash issue			9.0			9.0
Offset issue including reversal of discounting		1.8	222.2		7.2	231.0
Total transactions with shareholders		1.8	232.7	0.0	7.2	241.5
<hr/>						
Closing balance on December 31, 2010		20.2	441.0	-2.0	289.2	748.5

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK millions (SEK M)	Note	2010	2009
Cash flow from operating activities			
Operating profit		274.8	272.7
Non-cash items			
– Depreciation, amortization and impairment of tangible and intangible fixed assets		38.9	33.9
– Capital gains from divestment of subsidiaries		0.0	4.5
– Other non-cash items ¹		–1.8	0.7
Interest received		6.8	22.9
Interest paid		–32.3	–38.0
Tax paid		–44.8	–10.0
Cash flow from operating activities before changes in working capital		241.6	286.8
Changes in working capital			
Increase/decrease in inventories and work in progress	21	–53.8	–62.9
Increase/decrease in other current receivables	22	34.0	–40.2
Increase/decrease in other current liabilities	30	–13.4	–21.2
Cash flow from operating activities		208.4	162.5
Cash flow from investing activities			
Divestment of subsidiaries	18	0.0	6.3
Investment in intangible fixed assets		–7.0	–3.2
Divestment of intangible fixed assets		–0.0	0.0
Investment in tangible fixed assets		–24.5	–11.6
Divestment of tangible fixed assets		0.9	5.2
Acquisition of financial fixed assets		0.0	–0.9
Investment in other financial fixed assets		–10.4	0.0
Investment in subsidiaries		6.2	0.0
Cash flow from investing activities		–34.7	–4.3
Cash flow from financing activities			
New issue	25	0.0	0.6
Change in overdraft facility		174.2	0.0
Borrowings		249.7	0.0
Amortization of loans		–605.0	–252.7
Cash flow from financing activities		–181.1	–252.1
Cash flow for the period		–7.4	–93.9
Cash and cash equivalents at the beginning of the period	24	28.2	122.1
Cash and cash equivalents on the balance-sheet date ²	24	20.9	28.2

¹ Other non-cash items pertains to translation differences.

² Note that cash and cash equivalents in the cash flow is adjusted for blocked funds deposited with banks.

PARENT COMPANY INCOME STATEMENT

Amounts in SEK millions (SEK M)	Note	2010	2009
Operating revenues			
Net sales		0.0	0.0
Other operating revenues		0.3	0.1
Total operating income		0.3	0.1
Operating expenses			
Other external expenses	8.9	-18.9	-2.0
Personnel costs	9	-0.3	-0.2
Total operating expenses		-19.2	-2.3
Operating loss		-18.8	-2.2
Interest income and similar items		2.3	0.0
Interest expenses and similar items		-23.3	-38.7
Loss from financial items	10	-21.0	-38.6
Loss before tax		-39.9	-40.8
Tax on loss for the year	11	10.5	10.7
Profit/ loss for the year		-29.4	-30.1
Other comprehensive income for the year			
Translation differences		0.0	0.0
Total other comprehensive income/ loss for the year		0.0	0.0
Total comprehensive income/ loss for the year		-29.4	-30.1

PARENT COMPANY BALANCE SHEET

Amounts in SEK millions (SEK M)	Note	Dec. 31, 2010	Dec. 31, 2009
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	15	358.0	307.1
Receivables from Group companies		354.0	354.0
Total fixed assets		712.1	661.1
Current assets			
Current receivables			
Receivables from Group companies		0.0	0.0
Other receivables		0.1	0.1
Prepaid expenses and accrued income		1.5	0.0
		1.7	0.1
Cash and cash equivalents	24	11.9	4.7
Total current assets		13.6	4.8
TOTAL ASSETS		725.7	665.9

PARENT COMPANY BALANCE SHEET, CONT.

Belopp i miljoner kronor (Mkr)	Note	Dec. 31, 2010	Dec. 31, 2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	25	20.2	18.4
Total restricted equity		20.2	18.4
Unrestricted equity			
Share premium reserve		418.7	167.5
Earnings brought forward		29.4	51.7
Group contributions received/paid		0.0	0.0
Shareholders' contribution received		9.0	0.0
Profit/loss for the year		-29.4	-30.1
Total unrestricted equity		427.7	189.2
Total shareholders' equity		447.9	207.6
Provisions			
Deferred tax liability		0.0	7.7
Total provisions		0.0	7.7
Long-term liabilities			
Liabilities to credit institutions		210.0	0.0
Liabilities to related parties		0.0	449.5
Total long-term liabilities		210.0	449.5
Current liabilities			
Borrowing from credit institutions		62.0	0.0
Accounts payable		0.0	0.0
Current income tax liabilities		0.0	0.0
Other liabilities	30	0.5	0.0
Accrued expenses and prepaid income		5.0	1.0
Total current liabilities		67.5	1.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		725.7	665.9
Pledged assets	32	358.0	307.1
Contingent liabilities	32	None	None

CHANGES IN PARENT COMPANY'S SHAREHOLDERS' EQUITY

Amounts in SEK millions (SEK M)	Note 25, 26	Share capital	New issue in progress	Share premium reserve	Earnings brought forward	Loss for the period	Total Share- holders' equity
Shareholders' equity on January 1, 2009		18.4	0.0	167.0	51.4	-26.8	210.0
Carried forward					-26.8	26.8	0.0
New issue		0.0		0.6			0.6
Group contributions paid					36.8		36.8
Tax effect of Group contributions paid					-9.7		-9.7
Loss for the period						-30.1	-30.1
Shareholders' equity on December 31, 2009		18.4	0.0	167.5	51.7	-30.1	207.6
Shareholders' equity on January 1, 2010		18.4	0.0	167.5	51.7	-30.1	207.6
Carried forward					-30.1	30.1	0.0
New issue		0.0		1.5			1.5
Non-cash issue					9.0		9.0
Offset issue including reversal of discounting effect		1.8		249.7	-20.3		231.2
Group contributions received					38.0		38.0
Tax effect of Group contributions received					-10.0		-10.0
Loss for the period						-29.4	-29.4
Shareholders' equity on December 31, 2010		20.2	0.0	418.7	38.4	-29.4	447.9

PARENT COMPANY CASH FLOW STATEMENT

	Note	2010	2009
Cash flow from operating activities			
Operating profit		-18.8	-2.2
Adjustment for non-cash items			
– Group contributions received/paid and write-up of shares in subsidiaries		0.0	0.0
– Other non-cash items		0.0	-0.1
Interest received		2.3	0.0
Interest paid		-3.8	0.0
Tax paid		0.0	0.0
Cash flow from operating activities before changes in working capital		-20.9	-2.3
Changes in working capital			
Operating receivables		-1.5	0.0
Operating liabilities		1.2	0.2
Cash flow from operating activities		-20.9	-2.0
Cash flow from investing activities			
Investments in subsidiaries		-1.0	0.0
Cash flow from investing activities		-1.0	0.0
Cash flow from financing activities			
New issue		0.0	0.6
Borrowings		249.1	0.0
Repayment of debt		-242.0	0.0
Changes in short-term financial liabilities		22.1	0.0
Cash flow from financing activities		29.1	0.6
Cash flow for the period		7.2	-1.4
Cash and cash equivalents on the opening date		4.7	6.1
Cash and cash equivalents on the balance-sheet date		11.9	4.7

ACCOUNTING POLICIES AND NOTES

1 GENERAL INFORMATION

The Byggmax Group conducts sales of building supplies and is established in 53 locations in Sweden, 16 locations in Norway and four location in Finland. Byggmax's business concept is to sell high-quality building supplies at the lowest possible price.

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

On February 22, 2011, these consolidated accounts and the annual report were approved by the Board of Directors for presentation to the Annual General Meeting.

All amounts are recorded in SEK millions (SEK M) unless specified otherwise. Amounts in brackets represent the preceding period.

2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

2.1 Basis for preparing reports

The consolidated accounts of Byggmax Group AB were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, recommendation RFR 1.3 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board and the Annual Accounts Act.

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

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

The Parent Company's accounts were prepared in accordance with recommendation RFR 2.3 Accounting for Legal Entities issued by the Swedish Financial Reporting Board and the Annual Accounts Act. In cases where the Parent Company applies other accounting policies than the Group, this is specified separately at the end of this note.

Preparing reports in accordance with IFRS requires the application of some significant estimates for accounting purposes. Furthermore, it requires management to make certain assessments in the application of the

Group's accounting policies. The areas that include a high degree of assessment, that are complex or that are areas in which assumptions and estimates are of material importance for the consolidated accounts are presented in Note 4.

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

When the consolidated accounts per December 31, 2010 were prepared, a number of standards and interpretations had been published that had not yet taken effect but which are applicable to the Group. A preliminary assessment is presented below of the effect that introduction of these standards and interpretations may have on the Byggmax Group's financial reports:

– Revised IAS 24 Related Party Disclosures issued in November 2009. Revised IAS 24 should be applied for fiscal years commencing January 1, 2011 or later. The revised standard clarifies and simplifies the definition of a related party. The Group will apply the revised standard from and including January 1, 2011. When the revised standard is applied, the Group will be required to report transactions between Group companies and the Group's associated companies. Currently, the Group is implementing a system for compiling the required information. Therefore it is not presently possible to disclose the possible effects of the revised standard regarding related party disclosures.

– IFRS 9 Financial Instruments is to be applied for fiscal years starting January 1, 2013 or later. The standard may affect the Group, but at present, our analysis of potential effects is not complete, meaning that we cannot provide information regarding the scope of the effect.

