BMST Intressenter AB (publ)
Corp. ID no. 559108-3729

Annual Report for the Financial Year 10 April – 31 December 2017 and Consolidated Financial Statements for the Financial Year 1 January – 31 December 2017

CONTENTS

BMST Intressenter AB (publ)'s Annual Report and Consolidated Financial Statements 2017 are published in Swedish and this is an English translation. If there are differences between the English and the Swedish version, the Swedish version will prevail. The Swedish Annual Report and Consolidated Financial Statements 2017 can be downloaded from the website www.bmstab.se.

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of BMST Intressenter AB (publ), corp. ID no. 559108-3729, hereby present the annual report for the financial year 10 April – 31 December 2017 and the consolidated financial statements for the financial year 1 January – 31 December 2017. Unless otherwise indicated, all amounts are in millions of Swedish kronor (SEK million). Figures in parentheses refer to the previous year.

Operations

The BMST Group consists of Bellmans Åkeri & Entreprenad AB and Grundab Entreprenader i Stockholm AB (Bellmans), which are transport firms, and Modern Sprängteknik i Norden AB and its subsidiaries Uppländska Bergkrossnings AB, Uppländska Bergborrnings AB and Sprängarbeten i Trönödal AB (MST), which are engaged in blasting operations. BMST Intressenter AB, the parent company, was registered in April 2017. The main owner of BMST Intressenter AB is Verdane Holding 26 AB.

These are the Group's first consolidated financial statements to be prepared in accordance with IFRS. The accounting policies presented in Note 1 have been applied in preparing the consolidated financial statements for the BMST Group as at 31 December 2017 and for the comparative information presented as at 31 December 2016. On 1 July 2017, the Group acquired the businesses of MST (combination of entities under common control) and Bellmans (business combination pursuant to IFRS 3). As BMST and MST were the under common control of Verdane Capital before and after the acquisition on 1 July 2017, IFRS 3 is not applicable. The BMST Group's accounting policy for business combinations under common control is to apply a method in which historical values are used. In applying this method, BMST also adopts a perspective as the controlling entity. MST's assets and liabilities have therefore been consolidated in BMST's financial statements based on the carrying amounts from the acquisition made by Verdane Capital on 1 January 2016. This requires that the remaining goodwill arising from the original acquisition of MST by Verdane Capital should be recognised as at 1 January 2016. No additional goodwill to be recognised as at 1 July 2017 will arise. The competitive figures for 2016 refer to MST. The income statement for 2017 refers to MST for the period January – December, BMST for the period April – December and Bellmans for the period July – December.

Activities during the year

SEK million	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
Net sales	542.6	159.4
EBITDA before extraordinary items	39.2	16.1
EBITDA margin before extraordinary items, %	7.2%	10.1%
EBITDA	31.9	16.1
EBITDA margin, %	5.9%	10.1%
Operating profit	14.6	4.9
Operating margin, %	2.7%	3.1%
Net profit for the year	3.8	3.0

Segment

Senior management monitors the operations based on the two operating segments MST and Bellmans as well as the Other segment.

SEK million **Net sales**	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
MST	237.9	159.4
Bellmans	309.1	0.0
Elimination, intercompany sales	-4.4	0.0
Total net sales	**542.6**	**159.4**

SEK million **EBITDA before extraordinary items**	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
MST	24.9	16.1
Bellmans	15.1	0.0
Other	-0.8	0.0
Total EBITDA before extraordinary items	**39.2**	**16.1**

Sales and earnings

Consolidated net sales for the full year were SEK 542.6 million compared with SEK 159.4 million for the same period the year before, mainly because Bellmans formed part of the Group for six months in 2017 but not in the same period in 2016. EBITDA before extraordinary items was SEK 39.2 million compared with SEK 16.1 million in the same period the year before. The difference is mainly due to the fact that Bellmans formed part of the Group for six months in 2017 but not in the same period in 2016. The operating profit after extraordinary items was SEK 14.6 million, including depreciation and amortisation of SEK -17.3 million and extraordinary items of SEK -7.3 million. Extraordinary items comprised acquisition costs as well as costs incurred in establishing a new public parent company and developing a new brand and business strategy for the Group. The net financial expense was SEK -8.1 million, which was mainly attributable to interest on the bonds. The profit for the year was SEK 3.8 million, net of income tax of SEK -2.7 million.

Cash flow

The Group's cash flow from operating activities was SEK 22.2 million. Cash flow from investing activities was SEK -142.8 million and comprised net investments in property, plant and equipment of SEK -34.3 million and investments in the acquisition of Group companies of SEK -108.5 million. Cash flow from financing activities was SEK 206.2 million, which was mainly related to the issuance of bonds, partly offset by repayments of other external loans. The cash flow for the period was SEK 85.6 million.

Investments

The Group made investments in and sales of property, plant and equipment in a net amount of SEK 34.3 million, including investments in five drilling rigs from a competitor with the aim of improving its operating margin by cutting back on the use of subcontractors.

Net interest-bearing debt

The Group's net interest-bearing debt at 31 December 2017 was SEK 136.2 million. The ratio of net interest-bearing debt to EBITDA before extraordinary items was 2.18.

Employees

At 31 December, the Group had 167 full-time employees.

Financial position and financing

At the end of the period, the Group had cash and cash equivalents of SEK 88.2 million. Including an undrawn overdraft facility, available cash and cash equivalents were SEK 103.2 million. The parent company has issued corporate bonds, which were listed on the NASDAQ First North bond market in Stockholm on 10 August 2017. The instrument is listed as BMST 01 with 220 units. The total outstanding nominal amount is SEK 220.0 million and the nominal value per unit is SEK 1.0 million. The interest rate on the bonds is variable three-month STIBOR plus 6.50 per cent. The interest is payable quarterly in arrears. The bonds mature in June 2022. The terms and conditions of the bonds include an early redemption option. This option is accounted for as a derivative of 1.0 MSEK and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds are available on the website of BMST Intressenter AB (publ), www.bmstab.se.

Significant events during the financial year

The parent company BMST Intressenter AB was formed in April 2017. On 1 July 2017, the Group acquired the businesses of MST (combination of entities under common control) and Bellmans (business combination pursuant to IFRS 3). The acquisitions are in line with the Group's growth strategy. For further information on acquisitions, see Note K14 Business combinations.

Significant risks and uncertainties

The BMST Group is exposed to several global and Group-specific risks which can affect the operations and results as well as the Group's financial position. The Group operates in the construction and industrial sectors, which are affected by macroeconomic factors. An economic downturn and, in particular, weak economic activity in the construction industry and a decline in the infrastructure sector could reduce demand for the services offered by the Group. As the Group operates mainly in the Stockholm region and its surrounding areas, it is dependent on the strength of the construction and haulage markets in this geographic area. Foreseeable risks are identified and monitored centrally based on adopted policies. The Group's risk management is aimed at positioning the Group to respond effectively to any risk situations.

The following is a list of risks, not in order of significance, which the Group considers to be material.

- Operational risks
- Market risks, commercial and political risks
- Financial risks. For more information, see Note K5 Financial risk management
- Contract risks
- Legal risks
- Credit risks
- Taxes and fees

Significant events after the end of the financial year

Under the applicable terms and conditions, the Group's corporate bond must be listed on NASDAQ Stockholm within one year of the initial issue date. Preparations for the change of list are underway. A change of list is a further seal of quality for the BMST Group with regard to dissemination of information and operations.

After the end of the financial year, the Group chose to terminate an approved undrawn overdraft facility of SEK 15.0 million in one of it subsidiaries and instead concluded an agreement on a SEK 20.0 million overdraft facility in the parent company.

BMST Intressenter AB (publ) intends to make a name change to Bellman Group AB (publ).

Outlook

Management expects the demand for BMST Group's services to remain strong in 2018.

Environmental impact

The Group holds the necessary permits for operations which are subject to permit requirements. Bellmans has a permit for transportation of hazardous waste. When required, MST applies for blasting and crushing permits for works where such permits are required. The Group's operations affect the environment through emissions to air and water and in the form of noise pollution.

Parent company

BMST Intressenter AB was formed in April 2017. Net sales for the year were SEK 4.8 million and refer entirely to intercompany sales. The company incurred an operating loss of SEK -3.4 million and a loss after net financial income/expense (and earnings before tax) of SEK -10.8 million. The net loss for the year was SEK -8.4 million. Cash and cash equivalents at the end of the financial year were SEK 38.6 million. Equity was SEK 134.7 million and the equity/assets ratio 32.8 per cent. The parent company had no employees in 2017. The total number of ordinary shares at 31 December 2017 was 1,014,174. Each ordinary share has one vote and entitles the holder to dividends.

Proposed appropriation of retained earnings

The Annual General Meeting is asked to decide on the appropriation of the following earnings:

Amounts in SEK	
Share premium account	72,035,778
Retained earnings	70,050,000
Net loss for the year	-8,391,051
Total	**133,694,727**

The Board of Directors proposes the following appropriation of retained earnings:

Carried forward	133,694,727
Total	**133,694,727**

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million	**Note**	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
Net sales	K4	542.6	159.4
Other operating income	K4, K6	2.7	1.6
		545.3	161.0
Operating expenses			
Raw materials and consumables	K18	-404.7	-83.8
Other external expenses	K9, K10	-32.6	-15.0
Staff costs	K8	-75.5	-46.0
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	K15, K16	-17.3	-11.2
Other operating expenses	K7	-0.6	-0.1
Total operating expenses		-530.7	-156.1
Operating profit		**14.6**	**4.9**
Financial income	K11	1.1	0.0
Financial expense	K11	-9.2	-0.9
Net financial expense		-8.1	-0.9
Profit after net financial expense		**6.5**	**4.0**
Profit before tax		**6.5**	**4.0**
Tax on profit for the year	K12	-2.9	-1.1
Deferred tax	K12	0.2	0.1
Net profit for the year		**3.8**	**3.0**
Profit attributable to:			
- parent company shareholders		3.8	
- non-controlling interests		0.0	
Earnings per share (SEK)	K13	3.8	
Average number of shares, thousands		1,002.7	
Other comprehensive income			
Net profit for the year		3.8	3.0
Other comprehensive income			
Other comprehensive income for the year		0.0	0.0
Total comprehensive income for the year		**3.8**	**3.0**
Total comprehensive income for the year attributable to:			
- parent company shareholders		3.8	3.0
- non-controlling interests		0.0	0.0

The notes on pages 10 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 Dec 2017	31 Dec 2016	1 Jan 2016
Assets				
Non-current assets				
Intangible assets	K15			
Concessions, patents, licences, trademarks and similar rights		3.2	0.6	1.1
Goodwill		143.9	0.8	0.8
Total intangible assets		147.1	1.4	1.9
Property, plant and equipment	K16			
Plant and machinery		114.7	37.2	40.5
Equipment, tools, fixtures and fittings		2.0	1.2	1.3
Total property, plant and equipment		116.7	38.4	41.8
Non-current financial assets	K5			
Investments in associates		0.0	0.0	0.0
Other long-term investments in securities	K17	1.0	0.0	0.0
Deferred tax assets	K24	2.4	0.0	0.0
Total non-current financial assets		3.4	0.0	0.0
Total non-current assets		**267.2**	**39.8**	**43.7**
Current assets				
Inventories				
Raw materials and consumables	K18	7.6	5.1	5.3
Total inventories		7.6	5.1	5.3
Current receivables				
Trade receivables	K5, K17	114.2	28.2	31.4
Current tax assets		1.1	2.0	3.2
Other current receivables	K19	7.4	1.7	2.9
Prepaid expenses and accrued income	K20	12.0	8.2	2.0
Total current receivables		134.7	40.1	39.5
Cash and cash equivalents	K21			
Cash and cash equivalents		88.2	2.6	5.5
Total current assets		**230.5**	**47.8**	**50.3**
TOTAL ASSETS		**497.7**	**87.6**	**94.0**
Equity and liabilities				
Equity	K22			
Share capital		1.0	0.0	0.0
Other contributed capital		47.4	0.2	0.2
Reserves		0.0	0.0	0.0
Retained earnings (including net profit/loss for the year)		27.9	24.1	21.0
Total equity attributable to parent company shareholders		**76.3**	**24.3**	**21.2**
Non-current liabilities				
Deferred tax liability	K24	23.1	7.8	8.2
Bonds	K5, K17, K23, K27	212.8	0.0	0.0
Other liabilities to credit institutions	K5, K17, K23, K27	3.2	14.0	19.4
Other non-current liabilities	K23, K27	39.0	0.0	3.1
Total non-current liabilities		**278.1**	**21.8**	**30.7**
Current liabilities				
Liabilities to credit institutions	K5, K17, K23, K27	1.1	10.6	11.3
Trade payables	K5, K17, K23	83.4	12.8	12.7
Overdraft facility	K5, K17, K23, K27	0.0	2.5	0.0
Current tax liabilities		4.8	0.8	0.3
Other current liabilities	K25	24.4	4.9	6.0
Accrued expenses and deferred income	K26	29.6	9.9	11.8
Total current liabilities		**143.3**	**41.5**	**42.1**
TOTAL EQUITY AND LIABILITIES		**497.7**	**87.6**	**94.0**

