Annual Report 15

2016 Annual General Meeting

The Annual General Meeting (AGM) of Bufab AB (publ) will be held on 3 May 2016, at 2:00 pm at the Gamla Gummifabriken premises, Jönköpingsvägen 15/Magasinsgatan, Värnamo, Sweden. Pursuant to the articles of association, notice of the AGM will posted in the Swedish National Gazette and on the company's website no earlier than six weeks and no later than four weeks prior to the AGM. An announcement that notice has been given will be published in the Swedish daily Svenska Dagbladet. The information provided below about the AGM does not constitute legal notice of the meeting.

Registration of Participation

Shareholders who intend to attend the AGM must:

- firstly, be registered in the register of shareholders as maintained by Euroclear Sweden AB on 27 April 2016; and
- secondly, notify the company of their intention to attend no later than 27 April 2016, by mail to Bufab AB, Box 2266, SE-331 02 Värnamo, Sweden, or by telephone to +46 370 696900, or via e-mail to arsstamma@bufab.com. This notification must include the number of assistants who will be attending.

The notification should include the shareholder's name, personal identity number or Corporate Registration Number, address and telephone number. The information received will be registered in a database and used solely for the purpose of the 2016 AGM.

For shareholders wishing to participate through an authorised representative, the company provides proxy forms on its website, www.bufab.com. Shareholders participating through an authorised representative should submit the completed proxy form to the above address prior to the date of the AGM.

Shareholders whose shares are registered in the name of a bank or other nominee must temporarily register the shares in their own name in order to be entitled to attend the AGM. To ensure that such registration is effected by 27 April 2016, shareholders must inform the nominee well in advance of that date.

15

Contents

GOOD GROWTH IN 2015, AS WELL AS

This is Bufab

Bufab is a trading company that offers its customers a full-service solution as a Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, washers, etc.). Bufab's customer offering, Global Parts Productivity™, aims to enhance the productivity of the customer's C-Parts value chain, reducing their total costs related to C-Parts. Bufab has a diversified customer base in several geographies and sectors within the manufacturing industry.

Bufab was founded in 1977 in Småland, Sweden and over time has developed into a multinational corporation with operations in 23 countries. The company, headquartered in Värnamo, has approximately 935 employees who work mainly in sales, sourcing, quality and logistics.

As a complement to its trading activities, Bufab also manufactures particularly technically demanding C-Parts in-house at two facilities in Sweden and one in the UK.

The Year in Brief

- During the year, Flos B.V. was acquired in the Netherlands and Apex Stainless Fasteners Ltd in the UK.
- Net sales rose by 12 per cent to SEK 2,458 million. This was a 3 per cent increase when adjusted for currency effects and acquisitions.
- Earnings per share rose by 11 per cent to SEK 3.27.
- The Board of Directors proposes raising the dividend by 13 per cent to SEK 1.70 per share.

ORGANIC THROUGH ACQUISITIONS

Key figures

SEKm	2015	2014	Change, %
Order intake	**2,463**	2,195	12
Net sales	**2,458**	2,198	12
Gross margin, %	**27.5**	29.2	
Operating profit	**197**	174	13
Operating margin, %	**8.0**	7.9	
Adjusted operating profit	**197**	192	2
Adjusted operating margin, %	**8.0**	8.7	
Profit after tax	**125**	112	11
Earnings per share, SEK	**3.27**	2.94	11
Dividend, SEK	**1.70***	1.50	13
Average number of employees	**834**	805	

*Proposed by Board of Directors. See page 58 for definitions.

GROWTH AND A IN A CHALLENGING

In summarising 2015, I can proudly say that during the year we have become substantially stronger. Good growth despite a relatively weak industry outlook strengthened our market position, and we achieved Bufab's best sales ever. Even if our gross margin was under pressure during the year from an unfavourable trend in exchange rates, by undertaking countermeasures in pricing, sourcing and greater efficiencies, we were able to retain and even slightly improve our operating profit. We also carried through two acquisitions that improve our position in important areas and which will contribute to improving profitability in the future. In addition, we continued our long-term, systematic efforts to strengthen Bufab's relations with its customers and suppliers, and our efforts to improve our working methods, systems and organisation. All in all, it was an important year for Bufab that means that we can look to 2016 with confidence.

Another year of good growth

During 2015, we were able to present Bufab's highest sales ever in our close to 40-year history, despite a cautious industry outlook. Our net sales rose by 12 per cent to SEK 2,458 million, of which 3 per cent was organic growth. The increase in sales outside Sweden was particularly pleasing: 25 per cent, of which 9 per cent was organic growth – a good result! In Sweden, where we lost a major customer of one of our manufacturing units, we noted negative growth unfortunately. Our ambition is to continue our organic growth, including changing to growth in our important home market of Sweden.

Two main factors underlie Bufab´s growth. The first is that we are benefiting from a long-term trend among our customers towards consolidation of their suppliers and optimised value chains. Bufab is one of few players that have a sufficiently wide geographical presence and a strong enough offering in sourcing, quality and logistics. We call this offering Global Parts Productivity™. With this offering and our presence in 23 countries, we are able to capture market share from smaller local suppliers. The second is that for three years we have been working purposefully to increase new sales; work which has evidently borne fruit in 2014 and 2015 in the form of increased market shares.

In other words, we see excellent opportunities for continuing our organic growth in 2016, too.

Margin under pressure from exchange rates, but countermeasures beginning to have an impact

In 2015, Bufab's gross margin was under pressure from what was for us an unfavourable trend in exchange rates, primarily a weak rate for the SEK and EUR in relation to the USD. By the end of 2014, we had already launched a programme of countermeasures that we have implemented during the year. These countermeasures are primarily price adjustments to customers, sourcing savings and an internal cost-cutting programme of SEK 15 million. These measures had a gradual impact during the year and made it possible to improve our adjusted operating profit to SEK 197 million (192) even though the adjusted operating margin for the full-year fell to 8.0 per cent (8.7).

In 2016, we will continue to focus on measures to improve our gross margin. These efforts will be facilitated by internal improvements in our sourcing organisation and supplier base, and by low commodities prices, energy prices and capacity utilisation among our suppliers.

Improved cash flow and two strategically important acquisitions

The year 2015 began and ended with an acquisition. In February, we acquired the Dutch company Flos B.V., a very well-managed company that focuses on specialised components and peripherals that improve customers' productivity. Thus far, the company has integrated well with Bufab and shown good growth and profitability. In November, Bufab acquired the British company Apex Stainless Fasteners Ltd. This company is one of the UK's leading distributors of

STRONGER BUFAB BUSINESS ENVIRONMENT

stainless steel fasteners, an important niche for Bufab that requires specific competence and a specialised supplier base. With Apex Stainless, we hope to be able to grow with healthy profitability in this segment and also strengthen our position in the UK. Together, these two companies add annual sales of slightly less than SEK 500 million.

However, both acquisitions are of strategic importance and it is particularly pleasing that after a number of years of relative stagnation, it has been possible to further accelerate Bufab's growth through these acquisitions. Thanks to active efforts with net working capital, in 2015 we achieved an operating cash flow of SEK 194 million. This strong cash flow in combination with low investment needs provide scope for more acquisitions in the future, which is entirely in line with our strategy.

Systematic efforts to build a stronger Bufab

Since we launched our new growth strategy in mid 2012, we have been working systematically to strengthen our working methods, processes and organisation. These efforts took great strides forward during 2015. During the year, we continued to strengthen our sales organisation in terms of both employee numbers and expertise. We have also purposefully standardised and improved our tools, processes and systems in sales, quality, logistics and sourcing within what we call "Bufab Best Practice". Tangible advantages that have already been noted are enhanced sales activities and pricing, concentration of sourcing to fewer but better suppliers, improved net working capital turnover, and an even more robust quality management system. We are also in the process of modernising our ERP system, subsidiary by subsidiary.

Bufab is a trading company and our most important resource is our employees. Our training programme is therefore strategically important for us and part of our efforts to develop shared procedures and processes to make Bufab more efficient. During the year, we continued to develop and train the majority of our most important salespeople and managers within the Bufab Academy.

Stronger than ever going into 2016

As we leave one year behind us and go into a new one, I'm happy to be able to conclude that our position is stronger than ever. We have a solid platform with 31 subsidiaries in 23 countries, shared and efficient processes and procedures, and very committed employees. We have begun to harvest the fruits of our consistent efforts with our international operations, which are now substantially greater than our Swedish operations, and where our margins continue to improve. Through our two acquisitions, we have further improved our economies of scale and added strategic expertise and market presence. But most important of all, our customer base, our supplier base and our organisation are all much better honed than they were just a year or two ago. We can therefore look to 2016 and the future with confidence about our development.

Finally, I would like to thank all of our employees for their efforts and commitment during the year. You have shown in concrete ways that you are, as we say in Bufab, "Solutionists".

Värnamo, March 2016

Jörgen Rosengren,
President and CEO

Board of Directors' Report

The Board of Directors and CEO of Bufab AB (publ) (Bufab), corporate registration number 556685-6240, hereby submits its annual report and consolidated accounts for the 2015 financial year.

The business

Bufab is a trading company that offers its customers a full-service solution as a Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, washers, etc.). Bufab's customers are found in the manufacturing industry, in which components generally are classified as A-Parts, B-Parts and C-Parts. C-Parts are the least strategically important components, and they make up a relatively small portion of the customer's total component costs. Due to the relatively low value of C-Parts (both per component and in total) coupled with high volumes and a large number of suppliers, the indirect costs associated with C-Parts management are often high in relation to the direct costs. The costs of potential deficiencies in C-Part quality and delivery precision can also be significant. Bufab's customer offering, Global Parts Productivity™, is an integrated full-service solution for sourcing, design, logistics and management, warehousing and quality assurance of C-parts. For the customer this means more efficient handling, thus reducing the customer's total costs.

Bufab was founded in 1977 in Småland, Sweden and through organic growth and acquisitions, it has grown into a multinational corporation. Today, the Group has a total of 31 operating companies with activities in 23 countries, primarily in Europe but also in Asia. The Group also exports to more countries to a limited extent. In addition to its trading activities, the Group also operates some manufacturing of C-Parts in Sweden and in the UK. Bufab's in-house manufacturing constitutes a strong complement to its trading activities and accounts for 10 per cent of total sales. It also contributes significant C-Parts manufacturing know-how.

Bufab's customer base is diversified and comprised approximately 13,000 customers in numerous different industries. These customers are also diversified geographically, with locations in the Nordic countries, the rest of Europe, Asia and the US. Bufab's customers vary in size, and consequently their sourcing behaviours and needs vary as well. Bufab therefore offers both wholesale solutions at the local level, and logistics solutions to national and international customers.

Bufab has built up a global network of suppliers and sources a total of 140,000 unique parts from mainly Asia and Europe. Parts equivalent to approximately 50 per cent of the total sourcing value are purchased in Asia, 25 per cent in Sweden and the remaining 25 per cent in the rest of Europe. The proportion of specialised fasteners is rising at the expense of standardised fasteners and today accounts for roughly 50 per cent of Bufab's sales.

Bufab's head office and central warehouse are located in Värnamo and at the end of 2015, the company had 935 employees. Since 21 February 2014, the Bufab share has been listed on Nasdaq Stockholm.

Strategy and financial targets

The strategy is based on three focus areas: accelerated organic growth, increased efficiency and value-adding acquisitions.

Financial targets

Sales growth: +3 percentage points

Bufab's target is to achieve average annual organic growth over a business cycle that exceeds growth in the manufacturing industry in countries where Bufab is active by 3 percentage points. In addition, Bufab intends to grow through acquisitions.

Profitability: 12%

Bufab's target is an average operating margin of 12 per cent over a business cycle.

Capital structure: <80%

Bufab's capital structure is to provide a high degree of financial flexibility, providing scope for acquisitions. The company's debt/equity ratio is not to exceed 80 per cent.

Net working capital: 30%

Bufab's long-term target is to achieve a net working capital to net sales ratio of 30 per cent.

Dividend policy: 50%

Bufab's target is to pay 50 per cent of its net profit in dividends. However, the company's financial condition, cash flow, acquisition opportunities and future prospects are to be taken into account in any dividend decision.

Significant events during the financial year

Bufab aims to accelerate organic growth by continuously developing its customer offering and strengthening its sales organisation. In 2015, Bufab continued along this path and the Group as a whole increased its market shares somewhat. Good growth in segment International mitigated the weaker trend in segment Sweden.

Bufab's strategy for increasing efficiency primarily aims to improve the company's operating margin and working capital turnover. During 2015, Bufab continued its work to strengthen its sourcing organisation with the aim of concentrating purchasing to fewer suppliers and thus achieving better purchase prices. New processes and procedures have been introduced primarily with the purpose of optimising inventories in order to increase the rate of working capital turnover.

During 2015, Bufab acquired two companies: the Dutch company Flos B.V. and Apex Stainless Holdings Ltd in the UK. Flos B.V. is a leading Dutch supplier of C-Parts comprising fasteners as well as specialised components. Apex Stainless Holdings Ltd, a British company specialised in the distribution of stainless steel fasteners primarily to customers based in the UK. Together, these two companies add annual sales of around SEK 500 million. For more information, refer to Note 34.

SEKm	2015	2014	2013	2012	2011
Net sales	**2,458**	2,198	2,031	2,034	2,147
Operating profit	**197**	174	201	137	184
Adjusted operating profit	**197**	192	203	165	209
Operating margin, %	**8.0**	7.9	9.9	6.7	8.6
Adjusted operating margin, %	**8.0**	8.7	10.0	8.1	9.7
Profit after tax	**125**	112	131	29	58
Earnings per share, SEK	**3.27**	2.94	3.43	n.a.	n.a.
Dividend, SEK	**1.70***	1.50	n.a.	n.a.	n.a.
Debt/equity ratio,%	**75**	47	60	80	307
Average working capital in relationship to net sales, %	**36.3**	36.6	35.5	36.7	35.7
Operating cash flow	**194**	117	199	204	82
Average number of employees	**834**	805	771	750	731

*Proposed by Board of Directors. See page 58 for definitions.

Order intake and net sales

Order intake amounted to SEK 2,463 million (2,195) and was somewhat higher than net sales.

Net sales increased by 12 per cent to SEK 2,458 million (2,198). This represented a 3 per cent increase when adjusted for currency effects and acquisitions. Adjusted in the same way, growth for segment International was +9 per cent and for segment Sweden was -4 per cent.

Healthy growth in segment International with higher market shares mitigated the weaker trend in segment Sweden. The Group as a whole increased its market shares somewhat.

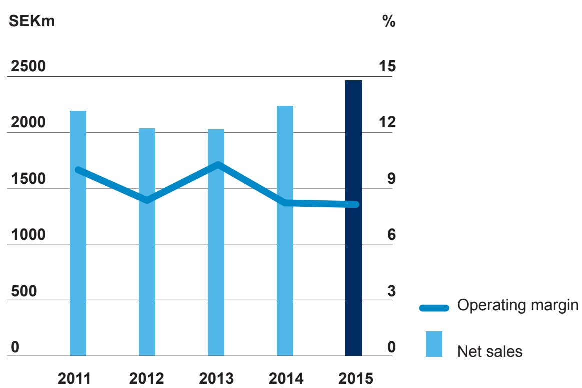
Profit and profitability

Operating profit increased to SEK 197 million (174), corresponding to an operating margin of 8.0 per cent (7.9) and the adjusted operating profit increased to SEK 197 million (192), corresponding to an adjusted operating margin of 8.0 per cent (8.7). Exchange-rate fluctuations impacted operating profit by SEK -50 million, volume by SEK +9 million, the price/cost mix and other factors by SEK +43 million, acquisitions by SEK +11 million and the cost of acquisitions by SEK -8 million.

The Group's net financial expense was SEK -26 million (-23) and was impacted negatively by exchange-rate differences in the amount of SEK -5 million (-2). The Group's profit after financial items was SEK 171 million (151).

The tax expense during the period was SEK 46 million (39), which corresponds to a tax rate of 27 per cent (26). Profit after tax was SEK 125 million (112).

Net sales (SEK millions) and adjusted operating margin (%)

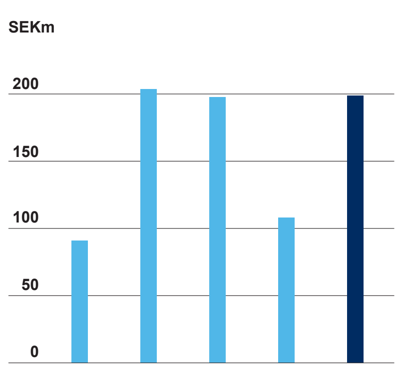


Cash flow, working capital and financial position

Operating cash flow amounted to SEK 194 million (117). Average working capital in relation to net sales amounted to 36.3 per cent (36.5).

At 31 December 2015, Group net indebtedness amounted to SEK 884 million (543) and the debt/equity ratio was 75 per cent (47). The increase in net indebtedness was attributable to acquisitions.

Operating cash flow



Segments

Bufab conducts business in three segments of which two are operational segments, segment Sweden and segment International. Consolidated activities that were not assigned to the geographic segments are reported in segment Other. The two operational segments manage local customer relationships and offer similar product and service ranges for C-Parts. The two segments' subsidiaries are organised into seven geographic regions.