Standards, amendments and interpretation of existing standards that have taken effect and which have not been applied by the Byggmax Group.

– Amendments to IAS 36 Impairment of Assets apply to fiscal years starting January 1, 2010 or later. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill can be allocated for the purposes of impairment review, is an operating segment as defined by point 5 in IFRS 8 Operating segments. That is, before consolidation of segments with similar financial qualities. Byggmax does not apply this standard.

New and amended accounting policies

From and including the current fiscal year, Byggmax applies the following new standards, interpretations and amendments to standards.

– IAS 27 (amendment), Consolidated and Separate Financial

Statements (effective as of July 1, 2009). The change means in part that earnings attributable to minority owners must always be recognized, even if the minority share is negative, that transactions with minority shareholders must always be recognized in shareholders' equity and that in cases where a parent company loses controlling influence, any remaining share must be revalued at fair value. Amendment of this standard has not had any effect on the company's financial reporting and position during the current period.

– IFRS 3 (amendment), Business Combinations (effective as of July 1, 2009). The amendment applies to acquisitions made after the amendment took effect. The amendment will mean a change in how future acquisitions are recognized, in part with respect to recognition of transaction costs, possible conditional purchase payments and incremental acquisitions. Amendment of this standard will affect reporting of future transactions. Bygghem applied this standard for the acquisition of Svea Distribution AB though this had no effect on the financial reporting in 2010. This standard may however have an effect in 2011 if the supplementary purchase consideration initially entered in the books differs from the final supplementary purchase consideration.

2.2 Consolidated accounts

Subsidiaries

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

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

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

2.3 Segment reporting

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

2.4 Translation of foreign currency

Functional currency and reporting currency

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

Transactions and balance-sheet items

Transactions in foreign currency are translated to the functional currency according to the exchange rate prevailing on the transaction date. Exchange-rate gains and losses arising in payment of such transactions and in translation of monetary assets and liabilities in foreign currencies at the closing-date rate are recognized in profit and loss. Exchange-rate differences in accounts payable and accounts receivable are recognized among financial items. Other exchange-rate differences are recognized in net financial items.

Consolidation of foreign subsidiaries and branches

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

2.5 Intangible fixed assets

Capitalized expenses for development and similar work

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

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

Goodwill

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

as an intangible fixed asset.

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

Goodwill is distributed among the cash-generating units that existed when the goodwill item arose, when assessing possible impairment needs.

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

As of January 1, 2009, the revised standard, IAS 23 Borrowing Costs is applied, meaning that the Group as of January 1, 2009 capitalizes borrowing costs that are directly attributable to purchase, construction or production of an asset that takes a substantial period of time to complete for its intended use or sale as part of the cost of the asset. For periods prior to January 1, 2009, the principle was to immediately expense all borrowing costs. During 2010, the Group did not capitalize borrowing costs, since there were no assets during the period that required a substantial period of time for completion for use or for sale.

2.6 Tangible fixed assets

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

Additional fees are added to the asset's recognized value or recognized as a separate asset, depending on what is most appropriate, only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the asset's cost can be measured in a reliable manner. The recognized value for the replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are recognized as costs in profit and loss during the period in which they arise. There is no depreciation on land. Depreciation of other assets to reduce their cost to the estimated residual value over the estimated useful lifetime is linear according to the following:

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

The residual values of assets and their economic lifetimes are reviewed every balance-sheet date and adjusted as necessary. An asset's book value is immediately written down to its recovery value if the asset's book value is greater than its recovery value.

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

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

As of January 1, 2009, the revised standard IAS 23 Borrowing Costs is applied, meaning that the Group as of January 1, 2009 capitalizes borrowing costs that are directly attributable to purchase, construction or production of an asset that takes a substantial period of time to complete for its intended use or sale as part of the cost of the asset. For periods prior to January 1, 2009, the principle was to immediately expense all borrowing costs. During 2010, the Group did not capitalize borrowing costs, since there were no assets during the period that required a substantial period of time for completion for use or for sale.

2.7 Impairment of non-financial fixed assets

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

2.8 Financial instruments

The Group classifies its financial assets in the following categories: financial assets and liabilities valued at fair value in profit and loss, loan receivables and accounts receivable, financial assets held until maturity, financial assets available for sale and other financial assets. This classification depends on the purpose for which the financial asset was acquired. Management establishes the classification of the financial assets on the first reporting date and reassesses this decision on every reporting date. At present, the Group has no financial assets that are classed as financial assets held until maturity or financial assets available for sale.

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

Financial assets and liabilities valued at fair value in profit and loss are financial instruments held for sale. A financial asset or a financial liability is classified in this category if

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

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

Other financial liabilities

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

General policies

Purchases and sales of financial assets are recognized on the transaction date, which is the date on which the Group pledged to purchase or sell the asset or liability. Financial assets and liabilities are initially recognized at fair value in the balance sheet. Financial assets and liabilities are thereafter valued at fair value in profit and loss. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership rights. Financial liabilities are removed from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished.

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

The fair value of currency forward contracts is established using listed prices for currency forwards on the balance-sheet date. Fair value for interest swaps is calculated as the current value of estimated cash flows. Fair value for borrow-

ing is calculated for information purposes by discounting future contracted cash flow at the current market interest rate available to the Group for similar financial liabilities.

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

2.9 Inventories

Inventories are recognized at the lower of cost and net sales value. The cost is established using the weighted-average method. The cost of goods for resale corresponds to the purchasing cost for the goods. Borrowing costs are not included. Inventory consists of building supplies sold in Bygghem stores. The net sales value is the estimated sales price in ongoing operations reduced by applicable variable sales costs. Provisions required for obsolescence were made.

2.10 Accounts receivable

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

2.11 Other receivables

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

Sales costs in profit and loss.

2.12 Cash and cash equivalents

In the Group's report on financial position, cash and cash equivalents correspond to cash, bank balances, other short-term investments with maturity dates within three months from the acquisition date and blocked bank accounts that are expected to be settled within 12 months after the balance-sheet date. The overdraft facility is recognized as borrowing among current liabilities. Cash and cash equivalents in the cash-flow statement do not agree with the definition of cash and cash equivalents in the balance sheet. In the cash-flow statement, we have excluded blocked accounts, since they are expected to be settled later than three months from the acquisition date.

2.13 Share capital

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

2.14 Accounts payable

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

2.15 Borrowing

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

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

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

2.16 Current and deferred tax

The tax cost for the period comprises current and deferred tax. Tax is recorded in the profit and loss, except when tax regards items that are recorded in other comprehensive income or directly in shareholders' equity. In such cases, tax is recorded in other comprehensive income and shareholders' equity respectively.

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

that are likely to be paid to tax authorities.

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

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

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

When there is an intent to settle balances through net payments, deferred tax assets and liabilities are offset when a legal right of offset exists for current tax assets and tax liabilities and when the deferred tax assets and liabilities can be attributed to taxes debited by one and the same tax authority and apply to the same tax subject or different tax subjects.

2.17 Compensation to employees

Pension obligations

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

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

Compensation on termination of employment

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

Bonus plans

The Group recognizes a liability and an expense for bonuses.

The Group recognizes a provision when there is a legal obligation or an informal obligation due to previous practice.

2.18 Provisions

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

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

2.19 Income recognition

Sale of goods

The Group's income is generated from the sale of goods that are included in the Bygghem product range. Sales are primarily to private customers, although there are some sales to companies. There is no production or development of products within the Group. Sales recorded are net of intra-Group sales.

Income includes the fair value of what has been received or will be received for goods sold in the Group's ongoing operations. Income is recognized in net amounts with deductions for VAT, returns and discounts. The Group recognizes income when its amount can be measured in a reliable manner and it is probable that future economic benefits will accrue to the company. This date coincides with delivery of the goods to the customer.

Interest income

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

Sale of properties

The Group builds properties which after completion are sold to a leasing company (see also 2.20 Leasing below with respect to Sale-and-leaseback transactions). Income from the sale of the property is recognized when risks and benefits associated with ownership are transferred to the leasing company, which normally coincides with the transfer date.

2.20 Leasing

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

Leasing of fixed assets in which Bygghem in all significant respects has the economic risks and benefits associated with

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

Sale-and-leaseback transactions

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

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

2.21 Dividends

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

2.22 Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board, RFR 2.3 Reporting for legal entities. This entails that in interim reporting for legal entities, the parent company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act and take into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that are to be applied from IFRS. The Parent Company applies different accounting policies than the Group as specified below.

Presentation form for the income statement and the balance sheet

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

Shares in subsidiaries

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

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

Group contributions and shareholder contributions

The Parent Company applies the Swedish Financial Reporting Board's statement UFR2 Group Contributions and Shareholder Contributions.

Shareholder contributions are capitalized under shares and participations. Thereafter, an assessment is made of the possible need for an impairment of the value of the shares and participations in question.

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

The Board of Directors continuously receives reports in respect of cash flows, debt levels and fulfillment of the terms of financial agreements, together with comparisons with budgets and forecasts.