For information about the Group's pledged assets, see Note K27 Pledged assets.
The notes on pages 10 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Attributable to shareholders of BMST Intressenter AB			
	Share capital	Other contributed capital	Retained earnings (incl. net profit/loss for the year)	Total equity
Opening balance, 1 January 2016*)	0.0	0.2	21.1	21.3
Net profit/loss for the year	0.0	0.0	3.0	3.0
Other comprehensive income for the year	0.0	0.0	0.0	0.0
Total comprehensive income	**0.0**	**0.0**	**3.0**	**3.0**
Transactions with shareholders in their roles as owners	0.0	0.0	0.0	0.0
Closing balance, 31 December 2016	**0.0**	**0.2**	**24.1**	**24.3**
Net profit/loss for the year	0.0	0.0	3.8	3.8
Other comprehensive income for the year	0.0	0.0	0.0	0.0
Total comprehensive income	**0.0**	**0.0**	**3.8**	**3.8**
Issue of new shares**)	1.0	31.4	0.0	32.4
Shareholder contributions	0.0	15.8	0.0	15.8
Transactions with shareholders in their roles as owners	**1.0**	**47.2**	**0.0**	**48.2**
Closing balance, 31 December 2017	**1.0**	**47.4**	**27.9**	**76.3**

*) As BMST and MST were under the common control of Verdane Capital before and after the acquisition on 1 July 2017, IFRS 3 is not applicable. The BMST Group's accounting policy for business combinations under common control is to apply a method in which historical values are used. In applying this method, BMST also adopts a perspective as the controlling entity. MST's assets and liabilities have therefore been consolidated in BMST's financial statements based on the carrying amounts from the acquisition made by Verdane Capital on 1 January 2016. This requires that the remaining goodwill arising from the original acquisition of MST by Verdane Capital be recognised as at 1 January 2016. No additional goodwill to be recognised as at 1 July 2017 will arise.
**) A share capital of SEK 14,174 was registered on 6 February 2018.

See Note K22 Equity for further information.

The notes on pages 10 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Cash flow from operating activities			
Operating profit		**14.6**	**4.9**
Adjustment for non-cash items:	K30		
Depreciation and amortisation		17.3	11.3
Other non-cash items		-2.2	-0.2
Interest received		0.0	0.0
Interest paid		-7.7	-0.9
Income taxes paid		-1.5	0.4
Cash flow from operating activities before changes in working capital		**20.5**	**15.5**
Increase/decrease in inventories		-2.5	0.2
Increase/decrease in operating receivables		-7.1	-1.7
Increase/decrease in operating liabilities		11.3	-0.4
Total changes in working capital		1.7	-1.9
Cash flow from operating activities		**22.2**	**13.6**
Cash flow from investing activities			
Acquisition of subsidiaries, net of acquired cash and cash equivalents		-108.5	0.0
Investments in property, plant and equipment		-38.8	-8.4
Sale of property, plant and equipment		4.5	1.3
Cash flow from investing activities		**-142.8**	**-7.1**
Cash flow from financing activities	K31		
Issue of shares	K22	3.1	0.0
Shareholder contributions received		13.9	0.0
Loans raised		220.0	0.0
Payment of financing costs		-8.0	0.0
Repayment of loans		-22.8	-9.4
Cash flow from financing activities		**206.2**	**-9.4**
Cash flow for the period		**85.6**	**-2.9**
Cash and cash equivalents at beginning of period		2.6	5.5
Cash and cash equivalents at end of period		**88.2**	**2.6**

The notes on pages 10 to 36 are an integral part of these consolidated financial statements.

NOTES

Note K1 General information

BMST Intressenter AB (publ), corp. ID no. 559108-3729, is the parent company of the BMST Group, with registered office in Stockholm, Sweden. The address of the head office is Box 84, 132 23 Saltsjö-Boo, Sweden. Unless otherwise stated, all amounts are in millions of Swedish kronor (SEK million). Figures in parentheses refer to the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note K2 Summary of significant accounting policies

Significant accounting policies applied in preparing these consolidated financial statements are described in the following. Unless otherwise stated, these policies have been applied consistently for all the periods presented. All amounts presented in the financial statements are in millions of Swedish kronor (SEK million) unless otherwise indicated.

Note K2.1 Basis of preparation of financial statements

The consolidated financial statements for BMST Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 *Supplementary Financial Reporting Rules for Corporate Groups* of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the EU.

These consolidated financial statements are the first consolidated financial statements of BMST Group to be prepared in accordance with IFRS. As BMST and MST were under the common control of Verdane Capital before and after BMST's acquisition of MST on 1 July 2017, the Group is considered to have been formed on 1 January 2016. Comparative years are therefore presented. The Group's accounting policy for business combinations under common control is to apply a method in which historical values are used. In other respects, the consolidated financial statements have been prepared in accordance with the cost method except in respect of financial instruments at fair value through profit or loss.

The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the Group's accounting policies.

Note K2.1.1 New standards and interpretations which have not yet been applied by the Group

A number of new standards and interpretations will become effective for financial years beginning on or after 1 January 2018 and have not been applied in preparing these financial statements. The following is a preliminary assessment of effects of those standards which are deemed to be relevant for the Group:

IFRS 9 Financial Instruments deals with the classification, measurement and recognition of financial assets and liabilities. It replaces those parts of IAS 39 which relate to the classification and measurement of financial instruments. IFRS 9 retains a mixed approach to measurement but simplifies the approach in some respects. There will be three measurement categories for financial assets, amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument should be classified depends on the company's business model and the characteristics of the instrument. Investments in equity instruments should be measured at fair value through profit or loss but there is also an option of measuring the instrument at fair value through other comprehensive income upon initial recognition. In this case no reclassification to profit or loss is made when the instrument is sold. For financial liabilities, the methods of classification and measurement are not changed except in the case where a liability is measured at fair value through profit or loss using the fair value option. IFRS 9 also introduces a new model for calculating the provision for credit losses that is based on expected credit losses. The new model for calculating the provision for credit losses is based on expected credit losses, rather than incurred credit losses in accordance with IAS 39, which may result in earlier recognition of credit losses. The model is applicable for financial assets at amortised cost, debt instruments at fair value through other comprehensive income, contract assets in accordance with IFRS 15 Revenue from Contracts with Customers, lease receivables, loans and certain financial guarantees. For financial assets with no significant financing component, such as normal trade and lease receivables, there exist simplified rules under which the company can recognise a provision covering the whole term of the receivable directly and therefore does not need to identify when a significant deterioration of creditworthiness has occurred. The standard must be applied for financial years beginning on 1 January 2018. Early application is permitted. The Group's assessment is that the introduction of IFRS 9 will have a minor impact on the Group's financial position and results, as the application of the standard for the Group will not result in any significant changes compared with the application of IAS 39.

IFRS 15 Revenue from Contracts with Customers regulates the accounting treatment of revenue. The principles on which IFRS 15 is based are intended to give users of financial statements more valuable information about a company's revenue. Under the expanded disclosure requirements, information on the type of revenue, date of settlement, uncertainties associated with the recognition of revenue and cash flows attributable to the company's customer contracts must be disclosed. Under IFRS 15, revenue should be recognised when a customer receives control over the sold good or service and is able to use or obtains a benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the related SIC and IFRIC interpretations. IFRS 15 becomes effective from 1 January 2018. Early application is permitted. In 2017, the Group evaluated what effects the standard will have on the Group's results and financial position. The Group made an analysis aimed at identifying areas where a potential difference could exist, which was then used as a basis for implementing the standard. The Group's assessment is that the introduction of IFRS 15 will have a minor impact on the Group's financial position and results, as the application of the standard for the Group does not differ significantly from the application of the current IAS.

IFRS 16 Leases. In January 2016, IASB published a new lease standard that will replace IAS 17 Leases and the related interpretations, IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases be recognised in the balance sheet, with a few exceptions. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right. For the lessor, the accounting treatment will remain essentially unchanged. The standard is effective for financial years beginning on or after 1 January 2019. Early application is permitted. The EU has not yet adopted the standard. In 2017, the Group initiated the work of evaluating what effects the standard will have on the Group's results and financial position. The Group made an initial analysis aimed at identifying areas where a potential difference could exist, which was then used as a basis for implementing the standard in 2018. According to the Group's preliminary evaluation, IFRS 16 will probably have the effect that the Group's leases for premises will be recognised in the balance sheet as rights to control the use of an asset. The corresponding amount will initially be recognised as a financial liability.

No other IFRS or IFRIC interpretations which have not yet become effective are expected to have any material impact on the Group.

Note K2.2 Consolidation

Note K2.2.1 Fundamental accounting policies

Subsidiaries

All entities over which the Group has control are classified as subsidiaries. The Group controls an entity when it is exposed to or has the right to a variable return on its investment in the entity and is able to influence the return through its interest in the entity. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group. They are excluded from the consolidated financial statements as of the date when control is lost.

The purchase method is applied in accounting for the Group's business combinations.

The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets, liabilities incurred to previous owners of the acquired entity and the shares issued by the Group. The consideration also includes the fair value of all liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, i.e. on an acquisition by acquisition basis, the Group determines whether to recognise a non-controlling interest in the acquired entity at fair value or at the interest's proportional share of the carrying amount of the acquired entity's identifiable net assets.

Acquisition-related costs are charged to expense as incurred.

Goodwill is initially measured at the amount by which the total consideration and any non-controlling interests at the acquisition date exceeds the fair value of identifiable acquired net assets. If the consideration is lower than the fair value of the acquired entity's net assets the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains from transactions between Group companies are eliminated. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's policies.

Associates

Associates are those entities in which the Group exercises a significant, but not a controlling, influence, which normally applies for shareholdings representing between 20 per cent and 50 per cent of the votes.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are initially stated at cost in the consolidated balance sheet.

The carrying amount is then increased or decreased to take account of the Group's share of the profit or loss of its associates after the acquisition date. The Group's share of the profit or loss is included in the consolidated profit or loss. Dividends from associates are recognised as a decrease in the carrying amount of the investment.

When the Group's share of losses of an associate equals or exceeds its investment in the associate (including all non-current receivables which in reality constitute a part of the Group's net investment in the associate), the Group does not recognise any further losses unless it has incurred obligations to do so or made payments on behalf of the associate.

Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies for associates have been adjusted, if necessary, to ensure compliance with the Group's accounting policies.

Note K2.3 Segment reporting

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The BMST Group's senior management team, which consists of the Group CEO, Group CFO and the chief executives of the subsidiaries, constitutes the chief operating decision maker for the BMST Group and evaluates the Group's financial position and results, and makes strategic decisions. Management has defined the operating segments based on the information that is discussed in the senior management team and used as a basis for decisions on the allocation of resources and evaluation of results.

Senior management monitors the operations based on the two operating segments MST and Bellmans as well as the Other segment. Senior management mainly uses EBITDA before extraordinary items to monitor the Group's results.

Note K2.4 Translation of foreign currency

Functional currency and reporting currency

The various entities in the Group have the local currency as their functional currency, as the local currency has been defined as the currency of the primary economic environment in which each entity operates. Swedish kronor (SEK), the functional and reporting currency of the parent company and Group, are used in the consolidated financial statements.

Transactions and balances

Transactions in foreign currency are translated to the functional currency at transaction date exchange rates. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing rates are recognised in the income statement.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are accounted for in the income statement as financial income or expense. All other foreign exchange gains and losses are recognised in the items Other operating expenses and Other operating income in the income statement.