Segment Sweden

Segment Sweden comprises Region Sweden, which includes Bufab's subsidiaries in Sweden and the USA. Besides trading activities, Bufab has its own manufacturing at two facilities in Sweden: Värnamo and Åshammar. The central warehouse for all trading activities in Sweden is located in Värnamo.

SEKm	2015	2014	Change in %
Order intake*	**932**	968	-4
Net sales*	**937**	982	-4
Gross margin, %	**28.7**	31.7	
Operating profit/loss	**108**	144	-25
Operating margin, %	**11.5**	14.6	

*Pertains to net sales and order intake from external customers

Order intake amounted to SEK 932 million (968) and was less than net sales.

Net sales fell by 4 per cent to SEK 937 million (982). Sales in the segment were impacted negatively by a customer to one of the manufacturing units choosing to begin its own manufacturing starting in the fourth quarter of 2014, and by customers choosing to move their production abroad, which is advantageous for sales in segment International. This lost manufacturing negatively impacted net sales for the year by SEK 40 million. Market shares are otherwise assessed as being unchanged.

The gross margin fell to 28.7 (31.7) per cent primarily as a consequence of higher sourcing costs due to a weaker SEK exchange rate and lower volumes. It has only been possible to partially compensate for these effects with price rises and by cutting purchasing and other costs.

Operating profit amounted to SEK 108 million (144), corresponding to an operating margin of 11.5 per cent (14.6). Exchange-rate fluctuations impacted operating profit by SEK -36 million, volume by SEK -20 million and the price/cost mix by SEK +20 million.

Segment International

Segment International comprises all businesses Bufab operates outside Sweden and the United States. Businesses within the segment are organised in six regions: North, South, Central, East, Asia&Pacific and UK. The segment comprises in total 25 companies in 21 countries.

SEKm	2015	2014	Change in %
Order intake*	**1,531**	1,227	25
Net sales*	**1,521**	1,217	25
Gross margin, %	**27.6**	28.0	
Operating profit/loss	**119**	75	59
Operating margin, %	**7.8**	6.2	

*Pertains to net sales and order intake from external customers

Order intake amounted to SEK 1,531 million (1,227) MSEK and exceeded net sales.

Net sales increased by 25 per cent to SEK 1,521 million (1,217). The companies acquired during the year contributed 12 percentage points. This was a 9 per cent increase when adjusted for currency effects and acquisitions. The strategic initiatives in sales have had an effect and resulted in higher market shares. Improved underlying demand, primarily during the first half of the year, also contributed positively.

The gross margin fell slightly to 27.6 (28.0) per cent primarily due to exchange-rate fluctuations.

Operating profit for the period amounted to SEK 119 million (75), corresponding to an operating margin of 7.8 per cent (6.2). Exchange-rate fluctuations impacted operating profit by SEK -14 million, volume by SEK +29 million, the price/cost mix and other factors by SEK +18 million, and acquisitions by SEK +11 million.

Seasonal variation

Bufab has no significant seasonal variation in its sales, but sales over the year vary based on the number of production days in each quarter for customers.

Risks and uncertainties

Exposure to risks is a natural element of business operations, and this is reflected in Bufab's approach to risk management. It aims to identify and prevent risks from arising and to limit any damage that may be incurred as a result of these risks. The most significant risks to which the Group is exposed are related to the economy's bearing on customer demand. For more information, refer to Note 3.

Employees

At year-end, the Group had 935 full-time employees (816) on 31 December 2015. The average number of full-time employees in 2015 was 834 (805). For further information about employees, please refer to Note 7.

Environment

The Group works proactively with environmental issues to reduce its environmental impact.

Bufab conducts operations through 31 companies, three of which operate in-house manufacturing. At year-end 2015, the manufacturing companies were subject to environmental licensing requirements under the Swedish Environmental Code. Environmentally licensed operations account for 9 per cent (12) of the Group's overall net sales. Environmental licences are required due to the nature of the operations. These companies have been granted licences to conduct environmentally hazardous activities. The Group's other companies conduct trading activities only, which have limited environmental impact. See Note 32 for additional information.

Guidelines for remuneration of senior executives

The guidelines for the remuneration of senior executives were adopted by the AGM on 5 May 2015.

The guidelines apply for remuneration of the CEO and other senior executives. Bufab strives to offer total remuneration that will attract and retain qualified employees. Fixed salary is to be market-based and must reflect the responsibility that the work involves. The fixed salary is to be revised annually.

Normally, variable salary is not to exceed 50 per cent of the fixed salary. The variable salary is to be based on established goals connected to Bufab's financial development and is to be revised annually.

The Board is to annually evaluate whether or not a long-term share-based incentive programme for senior executives and any other employees is to be proposed to the AGM.

Senior executives may be offered individual pension solutions. As far as possible, the pensions are to be defined-contribution plans.

Other benefits may be provided but are not to constitute a significant portion of the total remuneration.

The notice of termination between the company and the CEO is a maximum of 18 months. Other senior executives are to have a shorter notice of termination period.

The Board is entitled, in individual cases and if there are specific reasons, to deviate from the above guidelines for remuneration. Should such deviation occur, information about this and the reason must be reported at the next AGM. The guidelines for the remuneration of senior executives to be proposed to the 2016 AGM are identical to those adopted in 2015 and are available on the company's website, www.bufab.com.

Parent Company

The operations of the Parent Company, Bufab AB (publ), cover the CEO, the consolidated financial reports and the financial management of the Group. Most Group-wide operations pertaining to the remaining members of Group management and administration are managed by the subsidiary Bult Finnveden AB. Accordingly, the Parent Company does not report any sales. The Parent Company reported a loss after financial items of SEK -7 million (-22).

Share capital and ownership structure

On 31 December 2014, the Parent Company's share capital amounted to SEK 547,189.10 divided among 38,110,533 ordinary shares. There was no change during 2015, and consequently the share capital on 31 December 2015 amounted to SEK 547,189.10 divided among 38,110,533 ordinary shares. The largest shareholder on 31 December 2015 with slightly more than 9 per cent of shares and votes was Carnegie Funds. On 30 January 2016, the biggest shareholder with slightly more than 10 per cent of shares and votes was Liljedahl Group AB.

2016 Annual General Meeting

The AGM for Bufab AB (publ) will be held on 3 May 2016 in Värnamo, Sweden.

Notice of the 2016 AGM and other documentation will be available on Bufab's website, www.bufab.com, from 5 April 2016.

Dividend

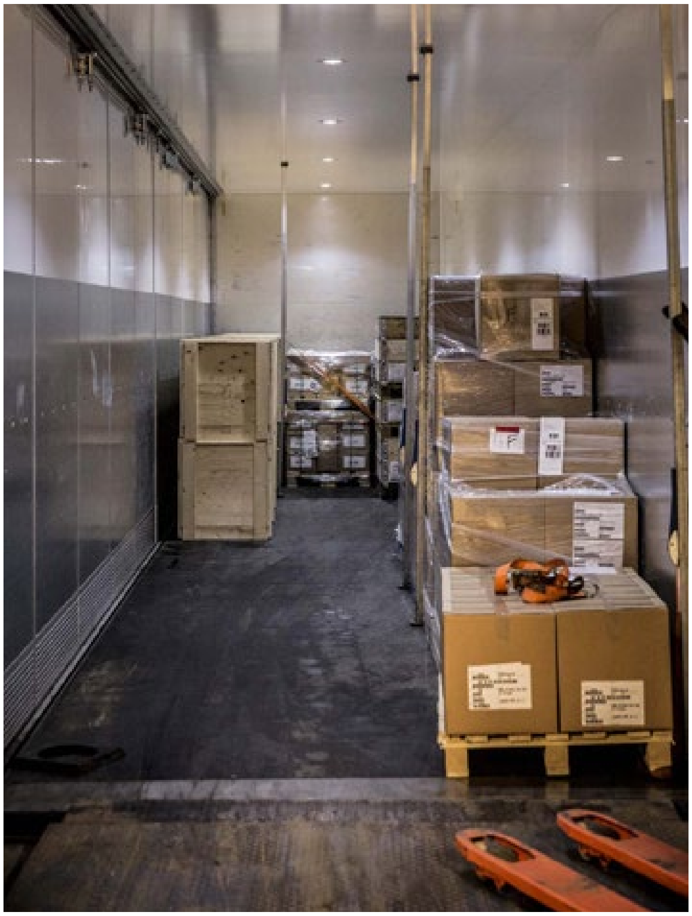
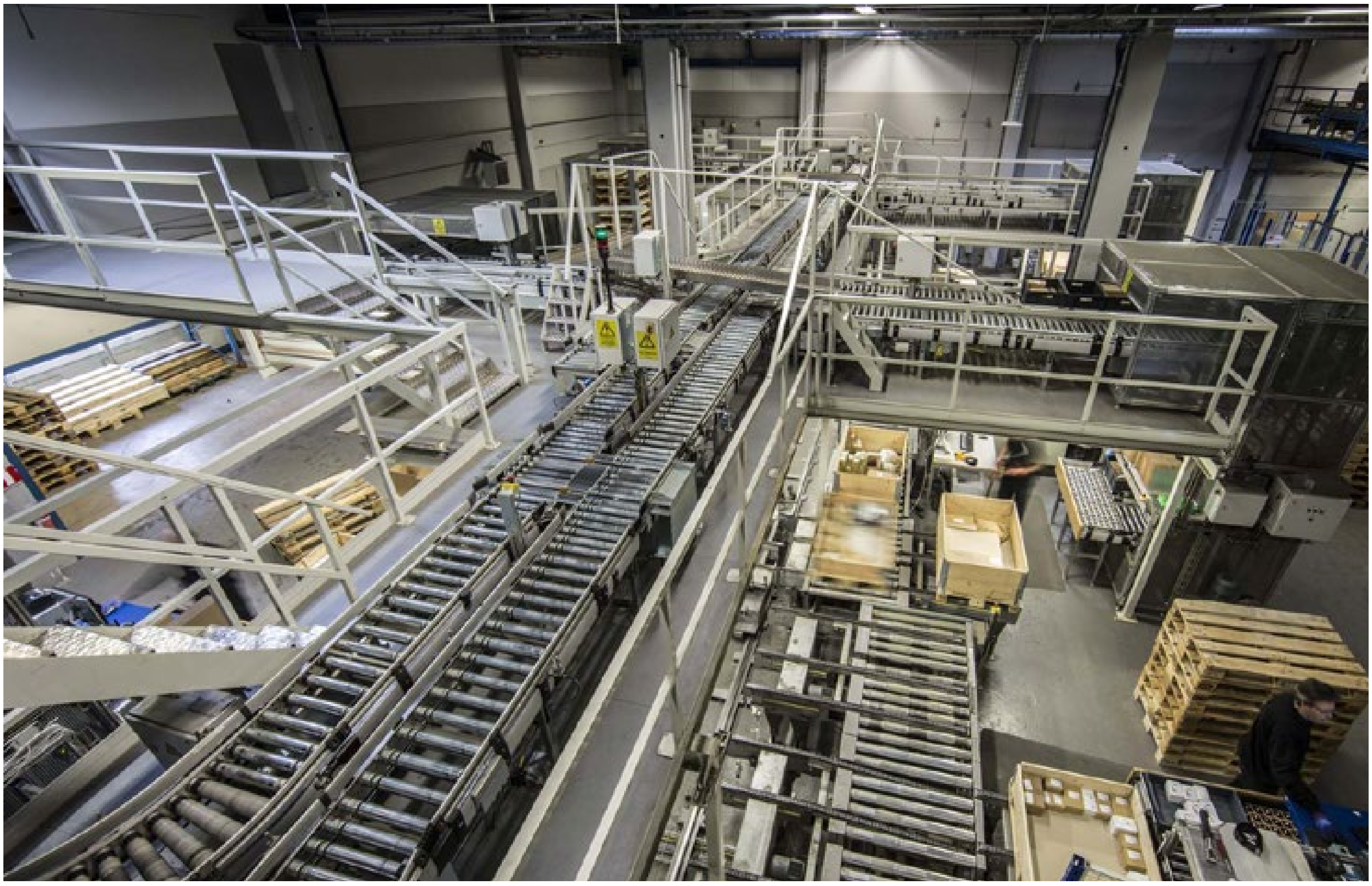
The Board of Directors proposes a dividend of SEK 1.70 (1.50) per share for 2015, corresponding to a total dividend of SEK 65 million (57). The proposed record date is 6 May 2016 and the expected payment date for dividends is 11 May. It is proposed that the share be traded without dividend entitlement as of 4 May 2016.

Events after the end of the financial year

In March 2016, 100 per cent of the shares in Magnetfabriken AB were acquired. The company has an annual turnover of less than SEK 20 million and six employees. More information about the acquisition will be available in the interim report for the first quarter of 2016.

Proposed appropriation of profits

The following earnings are at the disposal of the AGM	(SEK)
Retained earnings	438,957,854
	438,957,854
The Board of Directors and CEO propose that the earnings be appropriated as follows:	
A dividend of SEK 1.70 to be paid shareholders	64,787,906
To be carried forward	374,169,948
Total	**438,957,854**

Consolidated income statement

SEK million		2015	2014
	Note(s)		
Net sales	2, 5	2,458	2,198
Cost of goods sold	8	-1,781	-1,557
Gross profit		**677**	**641**
Distribution costs	8, 23	-341	-325
Administrative expenses	8	-138	-144
Other operating income	9	35	22
Other operating expenses	10	-36	-20
Operating profit	2, 3, 4, 5, 6, 7, 11, 12, 15	**197**	**174**
Profit/loss from financial items			
Interest and similar income	13	1	2
Interest and similar expenses	14	-27	-25
Profit after financial items	15	**171**	**151**
Tax on profit for the year	16	-46	-39
PROFIT FOR THE YEAR		**125**	**112**

Statement of comprehensive income

SEK million		2015	2014
PROFIT FOR THE YEAR		**125**	**112**
Other comprehensive income			
Items that will not be reclassified in profit or loss			
Actuarial gains and losses, net after tax		-	-3
Items that may be reclassified in profit or loss			
Translation difference, net assets in foreign currency		-41	25
Gain from hedging of net assets in foreign currency		12	-
Deferred tax on gain from hedging		-3	-
Other comprehensive income after tax		**-32**	**22**
Total comprehensive income		**93**	**134**
Total comprehensive income attributable to:			
Parent Company shareholders		93	134
EARNINGS PER SHARE			
SEK		**2015**	**2014**
Earnings per share	17	3.27	2.94
Weighted number of shares outstanding, thousands		38,110.5	38,110.5
Diluted earnings per share, SEK	17	3.27	2.94
Weighted number of shares outstanding after dilution, thousands		38,110.5	38,110.5

Consolidated balance sheet

SEK million	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	18	896	739
Other intangible assets	18	54	5
Work in progress and advances for intangible assets	20	5	8
Total intangible assets		**955**	**752**
Property, plant and equipment			
Land and buildings	19	11	12
Plant and machinery	19	46	52
Equipment, tools and fixtures & fittings	19	73	73
Work in progress and advances for property, plant and equipment	20	8	3
Total property, plant and equipment	**21**	**138**	**140**
Financial assets			
Deferred tax assets	27	22	25
Other non-current receivables	22	4	3
Total financial assets		26	28
Total non-current assets		**1,119**	**920**
Current assets			
Inventories	2		
Raw materials and consumables		12	13
Products in progress		20	23
Finished goods and merchandise		824	662
Total inventories		**856**	**698**
Current receivables			
Trade receivables	23	509	414
Tax assets		15	18
Other receivables		21	22
Prepaid expenses and accrued income	24	26	20
Total current receivables		**571**	**474**
Cash and bank balances		107	128
Total current assets		**1,534**	**1,300**
TOTAL ASSETS		**2,653**	**2,220**

Consolidated balance sheet

SEK million	Note	31 Dec 2015	31 Dec 2014
EQUITY AND LIABILITIES			
Equity	25		
Share capital		1	1
Other paid-in capital		488	488
Other reserves		-10	22
Retained earnings		704	636
Total equity		**1,183**	**1,147**
Non-current liabilities			
Pension obligations, interest-bearing	26	31	30
Deferred tax, non-interest-bearing	27	46	34
Other interest-bearing liabilities	28	809	569
Other non-interest-bearing liabilities		26	2
Total non-current liabilities		**912**	**635**
Current interest-bearing liabilities			
Liabilities to credit institutions		100	64
Overdraft facilities	30	51	8
Total current interest-bearing liabilities		**151**	**72**
Current non-interest-bearing liabilities			
Trade payables		253	246
Current tax liabilities		27	10
Other liabilities		43	22
Accrued expenses and deferred income	31	84	88
Total current non-interest-bearing liabilities		**407**	**366**
TOTAL EQUITY AND LIABILITIES		**2,653**	**2,220**
Pledged assets	29	1,250	1,206
Contingent liabilities	32	59	57

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total equity
Equity on 1 January 2014	**0**	**488**	**-3**	**527**	**1,012**
Comprehensive income					
Profit after tax	-	-	-	112	112
Other comprehensive income					
Items that will not be reclassified in profit or loss					
Actuarial loss on pension obligations, net after tax	-	-	-	-3	-3
Items that may be reclassified in profit or loss					
Translation difference, net assets in foreign currency	-	-	25	-	25
Total comprehensive income	**0**	**0**	**25**	**109**	**134**
Transactions with shareholders					
Paid-in capital	1	-	-	-	1
Total shareholder transactions	**1**	**0**	**0**	**0**	**1**
Equity on 31 December 2014	**1**	**488**	**22**	**636**	**1,147**
Comprehensive income					
Profit after tax	-	-	-	125	125
Other comprehensive income					
Items that may be reclassified in profit or loss					
Translation difference, net assets in foreign currency	-	-	-41	-	-41
Gain from hedging of net assets in foreign currency	-	-	12	-	12
Deferred tax on gain from hedging	-	-	-3	-	-3
Total comprehensive income	**0**	**0**	**-32**	**125**	**93**
Transactions with shareholders					
Dividend to Parent Company shareholders	-	-	-	-57	-57
Total shareholder transactions	**0**	**0**	**0**	**-57**	**-57**
Equity on 31 December 2015	**1**	**488**	**-10**	**704**	**1,183**

Consolidated cash-flow statement

SEK million	2015	2014
Operating activities		
Profit before financial items	197	174
Depreciation/amortisation and impairment	35	32
Interest and other finance income	0	2
Interest and other finance expenses	-23	-22
Other non-cash items	-1	3
Income tax paid	-38	-32
Cash flow from operating activities before changes in working capital	**170**	**157**
Cash flow from changes in working capital		
Increase (-)/decrease (+) in inventories	-3	-52
Increase (-)/decrease (+) in operating receivables	-3	-23
Increase (+)/decrease (-) in operating liabilities	1	24
Cash flow from operating activities	**165**	**106**
Investing activities		
Acquisition of property, plant and equipment	-25	-29
Acquisition of subsidiaries	-393	0
Acquisition of intangible assets	-7	-12
Cash flow from investing activities	**-425**	**-41**
Financing activities		
Capital paid in through shareholder contributions	-	1
Dividend paid	-57	-
Borrowings	370	-
Repayment of borrowings	-70	-40
Cash flow from financing activities	**243**	**-39**
Cash flow for the year	**-17**	**26**
Cash and cash equivalents at beginning of year	128	98
Translation differences	-4	4
Cash and cash equivalents at year-end	**107**	**128**

Notes to consolidated financial statements

All amounts are in SEK million unless otherwise specified.
The figures in brackets indicate the preceding year's values.