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

a) Market risk

(i) Currency risk

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

Transaction exposure in commercial flows

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

Sensitivity analysis for 2010

	Change in (percentage points) all other factors unchanged	Effect on Operating profit (SEK M) 2010	Effect on Operating profit (SEK M) 2009
NOK	+/- 10%	+/- 1.5	+/- 1.7
EUR	+/- 10%	+/- 0.2	+/- 0.2

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

Transaction exposure in consolidation of units outside Sweden

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

(ii) Interest risk

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

If interest on the Group's borrowing in SEK had been 1.0 percentage point higher/lower during 2010 with all other variables constant and consideration taken to interest swaps, the consolidated profit after tax for the fiscal year would have been SEK 2.6 M lower, primarily as an effect of higher interest costs for borrowing with variable interest. Bygghmax continuously monitors the interest risk by examining the effect of loans with variable interest on the operating profit for the period.

Sensitivity analysis for 2010

	Change in (per- centage points) all other factors unchanged	Effect on Ope- rating profit (SEK M)	Effect on Operating profit (SEK M)
		2010	2009
Interest rate	+/- 1%	-2.6	-0.7

credit facilities in place to satisfy the future needs of the business. The need is established through continuous follow up of forecast and actual cash flows with consideration taken to the tenors of financial assets and liabilities in the balance sheet. Bygghmax's primary credit facility is provided by Handelsbanken through a credit agreement.

The size of the credit facility available is reviewed regularly and drawn up to cover forecast peaks in the gross debt level with a healthy margin.

b) Credit risk

Bygghmax has very low credit risk in relation to the Group's customers in that the majority of sales are in cash and since the Group does not invoice external customers. Credit exposure primarily comprises accrued but as yet unpaid bonuses from suppliers.

On December 31, 2010, the Group had cash and cash equivalents totaling SEK 34.1 M (31.6) and an unutilized credit facility of SEK 175.3 M (100).

c) Liquidity risk

Bygghmax policy in respect of liquidity risk is to ensure the Group has sufficient cash and cash equivalents to finance operating activities. The Board of Directors manages the liquidity risk exposure through ensuring that Bygghmax has sufficient

The table below shows the non-discounted cash flows that arise from the Group's liabilities in the form of financial instruments based on the contracted remaining periods on the balance-sheet date. Amounts in foreign currencies and amounts to be paid are based on variable interest and were estimated by using the exchange and interest rates prevailing on the balance-sheet date.

Group (SEK M)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
On December 31, 2010				
Borrowing	49.0	49.4	175.3	
Liabilities relating to financial leasing	25.3	17.9	11.4	
Net regulated derivative instruments (interest swaps)	0.0			
Gross regulated derivative instruments (currency for- wards)	1.5			
Accounts payable	268.9			
Total	344.7	67.3	186.7	0.0
On December 31, 2009				
Borrowing	63.5	111.9	288.0	
Liabilities relating to financial leasing	23.1	15.5	11.1	
Net regulated derivative instruments (interest swaps)	0.3	7.6		
Gross regulated derivative instruments (currency forwards)	374.5	135.0	299.2	0.0
Accounts payable	2.1			
Total	374.5	135.0	299.2	0.0
Parent Company (SEK M)				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
On December 31, 2010				
Borrowing	49.0	49.4	175.3	
Total	49.0	49.4	175.3	0.0
On December 31, 2009				
Borrowing			449.5	
Total	0.0	0.0	449.5	0.0

3.2 Handling of financing/capital risk

The Byggmax Group works to reduce its capital/financing risk by:

- establishing sufficient credit facilities well in advance of the needs that can be foreseen
- monitoring due dates for the total debt in order to match amortization to anticipated cash flow

- satisfying key ratios according to financing contracts. The key ratios are the interest-coverage ratio, debt/equity ratio and the equity ratio/ risk bearing capital
- optimizing working capital within the Group.

Byggmax has no specified goal for the equity ratio, however there is a dividend goal.

4 IMPORTANT ESTIMATES AND ASSUMPTIONS

Important estimates and assumptions for accounting purposes

The Group makes estimates and assumptions regarding the future to be able to prepare the accounts in accordance with accepted accounting practices. Estimates and assumptions are evaluated regularly and are based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances. The actual outcome may differ from the estimates and assumptions made. The estimates and assumptions made in the final accounts on December 31, 2010 are not considered to be able to significantly affect the Group's operating profit and financial position for the coming fiscal year.

Assumption of need for impairment of goodwill

The Group determines each year if there is any need to recognize an impairment of goodwill, in accordance with the accounting policy described in Note 2.7 Impairment of non-financial fixed assets. The estimates and assumptions made in respect of expected cash flows and the discount rate are described in Note 13.

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

5 SEGMENT INFORMATION

Information by geographic area	2010	2009
Net sales Sweden	2 202,3	2 007,3
Net sales other countries	570,7	436,2
Total sales	2 773,0	2 443,5
Tangible fixed assets and intangible fixed assets	2010	2009
Assets in Sweden	1,144.5	1,121.2
Assets in other countries	45.7	46.1
Total tangible and intangible fixed assets	1,190.2	1,167.3

Byggmax has only identified one operating segment, which is the Nordic segment as described in Note 2.3. The Parent Company has no net sales.

6 OTHER OPERATING INCOME

Group	2010	2009
Exchange-rate differences	2.3	4.3
Gain from divestment of equipment	0.4	0.1
Profit from participations in Group companies	0.0	0.0
Other	0.4	2.9
Total other operating income	3.1	7.3

7 OTHER EXTERNAL COSTS

Group	2010	2009
Exchange-rate differences	-4.7	-4.4
Loss from divestment of equipment	-0.6	-0.4
Loss from participations in Group companies	0.0	-4.5
Total other external costs	-5.3	-9.2

8 COMPENSATION TO AUDITORS

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

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

Group	2010	2009
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	0,9	0,8
Other assignments	1,8	0,0
Tax consultancy	0,2	0,2
Other services	0,1	0,1
	3,0	1,1
Parent Company	2010	2009
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	0,3	0,3
Other assignments	1,8	0,0
Tax consultancy	0,0	0,0
Other services	0,1	0,1
	2,2	0,4

9 COMPENSATION TO EMPLOYEES

Group	2010	2009
Salaries and other compensation	163.3	139.9
Social costs	38.1	32.0
Pension costs	7.6	5.2
Other personnel costs	5.8	3.1
Total compensation to employees	214.7	180.3

9 COMPENSATION TO EMPLOYEES CONT.

Salaries and other compensation plus social costs (SEK M)	2010			2009		
	Salaries and other compensation	Social costs (of which pension costs)	Number	Salaries and other compensation	Social costs (of which pension costs)	Number
Group						
Board members, President and other senior executives	6.5	2.9 (0.9)	11	6.6	2.8 (0.7)	10
Other employees	156.8	42.8 (6.7)	436	(133.3)	34.4 (4.5)	360
Total	163.3	45.7 (7.6)	447	139.9	37.2 (5.2)	370
Parent Company						
Board members, President and other senior executives	0.9	0.3 (0.0)	7	0.8	0.2 (0.0)	6
Other employees	0.0	0.0 (0.0)	0	0.0	0.0 (0.0)	0
Total	0.9	0.0 (0.0)	7	0.8	0.0 (0.0)	6

See Guidelines for compensation to senior executives in the Board of Director's Report on page 30 for information in respect of pensions and severance pay.

	2010		2009	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Subsidiaries				
Sweden	356	78%	310	79%
Norway	76	92%	50	85%
Finland	15	85%	10	77%
Total in subsidiaries	447	82%	370	79%
Group total	447	82%	370	79%

	2010		2009	
	Average number of employee	Of whom men	Average number of employee	Of whom men
Group (including subsidiaries)				
Board members	8	75%	7	86%
President and other senior executives	5	80%	5	80%
Group total	13	85%	12	90%

Parent Company				
Board members	6	83%	5	100%
President and other senior executives	1	100%	1	100%
Parent Company total	7	86 %	6	100%

9 COMPENSATION TO EMPLOYEES CONT.

Absenteeism due to sickness, %	2010	2009
Total absenteeism due to sickness	3.2	4.3
Long-term absenteeism due to sickness	24.9	21.1
Absenteeism due to sickness, men	2.9	3.4
Absenteeism due to sickness, women	4.4	8.3
Employees aged 29 and under	2.9	3.6
Employees aged 30-49	3.3	5.9
Employees aged 50 and over	7.7	2.7

Compensation to senior executives (SEK M)	Base salary/ Board fee	Variable compensation	Other benefits	Pension costs	Other compensation	Total
2010						
Chairman of the Board – Fredrik Cappelen	0.5					0.5
Board member – Anders Moberg	0.3					0.3
Board member – Johannes Lien	0.0					0.0
Board member - Lottie Svedenstedt	0.2					0.2
Board member – Stig Notlöv	0.0					0.0
Board member – Stefan Linder	0.0					0.0
President	1.7	0.6	0.0	0.3		2.6
Other senior executives (four persons)	3.2	0.3	0.0	0.6		4.1
Total	5.8	0.9	0.0	0.9		7.6
2009						
Chairman of the Board – Fredrik Cappelen	0.5					0.5
Board member – Anders Moberg	0.3					0.3
Board member – Johannes Lien	0.0					0.0
Board member – Stefan Linder	0.0					0.0
Board member – Stig Notlöv	0.0					0.0
President	1.6	1.4	0.0	0.3		3.3
Other senior executives (four persons)	2.4	0.5	0.0	0.5		3.4
Total	4.8	1.9	0.0	0.8		7.5