Note K2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and comprises the amounts received for sold goods and services less discounts and value-added tax.

The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will accrue to the company and specific criteria have been met for each of the Group's businesses, as described in the following.

Sale of goods
The Group's sale of goods mainly comprises the resale of materials in connection with the performance of service contracts.

Sales of goods are recognised when significant risks and benefits are transferred from the seller to the buyer in accordance with the terms and conditions of sale. Sales are recognised net of value-added tax and discounts. Revenue from the Group's sale of goods is recognised when the following conditions have been met:

- The Group has transferred to the buyer the significant risks and benefits associated with ownership of the goods.
- The Group does not retain any such involvement in the day-to-day management as is normally associated with ownership and does not exercise effective control over the sold goods.
- The revenue can be reliably measured.
- It is probable that the economic benefits associated with the transaction will accrue to the Group.
- The costs that have been incurred or are expected to be incurred in consequence of the transaction can be reliably estimated.

Sale of services
The Group provides transport and machinery services as well as rock blasting, rock drilling and excavation services. The services are provided on a time and materials basis. For time and materials service contracts, revenue is recognised in the period in which the services are performed.

Interest income
Interest income is recognised by applying the effective interest method.

Note K2.6 Leases

Leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases (mainly office premises). Payments made during the lease term (net of any incentives from the lessor) are recognised as an expense in the income statement on a straight-line basis over the lease term. Leases of property, plant and equipment in which the economic risks and benefits associated with ownership have essentially been transferred to the Group are classified as finance leases (lease of work machines/vehicles). At the beginning of the lease term, finance leases are recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding liabilities, less financial expense, are included in the balance sheet items Non-current liabilities to credit institutions and Current liabilities to credit institutions. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. In the income statement, the finance charge is distributed over the term of the lease so that an amount corresponding to a fixed interest rate for the liability reported in each accounting period is charged to earnings in each accounting period. Non-current assets held under a finance lease are written off over the useful life or the term of lease, whichever is shorter, unless it can be established with reasonable certainty that ownership will be transferred to the lessee at the end of the lease term.

Note K2.7 Business combinations

The acquisition method is applied in accounting for the Group's business combinations, regardless of whether the acquisition comprises equity interests or other assets. The consideration paid for the acquisition of a subsidiary comprises the fair values of the transferred assets, liabilities incurred by the Group to previous owners, shares issued by the Group, assets or liabilities resulting from a contingent consideration arrangement and previous equity interests in the acquired entity. Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are, with a few exceptions, initially measured at fair value at the acquisition date. For each acquisition, i.e. on an acquisition by acquisition basis, the Group determines whether to recognise a non-controlling interest in the acquired entity at fair value or at the interest's proportional share of the carrying amount of the acquired entity's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill refers to the amount by which the transferred consideration, any non-controlling interest in the acquired entity, and the fair value at the acquisition date of previous equity interests in the acquired entity (if the business combination was realised in stages) exceeds the fair value of identifiable acquired net assets. If the amount is less than the fair value of the acquired net assets, in case of a bargain purchase, the difference is recognised directly in the income statement. In cases where all or part of the consideration is deferred, the future payments are discounted to present value at the acquisition date. The discount rate is the company's marginal borrowing rate, which is the interest rate which the company would have paid for loan financing over the same period and on similar terms. A contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liabilities are remeasured at fair value in each period. Any remeasurement gains and losses are recognised in profit or loss. If the business combination is achieved in stages, the previously held equity interest in the acquired entity is remeasured at its fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognised in profit or loss.

Note K2.28 Employee benefits

Short-term benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid leave which are expected to be settled within 12 months of the end of the financial year, are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is recognised as the services are performed by the employees. The liability is recognised as an employee benefit obligation in the statement of financial position.

Post-employment benefits

The Group companies only have defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are recognised as an expense in profit or loss for the period as they are earned through the employees' performance of services for the company during the period.

Note K2.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax is calculated on the taxable profit the period at the applicable tax rate. The current tax expense is calculated based on the tax rules that have been enacted or substantively enacted at the balance sheet date in those countries where the parent company and its subsidiaries operate and generate taxable revenue. Management regularly evaluates claims made in tax returns which relate to situations where the applicable tax rules are subject to interpretation and, where this is deemed appropriate, makes provisions for amounts which will probably be payable to the tax authority.

Deferred tax is recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. A deferred tax liability is not recognised if it is incurred as a result of initial recognition of goodwill. Nor is deferred tax recognised if it is incurred as a result of a transaction that constitutes the initial recognition of an asset or liability which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates (and tax laws) that have been adopted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be used.

Deferred tax assets and liabilities are offset when there is a legal right of set-off for the tax assets and liabilities concerned, and when the deferred tax assets and liabilities pertain to taxes levied by the same tax authority and refer to either the same taxable entity or different taxable entities, where there is an intention to settle the balances through a net payment.

Note K2.10 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the consideration, any non-controlling interest in the acquired entity and the fair value of the previous equity interest in the acquired entity at the acquisition date exceeds the fair value of identifiable net assets. If the amount is less than the fair value of the acquired net assets of the subsidiary, in case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated represents the lowest level in the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level.

Goodwill is tested for impairment at least annually if there are events or changes in circumstances which indicate potential impairment. The carrying amount of the cash-generating unit to which the goodwill is attributed is compared with the recoverable amount, which is defined as the higher of value in use and fair value less selling expenses. Any impairment loss is expensed immediately and cannot be reversed.

Trademarks
Trademarks which have been acquired through a business combination are recognised at fair value at the acquisition date. Trademarks have a definite useful life and are recognised at cost less accumulated amortisation and impairment.

Order backlogs
Order backlogs which have been acquired through a business combination are recognised at fair value at the acquisition date. Order backlogs have a definite useful life and are recognised at cost less accumulated amortisation and impairment.

Useful lives of the Group's intangible assets

Trademarks	3 years
Order backlogs	0.5 years

Note K2.11 Property, plant and equipment
Property, plant and equipment are recognised at cost less depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the purchase and for bringing the asset to its place of use and preparing it for use in accordance with the purpose of the purchase.

Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost can be reliably measured. The carrying amount of a replaced portion is derecognised from the statement of financial position. All other forms of repairs and maintenance are expensed in the income statement in the periods in which they are incurred.

Assets are depreciated on a straight-line basis, less the estimated residual value, over the estimated useful life. Property, plant and equipment which are held under a finance lease are depreciated over the useful life or the term of lease, whichever is shorter.

The useful lives are as follows:

Work machinery	5-7 years
Vehicles	5 years
Equipment, tools and installations	5-7 years

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where necessary. An asset's carrying amount is written down to the recoverable amount immediately if the carrying amount exceeds its estimated recoverable amount. Gains and losses on the sale of an item of property, plant and equipment is determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in Other operating income or Other operating expenses in the income statement.

Note K2.12 Impairment of non-financial assets
Intangible assets with indefinite useful lives (goodwill) are not amortised but are tested for impairment annually. Assets which are depreciated or amortised are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) which have previously been written down, an impairment test is made at each balance sheet date to determine if a reversal is required.

Note K2.13 Financial instruments – general information
Financial instruments are included in many different balance sheet items and are described below.

Note K2.13.1 Classification
The Group classifies its financial assets and liabilities into the following categories: Financial assets at fair value through profit or loss, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired. See notes K5 Financial risk management, K17 Financial instruments by category and K23 Borrowings for disclosures on each type of financial asset and financial liability. The Group classifies financial assets at fair value through profit or loss if they have been acquired mainly for the purpose of being sold in the short term, i.e. if they are held for trading. They are recognised as current assets if they are expected to be sold within 12 months of the end of the reporting period, otherwise as non-current assets.

Loans and receivables
Loans and receivables are financial assets which are not derivatives, have fixed or determinable payments, and are not listed on an active market. They are included in current assets, with the exception of items maturing later than twelve months from the balance sheet date, which are classified as non-current assets. The Group's loans and receivables comprise trade receivables, other current receivables, accrued income, and cash and cash equivalents.

Other financial liabilities
Bonds, non-current liabilities to credit institutions, non-current finance lease liabilities, current finance lease liabilities, current liabilities to credit institutions, overdraft facilities, trade payables as well as other current liabilities and accrued expenses that are financial instruments are classified as other financial liabilities.

Note K2.13.2 Recognition and measurement
Financial instruments are recognised initially at fair value plus transaction costs. Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognised from the statement of financial position when the obligation arising from the agreement has been fulfilled or otherwise been extinguished.

After the acquisition date, loans and receivables as well as other financial liabilities are stated at amortised cost by applying the effective interest method. Financial assets at fair value through profit or loss are recognised at fair value after the acquisition date. Gains and losses arising from changes in fair value are recognised in the income statement as financial income and expense.

Detailed information on the determination of the fair values of financial instruments is provided in Note K17.

Note K2.13.3 Offset of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Note K2.13.4 Impairment of financial instruments
Assets at amortised cost
At the end of each reporting period the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and is written down only if there is objective evidence of impairment as a consequence of one or several events occurring after the initial recognition of the asset and this event affects the estimated future cash flows for the financial asset or group of financial assets which can be reliably measured.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment loss is recognised in the consolidated income statement in the item Other external expenses. If the impairment is reduced in a subsequent period and this can objectively be attributed to an event occurring after recognition of the impairment loss, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement in the item Other external expenses.

Note K2.14 Inventories
Inventories are recognised, by applying the first in, first out principle, at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable variable selling expenses.

Note K2.15 Trade receivables
Trade receivables are financial instruments which consist of amounts due from customers for goods or services sold in the ordinary course of business. If payment is expected within one year or earlier, they are classified as current assets. If not, they are recognised as non-current assets.

Trade receivables are initially stated at cost and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment.

Note K2.16 Cash and cash equivalents
In the statement of financial position as well as the statement of cash flows, cash and cash equivalents comprise cash and bank deposits.

Note K2.17 Share capital
Ordinary shares are classified as equity. Transaction costs which are directly attributable to the issue of new ordinary shares are recognised, net of tax, in equity less a deduction from the proceeds of the issue.

Note K2.18 Borrowings
Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, borrowings are recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the loan by applying the effective interest method.

The liability is classified as current in the statement of financial position if the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Borrowings are derecognised from the statement of financial position when the obligations have been discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss for the period.

Note K2.19 Trade payables
Trade payables are financial instruments and refer to obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Note K2.20 Statement of cash flows
The statement of cash flows is prepared using the indirect method. The reported cash flow only includes transactions involving incoming or outgoing payments.

Note K3 Critical accounting estimates and judgements
Estimates and assessments are evaluated continuously and based on historical experiences and other factors, including expectations of future events that are deemed reasonable under existing circumstances.

Management does not consider that any material estimates and judgements have been made in the accounts concerning future events, or that there are other important sources of uncertainty in estimates at the balance sheet date which could involve a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the foreseeable future.

For further information on the Group’s financial risk management, see Note K5. For further information on how goodwill has been calculated, see Note K15.

Note K4 Segment information

Description of segments and principal business activities:

The BMST Group's senior management team, which consists of the Group CEO, Group CFO and the chief executives of the subsidiaries, constitutes the chief operating decision maker for the BMST Group and evaluates the Group's financial position and results, and makes strategic decisions. Management has defined the operating segments based on the information that is discussed in the senior management team and used as a basis for decisions on the allocation of resources and evaluation of results.

Senior management monitors the operations based on the two operating segments MST and Bellmans as well as the Other segment. Senior management mainly uses EBITDA to monitor the Group's results.

MST

Rock blasting, rock drilling and excavation services.

Bellmans

Transport and excavation services in the construction sector.

Other segment

Senior management and other central services.

Net sales

Sales between segments are made on market terms. The revenue from external customers reported for the segments to senior management is measured in the same way as in the consolidated income statement.