Note 1 General information

The company, Bufab AB (publ), Corporate Registration Number 556685-6240, operates as a limited liability company, with its registered office in Stockholm, Sweden. The address of the head office is Box 2266, SE-331 02, Värnamo, Sweden.

Note 2 Summary of key accounting policies

This Annual Report has been prepared in accordance with IFRS as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated annual financial statements have been prepared in accordance with the cost method. The Parent Company's accounting policies are consistent with those applied for the Group, unless otherwise specified.

In addition to these standards, both the Swedish Companies Act and the Swedish Annual Accounts Act contain regulations requiring the disclosure of certain additional information. Preparing financial statements in accordance with IFRS requires the use of a number of important accounting estimates. Management is also required to make certain judgements when applying its accounting policies. Information about areas that are complex or involve a high proportion of assumptions and estimates, or about areas where accounting estimates are of key significance to the consolidated financial statements, can be found in Note 4. The estimates and assumptions are reviewed regularly and the effect on the recognised amounts is recognised in profit or loss.

No standards or interpretations of significance to the company had been published or come into effect as per 31 December 2015 when preparing the consolidated financial statements

New and amended standards that come into effect in 2016 and onward

The following standards come into effect in financial years beginning on or after 1 January 2016.

IFRS 16 Leases

In January 2016, the IASB published a new leasing standard that will replace IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with some exceptions, are recognised in the balance sheet. This method of recognition is based on the approach that the lessee has the right to control the use of the asset for a period of time in exchange for consideration. Lessor accounting is substantially unchanged. The standard is to be applied to financial years beginning on or after 1 January 2019. Early application is permitted. The EU has not yet adopted the standard. The Group is yet to assess the effects of IFRS 16.

IFRS 9 Financial Instruments

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that pertain to classification and measurement of financial instruments. The standard is to be applied to financial years beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess the effects of introducing the standard.

IFRS 15 Revenue from contracts with customers

This standard regulates how revenue is to be recognised. The extended disclosure obligation entails that information must be disclosed regarding revenue types, timing of regulation, uncertainty of revenue accounting and cash flow attributable to the company's customer contracts. IFRS 15 will replace IAS 18 Revenue and IAS 11 Construction Contracts and associated SICs and IFRICs. IFRS 15 comes into effect on 1 January 2018. The Group is yet to assess the effects of introducing the standard.

Consolidated financial statements

Subsidiaries

Subsidiaries are all the entities in which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50 per cent of the voting rights. The existence and effect of potential voting rights which may be used or converted is taken into account when assessing whether control exists. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases.

The Group's acquisition of subsidiaries is accounted for in accordance with the acquisition method. The cost of an acquisition comprises the fair value of assets transferred including any additional purchase price, equity instruments issued and liabilities incurred or assumed at the transfer date. Transaction expenses attributable to the acquisition are recognised as incurred. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are measured initially at their acquisition-date fair value, irrespective of any minority interest. If the cost of acquisition exceeds the fair value of the Group's share of the acquired net identifiable assets, the difference is recognised as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in profit or loss.

Elimination of intra-group transactions

Intra-group transactions and balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The accounting policies for subsidiaries have been amended, where necessary, in order to ensure consistent application of the Group's policies.

Foreign currency translation

Items in the individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising from the settlement of such transactions and during translation of foreign currency monetary assets and liabilities at the closing rate are recognised in profit or loss.

The results and financial position of all Group entities are translated into the Group's presentation currency. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate, with all resulting exchange-rate differences recognised as a separate component of equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are reported as assets and liabilities in the Group's balance sheet and are translated at the closing rate. The following exchange rates were used for the translation of foreign operations:

Currency	Average rate		Closing rate	
	2015	2014	2015	2014
DKK	1.254419	1.220332	1.224168	1.278087
EUR	9.3562	9.0968	9.135	9.5155
GBP	12.8962	11.2917	12.3785	12.1388
CZK	0.343004	0.330417	0.337992	0.34352
HUF	0.30197	0.02947	0.029177	0.030209
NOK	1.046505	1.089421	0.955645	1.051617
PLN	2.237	2.1746	2.1545	2.2124
RMB	1.3424	1.1135	1.2868	1.2595
INR	0.131652	0.112469	0.125795	0.122989
NTD	0.2683	0.2274	0.2576	0.2502
RUB	0.139001	0.180937	0.114165	0.137483
USD	8.435	6.8577	8.3524	7.8117
RON	2.1342	2.0573	2.0483	2.1365
TRY	3.1075	3.1328	2.8699	3.369

Classification

Non-current assets, liabilities and provisions are amounts expected to be recovered or settled more than 12 months after the balance-sheet date. Current assets and liabilities are amounts expected to be recovered or settled no more than 12 months after the balance-sheet date.

Intangible assets

Goodwill

The amount by which the cost exceeds the acquisition-date fair value of the Group's share of the acquired subsidiary's net identifiable assets is recognised as goodwill. Goodwill on acquisitions of subsidiaries is reported under intangible assets.

Goodwill is not amortised but is tested for impairment annually and is carried at cost less accumulated impairment.

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

Other intangible assets

The Group's other intangible assets comprise acquired customer and supplier relationships and capitalised expenditure for IT and business systems. The Group's basis for acquisitions is that customer relationships and supplier relationships have a limited useful life and are recognised at cost less any accumulated depreciation. Amortisation is applied on a straight-line basis to distribute the costs of their estimated useful lives.

Property, plant and equipment

Property, plant and equipment is recognised as an asset in the balance sheet when, based on available information, it is probable that future economic benefits associated with the ownership will flow to the Group/company and the cost of the asset can be measured reliably.

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The carrying amount of an item of property, plant and equipment is derecognised from the balance sheet on disposal or divestment, or when no future economic benefits are expected from its use. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct distribution costs. The gain or loss is reported under other operating income/expenses.

Leases – Group as lessee

The Group applies IAS 17 Leases. Leases are classified in the consolidated financial statements as financial leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise, it is classified as an operating lease. Assets held under financial leases are recognised as assets in the consolidated balance sheet. Future lease payment obligations are reported as current and non-current liabilities. An asset leased under a finance lease is subject to depreciation, while the lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period. Contingent rents are recognised as an expense in the period in which they are incurred.

Operating lease payments are recognised as an expense over the lease term, based on the use of the asset, which may differ from actual lease payments during the year. If significant changes are made to the provisions of the lease during the term of the lease, an assessment is made as to whether these new provisions would have resulted in a different lease classification had they been in effect at the inception of the lease. If this is the case, the lease is treated as a new lease, to be assessed using the updated parameters at its inception.

Depreciation policies for property, plant and equipment

Depreciation according to plan is based on original cost less estimated residual value. Depreciation is applied on a straight-line basis over the useful life of the asset.

The following depreciation periods are applied:

Customer and supplier relationships	10 years
Other intangible assets	3-5 years
Buildings	12 years
Plant and machinery	5-10 years
Equipment, tools and fixtures & fittings	3-10 years

* Pertains to the financial leasing of buildings, which is why the period of depreciation equals the length of the lease. Also refer to Note 21.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Impairment

Assets with an indefinite useful life are not subject to depreciation or amortisation; instead, these assets are tested annually for impairment. Assets that are subject to depreciation or amortisation are also tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less distribution costs and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

Receivables

Receivables are recognised at cost less any impairment.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An obsolescence risk is also taken into account. At the end of the financial year, the obsolescence reserve totalled SEK 71 million (50), of which SEK 14 million pertain to obsolescence reserves assumed from acquired companies during the year. The cost of the Group's merchandise is calculated as a weighted average purchase price and includes expenses arising from the acquisition of inventories and bringing them to their existing location and condition.

The cost of finished goods and work in progress includes a reasonable proportion of indirect costs. Measurement takes into account normal capacity utilisation.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and other current investments with an original maturity of three months or less, and overdraft facilities. Utilised overdraft facilities are reported as borrowings under current liabilities in the balance sheet.

Borrowings

Borrowings are recognised initially at fair value and are subsequently measured at amortised cost. Any difference between the amount received and the repayment amount is recognised in profit or loss over the borrowing period using the effective interest method.

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

Employee benefits

Group companies have various pension schemes in accordance with local conditions and practices in the countries in which they operate. The most common pension arrangements are defined-contribution pension plans. Under these plans, the company settles its obligations on an ongoing basis through payments to insurance companies or pension funds.

However, the company has a more extensive responsibility in the case of defined-benefit pension plans, which are based on an agreed future pension entitlement. With these plans, the company's recognised cost is affected by factors such as assumptions about the future. The Group's net obligation is calculated separately for each plan by estimating the future benefit that employees have earned through their service in the current and prior periods. The present value of this benefit is determined by discounting the estimated future cash flows. The Group has safeguarded a portion of its obligation through transfers to pension funds, and the fair value of plan assets is offset against the provision in the balance sheet. The discount rate is obtained by reference on the balance-sheet date to market yields on high quality corporate bonds of a term consistent with the term of the Group's pension obligation. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are presented in other comprehensive income when they arise.

For salaried professionals in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and survivors' pensions are backed by an Alecta insurance policy. According to a statement from the Swedish Financial Reporting Board (UFR3 Classification of ITP plans financed by an Alecta insurance policy), this is a defined-benefit plan that encompasses several employers. For the 2015 financial year, the company has not had access to enough information to report its proportional share of the plan's obligations, plan assets and costs, and the company was therefore unable to recognise it as a defined-benefit plan. Accordingly, the ITP 2 pension plan, which is backed by an Alecta insurance policy, was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and survivors' pension is calculated on a case-by-case basis and is determined by such factors as salary, previously vested pension benefits and the expected remaining professional life of the beneficiary.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations calculated using Alecta's actuarial methods and assumptions, which do not correspond with IAS 19. The collective consolidation level is generally permitted to range from 125 to 155 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 155 per cent, actions must be taken to enable the consolidation level to return to the standard interval. In the event of a low consolidation level, the company may raise the contractual cost of signing up for a policy and expanding the current benefits. In the event of a high consolidation level, the company may introduce premium deduction. At the end of the financial year, Alecta's surplus in the form of the collective consolidation level was 153 per cent (144).

Revenues

Net sales comprise revenues from the sale of goods and services. Revenue is recognised in profit or loss when it is probable that future economic benefits will flow to the company and when these benefits can be measured reliably. Revenue includes only the gross inflow of economic benefits received and receivable for the company's own account. Revenue from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership of the goods and the company does not exercise any effective control over the goods sold. Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Settlement is made in cash, with revenue comprising the amount of cash received or receivable. Amounts collected on behalf of third parties are not included in the company's revenue. Revenue from the rendering of services is recognised when the economic outcome of the services can be estimated reliably and the economic benefits flow to the company.

The item "other operating income" includes other revenues in the operation that do not stem from the day-to-day business operations, such as capital gains from the sale of non-current assets and exchange-rate gains from operating receivables/liabilities.

Dividends are recognised when the right to receive payment is established.

Intra-group sales are eliminated in the consolidated financial statements.

Costs

The income statement is classified using the function of expense method. The functions are as follows:

-Cost of goods sold comprises material handling and manufacturing costs, including payroll and material costs, purchased services, costs of premises, and depreciation/ amortisation and impairment of property, plant and equipment.

-Administrative expenses comprise costs of the companies' own administrative functions and costs relating to boards, management and staff functions.

-Distribution costs comprise costs associated with the sales organisation and inventory obsolescence.

-Other operating income/expenses relates to secondary activities, exchange-rate differences on operating items and capital gains/losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income on bank deposits and receivables, interest expense on borrowings, dividend income, exchange-rate differences and other financial income and expenses.

The interest component of financial lease payments is recognised in profit or loss using the effective interest method, which means that the interest is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period.

Tax

Income tax consists of current tax and deferred tax. Taxes are recognised in profit or loss except when the underlying transaction is recognised directly in equity, in which case the related tax effect is also recognised in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the current year. This includes adjustments of current tax attributable to prior periods. Deferred tax is accounted for using the balance-sheet method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates enacted or substantively enacted by the balance-sheet date. Deferred tax is not recognised on temporary differences arising from goodwill on consolidation, and is not normally recognised on temporary differences arising from participations in subsidiaries that are not expected to be taxed in the foreseeable future. Untaxed reserves are recognised including deferred tax liabilities in the legal entity. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised insofar as it is probable that they will result in lower tax payments in the future.

Cash-flow statement

The cash-flow statement is prepared using the indirect method. Recognised cash flows only concern transactions that involve cash inflows and outflows. Cash and bank balances are classified as cash and cash equivalents.

Related-party transactions

None of the Parent Company's total purchases charged to operating profit relate to transactions with other companies within the corporate group to which the company belongs. Within the Group, there are some internal sales between its different markets. Related-party transactions are also reported in Note 7 (employees, personnel expenses and fees paid to directors and auditors) and Note 33 (related-party transactions). Related-party transactions are made on terms equivalent to commercial transactions.

Financial instruments

The Group classifies its financial instruments into the following categories: loans and receivables, and other financial liabilities. Management makes a classification decision on initial recognition, and reviews this decision on each balance-sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments arise when the Group provides money, goods or services directly to a customer without intending to trade the receivable. They are included in current assets unless the settlement date is more than 12 months after the balance-sheet date, in which case they are classified as non-current assets. Loans and receivables are reported under trade receivables and other receivables, as appropriate, in the balance sheet.

Note 3 Risks and risk management

Operational risks

Market and business risks

Customer demand for products and services from Bufab depends on general economic conditions and the level of activity in the manufacturing industry in the countries in which Bufab and its customers operate.

Bufab operates in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Austria, the Czech Republic, Poland, Great Britain, Estonia, Hungary, Spain, Slovakia, India, the United States, Taiwan, China, Russia, Turkey, Romania and Italy.

Bufab's customers are found in a wide spectrum of manufacturing industries, including the technology sector, electronics/telecommunications, consumer goods, the offshore and refining industry, the transportation and construction sectors, furniture and the automotive sector. Geographical diversification combined with a vast number of customers spread across many sectors reduces the effects of isolated changes in customer demand.

The company's broad product range, which includes everything from conventional fasteners to special parts in metal, plastic, rubber, etc., provides a healthy risk spread and a stronger relationship with customers, being a logistics partners, than that of conventional wholesale operation.

However, despite this risk diversification, it can be stated that the company is clearly impacted by customers' underlying demand, which is considered to comprise the company's most tangible operational risk. The company was substantially impacted by reduced customer demand during the sharp global economic downturn in 2009.

There is a risk that major customers will choose to bypass the wholesale stage and deal directly with manufacturers. However, Bufab adds value to its customers by providing efficient logistics and a broad base of suppliers, as well as a reliable level of quality. The company believes that this broad range as a logistics partner remains competitive.

Bufab can be negatively impacted when its suppliers experience economic, legal or operational problems, raise prices or when they are unable to deliver on time or at the agreed level of quality. Bufab sources most of its goods from suppliers that are mainly located in Asia, but also from some European suppliers. Bufab works with a large number of suppliers from different countries. The company aims to avoid making itself dependent on specific suppliers. If a supplier is unable to deliver on time or at the agreed level of quality, alternative sourcing channels are available, albeit at less profit for Bufab.