10 LOSS FROM FINANCIAL ITEMS

Group	2010	2009
Financial income		
Exchange-rate differences	3.7	17.7
Changes in fair value – interest swaps	8.5	0.1
Interest income, Group companies	0.4	0.0
Interest income	0.4	0.8
Other financial income	0.0	0.0
Total	13.0	18.6
Financial expenses		
Exchange-rate losses	–8.6	–5.2
Changes in fair value – interest swaps	0.0	–2.7
–interest expenses, bank loans	–23.5	–37.5
–interest expenses, loans from related parties	–14.1	–34.6
–interest expenses, reversal of discounting effect on loans from related parties	–1.9	–4.0
–financial leasing, reversal of discounting effect	–2.0	–2.6
Other financial expenses	–0.2	–0.8
Total	–50.4	–87.4
Loss from financial items	–37.4	–68.8
Parent Company	2010	2009
Interest income and similar items		
Exchange-rate differences	0.0	0.0
Interest income	2.3	0.0
Total	2.3	0.0
Interest expenses and similar items		
Exchange-rate losses	0.0	0.0
Interest expenses	–21.4	–34.6
Interest expenses, reversal of discounting effect on loans from related parties	–1.9	–4.0
Total	–23.3	–38.7
Loss from financial items	–21.0	–38.6

11 INCOME TAX

Group	2010	2009
Current tax for the year	-50,4	-42,3
Current tax attributable to previous years	-2,0	2,2
Tax effect of capitalized tax-loss carry-forwards	2,4	10,8
Deferred tax expense relating to temporary differences	-16,4	-15,8
Deferred tax income relating to temporary differences	1,2	2,4
Total	-65,2	-42,7
Parent Company	2010	2009
Current tax for the year	10,5	10,7
Total	10,5	10,7

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

Group	2010	2009
Profit/loss before tax	237,5	203,9
Income tax calculated according to the Group's prevailing tax rate	-62,5	-53,6
Non-taxable income	0,0	0,0
Non-deductible costs	-0,2	-1,3
Tax effect of interest on the tax allocation reserve	-0,8	-0,4
Deficits for tax purposes for which no deferred tax asset is recognized	2,4	10,8
Effect of foreign tax rates	-1,8	0,0
Adjustment of current tax relating to earlier years	-2,0	2,2
Other	-0,4	-0,4
Tax expense	-65,2	-42,7
Parent Company	2010	2009
Profit/loss before tax	-39,9	-40,8
Income tax calculated according to prevailing tax rate 26,3% (28)	10,5	10,7
Tax expense	10,5	10,7

Weighted average tax rate within the Group: 27,45% 20,94%

The prevailing tax rate for income tax within the Group and the Parent Company is 26,3 (26,3) percent.

12 EXCHANGE-RATE DIFFERENCES

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

Group	2010	2009
Other operating income	2,3	4,3
Other external costs	-4,7	-4,4
Financial income	3,7	12,6
Financial expenses	-8,6	-0,1
Total	-7,3	12,4

Exchange-rate differences on Group-internal transactions are recognized in net amounts.

13 INTANGIBLE FIXED ASSETS

Capitalized expenses for development work

Group	2010	2009
Cost on the opening date	20.7	17.7
Increase through acquisition of operations	7.1	3.2
Exchange-rate differences	-0.2	-0.0
Accumulated cost on the balance-sheet date	27.6	20.7
Amortization on the opening date	-9.8	-5.9
Amortization for the year	-4.7	-3.9
Exchange-rate differences	0.1	-0.0
Accumulated amortization on the balance-sheet date	-14.4	-9.8
Carrying amount on the balance-sheet date	13.2	10.9

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

Goodwill	2010	2009
Cost on the opening date	1,044.6	1,044.6
Goodwill on acquisition of Svea Distribution AB	6.4	0.0
Accumulated cost on the balance-sheet date	1,051.0	1,044.6
Carrying amount on the balance-sheet date	1,051.0	1,044.6

Assessment of impairment needs for goodwill

The goodwill recognized by Byggmax is attributable in its entirety to the Swedish portion of operations, which we have deemed to be a cash-generating unit (CGU).

Other CGUs within the Group have not been allocated any goodwill.

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

Significant assumptions for calculations of value in use:

Growth rate 1)	2.0%	(2.0%)
Discount rate 2)	7.1%	(9.2%)

1) Weighted average growth rate used to extrapolate cash flows beyond the forecast period. The information in respect of the long-term growth rate came from NIER "medium-term forecast to 2020".

2) Discount rate before tax used in present-value calculation of estimated future cash flows.

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

No impairment of goodwill values in the Group as of December 31, 2010 was required by this assessment.

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

14 TANGIBLE FIXED ASSETS

Equipment, tools and installations

Group	2010	2009
Cost on the opening date	190.0	161.7
Purchases	46.7	29.9
Sales and scrapping	-1.8	-3.9
Increase through corporate acquisitions	0.0	0.0
Reclassifications	0.0	0.0
Exchange-rate differences	-2.4	2.3
Accumulated cost on the balance-sheet date	232.4	190.0
Depreciation on the opening date	-90.0	-63.2
Sales and scrapping	0.4	3.4
Increase through corporate acquisitions	0.0	0.0
Depreciation for the year	-33.6	-29.9
Reclassifications	0.0	0.0
Exchange-rate differences	1.3	-0.3
Accumulated depreciation on the balance-sheet date	-121.8	-90.0
Carrying amount on the balance-sheet date	110.6	100.0

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

Group	2010	2009
Cost – capitalized financial leasing	127.3	103.0
Accumulated depreciation	-65.2	-46.0
Carrying amount	62.1	57.0

Byggmax leases a large portion of the Group's equipment, and there is a relatively large number of financial leasing contracts relating to such equipment as store fittings and fork-lift trucks. Byggmax signs leasing contracts for three to five years, and there is an option to purchase the contract after the contract period.

Buildings and land

Group	2010	2009
Cost on the opening date	7.9	19.9
Purchases	4.4	0.0
Sales and scrapping	0.0	-12.3
Exchange-rate differences	0.0	0.3
Accumulated cost on the balance-sheet date	12.3	7.9
Depreciation on the opening date	-0.4	-0.0
Sales and scrapping	0.0	0.0
Depreciation for the year	-0.4	-0.4
Exchange-rate differences	0.0	0.0
Accumulated depreciation on the balance-sheet date	-0.8	-0.4
Carrying amount on the balance-sheet date	11.5	7.5

14 TANGIBLE ASSETS CONT.

Land improvements on another party's property

Group	2010	2009
Cost on the opening date	5.4	4.7
Purchases	0.0	0.4
Sales and scrapping	-0.1	0.0
Exchange-rate differences	-0.1	0.2
Accumulated cost on the balance-sheet date	5.3	5.4
Depreciation on the opening date	-1.0	-0.6
Sales and scrapping	0.0	0.0
Depreciation for the year	-0.4	-0.4
Exchange-rate differences	0.0	-0.0
Accumulated depreciation on the balance-sheet date	-1.3	-1.0
Carrying amount on the balance-sheet date	3.9	4.4

15 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2010	2009
Cost on the opening date	307.1	235.4
Investments	13.0	0.0
Capital contributions	38.0	71.7
Carrying amount on the balance-sheet date	358.0	307.1

The Parent Company has participations in the following Group companies:

The Parent Company has participations in the following Group companies:					Carrying amount	
Name	Corporate registration number	Registered office	Share of capital	Number of shares	2010	2009
Companies owned by Byggmax Group AB						
Byggmax AB	556645-6215	Halmstad	100%	100,000	345.0	307.0
Svea Distribution AB	556602-5895	Eslöv	100%	200	13.0	0.0
Byggmax Fastighetsutveckling AB	556726-8593	Stockholm	100%	1,000	0.1	0.1
					307.1	307.1
Other Group company holdings						
Byggmax i Karlstad AB	556616-8141	Halmstad	100%			
Byggmax Fastighet Upplands-Väsby AB	556757-2473	Stockholm	100%			
Byggmax Fastighets Holding AB	556726-8601	Stockholm	100%			
Byggmax Fastighetsutveckling 5 AB	556735-9137	Stockholm	100%			
Byggmax Fastighetsutveckling 6 AB	556751-4442	Stockholm	100%			
Byggmax Fastighetsutveckling 7 AB	556757-3133	Stockholm	100%			
Byggmax Fastighet 2 AS	991 127 895	Oslo	100%			
Byggmax Fastighet 3 AS	991 127 917	Oslo	100%			
Byggmax Finland Fastighetsholding 1 Oy	2186417-4	Helsinki	100%			
Byggmax Finland Fastighet 1 Oy	2186407-8	Helsinki	100%			
Byggmax Finland Fastighetsholding 2 Oy	2186507-0	Helsinki	100%			

16 ACQUISITION OF SVEA DISTRIBUTION AB

On January 2, 2010, Bygghmax Group AB (publ) acquired 100 percent of the shares in the purchasing company, Svea Distribution AB. Svea Distribution is the purchasing agent and distributor for some of the goods included in the range sold by Bygghmax. The main reason for the acquisition of Svea Distribution AB was that 90 percent of the company's sales were to Bygghmax, and there was the possibility of synergy effects in purchasing and administration. During 2009, Svea Distribution reported sales of SEK 80 M and the company generated a profit after tax of SEK 2.5 M. The purchase consideration amounted to SEK 13 M and was paid primarily through an unconditional shareholders' contribution from Altor 2003 GP Limited, which previously owned 75 percent of Svea Distribution. In addition to goodwill, which amounted to SEK 6.4 M, no surplus value was identified during the preliminary preparation of the acquisition estimate. Costs for consultation in conjunction with the acquisition amounted to SEK 0.1 M. Svea Distribution AB contributed profit before tax of SEK 3.4 M for 2010. Svea Distribution AB's financial statements were prepared in accordance with the Annual Accounts Act and general accounting recommendations of the Swedish Accounting Standards Board.