SEK million		
Net sales	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
MST	237.9	159.4
Bellmans	309.1	0.0
Elimination, intercompany sales	-4.4	0.0
Total net sales	**542.6**	**159.4**

SEK million		
EBITDA before extraordinary items	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
MST	24.9	16.1
Bellmans	15.1	0.0
Other	-0.8	0.0
Total EBITDA before extraordinary items	**39.2**	**16.1**

SEK million		
Operating profit/loss	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
MST	13.2	4.9
Bellmans	9.5	0.0
Other	-8.1	0.0
Total operating profit	**14.6**	**4.9**

SEK million		
Depreciation, amortisation and impairment	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
MST	-11.7	-11.2
Bellmans	-5.6	0.0
Other	0.0	0.0
Total depreciation, amortisation and impairment	**-17.3**	**-11.2**

The following is a reconciliation of profit/loss before tax and EBITDA before extraordinary items:

SEK million	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
EBITDA before extraordinary items	39.2	16.1
Extraordinary items (see definition on page 45)	-7.3	0.0
Depreciation, amortisation and impairment	-17.3	-11.2
Financial income and expense	-8.1	-0.9
Profit before tax	6.5	4.0

Profit/loss before tax for the Group's operating segments is the same as consolidated profit/loss before tax.

The segments' working capital is distributed as follows:

SEK million Working capital	31 Dec 2017	31 Dec 2016
MST	23.1	16.8
Bellmans	-3.9	0.0
Other	-2.0	0.0
Total working capital	**17.2**	**16.8**

Group information

The Group has the following categories of revenue:

SEK million Revenue	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Sale of services	542.6	159.4
Other income	2.7	1.6
Total revenue	**545.3**	**161.0**

Disclosures on the Group's accounting policies for revenue are presented in Note K2 Summary of significant accounting policies.

Note K5 Financial risk management

Through its operations, the BMST Group is exposed to several forms of financial risk. The most significant risks are normally interest rate exposure and credit risk exposure. Other financial risks include financing risk, liquidity risk and currency risk. The BMST Group does not speculate on fluctuations in financial markets but aims to reduce its risks and focus on its core business. Risk management is carried out by the treasury function in accordance with policies adopted by the Board of Directors. The treasury function identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units when necessary. The Board draws up written policies for the Group's overall risk management as well as for specific areas, such as refinancing risk, credit risk and currency risk.

The general objectives for the BMST Group's financial activities are to:

- Identify and reduce financial risks in the Group's business in a cost-effective manner
- Ensure that the liquidity required for the Group's day-to-day operations is available at all times
- Reduce potential losses that are due to negligence on the part of financial counterparties
- Achieve the best possible net financial income/expense through efficient management within the specified risk
- Strive to be an attractive borrower and plan ahead to ensure that the Group is offered financing on competitive market terms
- Reducing the refinancing risk by always ensuring that alternative financial options are available

Financing risk

Financing risk is described as the risk that the company will experience a shortage of liquidity due to insufficient financing.

Refinancing risk
Refinancing risk could be described as inadequate access to long- or short-term financing at maturity for existing long- or short-term financing.

The treasury function strives to ensure that the Group has access to short- and long-term loan facilities at any given time. This is achieved by planning ahead, through regular liquidity forecasts and by maintaining good relations with lenders, having regard to the terms and conditions of the bonds.

Liquidity risk
Liquidity risk is defined as the risk of being unable to fulfil payment obligations at maturity without a significant increase in the cost of obtaining means of payment. Senior management regularly monitors forecasts for the Group's liquidity reserve and cash and cash equivalents based on expected cash flows.

At 31 December 2017, the Group had an unused credit facility in the form of an overdraft facility of SEK 15 million (7.5). The overdraft facility can be used when required and can be cancelled by the bank without notice.

The following table shows an analysis of the Group's non-derivative financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

SEK million	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying amount, liabilities
1 January 2016				
Trade payables	12.7	0.0	12.7	12.7
Liabilities to credit institutions (excl. finance lease liabilities)	11.3	16.3	27.6	27.6
Finance lease liabilities	0.0	3.1	3.1	3.1
Total	**24.0**	**19.4**	**43.4**	**43.4**
31 December 2016				
Trade payables	12.8	0.0	12.8	12.8
Liabilities to credit institutions (excl. finance lease liabilities)	13.1	9.8	22.9	22.9
Finance lease liabilities	0.0	4.2	4.2	4.2
Total	**25.9**	**14.0**	**39.9**	**39.9**
31 December 2017				
Trade payables	83.4	0.0	83.4	83.4
Bonds	14.3	270.1	284.4	212.8
Vendor loan	19.5	39.0	58.5	58.5
Finance lease liabilities	1.1	3.2	4.3	4.3
Total	**118.3**	**312.3**	**430.6**	**359.0**

Credit risk
Credit risk is defined as the risk that a counterparty will be unable to meet its payment obligations to the BMST Group.

Credit risk in the Group's normal business activities is mainly related to trade payables. The granting of credit to a customer is based on a professional assessment of the customer. Each Group company is responsible for monitoring and analysing the credit risk for each new customer. The Group's sales are spread across a large number of customers and bad debts have historically been low.

Individually assessed trade receivables which are considered uncollectible are written down by directly reducing the carrying amount. Other receivables are assessed collectively to determine if there is objective evidence of impairment. Receivables for which an impairment reserve has previously been recognised are offset against the reserve when the Group is no longer expected to recover further cash and cash equivalents. Impairment losses are recognised as other expenses in the income statement. If the impairment is reduced in a subsequent period, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement. See Note K2 Summary of significant accounting policies for further information on how impairment is calculated.

Individually assessed impaired receivables refer mainly to one customer that has unexpectedly experienced financial difficulties. It is expected that a portion of the receivables will be recoverable, and the Group has made a provision for doubtful debts of SEK 1.9 million. These receivables were not overdue at the balance sheet date.

Changes in the provision for doubtful debts are as follows:

SEK million		
Change in provision for trade receivables	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
1 January	3.8	3.8
Provision for doubtful debts	3.3	0.0
Receivables written off during the year as uncollectable	0.0	0.0
Reversal of unused provisions	0.0	0.0
31 December	**7.1**	**3.8**

During the financial year, the following gains and losses in respect of trade receivables were recognised in the income statement:

SEK million		
Impairment of trade receivables	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
- actual losses	1.4	1.2
- changes in provision for doubtful debts	3.3	0.0
Reversal of previous impairment losses	0.0	0.0
Total impairment losses on trade receivables	**4.7**	**1.2**

At 31 December 2017, the Group had overdue trade receivables of SEK 8.9 million (4.9) for which no impairment was deemed to exist. The overdue receivables refer to a number of customers which have not previously had any difficulty meeting their payments. Of these receivables, SEK 8.3 million was less than three months overdue and SEK 0.6 million was more than three months overdue.

Other categories of trade receivables and other receivables do not include any impaired assets. Based on past credit histories, the amounts are expected to be received at maturity. The Group has no pledged assets as collateral for these receivables.

Interest rate risk
Interest rate risk refers to the risk that the interest rates on the company's financial instruments will be affected by changes in market interest rates, which could have a negative impact on the company's net interest expense.

The only significant external liabilities in the BMST Group's balance sheet at 31 December 2017 are corporate bonds listed on Nasdaq First North in the amount of SEK 220.0 million (SEK 400.0 million limit) and a vendor loan of SEK 58.5 million from Hasseludd Holding AB. The bonds mature on 19 June 2022 and the annual interest rate is three-month STIBOR plus 6.50 percentage points. The vendor loan is interest-free.

Under the terms and conditions of the bonds, the company also has access to a SEK 20.0 million overdraft facility to finance working capital. The BMST Group aims to reduce the amount of cash tied up in working capital, which has positive effects on the income statement and balance sheet.

Capital structure
The Group's goal in respect of capital structure is to secure its ability to continue as a going concern, and to continue to generate a return for the shareholders.

Like other companies in the industry, the Group assesses its capital based on the equity/assets ratio. This key performance indicator is calculated as equity divided by total assets. At 31 December 2017, the Group's equity/assets ratio was 15.3 per cent.

Covenants
Under the terms and conditions of the bonds, certain covenants must be met each time the Group enters into a new business combination. All covenants were met in connection with the acquisitions of MST and Bellmans.

Note K6 Other operating income

SEK million Other operating income	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Gain on sale of machinery and equipment	1.3	0.2
Other income	1.4	1.4
Total other operating income	**2.7**	**1.6**

Note K7 Other operating expenses

SEK million Other operating expenses	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Loss on sale of machinery and equipment	0.6	0.1
Other expenses	0.0	0.0
Total other operating expenses	**0.6**	**0.1**

Note K8 Employee benefits, etc.

SEK million	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Salaries and other benefits	52.8	31.3
Social security contributions	15.0	10.2
Retirement benefit costs - defined contribution plans	4.4	2.1
Total employee benefits	**72.2**	**43.6**

SEK million	**1 Jan 2017 - 31 Dec 2017**		**1 Jan 2016 - 31 Dec 2016**	
Salaries, other remuneration and social-security contributions	Salaries and other benefits	Social-security contributions (of which retirement benefit costs)	Salaries and other benefits	Social-security contributions (of which retirement benefit costs)
Directors, chief executives and other senior executives	4.1	2.3 (1.0)	1.5	0.5 (0.3)
Other employees	48.7	17.1 (3.4)	29.8	11.8 (1.8)
Total, Group	**52.8**	**19.4 (4.4)**	**31.3**	**12.3 (2.1)**

Number of employees	**1 Jan 2017 - 31 Dec 2017**		**1 Jan 2016 - 31 Dec 2016**	
Average number of employees	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	143	121	68	61
Total, Group	**143**	**121**	**68**	**61**

Gender distribution in the Group for Directors and other senior executives:

Number	**1 Jan 2017 - 31 Dec 2017**		**1 Jan 2016 - 31 Dec 2016**	
Gender distribution in the Group for Directors and senior executives	No. at balance sheet date	Of which men	No. at balance sheet date	Of which men
Directors	4	4	5	5
Chief executives and other senior executives	4	4	1	1
Total, Group	**8**	**8**	**6**	**6**

Remuneration of senior executives
Senior executives comprise Directors and senior management, and the remuneration of these is as follows:

SEK million	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Salaries and other short-term benefits	5.6	2.3
Termination benefits	0.0	0.0
Post-employment benefits (defined contribution pension costs)	0.9	0.3
Total remuneration of Directors and other senior executives	**6.5**	**2.6**

Remuneration and other benefits in 2017	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Retirement benefit cost	Consulting fee	Total
Per Nordlander, Chairman of the Board	0.0	0.0	0.0	0.0	0.0	**0.0**
Tore Hallersbo, Chairman of the Board (until 17 Dec)	0.3	0.0	0.0	0.0	1.0	**1.3**
Håkan Lind, Group CEO and Director	0.2	0.2	0.0	0.1	0.0	**0.5**
Björn Andersson, Director	0.2	0.0	0.0	0.0	0.0	**0.2**
Robin Karlsson, Director	0.0	0.0	0.0	0.0	0.0	**0.0**
Other senior executives	2.5	1.1	0.1	0.8	0.0	**4.5**
Total	**3.2**	**1.3**	**0.1**	**0.9**	**1.0**	**6.5**

Remuneration and other benefits in 2016	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Retirement benefit cost	Consulting fee	Total
Tore Hallersbo, Chairman of the Board	0.2	0.0	0.0	0.0	0.8	**1.0**
Per Nordlander, Director	0.0	0.0	0.0	0.0	0.0	**0.0**
Robin Karlsson, Group CEO and Director	1.1	0.0	0.1	0.3	0.0	**1.5**
Björn Andersson, Director	0.0	0.0	0.0	0.0	0.0	**0.0**
Janne Claesson, Director	0.1	0.0	0.0	0.0	0.0	**0.1**
Total	**1.4**	**0.0**	**0.1**	**0.3**	**0.8**	**2.6**

Other benefits refer to a company car.

Guidelines
Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the Annual General Meeting. No separate fee is paid for committee work. The Board of Directors has adopted the following guidelines for remuneration of management. The remuneration paid to the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions. Other senior executives refer to the three individuals who, together with the CEO, make up the senior management team. These are Roger Axelsson (Group CFO), Robin Karlsson (CEO of MST) and Dick Örn (CEO of Bellmans).

The CEO's total remuneration is decided by the Board. Guidelines for remuneration of other members of the senior management team are proposed by the Remuneration Committee and adopted by the Board. The BMST Group strives to offer a competitive total compensation package that enables it to recruit and retain senior executives. The total compensation package is based on factors such as position, performance and individual qualifications. The total remuneration paid to members of the management team consists of a fixed cash salary, variable cash remuneration, pension, and other remuneration and benefits.