Inventories constitute a significant share of Bufab's assets and are costly to relocate, store and manage. Accordingly, efficient inventory management is a key element in Bufab's operation. Inefficient inventory management can lead to inventory surpluses or deficits. Inventory surpluses expose Bufab to the risk of having to incur impairment losses on or to dispose of the inventory. Conversely, inventory deficits expose Bufab to the risk of having to source products at higher prices in order to deliver on time, or to incur expensive express delivery costs.

Bufab has a substantial goodwill item in its consolidated balance sheet, which is regularly tested for impairment requirements; see also Note 18.

Competition

Bufab acts as a subcontractor to the engineering industry and faces competition in all types of customer segments. Customer requirements concerning price, quality, delivery reliability, etc. are constantly increasing. Since the entry barriers for smaller companies and the investments required to start a competing business are low, Bufab can also lose sales to new companies. The company's continued success is dependent on its ability to respond to these increasing requirements and be more competitive than its competitors in the areas of attractive pricing, delivery reliability, quality, high internal efficiency and broad, secure logistics solutions from all of the countries in which Bufab operates.

Legal risks

Legal risks primarily include legislation and regulation, government decisions, disputes, etc. The fastener industry within the EU has been subject to heavy duties on imports of standard parts from China in recent years. Bufab has been forced to find alternative purchasing channels, primarily in Asia, which has worked well considering the volume size. In 2011, the EU also imposed heavy duties on imports of standard parts from Malaysia. At the end of February 2016, the EU withdrew the increased duties on imports of standard parts from China and Malaysia, on the advice of the WTO. Great uncertainty remains as to whether the EU will re-introduce increased duties, and the amount of such duties.

Bufab's operations face risks related to taxes and the environment. See also Note 32.

Insurance

Bufab insures its assets against property damage and business interruption losses. In addition, there are insurance policies for product liability, product recall, transportation, legal protection, crime against property and business travel. There have been no significant claims for damages with regard to product liability or product recall during the last decade.

Financial risks

Bufab is exposed to various types of financial risk in the course of its operations. Examples of these are currency, financing, interest rate and counterparty risks. The Board is responsible for adopting risk-management policies. Financial activities such as risk management, liquidity management and borrowing are managed at the Group level by the subsidiary Bult Finnveden AB.

Currency risks

Changes in exchange rates affect the Group's earnings and equity in different ways. Currency risk arises from:

- Flow exposures in the form of receipts and payments in different currencies
- Recognised assets and liabilities of subsidiaries
- Translation of the earnings of foreign subsidiaries to SEK
- Translation of net assets of foreign subsidiaries to SEK

Exchange-rate fluctuations may also affect the Group's competitiveness or that of its customers, thereby indirectly affecting the Group's sales and earnings. The Group's overall currency exposure has increased over time as operations have become more global, with increased trade from Asia as well as a higher proportion of sales outside Sweden – from Swedish subsidiaries but mainly from foreign subsidiaries. The Group's currency risk management policy primarily focuses on transaction-related currency risks. Currency risks are mainly managed by price adjustments to customers and suppliers, and by working to change the business operating terms by aligning revenues and costs in currencies other than SEK with each other.

Some 72 per cent (65) of the Group's total invoicing and 74 per cent (71) of its costs are in foreign currencies. Flow exposure in 2015 was marginally hedged at fixed exchange rates.

During the financial year, the Group's currency flows (excluding the reporting currency, SEK) were distributed as follows (amounts in SEK million):

Currency	Costs*	Sales*
EUR	1,110	1,358
USD	455	177
NOK	43	91
GBP	91	95
DKK	14	42
CZK	15	38
PLN	73	62
HUF	5	0
RMB	81	98
RON	15	48
NTD	80	0
Other	23	11

*Expressed in SEK million. Currency flows represent gross flows, including intra-group transactions

The company's largest exposure is to the USD, as trade from Asia is largely conducted in this currency, and to the EUR, as a large proportion of its European sales are in this currency.

Net assets in foreign subsidiaries correspond to investments in foreign currencies that give rise to translation differences when they are translated to SEK. Loans were raised in GBP and EUR to control the effect of translation differences on the Group's capital structure. Exchange-rate gains and exchange-rate losses on these loans are considered to be effective hedges of translation differences and are recognised directly in other comprehensive income. Refer also to the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Credit risk

Credit risk related to cash and cash equivalents, balances and credit exposures are managed at the Group level. Credit risk related to receivables outstanding are managed by the company in which the receivable was created. The company conducts individual assessments of its customers' credit ratings and credit risks, including customers' financial position, as well as previous experiences and other factors. Management does not expect any losses due to missing payments from counterparties other than the amount reserved as "doubtful debts." Refer to note 23.

Financing, liquidity and capital

Financing risk is defined as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. Liquidity risk is managed by ensuring that the Group holds sufficient levels of cash and cash equivalents and access to financing under credit facility agreements.

Executive management regularly monitors the need to refinance external loans with the aim of renegotiating the Group's credit facilities at least 12 months before the maturity date.

The Group receives its primary financing from a bank under an SEK 1,035 million credit facility with a maturity in February 2018. This credit is linked to certain borrowing terms (known as covenants), which are detailed in Note 28.

At year-end 2015, the Group had a liquidity reserve in the amount of SEK 255 million (382). The Group's finance policy stipulates that the available funds, meaning cash and cash equivalents and available but unutilised credits, must be greater than the Group's standard expenses for 0.7 of a month. On 31 December 2015, the liquidity reserve totalled 1.3 months' standard expenses for the Group.

The Group has a equity/assets ratio of 44.6 per cent (51.7), whereby the equity/assets ratio is defined as recognised equity divided by total assets.

EQUITY/ASSETS RATIO	2015	2014
Group		
Equity	1,183	1,147
Total assets	2,653	2,220
Equity/assets ratio	**44.6%**	**51.7%**

The net debt/equity ratio as at 31 December 2015 and 2014 was as follows:

DEBT/EQUITY RATIO	2015	2014
Group		
Interest-bearing liabilities	991	671
Less: Cash and cash equivalents	-107	-128
Net indebtedness	884	543
Total equity	1,183	1,147
Debt/equity ratio	**75%**	**47%**

The maturity structure for existing borrowings is shown in Note 28. The amounts do not include the current portion, which will mature within one year. The overdraft facility normally matures within one year, but is usually extended on the due date. In terms of its capital structure, the company's goal is to have a debt/equity ratio of less than 80 per cent.

The table below illustrates the Group's financial liabilities categorised by time left to maturity as per balance-sheet date. The amounts shown in the table are the contractual undiscounted cash flows.

On 31 December 2015	Less than 1 year	1-5 years	More than 5 years
Bank loans and overdrafts	154	855	1
Trade and other payables	253	-	-
Total	**407**	**855**	**1**

On 31 December 2014	Less than 1 year	1-5 years	More than 5 years
Bank loans and overdrafts	73	613	3
Trade and other payables	246	-	-
Total	**319**	**613**	**3**

Classification of financial instruments

The following table shows the classification of financial instruments in the balance sheet for 2015 and 2014 (for definitions, see Note 2).

Assets, 2015	**Loans and receivables**	**Non-financial assets**	**Total**
Intangible assets	**-**	**955**	**955**
Property, plant and equipment	**-**	**138**	**138**
Financial assets	**-**	**26**	**26**
Current assets			
Inventories	-	856	856
Trade receivables	509	-	509
Current tax assets	-	15	15
Other receivables	21	-	21
Prepaid expenses and accrued income	-	26	26
Cash and cash equivalents	107	-	107
Total current assets	**637**	**897**	**1,534**
Total assets	**637**	**2,016**	**2,653**

Liabilities, 2015	**Other financial liabilities**	**Non-financial liabilities**	**Total**
Non-current liabilities and provisions	**840**	**72**	**912**
Current liabilities and provisions			
Interest-bearing liabilities	151	-	151
Trade payables	253	-	253
Current tax liabilities	-	27	27
Other liabilities	-	43	43
Accrued expenses and deferred income	-	84	84
Total current liabilities	**404**	**154**	**558**
Total liabilities	**1,244**	**226**	**1,470**

Assets, 2014	**Loans and receivables**	**Non-financial assets**	**Total**
Intangible assets	**-**	**752**	**752**
Property, plant and equipment	**-**	**140**	**140**
Financial assets	**-**	**28**	**28**
Current assets			
Inventories	-	698	698
Trade receivables	414	-	414
Current tax assets	-	18	18
Other receivables	22	-	22
Prepaid expenses and accrued income	-	20	20
Cash and cash equivalents	128	-	128
Total current assets	**564**	**736**	**1,300**
Total assets	**564**	**1,656**	**2,220**

Liabilities, 2014	Other financial liabilities	Non-financial liabilities	Total
Non-current liabilities and provisions	**599**	**36**	**635**
Current liabilities and provisions			
Interest-bearing liabilities	72	-	72
Trade payables	246	-	246
Current tax liabilities	-	10	10
Other liabilities	-	22	22
Accrued expenses and deferred income	-	88	88
Total current liabilities	**318**	**120**	**438**
Total liabilities	**917**	**156**	**1,073**

Financial instruments

IFRS 13 Fair Value Measurement is applied. The standard has not had any impact on the Group's earnings or financial position, but has brought increased disclosure requirements for financial instruments. The same applies to the amendment to IFRS 7 Financial Instruments: Disclosures, which introduces enhanced disclosure requirements for netting of financial assets and liabilities. The Group's borrowings mainly take the form of credit facilities with long-term credit but short fixed-rate periods. Consequently, it is the assessment that the fair value is essentially consistent with the carrying amount.

Interest-rate risk

Changes in interest rates have a direct impact on the Group's earnings, while their impact on the overall economy also produces an indirect effect. The Group's bank loans at the end of the year had an average remaining fixed-rate period of three months.

Sensitivity analysis

Significant factors affecting the Group's earnings are described below. The assessment is based on year-end values, assuming all other factors remain constant.

Fluctuations in sales prices are the variable that has the greatest impact on earnings, with a change of +/-1 per cent on resale prices affecting operating profit by about SEK 25 million (22).

Volume changes and sourcing prices affect Bufab's earnings. A one percentage point change in volume has an effect on earnings of about SEK 9 million (8), while a 1 per cent change in merchandise sourcing prices has an effect of about SEK 16 million (13) on operating profit.

Payroll costs represent a large proportion of the Group's cost base. A 1-per cent increase affects operating profit by about SEK 4 million (4).

The Group's net debt was SEK 884 million on the balance-sheet date. A one percentage point change in the market rate for the closing net debt has an effect on profit after financial items of SEK 9 million (5).

The Group has considerable exposure to the USD, which is related to the company's trade with Asia, particularly China and Taiwan. Local prices in Asia are largely set on the basis of the USD level. A one percentage point stronger USD, with all other variables held constant, has a negative impact of SEK 3 million (neg: 3) on operating profit.

The Group's exposure to the EUR is also considerable. Exposure to the EUR is primarily due to the fact that the Group's invoicing in Europe is largely in this currency. A one percentage point stronger EUR, with all other variables held constant, has a positive impact of SEK 3 million (2) on operating profit.

Note 4 Significant estimates and assessments

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances. The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

The assumptions made in connection with goodwill impairment testing can be found in Note 18.

In 2006, the Group sold four properties located in Värnamo, Svartå and Åshammar. The properties were built and equipped for industrial use. In connection with the sale, leases were signed for a term of 15 years. In the management's overall assessment pursuant to IAS 17, since the future economic benefits and risks after the sale largely flow to the buyer of three of the properties (located in Värnamo and Svartå), the leases for these properties are recognised as operational leases. The leases were subject to minor changes without impacting their classification as operational leases under IAS 17. For the fourth property, located in Åshammar, a new lease was signed in 2013, entailing its classification as a financial lease. See also Note 12.

Bufab has been ordered to carry out surveys of environmental pollutants at an industrial property. See also Note 32.

The Swedish Tax agency denied Bufab tax deductions for interest expenses for the income years 2009, 2011 and 2012. See also Note 32.

Note 5 Information on operating segments

Segment reporting is prepared in accordance with IFRS 8. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that makes decisions about resources to be allocated to the operating segments and assesses their performance. For the Group, this function has been identified as Group management. Three segments have been identified in the Group, two operational named segment Sweden and segment International, as well as segment Other. This segment structure is consistent with the internal reporting.

Segment Sweden includes Bufab's five subsidiaries in Sweden and its subsidiary in the United States, which work closely with other subsidiaries in the segment. Segment International encompasses all activities Bufab engages in outside Sweden and the United States, which includes operations in 21 countries. Net sales in the segments relate to net sales to external customers. No individual customer accounts for more than 10 per cent of net sales in any of the segments. Common overhead costs are distributed between the segments and are allocated on an arm's length basis. Segment Other consists of other unallocated costs for the Parent Company and Group eliminations.

	Sweden		International		Other		Group	
Group	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Income items								
Total revenue	**937**	**982**	**1,521**	**1,217**	**0**	**0**	**2,458**	**2,198**
Operating profit	**108**	**144**	**119**	**75**	**-30**	**-45**	**197**	**174**
Financial items	-	-	-	-	-	-	-26	-23
Profit after financial items	-	**-**	**-**	**-**	**-**	**-**	**171**	**151**
Taxes	-	-	-	-	-	-	-46	-39
Profit for the year	-	**-**	**-**	**-**	**-**	**-**	**125**	**112**
Assets	1,137	1,202	1,463	969	53	49	2,653	2,220
Liabilities	287	301	287	239	896	533	1,470	1,073
Other disclosures								
Investments	20	20	5	14	1	7	26	41
Depreciation	21	22	11	7	3	3	35	32
Impairment	-	-	-	-	-	-	-	-

Note 6 Non-recurring items

NON-RECURRING ITEMS CLASSIFIED BY SEGMENT	2015	2014
Sweden	-	-
International	-	-
Other	-	18
Total	**0**	**18**

NON-RECURRING ITEMS CLASSIFIED BY FUNCTION	2015	2014
Cost of goods sold	-	-
Distribution costs	-	-
Administrative expenses	-	18
Total	**0**	**18**

Non-recurring items for 2014 pertain in full to expenses attributable to the IPO on Nasdaq Stockholm.

Note 7 Employees, personnel expenses and fees paid to directors and auditors

Average number of employees	2015	% Male	2014	% Male
Parent Company				
Sweden	1	100	1	100
Total	**1**	**100**	**1**	**100**
Subsidiaries				
Sweden	304	76	324	73
Norway	20	90	20	95
Finland	51	88	52	90
Germany	21	71	22	77
Poland	37	70	34	76
Austria	28	79	32	81
Czech Republic	18	67	18	67
Spain	10	60	10	60
France	85	62	75	60
Netherlands	58	84	15	80
UK	31	84	15	77
Slovakia	12	67	12	67
Estonia	11	82	12	83
China	55	58	56	52
India	22	82	22	82
Taiwan	13	54	13	54
Romania	27	100	35	69
Russia	6	67	8	63
Hungary	10	60	10	80
Other	14	100	19	91
Total, subsidiaries	**833**	**75**	**804**	**74**
GROUP TOTAL	**834**	**75**	**805**	**74**

Board and senior executives	2015	% Female	2014	% Female
Board	8	25	7	0
Other senior executives	3	33	3	33

	2015		2014	
Salaries, employee benefits and social security fees	**Salaries and benefits**	**Social security fees**	**Salaries and benefits**	**Social security fees**
SEK million				
Parent Company	4.2	2.5	4.0	1.9
(of which pension cost, defined-contribution plans)		0.7		0.6
Subsidiaries	314.3	112.8	295.0	107.2
(of which pension cost, defined-contribution plans)		30.7		31.7
(of which pension cost, defined-benefit plans)		0.8		0.2
GROUP TOTAL	**318.5**	**115.3**	**299.0**	**109.1**
(of which pension cost)		32.2		32.5

	2015		2014	
Salaries and other remuneration categorised by country and among Board members, CEO and other employees	**Management***	**Other employees**	**Management***	**Other employees**
SEK million				
Parent Company	4.2	-	4.0	-
(of which bonuses, etc.)	-	-	0.2	-
Total, Parent Company	**4.2**	**-**	**4.0**	**-**
(of which bonuses, etc.)	-	-	0.2	-
Subsidiaries				
Subsidiaries, Sweden	6.6	126.7	8.7	136.8
(of which bonuses, etc.)	0,0		0.5	
Foreign subsidiaries	24.2	156.8	20.1	129.4
(of which bonuses, etc.)	0.9		2.6	
Total, subsidiaries	**30.8**	**283.5**	**28.8**	**266.2**
(of which bonuses, etc.)	0.9		3.1	
GROUP TOTAL	**35.0**	**283.5**	**32.8**	**266.2**
(of which bonuses, etc.)	0.9		3.3	

* Includes current and former Board members, as well as current and former CEO of the Parent Company and subsidiaries, as well as other senior executives in Group management

GROUP	2015 Fee/Basic salary	2015 Variable remuneration	2015 Other benefits	2015 Pension	2014 Fee/Basic salary	2014 Variable remuneration	2014 Other benefits	2014 Pension
Board of Directors								
Sven-Olof Kulldorff	0.4	-	-	-	0.4	-	-	-
Gunnar Tindberg	0.2	-	-	-	0.2	-	-	-
Adam Samuelsson	0.2	-	-	-	0.2	-	-	-
Hans Björstrand *	0.2	-	-	-	0.2	-	-	-
Eva Nilsagård	0.1	-	-	-	-	-	-	-
Johanna Hagelberg	0.1	-	-	-	-	-	-	-
Ulf Rosberg	0.1	-	-	-	0.2	-	-	-
Johan Sjö	0.2	-	-	-	0.2	-	-	-
CEO								
Jörgen Rosengren	2.6	-	0.1	0.7	2.4	0.2	0.1	0.6
Other senior executives	3.6	-	0.3	1.0	3.5	0.2	0.2	1.0

* Under an agreement valid through January 2015, Board member and former CEO Hans Björstrand serves as a senior advisor for the company. The cost of this assignment was charged to the 2012 financial year.