Purchase consideration

Cash and cash equivalents	2.0
Unconditional shareholders' contribution	9.0
Non-cash issue	1.5
Conditional purchase consideration	0.5
Purchase consideration paid	13.0

Recognized amount of identifiable acquired assets and assumed liabilities

Inventories	0.4
Accounts receivable	3.3
Current tax receivables	0.2
Other current receivables	0.4
Prepaid expenses and accrued income	0.8
Cash and cash equivalents	8.2
Deferred tax, untaxed reserves	-0.9
Accounts payable	-3.5
Other current liabilities	-1.4
Accrued expenses and prepaid income	-1.0
Total identifiable net assets	6.6
Goodwill	6.4
Total	13.0

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial assets and liabilities are valued at accrued cost with the exception of derivative instruments, which are valued at fair value in profit and loss. Derivative instruments are recognized separately in a separate item in the balance sheet. For a more detailed description of Bygghmax's derivative instruments, refer to Note 19.

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

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

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

18 DIVESTMENT OF SUBSIDIARIES

No subsidiaries were divested in 2010.

19 DERIVATIVE INSTRUMENTS

Group December 31, 2010	Assets	Liabilities
Derivative instruments		
Interest swaps – held for sale	0.0	0.0
Currency forwards - held for sale	3.5	4.9
Total	3.5	4.9
Group December 31, 2009	Assets	Liabilities
Derivative instruments		
Interest swaps – held for sale	0.0	11.0
Currency forwards - held for sale	0.9	2.9
Total	0.9	14.0

Derivative instruments held for sale are classified as current assets or current liabilities. The nominal amount for outstanding currency forwards was SEK 226.6 M (139.1) on the balance-sheet date. The nominal amount for outstanding interest swaps was SEK 125.0 M (476.5) on the balance-sheet date.

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

20 ACCOUNTS RECEIVABLE

	2010	2009
Accounts receivable	2.1	0.2
Reserves for doubtful receivables	-0.6	-0.2
Total accounts receivable	1.5	0.1

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

21 INVENTORIES

Group	2010	2009
Completed goods and goods for resale	350.5	295.0
Work in progress on behalf of another party	0.2	0.0
Prepayments to suppliers	0.0	1.6
Total inventories	350.7	296.6

Inventories consist in their entirety of goods for resale

22 OTHER RECEIVABLES

	2010	2009
Bonus receivables from suppliers	37.4	70.2
Other receivables	3.3	5.5
Total other receivables	40.6	75.8

The majority of bonus receivables is in SEK. As of December 31, 2010, no Other receivables were considered doubtful. In respect of existing bonus receivables, the majority of the items have a corresponding entry in accounts payable.

23 PREPAID EXPENSES AND ACCRUED INCOME

Group	2010	2009
Prepaid rent	18.7	17.1
Prepaid leasing fees	0.4	-0.4
Accrued interest income	0.0	0.0
Other items	5.0	3.0
Total prepaid expenses and accrued income	24.1	19.7

24 CASH AND CASH EQUIVALENTS

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

Group	2010	2009
Balance sheet		
Cash and cash equivalents	20.9	28.2
Blocked funds	13.2	3.4
Summa	34.1	31.6
 Cash flow statement	 20.9	 28.2
Cash and cash equivalents	0.0	0.0
Short-term investments	20.9	28.2
Total		

Blocked funds refer to rent deposits of SEK 3.2 M and a deposit bank account of SEK 10 M. This SEK 10 M will be blocked until July 2011 at the latest.

25 SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

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

Group	No. of shares (000s)	Aktiekapital	Other capital contributions	Totals
On December 31, 2009	18.5	18.5	208.4	226.8
New issue	0.0	0.0	1.5	1.5
Non-cash issue			9.0	9.0
Offset issue	1.8	1.8	222.2	224.0
Share split (1:3)	40.5			
On December 31, 2010	60.7	20.2	441.0	461.3

The shares have a quotient value of SEK 0.33 per share (SEK 0.33 per share). Each share represents one vote. All registered shares on the balance sheet date are fully paid-up.

26 RESERVS

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

27 BORROWING

Group	2010	2009
Long-term		
Liabilities to credit institutions	210.0	280.6
Loans from related parties	0.0	458.0
Derivative instruments	0.0	11.0
Liabilities related to financial leasing	29.3	26.7
Total	239.3	776.3
Short-term		
Liabilities to credit institutions	40.0	48.3
Overdraft facilities	174.7	0.0
Liabilities related to financial leasing	25.3	23.1
Summa	240.0	71.3
Total borrowing	479.3	847.7

27 BORROWING CONT

All borrowing within the Group is in SEK.

All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value.

There are pledged assets for these loans. See Note 32.

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

The Group has the following unutilized credit facilities:

Koncernen	2010	2009
Overdraft facility	175.3	100.0
Summa	175.3	100.0

Of the above available overdraft facilities, SEK 5 M is a customs credit.

Financial leasing

Gross debt relating to financial leasing

Group	2010	2009
Within one year	26.7	24.7
Later than one year but within five years	30.4	27.8
Later than five years	0.0	0.0
Total	57.1	52.6

Future financial expenses for financial leasing	-2.5	-2.8
Present value of liabilities relating to financial leasing	54.6	49.7

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

Group	2010	2009
Within one year	25.3	23.1
Later than one year but within five years	29.3	26.7
Later than five years	0	0
Total	54.6	49.7

28 DEFERRED TAX

Group	2010	2009
Deferred tax liabilities		
Derivative instruments	0.0	-0.2
Untaxed reserves	51.6	36.9
Arrangement fees, loans	0.0	0.7
Leasing	2.0	2.1
Loans from related parties	0.0	7.7
Total deferred tax liabilities	53.6	47.3

28 DEFERRED TAX CONT.

Deferred tax assets

Derivatives	0.4	2.6
Valuation of loss carry-forwards	15.7	11.3
Other	0.0	0.3
Total deferred tax assets	16.1	14.2

Deferred tax liabilities, net

37.5 **33.1**

Gross changes relating to deferred taxes are as follows:

Group	2010	2009
On the opening date	33.1	30.5
Raising of loans from related parties	0.0	0.0
Reversal of discount effect	-7.4	0.0
Recognition in profit and loss	12.8	2.5
Acquired deferred tax liability	0.9	0.0
Adjustment from current receivable to deferred tax asset	-2.0	0.0
Exchange-rate differences	0.0	0.0
On the balance-sheet date	37.5	33.1

Deferred tax assets are recognized for loss carry-forwards for tax purposes to the extent that it is probable that they can be offset by future taxable profits. The Group recognized deferred tax assets of SEK 16.1 M (11.3). Of these, SEK 13.7 (11.3) is in respect of losses amounting to SEK 51.6 M (43.4) that can be offset against future taxable profits. The loss deduction is attributable to Bygghem i Karlstad AB and Bygghem AB (established via merger). SEK 2.0 M (0.0) is in respect of blocked amounts for foreign tax.

29 PENSIONS

Pension insurance in Alecia

Obligations for retirement and family pensions for salaried employees in Sweden are secured via insurance with Alecia. According to statement UFR 6 from the Swedish Financial Reporting Board, this is a defined-benefit plan that includes several employers. For the 2010 fiscal year, the Group did not have access to information that would enable it to be recognized as a defined-benefit plan. The pension plan according to ITP that is secured through insurance in Alecia is therefore recognized as a defined-contribution plan. The year's fees for pension insurance issued by Alecia amounted to SEK 3,038 (1,625) thousand. Alecia's surplus can be distributed to policy holders and/or insured persons. On December 31, 2009, Alecia's surplus in the form of the collective consolidation level amounted to 141 percent (112 percent). The collective consolidation level corresponds to the market value of Alecia's assets as a percentage of pension obligations as calculated according to Alecia's actuarial assumptions, which are not in agreement with IAS 19.

30 OTHER LIABILITIES

Group	2010	2009
VAT liabilities	0.9	2.0
Personnel-related liabilities	3.5	3.8
Other	3.9	2.4
Total	8.3	8.2
Parent Company		
Other	0.5	0.0
Total	0.5	0.0

31 ACCRUED EXPENSES AND PREPAID INCOME

Group	2010	2009
Accrued salaries	14.1	11.7
Accrued vacation pay	20.7	17.4
Accrued social fees	6.2	4.3
Other	15.0	11.8
Total	56.1	45.2
Parent Company		
Other	5.0	1.0
Total	5.0	1.0

32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

Group	2010	2009
For own debts and provisions:		
Shares in subsidiaries	658.7	437.2
Chattel mortgages	120.0	45.5
Total	778.7	482.7
Parent Company		
Shares in subsidiaries	358.0	307.1
Total	358.0	307.1

Contingent liabilities

Group	2010	2009
Capital coverage guarantee on behalf of Group companies	None	None

33 OBLIGATIONS

Obligations relating to operational leasing

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

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

Group	2010	2009
Within one year	92.7	82.4
Later than one year but within five years	338.1	291.8
Later than five years	277.3	235.5
Total	708.1	609.7

The majority of the above amounts relate to the rent for premises. In other respects, the majority of the Group's leasing contracts are classified as financial leasing. Information on financial leasing is presented in Note 27.