- The fixed cash salary is reviewed annually and is used as a basis for calculating variable remuneration.
- Variable cash remuneration is dependent partly on the individual's achievement of annually defined targets and partly on the achievement of predefined financial targets. The outcome is followed up annually. All members of the senior management team have the potential to receive variable remuneration equal to six months' cash salary. There is thus a clear link between remuneration, individual performance and the performance of the Group as a whole.
- Senior executives are entitled to retirement benefits in accordance with their respective occupational pension plans.
- Other remuneration and benefits must be in line with market levels and help the senior executive to fulfil his or her duties, such as a company car, occupational health benefits, etc.

Senior executives are entitled to 12 months' notice in case of termination of employment by the employer and six months' notice if the employment is terminated by the employee. All senior executives are subject to non-compete obligations in case of voluntary termination of employment. If there are special reasons in any individual case, the Board has the right to depart from the above guidelines.

Defined contribution pension
The Group only has defined contribution pension plans. Retirement benefit cost refers to the cost which affects profit for the year.

Note K9 Audit fees

SEK million Audit fees	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
PwC:		
- Audit engagement	0.6	0.0
- Audit services in addition to audit engagement	0.6	0.0
- Tax advisory services	0.1	0.0
- Other services	2.0	0.0
Total, PwC	**3.3**	**0.0**
Folkesson Råd & Revision AB:		
- Audit engagement	0.2	0.1
- Audit services in addition to audit engagement	0.0	0.0
- Tax advisory services	0.0	0.0
- Other services	0.0	0.0
Total, Folkesson Råd & Revision AB	**0.2**	**0.1**
Total audit fees	**3.5**	**0.1**

Note K10 Operating leases

SEK million Operating leases	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
Future total minimum lease payments under non-cancellable operating leases fall due as follows:		
Within 1 year	2.9	2.4
After 1 to 5 years	7.8	1.6
After more than 5 years	0.0	0.0
Total operating leases	**10.7**	**4.0**

Lease payments of SEK 3.7 million (3.0) were expensed during the year and are included in the item Other external expenses in the income statement. The rental payment is included in the lease payment in the amount of SEK 1.7 million (1.5).

Note K11 Financial income and expenses

SEK million Financial income	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
Interest income	0.0	0.0
Unrealised gains on financial assets fair value through profit or loss	1.0	0.0
Other financial income	0.1	0.0
Total financial income	**1.1**	**0.0**

SEK million Financial expense	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
Interest expense attributable to:		
- bonds	7.9	0.0
- other liabilities to credit institutions	0.3	0.8
- finance lease liabilities	0.2	0.1
Accrued financing costs	0.8	0.0
Total financial expense	**9.2**	**0.9**

Note K12 Income tax

SEK million Income tax	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Current tax:		
- Current tax on profit for the year	2.9	1.1
- Adjustments related to prior years	0.0	0.0
Total current tax	**2.9**	**1.1**
Deferred tax (Note K24 Deferred tax):		
- Origination and reversal of temporary differences	2.2	-0.1
- Deferred tax arising from unused tax losses	-2.4	0.0
Total deferred tax	**-0.2**	**-0.1**
Total income tax	**2.7**	**1.0**

The income tax on the profit before tax differs from the theoretical amount that would have resulted from the use of the Swedish tax rate for the profits of the consolidated companies as follows:

SEK million	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Profit before tax	6.5	3.9
Income tax calculated at tax rate in Sweden (22%)	1.4	0.9
Tax effect of non-deductible/non-taxable items:		
- acquisition-related costs	1.1	0.0
- other items	0.2	0.1
Non-taxable income	0.0	0.0
Total tax expense	**2.7**	**1.0**

The Group's weighted average tax rate was 41.5 per cent (26.0). The increase is due to non-deductible acquisition costs.

The tax attributable to components in other comprehensive income is SEK 0.0 million (0.0).

Note K13 Earnings per share

SEK Earnings per share	1 Jan 2017 -31 Dec 2017
Total earnings per share before dilution attributable to parent company shareholders, SEK	3.79
Total earnings per share after dilution attributable to parent company shareholders, SEK	3.79

SEK million **Measure of profit or loss used in calculating earnings per share**	1 Jan 2017 -31 Dec 2017
Earnings per share before dilution:	
Profit attributable to parent company shareholders	3.80
Earnings per share after dilution:	
Profit attributable to parent company shareholders	3.80

Number **Weighted average number of ordinary shares**	1 Jan 2017 -31 Dec 2017
Weighted average number of ordinary shares for calculating earnings per share before dilution	1,002,668
Weighted average number of ordinary shares for calculating earnings per share after dilution	1,002,668

Before dilution

Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the parent by a weighted average number of outstanding ordinary shares during the period.

After dilution
Earnings per share after dilution are calculated by adjusting the weighted average number of outstanding ordinary shares for the dilutive effect of all potential ordinary shares.

Earnings per share after dilution are the same as earnings per share before dilution, as there are no dilutive effects.

As the parent company BMST Intressenter AB was formed in 2017, no comparative year is presented.

Note K14 Business combinations

On 1 July 2017, the parent company acquired 100 per cent of the share capital of Bellmans, which is a transport firm. The company has significantly increased the Group's market share. Information on the consideration, acquired net assets and goodwill is presented below:

SEK million		
Consideration:	**Bellmans**	**Total**
Cash and cash equivalents	124.5	124.5
Debt-for-equity swap	29.2	29.2
Vendor loan	58.5	58.5
Total consideration	**212.2**	**212.2**

The fair value of the 207,229 ordinary shares issued as part of the consideration for Bellmans (SEK 29.2 million) was based on an estimated market value of SEK 141.1 per share. The assets and liabilities recognised as a result of the acquisition are as follows:

SEK million		
Fair value	**Bellmans**	**Total**
Cash and cash equivalents	15.9	15.9
Trade receivables	69.5	69.5
Inventories	0.0	0.0
Plant and equipment	57.5	57.5
Other current receivables	19.8	19.8
Intangible assets: trademarks	3.4	3.4
Trade payables	-17.6	-17.6
Deferred tax liabilities	-12.9	-12.9
Overdraft facility	0.0	0.0
Other current liabilities	-66.5	-66.5
Acquired identifiable assets	**69.1**	**69.1**
Goodwill	143.1	143.1
Acquired net assets	**212.2**	**212.2**

Goodwill is attributable to the employees and the high profitability of the acquired business. No portion of the recognised goodwill is expected to be tax-deductible. A preliminary calculation of goodwill has been made and this value can change within twelve months of the acquisition date.

Acquired assets:
The fair value of acquired trade receivables is SEK 69.5 million. The contractual gross amount of trade receivables is SEK 69.5 million.

Revenue and earnings of acquired business:
The acquired business added revenues of SEK 309.1 million and increased the net profit by SEK 7.3 million for the period 1 July to 31 December 2017. If the acquisition had taken place on 1 January 2017, pro forma consolidated revenue and earnings for the period to 31 December 2017 would have increased by SEK 600.3 million and SEK 21.5 million, respectively. These amounts have been calculated based on the subsidiary's earnings after adjusting for differences in accounting policies between the Group and subsidiary, and the additional amortisation charge that would have been incurred if the fair value adjustment for intangible assets had been applied from 1 January 2017, along with the related tax effects.

SEK million	
Consideration - cash outflow	**1 Jan 2017 -31 Dec 2017**
Cash flow for acquisition of subsidiaries, net of acquired cash and cash equivalents	
Cash consideration	124.5
Less: Acquired deposits	
Cash and cash equivalents	-15.9
Net outflow of cash and cash equivalents - investing activities	**108.6**

Acquisition-related costs:
Acquisition-related costs of SEK 4.8 million, of which SEK 3.3 million refers to Bellmans and SEK 1.5 million to MST, are included in other expenses in the income statement and in operating activities in the statement of cash flows.

Note K15 Intangible assets

SEK million	Goodwill	Trademarks	Order backlogs	Total
Intangible assets				
1 January 2016				
Cost	68.4	0.9	0.2	69.5
Accumulated amortisation and impairment	-67.6	0.0	0.0	-67.6
Carrying amount	**0.8**	**0.9**	**0.2**	**1.9**
Financial year 2016				
Carrying amount at beginning of year	0.8	0.9	0.2	1.9
Increase through business combinations (Note K14 Business combinations)	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0
Amortisation	0.0	-0.3	-0.2	-0.5
Carrying amount at end of year	**0.8**	**0.6**	**0.0**	**1.4**
31 December 2016				
Cost	68.4	0.9	0.2	69.5
Accumulated amortisation and impairment	-67.6	-0.3	-0.2	-68.1
Carrying amount	**0.8**	**0.6**	**0.0**	**1.4**
Financial year 2017				
Carrying amount at beginning of year	0.8	0.6	0.0	1.4
Increase through business combinations (Note K14 Business combinations)	143.1	3.4	0.0	146.5
Impairment	0.0	0.0	0.0	0.0
Amortisation	0.0	-0.8	0.0	-0.8
Carrying amount at end of year	**143.9**	**3.2**	**0.0**	**147.1**
31 December 2017				
Cost	211.5	4.3	0.2	216.0
Accumulated amortisation and impairment	-67.6	-1.1	-0.2	-68.9
Carrying amount	**143.9**	**3.2**	**0.0**	**147.1**

At the formation of the Group on 1 January 2016, the goodwill identified in the original acquisition of MST was tested for impairment, which resulted in a direct impairment loss of SEK -67.6 million. See Note K2 Summary of significant accounting policies for other accounting policies relating to intangible assets and for the Group's impairment policy.

Goodwill impairment testing
Senior management monitors goodwill by the operating segments identified in Note K4 Segment information. A summary of goodwill by segment is presented below.

SEK million	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
MST	0.8	0.8	0.8
Bellmans	143.1	0.0	0.0
Other segment	0.0	0.0	0.0
Total	**143.9**	**0.8**	**0.8**

Significant assumptions used in calculating value in use
Each year or when required, the Group tests goodwill for impairment. The recoverable amount for cash-generating units has been determined by calculating value in use, which requires the use of certain assumptions. The calculations are based on forecast cash flows based on budgets adopted by management for the coming year. The EBITDA margins used in the budgets range from 6.7 to 10.0 per cent. Cash flows after the coming year have been extrapolated using the growth rate indicated below.

Value in use has been calculated using a long-term growth rate of 2.0 per cent. The pre-tax discount rate used ranges from 12.6 to 14.4 per cent.

Senior management has determined the values for the material assumptions above as follows:

Assumption	**Method used to determine values**
Long-term growth rate	The average growth rate that is used to extrapolate cash flows after the forecasting period. The growth rate is consistent with forecasts in industry reports.
Pre-tax discount rate	Reflects specific risks in the relevant segments.

Reasonable changes in material assumptions are not expected to lead to material changes in value in use that would result in impairment of goodwill.

Note K16 Property, plant and equipment

SEK million	Plant and machinery	Equipment, tools, fixtures and fittings	Total
Property, plant and equipment			
1 January 2016			
Cost	82.9	6.6	89.5
Accumulated depreciation and impairment	-42.4	-5.3	-47.7
Carrying amount	**40.5**	**1.3**	**41.8**
Financial year 2016			
Carrying amount at beginning of year	40.5	1.3	41.8
Purchases	7.3	0.4	7.7
Sales and disposals	-0.8	0.0	-0.8
Depreciation	-9.8	-0.5	-10.3
Carrying amount at end of year	**37.2**	**1.2**	**38.4**
31 December 2016			
Cost	89.4	7.0	96.4
Accumulated depreciation and impairment	-52.2	-5.8	-58.0
Carrying amount	**37.2**	**1.2**	**38.4**
Financial year 2017			
Carrying amount at beginning of year	37.2	1.2	38.4
Increase through business combinations (Note K14 Business combinations)	57.5	0.0	57.5
Purchases	38.5	1.8	40.3
Sales and disposals	-2.6	-0.5	-3.1
Depreciation	-15.9	-0.5	-16.4
Carrying amount at end of year	**114.7**	**2.0**	**116.7**
31 December 2017			
Cost	182.8	8.3	191.1
Accumulated depreciation and impairment	-68.1	-6.3	-74.4
Carrying amount	**114.7**	**2.0**	**116.7**

The Group leases certain property, plant and equipment under finance leases. The leases refer to vehicles and have terms of 36-48 months, and the carrying amount is SEK 5.2 million (4.2).