The chairman is paid fees as resolved by the AGM. The AGM set the Chairman's fees at SEK 0.4 million (0.4). Other Board members receive a total of SEK 1.2 million (1.0). Remuneration for the CEO and other senior executives comprises basic salary, variable remuneration, other benefits and a pension. The term "senior executives" refers to the members of Group management.

The variable remuneration received by the CEO and other senior executives is based on the achievement of financial targets. The CEO received a basic salary of SEK 2.6 million (2.4), variable remuneration of SEK 0.0 million (0.2) and pension benefits of SEK 0.7 million (0.6) during the year. The variable remuneration received by other senior executives is based on operating profit for each area of responsibility and at Group level. Other senior executives received a basic salary of SEK 3.6 million and variable remuneration of SEK 0.0 million.

One board member exercised warrants in the company in 2014. Refer to Note 25 for further details.

The CEO's retirement age is 65. Pension costs are premium based and correspond to 25 per cent of basic salary paid. The company and the CEO have a mutual period of notice of six months. The CEO is also entitled to severance pay of 12 months' basic salary if notice is initiated by the company. The retirement age for other senior executives is 65, and their pension costs are also premium-based. The company and other senior executives have a maximum period of notice of 12 months when notice is initiated by the company and six months when initiated by the employee.

Auditors' fees and remuneration

	2015	2014
PwC		
Audit assignment	3	4
Tax advice	0	0
Other services	3	5*
Other auditors		
Audit assignment	0	0

Audit assignment refers to fees for the statutory audit, meaning the work that was necessary in order to submit the audit report, as well as audit advisory services provided in connection with the audit assignment.

*Costs for other services performed by PwC in 2014 are attributable in their entirety to the IPO process on Nasdaq Stockholm and most of the expenses for other services in 2015 refer to due diligence in acquired companies.

Note 8 Types of costs

	2015	2014
Materials purchased, including costs of delivery	1,547	1,334
Salaries, including social security fees	431	412
Depreciation	35	32
Other	248	248
Other operating expenses	**2,261**	**2,026**

Note 9 Other operating income

	2015	2014
Capital gain on sale of property, plant and equipment	1	1
Exchange-rate gains on operating receivables/liabilities	30	15
Rental income	1	1
Other	3	5
Total other operating income	**35**	**22**

Note 10 Other operating expenses

	2015	2014
Exchange-rate losses on operating receivables/liabilities	-33	-17
Other	-3	-3
Total other operating expenses	**-36**	**-20**

Note 11 Depreciation/amortisation of non-current assets

	2015	2014
Depreciation/amortisation according to plan, by class of asset		
Other intangible assets	-3	0
Buildings	-1	-2
Plant and machinery	-12	-13
Equipment, tools and fixtures & fittings	-19	-17
Total depreciation/amortisation	**-35**	**-32**
Depreciation/amortisation according to plan, by function		
Cost of goods sold	-19	-18
Distribution costs	-12	-12
Administrative expenses	-4	-2
Total depreciation/amortisation	**-35**	**-32**

Note 12 Operational leasing payments

	2015	2014
Assets held under operational leases		
Minimum lease payments	59	47
Total lease payments for the year	**59**	**47**
Agreed future minimum lease payments on non-cancellable leases are due as follows:		
Within one year	59	48
Between one and five years	156	106
After five years	39	49
Total payments	**254**	**203**

The Group's operational leases primarily comprise business premises. These leases are indexed against the Swedish Consumer Price Index and include extension options. For more information, refer to Note 4.

Note 13 Interest and similar income

	2015	2014
Interest income, other	1	2
Total	**1**	**2**

Note 14 Interest and similar expenses

	2015	2014
Interest expenses, other	-18	-20
Exchange-rate differences	-5	-2
Other	-4	-3
Total	**-27**	**-25**

Note 15 Exchange-rate differences affecting income-statements items

	2015	2014
Exchange-rate differences affecting operating profit	-3	-2
Exchange-rate differences on financial items	-5	-2
Total	**-8**	**-4**

Note 16 Tax on profit/loss for the year

	2015	2014
Current tax		
Current tax for the year	-42	-35
Total	**-42**	**-35**
Deferred tax expense (-) /income (+)		
Deferred tax expense on temporary differences	-4	-4
Total	**-4**	**-4**
Recognised tax expense	**-46**	**-39**

Reconciliation of effective tax	**2015**	**2014**
Profit before tax	171	151
Tax according to Parent Company's applicable rate	-38	-33
Effect of foreign subsidiaries' tax rates	-3	-2
Effect of non-deductible expenses	-3	0
Revaluation of tax losses/temp. differences	-2	-4
Tax on profit for the year in income statement	**-46**	**-39**
Effective tax rate	27%	26%

Note 17 Earnings per share

	2015	2014
Profit for the year attributable to shareholders	125	112
Weighted number of shares outstanding before dilution	38,110,533	38,110,533
Earnings per share, SEK	**3.27**	**2.94**
Weighted number of shares outstanding after dilution	38,110,533	38,110,533
Earnings per share after dilution, SEK	**3.27**	**2.94**
Profit for the year attributable to shareholders	125	112
Non-recurring items	-	18
Tax effect of non-recurring items	-	-4
Profit for the year excluding non-recurring items	125	126
Weighted number of shares outstanding before dilution	38,110,533	38,110,533
Earnings per share excluding non-recurring items before dilution, SEK	**3.27**	**3.32**
Weighted number of shares outstanding after dilution	38,110,533	38,110,533
Earnings per share excluding non-recurring items after dilution, SEK	**3.27**	**3.32**

Note 18 Intangible assets

	Goodwill		Other intangible assets	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accumulated cost				
At beginning of year	781	779	10	5
New purchases for the year	166	-	49	5
Reclassifications	-	-	2	-
New purchases through acquisitions	-	-	4	-
Exchange-rate differences for the year	-8	2	-	-
At year-end	**939**	**781**	**65**	**10**
Accumulated amortisation according to plan and impairments				
At beginning of year	-42	-40	-5	-5
Amortisation according to plan for the year	-	-	-3	0
Amortisation in acquired companies	-	-	-3	-
Exchange-rate differences for the year	-1	-2	0	0
At year-end	**-43**	**-42**	**-11**	**-5**
Carrying amount at beginning of period	**739**	**739**	**5**	**1**
Carrying amount at end of period	**896**	**739**	**54**	**5**

Bufab tests goodwill for impairment requirements on an annual basis.

The Group's goodwill has been allocated to its lowest cash-generating unit. Accordingly, SEK 503 million (542) was attributable to segment Sweden and SEK 393 million (197) to segment International. In segment Sweden, the goodwill item encompasses the entire segment as a single cash-generating unit, whereas in segment International, goodwill is divided among 14 (12) cash-generating units.

Since acquired units are integrated into Bufab's business model, the same assumptions apply to all cash-generating units.

The recoverable amount for the cash-generating units was determined by calculating the value in use by way of discounting future cash flows.

The calculations were based on the company's budget and financial plans for 2016-2018, as approved by executive management and the Board. The plans for these years are detailed. The growth presented in the budget and financial plans during the forecast period is based on the Group's past organic growth and performance in the market segments in which Bufab is active. For the periods beyond those forecast, a 2 per cent (2) rate of growth and inflation was assumed. Expected future cash flows according to these assessments form the basis for the estimates. Changes in working capital and investment needs were also taken into account. The present value of the forecast cash flow was calculated using a discount rate of 8 per cent (8) after tax, corresponding to 8.5 per cent (8.5) before tax.

Impairment testing was conducted in conjunction with the annual accounts on 31 December 2015 and was addressed by the company's Board. No impairment requirement was indicated.

Executive management conducted a number of calculations based on reasonable potential changes in significant assumptions concerning the discount rate, growth and gross margins.

A change in the discount rate to 10 per cent after tax would not result in any impairment requirement of the Group's recognised goodwill. The Group's budget and business plans during the forecast period include increases in sales, gross margin, earnings and cash flow. Nor would an assumption of a halved rate of growth or an assumption of a halved increase in the gross margin result in any need for impairment of goodwill.

Note 19 Property, plant and equipment

	Land and buildings		Plant and machinery		Equipment, tools fixtures & fittings	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accumulated cost						
At beginning of year	14	14	136	123	137	135
New purchases for the year	-	-	5	8	11	16
New purchases through acquisitions	-	-	1	-	23	-
Divestments and disposals	-	-	-1	-2	-4	-20
Reclassifications	-	-	1	7	2	2
Exchange-rate differences for the year	-	-	-	-	-3	4
At year-end	**14**	**14**	**142**	**136**	**166**	**137**
Accumulated depreciation according to plan						
At beginning of year	-2	-	-84	-72	-64	-64
Divestments and disposals	-	-	1	1	4	20
Amortisation according to plan for the year	-1	-2	-12	-13	-19	-17
Depreciation in acquired companies	-	-	-1	-	-16	-
Exchange-rate differences for the year	-	-	-	-	2	-3
At year-end	**-3**	**-2**	**-96**	**-84**	**-93**	**-64**
Carrying amount at beginning of period	**12**	**14**	**52**	**51**	**73**	**71**
Carrying amount at end of period	**11**	**12**	**46**	**52**	**73**	**73**

Note 20 Work in progress and advances for property, plant and equipment

	Intangible assets		Property, plant and equipment	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
At beginning of year	8	-	3	9
Reclassifications	-3	-	-3	-9
Investments	0	8	8	3
AT YEAR-END	**5**	**8**	**8**	**3**

Note 21 Financial leases

	Cost		Accumulated depreciation	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Plant and machinery	12	12	-8	-7
Buildings	14	14	-2	-1
Total financial leases	**26**	**26**	**-10**	**-8**

Future minimum lease payments fall due as follows:

	Nominal value		Present value	
	2015	2014	2015	2014
Within one year	4	3	4	3
Between one and five years	11	9	10	8
After five years	0	8	0	6
Total future lease payments	**15**	**20**	**14**	**17**

The present value of future minimum lease payments is recognised as an interest-bearing liability.

The consolidated earnings do not include any variable fees concerning financial leases.

Note 22 Other non-current receivables

	31 Dec 2015	31 Dec 2014
Accumulated cost		
At beginning of year	3	3
Investments for the year	1	-
Carrying amount at year-end	**4**	**3**

Note 23 Past-due receivables

	31 Dec 2015	31 Dec 2014
Number of days past due:		
30-90 days	28	22
91-180 days	8	7
181-360 days	2	1
More than 360 days	7	7
Carrying amount at year-end	**45**	**37**
Provision in balance sheet for doubtful debts	8	8

Bad debt losses	**2015**	**2014**
Costs of bad debt losses affecting profit for the year	2	2
Total	**2**	**2**

Note 24 Prepaid expenses and accrued income

	31 Dec 2015	31 Dec 2014
Rent	8	6
Insurance	2	2
Financial items	1	2
Licences	3	1
Other prepaid expenses	12	9
Carrying amount at year-end	**26**	**20**

Note 25 Equity

One Board member exercised his warrants in February 2014, resulting in the issuance of 88,000 ordinary shares, for which a total of SEK 510,000 was paid. Following this exercise, there are no other warrants issued by the company.

For a specification of the number of shares outstanding, refer to Note 7 for the Parent Company

Note 26 Pension obligations, interest-bearing

	31 Dec 2015	31 Dec 2014
FPG/PRI	23	25
Retirement pension, foreign companies	8	5
Total	**31**	**30**

The assumptions in the table below are used to measure the pension obligation under defined-benefit pension plans.

	Sweden		Other countries	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Discount rate	3.0%	3.0%	2.4%	2.8%
Rate of salary increase	-*	-*	2.0%	2.0%
Inflation	1.5%	1.5%	2.0%	2.0%

* This assumption is not used since the Swedish companies finance the benefits being earning through insurance with Alecta.

Specification of total costs for post-retirement benefits recognised in profit or loss (SEK million)	2015	2014
Costs relating to defined-benefit plans		
Service costs for current year	0	0
Interest on obligations	1	1
Costs relating to defined-benefit plans	1	1
Costs relating to defined-contribution plans	31	31
Total costs recognised in profit or loss	**32**	**32**

Post-employment benefits are settled mainly by payments to insurance companies or agencies which then assume the obligations to the employees (defined-contribution pensions). The remainder are settled under defined-benefit plans, meaning that the obligations remain in the Bufab Group. The largest defined-benefit plan is in Sweden (FPG/PRI). The company's costs and the value of the outstanding obligations under defined-benefit plans are measured using actuarial calculations designed to determine the present value of the obligations. Interest and the expected return are classified as finance costs. Other expense items are recognised in operating profit under cost of goods sold, distribution costs or administrative expenses, depending on the employee's function

Note 27 Provisions for deferred tax

	31 Dec 2015		31 Dec 2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Machinery and equipment	-	14	-	13
Tax allocation reserve	-	22	-	18
Intangible assets	-	8	-	-
Other	4	2	5	3
Loss carry-forwards	18	-	20	-
Total	**22**	**46**	**25**	**34**

Tax-loss carry-forwards are recognised as deferred tax assets insofar as it is probable that they can be credited against future taxable profits. According to current plans, all companies' earnings in the coming years will enable the Group to utilise the recognised tax asset that exists. The Group has no significant loss carry-forwards that were not taken into account in its financial statements. The provision for deferred tax for intangible assets is attributable to the tax effect of consolidated remeasurement of assets to fair value.

Note 28 Non-current interest-bearing liabilities

	31 Dec 2015	31 Dec 2014
Amount of liability items expected to be settled 1-5 years after balance-sheet date	808	566
Amount of liability items expected to be settled more than 5 years after balance-sheet date	1	3
Total	**809**	**569**

Of the Group's non-current interest-bearing liabilities, SEK 793 million (550) stem from credit from Handelsbanken. The remainder of the non-current interest-bearing liabilities derive primarily from financial leases. The Group must fulfil specific borrowing terms (covenants) required by external creditors, including equity/assets ratios and the ratio between operating profit before depreciation/amortisation and impairment, and net debt.

On the balance-sheet date, the average interest rate on the Group's non-current liabilities was 2.1 per cent (2.4)

Note 29 Pledged assets

	31 Dec 2015	31 Dec 2014
Floating charges	227	214
Shares in subsidiaries	1,023	992
Total	**1,250**	**1,206**

Note 30 Overdraft facilities

	31 Dec 2015	31 Dec 2014
Credit limit granted	149	119
Unutilised portion	-98	-112
Credit amount utilised	**51**	**7**

Note 31 Accrued expenses and deferred income

	31 Dec 2015	31 Dec 2014
Accrued salaries incl. holiday pay	39	44
Accrued social security fees	16	17
Other items	29	27
Total	**84**	**88**

Note 32 Contingent liabilities

	31 Dec 2015	31 Dec 2014
Taxes	24	24
Environment	30	30
Other contingent liabilities	5	3
Total	**59**	**57**

Environment

In accordance with an injunctive order, the company conducted environmental investigations at a property where a subsidiary had been engaged in manufacturing until 1989. The investigations revealed traces of environmental pollution. In light of the investigations performed, it is probable that Bufab's operations caused the pollution at this property. The legal and technical experts engaged in this case believe that it is probable that the Municipality will order the company to carry out remediation measures, although the extent of these measures is not known.

On the termination of a lease agreement in 2013, Bufab also conducted an environmental investigation at another property. In order to obtain an overview of environmental issues relevant to the Group, Bufab also conducted an environmental audit in 2013, and where necessary an environmental engineering survey, of all properties where Bufab has previously engaged in manufacturing. The investigations have shown traces of pollution in two additional cases. If any link were established between this pollution and Bufab's operations, it would be the result of working and production methods that ceased to be used in the 1980s or earlier. Based on the investigations, it is Bufab's assessment that the identified pollution may have been caused by activities conducted by parties other than Bufab. However, the legal liability issue is difficult to assess and it is not inconceivable that Bufab could be required to implement remediation measures. Further investigations may be conducted in the next few years at the initiative of Bufab or other parties. The legal and technical experts engaged in this case believe it to be less probable that Bufab will be made responsible for carrying out remediation measures.

Having consulted technical and legal experts based on the information available when the financial report was issued, it is Bufab's assessment that the total cost of potential remediation measures arising from the identified environmental pollution will not exceed a total of SEK 30 million during the next decade.