34 TRANSACTIONS WITH RELATED PARTIES

A related party is defined as a party that exercises a controlling influence (owns more than 50%) or that has a substantial influence (owns more than 20%). The Byggmax Group is 35.8% owned by the Altor 2003 Sarl, which thus has a controlling influence over the Group.

Altor has a controlling influence over Lindorff Customer Services AB (owned by Altor 2003 Fund and Altor Fund II), Carnegie Investment Bank (owned by Altor Fund III) and Dustin Financial Services AB (owned by Altor Fund II).

Purchases of goods and services

During the year, Byggmax purchased call-center services from Lindorff Customer Services. Total costs during 2010 amounted to SEK 1.8 M (1.7).

During the year, Byggmax purchased consultant services from Carnegie Investment Bank. Total costs during 2010 amounted to SEK 0.5 M (0.0).

During the year, Byggmax purchased IT equipment from Dustin Financial Services. Total costs during 2010 amounted to SEK 0.6 M (0.3).

Receivables and liabilities on Dec. 31, 2010 as a result of sales and purchases of goods and services:

Liabilities to related parties:	2010	2009
- Carnegie Investment Bank	0.4	0.0
Total	0.4	0.0

Receivables to related parties:	2010	2009
	0.0	0.0
Total	0.0	0.0

Receivables from related parties are primarily the result of sales transactions and fall due for payment one month after the sale date. The Group has no collateral for these receivables. No interest is charged. Liabilities to related parties are primarily the result of purchase transactions and fall due for payment one month after the purchase date. These liabilities carry no interest.

35 EVENTS AFTER THE BALANCE-SHEET DATE

There were no significant events after the balance-sheet date.

The Board of Directors and President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and operating profit. The Annual Report has been prepared in accordance with the generally accepted accounting practice in Sweden and accurately reflects the Parent Company's position and operating profit. The Administration Report for the Group and the Parent Company provides an accurate overview of trends in the Group's and Parent Company's operations, positions and operating profits, as well as describing significant risks and instability factors faced by the Parent Company and companies in the Group.

The Parent Company's income statement and balance sheet and the Group's consolidated statement of comprehensive income and financial position will be submitted to the Annual General Meeting on April 1, 2011 for adoption.

Stockholm, February 22, 2011

FREDRIK CAPPELEN

Chairman of the Board

ANDERS MOBERG

Board member

JOHANNES LIEN

Board member

LOTTIE SVEDENSTEDT

Board member

STEFAN LINDER

Board member

STIG NOTLÖV

Board member

MAGNUS AGERVALD

President

Our auditors' report was submitted on March 2, 2011

Öhrlings PricewaterhouseCoopers AB

ANNA-CARIN BJELKEBY

Authorized Public Accountant

AUDITORS' REPORT

To the Annual General Meeting of the shareholders of
Byggmax Group AB (publ)
Corporate identity number 556656-3531

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Byggmax Group AB (publ) for the year 2010. (The company's annual accounts and the consolidated accounts are included in the printed version on pages 28-67). The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

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

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

Stockholm March 2nd 2011

Öhrlings PricewaterhouseCoopers AB

Anna-Carin Bjelkeby
Authorized Public Accountant)

BYGGMAX GROUP MANAGEMENT



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

MAGNUS AGERVALD

President since 2008 (employed since 2006). Born 1975.

Education: B. Sc. Stockholm School of Economics and graduate engineer KTH Royal Institute of Technology.

Background: Formerly worked as a consultant at McKinsey & Company and analyst at IDI AB and founder Icomera.

Other assignments: No other assignments. **Shareholding:** 600,000 shares.

MIKAEL BENGTTSSON

Business Manager since 2008 (employed since 1999). Born

1966. **Education:** Social educationist Jönköping University.

Background: Formerly department head of Obs Byggmarknad. No other assignments. **Shareholding:** 96,000 shares.

JACOB NOTLÖV

Marketing Manager since 2004 (employed since 2001). Born

1980. **Other assignments:** Partner and Board member of Adtraction Marketing AB and Board member of LLJ Property AB. **Shareholding:** 75,000 shares.

PÄR PETERSSON

Purchasing Manager since 2007 (employed since 2000). Born

1961. **Education:** Technology studies in the sales field.

Background: Formerly sales representative and district manager of Pååls Bagerier. No other assignments. **Shareholding:** 72,000 shares.

PERNILLA WALFRIDSSON

CFO since 2005. Born 1973. **Education:** Master of Science

in Business and Economics, Växjö University. **Background:**

Formerly CFO of consumer electronics chain Power, Business Controller of IKEA Russia and Controller at IKEA AB.

Other assignments: Deputy board member of Ingars Tryckimpregnering AB. **Shareholding:** 240,000 shares.

AUDITORS

Byggmax's auditor is Öhrlings PricewaterhouseCoopers AB, with Anna-Carin Bjelkeby as auditor in charge since 2007.

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

BYGGMAX BOARD OF DIRECTORS



Fredrik Cappelen



Anders Moberg



Johannes Lien



Lottie Svedenstedt



Stefan Linder



Stig Notlöv

FREDRIK CAPPELEN

Chairman of the Board since 2008. Born 1957. Board member since 2006. **Education:** Graduate in Business Administration and studies in political science at Uppsala University. **Background:** Formerly President and CEO, as well as board member, of Nobia AB and board member of Danske Trælast. **Other assignments:** Chairman of the Board of Munksjö AB, Sanitec OY and Dustin AB, board member of Securitas AB and Granngården AB. **Shareholding:** Owns no shares, but is exposed to 981, 816 shares in Byggmax through his endowment insurance.

ANDERS MOBERG

Board member since 2006. Born 1950. **Background:** Formerly board member of Velux A/S and ICA AB and CEO of the IKEA Group, Royal Ahold N.V. and Majid Al Futtaim Group LLC. **Other assignments:** Anders is Chairman of the Board of Clas Ohlson AB and Biva A/S and board member of DFDS A/S, Husqvarna AB, ZetaDisplay AB, Hema B.V. and Ahlstrom OY. **Shareholding:** Owns no shares, but is exposed to 800,000 shares in Byggmax through his endowment insurance.

JOHANNES LIEN

Board member since 2009, deputy Board member since 2007. Born 1977. **Education:** M. Sc. **Background:** Previously a consultant at McKinsey & Company, formerly Board member of SPT Group AS and deputy board member of SiteTel Sweden AB. **Other assignments:** Johannes is also a director at Altor Equity Partners AB, board member of Navico Holding AS, Ocivan

Invest AS, Ketlav Invest AS and Helly Invest AS, and deputy board member of N Holding AB. He is also a partner and board member of Cretum Invest AB. **Shareholding:** 0 shares.

LOTTIE SVEDENSTEDT

Board member in present company since 2010. Born 1957 **Education:** Lawyer from Uppsala University. **Background:** Former Regional Manager for H&M, President Inter Ikea Systems A/S, Business Area Manager Ikea of Sweden, CEO Kid Interiør A/S. **Other assignments:** Chairman of the Management Institute in Lund (MiL). Board member of Clas Ohlson AB, Swedavia AB, mktmedia ab, Promedia AB, Stadium AB, Global Health Partner AB, ITAB Shop Concept AB and Bergendahl Home Deco AB. **Shareholding:** 0 shares.

STEFAN LINDER

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

STIG NOTLÖV

Board member of the current company since 2006, board member of former Parent Company since 1993. Born 1947. **Background:** Formerly President of Byggmax. **Other assignments:** No other assignments. **Shareholding:** 3,078,042 shares through companies.

CHAIRMAN'S COMMENTS

It has been an extremely intensive year for Byggmax with the share listing, the opening of 12 new stores and the preparations for launching a new product range via the online store. These events have left their stamp on the work of the Board and affected the financial situation.

THE BOARD'S WORK

Byggmax has a well-composed Board with members of varying backgrounds and competence. The Board has met 12 times during the period. Important resolutions taken during the year included:

- Change of accounting standard to IFRS from and including 2008
- Changes in financing
- Listing on NASDAQ OMX Stockholm
- Redemption of the shareholder loan
- Establishment of new stores in all three countries.

The examination of the Board's work found it to be efficient and goal oriented.

COMMENTS TO THE CORPORATE GOVERNANCE REPORT

As made evident in the corporate governance report, Byggmax applies the Swedish Code of Corporate Governance. In a few specific areas the Board has elected to diverge from specific rules and explain why instead. This applies to the Nomination Committee, no official nomination committee has been appointed as the Annual General Meeting 2010 was held prior to the company's listing. In addition, this applies to Corporate Internal Audit, where the board has determined not to have a separate Corporate Internal Audit since the company has a simple legal and operative structure and a comprehensive management and internal control system. The Audit Committee follows up the company's assessment of the internal audit through contact with the company's auditors.

FINANCIAL SITUATION

At the end of 2010, Byggmax held a particularly strong position. Net profit increased to SEK 172 M (161). Net debt was



SEK 445 M and increased by SEK 98 M compared with the preceding year due to replacement of half of the company's shareholder loan by an external bank loan. Shareholders' equity had increased from SEK 338 M to SEK 748 M at December 31, 2010. Interest expenses declined significantly as a direct consequence of the redemption of the shareholder loan by a bank loan at a lower interest rate and through an injection of equity.

Byggmax's financial strength is important, it enables us to invest in the future. You can read more about our investments in the President's Comments. I am very enthusiastic regarding the investments being implemented, with more stores in all of the countries and the launch of the new product range for the online store.

Finally, I would like to show my appreciation to our Group management and all employees for a job well done in 2010!