Under the terms of the leases, the Group has an option either to extend the lease for one year at a time (the leases can, however, be terminated at any time during their terms) or to acquire the vehicle at the residual value upon the expiration of the lease.

The item Plant and machinery includes leased assets held by the Group under finance leases in the following amounts:

SEK million			
Leased assets	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
Cost	7.3	5.8	4.2
Accumulated depreciation	-2.1	-1.6	-0.8
Carrying amount	**5.2**	**4.2**	**3.4**

Note K17 Financial instruments by category

The Group has the following financial instruments:

SEK million Financial assets	Assets at fair value through profit or loss	Assets at amortised cost	Total
1 January 2016			
Loans and receivables (excl. non-financial receivables)	0.0	31.4	31.4
Other long-term investments in securities	0.0	0.0	0.0
Cash and cash equivalents	0.0	5.5	5.5
Carrying amount	**0.0**	**36.9**	**36.9**
31 December 2016			
Loans and receivables (excl. non-financial receivables)	0.0	28.2	28.2
Other long-term investments in securities	0.0	0.0	0.0
Cash and cash equivalents	0.0	2.6	2.6
Carrying amount	**0.0**	**30.8**	**30.8**
31 December 2017			
Loans and receivables (excl. non-financial receivables)	0.0	116.7	116.7
Other long-term investments in securities	1.0	0.0	1.0
Cash and cash equivalents	0.0	88.2	88.2
Carrying amount	**1.0**	**204.9**	**205.9**

SEK million Financial liabilities	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
1 January 2016			
Trade and other payables (excl. non-financial liabilities)	0.0	12.7	12.7
Borrowings	0.0	33.8	33.8
Carrying amount	**0.0**	**46.5**	**46.5**
31 December 2016			
Trade and other payables (excl. non-financial liabilities)	0.0	12.8	12.8
Borrowings	0.0	27.1	27.1
Carrying amount	**0.0**	**39.9**	**39.9**
31 December 2017			
Trade and other payables (excl. non-financial liabilities)	0.0	83.4	83.4
Borrowings	0.0	275.6	275.6
Carrying amount	**0.0**	**359.0**	**359.0**

For disclosures on cash and cash equivalents, see Notes K5 Financial risk management and K21 Cash and cash equivalents. For disclosures on financial liabilities, see Note K23 Borrowings.

Financial assets at fair value through profit or loss
Calculation of fair value

The fair value hierarchy:
This section explains estimates and judgements used in determining the fair values of financial instruments which are measured at fair value in the financial statements. To give an indication of the reliability of the inputs used in determining fair value, the Group has classified the financial instruments to Level 3 of the fair value hierarchy. In cases where one or several significant inputs are not based on observable market information, the instrument is included in Level 3.

SEK million	Measured at fair value through profit or loss	Level of fair value hierarchy		
		1	2	3
Closing balance, 31 December 2016				
Derivatives	0.0	0.0	0.0	0.0
Total assets	**0.0**	**0.0**	**0.0**	**0.0**
Closing balance, 31 December 2017				
Derivatives	1.0	0.0	0.0	1.0
Total assets	**1.0**	**0.0**	**0.0**	**1.0**

No transfers between the levels were made during the year.

Valuation techniques used in determining fair value:
The fair values of derivatives have been determined based on present value and the discount rate used has been adjusted for own credit risk. Unobservable inputs refer to risk-adjusted discount rate and expected cash flows.

Measurement at fair value using significant unobservable inputs (Level 3):
The following table shows changes for Level 3 instruments in 2017.

SEK million	Derivatives
Closing balance, 31 December 2016	**0.0**
Acquisitions	0.0
Gains (+)/losses (-) recognised in other financial income***)	1.0
Closing balance, 31 December 2017	**1.0**

***) Includes unrealised gains or losses recognised in the income statement attributable to balances held at the end of the reporting period.

Measurement inputs and their relationship to fair value:
Changes in unobservable inputs used in determining fair value in Level 3 are not considered to result in any significant changes which materially affect fair value. The Group's finance department includes members of staff who perform measurements of balance sheet items for financial reporting, including Level 3 fair value measurements. The main Level 3 inputs are analysed at the end of each reporting period.

Trade receivables

SEK million			
Trade receivables	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
Trade receivables	121.3	32.0	35.2
Less: provision for doubtful debts	-7.1	-3.8	-3.8
Trade receivables, net	**114.2**	**28.2**	**31.4**

The fair value of trade receivables is equal to the carrying amount, as the discount effect is insignificant.

Impairment and risk exposure
Disclosures on impairment of trade receivables, their creditworthiness and the Group's credit risk exposure are presented in Note K5 Financial risk management.

Note K18 Inventories

The cost for inventories that has been expensed is included in the item Raw materials and consumables in the consolidated income statement, and amounts to SEK 41.2 million (27.2). Inventories have been written down to net realisable value, representing an impairment loss of SEK 0.6 million (0.3).

Note K19 Other current receivables

SEK million			
Other current receivables	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
VAT receivable	4.4	1.4	1.8
Deduction, taxes and fees	0.3	0.3	1.0
Other receivables	2.7	0.0	0.1
Total other current receivables	**7.4**	**1.7**	**2.9**

The fair value of other current receivables is equal to the carrying amount, as the discount effect is insignificant.

Note K20 Prepaid expenses and accrued income

SEK million			
Prepaid expenses and accrued income	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
Prepaid lease payments	0.1	0.8	0.6
Accrued income	10.3	7.1	1.2
Other items	1.6	0.2	0.2
Total prepaid expenses and accrued income	**12.0**	**8.2**	**2.0**

Note K21 Cash and cash equivalents

Cash and cash equivalents, in the balance sheet and in the statement of cash flows, consist of bank deposits.

Note K22 Equity

Establishment of the Group

As BMST and MST were the under common control of Verdane Capital before and after the acquisition on 1 July 2017, IFRS 3 is not applicable. The BMST Group's accounting policy for business combinations under common control is to apply a method in which historical values are used. In applying this method, BMST also adopts a perspective as the controlling entity. MST's assets and liabilities have therefore been consolidated in BMST's financial statements based on the carrying amounts from the acquisition made by Verdane Capital on 1 January 2016. This requires that the remaining goodwill arising from the original acquisition of MST by Verdane Capital be recognised as at 1 January 2016. No additional goodwill to be recognised as at 1 July 2017 will arise. Equity in the opening balance at 1 January 2016 consists of equity attributable to the establishment of the Group.

Share capital

All shares issued by the parent company are fully paid up. The total number of ordinary shares at 31 December 2017 was 1,014,174, of which 14,174 were registered on 6 February 2018. Ordinary shares have a nominal value of SEK 1. Each ordinary share carries one vote and entitles the holder to dividends.

Other contributed capital
The item consists of equity attributable to the establishment of the Group, share premiums and capital contributions from shareholders.

Specification of the change in the number of shares, share capital and other contributed capital in the financial year 2017:

SEK million	Number of shares	Share capital	Other contributed capital	Total
Financial year 2017				
Carrying amount at beginning of year	0	0.0	0.2	0.2
Registration of share capital	50,000	0.1	0.0	0.1
Issue of new shares	450,000	0.4	0.0	0.4
Issue of new shares in connection with business combination (Note 14 Business combinations)	500,000	0.5	29.4	29.9
Private placement of shares to two senior executives under registration	14,174	0.0	2.0	2.0
Shareholder contribution received	0	0.0	15.8	15.8
31 December 2017	**1,014,174**	**1.0**	**47.4**	**48.4**

Note K23 Borrowings

SEK million	**31 Dec 2017**			**31 Dec 2016**			**1 Jan 2016**		
Borrowings	Short-term	Long-term	Total	Short-term	Long-term	Total	Short-term	Long-term	Total
Loans with collateral									
Bonds	0.0	220.0	220.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing costs	0.0	-7.2	-7.2	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to credit institutions (excl. finance lease liabilities)	0.0	0.0	0.0	13.1	9.8	22.9	11.3	16.2	27.5
Total loans with collateral	**0.0**	**212.8**	**212.8**	**13.1**	**9.8**	**22.9**	**11.3**	**16.2**	**27.5**
Loans without collateral									
Trade payables	83.4	0.0	83.4	12.8	0.0	12.8	12.7	0.0	12.7
Finance lease liabilities	1.1	3.2	4.3	0.0	4.2	4.2	0.0	3.2	3.2
Vendor loan	19.5	39.0	58.5	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.1
Total loans without collateral	**104.0**	**42.2**	**146.2**	**12.8**	**4.2**	**17.0**	**12.7**	**6.3**	**19.0**
Total borrowings	**104.0**	**255.0**	**359.0**	**25.9**	**14.0**	**39.9**	**24.0**	**22.5**	**46.5**

Long-term borrowings fall due for repayment as follows:

SEK million	**31 Dec 2017**		
Borrowings	1-5 years	Later than 5 years	Total
Loans with collateral			
Bonds	220.0	0.0	220.0
Financing costs	-7.2	0.0	-7.2
Total loans with collateral	**212.8**	**0.0**	**212.8**
Loans without collateral			
Finance lease liabilities	3.2	0.0	3.2
Vendor loan	39.0	0.0	39.0
Total loans without collateral	**42.2**	**0.0**	**42.2**
Total borrowings	**255.0**	**0.0**	**255.0**

The parent company has issued corporate bonds, which were listed on the NASDAQ First North bond market in Stockholm on 10 August 2017. The instrument is listed as BMST 01 with 220 units. The total outstanding nominal amount is SEK 220 million and the nominal value per unit is SEK 1.0 million. Financing costs of SEK 7.2 million attributable to the bonds have been capitalised to the loan. The interest rate on the bonds is variable three-month STIBOR plus 6.50 per cent. The interest is payable quarterly in arrears. The bonds mature in June 2022. For the bonds, the parent company has posted collateral in the form of shares in subsidiaries. The terms and conditions of the bonds include an early redemption option. This option is accounted for as a derivative and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds are available on the website of BMST Intressenter AB (publ), www.bmstab.se.

The vendor loan is for SEK 58.5 million, of which SEK 19.5 million is a current liability and SEK 39.0 million is a non-current liability. The vendor loan is interest-free and is not secured by collateral. Under the terms and conditions of the loan, the first instalments are due in 2018 and the loan must be fully repaid by 2020.

For the majority of the Group's borrowings, the carrying amount approximates the fair value of the loan, as the interest rate is in parity with current market interest rates or because the borrowing is short-term. A significant difference has only been identified for the vendor loan, which has a carrying amount of SEK 39.0 million and a fair value of SEK 36.8 million based on discounted cash flows using an estimated market interest rate that is relevant for the Group.

The Group leases certain property, plant and equipment under finance leases. The leases refer to vehicles, and have terms of 36-48 months, and the carrying amount is SEK 5.2 million (4.2).

Under the terms of the leases, the Group has an option either to extend the lease for one year at a time (the leases can, however, be terminated at any time during their terms) or to acquire the vehicle at the residual value at the end of the term.

The carrying amounts of pledged financial and non-financial assets are presented in Note K27 Pledged assets. Information on the Group's risk exposure in respect of short-term and long-term borrowings is presented in Note K5 Financial risk management.

Covenants
Under the terms and conditions of the bonds, certain covenants must be met each time the Group enters into a new business combination. All covenants were met in connection with the acquisitions of MST and Bellmans.

Note K24 Deferred tax

SEK million			
Deferred tax assets	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
The carrying amounts refer to temporary differences attributable to:			
Tax losses	2.4	0.0	0.0
Total deferred tax assets	**2.4**	**0.0**	**0.0**

SEK million			
Deferred tax liabilities	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
The carrying amounts refer to temporary differences attributable to:			
Intangible assets (trademark and order backlog)	0.1	0.1	0.3
Financial assets (derivatives)	0.2	0.0	0
Untaxed reserves	22.9	8.0	8.2
Other items	-0.1	-0.3	-0.3
Total deferred tax liabilities	**23.1**	**7.8**	**8.2**

Changes in deferred tax assets and liabilities during the year, without taking account of netting in the same tax jurisdiction, are shown below:

SEK million	Tax losses
Deferred tax assets	
1 January 2016	**0.0**
31 December 2016	**0.0**
In the income statement	2.4
31 December 2017	**2.4**

Deferred tax assets of SEK 2.4 million refer to tax losses in the parent company. It is expected that it will be possible to use the tax losses to offset future taxable profits in the Group. The tax losses can be rolled over and have no expiry date.