Tax, income years 2009, 2011 and 2012

The Swedish Tax Agency denied Bufab certain deductions for interest expenses for financial years 2009, 2011 and 2012 and Bufab appealed these taxation decisions to the Administrative Court in 2014. The background to disallowing the deductions is a change to the rules for deducting interest on loans in a community of interests. In November 2015, the Administrative Court pronounced a judgement in favour of the Tax Agency. Bufab, supported by leading tax experts, does not share the Tax Agency's opinion and has appealed the Administrative Court's decision to the Administrative Court of Appeal. Should Bufab ultimately be refused these deductions, this would mean an additional tax expense of SEK 24 million plus interest. No provision has been made.

Note 33 Related-party transactions

Related parties to the Bufab Group are primarily the senior executives. Remuneration of senior executives is presented in Note 7.

Note 34 Acquisitions

Two acquisitions took place during the 2015 financial year: Flos B.V. in February and Apex Stainless Holdings Limited in the UK in November. Both of these companies are recognised in segment International.

Transaction costs for these acquisitions amounted to SEK 8 million and are
recognised in the item administrative expenses in segment Other.

The amounts of the assets and liabilities included in the acquisitions were as follows:

Acquisition analysis Flos B.V.	Carrying amount on acquisition date	Adjustment to fair value	Fair value
Intangible assets		13	13
Other non-current assets	5		5
Inventories	35		35
Other current assets	36		36
Deferred tax liabilities	-1	-3	-4
Other liabilities	-38		-38
Acquired net assets	**37**	**10**	**47**
Goodwill			55
Purchase consideration*			**102**
Less: cash and cash equivalents in acquired operations			0
Less: conditional purchase consideration			-30
Added: paid out conditional consideration **			14
Effect on the Group's cash and cash equivalents			**86**

* The consideration is stated excluding acquisition expenses
** The amount is paid out to an escrow account

The purchase consideration for Flos B.V. amounted to SEK 102 million, of which SEK 68 million was allocated to goodwill and other intangible assets according to the acquisition analysis. Of not yet paid out purchase consideration, the estimated fair value of the conditional purchase consideration amounted to SEK 30 million, comprising about 34 percent of the maximum payment outcome. The conditional purchase consideration is dependent on the future earnings trend and its effect on the company's valuation.

The acquisition has positively impacted the Bufab Group's net sales by SEK 148 million since transfer. The net positive impact on accumulated operating profit, after transaction costs, amounted to SEK 11 million and the positive effect on profit after tax was SEK 7 million. The acquisitions would have positively impacted the Group's net sales by an estimated SEK 178 million, operating profit by about SEK 14 million and profit after tax for the period by about SEK 9 million if they had been implemented on 1 January 2015.

The amounts allocated to intangible assets refer to customer relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions for the year amounted to SEK 1 million and annual future estimated amortisation amounts to SEK 1 million.

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to them.

Preliminary acquisition analysis Apex Stainless Holdings Limited	Carrying amount on acquisition date	Adjustment to fair value	Fair value
Intangible assets		30	30
Other non-current assets	3		3
Inventories	144	-5	139
Other current assets	70	1	71
Cash and cash equivalents	11		11
Deferred tax liabilities	0	-5	-5
Other liabilities	-32	-1	-33
Acquired net assets	**196**	**20**	**216**
Goodwill			111
Purchase consideration*			**327**
Less: cash and cash equivalents in acquired operations			-11
Less: conditional purchase consideration			-22
Added: paid out conditional consideration **			13
Effect on the Group's cash and cash equivalents			**307**

* The consideration is stated excluding acquisition expenses
** The amount is paid out to an escrow account

The purchase consideration for Apex Stainless Holdings Limited amounted to SEK 327 million, of which SEK 141 million was allocated to goodwill and other intangible assets according to the acquisition analysis. Of not yet paid out purchase consideration, the estimated fair value of the conditional purchase consideration amounted to SEK 22 million, comprising about 42 per cent of the maximum payment outcome. The conditional purchase consideration is dependent on the future earnings trend and its effect on the company's valuation.

The acquisition has positively impacted the Bufab Group's net sales by SEK 20 million since transfer. The net impact on accumulated operating profit, after transaction costs, amounted to a negative SEK 6 million and the negative effect on profit after tax was SEK 5 million. The acquisitions would have positively impacted the Group's net sales by an estimated SEK 303 million, operating profit by about SEK 43 million and profit after tax for the period by about SEK 33 million if they had been implemented on 1 January 2015.

The amounts allocated to intangible assets refer to customer relationships and supplier relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions for the year amounted to SEK 0 million and annual future estimated amortisation amounts to SEK 3 million.

The acquisition analysis for Apex Stainless Holdings Limited is preliminary.

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to them.

Parent Company income statement

SEK million	Note	2015	2014
Administrative expenses	2	-10	-26
Other operating income		3	4
Operating loss	3	**-7**	**-22**
Profit/loss from financial items			
Interest and similar expenses	4	0	0
Loss after financial items		**-7**	**-22**
Appropriations	5	66	91
Tax on profit/loss for the year	6	-13	-16
PROFIT FOR THE YEAR		**46**	**53**

Statement of comprehensive income

SEK million	2015	2014
Profit after tax	**46**	**53**
Other comprehensive income	-	-
Total comprehensive income	**46**	**53**

Parent Company Balance Sheet

SEK million	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	7	845	845
Total financial assets		**845**	**845**
Total non-current assets		**845**	**845**
Current assets			
Current receivables			
Receivables from Group companies		178	159
Other receivables		11	11
Total current receivables		**189**	**170**
Cash and bank balances		0	6
Total current assets		**189**	**176**
TOTAL ASSETS		**1,034**	**1,021**
EQUITY AND LIABILITIES			
Equity	8		
Share capital		1	1
Other paid-in capital		488	488
Retained earnings		438	449
Total equity		**927**	**938**
Untaxed reserves	9	**100**	**80**
Current non-interest-bearing liabilities			
Trade payables		1	-
Liabilities to Group companies		-	-
Accrued expenses and deferred income	10	3	2
Other current liabilities		3	1
Total current non-interest-bearing liabilities		**7**	**3**
TOTAL EQUITY AND LIABILITIES		**1,034**	**1,021**
Pledged assets	11	845	845
Contingent liabilities	12	1,062	902

Parent Company statement of changes in equity

SEK million	Share capital	Other paid-in capital*	Retained earnings	Total equity
Equity on 1 January 2014	**0**	**488**	**396**	**884**
Comprehensive income				
Profit for the financial year	-	-	53	53
Total comprehensive income	**0**	**0**	**53**	**53**
Transactions with shareholders				
Paid-in capital	1	-	-	1
Total shareholder transactions	**1**	**0**	**0**	**1**
Equity on 31 December 2014	**1**	**488**	**449**	**938**
Comprehensive income				
Profit for the financial year	-	-	46	46
Total comprehensive income	**0**	**0**	**46**	**46**
Transactions with shareholders				
Dividend to Parent Company shareholders	-	-	-57	-57
Total shareholder transactions	**0**	**0**	**-57**	**-57**
Equity on 31 December 2015	**1**	**488**	**438**	**927**

*Of other paid-in capital, 32 MSEK represent restricted equity in the Parent Company.

Parent Company cash-flow statement

SEK million	2015	2014
Operating activities		
Loss before financial items	-7	-22
Income tax paid	-10	-19
Cash flow from operating activities before changes in working capital	**-17**	**-41**
Cash flow from changes in working capital		
Increase (-)/decrease (+) in operating receivables	1	182
Increase (+)/decrease (-) in operating liabilities	1	-251
Cash flow from operating activities	**-15**	**-110**
Financing activities		
Dividend to shareholders	-57	-
Group contributions received	66	113
Cash flow from financing activities	**9**	**113**
Cash flow for the year	**-6**	**3**
Cash and cash equivalents at beginning of year	6	3
Cash and cash equivalents at year-end	**0**	**6**

Notes to Parent Company financial statements

All amounts are in SEK million unless otherwise specified. The figures in brackets indicate the preceding year's values.

Note 1 Summary of key accounting policies

The Parent Company applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Under the recommendation, the parent of a group which has voluntarily elected to apply IFRS/IAS in its consolidated financial statements is, as a general rule, to apply the IFRS/IAS that are applied in the Group.

The Parent Company's participations in Group companies are recognised using the cost method. Distributions received are only recognised as revenue if they are derived from post-acquisition earnings. Distributions received in excess of such earnings are regarded as a recovery of investment and are recognised as a reduction of the carrying amount of the investment.

Shareholders' contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required. Group contributions are recognised as appropriations in profit and loss.

Note 2 Non-recurring items

Non-recurring items classified by function	2015	2014
Administrative expenses	-	18
Total	**0**	**18**

Note 3 Employees, personnel expenses and fees paid to directors and auditors

Average number of employees	2015	2014
Female	-	-
Male	1	1
Total	**1**	**1**

	2015		2014	
Salaries, other remuneration and social security fees	**Salaries and benefits**	**Social security fees**	**Salaries and benefits**	**Social security fees**
Salaries and remuneration to Board and CEO	4.2	2.5	4.0	1.9
(of which bonuses, etc.)	-		0.2	
(of which pension cost, defined-contribution plans)	-	0.7		0.6
Total	**4.2**	**2.5**	**4.0**	**1.9**

Sickness absence information is not disclosed since the Parent Company has fewer than ten employees.

Auditors' fees and remuneration	2015	2014
PwC		
Audit assignment	1	1
Other services	1	5

Audit assignment refers to fees for the statutory audit, meaning the work that was necessary in order to submit the audit report, as well as audit advisory services provided in connection with the audit assignment.

Costs for other services performed by PwC in 2014 are attributable in their entirety to the IPO process on Nasdaq Stockholm.

Note 4 Interest and similar expenses

	2015	2014
Interest expenses, other	0	-
Total	**0**	**0**

Note 5 Appropriations

	2015	2014
Transfers to tax allocation reserve, 2015 tax year	-	-22
Transfers to tax allocation reserve, 2016 tax year	-20	-
Group contributions received	86	113
Total	**66**	**91**

Note 6 Tax on profit/loss for the year

	2015	2014
Current tax for the year	-13	-16
Total	**-13**	**-16**

Reconciliation of effective tax	2015	2014
Profit before tax	59	69
Tax according to Parent Company's applicable rate	-13	-16
Recognised effective tax	**-13**	**-16**

Note 7 Participations in Group companies

	31 Dec 2015	31 Dec 2014
Accumulated cost		
At beginning of year	845	845
Total cost	845	845
Carrying amount at end of period	**845**	**845**

SPECIFICATION OF PARENT COMPANY'S AND GROUP'S HOLDINGS OF SHARES IN GROUP COMPANIES	Holding*, %	31 Dec 2015 Carrying amount	31 Dec 2014 Carrying amount
Subsidiary/Corp. Reg. No/registered office			
Bult Finnveden AB, 556194-4884, Värnamo	100	845	845
Bufab Sweden AB, 556082-7973, Värnamo	100		
Bufab Kit AB, 556250-8506, Värnamo	100		
Bufab Lann AB, 556180-8675, Värnamo	100		
Swedfast Trading AB, 556914-0733	100		
Bufab Benelux BV, 3117232260, Eindhoven, NL	100		
Bufab Danmark A/S, 157848, Albertslund, DK	100		
Bufab Deutschland GmbH, 22 294 22370, Hamburg, DE	100		
Bufab Norge AS, 876612062, Oslo, NO	100		
Bufab (UK) Limited, 02611234, Reading, UK	100		
Bufab France SAS, B 112 721, Gennevilliers, FR	100		
Bufab Hungary Kft, 13-09-143460, HU	100		
Bufab Germany GmbH, 07229 / 21283, Mörfelden-Walldorf, DE	100		
Bumax AB, 556176-1957, Degerfors	100		
Bufab Poland Sp.z.o.o., KRS 0000036164, Gdansk, PL	100		
Bufab Austria GmbH, FN 266844 v, Vienna, AT	100		
Bufab CZ s.r.o., (IC) 25561260, Brno, CZ	100		
Bufab Baltic OÜ, EE101042585, Keila, EST	100		
Bufab Spain SLU, ESB08464430, Terrassa Barcelona, ES	100		
Bufab Industries SAS, FR12353237431, Corbas Lyon, FR	100		
Bufab Fasteners Trading (Shanghai) Co Ltd, 310000400448552, Shanghai, CH	100		
Bufab Finland Oy, Vantaa, 2042801-2, FI	100		
Bufab India, U29299PN2008PTC131481, Pune, IN	100		
Bufab USA Inc, 26-2606492, New York, US	100		
Bufab Taiwan Co Ltd, 29002549, Kaohsiung City, TW	100		
Bufab Slovakia s.r.o., Banska Bystrica, 31 639 291, SK	100		
Bufab Russia, INN7840408623, St. Petersburg, RU	100		
Bufab Turkey, 1890607929, Istanbul, TR	100		
Bufab Romania SRL, RO25446590, Apahida Cluj, RO	100		
Bufab Ireland LTD, NI061428, Dundalk, NI	100		
Bufab Italy S.r.l., 97605340153, Corsico (Milan), IT	100		
Flos B.V., 17062762, Eindhoven, NL	100		
Apex Stainless Holdings Limited, 08403936, Rugby, UK	100		
Apex Stainless Fasteners Limited, 02631068, Rugby, UK	100		
		845	**845**

* Ownership of capital, which also corresponds to the percentage of votes for the total number of shares.

Note 8 Equity

A total of 38,110,533 ordinary shares were issued on the balance-sheet date. The shares had a quotient value of SEK 0.01436 on the balance-sheet date. All issued shares have been paid for in full.

Refer to Note 24 in the consolidated financial notes for a description of warrants.

Note 9 Untaxed reserves

	31 Dec 2015	31 Dec 2014
Tax allocation reserve, 2012 tax year	22	22
Tax allocation reserve, 2013 tax year	9	9
Tax allocation reserve, 2014 tax year	27	27
Tax allocation reserve, 2015 tax year	22	22
Tax allocation reserve, 2016 tax year	20	0
Total	**100**	**80**

Note 10 Accrued expenses and deferred income

	31 Dec 2015	31 Dec 2014
Accrued salaries incl. holiday pay	1	1
Accrued social security fees	1	-
Other	1	1
Total	**3**	**2**

Note 11 Pledged assets

	31 Dec 2015	31 Dec 2014
Shares in subsidiaries	845	845
Total	**845**	**845**

Note 12 Contingent liabilities

	31 Dec 2015	31 Dec 2014
Guarantees to subsidiaries	1,038	878
Taxes	24	24
Total	**1,062**	**902**

Garantees for subsidiaries refers to subsidiaries´debt to Handelsbanken. For further information about contingent liabilities, please refer to Note 32 of the consolidated financial statements.

The income statements and balance sheets will be presented for adoption by the Annual General Meeting on 3 May 2015.

The undersigned certify that the annual report for the Group and the Parent Company has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting policies, and gives a true and fair view of the financial positions and results of the Group and the Parent Company, and that the directors' report gives a fair overview of the performance of the operations, financial positions and results of the Group and the Parent Company, and describes substantial risks and uncertainties faced by the Group's companies.

Värnamo, 15 March 2016

Sven-Olof Kulldorff
Chairman of the Board

Jörgen Rosengren
CEO

Hans Björstrand

Johanna Hagelberg

Eva Nilsagård

Adam Samuelsson

Johan Sjö

Gunnar Tindberg

Our audit report was submitted on 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant
Auditor in Charge

Frida Wengbrand
Authorised Public Accountant

Audit report

To the Annual General Meeting of Bufab AB (publ)
corporate identity number 556685-6240

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Bufab AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 8–44.

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

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

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

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

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the AGM adopt the income statement and balance sheet for the parent company and the Group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Bufab AB (publ) for the year 2015.