Fredrik Cappelen
Chairman of the Board

CORPORATE GOVERNANCE REPORT

Byggmax is a Swedish public limited liability company listed on NASDAQ OMX Stockholm. Byggmax applies the Swedish Code of Corporate Governance and hereby submits its Corporate Governance Report for the fiscal year January 1, 2010 to December 31, 2010. Byggmax Group AB (publ) has prepared the Corporate Governance Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance. The guidelines for the Swedish Code of Corporate Governance are available from the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se).

Corporate governance regards the rules and regulations as well as the existing structure for managing and leading business activities in a limited company with an efficient and controlled approach. Ultimately, corporate governance aims to meet shareholder requirements in respect of return and to provide all stakeholders with adequate and correct information about the company and its development.

The Byggmax Group AB (publ), hereinafter called Byggmax or the Company, is listed on NASDAQ OMX Stockholm and applies the Swedish Code of Corporate Governance (the Code) from the date of its listing, which was June 2, 2010. The Code builds on the principle "comply or explain" which means that companies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax Group AB (publ) has made the following deviations from the Code:

- A nomination committee was not appointed before the Annual General Meeting 2010.
- Byggmax deviated from the Code as the auditor reviewed the interim report for the first quarter in conjunction with the listing process. In the next fiscal year, a review of the interim report for the third quarter will be performed.
- The Auditor has reviewed the interim report for the first quarter in conjunction with the listing process instead of the interim report for the second or third quarter, which is a deviation from the Code.

SHAREHOLDERS

The share capital in Byggmax amounted to SEK 20.2 M divide into 60,737,045 ordinary shares. Only one class of shares exists and all share have equal rights to participation in the company's assets and profits. The number of shareholders on December 31, 2010 was 4,279. Altor 2003 Sarl is the major shareholder and has a holding equivalent to 35%. Non-Swedish owners accounted for ownership of approximately 78% of the shares. For further information regarding the share and shareholders please see pages 24-25 and the Byggmax website.

ANNUAL GENERAL MEETING

Shareholders exercise their influence over the company at

the Annual General Meeting (AGM) which constitutes the company's highest decision making body.

Annual general meeting 2010

The AGM 2010 took place on April 22, 2010 in Solna. At the AGM, 21 shareholders representing 100% of the votes were present either in person or via representatives. Fredrik Cappelen was elected Chairman of the AGM.

The main resolutions passed were as follows:

- New articles of association were adopted on the change of company form from private limited liability company to public limited liability company
- A share split so that one old share became three new shares
- Reelection of board members Fredrik Cappelen, Johannes Lien, Stefan Linder, Anders Moberg, Stig Notlöv and election of Lottie Svedenstedt
- Policies for compensation and terms of employment for the President and other senior executives.

Proposal for AGM 2011

The next AGM for shareholders in Byggmax will be held on Friday, April 1, 2011 at Infracity in Stockholm from 11:00 a.m. to 12:00 p.m.. For further information regarding the AGM see the Byggmax website.

NOMINATION COMMITTEE

The AGM on April 22, 2010, resolved that no Nomination Committee would be appointed for the AGM 2011 and that the Code 1.5 in this respect would not be fully complied with.

BOARD OF DIRECTORS

The Board of Directors formal work plan and written instructions. Each year the Byggmax Board of Directors adopts a formal work plan and written instructions in respect of financial reporting and allocation of duties between the Board and the President. The formal work plan regulates the Board's obligations, division of work among board members, the minimum number of board meetings per year, notice of and documents before board meetings and the preparation of the minutes of board meetings.

Written instructions regulate the reporting system that exists to enable the Board to continuously assess the Company's and the Group's financial situations and the allocation of work between the Board and the President.

Independence of the board

The Board's assessment of the individual board members relation to the Company and the shareholders is defined in the table "Composition and attendance of Board meetings". As is made evident, Byggmax meets the Code's requirement that the majority of the elected board members are indepen-

dent of the Company and the Group management and that at least two of these are independent of the Company's major shareholders.

Composition and attendance of the board meetings

At the AGM on April 22, Lottie Svedenstedt was elected a regular board member.

A full description of the board members is available on page 70.

The board's work, 2010

As a result of the listing in June 2010, the work of the board has been extremely intense. The number of meetings in 2010 amounted to 12.

Important issues dealt with by the Board, in 2010, in addition to the adoption of the Annual Report and interim reports, and the business plan and attendant budget, include the following issues:

- Prospectus prior to listing
- Capital structure and financing
- Geographic expansion

The Group's President, Magnus Agervald and CFO, Pernilla Walfridsson, participate at board meetings. The participation of other Byggmax employees in board meetings is

limited to presentations.

Evaluation of the work of the board of directors 2010

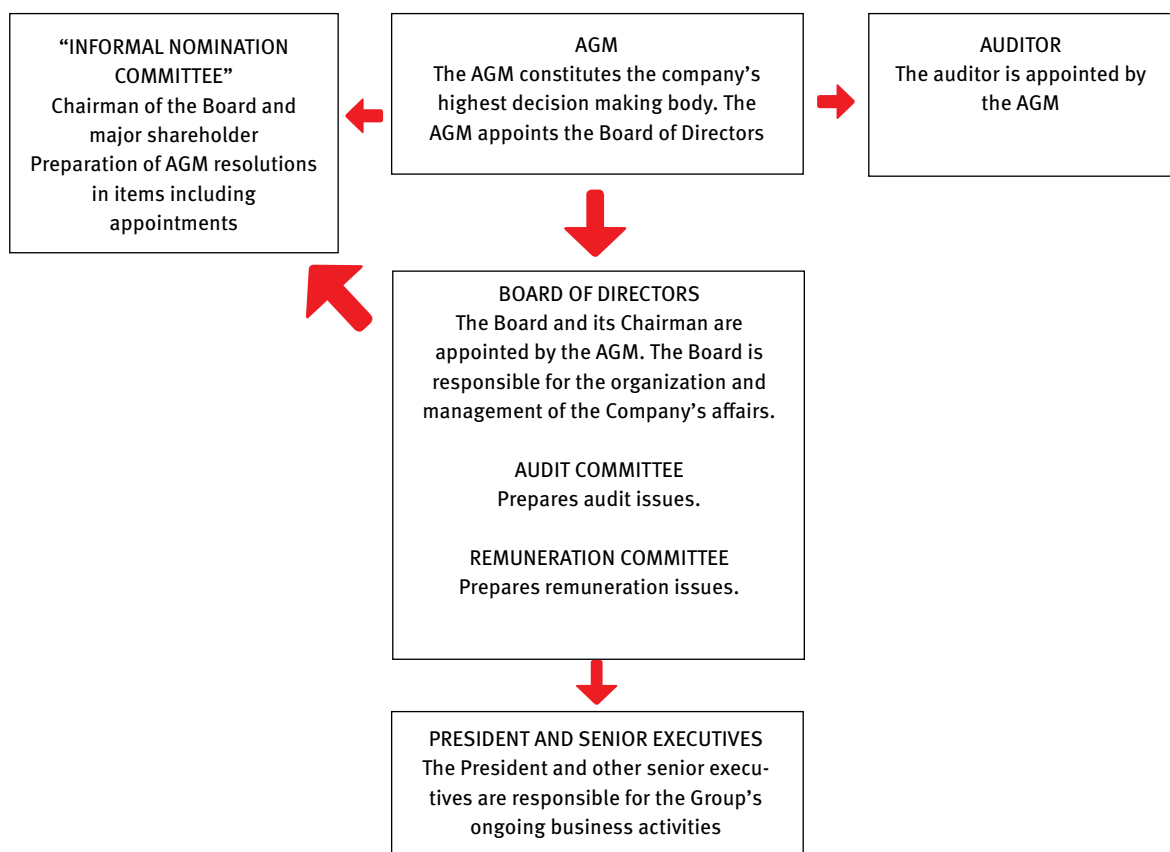
The Chairman of the Board is responsible for evaluating the work of the Board including the input of the individual board members. The evaluation focuses on the supply and demand of specific competence and ways of working. The evaluation of the work of the Board finds that the work is efficient and goal oriented.

Board committees

The Board currently has no remuneration committee, audit committee or any other committee. It is the Board's belief that the tasks that would otherwise be performed by committees can be carried out more effectively by the Board in its entirety. The Board, as a whole, prepares and handles issues regarding remuneration and other employment terms for senior executives. The audit committee is comprised by the Board in its entirety. The committees/Board meet the Company's auditors twice yearly to discuss matters including audit plans and audit reports. At meetings with the Company's auditors, the committees/Board are given the opportunity to meet with the auditor without the President being present.

PRESIDENT AND SENIOR EXECUTIVES

President, also CEO, is tasked with managing the ongoing



operation of the Company in accordance with the written instructions adopted by the Board.

Magnus Agervald has been the President and CEO of Byggmax since January 1, 2008. He has no shareholding or partnership in any company that the Company has a significant business relationship with.

The Byggmax Group management comprises five members including the President. A description of the management is available under the heading "Byggmax Group Management" (page 69).

REMUNERATION GUIDELINES

For information in respect of salaries and other remuneration to the President and other senior executives see Note 9, page 51.

AUDITORS

The AGM appoints the auditor for the Company every four years. Öhrlings PriceWaterhouseCoopers, hereinafter called PWC, was elected by the AGM 2010 for a mandate period of four years. PWC has appointed Authorized Public Accountant Anna-Carin Bjelkeby as principal auditor for the audit. In addition to the audit assignment, Byggmax has consulted

PWC on taxes and other accounting issues. PWC is obligated to test its independence prior to accepting independent advisory assignments in addition to its auditing assignments for Byggmax. Information in respect of the fees paid to the auditing company is provided in Note 8.