SEK million Deferred tax liabilities	Intangible assets	Non-current financial assets	Untaxed reserves	Other items	Total
1 January 2016	**0.3**	**0.0**	**8.2**	**-0.3**	**8.2**
In the income statement	-0.2	0.0	-0.2	0.0	-0.4
31 December 2016	**0.1**	**0.0**	**8.0**	**-0.3**	**7.8**
In the income statement	0.0	0.2	2.2	0.0	2.4
Increase through acquisitions	0.0	0.0	12.7	0.2	12.9
31 December 2017	**0.1**	**0.2**	**22.9**	**-0.1**	**23.1**

Note K25 Other current liabilities

SEK million Other current liabilities	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
Employee withholding tax and social-security contributions	2.4	0.7	1.0
VAT	2.3	0.8	1.4
Current portion of vendor loan	19.5	0.0	0.0
Other current liabilities	0.2	3.4	3.6
Total other current liabilities	**24.4**	**4.9**	**6.0**

The fair value of other current liabilities approximates the carrying amount, as the liabilities are of a short-term nature.

Note K26 Accrued expenses and deferred income

SEK million Accrued expenses and deferred income	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
Accrued salaries	3.5	2.5	2.6
Accrued social security contributions	4.3	2.2	2.4
Accrued holiday pay	7.6	3.3	3.3
Haulage settlements	4.4	0.0	0.0
Accrued interest expense	0.5	0.0	0.0
Deferred income	0.2	0.0	0.2
Other items	9.1	1.9	3.3
Total accrued expenses and deferred income	**29.6**	**9.9**	**11.8**

Note K27 Pledged assets

SEK million			
Pledged assets	**31 Dec 2017**	**31 Dec 2016**	**1 Jan 2016**
Bonds:			
- Net assets in subsidiaries	181.6	0.0	0.0
Other financial liabilities:			
- Floating charges	15.0	14.4	14.4
- Plant and machinery	0.0	27.6	30.1
Total pledged assets	**196.6**	**42.0**	**44.5**

Note K28 Related parties

Verdane Holding 26 AB owns 49.74 per cent of the shares of the parent company and has significant influence over the Group. Shareholdings are presented in the table below. Other related parties include all subsidiaries in the Group as well as senior executives in the Group, i.e. the Board of Directors and management, and their family members. All transactions are made on market terms.

Shareholding in BMST Intressenter AB Shareholder	Number	Proportion
Verdane Holding 26 AB	504,465	49.74%
Robin Karlsson through Robin Mark & Anläggning AB	178,472	17.60%
Michel Eriksson	68,646	6.77%
Tore Hallersbo	41,188	4.06%
Håkan Lind and Dick Örn through Hasseludd Holding AB	207,229	20.43%
Roger Axelsson	7,087	0.70%
Derigo Rådgivning AB	7,087	0.70%
Total shareholding	**1,014,174**	**100.00%**

In November 2017, 14,174 ordinary shares were issued to senior executives for SEK 2.0 million. Of these, 7,088 shares were acquired by the Director Björn Andersson through a company. The remaining 7,087 shares were acquired by the Group CFO, Roger Axelsson. The shares were acquired for an estimated market price.

In connection with the acquisition of Bellmans in July 2017, the Group received a vendor loan from Hasseludd Holding AB. The loan is for SEK 58.5 million, of which SEK 19.5 million is a current liability and SEK 39.0 million is a non-current liability. The vendor loan is interest-free and is not secured by collateral. Under the terms and conditions of the loan, the first instalments are due in 2018 and the loan must be fully repaid by 2020.

At the time of the settlement of the acquisition transaction, Bellmans had an existing receivable of SEK 2.5 million from Hasseludd Holding AB (the former owner of Bellmans) from the period before the acquisition. No collateral has been posted for the receivable. The Group has not made any provisions for doubtful debts attributable to related parties and did not recognise any expenses for doubtful debts from related parties during the period.

The remuneration of senior executives is presented in Note K8 Employee benefits, etc.

Note K29 Investments in other companies

Subsidiaries

The Group's subsidiaries at 31 December 2017 are presented below. Unless otherwise stated, the subsidiaries have a share capital consisting solely of ordinary shares which are held directly by the Group, and the equity interest is the same as the voting interest.

Direct ownership

Name of company	The Group's equity interest	Principal business activity
Modern Sprängteknik i Norden AB	100%	Rock blasting
Bellmans Åkeri & Entreprenad Aktiebolag	100%	Transportation
Grundab Entreprenader i Stockholm Aktiebolag	100%	Transportation

Indirect ownership

Name of company	The Group's equity interest	Principal business activity
Uppländska Bergborrnings Aktiebolaget	100%	Rock blasting
Uppländska Bergkrossnings Aktiebolag	100%	Rock blasting
Sprängarbeten i Trönödal Aktiebolag	100%	Rock blasting

Note K30 Adjustment for non-cash items

SEK million Adjustment for non-cash items	**1 Jan 2017 -31 Dec 2017**	**1 Jan 2016 -31 Dec 2016**
Depreciation and amortisation	17.3	11.3
Gain/loss on sale of property, plant and equipment and intangible assets	-0.7	-0.2
Adjustment for finance leases	-1.5	0.0
Total adjustments for non-cash items	**15.1**	**11.1**

Note K31 Changes in liabilities that relate to financing activities

SEK million Changes in liabilities that relate to financing activities	Bonds	Financing costs	Non-current liabilities to credit institutions	Non-current liability, finance leases	Non-current portion of vendor loan	Current liabilities to credit institutions (incl. overdraft facility)	Current liability, finance leases	Current portion of vendor loan	Total
Financial year 2017									
Carrying amount at beginning of year	0.0	0.0	9.8	4.2	0.0	13.1	0.0	0.0	27.1
Cash inflow	220.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	220.0
Cash outflow	0.0	-8.0	-9.8	0.0	0.0	-13.1	0.0	0.0	-30.9
Non-cash items:									0.0
- Vendor loan in connection with acquisition of subsidiary (Note K14 Business combinations)	0.0	0.0	0.0	0.0	39.0	0.0	0.0	19.5	58.5
- Accrued financing costs	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.8
- Finance leases	0.0	0.0	0.0	-1.0	0.0	0.0	1.1	0.0	0.1
31 December 2017	**220.0**	**-7.2**	**0.0**	**3.2**	**39.0**	**0.0**	**1.1**	**19.5**	**275.6**

Note K32 Events after the end of the financial year

Under the applicable terms and conditions, the Group's corporate bonds must be listed on NASDAQ Stockholm within one year of the initial issue date. Preparations for the change of list are underway. A change of list is a further seal of quality for the BMST Group with regard to dissemination of information and activities.

After the end of the financial year, the Group chose to terminate an approved undrawn overdraft facility of SEK 15.0 million in one of it subsidiaries and instead concluded an agreement on a SEK 20.0 million overdraft facility in the parent company.

BMST Intressenter AB (publ) intends to make a name change to Bellman Group AB (publ).

PARENT COMPANY INCOME STATEMENT

SEK million	Note	10 Apr 2017 -31 Dec 2017
Net sales	M2	4.8
Other operating income		0.0
		4.8
Operating expenses		
Raw materials and consumables		0.0
Other external expenses	M3	-8.2
Staff costs	M4	0.0
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		0.0
Other operating expenses		0.0
Total operating expenses		-8.2
Operating loss		**-3.4**
Other interest income and similar income	M5	1.2
Interest expense and similar charges	M6	-7.8
Other financial items	M6	-0.8
Net financial expense		-7.4
Loss after net financial expense		**-10.8**
Loss before tax		**-10.8**
Deferred tax	M7	2.4
Net loss for the year		**-8.4**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income	
Net loss for the year	-8.4
Other comprehensive income	
Other comprehensive income for the year	0.0
Total comprehensive income for the year	**-8.4**

The notes on pages 40 to 44 are an integral part of this annual report.

PARENT COMPANY BALANCE SHEET

SEK million

	Note	31 Dec 2017
Assets		
Non-current assets		
Property, plant and equipment	M8	
Equipment, tools, fixtures and fittings		0.5
Total property, plant and equipment		0.5
Non-current financial assets		
Investments in Group companies	M9	313.9
Receivables from Group companies	M10	52.4
Deferred tax assets	M11	2.4
Total non-current financial assets		368.7
Total non-current assets		**369.2**
Current assets		
Current receivables		
Receivables from Group companies		2.7
Total current receivables		2.7
Cash and cash equivalents	M12	
Cash and cash equivalents		38.6
Total current assets		**41.3**
TOTAL ASSETS		**410.5**
Equity and liabilities		
Equity	M13, M18	
Restricted equity		
Share capital		1.0
Total restricted equity		1.0
Non-restricted equity		
Share premium account		72.0
Retained earnings		70.1
Net loss for the year		-8.4
Total non-restricted equity		133.7
Total equity		**134.7**
Non-current liabilities	M14, M17	
Bonds		212.8
Other non-current liabilities		39.0
Total non-current liabilities		**251.8**
Current liabilities		
Trade payables	M14	0.2
Liabilities to Group companies		0.2
Other current liabilities	M14, M15	19.8
Accrued expenses and deferred income	M16	3.8
Total current liabilities		**24.0**
TOTAL EQUITY AND LIABILITIES		**410.5**

The notes on pages 40 to 44 are an integral part of this annual report.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK millions	Attributable to shareholders of BMST Intressenter AB				
	Restricted equity	Non-restricted equity			
	Share capital	Share premium account	Retained earnings	Net profit/loss for the year	Total equity
10 April 2007	0.0	0.0	0.0	0.0	0.0
Net profit/loss for the year	0.0	0.0	0.0	-8.4	-8.4
Other comprehensive income for the year	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-8.4**	**-8.4**
Issue of new shares****)	1.0	72.0	0.0	0.0	73.0
Shareholder contributions	0.0	0.0	70.1	0.0	70.1
Transactions with shareholders in their roles as owners	**1.0**	**72.0**	**70.1**	**0.0**	**143.1**
Closing balance, 31 December 2017	**1.0**	**72.0**	**70.1**	**-8.4**	**134.7**

****) A share capital of SEK 14,174 was registered on 6 February 2018.

See Note M13 Equity for further information.

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK million	Note	1 Jan 2017 -31 Dec 2017
Cash flow from operating activities		
Operating loss		**-3.4**
Adjustment for non-cash items:		
Depreciation and amortisation		0.0
Other non-cash items		0.0
Interest received		0.8
Interest paid		-7.4
Income taxes paid		0.0
Cash flow from operating activities before changes in working capital		**-10.0**
Increase/decrease in operating receivables		-2.2
Increase/decrease in operating liabilities		4.1
Total changes in working capital		1.9
Cash flow from operating activities		**-8.1**
Cash flow from investing activities		
Acquisition of subsidiaries, net of acquired cash and cash equivalents		-129.3
Investments in property, plant and equipment		-0.5
Sale of property, plant and equipment		0.0
Loans to Group companies		-52.4
Cash flow from investing activities		**-182.2**
Cash flow from financing activities		
Issue of shares		3.0
Shareholder contributions received		13.9
Loans raised		220.0
Payment of financing costs		-8.0
Repayment of loans		0.0
Cash flow from financing activities		**228.9**
Cash flow for the period		**38.6**
Cash and cash equivalents at beginning of period		0.0
Cash and cash equivalents at end of period		**38.6**

The notes on pages 40 to 44 are an integral part of this annual report.

NOTES TO THE PARENT COMPANY ACCOUNTS

Note M1 Summary of significant accounting policies

The parent company applies Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. Under RFR 2, the parent company is required to apply all EU-adopted IFRS and interpretations in the annual accounts of the legal entity insofar as this is possible under the Annual Accounts Act and the Pension Obligations Vesting Act, and with regard to the relationship between accounting and taxation.