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

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

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

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

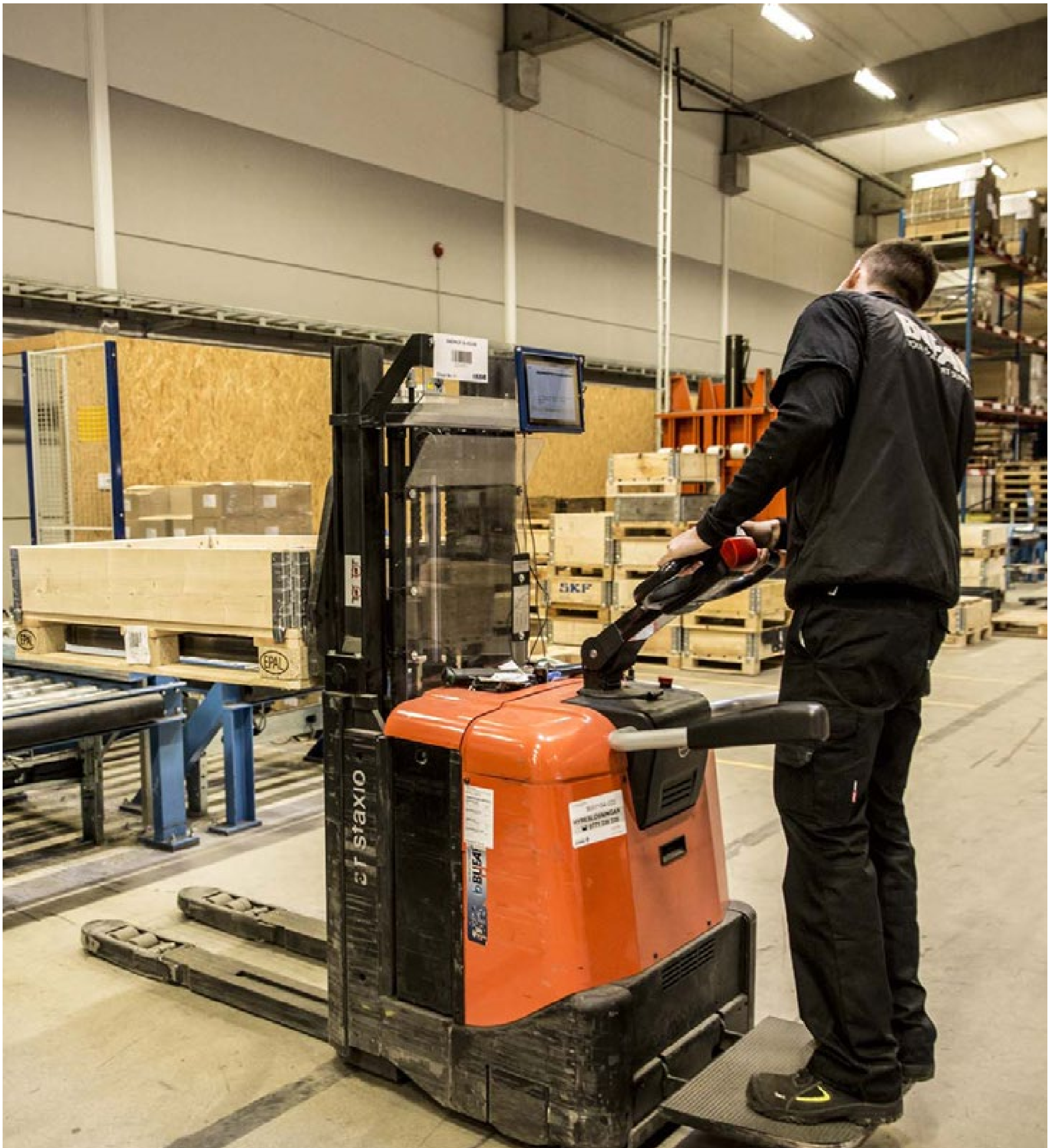
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Göteborg, 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant
Auditor in Charge

Frida Wengbrand
Authorised Public Accountant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Corporate governance

Bufab AB (publ) is a Swedish public limited liability company. Bufab has been listed on Nasdaq Stockholm since 21 February 2014. Bufab applies the Swedish Corporate Governance Code (the "Code") and hereby presents its Corporate Governance Report for the 2015 financial year. The Corporate Governance Report was examined by the company's auditors.

The Code guidelines are available on the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se). The Code is based on the principle of "comply or explain," which means that companies applying the Code do not always have to comply with every rule but must provide an explanation. Bufab did not make any such deviations in 2015

Delegation of responsibility

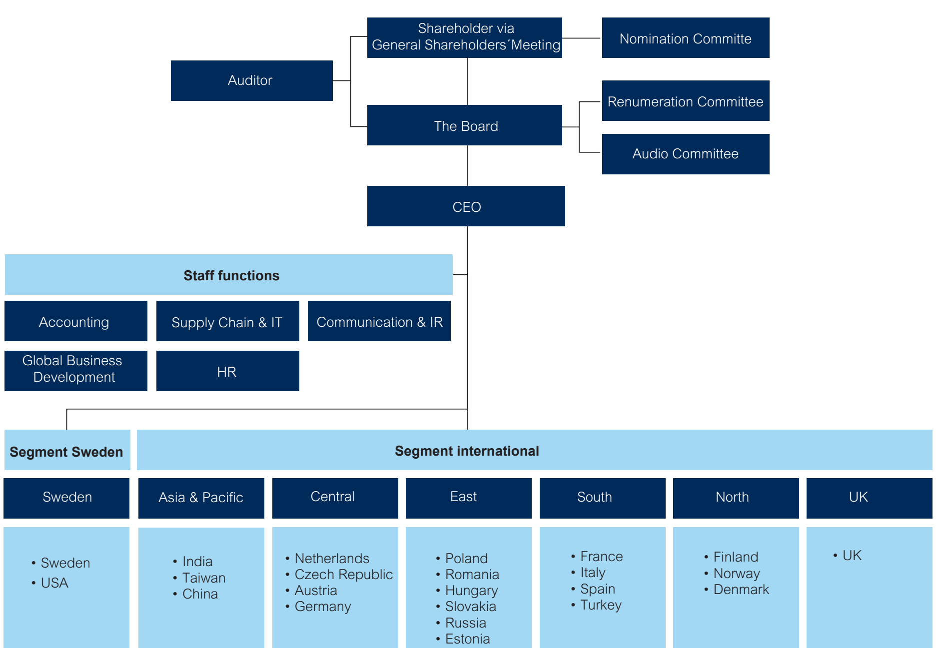
The purpose of corporate governance is to create a clear delegation of roles and responsibilities between owners, the Board, the Board's Committees and senior management. Corporate governance at Bufab is based on applicable legislation, primarily the Swedish Companies Act, the Listing Agreement with Nasdaq Stockholm, the Code and internal guidelines and rules.

Shares and shareholders

At year-end, the company's share capital totalled SEK 547,189, represented by a total of 38,110,533 shares. All shares carry equal voting rights. At year-end 2015, Bufab had 3,612 shareholders (2,109). Of the total number of shares, 46 per cent were held by foreign shareholders. The ten largest shareholders owned a combined total of 51 per cent of the shares.

For more information about the share and shareholders, see page 57.

Organisation



Nomination Committee

Principles on the composition of the Nomination Committee were resolved by the 2014 AGM. These principles were not changed at the 2015 AGM. Bufab is to have a Nomination Committee comprising one representative for each of the four largest shareholders in terms of number of votes, who on being asked expressed a wish to participate in the nomination work, as well as the Chairman of the company. The names of the four owner representatives and the shareholders they represent must be published not later than six months prior to the AGM. The Nomination Committee's mandate is valid until a new Nomination Committee is appointed. If the group of the largest shareholders changes during the nomination process, the composition of the Nomination Committee may change. The Nomination Committee's task is to prepare proposals on the following issues:

- Chairman of the Meeting
- Board members
- Chairman of the Board
- remuneration of the Board
- auditor
- auditor's fees

and any changes to the Nomination Committee's instructions.

The names of the Nomination Committee's representatives and the shareholders that they represent ahead of the 2016 AGM were published in connection with the interim report for the third quarter on 23 October 2015:

Hans Hedström (Chairman), Carnegie fonder
Adam Gerge, Didner & Gerge fonder
Johan Ståhl, Lannebo fonder
Arne Lööw, Fourth Swedish National Pension Fund
Sven-Olof Kulldorff, Chairman of the Board

General Shareholders' Meeting

The general shareholders' meeting is the company's highest decision-making body. At the general shareholders' meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company's results, discharge from liability of Board members and the CEO, election of the Chairman, Board members and auditors and remuneration of the Board of Directors and the auditors. Further information about the AGM, the minutes of the Meeting, and Bufab's Articles of Association are available on www.bufab.com.

2015 AGM

The AGM was held in Värnamo on 5 May 2015. Some 49 shareholders attended the Meeting, in person or by proxy, representing 30 per cent of the company's voting rights. The Meeting was also attended by the Board of Directors, Group management and the auditor.

The following key resolutions were made:

• Adoption of the income statement and balance sheets for 2014, appropriation of the company's results, and discharge from liability of Board members and the CEO.
• The re-election of Sven-Olof Kulldorff, Hans Björstrand, Jörgen Rosengren, Adam Samuelsson, Johan Sjö and Gunnar Tindberg. Ulf Rosberg declined re-election. Johanna Hagelberg and Eva Nilsagård were elected new members of the Board. Sven-Olof Kulldorff was elected Chairman of the Board.
• Guidelines for remuneration of senior executives.
• Amendment to the Articles of Association regarding the business name of the company, from Bufab Holding AB (publ) to Bufab AB (publ).

The 2016 AGM will be held on 3 May 2016 in Värnamo, Sweden. The notice convening the meeting is scheduled to be published no later than 5 April 2016. More information is available from www.bufab.com and on page 2 of this Annual Report.

Board of Directors

Composition

According to Bufab's Articles of Association, the Board of Directors is to be comprised of not less than three and not more than ten AGM-elected members, with not more than three deputy members.

Since the 2015 AGM, the Board has comprised eight AGM-elected members; Sven-Olof Kulldorff (Chairman), Hans Björstrand, Johanna Hagelberg, Eva Nilsagård, Jörgen Rosengren, Adam Samuelsson, Johan Sjö and Gunnar Tindberg. With the exception of the company's CEO Jörgen Rosengren, who is an employee of the company, all Board members are independent in relation to Bufab. All Board members are independent in relation to the company's largest owners. Accordingly, the Board meets the requirement that at least two Board members who are independent in relation to the company are also independent in relation to the largest owners. The Board members are presented on page 54 in the Annual report and on www.bufab.com.

Work of the Board

The Board is responsible for the organisation of the company and for managing the company's operations. The Board is also to issue guidelines and instructions to the CEO. Furthermore, the Board is to ensure that the organisation of the company regarding accounting, management of funds and financial position are controlled in a satisfactory manner.

The Board of Directors applies written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year Among other aspects, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between Board members and the CEO. At the statutory Board meeting, the Board of directors also adopts instructions for the CEO, including instructions for financial reporting. The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to address issues which cannot be postponed until the next ordinary Board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO continuously discuss the management of the company.

The Board's obligations are partly performed by the Audit Committee and Remuneration Committee and the Board has also adopted rules of procedure for these Committees.

Evaluation of Board work

The Chairman of the Board is responsible for evaluating the Board's work, including assessing the performance of each Board member. This is performed on an annual basis according to an established process. The assessment focuses on such factors as availability of and requirement for specific expertise in the Board, commitment, the quality of the Board material and time for required for reading. The evaluation is reported to the Nomination Committee and comprises the basis of the Nomination Committee's proposal for Board members and fees to be paid to the Board.

Work of the Board in 2015

The Board regularly addresses strategic matters that affect Bufab's operations and orientation, potential divestments and acquisitions, as well as major investments. The company's financial statements and Annual Report are addressed at the beginning of the year, as are matters to be presented at the AGM. At the end of the year, the Board deals with the budget for the forthcoming year as well as the Group's long-term strategic plan, in addition to which it also reviews the quarterly results after each quarter. The work of the Board's two Committees is also presented at each scheduled Board meeting.

The agenda is approved by the Chairman and sent to each Board member, along with the relevant material, approximately one week before each meeting. At each meeting, the CEO presents the Group's sales and earnings, the current business situation and important external factors that may have bearing on the Group's earnings. Each Board meeting includes a discussion that is not attended by the CEO. When appropriate, other senior executives may attend and present plans and proposals. The company's auditor participates in meetings when necessary, and participates once a year without the presence of management.

In addition to the information presented in connection with Board meetings, the CEO issues a monthly report to Board members and maintains continuous contact with the Chairman of the Board.

Board meetings in 2015

February, Värnamo
- Approval of press release for 2014 Year-end Report
- Proposed dividends

March, Värnamo
- Report from the company's auditors
- Report from the Nomination Committee
- Approval of Annual Report
- Approval of notice of AGM

April, telephone meeting
- Approval of press release about interim report for the first quarter 2015

May (statutory Board meeting in Värnamo directly following AGM)
- Adoption of the Board's rules of procedure and instructions for the CEO
- Election of Chairman and member of the Board Committees

June, Eindhoven, Netherlands
- Discussions on strategy

July, telephone meeting
- Approval of press release about interim report for the second quarter 2015

September, telephone meeting
- Decision on mandate for the CEO regarding acquisition of Apex Stainless Holdings Ltd

October, Åshammar
- Approval of press release about interim report for the third quarter 2015
- Acquisition of Apex Stainless Holdings Ltd
- Adoption of strategic and financial plan

December, Värnamo
- Approval of budget for 2016
- Report on Board evaluation
- Evaluation of CEO's work

Attendance and remuneration of the Board 2015

	Attendance			Remuneration		
Group Board	**Board meetings**	**Audit Committee**	**Remuneration Committee**	**Board fee/ Basic salary, SEK million**	**Other benefits**	**Pension**
Sven-Olof Kulldorff	9/9		2/2	0.4		
Hans Björstrand	9/9			0.2		
Johanna Hagelberg [2]	6/6			0.1		
Eva Nilsagård [2]	6/6	4/4		0.1		
Adam Samuelsson [3]	9/9	8/8	1/1	0.2		
Ulf Rosberg [1] [3]	3/3	4/4	1/1	0.1		
Johan Sjö	9/9	8/8		0.2		
Gunnar Tindberg	9/9		2/2	0.2		
CEO						
Jörgen Rosengren	9/9			2.6	0.1	0.7
Other senior executives				3.6	0.3	1.0

[1] Ulf Rosberg declined re-election at the 2015 AGM
[2] Eva Nilsagård and Johanna Hagelberg were elected to the Board at the 2015 AGM
[3] Adam Samuelsson replaced Ulf Rosberg on the Remuneration Committee and Eva Nilsagård replaced Ulf Rosberg on the Audit Committee after the 2015 AGM

Audit Committee and Remuneration Committee

The Board has two Committees: an Audit Committee and a Remuneration Committee.

Audit Committee

The Audit Committee is, without it affecting the responsibilities and tasks of the Board of Directors, to monitor the company's financial reporting, monitor the efficiency of the company's internal control, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated financial statements, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other non-audit services for the company, and assist the Nomination Committee in the preparation of proposals for the general shareholders' meeting's decision on election of auditors.

The Audit Committee is to comprise three members. The Board appoints Committee members every year at the statutory Board meeting or when a Committee member needs to be replaced. The Committee members appointed in May 2015 were Adam Samuelsson (Chairman), Eva Nilsagård and Johan Sjö. The Board also adopts an instruction for the Committee's work at the statutory meeting.

The Audit Committee convened eight times in 2015.

Remuneration Committee

The Remuneration Committee is to prepare matters concerning remuneration principles, and remuneration and other employment terms for the CEO and senior executives.

The Remuneration Committee is to comprise three members. The Board appoints Committee members every year at the statutory Board meeting or when a Committee member needs to be replaced. The Committee members appointed in May 2015 were Sven-Olof Kulldorff (Chairman), Adam Samuelsson and Gunnar Tindberg. The Board also adopts an instruction for the Committee's work at the statutory meeting.

The Remuneration Committee convened twice in 2015.

Remuneration of Board members

Fees and other remuneration to Board members, including the Chairman, are resolved on by the AGM. At the AGM held on 5 May 2015, it was resolved that the Chairman be paid SEK 400,000 and that the other non-executive members be paid SEK 200,000. The three members of the Audit Committee were paid a fee of SEK 25,000 each.

Board members are not entitled to any benefits after leaving their position on the Board.

CEO

The CEO is Jörgen Rosengren, and a presentation can be found on page 55 of the Annual Report and on www.bufab.com.

The CEO is subordinate to the Board of Directors and is responsible for the everyday management and operations of the company. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO's instructions, which are adopted every year at the statutory Board meeting. The CEO is also responsible for the preparation of reports and compiling information from management prior to the Board meetings and for presenting such material at the Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting in the company and consequently must ensure that the Board of Directors receives information adequate to enable evaluation of the company's financial position.

Remuneration guidelines for the CEO and other senior executives

Bufab strives to offer total remuneration that will attract and retain qualified employees. The total remuneration may comprise the components stated below.

Fixed salary is to be market-based and must reflect the responsibility that the work involves. The fixed salary is to be revised annually. Normally, variable salary is not to exceed 50 per cent of the fixed salary. The variable salary is to be based on established goals connected to Bufab's financial development and is to be revised annually.

The Board is to annually evaluate whether or not a long-term share-based incentive programme for senior executives and any other employees is to be proposed to the AGM.

Senior executives may be offered individual pension solutions. The pensions are, as far as possible, to be defined contribution.

Other benefits may be provided but are not to constitute a significant portion of the total remuneration.

The notice of termination between the company and the CEO is a maximum of 18 months. Other senior executives are to have a shorter notice of termination period.

The Board is entitled, in individual cases and if there are specific reasons, to deviate from the above guidelines for remuneration. Should such deviation occur, information about this and the reason must be reported at the next Annual General Meeting.

Current employment agreements for the CEO and other senior executives

Decisions as to the current remuneration levels and other conditions for employment for the CEO and other senior executives have been resolved on in accordance with the existing remuneration policy adopted by the Board. All decisions on individual remuneration to senior executives have been made within the framework of the approved remuneration policy. Agreements concerning pensions are, wherever possible, to be based on fixed premiums and must correspond with the levels, practices and collective bargaining agreements applicable in the country where said senior executive is employed.

For senior executives resident in Sweden, six months' notice applies when resigning and a maximum of 12 months' notice when dismissed by the company. The CEO is to receive severance pay of up to 12 months' salary during the notice period, in addition to the salary stated above, when dismissed by the company. Refer also to Note 7 on page 29.