According to the Code, the Company's Board should ensure that the interim report in respect of the second or third quarter is reviewed by the auditors. Byggmax diverges from this as the auditor was asked to review the interim report for the first quarter in conjunction with the listing process. Prior to the next fiscal year, a review of the interim report for the third quarter will be performed.

INTERNAL AUDIT

The Company has a simple legal and operative structure and a comprehensive management and internal control system. The Audit Committee follows up the Company's assessment of the internal audit through contact with the Company's auditors. In view of the aforementioned, the Board has determined not to have a separate Corporate Internal Audit.

Name	Function	Elected	Board attendance	Director fees	Independence of the Company's management and major shareholder
Fredrik Cappelen	Chairman of the Board	2006	12/12	SEK 500,000	Yes
Anders Moberg	Board member	2006	12/12	SEK 250,000	Yes
Johannes Lien	Board member	2009	12/12	None	No
Lottie Svedenstedt	Board member	2010	6/6	SEK 172,652	Yes
Stefan Linder	Board member	2006	12/12	None	No
Stig Notlöv	Board member	2006	11/12	None	No

INTERNAL CONTROL

The Board's responsibility for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance that contain requirements in respect of yearly external disclosure regarding the organization of internal control regarding financial reporting.

The Board has overall responsibility for internal control at Byggmax. The President has the ongoing responsibility for maintaining internal steering and controls. The ultimate aim of internal control is to ensure that Byggmax's financial reports are prepared in accordance with the law, applicable accounting policies and other requirements that apply to listed companies in addition to protecting Byggmax's assets. Byggmax has decided to use COSO's definition of internal control as the foundation for its work with internal control. According to COSO, internal control comprise five different parts; the control environment, risk assessment, control activities, information and communication and follow-up. These various parts are described briefly below.¹

Control environment

The control environment forms the basis for the internal control and builds on the culture that the Board of Directors

and management communicate and work by. It primarily comprises values, competence, management philosophy, organizational structure, responsibility and authorizations as well as policies and routines. A key component of the control environment is the clear definition and communication of decision paths, authorizations and responsibility between differing levels in the organization and that steering documents in the form of internal policies and guidelines include all material areas and that these provide guidance to the various employees of Byggmax.

A key component of the Board's work is the preparation and approval of a number of policies including the rules of procedure for the Board of Directors, the President's instructions, financial policy, IT policy, information policy and the logbook and insider policy. The aim of these policies includes creating the foundation for acceptable internal control. All policies are reported annually and adopted by the Group management or Board.

Byggmax's accounting process is documented in an accounting manual.

Risk assessment

All business activities are linked to a certain degree of risk

¹ COSO (Committee of Sponsoring Organizations of the Treadway Commission) as the framework that has the widest spread and international acceptance, and which takes a particular position on the definition of accepted internal control.

taking. A structured risk assessment enables the identification of significant risks.

Byggmax operates an ongoing process of risk analysis in which the risks of errors in the financial reporting of significant income statement and balance sheet items are analyzed. Other risks in conjunction with the financial reporting include the risk of fraud, loss or misappropriation of assets. The Board of Byggmax continuously assesses the Company's risk management. This includes assessing the preventative measures taken to reduce the Company's risks, which entails ensuring the Company is appropriately insured and that the Company has the requisite policies and guidelines in place.

Control activities

The Group's control structure is designed to handle the risks the Board assesses as being significant for the internal control of financial reporting. In Byggmax, the control structures comprise an organization with clear roles that enables an efficient, and from an internal control perspective, suitable allocation of responsibilities, and additionally of specific control activities that are aimed at identifying or safeguarding from the risks of errors in the reporting. Byggmax has a systematic modus operandi to minimize the risk of fraud and/or theft, this includes efforts to minimize waste in the stores.

Information and communication

Byggmax has an information policy that includes guidelines for internal and external information from the Company. External information is disclosed in compliance with stock exchange and securities legislation and the Swedish Financial Supervisory Authority's regulations. Internal dissemination of price-sensitive information occurs only after Byggmax has released the corresponding information to the stock market. Steering documentation in the form of policies, guidelines and manuals are communicated via the Group's intranet and accounting manual.

Monitoring

The Group's accounting functions are integrated via a joint accounting and reporting system. The Board and Group management are provided with ongoing information in respect of the Group's financial performance, situation and development of the business. The reports also contain analytical follow-ups, trend monitoring and benchmarking between stores. The accounting function has the same procedures and requirements of documentation at every monthly closing. The Board continuously evaluates the information provided by the Group management. The work includes ensuring that measures are taken in respect of faults and proposed measures that may have been identified in the external audit.

FREDRIK CAPPELEN

Chairman of the Board

ANDERS MOBERG

Board member

JOHANNES LIEN

Board member

LOTTIE SVEDENSTEDT

Board member

STEFAN LINDER

Board member

STIG NOTLÖV

Board member

AUDITOR'S STATEMENT REGARDING CORPORATE GOVERNANCE

To the annual meeting of the shareholders in Bygghmax Group AB (publ), Corporate Identity Number 556656-3531

ASSIGNMENT AND ALLOCATION OF RESPONSIBILITY

We have audited the corporate governance report for the year 2010 on pages 72–75. This report and its compliance with the Companies Act is the responsibility of the Board of Directors. Our responsibility is to express an opinion on the corporate governance report on the basis of our audit.

FOCUS AND ALLOCATION OF RESPONSIBILITY

The audit has been conducted in accordance with FAR's auditing standard RevU 16, The auditor's examination of the corporate governance report. This standard requires that we have planned and performed the audit to obtain reasonable assurance that the corporate governance report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance report. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

STATEMENT

In our opinion, the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 2nd 2011

Öhrlings PricewaterhouseCoopers AB

Anna-Carin Bjelkeby

Authorised Public Accountant

DEFINITIONS

DEFINITIONS OF FINANCIAL KEY RATIOS/REPORTING TERMINOLOGY

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

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

EBITDA: Operating profit before amortization of goodwill and impairment.

EBITA: Operating profit before amortization of goodwill.

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

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

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

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

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

Interest-coverage ratio: EBITDA in relation to total interest expenses.

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

Equity/assets ratio/risk-bearing capital: Adjusted shareholders' equity + subordinated shareholder loans divided by total assets.

Capital employed: Equity plus net debt.

Shareholders' equity per share: Shareholders' equity divided by the number of outstanding shares.

Indebtedness, multiple/debt/equity ratio: Interest-bearing liabilities excluding shareholder loans minus cash and cash equivalents divided by EBITDA.

Dividend per share: Dividend divided by the number of shares.

Cash flow from business activities per share: Cash flow from business activities for the period divided by the number of shares.

Stock turnover: Inventory costs for the period divided by the average inventory (mean value of incoming and outgoing inventory value).

DEFINITION AV BRANCH SPECIFIC KEY RATIOS

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

DEFINITION OF ENVIRONMENTAL REPORT

Transported goods [ton] – The amount of goods, in tons, that are transported from suppliers to Bygghuset facilities and distribution centers.

Transport work [ton km] – The mass in tons of every individual type of goods multiplied by the transport distances in kilometers.

Transport work per ton [ton km/ton] – The amount of transport work per ton of goods transported.

CO₂ per transported ton of goods [kg] – Carbon emissions per ton of transported goods.

Mixed-waste – Unsorted material that is not packaging. Paper, corrugated board, wood and plastic, mixed scrap, textiles, non-combustible waste.

General waste, unsorted – General waste that is not suitable for recycling or energy recovery.

Sorted waste – Not general waste or mixed-waste.

DISTRIBUTION OF ANNUAL REPORT

Bygghuset's Annual Report is available only via the Group's website.

INFORMATION ABOUT THE ANNUAL GENERAL MEETING

Information about the Annual General Meeting

Shareholders in the Bygghmax Group AB (publ), corporate registration number 556656-3531, are invited to attend the Annual General Meeting (AGM) on Friday, April 1, 2011 at 11:00 a.m. at Scandic Infra City in Upplands Väsby, Stockholm.

Right to participate in the AGM

Shareholders who wish to participate in the AGM must: both be listed in the register of shareholders maintained by Euroclear Sweden AB on Friday, March 25, 2011, and notify the Company of their intention to attend the AGM, and the attendance of any advisors, no later than at 4:00 p.m. on Monday, March 28, 2011.

Notification

Notice of participation in the AGM should be submitted in one of the following ways:

- By e-mail: info@bygghmax.com
- By telephone: +46 8 514 930 60

In writing: Bygghmax Group AB, Box 6063, SE-171 71 Solna, Sweden (Label the letter "AGM")

On notification, shareholders must provide the following information:

- Name
- Personal ID/corporate registration number
- Address and daytime telephone number
- Shareholding in Bygghmax
- Where applicable, the names of any advisors, maximum two, who will accompany the shareholder to the AGM, or the name of a proxy.

When applicable, notice should be accompanied by full proof of authority such as the certificate of registration or its equivalent.

Trustee registered shares

Shareholders who have registered their shares in the name of a trustee via a bank or securities institution must temporarily re-register the shares in their own names in order to participate at the AGM. Such temporary re-registration must be executed with Euroclear Sweden AB no later than Friday, March 25, 2011, which means that shareholders are advised to notify their