The preparation of financial statements in compliance with RFR 2 requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the parent company's accounting policies. Those areas which involve a high degree of judgement, are complex or where assumptions and estimates are significant for the annual accounts are described in Note K3 to the consolidated financial statements, Critical accounting estimates and judgements.

The parent company applies other accounting policies than the Group in those cases which are indicated below:

Formats
The format prescribed in the Swedish Annual Accounts Act is used for the income statement and balance sheet. This means that different terms are used compared with the consolidated financial statements, primarily with regard to financial income and expense, and equity.

Investments in Group companies
Investments in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs and any additional considerations.

When there is an indication that investments in a Group company are impaired an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the item Income from investments in Group companies.

Financial instruments
IAS 39 is not applied in the parent company and financial instruments are measured at cost. In subsequent periods financial assets which have been acquired with the intention of being held for the short term will be recognised at the lower of cost or market value in accordance with the lower or cost or market method.

Leases
All leases are accounted for as operating leases regardless of whether the contracts constitute finance or operating leases. Lease payments are expensed on a straight-line basis over the term of the lease.

Appropriations
Group contributions are recognised as appropriations.

Note M2 Intercompany purchases and sales

100 per cent of the parent company's sales are intercompany sales.
23 per cent of the parent company's purchases are intercompany purchases.

Note M3 Audit fees

SEK million	
Audit fees	**10 Apr 2017 -31 Dec 2017**
PwC	
- Audit engagement	0.2
- Audit services in addition to audit engagement	0.6
- Tax advisory services	0.1
- Other services	2.0
Total audit fees	**2.9**

Note M4 Employee benefits, etc.

The parent company had no employees during the financial year. For disclosures on remuneration of senior executives, see Note K8 Employee benefits, etc.

Note M5 Other interest income and similar income

SEK million	
Other interest income and similar income	**10 Apr 2017 -31 Dec 2017**
Interest income from Group companies	1.2
Total other interest income and similar income	**1.2**

Note M6 Interest expense and similar charges

SEK million	
Interest expense and similar charges	**10 Apr 2017 -31 Dec 2017**
Interest expense on bonds	7.8
Accrued financing costs	0.8
Total interest expense and similar charges	**8.6**

Note M7 Income tax

SEK million	
Income tax	**10 Apr 2017 -31 Dec 2017**
Deferred tax (Note M11 Deferred tax)	
- Origination and reversal of temporary differences	0.0
- Deferred tax arising from unused tax losses	-2.4
Total deferred tax	**-2.4**

The parent company’s income tax on the profit before tax is the same as the theoretical amount that would have resulted from the use of the Swedish tax rate for the profit of the company.

Note M8 Property, plant and equipment

SEK million	
Property, plant and equipment	Equipment and tools
Financial year 2017	
Carrying amount at beginning of year	0.0
Purchases	0.5
Depreciation	0.0
Carrying amount at end of year	**0.5**
31 December 2017	
Cost	0.5
Accumulated depreciation and impairment	0.0
Carrying amount	**0.5**

Note M9 Investments in Group companies

The parent company’s investments subsidiaries at 31 December 2017 are presented below. Unless otherwise stated, the subsidiaries have a share capital consisting solely of ordinary shares, and the equity interest is the same as the voting interest. All subsidiaries are consolidated in the Group.

Direct ownership

Name of company	Corporate ID number	Equity interest 31 Dec 2017	Number of shares	Principal business activity	Registered office	Carrying amount 31 Dec 2017
Modern Sprängteknik i Norden AB	556989-1525	100%	166,000	Rock blasting	Norrtälje	98.4
Bellmans Åkeri & Entreprenad Aktiebolag	556402-9006	100%	10,000	Transportation	Nacka	28.1
Grundab Entreprenader i Stockholm Aktiebolag	556370-9921	100%	1,000	Transportation	Nacka	187.4
Total						313.9

Indirect ownership

Name of company	Corporate ID number	Group's equity interest	Number of shares	Principal business activity	Registered office
Uppländska Bergborrnings Aktiebolaget	556213-1556	100%	5,000	Rock blasting	Norrtälje
Uppländska Bergkrossnings Aktiebolag	556364-8715	100%	5,000	Rock blasting	Norrtälje
Sprängarbeten i Trönödal Aktiebolag	556415-5488	100%	1,000	Rock blasting	Norrtälje

Note M10 Receivables from Group companies

SEK million	
Receivables from Group companies	**31 Dec 2017**
Financial year 2017	
Carrying amount at beginning of year	0.0
Loans to Group companies	52.4
Carrying amount at end of year	**52.4**

Note M11 Deferred tax

SEK million	
Deferred tax assets	**31 Dec 2017**
The carrying amounts refer to temporary differences attributable to:	
Tax losses	2.4
Total deferred tax assets	**2.4**

The change in deferred tax assets during the year is shown below:

SEK million	Tax losses
Deferred tax assets	
Financial year 2017	
In the income statement	2.4
31 December 2017	**2.4**

The company expects that it will possible to use the tax losses to offset future taxable profits in the Group. The tax losses can be rolled over and have no expiry date.

Note M12 Cash and cash equivalents

Cash and cash equivalents, in the balance sheet and in the statement of cash flows, consist of bank deposits.

Note M13 Equity

For disclosures on the parent company's equity, see Note K22 to the consolidated financial statements, Equity.

Note M14 Borrowings

SEK million	31 Dec 2017		
Borrowings	Short-term	Long-term	Total
Loans with collateral			
Bonds	0.0	220.0	220.0
Financing costs	0.0	-7.2	-7.2
Total loans with collateral	0.0	212.8	212.8
Loans without collateral			
Trade payables	0.2	0.0	0.2
Vendor loan	19.5	39.0	58.5
Total loans without collateral	19.7	39.0	58.7
Total borrowings	**19.7**	**251.8**	**271.5**

Long-term borrowings fall due for repayment as follows:

SEK million	31 Dec 2017		
Borrowings	1-5 years	Later than 5 years	Total
Loans with collateral			
Bonds	220.0	0.0	220.0
Financing costs	-7.2	0.0	-7.2
Total loans with collateral	**212.8**	**0.0**	**212.8**
Loans without collateral			
Vendor loan	39.0	0.0	39.0
Total loans without collateral	**39.0**	**0.0**	**39.0**
Total borrowings	**251.8**	**0.0**	**251.8**

The parent company has issued corporate bonds, which were listed on the NASDAQ First North bond market in Stockholm on 10 August 2017. The instrument is listed as BMST 01 with 220 units. The total outstanding nominal amount is SEK 220.0 million and the nominal value per unit is SEK 1.0 million. The interest rate on the bonds is variable three-month STIBOR plus 6.50 per cent. The interest is payable quarterly in arrears. The bonds mature in June 2022. For the bond loan, the parent company has posted collateral in the form of shares in subsidiaries. The terms and conditions of the bonds include an early redemption option. This option is accounted for as a derivative and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds are available on the website of BMST Intressenter AB (publ), www.bmstab.se.

The vendor loan is for SEK 58.5 million, of which SEK 19.5 million is a current liability and SEK 39.0 million is a non-current liability. The vendor loan is interest-free and is not secured by collateral. Under the terms and conditions of the loan, the first instalments are due in 2018 and the loan must be fully repaid by 2020.

For the majority of the parent company's borrowings, the carrying amount approximates the fair value of the loan, as the interest rate is in parity with current market interest rates or because the borrowing is short-term. A significant difference has only been identified for the vendor loan, which has a carrying amount of SEK 39.0 million and a fair value of SEK 36.8 million based on discounted cash flows using an estimated market interest rate that is relevant for the parent company.

Covenants
Under the terms and conditions of the bonds, certain covenants must be met each time the Group enters into a new business combination. All covenants were met in connection with the acquisitions of MST and Bellmans.

Note M15 Other current liabilities

SEK million

Other current liabilities	**31 Dec 2017**
VAT	0.3
Current portion of vendor loan	19.5
Total other current liabilities	**19.8**

The fair value of other current liabilities approximates the carrying amount, as the liabilities are of a short-term nature.

Note M16 Accrued expenses and deferred income

SEK million

Accrued expenses and deferred income	**31 Dec 2017**
Accrued interest expense	0.5
Other items	3.3
Total accrued expenses and deferred income	**3.8**

Note M17 Pledged assets

SEK million

Pledged assets	**31 Dec 2017**
Bonds:	
- Shares in subsidiaries	313.9
- Receivables from Group companies	52.4
Total pledged assets	**366.3**

Note M18 Proposed appropriation of earnings

The Annual General Meeting is asked to decide on the appropriation of the following earnings:

Amounts in SEK	
Share premium account	72,035,778
Retained earnings	70,050,000
Net loss for the year	-8,391,051
Total	**133,694,727**

The Board of Directors proposes the following appropriation of retained earnings:

Carried forward	133,694,727
Total	**133,694,727**

DEFINITIONS AND USE OF NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) EARNINGS MEASURES

Descriptions of financial performance measures and descriptions of earnings measures which are not used in the IFRS regulations.

The alternative financial measures which have not been calculated in accordance with IFRS and are presented in this report do not constitute recognised valuation principles for financial position or liquidity in accordance with IFRS but are used by the BMST Group to monitor the Group's financial performance and financial position. The alternative performance measures presented in the report must always be assessed in conjunction with the information presented in the income statement, balance sheet and statement of cash flows, and with performance measures calculated in accordance with IFRS.

The BMST Group presents these alternative financial measures because it considers that they constitute important supplementary measures of profitability and financial position, and because these measures are often used by external stakeholders to assess and compare different companies' financial performance and financial position. When comparing the alternative financial measures presented here, it should be noted that calculations for other companies may have been done with different definitions, which means that the figures will not be directly comparable.

Term	**Description**
Cash flow from operating activities	Operating profit adjusted for non-cash items, sales of machinery and equipment, and changes in working capital.
Earnings per share	Profit for the year attributable to parent company shareholders divided by average number of outstanding ordinary shares.
EBITDA	Profit before net financial income/expense, tax, depreciation, amortisation and impairment. EBITDA is a measure which the Group considers to be relevant for investors who want to understand the company's earnings performance before investments in non-current assets.
EBITDA margin	EBITDA as a percentage of net sales for the period.
Equity/assets ratio	Equity including non-controlling interests, expressed as a percentage of total assets. This key ratio is used to show financial risk, expressed as the percentage of total assets that is financed by the owners.
Extraordinary items	Items which occur rarely or are unusual in the ordinary course of business, such as start-up costs, restructuring costs and acquisition costs.
Net interest-bearing debt	Interest-bearing liabilities less cash and cash equivalents. This key ratio shows the Group's total interest-bearing liabilities.
Net sales	The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will accrue to the company and specific criteria have been met for each of the Group's businesses. For time and materials service contracts, revenue is recognised in the period in which the services are performed.
Operating margin	Operating profit as a percentage of net sales for the period.
Order backlog	The value of remaining, not yet accrued project revenues from orders on hand at the end of the period.
Order intake	The value of received projects and changes to existing projects during the period concerned.
Organic growth	The change in net sales adjusted for acquisitions and sales compared with the same period in the previous year.
Working capital	Working capital is calculated as current operating assets (inventories, trade receivables and other current non-interest-bearing receivables) less current operating liabilities (trade payables and other current non-interest-bearing liabilities). This measure shows how much working capital is tied up in operating activities and can be expressed as a percentage of net sales to gain an understanding of how efficiently the tied-up working capital is being used.

The consolidated and parent company income statements and balance sheet will be submitted for adoption by the Annual General Meeting on 7 May 2018.

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts of the parent company have been prepared in accordance with generally accepted accounting standards in Sweden and provide a true and fair view of the parent company's financial position and results. The Directors' Report for the Group and parent company gives a true and fair overview of the development of the Group's and parent company's activities, their financial position and results, and describes significant risks and uncertainties affecting the parent company and the companies in the Group.

Stockholm 17 April 2018

Per Nordlander
Chairman of the Board

Björn Andersson
Director

Robin Karlsson
Director

Håkan Lind
Chief Executive Officer
Director

Our audit report was submitted on 19 April 2018

PricewaterhouseCoopers AB

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Nicklas Kullberg
Authorised Public Accountant