Auditing

The auditor is to review the company's annual reports and accounting, as well as the management of the Board of Directors and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the AGM. Pursuant to Bufab's Articles of Association, the company is to have no less than one and no more than two auditors and no more than two deputy auditors. The company's auditor until the conclusion of the 2016 AGM is Öhrlings PricewaterhouseCoopers AB, with Bror Frid as Auditor in Charge. The company's auditor is presented in more detail in "Group management and auditors." Fees to auditors are to be paid in accordance with approved invoices. In 2015, the company's auditor was paid a total of SEK 6 million.

Internal control over the financial reporting

The objective of the internal financial control at Bufab is to create an efficient decision process in which requirements, targets and frameworks are clearly defined. The company and management use internal control systems to monitor the operation and the Group's financial position.

Control environment

The basis for the internal control over the financial reporting is the overall control environment. Bufab's control environment consists of sound core values, expertise, management philosophy, organisational structure, responsibility and authority. Bufab's internal instructions, policies, guidelines and manuals serve as guides for employees. The control environment also includes laws and external rules and regulations.

At Bufab, there is a distinct division between role and responsibility to efficiently handle the risks of the operations, including rules of procedure for the Board and Committees, as well as instructions for the CEO. In the operating activities, the CEO is also responsible for the system of internal controls required to generate a control environment for significant risks. Bufab also has guidelines and policies for financial control and monitoring, communication issues and business ethics. Most of the companies in the Group have the same financial system with the same accounting systems.

The Board has appointed an Audit Committee tasked to ensure compliance with established policies for financial reporting and internal control.

Internal audit

The company's size combined with the work of the Audit Committee and established and implemented solid control procedures mean that the Board does not believe that it need establish a separate internal audit function. However, the matter of a separate internal audit function is addressed annually.

Risk assessment and control activities

Risks of material misstatement in the annual accounts may occur in connection with accounting and the evaluation of assets, liabilities, income and expenses or deviation from disclosure requirements. Bufab's accounting function performs a risk analysis every year regarding items in the consolidated balance sheets and income statements based on qualitative and quantitative risks.

Normal control activities include reconciliation of accounts and support controls. The purpose of all control activities is to prevent, detect and correct any errors or deviations in the financial reporting. In the Group's work with internal control, the material risks identified in the financial reporting are handled through control structures, which, in all material respects, are based on deviation reporting from established goals or norms.

Information

Accurate internal and external information entails that all sections of the operations will be able to efficiently exchange and report relevant material information. In addition to managers' information responsibility, Bufab has a well-functioning intranet for exchanging information. Bufab has established a policy document to inform employees and other relevant personnel at Bufab about the applicable regulations and instructions for issuing company information and the special requirements that apply for price-sensitive information. In this connection, Bufab has also prepared procedures for handling the dissemination of information that has not been published (normally called a logbook).

For communication with external parties, there is a policy that states the guidelines for how such communication is to take place. The ultimate aim of this is to ensure compliance with information obligations and to ensure that investors receive the right information in time.

The Group has a whistle-blower function. Employees can anonymously contact a third party to report behaviour or actions that constitute breaches or suspected breaches of laws and guidelines, etc. All contact is logged and a summary about the call and measures taken is regularly communicated to the Audit Committee and made available to the Board.

Monitoring

The Group applied IFRS as defined in Bufab's accounting manual. This manual includes accounting and valuation rules that must be adhered to by all companies within the Group, and reporting instructions.

Financial data is reported from all legal entities every month. Reporting takes place in accordance with standardised reporting procedures documented in the Group's accounting manual. This reporting comprises the basis of the Group's consolidated financial reporting. Consolidation takes place based on a legal and operating perspective, which results in quarterly statutory reports containing complete income statements and balance sheets for every company and consolidated for the Group, and monthly operating reports.

Every Board member receives a monthly report containing consolidated income statements and balance sheets for the Group and income statements for the subsidiaries with comments. In addition to this monthly information, similar information is received in connection with Board meetings and a report that including monitoring of tax obligations, disputes, compliance with policies, whistle blower summaries, environment and internal audit.

Värnamo 15 mars, 2016

Sven-Olof Kulldorff *Chairman of the Board*	**Jörgen Rosengren** *CEO*
Hans Björstrand	**Johanna Hagelberg**
Eva Nilsagård	**Adam Samuelsson**
Johan Sjö	**Gunnar Tindberg**

Auditor's statement on the Corporate Governance Report
The Board is responsible for the Corporate Governance Report for 2015 on pages 48-52 and that it is prepared in accordance with the Swedish Annual Accounts Act.
We have read the Corporate Governance Report, and based on this reading and our knowledge of the company and the Group, we believe that we have sufficient foundation for our opinion. This means that our statutory review of the Corporate Governance Report has another focus and a significantly lesser extent that an audit in accordance with the International Standards on Auditing and standard accounting practice in Sweden. We believe that a Corporate Governance Report has been prepared and that its statutory information is consistent with the Annual Report and the consolidated financial statements.

Värnamo, 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Board of Directors

Sven-Olof Kulldorff

Chairman of the Board since 2006.

Born: 1954.

Education: MSc in Industrial Engineering and Management from Institute of Technology at Linköping University.

Previous Assignments: Executive positions at IKEA (1978-2004, during which he served as purchasing manager of the IKEA Group in 1995-2004), and Executive Vice President of ICA.

Other Board assignments: Chairman of Mestro AB and Pierce AB. Board member of Coop Sverige AB, Nille AS, Tokmanni OY, K Hautwall OY, In River AB and Sonat AB.

Shareholding:1,000 shares, and 332,751 shares through an endowment policy.

Hans Björstrand

Board member since 2006.

Born: 1950.

Education: Upper secondary school economics programme.

Previous Assignments: President and CEO of Bufab.

Other Board assignments: Board member of Värnamo Energi AB, Stacke Hydraulik AB, Värnamo Elnät AB, Entreprenörsinvest Sverige AB, LMT Machintool AB, Nyblomgruppen AB and Värnamo Näringsliv AB.

Shareholding: 350,000 shares.

Johanna Hagelberg

Board member since 2015.

Born: 1972.

Education: MSc in Industrial Engineering and Management from Institute of Technology at Linköping University and Cranfield University.

Assignments: SVP Procurement Stora Enso Oyj. Previously Chief Procurement Officer at Vattenfall, RSA Scandinavia and NCC AB and senior positions in procurement in the automotive industry.

Shareholding: 0

Eva Nilsagård

Board member since 2015.

Born: 1964.

Education: MSc in Business Administration from University of Gothenburg.

Assignments: CEO and founder of Nilsagård Consulting AB. Previously SVP and responsible for Strategy & Business Development in sales and marketing, EMEA, Volvo Trucks. Various positions in finance and marketing at companies including Volvo Penta, Vitrolife, AstraZeneca and SKF.

Other Board assignments: AddLife AB and Imatech Marin & Industri AB.

Shareholding: 0

Jörgen Rosengren

Board member and CEO since 2012.
Born: 1967.

Education: MSc in Electrical Engineering from Lund University,

Assignments: Husqvarna, Electrolux, McKinsey, Philips.

Shareholding: 322,000 shares.

Adam Samuelsson

Board member since 2006.

Born: 1972.

Education: MSc from Stockholm School of Economics and an MBA from Harvard Business School.

Assignments: CEO of Idun Handel & Industri AB.

Other Board assignments: Chairman of EKAB Elkraftservice AB, Intermercato AB, Pamaco AB and Täby Airmaintenance AB

Shareholding: 400,000 shares through company.

Johan Sjö

Board member since 2013.

Born: 1967.

Education: MSc in Business Administration from Växjö University.

Assignments: President and CEO of Addtech AB. Previously B&B Tools and Alfred Berg/ABN Amro.

Other Board assignments: Chairman of AddLife AB, board member of Addtech AB.

Shareholding: 4,000 shares.

Gunnar Tindberg

Board member since 2007.

Born: 1938.

Education: Qualified engineer.

Previous Assignments: President and CEO (1978-2004) and Board member (1980-2007) of Indutrade AB.

Other Board assignments: Chairman of Idun Handel & Industri AB.

Shareholding: 100,000 shares.

Shareholding: including related parties as of February 29, 2016

Group management

Jörgen Rosengren.

President and CEO since 2012

Born: 1967.

Education: MSc in Electrical Engineering from Lund University.

Previously Assignments: Husqvarna, Electrolux, McKinsey and Philips.

Shareholding: 322,000 shares.

Jesper Blomquist

COO since 2013.

Born: 1968.

Education: MSc of Mechanical Engineering at the Institute of Technology at Linköping University.

Previously Assignments: Swisslog, VSM Group AB and Sanmina- SCI Enclosure Systems AB.

Shareholding: 53,200 shares.

Urban Bülow

Director Global Business Development since 2014.

Born: 1965.

Education: MSc in Electrical Engineering from Chalmers University of Technology.

Previously Assignments: Latour Group, Kapsch TrafficCom, SAAB and Electrolux

Shareholding: 0 shares.

Thomas Ekström

CFO since 2005 (employed 1999).

Born: 1968.

Education: MSc in Business Administration from Växjö University.

Previously Assignments: Ernst & Young and the Swedish Tax Agency.

Shareholding: 104,000 shares.

Mona Jeppsson

Director Human Resources since 2013 (employed 2012).

Born: 1961.

Education: MSc in Social Studies from Lund University.

Previously Assignments: Proton Group, Förenings Sparbanken and Alfa Laval.

Shareholding: 200 shares.

Johan Lindqvist

CEO of Bufab Sweden since 2012, Regional Director, region Sweden since 2016 (employed 1998).

Born: 1969.

Education: Qualified Engineer.

Previously Assignments: Skanska and Primo AB.

Shareholding: 104,000 shares.

Boel Sundvall

Communications and IR Director since 2014.

Born: 1959.

Education: MSc in Economics and Business Administration from Stockholm School of Economics.

Previously Assignments: Husqvarna, Mekonomen, Eniro and Swedish Match.

Shareholding: 7,000 shares.

Auditors

Öhrlings PricewaterhouseCoopers AB has been the company's auditor since 2005 and was re-elected at the 2015 AGM until the end of the 2016 AGM. Bror Frid (born 1957) is the Auditor in Charge. Bror Frid is an Authorised Public Accountant and a member of FAR (professional institute for authorised public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Lilla Bommen 2, SE-405 32 Gothenburg, Sweden. Öhrlings PricewaterhouseCoopers AB was the company's auditor through the entire period covered by the historic financial information in this Annual Report.

Five-year summary

SEK million	2015	2014	2013	2012	2011
EARNINGS					
Order intake	**2,463**	**2,195**	**2,072**	**2,012**	**2,095**
Net sales	**2,458**	**2,198**	**2,031**	**2,034**	**2,147**
Sweden	937	982	970	1,011	1,061
International	1,521	1,217	1,061	1,023	1,085
Gross profit	**677**	**641**	**596**	**562**	**594**
Operating profit	**197**	**174**	**201**	**137**	**184**
Sweden	108	144	145	113	155
International	119	75	84	59	62
Adjusted operating profit	**197**	**192**	**203**	**165**	**209**
Sweden	108	144	143	134	163
International	119	75	83	63	66
Net financial items	**-26**	**-23**	**-27**	**-86**	**-89**
Profit after financial items	**171**	**151**	**174**	**50**	**95**
Tax on profit/loss for the year	**-46**	**-39**	**-43**	**-21**	**-37**
Profit for the year	**125**	**112**	**131**	**29**	**58**
MARGINS					
Gross margin, %	**27.5**	**29.2**	**29.3**	**27.6**	**27.6**
Operating margin, %	**8.0**	**7.9**	**9.9**	**6.7**	**8.6**
Sweden	11.5	14.6	14.9	11.2	14.6
International	7.8	6.2	7.9	5.8	5.7
Adjusted operating margin, %	**8.0**	**8.7**	**10.0**	**8.1**	**9.7**
Sweden	11.5	14.6	14.8	13.2	15.4
International	7.8	6.2	7.8	6.2	6.1
CAPITAL STRUCTURE					
Net indebtedness	**884**	**543**	**608**	**707**	**1,241**
Adjusted net indebtedness	**884**	**543**	**608**	**707**	**836**
Equity	**1,183**	**1,147**	**1,012**	**882**	**404**
Adjusted equity	**1,183**	**1,147**	**1,012**	**882**	**809**
Debt/equity ratio	**75**	**47**	**60**	**80**	**307**
Adjusted debt/equity ratio,%	**75**	**47**	**60**	**80**	**103**
Equity/assets ratio,%	**45**	**52**	**49**	**44**	**19**
Average working capital in relation to net sales, %	**36.3**	**36.6**	**35.5**	**36.7**	**35.7**
CASH FLOW					
Operating cash flow	**194**	**117**	**199**	**204**	**82**
KEY FIGURES PER SHARE					
Earnings per share	**3.27**	**2.94**	**3.43**	**n/a**	**n/a**
Dividend per share	**1.70***	**1.50**	**n/a**	**n/a**	**n/a**
EMPLOYEES					
Average number of employees	**834**	**805**	**771**	**750**	**731**

*Proposed by Board of Directors.

Bufab on the stock exchange

Listing and turnover
The Bufab share has been listed on Nasdaq Stockholm since 21 February 2014. The total turnover of Bufab shares in 2015 was 28.2 million shares for a total amount of SEK 1.4 billion and the average daily turnover was 111,800 shares.

Dividend and dividend policy
The Board's proposal is a dividend of SEK 1.70 per share (1.50) for 2015, which corresponds to 52 per cent of net profit. The objective is to pay 50 per cent of the net profit, taking into account the company's financial position, cash flow, acquisition opportunities and future outlook.

Brief facts
Listing: Nasdaq Stockholm
Number of shares: 38 110 533
Ticker: BUFAB
ISIN code: SE 0005677135

More information
For share-price and up-to-date information, visit www.bufab.com/investors

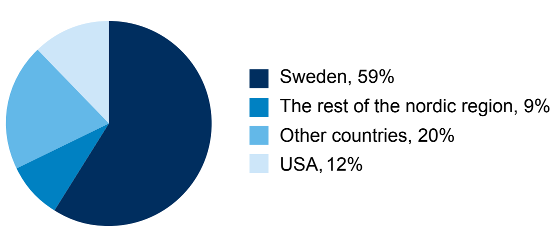
Share data	**2015**	**2014**
Earnings per share, SEK	**3.27**	2.94
Earnings per share after dilution, SEK	**3.27**	2.94
Dividend per share, SEK	**1.70** [1]	1.50
Yield,[2] %	**3.1**	2.6
Share of dividend [3], %	**52**	51
Share price at year-end, SEK	**55.50**	58.75
Highest share price, SEK	**63.60**	68.50
Lowest share price, SEK	**45.05**	48.10
Number of shareholders at year-end	**3,612**	2,109
Market capitalisation at year end, SEK million	**2,115**	2,239

[1] The dividend pertains to the Board's proposal
[2] The dividend in relation to shareprice at year-end
[3] The dividend in relation to earnings per share

Largest shareholders on 29 February 2016

Shareholder	**Share of capital and votes, %**
Liljedahl Group	10.1
Carnegie Funds	7.4
Didner & Gerge Funds	6.9
JPMorgan Chase	6.2
Lannebo Funds	5.9
Fourth Swedish National Pension Fund	4.3
Fondita Nordic Micro Cap SR	4.1
Nordea Investment Funds	3.5
JP Morgan Bank Luxembourg SA	3.5
Spiltan Funds	3.4
Total for the ten largest shareholders	**55.3**
Other shareholders	44.7
Total	**100,0**

Ownership distribution on 29 February 2016



Distribution of shareholdings (29 February 2016)

Shareholding	**Number of shareholders**	**Sharehold-ing, %**
1-500	2,189	1.2
501-1,000	534	1.2
501-1,000	452	2.8
5,001-10,000	73	1.5
10,000-15,000	24	0.8
15,001-20,000	21	1.0
20,001-	104	91.5
Number of shareholders	**3,397**	**100,0**

Definitions of key figures

Gross margin, %
Gross profit as a percentage of net sales for the period

Adjusted gross profit
Gross profit adjusted for non-recurring items

Adjusted gross margin, %
Adjusted gross profit as a percentage of net sales for the period

EBITDA
Operating profit before depreciation, amortisation and impairment

Adjusted EBITDA
Adjusted operating profit before depreciation, amortisation and impairment

Operating margin, %
Operating profit as a percentage of net sales for the period

Adjusted operating profit
Operating profit adjusted for non-recurring items

Adjusted operating margin, %
Adjusted operating profit as a percentage of net sales for the period

Net indebtedness
Interest-bearing liabilities less interest-bearing assets, calculated at the end of the period

Debt/equity ratio, %
Net indebtedness divided by equity, calculated at the end of the period

Net indebtedness/adjusted EBITDA, times
Net indebtedness at the end of the period, in relation to adjusted EBITDA in the last twelve months

Working capital
Total current assets less cash and cash equivalents less current non-interest-bearing liabilities, calculated at the end of the period

Average working capital
Average working capital calculated as the average of the past four quarters

Working capital/net sales, %
Average working capital as a percentage of net sales in the last twelve months

Equity/assets ratio, %
Equity as a percentage of total assets, calculated at the end of the period

Operating cash flow
Operating profit adjusted for depreciation/amortisation, impairment and other non-cash items less changes in working capital and investments

Earnings per share
Profit for the period divided by the average number of ordinary shares adjusted for the set-off issue and 80:1 split conducted in the first quarter of 2014

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